

**CITY OF BURLINGTON  
KIT CARSON COUNTY  
CITY COUNCIL  
REGULAR MEETING  
AGENDA  
18-2016  
COMMUNITY BUILDING ROOM A  
340 S 14<sup>TH</sup> STREET  
September 26, 2016  
6:30 PM**

1      **Call to Order**

2      **Pledge of Allegiance**

3      **Consent Agenda Items**

*Any consent agenda item may be removed from the Consent Agenda and placed under Business if discussion is desired. Otherwise, one motion will pass all items.*

Minutes for 8-29-2016 and 9-12-2016  
Approval of bills.

4      **Public Comment**

5      **Unfinished Business**

A. Chief Romans to present proposal to pay for training for two police officers in January.

6      **New Business**

A. Armstrong Consulting to give update on Airport.

B. Approval of 2015 audit.

C. Approval of Resolution 2016-06 authorizing the City of Burlington's Board of Appeals to approve special review at lots 17 & 18, Block 32 on Sycamore Street.

D. Approval of loan agreement between Colorado Water Resources and Power Development Authority and City of Burlington, Colorado, acting by and through its Water and Sewer Activity Enterprise.

E. Discussion on approval of contracting with Merrick & Company to finish the Water Conservation Plan for the water project.

7      **Reports from City Departments**

Administrator- James Bradley

Clerk- Shelly Clark

Treasurer- Veronica Boyles

Public Works- Tim Ellis

Old Town- Nikki Wall

IT-Suzy Velasco

Activities- Tyson Weisshaar

Airport-Daniel Melia

Library-Della Yersin

Police- Barry Romans

Economic Development- Rol Hudler

Contract Monitor- Norma Pankratz

8      **Council Comments**

A. Mayor Dale Franklin

B. Rod Murray

C. Mike Halde

D. Mark Burghart

E. Kamron Weisshaar

F. Beth Crites

G. Harold McNerney

9      **Adjournment**

*Emergency matters that may come before Council may be discussed with decisions to be ratified at a subsequent Council meeting.*

**MINUTES OF THE MEETING  
OF THE MEMBERS OF THE CITY COUNCIL  
CITY OF BURLINGTON  
COUNTY OF KIT CARSON  
STATE OF COLORADO  
6:30PM  
COMMUNITY BUILDING ROOM A  
340 S 14<sup>TH</sup> STREET  
August 29, 2016**

Mayor Dale Franklin called the meeting to order at 6:30PM.

**1 The roll call of members was read and those answering were:**

Mike Halde  
Mark Burghart

Harold McNerney  
Kamron Weisshaar

Beth Crites

Absent: Rod Murray

**Staff/Officials:**

Michael Grinnan  
James Bradley, Administrator  
Shelly Clark, City Clerk  
Daniel Melia, Airport  
Veronica Boyles, Treasurer  
Tim Ellis, Public Works  
Barry Romans, Police  
Rol Hudler, Economic Development  
Tyson Weisshaar, Activities  
Della Yersin, Library  
Nikki Wall, Old Town  
Suzy Velasco-IT

**Also:**

Nathan Garcia  
Ezra Gutierrez  
Stan Murphy  
Jenna Zimbelman

**2 Pledge of Allegiance**

**3 Consent Agenda Items:**

*Any consent agenda item may be removed from the Consent Agenda and placed under Business if discussion is desired. Otherwise, one motion will pass all items.*

Minutes for 7-25-16 and 8-8-16.  
Approval of bills.

Discussion on bills.

**MOTION** by McNerney, second by Burghart to approve the consent agenda items.

Those yea: Halde, Burghart, Weisshaar, Crites, McNerney

Those nay:

**Motion passes.**

**4 Public Comments-** Stan Murphy shared with Council that Burlington currently has about 17 liquor licenses and according to the City Website, Council approves these licenses. Murphy asked about the regulation that does not allow liquor licenses within 500 feet of schools. Murphy asked why a school is allowed to build within the 500 feet of a liquor establishment if there is already an established liquor business there. He believes it doesn't seem right that the Catholic school was allowed to build so close to two liquor establishments, possibly jeopardizing their liquor licenses.

Murphy also shared that he looked at the minutes for June 27<sup>th</sup>, when the department heads gave their reports. Murphy feels he did not understand much of what happened at the meeting. He doesn't feel it was the minutes, but rather the meeting itself. Murphy would like that if someone comes before the Council to give a report; they give a verbal summary of what is in the report, so there is some kind of record so people can see what is going on at these meetings.

Murphy also asked that the City include with the minutes that are posted on the City Website, the reports, ordinances and documents listed on the agenda. Murphy would like the public to be able to review the information without having to request these documents from the City Clerk. Murphy feels the citizens of our community who pay the salaries of City employees and elect the Council have the rights to this information. These are just recommendation.

#### **5 Public Hearing**

Approval of Hotel and Restaurant Liquor License for Country Boy Productions, DBA: The Dish Room.

**MOTION** by Burghart, second by Halde to approve the Hotel and Restaurant Liquor License for Country Boy Productions: DBA The Dish Room.

Those yea: Halde, Burghart, Weisshaar, Crites, McNerney

Those nay:

**Motion passes.**

#### **6 Department Head Reports:**

**Grinnan=>**

**Bradley=>** Report is in the packet. Gave update on water treatment project and CCA. Shared with Council what the process will be for the IRS audit. Shared with Council that we need to update our monitoring systems throughout the City Offices. Gave update on nuisance citations issued.

**Clark=>** Report is in the packet.

**Boyles=>** Report is in the packet.

**Ellis=>** Gave update on projects the Public Works departments have been working on.

**Pankratz=>** Report is in the packet. Absent

**Romans=>** Report is in the packet.

**Weisshaar=>** Report is in the packet.

**Melia=>** S & S came out the day after their contract was approved. The car at the Airport is having a few mechanical issues.

**Velasco=>** Report is in the packet.

**Yersin=>** Report is in the packet.

**Wall=>** Report is in the packet.

**Hudler=>** Report is in the packet. Absent

#### **7 UNFINISHED BUSINESS:**

**A. Discussion on replacing the fence at the City Shop.**

Ellis shared with Council quotes for replacing the fence at the City Shop: Burlington Home Center-\$14,812.30, Ace Hardware-\$13,353.05. Ellis also shared we did receive insurance money on a portion of the fence. These prices do not include the concrete for the postholes.

**MOTION** by Halde, second by Burghart to approve Ace Hardware's quote for \$13,353.05 to replace the fence at the City Shop.

Those yea: Halde, Burghart, Weisshaar, Crites, McNerney

Those nay:

**Motion passes.**

**B. Discussion on finishing the street on Cedar Circle.**

Ellis shared that AS&G can finish Cedar Circle for \$7000.00. Weisshaar asked about the \$500,000.00 for the street at Industrial Park. Discussion on street funds.

**MOTION** by Weisshaar, second by Crites on repair the street on Cedar Circle.

Those yea: Halde, Burghart, Weisshaar, Crites, McNerney

Those nay:

**Motion passes.**

## 8 NEW BUSINESS:

- A. Approval of Ordinance 918 amending the official public services ordinance of the City of Burlington (Ordinance 829) Sections 13.12.140 & 13.20.040.

Bradley shared with Council that we wrote-off \$50,000.00 in bad debt last year. Our current policy refunds the deposit after a year if account is in good standings. Our current collection company has not been very effective in collecting bad debt. We are looking at contracting with a different company, but Bradley feels we need to make strict policies and higher deposit requirements for our utility customers in order to help with our bad debt issues. Mayor Franklin asked why we are charging so much for the businesses and if the businesses are a problem. Bradley shared that the businesses are not a problem, but we need to be fair across the board. Most of the \$50,000.00 was on residential bills. Franklin does not feel that the businesses need to be punished when it is residential customers that are causing the problem. Bradley shared most of the businesses utility bills are higher than residential billings, requiring a higher deposit. Bradley shared that we are going to a tier system for the businesses. Franklin asked why the residential deposit amount is not increasing. Bradley shared it is a \$100.00 and can go as high as \$500.00. He feels if we increase it much higher than \$100.00 for residential we will get a lot of backlash. The small businesses will be \$500.00 and large businesses \$1500.00. Franklin asked about an established business. Bradley shared if they open another account they will be charged another deposit. Weisshaar shared that he feels that the fees are high for a new business. Franklin asked how we got \$50,000.00 in bad debit. Boyles shared that the research we have done it is from people moving and leaving unpaid accounts. McNerney shared we have had a business fall behind \$8000.00 to \$10,000.00 in the past. Bradley shared we will not refund the deposit until the account is closed. Crites asked how much do we do on in house collection before sending it to the collection company. Boyles shared the utility clerk has done a good job trying to collect on bad debt. Grinnan said he doesn't think the amount in bad debt is that high. Boyles shared that the new policy is based on information from other cities and towns. More discussion on deposits.

**MOTION** by Crites, second by McNerney to approve Ordinance 918.

Those yea: Halde, Burghart, Weisshaar, Crites, McNerney

Those nay:

**Motion passes.**

- B. Public Works Director Ellis's proposal for replacing 3 Public Works vehicles and the City administrator vehicle.

Bradley shared with Council that the Ford Focus is on the list because it has been in the shop 4 times since we purchased it. Ellis feels the vehicle is too small for larger people to use. Ellis shared that we could get \$7800.00 on trade for the Focus. Ellis explained to Council that this is a lease program and we will own the vehicles after 4 years. Weisshaar asked if we could keep the Administrator vehicle for another year and move forward with the 4 Public Works vehicles. Crites feels we cannot approve something for a 4 year payment when we don't know what the 2017 budget is. Weisshaar asked if we can wait to make a decision on this until the budget has been finalized. Council would like us to table the decision until after the audit and budget has been completed.

**9 REPORTS AND COMMENTS FROM MAYOR AND COUNCIL:**

- A. Mayor Dale Franklin
- B. Mike Halde
- C. Mark Burghart
- D. Kamron Weisshaar
- E. Beth Crites
- F. Harold McNerney- thanked the electric department
- G. Rod Murray

**10 MOTION** by Crites, second by McNerney to adjourn the meeting at 7:51PM.

Those yea: Halde, Burghart, Weisshaar, Crites, McNerney

Those nay:

**Motion passes.**

\_\_\_\_\_  
Dale Franklin, Mayor

\_\_\_\_\_  
Shelly Clark, City Clerk

DRAFT

MINUTES OF THE MEETING  
OF THE MEMBERS OF THE CITY COUNCIL  
CITY OF BURLINGTON  
COUNTY OF KIT CARSON  
STATE OF COLORADO  
Community Building  
340 S 14<sup>th</sup> Street  
6:30 pm  
September 12, 2016

Mayor Dale Franklin called the meeting to order at 6:30PM.

**1 The roll call of members was read and those answering were:**

Kamron Weisshaar

Mark Burghart

Harold McNerney

Rod Murray

Absent: Beth Crites, Mike Halde

**Staff/Officials:**

James Bradley, City Administrator

Veronica Boyles, City Treasurer

Shelly Clark, City Clerk

Tim Ellis, Public Works

Barry Romans, Police

**Also:**

Donn Witzel

Stan Murphy

Ken Simmons

**2 Pledge of Allegiance**

**3 Consent Agenda Items**

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Approval of the bills.

**MOTION** by McNerney, second by Burghart to approve the bills.

Those yea: Burghart, Weisshaar, McNerney, Murray

Those nay:

**Motion passes.**

**4 Public Comments-** Ken Simmons asked if the City has an ordinance that addresses parking too close to stop signs. Simmons also shared with Council that the speed limit requirements within the City are not being followed.

**5 Departments**

**A. Administrator- James Bradley-** Report is in the packet. Shared with Council that Public Works purchased a used vehicle with money generated from sale of surplus equipment at an auction. Shared with Council a draft of the grant for the water project. Bradley told Council it is time-sensitive and needs to be adopted by the next Council meeting. He also shared with Council that there are new labor laws that will take effect on December 1<sup>st</sup>, 2016. We have a few employees affected by this change. Bradley would like to address this during the budget talks.

**B. Clerk- Shelly Clark-** Report is in the packet.

**C. Treasurer- Veronica Boyles-Report is in the packet.**

**6 Work Session Topics**

**Unfinished Business**

**None**

**New Business**

**A. Discussion on appointing new Board of Adjustment and Appeals members.**

Bradley shared with Council that the current Board of Adjustment and Appeals members have been on the board for many years. Bradley told Council it is up to them to appoint new members. Clark shared that we currently have six members and two of those would stay on for another cycle. Council can nominate members. Clark shared that we have had around four meetings a year. Clark was asked by a member of the Board why we have a Planning and Zoning Commission and a Board of Adjustment and Appeals and if they could be combined.

Mayor Franklin asked Bradley and Clark to discuss this with Grinnan to see if we could combine the BAA and Planning and Zoning. No action taken.

**B. Donn Witzel inquired about the Old Black Hills building at 2296 Martin Avenue.**

Bradley informed Council that Donn Witzel had approached him about trading the property at 2296 Martin Avenue for the property that he owns next to Health and Human Services. Bradley shared with Council that Ellis would like to keep the building to have the Water Department. Bradley told Witzel that Council would have to make that decision. Witzel shared with Council the lot is 2100 square feet. He acquired the property on a trade with the County and he has had no use for the lot. Discussion on property. Bradley asked if there are utilities on the property. Witzel said water and sewer and everything is there. Clark asked if there are utility lines that run across the property. Witzel shared the water for the tree runs along the west side. Clark had been told that a utility line runs through that property. Witzel stated that the property that Clark is thinking of is further down the street. Weisshaar feels if we are going to keep the property we need to find a use for it. Bradley knows that the Public Works would like to use the building, but he wants to stay neutral. Clark would like to see us keep the building for the Public Works. Murray feels if we are short on storage we need to utilize this building. Weisshaar and Burghart both feel we should keep the building. Franklin told Witzel that the City will be keeping the building and thanked him for the offer.

**C. Discussion of police recruitment for 2017.**

Romans shared with Council that he is having a hard time recruiting officers and keeping them. Romans would like to send a local person to Flat Rock Training Academy and have the City pay the cost for this training. The City would require

this person to sign a contract to guarantee they will stay with the City for a set number of years. Romans also feels we need to increase the pay for the officers. Bradley agrees we need to look at the wages for the entire City. Romans asked Council if we could send two people to the training starting in January. Discussion on vehicles for the Police Department. Mayor Franklin told Romans and Bradley to have Grinnan draft a contract. Franklin asked about the cost of ammunition for the training. Romans will draft a proposal with the cost per officer and present it at the next meeting.

**7 REPORTS AND COMMENTS FROM MAYOR AND COUNCIL:**

- A. Mayor Dale Franklin- Friday, Bradley received a text from a Council member upset about a purchase that was made. Franklin shared with Council that if they have a concern with something of this nature they need to address the Mayor. Bradley apologized to the Council if he offended anyone. He felt we had the opportunity to purchase a decent vehicle for a price we could afford. Weisshaar feels we need to follow the policies that are in place and not make special exception. Bradley asked if he needs to contact the Council or just the Mayor on all purchases. Bradley shared that the Mayor is the only one who can give him a directive. Bradley asked that we keep it professional. Bradley told Council he is professional and he is asking for the same respect. Weisshaar feels Bradley should contact the Mayor, so he has someone backing him. Bradley stated that he will contact the Mayor on purchases over \$5000.00, which is what is stated in the ordinances. Mayor Franklin shared that the unprofessional part occurred when Bradley received a text after hours when it could have waited until the next business day.
- B. Mike Halde- Absent
- C. Mark Burghart.
- D. Kamron Weisshaar
- E. Beth Crites- Absent
- F. Harold McNerney
- G. Rod Murray

**8 MOTION** by Burghart, second by McNerney to adjourn the meeting at 7:45PM.

Those yea: Burghart, Weisshaar, McNerney, Murray

**Those nay:**

**Motion passes.**

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Dale Franklin, Mayor

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Shelly Clark, City Clerk

PO	Vendor	Amt.	Depart	Description
23318	AAA Colorado	\$ 1,913.00	Old Town	1/6 Page Display Ad
50718	Accutest	\$ 176.50	Water	Biochemical Oxygen Demand-Wastewater
23317	Accutest	\$ 38.00	Water	E-Coli Testing
23391	Accutest	\$ 377.00	Water	Water Samples-N, Halde Well-Required by Engineer & State
23407	Accutest	\$ 294.50	Water	Nitrate Water Smaples
23406	Accutest	\$ 159.50	Water	Nitrate Water Smaples
23337	All Of It Catering	\$ 504.00	Old Town	Catered Dinner for Bus Tour Group
23372	Allegiance	\$ 46.55	Administration	September Cobra Monthly Premium
23326	Allied Concert Services	\$ 2,900.00	Activities	Advance Payment for Outback Art Council's 2016-17 Concert Season
23338	AlSCO	\$ 17.00	Community Center	Dust Mops, Mop Handles
23344	Amack's Service	\$ 3,636.99	Various	August Vehicle Fuel Used
23374	Amazon	\$ 305.55	Welcome Center	Automatic Soap Dispensers
23321	American Public Power Association	\$ 991.15	Electric	Utility Member Dues-2nd Semi-Annual Fee
23379	Black Hills Energy	\$ 817.86	Various	August Gas Charges
48390	Bomgaars	\$ 27.84	Old Town	Light Bulbs & Mop & Glo
23351	Burlington Chamber Commerce	\$ 383.34	Administration	Monthly Chamber Dues
23113	Burlington Ford, Lincoln, Mercury Inc	\$ 1,056.28	Airport	Airport Vehicle Oil Change, Spark Plugs, 4 Tires
23134	Burlington Home Center	\$ 24.70	Welcome Center	Rope for the Flag at Welcome Center
23383	Burns, Figa & Will	\$ 812.00	Administration	Hutton Educational Foundation-Legal Fees
23401	CarQuest	\$ 293.54	Electric	Digger Truck Mirror Head
23402	CarQuest	\$ 57.47	Shop	Grease & Brake Fluid
50029	CDW Government	\$ 867.95	IT	Battery Replacement(water), Replacement PC(city hall), Network Cable
23381	Cengage Learning-Gale	\$ 100.45	Library	4 Western's
50658	ChemaTox Laboratory	\$ 245.00	PD	Lab Fees(drug screen sent for restitution)
23378	CIRSA	\$ 169.05	Administration	Mitchek Wedding/Reception
23349	City of Burlington-Bond Repayment	\$ 35,000.00	Water	Monthly Bond Repayment
23396	Clark, Shelly	\$ 210.00	Administration	Mileage for Travel Expenses Around Town
23333	Colo Dept of Public Health	\$ 100.00	Water	August Environmental
50186	CPS Distributors	\$ (312.60)	Water	Duplicate Payment/Credit
50174	CPS Distributors	\$ 110.96	Old Town	2 Rainbird Valves
23352	Cuellar, Soccorro	\$ 800.00	Misc	VA Clinic Cleaning
23329	Denver Industrial Pumps	\$ 76.62	Water	Foot Valve
23390	Department of Energy	\$ 17,113.11	Electric	August Electrical Energy Used
23375	DirecTv	\$ (136.18)	Airport	Credit Balance
23331	DPC Industries	\$ 30.00	Water	Chlorine
48410	Duesrt Machine Works	\$ 404.26	Water	Valve Repair on Well #11
48419	Durham Ag Tech	\$ 16.70	Streets	Hitch Pin for Loader
23332	E-470 Public Hwy Authority	\$ 10.65	PD	License Plate Toll Fees
23343	Elan Financial Services	\$ (33.67)	PD	Credit on Credit Card
23298	Grainger	\$ 384.30	Water	2 Exhaust Fans for well house repairs
23132	Grainger	\$ 481.05	Welcome Center	Sensor for Faucet
23380	Great America Financial Services	\$ 80.00	Administration	Mailing System Monthly Fee
23346	Grinnan, George	\$ 200.00	Old Town	Remove Window in Church, Rebuild Bottom Frame, Install 2 Pieces Glass
23353	Grinnan, Michael	\$ 2,500.00	Administration	Monthly Legal Fees
23312	Herman Lumber	\$ 4.99	Administration	Spray Paint for Utility Drop Box
23313	Herman Lumber	\$ 45.98	Shop	Locks for Shop
23314	Herman Lumber	\$ 99.90	Parks	55 Gallon Bags 20 Count
23336	Herman Lumber	\$ 4.49	Shop	Econ Flashlite
23335	Herman Lumber	\$ 78.46	Old Town	Shovel, Broom, Grain Scoop, Lopper Bypass
23373	Herman Lumber	\$ 120.00	Shop	Sensor Board for Garage Door Opener
23131	Herman Lumber	\$ 13,132.30	Various	New Fence Around City Shop from Wind Damage(Insurance Money)
23393	Herman Lumber	\$ 11.99	Electric	Self Tapping Screws
48415	Herman Lumber	\$ 45.85	Streets	Paint for Stripes at Community Center Entrance
49868	Herman Lumber	\$ 69.99	Old Town	Shop Vac
23399	Herman Lumber	\$ 17.16	Water	Pipe Fittings
49870	Herman Lumber	\$ 25.48	Streets	Concrete Log Bolts for 13th & Fay
50124	Hitchcock	\$ (976.67)	Streets	Traded Used Roto Tiller
23348	Holland & Hart	\$ 994.00	Administration	August Attorney Fees
50552	Ingram	\$ 455.37	Library	August New Book Purchases
50485	Invensys Systems	\$ 494.18	Water	Transmitter Repair
23392	KCC Carousel Association	\$ 45.00	Old Town	Group Tour Off Season Opening
23350	Kit Carson County	\$ 5,833.00	PD	Monthly Dispatch Fees
23315	Kit Carson County Landfill	\$ 11.95	Streets	Dumping Fees
23347	Kit Carson County Landfill	\$ 14.94	Streets	Dumping Fees
23354	Knapp, Arrienne	\$ 25.00	Judicial	Cleaninhg Courthouse
50657	Law Enforcement Systems	\$ 712.00	PD	Equipment/1000 Custom Colorado Traffic Citations
23345	McCarty-Daniels, Nick	\$ 42.86	Library	Reimbursement for Gas/Travel Expenses for Training Class
49865	McCormick's Excavation	\$ 339.12	Streets	Asphalt Mix-Patch Jobs on Senter Street
23341	McCormick's Excavation	\$ 702.00	Streets	Asphalt Mix-Patch Jobs on Lincoln & Railroad
23355	Mellaire Aviation	\$ 3,000.00	Airport	Airport Manager
50027	Office Works	\$ 12.60	Library	Copy Count
23356	Pankratz, Norma	\$ 70.00	Administration	Reimbursement for Use of Personal Equipment
23357	Perry Cleaning Services	\$ 1,075.00	Welcome Center	Cleaning Welcome Center
50659	Petty Cash-Police Dept	\$ 100.71	PD	Post Office, Dollar General Supplies

23371	Pinnacle Assurance	\$ 3,758.40	Various	September Insurance Premium
23316	Quill	\$ 96.99	Activities	Business Cards
23327	Quill	\$ 26.98	Administration	Onyx Mesh Telephone Stand
23385	Quill	\$ 20.18	Administration	Lysol Wipes
23384	Quill	\$ 12.48	Administration	Clear Label Protectors
23325	Rodriguez, Ruben	\$ 110.00	Activities	Ruben's Detailing-Full Detail Ford 150 White Truck
23328	Safeway	\$ 34.95	Activities	Youth Council-Chips
23334	Safeway	\$ 93.89	Library	Cleaning Supplies
48408	Schlosser's Ready Mix Concrete	\$ 302.50	Streets	Concrete-Street Repair & Handicap Ramp at Bank of the West
23311	Schlosser's Ready Mix Concrete	\$ 27.50	Streets	Concrete for Handi-Cap Ramps
49869	Schlosser's Ready Mix Concrete	\$ 287.50	Shop	2 1/2 Yards Concrete for Shop Fence
23387	Schlosser's Ready Mix Concrete	\$ 287.50	Shop	2 1/2 Yards Concrete for Shop Fence
23400	Schlosser's Ready Mix Concrete	\$ 287.50	Shop	2 1/2 Yards Concrete for Shop Fence
23358	Snyder, Lyn	\$ 125.00	PD	Cleaning Police Department
23398	Stanion Electric	\$ 434.68	Electric	Electrical Supplies/Lightbulbs
23397	Stanion Electric	\$ 1,326.00	Electric	Meters & Stock
49871	Stanion Electric	\$ 28.50	Electric	Compression Connector
48409	Stratton CO-OP	\$ 103.40	Parks	Tires for Dixie Chopper
23322	Stratton CO-OP	\$ 5.09	Streets	Electrical Connectors/Battery Accessories
23367	Stratton CO-OP	\$ 92.99	Shop	New Tire for Trailer
23340	Stratton CO-OP	\$ 23.94	Water	Stick Hose
50660	Stratton CO-OP	\$ 19.00	PD	Flat Tire Repair-Unit 9
48414	Stratton CO-OP	\$ 48.96	Streets	Alternator Belts for Versatile Arm Mower
49867	Stratton CO-OP	\$ 108.00	Water	New Wheels for Wheel Barrow
48418	Stratton CO-OP	\$ 75.73	Water	Crescent Wrench & Ratchet Tie Down Strap
23382	Sunrise Environmental	\$ 95.92	Old Town	2 Boxes Ascend Cleaner, 1 Plastic Jumbo Sprayer
23135	The Post Bar & Grill	\$ 50.00	Welcome Center	Flag for Welcome Center
23330	Threadz	\$ 399.70	Administration	Apparel-Ladies Shirts
23369	Tyco Simplex Grinnell	\$ 1,100.00	Community Center	Fire Alarm Test & Inspect, Sprinkler Test & Inspect
23370	Tyco Simplex Grinnell	\$ 950.00	Administration	City Hall Sprinkler Backflow Test & Inspect
23324	United Suppliers	\$ 103.00	Parks	Chemicals for Weeds
50633	United Suppliers	\$ (403.15)	Streets	Credit
50028	US Bank	\$ 781.00	IT	Copier Lease
50656	US Postal Service	\$ 70.00	PD	Annual PO Box Fee
49866	Utility Deposit Refund	\$ 66.89	Electric	Utility Deposit Refund-Ramon Cuellar
23339	Western United Electric	\$ 1,703.20	Electric	Conduit PVC 10ft. Pipe
23320	Wilcox Oil & Chemical	\$ 37.42	Activities	Makaza/Roundup
23394	Xcel Energy	\$ 330,947.43	Electric	August Energy Used with True-Up Charges from July 2015-June 2016
		\$ 443,497.14		



## **Cadet Education Cost Proposal**

**Burlington Police Department – 2017 Fiscal Year Development Plan**

**Written & Developed by: Chief Barry Romans**

### **PURPOSE AND JUSTIFICATION**

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The purpose of this proposal is to outline the cost of education and employment to send a cadet to FlatRock Training Academy for the Burlington Police Department. The analysis for this project examines the following areas:

1. Tuition
2. Cost of uniforms
3. Body armor
4. Duty gear
5. Weapons
6. Ammunition
7. Wage

### **PROJECT GOALS - OUTLINE**

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- The goal of this proposal is to outline the cost for sending one cadet to the FlatRock Training Academy.
- Long term employment of officers.
- Fill long term vacant patrol positions
- Have more coverage of shifts, and spread the work load.

### **PROJECT -**

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#### **CURRENT STATUS**

Currently, we are working 5 Officers; 4 of which work 3-12 hour shifts (3 on/3 off) and one officer working one shift consisting of 4-10 hour shifts Wednesday through Saturday as a cover car on the weekends. We also have a Detective who has been working multiple felony cases with more coming in each week. Most of these cases require lengthy investigation which a patrol Officer does not have time for. The Detective must also go to CBI in Denver for evidence transfers, interviews in other jurisdictions, or Blue Sky Bridge for forensic interviews on juvenile sex assaults amongst other things. Shift coverage for the officers that we currently have is slim

with one Officer scheduled per shift. We have also experienced higher than normal call volume and having smaller numbers of officers covering these calls. We have also experienced a dramatic increase of drug and alcohol related mental health issues. This has become a concern to officers who cover calls at night by themselves. It seems to be more and more common for transients to come to Burlington and stay.

### **PROPOSED SOLUTION & BENEFITS**

Because we are a small rural department, it seems that the most effective approach is to hire local people as officers who have long standing ties to our community, sending these people to FlatRock Training Academy and training them to suit our needs. There are several benefits to this approach:

- These individuals are from the Burlington area with ties to our community
- Some may have already started families and are not looking for a significant other
- Local officers will already have a relationship and trust with the local residents prior to attending the academy
- These individuals may also have more in depth knowledge of how things happen in our area and would work to our benefit

### **IMPLEMENTATION COST & DESCRIPTION**

- Normal cost to attend FlatRock Training Academy is \$6,000.00. I have negotiated this price down to \$2,900.00.
- Living quarters are available at the academy at no extra cost, but this would be up to the cadet and at the cadet's expense.
- 1600 rounds of 40 S&W pistol ammunition with an estimated cost of \$376.00.
- A duty pistol is provided by the department which we already own.
- 200 rounds of 5.56 NATO with an estimated cost of \$70.00. The rifle is provided by the academy.
- Shotgun courses are also taught at the academy but ammunition and the use of the academy shotgun is covered in the cost of the academy.
- We would need to provide duty gear, consisting of a Sam Brown belt, Safariland level 2 holster, handcuff case(s), glove pouch, magazine pouch, radio holster, baton and baton holster, pepper spray and holster, Taser and holster (which we already own). The total cost of the duty belt would be about \$400.00. Please keep in mind though, that we already own most of these items and usually only purchase duty gear that is worn out or would need a custom fit for each officer.
- Uniforms-we issue three long sleeve shirts, three short sleeve shirts and two pair of duty pants and coat. The total cost of uniforms would be \$708.00 if we had to purchase all new uniforms. (\$55.95 per short sleeve shirt/61.95 long sleeve shirt)(85.00 per pant)(185.00 winter coat/jacket combo). Please remember as well we have some

uniforms and coats already on hand and try to find shirts and pants that may already fit before we purchase new.

- Ballistic vest, we have credit at Blue Star Police Supply to cover the purchase of a ballistic vest. The cost of a vest is 799.99.
- Other items such as the inner belt, Duty boots / shoes, some specific duty belt gear like handcuffs, flashlight, flashlight pouch etc. are owned and purchased by the individual Officer.
- The academy also supplies a baseball cap, 2 polo shirts, 2 pair of BDU pants, and 2 tee shirts for each student as part of their tuition.

## **COST**

ACADEMY	2,900.00
.40 AMMO	376.00
5.56 NATO	70.00
DUTY GEAR	400.00
UNIFORMS	706.00
BALLISTIC VEST	799.99
TOTAL	5,251.00

## **CONSIDERATIONS**

- The Academy begins January 1, 2017 and lasts 22 weeks (6 months) with another class beginning July 1<sup>st</sup> also lasting 22 weeks.
- I have secured one spot for the January 2017 class and one for the July 2017 class
- These academy classes have a dropout rate of about 20 cadets per class. There is a wait list of about 60 cadets for each class.
- If we were to send one cadet in January we would not have that cadet out of the academy and through our FTO program until September of 2017.
- Firearms class does not begin until week 8 of the academy, and ammunition is not required to be taken to the academy until week 7.
- Finally the wage. As I spoke with Karmen Kelsay an Adams County S.O. employee assigned to FlatRock Academy. Karmen explained that they have their cadets for the Adams County S.O. sign a work agreement based of the academy cost of \$5,900.00 and pro-rate this amount out over a 2 year period. Karmen explained that each cadet is required to sign this agreement prior to start of the academy. Karmen also explained that they pay their cadets \$23.00 per hour while in the academy, and when they are placed on patrol they received a 6% pay increase bringing their pay to \$24.38. Karmen also mentioned that they lose about 5 patrol officers per month to retirement and other agencies. Karmen said they have also experienced other departments step in and offer

their cadets a higher wage, offer to pay their academy fees (the \$5,900.00) and offer a thousand dollar sign on bonus before they graduate.

I asked Karmen how they enforce their work agreement. Karmen said they take the cadet to small claims court. Karmen said that they have had to pursue this in the past and it has upheld in court as a breach of contract.

I feel that we should follow this example; (6%) this would also depend on any new wage considerations. I have also requested a copy of their work agreement for the academy.

- Last but not least, since we have not hired this way in the past, we need time to try to find the right person for the position. This will require us to advertise the position for a few weeks before we look at applicants and start narrowing down cadet candidates.

We need time to advertise this position, hold testing with a written exam, math exam, interview, background checks, follow up interviews, criminal background check, pull driver's history, oral boards, physical agility exam, physical exam, polygraph, sit down psychological exam and tox screen.

This person would also need time to resign from their current job and have time to find housing and make arrangements for the academy.

### Summary

At this time I have tried multiple websites, to include NCIC/CCIC which bring me a huge volume of applicants (mainly from New York and New Jersey) who are not qualified for the position, meaning they do not hold a POST certificate or an equivalent in another state. Those who do apply and hold a POST certificate or equivalent in another state either have issues in their background, or want \$20.00 or more an hour in pay.

I have contacted many academy directors who post our positions, but as we have learned, most people who attend academies are already hired by a department prior to starting the academy or want to work in the Front Range, the rest seem to be unsuitable for what we are looking for.

I implemented using a polygraph and sit down psych exam as a condition of employment. This has also helped me in the hiring process to weed out less truthful employees.

Pay has become an increasingly large barrier with 3 of the last qualified applicants wanting \$20.00 plus per hour. Most applicants will also decline the position citing the lack of certain equipment and man power.

Traditionally we hire new grads from the Front Range area, often I learn that they have been searching for jobs for a year or longer in the Front Range and can't get hired because they have no experience. They get frustrated and begin applying in more rural areas. Geographically we all know that we are a

considerable distance from many large municipalities. Most applicants struggle bringing spouses to our community and staying more than a couple years.

When a new officer is hired we spend a lot of time, money and effort trying to get the officers comfortable on their own, only to build confidence in the individuals who are looking to move on before we even get them hired. This seems to be a revolving door that we have had for at least the past 13 years that I have been at the PD.

Since Amendment 64 has passed, Colorado is considered a high risk state for Law Enforcement along with Alaska, California, and Oregon. I have spoken with many other agencies who have struggled getting applicants, or keeping employees long term as well. I have also noticed that less people want to be involved in Law Enforcement, commenting on the violence occurring in our state and with dropout rates in academies increasing.

**CITY OF BURLINGTON  
BURLINGTON, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2015**

**DRAFT**

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FINANCIAL SECTION

DRAFT

# 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

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City Council  
City of Burlington  
Burlington, Colorado

## Independent Auditors' Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burlington, Colorado, as of and for the year ended December 31, 2015, and the related notes to the financial statements which collectively comprise the basic financial statements of the City, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 controls. 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 opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burlington, Colorado, as of December 31, 2015, and the respective changes in financial position and, where applicable, 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 City of Burlington' 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Emphasis of Matter**

As discussed in Note 11 to the financial statements, the 2014 financial statements have been restated to reflect the changes stated in Note 11. Our opinion is not modified with respect to this matter.

**Other Matters**

**Required Supplementary Information – Management Discussion and Analysis (Unaudited)**

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M8 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.

**Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 29-31 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. In addition, the combining and individual fund schedules on pages 32-36 and listed as other supplementary information are presented for purposes of additional analysis and are 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.

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Local Highway Finance Report* is presented on pages 37-38 for purposes of legal compliance and is not a required part of the financial statements. Such 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. The 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 basic 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, Mayberry + Company, LLC*

Englewood, CO  
September 20, 2016

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**BASIC FINANCIAL STATEMENTS**

**DRAFT**

## CITY OF BURLINGTON, COLORADO

**STATEMENT OF NET POSITION**  
DECEMBER 31, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES FUND	TOTAL
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Cash and Investments</b>			
Cash	\$ 588,680	\$ 2,166,719	\$ 2,755,399
Restricted Cash and Investments	218,728	721,811	940,539
<b>Receivables</b>			
Property Tax Receivable	343,339	-	343,339
Intergovernmental Receivables	249,061	-	249,061
Utility Receivables	37,696	985,831	1,023,527
Cash with Fiscal Agent	4,829	-	4,829
Other Receivables	38,407	-	38,407
Inventory	25,834	330,821	356,655
<b>Total Current Assets</b>	<b>1,506,574</b>	<b>4,205,182</b>	<b>5,711,756</b>
<b>Noncurrent Assets</b>			
Capital Assets not being Depreciated	438,423	3,502,648	3,941,071
Capital Assets being Depreciated	9,461,741	18,029,858	27,491,599
Accumulated Depreciation	(4,484,725)	(8,291,703)	(12,776,428)
Other Noncurrent Assets	-	87,436	87,436
<b>Total Noncurrent Assets</b>	<b>5,415,439</b>	<b>13,328,239</b>	<b>18,743,678</b>
<b>TOTAL ASSETS</b>	<b>6,922,013</b>	<b>\$ 17,533,421</b>	<b>\$ 24,455,434</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 6,922,013</b>	<b>\$ 17,533,421</b>	<b>\$ 24,455,434</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 83,392	\$ 599,254	\$ 682,646
Accrued Liabilities	60,368	-	60,368
Deposits and Escrow	1,470	38,455	39,925
Accrued Interest Payable	-	33,743	33,743
Unearned Revenue	8,295	-	8,295
<b>Total Current Liabilities</b>	<b>153,525</b>	<b>671,452</b>	<b>824,977</b>
<b>Noncurrent Liabilities</b>			
Due within one year	-	145,000	145,000
Due in more than one year	-	5,062,421	5,062,421
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>5,207,421</b>	<b>5,207,421</b>
<b>TOTAL LIABILITIES</b>	<b>153,525</b>	<b>5,878,873</b>	<b>6,032,398</b>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>			
Deferred Property Taxes	343,339	-	343,339
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,402,115	8,033,382	13,435,497
Restricted Net Position	262,461	577,346	839,807
Unrestricted Net Position	760,573	3,043,820	3,804,393
<b>TOTAL NET POSITION</b>	<b>6,425,149</b>	<b>11,654,548</b>	<b>18,079,697</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 6,922,013</b>	<b>\$ 17,533,421</b>	<b>\$ 24,455,434</b>

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

CITY OF BURLINGTON

**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
<b>Government Activities</b>				
Current:				
General Government	\$ 798,401	\$ 82,260	\$ 42,874	\$ -
Public Safety	699,181	12,516	-	-
Public Works	523,272	30,120	298,495	-
Culture and Recreation	1,305,461	169,175	38,593	-
Capital Outlay - Non Capitalized	(55,814)	-	-	-
<b>TOTAL GOVERNMENT ACTIVITIES</b>	<b>3,270,501</b>	<b>294,071</b>	<b>379,962</b>	<b>-</b>
<b>Business-type Activities</b>				
Current:				
Electric	3,791,760	4,676,057	-	85,699
Water and Sewer	1,258,331	1,351,700	-	212,196
Airport	601,640	21,614	-	132,625
Nonmajor Solid Waste	440,237	443,028	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>6,091,968</b>	<b>6,772,419</b>	<b>-</b>	<b>430,520</b>
<b>TOTAL GOVERNMENT</b>	<b>\$ 9,362,469</b>	<b>\$ 7,066,490</b>	<b>\$ 379,962</b>	<b>\$ 430,520</b>
<b>GENERAL REVENUES</b>				
Property Taxes				
Specific Ownership Taxes				
Sales and Use Taxes				
Franchise Taxes				
Other Taxes				
Interest Income				
Gain (Loss) on Disposal of Capital Assets				
Other Revenues				
<b>TRANSFERS</b>				
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				
<b>CHANGE IN NET POSITION</b>				
<b>NET POSITION - Beginning</b>				
Prior Period Restatement				
<b>NET POSITION - Beginning (as Restated)</b>				
<b>NET POSITION - Ending</b>				

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

NET (EXPENSE) REVENUE AND  
CHANGES IN NET POSITION

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (673,267)	\$ -	\$ (673,267)
(686,665)	-	(686,665)
(194,657)	-	(194,657)
(1,097,693)	-	(1,097,693)
<u>55,814</u>	<u>-</u>	<u>55,814</u>
<u>(2,596,468)</u>	<u>-</u>	<u>(2,596,468)</u>
-	969,996	969,996
-	335,565	335,565
-	(197,401)	(197,401)
<u>-</u>	<u>2,811</u>	<u>2,811</u>
<u>-</u>	<u>1,110,971</u>	<u>1,110,971</u>
<u>(2,596,468)</u>	<u>1,110,971</u>	<u>(1,485,497)</u>
322,541	-	322,541
44,456	-	44,456
1,309,286	-	1,309,286
97,894	-	97,894
244,578	-	244,578
3,707	2,756	6,463
(29,322)	-	(29,322)
180,692	-	180,692
<u>555,041</u>	<u>(555,041)</u>	<u>-</u>
<u>2,728,873</u>	<u>(552,285)</u>	<u>2,176,588</u>
<u>132,405</u>	<u>558,686</u>	<u>691,091</u>
6,306,169	10,646,432	16,952,601
(13,425)	449,430	436,005
<u>6,292,744</u>	<u>11,095,862</u>	<u>17,388,606</u>
<u>\$ 6,425,149</u>	<u>\$ 11,654,548</u>	<u>\$ 18,079,697</u>

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CITY OF BURLINGTON, COLORADO

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

DECEMBER 31, 2015

With Comparative Totals for December 31, 2014

	General	Nonmajor	Total	
	Fund	Conservation Trust Fund	2015	2014
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Cash and Investments</b>				
Cash	\$ 588,680	\$ -	\$ 588,680	\$ 481,397
Restricted Cash and Investments	73,267	145,461	218,728	202,319
<b>Receivables</b>				
Property Tax Receivable	343,339	-	343,339	340,000
Intergovernmental Receivables	249,061	-	249,061	-
Utility Receivables	37,696	-	37,696	-
Cash with Fiscal Agent	4,829	-	4,829	-
Other Receivables	38,407	-	38,407	329,794
Internal Balances	-	-	-	(28,000)
Inventory	25,834	-	25,834	34,037
<b>TOTAL ASSETS</b>	<b>\$ 1,361,113</b>	<b>\$ 145,461</b>	<b>\$ 1,506,574</b>	<b>\$ 1,359,547</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 83,392	\$ -	\$ 83,392	\$ 53,789
Accrued Liabilities	60,368	-	60,368	127,363
Deposits and Escrow	1,470	-	1,470	2,050
Unearned Revenue	8,295	-	8,295	6,650
<b>TOTAL LIABILITIES</b>	<b>153,525</b>	<b>-</b>	<b>153,525</b>	<b>189,852</b>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>				
Deferred Property Taxes	343,339	-	343,339	340,000
<b>FUND BALANCE</b>				
Nonspendable Fund Balance	25,834	-	25,834	34,037
Restricted Fund Balance	117,000	145,461	262,461	218,206
Committed Fund Balance	58,267	-	58,267	-
Unassigned Fund Balance	663,148	-	663,148	577,452
<b>TOTAL FUND BALANCE</b>	<b>864,249</b>	<b>145,461</b>	<b>1,009,710</b>	<b>829,695</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 1,361,113</b>	<b>\$ 145,461</b>	<b>\$ 1,506,574</b>	<b>\$ 1,359,547</b>

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

**CITY OF BURLINGTON, COLORADO**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES NET POSITION  
DECEMBER 31, 2015**

<b>Fund Balance - Governmental Funds</b>	<b>\$ 1,009,710</b>
Capital assets, not being depreciated	438,423
Capital assets, being depreciated	9,461,741
Accumulated depreciation	<u>(4,484,725)</u>
<b>Total Net Position - Governmental Activities</b>	<b><u>\$ 6,425,149</u></b>

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

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CITY OF BURLINGTON, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**With Comparative Totals for the Year Ended December 31, 2014**

	General	Nonmajor Conservation	TOTALS	
	Fund	Trust Fund	2015	2014
<b>REVENUES</b>				
Taxes	\$2,018,755	\$ -	\$2,018,755	\$1,785,590
Intergovernmental Revenue	333,802	38,593	372,395	383,392
Licenses and Permits	7,602	-	7,602	5,562
Fines and Forfeits	11,788	-	11,788	18,280
Charges for Services	274,681	-	274,681	270,725
Investment Earnings	3,651	56	3,707	2,074
Other Revenue	188,259	-	188,259	208,317
<b>TOTAL REVENUES</b>	<b>2,838,538</b>	<b>38,649</b>	<b>2,877,187</b>	<b>2,673,940</b>
<b>EXPENDITURES</b>				
Current				
General Government	767,196	-	767,196	856,410
Public Safety	675,485	-	675,485	746,865
Public Works/Comm Devel	470,962	-	470,962	373,581
Parks, Recreation & Other	1,127,999	87	1,127,999	1,070,251
Capital Outlay	197,146	-	197,146	7,586
<b>TOTAL EXPENDITURES</b>	<b>3,238,701</b>	<b>87</b>	<b>3,238,788</b>	<b>3,054,693</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>(400,163)</b>	<b>38,562</b>	<b>(361,601)</b>	<b>(380,753)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	580,610	(25,569)	555,041	825,365
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>580,610</b>	<b>(25,569)</b>	<b>555,041</b>	<b>825,365</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>180,447</b>	<b>12,993</b>	<b>193,440</b>	<b>444,612</b>
<b>FUND BALANCE, BEGINNING</b>	<b>697,227</b>	<b>132,468</b>	<b>829,695</b>	<b>385,083</b>
Prior Period Restatement	(13,425)	-	(13,425)	-
<b>FUND BALANCE, BEGINNING (As Restated)</b>	<b>683,802</b>	<b>132,468</b>	<b>816,270</b>	<b>385,083</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 864,249</b>	<b>\$ 145,461</b>	<b>\$1,009,710</b>	<b>\$ 829,695</b>

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

CITY OF BURLINGTON, COLORADO

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION**  
FOR THE YEAR ENDED DECEMBER 31, 2015

Change in Fund Balance - Governmental Funds	\$ 193,440
Capital assets used in governmental activities are expensed when purchased	
Capitalized Asset Purchases	252,960
Depreciation Expense	(284,673)
Gain (Loss) on Asset Disposals	<u>(29,322)</u>
Change in Net Position - Governmental Activities	<u>\$ 132,405</u>

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

DRAFT

## CITY OF BURLINGTON, COLORADO

**STATEMENT OF NET POSITION****PROPRIETARY FUNDS**

DECEMBER 31, 2015

With Comparative Totals for December 31, 2014

	Enterprise Funds				Total	
	Electric	Water and Sewer	Airport	Nonmajor Solid Waste	2015	2014
	Fund	Fund	Fund	Fund		
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Investments						
Cash	\$ 1,491,804	\$ 753,430	\$ (106,277)	\$ 27,762	\$ 2,166,719	\$ 1,420,627
Restricted Cash and Investments	-	577,346	144,465	-	721,811	674,963
Receivables						
Utility Receivables	746,703	201,624	-	37,504	985,831	522,931
Other Receivables	-	-	-	-	-	9,000
Internal Balances	-	-	-	-	-	28,000
Inventory	161,636	149,806	19,379	-	330,821	231,368
<b>Total Current Assets</b>	<b>2,400,143</b>	<b>1,682,206</b>	<b>57,567</b>	<b>65,266</b>	<b>4,205,182</b>	<b>2,886,889</b>
<b>Noncurrent Assets</b>						
Capital Assets Not Being Depreciated	2,000	2,933,144	567,504	-	3,502,648	3,502,648
Capital Assets Being Depreciated	5,551,296	5,740,933	2,737,629	-	18,029,858	17,814,180
Accumulated Depreciation	(3,143,348)	(2,551,645)	(2,596,710)	-	(8,291,703)	(7,848,399)
Other Noncurrent Assets	-	87,436	-	-	87,436	-
<b>Total Noncurrent Assets</b>	<b>2,409,948</b>	<b>6,209,868</b>	<b>4,708,423</b>	<b>-</b>	<b>13,328,239</b>	<b>13,468,429</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,810,091</b>	<b>\$ 7,892,074</b>	<b>\$ 4,765,990</b>	<b>\$ 65,266</b>	<b>\$ 17,533,421</b>	<b>\$ 16,355,318</b>
<b>LIABILITIES AND NET POSITION</b>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 253,919	\$ 171,422	\$ 140,553	\$ 33,360	\$ 599,254	\$ 426,161
Deposits and Escrow	455	-	-	-	38,455	32,725
Accrued Interest Payable	-	33,743	-	-	33,743	-
<b>Total Current Liabilities</b>	<b>254,374</b>	<b>205,165</b>	<b>140,553</b>	<b>33,360</b>	<b>671,452</b>	<b>458,886</b>
<b>Noncurrent Liabilities</b>						
Due within one year	-	145,000	-	-	145,000	80,000
Due in more than one year	-	5,062,421	-	-	5,062,421	5,170,000
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>5,207,421</b>	<b>-</b>	<b>-</b>	<b>5,207,421</b>	<b>5,250,000</b>
<b>TOTAL LIABILITIES</b>	<b>292,374</b>	<b>5,412,586</b>	<b>140,553</b>	<b>33,360</b>	<b>5,878,873</b>	<b>5,708,886</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	2,409,948	915,011	4,708,423	-	8,033,382	8,218,429
Restricted Net Position	-	577,346	-	-	577,346	674,963
Unrestricted Net Position	2,107,769	987,131	(82,986)	31,906	3,043,820	1,753,040
<b>TOTAL NET POSITION</b>	<b>4,517,717</b>	<b>2,479,488</b>	<b>4,625,437</b>	<b>31,906</b>	<b>11,654,548</b>	<b>10,646,432</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 4,810,091</b>	<b>\$ 7,892,074</b>	<b>\$ 4,765,990</b>	<b>\$ 65,266</b>	<b>\$ 17,533,421</b>	<b>\$ 16,355,318</b>

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

CITY OF BURLINGTON, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

With Comparative Totals for the Year Ended December 31, 2014

	Enterprise Funds				Total	
	Electric	water and	Airport	nonmajor	2015	2014
	Fund	Sewer	Fund	Solid Waste		
<b>Operating Revenues</b>						
Charges for Services	\$ 4,456,356	\$ 1,329,972	\$ 271,458	\$ 443,048	\$ 6,500,834	\$ 6,357,726
Other Charges for Service	219,701	51,728	156	-	271,585	138,444
<b>Total Revenues</b>	<b>4,676,057</b>	<b>1,381,700</b>	<b>271,614</b>	<b>443,048</b>	<b>6,772,419</b>	<b>6,496,170</b>
<b>Operating Expenses</b>						
Airport	-	-	324,028	-	324,028	275,223
Solid Waste Collection	-	-	-	411,450	411,450	419,849
Electric Production	2,711,495	-	-	-	2,711,495	2,664,233
Electric Distribution	766,014	-	-	-	766,014	553,330
Water Treatment and Distribution	-	782,861	-	-	782,861	583,227
Sewer Collection and Treatment	-	127,451	-	-	127,451	130,460
Administration	159,601	2,854	-	28,787	191,242	229,938
Depredation Expense	154,650	140,350	67,612	-	572,612	555,615
<b>Total Expenditures</b>	<b>3,791,760</b>	<b>1,053,516</b>	<b>601,640</b>	<b>440,237</b>	<b>5,887,153</b>	<b>5,411,875</b>
<b>Operating Income (Loss)</b>	<b>884,297</b>	<b>328,184</b>	<b>(330,026)</b>	<b>2,811</b>	<b>885,266</b>	<b>1,084,295</b>
<b>Other Income (Expense)</b>						
Investment Earnings	791	1,944	21	-	2,756	737
Interest Expense	-	(204,815)	-	-	(204,815)	(103,343)
Other Expense	-	-	-	-	-	(198,257)
<b>Total Other Income (Expense)</b>	<b>791</b>	<b>(202,871)</b>	<b>21</b>	<b>-</b>	<b>(202,059)</b>	<b>(300,863)</b>
<b>Net Income (Loss) before Transfers</b>	<b>885,088</b>	<b>125,313</b>	<b>(330,005)</b>	<b>2,811</b>	<b>683,207</b>	<b>783,432</b>
<b>Transfers</b>						
Transfers In (Out)	(89,243)	(79,635)	13,842	-	(555,041)	(825,365)
<b>Net Income (Loss)</b>	<b>795,845</b>	<b>45,678</b>	<b>(316,163)</b>	<b>2,811</b>	<b>128,166</b>	<b>(41,933)</b>
<b>Contributed Capital</b>						
Plant Investment Fees	85,699	212,196	-	-	297,895	55,103
Intergovernmental Revenue	-	-	132,625	-	132,625	48,454
<b>Total Contributed Capital</b>	<b>85,699</b>	<b>212,196</b>	<b>132,625</b>	<b>-</b>	<b>430,520</b>	<b>103,557</b>
<b>Change in Net Position</b>	<b>481,539</b>	<b>257,874</b>	<b>(183,538)</b>	<b>2,811</b>	<b>558,686</b>	<b>61,624</b>
<b>Net Position, Beginning</b>	<b>3,687,992</b>	<b>2,119,505</b>	<b>4,808,975</b>	<b>29,960</b>	<b>10,646,432</b>	<b>10,584,808</b>
<b>Prior Period Restatement</b>	<b>348,186</b>	<b>102,109</b>	<b>-</b>	<b>(865)</b>	<b>449,430</b>	<b>-</b>
<b>Net Position, Beginning (As Restated)</b>	<b>4,036,178</b>	<b>2,221,614</b>	<b>4,808,975</b>	<b>29,095</b>	<b>11,095,862</b>	<b>10,584,808</b>
<b>Net Position, Ending</b>	<b>\$ 4,517,717</b>	<b>\$ 2,479,488</b>	<b>\$ 4,625,437</b>	<b>\$ 31,906</b>	<b>\$ 11,654,548</b>	<b>\$ 10,646,432</b>

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

CITY OF BURLINGTON

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	Enterprise Funds		Total	
	Electric Fund	Water and Sewer Fund	2015	2014
<b>Cash Flows From Operating Activities:</b>				
Cash Received from Customers	\$ 4,676,057	\$ 1,381,700	\$ 6,385,595	\$ 4,855,568
Cash Paid to Suppliers	(3,637,111)	(913,167)	(5,225,644)	(4,172,445)
Net Cash Provided by Operating Activities	<u>1,038,946</u>	<u>468,533</u>	<u>1,159,951</u>	<u>683,123</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Grant Proceeds	-	-	(365,497)	48,454
Interest Payments	-	(204,815)	(137,329)	(103,343)
Cash Flows Used by Capital and Related Financing Activities	<u>85,699</u>	<u>7,381</u>	<u>(204,931)</u>	<u>214</u>
<b>Cash Flows (Uses) From Noncapital Financing Activities:</b>				
Cash from Other Funds	<u>(489,248)</u>	<u>(79,635)</u>	<u>(555,041)</u>	<u>(825,365)</u>
<b>Cash Flows (Uses) From Investing Activities:</b>				
Interest Received	<u>791</u>	<u>1,944</u>	<u>2,756</u>	<u>737</u>
<b>Net Increase (Decrease) in Cash</b>	<u>636,188</u>	<u>398,223</u>	<u>393,076</u>	<u>(339,548)</u>
Cash - Beginning	-	-	-	-
Cash - Ending	<u>\$ 636,188</u>	<u>\$ 398,223</u>	<u>\$ 393,076</u>	<u>\$ (339,548)</u>
<b>Cash</b>	<u>\$ (62,546)</u>	<u>\$ -</u>	<u>\$ (62,546)</u>	<u>\$ -</u>
<b>Investments</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,887)</u>
<b>Restricted Cash and Investments</b>	<u>62,546</u>	<u>-</u>	<u>62,546</u>	<u>45,887</u>
<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</b>				
Operating Income (Loss)	<u>\$ 884,297</u>	<u>\$ 328,184</u>	<u>\$ 885,266</u>	<u>\$ 1,084,295</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	154,650	140,350	572,612	555,615
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivables	-	-	(1,001,189)	(1,045,864)
Other Receivables	-	-	600,775	(677,588)
(Increase) Decrease in:				
Accounts Payable	(1)	(1)	405,387	959,901
Deposits and Escrow	-	-	10,299	69,549
Total Adjustments	<u>154,649</u>	<u>140,349</u>	<u>271,704</u>	<u>278,828</u>
<b>Net Cash Used for Operating Activities</b>	<u>\$ 1,038,946</u>	<u>\$ 468,533</u>	<u>\$ 1,156,970</u>	<u>\$ 1,363,123</u>

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

**CITY OF BURLINGTON, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**HISTORY AND FUNCTION OF ORGANIZATION**

The City of Burlington, Colorado was incorporated January 31, 1974, under the provisions of Chapter 139, Article 90 of the Colorado Revised Statutes as a Home Rule City.

The City is a political subdivision of the State of Colorado which is governed by an elected mayor and elected six member City Council. The accounting policies of the City of Burlington, Colorado conform to generally accepted accounting principles (GAAP) as applicable to governments. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant principles.

**REPORTING ENTITY**

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. Those criteria state that the financial reporting entity consist of (a) the primary government, (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no additional agencies or entities which should be included in the financial statements of the City.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include:

- 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. 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.

**CITY OF BURLINGTON, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)**

In the fund financial statements, the City reports the following major governmental funds:

**General Fund**

The General Fund uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Certain service fees and non-tax revenues are recognized when received or billed. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal sources of revenues are property and sales taxes. Principal expenditures are for police protection, public works, parks and recreations and City administration.

**Special Revenue Fund:**

This fund accounts for revenues derived from specific taxes or other designated revenues that are legally restricted to expenditures for specific purposes. The City's special revenue fund is as follows:

**Conservation Trust Fund (Nonmajor Fund)**

This fund accounts for funds received through the State of Colorado Lottery/ Conservation Trust Fund program. These funds are required through state statute to be spent on parks and recreation. This is a nonmajor fund.

**Proprietary Funds**

The City also reports the following major proprietary funds:

**Electric, Water and Sewer, and Airport Funds**

The Electric and Water & Sewer account for activities of the City's distribution and collection operations. The Airport Fund accounts for the sale of fuel and expenses of operating the airport.

**PROPERTY TAXES**

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis.

**CITY OF BURLINGTON, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PROPERTY TAXES (Continued)**

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding unavailable revenue are recorded at December 31. As the tax is collected in the succeeding year, the unavailable revenue is recognized as revenue and the receivable is reduced.

**ACCUMULATED UNPAID LEAVE (COMPENSATED ABSENCES)**

Employees are allowed 10-15 vacation days each year depending on years of employment. There is no accumulation of vacation. In case of emergency, City Council may authorize payment of up to 1/2 of vacation. Sick leave is accrued at the rate of 10 days per year with accumulation of up to 90 days. No payment is made for unused sick leave. As vacation is not carried over and unused sick leave is not paid out, no liability for compensated absences has been included in the financial statements.

**BUDGETS AND BUDGETARY ACCOUNTING**

Budgets were adopted for all funds. Budgets are prepared on the same basis of accounting as that used for accounting purposes. In the budget versus actual statements, the actual results of operations are presented on the budgetary basis of accounting for proper comparison to the budget.

Budgets are adopted based on the requirements of state statutes. The following timetable is used:

- 1) Submission of the proposed budget to the City Council by October 15 of each year.
- 2) Certification of mill levies to the County Commissioners by December 15 of each year.
- 3) Final adoption of the budget and appropriations by December 31 of each year.

The City does not utilize encumbrance accounting and all appropriations lapse at year end.

**ACCOUNTS RECEIVABLE**

Based upon a review of the existing accounts receivable, no allowance for doubtful accounts is needed for any fund.

**INVENTORY**

All inventories are valued at cost using the first-in/first-out (FIFO) method in proprietary funds. Inventories of governmental funds are recorded as expenditures when purchased.

**PREPAID ITEMS**

Payments to vendors for services that will benefit periods beyond the year-end are recorded as prepaid items.

**CITY OF BURLINGTON, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the City is depreciated using the straight line method over the following estimated useful lives.

Infrastructure	40 years
Improvements	10 - 50 years
Buildings	10 - 50 years
Equipment	5 - 50 years
Vehicles	7 -20 years

The City has elected to not retroactively report infrastructure.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to taxes levied in 2015 to be collected in 2016.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**NET POSITION/FUND BALANCES**

In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balances are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Trustees, are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. The City currently has no committed funds.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The City currently has no assigned fund balances.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

**NET POSITION/FUND EQUITY FLOW ASSUMPTIONS**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**CITY OF BURLINGTON, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CASH FLOW STATEMENT**

For purposes of the statement of cash flows, cash equivalents are defined as all bank account balances and investments with maturities of ninety days or less.

**COMPARATIVE DATA**

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 City'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.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

All funds must have budgets to be allowed expenditures. Budgets for all funds except proprietary funds are adopted on a basis consistent with generally accepted accounting principles. The proprietary funds are prepared on the accrual basis of accounting excluding depreciation expense. All annual appropriations lapse at year end.

By August 25 the County Assessor forwards certification of assessed valuation to the City. On or before October 1, departments must submit to the budget officer an estimate of their expenditure requirements and their estimated revenue for the ensuing budget year. The budget officer shall prepare and submit to the City Council a proposed budget by October 15. Upon receipt of the proposed budget, the City Council shall publish a notice showing the proposed budget is open for inspection by the public and the date the City will consider adoption of such proposed budget.

By December 15, the City Council certifies to County Commissioners the mill levy against the assessed valuation.

Final adoption and an ordinance or resolution making appropriations is due by December 31 and submitted to division of local government within 30 days.

Expenditures may not legally exceed budgeted appropriations at the fund level.

**CITY OF BURLINGTON, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015**

**NOTE 3: CASH AND INVESTMENTS**

**DEPOSITS**

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations.

Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2015, all of the City's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

Deposits at December 31, 2015 were as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC Insured	\$ 917,289	\$ 917,289
Collateralized under PDPA (not held in City's name)	4,089,218	3,931,529
Petty Cash	-	1,000
<b>Total Cash and Investments</b>	<b>\$ 5,006,507</b>	<b>\$ 4,849,818</b>

**CITY OF BURLINGTON, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**INVESTMENTS**

**Credit Risk**

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- 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 City does not have an investment policy that would further limit its investment choices.

For the year ended December 31, 2015, the City did not hold any investments as described above

**Concentration of Credit Risk**

The City places no limit on the amount that may be invested in any one issuer.

**Interest Rate Risk**

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The City's investment portfolio contains no investments that exceed that limitation.

**Custodial Credit Risk – Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2015, the City's did not hold any investments exposed to Custodial Credit Risk.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**RESTRICTED CASH**

The City has restricted cash and set aside equity as follows:

Restricted for Library	\$ 15,000	
Restricted for Parks & Rec Capital	145,461	
Restricted for TABOR Emergency Reserve	<u>102,000</u>	
Presented as Restricted Fund Balance		262,461
Restricted for Parmer Park	7,361	
Restricted for Library	<u>50,906</u>	
Presented as Committed Fund Balance		58,267
Restricted Debt Service Reserve (Restricted Net Position)		577,346
Restricted for Airport Runway Replacement (Unrestricted Net Position)		<u>144,465</u>
Total Restricted Cash		<u>\$ 1,042,539</u>

**NOTE 4: CAPITAL ASSETS**

A summary of the City's governmental capital asset transactions for the year are as follows:

	Balance <u>1/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2015</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 340,517	\$ -	\$ (3,500)	\$ 337,017
Old City Donations	102,631	-	(1,225)	101,406
Total capital assets not being depreciated	<u>443,148</u>	-	<u>(4,725)</u>	<u>438,423</u>
<b>Capital assets being depreciated</b>				
Infrastructure	1,071,166	163,394	(5,503)	1,229,057
Buildings	4,346,844	-	(19,416)	4,327,428
Improvements other than buildings	1,545,374	25,000	(37,586)	1,532,788
Equipment	1,790,958	29,878	(88,780)	1,732,056
Vehicles	<u>666,591</u>	<u>34,688</u>	<u>(60,867)</u>	<u>640,412</u>
Total capital assets being depreciated	<u>9,420,933</u>	<u>252,960</u>	<u>(212,152)</u>	<u>9,461,741</u>
<b>Accumulated depreciation</b>				
Infrastructure	(338,446)	(32,951)	1,261	(370,136)
Buildings	(1,541,179)	(90,241)	19,416	(1,612,004)
Improvements other than buildings	(898,101)	(45,969)	24,868	(919,202)
Equipment	(1,119,909)	(83,284)	82,659	(1,120,534)
Vehicles	<u>(489,972)</u>	<u>(32,228)</u>	<u>59,351</u>	<u>(462,849)</u>
Total accumulated depreciation	<u>(4,387,607)</u>	<u>(284,673)</u>	<u>187,555</u>	<u>(4,484,725)</u>
Net Capital Assets	<u>\$ 5,476,474</u>	<u>\$ (31,713)</u>	<u>\$ (29,322)</u>	<u>\$ 5,415,439</u>

**CITY OF BURLINGTON, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015**

**NOTE 4: CAPITAL ASSETS (Continued)**

Depreciation has been allocated to the various governmental functions as follows:

General Government	\$ 31,205
Public Safety	23,696
Public Works	52,310
Culture and Recreation	177,462
<b>Total Depreciation</b>	<b><u>\$ 284,673</u></b>

A summary of the City's business-type capital asset transactions for the year are as follows:

	<u>Balance 1/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2015</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 584,615	\$ -	\$ -	\$ 584,615
Water rights	2,918,032	-	-	2,918,032
<b>Total capital assets not being depreciated</b>	<u>3,502,647</u>	<u>-</u>	<u>-</u>	<u>3,502,647</u>
<b>Capital assets being depreciated</b>				
System	10,284,765	16,220	(37,150)	10,263,839
Buildings	1,074,756	-	-	1,074,756
Other improvements	4,871,389	220,719	(5,322)	5,086,786
Equipment	993,191	118,235	(23,752)	1,087,674
Vehicles	590,074	-	(73,272)	516,802
<b>Total capital assets being depreciated</b>	<u>17,814,179</u>	<u>355,174</u>	<u>(139,496)</u>	<u>18,029,857</u>
<b>Accumulated depreciation</b>				
System	(4,745,220)	(239,632)	29,383	(4,955,469)
Buildings	(292,866)	(25,697)	-	(318,563)
Other improvements	(1,741,298)	(213,870)	3,967	(1,951,201)
Equipment	(598,666)	(66,091)	22,686	(642,071)
Vehicles	(470,347)	(27,324)	73,272	(424,399)
<b>Total accumulated depreciation</b>	<u>(7,848,397)</u>	<u>(572,614)</u>	<u>129,308</u>	<u>(8,291,703)</u>
<b>Net Capital Assets</b>	<u>\$ 13,468,429</u>	<u>\$ (217,440)</u>	<u>\$ (10,188)</u>	<u>\$ 13,240,801</u>

Depreciation has been allocated to the various business-type activities as follows:

Electric	\$ 154,650
Water	72,866
Sewer	67,488
Airport	277,610
<b>Total Depreciation</b>	<b><u>\$ 572,614</u></b>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 5: LONG-TERM DEBT**

**BUSINESS-TYPE ACTIVITIES**

Changes in business-type activity long-term debt are as follows:

	<u>Balance</u> <u>12/31/2014</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2015</u>	<u>Current</u> <u>Portion</u>
<b><u>Business-type Activities</u></b>					
<b><u>2014 Series A Revenues Bonds Payable</u></b>					
Bonds Payable - Water	\$3,380,000	\$ -	\$ 80,000	\$3,300,000	\$ 115,000
Bond Premiums - Water	13,589	-	322	13,267	462
<b><u>2014 Series V Revenues Bonds Payable</u></b>					
Bonds Payable - Water	415,808	-	(84,247)	500,055	(55,091)
Bond Premiums - Water	5,653	-	-	5,653	91
Bonds Payable - Sewer	<u>1,454,192</u>	-	<u>84,247</u>	<u>1,369,945</u>	<u>85,091</u>
<b>Total Noncurrent Liabilities</b>	<b><u>\$5,269,242</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 80,322</u></b>	<b><u>\$5,188,920</u></b>	<b><u>\$ 145,553</u></b>

In May 2014, the City issued \$5,250,000 of revenue bonds in the Water & Sewer Fund at rates varying from 2.00%-4.35% (4.21% yield) for a term of 21 years for water rights and facilities of the system as well as a mandatory refinancing of the City's existing 2010 Colorado Water and Resource and Power Development Authority loan utilized by the sewer operation. Interest payments are due on May 1 and November 1 of each year and principal payments are due on November 1 of each year. Following is a payment schedule. Bonds maturing on and after November 1, 2020 are beginning November 1, 2019. The bond requires the maintenance of a reserve account in the amount of \$390,708 and contains a revenue pledge. The bonds also contain a requirement that net revenues as defined exceed 120% of the maximum annual debt service of the outstanding and parity bonds which occurs in the 2025 fiscal year in the amount of \$390,533, or a required net revenue of \$468,646. The City has set aside \$577,346 to meet the reserve requirement as well as for future rate stabilization.

As the new bonds carry an average interest rate greater than the requirements of the 2010 CWRPDA loan, it was determined that the sewer operation would be charged principal and interest based on the 2010 amortization schedule with the Water operation charged for any remaining amount and all adjustments run through the Series B scheduled payments.

Scheduled payments on the bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 145,000	\$ 202,458	\$ 347,458
2017	185,000	198,108	383,108
2018	195,000	192,558	387,558
2019	200,000	186,708	386,708
2020	210,000	180,708	390,708
2021-2025	1,145,000	789,440	1,934,440
2026-2030	1,385,000	545,335	1,930,335
2031-2035	1,705,000	227,629	1,932,629
<b>Total</b>	<b><u>\$5,170,000</u></b>	<b><u>\$2,522,944</u></b>	<b><u>\$7,692,944</u></b>

**CITY OF BURLINGTON, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015**

**NOTE 5: LONG-TERM DEBT (Continued)**

**BUSINESS-TYPE ACTIVITIES (Continued)**

Coverage for the rate maintenance agreement is as follows:

Gross Charges for Services	\$ 1,329,972
Other Charges	<u>51,728</u>
Gross Revenue	1,381,700
Water Treatment and Distribution	750,901
Sewer Collection and Treatment	127,451
Administration	<u>2,854</u>
Operations and Maintenance Expenses	881,206
Net Revenues	500,494
Maximum Annual Debt Service - FY2025	390,533
Rate Maintenance Coverage	<u>120%</u>
Required Rate Maintenance Net Revenue	468,640
Excess Coverage (Deficiency)	<u>\$ 31,854</u>

**NOTE 6: PENSION PLANS**

**INTERNAL REVENUE CODE SECTION 457 PLAN**

The City has established an Internal Revenue Code Section 457 Plan for the benefit of employees. A 457 plan allows an employee to contribute pretax dollars towards retirement. All amounts contributed are fully vested. The City has contributed, \$70,664, or 5% of employee payroll, in form of an employee match for the current fiscal year.

**NOTE 7: INTERNAL ACTIVITY**

During 2015, the City made the following routine inter-fund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 580,610	\$ -
Conservation Trust Fund	-	25,569
Electric Fund	-	489,248
Water and Sewer Fund	-	79,635
Airport Fund	<u>13,842</u>	-
Net Transfers	<u>\$ 594,452</u>	<u>\$ 594,452</u>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 8: FUND BALANCE/NET POSITION RESERVES/RESTRICTIONS**

**TAX SPENDING AND DEBT LIMITATIONS**

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado, all local governments, and special districts.

The City's financial activity for the year ended December 31, 2015 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 1992, revenue in excess of the City's "spending limit" must be refunded unless voters approve the retaining of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

At a November 1997 election, the electors of the City authorized the City to collect, retain and expend the full amount of the revenues from all sources. This election authorized the spending of such revenues in each year without limitation under Article X, Section 20 of the Colorado Constitution.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The City's management believes it is in compliance with the TABOR amendment.

The Article requires an emergency reserve be set aside for 2015 in the amount of 3% or more of its fiscal year spending. At December 31, 2015, the City has reserved/restricted the following for emergencies:

General Fund	<u>\$ 102,000</u>
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**OTHER COMMITMENTS AND RESTRICTIONS**

The City has committed or restricted other funds as summarized in Note 3.

**CITY OF BURLINGTON, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015**

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the City, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2015.

**NOTE 10: RISK MANAGEMENT**

The City of Burlington, Colorado carries insurance coverage for all foreseeable risks of loss. These include, but are not necessarily limited to, worker's compensation, property and liability, bond, and errors and omissions.

The City of Burlington, Colorado carries property liability and bond coverage through Colorado Intergovernmental Risk Sharing Agency (CIRSA). Premiums are based on prior claims, as adjusted through various worker classifications. Risk of loss is transferred to CIRSA.

The City workers' compensation insurance through Pinnacol Assurance. Risk of loss is transferred to Pinnacol.

The City has not materially changed its coverage from previous years. Based on the lack of previous loss occurrences, the City has not recorded any liability for unpaid claims at December 31, 2015.

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**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 11: PRIOR PERIOD RESTATEMENT**

As part of the December 31, 2015 fiscal year audit, it was determined that certain prior year balances required restatement. These adjustments consisted of bond insurance and premiums that were expensed instead of capitalized in prior years, the recording of accrued interest payable on outstanding debt, the inclusion of non-consumable equipment as inventory, the overstatement of a receivable, receivables that were written off yet included as assets and unbilled utility usage not included as receivables.

These restatements are as follows:

	Governmental						Bus.type
	General	Activities	Electric	Water & Sewer	Airport	Solid Waste	Activities
Beginning Equity	\$ 697,227	\$ 6,306,169	\$ 3,687,992	\$ 2,119,505	\$ 4,808,975	\$ 29,960	\$ 10,646,432
Capitalize bond premiums	-	-	-	(19,242)	-	-	(19,242)
Capitalize bond insurance	-	-	-	88,782	-	-	88,782
Record accrued interest	-	-	-	(34,010)	-	-	(34,010)
Write-off parks inventory	(9,219)	(9,219)	-	-	-	-	-
Adjust Welcome Center Rec.	(41,740)	(41,740)	-	-	-	-	-
Bad debt write-off	-	-	(8,309)	(8,685)	-	(865)	(27,859)
Record unbilled usage	37,534	37,534	36,488	75,264	-	-	441,759
Net Restatements	(13,425)	(13,425)	348,179	102,109	-	(865)	449,430
Beginning Equity (As Restated)	\$ 683,802	\$ 6,292,744	\$ 4,036,171	\$ 2,221,614	\$ 4,808,975	\$ 29,095	\$ 11,095,862

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**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF BURLINGTON, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**With Comparative Totals for the Year Ended December 31, 2014**

	2015			Variance With Final Budget	2014
	Original Budget	Final Budget	Actual		Actual
<b>REVENUES</b>					
<b>Taxes</b>					
Property Taxes	\$ 320,100	\$ 320,100	\$ 322,541	\$ 2,441	\$ 316,210
Specific Ownership Taxes	42,000	42,000	44,456	2,456	41,921
Sales and Use Taxes	961,000	961,000	1,309,286	348,286	1,050,165
Franchise and In Lieu Tax	101,000	101,000	97,894	(3,106)	109,882
Other Tax Revenue	260,200	260,200	244,578	(15,622)	267,412
<b>Total Tax Revenue</b>	<b>1,684,300</b>	<b>1,684,300</b>	<b>2,018,755</b>	<b>334,455</b>	<b>1,785,590</b>
<b>Intergovernmental Revenue</b>					
Cigarette Taxes	10,000	10,000	8,756	(1,244)	9,889
Highway Users Tax Fund	122,000	122,000	128,748	6,748	125,832
Road and Bridge	190,000	190,000	169,747	(20,253)	184,333
Clerk/Motor Vehicle Fees	13,500	13,500	13,702	202	13,809
Mineral Lease	-	-	2,479	2,479	-
Severance Taxes	3,700	3,700	5,817	2,117	3,662
State Grants	111,500	111,500	4,553	(106,947)	7,000
<b>Total Intergovernmental Revenue</b>	<b>450,700</b>	<b>450,700</b>	<b>333,802</b>	<b>(116,898)</b>	<b>344,525</b>
<b>Licenses and Permits</b>					
Liquor Licenses	1,500	1,500	4,981	3,481	2,002
Building Permits	1,000	1,000	1,400	400	1,250
Animal Licenses	1,000	1,000	728	(272)	800
Business Licenses	1,000	1,000	493	(507)	1,510
<b>Total Licenses and Permits</b>	<b>4,500</b>	<b>4,500</b>	<b>7,602</b>	<b>3,102</b>	<b>5,562</b>
<b>Fines and Forfeits</b>					
	20,000	20,000	11,788	(8,212)	18,280
<b>Charges for Services</b>					
Utility Charges	32,000	32,000	28,720	(3,280)	31,602
Recreation/Community Center/Events	187,050	187,050	169,175	(17,875)	165,129
Rents	65,000	65,000	64,823	(177)	62,815
Other Charges for Service	12,500	12,500	11,963	(537)	11,179
<b>Total Charges for Services</b>	<b>296,550</b>	<b>296,550</b>	<b>274,681</b>	<b>(21,869)</b>	<b>270,725</b>
<b>Investment Earnings</b>					
	2,500	2,500	3,651	1,151	2,011
<b>Other Revenue</b>					
Donations	-	-	7,567	7,567	23,014
Sale of Capital Assets	74,000	74,000	-	(74,000)	5,500
Other Miscellaneous Revenue	189,000	189,000	180,692	(8,308)	179,803
<b>Total Other Revenue</b>	<b>263,000</b>	<b>263,000</b>	<b>188,259</b>	<b>(74,741)</b>	<b>208,317</b>
<b>TOTAL REVENUES</b>	<b>2,721,550</b>	<b>2,721,550</b>	<b>2,838,538</b>	<b>116,988</b>	<b>2,635,010</b>

(Continued)

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**With Comparative Totals for the Year Ended December 31, 2014**

	2015				2014 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
(Continued)					
<b>EXPENDITURES</b>					
<b>General Government</b>					
Personnel Services	373,925	373,925	355,808	18,117	372,894
Contract Labor	9,600	9,600	9,600	-	9,600
Fuel and Automotive	11,300	11,300	5,494	5,806	8,304
Insurance	128,000	128,000	137,319	(9,319)	121,739
Professional Fees	36,000	36,000	41,008	(5,008)	38,069
Repairs and Maintenance	9,250	9,250	15,583	(6,333)	8,851
Supplies	47,500	47,500	39,744	7,756	57,836
Telephone and Utilities	57,000	57,000	44,853	12,147	50,206
Travel and Training	8,750	8,750	24,217	(15,467)	8,559
Other Expense	73,550	73,550	93,570	(20,020)	180,352
<b>Total General Government</b>	<b>754,875</b>	<b>754,875</b>	<b>767,196</b>	<b>(12,321)</b>	<b>856,410</b>
<b>Public Safety</b>					
Personnel Services	529,825	529,825	529,161	664	546,410
Fuel and Automotive	27,500	27,500	20,296	7,204	27,211
Professional Fees	61,500	61,500	62,174	(674)	102,479
Repairs and Maintenance	2,450	2,450	5,312	(2,862)	4,509
Supplies	18,500	18,500	19,664	(1,164)	36,422
Telephone and Utilities	17,500	17,500	27,872	(10,372)	17,738
Travel and Training	5,500	5,500	1,616	3,884	3,282
Other Expenses	10,000	10,000	9,390	610	8,814
<b>Total Public Safety</b>	<b>672,775</b>	<b>672,775</b>	<b>675,485</b>	<b>(2,710)</b>	<b>746,865</b>
<b>Public Works/Comm Devel</b>					
Personnel Services	242,350	242,350	258,979	(16,629)	250,210
Fuel and Automotive	30,000	30,000	39,698	(9,698)	28,200
Repairs and Maintenance	200,000	200,000	164,584	35,416	85,991
Supplies	50	50	100	(50)	154
Telephone and Utilities	7,250	7,250	7,140	110	8,057
Travel and Training	150	150	34	116	27
Other Expenses	500	500	427	73	942
<b>Total Public Works/Comm Devel</b>	<b>480,300</b>	<b>480,300</b>	<b>470,962</b>	<b>9,338</b>	<b>373,581</b>
<b>Parks, Recreation &amp; Other</b>					
Personnel Services	698,000	698,000	685,486	(12,514)	663,055
Contract Labor	15,000	15,000	15,167	167	28,284
Fuel and Automotive	24,000	24,000	15,558	(8,442)	29,350
Professional Fees	85,000	85,000	82,324	(2,676)	-
Repairs and Maintenance	63,500	63,500	69,763	(6,263)	83,815
Supplies	134,150	134,150	142,361	(8,211)	140,308
Telephone and Utilities	86,500	86,500	99,024	(12,524)	101,975
Travel and Training	3,650	3,650	534	3,116	817
Other Expenses	17,800	17,800	17,695	105	22,617
<b>Total Parks, Recreation &amp; Other</b>	<b>1,127,600</b>	<b>1,127,600</b>	<b>1,127,912</b>	<b>(47,242)</b>	<b>1,070,221</b>
<b>Capital Outlay</b>					
General Government Capital Outlay	15,000	15,000	15,000	-	-
Public Safety Capital Outlay	158,500	158,500	48,498	110,002	875
Public Works Capital Outlay	120,000	120,000	118,770	1,230	-
Parks, Recreation and Other Capital Outlay	18,000	18,000	14,878	(3,122)	6,711
<b>Total Capital Outlay</b>	<b>311,500</b>	<b>311,500</b>	<b>197,146</b>	<b>108,110</b>	<b>7,586</b>
<b>TOTAL EXPENDITURES</b>	<b>3,347,050</b>	<b>3,347,050</b>	<b>3,238,701</b>	<b>55,175</b>	<b>3,054,663</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>(625,500)</b>	<b>(625,500)</b>	<b>(400,163)</b>	<b>172,163</b>	<b>(419,653)</b>

(Continued)

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

FOR THE YEAR ENDED DECEMBER 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015			Variance With Final Budget	2014 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In (Out)	625,500	625,500	580,610	(44,890)	845,365
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	180,447	<u>\$ 127,273</u>	425,712
Budget to GAAP Basis Reconciliation					
<b>FUND BALANCE, BEGINNING</b>			697,227		271,515
Prior Period Restatement			(13,425)		-
<b>FUND BALANCE, BEGINNING (AS RESTATED)</b>			<u>683,802</u>		<u>271,515</u>
<b>FUND BALANCE, ENDING</b>			<u>\$ 864,249</u>		<u>\$ 697,227</u>

See accompanying Independent Auditors' Report.

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**OTHER SUPPLEMENTARY INFORMATION**

**DRAFT**

CITY OF BURLINGTON, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**Nonmajor Conservation Trust Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**With Comparative Totals for the Year Ended December 31, 2014**

	2015		Variance With Final Budget	2014 Actual
	Original & Final Budget	Actual		
<b>REVENUES</b>				
<b>Intergovernmental Revenue</b>				
Conservation Trust Fund Revenue	\$ 40,000	\$ 38,593	\$ (1,407)	\$ 38,867
<b>Investment Earnings</b>	<u>50</u>	<u>56</u>	<u>6</u>	<u>63</u>
<b>TOTAL REVENUES</b>	<u>40,050</u>	<u>38,649</u>	<u>(1,401)</u>	<u>38,930</u>
<b>EXPENDITURES</b>				
<b>Parks, Recreation &amp; Other</b>				
Other Expenses	<u>30</u>	<u>87</u>	<u>57</u>	<u>30</u>
<b>TOTAL EXPENDITURES</b>	<u>30</u>	<u>87</u>	<u>57</u>	<u>30</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	40,020	38,562	(1,344)	38,900
Transfers In (Out)	<u>(40,020)</u>	<u>(25,569)</u>	<u>14,451</u>	<u>(20,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>12,993</u>	<u>\$ 13,107</u>	<u>18,900</u>
<b>FUND BALANCE, BEGINNING</b>		<u>132,468</u>		<u>113,568</u>
<b>FUND BALANCE, ENDING</b>		<u>\$ 145,461</u>		<u>\$ 132,468</u>

See accompanying Independent Auditors' Report.

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CITY OF BURLINGTON, COLORADO

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**BUDGET AND ACTUAL**

**Electric Fund**

FOR THE YEAR ENDED DECEMBER 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015		Variance with Final Budget	2014
	Final Budget	Actual		Actual
<b>Operating Revenues</b>				
Charges for Services	\$ 4,600,000	\$ 4,456,356	\$ (143,644)	\$ 4,402,273
Other Charges for Service	258,000	219,701	(38,299)	105,012
Total Revenues	<u>4,858,000</u>	<u>4,676,057</u>	<u>(181,943)</u>	<u>4,507,285</u>
<b>Operating Expenses</b>				
Electric Production	3,067,350	2,648,737	418,613	2,664,233
Electric Distribution	950,900	766,014	184,886	553,330
Administration	179,075	159,601	19,474	198,336
Other Capital Outlay	137,000	147,217	(10,217)	-
Contingency Reserve	90,000	-	90,000	-
Total Expenditures	<u>4,433,325</u>	<u>3,721,569</u>	<u>702,756</u>	<u>3,415,899</u>
Operating Income (Loss)	433,675	954,488	520,813	1,091,386
<b>Other Income (Expense)</b>				
Investment Earnings	-	791	791	263
Net Income (Loss) before Transfers	433,675	955,279	521,604	1,091,649
<b>Transfers</b>				
Transfers In (Out)	(533,725)	(489,248)	44,477	(817,250)
Net Income (Loss), Budget Basis	<u>(100,050)</u>	<u>466,031</u>	<u>566,081</u>	<u>274,399</u>
<b>Contributed Capital</b>				
Plant Investment Fees	100,000	85,699	(14,301)	37,003
Change in Net Position (Budget Basis)	<u>\$ (50)</u>	<u>551,730</u>	<u>\$ 551,780</u>	<u>311,402</u>
<b>Budget to GAAP Reconciliation</b>				
Depreciation Expense		(154,650)		(148,573)
Capital Outlay		84,459		-
Change in Net Position - GAAP Basis		<u>481,539</u>		<u>162,829</u>
Net Position, Beginning		3,687,992		3,525,163
Prior Period Restatements		348,186		-
Net Position, Beginning (As Restated)		<u>4,036,178</u>		<u>3,525,163</u>
Net Position, Ending		<u>\$ 4,517,717</u>		<u>\$ 3,687,992</u>

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See accompanying Independent Auditors' Report.

## CITY OF BURLINGTON, COLORADO

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION****BUDGET AND ACTUAL****Water and Sewer Fund**

FOR THE YEAR ENDED DECEMBER 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015		Variance with Final Budget	2014	
	Final Budget	Actual		Budget	Actual
<b>Operating Revenues</b>					
Charges for Services	\$ 1,205,750	\$ 1,329,971	\$ 124,221	\$ 1,278,653	
Other Charges for Service	14,500	51,729	37,229	15,328	
Total Revenues	<u>1,220,250</u>	<u>1,381,700</u>	<u>161,450</u>	<u>1,293,981</u>	
<b>Operating Expenses</b>					
Water Treatment and Distribution	641,375	750,901	(109,526)	583,227	
Sewer Collection and Treatment	123,000	127,451	(4,451)	130,460	
Administration	-	2,854	(2,854)	-	
Other Capital Outlay	2,400,000	81,956	2,318,044	3,000,033	
Total Expenditures	<u>3,164,375</u>	<u>963,162</u>	<u>2,201,213</u>	<u>3,713,720</u>	
Operating Income (Loss)	(1,944,125)	418,538	2,362,663	(2,419,739)	
<b>Other Income (Expense)</b>					
Investment Earnings	1,800	944	944	456	
Interest Expense	-	(247,394)	(247,394)	5,146,657	
Other Expense	-	-	-	(198,257)	
Total Other Income (Expense)	<u>1,800</u>	<u>(245,450)</u>	<u>(246,450)</u>	<u>4,948,856</u>	
Net Income (Loss) before Transfers	(1,942,325)	173,088	2,116,213	2,529,117	
<b>Transfers</b>					
Transfers In (Out)	(86,875)	(79,635)	7,240	(53,215)	
Net Income (Loss), Budget Basis	<u>(2,030,000)</u>	<u>93,453</u>	<u>2,123,453</u>	<u>2,475,902</u>	
<b>Contributed Capital</b>					
Plant Investment Fees	30,000	212,196	182,196	18,100	
Intergovernmental Revenue	2,000,000	-	(2,000,000)	8,537	
Total Contributed Capital	<u>2,030,000</u>	<u>212,196</u>	<u>(1,817,804)</u>	<u>26,637</u>	
Change in Net Position (Budget Basis)	\$ -	\$ 305,649	\$ 305,649	\$ 2,502,539	
<b>Budget to GAAP Reconciliation</b>					
Principal Paid		42,579		(5,250,000)	
Depreciation Expense		(140,350)		(134,740)	
Capital Outlay		49,996		3,000,033	
Change in Net Position - GAAP Basis		<u>257,874</u>		<u>117,832</u>	
Net Position, Beginning		2,119,505		2,001,673	
Prior Period Restatement		102,109		-	
Net Position, Beginning (As Restated)		<u>2,221,614</u>		<u>2,001,673</u>	
Net Position, Ending		<u>\$ 2,479,488</u>		<u>\$ 2,119,505</u>	

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON, COLORADO

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**BUDGET AND ACTUAL**

**Airport Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**With Comparative Totals for the Year Ended December 31, 2014**

	2015			2014 Actual
	Final Budget	Actual	Variance with Final Budget	
<b>Operating Revenues</b>				
Charges for Services	\$ 202,500	\$ 271,458	\$ 68,958	\$ 224,832
Other Charges for Service	18,075	156	(17,919)	18,104
<b>Total Revenues</b>	<b>220,575</b>	<b>271,614</b>	<b>51,039</b>	<b>242,936</b>
<b>Operating Expenses</b>				
Airport	218,400	326,050	(107,650)	275,223
Other Capital Outlay	717,300	218,697	498,603	41,440
<b>Total Expenditures</b>	<b>935,700</b>	<b>544,747</b>	<b>390,953</b>	<b>316,663</b>
Operating Income (Loss)	(715,125)	(273,133)	441,992	(73,727)
<b>Other Income (Expense)</b>				
Investment Earnings	25	21	(4)	18
Net Income (Loss) before Transfers	(715,100)	(273,112)	441,988	(73,709)
<b>Transfers</b>				
Transfers In (Out)	100	13,842	(1,258)	45,100
Net Income (Loss), Budget Basis	(700,000)	(259,270)	440,730	(28,609)
<b>Contributed Capital</b>				
Intergovernmental Revenue	130,000	132,625	(567,375)	39,917
Change in Net Position (Budget Basis)	\$ -	(126,645)	\$ (126,645)	11,308
<b>Budget to GAAP Reconciliation</b>				
Debt Proceeds		-		-
Principal Paid		-		-
Depreciation Expense		(277,612)		(272,302)
Capital Outlay		220,719		41,440
Change in Net Position - GAAP Basis		(183,538)		(219,554)
Net Position, Beginning		4,808,975		5,028,529
Net Position, Ending		\$ 4,625,437		\$ 4,808,975

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See accompanying Independent Auditors' Report.

**STATE COMPLIANCE**

**DRAFT**



STATE OF COLORADO )  
 )ss.  
County of Kit Carson )

**CLERK'S CERTIFICATE**

That I, Shelly Clark, the official City Clerk of the City of Burlington, do by these presents say that the foregoing Resolution was authorized and adopted by the City Council of the City of Burlington on the 26th day of September, 2016.

DATED this 26th day of September, 2016

\_\_\_\_\_  
Shelly Clark, City Clerk

[SEAL]

STATE OF COLORADO )  
 )ss.  
County of Kit Carson )

I, Shelly Clark, a Notary Public in and for the County of Kit Carson in the State of Colorado, do hereby certify that Dale Franklin, Mayor of the City of Burlington in the County of Kit Carson in the State of Colorado, who is personally known to me to be the person whose name is subscribed to the foregoing Resolution, appearing before me this day in person, acknowledged that he signed, executed, sealed and delivered the said instrument in writing as his free and voluntary act and deed as such Mayor and as the free and voluntary act of the City of Burlington in the County of Kit Carson in the State of Colorado, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 26<sup>th</sup> Day of September, 2016

[SEAL]

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

## James Bradley

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**From:** Eric Miller <emiller@CWRPDA.com>  
**Sent:** Tuesday, September 20, 2016 12:11 PM  
**To:** James Bradley; 'stevengrabe@outlook.com'; 'grinnanlaw@yahoo.com'; Dee Wisor; Martina Hinojosa; Kim Crawford  
**Cc:** Brad Monson  
**Subject:** City of Burlingond Loan Closing  
**Attachments:** DWRP Draft Loan Agreement - DAC 1% (Final Redlined).docx; DWRP Draft Loan Agreement - DAC 1% Final.docx; DWRP Exhibit C - PF- Disadvantaged Draft.pdf

Good afternoon,

I have attached what I believe are the final drafts of the City's 2016 direct loan agreement. There is one redlined and one clean version, as well as a loan repayment schedule (Exhibit C). I would like to confirm an October 5, 2016 closing date. Please let me know if you have any last minute comments. Please send a response confirming your acceptance of the agreement as is. I hope to have a hard copy sent to the City later today if everyone is agreeable, and I will have further instructions at that time.

Thank you,

***Eric Miller***

*Financial Analyst*

*Colorado Water Resources and Power Development Authority*

*1580 Logan Street, Ste. 620*

*Denver, CO 80203*

*Phone: (303) 830-1550, ext. 1023*

*Fax: (303) 832-8205*

*[emiller@cwrpda.com](mailto:emiller@cwrpda.com)*

**DRINKING WATER REVOLVING FUND**

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**LOAN AGREEMENT**

**BETWEEN**

**COLORADO WATER RESOURCES AND POWER  
DEVELOPMENT AUTHORITY**

**AND**

**CITY OF BURLINGTON, COLORADO, ACTING BY AND THROUGH  
ITS WATER AND SEWER ACTIVITY ENTERPRISE**

**DATED  
OCTOBER 5, 2016**

## LOAN AGREEMENT

**THIS LOAN AGREEMENT** is made and entered into as of this 5<sup>th</sup> day of October 2016, by and between **COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY** (the "Authority"), a body corporate and political subdivision of the State of Colorado, and the **CITY OF BURLINGTON, COLORADO, ACTING BY AND THROUGH ITS WATER AND SEWER ACTIVITY ENTERPRISE**(the "Governmental Agency").

### **WITNESSETH THAT:**

**WHEREAS**, the United States, pursuant to the federal Safe Drinking Water Act of 1996, assists state and local participation in the financing of the costs of drinking water system projects and said federal Drinking Water Act requires each state to establish a drinking water revolving fund to be administered by an instrumentality of the State.

**WHEREAS**, the Authority was created to initiate, acquire, construct, maintain, repair, and operate or cause to be operated certain water resource projects, and to finance the cost thereof;

**WHEREAS**, Section 37-95-107.8, Colorado Revised Statutes, has created a Drinking Water Revolving Fund to be administered by the Authority;

**WHEREAS**, the Authority has determined to loan certain sums to governmental agencies in Colorado to finance all or a portion of the costs of certain water resource projects;

**WHEREAS**, the Colorado Legislature has approved a Project Eligibility List that includes the water resource project proposed by the Governmental Agency to be financed hereunder;

**WHEREAS**, the Governmental Agency has made timely application to the Drinking Water Revolving Fund for a loan to finance a portion of the cost of a certain water resource project, and the Authority has approved the Governmental Agency's application for a loan from available funds in the Drinking Water Revolving Fund in an amount not to exceed the amount of the loan commitment set forth in Exhibit B hereto to finance all or a portion of the cost of such project;

**WHEREAS**, the Governmental Agency will issue its bond to the Authority to evidence said loan from the Authority;

**NOW THEREFORE**, for and in consideration of the award of the loan by the Authority, the Governmental Agency agrees to perform its obligations under this Loan Agreement in accordance with the conditions, covenants and procedures set forth herein and attached hereto as a part hereof, as follows:

## ARTICLE I

### DEFINITIONS

**SECTION 1.01. Definitions.** The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meanings:

**"Act"** means the "Colorado Water Resources and Power Development Authority Act," being Section 37-95-101 et seq. of the Colorado Revised Statutes, as the same may from time to time be amended and supplemented.

**"Authority"** means the Colorado Water Resources and Power Development Authority, a body corporate and political subdivision of the State of Colorado duly created and validly existing under and by virtue of the Act.

**"Authorized Officer"** means, in the case of the Governmental Agency, the person whose name is set forth in Paragraph (7) of Exhibit B hereto or such other person or persons authorized pursuant to a resolution or ordinance of the governing body of the Governmental Agency to act as an Authorized Officer of the Governmental Agency to perform any act or execute any document relating to the Loan, the Governmental Agency Bond, or this Loan Agreement, whose name is furnished in writing to the Authority.

**"Commencement Date"** means the date of commencement of the term of this Loan Agreement, as set forth in Paragraph (1) of Exhibit B attached hereto and made a part hereof.

**"Cost"** means those costs that are eligible to be funded from draws under the Federal Capitalization Agreement capitalizing the Drinking Water Revolving Fund and are reasonable, necessary and allocable to the Project and are permitted by generally accepted accounting principles to be costs of the Project.

**"Custodian"** means Wells Fargo Bank National Association, or any successor appointed by the Authority as custodian of the direct loan portion of the Drinking Water Revolving Fund.

**"Event of Default"** means any occurrence or event specified in Section 5.01 hereof.

**"Federal Capitalization Agreement"** means the instrument or agreement established or entered into by the United States of America Environmental Protection Agency with the Authority to make capitalization grant payments pursuant to the Safe Drinking Water Act, as amended (42 U.S.C. Section 300f et seq.)

**"Governmental Agency"** means the entity that is a party to and is described in the first paragraph of this Loan Agreement, and its successors and assigns.

**"Governmental Agency Bond"** means the bond executed and delivered by the Governmental Agency to the Authority to evidence the Loan, the form of which is attached hereto as Exhibit D and made a part hereof.

**"Loan"** means the loan made by the Authority to the Governmental Agency to finance or refinance a portion of the Cost of the Project pursuant to this Loan Agreement. For all purposes of this Loan Agreement, the amount of the Loan at any time shall be the amount of the loan commitment set forth in Paragraph (4) of Exhibit B attached hereto and made a part of this Loan Agreement (which amount, as specified in the Governmental Agency Bond, equals the amount actually deposited in the Project Loan Account), less any amount of such principal amount as has been repaid by the Governmental Agency under this Loan Agreement.

**"Loan Agreement"** means this Loan Agreement, including the Exhibits attached hereto, as it may be supplemented, modified, or amended from time to time in accordance with the terms hereof.

**"Loan Closing"** means the date upon which the Governmental Agency shall issue and deliver the Governmental Agency Bond.

**"Loan Repayments"** means the payments payable by the Governmental Agency pursuant to Section 3.03 of this Loan Agreement, including payments payable under the Governmental Agency Bond.

**"Loan Term"** means the term of this Loan Agreement provided in Paragraph (5) of Exhibit B attached hereto and made a part hereof, subject to the Principal Forgiveness clause set forth in Paragraph (10) of Exhibit B, if applicable. If the Loan is prepaid in its entirety pursuant to Section 3.06, the Loan Term shall automatically terminate.

**"Pledged Property"** means the source of repayment described in Paragraph (3) of Exhibit A to this Loan Agreement attached hereto and made a part hereof.

**"Prime Rate"** means the prevailing commercial interest rate announced by the Wall Street Journal from time to time, or, if the Wall Street Journal ceases announcing a prime rate, shall be the prevailing commercial interest rate announced by Citibank, N.A. as its prime lending rate.

**"Principal Forgiveness"** means forgiveness of the Governmental Agency's obligation to repay up to 100% of the principal amount of the Loan, in a manner to be effectuated as provided in paragraph (10) of Exhibit B, attached hereto and made a part hereof.

**"Project"** means the project of the Governmental Agency described in Paragraph (1) of Exhibit A attached hereto and made a part hereof, all or a portion of the Cost of which is financed or refinanced by the Authority through the making of the Loan under this Loan Agreement.

**"Project Loan Account"** means the Project Loan Account established within the Drinking Water Revolving Fund.

**"System"** means the water system and wastewater treatment system of the Governmental Agency, described in Paragraph (2) of Exhibit A, including the Project, described in Paragraph (1) of Exhibit A attached hereto and made a part hereof, for which the Governmental Agency is

making the borrowing under this Loan Agreement, as such System may be modified, replaced, or expanded from time to time.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, agencies and districts. Words importing one gender shall include the other gender.

## ARTICLE II

### REPRESENTATIONS AND COVENANTS OF GOVERNMENTAL AGENCY

**SECTION 2.01. Representations of Governmental Agency.** The Governmental Agency represents for the benefit of the Authority:

(a) Organization and Authority.

(i) The Governmental Agency is a governmental agency as defined in the Act and as described in the first paragraph of this Loan Agreement.

(ii) The Governmental Agency has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate, and maintain the System, other than licenses and permits relating to the construction and acquisition of the Project that the Governmental Agency expects to receive in the ordinary course of business; to carry on its activities relating thereto; and to undertake and complete the Project. The Governmental Agency has full legal right and authority to execute and deliver this Loan Agreement; to execute, issue, and deliver the Governmental Agency Bond; and to carry out and consummate all transactions contemplated by this Loan Agreement and the Governmental Agency Bond. The Project is on the drinking water project eligibility list approved by the General Assembly of the State of Colorado pursuant to the Act and is a project that the Governmental Agency may undertake pursuant to Colorado law, and for which the Governmental Agency is authorized by law to borrow money.

(iii) The proceedings of the Governmental Agency's governing members and voters, if a referendum is necessary, approving this Loan Agreement and the Governmental Agency Bond, and authorizing their execution, issuance, and delivery on behalf of the Governmental Agency, and authorizing the Governmental Agency to undertake and complete the Project, or to cause the same to be undertaken and completed, have been duly and lawfully adopted and approved in accordance with the laws of Colorado, and such proceedings were duly approved and published, if necessary, in accordance with applicable Colorado law, at a meeting or meetings or election if necessary that were duly called pursuant to necessary public notice and held in accordance with applicable Colorado law, and at which quorums were present and acting throughout.

(iv) This Loan Agreement has been, and the Governmental Agency Bond when delivered at the Loan Closing will have been, duly authorized, executed, and delivered by an Authorized Officer of the Governmental Agency; and, assuming that the Authority has all the

requisite power and authority to authorize, execute, and deliver, and has duly authorized, executed, and delivered, this Loan Agreement, this Loan Agreement constitutes, and the Governmental Agency Bond when delivered to the Authority will constitute, the legal, valid, and binding obligations of the Governmental Agency in accordance with their respective terms; and the information contained under "Description of the Loan" on Exhibit B attached hereto and made a part hereof is true and accurate in all material respects.

(b) Full Disclosure.

There is no fact that the Governmental Agency has not disclosed to the Authority in writing on the Governmental Agency's application for the Loan or otherwise that materially adversely affects the properties, activities, prospects, or condition (financial or otherwise) of the Governmental Agency or the System, or the ability of the Governmental Agency to make all Loan Repayments, or the ability of the Governmental Agency otherwise to observe and perform its duties, covenants, obligations, and agreements under this Loan Agreement and the Governmental Agency Bond.

(c) Pending Litigation.

Except as disclosed to the Authority in writing, there are no proceedings pending, or, to the knowledge of the Governmental Agency threatened, against or affecting the Governmental Agency, in any court, or before any governmental authority or arbitration board or tribunal, that, if adversely determined, would materially adversely affect the properties, activities, prospects, or condition (financial or otherwise) of the Governmental Agency or the System, or the ability of the Governmental Agency to make all Loan Repayments, or the ability of the Governmental Agency otherwise to observe and perform its duties, covenants, obligations, and agreements under this Loan Agreement and the Governmental Agency Bond.

(d) Compliance with Existing Laws and Agreements.

The authorization, execution, and delivery of this Loan Agreement and the Governmental Agency Bond by the Governmental Agency, the observance and performance by the Governmental Agency of its duties, covenants, obligations, and agreements thereunder, and the consummation of the transactions provided for in this Loan Agreement and in the Governmental Agency Bond; the compliance by the Governmental Agency with the provisions of this Loan Agreement and the Governmental Agency Bond; and the undertaking and completion of the Project; will not result in any breach of any of the terms, conditions, or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge, or encumbrance upon, any property or assets of the Governmental Agency pursuant to any existing ordinance or resolution, trust agreement, indenture, mortgage, deed of trust, loan agreement, or other instrument (other than the lien and charge of (i) this Loan Agreement and the Governmental Agency Bond and (ii) the Governmental Agency's Water and Sewer Activity Revenue Bonds, Series 2014, which Bonds are on parity with the Loan Agreement and Governmental Agency Bond) to which the Governmental Agency is a party or by which the Governmental Agency, the System, or any of the property or assets of the Governmental Agency may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Governmental Agency was established, or of any laws,

ordinances, resolutions, governmental rules, regulations, or court orders to which the Governmental Agency, the System, or the properties or operations of the Governmental Agency, are subject.

(e) No Defaults.

No event has occurred and no condition exists that, upon authorization, execution, and delivery of this Loan Agreement and the Governmental Agency Bond, or receipt of the amount of the Loan, would constitute an Event of Default hereunder. The Governmental Agency is not in violation of, and has not received notice of any claimed violation of, any term of any agreement or other instrument to which it is a party, or by which it, the System, or its property, may be bound, which violation would materially adversely affect the properties, activities, prospects, or condition (financial or otherwise) of the Governmental Agency or the System, or the ability of the Governmental Agency to make all Loan Repayments, or the ability of the Governmental Agency otherwise to observe and perform its duties, covenants, obligations, and agreements under this Loan Agreement and the Governmental Agency Bond.

(f) Governmental Consent.

The Governmental Agency has obtained all permits and approvals required to date by any governmental body or officer for the making, observance, and performance by the Governmental Agency of its duties, covenants, obligations, and agreements under this Loan Agreement and the Governmental Agency Bond, or for the undertaking or completion of the Project and the financing or refinancing thereof; and the Governmental Agency has complied with all applicable provisions of law requiring any notification, declaration, filing, or registration with any governmental body or officer in connection with the making, observance, and performance by the Governmental Agency of its duties, covenants, obligations, and agreements under this Loan Agreement and the Governmental Agency Bond, or with the undertaking or completion of the Project and the financing or refinancing thereof. Other than those relating to the construction and acquisition of the Project, which the Governmental Agency expects to receive in the ordinary course of business, no consent, approval, or authorization of, or filing, registration, or qualification with, any governmental body or officer that has not been obtained is required on the part of the Governmental Agency as a condition to the authorization, execution, and delivery of this Loan Agreement and the Governmental Agency Bond, the undertaking or completion of the Project or the consummation of any transaction herein contemplated.

(g) Compliance with Law.

The Governmental Agency:

(i) is in compliance with all laws, ordinances, governmental rules, and regulations to which it is subject, the failure to comply with which would materially adversely affect the ability of the Governmental Agency to conduct its activities or to undertake or complete the Project, or the condition (financial or otherwise) of the Governmental Agency or the System; and

(ii) has obtained all licenses, permits, franchises, or other governmental authorizations presently necessary for the ownership of its property, or for the conduct of its

activities that, if not obtained, would materially adversely affect the ability of the Governmental Agency to conduct its activities or to undertake or complete the Project, or the condition (financial or otherwise) of the Governmental Agency or the System.

(h) Use of Proceeds.

The Governmental Agency will apply the proceeds of the Loan from the Authority as described in Exhibit B attached hereto and made a part hereof (i) to finance all or a portion of the Cost; and (ii) where applicable, to reimburse the Governmental Agency for a portion of the Cost, which portion was paid or incurred in anticipation of reimbursement by the Authority.

**SECTION 2.02. Particular Covenants of the Governmental Agency.**

(a) Source of Repayment Pledge.

The Governmental Agency irrevocably pledges and grants a lien upon the source of repayment described in Paragraph (3) of Exhibit A for the punctual payment of the principal of and the interest on the Loan, and all other amounts due under this Loan Agreement and the Governmental Agency Bond according to their respective terms.

(b) Performance Under Loan Agreement.

The Governmental Agency covenants and agrees to maintain the System in good repair and operating condition; to cooperate with the Authority in the observance and performance of the respective duties, covenants, obligations and agreements of the Governmental Agency and the Authority under this Loan Agreement; and, to comply with the covenants described in the Exhibits to this Loan Agreement.

(c) Completion of Project and Provision of Moneys Therefor.

The Governmental Agency covenants and agrees to exercise its best efforts in accordance with prudent water and wastewater utility practice to complete the Project and to provide from the Pledged Property or other sources available to it all moneys, in excess of the total amount of loan proceeds it receives under the Loan, required to complete the Project.

(d) Disposition of the System.

Other than the facilities that the Governmental Agency determines are no longer necessary for the operation of the System, during the Loan Term, the Governmental Agency shall not sell, lease, abandon, or otherwise dispose of, all or substantially all, or any substantial portion, of the System or any other system that provides revenues to provide for the payment of this Loan Agreement or the Governmental Agency Bond, except on ninety (90) days' prior written notice to the Authority and, in any event, shall not so sell, lease, abandon, or otherwise dispose of the same unless the following conditions are met: (i) the Governmental Agency shall assign this Loan Agreement in accordance with Section 4.02 hereof and its rights and interests hereunder to the purchaser or lessee of the System, and such purchaser or lessee shall expressly assume all duties, covenants, obligations, and agreements of the Governmental Agency under this Loan Agreement in writing; and (ii) the Authority shall by appropriate action determine that

such sale, lease, abandonment or other disposition will not adversely affect the Authority's ability to meet its duties, covenants, obligations, and agreements under the Act, the Federal Clean Water Act, the Safe Drinking Water Act, or any agreement between the Authority or the State of Colorado relating to any capitalization grant received by the Authority or the State of Colorado under the Federal Clean Water Act or the Safe Drinking Water Act, and in its sole discretion, approve such sale, lease, abandonment, or other disposition.

(e) Inspections; Information.

The Governmental Agency shall permit the Authority to examine, visit, and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of, any accounts, books, and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments, and any other matters relating thereto and to its financial standing, and shall supply such reports and information as the Authority may reasonably require in connection therewith. In addition, the Governmental Agency shall provide the Authority with copies of any official statements or other forms of offering prospectus relating to any other bonds, notes, or other indebtedness of the Governmental Agency secured from the Pledged Property and issued after the date of this Loan Agreement. At the discretion of the Authority, the Governmental Agency may be required to provide unaudited quarterly financial reports to the Authority.

(f) Cost of Project.

The Governmental Agency certifies that the Estimated Cost of the Project, as listed in Paragraph (3) of Exhibit B hereto and made a part hereof, is a reasonable and accurate estimation, and that upon direction of the Authority it shall supply the Authority with a certificate from its engineer stating that such cost is a reasonable and accurate estimation, taking into account investment income to be realized during the course of the Project, and other money that would, absent the Loan, have been used to pay the Estimated Cost of the Project.

(g) Reimbursement for Ineligible Costs.

The Governmental Agency shall promptly reimburse the Authority for any portion of the Loan that is determined not to be a Cost of the Project and that would not be eligible for funding from draws under the Drinking Water Revolving Fund. Such reimbursement shall be promptly repaid to the Authority upon written request of the Authority with interest on the amount to be reimbursed at the rate set forth for the Loan.

(h) Advertising.

The Governmental Agency agrees not to advertise the Project for bids until plans and specifications for the Project, if such plans and specifications require approval, have been approved by the State Department of Public Health and Environment.

(i) Commencement of Construction.

Within twelve (12) months after the Loan Closing, the Governmental Agency shall initiate construction of the Project.

(j) Interest in Project Site.

As a condition of the Loan, the Governmental Agency will demonstrate to the satisfaction of the Authority before advertising for bids for construction that the Governmental Agency has or will have a fee simple or such other estate or interest in the site of the Project, including necessary easements and rights-of-way, as the Authority finds sufficient to assure undisturbed use and possession for the purpose of construction and operation of the Project for the estimated life of the Project.

(k) No Lobbying.

No portion of the Loan shall be used for lobbying or propaganda as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74.

(l) Operation and Maintenance of System.

The Governmental Agency covenants and agrees that it shall, in accordance with prudent water and wastewater utility practice: (i) at all times operate the properties of its System and any business in connection therewith in an efficient manner; (ii) maintain its System in good repair, working order and operating condition; (iii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments, and improvements with respect to its System so that at all times the business carried on in connection therewith shall be properly and advantageously conducted; provided, however, this covenant shall not be construed as requiring the Governmental Agency to expend any funds that are derived from sources other than the operation of its System or other receipts of such System that are not pledged under subsection (a) of this Section 2.02, and provided further that nothing herein shall be construed as preventing the Governmental Agency from doing so.

(m) Records; Accounts.

During the Loan Term, the Governmental Agency shall keep accurate records and accounts for its System (the "System Records"), separate and distinct from its other records and accounts (the "General Records"). Such System Records shall be maintained in accordance with generally accepted accounting principles, generally accepted government accounting standards related to the reporting of infrastructure assets and System Records and General Records shall be made available for inspection by the Authority at any reasonable time.

(n) Audits.

(i) If the Governmental Agency's System Records or General Records are audited annually by an independent accountant, then it shall furnish a copy of such annual audit(s) including all written comments and recommendations of the accountant preparing the audit to the Authority within 210 days of the close of the fiscal year audited, and the Governmental Agency shall cause its independent auditor to file with the Authority a report to the effect that the Governmental Agency is not in default of its Rate Covenant, Paragraph (4) of Exhibit A; Operations and Maintenance Reserve Fund Covenant, Paragraph (4) of Exhibit F; or

Lien Representation, Paragraph (3) of Exhibit F under this Loan Agreement, which report may be a part of the annual audit or a separate document.

(ii) If the Governmental Agency's annual revenues are less than \$100,000, and the Governmental Agency elects in accordance with state law to file a short form audit exemption in lieu of performing an annual audit, then it shall provide the Authority a copy of the Exemption from Audit Form completed by a person skilled in governmental accounting practices, together with a report, also completed by a person skilled in governmental accounting practices, to the effect that the Governmental Agency is not in default of its Rate Covenant, Paragraph (4) of Exhibit A; Operations and Maintenance Reserve Fund Covenant, Paragraph (4) of Exhibit F; or Lien Representation, Paragraph (3) of Exhibit F under this Loan Agreement within 210 days of the close of the fiscal year.

(iii) If the Governmental Agency's annual revenues for any fiscal year commencing on or after January 1, 2004, but prior to January 1, 2015, are more than \$100,000, but less than \$500,000, and the Governmental Agency elects in accordance with state law to file a long form audit exemption in lieu of performing an annual audit, then it shall provide the Authority a copy of the Exemption from Audit Form completed by an independent accountant with knowledge of governmental accounting practices, together with a report, also completed by an independent accountant with knowledge of governmental accounting practices, to the effect that the Governmental Agency is not in default of its Rate Covenant, Paragraph (4) of Exhibit A; Operations and Maintenance Reserve Fund Covenant, Paragraph (4) of Exhibit F; or Lien Representation, Paragraph (3) of Exhibit F under this Loan Agreement within 210 days of the close of the fiscal year.

(iv) If the Governmental Agency's annual revenues for any fiscal year commencing on or after January 1, 2015, are more than \$100,000, but less than \$750,000, and the Governmental Agency elects in accordance with state law to file a long form audit exemption in lieu of performing an annual audit, then it shall provide the Authority a copy of the Exemption from Audit Form completed by an independent accountant with knowledge of governmental accounting practices, together with a report, also completed by an independent accountant with knowledge of governmental accounting practices, to the effect that the Governmental Agency is not in default of its Rate Covenant, Paragraph (4) of Exhibit A; Operations and Maintenance Reserve Fund Covenant, Paragraph (4) of Exhibit F; or Lien Representation, Paragraph (3) of Exhibit F under this Loan Agreement within 210 days of the close of the fiscal year.

(o) Insurance.

During the Loan Term, the Governmental Agency shall maintain or cause to be maintained in force, insurance policies with responsible insurers or self-insurance programs providing against risk of direct physical loss, damage, or destruction of its System, at least to the extent that similar insurance is usually carried by utilities constructing, operating, and maintaining utility system facilities of the nature of the Governmental Agency's System, including liability coverage. The Governmental Agency shall pay all insurance premiums for coverage required hereby from revenues derived from the operation of the System. Nothing herein shall be deemed to preclude the Governmental Agency from asserting against any party, other than the

Authority, a defense that may be available to the Governmental Agency, including, without limitation, a defense of governmental immunity.

(p) Notice of Material Adverse Change.

During the Loan Term, (i) the Governmental Agency shall promptly notify the Authority of any material adverse change in the activities, prospects, or condition (financial or otherwise) of the Governmental Agency relating to its System, or its ability to observe and perform its duties, covenants, obligations, and agreements under this Loan Agreement; (ii) the Governmental Agency shall promptly notify the Authority of any material adverse change in the activities,

prospects, or condition (financial or otherwise) of the Governmental Agency relating to its ability to make all Loan Repayments from the Pledged Property, or its ability to otherwise observe and perform its duties, covenants, obligations, and agreements under this Loan Agreement and the Governmental Agency Bond.

(q) Hiring Requirements.

The Governmental Agency agrees to comply with the requirements found at Title 8, Article 17, and Title 8, Article 17.5, Colorado Revised Statutes.

(r) Additional Covenants and Requirements.

Additional covenants and requirements are included on Exhibit F attached hereto and made a part hereof. The Governmental Agency agrees to observe and comply with each such additional covenant and requirement included on Exhibit F.

(s) Continuing Representations.

The representations of the Governmental Agency contained herein shall be true at the time of the execution of this Loan Agreement and the Governmental Agency covenants not to take any action that would cause them not to be true at all times during the term of this Loan Agreement.

(t) Capacity Development.

The Governmental Agency covenants to maintain its technical, financial, and managerial capability to ensure compliance with the requirements of the Safe Drinking Water Act of 1996 under Section 1452(a)(3)(A)(i).

(u) Archeological Artifacts.

In the event that archeological artifacts or historical resources are unearthed during construction excavation, the Governmental Agency shall stop or cause to be stopped, construction activities and will notify the State Historic Preservation Office and the Authority of such unearthing.

## ARTICLE III

### LOAN TO GOVERNMENTAL AGENCY; AMOUNTS PAYABLE; GENERAL AGREEMENTS

**SECTION 3.01. The Loan.** The Authority hereby agrees to loan and disburse to the Governmental Agency in accordance with Section 3.02 hereof, and the Governmental Agency agrees to borrow and accept from the Authority, the Loan in the principal amount equal to the Loan Commitment set forth in Paragraph (4) of Exhibit B attached hereto and made a part hereof as such Loan Commitment may be revised to reflect a reduction in the Cost of the Project prior to the initial Loan Repayment; provided, however, that the Authority shall be under no obligation to make the Loan if (i) the Governmental Agency does not deliver its Governmental Agency Bond to the Authority on the Loan Closing, or (ii) an Event of Default has occurred and is continuing under this Loan Agreement. The Governmental Agency shall use the proceeds of the Loan strictly in accordance with Section 2.01(h) hereof.

**SECTION 3.02. Disbursement of the Loan.** The Authority has created in the Drinking Water Revolving Fund a Project Loan Account for this Project from which the Costs of the Project shall be paid. Amounts shall be transferred into the Project Loan Account and disbursed to the Governmental Agency upon receipt of a requisition executed by an Authorized Officer, and approved by the Authority and the State Department of Public Health and Environment, in the form set forth in Exhibit G; provided that the Disbursement of the Loan may be withheld if the Governmental Agency is not complying with any of the covenants and conditions in the Loan Agreement.

#### **SECTION 3.03. Amounts Payable.**

(a) The Governmental Agency shall repay the principal due on the Loan **semi-annually on May 1st and November 1st** in accordance with the schedule set forth on Exhibit C attached hereto and made a part hereof, as the same may be amended or modified, commencing on the Loan Repayment Commencement Date set forth in Paragraph (8) of Exhibit B.

The Governmental Agency shall execute the Governmental Agency Bond to evidence its obligations to make Loan Repayments and the obligations of the Governmental Agency under the Governmental Agency Bond shall be deemed to be amounts payable under this Section 3.03. Each Loan Repayment shall be deemed to be a credit against the corresponding obligation of the Governmental Agency under this Section 3.03 and shall fulfill the Governmental Agency's obligation to pay such amount hereunder and under the Governmental Agency Bond. Each payment made pursuant to this Section 3.03 shall be applied to the payment of principal as set forth in Exhibit C.

(b) In addition to the payments required by subsection (a) of this Section 3.03, the Governmental Agency shall pay a late charge for any payment that is received by the Authority later than the tenth (10th) day following its due date, in an amount equal to the greater of twelve percent (12%) per annum or the Prime Rate plus one half of one percent per annum on such late payment from its due date to the date it is actually paid; provided, however, that the interest rate

payable on the Loan including such late charge shall not be in excess of the maximum rate permitted by law as of the date hereof.

(c) Loan Repayments pursuant to this Section 3.03 shall be made by electronic means (either by bank wire transfer or by Automated Clearing House “ACH” transfer).

**SECTION 3.04. Loan Repayment – Principal Forgiveness.** At the discretion of the Authority, and if such funds are available and the Governmental Agency is deemed eligible, the Loan may be forgiven in an amount up to 100% of the principal amount of the Loan pursuant to the terms and conditions of the current Capitalization Grant, in a manner to be effectuated as set forth in Paragraph 10 of Exhibit B attached hereto and made a part hereof. If 100% of the principal is forgiven, then at the Authority’s sole discretion and subject to Exhibit B, Paragraph 10(c), the Authority also may waive payment of any interest accrued on the principal through the Effective Date of 100% Principal Forgiveness (defined in Exhibit B, Paragraph 10(a)(i)).

**SECTION 3.05. Unconditional Obligations.** The Loan Repayments and all other payments required hereunder are payable solely from the Pledged Property. The obligation of the Governmental Agency to make the Loan Repayments and all other payments required hereunder shall be absolute and unconditional and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any payments due under the Loan Agreement remain unpaid regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project, commercial frustration of the purpose, any change in the laws of the United States of America or of the State of Colorado or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Project or this Loan Agreement or any rights of set-off, recoupment, abatement or counterclaim that the Governmental Agency might otherwise have against the Authority or any other party or parties; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

**SECTION 3.06. Disclaimer of Warranties and Indemnification.** The Governmental Agency acknowledges and agrees that (i) the Authority makes no warranty or representation, either express or implied as to the value, design, condition, merchantability, or fitness for particular purpose, or fitness for any use, of the Project or any portions thereof, or any other warranty or representation with respect thereto; (ii) in no event shall the Authority or its agents be liable or responsible for any direct, incidental, indirect, special, or consequential damages in connection with or arising out of this Loan Agreement, or the Project, or the existence, furnishing, functioning, or use of the Project, or any item or products or services provided for in this Loan Agreement; and (iii) to the extent authorized by law, the Governmental Agency shall indemnify, save, and hold harmless the Authority against any and all claims, damages, liability, and court awards, including costs, expenses, and attorney fees incurred as a result of any act or omission by the Governmental Agency, or its employees, agents, or subcontractors pursuant to the terms of this Loan Agreement, provided, however, that the provisions of this clause (iii) are not intended to and shall not be construed as a waiver of any defense or limitation on damages provided for under and pursuant to the Colorado Governmental Immunity Act (Section 24-10-101, et seq. C.R.S.), or under the laws of the United States or the State of Colorado.

**SECTION 3.07. Option to Prepay Loan Repayments.** The Governmental Agency may prepay the Loan Repayments, in whole or in part without penalty upon prior written notice (unless otherwise waived by the Authority) of not less than thirty (30) days to the Authority. Prepayments shall be applied first to accrued interest on the portion of the Loan to be prepaid and then to principal payments on the Loan. The Authority will amend Exhibit C hereof to reflect any prepayment of the principal amount of the Loan.

**SECTION 3.08. Source of Payment of Governmental Agency's Obligations.** The Authority and the Governmental Agency agree that the amounts payable by the Governmental Agency under this Loan Agreement, including, without limitation, the amounts payable by the Governmental Agency pursuant to Section 3.03, Section 3.05, Section 3.06, and Section 5.04 of this Loan Agreement are payable solely from the Pledged Property, and are not payable from any other source whatsoever; provided, however, that the Governmental Agency at its option, may elect to make payment from any source available to it.

**SECTION 3.09. Delivery of Documents.** Concurrently with the execution and delivery of this Loan Agreement, the Governmental Agency will cause to be delivered to the Authority each of the following items:

(a) an opinion of the Governmental Agency's counsel substantially in the form set forth in Exhibit E-1 hereto (such opinion or portions of such opinion may be given by one or more counsel); provided, however, that the Authority may in its discretion permit variances in such opinion from the form or substance of such Exhibit E-1 if such variances are not to the material detriment of the interests of the Authority;

(b) an opinion of the Governmental Agency's Bond Counsel substantially in the form set forth in Exhibit E-2 hereto. Such opinion must be rendered by Bond Counsel listed in the Directory of Bond Counsel published by the Bond Buyer (the "Red Book");

(c) executed counterparts of this Loan Agreement;

(d) copies of the resolutions or ordinances of the governing body of the Governmental Agency authorizing the execution and delivery of this Loan Agreement and the Governmental Agency Bond, certified by an Authorized Officer of the Governmental Agency; and

(e) such other certificates, documents, opinions, and information as the Authority may require.

Upon receipt of the foregoing documents, the Authority shall obligate the amount of the Loan Commitment set forth in Paragraph (4) of Exhibit B, and make the amount of the Loan available for the Project in accordance with the terms of this Loan Agreement.

**SECTION 3.10. Limited Recourse.** No recourse shall be had for the payment of the principal of or interest on the Governmental Agency Bond or for any claim based thereon or upon any obligation, covenant or agreement contained in this Loan Agreement against any past, present or future officer, employee or agent of the Governmental Agency, or of any successor public

corporation, as such, either directly or through the Governmental Agency or any successor public corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the Governmental Agency's execution of this Loan Agreement and the issuance of the Governmental Agency Bond.

## ARTICLE IV

### ASSIGNMENT

**SECTION 4.01. Assignment and Transfer by Authority.** The Governmental Agency expressly acknowledges that other than the right, title, and interest of the Authority under Section 3.05, Section 5.04, and Section 5.07, all right, title, and interest of the Authority in, to, and under this Loan Agreement and the Governmental Agency Bond, including, without limitation, the right to receive payments required to be made by the Governmental Agency hereunder, and to compel or otherwise enforce observance and performance by the Governmental Agency of its other duties, covenants, obligations, and agreements hereunder, may be transferred, assigned, and reassigned in whole or in part by the Authority at its sole discretion to one or more assignees or subassignees at any time subsequent to their execution without the necessity of obtaining the consent of, but after giving prior written notice to, the Governmental Agency.

The Authority shall retain the right to compel or otherwise enforce observance and performance by the Governmental Agency of its duties, covenants, obligations, and agreements under Section 3.05 and Section 5.04.

**SECTION 4.02. Assignment by Governmental Agency.** Neither this Loan Agreement nor the Governmental Agency Bond may be assigned by the Governmental Agency for any reason, unless the following conditions shall be satisfied: (i) the Authority shall have approved said assignment in writing; (ii) the assignee shall be a governmental agency as defined by the Act, and the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Governmental Agency's duties, covenants, agreements, and obligations under the Loan Agreement; (iii) immediately after such assignment, the assignee shall not be in default in the performance or observance of any duties, covenants, obligations, or agreements of the Governmental Agency under the Loan Agreement; and (iv) the Authority shall receive an opinion of counsel to the effect that such assignment will not violate the provisions of any agreement entered into by the Authority with, or condition of any grant received by the Authority from, the United States of America relating to the Federal Capitalization Agreement or any capitalization grant received by the Authority or the State under the Safe Drinking Water Act.

No assignment or delegation shall relieve the Governmental Agency from primary liability for any of its obligations under this Loan Agreement, and in the event of such assignment, the Governmental Agency shall continue to remain primarily liable for the performance and observance of its obligations to be performed and observed under this Loan Agreement.

## ARTICLE V

### DEFAULTS AND REMEDIES

**SECTION 5.01. Event of Default.** If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) failure by the Governmental Agency to pay, or cause to be paid, any Loan Repayment required to be paid hereunder when due, which failure shall continue for a period of thirty (30) days;

(b) failure by the Governmental Agency to make, or cause to be made, any required payments of interest and principal, redemption premium, if any, and interest on any bonds, notes, or other obligations of the Governmental Agency for borrowed money (other than the Loan and the Governmental Agency Bond), after giving effect to the applicable grace period, the payments of which are secured by the Pledged Property;

(c) failure by the Governmental Agency to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement other than as referred to in Paragraph (a) of this Section, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Governmental Agency; provided, however, that if the failure stated in such notice is correctable, but cannot be corrected within the applicable period, the Authority may consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until the Event of Default is corrected;

(d) any representation made by or on behalf of the Governmental Agency contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is false or misleading in any material respect; or

(e) (i) a petition is filed by or against the Governmental Agency under any federal or state bankruptcy or insolvency law, or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Governmental Agency such petition shall be dismissed within thirty (30) days after such filing, and such dismissal shall be final and not subject to appeal; or (ii) the Governmental Agency shall become insolvent, or bankrupt or make an assignment for the benefit of its creditors; or (iii) a custodian (including, without limitation, a receiver, liquidator, or trustee of the Governmental Agency or any of its property) shall be appointed by court order, or take possession of the Governmental Agency, or its property or assets, if such order remains in effect, or such possession continues, for more than thirty (30) days.

**SECTION 5.02. Notice of Default.** The Governmental Agency shall give the Authority prompt telephonic notice of the occurrence of any Event of Default referred to in Section 5.01 at such time as any senior administrative or financial officer of the Governmental Agency becomes aware of the existence thereof. Any telephonic notice pursuant to this Section 5.02 shall be confirmed in writing as soon as practicable by the Governmental Agency

**SECTION 5.03. Remedies on Default.** Whenever an Event of Default referred to in Section 5.01 hereof shall have occurred and be continuing, the Authority shall have the right to withhold disbursement of Loan funds remaining, and take such other action at law or in equity as may appear necessary to enforce the performance and observance of any duty, covenant, obligation, or agreement of the Governmental Agency hereunder, including, without limitation, appointment ex parte of a receiver of the System.

**SECTION 5.04. Attorney's Fees and Other Expenses.** In the Event of Default, the Governmental Agency shall on demand pay to the Authority the reasonable fees and expenses of attorneys, and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred by the Authority in the collection of Loan Repayments or any other sum due hereunder, or in the enforcement of the performance or observation of any other duties, covenants, obligations, or agreements of the Governmental Agency.

**SECTION 5.05. Application of Moneys.** Any moneys collected by the Authority pursuant to Section 5.03 hereof shall be applied (a) first, to pay any attorney's fees, or other fees and expenses owed by the Governmental Agency pursuant to Section 5.04 hereof, (b) second, to pay interest due and payable on the Loan, (c) third, to pay principal due and payable on the Loan, and (c) fourth, to pay any other amounts due and payable under this Loan Agreement.

**SECTION 5.06. No Remedy Exclusive; Waiver; Notice.** No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement, or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy, or power accruing upon any Event of Default shall impair any such right, remedy, or power, or shall be construed to be a waiver thereof, but any such right, remedy, or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article V.

**SECTION 5.07. Retention of Authority's Rights.** Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof, or anything else to the contrary contained herein, the Authority shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the Governmental Agency at law or in equity, as the Authority may, in its discretion, deem necessary to enforce the obligations of the Governmental Agency to the Authority pursuant to Section 5.04, Section 3.03, and Section 3.05 hereof.

**SECTION 5.08. Default by the Authority.** In the event of any default by the Authority under any covenant, agreement, or obligation of this Loan Agreement, the Governmental Agency's remedy for such default shall be limited to injunction, special action, action for specific performance, or any other available equitable remedy, designed to enforce the performance or observance of any duty, covenant, obligation, or agreement of the Authority hereunder, as may be necessary or appropriate. The Authority shall on demand pay to the Governmental Agency the reasonable fees and expenses of attorneys, and other reasonable expenses, in the enforcement of such performance or observation.

## ARTICLE VI

### MISCELLANEOUS

**SECTION 6.01. Notices.** All notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when hand-delivered or mailed by registered or certified mail, postage prepaid, to the Governmental Agency at the address specified on Exhibit B attached hereto and made a part hereof, and to the Authority, at the following address:

Colorado Water Resources and Power  
Development Authority  
1580 Logan Street, Suite 620  
Denver, Colorado 80203  
Attention: Executive Director

Such address may be changed by notice in writing.

**SECTION 6.02. Binding Effect.** This Loan Agreement shall inure to the benefit of, and shall be binding upon, the Authority and the Governmental Agency, and their respective successors and assigns.

**SECTION 6.03. Severability.** In the event any provision of this Loan Agreement shall be held illegal, invalid, or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable, or otherwise affect, any other provision hereof.

**SECTION 6.04. Amendments, Supplements and Modifications.** This Loan Agreement may not be amended, supplemented, or modified without the prior written consent of the Authority and the Governmental Agency.

**SECTION 6.05. Execution in Counterparts.** This Loan Agreement may be executed in several counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

**SECTION 6.06. Applicable Law and Venue.** This Loan Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, including the Act. Venue for any action seeking to interpret or enforce the provisions of this Loan Agreement shall be in the Denver District Court.

**SECTION 6.07. Consents and Approvals.** Whenever the written consent or approval of the Authority shall be required under the provisions of this Loan Agreement, such consent or approval may only be given by the Authority unless otherwise provided by law, or by rules, regulations or resolutions of the Authority.

**SECTION 6.08. Captions.** The captions or headings in this Loan Agreement are for convenience only and shall not in any way define, limit, or describe, the scope or intent of any provisions or sections of this Loan Agreement.

**SECTION 6.09. Further Assurances.** The Governmental Agency shall, at the request of the Authority, authorize, execute, acknowledge, and deliver, such further resolutions, conveyances, transfers, assurances, financing statements, and other instruments, as may be necessary or desirable for better assuring, conveying, granting, assigning, and confirming, the rights and agreements, granted or intended to be granted, by this Loan Agreement and the Governmental Agency Bond.

**SECTION 6.10. Recitals.** This Loan Agreement is authorized pursuant to and in accordance with the Constitution of the State of Colorado, the City Charter, and all other laws of the State of Colorado thereunto enabling. Specifically, but not by way of limitation, this Loan Agreement is authorized by the Governmental Agency pursuant to the City Charter; Title 37, Article 45.1 C.R.S.; Title 31, Article 35, C.R.S.; and Title 11, Article 57, Part 2, C.R.S and shall so recite in the Governmental Agency Bond. Such recitals shall conclusively impart full compliance with all provisions and limitations of such laws and shall be conclusive evidence of the validity and regularity of the issuance of the Governmental Agency Bond, and the Governmental Agency Bond delivered by the Governmental Agency to the Authority containing such recital shall be incontestable for any cause whatsoever after its delivery for value.

**IN WITNESS WHEREOF**, the Authority and the Governmental Agency have caused this Loan Agreement to be executed, sealed and delivered, as of the Commencement Date set forth on Exhibit B hereto.

**COLORADO WATER RESOURCES AND  
POWER DEVELOPMENT AUTHORITY**

(SEAL)

By: \_\_\_\_\_  
Executive Director

**ATTEST:**

By: \_\_\_\_\_  
Assistant Secretary

**CITY OF BURLINGTON COLORADO,  
ACTING BY AND THROUGH ITS WATER  
AND SEWER ACTIVITY ENTERPRISE**

(SEAL)

By: \_\_\_\_\_  
Mayor

**ATTEST:**

By: \_\_\_\_\_  
City Clerk

## EXHIBIT A

(1) **Description of the Project**

The project consists of well rehabilitation and improvements, transmission mains, blending plant, storage tank, computerized control system, and associated appurtenances.

(2) **Description of the System**

"*System*" means all of the facilities and properties for the supply, storage, treatment, transmission and distribution of water, and for the collection, treatment, transmission and disposal of wastewater, now owned or hereafter acquired, of the Governmental Agency, whether situated within or without the Governmental Agency boundaries, including all present or future improvements, extensions, enlargements, betterments, replacements or additions thereof or thereto.

(3) **Pledged Property**

The Pledged Property shall consist of Net Revenue, as defined below:

"*Net Revenue*" means the Gross Revenue after deducting the Operation and Maintenance Expenses.

"*Gross Revenue*" means all income and revenue directly or indirectly derived by the Governmental Agency from the operation and use of the System, or any part thereof, including without limitation, any rates, fees, plant investment fees, standby charges, availability fees, tolls and charges for the services furnished by, or the use of, the System, and all income attributable to any past or future dispositions of property or rights, or related contracts, settlements, or judgments held or obtained in connection with the System or its operations, and including investment income accruing from such money held to the credit of the Water & Sewer Fund; provided however, that there shall be excluded from Gross Revenue any moneys borrowed and used for providing Capital Improvements; any money and securities, and investment income therefrom, in any refunding fund, escrow account, or similar account pledged to the payment of any bonds or other obligations; and any moneys received as grants or appropriations from the United States, the State of Colorado or other sources, the use of which is limited or restricted by the grantor or donor to the provision of Capital Improvements or for other purposes resulting in the general unavailability thereof, except to the extent any such moneys shall be received as payments for the use of the System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom.

"*Capital Improvements*" means the acquisition of land, easements, facilities and equipment (other than ordinary repairs and replacements), including water and water

rights, and the construction or reconstruction of improvements, betterments and extensions for use by or in connection with the System.

*“Operation and Maintenance Expenses”* means all reasonable and necessary current expenses of the Governmental Agency, paid or accrued, for operating, maintaining and repairing the System, including without limitation legal and overhead expenses of the Governmental Agency directly related to the administration of the System, salaries and administrative expenses, labor and the cost of materials and supplies for current operation; provided however, that Operation and Maintenance Expenses shall not include any allowance for depreciation, payments in lieu of taxes or franchise fees, legal liabilities not based on contract, expenses incurred in connection with Capital Improvements, payments due in connection with any bonds or other obligations, and expenses that are otherwise paid from ad valorem property taxes.

(4) **Rate Covenant**

The Governmental Agency shall establish and collect such rates, fees, and charges for the use or the sale of the products and services of the System as, together with other moneys available therefor, are expected to produce Gross Revenue (as defined in Paragraph (3) of this Exhibit A to this Loan Agreement) for each calendar year that will be at least sufficient for such calendar year to pay the sum of:

- (a) all amounts estimated to be required to pay Operation and Maintenance Expenses (as defined in Paragraph (3) of this Exhibit A of this Loan Agreement) during such calendar year;
- (b) a sum equal to 110% of the debt service due on the Governmental Agency Bond for such calendar year and debt service coming due during such calendar year on any obligations secured by a lien on the Pledged Property which lien is on a parity with the lien of this Loan Agreement on the Pledged Property, in each case computed as of the beginning of such calendar year;
- (c) the amount, if any, to be paid during such calendar year into any debt service reserve account in connection with any obligations secured by a lien on the Pledged Property which lien is on a parity with the lien of this Loan Agreement on the Pledged Property;
- (d) a sum equal to the debt service on any obligations secured by a lien on the Pledged Property which lien is subordinate to the lien of this Loan Agreement on the Pledged Property for such calendar year computed as of the beginning of such calendar year; and
- (e) amounts necessary to pay and discharge all charges and liens or other indebtedness not described above payable out of the Gross Revenue during such calendar year.

## **EXHIBIT B**

### **DESCRIPTION OF THE LOAN**

- (1) Commencement Date: October 5, 2016
  
- (2) Name and Address of Governmental Agency:  
  
City of Burlington  
415 15<sup>th</sup> Street  
Burlington, CO 80807
  
- (3) Estimated Cost of the Project: \$4,576,095.00
  
- (4) Maximum Principal Amount of Loan Commitment: \$2,250,000  
  
Principal Forgiveness: At Loan Closing, the Authority shall forgive \$330,900 of the principal amount of the Loan.
  
- (5) Loan Term: 30 years, subject to Paragraph (10), below, if applicable.
  
- (6) Interest Rate: 1% annually
  
- (7) Authorized Officers:  
  
Dale Franklin, Mayor  
James Bradley, City Administrator
  
- (8) Loan Repayment Commencement Date: May 1, 2017
  
- (9) Execution Date: October 5, 2016
  
- (10) Principal Forgiveness: At the discretion of the Authority, and if such funds are available and the Governmental Agency is deemed eligible, the Loan may be forgiven in an amount up to 100% of the principal amount of the Loan. The Authority will provide written notice (the "Notice of Principal Forgiveness") to the Governmental Agency once

the Authority determines to exercise its discretion to grant Principal Forgiveness, that funds are available, and that the Governmental Agency is eligible for such action. The Notice of Principal Forgiveness will set forth the amount, up to 100%, of the principal amount of the Loan to be forgiven. Upon the Governmental Agency's receipt of the Notice of Principal Forgiveness from the Authority, the following terms shall apply:

(a) If 100% of the principal amount of the Loan is forgiven, then:

(i) the award of Principal Forgiveness shall be effective as of the date of the Notice of Principal Forgiveness (the "Effective Date of 100% Principal Forgiveness");

(ii) the Authority, in its sole discretion, may waive payment of interest accrued on the amount of principal forgiven through the Effective Date of 100% Principal Forgiveness. Notice to the Governmental Agency regarding the Authority's election to waive payment of interest will be included in the Notice of Principal Forgiveness;

(iii) the Authority shall amend the repayment schedule set forth in Exhibit C to acknowledge the Principal Forgiveness award, the Effective Date of 100% Principal Forgiveness, and, if applicable, the waiver of accrued interest;

(iv) the Authority shall amend the Loan Term to extend from the date of Loan Execution until the date the Water Quality Control Division of the Colorado Department of Health and Environment (the "WQCD") issues certification that all required documents have been submitted and the Governmental Agency has met all Project and Loan requirements;

(v) absent then-existing or continuing Events of Default, the Governmental Agency Bond will be released at the expiration of the Loan Term, as amended; and

(vi) as of the Effective Date of 100% Principal Forgiveness, the following Loan Agreement sections will no longer apply: Section 2.02. (n) Audits; Section 3.03. Amounts Payable; Exhibit A (3) Pledged Property; Exhibit A (4) Rate Covenant; Exhibit B (5) Loan Term; Exhibit B (6) Interest Rate; Exhibit B (8) Loan Repayment Commencement; Exhibit C Repayment Schedule; and all references thereof.

(b) If the Governmental Agency receives Principal Forgiveness for less than 100% of the principal amount of the Loan, then:

- (i) the effective date of the Principal Forgiveness shall be the date of the Notice of Principal Forgiveness from the Authority (the “Effective Date of Partial Principal Forgiveness”); and
  - (ii) upon the Effective Date of Partial Principal Forgiveness, the Loan Term shall remain as set forth in this Agreement, but the Authority shall amend the Loan Repayment Schedule set forth in Exhibit C to include a revised amortization schedule for the remaining principal amount.
- (c) If the Effective Date of Principal Forgiveness, either 100% or Partial, occurs after the Loan Repayment Commencement Date, and the Governmental Agency has paid one or more of the scheduled payments, including any payments of accrued interest, the Principal Forgiveness will be net of any such payments. The Authority will not reimburse the Governmental Agency any amount paid by the Governmental Agency.

**EXHIBIT C**  
**REPAYMENT SCHEDULE**

## **EXHIBIT D**

### **GOVERNMENTAL AGENCY BOND**

FOR VALUE RECEIVED, the undersigned **CITY OF BURLINGTON, COLORADO, ACTING BY AND THROUGH ITS WATER AND SEWER ACTIVITY ENTERPRISE** (the "Governmental Agency"), hereby promises to pay to the order of the **COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY** (the "Authority") the principal amount of Two Million Two Hundred Fifty Thousand and 00/100 Dollars (\$2,250,000.00), or such lesser amount as shall be loaned to the Governmental Agency pursuant to the Loan Agreement dated as of October 5, 2016, by and between the Authority and the Governmental Agency (the "Loan Agreement"), at the times and in the amounts determined as provided in the Loan Agreement, at one percent interest, and late charges on late payments as provided in Section 3.03 (b) of the Loan Agreement, payable on the dates and in the amounts determined as provided in the Loan Agreement.

This Governmental Agency Bond is issued pursuant to the Loan Agreement and is issued in consideration of the loan made thereunder (the "Loan") and to evidence the obligations of the Governmental Agency set forth in Section 3.03 thereof. This Governmental Agency Bond is subject to assignment or endorsement in accordance with the terms of the Loan Agreement. All of the definitions, terms, conditions, and provisions of the Loan Agreement are, by this reference thereto, incorporated herein as a part of this Governmental Agency Bond.

Pursuant to the Loan Agreement, disbursements to the Governmental Agency shall be made in accordance with written instructions upon the receipt by the Authority of requisitions from the Governmental Agency executed and delivered in accordance with the requirements set forth in Section 3.02 of the Loan Agreement.

This Governmental Agency Bond is entitled to the benefits, and is subject to the conditions, of the Loan Agreement. The obligations of the Governmental Agency to make the payments required hereunder shall be absolute and unconditional without any defense or right of set-off, counterclaim, or recoupment by reason of any default by the Authority under the Loan Agreement, or under any other agreement between the Governmental Agency and the Authority, or out of any indebtedness or liability at any time owing to the Governmental Agency by the Authority, or for any other reason.

This Governmental Agency Bond is subject to optional prepayment under the terms and conditions, and in the amounts, provided in Section 3.06 of the Loan Agreement. The obligation of the Governmental Agency to make payments under the Loan Agreement and this Governmental Agency Bond is payable solely from the Pledged Property, except for reserves created in connection with the Loan.

This Governmental Agency Bond does not constitute a debt or an indebtedness of the Governmental Agency within the meaning of any constitutional or statutory limitation or provision, and shall not be considered or held to be a general obligation of the Governmental Agency. The payment of this Governmental Agency Bond and the interest thereon is not secured by an encumbrance, mortgage or other pledge of property except for such property and moneys pledged for the payment of the Governmental Agency Bond.

For the payment of this Governmental Agency Bond and the interest thereon, the Governmental Agency shall enforce the Rate Covenant set forth in Paragraph (4) of Exhibit A to the Loan Agreement, shall promptly collect all revenues of the System, and shall take all necessary action to collect any revenues that are in default.

If an "Event of Default" as defined in Section 5.01 of the Loan Agreement occurs, the remedies on default set forth in Section 5.03 of the Loan Agreement shall be available to enforce the obligations of the Governmental Agency that are evidenced by this Governmental Agency Bond.

This Governmental Agency Bond is issued under the authority of and in full conformity with the City Charter; the Constitution and laws of the State of Colorado, including without limitation, Article X, Section 20 of the Constitution, Title 31, Article 35, Part 4, C.R.S.; Title 37, Article 45.1; Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Public Securities Act"), and pursuant to the Loan Agreement. Pursuant to §11-57-210, of the Supplemental Public Securities Act, this recital is conclusive evidence of the validity and regularity of the issuance of the Governmental Agency Bond after its delivery for value. Pursuant to §31-35-413, C.R.S., this recital conclusively imparts full compliance with all the provisions of said statutes, and this Governmental Agency Bond issued containing such recital is incontestable for any cause whatsoever after its delivery for value.

IN WITNESS WHEREOF, the Governmental Agency has caused this Governmental Agency Bond to be duly executed, sealed and delivered, as of this 5<sup>th</sup> day of October 2016.

(SEAL)

**CITY OF BURLINGTON, COLORADO,  
ACTING BY AND THROUGH ITS WATER  
AND SEWER ACTIVITY ENTERPRISE**

ATTEST:

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
City Clerk

**EXHIBIT E-1**

**OPINION OF GOVERNMENTAL AGENCY COUNSEL**

**[LETTERHEAD OF COUNSEL TO GOVERNMENTAL AGENCY]**

**[DATED : October 5, 2016]**

Colorado Water Resources and  
Power Development Authority

Gentlemen:

[insert "I am an attorney" or "We are attorneys"] admitted to practice in the State of Colorado and [insert "I" or "we"] have acted as counsel to **CITY OF BURLINGTON, COLORADO, ACTING BY AND THROUGH ITS WATER AND SEWER ACTIVITY ENTERPRISE** (the "Governmental Agency"), of the State of Colorado, which has entered into a Loan Agreement (as hereinafter defined) with the **COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY** (the "Authority"), and have acted as such in connection with the authorization, execution and delivery by the Governmental Agency of its Loan Agreement and Governmental Agency Bond (as hereinafter defined).

In so acting [insert "I" or "we"] have examined the Constitution and laws of the State of Colorado and the [charter/by-laws/proceedings relating to organization] of the Governmental Agency. [insert "I" or "We"] have also examined originals, or copies certified or otherwise identified to [insert "my" or "our"] satisfaction, of the following:

- (a) the Loan Agreement, dated as of \_\_\_\_\_ (the "Loan Agreement") by and between the Authority and the Governmental Agency;
- (b) the proceedings of the governing body of the Governmental Agency relating to the approval of the Loan Agreement and the execution, issuance and delivery thereof on behalf of the Governmental Agency, and the authorization of the undertaking and completion of the Project (as defined in the Loan Agreement);
- (c) the Governmental Agency Bond, dated as of \_\_\_\_\_ (the "Governmental Agency Bond") issued by the Governmental Agency to the Authority to evidence the Loan (as defined in the Loan Agreement);
- (d) the proceedings of the governing body of the Governmental Agency relating to the issuance of the Governmental Agency Bond and the execution, issuance and delivery thereof to the Authority (the Loan Agreement and the Governmental Agency Bond are referred to herein collectively as the "Loan Documents");

(e) all outstanding instruments relating to the bonds, notes or other indebtedness of or relating to the Governmental Agency.

[insert "I" or "We"] have also examined and relied upon originals, or copies certified or otherwise authenticated to [insert "my" or "our"] satisfaction, of such other records, documents, certificates and other instruments, and made such investigation of law as in [insert "my" or "our"] judgment [insert "I" or "we"] have deemed necessary or appropriate to enable [insert "me" or "us"] to render the opinions expressed below.

Based upon the foregoing, [insert "I am" or "we are"] of the opinion that:

(1) The Governmental Agency is a "governmental agency" within the meaning of the Authority's enabling legislation and is a political subdivision of the State of Colorado with the full legal right and authority to execute the Loan Documents.

(2) The Governmental Agency has the full legal right and authority to carry on the business of the System (as defined in the Loan Agreement) as currently being conducted and as proposed to be conducted, and to undertake and complete the Project.

(3) The proceedings of the Governmental Agency's governing body authorizing the Governmental Agency to undertake and complete the Project were duly and lawfully adopted and approved in accordance with [applicable resolution] applicable Colorado law at meetings duly called pursuant to necessary public notice and held in accordance with applicable Colorado law at which quorums were present and acting throughout and were published in accordance with applicable Colorado law.

(4) The proceedings of the Governmental Agency's governing body approving the Loan Documents and authorizing their execution, issuance and delivery on behalf of the Governmental Agency have been duly and lawfully adopted and approved in accordance with [the applicable resolution] applicable Colorado law, at meetings duly called pursuant to necessary public notice and held in accordance with applicable Colorado law, and at which quorums were present and acting throughout and were published in accordance with applicable Colorado law.

(5) To the best of [insert "my" or "our"] knowledge, after such investigation as [insert "I" or "we"] have deemed appropriate, the authorization, execution and delivery of the Loan Documents by the Governmental Agency, the observation and performance by the Governmental Agency of its duties, covenants, obligations and agreements thereunder and the consummation of the transactions contemplated therein and the undertaking and completion of Project do not and will not contravene any existing law or any existing order, injunction, judgment, decree, rule or regulation of any court or governmental or administrative agency, authority or person having jurisdiction over the Governmental Agency or its property or assets or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any existing bond resolution, trust agreement, indenture, mortgage, deed of trust, ordinance, order, or other agreement to which the Governmental Agency is a party or by which it, the System, or its property or assets is bound.

(6) To the best of [insert "my" or "our"] knowledge, after such investigation as [insert "I" or "we"] have deemed appropriate, all approvals, consents or authorizations of, or registrations of or filings with, any governmental or public agency, authority or person required to date on the part of the Governmental Agency in connection with the authorization, execution, delivery and performance of the Loan Documents and the authorization, execution, delivery and performance of the Loan Documents, and the undertaking and completion of the Project, other than licenses and permits relating to the construction and acquisition of the Project which [insert "I" or "we"] expect the Governmental Agency to receive in the ordinary course of business, have been obtained or made.

(7) To the best of [ insert "my" or "our"] knowledge, after such investigation as [insert "I" or "we"] have deemed appropriate, except as disclosed in writing to the Authority, there is no litigation or other proceeding pending or threatened in any court or other tribunal of competent jurisdiction (either State or Federal) that questions the creation, organization or existence of the Governmental Agency or the validity, legality or enforceability of the Loan Documents or the undertaking or completion of the Project except as disclosed in writing to the Authority, which if adversely determined, could (i) materially adversely affect (a) the financial position of the Governmental Agency; (b) the ability of the Governmental Agency to perform its obligations under the Loan Documents, (c) the security for the Loan Documents, or (d) the transactions contemplated by the Loan Documents; or (ii) impair the ability of the Governmental Agency to maintain and operate its system.

This opinion is rendered on the basis of Federal law and the laws of the State of Colorado as enacted and construed on the date hereof. [insert "I" or "We"] express no opinion as to any matter not set forth in the numbered paragraphs herein.

[insert "I" or "We"] hereby authorize Carlson, Hammond, & Paddock, L.L.C., General Counsel to the Authority, to rely on this opinion as if [insert "I" or "we"] had addressed this opinion to them in addition to you.

Very truly yours,

**EXHIBIT E-2**

**OPINION OF GOVERNMENTAL AGENCY BOND COUNSEL**

**[LETTERHEAD OF BOND COUNSEL TO GOVERNMENTAL AGENCY]**

**[DATED: October 5, 2016]**

Colorado Water Resources and  
Power Development Authority

Gentlemen:

[insert "I am an attorney" or "We are attorneys"] admitted to practice in the State of Colorado and [insert "I" or "we"] have acted as bond counsel for **CITY OF BURLINGTON, COLORADO, ACTING BY AND THROUGH ITS WATER AND SEWER ACTIVITY ENTERPRISE** (the "Governmental Agency"), of the State of Colorado, which has entered into a Loan Agreement (as hereinafter defined) with the **COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY** (the "Authority"), and have acted as such in connection with the authorization, execution, and delivery by the Governmental Agency of the Loan Agreement and Governmental Agency Bond (as hereinafter defined).

In so acting [insert "I" or "we"] have examined the Constitution and laws of the State of Colorado and [charter/by-laws/proceedings relating to organization] of the Governmental Agency. [insert "I" or "We"] have also examined originals, or copies certified or otherwise identified to [insert "my" or "our"] satisfaction, of the following:

(a) the Loan Agreement, dated as of \_\_\_\_\_ (the "Loan Agreement"), by and between the Authority and the Governmental Agency;

(b) the proceedings of the governing body of the Governmental Agency relating to the approval of the Loan Agreement, and the execution, issuance, and delivery thereof by the Governmental Agency, and the authorization of the undertaking and completion of the Project (as defined in the Loan Agreement);

(c) the Governmental Agency Bond, dated as of \_\_\_\_\_ (the "Governmental Agency Bond"), issued by the Governmental Agency to the Authority to evidence the Loan (as defined in the Loan Agreement);

(d) the proceedings of the governing body of the Governmental Agency relating to the issuance, of the Governmental Agency Bond, and the execution, issuance, and delivery thereof to the Authority (the Loan Agreement and the Governmental Agency Bond are referred to herein collectively as the "Loan Documents"); and

(e) all outstanding instruments relating to the bonds, notes, or other indebtedness of, or relating to the Governmental Agency.

[insert "I" or "We"] have also examined and relied upon originals, or copies certified or otherwise authenticated to [insert "my" or "our"] satisfaction, of such other records, documents, certificates, and other instruments, and made such investigation of law as in [insert "my" or "our"] judgment [insert "I" or "we"] have deemed necessary or appropriate to enable [insert "me" or "us"] to render the opinions expressed below.

Based upon the foregoing, [insert "I am" or "we are"] of the opinion that:

(1) The Governmental Agency is a "governmental agency" within the meaning of the Authority's enabling legislation.

(2) The Governmental Agency has full legal right and authority to execute the Loan Documents and the Governmental Agency has full legal right and authority to observe and perform its respective duties, covenants, obligations, and agreements thereunder; subject, however, to the effect of, and to restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, moratorium, reorganization, debt adjustment, or other similar laws affecting creditors' rights generally (Creditor's Rights Limitations), heretofore or hereafter enacted.

(3) The Governmental Agency has pledged the Pledged Property described in Paragraph (3) of Exhibit A to the Loan Agreement for the punctual payment of the principal on the Loan and all other amounts due under the Loan Documents according to their respective terms, and the Authority has a first lien on such Pledged Property, but not an exclusive first lien. **\*\*\*Only include "but not an exclusive first lien" if there is parity debt\*\*\*** No filings or recordings are required under the Colorado Uniform Commercial Code in order to provide a first lien on such Pledged Property, and all actions have been taken as required under Colorado law to insure the priority, validity, and enforceability of such lien.

(4) The Loan Documents have been duly authorized, executed, and delivered by the authorized officers of the Governmental Agency; and, assuming in the case of the Loan Agreement, that the Authority has all the requisite power and authority to authorize, execute and deliver, and has duly authorized, executed, and delivered the Loan Agreement, the Loan Documents constitute the legal, valid, and binding obligations of the Governmental Agency enforceable in accordance with their respective terms; subject, however, to the effect of, and to restrictions and limitations imposed by, or resulting from, Creditor's Rights Limitations or other laws, judicial decisions, and principles of equity relating to the enforcement of contractual obligations generally, provided that no opinion is expressed herein regarding the validity or enforceability of Section 3.05 of the Loan Agreement or any other provision thereof that purports to require the Governmental Agency to indemnify or hold any party harmless.

(5) To the best of our knowledge, after such investigation as we have deemed appropriate, the authorization, execution, and delivery of the Loan Documents by the Governmental Agency, the observance and performance by the Governmental Agency of its duties, covenants, obligations, and agreements thereunder, and the consummation of the transactions contemplated therein, do not and will not contravene any existing law, or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any outstanding

instruments relating to the bonds, notes, or other indebtedness of, or relating to, the Governmental Agency.

(6) To the best of our knowledge, after such investigation as we deemed appropriate, all approvals, consents, or authorizations of, or registrations of or filings with, any governmental or public agency, authority, or person required to date on the part of the Governmental Agency in connection with the authorization, execution, delivery, and performance of the Loan Documents have been obtained or made.

**\*\*If the Governmental Agency constitutes an Enterprise under TABOR, the following paragraph should be included in the Bond Counsel opinion:**

(7) The execution and delivery of the Loan Documents are not subject to the limitations of Article X, Section 20 of the Colorado Constitution, since the Governmental Agency as defined in the Loan Agreement constitutes an enterprise under said Article X, Section 20 on the date of such execution and delivery. The performance of the Loan Documents is not subject to the limitations of said Article X, Section 20, as long as the Governmental Agency continues to qualify as an enterprise under said Article X, Section 20. If the Governmental Agency ceases to be an enterprise under said Article X, Section 20, during the Loan Term, the Loan Documents will continue to constitute legal, valid and binding obligations of the Governmental Agency enforceable in accordance with their respective terms; subject, however, to (a) Creditor's Rights Limitations or other laws, judicial decisions and principles of equity relating to the enforcement of contractual rights generally and (b) subject to the next sentence, the revenue and spending limitations of said Article X, Section 20. If the Governmental Agency at any time ceases to be an enterprise under said Article X, Section 20, (i) the City may continue to impose and increase fees, rates and charges without voter approval; (ii) all revenues of the Governmental Agency used to pay Loan Repayments will be included in the Governmental Agency fiscal year spending limit under Section 7(d) of said Article X, Section 20 except that debt service changes and reductions are exceptions to, and not part of, the Governmental Agency revenue and spending bases and limits; and (iii) if the Governmental Agency is required to reduce spending in order to comply with its fiscal year spending limit under Section 7(b) of said Article X, Section 20, the Governmental Agency will first be required to reduce spending for purposes for which it does not have an obligation under law or by contract prior to reducing spending required to comply with the other covenants contained in the Loan Documents.

**\*\*If the Governmental Agency does not constitute an Enterprise under TABOR, the following paragraph should be included in the Bond Counsel opinion:**

(7) The Governmental Agency has complied with the requirements of Article x, Section 20 of the Colorado Constitution in connection with the execution and delivery of the loan documents.

This opinion is rendered on the basis of Federal law and the laws of the State of Colorado as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs herein.

[insert "I" or "We"] hereby authorize Carlson, Hammond & Paddock, L.L.C., General Counsel to the Authority, to rely on this opinion as if [insert "I" or "we"] had addressed this opinion to them in addition to you.

Very truly yours,

## EXHIBIT F

### ADDITIONAL COVENANTS AND REQUIREMENTS

#### (1) Rate Study.

In the event that Gross Revenue collected during a fiscal year is not sufficient to meet the requirements set forth in the Rate Covenant contained in Paragraph (1) of this Exhibit F to the Loan Agreement, the Governmental Agency shall, within 90 days of the end of such fiscal year, cause an independent firm of accountants or consulting engineers, to prepare a rate study for the purpose of recommending a schedule of rates, fees, and charges for the use of the System that, in the opinion of the firm conducting the study will be sufficient to provide Gross Revenue to be collected in the next succeeding fiscal year that will provide compliance with the Rate Covenant described in Paragraph (1) of this Exhibit F to this Loan Agreement. Such a study shall be delivered to the Authority. The Governmental Agency shall within six months of receipt of such study, adopt rates, fees, and charges for the use of the System, based upon the recommendations contained in such study, that provide compliance with said Rate Covenant. Notwithstanding the foregoing, the Authority may, from time to time, in its sole and absolute discretion and pursuant to such terms and restrictions it may specify, waive in writing the requirement that a rate study be performed by the Governmental Agency.

#### (2) Additional Bonds.

(a) **Senior Lien Bonds.** The Governmental Agency covenants that it will not issue any obligations payable out of, or secured by a lien or charge, on the Pledged Property that is superior to the lien or charge of this Loan Agreement on the Pledged Property.

(b) **Parity Lien Bonds.** The Governmental Agency covenants that it will not issue any obligations payable out of, or secured by a lien or charge, on the Pledged Property that is on a parity with the lien or charge of this Loan Agreement on the Pledged Property, unless the Governmental Agency certifies to the Authority that Net Revenue (as defined in Paragraph (3) of Exhibit A to this Loan Agreement) for any 12 consecutive months out of the 18 months preceding the month in which such obligations are to be issued was at least equal to the sum of (a) 110% of the maximum annual debt service due in any one year on (i) this Loan Agreement and (ii) all other outstanding obligations of the Governmental Agency payable out of, or secured by a lien or charge on, the Pledged Property that is on a parity with the lien or charge of this Loan Agreement on the Pledged Property, and (iii) such proposed obligations to be issued, and (b) the maximum annual debt service due in any one year on all obligations payable out of, or secured by a lien or charge on the Pledged Property that is subordinate to the lien or charge of this Loan Agreement on the Pledged Property.

(c) **Subordinate Lien Bonds.** The Governmental Agency covenants that it will not issue any obligations payable out of, or secured by a lien or charge on, the Pledged Property that is subordinate to the lien or charge of this Loan Agreement on the Pledged Property, unless the Governmental Agency certifies to the Authority that for any 12 consecutive months out of the 18 months preceding the month in which such obligations are to be issued Net Revenue (as defined in Paragraph (3) of Exhibit A to this Loan Agreement) was at least 100% of the maximum

annual debt service due in any one year on (a) all obligations outstanding during such period that are payable out of, or secured by a lien or charge on, the Pledged Property and (b) such proposed obligations to be issued.

**(d) Net Revenue Adjustment.** In calculating revenue coverage for purposes of the issuance of additional parity or subordinate lien bonds, the Governmental Agency may adjust Net Revenue to reflect any rate increases adopted in connection with the issuance of additional obligations by adding to the actual Net Revenue for the period examined an estimated sum equal to 100% of the estimated increase in Net Revenue that would have been realized during such period had the adopted rate increase been in effect during all of such period.

**(e) Refunding Bonds.** Notwithstanding the foregoing, the Governmental Agency may issue refunding obligations payable out of, or secured by a lien or charge on, the Pledged Property, without compliance with the requirements stated above, provided that the debt service payments on such refunding obligations do not exceed the debt service payments on the refunded obligations during any calendar year.

### **(3) Lien Representation.**

The Governmental Agency has disclosed the following bonds, notes or other evidence of indebtedness of the Governmental Agency issued, or contractual obligations incurred, having a lien on the Source of Repayment of equal rank with the lien and charge on the Source of Repayment of the Governmental Agency Bond: the City of Burlington Water and Sewer Activity Revenue Bonds, Series 2014 (the "Parity Lien Obligations"). The Source of Repayment is free and clear of any pledge, lien, charge, or encumbrance thereon, or with respect thereto, other than that of the Parity Lien Obligations, that is of equal rank with the obligation of the Governmental Agency Bond. Further, the Source of Repayment is free and clear of any pledge, lien, charge, or encumbrance thereon, or with respect thereto, that is prior to the obligation of the Governmental Agency Bond.

### **(4) Operation and Maintenance Reserve Fund.**

The Governmental Agency shall maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation, of the System as set forth in the annual budget for the current fiscal year. Said reserve may be in the form of unobligated fund balances, or other unobligated cash or securities (i.e. capital reserves), or may be in a separate segregated fund and shall be maintained as a continuing reserve for payment of any lawful purpose relating to the System. If the operation and maintenance reserve falls below this requirement, the shortfall shall be made up in 24 substantially equal monthly installments beginning the second month after such shortfall.

### **(5) Davis Bacon & Related Acts (DBRA).**

The Governmental Agency will comply with the requirements of the Davis Bacon & Related Acts, codified at 40 U.S.C. §§ 3140 through 3148.

### **(6) Cost Overruns.**

Any cost overruns associated with the Project will be the responsibility of the Governmental Agency and any additional costs to defend against contract claims will not be reimbursed through this or any future funding.

**(7) Audit Requirements.**

For each year in which the Governmental Agency requests a disbursement from the Project Loan Subaccount, the Governmental Agency shall conduct its annual audit in accordance with the federal Single Audit Act, 31 U.S.C. 7501 et seq.

**(8) American Iron and Steel Requirement.**

The Governmental Agency will comply with all federal requirements applicable to the Loan, including Section 436 of P.L. 113-76, Consolidated Appropriations Act, 2014, (the “Appropriations Act”) and related State Revolving Fund Policy Guidelines, which require that all of the iron and steel products (as defined in the Appropriations Act and Guidelines) used in the Project must be produced in the United States unless the Governmental Agency has requested and received a waiver from the requirement pursuant to the “waiver process” described in the Appropriations Act and Guidelines.

**(9) Construction Schedule.**

The Governmental Agency has provided the following estimated dates regarding the project:

- a) Advertisement for Bids Publication Date: September 20, 2016
- b) Construction Contract Award Date: October 13, 2016
- c) Construction Start Date: October 14 – October 25, 2016
- d) Construction Completion Date: November 1, 2016 – June 20, 2016

**(10) Technical Managerial and Financial Capacity Requirement.**

As described in the Technical/Managerial/Financial (TMF) Capacity Evaluation Report, the review resulted in no mandatory recommendations.

**EXHIBIT G**  
**DWRF Form of Requisition**

**THE CITY OF BURLINGTON, ACTING BY AND THROUGH ITS WATER AND SEWER  
ACTIVITY ENTERPRISE (the "Governmental Agency")**

**Please submit to the following addresses:**

**Email To: cdphe\_grantsandloans@state.co.us (preferred method)**

**Or Mail To: Colorado Department of Public Health and Environment  
Grants and Loans Unit WQCD-OA-B2  
Attn: Bradley Monson  
4300 Cherry Creek Drive South  
Denver, Colorado 80246-1530**

**Or Fax To: 303-782-0390 (Call CDPHE Project Manager to confirm delivery)**

**Cc: CDPHE Project Manager bradley.monson@state.co.us**

**Cc: E-mail requisition form (Exhibit G) to the Colorado Water Resources and Power  
Development Authority at requisitions@cwrpda.com**

This requisition is made in accordance with Section 3.02 of the Loan Agreement executed by the Colorado Water Resources and Power Development Authority on October 5, 2016, 2016. Terms defined in the Loan Agreement and not otherwise defined herein shall have the same meanings when used herein.

The Governmental Agency hereby states as follows:

1. This is Requisition No \_\_\_\_\_.
2. The amount requisitioned hereunder is \_\_\_\_\_.
3. The person, firm or corporation to whom the amount requisitioned is due, or to whom a reimbursable and advance has been made, is \_\_\_\_\_.
4. The payee of the requisitioned amount is \_\_\_\_\_.
5. The manner of payment to the payee is to be wire transferred to:  
  
Bank:  
ABA No.:  
Account No.:  
Account Name:  
Contact:
6. Attached hereto is the appropriate documentation demonstrating that the amount requisitioned hereunder is currently due or has been advanced by the Governmental Agency.

7. The amount hereby requisitioned is a proper Cost of the Project to be paid only from amounts deposited in the Project Account established for the Governmental Agency in the **Drinking Water Revolving Fund**.
8. On the date hereof, there does not exist any Event of Default under the Loan Agreement nor any condition which, with the passage of time or the giving of notice, or both, would constitute an Event of Default thereunder.
9. Estimate of total project completion percentage: \_\_\_\_\_%
10. **The undersigned is an Authorized Officer of the Governmental Agency duly authorized in the Loan Agreement to submit the Requisition.**
11. The Governmental Agency reaffirms that all representations made by it in the Loan Agreement are true and accurate as of the date of this requisition, and that it shall continue to observe and perform all of its duties, covenants, obligations and agreements thereunder, at all times during the entire term of said Loan Agreement.

Dated: \_\_\_\_\_.

**CITY OF BURLINGTON, COLORADO,  
ACTING BY AND THROUGH ITS WATER AND SEWER ACTIVITY  
ENTERPRISE**

By: \_\_\_\_\_.

Title: \_\_\_\_\_ & Authorized Officer

Print Name: \_\_\_\_\_

**You should receive all payments no later than 10 working days after receipt of requisition unless otherwise notified.**

1. The undersigned approves the disbursement of the requisitioned amount from the Project Loan Account established in the **Drinking Water Revolving Fund Project Account**.

**COLORADO WATER RESOURCES AND POWER DEVELOPMENT  
AUTHORITY**

By: \_\_\_\_\_  
Finance Director

Dated: \_\_\_\_\_

**For Colorado Department of Public Health and Environment, Water Quality Control Division purposes only:**

Payment approved by \_\_\_\_\_

Dated: \_\_\_\_\_

**IN WITNESS WHEREOF**, the Authority and the Governmental Agency have caused this Loan Agreement to be executed, sealed and delivered, as of the Commencement Date set forth on Exhibit B hereto.

**COLORADO WATER RESOURCES AND  
POWER DEVELOPMENT AUTHORITY**

(SEAL)

By: \_\_\_\_\_  
Executive Director

**ATTEST:**

By: \_\_\_\_\_  
Assistant Secretary

**CITY OF BURLINGTON, COLORADO,  
ACTING BY AND THROUGH ITS WATER  
AND SEWER ACTIVITY ENTERPRISE**

(SEAL)

By: \_\_\_\_\_  
Mayor

**ATTEST:**

By: \_\_\_\_\_  
City Clerk

**EXHIBIT C  
DRINKING WATER REVOLVING FUND  
DISADVANTAGED COMMUNITIES LOAN PROGRAM  
LOAN REPAYMENT SCHEDULE  
CITY OF BURLINGTON, COLORADO, ACTING BY AND THROUGH ITS WATER AND SEWER ENTERPRISE  
Loan Number: #D**

On or before the first of each date, commencing on November 1, 2016, the  
Governmental Agency shall pay the amount set forth below:

<b>LOAN DATE:</b>	<b>10/5/16</b>	<b>INTEREST DATE:</b>	<b>10/01/17</b>
<b>LOAN AMOUNT:</b>	<b>\$2,250,000</b>		
<b>PRINCIPAL FORGIVENESS:</b>	<b>\$330,900</b>		
<b>INTEREST RATE:</b>	<b>1.000%</b>		
<b>TERM (YEARS):</b>	<b>30</b>		

<b>PAYMENT DATES</b>	<b>PAYMENT</b>	<b>PRINCIPAL</b>	<b>REMAINING PRINCIPAL</b>	<b>CALCULATED INTEREST</b>
			\$1,919,100.00	
11/1/2016	\$6,183.60	\$4,584.35	\$1,914,515.65	\$1,599.25
5/1/2017	\$37,551.16	\$27,978.58	\$1,886,537.07	\$9,572.58
11/1/2017	\$37,551.16	\$28,118.47	\$1,858,418.60	\$9,432.69
5/1/2018	\$37,551.16	\$28,259.07	\$1,830,159.53	\$9,292.09
11/1/2018	\$37,551.16	\$28,400.36	\$1,801,759.17	\$9,150.80
5/1/2019	\$37,551.16	\$28,542.36	\$1,773,216.81	\$9,008.80
11/1/2019	\$37,551.16	\$28,685.08	\$1,744,531.73	\$8,866.08
5/1/2020	\$37,551.16	\$28,828.50	\$1,715,703.23	\$8,722.66
11/1/2020	\$37,551.16	\$28,972.64	\$1,686,730.59	\$8,578.52
5/1/2021	\$37,551.16	\$29,117.51	\$1,657,613.08	\$8,433.65
11/1/2021	\$37,551.16	\$29,263.09	\$1,628,349.99	\$8,288.07
5/1/2022	\$37,551.16	\$29,409.41	\$1,598,940.58	\$8,141.75
11/1/2022	\$37,551.16	\$29,556.46	\$1,569,384.12	\$7,994.70
5/1/2023	\$37,551.16	\$29,704.24	\$1,539,679.88	\$7,846.92
11/1/2023	\$37,551.16	\$29,852.76	\$1,509,827.12	\$7,698.40
5/1/2024	\$37,551.16	\$30,002.02	\$1,479,825.10	\$7,549.14
11/1/2024	\$37,551.16	\$30,152.03	\$1,449,673.07	\$7,399.13
5/1/2025	\$37,551.16	\$30,302.79	\$1,419,370.28	\$7,248.37
11/1/2025	\$37,551.16	\$30,454.31	\$1,388,915.97	\$7,096.85
5/1/2026	\$37,551.16	\$30,606.58	\$1,358,309.39	\$6,944.58
11/1/2026	\$37,551.16	\$30,759.61	\$1,327,549.78	\$6,791.55
5/1/2027	\$37,551.16	\$30,913.41	\$1,296,636.37	\$6,637.75
11/1/2027	\$37,551.16	\$31,067.98	\$1,265,568.39	\$6,483.18
5/1/2028	\$37,551.16	\$31,223.32	\$1,234,345.07	\$6,327.84
11/1/2028	\$37,551.16	\$31,379.43	\$1,202,965.64	\$6,171.73
5/1/2029	\$37,551.16	\$31,536.33	\$1,171,429.31	\$6,014.83
11/1/2029	\$37,551.16	\$31,694.01	\$1,139,735.30	\$5,857.15
5/1/2030	\$37,551.16	\$31,852.48	\$1,107,882.82	\$5,698.68
11/1/2030	\$37,551.16	\$32,011.75	\$1,075,871.07	\$5,539.41
5/1/2031	\$37,551.16	\$32,171.80	\$1,043,699.27	\$5,379.36
11/1/2031	\$37,551.16	\$32,332.66	\$1,011,366.61	\$5,218.50
5/1/2032	\$37,551.16	\$32,494.33	\$978,872.28	\$5,056.83
11/1/2032	\$37,551.16	\$32,656.80	\$946,215.48	\$4,894.36
5/1/2033	\$37,551.16	\$32,820.08	\$913,395.40	\$4,731.08
11/1/2033	\$37,551.16	\$32,984.18	\$880,411.22	\$4,566.98
5/1/2034	\$37,551.16	\$33,149.10	\$847,262.12	\$4,402.06
11/1/2034	\$37,551.16	\$33,314.85	\$813,947.27	\$4,236.31
5/1/2035	\$37,551.16	\$33,481.42	\$780,465.85	\$4,069.74
11/1/2035	\$37,551.16	\$33,648.83	\$746,817.02	\$3,902.33
5/1/2036	\$37,551.16	\$33,817.07	\$712,999.95	\$3,734.09
11/1/2036	\$37,551.16	\$33,986.16	\$679,013.79	\$3,565.00
5/1/2037	\$37,551.16	\$34,156.09	\$644,857.70	\$3,395.07
11/1/2037	\$37,551.16	\$34,326.87	\$610,530.83	\$3,224.29
5/1/2038	\$37,551.16	\$34,498.51	\$576,032.32	\$3,052.65
11/1/2038	\$37,551.16	\$34,671.00	\$541,361.32	\$2,880.16
5/1/2039	\$37,551.16	\$34,844.35	\$506,516.97	\$2,706.81
11/1/2039	\$37,551.16	\$35,018.58	\$471,498.39	\$2,532.58
5/1/2040	\$37,551.16	\$35,193.67	\$436,304.72	\$2,357.49
11/1/2040	\$37,551.16	\$35,369.64	\$400,935.08	\$2,181.52
5/1/2041	\$37,551.16	\$35,546.48	\$365,388.60	\$2,004.68
11/1/2041	\$37,551.16	\$35,724.22	\$329,664.38	\$1,826.94
5/1/2042	\$37,551.16	\$35,902.84	\$293,761.54	\$1,648.32
11/1/2042	\$37,551.16	\$36,082.35	\$257,679.19	\$1,468.81
5/1/2043	\$37,551.16	\$36,262.76	\$221,416.43	\$1,288.40
11/1/2043	\$37,551.16	\$36,444.08	\$184,972.35	\$1,107.08
5/1/2044	\$37,551.16	\$36,626.30	\$148,346.05	\$924.86
11/1/2044	\$37,551.16	\$36,809.43	\$111,536.62	\$741.73
5/1/2045	\$37,551.16	\$36,993.48	\$74,543.14	\$557.68
11/1/2045	\$37,551.16	\$37,178.44	\$37,364.70	\$372.72
5/1/2046	\$37,551.52	\$37,364.70	\$0.00	\$186.82
<b>Total</b>	<b>\$2,221,702.40</b>	<b>\$1,919,100.00</b>		<b>\$302,602.40</b>

**To:** 'James Bradley'

**Subject:** Water Conversation Plan

James – as you saw, I requested Merrick & Company to consider their ability to draft the necessary Water Conservation Plan and to determine an estimated timeline and cost for doing so. Their response was a 30-day turnaround time and estimated cost of \$5,000. Work here in Salida has evolved and is taking more of my time than I originally would have estimated and we are getting ready to enter into the hiring process for a permanent City Administrator so I don't want to jeopardize Burlington's ability to complete the Plan as prescribed by the December 1<sup>st</sup> deadline. Therefore, Burlington can either decide to accept the proposal by Merrick & Company and I'll proceed to getting a suitable Agreement for Services negotiated for your Council's consideration, or we can take an additional couple of weeks and solicit proposals from the three other firms that I have on my list that I believe can likewise do the work. Please let me know ASAP. Thanks!

Steve

## James Bradley

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**From:** STEVE RABE <stevengrabe@outlook.com>  
**Sent:** Wednesday, September 21, 2016 9:55 AM  
**To:** 'James Bradley'  
**Subject:** RE: Water Conversation Plan

My initial drafting of the plan, which was really just an in-depth rework on the water conservation measures the City already has in place, was deemed inadequate by CDPH&E who would prefer strict adherence with the provisions of C.R.S. 37-60-126. By Merrick & Company suggested, this opinion is subjective and will be based on their interpretation at the time of submittal.

No disrespect, but I don't think you could get the work done, especially by December 1<sup>st</sup>, even if I gave you everything that I've already knitted together. My estimate, when you, Kerry and I discussed it over dinner in Golden was between \$1,000 and \$2,000, so I don't think Merrick & Company's number is that far off. Even if you bid it out, I don't think the City will get it for much less than \$5,000 because of everyone's per hour charge, which is generally one-half of what I charge. I also don't think that the City wants to make CDPH&E unhappy with what they perceive as a "localized" effort in order to attempt to save money.

Ultimately, I do think that your Council has a right to decide, but I would send my caution any thoughts of burdening you or staff with this project.

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**From:** James Bradley [<mailto:james.bradley@burlingtoncolo.com>]  
**Sent:** Wednesday, September 21, 2016 9:40 AM  
**To:** 'STEVE RABE' <stevengrabe@outlook.com>  
**Subject:** RE: Water Conversation Plan

Steve I will discuss this with council, what are the parameters of designing such a plan. If the council ask me if I can design the plan, what is your suggestion?

**James Bradley**  
City Administrator  
City of Burlington  
415 15<sup>th</sup> St.  
Burlington, CO 80807  
[james.bradley@burlingtoncolo.com](mailto:james.bradley@burlingtoncolo.com)  
(P) 719-346-8652  
(F) 719-346-8397



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**From:** STEVE RABE [<mailto:stevengrabe@outlook.com>]  
**Sent:** Wednesday, September 21, 2016 8:30 AM

## ADMINISTRATOR'S UPDATE REPORT

TO: Mayor & Council  
From: James Bradley, City Administrator  
Date: 9/26/16

### Council Update Report:

The Audit will be presented to council on September 26<sup>th</sup>. Tim is scheduled to meet with Veronica and I the afternoon before the council meeting to discuss the audit.

Currently CIRSA is evaluating and building a policy for the payroll changes for the Police Department. We should have a policy to bring to council by the end of this month or one of the meeting in October.

Hutton Foundation Update in packet, please do not have open discussion on this topic without executive session.

Veronica continues to answer questions from the IRS audit, I will keep you informed on the completion date of this process.

We continue to work with the Power Authority, DOLA, and CDPH&E to execute the documents needed to fund the blending station. The tentative construction schedule is as follows:

<u>Work Item</u>	<u>Date</u>
Advertise Project	September 20, 2016
Open Bids	October 13, 2016
Award – Contract	October 14 – October 25, 2016
Construction – Schedule A	November 1, 2016 – June 20, 2017
Drill Well – Halde S.	November 10, 2016 – December 15, 2016
Construction, Schedule B	November 1, 2016 – June 30, 2017
Construction, Schedule C	November 1, 2016 – July 31, 2017
Start-up, Troubleshoot	July 31 – August 10, 2017

I am currently putting temporary numbers in the budget document to present to council at the October 3<sup>rd</sup> council work session. The 1<sup>st</sup> draft of the budget is due at the October 10<sup>th</sup> regular council meeting.

I have submitted the financial documents, please understand that some of these numbers are inaccurate. Please let me know if you have any questions about the documents.

We have been asked to allow the 2016 coffin races on 14<sup>th</sup> street in front of the Community Center on Oct. 29, 2016. We have also been asked to build and participate with our own coffin. I have included the documents that also outline sponsorship of the event as well. I will push this out until the Oct. 10<sup>th</sup> meeting, but wanted to make sure that the council had the documents for review.

# SPONSORSHIP OPPORTUNITIES

THIS IS AN ANNUAL FUNRAISING EVENT FOR "PRAIRIE FAMILY CENTER"

## PLATINUM SPONSOR-- \$5,000

- Primary logo on the top center of the Outback Race T-Shirt.
- Top mention in all media interviews.
- Top mention in all press releases.
- 2 Tables at event to promote your business (you must provide any material to showcase your business).
- 3 Banners at the event (you must provide the banners).
- Your sponsorship mentioned in all print material, posters, ads, etc.
- Continual mention by our emcees from the stage throughout the event.
- Be the lead coffin in the parade.

## GOLD SPONSOR--\$3,500

- Large logo on top right or left of the Outback Race T-Shirt.
- Continual mention from the event stage.
- Mention in all press releases.
- Mention in all media interviews.
- 2 Banners at the event (you must provide the banners).
- Sponsorship mention in all print materials, posters, ads, etc.
- 1 Table at the event to promote your company (you must provide any materials).

## SILVER SPONSOR--\$1,000

- 2 Banners at the event (you must provide the banners).
- Continual mention from the event stage.
- 1 Table at the event to promote your business (you must provide all material to showcase your business).
- Sponsorship mention in all print material, posters, ads, etc.
- Smaller version of your logo in the center of the Outback Race T-Shirt.

## BRONZE SPONSOR--\$500

- 1 Banner at the event (you must provide the banner).
- Continual mention from the event stage.
- Sponsorship mention in all print material, posters, ads, etc.
- Logo on back of the Outback Race T-Shirt.

## T-SHIRT SPONSOR--\$150

- Logo on Outback Race T-Shirt.

# OUTBACK COFFIN RUN SPONSORSHIP FORM

AN ANNUAL FUNDRAISING EVENT FOR "PRAIRIE FAMILY CENTER"

**WE THANK YOU FOR YOUR GENEROSITY**

YES I WOULD LIKE TO SPONSOR THE OUTBACK COFFIN RACE WITH MY DONATION OF:

\_\_\_\_\_ \$5,000

\_\_\_\_\_ \$3,500

\_\_\_\_\_ \$1,000

\_\_\_\_\_ \$500

\_\_\_\_\_ \$150

WITH ONE OF THESE DONATIONS YOUR LOGO WILL BE ON THE BACK OF THE OUTBACK RACE T-SHIRT.

PLEASE RETURN THIS FORM WITH YOUR NAME AND PHONE NUMBER SO WE CAN CONTACT YOU FOR MORE INFORMATION.

NAME: \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_

YOUR DONATION AND THIS FORM MAY BE SENT TO:

PRAIRIE FAMILY CENTER  
372 14<sup>TH</sup> ST  
BURLINGTON CO 80807

# OUTBACK COFFIN RUN ENTRY FORM

THIS IS AN ANNUAL FUNRAISING EVENT FOR "PRAIRIE FAMILY CENTER"

There is a \$50.00 Registration Fee per Team to enter!!!

Yes we want to enter the Outback Coffin Run!!!!

Our Entry Fee is attached!

We will mail the Entry Fee (Our form will be emailed or faxed)

PLEASE WRITE LEGIBLY

TODAY'S DATE \_\_\_\_\_

ORGANIZATION OR TEAM NAME \_\_\_\_\_

CONTACT PERSON \_\_\_\_\_

ADDRESS \_\_\_\_\_

DAYTIME PHONE \_\_\_\_\_ EVENING PHONE \_\_\_\_\_

EMAIL ADDRESS \_\_\_\_\_

\*NAMES OF 4 RUNNERS PLUS ONE ALTERNATE \_\_\_\_\_

\_\_\_\_\_

\*NAME OF COFFIN RIDER \_\_\_\_\_

\*If you don't have all of your team members yet, you may just enter TBD (To Be Determined)

**DROP OFF, MAIL, OR FAX YOUR COMPLETED FORM TO:**

Prairie Family Center: 372 14<sup>th</sup> Street, Burlington CO 80807

Telephone: 719-346-5398 Fax: 719-346-5428

REGISTRATION FORMS AND FEES MUST BE RECEIVED BY FRIDAY OCTOBER 21, 2016 BY NOON.

NO EXCEPTIONS! MAIL YOUR ENTRY FORM TO THE ABOVE ADDRESS, PAYABLE TO PFC.

Cancellations must be received one week in advance for you to receive your entry fee to be refunded! No refunds will be given after this or for "NO SHOWS" the day of the races!

# 2<sup>ND</sup> ANNUAL OUTBACK COFFIN RUN

THIS IS A FUNDRAISING EVENT FOR "PRAIRIE FAMILY CENTER"

**SATURDAY, OCTOBER 29, 2016**

10:00am Check In – PLEASE BE ON TIME

10:00am – 11:30am Tech Inspection and Pre Judging

12:00pm after the Parade of Coffins and Calcutta---Coffin Races Begin!!!!

All coffins must meet the following specifications. Coffins will be inspected prior to the race.

Coffins not meeting specifications will be disqualified at time of inspection.

1. Coffin Specifications:

Size – minimum 2 feet wide by 5 feet long.

Size – maximum 3 feet, 10 inches wide (46 inches), INCLUDING HANDLES, by 8 feet long.

There are NO minimum or maximum height specifications for the coffin or handles.

2. Each coffin must have 4 firmly attached wheels, attached in such a manner so that coffin will roll on all 4 wheels when propelled down the race course. Wheels are not to exceed 8" in diameter, including tires. Wheels must be within the overall dimensions of the coffin. Casters may be used. For safety and steering ability wheels or casters may rotate or swivel!
3. Ropes used for pulling coffins will not be permitted. Four handles must be securely attached to coffin. A push bar on the front & rear of the coffin instead of 2 handles will be permitted.
4. Functional steering mechanisms are prohibited.
5. Decorative projections will be allowed, not to exceed the maximum width and length of the coffin. Decorations may extend up without limitations.
6. All coffin riders must wear a helmet during the race. Protective gear for runners is recommended but not required.
7. The registration number MUST BE VISIBLE ON THE FRONT OF THE COFFIN. SAFETY IS IMPERATIVE!!!

Coffin race officials may disqualify any coffin if they feel it is dangerous.

**Please remember there are young families at this event so please use good judgement when picking a theme!!! Thank You!!!**

If you have questions please call Deena or Jordie at 346-5398, or Terri at 349-0164.

**Prairie Family Center, 372 14<sup>th</sup> ST., Burlington CO 80807**

# 2<sup>ND</sup> ANNUAL OUTBACK COFFIN RUN

## A FUNDRAISING EVENT FOR "PRAIRIE FAMILY CENTER"

OCTOBER 29, 2016

### RULES AND REGULATIONS

1. Each participating team shall provide a coffin conforming to specifications, which are attached. Race officials will inspect all coffins before race time. Coffins not passing inspection will not be allowed to race. Any questions or disagreements will be forwarded to the event official.
2. All participants must be age 18 or older, the rider, except for the Parade.
3. Each participating team will provide four runners (pushers) to propel the coffin. At least three of the four runners must be in direct contact with the coffin at all times during the race until the coffin has come to a complete stop after crossing the finish line. Any coffin that has less than three runners in direct contact with the coffin during the race will be deemed "out of control" and will be immediately disqualified. Changing runners or drivers during or between a heat including Winner's Heat, is prohibited. In case of injury, a race official shall be the authority to allow a substitute.
4. During the race, runners will keep their coffin in their own lane. Runners and/or coffins interfering with another runner and/or coffin as a result of leaving their own lane will be immediately disqualified. There is a median and yellow line ANY coffin that crosses over the yellow line are automatically disqualified. You may touch the yellow line with your feet or coffin but your coffin CAN NOT cross over the yellow line!
5. Each participating Team shall provide one "Rider" to ride in their coffin. All Riders must wear a helmet during the Coffin Race. All runners are encouraged to wear protective gear as well.
6. Each participant (Runners and Rider) must sign a "Hold Harmless Agreement" (an agreement which holds Prairie Family Center and or the City of Burlington harmless for any accidents or injuries) on the day of the race. Forms will be available during check-in.
7. All coffins, runners, and riders must be registered and in the staging area by 11:30 to compete. If you are NOT registered by 11:30am you will be considered a NO SHOW and your spot will be given to the next wait list team. Coffins, your entourage and riders will be judged from the stage during the parade. However, judges will be reviewing your team prior to the races in the staging area. It may be necessary to arrive earlier in order to prepare your coffin for the parade and judging. Participants are responsible for transporting their coffins to and from the race.
8. A Driver's Meeting will be held for all Contestants immediately following the judging. Attendance is Mandatory for at least one member from each team. The rules, regulations and parade procedures will be reviewed.
9. All participants must take part in the Parade of Coffins. The Parade starts with the media & sponsor teams then the Fire Department Teams. You must line up in the reverse order of your registration number. For example team 50 is first starting, this way when you return Teams 1 & 2 will be in the front of the staging area ready to race. The Event Director will begin the Parade at 12 Noon SHARP!!!
10. Protests can only be made by the race competitors. Protests must be directed to a race official within 10 minutes of the completion of the heat in question. Protests must be logical, reasonable, and based on sound evidence. Decisions of the race officials will be final!
11. Each heat will be run with two coffins. The coffin crossing the finish line with the fastest time will be designated the winner of that heat.
12. The coffins with the 4 fastest times from the qualifying heats will run in 2 final heats to determine the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> place winners. The 3<sup>rd</sup> and 4<sup>th</sup> fastest teams and 1<sup>st</sup> and 2<sup>nd</sup> fastest team will race against each other in these final races.
13. Every entrant and participant shall conduct themselves according to the highest standards of behavior and sportsmanship.
14. The race is approximately 1 block long.

**SPECIAL NOTE:** Nothing is to be distributed to the crowd by any participant in the parade. Doing so can create safety hazards for the racers and will result in disqualification. The parade will flow more smoothly if you keep your entourage to fewer than twelve people.

Prairie Family Center, 372 14<sup>th</sup> ST, Burlington CO 80807

THANK YOU SO MUCH FOR PARTICIPATING!!!!

## September 2016 Council Report- Old Town

- Community center maintenance assistant has started working at both locations and he is a great asset to us. Lorenzo and Tyson worked very hard trimming trees, cleaning out the maintenance shop, and spraying for weeds for us here. Their work is very much appreciated.
- Our gunfighters have been invited to perform at Boggsville fall festival on Oct 1<sup>st</sup>. This is great opportunity to hand out our brochures and invite people to visit Old Town and Burlington. The gunfighters have proven to be great brand ambassadors for both the City, and for Old Town and we plan to utilize them in off-season appearances as much as we can
- Again in September 3 unscheduled bus tour groups (All from USA Tours) came in addition to one scheduled bus tour group from Missouri (Mayflower Tours).
- We have sent out our candy/money donation letters for Old Town Ghost Town on Oct 29<sup>th</sup>. We generally bring in about \$1400 to pay for all of the candy we need for the event. We hand out 21,000 pieces of candy and have between 700-900 kids, plus their parents here for the event. Volunteers are also needed, and we will be sending those letters out in the next week.

Here is the YTD for the Museum thru 9/22/16:

MONTH	GIFT SHOP SALES	RENTALS	Group/Meal	GATE	TOTAL
JAN	\$547.95			52/\$262	\$809.95
FEB	\$833.42	\$100		25/\$142	\$975.42
MARCH	\$1,512.68			161/\$738.80	\$2,251.48
APRIL	\$2,060.51	\$40	\$2,377	215/\$931	\$5,376.01
MAY	\$7,040.84	\$650	\$3,860	1129/\$4,717.10	\$16,267.94
JUNE	\$5,026.77	\$1,200	\$1,710	841/\$3,689.80	\$11,626.57
JULY	\$5,795.00	\$1,986	\$985	966/\$4,513.80	\$13,079.80
AUGUST	\$3,804.00	\$700	\$2,050	780/\$3,742	\$10,296.00
SEPTEMBER	\$2,412.12	\$400	\$598	451/\$2,210	\$5,628.36
					\$66,311.53



340 S. 14<sup>th</sup> St Burlington, CO 80807 Tel:(719) 346-8918 Fax:(719) 346-8982 tyson.weisshaar@burlingtoncolo.com

## Burlington Activities Department

**September 21, 2016**

→ Fall activities are off and running. Currently we have Merrie David instructing soccer, gymnastics and dance. Both soccer and gymnastics are taking place on Fridays when school is not in session, while dance is taking place on Monday evenings. There are 19 participants in soccer, 37 participants in gymnastics, and 13 participants in dance.

→ Youth Council has begun as the school year has arrived. We have 74 members that have turned in applications and I'm sure we will pick up a few more in the next month or so. The youth council is preparing for our annual Trick-or-Treat So Kids Can Eat program, trip to Elitch Gardens, and the haunted house. Tentative dates are as follows: October 16 – trip to Elitch Gardens to tour haunted houses, October 23 – Trick-or-Treat So Kids Can Eat program, October 29 – Family-friendly Haunted House 3-5pm (in conjunction with Old Town Ghost Town), October 30 – Scary Haunted House 7-10pm.

→ Outback Arts Council kicked off the 2016-17 season on Saturday, September 17 with a performance by comic ventriloquist Joe Gandelman. There were roughly 125 in attendance. We brought in just shy of \$500 in admission at the door plus we sold some season tickets to newcomers. The next concert for OAC will feature Reckless Abandon which is a group from Denver. They cover over four decades of music ranging from country music to classic rock. This concert will be held on Saturday, October 15 at 7pm at the BHS auditorium. Concerts rounding out the 2016-17 season: 3 Guys 30 Instruments – New Odyssey Christmas (Dec. 16), Future Rhythm Quartet (Mar. 16). We will be meeting with our representative from Allied Concert Services on October 3<sup>rd</sup> to select our concerts for the 2017-18 season.

→ We recently hosted the annual local skills competition for the NFL Punt, Pass and Kick on Sunday, September 18. Although we had 22 registrations, only 15 showed up to participate. This event was free for boys and girls ages 6-15. The winners of the divisions for the local competition have qualified to compete in the sectional event to be held in Colby, KS on Saturday, October 15. We will recognize all the participants at halftime of the varsity football game on Friday, October 28.

→ Registrations have been ongoing for the annual Gift Gala (first Saturday in November) and the Craft Fair (first Saturday in December). As of now, we have 11 vendors (15 spaces) registered for the Gift Gala and 9 vendors (13 spaces) registered for the Craft Fair.

→ **Other Activities in the works:** Haunted House, Trick-or-Treat So Kids Can Eat, Gift Gala, Craft Fair, Breakfast with Santa

CITY COUNCIL MONTHLY REPORT  
BURLINGTON PUBLIC LIBRARY  
Monthly Report-September-2016

Della Yersin, Director

We have computers for public use – Our community takes advantage of this on a daily basis. Also, a computer that is ADA complaint with Zoom Text 9.1, Jaws 12.0 and Dragon naturally speaking.

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AspenCat can access over 1,379,400 books, cds, dvds and other items and more soon. AspenCat libraries now number 103 strong.

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Genealogy workshop (Twice a month)

Proctoring classes have started again.

Getting to the end of changing all the barcodes to 14 digit.

Wednesday, September 28<sup>th</sup> 9am – 10am - our library will host Lt. Governor Donna Lynne and staff, they will be touring the state to promote literacy and love of reading. Please take time to drop by and introduce yourself and promote our community.

Thanks,  
Della



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480 15th Street \* PO Box 423 \* Burlington, CO 80807 \* Phone 719.346.8353 \* Fax 719.346.8302

## **Council Report September 26th, 2016**

**Item 1: We received a donation of a 48 gun- gun safe.**

**Item2: Officer Nathaniel Ekberg received instructor Certification through the NTOA, National Tactical Officers Association to teach shotgun, patrol rifle and pistol for the department.**

**Item 3: Officer Nathaniel Ekberg and Sgt. Nate Hill also attended and received certification as instructors for KRAV MAGA. This is a hand to hand combat fighting technique used in Israel.**

**The class was \$1000.00 per student, plus rooms and meals. We received the training for free, and both officers stayed with family in the Front Range so the department only paid wages and food.**

*" To Serve and Protect "*

## ECONOMIC DEVELOPMENT REPORT FROM ROL

As you are all aware of, the new Fairfield Inn is now open. I have taken a tour of the facility and it is beautiful. There are 78 rooms, an indoor pool, exercise center. It is a beautiful and I would encourage all of you to take a small amount of your time and go and check it out.

A great addition to our community.

I am in the process of talking to two individuals in regard to establishing new businesses in Burlington. One would be a huge boost to Burlington as total employment could be approximately 40. The other would be smaller but with a huge potential to grow.

I cannot relate any more details to you at this time as the talks are on a confidential basis. As soon as it is possible, I will provide additional information.

Included with this monthly report is the result of the economic impact of construction and operation of a retail supercenter in Burlington. It was prepared for us by Gary Horvath and was funded by the Economic Development Council of Colorado and the governor's office of Economic Development and International Trade.

This report is the result of the meeting we had with the Lieutenant Governor and other government officials in Burlington.

While the report is certainly helpful, we need additional information. I have visited with Meridith Marshall of the office of Economic Development and International Trade in regard to getting a study that would be extremely helpful when we are talking to King Soopers and Safeway.

We need to have numbers that will show the potential of a new superstore. In short, what are the projections in regard to the potential profit. Is it enough to warrant an expenditure of \$25,000,000 to \$35,000,000?

All of us feel certain the business is out there when you consider you would draw from three counties in Colorado and three in Kansas.

The survey would tell us if we are correct and if we are, a huge selling point in our attempts to get a superstore.

A study of this nature is very expensive....could run as high as \$25,000. Meridith and I will be visiting with the Department of Local Affairs to see if they would consider funding the study. I have already informed them we do not have the funds to pay for it.

As we all know, after drops following new criminal justice laws throughout the United States, incarceration rates are beginning to rebound. This could be potential good news for us in regard to the Kit Carson Correctional Facility.

Overall the percentage of American adults under correctional supervision declined 14 percent from 2007 to 2014, according to a Pew Charitable Trusts analysis of federal Bureau of Justice statistics. Prison rates dropped in most of the 30 states that passed laws to curtail prison growth.

As an example: the prison population in Ohio dropped after lawmakers overhauled state sentencing laws in 2011, but it has rebounded this year to nearly 51,000, just shy of the record, according to state figures.

"We've done all of these things, but because of the spike in heroin, we have this uptick," said Sen. Bill Seitz, a Republican who has led an effort to halt prison growth in Ohio.

Heroin is a huge problem that is growing by leaps and bounds throughout the United States.

I am sure we all agree we need to continue to concentrate our efforts with the governor's office, the state legislature and Corrections Corporation of America to make every effort to assist to get back open.

In closing, I have to relate to you I was shocked at the opening day school enrollment in the Burlington schools. We had an increase of 15 students over last year. When you consider there were 53 students in our school system whose parents (either one or both) worked at the Kit Carson Correctional Facility, one would have assumed we would lost a minimum of 20 students.

I was astounded...however, truly great news!

**Economic Impact of Construction and Operation of  
Retail Supercenter on Kit Carson County**

**Conducted for  
Burlington Economic Development Corporation**

**August 2016**

**Primary Funding Provided  
by the Economic Development Council of Colorado  
and the Governor's Office of Economic Development and International Trade**

**Prepared by Gary Horvath for EDCC**



## Key Findings

### Construction and Operation of Retail Supercenter on Kit Carson County

*This report measures the economic activity of a construction project to build a retail supercenter in Burlington. It will also measure the economic activity associated with the operation of the supercenter and identify intangible benefits of the new facility.*

Construction Impact on Kit Carson County - 2017	Operations Impact on Kit Carson County- 2018
<p><u>Direct Jobs Construction</u> 2017 - \$25 million project</p> <p style="text-align: center;"><b>300 FTE employees</b></p> <p><u>Total Jobs Construction</u> 2017 - \$25 million project</p> <p style="text-align: center;"><b>346 FTE employees</b></p>	<p><u>Direct Operations Output</u> 2017 - \$25 million project</p> <p style="text-align: center;"><b>\$25.0 million</b></p> <p><u>Total Construction Output</u> 2017 - \$25 million project</p> <p style="text-align: center;"><b>\$31.0 million</b></p>
<p><u>Direct Operations Output</u> 2018 - \$25 million sales</p> <p style="text-align: center;"><b>77 FTE employees</b></p> <p><u>Total Operations Jobs</u> 2018 - \$25 million sales</p> <p style="text-align: center;"><b>86 FTE employees</b></p>	<p><u>Direct Operations Output</u> 2018 - \$25 million sales</p> <p style="text-align: center;"><b>\$4.3 million</b></p> <p><u>Total Operations Output</u> 2018 - \$25 million sales</p> <p style="text-align: center;"><b>\$5.3 million</b></p>

#### Why the Proposed Project is Important to Kit Carson County

The supercenter will add value to the community in ways that extend beyond the economic activity associated with the construction, operation, and maintenance of the facility. It will:

- Provide short-term construction employment.

- Provide convenient shopping to locals, which will result in additional shopping with other local merchants.
- Reduce sales leakage.
- Increase tourism traffic and be an attraction for shoppers from neighboring communities.

## **Project Overview**

### **Economic Impact of the Construction and Operation of a Retail Supercenter on Kit Carson County**

- Purpose of Project
- Methodological Notes
- IMPLAN Data
- Assumptions
- Metrics for Colorado and Kit Carson County - All Industries
- Construction of Retail Supercenter
- Impact of Operation of Retail Supercenter 2018
- Other Impacts
- Key Findings

## **Appendix**

- Measurement of Economic Activity
- Definitions
- About the EDCC Economic Impact Analysis Program

## Economic Impact of Proposed Construction and Operation of a Retail Supercenter on Kit Carson County

### Purpose of Project

The purpose of this study is to provide an unbiased third-party assessment of the economic impact of the construction of a supercenter on Kit Carson County.

In addition, it will measure the economic activity associated with the operation of the supercenter. This report can be used with other analyses and information to provide a comprehensive overview of the value of the retail supercenter to the community.

### Methodological Notes

The study uses IMPLAN industry category 34, Construction of New and Nonresidential Commercial and Health Care Facilities, to estimate the impact of the construction of the facility.

In addition, it will estimate the economic impact of the supercenter by using the IMPLAN industry category 329, General Merchandise. This category was selected because a supercenter includes a wider range of products than a grocery store.

These categories (34 and 329) were recommended as the most appropriate for the study by the staff at IMPLAN.

This analysis uses the IMPLAN 2012 model data and follows acceptable industry and IMPLAN guidelines for measuring economic activity within a defined geographic area.

### IMPLAN Data

There is always a lag in the publication of data and the calculation and release of new multipliers. For the purposes of this study, it is reasonable to use the IMPLAN 2012 data because multipliers typically do not change significantly from year to year.

The primary sources of IMPLAN data are the Bureau of Economic Analysis (BEA) and the U.S. Census Bureau. It should be noted there may be differences between BEA, Census, and data produced by the Bureau of Labor Statistics (BLS). All three agencies provide credible data. The differences arise because of different methodologies in calculating data and definitions. Two noticeable areas of difference are labor (number of employees) and average household income.

### **Assumptions**

This section looks at the assumptions for Construction and the operation. Local assumption about the project costs and gross revenues from operations were derived from industry data and were provided by BEDC.

### **Construction**

The supercenter would be built in Burlington in view of I-70 and will have easy access to I-70. Two scenarios will be considered, based on the size of the facility:

- Scenario I – Construction costs = \$18 million.
- Scenario II – Construction costs = \$25 million. This is considered the most likely scenario.

The IMPLAN data includes labor, materials, and design. It does not include the cost of the land or capital expenditures on Furniture, Fixtures, and Equipment (FFE).

It is assumed the construction of the building will take 6 to 12 months, it will occur in 2017, and it will be completed by the end of the year.

### **Operations**

The impact of the supercenter will be measured for one year, its first year of operations (2018). It is likely the impact of the center will increase in successive years as it prevents leakage and outside the local economy and it attracts additional business from neighboring communities.

Two scenarios will be considered, based on the size of the facility:

- Scenario I - Operations Gross Sales = \$15 million. This is considered the most likely scenario.
- Scenario II - Operations Gross Sales = \$25 million.

The most likely scenario is that gross sales from operations will be \$15 million in 2018.

**Metrics for Colorado and Kit Carson County - All Industries**

This section compares basic metrics from the IMPLAN database for Colorado and Kit Carson County.

The data shows that Kit Carson County is a large-to-medium sized county geographically, but small in terms of it is population compared to most other counties. The workforce is small and less diversified than the state. Average employee compensation and household income are less than the average for the state.

Reminder: The IMPLAN model uses BEA data. Its definitions of average household income and employment are different from BLS data, which is more frequently used in the media.

The subsequent analysis will show that the economic impact of the construction project and operation of the supercenter is small compared to economic activity in the state, but significant to Kit Carson County for a variety of reasons.

Colorado Metric	Value	Kit Carson County Metric	Value
Colorado GRP/Value Added	\$293,324,385,295	GRP/Total Value Added	\$387,407,951
Output	\$488,356,072,817	Output	\$1,008,275,411
Total Personal Income	\$234,142,300,000	Total Personal Income	\$339,532,400
Total Employment	3,235,493	Total Employment	5,596
Number of Industries	405	Number of Industries	105
Land Area (Sq. Miles)	103,729	Land Area (Sq. Miles)	2,161
Population	5,187,582	Population	8,094
Total Households	2,174,724	Total Households	3,565
Average Household Income	\$107,665	Average Household Income	\$95,252
Employee Compensation	\$155,391,233,191	Employee Compensation	\$,643,635,606
<b>Source: IMPLAN</b>		<b>Source: IMPLAN</b>	

**Construction of Retail Supercenter**

This section will look at two construction scenarios for the retail supercenter. This impact occurs only once - in 2017.

- Scenario I - Construction costs = \$18 million.
- Scenario II - Construction costs = \$25 million.

**Scenario I** - The total economic activity of the construction project during 2017 is slightly more than \$22.3 million. The project will support 249 total workers with \$5.3 million in wages and \$6.7 million in total value added.

The direct impact is 216 workers and \$18.0 million in output. The project will support 33 indirect and induced workers with indirect and induced output of \$4.3 million.

**Construction Scenario I - 2017 - \$18,000,000**

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	216	\$4,164,040	\$4,408,552	\$18,000,000
Indirect Effect	19	\$752,124	\$1,427,138	\$2,819,573
Induced Effect	14	\$362,548	\$907,509	\$1,516,347
<b>Total Effect</b>	<b>249</b>	<b>\$5,278,712</b>	<b>\$6,743,200</b>	<b>\$22,335,920</b>

Source: IMPLAN Model Output

**Scenario II** - The total economic activity of the construction project during 2017 is slightly more than \$31 million. The project will support 346 total workers with almost \$7.3 million in wages and \$9.3 million in total value added.

The direct impact is 300 workers and \$25.0 million in output. The project will support 46 indirect and induced workers with indirect and induced output of \$6.0 million.

**Construction Scenario II - 2017 - \$25,000,000**

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	300	\$5,739,004	\$6,075,998	\$25,000,000
Indirect Effect	27	\$1,044,616	\$1,982,137	\$3,916,074
Induced Effect	19	\$500,266	\$1,252,238	\$2,092,350
<b>Total Effect</b>	<b>346</b>	<b>\$7,283,886</b>	<b>\$9,310,373</b>	<b>\$31,008,423</b>

Source: IMPLAN Model Output

### Impact of Operation of Retail Supercenter Overview

This section will look at two scenarios for economic activity associated with gross revenue from the operation of the retail supercenter. These scenarios will be calculated for 2018, the first year of operation after it has been built.

- Scenario I - Gross revenue= \$15 million.
  - Scenario II - Gross Revenue = \$25 million.
- In both scenarios, the economic impact is derived from the margin, not the gross revenue.

**Scenario I** - With \$15 million in gross revenue, the total economic activity of the operation during 2018 is almost \$5.3 million. The project will support 86 total workers with \$1.9 million in wages and \$3.4 million in total value added.

The direct impact is 77 workers and \$4.3 million in output. The project will support 9 indirect and induced workers with indirect and induced output of slightly more than \$1.0 million.

Impact of Operations Gross Revenue 2018 Scenario I - \$15,000,000

Impact Type	Employment	Labor Income	Total Value Added	Total Output
Direct Effect	77	\$1,677,165	\$2,818,288	\$4,272,913
Indirect Effect	4	\$128,401	\$255,010	\$454,999
Induced Effect	5	\$133,048	\$333,222	\$556,852
Total Effect	86	\$1,938,614	\$3,406,519	\$5,284,764

Source: IMPLAN Model Output

**Scenario II** - With \$25 million in gross revenue, the total economic activity of the operation during 2018 is almost \$8.6 million. The project will support 140 total workers with \$3.3 million in wages and \$5.7 million in total value added.

The direct impact is 125 workers and \$6.9 million in output. The project will support 14 indirect and induced workers with indirect and induced output of almost \$1.7 million.

Impact of Operations Gross Revenue 2018 Scenario II - \$25,000,000

Impact Type	Employment	Labor Income	Total Value Added	Total Output
Direct Effect	125	\$2,822,002	\$4,742,059	\$6,900,000
Indirect Effect	6	\$207,344	\$411,796	\$734,743
Induced Effect	8	\$223,225	\$559,071	\$934,271
Total Effect	140	\$3,252,571	\$5,712,925	\$8,569,013

Source: IMPLAN Model Output

### Other Impacts

In addition to the economic benefits mentioned above, tax revenue is generated and there are other intangible benefits. The tax revenue is included as part of the previous analysis.

*Sales Tax Revenue* -- The sales tax rate for Burlington is 2.9% for the town and 2.0% for the state of Colorado. IMPLAN has estimated the sales taxes associated with the construction project to be about \$305,000. The sales tax on gross revenue from operations in 2018 will be about \$439,000.

*Property Tax Revenue* - The Kit Carson County Assessor has indicated that the effective rate for property taxes is 2.31%. Based on that information the property taxes would be about \$600,000.

*Intangible benefits* - There are also intangible benefits associated with the construction of the facility.

- The construction project would provide short-term employment for locals and business for qualified subcontractors.
- The retail supercenter would be a convenience to locals. It would allow them to use their time more efficiently because they can shop locally.
- The supercenter would reduce sales leakage outside the county because more residents would shop locally. In turn, this would increase sales at other local businesses, which in turn would increase local tax revenues.
- The supercenter will be strategically located to make it more attractive to tourists and shoppers from within a 60 mile radius of Burlington. Their purchases will support local businesses and increase the local tax base.

## Key Findings

This study provides an assessment of the economic impact of the proposed construction of a retail supercenter on Kit Carson County. The study looked at the impact of the construction of the facility as well as the economic activity associated with the operations of the proposed facility. This report can be used with other information to provide a comprehensive overview of the feasibility of the project.

The study looked at two scenarios for the construction project:

- Scenario I - Construction costs = \$18 million.
- Scenario II - Construction costs = \$25 million.

Scenario II is most likely.

- Scenario I - Operations Gross Sales = \$15 million.
- Scenario II - Operations Gross Sales = \$25 million.

Scenario I is most likely. The following summary is based on the findings of the two most likely scenarios.

The key construction findings (2017) of the report are:

- The project will support 300 direct construction-related employees for 6-12 months.
- The project will support 346 total employees for 6-12 months (direct, indirect, induced).
- The direct impact of the project will be almost \$25 million.
- The total economic benefit of the project to Kit Carson County will be \$31.0 million.

The construction phase of this project would provide a short term boost to the Kit Carson County economy.

The key operation findings of the economic benefits of the retail supercenter for 2018 are:

- The supercenter will support 77 direct employees.
- The supercenter will support 86 total employees (direct, indirect, induced).
- The direct benefit of the supercenter will be \$4.3 million.
- The total benefit of the supercenter will be \$5.3 million.

The key fiscal benefits of the construction and operation of the supercenter are:

- Sales tax from construction (2017) - \$305,000.
- Sales tax from operations (2018) - \$439,000.
- Property tax from operations (2018) \$600,000.

The key intangible benefits of the project are:

- It will provide short-term employment for construction workers.
- It will be a convenience to locals, which will result in additional shopping with other local merchants.
- It will reduce sales leakage.
- It will increase tourism traffic and be an attraction for shoppers from neighboring communities.

In summary, the project will provide both economic and social benefits to Kit Carson County.

City of Burlington  
Kit Carson Correctional Center  
Contract Monitor  
Monthly Report September 2016  
Norma H. Pankratz

### Governors Office

I have been working with Rebecca in the governor's office on additional financial information that she has requested. A copy of the Schedule 13 Funding Request for the Fy 2017- 18 Budget Cycle is attached along with this report.

I contacted both Senator Sonnenberg and Representative Becker requesting additional information on this Mitigation Plan, FY 2016-2017 Supplemental Request. At the time I am writing this report, I haven't heard back from them.

Following the receipt of the attached plan, I received another request from Rebecca concerning the total utilities. I forward this request to James as well as Rol. The City responded to Rebecca with the information very quickly. The request came in on a Friday afternoon and early Monday morning I received another email asking about the information. Rebecca was needing the information ASAP. The City emailed them the information that same day.

Norma Pankratz, Contract Monitor City of Burlington

**Schedule 13**

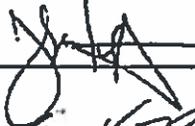
**Funding Request for the FY 2017-18 Budget Cycle**

**Department of Local Affairs**

**Request Title**

**1331 Kit Carson Mitigation Plan**

Dept. Approval By: \_\_\_\_\_



Supplemental FY 2016-17

OSPB Approval By: \_\_\_\_\_



Change Request FY 2017-18

Budget Amendment FY 2017-18

Summary Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$30,000	\$685,446	\$30,000	\$0	\$0
FTE		0.0	0.0	0.0	0.0	0.0
GF		\$0	\$685,446	\$0	\$0	\$0
CF		\$30,000	\$0	\$30,000	\$0	\$0
RF		\$0	\$0	\$0	\$0	\$0
FF		\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2016-17		FY 2017-18		FY 2018-19
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$30,000	\$685,446	\$30,000	\$0	\$0
FTE		0.0	0.0	0.0	0.0	0.0
GF		\$0	\$685,446	\$0	\$0	\$0
CF		\$30,000	\$0	\$30,000	\$0	\$0
RF		\$0	\$0	\$0	\$0	\$0
FF		\$0	\$0	\$0	\$0	\$0

CF Lettermote Text Revision Required?	Yes	No	<input checked="" type="checkbox"/>	If Yes, see attached fund source detail.
RF Lettermote Text Revision Required?	Yes	No	<input checked="" type="checkbox"/>	
FF Lettermote Text Revision Required?	Yes	No	<input checked="" type="checkbox"/>	
Requires Legislation?	Yes	No	<input checked="" type="checkbox"/>	
Type of Request?	Department of Local Affairs Prioritized Request			
Interagency Approval or Related Schedule 13s:	None			



### ***Cost and FTE***

- To minimize impact of the closure of Kit Carson Correctional Center, the Department of Local Affairs requests an emergency supplemental appropriation of \$685,446 General Fund for (4) Division of Local Government (B) Field Services, Other Local Government Grants.

### ***Current Program***

- Between June 30, 2015 and June 30, 2016, the Colorado total inmate jurisdictional population declined by 1,004 offenders, from 20,623 to 19,619.
- The State does not guarantee a minimum number of beds to private correctional facilities.

### ***Problem or Opportunity***

- In the recent legislative session, the General Assembly included \$3.0 million in the FY 2016-17 Long Bill to address "External Capacity Sustainability." The intent of this appropriation was to prevent a closure of KCCC.
- Negotiations with KCCC's owner, Corrections Corporation of America (CCA), ended with the finding that the \$3.0 million would be insufficient to achieve a full year of continued operation.
- Therefore, as of July 31, 2016, KCCC had no offenders on site.

### ***Consequences of Problem***

- The facility's closure will impact the community beyond the loss of payroll for previous employees.
- CCA's payments to Kit Carson County provided approximately 10% of the county's total tax revenue.
- The loss of expected revenue for a year that is already budgeted would negatively impact Kit Carson County and Burlington and the level of services that could be provided.

### ***Proposed Solution***

- To minimize impact of the closure of Kit Carson Correctional Center, the Department of Local Affairs requests an emergency supplemental appropriation of \$685,446 General Fund for (4) Division of Local Government (B) Field Services, Other Local Government Grants.
- Through the regular supplemental process, the \$685,446 General Fund will be transferred from the Department of Corrections' (B) External Capacity Subprogram, External Capacity Sustainability line.
- \$685,446 is the three year average amount of utilities and per inmate per diem revenue from CCA.
- OSPB will submit an additional budget request for lost property taxes.



**COLORADO**  
 Department of Local Affairs

John W. Hickenlooper  
 Governor  
 Irv Halter  
 Executive Director

FY 2016-17 1331 Supplemental | September 19, 2016

*Department Priority:*  
*Request Detail:* Kit Carson Mitigation Plan 1331 Supplemental

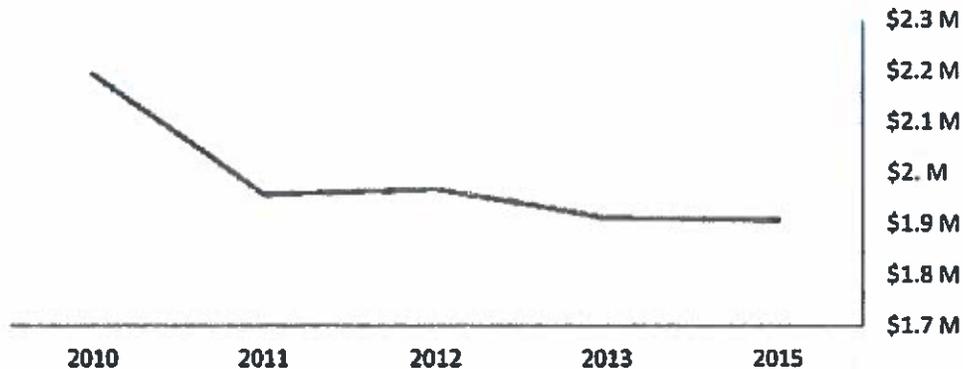
Summary of Incremental Funding Change for FY 2016-17	Total Funds	General Fund
Kit Carson Mitigation Plan Supplemental	\$685,446	\$685,446

**Problem or Opportunity:**

Between June 30, 2015 and June 30, 2016, the Colorado total inmate jurisdictional population declined to 19,619, a drop of 1,004 offenders. Because external private beds assist with the overflow of inmates from State facilities, the operational sustainability of the Kit Carson Correctional Center (KCCC) declined with the loss of both Colorado and Idaho offenders. In the recent legislative session, the General Assembly included \$3.0 million in the FY 2016-17 Long Bill to address "External Capacity Sustainability." The intent of this appropriation was to prevent a closure of KCCC. Negotiations with KCCC's owner, Corrections Corporation of America (CCA), ended with the finding that the \$3.0 million would be insufficient to achieve a full year of continued operation. Therefore, as of July 31, 2016, KCCC had no offenders on site. Offenders were moved to other facilities throughout the state, including Bent County Correctional Facility and Crowley County Correctional Facility, also owned by CCA. At the time of closure, the prison had 142 employees, some of whom will transfer to other CCA facilities.

The facility's closure will impact the community beyond the loss of payroll for previous employees. While there are new businesses opening, there will still be a decline in revenue for utilities and special districts and there will no longer be per diem payments to the city of Burlington. CCA's property taxes provided approximately 10% of the county's total tax revenue. CCA paid Burlington 25 cents per inmate per day. The chart below shows the annual tax and payments to Kit Carson County and the City of Burlington from CCA, equaling \$1.9 million in 2015.

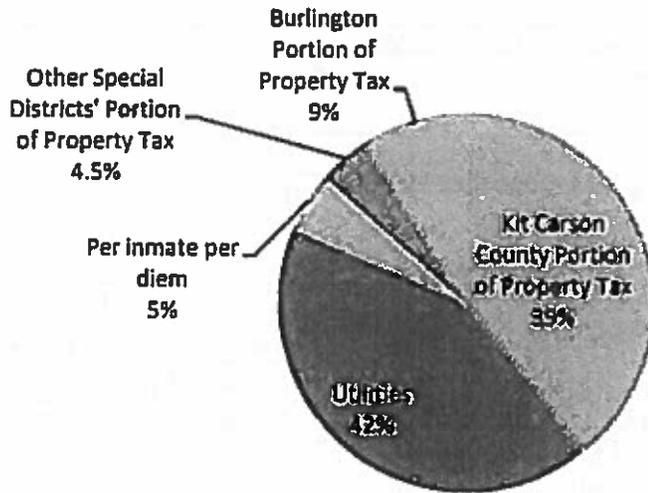
**Annual Tax and Payments to Kit Carson County and Burlington from CCA**





The following chart shows the revenue breakdown by category, excluding school district payments. Utilities make up the largest share of revenue that was paid by CCA.

### 2015 Revenue Makeup from CCA



At the present time, our understanding from Kit Carson County officials is that CCA will still pay its property taxes for tax year 2016; however, utilities revenue for calendar year 2016 will dip and in 2017, be significantly lower. Since there are no longer offenders in KCCC, Burlington will not receive the per diem inmate payment. Utilities revenue from CCA for January through July 2016 totals \$319,749. The loss of expected revenue for a year that is already budgeted would negatively impact Kit Carson County and Burlington and the level of services that could be provided.

**Proposed Solution:**

To minimize impact from the facility closure, the Department of Local Affairs requests an emergency supplemental appropriation of \$685,446 General Fund for (4) Division of Local Government (B) Field Services, Other Local Government Grants. Through the regular supplemental process, the \$685,446 General Fund will be transferred from the Department of Corrections' (B) External Capacity Subprogram, External Capacity Sustainability line. \$685,446 is the three year average amount of utilities and per inmate per diem revenue from CCA. The table below shows how the funds would be used.

Utilities	\$ 614,468
Per inmate per diem	70,978
<b>Total</b>	<b>\$ 685,446</b>

After the closure was announced, state cabinet officials met with officials of Burlington and Kit Carson County to listen to priorities from the community and ways they could help. In addition to the funding proposed here, the Office of Economic Development and International Trade (OEDIT) is contributing resources it has based on discussions at the meeting. OEDIT is completing an economic impact study for



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Burlington if new business was to move in. In late September, the Tourism Office will be sending tourism industry experts to look at the assets of Burlington and provide recommendations. OSPB will submit an additional budget request for lost property taxes.

### **Anticipated Outcomes:**

This mitigation plan will give the County and City time to address the loss of revenue due to the closure of KCCC and sustain the current level of services.

### **Assumptions and Calculations:**

Kit Carson County and Burlington provided revenue data from CCA that was used to calculate the three year average revenue amount, which equals \$685,446.

	2013	2014	2015	3 year avg
Utilities*	\$ 618,345	\$ 603,675	\$ 621,384	\$ 614,468
Per inmate per diem**	71,175	64,792	76,968	70,978
<b>Total</b>	<b>\$ 689,520</b>	<b>\$ 668,467</b>	<b>\$ 698,352</b>	<b>\$ 685,446</b>

\*Utilities calculation for January-April of 2013 is an estimate.

\*\*Per inmate per diem for 2015 is an estimate.

The City of Burlington is only required to keep three years of utility billing in the system and provided utilities data from April 2013 through July of 2016. First, monthly averages were calculated for each of the twelve months. January through April amounts were calculated based on 2014-2016 data. Once the monthly average for each month was calculated, those amounts were used to fill in the gap months' amounts for January through April of 2013. To estimate the annual tax and payments from CCA, the average yearly amount was used for utilities: \$614,468.

For the 2015 per inmate per diem calculation, the county provided bi-weekly daily count report information for the calendar year, separated into Idaho and Colorado offenders. The average was taken for each state's offenders and multiplied by \$0.25 and 365. Then these two sums were added. Idaho had a rounded average of 209 inmates in 2015; Colorado, 635.

$$208.84 * \$0.25 * 365 = \$19,057 \quad 634.64 * \$0.25 * 365 = \$57,911 \quad \$19,057 + \$57,911 = \$76,698$$

### **Supplemental, 1331 Supplemental or Budget Amendment Criteria:**

Kit Carson Correctional Center closed July 31, 2016. Since the General Assembly had appropriated \$3 million to keep the facility open in FY 2016-17, the closure is an unforeseen circumstance. The loss of revenue is about 10% of the total revenue Kit Carson County receives, and would require levels of service to be reduced in the current year. This needs to be addressed prior to the 2017 legislative session in January in order for the county and city to keep services at the same level for FY 2016-17.