

**TOWN OF LAKE CITY BOARD OF TRUSTEES
LAKE CITY, HINSDALE COUNTY, COLORADO**

February 4, 2015

Coursey Meeting Room
311 N. Henson St.
Lake City, Colorado

**REGULAR MEETING AGENDA
7:00 p.m.**

CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES – January 21, 2015**

BILLS PAYABLE**

EMPLOYEE REPORTS – Mayor, Town Manager**, Recreation Director**, Public Works Director**,
Town Clerk **, Building Official, Historic Preservation Officer, Sheriff (via email)

TRUSTEE REPORTS

CORRESPONDENCE RECEIVED

CITIZEN COMMUNICATIONS

ADDITIONS TO AGENDA

ACTION ITEMS

1. Approve hiring Holscher, Mayberry & Company, LLC for Lake City Annual Audit 2014-2019. Action: Approve proposal and authorize Clerk negotiate contract, ask for revisions, or instruct staff to go out for additional proposals (Town Clerk)**
2. Ordinance 2015-03: An Ordinance of the Town of Lake City, approving a loan from the Colorado Water Resources and Power Development Authority in a principal amount not to exceed \$500,000; authorizing the form and execution of the loan agreement and a governmental agency bond to evidence such loan; and prescribing other details in connection therewith. Action: Motion to approve ordinance as proposed, with revisions, or direct Town Attorney and Town Manager to revise. (Town Manager)**
3. Ordinance 2015-04: An Ordinance of the Town of Lake City, repealing and reenacting Chapter 16, Water and Sewer Systems, of the Lake City Municipal Code. The proposed ordinance cleans up and consolidates various amendments to the original Chapter 16

ordinance that was adopted in 1989. The proposed ordinance also provides for a change in service charge rates and billing frequency. Action: Motion to approve ordinance as proposed, with revisions, or direct Town Attorney and Town Manager to revise. (Town Manager)**

4. Board discussion and action to approve a 3% raise for the County building inspector per existing contract. Action: Motion to approve, or decline to approve. (BOT)**

**Information included in Packet

APPROVAL OF MINUTES – January 21, 2015

CORRESPONDENCE RECEIVED

From: William Bowling [mailto:bowlingusmc@outlook.com]
Sent: Thursday, January 29, 2015 5:50 PM
To: leslielusmire@townoflakecity.co
Subject: Water/ sewer Bill

My wife Lori and I own the property at 701 and 703 Gunnison Ave. I have been coming to lake city for the summers since 1978 and my wife and I since 1988. We are not wealthy Texans like many of the other summer residents. We scrimp and scrap every year to pay the taxes and bills so we can come up in the summer and enjoy Lake City. I would hope that your city has some way to lessen our burden. We are only there three or four months in the summer. We don't mind paying for water and sewer but \$1920 a year for three months service is robbery. Is there a program for summer residents like a meter fee, for the 8 or 9 months we have our water turned off. If the City cannot come up with some option this will probably be the straw that broke the camels back. We will find another place in Colorado to visit each year.

William Bowling

Molon Labe

1. Approval of hiring Holscher, Mayberry & Company, LLC for Lake City Annual Audit 2014-2019 Proposal. Action: Approve proposal and authorize Clerk negotiate contract, ask for revisions, or instruct staff to go out for additional proposals (Town Clerk)**

**TOWN OF LAKE CITY
REQUEST FOR PROPOSAL**

**AUDIT SERVICES
December 31, 2014
and subsequent four years**

OFFERED BY:

**HOLSCHER, MAYBERRY & COMPANY LLC
8310 South Valley Highway, Suite 300
Englewood, Colorado 80112
(303) 993-2199
Fax (720) 633-9763
E-mail tpmayberry@hmcpcas.biz**

**CONTACT PERSON:
Tim Mayberry, CPA
Principal**

**DATE
December 5, 2014**

**TOWN OF LAKE CITY
PROPOSAL
AUDIT SERVICES 2014**

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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

December 5, 2014

Town of Lake City
Attn: Deborah Bendinelli
P.O. Box 544
230 Bluff Street
Lake City, CO 81235

Dear Ms. Bendinelli:

We are pleased to respond to your inquiry for auditing services for the Town's for the year ended December 31, 2014 with optional renewals for the subsequent four years. We base our proposal on our knowledge of your Town from the information you have provided, and our general knowledge of municipal and other local government audits in the state.

UNDERSTANDING OF THE WORK TO BE PERFORMED

Holscher, Mayberry & Company, LLC will audit the basic financial statements for the year ending December 31, 2014, with optional renewals for the subsequent four years. This audit will be done 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 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, as necessitated.

The financial statements of the Town are the responsibility of the Town's management. It is our responsibility to express an opinion on the financial statements based on our audit.

All our audit procedures will comply with the legal requirements of the Colorado statutes for audits of local governmental units. Our audit will be in accordance with generally accepted auditing standards and will include tests of the accounting records and other such auditing procedures as we consider necessary to express an opinion on the financial statements.

We do not contemplate a detailed audit of all transactions nor do we expect that we will necessarily discover fraud, should any exist. We will, however, inform you of any finding that appears unusual or abnormal.

As a normal part of the auditing process, we will review the internal accounting structure, as well as review your overall financial operation.

MANAGEMENT LETTER

After our audit field work is complete, we will prepare a draft "management letter" to be submitted to management. The philosophy of this letter is to address policy issues and pertinent findings and offer some suggestions on how the financial operations can be improved. The tone of this communication will be affirmative. Although corrections may need to be made, the letter will focus on how the changes can easily be made.

COMMITMENT TO PERFORM THE AUDIT

Because of the extensive amount of governmental audits performed by the firm, we are aware of the unique time constraints related to audit submission and, accordingly, the audit would be performed to meet the time schedule of the Town's and the requirements of the State Auditor's Office.

BACKGROUND AND QUALIFICATIONS

Holscher, Mayberry & Company, LLC is a Colorado CPA firm with offices in Englewood, Colorado. Auditing comprises 95 percent of our practice and of this amount; the majority is for governmental and not-for-profit entities.

We are a solid, well-respected professional firm. We have both large regional CPA firm experience, as well as smaller firm experience which together provide an optimum combination of firm expertise with local firm personalized service.

Holscher, Mayberry & Company, LLC strives to provide a senior management contact with our clients. Major portions of the audit will be performed by the partners of the firm. This unique audit approach allows us to place the best, most experienced people in the field where the problems and issues arise. We employ only experienced CPAs with several years of experience. These philosophies allow us to provide the best quality audit and maintain reasonable prices due to improved efficiencies.

Our firm concentrates in audits of governmental clients; we have become very knowledgeable and have developed software approaches that benefit the audit process. We have assisted audit clients in the areas of accounting and system design, budgetary questions, forecasts, TABOR implications, data processing feasibility studies, and software specification. We also help our clients stay up-to-date with recent tax law changes and regulations.

In addition, because of our background, we can provide valuable consultation on general day-to-day operational problems that local governments encounter.

Holscher, Mayberry & Company, LLC is the best qualified firm because of the experience and qualifications of its staff members. All of our staff have multiple years of audit experience with governmental entities. The number of governments audited per year has ranged from ten to thirty per individual. Firm members have had governmental clients receive the GFOA and the ASBO awards for financial reporting.

Town of Lake City
December 5, 2014
Page 3

FIRM AND IRREVOCABLE OFFER

We are proposing all-inclusive fees for the December 31, 2014 audit and optionally the subsequent four years as noted in the attached. These fees represent a firm and an irrevocable offer.

CONCLUDING COMMENTS

Thank you for considering Holscher, Mayberry & Company, LLC as the independent auditors for the Town's. If you have any questions regarding this proposal, Tim Mayberry would be glad to discuss them with you.

Sincerely,

A handwritten signature in black ink that reads "Holscher, Mayberry & Company, LLC". The signature is written in a cursive, flowing style.

Holscher, Mayberry & Company, LLC

DETAILED PROPOSAL

Independence

Holscher, Mayberry & Company, LLC is independent of the Town of Lake City as defined under the requirements of the AICPA and GAO.

License to Practice in the State of Colorado

The firm of Holscher, Mayberry & Company, LLC and all key assigned staff listed in this proposal are licensed to practice public accounting in the State of Colorado and all licenses are currently active.

Firm Qualifications and Experience

We are a solid, well-respected professional firm. We have regional CPA firm experience, which provides an optimum combination of firm expertise with local firm personalized service.

Holscher, Mayberry & Company, LLC provides ongoing partner and senior management contact with our clients. Major portions of the audit will be performed by the partners of the firm. This unique audit approach allows us to place the best, most experienced people in the field where the problems and issues arise. We employ only experienced CPAs with several years of experience. These philosophies allow us to provide the best quality audit and maintain reasonable prices due to improved efficiencies.

The audit will be managed onsite by a principal with over twenty years of audit experience with governmental entities. Firm members have had governmental clients receive the GFOA and the ASBO awards for financial reporting. Many of the firm's governmental clients have Single Audits, and accordingly we have had extensive experience with the Single Audit, particularly with federal programs applicable to the Department of Education.

The firm is presently comprised of the following staffing:

<u>Professional Position</u>	<u>Staff Number</u>
Principals	2
Managers	1
Staff Auditors	1
Support Staff	1

The above listing is the individuals which are involved in the governmental audit staff. We anticipate two members will be engaged in a full time position (see description of staff in the next section). The remaining staff would be available as back up personnel.

The audit will not be done as a joint venture of public accounting firms.

Peer Review

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. As our firm was recently established, we have not had a peer review completed. While we have been through numerous peer reviews, those reviews were with prior affiliations. We anticipate completing our first peer review for this firm at the end of our third operating year, or as of the end of the 2014 calendar year.

In addition to the external peer review, all audit work is reviewed by the in-charge principal as well as having a concurring review performed by the non-engagement partner.

Partner, Supervisory and Staff Qualifications and Experience

We have selected an audit team that we feel will be effective and efficient for the audit. The persons and positions are as follows:

We anticipate there will be two members of our government audit staff who will be employed in this audit, both of whom have multiple years of experience conducting and managing governmental audits. We anticipate one of the firm's principals will conduct the majority of the fieldwork, with additional support as needed. The individuals that may participate in the Town's audit are:

Tim Mayberry, Principal
Lisa Kaiser, Audit Manager

The firm's belief is that governmental audits are a complex specialized industry and cannot be staffed primarily with entry level auditors. Accordingly, it is anticipated that the audit principal will be onsite during all audit fieldwork.

All licensed professional staff have met the continuing professional education requirements of eighty hours every two years with twenty four hours in governmental accounting and auditing standards.

The quality of the above staff will be assured due to the involvement of the principals of the firm and the emphasis on the need to always have experienced staff on site due to the specialized industry needs of governmental auditing.

See the resume section for further information on the audit team.

Continuing professional education has included courses such as:

- AICPA National Governmental Conference
- AICPA Governmental Audit & Accounting Update
- AICPA Workpaper Techniques for Governmental and Not-for-Profit Engagements
- CSCPA Governmental Conference
- Fraud in the Governmental and Not-for-Profit Environments
- Internal Control and IT
- Statements on Auditing Standards Update
- Creating an Ethical Work Environment

Prior engagements with Town of Lake City

Within the last five years the firm has not performed any audits for the Town.

Similar Engagements with Other Governmental Entities

The firm audited as of and for the year ended December 31, 2013, over 20 cities, towns, and special District's:

- 1) Engagement Client: City of Delta
Engagement Principal: Tim Mayberry
Scope of Work: Basic Financial Statements
Date: 2008 - Present
Total Staff Hours: 160
Name and Number of Client Contact:
 Tod DeZeeuw, Finance Director, (970) 874-7908

- 2) Engagement Client: City of Cortez
Engagement Principal: Tim Mayberry
Scope of Work: Single Audit
Date: 2012 - Present
Total Staff Hours: 160
Name and Number of Client Contact:
 Kathi Moss, Finance Director, (970) 565-3402

- 3) Engagement Client: City of Rifle
Engagement Principal: Tim Mayberry
Scope of Work: Single Audit/Basic Financial Statement Audit
Date: 1999 - Present
Total Staff Hours: 160
Name and Number of Client Contact:
 Charles Kelty, Finance Director, (970) 625-6240

- 4) Engagement Client: Town of Severance
Engagement Principal: Tim Mayberry
Scope of Work: Single Audit/Basic Financial Statement Audit
Date: 2000 – Present
Total Staff Hours: 60
Name and Number of Client Contact:
 Patricia Lesh, Town Clerk, (970) 686-6593

- 5) Engagement Client: Town of Oak Creek
Engagement Principal: Tim Mayberry
Scope of Work: Single Audit/Basic Financial Statement Audit
Date: 2003 - Present
Total Staff Hours: 40
Name and Number of Client Contact:
 Sandy Jacobs, Town Treasurer, (970) 736-2422

Specific Audit Approach

The four key processes listed below are used in the completion of all of our audits. For the Town's audit, all of the key procedures will be performed by either a firm principal or audit manager. Some of the areas may be expanded depending upon the nature of the client.

1) AUDIT PLANNING

- Entrance conferences
- Documentation of control systems
- Walk through of systems
- Identification of audit risks
- State compliance requirements
- Writing of audit plan modification

2) AUDIT EXECUTION

- Performance of control procedures
- Grant and statutory testing
- Verification procedures
- Final analytical review
- Conclusions on account balances
- Clearing of prior audit comments

3) AUDIT EVALUATION

- Evaluation of audit plan and review
- Drafting of comments
- Preliminary exit conferences

4) AUDIT REPORTING

- Financial statement review
- Formal exit conferences
- Finalizing of audit comments
- Presentation to Board

Sampling for attributes and variables would be used in the engagement based upon to the size and complexity of the Town's accounting system. The actual size of the samples would depend upon the anticipated error in the universe reviewed and will be adjusted accordingly if errors are found. Judgment sampling would be used when appropriate or in the case of risk assessment procedures. Normal sample sizes would include a minimum of 40 items.

The firm has developed specialized computer templates for both work papers and the audit report. These templates have been developed over a number of years based on our extensive audit practice, and are utilized in substantiating the clients activity using a consistent methodology, and help in reducing the time for some procedures. The firm audit software is ProSystem F/X Engagement, which is a paperless system.

The analytical review procedures for the Town will be performed by the computer templates mentioned in the previous paragraph. These analyses have been built specifically for governmental entities. This tool plus the experience of the partners makes analytical procedures a's very effective audit procedure.

Control procedures documentation will be done primarily in a narrative form but may be supplemented by questionnaires or flow charts where deemed more beneficial. Town policy and procedure manuals will be utilized to ease the burden on Town's staff, but will be tested and verified by audit personnel. As additional risk assessment procedures must now be performed, this area will be a primary focus of our interim fieldwork.

Internal control weaknesses and system exceptions will be reported based upon professional judgment and could be reported as oral communication, control comment in the management letter or a reportable condition in the auditors' opinion. All exceptions as discovered will be discussed with Town's management and agreement will be made as to the cause, effect and recommendation to correct the problem.

Laws and regulations that will be tested will be taken from guidance given in the General and Specific requirements given in the OMB Compliance Supplement if applicable as well as those contained in Colorado statutes.

Identification of Anticipated Potential Audit Problems

Potential problems include: adoption of new accounting standards, dissemination and approval of electronic information, compliance with grant requirements, collection and reporting of GASB information, and the evaluation and risk of fraudulent transactions and reporting.

If any problems arise during the audit process, our approach to resolution will be discussed and agreed upon with Town's management. The firm has continual contact with the entities it serves. Issues and questions are discussed and resolved on a current and continuing basis.

When any special assistance is required from Town, the firm responds with the appropriate research and resources.

The firm strives to limit additional fee billings related to unanticipated problems that are encountered. There are few things that are discovered that have not been encountered during previous engagements. Due to our experience, it is rare that additional services are billed as part of the audit process. We have provided consulting services or specific focused audit services outside the scope of the financial statement audit, but those fees are contracted outside the audit process. We generally find that periodic communications that occur throughout the year, which are provided as part of the audit fee, benefit both parties in resolving issues as they occur, and go a long way in making the audit process as smooth as possible.

APPENDIX A
RESUMES

Timothy P. Mayberry

Education: BS Business Administration and Accounting, University of Northern Colorado, Greeley, Colorado

Current Responsibilities: Principal in the public accounting firm of Holscher, Mayberry & Company, LLC.

Other Related Training/Education: Certified Public Accountant in the State of Colorado. Member of the American Institute of Certified Public Accountants and the Colorado Society of CPA's. Has completed continuing education courses in governmental and not-for-profit accounting and auditing, and tax return preparation.

Professional Experience: Mr. Mayberry has over twenty years of experience with local public accounting firms providing audit and consulting services to governmental and not-for-profit clients.

He has assisted clients in software selection and implementation, and computer system efficiency.

He would function as audit principal. He has many years' experience in all aspects of the audit function, including Single Audits. In addition, he has tax return experience with individual and commercial entities.

Lisa Kaiser

Education: Bachelor of Science in Accounting from Regis University, Denver, Colorado.

Current Responsibilities: Managing Auditor with the public accounting firm of Holscher, Mayberry & Company, LLC.

Professional Experience: Ms. Kaiser has spent the last four years auditing governmental entities and non-profit organizations under the supervision of Mr. Mayberry. During that time, Ms. Kaiser has not only participated in over eighty audits, but has managed many of those audits for the firm. Governmental audit engagements include counties, cities, towns and school districts. She takes great pride in being accessible to clients for questions or concerns not only during fieldwork, but throughout the year. Ms. Kaiser has over 15 years accounting experience in the private sector, covering all aspects of the accounting cycle.

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APPENDIX C

FIRM LICENSE

Colorado Department of Regulatory Agencies
Division of Professions and Occupations

Board of Accountancy



Mayberry & Company, LLC

Holscher, Mayberry & Company, LLC

Public Accounting Firm

FRM.0013305	09/01/2014
Number	Issue Date
Active	08/31/2017
Credential Status	Expire Date

Verify this credential at: www.dora.colorado.gov/professions

 
Division Director: Lauren Larson Credential Holder Signature

APPENDIX D

PROFESSIONAL LIABILITY INSURANCE CERTIFICATE



**CAMICO MUTUAL INSURANCE COMPANY
DECLARATIONS
ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE POLICY**

Policy Number: COL109814-02

Effective Date: 03/13/2014 at 12:01 A.M. Standard time at the address shown below
 Expiration Date: 03/13/2015 at 12:01 A.M. Standard time at the address shown below
 Retroactive Date: 03/13/2012

Item 1 - Named Insured: Mayberry & Company, LLC
 Item 2 - Business Address: 8310 South Valley Highway, Suite 300
 Englewood, CO 80112

Item 3 - Limits of Liability: \$1,000,000 Per Claim
 \$1,000,000 Policy Aggregate

Item 4 - Deductibles: \$5,000 Per Claim Deductible

Item 5 - Total Premium: \$2,850

Item 6 - The policy consists of this Declarations page, and the following policy forms and endorsements:

PL-1000-A	06/08	Accountants Professional Liability Insurance Policy
PL-1043-A	02/12	Supplemental Policy Benefits and Liberalization
PL-2002-A (CO)	02/12	State Endorsement - Colorado
PL-2003-A (CO)	08/05	Disclosure Form - Colorado
PL-1026-A	09/11	Limited Coverage for Known Claims

PLEASE READ THESE DECLARATIONS, THE POLICY AND ENDORSEMENTS CAREFULLY.

CAMICO Mutual Insurance Company

Authorized Representative

TOWN OF LAKE CITY
SUMMARY OF PROFESSIONAL
FEES AND EXPENSES

AUDIT SERVICES
December 31, 2014
and subsequent four years

OFFERED BY:

HOLSCHER, MAYBERRY & COMPANY LLC
8310 South Valley Highway, Suite 300
Englewood, Colorado 80112
(303) 993-2199
Fax (720) 633-9763
E-mail tpmayberry@hmcipas.biz

CONTACT PERSON:
Tim Mayberry, CPA
Principal

DATE
December 5, 2014

HOLSCHER, MAYBERRY & COMPANY, LLC

**DOLLAR COST PROPOSAL
TOWN OF LAKE CITY
SUMMARY OF PROFESSIONAL FEES AND EXPENSES**

FOR THE YEARS ENDING DECEMBER 31, 2014 THROUGH 2018

<u>Year</u>	<u>Town of Lake City Audit</u>	<u>Single Audit (If Needed)</u>	<u>Total All Inclusive Fees</u>
2014	\$ 6,000	\$ 1,450	\$ 7,450
2015	6,250	1,500	7,750
2016	6,500	1,600	8,100
2017	6,750	1,700	8,450
2018	7,000	1,800	8,800

Special Compliance Letters:

Fees for special compliance letters generally range from \$500 to \$750 per occurrence, depending on the complexity of the requirements. Fees for the review of routine bond issuance documents are normally \$250.

Certification: Timothy P. Mayberry is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the Town.

HOLSCHER, MAYBERRY & COMPANY, LLC

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2014
COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWN OF LAKE CITY**

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	36	\$ 110	\$ 70	\$ 2,520
Managers	36	70	45	1,620
Staff Auditor	-	65	-	-
Administrative & Other	<u>10</u>	30	25	<u>250</u>
Subtotal	<u>82</u>			\$ 4,390
Out of Pocket Expenses and Other:				
Lodging				500
Meals and rounding				235
Printing, Binding & Postage				75
Travel				<u>800</u>
Total All Inclusive Maximum Price for the 2014 Audit				<u>\$ 6,000</u>

HOLSCHER, MAYBERRY & COMPANY, LLC

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2015
COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWN OF LAKE CITY**

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	32	\$ 110	\$ 75	\$ 2,397
Managers	32	80	55	1,760
Staff	-	20	-	-
Administrative & Other	<u>10</u>	30	25	<u>250</u>
Subtotal	<u>74</u>			\$ 4,407
Out of Pocket Expenses and Other:				
Lodging				500
Meals and rounding				468
Printing, Binding & Postage				75
Travel				<u>800</u>
Total All Inclusive Maximum Price for the 2015 Audit				<u>\$ 6,250</u>

HOLSCHER, MAYBERRY & COMPANY, LLC

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2016
COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWN OF LAKE CITY**

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	32	\$ 120	\$ 85	\$ 2,720
Managers	32	80	55	1,760
Staff	-	20	-	-
Administrative & Other	<u>10</u>	30	25	<u>250</u>
Subtotal	<u>74</u>			\$ 4,730
Out of Pocket Expenses and Other:				
Lodging				500
Meals and rounding				395
Printing, Binding & Postage				75
Travel				<u>800</u>
Total All Inclusive Maximum Price for the 2016 Audit				<u>\$ 6,500</u>

HOLSCHER, MAYBERRY & COMPANY, LLC

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2017
COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWN OF LAKE CITY**

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	32	\$ 120	\$ 85	\$ 2,720
Managers	32	85	60	1,920
Staff	-	20	-	-
Administrative & Other	<u>10</u>	30	25	<u>250</u>
Subtotal	<u>74</u>			\$ 4,890
Out of Pocket Expenses and Other:				
Lodging				550
Meals and rounding				435
Printing, Binding & Postage				75
Travel				<u>800</u>
Total All Inclusive Maximum Price for the 2017 Audit				<u>\$ 6,750</u>

HOLSCHER, MAYBERRY & COMPANY, LLC

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2018
COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWN OF LAKE CITY**

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	32	\$ 120	\$ 85	\$ 2,720
Managers	32	90	65	2,080
Staff	-	20	-	-
Administrative & Other	<u>10</u>	30	25	<u>250</u>
Subtotal	<u>74</u>			\$ 5,050
Out of Pocket Expenses and Other:				
Lodging				600
Meals and rounding				475
Printing, Binding & Postage				75
Travel				<u>800</u>
Total All Inclusive Maximum Price for the 2018 Audit				<u>\$ 7,000</u>

HOLSCHER, MAYBERRY & COMPANY LLC

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2014
FEDERAL AWARDS PROGRAMS (SINGLE AUDIT)**

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	20	\$ 110	\$ 70	\$ 1,400
Managers	-	70	45	-
Staff	-	65	-	-
Administrative & Other	<u>2</u>	30	25	<u>50</u>
Subtotal	<u>22</u>			\$ 1,450
Out of Pocket Expenses and Other: Printing, Binding & Rounding				<u>-</u>
Total All Inclusive Maximum Price for the Service				<u>\$ 1,450</u>

2. Ordinance 2015-03:
approving a loan from the
Colorado Water Resources
and Power Development
Authority for the purpose
of replacing water lines

**TOWN OF LAKE CITY, COLORADO
ORDINANCE NO. 2015-3**

AN ORDINANCE OF THE TOWN OF LAKE CITY APPROVING A LOAN FROM THE COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY IN A PRINCIPAL AMOUNT NOT TO EXCEED \$500,000; AUTHORIZING THE FORM AND EXECUTION OF THE LOAN AGREEMENT AND A GOVERNMENTAL AGENCY BOND TO EVIDENCE SUCH LOAN; AND PRESCRIBING OTHER DETAILS IN CONNECTION THEREWITH.

WHEREAS, the Town of Lake City (the "Town"), in the County of Hinsdale and State of Colorado, is a statutory town duly organized and existing under the Constitution and the laws of the State of Colorado; and

WHEREAS, the members of the Board of Trustees of the Town (the "Board") have been duly elected, chosen and qualified; and

WHEREAS, the Town has heretofore determined and undertaken to operate and maintain its water and sewer facilities as a public utility and income-producing project (the "System") and to account for the financial operations of the System in the Town's Water and Sewer Enterprise Fund; and

WHEREAS, the Town has heretofore determined and hereby determines that the System is an enterprise within the meaning of Article X, Section 20 of the Colorado Constitution ("TABOR"); and

WHEREAS, the Board has heretofore determined and hereby determines that the interest of the Town and the public interest and necessity demand and require the acquisition, construction and completion of improvements to the System, including design, engineering, legal, financing and administrative costs relating thereto, and any other costs incidental thereto (the "Project"); and

WHEREAS, the Town has made application to the Colorado Water Resources and Power Development Authority (the "CWRPDA") for a loan or loans to finance all or a portion of the cost of the Project; and

WHEREAS, the Board has determined that in order to finance a portion of the cost of the Project, it is necessary and advisable and in the best interests of the Town, acting by and through its Water and Sewer Enterprise, to enter into a loan agreement (the "Loan Agreement") with the CWRPDA pursuant to which CWRPDA will loan the Town an amount of \$500,000 at two percent (2%) interest (the "Loan") for such purposes; and

WHEREAS, the repayment obligations under the Loan Agreement will be evidenced by a governmental agency bond (the "Bond") to be issued by the Town, acting by and through its Water and Sewer Enterprise, to CWRPDA; and

WHEREAS, the Town's obligations under the Bond and the Loan Agreement (collectively, the Financing Documents") shall constitute revenue obligations of the Town payable from the Pledged Property, which consists of the Net Revenues of the System (as defined in the Loan Agreement) and shall not constitute a debt of the Town within the meaning of any constitutional or statutory limitations; and

WHEREAS, pursuant to Title 31, Article 35, Part 4, C.R.S. (the "Sewer and Water Systems Act") and Title 37, Article 45.1, C.R.S. (the "Water Activity Enterprise Act"), the Town is authorized to issue revenue bonds payable solely from the revenues of the System; and

WHEREAS, pursuant to TABOR, the Bond and the Loan Agreement may be approved by the Board without an election as the Town is acting by and through its Water and Sewer Enterprise; and

WHEREAS, the Town has not pledged or hypothecated the net revenues derived or to be derived from the operation of the System, or any part thereof, to the payment of any bonds or for any other purpose, with the result that the net revenue may now be pledged lawfully and irrevocably to the payment of the Bond; and

WHEREAS, there have been presented to the Board the forms of the Financing Documents; and

WHEREAS, the Board desires to approve the forms of the Financing Documents and authorize the execution thereof; and

WHEREAS, none of the members of the Board have any financial interest or other potential conflicting interests in connection with the authorization or execution of the Financing Documents, or the use of the proceeds thereof.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF LAKE CITY, COLORADO, AS FOLLOWS:

Section 1. Incorporation of Recitals; Findings. The foregoing recitals are hereby affirmed and incorporated herein by this reference as findings of the Board of Trustees. This Ordinance and the financing of a portion of the Project through the Loan from the CWRPDA and the execution and delivery of the Financing Documents is necessary and proper to provide for the safety, preserve the health, promote the prosperity and improve the comfort and convenience of the Town and the inhabitants thereof.

Section 2. Approvals, Authorizations, and Amendments. The Loan and the forms of the Financing Documents that were presented to the Board are hereby approved, and the Mayor and

Town Clerk are hereby authorized and directed to enter into the Loan and to execute the Financing Documents in substantially the forms as are on file with the Town Clerk, with such changes as are not inconsistent herewith and as are hereafter approved by the Mayor or the Town Manager, and to authenticate and affix the seal of the Town thereto. The Town shall enter into and perform its obligations under the Financing Documents, in the forms of such Financing Documents, with such changes as are not inconsistent herewith and as are hereafter approved by the Mayor or the Town Manager.

The execution of any instrument or certificate or other document in connection with the matters referred to herein by the Mayor and the Town Clerk or by other appropriate officers and employees of the Town, shall be conclusive evidence of the approval by the Town of such instrument.

Section 3. Election to Apply Supplemental Act. Section 11-57-204 of the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Act") provides that a public entity, including the Town, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act. The Town hereby elects to apply all of the provisions of the Supplemental Act to the Financing Documents.

Section 4. Delegation.

(a) Pursuant to Section 11-57-205 of the Supplemental Act, the Town hereby delegates to the Mayor or the Town Manager the independent authority to make the following determinations relating to and contained in the Financing Documents, subject to the restrictions contained in paragraph (b) of this Section 3:

- i. The interest rate on the Loan;
- ii. The principal amount of the Loan;
- iii. The amount of principal of the Loan maturing in any given year and the final maturity of the Loan;
- iv. The dates on which the principal of and interest on the Loan are paid; and
- v. The existence and amount of reserve funds for the Loan, if any.

(b) The delegation in paragraph (a) of this Section 4 shall be subject to the following parameters and restrictions: (i) the interest rate on the Loan shall not exceed 2.0 %; (ii) the principal amount of the Loan shall not exceed \$500,000; and (iii) the final maturity of the Loan shall not be later than 20 years from the date of the Loan.

Section 5. Conclusive Recitals. Pursuant to Section 31-35-413, C.R.S., the Bond and the Loan Agreement shall contain a recital that the Bond is issued under authority of the Sewer and

Water Systems Act. Such recital shall conclusively impart full compliance with all of the provisions of the Sewer and Water Systems Act, and the Bond containing such recital shall be incontestable for any cause whatsoever after its delivery for value. Pursuant to Section 11-57-210 of the Supplemental Act, the Bond and the Loan Agreement shall contain a recital that the Bond is issued pursuant to the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bond after its delivery for value.

Section 6. Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Bond and the Loan Agreement provided herein shall be governed by Section 11-57-208 of the Supplemental Act and this Ordinance. The amounts pledged to the payment of the Bond and the Loan Agreement shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall have the priority described in the Loan Agreement. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the Town irrespective of whether such persons have notice of such liens.

Section 7. Limitation of Actions. Pursuant to Section 11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the Financing Documents shall be commenced more than thirty days after the issuance of the Bond.

Section 8. Limited Obligation; Special Obligation. The Financing Documents shall be payable solely from the Pledged Property, which shall consist of the Net Revenue (as defined in the Loan Agreement) and the Financing Documents shall not constitute a debt of the Town within the meaning of any constitutional or statutory limitations or provisions.

Section 9. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the Town acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal of or interest on the Bond. Such recourse shall not be available either directly or indirectly through the Board or the Town, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bond and as a part of the consideration of its sale or purchase, CWRPDA specifically waives any such recourse.

Section 10. Disposition and Investment of Loan Proceeds. The proceeds of the Loan shall be applied to pay the costs and expenses of the Project, including costs related thereto and the costs of execution and delivery of the Financing Documents. Neither CWRPDA nor any subsequent owner of the Loan Agreement shall be responsible for the application or disposal by the Town or any of its officers of the funds derived from the Loan. In the event that all of the proceeds of the Loan are not required to pay such costs and expenses, any remaining amount shall be used for the purpose of paying the principal amount of the Loan and the interest thereon.

Section 11. Town Representatives. Pursuant to Exhibit B of the Loan Agreement, the Mayor and the Town Manager are hereby designated as the Authorized Officers (as defined in the Loan Agreement) for the purpose of performing any act or executing any document relating to the Loan, the Town, the Bond or the Loan Agreement. A copy of this Ordinance shall be furnished to CWRPDA as evidence of such designation.

Section 12. Estimated Life of Improvements. It is hereby determined that the estimated life of the Project to be financed with the proceeds of the Loan is not less than the final maturity of the Loan.

Section 13. Direction to Take Authorizing Action. The Mayor, the Town Clerk, and other appropriate officers and employees of the Town are hereby authorized and directed to take all other actions necessary or appropriate to effectuate the provisions of this Ordinance, including but not limited to the execution and delivery of such certificates and affidavits as may reasonably be required by CWRPDA. The execution of any documents, instruments, or certificates by said officials shall be conclusive evidence of the approval by the Town of such documents, instruments, or certificates in accordance with the terms thereof and this Ordinance.

Section 14. Ratification and Approval of Prior Actions. All actions heretofore taken by the officers of the Town and members of the Board, not inconsistent with the provisions of this Ordinance, relating to the Financing Documents, or actions to be taken in respect thereof, are hereby ratified, approved, and confirmed.

Section 15. Severability. If any section, paragraph, clause, or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Ordinance, the intent being that the same are severable.

Section 16. Repealer. All orders, resolutions, bylaws, ordinances or regulations of the Town, or parts thereof, inconsistent with this Ordinance are hereby repealed to the extent only of such inconsistency.

Section 17. Ordinance Irrepealable. After the Bond is issued, this Ordinance shall constitute an irrevocable contract between the Town and CWRPDA, and shall be and remain irrepealable until the Bond and the interest thereon shall have been fully paid, satisfied, and discharged. No provisions of any constitution, statute, ordinance, resolution or other measure enacted after the issuance of the Bond shall in any manner be construed as impairing the obligations of the Town to keep and perform the covenants contained in this Ordinance.

Section 18. Recordation. A true copy of this Ordinance, as adopted by the Board, shall be numbered and recorded on the official records of the Town and its adoption and publication shall be authenticated by the signatures of the Mayor and the Town Clerk, and by a certification of publication.

Section 18. Effective Date. This ordinance shall become effective on the thirty-first day following publication pursuant to Section 31-16-105, C.R.S.

INTRODUCED AND ADOPTED by the Board of Trustees of the Town of Lake City, Colorado, this ___ day of February, 2015.

TOWN OF LAKE CITY, COLORADO

By: _____
Bruce Vierheller, Mayor

ATTEST:

Deborah Bendinelli, Town Clerk

STATE OF COLORADO)
)
 COUNTY OF HINSDALE) SS.
)
 TOWN OF LAKE CITY)

I, Deborah Bendinelli, the duly appointed, qualified and acting Town Clerk of the Town of Lake City, Colorado (the "Town") do hereby certify:

1. That the foregoing pages are a true, correct, and complete copy of an ordinance adopted by the Board of Trustees of the Town(the "Board") at a regular meeting of the Board held at Town Hall on February ___, 2015.

2. That the ordinance has been signed by the Mayor, sealed with the corporate seal of the Town, attested by me as Town Clerk, and duly recorded in the books of the Town; and that the same remains of record in the book of records of the Town.

3. That the passage of the ordinance was duly moved and seconded and the ordinance was passed by a majority of affirmative votes of the members of the Board who were present at the meeting, as follows:

Name	"Yes"	"No"	Absent	Abstain
Bruce Vierheller, Mayor				
Rob Hudgeons				
Jud Hollingsworth				
Michael Murphy				
Richard Moore				
Steve Ryals				
Russ Brown				

4. That notice of the regular meeting of February ___, 2015, in the form, attached hereto as **Exhibit A**, was posted in a designated public place within the boundaries of the Town no less than twenty-four hours prior to the meeting as required by law.

5. That the ordinance was published in full after passage in *The Silver World* , a newspaper of general circulation within the Town, on February ____, 2015. The affidavit of publication is attached hereto as **Exhibit B**.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Town
this ____ day of February, 2015.

(SEAL)

Deborah Bendinelli, Town Clerk

EXHIBIT A

(Attach Notice of Meeting)

EXHIBIT B

(Attach Affidavit of Publication)

3. Ordinance 2015-04:
Water and Sewer Rates,
Consolidating Enterprise
Ordinances into one
codified chapter.

EMPLOYEE REPORTS –
Mayor, Town Manager**,
Recreation Director**, Public
Works Director**, Town Clerk
, Building Official, Historic
Preservation Officer, Sheriff
(via email)

To: Mayor Vierheller and Lake City Board of Trustees

From: Leslie Klusmire, Town Manager

RE: January Manager's Report

Date: February 4, 2014

W&S Compliance – As of this writing, our good news about possible maps seems to have vaporized. According to the engineering company, only the river corridor was flown. We have sent the maps Camille Richards has to Joanne, but at this point, we will plan to proceed with the EIG budget amendment and fly aerials this spring. I have offered the County the ability to tag on to our flight for their needs but they have not responded to emails.

With this news, water line replacement will not start until August. We will be convening a June meeting of the folks that depend on auto traffic for their business to discuss staging to make sure we have the least disruption to business as possible. Lines will be replaced one block at a time. At some points, downtown business might experience an advantage because we have to do Gunnison and will divert traffic to Silver. Stay tuned.

Monday, we have a conference call with staff from a number of state agencies to see what we can do to avoid losing our enterprise status for both 2016 and 2017. I have had calls from a number of officials to say they will work with us to make it work for us. I am grateful the state has been so responsive to the Town's predicament and needs.

Water and Sewer rates: Tonight, you'll be reviewing a repeal of all our enterprise ordinances and a proposal to combine all our enterprise laws in a codified chapter. When the Town Attorney reviewed past ordinances, we would have had to make changes to a number of old ordinances that have not been repealed in order to move forward. Since we are codifying, this section will give you a peak at what codification will look like when we have all the other ordinances codified and in chapters.

Deb and I talked with Caselle about the problems with how our water and sewer accounts are entered. They gave us information and instructions that made us confident that we'll be able to fix the accounts on our own. As we were looking at accounts, we discovered the error that has caused some of our accounts to be significantly under-billed (below base rates). I will be updating the accounts since I did the original audit.

Caselle also showed us how to enter our new rates and change billing cycles. It accommodates tiered billing easily. They also showed us a feature that will really help our customers be able to see their water usage patterns. The new bills will show a graph of 13 months of water use. It will include other education information to help people understand their bills better.

Lastly, we asked them about postcards and they advised against it because there isn't enough room to display billing explanation features. Instead, they have put us in touch with a mailing service that can do the job faster and cheaper than we can AND can set up electronic notification for those who elect it as well as provide credit card payment options. Our customers very much want that.

Our goal is to have this all set up by the end of February and hopefully start billing the first couple of weeks in March if the board approves the new rates at this BOT meeting.

Armory – If anyone wants to see the first story of the Armory exposed before it is finished, I'll take them through. Call the Town at 944-2333 to arrange a viewing.

The Board will have to schedule a special meeting to consider the Armory budget as soon as additional information comes in from Kissner, hopefully at the end of next week since the following week seems to be filling up.

Planning Commission – The Planning Commission will be meeting Monday, February 16th at 7:00 pm at a TBD location to discuss adding transfer station as a permitted or conditional use in the General Business District, and to discuss amending the zoning ordinance to establish setbacks from residential zones. The purpose of the meeting is to direct staff as to what ordinance revisions should be prepared.

Budget – The certified budget was submitted to DOLA Wednesday, January 28th.

Caselle is having someone call me to discuss entering our new budget and accounts in the software system. This will automatically combine and transfer old accounts so our actual accounting and tracking will be available for last year, only in the new format.

2015 Board Retreat and Work Program –

Due to a couple of our Board members and DOLA facilitator Ken Charles having changed schedules, the Board/staff retreat scheduled for February 11 and 12 has been rescheduled for March 4 & 5 in conjunction with our regular meeting. Tentative agenda will be.

Wednesday evening - Revenue opportunity workshop and discussion followed by our regular BOT meeting

Thursday morning 8 am - Team development with board and department heads.

Thursday 11 to 1:00 – Lunch and work program priority setting.

On Thursday morning, please let me know if the Mocha Moose works for you. If not, we'll try and find another place.

Tree City Certification – Filed

CML Legislative Workshop – I will be attending the legislative update for municipalities February 12, leaving Feb 11th. I have signed up for an additional broadband presentation.

LCAR January 2015 Monthly Report

Parks and Recreation

Ski Hill

The ski hill continued to bring in good revenue during the first week of January while the Christmas breakers were in Town. We received approximately \$450 from the Lake Fork Community Foundation for donations designated for the ski hill and another \$250 from an individual that was allowed to have their daughter's birthday party at the hill. I used \$400 of those donations to purchase 20 pairs of boots, bindings, and skis from Gene Taylor's rental fleet. We were in desperate need of equipment. I purchased the rest of the snow combs for the groomer and Don has already installed them. The annual Matt Milski Memorial Ski Race will be held on Feb 28th starting at 10am. The Silverton crowd plans to attend as usual.

I did place an order for 20 new grips for the lift from Colorado molded products. They should be made sometime in February.

Ice Rink

The rink liner arrived about mid January. I removed 2 feet of snow from inside the rink and lined it. I filled it with water and checked it at 10:30 that night and it was perfectly fine, filled to the brim. I went back the following morning to discover that the liner got pushed down at one spot and at least half of the water drained out. It could have been a deer that stepped on it during the night. Anyway, if I try to refill it, it will most likely heave and crack apart. The weather is way too warm to spend a lot of time on it. I would refer people to the rink at the lake.

Armory

The new inflatable was delivered to take the place of the slide that I had to sell due to lack of storage space. The slide was just way too big. The day I got it I invited the 4th and 5th grade class to test it out for their good behavior reward. They loved it. I'm still working on a design for table and chair storage on the south wall of the armory. Kissner is working in the fitness center doing drywall. They have also begun gutting the town offices. As soon as they are done with drywall in the fitness center I will begin moving weight equipment to the first floor. I also plan to paint that room myself.

Parks

I received a bid for the construction of a gazebo in Memorial Park from Pro Shed in Alamosa and also Native Sun asked for specs and I expect a bid from Henry shortly. I am now working on getting the info together for the little water park that I'd like to put in the Town Park. It will probably end up being in the location of the Gaga pit and I would move the gaga pit to the west end of the volleyball court. Both the water park and the gazebo would require funds from the conservation trust fund. I also plan on asking DIRT for \$5000 of their main street grant.

Trees

I received the contract from the Colorado State Forest Service for the community forest service agreement. It will be \$750.

Parks and Recreation Activities for the Month

I would say the crossfit class is the most popular rec program at this time. It is taught by Sara Gutterman who with her husband purchased the Milski property. It takes place on Monday and Thursday nights in the armory. The class raised between \$500 and \$800 to purchase equipment for use by the class and also for the fitness center. I matched \$600 of recreation funds to help them get what they needed.

I am still doing ski trips usually on Saturday and Monday if there is enough interest from the kids.

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The rest of the month was spent maintaining the regularly scheduled recreation activities or park maintenance activities.