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SEP 8 1980
MESA COUNTY, COLORADO

MUNICIPAL
FINANCE

Board of County Commissioners

Maxine Albers - Chairman

Michael Kelly - Commissioner

Rick Enstrom

UNDERWRITERS

Boettcher & Company

BOND COUNSEL

Tallmadge, Tallmadge, Wallace & Hahn, P.C.

COUNSEL TO THE UNDERWRITERS

DeMuth, Kemp & Backus

9/8/80

Draft

Enclom.

offic

Statement

This is a Preliminary Official Statement and is subject to completion or amendment. The Bonds may not be sold or may offer to buy by accepted prior to the time the Official Statement is delivered in final form. At or before delivery of the Bonds, County will adopt and deliver a completed Official Statement, substantially in this form but containing such corrections, changes, and additional information as may be deemed appropriate.

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[Form of Cover Page]

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MUNICIPAL FINANCING

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 1 1980

MUNICIPAL FINANCING

NEW ISSUE

RATINGS:
See "RATINGS"

Interest exempt, in the opinion of Bond Counsel, from taxation by the United States of America and by the State of Colorado under present federal and State of Colorado income tax laws.

\$7,175,000
 MESA COUNTY, COLORADO,
 SEWER IMPROVEMENT REVENUE BONDS, SERIES 1980A
 \$825,000
 MESA COUNTY, COLORADO,
 SEWER REFUNDING REVENUE BONDS, SERIES 1980B

DATED: October 1, 1980

Due: October 1, as shown below

Negotiable coupon revenue bonds, not registrable as to either principal or interest, in the denomination of \$5,000 each. Principal and semiannual interest (April and October first coupon payable April 1, 1981) are payable at United States Bank of Grand Junction, Grand Junction, Colorado, Paying Agent. The Bonds shall mature on October 1 in the years designated, bear per annum coupon interest and are priced to yield, as follows:

SERIES 1980A

Maturity	Principal Amount	Per Annum Coupon Rate	Yield	Maturity	Principal Amount	Per Annum Coupon Rate	Yield
1982	\$55,000	%	%	1990	\$ 95,000	%	%
1983	55,000			1991	195,000		
1984	55,000			1992	210,000		
1984	55,000			1993	230,000		
1985	65,000			1994	245,000		
1986	70,000			1995	270,000		
1987	75,000			2000	1,765,000		
1988	80,000			2005	3,625,000		

Series 1980A Bonds maturing in 19__ and thereafter are callable for prior redemption at the option of the County in inverse numerical order on October 1, and on interest payment dates thereafter, at a price equal to 100% of par plus a premium equal to _____ per centum (____%) of the principal amount thereof and accrued interest to the redemption date.

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SERIES 1980B

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Yield
FINANC

<u>Maturity</u>	<u>Principal Amount</u>	<u>Per Annum Coupon Rate</u>
1982	\$ 5,000	
1983	10,000	
1984	10,000	
1985	10,000	
1986	10,000	
1987	10,000	
1988	10,000	
1989	10,000	
1990	10,000	
1991	20,000	
1992	25,000	
1993	25,000	
1994	30,000	
1995	30,000	
2000	210,000	
2005	400,000	

Series 1980B Bonds maturing in 19____ and thereafter are redeemable at the option of the County in inverse numerical order on October 1, _____, and on any interest payment date thereafter at a price equal to 100% of par plus a premium equal to _____ per centum (____%) of the principal amount thereof and accrued interest to the redemption date.

The Series 1980A and Series 1980B Bond maturing on October 1, 2000 and October 1, 2005 are subject to mandatory sinking fund redemption by lot. See "THE BONDS - Redemption."

The Bonds, in the opinion of Tallmadge, Tallmadge, Wallace & Hahn, P.C., Attorneys of Denver, Colorado, Bond Counsel, are special and limited revenue obligations of Mesa County, Colorado. See "LEGAL MATTERS."

The Bonds are payable solely from, and their payment and payment of the interest thereon will be secured by a pledge of the net revenues, after payment of the costs of operation and maintenance derived from the operations of the Joint System. See "THE BONDS - Security and Flow of Funds."

In the opinion of Bond Counsel, interest on the Bonds is exempt from taxation by the United States of America and by the State of Colorado under present federal and State of Colorado income tax laws.

The Bonds are offered when, as, and if issued, subject to approval of legality by Bond Counsel, approval of certain legal matters for the Underwriters by DeMuth, Kemp & Backus, Attorneys of Denver, Colorado, and certain other conditions.

It is expected that the Bonds will be available for delivery in Denver, Colorado, on or about _____, 1980.

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The date of this Official Statement is _____, _____, _____.

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Boettcher & Company
Underwriters

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No dealer, salesman, or other person has been authorized to give any information or to make any representation with respect to the Bonds which is not contained in this Official Statement, and, if given or made, such information or representation must not be relied upon at or after the date hereof as having been authorized by the City of Grand Junction, by Mesa County, or by the Underwriters. Neither the delivery of this Official Statement nor any sale made after any such delivery shall under any circumstances create any implication that there has been no change in the affairs of the City or the County since the date of this Official Statement. The information set forth herein, while obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness by the Underwriters. So far as statements made herein involve matters of opinion or estimates, whether or not expressly stated as such, they are not to be considered as representations of fact.

The prices at which the Bonds are offered to the public may vary from the initial public offering prices appearing on the Cover Page hereof. In addition, the Underwriters may allow concessions or discounts from such initial public offering prices to dealers and others, and the Underwriters may engage in transactions intended to stabilize the prices of the Bonds at a level above that which might otherwise prevail in the open market in order to facilitate their distribution. Such stabilizing, if commenced, may be discontinued at any time.

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INTRODUCTION

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Generally

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This Official Statement, including its Cover Page and Appendices, provides information in connection with the offering by Mesa County, Colorado (the "County"), of its \$7,175,000 Sewer Improvement Revenue Bonds, Series 1980A, (the "Series 1980A Bonds") and \$825,000 Sewer Refunding Revenue Bonds, Series 1980B (the "Series 1980B Bonds") (collectively, "the Bonds"), dated October 1, 1980. The Bonds are to be special and limited revenue obligations of the County, issued pursuant to part 4 of article 20 of title 30, and part 2 of article 1 of title 29, Colorado Revised Statutes 1973, as amended, for the purpose of discharging certain obligations of the City of Grand Junction, Colorado (the "City") incurred in connection with the sewer system operated by the City (the "City System"), and defraying in part the costs of extensions and improvements (the "Project") to a joint sewer system (the "Joint System") which is to include the City System as well as other property and facilities. Pursuant to certain intergovernmental contracts (the "Agreements") between the City and the County (see "THE JOINT SEWER SYSTEM - The Agreements; Joint Ordinances and Resolutions"), and between the City and certain special districts located within the County (see "THE JOINT SEWER SYSTEM - Areas of the City System Not Within the City") the principal of and interest on the Bonds are to be paid from the net revenues (the "Joint Revenues"), after payment of costs of operation and maintenance, of the Joint System. The Bonds will also be payable from, but not secured by any lien upon, any other funds of the County legally available therefor.

Plan and Purpose of Financing

The issuance of the Bonds is intended to accomplish three purposes: (1) the discharge of \$1,080,000 principal amount of Sewer Refunding Revenue Bonds of the City, which were issued in connection with the City System and are secured by a lien upon the net revenues of the City System, in order to allow the City to subject the net revenues of the City System to a new lien for the benefit of the holders of the Bonds; (2) through the execution of the Agreements, to combine the City System with new facilities, and to place the Joint System under common management and financing, thereby promoting economies of scale and more efficient service and making funds available from the Environmental Protection Agency (the "EPA"); and (3) the provision of local government funds, pursuant to a Grant Agreement with the EPA in an amount equal to 25% of the estimated cost of construction of the Project.

RISK FACTORS

Prospective purchasers of the Bonds should give particular attention to the following, among other factors referred to herein:

1. The Bonds are not general obligations of the City or the County, but rather represent special and limited revenue obligations

of the County secured solely by the net revenues of the Joint System after payment of costs of operation and maintenance. The County may, at its option, pay the Bonds from any other legally available funds, but has not covenanted and will not covenant to do so. However, service charges will be based on the average monthly cost, per residency, for operation and maintenance of the Joint System and for payment of the Bonds. As such, revenues will not be dependent on the use of the system and will not be affected by outside factors such as drought or water conservation efforts.

2. The financial statements concerning the City Sewer System or of the City Water-Sewer System appearing herein and in the Appendices hereto do not purport to represent the operating history of the Joint System. The Joint System, as such, has no operating history.

THE BONDS

Description of the Bonds

The Bonds are to be issued in two Series, one of which Series will be designated "Mesa County, Colorado, Sewer Improvement Revenue Bonds, Series 1980A," and will consist of 1,435 bonds in the denomination of \$5,000 each, and the other of which will be designated "Mesa County, Colorado, Sewer Refunding Revenue Bonds, Series 1980B," and will consist of 165 bonds in the denomination of \$5,000 each. The Bonds will bear semiannual interest coupons payable April 1 and October 1, with the first interest coupon falling due on April 1, 1981. The Bonds are to mature serially on October 1 of the years 1982 through 1995, inclusive, and October 1, 2000 and October 1, 2005, and are subject to the other terms and provisions summarized on the Cover Page hereof. Neither the Bonds nor the proceedings authorizing the same will contain any provision for registration as to principal, interest, or either.

Redemption

Series 1980A Bonds maturing in the year 19__ and thereafter are redeemable at the option of the County in inverse numerical order on October 1, ____, and on any interest payment date thereafter, upon payment of par plus a premium equal to _____ per centum (____%) of the principal amount thereof and accrued interest to the redemption date.

The Series 1980A Bonds maturing on October 1, 2000 are subject to mandatory sinking fund redemption by lot on October 1, 1996 and on each October 1 thereafter, upon not less than 30 days' notice by publication, to and including October 1, 1999 at par plus accrued interest in the years and amount as follows:

<u>Year</u>	<u>Amount</u>
1996	\$290,000
1997	325,000
1998	345,000
1999	385,000
2000	420,000*

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(* remaining amount maturing October 1, 2000).

The Series 1980A Bonds maturing on October 1, 2005 are subject to mandatory sinking fund redemption by lot on October 1, 2001 and each October 1 thereafter, upon not less than 30 days' notice by publication, to and including October 1, 2004 at par plus accrued interest in the years and in the amounts as follows:

<u>Year</u>	<u>Amount</u>
2001	\$ 465,000
2002	510,000
2003	560,000
2004	615,000
2005	\$1,475,000*

(* remaining amount maturing October 1, 2005).

The Series 1980B Bonds maturing in the year 19__ and thereafter are redeemable at the option of the County upon payment of par plus premium equal to _____ per centum (____%) of the principal amount thereof and accrued interest to the redemption date.

the Series 1980B Bonds maturing on October 1, 2000 are subject to mandatory sinking fund redemption by lot on October 1, 1996 and on each October 1, thereafter, upon not less than 30 days' notice by publication, to and including October 1, 1999 at par plus accrued interest in the years and amount as follows:

<u>Year</u>	<u>Amount</u>
1996	\$35,000
1997	35,000
1998	45,000
1999	45,000
2000	50,000*

(* remaining amount maturing October 1, 2000).

The Series 1980B Bonds maturing on October 1, 2005 are subject to mandatory sinking fund redemption by lot on October 1, 2001 and on each October 1, thereafter, upon not less than 30 days' notice by publication, at par plus accrued interest in the years and in the amount as follows:

<u>Year</u>	<u>Amount</u>
2001	\$ 50,000
2002	55,000
2003	60,000
2004	65,000
2005	175,000*

(* remaining amount maturing October 1, 2005).

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Notice of any prior redemption of the Bonds shall be given by the County Treasurer by publication of such notice at least once, not less than thirty days prior to the redemption date, in a newspaper published and of general circulation in the County and City of Grand Junction, and by sending a copy of such notice by registered, first-class mail, at least thirty days prior to the redemption date to the original purchaser of the bond, and the paying agent. Such notice shall specify the number of each bond to be redeemed and the date fixed for redemption, shall state that on the redemption date, there shall be paid, at the place of payment, the principal amount, accrued interest to the redemption date and the designated premium, if any, and that from and after such date interest will cease to accrue. Notice having been given in the manner hereinabove provided, the bonds called for redemption shall become due and payable; and upon presentation, together with the appurtenant coupons maturing subsequent to the redemption date, the County shall pay the bonds so called for redemption, and thereafter interest on the bonds shall cease to accrue.

Authority for Issuance

The Bonds are to be issued and secured pursuant to the terms of part 4 of article 20 of title 30 and part 2 of article 1 of title 29, Colorado Revised Statutes 1973, as amended, and a Resolution (the "Bond Resolution") to be passed by the Board of County Commissioners prior to the delivery of the Bonds to the purchasers. The following is a summary of certain provisions of the Bond Resolution, but does not purport to be complete. For the detailed provisions of the Bond Resolution, the Bond Resolution itself should be consulted. Copies of the Bond Resolution are available upon reasonable request from the Underwriter.

Security and Flow of Funds. The Bond Resolution will provide generally for the terms, maturities and coupon interest rates of the Bonds, as well as the actual form of Bond to be issued by the County. In addition, the Bond Resolution provides that the Bonds are special and limited revenue obligations of the County, payable and collectible solely out of the net income to be derived from the operation of the Joint System, which shall be set aside and credited to the "Series 1980A and B Sewer Refunding and Improvement Revenue Fund" (the "Sewer Revenue Fund"), and that the holders of the Bonds may not look for payment to any general or other fund of the County, except the special funds provided for in the Bond Resolution.

The Bond Resolution provides that the proceeds from the sale of the Bonds by the County shall, upon receipt, be applied in the following manner:

1. Series 1980A Bonds. The proceeds of the Series 1980A Bonds, less certain costs of issuance, contributions to a reserve fund and an operation and maintenance fund and capitalized interest, along with certain funds on hand and proceeds from a grant from the EPA, will be expended on the Project. (See "USE OF PROCEED").

2. Series 1980B Bonds. The proceeds of the Series 1980B Bonds, less costs of issuance, along with cash in the amount of \$ _____ and \$80,000 of 8 1/4 percent United States Treasury Bonds, maturing May 15, 2005, callable May 15, 2000, held as a Sinking Fund for the City's outstanding Sewer Refunding Revenue Bonds, Series 1978A, dated May 1, 1978, in the total principal amount of \$1,080,000 (the "1978A Issue"), are to be held in a separate escrow account referred to in the Bond Resolution as the "City of Grand Junction Sewer Refunding Revenue Bonds, Series 1978A, Refunding Escrow Account" (the "Refunding Escrow Account").

While the Bonds are outstanding, the Sewer Revenue Fund is subject to application to certain special funds created by the Bond Resolution as follows:

1. Operation and Maintenance Expenses. As a first charge on the Sewer Revenue Fund, there are required to be credited from time to time to the Sewer System Facilities Operation and Maintenance Fund sufficient moneys to pay operation and maintenance expenses as they become due and payable.

2. Bond Retirement Fund. Secondly, and subject to the payment of operation and maintenance expenses, from any monies remaining in the Sewer Revenue Fund, there are to be credited to the Series 1980A and B Sewer Refunding and Improvement Revenue Interest and Bond Retirement Fund ("Bond Retirement Fund") as follows:

a) Monthly, commencing on the fifteenth day immediately succeeding the delivery of any of the Bonds, amounts in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever sources, to pay the next maturing installment of interest on the Bonds then outstanding, and monthly thereafter commencing on each interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest, except to the extent any other monies are available.

b) Monthly, commencing on the fifteenth day of each month, immediately succeeding delivery of any of the Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of Principal of the outstanding Bonds, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary to pay the next maturing installment of principal on the outstanding Bonds, except to the extent any other moneys are available therefor.

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3. Bond Reserve Fund. Thirdly, and subject to the required payments into the Operation and Maintenance Fund and the Bond Retirement Fund, there are to be credited to the Series 1980A and B Sewer Refunding and Improvement Revenue Bonds Reserve Fund ("Bond Reserve Fund") semi-annual deposits from Joint Revenues. The Sewer Reserve Fund is created by the Bond Resolution by utilizing \$120,000 of reserve fund monies deposited in connection with the outstanding 1978A Issue of the City, along with \$ _____ of the Series 1980A Bond Proceeds. The semiannual deposits from Joint Revenues are to be sufficient, when combined with earnings on the initial and subsequent deposits to the Bond Reserve Fund, to purchase the next installment on the remaining sewer portion of \$700,000 par value U.S. Treasury Bonds required under a Federal Securities Purchase Agreement between the City and Zions First National Bank of Salt Lake City. If additional lien parity bonds are issued, the Bond Reserve Fund shall be increased to an amount equal to the average annual combined debt service. No payments into the Sewer Reserve Fund are contemplated after 1990, and in 1991 and thereafter the earnings from such fund may be used to pay debt service requirements on the Bonds. The monies in the Bond Reserve Fund are to be accumulated and maintained as a continuing reserve to be used to prevent deficiencies in the payment of the bond requirements of all outstanding parity first lien bonds resulting from the failure to deposit into the Sewer Bond Retirement Fund sufficient funds to pay such bond requirements as the same accrue. Any use of the moneys in the Bond Reserve Fund is to cause the County, in addition to making the required payments described above to reestablish such Fund from available Joint Revenues by equal monthly payments over 36 months back to the amount previously deposited.

4. Operation and Maintenance Expense Reserve Fund. Fourth, a fund known as "Series 1980A and B Sewer Refunding and Improvement Revenue Bonds Operation and Maintenance Expense Reserve Fund" ("O & M Expense Reserve Fund") is created by the Bond Resolution and funded in the amount of \$ _____ from proceeds of the Series 1980A Bonds. Amounts in the O & M Expense Reserve Fund are to be available as a reserve to meet unanticipated operation and maintenance expenses or to meet any deficiencies in the payments required to be made to the Bond Retirement Fund or Bond Reserve Fund as may accrue, for example, from a drop-off in tap fees or plant investment fees. Upon certification by an authorized officer or employee of the County that there are insufficient moneys in the Sewer Revenue Fund to pay any specified amount of operation and maintenance expenses due or to become due within any month, there are to be transferred an amount equal to the operation and maintenance expenses specified in such certification to the County for credit to the Sewer Revenue Fund. If, on any principal or interest payment date of the Bonds, there shall be insufficient funds in the Sewer Bond Retirement Fund and the Bond Reserve fund to pay all amounts of principal or interest then due and payable, then there are to be transferred into the Sewer Bond Retirement fund on any such payment date from the Operation and Maintenance Expense Reserve Fund an amount equal to the difference between the amount on deposit in the Sewer Bond Retirement Fund and Bond Reserve Fund prior to the transfer and the total amount needed to

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pay all amounts of principal and interest on the Bonds due and payable on such date. After use of the funds in the O & M Expense Reserve Fund, it is to be reconstituted in the following year back to the initial funding level.

In addition, no payment need be made into the Sewer Bond Retirement Fund or the Bond Reserve Fund if the amounts in such funds total a sum at least equal to the entire amount of the outstanding Series 1980A and B Bonds, to their respective maturities, or to any prior redemption date on which the County shall have exercised its option to redeem prior to their respective maturities the Bonds then outstanding, in which case moneys in those accounts shall be used together with any investment earnings to pay debt service for each Series as the same become due; and any moneys in excess thereof in those accounts and any other moneys derived from the pledged revenues may be used in any lawful manner determined by the Commissioners.

If in any month the County for any reason fails to pay into the Sewer Bond Retirement Fund the full amount stipulated, then an amount is to be paid into the Sewer Bond Retirement Fund in such month, first from the Operation and Maintenance Reserve Fund, and then from the Bond Reserve Fund, equal to the difference between that paid and the full amount so stipulated. Amounts so used will be replaced first in the Bond Reserve Fund and then in the Operation and Maintenance Fund from the first revenues thereafter received from the Joint Revenues. If in any year the County for any reason fails to pay into the Bond Reserve Fund and the Operation and Maintenance Reserve Fund the full amount stipulated from the Joint Revenues, the difference between the amount paid and the amount so stipulated is to be paid therein from the first Joint Revenues thereafter received.

5. Additional Subordinate Securities. Fifth, and subject to the foregoing provisions, moneys remaining in the Sewer Revenue Fund may be used for the payment of additional subordinate securities payable from the pledged Joint Revenues.

6. Use of Remaining Revenues. After all of the required payments above have been made, then any remaining revenues in the Sewer Revenue Fund may be used for any one or any combination of lawful purposes as the Board of Commissioners of the County may determine.

Rate Maintenance Covenant. The Bond Resolution contains a rate maintenance covenant, in which the County covenants that it will charge against every purchaser of services rates and amounts adequate to meet all requirements of the Bond Resolution, and which shall be at a minimum sufficient to produce gross revenues annually to pay operation and maintenance expenses, and 120 percent of both the principal of and interest on the Bonds ~~less the reserves~~ and equal to 150% of both the principal of and interest on the Bonds payable annually less the amount on deposit in the Operation and Maintenance Reserve Fund. The rate maintenance covenant is subject to compliance by the County with any legislation of the United States or the State of Colorado or any lawful regulation or other action taken by Federal or state authorities in the exercise of the police power thereof.

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Additional Bonds and Other Securities. The Bond Resolution permits the issuance of additional sewer bonds and other securities, subject to specific requirements. Securities having a claim to the pledged revenues superior to the Bonds are not permitted to be issued under the Bond Resolution. Securities having a claim upon the pledged revenues equal to or on a parity with the Bonds may be issued if the following conditions are met:

1. Absence of Default. At the time of adoption of the Resolution authorizing such additional securities, the County shall not have defaulted in making any of the payments required by the Bond Resolution during the twelve calendar months immediately preceding the issuance of such additional securities, or if none of the Bonds have been issued and outstanding for a period of at least twelve months, for the longest period any of the Bonds have been issued and outstanding.

2. Historic Earnings Test. The Joint Revenues derived in the fiscal year immediately preceding the date of issuance of the proposed parity securities, shall have been at least sufficient to pay

a) An amount equal to the operations and maintenance expenses of the sewer system for such fiscal year, and, in addition,

b) An amount equal to 130% of the average combined annual principal and interest requirements to be paid in any one fiscal year of the outstanding bonds and any other outstanding parity securities of the County and the bonds or other securities proposed to be issued as well as an amount equal to 150 percent of the average combined annual principal and interest requirements to be paid during any one fiscal year of the outstanding Bonds and any other outstanding parity securities of the County and the bonds or other securities proposed to be issued less the amount of the Operation and Maintenance Reserve Fund (excluding any other reserves).

3. Consideration of Additional Expenses and Earnings. In determining whether additional parity bonds or other parity securities may be issued:

a) Consideration is to be given to any estimated increases or decreases in the operation and maintenance expenses which might result from expenditures of the proceeds of the additional bonds or parity securities;

b) The Joint Revenues estimated to be derived from the sewer system operation for any immediately preceding fiscal year shall be increased, if any schedule of rate increases shall have been adopted at any time prior to the issuance of such parity bonds or other parity securities by an amount conservatively estimated to equal the difference between the Pledged Sewer Revenues actually received and the Pledged Sewer Revenues which probably would have been received during said fiscal year if the last of any such schedule of rate increases had been in effect during said entire fiscal year; and

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c) The Joint Revenues of the sewer system estimated to be derived from its operation for any immediately preceding fiscal year shall be increased by an amount conservatively estimated to equal the additional amount which probably would have been derived during said fiscal year from the operation of any improvements and extensions or other project appertaining to the sewer system, based upon the schedule of rates and charges then in effect.

The Bond Resolution provides that nothing therein should be construed to prevent the County from issuing additional bonds or other securities having a claim to the Sewer Revenue Fund subordinate to the Bonds or additional parity bonds or securities.

Periodic Independent Rate Study.

The Bond Resolution provides that not more than three years from the date of delivery of the Bonds and not less than once every succeeding five years therefrom until the Bonds are paid, the manager of the Joint System will cause an independent professional engineer to prepare an analysis of the rates, fees and charges used in the provision of sewer service by the Joint System. such analysis is to compare the schedule of rates, fees, and charges and the Joint Revenues therefrom by the Joint system to the historical and projected operation and maintenance expenses and the annual principal and interest requirements of the outstanding Bonds and any other outstanding parity securities, and based on such comparison propose, if necessary, changes to the rates, fees and charges in order to insure proper compliance with the covenants and requirements stipulated herein.

Bondholders' Remedies

The Bond Resolution provides that each holder of any Bond is to be entitled to all privileges, rights and remedies provided or permitted in the Bond Resolution and as otherwise provided or permitted by law or in equity or by other statutes, subject to the applicable provisions concerning the Joint Revenues and the proceeds of the Bonds. Nothing in the Bond Resolution is to affect or impair the right of any holder of any Bond to enforce the payment of the principal and interest payments due in connection with any Bond held by the bondholder, or the obligation of the county to pay the principal of and interest on each Bond to the holder thereof at the time and the place expressed in such Bond and in the appurtenant coupons.

Upon the happening and continuance of any of the events of default, as defined in the Bond Resolution, the holder or holders of not less than 10% in principal amount of the Bonds then outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the County and its agents, officers and employees to protect and to enforce the rights of any holder of Bonds or coupons under the Bond Resolution by mandamus or by other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or an

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operating trustee or for the specific performance of any covenant or agreement contained in the Bond Resolution or for any proper legal or equitable remedy as the holder or holders may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any holder of any bond, or to require the County to act as if it were the trustee of an expressed trust, or any combination of such remedies, or as otherwise may be authorized by any statute or other provision of law. All such proceedings at law or in equity are to be instituted, had and maintained for the equal benefit of all holders of the Bonds, any parity securities, and the coupons then outstanding. Any receiver or operating trustee appointed in any proceedings to protect the rights of such holders, the consent to any such appointment being expressly granted by the County by the Bond Resolution, may collect, receive and apply all Joint Revenues arising after the appointment of such receiver or operating trustee in the same manner as the County itself might do.

Upon the happening of any of the events of default as defined in the Bond Resolution, the County, in addition, is to do and perform all proper acts on behalf of and for the holders of the outstanding Bonds and coupons and to insure the prompt payment of the principal of and the interest on the Bonds as the same become due. During any period of default, so long as any of the Bonds are outstanding, except to the extent it may be unlawful to do so, all Joint Revenues are to be paid into the Bond Retirement Fund, or, in the event of outstanding parity securities are to be paid into the Bond Retirement Fund for all parity securities, including the Bonds, on an equitable and prorated basis. If the County fails or refuses to proceed as provided in the Bond Resolution, the holder or holders of not less than 10% in principal amount of the Bonds then outstanding, after demand in writing, may proceed to protect and to enforce the rights of the holders of the Bonds as provided in the Bond Resolution, and to that end any such holders of outstanding Bonds are to be subrogated to all rights of the County under any agreement or contract involving the Joint Revenues or thereafter while any of the Bonds are outstanding.

Each of the following events is declared to be an "event of default" under the Bond Resolution:

- a) Nonpayment of Principal or Premium. Payment of the principal of any of the Bonds, or any prior redemption premium due, or both, is not made when either or both becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;
- b) Nonpayment of Interest. Payment of any installment of interest is not made when the same becomes due and payable or within thirty (30) days thereafter;
- c) Incapable to Perform. The County for any reason is, or is rendered, incapable of fulfilling its obligations under the Bond Resolution;

d) Nonperformance of Duties. The County fails to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Joint Revenues, to the Project, to the Joint System, or to all or any combination thereof, or otherwise including, without limitation, the Bond Resolution, and such failure continues for sixty (60) days after receipt of notice from the holders of 10% in principal amount of the Bonds then outstanding;

e) Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction, with the consent or acquiescence of the County, appointing a receiver or receivers for the Joint System or for the Joint Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or both such Joint System and such moneys, or if any order or decree, having been entered without the consent or acquiescence of the County, is not vacated or discharged or stayed on appeal within sixty (60) days after entry;

f) Default of Any Provision. The County makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in the Bond Resolution on its part to be performed, and if such default continues for sixty (60) days after written notice, specifying such default and requiring the same to be remedied, is given to the County by the holders of 10% in principal amount of the Bonds then outstanding.

In addition to provisions of the Bond Resolution, Section 30-20-409, Colorado Revised Statutes 1973, as amended, provides that, subject to any contractual limitations binding upon the holders of the Bonds, the holders of the Bonds have the cumulative rights and powers, in addition to any other remedy, for the equal benefit and protection of all holders of the Bonds:

a) To enforce their rights against the County, its Board of Commissioners and any of its officers, agents and employees by mandamus or other suit, actions or proceeding in law or equity and to compel them to carry out their statutory duties and those arising from the Bond Resolution;

b) To require the County or the Board of Commissioners to account as if trustees of an express trust;

c) To bring suit upon the Bonds.

The rights of the Bondholders may be subject to the exercise, in certain exceptional circumstances, of the police power of the State of Colorado and its political subdivisions, and to the exercise by the United States of those powers vested in it under the federal Constitution. It is not clear if enforcement of Bondholders' rights may be limited by the bankruptcy laws of the United States.

Privilege of Amendments.

The Bond Resolution may be amended or modified by resolution duly adopted by the Board of Commissioners of the County, without receipt by it of any additional consideration, but with the written consent of the holders of 66% in aggregate principal amount of the Bonds authorized by The Bond Resolution and outstanding at the time of the adoption of such amendatory or supplemental instrument, including any outstanding refunding securities as may be issued for the purpose of refunding any of the Bonds, provided that no such amendatory or modifying instrument is to permit:

a) Changing Payment. A change in the maturity or in the terms of redemption of the principal of any outstanding Bond or any installment of interest thereon; or

b) Reducing Return. A reduction in the principal amount of any Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith, without the consent of the holder of the Bond; or

c) Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this Resolution; or

d) Modifying Amendment Terms. A reduction of the principal amount or percentages of Bonds, or any modification otherwise affecting the description of Bonds, or otherwise changing the consent of the holders of Bonds, which may be required herein for any amendment or supplement hereto; or

e) Priorities Between Bonds. The establishment of priorities as between Bonds issued and outstanding under the provisions of the bond Resolution; or

f) Partial Modification. Any modifications otherwise materially and prejudicially affecting the rights or privileges of the holders of less than all of the Bonds then outstanding.

Whenever the Board of County Commissioners proposes to amend or modify the Bond Resolution it is required by the Bond Resolution to give notice of the proposed amendment by publication at least one (1) time by one (1) publication, in the Daily Sentinel, Grand Junction, Colorado, if then in business and publishing (and if not, then in a newspaper of general circulation in the County), and in the Daily Bond Buyer, New York, New York, if then in business and publishing (and if not, then in a similar financial newspaper or journal published in New York, New York, as determined by the Board), such notice to be deemed complete upon the last such publication; and copies of such notice shall be mailed within thirty (30) days after such last publication to the Purchaser of the Bonds, or to any successor thereof known to the Clerk and Recorder of the County. Such notice is to briefly set forth the nature of the proposed amendment and is to state that a copy of the proposed amendatory resolution is on file in the office of the Clerk and Recorder of the County for public inspection.

Whenever at any time within one year from the date of the completion of the notice to be filed in the office of the Clerk and Recorder of the county an instrument or instruments executed by the holders of at least 66% in aggregate principal amount of the Bonds then outstanding, which instrument or instruments refers to the proposed amendatory resolution described in such notice and specifically consents to and approve the adoption of the resolution, thereupon, but not otherwise, the Board of County Commissioners may adopt such amendatory resolution and such resolution is to become effective. If the holders of at least 66% in aggregate principal amount of the bonds then outstanding, at the time of the adoption of such amendatory resolution, or the predecessors in title of such holders, content to and approve the adoption of such amendatory resolution, no holder of any Bond whether or not such holder has consented to or has revoked any consent is to have any right or interest to object to the adoption of such amendatory resolution or to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the County from taking any action pursuant to the provisions thereof. Any consent given by the holder of a Bond pursuant to the Bond Resolution is to be irrevocable for a period of six (6) months from the completion of such notice, by the holder who gave such consent or by a successor in title, by filing notice of such revocation with the Clerk and Recorder of the County, but such revocation is not to be effective if the holders of 66% in aggregate principal amount of the Bonds outstanding, prior to the attempted revocation, shall have consented to and approved the amendatory resolution referred to in such revocation.

Notwithstanding this method of amendment, the rights and the obligations of the County and of the holders of the Bonds and coupons thereunder may be modified or amended in any respect upon the adoption by the County and upon the filing with Clerk and Recorder of the County an instrument to that effect and with the consent of the holders of all the then outstanding Bonds, such consent to be given in the manner described above and no notice to holders of Bonds, either by mailing or by publication, is to be required, nor is the time of consent to be limited as may be provided in such consent.

USE OF PROCEEDS

Net Proceeds

Gross Amount	\$8,000,000
[Cost of issuance]	[250,000]
[Reserve Fund Contribution]	[80,000]
[Operation and Maintenance Reserve Fund Calculation]	[300,000]
<u>Net Proceeds</u>	<u>\$7,370,000</u>
[Refunding Proceeds]	[825,000]
<u>Net Proceeds Available for Construction</u>	<u>\$6,545,000</u>

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Estimated Use of Construction Proceeds

Studies/Reports/Special Activities	\$ 601,500
Design	1,172,400
Engineering	771,000
Construction	26,860,000
Contingency (approx. 4.7 percent)	1,377,000
	<u>\$30,781,900</u>
EPA Grant	[22,982,175]
Funds on Hand	[266,025]
Amounts Previously Expended	[988,700]
Net Proceeds Required for Construction	\$ 6,545,000

Defeasance of Outstanding City Revenue Bonds

The County will enter into an Escrow Agreement (the "Escrow Agreement") with the First National Bank in Grand Junction, Grand Junction, Colorado (the "Bank") whereby the County agrees to deposit with the Bank in the Refunding Escrow Account the proceeds received from the sale of the Series 1980B Bonds, less the cost of issuance of the Series 1980B Bonds, plus cash in the amount of \$ _____, plus \$80,000 of 8 1/4 percent United States Treasury Bonds, held as a sinking fund for the City's outstanding 1978A Issue, in accordance with a Federal Securities Purchase Agreement dated May 11, 1971, between the City and Zions First National Bank of Salt Lake City, Utah. The proceeds will be used to purchase certain securities listed in the Escrow Agreement which shall be at all times sufficient to pay the principal of and interest on the outstanding 1978A issue.

The Escrow Agreement provides, in part, that if funds on hand in the Refunding Escrow Account are insufficient to meet principal and interest payments as they become due, the County will deposit additional funds as may be required to meet payments. The Escrow Agreement restricts the use of the Refunding Escrow Account, requiring it to be separated from other funds and securities on deposit with the Bank, and directs the Bank to invest and reinvest in federal securities deposits from the County, in accordance with a schedule of security deposits so that sufficient funds will be available to pay interest and principal requirements of the 1978A Issue as they accrue.

The Project

The proposed construction consists of improvements which have been determined to be necessary to meet the needs of population projections, and to overcome insufficiencies perceived to exist in the wastewater treatment facilities presently operating within the area to be serviced by the new facilities. The requirements for greater treatment capacity are affected by the expanding-concern for protection of water resources, as reflected by inc eases of Federal and state legislation and regulations (see "THE JOINT SEWER SYSTEM - Environmental Concerns"). The improvements planned include construction of the new Persigo Wash Wastewater Treatment Plant, an interim treatment plant and six interceptor sewers. These facilities are to be operated in connection with the City System, with the

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exception of the existing plant of the City System, which is abandoned. (See "THE JOINT SEWER SYSTEM".) MUNICIPAL ENGINEERING

Interim Treatment Plant. The interim treatment facility will be located near the site of the new plant and is designed to treat an estimated 1.0 million gallons per day (MGD) excess flow from the City System's West Side plant before the new plant is completed and prepared for operation in 1983. The interim facility will include aerated basins constructed of concrete. Low speed aerators will provide the needed oxygen transfer in the wastewater to produce an acceptable effluent (see "THE JOINT SEWER SYSTEM - Environmental Concerns"). The aerated basins are planned to provide ten days of aeration and two days of settling prior to chlorination and discharge of the treated effluent. As the new plant is completed, the basins will be modified to function as flow equalization basins for use at the new plant. Stormwater runoff caused by those sections of the City System which are combined wastewater-storm sewers would be diverted to these basins prior to treatment.

Persigo Wash Treatment Facility. The activated sludge process of biological treatment was selected for use at the new Persigo Wash plant to achieve current and probable future discharge requirements. According to the Feasibility Study on Wastewater Treatment/Interceptor Sewer Program prepared by the architectural and engineering firm of Henningson, Durham & Richardson, Inc. (HDR), that process is well adopted for expansion. Modifying the existing mechanical method of treatment of the City System was considered in the HDR report to be less adaptable to matching the activated sludge effluent quality. In addition, land area of the existing City System plant could not accommodate projected expansion. Population and wastewater flow projections in the area of treatment (see "The EPA Grant") indicate the initial new system requires a 12.5 MGD capacity.

Interceptor Sewers. The interceptor sewers proposed include the River Road, Scenic School, Independent Avenue, Paradise Hills-Phase II, Goat Wash and Tiara Rado interceptors.

The River Road interceptor will run from the area of the existing plant to the Persigo Wash and interim plant facilities and is sized to carry all wastewater flows from the existing plant and all other planned interceptors. The design capacity of the proposed 48-inch and 54-inch interceptor sewer is adequate, according to the HDR report, to carry peak average daily flows and most infiltration/inflow to at least the year 2000. In addition, the Utility Director of the City believes the sizing will reduce the possibilities of any overflow until at least the year 1990 because of the storage capacity of the sewer interceptor itself.

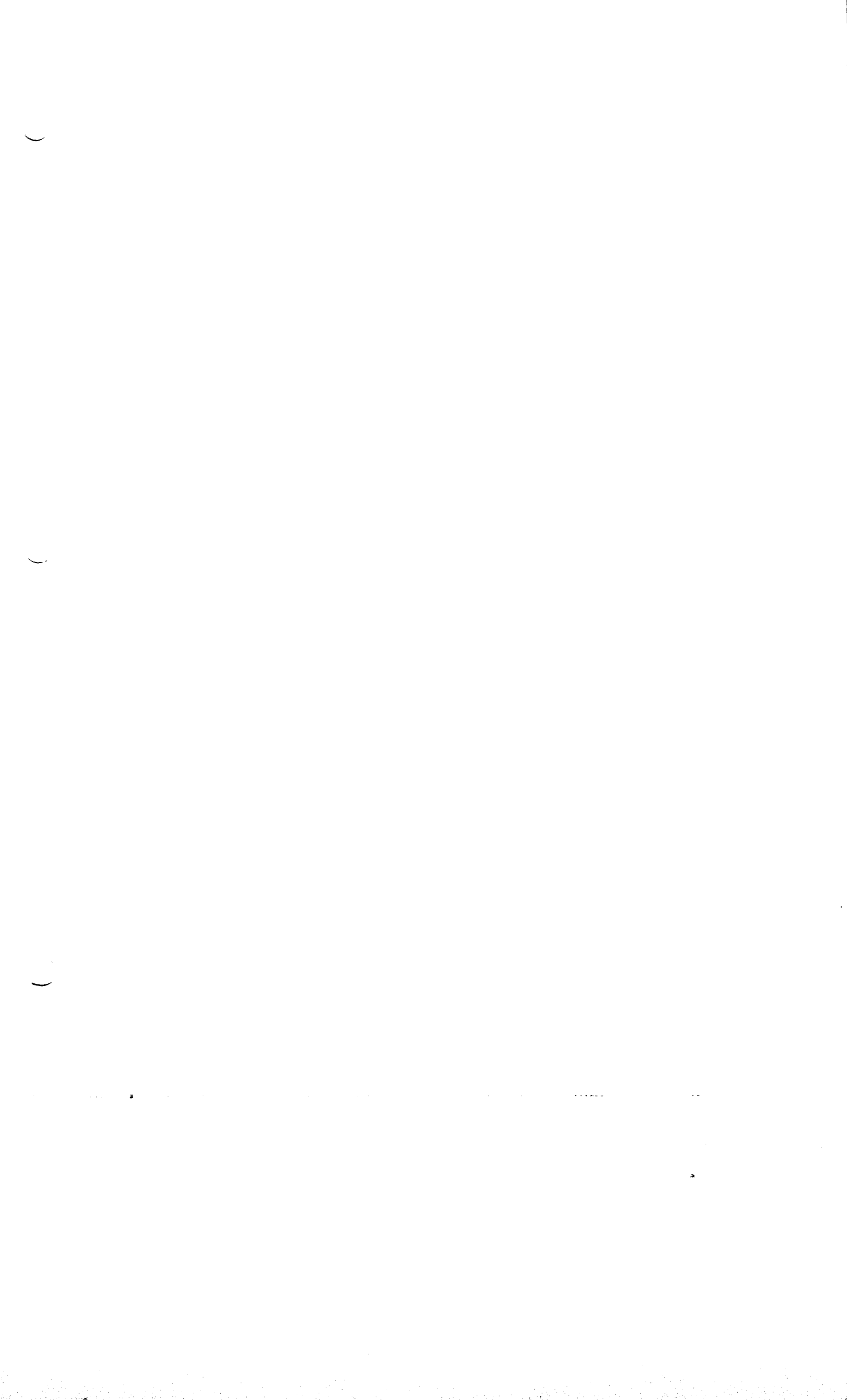
The Tiara Rado, Goat Wash and Scenic School interceptors are designed to carry wastewater from the development areas of the Redlands area located west of the City, and to provide for the abandonment of certain package treatment plants. Each of these interceptors will require pumping stations to facilitate a flow by force main across the Colorado River to the River Road interceptor, such pumping stations to be constructed as part of the Project.

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ENGINEERING

The Independent Avenue interceptor will intercept wastewater from the City's Horizon Drive Trunk Sewer, which serves development areas north of the City. The Horizon Drive Trunk Sewer extension is a 15-inch inverted siphon, a thin-walled pipe carrying flow under pressure, which the HDR report states is undesirable pipe for those conditions. The point of interception at Independent Avenue is designed to relieve the extension.

The Paradise Hills Interceptor-Phase I was completed to permit the abandonment of a package treatment plant. Phase II, to be funded as part of the Combined System, is an extension of this interceptor sewer, serving the Paradise Hills subdivision. Phase II is proposed to run from the terminus of the Phase I interceptor at the Foresight Park Industrial complex to the River Road interceptor. The interceptor is to serve residential and industrial park development north and west of the City, as well as a shopping mall complex under construction.



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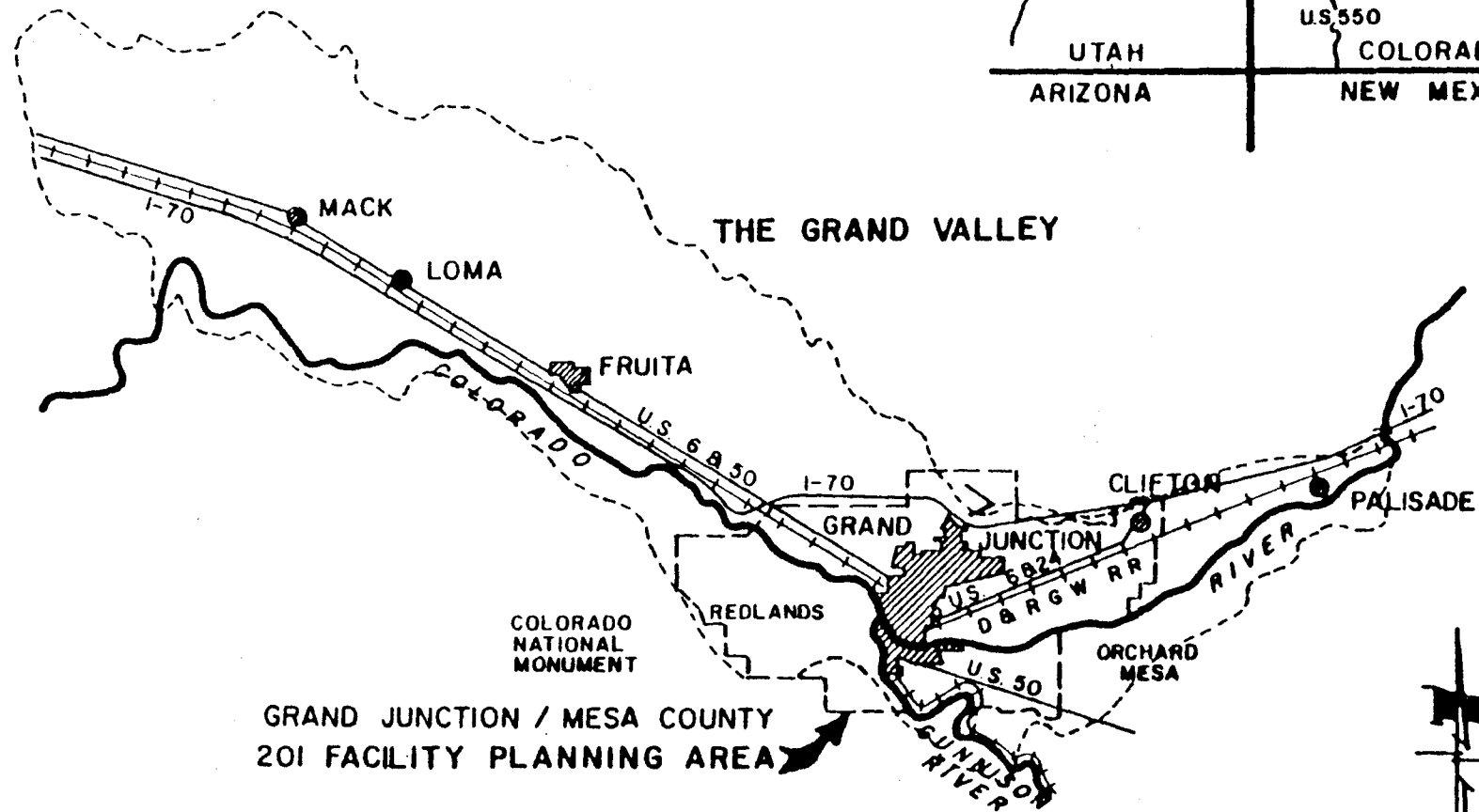
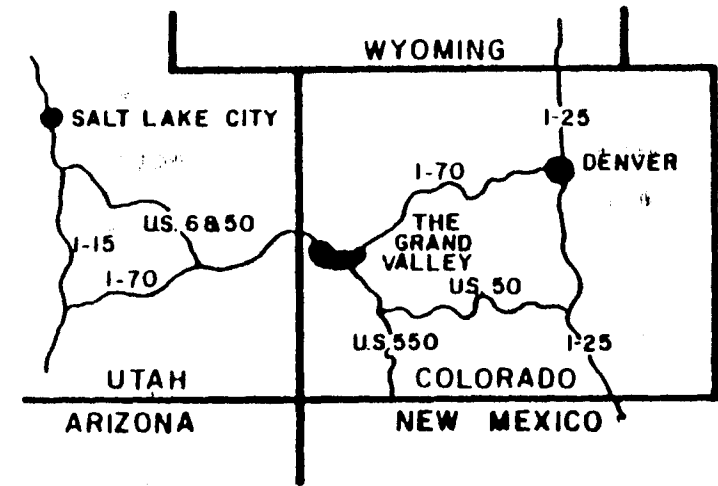
The EPA Grant

MINISTERIAL
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A portion of the overall cost of the Project is expected to be defrayed from proceeds of a Wastewater Treatment Facility Grant from the EPA. The legislative basis for obtaining federal assistance funds is the Federal Water Pollution Control Act (the "Act"). The procedural requirements for applying for grant funds are contained in parts 30-46 of title 40 of the Code of Federal Regulations. Sections 201 through 217 of the Act provide that grants may be made available, for up to 75% of the cost of construction, to any state, municipality, or interstate or intermunicipality agency for the construction of publicly-owned treatment plants.

Federal regulations promulgated pursuant to the Act provide that the state is responsible for determining the amounts and priorities of federal assistance to each municipality for which treatment works funding within the state is approved. Within Colorado, the applications, which must define the scope of any project, are processed through the Water Quality Control Division of the Colorado Department of Health.

According to EPA officials, the EPA would participate in funding only the most cost-effective treatment process within any "planning area," defined as that area to be serviced by EPA-funded facilities. The most cost effective method has been determined to be the Project. The Colorado Water Quality Control Division has indicated that no discharge permit can be issued if such permit is in conflict with a planning area unless the discharge process is substantially more cost effective than alternative treatment facilities. These provisions reflect the attitudes of present regulatory authorities and may have the affect of limiting the construction and funding of any wastewater treatment facilities within the Grand Junction/Mesa County 201 Planning Area (the "Planning Area") other than the Project, although they do not limit the continuing operation of existing wastewater treatment facilities which are not included within the Joint System. The Planning Area was designated by the Colorado Department of Health as complying with the wastewater planning and management process as established by law. In the Bond Resolution, the County also covenants that it will not grant any franchise or license to competing facilities, nor permit any person, association, firm or corporation not presently in operation to sell sewer services or facilities within the Planning Area while the Bonds are outstanding.



VICINITY MAP

THE JOINT SEWER SYSTEM

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The Joint Sewer System will combine the facilities of the City System, after abandonment of the existing water treatment plant, with the facilities to be constructed as part of The Project. The Joint system is designed to meet the requirements of projected population increases, while complying with the applicable provisions of federal and state statutes and regulation concerning water quality and environmental control.

Environmental Concerns

Concern for the protection of water resources over the years has led to progressively more stringent regulations, through federal and state legislation, for the discharge of treated municipal wastewater. The State of Colorado manages a system of stream classifications and water quality standards, as defined in the Colorado Water Quality Act of 1973, to this end. Stream classifications are assigned to the waters of the state for the purpose of protecting the water quality for public water supplies, the propagation of wildlife and aquatic life, and for domestic, agricultural, industrial, recreational and other intended uses. Water quality standards are used in connection with stream classifications to maintain the water quality for a protected use by regulating limitations for water characteristics.

The main stem of the Colorado River receiving the City's effluent has been assigned a stream classification of B-2 by the State. This classification indicates this segment of the river to be maintained as a warm water fishery. Due to the growing concern for endangered and threatened aquatic life, the U.S. Bureau of Reclamation established that the Colorado squawfish, humpback chub, and razorback sucker are endemic fish species of the Colorado River approaching extinction. These species are classified as endangered or threatened by the State of Colorado, with the exception of the razorback sucker, and by the U.S. Fish and Wildlife Service. As a result, the maintenance of a proper stream classification for this segment of the Colorado River is essential for the preservation of these fish species.

The Colorado Department of Health is currently reviewing stream classifications for revision. Any change in the stream classification of the Colorado River at Grand Junction could effect a change in the water quality standards for that segment of the river. Increased water quality standards would require a high degree of secondary treatment and advanced wastewater treatment processes for compliance with the standards.

The City, in the operation of the City System, is required to keep in force a discharge permit issued by the Department of Health, State of Colorado, under the Federal Water Pollution Control Act and the Colorado Water Quality Control Act, and the National Pollutant Discharge Elimination System (NPDES). The City's current permit was issued November 29, 1979, and will expire midnight, September 30, 1980.

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The effluent standards set forth below indicate the current NPDES limitations. The probable future effluent limitations and a history of City System permit violations, as indicated by the HDR report, are also listed. The Director has met with representatives of the EPA and the Office of the Attorney General of Colorado concerning a variance from the discharge standards. Those representatives, according to the Director, indicated that no enforcement action for violations of discharge standards will be undertaken until following completion of the Project. In addition to applying for a renewal of its expiring NPDES permit, the City has applied for a permit for the interim facility. An application for the Persigo Wash Treatment Plant is expected to follow the fixing of final EPA discharge requirements.

No assurance can be given that the City or the County will not in the future be required to expend substantial sums of monies in order to comply with state and federal environmental statutes and regulations which may hereafter be promulgated.

NPDES PERMIT EFFLUENT LIMITATIONS

Parameter	Concentration		Instantaneous
	30-Day Average	7-Day Average	
BOD(1)	30 mg/l(4)	45 mg/l	--
SS(2)	30 mg/l	45 mg/l	--
Fec. Col.(3)	6000/100 ml	12000/100 ml	--
Total Residual Chlorine	--	--	-- 0.35 mg/l max.
pH	--	--	6.0 - 9.0
Oil and Grease	--	--	10 mg/l

PROJECTED FUTURE
NPDES PERMIT EFFLUENT LIMITATIONS

Parameter	Concentration		Instantaneous
	30-Day Average	7-Day Average	
BOD	30 mg/l	45 mg/l	--
SS	30 mg/l	45 mg/l	--
Fecal Coliform Colonies	6000/100 ml	12000/100 ml	--
Ammonia Nitrogetn NH ₃	--	--	-- 5.5 - 6.0 mg/l
Total Residual Chlorine	--	--	-- 0.1 mg/l max.
pH	--	--	6.0 - 9.0
Oil and Grease	--	--	10 mg/l

CITY SYSTEM DISCHARGE PERMIT VIOLATIONS

SEP

<u>Date of Letter</u>	<u>Results of Parameter Analysis</u>	<u>Permit Conditions</u>	<u>Amount Exceeded</u>
11/20/79	SS 50 mg/l 45 mg/l	5 mg/l	
7/1/79	BOD 44 mg/l 30 mg/l	14 mg/l	
7/31/79	BOD 60 mg/l 45 mg/l	15 mg/l	
3/7/79	BOD 51 mg/l 45 mg/l	6 mg/l	
3/7/79	Fec. Col. 430,000 ⁽⁵⁾	12,000 ⁽⁵⁾	418,000 ⁽⁵⁾
10/23/78	Fec. Col. 23,000 ⁽⁵⁾	12,000 ⁽⁵⁾	11,000 ⁽⁵⁾
9/8/77	Fec. Col. 9,000 ⁽⁵⁾	400 ⁽⁵⁾	8,600 ⁽⁵⁾
6/13/77	Fec. Col. 2,300,000 ⁽⁵⁾	200 ⁽⁵⁾	2,299,800 ⁽⁵⁾

- (1) BOD, Biochemical Oxygen Demand
(2) SS, Suspended Solids
(3) Fec. Col., Fecal Coliform Bacteria
(4) mg/l, milligrams per liter
(5) Org/100 ml, organisms per 100 milliliters

Description of the City System

The City System was described in a report entitled "Infiltration/Inflow Analysis, City of Grand Junction," prepared by Nelson, Haley, Patterson & Quirk, Inc., (NHPQ) as part of the Facilities Plan for the City of Grand Junction prepared in 1974. That report has been updated with additional information provided by the City. The City System presently treats 89 percent of the sewage flow in the Planning Area.

Prior to the construction of the City's first sewage treatment plant, which was completed in 1939, a combined sanitary/storm system developed. The sanitary system lines were laid under alleys and the storm lines under streets. The systems combined at points where main trunk and outfall lines connect, and both systems were at first discharged directly into the Colorado River without treatment.

According to the Grand Junction/Mesa County Predesign Report for Wastewater Treatment Facilities & Interceptor Sewers, prepared by HDR in 1977, records indicate that combined sewers and comprise 170,478 linear feet in the present system.

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The City System's West Side Wastewater Treatment Plant was originally constructed in 1939 as a primary treatment facility, expanded in 1957 as a conventional trickling filter plant to provide secondary treatment and upgraded in 1970 to operate as a two-stage trickling filter plant.

The influent open channel of the present treatment plant has a bypass opening. Because of the combined storm and sanitary sewer, heavy rain can cause a portion of a storm surge to exceed the hydraulic capacity of the plant and bypass the plant. Some untreated sewage will then flow directly into the Colorado River, although the City first chlorinates the discharge. In addition, it is possible that flood levels of the Colorado River could create a backflow into the influent open channel as it now exists. It is also possible that human error could cause the bypass opening to permit a direct flow, but the Utility Director indicates there are no records of such an occurrence.

According to figures provided by the Utility Department of the City, spillages have ranged from a duration of 30 minutes to 3 hours, resulting in discharges from 45,000 to 3 million gallons of sewage. There have been 19 occurrences of discharge since July, 1975.

The City System's present plant receives power from Public Service Company of Colorado. No backup power is available. During the past 5 years, two power outages have caused a shutdown of treatment for a two hour-fifteen minute period and a one hour seven minute period, according to the wastewater treatment supervisor.

Areas of the City System Not Within the City

The City System treats sewage from areas within the City, areas within special service districts outside the City, and areas outside the City which are not within special service districts. The special service districts, separate quasi-municipal corporations organized under and acting pursuant to the laws of the State of Colorado, for which the City provides sewage treatment by agreement are Orchard Mesa Sanitation District, Fruitvale Water and Sanitation District, Central Grand Valley Sanitation District, and Ridges Metropolitan District (collectively, the "Districts").

Agreements between the City and the Districts contain various provisions concerning services to be rendered, fees and charges, provisions for increasing charges and the term of the agreement. Each of the Boards of Directors of the Districts has adopted separate Resolutions ("District Resolutions") whereby the Districts agree to accept those provisions of certain Joint Resolutions and Ordinances of the City and County which relate to the treatment of sewage (see "Agreements"). Supplemental agreements between the City and each of the Districts provide that the Districts adopt those rates for treatment which are established for services within the City, and that the terms of the original agreements between the City and the Districts are extended for the longer of the period of the original agreement or 30 years.

The Districts have individual responsibilities and liabilities with respect to services provided, and have the authority to issue securities and pledge revenues from the operation of individual sewage systems. The Orchard Mesa Sanitation District entered into a loan and grant agreement with the United States Department of Agriculture, Farmers Home Administration, dated October 30, 1975. The loan amount of \$1,085,000 was secured by a pledge of revenues of the district system in an amount sufficient to meet payments on the loan. Funds to meet such obligations are collected from users of sewers within the Districts. The Districts direct the City Utility Department to collect from customers that amount necessary to provide both City and District charges. The City first retains its charge and then forwards to the District the remaining amounts.

Areas not within the City and not part of special service districts are treated by the City pursuant to special powers of attorney obtained by the City prior to any connections to the City System.

Number of City System Connections Served (1979)⁽¹⁾

	<u>Inside City</u>	<u>Outside City</u>	<u>TOTAL</u>	
Residential	7,616	4,316	11,932	
Commercial/Industrial	<u>1,099</u>		<u>0</u>	<u>1,099</u>
TOTAL	8,715	4,316	13,031	

Previous Connections Serviced (Totals only)⁽²⁾

<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
7,820	8,000	8,466	12,434	13,031

(1) Source: Colorado Municipal League - 1980 Water and Sewer Utility Charges and Practices.

(2) Source: The City of Grand Junction Figures for 1975-77 do not include special districts. Districts did receive service, but the City programs did not reflect totals served.

The Agreement; Joint Ordinances and Resolutions

According to the Joint Sewerage Service Agreement (the "Agreement"), dated May 1, 1980, by and between the City and the County, the Joint System expansion requires a new treatment plant and contemplates abandonment of the City System's existing plant. Major expenditures, in addition to the new plant, include construction of the River Road interceptor to run from the City System's existing plant to the Joint System plant and three interceptors running from the Redlands area either directly to the Joint System wastewater treatment plant, or to the River Road interceptor. Also, completion of the Paradise Hills interceptor and construction of the Independent Avenue interceptor are planned.

An interim treatment facility is to be required as part of the

construction until the Joint System plant is completed, and is part of the Project.

According to the Agreement, the City System and other facilities will be considered separate for the purpose of establishing zoning, subdivision and building permit criteria before connection permits are made available to users, and for collection line extensions within drainage areas; but construction which is part of any connection to the Joint System must be approved by the Utility Department of the City. Following completion of the Joint System, the County will own the new wastewater treatment plant and the River Road and Redlands area interceptors. The City will own the Paradise Hills and Independent Avenue interceptors and all lines and facilities currently owned. Ownership of lines within areas later annexed to the City will be transferred to the City. The Districts will continue to own all lines and facilities currently owned. The County will own all lines and facilities within the Joint System not owned by the City or the Districts.

A Joint Ordinance and Resolution of the City and the County, dated March 5, 1980, provides that the Director will sample certain industrial users of the system (those discharging 25,000 gallons per day or more) to determine the classification of the industry. This classification may be used for recovery by the City and County from the industrial user of the amount of the EPA grant allocable to capacity utilized by the industrial user and funded by federal grant monies as required by the EPA under the Industrial Cost Recovery program. Funds collected for this purpose are to be deposited in interest-bearing accounts to be fully collateralized by obligations of the U.S. government or guaranteed by the U.S. government.

After deduction for administrative costs, the City, in conjunction with the County, may use ten percent of the retained funds at its discretion. Fifty percent of the original amount, along with fifty percent of the accumulated interest, is to be paid annually to the EPA. Forty percent of the original amount may be retained for investments until its use is required for expansion or reconstruction of the Joint System.

However, according to the EPA, a moratorium on collection of funds due under the Industrial Cost Recovery Program began in 1977. The EPA was required to submit a report to Congress for a period of 1 year from July 1, 1979, after which the moratorium on collection was expected to end. However, the EPA indicates no action has been taken by Congress, and pending legislation would eliminate the Industrial Cost Recovery, and collection of recovered amounts has not been reinitiated.

An additional Joint Ordinance and Resolution of the City and the County, also dated March 5, 1980, requires a permit from the Director of Public Works and Utilities (the "Director") to connect to the Joint System. Certain restrictions as to the types of sewage to be disposed of in the Joint System are provided, as is the rate structure to be levied on all property having a connection or eligible for a

connection with the City sewer system. (See "Rate Structure".) Penalties for non-compliance are also provided.

Joint System Management

The Joint System is to be operated as a single system for the purpose of wastewater collection and treatment. Joint rates, tolls and fees will be charged. Operation of the Joint System is to be conducted by the City, under the supervision of the Director. A utility superintendent, utility systems supervisor and utility systems foreperson are to manage the staff responsible for operation and maintenance of the Joint System, including the Persigo Wash Wastewater Treatment Plant. The new plant will require 15 additional operation staff personnel under the established management and supervisory structure.

Currently, the Director is Mr. James Patterson. Mr. Patterson joined the City government in January 1972 as supervisor of the water and sewer treatment plants. His responsibilities increased thereafter to include supervision of the water supply and sewage collection systems, and as Utility Director, collection of solid waste. Named Director of Public Works and Utilities in 1976, he is responsible for all water and sewage treatment and water distribution and sewage and solid waste collection, as well as street maintenance and repair. Prior to coming to Grand Junction, Mr. Patterson received a BA degree from La Grange College (Georgia) and did post graduate work at the University of Georgia and Auburn University. He was a quality control chemist and superintendent of the water and sewer plants and sewage collection in Phenix City, Alabama, from 1966 to 1972.

Rate Structure

Charges for sanitary sewer service before January 1, 1980 were established on November 3, 1971, by City Ordinance No. 1410. There was an increase of rates in 1975; however, with that increase, the decision was made to return to the lower rates if an additional 1% municipal sales tax was approved by the voters of the City, with the tax revenue to be applied to the then-joint Water-Sewer Fund. With the approval of the sales tax, water rates were reduced in 1976. The City system rate structure in 1979 included sewer rates for eight kinds of service, ranging from \$2.05 per month for a single family dwelling to \$6.15 per month plus \$1.00 per month per additional units for multiple-family dwellings.

These rates were, according to the Utility Director's Report, based on amounts of sewage treated under certain assumptions, rather than on the amount of pipe or construction required to provide service.

The recommendations for new rate changes were approved by the City Council of Grand Junction on November 20, 1979 by ordinance, and by a Joint Resolution and Ordinance of the City and County (see "Agreements"). The original ordinance specified that rates were to be effective January 1, 1980. The Utility Director's Report indicated

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that the rate schedule recommended was developed using EPA guidelines that provide for a charge to each user based on the amount of pollutants produced by that user. The recommended rates were developed basing the rate structure on the fee determined for a single family residence, referred to as an Equivalent Residential Unit (EQU). The EQU represents the approximate monthly cost, per average residency, for operation and maintenance of the City System and retiring the debt of the system, and will equal \$4.20 per month. It is not dependent on amount of use by the premises charged.

Under this structure, for example, the monthly service charges for a single family residence in the City increases from \$2.05 to \$4.20 per month; for a single family residence outside the city it increases from \$4.10 to \$4.20; for a 15 unit apartment, it increases from \$18.15 to \$45.36 per month; for a 157-bed hospital, increases \$198.02 to \$586.87 per month. Because charges are determined on revenue requirements of the Joint System, as opposed to usage, the charges are designed to make the revenue self-supporting.

In addition, a permit is required before any connection can be made to the City System. A fee of \$5.00 is required to be paid to the building department of the City for such a permit, although the connection charge can be adjusted if laterals are installed by the proposed connector.

Proposed Future Capital Expenditures

The Finance Director of the city has indicated that no capital expenditures for wastewater treatment beyond the Project are presently planned. However, he indicated that the reasons for selection of the Persigo Wash Wastewater Treatment Plant site was its capacity for expansion.

THE COUNTY

Generally

Mesa County is located in Western Colorado in the Grand Valley of the Colorado River, 257 highway miles west of Denver. Grand Junction is the county seat of Mesa County and the largest city in Western Colorado. The County is a political subdivision of the State of Colorado, organized and existing under and pursuant to the Constitution and laws of the State of Colorado.

Mesa County is bordered on the west by the State of Utah, on the north by Garfield County, and on the east and south by Pitkin, Gunnison, Delta, and Montrose Counties.

Population centers in the County other than Grand Junction include Gateway, Fruita, Mack, Loma, Clifton, Palisade, Molina, Collbran, Whitewater, Skyway, Glade Park, DeBeque and Cameo. Of those, Clifton is within the Planning Area, but will not be served by the Joint System. (See "ECONOMIC DATA AND STATISTICS CONCERNING THE CITY AND THE COUNTY - Planning Area Population Projections.")

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Principal Officials

The governing body of Mesa County is the Board of County Commissioners. The three members of the Board are elected for staggered four year terms. The following persons, as of the date hereof, are members of the Board:

<u>Name</u>	<u>Title</u>	<u>Term Ends</u>
Maxine Albers	Chairman	1981
Michael Kelly	Commissioner	1981
Rick Enstrom	Commissioner	1983

The County Administrator is Mr. Theodore Ford. Mr. Ford holds a BA degree from the University of Utah (1952), and has been an employee of the County for twelve years, six years each as Budget Officer and as County Administrator. Prior to that time he held various positions in broadcast management.

Services; Employees; Unions

Services provided by the County include a Sheriff's Department; a Health Department; planning; building inspection; library; social services; road and bridge services; and a museum. County officials are charged by statute with the responsibilities for managing property tax and mortgage foreclosure.

The 450 full time and 25 part time employees of the county are not affiliated with or organized into any union. In accordance with part 9 of article 51 of title 24 of the Colorado Revised Statutes, 1973, as amended, the County participates in the Colorado Official's and Employee's Retirement fund. Employee contributions of 4% are matched by an equal amount by County contributions. Value of the fund as of the date hereof is \$1,947,000.00.

Principal Facilities

The principal facilities of the County include the County Courthouse Complex, the Health Department Complex, the Sheriff's Office and Jail, museum, library and county garages.

Capital Improvements

With the exception of the Project to be financed in part with the proceeds of the Bonds, there are no major County capital improvements forecast as of the date hereof.

Pension Plans

The County provides retirement plan for officials and employees of the County under the Colorado County Officials and Employees Retirement Association Retirement Plan. The plan is a defined contribution

money-purchase plan. Total retirement expense was \$174,562 for 1979, which included funding of prior service costs in the amount of \$13,489.

FINANCING

Other Authority for County to Issue Securities

In addition to the authority in the Bond Resolution, both the constitution and statutes of the State of Colorado permit the County to issue general obligation bonds. Any such general obligation bonds must be issued pursuant to a resolution, and, must be authorized at a general or special election at which the question of their issuance is approved by a majority of the registered electors voting thereon. The purposes for which the County may contract general obligation indebtedness include purchasing land; purchasing, constructing, extending, and improving public streets, buildings, facilities, and equipment; and providing mass transportation or airport facilities. The County also may issue revenue bonds for the acquisition, construction, improvement or extension of water or sewerage facilities. The issuance of revenue bonds need not be authorized by the electors.

In addition, the County may issue bonds ("Funding Bonds") for the purpose of exchanging such bonds for outstanding County warrants, or using the proceeds of the sale of Funding Bonds to redeem or purchase warrants not exchanged. Future legislation could expand or restrict the authority for the County to issue additional securities.

Long Term Obligations of the County

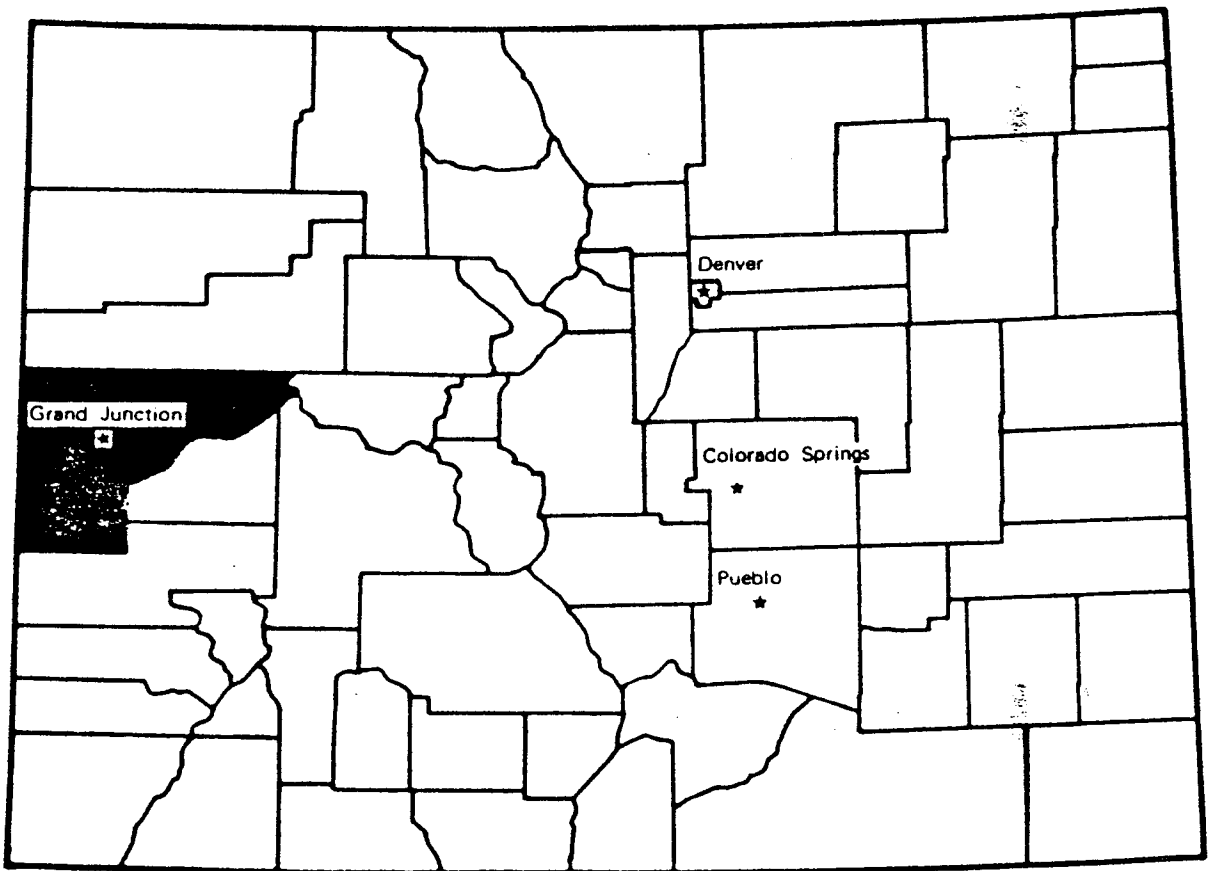
The County has no general obligations or revenue debt outstanding, exclusive of the Bonds. The County does have several long-term contracts:

The County entered into a lease agreement for a road grader. The lease is classified as a capital lease and accounted for under Financial Accounting Standards Board Statement No. 13. Future minimum lease payments for the road grader are:

1981	\$21,471
1982	21,471
1983	21,471
1984	21,471
	85,884
Less interest	9,315
Present value of net minimum obligations	<u>\$76,569</u>

These agreements may be terminated without further obligation and the equipment returned if funding for payment of the contracts is not provided by the appropriate local government authority.

Mesa County



THE CITY

Generally

Grand Junction is located in the County, at an elevation of 4,586 feet above sea level. Grand Junction is a regional trade center because of its access to major highway, rail and airline systems.

During the 1950s Grand Junction was the center of the uranium exploration and development project sponsored by the U.S. Government. The development of supplies of oil shale, coal, oil, and gas in the region are projected to have a continuing impact on the Grand Junction economy.

Grand Junction is the home of Mesa College, a four-year state institution of higher education. Mesa College provides a broad and curriculum including vocational, adult education and academic courses to over 3,000 students. The Intermountain Bible College, a four-year religious institution with 85 students, is located in Grand Junction. Western Colorado University is a private institution providing programs of study at the graduate and baccalaureate degree levels. Western Colorado School of Business offers accounting and secretarial programs, and American Beauty College and the Academy of Beauty Culture offer cosmetology courses.

The City and County are served by Walker Field, operated jointly by the City and the County by the Walker Field, Colorado, Public Airport Authority, five miles from the City. United Airlines, Continental Airlines, Frontier Airlines, TransWestern Airlines and Key Airlines service area passengers with arrivals and departures daily. Monarch Aviation and Kempton Aviation, Inc., at Walker Field offer airline charter services with a total of thirty-four planes available. Junior Cole & Co., Inc., maintains two charter planes at a private dirt strip airport (2123 River Road). Rocky Mountain Helicopters maintains an available helicopter fleet of twenty aircraft at Walker Field.

St. Mary's, Mesa Memorial, Grand Junction Osteopathic and the U.S. Veterans Administration Hospitals have a combined bed capacity of 500. Grand Junction's medical facilities also include four nursing homes, a public health department, and eighteen pharmacies. Seventy-nine physicians-surgeons, thirty-eight dentists and other specialists are represented.

The City's professional and business community includes eighty-two lawyers, one stock brokerage firm, one commodity brokerage firm, forty certified public accountants, 500 licensed realtors and sixteen architects.

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In addition to the City's sixteen parks (totaling 113.3 acres), recreational facilities include one private golf course, two public golf courses (totaling 146 acres), twenty-eight public tennis courts, and four municipal swimming pools.

Grand Junction has fourteen financial institutions, including seven commercial banks, four savings and loan associations, and three industrial banks. The combined commercial bank deposits totaled \$301.3 million as of December 31, 1979, an increase of 19.2% over 1978.

The City is served by one local daily newspaper, and one weekly advertising circular. There are four A.M. radio stations broadcasting in the city and three F.M. stations. The City has two television stations and commercial cable television facilities provide Denver television channels and one movie channel.

Establishment

The City of Grand Junction was founded in 1881, and was incorporated in 1882. Grand Junction became a Home Rule city in 1909 by adopting its own charter pursuant to Article XX of the Constitution of the State of Colorado, and the Council-Manager form of government was adopted by the City in 1922.

Principal Officials

The seven members of the City Council (including the Council President-Mayor, who is selected by the City Council from its members) are chosen for staggered four year terms in nonpartisan elections. The following persons, as of the date hereof, are members of the City Council:

<u>Name</u>	<u>Title</u>	<u>Principal Occupation</u>	<u>Term Expires (May)</u>
Jane Quimby	Council President-Mayor	Civic Leader	1981*
Robert W. Holmes	Councilman	Insurance Salesman	1981
Dale Hollingsworth	Councilman	Executive Vice-President, Grand Junction Chamber of Commerce	1983
Karl Johnson	Councilman	Retired Chief of Police	1983
Frank Dunn	Councilman	Auto Salvage	1983
William O'Dwyer	Councilman	Electrical Contractor	1981
Louis Brach	Councilman	Retired Meat Processor	1983

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* The Council President-Mayor serves in that position one year, then remains on the Council as a member if incumbant or reelected.

The City Manager is appointed by the City Council and serves at the pleasure of the Council under contract for an indefinite term. The City Manager as of the date hereof is Mr. James Wysocki. Mr. Wysocki was appointed City Manager in May 1976. Prior to that time he had served in the government of the City for eight years as assistant City Manager and Director and Assistant Director of the City's Parks and Recreation Department. He holds a BA degree (1966) from the University of Wyoming.

Services; Employees; Unions

The City provides law enforcement; fire protection; ambulance service; rescue service; public works, including street maintenance; utility services, including water and sanitation and storm drainage facilities; solid waste disposal services; and parks and public recreational facilities.

The City is served by the Mesa Valley School District No. 51, which is an independent political subdivision of the State of Colorado, rather than a department of the City of Grand Junction or of Mesa County.

All full time employees of the City (except Department Heads) are subject to a civil service system, pursuant to which positions are graded. Hiring and promotion policies are based on standard tests of merit.

City employees are not organized into or affiliated with any union. The City Manager characterized City-employee relationships as good.

Capital Budget

The City prepares an annual Project Summary describing financing forecasts for major capital expenditures. The following represent amounts forecast for each category of capital expenditure for the next five years, as indicated by the 1979 Project Summary.

<u>Project</u>	<u>Amounts</u>	<u>Source of Funds</u>
Open Space and Parks	\$ 334,500 232,500	General Revenue Federal Aid
Public Buildings	1,067,965 2,135,000	General Revenue Revenue Bonds(1)
Public Works	821,000	General Revenue
Police and Fire	255,565 180,000	General Revenue Federal Aid

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Recreation Facilities	1,239,400	General Revenue
	300,000	Federal Aid
	145,000	Special Revenue
Sanitary Sewer ⁽²⁾	323,000	Service Charge
	941,725	Revenue Bonds
	3,224,175	Federal Aid
	50,000	Special Revenue
Wastewater Treatment ⁽³⁾	3,507,900	Revenue Bonds
	10,523,700	Federal Aid
	300,000	Special Revenue
Water System Financing	220,000	Service Charge
Water Supply Financing	177,000	Service Charge
Storm Service Financing	600,000	General Revenue
Street Financing	4,911,509	General Revenue
	3,157,600	General Obligation Bonds
	1,626,000	Special Assessments
Special Projects	326,797	General Revenue
	46,200	Reserve Fund

(1) Amount forecast for Recreation Center

(2) Includes River Road, Paradise Hills, and Independent Avenue interceptors of the Combined System

(3) Includes Persigo Wash Treatment Plant and interim sewage treatment plant of the Combined System

Utilities

Electrical power is provided to residents of the City Junction by the Public Service Company of Colorado, and by the Grand Valley Rural Power Line, Inc. Public Service Company also provides City residents with natural gas.

Water is supplied to residents of the City of Grand Junction by the City, and by the Ute Water Conservancy District. The source of water is Grand Mesa surface water. The capacity of the City's water treatment plant is 16 MGD, and the City's average consumption is 6.4 MGD. The water treatment plant was constructed in 1969. The Gunnison River Pumping Station was built in 1974 to provide an additional 6 MGD capacity.

Telephone service is provided within the City by Mountain States Telephone and Telegraph Co., and telegraph service by Western Union Telegraph Company.

Pension Plans

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The City has three contributory pension plans, one covering policemen, one covering firemen, and one covering nonuniformed employees and uniformed employees who choose to participate in more than one plan.

In 1978, actuarial evaluations were made for both the firemen's pension fund and the policemen's pension fund. Based on these studies, the yearly provisions for pension costs for the policemen's and firemen's pension funds were determined to be \$416,130.00 and \$493,521.00, respectively.

The Statement of General Long Term Debt for the City for the year ending December 31, 1979, indicates that the amounts available for payment for the policemen's and firemen's pension funds were respectively \$377,856 and \$673,333, leaving amounts to be provided of \$3,139,319 and \$3,805,230, respectively.

The City has elected to fund the total amounts over forty years. Therefore, the unfunded amounts will be reduced as the City transfers monies to fund the yearly provisions for pension costs.

The City provides a pension plan for all employees with more than one year continuous service. Individuals can contribute between three and 7 percent, which the City matches with three percent for participating employees. Approximately eighty percent of the total number of City employees participate in the plan.

SUMMARY OF GRAND JUNCTION DEB. SERVICE REQUIREMENTS TO MATURITY
(BEFORE AND AFTER ISSUANCE OF THE BONDS)

Year	1975	1975	1978	1978	1978	Total Before Issuance of the Bonds	1980	Total After Issuance of the Bonds
	Revenue Bonds	General Obligation Bonds	General Obligation Water Bonds	General Obligation Water Refunding Bonds	Sewer Refunding Revenue Bonds		Mesa County Sewer Refunding Revenue Bonds	
1980	---	---	101,233	67,752	34,538	203,523		
1981	47,525	71,737	202,465	135,505	69,076	526,308		
1982	69,212	68,587	202,465	135,505	69,076	544,845		
1983	75,812	70,262	202,465	135,505	69,076	553,120		
1984	86,350	71,587	202,465	135,505	69,076	564,983		
1985	81,250	68,081	202,465	135,505	69,076	556,377		
1986	76,150	69,775	202,465	135,505	69,076	552,971		
1987	71,050	71,181	202,465	135,505	69,076	549,277		
1988	65,950	77,156	202,465	135,505	69,076	550,152		
1989	41,700	---	202,465	135,505	69,076	448,746		
1990	---	---	202,465	135,505	69,076	407,046		
1991	---	---	423,683	278,085	297,852	999,620		
1992	---	---	488,861	328,405	59,990	877,256		
1993	---	---	495,711	326,305	64,529	886,545		
1994	---	---	490,595	327,995	63,917	882,507		
1995	---	---	149,260	102,257	63,305	314,822		
1996	---	---	153,050	106,197	62,693	321,940		
1997	---	---	146,530	104,980	62,077	313,587		
1998	---	---	150,288	103,737	61,456	315,481		
1999	---	---	153,569	102,488	60,832	316,889		
2000	---	---	136,693	91,238	55,206	283,137		
2001	---	---	121,225	80,925	50,050	252,200		
2002	---	---	121,225	80,925	50,050	252,200		
2003	---	---	121,225	80,925	50,050	252,200		
2004	---	---	121,225	80,925	50,050	252,200		
2005	---	---	1,925,613	1,285,462	795,025	4,006,100		
	\$614,999	\$568,366	\$7,324,636	\$4,903,651	\$2,572,380	\$15,984,032	[\$915,000]	

Planning Area Population Projections⁽¹⁾

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Location	<u>1970</u>	<u>1974</u>	<u>1990</u>	<u>1994</u>	<u>2000</u>
City	21,240	24,090	33,456	35,800	39,310
North	2,540	3,370	9,314	10,800	13,030
Paradise Hills	--	440	2,488	3,000	3,768
Fruitvale	1,940	2,690	5,257	5,900	6,862
Pear Park	1,940	2,450	7,450	8,700	10,575
Orchard Mesa	5,950	6,720	13,106	14,700	17,094
Redlands	4,410	5,930	26,466	31,600	39,301
Clifton (2)	--	3,140	7,108	8,100	9,588
Northwest Area	680	700	940	1,000	1,090
Total Without Clifton	--	46,390	98,477	111,500	131,030
TOTAL	--	49,530	105,585	119,600	140,618

(1) Source: HDR Feasibility Report on Wastewater Treatment/Interceptor Sewer Program

(2) The unincorporated community of Clifton is located within the Planning Area, but is not presently projected to be served by the Joint System. Clifton Sanitation District No. 1 operates a 3-cell non-discharging oxidation pond. Clifton Sanitation District No. 2 operates a 2-cell oxidation pond designed to discharge but not currently doing so, and a 2-cell aerated lagoon with a capacity to discharge into the Colorado River, although not currently doing so.

Age Groups by Percentage - Mesa County

Age	Percent
18-14 Years	12
25-34 Years	14
35-49 Years	16.4
50 and Over	29.1

Year	Bank Deposits(1)	Assessed Valuation	
		City	County
1974	\$117,603,507	\$ 57,618,530	\$129,345,530
1975	133,019,921	64,537,540	139,946,380
1976	158,991,462	74,540,990	167,251,920
1977	209,162,945	87,550,360	203,023,230
1978	252,614,800	99,236,560	237,186,760
1979	301,316,969	110,368,820	271,457,120

(1) Bank deposit figures are for the seven commercial banks located in Grand Junction, as of December 31.

6. Dixson, Inc.	449	Electronic Equipment
7. Mesa County	410	Government
8. City Market, Inc.	400	Retail Grocery and Related Products
9. Bendix Field Engineering	350	Engineering Services
10. City of Grand Junction	323	Government

*Department of Employment Figures December 1977

Estimated Number of Persons Employed in Mesa County in:*

<u>Trade</u>	<u>Number of People Employed</u>
Manufacturing	2570
Mining	1070
Trade (Retail and Wholesale)	6720
Government	4770
Transportation, Utilities and Communications	1810
Finance, Insurance and Real Estate Service	920
Contract Construction	5030
Agricultural	2230
Self-employed	1111
	3040

*Source: Colorado Dept. of Employment Division of Research and Analysis - December 1977

Unemployment In Mesa County*

<u>Year</u>	<u>Work Force</u>	<u>Number Unemployed</u>	<u>Percentage</u>
1974	26,850	990	3.7
1975	28,940	1360	4.7
1976	29,690	1370	4.6
1977	32,800	1380	4.2
1978	32,950	1400	4.2
1979	36,110	1353	3.7
1980 (March)	37,352	1076	3.0

*Colorado Dept. of Employment Division of Research and Analysis

<u>Consumer Income (1978)</u>	<u>City</u>	<u>County</u>
Number of Households	10,970	25,260
Total Retail Sales	\$138,488,000	\$245,573,000
Per Household Retail Sales	\$ 12,624	\$ 9,722
Consumer Spendable Income	\$166,719,000	\$332,964,000
Consumer Spendable Income Per Household	\$ 15,198	\$ 13,181

Retail Sales (1978)

City

County

Automotive	\$31,451	\$50,699
Food	31,199	44,961
Home Furnishings	11,295	12,188
General Merchandise	20,937	23,067
Service Stations	10,127	14,759

Effective Buying Income (1978)

Percent of Families

\$ 0-2999	7.4%
3000-4999	9.1
5000-7999	14.7
8000-9999	11.0
10,000-14,999	24.1
15,000-Over	33.7

Grand Junction Climate*

Precipitation

January	0.64
February	0.69
March	0.75
April	0.75
May	0.60
June	0.42
July	0.57
August	1.07
September	0.91
October	0.74
November	0.58
December	0.57

Average Daily Temperature

	<u>Maximum</u>	<u>Mean</u>	<u>Minimum</u>	<u>Average Number Days of Sunshine</u>	<u>Average Relative Humidity</u>
January	34.8	26.0	17.1	18	76
February	41.8	32.6	23.4	19	69
March	52.8	41.5	30.2	19	58
April	64.9	52.3	39.6	20	54
May	75.4	62.2	49.0	21	48
June	85.9	71.3	56.7	23	47
July	92.5	78.2	63.8	23	48
August	89.0	75.5	62.0	22	53
September	81.1	67.8	54.4	24	52
October	67.4	55.0	42.6	22	56
November	49.5	38.8	28.0	19	68
December	38.1	29.1	20.0	18	77

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Source: U.S. Department of Commerce
Local Climatological Data
NOAA-Environmental Data Service

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FINANCIAL INFORMATION

Prior to 1978, the Sewer Fund of the City was accounted for and reported jointly with the Water Fund in the financial statement of the City. The figures shown in the following statement of revenues and expenses for the City Sewer Fund for the years 1975 to 1978 cannot be traced, according to the accountants of the City, to previously issued financial statements, but are based upon the detailed financial information supporting the audited financial statements. The accountants for the City have expressed their opinion that these figures present fairly the results of operations of the City Sewer Fund for these years as if accounted for separately.

City of Grand Junction
STATEMENTS OF REVENUES AND EXPENSES

SEWER FUND

For the years ended December 31, 1979, 1978, 1977, 1976, and 1975

	1979	1978	1977	1976	1975
Operating revenues					
Service charges	\$ 608,500	\$ 565,346	\$ 472,534	\$411,967	\$ 456,621
Operating expenses					
Salaries and wages	202,095	156,744	120,362	111,586	109,926
Employee benefits	31,566	24,666	19,085	15,467	11,438
Supplies	38,056	24,564	22,893	25,952	26,398
Repairs and maintenance	19,910	16,329	16,872	12,212	8,890
Utilities	58,431	63,559	53,469	53,550	40,781
Equipment rent	38,504	40,558	28,825	16,974	17,592
Distribution system repairs		13,165	2,131	1,236	5,133
Contract services	10,883	6,278	6,738	6,850	7,009
Miscellaneous	10,120	5,029	2,056	6,404	2,452
Depreciation	101,618	100,443	87,065	63,697	63,697
Transfers - services	57,162	51,329	45,646	41,045	46,403
	<u>568,345</u>	<u>502,664</u>	<u>405,142</u>	<u>354,973</u>	<u>339,719</u>
OPERATING INCOME (LOSS)	<u>40,155</u>	<u>62,682</u>	<u>67,392</u>	<u>56,994</u>	<u>116,902</u>
Other income (expense)					
Miscellaneous	7,870	1,443	1,800		
Interest earnings	9,425	79,304	18,789	7,287	14,667
Interest expense	(69,076)	(76,738)	(100,299)	(99,834)	(110,963)
Sales and use taxes	1,360,489	1,121,555	964,153		
Loss on disposals	(22)				
	<u>1,308,686</u>	<u>1,125,564</u>	<u>884,443</u>	<u>(92,547)</u>	<u>(96,296)</u>
INCOME (LOSS) BEFORE TRANSFERS	1,348,841	1,188,246	951,835	(35,553)	20,606
Transfers in	8,718		49,452		23,496
Transfers out	<u>(1,257,729)</u>	<u>(635,954)</u>	<u>(429,430)</u>		<u>(62,629)</u>
NET INCOME BEFORE EXTRAORDINARY ITEMS	99,830	552,292	571,857	(35,553)	(18,527)
Gain on sale of refunding debt		5,270		267,119	
NET INCOME	<u>\$ 99,830</u>	<u>\$ 557,562</u>	<u>\$ 571,857</u>	<u>\$231,566</u>	<u>\$ (18,527)</u>

Note: Sewer tap fees are not reflected in the net income shown above. Sewer tap fees received in the years 1975, 1976, 1977, 1978, and 1979 were \$63,631, \$123,713, \$248,332, \$283,402, and \$570,924, respectively.

HISTORICAL STATEMENT - FUNDS AVAILABLE FOR DEBT SERVICE

(SEWER FUND)

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 MUNICIPAL FINANCING

	1979	1978	1977	1976	1975
Net Income (loss)	\$ 99,830	\$557,562	\$571,857	\$231,566	(18,527)
Depreciation	101,618	100,443	87,065	63,697	63,697
Interest expense	69,076	76,738	100,299	99,834	110,963
Sewer tap fees	570,924	283,402	248,332	123,713	63,631
Funds available for debt service	<u>841,448</u>	<u>1,018,145</u>	<u>1,007,553</u>	<u>518,810</u>	<u>219,764</u>
Average future annual debt requirements for existing Sewer Refunding Revenue Bonds	<u>100,266</u>	<u>99,111</u>	<u>105,457</u>	<u>102,403</u>	<u>109,524</u>
Debt service coverage	<u>8.39</u>	<u>10.27</u>	<u>9.55</u>	<u>5.07</u>	<u>2.01</u>

Management's Comments Concerning Material Operating Trends of the
Joint System

The following analysis affects the interpretation, by those taken with the responsibility of managing the City System and the Joint system, of trends that have developed as to the operation of the systems.

When the present treatment plant was improved in 1969, the federal standards requires that treatment plans be designed to remove at least 80% of the pollutants from the water before being discharged to a stream. The City has received an EPA grant to construct modifications of the existing plant, and all the design standards were met. The plant was also to serve as a regional plant because of the federal tax dollars used for construction. With the Water Pollution Control Act Amendments of 1972 came a change in treatment standards. Instead of a percentage removal, absolute limits were placed on the amount of pollutants that could be discharged to the stream. Even though the Grand Junction plant was operating with high efficiency, either modifications or a reduced capacity were considered necessary.

With the availability of domestic water from the Ute Water Conservancy District in 1961, development and residential areas began to appear where the land had been devoted to agriculture or where the land had been unusable. Some of these areas made use of on-site septic systems, but sanitation districts were formed also to build sewage collection systems to transport sewage to the regional sewage treatment plant. In some small neighborhood areas, homeowner associations were formed rather than sanitation districts to install sewage collection systems.

The City was interested in sewage collection systems being built because as owner and operator of the regional treatment the City was responsible for the quantity and quality of the sewage being delivered to the plant. Both the quantity and quality of the sewage can be greatly effected by the quality of construction of the collection system. The City took the position of assisting and co-ordinating sewer collection systems being built outside the City limits to help assure that the bits and pieces being built would fit together into one system that could be efficiently operated by one entity. It was felt that to prevent duplication of systems and efforts as well as to keep a minimum the number of sanitation districts could be in the best interest of the community.

In addition to growth outside the City, the continued growth in the City, the requirements of new discharge standards, and the need for extensive repairs to the existing plant emphasized the need to provide increased capacity in the regional treatment plant. The City decided to try to obtain 75 percent EPA funding for the additional capacity. Public law specifies that EPA grants will be issued in three steps. Step I grants are for communities to develop facilities plans to identify the needs for sewage treatment and develop a recommended plant for meeting those needs.

The State Department of Health established the boundary ^{MUNICIPAL} for the Planning Area and the City contracted with NHPQ consulting engineers to prepare the plan. Although the Planning area extended far beyond the city limits, the study was funded totally by EPA and City funds. Any district within the boundary is eligible for EPA funding to build any improvements recommended in the plan. Since the boundary involved both the City and the County as well as sanitation districts, it was determined that an advisory committee comprised of members of all areas and entities involved should be formed to advise the County Commissioners and City Council of the needs and priorities of the area as well as to help coordinate the implementation of the plan. The Valley Wide Sewer Advisory Committee was established and became active in selection of design engineers, recommending plans for approval by the City and County, and other activities related to the implementation of the plan.

The plan was completed in 1975 and recommended that the existing treatment plant be improved and that a new 7.5 million gallon per day plant be built between Grand Junction and Fruita. When the plan was presented to the sewer advisory committee it was determined that additional studies should be made regarding the implementation of land application of sewage as an alternative to mechanical and biological treatment. The EPA also determined that additional studies should be made on ammonia levels in the Colorado River to determine the level of treatment that would be required at the new plant.

As a result of the additional study the plan was amended to recommend that the existing plant be abandoned and that a new 12.5 million gallons per day plant which could be expanded to 25 million gallons per day be built between Grand Junction and Fruita. The EPA will not participate in funding the construction of facilities designed with a capacity to serve an area for more than a ten year growth period. The 12.5 million gallon per day capacity is expected to be sufficient until 1990. The plant is being designed, however, so that additional treatment units can be added to double the capacity when it is needed. The site of the new plant is large enough to accommodate the enlargement of the plant.

The proposed new sewage treatment plant would replace the City's existing plant and serve a much larger area outside of the city limits. Because of this combined service area the Valley Wide Sewer Advisory Committee recommended that the system become a joint venture between the City and the County. The governing bodies of the City and County agreed with the joint venture concept and considered several alternative methods of joint operation. A metropolitan district was favored but current state statutes do not provide for county participation in a metropolitan sewer district. The County Commissioners felt a responsibility to the people being served by the system to be the legislative authority directly responsible to the users since they are the legislative body responsible to all users of the system in common. Since the City has an existing administrative and operations staff, the City Council felt a responsibility to supply the existing staff expertise to the joint venture.

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MUNICIPAL
PROPERTY

The result of the efforts of the City and County to set combined operation was an agreement that the County would own the treatment plant, the interceptors, and the collection systems not owned by the City or other districts and that the City would operate and administer the entire system.

Construction of the improvements recommended in the plan will take place in phases over the next three and a half years. The first phase of the new plant will be the construction of the flow equalization basin which will operate for two years as a "miniplant" capable of treating up to one million gallons per day. It is by this means of phased construction and operation that continued growth and building will be allowed which might otherwise be prohibited by the loading of the existing plant to capacity. The interim plant and the River Road Interceptor to deliver sewage to the interim plant are scheduled to be completed at the same time so they can be put into operation immediately upon their completion.

It is planned to open bids on the main plant in November 1980. Construction should start in January 1981 and end in January 1983. The remaining interceptors will be completed so that they can be put into use after completion of the new plant.

The cost of the entire project is estimated to be \$30 million. All phases of the project have been determined to be eligible for 75 percent EPA funding. Oil sale trust fund monies on hand have been committed to this project.

Previously, the City had pledged Sales Tax revenues to the payment of outstanding sewer refunding revenue bonds of the City. Those sales tax revenues will not be available for payment of the Bonds. In order to continue to recover the costs of operation and maintenance of the Joint System, the rates charged for service provided were adjusted to permit per residency changes based on recovery of the costs, as opposed to use. This reflects a commitment to make the Joint System self-supporting. The charges will be a lien on the Joint System.

LEGAL MATTERS

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Bond Counsel

Legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Tallmadge, Tallmadge, Wallace & Hahn, P.C., Denver, Colorado, Bond Counsel whose approving opinion on such matters is expected to state in substance that the Bonds are valid and legally binding special and limited revenue obligations of the County, payable according to their terms solely from the net income and revenues of the Joint System available pursuant to the Agreement as defined in the Bond Resolution, and that the Agreement constitutes a valid and legally binding obligations of the parties thereto according to its term.

Underwriters' Counsel

Certain legal matters are subject to approval for the Underwriters by DeMuth, Kemp & Backus, Denver, Colorado, who have assisted the County in the preparation of this Official Statement (but do not assume any responsibility for the Appendices hereto or the financial and statistical data contained herein). The scope of such attorneys' engagement does not include the rendition of any opinion concerning the validity, enforceability or tax-exempt status of the Bonds.

No Litigation

There is no litigation pending concerning the validity of the Bonds or the Agreement or the organization of the County, or materially questioning the title of its officers to their respective offices, and the County will provide a no-litigation certificate to the foregoing effect as of and at the time of delivery of the Bonds.

Disclosure Statement

The County will deliver to the Underwriters at the time of delivery of the Bonds a statement substantially to the effect that, to the best of the knowledge and belief of the authorized signators to such statement, the facts contained in this Official Statement and any supplement or amendment hereto delivered by the County (which shall be deemed an original part thereof for purpose of such statement) were, at the time of award of the Bonds to the Underwriters, and are, as of the date of delivery of the Bonds, true and correct in all material respects and did not, at the date of award of the Bonds, and do not, as of the delivery date of the Bonds, contain any untrue statement of a material fact or omit to state a material fact where necessary to make a statment not misleading in light of the circumstances under which it was made.

TAX EXEMPTION

In the opinion of Bond Counsel, interest on the Bonds is exempt from taxation by the United States of America and by the State of Colorado under present Federal and Colorado income tax laws.

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RATINGS

As noted on the cover page of this Official Statement, Moody's Investors Service, Inc. has given the Bonds a rating of "A" and Standard & Poor's, Inc. has given the Bonds a rating of "A-". These ratings reflect only the views of the respective rating agencies, and explanations of the significance of such ratings may be obtained from the rating agencies. There is no assurance that these ratings will continue for any period of time or that they will not be revised or withdrawn. Any revision or withdrawal of such ratings may have an effect on the market price of the Bonds.

EXPERTS

The audited financial statements of the City appearing in Appendices I and II hereto are included in reliance upon the authority of Chadwick, Steinkirchner & Davis as experts in the field of accounting and auditing. The Report appearing in Appendix III hereto is included in reliance upon the authority of Henningson, Durham & Richardson, independent consulting engineers, as experts in the field of engineering and municipal sewer systems.

UNDERWRITING

The Bonds were purchased from the County at negotiated sale _____, _____, by Boettcher & Company (the "Underwriters") at a purchase price of \$ _____ plus accrued interest to the date of their delivery to the Underwriters.

MISCELLANEOUS

Interest of Certain Parties

Because the County intends to pay the fees of Bond Counsel, as well as fees of the Underwriters' Counsel, out of the proceeds of the Bonds, it is possible that, in the event the Bonds are not delivered to the Underwriters, such attorneys' fees may not be paid in full.

Additional Information

Additional information concerning the Bonds may be obtained from Boettcher & Company, 828 17th Street, Denver, Colorado.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated as such, they are not to be considered as representations of fact.

The summaries of documents, statutes and charter provisions herein do not purport to be complete and are qualified in their entirety by reference to the original documents or official compilations of such charter provisions and statutes. Copies of the same are available upon request during the period of offering of the Bonds from the County or the Underwriters.

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APPENDICES
MEDICAL
FINANCING

APPENDIX I

EXCERPTS FROM
AUDITED FINANCIAL STATEMENTS
CITY OF GRAND JUNCTION, COLORADO

December 31, 1979

This information contained in this Appendix consists of excerpts from the City Audit Report for the fiscal year ended December 31, 1979 and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Annual Audit Report for further information.

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CHADWICK, STEINKIRCHNER, DAVIS & CO.
Certified Public Accountants

April 30, 1980

Members of the City Council
City of Grand Junction, Colorado

We have examined the financial statements of the funds and account groups listed in the foregoing table of contents of the City of Grand Junction for the year ended December 31, 1979. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination for the prior year.

In our opinion, the financial statements referred to above present fairly the financial position of the funds of the City of Grand Junction as of December 31, 1979, and the results of their operations and changes in financial position for the year then ended, in conformity with generally accepted accounting principles which, except for the changes, with which we concur, in the methods of accounting for encumbrances, interest in special assessment funds, fixed assets, and the Water and Sewer funds, as explained in Note A to the Financial Statements, have been applied on a basis consistent with that of the preceding year.

The accompanying comparisons to budget and other schedules are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data. This information, except for the schedule of insurance coverage, has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Chadwick, Steinkirchner, Davis & Co.

Jerald I. Chadwick C.P.A. Joseph D. Steinkirchner C.P.A. Danny G. Davis C.P.A. Richard D. Genova C.P.A.
Suite 401 • Valley Federal Plaza • Grand Junction, Colorado 81501 • 303/245-5000

City of Grand Junction, Colorado

COMPARISON TO BUDGET

WATER FUND

For the year ended December 31, 1979

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues			
Service charges	\$ 920,000	\$1,134,311	\$ 214,311
Fines and forfeitures	500	300	(200)
Transfers from other funds	1,183,195	1,138,565	(44,630)
Interest	35,000	214,890	179,890
Rents and leases	5,973	8,845	2,872
Miscellaneous	1,202	4,768	3,566
Sales tax refunds	1	193	192
	<u>\$2,145,871</u>	<u>\$2,501,872</u>	<u>\$ 356,001</u>
Expenditures			
Salaries and wages	\$ 401,895	\$ 430,162	\$ 28,267
Employee benefits	70,949	63,758	(7,191)
Office supplies	1,583	927	(656)
Operating supplies	74,115	65,881	(8,234)
Repairs and maintenance	83,286	82,158	(1,128)
Professional charges	9,000	17,086	8,086
Utilities	195,431	151,105	(44,326)
Equipment rental	60,298	62,586	2,288
Postage and printing	19,505	16,875	(2,630)
Contractual services	95,480	99,187	3,707
Capital outlay	2,960,748	2,357,377	(603,371)
Debt retirement and interest expense	524,357	524,357	-0-
Transfers to other funds	443,440	455,004	11,564
Miscellaneous	7,558	18,083	10,525
	<u>\$4,947,645</u>	<u>\$4,344,546</u>	<u>\$(603,099)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Grand Junction, Colorado

COMPARISON TO BUDGET

SEWER FUND

For the year ended December 31, 1979

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues			
Service charges	\$ 564,051	\$ 608,354	\$ 44,303
Sewer tap fees		570,924	570,924
Transfers from other funds		15,290	15,290
Federal and state grants	13,989,375	442,032	(13,547,343)
Interest earnings		9,425	9,425
Rents and leases		1,800	1,800
Sale of revenue bonds	4,663,125		(4,663,125)
Miscellaneous		1,031	1,031
Tax collections	1,182,641	1,360,489	177,848
	<u>\$20,399,192</u>	<u>\$3,009,345</u>	<u>\$(17,389,847)</u>
Expenditures			
Salaries and wages	\$ 226,299	\$ 202,095	\$ (24,204)
Employee benefits	33,758	31,566	(2,192)
Office supplies	150	103	(47)
Operating supplies	35,180	37,953	2,773
Repairs and maintenance	19,782	16,342	(3,440)
Utilities	83,423	58,431	(24,992)
Equipment rental	36,807	38,504	1,697
Postage and printing	170	239	69
Contractual services	12,040	10,883	(1,157)
Capital outlay	18,785,501	532,424	(18,253,077)
Debt retirement and interest expense	106,802	106,802	-0-
Transfers to other funds	1,431,552	1,319,313	(112,239)
Miscellaneous	1,551	8,909	7,358
	<u>\$20,773,015</u>	<u>\$2,363,564</u>	<u>\$(18,409,451)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Grand Junction, Colorado

STATEMENT OF CHANGES IN RETAINED EARNINGS

WATER FUND

For the year ended December 31, 1979

	<u>Reserved for Revenue Bond Retirement</u>	<u>Reserved for Construction</u>	<u>Unreserved</u>	<u>Total</u>
Retained earnings at beginning of year	\$ 61,211	\$ 2,031,828	\$ 5,047,965	\$ 7,141,004
Adjustment to record fixed assets at estimated cost - Note A2			(3,719,976)	(3,719,976)
Net income			411,515	411,515
Change in reserve for bond retirement	198,206		(198,206)	
Change in reserve for construction	_____	(2,031,828)	2,031,828	_____
Retained earnings at end of year	<u>\$259,417</u>	<u>\$ -0-</u>	<u>\$ 3,573,126</u>	<u>\$ 3,832,543</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Grand Junction, Colorado
STATEMENT OF CHANGES IN RETAINED EARNINGS
SEWER FUND

For the year ended December 31, 1979

	<u>Reserved for Revenue Bond Retirement</u>	<u>Reserved for Construction</u>	<u>Unreserved</u>	<u>Total</u>
Retained earnings at beginning of year	\$140,431		\$1,184,726	\$1,325,157
Adjustments				
Transfer in of Persigo Plant and Interceptors Fund Balance			574,840	574,840
Less reduction of Persigo Plant project estimated funding from \$711,756 to \$523,635			<u>(188,121)</u>	<u>(188,121)</u>
Net adjustments			386,719	386,719
Net income			99,830	99,830
Change in reserve for bond retirement	39,275		(39,275)	
Amount reserved for construction of Persigo Plant	<u> </u>	<u>\$514,506</u>	<u>(514,506)</u>	<u> </u>
Retained earnings at end of year	<u>\$179,706</u>	<u>\$514,506</u>	<u>\$1,117,494</u>	<u>\$1,811,706</u>

— The accompanying Notes to Financial Statements are an integral part of this statement.

	Internal Service Funds			Total (Memo- randum Only)
	Data Processing	Equipment	Stores	
ASSETS				
Cash		\$ 863		\$ 863
Investments - Note B		507,000		507,000
Accounts receivable (net of allowance)	\$ 45,468	3,622	\$ 408	49,498
Unbilled accounts receivable				
Due from other funds				
Due from other government units	117,222			117,222
Inventory			357,051	357,051
Restricted assets				
Cash and investments				
Land			46,887	46,887
Plant and system	33,912	48,824	129,301	212,037
Equipment	256,359	2,031,652	47,132	2,335,143
Construction in progress		19,195		19,195
Accumulated depreciation	(24,274)	(888,222)	(68,416)	(980,912)
	<u>\$428,687</u>	<u>\$1,722,934</u>	<u>\$ 512,363</u>	<u>\$2,663,984</u>
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$ 10,000	\$ 22,395	\$ 6,215	\$ 38,610
Leases and contracts payable (current) - Note D	117,222			117,222
Accrued interest payable				
Due to other funds	43,727		267,040	310,767
Customer advance payments				
Leases and contracts payable (non-current) - Note D	117,222			117,222
General obligation bonds payable - Notes F and G				
Revenue bonds payable (net of unamortized discount) - Notes E and F				
	<u>288,171</u>	<u>22,395</u>	<u>273,255</u>	<u>583,821</u>
Fund equity				
Contributed capital	20,138	1,185,997	380,696	1,586,831
Retained earnings (deficits)				
Reserved for bond retirement		20,380		20,380
Reserved for construction				
Unreserved	120,378	494,162	(141,588)	472,952
	<u>140,516</u>	<u>1,700,539</u>	<u>239,108</u>	<u>2,080,163</u>
	<u>\$428,687</u>	<u>\$1,722,934</u>	<u>\$ 512,363</u>	<u>\$2,663,984</u>

Junction, Colorado

BALANCE SHEET

FUND TYPES

31, 1979

Enterprise Funds

Water	Sewer	Sanitation	Swimming Pools	Lincoln Park Golf Course	Tiara Rado Golf Course	Cemetery	Total (Memorandum Only)
\$ 914,627	\$ 283	\$ 314	\$ 362	\$ 858	\$ 482	\$ 456	\$ 917,382
285,000	844,000	81,000	37,000	49,000	48,000	16,000	1,360,000
44,254	23,116	38,601				11,073	117,044
78,027	63,568	47,226					188,821
	11,709	37,000			20,762		69,471
	523,635		2,915				526,550
259,720	182,908				129,623		572,251
856,095	124,891			19,370	217,778	4,500	1,222,634
10,083,011	5,098,695		92,123	40,910	163,663	54,926	15,533,328
73,714	8,765	593,573	6,055	7,886	10,127	19,883	720,003
	727,895		18,690				746,585
<u>(2,633,529)</u>	<u>(676,035)</u>	<u>(137,196)</u>	<u>(56,144)</u>	<u>(17,691)</u>	<u>(58,881)</u>	<u>(23,301)</u>	<u>(3,602,777)</u>
<u>\$ 9,960,919</u>	<u>\$6,933,430</u>	<u>\$ 660,518</u>	<u>\$101,001</u>	<u>\$100,333</u>	<u>\$531,554</u>	<u>\$ 83,537</u>	<u>\$18,371,292</u>
\$ 26,880	\$ 42,442	\$ 17		\$ 857	\$ 24	\$ 805	\$ 71,025
		63,236					63,236
40,762	11,470				12,467		64,699
570	4,700						5,270
130,913							130,913
		176,729					176,729
5,350,000							5,350,000
	1,080,000				436,788		1,516,788
<u>5,549,125</u>	<u>1,138,612</u>	<u>239,982</u>	<u>-0-</u>	<u>857</u>	<u>449,279</u>	<u>805</u>	<u>7,378,660</u>
579,251	3,983,112	184,277	\$ 59,684	57,341	27,822	139,443	5,030,930
259,417	179,706				5,000		444,123
	514,506						514,506
3,573,126	1,117,494	236,259	41,317	42,135	49,453	(56,711)	5,003,073
<u>4,411,794</u>	<u>5,794,818</u>	<u>420,536</u>	<u>101,001</u>	<u>99,476</u>	<u>82,275</u>	<u>82,732</u>	<u>10,992,632</u>
<u>9,960,919</u>	<u>\$6,933,430</u>	<u>\$ 660,518</u>	<u>\$101,001</u>	<u>\$100,333</u>	<u>\$531,554</u>	<u>\$ 83,537</u>	<u>\$18,371,292</u>

COMBINING STATEMENT OF CHANGES

ALL PROPRIETARY

For the year ended

	Internal Service Funds			Total (Memo- randum Only)
	Data Processing	Equipment	Stores	
Sources of working capital				
From operations				
Net income (loss)	\$ 11,723	\$ 12,829	\$(53,090)	\$ (28,538)
Items not requiring working capital				
Depreciation and amortization	24,660	191,036	6,467	222,163
Disposal of equipment	30,973	31,302	36	62,311
WORKING CAPITAL PROVIDED BY OPERATIONS	<u>67,356</u>	<u>235,167</u>	<u>(46,587)</u>	<u>255,936</u>
Increase in leases and contracts	117,222			117,222
Contributions from others		50,655	34	50,689
Transfer from Persigo Plant project				
Other sources	14,320	34,797		49,117
	<u>198,898</u>	<u>320,619</u>	<u>(46,553)</u>	<u>472,964</u>
Applications of working capital				
Increase in restricted assets				
Additions to plant	25,694	3,135		28,829
Additions to equipment	243,007	339,372	384	582,763
Additions to construction in progress		19,195		19,195
Adjustment of Persigo Plant estimated funding				
Retirement of bonds	268,701	361,702	384	630,787
INCREASE (DECREASE) IN WORKING CAPITAL	<u>(69,803)</u>	<u>(41,083)</u>	<u>(46,937)</u>	<u>(157,823)</u>
Working capital at beginning of year	<u>61,544</u>	<u>530,173</u>	<u>131,141</u>	<u>722,858</u>
Working capital (deficit) at end of year	<u>\$ (8,259)</u>	<u>\$489,090</u>	<u>\$ 84,204</u>	<u>\$ 565,035</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Junction, Colorado

IN FINANCIAL POSITION

FUND TYPES

December 31, 1979

Enterprise Funds

Water	Sewer	Sanitation	Swimming Pools	Lincoln Park Golf Course	Tiara Rado Golf Course	Cemetery	Total (Memorandum Only)
\$ 411,515	\$ 99,830	\$ 90,859	\$ (94,840)	\$23,531	\$ 43,572	\$10,572	\$ 585,039
166,098	101,618	50,725	5,216	4,260	16,384	5,086	349,387
1,699	22					36	1,757
<u>579,312</u>	<u>201,470</u>	<u>141,584</u>	<u>(89,624)</u>	<u>27,791</u>	<u>59,956</u>	<u>15,694</u>	<u>936,183</u>
		62,273					62,273
100	1,012,956			192			1,013,248
	574,840						574,840
5,153							5,153
<u>584,565</u>	<u>1,789,266</u>	<u>203,857</u>	<u>(89,624)</u>	<u>27,983</u>	<u>59,956</u>	<u>15,694</u>	<u>2,591,697</u>
197,690	40,242				48,655		286,587
2,337,678	108,376			6,219	25,941	5,743	2,483,957
9,518	2,973	162,813	2,035	192		750	178,281
	398,089		18,690				416,779
	188,121						188,121
					5,000		5,000
<u>2,544,886</u>	<u>737,801</u>	<u>162,813</u>	<u>20,725</u>	<u>6,411</u>	<u>79,596</u>	<u>6,493</u>	<u>3,558,725</u>
(1,960,321)	1,051,465	41,044	(110,349)	21,572	(19,640)	9,201	(967,028)
<u>3,214,017</u>	<u>356,234</u>	<u>99,844</u>	<u>150,626</u>	<u>27,429</u>	<u>76,393</u>	<u>17,523</u>	<u>3,942,066</u>
<u>\$ 1,253,696</u>	<u>\$1,407,699</u>	<u>\$140,888</u>	<u>\$ 40,277</u>	<u>\$49,001</u>	<u>\$ 56,753</u>	<u>\$26,724</u>	<u>\$2,975,038</u>

City of Grand
 COMBINING STATEMENT OF CHANGES
 ALL PROPRIETARY
 For the year ended

	Internal Service Funds			Total (Memo- randum Only)
	Data Processing	Equipment	Stores	
CHANGES IN COMPONENTS OF WORKING CAPITAL				
Increase (decrease) in current assets				
Cash	\$(25,790)	\$(64,248)		\$ (90,038)
Investments		5,421		5,421
Accounts receivable	8,938	(2,180)	\$ 75	6,833
Unbilled accounts receivable				
Due from other funds				
Due from other government units	117,222			117,222
Inventory			3,860	3,860
	<u>100,370</u>	<u>(61,007)</u>	<u>3,935</u>	<u>43,298</u>
(Increase) decrease in current liabilities				
Accounts payable	(9,224)	(20,197)	(5,546)	(34,967)
Accrued interest payable				
Due to other funds	(43,727)	40,121	(45,326)	(48,932)
Leases and contracts payable	(117,222)			(117,222)
	<u>(170,173)</u>	<u>19,924</u>	<u>(50,872)</u>	<u>(201,121)</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u><u>\$ (69,803)</u></u>	<u><u>\$ (41,083)</u></u>	<u><u>\$ (46,937)</u></u>	<u><u>\$ (157,823)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Junction, Colorado

IN FINANCIAL POSITION - CONTINUED

FUND TYPES

December 31, 1979

Enterprise Funds							Total (Memo- randum Only)
Water	Sewer	Sanitation	Swimming Pools	Lincoln Park Golf Course	Tiara Rado Golf Course	Cemetery	
\$ (171,113)	\$ (359,380)	\$. (594)	\$ (32,120)	\$ 413	\$(17,973)	\$ (544)	\$ (581,311)
(1,815,000)	844,000	33,991	(84,858)	22,529	(3,116)	5,047	(997,407)
3,673	(3,329)	264	2,884	(513)	(793)	5,503	7,689
32,894	28,317	21,475					82,686
	(2,464)						(2,464)
	523,635						523,635
<u>(1,949,546)</u>	<u>1,030,779</u>	<u>55,136</u>	<u>(114,094)</u>	<u>22,429</u>	<u>(21,882)</u>	<u>10,006</u>	<u>(967,172)</u>
(10,961)	(42,442)	(17)	3,745	(857)	(24)	(805)	(51,361)
517	(966)				2,266		1,817
(331)	64,094						63,763
		(14,075)					(14,075)
<u>(10,775)</u>	<u>20,686</u>	<u>(14,092)</u>	<u>3,745</u>	<u>(857)</u>	<u>2,242</u>	<u>(805)</u>	<u>144</u>
<u>\$ (1,960,321)</u>	<u>\$ 1,051,465</u>	<u>\$ 41,044</u>	<u>\$ (110,349)</u>	<u>\$ 21,572</u>	<u>\$ (19,640)</u>	<u>\$ 9,201</u>	<u>\$ (967,028)</u>

City of Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 1979

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The General Fund, Special Revenue Funds, and the Debt Service Fund use the modified accrual basis of accounting, whereby revenue is recorded as received in cash, except for, (a) revenue which is both measurable and available, and (b) material revenue that has not been received at the normal time of receipt. Expenditures are recorded on the accrual basis except that prepaid expense and accrued interest on long-term debt is not recorded. The Enterprise, Internal Service, Capital Projects, Special Assessment, and Trust and Agency Funds use the accrual basis.

2. Change in Accounting Policies

In accordance with generally accepted accounting principles, Colorado Local Government Accounting, Auditing, and Reporting Laws as set forth in the Uniform Classification of Accounts for Water and Sewage Treatment Systems effective as of the calendar year 1978, and governmental accounting and financial reporting principles adopted by the National Council of Governmental Accounting in 1979, the City has changed accounting policies relating to encumbrances, fixed assets, interest in special assessment funds, and the Water and Sewer Funds.

a. Encumbrances - Previously, the General, Special Revenue, Capital Projects, and Special Assessment Funds utilized the encumbrance method of accounting wherein encumbrances were recognized as expenditures in the year bona fide commitments for purchase of materials or services were entered into by the City. Under the new principle, expenditures are recorded in the year when goods or services are actually received. Accordingly, expenditures reflected in these financial statements do not include encumbrances as they did in previous years.

b. Fixed assets - The City does not have historical cost records for certain assets acquired prior to 1969 and in 1970 recorded estimated fair market values for these assets. In 1979, in order to comply with generally accepted accounting principles, City personnel determined and recorded the estimated cost of these assets. The differences from previously recorded estimated value were adjusted to fund balance or retained earnings as appropriate.

City of Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1979

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Change in Accounting Policies - Continued

c. Special assessment fund accrued interest - In prior years the amount shown as assessments receivable in the financial statements included an element of accrued interest receivable. This accrued interest was set up when the assessment was made and represented the finance charges to be made if a person elected the ten payment installment plan. Since many people pay their assessments prior to the full ten year period, a portion of the finance charge is never collected and is written off. Therefore, the fund balances of the various special assessment funds were overstated due to the deferred interest income included therein. For 1979, the City has deleted the unearned interest portion of assessments receivable, eliminating the overstatement in the various fund balances.

d. Water and Sewer Funds -

(1) Fund separation - Previously, water and sewer operations and financial statements were combined. As of January 1, 1979 the City has separated assets, liabilities and equity attributable to water operations from the assets, liabilities, and equity derived from sewer operations to produce two separate funds, the Water Fund and the Sewer Fund. The 1979 financial statements reflect financial position, changes in financial position and results of operations for each fund separately.

(2) Tap revenue - In accordance with Colorado Local Government Accounting, Auditing and Reporting Laws as set forth in the Uniform Classification of Accounts for Water and Sewage Treatment Systems effective as of the calendar year 1978, system development charges (tap fees) are recorded as contributed capital and not as operating revenue as was done, in part, in the past. If the 1978 financial statements were restated to reflect this change, the effect would be to reduce net income by \$283,400.

3. Reporting Procedures

The accompanying financial statements include all funds of the City of Grand Junction except for the Policemen's and Firemen's Pension Funds, which are included in a separate report.

The Downtown Development Authority and Park Improvement Funds are not City funds and are controlled by separate governing bodies. However, the City acts as custodian of their monies and performs record keeping functions for them. Financial statements for these entities are included herein and are covered by the auditors' report on page 1.

City of Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1979

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Fixed Assets and Depreciation

The fixed asset accounts are presented at cost, or estimated cost where historical cost is not available. Non-enterprise capital expenditures for roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized in the General Fixed Asset Group of Accounts. Equipment and facilities recorded in the General Fixed Asset Group of Accounts are not depreciated. Equipment and facilities recorded in the Enterprise and Internal Service Funds are depreciated using the straight-line method over the estimated useful lives of the assets.

5. Unbilled Accounts Receivable

The City follows cyclical billing procedures for Water, Sewer, and Sanitation billings. As of December 31, 1979, Water, Sewer, and Sanitation services in the amounts of \$78,027, \$63,568, and \$47,226, respectively, had been provided but not yet billed.

6. Inventory

The inventory of the Stores Fund is stated at cost using the moving average method. The cost of the inventory is charged to expense as the goods are consumed.

7. Intragovernmental Charges

Charges for services rendered by the Internal Service Funds to other funds are based upon the estimated cost of the services provided.

8. Inter-fund Accounts

Inter-fund receivables and payables are not eliminated and are recorded in the financial statements as due to or due from the appropriate fund at the actual amount.

City of Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1979

NOTE B - INVESTMENTS

Various funds, as listed below, participate in an investment arrangement whereby resources are combined and used to purchase investments in common. Investment principal is allocated to the various funds based upon their average monthly cash balances. Other funds not participating in the common investment arrangement purchase and account for investments in their own funds. At December 31, 1979, the total investments for all funds were as follows:

Fund	COST		Total at Cost
	Certificates Of Deposit	Treasury Bills	
General	\$3,890,000	\$278,108	\$ 4,168,108
Land	64,000		64,000
Revenue Sharing	99,000		99,000
Water	285,000		285,000
Sewer	964,000		964,000
Sanitation	81,000		81,000
Swimming Pools	37,000		37,000
Cemetery and Perpetual Care	406,000		406,000
Tiara Rado Golf Course	173,000		173,000
Lincoln Park Golf Course	49,000		49,000
Equipment	507,000		507,000
Street Improvement District 79	370,000		370,000
	<u>\$6,925,000</u>	<u>\$278,108</u>	<u>7,203,108</u>

Refunded Water and Sewer Bonds Escrow Funds

United States Treasury Obligations	5,979,540
GNMA Participation Certificate	177,864
	<u>6,157,404</u>
	<u>\$13,360,512</u>

The certificates of deposit are scheduled to mature continually throughout the year.

The estimated market value of the total investments is \$13,293,003.

City of Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1979

NOTE C - LEASE AGREEMENTS AND LONG-TERM DEBT

Lease Agreement with Grand Junction, Colorado, Parking Authority

On July 1, 1974, the City entered into a lease agreement (with option to purchase) with the Parking Authority, for the use of off-street parking facilities owned by the Authority. The lease expires each December 31, and is renewable until December 31, 1989. The lease payments consist of a \$9,200 monthly rental, and an additional rental amount equal to the necessary expenses of the Authority, not to exceed \$6,000 per year.

On March 1, 1976, the City entered into another lease agreement (with option to purchase) with the Parking Authority for the lease of lots 3, 4, 5, and 6 in Block 102 in the City of Grand Junction owned by the Parking Authority. The lease expires each December 31, and is renewable until December 31, 1987. The lease payments consist of a \$1,200 monthly rental and an additional rental amount equal to the necessary expenses of the Parking Authority, not to exceed \$1,000 per year.

On May 23, 1979, the City entered into a third lease agreement (with option to purchase) with the Parking Authority for the lease of lots 26, 27, 28, and 29 in Block 120 in the City of Grand Junction owned by the Parking Authority. The lease expires each December 1, and is renewable until June 23, 1984. The lease payments consist of a \$1,614 monthly rental and an additional rental amount equal to the necessary expenses of the Parking Authority, not to exceed \$1,000 per year.

Receipts from parking meters and parking lot operations, as well as any other legally available municipal income, is used to meet the rental obligations.

At any time before the respective lease agreements expire, the City has the option to purchase the facilities owned by the Parking Authority. The option price is the amount necessary to redeem the outstanding bonds of the Authority, and/or pay the remaining principal and interest due on the note payable of the Parking Authority, plus all unpaid costs of the Authority relating to the property, as well as any and all other closing costs.

Upon expiration of the maximum term of these leases, the Parking Authority has agreed to transfer all of the property included under these leases, to the City of Grand Junction without additional consideration being paid, provided the City has paid all of the costs, obligations, and expenses of the Parking Authority relating to the leased property, as well as the costs of conveying the property to the City.

City of Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1979

NOTE C - LEASE AGREEMENTS AND LONG-TERM DEBT

Lease Agreement with Grand Junction, Colorado, Parking Authority

On July 1, 1974, the City entered into a lease agreement (with option to purchase) with the Parking Authority, for the use of off-street parking facilities owned by the Authority. The lease expires each December 31, and is renewable until December 31, 1989. The lease payments consist of a \$9,200 monthly rental, and an additional rental amount equal to the necessary expenses of the Authority, not to exceed \$6,000 per year.

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On May 23, 1979, the City entered into a third lease agreement (with option to purchase) with the Parking Authority for the lease of lots 26, 27, 28, and 29 in Block 120 in the City of Grand Junction owned by the Parking Authority. The lease expires each December 1, and is renewable until June 23, 1984. The lease payments consist of a \$1,614 monthly rental and an additional rental amount equal to the necessary expenses of the Parking Authority, not to exceed \$1,000 per year.

Receipts from parking meters and parking lot operations, as well as any other legally available municipal income, is used to meet the rental obligations.

At any time before the respective lease agreements expire, the City has the option to purchase the facilities owned by the Parking Authority. The option price is the amount necessary to redeem the outstanding bonds of the Authority, and/or pay the remaining principal and interest due on the note payable of the Parking Authority, plus all unpaid costs of the Authority relating to the property, as well as any and all other closing costs.

Upon expiration of the maximum term of these leases, the Parking Authority has agreed to transfer all of the property included under these leases, to the City of Grand Junction without additional consideration being paid, provided the City has paid all of the costs, obligations, and expenses of the Parking Authority relating to the leased property, as well as the costs of conveying the property to the City.

City of Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1979

NOTE C - LEASE AGREEMENTS AND LONG-TERM DEBT - Continued

Special Improvement and Capital Projects

As of December 31, 1979, the City had various contracts outstanding on Special Improvement and Capital Projects. The amounts still owing on contracts at December 31, 1979 are shown as reserved for construction contracts in the Capital Project and Special Assessment Funds.

General Obligation Municipal Community Center Bonds-Series March 1, 1975

On March 1, 1975, the City of Grand Junction issued \$600,000 of general obligation bonds to help finance the construction of a municipal community center. The issuance of the bonds was authorized at the regular election of the City on April 3, 1973. The bonds are dated March 1, 1975, and were issued in denominations of \$5,000 with interest of 5.75% - 7% payable March 1 and September 1. The bonds mature, in varying amounts, starting March 1, 1977, and continuing until March 1, 1988. The City is authorized to levy an annual tax on the taxable property within the City sufficient to pay the interest and principal of the bonds. The outstanding principal balance as of December 31, 1979 was \$490,000.

Golf Course Revenue Bonds-Series March 1, 1975

On March 1, 1975, the City of Grand Junction issued \$450,000 of revenue bonds to finance the acquisition of the Tiara Rado Golf Course. The bonds are dated March 1, 1975, and were issued in denominations of \$5,000 each with interest of 8 1/2% payable March 1 and September 1. The bonds mature in varying amounts on March 1, 1978, and each year thereafter until March 1, 1989. The principal and interest on these bonds is to be paid from the revenue derived from the operation of the golf course. The reserve requirements of the bond indenture require that beginning February 1, 1979, and each February 1 thereafter, annual payments of at least \$5,000 shall be made to the reserve account until \$35,000 has been accumulated. The 1979 reserve requirements have been met. The outstanding principal balance as of December 31, 1979 was \$440,000.

NOTE D - LEASES AND CONTRACTS PAYABLE

On November 9, 1977, the City entered into a lease-purchase agreement with Jinco Leasing Corp. for the purchase of new sanitation trucks. One truck was purchased in 1977 for \$51,000 and four additional units were purchased in 1978 for \$184,972. During 1979, \$60,959 was paid toward the purchase of these vehicles. As of December 31, 1979, the total lease payable was \$126,256 which will be paid over the next five years in quarterly payments of \$12,290.

City of Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1979

NOTE D - LEASES AND CONTRACTS PAYABLE - Continued

On December 1, 1979 the City entered into a lease-purchase agreement with the United Bank of Denver for the purchase of a Crane Carrier and a Load-All EDO 2100 for \$118,699 of which \$9,265 was paid toward the purchase in 1979. As of December 31, 1979, the total lease payable was \$113,709 which will be paid over the next five years in quarterly payments of \$7,078. The total cost of the equipment and the related liability as a result of these lease agreements are recorded in these financial statements.

NOTE E - JOINT SEWER AND WATER REFUNDING REVENUE BONDS - SERIES 1976

On September 22, 1976, the City Council of the City of Grand Junction adopted Ordinance 1627 which authorized the refunding of the 1968 Series A and 1969 Series B Joint Water and Sewer Improvement Revenue Bonds. The refunding was accomplished by issuing Joint Sewer and Water Refunding Revenue Bonds - Series 1976, in the principal amount of \$3,295,000, and placing the proceeds of this bond issue, together with \$406,375 of available funds of the Water and Sewer Fund, in an escrow account at the First National Bank in Grand Junction. These monies, together with future interest earnings, are calculated to be sufficient to redeem interest coupons and bonds of the 1968 Series A, and 1969 Series B Revenue Bonds as they mature. The First National Bank in Grand Junction has agreed to invest the escrow funds and redeem bonds and coupons of the 1968 and 1969 Issues according to their original terms. If for any reason the funds in the Refunding Escrow account become insufficient to meet such payments, the City will be required to deposit such additional funds as may be required.

The Refunded 1968 Series A and 1969 Series B Joint Water and Sewer Improvement Revenue Bonds, together with the assets of the refunding escrow account are presented in the financial statements of the Trust and Agency Funds.

Joint Sewer and Water Refunding Bonds, Series 1976, dated September 1, 1976, were issued in the principal amount of \$3,295,000. The refunding bonds are in denominations of \$5,000 with interest of 6.0% - 6.3% payable April 1 and October 1. The bonds mature in varying amounts, starting April 1, 1977, and continuing until October 1, 1994. The outstanding principal balance as of December 31, 1979 was \$3,105,000. The bonds are secured by a lien on the net operating revenue derived from the operations of the Water and Sewer Funds.

The Joint Sewer and Water Refunding Bonds, Series 1976, were refunded in May of 1978 as discussed in Note F. They are presented as in the financial statements of the Trust and Agency Funds.

City of Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1979

NOTE F - SEWER REFUNDING REVENUE BONDS, SERIES 1978 A AND GENERAL OBLIGATION WATER REFUNDING BONDS, SERIES 1978 B

On May 11, 1978, the City Council of the City of Grand Junction adopted Ordinance 1737 which authorized the refunding of the Joint Sewer and Water Refunding Revenue Bonds, Series 1976. The refunding was accomplished by issuing Sewer Refunding Revenue Bonds, Series 1978 A and General Obligation Water Refunding Bonds, Series 1978 B and placing the proceeds of these issues in an escrow account at First National Bank in Grand Junction. The proceeds were used to purchase securities which together with interest earnings are calculated to be sufficient to redeem interest coupons and bonds of the Refunding Revenue Series Bonds, Series 1976 as they mature. The First National Bank in Grand Junction has agreed to redeem the Series 1976 bonds and coupons according to their original terms. If for any reason the funds in this Refunding Escrow account become insufficient to meet such payments, the City will be required to deposit such additional funds as may be necessary.

The Refunded Joint Sewer and Water Refunding Bonds, Series 1976, together with the assets of its refunding escrow account are presented as Trust funds in the financial statements.

The Sewer Refunding Revenue Bonds, Series 1978 A in the principal amount of \$1,080,000 and the General Obligation Water Refunding Bonds, Series 1978 B in the principal amount of \$2,145,000 are dated May 1, 1978. The bonds are issued in denominations of \$5,000 with interest of 6.05% to 6.50% payable on May 15 and November 15. The bonds mature in varying amounts starting May 15, 1991 until May 15, 2005. The Sewer Revenue Bonds are secured by the net operating revenue derived from the sewer system. Ordinance 1737 provides for the levy and collection of an annual tax on all taxable property of the City to pay interest and principal of the General Obligation Water Refunding Bonds as due.

Reserve requirements pertaining to these issues, as set forth in the bond indentures, were complied with as of December 31, 1979.

NOTE G - GENERAL OBLIGATION WATER BONDS, SERIES 1978 C

On May 11, 1978 the City Council of the City of Grand Junction adopted Ordinance 1737 which authorized the issuance of General Obligation Water Bonds, Series 1978 C, dated May 1, 1978 in the amount of \$3,205,000. The bonds have been issued for the purpose of providing funds for the enlargement, extension and betterment of the waterworks system of the City.

The bonds are in denominations of \$5,000 with interest of 6.05% - 6.25% payable on May 15 and November 15. The bonds mature in varying amounts starting May 15, 1991 until May 15, 2005. Ordinance 1737 provides for the levy and collection of an annual tax on all taxable property of the City to pay interest and principal of the bonds as it becomes due.

City of Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1979

NOTE H - SPECIAL ASSESSMENT DISTRICT BONDS

Special Assessment District Bonds have been issued in negotiable coupon form and are callable upon 30 days notice. The bonds mature, generally, ten years from date of original issue, and are supported by special assessments against property located within the bounds of the respective districts. In addition, the City is authorized to levy an annual tax of 1 mill on all taxable property within the City to assist in meeting the debt service requirements of the several issues. Bonds and interest coupons are payable at the office of the City Treasurer.

Additional information concerning the Special Assessment District Bonds is as follows:

STREET AND SEWER DISTRICTS	Original Issue	Original Issue	Interest Rate	Balance at December 31, 1979	Payment Terms	
	Date	Amount			Principal Due	Interest Due
#79	11/1/79	\$430,000	6.75-8.00%	\$430,000	5/1/89	5/1&11/1
#78	10/1/78	254,000	4.75-5.60	254,000	10/1/88	4/1&10/1
#77	8/1/77	150,000	4.25-5.38	79,000	8/1/87	2/1&8/1
#76	10/1/76	138,000	8.00-8.50	88,000	10/1/86	4/1&10/1
#75	3/1/76	95,000	7.00-8.00	54,000	3/1/86	3/1&9/1
#74	9/1/74	174,000	6.75-8.00	56,000	9/1/84	3/1&9/1
#72	8/1/72	130,000	3.25-5.00	23,000	8/1/82	2/1&8/1
#34	5/1/77	41,000	4.00-5.40	31,000	5/1/87	5/1&11/1
#33	9/1/76	520,000	6.10-8.10	313,000	9/1/86	3/1&9/1
#32	12/1/74	85,000	7.00-8.00	12,000	12/1/84	6/1&12/1
#31	12/1/74	420,000	6.75-8.00	158,000	12/1/84	6/1&12/1
#30	9/1/74	247,000	7.00-8.00	113,000	9/1/84	3/1&9/1
#28	6/1/71	232,000	4.37-5.25	46,000	6/1/81	6/1&12/1

NOTE I - SPECIAL ASSESSMENTS RECEIVABLE

The City Council of Grand Junction has passed ordinances creating special improvement districts, and has assessed a portion of the cost of the improvement projects to the properties specifically benefited thereby. The ordinances provide that assessments are payable either in full, usually within thirty days from date of assessment, or in ten equal annual installments plus interest on the unpaid balance. The installment payments are payable to the Mesa County, Colorado Treasurer in the same manner as the general ad valorem taxes. The funds provided by the annual installments are to be used for payment of bonds, bond interest, and County Treasurer's fees. Any funds remaining shall be applied against construction costs incurred by the City.

City of Grand Junction, Colorado

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1979

NOTE J - ESTIMATED AMOUNTS TO BE PROVIDED BY ASSESSMENT

Owners of property in the Special Assessment Street Improvement District No. 79 had not been assessed as of December 31, 1979. The amount to be provided by assessment for this district, \$404,582, is based upon the engineers' estimate of assessable costs. This amount is shown as revenue from special assessments.

NOTE K - PENSION FUNDS

The City of Grand Junction has separate pension plans covering its policemen and firemen. In 1978, actuarial valuations were made for both of these pension funds and, based upon these studies, the yearly provisions for pension costs for the policemen's pension fund and the firemen's pension fund were determined to be \$416,130 and \$493,521, respectively. The actual amounts provided in 1979 were \$235,524 and \$298,909 respectively.

The actuarial studies disclosed that as of January 1, 1979, the unfunded prior service cost for the policemen's and the firemen's pension funds were respectively \$3,517,275 and \$4,478,563. These amounts are not reflected in these financial statements. The Policemen's and Firemen's Pension Funds' financial statements are presented in a separate report.

NOTE L - RETIREMENT PLAN

The City provides a pension plan for all employees with over one year continuous service. The plan is a defined contribution money purchase retirement plan. The City contributed \$84,002 to this plan during 1979.

NOTE M - VALLEYWIDE SEWER PROJECT

The City of Grand Junction and Mesa County have agreed to construct a sewer collection and treatment facility to serve the needs of the metropolitan area in the Grand Valley. Preliminary design was commenced in 1977 and the final design work is now in process. The project has been approved by the Environmental Protection Agency (EPA) for 75% funding from the EPA, and Mesa County 25%. Mesa County's share will be raised primarily through the sale of revenue bonds to be repaid from user fees. The City will operate and maintain the plant with operating costs to be reimbursed through user fees. Expenditures from grant funds received to date are included in the construction in progress account in the Sewer Fund of the City.

APPENDIX II

EXCERPTS FROM
AUDITED FINANCIAL STATEMENTS
CITY OF GRAND JUNCTION, COLORADO

December 31, 1978

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This information contained in this Appendix consists of excerpts from the City Audit Report for the fiscal year ended December 31, 1978 and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Annual Audit Report for further information.

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CHADWICK, STEINKIRCHNER, DAVIS & CO.

Certified Public Accountants

April 20, 1979

Members of the City Council
City of Grand Junction, Colorado

We have examined the financial statements of the funds and account groups listed in the foregoing table of contents of the City of Grand Junction for the year ended December 31, 1978. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination for the prior year.

As described in Note 3 to the financial statements, historical cost records for certain property, plant, and equipment items acquired prior to 1969 are not available and the City has recorded these assets at estimated fair market value as of the year 1969 in the following funds:

Enterprise Funds:
Water and Sewer
Sanitation
Swimming Pools
Cemetery
Intragovernmental Service Funds:
Stores
General Fixed Assets Group of Accounts

The use of estimated value instead of cost is a departure from generally accepted accounting principles. The effect upon the financial statements of these funds cannot be reasonably determined.

As described in Note 10 to the financial statements, the City has included unearned interest in the special assessments receivable in the following Special Assessment Funds:

Sewer Districts Special Assessment Funds:
#25 through #34
Street Improvement Districts Special
Assessment Funds:
#68 through #77

Jerald F. Chadwick, C.P.A. Joseph D. Steinkirchner, C.P.A. Danny G. Davis, C.P.A. Richard D. Genova, C.P.A.
Suite 401 • Valley Federal Plaza • Grand Junction, Colorado 81501 • 303/245-3000

The inclusion of unearned interest in the accounts is a departure from generally accepted accounting principles. The effect of this practice upon the financial statements of these funds is to overstate the assessments receivable and fund balance accounts. The amount of overstatement cannot be reasonably determined.

In our opinion, except for the effects on the financial statements of the funds referred to in the preceding paragraphs relating to estimated value of property, plant, and equipment, and unearned interest on assessments receivable, the financial statements listed in the table of contents present fairly the financial position at December 31, 1978, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles which have been applied on a basis consistent with that of the preceding year.

The accompanying supplementary information is not necessary for a fair presentation of the financial statements, but is presented as additional analytical data. This information, except for the schedule of insurance coverage, has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Chadwick, Steinkirchner, Davis & Co

COMPARISONS TO BUDGET

WATER AND SEWER FUND

CITY OF GRAND JUNCTION, COLORADO

For the year ended December 31, 1978

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
REVENUE			
Service charges	\$1,404,498	\$1,856,807	\$ 452,309
Fines and forfeitures	500	428	(72)
Transfers from other funds	20,750	27,684	6,934
Federal grants	6,600	3,000	(3,600)
Interest earnings	35,000	183,884	148,884
Rents and leases	8,813	8,890	77
Sale of revenue bonds	3,500,000	3,200,270	(299,730)
Miscellaneous	2,202	45,880	43,678
Tax collections	977,605	1,121,555	143,950
TOTAL REVENUE	<u>\$5,955,968</u>	<u>\$6,448,398</u>	<u>\$ 492,430</u>
EXPENDITURES AND ENCUMBRANCES			
Salaries and wages	\$ 599,549	\$ 564,153	\$ (35,396)
Employee benefits	93,788	90,267	(3,521)
Office supplies	1,397	1,667	270
Operating supplies	146,330	89,073	(57,257)
Repairs and maintenance	98,706	109,318	10,612
Professional charges	11,000	5,762	(5,238)
Utilities	166,272	180,870	14,598
Equipment rental	115,647	114,268	(1,379)
Postage and printing	16,608	16,537	(71)
Contractual services	95,949	83,851	(12,098)
Capital expenditures	4,041,580	1,441,646	(2,599,934)
Debt retirement and interest expense	263,630	328,356	64,726
Transfers to other funds	851,700	851,152	(548)
Miscellaneous	7,912	15,991	8,079
TOTAL EXPENDITURES	<u>\$6,510,068</u>	<u>\$3,892,911</u>	<u>\$(2,617,157)</u>

Note - The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF INCOME AND RETAINED EARNINGS - (Continued)

WATER AND SEWER FUND

CITY OF GRAND JUNCTION, COLORADO

For the year ended December 31, 1978

	NET INCOME (FORWARD)	\$ 277,177
RETAINED EARNINGS - JANUARY 1, 1978		7,985,636
ADD:		
Change in reserve for bond retirement		13,094
Other		585
DEDUCT:		
Transfer to Equipment Fund		11,973
Amount reserved for construction contracts		<u>2,031,828</u>
RETAINED EARNINGS - DECEMBER 31, 1978		<u>\$6,232,691</u>

Note - The accompanying Notes to Financial Statements are an integral part of this statement.

BALANCE SHEET -

CITY OF GRAND

December

<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 671,812
Accounts receivable	67,026
Unbilled accounts receivable	80,384
Due from other funds	14,173
Investments - Note 2	2,873,591
TOTAL CURRENT ASSETS	<u>3,706,986</u>
RESTRICTED ASSETS - Note 7	
Cash	3,055
Investments - Note 2	201,642
TOTAL RESTRICTED ASSETS	<u>204,697</u>
PROPERTY, PLANT, AND EQUIPMENT - Note 3	
Land and water rights	979,981
Land improvements	1,265
Plant, distribution systems and improvements	22,613,477
Equipment	71,451
Construction in progress	1,755,001
	<u>25,421,175</u>
Less accumulated depreciation	10,624,894
TOTAL PROPERTY, PLANT, AND EQUIPMENT	<u>14,796,281</u>
TOTAL ASSETS	<u>\$ 18,707,964</u>

Note - The accompanying Notes to Financial Statements are an integral part of this statement.

WATER AND SEWER FUND

JUNCTION, COLORADO

31, 1978

LIABILITIES, CONTRIBUTIONS, AND RETAINED EARNINGS

CURRENT LIABILITIES

Accounts payable	\$ 15,919
Due to other funds	69,033
Accrued bond interest payable	51,783
TOTAL CURRENT LIABILITIES	<u>136,735</u>

OTHER LIABILITIES

Customer advance payments	125,760
Bonds payable - Notes 7 and 8	6,430,000
TOTAL OTHER LIABILITIES	<u>6,555,760</u>

TOTAL LIABILITIES 6,692,495

CONTRIBUTED CAPITAL

Mesa County - Note 14	59,855
Others (Since 1970)	3,489,453
TOTAL CONTRIBUTED CAPITAL	<u>3,549,308</u>

RETAINED EARNINGS

Reserved for revenue bond retirement - Note 7	201,642
Reserved for construction - Note 4	2,031,828
Unreserved	6,232,691
TOTAL RETAINED EARNINGS	<u>8,466,161</u>

TOTAL LIABILITIES, CONTRIBUTIONS,
AND RETAINED EARNINGS \$18,707,964

STATEMENT OF CHANGES IN FINANCIAL POSITION

WATER AND SEWER FUND

CITY OF GRAND JUNCTION, COLORADO

For the year ended December 31, 1978

FINANCIAL RESOURCES PROVIDED BY:

Operations:

Net income before extraordinary item	\$ 245,808
Add book value of equipment transferred	769
Add depreciation expense not requiring current outlay of funds	506,195

RESOURCES PROVIDED FROM OPERATIONS 752,772

Proceeds from sale of land	12,680
Customer deposits	15,498
Decrease in restricted assets	10,039
Contributions from others	378,627
Sale of bonds - Notes 7 and 8	6,430,000
Extraordinary gain on bond refunding - Note 7	31,369

TOTAL RESOURCES PROVIDED 7,630,985

FINANCIAL RESOURCES USED FOR:

Refunding of long-term portion of bonds payable - Notes 6 and 7	3,185,000
Transfers to other funds	99,337
Additions to equipment	6,592

Additions to plant, distribution systems, and improvements	1,816,509
---	-----------

TOTAL RESOURCES USED 5,107,438

INCREASE IN WORKING CAPITAL \$2,523,547

INCREASE (DECREASE) IN CURRENT ASSETS AND LIABILITIES

Current assets

Cash	\$ 652,477
Accounts receivable	6,385
Unbilled accounts receivable	17,160
Due from other funds	(82,161)
Investments	1,846,269

INCREASE IN CURRENT ASSETS 2,440,130

Current liabilities

Accounts payable	(29,907)
Accrued payroll	(13,458)
Due to other funds	24,751
Accrued interest payable on bonds	197
Current portion of bonds payable	(65,000)

(DECREASE) IN CURRENT LIABILITIES (83,417)

INCREASE IN WORKING CAPITAL \$2,523,547

Note - The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF GRAND JUNCTION, COLORADO

December 31, 1978

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The General Fund, Special Revenue Funds, and the Debt Service Fund use the modified accrual basis of accounting, whereby revenue is recorded as received in cash except for (a) revenue which is both measurable and available, and (b) material revenue that has not been received at the normal time of receipt. Expenditures are recorded on the accrual basis except that prepaid expense and accrued interest on long-term debt is not recorded. The Enterprise, Intragovernmental Service, Capital Project, Special Assessments, and Trust and Agency Funds use the accrual basis.

As a further modification of the accrual basis, encumbrances are reflected in the General, Special Revenue, Capital Project and Special Assessment Funds. An encumbrance is a bona fide commitment to incur expenditures under outstanding purchase orders or contracts, and differs from a liability in that the related goods and services have not been received at the time the encumbrance is recorded.

Reporting Procedures

The accompanying financial statements include all funds of the City of Grand Junction except for the Policemen's and Firemen's Pension Funds, which are included in a separate report.

The Downtown Development Authority and Park Improvement Funds are not City funds and are controlled by separate governing bodies. However, the City acts as custodian of their monies and performs record keeping functions for them. Financial statements for these entities are included herein and are covered by the auditors' report on page 1.

For accounting control and reporting purposes, certain entities have been segregated from the General Fund and accounted for as separate funds. These funds are as follows:

- Special Revenue Funds:
 - Recreation Capital
 - Community Development Block Grant
 - Roadway and Traffic Safety Plan
- Capital Project Funds:
 - Lincoln Park Auditorium
 - Federal Aids Projects
 - Pomona Park Site
 - Paradise Hills Interceptor
 - Sewer Plant Modification
 - Persigo Plant and Interceptors
 - Grand Avenue River Crossing Sewer Line

SUPPLEMENTARY INFORMATION

NOTES TO FINANCIAL STATEMENTS - (Continued)

CITY OF GRAND JUNCTION, COLORADO

December 31, 1978

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fixed Assets and Depreciation

The fixed asset accounts are presented at cost, or estimated value where historical cost is not available. Non-enterprise capital expenditures for roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized in the General Fixed Asset Group of Accounts. Equipment and facilities recorded in the General Fixed Asset Group of Accounts are not depreciated. Equipment and facilities recorded in the Enterprise and Intragovernmental Service Funds are depreciated using the straight-line method over the estimated useful lives of the assets. See Note 3.

Unbilled Accounts Receivable

The City follows cyclical billing procedures for Water, Sewer, and Sanitation billings. As of December 31, 1978, Water and Sewer services and Sanitation services in the amounts of \$80,384 and \$25,751, respectively, had been provided but not yet billed.

Inventory

The inventory of the Stores Fund is stated at cost using the moving average method. The cost of the inventory is charged to expense as the goods are consumed.

Intragovernmental Charges

Charges for services rendered by the Intragovernmental Service Funds to other funds are based upon the estimated cost of the services provided.

Inter-fund Accounts

Inter-fund receivables and payables are not eliminated and are recorded in the financial statements as due to or due from the appropriate fund at the actual amount.

NOTES TO FINANCIAL STATEMENTS - (Continued)

CITY OF GRAND JUNCTION, COLORADO

December 31, 1978

Note 2 - INVESTMENTS

Various funds, as listed below, participate in an investment arrangement whereby resources are combined and used to purchase investments in common. Investment principal is allocated to the various funds based upon their average monthly cash balances. Other funds not participating in the common investment arrangement purchase and account for investments in their own funds. At December 31, 1978, the total investments for all funds were as follows:

Fund	COST OF BASIS		
	Certificates Of Deposit	Treasury Bills	Total at Cost
General	\$1,679,000	\$ 911,045	\$2,590,045
Land	19,000	10,209	29,209
Revenue Sharing	39,000	21,707	60,707
Recreation Capital	1,000		1,000
Downtown Development Authority	7,000	3,953	10,953
Water and Sewer	2,722,000	353,233	3,075,233
Sanitation	30,000	17,009	47,009
Swimming Pools	80,000	41,858	121,858
Cemetery and Perpetual Care	367,000	3,953	370,953
Tiara Rado Golf Course	83,000	46,160	129,160
Lincoln Park Golf Course	17,000	9,471	26,471
Equipment	325,000	176,579	501,579
Federal Aid Projects	44,000	24,003	68,003
Pomona Park	22,000	12,224	34,224
Street Improvement District 78	104,000	56,195	160,195
Conservation Trust	7,000		7,000
	<u>\$5,546,000</u>	<u>\$1,687,599</u>	<u>\$7,233,599</u>

Refunded Water and Sewer Bonds Escrow Funds

United States Treasury Obligations	6,149,771
GNMA Participation Certificate	178,771
TOTAL REFUNDING INVESTMENTS	<u>6,328,542</u>
TOTAL INVESTMENTS	<u>\$13,562,141</u>

The certificates of deposit are scheduled to mature continually throughout the year.

The estimated market value of the total investments is \$13,593,715.

SUPPLEMENTARY INFORMATION

NOTES TO FINANCIAL STATEMENTS - (Continued)

CITY OF GRAND JUNCTION, COLORADO

December 31, 1978

Note 3 - FIXED ASSETS

Historical cost records for certain assets acquired prior to 1969 were not maintained and the cost basis could not be determined. Therefore, estimated fair market values were assigned by the City to these assets in 1970. Assets acquired after 1969 are recorded at cost. The following is a summary of the costs and estimated values of fixed assets as of December 31, 1978:

<u>Fund</u>	<u>Total</u>	<u>Recorded at Cost</u>	<u>Recorded at Estimated Value</u>
General Fixed Assets	\$ 7,047,143	\$4,804,868	\$ 2,242,274
Enterprise Funds:			
Water and Sewer	25,421,175	8,788,748	16,632,427
Sanitation	430,760	427,090	3,670
Swimming Pools	134,448	53,259	81,189
Cemetery	145,053	65,069	79,994
Tiara Rado Golf Course	365,627	365,627	
Lincoln Park Golf Course	61,829	61,829	
Intragovernmental Service:			
Funds:			
Equipment	1,878,431	1,878,431	
Data Processing	122,215	122,215	
Stores	315,609	93,772	221,837

Property, plant, and equipment included in the Enterprise and Intra-governmental Service Funds are depreciated by the straight-line method over the estimated useful lives of the assets.

Note 4 - LEASE AGREEMENTS AND LONG-TERM DEBT

Lease Agreement with Grand Junction, Colorado, Parking Authority

On July 1, 1974, the City entered into a lease agreement (with option to purchase) with the Parking Authority, for the use of off-street parking facilities owned by the Authority. The lease expires each December 31, and is renewable until December 31, 1989. The lease payments consist of a monthly rental of \$9,200 per month, and an additional rental amount equal to the necessary expenses of the Authority, not to exceed \$6,000 per year.

On March 1, 1976, the City entered into another lease agreement (with option to purchase) with the Parking Authority for the lease of lots 3, 4, 5, and 6 in Block 102 in the City of Grand Junction owned by the Parking Authority. The lease expires each December 31 and is renewable until December 31, 1987. The lease payments consist of a monthly rental of \$1,201, and an additional rental amount equal to the necessary expenses of the Parking Authority, not to exceed \$1,000 per year.

NOTES TO FINANCIAL STATEMENTS - (Continued)

CITY OF GRAND JUNCTION, COLORADO

December 31, 1978

Note 4 - LEASE AGREEMENTS AND LONG-TERM DEBT - (Continued)

Lease Agreement with Grand Junction, Colorado, Parking Authority-(Continued)

Receipts from parking meters and parking lot operations, as well as any other legally available municipal income, will be used to meet the rental obligations.

At any time prior to December 31, 1989 and 1987 respectively, the City has the option to purchase the facilities owned by the Parking Authority. The option price is the amount necessary to redeem the outstanding bonds of the Authority, and/or pay the remaining principal and interest due on the note payable of the Parking Authority, plus all unpaid costs of the Authority relating to the property, as well as any and all other closing costs.

Upon expiration of the maximum term of these leases, on December 31, 1989 and 1987 respectively, the Parking Authority has agreed to transfer all of the property included under these leases, to the City of Grand Junction without additional consideration being paid, provided the City has paid all of the costs, obligations, and expenses of the Parking Authority relating to the leased property, as well as the costs of conveying the property to the City.

Computer

The City of Grand Junction and Mesa County have jointly purchased a replacement computer and related peripheral equipment from NCR Corporation. The purchase was finalized March 1, 1979 at a cost of \$351,600. The purchase price is to be paid one-third upon acceptance and the remainder over the next two years. The cost will be shared equally by the City and the County.

Special Improvement and Capital Projects

As of December 31, 1978, the City had various contracts outstanding on Special Improvement and Capital Projects. The amounts still owing on contracts at December 31, 1978 are shown as reserved for construction contracts in the Capital Project and Special Assessment Funds.

Water and Sewer Fund

As of December 31, 1978 the City had various contracts outstanding on Water and Sewer Fund capital projects. These projects include the Clifton Water transmission lines, link line, and plant, the Juanita Reservoir, and the Juanita ditch upgrade. The amounts still owing on contracts are shown as reserved for construction contracts in the Water and Sewer Fund.

NOTES TO FINANCIAL STATEMENTS - (Continued)

CITY OF GRAND JUNCTION, COLORADO

December 31, 1978

Note 4 - LEASE AGREEMENTS AND LONG-TERM DEBT - (Continued)

General Obligation Municipal Community Center Bonds-Series March 1, 1975

On March 1, 1975, the City of Grand Junction issued \$600,000 of general obligation bonds to help finance the construction of a municipal community center. The issuance of the bonds was authorized at the regular election of the qualified, registered electors of the City on April 3, 1973. The bonds are dated March 1, 1975, and were issued in denominations of \$5,000 with interest of 5.75% - 7% payable March 1 and September 1. The bonds mature, in varying amounts, starting March 1, 1977, and continuing until March 1, 1988. The City is authorized to levy an annual tax on the taxable property within the City sufficient to pay the interest and principal of the bonds. The outstanding principal balance as of December 31, 1978 was \$530,000.

Golf Course Revenue Bonds - Series March 1, 1975

On March 1, 1975, the City of Grand Junction issued \$450,000 of revenue bonds to finance the acquisition of the Tiara Rado Golf Course. The bonds are dated March 1, 1975, and were issued in denominations of \$5,000 each with interest of 8½% payable March 1 and September 1. The bonds mature in varying amounts on March 1, 1978, and each year thereafter until March 1, 1989. The principal and interest on these bonds is to be paid from the revenue derived from the operation of the golf course. The reserve requirements of the bond indenture require that beginning February 1, 1979, and each February 1 thereafter, annual payments of at least \$5,000 shall be made to the reserve account until \$35,000 has been accumulated. The outstanding principal balance as of December 31, 1978 was \$445,000.

Note 5 - LEASE AGREEMENT

On November 9, 1977, the City entered into a lease-purchase agreement with Jinco Leasing Corp. for the purchase of new sanitation trucks. One truck was purchased in 1977 for \$51,000 of which \$3,049 was paid and expensed in 1977. Four additional units were purchased in 1978 for \$184,972. During 1978, \$79,320 was paid toward the purchase of these vehicles. As of December 31, 1978, the total lease payable was \$163,617 which will be paid over the next five years in quarterly payments of \$12,290. The total cost of the trucks and the related liability are recorded in these statements.

NOTES TO FINANCIAL STATEMENTS - (Continued)

CITY OF GRAND JUNCTION, COLORADO

December 31, 1978

Note 6 - JOINT SEWER AND WATER REFUNDING REVENUE BONDS - SERIES 1976

On September 22, 1976, the City Council of the City of Grand Junction adopted Ordinance #1627 which authorized the refunding of the 1968 Series A and 1976 Series B Joint Water and Sewer Improvement Revenue Bonds. The refunding was accomplished by issuing Joint Sewer and Water Refunding Revenue Bonds - Series 1976, in the principal amount of \$3,295,000, and placing the proceeds of this bond issue, together with \$406,375 of available funds of the Water and Sewer Fund, in an escrow account at the First National Bank in Grand Junction. These monies, together with future interest earnings are calculated to be sufficient to redeem interest coupons and bonds of the 1968 Series A, and 1969 Series B Revenue Bonds as they mature. The First National Bank in Grand Junction has agreed to invest the escrow funds and redeem bonds and coupons of the 1968 and 1969 Issues according to their original terms. If for any reason the funds in the Refunding Escrow account become insufficient to meet such payments, the City will be required to deposit such additional funds as may be required.

The Refunded 1968 Series A and 1969 Series B Joint Water and Sewer Improvement Revenue Bonds, together with the assets of the refunding escrow account are presented in the financial statements of the Trust and Agency Funds.

Joint Sewer and Water Refunding Bonds, Series 1976 are dated September 1, 1976, and are in the principal amount of \$3,295,000. The refunding bonds are in denominations of \$5,000 with interest of 6.0% - 6.3% payable April 1 and October 1. The bonds mature in varying amounts, starting April 1, 1977, and continuing until October 1, 1994. The outstanding principal balance as of December 31, 1978 was \$3,185,000. The bonds are secured by a lien on the net operating revenue derived from the operations of the Water and Sewer Fund.

The Joint Sewer and Water Refunding Bonds, Series 1976, were refunded in May of 1978 as discussed in Note 7. They are presented as Trust and Agency Funds in these financial statements.

Note 7 - SEWER REFUNDING REVENUE BONDS, SERIES 1978 A AND GENERAL OBLIGATION WATER REFUNDING BONDS, SERIES 1978 B

On May 11, 1978, the City Council of the City of Grand Junction adopted Ordinance 1737 which authorized the refunding of the Joint Sewer and Water Refunding Revenue Bonds, Series 1976. The refunding was accomplished by issuing Sewer Refunding Revenue Bonds, Series 1978 A and General Obligation Water Refunding Bonds, Series 1978 B and placing the proceeds of these issues in an escrow account at First National Bank in Grand Junction. The proceeds were used to purchase securities which together with interest

NOTES TO FINANCIAL STATEMENTS - (Continued)

CITY OF GRAND JUNCTION, COLORADO

December 31, 1978

Note 7 - SEWER REFUNDING REVENUE BONDS, SERIES 1978 A AND GENERAL OBLIGATION WATER REFUNDING BONDS, SERIES 1978 B - (Continued)

earnings are calculated to be sufficient to redeem interest coupons and bonds of the Refunding Revenue Series Bonds, Series 1976 as they mature. The First National Bank in Grand Junction has agreed to redeem the Series 1976 bonds and coupons according to their original terms. If for any reason the funds in this Refunding Escrow account become insufficient to meet such payments, the City will be required to deposit such additional funds as may be necessary.

The Refunded Joint Sewer and Water Refunding Bonds, Series 1976, together with the assets of its refunding escrow account are presented as Trust and Agency funds in the financial statements.

The Sewer Refunding Revenue Bonds, Series 1978 A in the principal amount of \$1,080,000 and the General Obligation Water Refunding Bonds, Series 1978 B in the principal amount of \$2,145,000 are dated May 1, 1978. The bonds are issued in denominations of \$5,000 with interest of 6.05% to 6.50% payable on May 15 and November 15. The bonds mature in varying amounts starting May 15, 1991 until May 15, 2005. The Sewer Revenue Bonds are secured by the net operating revenue derived from the sewer system. Ordinance 1737 provides for the levy and collection of an annual tax on all taxable property of the City to pay interest and principal of the General Obligation Water Refunding Bonds as due.

Reserve requirements pertaining to these issues as set forth in the bond indentures, were complied with as of December 31, 1978.

Note 8 - GENERAL OBLIGATION WATER BONDS, SERIES 1978 C

On May 11, 1978 the City Council of the City of Grand Junction adopted Ordinance 1737 which authorized the issuance of General Obligation Water Bonds, Series 1978 C, dated May 1, 1978 in the amount of \$3,205,000. The bonds have been issued for the purpose of providing funds for the enlargement, extension and betterment of the waterworks system of the City.

The bonds are in denominations of \$5,000 with interest of 6.05% - 6.25% payable on May 15 and November 15. The bonds mature in varying amounts starting May 15, 1991 until May 15, 2005. Ordinance 1737 provides for the levy and collection of an annual tax on all taxable property of the City to pay interest and principal of the bonds as it becomes due.

NOTES TO FINANCIAL STATEMENTS - (Continued)

CITY OF GRAND JUNCTION, COLORADO

December 31, 1978

te 9 - SPECIAL ASSESSMENT DISTRICT BONDS

Special Assessment District Bonds have been issued in negotiable coupon form and are callable upon 30 days notice. The bonds mature, generally, ten years from date of original issue, and are supported by special assessments against property located within the bounds of the respective districts. In addition, the City is authorized to levy an annual tax of 1 mill on all taxable property within the City to assist in meeting the debt service requirements of the several issues. Bonds and interest coupons are payable at the office of the City Treasurer.

Additional information concerning the Special Assessment District Bonds is as follows:

	Original Issue Date	Original Issue Amount	Interest Rate	Balance at December 31, 1978	Payment Terms	
					Principal Due	Interest Due
STREET IMPROVEMENT DISTRICTS						
#78	10/1/78	\$254,000	4.75-5.60%	\$254,000	10/1/88	4/1 & 10/1
#77	8/1/77	150,000	4.25-5.38	96,000	8/1/87	2/1 & 8/1
#76	10/1/76	138,000	8.00-8.50	110,000	10/1/86	4/1 & 10/1
#75	3/1/76	95,000	7.00-8.00	63,000	3/1/86	3/1 & 9/1
#74	9/1/74	174,000	6.75-8.00	65,000	9/1/84	3/1 & 9/1
#73	9/1/73	42,000	6.00-3.00	12,000	9/1/83	3/1 & 9/1
#72	8/1/72	130,000	3.25-5.00	30,000	8/1/82	2/1 & 8/1
SEWER DISTRICTS						
#34	5/1/77	41,000	4.00-5.40	36,000	5/1/87	5/1 & 11/1
#33	9/1/76	520,000	6.10-8.10	373,000	9/1/86	3/1 & 9/1
#32	12/1/74	85,000	7.00-8.00	19,000	12/1/84	6/1 & 12/1
#31	12/1/74	420,000	6.75-8.00	188,000	12/1/84	6/1 & 12/1
#30	9/1/74	247,000	7.00-8.00	132,000	9/1/84	3/1 & 9/1
#28	6/1/71	232,000	4.37-5.25	56,000	6/1/81	6/1 & 12/1

SUPPLEMENTARY INFORMATION

te 10 - SPECIAL ASSESSMENTS RECEIVABLE

The City Council of Grand Junction has passed ordinances creating special improvement districts, and has assessed a portion of the cost of the improvement projects to the properties specifically benefited thereby. The ordinances provide that assessments are payable either in full, usually within thirty days from date of assessment, or in ten equal annual installments plus interest on the unpaid balance. The installment payments are payable to the Mesa County, Colorado Treasurer in the same manner as the general ad valorem taxes. The funds provided by the annual installments are to be used for payment of bonds, bond interest, and county Treasurer's fees. Any funds remaining shall be applied against construction costs incurred by the City.

NOTES TO FINANCIAL STATEMENTS - (Continued)

CITY OF GRAND JUNCTION, COLORADO

December 31, 1978

Note 10 - SPECIAL ASSESSMENTS RECEIVABLE - (Continued)

Included in the amount shown as assessments receivable in these financial statements is an element of accrued interest receivable. This accrued interest is set up when the assessment is made and represents the finance charges which will be made if a person elects the ten payment installment plan. Since many people pay their assessments prior to the full ten year period, a portion of the finance charge is never collected and is written off. Therefore, the fund balances of the various special assessment funds are overstated due to the deferred interest income included therein. This practice, which has been followed consistently by the City, is contrary to generally accepted accounting principles. It is not practical to segregate the interest elements of assessments receivable for presentation in the financial statements.

Note 11 - ESTIMATED AMOUNTS TO BE PROVIDED BY ASSESSMENT

Owners of property in the Special Assessment Street Improvement District No. 78 had not been assessed as of December 31, 1978. The amount to be provided by assessment for this district is based upon the engineers' estimate of assessable costs.

Note 12 - PENSION FUNDS

The City of Grand Junction has separate pension plans covering its policemen and firemen. In 1978, actuarial valuations were made for both of these pension funds. Based upon these studies, the yearly provisions for pension costs for the policemen's pension fund and the firemen's pension fund were determined to be \$416,130 and \$493,521, respectively. These amounts include current pension costs and past service costs.

The actuarial studies disclosed that as of January 1, 1979, the unfunded past service cost for the policemen's and the firemen's pension funds were respectively \$3,517,275 and \$4,478,563. The City has elected to fund these amounts over 40 years, therefore the unfunded amounts will be reduced as the City transfers monies to fund the yearly provision for pension costs mentioned above. It is recommended by the actuary and generally accepted accounting principles, that an actuarial study be made every two or three years to recompute the yearly provision for pension costs and the unfunded past service costs. In prior years, the liability for the unfunded portion of the yearly provisions had been recorded in the General Fund. It has been determined that the full amount of past service cost should be presented as a general liability of the City of Grand Junction, rather than specifically attributed to the General Fund. Therefore, the total amount owing the pension funds is recorded in the Statement of General Long Term Debt.

The Policemen's and Firemen's Pension Funds' financial statements are presented in a separate report.

NOTES TO FINANCIAL STATEMENTS - (Continued)

CITY OF GRAND JUNCTION, COLORADO

December 31, 1978

Note 13 - RETIREMENT PLAN

The City provides a pension plan for all employees with over one year continuous service. The plan is a defined contribution money purchase retirement plan. The City contributed \$82,444 to this plan during 1978.

Note 14 - CONTRIBUTIONS FROM MESA COUNTY

During 1977, the preliminary design was begun on the Persigo Plant and Interceptors project. Upon approval of the project by the Environmental Protection Agency (EPA), it is anticipated that the project will be funded 75% by the EPA and 25% by local sources. The City of Grand Junction and Mesa County will share the 25% local funding equally.

Until such a time as it is decided what entity will be responsible for the operation of the project, all of the assets will be included in the construction in progress account of the Water and Sewer Fund of the City of Grand Junction. Appropriate transfers of the assets will be made upon final determination of the operating entity.

Note 15 - OVEREXPENDITURE IN PARK IMPROVEMENT FUND

Expenditures in the Park Improvement Fund (See Note 1) exceeded the budget by \$3,262 which may be a violation of the Local Government Budget Law of Colorado.

SUPPLEMENTARY INFORMATION