

# Town of Erie, Colorado

Comprehensive Annual Financial Report  
For the fiscal year ended  
December 31, 2004

Prepared by the Finance Department:

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**Town of Erie, Colorado**  
 Comprehensive Annual Financial Report  
 For the fiscal year ended December 31, 2004

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# Introductory Section

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May 13, 2005

To the Honorable Mayor, members of the Board of Trustees, and Citizens of the Town of Erie:

State Law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Erie (the Town) for the fiscal year ended December 31, 2004.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Bondi & Co. LLC, a firm of licensed certified public accountants, has audited the Town's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended December 31, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Erie's financial statements for the fiscal year ended December 31, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should

be read in conjunction with it. The Town of Erie's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Town**

The Town, incorporated in 1874, is located on the northern fringe of the Denver-Boulder Metropolitan Area of Colorado. The Town currently occupies a land planning area of 45 square miles and serves a population of about 12,500. The Town is located in two counties: Boulder and Weld. The Town is empowered to levy a property tax on real properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council and voter approval.

The Town has operated under the Trustees-Administrator form of government since its first meeting on November 16, 1874, as a statutory town. Policy-making and legislative authority are vested in the Board of Trustees (the Board) consisting of the mayor and six trustees. The Town's board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the Town's administrator, clerk, treasurer, and attorney. The Town's administrator is responsible for carrying out the goals, policies, and ordinances of the Board, for overseeing the day-to-day operations of the Town, and for appointing the heads of the various departments. The Board is elected on a nonpartisan basis. The mayor is elected for a two-year term and the trustees are elected for four-year terms. The mayor and trustees are elected at-large.

The Town provides a full range of services, including police protection; the construction and maintenance of streets; municipal airport; parks; recreational activities; trails and open space; and utilities. Utilities for the Town consist of water, sewer, and storm drainage. Other utility services, such as electricity, gas, and trash, are provide by organizations not affiliated with the Town, and therefore, are not reported in the Town's financial statements.

The annual budget serves as the foundation for the Town's financial planning and control. All departments of the Town are required to submit requests for appropriation to the Town's finance director on or before the last day of August each year. The finance director and administrator use these requests as the starting point for developing a proposed budget. The town administrator then presents the proposed budget to the board for review prior to October 15. The Board is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 15. The Town's fiscal year is based on the calendar year. The appropriated budget is prepared by fund (e.g., general), department (e.g., police), and division (e.g., patrol). Department heads may make transfers of appropriations within a division. Transfers of appropriations between divisions, however, require the approval of the Board.

Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the general fund and transportation fund, these comparisons are presented on page 38 and 39, respectively, as part of the basic financial statements for the governmental funds. For all other governmental funds, these

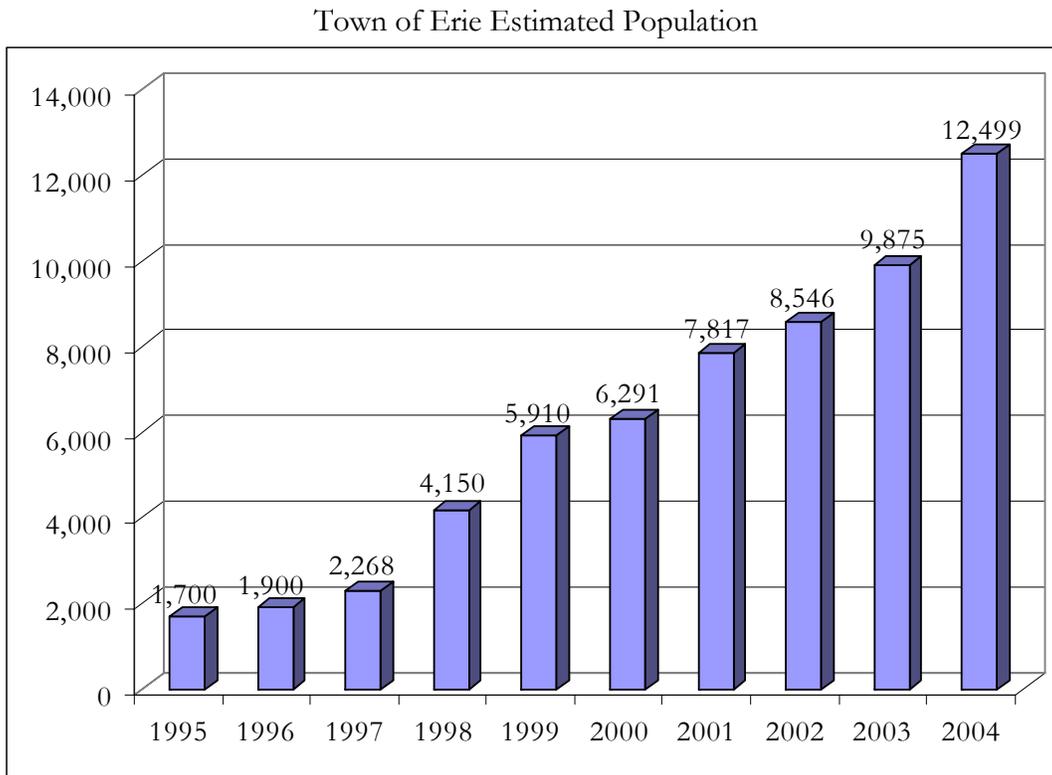
comparisons are presented in the nonmajor governmental funds subsection of this report, which begins on page 79.

## Factors Affecting Financial Condition

A government's finances are related to the local and national economies. For example, a downturn in the local economy may reduce the government's revenues as well as increase the demand for services from its citizens. The information presented in the financial statements is perhaps best understood when it is considered from a broader perspective.

### Local Economy

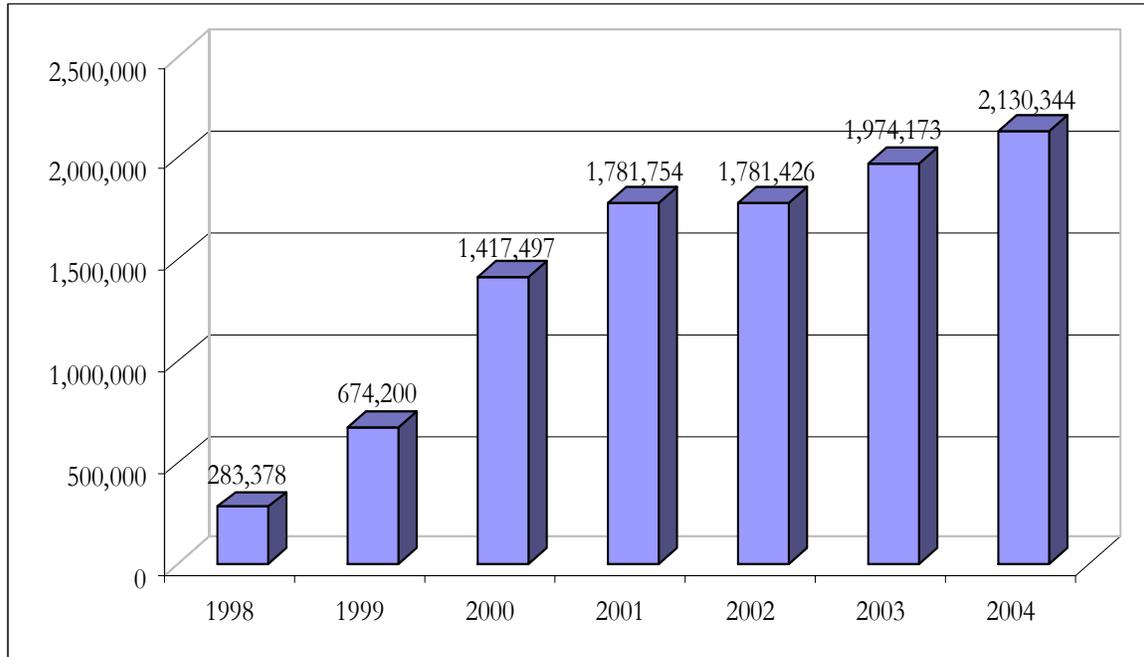
The Town of Erie has seen the community grow over the last ten years. In the early 1990s, the Town had a population of 1,300 and today the Town has a population estimated at 12,500. The following chart reflects the population growth.



The Town has been able to keep pace with the provision of necessary services for its residents. In 2004, the Town issued debt of \$14,500,000 to expand the water treatment plant. In addition, in 2005 the Town plans to issue debt in excess of \$11,500,000 to construct the new northern water reclamation facility. In 2004, Town residents gave their voter approval to increase the Town's property tax by four mills to fund trails and natural areas projects.

Town sales tax revenues have been growing. Although cities and towns in surrounding areas have experienced declining or only moderate growth in this area, the Town's sales tax revenues have shown constant growth. The Town expects to compete with surrounding communities for any future significant increase in sales tax revenues. Below is a chart reflecting the increase in sales tax revenues over the last six years.

Town of Erie Sales Tax Revenues



The Town's commercial property increased in 2004 with the addition of various businesses ranging from retail shops to eating establishments. Other businesses that have come into the Town include medical offices, veterinarian services, a private golf course, and a heavy construction equipment facility. The Town is currently working to increase the number of businesses throughout the community including initiatives to enhance the economic success of Historic Old Town Erie.

The region, which includes the Town, Boulder County, and Weld County, has an employed labor force of about 271,200. The Town's major employers range from retail to engineering to education to childcare. The Town has about 90 full-time employees, making it one of Erie's top five employers. The community is expected to maintain a steady growth of residential construction. This corresponds to the growth in number and variety of businesses expected in the community.

## **Long-term Financial Planning**

The Board and management are currently working on a major project that will impact the Town's financial position. In January of 2005, the Board authorized management to proceed with securing financing for the construction of the Northern Water Reclamation Facility. The debt issuance amount is estimated at a minimum of \$11,500,000.

## **Cash Management Policies and Practices**

The Finance Department maximizes investment earnings on temporarily idle cash while ensuring that adequate moneys are available to make full and timely payments to vendors. Staff considers the safety, liquidity, and yield of the investment when making investment decisions.

## **Risk Management**

In 1983, the Town became a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA) for property and casualty insurance. CIRSA is an organization created by intergovernmental agreement in 1982 solely to provide property and casualty coverage to its members. Coverage is provided through the pooling of self-insured losses and the purchase of stop loss insurance coverage.

In 1994, the Town became a member of the Colorado Intergovernmental Risk Sharing Agency/Worker's Compensation (CIRSA/WC). CIRSA/WC was formed as a separate pool by an intergovernmental agreement to provide coverage to members under the Colorado Worker's Compensation Act.

A seven-member board elected by and from its members governs both CIRSA and CIRSA/WC. The governing board is autonomous as to budgeting and fiscal matter.

## **Pension and Other Post-employment Benefits**

The Town contributes to a statewide-defined benefit pension plan, a cost-sharing multiple-employer defined benefit pension plan, which is administered by the Fire and Police Pension Association of Colorado (FPPA). Assets of the plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund. The plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by the Pension Fund Board of Trustees.

## **Awards and Acknowledgements**

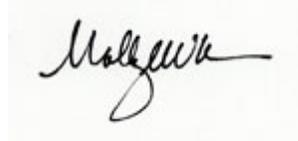
The Town of Erie received its first GFOA Distinguished Budget Presentation Award for its annual budget document for fiscal year beginning January 1, 2004. In order to qualify for the Distinguished Budget Presentation Award, the Town's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. Credit also must be given to the Mayor and the Board of Trustees for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Erie's finances.

Respectfully submitted,

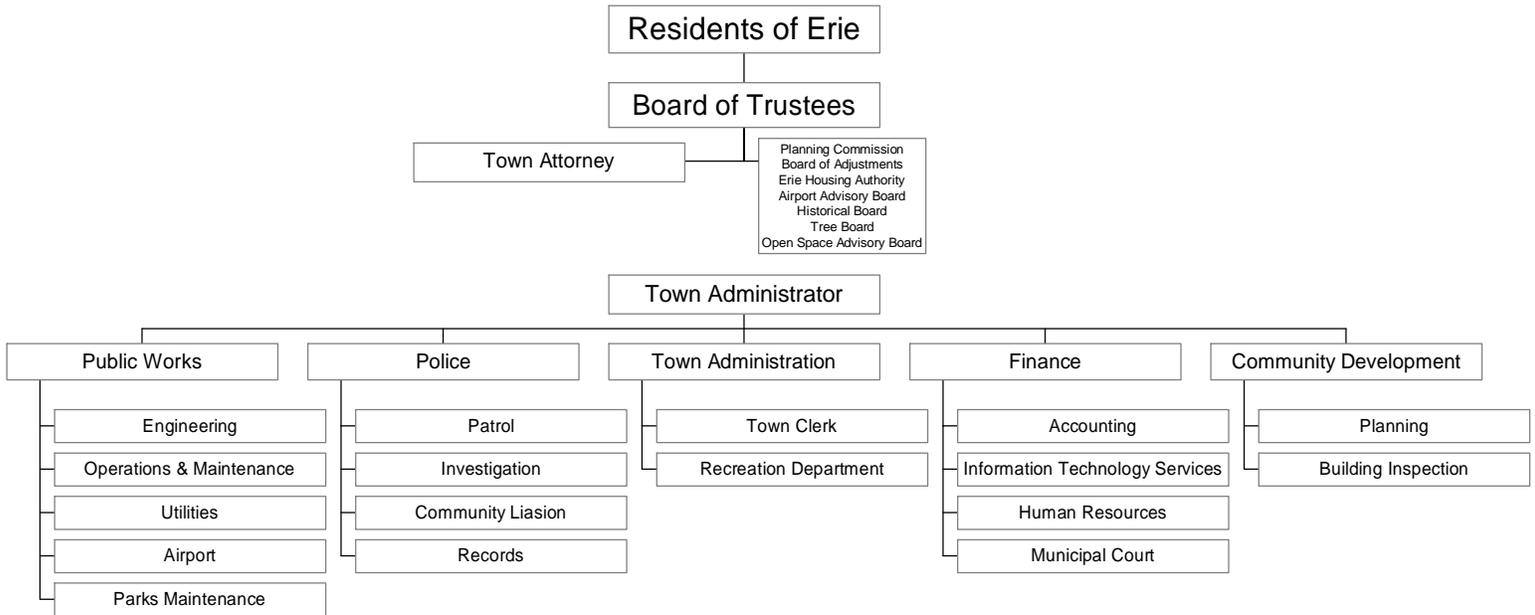


Mike N. Acimovic  
Town Administrator



Molly M. W. Kostelecky, CPA  
Finance Director

# Organizational Chart



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**Town of Erie, Colorado**  
List of Town Officials

Elected Officials: Mayor and Board of Trustees

|                  |               |
|------------------|---------------|
| Andrew Moore     | Mayor         |
| Harry Pink       | Mayor Pro-Tem |
| David Callahan   | Trustee       |
| Greg McCallum    | Trustee       |
| Tom Van Lone     | Trustee       |
| Beth Klein       | Trustee       |
| Glenn Massarotti | Trustee       |

Town Administration Officials

|                  |                                |
|------------------|--------------------------------|
| Mike Acimovic    | Town Administrator             |
| Mark Shapiro     | Town Attorney                  |
| Teresa Andrews   | Town Clerk                     |
| Debra Pearson    | Community Development Director |
| Molly Kostelecky | Finance Director               |
| John Hall        | Chief of Police                |
| Gary Behlen      | Public Works Director          |

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**Financial Section**

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(Independent Auditor's Report)



## Management's Discussion and Analysis

Within this section of the Town of Erie, Colorado (the Town) annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities for the Town for the fiscal year ended December 31, 2004. The Town encourages readers to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal and the Town's financial statements, which can be found beginning on page 3 and 31 of this report, respectively.

### Financial Highlights

- ❖ The assets of the Town exceeded its liabilities at the end of the fiscal year ended December 31, 2004 by \$131 million (net assets). Of this amount, \$20 million (unrestricted net assets) may be used to meet the Town's ongoing obligations in accordance with financial policies.
- ❖ The Town's net assets increased by \$52 million (65%). The governmental net assets increased by \$15 million (61%) and the business-type net assets increased by \$37 million (67%).
- ❖ At December 31, 2004, the Town's governmental funds reported combined ending fund balances of \$17 million, an increase of \$9 million in comparison with the prior year.
- ❖ The general fund, the Town's operating fund, reported an unreserved fund balance of \$7.3 million, or 121% of the total general fund expenditures.
- ❖ The Town's total net debt increased by \$13 million during the current fiscal year. The key factor to this increase was the issuance of a \$14.5 million loan in the water fund.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### Government-wide Financial Statements

The government-wide financial statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis of accounting and elimination or reclassification of activities between funds.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reports reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Evaluation of the overall health of the Town would extend to other non-financial factors such as diversification of the taxpayer base or the

condition of the Town's infrastructure, in addition to the financial information provided in this report.

The statement of activities presents information showing how the Town's net assets changed during the current fiscal year. All changes in net assets are reported as soon as the underlying event given rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. One purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct functions on revenues provided by the Town's taxpayers.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through users fees and charges (business-type activities). The governmental activities of the Town include general government, parks and recreation, public safety, and public works. Business-type activities include the water system, wastewater system, drainage system, municipal airport, and housing authority.

The government-wide financial statements can be found on pages 31-33 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Within the basic financial statements, fund financial statements focus on the Town's more significant funds rather than the Town as a whole. Major funds are reported separately while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### *Governmental Funds*

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements, providing a distinct view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the fiscal year. These statements may be useful in evaluating annual financing requirements of governmental programs and the commitment of the spendable resources for the near-term.

Since the focus of governmental funds is narrower than that of government-wide financial statements, comparisons between these two perspectives may provide an insight into the long-term impact of the short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The Town has seven individual governmental funds. The general fund and the transportation fund are major funds and the fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The remaining individual governmental fund statements are provided in the form of combining statements in a later section of this report.

The Town adopts an annual appropriated budget for each of its governmental funds. Budgetary comparison statements for the major governmental funds are included in the basic financial statements.

The basic governmental fund financial statements can be found on pages 34-39 of this report.

#### *Proprietary Funds*

Proprietary funds are used to account for essentially the same function and information as business-type activities in the government-wide financial statements, only in more detail. The Town has five proprietary funds, all of which are classified as enterprise funds. Of the five enterprise funds, three are reported individually as major funds, including the water fund, the wastewater fund, and the storm drainage fund. The remaining individual enterprise fund statements are provided in the form of combining statements in a later section of this report.

The Town adopts an annual appropriated budget for four of its enterprise funds. Budgetary comparison statements for the major enterprise funds are included in the basic financial statements.

The basic proprietary fund financial statements can be found on pages 40-42 of this report.

#### *Fiduciary Fund*

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the activities of the Town's functions. The accounting used for these types of funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 43-44 of this report.

### **Notes to the Financial Statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 47-69 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's compliance with debt covenants. Required supplementary information can be found on pages 73-77.

The Town reports major funds in the basic financial statements. Combining and individual statements and schedules for nonmajor funds are presented in the supplementary sections of this report beginning on page 79.

## Government-wide Financial Analysis

The Town implemented the new financial reporting model used in this report beginning with the current fiscal year ended December 31, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole.

As stated earlier, the Town's net assets at fiscal year end are \$131 million. The largest portion of the Town's net assets (66%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The capital assets are used to provide necessary services to citizens. These assets are not available for future spending. It should be noted that the resources to repay the debt must be provided from other sources, since capital assets themselves cannot be liquidated to provide the resources.

Additionally, approximately \$23 million of the net assets represents resources that are subject to external restrictions on how they may be used. The remainder of the net assets balance, approximately \$20 million, may be used to meet the Town's ongoing obligations.

The following table provides a summary of the Town's net assets. Since this is the first year government-wide information is available, comparative data is not presented.

|  | Statement of Net Assets    |                             |                       | Percent<br>of Total |
|--|----------------------------|-----------------------------|-----------------------|---------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                 |                     |
| <b>Assets</b>                              |                            |                             |                       |                     |
| Current Assets                             | \$ 18,917,025              | \$ 31,719,453               | \$ 50,636,478         | 29%                 |
| Other Assets                               | 164,829                    | 483,987                     | 648,816               | 0%                  |
| Capital Assets                             | <u>25,820,766</u>          | <u>97,490,098</u>           | <u>123,310,864</u>    | <u>71%</u>          |
| Total Assets                               | <u>44,902,620</u>          | <u>129,693,538</u>          | <u>174,596,158</u>    | <u>100%</u>         |
| <b>Liabilities</b>                         |                            |                             |                       |                     |
| Current Liabilities                        | 2,313,251                  | 4,895,282                   | 7,208,533             | 17%                 |
| Noncurrent Liabilities                     | <u>3,627,858</u>           | <u>32,783,464</u>           | <u>36,411,322</u>     | <u>83%</u>          |
| Total Liabilities                          | <u>5,941,109</u>           | <u>37,678,746</u>           | <u>43,619,855</u>     | <u>100%</u>         |
| <b>Net Assets</b>                          |                            |                             |                       |                     |
| Invested in Capital Assets,<br>net of debt | 22,215,485                 | 65,392,592                  | 87,608,077            | 67%                 |
| Restricted                                 | 9,472,616                  | 13,699,842                  | 23,172,458            | 18%                 |
| Unrestricted                               | <u>7,273,410</u>           | <u>12,822,358</u>           | <u>20,095,768</u>     | <u>15%</u>          |
| Total Net Assets                           | <u>\$ 38,961,511</u>       | <u>\$ 91,914,792</u>        | <u>\$ 130,876,303</u> | <u>100%</u>         |

The Town reported positive balances in net assets for both governmental and business-type activities. Net assets increased by about \$15 million in the governmental activities and \$37 million in the business-type activities. Much of the increase in net assets is attributed to one-time infusion of resources from tap fees, impact fees, and developer-built contributed capital. The Town will use these resources in future years to build capital assets to provide services to additional citizens.

The following table provides a summary of the Town's statement of activities and changes in net assets. Since this is the first year government-wide information is available, comparative data is not presented.

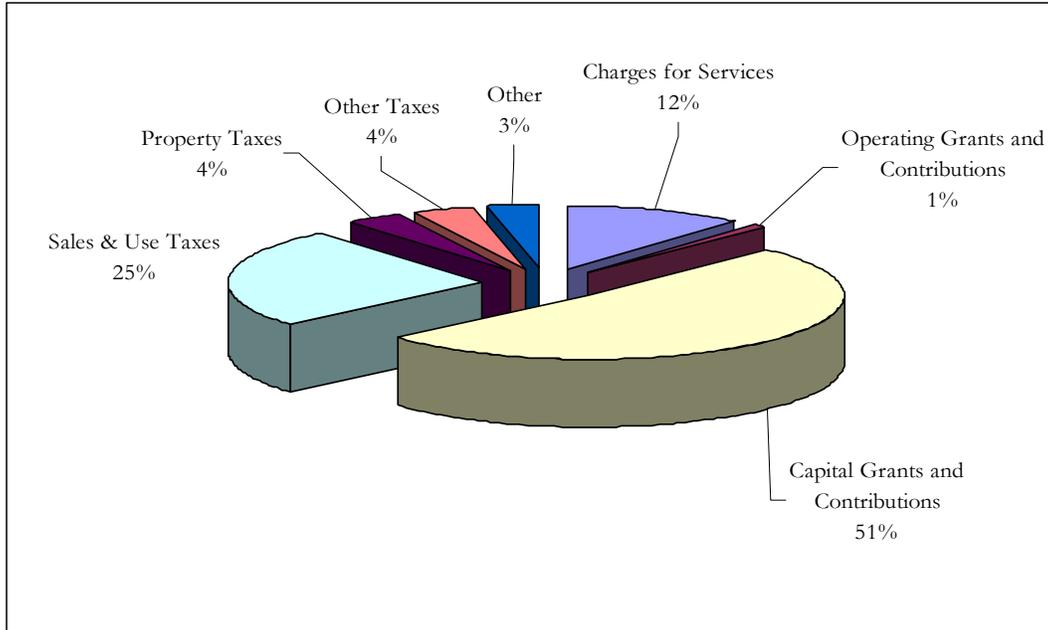
| <b>Statement of Activities and Changes in Net Assets</b> |                            |                             |                       |                     |
|--|----------------------------|-----------------------------|-----------------------|---------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                 | Percent<br>of Total |
| <b>Revenues</b>  |                            |                             |                       |                     |
| Program Revenues   |                            |                             |                       |                     |
| Charges for Services                                     | \$ 2,490,456               | \$ 4,392,914                | \$ 6,883,370          | 11%                 |
| Operating Grants and Contribution                        | 125,064                    | -                           | 125,064               | 0%                  |
| Capital Grants and Contributions                         | 11,138,506                 | 38,237,409                  | 49,375,915            | 76%                 |
| General Revenues   |                            |                             |                       | 0%                  |
| Taxes  | 7,151,059                  | -                           | 7,151,059             | 11%                 |
| Investment Earnings                                      | 184,664                    | 361,030                     | 545,694               | 1%                  |
| Other  | 514,218                    | 102,527                     | 616,745               | 1%                  |
| <b>Total Revenues</b>                                    | <b>21,603,967</b>          | <b>43,093,880</b>           | <b>64,697,847</b>     | <b>100%</b>         |
| <b>Expenses</b>  |                            |                             |                       |                     |
| General Government                                       | 2,936,254                  | -                           | 2,936,254             | 23%                 |
| Parks and Recreation                                     | 910,232                    | -                           | 910,232               | 7%                  |
| Public Safety  | 1,382,872                  | -                           | 1,382,872             | 11%                 |
| Public Works   | 1,417,943                  | -                           | 1,417,943             | 11%                 |
| Interest on Long-term Debt                               | 185,984                    | -                           | 185,984               | 1%                  |
| Water  | -                          | 3,914,473                   | 3,914,473             | 30%                 |
| Wastewater   | -                          | 1,559,719                   | 1,559,719             | 12%                 |
| Storm Drainage   | -                          | 183,331                     | 183,331               | 1%                  |
| Airport  | -                          | 295,410                     | 295,410               | 2%                  |
| Housing Authority  | -                          | 111,662                     | 111,662               | 1%                  |
| <b>Total Expenses</b>                                    | <b>6,833,285</b>           | <b>6,064,595</b>            | <b>12,897,880</b>     | <b>100%</b>         |
| Increase in Net Assets                                   | 14,770,682                 | 37,029,285                  | 51,799,967            |                     |
| Net Assets - Beginning                                   | 24,190,829                 | 54,885,507                  | 79,076,336            |                     |
| Net Assets - Ending                                      | <b>\$ 38,961,511</b>       | <b>\$ 91,914,792</b>        | <b>\$ 130,876,303</b> |                     |

## Governmental Revenues

The Town is reliant on taxes to support governmental operations. Taxes total approximately 33% of total governmental revenues. In addition, capital contributions make up approximately 51% of total governmental revenues. Also, note that program revenues are greater than expenses by \$6.9 million. For two functions, Parks and Recreation and Public

Works, program revenues exceeded program expenses. This is not an ordinary occurrence for many governments and is directly related to the amount of governmental capital contributions.

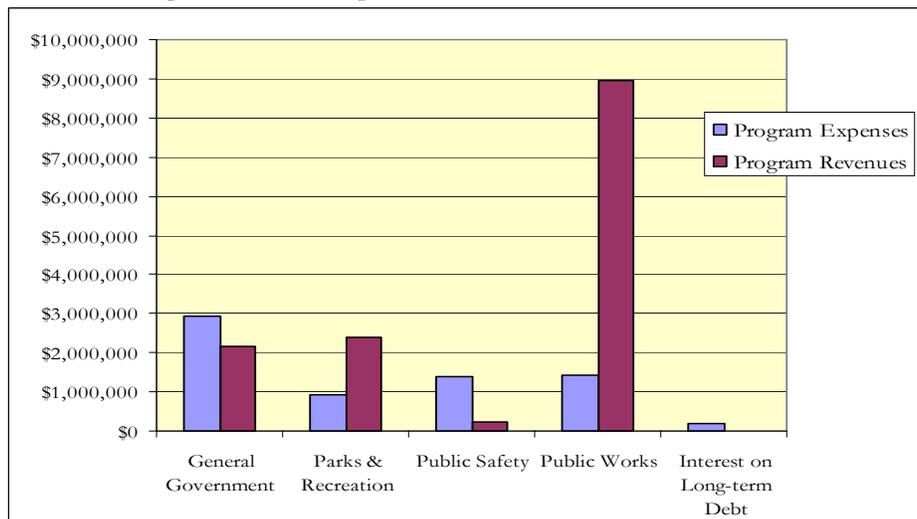
2004 Revenues by Source – Governmental Activities



### Governmental Expenses

General government expenses comprise 42% of the Town's total governmental expenses and 22% of total expenses. Public works expenses make up 20% of the Town's total governmental expenses and 10% of total expenses. Public safety expenses comprise 10% of total expenses.

2004 Expenses and Program Revenues – Governmental Activities

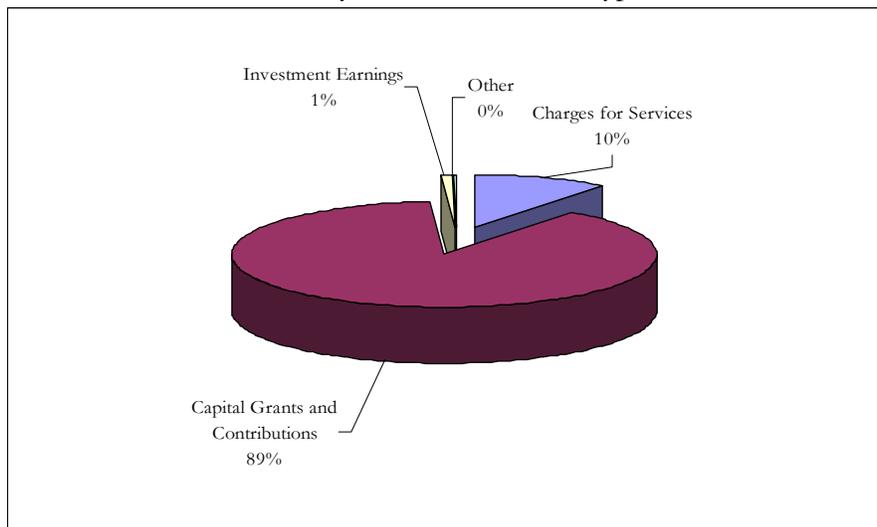


## Business-type Activities

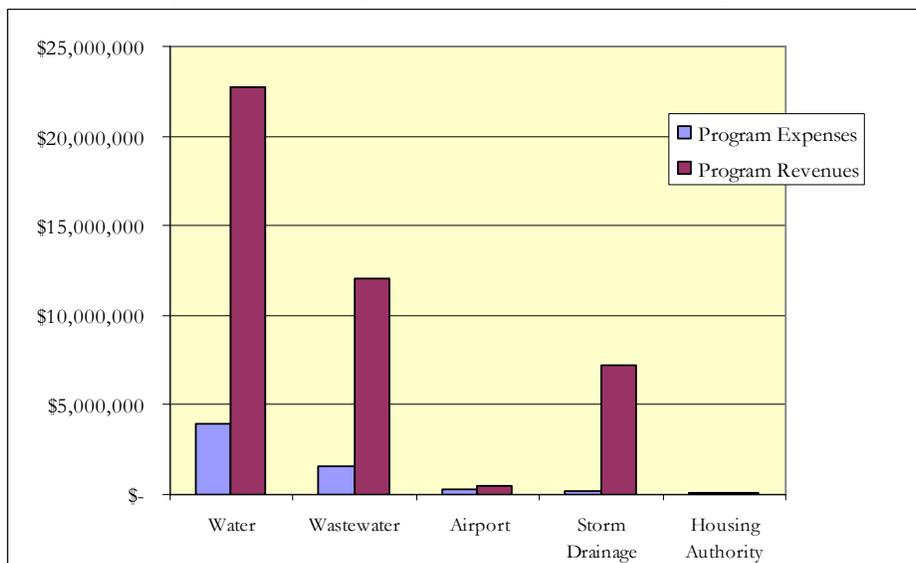
Business-type activities primarily rely on charges for services to support function expenses. Charges for services amounted to about 10% of total business-type activities. This represents an increase in charges for services of 27% over the prior year. This increase is due to a scheduled increase in rates and an increase in the number of users for most functions.

The other primary source of revenue comes from capital contributions in the form of tap fees and developer-constructed donated capital. The Town will use these resources in future years to build capital assets to provide services to additional citizens. This is also the primary reason for the increase in business-type net assets of \$37 million.

2004 Revenues by Source – Business-type Activities



2004 Expenses and Program Revenues – Business-type Activities



## Financial Analysis of the Town's Funds

As discussed earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable revenues. This information is useful in assessing resources available at the end of year in comparison with upcoming financing requirements. Unreserved fund balance may, in particular, serve as a useful indicator of the Town's net resources available for spending at the end of the fiscal year.

At December 31, 2004, the Town's governmental funds reported combined ending fund balances of \$17 million, an increase of \$9 million, or 111%, over the prior fiscal year. Approximately \$7.3 million, or 43%, of the total governmental ending fund balances represents unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders (\$180,600), (2) to fund a state constitution mandated emergency reserve (\$181,500) and (3) to fund future capital projects (\$9.3 million). The amount reserved for future capital projects are primarily capital contributions in the form of impact fees and will fund future capital projects to provide services to future citizens.

The general fund, which serves as the primary operating fund of the Town, had an ending fund balance of \$7.7 million, of which \$7.4 million is unreserved fund balance. The fund balance increased by \$4.2 million over the prior fiscal year. This increase can be attributed to an increase in revenues of 47% while expenditures increased at the much lower rate of 18% over the prior year.

The transportation fund has a fund balance of \$1.3 million, all of which is reserved for capital projects. The fund balance had increased \$1 million over the prior year, which represents an increase of 425%.

### Proprietary Funds

The Town's proprietary fund financial statements provide the same type of information as found in the government-wide financial statements, but in more detail. All of the Town's proprietary funds are enterprise funds.

The total net assets of all enterprise funds are \$91.9 million, of which \$12.8 million is unrestricted net assets. This is an increase in total net assets of \$37.0 million, or 67%, over the prior year.

In the water enterprise fund, operating revenues (charges for services) are \$2.7 million, which represents an increase of \$544,000, or 25%, over the prior fiscal year. This increase can be attributed to an increase in customer base of about 18% and a moderate scheduled rate increase. Additionally, water fund operating expenses are \$2.7 million, which represents

an increase of \$444,000, or 20%, over the prior year. This increase can be attributed to an increase in depreciation expense and other operating expenses.

In the wastewater enterprise fund, operating revenues (charges for services) are \$1.1 million, which represents an increase of \$260,000, or 30%, over the prior fiscal year. This increase can be attributed to an increase in customer base of about 18% and a moderate scheduled rate increase. Additionally, wastewater fund operating expenses are \$1.4 million, which represents an increase of \$358,000, or 34%, over the prior year. This increase can be attributed to an increase in depreciation expense and other operating expenses.

## **Budgetary Highlights**

### **Governmental Funds**

#### *General Fund*

The general fund final budget totaled \$7.1 million, which represents an increase of \$1.2 million over the original budget. This increase can be attributed to the following items: 1) \$565,000 for the continuation of community development projects, 2) \$100,000 for additional legal services, 3) \$15,000 to implement a pay scale adjustment, and 4) the remaining to fund other various budget appropriations. The change in budget in 2004 was funded primarily through increase in estimated tax revenues and permit fees. During the year, revenues exceeded budgetary estimates and expenditures were less than budgeted.

#### *Transportation Fund*

The transportation fund final budget totaled \$1.6 million, which represents an increase of \$1.0 million over the original budget. This can be attributed to an increase in appropriation for the completion of the bridge construction on Weld County Road 3, originally budgeted in prior years. The change in budget in 2004 was funded primarily through increase in estimated impact fee revenues.

### **Proprietary Funds**

#### *Water Fund*

The water fund final budget totaled \$17.9 million, which represents an increase of \$3.3 million over the original budget. This can be attributed to an increase in appropriation for the completion of the capital projects budgeted in prior years. The change in budget in 2004 was funded primarily through increase in estimated tap fee revenues.

#### *Wastewater Fund*

The wastewater fund final budget totaled \$3.7 million, which represents an increase of \$1.9 million over the original budget. This can be attributed to an increase in appropriation for the completion of the capital projects budgeted in prior years. The change in budget in 2004 was funded primarily through increase in estimated tap fee revenues.

## Capital Assets and Debt Administration

### Capital Assets

The Town's investment of capital assets as of December 31, 2004 for its governmental and business-type activities amounted to \$123 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles and water, wastewater, airport, and storm drainage infrastructure. Fiscal year 2003 balances have been restated to conform with GASB 34 requirements and reflect the impact of other prior period adjustments.

Major capital improvements during this fiscal year included the following:

#### *Governmental Activities*

- ❖ Completion of the bridge construction on Weld County Road 3 (\$982,000)
- ❖ Completion Miner's Park construction (\$153,000)

#### *Business-type Activities*

- ❖ Begin construction of the water treatment facility expansion (\$4.6 million)
- ❖ Acquisition of CBT water shares (\$5.6 million)

#### Town of Erie Capital Assets Net of Depreciation as of December 31,

|                                   | Governmental<br>Activities |                      | Business-type<br>Activities |                      | Total<br>Primary Government |                      |
|-----------------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|
|                                   | 2004                       | 2003                 | 2004                        | 2003                 | 2004                        | 2003                 |
| Land                              | \$ 6,417,047               | \$ 6,245,028         | \$ 3,690,670                | \$ 1,529,954         | \$ 10,107,717               | \$ 7,774,982         |
| Water Shares                      | -                          | -                    | 24,583,876                  | 19,032,226           | 24,583,876                  | 19,032,226           |
| Buildings/Plants                  | 3,186,623                  | 3,264,927            | 59,533,240                  | 40,391,561           | 62,719,863                  | 43,656,488           |
| Improvements other than Buildings | 15,502,305                 | 9,923,292            | -                           | -                    | 15,502,305                  | 9,923,292            |
| Machinery and Equipment           | 514,968                    | 641,190              | 266,978                     | 296,546              | 781,946                     | 937,736              |
| Vehicles                          | 141,507                    | 123,991              | -                           | -                    | 141,507                     | 123,991              |
| Construction in Progress          | 58,316                     | 43,433               | 9,415,334                   | 5,527,287            | 9,473,650                   | 5,570,720            |
| Total Capital Assets              | <u>\$ 25,820,766</u>       | <u>\$ 20,241,861</u> | <u>\$ 97,490,098</u>        | <u>\$ 66,777,574</u> | <u>\$ 123,310,864</u>       | <u>\$ 87,019,435</u> |

Additional information on the Town's capital assets can be found in Note V.C. on pages 60-61 of this report.

### Long-term Debt

At the end of the fiscal year, the Town had total debt outstanding of \$36,634,419 in bonds and loans. Of the amount, \$3,745,000 represents general obligation bonds secured by all available Town revenue. The remainder is primarily revenue bonds and loans, secured by specific revenue sources.

During this fiscal year, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for a total of \$14,500,000 in debt. The loan is secured from water fund revenues and was used to finance the construction of the water treatment facility expansion.

Town of Erie Outstanding Debt  
as of December 31,

|                             | Governmental<br>Activities |                     | Business-type<br>Activities |                      | Total<br>Primary Government |                      |
|-----------------------------|----------------------------|---------------------|-----------------------------|----------------------|-----------------------------|----------------------|
|                             | 2004                       | 2003                | 2004                        | 2003                 | 2004                        | 2003                 |
| General Obligation Bonds    | \$ 3,745,000               | \$ 3,935,000        | \$ -                        | \$ -                 | \$ 3,745,000                | \$ 3,935,000         |
| Revenue Bonds               | -                          | -                   | 16,001,000                  | 16,539,000           | 16,001,000                  | 16,539,000           |
| Revenue Loans               | -                          | -                   | 15,962,539                  | 2,218,494            | 15,962,539                  | 2,218,494            |
| Mortgage Revenue Bonds      | -                          | -                   | 856,770                     | 836,511              | 856,770                     | 836,511              |
| Other                       | 25,110                     | 74,710              | 44,000                      | 48,000               | 69,110                      | 122,710              |
| <b>Total Capital Assets</b> | <b>\$ 3,770,110</b>        | <b>\$ 4,009,710</b> | <b>\$ 32,864,309</b>        | <b>\$ 19,642,005</b> | <b>\$ 36,634,419</b>        | <b>\$ 23,651,715</b> |

State statute limits the amount of general obligation debt the Town may issue to 3% of estimated actual valuation. The current debt limitation for the Town is \$31,974,508.

Additional information on the Town's long-term debt can be found in Note V.E. on pages 62-64 of this report.

## Economic Factors

There are several factors that drive the Town's budget and financial performance. The factors include, but are not limited to, the following: area employment rates, sales and use tax revenues, building permit valuation and issuance, population growth, and capital asset construction requirements. Currently, the Town's building permit valuation and issuance drives a large part of the budget revenue and spending. The Town also received an influx of contributed capital revenue (tap and impact fees) during the fiscal year, which will be spent in future years to acquire or construct capital assets to serve future residents.

## Financial Contact

The Town's financial statements are designed to provide users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. Questions concerning any of the information presented in this report or requesting additional information should be addressed to the Town Finance Director, PO Box 750, 645 Holbrook St, Erie, CO, 80516.

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## **Basic Financial Statements**

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**Town of Erie, Colorado**  
**Statement of Net Assets**  
**December 31, 2004**

|   | Primary Government      |                          |                       |
|---|-------------------------|--------------------------|-----------------------|
|   | Governmental Activities | Business-Type Activities | Total                 |
| <b>ASSETS</b>   |                         |                          |                       |
| Current Assets  |                         |                          |                       |
| Cash & Cash Equivalents   | \$ 16,898,402           | \$ 18,149,796            | \$ 35,048,198         |
| Receivables   |                         |                          |                       |
| Property Taxes  | 1,305,939               | -                        | 1,305,939             |
| Accounts  | 563,870                 | 540,326                  | 1,104,196             |
| Internal Balances   | 100,000                 | (100,000)                | -                     |
| Prepaid Expenses  | 48,814                  | 7,124                    | 55,938                |
| Total Current Assets  | <u>18,917,025</u>       | <u>18,597,246</u>        | <u>37,514,271</u>     |
| Restricted Assets   |                         |                          |                       |
| Cash and Cash Equivalents   | -                       | 13,002,830               | 13,002,830            |
| Accrued Interest Receivable   | -                       | 19,377                   | 19,377                |
| Total Restricted Assets   | <u>-</u>                | <u>13,022,207</u>        | <u>13,022,207</u>     |
| Noncurrent Assets   |                         |                          |                       |
| Capital Assets  |                         |                          |                       |
| Land and Water Rights   | 6,417,047               | 28,274,547               | 34,691,594            |
| Buildings, Property and Equipment (Net of Accumulated Depreciation) | 19,403,719              | 69,215,551               | 88,619,270            |
| Deferred Charges  | 164,829                 | 483,987                  | 648,816               |
| Total Noncurrent Assets   | <u>25,985,595</u>       | <u>97,974,085</u>        | <u>123,959,680</u>    |
| Total Assets  | <u>44,902,620</u>       | <u>129,593,538</u>       | <u>174,496,158</u>    |
| <b>LIABILITIES</b>  |                         |                          |                       |
| Current Liabilities   |                         |                          |                       |
| Accounts Payable and other Current Liabilities                      | 516,139                 | 1,501,676                | 2,017,815             |
| Accrued Interest Payable  | 14,904                  | 163,777                  | 178,681               |
| Unearned Revenue  | 1,305,939               | 200,000                  | 1,505,939             |
| Prepaid Revenues  | 90,000                  | 1,831,800                | 1,921,800             |
| Accrued Compensated Absences  | 166,159                 | -                        | 166,159               |
| Loans Payable   | 25,110                  | 640,029                  | 665,139               |
| Bonds Payable   | 195,000                 | 558,000                  | 753,000               |
| Total Current Liabilities   | <u>2,313,251</u>        | <u>4,895,282</u>         | <u>7,208,533</u>      |
| Noncurrent Liabilities  |                         |                          |                       |
| Prepaid Revenues  | -                       | 1,400,000                | 1,400,000             |
| Accrued Compensated Absences  | 77,858                  | -                        | 77,858                |
| Loans Payable, net of unamortized discounts/premiums                | -                       | 16,319,759               | 16,319,759            |
| Bonds Payable, net of unamortized discounts/premiums                | 3,550,000               | 15,063,705               | 18,613,705            |
| Total Noncurrent Liabilities  | <u>3,627,858</u>        | <u>32,783,464</u>        | <u>36,411,322</u>     |
| Total Liabilities   | <u>5,941,109</u>        | <u>37,678,746</u>        | <u>43,619,855</u>     |
| <b>NET ASSETS</b>   |                         |                          |                       |
| Invested in Capital Assets,<br>Net of Related Debt                  | 22,215,485              | 65,392,592               | 87,608,077            |
| Restricted for:   |                         |                          |                       |
| Capital Projects  | 9,291,114               | 10,168,606               | 19,459,720            |
| Debt Service  | -                       | 2,451,581                | 2,451,581             |
| Operations & Maintenance  | -                       | 1,079,655                | 1,079,655             |
| Emergencies   | 181,502                 | -                        | 181,502               |
| Unrestricted  | 7,273,410               | 12,822,358               | 20,095,768            |
| Total Net Assets  | <u>\$ 38,961,511</u>    | <u>\$ 91,914,792</u>     | <u>\$ 130,876,303</u> |

The notes to the financial statements are an integral part of this statement.

**Town of Erie, Colorado**  
**Statement of Activities**  
**For the Year Ended December 31, 2004**

| FUNCTION ACTIVITIES                    | Expenses            | Program Revenues     |                                    |                                  | Total               |
|--|---------------------|----------------------|------------------------------------|----------------------------------|---------------------|
|  |                     | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |                     |
| Primary Government:                    |                     |                      |                                    |                                  |                     |
| General Government                     | \$ 2,936,254        | \$2,119,343          | \$ 3,250                           | \$ 30,000                        | \$ 2,152,593        |
| Parks & Recreation                     | 910,232             | 50,025               | 2,783                              | 2,340,020                        | 2,392,828           |
| Public Safety                          | 1,382,872           | 116,525              | 119,031                            | -                                | 235,556             |
| Public Works                           | 1,417,943           | 204,563              | -                                  | 8,768,486                        | 8,973,049           |
| Interest on Long-Term Debt             | 185,984             | -                    | -                                  | -                                | -                   |
| <b>Total Governmental Activities</b>   | <b>6,833,285</b>    | <b>2,490,456</b>     | <b>125,064</b>                     | <b>11,138,506</b>                | <b>13,754,026</b>   |
| Business-type Activities:              |                     |                      |                                    |                                  |                     |
| Water                                  | 3,914,473           | 2,705,358            | -                                  | 20,042,076                       | 22,747,434          |
| Wastewater                             | 1,559,719           | 1,133,672            | -                                  | 10,952,492                       | 12,086,164          |
| Storm Drainage                         | 183,331             | 223,184              | -                                  | 6,976,429                        | 7,199,613           |
| Airport                                | 295,410             | 243,127              | -                                  | 266,412                          | 509,539             |
| Housing Authority                      | 111,662             | 87,573               | -                                  | -                                | 87,573              |
| <b>Total Business-type Activities:</b> | <b>6,064,595</b>    | <b>4,392,914</b>     | <b>-</b>                           | <b>38,237,409</b>                | <b>42,630,323</b>   |
| <b>Total Primary Government</b>        | <b>\$12,897,880</b> | <b>\$6,883,370</b>   | <b>\$ 125,064</b>                  | <b>\$ 49,375,915</b>             | <b>\$56,384,349</b> |

The notes to the financial statements are an integral part of this statement.

| Net (Expense) Revenue and<br>Changes in Net Assets |                             |                   |
|--|-----------------------------|-------------------|
| Primary Government                                 |                             |                   |
| Governmental<br>Activities                         | Business-type<br>Activities | Total             |
| \$ (783,661)                                       | \$ -                        | \$ (783,661)      |
| 1,482,596  | -                           | 1,482,596         |
| (1,147,316)  | -                           | (1,147,316)       |
| 7,555,106  | -                           | 7,555,106         |
| (185,984)  | -                           | (185,984)         |
| <u>6,920,741</u>                                   | <u>-</u>                    | <u>6,920,741</u>  |
| -  | 18,832,961                  | 18,832,961        |
| -  | 10,526,445                  | 10,526,445        |
| -  | 7,016,282                   | 7,016,282         |
| -  | 214,129                     | 214,129           |
| -  | (24,089)                    | (24,089)          |
| <u>-</u>   | <u>36,565,728</u>           | <u>36,565,728</u> |
| <u>6,920,741</u>                                   | <u>36,565,728</u>           | <u>43,486,469</u> |

**GENERAL REVENUES**

Taxes:

|                        |                      |                      |                       |
|------------------------|----------------------|----------------------|-----------------------|
| Sales & Use Taxes      | 5,521,258            | -                    | 5,521,258             |
| Property Taxes         | 788,955              | -                    | 788,955               |
| Franchise Taxes        | 282,980              | -                    | 282,980               |
| Transportation Taxes   | 468,683              | -                    | 468,683               |
| Other Taxes            | 89,183               | -                    | 89,183                |
| Investment Earnings    | 184,664              | 361,030              | 545,694               |
| Other Miscellaneous    | 514,218              | 102,527              | 616,745               |
|                        | <u>7,849,941</u>     | <u>463,557</u>       | <u>8,313,498</u>      |
| Changes in Net Assets  | 14,770,682           | 37,029,285           | 51,799,967            |
| Net Assets - Beginning | <u>24,190,829</u>    | <u>54,885,507</u>    | <u>79,076,336</u>     |
| Net Assets - Ending    | <u>\$ 38,961,511</u> | <u>\$ 91,914,792</u> | <u>\$ 130,876,303</u> |

**Town of Erie, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2004**

|  | General             | Transportation      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                                |                     |                     |                                |                                |
| Cash and Cash Equivalents                    | \$ 7,648,415        | \$ 1,259,787        | \$ 7,990,200                   | \$ 16,898,402                  |
| Receivables:                                 |                     |                     |                                |                                |
| Property Taxes                               | 868,006             | -                   | 437,933                        | 1,305,939                      |
| Accounts                                     | 513,943             | 49,927              | -                              | 563,870                        |
| Due from Other Funds                         | -                   | -                   | 100,000                        | 100,000                        |
| Prepaid Expenses                             | 48,814              | -                   | -                              | 48,814                         |
|  | <u>          </u>   | <u>          </u>   | <u>          </u>              | <u>          </u>              |
| Total Assets                                 | <u>\$ 9,079,178</u> | <u>\$ 1,309,714</u> | <u>\$ 8,528,133</u>            | <u>\$ 18,917,025</u>           |
| <br><b>LIABILITIES AND FUND<br/>BALANCES</b> |                     |                     |                                |                                |
| Liabilities                                  |                     |                     |                                |                                |
| Accounts Payable                             | \$ 308,688          | \$ -                | \$ 18,800                      | \$ 327,488                     |
| Accrued Wages Payable                        | 39,522              | -                   | -                              | 39,522                         |
| Due to Other Organizations                   | 149,129             | -                   | -                              | 149,129                        |
| Prepaid Revenue                              | -                   | -                   | 90,000                         | 90,000                         |
| Deferred Revenue                             | 868,006             | -                   | 437,933                        | 1,305,939                      |
|  | <u>          </u>   | <u>          </u>   | <u>          </u>              | <u>          </u>              |
| Total Liabilities                            | <u>1,365,345</u>    | <u>-</u>            | <u>546,733</u>                 | <u>1,912,078</u>               |
| Fund Balances                                |                     |                     |                                |                                |
| Reserved for Encumbrances                    | 180,614             | -                   | -                              | 180,614                        |
| Reserved for Capital Projects                | -                   | 1,309,714           | 7,981,400                      | 9,291,114                      |
| Reserved for Emergencies                     | 181,502             | -                   | -                              | 181,502                        |
| Unreserved                                   | 7,351,717           | -                   | -                              | 7,351,717                      |
|  | <u>          </u>   | <u>          </u>   | <u>          </u>              | <u>          </u>              |
| Total Fund Balances                          | <u>7,713,833</u>    | <u>1,309,714</u>    | <u>7,981,400</u>               | <u>17,004,947</u>              |
|  | <u>          </u>   | <u>          </u>   | <u>          </u>              | <u>          </u>              |
| Total Liabilities and Fund Balances          | <u>\$ 9,079,178</u> | <u>\$ 1,309,714</u> | <u>\$ 8,528,133</u>            | <u>\$ 18,917,025</u>           |

The notes to the financial statements are an integral part of this statement.

**Town of Erie, Colorado**  
**Reconciliation of Balance Sheet of**  
**Governmental Funds to the Statement of Net Assets**  
**December 31, 2004**

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Amounts reported for governmental activities in the statement of net assets (page 31) are different because:

|  |                             |
|--|-----------------------------|
| Total fund balances - governmental funds (page 34)   | \$ 17,004,947               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                            | 25,820,766                  |
| Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds. | <u>(3,864,202)</u>          |
| Net assets of governmental activities (page 31)  | <u><u>\$ 38,961,511</u></u> |

The notes to the financial statements are an integral part of this statement.

**Town of Erie**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2004**

|                             | General             | Transportation      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------|---------------------|---------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>             |                     |                     |                                |                                |
| Taxes                       | \$ 6,675,205        | \$ -                | \$ -                           | \$ 6,675,205                   |
| Licenses & Permits          | 2,325,491           | -                   | -                              | 2,325,491                      |
| Intergovernmental           | 401,704             | -                   | 74,150                         | 475,854                        |
| Fees & Charges for Services | 82,280              | 2,315,699           | 3,848,417                      | 6,246,396                      |
| Fines & Forfeitures         | 116,525             | -                   | -                              | 116,525                        |
| Investment Earnings         | 78,351              | 27,536              | 78,777                         | 184,664                        |
| Miscellaneous               | 552,469             | -                   | 1,885                          | 554,354                        |
|                             | <u>10,232,025</u>   | <u>2,343,235</u>    | <u>4,003,229</u>               | <u>16,578,489</u>              |
| Total Revenues              |                     |                     |                                |                                |
| <b>EXPENDITURES</b>         |                     |                     |                                |                                |
| Current Operating:          |                     |                     |                                |                                |
| General Government          | 2,775,019           | -                   | -                              | 2,775,019                      |
| Public Safety               | 1,306,503           | -                   | -                              | 1,306,503                      |
| Public Works                | 1,006,124           | 2,547               | -                              | 1,008,671                      |
| Parks and Recreation        | 700,957             | -                   | 63,981                         | 764,938                        |
| Capital Outlay              | 261,455             | 903,802             | 151,097                        | 1,316,354                      |
| Debt Service:               |                     |                     |                                |                                |
| Principal                   | -                   | 190,000             | 49,600                         | 239,600                        |
| Interest                    | -                   | 186,633             | -                              | 186,633                        |
|                             | <u>6,050,058</u>    | <u>1,282,982</u>    | <u>264,678</u>                 | <u>7,597,718</u>               |
| Total Expenditures          |                     |                     |                                |                                |
| Net Change in Fund Balances | <u>4,181,967</u>    | <u>1,060,253</u>    | <u>3,738,551</u>               | <u>8,980,771</u>               |
| Fund Balances - Beginning   | <u>3,531,866</u>    | <u>249,461</u>      | <u>4,242,849</u>               | <u>8,024,176</u>               |
| Fund Balances - Ending      | <u>\$ 7,713,833</u> | <u>\$ 1,309,714</u> | <u>\$ 7,981,400</u>            | <u>\$ 17,004,947</u>           |

The notes to the financial statements are an integral part of this statement.

**Town of Erie, Colorado**  
**Reconciliation of Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2004**

Amounts reported for governmental activities in the statement of activities (pages 32-33) are different because:

|   |                      |
|---|----------------------|
| Net change in fund balances - governmental funds (page 36)  | \$ 8,980,771         |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the current period.  | 553,427              |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.  | 5,025,478            |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt related items. | 239,600              |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.  | (28,594)             |
| Change in net assets of governmental activities (page 33)   | <u>\$ 14,770,682</u> |

The notes to the financial statements are an integral part of this statement.

**Town of Erie**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget**  
**For the Year Ended December 31, 2004**

|  | Actual              | Original<br>Budget | Final<br>Budget     | Variance With<br>Final Budget<br>to Actual<br>Favorable<br>(Unfavorable) |
|--|---------------------|--------------------|---------------------|--|
| <b>REVENUES</b>                              |                     |                    |                     |  |
| Taxes  | \$ 6,675,205        | \$ 4,133,900       | \$ 5,893,900        | \$ 781,305   |
| Licenses & Permits                           | 2,325,491           | 990,200            | 1,990,200           | 335,291  |
| Intergovernmental                            | 401,704             | 374,600            | 374,600             | 27,104   |
| Fees & Charges for Services                  | 82,280              | 90,900             | 80,500              | 1,780  |
| Fines & Forfeitures                          | 116,525             | 76,300             | 76,400              | 40,125   |
| Investment Earnings                          | 78,351              | 24,000             | 55,000              | 23,351   |
| Miscellaneous                                | 552,469             | 471,200            | 566,900             | (14,431)   |
| <b>Total Revenues</b>                        | <b>10,232,025</b>   | <b>6,161,100</b>   | <b>9,037,500</b>    | <b>1,194,525</b>   |
| <b>EXPENDITURES</b>                          |                     |                    |                     |  |
| Current Operating:                           |                     |                    |                     |  |
| General Government                           | 2,775,019           | 2,553,300          | 3,423,900           | 648,881  |
| Public Safety                                | 1,306,503           | 1,361,100          | 1,356,200           | 49,697   |
| Public Works                                 | 1,006,124           | 1,039,600          | 1,181,700           | 175,576  |
| Parks and Recreation                         | 700,957             | 825,100            | 808,900             | 107,943  |
| Capital Outlay                               | 261,455             | 137,200            | 321,000             | 59,545   |
| <b>Total Expenditures</b>                    | <b>6,050,058</b>    | <b>5,916,300</b>   | <b>7,091,700</b>    | <b>1,041,642</b>   |
| Excess Revenues Over<br>(Under) Expenditures | 4,181,967           | <u>\$ 244,800</u>  | <u>\$ 1,945,800</u> | <u>\$ 2,236,167</u>  |
| <b>Fund Balances - Beginning</b>             | <b>3,531,866</b>    |                    |                     |  |
| <b>Fund Balances - Ending</b>                | <b>\$ 7,713,833</b> |                    |                     |  |

The notes to the financial statements are an integral part of this statement.

**Town of Erie**  
**Transportation Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget**  
**For the Year Ended December 31, 2004**

|                                      | Actual              | Original<br>Budget | Final<br>Budget   | Variance With<br>Final Budget<br>to Actual<br>Favorable<br>(Unfavorable) |
|--------------------------------------|---------------------|--------------------|-------------------|--|
| <b>REVENUES</b>                      |                     |                    |                   |  |
| Fees & Charges for Services          | \$ 2,315,699        | \$ 941,300         | \$ 2,174,100      | \$ 141,599   |
| Investment Earnings                  | 27,536              | 3,000              | 20,000            | 7,536  |
| Total Revenues                       | <u>2,343,235</u>    | <u>944,300</u>     | <u>2,194,100</u>  | <u>149,135</u>   |
| <b>EXPENDITURES</b>                  |                     |                    |                   |  |
| Current Operating:                   |                     |                    |                   |  |
| Public Works                         | 2,547               | 18,800             | 18,800            | 16,253   |
| Capital Outlay                       | 903,802             | 215,100            | 1,250,100         | 346,298  |
| Debt Service:                        |                     |                    |                   |  |
| Principal                            | 190,000             | 190,000            | 190,000           | -  |
| Interest                             | 186,633             | 186,700            | 186,700           | 67   |
| Total Expenditures                   | <u>1,282,982</u>    | <u>610,600</u>     | <u>1,645,600</u>  | <u>362,618</u>   |
| Excess Revenues Over<br>Expenditures | 1,060,253           | <u>\$ 333,700</u>  | <u>\$ 548,500</u> | <u>\$ 511,753</u>  |
| <b>Fund Balances - Beginning</b>     | <u>249,461</u>      |                    |                   |  |
| <b>Fund Balances - Ending</b>        | <u>\$ 1,309,714</u> |                    |                   |  |

The notes to the financial statements are an integral part of this statement.

**Town of Erie, Colorado**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2004**

|  | Business-type Activities - Enterprise Funds |                     |                    |                              | Total<br>Enterprise<br>Funds |
|--|---|---------------------|--------------------|------------------------------|------------------------------|
|  | Water                                       | Wastewater          | Storm<br>Drainage  | Other<br>Enterprise<br>Funds |                              |
| <b>ASSETS</b>  |   |                     |                    |                              |                              |
| Current Assets                                       |   |                     |                    |                              |                              |
| Cash and Cash Equivalents                            | \$ 8,745,628                                | \$ 6,808,196        | \$2,350,360        | \$ 245,612                   | \$18,149,796                 |
| Accounts Receivable                                  | 247,047                                     | 130,425             | 28,926             | 133,928                      | 540,326                      |
| Prepaid Expenses                                     | 4,600                                       | -                   | -                  | 2,524                        | 7,124                        |
| <b>Total Current Assets</b>                          | <b>8,997,275</b>                            | <b>6,938,621</b>    | <b>2,379,286</b>   | <b>382,064</b>               | <b>18,697,246</b>            |
| Restricted Assets                                    |   |                     |                    |                              |                              |
| Cash and Cash Equivalents                            | 12,779,648                                  | 164,326             | -                  | 58,856                       | 13,002,830                   |
| Accrued Interest Receivable                          | 18,551                                      | 826                 | -                  | -                            | 19,377                       |
| <b>Total Restricted Assets</b>                       | <b>12,798,199</b>                           | <b>165,152</b>      | <b>-</b>           | <b>58,856</b>                | <b>13,022,207</b>            |
| Noncurrent Assets                                    |   |                     |                    |                              |                              |
| Land and Water Rights                                | 27,628,251                                  | 59,022              | 63,705             | 523,569                      | 28,274,547                   |
| Buildings, Property and Equipment                    | 36,066,406                                  | 19,001,972          | 7,533,930          | 3,702,762                    | 66,305,070                   |
| Accumulated Depreciation                             | (3,974,593)                                 | (1,696,292)         | (279,496)          | (554,472)                    | (6,504,853)                  |
| Construction in Progress                             | 6,393,930                                   | 2,821,404           | 200,000            | -                            | 9,415,334                    |
| Unamortized Bond Issue Costs                         | 383,762                                     | 63,607              | -                  | 36,618                       | 483,987                      |
| <b>Total Noncurrent Assets</b>                       | <b>66,497,756</b>                           | <b>20,249,713</b>   | <b>7,518,139</b>   | <b>3,708,477</b>             | <b>97,974,085</b>            |
| <b>Total Assets</b>                                  | <b>88,293,230</b>                           | <b>27,353,486</b>   | <b>9,897,425</b>   | <b>4,149,397</b>             | <b>129,693,538</b>           |
| <b>LIABILITIES</b>                                   |   |                     |                    |                              |                              |
| Current Liabilities                                  |   |                     |                    |                              |                              |
| Accounts Payable                                     | 1,389,997                                   | 37,939              | 5,344              | 45,623                       | 1,478,903                    |
| Accrued Interest Payable                             | 115,849                                     | 38,762              | 6,270              | 2,896                        | 163,777                      |
| Accrued Wages Payable                                | 11,392                                      | 9,691               | 888                | 802                          | 22,773                       |
| Deferred Revenue                                     | -   | -                   | -                  | 200,000                      | 200,000                      |
| Interfund Payable                                    | -   | -                   | -                  | 100,000                      | 100,000                      |
| Prepaid Tap Fees                                     | 1,515,800                                   | 316,000             | -                  | -                            | 1,831,800                    |
| Loans Payable  | 510,000                                     | 102,247             | 9,863              | 17,919                       | 640,029                      |
| Bonds Payable  | 488,000                                     | 70,000              | -                  | -                            | 558,000                      |
| <b>Total Current Liabilities</b>                     | <b>4,031,038</b>                            | <b>574,639</b>      | <b>22,365</b>      | <b>367,240</b>               | <b>4,995,282</b>             |
| Noncurrent Liabilities                               |   |                     |                    |                              |                              |
| Prepaid Tap Fees                                     | 900,000                                     | 500,000             | -                  | -                            | 1,400,000                    |
| Loans Payable, net of unamortized discounts/premiums | 13,441,480                                  | 1,587,287           | 408,141            | 882,851                      | 16,319,759                   |
| Bonds Payable, net of unamortized discounts/premiums | 13,778,705                                  | 1,285,000           | -                  | -                            | 15,063,705                   |
| <b>Total Noncurrent Liabilities</b>                  | <b>28,120,185</b>                           | <b>3,372,287</b>    | <b>408,141</b>     | <b>882,851</b>               | <b>32,783,464</b>            |
| <b>Total Liabilities</b>                             | <b>32,151,223</b>                           | <b>3,946,926</b>    | <b>430,506</b>     | <b>1,250,091</b>             | <b>37,778,746</b>            |
| <b>NET ASSETS</b>                                    |   |                     |                    |                              |                              |
| Invested in Capital Assets, net of related debt      | 38,279,571                                  | 17,205,179          | 7,100,135          | 2,807,707                    | 65,392,592                   |
| Restricted   |   |                     |                    |                              |                              |
| Bond Reserves  | 2,288,081                                   | 163,500             | -                  | -                            | 2,451,581                    |
| Capital Projects                                     | 10,168,606                                  | -                   | -                  | -                            | 10,168,606                   |
| Operations & Maintenance Reserves                    | 790,326                                     | 289,329             | -                  | -                            | 1,079,655                    |
| Unrestricted   | 4,615,424                                   | 5,748,552           | 2,366,784          | 91,599                       | 12,822,358                   |
| <b>Total Net Assets</b>                              | <b>\$56,142,007</b>                         | <b>\$23,406,560</b> | <b>\$9,466,919</b> | <b>\$2,899,306</b>           | <b>\$91,914,792</b>          |

The notes to the financial statements are an integral part of this statement.

**Town of Erie**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2004**

|   | Business-type Activities - Enterprise Funds |                     |                    |                              | Total<br>Enterprise<br>Funds |
|---|---|---------------------|--------------------|------------------------------|------------------------------|
|   | Water                                       | Wastewater          | Storm<br>Drainage  | Other<br>Enterprise<br>Funds |                              |
| <b>Operating Revenue</b>                |   |                     |                    |                              |                              |
| Charges for Services                    | \$ 2,705,358                                | \$ 1,133,672        | \$ 223,184         | \$ 330,700                   | \$ 4,392,914                 |
| Total Operating Revenue                 | <u>2,705,358</u>                            | <u>1,133,672</u>    | <u>223,184</u>     | <u>330,700</u>               | <u>4,392,914</u>             |
| <b>Operating Expenses</b>               |   |                     |                    |                              |                              |
| Personnel Services                      | 826,343                                     | 695,921             | 57,255             | 57,977                       | 1,637,496                    |
| Operations and Maintenance              | 1,132,404                                   | 299,302             | 22,135             | 191,315                      | 1,645,156                    |
| Other                                   | 12,589                                      | -                   | -                  | -                            | 12,589                       |
| Depreciation                            | 728,923                                     | 398,915             | 95,533             | 104,975                      | 1,328,346                    |
| Total Operating Expenses                | <u>2,700,259</u>                            | <u>1,394,138</u>    | <u>174,923</u>     | <u>354,267</u>               | <u>4,623,587</u>             |
| Net Operating Income (Loss)             | <u>5,099</u>                                | <u>(260,466)</u>    | <u>48,261</u>      | <u>(23,567)</u>              | <u>(230,673)</u>             |
| <b>Nonoperating Revenues (Expenses)</b> |   |                     |                    |                              |                              |
| Interest Income                         | 246,101                                     | 84,605              | 24,781             | 5,543                        | 361,030                      |
| Capital Contributions                   | 20,042,076                                  | 10,952,492          | 6,976,429          | 266,412                      | 38,237,409                   |
| Other                                   | 31,651                                      | 60,894              | -                  | 9,982                        | 102,527                      |
| Amortization of Debt Issuance Costs     | (24,248)                                    | (3,487)             | -                  | (2,104)                      | (29,839)                     |
| Interest Expense                        | <u>(1,189,966)</u>                          | <u>(162,094)</u>    | <u>(8,408)</u>     | <u>(50,701)</u>              | <u>(1,411,169)</u>           |
| Total Nonoperating Revenues (Expenses)  | <u>19,105,614</u>                           | <u>10,932,410</u>   | <u>6,992,802</u>   | <u>229,132</u>               | <u>37,259,958</u>            |
| Change in Net Assets                    | 19,110,713                                  | 10,671,944          | 7,041,063          | 205,565                      | 37,029,285                   |
| Total Net Assets - Beginning            | <u>37,031,294</u>                           | <u>12,734,616</u>   | <u>2,425,856</u>   | <u>2,693,741</u>             | <u>54,885,507</u>            |
| Total Net Assets - Ending               | <u>\$56,142,007</u>                         | <u>\$23,406,560</u> | <u>\$9,466,919</u> | <u>\$2,899,306</u>           | <u>\$91,914,792</u>          |

The notes to the financial statements are an integral part of this statement.

**Town of Erie**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2004**

|  | Business-type Activities - Enterprise Funds |                     |                    |                              | Total<br>Enterprise<br>Funds |
|--|---|---------------------|--------------------|------------------------------|------------------------------|
|  | Water                                       | Wastewater          | Storm<br>Drainage  | Other<br>Enterprise<br>Funds |                              |
| <b>Cash Flows from Operating Activities</b>  |   |                     |                    |                              |                              |
| Receipts from Customers and Users  | \$ 2,739,189                                | 1,083,247           | \$ 206,258         | 342,572                      | 4,371,266                    |
| Payments to Employees  | (664,162)                                   | (565,696)           | (45,527)           | (49,076)                     | (1,324,461)                  |
| Payments to Suppliers  | (512,754)                                   | (620,734)           | (29,398)           | (216,748)                    | (1,379,634)                  |
| Net Cash Provided (Used) by Operating Activities   | <u>1,562,273</u>                            | <u>(103,183)</u>    | <u>131,333</u>     | <u>76,748</u>                | <u>1,667,171</u>             |
| <b>Cash Flows from Noncapital<br/>Financing Activities</b>   |   |                     |                    |                              |                              |
| Other Income   | 13,495                                      | 60,894              | -                  | 9,982                        | 84,371                       |
| Impact Fees  | -   | -                   | 1,191,280          | -                            | 1,191,280                    |
| Developer Reimbursements   | 479,008                                     | 80,000              | -                  | -                            | 559,008                      |
| Cash Flows Provided by Noncapital<br>Financing Activities  | <u>492,503</u>                              | <u>140,894</u>      | <u>1,191,280</u>   | <u>9,982</u>                 | <u>1,834,659</u>             |
| <b>Cash Flows from Capital and<br/>Related Financing Activities</b>                                    |   |                     |                    |                              |                              |
| Proceeds from Capital Debt   | 14,600,972                                  | -                   | -                  | -                            | 14,600,972                   |
| Acquisition and Construction of Capital Assets   | (11,769,603)                                | (527,843)           | (239,655)          | (295,582)                    | (12,832,683)                 |
| Principal Paid on Capital Debt   | (1,113,000)                                 | (171,286)           | (9,671)            | 16,259                       | (1,277,698)                  |
| Interest Paid on Capital Debt  | (1,148,790)                                 | (163,779)           | (8,553)            | (66,974)                     | (1,388,096)                  |
| Bond Issuance Costs  | -   | -                   | -                  | (10,758)                     | (10,758)                     |
| Prepaid/(Used) Capital Contributions   | (3,610,800)                                 | (444,000)           | -                  | -                            | (4,054,800)                  |
| Capital Contributions  | 14,577,250                                  | 2,964,000           | -                  | 136,265                      | 17,677,515                   |
| Cash Flows Provided (Used) by Capital and<br>Related Financing Activities                              | <u>11,536,029</u>                           | <u>1,657,092</u>    | <u>(257,879)</u>   | <u>(220,790)</u>             | <u>12,714,452</u>            |
| <b>Cash Flows from Investing Activities</b>  |   |                     |                    |                              |                              |
| Earnings on Investments  | 227,550                                     | 84,632              | 24,781             | 5,543                        | 342,506                      |
| Cash Flows Provided by Investing Activities  | <u>227,550</u>                              | <u>84,632</u>       | <u>24,781</u>      | <u>5,543</u>                 | <u>342,506</u>               |
| Net Increase (Decrease) in Cash and Cash Equivalents   | 13,818,355                                  | 1,779,435           | 1,089,515          | (128,517)                    | 16,558,788                   |
| Cash and Cash Equivalents - January 1  | 7,706,921                                   | 5,193,087           | 1,260,845          | 432,985                      | 14,593,838                   |
| Cash and Cash Equivalents - December 31  | <u>\$21,525,276</u>                         | <u>\$6,972,522</u>  | <u>\$2,350,360</u> | <u>\$304,468</u>             | <u>\$31,152,626</u>          |
| <b>Reconciliation of Operating Income to<br/>Net Cash Provided (Used) by Operating<br/>Activities:</b> |   |                     |                    |                              |                              |
| Operating Income   | 5,099                                       | (260,466)           | 48,261             | (23,567)                     | (230,673)                    |
| Adjustments to reconcile operating income to net<br>cash provided (used) by operating activities       |   |                     |                    |                              |                              |
| Depreciation Expense   | 728,923                                     | 398,915             | 95,533             | 104,975                      | 1,328,346                    |
| (Increase) decrease in accounts receivable   | 33,831                                      | (50,425)            | (16,926)           | 11,872                       | (21,648)                     |
| (Increase) decrease in prepaid expenses  | (4,600)                                     | -                   | -                  | -                            | (4,600)                      |
| Increase (decrease) in accounts payable  | 816,959                                     | (176,053)           | 5,344              | (15,062)                     | 631,188                      |
| Increase (decrease) in wages payable   | (17,938)                                    | (15,154)            | (879)              | (1,470)                      | (35,441)                     |
| Net cash provided (used) by operating activities   | <u>\$ 1,562,274</u>                         | <u>\$ (103,183)</u> | <u>\$ 131,333</u>  | <u>\$ 76,748</u>             | <u>\$ 1,667,172</u>          |
| <b>Noncash Investing, Capital and<br/>Financing Activities</b>   |   |                     |                    |                              |                              |
| Contributions of Capital Assets from Developers  | 5,464,826                                   | 7,988,492           | 5,785,149          | -                            | 19,238,467                   |

The notes to the financial statements are an integral part of this statement.

**Town of Erie, Colorado**  
**Statement of Net Assets**  
**Fiduciary Funds**  
**December 31, 2004**

---

|   | Cemetery<br>Trust Fund      | Agency<br>Funds             |
|---|-----------------------------|-----------------------------|
|   | <u>                    </u> | <u>                    </u> |
| <b>ASSETS</b>                             |                             |                             |
| Cash and Cash Equivalents                 | \$ 77,958                   | \$ 11,424                   |
|   | <u>                    </u> | <u>                    </u> |
| Total Assets                              | <u>77,958</u>               | <u>11,424</u>               |
| <br>                                      |                             |                             |
| <b>LIABILITIES</b>                        |                             |                             |
| Amounts Held for DARE Program             | -                           | 5,227                       |
| Amounts Held for Police Department        | -                           | 6,197                       |
|   | <u>                    </u> | <u>                    </u> |
| Total Liabilities                         | <u>-</u>                    | <u>\$ 11,424</u>            |
| <br>                                      |                             |                             |
| <b>NET ASSETS</b>                         |                             |                             |
| Held in Trust for Cemetery Perpetual Care | <u>77,958</u>               |                             |
|   | <u>                    </u> |                             |
| Total Net Assets                          | <u>\$ 77,958</u>            |                             |

The notes to the financial statements are an integral part of this statement.

**Town of Erie, Colorado**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2004**

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|                        | Cemetery<br>Trust Fund | Agency<br>Funds  |
|------------------------|------------------------|------------------|
| <b>ADDITIONS</b>       |                        |                  |
| Cemetery Fees          | \$ 10,750              | \$ -             |
| Donations              | -                      | 91               |
| Fines and Forfeitures  | -                      | 22               |
| Interest Income        | 901                    | 359              |
|                        | <u>11,651</u>          | <u>472</u>       |
| Total Additions        | <u>11,651</u>          | <u>472</u>       |
| <b>DEDUCTIONS</b>      |                        |                  |
| Program Operations     | -                      | 34,087           |
|                        | <u>-</u>               | <u>34,087</u>    |
| Total Deductions       | <u>-</u>               | <u>34,087</u>    |
| Change in Net Assets   | 11,651                 | (33,615)         |
| Net Assets - Beginning | <u>66,307</u>          | <u>45,039</u>    |
| Net Assets - Ending    | <u>\$ 77,958</u>       | <u>\$ 11,424</u> |

The notes to the financial statements are an integral part of this statement.

## Notes to the Financial Statements

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**Notes to the Financial Statements**  
**As of and for the year end December 31, 2004**

**Note I.** Summary of Significant Accounting Policies

The Town of Erie, Colorado (the Town) was incorporated in 1874 and has the Trustees-Administrator form of government. The Town provides the following services: police, water, wastewater, street, storm drainage, airport, parks, recreation, trails and open space.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

A. Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the Town's financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Town. Component units are legally separate organizations for which the Town is considered to be financially accountable.

The Town is financially accountable for an organization if the Town appoints a voting majority of the organization's governing board and (1) the Town is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Town is legally entitled to or can otherwise access the organization's resources; the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Town is obligated for the debt of the organization.

The Town's component units are presented either as "blended" or "discretely presented." If blended, it is reported as if it were a fund of the Town throughout the year. It is included at both the government-wide and fund financial reporting levels.

A brief description of the blended component unit follows:

*Town of Erie Housing Authority (Housing Authority)* – The Town Board of Trustees also serves as the Board of Commissioners of the Housing Authority. The activities of the Housing Authority directly benefit the citizens of the Town. The Housing Authority constructed and manages the senior housing complex.

B. Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information on all of the non-fiduciary activities of the Town and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately

**Note I.** Summary of Significant Accounting Policies *(continued)*

from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of net assets presents the financial position of the governmental and business-type activities of the Town at year-end.

The statement of activities demonstrates the degree, to which the direct expenses, of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operating or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Deferred revenue arises when assets are recognized before the revenue recognition criteria have been satisfied. Deferred revenue is reclassified as unearned revenue on the government-wide statement of net assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

**Note I.** Summary of Significant Accounting Policies (*continued*)

Property taxes, highway users' tax, auto use taxes, franchise taxes, sales taxes, cigarette taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *transportation fund* is a special revenue fund to account for the acquisition and construction of transportation systems.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of all proprietary funds is charges for services to customers. Operating expenses from proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. All of the Town's proprietary funds are classified as enterprise funds.

The Town reports the following major enterprise funds:

The *water fund* accounts for the acquisition, treatment, and distribution of the Town's water supply.

The *wastewater fund* accounts for the collection and treatment of gray water in the Town's wastewater system.

The *storm drainage fund* accounts for the construction and maintenance of the Town's storm drainage systems.

Additionally, the Town reports the following fund type:

*Fiduciary fund* reporting focuses on net assets. The Town's fiduciary funds include the cemetery perpetual care trust fund and agency funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance.

**Note I.** Summary of Significant Accounting Policies *(continued)*

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Town maintains a pooled cash and investment account for all funds of the Town. Each fund's positive equity in the pooled cash account is presented as "cash and cash equivalents" in the financial statements. Interest earned on the pooled investments is prorated to individual funds at the end of each month on the basis of their monthly ending balance. At December 31, 2004, the cash equity balance for all funds were in fact positive balances. A negative equity balance would be reclassified and reflected as an interfund accounts payable.

Town and component unit investments are reported at fair value.

2. Receivables and Payables

Activities between funds that represent lending/borrowing arrangements at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All trade and property tax receivables are reported net of any allowance for uncollectibles, where applicable.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Certain proceeds from the issuance of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

5. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The Town reports these assets in the governmental activities column of the government-

**Note I.** Summary of Significant Accounting Policies *(continued)*

wide statement of net assets but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and the enterprise funds' statements of net assets.

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Town has capitalized infrastructure prospectively, beginning January 1, 2004, and all Town constructed infrastructure since January 1, 1997. All other governmental infrastructure will be capitalized no later than calendar year 2008. Infrastructure, that will be capitalized, includes most annexed and donated systems from 1994 to 2003.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Town is depreciated using the straight line method over the following useful lives:

| Assets                            | Years |
|-----------------------------------|-------|
| Buildings and Improvements        | 5-50  |
| Improvements other than Buildings | 5-40  |
| Machinery and Equipment           | 3-10  |
| Vehicles                          | 3-5   |

6. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused paid time off and extended sick leave benefits. There is no liability for unpaid accumulated extended sick leave since the Town does not have a policy to pay any amounts when employees separate from service with the Town. All paid time off is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations.

**Note I.** Summary of Significant Accounting Policies *(continued)*

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, the governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

Fund equity in the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is reported as net assets.

Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of the fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

Net assets represent the difference between the assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. This net asset amount also is adjusted by any bond issuance deferral amounts. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

9. Capital Contributions

Contributions of capital in proprietary fund financial statements arise from internal and external contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

**Note I.** Summary of Significant Accounting Policies *(continued)*

Contributions of capital in the governmental activities of the government-wide financial statements arise from external contributions of capital assets from developers.

10. Estimates

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note II.** Changes in Accounting Principles, Fund Reclassifications, and Restatement of Equity Balances

A. Changes in Accounting Principles

For fiscal year 2004, the Town has implemented GASB Statement No. 34, “Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments,” GASB Statement No. 36, “Recipient Reporting For Certain Shared Non-exchange Revenues, An Amendment Of GASB Statement No. 33,” GASB Statement No. 37, “Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments: Omnibus,” GASB Statement No. 38, “Certain Financial Statements Note Disclosures,” and GASB Interpretation No. 6, “Recognition And Measurement Of Certain Liabilities And Expenditures In Governmental Fund Financial Statements.”

GASB Statement No. 34, as amended by Statement No. 37, creates new basic financial statements for reporting the Town’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in a single column.

The government-wide financial statements classify the Town’s programs between governmental activities and business-type activities. The beginning net asset amount for the business-type activities equals the fund equity of the enterprise funds from the prior year. The beginning net asset amount for Town programs reflects the change in the fund balance for governmental funds at December 31, 2003, caused by the conversion to the accrual basis of accounting.

GASB Statement No. 38 required certain disclosures to be made in the notes to the financial statements concurrent with the implementation of Statements No. 34 and No. 37. While this statement does not affect amounts reported in the financial statements of the Town, certain note disclosures have been added and/or amended.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

**Note II.** Changes in Accounting Principles, Fund Reclassifications, and Restatement of Equity Balances *(continued)*

B. Restatement of Equity Balances

Restatement of Net Assets – GASB Statement No. 34

|  |                      |
|--|----------------------|
| All Governmental Funds                                 |                      |
| Fund Balance, December 31, 2003                        | \$ 8,024,176         |
| GASB Statement No. 34 adjustments:                     |                      |
| Capital Assets (net of accumulated depreciation)       | 20,241,861           |
| Accrued Interest Payable                               | (15,553)             |
| Long-Term Liabilities                                  |                      |
| Compensated Absences                                   | (223,136)            |
| General Obligation Bonds and Notes                     | (3,836,519)          |
|  | <u>(4,059,655)</u>   |
| Governmental Activities, Net Assets, December 31, 2003 | <u>\$ 24,190,829</u> |

**Note III.** Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$3,864,202 are as follows:

|   |                     |
|---|---------------------|
| Bonds Payable   | \$ 3,745,000        |
| Less: Deferred charge for issuance costs (to be amortized of the life of the debt)  | (164,829)           |
| Loan Payable  | 25,110              |
| Accrued Interest Payable  | 14,904              |
| Compensated Absences  | <u>244,017</u>      |
| Net adjustments to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> | <u>\$ 3,864,202</u> |

**Note III.** Reconciliation of Government-wide and Fund Financial Statements *(continued)*

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$553,427 difference are as follows:

|  |                   |
|--|-------------------|
| Capital Outlay   | \$ 1,316,353      |
| Depreciation Expense   | <u>(762,926)</u>  |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ 553,427</u> |

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.” The details of this \$5,025,478 difference are as follows:

|  |                     |
|--|---------------------|
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources | <u>\$ 5,025,478</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>       | <u>\$ 5,025,478</u> |

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$239,600 are as follows:

|  |                   |
|--|-------------------|
| Principal Repayments   |                   |
| General obligation debt  | \$ 190,000        |
| Loan payment   | <u>49,600</u>     |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ 239,600</u> |

**Note III.** Reconciliation of Government-wide and Fund Financial Statements *(continued)*

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.” The details of this \$28,594 difference are as follows:

|  |                    |
|--|--------------------|
| Compensated Absences   | \$ (20,881)        |
| Accrued Interest   | 649                |
| Amortization of Bond Issuance Costs  | <u>(8,362)</u>     |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ (28,594)</u> |

**Note IV.** Stewardship, Compliance, and Accountability

A. Budgetary Information

The Town adopts annual budgets on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. The budgets for proprietary funds are adopted on a non-GAAP modified accrual budgetary basis. All annual appropriations lapse at fiscal year end. The Town, although not required, also prepares and adopts budgets for the fiduciary funds.

On or before October 15 of each year, the Town Administrator submits to the Town Board of Trustees a proposed operating budget for the fiscal year commencing on the following January 1. Study sessions and public hearings are conducted during Town Trustee meetings to obtain taxpayer comments. By December 15, the final budget is adopted.

The appropriated budget is adopted by fund and, therefore, is the legal level of control. The budget is prepared, however, by fund, department, and division. Managers can make transfers of appropriations within divisions without board approval. All other transfers of appropriations require Board approval. The Board made several supplemental appropriations throughout the year as detailed below for each fund.

**Note IV. Stewardship, Compliance, and Accountability** *(continued)*

| <b>Fund</b>                                | <b>Original<br/>Budget</b> | <b>Supplemental<br/>Appropriations</b> | <b>Final<br/>Budget</b> |
|--|----------------------------|--|-------------------------|
| General Fund                               | \$ 5,916,300               | \$ 1,175,400                           | \$ 7,091,700            |
| Special Revenue Funds:                     |                            |  |                         |
| Transportation Fund                        | 610,600                    | 1,035,000                              | 1,645,600               |
| Conservation Trust Fund                    | 83,500                     | 8,300                                  | 91,800                  |
| Parks Improvement Fund                     | 1,404,900                  | 925,100                                | 2,330,000               |
| Public Facilities Fund                     | 50,500                     | -                                      | 50,500                  |
| Trails & Natural Areas Fund <sup>(1)</sup> | -                          | -                                      | -                       |
| Tree Fund                                  | 84,500                     | 110,700                                | 195,200                 |
| Enterprise Funds:                          |                            |  |                         |
| Water Fund                                 | 14,547,000                 | 3,303,000                              | 17,850,000              |
| Wastewater Fund                            | 1,798,400                  | 1,905,000                              | 3,703,400               |
| Storm Drainage Fund                        | 1,067,900                  | 73,400                                 | 1,141,300               |
| Airport Fund                               | 603,800                    | 251,100                                | 854,900                 |
| Fiduciary Funds:                           |                            |  |                         |
| Cemetery Perpetual Care Trust Fund         | -                          | 10,000                                 | 10,000                  |
| DARE/SADD Fund                             | 2,000                      | -                                      | 2,000                   |
| Police Forfeiture & Seizure Fund           | 33,000                     | -                                      | 33,000                  |
|  | <u>\$ 26,202,400</u>       | <u>\$ 8,797,000</u>                    | <u>\$ 34,999,400</u>    |

<sup>(1)</sup> This fund was created in November 2004. No budget established for 2004.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because of the commitments will be reappropriated and honored during the subsequent fiscal year.

**Note V. Detailed Notes on All Funds**

A. Deposits and Investments

1. Deposits

The Colorado Public Deposit Protection Act of 1989 (PDPA) requires that all public monies deposited in financial institutions that have been designated as eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allowed the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

**Note V.** Detailed Notes on All Funds *(continued)*

At December 31, 2004, the Town had deposits totaling \$4,388,101 and a corresponding bank balance as follows:

|   | Bank<br>Balance            |
|---|----------------------------|
| Insured (FDIC) (Category 1)   | \$ 200,000                 |
| Collateral held by pledging bank's trust<br>department or agents in Town's name<br>(Category 2) | <u>2,271,275</u>           |
| Total Deposits  | <u><u>\$ 2,471,275</u></u> |

The financial institutions have strong credit ratings and the administration believes that the credit risks related to these deposits are minimal.

## 2. Investments

The Town invests excess funds under the prudent investor rule in accordance with Colorado Revised Statutes and the Town's investment policy. The criteria for selection of investments and their order of priority are: 1) safety, 2) liquidity, and 3) yield. In addition, Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest, including:

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

The Town's investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the government or its agent in the government's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

**Note V.** Detailed Notes on All Funds *(continued)*

At year-end, the Town’s investment balances were as follows:

|            | Category |            |      | Reported<br>Amount/<br>Fair Value |
|------------|----------|------------|------|-----------------------------------|
|            | 1        | 2          | 3    |                                   |
| Repurchase | \$ -     | \$ 164,326 | \$ - | \$ 164,326                        |
| Total      | \$ -     | \$ 164,326 | \$ - | \$ 164,326                        |

The Town had invested a total of \$43,587,983 in the Colorado Government Liquid Asset Trust (COLOTRUST) at year-end. COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds. This fund operates similarly to money market funds and each share is equal in value to \$1.00. Investments in this fund consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to these funds in connection with the direct investment and withdrawal functions of these funds. Substantially all securities owned by these funds are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by these funds. Investments in COLOTRUST are not categorized.

3. Summary of Cash and Investments

Cash and investments as presented on the statement of net assets and statement of fiduciary net assets related to deposits and investments are as follows:

|  | Total               |
|--|---------------------|
| Statement of Net Assets:                       |                     |
| Cash and Cash Equivalents - Primary Government | \$35,048,198        |
| Cash and Cash Equivalents - Restricted         | 13,002,830          |
| Statement of Fiduciary Net Assets:             |                     |
| Cash and Cash Equivalents - Primary Government | 89,382              |
|  | <u>\$48,140,410</u> |

B. Receivables

Receivables as of year end for the Town’s individual major funds, and nonmajor and fiduciary funds in aggregate, including the applicable allowances for uncollectible accounts, are as follow:

**Note V. Detailed Notes on All Funds (continued)**

|                                      | General             | Transportation   | Water             | Wastewater        | Storm<br>Drainage | Non-major<br>and Other<br>Funds | Total               |
|--------------------------------------|---------------------|------------------|-------------------|-------------------|-------------------|---------------------------------|---------------------|
| Receivables                          |                     |                  |                   |                   |                   |                                 |                     |
| Interest                             | \$ -                | \$ -             | \$ 18,551         | \$ 826            | \$ -              | \$ -                            | \$ 19,377           |
| Taxes                                | 868,006             | -                | -                 | -                 | -                 | 437,933                         | 1,305,939           |
| Accounts                             | 553,869             | 49,927           | 249,410           | 130,425           | 28,926            | 134,197                         | 1,146,754           |
| Intergovernmental                    | -                   | -                | -                 | -                 | -                 | -                               | -                   |
| Gross Receivables                    | 1,421,875           | 49,927           | 267,961           | 131,251           | 28,926            | 572,130                         | 2,472,070           |
| Less: Allowance for<br>Uncollectible | (39,926)            | -                | (2,363)           | -                 | -                 | (269)                           | (42,558)            |
| Total Net Receivables                | <u>\$ 1,381,949</u> | <u>\$ 49,927</u> | <u>\$ 265,598</u> | <u>\$ 131,251</u> | <u>\$ 28,926</u>  | <u>\$ 571,861</u>               | <u>\$ 2,429,512</u> |

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2004 was as follows:

|  | Beginning<br>Balance | Additions           | Dispositions      | Ending<br>Balance    |
|--|----------------------|---------------------|-------------------|----------------------|
| Governmental Activities:                     |                      |                     |                   |                      |
| Capital Assets, not being depreciated:       |                      |                     |                   |                      |
| Land   | \$ 6,245,028         | \$ 172,019          | \$ -              | \$ 6,417,047         |
| Construction in Progress                     | 43,433               | 199,739             | 184,856           | 58,316               |
| Total Capital Assets, not being depreciated: | <u>6,288,461</u>     | <u>371,758</u>      | <u>184,856</u>    | <u>6,475,363</u>     |
| Capital Assets, being depreciated:           |                      |                     |                   |                      |
| Buildings & Improvements                     | 3,755,010            | -                   | -                 | 3,755,010            |
| Improvements other than Buildings            | 10,587,945           | 5,942,116           | -                 | 16,530,061           |
| Machinery & Equipment                        | 2,008,263            | 108,401             | -                 | 2,116,664            |
| Vehicles                                     | 922,942              | 104,412             | 64,906            | 962,448              |
| Total Capital Assets, being depreciated:     | <u>17,274,160</u>    | <u>6,154,929</u>    | <u>64,906</u>     | <u>23,364,183</u>    |
| Less Accumulated Depreciation for:           |                      |                     |                   |                      |
| Buildings & Improvements                     | (490,083)            | (78,304)            | -                 | (568,387)            |
| Improvements other than Buildings            | (664,653)            | (363,103)           | -                 | (1,027,756)          |
| Machinery & Equipment                        | (1,367,073)          | (234,623)           | -                 | (1,601,696)          |
| Vehicles                                     | (798,951)            | (86,896)            | (64,906)          | (820,941)            |
| Total Accumulated Depreciation               | <u>(3,320,760)</u>   | <u>(762,926)</u>    | <u>(64,906)</u>   | <u>(4,018,780)</u>   |
| Total Capital Assets, being depreciated, net | <u>13,953,400</u>    | <u>5,392,003</u>    | <u>-</u>          | <u>19,345,403</u>    |
| Governmental Activities Capital Assets, net  | <u>\$ 20,241,861</u> | <u>\$ 5,763,761</u> | <u>\$ 184,856</u> | <u>\$ 25,820,766</u> |

**Note V. Detailed Notes on All Funds (continued)**

|  | Beginning<br>Balance | Additions            | Dispositions        | Ending<br>Balance    |
|--|----------------------|----------------------|---------------------|----------------------|
| Business-type Activities:                    |                      |                      |                     |                      |
| Capital Assets, not being depreciated:       |                      |                      |                     |                      |
| Land   | \$ 1,529,954         | \$ 2,160,716         | \$ -                | \$ 3,690,670         |
| Water Shares                                 | 19,032,226           | 5,551,650            | -                   | 24,583,876           |
| Construction in Progress                     | 5,527,287            | 6,496,420            | 2,608,373           | 9,415,334            |
| Total Capital Assets, not being depreciated: | <u>26,089,467</u>    | <u>14,208,786</u>    | <u>2,608,373</u>    | <u>37,689,880</u>    |
| Capital Assets, being depreciated:           |                      |                      |                     |                      |
| Plants, Buildings & Improvements             | 45,387,467           | 20,440,457           | -                   | 65,827,924           |
| Machinery & Equipment                        | 477,147              | -                    | -                   | 477,147              |
| Total Capital Assets, being depreciated:     | <u>45,864,614</u>    | <u>20,440,457</u>    | <u>-</u>            | <u>66,305,071</u>    |
| Less Accumulated Depreciation for:           |                      |                      |                     |                      |
| Plants, Buildings & Improvements             | (4,995,906)          | (1,298,778)          | -                   | (6,294,684)          |
| Machinery & Equipment                        | (180,601)            | (29,568)             | -                   | (210,169)            |
| Total Accumulated Depreciation               | <u>(5,176,507)</u>   | <u>(1,328,346)</u>   | <u>-</u>            | <u>(6,504,853)</u>   |
| Total Capital Assets, being depreciated, net | <u>40,688,107</u>    | <u>19,112,111</u>    | <u>-</u>            | <u>59,800,218</u>    |
| Business-type Activities Capital Assets, net | <u>\$ 66,777,574</u> | <u>\$ 33,320,897</u> | <u>\$ 2,608,373</u> | <u>\$ 97,490,098</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

|   |                     |
|---|---------------------|
| Governmental Activities:                              |                     |
| General Government                                    | \$ 138,387          |
| Parks & Recreation                                    | 139,559             |
| Public Safety   | 102,388             |
| Public Works  | 382,592             |
| Total Depreciation Expense - Governmental Activities  | <u>\$ 762,926</u>   |
| Business-type Activities:                             |                     |
| Water   | \$ 728,923          |
| Wastewater  | 398,915             |
| Storm Drainage  | 95,533              |
| Airport   | 73,403              |
| Housing Authority                                     | 31,572              |
| Total Depreciation Expense - Business-type Activities | <u>\$ 1,328,346</u> |

**Note V.** Detailed Notes on All Funds *(continued)*

D. Interfund Receivables, Payables, and Transfers

The interfund balances at December 31, 2004 consisted of the following amounts and represents loan to/from funds:

| Payable To:            | Payable From:            |                          |
|------------------------|--------------------------|--------------------------|
|                        | Airport<br>Fund          | Total                    |
| Parks Improvement Fund | <u>\$ 100,000</u>        | <u>\$ 100,000</u>        |
| Total                  | <u><u>\$ 100,000</u></u> | <u><u>\$ 100,000</u></u> |

E. Long-term Debt

1. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for only governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds.

2. Revenue Bonds and Loans

The Town also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The Town can also receive loans and pledge the income derived from the acquired or constructed assets to pay debt service.

**Note V.** Detailed Notes on All Funds *(continued)*

3. Long-term Debt Summary

The following is a summary of all outstanding long-term debt issues at December 31, 2004:

| Year Issued | Purpose                                   | Interest Rate (%) | Maturity Date | Authorized & Issued | Retired    | Outstanding Balance |
|-------------|---|-------------------|---------------|---------------------|------------|---------------------|
| 1978        | Water revenue bonds                       | 5.00              | 2019          | \$ 290,000          | \$ 114,000 | \$ 176,000          |
| 1996        | Housing Authority FHLB forgivable loan    | 0.00              | 2015          | 60,000              | 16,000     | 44,000              |
| 1996        | Storm Drainage revenue loan from CWCB     | 2.00              | 2035          | 498,512             | 80,507     | 418,005             |
| 1997        | Wastewater revenue loan from CWRPDA       | 4.54              | 2017          | 1,821,690           | 512,851    | 1,308,839           |
| 1997        | Wastewater revenue loan from CWRPDA       | 4.50              | 2017          | 500,000             | 119,305    | 380,695             |
| 1997        | Wastewater revenue bonds                  | 4.00-6.00         | 2017          | 1,635,000           | 280,000    | 1,355,000           |
| 1998        | Transportation general obligation bond    | 3.60-5.15         | 2018          | 4,500,000           | 755,000    | 3,745,000           |
| 1998        | Water revenue refunding/improvement bonds | 3.70-5.00         | 2023          | 16,240,000          | 1,770,000  | 14,470,000          |
| 2001        | Boulder County open space loan            | 0.00              | 2005          | 500,310             | 475,200    | 25,110              |
| 2004        | Housing Authority mortgage revenue loan*  | 4.50              | 2014          | 861,021             | 4,251      | 856,770             |
| 2004        | Water revenue loan from CWRPDA            | 4.21              | 2023          | 14,500,000          | 645,000    | 13,855,000          |

\* Refinance of 2000 mortgage bonds

**Note V.** Detailed Notes on All Funds *(continued)*

4. Annual Debt Service Requirements

Annual debt service requirements to maturity for all obligations are as follows:

| <u>Year</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|-------------|----------------------|----------------------|----------------------|
| 2005        | \$ 1,418,140         | \$ 1,685,120         | \$ 3,103,260         |
| 2006        | 1,451,223            | 1,635,268            | 3,086,491            |
| 2007        | 1,503,155            | 1,579,866            | 3,083,021            |
| 2008        | 1,565,412            | 1,520,070            | 3,085,482            |
| 2009        | 1,628,611            | 1,452,113            | 3,080,724            |
| 2010 - 2014 | 10,049,294           | 6,051,489            | 16,100,783           |
| 2015 - 2019 | 10,646,151           | 3,461,671            | 14,107,822           |
| 2020 - 2024 | 8,194,083            | 1,024,941            | 9,219,024            |
| 2025 - 2029 | 76,273               | 14,845               | 91,118               |
| 2030 - 2034 | 84,211               | 6,906                | 91,117               |
| 2035 - 2039 | 17,866               | 357                  | 18,223               |
| Total       | <u>\$ 36,634,419</u> | <u>\$ 18,432,646</u> | <u>\$ 55,067,065</u> |

5. Changes in Long-term Liabilities

Long-term debt liability activity for the year ended December 31, 2004, was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>     | <u>Reductions</u>     | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|---|------------------------------|----------------------|-----------------------|---------------------------|--------------------------------|
| <b>Governmental Activities:</b>         |                              |                      |                       |                           |                                |
| Bonds/Loans Payable:                    |                              |                      |                       |                           |                                |
| General Obligation Bonds                | \$ 3,935,000                 | \$ -                 | \$ (190,000)          | \$ 3,745,000              | \$ 195,000                     |
| Boulder County Open Space Loan          | 74,710                       | -                    | (49,600)              | 25,110                    | 25,110                         |
| Amortization of Bond Issuance Costs     | (173,191)                    | -                    | 8,362                 | (164,829)                 | -                              |
| Accrued Compensated Absences            | 223,146                      | 329,312              | (308,441)             | 244,017                   | 166,159                        |
|   | <u>\$ 4,059,665</u>          | <u>\$ 329,312</u>    | <u>\$ (539,679)</u>   | <u>\$ 3,849,298</u>       | <u>\$ 386,269</u>              |
| Total Governmental Activity             |                              |                      |                       |                           |                                |
| Long-term Liabilities                   | <u>\$ 4,059,665</u>          | <u>\$ 329,312</u>    | <u>\$ (539,679)</u>   | <u>\$ 3,849,298</u>       | <u>\$ 386,269</u>              |
| <b>Business-type Activities:</b>        |                              |                      |                       |                           |                                |
| Bonds/Loans Payable:                    |                              |                      |                       |                           |                                |
| Revenue Bonds                           | \$ 16,539,000                | \$ -                 | \$ (538,000)          | \$ 16,001,000             | \$ 558,000                     |
| CWRPDA Loans                            | 1,790,819                    | 14,500,000           | (746,285)             | 15,544,534                | 612,247                        |
| CWCB Loan                               | 427,675                      | -                    | (9,670)               | 418,005                   | 9,863                          |
| Mortgage Revenue Loan                   | 836,511                      | 39,510               | (19,251)              | 856,770                   | 13,919                         |
| FHLB Forgivable Loan                    | 48,000                       | -                    | (4,000)               | 44,000                    | 4,000                          |
| Amortization of Bond Issuance Costs     | (491,011)                    | (10,651)             | 17,675                | (483,987)                 | -                              |
| Amortization of Bond Discounts/Premiums | (391,353)                    | 100,972              | 7,565                 | (282,816)                 | -                              |
|   | <u>\$ 18,759,641</u>         | <u>\$ 14,629,831</u> | <u>\$ (1,291,966)</u> | <u>\$ 32,097,506</u>      | <u>\$ 1,198,029</u>            |
| Total Business-type Activity            |                              |                      |                       |                           |                                |
| Long-term Liabilities                   | <u>\$ 18,759,641</u>         | <u>\$ 14,629,831</u> | <u>\$ (1,291,966)</u> | <u>\$ 32,097,506</u>      | <u>\$ 1,198,029</u>            |

**Note V.** Detailed Notes on All Funds *(continued)*

F. Pension Plan

1. Plan Description

The Town contributes to a statewide defined benefit pension plan, a cost-sharing multiple-employer defined benefit pension plan, which is administered by the Fire and Police Pension Association of Colorado (FPPA). Assets of the plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund. The plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by the Pension Fund Board of Trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues an annual, publicly-available financial report that includes the assets of the plan. That report may be obtained by calling FPPA at (303) 770-3772 in the Denver Metro area, or 1-800-332-3772 from outside the metro area.

2. Basis of Accounting

The financial statements of the Statewide Defined Benefit Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Statewide Defined Benefit Plan investments are presented at fair value except for short-term investments which are recorded at cost, which approximates fair value.

3. Funding Policy

Plan members and the Town are required to contribute at a rate set by statute. The contribution requirements of plan members and the Town are established under Title 31, Article 30, Part 10 of the CRS, as amended. The contribution rate for members is 8% of covered salary. The contribution made by the Town equaled the annual required contribution.

A summary of the contributions to the Pension Fund for the current and prior two years and annual required contributions based upon actuarial studies for the current and prior years, if available, are as follows:

|                     | <u>2004</u>      | <u>2003</u>      | <u>2002</u>      |
|---------------------|------------------|------------------|------------------|
| Town's Contribution | <u>\$ 60,857</u> | <u>\$ 54,396</u> | <u>\$ 52,537</u> |

**Note V.** Detailed Notes on All Funds *(continued)*

G. Net Assets Calculation

1. Investments in Net Assets

Net assets on the government-wide statement of net assets as of December 31, 2004, are as follows:

| <b>Invested in Capital Assets, Net of Related Debt:</b> | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>                |
|---|------------------------------------|-------------------------------------|-----------------------------|
| Cost of Capital Assets                                  | \$ 29,839,546                      | \$ 103,994,951                      | \$ 133,834,497              |
| Less Accumulated Depreciation                           | 4,018,780                          | 6,504,853                           | 10,523,633                  |
| Book Value  | <u>25,820,766</u>                  | <u>97,490,098</u>                   | <u>123,310,864</u>          |
| Less Capital Related Debt                               | 3,770,110                          | 32,864,309                          | 36,634,419                  |
| Plus Debt Issuance Costs                                | 164,829                            | 483,987                             | 648,816                     |
| Plus Debt Discounts/Premiums                            | <u>-</u>                           | <u>282,816</u>                      | <u>282,816</u>              |
| Invested in Capital Assets, Net of Related Debt:        | <u><u>\$ 22,215,485</u></u>        | <u><u>\$ 65,392,592</u></u>         | <u><u>\$ 87,608,077</u></u> |

2. Restricted Assets

The balances of the restricted asset accounts in the governmental activities are as follows:

|  |                            |
|--|----------------------------|
| Reserved for Capital Projects - Parks Improvement  | \$ 3,742,305               |
| Reserved for Capital Projects - Transportation     | 1,309,714                  |
| Reserved for Capital Projects - Conservation Trust | 151,274                    |
| Reserved for Capital Projects - Public Facilities  | 3,395,058                  |
| Reserved for Capital Projects - Tree               | 692,763                    |
| Reserved for Emergencies                           | <u>181,502</u>             |
| Total Restricted Assets                            | <u><u>\$ 9,472,616</u></u> |

The balances of the restricted asset accounts in the business-type activities are as follows:

|   |                             |
|---|-----------------------------|
| Unspent Debt Proceeds - Water                 | \$ 10,168,606               |
| Debt Reserve Accounts - Water                 | 2,288,081                   |
| Debt Reserve Accounts - Wastewater            | 163,500                     |
| Operations & Maintenance Reserve - Water      | 790,326                     |
| Operations & Maintenance Reserve - Wastewater | <u>289,329</u>              |
| Total Restricted Assets                       | <u><u>\$ 13,699,842</u></u> |

**Note V.** Detailed Notes on All Funds (*continued*)

3. Emergency Reserves

The Town Board approved a resolution creating emergency reserves as required by Article X, Section 20, of the Colorado Constitution, in the General Fund in the amount of \$181,502.

**Note VI.** Other Information

A. Risk Management

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA provides liability and property, and workers' compensation insurance coverage to the Town. The coverages are provided through joint self-insurance, insurance and reinsurance, or any combination thereof. CIRSA's rate setting policies are established by the Board of Directors, in consultation with independent actuaries.

The Town is subject to a supplemental assessment in the event of deficiencies and may receive credit on future contributions in the event of a surplus.

CIRSA has entered into various excess insurance contracts to limit large losses and minimize exposure on large risks. Excess of loss contracts in effect during 2004 limit CIRSA's per occurrence exposure to \$250,000 for property coverage, \$1,000,000 for casualty coverage and provide coverage to specified upper limits. The excess of loss contract for workers' compensation coverage limits CIRSA's per occurrence exposure to \$400,000 for 2004 and provides coverage to statutory limits for the State of Colorado.

The Town's 2004 contributions were \$120,164 and \$52,274 for the property and casualty pool and the workers' compensation pool, respectively.

B. Subsequent Events

In January of 2005, the Town authorized its intent to proceed with securing financing for the construction of the Northern Water Reclamation Facility. The debt issuance amount is estimated at \$11,500,000.

C. Contingent Liabilities

1. Colorado Intergovernmental Risk Sharing Agency

The Town of Erie is self-insured for property and liability insurance. As discussed in paragraph A of this note, the Town of Erie is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts.

**Note VI. Other Information** *(continued)*

Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

The ultimate liability to the Town of Erie resulting from claims not covered by CIRSA is not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the Town of Erie's financial statements.

**2. Legal Action and Asserted Claims**

The Town is currently the defendant in several lawsuits. Some of the lawsuits are in the process of settlement, and do not involve significant claims. There does not appear to be a threat of significant liability to the Town from those lawsuits. In addition, there are several claims asserted against the Town. Legal Counsel is of the opinion that insurance carried by the Town is sufficient to cover any potential adverse settlements from those claims covered by insurance. As to those claims which may not be covered by insurance, Legal Counsel is unable to form an opinion as to any potential adverse settlements.

**D. Joint Ventures**

The Town of Erie participates in joint ventures created for special purposes, which are not part of the Town of Erie reporting entity. The following are the joint ventures in which the Town of Erie participates:

*Colorado Intergovernmental Risk Sharing Agency* – The Town of Erie is one of 207 local governments which are members of the Colorado Intergovernmental Risk Sharing Agency (CIRSA) and one of 146 local governments in Colorado Intergovernmental Risk Sharing Agency/Workers Compensation (CIRSA/WC). CIRSA is an organization created by intergovernmental agreement in 1982 solely to provide property and casualty coverage to its members. Coverage is provided through pooling of self-insured losses and the purchase of stop-loss insurance coverage. In 1988, CIRSA/WC was formed as a separate pool by an intergovernmental agreement to provide coverage to members under the Colorado Worker's Compensation Act. Both CIRSA and CIRSA/WC are governed by a seven-member board elected by and from its members. The governing board is autonomous as to budgeting and fiscal matters.

Condensed financial information for this joint venture in which the Town of Erie has an interest is as follows:

*CIRSA and CIRSA/WC Combined Financial Information* – At December 31, 2004, CIRSA had assets of \$44,445,271, liabilities of \$29,235,191 (including \$27,535,972 reserved for losses and claims) and net assets of \$15,210,080. Total revenue for 2004 amounted to \$17,010,007 and total expenses were \$18,493,709 resulting in an excess of expenses over revenues of \$1,483,702. The amount of Town of Erie's share of these amounts is less than 1%.

**Note VI. Other Information** *(continued)*

Complete financial statements of this joint venture can be obtained from:

Colorado Intergovernmental Risk Sharing Agency  
950 South Cherry Street, Suite 800  
Denver, Colorado 80222

**E. Commitments**

The Town has several capital asset construction and acquisition projects in process. As a result of these projects, the Town has remaining outstanding commitments of \$8,310,236 to various general contractors and vendors.

The Town is also participating in several raw water storage and delivery projects with the Northern Colorado Water Conservancy District (NCWCD). In 2005, the Town expected to contribute \$206,500 to the Northern Integrated Supply Project (NISP) and \$525,664 to the Windy Gap Firing Project. Future years' contributions to these projects depend on the Board of Trustees election to participate.

**F. TABOR Compliance**

In November 1992, voters approved an amendment (TABOR) to the Colorado State Constitution that specifies various revenue, spending, and debt requirements for all governmental entities in Colorado.

On November 8, 1994, the voting citizens of the Town of Erie authorized the town to collect and spend the full revenues during 1994 and each subsequent year, thereafter, pursuant to its existing sales and use tax code and general taxes on all taxable property without any increase in sales and use tax rates or increase in the general property tax mill levy. This effectively removed all revenue and spending limits imposed by TABOR.

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## **Required Supplemental Information**

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The following information regarding debt covenants is required supplementary information.

1. Wastewater Colorado Water Resources and Power Development Authority (CWRPDA) Loans

The Town is required by certain debt covenants to maintain rates and charges for the Wastewater system for each calendar year in an amount sufficient to (1) pay operating expenses, (2) pay any amount required by a debt service reserve, and (3) pay at least 110% of the debt services due on the Town's CWRPDA loans and revenue bonds.

The rate maintenance calculation for the year ended December 31, 2004, is as follows:

|   |                  |                            |
|---|------------------|----------------------------|
| Operating Revenue                             |                  |                            |
| Charges for Services                          | \$ 1,133,672     |                            |
| Capital Contributions (Tap Fees)              | <u>2,964,000</u> |                            |
| Total Operating Revenue                       |                  | \$ 4,097,672               |
| Operating & Maintenance Expense <sup>1</sup>  |                  | <u>995,223</u>             |
| Net Revenue                                   |                  | 3,102,449                  |
| 2004 Principal Due                            | 171,285          |                            |
| 2004 Interest Due                             | <u>163,779</u>   |                            |
| Total Debt Service                            | 335,064          |                            |
| 110% of Total Debt Service                    |                  | <u>368,570</u>             |
| Amount Net Revenue Exceeded Loan Requirements |                  | <u><u>\$ 2,733,879</u></u> |

<sup>1</sup>For the purpose of the rate maintenance calculation, operating and maintenance expenses exclude depreciation

There were no material violations of legal covenants for the ended December 31, 2004.

## 2. 1997 Wastewater Revenue Bond

The Town is required by certain debt covenants to maintain rates and charges for the Wastewater system for each calendar year in an amount sufficient to (1) pay operating expenses, (2) pay any amount required by a debt service reserve, and (3) pay at least 125% of the debt services due on the Town's 1997 Wastewater Revenue Bonds and other loans.

The rate maintenance calculation for the year ended December 31, 2004, is as follows:

|   |                  |                            |
|---|------------------|----------------------------|
| Operating Revenue                             |                  |                            |
| Charges for Services                          | \$ 1,133,672     |                            |
| Capital Contributions (Tap Fees)              | <u>2,964,000</u> |                            |
| Total Operating Revenue                       |                  | \$ 4,097,672               |
| Operating & Maintenance Expense <sup>1</sup>  |                  | <u>995,223</u>             |
| Net Revenue                                   |                  | 3,102,449                  |
| 2004 Principal Due                            | 171,285          |                            |
| 2004 Interest Due                             | <u>163,779</u>   |                            |
| Total Debt Service                            | 335,064          |                            |
| 125% of Total Debt Service                    |                  | <u>418,830</u>             |
| Amount Net Revenue Exceeded Loan Requirements |                  | <u><u>\$ 2,683,619</u></u> |

<sup>1</sup>For the purpose of the rate maintenance calculation, operating and maintenance expenses exclude depreciation

There were no material violations of legal covenants for the ended December 31, 2004.

### 3. 1998 Water Refunding Bond

The Town is required by certain debt covenants to maintain rates and charges for the Water system for each calendar year in an amount sufficient to (1) pay operating expenses, (2) pay any amount required by a debt service reserve, and (3) pay at least 125% of the of maximum principal and interest payments due on the Town's 1998 Water Refunding Bonds and other loans.

The rate maintenance calculation for the year ended December 31, 2004, is as follows:

|   |                   |                      |
|---|-------------------|----------------------|
| Operating Revenue                             |                   |                      |
| Charges for Services                          | \$ 2,705,358      |                      |
| Capital Contributions (Tap Fees)              | 14,577,250        |                      |
| Total Operating Revenue                       | <u>17,282,608</u> | \$ 17,282,608        |
| Operating & Maintenance                       |                   |                      |
| Expense <sup>1</sup>                          |                   | <u>1,971,336</u>     |
| Net Revenue                                   |                   | <u>15,311,272</u>    |
| 2004 CWRPDA and GMAC Principal Due            | 653,000           |                      |
| 2004 CWRPDA and GMAC Interest Due             | 407,815           |                      |
| 1998 Refunding Bond Maximum Debt Service      | <u>1,202,750</u>  |                      |
| Total Debt Service                            | 2,263,565         |                      |
| 125% of Total Debt Service                    |                   | <u>2,829,456</u>     |
| Amount Net Revenue Exceeded Loan Requirements |                   | <u>\$ 12,481,816</u> |

<sup>1</sup>For the purpose of the rate maintenance calculation, operating and maintenance expenses exclude depreciation

There were no material violations of legal covenants for the ended December 31, 2004.

4. Water CWRPDA 2004 Loan

The Town is required by certain debt covenants to maintain rates and charges for the Water system for each calendar year in an amount sufficient to (1) pay operating expenses, (2) pay any amount required by a debt service reserve, and (3) pay at least 120% of the debt service due on the Town's CWRPDA loan and other Water bonds.

The rate maintenance calculation for the year ended December 31, 2004, is as follows:

|   |                  |                            |
|---|------------------|----------------------------|
| Operating Revenue                             |                  |                            |
| Charges for Services                          | \$ 2,705,358     |                            |
| Capital Contributions (Tap Fees) <sup>1</sup> | <u>7,288,625</u> |                            |
| Total Operating Revenue                       |                  | \$ 9,993,983               |
| Operating & Maintenance                       |                  |                            |
| Expense <sup>2</sup>                          |                  | <u>1,971,336</u>           |
| Net Revenue                                   |                  | <u>8,022,647</u>           |
| 2004 CWRPDA Principal Due                     | 653,000          |                            |
| 2004 CWRPDA Interest Due                      | 407,815          |                            |
| 1998 Refunding Bond Maximum Debt Service      | <u>1,202,750</u> |                            |
| Total Debt Service                            | <u>2,263,565</u> |                            |
| 120% of Total Debt Service                    |                  | <u>2,716,278</u>           |
| Amount Net Revenue Exceeded Loan Requirements |                  | <u><u>\$ 5,306,369</u></u> |

<sup>1</sup>For the purpose of this rate maintenance calculation, 50% of capital contributions are excluded.

<sup>2</sup>For the purpose of the rate maintenance calculation, operating and maintenance expenses exclude depreciation

In addition, the debt covenants of the Water CWRPDA Loan require the Town to report the following:

| Table 2                |                   |
|------------------------|-------------------|
| Customer Base          |                   |
| Years<br>(December 31) | Total<br>Accounts |
| 1998                   | 1,624             |
| 1999                   | 2,172             |
| 2000                   | 2,887             |
| 2001                   | 3,141             |
| 2002                   | 3,430             |
| 2003                   | 3,864             |
| 2004                   | 4,574             |

Table 3  
System Accounts

| Classification | Number of Accounts | Percent of Total Accounts |
|----------------|--------------------|---------------------------|
| Residential    | 4,435              | 97%                       |
| Commercial     | 139                | 3%                        |
| Total          | 4,574              | 100%                      |

Table 4  
Five Largest Consumers of the System

| Consumer                        | Revenue Percentage |
|---------------------------------|--------------------|
| Canyon Creek South HOA          | 3.58%              |
| Town of Erie                    | 3.50%              |
| St Vrain Valley School District | 2.29%              |
| Vista Point HOA                 | 1.24%              |
| Continental Homes               | 1.15%              |

Table 5  
System Income

|   | 1999                | 2000                | 2001                | 2002                | 2003                 | 2004                 |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| User Charges                            | \$ 849,116          | \$ 1,474,523        | \$ 1,971,732        | \$ 2,451,849        | \$ 2,150,035         | \$ 2,705,358         |
| Contributed Capital - Tap Fees          | 5,431,000           | 6,522,013           | 3,985,560           | 5,279,500           | 10,139,600           | 14,577,250           |
| Contributed Capital - Capital Donations | -                   | -                   | -                   | -                   | -                    | 5,464,826            |
| Other Fees and Charges                  | 2,175               | 7,513               | 555,989             | 37,889              | 116,828              | 31,651               |
| Investment Earnings                     | 393,594             | 281,301             | 78,879              | 91,157              | 74,104               | 246,101              |
| Total System Revenue                    | <u>\$ 6,675,885</u> | <u>\$ 8,285,350</u> | <u>\$ 6,592,160</u> | <u>\$ 7,860,395</u> | <u>\$ 12,480,567</u> | <u>\$ 23,025,186</u> |

There were no material violations of legal covenants for the ended December 31, 2004.

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**Town of Erie**  
**Combining and Individual Fund Financial Statements and Schedules**  
**Nonmajor Governmental Funds**

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**Special Revenue Funds:**

Conservation Trust: to account for revenues received from Colorado State Lottery through the State Conservation Trust Fund which are restricted to financing the acquisition and development of new conservation sites

Parks Improvement: to account for revenues received from impact fees

Public Facilities: to account for revenues received from impact fees

Tree: to account for revenues received from impact fees

Trails and Open Space: to account for property tax revenues used to finance trails and natural areas

**Town of Erie, Colorado  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2004**

|  | Special Revenue Funds |                      |                      |                             |                  | Total<br>Nonmajor<br>Governmental Fund |
|--|-----------------------|----------------------|----------------------|-----------------------------|------------------|--|
|  | Conservation<br>Trust | Parks<br>Improvement | Public<br>Facilities | Trails and<br>Natural Areas | Tree             |  |
| <b>ASSETS</b>                              |                       |                      |                      |                             |                  |  |
| Cash and Cash Equivalents                  | \$ 151,274            | \$ 3,732,305         | \$3,395,058          | \$ -                        | \$711,563        | \$ 7,990,200                           |
| Receivables:                               |                       |                      |                      |                             |                  |  |
| Property Taxes                             | -                     | -                    | -                    | 437,933                     | -                | 437,933                                |
| Due from Other Funds                       | -                     | 100,000              | -                    | -                           | -                | 100,000                                |
| <b>Total Assets</b>                        | <b>\$ 151,274</b>     | <b>\$ 3,832,305</b>  | <b>\$3,395,058</b>   | <b>\$ 437,933</b>           | <b>\$711,563</b> | <b>\$ 8,528,133</b>                    |
| <b>LIABILITIES AND FUND<br/>BALANCES</b>   |                       |                      |                      |                             |                  |  |
| Liabilities                                |                       |                      |                      |                             |                  |  |
| Accounts Payable                           | \$ -                  | \$ -                 | \$ -                 | \$ -                        | \$ 18,800        | \$ 18,800                              |
| Prepaid Revenue                            | -                     | 90,000               | -                    | -                           | -                | 90,000                                 |
| Deferred Revenue                           | -                     | -                    | -                    | 437,933                     | -                | 437,933                                |
| <b>Total Liabilities</b>                   | <b>-</b>              | <b>90,000</b>        | <b>-</b>             | <b>437,933</b>              | <b>18,800</b>    | <b>546,733</b>                         |
| Fund Balances                              |                       |                      |                      |                             |                  |  |
| Reserved for Capital Projects              | 151,274               | 3,742,305            | 3,395,058            | -                           | 692,763          | 7,981,400                              |
| <b>Total Fund Balances</b>                 | <b>151,274</b>        | <b>3,742,305</b>     | <b>3,395,058</b>     | <b>-</b>                    | <b>692,763</b>   | <b>7,981,400</b>                       |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 151,274</b>     | <b>\$ 3,832,305</b>  | <b>\$3,395,058</b>   | <b>\$ 437,933</b>           | <b>\$711,563</b> | <b>\$ 8,528,133</b>                    |

**Town of Erie**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2004**

|  | Special Revenue Funds |                      |                      |                             |                  | Total<br>Nonmajor<br>Governmental Fund |
|--|-----------------------|----------------------|----------------------|-----------------------------|------------------|--|
|  | Conservation<br>Trust | Parks<br>Improvement | Public<br>Facilities | Trails and<br>Natural Areas | Tree             |  |
| <b>REVENUES</b>                              |                       |                      |                      |                             |                  |  |
| Intergovernmental                            | \$ 74,150             | \$ -                 | \$ -                 | \$ -                        | \$ -             | \$ 74,150                              |
| Fees and Charges for Services                | -                     | 1,965,820            | 1,628,397            | -                           | 254,200          | 3,848,417                              |
| Investment Earnings                          | 1,348                 | 41,500               | 27,858               | -                           | 8,071            | 78,777                                 |
| Miscellaneous                                | -                     | 1,200                | -                    | -                           | 685              | 1,885                                  |
| <b>Total Revenues</b>                        | <b>75,498</b>         | <b>2,008,520</b>     | <b>1,656,255</b>     | <b>-</b>                    | <b>262,956</b>   | <b>4,003,229</b>                       |
| <b>EXPENDITURES</b>                          |                       |                      |                      |                             |                  |  |
| Current Operating                            |                       |                      |                      |                             |                  |  |
| Parks and Recreation                         | -                     | 17,497               | -                    | -                           | 46,484           | 63,981                                 |
| Capital Outlay                               | 89,242                | 53,314               | -                    | -                           | 8,541            | 151,097                                |
| Debt Service:                                |                       |                      |                      |                             |                  |  |
| Principal                                    | -                     | 49,600               | -                    | -                           | -                | 49,600                                 |
| Interest                                     | -                     | -                    | -                    | -                           | -                | -                                      |
| <b>Total Expenditures</b>                    | <b>89,242</b>         | <b>120,411</b>       | <b>-</b>             | <b>-</b>                    | <b>55,025</b>    | <b>264,678</b>                         |
| Excess Revenues Over<br>(Under) Expenditures | (13,744)              | 1,888,109            | 1,656,255            | -                           | 207,931          | 3,738,551                              |
| <b>Fund Balances - Beginning</b>             | <b>165,018</b>        | <b>1,854,196</b>     | <b>1,738,803</b>     | <b>-</b>                    | <b>484,832</b>   | <b>4,242,849</b>                       |
| <b>Fund Balances - Ending</b>                | <b>\$ 151,274</b>     | <b>\$ 3,742,305</b>  | <b>\$3,395,058</b>   | <b>\$ -</b>                 | <b>\$692,763</b> | <b>\$ 7,981,400</b>                    |

**Town of Erie  
Conservation Trust Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget  
For the Year Ended December 31, 2004**

|  | Actual            | Original<br>Budget | Final<br>Budget    | Variance With<br>Final Budget<br>to Actual<br>Favorable<br>(Unfavorable) |
|--|-------------------|--------------------|--------------------|--|
| <b>REVENUES</b>                              |                   |                    |                    |  |
| Intergovernmental                            | \$ 74,150         | \$ 64,000          | \$ 64,000          | \$ 10,150  |
| Investment Earnings                          | 1,348             | 1,800              | 1,800              | (452)  |
| Miscellaneous                                | -                 | 1,800              | 1,800              | (1,800)  |
| Total Revenues                               | <u>75,498</u>     | <u>67,600</u>      | <u>67,600</u>      | <u>7,898</u>   |
| <b>EXPENDITURES</b>                          |                   |                    |                    |  |
| Equipment                                    | 41,047            | 43,500             | 43,500             | 2,453  |
| Vehicles                                     | 39,895            | 40,000             | 40,000             | 105  |
| Linear Park                                  | 8,300             | -                  | 8,300              | -  |
| Total Expenditures                           | <u>89,242</u>     | <u>83,500</u>      | <u>91,800</u>      | <u>2,558</u>   |
| Excess Revenues Over<br>(Under) Expenditures | (13,744)          | <u>\$ (15,900)</u> | <u>\$ (24,200)</u> | <u>\$ 10,456</u>   |
| <b>Fund Balances - Beginning</b>             | <u>165,018</u>    |                    |                    |  |
| <b>Fund Balances - Ending</b>                | <u>\$ 151,274</u> |                    |                    |  |

**Town of Erie  
Parks Improvement Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget  
For the Year Ended December 31, 2004**

|  | Actual                    | Original<br>Budget         | Final<br>Budget            | Variance With<br>Final Budget<br>to Actual<br>Favorable<br>(Unfavorable) |
|--|---------------------------|----------------------------|----------------------------|--|
| <b>REVENUES</b>                              |                           |                            |                            |  |
| Fees & Charges for Services                  | \$1,965,820               | \$ 866,000                 | \$1,793,000                | \$ 172,820   |
| Investment Earnings                          | 41,500                    | 15,000                     | 25,000                     | 16,500   |
| Miscellaneous                                | 1,200                     | 125,000                    | 125,000                    | (123,800)  |
| Total Revenues                               | <u>2,008,520</u>          | <u>1,006,000</u>           | <u>1,943,000</u>           | <u>65,520</u>  |
| <b>EXPENDITURES</b>                          |                           |                            |                            |  |
| Current Operating:                           |                           |                            |                            |  |
| Parks and Recreation                         | 17,497                    | 70,400                     | 71,800                     | 54,303   |
| Capital Outlay                               | 53,314                    | 1,296,900                  | 2,208,600                  | 2,155,286  |
| Debt Service:                                |                           |                            |                            |  |
| Principal                                    | 49,600                    | 37,600                     | 49,600                     | -  |
| Total Expenditures                           | <u>120,411</u>            | <u>1,404,900</u>           | <u>2,330,000</u>           | <u>2,209,589</u>   |
| Excess Revenues Over<br>(Under) Expenditures | 1,888,109                 | <u><u>\$ (398,900)</u></u> | <u><u>\$ (387,000)</u></u> | <u><u>\$ 2,275,109</u></u>   |
| <b>Fund Balances - Beginning</b>             | <u>1,854,196</u>          |                            |                            |  |
| <b>Fund Balances - Ending</b>                | <u><u>\$3,742,305</u></u> |                            |                            |  |

The notes to the financial statements are an integral part of this statement.

**Town of Erie**  
**Public Facilities Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget**  
**For the Year Ended December 31, 2004**

|                                      | Actual              | Original<br>Budget | Final<br>Budget     | Variance With<br>Final Budget<br>to Actual<br>Favorable<br>(Unfavorable) |
|--------------------------------------|---------------------|--------------------|---------------------|--|
| <b>REVENUES</b>                      |                     |                    |                     |  |
| Fees and Charges for Services        | \$ 1,628,397        | \$ 793,000         | \$ 1,508,800        | 119,597  |
| Investment Earnings                  | 27,858              | 10,500             | 10,500              | 17,358   |
| Total Revenues                       | <u>1,656,255</u>    | <u>803,500</u>     | <u>1,519,300</u>    | <u>136,955</u>   |
| <b>EXPENDITURES</b>                  |                     |                    |                     |  |
| Administration                       | -                   | 500                | 500                 | 500  |
| Facilities Master Plan               | -                   | 50,000             | 50,000              | 50,000   |
| Total Expenditures                   | <u>-</u>            | <u>50,500</u>      | <u>50,500</u>       | <u>50,500</u>  |
| Excess Revenues Over<br>Expenditures | 1,656,255           | <u>\$ 753,000</u>  | <u>\$ 1,468,800</u> | <u>\$ 187,455</u>  |
| <b>Fund Balances - Beginning</b>     | <u>1,738,803</u>    |                    |                     |  |
| <b>Fund Balances - Ending</b>        | <u>\$ 3,395,058</u> |                    |                     |  |

**Town of Erie  
Tree Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget  
For the Year Ended December 31, 2004**

|                                      | Actual            | Original<br>Budget | Final<br>Budget  | Variance With<br>Final Budget<br>to Actual<br>Favorable<br>(Unfavorable) |
|--------------------------------------|-------------------|--------------------|------------------|--|
| <b>REVENUES</b>                      |                   |                    |                  |  |
| Fees and Charges for Services        | \$ 254,200        | \$ 120,000         | \$ 245,000       | \$ 9,200   |
| Investment Earnings                  | 8,071             | 4,500              | 5,000            | 3,071  |
| Miscellaneous                        | 685               | 300                | 700              | (15)   |
| Total Revenues                       | <u>262,956</u>    | <u>124,800</u>     | <u>250,700</u>   | <u>12,256</u>  |
| <b>EXPENDITURES</b>                  |                   |                    |                  |  |
| Administration                       | 3,287             | 3,500              | 3,500            | 213  |
| Trees and Plants                     | 43,197            | 80,000             | 180,100          | 136,903  |
| Parks                                | 8,541             | 1,000              | 11,600           | 3,059  |
| Total Expenditures                   | <u>55,025</u>     | <u>84,500</u>      | <u>195,200</u>   | <u>140,175</u>   |
| Excess Revenues Over<br>Expenditures | 207,931           | <u>\$ 40,300</u>   | <u>\$ 55,500</u> | <u>\$ 152,431</u>  |
| <b>Fund Balances - Beginning</b>     | <u>484,832</u>    |                    |                  |  |
| <b>Fund Balances - Ending</b>        | <u>\$ 692,763</u> |                    |                  |  |

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**Town of Erie  
Combining and Individual Fund Financial Statements and Schedules  
Enterprise Funds**

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**Nonmajor Enterprise Fund Combining Statements:**

Airport: to account for operations of the Erie Municipal Airport

Housing Authority: to account for operations of the Town's senior housing projects

**Statements of Revenues, Expenses and Changes in Fund Net Assets  
Actual and Budget (Non-GAAP Budgetary Basis):**

Water Fund

Wastewater Fund

Storm Drainage Fund

Airport Fund

**Town of Erie, Colorado**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**December 31, 2004**

|   | Enterprise Funds    |                   | Total                    |
|---|---------------------|-------------------|--------------------------|
|   | Airport             | Housing Authority | Nonmajor Enterprise Fund |
| <b>ASSETS</b>                                   |                     |                   |                          |
| Current Assets                                  |                     |                   |                          |
| Cash and Cash Equivalents                       | \$ 214,036          | \$ 31,576         | \$ 245,612               |
| Accounts Receivable                             | 132,525             | 1,403             | 133,928                  |
| Prepaid Expenses                                | -                   | 2,524             | 2,524                    |
| <b>Total Current Assets</b>                     | <b>346,561</b>      | <b>35,503</b>     | <b>382,064</b>           |
| Restricted Assets                               |                     |                   |                          |
| Cash and Cash Equivalents                       | -                   | 58,856            | 58,856                   |
| <b>Total Restricted Assets</b>                  | <b>-</b>            | <b>58,856</b>     | <b>58,856</b>            |
| Noncurrent Assets                               |                     |                   |                          |
| Land  | 523,569             | -                 | 523,569                  |
| Property and Equipment                          | 2,529,086           | 1,173,676         | 3,702,762                |
| Accumulated Depreciation                        | (436,077)           | (118,395)         | (554,472)                |
| Bond Issue Costs                                | -                   | 36,618            | 36,618                   |
| <b>Total Noncurrent Assets</b>                  | <b>2,616,578</b>    | <b>1,091,899</b>  | <b>3,708,477</b>         |
| <b>Total Assets</b>                             | <b>2,963,139</b>    | <b>1,186,258</b>  | <b>4,149,397</b>         |
| <b>LIABILITIES</b>                              |                     |                   |                          |
| Current Liabilities                             |                     |                   |                          |
| Accounts Payable                                | 2,442               | 43,181            | 45,623                   |
| Accrued Interest Payable                        | -                   | 2,896             | 2,896                    |
| Accrued Wages Payable                           | 802                 | -                 | 802                      |
| Deferred Revenue                                | 200,000             | -                 | 200,000                  |
| Interfund Payable                               | 100,000             | -                 | 100,000                  |
| Loans Payable                                   | -                   | 17,919            | 17,919                   |
| <b>Total Current Liabilities</b>                | <b>303,244</b>      | <b>63,996</b>     | <b>367,240</b>           |
| Noncurrent Liabilities                          |                     |                   |                          |
| Loans Payable                                   | -                   | 882,851           | 882,851                  |
| <b>Total Noncurrent Liabilities</b>             | <b>-</b>            | <b>882,851</b>    | <b>882,851</b>           |
| <b>Total Liabilities</b>                        | <b>303,244</b>      | <b>946,847</b>    | <b>1,250,091</b>         |
| <b>NET ASSETS</b>                               |                     |                   |                          |
| Invested in Capital Assets, net of related debt | 2,093,009           | 191,129           | 2,284,138                |
| Unrestricted                                    | 566,886             | 48,282            | 615,168                  |
| <b>Total Net Assets</b>                         | <b>\$ 2,659,895</b> | <b>\$ 239,411</b> | <b>\$ 2,899,306</b>      |

**Town of Erie**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2004**

|   | Enterprise Funds |                   | Total                    |
|---|------------------|-------------------|--------------------------|
|   | Airport          | Housing Authority | Nonmajor Enterprise Fund |
| <b>Operating Revenue</b>                |                  |                   |                          |
| Charges for Services                    | \$ 243,127       | \$ 87,573         | \$ 330,700               |
| Total Operating Revenue                 | 243,127          | 87,573            | 330,700                  |
| <b>Operating Expenses</b>               |                  |                   |                          |
| Personnel Services                      | 57,977           | -                 | 57,977                   |
| Operations and Maintenance              | 164,030          | 27,285            | 191,315                  |
| Depreciation                            | 73,403           | 31,572            | 104,975                  |
| Total Operating Expenses                | 295,410          | 58,857            | 354,267                  |
| Net Operating Income (Loss)             | (52,283)         | 28,716            | (23,567)                 |
| <b>Nonoperating Revenues (Expenses)</b> |                  |                   |                          |
| Interest Income                         | 4,910            | 633               | 5,543                    |
| Capital Contributions                   | 266,412          | -                 | 266,412                  |
| Other                                   | 5,982            | 4,000             | 9,982                    |
| Amortization of Debt Issuance Costs     | -                | (2,104)           | (2,104)                  |
| Interest Expense                        | -                | (50,701)          | (50,701)                 |
| Total Nonoperating Revenues (Expenses)  | 277,304          | (48,172)          | 229,132                  |
| Change in Net Assets                    | 225,021          | (19,456)          | 205,565                  |
| Total Net Assets - Beginning            | 2,434,874        | 258,867           | 2,693,741                |
| Total Net Assets - Ending               | \$ 2,659,895     | \$ 239,411        | \$ 2,899,306             |

**Town of Erie**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2004**

|   | Enterprise Funds  |                   | Total                    |
|---|-------------------|-------------------|--------------------------|
|   | Airport           | Housing Authority | Nonmajor Enterprise Fund |
| <b>Cash Flows from Operating Activities</b>   |                   |                   |                          |
| Receipts from Customers and Users   | \$ 256,781        | \$ 85,791         | \$ 342,572               |
| Payments to Employees   | (49,076)          | -                 | (49,076)                 |
| Payments to Suppliers   | (186,707)         | (30,041)          | (216,748)                |
| Net Cash Provided by Operating Activities   | <u>20,998</u>     | <u>55,750</u>     | <u>76,748</u>            |
| <b>Cash Flows from Noncapital Financing Activities</b>  |                   |                   |                          |
| Other Income  | <u>5,982</u>      | <u>4,000</u>      | <u>9,982</u>             |
| Cash Flows Provided by Noncapital Financing Activities  | <u>5,982</u>      | <u>4,000</u>      | <u>9,982</u>             |
| <b>Cash Flows from Capital and Related Financing Activities</b>                               |                   |                   |                          |
| Acquisition and Construction of Capital Assets  | (295,582)         | -                 | (295,582)                |
| Principal Paid on Capital Debt  | -                 | 16,259            | 16,259                   |
| Interest Paid on Capital Debt   | -                 | (66,974)          | (66,974)                 |
| Bond Issuance Costs   | -                 | (10,758)          | (10,758)                 |
| Capital Contributions   | <u>136,265</u>    | <u>-</u>          | <u>136,265</u>           |
| Cash Flows Used by Capital and Related Financing Activities                                   | <u>(159,317)</u>  | <u>(61,473)</u>   | <u>(220,790)</u>         |
| <b>Cash Flows from Investing Activities</b>   |                   |                   |                          |
| Earnings on Investments   | <u>4,910</u>      | <u>633</u>        | <u>5,543</u>             |
| Cash Flows from Investing Activities  | <u>4,910</u>      | <u>633</u>        | <u>5,543</u>             |
| Net Decrease in Cash and Cash Equivalents   | (127,427)         | (1,090)           | (128,517)                |
| Cash and Cash Equivalents - January 1   | <u>341,463</u>    | <u>91,522</u>     | <u>432,985</u>           |
| Cash and Cash Equivalents - December 31   | <u>\$ 214,036</u> | <u>\$ 90,432</u>  | <u>\$ 304,468</u>        |
| <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>       |                   |                   |                          |
| Operating Income (Loss)   | (52,283)          | 28,716            | (23,567)                 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities |                   |                   |                          |
| Depreciation Expense  | 73,403            | 31,572            | 104,975                  |
| (Increase) decrease in accounts receivable  | 13,654            | (1,782)           | 11,872                   |
| Increase (decrease) in accounts payable   | (12,306)          | (2,756)           | (15,062)                 |
| Increase (decrease) in wages payable  | (1,470)           | -                 | (1,470)                  |
| Net cash provided by operating activities   | <u>\$ 20,998</u>  | <u>\$ 55,750</u>  | <u>\$ 76,748</u>         |

**Town of Erie**  
**Water Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Actual and Budget (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2004**

|                                    | Actual              | Adjustment to<br>Budgetary<br>Basis | Actual on<br>Budgetary<br>Basis | Original<br>Budget | Final<br>Budget   | Variance With<br>Final Budget<br>to Actual on<br>Budgetary Basis<br>Favorable<br>(Unfavorable) |
|------------------------------------|---------------------|-------------------------------------|---------------------------------|--------------------|-------------------|--|
| <b>REVENUES</b>                    |                     |                                     |                                 |                    |                   |  |
| Charges for Services               | \$ 2,705,358        | \$ -                                | \$ 2,705,358                    | \$2,329,100        | \$ 2,820,800      | \$ (115,442)   |
| Other Nonoperating Income          | 31,651              | -                                   | 31,651                          | 133,000            | 203,200           | (171,549)  |
| Interest Income                    | 246,101             | -                                   | 246,101                         | 66,900             | 150,000           | 96,101   |
| Loan Proceeds                      | -                   | 14,600,972                          | 14,600,972                      | 13,500,000         | 14,500,000        | 100,972  |
| Capital Contributions              | 20,042,076          | (5,464,826)                         | 14,577,250                      | 7,731,600          | 12,907,600        | 1,669,650  |
| <b>Total Revenues</b>              | <b>23,025,186</b>   | <b>9,136,146</b>                    | <b>32,161,332</b>               | <b>23,760,600</b>  | <b>30,581,600</b> | <b>1,579,732</b>   |
| <b>EXPENSES</b>                    |                     |                                     |                                 |                    |                   |  |
| <b>Program Expenses</b>            |                     |                                     |                                 |                    |                   |  |
| Personnel Services                 | 826,343             | -                                   | 826,343                         | 866,100            | 896,500           | 70,157   |
| Operating & Maintenance            | 1,144,993           | -                                   | 1,144,993                       | 1,263,700          | 1,354,700         | 209,707  |
| Bond & Loan Payments               | -                   | 1,113,000                           | 1,113,000                       | 468,000            | 1,113,000         | -  |
| Interest Expense                   | 1,189,966           | (41,176)                            | 1,148,790                       | 750,200            | 1,153,200         | 4,410  |
| Depreciation                       | 728,923             | (728,923)                           | -                               | -                  | -                 | -  |
| Amortization of Bond Issue Costs   | 24,248              | (24,248)                            | -                               | -                  | -                 | -  |
| <b>Total Program Expenses</b>      | <b>3,914,473</b>    | <b>318,653</b>                      | <b>4,233,126</b>                | <b>3,348,000</b>   | <b>4,517,400</b>  | <b>284,274</b>   |
| <b>Project Expenses</b>            |                     |                                     |                                 |                    |                   |  |
| Water Meters And Yokes             | -                   | 205,355                             | 205,355                         | 101,000            | 231,000           | 25,645   |
| Platte Valley Irrigation Co.       | -                   | 5,551,650                           | 5,551,650                       | 5,176,000          | 5,742,000         | 190,350  |
| NISP                               | -                   | 187,314                             | 187,314                         | 207,500            | 207,500           | 20,186   |
| Erie Lake Rehabilitation           | -                   | 316,002                             | 316,002                         | -                  | 389,600           | 73,598   |
| Raw Water Pipeline                 | -                   | 106,580                             | 106,580                         | 575,000            | 708,000           | 601,420  |
| Water Treatment Facility Expansion | -                   | 4,567,469                           | 4,567,469                       | 4,353,000          | 4,626,600         | 59,131   |
| Prince Lake                        | -                   | 33,501                              | 33,501                          | -                  | 131,900           | 98,399   |
| Lafayette Interconnect             | -                   | 87,213                              | 87,213                          | -                  | 135,200           | 47,987   |
| Airpark Waterline Replacement      | -                   | 341,690                             | 341,690                         | 368,000            | 398,100           | 56,410   |
| Erie Lake Raw Water Pipeline       | -                   | -                                   | -                               | -                  | 25,000            | 25,000   |
| Erie/Broomfield Pumpstation        | -                   | 303,898                             | 303,898                         | -                  | 318,000           | 14,102   |
| Backwash Pump Replacement          | -                   | -                                   | -                               | 5,500              | 5,500             | 5,500  |
| Raw Strainer Screen Replacement    | -                   | 7,954                               | 7,954                           | 7,000              | 8,200             | 246  |
| Windy Gap Firming Project          | -                   | 60,976                              | 60,976                          | 361,000            | 361,000           | 300,024  |
| Zone 3/4A Pumpstation Expansion    | -                   | -                                   | -                               | 45,000             | 45,000            | 45,000   |
| <b>Total Project Expenses</b>      | <b>-</b>            | <b>11,769,602</b>                   | <b>11,769,602</b>               | <b>11,199,000</b>  | <b>13,332,600</b> | <b>1,562,998</b>   |
| <b>Total Expenses</b>              | <b>3,914,473</b>    | <b>12,088,255</b>                   | <b>16,002,728</b>               | <b>14,547,000</b>  | <b>17,850,000</b> | <b>1,847,272</b>   |
| Change in Net Assets               | 19,110,713          | \$ (2,952,109)                      | 16,158,604                      | \$9,213,600        | \$12,731,600      | \$ 3,427,004   |
| Total Net Assets - Beginning       | 37,031,294          |                                     | 37,031,294                      |                    |                   |  |
| Loan Proceeds                      | -                   |                                     | (14,600,972)                    |                    |                   |  |
| Capital Contributions              | -                   |                                     | 5,464,826                       |                    |                   |  |
| Capital Outlay                     | -                   |                                     | 11,769,602                      |                    |                   |  |
| Debt Expense                       | -                   |                                     | 1,071,824                       |                    |                   |  |
| Depreciation                       | -                   |                                     | (728,923)                       |                    |                   |  |
| Amortization                       | -                   |                                     | (24,248)                        |                    |                   |  |
| <b>Total Net Assets - Ending</b>   | <b>\$56,142,007</b> |                                     | <b>\$56,142,007</b>             |                    |                   |  |

**Town of Erie**  
**Wastewater Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Actual and Budget (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2004**

|                                  | Actual               | Adjustment to<br>Budgetary<br>Basis | Actual on<br>Budgetary<br>Basis | Original<br>Budget | Final<br>Budget  | Variance With<br>Final Budget<br>to Actual on<br>Budgetary Basis<br>Favorable<br>(Unfavorable) |
|----------------------------------|----------------------|-------------------------------------|---------------------------------|--------------------|------------------|--|
| <b>REVENUES</b>                  |                      |                                     |                                 |                    |                  |  |
| Charges for Services             | \$ 1,133,672         | \$ -                                | \$ 1,133,672                    | \$ 1,183,900       | \$ 1,183,900     | \$ (50,228)  |
| Other Nonoperating Income        | 60,894               | -                                   | 60,894                          | 82,500             | 82,500           | (21,606)   |
| Interest Income                  | 84,605               | -                                   | 84,605                          | 39,900             | 60,000           | 24,605   |
| Capital Contributions            | 10,952,492           | (7,988,492)                         | 2,964,000                       | 1,616,000          | 2,666,000        | 298,000  |
| <b>Total Revenues</b>            | <b>12,231,663</b>    | <b>(7,988,492)</b>                  | <b>4,243,171</b>                | <b>2,922,300</b>   | <b>3,992,400</b> | <b>250,771</b>   |
| <b>EXPENSES</b>                  |                      |                                     |                                 |                    |                  |  |
| Program Expenses                 |                      |                                     |                                 |                    |                  |  |
| Personnel Services               | 695,921              | -                                   | 695,921                         | 751,600            | 772,500          | 76,579   |
| Operating & Maintenance          | 299,302              | -                                   | 299,302                         | 402,700            | 462,900          | 163,598  |
| Bond & Loan Payments             | -                    | 171,285                             | 171,285                         | 171,400            | 171,400          | 115  |
| Interest Expense                 | 162,094              | 1,685                               | 163,779                         | 163,900            | 163,900          | 121  |
| Depreciation                     | 398,915              | (398,915)                           | -                               | -                  | -                | -  |
| Amortization of Bond Issue Costs | 3,487                | (3,487)                             | -                               | -                  | -                | -  |
| <b>Total Program Expenses</b>    | <b>1,559,719</b>     | <b>(229,432)</b>                    | <b>1,330,287</b>                | <b>1,489,600</b>   | <b>1,570,700</b> | <b>240,413</b>   |
| Project Expenses                 |                      |                                     |                                 |                    |                  |  |
| North WTF Siting Study           | -                    | -                                   | -                               | 159,800            | 1,010,200        | 1,010,200  |
| Additional WW Facility Capacity  | -                    | 6,035                               | 6,035                           | 149,000            | 522,500          | 516,465  |
| Westside Interceptor             | -                    | -                                   | -                               | -                  | -                | -  |
| North WRF                        | -                    | 521,808                             | 521,808                         | -                  | 500,000          | (21,808)   |
| North WRF Influent Pipeline      | -                    | -                                   | -                               | -                  | 100,000          | 100,000  |
| <b>Total Project Expenses</b>    | <b>-</b>             | <b>527,843</b>                      | <b>527,843</b>                  | <b>308,800</b>     | <b>2,132,700</b> | <b>1,604,857</b>   |
| <b>Total Expenses</b>            | <b>1,559,719</b>     | <b>298,411</b>                      | <b>1,858,130</b>                | <b>1,798,400</b>   | <b>3,703,400</b> | <b>1,845,270</b>   |
| Change in Net Assets             | 10,671,944           | \$ (8,286,903)                      | 2,385,041                       | \$ 1,123,900       | \$ 289,000       | \$ 2,096,041   |
| Total Net Assets - Beginning     | 12,734,616           |                                     | 12,734,616                      |                    |                  |  |
| Capital Contributions            | -                    |                                     | 7,988,492                       |                    |                  |  |
| Capital Outlay                   | -                    |                                     | 527,843                         |                    |                  |  |
| Debt Expense                     | -                    |                                     | 172,970                         |                    |                  |  |
| Depreciation                     | -                    |                                     | (398,915)                       |                    |                  |  |
| Amortization                     | -                    |                                     | (3,487)                         |                    |                  |  |
| <b>Total Net Assets - Ending</b> | <b>\$ 23,406,560</b> |                                     | <b>\$ 23,406,560</b>            |                    |                  |  |

**Town of Erie**  
**Storm Drainage Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Actual and Budget (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2004**

|                                    | Actual              | Adjustment to<br>Budgetary<br>Basis | Actual on<br>Budgetary<br>Basis | Original<br>Budget | Final<br>Budget  | Variance With<br>Final Budget<br>to Actual on<br>Budgetary Basis<br>Favorable<br>(Unfavorable) |
|------------------------------------|---------------------|-------------------------------------|---------------------------------|--------------------|------------------|--|
| <b>REVENUES</b>                    |                     |                                     |                                 |                    |                  |  |
| Charges for Services               | \$ 223,184          | \$ -                                | \$ 223,184                      | \$ 233,700         | \$ 233,700       | \$ (10,516)  |
| Other Nonoperating Income          | -                   | -                                   | -                               | -                  | -                | -  |
| Interest Income                    | 24,781              | -                                   | 24,781                          | 8,300              | 16,000           | 8,781  |
| Capital Contributions              | 6,976,429           | (5,785,149)                         | 1,191,280                       | 547,200            | 1,101,200        | 90,080   |
| <b>Total Revenues</b>              | <b>7,224,394</b>    | <b>(5,785,149)</b>                  | <b>1,439,245</b>                | <b>789,200</b>     | <b>1,350,900</b> | <b>88,345</b>  |
| <b>EXPENSES</b>                    |                     |                                     |                                 |                    |                  |  |
| Program Expenses                   |                     |                                     |                                 |                    |                  |  |
| Personnel Services                 | 57,255              | -                                   | 57,255                          | 64,000             | 64,500           | 7,245  |
| Operating & Maintenance            | 22,135              | -                                   | 22,135                          | 72,900             | 73,600           | 51,465   |
| Loan Payments                      | -                   | 9,670                               | 9,670                           | 9,700              | 9,700            | 30   |
| Interest Expense                   | 8,408               | 145                                 | 8,553                           | 8,600              | 8,600            | 47   |
| Depreciation                       | 95,533              | (95,533)                            | -                               | -                  | -                | -  |
| <b>Total Program Expenses</b>      | <b>183,331</b>      | <b>(85,718)</b>                     | <b>97,613</b>                   | <b>155,200</b>     | <b>156,400</b>   | <b>58,787</b>  |
| Project Expenses                   |                     |                                     |                                 |                    |                  |  |
| Drainage Fee & Rate Study          | -                   | -                                   | -                               | -                  | 19,800           | 19,800   |
| Weld Drainage Master Plan          | -                   | -                                   | -                               | 150,000            | 150,000          | 150,000  |
| Detention Pond Improvement-ARF2    | -                   | 19,608                              | 19,608                          | -                  | 37,400           | 17,792   |
| Regional Improvement (Reimb)-VP&VR | -                   | -                                   | -                               | 497,700            | 497,700          | 497,700  |
| Outfall Improvement Arapahoe-Young | -                   | 160,000                             | 160,000                         | 160,000            | 160,000          | -  |
| Old Town Alley Improvement         | -                   | 13,541                              | 13,541                          | 15,000             | 30,000           | 16,459   |
| Coal Creek Flood Control           | -                   | -                                   | -                               | 50,000             | 50,000           | 50,000   |
| Old Town Bypass - 100 Year Final   | -                   | 40,000                              | 40,000                          | 40,000             | 40,000           | -  |
| <b>Total Project Expenses</b>      | <b>-</b>            | <b>233,149</b>                      | <b>233,149</b>                  | <b>912,700</b>     | <b>984,900</b>   | <b>751,751</b>   |
| <b>Total Expenses</b>              | <b>183,331</b>      | <b>147,431</b>                      | <b>330,762</b>                  | <b>1,067,900</b>   | <b>1,141,300</b> | <b>810,538</b>   |
| Change in Net Assets               | 7,041,063           | \$ (5,932,580)                      | 1,108,483                       | \$ (278,700)       | \$ 209,600       | \$ 898,883   |
| Total Net Assets - Beginning       | 2,425,856           |                                     | 2,425,856                       |                    |                  |  |
| Capital Contributions              | -                   |                                     | 5,785,149                       |                    |                  |  |
| Capital Outlay                     | -                   |                                     | 233,149                         |                    |                  |  |
| Loan Payment                       | -                   |                                     | 9,670                           |                    |                  |  |
| Interest Expense                   | -                   |                                     | 145                             |                    |                  |  |
| Depreciation                       | -                   |                                     | (95,533)                        |                    |                  |  |
| <b>Total Net Assets - Ending</b>   | <b>\$ 9,466,919</b> |                                     | <b>\$ 9,466,919</b>             |                    |                  |  |

**Town of Eric**  
**Airport Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Actual and Budget (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2004**

|                                  | Actual              | Adjustment to<br>Budgetary<br>Basis | Actual on<br>Budgetary<br>Basis | Original<br>Budget | Final<br>Budget | Variance With<br>Final Budget<br>to Actual on<br>Budgetary Basis<br>Favorable<br>(Unfavorable) |
|----------------------------------|---------------------|-------------------------------------|---------------------------------|--------------------|-----------------|--|
| <b>REVENUES</b>                  |                     |                                     |                                 |                    |                 |  |
| Charges for Services             | \$ 243,127          | \$ -                                | \$ 243,127                      | \$ 245,700         | \$ 261,200      | \$ (18,073)  |
| Other Nonoperating Income        | 5,982               | -                                   | 5,982                           | 202,800            | 562,800         | (556,818)  |
| Interest Income                  | 4,910               | -                                   | 4,910                           | 1,500              | 1,500           | 3,410  |
| Capital Contributions            | 266,412             | -                                   | 266,412                         | 157,700            | 157,700         | 108,712  |
| <b>Total Revenues</b>            | <b>520,431</b>      | <b>-</b>                            | <b>520,431</b>                  | <b>607,700</b>     | <b>983,200</b>  | <b>(462,769)</b>   |
| <b>EXPENSES</b>                  |                     |                                     |                                 |                    |                 |  |
| Program Expenses                 |                     |                                     |                                 |                    |                 |  |
| Personnel Services               | 57,977              | -                                   | 57,977                          | 59,700             | 61,800          | 3,823  |
| Operating & Maintenance          | 164,030             | -                                   | 164,030                         | 177,500            | 209,300         | 45,270   |
| Depreciation                     | 73,403              | (73,403)                            | -                               | -                  | -               | -  |
| <b>Total Program Expenses</b>    | <b>295,410</b>      | <b>(73,403)</b>                     | <b>222,007</b>                  | <b>237,200</b>     | <b>271,100</b>  | <b>49,093</b>  |
| Project Expenses                 |                     |                                     |                                 |                    |                 |  |
| Runway Land                      | -                   | -                                   | -                               | 200,000            | 200,000         | 200,000  |
| Runway Protection Zone           | -                   | 110,200                             | 110,200                         | -                  | 154,700         | 44,500   |
| Apron Tie Down Relocate          | -                   | (4,617)                             | (4,617)                         | -                  | 18,200          | 22,817   |
| Joint Seal 15-33                 | -                   | 10,308                              | 10,308                          | -                  | 20,700          | 10,392   |
| Edge Drain                       | -                   | 21,047                              | 21,047                          | -                  | 23,600          | 2,553  |
| Joint Seal Ramp & Taxiway A      | -                   | 134,873                             | 134,873                         | 166,600            | 166,600         | 31,727   |
| <b>Total Project Expenses</b>    | <b>-</b>            | <b>271,811</b>                      | <b>271,811</b>                  | <b>366,600</b>     | <b>583,800</b>  | <b>311,989</b>   |
| <b>Total Expenses</b>            | <b>295,410</b>      | <b>198,408</b>                      | <b>493,818</b>                  | <b>603,800</b>     | <b>854,900</b>  | <b>361,082</b>   |
| Change in Net Assets             | 225,021             | \$ (198,408)                        | 26,613                          | \$ 3,900           | \$ 128,300      | \$ (101,687)   |
| Total Net Assets - Beginning     | 2,434,874           |                                     | 2,434,874                       |                    |                 |  |
| Capital Outlay                   | -                   |                                     | 271,811                         |                    |                 |  |
| Depreciation                     | -                   |                                     | (73,403)                        |                    |                 |  |
| <b>Total Net Assets - Ending</b> | <b>\$ 2,659,895</b> |                                     | <b>\$ 2,659,895</b>             |                    |                 |  |

**Town of Erie  
Combining and Individual Fund Financial Statements and Schedules  
Fiduciary Funds**

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**Trust Fund:**

Cemetery Perpetual Care Fund: to account for the Erie Mount Pleasant Cemetery

**Agency Funds:**

DARE/SADD Fund: to accounts for the operations of the police programs DARE and SADD

Police Forfeiture and Seizure Fund: to account for forfeiture made by persons  
convicted of drug-related offences

**Town of Erie, Colorado**  
**Statement of Net Assets**  
**Fiduciary Funds**  
**December 31, 2004**

|   | Cemetery<br>Perpetual Care<br>Trust Fund | Agency<br>Funds | Total<br>Fiduciary<br>Funds |
|---|--|-----------------|-----------------------------|
| <b>ASSETS</b>                             |  |                 |                             |
| Current Assets                            |  |                 |                             |
| Cash and Cash Equivalents                 | \$ 77,958                                | \$ 11,424       | \$ 89,382                   |
| Total Assets                              | 77,958                                   | 11,424          | 89,382                      |
| <b>LIABILITIES</b>                        |  |                 |                             |
| Current Liabilities                       |  |                 |                             |
| Amounts Held for DARE/SADD Program        | -  | 5,227           | 5,227                       |
| Amounts Held for Police Department        | -  | 6,197           | 6,197                       |
| Total Liabilities                         | -  | 11,424          | 11,424                      |
| <b>NET ASSETS</b>                         |  |                 |                             |
| Held in Trust for Cemetery Perpetual Care | 77,958                                   | -               | 77,958                      |
| Total Net Assets                          | \$ 77,958                                | \$ -            | \$ 77,958                   |

**Town of Erie, Colorado**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2004**

|   | Balance<br>12/31/2003 | Additions     | Deletions        | Balance<br>12/31/2004 |
|---|-----------------------|---------------|------------------|-----------------------|
| <b>DARE/SADD Fund</b>                     |                       |               |                  |                       |
| <b>ASSETS</b>                             |                       |               |                  |                       |
| Cash and Cash Equivalents                 | \$ 5,838              | \$ 159        | \$ 770           | \$ 5,227              |
| Total Assets                              | <u>5,838</u>          | <u>159</u>    | <u>770</u>       | <u>5,227</u>          |
| <b>LIABILITIES</b>                        |                       |               |                  |                       |
| Amounts Held for DARE/SADD program        | <u>\$ 5,838</u>       | <u>\$ 159</u> | <u>\$ 770</u>    | <u>\$ 5,227</u>       |
| <b>Police Forfeiture and Seizure Fund</b> |                       |               |                  |                       |
| <b>ASSETS</b>                             |                       |               |                  |                       |
| Cash and Cash Equivalents                 | \$ 39,201             | \$ 313        | \$ 33,317        | \$ 6,197              |
| Total Assets                              | <u>39,201</u>         | <u>313</u>    | <u>33,317</u>    | <u>6,197</u>          |
| <b>LIABILITIES</b>                        |                       |               |                  |                       |
| Amounts held for Police Department        | <u>\$ 39,201</u>      | <u>\$ 313</u> | <u>\$ 33,317</u> | <u>\$ 6,197</u>       |
| <b>Total - All Funds</b>                  |                       |               |                  |                       |
| <b>ASSETS</b>                             |                       |               |                  |                       |
| Cash and Cash Equivalents                 | \$ 45,039             | \$ 472        | \$ 34,087        | \$ 11,424             |
| Total Assets                              | <u>45,039</u>         | <u>472</u>    | <u>34,087</u>    | <u>11,424</u>         |
| <b>LIABILITIES</b>                        |                       |               |                  |                       |
| Amounts held for others                   | <u>45,039</u>         | <u>472</u>    | <u>34,087</u>    | <u>11,424</u>         |
| Total Liabilities                         | <u>\$ 45,039</u>      | <u>\$ 472</u> | <u>\$ 34,087</u> | <u>\$ 11,424</u>      |

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## **Capital Assets Used in Operations of Governmental Funds**

**Town of Erie**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**December 31, 2004**

|  | Balance<br>1/1/2004  | Additions           | Dispositions      | Balance<br>12/31/2004 |
|--|----------------------|---------------------|-------------------|-----------------------|
| <b>GOVERNMENTAL FUNDS CAPITAL ASSETS</b> |                      |                     |                   |                       |
| Land                                     | \$ 6,245,028         | \$ 172,019          | \$ -              | \$ 6,417,047          |
| Buildings & Improvements                 | 3,755,010            | -                   | -                 | 3,755,010             |
| Improvements other than Buildings        | 10,587,945           | 5,942,116           | -                 | 16,530,061            |
| Machinery & Equipment                    | 2,008,263            | 108,401             | -                 | 2,116,664             |
| Vehicles                                 | 922,942              | 104,412             | 64,906            | 962,448               |
| Construction in Progress                 | 43,433               | 199,739             | 184,856           | 58,316                |
| Total Governmental Funds Capital Assets  | <u>\$ 23,562,621</u> | <u>\$ 6,526,687</u> | <u>\$ 249,762</u> | <u>\$ 29,839,546</u>  |
| <b>INVESTMENTS IN GOVERNMENTAL FUNDS</b> |                      |                     |                   |                       |
| <b>CAPITAL ASSETS FROM:</b>              |                      |                     |                   |                       |
| General Fund                             | \$ 16,461,455        | \$ 391,040          | \$ 194,492        | \$ 16,658,003         |
| Special Revenue Funds                    | 2,837,681            | 1,110,169           | 55,270            | 3,892,580             |
| Donations                                | -                    | -                   | -                 | -                     |
| Contributed Capital                      | 4,263,485            | 5,025,478           | -                 | 9,288,963             |
| Total Governmental Funds Capital Assets  | <u>\$ 23,562,621</u> | <u>\$ 6,526,687</u> | <u>\$ 249,762</u> | <u>\$ 29,839,546</u>  |

*This schedule presents only capital asset balances related to governmental funds.*

**Town of Erie**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**December 31, 2004**

| FUNCTION                                | Balance<br>12/31/2004 |                       |                     |                      | Total<br>Allocated to<br>Functions |
|---|-----------------------|-----------------------|---------------------|----------------------|------------------------------------|
|   | General<br>Government | Parks &<br>Recreation | Public<br>Safety    | Public<br>Works      |                                    |
| Land                                    | \$ 282,345            | \$ 3,833,521          | \$ -                | \$ 2,301,181         | \$ 6,417,047                       |
| Buildings & Improvements                |                       |                       |                     |                      |                                    |
| Buildings                               | 2,520,810             | 58,215                | 328,963             | 189,434              | 3,097,422                          |
| Building Improvements                   | 631,966               | 937                   | 7,391               | 17,294               | 657,588                            |
| Total                                   | <u>3,152,776</u>      | <u>59,152</u>         | <u>336,354</u>      | <u>206,728</u>       | <u>3,755,010</u>                   |
| Improvements other than Buildings       |                       |                       |                     |                      |                                    |
| Parks                                   | -                     | 1,856,032             | -                   | -                    | 1,856,032                          |
| Improvements other than Buildings       | -                     | -                     | -                   | 14,674,029           | 14,674,029                         |
| Total                                   | <u>-</u>              | <u>1,856,032</u>      | <u>-</u>            | <u>14,674,029</u>    | <u>16,530,061</u>                  |
| Machinery & Equipment                   |                       |                       |                     |                      |                                    |
| IT Systems and Equipment                | 359,573               | 55,907                | 109,403             | 121,111              | 645,994                            |
| Furniture & Fixtures                    | 142,359               | 59,923                | 81,936              | 115,347              | 399,565                            |
| Heavy Equipment                         | -                     | 135,016               | 14,053              | 476,225              | 625,294                            |
| Office Equipment                        | 200,972               | 18,143                | 69,473              | 92,498               | 381,086                            |
| Other Equipment                         | -                     | 16,907                | 35,587              | 12,231               | 64,725                             |
| Total                                   | <u>702,904</u>        | <u>285,896</u>        | <u>310,452</u>      | <u>817,412</u>       | <u>2,116,664</u>                   |
| Vehicles                                | 116,044               | 171,497               | 407,349             | 267,558              | 962,448                            |
| Construction in Progress                | -                     | 57,985                | -                   | 331                  | 58,316                             |
| Total Governmental Funds Capital Assets | <u>\$ 4,254,069</u>   | <u>\$ 6,264,083</u>   | <u>\$ 1,054,155</u> | <u>\$ 18,267,239</u> | <u>\$ 29,839,546</u>               |

*This schedule presents only capital asset balances related to governmental funds*

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# Statistical Section

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**Town of Erie**  
**General Governmental Expenditures by Function<sup>(1)</sup>**  
**Last Ten Fiscal Years**

| Year | General<br>Government | Public<br>Safety | Public<br>Works | Parks and<br>Recreation <sup>(2)</sup> | Capital<br>Outlay | Debt<br>Service | Total      |
|------|-----------------------|------------------|-----------------|--|-------------------|-----------------|------------|
| 1995 | \$ 434,301            | \$ 239,802       | \$ 177,100      | \$ -                                   | \$ 108,568        | \$ 3,909        | \$ 963,680 |
| 1996 | 623,345               | 353,328          | 345,462         | -                                      | 163,576           | 31,298          | 1,517,009  |
| 1997 | 760,861               | 521,197          | 803,621         | -                                      | 790,420           | 66,438          | 2,942,537  |
| 1998 | 1,557,216             | 637,747          | 1,245,364       | -                                      | 2,576,748         | 105,243         | 6,122,318  |
| 1999 | 2,181,688             | 788,251          | 677,560         | 243,153                                | 5,037,123         | 407,426         | 9,335,201  |
| 2000 | 2,540,591             | 942,510          | 824,531         | 411,859                                | 4,666,027         | 446,592         | 9,832,110  |
| 2001 | 2,670,424             | 1,028,182        | 828,331         | 559,822                                | 3,944,694         | 485,724         | 9,517,177  |
| 2002 | 2,433,224             | 952,885          | 747,506         | 597,834                                | 1,061,163         | 578,135         | 6,370,747  |
| 2003 | 2,534,185             | 1,135,186        | 758,968         | 644,330                                | 119,098           | 450,833         | 5,642,600  |
| 2004 | 2,754,299             | 1,291,673        | 1,002,280       | 758,476                                | 1,316,354         | 426,233         | 7,549,315  |

<sup>(1)</sup>Includes all general and special revenue funds

<sup>(2)</sup>Parks and Recreation function was established in 1999

**Town of Erie**  
**Government-wide Expenses by Function**  
**Current Fiscal Year**

| Year <sup>(1)</sup> | Governmental Activities |                         |                  |                 | Interest on       |
|---------------------|-------------------------|-------------------------|------------------|-----------------|-------------------|
|                     | General<br>Government   | Parks and<br>Recreation | Public<br>Safety | Public<br>Works | Long-Term<br>Debt |
| 2004                | \$ 2,914,133            | \$ 1,408,660            | \$ 910,400       | \$ 1,398,826    | \$ 185,983        |

<sup>(1)</sup>Information available for current year only due to GASB 34 conversion

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Business-type Activities

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| <u>Water</u> | <u>Wastewater</u> | <u>Airport</u> | <u>Storm<br/>Drainage</u> | <u>Housing<br/>Authority</u> | <u>Total</u>  |
|--------------|-------------------|----------------|---------------------------|------------------------------|---------------|
| \$ 3,914,473 | \$ 1,559,719      | \$ 295,410     | \$ 183,331                | \$ 134,985                   | \$ 12,905,920 |

**Town of Erie**  
**General Governmental Revenues by Source<sup>(1)</sup>**  
**Last Ten Fiscal Years**

| <u>Year</u> | <u>Taxes</u> | <u>Licenses<br/>and<br/>Permits</u> | <u>Inter-<br/>govern-<br/>mental</u> | <u>Charges for<br/>Services</u> | <u>Fines</u> | <u>Miscellaneous</u> | <u>Total</u> |
|-------------|--------------|-------------------------------------|--------------------------------------|---------------------------------|--------------|----------------------|--------------|
| 1995        | \$ 416,699   | \$ 213,290                          | \$ 94,974                            | \$ 6,350                        | \$ 29,458    | \$ 113,266           | \$ 874,037   |
| 1996        | 729,169      | 463,831                             | 102,451                              | 358,658                         | 38,595       | 503,290              | 2,195,994    |
| 1997        | 1,131,293    | 688,125                             | 149,063                              | 1,088,135                       | 44,567       | 213,980              | 3,315,163    |
| 1998        | 2,058,572    | 1,208,426                           | 531,702                              | 2,246,075                       | 37,270       | 330,932              | 6,412,977    |
| 1999        | 2,514,757    | 1,391,613                           | 589,829                              | 2,437,982                       | 47,717       | 750,853              | 7,732,751    |
| 2000        | 2,977,631    | 1,186,213                           | 258,927                              | 2,290,956                       | 84,644       | 528,752              | 7,327,123    |
| 2001        | 3,122,093    | 966,722                             | 334,412                              | 1,297,136                       | 73,817       | 658,561              | 6,452,741    |
| 2002        | 3,542,260    | 1,067,286                           | 651,796                              | 1,672,063                       | 82,000       | 1,028,128            | 8,043,533    |
| 2003        | 4,615,254    | 1,360,490                           | 436,368                              | 3,275,115                       | 88,712       | 561,426              | 10,337,365   |
| 2004        | 6,675,205    | 2,325,491                           | 475,854                              | 6,246,396                       | 116,525      | 739,018              | 16,578,489   |

<sup>(1)</sup>Includes all general and special revenue funds

**Town of Erie**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years**

| <u>Year</u> | <u>Property<br/>Tax</u> | <u>Franchise<br/>Tax</u> | <u>Specific<br/>Ownership<br/>Tax</u> | <u>Sales<br/>Tax</u> | <u>Use<br/>Tax</u> | <u>Cigarette<br/>Tax</u> | <u>Other</u> | <u>Total</u> |
|-------------|-------------------------|--------------------------|---------------------------------------|----------------------|--------------------|--------------------------|--------------|--------------|
| 1995        | \$ 84,408               | \$ 26,279                | \$ 7,913                              | \$ 155,762           | \$ 137,164         | \$ 5,173                 | \$ -         | \$ 416,699   |
| 1996        | 94,942                  | 43,512                   | 9,934                                 | 204,081              | 371,706            | 4,994                    | -            | 729,169      |
| 1997        | 113,160                 | 64,280                   | 10,848                                | 254,901              | 674,342            | 5,734                    | 8,028        | 1,131,293    |
| 1998        | 143,092                 | 71,446                   | 14,048                                | 283,378              | 1,538,064          | 5,669                    | 2,875        | 2,058,572    |
| 1999        | 193,655                 | 102,287                  | 19,463                                | 674,200              | 1,513,176          | 5,541                    | 6,435        | 2,514,757    |
| 2000        | 285,998                 | 147,882                  | 28,339                                | 1,417,497            | 1,084,929          | 6,201                    | 6,785        | 2,977,631    |
| 2001        | 403,037                 | 204,855                  | 41,507                                | 1,777,499            | 675,648            | 8,967                    | 10,580       | 3,122,093    |
| 2002        | 609,799                 | 186,554                  | 59,895                                | 1,781,426            | 883,541            | 10,545                   | 10,500       | 3,542,260    |
| 2003        | 689,563                 | 220,058                  | 65,753                                | 1,974,189            | 1,635,785          | 9,291                    | 20,615       | 4,615,254    |
| 2004        | 788,955                 | 282,980                  | 72,923                                | 2,130,344            | 3,390,914          | 9,089                    | -            | 6,675,205    |

**Town of Erie**  
**Government-wide Revenues**  
**Current Fiscal Year**

| Year <sup>(1)</sup> | Program Revenues     |                                    |                                  | General Revenues |                     |                     | Total         |
|---------------------|----------------------|------------------------------------|----------------------------------|------------------|---------------------|---------------------|---------------|
|                     | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Taxes            | Investment Earnings | Other Miscellaneous |               |
| 2004                | \$ 6,883,330         | \$ 125,064                         | \$ 49,375,915                    | \$ 7,659,179     | \$ 545,694          | \$ 616,785          | \$ 65,205,967 |

<sup>(1)</sup>Information available for current year only due to GASB 34 conversion

**Town of Erie  
Property Tax Levies and Collections  
Last Ten Years**

| Collection<br>Year | Total Tax<br>Levy <sup>(1)(2)</sup> | Total<br>Tax<br>Collections | Collections<br>As a Percent<br>of Tax Levy |
|--------------------|-------------------------------------|-----------------------------|--|
| 1995               | \$ 71,461                           | \$ 84,408                   | 118.12 %                                   |
| 1996               | 88,724                              | 94,942                      | 107.01                                     |
| 1997               | 95,047                              | 113,160                     | 119.06                                     |
| 1998               | 130,833                             | 143,092                     | 109.37                                     |
| 1999               | 184,647                             | 193,655                     | 104.88                                     |
| 2000               | 288,048                             | 285,998                     | 99.29                                      |
| 2001               | 404,040                             | 403,037                     | 99.75                                      |
| 2002               | 612,014                             | 609,799                     | 99.64                                      |
| 2003               | 705,700                             | 689,563                     | 97.71                                      |
| 2004               | 797,800                             | 788,955                     | 98.89                                      |

<sup>(1)</sup>Collection year follows levy year

<sup>(2)</sup>Boulder County Assessor's Office and Weld County Assessor's Office

**Town of Erie**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

| Year <sup>(1)</sup> | Grand Total - Town of Erie    |                        | Boulder County                |                                       | Weld County                   |                                       | Total Assessed Value to Total Esstimated Actual Value <sup>(6)</sup> |
|---------------------|-------------------------------|------------------------|-------------------------------|---------------------------------------|-------------------------------|---------------------------------------|--|
|                     | Assessed Value <sup>(2)</sup> | Estimated Actual Value | Assessed Value <sup>(3)</sup> | Estimated Actual Value <sup>(3)</sup> | Assessed Value <sup>(4)</sup> | Estimated Actual Value <sup>(4)</sup> |  |
| 1995                | \$ 6,517,790                  | \$ 1,301,150           | \$ 464,630                    | \$ 1,301,150                          | \$ 6,053,160                  | <sup>(5)</sup>                        | 35.71 %  |
| 1996                | 8,728,380                     | 3,773,400              | 1,095,470                     | 3,773,400                             | 7,632,910                     | <sup>(5)</sup>                        | 29.03  |
| 1997                | 11,268,120                    | 13,752,500             | 2,896,980                     | 13,752,500                            | 8,371,140                     | <sup>(5)</sup>                        | 21.07  |
| 1998                | 17,093,430                    | 120,686,718            | 7,009,470                     | 40,809,000                            | 10,083,960                    | 79,877,718                            | 14.16  |
| 1999                | 25,335,806                    | 176,205,697            | 13,138,160                    | 84,790,800                            | 12,197,646                    | 91,414,897                            | 14.38  |
| 2000                | 39,523,660                    | 325,912,898            | 24,687,440                    | 211,790,600                           | 14,836,220                    | 114,122,298                           | 12.13  |
| 2001                | 55,439,000                    | 463,049,534            | 37,915,410                    | 329,882,800                           | 17,523,590                    | 133,166,734                           | 11.97  |
| 2002                | 83,975,590                    | 749,252,060            | 59,956,760                    | 559,290,700                           | 24,018,830                    | 189,961,360                           | 11.21  |
| 2003                | 96,773,335                    | 841,342,296            | 67,984,955                    | 627,952,622                           | 28,788,380                    | 213,389,674                           | 11.50  |
| 2004                | 109,470,121                   | 1,065,816,920          | 70,966,345                    | 771,351,600                           | 38,503,776                    | 294,465,320                           | 10.27  |

<sup>(1)</sup>Taxes for the year assessed are collected in the following year

<sup>(2)</sup>Total of Boulder County and Weld County

<sup>(3)</sup>Boulder County Assessor's Office

<sup>(4)</sup>Weld County Assessor's Office

<sup>(5)</sup>Information not available

<sup>(6)</sup>This percentage only reflects Boulder County for 1995 to 1997. Other years reflect the both counties.

**Town of Erie**  
**Assessed and Estimated Actual Value of Taxable Property**  
**By Classification**  
**December 31, 2004**

|                  | Totals                |                         | Boulder County <sup>(1)</sup> |                       | Weld County <sup>(2)</sup> |                       |
|------------------|-----------------------|-------------------------|-------------------------------|-----------------------|----------------------------|-----------------------|
|                  | Assessed              | Actual                  | Assessed                      | Actual                | Assessed                   | Actual                |
| Vacant           | \$ 17,424,600         | \$ 60,078,711           | \$ 5,873,440                  | \$ 20,253,100         | \$ 11,551,160              | \$ 39,825,611         |
| Residential      | 76,787,920            | 964,626,157             | 58,441,760                    | 734,151,400           | 18,346,160                 | 230,474,757           |
| Commercial       | 11,295,130            | 38,948,431              | 5,665,970                     | 19,537,534            | 5,629,160                  | 19,410,897            |
| Industrial       | 1,783,060             | 6,148,512               | 475,980                       | 1,641,300             | 1,307,080                  | 4,507,212             |
| Agricultural     | 153,310               | 528,295                 | 43,980                        | 151,490               | 109,330                    | 376,805               |
| Natural Resource | 6,700                 | 23,060                  | 1,580                         | 5,400                 | 5,120                      | 17,660                |
| Oil and Gas      | 1,138,520             | 1,454,340               | 174,900                       | 215,900               | 963,620                    | 1,238,440             |
| State Assessment | 593,911               | 2,047,641               | 77,695                        | 267,600               | 516,216                    | 1,780,041             |
|                  | <u>\$ 109,183,151</u> | <u>\$ 1,073,855,147</u> | <u>\$ 70,755,305</u>          | <u>\$ 776,223,724</u> | <u>\$ 38,427,846</u>       | <u>\$ 297,631,423</u> |

<sup>(1)</sup> Boulder County Assessor's Office

<sup>(2)</sup> Weld County Assessor's Office

**Town of Erie**  
**Property Tax Levy from Direct and Overlapping Governments**  
**Last Ten Years**

| Weld County <sup>(2)</sup>      |              |               |                      |  |  |                          |                                       |   |   |                                     |                                    |                               |               |
|---------------------------------|--------------|---------------|----------------------|--|--|--------------------------|---------------------------------------|---|---|-------------------------------------|------------------------------------|-------------------------------|---------------|
| Year                            | Town of Erie | Weld County   | RE1J School District | Frederick Firestone Fire Protection District | Mountain View Fire Protection District | Erie Sanitation District | Left Hand Water Conservation District | Northern Colorado Water Conservation District | Boulder Valley Soil Conservation District | Tri-Area Ambulance Special District | Vista Ridge Metro Special District | Weld Library Special District | Total         |
| Rates (In mills) <sup>(1)</sup> |              |               |                      |  |  |                          |                                       |   |   |                                     |                                    |                               |               |
| 1995                            | 12.824       | 22.038        | 50.452               | 7.560  | 9.624                                  | 1.500                    | -                                     | 1.000   | -   | 6.543                               | -                                  | 1.500                         | 113.041       |
| 1996                            | 10.964       | 22.038        | 48.432               | 7.560  | 9.322                                  | -                        | -                                     | 1.000   | -   | 6.543                               | -                                  | 1.500                         | 107.359       |
| 1997                            | 10.165       | 22.038        | 48.393               | 7.560  | 8.781                                  | -                        | -                                     | 1.000   | -   | 6.534                               | -                                  | 1.500                         | 105.971       |
| 1998                            | 8.435        | 22.038        | 50.022               | 7.560  | 9.337                                  | -                        | -                                     | 1.000   | -   | 6.543                               | -                                  | 1.409                         | 106.344       |
| 1999                            | 7.654        | 22.038        | 49.635               | 7.560  | 8.695                                  | -                        | -                                     | 1.000   | -   | 6.301                               | -                                  | 1.449                         | 104.332       |
| 2000                            | 7.288        | 22.038        | 44.096               | 7.560  | 8.451                                  | -                        | -                                     | 1.000   | -   | 6.543                               | -                                  | 3.249                         | 100.225       |
| 2001                            | 7.288        | 22.038        | 42.173               | 9.560  | 8.367                                  | -                        | -                                     | 1.000   | -   | 6.543                               | -                                  | 3.249                         | 100.218       |
| 2002                            | 7.288        | 20.559        | 36.256               | 7.560  | 8.237                                  | -                        | -                                     | 1.000   | -   | 6.543                               | 47.257                             | 3.249                         | 137.949       |
| 2003                            | 7.288        | 20.056        | 41.025               | 9.560  | 8.197                                  | -                        | -                                     | 1.000   | -   | 6.543                               | 47.257                             | 3.249                         | 144.175       |
| 2004                            | 7.288        | 21.474        | 40.374               | 9.560  | 8.117                                  | -                        | -                                     | 1.000   | -   | 4.543                               | 52.827                             | 3.249                         | 148.432       |
| Levy                            |              |               |                      |  |  |                          |                                       |   |   |                                     |                                    |                               |               |
| 1995                            | \$ 77,626    | \$ 27,473,515 | \$ 4,841,218         | \$ 130,095                                   | \$ 846,245                             | \$ 6,216                 | \$ -                                  | \$ 931,888                                    | \$ -                                      | \$ 216,005                          | \$ -                               | \$ 1,658,861                  | \$ 36,181,669 |
| 1996                            | 83,687       | 29,675,966    | 5,366,818            | 192,414                                      | 865,819                                | -                        | -                                     | 1,012,017                                     | -   | 228,325                             | -                                  | 1,792,512                     | 39,217,558    |
| 1997                            | 85,093       | 29,306,985    | 5,391,771            | 186,562                                      | 816,817                                | -                        | -                                     | 1,022,962                                     | -   | 223,967                             | -                                  | 1,749,570                     | 38,783,727    |
| 1998                            | 85,058       | 32,608,877    | 6,732,777            | 236,327                                      | 1,038,128                              | -                        | -                                     | 1,140,902                                     | -   | 266,791                             | -                                  | 1,838,175                     | 43,947,035    |
| 1999                            | 93,361       | 34,162,938    | 7,501,006            | 268,978                                      | 1,054,286                              | -                        | -                                     | 1,206,293                                     | -   | 276,560                             | -                                  | 1,983,418                     | 46,546,840    |
| 2000                            | 108,483      | 36,053,130    | 7,580,502            | 346,697                                      | 1,106,841                              | -                        | -                                     | 1,307,156                                     | -   | 338,086                             | -                                  | 4,674,328                     | 51,515,223    |
| 2001                            | 127,415      | 38,846,297    | 8,718,454            | 447,916                                      | 1,272,636                              | -                        | -                                     | 1,423,599                                     | -   | 424,846                             | -                                  | 5,056,154                     | 56,317,317    |
| 2002                            | 175,049      | 45,683,851    | 10,535,268           | 650,279                                      | 1,734,822                              | -                        | -                                     | 1,782,779                                     | -   | 603,578                             | 20,576                             | 6,446,561                     | 67,632,763    |
| 2003                            | 210,316      | 48,691,835    | 13,701,751           | 972,351                                      | 1,973,426                              | -                        | -                                     | 1,978,011                                     | -   | 763,813                             | 191,471                            | 7,009,411                     | 75,492,385    |
| 2004                            | 280,616      | 53,414,937    | 14,614,834           | 1,066,571                                    | 2,085,244                              | -                        | -                                     | 2,052,881                                     | -   | 608,149                             | 414,361                            | 7,111,739                     | 81,649,332    |

| Boulder County <sup>(3)</sup>   |              |                |                                |                      |   |                                 |  |                                       |                               |                |
|---------------------------------|--------------|----------------|--------------------------------|----------------------|---|---------------------------------|--|---------------------------------------|-------------------------------|----------------|
| Year                            | Town of Erie | Boulder County | Boulder Valley School District | RE1J School District | Northern Colorado Water Conservation District | Urban Drainage & Flood District | Mountain View Fire Protection District | Left Hand Water Conservation District | Lafayette Rural Fire District | Total          |
| Rates (In mills) <sup>(1)</sup> |              |                |                                |                      |   |                                 |  |                                       |                               |                |
| 1995                            | 12.824       | 22.245         | 50.349                         | 50.452               | 1.000   | 0.696                           | 9.624                                  | -                                     | 3.200                         | 150.390        |
| 1996                            | 10.964       | 22.245         | 45.640                         | 48.432               | 1.000   | 0.696                           | 9.322                                  | -                                     | 2.470                         | 140.769        |
| 1997                            | 10.165       | 22.245         | 46.743                         | 48.393               | 1.000   | 0.696                           | 8.781                                  | -                                     | 2.300                         | 140.323        |
| 1998                            | 8.435        | 22.245         | 45.344                         | 50.022               | 1.000   | 0.696                           | 9.337                                  | -                                     | 1.776                         | 138.855        |
| 1999                            | 7.654        | 22.245         | 50.356                         | 49.635               | 1.000   | 0.696                           | 8.695                                  | -                                     | 1.776                         | 142.057        |
| 2000                            | 7.288        | 22.245         | 44.096                         | 44.096               | 1.000   | 0.696                           | 8.451                                  | -                                     | 1.776                         | 129.552        |
| 2001                            | 7.288        | 22.245         | 42.890                         | 42.173               | 1.000   | 0.696                           | 8.367                                  | -                                     | 1.776                         | 126.435        |
| 2002                            | 7.288        | 17.621         | 34.807                         | 36.256               | 1.000   | 0.521                           | 8.237                                  | -                                     | 1.090                         | 106.820        |
| 2003                            | 7.288        | 20.087         | 38.524                         | 41.025               | 1.000   | 0.531                           | 8.197                                  | -                                     | 2.500                         | 119.152        |
| 2004                            | 7.288        | 20.088         | 38.255                         | 40.374               | 1.000   | 0.533                           | 8.117                                  | -                                     | 2.500                         | 118.155        |
| Levy                            |              |                |                                |                      |   |                                 |  |                                       |                               |                |
| 1995                            | (4)          | (4)            | (4)                            | (4)                  | (4)   | (4)                             | (4)                                    | (4)                                   | (4)                           | (4)            |
| 1996                            | \$ 12,011    | \$ 56,518,061  | \$ 94,485,088                  | \$ 30,044,299        | \$ 2,182,678                                  | \$ 1,403,803                    | \$ 1,060,047                           | \$ -                                  | \$ 14,412                     | \$ 185,720,399 |
| 1997                            | 29,448       | 60,431,892     | 100,214,354                    | 31,922,357           | 2,258,329                                     | 1,454,765                       | 1,055,402                              | -                                     | 15,040                        | 197,381,587    |
| 1998                            | 59,125       | 64,274,536     | 103,464,954                    | 36,434,752           | 2,650,732                                     | 1,481,940                       | 1,244,959                              | -                                     | 15,000                        | 209,625,998    |
| 1999                            | 100,500      | 68,872,207     | 119,611,856                    | 38,414,961           | 2,759,366                                     | 1,566,930                       | 1,257,073                              | -                                     | 7,020                         | 232,589,913    |
| 2000                            | 179,922      | 72,751,467     | 122,176,389                    | 39,725,582           | 3,197,424                                     | 1,577,962                       | 1,492,244                              | -                                     | 6,888                         | 241,107,878    |
| 2001                            | 276,328      | 78,053,932     | 126,008,817                    | 41,257,611           | 3,386,034                                     | 1,706,603                       | 1,633,482                              | -                                     | 6,946                         | 252,329,753    |
| 2002                            | 436,965      | 78,183,325     | 111,929,873                    | 43,439,341           | 3,732,647                                     | 1,642,246                       | 2,131,288                              | -                                     | 7,507                         | 241,503,192    |
| 2003                            | 495,474      | 90,859,290     | 125,399,588                    | 51,086,213           | 3,811,130                                     | 1,695,961                       | 2,229,895                              | -                                     | 23,130                        | 275,600,681    |
| 2004                            | 517,203      | 94,356,356     | 127,737,793                    | 53,815,770           | 4,086,177                                     | 1,746,793                       | 2,268,931                              | -                                     | 23,846                        | 284,552,869    |

<sup>(1)</sup> One mill generates \$1 of property tax revenue per \$1,000 of assessed valuation

<sup>(2)</sup> Weld County Assessor's Office

<sup>(3)</sup> Boulder County Assessor's Office

<sup>(4)</sup> Information not available

**Town of Erie**  
**Principal Taxpayers**  
**December 31, 2004**

| Taxpayer                             | Boulder County <sup>(1)</sup> |                      |                           |
|--------------------------------------|-------------------------------|----------------------|---------------------------|
|                                      | Estimated Actual Value        | Assessed Value       | % of Total Assessed Value |
| Principal Taxpayers                  |                               |                      |                           |
| Becky Family Investment Company LLLP | \$ 6,741,600                  | \$ 1,955,070         | 2.75 %                    |
| Creekside SF LLC                     | 2,028,000                     | 588,900              | 0.83                      |
| Alande Company                       | 1,418,000                     | 411,280              | 0.58                      |
| Westpac Realty Fund II LLC           | 1,332,500                     | 386,420              | 0.54                      |
| Westpac Realty Fund II LLC           | 1,238,700                     | 359,220              | 0.51                      |
| Safeway Inc/Store #1667              | 1,226,200                     | 355,600              | 0.50                      |
| Richard E & Deborah L. Oliver        | 1,147,000                     | 317,270              | 0.45                      |
| Hudson Construction                  | 1,050,000                     | 304,500              | 0.43                      |
| 77 Erie Village Square LLLP          | 897,100                       | 260,160              | 0.37                      |
| US Bank National Association         | 830,700                       | 240,900              | 0.34                      |
| All Others                           | 758,313,924                   | 65,787,025           | 92.70                     |
|                                      | <u>\$ 776,223,724</u>         | <u>\$ 70,966,345</u> | <u>100.00 %</u>           |

| Taxpayer                  | Weld County <sup>(2)</sup> |                      |                           |
|---------------------------|----------------------------|----------------------|---------------------------|
|                           | Estimated Actual Value     | Assessed Value       | % of Total Assessed Value |
| Principal Taxpayers       |                            |                      |                           |
| Comcast of Colorado LLC   | \$ 2,622,530               | \$ 760,530           | 1.98 %                    |
| Bolder Enterprises LTD    | 1,722,167                  | 499,430              | 1.30                      |
| Key Corporate Capital Inc | 1,190,892                  | 345,360              | 0.90                      |
| Joyce William H (Trustee) | 1,136,754                  | 329,660              | 0.86                      |
| Joyce Daniel R (Trustee)  | 1,136,754                  | 329,660              | 0.86                      |
| Davis Randall E (Trustee) | 1,136,754                  | 329,660              | 0.86                      |
| Joyce William H Trust     | 1,136,754                  | 329,660              | 0.86                      |
| Sheridan Schofield        | 1,050,000                  | 304,500              | 0.79                      |
| Peggy J Schofield         | 1,050,000                  | 304,500              | 0.79                      |
| Dill Homes Inc            | 850,000                    | 246,490              | 0.64                      |
| All Others                | 292,863,525                | 34,724,326           | 90.18                     |
|                           | <u>\$ 305,896,130</u>      | <u>\$ 38,503,776</u> | <u>100.00 %</u>           |

<sup>1</sup>Boulder County Assessor's Office

<sup>2</sup>Weld County Assessor's Office

**Town of Erie**  
**Computation of Legal Debt Margin**  
**December 31, 2004**

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|   |                         |
|---|-------------------------|
| Actual Valuation                                    |                         |
| Boulder County                                      | \$ 771,351,600          |
| Weld County   | <u>294,465,320</u>      |
| Total Actual Valuation                              | <u>\$ 1,065,816,920</u> |
| Legal debt margin                                   |                         |
| Debt limitation - 3 percent of total assessed value | \$ 31,974,508           |
| Debt applicable to limitation:                      |                         |
| Outstanding balance of general obligation bonds     | <u>3,745,000</u>        |
| Legal debt margin                                   | <u>\$ 28,229,508</u>    |

**Town of Erie**  
**Ratio of Net General Bonded Debt to Assessed Value and**  
**Net General Bonded Debt Per Capita**  
**Last Ten Years**

| Year | Population <sup>(1)</sup> | Assessed<br>Valuation | Net<br>General<br>Bonded<br>Debt <sup>(2)</sup> | Net<br>General<br>Bonded<br>Debt to<br>Assessed<br>Valuation | Net<br>General<br>Bonded<br>Debt<br>Per<br>Capita |
|------|---------------------------|-----------------------|---|--|---|
| 1995 | 1,700                     | \$ 6,517,790          | \$ -  | - %  | \$ -  |
| 1996 | 1,900                     | 8,728,380             | -   | -  | -   |
| 1997 | 2,268                     | 11,268,120            | -   | -  | -   |
| 1998 | 4,150                     | 17,093,430            | -   | -  | -   |
| 1999 | 5,910                     | 25,335,806            | 4,500,000                                       | 17.76  | 761   |
| 2000 | 6,291                     | 39,523,660            | 4,460,000                                       | 11.28  | 709   |
| 2001 | 7,817                     | 55,439,000            | 4,290,000                                       | 7.74   | 549   |
| 2002 | 8,546                     | 83,975,590            | 4,115,000                                       | 4.90   | 482   |
| 2003 | 9,875                     | 96,773,335            | 3,935,000                                       | 4.07   | 398   |
| 2004 | 12,499                    | 109,470,121           | 3,745,000                                       | 3.42   | 300   |

<sup>(1)</sup>U.S. Census Bureau/Town of Erie Community Development Department

<sup>(2)</sup>Net general obligation bond debt equal to gross general obligation bond debt less obligations associated with proprietary funds. In this table the gross general obligation debt is equal to net general obligation bond debt.

**Town of Erie**  
**Ratio of Annual Debt Service Expenditures**  
**For General Bonded Debt**  
**to Total General Governmental Expenditures**  
**Last Ten Fiscal Years**

| <u>Year</u> | <u>Principal<sup>(1)</sup></u> | <u>Interest<sup>(2)</sup></u> | <u>Total<br/>Debt<br/>Service</u> | <u>Total<br/>General<br/>Governmental<br/>Expenditures<sup>(3)</sup></u> | <u>Debt Service<br/>to General<br/>Governmental<br/>Expenditures</u> |
|-------------|--------------------------------|-------------------------------|-----------------------------------|--|--|
| 1995        | \$ -                           | \$ -                          | \$ -                              | \$ 963,680   | - %  |
| 1996        | -                              | -                             | -                                 | 1,517,009  | -  |
| 1997        | -                              | -                             | -                                 | 2,942,537  | -  |
| 1998        | -                              | -                             | -                                 | 6,122,318  | -  |
| 1999        | -                              | 288,558                       | 288,558                           | 9,335,201  | 0.03   |
| 2000        | 40,000                         | 338,558                       | 378,558                           | 9,832,110  | 3.85   |
| 2001        | 170,000                        | 207,118                       | 377,118                           | 9,517,177  | 3.96   |
| 2002        | 175,000                        | 200,658                       | 375,658                           | 6,370,747  | 5.90   |
| 2003        | 180,000                        | 193,833                       | 373,833                           | 5,642,600  | 6.63   |
| 2004        | 190,000                        | 186,633                       | 376,633                           | 7,549,315  | 4.99   |

<sup>(1)</sup>Principal payments on bond started December of 2000

<sup>(2)</sup>Interest payments on bond started June 1999

<sup>(3)</sup>Includes all general and special revenue funds

**Town of Erie**  
**Direct and Overlapping General Bonded Debt**  
**December 31, 2004**

|  | <b>Outstanding<br/>General<br/>Bonded<br/>Debt<sup>(1)</sup></b> | <b>Percentage<br/>Applicable<br/>to the Town</b> | <b>Share of Debt<br/>Applicable<br/>to the Town</b> |
|--|--|--|---|
| Direct Debt                                      |  |  |   |
| Town of Erie                                     | \$ 3,745,000   | 100 %  | \$ 3,745,000  |
| Overlapping Debt                                 |  |  |   |
| Boulder Valley School District                   | 140,310,000  | 1  | 1,403,100   |
| Frederick-Firestone Fire Protection District     | 258,356  | 1  | 2,584   |
| Mountain View Fire Protection District           | 755,000  | 20   | 151,000   |
| Northern Colorado Water Conservation District    | 4,672,740  | 1  | 46,727  |
| St Vrain Valley School District                  | 271,085,000  | 20   | 54,217,000  |
| Vista Ridge Metropolitan District                | <u>26,615,000</u>  | 100  | <u>26,615,000</u>                                   |
| Total Direct and Overlapping General Bonded Debt | <u>\$ 447,441,096</u>  |  | <u>\$ 86,180,411</u>                                |

<sup>(1)</sup> Provided by each government entity

<sup>(2)</sup> The following governments had no outstanding general bonded debt as of December 31, 2004

Boulder County, Weld County, Left Hand Water District, Boulder Valley Conservation Soil District,  
Tri-Area Ambulance Special District, Weld Library Special District, Urban Drainage & Flood District,  
and Lafayette Rural Fire District

**Town of Erie**  
**Revenue Bond Coverage**  
**Water Revenue Bonds<sup>(1)</sup>**  
**Last Ten Fiscal Years**

| Year                | Gross Revenues <sup>(2)</sup> | Operating Expenses <sup>(3)</sup> | Net Revenue Available for Debt Service | Debt Service Requirements |           |           | Coverage |
|---------------------|-------------------------------|-----------------------------------|--|---------------------------|-----------|-----------|----------|
|                     |                               |                                   |  | Principal                 | Interest  | Total     |          |
| 1995                | 682,536                       | 288,496                           | 394,040                                | 21,000                    | 26,096    | 47,096    | 8.37     |
| 1996 <sup>(4)</sup> | 2,529,028                     | 398,327                           | 2,130,701                              | 18,000                    | 43,946    | 61,946    | 34.40    |
| 1997                | 2,567,891                     | 439,620                           | 2,128,271                              | 37,562                    | 250,979   | 288,541   | 7.38     |
| 1998                | 5,343,648                     | 512,021                           | 4,831,627                              | 295,073                   | 52,158    | 347,231   | 13.91    |
| 1999                | 6,280,116                     | 833,157                           | 5,446,959                              | 32,595                    | 41,940    | 74,535    | 73.08    |
| 2000                | 7,996,536                     | 1,217,131                         | 6,779,405                              | 233,127                   | 835,078   | 1,068,205 | 6.35     |
| 2001                | 5,957,292                     | 1,453,984                         | 4,503,308                              | 1,695,643                 | 795,770   | 2,491,413 | 1.81     |
| 2002                | 7,731,349                     | 1,635,801                         | 6,095,548                              | 427,000                   | 784,818   | 1,211,818 | 5.03     |
| 2003                | 12,300,859                    | 1,604,694                         | 10,696,165                             | 447,000                   | 767,143   | 1,214,143 | 8.81     |
| 2004                | 17,282,608                    | 1,971,336                         | 15,311,272                             | 1,113,000                 | 1,148,790 | 2,261,790 | 6.77     |

<sup>(1)</sup>All Water Revenue Bonds consolidated into this schedule as same resources are used

<sup>(2)</sup>Gross revenues consist of water sales and capital contributions which are tap fees

<sup>(3)</sup>Operating Expenses excludes depreciation

<sup>(4)</sup>In 1996, the Erie sewer district was dissolved and became part of the reporting entity. During 1996, the water and wastewater are reported together.

**Town of Erie**  
**Revenue Bond Coverage**  
**Wastewater Revenue Bonds<sup>(1)</sup>**  
**Last Ten Fiscal Years**

| Year                | Gross Revenues <sup>(2)</sup> | Operating Expenses <sup>(3)</sup> | Net Revenue Available for Debt Service | Debt Service Requirements |          |         | Coverage |
|---------------------|-------------------------------|-----------------------------------|--|---------------------------|----------|---------|----------|
|                     |                               |                                   |  | Principal                 | Interest | Total   |          |
| 1995 <sup>(4)</sup> | -                             | -                                 | -                                      | -                         | -        | -       | -        |
| 1996 <sup>(5)</sup> | -                             | -                                 | -                                      | -                         | -        | -       | -        |
| 1997                | 1,102,452                     | 216,704                           | 885,748                                | -                         | 78,957   | 78,957  | 11.22    |
| 1998                | 2,761,635                     | 305,696                           | 2,455,939                              | 74,877                    | -        | 74,877  | 32.80    |
| 1999                | 3,508,935                     | 517,677                           | 2,991,258                              | 96,381                    | 99,218   | 195,599 | 15.29    |
| 2000                | 3,271,277                     | 632,177                           | 2,639,100                              | 183,950                   | 102,151  | 286,101 | 9.22     |
| 2001                | 1,531,284                     | 750,365                           | 780,919                                | 153,299                   | 180,370  | 333,669 | 2.34     |
| 2002                | 1,861,514                     | 766,549                           | 1,094,965                              | 154,141                   | 174,582  | 328,723 | 3.33     |
| 2003                | 2,845,253                     | 732,385                           | 2,112,868                              | 160,022                   | 168,573  | 328,595 | 6.43     |
| 2004                | 4,097,672                     | 995,223                           | 3,102,449                              | 171,285                   | 163,779  | 335,064 | 9.26     |

<sup>(1)</sup>All Wastewater Revenue Bonds consolidated into this schedule as same resources are used

<sup>(2)</sup>Gross revenues consist of water sales and capital contributions which are tap fees

<sup>(3)</sup>Operating Expenses excludes depreciation

<sup>(4)</sup>The Erie sewer district was a separate district from the Town

**Town of Erie  
Demographic Statistics  
Last Ten Fiscal Years**

| Year | Boulder County <sup>(8)</sup> |                                  |                           |                                  |                                  | Weld County <sup>(8)</sup>       |                           |                                  |                                  |
|------|-------------------------------|----------------------------------|---------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------------|----------------------------------|----------------------------------|
|      | Population <sup>(1)</sup>     | Per Capita Income <sup>(2)</sup> | Median Age <sup>(4)</sup> | School Enrollment <sup>(5)</sup> | Unemployment Rate <sup>(6)</sup> | Per Capita Income <sup>(2)</sup> | Median Age <sup>(4)</sup> | School Enrollment <sup>(7)</sup> | Unemployment Rate <sup>(6)</sup> |
| 1995 | 1,700                         | 27,997                           | 32.6                      | 25,103                           | 4.1 %                            | 18,786                           | 30.7                      | 16,881                           | 4.7 %                            |
| 1996 | 1,900                         | 29,650                           | 32.8                      | 25,445                           | 3.8                              | 20,057                           | 30.8                      | 16,995                           | 4.7                              |
| 1997 | 2,268                         | 31,529                           | 33.0                      | 25,964                           | 2.8                              | 20,859                           | 30.8                      | 17,873                           | 3.9                              |
| 1998 | 4,150                         | 33,672                           | 33.2                      | 26,723                           | 3.3                              | 22,530                           | 30.9                      | 18,397                           | 4.5                              |
| 1999 | 5,910                         | 36,041                           | 33.5                      | 26,752                           | 2.6                              | 23,904                           | 30.9                      | 18,750                           | 3.6                              |
| 2000 | 6,291                         | 40,364                           | 33.6                      | 27,222                           | 2.4                              | 25,040                           | 31.0                      | 19,539                           | 3.4                              |
| 2001 | 7,817                         | 40,405                           | 33.8                      | 27,591                           | 3.5                              | 25,248                           | 31.0                      | 20,672                           | 4.0                              |
| 2002 | 8,546                         | 40,474                           | 34.1                      | 27,445                           | 5.7                              | 24,495                           | 31.1                      | 21,333                           | 6.0                              |
| 2003 | 9,875                         | <sup>(3)</sup>                   | 34.4                      | 27,547                           | 5.8                              | <sup>(3)</sup>                   | 31.3                      | 21,596                           | 6.7                              |
| 2004 | 12,499                        | <sup>(3)</sup>                   | 34.8                      | 27,594                           | 5.0                              | <sup>(3)</sup>                   | 31.4                      | 22,180                           | 5.4                              |

<sup>(1)</sup>U.S. Census Bureau/Town of Erie Community Development Department

<sup>(2)</sup>Bureau of Economic Analysis

<sup>(3)</sup>Information not available

<sup>(4)</sup>Department of Local Affairs

<sup>(5)</sup>Boulder Valley School District

<sup>(6)</sup>Colorado State of Labor

<sup>(7)</sup>St. Vrain Valley School District

<sup>(8)</sup>This information is for the whole county

**Town of Erie**  
**Property Value, Construction and Bank Deposits**  
**Last Ten Fiscal Years**

| Year | Estimated Actual Property Value <sup>(1)(2)</sup> |             |             | Commercial Construction <sup>(3)</sup> |            | Residential Construction <sup>(3)</sup> |             | Bank Deposits<br>(in \$000) <sup>(4)</sup> |
|------|---|-------------|-------------|--|------------|---|-------------|--|
|      | Commercial  | Residential | Total       | Number<br>of Units                     | Value      | Number<br>of Units                      | Value       |  |
|      | 1995  | \$ 150,540  | \$ 523,820  | \$ 674,360                             | 1          | \$ 97,600                               | 70          |  |
| 1996 | 201,420   | 2,135,240   | 2,336,660   | 13                                     | 1,425,302  | 189                                     | 20,431,630  | 7,126                                      |
| 1997 | 509,300   | 5,763,140   | 6,272,440   | 13                                     | 2,061,419  | 318                                     | 36,817,690  | 7,726                                      |
| 1998 | 591,640   | 11,564,390  | 12,156,030  | 5                                      | 4,912,938  | 666                                     | 82,581,900  | 14,532                                     |
| 1999 | 885,100   | 22,950,640  | 23,835,740  | 27                                     | 14,897,865 | 634                                     | 77,193,117  | 19,011                                     |
| 2000 | 11,331,533  | 133,262,276 | 144,593,809 | 13                                     | 1,872,949  | 469                                     | 60,930,746  | 23,356                                     |
| 2001 | 17,640,434  | 168,929,616 | 186,570,050 | 9                                      | 872,658    | 220                                     | 36,249,078  | 26,040                                     |
| 2002 | 21,882,698  | 228,241,931 | 250,124,629 | 15                                     | 3,829,314  | 265                                     | 42,365,276  | 30,904                                     |
| 2003 | 29,807,582  | 241,064,753 | 270,872,335 | 3                                      | 4,758,676  | 478                                     | 87,767,115  | 38,303                                     |
| 2004 | 29,687,910  | 295,730,377 | 325,418,287 | 10                                     | 3,476,978  | 717                                     | 185,210,129 | 45,224                                     |

<sup>(1)</sup>Weld County Assessor's Office and Boulder County Assessor's Office

<sup>(2)</sup>Information not available for 1995-1999 for Weld County. Number represents Boulder County only

<sup>(3)</sup>Town of Erie Building Department

<sup>(4)</sup>Federal Deposit Insurance Corporation

**Town of Erie**  
**Miscellaneous Statistics**  
**December 31, 2004**

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|   |                        |
|---|------------------------|
| Date of Incorporation                                     | 1874                   |
| Form of Government  | Trustees-Administrator |
| Number of Employees                                       |                        |
| Non-Exempt (Hourly)                                       | 74                     |
| Exempt (Salary)   | 18                     |
| Planning area in square miles                             | 45                     |
| Town of Erie facilities and services                      |                        |
| Miles of streets  | 91                     |
| Parks:  |                        |
| Number of parks   | 8                      |
| Number of tot lots  | 24                     |
| Total acres of parks maintained                           | 75                     |
| Total acres of open space maintained                      | 116                    |
| Recreation:   |                        |
| Number of classes   | 220                    |
| Number of activities                                      | 630                    |
| Number of sports  | 1,100                  |
| Number of senior lunches                                  | 2,400                  |
| Number of senior activities                               | 1,200                  |
| Police Protection:  |                        |
| Number of stations  | 1                      |
| Number of police personnel and officers                   | 22                     |
| Number of patrol units                                    | 12                     |
| Number of law violations:                                 |                        |
| Traffic violations  | 865                    |
| Criminal violations                                       | 630                    |
| Wastewater System:  |                        |
| Linear feet of sewer lines maintained                     | 222,000                |
| Linear feet of trickle channel maintained                 | 350                    |
| Number of treatment plants                                | 1                      |
| Number of service connections                             | 4,343                  |
| Million gallons treated                                   | 238                    |
| Million gallons capacity of treatment plant               | 438                    |
| Water System:   |                        |
| Miles of water mains                                      | 88                     |
| Number of service connections                             | 4,574                  |
| Number of fire hydrants                                   | 300                    |
| Average daily flow (million gallons per day)              | 2                      |
| Maximum daily capacity of plant (million gallons per day) | 6                      |

Services not included in the reporting entity:

- Fire Protection - Mountain View Fire Protection District
- Electricity Services - Xcel Energy or United Power
- Gas Services - Xcel Energy or Kinder Morgan
- Ambulance Services - Mountain View Fire Protection District or Tri-Area Ambulance District
- School Districts - Boulder Valley School District or St Vrain Valley School District

## **Compliance Section**

The public report burden for this information collection is estimated to average 380 hours annually.

|                                     |                                |
|-------------------------------------|--------------------------------|
| <b>LOCAL HIGHWAY FINANCE REPORT</b> | City or County:                |
|                                     | YEAR ENDING :<br>December 2004 |

|  |                        |
|--|------------------------|
| This Information From The Records Of (example - City of _ or County of | Prepared By:<br>Phone: |
|--|------------------------|

**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

| ITEM   | A. Local Motor-Fuel Taxes | B. Local Motor-Vehicle Taxes | C. Receipts from State Highway-User Taxes | D. Receipts from Federal Highway Administration |
|--|---------------------------|------------------------------|---|---|
| 1. Total receipts available                  |                           |                              |   |   |
| 2. Minus amount used for collection expenses |                           |                              |   |   |
| 3. Minus amount used for nonhighway purposes |                           |                              |   |   |
| 4. Minus amount used for mass transit        |                           |                              |   |   |
| 5. Remainder used for highway purposes       |                           |                              |   |   |

| II. RECEIPTS FOR ROAD AND STREET PURPOSES | III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES |
|---|---|
|---|---|

| ITEM  | AMOUNT    | ITEM  | AMOUNT    |
|---|-----------|---|-----------|
| <b>A. Receipts from local sources:</b>                      |           | <b>A. Local highway disbursements:</b>            |           |
| 1. Local highway-user taxes                                 |           | 1. Capital outlay (from page 2)                   | 906,199   |
| a. Motor Fuel (from Item I.A.5.)                            |           | 2. Maintenance:                                   | 274,013   |
| b. Motor Vehicle (from Item I.B.5.)                         |           | 3. Road and street services:                      |           |
| c. Total (a.+b.)  |           | a. Traffic control operations                     |           |
| 2. General fund appropriations                              | 232,521   | b. Snow and ice removal                           |           |
| 3. Other local imposts (from page 2)                        | 2,232,609 | c. Other  | 137,935   |
| 4. Miscellaneous local receipts (from page 2)               | 228,624   | d. Total (a. through c.)                          | 137,935   |
| 5. Transfers from toll facilities                           |           | 4. General administration & miscellaneous         | 289,406   |
| 6. Proceeds of sale of bonds and notes:                     |           | 5. Highway law enforcement and safety             |           |
| a. Bonds - Original Issues                                  |           | 6. Total (1 through 5)                            | 1,607,553 |
| b. Bonds - Refunding Issues                                 |           | <b>B. Debt service on local obligations:</b>      |           |
| c. Notes  |           | 1. Bonds:   |           |
| d. Total (a. + b. + c.)                                     | 0         | a. Interest                                       | 186,633   |
| 7. Total (1 through 6)                                      | 2,693,754 | b. Redemption                                     | 190,000   |
| <b>B. Private Contributions</b>                             |           | c. Total (a. + b.)                                | 376,633   |
| <b>C. Receipts from State government</b><br>(from page 2)   | 350,684   | 2. Notes:   |           |
| <b>D. Receipts from Federal Government</b><br>(from page 2) | 0         | a. Interest                                       |           |
| <b>E. Total receipts (A.7 + B + C + D)</b>                  | 3,044,439 | b. Redemption                                     |           |
|   |           | c. Total (a. + b.)                                | 0         |
|   |           | 3. Total (1.c + 2.c)                              | 376,633   |
|   |           | <b>C. Payments to State for highways</b>          |           |
|   |           | <b>D. Payments to toll facilities</b>             |           |
|   |           | <b>E. Total disbursements (A.6 + B.3 + C + D)</b> | 1,984,185 |

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

|                              | Opening Debt | Amount Issued | Redemptions | Closing Debt |
|------------------------------|--------------|---------------|-------------|--------------|
| <b>A. Bonds (Total)</b>      | 3,935,000    |               | 190,000     | 3,745,000    |
| 1. Bonds (Refunding Portion) |              |               |             |              |
| <b>B. Notes (Total)</b>      |              |               |             | 0            |

**V. LOCAL ROAD AND STREET FUND BALANCE**

|  | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
|  | 249,461              | 3,044,439         | 1,984,185              | 1,309,714         | 0                 |

**Notes and Comments:**

|                                     |                                       |
|-------------------------------------|---------------------------------------|
| <b>LOCAL HIGHWAY FINANCE REPORT</b> | STATE:<br>Colorado                    |
|                                     | YEAR ENDING (mm/yy):<br>December 2004 |

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

| ITEM                             | AMOUNT                    | ITEM                                      | AMOUNT                    |
|----------------------------------|---------------------------|---|---------------------------|
| <b>A.3. Other local imposts:</b> |                           | <b>A.4. Miscellaneous local receipts:</b> |                           |
| a. Property Taxes and Assesments |                           | a. Interest on investments                | 27,536                    |
| b. Other local imposts:          |                           | b. Traffic Fines & Penalties              |                           |
| 1. Sales Taxes                   |                           | c. Parking Garage Fees                    |                           |
| 2. Infrastructure & Impact Fees  | 2,114,611                 | d. Parking Meter Fees                     |                           |
| 3. Liens                         |                           | e. Sale of Surplus Property               |                           |
| 4. Licenses                      |                           | f. Charges for Services                   |                           |
| 5. Other                         | 117,998                   | g. Other Misc. Receipts                   |                           |
| 6. Total (1. through 5.)         | 2,232,609                 | h. Other                                  | 201,088                   |
| c. Total (a. + b.)               | 2,232,609                 | i. Total (a. through h.)                  | 228,624                   |
|                                  | (Carry forward to page 1) |   | (Carry forward to page 1) |

| ITEM                                     | AMOUNT  | ITEM                                       | AMOUNT                    |
|--|---------|--|---------------------------|
| <b>C. Receipts from State Government</b> |         | <b>D. Receipts from Federal Government</b> |                           |
| 1. Highway-user taxes                    | 311,861 | 1. FHWA (from Item I.D.5.)                 |                           |
| 2. State general funds                   |         | 2. Other Federal agencies:                 |                           |
| 3. Other State funds:                    |         | a. Forest Service                          |                           |
| a. State bond proceeds                   |         | b. FEMA                                    |                           |
| b. Project Match                         |         | c. HUD                                     |                           |
| c. Motor Vehicle                         | 38,823  | d. Federal Transit Admin                   |                           |
| d. Other (Specify)                       |         | e. U.S. Corps of Engineers                 |                           |
| e. Other (Specify)                       |         | f. Other Federal                           |                           |
| f. Total (a. through e.)                 | 38,823  | g. Total (a. through f.)                   | 0                         |
| 4. Total (1. + 2. + 3.f)                 | 350,684 | 3. Total (1. + 2.g)                        |                           |
|  |         |  | (Carry forward to page 1) |

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

|   | ON NATIONAL<br>HIGHWAY<br>SYSTEM<br>(a) | OFF NATIONAL<br>HIGHWAY<br>SYSTEM<br>(b) | TOTAL<br>(c)              |
|---|---|--|---------------------------|
| <b>A.1. Capital outlay:</b>                         |   |  |                           |
| a. Right-Of-Way Costs                               |   |  | 0                         |
| b. Engineering Costs                                |   | 2,397                                    | 2,397                     |
| c. Construction:                                    |   |  |                           |
| (1). New Facilities                                 |   | 903,802                                  | 903,802                   |
| (2). Capacity Improvements                          |   |  | 0                         |
| (3). System Preservation                            |   |  | 0                         |
| (4). System Enhancement & Operation                 |   |  | 0                         |
| (5). Total Construction (1) + (2) + (3) + (4)       | 0                                       | 903,802                                  | 903,802                   |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0                                       | 906,199                                  | 906,199                   |
|   |   |  | (Carry forward to page 1) |

Notes and Comments:

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