

TOWN OF ERIE, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011



About the cover: One of more than 40 balloons taking part in the Erie Chamber of Commerce's 2011 Annual Erie Town Fair and Balloon Festival. Held each May, more than 200 craft and food vendors fill historic downtown Erie. The balloon festival is the second largest in the state. *(Photo by Erie resident Scott Mahon)*

Town of Erie, Colorado

Comprehensive Annual Financial Report
For the fiscal year ended
December 31, 2011

Prepared by the Finance Department:

Steve Felten, CPA – Finance Director
Christine M. Morrison – Deputy Finance Director

This page has been intentionally left blank.

Town of Erie, Colorado
 Comprehensive Annual Financial Report
 For the fiscal year ended December 31, 2011

Table of Contents

| | |
|---|--------|
| Introductory Section | 1 |
| Letter of Transmittal..... | 3 |
| GFOA Certificate of Achievement | 8 |
| Organizational Chart..... | 9 |
| List of Town Officials | 10 |
| Financial Section | 11 |
| Independent Auditor’s Report | 13 |
| Management’s Discussion and Analysis..... | 15 |
| Basic Financial Statements..... | 29 |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 31 |
| Statement of Activities..... | 32 |
| Fund Financial Statements: | |
| Governmental Fund Financial Statements: | |
| Balance Sheet..... | 34 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets | 35 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances..... | 36 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 37 |
| General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual..... | 38 |
| Proprietary Fund Financial Statements: | |
| Statement of Net Assets | 39 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets..... | 40 |
| Statement of Cash Flows | 41 |
| Notes to the Financial Statements | 43 |
| Note I. Summary of Significant Accounting Policies..... | 45 |
| A. Reporting Entity | 45 |
| B. Government-wide and Fund Financial Statements | 46 |
| C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation | 46 |
| D. Assets, Liabilities, and Fund Equity | 48 |
| Note II. Change in Accounting Principle and Restatement..... | 52 |
| A. Change in Accounting Principle..... | 52 |
| B. Restatement | 52 |

| | |
|---|----|
| Note III. Stewardship, Compliance, and Accountability..... | 53 |
| A. Budgetary Information | 53 |
| B. Expenditures in Excess of Budget | 54 |
| C. Deficit Fund Equity..... | 54 |
| D. Encumbrances | 54 |
| Note IV. Detailed Notes on All Funds | 54 |
| A. Deposits and Investments..... | 54 |
| B. Accounts Receivable..... | 56 |
| C. Capital Assets | 57 |
| D. Interfund Receivables, Payables, and Transfers | 59 |
| E. Long-term Debt..... | 59 |
| F. Pension Plans..... | 65 |
| Note V. Other Information | 66 |
| A. Risk Management | 66 |
| B. Litigation | 67 |
| C. Commitments..... | 67 |
| D. Contingent Liabilities..... | 67 |
| E. Tax, Spending, and Debt Limitations..... | 67 |
| F. Emergency Reserve..... | 68 |
| Combining and Individual Statements and Schedules: | |
| Nonmajor Governmental Funds | 71 |
| Combining Balance Sheet - Nonmajor Governmental Funds..... | 72 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds..... | 73 |
| Combining Balance Sheet - Nonmajor Special Revenue Funds..... | 74 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds..... | 76 |
| Special Revenue Funds Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | |
| Conservation Trust Fund | 78 |
| Cemetery Fund..... | 79 |
| Forfeiture and Seizure Fund | 80 |
| Trails and Natural Areas Fund | 81 |
| Erie Urban Renewal Authority..... | 82 |
| Combining Balance Sheet Nonmajor - Capital Projects Funds..... | 84 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds..... | 86 |
| Capital Projects Funds Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual | |
| Public Facilities Impact Fund | 88 |
| Transportation Impact Fund | 89 |
| Parks Improvement Impact Fund..... | 90 |
| Tree Impact Fund..... | 91 |
| Storm Drainage Impact Fund..... | 92 |
| Proprietary Funds..... | 93 |
| Combining Statement of Net Assets..... | 94 |
| Combining Statement of Revenues, Expenses, and Changes in Net Assets..... | 95 |
| Combining Statement of Cash Flows..... | 96 |

| | |
|---|------------|
| Schedules of Revenues, Expenses, and Changes in Fund Net Assets | |
| Budget and Actual (Non-GAAP Budgetary Basis) | |
| Water Fund | 97 |
| Wastewater Fund..... | 98 |
| Storm Drainage Operating Fund..... | 99 |
| Airport Fund..... | 100 |
| Statistical Section | 101 |
| Financial Trends | 105 |
| Net Assets by Component | 105 |
| Changes in Net Assets | 106 |
| Fund Balances of Governmental Funds | 107 |
| Changes in Fund Balances of Governmental Funds..... | 108 |
| Revenue Capacity | 109 |
| General Governmental Tax Revenues by Source..... | 109 |
| Assessed and Estimated Actual Value of Taxable Property..... | 110 |
| Principal Taxpayers | 111 |
| Property Tax Levy from Direct and Overlapping Governments..... | 112 |
| Property Tax Levies and Collections | 114 |
| Sales and Use Tax Revenue by Type | 115 |
| Sales Tax Rates from Direct and Overlapping Governments | 116 |
| Principal Sales and Use Taxpayers | 117 |
| Debt Capacity | 118 |
| Ratios of Outstanding Debt by Type | 118 |
| Ratio of General Bonded Debt Outstanding | 120 |
| Direct and Overlapping General Bonded Debt..... | 121 |
| Legal Debt Margin Information..... | 122 |
| Pledged-Revenue Coverage – Water Revenue Bonds..... | 123 |
| Pledged-Revenue Coverage – Wastewater Revenue Bonds | 124 |
| Demographic and Economic Information..... | 125 |
| Demographic and Economic Statistics | 125 |
| Principal Employers | 126 |
| Operating Information | 127 |
| Full-Time Equivalent Town Government Employees by Function..... | 127 |
| Operating Indicators by Function..... | 128 |
| Capital Asset Statistics by Function | 129 |
| Property Values and Construction..... | 130 |
| Compliance Section..... | 131 |
| Local Highway Finance Report..... | 133 |

This page has been intentionally left blank.

Introductory Section

This page has been intentionally left blank.



June 20, 2012

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 audited financial statements. Pursuant to that requirement, we hereby issue this comprehensive annual financial report of the Town of Erie (the Town) for the fiscal year ended December 31, 2011.

This report is management's representation concerning the Town's finances. Management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, Town management has established a comprehensive internal control framework 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 Generally Accepted Accounting Principles (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.

Holscher, Mayberry & Company, 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, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented at the beginning of the financial section of this report.

GAAP requires that management provide Management's Discussion and Analysis (MD&A), a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal should be read in conjunction with the MD&A. It is designed to complement the MD&A. The MD&A follows the independent auditor's report.

Profile of the Town

Erie was platted on January 25, 1871, and incorporated as the Town of Erie on November 16, 1874. It is the second oldest municipality in Weld County. Founded as a rural coal mining town, Erie is now located on the northern fringe of the Denver-Boulder Metropolitan Area. The estimated population of the Town at December 31, 2011, is approximately 19,000, with a planning area that includes 45 square miles in Boulder and Weld Counties. The Town levies property tax on real properties located within its boundaries, has a municipal sales and use tax, and is empowered by state statute to extend its corporate limits by annexation. Annexation occurs periodically when deemed appropriate by the governing Board and voters.

The Town has operated under the Trustee-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 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 three trustees are elected for four-year terms at each biennial election. The mayor and trustees are elected at-large.

The Town provides a full range of services, including administration and finance; planning and building; police protection; public works, engineering, and street maintenance; and parks, trails, open space, and recreational activities. The Town also offers business-type services from its water, sewer, and storm drainage utilities; the municipal airport; and the Erie Housing Authority.

Other traditional municipal services such as fire protection and library services are provided to Erie's citizens by outside special districts not affiliated with the Town. Other utility services, such as electricity, gas, and trash services, are provided by private companies not affiliated with the Town. Since these organizations are not affiliated with the Town, their financial information is 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 submit requests for appropriation to the finance director on or before the last day of August each year. The finance director and Town administrator use these requests to begin developing a proposed budget. The budget is presented 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 no later than December 15. The Town's fiscal year ends on December 31. The appropriated budget is prepared by fund (e.g., general), department (e.g., police), and division (e.g., patrol). Department heads may transfer appropriations within a department. Transfers of appropriations between departments and funds, and appropriations increasing the budget, require Board of Trustee approval.

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, budgetary comparisons are presented on page 38, 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 71. Budgetary comparisons for the proprietary funds begin on page 93.

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

Until the mid-1990's the Town experienced very slow population growth. But since 2000 the Town's population has more than tripled, reflecting growth in single-family residential homes. To support that growth, the Town assesses permit, impact, and tap fees and uses this revenue to pay for improvements such as parks, recreation facilities, and transportation infrastructure. In addition, these fees are used to develop water resources and water, wastewater, and storm drainage infrastructure.

Town sales tax revenues, representing 25% of General Fund revenues, grew steadily through 2007. After experiencing declines in sales tax revenues in 2008 and 2009, sales tax revenues have increased each of the last two years, exceeding the levels of 2007. The Town expects that sales tax revenues will continue to grow as residential and commercial development occurs in and around the community.

The total estimated actual value of residential and commercial properties in the Town increased by \$40 million, or 2%, in 2011. Residential valuations increased \$36 million, or 2%, during the year. Commercial values increased by \$4 million, or 4%, with the addition of various business and commercial developments. Of the \$36 million increase in residential property values, \$28 million was due to new construction and \$8 million was due to increases in values of existing homes. Businesses that have come into Town during the last several years include medical offices, veterinarian services, a private golf course, salons, and a heavy construction equipment facility. The Town continues to work on increasing the number of businesses throughout the community, including initiatives to enhance the economic success of Historic Downtown Erie and the Highway 7 corridor, among other areas of potential development.

The immediate vicinity, including the Town, Boulder County, and Weld County, has an employed labor force of about 300,000. The Town's major employers range from retail to engineering to education to childcare. The Town government had 257 employees at December 31, 2011, 148 employees on a full-time equivalent basis, making it one of Erie's top five employers. The community is expected to maintain slow to moderate growth of quality residential construction. This should translate into corresponding growth in the

number and variety of businesses expected in the community in the future. Large residential developments are in the planning stages, but it will probably take a major economic turnaround nationally before these begin to develop more quickly.

Long-term Financial Planning

As discussed in more detail below, the Town continues to maintain strong fund balance positions in its various funds. The Board and management believes it is prudent to maintain its current level of reserves as the Town experiences continued growth and expands and diversifies its commercial base. This growth can be expected to lead to increased levels of sales and use tax revenues, in addition to other revenue sources not directly dependent on residential development.

The Board and staff assess the need for additional capital improvements as part of its long-range planning process. As part of the annual budget process, staff updates projections of capital needs over the next five years. Projects under current consideration include an expansion of the Erie Community Park and a Public Safety facility. In addition, the Town is a participant in both the Windy Gap Project and the Northern Integrated Supply Project, parts of its efforts to ensure adequate water supplies as the Town grows.

Relevant Financial Policies

The Town adopted financial policies in 2003. These policies guide the financial operations of the Town and provide structure when developing the budget. The Town's budget policy provides that the fund balance in the General Fund will only be expended for one-time capital expenditures unless otherwise authorized by the Board of Trustees. The Town's operating reserve policy requires the Town to maintain a fund balance in the General Fund of 25% of the current year's budgeted operating expenditures. Enterprise funds must maintain a ninety-day operating and maintenance expense reserve. In addition, in 2010 the Board approved a \$7.5 million fund balance stabilization reserve in the General Fund, over and above the 25% operating reserve.

Major Initiatives

The Town continues to provide necessary services to its residents. In 2011 the Town completed construction of the North Water Reclamation Facility and wastewater transmission and reuse water pipelines. These projects were funded through revenue bonds issued in 2008 and 2010 as well as cash funds on hand. The Town also utilized interest-free and low interest loan programs available with American Recovery and Reinvestment Act of 2010 (ARRA) funds to construct a new pump station, also completed in 2011. In addition, the Town completed construction of a bike lane along Erie Parkway, extended the Coal Creek Trail, and completed several improvements at the Airport during the year.

Awards and Acknowledgements

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This

is the seventh consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Town received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2011. This is the eighth consecutive year that the Town has received this prestigious award. 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.

The Town received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its annual popular financial report for the fiscal year ended December 31, 2010. This is the fourth consecutive year that the Town has received this prestigious award. In order to qualify for the Award for Outstanding Achievement in Popular Annual Financial Reporting, the Town's annual popular financial report was judged to be proficient in several categories, including reader appeal, understandability, and distribution.

We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. 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 unflinching support for maintaining the highest standards of professionalism in the management of the Town of Erie's finances.

Respectfully submitted,



A.J. Krieger
Town Administrator



Steve Felten, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Erie
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



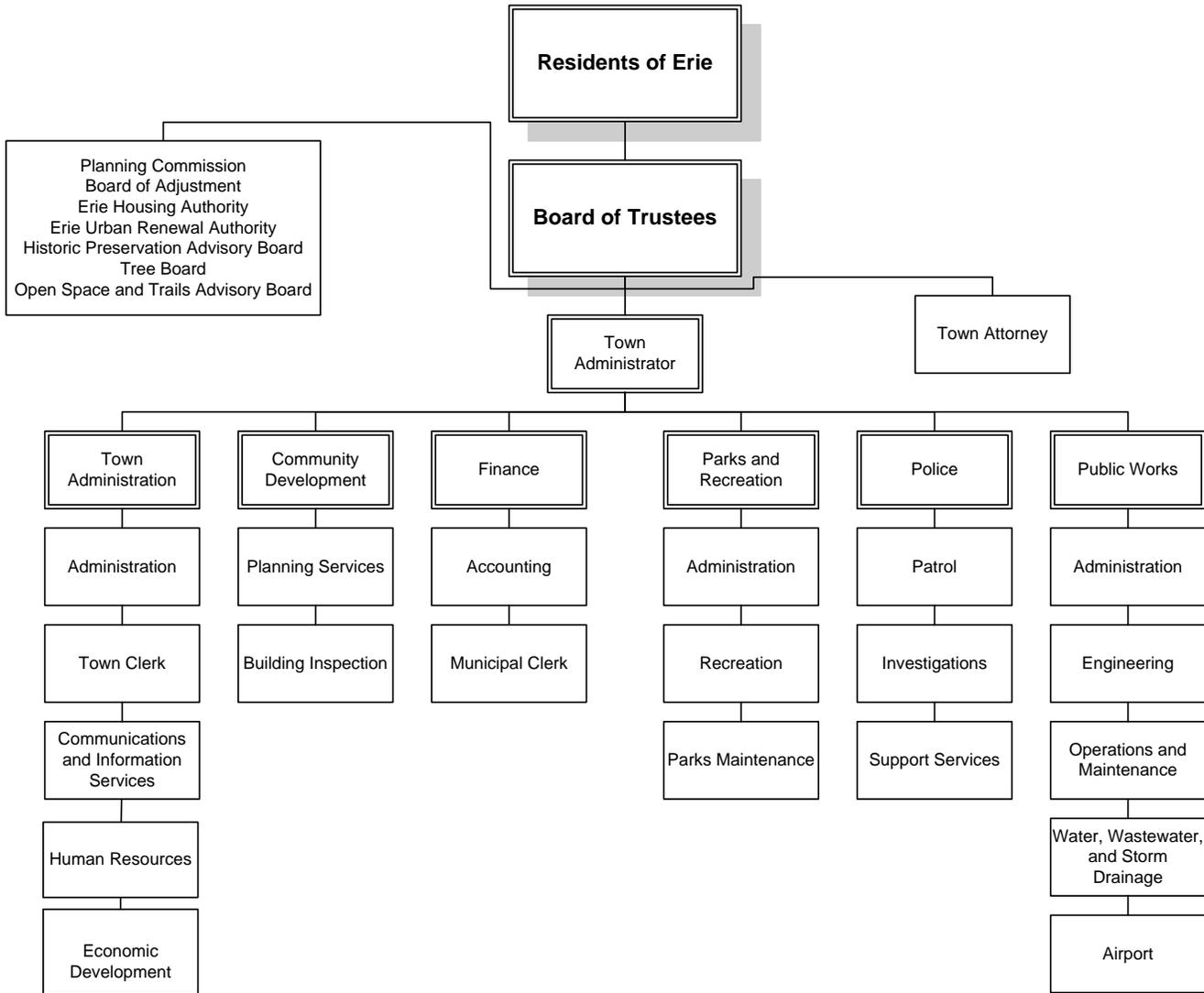
Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Organizational Chart



Town of Erie, Colorado
List of Town Officials

Elected Officials: Mayor and Board of Trustees

| | |
|----------------|---------------|
| Joe Wilson | Mayor |
| Ronda Grassi | Mayor Pro-Tem |
| Joe Carnival | Trustee |
| Mark Gruber | Trustee |
| Jonathan Hager | Trustee |
| Janice Moore | Trustee |
| Paul Ogg | Trustee |

Town Administration Officials

| | |
|-------------------|--------------------------------|
| A.J. Krieger | Town Administrator |
| Mark Shapiro | Town Attorney |
| Nancy Parker | Town Clerk |
| Gary Behlen | Public Works Director |
| Steve Felten | Finance Director |
| John Hall | Chief of Police |
| Marty Ostholthoff | Community Development Director |
| Jill Wait | Parks and Recreation Director |

Note: List is as of the issuance date of this report.

Financial Section

This page has been intentionally left blank.

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Erie, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Erie, Colorado, as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Erie, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Erie, Colorado, as of December 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012, on our consideration of the Town of Erie, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (Continued)

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Erie, Colorado's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and legal compliance and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Holscher, Mayberry + Company, LLC

Englewood, Colorado
June 19, 2012



Management's Discussion and Analysis

The Town of Erie's (Town) management offers readers this narrative overview and analysis of the Town's financial activities for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, found earlier in this report. Amounts in this section are rounded for purposes of easier understanding.

Financial Highlights

- The Town's assets exceeded its liabilities at the end of 2011 by \$257.9 million (net assets). Of this amount, \$31.1 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 \$2.3 million (0.9%). Governmental net assets increased by \$0.3 million (0.2%) and business-type net assets increased by \$2.0 million (1.3%).
- At December 31, 2011, the Town's governmental funds reported combined ending fund balances of \$30.4 million, an increase of \$0.4 million from 2010.
- The General Fund, the Town's primary operating fund, reported total committed, assigned and unassigned fund balance of \$13.8 million, representing 104% of budgeted 2012 expenditures.
- The Town issued \$10.1 million in water enterprise revenue refunding bonds during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These 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* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two 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.

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving 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 (e.g., arbitrage accruals, certain interest and tax accruals, etc.). 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 Town functions 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 Town's governmental activities include general government, public safety, public works, and parks and recreation. Business-type activities include the water system, wastewater system, storm drainage system, municipal airport, and the 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. All of the Town's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Town's near term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the governmental funds information with similar information presented for governmental activities in the government-wide financial statements. By comparing the information, readers may better understand the long term impact of the Town's near term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate a comparison between governmental funds and governmental activities.

The Town has eleven individual governmental funds. The General Fund is considered a *major fund*. Its 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. A budgetary comparison statement for the General Fund is included in the basic financial statements to demonstrate compliance with the adopted budget.

The basic governmental fund financial statements can be found on pages 34-37 of this report.

Proprietary funds are used to account for essentially the same function and information as business-type activities in the government-wide financial statements. The Town has five proprietary funds, also known as enterprise funds. Of these five funds, the Water Fund and Wastewater Fund are reported individually as major funds. Their fund information is presented separately in the proprietary funds statement of net assets, statement of revenues, expenses, and changes in fund net assets, and in the statement of cash flows. The remaining individual proprietary 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 proprietary funds. Budgetary comparisons for the proprietary funds are included in a later section of this report.

The basic proprietary fund financial statements can be found on pages 39-41 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 43-68 of this report.

Combining Statements for the nonmajor governmental funds and nonmajor proprietary funds (referred to earlier) are presented following the notes to the financial statements. In addition, budget statements for nonmajor governmental funds and all of the proprietary funds are also presented in this section. This information can be found on pages 69-100.

Government-wide Financial Analysis

Statement of Net Assets. As stated earlier, the Town's net assets at December 31, 2011, were \$257.9 million. The Town's investment in capital assets, less any related debt used to acquire those assets that is still outstanding, represents 79% of its net assets. These capital assets are used to provide necessary services to citizens and are therefore 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.

The following table reflects the Town's condensed statement of net assets.

Statement of Net Assets as of December 31 (in thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|------------|--------------------------|------------|--------------------|------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Assets | <i>As Adjusted</i> | | <i>As Adjusted</i> | | <i>As Adjusted</i> | |
| Current and other assets | \$ 39,834 | \$ 40,475 | \$ 27,372 | \$ 31,269 | \$ 67,206 | \$ 71,744 |
| Capital assets | 88,724 | 89,899 | 220,532 | 219,624 | 309,256 | 309,523 |
| Total Assets | 128,558 | 130,374 | 247,904 | 250,893 | 376,462 | 381,267 |
| Liabilities | | | | | | |
| Current liabilities | 10,505 | 11,618 | 4,706 | 6,612 | 15,211 | 18,230 |
| Noncurrent liabilities | 15,872 | 16,829 | 87,463 | 90,573 | 103,335 | 107,402 |
| Total Liabilities | 26,377 | 28,447 | 92,169 | 97,185 | 118,546 | 125,632 |
| Net Assets | | | | | | |
| Invested in capital assets, net of debt | 72,014 | 72,517 | 131,297 | 129,801 | 203,311 | 202,318 |
| Restricted | 16,386 | 15,583 | 7,126 | 7,560 | 23,512 | 23,143 |
| Unrestricted | 13,781 | 13,827 | 17,312 | 16,347 | 31,093 | 30,174 |
| Total Net Assets | \$ 102,181 | \$ 101,927 | \$ 155,735 | \$ 153,708 | \$ 257,916 | \$ 255,635 |

The Town reported positive balances in net assets for both governmental and business-type activities. Net assets increased by \$0.3 million in its governmental activities and \$2.0 million in its business-type activities.

Governmental Activities: Capital assets decreased by \$1.2 million compared to 2010. This was the result of \$1.5 million in new capital projects offset by \$2.7 million in depreciation on capital assets. Noncurrent liabilities declined \$1.0 million, reflecting principal payments on the Town's general obligation debt. Other liabilities decreased \$1.1 million compared to 2010, reflecting release of funds from developers held as security upon completion of required infrastructure improvements.

As stated above, total net assets increased by \$0.3 million over 2010, with relatively minor changes in the three components of net assets.

Business-type Activities: Current assets decreased by \$3.9 million, mostly related to using current assets to construct capital assets. Capital assets increased by \$4.4 million as a result of new construction, offset by \$3.5 million in depreciation. Noncurrent liabilities decreased by \$3.1 million due to scheduled principal payments on long-term debt.

Total net assets increased by \$2.0 million compared to 2010. Unrestricted net assets increased by \$1.4 million, while net assets invested in capital assets, net of debt, increased \$1.1 million and restricted net assets declined by \$0.4 million.

Statement of Activities. The following table provides a summary of the Town's statement of activities.

Statement of Activities for the year ending December 31 (*in thousands*)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|------------|--------------------------|------------|--------------------|------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues | <i>As Adjusted</i> | | <i>As Adjusted</i> | | <i>As Adjusted</i> | |
| Program revenues | | | | | | |
| Charges for services | \$ 4,191 | \$ 4,225 | \$ 9,964 | \$ 8,847 | \$ 14,155 | \$ 13,072 |
| Operating grants and contributions | 128 | 74 | - | - | 128 | 74 |
| Capital grants and contributions | 1,382 | 1,894 | 3,701 | 3,720 | 5,083 | 5,614 |
| General revenues | | | | | | |
| Taxes | 8,369 | 8,273 | - | - | 8,369 | 8,273 |
| Investment earnings | 250 | 280 | 113 | 155 | 363 | 435 |
| Other | 557 | 375 | 102 | 100 | 659 | 475 |
| Total revenues | 14,877 | 15,121 | 13,880 | 12,822 | 28,757 | 27,943 |
| Expenses | | | | | | |
| General government | 2,215 | 2,025 | - | - | 2,215 | 2,025 |
| Public safety | 2,361 | 2,338 | - | - | 2,361 | 2,338 |
| Public works | 3,168 | 2,771 | - | - | 3,168 | 2,771 |
| Parks and recreation | 6,038 | 5,210 | - | - | 6,038 | 5,210 |
| Interest on long-term debt | 819 | 858 | - | - | 819 | 858 |
| Water | - | - | 7,168 | 6,891 | 7,168 | 6,891 |
| Wastewater | - | - | 3,874 | 3,277 | 3,874 | 3,277 |
| Storm drainage | - | - | 401 | 373 | 401 | 373 |
| Airport | - | - | 315 | 266 | 315 | 266 |
| Erie Housing Authority | - | - | 117 | 114 | 117 | 114 |
| Total expenses | 14,601 | 13,202 | 11,875 | 10,921 | 26,476 | 24,123 |
| Increase in net assets before transfers | 276 | 1,919 | 2,005 | 1,901 | 2,281 | 3,820 |
| Transfers | (22) | (20) | 22 | 20 | - | - |
| Increase in net assets | 254 | 1,899 | 2,027 | 1,921 | 2,281 | 3,820 |
| Net assets - beginning - restated | 101,927 | 100,028 | 153,708 | 151,787 | 255,635 | 251,815 |
| Net assets - ending | \$ 102,181 | \$ 101,927 | \$ 155,735 | \$ 153,708 | \$ 257,916 | \$ 255,635 |

Governmental Activities – Revenues: During 2011, the Town's primary revenue sources for governmental operations were taxes, accounting for 56% of total governmental revenues. Charges for services made up 28% of total governmental revenues while capital grants and contributions represented 9%. Program revenues were \$8.9 million less than expenses. This is an ordinary occurrence for governments and indicates that taxes provide revenues to support governmental operations.

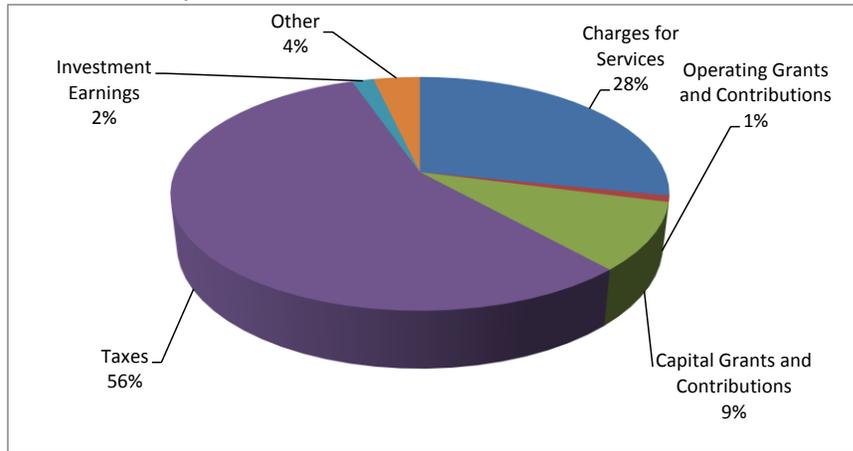
Charges for services were essentially unchanged compared to 2010. Capital grants and contributions declined \$0.5 million from 2010 levels, reflecting receipt of grant revenues in 2010 for various capital projects.

Taxes increased by \$0.1 million, or 1%, due to an increase of \$0.3 million, or 8%, in sales and use taxes over 2010 amounts as the economy continued to improve. This increase was offset in part by a decline of \$0.1 million, or 2%, in property taxes due to slightly lower

assessed valuations, and a decrease of \$0.1 million in franchise taxes. Other revenues increased \$0.2 million compared to 2010 due to several one-time items.

The following chart provides the breakdown of revenues by source for 2011:

2011 Revenues by Source – Governmental Activities



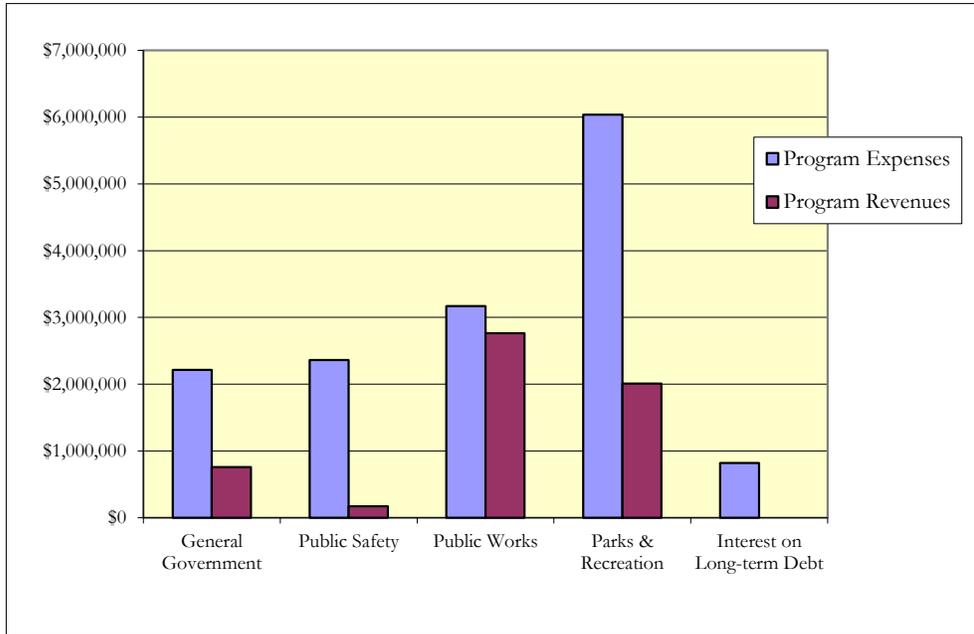
Governmental Activities – Expenses:

Total governmental activities expenses were \$14.6 million in 2011, an increase of \$1.4 million, or 11%, compared to 2010. Parks and recreation expense represented the largest area of governmental expenses at 41% of total expenses in 2011. Public works expense made up 22% of the total, public safety 16%, and general government 15%, with interest expense accounting for the remaining 6% of total expenses.

Parks and recreation expense increased by \$0.9 million, or 16%, compared to 2010. This increase was due primarily to increased depreciation over 2010 levels, reflecting a full year's depreciation of the Erie Commons ball field complex, in addition to increased personnel expense to support expanded programs. Representing most of the remaining increase in governmental activities expense, public works expense rose \$0.4 million, or 14%, over 2010 due to increases in maintenance activities and a full year's depreciation on the Leon Wurl Service Center.

The following chart provides a comparison of expenses by function compared to the related program revenues:

2011 Expenses and Offsetting Program Revenues – Governmental Activities

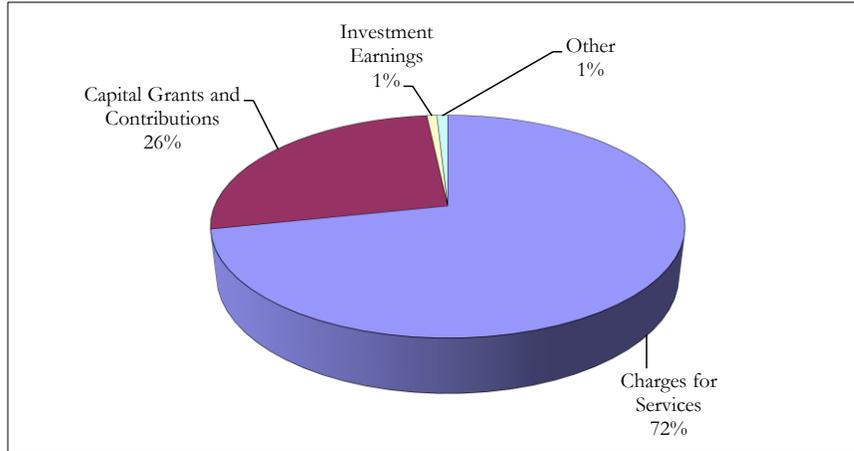


Business-type Activities – Revenues: Business-type activities primarily rely on charges for services to support related expenses. Charges for services of \$10.0 million for business-type activities represented 72% of 2011 revenues, up from 69% of revenues in 2010. The resulting increase of \$1.1 million, or 13%, was due primarily to increased utility rates and higher levels of water usage compared to the prior year.

The other primary source of revenue, representing 26% of 2011 revenues, comes primarily from capital contributions in the form of tap fees, developer-constructed donated capital, and grants. A decline of \$0.3 million in tap fees due to continuing low levels of new construction was offset by an increase of \$0.3 million in capital grants, related to the Town’s airport operations.

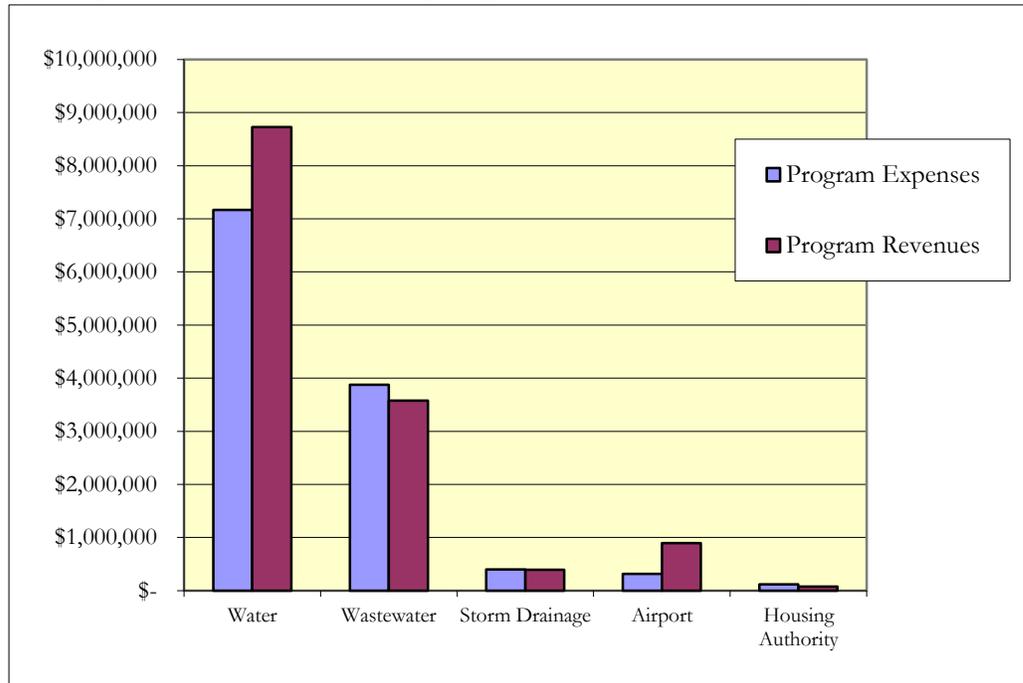
The following chart provides the breakdown of revenues by source for 2011:

2011 Revenues by Source – Business-type Activities



Business-type Activities – Expenses: Business-type expenses increased \$0.9 million, or 9%, compared to 2010. This increase was due primarily to increased expenses in the Town’s wastewater activities due to the North Water Reclamation Facility being put into service during 2011. The following chart provides a comparison of expenses by function compared to the related program revenues:

2011 Program Expenses and Offsetting 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 City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. During 2011 the Town implemented GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The new standard replaces the previous reserved, unreserved, and designated fund balance categories with five classifications: nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Fund balances are the differences between assets and liabilities in a governmental fund. The nonspendable fund balance includes amounts that are not in spendable form, or amounts that are required to be maintained intact. Restricted fund balance include amounts that can be spent only for the specific purposes stipulated by external providers, such as grant providers or bondholders, as well as amounts that are restricted constitutionally or through legislation. Committed fund balance includes amounts that can be used only for the specific purposes that are determined by a formal action of the government's highest level of decision making authority. Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body or authorized official and applies to remaining resources in any governmental fund other than the general fund. Unassigned fund balances include all amounts not contained in other classifications for the general fund, and deficit fund balances in any other governmental fund.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$30.4 million. Of that amount, \$0.1 million was nonspendable, \$16.5 million was restricted, \$10.9 million was committed, \$1.0 million was assigned, and \$1.9 million was unassigned fund balance.

The General Fund, the primary operating fund of the Town, had a fund balance at December 31, 2011, of \$16.1 million, of which \$0.1 million was nonspendable, \$2.2 million was restricted, \$10.8 million committed, and \$1.0 million assigned. The remainder of the fund balance, or \$2.0 million, was unassigned.

As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 15% of total General Fund expenditures. The total General Fund balance represents 121% of total General Fund expenditures at year-end. Excluding nonspendable and restricted fund balance, the remaining General Fund fund balance represents 104% of 2011 expenditures.

The General Fund deficiency of revenue and other sources over expenditures and other uses was \$0.6 million for the current fiscal year. While total revenues declined \$0.1 million compared to 2010, excluding one-time revenues (primarily grants) total revenues increased \$0.5 million, or 4%. Sales and use tax revenues have increased each of the last two years, including an increase of \$0.3 million, or 8%, in 2011. Property taxes were down only slightly (less than \$50 thousand, or 2%), in line with expectations. The use of fund balance was planned so that essential services could be maintained. Expenditures declined \$1.5 million compared to 2010, the result of the completion of various capital projects.

As the Town continues its efforts to develop a larger and more diverse commercial sector, use of fund balance can be expected to decline in coming years. As indicated above, the Town maintains a very strong fund balance. Included in the committed fund balance is a \$7.5 million General Fund Stabilization Reserve, maintained to offset economic downturns, and an additional reserve totaling \$3.3 million representing 25% of budgeted 2012 expenditures, pursuant to policy. See Note I.D.8. on pages 50-51 for more information.

Fund balances remain strong in the other governmental funds. A total of \$14.4 million in fund balances are restricted or committed for future capital outlays and similar purposes.

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 engaged in business-type activities.

The total net assets of all enterprise funds as of December 31, 2011, were \$155.7 million, of which \$17.3 million were unrestricted net assets. This is an increase in total net assets of \$2.0 million over the prior year.

Of this increase, \$1.7 million is attributable to the Water Fund. Operating revenues (charges for services) were \$6.3 million, an increase of \$0.8 million, or 15%, over the 2010 fiscal year. This increase is primarily due to an increase in water rates for 2011, in addition to higher levels of water usage. Operating expenses increased \$0.2 million, or 4%, to \$4.7 million.

In the Wastewater Fund net assets decreased \$0.2 million compared to an increase of \$0.1 million in 2010. Operating revenues (charges for services) were \$3.1 million, a \$0.3 million, or 12%, increase over the 2010 fiscal year. This increase can be attributed to a rate increase in 2011. Operating expenses increased \$0.6 million, or 27%, to \$2.8 million as a result of the North Water Reclamation Facility going into service in 2011.

General Fund Budgetary Highlights

The 2011 General Fund final expenditure budget was \$16.5 million, an increase of \$2.0 million over the original budget. This increase was primarily due to supplemental appropriations of \$0.5 million for various capital projects and activities related to the Erie Urban Renewal Authority (EURA) totaling \$0.7 million. The increase in budgeted

expenditures was funded with a combination of grants and other one-time revenues, and use of fund balance.

Actual 2011 General Fund expenditures amounted to \$13.3 million, \$3.2 million less than the final budget. Of this variance, \$1.1 million was related to capital projects, the majority of which will be re-appropriated in the 2012 fiscal year. In addition, \$0.7 million in expenditures budgeted for EURA activities were not utilized. Although budgeted to use \$4.0 million of the fund balance, the General Fund actually used only \$0.7 million, primarily the result of the expenditure variances just described.

Capital Assets and Debt Administration

Capital Assets

The Town's capital assets net of accumulated depreciation as of December 31, 2011, for its governmental and business-type activities amounted to \$309 million, a decrease of \$0.3 million from December 31, 2010. This investment in capital assets includes land, water rights, buildings, improvements, machinery, equipment, and vehicles. It includes governmental activities as well as water, wastewater, airport, storm drainage, and housing authority infrastructure.

Major capital improvements during the fiscal year ended December 31, 2011, included the following:

Governmental Activities

- Construction of the Coal Creek Trail extension
- Completion of the Erie Parkway bike lane
- Street overlay projects

Business-type Activities

- Completion of the North Water Reclamation Facility
- Wastewater re-use projects
- Water line projects
- Airport improvements

Capital Assets at Year End (*net of accumulated depreciation, in thousands*)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|------------------------------------|----------------------------|------------------|-----------------------------|-------------------|-----------------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | \$ 7,534 | \$ 7,529 | \$ 4,645 | \$ 3,759 | \$ 12,179 | \$ 11,288 |
| Water rights | - | - | 74,585 | 74,585 | 74,585 | 74,585 |
| Buildings | 27,652 | 28,111 | 116 | 123 | 27,768 | 28,234 |
| Improvements other than buildings | 51,987 | 45,676 | 135,970 | 103,830 | 187,957 | 149,506 |
| Machinery, equipment, and vehicles | 699 | 934 | 451 | 139 | 1,150 | 1,073 |
| Construction in progress | 852 | 7,649 | 4,765 | 37,188 | 5,617 | 44,837 |
| Total Capital Assets | \$ 88,724 | \$ 89,899 | \$ 220,532 | \$ 219,624 | \$ 309,256 | \$ 309,523 |

Additional information on the Town's capital assets can be found in Note IV.C. on pages 57-58 of this report.

Long Term Debt

At the end of 2011, the Town had \$106.9 million in total outstanding debt. Of this amount, \$16.7 million represents general obligation bonds secured by all available Town revenue. The remainder is primarily secured by specific revenue sources (e.g., water revenues). The following table summarizes debt outstanding as of December 31, 2011, and 2010.

Outstanding Debt as of December 31, 2011 and 2010 (in thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-------------------------------|----------------------------|------------------|-----------------------------|------------------|-----------------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| General obligation bonds | \$ 16,693 | \$ 17,623 | \$ - | \$ - | \$ 16,693 | \$ 17,623 |
| Revenue bonds and loans | - | - | 58,734 | 60,543 | 58,734 | 60,543 |
| Certificates of participation | - | - | 29,026 | 29,523 | 29,026 | 29,523 |
| Mortgages payable | - | - | 804 | 819 | 804 | 819 |
| Capital lease obligations | - | - | 1,611 | 1,717 | 1,611 | 1,717 |
| Total debt outstanding | <u>\$ 16,693</u> | <u>\$ 17,623</u> | <u>\$ 90,175</u> | <u>\$ 92,602</u> | <u>\$ 106,868</u> | <u>\$ 110,225</u> |

Total debt outstanding decreased \$3.4 million during 2011 as a result of scheduled principal payments. In addition, the Town refunded \$9.9 million in water revenue bonds, resulting in a decrease in future debt service payments of \$0.6 million and less restrictive debt covenants.

State statutes limit the amount of general obligation debt the Town may issue to 3% of estimated actual valuation. The current debt limitation for the Town is \$67.2 million.

Additional information on the Town's long-term debt can be found in Note IV.E. on pages 59-64 of this report.

Economic Factors and Next Year's Budget

There are several factors that drive the Town's budget and financial performance. Some of these factors include area employment rates, retail sales, motor vehicle sales, construction activity, population growth, and capital infrastructure needs.

After several years of flat single family residential growth following five years of very rapid growth, local construction has picked up slightly in recent months. However, it is too soon to determine if future growth will return to earlier levels. The Town will continue to conserve resources until its commercial base grows, providing consistent and higher levels of sales and use tax. The Town has set aside significant amounts of reserves in the General Fund to enable it to continue to provide required services during economic periods like those experienced over the last few years. For 2012, the Town has appropriated \$0.8 million in fund balance to provide funding for necessary expenditures.

The 2012 budget was approved by the Board of Trustees in December 2011. The General Fund, the Town's primary operating fund, has 2012 budgeted expenditures (excluding capital expenditures and transfers) of \$12.7 million, a \$1.0 million decrease from the final 2011 budget. No additional staffing was approved in the 2012 budget to be paid from the General Fund. Priority has been placed on existing programs to ensure service levels are maintained.

Financial Contact

This financial report is designed to provide users (citizens, taxpayers, customers, investors, creditors, and other interested parties) with a general overview of the Town's finances and to demonstrate the Town's accountability and compliance with generally accepted accounting principles. Questions concerning any of the information presented in this report or requests for additional information should be addressed to the Town of Erie, Finance Director, P.O. Box 750, 645 Holbrook St., Erie, CO, 80516.

This page has been intentionally left blank.

Basic Financial Statements

This page has been intentionally left blank.

Town of Erie, Colorado
Statement of Net Assets
December 31, 2011

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 3,357,976 | \$ 1,746,666 | \$ 5,104,642 |
| Investments | 30,942,675 | 15,414,380 | 46,357,055 |
| Restricted Cash and Investments | - | 6,844,990 | 6,844,990 |
| Property Taxes Receivable | 3,983,648 | - | 3,983,648 |
| Accounts Receivable | 1,117,908 | 1,320,911 | 2,438,819 |
| Accrued Interest Receivable | 38,229 | 19,751 | 57,980 |
| Internal Balances | 169,168 | (169,168) | - |
| Restricted Receivables | - | 764,197 | 764,197 |
| Prepaid Items | - | 188,579 | 188,579 |
| Total Current Assets | 39,609,604 | 26,130,306 | 65,739,910 |
| Noncurrent Assets | | | |
| Unamortized Bond Issue Costs | 224,328 | 1,242,113 | 1,466,441 |
| Capital Assets | | | |
| Construction in Progress | 851,794 | 4,764,781 | 5,616,575 |
| Land and Water Rights | 7,534,061 | 79,229,934 | 86,763,995 |
| Buildings, Property, and Equipment | 95,825,382 | 160,915,433 | 256,740,815 |
| Accumulated Depreciation | (15,487,353) | (24,378,215) | (39,865,568) |
| Total Capital Assets | 88,723,884 | 220,531,933 | 309,255,817 |
| Total Noncurrent Assets | 88,948,212 | 221,774,046 | 310,722,258 |
| Total Assets | 128,557,816 | 247,904,352 | 376,462,168 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 581,256 | 573,773 | 1,155,029 |
| Accrued Interest Payable | 65,206 | 408,217 | 473,423 |
| Accrued Compensation Payable | 434,288 | 102,949 | 537,237 |
| Due to Other Organizations | 3,851,545 | - | 3,851,545 |
| Unearned Revenue | 4,607,794 | 883,756 | 5,491,550 |
| Current Portion of Long Term Debt | | | |
| Certificates of Participation Payable | - | 561,177 | 561,177 |
| Loans Payable | - | 308,041 | 308,041 |
| Bonds Payable | 965,267 | 1,737,697 | 2,702,964 |
| Mortgages Payable | - | 19,152 | 19,152 |
| Capital Lease Obligation | - | 111,305 | 111,305 |
| Total Current Liabilities | 10,505,356 | 4,706,067 | 15,211,423 |
| Noncurrent Liabilities | | | |
| Accrued Compensation Payable | 144,123 | 25,395 | 169,518 |
| Long Term Debt, net of unamortized premiums and discounts | | | |
| Certificates of Participation Payable | - | 28,465,197 | 28,465,197 |
| Loans Payable | - | 4,213,100 | 4,213,100 |
| Bonds Payable | 15,727,719 | 52,475,442 | 68,203,161 |
| Mortgages Payable | - | 784,515 | 784,515 |
| Capital Lease Obligation | - | 1,499,199 | 1,499,199 |
| Total Noncurrent Liabilities | 15,871,842 | 87,462,848 | 103,334,690 |
| Total Liabilities | 26,377,198 | 92,168,915 | 118,546,113 |
| NET ASSETS | | | |
| Invested in Capital Assets, net of related debt | 72,014,062 | 131,296,683 | 203,310,745 |
| Restricted | | | |
| Capital Projects | 11,859,438 | - | 11,859,438 |
| Parks and Open Space | 4,157,681 | - | 4,157,681 |
| Bond Reserves | - | 6,263,613 | 6,263,613 |
| Operations and Maintenance Reserves | - | 455,984 | 455,984 |
| Emergencies | 362,396 | - | 362,396 |
| Other | 6,137 | 405,999 | 412,136 |
| Unrestricted | 13,780,904 | 17,313,158 | 31,094,062 |
| Total Net Assets | \$ 102,180,618 | \$ 155,735,437 | \$257,916,055 |

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, 2011

| | Expenses | Program Revenues | | | Total |
|--------------------------------|---------------|----------------------|------------------------------------|----------------------------------|---------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| FUNCTION ACTIVITIES | | | | | |
| Primary Government | | | | | |
| Governmental Activities | | | | | |
| General Government | \$ 2,215,449 | \$ 636,727 | \$ 120,317 | \$ - | \$ 757,044 |
| Public Safety | 2,361,217 | 162,864 | 7,714 | - | 170,578 |
| Public Works | 3,168,315 | 1,512,843 | - | 1,252,030 | 2,764,873 |
| Parks and Recreation | 6,038,210 | 1,878,354 | - | 130,397 | 2,008,751 |
| Interest on Long-Term Debt | 819,064 | - | - | - | - |
| Total Governmental Activities | 14,602,255 | 4,190,788 | 128,031 | 1,382,427 | 5,701,246 |
| Business-Type Activities | | | | | |
| Water | 7,167,474 | 6,321,368 | - | 2,404,432 | 8,725,800 |
| Wastewater | 3,874,319 | 3,112,916 | - | 465,620 | 3,578,536 |
| Storm Drainage | 400,859 | 392,907 | - | (1,047) | 391,860 |
| Airport | 314,911 | 60,205 | - | 832,117 | 892,322 |
| Erie Housing Authority | 117,270 | 76,783 | - | - | 76,783 |
| Total Business-Type Activities | 11,874,833 | 9,964,179 | - | 3,701,122 | 13,665,301 |
| Total Primary Government | \$ 26,477,088 | \$ 14,154,967 | \$ 128,031 | \$ 5,083,549 | \$ 19,366,547 |

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

| | Net (Expense) Revenue and Changes in Net Assets | | |
|--------------------------------------|--|-----------------------------|-----------------------|
| | Primary Government | | |
| | Governmental Activities | Business-Type Activities | Total |
| | \$ (1,458,405) | \$ - | \$ (1,458,405) |
| | (2,190,639) | - | (2,190,639) |
| | (403,442) | - | (403,442) |
| | (4,029,459) | - | (4,029,459) |
| | (819,064) | - | (819,064) |
| | <u>(8,901,009)</u> | <u>-</u> | <u>(8,901,009)</u> |
| | - | 1,558,326 | 1,558,326 |
| | - | (295,783) | (295,783) |
| | - | (8,999) | (8,999) |
| | - | 577,411 | 577,411 |
| | <u>-</u> | <u>(40,487)</u> | <u>(40,487)</u> |
| | <u>-</u> | <u>1,790,468</u> | <u>1,790,468</u> |
| | <u>(8,901,009)</u> | <u>1,790,468</u> | <u>(7,110,541)</u> |
| GENERAL REVENUES | | | |
| Taxes: | | | |
| Property | 3,880,843 | - | 3,880,843 |
| Sales and Use | 3,692,180 | - | 3,692,180 |
| Franchise | 561,740 | - | 561,740 |
| Specific Ownership Taxes | 234,005 | - | 234,005 |
| Investment Earnings | 250,191 | 113,452 | 363,643 |
| Miscellaneous and Other | 556,947 | 101,533 | 658,480 |
| Transfers In (Out) | <u>(21,547)</u> | <u>21,547</u> | <u>-</u> |
| Total General Revenues and Transfers | <u>9,154,359</u> | <u>236,532</u> | <u>9,390,891</u> |
| Changes in Net Assets | 253,350 | 2,027,000 | 2,280,350 |
| Net Assets - Beginning (as adjusted) | <u>101,927,268</u> | <u>153,708,437</u> | <u>255,635,705</u> |
| Net Assets - Ending | <u>\$ 102,180,618</u> | <u>\$ 155,735,437</u> | <u>\$ 257,916,055</u> |

Town of Erie, Colorado
Balance Sheet
Governmental Funds
December 31, 2011

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------------------------|----------------------|-----------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,926,495 | \$ 1,431,481 | \$ 3,357,976 |
| Investments | 17,703,723 | 13,238,952 | 30,942,675 |
| Property Taxes Receivable | 3,054,289 | 929,359 | 3,983,648 |
| Accounts Receivable | 1,117,908 | - | 1,117,908 |
| Accrued Interest Receivable | 21,961 | 16,268 | 38,229 |
| Due From Other Funds | 169,168 | - | 169,168 |
| Advances to Other Funds | 235,780 | - | 235,780 |
| | <u>24,229,324</u> | <u>15,616,060</u> | <u>39,845,384</u> |
| Total Assets | <u>\$ 24,229,324</u> | <u>\$ 15,616,060</u> | <u>\$ 39,845,384</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts Payable | \$ 436,093 | \$ 145,163 | \$ 581,256 |
| Accrued Compensation Payable | 189,376 | 2,044 | 191,420 |
| Due to Other Organizations | 3,851,545 | - | 3,851,545 |
| Advances from Other Funds | - | 235,780 | 235,780 |
| Unearned Revenue | 3,678,823 | 928,971 | 4,607,794 |
| | <u>8,155,837</u> | <u>1,311,958</u> | <u>9,467,795</u> |
| Total Liabilities | <u>8,155,837</u> | <u>1,311,958</u> | <u>9,467,795</u> |
| Fund Balances | | | |
| Nonspendable | | | |
| Interfund Advances - Noncurrent | 128,000 | - | 128,000 |
| Restricted for: | | | |
| Capital Projects | 1,801,192 | 10,058,246 | 11,859,438 |
| Parks and Open Space | - | 4,157,681 | 4,157,681 |
| Public Safety | - | 6,137 | 6,137 |
| Emergency Reserves | 362,396 | - | 362,396 |
| Committed to: | | | |
| Cemetery Operations | - | 137,963 | 137,963 |
| Reserves | 10,800,000 | - | 10,800,000 |
| Assigned to: | | | |
| Capital Projects | 466,050 | - | 466,050 |
| General Government | 288,567 | - | 288,567 |
| Encumbrances | 271,489 | - | 271,489 |
| Unassigned | 1,955,793 | (55,925) | 1,899,868 |
| | <u>16,073,487</u> | <u>14,304,102</u> | <u>30,377,589</u> |
| Total Fund Balances | <u>16,073,487</u> | <u>14,304,102</u> | <u>30,377,589</u> |
| Total Liabilities and Fund Balances | <u>\$ 24,229,324</u> | <u>\$ 15,616,060</u> | <u>\$ 39,845,384</u> |

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

Town of Erie, Colorado
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
December 31, 2011

| | <u>Amount</u> |
|--|----------------------|
| The amounts reported as Governmental Activities on the Statement of Net Assets (page 31) are different because: | |
| Total Fund Balances - Governmental Funds (page 34) | \$ 30,377,589 |
| Capital assets utilized in Governmental Activities are not financial resources and therefore are not reported in the fund financial statements. | 88,723,884 |
| Long-term liabilities and related items are not due and payable in the current period and therefore are not reported in the fund financial statements. | |
| Bonds payable | (16,440,000) |
| Unamortized issuance premium | (309,417) |
| Unamortized deferred refunding loss | 56,431 |
| Unamortized bond issuance costs | 224,328 |
| Accrued interest payable | (65,206) |
| Compensated absences | <u>(386,991)</u> |
| Total long-term liability related items | <u>(16,920,855)</u> |
| Net Assets - Governmental Activities (page 31) | <u>\$102,180,618</u> |

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

Town of Erie, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------------------|--------------------------------|
| REVENUES | | | |
| Taxes | \$ 7,473,451 | \$ 895,317 | \$ 8,368,768 |
| Intergovernmental | 1,081,626 | 428,832 | 1,510,458 |
| Licenses & Permits | 695,837 | - | 695,837 |
| Fees & Charges for Services | 2,572,979 | 759,108 | 3,332,087 |
| Fines & Forfeitures | 162,864 | - | 162,864 |
| Investment Earnings | 153,312 | 96,879 | 250,191 |
| Miscellaneous | 437,009 | 119,938 | 556,947 |
| Total Revenues | 12,577,078 | 2,300,074 | 14,877,152 |
| EXPENDITURES | | | |
| Current Operating: | | | |
| General Government | 2,149,688 | 50,925 | 2,200,613 |
| Public Safety | 2,275,395 | - | 2,275,395 |
| Public Works | 1,719,095 | - | 1,719,095 |
| Parks & Recreation | 4,482,079 | 208,673 | 4,690,752 |
| Capital Outlay | 938,914 | 924,860 | 1,863,774 |
| Debt Service | | | |
| Principal | 915,000 | - | 915,000 |
| Interest | 820,681 | - | 820,681 |
| Total Expenditures | 13,300,852 | 1,184,458 | 14,485,310 |
| Excess Revenues Over (Under) Expenditures | (723,774) | 1,115,616 | 391,842 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 131,200 | - | 131,200 |
| Transfers Out | (12,731) | (140,016) | (152,747) |
| Total Other Financing Sources (Uses) | 118,469 | (140,016) | (21,547) |
| Net Change in Fund Balance | (605,305) | 975,600 | 370,295 |
| Fund Balance - Beginning (As Adjusted) | 16,678,792 | 13,328,502 | 30,007,294 |
| Fund Balance - Ending | \$ 16,073,487 | \$ 14,304,102 | \$ 30,377,589 |

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

Town of Erie, Colorado
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011

| | <u>Amount</u> |
|---|-------------------|
| The amounts reported as Governmental Activities on the Statement of Activities (pages 32-33) are different because: | |
| Net Changes in Fund Balances - Governmental Funds (page 36) | \$ 370,295 |
| Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays. | |
| Capital outlay | 1,689,743 |
| Depreciation expense | (2,733,307) |
| Disposal of capital assets | <u>(132,005)</u> |
| Excess of depreciation over capital outlay, net of disposals | (1,175,569) |
| Governmental Funds report principal payments as expenditures. However, in the Statement of Activities these payments are reflected as a reduction in long-term debt obligations. | 915,000 |
| 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 the Governmental Funds. | |
| Change in accrued compensated absences | 21,319 |
| Arbitrage payment | 120,688 |
| Change in accrued interest | 3,185 |
| Amortization of bond issuance costs | <u>(1,568)</u> |
| Total expenses not requiring current resources | <u>143,624</u> |
| Change in Net Assets - Governmental Activities (page 33) | <u>\$ 253,350</u> |

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

Town of Erie, Colorado
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With |
|---|-----------------------|-----------------------|----------------------|----------------------------------|
| | Original Budget | Final Budget | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Taxes | \$ 7,090,800 | \$ 7,090,800 | \$ 7,473,451 | \$ 382,651 |
| Intergovernmental | 802,200 | 1,107,682 | 1,081,626 | (26,056) |
| Licenses & Permits | 476,900 | 543,600 | 695,837 | 152,237 |
| Fees & Charges for Services | 2,630,400 | 2,709,300 | 2,572,979 | (136,321) |
| Fines & Forfeitures | 130,300 | 132,700 | 162,864 | 30,164 |
| Investment Earnings | 147,400 | 192,000 | 153,312 | (38,688) |
| Miscellaneous | 312,400 | 686,610 | 437,009 | (249,601) |
| Total Revenues | <u>11,590,400</u> | <u>12,462,692</u> | <u>12,577,078</u> | <u>114,386</u> |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| General Government | | | | |
| Legislative | 310,400 | 346,400 | 164,297 | 182,103 |
| Town Administration | 828,200 | 946,248 | 872,275 | 73,973 |
| Community Development | 597,200 | 678,500 | 456,637 | 221,863 |
| Finance | 592,200 | 811,334 | 656,479 | 154,855 |
| Public Safety | 2,426,400 | 2,442,017 | 2,275,395 | 166,622 |
| Public Works | 1,894,200 | 1,904,900 | 1,719,095 | 185,805 |
| Parks & Recreation | 4,699,100 | 4,886,560 | 4,482,079 | 404,481 |
| Capital Outlay | 1,402,200 | 2,059,082 | 938,914 | 1,120,168 |
| Debt Service | | | | |
| Principal | 915,100 | 915,100 | 915,000 | 100 |
| Interest | 820,800 | 820,800 | 820,681 | 119 |
| Total Expenditures | <u>14,485,800</u> | <u>15,810,941</u> | <u>13,300,852</u> | <u>2,510,089</u> |
| Excess Revenues Over | | | | |
| (Under) Expenditures | <u>(2,895,400)</u> | <u>(3,348,249)</u> | <u>(723,774)</u> | <u>2,624,475</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 195,200 | 195,200 | 131,200 | (64,000) |
| Transfers Out | - | (672,500) | (12,731) | 659,769 |
| Total Other Financing Sources (Uses) | <u>195,200</u> | <u>(477,300)</u> | <u>118,469</u> | <u>595,769</u> |
| Net Change in Fund Balance | <u>\$ (2,700,200)</u> | <u>\$ (3,825,549)</u> | <u>(605,305)</u> | <u>\$ 3,220,244</u> |
| Fund Balance - Beginning (As Adjusted) | | | <u>16,678,792</u> | |
| Fund Balance - Ending | | | <u>\$ 16,073,487</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, 2011

| | Business-type Activities - Proprietary Funds | | | Total Proprietary Funds |
|---|--|----------------------|----------------------------|-------------------------|
| | Water Fund | Wastewater Fund | Nonmajor Proprietary Funds | |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | \$ 913,384 | \$ 690,014 | \$ 143,268 | \$ 1,746,666 |
| Investments | 7,785,963 | 6,381,548 | 1,246,869 | 15,414,380 |
| Restricted Cash and Investments | 4,818,740 | 2,026,250 | - | 6,844,990 |
| Accounts Receivable | 475,736 | 396,918 | 448,257 | 1,320,911 |
| Accrued Interest Receivable | 10,379 | 7,840 | 1,532 | 19,751 |
| Restricted Receivables | - | 764,197 | - | 764,197 |
| Prepaid Items | 186,591 | - | 1,988 | 188,579 |
| Total Current Assets | 14,190,793 | 10,266,767 | 1,841,914 | 26,299,474 |
| Noncurrent Assets | | | | |
| Unamortized Bond Issue Costs | 740,168 | 491,844 | 10,101 | 1,242,113 |
| Capital Assets | | | | |
| Construction in Progress | 4,658,299 | 10,562 | 95,920 | 4,764,781 |
| Land and Water Rights | 78,514,912 | 59,022 | 656,000 | 79,229,934 |
| Buildings, Property, and Equipment | 82,902,296 | 60,064,070 | 17,949,067 | 160,915,433 |
| Accumulated Depreciation | (13,951,760) | (7,100,756) | (3,325,699) | (24,378,215) |
| Total Capital Assets | 152,123,747 | 53,032,898 | 15,375,288 | 220,531,933 |
| Total Noncurrent Assets | 152,863,915 | 53,524,742 | 15,385,389 | 221,774,046 |
| Total Assets | 167,054,708 | 63,791,509 | 17,227,303 | 248,073,520 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 346,038 | 103,632 | 124,103 | 573,773 |
| Accrued Interest Payable | 302,941 | 100,106 | 5,170 | 408,217 |
| Accrued Compensation Payable | 55,728 | 43,774 | 3,447 | 102,949 |
| Due to Other Funds | - | - | 169,168 | 169,168 |
| Unearned Revenue | 638,664 | 244,480 | 612 | 883,756 |
| Current Portion of Long Term Debt | | | | |
| Certificates of Participation Payable | 561,177 | - | - | 561,177 |
| Loans Payable | - | 296,711 | 11,330 | 308,041 |
| Bonds Payable | 1,458,704 | 278,993 | - | 1,737,697 |
| Mortgages Payable | - | - | 19,152 | 19,152 |
| Capital Lease Obligations | 111,305 | - | - | 111,305 |
| Total Current Liabilities | 3,474,557 | 1,067,696 | 332,982 | 4,875,235 |
| Noncurrent Liabilities | | | | |
| Accrued Compensation Payable | 14,982 | 10,413 | - | 25,395 |
| Long Term Debt, net of unamortized premiums and discounts | | | | |
| Certificates of Participation Payable | 28,465,197 | - | - | 28,465,197 |
| Loans Payable | - | 3,879,752 | 333,348 | 4,213,100 |
| Bonds Payable | 32,927,936 | 19,547,506 | - | 52,475,442 |
| Mortgages Payable | - | - | 784,515 | 784,515 |
| Capital Lease Obligations | 1,499,199 | - | - | 1,499,199 |
| Total Noncurrent Liabilities | 62,907,314 | 23,437,671 | 1,117,863 | 87,462,848 |
| Total Liabilities | 66,381,871 | 24,505,367 | 1,450,845 | 92,338,083 |
| NET ASSETS | | | | |
| Invested in Capital Assets, net of related debt | 87,275,607 | 29,794,133 | 14,226,943 | 131,296,683 |
| Restricted | | | | |
| Bond Reserves | 4,237,363 | 2,026,250 | - | 6,263,613 |
| Operations and Maintenance Reserves | - | 455,984 | - | 455,984 |
| Other | 405,999 | - | - | 405,999 |
| Unrestricted | 8,753,868 | 7,009,775 | 1,549,515 | 17,313,158 |
| Total Net Assets | \$ 100,672,837 | \$ 39,286,142 | \$ 15,776,458 | \$ 155,735,437 |

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

Town of Erie, Colorado
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

| | Business Type Activities - Proprietary Funds | | | Total Proprietary Funds |
|---|--|----------------------|----------------------------------|-------------------------------|
| | Water Fund | Wastewater Fund | Nonmajor Proprietary Funds | |
| OPERATING REVENUES | | | | |
| Charges for Services | \$ 6,321,368 | \$ 3,112,916 | \$ 529,895 | \$ 9,964,179 |
| OPERATING EXPENSES | | | | |
| Personnel Services | 1,212,449 | 983,824 | 95,387 | 2,291,660 |
| Operations & Maintenance | 1,534,384 | 689,106 | 194,852 | 2,418,342 |
| Depreciation | 1,966,472 | 1,168,553 | 415,143 | 3,550,168 |
| Total Operating Expenses | 4,713,305 | 2,841,483 | 705,382 | 8,260,170 |
| Net Operating Income (Loss) | 1,608,063 | 271,433 | (175,487) | 1,704,009 |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Investment Earnings | 68,418 | 33,632 | 11,402 | 113,452 |
| Other Non-Operating Income | 63,440 | 13,329 | 24,764 | 101,533 |
| Intergovernmental | - | - | 831,070 | 831,070 |
| Amortization of Debt Issuance Costs | (50,222) | (21,853) | (3,788) | (75,863) |
| Interest Expense | (2,403,947) | (1,010,983) | (39,841) | (3,454,771) |
| Loss on Disposition of Capital Assets | - | - | (84,029) | (84,029) |
| Total Non-Operating Revenues (Expenses) | (2,322,311) | (985,875) | 739,578 | (2,568,608) |
| Income (Loss) Before Contributions and Transfers | (714,248) | (714,442) | 564,091 | (864,599) |
| Capital Contributions | 2,404,432 | 465,620 | - | 2,870,052 |
| Transfers In | - | - | 30,363 | 30,363 |
| Transfers Out | - | - | (8,816) | (8,816) |
| Change in Net Assets | 1,690,184 | (248,822) | 585,638 | 2,027,000 |
| Total Net Assets - Beginning (As Adjusted) | <u>98,982,653</u> | <u>39,534,964</u> | <u>15,190,820</u> | <u>153,708,437</u> |
| Total Net Assets - Ending | <u>\$ 100,672,837</u> | <u>\$ 39,286,142</u> | <u>\$ 15,776,458</u> | <u>\$ 155,735,437</u> |

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

Town of Erie, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

| | Business-type Activities - Proprietary Funds | | | Total Proprietary Funds |
|---|--|---------------------|----------------------------|-------------------------|
| | Water Fund | Wastewater Fund | Nonmajor Proprietary Funds | |
| Cash Flows from Operating Activities | | | | |
| Receipts from Customers and Users | \$ 6,561,215 | \$ 3,106,306 | \$ 565,383 | \$ 10,232,904 |
| Payments to Employees | (1,217,999) | (987,657) | (95,233) | (2,300,889) |
| Payments to Suppliers | (1,837,566) | (2,480,858) | (382,767) | (4,701,191) |
| Net Cash Provided by (Used in) Operating Activities | <u>3,505,650</u> | <u>(362,209)</u> | <u>87,383</u> | <u>3,230,824</u> |
| Cash Flows from Non-capital Financing Activities | | | | |
| Advance from Other Funds | - | - | 120,352 | 120,352 |
| Transfer from Other Funds | - | - | 30,363 | 30,363 |
| Cash Flows Provided by Non-capital Financing Activities | <u>-</u> | <u>-</u> | <u>150,715</u> | <u>150,715</u> |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Receipts from Capital Grants | - | - | 904,741 | 904,741 |
| Proceeds from Capital Debt | 9,854,323 | 466,453 | - | 10,320,776 |
| Payments to Defease Capital Debt | (10,550,000) | - | - | (10,550,000) |
| Acquisition and Construction of Capital Assets | (1,556,909) | (2,022,488) | (963,266) | (4,542,663) |
| Principal Paid on Capital Debt | (1,297,682) | (558,774) | (26,594) | (1,883,050) |
| Interest Paid on Capital Debt | (2,381,662) | (1,013,845) | (40,008) | (3,435,515) |
| Capital Contributions | 2,404,432 | 465,620 | - | 2,870,052 |
| Cash Flows Used in Capital and Related Financing Activities | <u>(3,527,498)</u> | <u>(2,663,034)</u> | <u>(125,127)</u> | <u>(6,315,659)</u> |
| Cash Flows from Investing Activities | | | | |
| Purchase of Investments | (12,400,845) | (11,687,081) | (1,571,940) | (25,659,866) |
| Proceeds from Sale and Maturity of Investments | 12,694,468 | 14,986,394 | 1,533,267 | 29,214,129 |
| Earnings on Investments | 106,549 | 77,228 | 15,611 | 199,388 |
| Cash Flows Provided by (Used in) Investing Activities | <u>400,172</u> | <u>3,376,541</u> | <u>(23,062)</u> | <u>3,753,651</u> |
| Net Increase in Cash and Cash Equivalents | 378,324 | 351,298 | 89,909 | 819,531 |
| Cash and Cash Equivalents - January 1 | 535,060 | 338,716 | 53,359 | 927,135 |
| Cash and Cash Equivalents - December 31 | <u>\$ 913,384</u> | <u>\$ 690,014</u> | <u>\$ 143,268</u> | <u>\$ 1,746,666</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | |
| Operating Income (Loss) | \$ 1,608,063 | \$ 271,433 | \$ (175,487) | \$ 1,704,009 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | |
| Depreciation Expense | 1,966,472 | 1,168,553 | 415,143 | 3,550,168 |
| Other Income | 63,440 | 13,329 | 24,764 | 101,533 |
| (Increase) Decrease in | | | | |
| Accounts Receivable | 1,407 | (19,939) | 4,605 | (13,927) |
| Prepaid Items | 19,223 | - | 6,119 | 25,342 |
| Increase (Decrease) in | | | | |
| Accounts Payable | (322,405) | (1,791,752) | (184,415) | (2,298,572) |
| Accrued Compensation Payable | (5,550) | (3,833) | 154 | (9,229) |
| Due to Other Organizations | - | - | (3,500) | (3,500) |
| Deferred Revenue | 175,000 | - | - | 175,000 |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 3,505,650</u> | <u>\$ (362,209)</u> | <u>\$ 87,383</u> | <u>\$ 3,230,824</u> |
| Noncash Investing, Capital, and Financing Activities | | | | |
| Increase (decrease) in fair value of investments | 2,031 | 742 | 670 | 3,443 |

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

This page has been intentionally left blank.

Notes to the Financial Statements

This page has been intentionally left blank.

Town of Erie, Colorado
Notes to the Financial Statements
As of and for the year ended December 31, 2011

Note I. Summary of Significant Accounting Policies

The Town of Erie, Colorado (the Town), incorporated in 1874, is a statutory municipality governed by a trustee-administrator form of government through a Mayor and six-member Board of Trustees. The Town provides the following services: administration, community development, finance, human resources, parks and recreation, police, public works, water, wastewater, and storm drainage.

A. Reporting Entity

The accompanying financial statements present the Town (the primary government) and its component units for which the government is financially accountable. The blended component units discussed below are included in the Town's reporting entity because of the significance of their operational or financial relationship to the Town and to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Town. The Town considers the Town of Erie Housing Authority and the Town of Erie Urban Renewal Authority as component units. Both authorities are 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.

A 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 (EHA) –The EHA constructed and operates the senior housing complex. Daily operations of the complex are managed by the Boulder County Housing Authority. The EHA's activities directly benefit the citizens of the Town. The Town Board of Trustees serves as the EHA Board of Commissioners. The EHA is reported as a proprietary fund. Separate audited financial statements of the EHA are not available.

Town of Erie Urban Renewal Authority (EURA) – The EURA was created in 2011 by action of the Town Mayor and Board of Trustees, who serve as its Board of Commissioners, under the Colorado Urban Renewal Law. The EURA is charged with the creation and

Note I. Summary of Significant Accounting Policies (continued)

implementation of the Town of Erie urban renewal plan pursuant to the Urban Renewal Law. Operations of the EURA are currently funded from General Fund resources, which will be repaid from various funding sources of the EURA, including tax increment financing for urban renewal projects within its boundaries. The EURA is reported as a special revenue fund. Separate audited financial statements of the EURA are not available.

B. Government-wide and Fund Financial Statements

The government-wide financial statements, consisting of the statement of net assets and the statement of activities, report financial information on all of the activities of the Town and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of 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 direct expenses of given functions or segments 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 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 and proprietary funds. The Town does not operate any fiduciary funds. Major individual governmental funds and 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 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.

Note I. Summary of Significant Accounting Policies (continued)

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.

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 fund:

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.

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 revenues of all proprietary funds are 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 proprietary (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.

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)

Interfund transactions are treated and classified as revenues, expenditures, or expenses (the same as if these same transactions involved external organizations). These include interfund transfers and billings from one fund to another for the purchase of goods or services. In the government-wide statement of activities, interfund transactions are eliminated unless the transfer is between the governmental and the business-type activities.

D. Assets, Liabilities, and Fund 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.

Whenever possible the Town pools cash to enhance investment opportunities and to facilitate management of cash resources. Investments are made taking into consideration safety, liquidity, and income potential, in that order. The Town makes investments pursuant to its investment policy and relevant State of Colorado statutes.

Investments are reported at fair value based upon values obtained from quoted market prices.

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 noncurrent 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 uncollectible amounts, where applicable.

Property taxes levied in a particular year are collected in the subsequent year. The property tax calendar is as follows:

| | |
|---|-------------|
| <u>Tax Year</u> | |
| Tax Levy certified to County Commissioners..... | December 15 |
| County Commissioners certify levy to County Assessor..... | December 22 |

Note I. Summary of Significant Accounting Policies (continued)

Ensuing Collection Year

| | |
|--|-------------|
| Taxes attach as an enforceable lien on property..... | January 1 |
| First installment due date (one-half of taxes due)..... | February 28 |
| Taxes due in full (unless installments elected by taxpayer)..... | April 30 |
| Second installment due date (second half due)..... | June 15 |

The taxes are collected by the Boulder County and Weld County Treasurers on behalf of the Town and are remitted by the 15th day of the month following collection. A 1% collection fee is retained by the Counties as compensation for collecting the taxes.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the 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 their use is limited by applicable bond covenants. In addition, restricted loans receivable in the Wastewater Fund represent funds available to be drawn down pursuant to borrowings for the construction of a pump station.

5. Capital Assets

Capital assets, which include property, plant, equipment, and all infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) acquired since 1997, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary funds in the fund financial statements. Capital assets are defined by the Town 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 value at the date of donation.

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

Capital assets of the Town are depreciated using the straight-line method with estimated useful lives as follows:

| Assets | Years |
|-----------------------------------|-------|
| Buildings and improvements | 5-50 |
| Infrastructure | 20-50 |
| Improvements other than buildings | 5-40 |
| Machinery and equipment | 3-10 |
| Vehicles | 3-5 |

Note I. Summary of Significant Accounting Policies (continued)

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.

7. *Long-term Obligations*

Long-term debt and other long-term obligations are reported as liabilities in the government-wide and proprietary financial statements. Bond premiums, discounts, deferred refunding gains (losses), and issuance costs are deferred and amortized over the life of the bonds using the straight-line method over the term of the debt, except for deferred refunding gains (losses) which are amortized over the shorter of the term of either the new or old debt. Bond premiums, discounts, and deferred refunding gains (losses) are presented as an addition or reduction (net) of the face amount of the bond payable. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements for governmental fund-types, bond issuance costs are recognized as expenditures during the current period. The par amount of debt issued and premiums received are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, even if withheld from the debt proceeds received, are reported as debt service expenditures.

8. *Fund Balances*

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions or enabling legislation (Town ordinances). Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party such as citizens,

Note I. Summary of Significant Accounting Policies (continued)

public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Trustees or a Town official delegated that authority by Town Code or ordinance, or by State Statute.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Generally, the Town would apply restricted, committed, or assigned resources prior to unassigned resources when an expenditure is incurred for purposes for which more than one of the classifications of fund balance is available.

Stabilization Arrangements – In 2010 the Board of Trustees approved the creation of a governmental stabilization reserve, maintained to offset economic downturns. The reserve was established at \$7,500,000, representing approximately 50% of annual General Fund expenditures. Presented as committed fund balance in the General Fund, the reserve may only be used with the approval of the Board of Trustees in the event of revenue reductions due to severe economic conditions in order to prevent significant reduction in services.

Minimum Fund Balances – The Town has established minimum fund balances for certain of its funds. For the General Fund, minimum fund balance is 25% of annual budgeted operating expenditures. Proprietary funds are to maintain minimum unrestricted net assets of 25% of annual operating and maintenance expenses plus 2% of capital assets.

Note I. Summary of Significant Accounting Policies (continued)

9. Use of 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. Change in Accounting Principle and Restatement

A. Change in Accounting Principle

For fiscal year 2011, the Town has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement redefines special revenue funds. The implementation of this statement resulted in the reclassification of certain funds as capital projects funds and restatement of the Town’s financial statements.

B. Restatement

For fiscal year 2011, the Town corrected the following errors relating to prior periods:

| <u>Fund</u> | <u>Beginning Equity As Previously Stated</u> | <u>Beginning Equity As Adjusted</u> |
|----------------------------|--|---|
| Fund Financial Statements | | |
| General Fund | \$ 16,270,482 | \$ 16,678,792 |
| Water Fund | 103,478,544 | 98,982,653 |
| Wastewater Fund | 39,562,430 | 39,534,964 |
| Government Wide Statements | | |
| Governmental Activities | 101,908,162 | 101,927,268 |
| Business-Type Activities | 158,231,794 | 153,708,437 |

The General Fund beginning fund balance increased by \$408,310 as the result of a correction to accrued leave payable to reduce the balance to the amount that had matured as of December 31, 2010.

Note II. Change in Accounting Principle and Restatement (continued)

The Water Fund beginning net assets decreased by \$4,495,891 as follows:

| | <u>Increase (Decrease)</u> |
|---|----------------------------|
| Correct error due to capitalization of interest on certificates of participation as part of capital assets | \$ (3,959,355) |
| Correct errors in amortization of debt premiums, discounts, cost of issuance, and deferred refunding losses | (343,173) |
| Record capital lease obligation | (231,490) |
| Correct errors in accrued interest payable | <u>38,127</u> |
| Total decrease | <u>\$ (4,495,891)</u> |

The Wastewater Fund beginning net assets decreased by \$27,466 as a result of the correction of errors in the amortization of debt premiums, discounts, cost of issuance, and deferred refunding losses.

The beginning net assets for Governmental Activities increased by \$19,106 as a result of the correction of errors in the amortization of debt premiums, discounts, cost of issuance, and deferred refunding losses.

The beginning net assets for Business-Type Activities decreased by \$4,523,357 due to net reductions of \$4,495,891 in the Water Fund and \$27,466 in the Wastewater Fund as described above.

Note III. 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 does not adopt a budget for the Erie Housing Authority.

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 Board of Trustee meetings to obtain input from elected officials, citizens, and other interested parties. By December 15, the final budget is adopted.

The appropriated budget is adopted by fund. The budget is prepared by fund, department, and division. Managers can make transfers between line items within their departments without Board approval. All other changes require Board approval. The Board made several supplemental appropriations throughout the year, which are reflected in the final budget columns of the financial statements and schedules.

Note III. Stewardship, Compliance, and Accountability (continued)

B. Expenditures in Excess of Budget

For the year ended December 31, 2011, the Town expended \$4,823,160 in excess of the amount budgeted for the Water Fund. This over-expenditure was the result of the advance refunding of certain debt of the fund on December 27, 2011. The expenditure was offset by debt proceeds from the refunding bond issue. The refunding was approved by the Board of Trustees, although no supplemental appropriation was made.

C. Deficit Fund Equity

The Town of Erie Urban Renewal Authority had a deficit fund balance of \$55,925 as of December 31, 2011. The fund will continue to have a deficit fund balance until urban renewal projects are identified and resulting tax increment funding monies are collected through increased property or sales tax collections.

D. Encumbrances

Encumbrance accounting is employed in the General Fund. Encumbrances (e.g., purchase orders) outstanding at year-end are reported as assigned fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent fiscal year.

Note IV. Detailed Notes on All Funds

A. Deposits and Investments

As of December 31, 2011, the Town had the following investments:

| Investment Type | Rating | | Fair Value | Investment Maturities | | Concentration of Credit Risk |
|--|---------|------|----------------------|-----------------------|----------------------|------------------------------|
| | Moody's | S&P | | Less than 1 Year | 1 to 5 Years | |
| U.S. Treasury | Aaa | AA+ | \$ 2,004,140 | \$ 2,004,140 | \$ - | 4% |
| Federal Farm Credit Bank | Aaa | AA+ | 2,030,340 | 2,030,340 | - | 4% |
| Federal Home Loan Bank | Aaa | AA+ | 6,046,230 | 2,027,400 | 4,018,830 | 11% |
| Federal Home Loan Mortgage Corporation | Aaa | AA+ | 3,529,205 | 2,521,375 | 1,007,830 | 7% |
| Federal National Mortgage Association | Aaa | AA+ | 8,076,190 | 2,003,540 | 6,072,650 | 15% |
| CSAFE | n/a | AAAm | 14,965,054 | 14,965,054 | - | 28% |
| COLOTRUST | n/a | AAAm | 1,891,256 | 1,891,256 | - | 3% |
| Bank certificates of deposit | n/a | n/a | 11,634,004 | 5,001,280 | 6,632,724 | 22% |
| Wells Fargo Treasury Money Market Fund | Aaa-mf | AAAm | 2,432,859 | 2,432,859 | - | 5% |
| Bank money market accounts | n/a | n/a | 592,767 | 592,767 | - | 1% |
| Total fair value | | | <u>\$ 53,202,045</u> | <u>\$ 35,470,011</u> | <u>\$ 17,732,034</u> | <u>100%</u> |

Reconciliation to Statement of Net Assets:

| | |
|---------------------------------|----------------------|
| Investments | \$ 46,357,055 |
| Restricted cash and investments | <u>6,844,990</u> |
| Total | <u>\$ 53,202,045</u> |

Note IV. Detailed Notes on All Funds (continued)

It is the policy of the Town to invest its funds in a manner which will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands. The Town's investment policy applies to all investment activity of the Town, under the control of the finance director. The Town Municipal Code, Section 2-1-4, authorizes the investments that the Town can hold. Investments of the Town may include obligations of the United States of America or its agencies thereof, certificates of deposit, bankers' acceptances, commercial paper, investment grade obligations of state and local governments, repurchase agreements collateralized by any of the foregoing securities, money market funds, and local government investment pools.

In August 2011, Standard & Poor's lowered its ratings on U.S. Treasury securities and various federal agencies and government sponsored entities, including those whose debt obligations were owned by the Town as of December 31, 2011. At the time, the Colorado Revised Statutes (CRS) prohibited the purchase of securities of Federal agencies and government sponsored entities unless they were rated in the highest rating category of each rating agency. Subsequent to year-end, the Colorado General Assembly amended the relevant statute permitting purchases of these types of securities. The Town purchased no such securities between the time of the downgrading and the subsequent change in the CRS permitting such investments.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy limits the Town's investment portfolio to maturities of less than five years and a weighted average maturity of less than 3 years. Additionally, the Town structures its investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations to the Town. The Town's investment policy limits investments to certain types of investments and diversifies the investment portfolio so the impact of potential losses from any one type of will be minimized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. Pursuant to its investment policy, the Town has established various limits for issuers for each of the types of securities in which it is permitted to invest.

Note IV. Detailed Notes on All Funds (continued)

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Town bank accounts at year-end were entirely covered by federal depository insurance or by collateral held by the Town's custodial banks in its name under provisions of the Colorado Public Deposit Protection Act (CPDPA). The CPDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages, and deeds of trust.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy addresses this risk by requiring the pre-qualifying of financial institutions, broker/dealers, intermediaries, and advisers with which the Town does business to ensure that such risk is minimized.

Local Government Investment Pools

As shown in the preceding table, the Town had investments in the Colorado Surplus Asset Fund Trust (CSAFE) and Colorado Government Liquid Asset Trust (COLOTRUST) at year-end. CSAFE and COLOTRUST are investment vehicles established for local government entities in Colorado to pool surplus funds. These funds were established under the authority of, and in conformity with, Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes. The State of Colorado regulates these funds.

The funds operate similar to money market funds and each share is valued at \$1.00. Fund investments include U.S. Treasury bills, notes, note strips, and repurchase agreements collateralized by U.S. Treasury securities. Designated custodial banks provide safekeeping and depository services to these funds in connection with the funds' direct investment and withdrawal functions. The custodians' internal records identify investments owned by the funds. CSAFE financial statements can be obtained at www.csafe.org. COLOTRUST financial statements can be obtained at www.colotruster.com. The investments were rated AAAM by Standard & Poor's.

B. Accounts Receivable

Accounts receivable in the governmental funds consist primarily of amounts due from other governments for taxes collected on behalf of the Town, landfill fees, amounts due pursuant to grants from the State of Colorado, and franchise taxes due from various utility companies. Accounts receivable in the proprietary funds consist primarily of amounts due from customers and amounts due pursuant to grants from the Federal government.

Note IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|-----------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | \$ 7,649,487 | \$ 1,174,236 | \$ (7,971,929) | \$ 851,794 |
| Land | 7,529,061 | 5,000 | - | 7,534,061 |
| Total capital assets, not being depreciated: | 15,178,548 | 1,179,236 | (7,971,929) | 8,385,855 |
| Capital assets, being depreciated: | | | | |
| Buildings | 29,542,212 | 145,864 | - | 29,688,076 |
| Improvements other than buildings | 53,202,101 | 8,204,567 | - | 61,406,668 |
| Machinery and equipment | 3,148,980 | - | - | 3,148,980 |
| Vehicles | 1,581,658 | - | - | 1,581,658 |
| Total capital assets, being depreciated: | 87,474,951 | 8,350,431 | - | 95,825,382 |
| Less accumulated depreciation for: | | | | |
| Buildings | (1,431,023) | (604,991) | - | (2,036,014) |
| Improvements other than buildings | (7,526,455) | (1,893,392) | - | (9,419,847) |
| Machinery and equipment | (2,421,100) | (131,413) | - | (2,552,513) |
| Vehicles | (1,375,468) | (103,511) | - | (1,478,979) |
| Total accumulated depreciation | (12,754,046) | (2,733,307) | - | (15,487,353) |
| Total capital assets, being depreciated, net | 74,720,905 | 5,617,124 | - | 80,338,029 |
| Governmental activities capital assets, net | <u>\$ 89,899,453</u> | <u>\$ 6,796,360</u> | <u>\$ (7,971,929)</u> | <u>\$ 88,723,884</u> |

Note IV. Detailed Notes on All Funds (continued)

| | (Restated) Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------------|----------------------|------------------------|-----------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | \$ 37,188,429 | \$ 3,934,122 | \$ (36,357,770) | \$ 4,764,781 |
| Land | 3,759,396 | 885,653 | - | 4,645,049 |
| Water rights | 74,584,885 | - | - | 74,584,885 |
| Total capital assets, not being depreciated: | <u>115,532,710</u> | <u>4,819,775</u> | <u>(36,357,770)</u> | <u>83,994,715</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 208,365 | - | - | 208,365 |
| Improvements other than buildings | 124,215,966 | 35,657,251 | - | 159,873,217 |
| Machinery and equipment | 561,331 | 423,406 | (150,886) | 833,851 |
| Total capital assets, being depreciated: | <u>124,985,662</u> | <u>36,080,657</u> | <u>(150,886)</u> | <u>160,915,433</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (85,025) | (7,391) | - | (92,416) |
| Improvements other than buildings | (20,387,529) | (3,515,314) | - | (23,902,843) |
| Machinery and equipment | (422,349) | (27,463) | 66,856 | (382,956) |
| Total accumulated depreciation | <u>(20,894,903)</u> | <u>(3,550,168)</u> | <u>66,856</u> | <u>(24,378,215)</u> |
| Total capital assets, being depreciated, net | <u>104,090,759</u> | <u>32,530,489</u> | <u>(84,030)</u> | <u>136,537,218</u> |
| Business-type activities capital assets, net | <u>\$ 219,623,469</u> | <u>\$ 37,350,264</u> | <u>\$ (36,441,800)</u> | <u>\$ 220,531,933</u> |

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

| | |
|---|--------------------|
| Governmental activities: | |
| General government | \$ 71,505 |
| Public safety | 96,344 |
| Public works | 1,324,539 |
| Parks and recreation | <u>1,240,919</u> |
| Total depreciation expense - governmental activities | <u>\$2,733,307</u> |
| Business-type activities: | |
| Water | \$1,966,472 |
| Wastewater | 1,168,553 |
| Storm drainage | 231,590 |
| Airport | 154,531 |
| Housing authority | <u>29,022</u> |
| Total depreciation expense - business-type activities | <u>\$3,550,168</u> |

Note IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers

There was only one interfund due from/due to relationship as of December 31, 2011. During 2011 the General Fund paid \$169,168 on behalf of the Airport Fund for various capital project expenditures, to be repaid in 2012 upon receipt of federal grant funds.

There were two advances from the General Fund at December 31, 2011, one to the Parks Improvement Impact Fund (PIIF) for \$192,000 and one to the Erie Urban Renewal Authority (EURA) for \$43,780. The advance to PIIF was made to pay for a new park and is being repaid through annual payments of \$64,000. The \$43,780 advance to EURA was made to pay for operating expenditures of the authority. This amount is not expected to be repaid in 2012.

Transfers to/from other funds for the year ending December 31, 2011, were as follows:

| <u>Transfer Out</u> | <u>Transfer In</u> | | <u>Total</u> |
|-----------------------------|---------------------|-----------------------------------|-------------------|
| | <u>General Fund</u> | <u>Nonmajor Proprietary Funds</u> | |
| General Fund | \$ - | \$ 12,731 | \$ 12,731 |
| Nonmajor governmental funds | 131,200 | 8,816 | 140,016 |
| Nonmajor proprietary fund | - | 8,816 | 8,816 |
| Total | <u>\$ 131,200</u> | <u>\$ 30,363</u> | <u>\$ 161,563</u> |

Transfers primarily reflect movement of revenues from the fund with collection authorization to the fund making the expenditure.

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 only been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. They are payable primarily from real property taxes, in addition to various other funding sources. These bonds are issued as serial bonds with varying amounts of principal maturing each year.

Note IV. Detailed Notes on All Funds (continued)

General obligation bonds outstanding at December 31, 2011, are as follows:

| Year Issued | Description | Interest Rate (%) | Final Maturity Date | Issued | Outstanding |
|--------------------------------|------------------------------------|-------------------|---------------------|---------------|---------------------|
| 2006 | General obligation bonds | 4.375 - 5.25 | 2026 | \$ 16,800,000 | \$ 14,230,000 |
| 2006 | General obligation refunding bonds | 4.25 - 4.50 | 2018 | 2,971,095 | <u>2,210,000</u> |
| Total general obligation bonds | | | | | <u>\$16,440,000</u> |

Annual debt service requirements to maturity for general obligation bonds are as follows:

| Year Ending December 31 | Principal | Interest |
|-------------------------|----------------------|---------------------|
| 2012 | \$ 950,000 | \$ 782,456 |
| 2013 | 1,000,000 | 736,331 |
| 2014 | 1,040,000 | 692,056 |
| 2015 | 1,090,000 | 646,006 |
| 2016 | 1,140,000 | 596,744 |
| 2017-2021 | 5,345,000 | 2,219,181 |
| 2022-2026 | <u>5,875,000</u> | <u>938,488</u> |
| Total | <u>\$ 16,440,000</u> | <u>\$ 6,611,262</u> |

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 use other resources to pay debt service. During the year \$10,098,045 of revenue bonds were issued to refund certain water fund bonds, discussed in more detail below.

Note IV. Detailed Notes on All Funds (continued)

Revenue bonds and loans outstanding at year-end were as follows:

| Year Issued | Description | Interest Rate (%) | Final Maturity Date | Issued | Outstanding |
|-------------------------------|------------------------------------|-------------------|---------------------|------------|----------------------------|
| 1979 | Water revenue bonds | 5.00 | 2019 | \$ 290,000 | \$ 110,000 |
| 1995 | Storm drainage revenue loan | 2.00 | 2035 | 498,512 | 344,678 |
| 1997 | Wastewater revenue loan | 4.54 | 2017 | 1,821,690 | 683,802 |
| 1997 | Wastewater revenue loan | 4.50 | 2017 | 500,000 | 203,085 |
| 2007 | Water revenue bonds | 5.00 | 2032 | 14,225,000 | 14,225,000 |
| 2007 | Water revenue refunding bonds | 4.25 - 5.00 | 2023 | 5,035,000 | 4,240,000 |
| 2008 | Wastewater revenue bonds | 4.00 - 4.75 | 2028 | 8,900,000 | 8,435,000 |
| 2008 | Wastewater revenue refunding bonds | 4.00 | 2017 | 985,000 | 685,000 |
| 2009 | Wastewater revenue loan | 2.00 | 2030 | 1,534,700 | 1,439,575 |
| 2009 | Wastewater revenue loan | 0.00 | 2030 | 2,000,000 | 1,850,000 |
| 2009 | Wastewater revenue bonds | 4.50 - 5.00 | 2037 | 10,650,000 | 10,650,000 |
| 2009 | Water revenue refunding bonds | 2.00 - 4.00 | 2023 | 6,390,000 | 5,595,000 |
| 2011 | Water revenue refunding bonds | 2.00 - 5.00 | 2023 | 10,098,045 | 10,098,045 |
| Total revenue bonds and loans | | | | | <u><u>\$58,559,185</u></u> |

Annual debt service requirements to maturity for revenue bonds and loans are as follows:

| Year Ending December 31 | Principal | Interest |
|-------------------------|-----------------------------|-----------------------------|
| 2012 | \$ 2,048,086 | \$ 2,398,933 |
| 2013 | 2,078,291 | 2,366,826 |
| 2014 | 2,132,634 | 2,312,129 |
| 2015 | 2,215,731 | 2,231,216 |
| 2016 | 2,300,271 | 2,145,069 |
| 2017-2021 | 12,631,173 | 9,565,759 |
| 2022-2026 | 11,924,780 | 7,146,812 |
| 2027-2031 | 13,523,829 | 4,391,630 |
| 2032-2036 | 8,254,390 | 1,433,754 |
| 2037-2041 | 1,450,000 | 72,500 |
| Total | <u><u>\$ 58,559,185</u></u> | <u><u>\$ 34,064,628</u></u> |

Note IV. Detailed Notes on All Funds (continued)

3. *Certificates of Participation*

The Town formed the Erie Finance Corporation (EFC) to issue certificates of participation (COPs) for the acquisition and construction of major capital additions and improvements. The COPs are secured by the underlying capital assets. Debt service payments are made from rents collected by EFC based upon annually renewable lease agreements between the Town and EFC. Payments are subject to annual appropriation and do not constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the Town within the meaning of any constitutional or statutory debt limitation.

The Town entered into its first COPs transaction in 2005. COPs in the amount of \$32,030,000 were issued to purchase Colorado-Big Thompson water shares. The 2005 COPs were retired in 2010, when the 2010 COPs were issued. The 2010 COPs carry a fixed rate of 2.7% through October 1, 2015. Rates become variable thereafter and may increase by up to 1.5% over the prior year's rate to a maximum of 15%. Actual interest rates will be established weekly by the remarketing agent after October 1, 2015. The COPs may be redeemed in whole or in part prior to maturity without penalty.

The following is a summary of 2010 COPs payments. The rate used for the variable rate period is an estimate of the approximate rate that would have been in effect at December 31, 2011, had the COPs been in their variable rate period.

| Year Ending December 31 | Principal | Interest | Total |
|----------------------------|----------------------|----------------------|----------------------|
| 2012 | \$ 580,000 | \$ 795,825 | \$ 1,375,825 |
| 2013 | 600,000 | 780,165 | 1,380,165 |
| 2014 | 625,000 | 763,965 | 1,388,965 |
| 2015 | 645,000 | 747,090 | 1,392,090 |
| 2016 | 670,000 | 699,948 | 1,369,948 |
| 2017-2021 | 3,750,000 | 3,225,975 | 6,975,975 |
| 2022-2026 | 4,510,000 | 2,702,406 | 7,212,406 |
| 2027-2031 | 5,425,000 | 2,072,648 | 7,497,648 |
| 2032-2036 | 6,515,000 | 1,315,591 | 7,830,591 |
| 2037-2041 | 6,155,000 | 405,853 | 6,560,853 |
| Total | <u>\$ 29,475,000</u> | <u>\$ 13,509,466</u> | <u>\$ 42,984,466</u> |

Note IV. Detailed Notes on All Funds (continued)

4. Mortgages Payable

The Town has two mortgages payable through its blended component unit, the Erie Housing Authority, as follows:

| Year Issued | Purpose | Interest Rate (%) | Final Maturity Date | Issued | Outstanding |
|-------------|----------------------|-------------------|---------------------|-----------|-------------------|
| 1996 | FHLB forgivable loan | 0.00 | 2016 | \$ 60,000 | \$ 60,000 |
| 2004 | Mortgage loan | 4.50 | 2014 | 860,021 | <u>743,667</u> |
| | | | | | <u>\$ 803,667</u> |

Annual debt service requirements to maturity for these mortgages are as follows:

| Year Ending December 31 | Principal | Interest | Total |
|-------------------------|-------------------|------------------|-------------------|
| 2012 | \$ 19,152 | \$ 33,625 | \$ 52,777 |
| 2013 | 20,140 | 32,637 | 52,777 |
| 2014 | 704,375 | 23,885 | 728,260 |
| 2015 | <u>60,000</u> | <u>-</u> | <u>60,000</u> |
| Total | <u>\$ 803,667</u> | <u>\$ 90,147</u> | <u>\$ 893,814</u> |

5. Capital Lease Obligations

The Town entered into two capital lease agreements in 2008 for the purchase of a site for the construction of a re-use reservoir and approximately 24 acres of land to serve as a buffer area. The leases provide for monthly payments totaling \$14,800 through May 1, 2013, at which time a final payment of \$1,456,550 is due. The imputed interest rate on both leases is 4.25%. The book value of the reservoir site and buffer area is \$2,018,495 at December 31, 2011. The following is a schedule by year of future minimum lease obligations as of December 31, 2011:

| Year Ending December 31 | Lease Payments |
|---|---------------------|
| 2012 | \$ 177,600 |
| 2013 | <u>1,530,550</u> |
| Total minimum lease payments | 1,708,150 |
| Less: amount representing interest | <u>(97,646)</u> |
| Present value of minimum lease payments | <u>\$ 1,610,504</u> |

Note IV. Detailed Notes on All Funds (continued)

6. Defeasance of Debt

On December 27, 2011, the Town issued \$10,098,045 in Water Enterprise Revenue Refunding Bonds to purchase various securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$9,930,000 outstanding on a 2004 borrowing from the Colorado Water Resources and Power Development Authority. As a result, the refunded debt is considered to be defeased and the liability has been removed from the business-type activities column of the statement of net assets and from the Water Fund's statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$721,563. This amount is being netted against the new debt and amortized over the life of the new debt, which has the same life as the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$574,177 and resulted in an economic gain of \$338,131.

In prior years, the Town defeased certain general obligation, water, and wastewater revenue bonds by placing the proceeds of new bonds into irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. These transactions resulted in economic gains to the Town. On December 31, 2011, these bonds had remaining balances of \$13,550,000.

7. Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

| | (Restated) Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year | Due After One Year |
|---|------------------------------------|----------------------|------------------------|----------------------|------------------------|-----------------------|
| Governmental activities: | | | | | | |
| Bonds payable: | | | | | | |
| General obligation bonds | \$ 17,355,000 | \$ - | \$ (915,000) | \$ 16,440,000 | \$ 950,000 | \$ 15,490,000 |
| Less deferred amounts: | | | | | | |
| For issuance premiums | 332,844 | - | (23,427) | 309,417 | 23,426 | 285,991 |
| On refundings | (64,590) | - | 8,159 | (56,431) | (8,159) | (48,272) |
| Total bonds payable | 17,623,254 | - | (930,268) | 16,692,986 | 965,267 | 15,727,719 |
| Arbitrage | 120,688 | - | (120,688) | - | - | - |
| Compensated absences | 408,310 | 437,387 | (458,706) | 386,991 | 242,868 | 144,123 |
| Total governmental activities | <u>\$ 18,152,252</u> | <u>\$ 437,387</u> | <u>\$ (1,509,662)</u> | <u>\$ 17,079,977</u> | <u>\$ 1,208,135</u> | <u>\$ 15,871,842</u> |
| Business-type activities: | | | | | | |
| Bonds, loans and other debt payable: | | | | | | |
| Revenue bonds and loans | \$ 60,257,021 | \$ 10,098,045 | \$ (11,795,881) | \$ 58,559,185 | \$ 2,048,086 | \$ 56,511,099 |
| Certificates of participation | 29,990,000 | - | (515,000) | 29,475,000 | 580,000 | 28,895,000 |
| Mortgages payable | 819,154 | - | (15,487) | 803,667 | 19,152 | 784,515 |
| Capital lease obligations | 1,717,185 | - | (106,681) | 1,610,504 | 111,305 | 1,499,199 |
| Less deferred amounts: | | | | | | |
| For issuance premiums and discounts | 733,006 | 685,221 | (109,025) | 1,309,202 | 93,061 | 1,216,141 |
| On refundings | (914,852) | (721,563) | 53,682 | (1,582,733) | (114,232) | (1,468,501) |
| Total bonds, loans and other debt payable | 92,601,514 | 10,061,703 | (12,488,392) | 90,174,825 | 2,737,372 | 87,437,453 |
| Compensated absences | 68,497 | 61,980 | (69,333) | 61,144 | 35,749 | 25,395 |
| Internal balances | 40,000 | - | (40,000) | - | - | - |
| Total business-type activities | <u>\$ 92,710,011</u> | <u>\$ 10,123,683</u> | <u>\$ (12,597,725)</u> | <u>\$ 90,235,969</u> | <u>\$ 2,773,121</u> | <u>\$ 87,462,848</u> |

Note IV. Detailed Notes on All Funds (continued)

F. Pension Plans

1. Police Officers

a. 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 Investment 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, establish 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.

b. 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.

c. 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 both members and the Town is 8% of covered salary. For the years ending December 31, 2011, 2010, and 2009, the Town's contributions to the FPPA Pension Plan were \$109,979, \$106,643 and \$96,942, respectively, equal to their required contributions for each year.

2. General Employees

The Town contributes to a defined contribution plan established for non-Police employees.

| | |
|---------------------|--------------------------------------|
| Plan name: | The Town of Erie Savings Plan |
| Plan administrator: | The Standard (a third party trustee) |

Note IV. Detailed Notes on All Funds (continued)

The plan was established by authority of the Town Board and can be amended by the Plan Trustees (Town Administrator and Finance Director). The Board establishes and may amend contribution requirements.

The plan is available to all non-Police benefited employees (full time employees and part time employees working at least 24 hours per week). The plan was created in accordance with Internal Revenue Code (IRC) Section 401(a). Employees are eligible to participate on the first day of each new calendar quarter.

Under the terms of the plan the Town is the only non-employee contributor and matches the first 0–5% of employee contributions. Participants are not required to contribute to the plan, but may contribute up to \$16,500 per year (\$22,000 for employees over 50). Employer contributions are based on the participant’s salary (salary, pay, or earned income less salary reductions made under IRC §125). During 2011, the Town made all required contributions to the plan, contributing \$181,698. Employees contributed \$324,876.

Employees vest immediately. Employees have a non-forfeitable interest in the employer contributions to their accounts at The Standard. No voluntary after-tax contributions are allowed. Since a third party trustee holds the assets in trust, they are not reflected in the Town’s financial statements.

Note V. Other Information

A. Risk Management

The Town purchases liability, property, and workers’ compensation insurance from private insurance carriers. The Town paid \$241,053 for insurance in 2011 and maintains the following amounts of coverage with the amount of any deductibles (retained risk) indicated:

| <u>Coverage</u> | <u>Amount</u> | <u>Deductible</u> |
|---------------------------------------|---------------|-------------------|
| Building | \$70,664,051 | \$ 2,500 |
| Personal property | 21,291,678 | 2,500 |
| EDP | 575,000 | 2,500 |
| Business interruption & extra expense | 530,500 | 72 Hours |
| General liability | 5,000,000 | 2,500 |
| Automobile liability | 1,500,000 | 1,000 |
| Workers’ compensation | 500,000 | 2,500 |

Settlements have not exceeded coverages for each of the past three fiscal years.

Note V. Other Information (*continued*)

B. Litigation

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.

C. 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 \$2,323,710 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. In 2011, the Town contributed \$243,750 to the Northern Integrated Supply Project. There was no required contribution to the Windy Gap Firming Project in 2011. Future years' contributions to these projects depend on the Board of Trustees election to participate.

D. Contingent Liabilities

Federal grants are subject to audit which could result in disallowed costs, the amount which is undeterminable at December 31, 2011. If any costs are disallowed in the future, the Town expects them to be insignificant.

E. Tax, Spending, and Debt Limitations

On November 3, 1992, the voters of the State approved Article X, Section 20, to the State Constitution (the Amendment). The Amendment provides for several limitations on government activities, including those related to revenue, expenditures, property taxes, and issuance of debt. These provisions of the Constitution are complex and subject to judicial interpretation. In the opinion of management, the Town is in compliance with such provisions.

The Amendment provides for exceptions related to "enterprises", defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of its annual revenue in grants from all state and local governments combined. The Town's management is of the opinion that its Water, Wastewater, Storm Drainage, and Airport operations qualify for this exclusion.

Note V. Other Information (continued)

In 1994, the Town's electorate authorized the town to retain any revenues in excess of the limits imposed by the Amendment, 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 Amendment. However, any future tax rate or tax code changes increasing tax revenues are subject to voter approval.

F. Emergency Reserve

The Town Board approved a resolution creating an emergency reserve as required by Article X, Section 20, of the Colorado Constitution. The December 31, 2011, amount of \$362,396 is based on the requirements of Article X, Section 20.

Combining and Individual Fund Statements and Schedules

This page has been intentionally left blank.

Town of Erie Nonmajor Governmental Funds

Special Revenue Funds - Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Conservation Trust Fund: Accounts for revenues received from a portion of the Colorado State Lottery proceeds. This money is received from the State's Conservation Trust Fund. It is used to acquire, develop, and maintain new conservation sites; and for capital improvements or maintenance for recreational purposes on any public site.

Cemetery Fund: Accounts for revenues received from plot purchases at the municipal cemetery. Money is used for perpetual care expenditures at the cemetery.

Forfeiture and Seizure Fund: Accounts for forfeitures as a result of asset seizures relating to convictions for drug-related offenses. Money is used to purchase goods and services related to law enforcement.

Trails and Natural Areas Fund: Accounts for property tax revenues used to acquire and construct trails; and acquire and develop natural areas for public use.

Erie Urban Renewal Authority: Accounts for the monies for urban renewal activity.

Capital Projects Funds - Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Public Facilities Impact Fund: Accounts for impact fee revenues used to construct and acquire public facilities.

Transportation Impact Fund: Accounts for impact fee revenues used to construct and acquire transportation system enhancements.

Parks Improvement Impact Fund: Accounts for impact fee revenues used to construct and acquire parks and related improvements.

Tree Impact Fund: Accounts for impact fee revenues used to acquire and plant trees in public locations, and to issue certificates for tree purchases to homeowners of newly constructed homes.

Storm Drainage Impact Fund: Accounts for impact fee revenues used to acquire and construct the storm drainage system.

See accompanying independent auditors' report.

Town of Erie, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--------------------------------------|---|--|--|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 421,889 | \$ 1,009,592 | \$ 1,431,481 |
| Investments | 3,901,816 | 9,337,136 | 13,238,952 |
| Property Taxes Receivable | 929,359 | - | 929,359 |
| Accrued Interest Receivable | 4,797 | 11,471 | 16,268 |
| | <u>5,257,861</u> | <u>10,358,199</u> | <u>15,616,060</u> |
| Total Assets | <u>\$ 5,257,861</u> | <u>\$ 10,358,199</u> | <u>\$ 15,616,060</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts Payable | \$ 37,210 | \$ 107,953 | \$ 145,163 |
| Accrued Compensation Payable | 2,044 | - | 2,044 |
| Advances from Other Funds | 43,780 | 192,000 | 235,780 |
| Unearned Revenue | 928,971 | - | 928,971 |
| | <u>1,012,005</u> | <u>299,953</u> | <u>1,311,958</u> |
| Total Liabilities | <u>1,012,005</u> | <u>299,953</u> | <u>1,311,958</u> |
| Fund Balances | | | |
| Restricted for: | | | |
| Capital Projects | - | 10,058,246 | 10,058,246 |
| Parks and Open Space | 4,157,681 | - | 4,157,681 |
| Public Safety | 6,137 | - | 6,137 |
| Committed to: | | | |
| Cemetery Operations | 137,963 | - | 137,963 |
| Unassigned | (55,925) | - | (55,925) |
| | <u>4,245,856</u> | <u>10,058,246</u> | <u>14,304,102</u> |
| Total Fund Balances | <u>4,245,856</u> | <u>10,058,246</u> | <u>14,304,102</u> |
| Total Liabilities and Fund Balances | <u>\$ 5,257,861</u> | <u>\$ 10,358,199</u> | <u>\$ 15,616,060</u> |

Town of Erie, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|--|--|
| REVENUES | | | |
| Taxes | \$ 895,317 | \$ - | \$ 895,317 |
| Intergovernmental | 428,832 | - | 428,832 |
| Fees & Charges for Services | 1,870 | 757,238 | 759,108 |
| Investment Earnings | 35,917 | 60,962 | 96,879 |
| Miscellaneous | 40,116 | 79,822 | 119,938 |
| Total Revenues | <u>1,402,052</u> | <u>898,022</u> | <u>2,300,074</u> |
| EXPENDITURES | | | |
| Current Operating: | | | |
| General Government | 50,925 | - | 50,925 |
| Parks & Recreation | 132,095 | 76,578 | 208,673 |
| Capital Outlay | <u>601,801</u> | <u>323,059</u> | <u>924,860</u> |
| Total Expenditures | <u>784,821</u> | <u>399,637</u> | <u>1,184,458</u> |
| Excess Revenues Over (Under) Expenditures | <u>617,231</u> | <u>498,385</u> | <u>1,115,616</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | <u>(8,816)</u> | <u>(131,200)</u> | <u>(140,016)</u> |
| Total Other Financing Sources (Uses) | <u>(8,816)</u> | <u>(131,200)</u> | <u>(140,016)</u> |
| Net Change in Fund Balance | 608,415 | 367,185 | 975,600 |
| Fund Balance - Beginning | <u>3,637,441</u> | <u>9,691,061</u> | <u>13,328,502</u> |
| Fund Balance - Ending | <u>\$ 4,245,856</u> | <u>\$ 10,058,246</u> | <u>\$ 14,304,102</u> |

Town of Erie, Colorado
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

| | Conservation Trust Fund | Cemetery Fund | Forfeiture and Seizure Fund | Trails and Natural Areas Fund |
|--------------------------------------|-------------------------------|-------------------|-----------------------------------|-------------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 67,301 | \$ 13,447 | \$ 598 | \$ 340,543 |
| Investments | 622,433 | 124,363 | 5,532 | 3,149,488 |
| Property Taxes Receivable | - | - | - | 929,359 |
| Accrued Interest Receivable | 765 | 153 | 7 | 3,872 |
| Total Assets | <u>\$ 690,499</u> | <u>\$ 137,963</u> | <u>\$ 6,137</u> | <u>\$ 4,423,262</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ 25,065 |
| Accrued Compensation Payable | 2,044 | - | - | - |
| Advances from Other Funds | - | - | - | - |
| Unearned Revenue | - | - | - | 928,971 |
| Total Liabilities | <u>2,044</u> | <u>-</u> | <u>-</u> | <u>954,036</u> |
| Fund Balances | | | | |
| Restricted for: | | | | |
| Parks and Open Space | 688,455 | - | - | 3,469,226 |
| Public Safety | - | - | 6,137 | - |
| Committed to: | | | | |
| Cemetery Operations | - | 137,963 | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | <u>688,455</u> | <u>137,963</u> | <u>6,137</u> | <u>3,469,226</u> |
| Total Liabilities and Fund Balances | <u>\$ 690,499</u> | <u>\$ 137,963</u> | <u>\$ 6,137</u> | <u>\$ 4,423,262</u> |

| Erie Urban Renewal Authority | Total |
|------------------------------------|---------------------|
| \$ - | \$ 421,889 |
| - | 3,901,816 |
| - | 929,359 |
| - | 4,797 |
| <u>\$ -</u> | <u>\$ 5,257,861</u> |
| | |
| \$ 12,145 | \$ 37,210 |
| - | 2,044 |
| 43,780 | 43,780 |
| - | 928,971 |
| <u>55,925</u> | <u>1,012,005</u> |
| | |
| - | 4,157,681 |
| - | 6,137 |
| - | 137,963 |
| <u>(55,925)</u> | <u>(55,925)</u> |
| <u>(55,925)</u> | <u>4,245,856</u> |
| <u>\$ -</u> | <u>\$ 5,257,861</u> |

Town of Erie, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

| | Conservation Trust Fund | Cemetery Fund | Forfeiture and Seizure Fund | Trails and Natural Areas Fund |
|--|-------------------------------|-------------------|-----------------------------------|-------------------------------------|
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 895,317 |
| Intergovernmental | 130,397 | - | - | 298,435 |
| Fees & Charges for Services | - | 1,870 | - | - |
| Investment Earnings | 4,484 | 967 | 43 | 30,423 |
| Miscellaneous | - | - | - | 40,116 |
| Total Revenues | <u>134,881</u> | <u>2,837</u> | <u>43</u> | <u>1,264,291</u> |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| General Government | - | - | - | - |
| Parks & Recreation | 123,570 | - | - | 8,525 |
| Capital Outlay | <u>26,977</u> | <u>-</u> | <u>-</u> | <u>569,824</u> |
| Total Expenditures | <u>150,547</u> | <u>-</u> | <u>-</u> | <u>578,349</u> |
| Excess Revenues Over (Under) Expenditures | <u>(15,666)</u> | <u>2,837</u> | <u>43</u> | <u>685,942</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | <u>-</u> | <u>-</u> | <u>-</u> | <u>(8,816)</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(8,816)</u> |
| Net Change in Fund Balance | (15,666) | 2,837 | 43 | 677,126 |
| Fund Balance - Beginning | <u>704,121</u> | <u>135,126</u> | <u>6,094</u> | <u>2,792,100</u> |
| Fund Balance - Ending | <u>\$ 688,455</u> | <u>\$ 137,963</u> | <u>\$ 6,137</u> | <u>\$ 3,469,226</u> |

| Erie Urban Renewal Authority | Total |
|------------------------------------|---------------------|
| \$ - | \$ 895,317 |
| - | 428,832 |
| - | 1,870 |
| - | 35,917 |
| - | 40,116 |
| - | 1,402,052 |
| 50,925 | 50,925 |
| - | 132,095 |
| 5,000 | 601,801 |
| 55,925 | 784,821 |
| (55,925) | 617,231 |
| - | (8,816) |
| - | (8,816) |
| (55,925) | 608,415 |
| - | 3,637,441 |
| <u>\$ (55,925)</u> | <u>\$ 4,245,856</u> |

Town of Erie, Colorado
Conservation Trust Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|--------------------|--------------------|-------------------|---|
| | Original Budget | Final Budget | | |
| REVENUES | | | | |
| Intergovernmental | \$ 120,400 | \$ 120,400 | \$ 130,397 | \$ 9,997 |
| Investment Earnings | 7,400 | 7,400 | 4,484 | (2,916) |
| Total Revenues | <u>127,800</u> | <u>127,800</u> | <u>134,881</u> | <u>7,081</u> |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| Parks & Recreation | 146,500 | 146,500 | 123,570 | 22,930 |
| Capital Outlay | <u>-</u> | <u>28,300</u> | <u>26,977</u> | <u>1,323</u> |
| Total Expenditures | <u>146,500</u> | <u>174,800</u> | <u>150,547</u> | <u>24,253</u> |
| Excess Revenues Over (Under) Expenditures | <u>(18,700)</u> | <u>(47,000)</u> | <u>(15,666)</u> | <u>31,334</u> |
| Net Change in Fund Balance | <u>\$ (18,700)</u> | <u>\$ (47,000)</u> | <u>(15,666)</u> | <u>\$ 31,334</u> |
| Fund Balance - Beginning | | | <u>704,121</u> | |
| Fund Balance - Ending | | | <u>\$ 688,455</u> | |

Town of Erie, Colorado
Cemetery Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|--------------------|-----------------|-------------------|---|
| | Original Budget | Final Budget | | |
| REVENUES | | | | |
| Fees & Charges for Services | \$ 3,000 | \$ 2,000 | \$ 1,870 | \$ (130) |
| Investment Earnings | 1,300 | 1,300 | 967 | (333) |
| Total Revenues | <u>4,300</u> | <u>3,300</u> | <u>2,837</u> | <u>(463)</u> |
| EXPENDITURES | | | | |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess Revenues Over (Under) Expenditures | <u>4,300</u> | <u>3,300</u> | <u>2,837</u> | <u>(463)</u> |
| Net Change in Fund Balance | <u>\$ 4,300</u> | <u>\$ 3,300</u> | 2,837 | <u>\$ (463)</u> |
| Fund Balance - Beginning | | | <u>135,126</u> | |
| Fund Balance - Ending | | | <u>\$ 137,963</u> | |

Town of Erie, Colorado
Forfeiture and Seizure Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|--------------------|-----------------|----------|---|
| | Original Budget | Final Budget | | |
| REVENUES | | | | |
| Investment Earnings | \$ - | \$ 100 | \$ 43 | \$ (57) |
| Total Revenues | - | 100 | 43 | (57) |
| EXPENDITURES | | | | |
| Total Expenditures | - | - | - | - |
| Excess Revenues Over (Under) Expenditures | - | 100 | 43 | (57) |
| Net Change in Fund Balance | \$ - | \$ 100 | 43 | \$ (57) |
| Fund Balance - Beginning | | | 6,094 | |
| Fund Balance - Ending | | | \$ 6,137 | |

Town of Erie, Colorado
Trails and Natural Areas Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|--------------------|--------------------|---------------------|---|
| | Original Budget | Final Budget | | |
| REVENUES | | | | |
| Taxes | \$ 895,800 | \$ 895,800 | \$ 895,317 | \$ (483) |
| Intergovernmental | - | - | 298,435 | 298,435 |
| Investment Earnings | 22,300 | 42,300 | 30,423 | (11,877) |
| Miscellaneous | - | - | 40,116 | 40,116 |
| Total Revenues | <u>918,100</u> | <u>938,100</u> | <u>1,264,291</u> | <u>326,191</u> |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| Parks & Recreation | - | 15,000 | 8,525 | 6,475 |
| Capital Outlay | <u>40,000</u> | <u>991,100</u> | <u>569,824</u> | <u>421,276</u> |
| Total Expenditures | <u>40,000</u> | <u>1,006,100</u> | <u>578,349</u> | <u>427,751</u> |
| Excess Revenues Over (Under) Expenditures | <u>878,100</u> | <u>(68,000)</u> | <u>685,942</u> | <u>753,942</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | - | - | (8,816) | (8,816) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>(8,816)</u> | <u>(8,816)</u> |
| Net Change in Fund Balance | <u>\$ 878,100</u> | <u>\$ (68,000)</u> | <u>677,126</u> | <u>\$ 745,126</u> |
| Fund Balance - Beginning | | | <u>2,792,100</u> | |
| Fund Balance - Ending | | | <u>\$ 3,469,226</u> | |

Town of Erie, Colorado
Erie Urban Renewal Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|--------------------|-----------------|-------------|---|
| | Original Budget | Final Budget | | |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| General Government | \$ - | \$ 57,500 | \$ 50,925 | \$ 6,575 |
| Capital Outlay | - | 615,000 | 5,000 | 610,000 |
| Total Expenditures | - | 672,500 | 55,925 | 616,575 |
| Excess Revenues Over (Under) Expenditures | - | (672,500) | (55,925) | 616,575 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | 672,500 | - | (672,500) |
| Total Other Financing Sources (Uses) | - | 672,500 | - | (672,500) |
| Net Change in Fund Balance | \$ - | \$ - | (55,925) | \$ (55,925) |
| Fund Balance - Beginning | | | - | |
| Fund Balance - Ending | | | \$ (55,925) | |

This page has been intentionally left blank.

Town of Erie, Colorado
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

| | Public Facilities Impact Fund | Transportation Impact Fund | Parks Improvement Impact Fund | Tree Impact Fund |
|--------------------------------------|-------------------------------------|----------------------------------|-------------------------------------|------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 212,898 | \$ 341,947 | \$ 51,828 | \$ 43,092 |
| Investments | 1,968,972 | 3,162,468 | 479,326 | 398,533 |
| Accrued Interest Receivable | 2,419 | 3,885 | 589 | 489 |
| Total Assets | <u>\$ 2,184,289</u> | <u>\$ 3,508,300</u> | <u>\$ 531,743</u> | <u>\$ 442,114</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 16,264 | \$ - | \$ 87,878 | \$ 3,811 |
| Advances from Other Funds | - | - | 192,000 | - |
| Total Liabilities | <u>16,264</u> | <u>-</u> | <u>279,878</u> | <u>3,811</u> |
| Fund Balances | | | | |
| Restricted for: | | | | |
| Capital Projects | 2,168,025 | 3,508,300 | 251,865 | 438,303 |
| Total Fund Balances | <u>2,168,025</u> | <u>3,508,300</u> | <u>251,865</u> | <u>438,303</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,184,289</u> | <u>\$ 3,508,300</u> | <u>\$ 531,743</u> | <u>\$ 442,114</u> |

| Storm Drainage Impact Fund | Total |
|----------------------------------|----------------------|
| \$ 359,827 | \$ 1,009,592 |
| 3,327,837 | 9,337,136 |
| 4,089 | 11,471 |
| <u>\$ 3,691,753</u> | <u>\$ 10,358,199</u> |
| | |
| \$ - | \$ 107,953 |
| - | 192,000 |
| - | 299,953 |
| | |
| <u>3,691,753</u> | <u>10,058,246</u> |
| <u>3,691,753</u> | <u>10,058,246</u> |
| <u>\$ 3,691,753</u> | <u>\$ 10,358,199</u> |

Town of Erie, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011

| | Public Facilities Impact Fund | Transportation Impact Fund | Parks Improvement Impact Fund | Tree Impact Fund |
|--|-------------------------------------|----------------------------------|-------------------------------------|------------------------|
| REVENUES | | | | |
| Fees & Charges for Services | \$ 189,780 | \$ 174,675 | \$ 222,995 | \$ 29,300 |
| Investment Earnings | 4,094 | 24,803 | 3,226 | 2,601 |
| Miscellaneous | - | 79,822 | - | - |
| Total Revenues | <u>193,874</u> | <u>279,300</u> | <u>226,221</u> | <u>31,901</u> |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| Parks & Recreation | - | - | - | 76,578 |
| Capital Outlay | <u>77,024</u> | <u>881</u> | <u>245,154</u> | <u>-</u> |
| Total Expenditures | <u>77,024</u> | <u>881</u> | <u>245,154</u> | <u>76,578</u> |
| Excess Revenues Over (Under) Expenditures | <u>116,850</u> | <u>278,419</u> | <u>(18,933)</u> | <u>(44,677)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | <u>-</u> | <u>(131,200)</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(131,200)</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | 116,850 | 147,219 | (18,933) | (44,677) |
| Fund Balance - Beginning | <u>2,051,175</u> | <u>3,361,081</u> | <u>270,798</u> | <u>482,980</u> |
| Fund Balance - Ending | <u>\$ 2,168,025</u> | <u>\$ 3,508,300</u> | <u>\$ 251,865</u> | <u>\$ 438,303</u> |

| Storm Drainage Impact Fund | Total |
|----------------------------------|----------------------|
| \$ 140,488 | \$ 757,238 |
| 26,238 | 60,962 |
| - | 79,822 |
| <u>166,726</u> | <u>898,022</u> |
| - | 76,578 |
| - | <u>323,059</u> |
| - | 399,637 |
| <u>166,726</u> | <u>498,385</u> |
| - | <u>(131,200)</u> |
| - | <u>(131,200)</u> |
| 166,726 | 367,185 |
| <u>3,525,027</u> | <u>9,691,061</u> |
| <u>\$ 3,691,753</u> | <u>\$ 10,058,246</u> |

Town of Erie, Colorado
Public Facilities Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|-----------------------|-----------------------|---------------------|---|
| | Original Budget | Final Budget | | |
| REVENUES | | | | |
| Fees & Charges for Services | \$ 244,600 | \$ 185,800 | \$ 189,780 | \$ 3,980 |
| Investment Earnings | 20,300 | 20,300 | 4,094 | (16,206) |
| Total Revenues | <u>264,900</u> | <u>206,100</u> | <u>193,874</u> | <u>(12,226)</u> |
| EXPENDITURES | | | | |
| Capital Outlay | <u>2,042,500</u> | <u>2,302,100</u> | <u>77,024</u> | <u>2,225,076</u> |
| Total Expenditures | <u>2,042,500</u> | <u>2,302,100</u> | <u>77,024</u> | <u>2,225,076</u> |
| Excess Revenues Over (Under) Expenditures | <u>(1,777,600)</u> | <u>(2,096,000)</u> | <u>116,850</u> | <u>2,212,850</u> |
| Net Change in Fund Balance | <u>\$ (1,777,600)</u> | <u>\$ (2,096,000)</u> | 116,850 | <u>\$ 2,212,850</u> |
| Fund Balance - Beginning | | | <u>2,051,175</u> | |
| Fund Balance - Ending | | | <u>\$ 2,168,025</u> | |

Town of Erie, Colorado
Transportation Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With |
|---|---------------------|---------------------|---------------------|----------------------------------|
| | Original Budget | Final Budget | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Fees & Charges for Services | \$ 243,600 | \$ 172,800 | \$ 174,675 | \$ 1,875 |
| Investment Earnings | 33,100 | 43,100 | 24,803 | (18,297) |
| Miscellaneous | - | - | 79,822 | 79,822 |
| Total Revenues | <u>276,700</u> | <u>215,900</u> | <u>279,300</u> | <u>63,400</u> |
| EXPENDITURES | | | | |
| Capital Outlay | <u>895,000</u> | <u>904,400</u> | <u>881</u> | <u>903,519</u> |
| Total Expenditures | <u>895,000</u> | <u>904,400</u> | <u>881</u> | <u>903,519</u> |
| Excess Revenues Over (Under) Expenditures | <u>(618,300)</u> | <u>(688,500)</u> | <u>278,419</u> | <u>966,919</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | <u>(131,200)</u> | <u>(131,200)</u> | <u>(131,200)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(131,200)</u> | <u>(131,200)</u> | <u>(131,200)</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ (749,500)</u> | <u>\$ (819,700)</u> | 147,219 | <u>\$ 966,919</u> |
| Fund Balance - Beginning | | | <u>3,361,081</u> | |
| Fund Balance - Ending | | | <u>\$ 3,508,300</u> | |

Town of Erie, Colorado
Parks Improvement Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|--------------------|---------------------|-------------------|---|
| | Original Budget | Final Budget | | |
| REVENUES | | | | |
| Fees & Charges for Services | \$ 270,600 | \$ 216,500 | \$ 222,995 | \$ 6,495 |
| Investment Earnings | 3,100 | 6,000 | 3,226 | (2,774) |
| Total Revenues | <u>273,700</u> | <u>222,500</u> | <u>226,221</u> | <u>3,721</u> |
| EXPENDITURES | | | | |
| Capital Outlay | - | 484,995 | 245,154 | 239,841 |
| Total Expenditures | <u>-</u> | <u>484,995</u> | <u>245,154</u> | <u>239,841</u> |
| Excess Revenues Over (Under) Expenditures | <u>273,700</u> | <u>(262,495)</u> | <u>(18,933)</u> | <u>243,562</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (64,000) | (64,000) | - | 64,000 |
| Total Other Financing Sources (Uses) | <u>(64,000)</u> | <u>(64,000)</u> | <u>-</u> | <u>64,000</u> |
| Net Change in Fund Balance | <u>\$ 209,700</u> | <u>\$ (326,495)</u> | <u>(18,933)</u> | <u>\$ 307,562</u> |
| Fund Balance - Beginning | | | <u>270,798</u> | |
| Fund Balance - Ending | | | <u>\$ 251,865</u> | |

Town of Erie, Colorado
Tree Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|---------------------|---------------------|-------------------|---|
| | Original Budget | Final Budget | | |
| REVENUES | | | | |
| Fees & Charges for Services | \$ 37,500 | \$ 30,000 | \$ 29,300 | \$ (700) |
| Investment Earnings | 3,900 | 5,900 | 2,601 | (3,299) |
| Total Revenues | <u>41,400</u> | <u>35,900</u> | <u>31,901</u> | <u>(3,999)</u> |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| Parks & Recreation | <u>239,500</u> | <u>239,500</u> | <u>76,578</u> | <u>162,922</u> |
| Total Expenditures | <u>239,500</u> | <u>239,500</u> | <u>76,578</u> | <u>162,922</u> |
| Excess Revenues Over (Under) Expenditures | <u>(198,100)</u> | <u>(203,600)</u> | <u>(44,677)</u> | <u>158,923</u> |
| Net Change in Fund Balance | <u>\$ (198,100)</u> | <u>\$ (203,600)</u> | <u>(44,677)</u> | <u>\$ 158,923</u> |
| Fund Balance - Beginning | | | <u>482,980</u> | |
| Fund Balance - Ending | | | <u>\$ 438,303</u> | |

Town of Erie, Colorado
Storm Drainage Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With |
|---|-------------------|--------------------|---------------------|----------------------------------|
| | Original Budget | Final Budget | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Fees & Charges for Services | \$ 168,900 | \$ 137,800 | \$ 140,488 | \$ 2,688 |
| Investment Earnings | 15,700 | 40,700 | 26,238 | (14,462) |
| Miscellaneous | - | 1,000,000 | - | (1,000,000) |
| Total Revenues | <u>184,600</u> | <u>1,178,500</u> | <u>166,726</u> | <u>(1,011,774)</u> |
| EXPENDITURES | | | | |
| Capital Outlay | - | 1,250,000 | - | 1,250,000 |
| Total Expenditures | <u>-</u> | <u>1,250,000</u> | <u>-</u> | <u>1,250,000</u> |
| Excess Revenues Over (Under) Expenditures | <u>184,600</u> | <u>(71,500)</u> | <u>166,726</u> | <u>238,226</u> |
| Net Change in Fund Balance | <u>\$ 184,600</u> | <u>\$ (71,500)</u> | 166,726 | <u>\$ 238,226</u> |
| Fund Balance - Beginning | | | <u>3,525,027</u> | |
| Fund Balance - Ending | | | <u>\$ 3,691,753</u> | |

**Town of Erie
Proprietary Funds**

Nonmajor Proprietary Funds:

Storm Drainage Operating Fund: Accounts for storm drainage charges received from system users. This money is used to construct and maintain the storm drainage system.

Airport Fund: Accounts for airport fees received from airport users, as well as proceeds from federal and state aviation grants. This money is used to construct and maintain the municipal airport.

Erie Housing Authority Fund: Accounts for rents received from authority tenants as well as federal subsidies for low income tenants. This money is used to construct and maintain these housing facilities.

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

This section also presents budgetary comparisons for the following funds:

Water Fund

Wastewater Fund

Storm Drainage Operating Fund

Airport Fund

See accompanying independent auditors' report.

Town of Erie, Colorado
Combining Statement of Net Assets
Nonmajor Proprietary Funds
December 31, 2011

| | Storm Drainage Operating Fund | Airport Fund | Erie Housing Authority | Total Nonmajor Proprietary Funds |
|---|-------------------------------------|---------------------|------------------------------|--|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | \$ 134,820 | \$ - | \$ 8,448 | \$ 143,268 |
| Investments | 1,246,869 | - | - | 1,246,869 |
| Accounts Receivable | 47,650 | 400,607 | - | 448,257 |
| Accrued Interest Receivable | 1,532 | - | - | 1,532 |
| Prepaid Items | - | 1,988 | - | 1,988 |
| Total Current Assets | 1,430,871 | 402,595 | 8,448 | 1,841,914 |
| Noncurrent Assets | | | | |
| Unamortized Bond Issue Costs | - | - | 10,101 | 10,101 |
| Capital Assets | | | | |
| Construction in Progress | 95,920 | - | - | 95,920 |
| Land and Water Rights | 63,705 | 592,295 | - | 656,000 |
| Buildings, Property, and Equipment | 11,701,148 | 5,087,019 | 1,160,900 | 17,949,067 |
| Accumulated Depreciation | (1,813,244) | (1,200,463) | (311,992) | (3,325,699) |
| Total Capital Assets | 10,047,529 | 4,478,851 | 848,908 | 15,375,288 |
| Total Noncurrent Assets | 10,047,529 | 4,478,851 | 859,009 | 15,385,389 |
| Total Assets | 11,478,400 | 4,881,446 | 867,457 | 17,227,303 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 7,826 | 62,718 | 53,559 | 124,103 |
| Accrued Interest Payable | 5,170 | - | - | 5,170 |
| Accrued Compensation Payable | 3,405 | 42 | - | 3,447 |
| Due to Other Funds | - | 169,168 | - | 169,168 |
| Unearned Revenue | - | - | 612 | 612 |
| Current Portion of Long Term Debt | | | | |
| Loans Payable | 11,330 | - | - | 11,330 |
| Mortgages Payable | - | - | 19,152 | 19,152 |
| Total Current Liabilities | 27,731 | 231,928 | 73,323 | 332,982 |
| Noncurrent Liabilities | | | | |
| Long Term Debt, net of unamortized premiums and discounts | | | | |
| Loans Payable | 333,348 | - | - | 333,348 |
| Mortgages Payable | - | - | 784,515 | 784,515 |
| Total Noncurrent Liabilities | 333,348 | - | 784,515 | 1,117,863 |
| Total Liabilities | 361,079 | 231,928 | 857,838 | 1,450,845 |
| NET ASSETS | | | | |
| Invested in Capital Assets, net of related debt | 9,702,851 | 4,478,851 | 45,241 | 14,226,943 |
| Unrestricted | 1,414,470 | 170,667 | (35,622) | 1,549,515 |
| Total Net Assets | \$ 11,117,321 | \$ 4,649,518 | \$ 9,619 | \$ 15,776,458 |

Town of Erie, Colorado
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Proprietary Funds
For the Year Ended December 31, 2011

| | Storm Drainage Operating Fund | Airport Fund | Erie Housing Authority Fund | Total Nonmajor Proprietary Funds |
|--|-------------------------------------|---------------------|-----------------------------------|--|
| OPERATING REVENUES | | | | |
| Charges for Services | \$ 392,907 | \$ 60,205 | \$ 76,783 | \$ 529,895 |
| OPERATING EXPENSES | | | | |
| Personnel Services | 87,098 | 4,652 | 3,637 | 95,387 |
| Operations & Maintenance | 75,222 | 71,699 | 47,931 | 194,852 |
| Depreciation | 231,590 | 154,531 | 29,022 | 415,143 |
| Total Operating Expenses | 393,910 | 230,882 | 80,590 | 705,382 |
| Net Operating Income (Loss) | (1,003) | (170,677) | (3,807) | (175,487) |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Investment Earnings | 10,176 | 1,223 | 3 | 11,402 |
| Other Non-Operating Income | 5,016 | 19,748 | - | 24,764 |
| Intergovernmental | (1,047) | 832,117 | - | 831,070 |
| Amortization of Debt Issuance Costs | - | - | (3,788) | (3,788) |
| Interest Expense | (6,949) | - | (32,892) | (39,841) |
| Loss on Disposition of Capital Assets | - | (84,029) | - | (84,029) |
| Total Non-Operating Revenues (Expenses) | 7,196 | 769,059 | (36,677) | 739,578 |
| Income (Loss) Before Transfers | 6,193 | 598,382 | (40,484) | 564,091 |
| Transfers In | 17,632 | - | 12,731 | 30,363 |
| Transfers Out | - | (8,816) | - | (8,816) |
| Change in Net Assets | 23,825 | 589,566 | (27,753) | 585,638 |
| Total Net Assets - Beginning | <u>11,093,496</u> | <u>4,059,952</u> | <u>37,372</u> | <u>15,190,820</u> |
| Total Net Assets - Ending | <u>\$ 11,117,321</u> | <u>\$ 4,649,518</u> | <u>\$ 9,619</u> | <u>\$ 15,776,458</u> |

Town of Erie, Colorado
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2011

| | Storm Drainage Operating Fund | Airport Fund | Erie Housing Authority | Total Nonmajor Proprietary Funds |
|---|-------------------------------------|---------------------|------------------------------|--|
| Cash Flows from Operating Activities | | | | |
| Receipts from Customers and Users | \$ 398,935 | \$ 89,665 | \$ 76,783 | \$ 565,383 |
| Payments to Employees | (86,889) | (4,707) | (3,637) | (95,233) |
| Payments to Suppliers | (153,182) | (196,358) | (33,227) | (382,767) |
| Net Cash Provided by (Used in) Operating Activities | <u>158,864</u> | <u>(111,400)</u> | <u>39,919</u> | <u>87,383</u> |
| Cash Flows from Non-capital Financing Activities | | | | |
| Advance from Other Funds | - | 120,352 | - | 120,352 |
| Transfer from Other Funds | 17,632 | - | 12,731 | 30,363 |
| Cash Flows Provided by Non-capital Financing Activities | <u>17,632</u> | <u>120,352</u> | <u>12,731</u> | <u>150,715</u> |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Receipts from Capital Grants | 254,718 | 650,023 | - | 904,741 |
| Acquisition and Construction of Capital Assets | (173,482) | (789,784) | - | (963,266) |
| Principal Paid on Capital Debt | (11,108) | - | (15,486) | (26,594) |
| Interest Paid on Capital Debt | (7,116) | - | (32,892) | (40,008) |
| Cash Flows Provided by (Used in) Capital and Related Financing Activities | <u>63,012</u> | <u>(139,761)</u> | <u>(48,378)</u> | <u>(125,127)</u> |
| Cash Flows from Investing Activities | | | | |
| Purchase of Investments | (1,509,062) | (62,878) | - | (1,571,940) |
| Proceeds from Sale and Maturity of Investments | 1,346,170 | 187,097 | - | 1,533,267 |
| Earnings on Investments | 14,075 | 1,533 | 3 | 15,611 |
| Cash Flows Provided by (Used in) Investing Activities | <u>(148,817)</u> | <u>125,752</u> | <u>3</u> | <u>(23,062)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 90,691 | (5,057) | 4,275 | 89,909 |
| Cash and Cash Equivalents - January 1 | 44,129 | 5,057 | 4,173 | 53,359 |
| Cash and Cash Equivalents - December 31 | <u>\$ 134,820</u> | <u>\$ -</u> | <u>\$ 8,448</u> | <u>\$ 143,268</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | |
| Operating Income (Loss) | \$ (1,003) | \$ (170,677) | \$ (3,807) | \$ (175,487) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | |
| Depreciation Expense | 231,590 | 154,531 | 29,022 | 415,143 |
| Other Income | 5,016 | 19,748 | - | 24,764 |
| (Increase) Decrease in | | | | |
| Accounts Receivable | 1,012 | 3,593 | - | 4,605 |
| Prepaid Items | - | 6,119 | - | 6,119 |
| Increase (Decrease) in | | | | |
| Accounts Payable | (77,960) | (121,159) | 14,704 | (184,415) |
| Accrued Compensation Payable | 209 | (55) | - | 154 |
| Due to Other Organizations | - | (3,500) | - | (3,500) |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 158,864</u> | <u>\$ (111,400)</u> | <u>\$ 39,919</u> | <u>\$ 87,383</u> |
| Noncash Investing, Capital, and Financing Activities | | | | |
| Increase (decrease) in fair value of investments | 826 | (156) | - | 670 |

Town of Erie, Colorado
Water Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With |
|---|-----------------------|-----------------------|----------------------|--|
| | Original Budget | Final Budget | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$ 5,514,500 | \$ 5,998,100 | \$ 6,321,368 | \$ 323,268 |
| Miscellaneous | 28,000 | 210,100 | 63,440 | (146,660) |
| Investment Earnings | 38,000 | 88,000 | 68,418 | (19,582) |
| Proceeds from Debt Issuance | - | - | 9,992,554 | 9,992,554 |
| Capital Contributions | 2,736,200 | 2,198,000 | 2,404,432 | 206,432 |
| Total Revenues | 8,316,700 | 8,494,200 | 18,850,212 | 10,356,012 |
| EXPENDITURES | | | | |
| Operating Expenditures | | | | |
| Personnel Services | 1,259,000 | 1,281,018 | 1,212,449 | 68,569 |
| Operations & Maintenance | 1,808,700 | 1,826,200 | 1,534,384 | 291,816 |
| Debt Related Expenses | | | | |
| Principal Payments | 1,296,000 | 1,811,000 | 1,811,000 | - |
| Interest Expense | 1,561,300 | 2,305,200 | 2,381,662 | (76,462) |
| Debt Service Escrow Payment | - | - | 9,930,000 | (9,930,000) |
| Issuance Costs | - | - | 138,231 | (138,231) |
| Capital Outlay | 3,693,400 | 6,521,000 | 1,559,852 | 4,961,148 |
| Total Expenditures | 9,618,400 | 13,744,418 | 18,567,578 | (4,823,160) |
| Change in Net Assets | \$ (1,301,700) | \$ (5,250,218) | 282,634 | \$ 5,532,852 |
| Reconciliation to GAAP Basis: | | | | |
| Debt Proceeds | | | (9,992,554) | |
| Debt Service Escrow Payment | | | 9,930,000 | |
| Bond Issue Costs | | | 138,231 | |
| Principal Payments | | | 1,811,000 | |
| Change in Accrued Interest Payable | | | (22,285) | |
| Capital Outlay | | | 1,559,852 | |
| Depreciation and Amortization | | | (2,016,694) | |
| Change in Net Assets, GAAP Basis | | | 1,690,184 | |
| Total Net Assets - Beginning (As Adjusted) | | | 98,982,653 | |
| Total Net Assets - Ending | | | \$100,672,837 | |

Town of Erie, Colorado
Wastewater Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With |
|---|--------------------|-----------------|---------------|--|
| | Original Budget | Final Budget | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$ 3,558,400 | \$ 3,558,400 | \$ 3,112,916 | \$ (445,484) |
| Miscellaneous | - | - | 13,329 | 13,329 |
| Investment Earnings | 43,700 | 63,700 | 33,632 | (30,068) |
| Capital Contributions | 540,500 | 443,300 | 465,620 | 22,320 |
| Total Revenues | 4,142,600 | 4,065,400 | 3,625,497 | (439,903) |
| EXPENDITURES | | | | |
| Operating Expenditures | | | | |
| Personnel Services | 1,039,000 | 1,044,334 | 983,824 | 60,510 |
| Operations & Maintenance | 779,600 | 779,600 | 689,106 | 90,494 |
| Debt Related Expenses | | | | |
| Principal Payments | 558,900 | 558,900 | 558,773 | 127 |
| Interest Expense | 1,019,800 | 1,019,800 | 1,013,845 | 5,955 |
| Capital Outlay | 97,800 | 5,761,900 | 2,049,907 | 3,711,993 |
| Total Expenditures | 3,495,100 | 9,164,534 | 5,295,455 | 3,869,079 |
| Change in Net Assets | \$ 647,500 | \$ (5,099,134) | (1,669,958) | \$ 3,429,176 |
| Reconciliation to GAAP Basis: | | | | |
| Principal Payments | | | 558,773 | |
| Change in Accrued Interest Payable | | | 2,862 | |
| Capital Outlay | | | 2,049,907 | |
| Depreciation and Amortization | | | (1,190,406) | |
| Change in Net Assets, GAAP Basis | | | (248,822) | |
| Total Net Assets - Beginning (As Adjusted) | | | 39,534,964 | |
| Total Net Assets - Ending | | | \$ 39,286,142 | |

Town of Erie, Colorado
Storm Drainage Operating Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With |
|--------------------------------------|--------------------|--------------------|----------------------|--|
| | Original Budget | Final Budget | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$ 390,000 | \$ 390,000 | \$ 392,907 | \$ 2,907 |
| Miscellaneous | - | - | 5,016 | 5,016 |
| Investment Earnings | 9,300 | 14,300 | 10,176 | (4,124) |
| Intergovernmental | - | 254,700 | (1,047) | (255,747) |
| Transfers In | - | - | 17,632 | 17,632 |
| Total Revenues | <u>399,300</u> | <u>659,000</u> | <u>424,684</u> | <u>(234,316)</u> |
| EXPENDITURES | | | | |
| Operating Expenditures | | | | |
| Personnel Services | 92,100 | 91,800 | 87,098 | 4,702 |
| Operations & Maintenance | 96,900 | 97,200 | 75,222 | 21,978 |
| Debt Related Expenses | | | | |
| Principal Payments | 11,200 | 11,200 | 11,108 | 92 |
| Interest Expense | 7,200 | 7,200 | 7,116 | 84 |
| Capital Outlay | <u>194,500</u> | <u>518,600</u> | <u>155,850</u> | <u>362,750</u> |
| Total Expenditures | <u>401,900</u> | <u>726,000</u> | <u>336,394</u> | <u>389,606</u> |
| Change in Net Assets | <u>\$ (2,600)</u> | <u>\$ (67,000)</u> | 88,290 | <u>\$ 155,290</u> |
| Reconciliation to GAAP Basis: | | | | |
| Principal Payments | | | 11,108 | |
| Change in Accrued Interest Payable | | | 167 | |
| Capital Outlay | | | 155,850 | |
| Depreciation and Amortization | | | <u>(231,590)</u> | |
| Change in Net Assets, GAAP Basis | | | 23,825 | |
| Total Net Assets - Beginning | | | <u>11,093,496</u> | |
| Total Net Assets - Ending | | | <u>\$ 11,117,321</u> | |

Town of Erie, Colorado
Airport Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|---------------------------------------|--------------------|-----------------|--------------|---|
| | Original Budget | Final Budget | | |
| REVENUES | | | | |
| Charges for Services | \$ 99,400 | \$ 43,282 | \$ 60,205 | \$ 16,923 |
| Miscellaneous | 12,300 | 17,200 | 19,748 | 2,548 |
| Investment Earnings | - | 2,000 | 1,223 | (777) |
| Intergovernmental | 372,800 | 989,141 | 832,117 | (157,024) |
| Total Revenues | 484,500 | 1,051,623 | 913,293 | (138,330) |
| EXPENDITURES | | | | |
| Operating Expenditures | | | | |
| Personnel Services | 3,500 | 3,500 | 4,652 | (1,152) |
| Operations & Maintenance | 93,000 | 55,805 | 71,699 | (15,894) |
| Capital Outlay | 432,500 | 1,083,100 | 791,986 | 291,114 |
| Transfers Out | 40,000 | 40,000 | 8,816 | 31,184 |
| Total Expenditures | 569,000 | 1,182,405 | 877,153 | 305,252 |
| Change in Net Assets | \$ (84,500) | \$ (130,782) | 36,140 | \$ 166,922 |
| Reconciliation to GAAP Basis: | | | | |
| Capital Outlay | | | 791,986 | |
| Depreciation and Amortization | | | (154,531) | |
| Loss on Disposition of Capital Assets | | | (84,029) | |
| Change in Net Assets, GAAP Basis | | | 589,566 | |
| Total Net Assets - Beginning | | | 4,059,952 | |
| Total Net Assets - Ending | | | \$ 4,649,518 | |

Statistical Section

This page has been intentionally left blank.

This part of the Town of Erie’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

| Contents | Page |
|---|-------------|
| Financial Trends <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i> | 105 |
| Revenue Capacity <i>These schedules contain trend information to help the reader assess the government’s most significant local revenue source, the property tax.</i> | 109 |
| Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i> | 118 |
| Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i> | 125 |
| Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services that the government provides and activities it performs.</i> | 127 |

This page has been intentionally left blank.

**Town of Erie
Net Assets by Component
Last Ten Years
(accrual basis of accounting)**

| | Fiscal Year | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2004 ⁽¹⁾ | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 ⁽²⁾ | 2011 |
| Governmental Activities | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 22,215,485 | \$ 26,124,027 | \$ 24,900,765 | \$ 53,190,093 | \$ 57,152,274 | \$ 65,207,177 | \$ 72,517,365 | \$ 72,014,062 |
| Restricted | 9,472,616 | 17,668,735 | 22,213,890 | 21,364,804 | 22,628,014 | 17,065,975 | 15,583,228 | 16,385,652 |
| Unrestricted | 7,273,410 | 11,207,490 | 29,704,628 | 16,480,097 | 19,422,764 | 17,917,745 | 13,826,677 | 13,780,904 |
| Total Governmental Activities Net Assets | \$ 38,961,511 | \$ 55,000,252 | \$ 76,819,283 | \$ 91,034,994 | \$ 99,203,052 | \$ 100,190,897 | \$ 101,927,270 | \$ 102,180,618 |
| Business-Type Activities | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 65,392,592 | \$ 89,746,378 | \$ 103,006,082 | \$ 112,940,934 | \$ 121,520,053 | \$ 129,658,852 | \$ 130,202,122 | \$ 131,296,683 |
| Restricted | 13,699,842 | 4,718,710 | 4,583,110 | 14,328,718 | 15,722,590 | 5,939,968 | 7,559,526 | 7,125,596 |
| Unrestricted | 12,822,358 | 22,471,445 | 25,951,901 | 19,793,449 | 16,889,395 | 20,708,504 | 15,946,789 | 17,313,158 |
| Total Business-Type Activities Net Assets | \$ 91,914,792 | \$ 116,936,533 | \$ 133,541,093 | \$ 147,063,101 | \$ 154,132,038 | \$ 156,307,324 | \$ 153,708,437 | \$ 155,735,437 |
| Primary Government | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 87,608,077 | \$ 115,870,405 | \$ 127,906,847 | \$ 166,131,027 | \$ 178,672,327 | \$ 194,866,029 | \$ 202,719,487 | \$ 203,310,745 |
| Restricted | 23,172,458 | 22,387,445 | 26,797,000 | 35,693,522 | 38,350,604 | 23,005,943 | 23,142,754 | 23,511,248 |
| Unrestricted | 20,095,768 | 33,678,935 | 55,656,529 | 36,273,546 | 36,312,159 | 38,626,249 | 29,773,466 | 31,094,062 |
| Total Primary Government Net Assets | \$ 130,876,303 | \$ 171,936,785 | \$ 210,360,376 | \$ 238,098,095 | \$ 253,335,090 | \$ 256,498,221 | \$ 255,635,707 | \$ 257,916,055 |

Source: Town of Erie Finance Department

⁽¹⁾The Town implemented GASB 34, the new reporting standard, in fiscal year 2004.

Therefore, ten years of data is not available but will be accumulated over time.

⁽²⁾A restatement of 2010 financials was completed.

Town of Erie
Changes in Net Assets
Last Ten Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | | |
|--|---------------------|---------------|---------------|---------------|----------------|----------------|---------------------|----------------|
| | 2004 ⁽¹⁾ | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 ⁽³⁾ | 2011 |
| Expenses | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Government | \$ 2,936,254 | \$ 2,516,273 | \$ 2,279,543 | \$ 2,852,921 | \$ 2,542,611 | \$ 2,191,872 | \$ 2,025,071 | \$ 2,215,449 |
| Public Safety | 1,382,872 | 1,719,409 | 1,864,065 | 1,934,542 | 2,070,326 | 2,106,365 | 2,337,449 | 2,361,217 |
| Public Works | 1,417,943 | 1,792,625 | 2,215,283 | 2,457,612 | 2,830,931 | 2,757,873 | 2,771,238 | 3,168,315 |
| Parks & Recreation | 910,232 | 1,103,296 | 1,453,447 | 1,833,112 | 4,178,321 | 4,700,478 | 5,209,771 | 6,038,210 |
| Interest on Long-Term Debt ⁽³⁾ | 185,984 | 178,160 | 245,770 | 1,177,219 | 907,069 | 868,802 | 858,291 | 819,064 |
| Total Governmental Activities Expenses | 6,833,285 | 7,309,763 | 8,058,108 | 10,255,406 | 12,529,258 | 12,625,390 | 13,201,820 | 14,602,255 |
| Business-Type Activities: | | | | | | | | |
| Water | 3,914,473 | 4,258,665 | 4,916,945 | 5,849,291 | 5,920,041 | 6,412,330 | 6,891,012 | 7,167,474 |
| Wastewater | 1,559,719 | 1,854,437 | 2,019,365 | 2,060,713 | 2,370,152 | 2,728,947 | 3,277,279 | 3,874,319 |
| Storm Drainage | 183,331 | 287,721 | 321,017 | 345,266 | 359,817 | 381,752 | 372,769 | 400,859 |
| Airport | 295,410 | 368,502 | 482,347 | 479,946 | 246,451 | 320,180 | 265,896 | 314,911 |
| Housing Authority | 111,662 | 107,904 | 106,572 | 107,822 | 118,011 | 109,513 | 114,313 | 117,270 |
| Total Business-Type Activities Expenses | 6,064,595 | 6,877,229 | 7,846,246 | 8,843,038 | 9,014,472 | 9,952,722 | 10,921,269 | 11,874,833 |
| Total Primary Government Expenses | \$ 12,897,880 | \$ 14,186,992 | \$ 15,904,354 | \$ 19,098,444 | \$ 21,543,730 | \$ 22,578,112 | \$ 24,123,089 | \$ 26,477,088 |
| Program Revenues | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| Charges for Services | | | | | | | | |
| General Government | \$ 2,119,343 | \$ 2,188,739 | \$ 1,435,627 | \$ 970,615 | \$ 1,180,105 | \$ 656,516 | \$ 572,119 | \$ 636,727 |
| Public Safety | 116,525 | 179,917 | 192,831 | 113,193 | 108,343 | 121,429 | 135,506 | 162,864 |
| Public Works | 204,563 | 240,794 | 403,518 | 634,361 | 1,208,708 | 953,418 | 1,796,856 | 1,512,843 |
| Parks and Recreation | 50,025 | 62,414 | 65,400 | 78,197 | 1,355,988 | 1,254,479 | 1,904,056 | 1,878,354 |
| Operating Grants and Contributions ⁽²⁾ | 140,097 | 67,661 | 48,899 | 21,560 | 14,637 | 128,680 | 73,748 | 128,031 |
| Capital Grants and Contributions ⁽²⁾ | 11,608,416 | 9,711,654 | 18,138,215 | 11,364,555 | 7,000,266 | 2,121,328 | 1,894,614 | 1,382,427 |
| Total Governmental Activities Program Revenues | 14,238,969 | 12,451,179 | 20,284,490 | 13,182,481 | 10,868,047 | 5,235,850 | 6,376,899 | 5,701,246 |
| Business-Type Activities: | | | | | | | | |
| Charges for Services | | | | | | | | |
| Water ⁽³⁾ | 2,705,358 | 3,625,729 | 4,792,751 | 4,803,707 | 5,395,596 | 4,995,495 | 5,511,767 | 6,321,368 |
| Wastewater ⁽³⁾ | 1,133,672 | 1,398,101 | 1,738,799 | 2,004,146 | 2,123,952 | 2,359,528 | 2,774,232 | 3,112,916 |
| Other Activities | 553,884 | 393,410 | 757,614 | 763,136 | 574,355 | 552,392 | 560,669 | 529,895 |
| Capital Grants and Contributions | 38,237,409 | 27,232,102 | 14,934,116 | 12,481,218 | 6,312,796 | 3,689,777 | 3,720,291 | 3,701,122 |
| Total Business-Type Activities Program Revenues | 42,630,323 | 32,649,342 | 22,223,280 | 20,052,207 | 14,406,699 | 11,597,192 | 12,566,959 | 13,665,301 |
| Total Primary Government Program Revenues | \$ 56,869,292 | \$ 45,100,521 | \$ 42,507,770 | \$ 33,234,688 | \$ 25,274,746 | \$ 16,833,042 | \$ 18,943,858 | \$ 19,366,547 |
| Net (Expense) Revenue | | | | | | | | |
| Governmental Activities | \$ 7,405,684 | \$ 5,141,416 | \$ 12,226,382 | \$ 2,927,075 | \$ (1,661,211) | \$ (7,389,540) | \$ (6,824,921) | \$ (8,901,009) |
| Business-Type Activities | 36,565,728 | 25,772,113 | 14,377,034 | 11,209,169 | 5,392,227 | 1,644,470 | 1,645,690 | 1,790,468 |
| Total Primary Government Net (Expense) Revenue | \$ 43,971,412 | \$ 30,913,529 | \$ 26,603,416 | \$ 14,136,244 | \$ 3,731,016 | \$ (5,745,070) | \$ (5,179,231) | \$ (7,110,541) |
| General Revenues and Other Changes in Net Assets | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| Taxes ⁽²⁾ | | | | | | | | |
| Property Taxes | \$ 788,955 | \$ 1,297,382 | \$ 1,628,286 | \$ 3,078,525 | \$ 3,556,517 | \$ 3,720,316 | \$ 3,947,570 | \$ 3,880,843 |
| Sales & Use Taxes | 5,521,258 | 5,698,013 | 4,619,335 | 3,922,663 | 3,559,908 | 3,126,330 | 3,420,184 | 3,692,180 |
| Franchise Taxes | 282,980 | 389,787 | 456,110 | 507,525 | 589,062 | 571,130 | 684,352 | 561,740 |
| Specific Ownership Taxes | 72,923 | 116,034 | 139,605 | 255,553 | 284,928 | 253,376 | 221,453 | 234,005 |
| Investment Earnings | 184,664 | 786,400 | 2,193,728 | 2,734,514 | 1,633,905 | 621,372 | 279,776 | 250,191 |
| Other Miscellaneous | 514,218 | 456,322 | 455,373 | 789,859 | 204,950 | 84,860 | 170,926 | 535,400 |
| Total Governmental Activities | 7,364,998 | 8,743,938 | 9,492,437 | 11,288,639 | 9,829,270 | 8,377,384 | 8,724,261 | 9,154,359 |
| Business-Type Activities: | | | | | | | | |
| Investment Earnings | 361,030 | 954,971 | 1,583,138 | 2,063,478 | 1,405,388 | 438,286 | 155,037 | 113,452 |
| Other Miscellaneous | 102,527 | 182,403 | 664,385 | 249,360 | 271,320 | 92,529 | 119,783 | 123,080 |
| Total Business-Type Activities | 463,557 | 1,137,374 | 2,247,523 | 2,312,838 | 1,676,708 | 530,815 | 274,820 | 236,532 |
| Total Primary Government General Revenue and Other Changes in Net Assets | \$ 7,828,555 | \$ 9,881,312 | \$ 11,739,960 | \$ 13,601,477 | \$ 11,505,978 | \$ 8,908,199 | \$ 8,999,081 | \$ 9,390,891 |
| Changes in Net Assets | | | | | | | | |
| Governmental Activities | \$ 14,770,682 | \$ 13,885,354 | \$ 21,718,819 | \$ 14,215,714 | \$ 8,168,059 | \$ 987,844 | \$ 1,899,340 | \$ 253,350 |
| Business-Type Activities | 37,029,285 | 26,909,487 | 16,624,557 | 13,522,007 | 7,068,935 | 2,175,285 | 1,920,510 | 2,027,000 |
| Total Primary Government Changes in Net Assets | \$ 51,799,967 | \$ 40,794,841 | \$ 38,343,376 | \$ 27,737,721 | \$ 15,236,994 | \$ 3,163,129 | \$ 3,819,850 | \$ 2,280,350 |

Source: Town of Erie Finance Department

⁽¹⁾The Town implemented GASB 34, the new reporting standard, in fiscal year 2004. Therefore, ten years of data is not available but will be accumulated over time.

⁽²⁾ Amounts prior to 2011 were reclassified for consistency with current year classifications.

⁽³⁾ 2010 amounts were restated to reflect various prior period adjustments made in 2011. Prior years were not adjusted.

Town of Erie
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|---------------------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2002 | 2003 | 2004 ⁽¹⁾ | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 ⁽²⁾ |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 128,000 |
| Reserved/Restricted ⁽²⁾ | 244,747 | 265,249 | 362,116 | 229,174 | 15,307,980 | 2,884,711 | 3,664,997 | 1,253,409 | 8,025,287 | 2,163,588 |
| Committed | - | - | - | - | - | - | - | - | - | 10,800,000 |
| Assigned | - | - | - | - | - | - | - | - | - | 1,026,106 |
| Unreserved | 1,445,663 | 3,266,617 | 7,351,717 | 11,504,917 | 15,081,463 | 15,404,897 | 16,509,423 | 17,358,472 | 8,245,195 | 1,955,793 |
| Total General Fund | <u>\$ 1,690,410</u> | <u>\$ 3,531,866</u> | <u>\$ 7,713,833</u> | <u>\$ 11,734,091</u> | <u>\$ 30,389,443</u> | <u>\$ 18,289,608</u> | <u>\$ 20,174,420</u> | <u>\$ 18,611,881</u> | <u>\$ 16,270,482</u> | <u>\$ 16,073,487</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Reserved/Restricted ⁽²⁾ | 2,015,105 | 4,077,830 | 11,444,500 | 17,455,004 | 21,816,406 | 20,820,428 | 22,065,773 | 16,639,587 | 13,328,502 | 14,222,064 |
| Committed | - | - | - | - | - | - | - | - | - | 137,963 |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unreserved, Reported in: | | | | | | | | | | |
| Special Revenue Funds | (376,105) | 414,479 | - | - | 151,887 | 179,743 | 144,587 | 133,606 | - | (55,925) |
| Total of All Other Governmental Funds | <u>\$ 1,639,000</u> | <u>\$ 4,492,309</u> | <u>\$ 11,444,500</u> | <u>\$ 17,455,004</u> | <u>\$ 21,968,293</u> | <u>\$ 21,000,171</u> | <u>\$ 22,210,360</u> | <u>\$ 16,773,193</u> | <u>\$ 13,328,502</u> | <u>\$ 14,304,102</u> |

Source: Town of Erie Finance Department

⁽¹⁾Other governmental fund reserved 2004 fund balance restated from \$9,291,114 to \$11,444,500.

⁽²⁾The Town implemented GASB 54 to reflect the new classifications of fund balance. Prior year amounts were not restated.

Town of Erie
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|----------------------|----------------------|------------------------|---------------------|-----------------------|-----------------------|-------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 3,521,215 | \$ 4,585,348 | \$ 6,666,116 | \$ 7,501,216 | \$ 6,843,336 | \$ 7,764,266 | \$ 7,990,415 | \$ 7,671,152 | \$ 8,273,559 | \$ 8,368,768 |
| Intergovernmental | 672,841 | 466,274 | 484,943 | 513,730 | 667,760 | 693,352 | 1,371,213 | 1,206,094 | 536,684 | 1,510,458 |
| Licenses and Permits | 1,067,286 | 1,360,490 | 2,325,491 | 2,360,069 | 1,566,609 | 1,064,310 | 2,791,140 | 501,629 | 1,968,364 | 695,837 |
| Charges for Services | 1,672,063 | 3,275,115 | 6,246,396 | 6,205,411 | 4,972,613 | 3,717,997 | 4,666,103 | 3,211,351 | 3,653,202 | 3,332,087 |
| Fines and Forfeitures | 82,000 | 88,712 | 116,525 | 179,917 | 192,831 | 113,193 | 108,343 | 121,429 | 135,506 | 162,864 |
| Investment Earnings | - | - | 184,664 | 786,400 | 2,193,728 | 2,734,513 | 1,633,905 | 621,372 | 262,564 | 250,191 |
| Miscellaneous | 1,028,128 | 561,426 | 554,354 | 286,456 | 1,355,123 | 1,333,578 | 229,917 | 280,207 | 273,884 | 556,947 |
| Total Revenues | 8,043,533 | 10,337,365 | 16,578,489 | 17,833,199 | 17,792,000 | 17,421,209 | 18,791,036 | 13,613,234 | 15,103,763 | 14,877,152 |
| Expenditures | | | | | | | | | | |
| General Government | 2,433,224 | 2,534,185 | 2,775,019 | 2,403,844 | 2,185,379 | 2,392,489 | 2,212,898 | 2,000,171 | 1,872,803 | 2,200,613 |
| Parks & Recreation | 597,834 | 644,330 | 764,938 | 1,026,281 | 1,766,445 | 1,546,258 | 3,821,824 | 4,272,112 | 4,388,059 | 4,690,752 |
| Public Safety | 952,885 | 1,135,186 | 1,306,503 | 1,601,394 | 1,411,911 | 1,835,547 | 1,977,901 | 1,513,339 | 2,097,135 | 2,275,395 |
| Public Works | 786,754 | 758,968 | 1,008,671 | 1,237,714 | 1,267,684 | 1,525,403 | 1,694,976 | 2,035,521 | 1,511,556 | 1,719,095 |
| Capital Outlay | 1,021,915 | 119,098 | 1,316,354 | 1,134,252 | 4,672,496 | 21,775,141 | 4,271,841 | 9,057,065 | 8,606,166 | 1,863,774 |
| Debt Service | | | | | | | | | | |
| Principal | 373,297 | 257,000 | 239,600 | 220,110 | 205,000 | 340,000 | 800,000 | 845,000 | 880,000 | 915,000 |
| Interest | 204,838 | 193,833 | 186,633 | 178,843 | 133,055 | 1,230,056 | 922,632 | 889,732 | 857,444 | 820,681 |
| Bond Issuance Costs | - | - | - | - | 297,249 | - | - | - | - | - |
| Total Expenditures | 6,370,747 | 5,642,600 | 7,597,718 | 7,802,438 | 11,939,219 | 30,644,894 | 15,702,072 | 20,612,940 | 20,213,163 | 14,485,310 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,672,786 | 4,694,765 | 8,980,771 | 10,030,761 | 5,852,781 | (13,223,685) | 3,088,964 | (6,999,706) | (5,109,400) | 391,842 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Open Space Land Financing | 7,560 | - | - | - | - | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | - | - | - | - | - | 155,730 | - | - | - | - |
| Bond Proceeds | - | - | - | - | 20,206,989 | - | - | - | - | - |
| Payment for Refunded Bonds | - | - | - | - | (2,991,338) | - | - | - | - | - |
| Operating Transfers In | - | - | - | 135,000 | 85,000 | 698,300 | 104,939 | 718,200 | 109,400 | 131,200 |
| Operating Transfers Out | - | - | - | (135,000) | (85,000) | (698,300) | (98,900) | (718,200) | (129,213) | (152,747) |
| Total Other Financing Sources (Uses) | 7,560 | - | - | - | 17,215,651 | 155,730 | 6,039 | - | (19,813) | (21,547) |
| Net Changes in Fund Balance | \$ 1,680,346 | \$ 4,694,765 | \$ 8,980,771 | \$ 10,030,761 | \$ 23,068,432 | \$ (13,067,955) | \$ 3,095,003 | \$ (6,999,706) | \$ (5,129,213) | \$ 370,295 |
| Debt Service as a Percentage of Noncapital Expenditures | 10.81% | 8.16% | 6.79% | 5.98% | 8.74% | 17.70% | 15.07% | 15.01% | 14.97% | 13.75% |

Source: Town of Erie Finance Department

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

| Year | Property Tax | Sales Tax | Use Tax | Franchise Tax | Specific Ownership Tax | Total |
|---------------------|--------------|--------------|------------|---------------|------------------------|--------------|
| 2002 | \$ 609,799 | \$ 1,781,426 | \$ 883,541 | \$ 186,554 | \$ 59,895 | \$ 3,521,215 |
| 2003 | 689,563 | 1,974,189 | 1,635,785 | 220,058 | 65,753 | 4,585,348 |
| 2004 | 788,955 | 2,130,344 | 3,390,914 | 282,980 | 72,923 | 6,666,116 |
| 2005 ⁽¹⁾ | 1,297,382 | 2,381,629 | 3,316,384 | 389,787 | 116,034 | 7,501,216 |
| 2006 | 1,628,286 | 2,466,173 | 2,153,162 | 456,110 | 139,605 | 6,843,336 |
| 2007 ⁽²⁾ | 3,078,525 | 2,790,694 | 1,131,969 | 507,525 | 255,553 | 7,764,266 |
| 2008 | 3,556,517 | 2,624,783 | 935,125 | 589,062 | 284,928 | 7,990,415 |
| 2009 | 3,720,316 | 2,572,740 | 553,590 | 571,130 | 253,376 | 7,671,152 |
| 2010 | 3,947,570 | 2,842,974 | 577,210 | 684,352 | 221,453 | 8,273,559 |
| 2011 | 3,880,843 | 3,095,659 | 596,521 | 561,740 | 234,005 | 8,368,768 |

Source: Town of Erie Finance Department

⁽¹⁾ In November 2004, voters approved a mill levy increase for trails and natural areas. It went into effect in 2005. In 2005 this change added 3.677 mills to the Town's levy. For collection years after 2005 the levy increase was 4.000 mills.

⁽²⁾ In November 2005, voters approved a mill levy increase to construct the Erie Community Center. This change, which went into effect in 2007, added 7.320 mills to the Town's levy.

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

| Boulder County | | | | | | |
|---------------------|---------------|--------------|--------------|--------------|--------------------------|----------------|
| Year ⁽¹⁾ | Residential | Commercial | Vacant | | Less: | Total Taxable |
| | Property | Property | Land | Other | Tax Exempt Real Property | Assessed Value |
| 2002 | \$ 49,259,450 | \$ 4,571,510 | \$ 4,630,550 | \$ 4,076,341 | \$ 3,072,530 | \$ 59,465,321 |
| 2003 | 53,238,801 | 5,126,990 | 7,560,772 | 4,059,434 | 3,144,226 | 66,841,771 |
| 2004 | 58,441,760 | 5,665,970 | 5,873,440 | 3,329,435 | 2,555,300 | 70,755,305 |
| 2005 | 60,062,310 | 5,611,070 | 5,451,010 | 3,611,585 | 2,732,240 | 72,003,735 |
| 2006 | 62,791,610 | 6,643,210 | 5,907,990 | 5,204,830 | 4,299,810 | 76,247,830 |
| 2007 | 66,653,030 | 6,259,170 | 7,285,150 | 5,583,390 | 4,391,300 | 81,389,440 |
| 2008 | 72,775,610 | 7,017,800 | 7,679,860 | 5,379,335 | 3,938,640 | 88,913,965 |
| 2009 | 74,938,760 | 7,064,260 | 6,745,400 | 5,105,190 | 3,929,800 | 89,923,810 |
| 2010 | 74,095,210 | 7,658,420 | 6,248,880 | 12,085,460 | 4,334,730 | 95,753,240 |
| 2011 | 74,805,120 | 7,568,860 | 5,440,850 | 12,778,926 | 4,847,360 | 95,746,396 |

| Weld County | | | | | | |
|---------------------|---------------|--------------|--------------|--------------|--------------------------|----------------|
| Year ⁽¹⁾ | Residential | Commercial | Vacant | | Less: | Total Taxable |
| | Property | Property | Land | Other | Tax Exempt Real Property | Assessed Value |
| 2002 | \$ 15,139,110 | \$ 4,125,980 | \$ 1,848,180 | \$ 4,442,400 | \$ 1,536,840 | \$ 24,018,830 |
| 2003 | 16,182,630 | 5,660,820 | 3,649,540 | 5,443,974 | 2,079,070 | 28,857,894 |
| 2004 | 18,349,390 | 5,642,800 | 11,586,950 | 5,285,636 | 2,361,000 | 38,503,776 |
| 2005 | 25,402,000 | 7,853,590 | 9,620,900 | 6,762,300 | 2,541,870 | 47,096,920 |
| 2006 | 44,068,480 | 7,576,960 | 11,197,350 | 9,540,820 | 4,275,890 | 68,107,720 |
| 2007 | 63,060,810 | 7,447,830 | 6,873,180 | 11,529,760 | 4,941,450 | 83,970,130 |
| 2008 | 79,408,720 | 8,715,140 | 10,394,750 | 14,279,150 | 6,767,920 | 106,029,840 |
| 2009 | 86,124,430 | 11,889,630 | 8,773,150 | 22,293,380 | 9,331,410 | 119,749,180 |
| 2010 | 83,802,080 | 15,705,830 | 8,242,820 | 38,309,470 | 10,838,480 | 135,221,720 |
| 2011 | 85,974,780 | 16,846,260 | 6,993,710 | 26,916,450 | 8,507,750 | 128,223,450 |

| Boulder County and Weld County | | | |
|--------------------------------|------------|------------------|--------------------------------|
| Year ⁽¹⁾ | Total | Grand Total | Assessed Value |
| | Direct Tax | Estimated Actual | as a Percentage |
| | Rate | Taxable Value | of Actual Value ⁽²⁾ |
| 2002 | 7.288 | 770,492,477 | 11.43% |
| 2003 | 7.288 | 864,701,557 | 11.67% |
| 2004 | 7.288 | 1,091,098,977 | 10.46% |
| 2005 | 10.965 | 1,201,664,213 | 10.35% |
| 2006 | 11.288 | 1,493,390,668 | 10.24% |
| 2007 | 18.608 | 1,773,561,146 | 9.85% |
| 2008 | 18.282 | 2,084,640,197 | 9.87% |
| 2009 | 17.775 | 2,212,959,781 | 10.07% |
| 2010 | 17.198 | 2,222,470,311 | 11.08% |
| 2011 | 17.376 | 2,239,998,746 | 10.59% |

Sources: Boulder County Assessor's Office
Weld County Assessor's Office

⁽¹⁾Taxes for the year assessed are collected in the following year. For example: 2011 taxes assessed will be collected in the 2012 calendar year.

⁽²⁾Includes tax-exempt property

Town of Erie
Principal Taxpayers
December 31, 2011

| Taxpayer | Boulder County | | | | | |
|---|----------------------|------|---------------------------|---------------------|------|---------------------------|
| | 2011 | | | 2002 | | |
| | Assessed Value | Rank | % of Total Assessed Value | Assessed Value | Rank | % of Total Assessed Value |
| Principal Taxpayers | | | | | | |
| Noble Energy Production Inc | \$ 6,132,032 | 1 | 6.40 % | \$ - | - | - % |
| Encana Oil & Gas USA Inc | 3,560,074 | 2 | 3.72 | - | - | - |
| Public Service Co of Colorado | 2,811,091 | 3 | 2.94 | - | - | - |
| Arapahoe Ridge Retail Center LLC | 2,504,092 | 4 | 2.62 | - | - | - |
| Muhr Partnership Three | 1,070,040 | 5 | 1.12 | - | - | - |
| Westpac Realty Fund II LLC | 869,043 | 6 | 0.91 | - | - | - |
| Tousa Recovery Acquisition LLC | 823,872 | 7 | 0.86 | - | - | - |
| Alande Company | 600,126 | 8 | 0.63 | - | - | - |
| Boulder Valley Investment LLC | 583,635 | 9 | 0.61 | - | - | - |
| Richmond American Homes of Colorado Inc | 567,485 | 10 | 0.59 | - | - | - |
| Becky Family Investment Co LLLP | - | - | - | 1,319,510 | 1 | 2.22 |
| Alande Company | - | - | - | 485,210 | 2 | 0.82 |
| Hudson Construction | - | - | - | 470,520 | 3 | 0.79 |
| Safeway Inc | - | - | - | 437,600 | 4 | 0.74 |
| Boulder Valley Investment LLC | - | - | - | 430,360 | 5 | 0.72 |
| Boulder Valley Investment LLC | - | - | - | 396,720 | 6 | 0.67 |
| Boulder Valley Investment LLC | - | - | - | 363,660 | 7 | 0.61 |
| Boulder Valley Investment LLC | - | - | - | 360,520 | 8 | 0.61 |
| Westpac Realty Fund II LLC | - | - | - | 357,710 | 9 | 0.60 |
| Westpac Realty Fund II LLC | - | - | - | 346,430 | 10 | 0.58 |
| | <u>\$ 19,521,490</u> | | <u>20.39 %</u> | <u>\$ 4,968,240</u> | | <u>13.15 %</u> |
| | Weld County | | | | | |
| | 2011 | | | 2002 ⁽¹⁾ | | |
| Taxpayer | Assessed Value | Rank | % of Total Assessed Value | Assessed Value | Rank | % of Total Assessed Value |
| Principal Taxpayers | | | | | | |
| Kerr-McGee Oil & Gas Onshore LP | \$ 9,583,520 | 1 | 7.47 % | \$ - | - | - % |
| Encana Oil & Gas (USA) Inc | 8,607,140 | 2 | 6.71 | - | - | - |
| Noble Energy | 3,196,130 | 3 | 2.49 | - | - | - |
| Erie Commons Commercial Partners LLC | 1,185,150 | 4 | 0.92 | - | - | - |
| Colorado National Golf Club LLC | 1,081,610 | 5 | 0.84 | - | - | - |
| Waste Connections Inc | 981,190 | 6 | 0.77 | - | - | - |
| Public Service CO of Colo (Xcel) | 811,280 | 7 | 0.63 | - | - | - |
| Kassity-Lowell Erie LLC | 743,800 | 8 | 0.58 | - | - | - |
| Right Sky Properties LLC | 786,880 | 9 | 0.61 | - | - | - |
| Vista Ridge Development LLC | 602,570 | 10 | 0.47 | - | - | - |
| | <u>\$ 27,579,270</u> | | <u>20.40 %</u> | <u>\$ -</u> | | <u>- %</u> |

Sources: Boulder County Assessor's Office
Weld County Assessor's Office

⁽¹⁾Information not available.

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

| Boulder County | | | | | | | | | | |
|---------------------------------|--------------|----------------|---------------------------------|--------------------------------|--|---|--|------------------------------------|------------------------------------|------------------------------|
| Year | Town of Erie | Boulder County | St Vrain Valley School District | Boulder Valley School District | Mountain View Fire Protection District | Northern Colorado Water Conservation District | Urban Drainage & Flood District | Lafayette Rural Fire District | High Plains Library ⁽²⁾ | Total |
| Rates (In mills) ⁽¹⁾ | | | | | | | | | | |
| 2002 | 7.288 | 17.621 | 36.256 | 34.807 | 8.237 | 1.000 | 0.521 | 1.090 | - | 106.820 |
| 2003 | 7.288 | 20.087 | 41.025 | 38.524 | 8.197 | 1.000 | 0.531 | 2.500 | - | 119.152 |
| 2004 | 7.288 | 20.088 | 40.374 | 38.255 | 8.117 | 1.000 | 0.533 | 2.500 | - | 118.155 |
| 2005 | 10.965 | 21.267 | 40.089 | 37.423 | 8.037 | 1.000 | 0.538 | 2.500 | - | 121.819 |
| 2006 | 11.288 | 21.867 | 39.982 | 37.685 | 8.037 | 1.000 | 0.532 | 2.500 | - | 122.891 |
| 2007 | 18.608 | 22.467 | 38.035 | 39.564 | 8.137 | 1.000 | 0.542 | 2.500 | 3.261 | 134.114 |
| 2008 | 18.282 | 22.467 | 37.798 | 37.865 | 7.937 | 1.000 | 0.507 | 2.500 | 3.253 | 131.609 |
| 2009 | 17.775 | 23.067 | 46.285 | 39.113 | 11.747 | 1.000 | 0.528 | 2.500 | 3.260 | 145.275 |
| 2010 | 17.198 | 23.667 | 46.268 | 39.999 | 11.747 | 1.000 | 0.508 | 2.500 | 3.255 | 146.142 |
| 2011 | 17.376 | 24.645 | 46.837 | 43.838 | 11.747 | 1.000 | 0.523 | 2.500 | 3.281 | 151.747 |
| Levy | | | | | | | | | | |
| 2002 | \$ 436,965 | \$ 78,183,325 | \$ 43,439,341 | \$ 111,929,873 | \$ 2,131,288 | \$ 3,732,647 | \$ 1,642,246 | \$ 7,507 | \$ - | \$ 241,503,192 |
| 2003 | 495,474 | 90,859,290 | 51,086,213 | 125,399,588 | 2,229,895 | 3,811,130 | 1,695,961 | 23,130 | - | 275,600,681 |
| 2004 | 517,203 | 94,356,356 | 53,815,770 | 127,737,793 | 2,268,931 | 4,086,177 | 1,746,793 | 23,846 | - | 284,552,869 |
| 2005 | 789,521 | 100,896,978 | 54,469,902 | 125,759,422 | 2,422,949 | 4,352,070 | 1,777,428 | 42,605 | - | 290,510,875 |
| 2006 | 860,686 | 108,354,720 | 55,361,648 | 133,570,367 | 2,386,953 | 4,538,972 | 1,855,614 | 73,179 | - | 307,002,139 |
| 2007 | 1,514,495 | 112,630,364 | 54,340,416 | 140,792,830 | 2,621,708 | 4,593,229 | 1,902,890 | 84,158 | 265,411 | 318,745,501 |
| 2008 | 1,625,525 | 124,745,065 | 58,300,081 | 150,815,108 | 2,802,166 | 5,062,766 | 1,993,702 | 100,100 | 289,201 | 345,733,714 |
| 2009 | 1,598,396 | 129,119,905 | 72,132,892 | 156,938,470 | 4,265,886 | 5,146,619 | 2,100,059 | 99,175 | 292,936 | 371,694,338 |
| 2010 | 1,646,764 | 137,564,655 | 73,308,962 | 167,976,116 | 4,609,169 | 5,347,290 | 2,124,166 | 112,829 | 292,936 | 392,982,887 |
| 2011 | 1,663,689 | 142,564,068 | 73,166,755 | 183,864,077 | 4,390,298 | 5,322,753 | 2,176,881 | 106,127 | 313,906 | 413,568,554 |
| Weld County | | | | | | | | | | |
| Year | Town of Erie | Weld County | St Vrain Valley School District | Frederick Firestone District | Mountain View Fire Protection District | Northern Colorado Water Conservation District | Tri-Area Ambulance Special District ⁽³⁾ | Vista Ridge Metro Special District | High Plains Library | St Vrain Sanitation District |
| Rates (In mills) ⁽¹⁾ | | | | | | | | | | |
| 2002 | 7.288 | 20.559 | 36.256 | 7.560 | 8.237 | 1.000 | 6.543 | 47.257 | 3.249 | - |
| 2003 | 7.288 | 20.056 | 41.025 | 9.560 | 8.197 | 1.000 | 6.543 | 47.257 | 3.249 | - |
| 2004 | 7.288 | 21.474 | 40.374 | 9.560 | 8.117 | 1.000 | 4.543 | 52.827 | 3.249 | - |
| 2005 | 10.965 | 19.957 | 40.089 | 9.560 | 8.037 | 1.000 | 6.543 | 52.989 | 3.249 | - |
| 2006 | 11.288 | 17.900 | 39.982 | 9.560 | 8.037 | 1.000 | 3.250 | 54.332 | 3.281 | - |
| 2007 | 18.608 | 16.804 | 38.035 | 13.360 | 7.977 | 1.000 | - | 59.246 | 3.261 | 3.321 |
| 2008 | 18.282 | 16.804 | 37.798 | 12.770 | 7.877 | 1.000 | - | 57.827 | 3.253 | 2.686 |
| 2009 | 17.775 | 16.804 | 46.285 | 12.526 | 11.747 | 1.000 | - | 57.827 | 3.260 | 0.806 |
| 2010 | 17.198 | 16.804 | 46.268 | 12.401 | 11.747 | 1.000 | - | 57.827 | 3.255 | 0.737 |
| 2011 | 17.376 | 16.804 | 46.837 | 12.441 | 11.747 | 1.000 | - | 57.827 | 3.281 | 0.745 |
| Levy | | | | | | | | | | |
| 2002 | \$ 175,049 | \$ 45,683,851 | \$ 10,535,268 | \$ 650,279 | \$ 1,734,822 | \$ 1,782,779 | \$ 603,578 | \$ 20,576 | \$ 6,446,561 | \$ - |
| 2003 | 210,316 | 48,691,835 | 13,701,751 | 972,351 | 1,973,426 | 1,978,011 | 763,813 | 191,471 | 7,009,411 | - |
| 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 | - |
| 2005 | 516,418 | 59,739,651 | 16,656,447 | 1,234,942 | 2,793,480 | 2,399,590 | 1,074,342 | 618,857 | 8,618,092 | - |
| 2006 | 768,800 | 64,714,321 | 19,653,853 | 1,564,289 | 2,793,480 | 2,771,826 | 611,522 | 1,392,366 | 10,591,984 | - |
| 2007 | 1,562,516 | 70,643,162 | 21,713,602 | 3,092,694 | 2,872,315 | 3,190,486 | - | 2,076,070 | 12,141,237 | 698,882 |
| 2008 | 1,938,438 | 75,088,043 | 24,691,076 | 3,403,049 | 3,184,187 | 3,434,059 | - | 2,777,223 | 12,738,340 | 739,139 |
| 2009 | 2,129,482 | 76,724,097 | 31,603,051 | 3,650,649 | 5,047,144 | 3,499,354 | - | 2,976,184 | 13,028,371 | 312,351 |
| 2010 | 2,325,543 | 96,972,420 | 36,441,473 | 4,025,507 | 6,115,352 | 4,203,631 | - | 2,889,985 | 16,628,403 | 322,948 |
| 2011 | 2,228,011 | 78,999,116 | 35,810,593 | 3,917,792 | 5,838,491 | 3,503,408 | - | 2,919,183 | 13,417,134 | 328,067 |

Source: Weld County Assessor's Office
Boulder County Assessor's Office

⁽¹⁾One mill generates \$1 of property tax revenue per \$1,000 of assessed valuation. Taxes for the year assessed are collected in the following year.

For example: 2011 taxes assessed will be collected in the 2012 calendar year.

⁽²⁾In November 2005, Boulder County residents voted to be included in the High Plains Library District.

⁽³⁾In 2007, Tri-Area Ambulance Special District dissolved.

| Weld County | | | | | | |
|----------------------------|----------------------------|----------------------------|--------------------------------|---|---|---------------|
| Bridgewater Metro #1 | Bridgewater Metro #2 | Bridgewater Metro #3 | Erie Commons Metro #2 | Erie Corporate Center Metro #2 | Erie Corporate Center Metro #3 | Total |
| - | - | - | - | - | - | 137,949 |
| - | - | - | - | - | - | 144,175 |
| - | - | - | - | - | - | 148,432 |
| - | - | - | 40,000 | 40,000 | 11,000 | 243,389 |
| - | - | - | 43,000 | 40,000 | 11,000 | 242,630 |
| - | - | - | 50,000 | 40,000 | 11,000 | 262,612 |
| - | - | - | 50,000 | 50,000 | 14,000 | 272,297 |
| 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 17,140 | 435,170 |
| 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 18,000 | 435,237 |
| 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 18,000 | 436,058 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 67,632,763 |
| - | - | - | - | - | - | 75,492,385 |
| - | - | - | - | - | - | 81,649,332 |
| - | - | - | 9,070 | 172 | 82 | 93,661,143 |
| - | - | - | 11,908 | 1,879 | 522 | 104,876,750 |
| - | - | - | 121,952 | 12,882 | 7,261 | 118,133,059 |
| - | - | - | 341,001 | 27,920 | 8,340 | 128,370,815 |
| 123 | 21,312 | 61,517 | 487,437 | 16,824 | 9,539 | 139,567,435 |
| 129 | 29,192 | 75,290 | 666,755 | 17,961 | 13,554 | 170,728,143 |
| 147,179 | 4,360 | 28,011 | 704,221 | 9,223 | 8,351 | 147,863,136 |

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

| Collection Year | Total Tax Levy ⁽¹⁾ | Total Tax Collections | Collections As a Percent of Tax Levy |
|---------------------|----------------------------------|-----------------------------|--|
| 2002 | \$ 612,014 | \$ 609,799 | 99.64 % |
| 2003 | 705,700 | 689,563 | 97.71 |
| 2004 | 797,800 | 788,955 | 98.89 |
| 2005 ⁽²⁾ | 1,305,939 | 1,297,459 | 99.35 |
| 2006 | 1,629,486 | 1,628,166 | 99.92 |
| 2007 ⁽³⁾ | 3,077,011 | 3,076,645 | 99.99 |
| 2008 | 3,563,963 | 3,556,517 | 99.79 |
| 2009 | 3,727,878 | 3,720,316 | 99.80 |
| 2010 | 3,972,307 | 3,945,965 | 99.34 |
| 2011 | 3,891,700 | 3,880,843 | 99.72 |

Sources: Boulder County Assessor's Office
Weld County Assessor's Office

- ⁽¹⁾ Taxes for the year assessed are collected in the following year.
For example: 2011 taxes assessed will be collected in the 2012 calendar year.
- ⁽²⁾ In November 2004, voters approved a mill levy increase for trails and natural areas.
It went into effect in 2005. In 2005 this change added 3.677 mills to the Town's levy.
For collection years after 2005, the levy increase is 4.000 mills.
- ⁽³⁾ In November 2005, voters approved a mill levy increase to construct the Erie Community Center. It went into effect in 2007. In 2007 and later collection years this change added 7.320 mills to the Town's levy.

Town of Erie
Sales and Use Tax Revenue by Type
Last Ten Years

| <u>Year</u> | <u>Automotive</u> | <u>General</u> | <u>Construction Materials</u> | <u>Total Sales and Use Tax</u> | <u>Total Direct Tax Rate</u> |
|-------------|-------------------|----------------|-----------------------------------|--|--------------------------------------|
| 2002 | \$ 734,425 | \$ 1,043,074 | \$ 883,541 | \$ 2,661,040 | 3.50 % |
| 2003 | 773,889 | 1,007,537 | 1,635,785 | 3,417,211 | 3.50 |
| 2004 | 819,053 | 1,155,136 | 3,390,914 | 5,365,103 | 3.50 |
| 2005 | 972,415 | 1,157,929 | 3,316,384 | 5,446,728 | 3.50 |
| 2006 | 1,116,128 | 1,265,501 | 2,153,162 | 4,534,791 | 3.50 |
| 2007 | 1,193,071 | 1,273,102 | 1,131,969 | 3,598,142 | 3.50 |
| 2008 | 1,079,982 | 1,710,712 | 935,125 | 3,725,819 | 3.50 |
| 2009 | 845,641 | 1,779,142 | 553,590 | 3,178,373 | 3.50 |
| 2010 | 1,105,114 | 1,737,860 | 577,209 | 3,420,183 | 3.50 |
| 2011 | 1,232,012 | 1,863,648 | 596,520 | 3,692,180 | 3.50 |

Sources: Boulder County Treasurer's Office
Weld County Treasurer's Office
Colorado Department of Revenue
Town of Erie Finance Department

Town of Erie
Sales Tax Rates from Direct and Overlapping Governments
Last Ten Years

| Boulder County | | | | | | | | | | |
|----------------|--------------|-------------------|-----------------------------------|--------------------------------------|---|----------------|--------|--|--|--|
| Year | Town of Erie | State of Colorado | Regional Transportation Authority | Metropolitan Sports Stadium District | Scientific and Cultural Facilities District | Boulder County | Total | | | |
| 2002 | 3.50 % | 2.90 % | 0.60 % | 0.10 % | 0.10 % | 0.45 % | 7.65 % | | | |
| 2003 | 3.50 | 2.90 | 0.60 | 0.10 | 0.10 | 0.55 | 7.75 | | | |
| 2004 | 3.50 | 2.90 | 0.60 | 0.10 | 0.10 | 0.55 | 7.75 | | | |
| 2005 | 3.50 | 2.90 | 1.00 | 0.10 | 0.10 | 0.65 | 8.25 | | | |
| 2006 | 3.50 | 2.90 | 1.00 | 0.10 | 0.10 | 0.65 | 8.25 | | | |
| 2007 | 3.50 | 2.90 | 1.00 | 0.10 | 0.10 | 0.65 | 8.25 | | | |
| 2008 | 3.50 | 2.90 | 1.00 | 0.10 | 0.10 | 0.65 | 8.25 | | | |
| 2009 | 3.50 | 2.90 | 1.00 | 0.10 | 0.10 | 0.65 | 8.25 | | | |
| 2010 | 3.50 | 2.90 | 1.00 | 0.10 | 0.10 | 0.65 | 8.25 | | | |
| 2011 | 3.50 | 2.90 | 1.00 | 0.10 | 0.10 | 0.80 | 8.40 | | | |

| Weld County | | | | | | | |
|-------------|--------------|-------------------|-----------------------------------|--------------------------------------|--------|--|--|
| Year | Town of Erie | State of Colorado | Regional Transportation Authority | Metropolitan Sports Stadium District | Total | | |
| 2002 | 3.50 % | 2.90 % | 0.60 % | 0.10 % | 7.10 % | | |
| 2003 | 3.50 | 2.90 | 0.60 | 0.10 | 7.10 | | |
| 2004 | 3.50 | 2.90 | 0.60 | 0.10 | 7.10 | | |
| 2005 | 3.50 | 2.90 | 1.00 | 0.10 | 7.50 | | |
| 2006 | 3.50 | 2.90 | 1.00 | 0.10 | 7.50 | | |
| 2007 | 3.50 | 2.90 | 1.00 | 0.10 | 7.50 | | |
| 2008 | 3.50 | 2.90 | 1.00 | 0.10 | 7.50 | | |
| 2009 | 3.50 | 2.90 | 1.00 | 0.10 | 7.50 | | |
| 2010 | 3.50 | 2.90 | 1.00 | 0.10 | 7.50 | | |
| 2011 | 3.50 | 2.90 | 1.00 | 0.10 | 7.50 | | |

Source: Town of Erie Finance Office
Colorado Department of Revenue

**Town of Erie
Principal Sales and Use Taxpayers
Last Ten Years**

| | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Aggregate top ten filers ⁽¹⁾ | \$ 686,529 | \$ 723,615 | \$ 762,952 | \$ 837,475 | \$ 820,681 | \$ 731,869 | \$ 876,757 | \$ 857,218 | \$ 1,009,572 | \$ 942,292 |
| Aggregate all other filers | 1,978,438 | 2,886,359 | 4,758,306 | 4,860,538 | 3,798,654 | 3,190,794 | 2,683,151 | 2,269,112 | 2,410,611 | 2,749,888 |
| Total sales and use tax | \$ 2,664,967 | \$ 3,609,974 | \$ 5,521,258 | \$ 5,698,013 | \$ 4,619,335 | \$ 3,922,663 | \$ 3,559,908 | \$ 3,126,330 | \$ 3,420,183 | \$ 3,692,180 |
| Top ten filers as a percentage of total tax | 25.8% | 20.0% | 13.8% | 14.7% | 17.8% | 18.7% | 24.6% | 27.4% | 29.5% | 25.5% |

Source: Colorado Department of Revenue

⁽¹⁾Colorado State Statutes prohibit disclosure of individual sales and use tax returns, therefore the current year top ten filers are listed in alphabetical order as follows: 7-Eleven 34168A, County Line Wine & Spirits, New Cingular Wireless (Boulder County), New Cingular Wireless (Weld County), Ridge Liquor, Safeway, Starbucks Coffee #13426, Verizon Wireless (VAW) LLC (Boulder County), Verizon Wireless (VAW) LLC (Weld County), and Walgreens #12864

Town of Erie
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | Business-Type | | |
|-------------|--------------------------|------------|----------------|------------------------|-------------------------------|-------------------|
| | General Obligation Bonds | Open Space | Capital Leases | Revenue Bonds/Loans(2) | Certificates of Participation | Capital Leases(3) |
| 2002 | \$ 4,115,000 | \$ 151,710 | \$ 27,689 | \$ 19,373,996 | \$ - | \$ - |
| 2003 | 3,935,000 | 74,710 | - | 33,257,494 | - | - |
| 2004 | 3,745,000 | 25,110 | - | 31,963,539 | - | - |
| 2005 | 3,550,000 | - | - | 30,783,428 | 32,030,000 | - |
| 2006 | 20,211,095 | - | - | 29,555,772 | 31,550,000 | - |
| 2007 | 19,871,095 | - | - | 42,586,922 | 31,045,000 | 2,018,495 |
| 2008 | 19,071,095 | - | - | 50,086,305 | 30,515,000 | 1,917,439 |
| 2009 | 18,235,000 | - | - | 61,988,088 | 29,955,000 | 1,819,436 |
| 2010 | 17,355,000 | - | - | 60,257,021 | 29,990,000 | 1,717,185 |
| 2011 | 16,440,000 | - | - | 58,559,185 | 29,475,000 | 1,610,504 |

Sources: Bureau of Economic Analysis
U.S. Census Bureau
Town of Erie Finance Department
Town of Erie Community Development Department

⁽¹⁾ Information not available.

⁽²⁾ Includes revenue bonds and loans from the Colorado Water Resources and Power Development Authority.

⁽³⁾ In 2011, a prior period adjustment was recorded to reflect capital leases arising in 2007.

⁽⁴⁾ In 2006, a prior period adjustment to to reflect a forgivable loan of \$60,000 was recorded.

| <u>Activities</u> | | <u>Boulder County</u> | <u>Weld County</u> | |
|-----------------------------|---------------------------------|--------------------------------------|--------------------------------------|-------------------|
| <u>Housing Authority(4)</u> | <u>Total Primary Government</u> | <u>Percentage of Personal Income</u> | <u>Percentage of Personal Income</u> | <u>Per Capita</u> |
| \$ - | \$ 23,668,395 | 0.21% | 0.48% | 2,770 |
| 884,511 | 38,151,715 | 0.33% | 0.76% | 3,863 |
| 900,770 | 36,634,419 | 0.30% | 0.68% | 2,931 |
| 883,746 | 67,247,174 | 0.52% | 1.19% | 4,893 |
| 888,368 | 82,205,235 | 0.58% | 1.34% | 5,366 |
| 868,703 | 96,390,215 | 0.65% | 1.51% | 5,718 |
| 856,327 | 102,446,166 | 0.68% | 1.45% | 5,939 |
| 838,939 | 112,836,463 | 0.77% | 1.63% | 6,238 |
| 819,154 | 110,138,360 | (1) | (1) | 5,933 |
| 803,667 | 106,888,356 | (1) | (1) | 5,669 |

Town of Erie
Ratio of General Bonded Debt Outstanding
Last Ten Years

| Year | Population | Estimated Actual Taxable Value | General Bonded Debt ⁽¹⁾ | General Bonded Debt to Actual Taxable Valuation | General Bonded Debt Per Capita |
|------|------------|---|--|---|--|
| 2002 | 8,546 | \$ 770,492,477 | \$ 4,115,000 | 0.53 % | \$ 482 |
| 2003 | 9,875 | 864,701,557 | 3,935,000 | 0.46 | 398 |
| 2004 | 12,499 | 1,091,098,977 | 3,745,000 | 0.34 | 300 |
| 2005 | 13,744 | 1,201,664,213 | 3,550,000 | 0.30 | 258 |
| 2006 | 15,320 | 1,493,390,668 | 20,211,095 | 1.35 | 1,319 |
| 2007 | 16,856 | 1,773,561,146 | 19,871,095 | 1.12 | 1,179 |
| 2008 | 17,250 | 2,084,640,197 | 19,071,095 | 0.91 | 1,106 |
| 2009 | 18,088 | 2,212,959,781 | 18,235,000 | 0.82 | 1,008 |
| 2010 | 18,564 | 2,222,470,311 | 17,355,000 | 0.78 | 935 |
| 2011 | 18,855 | 2,239,988,746 | 16,440,000 | 0.73 | 872 |

Sources: U.S. Census Bureau
Town of Erie Community Development Department
Boulder County Assessor's Office
Weld County Assessor's Office

⁽¹⁾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
Direct and Overlapping General Bonded Debt
As of December 31, 2011

| | Outstanding General Bonded Debt | Percentage Applicable to the Town⁽²⁾ | Share of Debt Applicable to the Town |
|--|--|--|---|
| Direct Debt | | | |
| Town of Erie | <u>\$ 16,440,000</u> | 100 % | <u>\$ 16,440,000</u> |
| Overlapping Debt ⁽¹⁾ | | | |
| Boulder Valley School District | 362,535,000 | 1 | 3,625,350 |
| Bridgewater Metro #1 | 775,000 | 100 | 7,750 |
| Erie Commons Metro #1 | 8,360,000 | 100 | 8,360,000 |
| Frederick-Firestone Fire Protection District | 2,800,000 | 1 | 28,000 |
| Northern Colorado Water Conservation District | 4,819,316 | 2 | 96,386 |
| St. Vrain Valley School District | 438,795,000 | 5 | 21,939,750 |
| Vista Ridge Metropolitan District | <u>39,385,000</u> | 100 | <u>39,385,000</u> |
| Total Overlapping Debt | <u>857,469,316</u> | | <u>73,442,236</u> |
| Total Direct and Overlapping General Bonded Debt | <u>\$ 873,909,316</u> | | <u>\$ 89,882,236</u> |

Source: Provided by each government entity

⁽¹⁾The following governments had no outstanding general bonded debt as of December 31, 2011:

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, Lafayette Rural Fire District, Erie Commons Metro District #2, Erie Corporate Center Metro District #1, Erie Corporate Center Metro District #2, Erie Corporate Center Metro District #3, Mountain View Fire Protection District, Bridgewater Metro #2, Bridgewater Metro #3, and St Vrain Sanitation District.

⁽²⁾Town assessed valuation as a percentage of the total assessed valuation of the overlapping government.

Town of Erie
 Legal Debt Margin Information
 Last Ten Years

| | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Debt Limit | \$ 23,114,774 | \$ 25,941,047 | \$ 32,732,969 | \$ 36,049,926 | \$ 44,801,720 | \$ 53,206,834 | \$ 61,243,273 | \$ 64,712,508 | \$ 66,674,109 | \$ 67,199,962 |
| Total Net Debt Applicable to Limit | 4,115,000 | 3,935,000 | 3,745,000 | 3,550,000 | 20,211,095 | 19,871,095 | 19,071,095 | 18,235,000 | 17,355,000 | 16,440,000 |
| Legal Debt Margin | \$ 18,999,774 | \$ 22,006,047 | \$ 28,987,969 | \$ 32,499,926 | \$ 24,590,625 | \$ 33,335,739 | \$ 42,172,178 | \$ 46,477,508 | \$ 49,319,109 | \$ 50,759,962 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 17.80% | 15.17% | 11.44% | 9.85% | 45.11% | 37.35% | 31.14% | 28.18% | 26.03% | 24.46% |

Legal Debt Margin Calculation for Fiscal Year 2011

| | |
|---------------------------------------|-------------------------|
| Actual Valuation | |
| Boulder County | \$ 1,018,645,730 |
| Weld County | <u>1,221,353,016</u> |
| Total Actual Valuation | <u>\$ 2,239,998,746</u> |
| Legal Debt Margin | |
| Debt Limitation: | |
| 3 Percent of Total Assessed Valuation | \$ 67,199,962 |
| Debt Applicable to Limitation: | |
| Outstanding Balance of General | |
| Obligation Bonds | <u>16,440,000</u> |
| Legal Debt Margin | <u>\$ 50,759,962</u> |

Source: Town of Erie Finance Department

**Town of Erie
Pledged-Revenue Coverage
Water Revenue Bonds
Last Ten Fiscal Years**

| Year | Gross Revenues ⁽¹⁾ | Operating Expenses ⁽²⁾ | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|------|-------------------------------|-----------------------------------|--|---------------------------|------------|--------------|----------|
| | | | | Principal | Interest | Total | |
| 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 |
| 2005 | 20,713,764 | 1,904,744 | 18,809,020 | 998,000 | 1,273,168 | 2,271,168 | 8.28 |
| 2006 | 13,640,867 | 2,717,169 | 10,923,698 | 1,034,000 | 1,268,403 | 2,302,403 | 4.74 |
| 2007 | 10,759,055 | 2,742,213 | 8,016,842 | 1,074,000 | 1,455,127 | 2,529,127 | 3.17 |
| 2008 | 9,458,727 | 2,709,040 | 6,749,687 | 1,129,000 | 1,861,680 | 2,990,680 | 2.26 |
| 2009 | 7,724,936 | 2,676,771 | 5,048,165 | 1,175,000 | 1,790,873 | 2,965,873 | 1.70 |
| 2010 | 8,315,995 | 2,628,715 | 5,687,280 | 1,260,000 | 1,236,523 | 2,496,523 | 2.28 |
| 2011 | 8,857,658 | 2,746,833 | 6,110,825 | 676,000 | 1,100,016 | 1,776,016 | 3.44 |

Source: Town of Erie Finance Department

⁽¹⁾Gross revenues consist of water sales, capital contributions (tap fees), interest income, and other income.

⁽²⁾Operating expenses excludes depreciation.

**Town of Erie
Pledged-Revenue Coverage
Wastewater Revenue Bonds
Last Ten Fiscal Years**

| Year | Gross Revenues ⁽¹⁾ | Operating Expenses ⁽²⁾ | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|------|-------------------------------|-----------------------------------|--|---------------------------|------------|------------|----------|
| | | | | Principal | Interest | Total | |
| 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 |
| 2005 | 4,478,101 | 1,106,541 | 3,371,560 | 172,247 | 155,075 | 327,322 | 10.30 |
| 2006 | 3,450,476 | 1,226,783 | 2,223,693 | 183,596 | 147,430 | 331,026 | 6.72 |
| 2007 | 3,346,984 | 1,213,319 | 2,133,665 | 189,648 | 139,671 | 329,319 | 6.48 |
| 2008 | 2,924,433 | 1,408,979 | 1,515,454 | 201,090 | 133,634 | 334,724 | 4.53 |
| 2009 | 3,085,121 | 1,410,235 | 1,674,886 | 357,240 | 502,102 | 859,342 | 1.95 |
| 2010 | 3,408,358 | 1,406,196 | 2,002,162 | 460,178 | 1,018,239 | 1,478,417 | 1.35 |
| 2011 | 3,625,497 | 1,672,930 | 1,952,567 | 558,773 | 1,019,333 | 1,578,106 | 1.24 |

Source: Town of Erie Finance Department

⁽¹⁾Gross revenues consist of water sales, capital contributions (tap fees), interest income, and other income.

⁽²⁾Operating expenses excludes depreciation.

Town of Erie
Demographic and Economic Statistics
Last Ten Fiscal Years

| Year | Population | Boulder County ⁽¹⁾ | | | | | Weld County ⁽¹⁾ | | | | |
|------|------------|--|-------------------|------------|----------------------------------|-------------------|--|-------------------|------------|----------------------------------|-------------------|
| | | Personal Income (amounts expressed in thousands) | Per Capita Income | Median Age | School Enrollment ⁽²⁾ | Unemployment Rate | Personal Income (amounts expressed in thousands) | Per Capita Income | Median Age | School Enrollment ⁽²⁾ | Unemployment Rate |
| 2002 | 8,546 | \$ 11,274,957 | \$ 40,469 | 34.1 | 27,924 | 5.7 | \$ 4,939,537 | \$ 24,150 | 31.1 | 20,038 | 6.0 |
| 2003 | 9,875 | 11,541,201 | 41,517 | 34.4 | 27,818 | 5.8 | 5,045,684 | 23,795 | 31.3 | 20,631 | 6.7 |
| 2004 | 12,499 | 12,199,592 | 43,640 | 34.8 | 27,867 | 5.0 | 5,374,013 | 24,432 | 31.4 | 20,913 | 5.4 |
| 2005 | 13,744 | 12,815,298 | 45,849 | 35.1 | 27,922 | 4.5 | 5,668,873 | 24,846 | 31.5 | 21,467 | 5.1 |
| 2006 | 15,320 | 14,199,700 | 49,628 | 35.5 | 27,922 | 3.7 | 6,120,013 | 26,002 | 31.3 | 22,482 | 4.6 |
| 2007 | 16,856 | 14,841,031 | 51,388 | 35.8 | 28,457 | 3.3 | 6,384,960 | 26,314 | 31.5 | 23,630 | 4.2 |
| 2008 | 17,250 | 15,039,895 | 50,058 | 36.0 | 28,677 | 4.9 | 7,067,989 | 28,402 | 31.6 | 24,216 | 6.4 |
| 2009 | 18,088 | 14,584,246 | 48,056 | 36.3 | 28,843 | 6.4 | 6,925,906 | 27,186 | 31.9 | 25,270 | 8.7 |
| 2010 | 18,564 | ⁽³⁾ | ⁽³⁾ | 35.8 | 29,360 | 6.7 | ⁽³⁾ | ⁽³⁾ | 33.1 | 26,617 | 10.0 |
| 2011 | 18,855 | ⁽³⁾ | ⁽³⁾ | 36.2 | 29,671 | 5.5 | ⁽³⁾ | ⁽³⁾ | 33.4 | 27,327 | 8.7 |

Sources: U.S. Census Bureau
Town of Erie Community Development Department
Bureau of Economic Analysis
Department of Local Affairs
Boulder Valley School District
Colorado State of Labor
St. Vrain Valley School District

⁽¹⁾This information is for the entire county

⁽²⁾Boulder County overlaps into St. Vrain Valley School District (Residents from Boulder County attend school in the St. Vrain Valley School District).
School enrollment for Boulder County is only for Boulder Valley School District.

⁽³⁾Information not available.

Town of Erie
Principal Employers
Current Year and Nine Years Ago ⁽¹⁾

| <u>Employer</u> | <u>2011</u> | | |
|----------------------------------|----------------------|-------------|-------------------|
| | <u>Percentage of</u> | | |
| | <u>Total Town</u> | | |
| | <u>Employees</u> | <u>Rank</u> | <u>Employment</u> |
| Town of Erie | 258 | 1 | 9.21 % |
| St. Vrain Valley School District | 250 | 2 | 8.93 |
| Colorado National Golf Club | 75 | 3 | 2.68 |
| Safeway | 70 | 4 | 2.50 |
| Magpul Industries | 60 | 5 | 2.14 |
| John Murphy Millworks | 25 | 6 | 0.89 |
| Front Range Hospice | 25 | 7 | 0.89 |
| Walgreens | 20 | 8 | 0.71 |
| Yellow Scene | 12 | 9 | 0.43 |
| Erie Animal Hospital | 7 | 10 | 0.25 |
| Total | <u>802</u> | | <u>28.63 %</u> |

| | <u>2005⁽¹⁾</u> | | |
|------------------------------|---------------------------|-------------|-------------------|
| | <u>Percentage of</u> | | |
| | <u>Total Town</u> | | |
| | <u>Employees</u> | <u>Rank</u> | <u>Employment</u> |
| Safeway | 130 | 1 | 6.50 % |
| Town of Erie | 80 | 2 | 4.00 |
| Erie Elementary | 46 | 3 | 2.30 |
| Erie Middle/Senior High | 45 | 4 | 2.25 |
| Vista Ridge | 25 | 5 | 1.25 |
| Great American Tire | 20 | 6 | 1.00 |
| County Line Lumber | 14 | 7 | 0.70 |
| Ehrhart Griffin & Associates | 14 | 7 | 0.70 |
| Forever Young | 13 | 9 | 0.65 |
| Erie Pre-Cast Concrete | 12 | 10 | 0.60 |
| | <u>399</u> | | <u>19.95 %</u> |

Source: Erie Chamber of Commerce

⁽¹⁾ 2002 Information is not available. 2005 information will be used for the next several years.

Town of Erie
Full-Time Equivalent Town Government Employees by Function
Last Ten Fiscal Years

| Function | Full-Time Equivalent employees as of December 31 | | | | | | | | | |
|--------------------|--|-------------|-------------|-------------|-------------|---------------------|--------------|--------------|--------------|--------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 ⁽¹⁾ | 2008 | 2009 | 2010 | 2011 |
| General Government | 14.0 | 12.4 | 13.8 | 14.8 | 15.9 | 16.4 | 14.5 | 13.3 | 13.8 | 13.3 |
| Parks & Recreation | | | | | | | | | | |
| Parks | 9.0 | 8.5 | 10.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 16.0 | 16.5 |
| Recreation | 4.1 | 4.6 | 4.7 | 4.7 | 4.7 | 50.5 | 50.5 | 51.1 | 51.1 | 52.5 |
| Public Safety | | | | | | | | | | |
| Police | 18.3 | 18.3 | 20.3 | 22.7 | 22.7 | 22.7 | 22.7 | 23.7 | 24.7 | 24.7 |
| Public Works | 9.0 | 7.8 | 8.5 | 8.8 | 8.8 | 8.1 | 8.4 | 8.4 | 8.4 | 8.4 |
| Water | 15.0 | 13.8 | 14.8 | 16.0 | 16.5 | 16.8 | 16.9 | 16.9 | 17.1 | 16.9 |
| Wastewater | 12.0 | 10.8 | 11.8 | 11.9 | 12.5 | 12.8 | 12.9 | 12.8 | 13.1 | 13.8 |
| Storm Drainage | - | 1.0 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Airport | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 82.4 | 78.1 | 86.2 | 92.1 | 94.3 | 139.7 | 138.2 | 138.6 | 145.6 | 147.5 |

Source: Town of Erie Finance Department

⁽¹⁾During 2007, the Town increased its recreation staff for the opening and operation of the Erie Community Center.

Town of Erie
Operating Indicators by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Parks | | | | | | | | | | |
| Total Acres of Parks Maintained | 24 | 68 | 69 | 72 | 87 | 73 | 87 | 91 | 148 | 148 |
| Total Acres of Open Space Maintained | 32 | 116 | 116 | 120 | 169 | 259 | 204 | 204 | 272 | 272 |
| Recreation | | | | | | | | | | |
| Participation in Recreation Activities | 700 | 576 | 284 | 391 | 1,470 | 1,558 | 5,248 | 5,512 | 40,862 | 70,250 |
| Participation in Sports | 947 | 984 | 1,039 | 1,147 | 1,267 | 1,347 | 1,737 | 2,161 | 3,303 | 4,782 |
| Participation in Senior Activities | 682 | 920 | 1,179 | 893 | 1,029 | 849 | 2,572 | 5,459 | 3,667 | 5,779 |
| Senior Lunches | 1,271 | 1,550 | 2,037 | 2,177 | 2,082 | 1,833 | 2,742 | 2,059 | 2,636 | 2,677 |
| Police | | | | | | | | | | |
| Traffic Violations | 779 | 660 | 1,011 | 1,586 | 987 | 838 | 823 | 840 | 1,021 | 1,091 |
| Criminal Violations | 690 | 554 | 615 | 821 | 828 | 323 | 318 | 173 | 158 | 247 |
| Water | | | | | | | | | | |
| Number of Service Connections | 3,404 | 3,850 | 4,574 | 5,340 | 5,787 | 6,030 | 6,228 | 6,383 | 6,503 | 6,546 |
| Average Daily Flow (million gallons per day) | 1.72 | 1.54 | 1.78 | 2.25 | 2.60 | 2.50 | 2.57 | 2.358 | 2.53 | 2.64 |
| Wastewater | | | | | | | | | | |
| Number of Service Connections | 3,243 | 3,673 | 4,343 | 5,070 | 5,551 | 5,789 | 5,982 | 6,106 | 6,216 | 6,298 |
| Average Daily Flows (million gallons per day) | 0.510 | 0.578 | 0.706 | 0.784 | 0.840 | 0.964 | 0.930 | 0.964 | 1.007 | 1.070 |

Sources: Town of Erie Public Works Department
Town of Erie Police Department
Town of Erie Recreation Department

**Town of Erie
Capital Assets Statistics by Function
Last Ten Fiscal Years**

| Function | Fiscal Year | | | | | | | | | |
|---|-------------|------|------|----------------|----------------|----------------|-------|-------|-------|-------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Parks and Recreation | | | | | | | | | | |
| Community Center ⁽²⁾ | - | - | - | - | - | 1 | 1 | 1 | 1 | 1 |
| Parks | 5 | 8 | 8 | 8 | 8 | 8 | 7 | 10 | 10 | 10 |
| Park Acreage | 24 | 68 | 69 | 72 | 87 | 73 | 87 | 91 | 148 | 148 |
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 4 | 6 | 6 | 6 | 7 | 8 | 8 | 8 | 8 | 8 |
| Public Works | | | | | | | | | | |
| Streets (miles) | 72.3 | 90.3 | 99.3 | 100.1 | 119.0 | 105.1 | 112.3 | 132.0 | 130.0 | 121.0 |
| Water | | | | | | | | | | |
| Water Mains (miles) | 52.6 | 72.3 | 93.1 | 117.0 | 153.0 | 110.0 | 110.0 | 111.0 | 111.0 | 125.5 |
| Maximum Daily Capacity (million gallons per day) | 6.0 | 6.0 | 6.0 | 12.0 | 12.0 | 7.3 | 12.2 | 12.2 | 12.2 | 12.2 |
| Wastewater | | | | | | | | | | |
| Sanitary Sewers (miles) | 40.8 | 51.3 | 66.3 | 86.2 | 164.0 | 93.4 | 93.4 | 94.0 | 94.0 | 87.7 |
| Maximum Daily Capacity (million gallons per day) | 0.8 | 0.8 | 0.8 | 1.2 | 1.2 | 1.2 | 1.2 | 1.8 | 1.8 | 2.7 |
| Storm Drainage | | | | | | | | | | |
| Storm Sewers (miles) | 16.5 | 20.2 | 27.3 | ⁽¹⁾ | ⁽¹⁾ | ⁽¹⁾ | 32.5 | 34.0 | 34.0 | 40.1 |
| Airport | | | | | | | | | | |
| Terminal Building | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Sources: Town of Erie Public Works Department
Town of Erie Police Department

⁽¹⁾Information not available.

⁽²⁾Erie Community Center opened December 31, 2007.

**Town of Erie
Property Values and Construction
Last Ten Fiscal Years**

| Year | Estimated Actual Property Value | | | Commercial Construction | | Residential Construction | |
|------|---------------------------------|---------------|----------------|-------------------------|------------|--------------------------|-------------|
| | Commercial | Residential | Total | Number of Units | Value | Number of Units | Value |
| | 2002 | \$ 29,991,326 | \$ 692,471,021 | \$ 722,462,347 | 15 | \$ 3,829,314 | 265 |
| 2003 | 37,199,528 | 758,631,662 | 795,831,190 | 3 | 4,758,676 | 478 | 87,767,115 |
| 2004 | 38,995,466 | 964,666,797 | 1,003,662,263 | 10 | 3,476,978 | 909 | 185,210,129 |
| 2005 | 46,429,974 | 1,073,620,314 | 1,120,050,288 | 3 | 4,862,241 | 803 | 188,301,798 |
| 2006 | 49,034,286 | 1,342,384,348 | 1,391,418,634 | 6 | 2,878,000 | 612 | 116,554,370 |
| 2007 | 47,264,926 | 1,629,471,893 | 1,676,736,819 | 11 | 26,601,742 | 249 | 59,080,987 |
| 2008 | 54,251,411 | 1,911,752,066 | 1,966,003,477 | 11 | 9,474,077 | 168 | 38,336,671 |
| 2009 | 65,357,650 | 2,023,293,560 | 2,088,651,210 | 4 | 47,815,240 | 103 | 24,684,218 |
| 2010 | 80,565,996 | 1,983,526,184 | 2,064,092,180 | 3 | 14,093,550 | 119 | 25,714,523 |
| 2011 | 84,189,472 | 2,019,788,333 | 2,103,977,805 | 2 | 1,988,216 | 108 | 27,681,427 |

Source: Boulder County Assessor's Office
Weld County Assessor's Office
Town of Erie Building Department

Compliance Section

This page has been intentionally left blank.

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

| | | | | | |
|--|---------------------------|--|---|---|-------------------|
| LOCAL HIGHWAY FINANCE REPORT | | City or County: Erie, Colorado | | | |
| | | YEAR ENDING: December 2011 | | | |
| This Information From The Records Of (example - City of _ or County of _): Town of Erie | | Prepared By: Steve Felte | Phone: 303-926-2751 | | |
| 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 | | |
| A. Receipts from local sources: | | A. Local highway disbursements: | | | |
| 1. Local highway-user taxes | | 1. Capital outlay (from page 2) | 707,107 | | |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 496,364 | | |
| 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 | 1,103,966 | b. Snow and ice removal | | | |
| 3. Other local imposts (from page 2) | 508,352 | c. Other | 233,881 | | |
| 4. Miscellaneous local receipts (from page 2) | 24,803 | d. Total (a. through c.) | 233,881 | | |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 534,511 | | |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | | | |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 1,971,863 | | |
| b. Bonds - Refunding Issues | | B. Debt service on local obligations: | | | |
| c. Notes | | 1. Bonds: | | | |
| d. Total (a. + b. + c.) | 0 | a. Interest | 106,962 | | |
| 7. Total (1 through 6) | 1,637,121 | b. Redemption | 265,000 | | |
| B. Private Contributions | | c. Total (a. + b.) | 371,962 | | |
| C. Receipts from State government (from page 2) | 853,923 | 2. Notes: | | | |
| D. Receipts from Federal Government (from page 2) | 0 | a. Interest | | | |
| E. Total receipts (A.7 + B + C + D) | 2,491,044 | b. Redemption | | | |
| | | c. Total (a. + b.) | 0 | | |
| | | 3. Total (1.c + 2.c) | 371,962 | | |
| | | C. Payments to State for highways | | | |
| | | D. Payments to toll facilities | | | |
| | | E. Total disbursements (A.6 + B.3 + C + D) | 2,343,825 | | |
| IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par) | | | | | |
| | Opening Debt | Amount Issued | Redemptions | Closing Debt | |
| A. Bonds (Total) | 2,475,000 | 0 | 265,000 | 2,210,000 | |
| 1. Bonds (Refunding Portion) | | 0 | 265,000 | | |
| B. Notes (Total) | | | | 0 | |
| V. LOCAL ROAD AND STREET FUND BALANCE | | | | | |
| | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
| | 3,361,081 | 2,491,044 | 2,343,825 | 3,508,300 | 0 |
| Notes and Comments: | | | | | |

FORM FHWA-536 (Rev. 1-05)

PREVIOUS EDITIONS OBSOLETE

(Next Page)

| | |
|-------------------------------------|---------------------------------------|
| LOCAL HIGHWAY FINANCE REPORT | STATE: Colorado |
| | YEAR ENDING (mm/yy): December 2011 |

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

| ITEM | AMOUNT | ITEM | AMOUNT |
|-----------------------------------|---------------------------|---|---------------------------|
| A.3. Other local imposts: | | A.4. Miscellaneous local receipts: | |
| a. Property Taxes and Assessments | | a. Interest on investments | 24,803 |
| b. Other local imposts: | | b. Traffic Fines & Penalties | |
| 1. Sales Taxes | | c. Parking Garage Fees | |
| 2. Infrastructure & Impact Fees | 174,675 | d. Parking Meter Fees | |
| 3. Liens | | e. Sale of Surplus Property | |
| 4. Licenses | | f. Charges for Services | |
| 5. Specific Ownership &/or Other | 333,677 | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 508,352 | h. Other | |
| c. Total (a. + b.) | 508,352 | i. Total (a. through h.) | 24,803 |
| | (Carry forward to page 1) | | (Carry forward to page 1) |

| ITEM | AMOUNT | ITEM | AMOUNT |
|--|---------|--|---------------------------|
| C. Receipts from State Government | | D. Receipts from Federal Government | |
| 1. Highway-user taxes | 615,502 | 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 Registrations | 64,044 | d. Federal Transit Admin | |
| d. Other (Specify) CDOT | 99,017 | e. U.S. Corps of Engineers | |
| e. Other (Specify) ARRA | 75,360 | f. Other Federal | |
| f. Total (a. through e.) | 238,421 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 853,923 | 3. Total (1. + 2.g) | |
| | | | (Carry forward to page 1) |

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

| | ON NATIONAL HIGHWAY SYSTEM (a) | OFF NATIONAL HIGHWAY SYSTEM (b) | TOTAL (c) |
|---|---|--|---------------------------|
| A.1. Capital outlay: | | | |
| a. Right-Of-Way Costs | | | 0 |
| b. Engineering Costs | | | 0 |
| c. Construction: | | | |
| (1). New Facilities | | 881 | 881 |
| (2). Capacity Improvements | | | 0 |
| (3). System Preservation | | 454,748 | 454,748 |
| (4). System Enhancement & Operation | | 251,478 | 251,478 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 707,107 | 707,107 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 707,107 | 707,107 |
| | | | (Carry forward to page 1) |

Notes and Comments: