

TOWN OF ERIE, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012



About the cover: Thomas Reservoir at sunset. (Photo by Louis Bednar, Louis B. Photography)

Town of Erie, Colorado

Comprehensive Annual Financial Report
For the fiscal year ended
December 31, 2012

Prepared by the Finance Department:

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

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Town of Erie, Colorado
 Comprehensive Annual Financial Report
 For the fiscal year ended December 31, 2012

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Introductory Section

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June 20, 2013

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, 2012.

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.

CliftonLarsonAllen LLP, 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, 2012, 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, 2012, are fairly presented in conformity with GAAP. The independent auditors' 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 auditors' 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, 2012, is approximately 20,000, with a planning area that includes 48 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; and the municipal airport. In addition, although they are separate legal entities, the Town has established the Town of Erie Urban Renewal Authority and the Town of 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 75. Budgetary comparisons for the proprietary funds begin on page 101.

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 three years, exceeding the levels of 2007 by approximately 20%. The Town expects that sales tax revenues will continue to grow as residential and commercial development occurs in and around the community.

After three years of relatively low levels of residential building activity, building permits increased to 149 in 2012 compared to 104 in 2011. While still low compared to the peak year of 2004 when more than 900 residential building permits were issued, it is anticipated that building activity over the next few years will be significantly higher than in the 2009-2011 timeframe, barring an economic downturn.

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. Interest in the Town's core picked up in 2012, with new businesses opening in Historic Downtown Erie and in the Four Corners area. In addition, construction of the Boulder Valley Velodrome began in 2012 and will be opening in 2013, one of only two in the state.

The immediate vicinity, including the Town, Boulder County, and Weld County, has an employed labor force of about 306,000. The Town's major employers range from retail to engineering to education to childcare. At December 31, 2012, the Town government had 151 full-time equivalent employees making it one of Erie's top five employers. The community is expected to maintain steady growth of quality residential construction. Several

large residential developments are in various stages of planning. This should translate into corresponding growth in the number and variety of businesses expected in the community in the future.

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, a public safety facility, various roadway projects, and additions to the Town's open space and trails. 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, plus an additional reserve of \$7.5 million to provide a funding source for services in the event of severe economic conditions. Enterprise funds must maintain a ninety-day operating and maintenance expense reserve. Although total General Fund reserves at year-end 2012 were slightly less than the policy goals described above, at 80% of related 2013 budgeted expenditures these reserve levels are very strong relative to similar towns.

Major Initiatives

The Town continues to provide necessary services to its residents. In 2012 the Town continued work on trail projects along Coal Creek. The Town also constructed the world's first Street League Certified Skate Plaza, officially opened in March 2013. In addition, through its urban renewal authority, the Town acquired certain properties in order to provide future commercial and retail development as part of various urban renewal plans.

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, 2011. This was the eighth 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 was 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 2012 budget document was not submitted to the GFOA for award consideration due to staff turnover.

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, 2011. This was the fifth 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 unfailing 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, 2011

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.



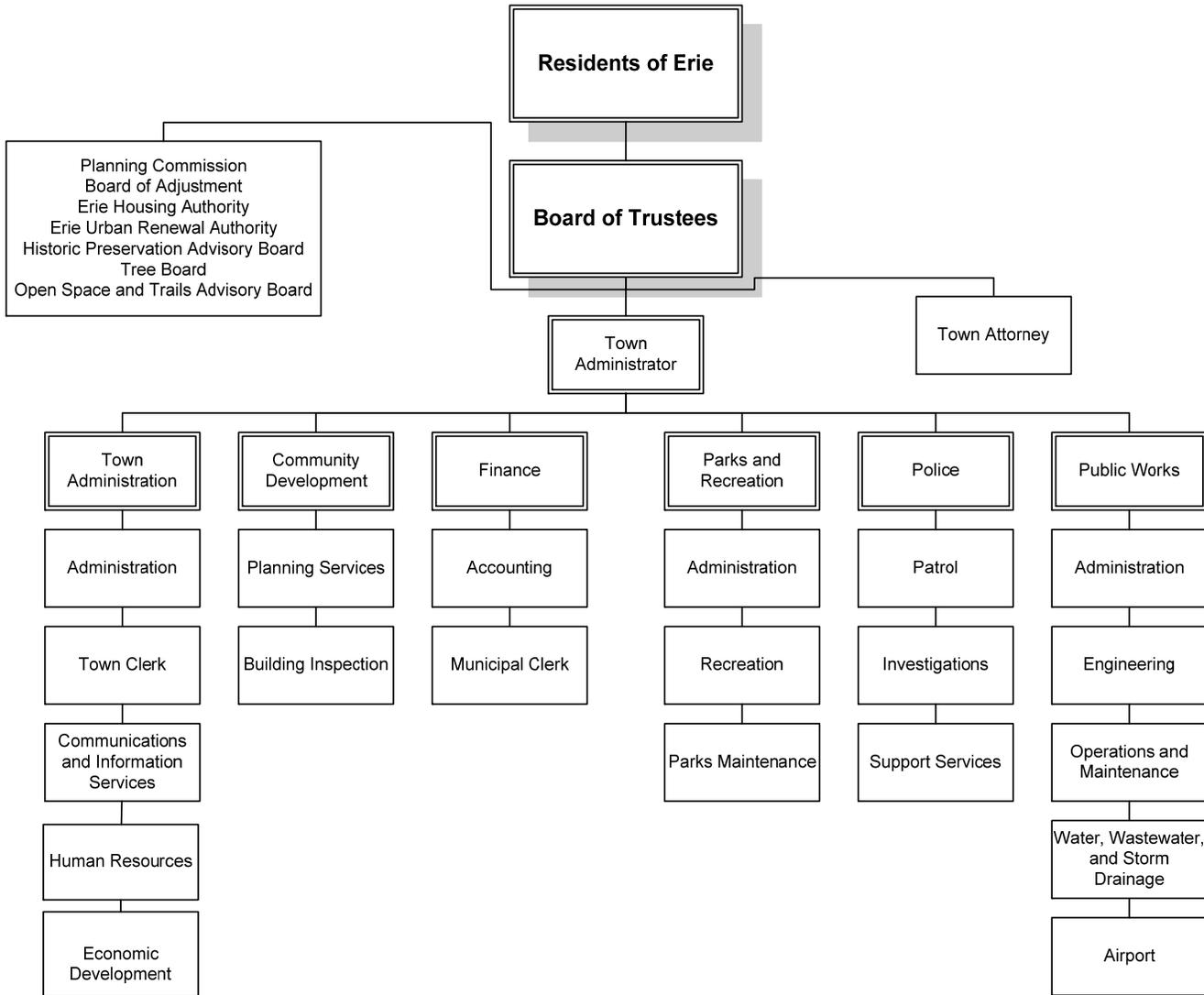
Christopher P. Moirice

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
Marty Ostholthoff	Community Development Director
Marc Vasquez	Chief of Police
Jill Wait	Parks and Recreation Director

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

Financial Section

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CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Town of Erie
Erie, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Erie, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 to 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Erie's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, and Local Highway Finance Report are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2013, on our consideration of the Town of Erie'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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Erie's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
June 17, 2013



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, 2012. 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 2012 by \$261.8 million (net position). Of this amount, \$30.2 million (unrestricted net position) may be used to meet the Town's ongoing obligations in accordance with financial policies.
- The Town's net position increased by \$3.8 million, or 1%. Governmental net position increased by \$1.1 million, or 1%, and business-type net position increased by \$2.7 million, or 2%.
- At December 31, 2012, the Town's governmental funds reported combined ending fund balances of \$29.6 million, a decrease of \$1.0 million from 2011.
- The General Fund, the Town's primary operating fund, reported unassigned fund balance of \$8.6 million, representing 65% of actual 2012 expenditures.

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 position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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., uncollected taxes and earned but unused vacation leave). 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 (including the Town's urban renewal authority activities), 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, including the Town's urban renewal authority. 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 34-38 of this report.

Proprietary funds are used to account for essentially the same functions 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 position, statement of revenues, expenses, and changes in net position, 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. An annual budget is not prepared for the housing authority.

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 43-71 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 schedules for nonmajor governmental funds and all of the proprietary funds other than the housing authority are also presented in this section. This information can be found on pages 73-104.

Government-wide Financial Analysis

Statement of Net Position. As stated earlier, the Town's net position at December 31, 2012, was \$261.8 million. The Town's net investment in capital assets represents 81% of its net position. 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 position.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets	<i>As Adjusted</i>		<i>As Adjusted</i>		<i>As Adjusted</i>	
Current and other assets	\$ 37,996	\$ 39,946	\$ 29,461	\$ 27,373	\$ 67,457	\$ 67,319
Capital assets	90,558	88,684	218,675	221,402	309,233	310,086
Total Assets	128,554	128,630	248,136	248,775	376,690	377,405
Liabilities						
Long-term liabilities	16,100	17,029	87,942	91,236	104,042	108,265
Other liabilities	8,903	9,164	1,940	1,936	10,843	11,100
Total Liabilities	25,003	26,193	89,882	93,172	114,885	119,365
Net Position						
Net investment in capital assets	74,136	71,974	136,663	136,869	210,799	208,843
Restricted	19,194	18,584	1,609	1,520	20,803	20,104
Unrestricted	10,221	11,879	19,982	17,214	30,203	29,093
Total Net Position	\$ 103,551	\$ 102,437	\$ 158,254	\$ 155,603	\$ 261,805	\$ 258,040

The Town reported positive balances in net position for both governmental and business-type activities. Net position increased by \$1.1 million in its governmental activities and \$2.7 million in its business-type activities.

Governmental Activities: Current and other assets declined by \$2.0 million, the result of various capital asset additions, principal payments on outstanding debt, and release of funds held related to certain development projects. Capital assets increased by \$1.9 million compared to 2011. This was the result of \$4.6 million in capital additions during the year, partially offset by \$2.7 million in depreciation on capital assets. Long-term liabilities declined \$0.9 million, reflecting principal payments on the Town's general obligation debt.

Business-type Activities: Current assets increased by \$2.1 million, the result primarily of increased revenues, discussed in more detail below. Capital assets decreased by \$2.7 million as a result of \$4.3 million in depreciation, partially offset by \$1.5 million in various capital asset additions. Long-term liabilities decreased by \$3.3 million due to principal payments on long-term debt.

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*)

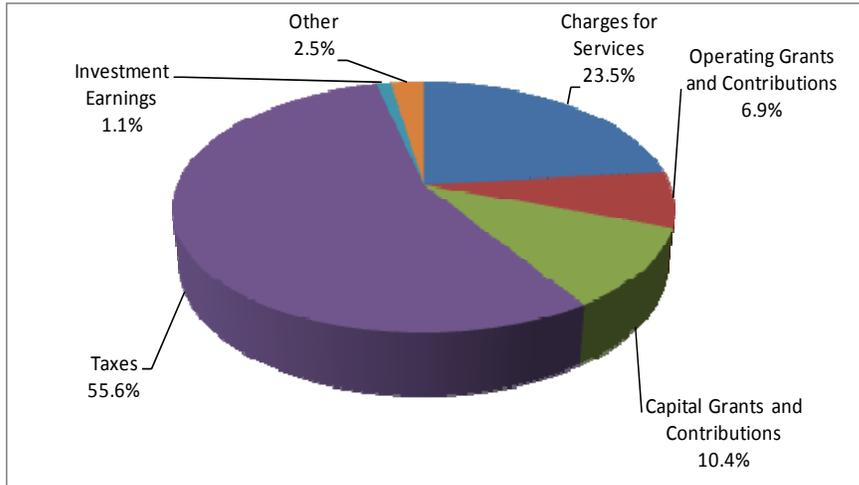
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues	<i>As Adjusted</i>		<i>As Adjusted</i>		<i>As Adjusted</i>	
Program revenues						
Charges for services	\$ 3,779	\$ 3,428	\$ 11,140	\$ 9,964	\$ 14,919	\$ 13,392
Operating grants and contributions	1,002	954	73	-	1,075	954
Capital grants and contributions	1,671	1,494	4,277	3,721	5,948	5,215
General revenues						
Taxes	8,956	8,369	-	-	8,956	8,369
Grants	108	83	-	-	108	83
Investment earnings	182	250	122	113	304	363
Other	423	407	50	82	473	489
Total revenues	<u>16,121</u>	<u>14,985</u>	<u>15,662</u>	<u>13,880</u>	<u>31,783</u>	<u>28,865</u>
Expenses						
General government	2,315	2,222	-	-	2,315	2,222
Public safety	2,393	2,369	-	-	2,393	2,369
Public works	3,284	3,159	-	-	3,284	3,159
Parks and recreation	6,215	6,041	-	-	6,215	6,041
Interest on long-term debt	780	819	-	-	780	819
Water	-	-	7,667	7,120	7,667	7,120
Wastewater	-	-	4,538	3,873	4,538	3,873
Storm drainage	-	-	419	388	419	388
Airport	-	-	300	315	300	315
Erie Housing Authority	-	-	107	117	107	117
Total expenses	<u>14,987</u>	<u>14,610</u>	<u>13,031</u>	<u>11,813</u>	<u>28,018</u>	<u>26,423</u>
Increase in net position before transfers	1,134	375	2,631	2,067	3,765	2,442
Transfers	(20)	(22)	20	22	-	-
Increase in net position	1,114	353	2,651	2,089	3,765	2,442
Net position - beginning - restated	<u>102,437</u>	<u>102,084</u>	<u>155,603</u>	<u>153,514</u>	<u>258,040</u>	<u>255,598</u>
Net position - ending	<u>\$ 103,551</u>	<u>\$ 102,437</u>	<u>\$ 158,254</u>	<u>\$ 155,603</u>	<u>\$ 261,805</u>	<u>\$ 258,040</u>

Governmental Activities – Revenues: During 2012, the Town's primary revenue sources for governmental operations were taxes, accounting for 56% of total governmental revenues. Charges for services made up 23% of total governmental revenues while capital grants and contributions represented 10%. Program revenues were \$8.5 million less than expenses. This is an ordinary occurrence for governments and indicates that taxes provide a primary source of revenues to support governmental operations.

Charges for services increased \$0.4 million, or 10%, compared to 2011, reflecting increased levels of recreation fees due to new programs and increased participation. Also contributing to the increase were higher levels of landfill fees and building permits. Taxes increased by \$0.6 million, or 7%, due primarily to an increase of \$0.4 million, or 11%, in sales and use taxes over 2011 amounts as the economy continued to improve and building activity increased.

The following chart provides the breakdown of revenues by source for 2012:

2012 Revenues by Source – Governmental Activities

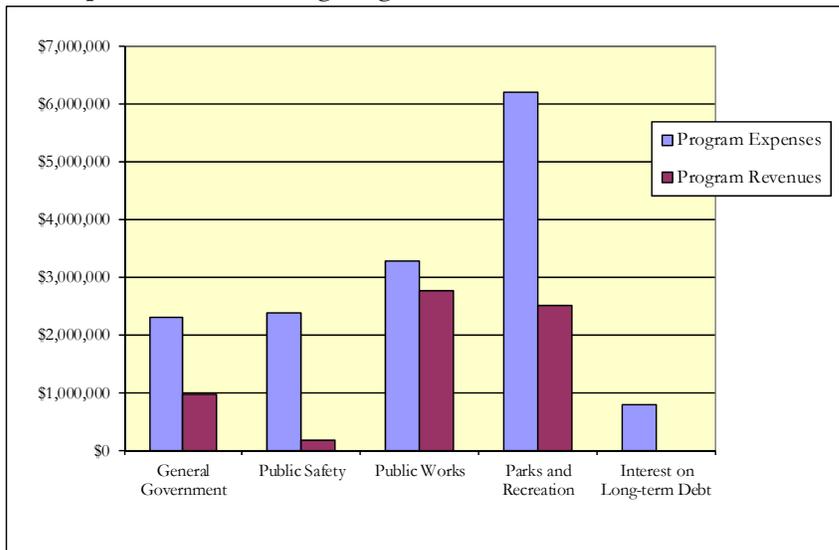


Governmental Activities – Expenses:

Total governmental activities expenses were \$15.0 million in 2012, an increase of \$0.4 million, or 3%, compared to 2011. Parks and recreation expense represented the largest area of governmental expenses at 42% of total expenses in 2012. Public works expense made up 22% of the total, public safety 16%, and general government 15%, with interest expense accounting for the remaining 5% of total expenses. There were no significant changes in expenditures for any area of operations in comparison to 2011.

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

2012 Expenses and Offsetting Program Revenues – Governmental Activities

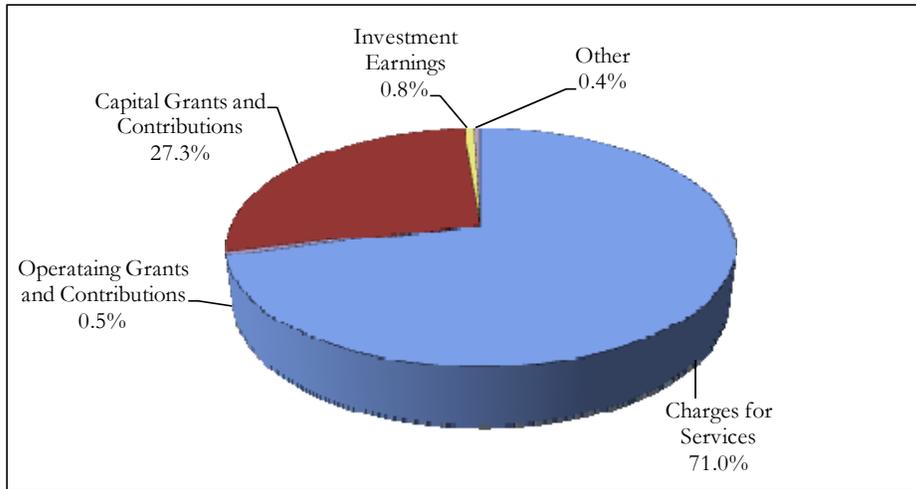


Business-type Activities – Revenues: Business-type activities primarily rely on charges for services to support related expenses. Charges for services of \$11.1 million for business-type activities represented 71% of 2012 revenues, and increased \$1.2 million, or 12%, compared to the prior year. This increase was due primarily to a scheduled increase in utility rates and higher levels of water usage for irrigation compared to the prior year due to drought conditions.

The other primary source of revenue, representing 27% of revenues, comes primarily from capital contributions in the form of tap fees, developer-constructed donated capital and reimbursements, and grants. This source of revenue increased \$0.6 million, or 16%, compared to 2011. This increase was due to higher levels of tap fees arising from the increase in residential building activity during 2012.

The following chart provides the breakdown of revenues by source for 2012:

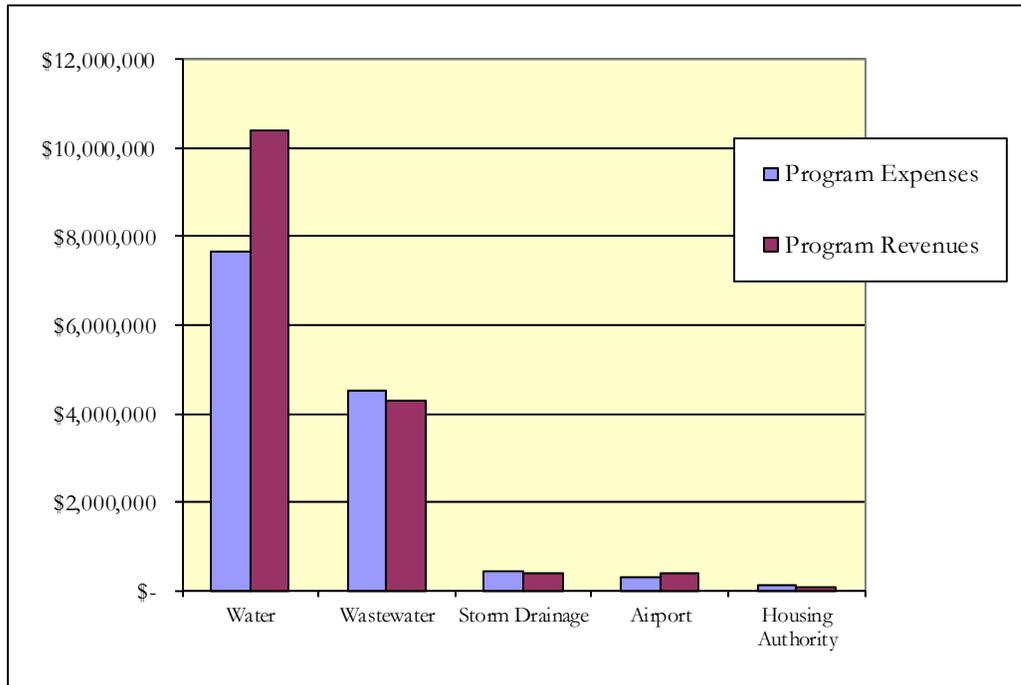
2012 Revenues by Source – Business-type Activities



Business-type Activities – Expenses: Business-type expenses were \$13.0 million in 2012, an increase of \$1.2 million, or 10%, compared to 2011. The majority of this increase was due to an increase of \$0.8 million in depreciation expense, reflecting the shortening of the depreciation periods of certain assets during 2012 to more accurately reflect their useful lives and the full year effect of the completion of the North Water Reclamation Facility in 2011.

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

2012 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 Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’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. Unassigned fund balance is one of five fund balance classifications, as follows: nonspendable, restricted, committed, assigned, 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 includes 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 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 \$29.6 million. Of that amount, \$1.5 million was nonspendable, \$19.1 million was restricted, \$0.1 million was committed, \$1.5 million was assigned, and \$7.4 million was unassigned fund balance.

The General Fund, the primary operating fund of the Town, had a fund balance at December 31, 2012, of \$16.6 million, of which \$1.5 million was nonspendable, \$5.0 million was restricted, and \$1.5 million assigned. The remainder of the fund balance, or \$8.6 million, was unassigned.

As just noted, the General Fund has \$1.5 million in nonspendable fund balance. This amount represents the noncurrent portion of advances to other funds. The General Fund has provided \$1.0 million in advances to the Erie Urban Renewal Authority (URA), used to fund operations and the acquisition of certain properties in planned urban renewal areas. This advance will be repaid by the URA as urban renewal projects are identified and tax increment bond financing related to these projects is obtained by the URA.

In addition, the General Fund has provided two advances to the Parks Improvement Impact Fund, with total outstanding amounts due of \$0.7 million, of which \$0.5 million is expected to be collected in years after 2013. These advances were made to construct a community park and a skate park. The amounts due will be repaid as impact fees are collected arising from building permits issued in future years.

Included in the General Fund's restricted fund balance is \$2.8 million arising from landfill fees received by the Town. In prior years these funds were classified as unassigned. The Town has determined that these fees are limited to specific uses and should therefore be treated as restricted funds. The amount classified as restricted represents the amount of landfill fees received to date, less the cumulative amount of qualifying expenditures.

As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. The unassigned fund balance of \$8.6 million represents 65% of total General Fund expenditures for 2012. The Town has two General Fund reserve policies. The first is that a reserve of 25% of expenditures be maintained. Based on 2013 budgeted expenditures the required reserve is \$3.2 million. In addition, the Board has established an additional reserve to allow the Town to maintain service levels during years when revenues decline due to economic conditions. This reserve was established at \$7.5 million in 2010.

As a result of the reclassification of previously unassigned fund balance to restricted fund balance as discussed above, the General Fund unassigned fund balance of \$8.6 million is less than the total of the two required policy reserves of \$10.7 million. However, as noted above, at 65% of current expenditures, management considers the General Fund unassigned

fund balance to be very strong in both absolute terms and in comparison to similar municipalities. The appropriateness of the Town's various reserve policies are to be reassessed in 2013.

The General Fund excess of revenue and other sources over expenditures and other uses was \$0.3 million for the current fiscal year, compared to a deficiency in 2011 of \$0.6 million. It should also be noted that the 2012 budget anticipated a deficiency of revenues over expenditures of \$0.7 million. While total expenditures were essentially unchanged compared to 2011, revenues increased \$0.8 million, or 7%, over 2011. The increase in revenues reflects higher levels of sales and use taxes, in addition to increases in landfill fees, recreation fees and building permits.

Fund balances remain strong in the other governmental funds. A total of \$14.3 million in fund balances are restricted or committed for future capital outlays and similar purposes. Two other governmental funds, the Urban Renewal Authority and the Parks Improvement Fund, have negative fund balances, for the reasons discussed above. As future urban renewal projects are identified and financed through the URA, the negative fund balance of \$1.0 million will be eliminated. URA financings will be repaid with incremental sales and property taxes arising from the urban renewal projects. The negative fund balance in the Parks Improvement Impact Fund of \$0.2 million will be eliminated as impact fees are collected in future years.

See Note I.D.8. on pages 50-51, Note II.C. on page 53 and Note III.D. on page 59 for more information.

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 position of all enterprise funds as of December 31, 2012, was \$158.3 million, of which \$20.0 million was unrestricted net position. Total net position increased \$2.7 million over the prior year.

The \$2.7 million increase in total net position is attributable to an increase of \$2.8 million in net position in the Water Fund. Operating revenues (charges for services) were \$7.1 million, an increase of \$0.8 million, or 12%, over the 2011 fiscal year. This increase is primarily due to an increase in water rates for 2012 and higher levels of water usage for irrigation purposes due to drought conditions. Operating expenses increased \$0.7 million, or 14%, to \$5.3 million, primarily due to an increase in depreciation expense as discussed previously.

In the Wastewater Fund net position decreased \$0.2 million compared to a similar decrease in 2011. Operating revenues (charges for services) were \$3.5 million, a \$0.4 million, or 14%, increase over the 2011 fiscal year. This increase can be attributed to a rate increase in 2012. Operating expenses increased \$0.7 million, or 24%, to \$3.5 million, reflecting the effect of the first full year operations of the North Water Reclamation Facility, which went into service in 2011.

General Fund Budgetary Highlights

The 2012 General Fund final expenditure budget was \$14.2 million, an increase of \$0.8 million over the original budget. This increase was primarily due to supplemental appropriations of \$0.4 million for various capital projects. The increase in budgeted expenditures was funded with additional revenues.

Actual 2012 General Fund expenditures amounted to \$13.3 million, \$0.9 million less than the final budget. The majority of this variance was due to actual expenditures for capital expenditures, professional fees, and maintenance costs being less than budgeted. Although budgeted to use \$0.7 million of the fund balance, the General Fund actually generated a surplus of \$0.3 million.

Capital Assets and Debt Administration

Capital Assets

The Town's capital assets net of accumulated depreciation as of December 31, 2012, for its governmental and business-type activities amounted to \$309.2 million, a decrease of \$0.9 million from December 31, 2011. The decrease in capital assets was the result of \$7.0 million in depreciation, partially offset by \$6.1 million in capital additions. The 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, 2012, included the following:

Governmental Activities

- Construction of a street league skate park
- Purchases of various properties by the Erie Urban Renewal Authority
- Construction of the Coal Creek Trail
- Street overlay projects

Business-type Activities

- Water meter replacement program
- Sewer line rehabilitation project

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Land	\$ 9,236	\$ 7,534	\$ 4,621	\$ 4,621	\$ 13,857	\$ 12,155
Water rights	-	-	74,515	74,515	74,515	74,515
Buildings	27,043	27,652	957	965	28,000	28,617
Improvements other than buildings	51,493	51,949	132,208	135,382	183,701	187,331
Machinery, equipment, and vehicles	596	697	426	451	1,022	1,148
Construction in progress	2,190	852	5,948	5,468	8,138	6,320
Total Capital Assets	\$ 90,558	\$ 88,684	\$ 218,675	\$ 221,402	\$ 309,233	\$ 310,086

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

Long-Term Debt

At the end of 2012, the Town had \$103.5 million in total outstanding long-term debt, a decrease of \$4.3 million from December 31, 2011. Of this amount, \$15.7 million represents general obligation bonds secured by all available Town revenue. The remainder is primarily secured by specific revenue sources (e.g., water revenues) and water rights. The following table summarizes long-term debt outstanding as of December 31, 2012, and 2011.

Outstanding Debt as of December 31, 2012 and 2011 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 15,728	\$ 16,693	\$ -	\$ -	\$ 15,728	\$ 16,693
Revenue bonds and loans	-	-	56,087	58,734	56,087	58,734
Certificates of participation	-	-	28,465	29,026	28,465	29,026
Mortgages payable	-	-	782	804	782	804
Capital lease obligations	-	-	2,441	2,513	2,441	2,513
Total debt outstanding	\$ 15,728	\$ 16,693	\$ 87,775	\$ 91,077	\$ 103,503	\$ 107,770

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 \$66.9 million.

Additional information on the Town's long-term debt can be found in Note III.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, which followed several years of very rapid growth, local residential construction increased significantly in 2012, with building permits increasing from 104 in 2011 to 149 in 2012. Permits for 2013 are expected to be at least equivalent to 2012 levels, with several new residential developments in various stages of planning and building. 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 2013, the Town has appropriated \$1.4 million in fund balance to provide funding for necessary expenditures, primarily capital in nature.

The 2013 budget was approved by the Board of Trustees in December 2012. The General Fund, the Town's primary operating fund, has 2013 budgeted expenditures (excluding capital expenditures and transfers) of \$13.3 million, a \$0.2 million increase from the final 2012 budget. Staffing to be funded by the General Fund was increased by approximately 1.5 fulltime equivalent employees – a police officer and a human resource assistant – to address growth requirements. 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.

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Basic Financial Statements

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Town of Erie, Colorado
Statement of Net Position
December 31, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Pooled Cash and Investments	\$ 32,635,373	\$ 20,104,013	\$ 52,739,386
Restricted Cash and Investments	-	6,833,430	6,833,430
Receivables, Net of Allowance for Uncollectibles	5,142,843	1,146,383	6,289,226
Prepaid Items	10,077	211,488	221,565
Unamortized Bond Issue Costs	207,493	1,165,492	1,372,985
Capital Assets Not Being Depreciated			
Land and Water Rights	9,235,837	79,135,846	88,371,683
Construction in Progress	2,190,465	5,948,327	8,138,792
Capital Assets, Net of Accumulated Depreciation	79,132,181	133,590,650	212,722,831
Total Assets	128,554,269	248,135,629	376,689,898
LIABILITIES			
Accounts Payable	758,027	323,809	1,081,836
Accrued Interest Payable	61,361	425,855	487,216
Accrued Wages Payable	218,949	80,390	299,339
Other Liabilities	2,487,277	218,004	2,705,281
Unearned Revenue	4,681,718	891,900	5,573,618
Short-term Note Payable	695,000	-	695,000
Noncurrent Liabilities:			
Due within one year	1,236,402	5,212,870	6,449,272
Due in more than one year	14,864,067	82,729,232	97,593,299
Total Liabilities	25,002,801	89,882,060	114,884,861
NET POSITION			
Net Investment in Capital Assets	74,135,764	136,663,363	210,799,127
Restricted			
Capital Projects	11,668,492	-	11,668,492
Parks and Open Space	4,311,284	-	4,311,284
Solid Waste Disposal	2,796,543	-	2,796,543
Bond Reserves	-	660,476	660,476
Operations and Maintenance Reserves	-	541,598	541,598
Emergencies	412,135	-	412,135
Other	6,161	406,044	412,205
Unrestricted	10,221,089	19,982,088	30,203,177
Total Net Position	\$ 103,551,468	\$ 158,253,569	\$261,805,037

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, 2012

	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTION ACTIVITIES					
Primary Government					
Governmental Activities					
General Government	\$ 2,315,020	\$ 619,763	\$ 47,839	\$ 310,386	\$ 977,988
Public Safety	2,392,865	176,375	6,616	-	182,991
Public Works	3,283,741	1,259,149	787,928	730,785	2,777,862
Parks and Recreation	6,214,564	1,723,388	159,726	629,375	2,512,489
Interest on Long-Term Debt	780,479	-	-	-	-
Total Governmental Activities	14,986,669	3,778,675	1,002,109	1,670,546	6,451,330
Business-Type Activities					
Water	7,666,733	7,104,638	-	3,263,989	10,368,627
Wastewater	4,538,293	3,535,547	-	743,812	4,279,359
Storm Drainage	418,621	401,146	-	-	401,146
Airport	299,977	35,311	73,455	268,790	377,556
Erie Housing Authority	107,136	63,166	-	-	63,166
Total Business-Type Activities	13,030,760	11,139,808	73,455	4,276,591	15,489,854
Total Primary Government	\$ 28,017,429	\$ 14,918,483	\$ 1,075,564	\$ 5,947,137	\$ 21,941,184

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

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (1,337,032)	\$ -	\$ (1,337,032)
	(2,209,874)	-	(2,209,874)
	(505,879)	-	(505,879)
	(3,702,075)	-	(3,702,075)
	(780,479)	-	(780,479)
	<u>(8,535,339)</u>	<u>-</u>	<u>(8,535,339)</u>
	-	2,701,894	2,701,894
	-	(258,934)	(258,934)
	-	(17,475)	(17,475)
	-	77,579	77,579
	<u>-</u>	<u>(43,970)</u>	<u>(43,970)</u>
	-	2,459,094	2,459,094
	<u>(8,535,339)</u>	<u>2,459,094</u>	<u>(6,076,245)</u>
GENERAL REVENUES			
Taxes:			
Property	3,962,431	-	3,962,431
Sales and Use	4,096,437	-	4,096,437
Franchise	638,792	-	638,792
Specific Ownership	258,258	-	258,258
Grants and Contributions not Restricted to Specific Programs	107,617	-	107,617
Investment Earnings	182,476	122,303	304,779
Miscellaneous and Other	423,901	49,538	473,439
Transfers In (Out)	(20,087)	20,087	-
Total General Revenues and Transfers	<u>9,649,825</u>	<u>191,928</u>	<u>9,841,753</u>
Changes in Net Position	1,114,486	2,651,022	3,765,508
Net Position - Beginning (as adjusted)	<u>102,436,982</u>	<u>155,602,547</u>	<u>258,039,529</u>
Net Position - Ending	<u>\$ 103,551,468</u>	<u>\$ 158,253,569</u>	<u>\$ 261,805,037</u>

Town of Erie, Colorado
Balance Sheet
Governmental Funds
December 31, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Pooled Cash and Investments	\$ 17,651,216	\$ 14,984,157	\$ 32,635,373
Receivables	4,102,154	1,040,689	5,142,843
Prepaid Items	10,077	-	10,077
Advances to Other Funds	1,731,600	-	1,731,600
Total Assets	<u>\$ 23,495,047</u>	<u>\$ 16,024,846</u>	<u>\$ 39,519,893</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 479,084	\$ 278,943	\$ 758,027
Wages Payable	216,091	2,858	218,949
Other Liabilities	2,487,277	-	2,487,277
Advances from Other Funds	-	1,731,600	1,731,600
Deferred Revenue	3,743,389	938,329	4,681,718
Total Liabilities	<u>6,925,841</u>	<u>2,951,730</u>	<u>9,877,571</u>
Fund Balances			
Nonspendable			
Interfund Advances - Noncurrent	1,467,600	-	1,467,600
Prepaid Items	10,077	-	10,077
Restricted for:			
Capital Projects	1,801,192	9,867,300	11,668,492
Parks and Open Space	-	4,311,284	4,311,284
Public Safety	-	6,161	6,161
Solid Waste Disposal	2,796,543	-	2,796,543
Emergency Reserves	412,135	-	412,135
Committed to:			
Cemetery Operations	-	143,579	143,579
Assigned to:			
Purchases on Order	21,254	-	21,254
Subsequent Year's Budget - Appropriation of Fund Balance	1,440,750	-	1,440,750
Unassigned	8,619,655	(1,255,208)	7,364,447
Total Fund Balances	<u>16,569,206</u>	<u>13,073,116</u>	<u>29,642,322</u>
Total Liabilities and Fund Balances	<u>\$ 23,495,047</u>	<u>\$ 16,024,846</u>	<u>\$ 39,519,893</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 Position
December 31, 2012

	<u>Amount</u>
The amounts reported as Governmental Activities on the Statement of Net Position (page 31) are different because:	
Total Fund Balances - Governmental Funds (page 34)	\$ 29,642,322
Capital assets utilized in Governmental Activities are not financial resources and therefore are not reported in the fund financial statements.	90,558,483
Short-term note payable is not due and payable in the current period and therefore is not reported in the fund financial statements.	(695,000)
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	(15,490,000)
Unamortized issuance premium	(285,991)
Unamortized deferred refunding loss	48,272
Unamortized bond issuance costs	207,493
Accrued interest payable	(61,361)
Compensated absences	<u>(372,750)</u>
Total long-term liability related items	<u>(15,954,337)</u>
Net Position - Governmental Activities (page 31)	<u>\$103,551,468</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, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 8,031,534	\$ 924,384	\$ 8,955,918
Intergovernmental	950,249	159,476	1,109,725
Licenses and Permits	723,393	-	723,393
Fees and Charges for Services	2,874,077	4,830	2,878,907
Fines and Forfeitures	176,375	-	176,375
Capital Contributions and Fees	196,567	1,473,980	1,670,547
Investment Earnings	102,373	80,103	182,476
Miscellaneous	374,370	-	374,370
Total Revenues	<u>13,428,938</u>	<u>2,642,773</u>	<u>16,071,711</u>
EXPENDITURES			
Current Operating:			
General Government	1,984,601	160,899	2,145,500
Public Safety	2,323,677	-	2,323,677
Public Works	1,833,074	-	1,833,074
Parks and Recreation	4,651,040	113,628	4,764,668
Capital Outlay	753,644	4,223,997	4,977,641
Debt Service			
Principal	950,000	-	950,000
Interest	782,756	-	782,756
Total Expenditures	<u>13,278,792</u>	<u>4,498,524</u>	<u>17,777,316</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>150,146</u>	<u>(1,855,751)</u>	<u>(1,705,605)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	157,800	300,000	457,800
Transfers Out	(20,087)	(457,800)	(477,887)
Loan Proceeds	-	695,000	695,000
Sale of capital assets	3,085	-	3,085
Insurance recoveries	46,446	-	46,446
Total Other Financing Sources (Uses)	<u>187,244</u>	<u>537,200</u>	<u>724,444</u>
Net Change in Fund Balance	337,390	(1,318,551)	(981,161)
Fund Balance - Beginning (As Adjusted)	<u>16,231,816</u>	<u>14,391,667</u>	<u>30,623,483</u>
Fund Balance - Ending	<u>\$ 16,569,206</u>	<u>\$ 13,073,116</u>	<u>\$ 29,642,322</u>

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, 2012

	<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)	\$ (981,161)
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 capital outlays exceeded depreciation expense.	
Capital outlays	4,609,210
Depreciation expense	<u>(2,734,368)</u>
Excess of capital outlays over depreciation	1,874,842
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.	950,000
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	(36,472)
Change in accrued interest	3,845
Amortization of bond issuance costs, premiums, discounts, and deferred refunding gains/losses	<u>(1,568)</u>
Total expenses not requiring current resources	(34,195)
Governmental Funds report proceeds from borrowings as other financing sources. However, in the Statement of Net Position these proceeds are reflected as debt obligations.	<u>(695,000)</u>
Change in Net Position - Governmental Activities (page 33)	<u>\$ 1,114,486</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, 2012

	Budgeted Amounts		Actual	Variance With
	Original Budget	Final Budget		Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 7,358,400	\$ 7,870,400	\$ 8,031,534	\$ 161,134
Intergovernmental	855,100	952,300	950,249	(2,051)
Licenses and Permits	520,600	586,600	723,393	136,793
Fees and Charges for Services	2,701,230	2,847,330	2,874,077	26,747
Fines and Forfeitures	148,500	148,500	176,375	27,875
Capital Contributions and Fees	-	250,000	196,567	(53,433)
Investment Earnings	278,300	110,000	102,373	(7,627)
Miscellaneous	592,494	570,294	374,370	(195,924)
Total Revenues	12,454,624	13,335,424	13,428,938	93,514
EXPENDITURES				
Current Operating:				
General Government				
Legislative	166,225	189,225	166,389	22,836
Town Administration	950,003	1,006,303	881,820	124,483
Community Development	532,918	561,118	403,803	157,315
Finance	358,854	400,804	384,022	16,782
Central Charges	178,160	183,160	148,567	34,593
Public Safety	2,403,377	2,418,927	2,323,677	95,250
Public Works	1,959,153	2,115,053	1,833,074	281,979
Parks and Recreation	4,617,844	4,706,544	4,651,040	55,504
Capital Outlay	466,050	897,550	753,644	143,906
Debt Service				
Principal	950,000	950,000	950,000	-
Interest	784,457	784,457	782,756	1,701
Total Expenditures	13,367,041	14,213,141	13,278,792	934,349
Excess (Deficiency) of Revenues Over (Under) Expenditures	(912,417)	(877,717)	150,146	1,027,863
OTHER FINANCING SOURCES (USES)				
Transfers In	157,800	157,800	157,800	-
Transfers Out	-	(57,000)	(20,087)	36,913
Sale of Capital Assets	-	-	3,085	3,085
Insurance Recoveries	-	36,400	46,446	10,046
Total Other Financing Sources (Uses)	157,800	137,200	187,244	50,044
Net Change in Fund Balance	\$ (754,617)	\$ (740,517)	337,390	\$ 1,077,907
Fund Balance - Beginning (As Adjusted)			<u>16,231,816</u>	
Fund Balance - Ending			<u>\$ 16,569,206</u>	

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

Town of Erie, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2012

	Business-type Activities - Proprietary Funds			Total Proprietary Funds
	Water Fund	Wastewater Fund	Nonmajor Proprietary Funds	
ASSETS				
Current Assets				
Pooled Cash and Investments	\$ 11,062,247	\$ 7,565,226	\$ 1,476,540	\$ 20,104,013
Restricted Cash and Investments	4,795,329	2,034,309	3,792	6,833,430
Receivables	468,568	472,576	205,239	1,146,383
Prepaid Items	193,711	-	17,777	211,488
Total Current Assets	16,519,855	10,072,111	1,703,348	28,295,314
Noncurrent Assets				
Unamortized Bond Issue Costs	693,182	465,997	6,313	1,165,492
Capital Assets				
Construction in Progress	5,615,478	39,332	293,517	5,948,327
Land and Water Rights	78,420,824	59,022	656,000	79,135,846
Buildings, Property, and Equipment	80,396,468	61,653,734	17,511,605	159,561,807
Accumulated Depreciation	(14,186,008)	(8,245,043)	(3,540,106)	(25,971,157)
Total Capital Assets	150,246,762	53,507,045	14,921,016	218,674,823
Total Noncurrent Assets	150,939,944	53,973,042	14,927,329	219,840,315
Total Assets	167,459,799	64,045,153	16,630,677	248,135,629
LIABILITIES				
Current Liabilities				
Accounts Payable	99,994	119,422	104,393	323,809
Accrued Interest Payable	322,347	95,134	8,374	425,855
Wages Payable	40,743	36,504	3,143	80,390
Other Liabilities	214,205	-	3,799	218,004
Unearned Revenue	647,420	244,480	-	891,900
Compensated Absences	48,249	49,161	4,562	101,972
Current Portion of Long Term Debt				
Certificates of Participation Payable	600,000	-	-	600,000
Loans Payable	-	275,696	11,557	287,253
Bonds Payable	1,477,000	285,000	-	1,762,000
Mortgages Payable	-	-	20,638	20,638
Capital Lease Obligations	2,441,007	-	-	2,441,007
Total Current Liabilities	5,890,965	1,105,397	156,466	7,152,828
Noncurrent Liabilities				
Compensated Absences	28,205	34,644	2,703	65,552
Long Term Debt, Net of Unamortized Premiums and Discounts				
Certificates of Participation Payable	27,865,197	-	-	27,865,197
Loans Payable	-	3,002,205	321,791	3,323,996
Bonds Payable	31,450,936	19,262,506	-	50,713,442
Mortgages Payable	-	-	761,045	761,045
Total Noncurrent Liabilities	59,344,338	22,299,355	1,085,539	82,729,232
Total Liabilities	65,235,303	23,404,752	1,242,005	89,882,060
NET POSITION				
Net Investment in Capital Assets	90,141,431	32,715,947	13,805,985	136,663,363
Restricted				
Bond Reserves	660,476	-	-	660,476
Operations and Maintenance Reserves	-	541,598	-	541,598
Other	406,044	-	-	406,044
Unrestricted	11,016,545	7,382,856	1,582,687	19,982,088
Total Net Position	\$ 102,224,496	\$ 40,640,401	\$ 15,388,672	\$ 158,253,569

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

Town of Erie, Colorado
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Business Type Activities - Proprietary Funds			Total Proprietary Funds
	Water Fund	Wastewater Fund	Nonmajor Proprietary Funds	
OPERATING REVENUES				
Charges for Services	\$ 7,104,638	\$ 3,535,547	\$ 499,623	\$ 11,139,808
OPERATING EXPENSES				
Personnel Services	1,185,324	999,070	105,532	2,289,926
Operations and Maintenance	1,827,413	986,413	227,876	3,041,702
Depreciation	2,275,380	1,541,441	447,648	4,264,469
Total Operating Expenses	5,288,117	3,526,924	781,056	9,596,097
Net Operating Income (Loss)	1,816,521	8,623	(281,433)	1,543,711
NON-OPERATING REVENUES (EXPENSES)				
Investment Earnings	62,457	51,783	8,063	122,303
Other Non-Operating Income	7,139	1,750	40,649	49,538
Intergovernmental	-	-	73,455	73,455
Amortization of Debt Issuance Costs	(68,916)	(21,853)	(3,788)	(94,557)
Interest Expense	(2,309,700)	(989,516)	(40,890)	(3,340,106)
Total Non-Operating Revenues (Expenses)	(2,309,020)	(957,836)	77,489	(3,189,367)
Loss Before Contributions and Transfers	(492,499)	(949,213)	(203,944)	(1,645,656)
Capital Contributions	3,263,989	743,812	268,790	4,276,591
Transfers In	-	-	20,087	20,087
Change in Net Position	2,771,490	(205,401)	84,933	2,651,022
Total Net Position - Beginning (As Adjusted)	99,453,006	40,845,802	15,303,739	155,602,547
Total Net Position - Ending	\$ 102,224,496	\$ 40,640,401	\$ 15,388,672	\$ 158,253,569

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, 2012

	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	\$ 7,126,149	\$ 3,469,791	\$ 507,580	\$ 11,103,520
Payments to Employees	(1,181,659)	(979,856)	(106,012)	(2,267,527)
Payments to Suppliers	(1,851,713)	(970,623)	(226,584)	(3,048,920)
Net Cash Provided by Operating Activities	<u>4,092,777</u>	<u>1,519,312</u>	<u>174,984</u>	<u>5,787,073</u>
Cash Flows from Non-capital Financing Activities				
Operating Grants	-	-	(1,284)	(1,284)
Advance from Other Funds	-	-	(169,168)	(169,168)
Transfer from Other Funds	-	-	20,087	20,087
Cash Flows Used in Non-capital Financing Activities	<u>-</u>	<u>-</u>	<u>(150,365)</u>	<u>(150,365)</u>
Cash Flows from Capital and Related Financing Activities				
Receipts from Capital Grants	-	-	587,044	587,044
Receipts from Restricted Receivables	-	764,197	-	764,197
Acquisition and Construction of Capital Assets	(669,519)	(409,020)	(458,654)	(1,537,193)
Principal Paid on Capital Debt	(2,117,230)	(1,173,561)	(33,314)	(3,324,105)
Interest Paid on Capital Debt	(2,293,492)	(994,488)	(37,686)	(3,325,666)
Capital Contributions	3,263,989	743,812	-	4,007,801
Cash Flows Provided by (Used in) Capital and Related Financing Activities	<u>(1,816,252)</u>	<u>(1,069,060)</u>	<u>57,390</u>	<u>(2,827,922)</u>
Cash Flows from Investing Activities				
Purchase of Investments	(566)	(1,006,509)	(3,799)	(1,010,874)
Proceeds from Sale and Maturity of Investments	23,977	1,000,000	-	1,023,977
Earnings on Investments	62,964	49,921	8,193	121,078
Cash Flows Provided by Investing Activities	<u>86,375</u>	<u>43,412</u>	<u>4,394</u>	<u>134,181</u>
Net Increase in Pooled Cash and Investments	2,362,900	493,664	86,403	2,942,967
Pooled Cash and Investments - January 1	<u>8,699,347</u>	<u>7,071,562</u>	<u>1,390,137</u>	<u>17,161,046</u>
Pooled Cash and Investments - December 31	<u>\$ 11,062,247</u>	<u>\$ 7,565,226</u>	<u>\$ 1,476,540</u>	<u>\$ 20,104,013</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ 1,816,521	\$ 8,623	\$ (281,433)	\$ 1,543,711
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Depreciation Expense	2,275,380	1,541,441	447,648	4,264,469
Other Income	7,139	1,750	40,649	49,538
(Increase) Decrease in				
Accounts Receivable	17,040	(67,506)	912	(49,554)
Prepaid Items	(7,120)	-	(15,789)	(22,909)
Increase (Decrease) in				
Accounts Payable	(17,180)	15,790	(19,710)	(21,100)
Wages Payable	4,759	8,735	(304)	13,190
Compensated Absences Payable	(1,094)	10,479	(176)	9,209
Other Liabilities	(11,424)	-	3,799	(7,625)
Deferred Revenue	8,756	-	(612)	8,144
Net Cash Provided by Operating Activities	<u>\$ 4,092,777</u>	<u>\$ 1,519,312</u>	<u>\$ 174,984</u>	<u>\$ 5,787,073</u>

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

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Notes to the Financial Statements

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Town of Erie, Colorado
Notes to the Financial Statements
As of and for the year ended December 31, 2012

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 units follow:

Town of Erie Housing Authority (EHA) –The EHA constructed and operates the senior housing complex. Daily operations of the complex are managed by Pillar Property Services, LLC. 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 position 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 position 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 position.

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, sales taxes, highway users' taxes, auto use taxes, franchise taxes, fees, 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. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other eligibility requirements have been met. 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.

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.

Note I. Summary of Significant Accounting Policies (continued)

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:

Tax Year

Tax Levy certified to County Commissioners.....December 15
County Commissioners certify levy to County Assessor.....December 22

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.

Note I. Summary of Significant Accounting Policies (continued)

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.

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
Improvements other than buildings	5-50
Machinery and equipment	3-10
Vehicles	3-5

6. *Compensated Absences*

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

Note I. Summary of Significant Accounting Policies (continued)

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 related debt. 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 balances of governmental funds are reported in various categories, based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources for specific purposes.

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 prepaid items and the long-term amount of interfund loans.

Restricted fund balances are amounts subject to externally enforceable legal restrictions. Such restrictions are typically imposed by parties such as creditors, grantors, contributors, other governments, or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action through ordinance of the Board of Trustees, and remains binding unless removed in the same manner.

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, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Note I. Summary of Significant Accounting Policies (continued)

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 first apply restricted, then committed, and then 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.

Minimum Fund Balances – The Town has established minimum unrestricted 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 position of 25% of annual operating and maintenance expenses plus 2% of capital assets.

In 2010 the Board of Trustees approved the creation of an additional General Fund reserve to be maintained to offset economic downturns. The reserve was established at \$7,500,000, representing approximately 50% of annual General Fund expenditures. 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. This reserve does not meet the definition of a stabilization arrangement pursuant to GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and therefore is reflected in unassigned fund balance.

With the exception of the General Fund reserves, all minimum fund balance policy requirements were met as of December 31, 2012. In 2012, \$2,796,543 of General Fund fund balance previously classified as unassigned was reclassified as restricted. This was the result of the determination that certain revenues of the General Fund had restrictions on how these funds could be expended. Absent this reclassification the minimum fund balance requirement would have been met.

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.

10. Current Year GASB Statement Implementation

Effective January 1, 2012, the Town implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62) and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63).

Note I. Summary of Significant Accounting Policies (continued)

GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The Town has already been following these standards.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

11. Future GASB Statement Implementations

The GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is effective for financial statements for periods beginning after December 15, 2012. The standard includes new requirements related to the proper classification of certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources, or the recognition of certain items that were previously reported as assets or liabilities as outflows (expenses) or inflows (revenues) of resources. These determinations are based on the definitions of those elements in GASB Concepts Statement No. 4, *Elements of Financial Statements*. This standard will be applicable to the Town in 2013 as it has certain assets related to the issuance of debt that will now be considered as outflows of resources.

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The Town provides its police officers with pension benefits through a multiple employer cost-sharing defined benefit retirement program administered by the Fire and Police Pension Association of Colorado (FPPA).

Statement No. 68 requires cost-sharing employers participating in the FPPA program, such as the Town, to record their proportionate share, as defined in Statement No. 68, of FPPA's unfunded pension liability. The Town has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by the FPPA. The requirement of this Statement to record a portion of FPPA's unfunded liability, if any, would negatively impact the Town's future unrestricted net position. Statement No. 68 is effective for fiscal year 2015. At this time, Town management is unable to estimate the magnitude of any impact. Information regarding FPPA's current funding status can be found in its Comprehensive Annual Financial Report.

Note II. 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 supplemental appropriations throughout the year, which are reflected in the final budget columns of the financial statements and schedules.

B. Expenditures in Excess of Budget

For the year ended December 31, 2012, the Town expended \$547,581 in excess of the amount budgeted for the Town's urban renewal authority (URA). This over-expenditure was the result of the purchase of a property for which a portion of the consideration paid was a short-term promissory note. The portion of the purchase funded by the note was not budgeted. However, the property purchase and related note issuance was approved by the board of the URA.

C. Deficit Fund Equity

As of December 31, 2012, the Parks Improvement Impact Fund, a nonmajor capital projects fund, has a deficit fund balance of \$231,608. This deficit arose due to the construction of a skate park during 2012. Financing of the skate park was funded in part through a \$600,000 advance from the General Fund to the Parks Improvement Impact Fund. Repayment will occur as impact fees are collected in future years.

The Town of Erie Urban Renewal Authority has a deficit fund balance of \$1,023,600 as of December 31, 2012. 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.

Note III. Detailed Notes on All Funds

A. Deposits and Investments

Cash and investments are reported in the financial statements as follows:

Pooled cash and investments	\$ 52,739,386
Restricted cash and investments	<u>6,833,430</u>
Total	<u><u>\$ 59,572,816</u></u>

Cash and investments consist of the following:

Bank checking accounts	\$ 2,850,133
Bank money market accounts	212,347
Bank certificates of deposit	<u>10,753,664</u>
Total bank deposits	13,816,144
Investments	45,754,972
Petty cash	<u>1,700</u>
Total	<u><u>\$ 59,572,816</u></u>

Deposits

As of December 31, 2012, the carrying amount of the Town's deposits was \$13,816,144.

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 eligible collateral maintained by another financial institution or 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.

Note III. Detailed Notes on All Funds (continued)

Investments

As of December 31, 2012, 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	
Federal Farm Credit Bank	Aaa	AA+	\$ 1,001,550	\$ -	\$ 1,001,550	2%
Federal Home Loan Bank	Aaa	AA+	5,019,640	3,011,630	2,008,010	11%
Federal Home Loan Mortgage Corporation	Aaa	AA+	10,027,900	1,005,710	9,022,190	22%
Federal National Mortgage Association	Aaa	AA+	11,559,090	4,024,490	7,534,600	25%
CSAFE	n/a	AAAm	13,440,093	13,440,093	-	30%
COLOTRUST PRIME	n/a	AAAm	1,890,850	1,890,850	-	4%
Federated Treasury Obligations Fund	Aaa-mf	AAAm	406,044	406,044	-	1%
Wells Fargo Treasury Money Market Fund	Aaa-mf	AAAm	2,409,805	2,409,805	-	5%
Total fair value			\$ 45,754,972	\$ 26,188,622	\$ 19,566,350	100%

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 mutual funds, and local government investment pools.

As indicated above, Town policy includes certificates of deposit as part of the authorized investment portfolio. For GAAP reporting purposes, certificates of deposit are considered to be bank deposits and are therefore excluded from the investment schedule.

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 investment will be minimized.

Note III. Detailed Notes on All Funds (continued)

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.

Custodial Credit Risk

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 table on page 55, 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.colotrust.com.

Note III. Detailed Notes on All Funds (continued)

B. Accounts Receivable

Receivables as of year-end for the Town's individual major funds and nonmajor funds, in the aggregate, are as follows:

	General	Nonmajor Governmental	Water	Wastewater	Nonmajor Proprietary	Total
Property taxes	\$ 3,073,205	\$ 938,701	\$ -	\$ -	\$ -	\$ 4,011,906
Sales taxes	437,338	-	-	-	-	437,338
Other taxes	186,183	-	-	-	-	186,183
Accounts, net of allowance for uncollectible accounts	307,155	88,088	458,697	464,423	48,348	1,366,711
Landfill fees	80,092	-	-	-	-	80,092
Intergovernmental	-	-	-	-	155,481	155,481
Interest	18,181	13,900	9,871	8,153	1,410	51,515
Total receivables	<u>\$ 4,102,154</u>	<u>\$ 1,040,689</u>	<u>\$ 468,568</u>	<u>\$ 472,576</u>	<u>\$ 205,239</u>	<u>\$ 6,289,226</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

	(Restated) Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 851,794	\$ 2,415,457	\$ (1,076,786)	\$ 2,190,465
Land	7,534,061	1,701,776	-	9,235,837
Total capital assets, not being depreciated:	<u>8,385,855</u>	<u>4,117,233</u>	<u>(1,076,786)</u>	<u>11,426,302</u>
Capital assets, being depreciated:				
Buildings	29,688,076	-	-	29,688,076
Improvements other than buildings	61,334,240	1,480,738	-	62,814,978
Machinery and equipment	1,747,321	64,793	-	1,812,114
Vehicles	885,836	23,232	-	909,068
Total capital assets, being depreciated:	<u>93,655,473</u>	<u>1,568,763</u>	<u>-</u>	<u>95,224,236</u>
Less accumulated depreciation for:				
Buildings	(2,036,014)	(609,083)	-	(2,645,097)
Improvements other than buildings	(9,385,831)	(1,936,333)	-	(11,322,164)
Machinery and equipment	(1,152,685)	(114,538)	-	(1,267,223)
Vehicles	(783,157)	(74,414)	-	(857,571)
Total accumulated depreciation	<u>(13,357,687)</u>	<u>(2,734,368)</u>	<u>-</u>	<u>(16,092,055)</u>
Total capital assets, being depreciated, net	<u>80,297,786</u>	<u>(1,165,605)</u>	<u>-</u>	<u>79,132,181</u>
Governmental activities capital assets, net	<u>\$ 88,683,641</u>	<u>\$ 2,951,628</u>	<u>\$ (1,076,786)</u>	<u>\$ 90,558,483</u>

Note III. Detailed Notes on All Funds (continued)

	(Restated) Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 5,468,097	\$ 867,407	\$ (387,177)	\$ 5,948,327
Land	4,620,549	-	-	4,620,549
Water rights	74,515,297	-	-	74,515,297
Total capital assets, not being depreciated:	<u>84,603,943</u>	<u>867,407</u>	<u>(387,177)</u>	<u>85,084,173</u>
Capital assets, being depreciated:				
Buildings	1,369,265	-	-	1,369,265
Improvements other than buildings	156,337,135	1,051,154	-	157,388,289
Machinery and equipment	798,445	5,808	-	804,253
Total capital assets, being depreciated:	<u>158,504,845</u>	<u>1,056,962</u>	<u>-</u>	<u>159,561,807</u>
Less accumulated depreciation for:				
Buildings	(404,408)	(7,391)	-	(411,799)
Improvements other than buildings	(20,954,730)	(4,226,178)	-	(25,180,908)
Machinery and equipment	(347,550)	(30,900)	-	(378,450)
Total accumulated depreciation	<u>(21,706,688)</u>	<u>(4,264,469)</u>	<u>-</u>	<u>(25,971,157)</u>
Total capital assets, being depreciated, net	<u>136,798,157</u>	<u>(3,207,507)</u>	<u>-</u>	<u>133,590,650</u>
Business-type activities capital assets, net	<u>\$ 221,402,100</u>	<u>\$ (2,340,100)</u>	<u>\$ (387,177)</u>	<u>\$ 218,674,823</u>

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

Governmental activities:	
General government	\$ 68,709
Public safety	68,110
Public works	1,338,619
Parks and recreation	<u>1,258,930</u>
Total depreciation expense - governmental activities	<u>\$2,734,368</u>
Business-type activities:	
Water	\$2,275,380
Wastewater	1,541,441
Storm drainage	226,226
Airport	192,400
Housing authority	<u>29,022</u>
Total depreciation expense - business-type activities	<u>\$4,264,469</u>

Note III. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers

Other than certain interfund advances, there were no balances due between funds as of December 31, 2012.

There were three advances from the General Fund at December 31, 2012, two to the Parks Improvement Impact Fund (PIIF) for a total of \$728,000 and one to the Town’s urban renewal authority (URA) for \$1,003,600. The first advance to the PIIF, with a remaining balance of \$128,000, was made to pay for a new park and is being repaid through annual payments of \$64,000. The second advance, made in 2012 for \$600,000, was to provide funding for construction of a skate park. Repayment is expected to occur over the next three years as impact fees are collected arising from building activity. The advance to the URA was made to pay for purchases of certain properties and for operating expenditures of the authority. This amount is not expected to be repaid in 2013.

Transfers to/from other funds for the year ending December 31, 2012, were as follows:

	Transfer In			Total
	General Fund	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	
Transfer Out				
General Fund	\$ -	\$ -	\$ 20,087	\$ 20,087
Nonmajor governmental funds	157,800	300,000	-	457,800
Total	\$ 157,800	\$ 300,000	\$ 20,087	\$ 477,887

Transfers primarily reflect movement of revenues from the fund with collection authorization to the fund making the expenditure. The \$157,800 transfer to the General Fund represents a transfer from the Transportation Impact Fund for various street maintenance activities paid by the General Fund. The \$300,000 transfer reflected in the table represents a transfer from the Conservation Trust Fund to the Parks Improvement Impact Fund used for construction of a skate park. The \$20,087 transfer from the General Fund reflects a transfer to the Erie Housing Authority to provide working capital.

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 III. Detailed Notes on All Funds (continued)

General obligation bonds outstanding at December 31, 2012, 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	\$ 13,555,000
2006	General obligation refunding bonds	4.25 - 4.50	2018	2,971,095	<u>1,935,000</u>
Total general obligation bonds					<u>\$15,490,000</u>

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

Year Ending December 31	Principal	Interest
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	1,190,000	546,269
2018-2022	5,220,000	1,972,975
2023-2026	<u>4,810,000</u>	<u>638,425</u>
Total	<u>\$ 15,490,000</u>	<u>\$ 5,828,806</u>

Note III. Detailed Notes on All Funds (continued)

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.

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	\$ 98,000
1995	Storm drainage revenue loan	2.00	2035	498,512	333,348
1997	Wastewater revenue loan	4.54	2017	1,821,690	582,300
1997	Wastewater revenue loan	4.50	2017	500,000	172,889
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	3,965,000
2008	Wastewater revenue bonds	4.00 - 4.75	2028	8,900,000	8,265,000
2008	Wastewater revenue refunding bonds	4.00	2017	985,000	580,000
2009	Wastewater revenue loan	2.00	2030	1,534,700	772,711
2009	Wastewater revenue loan	0.00	2030	2,000,000	1,750,000
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	5,195,000
2011	Water revenue refunding bonds	2.00 - 5.00	2023	10,098,045	<u>9,320,000</u>
Total revenue bonds and loans					<u><u>\$55,909,248</u></u>

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

Year Ending December 31	Principal	Interest
2013	\$ 2,049,253	\$ 2,354,933
2014	2,103,012	2,300,820
2015	2,185,514	2,220,503
2016	2,269,447	2,134,963
2017	2,344,156	2,062,767
2018-2022	12,876,755	9,098,962
2023-2027	11,435,092	6,599,798
2028-2032	13,998,465	3,755,402
2033-2037	<u>6,647,554</u>	<u>1,023,116</u>
Total	<u>\$ 55,909,248</u>	<u>\$ 31,551,264</u>

Note III. 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, 2012, had the COPs been in their variable rate period.

Year Ending December 31	Principal	Interest	Total
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	695,000	682,595	1,377,595
2018-2022	3,890,000	3,128,850	7,018,850
2023-2027	4,680,000	2,585,597	7,265,597
2028-2032	5,630,000	1,932,140	7,562,140
2033-2037	6,760,000	1,146,852	7,906,852
2038-2040	4,700,000	246,439	4,946,439
Total	<u>\$ 28,895,000</u>	<u>\$ 12,713,641</u>	<u>\$ 41,608,641</u>

Note III. 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
2000	FHLB forgivable loan	0.00	2016	\$ 60,000	\$ 60,000
2004	Mortgage loan	4.50	2014	860,021	<u>721,683</u>
					<u>\$ 781,683</u>

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

Year Ending December 31	Principal	Interest	Total
2013	\$ 20,638	\$ 32,139	\$ 52,777
2014	701,045	23,439	724,484
2015	-	-	-
2016	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total	<u>\$ 781,683</u>	<u>\$ 55,578</u>	<u>\$ 837,261</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, with a final payment of \$2,418,550 due on June 1, 2013. The imputed interest rate on both leases is 4.25%. The book value of the reservoir site and buffer area is \$2,782,988 at December 31, 2012. The following is a schedule by year of future minimum lease obligations as of December 31, 2012:

Year Ending December 31	Lease Payments
2013	<u>\$ 2,492,550</u>
Total minimum lease payments	2,492,550
Less: amount representing interest	<u>(51,543)</u>
Present value of minimum lease payments	<u>\$ 2,441,007</u>

Note III. Detailed Notes on All Funds (continued)

6. Defeasance of Debt

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, 2012, these bonds had remaining balances outstanding of \$9,280,000.

7. Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

	<i>(Restated)</i> Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental activities:						
Bonds payable:						
General obligation bonds	\$ 16,440,000	\$ -	\$ (950,000)	\$ 15,490,000	\$ 1,000,000	\$ 14,490,000
Less deferred amounts:						
For issuance premiums	309,417	-	(23,426)	285,991	-	285,991
On refundings	(56,431)	-	8,159	(48,272)	-	(48,272)
Total bonds payable	16,692,986	-	(965,267)	15,727,719	1,000,000	14,727,719
Compensated absences	336,278	431,864	(395,392)	372,750	236,402	136,348
Total governmental activities	<u>\$ 17,029,264</u>	<u>\$ 431,864</u>	<u>\$ (1,360,659)</u>	<u>\$ 16,100,469</u>	<u>\$ 1,236,402</u>	<u>\$ 14,864,067</u>
Business-type activities:						
Bonds, loans and other debt payable:						
Revenue bonds and loans	\$ 58,559,185	\$ -	\$ (2,649,937)	\$ 55,909,248	\$ 2,049,253	\$ 53,859,995
Certificates of participation	29,475,000	-	(580,000)	28,895,000	600,000	28,295,000
Mortgages payable	803,667	-	(21,984)	781,683	20,638	761,045
Capital lease obligations	2,513,192	-	(72,185)	2,441,007	2,441,007	-
Less deferred amounts:						
For issuance premiums and discounts	1,309,202	-	(93,061)	1,216,141	-	1,216,141
On refundings	(1,582,733)	-	114,232	(1,468,501)	-	(1,468,501)
Total bonds, loans and other debt payable	91,077,513	-	(3,302,935)	87,774,578	5,110,898	82,663,680
Compensated absences	158,315	186,849	(177,640)	167,524	101,972	65,552
Total business-type activities	<u>\$ 91,235,828</u>	<u>\$ 186,849</u>	<u>\$ (3,480,575)</u>	<u>\$ 87,942,102</u>	<u>\$ 5,212,870</u>	<u>\$ 82,729,232</u>

Note III. Detailed Notes on All Funds (continued)

F. Retirement 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, or from their web site at www.fppaco.org.

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, 2012, 2011, and 2010, the Town's contributions to the FPPA Pension Plan were \$113,156, \$109,979 and \$106,643, 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 III. 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 2012, the Town made all required contributions to the plan, contributing \$200,510. Employees contributed \$323,753.

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 IV. Other Information

A. Risk Management

The Town purchases liability, property, and workers’ compensation insurance from private insurance carriers. The Town paid \$218,901 for insurance in 2012 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	\$73,174,543	\$ 2,500
Personal property	22,023,150	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 IV. 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 \$514,300 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 2012, the Town contributed \$162,500 to the Northern Integrated Supply Project and \$69,622 to the Windy Gap Firming Project. Future years' contributions to these projects depend on the Board of Trustees election to participate.

Through its urban renewal authority (URA), the Town has acquired interests in several properties related to future urban renewal projects. One property was purchased in 2012 for \$896,662, requiring an initial cash payment of \$201,662, with a noninterest bearing note of \$695,000 given for the remainder of the purchase price. This note was due and paid on May 15, 2013. The terms of the purchase agreement allowed the seller to lease the property back from the URA for a nominal amount until the promissory note was paid.

A second property was purchased in 2012 for \$600,114. The purchase agreement provided the seller the right to repurchase the property after five years for an amount equal to the original purchase price. Subsequent to December 31, 2012, the URA purchased this option for \$1,904,000. Terms of the purchase agreement, as subsequently modified, allow the seller to lease the property back from the URA for a nominal amount until January 10, 2015, under certain circumstances, or until January 10, 2016, when the lease can be terminated by the URA.

In addition, the URA paid \$10,000 in 2012 for an option to purchase a certain property for \$3,000,000, with an option period that expires December 31, 2015.

D. Contingent Liabilities

Federal grants are subject to audit which could result in disallowed costs, the amount which is undeterminable at December 31, 2012. If any costs are disallowed in the future, the Town expects them to be insignificant.

Note IV. Other Information (continued)

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.

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, 2012, amount of \$412,135 is based on the requirements of Article X, Section 20.

Note V. Restatement

For fiscal year 2012, the Town corrected various errors relating to prior periods described below. The effect of these adjustments on beginning fund balance/net position is as follows:

	<u>As Previously Reported</u>	<u>Prior Period Adjustments</u>	<u>As Adjusted</u>
Fund Financial Statements			
General Fund	\$ 16,073,487	\$ 158,329	\$ 16,231,816
Trails and Natural Areas Fund	3,469,226	87,565	3,556,791
Water Fund	100,672,837	(1,219,831)	99,453,006
Wastewater Fund	39,286,142	1,559,660	40,845,802
Storm Drainage Operating Fund	11,117,321	(472,525)	10,644,796
Airport Fund	4,649,518	(194)	4,649,324
Government-wide Financial Statements			
Governmental Activities	102,180,618	256,364	102,436,982
Business-Type Activities	155,735,437	(132,890)	155,602,547

The effect of these adjustments on the prior year change in fund balance/net position is as follows:

	<u>As Previously Reported</u>	<u>Prior Period Adjustments</u>	<u>As Adjusted</u>
Fund Financial Statements			
General Fund	\$ (605,305)	20,057	\$ (585,248)
Trails and Natural Areas Fund	677,126	87,565	764,691
Water Fund	1,690,184	48,442	1,738,626
Wastewater Fund	(248,822)	1,038	(247,784)
Storm Drainage Operating Fund	23,825	12,849	36,674
Airport Fund	589,566	297	589,863
Government-wide Financial Statements			
Governmental Activities	253,350	99,726	353,076
Business-Type Activities	2,027,000	62,626	2,089,626

The General Fund beginning fund balance increased by \$158,329 as follows:

	<u>Increase</u>
Correction of deferred revenue items	\$ 132,630
Correction of grant revenue recognition	25,699
Total increase	<u>\$ 158,329</u>

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

The Trails and Natural Areas Fund beginning fund balance increased by \$87,565 due to a correction of grant revenue recognition.

The Water Fund beginning net position decreased by \$1,219,831 as follows:

	<u>Increase/ (Decrease)</u>
Correct various errors in the book value of capital assets	\$ (2,035,020)
Record capitalized interest on debt-financed projects	996,624
Correct capital assets under capital lease	767,272
Correct error in capital lease obligations	(902,688)
Correct accrued interest payable on capital lease	(3,197)
Correct error in compensated absences payable	<u>(42,822)</u>
Total decrease	<u>\$ (1,219,831)</u>

The Wastewater Fund beginning net position increased by \$1,559,660 as follows:

	<u>Increase/ (Decrease)</u>
Correct various errors in the book value of capital assets	\$ (99,365)
Record capitalized interest on debt-financed projects	1,705,933
Correct error in compensated absences payable	<u>(46,908)</u>
Total increase	<u>\$ 1,559,660</u>

The Storm Drainage Operating Fund beginning net position decreased by \$472,525 as follows:

	<u>Decrease</u>
Correct various errors in the book value of capital assets	\$ (465,278)
Correct error in compensated absences payable	<u>(7,247)</u>
Total decrease	<u>\$ (472,525)</u>

The Airport Fund beginning net position decreased by \$194 due to the correction of an error in compensated absences payable.

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

The beginning net position for Governmental Activities increased by \$256,364 as follows:

	<u>Increase/ (Decrease)</u>
Correct various errors in the book value of capital assets	\$ (40,243)
Correct error in compensated absences payable	50,713
Correction of deferred revenue items	132,630
Correction of grant revenue recognition	<u>113,264</u>
Total increase	<u>\$ 256,364</u>

The beginning net position for Business-Type Activities decreased by \$132,890 due to net reductions of \$1,219,831 in the Water Fund, \$472,525 in the Storm Drainage Operating Fund, and \$194 in the Airport Fund, partially offset by an increase in net position of \$1,559,660 in the Wastewater Fund, as described above.

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Combining and Individual Fund Statements and Schedules

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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, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Pooled Cash and Investments	\$ 4,373,039	\$ 10,611,118	\$ 14,984,157
Receivables	1,031,072	9,617	1,040,689
 Total Assets	 <u>\$ 5,404,111</u>	 <u>\$ 10,620,735</u>	 <u>\$ 16,024,846</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 21,900	\$ 257,043	\$ 278,943
Wages Payable	2,858	-	2,858
Advances from Other Funds	1,003,600	728,000	1,731,600
Deferred Revenue	938,329	-	938,329
 Total Liabilities	 <u>1,966,687</u>	 <u>985,043</u>	 <u>2,951,730</u>
Fund Balances			
Restricted for:			
Capital Projects	-	9,867,300	9,867,300
Parks and Open Space	4,311,284	-	4,311,284
Public Safety	6,161	-	6,161
Committed to:			
Cemetery Operations	143,579	-	143,579
Unassigned	(1,023,600)	(231,608)	(1,255,208)
 Total Fund Balances	 <u>3,437,424</u>	 <u>9,635,692</u>	 <u>13,073,116</u>
 Total Liabilities and Fund Balances	 <u>\$ 5,404,111</u>	 <u>\$ 10,620,735</u>	 <u>\$ 16,024,846</u>

Town of Erie, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 924,384	\$ -	\$ 924,384
Intergovernmental	159,476	-	159,476
Fees and Charges for Services	4,830	-	4,830
Capital Contributions and Fees	88,090	1,385,890	1,473,980
Investment Earnings	24,875	55,228	80,103
	<u>1,201,655</u>	<u>1,441,118</u>	<u>2,642,773</u>
EXPENDITURES			
Current Operating:			
General Government	160,899	-	160,899
Parks and Recreation	113,628	-	113,628
Capital Outlay	2,218,125	2,005,872	4,223,997
	<u>2,492,652</u>	<u>2,005,872</u>	<u>4,498,524</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,290,997)</u>	<u>(564,754)</u>	<u>(1,855,751)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	300,000	300,000
Transfers Out	(300,000)	(157,800)	(457,800)
Loan Proceeds	695,000	-	695,000
	<u>395,000</u>	<u>142,200</u>	<u>537,200</u>
Net Change in Fund Balance	(895,997)	(422,554)	(1,318,551)
Fund Balance - Beginning (As Adjusted)	<u>4,333,421</u>	<u>10,058,246</u>	<u>14,391,667</u>
Fund Balance - Ending	<u>\$ 3,437,424</u>	<u>\$ 9,635,692</u>	<u>\$ 13,073,116</u>

Town of Erie, Colorado
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Conservation Trust Fund	Cemetery Fund	Forfeiture and Seizure Fund	Trails and Natural Areas Fund
ASSETS				
Pooled Cash and Investments	\$ 364,524	\$ 143,428	\$ 6,161	\$ 3,858,926
Receivables	605	151	-	1,030,316
Total Assets	<u>\$ 365,129</u>	<u>\$ 143,579</u>	<u>\$ 6,161</u>	<u>\$ 4,889,242</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,900
Wages Payable	2,858	-	-	-
Advances from Other Funds	-	-	-	-
Deferred Revenue	-	-	-	938,329
Total Liabilities	<u>2,858</u>	<u>-</u>	<u>-</u>	<u>940,229</u>
Fund Balances				
Restricted for:				
Parks and Open Space	362,271	-	-	3,949,013
Public Safety	-	-	6,161	-
Committed to:				
Cemetery Operations	-	143,579	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>362,271</u>	<u>143,579</u>	<u>6,161</u>	<u>3,949,013</u>
Total Liabilities and Fund Balances	<u>\$ 365,129</u>	<u>\$ 143,579</u>	<u>\$ 6,161</u>	<u>\$ 4,889,242</u>

Erie Urban Renewal Authority	Total
\$ -	\$ 4,373,039
-	1,031,072
<u>\$ -</u>	<u>\$ 5,404,111</u>
\$ 20,000	\$ 21,900
-	2,858
1,003,600	1,003,600
-	938,329
<u>1,023,600</u>	<u>1,966,687</u>
-	4,311,284
-	6,161
-	143,579
<u>(1,023,600)</u>	<u>(1,023,600)</u>
<u>(1,023,600)</u>	<u>3,437,424</u>
<u>\$ -</u>	<u>\$ 5,404,111</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, 2012

	Conservation Trust Fund	Cemetery Fund	Forfeiture and Seizure Fund	Trails and Natural Areas Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 924,384
Intergovernmental	159,476	-	-	-
Fees and Charges for Services	-	4,830	-	-
Capital Contributions and Fees	-	-	-	88,090
Investment Earnings	3,177	786	24	20,888
Total Revenues	162,653	5,616	24	1,033,362
EXPENDITURES				
Current Operating:				
General Government	-	-	-	-
Parks and Recreation	107,903	-	-	5,725
Capital Outlay	80,934	-	-	635,415
Total Expenditures	188,837	-	-	641,140
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,184)	5,616	24	392,222
OTHER FINANCING SOURCES (USES)				
Transfers Out	(300,000)	-	-	-
Loan Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	(300,000)	-	-	-
Net Change in Fund Balance	(326,184)	5,616	24	392,222
Fund Balance - Beginning (As Adjusted)	688,455	137,963	6,137	3,556,791
Fund Balance - Ending	\$ 362,271	\$ 143,579	\$ 6,161	\$ 3,949,013

Erie Urban Renewal Authority	Total
\$ -	\$ 924,384
-	159,476
-	4,830
-	88,090
-	24,875
-	1,201,655
160,899	160,899
-	113,628
1,501,776	2,218,125
1,662,675	2,492,652
(1,662,675)	(1,290,997)
-	(300,000)
695,000	695,000
695,000	395,000
(967,675)	(895,997)
(55,925)	4,333,421
\$ (1,023,600)	\$ 3,437,424

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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Intergovernmental	\$ 123,600	\$ 123,600	\$ 159,476	\$ 35,876
Investment Earnings	6,700	5,000	3,177	(1,823)
Total Revenues	<u>130,300</u>	<u>128,600</u>	<u>162,653</u>	<u>34,053</u>
EXPENDITURES				
Current Operating:				
Parks and Recreation	105,200	106,150	107,903	(1,753)
Capital Outlay	<u>61,500</u>	<u>82,700</u>	<u>80,934</u>	<u>1,766</u>
Total Expenditures	<u>166,700</u>	<u>188,850</u>	<u>188,837</u>	<u>13</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(36,400)</u>	<u>(60,250)</u>	<u>(26,184)</u>	<u>34,066</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(300,000)	(300,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (36,400)</u>	<u>\$ (360,250)</u>	<u>(326,184)</u>	<u>\$ 34,066</u>
Fund Balance - Beginning			<u>688,455</u>	
Fund Balance - Ending			<u>\$ 362,271</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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Fees and Charges for Services	\$ 3,000	\$ 3,000	\$ 4,830	\$ 1,830
Investment Earnings	1,300	1,000	786	(214)
Total Revenues	<u>4,300</u>	<u>4,000</u>	<u>5,616</u>	<u>1,616</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,300</u>	<u>4,000</u>	<u>5,616</u>	<u>1,616</u>
Net Change in Fund Balance	<u>\$ 4,300</u>	<u>\$ 4,000</u>	5,616	<u>\$ 1,616</u>
Fund Balance - Beginning			<u>137,963</u>	
Fund Balance - Ending			<u>\$ 143,579</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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 24	\$ 24
Total Revenues	-	-	24	24
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	24	24
Net Change in Fund Balance	\$ -	\$ -	24	\$ 24
Fund Balance - Beginning			6,137	
Fund Balance - Ending			\$ 6,161	

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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Taxes	\$ 929,200	\$ 929,200	\$ 924,384	\$ (4,816)
Intergovernmental	-	87,565	-	(87,565)
Capital Contributions and Fees	-	-	88,090	88,090
Investment Earnings	22,300	24,000	20,888	(3,112)
Total Revenues	<u>951,500</u>	<u>1,040,765</u>	<u>1,033,362</u>	<u>(7,403)</u>
EXPENDITURES				
Current Operating:				
Parks and Recreation	-	6,400	5,725	675
Capital Outlay	<u>40,000</u>	<u>895,800</u>	<u>635,415</u>	<u>260,385</u>
Total Expenditures	<u>40,000</u>	<u>902,200</u>	<u>641,140</u>	<u>261,060</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>911,500</u>	<u>138,565</u>	<u>392,222</u>	<u>253,657</u>
Net Change in Fund Balance	<u>\$ 911,500</u>	<u>\$ 138,565</u>	392,222	<u>\$ 253,657</u>
Fund Balance - Beginning (As Adjusted)			<u>3,556,791</u>	
Fund Balance - Ending			<u>\$ 3,949,013</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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget		
EXPENDITURES				
Current Operating:				
General Government	\$ 224,194	\$ 296,794	\$ 160,899	\$ 135,895
Capital Outlay	615,000	818,300	1,501,776	(683,476)
Total Expenditures	839,194	1,115,094	1,662,675	(547,581)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(839,194)	(1,115,094)	(1,662,675)	(547,581)
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	695,000	695,000
Total Other Financing Sources (Uses)	-	-	695,000	695,000
Net Change in Fund Balance	\$ (839,194)	\$ (1,115,094)	(967,675)	\$ 147,419
Fund Balance - Beginning			(55,925)	
Fund Balance - Ending			\$ (1,023,600)	

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Town of Erie, Colorado
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	Public Facilities Impact Fund	Transportation Impact Fund	Parks Improvement Impact Fund	Tree Impact Fund
ASSETS				
Pooled Cash and Investments	\$ 2,274,299	\$ 3,472,538	\$ 700,270	\$ 326,766
Receivables	2,064	3,273	403	352
Total Assets	<u>\$ 2,276,363</u>	<u>\$ 3,475,811</u>	<u>\$ 700,673</u>	<u>\$ 327,118</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 45,450	\$ -	\$ 204,281	\$ 7,312
Advances from Other Funds	-	-	728,000	-
Total Liabilities	<u>45,450</u>	<u>-</u>	<u>932,281</u>	<u>7,312</u>
Fund Balances				
Restricted for:				
Capital Projects	2,230,913	3,475,811	-	319,806
Unassigned	-	-	(231,608)	-
Total Fund Balances	<u>2,230,913</u>	<u>3,475,811</u>	<u>(231,608)</u>	<u>319,806</u>
Total Liabilities and Fund Balances	<u>\$ 2,276,363</u>	<u>\$ 3,475,811</u>	<u>\$ 700,673</u>	<u>\$ 327,118</u>

Storm Drainage Impact Fund	Total
\$ 3,837,245	\$ 10,611,118
<u>3,525</u>	<u>9,617</u>
<u>\$ 3,840,770</u>	<u>\$ 10,620,735</u>
\$ -	\$ 257,043
<u>-</u>	<u>728,000</u>
<u>-</u>	<u>985,043</u>
3,840,770	9,867,300
<u>-</u>	<u>(231,608)</u>
<u>3,840,770</u>	<u>9,635,692</u>
<u>\$ 3,840,770</u>	<u>\$ 10,620,735</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, 2012

	Public Facilities Impact Fund	Transportation Impact Fund	Parks Improvement Impact Fund	Tree Impact Fund
REVENUES				
Capital Contributions and Fees	\$ 310,386	\$ 296,515	\$ 497,585	\$ 43,700
Investment Earnings	11,938	18,773	2,297	1,907
Total Revenues	322,324	315,288	499,882	45,607
EXPENDITURES				
Capital Outlay	259,436	189,977	1,283,355	164,104
Total Expenditures	259,436	189,977	1,283,355	164,104
Excess (Deficiency) of Revenues Over (Under) Expenditures	62,888	125,311	(783,473)	(118,497)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	300,000	-
Transfers Out	-	(157,800)	-	-
Total Other Financing Sources (Uses)	-	(157,800)	300,000	-
Net Change in Fund Balance	62,888	(32,489)	(483,473)	(118,497)
Fund Balance - Beginning	2,168,025	3,508,300	251,865	438,303
Fund Balance - Ending	\$ 2,230,913	\$ 3,475,811	\$ (231,608)	\$ 319,806

Storm Drainage Impact Fund	Total
\$ 237,704	\$ 1,385,890
20,313	55,228
<u>258,017</u>	<u>1,441,118</u>
<u>109,000</u>	<u>2,005,872</u>
<u>109,000</u>	<u>2,005,872</u>
<u>149,017</u>	<u>(564,754)</u>
-	300,000
<u>-</u>	<u>(157,800)</u>
<u>-</u>	<u>142,200</u>
149,017	(422,554)
<u>3,691,753</u>	<u>10,058,246</u>
<u>\$ 3,840,770</u>	<u>\$ 9,635,692</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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Capital Contributions and Fees	\$ 217,400	\$ 271,720	\$ 310,386	\$ 38,666
Investment Earnings	100	15,000	11,938	(3,062)
Total Revenues	<u>217,500</u>	<u>286,720</u>	<u>322,324</u>	<u>35,604</u>
EXPENDITURES				
Capital Outlay	-	345,400	259,436	85,964
Total Expenditures	<u>-</u>	<u>345,400</u>	<u>259,436</u>	<u>85,964</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>217,500</u>	<u>(58,680)</u>	<u>62,888</u>	<u>121,568</u>
Net Change in Fund Balance	<u>\$ 217,500</u>	<u>\$ (58,680)</u>	62,888	<u>\$ 121,568</u>
Fund Balance - Beginning			<u>2,168,025</u>	
Fund Balance - Ending			<u>\$ 2,230,913</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, 2012

	Budgeted Amounts		Actual	Variance With
	Original Budget	Final Budget		Final Budget Positive (Negative)
REVENUES				
Capital Contributions and Fees	\$ 218,300	\$ 268,720	\$ 296,515	\$ 27,795
Investment Earnings	33,000	24,000	18,773	(5,227)
Total Revenues	<u>251,300</u>	<u>292,720</u>	<u>315,288</u>	<u>22,568</u>
EXPENDITURES				
Capital Outlay	-	959,500	189,977	769,523
Total Expenditures	<u>-</u>	<u>959,500</u>	<u>189,977</u>	<u>769,523</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>251,300</u>	<u>(666,780)</u>	<u>125,311</u>	<u>792,091</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(157,750)</u>	<u>(157,800)</u>	<u>(157,800)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(157,750)</u>	<u>(157,800)</u>	<u>(157,800)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 93,550</u>	<u>\$ (824,580)</u>	<u>(32,489)</u>	<u>\$ 792,091</u>
Fund Balance - Beginning			<u>3,508,300</u>	
Fund Balance - Ending			<u>\$ 3,475,811</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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Capital Contributions and Fees	\$ 238,100	\$ 303,100	\$ 497,585	\$ 194,485
Investment Earnings	3,100	4,000	2,297	(1,703)
Total Revenues	<u>241,200</u>	<u>307,100</u>	<u>499,882</u>	<u>192,782</u>
EXPENDITURES				
Capital Outlay	<u>15,000</u>	<u>1,421,500</u>	<u>1,283,355</u>	<u>138,145</u>
Total Expenditures	<u>15,000</u>	<u>1,421,500</u>	<u>1,283,355</u>	<u>138,145</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>226,200</u>	<u>(1,114,400)</u>	<u>(783,473)</u>	<u>330,927</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	300,000	300,000	-
Transfers Out	<u>(64,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(64,000)</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 162,200</u>	<u>\$ (814,400)</u>	<u>(483,473)</u>	<u>\$ 330,927</u>
Fund Balance - Beginning			<u>251,865</u>	
Fund Balance - Ending			<u>\$ (231,608)</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, 2012

	Budgeted Amounts		Actual	Variance With
	Original Budget	Final Budget		Final Budget Positive (Negative)
REVENUES				
Capital Contributions and Fees	\$ 33,000	\$ 42,000	\$ 43,700	\$ 1,700
Investment Earnings	3,900	3,000	1,907	(1,093)
Total Revenues	36,900	45,000	45,607	607
EXPENDITURES				
Capital Outlay	242,900	242,900	164,104	78,796
Total Expenditures	242,900	242,900	164,104	78,796
Excess (Deficiency) of Revenues Over (Under) Expenditures	(206,000)	(197,900)	(118,497)	79,403
Net Change in Fund Balance	<u>\$ (206,000)</u>	<u>\$ (197,900)</u>	(118,497)	<u>\$ 79,403</u>
Fund Balance - Beginning			<u>438,303</u>	
Fund Balance - Ending			<u>\$ 319,806</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, 2012

	Budgeted Amounts		Actual	Variance With
	Original Budget	Final Budget		Final Budget Positive (Negative)
REVENUES				
Capital Contributions and Fees	\$ 158,000	\$ 197,000	\$ 237,704	\$ 40,704
Investment Earnings	15,700	25,000	20,313	(4,687)
Total Revenues	<u>173,700</u>	<u>222,000</u>	<u>258,017</u>	<u>36,017</u>
EXPENDITURES				
Capital Outlay	-	650,000	109,000	541,000
Total Expenditures	<u>-</u>	<u>650,000</u>	<u>109,000</u>	<u>541,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>173,700</u>	<u>(428,000)</u>	<u>149,017</u>	<u>577,017</u>
Net Change in Fund Balance	<u>\$ 173,700</u>	<u>\$ (428,000)</u>	149,017	<u>\$ 577,017</u>
Fund Balance - Beginning			<u>3,691,753</u>	
Fund Balance - Ending			<u>\$ 3,840,770</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 maintain these housing facilities.

**Statements of Revenues, Expenses, and Changes in Fund Net Position –
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 Position
Nonmajor Proprietary Funds
December 31, 2012

	Storm Drainage Operating Fund	Airport Fund	Erie Housing Authority	Total Nonmajor Proprietary Funds
ASSETS				
Current Assets				
Pooled Cash and Investments	\$ 1,413,150	\$ 48,635	\$ 14,755	\$ 1,476,540
Restricted Cash and Investments	-	-	3,792	3,792
Receivables	49,438	155,801	-	205,239
Prepaid Items	-	17,777	-	17,777
Total Current Assets	1,462,588	222,213	18,547	1,703,348
Noncurrent Assets				
Unamortized Bond Issue Costs	-	-	6,313	6,313
Capital Assets				
Construction in Progress	1,500	292,017	-	293,517
Land and Water Rights	63,705	592,295	-	656,000
Buildings, Property, and Equipment	11,387,626	4,963,079	1,160,900	17,511,605
Accumulated Depreciation	(1,930,169)	(1,268,923)	(341,014)	(3,540,106)
Total Capital Assets	9,522,662	4,578,468	819,886	14,921,016
Total Noncurrent Assets	9,522,662	4,578,468	826,199	14,927,329
Total Assets	10,985,250	4,800,681	844,746	16,630,677
LIABILITIES				
Current Liabilities				
Accounts Payable	2,000	65,231	37,162	104,393
Accrued Interest Payable	5,000	-	3,374	8,374
Wages Payable	3,035	108	-	3,143
Other Liabilities	-	-	3,799	3,799
Compensated Absences	4,421	141	-	4,562
Current Portion of Long Term Debt				
Loans Payable	11,557	-	-	11,557
Mortgages Payable	-	-	20,638	20,638
Total Current Liabilities	26,013	65,480	64,973	156,466
Noncurrent Liabilities				
Compensated Absences	2,613	90	-	2,703
Long Term Debt, Net of Unamortized Premiums and Discounts				
Loans Payable	321,791	-	-	321,791
Mortgages Payable	-	-	761,045	761,045
Total Noncurrent Liabilities	324,404	90	761,045	1,085,539
Total Liabilities	350,417	65,570	826,018	1,242,005
NET POSITION				
Net Investment in Capital Assets				
Unrestricted	9,189,314	4,578,468	38,203	13,805,985
	1,445,519	156,643	(19,475)	1,582,687
Total Net Position	\$ 10,634,833	\$ 4,735,111	\$ 18,728	\$ 15,388,672

Town of Erie, Colorado
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2012

	Storm Drainage Operating Fund	Airport Fund	Erie Housing Authority Fund	Total Nonmajor Proprietary Funds
OPERATING REVENUES				
Charges for Services	\$ 401,146	\$ 35,311	\$ 63,166	\$ 499,623
OPERATING EXPENSES				
Personnel Services	102,749	2,783	-	105,532
Operations and Maintenance	82,922	104,794	40,160	227,876
Depreciation	226,226	192,400	29,022	447,648
Total Operating Expenses	411,897	299,977	69,182	781,056
Net Operating Loss	(10,751)	(264,666)	(6,016)	(281,433)
NON-OPERATING REVENUES (EXPENSES)				
Investment Earnings	7,482	581	-	8,063
Other Non-Operating Income	30	7,627	32,992	40,649
Intergovernmental	-	73,455	-	73,455
Amortization of Debt Issuance Costs	-	-	(3,788)	(3,788)
Interest Expense	(6,724)	-	(34,166)	(40,890)
Total Non-Operating Revenues (Expenses)	788	81,663	(4,962)	77,489
Loss Before Capital Contributions and Transfers	(9,963)	(183,003)	(10,978)	(203,944)
Capital Contributions	-	268,790	-	268,790
Transfers In	-	-	20,087	20,087
Change in Net Position	(9,963)	85,787	9,109	84,933
Total Net Position - Beginning (As Adjusted)	10,644,796	4,649,324	9,619	15,303,739
Total Net Position - Ending	\$ 10,634,833	\$ 4,735,111	\$ 18,728	\$ 15,388,672

Town of Erie, Colorado
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2012

	Storm Drainage Operating Fund	Airport Fund	Erie Housing Authority	Total Nonmajor Proprietary Funds
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 400,697	\$ 44,329	\$ 62,554	\$ 507,580
Payments to Employees	(103,332)	(2,680)	-	(106,012)
Payments to Suppliers	(88,748)	(118,070)	(19,766)	(226,584)
Net Cash Provided by (Used in) Operating Activities	208,617	(76,421)	42,788	174,984
Cash Flows from Non-capital Financing Activities				
Operating Grants	-	(1,284)	-	(1,284)
Advance from Other Funds	-	(169,168)	-	(169,168)
Transfer from Other Funds	-	-	20,087	20,087
Cash Flows Provided by (Used in) Non-capital Financing Activities	-	(170,452)	20,087	(150,365)
Cash Flows from Capital and Related Financing Activities				
Receipts from Capital Grants	-	587,044	-	587,044
Acquisition and Construction of Capital Assets	(166,637)	(292,017)	-	(458,654)
Principal Paid on Capital Debt	(11,330)	-	(21,984)	(33,314)
Interest Paid on Capital Debt	(6,894)	-	(30,792)	(37,686)
Cash Flows Provided by (Used in) Capital and Related Financing Activities	(184,861)	295,027	(52,776)	57,390
Cash Flows from Investing Activities				
Purchase of Investments	-	-	(3,799)	(3,799)
Earnings on Investments	7,705	481	7	8,193
Cash Flows Provided by (Used in) Investing Activities	7,705	481	(3,792)	4,394
Net Increase in Pooled Cash and Investments	31,461	48,635	6,307	86,403
Pooled Cash and Investments - January 1	1,381,689	-	8,448	1,390,137
Pooled Cash and Investments - December 31	\$ 1,413,150	\$ 48,635	\$ 14,755	\$ 1,476,540
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Operating Loss	\$ (10,751)	\$ (264,666)	\$ (6,016)	\$ (281,433)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Depreciation Expense	226,226	192,400	29,022	447,648
Other Income	30	7,627	32,992	40,649
(Increase) Decrease in				
Accounts Receivable	(479)	1,391	-	912
Prepaid Items	-	(15,789)	-	(15,789)
Increase (Decrease) in				
Accounts Payable	(5,826)	2,513	(16,397)	(19,710)
Wages Payable	(370)	66	-	(304)
Compensated Absences Payable	(213)	37	-	(176)
Other Liabilities	-	-	3,799	3,799
Deferred Revenue	-	-	(612)	(612)
Net Cash Provided by (Used in) Operating Activities	\$ 208,617	\$ (76,421)	\$ 42,788	\$ 174,984

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, 2012

	Budgeted Amounts		Actual	Variance With
	Original Budget	Final Budget		Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 5,834,800	\$ 6,809,800	\$ 7,104,638	\$ 294,838
Investment Earnings	38,000	65,000	62,457	(2,543)
Miscellaneous	118,200	120,350	7,139	(113,211)
Capital Contributions and Fees	2,480,100	3,126,000	3,263,989	137,989
Total Revenues	8,471,100	10,121,150	10,438,223	317,073
EXPENDITURES				
Operating Expenditures				
Personnel Services	1,243,600	1,265,250	1,186,418	78,832
Operations and Maintenance	2,212,248	2,234,285	1,790,599	443,686
Capital Outlay ⁽¹⁾	1,805,000	3,747,200	883,934	2,863,266
Debt Related Expenses				
Principal Payments	1,887,000	2,045,100	2,045,045	55
Interest Expense	2,329,786	2,191,329	2,188,075	3,254
Issuance Costs	-	-	19,761	(19,761)
Total Expenditures	9,477,634	11,483,164	8,113,832	3,369,332
Change in Net Position, Budget Basis	\$ (1,006,534)	\$ (1,362,014)	2,324,391	\$ 3,686,405
Reconciliation to GAAP Basis:				
Bond Issue Costs			19,761	
Bond Principal Payments			2,045,045	
Capital Lease Principal Payments			72,185	
Change in Accrued Interest Payable			(16,210)	
Change in Compensated Absences Payable			1,094	
Capital Outlay			669,520	
Depreciation and Amortization			(2,344,296)	
Change in Net Position, GAAP Basis			2,771,490	
Total Net Position - Beginning (As Adjusted)			<u>99,453,006</u>	
Total Net Position - Ending			<u>\$ 102,224,496</u>	

⁽¹⁾ Includes payments under capital leases.

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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Charges for Services	\$ 4,000,200	\$ 3,496,200	\$ 3,535,547	\$ 39,347
Investment Earnings	43,700	49,000	51,783	2,783
Miscellaneous	300	300	1,750	1,450
Capital Contributions and Fees	476,200	663,400	743,812	80,412
Total Revenues	4,520,400	4,208,900	4,332,892	123,992
EXPENDITURES				
Operating Expenditures				
Personnel Services	1,101,400	1,121,400	988,592	132,808
Operations and Maintenance	1,047,693	1,044,993	907,398	137,595
Capital Outlay	436,300	2,191,400	488,035	1,703,365
Debt Related Expenses				
Principal Payments	571,712	1,173,599	1,173,562	37
Interest Expense	1,006,622	1,003,053	994,489	8,564
Total Expenditures	4,163,727	6,534,445	4,552,076	1,982,369
Change in Net Position, Budget Basis	\$ 356,673	\$ (2,325,545)	(219,184)	\$ 2,106,361
Reconciliation to GAAP Basis:				
Principal Payments			1,173,562	
Change in Accrued Interest Payable			4,973	
Change in Compensated Absences Payable			(10,478)	
Capital Outlay			409,020	
Depreciation and Amortization			(1,563,294)	
Change in Net Position, GAAP Basis			(205,401)	
Total Net Position - Beginning (As Adjusted)			40,845,802	
Total Net Position - Ending			\$ 40,640,401	

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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Charges for Services	\$ 392,000	\$ 392,000	\$ 401,146	\$ 9,146
Investment Earnings	9,300	10,000	7,482	(2,518)
Miscellaneous	-	-	30	30
Total Revenues	<u>401,300</u>	<u>402,000</u>	<u>408,658</u>	<u>6,658</u>
EXPENDITURES				
Operating Expenditures				
Personnel Services	118,400	122,800	102,962	19,838
Operations and Maintenance	126,508	126,508	80,922	45,586
Capital Outlay	575,000	478,000	168,636	309,364
Debt Related Expenses				
Principal Payments	11,330	11,330	11,330	-
Interest Expense	<u>6,894</u>	<u>6,894</u>	<u>6,894</u>	<u>-</u>
Total Expenditures	<u>838,132</u>	<u>745,532</u>	<u>370,744</u>	<u>374,788</u>
Change in Net Position, Budget Basis	<u>\$ (436,832)</u>	<u>\$ (343,532)</u>	37,914	<u>\$ 381,446</u>
Reconciliation to GAAP Basis:				
Principal Payments			11,330	
Change in Accrued Interest Payable			170	
Change in Compensated Absences Payable			213	
Capital Outlay			166,636	
Depreciation and Amortization			<u>(226,226)</u>	
Change in Net Position, GAAP Basis			(9,963)	
Total Net Position - Beginning (As Adjusted)			<u>10,644,796</u>	
Total Net Position - Ending			<u>\$ 10,634,833</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, 2012

	Budgeted Amounts		Actual	Variance With
	Original Budget	Final Budget		Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 41,400	\$ 41,400	\$ 35,311	\$ (6,089)
Intergovernmental	236,900	241,300	73,455	(167,845)
Investment Earnings	-	-	581	581
Miscellaneous	5,100	5,100	7,627	2,527
Capital Contributions and Fees	313,100	313,100	268,790	(44,310)
Total Revenues	596,500	600,900	385,764	(215,136)
EXPENDITURES				
Operating Expenditures				
Personnel Services	-	50	2,746	(2,696)
Operations and Maintenance	11,700	24,400	30,674	(6,274)
Capital Outlay	597,954	598,000	366,137	231,863
Total Expenditures	609,654	622,450	399,557	222,893
Change in Net Position, Budget Basis	\$ (13,154)	\$ (21,550)	(13,793)	\$ 7,757
Reconciliation to GAAP Basis:				
Change in Compensated Absences Payable			(37)	
Capital Outlay			292,017	
Depreciation and Amortization			(192,400)	
Change in Net Position, GAAP Basis			85,787	
Total Net Position - Beginning (As Adjusted)			4,649,324	
Total Net Position - Ending			\$ 4,735,111	

Statistical Section

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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 Town’s financial performance and well-being have changed over time.</i>	109
Revenue Capacity <i>These schedules contain trend information to help the reader assess the Town’s most significant local revenue sources, property and sales taxes.</i>	113
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.</i>	122
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place.</i>	129
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town’s financial report relates to the services that the Town provides and activities it performs.</i>	131

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

	Fiscal Year								
	2004 ⁽¹⁾	2005	2006	2007	2008	2009	2010	2011 ⁽²⁾	2012
Governmental Activities									
Net Investment in Capital Assets	\$ 22,215,485	\$ 26,124,027	\$ 24,900,765	\$ 53,190,093	\$ 57,152,274	\$ 65,207,177	\$ 72,498,257	\$ 72,014,062	\$ 74,135,764
Restricted	9,472,616	17,668,735	22,213,890	21,364,804	22,628,014	17,065,975	21,282,036	16,385,652	19,194,615
Unrestricted	7,273,410	11,207,490	29,704,628	16,480,097	19,422,764	17,917,745	8,127,869	13,780,904	10,221,089
Total Governmental Activities Net Position	\$ 38,961,511	\$ 55,000,252	\$ 76,819,283	\$ 91,034,994	\$ 99,203,052	\$ 100,190,897	\$ 101,908,162	\$ 102,180,618	\$ 103,551,468
Business-Type Activities									
Net Investment in Capital Assets	\$ 65,392,592	\$ 89,746,378	\$ 103,006,082	\$ 112,940,934	\$ 121,520,053	\$ 129,658,852	\$ 139,778,932	\$ 131,296,683	\$ 131,076,105
Restricted	13,699,842	4,718,710	4,583,110	14,328,718	15,722,590	5,939,968	7,790,656	7,125,596	7,195,376
Unrestricted	12,822,358	22,471,445	25,951,901	19,793,449	16,889,395	20,708,504	10,662,206	17,313,158	19,982,088
Total Business-Type Activities Net Position	\$ 91,914,792	\$ 116,936,533	\$ 133,541,093	\$ 147,063,101	\$ 154,132,038	\$ 156,307,324	\$ 158,231,794	\$ 155,735,437	\$ 158,253,569
Primary Government									
Net Investment in Capital Assets	\$ 87,608,077	\$ 115,870,405	\$ 127,906,847	\$ 166,131,027	\$ 178,672,327	\$ 194,866,029	\$ 212,277,189	\$ 203,310,745	\$ 205,211,869
Restricted	23,172,458	22,387,445	26,797,000	35,693,522	38,350,604	23,005,943	29,072,692	23,511,248	26,389,991
Unrestricted	20,095,768	33,678,935	55,656,529	36,273,546	36,312,159	38,626,249	18,790,075	31,094,062	30,203,177
Total Primary Government Net Position	\$ 130,876,303	\$ 171,936,785	\$ 210,360,376	\$ 238,098,095	\$ 253,335,090	\$ 256,498,221	\$ 260,139,956	\$ 257,916,055	\$ 261,805,037

Source: Town of Erie Finance Department

⁽¹⁾The Town implemented GASB 34 effective January 1, 2004. Therefore, ten years of data will be accumulated over time.

⁽²⁾Reflects prior period adjustments as follows: 2006 - \$100,210; 2010 - (\$185,989); 2011 - \$19,106; 2012 - \$256,364

⁽³⁾Reflects prior period adjustments as follows: 2006 - (\$20,000); 2010 - (\$73,083); 2011 - (\$4,523,357); 2012 - (\$132,890)

Town of Eric
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	Fiscal Year								
	2004 ⁽¹⁾	2005	2006	2007	2008	2009	2010	2011 ⁽²⁾	2012
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	\$ 2,315,020
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	2,392,865
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	3,283,741
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	6,214,564
Interest on Long-Term Debt	185,984	178,160	245,770	1,177,219	907,069	868,802	854,380	819,064	780,479
Total Governmental Activities Expenses	6,833,285	7,309,763	8,058,108	10,255,406	12,529,258	12,625,390	13,197,909	14,602,255	14,986,669
Business-Type Activities:									
Water	3,914,473	4,258,665	4,916,945	5,849,291	5,920,041	6,412,330	6,830,005	7,167,474	7,666,733
Wastewater	1,559,719	1,854,437	2,019,365	2,060,713	2,370,152	2,728,947	3,261,244	3,874,319	4,538,293
Storm Drainage	183,331	287,721	321,017	345,266	359,817	381,752	372,769	400,859	418,621
Airport	295,410	368,502	482,347	479,946	246,451	320,180	265,896	314,911	299,977
Housing Authority	111,662	107,904	106,572	107,822	118,011	109,513	114,313	117,270	107,136
Total Business-Type Activities Expenses	6,064,595	6,877,229	7,846,246	8,843,038	9,014,472	9,952,722	10,844,227	11,874,833	13,030,760
Total Primary Government Expenses	\$ 12,897,880	\$ 14,186,992	\$ 15,904,354	\$ 19,098,444	\$ 21,543,730	\$ 22,578,112	\$ 24,042,136	\$ 26,477,088	\$ 28,017,429
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	\$ 619,763
Public Safety	116,525	179,917	192,831	113,193	108,343	121,429	135,506	162,864	176,375
Public Works	204,563	240,794	403,518	634,361	1,208,708	953,418	1,706,856	1,512,843	1,259,149
Parks and Recreation	50,025	62,414	65,400	78,197	1,355,988	1,254,479	1,904,056	1,878,354	1,723,388
Operating Grants and Contributions	140,097	67,661	48,899	21,560	14,637	128,680	73,748	128,031	1,002,109
Capital Grants and Contributions	11,608,416	9,711,654	18,138,215	11,364,555	7,000,266	2,121,328	1,894,614	1,382,427	1,670,546
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	6,451,330
Business-Type Activities:									
Charges for Services									
Water	2,705,358	3,625,729	4,792,751	4,803,707	5,395,596	4,995,495	5,511,767	6,321,368	7,104,638
Wastewater	1,133,672	1,398,101	1,738,799	2,004,146	2,123,952	2,359,528	2,774,232	3,112,916	3,535,547
Other Activities	553,884	659,050	757,614	763,136	574,355	552,392	560,669	529,895	499,623
Operating Grants and Contributions	-	-	-	-	-	-	-	-	73,455
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	4,276,591
Total Business-Type Activities Program Revenues	42,630,323	32,914,982	22,223,280	20,052,207	14,406,699	11,597,192	12,566,959	13,665,301	15,489,854
Total Primary Government Program Revenues	\$ 56,869,292	\$ 45,366,161	\$ 42,507,770	\$ 33,234,688	\$ 25,274,746	\$ 16,833,042	\$ 18,943,858	\$ 19,366,547	\$ 21,941,184
Net (Expense) Revenue									
Governmental Activities	\$ 7,405,684	\$ 5,141,416	\$ 12,226,382	\$ 2,927,075	\$ (1,661,211)	\$ (7,389,540)	\$ (6,821,010)	\$ (8,901,009)	\$ (8,535,339)
Business-Type Activities	36,565,728	26,037,753	14,377,034	11,209,169	5,392,227	1,644,470	1,722,732	1,790,468	2,459,094
Total Primary Government Net (Expense) Revenue	\$ 43,971,412	\$ 31,179,169	\$ 26,603,416	\$ 14,136,244	\$ 3,731,016	\$ (5,745,070)	\$ (5,098,278)	\$ (7,110,541)	\$ (6,076,245)
General Revenues and Other Changes in Net Position									
Governmental Activities:									
Taxes									
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	\$ 3,962,431
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	4,096,437
Franchise Taxes	282,980	389,787	456,110	507,525	589,062	571,130	684,352	561,740	638,792
Specific Ownership Taxes	72,923	116,034	139,605	255,553	284,928	253,376	221,453	234,005	258,258
Intergovernmental - Unrestricted	-	-	-	-	-	-	-	-	107,617
Investment Earnings	184,664	786,400	2,193,728	2,734,514	1,633,905	621,372	262,564	250,191	182,476
Other Miscellaneous	514,218	456,322	455,373	789,859	204,950	84,860	207,953	556,947	423,901
Transfers In/Out	-	-	-	-	-	-	(19,813)	(21,547)	(20,087)
Total Governmental Activities	7,364,998	8,743,938	9,492,437	11,288,639	9,829,270	8,377,384	8,724,263	9,154,359	9,649,825
Business-Type Activities:									
Investment Earnings	361,030	954,971	1,583,138	2,063,478	1,405,388	438,286	155,037	113,452	122,303
Other Miscellaneous	102,527	182,403	664,385	249,360	271,320	92,529	99,970	101,533	49,538
Transfers In/Out	-	-	-	-	-	-	19,813	21,547	20,087
Total Business-Type Activities	463,557	1,137,374	2,247,523	2,312,838	1,676,708	530,815	274,820	236,532	191,928
Total Primary Government General Revenue and Other Changes in Net Position	\$ 7,828,555	\$ 9,881,312	\$ 11,739,960	\$ 13,601,477	\$ 11,505,978	\$ 8,908,199	\$ 8,999,083	\$ 9,390,891	\$ 9,841,753
Changes in Net Position									
Governmental Activities	\$ 14,770,682	\$ 13,885,354	\$ 21,718,819	\$ 14,215,714	\$ 8,168,059	\$ 987,844	\$ 1,903,253	\$ 253,350	\$ 1,114,486
Business-Type Activities	37,029,285	27,175,127	16,624,557	13,522,007	7,068,935	2,175,285	1,997,552	2,027,000	2,651,022
Total Primary Government Changes in Net Position	\$ 51,799,967	\$ 41,060,481	\$ 38,343,376	\$ 27,737,721	\$ 15,236,994	\$ 3,163,129	\$ 3,900,805	\$ 2,280,350	\$ 3,765,508

Source: Town of Eric Finance Department

⁽¹⁾The Town implemented GASB 34 effective January 1, 2004. Therefore, ten years of data is not available but will be accumulated over time.

⁽²⁾ Certain amounts prior to 2012 were reclassified for consistency with current year classifications.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund ⁽¹⁾										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,000	\$ 1,477,677
Restricted/Reserved	265,249	362,116	229,174	15,307,980	2,884,711	3,664,997	1,253,409	8,025,287	2,163,588	5,009,870
Assigned	-	-	-	-	-	-	-	-	1,026,106	1,462,004
Unassigned/Unreserved ⁽²⁾	3,266,617	7,351,717	11,504,917	15,081,463	15,404,897	16,509,423	17,358,472	8,245,195	12,755,793	8,619,655
Total General Fund	<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>	<u>\$ 16,569,206</u>
All Other Governmental Funds ⁽¹⁾										
Restricted/Reserved ⁽³⁾	\$ 4,077,830	\$ 9,291,114	\$ 17,455,004	\$ 21,816,406	\$ 20,820,428	\$ 22,065,773	\$ 16,639,587	\$ 13,328,502	\$ 14,222,064	\$ 14,184,745
Committed	-	-	-	-	-	-	-	-	137,963	143,579
Unassigned/Unreserved	414,479	-	-	151,887	179,743	144,587	133,606	-	(55,925)	(1,255,208)
Total of All Other Governmental Funds	<u>\$ 4,492,309</u>	<u>\$ 9,291,114</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>	<u>\$ 13,073,116</u>

Source: Town of Erie Finance Department

⁽¹⁾In 2011 the Town implemented GASB 54 to reflect the new classifications of fund balance. Prior year amounts were not restated.

⁽²⁾Reflects prior period adjustments as follows: 2010 - \$71,431; 2011 - \$408,310; 2012 - \$158,329

⁽³⁾Reflects prior period adjustments as follows: 2005 - \$2,153,386; 2006 - \$100,210; 2010 - (\$320,000); 2012 - \$87,565

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues ⁽¹⁾										
Taxes	\$ 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	\$ 8,955,918
Intergovernmental	504,669	549,150	563,479	699,263	703,632	745,587	919,987	918,999	1,037,646	1,109,725
Licenses and Permits	1,377,841	2,325,491	2,360,069	1,566,609	1,064,310	892,946	501,629	536,684	603,482	723,393
Charges for Services	258,795	258,165	308,065	476,211	723,226	2,560,440	2,213,269	2,504,617	2,581,391	2,878,907
Fines and Forfeitures	88,712	116,525	179,917	192,831	113,193	108,343	121,429	135,506	162,864	176,375
Capital Contributions and Fees	3,068,579	6,083,028	5,844,044	4,490,352	3,729,007	4,332,553	1,301,715	2,107,334	1,349,989	1,670,547
Investment Earnings	65,011	184,664	786,400	2,193,724	2,734,513	1,633,905	621,373	262,564	250,191	182,476
Miscellaneous	388,410	395,350	290,009	1,329,674	589,062	532,881	262,669	304,083	387,386	374,370
Total Revenues	10,337,365	16,578,489	17,833,199	17,792,000	17,421,209	18,797,070	13,613,223	15,043,346	14,741,717	16,071,711
Expenditures										
General Government	2,534,185	2,775,019	2,403,844	2,185,379	2,392,489	2,212,896	2,000,168	1,986,858	2,200,613	2,145,500
Public Safety	1,135,186	1,306,503	1,601,394	1,411,911	1,835,547	1,977,901	1,513,338	2,240,394	2,275,395	2,323,677
Public Works	758,968	1,008,671	1,237,714	1,267,684	1,525,403	1,694,973	2,035,519	1,582,570	1,719,095	1,833,074
Parks & Recreation	644,330	764,938	1,026,281	1,766,445	1,546,258	3,821,824	4,272,109	4,468,041	4,690,752	4,928,772
Capital Outlay	119,098	1,316,354	1,134,252	4,672,496	21,775,141	4,271,841	9,057,064	8,606,166	1,863,774	4,813,537
Debt Service										
Principal	257,000	239,600	220,110	205,000	340,000	800,000	845,000	880,000	915,000	950,000
Interest	193,833	186,633	178,843	133,055	1,230,056	922,632	889,731	857,444	820,681	782,756
Bond Issuance Costs	-	-	-	297,249	-	-	-	-	-	-
Total Expenditures	5,642,600	7,597,718	7,802,438	11,939,219	30,644,894	15,702,067	20,612,929	20,621,473	14,485,310	17,777,316
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,694,765	8,980,771	10,030,761	5,852,781	(13,223,685)	3,095,003	(6,999,706)	(5,578,127)	256,407	(1,705,605)
Other Financing Sources (Uses)										
Operating Transfers In	-	-	135,000	85,000	698,300	104,939	98,200	109,400	131,200	457,800
Operating Transfers Out	-	-	(135,000)	(85,000)	(698,300)	(104,939)	(98,200)	(129,213)	(152,747)	(477,887)
Debt Proceeds	-	-	-	20,206,989	-	-	-	-	-	695,000
Payment for Refunded Bonds	-	-	-	(2,991,338)	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	155,730	-	-	19,085	113,351	3,085
Insurance recoveries	-	-	-	-	-	-	-	41,331	22,084	46,446
Total Other Financing Sources (Uses)	-	-	-	17,215,651	155,730	-	-	40,603	113,888	724,444
Net Changes in Fund Balance	\$ 4,694,765	\$ 8,980,771	\$ 10,030,761	\$ 23,068,432	\$ (13,067,955)	\$ 3,095,003	\$ (6,999,706)	\$ (5,537,524)	\$ 370,295	\$ (981,161)
Debt Service as a Percentage of Noncapital Expenditures	8.16%	6.79%	5.98%	8.74%	17.70%	15.07%	15.01%	14.46%	13.57%	13.16%

Source: Town of Eric Finance Department

⁽¹⁾ Prior years reflect reclassifications of certain revenues for consistency with current year reporting.

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
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
2012	3,962,431	3,318,242	778,195	638,792	258,258	8,955,918

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. For 2012 the levy was 5.858 mills.

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

Boulder County							
Year ⁽¹⁾	Residential	Commercial	Vacant		Less: Tax Exempt	Total Taxable Assessed	Total Taxable Actual
	Property	Property	Land	Other	Real Property	Value	Value
2003	\$ 53,238,801	\$ 5,126,990	\$ 7,560,772	\$ 4,059,434	\$ 3,144,226	\$ 66,841,771	\$ 593,111,715
2004	58,441,760	5,665,970	5,873,440	3,329,435	2,555,300	70,755,305	776,224,545
2005	60,062,310	5,611,070	5,451,010	3,611,585	2,732,240	72,003,735	794,911,190
2006	62,791,610	6,643,210	5,907,990	5,204,830	4,299,810	76,247,830	834,158,329
2007	66,653,030	6,259,170	7,285,150	5,583,390	4,391,300	81,389,440	886,434,700
2008	72,775,610	7,017,800	7,679,860	5,379,335	3,938,640	88,913,965	968,230,200
2009	74,938,760	7,064,260	6,745,400	5,105,190	3,929,800	89,923,810	991,915,800
2010	74,095,210	7,658,420	6,248,880	12,085,460	4,334,730	95,753,240	994,842,810
2011	74,805,120	7,568,860	5,440,850	12,778,926	4,847,360	95,746,396	1,001,879,430
2012	73,860,728	7,251,830	4,783,897	18,565,810	4,999,658	99,462,607	993,982,165

Weld County							
Year ⁽¹⁾	Residential	Commercial	Vacant		Less: Tax Exempt	Total Taxable Assessed	Total Taxable Actual
	Property	Property	Land	Other	Real Property	Value	Value
2003	\$ 16,182,630	\$ 5,660,820	\$ 3,649,540	\$ 5,443,974	\$ 2,079,070	\$ 28,857,894	\$ 253,578,476
2004	18,349,390	5,642,800	11,586,950	5,285,636	2,361,000	38,503,776	297,631,423
2005	25,402,000	7,853,590	9,620,900	6,762,300	2,541,870	47,096,920	388,568,459
2006	44,068,480	7,576,960	11,197,350	9,540,820	4,275,890	68,107,720	629,661,578
2007	63,060,810	7,447,830	6,873,180	11,529,760	4,941,450	83,970,130	854,945,317
2008	79,408,720	8,715,140	10,394,750	14,279,150	6,767,920	106,029,840	1,079,491,472
2009	86,117,660	11,917,150	8,805,060	22,293,620	9,331,410	119,802,080	1,179,147,606
2010	83,802,080	15,705,830	8,242,820	38,309,470	10,838,480	135,221,720	1,175,517,277
2011	85,974,780	16,846,260	6,993,710	26,916,450	8,507,750	128,223,450	1,191,937,810
2012	85,755,600	17,973,430	3,804,960	33,924,800	8,585,400	132,873,390	1,190,322,109

Boulder County and Weld County				
Year ⁽¹⁾	Grand Total Assessed	Grand Total Actual	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
	Taxable Value	Taxable Value		
2003	\$ 95,699,665	\$ 846,690,191	11.30%	7.288
2004	109,259,081	1,073,855,968	10.17%	7.288
2005	119,100,655	1,183,479,649	10.06%	10.965
2006	144,355,550	1,463,819,907	9.86%	11.288
2007	165,359,570	1,741,380,017	9.50%	18.608
2008	194,943,805	2,047,721,672	9.52%	18.282
2009	209,725,890	2,171,063,406	9.66%	17.775
2010	230,974,960	2,170,360,087	10.64%	17.198
2011	223,969,846	2,193,817,240	10.21%	17.376
2012	232,335,997	2,184,304,274	10.64%	17.146

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: 2012 taxes assessed will be collected in the 2013 calendar year.

Town of Erie
Principal Taxpayers
December 31

Taxpayer	Boulder County					
	2012			2003		
	Assessed Value	Rank	% of Total Assessed Value	Assessed Value	Rank	% of Total Assessed Value
Principal Taxpayers						
Encana Oil & Gas (USA) Inc	\$ 3,077,842	1	3.09 %	\$ -	-	- %
Public Service CO of Colorado (Xcel)	3,064,586	2	3.08	-	-	-
Noble Energy Production Inc	2,691,729	3	2.71	-	-	-
Arapahoe Ridge Retail Center LLC	2,504,092	4	2.52	-	-	-
Muhr Partnership Three	1,070,040	5	1.08	-	-	-
Westpac Realty Fund II LLC	869,043	6	0.87	-	-	-
Tousa Recovery Acquisition LLC	823,872	7	0.83	-	-	-
Boulder Valley Investment LLC	583,635	8	0.59	-	-	-
Alande Company	510,023	9	0.51	-	-	-
Richard E & Deborah L Oliver	502,991	10	0.51	-	-	-
Becky Family Investment Co LLLP	-	-	-	1,955,070	1	2.92
Alande Company	-	-	-	676,120	2	1.01
Boulder Valley Investment LLC	-	-	-	462,540	3	0.69
Hudson Construction	-	-	-	391,500	4	0.59
Boulder Valley Investment LLC	-	-	-	391,380	5	0.59
Westpac Realty Fund II LLC	-	-	-	386,420	6	0.58
Safeway Inc	-	-	-	375,610	7	0.56
Westpac Realty Fund II LLC	-	-	-	359,220	8	0.54
Boulder Valley Investment LLC	-	-	-	320,220	9	0.48
Richard E & Deborah L Oliver	-	-	-	317,270	10	0.47
	<u>\$ 15,697,853</u>		<u>16.39 %</u>	<u>\$ 5,635,350</u>		<u>14.91 %</u>

Taxpayer	Weld County					
	2012			2003 ⁽¹⁾		
	Assessed Value	Rank	% of Total Assessed Value	Assessed Value	Rank	% of Total Assessed Value
Principal Taxpayers						
Encana Oil & Gas (USA) Inc	\$ 12,537,810	1	9.44 %	\$ -	-	- %
Kerr-McGee Oil & Gas Onshore LP	6,930,020	2	5.22	-	-	-
Synergy Resources Corporation	2,923,660	3	2.20	-	-	-
Noble Energy Production Inc	2,612,390	4	1.97	-	-	-
Erie Commons Commercial Partners LLC	1,185,150	5	0.89	-	-	-
Public Service CO of Colorado (Xcel)	1,098,360	6	0.83	-	-	-
Colorado National Golf Club LLC	1,075,500	7	0.81	-	-	-
Waste Connections Inc	1,014,620	8	0.76	-	-	-
Kassity-Lowell Erie LLC	743,800	9	0.56	-	-	-
Kerr-McGee Gathering LLC	643,570	10	0.48	-	-	-
	<u>\$ 30,764,880</u>		<u>22.75 %</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
	General Operating	Community Center Construction Bond	Trails & Natural Areas	Total Direct					
Rates (In mills) ⁽¹⁾									
2003	7.288	-	-	7.288	20.087	41.025	38.524	8.197	1.000
2004	7.288	-	-	7.288	20.088	40.374	38.255	8.117	1.000
2005	7.288	-	3.677	10.965	21.267	40.089	37.423	8.037	1.000
2006	7.288	-	4.000	11.288	21.867	39.982	37.685	8.037	1.000
2007	7.288	7.320	4.000	18.608	22.467	38.035	39.564	8.137	1.000
2008	7.288	6.994	4.000	18.282	22.467	37.798	37.865	7.937	1.000
2009	7.288	6.487	4.000	17.775	23.067	46.285	39.113	11.747	1.000
2010	7.288	5.910	4.000	17.198	23.667	46.268	39.999	11.747	1.000
2011	7.288	6.088	4.000	17.376	24.645	46.837	43.838	11.747	1.000
2012	7.288	5.858	4.000	17.146	24.645	47.614	44.843	11.747	1.000

Weld County									
Year	Town of Erie				Weld County	St Vrain Valley School District	Mountain View Fire Protection District	Frederick Firestone Fire Protection District	Northern Colorado Water Conservation District
	General Operating	Community Center Construction Bond	Trails & Natural Areas	Total Direct					
Rates (In mills) ⁽¹⁾									
2003	7.288	-	-	7.288	20.056	41.025	8.197	9.560	1.000
2004	7.288	-	-	7.288	21.474	40.374	8.117	9.560	1.000
2005	7.288	-	3.677	10.965	19.957	40.089	8.037	9.560	1.000
2006	7.288	-	4.000	11.288	17.900	39.982	8.037	9.560	1.000
2007	7.288	7.320	4.000	18.608	16.804	38.035	7.977	13.360	1.000
2008	7.288	6.994	4.000	18.282	16.804	37.798	7.877	12.770	1.000
2009	7.288	6.487	4.000	17.775	16.804	46.285	11.747	12.526	1.000
2010	7.288	5.910	4.000	17.198	16.804	46.268	11.747	12.401	1.000
2011	7.288	6.088	4.000	17.376	16.804	46.837	11.747	12.441	1.000
2012	7.288	5.858	4.000	17.146	16.804	47.614	11.747	12.264	1.000

Source: Boulder County Assessor's Office
Weld 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: 2012 taxes assessed will be collected in the 2013 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 was dissolved.

⁽⁴⁾ Includes the following metro districts: Bridgewater #'s 1-3; Erie Commons #2; Erie Corporate Center #2; Morgan Hill #'s 1-3; Sunset Parks; and Vista Ridge.

Urban Drainage & Flood District	Lafayette Rural Fire District	High Plains Library ⁽²⁾	Flatiron Meadows Metro District	(Range) Total
0.531	2.500	-	-	66.430 - 78.128
0.533	2.500	-	-	66.164 - 77.400
0.538	2.500	-	-	70.193 - 81.896
0.532	2.500	-	-	71.372 - 82.706
0.542	2.500	3.261	-	84.442 - 93.579
0.507	2.500	3.253	-	82.374 - 91.311
0.528	2.500	3.260	-	83.743 - 103.662
0.508	2.500	3.255	-	84.627 - 103.643
0.523	2.500	3.281	-	89.663 - 105.409
0.566	2.500	3.271	50.000	90.471 - 153.218

Tri-Area Ambulance Special District ⁽³⁾	High Plains Library	Metro Districts ⁽⁴⁾	(Range) Total
6.543	3.249	47.257	79.815 - 128.072
4.543	3.249	52.827	80.502 - 134.329
6.543	3.249	11.000 - 52.989	82.297 - 136.286
3.250	3.281	11.000 - 54.332	80.488 - 135.820
-	3.261	11.000 - 59.246	84.685 - 144.931
-	3.253	14.000 - 57.827	84.014 - 142.841
-	3.260	17.140 - 57.827	95.871 - 154.698
-	3.255	18.000 - 57.827	95.272 - 154.099
-	3.281	18.000 - 57.827	96.045 - 154.872
-	3.271	20.000 - 57.827	96.582 - 155.409

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
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
2012	3,983,633	3,962,431	99.47

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: 2012 taxes assessed will be collected in the 2013 calendar year.

⁽²⁾ In November 2004, voters approved a mill levy increase for trails and natural areas.

It went into effect in 2005 and added 3.677 mills to the Town's levy. In subsequent the levy increase is 4.000 mills. In 2012, voters approved extending this mill levy for ten years beyond its original expiration date in 2014.

⁽³⁾ In November 2005, voters approved a mill levy increase to construct the Erie Community

Center. It went into effect in 2007, when the levy was 7.320 mills. In 2012 the levy was 5.858 mills.

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

Year	Automotive	General	Use Tax ⁽¹⁾	Total Sales and Use Tax	Total Direct Tax Rate
2003	\$ 773,889	\$ 1,200,300	\$ 1,635,785	\$ 3,609,974	3.50 %
2004	819,053	1,311,291	3,390,914	5,521,258	3.50
2005	972,415	1,409,214	3,316,384	5,698,013	3.50
2006	1,116,128	1,350,045	2,153,162	4,619,335	3.50
2007	1,193,071	1,597,623	1,131,969	3,922,663	3.50
2008	1,079,982	1,544,801	935,125	3,559,908	3.50
2009	845,641	1,727,099	553,590	3,126,330	3.50
2010	1,105,114	1,737,860	577,210	3,420,184	3.50
2011	1,232,012	1,863,647	596,521	3,692,180	3.50
2012	1,350,525	1,967,717	778,195	4,096,437	3.50

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

⁽¹⁾ Primarily represents taxes assessed on building materials associated with construction activity.

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			
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			
2012	3.50	2.90	1.00	- ⁽¹⁾	0.10	0.80	8.30			

Weld County						
Year	Town of Erie	State of Colorado	Regional Transportation Authority	Metropolitan Sports Stadium District	Total	
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	
2012	3.50	2.90	1.00	- ⁽¹⁾	7.40	

Source: Town of Erie Finance Office
Colorado Department of Revenue

⁽¹⁾The Metropolitan Sports Stadium District tax expired as of December 31, 2011.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Aggregate top ten filers ⁽¹⁾	\$ 723,615	\$ 762,952	\$ 837,475	\$ 820,681	\$ 731,869	\$ 876,757	\$ 857,218	\$ 1,009,572	\$ 942,292	\$ 994,891
Aggregate all other filers	1,250,574	1,367,392	1,544,154	1,645,492	2,058,825	1,748,026	1,715,522	1,833,402	2,153,367	2,323,351
Total sales tax	\$ 1,974,189	\$ 2,130,344	\$ 2,381,629	\$ 2,466,173	\$ 2,790,694	\$ 2,624,783	\$ 2,572,740	\$ 2,842,974	\$ 3,095,659	\$ 3,318,242
Top ten filers as a percentage of total tax	36.7%	35.8%	35.2%	33.3%	26.2%	33.4%	33.3%	35.5%	30.4%	30.0%

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 in alphabetical order are as follows:
7-Eleven 34168A, County Line Wine & Spirits, New Cingular Wireless (Weld County), Lazy Dog Erie LLC, 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 Activities			
	General Obligation Bonds	Open Space	Revenue Bonds/Loans ⁽¹⁾	Certificates of Participation	Capital Leases ⁽²⁾	Housing Authority ⁽³⁾
2003	\$ 3,935,000	\$ 74,710	\$ 33,257,494	\$ -	\$ -	\$ 884,511
2004	3,745,000	25,110	31,963,539	-	-	900,770
2005	3,550,000	-	30,783,428	32,030,000	-	883,746
2006	20,211,095	-	29,555,772	31,550,000	-	888,368
2007	19,871,095	-	42,586,922	31,045,000	2,782,988	868,703
2008	19,071,095	-	50,086,305	30,515,000	2,712,249	856,327
2009	18,235,000	-	61,988,088	29,955,000	2,648,691	838,939
2010	17,623,254	-	60,542,625	29,522,550	2,582,378	819,154
2011	16,692,986	-	58,734,280	29,026,374	2,513,192	803,667
2011	15,727,719	-	56,086,691	28,465,197	2,441,007	781,683

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

- ⁽¹⁾ Includes revenue bonds and loans from the Colorado Water Resources and Power Development Authority.
⁽²⁾ In 2011 and 2012, prior period adjustments were recorded to reflect capital leases arising in 2007.
⁽³⁾ In 2006, a prior period adjustment to reflect a forgivable loan of \$60,000 was recorded.

Total Primary Government	Percentage of Personal Income	Per Capita
\$ 38,151,715	11.13%	\$ 3,663
36,634,419	8.75%	2,950
67,247,174	13.38%	4,623
82,205,235	14.32%	5,067
97,154,708	15.02%	5,446
103,240,976	15.00%	5,572
113,665,718	15.89%	6,046
111,089,961	14.83%	5,777
107,770,499	13.49%	5,498
103,502,297	12.39%	5,175

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
2003	10,415	\$ 846,690,191	\$ 3,935,000	0.46 %	\$ 378
2004	12,420	1,073,855,968	3,745,000	0.35	302
2005	14,545	1,183,479,649	3,550,000	0.30	244
2006	16,225	1,463,819,907	20,211,095	1.38	1,246
2007	17,840	1,741,380,017	19,871,095	1.14	1,114
2008	18,530	2,047,721,672	19,071,095	0.93	1,029
2009	18,800	2,171,063,406	18,235,000	0.84	970
2010	19,230	2,170,360,087	17,623,254	0.81	916
2011	19,600	2,193,817,240	16,692,986	0.76	852
2012	20,000	2,184,304,274	15,727,719	0.72	786

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, 2012

	Outstanding General Bonded Debt	Percentage Applicable to the Town⁽²⁾	Share of Debt Applicable to the Town
Direct Debt			
Town of Erie	<u>\$ 15,490,000</u>	100 %	<u>\$ 15,490,000</u>
Overlapping Debt ⁽¹⁾			
Boulder Valley School District	350,285,000	1	3,502,850
Bridgewater Metro #1	775,000	100	775,000
Erie Commons Metro #1	8,165,000	100	8,165,000
Frederick-Firestone Fire Protection District	2,725,000	1	27,250
Northern Colorado Water Conservation District	4,487,643	2	89,753
St. Vrain Valley School District	424,925,000	5	21,246,250
Vista Ridge Metropolitan District	<u>38,745,000</u>	100	<u>38,745,000</u>
Total Overlapping Debt	<u>830,107,643</u>		<u>72,551,103</u>
Total Direct and Overlapping General Bonded Debt	<u>\$ 845,597,643</u>		<u>\$ 88,041,103</u>

Source: Provided by each government entity

⁽¹⁾The following governments had no outstanding general bonded debt as of December 31, 2012:

Boulder County, Weld County, Left Hand Water District, Boulder Valley Conservation Soil District, Tri-Area Ambulance Special District, High Plains Library District, Urban Drainage & Flood District, Lafayette Rural Fire District, Erie Commons Metro District #2, Erie Corporate Center Metro District #2, Erie Corporate Center Metro District #3, Mountain View Fire Protection District, Bridgewater Metro #2, Bridgewater Metro #3, St Vrain Sanitation District, Sunset Parks Metro District, Regional Transportation District, Longmont Conservation, Morgan Hill Metro District #1, Morgan Hill Metro District #2, Morgan Hill Metro District #3, Brownsville Water & Sanitation District, Erie Farm Metro District, Flatirons Meadows Metro District and Ridge Lands Metro 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$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	\$66,938,782
Total Net Debt Applicable to Limit	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	15,490,000
Legal Debt Margin	\$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	\$51,448,782
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	15.17%	11.44%	9.85%	45.11%	37.35%	31.14%	28.18%	26.03%	24.46%	23.14%

Legal Debt Margin Calculation for Fiscal Year 2012

Actual Valuation	
Boulder County	\$ 1,011,269,884
Weld County	<u>1,220,022,853</u>
Total Actual Valuation	<u>\$ 2,231,292,737</u>
Legal Debt Margin	
Debt Limitation:	
3 Percent of Total Assessed Valuation	\$ 66,938,782
Debt Applicable to Limitation:	
Outstanding Balance of General	
Obligation Bonds	<u>15,490,000</u>
Legal Debt Margin	<u>\$ 51,448,782</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	
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	10,410,225	2,374,240	8,035,985	1,129,000	1,861,680	2,990,680	2.69
2009	7,724,936	2,683,025	5,041,911	1,175,000	1,790,873	2,965,873	1.70
2010	8,315,995	2,655,958	5,660,037	1,260,000	1,236,523	2,496,523	2.27
2011	8,857,658	2,746,833	6,110,825	676,000	1,100,016	1,776,016	3.44
2012	10,386,948	3,012,737	7,374,211	1,453,045	1,383,950	2,836,995	2.60

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 Eric
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	
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	3,552,108	1,408,979	2,143,129	201,090	133,634	334,724	6.40
2009	3,085,121	1,410,234	1,674,887	357,240	502,102	859,342	1.95
2010	3,408,358	1,462,235	1,946,123	460,178	1,018,239	1,478,417	1.32
2011	3,625,497	1,672,930	1,952,567	558,773	1,019,333	1,578,106	1.24
2011	4,224,290	1,985,483	2,238,807	563,209	998,926	1,562,135	1.43

Source: Town of Eric Finance Department

⁽¹⁾Gross revenues consist of wastewater service fees, 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	Personal	Per Capita	Median	School	Unemployment
		Income (in thousands)	Income	Age ⁽¹⁾	Enrollment ⁽²⁾	Rate ⁽¹⁾
2003	10,415	\$ 342,862	\$ 32,920	34.4	1,064	5.8 %
2004	12,420	418,827	33,722	34.8	1,241	5.0
2005	14,545	502,442	34,544	35.1	1,460	4.5
2006	16,225	574,138	35,386	35.5	1,677	3.7
2007	17,840	646,682	36,249	35.8	1,883	3.3
2008	18,530	688,074	37,133	36.0	3,078	4.9
2009	18,800	715,114	38,038	36.3	3,535	6.4
2010	19,230	749,297	38,965	35.8	3,661	6.7
2011	19,600	799,014	40,766	36.2	3,872	5.5
2012	20,000	835,340	41,767	36.4	4,104	6.1

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

⁽¹⁾Information is for Boulder County, considered to be representative of the Town.

⁽³⁾Erie students attend schools in two districts. Data presented includes enrollment in St. Vrain Valley School District for all periods and since 2008 for Boulder Valley School District.

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

<u>Employer</u>	<u>2012</u>		
	<u>Percentage of</u>		
	<u>Total Town</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Employment</u>
Town of Erie	258	1	8.32 %
St. Vrain Valley School District	250	2	8.06
Magpul Industries	200	3	6.45
Safeway	75	4	2.42
Magnum Plastics	61	5	1.97
Colorado National Golf Club	50	6	1.61
Primrose School	45	7	1.45
Front Range Hospice	30	8	0.97
John Murphy Millworks	25	9	0.81
The Goddard School	25	10	0.81
Total	<u>1,019</u>		<u>32.87 %</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									
	2003	2004	2005	2006	2007 ⁽¹⁾	2008	2009	2010	2011	2012
General Government	12.4	13.8	14.8	15.9	16.4	14.5	13.3	13.8	13.3	14.3
Parks & Recreation										
Parks	8.5	10.0	11.0	11.0	11.0	11.0	11.0	16.0	16.5	16.5
Recreation	4.6	4.7	4.7	4.7	50.5	50.5	51.1	51.1	52.5	52.5
Public Safety										
Police	18.3	20.3	22.7	22.7	22.7	22.7	23.7	24.7	24.7	24.7
Public Works	7.8	8.5	8.8	8.8	8.1	8.4	8.4	8.4	8.4	8.9
Water	13.8	14.8	16.0	16.5	16.8	16.9	16.9	17.1	16.9	17.0
Wastewater	10.8	11.8	11.9	12.5	12.8	12.9	12.8	13.1	13.8	15.0
Storm Drainage	1.0	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.5
Airport	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	78.1	86.2	92.1	94.3	139.7	138.2	138.6	145.6	147.5	150.5

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Parks										
Total Acres of Parks Maintained	68	69	72	87	73	87	91	148	148	149
Total Acres of Open Space Maintained	116	116	120	169	259	204	204	272	272	607
Recreation										
Participation in Recreation Activities	576	284	391	1,470	1,558	5,248	5,512	40,862	70,250	67,815
Participation in Sports	984	1,039	1,147	1,267	1,347	1,737	2,161	3,303	4,782	6,375
Participation in Senior Activities	920	1,179	893	1,029	849	2,572	5,459	3,667	5,779	14,136
Senior Lunches	1,550	2,037	2,177	2,082	1,833	2,742	2,059	2,636	2,677	2,364
Police										
Traffic Violations	660	1,011	1,586	987	838	823	840	1,021	1,091	1,138
Criminal Violations	554	615	821	828	323	318	173	158	247	239
Water										
Number of Service Connections	3,850	4,574	5,340	5,787	6,030	6,228	6,383	6,503	6,546	6,765
Average Daily Flow (million gallons per day)	1.54	1.78	2.25	2.60	2.50	2.57	2.358	2.53	2.64	2.94
Wastewater										
Number of Service Connections	3,673	4,343	5,070	5,551	5,789	5,982	6,106	6,216	6,298	6,491
Average Daily Flows (million gallons per day)	0.578	0.706	0.784	0.840	0.964	0.930	0.964	1.007	1.070	1.090

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Parks and Recreation										
Community Center ⁽¹⁾	-	-	-	-	1	1	1	1	1	1
Parks	8	8	8	8	8	7	10	10	10	10
Park Acreage	68	69	72	87	73	87	91	148	148	149
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	6	6	6	7	8	8	8	8	8	8
Public Works										
Streets (miles)	90.3	99.3	100.1	119.0	105.1	112.3	132.0	130.0	121.0	122.4
Water										
Water Mains (miles)	72.3	93.1	117.0	88.0	110.0	110.0	111.0	111.0	125.5	132.7
Maximum Daily Capacity (million gallons per day)	6.0	6.0	12.0	12.0	7.3	12.2	12.2	12.2	12.2	12.2
Wastewater										
Sanitary Sewers (miles)	51.3	66.3	86.2	65.0	93.4	93.4	94.0	94.0	87.7	89.7
Maximum Daily Capacity (million gallons per day)	0.8	0.8	1.2	1.2	1.2	1.2	1.8	1.8	2.7	2.7
Storm Drainage										
Storm Sewers (miles)	20.2	27.3	(2)	(2)	(2)	32.5	34.0	34.0	40.1	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⁾Erie Community Center opened December 31, 2007.

⁽²⁾Information not available.

**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
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
2012	86,983,585	2,005,135,153	2,092,118,738	5	3,860,578	150	36,498,702

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

Compliance Section

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Water Enterprise Fund Continuing Disclosures:

History of Net Revenues and Debt Service Coverage for the Water Enterprise

	2008	2009	2010	2011	2012
Gross Revenues					
Charges for services	\$ 5,395,596	\$ 4,995,495	\$ 5,511,767	\$ 6,321,368	\$ 7,104,638
Interest income	852,045	187,881	79,323	68,418	62,457
Other income	99,453	77,770	53,790	63,440	7,139
Tap fees	<u>4,063,131</u>	<u>2,463,790</u>	<u>2,671,115</u>	<u>2,404,432</u>	<u>3,212,714</u>
Total Gross Revenues	10,410,225	7,724,936	8,315,995	8,857,658	10,386,948
Operation and Maintenance Expenses (1)	<u>2,374,240</u>	<u>2,683,025</u>	<u>2,655,958</u>	<u>2,746,833</u>	<u>3,012,737</u>
Net Revenues	<u>\$ 8,035,985</u>	<u>\$ 5,041,911</u>	<u>\$ 5,660,037</u>	<u>\$ 6,110,825</u>	<u>\$ 7,374,211</u>
Combined Maximum Annual Principal and Interest Requirements	\$ 2,837,304	\$ 2,837,304	\$ 2,837,304	\$ 2,837,304	\$ 2,837,304
Pro-Forma Coverage Ratio	2.83x	1.78x	1.99x	2.15x	2.6x
Current year debt service					\$ 2,836,995
Coverage Ratio - current year					2.6x
Minimum required ratio					1.10x

(1) Includes all expenses properly allocable to the System pursuant to GAAP. Does not include depreciation, amortization, or interest paid on outstanding bonds.

History of Water Tap Fees

Year	Water Taps Sold	Tap Fees Collected
2008	168	\$ 4,063,131
2009	103	2,463,790
2010	119	2,671,115
2011	110	2,404,432
2012	154	3,212,714

History of Water Accounts

<u>Year</u>	<u>Residential Accounts</u>	<u>Commercial Accounts</u>	<u>Irrigation Accounts (1)</u>	<u>Total Accounts</u>
2008	6,028	200	-	6,228
2009	6,144	111	128	6,383
2010	6,267	119	117	6,503
2011	6,329	101	116	6,546
2012	6,542	117	106	6,765

(1) "Irrigation" was added as a new classification in conjunction with adoption of the rate ordinance in 2009.

Largest Customers of the System - 2012

<u>Type of Business</u>	<u>2012 Revenue</u>	<u>% of Total (1)</u>
School District	\$ 276,833	3.90%
Municipality	218,735	3.08%
Homeowner's Association	130,175	1.83%
Homeowner's Association	130,146	1.83%
Homeowner's Association	74,567	1.05%
Homeowner's Association	66,477	0.94%
Homeowner's Association	50,576	0.71%
Homeowner's Association	40,141	0.56%
Homeowner's Association	24,445	0.34%
Homeowner's Association	24,073	0.34%
Total	<u>\$ 1,036,168</u>	<u>14.58%</u>

(1) Based on total charges for service of \$7,104,638 in 2012.

Budget Summary and Comparison - Water Fund

	2011 Final Budget	2011 Actual	2012 Final Budget	2012 Actual
Beginning Working Capital	\$ 7,510,196	\$ 7,510,196	\$ 8,028,682	\$ 8,028,682
Revenues				
Charges for services	5,998,100	6,321,368	6,809,800	7,104,638
Tap fees	2,198,000	2,404,432	3,126,000	3,212,714
Interest income	88,000	68,418	65,000	62,457
Other income	210,100	63,440	120,350	58,414
Debt proceeds, net	-	9,854,323	-	-
Total revenues	<u>8,494,200</u>	<u>18,711,981</u>	<u>10,121,150</u>	<u>10,438,223</u>
Total funds available	<u>16,004,396</u>	<u>26,222,177</u>	<u>18,149,832</u>	<u>18,466,905</u>
Operating Expenses				
Administration	1,948,318	1,588,170	1,977,643	1,704,628
Distribution	141,700	166,070	190,385	181,410
Treatment	821,900	863,363	1,182,395	967,923
Meters	195,300	129,230	149,112	123,056
Debt service	4,116,200	4,121,744	4,236,429	4,252,881
Debt service escrow payment	-	9,930,000	-	-
Capital outlay	<u>6,521,000</u>	<u>1,559,852</u>	<u>3,747,200</u>	<u>883,934</u>
Total operating expenses	<u>13,744,418</u>	<u>18,358,429</u>	<u>11,483,164</u>	<u>8,113,832</u>
Other changes in working capital	<u>-</u>	<u>164,934</u>	<u>-</u>	<u>(1,505)</u>
Ending Working Capital	<u>\$ 2,259,978</u>	<u>\$ 8,028,682</u>	<u>\$ 6,666,668</u>	<u>\$ 10,351,568</u>

Water Fund - History of Revenues, Expenses and Changes in Net Position

	Year Ended December 31,				
	2008	2009	2010	2011	2012
Operating Revenues					
Charges for services	\$ 5,395,596	\$ 4,995,495	\$ 5,511,767	\$ 6,321,368	\$ 7,104,638
Operating Expenses					
Personnel services	1,099,699	1,174,353	1,212,818	1,212,449	1,185,324
Operations and maintenance	1,274,541	1,508,672	1,443,140	1,534,384	1,827,413
Depreciation	1,421,661	1,583,509	1,876,677	1,966,472	2,275,380
Total Operating Expenses	3,795,901	4,266,534	4,532,635	4,713,305	5,288,117
Net Operating Income	1,599,695	728,961	979,132	1,608,063	1,816,521
Nonoperating Revenues (Expenses)					
Interest income	852,045	187,881	79,323	68,418	62,457
Other	99,453	77,770	53,790	63,440	7,139
Amortization of debt issuance costs	(29,303)	(25,114)	(27,724)	(50,222)	(68,916)
Interest expense	(2,094,837)	(2,120,682)	(2,269,645)	(2,403,947)	(2,309,700)
Total Nonoperating Expenses	(1,172,642)	(1,880,145)	(2,164,256)	(2,322,311)	(2,309,020)
Income (Loss) before Contributions	427,053	(1,151,184)	(1,185,124)	(714,248)	(492,499)
Capital contributions	4,681,221	2,463,790	2,671,115	2,404,432	3,263,989
Change in Net Position	5,108,274	1,312,606	1,485,991	1,690,184	2,771,490
Total Net Position - Beginning	95,601,968	100,710,242	102,022,848	103,478,543	100,672,837
Prior Period Adjustments (1)			(30,296)	(4,495,890)	(1,219,831)
Total Net Position - Ending	<u>\$ 100,710,242</u>	<u>\$ 102,022,848</u>	<u>\$ 103,478,543</u>	<u>\$ 100,672,837</u>	<u>\$ 102,224,496</u>

(1) In 2010, 2011 and 2012 various prior period adjustments were recorded, primarily related to the carrying value of capital assets, bond-related deferrals and liability for compensated absences.

Wastewater Enterprise Fund Continuing Disclosures:

History of Net Revenues and Debt Service Coverage for the Wastewater Enterprise

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Gross Revenues					
Charges for services	\$ 2,123,952	\$ 2,359,528	\$ 2,774,232	\$ 3,112,916	\$ 3,535,547
Tap fees	800,481	493,910	536,250	465,620	635,210
Interest income	500,331	227,299	91,326	33,632	51,783
Other income	<u>127,344</u>	<u>4,384</u>	<u>6,550</u>	<u>13,329</u>	<u>1,750</u>
Total Gross Revenues	3,552,108	3,085,121	3,408,358	3,625,497	4,224,290
Operation and Maintenance Expenses (1)					
	<u>1,408,979</u>	<u>1,410,234</u>	<u>1,462,235</u>	<u>1,672,930</u>	<u>1,985,483</u>
Net Revenues	<u>\$ 2,143,129</u>	<u>\$ 1,674,887</u>	<u>\$ 1,946,123</u>	<u>\$ 1,952,567</u>	<u>\$ 2,238,807</u>
Combined Maximum Annual Principal and Interest Requirements	\$ 1,618,815	\$ 1,618,815	\$ 1,618,815	\$ 1,618,815	\$ 1,618,815
Pro-Forma Coverage Ratio	1.32x	1.03x	1.2x	1.21x	1.38x
Current year debt service					\$ 1,562,135
Coverage Ratio - current year					1.43x
Minimum required ratio					1.10x

(1) Includes all expenses properly allocable to the System pursuant to GAAP. Does not include depreciation, amortization, or interest paid on outstanding bonds.

History of Wastewater Tap Fees

<u>Year</u>	<u>Residential Taps Sold</u>	<u>Residential Tap Fees</u>	<u>Commercial Taps Sold</u>	<u>Commercial Tap Fees</u>	<u>Total Taps Sold</u>	<u>Total Tap Fees</u>
2008	168	\$ 656,000	10	\$ 144,481	178	\$ 800,481
2009	103	416,690	4	77,220	107	493,910
2010	119	499,070	3	37,180	122	536,250
2011	108	447,030	2	18,590	110	465,620
2012	147	630,920	1	4,290	148	635,210

History of Wastewater Accounts

<u>Year</u>	<u>Residential Accounts</u>	<u>Commercial Accounts</u>	<u>Total Accounts</u>	<u>% Change in Accounts</u>
2008	5,898	84	5,982	
2009	6,011	95	6,106	2.1%
2010	6,112	104	6,216	1.8%
2011	6,196	102	6,298	1.3%
2012	6,390	101	6,491	3.1%

History of Operating Revenues by Category

<u>Year</u>	<u>Residential Revenues</u>	<u>Commercial Revenues</u>	<u>Total Revenues</u>	<u>% Change in Revenues</u>
2008	\$ 1,919,972	\$ 203,980	\$ 2,123,952	
2009	2,182,064	177,464	2,359,528	11.1%
2010	2,576,582	197,650	2,774,232	17.6%
2011	2,893,319	219,597	3,112,916	12.2%
2012	3,299,970	235,577	3,535,547	13.6%

Largest Customers of the System - 2012

<u>Type of Business</u>	<u>2012 Revenue</u>	<u>% of Total (1)</u>
Homeowner's Association	\$ 95,139	2.69%
School District	94,029	2.66%
Municipality	41,658	1.18%
Homeowner's Association	16,435	0.46%
Retail Center	13,725	0.39%
Golf Course	10,360	0.29%
Retail Grocer	9,556	0.27%
Retail Gas Station	8,891	0.25%
School	6,786	0.19%
Restaurant	6,318	0.18%
Total	<u>\$ 302,897</u>	<u>8.57%</u>

(1) Based on total charges for service of \$3,535,547 in 2012.

Budget Summary and Comparison - Wastewater Fund

	2011 Final Budget	2011 Actual	2012 Final Budget	2012 Actual
Beginning Working Capital	\$ 8,973,397	\$ 8,973,397	\$ 7,292,541	\$ 7,292,541
Revenues				
Charges for services	3,558,400	3,112,916	3,496,200	3,535,547
Interest income	63,700	33,632	49,000	51,783
Other income	-	13,329	58,800	110,352
Tap fees	443,300	465,620	604,900	635,210
Total revenues	4,065,400	3,625,497	4,208,900	4,332,892
Total funds available	13,038,797	12,598,894	11,501,441	11,625,433
Operating Expenses				
Administration	807,634	767,775	798,131	742,702
Collection	126,600	131,565	190,866	162,344
Treatment	889,700	773,590	1,177,396	990,943
Debt service	1,578,700	1,572,618	2,176,652	2,168,052
Capital outlay	5,761,900	2,049,907	2,191,400	488,035
Total operating expenses	9,164,534	5,295,455	6,534,445	4,552,076
Other changes in working capital	-	(10,898)	-	(122,164)
Ending Working Capital	\$ 3,874,263	\$ 7,292,541	\$ 4,966,996	\$ 6,951,193

Wastewater Fund - History of Revenues, Expenses and Changes in Net Position

	Year Ended December 31,				
	2008	2009	2010	2011	2012
Operating Revenues					
Charges for services	\$ 2,123,952	\$ 2,359,528	\$ 2,774,232	\$ 3,112,916	\$ 3,535,547
Operating Expenses					
Personnel services	901,264	928,271	912,109	983,824	999,070
Operations and maintenance	507,715	481,963	550,126	689,106	986,413
Depreciation	763,332	777,846	776,962	1,168,553	1,541,441
Total Operating Expenses	2,172,311	2,188,080	2,239,197	2,841,483	3,526,924
Net Operating Income (Loss)	(48,359)	171,448	535,035	271,433	8,623
Nonoperating Revenues (Expenses)					
Interest income	500,331	227,299	91,326	33,632	51,783
Other	127,344	4,384	6,550	13,329	1,750
Amortization of debt issuance costs	(36,971)	(7,936)	(5,818)	(21,853)	(21,853)
Interest expense	(160,870)	(532,930)	(1,016,230)	(1,010,983)	(989,516)
Total Nonoperating Revenues (Expenses)	429,834	(309,183)	(924,172)	(985,875)	(957,836)
Income before Contributions	381,475	(137,735)	(389,137)	(714,442)	(949,213)
Capital contributions	1,631,575	493,910	536,250	465,620	743,812
Change in Net Position	2,013,050	356,175	147,113	(248,822)	(205,401)
Total Net Position - Beginning	37,078,378	39,091,428	39,447,603	39,562,430	39,286,142
Prior Period Adjustments (1)	-	-	(32,286)	(27,466)	1,559,660
Total Net Position - Ending	\$ 39,091,428	\$ 39,447,603	\$ 39,562,430	\$ 39,286,142	\$ 40,640,401

(1) In 2010, 2011 and 2012 various prior period adjustments were recorded, primarily related to the carrying value of capital assets, bond-related deferrals and liability for compensated absences.

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Erie			
		YEAR ENDING: December 2012			
This Information From The Records Of (example - City of _ or County of _): Town of Erie		Prepared By: Chris Morrison Phone: 303-926-2750			
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)	696,184		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	585,896		
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	268,433	b. Snow and ice removal			
3. Other local imposts (from page 2)	1,353,414	c. Other	264,933		
4. Miscellaneous local receipts (from page 2)	187,637	d. Total (a. through c.)	264,933		
5. Transfers from toll facilities		4. General administration & miscellaneous	610,721		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety			
a. Bonds - Original Issues		6. Total (1 through 5)	2,157,734		
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest	96,363		
7. Total (1 through 6)	1,809,484	b. Redemption	275,000		
B. Private Contributions		c. Total (a. + b.)	371,363		
C. Receipts from State government (from page 2)	687,124	2. Notes:			
D. Receipts from Federal Government (from page 2)	0	a. Interest			
E. Total receipts (A.7 + B + C + D)	2,496,608	b. Redemption			
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	371,363		
		C. Payments to State for highways			
		D. Payments to toll facilities			
		E. Total disbursements (A.6 + B.3 + C + D)	2,529,097		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)	2,210,000	0	275,000	1,935,000	
1. Bonds (Refunding Portion)					
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
	3,508,300	2,496,608	2,529,097	3,475,811	0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2012

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	19,558
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	296,515	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	1,056,899	g. Other Misc. Receipts	168,079
6. Total (1. through 5.)	1,353,414	h. Other	
c. Total (a. + b.)	1,353,414	i. Total (a. through h.)	187,637
	(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	621,097	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	66,027	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	66,027	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	687,124	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		189,977	189,977
(2). Capacity Improvements			0
(3). System Preservation		326,475	326,475
(4). System Enhancement & Operation		179,731	179,731
(5). Total Construction (1) + (2) + (3) + (4)	0	696,183	696,183
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	696,183	696,183
			(Carry forward to page 1)

Notes and Comments:

FORM FHWA-536 (Rev.1-05)

PREVIOUS EDITIONS OBSOLETE