

Town of Erie, Colorado

Comprehensive Annual Financial Report
For the fiscal year ended
December 31, 2005

Prepared by the Finance Department:

Molly M. W. Kostelecky, CPA, Finance Director
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Town of Erie, Colorado
 Comprehensive Annual Financial Report
 For the fiscal year ended December 31, 2005

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Introductory Section

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May 19, 2006

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

State Law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Town of Erie (the Town) for the fiscal year ended December 31, 2005.

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

Bondi & Co. LLC, a firm of licensed certified public accountants, has audited the Town's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended December 31, 2005, 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, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Town

The Town, incorporated in 1874, is located on the northern fringe of the Denver-Boulder Metropolitan Area of Colorado. The Town currently occupies a land planning area of 45 square miles and serves a population of about 14,000. The Town is located in two counties: Boulder and Weld. The Town is empowered to levy a property tax on real properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council and voter approval.

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

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

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

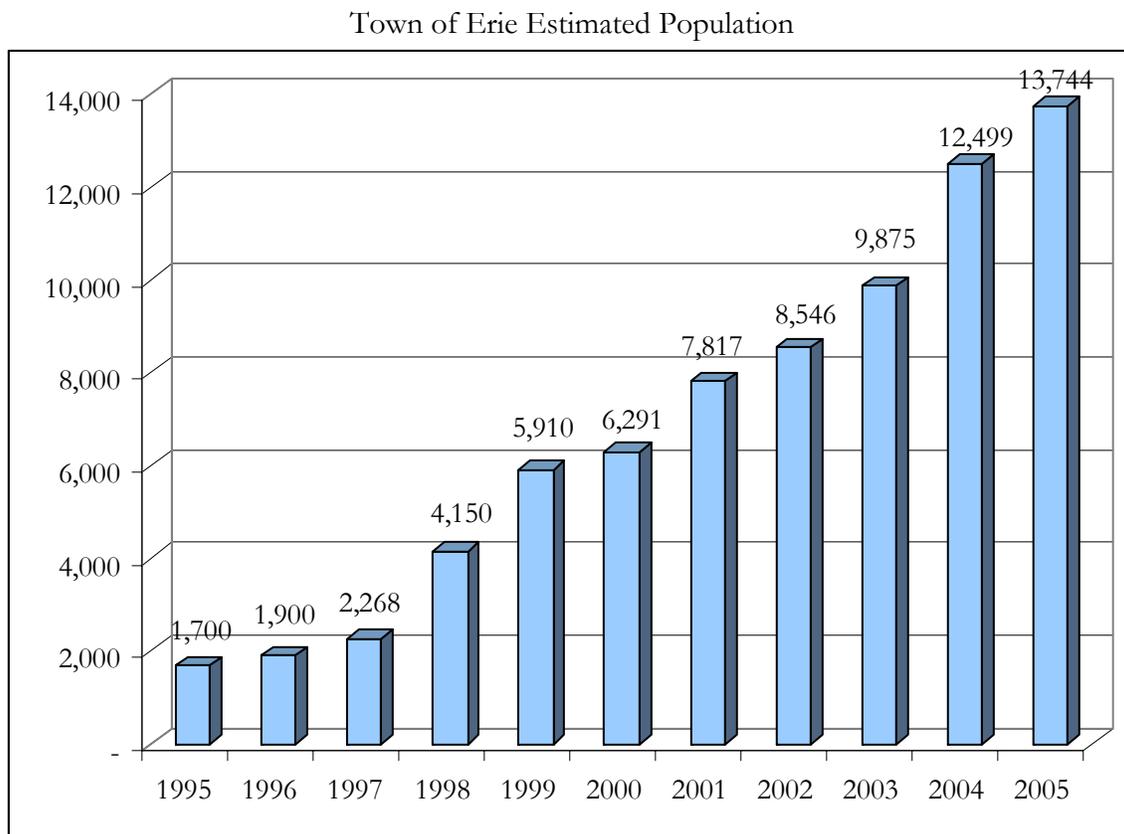
Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the general fund, the comparison is presented on page 38, as part of the basic financial statements for the governmental funds. For all other governmental funds, these comparisons are presented in the nonmajor governmental funds subsection of this report, which begins on page 71.

Factors Affecting Financial Condition

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

Local Economy

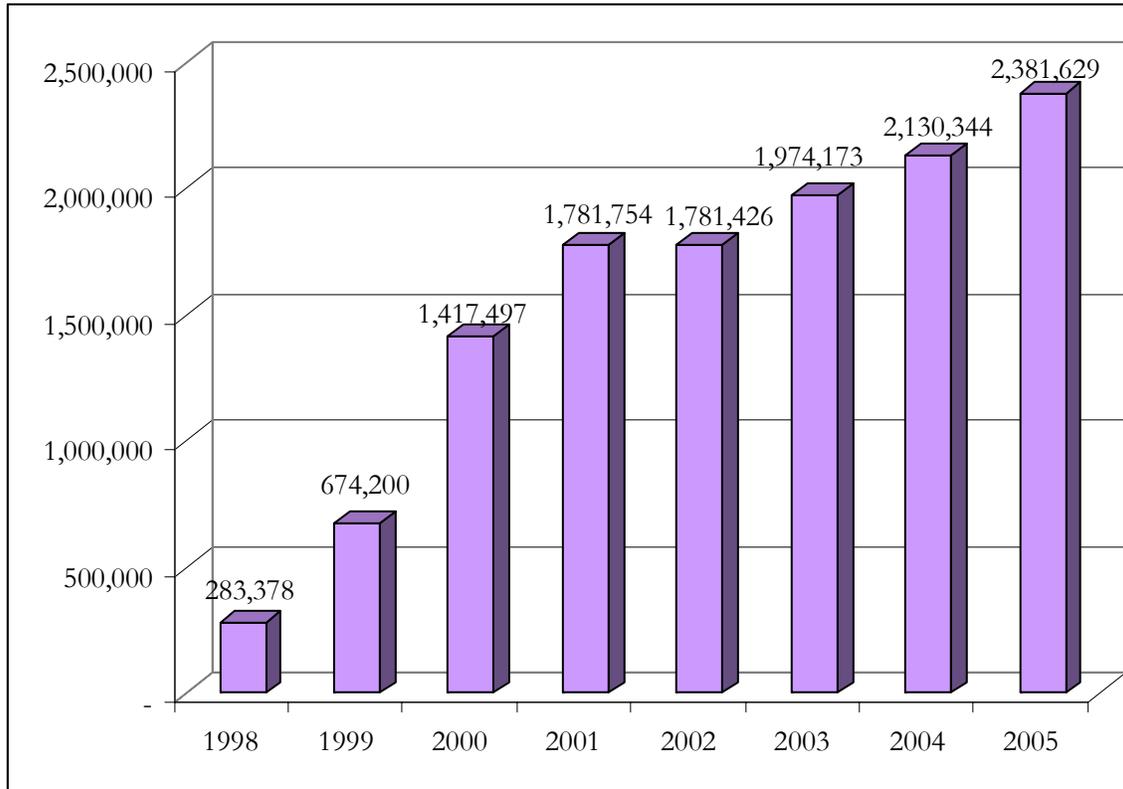
The Town of Erie has seen the community grow over the last ten years. In the early 1990s, the Town had a population of 1,300 and today the Town has a population estimated at 14,000. The following chart reflects the population growth.



The Town has been able to provide the necessary services to its residents. It has done this by expanding the water treatment facility in 2004 and 2005. In addition, the Town completed an expansion of the water reclamation facility in 2005. The Town has also constructed necessary improvements to the transportation and storm drainage systems. In addition, in 2006 the Town plans to issue debt in excess of \$11,500,000 to construct the new northern water reclamation facility. The Town also plans to issue debt in 2006 to construct a voter-approved recreation/senior center.

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

Town of Erie Sales Tax Revenues



The Town's commercial property increased in 2005 with the addition of various businesses ranging from retail shops to eating establishments. Other businesses that have come into the Town in during the last several years include medical offices, veterinarian services, a private golf course, and a heavy construction equipment facility. The Town is currently working to increase the number of businesses throughout the community including initiatives to enhance the economic success of Historic Downtown Erie.

The region, which includes the Town, Boulder County, and Weld County, has an employed labor force of about 267,700. The Town's major employers range from retail to engineering to education to childcare. The Town has about 80 full-time employees, making it one of Erie's top five employers. The community is expected to maintain a steady growth of residential construction. This corresponds to the growth in number and variety of businesses expected in the community.

Long-term Financial Planning

The Board and management are currently working on a major project that will impact the Town's financial position. In January of 2005, the Board authorized management to proceed with securing financing for the construction of the Northern Water Reclamation Facility. The debt issuance amount is estimated at a minimum of \$11,500,000 and construction is estimated to begin in late 2006. Additionally, voters approved the construction of a recreation/senior center funded by general obligation debt of \$16,800,000. Construction is estimated to begin in the fall of 2006.

Cash Management Policies and Practices

The Finance Department maximizes investment earnings on temporarily idle cash while ensuring that adequate moneys are available to make full and timely payments to vendors. During 2005, the Town invested idle cash in commercial paper, agency discounts, and local government investment pools. The maturities of the investments range from 30 days to 5 months with a weighted average maturity of 2.8 months.

Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments the Town intends to hold to maturity.

Risk Management

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

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

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

Pension and Other Post-employment Benefits

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

Awards and Acknowledgements

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Report to the Town for its comprehensive annual financial report for the fiscal year ended December 31, 2004. 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 also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year beginning January 1, 2005. This is the second consecutive year that the Town has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the Town's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The Town also received the Colorado State Treasurer's Award for Excellence in Financial Management in 2005.

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

Respectfully submitted,



Mike N. Acimovic
Town Administrator



Molly M. W. Kostelecky, CPA
Finance Director

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, 2004

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.



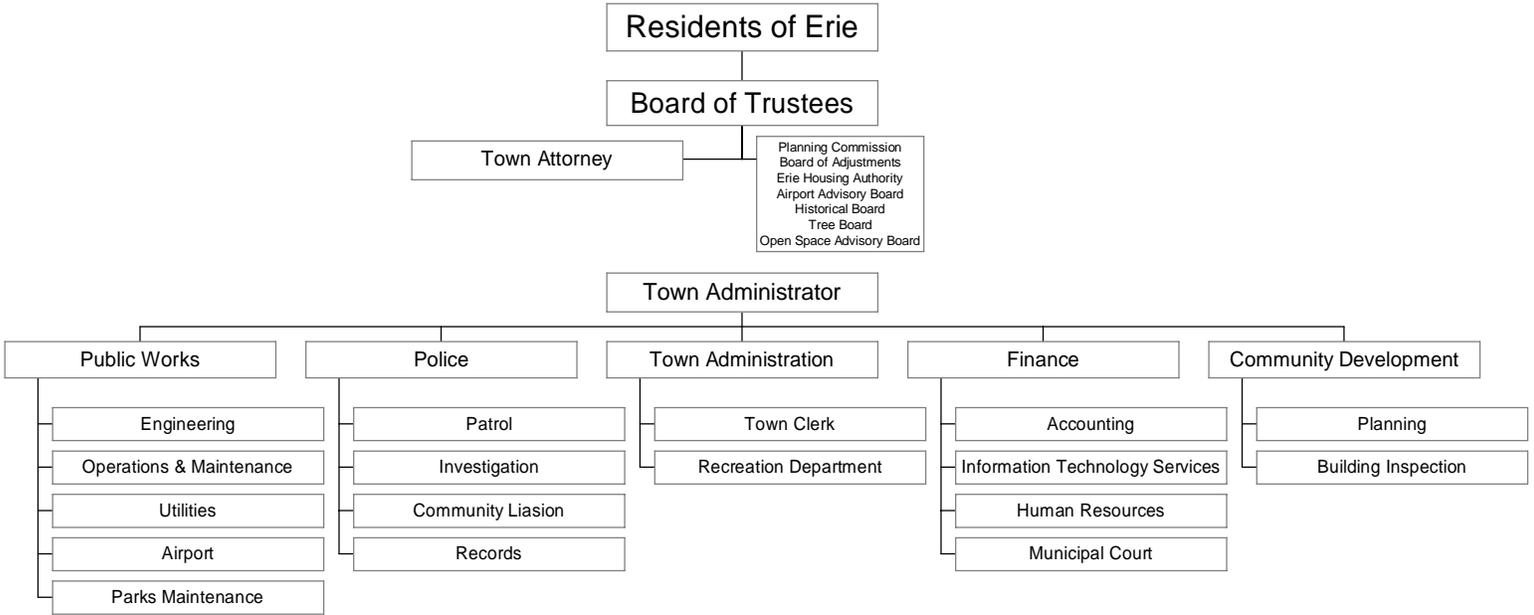
Carla E. Perry

President

Jeffrey R. Emer

Executive Director

Organizational Chart



Town of Erie, Colorado
List of Town Officials

Elected Officials: Mayor and Board of Trustees

Andrew Moore	Mayor
Glenn Massarotti	Mayor Pro-Tem
David Callahan	Trustee
Tina Harris	Trustee
Cheryl Hauger	Trustee
Harry Pink	Trustee
Tom Van Lone	Trustee

Town Administration Officials

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

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Financial Section

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BONDI & Co. LLC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

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Honorable Board of Trustees
Town of Erie
Erie, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Erie, Colorado, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Erie, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described in Note 1, the Town of Erie, Colorado, has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement 40, *Deposit and Investment Risk Disclosures* and Statement No 44, *Economic Condition Reporting: The Statistical Section* as of and for the year December 31, 2005.



Affiliate Offices Worldwide

Honorable Board of Trustees
Town of Erie
Erie, Colorado

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Erie, Colorado, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 17 through 27, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Erie, Colorado's basic financial statements. The introductory section, combining and individual nonmajor fund financial schedules and statements, budget to actual enterprise fund schedules, the Local Highway Finance Report, and statistical tables 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 schedules and statements, the budget to actual enterprise fund schedules, and the Local Highway Finance Report have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

May 18, 2006


BONDI & Co. LLC

Management's Discussion and Analysis

Within this section of the Town of Erie, Colorado (the Town) annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities for the Town for the fiscal year ended December 31, 2005. The Town encourages readers to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal and the Town's financial statements, which can be found beginning on page 3 and 31 of this report, respectively.

Financial Highlights

- ❖ The assets of the Town exceeded its liabilities at the end of the fiscal year ended December 31, 2005 by \$172 million (net assets). Of this amount, \$34 million (unrestricted net assets) may be used to meet the Town's ongoing obligations in accordance with financial policies.
- ❖ The Town's net assets increased by \$41 million (31%). The governmental net assets increased by \$16 million (41%) and the business-type net assets increased by \$25 million (27%).
- ❖ At December 31, 2005, the Town's governmental funds reported combined ending fund balances of \$29 million, an increase of \$12 million in comparison with the prior year.
- ❖ The general fund, the Town's operating fund, reported an unreserved fund balance of \$11.5 million, or 161% of the total general fund expenditures.
- ❖ The Town's entered into a capital lease purchase for water rights totaling \$32 million during the current fiscal year.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

The basic governmental fund financial statements can be found on pages 34-38 of this report.

Proprietary Funds

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

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

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

Fiduciary Fund

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

The basic fiduciary fund financial statements can be found on pages 42-43 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on pages 47-70 of this report.

Combining Statements

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and fiduciary funds are presented following the notes to the financial statements. In addition, budget statements for the major enterprise funds are also presented following the notes to the financial statements. This information can be found on pages 71-91.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Town's compliance with debt covenants. The compliance information can be found on pages 121-129.

Government-wide Financial Analysis

As stated earlier, the Town's net assets at fiscal year end are \$172 million. The largest portion of the Town's net assets (67%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The capital assets are used to provide necessary services to citizens. These assets are not available for future spending. It should be noted that the resources to repay the debt must be provided from other sources, since capital assets themselves cannot be liquidated to provide the resources.

Additionally, approximately \$22 million of the net assets represents resources that are subject to external restrictions on how they may be used. The remainder of the net assets balance, approximately \$34 million, may be used to meet the Town's ongoing obligations.

The following table provides a summary of the Town's net assets.

	Statement of Net Assets						Percent of Total 2005
	Governmental Activities		Business-Type Activities		Total		
	2005	2004	2005	2004	2005	2004	
Assets							
Current Assets	\$ 31,693,031	\$ 18,917,025	\$ 30,506,175	\$ 31,719,453	\$ 62,199,206	\$ 50,636,478	25%
Other Assets	156,247	164,829	463,906	483,987	620,153	648,816	0%
Capital Assets	29,517,780	25,820,766	152,705,863	97,490,098	182,223,643	123,310,864	74%
Total Assets	61,367,058	44,902,620	183,675,944	129,693,538	245,043,002	174,596,158	100%
Liabilities							
Current Liabilities	2,915,472	2,313,251	4,056,644	4,895,282	6,972,116	7,208,533	10%
Noncurrent Liabilities	3,451,334	3,627,858	62,682,767	32,783,464	66,134,101	36,411,322	90%
Total Liabilities	6,366,806	5,941,109	66,739,411	37,678,746	73,106,217	43,619,855	100%
Net Assets							
Invested in Capital Assets, net of debt	26,124,027	22,215,485	89,746,378	65,392,592	115,870,405	87,608,077	67%
Restricted	17,668,735	9,472,616	4,718,710	13,699,842	22,387,445	23,172,458	13%
Unrestricted	11,207,490	7,273,410	22,471,445	12,822,358	33,678,935	20,095,768	20%
Total Net Assets	\$ 55,000,252	\$ 38,961,511	\$ 116,936,533	\$ 91,914,792	\$ 171,936,785	\$ 130,876,303	100%

The Town reported positive balances in net assets for both governmental and business-type activities. Net assets increased by about \$14 million in the governmental activities and \$27 million in the business-type activities. Much of the increase in net assets is attributed to one-time infusion of resources from tap fees, impact fees, and developer-built contributed capital. The Town will use these resources in future years to build capital assets to provide services to additional citizens.

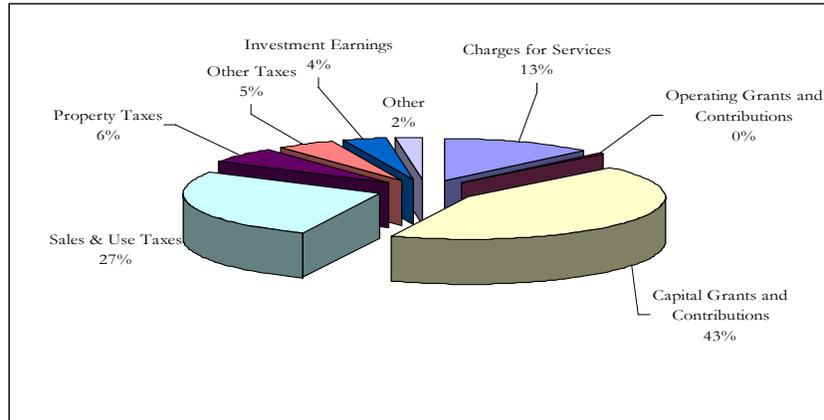
The following table provides a summary of the Town's statement of activities and changes in net assets.

	Statement of Activities and Changes in Net Assets						Percent of Total 2005
	Governmental Activities		Business-Type Activities		Total		
	2005	2004	2005	2004	2005	2004	
Revenues							
Program Revenues							
Charges for Services	\$ 2,671,864	\$ 2,490,456	\$ 5,682,880	\$ 4,392,914	\$ 8,354,744	\$ 6,883,370	15%
Operating Grants and Contributions	59,624	125,064	-	-	59,624	125,064	0%
Capital Grants and Contributions	9,205,961	11,138,506	27,232,102	38,237,409	36,438,063	49,375,915	66%
General Revenues							0%
Taxes	8,014,946	7,151,059	-	-	8,014,946	7,151,059	15%
Investment Earnings	786,400	184,664	954,971	361,030	1,741,371	545,694	3%
Other	456,322	514,218	182,403	102,527	638,725	616,745	1%
Total Revenues	<u>21,195,117</u>	<u>21,603,967</u>	<u>34,052,356</u>	<u>43,093,880</u>	<u>55,247,473</u>	<u>64,697,847</u>	<u>100%</u>
Expenses							
General Government	2,516,273	2,936,254	-	-	2,516,273	2,936,254	18%
Parks and Recreation	1,103,296	910,232	-	-	1,103,296	910,232	8%
Public Safety	1,719,409	1,382,872	-	-	1,719,409	1,382,872	12%
Public Works	1,792,625	1,417,943	-	-	1,792,625	1,417,943	13%
Interest on Long-term Debt	178,160	185,984	-	-	178,160	185,984	1%
Water	-	-	4,258,665	3,914,473	4,258,665	3,914,473	30%
Wastewater	-	-	1,854,437	1,559,719	1,854,437	1,559,719	13%
Storm Drainage	-	-	287,721	183,331	287,721	183,331	2%
Airport	-	-	368,502	295,410	368,502	295,410	3%
Housing Authority	-	-	107,904	111,662	107,904	111,662	1%
Total Expenses	<u>7,309,763</u>	<u>6,833,285</u>	<u>6,877,229</u>	<u>6,064,595</u>	<u>14,186,992</u>	<u>12,897,880</u>	<u>100%</u>
Increase in Net Assets	13,885,354	14,770,682	27,175,127	37,029,285	41,060,481	51,799,967	
Net Assets - Beginning - Restated	<u>41,114,898</u>	<u>24,190,829</u>	<u>89,761,406</u>	<u>54,885,507</u>	<u>130,876,304</u>	<u>79,076,336</u>	
Net Assets - Ending	<u>\$ 55,000,252</u>	<u>\$ 38,961,511</u>	<u>\$ 116,936,533</u>	<u>\$ 91,914,792</u>	<u>\$ 171,936,785</u>	<u>\$ 130,876,303</u>	

Governmental Revenues

The Town is reliant on taxes to support governmental operations. Taxes total approximately 37% of total governmental revenues. In addition, capital contributions make up approximately 43% of total governmental revenues. Also, note that program revenues are greater than expenses by \$4.6 million. For two functions, Parks and Recreation and Public Works, program revenues exceeded program expenses. This is not an ordinary occurrence for many governments and is directly related to the amount of governmental capital contributions.

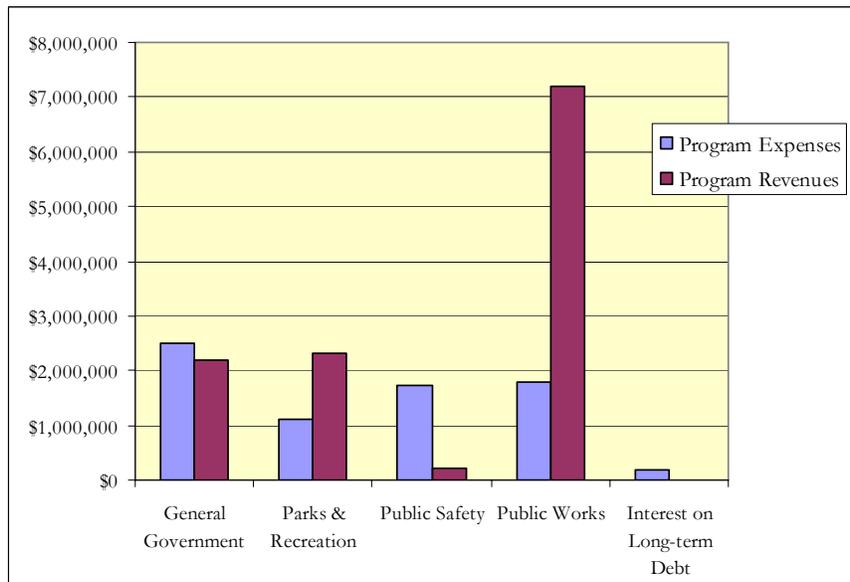
2005 Revenues by Source – Governmental Activities



Governmental Expenses

General government expenses comprise 34% of the Town’s total governmental expenses and 17% of total expenses. Public works expenses make up 24% of the Town’s total governmental expenses and 12% of total expenses. Public safety expenses comprise 12% of total expenses.

2005 Expenses and Program Revenues – Governmental Activities

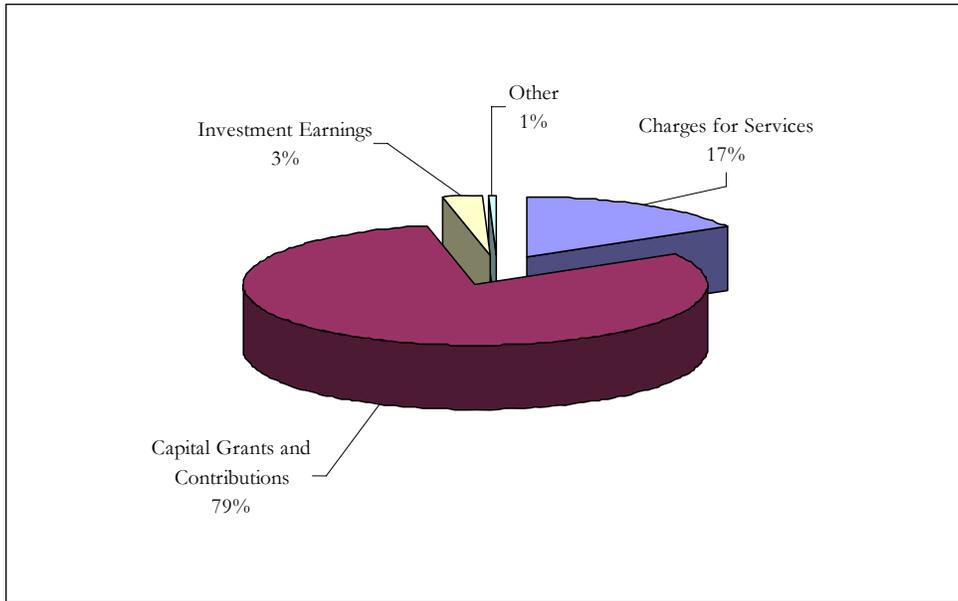


Business-type Activities

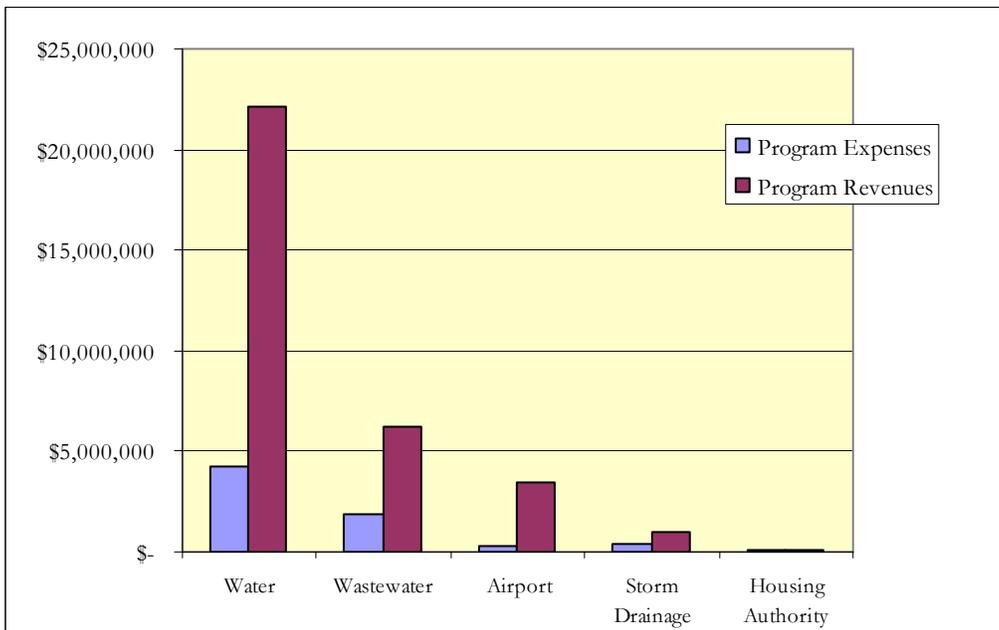
Business-type activities primarily rely on charges for services to support function expenses. Charges for services amounted to about 16% of total business-type activities. This represents an increase in charges for services of 29% over the prior year. This increase is due to a scheduled increase in rates and an increase in the number of users for most functions.

The other primary source of revenue comes from capital contributions in the form of tap fees and developer-constructed donated capital. The Town will use these resources in future years to build capital assets to provide services to additional citizens. This is also the primary reason for the increase in business-type net assets of \$25 million.

2005 Revenues by Source – Business-type Activities



2005 Expenses and Program Revenues – Business-type Activities



Financial Analysis of the Town's Funds

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

Governmental Funds

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

At December 31, 2005, the Town's governmental funds reported combined ending fund balances of \$29 million, an increase of \$12 million, or 71%, over the prior fiscal year. Approximately \$11.5 million, or 39%, of the total governmental ending fund balances represents unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders (\$154,000), (2) to fund a state constitution mandated emergency reserve (\$213,700) and (3) to fund future capital projects (\$17.5 million). The amount reserved for future capital projects are primarily capital contributions in the form of impact fees and will fund future capital projects to provide services to future citizens.

The general fund, which serves as the primary operating fund of the Town, had an ending fund balance of \$11.7 million, of which \$11.5 million is unreserved fund balance. The fund balance increased by \$4.0 million over the prior fiscal year. The increase in fund balance in the general fund can be attributed to the following key factors:

- Increase in property and sales/use taxes based on the increase in number of sales transactions, building permits, and property tax generating properties with no increase in tax rate.
- Increase in revenues derived from building permit activities.
- Several projects budgeted in 2005 were not completed reducing expenditures by \$1.9 million

Proprietary Funds

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

The total net assets of all enterprise funds are \$117 million, of which \$22 million is unrestricted net assets. This is an increase in total net assets of \$25 million, or 27%, over the prior year.

In the water enterprise fund, operating revenues (charges for services) are \$3.6 million, which represents an increase of \$920,000, or 39%, over the prior fiscal year. This increase

can be attributed to an increase in customer base of about 15% and a moderate scheduled rate increase. Additionally, water fund operating expenses are \$2.9 million, which represents an increase of \$238,000, or 8%, over the prior year. This increase can be attributed to an increase in depreciation expense and other operating expenses.

In the wastewater enterprise fund, operating revenues (charges for services) are \$1.4 million, which represents an increase of \$260,000, or 23%, over the prior fiscal year. This increase can be attributed to an increase in customer base of about 16% and a moderate scheduled rate increase. Additionally, wastewater fund operating expenses are \$1.7 million, which represents an increase of \$303,000, or 21%, over the prior year. This increase can be attributed to an increase in depreciation expense and other operating expenses.

Budgetary Highlights

Governmental Funds

General Fund

The general fund final budget totaled \$8.9 million, which represents an increase of \$1.5 million over the original budget. This increase can be attributed to the following items:

- Increase in governmental activities of \$714,000
- Decrease in public safety of \$100,000
- Increase in public works of \$111,800
- Increase in parks and recreation of \$130,000
- Increase in debt services of \$373,900, which was moved from the transportation fund and does not represent an increase in total debt

Capital Assets and Debt Administration

Capital Assets

The Town's investment of capital assets as of December 31, 2005 for its governmental and business-type activities amounted to \$182 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles and water, wastewater, airport, and storm drainage infrastructure.

Major capital improvements during this fiscal year included the following:

Governmental Activities

- ❖ Purchase of heavy equipment (\$175,000)
- ❖ Street overlay projects (\$250,000)

Business-type Activities

- ❖ Construction of the water treatment facility expansion (\$8.4 million)
- ❖ Acquisition of water shares (\$40 million)
- ❖ Construction of the taxiway alignment at the airport

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Land	\$ 6,689,287	\$ 6,417,047	\$ 3,690,671	\$ 3,690,670	\$ 10,379,958	\$ 10,107,717
Water Shares	-	-	64,572,896	24,583,876	64,572,896	24,583,876
Buildings/Plants	3,111,511	3,186,623	67,928,277	59,533,240	71,039,788	62,719,863
Improvements other than Buildings	18,606,111	15,502,305	-	-	18,606,111	15,502,305
Machinery and Equipment	558,559	514,968	255,139	266,978	813,698	781,946
Vehicles	149,278	141,507	-	-	149,278	141,507
Construction in Progress	403,034	58,316	16,258,880	9,415,334	16,661,914	9,473,650
Total Capital Assets	\$ 29,517,780	\$ 25,820,766	\$ 152,705,863	\$ 97,490,098	\$ 182,223,643	\$ 123,310,864

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

Long-term Debt

At the end of the fiscal year, the Town had total debt outstanding of \$35,216,279 in bonds and loans. Of the amount, \$3,550,000 represents general obligation bonds secured by all available Town revenue. The remainder is primarily revenue bonds and loans, secured by specific revenue sources. Additionally, the Town has entered into a \$32 million lease purchase with the Erie Finance Corporation for water rights.

**Town of Erie Outstanding Debt
as of December 31,**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	\$ 3,550,000	\$ 3,745,000	\$ -	\$ -	\$ 3,550,000	\$ 3,745,000
Revenue Bonds	-	-	15,443,000	16,001,000	15,443,000	16,001,000
Revenue Loans	-	-	15,340,429	15,962,539	15,340,429	15,962,539
Mortgage Revenue Bonds	-	-	843,746	856,770	843,746	856,770
Capital Lease Purchase	-	-	32,030,000	-	32,030,000	-
Other	-	25,110	40,000	44,000	40,000	69,110
Total Debt Outstanding	\$ 3,550,000	\$ 3,770,110	\$ 63,697,175	\$ 32,864,309	\$ 67,247,175	\$ 36,634,419

State statute limits the amount of general obligation debt the Town may issue to 3% of estimated actual valuation. The current debt limitation for the Town is \$36,049,926.

Additional information on the Town's long-term debt can be found in Note V.E. on pages 62-65 of this report.

Economic Factors

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

Financial Contact

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

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Basic Financial Statements

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Town of Erie, Colorado
Statement of Net Assets
December 31, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash & Cash Equivalents	\$ 25,114,417	\$ 24,413,497	\$ 49,527,914
Investments	4,422,243	3,476,075	7,898,318
Receivables			
Property Taxes	1,629,485	-	1,629,485
Accounts	416,797	2,707,838	3,124,635
Internal Balances	100,000	(100,000)	-
Prepaid Expenses	4,602	2,442	7,044
Accrued Interest Receivable	5,487	6,323	11,810
Total Current Assets	<u>31,693,031</u>	<u>30,506,175</u>	<u>62,199,206</u>
Noncurrent Assets			
Capital Assets			
Non-depreciable	7,092,321	84,522,447	91,614,768
Depreciable (Net)	22,425,459	68,183,416	90,608,875
Deferred Charges	156,247	463,906	620,153
Total Noncurrent Assets	<u>29,674,027</u>	<u>153,169,769</u>	<u>182,843,796</u>
Total Assets	<u>61,367,058</u>	<u>183,675,944</u>	<u>245,043,002</u>
LIABILITIES			
Current Liabilities			
Accounts Payable and other Current Liabilities	874,451	1,141,749	2,016,200
Accrued Interest Payable	14,221	158,671	172,892
Unearned Revenue	1,629,485	200,000	1,829,485
Prepaid Revenues	-	830,000	830,000
Accrued Compensated Absences	192,315	-	192,315
Capital Lease Purchase	-	480,000	480,000
Loans Payable	-	662,224	662,224
Bonds Payable	205,000	584,000	789,000
Total Current Liabilities	<u>2,915,472</u>	<u>4,056,644</u>	<u>6,972,116</u>
Noncurrent Liabilities			
Prepaid Revenues	-	985,600	985,600
Accrued Compensated Absences	106,334	-	106,334
Capital Lease Purchase	-	31,550,000	31,550,000
Loans Payable, net of unamortized discounts/premiums	-	15,654,881	15,654,881
Bonds Payable, net of unamortized discounts/premiums	3,345,000	14,492,286	17,837,286
Total Noncurrent Liabilities	<u>3,451,334</u>	<u>62,682,767</u>	<u>66,134,101</u>
Total Liabilities	<u>6,366,806</u>	<u>66,739,411</u>	<u>73,106,217</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	26,124,027	89,746,378	115,870,405
Restricted for:			
Capital Projects	17,455,004	1,041,847	18,496,851
Debt Service	-	2,510,156	2,510,156
Operations & Maintenance	-	1,166,706	1,166,706
Emergencies	213,731	-	213,731
Unrestricted	11,207,490	22,471,446	33,678,936
Total Net Assets	<u>\$ 55,000,252</u>	<u>\$ 116,936,533</u>	<u>\$ 171,936,785</u>

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

Town of Erie, Colorado
Statement of Activities
For the Year Ended December 31, 2005

FUNCTION ACTIVITIES	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
General Government	\$ 2,516,273	\$2,188,739	\$ 9,000	\$ -	\$ 2,197,739
Parks & Recreation	1,103,296	62,414	1,883	2,241,635	2,305,932
Public Safety	1,719,409	179,917	48,741	-	228,658
Public Works	1,792,625	240,794	-	6,964,326	7,205,120
Interest on Long-Term Debt	178,160	-	-	-	-
Total Governmental Activities	7,309,763	2,671,864	59,624	9,205,961	11,937,449
Business-type Activities:					
Water	4,258,665	3,625,729	-	18,519,831	22,145,560
Wastewater	1,854,437	1,398,101	-	4,826,567	6,224,668
Storm Drainage	287,721	295,155	-	3,173,189	3,468,344
Airport	368,502	281,495	-	712,515	994,010
Housing Authority	107,904	82,400	-	-	82,400
Total Business-type Activities:	6,877,229	5,682,880	-	27,232,102	32,914,982
Total Primary Government	\$14,186,992	\$8,354,744	\$ 59,624	\$ 36,438,063	\$44,852,431

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (318,534)	\$ -	\$ (318,534)
1,202,636	-	1,202,636
(1,490,751)	-	(1,490,751)
5,412,495	-	5,412,495
(178,160)	-	(178,160)
<u>4,627,686</u>	<u>-</u>	<u>4,627,686</u>
-	17,886,895	17,886,895
-	4,370,231	4,370,231
-	3,180,623	3,180,623
-	625,508	625,508
-	(25,504)	(25,504)
<u>-</u>	<u>26,037,753</u>	<u>26,037,753</u>
<u>4,627,686</u>	<u>26,037,753</u>	<u>30,665,439</u>

GENERAL REVENUES

Taxes:

Sales & Use Taxes	5,698,013	-	5,698,013
Property Taxes	1,297,382	-	1,297,382
Franchise Taxes	389,787	-	389,787
Transportation Taxes	538,998	-	538,998
Other Taxes	90,766	-	90,766
Investment Earnings	786,400	954,971	1,741,371
Other Miscellaneous	456,322	182,403	638,725
	<u>9,257,668</u>	<u>1,137,374</u>	<u>10,395,042</u>
Changes in Net Assets	13,885,354	27,175,127	41,060,481
Net Assets - Beginning - Restated	<u>41,114,898</u>	<u>89,761,406</u>	<u>130,876,304</u>
Net Assets - Ending	<u>\$ 55,000,252</u>	<u>\$ 116,936,533</u>	<u>\$ 171,936,785</u>

Town of Erie, Colorado
Balance Sheet
Governmental Funds
December 31, 2005

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 10,303,679	\$ 14,810,738	\$ 25,114,417
Investments	1,812,924	2,609,319	4,422,243
Receivables:			
Property Taxes	1,052,063	577,422	1,629,485
Accounts	416,797	-	416,797
Interest	5,487	-	5,487
Due from Other Funds	-	100,000	100,000
Prepaid Items	4,602	-	4,602
	<u>4,602</u>	<u>-</u>	<u>4,602</u>
Total Assets	<u>\$ 13,595,552</u>	<u>\$ 18,097,479</u>	<u>\$ 31,693,031</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 438,892	\$ 65,053	\$ 503,945
Accrued Wages Payable	50,599	-	50,599
Due to Other Organizations	319,907	-	319,907
Deferred Revenue	1,052,063	577,422	1,629,485
	<u>1,052,063</u>	<u>577,422</u>	<u>1,629,485</u>
Total Liabilities	<u>1,861,461</u>	<u>642,475</u>	<u>2,503,936</u>
Fund Balances			
Reserved for Encumbrances	15,443	-	15,443
Reserved for Capital Projects	-	17,455,004	17,455,004
Reserved for Emergencies	213,731	-	213,731
Unreserved	11,504,917	-	11,504,917
	<u>11,504,917</u>	<u>-</u>	<u>11,504,917</u>
Total Fund Balances	<u>11,734,091</u>	<u>17,455,004</u>	<u>29,189,095</u>
Total Liabilities and Fund Balances	<u>\$ 13,595,552</u>	<u>\$ 18,097,479</u>	<u>\$ 31,693,031</u>

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

Town of Erie, Colorado
Reconciliation of Balance Sheet of
Governmental Funds to the Statement of Net Assets
December 31, 2005

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

Total fund balances - governmental funds (page 34)	\$ 29,189,095
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	29,517,780
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,706,623)</u>
Net assets of governmental activities (page 31)	<u><u>\$ 55,000,252</u></u>

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

Town of Erie
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 7,072,323	\$ 436,644	\$ 7,508,967
Licenses & Permits	2,360,069	-	2,360,069
Intergovernmental	423,250	82,729	505,979
Fees & Charges for Services	361,368	5,844,043	6,205,411
Fines & Forfeitures	179,917	-	179,917
Investment Earnings	326,227	460,173	786,400
Miscellaneous	286,456	-	286,456
Total Revenues	11,009,610	6,823,589	17,833,199
EXPENDITURES			
Current Operating:			
General Government	2,403,844	-	2,403,844
Public Safety	1,601,394	-	1,601,394
Public Works	1,233,494	4,220	1,237,714
Parks and Recreation	926,062	100,219	1,026,281
Capital Outlay	585,715	548,537	1,134,252
Debt Service:			
Principal	195,000	25,110	220,110
Interest	178,843	-	178,843
Total Expenditures	7,124,352	678,086	7,802,438
Excess of Revenue Over Expenditures	3,885,258	6,145,503	10,030,761
OTHER FINANCING SOURCES (USES)			
Transfers In	135,000	-	135,000
Transfers Out	-	(135,000)	(135,000)
Total Other Financing Sources (Uses)	135,000	(135,000)	-
Net Change in Fund Balances	4,020,258	6,010,503	10,030,761
Fund Balances - Beginning - Restated	7,713,833	11,444,501	19,158,334
Fund Balances - Ending	\$ 11,734,091	\$ 17,455,004	\$ 29,189,095

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

Town of Erie, Colorado
Reconciliation of Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2005

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

Net change in fund balances - governmental funds (page 36)	\$ 10,030,761
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the current period.	335,096
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	3,361,918
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt related items.	220,110
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	(62,531)
Change in net assets of governmental activities (page 33)	<u>\$ 13,885,354</u>

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

Town of Erie
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget
For the Year Ended December 31, 2005

	Actual	Original Budget	Final Budget	Variance With Final Budget to Actual Positive (Negative)
REVENUES				
Taxes	\$ 7,072,323	\$ 4,782,600	\$ 6,178,700	\$ 893,623
Licenses & Permits	2,360,069	1,376,600	2,118,900	241,169
Intergovernmental	423,250	410,800	410,800	12,450
Fees & Charges for Services	361,368	94,400	314,900	46,468
Fines & Forfeitures	179,917	95,100	143,100	36,817
Investment Earnings	326,227	50,000	240,000	86,227
Miscellaneous	286,456	320,000	477,000	(190,544)
Total Revenues	11,009,610	7,129,500	9,883,400	1,126,210
EXPENDITURES				
Current Operating:				
General Government	2,403,844	2,706,700	3,420,700	1,016,856
Public Safety	1,601,394	1,900,700	1,800,700	199,306
Public Works	1,233,494	1,443,100	1,554,900	321,406
Parks and Recreation	926,062	1,073,600	1,204,000	277,938
Capital Outlay	585,715	368,200	637,100	51,385
Debt Service:				
Principal	195,000	-	195,000	-
Interest	178,843	-	178,900	57
Total Expenditures	7,124,352	7,492,300	8,991,300	1,866,948
Excess Revenues Over (Under) Expenditures	3,885,258	(362,800)	892,100	2,993,158
OTHER FINANCING SOURCES				
Transfers In	135,000	-	173,900	(38,900)
Total Other Financing Sources	135,000	-	173,900	(38,900)
Net Changes in Fund Balance	4,020,258	\$ (362,800)	\$ 1,066,000	\$ 2,954,258
Fund Balances - Beginning	7,713,833			
Fund Balances - Ending	\$ 11,734,091			

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

Town of Erie, Colorado
Statement of Net Assets
Proprietary Funds
December 31, 2005

	Business-type Activities - Enterprise Funds				Total Enterprise Funds
	Water	Wastewater	Storm Drainage Operating	Other Enterprise Funds	
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 14,872,861	\$ 8,487,278	\$ 282,024	\$ 771,334	\$ 24,413,497
Investments	1,839,282	1,466,305	49,686	120,802	3,476,075
Accounts Receivable	2,339,607	245,815	34,665	87,751	2,707,838
Prepaid Expenses	-	-	-	2,442	2,442
Accrued Interest Receivable	5,497	826	-	-	6,323
Total Current Assets	19,057,247	10,200,224	366,375	982,329	30,606,175
Noncurrent Assets					
Land and Water Rights	67,617,271	59,022	63,705	523,569	68,263,567
Buildings, Property and Equipment	38,499,967	23,445,930	10,750,166	3,716,801	76,412,864
Accumulated Depreciation	(4,823,323)	(2,264,962)	(462,990)	(678,173)	(8,229,448)
Construction in Progress	15,099,399	196,211	270,785	692,485	16,258,880
Unamortized Bond Issue Costs	371,042	60,034	-	32,830	463,906
Total Noncurrent Assets	116,764,356	21,496,235	10,621,666	4,287,512	153,169,769
Total Assets	135,821,603	31,696,459	10,988,041	5,269,841	183,775,944
LIABILITIES					
Current Liabilities					
Accounts Payable	460,054	27,743	67,135	560,642	1,115,574
Accrued Interest Payable	112,700	37,041	6,122	2,808	158,671
Accrued Wages Payable	14,086	10,199	918	972	26,175
Deferred Revenue	-	-	-	200,000	200,000
Interfund Payable	-	-	-	100,000	100,000
Prepaid Tap Fees	542,000	288,000	-	-	830,000
Capital Lease Purchase	480,000	-	-	-	480,000
Loans Payable	525,000	108,596	10,061	18,567	662,224
Bonds Payable	509,000	75,000	-	-	584,000
Total Current Liabilities	2,642,840	546,579	84,236	882,989	4,156,644
Noncurrent Liabilities					
Prepaid Tap Fees	633,600	352,000	-	-	985,600
Capital Lease Purchase	31,550,000	-	-	-	31,550,000
Loans Payable, net of unamortized discounts/premiums	12,912,929	1,478,692	398,081	865,179	15,654,881
Bonds Payable, net of unamortized discounts/premiums	13,282,286	1,210,000	-	-	14,492,286
Total Noncurrent Liabilities	58,378,815	3,040,692	398,081	865,179	62,682,767
Total Liabilities	61,021,655	3,587,271	482,317	1,748,168	66,839,411
NET ASSETS					
Invested in Capital Assets, net of related debt	57,505,141	18,623,947	10,213,524	3,403,766	89,746,378
Restricted					
Bond Reserves	2,288,081	163,500	-	58,575	2,510,156
Capital Projects	1,041,847	-	-	-	1,041,847
Operations & Maintenance Reserves	846,158	320,548	-	-	1,166,706
Unrestricted	13,118,721	9,001,194	292,200	59,332	22,471,446
Total Net Assets	\$ 74,799,948	\$ 28,109,188	\$ 10,505,724	\$ 3,521,673	\$ 116,936,533

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

Town of Erie
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds				Total Enterprise Funds
	Water	Wastewater	Storm Drainage Operating	Other Enterprise Funds	
Operating Revenue					
Charges for Services	\$ 3,625,729	\$ 1,398,101	\$ 295,155	\$ 363,895	\$ 5,682,880
Total Operating Revenue	<u>3,625,729</u>	<u>1,398,101</u>	<u>295,155</u>	<u>363,895</u>	<u>5,682,880</u>
Operating Expenses					
Personnel Services	920,694	742,509	62,086	64,458	1,789,747
Operations and Maintenance	1,061,184	386,331	33,929	245,292	1,726,736
Other	107,263	-	-	(498)	106,765
Depreciation	848,730	568,670	183,494	123,701	1,724,595
Total Operating Expenses	<u>2,937,871</u>	<u>1,697,510</u>	<u>279,509</u>	<u>432,953</u>	<u>5,347,843</u>
Net Operating Income (Loss)	<u>687,858</u>	<u>(299,409)</u>	<u>15,646</u>	<u>(69,058)</u>	<u>335,037</u>
Nonoperating Revenues (Expenses)					
Interest Income	658,406	269,000	11,568	15,997	954,971
Other	112,640	63,397	-	6,366	182,403
Amortization of Debt Issuance Costs	(25,302)	(3,573)	-	(3,788)	(32,663)
Interest Expense	<u>(1,295,492)</u>	<u>(153,354)</u>	<u>(8,212)</u>	<u>(39,665)</u>	<u>(1,496,723)</u>
Total Nonoperating Revenues (Expenses)	<u>(549,748)</u>	<u>175,470</u>	<u>3,356</u>	<u>(21,090)</u>	<u>(392,012)</u>
Income (loss) before contributions	138,110	(123,939)	19,002	(90,148)	(56,975)
Capital Contributions	<u>18,519,831</u>	<u>4,826,567</u>	<u>3,173,189</u>	<u>712,515</u>	<u>27,232,102</u>
Change in Net Assets	18,657,941	4,702,628	3,192,191	622,367	27,175,127
Total Net Assets - Beginning - Restated	<u>56,142,007</u>	<u>23,406,560</u>	<u>7,313,533</u>	<u>2,899,306</u>	<u>89,761,406</u>
Total Net Assets - Ending	<u>\$74,799,948</u>	<u>\$28,109,188</u>	<u>\$10,505,724</u>	<u>\$3,521,673</u>	<u>\$116,936,533</u>

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

Town of Erie
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds				Total Enterprise Funds
	Water	Wastewater	Storm Drainage	Other Enterprise Funds	
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 3,610,086	1,424,005	\$ 289,416	369,491	5,692,998
Payments to Employees	(712,190)	(577,804)	(46,433)	(49,724)	(1,386,151)
Payments to Suppliers	(1,850,647)	(555,811)	12,239	250,094	(2,144,125)
Net Cash Provided by Operating Activities	<u>1,047,249</u>	<u>290,390</u>	<u>255,222</u>	<u>569,861</u>	<u>2,162,722</u>
Cash Flows from Noncapital Financing Activities					
Transfers to Other Funds	-	-	(2,153,386)	-	(2,153,386)
Developer Reimbursements	(1,964,277)	(77,897)	-	-	(2,042,174)
Cash Flows Used in Noncapital Financing Activities	<u>(1,964,277)</u>	<u>(77,897)</u>	<u>(2,153,386)</u>	<u>-</u>	<u>(4,195,560)</u>
Cash Flows from Capital and Related Financing Activities					
Proceeds from Capital Debt	-	-	-	-	-
Acquisition and Construction of Capital Assets	(18,120,381)	(77,111)	(113,833)	(700,556)	(19,011,881)
Principal Paid on Capital Debt	(998,000)	(172,246)	(9,862)	(17,024)	(1,197,132)
Interest Paid on Capital Debt	(1,302,192)	(155,075)	(8,360)	(39,665)	(1,505,292)
Prepaid/(Used) Capital Contributions	(1,240,200)	(176,000)	-	-	(1,416,200)
Capital Contributions	17,093,209	3,080,000	-	759,056	20,932,265
Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(4,567,564)</u>	<u>2,499,568</u>	<u>(132,055)</u>	<u>1,811</u>	<u>(2,198,240)</u>
Cash Flows from Investing Activities					
Purchase of Investments	(1,839,282)	(1,466,305)	(49,686)	(120,802)	(3,476,075)
Earnings on Investments	671,460	269,000	11,568	15,997	968,025
Cash Flows Used in Investing Activities	<u>(1,167,822)</u>	<u>(1,197,305)</u>	<u>(38,118)</u>	<u>(104,805)</u>	<u>(2,508,050)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,652,414)	1,514,756	(2,068,337)	466,867	(6,739,128)
Cash and Cash Equivalents - January 1	<u>21,525,275</u>	<u>6,972,522</u>	<u>2,350,361</u>	<u>304,467</u>	<u>31,152,625</u>
Cash and Cash Equivalents - December 31	<u>\$ 14,872,861</u>	<u>\$ 8,487,278</u>	<u>\$ 282,024</u>	<u>\$ 771,334</u>	<u>\$ 24,413,497</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	687,858	(299,409)	15,646	(69,058)	335,037
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation Expense	848,730	568,670	183,494	123,701	1,724,595
Other Income	101,607	63,397	-	6,365	171,369
Increase in accounts receivable	(117,250)	(37,493)	(5,739)	(364)	(160,846)
Decrease in prepaid expenses	4,600	-	-	-	4,600
Increase (decrease) in accounts payable	(480,990)	(5,283)	61,791	509,047	84,565
Increase in wages payable	2,694	508	30	170	3,402
Net Cash Provided by Operating Activities	<u>\$ 1,047,249</u>	<u>\$ 290,390</u>	<u>\$ 255,222</u>	<u>\$ 569,861</u>	<u>\$ 2,162,722</u>
Noncash Investing, Capital and Financing Activities					
Contributions of Capital Assets from Developers	1,426,622	1,746,567	3,173,189	-	6,346,378

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

Town of Erie, Colorado
Statement of Net Assets
Fiduciary Funds
December 31, 2005

	Cemetery Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 75,185	\$ 10,015
Investments	<u>13,246</u>	<u>1,764</u>
Total Assets	<u>88,431</u>	<u>11,779</u>
LIABILITIES		
Amounts Held for DARE Program	-	5,390
Amounts Held for Police Department	<u>-</u>	<u>6,389</u>
Total Liabilities	<u>-</u>	<u>\$ 11,779</u>
NET ASSETS		
Held in Trust for Cemetery Perpetual Care	<u>88,431</u>	
Total Net Assets	<u>\$ 88,431</u>	

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

Town of Erie, Colorado
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2005

	<u>Cemetery Trust Fund</u>
ADDITIONS	
Cemetery Fees	\$ 7,950
Donations	-
Fines and Forfeitures	-
Interest Income	<u>2,523</u>
 Total Additions	 <u>10,473</u>
 DEDUCTIONS	
Program Operations	<u>-</u>
 Total Deductions	 <u>-</u>
 Change in Net Assets	 10,473
Net Assets - Beginning	<u>77,958</u>
Net Assets - Ending	<u><u>\$ 88,431</u></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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Notes to the Financial Statements
As of and for the year end December 31, 2005

Note I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

A brief description of the blended component unit follows:

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major enterprise funds:

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

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

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

Additionally, the Town reports the following fund type:

Fiduciary fund reporting focuses on net assets. The Town's fiduciary funds include the cemetery perpetual care trust fund and DARE/SADD and Police Forfeiture and Seizure agency funds.

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The Town maintains pooled cash and pooled investment accounts for all funds of the Town. Each fund's positive equity in the pooled cash and pooled investment accounts are presented as "cash and cash equivalents" and "investments" in the financial statements. Interest earned on the pooled cash and investments is prorated to individual funds at the end of each month on the basis of their monthly ending balance. At December 31, 2005, the cash equity balance for all funds were in fact positive balances. A negative equity balance would be reclassified and reflected as an interfund accounts payable.

Town and component unit investments are reported at fair value.

2. Receivables and Payables

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

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

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

	<u>Tax Year</u>
Tax Levy certified to County Commissioners	December 15
County Commissioners certify levy to County Assessor	December 22
	 <u>Ensuing Collection Year</u>
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

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

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

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The items are accounted for using the purchases method.

4. Restricted Assets

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

5. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The Town reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and the enterprise funds' statements of net assets.

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

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

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

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

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

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

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

6. Compensated Absences

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

7. Long-term Obligations

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

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

8. Fund Equity

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

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

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

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

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

9. Capital Contributions

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

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

10. Estimates

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

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

A. Changes in Accounting Principles

For fiscal year 2005, the Town implemented GASB Statement No. 40, "Deposits and Investment Risk Disclosures," and GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section."

GASB Statement No. 40 requires certain disclosures to be made in the notes to the financial statements that address common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

GASB Statement No. 44 requires the statistical section of the comprehensive annual financial report to be updated. The updates include improvements to the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement 34.

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

B. Restatement of Equity Balances

The Town has restated the equity balances for two funds as of December 31, 2004. The storm drainage operating fund had an ending net assets balance of \$9,466,919 and has been restated to be \$7,313,533. The storm drainage impact fund had an ending net assets balance of \$0 and has been restated to be \$2,153,386. The restatement is due to the splitting of operating activities from the impact fee activities in the storm drainage fund.

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$3,706,623 are as follows:

Bonds Payable	\$ 3,550,000
Less: Deferred charge for issuance costs (to be amortized of the life of the debt)	(156,247)
Loan Payable	-
Accrued Interest Payable	14,221
Compensated Absences	<u>298,649</u>
Net adjustments to reduce <i>fund balance - total</i> <i>governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 3,706,623</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$335,096 difference are as follows:

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

Capital Outlay	\$ 1,134,252
Depreciation Expense	<u>(799,156)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 335,096</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.” The details of this \$3,361,918 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources	<u>\$ 3,361,918</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 3,361,918</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$220,110 are as follows:

Principal Repayments	
General obligation debt	\$ 195,000
Loan payment	<u>25,110</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 220,110</u>

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

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.” The details of this \$62,531 difference are as follows:

Compensated Absences	\$	(54,632)
Accrued Interest		683
Amortization of Bond Issuance Costs		<u>(8,582)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$	<u><u>(62,531)</u></u>

Note IV. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

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

Fund	Original Budget	Supplemental Appropriations	Final Budget
General Fund	\$ 7,492,300	\$ 1,499,000	\$ 8,991,300
Special Revenue Funds:			
Parks Improvement Impact Fund	773,600	2,170,900	2,944,500
Public Facilities Impact Fund	229,100	50,000	279,100
Storm Drainage Impact Fund	-	1,587,700	1,587,700
Trails & Natural Areas Fund	-	88,500	88,500
Transportation Impact Fund	1,359,700	30,000	1,389,700
Tree Impact Fund	163,500	12,500	176,000
Enterprise Funds:			
Water Fund	19,666,800	9,518,700	29,185,500
Wastewater Fund	14,724,500	1,645,200	16,369,700
Storm Drainage Fund	1,115,900	1,342,600	2,458,500
Airport Fund	1,194,700	232,600	1,427,300
Fiduciary Funds:			
Cemetery Perpetual Care Trust Fund	5,000	10,000	15,000
DARE/SADD Fund	1,200	1,000	2,200
Police Forfeiture & Seizure Fund	6,000	-	6,000
	<u>\$ 46,732,300</u>	<u>\$ 18,188,700</u>	<u>\$ 64,921,000</u>

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

Note V. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

The carrying amount of the Town's deposits as of December 31, 2005, was \$6,072,329. The bank balances were \$5,812,083 of which \$200,000 was covered by federal deposit insurance and \$5,612,083 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Custodial Credit Risk – Deposits

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned. Due to the federal deposit insurance and the collateral, not deposits for the Town were exposed to custodial credit risk.

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

2. Investments

Investments policies are governed by the Town's own investment ordinance. Investments of the Town may include:

- Obligations of the United States and certain U.S. government agency securities.
- Certificates of deposit.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Investment grade obligations of state, provincial and local governments.
- Repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Local government investment pools.

In accordance with GASB Statement No. 40, the Town's investments are subject to interest rate risk, custodial risk, and credit risk as described below.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment ordinance 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 securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. More than 5% of the Town's investments are in Federal Home Loan Mortgage Corporation (FHLMC) agency securities. These investments are 62% of the Town's total investments. These investments were rated AAA.

Custodial Credit Risk for Investments

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 ordinance manages the risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Town does business.

Credit Risk

The Town's investment ordinance limits investments to certain types of investments and diversifies the investment portfolio so the impact of potential losses from any one type of

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

security or from any one individual issuer will be minimized.

As of December 31, 2005, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities	
		Up to 120 Days	121 Days to 5 Years
Federal Home Loan Mortgage Corporation (FHLMC)	\$ 4,935,274	\$ 2,972,252	\$ 1,963,022
Commercial Paper	2,978,054	2,978,054	-
Repurchase Agreement	164,381	164,381	
Total Investments Controlled by Town	8,077,709	\$ 6,114,687	\$ 1,963,022
Percent of Total		76%	24%
Reconciliation to Total Deposits and Investments			
Cash on Hand and in Banks		6,072,329	
CSAFE	\$ -		
ColoTrust	<u>43,376,404</u>		
Cash and Investments in Custody of Others		<u>43,376,404</u>	
Total Deposits and Investments		\$ 57,526,442	

The Town had invested a total of \$43,376,404 in the Colorado Government Liquid Asset Trust (COLOTRUST) at year-end. COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds. This fund operates similarly to money market funds and each share is equal in value to \$1.00. Investments in this fund consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to these funds in connection with the direct investment and withdrawal functions of these funds. Substantially all securities owned by these funds are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by these funds. The investments were rated AAA.

The carrying amounts of the deposits and investments are reflected in the accompanying financial statements as:

	<u>Total</u>
Statement of Net Assets:	
Cash and Cash Equivalents - Primary Government	\$49,527,914
Investments	7,898,318
Statement of Fiduciary Net Assets:	
Cash and Cash Equivalents - Primary Government	85,200
Investments	<u>15,010</u>
	<u>\$57,526,442</u>

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

B. Receivables

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

	General	Water	Wastewater	Storm Drainage Operating	Nonmajor and Other Funds	Total
Receivables						
Interest	\$ 5,487	\$ 5,497	\$ 826	\$ -	\$ -	\$ 11,810
Taxes	1,052,063	-			577,422	1,629,485
Accounts	460,727	2,342,270	245,815	34,665	88,483	3,171,960
Gross Receivables	1,518,277	2,347,767	246,641	34,665	665,905	4,813,255
Less: Allowance for Uncollectible	(43,930)	(2,663)	-	-	(732)	(47,325)
Total Net Receivables	<u>\$ 1,474,347</u>	<u>\$ 2,345,104</u>	<u>\$ 246,641</u>	<u>\$ 34,665</u>	<u>\$ 665,173</u>	<u>\$ 4,765,930</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2005 was a follows:

	Beginning Balance	Additions	Dispositions	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 6,417,047	\$ 272,240	\$ -	\$ 6,689,287
Construction in Progress	58,316	344,718	-	403,034
Total Capital Assets, not being depreciated:	<u>6,475,363</u>	<u>616,958</u>	<u>-</u>	<u>7,092,321</u>
Capital Assets, being depreciated:				
Buildings & Improvements	3,755,010	-	-	3,755,010
Improvements other than Buildings	16,530,061	3,603,135	-	20,133,196
Machinery & Equipment	2,116,664	188,061	-	2,304,725
Vehicles	962,448	88,016	-	1,050,464
Total Capital Assets, being depreciated:	<u>23,364,183</u>	<u>3,879,212</u>	<u>-</u>	<u>27,243,395</u>
Less Accumulated Depreciation for:				
Buildings & Improvements	(568,387)	(75,111)	-	(643,498)
Improvements other than Buildings	(1,027,756)	(499,330)	-	(1,527,086)
Machinery & Equipment	(1,601,696)	(144,470)	-	(1,746,166)
Vehicles	(820,941)	(80,245)	-	(901,186)
Total Accumulated Depreciation	<u>(4,018,780)</u>	<u>(799,156)</u>	<u>-</u>	<u>(4,817,936)</u>
Total Capital Assets, being depreciated, net	<u>19,345,403</u>	<u>3,080,056</u>	<u>-</u>	<u>22,425,459</u>
Governmental Activities Capital Assets, net	<u>\$ 25,820,766</u>	<u>\$ 3,697,014</u>	<u>\$ -</u>	<u>\$ 29,517,780</u>

Note V. Detailed Notes on All Funds (continued)

	Beginning Balance	Additions	Dispositions	Ending Balance
Business-type Activities:				
Capital Assets, not being depreciated:				
Land	\$ 3,690,670	\$ -	\$ -	\$ 3,690,670
Water Shares	24,583,876	39,989,020	-	64,572,896
Construction in Progress	9,415,334	10,274,527	3,430,980	16,258,881
Total Capital Assets, not being depreciated:	<u>37,689,880</u>	<u>50,263,547</u>	<u>3,430,980</u>	<u>84,522,447</u>
Capital Assets, being depreciated:				
Plants, Buildings & Improvements	65,827,924	10,091,152	-	75,919,076
Machinery & Equipment	477,147	16,641	-	493,788
Total Capital Assets, being depreciated:	<u>66,305,071</u>	<u>10,107,793</u>	<u>-</u>	<u>76,412,864</u>
Less Accumulated Depreciation for:				
Plants, Buildings & Improvements	(6,294,684)	(1,696,115)	-	(7,990,799)
Machinery & Equipment	(210,169)	(28,480)	-	(238,649)
Total Accumulated Depreciation	<u>(6,504,853)</u>	<u>(1,724,595)</u>	<u>-</u>	<u>(8,229,448)</u>
Total Capital Assets, being depreciated, net	<u>59,800,218</u>	<u>8,383,198</u>	<u>-</u>	<u>68,183,416</u>
Business-type Activities Capital Assets, net	<u>\$ 97,490,098</u>	<u>\$ 58,646,745</u>	<u>\$ 3,430,980</u>	<u>\$ 152,705,863</u>

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

Governmental Activities:	
General Government	\$ 105,314
Parks & Recreation	132,210
Public Safety	83,756
Public Works	477,876
Total Depreciation Expense - Governmental Activities	<u>\$ 799,156</u>
Business-type Activities:	
Water	\$ 848,730
Wastewater	568,670
Storm Drainage Operating	183,494
Airport	92,129
Housing Authority	31,572
Total Depreciation Expense - Business-type Activities	<u>\$ 1,724,595</u>

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

D. Interfund Receivables, Payables, and Transfers

The interfund balances at December 31, 2005 consisted of the following amounts and represents loan to/from funds:

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

E. Long-term Debt

1. General Obligation Bonds

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

2. Revenue Bonds and Loans

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

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

3. Long-term Debt Summary

The following is a summary of all general and revenue obligations outstanding long-term debt issues at December 31, 2005:

Year Issued	Purpose	Interest Rate (%)	Maturity Date	Authorized & Issued	Retired	Outstanding Balance
1978	Water revenue bonds	5.00	2019	\$ 290,000	\$ 122,000	\$ 168,000
1996	Housing Authority FHLB forgivable loan	0.00	2015	60,000	20,000	40,000
1996	Storm Drainage revenue loan from CWCB	2.00	2035	498,512	90,370	408,142
1997	Wastewater revenue loan from CWRPDA	4.54	2017	1,821,690	592,984	1,228,706
1997	Wastewater revenue loan from CWRPDA	4.50	2017	500,000	141,419	358,581
1997	Wastewater revenue bonds	4.00-6.00	2017	1,635,000	350,000	1,285,000
1998	Transportation general obligation bond	3.60-5.15	2018	4,500,000	950,000	3,550,000
1998	Water revenue refunding/improvement bonds	3.70-5.00	2023	16,240,000	2,250,000	13,990,000
2001	Boulder County open space loan	0.00	2005	500,310	500,310	-
2004	Housing Authority mortgage revenue loan*	4.50	2014	861,021	17,275	843,746
2004	Water revenue loan from CWRPDA	4.21	2023	14,500,000	1,155,000	13,345,000

* Refinance of 2000 mortgage bonds

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

4. Annual Debt Service Requirements

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 1,451,223	\$ 1,635,268	\$ 3,086,491
2007	1,503,155	1,579,866	3,083,021
2008	1,565,412	1,520,070	3,085,482
2009	1,628,611	1,452,113	3,080,724
2010	1,706,147	1,379,752	3,085,899
2011 - 2015	10,473,866	5,576,515	16,050,381
2016 - 2020	9,513,707	2,862,876	12,376,583
2021 - 2025	7,210,464	722,525	7,932,989
2026 - 2030	77,798	13,319	91,117
2031 - 2035	85,896	5,222	91,118
Total	<u>\$ 35,216,279</u>	<u>\$ 16,747,526</u>	<u>\$ 51,963,805</u>

5. Certificates of Participation and Capital Leases

Through the Erie Finance Corporation (EFC), the Town issues certificates of participation (COPs) for the acquisition and construction of major capital facilities and improvements. The COPs are secured by the constructed facilities and improvements. The debt service payments are made from the rents collected by the EFC based upon a lease purchase agreement between the Town and the EFC. The improvements and outstanding COPs are recorded on the Town's financial statements as capital assets and capital leases, respectively.

As of December 31, 2005, the Town had entered into a lease purchase agreement with the EFC to purchase Colorado-Big Thompson (CBT) water shares in the amount of \$32,030,000. The COPs issued by the EFC have an adjustable rate with a maximum interest rate of 12%. Actual interest rates are established weekly by the remarketing agent. During November and December 2005, the rate ranged from 2.69% to 3.58%. Additionally, the COPs may be redeemed in whole or part prior to the maturity without penalty. The lease 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 constitution or statutory debt limitation.

The following is a summary of the payments under the lease purchase agreement mentioned above using the maximum interest rate:

Note V. Detailed Notes on All Funds (continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 480,000	\$ 3,834,000	\$ 4,314,000
2007	505,000	3,775,900	4,280,900
2008	530,000	3,714,800	4,244,800
2009	560,000	3,650,600	4,210,600
2010	585,000	3,582,900	4,167,900
2011 - 2015	3,400,000	16,778,200	20,178,200
2016 - 2020	4,340,000	14,504,600	18,844,600
2021 - 2025	5,535,000	11,604,900	17,139,900
2026 - 2030	7,070,000	7,901,000	14,971,000
2031 - 2035	9,025,000	3,173,500	12,198,500
	<u>\$ 32,030,000</u>	<u>\$ 72,520,400</u>	<u>\$ 104,550,400</u>
Total	<u>\$ 32,030,000</u>	<u>\$ 72,520,400</u>	<u>\$ 104,550,400</u>

6. Changes in Long-term Liabilities

Long-term debt liability activity for all general and revenue obligations for the year ended December 31, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds/Loans Payable:					
General Obligation Bonds	\$ 3,745,000	\$ -	\$ (195,000)	\$ 3,550,000	\$ 205,000
Boulder County Open Space Loan	25,110	-	(25,110)	-	-
Amortization of Bond Issuance Costs	(164,829)	-	8,582	(156,247)	-
Accrued Compensated Absences	244,017	54,632	-	298,649	192,315
	<u>244,017</u>	<u>54,632</u>	<u>-</u>	<u>298,649</u>	<u>192,315</u>
Total Governmental Activity					
Long-term Liabilities	<u>\$ 3,849,298</u>	<u>\$ 54,632</u>	<u>\$ (211,528)</u>	<u>\$ 3,692,402</u>	<u>\$ 397,315</u>
Business-type Activities:					
Bonds/Loans Payable:					
Revenue Bonds	\$ 16,001,000	\$ -	\$ (558,000)	\$ 15,443,000	\$ 584,000
CWRPDA Loans	15,544,534	-	(612,247)	14,932,287	633,596
CWCB Loan	418,005	-	(9,863)	408,142	10,061
Mortgage Revenue Loan	856,770	-	(13,024)	843,746	14,567
FHLB Forgivable Loan	44,000	-	(4,000)	40,000	4,000
Capital Lease Purchase	-	32,030,000	-	32,030,000	480,000
Amortization of Bond Issuance Costs	(483,987)	-	20,081	(463,906)	-
Amortization of Bond Discounts/Premiums	(282,816)	-	9,032	(273,784)	-
	<u>(483,987)</u>	<u>-</u>	<u>20,081</u>	<u>(463,906)</u>	<u>-</u>
	<u>(282,816)</u>	<u>-</u>	<u>9,032</u>	<u>(273,784)</u>	<u>-</u>
Total Business-type Activity					
Long-term Liabilities	<u>\$ 32,097,506</u>	<u>\$ 32,030,000</u>	<u>\$ (1,168,021)</u>	<u>\$ 62,959,485</u>	<u>\$ 1,726,224</u>

For governmental activities, compensated absences are generally liquidated by the general fund.

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

F. Pension Plan

1. Plan Description

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

2. Basis of Accounting

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

3. Funding Policy

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

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Town's Contribution	<u>\$ 67,987</u>	<u>\$ 60,857</u>	<u>\$ 54,396</u>

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

G. Net Assets Calculation

1. Investments in Net Assets

Net assets on the government-wide statement of net assets as of December 31, 2005, are as follows:

Invested in Capital Assets, Net of Related Debt:	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cost of Capital Assets	\$ 34,335,714	\$ 160,935,311	\$ 195,271,025
Less Accumulated Depreciation	4,817,934	8,229,448	13,047,382
Book Value	<u>29,517,780</u>	<u>152,705,863</u>	<u>182,223,643</u>
Less Capital Related Debt	3,550,000	63,697,176	67,247,176
Plus Debt Issuance Costs	156,247	463,906	620,153
Plus Debt Discounts/Premiums	<u>-</u>	<u>273,785</u>	<u>273,785</u>
Invested in Capital Assets, Net of Related Debt:	<u><u>\$ 26,124,027</u></u>	<u><u>\$ 89,746,378</u></u>	<u><u>\$ 115,870,405</u></u>

2. Restricted Assets

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

Reserved for Capital Projects - Conservation Trust	\$ 240,026
Reserved for Capital Projects - Parks Improvement	5,496,602
Reserved for Capital Projects - Public Facilities	4,820,420
Reserved for Capital Projects - Storm Drainage	3,141,770
Reserved for Capital Projects - Transportation	2,500,821
Reserved for Capital Projects - Trails and Natural Areas	405,895
Reserved for Capital Projects - Tree	849,470
Reserved for Emergencies	<u>213,731</u>
Total Restricted Assets	<u><u>\$ 17,668,735</u></u>

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

Unspent Debt Proceeds - Water	\$ 1,041,847
Debt Reserve Accounts - Water	2,288,081
Debt Reserve Accounts - Wastewater	163,500
Debt Reserve Accounts - Other	58,575
Operations & Maintenance Reserve - Water	846,158
Operations & Maintenance Reserve - Wastewater	<u>320,548</u>
Total Restricted Assets	<u><u>\$ 4,718,709</u></u>

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

3. Emergency Reserves

The Town Board approved a resolution creating emergency reserves as required by Article X, Section 20, of the Colorado Constitution, in the General Fund in the amount of \$213,731.

Note VI. Other Information

A. Risk Management

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

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

CIRSA has entered into various excess insurance contracts to limit large losses and minimize exposure on large risks. Excess of loss contracts in effect during 2005 limit CIRSA's per occurrence exposure to \$250,000 for property coverage, \$1,000,000 for casualty coverage and provide coverage to specified upper limits. The excess of loss contract for workers' compensation coverage limits CIRSA's per occurrence exposure to \$400,000 for 2005 and provides coverage to statutory limits for the State of Colorado.

The Town's 2005 contributions were \$158,360 and \$79,148 for the property and casualty pool and the workers' compensation pool, respectively.

B. Subsequent Events

In April of 2006, the voters in the Town authorized an increase in general obligation debt of \$16,800,000 for the construction of a community recreation/senior center.

C. Contingent Liabilities

1. Colorado Intergovernmental Risk Sharing Agency

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

Note VI. Other Information *(continued)*

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

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

2. Legal Action and Asserted Claims

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

D. Joint Ventures

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

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

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

CIRSA and CIRSA/WC Combined Financial Information – At December 31, 2005, CIRSA had assets of \$50,606,535, liabilities of \$32,242,203 (including \$30,557,991 reserved for losses and claims) and net assets of \$18,364,332. Total revenue for 2005 amounted to \$20,646,828 and total expenses were \$17,217,755 resulting in an excess of revenues over expenses of \$3,429,073. The amount of Town of Erie's share of these amounts is less than 1%.

Note VI. Other Information *(continued)*

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

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

E. Commitments

The Town has several capital asset construction and acquisition projects in process. As a result of these projects, the Town has remaining outstanding commitments of \$2,608,888 to various general contractors and vendors.

The Town is also participating in several raw water storage and delivery projects with the Northern Colorado Water Conservancy District (NCWCD). In 2006, the Town expected to contribute \$206,500 to the Northern Integrated Supply Project (NISP) and \$900,450 to the Windy Gap Firing Project. Future years' contributions to these projects depend on the Board of Trustees election to participate.

F. TABOR Compliance

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

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

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

Special Revenue Funds:

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

Parks Improvement Impact: to account for revenues received from impact fees

Public Facilities Impact: to account for revenues received from impact fees

Storm Drainage Impact: to account for revenues received from impact fees

Transportation Impact: to account for revenues received from impact fees

Trails and Natural Areas: to account for property tax revenues used to finance trails and natural areas

Tree Impact: to account for revenues received from impact fees

Town of Erie, Colorado
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2005

	Special Revenue Funds							Total Nonmajor Governmental Fund
	Conservation Trust	Parks Improvement Impact	Public Facilities Impact	Storm Drainage Impact	Transportation Impact	Trails and Natural Areas	Tree Impact	
ASSETS								
Cash and Cash Equivalents	\$ 204,073	\$ 4,613,741	\$4,098,379	\$2,671,171	\$ 2,127,572	\$ 349,841	\$745,961	\$ 14,810,738
Investments	35,953	812,836	722,041	470,599	374,830	61,639	131,421	2,609,319
Receivables:								
Property Taxes	-	-	-	-	-	577,422	-	577,422
Due from Other Funds	-	100,000	-	-	-	-	-	100,000
Total Assets	<u>\$ 240,026</u>	<u>\$ 5,526,577</u>	<u>\$4,820,420</u>	<u>\$3,141,770</u>	<u>\$ 2,502,402</u>	<u>\$ 988,902</u>	<u>\$877,382</u>	<u>\$ 18,097,479</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ -	\$ 29,975	\$ -	\$ -	\$ 1,581	\$ 5,585	\$ 27,912	\$ 65,053
Deferred Revenue	-	-	-	-	-	577,422	-	577,422
Total Liabilities	<u>-</u>	<u>29,975</u>	<u>-</u>	<u>-</u>	<u>1,581</u>	<u>583,007</u>	<u>27,912</u>	<u>642,475</u>
Fund Balances								
Reserved for Capital Projects	240,026	5,496,602	4,820,420	3,141,770	2,500,821	405,895	849,470	17,455,004
Total Fund Balances	<u>240,026</u>	<u>5,496,602</u>	<u>4,820,420</u>	<u>3,141,770</u>	<u>2,500,821</u>	<u>405,895</u>	<u>849,470</u>	<u>17,455,004</u>
Total Liabilities and Fund Balances	<u>\$ 240,026</u>	<u>\$ 5,526,577</u>	<u>\$4,820,420</u>	<u>\$3,141,770</u>	<u>\$ 2,502,402</u>	<u>\$ 988,902</u>	<u>\$877,382</u>	<u>\$ 18,097,479</u>

Town of Erie
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2005

	Special Revenue Funds							Total Nonmajor Governmental Fund
	Conservation Trust	Parks Improvement Impact	Public Facilities Impact	Storm Drainage Impact	Transportation Impact	Trails and Natural Areas	Tree Impact	
REVENUES								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 436,644	\$ -	\$ 436,644
Intergovernmental	82,729	-	-	-	-	-	-	82,729
Fees and Charges for Services	-	1,737,495	1,472,527	1,061,036	1,341,085	-	231,900	5,844,043
Investment Earnings	6,023	144,102	128,794	81,306	65,487	9,436	25,025	460,173
Total Revenues	88,752	1,881,597	1,601,321	1,142,342	1,406,572	446,080	256,925	6,823,589
EXPENDITURES								
Current Operating								
Public Works	-	-	-	-	4,220	-	-	4,220
Parks and Recreation	-	-	-	-	-	-	100,219	100,219
Capital Outlay	-	102,190	175,959	153,958	76,245	40,185	-	548,537
Debt Service:								
Principal	-	25,110	-	-	-	-	-	25,110
Total Expenditures	-	127,300	175,959	153,958	80,465	40,185	100,219	678,086
Excess Revenues Over (Under) Expenditures	88,752	1,754,297	1,425,362	988,384	1,326,107	405,895	156,706	6,145,503
OTHER FINANCING USES								
Transfers Out	-	-	-	-	(135,000)	-	-	(135,000)
Total Other Financing Uses	-	-	-	-	(135,000)	-	-	(135,000)
Net Changes in Fund Balance	88,752	1,754,297	1,425,362	988,384	1,191,107	405,895	156,706	6,010,503
Fund Balances - Beginning - Restated	151,274	3,742,305	3,395,058	2,153,386	1,309,714	-	692,764	11,444,501
Fund Balances - Ending	\$ 240,026	\$ 5,496,602	\$4,820,420	\$ 3,141,770	\$ 2,500,821	\$ 405,895	\$849,470	\$ 17,455,004

**Town of Erie
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget
For the Year Ended December 31, 2005**

	Actual	Original Budget	Final Budget	Variance With Final Budget to Actual Positive (Negative)
REVENUES				
Intergovernmental	\$ 82,729	\$ 60,000	\$ 75,000	\$ 7,729
Investment Earnings	6,023	1,800	4,800	1,223
Total Revenues	<u>88,752</u>	<u>61,800</u>	<u>79,800</u>	<u>8,952</u>
EXPENDITURES				
Equipment	-	-	-	-
Vehicles	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures	88,752	<u>\$ 61,800</u>	<u>\$ 79,800</u>	<u>\$ 8,952</u>
Fund Balances - Beginning	<u>151,274</u>			
Fund Balances - Ending	<u>\$ 240,026</u>			

**Town of Erie
Parks Improvement Impact Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget
For the Year Ended December 31, 2005**

	Actual	Original Budget	Final Budget	Variance With Final Budget to Actual Positive (Negative)
REVENUES				
Fees & Charges for Services	\$1,737,495	\$1,177,800	\$ 1,535,000	\$ 202,495
Investment Earnings	144,102	10,900	100,000	44,102
Total Revenues	<u>1,881,597</u>	<u>1,188,700</u>	<u>1,635,000</u>	<u>246,597</u>
EXPENDITURES				
Capital Outlay	102,190	748,400	2,919,300	2,817,110
Debt Service:				
Principal	25,110	25,200	25,200	90
Total Expenditures	<u>127,300</u>	<u>773,600</u>	<u>2,944,500</u>	<u>2,817,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,754,297	<u>\$ 415,100</u>	<u>\$(1,309,500)</u>	<u>\$ 3,063,797</u>
Fund Balances - Beginning	<u>3,742,305</u>			
Fund Balances - Ending	<u><u>\$5,496,602</u></u>			

Town of Erie
Public Facilities Impact Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget
For the Year Ended December 31, 2005

	Actual	Original Budget	Final Budget	Variance With Final Budget to Actual Positive (Negative)
REVENUES				
Fees and Charges for Services	\$ 1,472,527	\$ 793,000	\$ 1,508,800	(36,273)
Investment Earnings	128,794	10,500	10,500	118,294
Total Revenues	<u>1,601,321</u>	<u>803,500</u>	<u>1,519,300</u>	<u>82,021</u>
EXPENDITURES				
Administration	-	500	500	500
Heavy Equipment	175,959	178,600	178,600	2,641
Facilities Master Plan	-	-	50,000	50,000
Community Facilities	-	50,000	50,000	50,000
Total Expenditures	<u>175,959</u>	<u>229,100</u>	<u>279,100</u>	<u>103,141</u>
Excess Revenues Over Expenditures	1,425,362	<u>\$ 574,400</u>	<u>\$ 1,240,200</u>	<u>\$ 185,162</u>
Fund Balances - Beginning	<u>3,395,058</u>			
Fund Balances - Ending	<u>\$ 4,820,420</u>			

Town of Erie
Storm Drainage Impact Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget
For the Year Ended December 31, 2005

	Actual	Original Budget	Final Budget	Variance With Final Budget to Actual Positive (Negative)
REVENUES				
Fees and Charges for Services	\$ 1,061,036	\$ -	\$ 927,100	133,936
Investment Earnings	81,306	-	30,000	51,306
Total Revenues	<u>1,142,342</u>	<u>-</u>	<u>957,100</u>	<u>185,242</u>
EXPENDITURES				
Capital Outlay	153,958	-	1,587,700	1,433,742
Total Expenditures	<u>153,958</u>	<u>-</u>	<u>1,587,700</u>	<u>1,433,742</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	988,384	<u>\$ -</u>	<u>\$ (630,600)</u>	<u>\$ 1,618,984</u>
Fund Balances - Beginning - Restated	<u>2,153,386</u>			
Fund Balances - Ending	<u>\$ 3,141,770</u>			

**Town of Erie
Transportation Impact Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget
For the Year Ended December 31, 2005**

	Actual	Original Budget	Final Budget	Variance With Final Budget to Actual Positive (Negative)
REVENUES				
Fees and Charges for Services	\$ 1,341,085	\$ 1,090,200	\$ 1,155,000	186,085
Investment Earnings	65,487	5,400	50,000	15,487
Total Revenues	<u>1,406,572</u>	<u>1,095,600</u>	<u>1,205,000</u>	<u>201,572</u>
EXPENDITURES				
Administration	4,220	19,500	19,500	15,280
Street Improvement Projects	76,245	966,300	1,196,300	1,120,055
Debt Service:				
Principal	-	195,000	-	-
Interest	-	178,900	-	-
Total Expenditures	<u>80,465</u>	<u>1,359,700</u>	<u>1,215,800</u>	<u>1,135,335</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,326,107</u>	<u>(264,100)</u>	<u>(10,800)</u>	<u>1,336,907</u>
OTHER FINANCING USES				
Tranfers Out	<u>(135,000)</u>	<u>-</u>	<u>(173,900)</u>	<u>38,900</u>
Total Other Financing Uses	<u>(135,000)</u>	<u>-</u>	<u>(173,900)</u>	<u>38,900</u>
Net Changes in Fund Balance	1,191,107	<u>\$ (264,100)</u>	<u>\$ (184,700)</u>	<u>\$ 1,375,807</u>
Fund Balances - Beginning	<u>1,309,714</u>			
Fund Balances - Ending	<u>\$ 2,500,821</u>			

Town of Erie
Trails and Natural Areas Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget
For the Year Ended December 31, 2005

	Actual	Original Budget	Final Budget	Variance With Final Budget to Actual Positive (Negative)
REVENUES				
Property Taxes	\$ 436,644	\$ 438,000	\$ 438,000	(1,356)
Investment Earnings	9,436	5,500	5,500	3,936
Total Revenues	<u>446,080</u>	<u>443,500</u>	<u>443,500</u>	<u>2,580</u>
EXPENDITURES				
Trail Engineering	40,185	-	88,500	48,315
Total Expenditures	<u>40,185</u>	<u>-</u>	<u>88,500</u>	<u>48,315</u>
Excess Revenues Over Expenditures	405,895	<u>\$ 443,500</u>	<u>\$ 355,000</u>	<u>\$ 50,895</u>
Fund Balances - Beginning	<u>-</u>			
Fund Balances - Ending	<u>\$ 405,895</u>			

**Town of Erie
Tree Impact Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget
For the Year Ended December 31, 2005**

	Actual	Original Budget	Final Budget	Variance With Final Budget to Actual Positive (Negative)
REVENUES				
Fees and Charges for Services	\$ 231,900	\$ 163,200	\$ 178,200	\$ 53,700
Investment Earnings	25,025	5,900	20,000	5,025
Miscellaneous	-	300	300	(300)
	<u>256,925</u>	<u>169,400</u>	<u>198,500</u>	<u>58,425</u>
EXPENDITURES				
Administration	3,499	3,500	3,500	1
Trees and Plants	96,720	160,000	172,500	75,780
	<u>100,219</u>	<u>163,500</u>	<u>176,000</u>	<u>75,781</u>
Excess Revenues Over Expenditures	156,706	<u>\$ 5,900</u>	<u>\$ 22,500</u>	<u>\$ 134,206</u>
Fund Balances - Beginning	<u>692,764</u>			
Fund Balances - Ending	<u>\$ 849,470</u>			

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

Nonmajor Enterprise Fund Combining Statements:

Airport: to account for operations of the Erie Municipal Airport

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

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

Water Fund

Wastewater Fund

Storm Drainage Operating Fund

Airport Fund

Town of Erie, Colorado
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2005

	Enterprise Funds		Total
	Airport	Housing Authority	Nonmajor Enterprise Fund
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 685,682	\$ 85,652	\$ 771,334
Investments	120,802	-	120,802
Accounts Receivable	86,343	1,408	87,751
Prepaid Expenses	-	2,442	2,442
Total Current Assets	<u>892,827</u>	<u>89,502</u>	<u>982,329</u>
Noncurrent Assets			
Land	523,569	-	523,569
Property and Equipment	2,543,125	1,173,676	3,716,801
Accumulated Depreciation	(528,206)	(149,967)	(678,173)
Construction in Progress	692,485	-	692,485
Bond Issue Costs	-	32,830	32,830
Total Noncurrent Assets	<u>3,230,973</u>	<u>1,056,539</u>	<u>4,287,512</u>
Total Assets	<u>4,123,800</u>	<u>1,146,041</u>	<u>5,269,841</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	520,077	40,565	560,642
Accrued Interest Payable	-	2,808	2,808
Accrued Wages Payable	972	-	972
Deferred Revenue	200,000	-	200,000
Interfund Payable	100,000	-	100,000
Loans Payable	-	18,567	18,567
Total Current Liabilities	<u>821,049</u>	<u>61,940</u>	<u>882,989</u>
Noncurrent Liabilities			
Loans Payable	-	865,179	865,179
Total Noncurrent Liabilities	<u>-</u>	<u>865,179</u>	<u>865,179</u>
Total Liabilities	<u>821,049</u>	<u>927,119</u>	<u>1,748,168</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	3,230,973	172,793	3,403,766
Restricted	-	58,575	58,575
Unrestricted	71,778	(12,446)	59,332
Total Net Assets	<u>\$ 3,302,751</u>	<u>\$ 218,922</u>	<u>\$ 3,521,673</u>

Town of Erie
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2005

	Enterprise Funds		Total
	Airport	Housing Authority	Nonmajor Enterprise Fund
Operating Revenue			
Charges for Services	\$ 281,495	\$ 82,400	\$ 363,895
Total Operating Revenue	281,495	82,400	363,895
Operating Expenses			
Personnel Services	64,458	-	64,458
Operations and Maintenance	211,915	33,377	245,292
Other	-	(498)	(498)
Depreciation	92,129	31,572	123,701
Total Operating Expenses	368,502	64,451	432,953
Net Operating Income (Loss)	(87,007)	17,949	(69,058)
Nonoperating Revenues (Expenses)			
Interest Income	14,983	1,014	15,997
Other	2,366	4,000	6,366
Amortization of Debt Issuance Costs	-	(3,788)	(3,788)
Interest Expense	-	(39,665)	(39,665)
Total Nonoperating Revenues (Expenses)	17,349	(38,439)	(21,090)
Loss before contributions	(69,658)	(20,490)	(90,148)
Capital Contributions	712,515	-	712,515
Change in Net Assets	642,857	(20,490)	622,367
Total Net Assets - Beginning	2,659,894	239,412	2,899,306
Total Net Assets - Ending	\$ 3,302,751	\$ 218,922	\$ 3,521,673

Town of Erie
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2005

	Enterprise Funds		Total
	Airport	Housing Authority	Nonmajor Enterprise Fund
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 283,501	\$ 85,990	\$ 369,491
Payments to Employees	(49,724)	-	(49,724)
Payments to Suppliers	285,188	(35,094)	250,094
Net Cash Provided by Operating Activities	518,965	50,896	569,861
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	(700,556)	-	(700,556)
Principal Paid on Capital Debt	-	(17,024)	(17,024)
Interest Paid on Capital Debt	-	(39,665)	(39,665)
Capital Contributions	759,056	-	759,056
Cash Flows Provided (Used) by Capital and Related Financing Activities	58,500	(56,689)	1,811
Cash Flows from Investing Activities			
Purchase of Investments	(120,802)	-	(120,802)
Earnings on Investments	14,983	1,014	15,997
Cash Flows Provided by (Used in) Investing Activities	(105,819)	1,014	(104,805)
Net Increase (Decrease) in Cash and Cash Equivalents	471,646	(4,779)	466,867
Cash and Cash Equivalents - January 1	214,036	90,431	304,467
Cash and Cash Equivalents - December 31	\$ 685,682	\$ 85,652	\$ 771,334
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	(87,007)	17,949	(69,058)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation Expense	92,129	31,572	123,701
Other Income	2,365	4,000	6,365
Increase in accounts receivable	(359)	(5)	(364)
Increase (decrease) in accounts payable	511,667	(2,620)	509,047
Increase in wages payable	170	-	170
Net cash provided by operating activities	\$ 518,965	\$ 50,896	\$ 569,861

Town of Erie
Water Fund
Schedule of Revenues, Expenses and Changes in Fund Net Assets
Actual and Budget (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2005

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Original Budget	Final Budget	Variance With Final Budget to Actual on Budgetary Basis Positive (Negative)
REVENUES						
Charges for Services	\$ 3,625,729	\$ -	\$ 3,625,729	\$ 3,093,600	\$ 3,669,200	\$ (43,471)
Other Nonoperating Income	112,640	-	112,640	135,000	139,000	(26,360)
Interest Income	658,406	-	658,406	75,000	500,000	158,406
Capital Contributions	18,519,831	(1,426,622)	17,093,209	9,731,600	13,369,000	3,724,209
Total Revenues	22,916,606	(1,426,622)	21,489,984	13,035,200	17,677,200	3,812,784
EXPENSES						
Program Expenses						
Personnel Services	920,694	-	920,694	1,010,500	1,010,900	90,206
Operating & Maintenance	1,168,447	-	1,168,447	1,533,400	1,765,300	596,853
Bond & Loan Payments	-	998,000	998,000	998,000	998,000	-
Interest Expense	1,295,492	6,701	1,302,193	1,302,300	1,302,300	107
Depreciation	848,730	(848,730)	-	-	-	-
Amortization of Bond Issue Costs	25,302	(25,302)	-	-	-	-
Total Program Expenses	4,258,665	130,669	4,389,334	4,844,200	5,076,500	687,166
Project Expenses						
Vehicle - Pickup	-	16,641	16,641	18,500	18,500	1,859
Water Meters And Yokes	-	242,926	242,926	190,000	251,000	8,074
Raw Water Acquisitions	-	888,638	888,638	-	1,032,800	144,162
Platte Valley Irrigation Co.	-	2,609,750	2,609,750	-	2,710,400	100,650
NISP	-	206,500	206,500	245,000	245,000	38,500
Eric Lake Rehabilitation	-	18,974	18,974	-	73,600	54,626
Raw Water Pipeline	-	131,644	131,644	2,425,000	2,026,400	1,894,756
Water Treatment Facility Expansion	-	8,366,084	8,366,084	4,670,000	9,296,600	930,516
Airpark Waterline Replacement	-	170,900	170,900	398,100	454,500	283,600
Eric Lake Raw Water Pipeline	-	30,638	30,638	760,000	785,000	754,362
Water Looping Eric Village	-	8,763	8,763	192,000	192,000	183,237
Security Monitoring	-	-	-	50,000	50,000	50,000
Backwash Pump Replacement	-	-	-	-	5,500	5,500
Raw Strainer Screen Replacement	-	-	-	-	200	200
Windy Gap Firming Project	-	316,877	316,877	1,261,000	1,561,000	1,244,123
Zone 3/4A Pumpstation Expansion	-	-	-	269,000	314,000	314,000
Vulnerability Assessment	-	13,782	13,782	-	14,400	618
Raw Water Tank Painting	-	-	-	29,000	29,000	29,000
Scada System Upgrade	-	15,242	15,242	15,000	15,000	(242)
Update Water Master Plan	-	-	-	100,000	100,000	100,000
Windy Gap - 7 Units	-	4,634,070	4,634,070	4,200,000	4,934,100	300,030
Total Project Expenses	-	17,671,429	17,671,429	14,822,600	24,109,000	6,437,571
Total Expenses	4,258,665	17,802,098	22,060,763	19,666,800	29,185,500	7,124,737
Change in Net Assets	18,657,941	<u><u>\$(19,228,720)</u></u>	(570,779)	<u><u>\$(6,631,600)</u></u>	<u><u>\$(11,508,300)</u></u>	<u><u>\$ 10,937,521</u></u>
Total Net Assets - Beginning	56,142,007		56,142,007			
Loan Proceeds	-		-			
Capital Contributions	-		1,426,622			
Capital Outlay	-		17,671,429			
Debt Expense	-		1,004,701			
Depreciation	-		(848,730)			
Amortization	-		(25,302)			
Total Net Assets - Ending	<u><u>\$74,799,948</u></u>		<u><u>\$74,799,948</u></u>			

Town of Erie
Wastewater Fund
Schedule of Revenues, Expenses and Changes in Fund Net Assets
Actual and Budget (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2005

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Original Budget	Final Budget	Variance With Final Budget to Actual on Budgetary Basis Positive (Negative)
REVENUES						
Charges for Services	\$ 1,398,101	\$ -	\$ 1,398,101	\$ 1,579,500	\$ 1,579,500	\$ (181,399)
Other Nonoperating Income	63,397	-	63,397	78,700	89,700	(26,303)
Interest Income	269,000	-	269,000	54,900	200,000	69,000
Debt Proceeds	-	-	-	11,500,000	11,500,000	(11,500,000)
Capital Contributions	4,826,567	(1,746,567)	3,080,000	2,032,000	2,604,000	476,000
Total Revenues	6,557,065	(1,746,567)	4,810,498	15,245,100	15,973,200	(11,162,702)
EXPENSES						
Program Expenses						
Personnel Services	742,509	-	742,509	821,100	817,400	74,891
Operating & Maintenance	386,331	-	386,331	449,200	493,900	107,569
Bond & Loan Payments	-	172,247	172,247	172,400	172,400	153
Interest Expense	153,354	1,721	155,075	157,000	157,000	1,925
Depreciation	568,670	(568,670)	-	-	-	-
Amortization of Bond Issue Costs	3,573	(3,573)	-	-	-	-
Total Program Expenses	1,854,437	(398,275)	1,456,162	1,599,700	1,640,700	184,538
Project Expenses						
North WTF Siting Study	-	11,583	11,583	-	1,004,200	992,617
Wastewater Master Plan Update	-	-	-	100,000	100,000	100,000
Additional WW Facility Capacity	-	(1,019)	(1,019)	-	-	1,019
Water Reclamation Fac Landscape	-	21,016	21,016	25,000	25,000	3,984
North WRF	-	31,918	31,918	11,499,800	11,999,800	11,967,882
North WRF Influent Pipeline	-	8,700	8,700	1,500,000	1,600,000	1,591,300
Total Project Expenses	-	72,198	72,198	13,124,800	14,729,000	14,656,802
Total Expenses	1,854,437	(326,077)	1,528,360	14,724,500	16,369,700	14,841,340
Change in Net Assets	4,702,628	\$ (1,420,490)	3,282,138	\$ 520,600	\$ (396,500)	\$ 3,678,638
Total Net Assets - Beginning	23,406,560		23,406,560			
Capital Contributions	-		1,746,567			
Capital Outlay	-		72,198			
Debt Expense	-		173,968			
Depreciation	-		(568,670)			
Amortization	-		(3,573)			
Total Net Assets - Ending	\$ 28,109,188		\$ 28,109,188			

Town of Erie
Storm Drainage Fund
Schedule of Revenues, Expenses and Changes in Fund Net Assets
Actual and Budget (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2005

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Original Budget	Final Budget	Variance With Final Budget to Actual on Budgetary Basis Positive (Negative)
REVENUES						
Charges for Services	\$ 295,155	\$ -	\$ 295,155	\$ 294,800	\$ 294,800	\$ 355
Interest Income	11,568	-	11,568	13,800	1,900	9,668
Capital Contributions	3,173,189	(3,173,189)	-	707,200	-	-
Total Revenues	3,479,912	(3,173,189)	306,723	1,015,800	296,700	10,023
EXPENSES						
Program Expenses						
Personnel Services	62,086	-	62,086	70,800	71,200	9,114
Operating & Maintenance	33,929	-	33,929	79,800	79,500	45,571
Other	-	2,153,386	2,153,386	-	2,105,400	(47,986)
Loan Payments	-	9,863	9,863	9,900	9,900	37
Interest Expense	8,212	148	8,360	8,400	8,400	40
Depreciation	183,494	(183,494)	-	-	-	-
Total Program Expenses	287,721	1,979,903	2,267,624	168,900	2,274,400	6,776
Project Expenses						
Drainage Fee & Rate Study	-	7,491	7,491	-	9,900	2,409
Weld Drainage Master Plan	-	-	-	50,000	-	-
Incorp Weld Cty Into UDFCD	-	-	-	45,000	-	-
Water Plant Drainage Culvert	-	-	-	-	10,600	10,600
Old Town Alley Improvement	-	58,531	58,531	-	63,600	5,069
Coal Creek Flood Control	-	4,764	4,764	-	50,000	45,236
Old Town Bypass - 100 Year Final	-	-	-	500,000	-	-
Detention Pond Improve - ARF1	-	-	-	125,000	-	-
Detention Pond Improve - OGF1	-	-	-	65,000	-	-
Northridge Dr Improvements	-	43,047	43,047	37,000	50,000	6,953
CLR/LAWP Drainage	-	-	-	35,000	-	-
Weld Cty Rd 1.5 Bridge Drain	-	-	-	90,000	-	-
Total Project Expenses	-	113,833	113,833	947,000	184,100	70,267
Total Expenses	287,721	2,093,736	2,381,457	1,115,900	2,458,500	77,043
Change in Net Assets	3,192,191	<u>\$ (5,266,925)</u>	(2,074,734)	<u>\$ (100,100)</u>	<u>\$ (2,161,800)</u>	<u>\$ 87,066</u>
Total Net Assets - Beginning - Restated	7,313,533		7,313,533			
Capital Contributions	-		3,173,189			
Other	-		2,153,386			
Capital Outlay	-		113,833			
Loan Payment	-		9,863			
Interest Expense	-		148			
Depreciation	-		(183,494)			
Total Net Assets - Ending	<u>\$ 10,505,724</u>		<u>\$ 10,505,724</u>			

Town of Erie
Airport Fund
Schedule of Revenues, Expenses and Changes in Fund Net Assets
Actual and Budget (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2005

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Original Budget	Final Budget	Variance With Final Budget to Actual on Budgetary Basis Positive (Negative)
REVENUES						
Charges for Services	\$ 281,495	\$ -	\$ 281,495	\$ 278,600	\$ 278,600	\$ 2,895
Other Nonoperating Income	2,366	-	2,366	3,800	560,800	(558,434)
Interest Income	14,983	-	14,983	1,300	1,300	13,683
Capital Contributions	712,515	-	712,515	865,800	865,800	(153,285)
Total Revenues	1,011,359	-	1,011,359	1,149,500	1,706,500	(695,141)
EXPENSES						
Program Expenses						
Personnel Services	64,458	-	64,458	68,500	68,900	4,442
Operating & Maintenance	211,915	-	211,915	216,700	217,200	5,285
Depreciation	92,129	(92,129)	-	-	-	-
Total Program Expenses	368,502	(92,129)	276,373	285,200	286,100	9,727
Project Expenses						
Runway Land	-	-	-	-	200,000	200,000
Joint Seal Ramp & Taxiway A	-	14,039	14,039	-	31,700	17,661
AWOS System	-	119,367	119,367	120,000	120,000	633
Taxiway Realignment	-	573,118	573,118	789,500	789,500	216,382
Total Project Expenses	-	706,524	706,524	909,500	1,141,200	434,676
Total Expenses	368,502	614,395	982,897	1,194,700	1,427,300	444,403
Change in Net Assets	642,857	\$ (614,395)	28,462	\$ (45,200)	\$ 279,200	\$ (250,738)
Total Net Assets - Beginning	2,659,895		2,659,895			
Capital Contributions	-		-			
Capital Outlay	-		706,524			
Depreciation	-		(92,129)			
Total Net Assets - Ending	\$ 3,302,752		\$ 3,302,752			

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

Trust Fund:

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

Agency Funds:

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

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

Town of Erie, Colorado
Statement of Net Assets
Fiduciary Funds
December 31, 2005

	Cemetery Perpetual Care Trust Fund	Agency Funds	Total Fiduciary Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 75,185	\$ 10,015	\$ 85,200
Investments	13,246	1,764	15,010
Total Assets	<u>88,431</u>	<u>11,779</u>	<u>100,210</u>
LIABILITIES			
Current Liabilities			
Amounts Held for DARE/SADD Program	-	5,390	5,390
Amounts Held for Police Department	-	6,389	6,389
Total Liabilities	<u>-</u>	<u>11,779</u>	<u>11,779</u>
NET ASSETS			
Held in Trust for Cemetery Perpetual Care	<u>88,431</u>	<u>-</u>	<u>88,431</u>
Total Net Assets	<u>\$ 88,431</u>	<u>\$ -</u>	<u>\$ 88,431</u>

Town of Erie, Colorado
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2005

	Balance 12/31/2004	Additions	Deletions	Balance 12/31/2005
DARE/SADD Fund				
ASSETS				
Cash and Cash Equivalents	\$ 5,227	\$ 163	\$ 807	\$ 4,583
Investments	-	807	-	807
Total Assets	<u>5,227</u>	<u>970</u>	<u>807</u>	<u>5,390</u>
LIABILITIES				
Amounts Held for DARE/SADD program	<u>\$ 5,227</u>	<u>\$ 970</u>	<u>\$ 807</u>	<u>\$ 5,390</u>
Police Forfeiture and Seizure Fund				
ASSETS				
Cash and Cash Equivalents	\$ 6,197	\$ 192	\$ 957	\$ 5,432
Investments	-	957	-	957
Total Assets	<u>6,197</u>	<u>1,149</u>	<u>957</u>	<u>6,389</u>
LIABILITIES				
Amounts held for Police Department	<u>\$ 6,197</u>	<u>\$ 1,149</u>	<u>\$ 957</u>	<u>\$ 6,389</u>
Total - All Funds				
ASSETS				
Cash and Cash Equivalents	\$ 11,424	\$ 355	\$ 1,764	\$ 10,015
Investments	-	1,764	-	1,764
Total Assets	<u>11,424</u>	<u>2,119</u>	<u>1,764</u>	<u>11,779</u>
LIABILITIES				
Amounts held for others	<u>11,424</u>	<u>2,119</u>	<u>1,764</u>	<u>11,779</u>
Total Liabilities	<u>\$ 11,424</u>	<u>\$ 2,119</u>	<u>\$ 1,764</u>	<u>\$ 11,779</u>

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Capital Assets Used in Operations of Governmental Funds

Town of Erie
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2005

	Balance 1/1/2005	Additions	Dispositions	Balance 12/31/2005
GOVERNMENTAL FUNDS CAPITAL ASSETS				
Land	\$ 6,417,047	\$ 272,240	\$ -	\$ 6,689,287
Buildings & Improvements	3,755,009	-	-	3,755,009
Improvements other than Buildings	16,530,061	3,603,135	-	20,133,196
Machinery & Equipment	2,116,664	188,060	-	2,304,724
Vehicles	962,448	88,016	-	1,050,464
Construction in Progress	58,316	344,718	-	403,034
Total Governmental Funds Capital Assets	<u>\$ 29,839,545</u>	<u>\$ 4,496,169</u>	<u>\$ -</u>	<u>\$ 34,335,714</u>
INVESTMENTS IN GOVERNMENTAL FUNDS				
CAPITAL ASSETS FROM:				
General Fund	\$ 16,658,003	\$ 622,454	\$ -	\$ 17,280,457
Special Revenue Funds	3,892,579	511,797	-	4,404,376
Donations	-	-	-	-
Contributed Capital	9,288,963	3,361,918	-	12,650,881
Total Governmental Funds Capital Assets	<u>\$ 29,839,545</u>	<u>\$ 4,496,169</u>	<u>\$ -</u>	<u>\$ 34,335,714</u>

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

Town of Erie
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2005

FUNCTION	General Government	Parks & Recreation	Public Safety	Public Works	Total Allocated to Functions
Land	\$ 282,345	\$ 4,105,761	\$ -	\$ 2,301,181	\$ 6,689,287
Buildings & Improvements					
Buildings	2,520,810	58,214	328,963	189,434	3,097,421
Building Improvements	631,966	937	7,391	17,294	657,588
Total	3,152,776	59,151	336,354	206,728	3,755,009
Improvements other than Buildings					
Parks	-	1,934,444	-	-	1,934,444
Improvements other than Buildings	-	-	-	18,198,752	18,198,752
Total	-	1,934,444	-	18,198,752	20,133,196
Machinery & Equipment					
IT Systems and Equipment	362,661	56,512	112,348	126,573	658,094
Furniture & Fixtures	142,359	59,923	81,936	115,347	399,565
Heavy Equipment	-	135,016	14,053	652,185	801,254
Office Equipment	200,972	18,143	69,473	92,498	381,086
Other Equipment	-	16,907	35,587	12,231	64,725
Total	705,992	286,501	313,397	998,834	2,304,724
Vehicles	116,044	171,497	495,365	267,558	1,050,464
Construction in Progress	-	209,241	-	193,793	403,034
Total Governmental Funds Capital Assets	\$ 4,257,157	\$ 6,766,595	\$ 1,145,116	\$ 22,166,846	\$ 34,335,714

This schedule presents only capital asset balances related to governmental funds

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Statistical Section

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

	Fiscal Year	
	2004 ⁽¹⁾	2005
Governmental activities		
Invested in capital assets, net of related debt	\$ 22,215,485	\$ 26,124,027
Restricted	9,472,616	17,668,735
Unrestricted	7,273,410	11,207,490
Total governmental activities assets	<u>\$ 38,961,511</u>	<u>\$ 55,000,252</u>
Business-type activities		
Invested in capital assets, net of related debt	\$ 65,392,592	\$ 89,746,378
Restricted	13,699,842	4,718,710
Unrestricted	12,822,358	22,471,445
Total business-type activities net assets	<u>\$ 91,914,792</u>	<u>\$ 116,936,533</u>
Primary government		
Invested in capital assets, net of related debt	\$ 87,608,077	\$ 115,870,405
Restricted	23,172,458	22,387,445
Unrestricted	20,095,768	33,678,935
Total primary government net assets	<u>\$ 130,876,303</u>	<u>\$ 171,936,785</u>

Source: Town of Erie Finance Department

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

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

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

	Fiscal Year	
	2004 ⁽¹⁾	2005
Expenses		
Governmental activities:		
General government	\$ 2,936,254	\$ 2,516,273
Parks & recreation	910,232	1,103,296
Public safety	1,382,872	1,719,409
Public works	1,417,943	1,792,625
Interest on long-term debt	185,984	178,160
Total governmental activities expenses	<u>6,833,285</u>	<u>7,309,763</u>
Business-type activities:		
Water	3,914,473	4,258,665
Wastewater	1,559,719	1,854,437
Storm drainage	183,331	287,721
Airport	295,410	368,502
Housing authority	111,662	107,904
Total business-type activities expenses	<u>\$ 6,064,595</u>	<u>\$ 6,877,229</u>
Program Revenues		
Governmental activities:		
Charges for services		
General government	\$ 2,119,343	\$ 2,188,739
Public works	204,563	240,794
Other activities	166,550	242,331
Operating grants and contributions	125,064	59,624
Capital grants and contributions	11,138,506	9,205,961
Total governmental activities program revenues	<u>13,754,026</u>	<u>11,937,449</u>
Business-type activities:		
Charges for services		
Water	2,705,358	3,625,729
Wastewater	1,133,672	1,398,101
Other activities	553,884	393,410
Operating grants and contributions	-	-
Capital grants and contributions	38,237,409	27,232,102
Total business-type activities program revenues	<u>42,630,323</u>	<u>32,649,342</u>
Total primary government program revenues	<u>\$ 56,384,349</u>	<u>\$ 44,586,791</u>
Net (expense) revenue		
Governmental activities	\$ 6,920,741	\$ 4,627,686
Business-type activities	36,565,728	26,037,753
Total primary government net expense	<u>\$ 43,486,469</u>	<u>\$ 30,665,439</u>
General Revenues and Other Changes in Net Assets		
Governmental activities:		
Taxes		
Sales & use taxes	\$ 5,521,258	\$ 5,698,013
Property taxes	788,955	1,297,382
Franchise taxes	282,980	389,787
Transportation taxes	468,683	538,998
Other taxes	89,183	90,766
Investment earnings	184,664	786,400
Other miscellaneous	514,218	456,322
Total governmental activities	<u>7,849,941</u>	<u>9,257,668</u>
Business-type activities		
Investment earnings	361,030	954,971
Other miscellaneous	102,527	182,403
Total business-type activities	<u>463,557</u>	<u>1,137,374</u>
Total primary government	<u>\$ 8,313,498</u>	<u>\$ 10,395,042</u>
Changes in Net Assets		
Governmental activities	\$ 14,770,682	\$ 13,885,354
Business-type activities	37,029,285	27,175,127
Total primary government	<u>\$ 51,799,967</u>	<u>\$ 41,060,481</u>

Source: Town of Erie Finance Department

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

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

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004 ⁽¹⁾	2005
General Fund										
Reserved	\$ 97,943	\$ 95,779	\$ 180,852	\$ 224,756	\$ 218,572	\$ 354,049	\$ 244,747	\$ 265,249	\$ 362,116	\$ 229,174
Unreserved	203,591	442,196	814,898	1,639,798	1,575,585	675,698	1,445,663	3,266,617	7,351,717	11,504,917
Total general fund	<u>\$ 301,534</u>	<u>\$ 537,975</u>	<u>\$ 995,750</u>	<u>\$ 1,864,554</u>	<u>\$ 1,794,157</u>	<u>\$ 1,029,747</u>	<u>\$ 1,690,410</u>	<u>\$ 3,531,866</u>	<u>\$ 7,713,833</u>	<u>\$ 11,734,091</u>
All other governmental funds										
Reserved	\$ 630,563	\$ 1,104,193	\$ 5,973,859	\$ 4,160,690	\$ 2,464,322	\$ 1,137,612	\$ 2,015,105	\$ 4,077,830	\$ 11,444,500	\$ 17,455,004
Unreserved, reported in:										
Special revenue funds	71,336	91,132	112,932	138,357	177,271	(518,295)	(376,105)	414,479	-	-
Total of all other governmental funds	<u>\$ 701,899</u>	<u>\$ 1,195,325</u>	<u>\$ 6,086,791</u>	<u>\$ 4,299,047</u>	<u>\$ 2,641,593</u>	<u>\$ 619,317</u>	<u>\$ 1,639,000</u>	<u>\$ 4,492,309</u>	<u>\$ 11,444,500</u>	<u>\$ 17,455,004</u>

Source: Town of Erie Finance Department

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

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

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Revenues										
Taxes	\$ 729,169	\$ 1,123,265	\$ 2,058,572	\$ 2,514,757	\$ 2,977,631	\$ 3,122,093	\$ 3,542,260	\$ 4,615,254	\$ 6,675,205	\$ 7,508,967
Licenses and permits	463,831	696,153	1,208,426	1,391,613	1,186,213	966,722	1,067,286	1,360,490	2,325,491	2,360,069
Intergovernmental	102,451	149,063	531,702	589,829	258,927	334,412	651,796	436,368	475,854	505,979
Charges for services	358,658	1,088,135	2,246,075	2,437,982	2,290,956	1,297,136	1,672,063	3,275,115	6,246,396	6,205,411
Fines	38,595	44,567	37,270	47,717	84,644	73,817	82,000	88,712	116,525	179,917
Investment earnings	-	-	-	-	-	-	-	-	184,664	786,400
Miscellaneous	503,290	213,980	330,932	750,853	528,752	658,561	1,028,128	561,426	554,354	286,456
Total revenues	2,195,994	3,315,163	6,412,977	7,732,751	7,327,123	6,452,741	8,043,533	10,337,365	16,578,489	17,833,199
Expenditures										
General government	623,345	760,861	1,557,216	2,181,688	2,540,591	2,670,424	2,433,224	2,534,185	2,775,019	2,403,844
Parks and recreation	-	-	-	243,153	411,859	559,822	597,834	644,330	764,938	1,026,281
Public safety	353,328	521,197	637,747	788,251	942,510	1,028,182	952,885	1,135,186	1,306,503	1,601,394
Public works	345,462	803,621	1,245,364	677,560	824,531	828,331	747,506	758,968	1,008,671	1,237,714
Small equipment	-	-	-	-	-	9,552	39,248	-	-	-
Capital outlay	163,576	790,420	2,576,748	5,037,123	4,666,027	3,935,142	1,021,915	119,098	1,316,354	1,134,252
Debt service										
Principal	26,112	59,509	93,946	106,238	98,919	270,637	373,297	257,000	239,600	220,110
Interest	5,186	6,929	11,297	301,188	347,673	215,087	204,838	193,833	186,633	178,843
Total expenditures	1,517,009	2,942,537	6,122,318	9,335,201	9,832,110	9,517,177	6,370,747	5,642,600	7,597,718	7,802,438
Excess of revenues over (under) expenditures	678,985	372,626	290,659	(1,602,450)	(2,504,987)	(3,064,436)	1,672,786	4,694,765	8,980,771	10,030,761
Other financing sources (uses)										
Open space land financing	-	-	-	-	-	292,750	7,560	-	-	-
Proceeds from capital lease	73,340	124,293	31,781	135,647	97,936	-	-	-	-	-
Proceeds from sale of fixed assets	-	59,750	-	-	-	-	-	-	-	-
Bond proceeds	-	-	4,714,859	-	-	-	-	-	-	-
Operating transfers in	-	237,662	510,000	600,000	1,650,000	308,557	-	-	-	135,000
Operating transfers out	-	(64,464)	-	(100,000)	(970,800)	(323,557)	-	-	-	(135,000)
Bond issuance costs	-	-	(198,058)	-	-	-	-	-	-	-
Total other financing sources (uses)	73,340	357,241	5,058,582	635,647	777,136	277,750	7,560	-	-	-
Net changes in fund balance	\$ 752,325	\$ 729,867	\$ 5,349,241	\$ (966,803)	\$ (1,727,851)	\$ (2,786,686)	\$ 1,680,346	\$ 4,694,765	\$ 8,980,771	\$ 10,030,761
Debt service as a percentage of noncapital expenditures	2.37%	3.19%	3.06%	10.47%	9.46%	9.53%	12.12%	8.89%	7.28%	6.36%

Source: Town of Erie Finance Department

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

Year	Property Tax	Franchise Tax	Specific Ownership Tax	Sales Tax	Use Tax	Cigarette Tax	Other	Total
1996	\$ 94,942	\$ 43,512	\$ 9,934	\$ 204,081	\$ 371,706	\$ 4,994	\$ -	\$ 729,169
1997	113,160	64,280	10,848	254,901	674,342	5,734	8,028	1,131,293
1998	143,092	71,446	14,048	283,378	1,538,064	5,669	2,875	2,058,572
1999	193,655	102,287	19,463	674,200	1,513,176	5,541	6,435	2,514,757
2000	285,998	147,882	28,339	1,417,497	1,084,929	6,201	6,785	2,977,631
2001	403,037	204,855	41,507	1,777,499	675,648	8,967	10,580	3,122,093
2002	609,799	186,554	59,895	1,781,426	883,541	10,545	10,500	3,542,260
2003	689,563	220,058	65,753	1,974,189	1,635,785	9,291	20,615	4,615,254
2004	788,955	282,980	72,923	2,130,344	3,390,914	9,089	-	6,675,205
2005 ⁽¹⁾	1,297,382	389,787	116,034	2,381,629	3,316,384	7,751	-	7,508,967

Source: Town of Erie Finance Department

⁽¹⁾ In November 2004, voters approved a mill levy increase for trails and natural areas.

For the 2005 collection year, the mill increase is 3.677.

For collection years after 2005, the mill increase will be 4.000.

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

Boulder County						
Year ⁽¹⁾	Residential	Commercial	Vacant		Less:	Total Taxable
	Property	Property	Land	Other	Tax Exempt	Assessed
					Real Property	Value
1996	\$ 103,930	\$ 137,380	\$ 508,350	\$ 1,064,800	\$ 718,990	\$ 1,095,470
1997	1,321,700	288,010	908,280	1,299,950	921,480	2,896,460
1998	3,106,010	628,800	2,711,050	1,662,020	1,111,240	6,996,640
1999	9,747,300	740,650	1,935,910	1,816,740	1,122,850	13,117,750
2000	20,326,710	873,530	2,925,160	1,799,110	1,249,630	24,674,880
2001	32,499,690	2,742,394	1,813,340	2,204,870	1,470,880	37,789,414
2002	49,259,450	4,571,510	4,630,550	4,076,341	3,072,530	59,465,321
2003	53,238,801	5,126,990	7,560,772	4,059,434	3,144,226	66,841,771
2004	58,441,760	5,665,970	5,873,440	3,329,435	2,555,300	70,755,305
2005	60,062,310	5,611,070	5,451,010	3,611,585	2,732,240	72,003,735

Weld County						
Year ⁽¹⁾	Residential	Commercial	Vacant		Less:	Total Taxable
	Property	Property	Land	Other	Tax Exempt	Assessed
					Real Property	Value
1996 ⁽³⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997 ⁽³⁾	-	-	-	-	-	-
1998	6,792,380	1,630,340	904,170	1,582,340	825,270	10,083,960
1999	7,802,630	1,821,190	1,257,250	2,338,816	1,022,240	12,197,646
2000	9,656,030	2,517,470	1,584,060	2,192,140	1,064,510	14,885,190
2001	11,205,440	3,007,230	1,375,560	3,004,490	1,109,930	17,482,790
2002	15,139,110	4,125,980	1,848,180	4,442,400	1,536,840	24,018,830
2003	16,182,630	5,660,820	3,649,540	5,443,974	2,079,070	28,857,894
2004	18,349,390	5,642,800	11,586,950	5,285,636	2,361,000	38,503,776
2005	25,402,000	7,853,590	9,620,900	6,762,300	2,541,870	47,096,920

Boulder County and Weld County			
Year ⁽¹⁾	Total	Grand Total	Assessed Value
	Direct Tax	Estimated Actual	as a Percentage
	Rate	Taxable Value	of Actual Value ⁽²⁾
1996	10.964	(3)	(3) %
1997	10.165	(3)	(3)
1998	8.435	128,328,988	14.82%
1999	7.654	186,920,583	14.69%
2000	7.288	337,211,466	12.42%
2001	7.288	477,976,939	12.10%
2002	7.288	770,492,477	11.43%
2003	7.288	864,701,557	11.67%
2004	7.288	1,091,098,977	10.46%
2005	10.965	1,201,664,213	10.35%

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: 2005 assessed will be collected in 2006 calendar year.

⁽²⁾Includes tax-exempt property

⁽³⁾Information not available

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

Boulder County														
Year	Town of Eric	Boulder County	St Vrain Valley School District	Boulder Valley School District	Mountain View Fire Protection District	Colorado Water Conservation District	Urban Drainage & Flood District	Lafayette Rural Fire District	Total	Northern				
Rates (In mills) ⁽¹⁾														
1996	10.964	22.245	48.432	45.640	9.322	1.000	0.696	2.470	140.769					
1997	10.165	22.245	48.393	46.743	8.781	1.000	0.696	2.300	140.323					
1998	8.435	22.245	50.022	45.344	9.337	1.000	0.696	1.776	138.855					
1999	7.654	22.245	49.635	50.356	8.695	1.000	0.696	1.776	142.057					
2000	7.288	22.245	44.096	44.000	8.451	1.000	0.696	1.776	129.552					
2001	7.288	22.245	42.173	42.890	8.367	1.000	0.696	1.776	126.435					
2002	7.288	17.621	36.256	34.807	8.237	1.000	0.521	1.090	106.820					
2003	7.288	20.087	41.025	38.524	8.197	1.000	0.531	2.500	119.152					
2004	7.288	20.088	40.374	38.255	8.117	1.000	0.533	2.500	118.155					
2005	10.965	21.267	40.089	37.423	8.037	1.000	0.538	2.500	121.819					
Levy														
1996	\$ 12,011	\$ 56,518,061	\$ 30,044,299	\$ 94,485,088	\$ 1,060,047	\$ 2,182,678	\$ 1,403,803	\$ 14,412	\$ 185,720,399					
1997	29,448	60,431,892	31,922,357	100,214,354	1,055,402	2,258,329	1,454,765	15,040	197,381,587					
1998	59,125	64,274,536	36,434,752	103,464,954	1,244,959	2,650,732	1,481,940	15,000	209,625,998					
1999	100,500	68,872,207	38,414,961	119,611,856	1,257,073	2,759,366	1,566,930	7,020	232,589,913					
2000	179,922	72,751,467	39,725,582	122,176,389	1,492,244	3,197,424	1,577,962	6,888	241,107,878					
2001	276,328	78,053,932	41,257,611	126,008,817	1,633,482	3,386,034	1,706,603	6,946	252,329,753					
2002	436,965	78,183,325	43,439,341	111,929,873	2,131,288	3,732,647	1,642,246	7,507	241,503,192					
2003	495,474	90,859,290	51,086,213	125,399,588	2,229,895	3,811,130	1,695,961	23,130	275,600,681					
2004	517,203	94,356,356	53,815,770	127,737,793	2,268,931	4,086,177	1,746,793	23,846	284,552,869					
2005	789,521	100,896,978	54,469,902	125,759,422	2,422,949	4,352,070	1,777,428	42,605	290,510,875					
Weld County														
Year	Town of Eric	Weld County	St Vrain Valley School District	Frederick Firestone Fire Protection District	Mountain View Fire Protection District	Colorado Water Conservation District	Tri-Area Ambulance Special District	Ridge Metro Special District	Weld Library Special District	Erie Commons Metro #2	Erie Corporate Center Metro #2	Erie Corporate Center Metro #3	Total	Northern
Rates (In mills) ⁽¹⁾														
1996	10.964	22.038	48.432	7.560	9.322	1.000	6.543	-	1.500	-	-	-	107.359	
1997	10.165	22.038	48.393	7.560	8.781	1.000	6.534	-	1.500	-	-	-	105.971	
1998	8.435	22.038	50.022	7.560	9.337	1.000	6.543	-	1.409	-	-	-	106.344	
1999	7.654	22.038	49.635	7.560	8.695	1.000	6.301	-	1.449	-	-	-	104.332	
2000	7.288	22.038	44.096	7.560	8.451	1.000	6.543	-	3.249	-	-	-	100.225	
2001	7.288	22.038	42.173	9.560	8.367	1.000	6.543	-	3.249	-	-	-	100.218	
2002	7.288	20.559	36.256	7.560	8.237	1.000	6.543	47.257	3.249	-	-	-	137.949	
2003	7.288	20.056	41.025	9.560	8.197	1.000	6.543	47.257	3.249	-	-	-	144.175	
2004	7.288	21.474	40.374	9.560	8.117	1.000	4.543	52.827	3.249	-	-	-	148.432	
2005	10.965	19.957	40.089	9.560	8.037	1.000	6.543	52.989	3.249	40.000	40.000	11.000	243.389	
Levy														
1996	\$ 83,687	\$ 29,675,966	\$ 5,366,818	\$ 192,414	\$ 865,819	\$ 1,012,017	\$ 228,325	\$ -	\$ 1,792,512	\$ -	\$ -	\$ -	\$ 39,217,558	
1997	85,093	29,306,985	5,391,771	186,562	816,817	1,022,962	223,967	-	1,749,570	-	-	-	38,783,727	
1998	85,058	32,608,877	6,732,777	236,327	1,038,128	1,140,902	266,791	-	1,838,175	-	-	-	43,947,035	
1999	93,361	34,162,938	7,501,006	268,978	1,054,286	1,206,293	276,560	-	1,983,418	-	-	-	46,546,840	
2000	108,483	36,053,130	7,580,502	346,697	1,106,841	1,307,156	338,086	-	4,674,328	-	-	-	51,515,223	
2001	127,415	38,846,297	8,718,454	447,916	1,272,636	1,423,599	424,846	-	5,056,154	-	-	-	56,317,317	
2002	175,049	45,683,851	10,535,268	650,279	1,734,822	1,782,779	603,578	20,576	6,446,561	-	-	-	67,632,763	
2003	210,316	48,691,835	13,701,751	972,351	1,973,426	1,978,011	763,813	191,471	7,009,411	-	-	-	75,492,385	
2004	280,616	53,414,937	14,614,834	1,066,571	2,085,244	2,052,881	608,149	414,361	7,111,739	-	-	-	81,649,332	
2005	516,418	59,739,651	16,656,447	1,234,942	2,793,480	2,399,590	1,074,342	618,857	8,618,092	9,070	172	82	93,661,143	

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

⁽¹⁾One mill generates \$1 of property tax revenue per \$1,000 of assessed valuation. Taxes for the year assessed are collected in the following year. For example: 2005 assessed will be collected in 2006 calendar year

Town of Erie
Principal Taxpayers
December 31, 2005

Taxpayer	Boulder County					
	2005			1996		
	Assessed Value	Rank	% of Total Assessed Value	Assessed Value	Rank	% of Total Assessed Value
Principal Taxpayers						
Becky Family Investment Company LLLP	\$ 2,272,440	1	2.98 %	\$ -	-	- %
Richmond American Homes of Colorado	1,274,880	2	1.67	-	-	-
Westpac Realty Fund II LLC	739,590	3	0.97	-	-	-
John & Rosemarie Zahn	604,250	4	0.79	-	-	-
Safeway Inc/Store #1667	512,550	5	0.67	-	-	-
Boulder Valley Investment LLC	511,730	6	0.67	-	-	-
Richard E & Deborah L. Oliver	361,480	7	0.47	-	-	-
Johnson Development Company	-	-	-	348,930	1	12.04
Creekside SF LLC	296,100	8	0.39	-	-	-
77 Erie Village Square LLLP	294,240	9	0.39	-	-	-
US Bank National Association	247,320	10	0.32	-	-	-
Melody Homes Inc	-	-	-	232,410	2	8.02
Johnson Communities	-	-	-	214,070	3	7.39
Vessels Oil & Gas Company	-	-	-	124,040	4	4.28
Gerrity Oil & Gas Corp	-	-	-	121,610	5	4.20
Conoco Inc	-	-	-	117,270	6	4.05
North 119th Associates LLC	-	-	-	69,020	7	2.38
BO DO CO LLC	-	-	-	66,700	8	2.30
Thomas D & Rebecca Schwartz	-	-	-	57,220	9	1.98
Mary P B Young	-	-	-	38,900	10	1.34
	<u>\$ 7,114,580</u>		<u>9.33 %</u>	<u>\$ 1,390,170</u>		<u>47.99 %</u>

Taxpayer	Weld County					
	2005			1996		
	Assessed Value	Rank	% of Total Assessed Value	Assessed Value	Rank	% of Total Assessed Value
Principal Taxpayers						
D R Horton Inc	\$ 1,230,190	1	1.81 %	\$ -	-	- %
WL Homes	888,910	2	1.31	-	-	-
Encana Oil & Gas (USA) Inc	755,170	3	1.11	-	-	-
Comcast of Colorado LLC	746,460	4	1.10	-	-	-
Melody Homes	689,570	5	1.01	-	-	-
Bolder Enterprises LLLP	527,740	6	0.77	285,930	2	3.42
Kerr-McGee Rocky Mountain Corp	479,130	7	0.70	-	-	-
Sprint Spectrum LP DBA Sprint PCS	401,410	8	0.59	-	-	-
Joyce William H (Trustee)	358,210	9	0.53	-	-	-
Davis Randall E (Trustee)	358,210	10	0.53	-	-	-
Vessels Oil & Gas Company	-	-	-	352,140	1	4.21
Schofield Sheridan	-	-	-	152,330	3	1.82
Robert L & Maurine McMillan Trustees	-	-	-	75,360	4	0.90
Union Pacific Corp	-	-	-	58,660	5	0.70
Sharon K Carley	-	-	-	57,760	6	0.69
Gerrity Oil & Gas Corporation	-	-	-	55,090	7	0.66
Robert Lee Rock	-	-	-	48,670	8	0.58
John F Orr 40 Int	-	-	-	47,140	9	0.56
Fred J Orr 60 Int	-	-	-	46,240	10	0.55
	<u>\$ 6,435,000</u>		<u>9.45 %</u>	<u>\$ 1,179,320</u>		<u>14.09 %</u>

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

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
1996	\$ 88,724	\$ 94,942	107.01 %
1997	95,047	113,160	119.06
1998	130,833	143,092	109.37
1999	184,647	193,655	104.88
2000	288,048	285,998	99.29
2001	404,040	403,037	99.75
2002	612,014	609,799	99.64
2003	705,700	689,563	97.71
2004	797,800	788,955	98.89
2005 ⁽²⁾	1,305,939	1,297,459	99.35

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

⁽¹⁾Collection year follows levy year.

⁽²⁾ In November 2004, voters approved a mill levy increase for trails and natural areas.
For the 2005 collection year, the mill increase is 3.677.
For collection years after 2005, the mill increase will be 4.000.

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

Fiscal Year	Governmental Activities				Business-	
	General Obligation Bond	Open Space	Capital Leases	Compensated Absences	Water Revenue Bonds	Wastewater Revenue Bonds
1996	\$ -	\$ -	\$ 106,979	\$ 18,225	\$ 229,000	\$ -
1997	-	-	171,762	47,404	223,000	3,456,690
1998	-	-	109,597	65,442	217,000	3,881,813
1999	4,500,000	-	139,006	89,010	16,451,000	3,785,432
2000	4,460,000	-	178,023	188,001	16,245,000	3,683,281
2001	4,290,000	292,750	77,386	198,239	15,988,000	3,529,962
2002	4,115,000	151,710	27,689	201,271	15,561,000	3,375,841
2003	3,935,000	74,710	-	223,146	29,614,000	3,215,819
2004	3,745,000	25,110	-	244,017	28,501,000	3,044,534
2005	3,550,000	-	-	298,649	27,503,000	2,872,287

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

⁽¹⁾Information not available

<u>Type Activities</u>			<u>Total Primary Government</u>	<u>Boulder County</u>	<u>Weld County</u>	<u>Per Capita</u>
<u>Storm Drainage Loan</u>	<u>Housing Authority</u>	<u>Capital Leases</u>		<u>Percentage of Personal Income</u>	<u>Percentage of Personal Income</u>	
\$ 490,259	\$ -	\$ 63,621	\$ 908,084	11.57%	29.00%	\$ 478
481,840	-	56,966	4,437,663	51.99%	131.71%	1,957
473,254	-	22,638	4,769,744	51.03%	127.12%	1,149
464,495	-	-	25,428,944	246.78%	610.18%	4,303
455,562	-	-	25,209,867	213.18%	549.66%	4,007
446,450	-	-	24,822,787	205.39%	501.46%	3,175
437,155	-	-	23,869,666	211.71%	483.24%	2,793
427,675	884,511	-	38,374,861	332.50%	760.55%	3,886
418,005	900,770	-	36,878,436	302.29%	686.24%	2,951
408,141	883,746	-	35,515,824	(1)	(1)	2,584

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
1996	1,900	(2)	\$ -	- %	\$ -
1997	2,268	(2)	-	-	-
1998	4,150	128,328,988	-	-	-
1999	5,910	186,920,583	4,500,000	2.41	761
2000	6,291	337,211,466	4,460,000	1.32	709
2001	7,817	477,976,939	4,290,000	0.90	549
2002	8,546	770,492,477	4,115,000	0.53	482
2003	9,875	864,701,557	3,935,000	0.46	398
2004	12,499	1,091,098,977	3,745,000	0.34	300
2005	13,744	1,201,664,213	3,550,000	0.30	258

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.

⁽²⁾Information not available

Town of Erie
Direct and Overlapping General Bonded Debt
As of December 31, 2005

	Outstanding General Bonded Debt	Percentage Applicable to the Town	Share of Debt Applicable to the Town
Direct Debt			
Town of Erie	\$ 3,550,000	100 %	\$ 3,550,000
Overlapping Debt			
Boulder Valley School District	\$ 124,732,600	1	\$ 1,247,326
Frederick-Firestone Fire Protection District	3,865,000	1	38,650
Mountain View Fire Protection District	520,000	18	93,600
Northern Colorado Water Conservation District	4,925,794	2	98,516
St Vrain Valley School District	283,890,000	5	14,194,500
Vista Ridge Metropolitan District	<u>32,885,405</u>	100	<u>32,885,405</u>
Total Direct and Overlapping General Bonded Debt	<u>\$ 454,368,799</u>		<u>\$ 52,107,997</u>

Source: Provided by each government entity

⁽¹⁾The following governments had no outstanding general bonded debt as of December 31, 2005

Boulder County, Weld County, Left Hand Water District, Boulder Valley Conservation Soil District, Tri-Area Ambulance Special District, Weld Library Special District, Urban Drainage & Flood District, Lafayette Rural Fire District, Erie Commons Metro District #1, Erie Commons Metro District #2, Erie Corporate Center Metro District #1, Erie Corporate Center Metro District #2, and Erie Corporate Center Metro District #3

Town of Erie
 Legal Debt Margin Information
 Last Ten Years

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Debt limit	(1)	(1)	\$ 3,849,870	\$ 5,607,617	\$ 10,116,344	\$ 14,339,308	\$ 23,114,774	\$ 25,941,047	\$ 32,732,969	\$ 36,049,926
Total net debt applicable to limit	-	-	-	4,500,000	4,460,000	4,290,000	4,115,000	3,935,000	3,745,000	3,550,000
Legal debt margin	\$ -	\$ -	\$ 3,849,870	\$ 1,107,617	\$ 5,656,344	\$ 10,049,308	\$ 18,999,774	\$ 22,006,047	\$ 28,987,969	\$ 32,499,926
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	80.25%	44.09%	29.92%	17.80%	15.17%	11.44%	9.85%

Legal Debt margin Calculation for Fiscal Year 2005

Actual Valuation	
Boulder County	\$ 804,330,790
Weld County	397,333,423
Total Actual Valuation	<u>\$ 1,201,664,213</u>
Legal debt margin	
Debt limitation:	
3 percent of total assessed value	\$ 36,049,926
Debt applicable to limitation:	
Outstanding balance of general obligation bonds	<u>3,550,000</u>
Legal debt margin	<u>\$ 32,499,926</u>

Source: Town of Erie Finance Department

(1) Information not available

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			
				Principal	Interest	Total	Coverage
1996 ⁽³⁾	\$ 2,529,028	\$ 398,327	\$ 2,130,701	\$ 18,000	\$ 43,946	\$ 61,946	34.40
1997	2,567,891	439,620	2,128,271	37,562	250,979	288,541	7.38
1998	5,343,648	512,021	4,831,627	295,073	52,158	347,231	13.91
1999	6,280,116	833,157	5,446,959	32,595	41,940	74,535	73.08
2000	7,996,536	1,217,131	6,779,405	233,127	835,078	1,068,205	6.35
2001	5,957,292	1,453,984	4,503,308	1,695,643	795,770	2,491,413	1.81
2002	7,731,349	1,635,801	6,095,548	427,000	784,818	1,211,818	5.03
2003	12,300,859	1,604,694	10,696,165	447,000	767,143	1,214,143	8.81
2004	17,282,608	1,971,336	15,311,272	1,113,000	1,148,790	2,261,790	6.77
2005	20,713,764	1,904,744	18,809,019	998,000	1,273,168	2,271,168	8.28

Source: Town of Erie Finance Department

⁽¹⁾Gross revenues consist of water sales and capital contributions (tap fees)

⁽²⁾Operating Expenses excludes depreciation

⁽³⁾In 1996, the Erie Sanitation District was dissolved and became part of the reporting entity.
For 1996, water and wastewater are reported together.

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

Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1996 ⁽³⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
1997	1,102,452	216,704	885,748	-	78,957	78,957	11.22
1998	2,761,635	305,696	2,455,939	74,877	-	74,877	32.80
1999	3,508,935	517,677	2,991,258	96,381	99,218	195,599	15.29
2000	3,271,277	632,177	2,639,100	183,950	102,151	286,101	9.22
2001	1,531,284	750,365	780,919	153,299	180,370	333,669	2.34
2002	1,861,514	766,549	1,094,965	154,141	174,582	328,723	3.33
2003	2,845,253	732,385	2,112,868	160,022	168,573	328,595	6.43
2004	4,097,672	995,223	3,102,449	171,285	163,779	335,064	9.26
2005	4,478,101	1,106,541	3,371,561	172,247	155,075	327,322	10.30

Source: Town of Erie Finance Department

⁽¹⁾Gross revenues consist of water sales and capital contributions (tap fees)

⁽²⁾Operating Expenses excludes depreciation

⁽³⁾In 1996, the Erie Sanitation District was dissolved and became part of the reporting entity.
For 1996, water and wastewater are reported together.

**Town of Eric
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population	Boulder County ⁽¹⁾					Weld County ⁽¹⁾				
		Personal Income (amounts expressed in thousands)	Per Capita Income	Median Age	School Enrollment ⁽²⁾	Unemployment Rate	Personal Income (amounts expressed in thousands)	Per Capita Income	Median Age	School Enrollment ⁽²⁾	Unemployment Rate
1996	1,900	\$ 7,846,215	\$ 29,650	32.8	25,359	3.8 %	\$ 3,131,716	\$ 20,057	30.8	16,871	4.7 %
1997	2,268	8,536,223	31,529	33.0	25,815	2.8	3,369,289	20,859	30.8	17,090	3.9
1998	4,150	9,346,188	33,672	33.2	26,288	3.3	3,752,251	22,530	30.9	17,583	4.5
1999	5,910	10,304,130	36,041	33.5	26,951	2.6	4,167,443	23,904	30.9	18,009	3.6
2000	6,291	11,825,466	40,362	33.6	27,085	2.4	4,586,448	25,036	31.0	18,310	3.4
2001	7,817	12,085,925	40,436	33.8	27,500	3.5	4,950,093	25,567	31.0	19,113	4.0
2002	8,546	11,274,957	40,469	34.1	27,924	5.7	4,939,537	24,150	31.1	20,038	6.0
2003	9,875	11,541,201	41,517	34.4	27,818	5.8	5,045,684	23,795	31.3	20,631	6.7
2004	12,499	12,199,592	43,640	34.8	27,867	5.0	5,374,013	24,432	31.4	20,913	5.4
2005	13,744	⁽³⁾	⁽³⁾	35.1	27,922	4.5	⁽³⁾	⁽³⁾	31.5	21,467	5.1

Sources: U.S. Census Bureau

Town of Eric Community Development Department

Bureau of Economic Analysis

Department of Local Affairs

Boulder Valley School District

Colorado State of Labor

St. Vrain Valley School District

⁽¹⁾This information is for the entire county

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

School enrollment for Boulder County is only for Boulder Valley School District

⁽³⁾Information not available

**Town of Erie
Principal Employers
Current Year and Nine Years Ago**

Employer	2005			1996 ⁽¹⁾		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
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	-	-	-
Great American Tire	20	5	1.00	-	-	-
County line Lumber	14	6	0.70	-	-	-
Forever Young	13	7	0.65	-	-	-
Erie Pre-Cast Concrete	12	8	0.60	-	-	-
Ehrhart Griffin & Associates	14	9	0.70	-	-	-
Vista Ridge	25	10	1.25	-	-	-
Total	<u>399</u>		<u>19.95 %</u>	<u>-</u>		<u>- %</u>

Source: Erie Chamber of Commerce

⁽¹⁾Information not available

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

Function	Full-Time Equivalent employees as of December 31									
	1996 ⁽¹⁾	1997 ⁽¹⁾	1998 ⁽¹⁾	1999 ⁽¹⁾	2000	2001	2002	2003	2004	2005
General Government	-	-	-	-	23.800	24.750	14.000	12.375	13.775	14.775
Parks & Recreation										
Parks	-	-	-	-	4.000	8.000	9.000	8.500	10.000	11.000
Recreation	-	-	-	-	3.000	4.150	4.100	4.600	4.650	4.650
Public Safety										
Police	-	-	-	-	18.250	18.250	18.250	18.250	20.250	22.650
Public Works	-	-	-	-	19.500	24.000	9.000	7.750	8.500	8.750
Water	-	-	-	-	4.000	4.000	15.000	13.833	14.848	15.973
Wastewater	-	-	-	-	3.000	3.000	12.000	10.803	11.808	11.933
Storm Drainage	-	-	-	-	-	-	-	0.990	1.320	1.320
Airport	-	-	-	-	1.000	1.000	1.000	1.000	1.000	1.000
Total	-	-	-	-	76.550	87.150	82.350	78.101	86.151	92.051

Source: Town of Erie Finance Department

⁽¹⁾Information not available

Town of Erie
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Parks										
Total acres of parks maintained	(1)	7	7	7	20	24	24	68	69	72
Total acres of open space maintained	(1)	12	12	12	14	14	32	116	116	120
Recreation										
Participation in recreation activities	(2)	(2)	(2)	301	511	549	700	576	284	391
Participation in sports	(2)	(2)	(2)	270	791	830	947	984	1,039	1,147
Participation in senior activities	(2)	(2)	(2)	(1)	(1)	849	682	920	1,179	893
Senior lunches	(2)	(2)	(2)	1,494	1,607	1,687	1,271	1,550	2,037	2,177
Police										
Traffic Violations	(1)	626	599	559	706	710	779	660	1,011	1,586
Criminal Violations	(1)	356	334	382	484	650	690	554	615	821
Water										
Number of service connections	764	(1)	1,624	2,172	2,887	3,141	3,404	3,850	4,574	5,340
Average daily flow (million gallons per day)	0.185	0.305	0.441	0.734	1.146	(1)	1.72	1.54	1.78	2.25
Wastewater										
Number of service connections	(3)	(3)	(3)	2,117	2,707	2,945	3,243	3,673	4,343	5,070
Average monthly flows (million gallons per day)	(3)	(3)	(3)	0.407	0.522	0.528	0.510	0.578	0.706	0.784

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

⁽¹⁾Information not available

⁽²⁾Recreation department was established in 1999

⁽³⁾The current Water Reclamation Facility began operations in 1999.
Prior to 1999, wastewater was treated via a method that did not track flows.

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

Function	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Parks										
Parks	(1)	3	3	3	4	5	5	8	8	8
Parks acreage	(1)	7	7	7	20	24	24	68	69	72
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	2	2	2	3	4	4	4	6	6	6
Public Works										
Streets (miles)	(1)	(1)	(1)	45.87	56.31	67.15	72.26	90.29	99.34	100.09
Water										
Water mains (miles)				33.66	44.12	46.39	52.60	72.30	93.12	117.01
Maximum daily capacity (million gallons per day)	1.00	1.00	1.00	2.00	4.00	4.00	6.00	6.00	6.00	12.00
Wastewater										
Sanitary sewers (miles)	(1)	(1)	(1)	22.47	31.00	33.54	40.79	51.29	66.29	86.17
Maximum daily capacity (million gallons per day)	(1)	(1)	(1)	0.60	0.80	0.80	0.80	0.80	0.80	1.20
Storm Drainage										
Storm sewers (miles)	(1)	(1)	(1)	8.75	11.56	12.61	16.53	20.23	27.32	36.75
Airport										
Terminal Building	1	1	1	1	1	1	1	1	1	1

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

(1) Information not available

Town of Erie
Property Value 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
1996 ⁽¹⁾	\$ -	\$ -	\$ -	13	\$ 1,425,302	189	\$ 20,431,630
1997 ⁽¹⁾	-	-	-	13	2,061,419	318	36,817,690
1998	7,789,885	98,646,137	106,436,022	5	4,912,938	666	82,581,900
1999	8,833,848	155,174,287	164,008,135	27	14,897,865	634	77,193,117
2000	11,700,473	297,483,136	309,183,609	13	1,872,949	469	60,930,746
2001	19,826,322	430,506,306	450,332,628	9	872,658	220	36,249,078
2002	29,991,326	692,471,021	722,462,347	15	3,829,314	265	42,365,276
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

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

⁽¹⁾Information not available

Compliance Section

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The following information regarding debt covenants is required supplementary information.

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

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

The rate maintenance calculation for the year ended December 31, 2005, is as follows:

Operating Revenue		
Charges for Services	\$ 1,398,101	
Capital Contributions (Tap Fees)	3,080,000	
Total Operating Revenue		\$ 4,478,101
Operating & Maintenance Expense ¹		1,128,840
Net Revenue		3,349,261
2005 Principal Due	172,247	
2005 Interest Due	163,308	
Total Debt Service	335,555	
110% of Total Debt Service		369,111
Amount Net Revenue Exceeded Loan Requirements		\$ 2,980,150

¹For the purpose of the rate maintenance calculation, operating and maintenance expenses exclude depreciation

There were no material violations of legal covenants for the ended December 31, 2005.

2. 1997 Wastewater Revenue Bond

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

The rate maintenance calculation for the year ended December 31, 2005, is as follows:

Operating Revenue		
Charges for Services	\$ 1,398,101	
Capital Contributions (Tap Fees)	<u>3,080,000</u>	
Total Operating Revenue		\$ 4,478,101
Operating & Maintenance Expense ¹		<u>1,128,840</u>
Net Revenue		<u>3,349,261</u>
2005 Principal Due	172,247	
2005 Interest Due	<u>163,308</u>	
Total Debt Service	335,555	
125% of Total Debt Service		<u>419,444</u>
Amount Net Revenue Exceeded Loan Requirements		<u><u>\$ 2,929,817</u></u>

¹For the purpose of the rate maintenance calculation, operating and maintenance expenses exclude depreciation

There were no material violations of legal covenants for the ended December 31, 2005.

3. 1998 Water Refunding Bond

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

The rate maintenance calculation for the year ended December 31, 2005, is as follows:

Operating Revenue		
Charges for Services	\$ 3,625,729	
Capital Contributions (Tap Fees)	17,093,209	
Total Operating Revenue	<u> </u>	\$ 20,718,938
Operating & Maintenance		
Expense ¹		<u>2,089,141</u>
Net Revenue		<u>18,629,797</u>
2005 CWRPDA and GMAC Principal Due	518,000	
2005 CWRPDA and GMAC Interest Due	580,769	
1998 Refunding Bond Maximum Debt Service	<u>1,202,750</u>	
Total Debt Service	2,301,519	
125% of Total Debt Service		<u>2,876,899</u>
Amount Net Revenue Exceeded Loan Requirements		<u><u>\$ 15,752,898</u></u>

¹For the purpose of the rate maintenance calculation, operating and maintenance expenses exclude depreciation

There were no material violations of legal covenants for the ended December 31, 2005.

4. Water CWRPDA 2004 Loan

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

The rate maintenance calculation for the year ended December 31, 2005, is as follows:

Operating Revenue		
Charges for Services	\$ 3,625,729	
Capital Contributions (Tap Fees) ¹	8,546,605	
Total Operating Revenue		\$ 12,172,334
Operating & Maintenance		
Expense ²		2,089,141
Net Revenue		<u>10,083,193</u>
2005 CWRPDA and GMAC Principal Due	518,000	
2005 CWRPDA and GMAC Interest Due	580,769	
1998 Refunding Bond Maximum Debt Service	1,202,750	
Total Debt Service	<u>2,301,519</u>	
120% of Total Debt Service		<u>2,761,823</u>
Amount Net Revenue Exceeded Loan Requirements		<u><u>\$ 7,321,370</u></u>

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

²For the purpose of the rate maintenance calculation, operating and maintenance expenses exclude depreciation

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

Years (December 31)	Total Accounts
1998	1,624
1999	2,172
2000	2,887
2001	3,141
2002	3,430
2003	3,864
2004	4,574
2005	5,340

Table 3
System Accounts

Classification	Number of Accounts	Percent of Total Accounts
Residential	5,166	97%
Commercial	174	3%
Total	5,340	100%

Table 4
Five Largest Consumers of the System

Consumer	Revenue Percentage
Town of Erie	3.87%
Canyon Creek South HOA	3.01%
Grandview HOA	2.38%
Community Development Group	2.18%
Continental Homes	1.05%

Table 5
System Income

	2000	2001	2002	2003	2004	2005
User Charges	\$ 1,474,523	\$ 1,971,732	\$ 2,451,849	\$ 2,150,035	\$ 2,705,358	\$ 3,625,729
Contributed Capital - Tap Fees	6,522,013	3,985,560	5,279,500	10,139,600	14,577,250	17,093,209
Contributed Capital - Capital Donations	-	-	-	-	5,464,826	1,426,622
Other Fees and Charges	7,513	555,989	37,889	116,828	31,651	112,640
Investment Earnings	281,301	78,879	91,157	74,104	246,101	658,406
Total System Revenue	\$ 8,285,350	\$ 6,592,160	\$ 7,860,395	\$ 12,480,567	\$ 23,025,186	\$ 22,916,606

There were no material violations of legal covenants for the ended December 31, 2005.

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 2005

This Information From The Records Of (example - City of _ or County of) Prepared By:
Phone:

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	330,379
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	253,524
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	569,582	b. Snow and ice removal	
3. Other local imposts (from page 2)	1,510,794	c. Other	172,997
4. Miscellaneous local receipts (from page 2)	304,312	d. Total (a. through c.)	172,997
5. Transfers from toll facilities		4. General administration & miscellaneous	432,195
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,189,096
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	178,843
7. Total (1 through 6)	2,384,688	b. Redemption	195,000
B. Private Contributions		c. Total (a. + b.)	373,843
C. Receipts from State government (from page 2)	369,289	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,753,977	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	373,843
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			1,562,939

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	3,745,000		195,000	3,550,000
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
	1,309,714	2,753,977	1,562,939	2,500,752	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2005

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	65,418
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,341,085	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	169,709	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,510,794	h. Other	238,894
c. Total (a. + b.)	1,510,794	i. Total (a. through h.)	304,312
	(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	324,076	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	45,213	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	45,213	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	369,289	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		4,221	4,221
c. Construction:			
(1). New Facilities		76,245	76,245
(2). Capacity Improvements			0
(3). System Preservation		249,913	249,913
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	326,158	326,158
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	330,379	330,379
			(Carry forward to page 1)

Notes and Comments:

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