

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOWN OF ERIE | COLORADO
FOR THE YEAR ENDED DECEMBER 31, 2016



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Town of Erie, Colorado

Comprehensive Annual Financial Report
For the fiscal year ended
December 31, 2016

Prepared by the Finance Department:

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

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Town of Erie, Colorado
Comprehensive Annual Financial Report
For the fiscal year ended December 31, 2016

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Introductory Section

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June 7, 2017

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

State Law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements. Pursuant to that requirement, we hereby issue this comprehensive annual financial report of the Town of Erie (the Town) for the fiscal year ended December 31, 2016.

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

CliftonLarsonAllen LLP, a firm of licensed certified public accountants, has audited the Town's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended December 31, 2016, 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, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented at the beginning of the financial section of this report.

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

Profile of the Town

Erie was platted on January 25, 1871, and incorporated as the Town of Erie on November 16, 1874. It is the second oldest municipality in Weld County. Founded as a rural coal mining town, Erie is now located on the northern fringe of the Denver-Boulder Metropolitan Area. The estimated population of the Town at December 31, 2016, is approximately 25,000, with a planning area that includes 48 square miles in Boulder and Weld Counties. The Town levies property tax on real properties located within its boundaries, has a municipal sales and use tax, and is empowered by state statute to extend its corporate limits by annexation. Annexation occurs periodically when deemed appropriate by the governing Board and voters.

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

The Town provides a full range of services, including administration and finance; planning and building; police protection; public works, engineering, and street maintenance; and parks, trails, open space, and recreational activities. The Town also offers business-type services from its water, sewer, and storm drainage utilities; and the municipal airport. In addition, although they are separate legal entities, the Town has established the Town of Erie Urban Renewal Authority (URA) and the Town of Erie Housing Authority.

Other traditional municipal services such as fire protection and library services are provided to Erie's citizens by outside special districts not affiliated with the Town. Other utility services, such as electricity, gas, and trash services, are provided by private companies not affiliated with the Town. Since these organizations are not affiliated with the Town, their financial information is not reported in the Town's financial statements.

The annual budget serves as the foundation for the Town's financial planning and control. All departments submit requests for appropriation to the finance director. The finance director and Town administrator use these requests to begin developing a proposed budget. The budget is presented to the Board for review prior to October 15. The Board is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 15. The Town's fiscal year ends on December 31. The appropriated budget is prepared by fund (e.g., general), department (e.g., police), and division (e.g., patrol). Department heads may transfer appropriations within a department. Transfers of appropriations between departments and funds, and appropriations increasing the budget, require Board of Trustee approval.

Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the General Fund and the Erie Urban Renewal Authority, budgetary comparisons are presented on pages 40 and 41, 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 86. Budgetary comparisons for the proprietary funds begin on page 103.

Factors Affecting Financial Condition

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

Local Economy

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

Town sales tax revenues, representing approximately 26% of General Fund revenues and other sources of funds, grew steadily through 2007. After experiencing a decline in sales tax revenues in 2008, sales tax revenues have increased each year since then, growing by 17% in 2016 compared to 2015 and double the pre-recession high. The Town expects that sales tax revenues will continue to grow as residential and commercial development occurs in and around the community. In particular, the opening of a King Soopers on Highway 7 in the last quarter of 2016, will significantly increase the Town's sales tax revenues. The Town continues to work on increasing the number of businesses throughout the community, including initiatives to enhance Historic Downtown Erie, Four Corners, Highway 287 and Arapahoe, and the Highway 7 corridor, among other areas of potential development.

Residential construction activity continued to show strength in 2016, with 465 permits issued compared to 427 in 2015. In preparing the Town's 2017 budget it was assumed that 400 residential permits would be issued. It is anticipated that building activity over the next few years will be significantly higher than in the 2009-2013 timeframe, barring an economic downturn. Currently several large developments with a planned total of more than 5,000 dwelling units are under construction, with additional developments expected to begin construction activities in 2017.

The immediate vicinity, including the Town, Boulder County, and Weld County, has an employed labor force of about 325,000. The Town's major employers range from retail to engineering to education to light manufacturing. At December 31, 2016, the Town government had 177 full-time equivalent employees, making it one of Erie's top five

employers. As indicated above, the community is expected to maintain strong growth of quality residential construction. This growth should translate into corresponding growth in the number and variety of businesses expected in the community in the future.

Long-term Financial Planning

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

The Board and staff assess the need for additional capital improvements as part of its long-range planning process. As part of the annual budget process, staff updates projections of capital needs over the next five years. Projects currently in progress or under consideration include an expansion of and improvements to the Town's park system, various roadway projects, increases in the capacity of the water and wastewater systems, and additions to the Town's open space and trails. In addition, the Town is a participant in both the Windy Gap Project and the Northern Integrated Supply Project, parts of its efforts to ensure adequate water supplies as the Town grows.

Relevant Financial Policies

The Town adopted financial policies in 2003. These policies guide the financial operations of the Town and provide structure when developing the budget. The Town's budget policy provides that the fund balance in the General Fund will only be expended for one-time capital expenditures unless otherwise authorized by the Board of Trustees. The Town's operating reserve policy requires the Town to maintain a fund balance in the General Fund of 25% of the current year's budgeted operating expenditures, plus an additional reserve of \$7.5 million to provide a funding source for one-time or capital expenditures or for services in the event of severe economic conditions. Enterprise funds must maintain a ninety-day operating and maintenance expense reserve. All reserve requirements were exceeded as of December 31, 2016.

Major Initiatives

The Town continues to provide necessary services to its residents. 2016 saw improvements to Erie Parkway and projects to expand capacity and improve operations at the Town's water and wastewater treatment plants. A large open space parcel was also purchased. In addition, Town staff continues to pursue commercial and retail development opportunities.

Awards and Acknowledgements

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the twelfth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



A.J. Krieger
Town Administrator



Steve Felten, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Erie
Colorado**

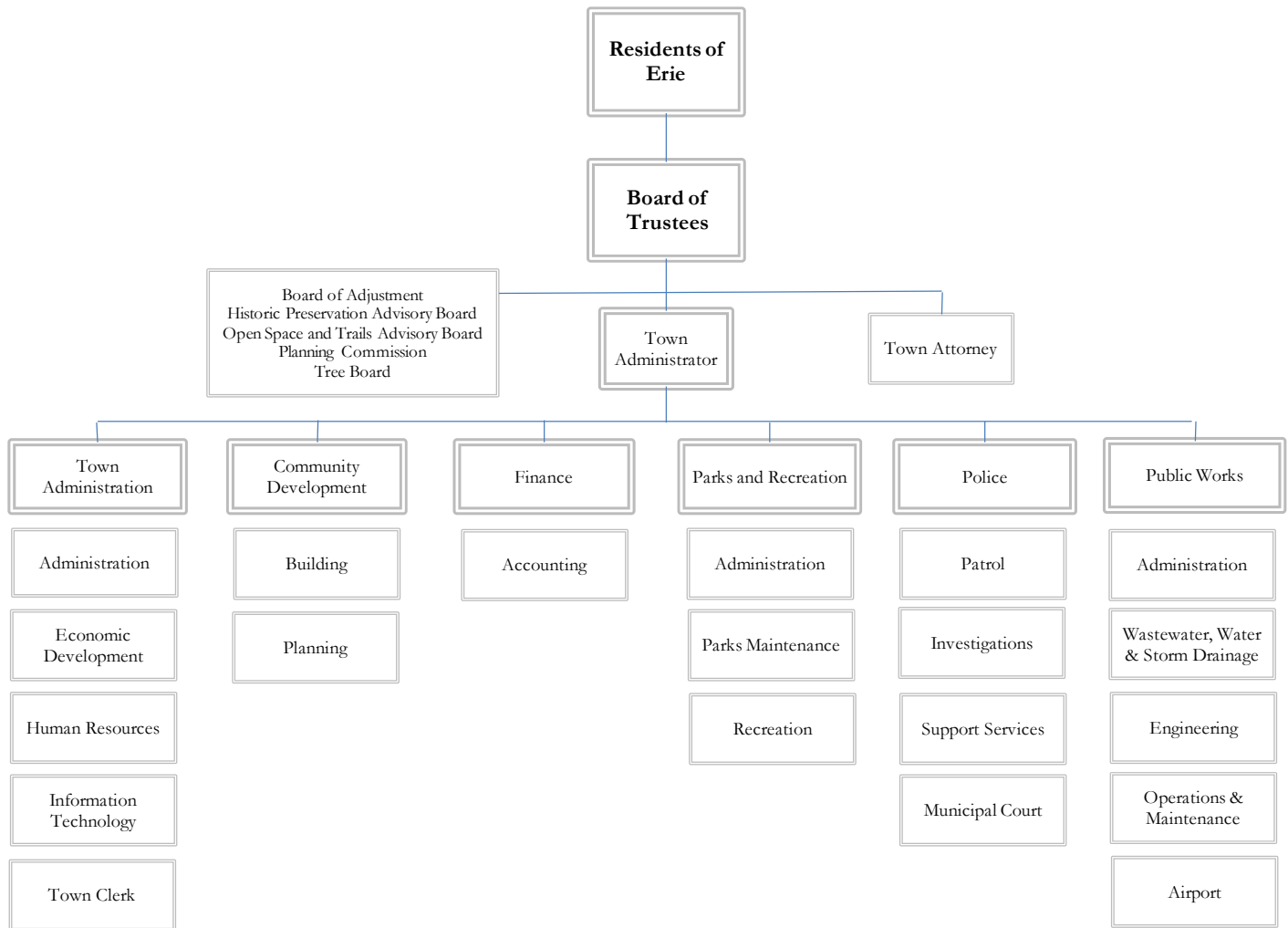
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO

Organizational Chart



Town of Erie, Colorado

List of Town Officials

Elected Officials: Mayor and Board of Trustees

Tina Harris	Mayor
Mark Gruber	Mayor Pro-Tem
Jennifer Carroll	Trustee
Scott Charles	Trustee
Geoff Deakin	Trustee
Waylon Schutt	Trustee
Dan Woog	Trustee

Town Administration Officials

A.J. Krieger	Town Administrator
Mark Shapiro	Town Attorney
Nancy Parker	Town Clerk
Gary Behlen	Public Works Director
Farrell Buller	Parks and Recreation Director
Steve Felten	Finance Director
Marty Ostholthoff	Community Development Director
Kim Stewart	Chief of Police

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

Financial Section

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Town of Erie
Erie, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Erie, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Erie as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Erie Urban Renewal Authority for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended December 31, 2016, the Town corrected errors relating to prior periods. As a result, the Town reported a restatement which resulted in capital assets being reflected within business-type activities rather than governmental activities and recording infrastructure contributed in the prior year (see Note V). Our opinions were not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2017, on our consideration of the Town of Erie's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Erie's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
June 7, 2017

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Management's Discussion and Analysis

The Town of Erie's (Town) management offers readers this narrative overview and analysis of the Town's financial activities for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, found earlier in this report. Amounts in this section are rounded for purposes of easier understanding.

Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of 2016 by \$330.8 million (net position). Of this amount, \$55.9 million (unrestricted net position) may be used to meet the Town's ongoing obligations in accordance with financial policies.
- The Town's net position increased by \$35.8 million, or 12%. Governmental net position increased by \$13.0 million, or 12%, and business-type net position increased by \$22.8 million, or 12%.
- At December 31, 2016, the Town's governmental funds reported combined ending fund balances of \$30.5 million, an increase of \$1.9 million from 2015. This increase reflects an increase in development activity, higher levels of sales tax revenues and expense control efforts.
- The General Fund, the Town's primary operating fund, reported unassigned fund balance of \$9.8 million, representing 70% of actual operating expenditures for 2016.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these categories reported as *net position*. Over time, increases or decreases in net position may serve

as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). One purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct functions on revenues provided by the Town's taxpayers.

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

The government-wide financial statements can be found on pages 33-35 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Town's funds can be divided into two categories: governmental funds and proprietary funds.

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

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

During 2016 the Town had twelve individual governmental funds, including the Town's urban renewal authority (URA). The General Fund is considered a *major fund*, as is the URA. Their 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 General Fund and URA are included in the basic financial statements to demonstrate compliance with the adopted budget.

The basic governmental fund financial statements can be found on pages 36-41 of this report.

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

The Town adopts an annual appropriated budget for four of its proprietary funds. Budgetary comparisons for the proprietary funds are included in a later section of this report. An annual budget is not prepared for the housing authority.

The basic proprietary fund financial statements can be found on pages 42-44 of this report.

Notes to the Financial Statements. The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-73 of this report.

Required Supplementary Information providing certain supporting pension schedules can be found on pages 75-78.

Combining Statements for the nonmajor governmental funds and nonmajor proprietary funds (referred to earlier) are presented following the notes to the financial statements. In addition, budget schedules for nonmajor governmental funds and all of the proprietary funds other than the housing authority are also presented in this section. This information can be found on pages 79-106.

Government-wide Financial Analysis

Statement of Net Position. As noted above, over time net position may serve as a useful indicator of a government's financial position. As of December 31, 2016, the Town's net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) was \$330.8 million, an increase of \$35.8 million over the total at December 31, 2015. The Town reported positive balances in net position for both governmental and business-type activities. Net position increased by \$13.0 million in its governmental activities and \$22.8 million in its business-type activities.

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

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 39,701	\$ 41,143	\$ 50,748	\$ 39,636	\$ 90,449	\$ 80,779
Capital assets	109,732	99,963	230,177	223,616	339,909	323,579
Total assets	149,433	141,106	280,925	263,252	430,358	404,358
Deferred Outflows of Resources	1,472	1,144	3,971	1,915	5,443	3,059
Liabilities						
Long-term liabilities	19,778	21,130	75,373	78,088	95,151	99,218
Other liabilities	3,370	6,822	1,063	1,442	4,433	8,264
Total liabilities	23,148	27,952	76,436	79,530	99,584	107,482
Deferred Inflows of Resources	5,458	5,030	-	-	5,458	5,030
Net Position						
Net investment						
in capital assets	91,830	80,799	161,760	151,663	253,590	232,462
Restricted	20,657	21,372	1,183	1,983	21,840	23,355
Unrestricted	9,812	7,097	45,517	31,991	55,329	39,088
Total net position	\$ 122,299	\$ 109,268	\$ 208,460	\$ 185,637	\$ 330,759	\$ 294,905

Note: 2015 amounts have been restated to reflect various corrections related to capital assets. See Note V on page 73 for more information.

The Town's net investment in capital assets represents 77% of its net position. These capital assets are used to provide necessary services to citizens and therefore 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.

Restricted net position accounts for 6% of its total net position, representing resources that are subject to external restrictions on how they may be used. The remaining component of net position is unrestricted, representing 17% of the Town's total net position and may be used to meet ongoing obligations to the Town's residents and creditors.

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

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$ 6,681	\$ 6,003	\$ 13,349	\$ 11,876	\$ 20,030	\$ 17,879
Operating grants and contributions	1,198	1,128	20	74	1,218	1,202
Capital grants and contributions	9,606	8,157	24,894	20,454	34,500	28,611
General revenues						
Taxes	14,336	12,076	-	-	14,336	12,076
Grants	92	250	-	-	92	250
Investment earnings	201	128	253	127	454	255
Other	404	379	121	66	525	445
Total revenues	32,518	28,121	38,637	32,597	71,155	60,718
Expenses						
General government	3,624	6,364	-	-	3,624	6,364
Public safety	3,564	3,066	-	-	3,564	3,066
Public works	5,129	4,506	-	-	5,129	4,506
Parks and recreation	6,479	6,247	-	-	6,479	6,247
Interest on long-term debt	657	720	-	-	657	720
Water	-	-	9,606	10,891	9,606	10,891
Wastewater	-	-	4,886	10,583	4,886	10,583
Storm drainage	-	-	933	841	933	841
Airport	-	-	307	338	307	338
Erie Housing Authority	-	-	116	112	116	112
Total expenses	19,453	20,903	15,848	22,765	35,301	43,668
Increase in net position before transfers	13,065	7,218	22,789	9,832	35,854	17,050
Transfers	(34)	(109)	34	109	-	-
Increase in net position	13,031	7,109	22,823	9,941	35,854	17,050
Net position - beginning - restated	109,268	102,159	185,637	175,696	294,905	277,855
Net position - ending	\$ 122,299	\$ 109,268	\$ 208,460	\$ 185,637	\$ 330,759	\$ 294,905

Note: 2015 amounts have been restated to reflect various corrections related to capital assets. See Note V on page 73 for more information.

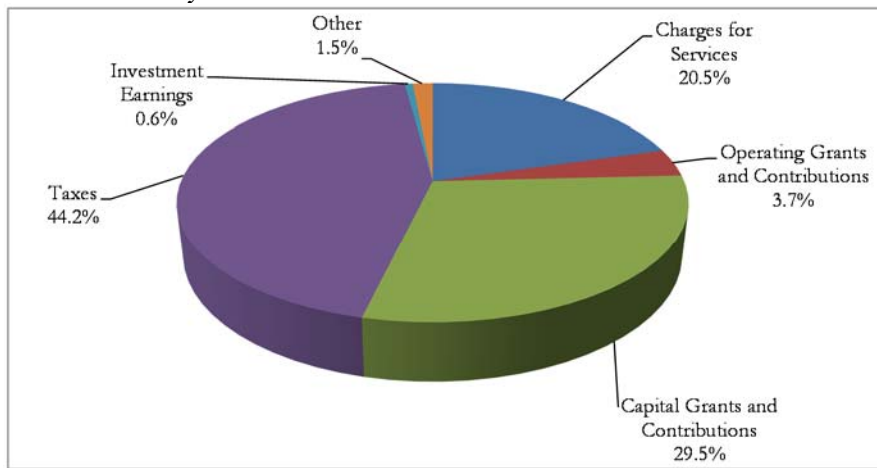
Governmental Activities – Revenues: During 2016, the Town's primary revenue sources for governmental operations were taxes, accounting for 44% of total governmental revenues. Capital grants and contributions represented 30% of total governmental revenues while charges for services made up 21%. Program revenues were \$2.0 million less than expenses. Excluding \$4.9 million in contributions of infrastructure built by developers (included in capital grants and contributions), program revenues were \$6.9 million less than expenses. This is an ordinary occurrence for governments and indicates that taxes provide a primary source of revenues to support governmental operations.

Taxes increased by \$2.3 million, or 19%, due primarily to an increase of \$1.5 million, or 23%, in sales and use taxes over 2015 amounts as the economy continued to improve and building

activity increased. The Town issued 465 residential building permits in 2016, a 10% increase compared to the 427 issued in 2015. Capital grants and contributions increased \$1.4 million, or 18%, also reflecting increased building activity in 2016. Charges for services increased \$0.7 million, or 11%, compared to 2015, reflecting increased levels of building activity and an increase in landfill fees.

The following chart provides the breakdown of revenues by source for 2016:

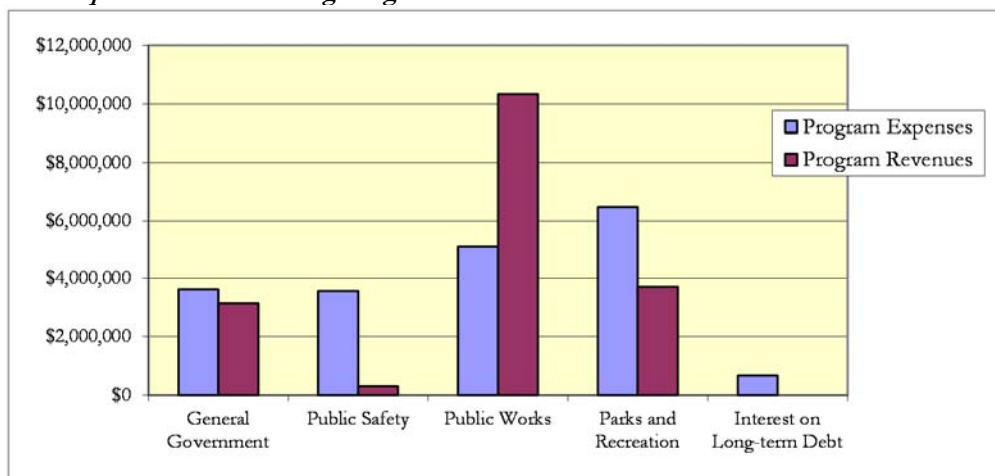
2016 Revenues by Source – Governmental Activities



Governmental Activities – Expenses: Total governmental activities expenses were \$19.5 million in 2016, a decrease of \$1.5 million, or 7%, compared to 2015. This decrease was due largely to a \$3.0 million incentive agreement with Kroger/King Soopers for the location of a King Soopers shopping center in the Town in 2015. Partially offsetting this decrease were increases in personnel expense due to staff additions to support growth and an increase in depreciation expense due primarily to the new public safety building which was put in service in 2015.

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

2016 Expenses and Offsetting Program Revenues – Governmental Activities

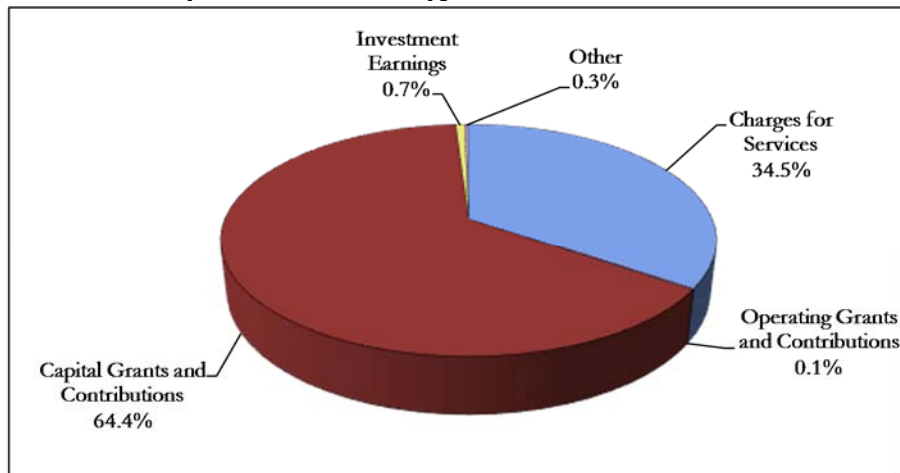


Business-type Activities – Revenues: Business-type activities primarily rely on charges for services to support related expenses. Charges for services of \$13.3 million for business-type activities represented 35% of 2016 revenues, and increased \$1.5 million, or 12%, compared to the prior year. This increase was due primarily an increase in demand for all utility services due to growth and to an increase in water rates pursuant to a rate study conducted in 2014.

The other primary source of revenue, representing 64% of revenues, comes primarily from capital contributions in the form of tap fees, developer-constructed donated capital and reimbursements, and grants. This source of revenue increased \$4.4 million, or 22%, compared to 2015, due primarily to higher levels of tap fees and other related fees arising from the increase in residential and commercial building activity during 2016.

The following chart provides the breakdown of revenues by source for 2016:

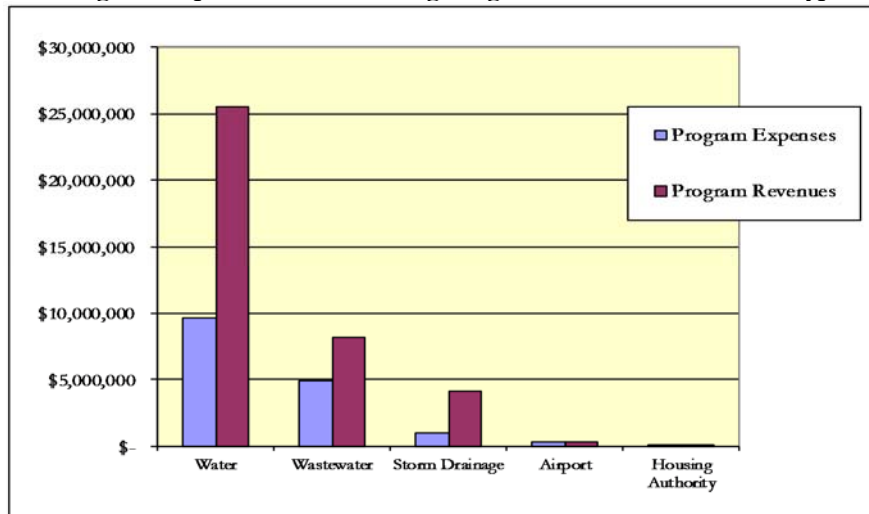
2016 Revenues by Source – Business-type Activities



Business-type Activities – Expenses: Business-type expenses were \$15.8 million in 2016, a decrease of \$6.9 million, or 30%, compared to 2015. This decrease was due to non-cash charges in 2015 in the Wastewater Fund and the Water Fund resulting from the write-off of assets no longer used in operations. Excluding these charges, expenses increased \$0.7 million, or 5%, compared to 2015, due primarily to staff additions and annual merit increases.

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

2016 Program Expenses and Offsetting Program Revenues – Business-type Activities



Financial Analysis of the Town's Funds

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unassigned fund balance is one of five fund balance classifications, as follows: nonspendable, restricted, committed, assigned, and unassigned fund balance.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$30.5 million. Of that amount, \$5.6 million was nonspendable, \$20.1 million was restricted, \$0.1 million was committed, \$0.3 million was assigned and \$4.4 million was unassigned fund balance.

The General Fund, the primary operating fund of the Town, had a fund balance at December 31, 2016, of \$20.5 million, of which \$5.6 million was nonspendable, \$4.9 million was restricted, \$0.3 million was assigned and \$9.8 million, was unassigned.

As just noted, the General Fund has \$5.6 million in nonspendable fund balance. This amount primarily represents the noncurrent portion of advances to the urban renewal authority, used to fund operations and the acquisition of certain properties in planned urban renewal areas. This advance will be repaid by the URA as urban renewal projects are identified and tax increment bond financing related to these projects is obtained by the URA. See Note III.D. on page 61 for more information.

As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. The unassigned fund balance of \$9.8 million represents 70% of total General Fund operating expenditures for 2016.

The Town has two General Fund reserve policies. The first is that a reserve of 25% of operating expenditures be maintained. Based on 2016 budgeted expenditures the required reserve is \$4.0 million. In addition, in 2010 the Town established a \$7.5 million reserve which may only be used with the approval of the Board of Trustees for one-time or capital expenditures, or in the event of revenue reductions due to severe economic conditions in order to prevent significant reduction in services. In addition to unassigned fund balance, a portion of restricted fund balance is available to meet these policy targets. As of year-end the available fund balance exceeded the policy targets. In addition, repayment of the \$5.5 million in advances to the URA will reduce the amount of nonspendable fund balance, increasing unassigned fund balance in an equal amount.

Total fund balance of the General Fund increased \$3.6 million for the current year. Total revenues increased \$2.4 million, or 13%, compared to 2015, reflecting strong growth in sales, use and property taxes, permit-related fees and landfill fees. Single-family residential permits increased from 427 in 2015 to 465 in 2016. Expenditures excluding certain 2015 nonrecurring items increased approximately \$1.7 million, or 10%, primarily the result of adding additional staff in 2015 and 2016 to support Town growth, normal merit increases, increased street maintenance expenditures and additional irrigation costs.

The other major governmental fund in 2016 was the URA. Prior to 2012 the URA had no significant activities. Since then, the URA has expended \$3.8 million for the purchase and improvement of real estate for future urban renewal projects. In addition, the URA has expended approximately \$1.6 million in operating expenses, primarily for legal and consulting fees to identify various urban renewal areas along with other related activities, and allocated personnel costs of Town support staff. As discussed above, these expenditures were funded with advances by the General Fund, which will be repaid as urban renewal projects are undertaken.

Excluding the Town's urban renewal authority, a total of \$15.0 million in fund balances are restricted or committed for future capital outlays and similar purposes in the other governmental funds.

See Note I.D.10. on pages 53-54, Note II.B. on page 55, and Note III.D. on page 61 for more information.

Proprietary Funds

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

The total net position of all enterprise funds as of December 31, 2016, was \$208.5 million, of which \$45.5 million was unrestricted net position. Total net position increased \$22.8 million over the prior year, with unrestricted net position increasing \$13.5 million.

The \$22.8 million increase in total net position is attributable primarily to an increase of \$16.1 million in net position in the Water Fund. This favorable change was due to an increase in capital contributions of \$4.3 million, or 33%, to \$17.2 million in 2016 as a result of increased building activity. Operating revenues (charges for services) were \$8.3 million, an increase of \$1.1 million, or 16%, compared to 2015 due to an increase in usage charges effective January 1, 2016, pursuant to a rate study conducted in 2014 and an increase in demand and the number of customers.

Operating expenses of the Water Fund increased \$1.2 million, or 18%, to \$7.6 million, primarily due to some major repairs to a water tank and other infrastructure and an increase in carriage fees for the Town's CBT water.

In the Wastewater Fund net position increased \$3.4 million. Operating revenues (charges for services) were \$4.3 million, a \$0.2 million, or 4%, increase from 2015. Capital contributions decreased \$1.0 million, or 20%, compared to 2015 due to lower levels of contributed infrastructure built by developers. Excluding these non-cash contributions, capital contributions increased \$0.5 million, or 19%. Operating expenses were down \$0.1 million, or 3%, from 2015.

Net position in the Storm Drainage Operating Fund increased \$3.3 million. This increase was the result of donated infrastructure constructed by developers in the amount of \$3.5 million during 2016.

General Fund Budgetary Highlights

The 2016 General Fund original budget provided for a surplus of \$0.3 million, reflecting revenues of \$18.2 million, expenditures of \$18.2 million and other financing sources, net of other financing uses, of \$0.3 million. The final budget provided for a surplus of \$0.6 million, reflecting revenues of \$19.7 million, expenditures of \$19.4 million and other financing sources, net of other financing uses, of \$0.3 million.

The \$1.5 million in increase in budgeted revenues were due to increased projections in sales and use tax, landfill fees, and grants. The \$1.2 million increase in the expenditure budget was due primarily to the rollover of uncompleted capital projects from 2015.

Actual results for 2016 in the General Fund was a surplus of \$3.6 million. Revenues exceeded budget in almost all categories, with particular strength in sales and use tax, permit and development-related fees and landfill fees. Expenditures were under budget due primarily to expense controls/savings and open positions. Additional information can be found in “Governmental Funds” above.

Capital Assets and Debt Administration

Capital Assets

The Town’s investment in capital assets includes land, water rights, buildings, improvements, machinery, equipment, and vehicles. It includes governmental activities as well as water, wastewater, airport, storm drainage, and housing authority infrastructure. Capital assets net of accumulated depreciation as of December 31, 2016, for its governmental and business-type activities amounted to \$339.9 million, a net increase of \$16.3 million from December 31, 2015. The increase in capital assets was the result of \$12.1 million in infrastructure constructed by developers and contributed to the Town and \$12.9 million in Town-funded additions, partially offset by \$8.7 million in depreciation.

Capital Assets as of December 31, 2016 and 2015 *(net of accumulated depreciation, in thousands)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 15,736	\$ 14,084	\$ 5,836	\$ 5,841	\$ 21,572	\$ 19,925
Water rights	-	-	75,390	75,390	75,390	75,390
Buildings	31,781	32,307	788	822	32,569	33,129
Improvements other than buildings	55,666	50,295	139,637	134,020	195,303	184,315
Machinery, equipment, and vehicles	2,174	1,965	905	607	3,079	2,572
Construction in progress	4,375	1,312	7,621	6,936	11,996	8,248
Total capital assets	<u>\$ 109,732</u>	<u>\$ 99,963</u>	<u>\$ 230,177</u>	<u>\$ 223,616</u>	<u>\$ 339,909</u>	<u>\$ 323,579</u>

Note: Prior year amounts restated.

Major capital improvements during the fiscal year ended December 31, 2016, included the following:

Governmental Activities (total additions - \$13.4 million)

- Developer-constructed infrastructure – streets (\$4.8 million)
- Town hall remodel (\$2.2 million)
- Various street improvements (\$2.1 million)
- Open space purchase (\$1.7 million)

Business-type Activities (total additions - \$11.6 million)

- Developer-constructed infrastructure (\$7.3 million)
- Windy Gap & NISP projects (\$1.5 million)
- Meter replacements/new meters (\$0.8 million)
- Phase 1 of a non-potable water system (\$0.7 million)

Additional information on the Town's capital assets can be found in Note III.C. on pages 59-60 of this report.

Long-Term Debt

At the end of 2016, the Town had \$93.9 million in total outstanding long-term debt, a decrease of \$4.0 million from December 31, 2015. Of this amount, \$18.7 million represents general obligation bonds secured by all available Town revenue. The remainder is primarily secured by specific revenue sources (e.g., water revenues) and water rights.

The following table summarizes long-term debt outstanding as of December 31, 2016, and 2015.

Outstanding Debt as of December 31, 2016 and 2015 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 18,708	\$ 20,010	\$ -	\$ -	\$ 18,708	\$ 20,010
Revenue bonds and loans	-	-	50,702	52,689	50,702	52,689
Certificates of participation	-	-	23,785	24,410	23,785	24,410
Mortgages and loans payable	-	-	665	736	665	736
Capital lease obligations	83	138	-	-	83	138
Total debt outstanding	<u>\$ 18,791</u>	<u>\$ 20,148</u>	<u>\$ 75,152</u>	<u>\$ 77,835</u>	<u>\$ 93,943</u>	<u>\$ 97,983</u>

During 2016 the Town refunded \$18.4 million of wastewater revenue bonds issued in 2008 and 2009, originally issued primarily for the construction of a treatment facility. Total interest savings over the life of the refunding period will be \$4.9 million (\$1.8 million on a present value basis). These refunding bonds were rated A+ by Standard & Poor's Ratings Services.

State statutes limit the amount of general obligation debt the Town may issue to 3% of estimated actual valuation. The current debt limitation for the Town is \$89.7 million.

Additional information on the Town's long-term debt can be found in Note III.E. on pages 61-66 of this report.

Economic Factors and Next Year's Budget

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

After several years of flat single family residential growth (2008-2011), which followed a decade of very rapid growth (1998-2007), local residential construction has increased significantly since 2011, with building permits increasing from 108 in 2011 to 465 in 2016 and 400 budgeted for 2017. The Town will continue to conserve resources until its commercial base grows, providing consistent and higher levels of sales and use tax. The Town has set aside significant amounts of reserves in the General Fund to enable it to continue to provide required services should an economic downturn occur.

The 2017 budget was approved by the Board of Trustees in December 2016. The General Fund, the Town's primary operating fund, has a budgeted surplus of \$211 thousand. Staffing to be funded by the General Fund was increased by 6 fulltime equivalent employees to address growth requirements, including 2 positions in the police department, 2 positions in public works and 1 in economic development.

Financial Contact

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

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Basic Financial Statements

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Town of Erie, Colorado
Statement of Net Position
December 31, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled Cash and Investments	\$ 31,570,374	\$ 44,791,929	\$ 76,362,303
Restricted Cash and Investments	308,004	3,546,844	3,854,848
Receivables, Net of Allowance for Uncollectibles	7,614,683	2,123,997	9,738,680
Internal Balances	170,000	(170,000)	-
Prepaid Items	32,208	454,971	487,179
Capital Assets Not Being Depreciated			
Land and Water Rights	15,736,157	81,226,158	96,962,315
Construction in Progress	4,375,210	7,620,671	11,995,881
Capital Assets, Net of Accumulated Depreciation	89,620,992	141,330,609	230,951,601
Net Pension Asset	5,840	-	5,840
Total Assets	149,433,468	280,925,179	430,358,647
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding	887,558	3,971,067	4,858,625
Contributions Subsequent to Measurement Date	142,003	-	142,003
Change in Investment Earnings	301,346	-	301,346
Changes in Assumptions	93,104	-	93,104
Change in Experience	47,940	-	47,940
Total Deferred Outflows of Resources	1,471,951	3,971,067	5,443,018
LIABILITIES			
Accounts Payable	1,299,814	518,322	1,818,136
Accrued Interest Payable	53,732	309,979	363,711
Accrued Wages Payable	127,392	49,437	176,829
Other Liabilities	1,097,094	129,406	1,226,500
Unearned Revenue	792,734	56,651	849,385
Noncurrent Liabilities:			
Due within one year	2,085,918	3,149,539	5,235,457
Due in more than one year	17,691,859	72,223,139	89,914,998
Total Liabilities	23,148,543	76,436,473	99,585,016
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	5,431,183	-	5,431,183
Change in Experience	6,893	-	6,893
Change in Proportionate Share	20,088	-	20,088
Total Deferred Inflows of Resources	5,458,164	-	5,458,164
NET POSITION			
Net Investment in Capital Assets	91,829,234	161,759,392	253,588,626
Restricted			
Capital Projects	13,756,896	-	13,756,896
Parks and Open Space	3,237,557	-	3,237,557
Solid Waste/Streets	2,351,017	-	2,351,017
Pension	563,252	-	563,252
Public Safety	6,263	-	6,263
Operations and Maintenance Reserves	-	776,800	776,800
Emergencies	742,069	-	742,069
Water Rights Purchase Escrow	-	406,231	406,231
Unrestricted	9,812,424	45,517,350	55,329,774
Total Net Position	\$ 122,298,712	\$ 208,459,773	\$330,758,485

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, 2016

		Program Revenues			
		Charges for	Operating	Capital	
	Expenses	Services	Grants and	Grants and	Total
			Contributions	Contributions	
FUNCTION ACTIVITIES					
Primary Government					
Governmental Activities					
General Government	\$ 3,624,195	\$ 1,952,378	\$ 71,732	\$ 1,115,923	\$ 3,140,033
Public Safety	3,564,444	299,055	6,153	-	305,208
Public Works	5,129,083	2,411,375	913,779	7,008,558	10,333,712
Parks and Recreation	6,478,449	2,018,464	206,775	1,481,289	3,706,528
Interest on Long-Term Debt	657,411	-	-	-	-
Total Governmental Activities	19,453,582	6,681,272	1,198,439	9,605,770	17,485,481
Business-type Activities					
Water	9,605,720	8,278,284	-	17,246,744	25,525,028
Wastewater	4,886,037	4,320,614	-	3,858,449	8,179,063
Storm Drainage	932,686	660,450	-	3,515,395	4,175,845
Airport	307,283	9,066	20,190	273,371	302,627
Erie Housing Authority	116,252	80,670	-	-	80,670
Total Business-type Activities	15,847,978	13,349,084	20,190	24,893,959	38,263,233
Total Primary Government	\$ 35,301,560	\$ 20,030,356	\$ 1,218,629	\$ 34,499,729	\$ 55,748,714

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

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
	\$ (484,162)	\$ -	\$ (484,162)
	(3,259,236)	-	(3,259,236)
	5,204,629	-	5,204,629
	(2,771,921)	-	(2,771,921)
	(657,411)	-	(657,411)
	(1,968,101)	-	(1,968,101)
	-	15,919,308	15,919,308
	-	3,293,026	3,293,026
	-	3,243,159	3,243,159
	-	(4,656)	(4,656)
	-	(35,582)	(35,582)
	-	22,415,255	22,415,255
	(1,968,101)	22,415,255	20,447,154
GENERAL REVENUES			
Taxes:			
Property	5,019,474	-	5,019,474
Sales and Use	8,300,744	-	8,300,744
Franchise	749,480	-	749,480
Specific Ownership	266,745	-	266,745
Grants and Contributions not Restricted			
to Specific Programs	91,578	-	91,578
Investment Earnings	201,007	252,507	453,514
Miscellaneous and Other	403,763	121,267	525,030
Transfers In (Out)	(33,719)	33,719	-
Total General Revenues and Transfers	14,999,072	407,493	15,406,565
Changes in Net Position	13,030,971	22,822,748	35,853,719
Net Position - Beginning (as restated)	109,267,741	185,637,025	294,904,766
Net Position - Ending	\$ 122,298,712	\$ 208,459,773	\$ 330,758,485

Town of Erie, Colorado
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Erie Urban Renewal Authority	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Pooled Cash and Investments	\$ 15,896,101	\$ -	\$ 15,674,273	\$ 31,570,374
Restricted Cash and Investments	-	308,004	-	308,004
Receivables	5,641,229	730,102	1,243,352	7,614,683
Prepaid Items	20,054	-	-	20,054
Advances to Other Funds	5,543,800	-	-	5,543,800
Total Assets	<u>\$ 27,101,184</u>	<u>\$ 1,038,106</u>	<u>\$ 16,917,625</u>	<u>\$ 45,056,915</u>
LIABILITIES				
Accounts Payable	\$ 629,480	\$ 6,150	\$ 664,184	\$ 1,299,814
Wages Payable	124,478	2,582	332	127,392
Other Liabilities	1,097,094	-	-	1,097,094
Advances from Other Funds	-	5,373,800	-	5,373,800
Unearned Revenue	792,734	-	-	792,734
Total Liabilities	<u>2,643,786</u>	<u>5,382,532</u>	<u>664,516</u>	<u>8,690,834</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	3,564,731	730,102	1,136,350	5,431,183
Unavailable Fund Resources	360,099	-	83,711	443,810
Total Deferred Inflows of Resources	<u>3,924,830</u>	<u>730,102</u>	<u>1,220,061</u>	<u>5,874,993</u>
FUND BALANCES				
Nonspendable				
Interfund Advances - Noncurrent	5,543,800	-	-	5,543,800
Prepaid Items	20,054	-	-	20,054
Restricted for:				
Capital Projects	1,801,192	308,004	11,647,700	13,756,896
Parks and Open Space	-	-	3,237,557	3,237,557
Solid Waste/Streets	2,351,017	-	-	2,351,017
Emergency Reserves	742,069	-	-	742,069
Public Safety	-	-	6,263	6,263
Committed to:				
Cemetery Operations	-	-	141,528	141,528
Assigned to:				
Purchases on Order	250,058	-	-	250,058
Unassigned	9,824,378	(5,382,532)	-	4,441,846
Total Fund Balances	<u>20,532,568</u>	<u>(5,074,528)</u>	<u>15,033,048</u>	<u>30,491,088</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,101,184</u>	<u>\$ 1,038,106</u>	<u>\$ 16,917,625</u>	<u>\$ 45,056,915</u>

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

Town of Erie, Colorado
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2016

	<u>Amount</u>
The amounts reported as Governmental Activities on the Statement of Net Position (page 33) are different because:	
Total Fund Balances - Governmental Funds (page 36)	\$ 30,491,088
Capital assets utilized in Governmental Activities are not financial resources and therefore are not reported in the fund financial statements.	109,732,359
Certain receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	443,810
Long-term liabilities and related items are not due and payable in the current period and therefore are not reported in the fund financial statements.	
Bonds payable	(17,465,000)
Capital lease obligations	(82,969)
Unamortized issuance premium	(1,242,714)
Unamortized deferred refunding loss	887,558
Unamortized bond insurance premiums	12,154
Accrued interest payable	(53,732)
Compensated absences	(537,094)
Litigation reserve	<u>(450,000)</u>
Total long-term liabilities and related items	(18,931,797)
Net pension asset is not available to pay for current expenditures and, therefore, is not reported in the funds.	5,840
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Change in investment earnings	301,346
Changes in assumptions	93,104
Change in experience	47,940
Contributions subsequent to the measurement date	<u>142,003</u>
Total deferred outflows of resources	584,393
Deferred inflows of resources used in governmental activities are not due and payable in the current year and, therefore, are not reported in the funds.	
Change in experience	(6,893)
Change in proportionate share	<u>(20,088)</u>
Total deferred inflows of resources	(26,981)
Net Position - Governmental Activities (page 33)	<u><u>\$122,298,712</u></u>

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

Town of Erie, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Erie Urban Renewal Authority	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 12,925,001	\$ 249,549	\$ 1,161,893	\$ 14,336,443
Intergovernmental	1,322,006	-	218,717	1,540,723
Licenses and Permits	2,209,044	-	-	2,209,044
Fees and Charges for Services	4,138,040	682	34,450	4,173,172
Fines and Forfeitures	299,055	-	-	299,055
Capital Contributions and Fees	-	-	4,432,454	4,432,454
Investment Earnings	105,882	-	95,125	201,007
Miscellaneous	260,717	-	42,325	303,042
Total Revenues	<u>21,259,745</u>	<u>250,231</u>	<u>5,984,964</u>	<u>27,494,940</u>
EXPENDITURES				
Current Operating:				
General Government	3,120,399	259,740	-	3,380,139
Public Safety	3,244,415	-	-	3,244,415
Public Works	2,980,586	-	-	2,980,586
Parks and Recreation	4,710,210	-	141,647	4,851,857
Capital Outlay	2,071,521	52,042	7,175,776	9,299,339
Debt Service				
Principal	1,225,393	-	-	1,225,393
Interest	697,864	-	-	697,864
Total Expenditures	<u>18,050,388</u>	<u>311,782</u>	<u>7,317,423</u>	<u>25,679,593</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,209,357</u>	<u>(61,551)</u>	<u>(1,332,459)</u>	<u>1,815,347</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	326,700	-	331,193	657,893
Transfers Out	(13,400)	-	(678,212)	(691,612)
Sales of Capital Assets	28,305	-	-	28,305
Insurance Recoveries	72,421	-	-	72,421
Total Other Financing Sources (Uses)	<u>414,026</u>	<u>-</u>	<u>(347,019)</u>	<u>67,007</u>
Net Change in Fund Balance	3,623,383	(61,551)	(1,679,478)	1,882,354
Fund Balance - Beginning	<u>16,909,185</u>	<u>(5,012,977)</u>	<u>16,712,526</u>	<u>28,608,734</u>
Fund Balance - Ending	<u>\$ 20,532,568</u>	<u>\$ (5,074,528)</u>	<u>\$ 15,033,048</u>	<u>\$ 30,491,088</u>

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

Town of Erie, Colorado
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016

	<u>Amount</u>
The amounts reported as Governmental Activities on the Statement of Activities (pages 34-35) are different because:	
Net Changes in Fund Balances - Governmental Funds (page 38)	\$ 1,882,354
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense.	
Capital outlays	8,574,267
Depreciation expense	<u>(3,657,243)</u>
Excess of capital outlays over depreciation	4,917,024
Contributions of capital assets by developers increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources.	4,851,736
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	70,870
Governmental Funds report principal payments as expenditures. However, in the Statement of Activities these payments are reflected as a reduction in long-term debt obligations.	1,225,393
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.	
Change in accrued interest payable	4,201
Change in accrued compensated absences	(5,637)
Amortization of premiums, discounts, deferred refunding losses and bond insurance premiums	31,806
Pension expense	(88,779)
Employer contribution expense	<u>142,003</u>
Total expenses not requiring current resources	<u>83,594</u>
Change in Net Position - Governmental Activities (page 35)	<u>\$ 13,030,971</u>

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

Town of Erie, Colorado
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With
	Original	Final		Final Budget
	Budget	Budget	Actual	Positive
				(Negative)
REVENUES				
Taxes	\$ 11,410,000	\$ 11,940,000	\$ 12,925,001	\$ 985,001
Intergovernmental	1,000,500	1,293,800	1,322,006	28,206
Licenses and Permits	1,609,000	1,844,000	2,209,044	365,044
Fees and Charges for Services	3,599,900	3,924,900	4,138,040	213,140
Fines and Forfeitures	231,000	253,000	299,055	46,055
Investment Earnings	40,000	90,000	105,882	15,882
Miscellaneous	283,400	369,900	260,717	(109,183)
Total Revenues	18,173,800	19,715,600	21,259,745	1,544,145
EXPENDITURES				
Current Operating:				
General Government				
Legislative	411,900	421,600	367,102	54,498
Town Administration	1,714,700	1,887,500	1,545,919	341,581
Community Development	845,000	885,300	768,948	116,352
Finance	264,300	266,200	264,938	1,262
Central Charges	187,700	177,800	173,492	4,308
Public Safety	3,369,900	3,395,300	3,244,415	150,885
Public Works	3,065,600	3,161,800	2,980,586	181,214
Parks and Recreation	4,907,300	4,902,700	4,710,210	192,490
Capital Outlay	1,481,400	2,383,200	2,071,521	311,679
Debt Service				
Principal	1,232,900	1,229,100	1,225,393	3,707
Interest	692,800	696,600	697,864	(1,264)
Total Expenditures	18,173,500	19,407,100	18,050,388	1,356,712
Excess of Revenues Over Expenditures	300	308,500	3,209,357	2,900,857
OTHER FINANCING SOURCES (USES)				
Transfers In	308,700	308,700	326,700	18,000
Transfers Out	(30,000)	(30,000)	(13,400)	16,600
Sales of Capital Assets	-	-	28,305	28,305
Insurance Recoveries	-	37,000	72,421	35,421
Total Other Financing Sources (Uses)	278,700	315,700	414,026	98,326
Net Change in Fund Balance	\$ 279,000	\$ 624,200	3,623,383	\$ 2,999,183
Fund Balance - Beginning			16,909,185	
Fund Balance - Ending			<u>\$ 20,532,568</u>	

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

Town of Erie, Colorado
Erie Urban Renewal Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 60,000	\$ 248,000	\$ 249,549	\$ 1,549
Fees and Charges for Services	500	600	682	82
Total Revenues	60,500	248,600	250,231	1,631
EXPENDITURES				
Current Operating:				
General Government	274,200	274,200	259,740	14,460
Capital Outlay	-	87,200	52,042	35,158
Total Expenditures	274,200	361,400	311,782	49,618
Deficiency of Revenues Under Expenditures	(213,700)	(112,800)	(61,551)	51,249
Net Change in Fund Balance	<u>\$ (213,700)</u>	<u>\$ (112,800)</u>	(61,551)	<u>\$ 51,249</u>
Fund Balance - Beginning			<u>(5,012,977)</u>	
Fund Balance - Ending			<u>\$ (5,074,528)</u>	

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

Town of Erie, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-type Activities - Proprietary Funds				
	Water Fund	Wastewater Fund	Storm Drainage Operating Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
ASSETS					
Current Assets					
Pooled Cash and Investments	\$ 27,721,489	\$ 15,881,524	\$ 1,128,701	\$ 60,215	\$ 44,791,929
Restricted Cash and Investments	3,170,021	-	-	376,823	3,546,844
Receivables	891,230	1,136,168	76,159	20,440	2,123,997
Prepaid Items	391,211	56,197	-	7,563	454,971
Total Current Assets	32,173,951	17,073,889	1,204,860	465,041	50,917,741
Noncurrent Assets					
Capital Assets					
Construction in Progress	5,950,172	561,509	1,090,068	18,922	7,620,671
Land and Water Rights	80,511,136	59,022	63,705	592,295	81,226,158
Buildings, Property, and Equipment	95,002,907	56,650,826	25,337,164	7,111,432	184,102,329
Accumulated Depreciation	(24,396,837)	(11,330,702)	(4,421,065)	(2,623,116)	(42,771,720)
Total Capital Assets	157,067,378	45,940,655	22,069,872	5,099,533	230,177,438
Total Noncurrent Assets	157,067,378	45,940,655	22,069,872	5,099,533	230,177,438
Total Assets	189,241,329	63,014,544	23,274,732	5,564,574	281,095,179
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charges on Refunding	1,760,782	2,210,285	-	-	3,971,067
Total Deferred Outflows of Resources	1,760,782	2,210,285	-	-	3,971,067
LIABILITIES					
Current Liabilities					
Accounts Payable	205,990	236,125	24,589	51,618	518,322
Accrued Interest Payable	246,032	59,446	4,286	215	309,979
Wages Payable	26,129	21,337	1,911	60	49,437
Other Liabilities	125,607	-	-	3,799	129,406
Unearned Revenue	47,100	8,530	-	1,021	56,651
Compensated Absences	73,492	66,641	3,623	255	144,011
Current Portion of Long Term Debt					
Certificates of Participation Payable	640,000	-	-	-	640,000
Loans Payable	-	311,647	12,509	-	324,156
Bonds Payable	1,705,000	325,000	-	-	2,030,000
Mortgages Payable	-	-	-	11,372	11,372
Total Current Liabilities	3,069,350	1,028,726	46,918	68,340	4,213,334
Noncurrent Liabilities					
Compensated Absences	38,471	36,872	210	211	75,764
Advances from Other Funds	-	-	-	170,000	170,000
Long Term Debt, Net of Unamortized Premiums and Discounts					
Certificates of Participation Payable	24,448,650	-	-	-	24,448,650
Loans Payable	-	1,828,660	273,207	369,187	2,471,054
Bonds Payable	26,493,988	18,448,743	-	-	44,942,731
Mortgages Payable	-	-	-	284,940	284,940
Total Noncurrent Liabilities	50,981,109	20,314,275	273,417	824,338	72,393,139
Total Liabilities	54,050,459	21,343,001	320,335	892,678	76,606,473
NET POSITION					
Net Investment in Capital Assets	108,304,312	27,236,890	21,784,156	4,434,034	161,759,392
Restricted					
Operations and Maintenance Reserves	-	776,800	-	-	776,800
Water Rights Purchase Escrow	406,231	-	-	-	406,231
Unrestricted	28,241,109	15,868,138	1,170,241	237,862	45,517,350
Total Net Position	\$ 136,951,652	\$ 43,881,828	\$ 22,954,397	\$ 4,671,896	\$ 208,459,773

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

Town of Erie, Colorado
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Proprietary Funds				Total Proprietary Funds
	Water Fund	Wastewater Fund	Storm Drainage Operating Fund	Nonmajor Proprietary Funds	
OPERATING REVENUES					
Charges for Services	\$ 8,278,284	\$ 4,320,614	\$ 660,450	\$ 89,736	\$ 13,349,084
OPERATING EXPENSES					
Personnel Services	1,684,788	1,465,748	111,730	3,977	3,266,243
Operations and Maintenance	3,084,458	1,044,586	329,289	99,044	4,557,377
Depreciation	2,821,610	1,418,963	485,891	292,510	5,018,974
Total Operating Expenses	7,590,856	3,929,297	926,910	395,531	12,842,594
Net Operating Income (Loss)	687,428	391,317	(266,460)	(305,795)	506,490
NON-OPERATING REVENUES (EXPENSES)					
Investment Earnings	156,900	88,916	5,771	920	252,507
Intergovernmental	-	-	-	20,190	20,190
Other Non-Operating Income	10,385	9,873	-	36,610	56,868
Interest Expense	(2,014,864)	(776,146)	(5,776)	(26,004)	(2,822,790)
Issuance Costs	-	(180,594)	-	(2,000)	(182,594)
Gain on Extinguishment of Debt	-	-	-	60,000	60,000
Gain on Disposition of Capital Assets	4,399	-	-	-	4,399
Total Non-Operating Revenues (Expenses)	(1,843,180)	(857,951)	(5)	89,716	(2,611,420)
Loss Before Contributions and Transfers	(1,155,752)	(466,634)	(266,465)	(216,079)	(2,104,930)
Capital Contributions	17,246,744	3,858,449	3,515,395	273,371	24,893,959
Transfers In	-	-	20,319	13,400	33,719
Change in Net Position	16,090,992	3,391,815	3,269,249	70,692	22,822,748
Total Net Position - Beginning (as restated)	120,860,660	40,490,013	19,685,148	4,601,204	185,637,025
Total Net Position - Ending	\$ 136,951,652	\$ 43,881,828	\$ 22,954,397	\$ 4,671,896	\$ 208,459,773

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

Town of Erie, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Proprietary Funds				Total Proprietary Funds
	Water Fund	Wastewater Fund	Storm Drainage Operating Fund	Nonmajor Proprietary Funds	
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 8,215,052	\$ 4,331,509	\$ 646,284	\$ 135,698	\$ 13,328,543
Payments to Employees	(1,694,080)	(1,474,636)	(115,641)	(3,913)	(3,288,270)
Payments to Suppliers	(3,428,295)	(1,047,506)	(323,399)	(77,834)	(4,877,034)
Net Cash Provided by Operating Activities	3,092,677	1,809,367	207,244	53,951	5,163,239
Cash Flows from Non-capital Financing Activities					
Operating Grants	-	-	-	20,190	20,190
Transfer from Other Funds	-	-	-	13,400	13,400
Cash Flows Provided by Non-capital Financing Activities	-	-	-	33,590	33,590
Cash Flows from Capital and Related Financing Activities					
Capital Grants	-	-	-	274,670	274,670
Receipts from Capital Debt Issuance	6,357	18,544,187	-	(2,000)	18,548,544
Payments to Defeas Capital Debt	-	(18,417,587)	-	-	(18,417,587)
Acquisition and Construction of Capital Assets	(3,607,902)	(323,724)	(85,850)	(305,741)	(4,323,217)
Proceeds from Sale of Capital Assets	10,000	-	-	3,045	13,045
Principal Paid on Capital Debt	(2,250,000)	(493,183)	(12,264)	(10,344)	(2,765,791)
Interest Paid on Capital Debt	(2,090,630)	(791,753)	(5,960)	(25,856)	(2,914,199)
Capital Contributions	14,199,273	2,969,508	10,732	-	17,179,513
Transfer from Other Funds	-	-	20,319	-	20,319
Payments to Bond Trustee, Refundable	-	(634,525)	-	-	(634,525)
Cash Flows Provided by (Used in) Capital and Related Financing Activities	6,267,098	852,923	(73,023)	(66,226)	6,980,772
Cash Flows from Investing Activities					
Earnings on Investments	125,798	82,099	5,424	(35)	213,286
Cash Flows Provided by (Used in) Investing Activities	125,798	82,099	5,424	(35)	213,286
Net Increase in Pooled Cash and Investments	9,485,573	2,744,389	139,645	21,280	12,390,887
Pooled Cash and Investments - January 1	18,235,916	13,137,135	989,056	38,935	32,401,042
Pooled Cash and Investments - December 31	\$ 27,721,489	\$ 15,881,524	\$ 1,128,701	\$ 60,215	\$ 44,791,929
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating Income (Loss)	\$ 687,428	\$ 391,317	\$ (266,460)	\$ (305,795)	\$ 506,490
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities					
Depreciation Expense	2,821,610	1,418,963	485,891	292,510	5,018,974
Other Income	10,385	9,873	-	36,610	56,868
(Increase) Decrease in					
Accounts Receivable	(117,905)	1,022	(14,166)	8,361	(122,688)
Prepaid Items	(139,096)	323	-	7,666	(131,107)
Increase (Decrease) in					
Accounts Payable	(204,741)	(3,243)	5,890	13,860	(188,234)
Wages Payable	9,174	6,009	(4,016)	35	11,202
Compensated Absences Payable	(18,466)	(14,897)	105	29	(33,229)
Other Liabilities	44,288	-	-	(346)	43,942
Deferred Revenue	-	-	-	1,021	1,021
Net Cash Provided by Operating Activities	\$ 3,092,677	\$ 1,809,367	\$ 207,244	\$ 53,951	\$ 5,163,239
Noncash Investing, Capital, and Financing Activities					
Contributions of infrastructure by developers	\$ 2,872,471	\$ 888,941	\$ 3,504,663	\$ -	\$ 7,266,075
Forgiveness of debt	-	-	-	(60,000)	(60,000)

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

Notes to the Financial Statements

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Town of Erie, Colorado
Notes to the Financial Statements
As of and for the year ended December 31, 2016

Note I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

A brief description of the blended component units follow:

Town of Erie Housing Authority (EHA) –The EHA constructed and operates the senior housing complex. Daily operations of the complex are managed by Pillar Property Services, LLC. The EHA's activities directly benefit the citizens of the Town. The Town Board of Trustees serves as the EHA Board of Commissioners. In addition, the Town has operational responsibility for the EHA. The EHA is reported as a proprietary fund. Separate audited financial statements of the EHA are not available. See also Note III.E.4.

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

Separate financial statements are provided for governmental funds and proprietary funds. The Town does not operate any fiduciary funds. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Property taxes, sales taxes, highway users' taxes, use taxes, franchise taxes, fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

The *Town of Erie Urban Renewal Authority* is described above in I.A.

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

The Town reports the following major proprietary (enterprise) funds:

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

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

The *storm drainage operating fund* accounts for charges received from system users, used to construct and maintain the storm drainage system.

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

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

D. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

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

Investments are reported in accordance with GASB Statement 72.

2. Receivables and Payables

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

By December 15 of each year, property taxes for the Town are levied by the Board and certified to Boulder County and Weld County for collection in the subsequent year. These taxes attach as an enforceable lien on property as of January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. The taxes are collected by the Boulder County and Weld County Treasurers on behalf of the Town. A 1% collection fee is retained by the Counties as compensation for collecting the taxes.

Property taxes levied in the General Fund, the Trails and Natural Areas Fund and the EURA are included in receivables and deferred inflows at December 31, 2016. These taxes are classified as deferred inflows since they are not normally available to the Town until mid-2017 and are budgeted for in 2017.

All trade and property tax receivables are reported net of any allowance for uncollectible amounts, where applicable. No allowance is provided for utility service charges since delinquent amounts are certified as a lien against the property billed and are expected to be fully collectible.

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

3. Prepaid Items

Certain payments to vendors and other third parties reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Expenditures/expenses are recorded when the service underlying the prepaid item is provided (consumption 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 their use is limited by applicable bond covenants.

5. Capital Assets

Capital assets, which include property, plant, equipment, and all infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) acquired since 1997, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

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

6. Compensated Absences

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

7. Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide and proprietary financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method over the term of the debt. Long-term debt payable is reported net of the applicable unamortized premiums or discounts. Debt issuance costs are reported as an outflow of resources.

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

8. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net position by the Town that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net position by the Town that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

The Town has certain items that relate to its pension plan that qualify for reporting as a deferred outflow of resources. See Note III.F.1. for more information. In addition, a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources for the Town consist of property taxes receivable and reimbursement based grants, as applicable in the government-wide and fund financial statements. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected. Reimbursement based grant revenue is considered a deferred inflow of resources in the year the Town has incurred qualified expenses/expenditures under the grant, and are recognized as an inflow of resources in the period they are collected.

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

The Town also reports as deferred inflows of resources certain items related to its pension plan. See Note III.F.1. for more information.

9. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Statewide Defined Benefit Plan (SBDP), administered by the Fire & Police Pension Association of Colorado (FPPA), and additions to/deductions from the SBDP's fiduciary net position have been determined on the same basis as they are reported by the FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Fund Balances

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

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes prepaid items and the long-term amount of interfund loans.

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

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

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund assigned amounts represent intended uses established by the Board of Trustees, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

Note I. Summary of Significant Accounting Policies (continued)

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

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

In 2010 the Board of Trustees passed a resolution that established an additional General Fund reserve. The reserve was established at \$7,500,000, representing approximately 50% of annual General Fund operating expenditures. The reserve may only be used with the approval of the Board of Trustees for one-time or capital expenditures, or in the event of revenue reductions due to severe economic conditions in order to prevent significant reduction in services. This reserve does not meet the definition of a stabilization arrangement pursuant to GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and therefore is reflected in unassigned fund balance.

All minimum fund balance policy requirements were met as of December 31, 2016 with the exception of the Airport Fund. The Airport Fund's working capital was \$23,000 less than the policy reserve requirement.

11. *Use of Estimates*

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

12. *Current Year GASB Statement Implementation*

For the year ended December 31, 2016, the Town adopted the provisions of GASB Statement No. 72, *Fair Value Measurements and Application*, which is effective for financial statement periods beginning after June 30, 2015. GASB Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The Town carried investments affected by the implementation as described in Note III.A.

Note II. Stewardship, Compliance, and Accountability

A. *Budgetary Information*

The Town adopts annual budgets on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. The budgets for proprietary funds are adopted on a non-GAAP modified accrual budgetary basis. All annual appropriations lapse at fiscal year-end. The Town does not adopt a budget for the Erie Housing Authority.

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

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

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

B. Deficit Fund Equity

The Town of Erie Urban Renewal Authority had a deficit unassigned fund balance of \$5,382,532 as of December 31, 2016. Information on anticipated repayment of the advance from the General Fund that has financed this deficit can be found in Note III.D. Additional funds will arise over time as other urban renewal projects are identified and resulting tax increment funding monies are collected through increased property or sales tax collections.

Note III. Detailed Notes on All Funds

A. Deposits and Investments

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

Pooled cash and investments	\$ 76,362,303
Restricted cash and investments	<u>3,854,848</u>
Total	<u><u>\$ 80,217,151</u></u>

Cash and investments consist of the following:

Bank checking accounts	\$ 5,753,148
Bank money market and savings accounts	<u>376,823</u>
Total bank deposits	6,129,971
Investments	74,085,255
Cash on hand	<u>1,925</u>
Total	<u><u>\$ 80,217,151</u></u>

Note III. Detailed Notes on All Funds (continued)

Deposits

As of December 31, 2016, the carrying amount of the Town's deposits was \$6,129,971.

Custodial Credit Risk

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

Investments

As of December 31, 2016, the Town had the following investments:

Investment Type	Rating		Fair Value	Investment Maturities		Concentration of Credit Risk
	Moody's	S&P		Less than 1 Year	1 to 5 Years	
U.S. Treasury Notes	Aaa	AA+	\$ 6,956,914	\$ -	\$ 6,956,914	9%
Federal Farm Credit Bank	Aaa	AA+	11,471,242	6,004,343	5,466,899	15%
Federal Home Loan Bank	Aaa	AA+	10,564,115	4,601,019	5,963,096	14%
Federal National Mortgage Association	Aaa	AA+	3,978,267	-	3,978,267	5%
Commercial Paper	P1	A-1+	1,993,006	1,993,006	-	3%
CSAFE	n/a	AAAm	37,383,240	37,383,240	-	51%
COLOTRUST PRIME	n/a	AAAm	476,726	476,726	-	1%
Federated Treasury Obligations Fund	Aaa-mf	AAAm	406,231	406,231	-	1%
Wells Fargo Treasury Money Market Fund	Aaa-mf	AAAm	855,514	855,514	-	1%
Total fair value			<u>\$ 74,085,255</u>	<u>\$ 51,720,079</u>	<u>\$ 22,365,176</u>	<u>100%</u>

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

Note III. Detailed Notes on All Funds (continued)

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

Local Government Investment Pools

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

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

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

Fair Value of Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

There is a hierarchy of three levels of inputs that may be used to measure fair value, as follows:

Level 1: Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs for an asset or liability.

The Town's investments in COLOTRUST and the Federated Treasury Obligation Fund are measured at net asset value, equal to \$1.00 per share. CSAFE and the Wells Fargo Treasury Money Market Fund are valued at amortized cost. All other Town investments are valued using Level 2 inputs.

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

B. Accounts Receivable

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

	General	Urban Renewal Authority	Nonmajor Governmental	Water	Wastewater	Storm Drainage	Nonmajor Proprietary	Total
Property taxes	\$ 3,564,731	\$ 730,102	\$ 1,136,350	\$ -	\$ -	\$ -	\$ -	\$ 5,431,183
Sales taxes	957,736	-	-	-	-	-	-	957,736
Other taxes	210,487	-	-	-	-	-	-	210,487
Accounts, net of allowance for uncollectible accounts	220,730	-	-	658,793	478,473	74,504	2,384	1,434,884
Landfill fees	202,319	-	-	-	-	-	-	202,319
Intergovernmental	462,003	-	83,711	191,984	-	-	17,975	755,673
Due from paying agent	-	-	-	-	634,525	-	-	634,525
Interest	23,223	-	23,291	40,453	23,170	1,655	81	111,873
Total receivables	<u>\$ 5,641,229</u>	<u>\$ 730,102</u>	<u>\$ 1,243,352</u>	<u>\$ 891,230</u>	<u>\$ 1,136,168</u>	<u>\$ 76,159</u>	<u>\$ 20,440</u>	<u>\$ 9,738,680</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	(Restated) Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,312,333	\$ 3,747,670	\$ (684,793)	\$ 4,375,210
Land	14,084,350	1,651,807	-	15,736,157
Total capital assets, not being depreciated	15,396,683	5,399,477	(684,793)	20,111,367
Capital assets, being depreciated:				
Buildings	36,754,017	290,424	-	37,044,441
Improvements other than buildings	67,187,177	7,749,821	-	74,936,998
Furniture and equipment	3,181,568	397,124	(428,458)	3,150,234
Vehicles	1,184,227	273,949	(106,558)	1,351,618
Total capital assets, being depreciated	108,306,989	8,711,318	(535,016)	116,483,291
Less accumulated depreciation for:				
Buildings	(4,446,922)	(816,302)	-	(5,263,224)
Improvements other than buildings	(16,892,508)	(2,379,202)	-	(19,271,710)
Furniture and equipment	(1,670,724)	(294,379)	428,458	(1,536,645)
Vehicles	(729,918)	(167,360)	106,558	(790,720)
Total accumulated depreciation	(23,740,072)	(3,657,243)	535,016	(26,862,299)
Total capital assets, being depreciated, net	84,566,917	5,054,075	-	89,620,992
Governmental activities capital assets, net	<u>\$ 99,963,600</u>	<u>\$ 10,453,552</u>	<u>\$ (684,793)</u>	<u>\$ 109,732,359</u>

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

	(Restated) Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,935,701	\$ 3,156,408	\$ (2,471,438)	\$ 7,620,671
Land and reservoirs	5,841,462	-	(5,601)	5,835,861
Water rights	75,390,297	-	-	75,390,297
Total capital assets, not being depreciated	88,167,460	3,156,408	(2,477,039)	88,846,829
Capital assets, being depreciated:				
Buildings	1,369,265	-	-	1,369,265
Improvements other than buildings	171,100,863	10,517,047	(330,917)	181,286,993
Machinery and equipment	1,086,499	384,229	(24,657)	1,446,071
Total capital assets, being depreciated	173,556,627	10,901,276	(355,574)	184,102,329
Less accumulated depreciation for:				
Buildings	(546,769)	(34,089)	-	(580,858)
Improvements other than buildings	(37,081,570)	(4,898,776)	330,917	(41,649,429)
Machinery and equipment	(479,981)	(86,109)	24,657	(541,433)
Total accumulated depreciation	(38,108,320)	(5,018,974)	355,574	(42,771,720)
Total capital assets, being depreciated, net	135,448,307	5,882,302	-	141,330,609
Business-type activities capital assets, net	<u>\$ 223,615,767</u>	<u>\$ 9,038,710</u>	<u>\$ (2,477,039)</u>	<u>\$ 230,177,438</u>

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

Governmental activities:

General government	\$ 85,663
Public safety	347,008
Public works	1,769,869
Parks and recreation	<u>1,454,703</u>

Total depreciation expense - governmental activities \$3,657,243

Business-type activities:

Water	\$2,821,610
Wastewater	1,418,963
Storm drainage	485,891
Airport	263,488
Housing authority	<u>29,022</u>

Total depreciation expense - business-type activities \$5,018,974

Note III. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers

There were two advances from the General Fund at December 31, 2016. The first is to the Town's urban renewal authority (EURA) for \$5,373,800. The advance to the EURA was made to pay for purchases of certain properties and for operating expenditures of the EURA. Repayment in the approximate amount of \$5,000,000 is anticipated in 2017 pursuant to a development agreement for the development of property owned by the EURA at the corner of Highway 287 and Arapahoe Road, although the exact timing, amount, and/or mechanism remains subject to terms and conditions as specified in the development agreement.

The second advance, made to the Town's housing authority during 2014, is in the amount of \$170,000, made to facilitate refinancing of the housing authority's then-outstanding mortgage loan, discussed in more detail in Note III.E.4.

Transfers to/from other funds for the year ending December 31, 2016, were as follows:

<u>Transfer Out</u>	Transfer In				Total
	General Fund	Nonmajor Governmental Funds	Storm Drainage Operating Fund	Nonmajor Proprietary Funds	
General Fund	\$ -	\$ -	\$ -	\$ 13,400	\$ 13,400
Nonmajor governmental funds	326,700	331,193	20,319	-	678,212
Total	<u>\$ 326,700</u>	<u>\$ 331,193</u>	<u>\$ 20,319</u>	<u>\$ 13,400</u>	<u>\$ 691,612</u>

Transfers primarily reflect movement of revenues from the fund with collection authorization to the fund making the expenditure. Included in transfers to the General Fund is a \$318,000 transfer from the Trails & Natural Areas Fund to reimburse the General Fund for certain maintenance and administrative costs incurred related to the Town's trails and open space. The \$331,193 transfer between nonmajor governmental funds reflects the transfer of an open space fee-in-lieu from the Parks Improvement Impact Fund to the Trails and Natural Areas Fund to more accurately track its future use.

E. Long-term Debt

1. *General Obligation Bonds*

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have only been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. They are payable primarily from real property taxes, in addition to various other funding sources. These bonds are issued as serial bonds with varying amounts of principal maturing each year.

Note III. Detailed Notes on All Funds (continued)

General obligation bonds outstanding at December 31, 2016, are as follows:

Year Issued	Description	Interest Rate (%)	Final Maturity Date	Issued	Outstanding
2006	General obligation bonds	4.375 - 5.25	2019	\$ 16,800,000	\$ 2,260,000
2006	General obligation refunding bonds	4.50	2018	2,971,095	700,000
2013	General obligation refunding bonds	2.00 - 4.00	2026	8,460,000	8,305,000
2014	General obligation bonds	3.25 - 3.75	2033	6,200,000	<u>6,200,000</u>
Total general obligation bonds					<u><u>\$17,465,000</u></u>

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

Year Ending December 31	Principal	Interest
2017	\$ 1,225,000	\$ 641,081
2018	1,280,000	587,269
2019	960,000	530,544
2020	1,000,000	493,213
2021	1,025,000	463,213
2022-2026	5,775,000	1,678,261
2027-2031	4,275,000	807,250
2032-2033	<u>1,925,000</u>	<u>108,938</u>
Total	<u><u>\$ 17,465,000</u></u>	<u><u>\$ 5,309,769</u></u>

2. Revenue Bonds and Loans

The Town also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The Town can also use other resources to pay debt service.

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

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

Year Issued	Description	Interest Rate (%)	Final Maturity Date	Issued	Outstanding
1995	Storm drainage revenue loan	2.00	2035	\$ 498,512	\$ 285,716
1997	Wastewater revenue loan	4.54	2017	1,821,690	133,556
1997	Wastewater revenue loan	4.50	2017	500,000	37,722
2007	Water revenue bonds	5.00	2032	14,225,000	3,755,000
2007	Water revenue refunding bonds	4.25 - 5.00	2023	5,035,000	965,000
2008	Wastewater revenue refunding bonds	4.00	2017	985,000	125,000
2009	Wastewater revenue loan	2.00	2030	1,534,700	619,030
2009	Wastewater revenue loan	0.00	2030	2,000,000	1,350,000
2009	Water revenue refunding bonds	3.00 - 4.00	2023	6,390,000	3,500,000
2011	Water revenue refunding bonds	2.25 - 5.00	2023	10,098,045	6,100,000
2015	Water revenue refunding bonds	2.00 - 5.00	2032	12,335,000	12,335,000
2016	Wastewater revenue refunding bonds	2.00 - 5.00	2037	16,670,000	<u>16,595,000</u>
Total revenue bonds and loans					<u><u>\$45,801,024</u></u>

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

Year Ending December 31	Principal	Interest
2017	\$ 2,354,156	\$ 1,712,214
2018	2,428,941	1,645,717
2019	2,480,024	1,586,647
2020	2,561,129	1,511,442
2021	2,627,256	1,442,253
2022-2026	11,508,989	5,778,912
2027-2031	12,956,139	3,228,130
2032-2036	7,624,390	854,179
2037	<u>1,260,000</u>	<u>37,800</u>
Total	<u><u>\$ 45,801,024</u></u>	<u><u>\$ 17,797,294</u></u>

Note III. Detailed Notes on All Funds (continued)

3. Certificates of Participation

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

The Town entered into its first COPs transaction in 2005. COPs in the amount of \$32,030,000 were issued to purchase Colorado-Big Thompson water shares. The 2005 COPs were retired in 2010, when the 2010 COPs were issued. The 2010 COPs carried a fixed rate of 2.70% through October 1, 2015, and carried a variable rate after that date. In 2014 the COPs were remarketed, resulting in the issuance of new certificates with maturities extending through 2040 and carrying a fixed rate. The effective interest rate of the new certificates was 3.76%. The following is a summary of COPs payments:

Year Ending December 31	Principal	Interest	Total
2017	\$ 640,000	\$ 958,138	\$ 1,598,138
2018	650,000	945,338	1,595,338
2019	670,000	925,838	1,595,838
2020	685,000	912,438	1,597,438
2021	700,000	897,025	1,597,025
2022-2026	3,885,000	4,091,573	7,976,573
2027-2031	4,860,000	3,119,125	7,979,125
2032-2036	5,915,000	2,062,250	7,977,250
2037-2040	5,780,000	603,700	6,383,700
Total	<u>\$ 23,785,000</u>	<u>\$ 14,515,425</u>	<u>\$ 38,300,425</u>

4. Housing Authority Debt

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

Year Issued	Purpose	Interest Rate (%)	Final Maturity Date	Issued	Outstanding
2014	Mortgage loan	4.50	2018	\$ 320,000	\$ 296,312
2014	Bank loan	3.25	2018	369,233	<u>369,187</u>
					<u>\$ 665,499</u>

Note III. Detailed Notes on All Funds (continued)

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

Year Ending December 31	Principal	Interest	Total
2017	\$ 11,372	\$ 25,447	\$ 36,819
2018	654,127	16,649	670,776
Total	<u>\$ 665,499</u>	<u>\$ 42,096</u>	<u>\$ 707,595</u>

During the year the housing authority also had a \$60,000 FHLB loan that provided for forgiveness of the loan if the property was maintained as low-income housing for a 15-year period ending November 5, 2016. This requirement was met during the year and, as a result, a gain on extinguishment of debt of \$60,000 was recognized.

On March 31, 2017, the Town and its housing authority sold all the assets of the housing authority to a nonprofit that will maintain the units as affordable senior housing, with plans to build additional affordable units. The sales price was enough (along with funds on hand) to repay all outstanding debt and the \$170,000 advance from the Town's General Fund.

5. Capital Lease Obligations

The Town entered into two capital lease agreements in 2013 for the purchase of a grader for street maintenance purposes and police car radios. The imputed interest rates on the lease for the grader is 3.30% and the rate on the lease for the radios is 2.94%. The book value of the underlying assets was \$159,581 at December 31, 2016. The following is a schedule by year of future minimum lease obligations as of December 31, 2016:

Year Ending December 31	Lease Payments
2017	\$ 66,503
2018	<u>18,703</u>
Total minimum lease payments	85,206
Less: amount representing interest	<u>(2,237)</u>
Present value of minimum lease payments	<u>\$ 82,969</u>

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

6. Defeasance of Debt

On May 18, 2016, the Town issued \$16,670,000 Wastewater Enterprise Revenue Refunding Bonds, Series 2016, to purchase various securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$7,700,000 outstanding on a 2008A revenue bond issue and \$10,650,000 outstanding on a 2009A revenue refunding bond issue. As a result, the refunded debt is considered to be defeased and the liability has been removed from the business-type activities column of the statement of net position and from the Wastewater Fund's statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,271,479. This amount is reported as a deferred outflow of resources and amortized over the life of the new debt, which has the same life as the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 21 years by \$4,878,984 and resulted in an economic gain of \$1,826,316.

In prior years, the Town defeased certain water and wastewater revenue bonds by placing the proceeds of new bonds into irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. These transactions resulted in economic gains to the Town. On December 31, 2016, defeased bonds had remaining balances outstanding of \$31,307,909.

7. Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and other debt payable:					
General obligation bonds	\$ 18,635,000	\$ -	\$ (1,170,000)	\$ 17,465,000	\$ 1,225,000
Capital lease obligations	138,363	-	(55,394)	82,969	64,419
Less deferred amounts for issuance premiums	1,375,049	-	(132,335)	1,242,714	-
Total bonds and other debt payable	20,148,412	-	(1,357,729)	18,790,683	1,289,419
Compensated absences	531,457	578,687	(573,050)	537,094	346,499
Litigation reserve	450,000	-	-	450,000	450,000
Total governmental activities	<u>\$ 21,129,869</u>	<u>\$ 578,687</u>	<u>\$ (1,930,779)</u>	<u>\$ 19,777,777</u>	<u>\$ 2,085,918</u>
Business-type activities:					
Bonds, loans and other debt payable:					
Revenue bonds and loans	\$ 49,611,469	\$ 16,670,000	\$ (20,480,445)	\$ 45,801,024	\$ 2,354,156
Certificates of participation	24,410,000	-	(625,000)	23,785,000	640,000
Mortgages payable	366,611	-	(70,299)	296,312	11,372
Loan payable - other	369,232	-	(45)	369,187	-
Less deferred amounts for issuance premiums and discounts	3,077,942	2,108,443	(285,005)	4,901,380	-
Total bonds, loans and other debt payable	77,835,254	18,778,443	(21,460,794)	75,152,903	3,005,528
Compensated absences	253,004	200,833	(234,062)	219,775	144,011
Total business-type activities	<u>\$ 78,088,258</u>	<u>\$ 18,979,276</u>	<u>\$ (21,694,856)</u>	<u>\$ 75,372,678</u>	<u>\$ 3,149,539</u>

Note III. Detailed Notes on All Funds (continued)

F. Retirement Plans

1. Police Officers Pension Plan

a. General Information about the Pension Plan

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

Benefits Provided – Retirement benefits provided by the SDBP are determined as 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. Members with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement benefit.

Contributions - 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. Through 2014 the contribution rate for both members and the Town was 8% of covered salary. In 2014 the members elected to increase the member contribution rate to the SDBP beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. As a result, the member contribution rate for 2016 was 9.00%. For the year ending December 31, 2016 the Town's contributions to the SDBP was \$142,003, equal to its required contribution for the year.

b. Pension Asset, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the Town reported an asset of \$5,840 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Town's proportion of the net pension asset was based on the Town's contributions to the SDBP for 2015 relative to the total contributions of participating employers to the SDBP. At December 31, 2015, the Town's proportion was 0.3362%, which was an increase of 0.0050% from its proportion measured as of December 31, 2014.

Note III. Detailed Notes on All Funds (continued)

For the year ended December 31, 2016, the Town recognized pension expense of \$88,779. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 47,940	\$ 6,893
Net difference between projected and actual earnings on pension plan investments	301,346	-
Changes in assumptions	93,104	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	20,088
Contributions subsequent to the measurement date	142,003	-
Total	<u>\$ 584,393</u>	<u>\$ 26,981</u>

The \$142,003 reported as a deferred outflow of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase in the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2017	\$ 89,382
2018	89,382
2019	89,382
2020	82,012
2021	12,203
Thereafter	<u>53,048</u>
Total	<u>\$ 415,409</u>

c. Actuarial Assumptions

The total pension asset in the January 1, 2016, actuarial valuation was determined using the following actuarial assumptions and other inputs:

Salary increases	4.00-14.00 % - including inflation
Investment rate of return	7.50 % - including inflation
Inflation	2.50 %

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

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

For determining the actuarially determined contributions, the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the roll forward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	<u>2%</u>	0.0%
Total	<u><u>100%</u></u>	

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

d. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the FPPA Board's funding policy, which establishes the contractually required rates under the Colorado statutes. Based on those assumptions, the SDBP's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

e. Sensitivity of the Town's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following table presents the proportionate share of the net pension asset calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension asset (liability)	\$ (830,357)	\$ 5,840	\$ 699,597

f. Pension Plan Fiduciary Net Position

Detailed information about the SDBP's fiduciary net position is available in FPPA's comprehensive annual financial report.

2. General Employees

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

Plan name:	The Town of Erie Savings Plan
Plan administrator:	OneAmerica (a third party trustee)

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

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

Note III. Detailed Notes on All Funds (continued)

Under the terms of the plan the Town is the only non-employee contributor and matches the first 0–5% of employee contributions. Participants are not required to contribute to the plan, but may contribute up to \$18,000 per year (\$24,000 for employees over 50). Employer contributions are based on the participant's salary (salary, pay, or earned income less salary reductions made under IRC §125). During 2016, the Town made all required contributions to the plan, contributing \$286,010. Employees contributed \$469,528.

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

Note IV. Other Information

A. Risk Management

The Town faces risk of loss, including damage to and loss of property and contents, general and automobile liabilities, professional liability (i.e., errors and omissions), and workers' compensation. The Town carries commercial insurance for the risks of loss, including workers' compensation and property/casualty loss insurance. Settlements have not exceeded coverages for each of the past three fiscal years. Coverage limits and deductibles have stayed relatively constant in the past three years.

B. Litigation

The Town is currently the defendant in several lawsuits. Some of the lawsuits are in the process of appeal or settlement. Those lawsuits do not involve significant claims which have not already been provided for in prior years. Therefore, there does not appear to be a threat of significant liability to the Town from those lawsuits. In addition, there are several claims asserted against the Town. Legal counsel is of the opinion that insurance carried by the Town is sufficient to cover any potential adverse settlements from those claims covered by insurance. As to those claims which may not be covered by insurance, legal counsel is unable to form an opinion as to any potential adverse settlements.

C. Commitments

The Town has several capital asset construction and acquisition projects in process. As a result of these projects, the Town has remaining outstanding commitments of approximately \$8,536,000 to various general contractors and vendors. Of this amount, \$3,407,000 represents a contractual commitment for construction of a solids handling building at the water treatment facility and \$3,147,000 represents a contractual commitment related to a capacity improvement project at the Town's wastewater treatment plant. These projects are expected to be completed in 2017.

Note IV. Other Information (continued)

The Town is also participating in several raw water storage and delivery projects with the Northern Colorado Water Conservancy District. In 2016, the Town contributed \$568,750 to the Northern Integrated Supply Project and \$959,105 to the Windy Gap Firming Project. Future years' contributions to these projects depend on the Board of Trustees election to participate.

D. Contingent Liabilities

Federal grants are subject to audit which could result in disallowed costs, the amount which is undeterminable at December 31, 2016. If any costs are disallowed in the future, the Town expects them to be insignificant.

E. Annexation and Developer Agreements

The Town has entered into several annexation and developer agreements with various developers of residential/commercial developments. Among other things, these agreements indicate whether the Town or the developer is responsible for construction of infrastructure and other improvements such as water, wastewater and storm drainage infrastructure, streets, trails, parks and similar capital improvements required to support the development. The Town's portion of these costs will be paid primarily from tap and impact fees collected from these developments.

The Town has entered into a developer agreement that provides for reimbursement by the Town to the developer up to \$1.5 million for certain public improvements to be constructed by the developer. Reimbursements by the Town will be limited to the amount of sales tax received in the prior year on certain commercial parcels. Such reimbursements shall cease after the 10th year of such payments regardless of the total amount reimbursed to the Developer. No reimbursements have been due pursuant to this agreement as of December 31, 2016.

F. Tax, Spending, and Debt Limitations

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

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

Note IV. Other Information (continued)

In 1994, the Town's electorate authorized the Town to retain any revenues in excess of the limits imposed by the Amendment, pursuant to its existing sales and use tax code and general taxes on all taxable property without any increase in sales and use tax rates or increase in the general property tax mill levy. This effectively removed all revenue and spending limits imposed by Amendment. However, any future tax rate or tax code changes increasing tax revenues are subject to voter approval.

G. Emergency Reserve

The Town Board approved a resolution creating an emergency reserve as required by Article X, Section 20, of the Colorado Constitution. The December 31, 2016, amount of \$742,069 is based on the requirements of Article X, Section 20.

Note V. Restatement

During 2016 the Town corrected various errors relating to prior periods. These errors included: (1) Water, wastewater, storm drainage, streets and park infrastructure constructed by developers and contributed to the Town in 2015. (2) In prior years, storm drainage infrastructure funded with storm drainage impact fees were reflected as capital assets of the governmental activities. These assets should have been reflected in business-type activities.

The effect of these adjustments on beginning net position is as follows:

	<u>As Previously Reported</u>	<u>Prior Period Adjustments</u>	<u>As Adjusted</u>
Fund Financial Statements			
Water Fund	\$ 118,932,174	\$ 1,928,486	\$ 120,860,660
Wastewater Fund	38,202,345	2,287,668	40,490,013
Storm Drainage Operating Fund	10,519,085	9,166,063	19,685,148
Government-wide Financial Statements			
Governmental Activities	112,223,572	(2,955,831)	109,267,741
Business-Type Activities	172,254,808	13,382,217	185,637,025

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Required Supplementary Information

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Town of Erie, Colorado
Schedule of the Town's Proportionate Share of the Net Pension Asset
Last 10 Years ⁽¹⁾

	2015	2014	2013
Town's proportion of the net pension asset	0.3362%	0.3312%	0.3106%
Town's proportionate share of the net pension asset	\$ 5,840	\$ 373,881	\$ 277,699
Covered-employee payroll	1,638,675	1,489,485	1,348,891
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.36%	-25.10%	-20.59%
Plan fiduciary net position as a percentage of the total pension liability	100.10%	106.83%	105.83%

(1) The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the plan. The Town implement GASB Statement No.'s 68 and 71 in 2015; therefore 10 years of data is not available.

Town of Erie, Colorado
Schedule of Town Contributions and Related Ratios
Last 10 Years ⁽¹⁾

	2016	2015	2014	2013
Statutorily required contributions	\$ 142,003	\$ 131,094	\$ 119,159	\$ 107,911
Contributions in relation to the statutorily required contribution	142,003	131,094	119,159	107,911
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	1,775,038	1,638,675	1,489,485	1,348,891
Contribution as a percentage of covered-employee payroll	8.00%	8.00%	8.00%	8.00%

(1) The amounts presented for each fiscal year were determined as of December 31. The Town implemented GASB Statement No.'s 68 and 71 in 2015; therefore 10 years of data is not available.

Combining and Individual Fund Statements and Schedules

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Town of Erie

Nonmajor Governmental Funds

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

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

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

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

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

Capital Projects Funds - Capital projects funds are used to account for the acquisition and construction of major capital facilities.

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

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

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

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

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

Town of Erie, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Pooled Cash and Investments	\$ 3,535,321	\$ 12,138,952	\$ 15,674,273
Receivables	1,141,989	101,363	1,243,352
Total Assets	<u>\$ 4,677,310</u>	<u>\$ 12,240,315</u>	<u>\$ 16,917,625</u>
LIABILITIES			
Accounts Payable	\$ 155,280	\$ 508,904	\$ 664,184
Wages Payable	332	-	332
Total Liabilities	<u>155,612</u>	<u>508,904</u>	<u>664,516</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	1,136,350	-	1,136,350
Unavailable Fund Resources	-	83,711	83,711
Total Deferred Inflows of Resources	<u>1,136,350</u>	<u>83,711</u>	<u>1,220,061</u>
FUND BALANCES			
Restricted for:			
Capital Projects	-	11,647,700	11,647,700
Parks and Open Space	3,237,557	-	3,237,557
Public Safety	6,263	-	6,263
Committed to:			
Cemetery Operations	<u>141,528</u>	<u>-</u>	<u>141,528</u>
Total Fund Balances	<u>3,385,348</u>	<u>11,647,700</u>	<u>15,033,048</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,677,310</u>	<u>\$ 12,240,315</u>	<u>\$ 16,917,625</u>

Town of Erie, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 1,161,893	\$ -	\$ 1,161,893
Intergovernmental	205,095	13,622	218,717
Fees and Charges for Services	34,450	-	34,450
Capital Contributions and Fees	254,654	4,177,800	4,432,454
Investment Earnings	17,686	77,439	95,125
Miscellaneous	1,394	40,931	42,325
Total Revenues	1,675,172	4,309,792	5,984,964
EXPENDITURES			
Current Operating:			
Parks and Recreation	141,647	-	141,647
Capital Outlay	2,094,538	5,081,238	7,175,776
Total Expenditures	2,236,185	5,081,238	7,317,423
Deficiency of Expenditures over Revenues	(561,013)	(771,446)	(1,332,459)
OTHER FINANCING SOURCES(USES)			
Transfers In	331,193	-	331,193
Transfers Out	(318,000)	(360,212)	(678,212)
Total Other Financing Sources(Uses)	13,193	(360,212)	(347,019)
Net Change in Fund Balance	(547,820)	(1,131,658)	(1,679,478)
Fund Balance - Beginning	3,933,168	12,779,358	16,712,526
Fund Balance - Ending	\$ 3,385,348	\$ 11,647,700	\$ 15,033,048

Town of Erie, Colorado
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Conservation Trust Fund	Cemetery Fund	Forfeiture and Seizure Fund	Trails & Natural Areas Fund	Total
ASSETS					
Pooled Cash and Investments	\$ 572,569	\$ 141,326	\$ 6,252	\$ 2,815,174	\$ 3,535,321
Receivables	839	202	11	1,140,937	1,141,989
Total Assets	<u>\$ 573,408</u>	<u>\$ 141,528</u>	<u>\$ 6,263</u>	<u>\$ 3,956,111</u>	<u>\$ 4,677,310</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ 155,280	\$ 155,280
Wages Payable	332	-	-	-	332
Total Liabilities	<u>332</u>	<u>-</u>	<u>-</u>	<u>155,280</u>	<u>155,612</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	-	-	-	1,136,350	1,136,350
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,136,350</u>	<u>1,136,350</u>
FUND BALANCES					
Restricted for:					
Parks and Open Space	573,076	-	-	2,664,481	3,237,557
Public Safety	-	-	6,263	-	6,263
Committed to:					
Cemetery Operations	-	141,528	-	-	141,528
Total Fund Balances	<u>573,076</u>	<u>141,528</u>	<u>6,263</u>	<u>2,664,481</u>	<u>3,385,348</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 573,408</u>	<u>\$ 141,528</u>	<u>\$ 6,263</u>	<u>\$ 3,956,111</u>	<u>\$ 4,677,310</u>

Town of Erie, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016

	Conservation Trust Fund	Cemetery Fund	Forfeiture and Seizure Fund	Trails & Natural Areas Fund	Total
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 1,161,893	\$ 1,161,893
Intergovernmental	205,095	-	-	-	205,095
Fees and Charges for Services	-	34,450	-	-	34,450
Capital Contributions and Fees	-	-	-	254,654	254,654
Investment Earnings	3,070	699	44	13,873	17,686
Miscellaneous	-	-	-	1,394	1,394
Total Revenues	208,165	35,149	44	1,431,814	1,675,172
EXPENDITURES					
Current Operating:					
Parks and Recreation	118,704	-	-	22,943	141,647
Capital Outlay	-	23,775	-	2,070,763	2,094,538
Total Expenditures	118,704	23,775	-	2,093,706	2,236,185
Excess (Deficiency) of Revenues Over (Under) Expenditures	89,461	11,374	44	(661,892)	(561,013)
OTHER FINANCING SOURCES(USES)					
Transfers In	-	-	-	331,193	331,193
Transfers Out	-	-	-	(318,000)	(318,000)
Total Other Financing Sources(Uses)	-	-	-	13,193	13,193
Net Change in Fund Balance	89,461	11,374	44	(648,699)	(547,820)
Fund Balance - Beginning	483,615	130,154	6,219	3,313,180	3,933,168
Fund Balance - Ending	\$ 573,076	\$ 141,528	\$ 6,263	\$ 2,664,481	\$ 3,385,348

Conservation Trust Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental	\$ 160,000	\$ 160,000	\$ 205,095	\$ 45,095
Investment Earnings	1,000	1,000	3,070	2,070
Total Revenues	161,000	161,000	208,165	47,165
EXPENDITURES				
Current Operating:				
Parks and Recreation	146,800	146,800	118,704	28,096
Total Expenditures	146,800	146,800	118,704	28,096
Excess of Revenues Over Expenditures	14,200	14,200	89,461	75,261
Net Change in Fund Balance	\$ 14,200	\$ 14,200	89,461	\$ 75,261
Fund Balance - Beginning			483,615	
Fund Balance - Ending			\$ 573,076	

Town of Erie, Colorado
Cemetery Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With
	Original	Final		Final Budget
	Budget	Budget	Actual	Positive
				(Negative)
REVENUES				
Fees and Charges for Services	\$ 5,000	\$ 27,500	\$ 34,450	\$ 6,950
Investment Earnings	100	100	699	599
Total Revenues	5,100	27,600	35,149	7,549
EXPENDITURES				
Capital Outlay	-	24,000	23,775	225
Total Expenditures	-	24,000	23,775	225
Excess of Revenues Over Expenditures	5,100	3,600	11,374	7,774
Net Change in Fund Balance	\$ 5,100	\$ 3,600	11,374	\$ 7,774
Fund Balance - Beginning			130,154	
Fund Balance - Ending			\$ 141,528	

Town of Erie, Colorado
Forfeiture and Seizure Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With
	Original	Final		Final Budget
	Budget	Budget	Actual	Positive
				(Negative)
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 44	\$ 44
Total Revenues	-	-	44	44
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	44	44
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	44	<u>\$ 44</u>
Fund Balance - Beginning			<u>6,219</u>	
Fund Balance - Ending			<u>\$ 6,263</u>	

Town of Erie, Colorado
Trails and Natural Areas Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 1,126,000	\$ 1,126,000	\$ 1,161,893	\$ 35,893
Capital Contributions and Fees	-	-	254,654	254,654
Investment Earnings	15,000	15,000	13,873	(1,127)
Miscellaneous	-	-	1,394	1,394
Total Revenues	1,141,000	1,141,000	1,431,814	290,814
EXPENDITURES				
Current Operating:				
Parks and Recreation	28,300	28,300	22,943	5,357
Capital Outlay	1,188,500	3,350,300	2,070,763	1,279,537
Total Expenditures	1,216,800	3,378,600	2,093,706	1,284,894
Deficiency of Revenues Under Expenditures	(75,800)	(2,237,600)	(661,892)	1,575,708
OTHER FINANCING SOURCES (USES)				
Transfers In	-	331,200	331,193	(7)
Transfers Out	(300,000)	(300,000)	(318,000)	(18,000)
Total Other Financing Sources (Uses)	(300,000)	31,200	13,193	(18,007)
Net Change in Fund Balance	\$ (375,800)	\$ (2,206,400)	(648,699)	\$ 1,557,701
Fund Balance - Beginning			3,313,180	
Fund Balance - Ending			\$ 2,664,481	

Town of Erie, Colorado
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016

	Public Facilities Impact Fund	Transportation Impact Fund	Parks Improvement Impact Fund	Tree Impact Fund
ASSETS				
Pooled Cash and Investments	\$ 1,775,688	\$ 2,293,301	\$ 2,473,765	\$ 357,813
Receivables	2,607	87,033	3,557	526
Total Assets	<u>\$ 1,778,295</u>	<u>\$ 2,380,334</u>	<u>\$ 2,477,322</u>	<u>\$ 358,339</u>
LIABILITIES				
Accounts Payable	<u>\$ 383,653</u>	<u>\$ 18,699</u>	<u>\$ 94,512</u>	<u>\$ 5,200</u>
Total Liabilities	<u>383,653</u>	<u>18,699</u>	<u>94,512</u>	<u>5,200</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Fund Resources	<u>-</u>	<u>83,711</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>83,711</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Capital Projects	<u>1,394,642</u>	<u>2,277,924</u>	<u>2,382,810</u>	<u>353,139</u>
Total Fund Balances	<u>1,394,642</u>	<u>2,277,924</u>	<u>2,382,810</u>	<u>353,139</u>
Total Liabilities and Fund Balances	<u>\$ 1,778,295</u>	<u>\$ 2,380,334</u>	<u>\$ 2,477,322</u>	<u>\$ 358,339</u>

Storm Drainage Impact Fund	Total
\$ 5,238,385	\$ 12,138,952
7,640	101,363
<u>\$ 5,246,025</u>	<u>\$ 12,240,315</u>
<u>\$ 6,840</u>	<u>\$ 508,904</u>
<u>6,840</u>	<u>508,904</u>
<u>-</u>	<u>83,711</u>
<u>-</u>	<u>83,711</u>
<u>5,239,185</u>	<u>11,647,700</u>
<u>5,239,185</u>	<u>11,647,700</u>
<u>\$ 5,246,025</u>	<u>\$ 12,240,315</u>

Town of Erie, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016

	Public Facilities Impact Fund	Transportation Impact Fund	Parks Improvement Impact Fund	Tree Impact Fund
REVENUES				
Intergovernmental	\$ -	\$ 13,622	\$ -	\$ -
Capital Contributions and Fees	1,115,923	1,123,139	1,087,135	139,500
Investment Earnings	14,191	17,014	15,682	1,963
Miscellaneous	-	-	40,931	-
Total Revenues	1,130,114	1,153,775	1,143,748	141,463
EXPENDITURES				
Capital Outlay	2,336,714	1,885,109	773,510	85,905
Total Expenditures	2,336,714	1,885,109	773,510	85,905
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,206,600)	(731,334)	370,238	55,558
OTHER FINANCING USES				
Transfers Out	(8,700)	-	(331,193)	-
Total Other Financing Uses	(8,700)	-	(331,193)	-
Net Change in Fund Balance	(1,215,300)	(731,334)	39,045	55,558
Fund Balance - Beginning	2,609,942	3,009,258	2,343,765	297,581
Fund Balance - Ending	\$ 1,394,642	\$ 2,277,924	\$ 2,382,810	\$ 353,139

Storm Drainage Impact Fund	Total
\$ -	\$ 13,622
712,103	4,177,800
28,589	77,439
-	40,931
740,692	4,309,792
-	5,081,238
-	5,081,238
740,692	(771,446)
(20,319)	(360,212)
(20,319)	(360,212)
720,373	(1,131,658)
4,518,812	12,779,358
<u>\$ 5,239,185</u>	<u>\$ 11,647,700</u>

Town of Erie, Colorado
Public Facilities Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With
	Original	Final		Final Budget
	Budget	Budget	Actual	Positive
				(Negative)
REVENUES				
Capital Contributions and Fees	\$ 986,200	\$ 986,200	\$ 1,115,923	\$ 129,723
Investment Earnings	15,000	15,000	14,191	(809)
Total Revenues	1,001,200	1,001,200	1,130,114	128,914
EXPENDITURES				
Capital Outlay	895,000	2,696,700	2,336,714	359,986
Total Expenditures	895,000	2,696,700	2,336,714	359,986
Excess (Deficiency) of Revenues Over (Under) Expenditures	106,200	(1,695,500)	(1,206,600)	488,900
OTHER FINANCING USES				
Transfers Out	(8,700)	(8,700)	(8,700)	-
Total Other Financing Uses	(8,700)	(8,700)	(8,700)	-
Net Change in Fund Balance	\$ 97,500	\$ (1,704,200)	(1,215,300)	\$ 488,900
Fund Balance - Beginning			2,609,942	
Fund Balance - Ending			\$ 1,394,642	

Town of Erie, Colorado
Transportation Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With
	Original	Final		Final Budget
	Budget	Budget	Actual	Positive
				(Negative)
REVENUES				
Intergovernmental	\$ -	\$ 160,000	\$ 13,622	\$ (146,378)
Capital Contributions and Fees	1,117,700	1,117,700	1,123,139	5,439
Investment Earnings	-	-	17,014	17,014
Total Revenues	1,117,700	1,277,700	1,153,775	(123,925)
EXPENDITURES				
Capital Outlay	1,690,000	4,166,200	1,885,109	2,281,091
Total Expenditures	1,690,000	4,166,200	1,885,109	2,281,091
Deficiency of Revenues Under Expenditures	(572,300)	(2,888,500)	(731,334)	2,157,166
Net Change in Fund Balance	\$ (572,300)	\$ (2,888,500)	(731,334)	\$ 2,157,166
Fund Balance - Beginning			3,009,258	
Fund Balance - Ending			\$ 2,277,924	

Town of Erie, Colorado
Parks Improvement Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Capital Contributions and Fees	\$ 866,000	\$ 934,000	\$ 1,087,135	\$ 153,135
Investment Earnings	3,000	3,000	15,682	12,682
Miscellaneous	-	-	40,931	40,931
Total Revenues	869,000	937,000	1,143,748	206,748
EXPENDITURES				
Capital Outlay	495,000	1,016,700	773,510	243,190
Total Expenditures	495,000	1,016,700	773,510	243,190
Excess of Revenues Over Expenditures	374,000	(79,700)	370,238	449,938
OTHER FINANCING USES				
Transfers Out	-	(331,200)	(331,193)	7
Total Other Financing Uses	-	(331,200)	(331,193)	7
Net Change in Fund Balance	\$ 374,000	\$ (410,900)	39,045	\$ 449,945
Fund Balance - Beginning			2,343,765	
Fund Balance - Ending			\$ 2,382,810	

Town of Erie, Colorado
Tree Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With
	Original	Final		Final Budget
	Budget	Budget	Actual	Positive
				(Negative)
REVENUES				
Capital Contributions and Fees	\$ 120,000	\$ 120,000	\$ 139,500	\$ 19,500
Investment Earnings	200	200	1,963	1,763
Total Revenues	120,200	120,200	141,463	21,263
EXPENDITURES				
Capital Outlay	118,000	118,000	85,905	32,095
Total Expenditures	118,000	118,000	85,905	32,095
Excess of Revenues				
Over Expenditures	2,200	2,200	55,558	53,358
Net Change in Fund Balance	\$ 2,200	\$ 2,200	55,558	\$ 53,358
Fund Balance - Beginning			297,581	
Fund Balance - Ending			\$ 353,139	

Town of Erie, Colorado
Storm Drainage Impact Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Capital Contributions and Fees	\$ 595,800	\$ 625,800	\$ 712,103	\$ 86,303
Investment Earnings	-	15,000	28,589	13,589
Total Revenues	595,800	640,800	740,692	99,892
EXPENDITURES				
Capital Outlay	1,000,000	4,507,800	-	4,507,800
Total Expenditures	1,000,000	4,507,800	-	4,507,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	(404,200)	(3,867,000)	740,692	4,607,692
OTHER FINANCING USES				
Transfers Out	-	-	(20,319)	(20,319)
Total Other Financing Uses	-	-	(20,319)	(20,319)
Net Change in Fund Balance	<u>\$ (404,200)</u>	<u>\$ (3,867,000)</u>	720,373	<u>\$ 4,587,373</u>
Fund Balance - Beginning			<u>4,518,812</u>	
Fund Balance - Ending			<u>\$ 5,239,185</u>	

Town of Erie
Proprietary Funds

Nonmajor Proprietary Funds:

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

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

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

This section also presents budgetary comparisons for the following funds:

Water Fund

Wastewater Fund

Storm Drainage Operating Fund

Airport Fund

Town of Erie, Colorado
Combining Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2016

	Airport Fund	Erie Housing Authority	Total Nonmajor Proprietary Funds
ASSETS			
Current Assets			
Pooled Cash and Investments	\$ 56,901	\$ 3,314	\$ 60,215
Restricted Cash and Investments	-	376,823	376,823
Receivables	18,104	2,336	20,440
Prepaid Items	7,563	-	7,563
Total Current Assets	82,568	382,473	465,041
Noncurrent Assets			
Capital Assets			
Construction in Progress	18,922	-	18,922
Land and Water Rights	592,295	-	592,295
Buildings, Property, and Equipment	5,950,532	1,160,900	7,111,432
Accumulated Depreciation	(2,166,013)	(457,103)	(2,623,116)
Total Capital Assets	4,395,736	703,797	5,099,533
Total Noncurrent Assets	4,395,736	703,797	5,099,533
Total Assets	4,478,304	1,086,270	5,564,574
LIABILITIES			
Current Liabilities			
Accounts Payable	10,198	41,420	51,618
Accrued Interest Payable	-	215	215
Wages Payable	60	-	60
Other Liabilities	-	3,799	3,799
Unearned Revenue	-	1,021	1,021
Compensated Absences	255	-	255
Mortgages Payable	-	11,372	11,372
Total Current Liabilities	10,513	57,827	68,340
Noncurrent Liabilities			
Compensated Absences	211	-	211
Advances from Other Funds	-	170,000	170,000
Long Term Debt, Net of Unamortized Premiums and Discounts			
Loans Payable	-	369,187	369,187
Mortgages Payable	-	284,940	284,940
Total Noncurrent Liabilities	211	824,127	824,338
Total Liabilities	10,724	881,954	892,678
NET POSITION			
Net Investment in Capital Assets	4,395,736	38,298	4,434,034
Unrestricted	71,844	166,018	237,862
Total Net Position	\$ 4,467,580	\$ 204,316	\$ 4,671,896

Town of Erie, Colorado
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2016

	Airport Fund	Erie Housing Authority Fund	Total Nonmajor Proprietary Funds
OPERATING REVENUES			
Charges for Services	\$ 9,066	\$ 80,670	\$ 89,736
OPERATING EXPENSES			
Personnel Services	3,977	-	3,977
Operations and Maintenance	39,818	59,226	99,044
Depreciation	263,488	29,022	292,510
Total Operating Expenses	307,283	88,248	395,531
Net Operating Loss	(298,217)	(7,578)	(305,795)
NON-OPERATING REVENUES (EXPENSES)			
Investment Earnings	175	745	920
Intergovernmental	20,190	-	20,190
Other Non-Operating Income	36,580	30	36,610
Interest Expense	-	(26,004)	(26,004)
Debt Issuance Costs	-	(2,000)	(2,000)
Gain on Extinguishment of Debt	-	60,000	60,000
Total Non-Operating Revenues (Expenses)	56,945	32,771	89,716
Income (Loss) Before Capital Contributions and Transfers	(241,272)	25,193	(216,079)
Capital Contributions	273,371	-	273,371
Transfers In	-	13,400	13,400
Change in Net Position	32,099	38,593	70,692
Total Net Position - Beginning	4,435,481	165,723	4,601,204
Total Net Position - Ending	\$ 4,467,580	\$ 204,316	\$ 4,671,896

Town of Erie, Colorado
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2016

	Airport Fund	Erie Housing Authority	Total Nonmajor Proprietary Funds
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 56,196	\$ 79,502	\$ 135,698
Payments to Employees	(3,913)	-	(3,913)
Payments to Suppliers	(21,954)	(55,880)	(77,834)
Net Cash Provided by Operating Activities	30,329	23,622	53,951
Cash Flows from Non-capital Financing Activities			
Operating Grants	20,190	-	20,190
Transfer from Other Funds	-	13,400	13,400
Cash Flows Provided by Non-capital Financing Activities	20,190	13,400	33,590
Cash Flows from Capital and Related Financing Activities			
Receipts from Capital Grants	274,670	-	274,670
Proceeds from Capital Debt	-	(2,000)	(2,000)
Acquisition and Construction of Capital Assets	(305,741)	-	(305,741)
Proceeds from Sales of Capital Assets	3,045	-	3,045
Principal Paid on Capital Debt	-	(10,344)	(10,344)
Interest Paid on Capital Debt	-	(25,856)	(25,856)
Cash Flows Used in Capital and Related Financing Activities	(28,026)	(38,200)	(66,226)
Cash Flows from Investing Activities			
Earnings on Investments	164	(199)	(35)
Cash Flows Provided by (Used in) Investing Activities	164	(199)	(35)
Net Increase (Decrease) in Pooled Cash and Investments	22,657	(1,377)	21,280
Pooled Cash and Investments - January 1	34,244	4,691	38,935
Pooled Cash and Investments - December 31	\$ 56,901	\$ 3,314	\$ 60,215
Reconciliation of Operating Loss to Net Cash Used in Operating Activities			
Operating Loss	\$ (298,217)	\$ (7,578)	\$ (305,795)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities			
Depreciation Expense	263,488	29,022	292,510
Other Income	36,580	30	36,610
(Increase) Decrease in			
Accounts Receivable	10,550	(2,189)	8,361
Prepaid Items	7,666	-	7,666
Increase (Decrease) in			
Accounts Payable	10,198	3,662	13,860
Wages Payable	35	-	35
Compensated Absences Payable	29	-	29
Other Liabilities	-	(346)	(346)
Deferred Revenue	-	1,021	1,021
Net Cash Provided by Operating Activities	\$ 30,329	\$ 23,622	\$ 53,951
Noncash Investing, Capital, and Financing Activities			
Forgiveness of debt	\$ -	\$ (60,000)	\$ (60,000)

Town of Erie, Colorado
Water Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Position
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With
	Original	Final		Final Budget
	Budget	Budget	Actual	Positive
				(Negative)
REVENUES				
Charges for Services	\$ 7,242,000	\$ 7,354,000	\$ 8,278,284	\$ 924,284
Capital Contributions and Fees	11,609,100	12,426,100	14,374,273	1,948,173
Investment Earnings	-	50,000	156,900	106,900
Miscellaneous	-	2,000	10,385	8,385
Total Revenues	18,851,100	19,832,100	22,819,842	2,987,742
EXPENDITURES				
Operating Expenditures				
Personnel Services	1,798,700	1,795,200	1,703,253	91,947
Operations and Maintenance	2,861,100	2,968,900	2,397,063	571,837
Capital Outlay	14,228,400	20,460,600	4,287,527	16,173,073
Debt Related Expenses				
Principal Payments	2,250,000	2,250,000	2,250,000	-
Interest Expense	2,098,900	2,098,900	2,098,402	498
Total Expenditures	23,237,100	29,573,600	12,736,245	16,837,355
OTHER FINANCING SOURCES				
Proceeds from Disposition of Assets	-	-	10,000	10,000
Total Other Financing Sources	-	-	10,000	10,000
Change in Net Position, Budget Basis	<u>\$ (4,386,000)</u>	<u>\$ (9,741,500)</u>	10,093,597	<u>\$ 19,835,097</u>
Reconciliation to GAAP Basis:				
Bond Principal Payments			2,250,000	
Change in Accrued Interest Payable			47,601	
Change in Compensated Absences Payable			18,465	
Developer Contributions			2,872,471	
Capital Outlay			3,607,903	
Depreciation and Amortization			(2,793,444)	
Net Book Value of Capital Assets Sold			(5,601)	
Change in Net Position, GAAP Basis			16,090,992	
Total Net Position - Beginning (as restated)			<u>120,860,660</u>	
Total Net Position - Ending			<u>\$ 136,951,652</u>	

Town of Erie, Colorado
Wastewater Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Position
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Charges for Services	\$ 4,254,000	\$ 4,254,000	\$ 4,320,614	\$ 66,614
Capital Contributions and Fees	2,224,300	2,556,300	2,969,508	413,208
Investment Earnings	20,000	20,000	88,916	68,916
Miscellaneous	-	1,300	9,873	8,573
Total Revenues	6,498,300	6,831,600	7,388,911	557,311
EXPENDITURES				
Operating Expenditures				
Personnel Services	1,609,500	1,608,800	1,480,647	128,153
Operations and Maintenance	1,497,700	1,498,400	992,315	506,085
Capital Outlay	625,000	4,283,500	369,546	3,913,954
Debt Related Expenses				
Principal Payments	618,200	618,200	493,183	125,017
Interest Expense	917,000	917,000	798,202	118,798
Debt Issuance Costs	-	243,500	234,256	9,244
Total Expenditures	5,267,400	9,169,400	4,368,149	4,801,251
OTHER FINANCING SOURCES (USES)				
Proceeds from Debt Issuance	-	18,788,000	18,778,443	(9,557)
Debt Service Escrow Payment	-	(20,472,500)	(20,472,464)	(36)
Total Other Financing Sources (Uses)	-	(1,684,500)	(1,694,021)	(9,593)
Change in Net Position, Budget Basis	\$ 1,230,900	\$ (4,022,300)	1,326,741	\$ 5,348,969
Reconciliation to GAAP Basis:				
Debt Proceeds			(18,778,443)	
Payment to Refunded Bonds Escrow Agent			20,472,464	
Debt Issuance Costs			53,662	
Principal Payments			493,183	
Change in Accrued Interest Payable			23,499	
Change in Compensated Absences Payable			14,899	
Developer Contributions			888,941	
Capital Outlay			323,724	
Depreciation and Amortization			(1,426,855)	
Change in Net Position, GAAP Basis			3,391,815	
Total Net Position - Beginning (as restated)			40,490,013	
Total Net Position - Ending			<u>\$ 43,881,828</u>	

Town of Erie, Colorado
Storm Drainage Operating Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Position
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With
	Original	Final		Final Budget
	Budget	Budget	Actual	Positive
				(Negative)
REVENUES				
Charges for Services	\$ 638,000	\$ 638,000	\$ 660,450	\$ 22,450
Capital Contributions and Fees	-	-	10,732	10,732
Investment Earnings	-	-	5,771	5,771
Total Revenues	638,000	638,000	676,953	38,953
EXPENDITURES				
Operating Expenditures				
Personnel Services	141,000	138,900	111,625	27,275
Operations and Maintenance	175,800	167,100	114,293	52,807
Capital Outlay	437,500	1,047,100	300,845	746,255
Debt Related Expenses				
Principal Payments	12,300	12,300	12,264	36
Interest Expense	6,000	6,000	5,960	40
Total Expenditures	772,600	1,371,400	544,987	826,413
OTHER FINANCING SOURCES				
Transfers In	-	-	20,319	20,319
Total Other Financing Sources	-	-	20,319	20,319
Change in Net Position, Budget Basis	\$ (134,600)	\$ (733,400)	152,285	\$ 885,685
Reconciliation to GAAP Basis:				
Principal Payments			12,264	
Change in Accrued Interest Payable			184	
Change in Compensated Absences Payable			(105)	
Developer Contributions			3,504,663	
Capital Outlay			85,849	
Depreciation and Amortization			(485,891)	
Change in Net Position, GAAP Basis			3,269,249	
Total Net Position - Beginning (as restated)			19,685,148	
Total Net Position - Ending			\$ 22,954,397	

Town of Erie, Colorado
 Airport Fund
 Schedule of Revenues, Expenses, and Changes in Fund Net Position
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Year Ended December 31, 2016

	Budgeted Amounts			Variance With
	Original	Final		Final Budget
	Budget	Budget	Actual	Positive
				(Negative)
REVENUES				
Charges for Services	\$ 5,800	\$ 5,800	\$ 9,066	\$ 3,266
Capital Contributions and Fees	443,300	698,700	273,371	(425,329)
Intergovernmental	-	17,300	20,190	2,890
Investment Earnings	-	-	175	175
Miscellaneous	41,100	41,100	36,580	(4,520)
Total Revenues	490,200	762,900	339,382	(423,518)
EXPENDITURES				
Operating Expenditures				
Personnel Services	3,900	3,900	3,948	(48)
Operations and Maintenance	27,300	26,900	18,632	8,268
Capital Outlay	466,600	771,700	323,881	447,819
Total Expenditures	497,800	802,500	346,461	456,039
Change in Net Position, Budget Basis	\$ (7,600)	\$ (39,600)	(7,079)	\$ 32,521
Reconciliation to GAAP Basis:				
Change in Compensated Absences Payable			(29)	
Capital Outlay			302,695	
Depreciation and Amortization			(263,488)	
Change in Net Position, GAAP Basis			32,099	
Total Net Position - Beginning			4,435,481	
Total Net Position - Ending			\$ 4,467,580	

Statistical Section

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time.</i>	111
Revenue Capacity <i>These schedules contain trend information to help the reader assess the Town’s most significant local revenue sources, property and sales taxes.</i>	115
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.</i>	124
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place.</i>	130
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town’s financial report relates to the services that the Town provides and activities it performs.</i>	132

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013 ⁽¹⁾	2014	2015 ⁽²⁾	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 53,190,093	\$ 57,152,274	\$ 65,207,177	\$ 72,498,257	\$ 72,014,062	\$ 74,135,764	\$ 77,940,386	\$ 81,995,267	\$ 83,754,661	\$ 91,829,234
Restricted	21,364,804	22,628,014	17,065,975	21,282,036	16,385,652	19,194,615	19,769,068	18,521,700	21,372,046	20,657,054
Unrestricted	16,480,097	19,422,764	17,917,745	8,127,869	13,780,904	10,221,089	7,505,621	7,907,992	7,096,865	9,812,424
Total Governmental Activities Net Position	\$ 91,034,994	\$ 99,203,052	\$ 100,190,897	\$ 101,908,162	\$ 102,180,618	\$ 103,551,468	\$ 105,215,075	\$ 108,424,959	\$ 112,223,572	\$ 122,298,712
Business-type Activities										
Net Investment in Capital Assets	\$ 112,940,934	\$ 121,520,053	\$ 129,658,852	\$ 139,778,932	\$ 131,296,683	\$ 131,076,105	\$ 138,601,037	\$ 144,136,677	\$ 138,280,725	\$ 161,759,392
Restricted	14,328,718	15,722,590	5,939,968	7,790,656	7,125,596	7,195,376	1,699,317	1,960,235	1,982,998	1,183,031
Unrestricted	19,793,449	16,889,395	20,708,504	10,662,206	17,313,158	19,982,088	22,531,638	22,935,815	31,991,085	45,517,350
Total Business-type Activities Net Position	\$ 147,063,101	\$ 154,132,038	\$ 156,307,324	\$ 158,231,794	\$ 155,735,437	\$ 158,253,569	\$ 162,831,992	\$ 169,032,727	\$ 172,254,808	\$ 208,459,773
Primary Government										
Net Investment in Capital Assets	\$ 166,131,027	\$ 178,672,327	\$ 194,866,029	\$ 212,277,189	\$ 203,310,745	\$ 205,211,869	\$ 216,541,423	\$ 226,131,944	\$ 222,035,386	\$ 253,588,626
Restricted	35,693,522	38,350,604	23,005,943	29,072,692	23,511,248	26,389,991	21,468,385	20,481,935	23,355,044	21,840,085
Unrestricted	36,273,546	36,312,159	38,626,249	18,790,075	31,094,062	30,203,177	30,037,259	30,843,807	39,087,950	55,329,774
Total Primary Government Net Position	\$ 238,098,095	\$ 253,335,090	\$ 256,498,221	\$ 260,139,956	\$ 257,916,055	\$ 261,805,037	\$ 268,047,067	\$ 277,457,686	\$ 284,478,380	\$ 330,758,485

Source: Town of Erie Finance Department

⁽¹⁾ In 2013 the Town implemented GASB 65, which provides for the expensing of debt issuance costs. Prior year amounts were not restated.⁽²⁾ In 2015 the Town implemented GASB 68, which provides for the recognition of certain pension-related amounts. Prior year amounts were not restated.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013 ⁽¹⁾	2014	2015 ⁽²⁾	2016
Expenses										
Governmental Activities:										
General Government	\$ 2,852,921	\$ 2,542,611	\$ 2,191,872	\$ 2,025,071	\$ 2,215,449	\$ 2,315,020	\$ 3,424,886	\$ 4,173,232	\$ 6,364,236	\$ 3,624,195
Public Safety	1,934,542	2,070,326	2,106,365	2,337,449	2,361,217	2,392,865	2,562,909	2,810,944	3,065,695	3,564,444
Public Works	2,457,612	2,830,931	2,757,873	2,771,238	3,168,315	3,283,741	5,365,419	5,607,191	4,611,400	5,129,083
Parks & Recreation	1,833,112	4,178,321	4,700,478	5,209,771	6,038,210	6,214,564	4,528,156	4,591,031	6,248,337	6,478,449
Interest on Long-Term Debt	1,177,219	907,069	868,802	854,380	819,064	780,479	649,304	681,174	720,371	657,411
Total Governmental Activities Expenses	10,255,406	12,529,258	12,625,390	13,197,909	14,602,255	14,986,669	16,530,674	17,863,572	21,010,039	19,453,582
Business-type Activities:										
Water	5,849,291	5,920,041	6,412,330	6,830,005	7,167,474	7,666,733	8,176,581	8,988,723	10,865,948	9,605,720
Wastewater	2,060,713	2,370,152	2,728,947	3,261,244	3,874,319	4,538,293	4,676,937	4,980,408	10,553,917	4,886,037
Storm Drainage	345,266	359,817	381,752	372,769	400,859	418,621	447,151	412,940	664,028	932,686
Airport	479,946	246,451	320,180	265,896	314,911	299,977	445,648	263,355	337,969	307,283
Housing Authority	107,822	118,011	109,513	114,313	117,270	107,136	111,463	119,300	112,370	116,252
Total Business-type Activities Expenses	8,843,038	9,014,472	9,952,722	10,844,227	11,874,833	13,030,760	13,857,780	14,764,726	22,534,232	15,847,978
Total Primary Government Expenses	\$ 19,098,444	\$ 21,543,730	\$ 22,578,112	\$ 24,042,136	\$ 26,477,088	\$ 28,017,429	\$ 30,388,454	\$ 32,628,298	\$ 43,544,271	\$ 35,301,560
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 970,615	\$ 1,180,105	\$ 656,516	\$ 572,119	\$ 636,727	\$ 619,763	\$ 1,028,882	\$ 1,199,010	\$ 1,607,509	\$ 1,952,378
Public Safety	113,193	108,343	121,429	135,506	162,864	176,375	246,843	249,004	219,581	299,055
Public Works	634,361	1,208,708	953,418	1,796,856	1,512,843	1,259,149	1,808,015	2,021,365	2,164,559	2,411,375
Parks and Recreation	78,197	1,355,988	1,254,479	1,904,056	1,878,354	1,723,388	1,874,591	1,935,127	2,013,213	2,018,464
Operating Grants and Contributions	21,560	14,637	128,680	73,748	128,031	1,002,109	1,020,806	1,095,717	1,127,940	1,198,439
Capital Grants and Contributions	11,364,555	7,000,266	2,121,328	1,894,614	1,382,427	1,670,546	2,153,798	3,188,496	4,455,967	9,605,770
Total Governmental Activities Program Revenues	13,182,481	10,868,047	5,235,850	6,376,899	5,701,246	6,451,330	8,132,935	9,688,719	11,588,769	17,485,481
Business-type Activities:										
Charges for Services										
Water	4,803,707	5,395,596	4,995,495	5,511,767	6,321,368	7,104,638	6,393,236	6,514,590	7,131,476	8,278,284
Wastewater	2,004,146	2,123,952	2,359,528	2,774,232	3,112,916	3,535,547	4,141,562	4,267,375	4,143,696	4,320,614
Storm Drainage	355,649	370,501	380,023	387,275	392,907	401,146	411,862	427,761	514,714	660,450
Other Activities	407,487	203,854	172,369	173,394	136,988	98,477	86,138	82,478	85,794	89,736
Operating Grants and Contributions	-	-	-	-	-	73,455	66,438	54,829	74,100	20,190
Capital Grants and Contributions	12,481,218	6,312,796	3,689,777	3,720,291	3,701,122	4,276,591	7,673,635	9,196,375	13,603,985	24,893,959
Total Business-type Activities Program Revenues	20,052,207	14,406,699	11,597,192	12,566,959	13,665,301	15,489,854	18,772,871	20,543,408	25,553,765	38,263,233
Total Primary Government Program Revenues	\$ 33,234,688	\$ 25,274,746	\$ 16,833,042	\$ 18,943,858	\$ 19,366,547	\$ 21,941,184	\$ 26,905,806	\$ 30,232,127	\$ 37,142,534	\$ 55,748,714
Net (Expense) Revenue										
Governmental Activities	\$ 2,927,075	\$ (1,661,211)	\$ (7,389,540)	\$ (6,821,010)	\$ (8,901,009)	\$ (8,535,339)	\$ (8,397,739)	\$ (8,174,853)	\$ (9,421,270)	\$ (1,968,101)
Business-type Activities	11,209,169	5,392,227	1,644,470	1,722,732	1,790,468	2,459,094	4,915,091	5,778,682	3,019,533	22,415,255
Total Primary Government Net (Expense) Revenue	\$ 14,136,244	\$ 3,731,016	\$ (5,745,070)	\$ (5,098,278)	\$ (7,110,541)	\$ (6,076,245)	\$ (3,482,648)	\$ (2,396,171)	\$ (6,401,737)	\$ 20,447,154
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	\$ 3,078,525	\$ 3,556,517	\$ 3,720,316	\$ 3,947,570	\$ 3,880,843	\$ 3,962,431	\$ 3,977,786	\$ 3,993,379	\$ 4,316,592	\$ 5,019,474
Sales & Use Taxes	3,922,663	3,559,908	3,126,330	3,420,184	3,692,180	4,096,437	4,914,157	5,633,645	6,762,462	8,300,744
Franchise Taxes	507,525	589,062	571,130	684,352	561,740	638,792	685,918	708,894	717,589	749,480
Specific Ownership Taxes	255,553	284,928	253,376	221,453	234,005	258,258	239,435	286,551	279,094	266,745
Intergovernmental - Unrestricted	-	-	-	-	-	107,617	103,540	207,505	249,784	91,578
Investment Earnings	2,734,514	1,633,905	621,372	262,564	250,191	182,476	102,215	169,030	127,840	201,007
Other Miscellaneous	789,859	204,950	84,860	207,953	556,947	423,901	212,691	613,890	379,013	403,763
Transfers In/Out	-	-	-	(19,813)	(21,547)	(20,087)	(18,137)	(228,157)	(9,349)	(33,719)
Total Governmental Activities	11,288,639	9,829,270	8,377,384	8,724,263	9,154,359	9,649,825	10,217,605	11,384,737	12,823,025	14,999,072
Business-type Activities:										
Investment Earnings	2,063,478	1,405,388	438,286	155,037	113,452	122,303	82,977	132,694	127,247	252,507
Other Miscellaneous	249,360	271,320	92,529	99,970	101,533	49,538	376,272	61,202	65,952	121,267
Transfers In/Out	-	-	-	19,813	21,547	20,087	18,137	228,157	9,349	33,719
Total Business-type Activities	2,312,838	1,676,708	530,815	274,820	236,532	191,928	477,386	422,053	202,548	407,493
Total Primary Government General Revenue and Other Changes in Net Position	\$ 13,601,477	\$ 11,505,978	\$ 8,908,199	\$ 8,999,083	\$ 9,390,891	\$ 9,841,753	\$ 10,694,991	\$ 11,806,790	\$ 13,025,573	\$ 15,406,565
Changes in Net Position										
Governmental Activities	\$ 14,215,714	\$ 8,168,059	\$ 987,844	\$ 1,903,253	\$ 253,350	\$ 1,114,486	\$ 1,819,866	\$ 3,209,884	\$ 3,401,755	\$ 13,030,971
Business-type Activities	13,522,007	7,068,935	2,175,285	1,997,552	2,027,000	2,651,022	5,392,477	6,200,735	3,222,081	22,822,748
Total Primary Government Changes in Net Position	\$ 27,737,721	\$ 15,236,994	\$ 3,163,129	\$ 3,900,805	\$ 2,280,350	\$ 3,765,508	\$ 7,212,343	\$ 9,410,619	\$ 6,623,836	\$ 35,853,719

Source: Town of Erie Finance Department

⁽¹⁾ In 2013 the Town implemented GASB 65, which provides for the expensing of debt issuance costs. Prior year amounts were not restated.

⁽²⁾ In 2015 the Town implemented GASB 68, which provides for the recognition of certain pension-related amounts. Prior year amounts were not restated.

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

	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 128,000	\$ 1,477,677	\$ 4,030,672	\$ 4,596,194	\$ 5,202,240	\$ 5,563,854
Restricted/Reserved	2,884,711	3,664,997	1,253,409	8,025,287	2,163,588	5,009,870	2,286,494	7,177,572	4,789,674	4,894,278
Assigned	-	-	-	-	1,026,106	1,462,004	1,118,949	131,230	41,842	250,058
Unassigned/Unreserved	15,404,897	16,509,423	17,358,472	8,245,195	12,755,793	8,619,655	6,784,338	7,895,100	6,875,429	9,824,378
Total General Fund	\$18,289,608	\$20,174,420	\$18,611,881	\$16,270,482	\$16,073,487	\$16,569,206	\$14,220,453	\$19,800,096	\$16,909,185	\$20,532,568
All Other Governmental Funds										
Restricted/Reserved	\$20,820,428	\$22,065,773	\$16,639,587	\$13,328,502	\$14,222,064	\$14,184,745	\$17,482,574	\$16,173,493	\$16,582,372	\$15,199,524
Committed	-	-	-	-	137,963	143,579	17,987	151,996	130,154	141,528
Unassigned/Unreserved	179,743	144,587	133,606	-	(55,925)	(1,255,208)	(4,065,293)	(4,408,588)	(5,012,977)	(5,382,532)
Total of All Other Governmental Funds	\$21,000,171	\$22,210,360	\$16,773,193	\$13,328,502	\$14,304,102	\$13,073,116	\$13,435,268	\$11,916,901	\$11,699,549	\$9,958,520

Source: Town of Erie Finance Department

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 7,764,266	\$ 7,990,415	\$ 7,671,152	\$ 8,273,559	\$ 8,368,768	\$ 8,955,918	\$ 9,817,296	\$ 10,622,469	\$ 12,075,737	\$ 14,336,443
Intergovernmental	703,632	745,587	919,987	918,999	1,037,646	1,109,725	1,124,346	1,465,446	1,647,060	1,540,723
Licenses and Permits	1,064,310	892,946	501,629	536,684	603,482	723,393	1,308,271	1,534,533	1,855,274	2,209,044
Charges for Services	723,226	2,560,440	2,213,269	2,504,617	2,581,391	2,878,907	3,403,217	3,620,969	3,930,007	4,173,172
Fines and Forfeitures	113,193	108,343	121,429	135,506	162,864	176,375	246,843	249,004	219,581	299,055
Capital Contributions and Fees	3,729,007	4,332,553	1,301,715	2,107,334	1,349,989	1,670,547	2,153,798	2,604,363	4,331,583	4,432,454
Investment Earnings	2,734,513	1,633,905	621,373	262,564	250,191	182,476	102,215	169,030	127,840	201,007
Miscellaneous	589,062	532,881	262,669	304,083	387,386	374,370	232,919	203,135	315,850	303,042
Total Revenues	17,421,209	18,797,070	13,613,223	15,043,346	14,741,717	16,071,711	18,388,905	20,468,949	24,502,932	27,494,940
Expenditures										
General Government	2,392,489	2,212,896	2,000,168	1,986,858	2,200,613	2,145,500	2,782,286	2,935,090	6,161,828	3,380,139
Public Safety	1,835,547	1,977,901	1,513,338	2,240,394	2,275,395	2,323,677	2,440,001	2,699,615	2,977,558	3,244,415
Public Works	1,525,403	1,694,973	2,035,519	1,582,570	1,719,095	1,833,074	3,790,678	3,973,497	2,793,781	2,980,586
Parks & Recreation	1,546,258	3,821,824	4,272,109	4,468,041	4,690,752	4,928,772	3,028,137	3,059,582	4,550,832	4,851,857
Capital Outlay	21,775,141	4,271,841	9,057,064	8,606,166	1,863,774	4,813,537	6,319,547	8,511,674	9,255,862	9,299,339
Debt Service										
Principal	340,000	800,000	845,000	880,000	915,000	950,000	1,800,062	1,125,320	1,177,108	1,225,393
Interest	1,230,056	922,632	889,731	857,444	820,681	782,756	673,681	683,515	748,037	697,864
Bond Insurance Costs	-	-	-	-	-	-	123,357	110,693	-	-
Total Expenditures	30,644,894	15,702,067	20,612,929	20,621,473	14,485,310	17,777,316	20,957,749	23,098,986	27,665,006	25,679,593
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,223,685)	3,095,003	(6,999,706)	(5,578,127)	256,407	(1,705,605)	(2,568,844)	(2,630,037)	(3,162,074)	1,815,347
Other Financing Sources (Uses)										
Transfers In	698,300	104,939	98,200	109,400	131,200	457,800	4,965,891	1,803,700	2,390,626	657,893
Transfers Out	(698,300)	(104,939)	(98,200)	(129,213)	(152,747)	(477,887)	(4,984,028)	(2,031,857)	(2,399,975)	(691,612)
Debt Proceeds	-	-	-	-	-	695,000	9,985,460	6,508,716	-	-
Payment for Refunded Bonds	-	-	-	-	-	(9,571,113)	-	-	-	-
Proceeds from Sale of Capital Assets	155,730	-	-	19,085	113,351	3,085	14,523	7,380	42,014	28,305
Insurance Recoveries & Related	-	-	-	41,331	22,084	46,446	171,510	33,374	21,146	72,421
Proceeds from Litigation Settlements	-	-	-	-	-	-	-	370,000	-	-
Total Other Financing Sources (Uses)	155,730	-	-	40,603	113,888	724,444	582,243	6,691,313	53,811	67,007
Net Changes in Fund Balance	\$ (13,067,955)	\$ 3,095,003	\$ (6,999,706)	\$ (5,537,524)	\$ 370,295	\$ (981,161)	\$ (1,986,601)	\$ 4,061,276	\$ (3,108,263)	\$ 1,882,354
Debt Service as a Percentage of Noncapital Expenditures	17.70%	15.07%	15.01%	14.46%	13.57%	13.16%	16.16%	11.77%	10.24%	11.24%

Source: Town of Erie Finance Department

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

Year	Property Tax	Sales Tax	Use Tax	Franchise Tax	Specific Ownership Tax	Total
2007 ⁽¹⁾	\$ 3,078,525	\$ 2,790,694	\$ 1,131,969	\$ 507,525	\$ 255,553	\$ 7,764,266
2008	3,556,517	2,624,783	935,125	589,062	284,928	7,990,415
2009	3,720,316	2,572,740	553,590	571,130	253,376	7,671,152
2010	3,947,570	2,842,974	577,210	684,352	221,453	8,273,559
2011	3,880,843	3,095,659	596,521	561,740	234,005	8,368,768
2012	3,962,431	3,318,242	778,195	638,792	258,258	8,955,918
2013	3,977,786	3,616,019	1,298,138	685,918	239,435	9,817,296
2014	3,993,379	4,027,197	1,606,448	708,894	286,551	10,622,469
2015 ⁽²⁾	4,316,592	4,457,099	2,305,363	717,589	279,094	12,075,737
2016	5,019,474	5,501,497	2,799,247	749,480	266,745	14,336,443

Source: Town of Erie Finance Department

- ⁽¹⁾ In November 2005, voters approved a mill levy increase to construct the Erie Community Center. This change, which went into effect in 2007, added 7.320 mills to the Town's levy. For 2016 the levy was 4.387 mills.
- ⁽²⁾ In April 2014, voters approved a mill levy increase to construct the Public Safety Building. This change, which went into effect in 2015, added 0.878 mills to the Town's levy. For 2016 the levy was 0.744 mills.

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	Total Taxable
	Property	Property	Land	Other	Tax Exempt Real Property	Assessed Value	Actual Value
2007	\$ 66,653,030	\$ 6,259,170	\$ 7,285,150	\$ 5,583,390	\$ 4,391,300	\$ 81,389,440	\$ 886,434,700
2008	72,775,610	7,017,800	7,679,860	5,379,335	3,938,640	88,913,965	968,230,200
2009	74,938,760	7,064,260	6,745,400	5,105,190	3,929,800	89,923,810	991,915,800
2010	74,095,210	7,658,420	6,248,880	12,085,460	4,334,730	95,753,240	994,842,810
2011	74,805,120	7,568,860	5,440,850	12,778,926	4,847,360	95,746,396	1,001,879,430
2012	73,860,728	7,251,830	4,783,897	18,565,810	4,999,658	99,462,607	993,982,165
2013	75,143,537	7,367,407	3,721,512	15,228,537	5,170,320	96,290,673	1,003,587,145
2014	74,154,873	7,686,083	5,744,842	14,205,385	5,079,776	96,711,407	998,823,627
2015	77,114,109	7,766,827	6,742,267	15,712,692	5,103,216	102,232,679	1,041,775,470
2016	97,235,515	9,220,302	13,490,705	13,883,022	5,097,508	128,732,036	1,321,949,675

Weld County							
Year ⁽¹⁾	Residential	Commercial	Vacant		Less:	Total Taxable	Total Taxable
	Property	Property	Land	Other	Tax Exempt Real Property	Assessed Value	Actual Value
2007	\$ 63,060,810	\$ 7,447,830	\$ 6,873,180	\$ 11,529,760	\$ 4,941,450	\$ 83,970,130	\$ 854,945,317
2008	79,408,720	8,715,140	10,394,750	14,279,150	6,767,920	106,029,840	1,079,491,472
2009	86,117,660	11,917,150	8,805,060	22,293,620	9,331,410	119,802,080	1,179,147,606
2010	83,802,080	15,705,830	8,242,820	38,309,470	10,838,480	135,221,720	1,175,217,277
2011	85,974,780	16,846,260	6,993,710	26,916,450	8,507,750	128,223,450	1,191,937,810
2012	85,755,600	17,973,430	3,804,960	33,924,800	8,585,400	132,873,390	1,190,322,109
2013	87,078,530	17,404,680	3,815,130	48,243,410	18,250,220	138,291,530	1,213,972,885
2014	91,188,060	18,957,690	4,523,580	48,319,546	18,605,790	144,383,086	1,272,092,511
2015	93,755,970	18,416,740	4,236,270	45,016,450	18,783,500	142,641,930	1,299,657,997
2016	111,653,120	19,459,280	4,527,990	47,749,940	22,414,960	160,975,370	1,532,172,186

Boulder County and Weld County				
Year ⁽¹⁾	Grand Total Assessed	Grand Total Actual	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
	Taxable Value	Taxable Value		
2007	\$ 165,359,570	\$ 1,741,380,017	9.50%	18.608
2008	194,943,805	2,047,721,672	9.52%	18.282
2009	209,725,890	2,171,063,406	9.66%	17.775
2010	230,974,960	2,170,060,087	10.64%	17.198
2011	223,969,846	2,193,817,240	10.21%	17.376
2012	232,335,997	2,184,304,274	10.64%	17.146
2013	234,582,203	2,217,560,030	10.58%	17.095
2014	241,094,493	2,270,916,138	10.62%	16.567
2015	244,874,609	2,341,433,467	10.46%	17.364
2016	289,707,406	2,854,121,861	10.15%	16.419

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: 2016 taxes assessed will be collected in the 2017 calendar year.

Town of Erie
Principal Property Taxpayers
December 31

Taxpayer	Boulder County					
	2016			2007		
	Assessed Value	Rank	% of Total Assessed Value	Assessed Value	Rank	% of Total Assessed Value
Principal Taxpayers						
Public Service Co. of Colorado	3,455,376	1	2.68 %	\$ -	-	%
Encana Oil & Gas (USA) Inc.	2,882,094	2	2.24	-	-	
Meritage Homes of Colorado Inc.	2,869,440	3	2.23	-	-	
Arapahoe Ridge Retail Center LLC	2,721,464	4	2.11	-	-	
JMJC Eleven LLC	2,092,732	5	1.63	-	-	
Bayou Development Corp.	1,783,159	6	1.39	-	-	
Lennar Colorado LLC	1,621,496	7	1.26	-	-	
Melody Homes Inc.	1,206,008	8	0.94	-	-	
Standard Pacific of Colorado Inc.	1,189,928	9	0.92	-	-	
Ochsner Legacy Trust	1,100,490	10	0.85	-	-	
Arapahoe Ridge Retail Center LLC	-	-	-	2,502,920	1	3.08
Richmond American Homes of Colorado	-	-	-	1,741,140	2	2.14
Engle Homes/James Company	-	-	-	1,058,400	3	1.30
Boulder Valley Investment LLC	-	-	-	854,500	4	1.05
John H & Rosemarie Zahn	-	-	-	820,610	5	1.01
Westpac Realty Fund II LLC	-	-	-	804,000	6	0.99
Cottonwood Vista by Remington Homes	-	-	-	794,690	7	0.98
Richard E & Deborah L Oliver	-	-	-	451,640	8	0.55
Tousa Homes Inc	-	-	-	436,050	9	0.54
Safeway Inc/ Store #1667	-	-	-	424,240	10	0.52
	<u>\$ 20,922,187</u>		<u>16.25 %</u>	<u>\$ 9,888,190</u>		<u>12.15 %</u>
Taxpayer	Weld County					
	2016			2007		
	Assessed Value	Rank	% of Total Assessed Value	Assessed Value	Rank	% of Total Assessed Value
Principal Taxpayers						
Encana Oil & Gas (USA) Inc.	\$ 9,304,010	1	5.66 %	\$ -	-	%
Kerr-Mcgee Oil & Gas Onshore LP	6,054,110	2	3.68	-	-	
Kerr-Mcgee Gathering LLC	3,188,040	3	1.94	-	-	
Synergy Resources Corp.	1,640,590	4	1.00	-	-	
Waste Connections Inc.	1,560,510	5	0.95	-	-	
Public Service CO of Colo (Xcel)	1,466,390	6	0.89	-	-	
Colorado National Golf Club LLC	1,064,660	7	0.65	-	-	
Erie Commons Commercial Partners LLC	1,062,990	8	0.65	-	-	
Noble Energy Inc.	805,430	9	0.49	-	-	
Family Investments LLC	689,450	10	0.42	-	-	
Noble Energy	-	-	-	1,945,710	1	2.32
Vista Ridge Development LLC	-	-	-	1,375,490	2	1.64
Encana Oil & Gas (USA) Inc	-	-	-	1,276,220	3	1.52
VRC Development LLC	-	-	-	1,116,620	4	1.33
Vista Ridge Development Corp	-	-	-	1,112,890	5	1.33
Kerr-McGee Oil & Gas Onshore LP	-	-	-	1,023,140	6	1.22
In Play Membership Golf Inc	-	-	-	971,990	7	1.16
Comcast of Colorado LLC	-	-	-	923,780	8	1.10
Woodcrest Homes Inc	-	-	-	816,090	9	0.97
1010 Redevelopment Inc	-	-	-	737,160	10	0.88
	<u>\$ 26,836,180</u>		<u>16.33 %</u>	<u>\$ 11,299,090</u>		<u>13.46 %</u>

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

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

Boulder County									
Town of Erie									
	General	General	Trails &			St. Vrain	Boulder	Mountain	Northern
	Operating	Obligation	Natural	Total	Boulder	Valley School	Valley School	View	Colorado
Year		Bonds	Areas	Direct	County	District	District	District	Water
Rates (In mills) ⁽¹⁾									
2007	7.288	7.320	4.000	18.608	22.467	38.035	39.564	8.137	1.000
2008	7.288	6.994	4.000	18.282	22.467	37.798	37.865	7.937	1.000
2009	7.288	6.487	4.000	17.775	23.067	46.285	39.113	11.747	1.000
2010	7.288	5.910	4.000	17.198	23.667	46.268	39.999	11.747	1.000
2011	7.288	6.088	4.000	17.376	24.645	46.837	43.838	11.747	1.000
2012	7.288	5.858	4.000	17.146	24.645	47.614	44.843	11.747	1.000
2013	7.288	5.807	4.000	17.095	24.645	53.500	45.547	11.747	1.000
2014	7.288	5.279	4.000	16.567	25.120	53.679	45.372	11.747	1.000
2015	7.288	6.076	4.000	17.364	24.794	53.673	47.569	11.747	1.000
2016	7.288	5.131	4.000	16.419	22.624	53.887	45.814	11.747	1.000

Weld County									
Town of Erie									
	General	Community	Trails &			St. Vrain	Mountain	Frederick	Northern
	Operating	Center	Natural	Total	Weld	Valley School	View	Firestone	Colorado
Year		Bond	Areas	Direct	County	District	District	District	Water
Rates (In mills) ⁽¹⁾									
2007	7.288	7.320	4.000	18.608	16.804	38.035	8.137	13.360	1.000
2008	7.288	6.994	4.000	18.282	16.804	37.798	7.937	12.770	1.000
2009	7.288	6.487	4.000	17.775	16.804	46.285	11.747	12.526	1.000
2010	7.288	5.910	4.000	17.198	16.804	46.268	11.747	12.401	1.000
2011	7.288	6.088	4.000	17.376	16.804	46.837	11.747	12.441	1.000
2012	7.288	5.858	4.000	17.146	16.804	47.614	11.747	12.264	1.000
2013	7.288	5.807	4.000	17.095	16.804	53.500	11.747	12.197	1.000
2014	7.288	5.279	4.000	16.567	16.804	53.679	11.747	12.277	1.000
2015	7.288	6.076	4.000	17.364	15.800	53.673	11.747	12.250	1.000
2016	7.288	5.131	4.000	16.419	15.800	53.887	11.747	12.121	1.000

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

⁽¹⁾ One mill generates \$1 of property tax revenue per \$1,000 of assessed valuation. Taxes for the year assessed are collected in the following year. For example: 2015 taxes assessed will be collected in the 2016 calendar year.

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

⁽⁵⁾ Includes the following metro districts: Erie Farm, Flatiron Meadows and Rex Ranch.

⁽⁴⁾ In 2007, Tri-Area Ambulance Special District was dissolved.

⁽⁵⁾ Includes the following metro districts: Bridgewater #'s 1-3; Erie Commons #2; Erie Corporate Center #'s 2-3; Erie Highlands #'s 1-5; Morgan Hill #'s 1-3; Redtail Ranch; Sunset Parks and Vista Ridge.

Urban Drainage & Flood District	Lafayette Rural Fire District	High Plains Library ⁽²⁾	Metro Districts ⁽³⁾	(Range) Total
0.542	2.500	3.261	-	84.442 - 93.579
0.507	2.500	3.253	-	82.374 - 91.311
0.528	2.500	3.260	-	83.743 - 103.662
0.508	2.500	3.255	-	84.627 - 103.643
0.523	2.500	3.281	-	89.663 - 105.409
0.566	2.500	3.271	50.000	90.471 - 153.218
0.599	2.500	3.261	45.000 - 50.000	91.147 - 153.894
0.608	2.500	3.264	50.000	90.931 - 153.678
0.632	2.500	3.267	50.000	93.626 - 156.373
0.553	2.500	3.308	50.000	88.718 - 151.465

High Plains Library	St. Vrain Sanitation District	Metro Districts ⁽⁴⁾	(Range) Total
3.261	3.321	11.000 - 59.246	84.845 - 145.091
3.253	2.686	14.000 - 57.827	84.074 - 142.901
3.260	0.806	17.140 - 57.827	95.871 - 154.698
3.255	0.737	18.000 - 57.827	95.272 - 154.099
3.281	0.745	18.000 - 57.827	96.045 - 154.872
3.271	0.720	20.000 - 57.827	96.582 - 155.409
3.261	0.682	20.000 - 57.827	102.407 - 161.234
3.264	0.680	20.000 - 57.827	102.061 - 160.888
3.267	0.685	20.000 - 57.827	101.851 - 160.678
3.308	0.585	20.000 - 57.827	101.161 - 172.161

Town of Erie
Property Tax Levies and Collections
Last Ten Years

Collection Year	Total Tax Levy ⁽¹⁾⁽²⁾	Total Tax Collections ⁽²⁾	Collections As a Percent of Tax Levy
2007 ⁽³⁾	\$ 3,077,011	\$ 3,078,525	100.05
2008	3,563,963	3,556,517	99.79
2009	3,727,878	3,720,316	99.80
2010	3,972,307	3,947,570	99.38
2011	3,891,700	3,880,843	99.72
2012	3,983,633	3,962,431	99.47
2013	4,010,183	3,977,786	99.19
2014	3,994,213	3,993,379	99.98
2015 ⁽⁴⁾	4,252,002	4,254,354	100.06
2016	4,756,706	4,758,080	100.03

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: 2016 taxes assessed will be collected in the 2017 calendar year.

⁽²⁾ Excludes property taxes received by the Town of Erie Urban Renewal Authority.

⁽³⁾ In November 2005, voters approved a mill levy increase to construct the Erie Community Center. It went into effect in 2007, when the levy was 7.320 mills. In 2016 the levy was 4.387 mills.

⁽⁴⁾ In April 2014, voters approved a mill levy increase to construct the Public Safety Building. It went into effect in 2015, when the levy was 0.878 mills. In 2016 the levy was 0.744 mills.

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

Year	Automotive	General	Use Tax ⁽¹⁾	Total Sales and Use Tax	Total Direct Tax Rate	
2007	\$ 1,193,071	\$ 1,597,623	\$ 1,131,969	\$ 3,922,663	3.50	%
2008	1,079,982	1,544,801	935,125	3,559,908	3.50	
2009	845,641	1,727,099	553,590	3,126,330	3.50	
2010	1,105,114	1,737,860	577,210	3,420,184	3.50	
2011	1,232,012	1,863,647	596,521	3,692,180	3.50	
2012	1,350,525	1,967,717	778,195	4,096,437	3.50	
2013	1,545,392	2,070,627	1,298,138	4,914,157	3.50	
2014	1,776,046	2,251,151	1,606,448	5,633,645	3.50	
2015	1,879,338	2,577,761	2,305,363	6,762,462	3.50	
2016	2,024,381	3,477,116	2,799,247	8,300,744	3.50	

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

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

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

Boulder County										
Year	Town of Erie		State of Colorado		Regional Transportation Authority		Metropolitan Sports Stadium District		Scientific and Cultural Facilities District	
2007	3.500	%	2.900	%	1.000	%	0.100	%	0.100	%
2008	3.500		2.900		1.000		0.100		0.100	
2009	3.500		2.900		1.000		0.100		0.100	
2010	3.500		2.900		1.000		0.100		0.100	
2011	3.500		2.900		1.000		0.100		0.100	
2012	3.500		2.900		1.000		-	(1)	0.100	
2013	3.500		2.900		1.000		-		0.100	
2014	3.500		2.900		1.000		-		0.100	
2015	3.500		2.900		1.000		-		0.100	
2016	3.500		2.900		1.000		-		0.100	

Weld County										
Year	Town of Erie		State of Colorado		Regional Transportation Authority		Metropolitan Sports Stadium District		Total	
2007	3.500	%	2.900	%	1.000	%	0.100	%	7.500	%
2008	3.500		2.900		1.000		0.100		7.500	
2009	3.500		2.900		1.000		0.100		7.500	
2010	3.500		2.900		1.000		0.100		7.500	
2011	3.500		2.900		1.000		0.100		7.500	
2012	3.500		2.900		1.000		-	(1)	7.400	
2013	3.500		2.900		1.000		-		7.400	
2014	3.500		2.900		1.000		-		7.400	
2015	3.500		2.900		1.000		-		7.400	
2016	3.500		2.900		1.000		-		7.400	

Source: Town of Erie Finance Office
Colorado Department of Revenue

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Aggregate top ten filers ⁽¹⁾	\$ 731,869	\$ 876,757	\$ 857,218	\$ 1,009,572	\$ 942,292	\$ 994,891	\$ 1,096,938	\$ 1,137,611	\$ 1,217,909	\$ 1,547,514
Aggregate all other filers	865,754	668,044	869,881	728,288	921,355	972,826	973,689	1,113,540	1,359,852	1,929,602
Total sales tax ⁽²⁾	\$ 1,597,623	\$ 1,544,801	\$ 1,727,099	\$ 1,737,860	\$ 1,863,647	\$ 1,967,717	\$ 2,070,627	\$ 2,251,151	\$ 2,577,761	\$ 3,477,116

Top ten filers as a percentage of total tax 45.8% 56.8% 49.6% 58.1% 50.6% 50.6% 53.0% 50.5% 47.2% 44.5%

Source: Colorado Department of Revenue

⁽¹⁾ Colorado State Statutes prohibit disclosure of individual sales and use tax returns, therefore the identities of the vendors cannot be divulged under penalty of law.

⁽²⁾ Excludes sales tax arising from sales of vehicles.

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

Fiscal Year	Governmental Activities			Business-type Activities					Total Primary Government	Percentage of Personal Income ⁽⁴⁾	Per Capita
	General Obligation Bonds	Capital Leases	Revenue Bonds/Loans ⁽¹⁾	Certificates of Participation		Capital Leases ⁽²⁾	Mortgages & Other Loans Payable ⁽³⁾				
2007	\$19,871,095	\$	-	\$ 42,586,922	\$ 31,045,000	\$ 2,782,988	\$ 868,703	\$ 97,154,708	10.89%	\$ 5,446	
2008	19,071,095	-	-	50,086,305	30,515,000	2,712,249	856,327	103,240,976	10.99%	5,572	
2009	18,235,000	-	-	61,988,088	29,955,000	2,648,691	838,939	113,665,718	12.37%	6,046	
2010	17,623,254	-	-	60,542,625	29,522,550	2,582,378	819,154	111,089,961	11.55%	5,777	
2011	16,692,986	-	-	58,734,280	29,026,374	2,513,192	803,667	107,770,499	10.60%	5,498	
2012	15,727,719	-	-	56,086,691	28,465,197	2,441,007	781,683	103,502,297	9.50%	5,175	
2013	15,923,684	250,790	-	54,983,075	28,295,000	-	758,942	100,211,491	8.48%	4,661	
2014	21,249,523	195,470	-	54,126,668	25,105,000	-	745,832	101,422,493	7.82%	4,610	
2015	20,010,049	138,363	-	51,331,253	25,768,158	-	735,843	97,983,666	7.07%	4,260	
2016	18,707,714	82,969	-	49,398,754	25,088,650	-	665,499	93,943,586	N/A	3,758	

Sources: Bureau of Economic Analysis

U.S. Census Bureau

Town of Erie Finance Department

Town of Erie Community Development Department

⁽¹⁾ Includes revenue bonds and loans from the Colorado Water Resources and Power Development Authority.

⁽²⁾ In 2011 and 2012, prior period adjustments were recorded to reflect capital leases arising in 2007.

⁽³⁾ In 2006, a prior period adjustment to reflect a forgivable loan of \$60,000 was recorded. In 2016 the requirement for forgiveness of this loan was met.

⁽⁴⁾ 2016 personal income data not yet available.

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
2007	17,840	\$ 1,741,380,017	\$ 19,871,095	1.14	\$ 1,114
2008	18,530	2,047,721,672	19,071,095	0.93	1,029
2009	18,800	2,171,063,406	18,235,000	0.84	970
2010	19,230	2,170,060,087	17,623,254	0.81	916
2011	19,600	2,193,817,240	16,692,986	0.76	852
2012	20,000	2,184,304,274	15,727,719	0.72	786
2013	21,500	2,217,560,030	15,923,684	0.72	741
2014	22,000	2,270,916,138	21,249,523	0.94	966
2015	23,000	2,341,433,467	20,010,049	0.85	870
2016	25,000	2,854,121,861	18,707,714	0.66	748

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

⁽¹⁾ General obligation bond debt equal to gross general obligation bond debt less obligations associated with proprietary funds. In this table the gross general obligation debt is equal to net general obligation bond debt.

Town of Erie
Direct and Overlapping General Bonded Debt
As of December 31, 2016

	Outstanding General Bonded Debt	Percentage Applicable to the Town⁽²⁾	Share of Debt Applicable to the Town
Direct Debt			
Town of Erie	<u>\$ 18,790,683</u>	100 %	<u>\$ 18,790,683</u>
Overlapping Debt ⁽¹⁾			
Boulder Valley School District	542,065,000	1	5,420,650
Erie Highlands Metro District #1	9,156,000	100	9,156,000
Frederick-Firestone Fire Protection District	1,710,000	1	17,100
Northern Colorado Water Conservation District	-	2	-
St. Vrain Valley School District	555,565,000	5	27,778,250
Vista Ridge Metropolitan District	<u>37,200,000</u>	100	<u>37,200,000</u>
Total Overlapping Debt	<u>1,145,696,000</u>		<u>79,572,000</u>
Total Direct and Overlapping General Bonded Debt	<u>\$ 1,164,486,683</u>		<u>\$ 98,362,683</u>

Source: Provided by each government entity

⁽¹⁾The following governments had no outstanding general bonded debt as of December 31, 2016:

Boulder County, Weld County, Left Hand Water District, Boulder Valley Conservation Soil District, Tri-Area Ambulance Special District, High Plains Library District, Urban Drainage & Flood District, Lafayette Rural Fire District, Erie Commons Metro District #'s 1 and 2, Erie Corporate Center Metro District #2, Erie Corporate Center Metro District #3, Mountain View Fire Protection District, Bridgewater Metro District #'s 1, 2 and 3, St. Vrain Sanitation District, Sunset Parks Metro District, Regional Transportation District, Longmont Conservation, Morgan Hill Metro District #'s 1, 2 and 3, Brownsville Water & Sanitation District, Erie Farm Metro District, Flatirons Meadows Metro District and Ridge Lands Metro District.

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

Town of Erie
Legal Debt Margin Information
Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 53,206,834	\$ 62,539,206	\$ 66,503,788	\$ 66,674,109	\$ 67,199,962	\$ 66,938,782	\$ 68,952,454	\$ 70,581,786	\$ 73,170,157	\$ 89,743,263
Less: Net Debt Applicable to Limit	19,871,095	19,071,095	18,235,000	17,355,000	16,440,000	15,490,000	14,625,000	19,755,000	18,635,000	17,465,000
Legal Debt Margin	\$ 33,335,739	\$ 43,468,111	\$ 48,268,788	\$ 49,319,109	\$ 50,759,962	\$ 51,448,782	\$ 54,327,454	\$ 50,826,786	\$ 54,535,157	\$ 72,278,263
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	37.35%	30.49%	27.42%	26.03%	24.46%	23.14%	21.21%	27.99%	25.47%	19.46%

Legal Debt Margin Calculation for Fiscal Year 2016

Actual Valuation	
Boulder County	\$ 1,339,535,581
Weld County	1,651,906,519
Total Actual Valuation	\$ 2,991,442,100
Legal Debt Margin	
Debt Limitation:	
3 Percent of Total Assessed Valuation	\$ 89,743,263
Debt Applicable to Limitation:	
Outstanding Balance of General	
Obligation Bonds	17,465,000
Legal Debt Margin	\$ 72,278,263

Source: Town of Erie Finance Department

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

Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	\$ 10,759,055	\$ 2,742,213	\$ 8,016,842	\$ 1,074,000	\$ 1,455,127	\$ 2,529,127	3.17 x
2008	10,410,225	2,374,240	8,035,985	1,129,000	1,861,680	2,990,680	2.69 x
2009	7,724,936	2,683,025	5,041,911	1,175,000	1,790,873	2,965,873	1.70 x
2010	8,315,995	2,655,958	5,660,037	1,260,000	1,236,523	2,496,523	2.27 x
2011	8,857,658	2,746,833	6,110,825	676,000	1,100,016	1,776,016	3.44 x
2012	10,438,223	3,012,737	7,425,486	1,453,045	1,383,950	2,836,995	2.62 x
2013	12,674,206	3,191,385	9,482,821	1,465,000	1,370,029	2,835,029	3.34 x
2014	14,265,470	4,090,660	10,174,810	1,500,000	1,334,204	2,834,204	3.59 x
2015	16,227,389	3,755,288	12,472,101	1,560,000	1,272,904	2,832,904	4.40 x
2016	22,824,241	4,769,246	18,054,995	1,625,000	1,122,156	2,747,156	6.57 x

Source: Town of Erie Finance Department

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

⁽²⁾Operating expenses excludes depreciation.

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

Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	\$ 3,346,984	\$ 1,213,319	\$ 2,133,665	\$ 189,648	\$ 139,671	\$ 329,319	6.48 x
2008	3,552,108	1,408,979	2,143,129	201,090	133,634	334,724	6.40 x
2009	3,085,121	1,410,234	1,674,887	357,240	502,102	859,342	1.95 x
2010	3,408,358	1,462,235	1,946,123	460,178	1,018,239	1,478,417	1.32 x
2011	3,625,497	1,672,930	1,952,567	558,773	1,019,333	1,578,106	1.24 x
2012	4,332,892	1,985,483	2,347,409	563,209	998,926	1,562,135	1.50 x
2013	5,477,482	2,170,910	3,306,572	560,696	973,337	1,534,033	2.16 x
2014	5,827,861	2,488,132	3,339,729	578,224	952,155	1,530,379	2.18 x
2015	6,710,717	2,557,448	4,153,269	600,491	934,736	1,535,227	2.71 x
2016	7,388,911	2,510,334	4,878,577	493,183	797,144	1,290,327	3.78 x

Source: Town of Erie Finance Department

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

⁽²⁾Operating expenses excludes depreciation.

Town of Erie
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population ⁽¹⁾	Personal Income ⁽²⁾ (in thousands)	Per Capita Income ⁽²⁾	Median Age ⁽¹⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2007	17,840	\$ 891,982	\$ 49,999	35.8	1,677	3.3
2008	18,530	939,730	50,714	36.0	2,736	4.1
2009	18,800	919,151	48,891	36.3	3,273	6.8
2010	19,230	962,096	50,031	35.8	3,532	6.9
2011	19,600	1,017,103	51,893	36.2	3,636	6.3
2012	20,000	1,090,040	54,502	36.4	3,852	5.9
2013	21,500	1,181,812	54,968	35.2	4,085	5.2
2014	22,000	1,296,174	58,917	36.9	4,602	3.7
2015	23,000	1,385,060	60,220	36.0	4,903	2.6
2016	25,000	-	-	37.0	5,172	2.6

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

⁽¹⁾ Source - Town of Erie - Economic Development.

⁽²⁾ Source - U.S. Department of Commerce, Bureau of Economic Analysis, Table CA1-3 for Boulder County Metropolitan Statistical Area. 2016 data not yet available.

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

⁽⁴⁾ Source - Colorado Department of Labor and Employment for Boulder County.

Town of Erie
Principal Employers
Current Year and Ten Years Ago

<u>Employer</u>	<u>2016</u>		
			<u>Percentage of</u>
	<u>Employees</u>	<u>Rank</u>	<u>Total Town</u> <u>Employment</u>
St. Vrain Valley School District	423	1	12.63 %
Town of Erie	259	2	7.73
Safeway	83	3	2.48
Lazy Dog	47	4	1.40
CML RW	43	5	1.28
Aspen Ridge Prep School	42	6	1.25
Magnum Plastics	40	7	1.19
Colorado National	36	8	1.07
24 Carrot Bistro	32	9	0.96
Air Mechanical	31	10	0.93
Total	<u>1,036</u>		<u>30.92 %</u>

	<u>2007</u>		
			<u>Percentage of</u>
	<u>Employees</u>	<u>Rank</u>	<u>Total Town</u> <u>Employment</u>
Town of Erie	167	1	8.35 %
Safeway	135	2	6.75
Better Business Cleaning	65	3	3.25
Erie Elementary	46	4	2.30
Erie Middle/Senior High	45	5	2.25
Town & Country Disposal	35	6	1.75
John Murphy Millworks	25	7	1.25
County Line Lumber	20	7	1.00
Forever Young	13	9	0.65
Erie Pre-Cast Concrete	12	10	0.60
	<u>563</u>		<u>28.15 %</u>

Source: Erie Chamber of Commerce & Town of Erie Economic Development

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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	16.3	14.4	13.2	13.2	13.2	14.2	15.2	17.6	18.6	19.3
Parks & Recreation										
Parks	11.0	11.0	11.0	14.0	16.5	16.5	17.0	18.0	18.3	19.3
Recreation	50.5	50.5	51.1	51.1	52.5	53.1	57.3	54.0	56.0	53.2
Public Safety										
Police	22.7	22.7	23.8	24.8	25.0	25.0	27.0	24.4	27.4	29.9
Public Works	7.8	8.1	8.1	8.1	8.1	8.3	8.8	11.8	12.1	12.4
Water	17.1	17.1	17.1	17.1	17.1	17.4	19.2	20.5	20.7	22.1
Wastewater	13.0	13.1	13.1	13.1	14.1	15.4	16.1	17.5	17.7	19.1
Storm Drainage	1.3	1.3	1.3	1.3	1.3	1.5	1.5	1.9	1.9	2.2
Total	139.7	138.2	138.7	142.7	147.8	151.4	162.1	165.7	172.7	177.4

Source: Town of Erie Finance Department

**Town of Erie
Operating Indicators by Function
Last Ten Fiscal Years**

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Parks										
Total Acres of Parks Maintained	73	87	91	148	148	149	149	136	136	136
Total Acres of Open Space Maintained	259	204	204	272	272	607	607	1,075	1,075	1,096
Recreation										
Participation in Recreation Activities	1,558	5,248	5,512	40,862	70,250	67,815	70,262	68,975	64,038	69,712
Participation in Sports	1,347	1,737	2,161	3,303	4,782	6,375	6,954	4,988	5,725	5,818
Participation in Senior Activities	849	2,572	5,459	3,667	5,779	14,136	17,211	16,086	9,532	10,516
Senior Lunches	1,833	2,742	2,059	2,636	2,677	2,364	2,383	1,770	2,510	2,499
Police										
Traffic Violations	838	823	840	1,021	1,091	1,138	1,573	1,255	1,420	1,897
Criminal Violations	323	318	173	158	247	239	263	275	385	404
Water										
Number of Service Connections	6,030	6,228	6,383	6,503	6,546	6,765	6,990	7,195	7,561	8,048
Average Daily Flow (million gallons per day)	2.50	2.57	2.36	2.530	2.64	2.94	2.64	2.63	2.75	3.15
Wastewater										
Number of Service Connections	5,789	5,982	6,106	6,216	6,298	6,491	6,716	6,912	7,242	7,732
Average Daily Flows (million gallons per day)	0.964	0.930	0.964	1.007	1.070	1.090	1.216	1.190	1.190	1.300

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

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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Parks and Recreation										
Community Center	1	1	1	1	1	1	1	1	1	1
Parks	8	7	10	10	10	10	10	10	10	10
Park Acreage	81	81	81	136	136	136	136	136	136	136
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	8	8	8	8	8	8	8	9	9	10
Public Works										
Streets (miles)	105.1	112.3	132.0	130.0	121.0	122.4	134.0	134.0	134.0	135.0
Water										
Water Mains (miles)	110.0	110.0	111.0	111.0	125.5	132.7	132.7	137.0	149.5	157.0
Maximum Daily Capacity (million gallons per day)	7.3	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2
Wastewater										
Sanitary Sewers (miles)	93.4	93.4	94.0	94.0	87.7	89.7	90.9	94.0	100.8	103.5
Maximum Daily Capacity (million gallons per day)	1.2	1.2	1.8	1.8	2.7	2.7	2.7	2.7	2.7	2.7
Storm Drainage										
Storm Sewers (miles)	(1)	32.5	34.0	34.0	40.1	40.1	39.9	44.0	49.7	53.0
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 Values and Construction
Last Ten Fiscal Years

Year	Estimated Actual Property Value			Commercial Construction		Residential Construction	
	Commercial	Residential	Total	Number of Units	Value	Number of Units	Value
2007	\$ 47,264,926	\$ 1,629,471,893	\$ 1,676,736,819	11	\$ 26,601,742	249	\$ 59,080,987
2008	54,251,411	1,911,752,066	1,966,003,477	11	9,474,077	168	38,336,671
2009	65,454,367	2,027,025,769	2,092,480,136	4	47,815,240	103	24,684,218
2010	80,565,996	1,983,526,184	2,064,092,180	3	14,093,550	119	25,714,523
2011	84,189,472	2,019,788,333	2,103,977,805	2	1,988,216	108	27,681,427
2012	86,983,585	2,005,135,153	2,092,118,738	5	3,860,578	150	36,498,702
2013	85,420,889	2,037,869,085	2,123,289,974	2	8,414,892	249	63,529,916
2014	91,875,014	2,077,190,454	2,169,065,468	7	14,437,901	291	81,564,843
2015	90,288,387	2,161,739,601	2,252,027,988	4	3,141,720	427	118,590,894
2016	98,895,118	2,666,423,992	2,765,319,110	9	22,880,827	465	123,669,515

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

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Compliance Section

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Water Enterprise Fund Continuing Disclosures:

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

	2012	2013	2014	2015	2016
Gross Revenues					
Charges for services	\$ 7,104,638	\$ 6,393,236	\$ 6,514,590	\$ 7,131,476	\$ 8,278,284
Tap fees	3,212,714	6,001,910	7,244,159	11,027,144	14,374,273
Interest income	62,457	43,001	62,563	69,333	156,900
Other income	58,414	236,059	444,158	(2,000,564)	14,784
Total Gross Revenues	10,438,223	12,674,206	14,265,470	16,227,389	22,824,241
Operation and Maintenance Expenses (1)					
	3,012,737	3,191,385	4,090,660	3,755,288	4,769,246
Net Revenues	<u>\$ 7,425,486</u>	<u>\$ 9,482,821</u>	<u>\$ 10,174,810</u>	<u>\$ 12,472,101</u>	<u>\$ 18,054,995</u>
Combined Maximum Annual Principal and Interest Requirements	\$ 2,745,110	\$ 2,745,110	\$ 2,745,110	\$ 2,745,110	\$ 2,745,110
Pro-Forma Coverage Ratio	2.70x	3.45x	3.710x	4.54x	6.58x
Current year debt service					\$ 2,747,156
Coverage Ratio - current year					6.57x
Minimum required ratio					1.10x

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

History of Water Connection Fees

Year	Residential Taps Sold	Residential Connection Fees	Commercial Taps Sold	Commercial Connection Fees	Total Taps Sold	Total Connection Fees
2012	147	\$ 3,147,149	1	\$ 65,565	148	\$ 3,212,714
2013	248	5,983,209	1	18,701	249	6,001,910
2014	291	6,948,481	5	295,678	296	7,244,159
2015	422	10,823,895	2	203,249	424	11,027,144
2016	462	13,422,405	11	951,868	473	14,374,273

Note - Residential includes irrigation taps.

History of Water Accounts

<u>Year</u>	<u>Residential Accounts</u>	<u>Commercial Accounts</u>	<u>Irrigation Accounts</u>	<u>Total Accounts</u>
2012	6,542	117	106	6,765
2013	6,757	123	110	6,990
2014	6,944	120	131	7,195
2015	7,249	122	121	7,492
2016	7,762	140	141	8,043

Largest Customers of the System

<u>Type of Business</u>	<u>2016 Revenue</u>	<u>% of Total (1)</u>
School District	\$ 203,062	2.45%
Homeowner's Association	184,012	2.22%
The Town	180,294	2.18%
Construction Company	164,661	1.99%
Homeowner's Association	79,411	0.96%
Homeowner's Association	77,656	0.94%
Homeowner's Association	61,815	0.75%
Homeowner's Association	52,198	0.63%
Commercial Business	47,442	0.57%
Homeowner's Association	43,275	0.52%
Total	<u><u>\$ 1,093,826</u></u>	<u><u>13.21%</u></u>

(1) Based on total charges for service of \$8,278,284.

Budget Summary and Comparison - Water Fund

	2015 Final Budget	2015 Actual	2016 Final Budget	2016 Actual
Beginning Working Capital	\$ 11,320,896	\$ 11,320,896	\$ 18,137,616	\$ 18,137,616
Revenues				
Charges for services	6,890,000	7,131,476	7,354,000	8,278,284
Connection fees	10,794,400	11,027,144	12,422,100	14,374,273
Interest income	25,000	69,333	50,000	156,900
Other income	25,000	33,498	6,000	10,383
Total revenues	17,734,400	18,261,451	19,832,100	22,819,840
Total funds available	29,055,296	29,582,347	37,969,716	40,957,456
Operating Expenses				
Administration	2,628,400	2,087,141	2,881,900	2,640,434
Distribution	238,500	242,486	264,900	229,759
Treatment	1,415,300	1,045,109	1,427,800	1,059,906
Meters	161,000	148,723	189,500	170,216
Debt service (1)	17,694,800	17,918,196	4,348,900	4,348,402
Capital outlay	10,814,100	3,395,747	20,460,600	4,287,526
Total operating expenses	32,952,100	24,837,402	29,573,600	12,736,243
Other Financing Sources				
Proceeds from debt issuance (1)	13,176,000	13,410,812	-	-
Proceeds from dispositions of assets	-	-	-	10,000
Total other financing sources	13,176,000	13,410,812	-	10,000
Other changes in working capital	-	(18,141)	-	42,723
Net change in working capital	(2,041,700)	6,816,720	(9,741,500)	10,136,320
Ending Working Capital	\$ 9,279,196	\$ 18,137,616	\$ 8,396,116	\$ 28,273,936

(1) 2015 includes \$13,258,000 for refunding a portion of the 2007A Revenue and 2007B Revenue Refunding Bonds, plus approximately \$229,000 in related issuance costs.

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

	Year Ended December 31,				
	2012	2013	2014	2015	2016
Operating Revenues					
Charges for services	\$ 7,104,638	\$ 6,393,236	\$ 6,514,590	\$ 7,131,476	\$ 8,278,284
Operating Expenses					
Personnel services	1,185,324	1,367,069	1,523,281	1,641,891	1,684,788
Operations and maintenance	1,827,413	1,824,316	2,567,379	2,113,397	3,084,458
Depreciation	2,275,380	2,669,956	2,508,658	2,626,283	2,821,610
Total Operating Expenses	5,288,117	5,861,341	6,599,318	6,381,571	7,590,856
Net Operating Income (Loss)	1,816,521	531,895	(84,728)	749,905	687,428
Nonoperating Revenues (Expenses)					
Interest income	62,457	43,001	62,563	69,333	156,900
Other, net (1)	7,139	236,059	59,060	(2,013,951)	14,784
Interest expense (2)	(2,378,616)	(2,219,004)	(2,389,405)	(2,443,958)	(2,014,864)
Total Nonoperating Expenses, net	(2,309,020)	(1,939,944)	(2,267,782)	(4,388,576)	(1,843,180)
Loss before Contributions	(492,499)	(1,408,049)	(2,352,510)	(3,638,671)	(1,155,752)
Capital contributions (3)	3,263,989	6,001,910	7,629,257	11,040,531	17,246,744
Change in Net Position	2,771,490	4,593,861	5,276,747	7,401,860	16,090,992
Total Net Position - Beginning	100,672,837	102,224,496	106,253,567	111,530,314	118,932,174
Prior Period Adjustments (4) (5) (6)	(1,219,831)	(564,790)	-	-	1,928,486
Total Net Position - Ending	<u>\$ 102,224,496</u>	<u>\$ 106,253,567</u>	<u>\$ 111,530,314</u>	<u>\$ 118,932,174</u>	<u>\$ 136,951,652</u>

(1) 2015 reflects a write-off in the amount of \$2,040,419 representing the book value of a reservoir no longer in use.

(2) Includes debt issuance costs of \$255,113 in 2014 and \$195,510 in 2015.

(3) 2016 reflects \$2,872,471 in developer contributions of infrastructure accepted by the Town in 2016.

(4) In 2012 various prior period adjustments were recorded, primarily related to the carrying value of capital assets and liability for compensated absences.

(5) The 2013 prior period adjustment reflects implementation of GASB 65, resulting in the expensing of certain bond issuance costs that were previously capitalized and amortized over the life of the related debt.

(6) In 2016 a prior period adjustment was made to record developer contributions of infrastructure that should have been reflected in 2015.

Wastewater Enterprise Fund Continuing Disclosures:

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

	2012	2013	2014	2015	2016
Gross Revenues					
Charges for services	\$ 3,535,547	\$ 4,141,562	\$ 4,267,375	\$ 4,143,696	\$ 4,320,614
Tap fees	635,210	1,079,650	1,289,860	2,241,200	2,508,135
Interest income	51,783	35,268	64,116	53,377	88,916
Other	110,352	221,002	206,510	272,444	471,246
Total Gross Revenues	4,332,892	5,477,482	5,827,861	6,710,717	7,388,911
Operation and Maintenance Expenses (1)					
	1,985,483	2,170,910	2,488,132	2,557,448	2,510,334
Net Revenues	<u>\$ 2,347,409</u>	<u>\$ 3,306,572</u>	<u>\$ 3,339,729</u>	<u>\$ 4,153,269</u>	<u>\$ 4,878,577</u>
Combined Maximum Annual Principal and Interest Requirements	\$ 1,377,100	\$ 1,377,100	\$ 1,377,100	\$ 1,377,100	\$ 1,377,100
Pro-Forma Coverage Ratio	1.70x	2.40x	2.43x	3.02x	3.54x
Current year debt service					\$ 1,290,327
Coverage Ratio - current year					3.78x
Minimum required ratio					1.10x

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

History of Wastewater Tap Fees

Year	Residential Taps Sold	Residential Tap Fees	Commercial Taps Sold	Commercial Tap Fees	Total Taps Sold	Total Tap Fees
2012	147	630,920	1	4,290	148	\$ 635,210
2013	248	1,065,350	1	14,300	249	1,079,650
2014	291	1,221,220	5	68,640	296	1,289,860
2015	422	2,192,667	2	48,533	424	2,241,200
2016	460	2,418,000	9	90,135	469	2,508,135

History of Wastewater Accounts

<u>Year</u>	<u>Residential Accounts</u>	<u>Commercial Accounts</u>	<u>Total Accounts</u>	<u>% Change in Accounts</u>
2012	6,390	101	6,491	
2013	6,609	107	6,716	3.5%
2014	6,802	110	6,912	2.9%
2015	7,108	110	7,218	4.4%
2016	7,609	124	7,733	7.1%

History of Operating Revenues by Category

<u>Year</u>	<u>Residential Revenues</u>	<u>Commercial Revenues</u>	<u>Total Revenues</u>	<u>% Change in Revenues</u>
2012	\$ 3,299,970	\$ 235,577	\$ 3,535,547	
2013	3,906,468	235,094	4,141,562	17.1%
2014	4,026,327	241,048	4,267,375	3.0%
2015	3,947,626	196,070	4,143,696	-2.9%
2016	4,096,196	224,418	4,320,614	4.3%

Largest Customers of the System

<u>Type of Business</u>	<u>2016 Revenue</u>	<u>% of Total (1)</u>
Homeowner's Association	\$ 87,125	2.02%
The Town	22,057	0.51%
Homeowner's Association	20,108	0.47%
Homeowner's Association	16,266	0.38%
Retail Business	16,129	0.37%
Homeowner's Association	14,767	0.34%
Homebuilder	10,588	0.25%
Homebuilder	10,452	0.24%
Homeowner's Association	9,684	0.22%
Mobile Home Park	9,290	0.22%
Total	<u>\$ 216,466</u>	<u>5.01%</u>

(1) Based on total charges for service of \$4,320,614.

Budget Summary and Comparison - Wastewater Fund

	2015 Final Budget	2015 Actual	2016 Final Budget	2016 Actual
Beginning Working Capital	\$ 10,357,297	\$ 10,357,297	\$ 12,556,026	\$ 12,556,026
Revenues				
Charges for services	4,140,000	4,143,696	4,254,000	4,320,614
Tap fees	2,140,600	2,241,200	2,556,300	2,508,135
Interest income	20,000	53,377	20,000	88,916
Other income	268,000	272,445	1,300	471,246
Total revenues	6,568,600	6,710,718	6,831,600	7,388,911
Total funds available	16,925,897	17,068,015	19,387,626	19,944,937
Operating Expenses				
Administration	1,235,100	1,150,486	1,336,200	1,228,564
Collection	163,200	139,671	238,900	187,684
Treatment	1,527,900	1,238,766	1,532,100	1,056,714
Debt service (1)	1,538,400	1,535,268	1,778,700	21,998,105
Capital outlay	6,789,000	416,663	4,283,500	369,546
Total operating expenses	11,253,600	4,480,854	9,169,400	24,840,613
Other Financing Sources				
Proceeds from Debt Issuance (1)	-	-	(1,684,500)	18,778,443
Total other financing sources	-	-	(1,684,500)	18,778,443
Other changes in working capital (1)	-	(31,135)	-	2,032,685
Net change in working capital	(4,685,000)	2,198,729	(4,022,300)	3,359,426
Ending Working Capital	<u>\$ 5,672,297</u>	<u>\$ 12,556,026</u>	<u>\$ 8,533,726</u>	<u>\$ 15,915,452</u>

(1) 2016 includes approximately \$18,778,000 for refunding of the 2008A and 2009A Revenue bonds, plus approximately \$234,000 in related issuance costs. The refunding also eliminated the need to maintain a debt service reserve in the amount of \$2,054,000, reflected in the "other changes in working capital" line item.

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

	Year Ended December 31,				
	2012	2013	2014	2015	2016
Operating Revenues					
Charges for services	\$ 3,535,547	\$ 4,141,562	\$ 4,267,375	\$ 4,143,696	\$ 4,320,614
Operating Expenses					
Personnel services	999,070	1,213,708	1,335,957	1,438,353	1,465,748
Operations and maintenance	986,413	957,202	1,152,175	1,119,095	1,044,586
Depreciation	1,541,441	1,543,684	1,546,140	1,447,349	1,418,963
Total Operating Expenses	3,526,924	3,714,594	4,034,272	4,004,797	3,929,297
Net Operating Income	8,623	426,968	233,103	138,899	391,317
Nonoperating Revenues (Expenses)					
Investment income	51,783	35,268	64,116	53,377	88,916
Other, net (1)	1,750	(97)	-	(5,611,491)	9,873
Interest expense (2)	(1,011,369)	(962,246)	(946,136)	(924,719)	(956,740)
Total Nonoperating Expenses, net	(957,836)	(927,075)	(882,020)	(6,482,833)	(857,951)
Loss before Contributions	(949,213)	(500,107)	(648,917)	(6,343,934)	(466,634)
Capital contributions (3)	743,812	1,300,749	1,496,370	2,500,734	3,858,449
Change in Net Position (1)	(205,401)	800,642	847,453	(3,843,200)	3,391,815
Total Net Position - Beginning	39,286,142	40,640,401	41,198,092	42,045,545	38,202,345
Prior Period Adjustments (4)(5)(6)	1,559,660	(242,951)	-	-	2,287,668
Total Net Position - Ending	<u>\$ 40,640,401</u>	<u>\$ 41,198,092</u>	<u>\$ 42,045,545</u>	<u>\$ 38,202,345</u>	<u>\$ 43,881,828</u>

(1) 2015 reflects write-off in the amount of \$5,624,401 representing the net book value of the South Water Reclamation Facility, originally constructed in 1999. This plant was idled in 2011 after construction of the North Water Reclamation Facility. While future possible uses for this facility are ongoing, due to the uncertainties about how this plant will be used, or if it will be used, management decided to write off the remaining book value of the plant.

(2) 2016 includes debt issuance costs of \$234,256.

(3) 2016 reflects \$888,941 in developer contributions of infrastructure accepted by the Town in 2016.

(4) In 2012 various prior period adjustments were recorded, primarily related to the carrying value of capital assets and liability for compensated absences.

(5) The 2013 prior period adjustment reflects implementation of GASB 65, resulting in the expensing of certain bond issuance costs that were previously capitalized and amortized over the life of the related debt.

(6) In 2016 a prior period adjustment was made to record developer contributions of infrastructure that should have been reflected in 2015.

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 2016					
This Information From The Records Of (example - City of _ or County of _): Town of Erie		Prepared By: Steve Felten Phone: 303-926-2751			
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,016,119		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	941,177		
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	-	b. Snow and ice removal			
3. Other local imposts (from page 2)	3,513,252	c. Other	302,157		
4. Miscellaneous local receipts (from page 2)	15,834	d. Total (a. through c.)	302,157		
5. Transfers from toll facilities		4. General administration & miscellaneous	745,014		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety			
a. Bonds - Original Issues		6. Total (1 through 5)	5,004,467		
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	-	a. Interest	45,525		
7. Total (1 through 6)	3,529,086	b. Redemption	330,000		
B. Private Contributions		c. Total (a. + b.)	375,525		
C. Receipts from State government (from page 2)	1,119,572	2. Notes:			
D. Receipts from Federal Government (from page 2)	-	a. Interest			
E. Total receipts (A.7 + B + C + D)	4,648,658	b. Redemption			
		c. Total (a. + b.)	-		
		3. Total (1.c + 2.c)	375,525		
		C. Payments to State for highways			
		D. Payments to toll facilities			
		E. Total disbursements (A.6 + B.3 + C + D)	5,379,992		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)	1,030,000	-	330,000	700,000	
1. Bonds (Refunding Portion)					
B. Notes (Total)				-	
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	3,009,258	4,648,658	5,379,992	2,277,924	-
Notes and Comments:					

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PREVIOUS EDITIONS OBSOLETE

(Next Page)

LOCAL HIGHWAY FINANCE REPORT		STATE:	
		Colorado	
		YEAR ENDING (mm/yy): December 2016	
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	15,834
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,123,140	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	2,390,112	g. Other Misc. Receipts	-
6. Total (1. through 5.)	3,513,252	h. Other	
c. Total (a. + b.)	3,513,252	i. Total (a. through h.)	15,834
	(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	679,610	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	92,281	d. Federal Transit Admin	
d. Other - Road & Bridge Taxes	347,681	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	439,962	g. Total (a. through f.)	-
4. Total (1. + 2. + 3.f)	1,119,572	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			-
b. Engineering Costs			-
c. Construction:			
(1). New Facilities		-	-
(2). Capacity Improvements		1,795,724	1,795,724
(3). System Preservation		1,038,667	1,038,667
(4). System Enhancement & Operation		181,728	181,728
(5). Total Construction (1) + (2) + (3) + (4)	-	3,016,119	3,016,119
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	-	3,016,119	3,016,119
			(Carry forward to page 1)
Notes and Comments:			

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