



TOWN OF ERIE

MEMORANDUM

TO: Board of Trustees
A.J. Krieger, Town Administrator

CC: Town Clerk

FROM: Steve Felten, Finance Director

DATE: December 6, 2016

SUBJECT: 2nd Supplemental Appropriation – 2016 Budget

We are pleased to present the 2016 2nd Supplemental Appropriation to amend the 2016 Budget.

Staff generally presents two supplemental appropriations during the course of a calendar year. The first, typically presented in the May/June timeframe, primarily consists of carryover appropriations that were approved for the prior year budget. The second, usually presented around November or December, includes various adjustments that could not be anticipated when the original budget was prepared.

Accompanying this memo are three schedules: a summary of the proposed revenue and expenditure changes; a detail list of each proposed change; and a summary of changes in fund balance/working capital by fund, reflecting the proposed revised budget. This memorandum and the attached schedules provide information on all significant changes. Changes are split out by new requests, requests previously approved by the Board, and transfers of existing appropriations between budget line items.

Summary of Supplemental Appropriation Changes/Requests:

Revenue Changes:

Total projected revenues are being increased \$21.0 million. Significant increases include \$18.8 million in gross bond proceeds from the wastewater bond refunding, \$813 thousand in irrigation tap fees in the water fund, \$332 thousand in developer payments to the wastewater fund, and \$200 thousand in additional retail sales tax. In addition, there is also a \$331 thousand

transfer to the Trails and Natural Areas Fund from the Parks Improvement Impact Fund to correct the misposting of an open space fee in lieu payment that was recorded in the parks fund in error.

Expenditure Requests:

Total requested expenditure changes reflect an increase of \$21.9 million, primarily the result of the wastewater bond refunding and previously approved capital project requests.

Brief descriptions of significant additional expenditure requests follow.

Operations Expenditure Changes – There are a total of \$237 thousand in net personnel and operations expenditure requests (non-capital, non-debt). The bulk of this increase reflects funds for litigation-related legal fees (General Fund) and an additional payment made pursuant to the Bijou water rights lease (Water Fund).

Capital Outlay Expenditures – Capital expenditure requests total \$648 thousand, all of which have already been approved by the Board. They include funds for the new parking lot next to the ball fields (Parks Improvement Impact Fund) and \$114 thousand for the Coal Creek Trail underpass (Trails & Natural Areas Fund).

Debt Service & Cost of Issuance – Include in the appropriation request is \$20.7 million in the Wastewater Fund for the payment to retire the refunded bonds along with the cost of issuance of the new bonds used to repay the old bonds.

Other Fund Balance/Working Capital Changes:

In addition to revenues and expenditures, other items can effect fund balance or working capital. The most significant change of this type in 2016 was elimination of the debt service reserve as a result of the refunding of wastewater bonds. The elimination of the debt service reserve resulted in an increase of \$2.1 million in the working capital of the Wastewater Fund.

Summary – Fund Balance Rollforward:

The final schedule in the packet presents changes in fund balance or working capital for each fund, reflecting the original 2016 budget as revised. As can be seen from this rollforward, we do not anticipate any negative fund balances as a result of the 2016 2nd Supplemental Appropriation.

Please feel free to contact me with any questions you may have regarding this information.