



**TOWN OF ERIE
MEMORANDUM**

TO: Town Council
Malcolm Fleming, Town Manager

FROM: Sarah Hancock – Director of Finance
Cassie Bethune – Budget & Fiscal Manager

DATE: December 10, 2024

SUBJECT: 3rd Supplemental Appropriation – 2024

We are pleased to present the Town of Erie Town Council with the 3rd Supplemental Appropriation Request to amend the 2024 Town Budget.

The Town of Erie adopted the 2024 Budget on November 14, 2023. Typically, at least twice-yearly staff reviews the Adopted Budget and year-to-date actual revenues and expenditures to determine if changes to the Adopted Budget are required. Based on these reviews, staff proposes supplemental appropriations to update the budget to reflect actual revenues and expenditures of the prior and current year, year-to-date Town Council actions, and projected revenues and expenditures for the remaining fiscal year.

The first, typically presented in April/May timeframe, primarily consists of rollover appropriations that were approved for the prior year budget and new expenditures arising since approval of the original budget. The second, new as of this year, was presented in September and was needed for Fleet procurement orders. The third is presented around December and includes various adjustments and transfers that could not be anticipated when the original budget was prepared, and prepares the Town for year-end closing processes.

Accompanying this memo are various schedules, described below. This memorandum and the attached schedules provide information on all significant changes. Changes are split out by new requests and transfers of existing appropriations between budget line items. Although some data is presented as the total of all funds, each fund is independent of the other funds.

The following schedules are included in this packet:

- Fund Summary
- General Fund – Fund Balance
- Summary of requested changes
- Detail listing of requested changes
- 2024 3rd Supp. Capital Project summary

In addition, at the end of this memorandum you will find a brief explanation of why the Town uses fund accounting and the purposes of the various funds of the Town.

An overview of the major proposed changes to the 2024 budget is discussed below. A report summarizing the proposed changes by fund follows.

Changes in Fund Balances/Working Capital - 2024 Budget							
2024 Budget	Beginning Balance	Revenues	Expenditures	3rd Supp. Requests	Net Increase/Decrease	Restricted	Ending Balance
General Fund - 100	52,998,115	56,850,784	79,987,315	1,505,488	(24,642,019)	(3,328,546)	25,027,550
Grants Fund	181,663	5,037,005	6,257,005	(693,750)	(526,250)		(344,587)
Trails & Natural Areas Fund	4,558,609	3,079,000	5,819,174	139,829	(2,880,003)		1,678,606
Conservation Trust Fund	1,037,563	-	178,224	-	(178,224)		859,339
Cemetery Fund	386,949	-	8,085	-	(8,085)		378,864
Total Special Revenue Funds	6,164,784	8,116,005	12,262,488	(553,921)	(3,592,562)	-	2,572,222
Transportation Impact Fund	26,086,265	6,128,868	18,524,324	352,411	(12,747,867)		13,338,398
Public Facilities Impact Fund	10,456,372	2,615,920	10,482,149	-	(7,866,229)		2,590,143
Parks Improvement Impact Fund	12,170,509	1,650,940	9,403,261	-	(7,752,321)		4,418,188
Police Facilities Impact Fund	786,327	454,100	3,835,100	-	(3,381,000)		(2,594,673)
Tree Impact Fund	1,313,581	201,000	134,000	-	67,000		1,380,581
Storm Drainage Impact Fund	8,235,388	1,111,628	1,440,000	-	(328,372)		7,907,016
Fleet & Equipment Acquisition Fund	1,708,172	1,045,449	3,580,866	105,082	(2,640,499)		(932,327)
Total Capital Funds	60,756,614	13,207,905	47,399,700	457,493	(34,649,288)	-	26,107,326
Water Fund	111,814,902	32,521,916	112,516,951	240,574	(80,235,609)		31,579,293
Wastewater Fund	27,335,225	12,124,000	24,116,400	982,300	(12,974,700)		14,360,525
Storm Drainage Operating Fund	3,267,956	1,959,809	8,532,928	-	(6,573,119)		(3,305,163)
Airport Fund	199,098	1,645,528	2,042,089	(950,000)	553,439		752,537
Total Enterprise Funds	142,617,181	48,251,253	147,208,368	272,874	(99,229,989)	-	43,387,192
Totals	262,536,694	126,425,947	286,857,871	1,681,934	(162,113,858)	(5,787,941)	94,634,895

Revenues Changes:

Significant revenue changes are as follows:

- We have received an additional \$127K in grant funding for various grants, including a WaterSmart grant for the Turf Replacement Program, grant funding

for the E-Cargo Bike Program, and grant funding for the Front Range Waste Diversion grant.

Expenditures Requests:

Significant new expenditure requests are as follows:

Operating Expenditures:

Significant operating requests are as follows:

General Fund:

- \$950K transfer to balance Airport Fund—as mentioned above, most of these expenses are grant-related expenses and will be reimbursed by grant funding, likely in 2025.
- \$125K in Landfill Task Force services.
- \$311K for Affordable Housing operating needs, including items needed at the 765 Cheesman Property and Page Property.

Capital Expenditures:

Significant changes are as follows:

General Fund:

- \$597K in ARPA funding:
 - \$512K for Street Maintenance construction
 - \$85K for Affordable Housing construction at Page Property
- \$200K for Erie Commons/Briggs Pedestrian Light Repairs and Replacement (within the POST Infrastructure project account).

Trails & Natural Areas Fund:

- \$140K appropriation to help fund land acquisition

Transportation Impact Fund:

- \$350K for Nassar DA Amendment for CO 7 and Airport Road Signal and Intersection Improvements

Water Fund:

- \$104K for WaterSmart Turf Replacement Grant (\$69K in grant funding and \$35K Town Match)

Wastewater Fund:

- \$980K for Nassar DA Amendment for Air Park Interceptor (San Sewer)

Conclusion

As a result of the aforementioned, the projected “available fund balance” for Townwide Funds is anticipated to be \$94.6 million, and the “available fund balance” in the General Fund at the end of 2024 is approximately \$25 million.

Fund Accounting:

A key requirement of governmental accounting is to determine and demonstrate compliance with finance-related legal and contractual provisions. To accomplish these goals, governments use fund accounting. A fund is a self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.

For example, the Town has established the Trails and Natural Areas Fund to record receipts of dedicated property taxes for trails and natural areas, open space fees-in-lieu received from developers and investment earnings on unspent funds, among other revenue sources. Expenditures by this fund are for approved purposes such as the purchase of open space, construction of trails, and maintenance of trails and natural areas.

The Town has the following funds, grouped by type of fund:

The ***General Fund*** is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in one of the following funds.

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

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

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.

Impact Fee Funds – Impact fee funds (more accurately referred to as “capital project funds” from a formal accounting standpoint) are primarily used to account for the

acquisition and construction of major capital facilities other than those paid for by the general fund, or the enterprise funds (see below).

Parks Improvement Impact Fund: Accounts for impact fee revenues, fees-in-lieu and reimbursements from developers and grants used to construct and acquire parks and related improvements.

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

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

Transportation Impact Fund: Accounts for impact fee revenues, fees-in-lieu and reimbursements from developers and grants used to construct and acquire transportation system enhancements.

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.

Enterprise Funds - Enterprise funds are used for the Town's ongoing activities which are similar to those found in the private sector. These funds are generally expected to be self-supporting. Among other restrictions, no more than 10% of their revenues can come from state or local governments (including the Town) to support their activities.

Water Fund: Accounts for the acquisition, treatment, and distribution of the Town's water supply. Includes all water-related revenues (tap fees, water resource fees and user fees), along with associated personnel, operating, capital and debt service expenditures.

Wastewater Fund: Accounts for the collection and treatment of wastewater in the Town's wastewater system. Includes all wastewater-related revenues (tap fees and user fees), along with associated personnel, operating, capital and debt service expenditures.

Storm Drainage Operating Fund: Accounts for charges received from system users, used to construct, and maintain the storm drainage system. Includes all storm drainage-related revenues (user fees), along with associated personnel, operating, capital and debt service expenditures. Also includes transfers of impact fees from the Storm Drainage Impact Fund to help construct growth-related capital projects.

Airport Fund: Accounts for airport fees received from the airport management company and airport users, as well as proceeds from federal and state aviation grants (the primary source of revenues for this fund). These revenues are used primarily for airport capital projects.

Internal Service Funds – In 2019 the Town created its first internal service fund – the Fleet and Equipment Acquisition Fund (“Fleet Fund”). Internal service funds are funds that primarily provide services to other parts of the government. The Fleet Fund will be used for the purchase of new and replacement vehicles and heavy equipment, along with an ongoing funding plan to provide for future acquisitions as needed.

Fund Balance/Working Capital – Two other key terms to understand are *fund balance* and *working capital* (in the case of proprietary funds). You will see these terms throughout budget reports (and the monthly board report). These amounts represent the accumulated revenues in excess of expenditures in each fund that are available for appropriation.

(Note: Different terms and definitions are used in the audited financial statements, which in some cases will result in different amounts being reported in the audited financial statements from those presented in budget reports.)

Non-spendable components – are the portion of the fund balance that cannot be spent because of their form. This includes all but not limited to the following: Advance to the Urban Renewal Authority, TABOR Emergency Reserve as required by State statutes, Open Purchase orders, prepaid expenses, etc...

Available Fund Balance – is calculated by subtracting various non-spendable components from the Fund Balance.