



TOWN OF ERIE MEMORANDUM

TO: Town Council
Malcolm Fleming, Town Manager

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

DATE: December 9, 2025

SUBJECT: End-of-Year (4th) Supplemental Appropriation – 2025

We are pleased to present the Town of Erie Town Council with the End-of-Year Supplemental Appropriation Request to amend the 2025 Town Budget.

The Town of Erie adopted the 2025 Budget on November 12, 2024. 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 spring supplemental (generally the first supplemental, but the first supplemental this year was needed for the adoption of water rates), typically presented in April/May timeframe, primarily consists of rollover appropriations that were approved for the prior year budget and new expenditures arising since Council approved the original budget. Staff presented the next supplemental in September and was needed for Fleet procurement orders. The final supplemental is presented around December and includes various adjustments and transfers that could not be anticipated when the original budget was adopted 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
- 2025 End-of-Year 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 2025 budget is discussed below. A report summarizing the proposed changes by fund follows.

Changes in Fund Balances/Working Capital - 2025 Budget							
2025 Budget	Beginning Balance	Revenues - Adopted	Expenditures - Adopted	EOY Supp. Requests	Net Increase/Decrease	Restricted	Ending Balance
General Fund - 100	30,194,191	63,979,448	73,948,829	1,372,728	(11,342,109)	(3,328,546)	15,523,536
Capital Improvement Fund - 110	27,000,000	6,500,000	20,930,628	(249,452)	(14,181,176)	-	12,818,824
Grants Fund*	279,286	4,092,808	4,125,566	130,149	(162,907)	-	116,379
Trails & Natural Areas Fund	4,547,211	3,079,000	4,712,075	478,100	(2,111,175)	-	2,436,036
Conservation Trust Fund	1,313,679	350,000	358,000	-	(8,000)	-	1,305,679
Cemetery Fund	449,878	-	-	-	-	-	449,878
Total Special Revenue Funds	6,590,054	7,521,808	9,195,641	608,249	(2,282,082)	-	4,307,972
Transportation Impact Fund	30,130,924	4,336,740	15,526,133	856,340	(12,045,733)	-	18,085,191
Public Facilities Impact Fund	6,938,133	2,615,920	7,348,214	-	(4,732,294)	-	2,205,839
Parks Improvement Impact Fund	15,055,677	1,650,940	9,174,069	-	(7,523,129)	-	7,532,548
Police Facilities Impact Fund*	1,306,264	454,100	39,266,850	-	(38,812,750)	-	(37,506,486)
Tree Impact Fund	1,620,151	201,000	219,000	-	(18,000)	-	1,602,151
Storm Drainage Impact Fund	10,082,415	1,124,180	4,376,500	-	(3,252,320)	-	6,830,095
Fleet & Equipment Acquisition Fund	551,828	4,120,865	4,490,249	(102,850)	(266,534)	-	285,294
Total Capital Funds	65,685,392	14,503,745	80,401,015	753,490	(66,650,760)	-	(965,368)
Water Fund	134,715,928	39,549,310	145,965,052	(805,482)	(105,610,260)	-	29,105,668
Wastewater Fund	37,533,661	12,124,000	25,021,497	(5,000)	(12,892,497)	-	24,641,164
Storm Drainage Operating Fund*	2,493,022	2,068,163	12,385,690	-	(10,317,527)	-	(7,824,505)
Airport Fund	276,119	498,140	667,779	-	(169,639)	-	106,480
Total Enterprise Funds	175,018,730	54,239,613	184,040,018	(810,482)	(128,989,923)	-	46,028,807
Totals (for memorandum purposes only)	304,488,367	146,744,614	368,516,131	1,674,533	(223,446,050)	(3,328,546)	77,713,771

Please note on the fund summary that the Police Facilities Impact Fund shows the full appropriation for the construction of the expansion of the public safety building. Certificates of Participation (COPs) were not issued in 2025, therefore the remaining budget for 2025 will drop to 0 at the end of 2025 and the 2026 budget will re-appropriate funds with the anticipated COPs as a revenue source. There will not be a negative fund balance.

Similarly, the Storm Drainage Operating Fund has multiple projects budgeted that are planned to be funded by a combination of grants and revenue bonds that were not issued in 2025; therefore, these funds will not be spent and will be reappropriated in 2026 with appropriate funding keeping the fund balance positive.

Please note the Grants fund beginning fund balance includes the deferred inflows that were not received in 2024. While these funds were received in 2025, we decided to show them in the beginning balance, so the total revenues shown on the fund summary above matches the budget.

Revenues Changes:

Significant revenue changes are as follows:

- We have received an additional \$1.9M in grant funding for various grants, including two grants relating to Schofield Farms and an RTD Partnership Grant for the Erie Bee.
- We have also received about \$600k in insurance proceeds with about 90% of that still coming from repairs due to the 2023 hailstorm.

Expenditures Requests:

Significant new expenditure requests are as follows:

Operating Expenditures:

Significant operating requests are as follows:

General Fund:

- \$350K to pay the City of Lafayette for King Sooper's sales tax—this was originally budgeted in the URA in error, so this moves the expense to General Fund.
- \$285K for legal services.
- \$515K for insurance various claims.

Capital Expenditures:

Significant changes are as follows:

General Fund:

- \$90K for Prince Lake Tributary Vegetation Management
- \$100K for Mine Mitigation

Grants Fund:

- \$1.4M in grant funding for Schofield Farm, including \$250K for Schofield Barn Restoration

Trails & Natural Areas Fund:

- \$478K appropriation to fund the Wildrose open space land acquisition

Transportation Impact Fund:

- \$856K for the Mountain View Fire Signal Reimbursement

Water Fund:

- \$50K for AC Line Replacement in Air Park (Nassar) as a result of unlicensed landfill discovery
- \$105K for WaterSmart Turf Replacement Grant (\$69K in grant funding and \$36K Town Match)
- \$891K reduction to Water Treatment Plant Lab and Admin Expansion due to change in scope

Wastewater Fund:

- \$150K for Airport Dr San Sewer Reimbursement (Nassar) as a result of unlicensed landfill discovery
- \$200K reduction to SCADA System Upgrade; no longer needed with completion of expansion

Conclusion

As a result of the aforementioned, the projected “available fund balance” for Townwide Funds is anticipated to be \$77.7 million, and the “available fund balance” in the General Fund at the end of 2025 is approximately \$15.5 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:

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.

The **Capital Improvement Fund** is a fund created to account for capital projects and expenditures that had previously been allocated to the General Fund. Appropriations from the Capital Improvement Fund shall only be used for capital improvements, equipment replacement, maintenance needs, or for the repayment of bonds issued for such purposes. After making appropriations for all other General Fund purposes, the Year End Fund Balance exceeding 25% shall be transferred to the Capital Improvement Fund.

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

Grants Fund: Accounts for all general governmental grants (excluding those for the enterprise funds).

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.

Capital Funds – we use various capital funds to account for the acquisition and construction of major capital facilities that are growth-related and funded by impact fees (Impact Funds) and those that are not growth-related and funded primarily by the general fund.

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 like 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 more than 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.)