

2021 Budget Overview (including 2020 Supplemental Appropriations)

Included in this packet is the requested 2021 budget for all funds. The packet includes summary schedules for each fund, including by department and division, with supporting detail line item budgets also included. Actual results for 2019 are presented along with the 2020 Budget as amended (including the 2nd Supplemental Appropriation request) and the 2021 proposed budget.

A discussion of changes made in the 2020 2nd supplemental and 2021 requests is also provided in this memorandum.

Fund Recap

The following table provides a summary of beginning and ending fund balance/working capital by fund and changes therein. Totals are for presentation purposes only as each fund must stand on its own. Comments on individual funds follow.

Changes in Fund Balances/Working Capital - 2021 Budget						
	Beginning Balance	Revenues	Expenditures	Net Increase/Decrease	Other Changes	Ending Balance
General Fund	\$ 23,601,545	\$ 32,972,900	\$ 32,957,700	\$ 15,200	\$ (247,400)	\$ 23,369,345
Trails & Natural Areas Fund	850,140	1,953,000	979,800	973,200	-	1,823,340
Conservation Trust Fund	578,289	230,000	299,400	(69,400)	-	508,889
Cemetery Fund	254,823	28,000	-	28,000	-	282,823
Total special revenue funds	1,683,252	2,211,000	1,279,200	931,800	-	2,615,052
Transportation Impact Fund	8,675,061	6,498,200	8,480,000	(1,981,800)	-	6,693,261
Public Facilities Impact Fund	4,606,455	1,387,700	-	1,387,700	-	5,994,155
Parks Improvement Impact Fund	9,196,139	3,506,400	7,234,500	(3,728,100)	-	5,468,039
Tree Impact Fund	697,688	187,000	264,300	(77,300)	-	620,388
Storm Drainage Impact Fund	4,105,333	990,400	-	990,400	-	5,095,733
Fleet & Equipment Acquisition Fund	383,300	717,400	1,048,300	(330,900)	-	52,400
Total capital funds	27,663,976	13,287,100	17,027,100	(3,740,000)	-	23,923,976
Water Fund	36,961,531	26,035,400	34,786,000	(8,750,600)	-	28,210,931
Wastewater Fund	3,590,395	10,532,800	10,452,500	80,300	-	3,670,695
Storm Drainage Operating Fund	2,020,261	1,750,000	1,331,000	419,000	-	2,439,261
Airport Fund	124,981	234,500	240,600	(6,100)	-	118,881
Total enterprise funds	42,697,168	38,552,700	46,810,100	(8,257,400)	-	34,439,768
Totals (for memorandum purposes only)	\$ 95,645,941	\$ 87,023,700	\$ 98,074,100	\$ (11,050,400)	\$ (247,400)	\$ 84,348,141

Projecting even a few months ahead in the current economic environment is difficult at best, and projecting out through the end of next year is even more challenging. Staff is assuming a slow recovery in 2021. While permit activity is down considerably from recent years, we still expect 350 single-family permits will be issued in 2020 and 450 in 2021, and developer interest remains very strong. Site development at Nine Mile has begun, and construction of the new Lowe's will begin soon (with construction of the apartments at Nine Mile expected to start in 2021).

The Town has also been lucky in that its sales tax revenues have remained strong, actually increasing over 2019 levels due in part to strong internet sales and an increase in sales tax collected from vendors outside of Erie selling goods to Erie residents, the result of a change in State law in 2019. However, should the economy not recover as expected staff will respond as it did in the spring and will make appropriate changes to its budget to ensure fiscal soundness.

The General Fund:

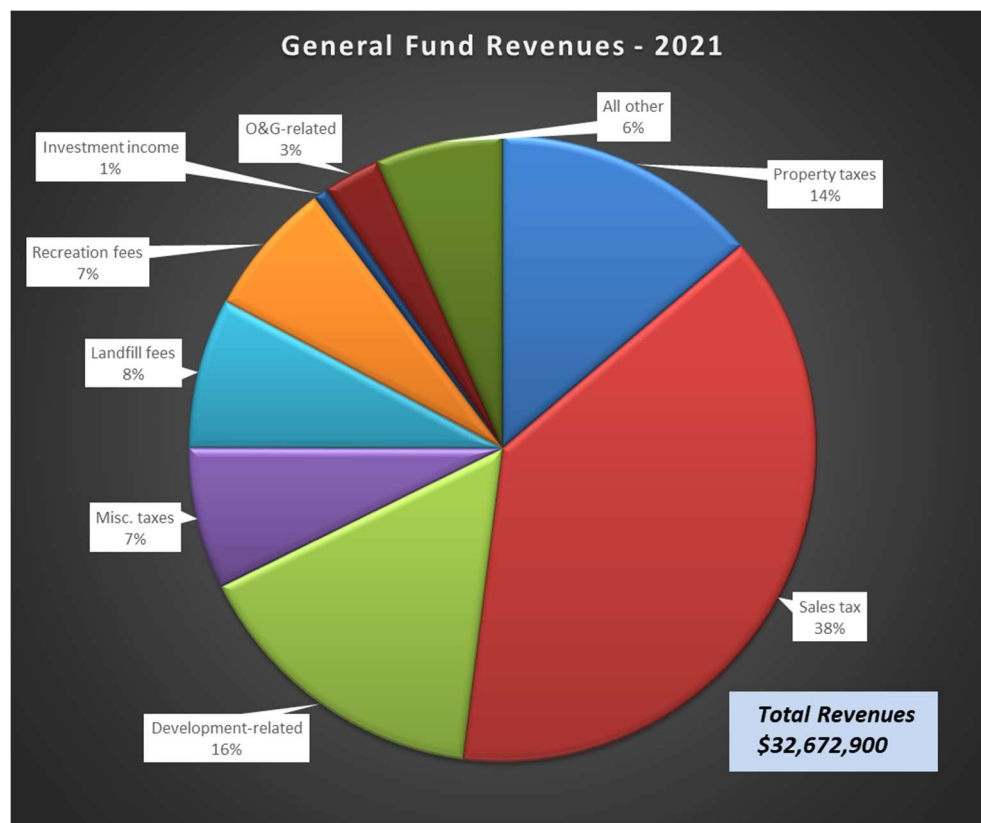
General Fund - 2021 Budget									
	Total	Legislation	Town Admin. (1)	Planning & Dev. Serv.	Parks & Recreation	Public Safety	Public Works	Central Charges	
Taxes - sales - retail	\$ 10,000,000								
Taxes - sales - vehicle	2,500,000								
Taxes - property	5,011,200								
Taxes - use	2,950,500								
Taxes - intergovernmental	1,248,000								
Taxes - other	1,300,000								
Taxes - total	23,009,700								
Recreation fees	2,289,600								
Landfill fees	2,530,000								
Permits & related fees	2,512,500								
All other revenue	2,331,100								
Revenues - total	32,672,900								
Transfers from other funds	300,000								
Revenues and transfers - total	32,972,900								
Expenditures - personnel	15,606,200	\$ 48,500	\$ 2,086,100	\$ 1,820,300	\$ 5,088,900	\$ 5,576,600	\$ 985,800	\$ -	
Expenditures - operations	9,471,600	161,700	1,951,500	949,500	2,514,000	1,072,200	2,386,600	436,100	
Expenditures - capital	6,390,700	-	-	47,500	903,200	18,000	5,322,000	100,000	
Expenditures - debt service	1,489,200	-	-	-	-	-	-	1,489,200	
Expenditures - total	32,957,700	210,200	4,037,600	2,817,300	8,506,100	6,666,800	8,694,400	2,025,300	
Transfers to other funds	-	-	-	-	-	-	-	-	
Expenditures and transfers - total	32,957,700	\$ 210,200	\$ 4,037,600	\$ 2,817,300	\$ 8,506,100	\$ 6,666,800	\$ 8,694,400	\$ 2,025,300	
Revenues over/(under) expenditures	15,200								
Nonspendable fund balance - change	(247,400)	(Total nonspendable - \$5.8 million. URA advance - \$2.7 million; restricted to specific transportation projects - \$1.6 million; TABOR reserve - \$1.2 million; Other - \$0.3 million)							
Change in fund balance	(232,200)								
Fund balance - beginning (projected)	23,601,545								
Fund balance - ending (2)	\$ 23,369,345								

(1) Includes Town Administrator's office, Legal, Economic Development, Finance, Human Resources, Information Technology and Town Clerk.
(2) "Available" fund balance

The General Fund 2021 budget reflects a surplus of \$15 thousand, compared to a 2020 projected deficit of \$655 thousand (due to the pandemic). A discussion of revenues and expenditures follows.

Revenues:

General Fund revenues (before transfers in from other funds) for 2021 total \$32.7 million, up \$3.4 million, or 12%, compared to 2020, reflecting an assumed modest recovery from the pandemic. The relative amounts by revenue source can be seen in the following graph:



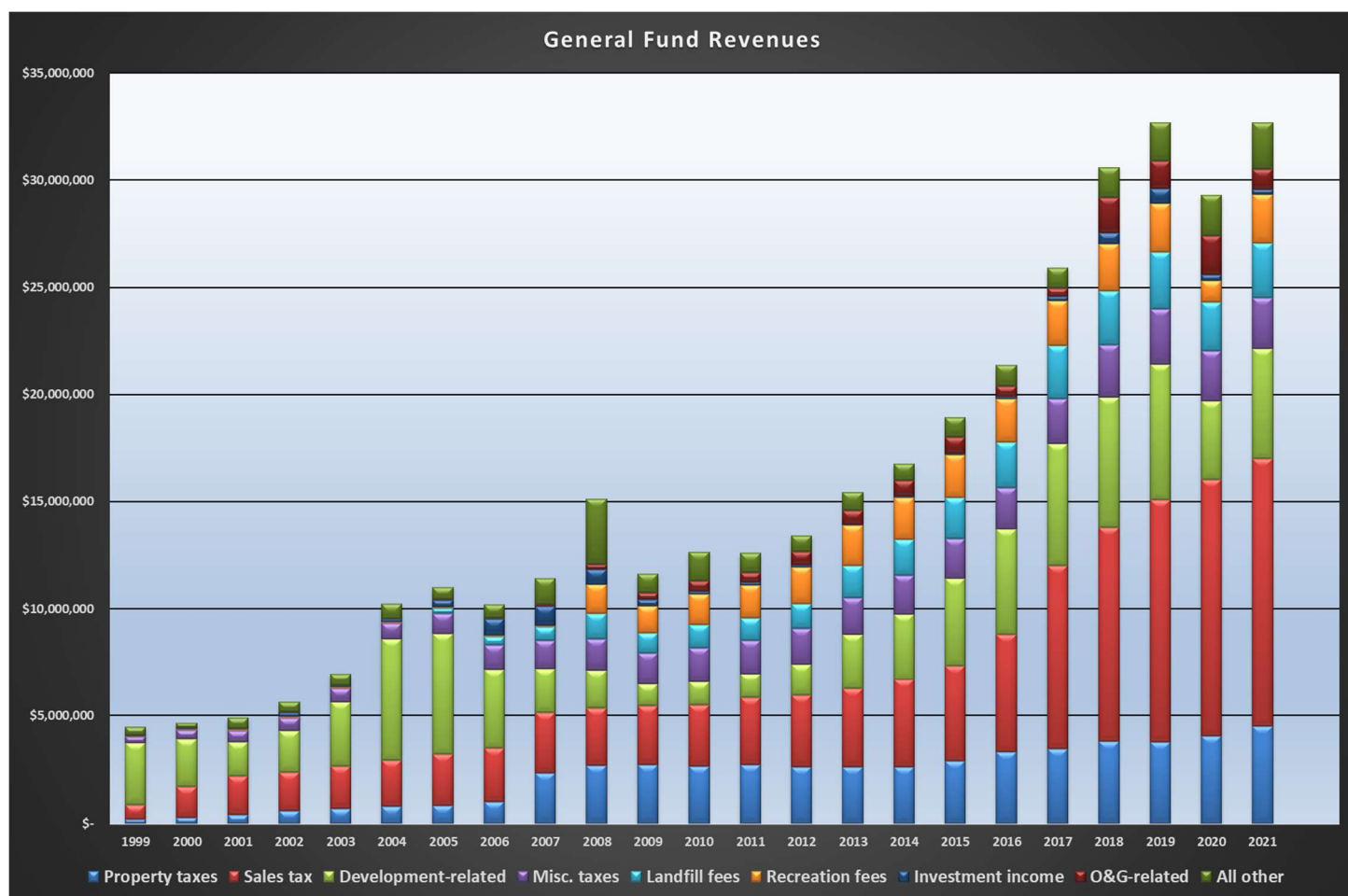
As can be seen from the graph above, taxes - sales, property and miscellaneous taxes - account for 59% of fund revenues. (Note: Property taxes as reflected in the various charts do not include property taxes related to oil and gas activities, which are reflected in “O&G-related” revenues and discussed below.) The next biggest category of revenues is development-related revenues at 16% of revenues.

Sales tax includes both retail sales tax and sales tax arising from vehicles purchased by Erie residents. While sales tax arising from vehicle purchases are projected to decrease \$435 thousand, or 16%, to \$2.3 million in 2020, retail sales tax is projected to increase \$1.1 million, or 13%, to \$9.7 million. The strength in retail sales tax is due primarily to strong internet sales and increased collections from merchants located outside selling goods (especially home improvement related) to Erie residents. Retail sales tax are budgeted to increase \$300 thousand, or 3%, to \$10.0 million in 2021, with vehicle sales tax expected to partially rebound, increasing \$250 thousand, or 11%, to \$2.5 million.

As one would expect in a town growing as fast as Erie, development-related revenues can be rather volatile. The key driver to this revenue stream is the number of residential permits issued and

anticipated commercial development. In 2021 staff is projecting 450 single-family/townhome permits and permits for 150 multi-family units at Nine Mile, a significant increase from the 350 single-family permits projected for 2020. Total development-related revenue is projected to increase 40% to \$5.1 million in 2021, compared to \$3.7 million in 2020. A resurgence in the COVID infection rate that results in additional business shutdowns would require modifications to these projections. As indicated above, staff will closely monitor the national and local economy in coming months, making changes to revenue assumptions and expenditures as appropriate.

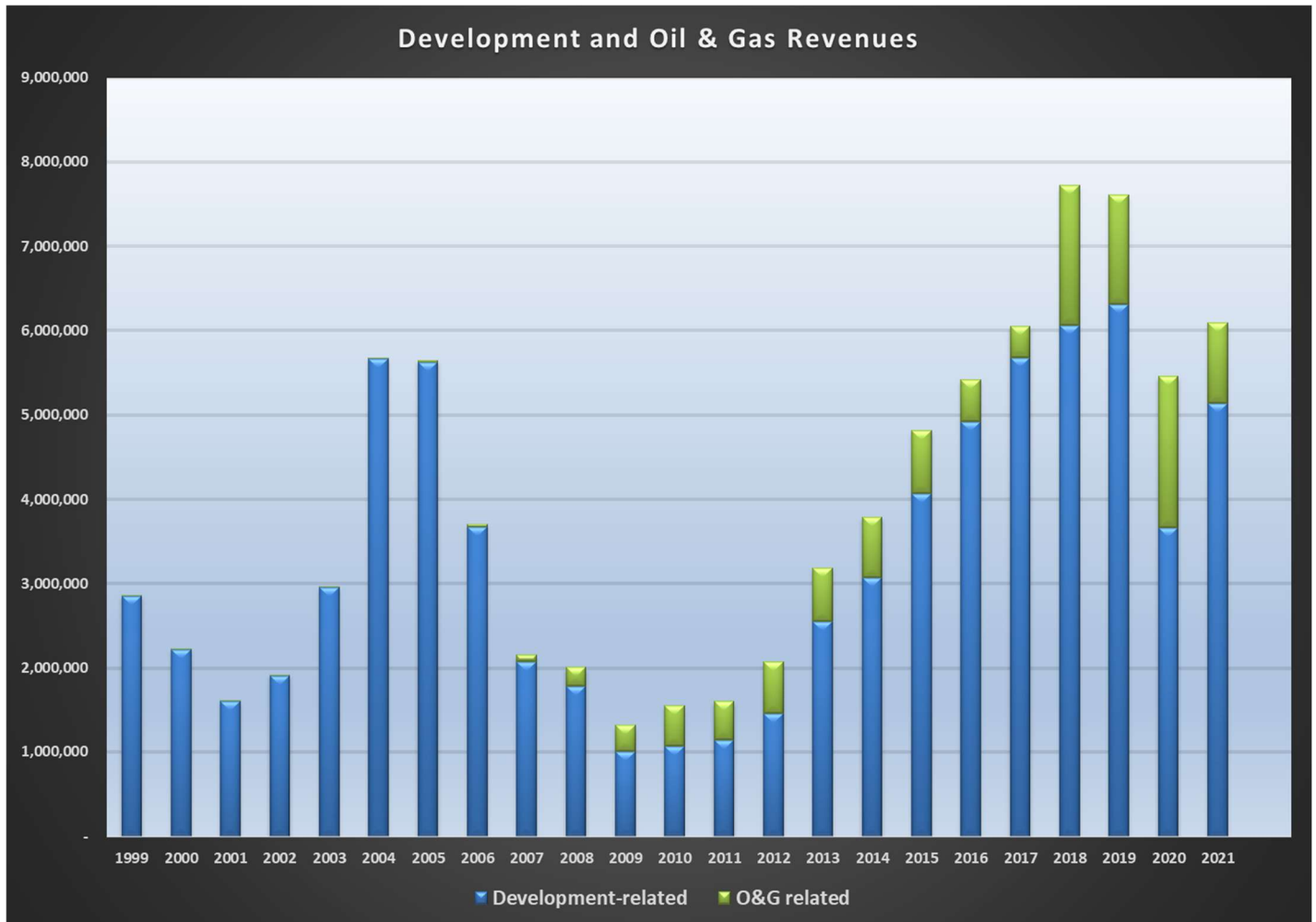
Perhaps more helpful in gaining an understanding of revenues would be a look at how fund revenues by category have trended over time, as depicted in the following chart.



Sales tax has shown consistent growth throughout the last 20+ years, with particularly strong growth since 2017 with the opening of King Soopers and other stores, even during the pandemic. Property taxes have also shown steady growth, reflecting additional construction and increased valuations.

But what can't be readily seen from the above chart is the volatility of some revenue streams. The chart on the following page shows trends for two sources of revenues – development-related (use

taxes, permits and related fees), and – in recent years - oil and gas related revenues (property taxes, severance taxes, royalties and crossing fees).



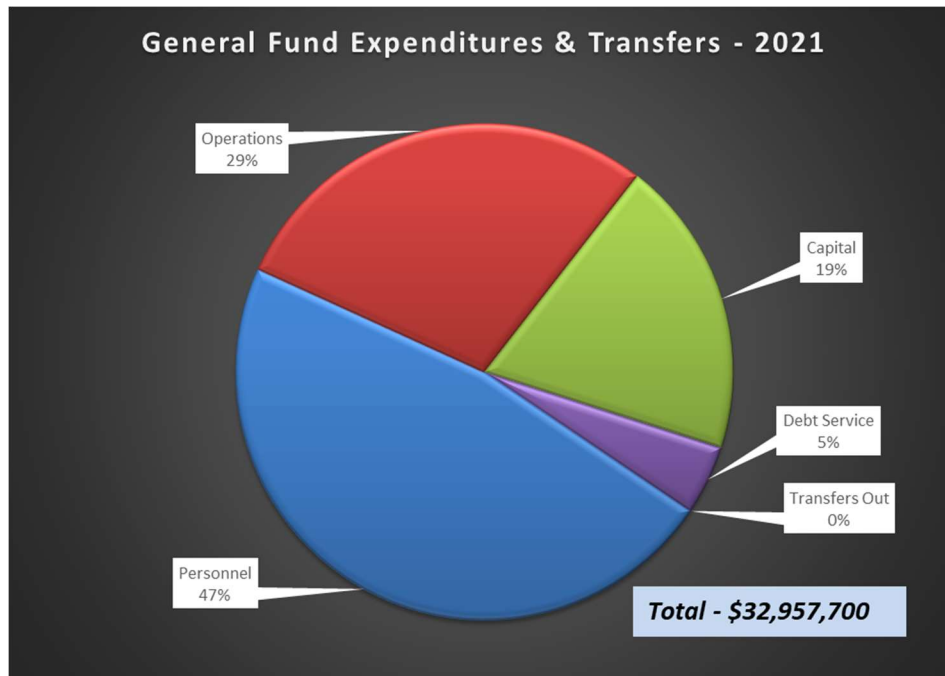
As noted above, staff is assuming 600 single-family and multi-family dwelling units (of which 150 are multi-family) will be permitted in 2021, up from 350 single-family permits in 2020 (with no multi-family in 2020). But even at these relatively high levels of construction they are well below the peak of 909 single-family permits issued in 2004. This contrasts to only 103 permits issued in 2009. Over the above timeframe, development-related revenues have ranged from a low of 8% of total General Fund revenues to a high of 64%, averaging 18% over the last 10 years. While this relative level of development revenue in recent years reflects a diversification in sources of revenue within the General Fund, the fund is still very dependent on this revenue stream. Development revenue in 2020 declined \$2.6 million, or 42%, in 2020 as a result of the pandemic, forcing delays in several planned capital projects. While the 2021 budget reflects \$5.1 million in development-related revenue, that is \$1.2 million, or 19%, below the peak revenue year of 2019.

A second source of volatile revenue are revenues related to oil and gas activities. At 3% of total fund revenues it's a relatively small piece, but that represents a decrease of \$836 thousand, or 47%, to \$961

thousand compared to \$1.8 million in 2020. This drop is due to the normal decline in production from wells that began producing in 2018.

Expenditures & Transfers to Other Funds:

The following chart indicates the relative components of General Fund expenditures and transfers to other funds:



The following table provides a comparison of these components over the last three years:

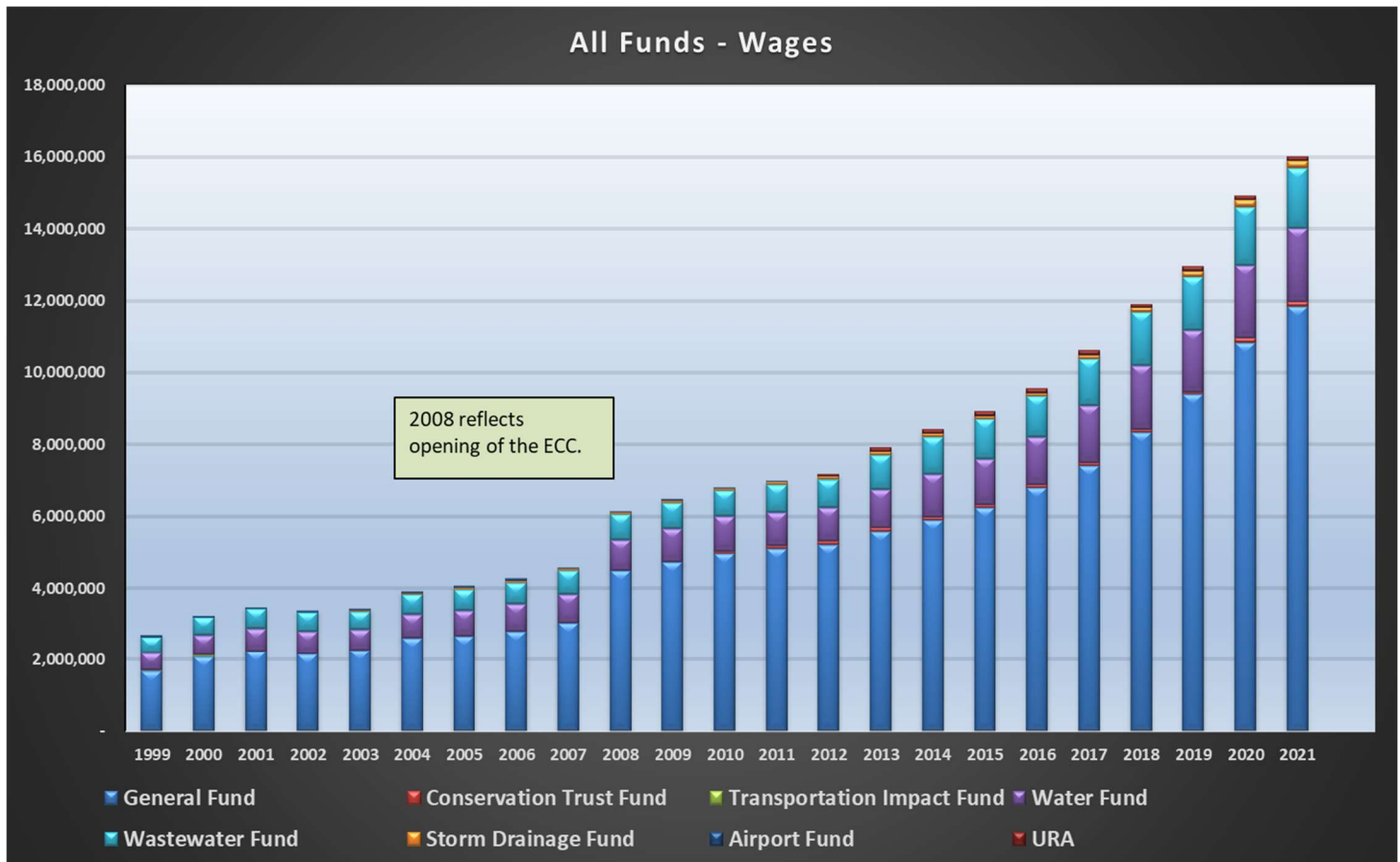
General Fund Expenditures & Transfers - 2019-2021					
	Actual 2019	Budget 2020	Budget 2021	\$ Change 2020 - 2021	% Change 2020 - 2021
Personnel	\$ 12,366,350	\$ 13,888,600	\$ 15,606,200	\$ 1,717,600	12%
Operations	8,921,432	9,186,100	9,471,600	285,500	3%
Capital	3,231,881	5,995,700	6,390,700	395,000	7%
Debt service	1,495,947	1,493,500	1,489,200	(4,300)	0%
Total expenditures	26,015,610	30,563,900	32,957,700	2,393,800	8%
Transfers to other funds	4,265,000	-	-	-	nm
Total expenditures & transfers to other funds	\$ 30,280,610	\$ 30,563,900	\$ 32,957,700	\$ 2,393,800	8%

Personnel Expenditures:

Personnel expense represents 47% of 2021 General Fund expenditures. As indicated in the table above, personnel expense is projected to be \$15.6 million, an increase of \$1.7 million, or 12%. Across

all funds, personnel expense is projected to be \$21.1 million, an increase of \$1.8 million, or 10%. The following discussion will focus on personnel expense for all funds, although the discussion would generally be applicable to the General Fund as well.

Following is a graph of wages (including overtime) for all funds. Wages have grown from \$6.1 million in 2008 (when the community center opened) to \$16.0 million in 2021, a compounded rate of approximately 7.7%. This increase is approximately in line with the growth in the Town's population plus the impact of inflation.



However, the rate of growth has increased in recent years. The Board has approved the addition of 31 positions from 2018-2020 (Public Safety – 16, Parks & Recreation – 6, Planning & Development Services – 3, Public Works – 2, and 1 position in each of Town Administration, Human Resources, Information Technology and Economic Development. These additions were necessary to support the explosive growth in both population and development activity in recent years.

An additional 4 positions are requested in the 2021 budget, as follows:

- Town Administration – Two positions are requested. The first is a Communications and Community Engagement Director. One of the 2020 Board of Trustee's priorities is to have an "Engaged and Diverse Community". With the growth of the Town and the community

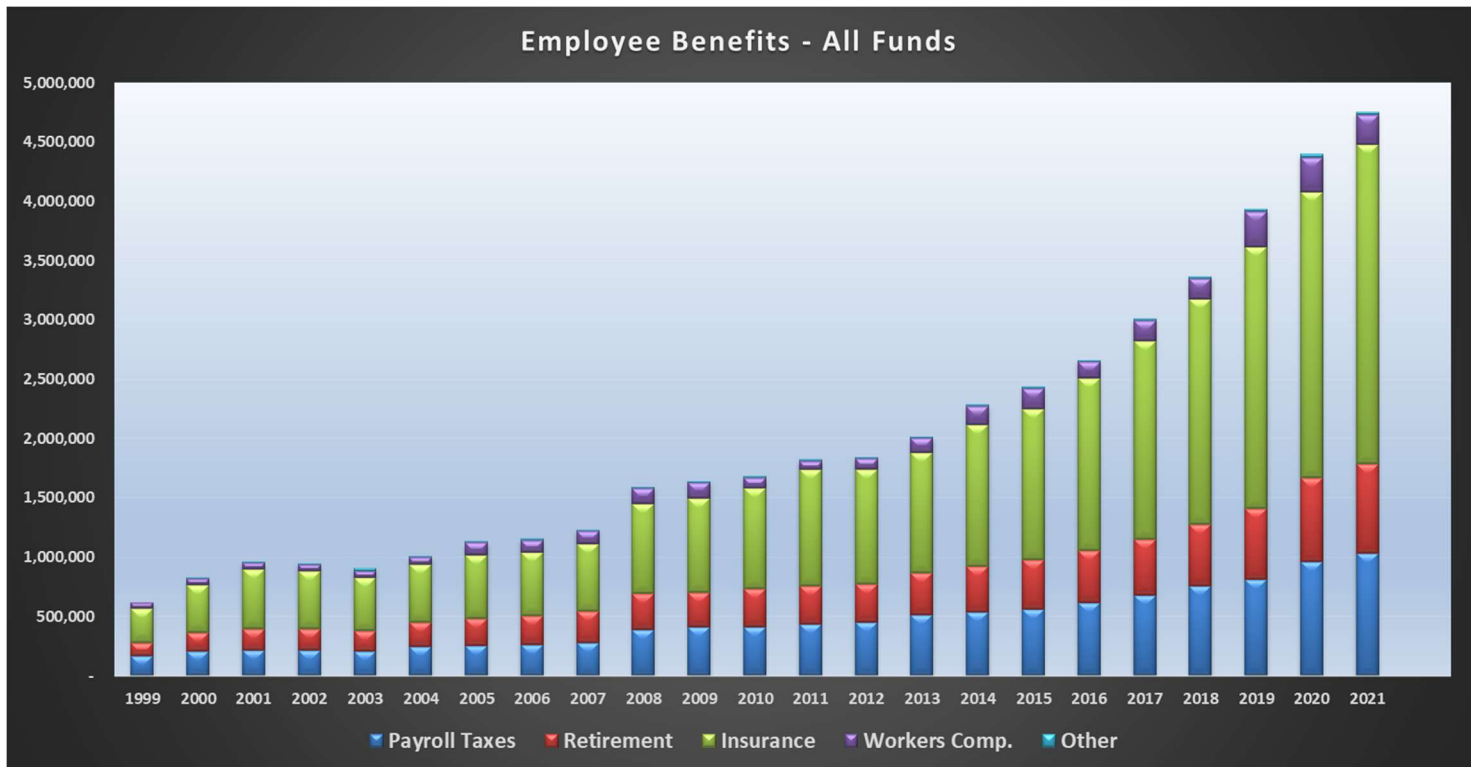
input/engagement our Trustees desire, it is necessary to add an additional staff person to the Communication and Marketing Division. By adding a director this position will provide the experience and expertise necessary to effectively grow the division and increase the current level of communication.

The second requested position is that of an Administrative Specialist. This position would be responsible for general administrative duties of the Town Clerk's office, day-to-day records management in the Laserfiche system and provide administrative support/training/organization for the Town's appointed advisory boards. The Town Clerk's Office has operated at a staffing level of 2 for many years, while the Town has continued to grow. With this growth the management of Town records has become an overwhelming task for this small division and additional support is needed to ensure compliance with Colorado Municipal Records Retention Requirements. Additionally, in 2020 the Board of Trustees has requested a minimum of two new advisory boards in addition to the current six boards. As a result, additional staff is necessary to adequately recruit, train and support all the advisory boards.

- Planning & Development – A new Civil Engineer position is requested. This position will have a focus on traffic and transportation engineering. Town staff currently utilizes Public Works Operations & Maintenance staff, capital project consultants, and development review consultants to provide traffic/transportation planning and engineer comments for the Town. With the Town continuously growing and with the increased amount of transportation capital projects, new developments, and specific concerns from residents coming in regularly, the Town would greatly benefit by having an additional staff member with this specific expertise to assist with project reviews, traffic calming and safety concerns, pavement management, and long-range project planning. This position would not preclude the Town from seeking outside consultation or engineering services if considered appropriate, but it gives staff the in-house expertise to make comprehensive decisions for the Town based on internal or external recommendations.
- Parks & Recreation – One new position is requested – a Horticultural Technician. Several years ago the Parks Division had a dedicated Horticulturalist on staff. This knowledgeable individual was promoted to a new position and the Horticulturalist position was never back-filled. Under the direction of the Town Forester, this position will perform the planting and transplanting of woody plants including site preparation, installation, backfilling, staking, pruning, watering, and mulching; prepares and maintains annual and perennial landscape beds; waters and fertilizes new and established plant material; diagnoses and treats insect and disease problems; applies herbicides and pesticides in accordance with prescribed guidelines; performs vegetation related consultation services to Town residents; and assists the Forestry Technician with forestry operations.

A schedule summarizing the financial impact by fund and department resulting from the addition of these positions is included as part of this packet.

The other major component of personnel expense is benefits. Following is a graph showing trends:



The compounded growth rate since 2008 is approximately 8.8%, a bit higher than the 7.7% growth rate in wages. This disparity is due to the more rapid increase in health care costs.

Operating Expenditures:

Operating expenditures are increasing \$296 thousand, or 3.0%, compared to 2020. Significant requests/changes are as follows:

- Comprehensive Plan Update - \$400 thousand
- Public Works - \$323 thousand increase in operating expenditures (excluding COVID-related expenditures in 2020), with the largest increases related to street maintenance.
- Police Dispatching Services - \$191 thousand increase in these services provided by Boulder County. The previous annual amount of around \$100,000 per year was established 5 years ago. The increase is due to growth in Erie's population and the number of 911 calls.
- Reimbursed Engineering Services - \$105 thousand increase. This increase primarily represents a change in the accounting of these expenditures reimbursed by developers. A portion of these amounts were charged to other funds in 2020. These expenditures are fully offset by revenues.

- Recreation Program Operations Expenses - \$122 thousand increase as activities curtailed in 2020 due to the pandemic are projected to return to more normal levels in 2021.

Partially offsetting the above items were the following:

- COVID-related expenses in 2020 - \$834 thousand across numerous line items, with the largest being business support grants of \$380 thousand. These expenditures are expected to be funded with CARES Act funds.
- Economic Development Consulting fees - \$219 thousand decrease due to completion of various projects (e.g., Town Center).

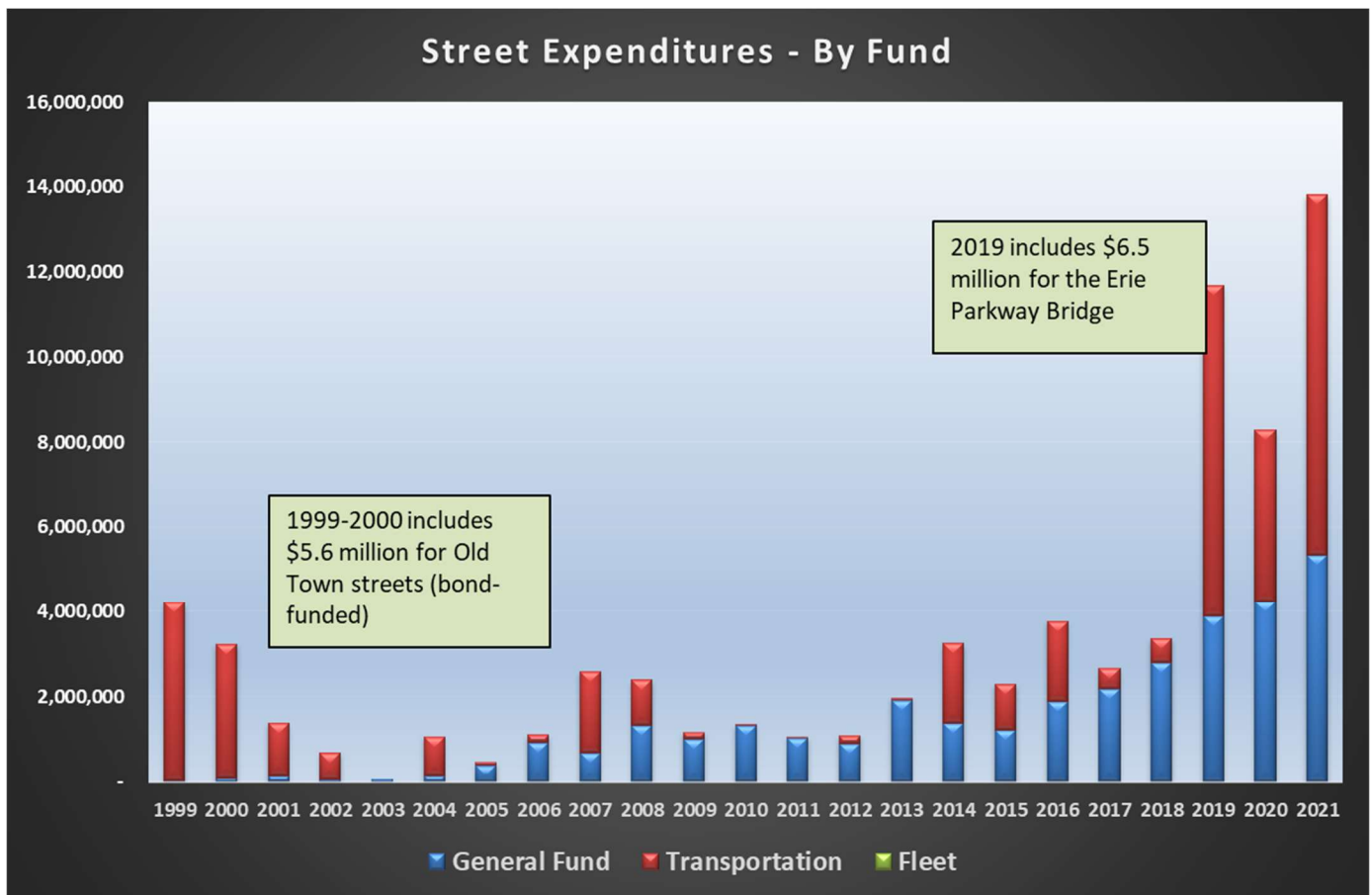
Capital Expenditures:

Capital expenditures requests of \$6.4 million reflect an increase of \$395 thousand, or 7%, compared to 2020. A detailed list of capital requests is included as part of this packet, but major request/changes are as follows:

- Street-related capital projects - \$4.4 million in street projects, an increase of \$945 thousand compared to 2020, representing 69% of total General Fund capital expenditures. See also the discussion below.
- Parks & Recreation requests - \$903 thousand, reflecting a \$40 thousand increase from 2020. Major 2021 projects include Longs Peak Park irrigation upgrades (\$276 thousand) and playground equipment replacements (\$135 thousand).

Maintenance of Town streets is a priority of the Board, staff and of Erie's residents. Town expenditures on street-related activities are provided by three funds – the General Fund, the Transportation Impact Fund, and the Fleet & Equipment Acquisition Fund. The General Fund's focus is primarily on existing streets, while the Transportation Impact Fund is on growth-related projects. The Fleet fund is used as a financing vehicle for acquisition of heavy equipment and other vehicles used in the maintenance of streets (among other areas).

The graph on the following page presents expenditures by these three funds, with the blue portion of the vertical bars reflecting the General Fund portion. Expenditures to maintain existing streets have increased significantly over the last 5 years – from \$1.9 million in 2016 to \$5.3 million in 2021. Staff will continue to look for funding sources to expand street maintenance activities, and has also undertaken a project to address long-term funding needs and possible solutions related to streets.



Transfers to Other Funds:

The only planned interfund transfer is a \$300 thousand transfer from the Trails and Natural Areas Fund to the General Fund to support trail and open space maintenance. There is no transfer from the General Fund to the Fleet and Equipment Acquisition Fund budgeted, although a transfer of at least \$250 thousand will be required in 2022 to provide funding for current and requested lease commitments.

Conclusion

As a result of the foregoing, the portion of the General Fund fund balance that is available for appropriation will decrease from 102% of fund personnel and operating expenditures (excludes capital and debt service expenditures) to 93% at the end of 2021. In dollar terms spendable fund balance will decrease slightly from \$23.6 million projected at 12/31/20 to \$23.4 million at the end of 2021. This is a very strong level of fund balance relative to the Town's peers. However, due to the volatility of some of the Town's revenue streams as discussed above, special care should be given to decisions committing a significant portion of the Town's fund balance until a more stable revenue base is in place.

Enterprise Funds:

Enterprise Funds - 2021 Budget					
	Water	Wastewater	Storm Drainage	Airport	Total
Revenues - tap fees & related	\$ 14,476,900	\$ 4,232,000	\$ -	\$ -	\$ 18,708,900
Revenues - user fees	10,918,000	6,053,000	1,668,000	5,500	18,644,500
Revenues - other <i>(inc.'s debt proceeds & transfers in)</i>	640,500	247,800	82,000	229,000	1,199,300
Revenues - total	26,035,400	10,532,800	1,750,000	234,500	38,552,700
Expenditures - personnel	2,681,300	2,179,100	250,600	8,900	5,119,900
Expenditures - operations	3,715,800	1,417,900	222,500	38,000	5,394,200
Expenditures - capital	23,105,600	5,522,000	815,900	193,700	29,637,200
Expenditures - debt service	5,283,300	1,333,500	42,000	-	6,658,800
Expenditures - total	34,786,000	10,452,500	1,331,000	240,600	46,810,100
Revenues over/(under) expenditures	(8,750,600)	80,300	419,000	(6,100)	(8,257,400)
Working capital - beginning (projected)	36,961,531	3,590,395	2,020,261	124,981	42,697,168
Working capital - ending	\$ 28,210,931	\$ 3,670,695	\$ 2,439,261	\$ 118,881	\$ 34,439,768

Enterprise funds for the Town consist of the water, wastewater, storm drainage operating and airport funds. The wastewater and storm drainage funds are budgeted to have surpluses in 2021. The water fund is expected to have a deficit, the result of planned capital projects. It is not unusual for these funds to have expenditures exceed revenues in some years as accumulated funds are expended on capital projects. The airport fund is projected to have a small deficit.

Revenues in the water and wastewater funds arise from two primary sources – development-related fees/contributions (primarily from permits) and monthly charges for system users. Revenues from development-related activities primarily reflect the permit assumptions described in the “General Fund” section above. The primary revenue source for the storm drainage fund is monthly customer charges. Staff recently presented the results of a utility rate study for the purpose of establishing rates/fees for the period 2021-2025. The study recommended no overall increase in the revenues from the utilities’ customers, but did recommend net increases in permit-related fees. The 2021 budget reflects these proposed changes.

As can be seen from the table above, the vast majority (63%) of expenditures in the enterprise funds are capital in nature - \$29.6 million in 2021. Capital projects in excess of \$1 million budgeted in 2021 include the following:

- Zone 3 Storage Tank - \$8.5 million (Water – includes site acquisition and preparation)
- Zone 2 Transmission Main (Summerfield, I-25 area) - \$5.3 million (Water)
- North Water Reclamation Facility expansion (completion) - \$5.0 million (Wastewater)
- Water Supply Well Project and related Treatment Plant - \$4.0 million (Water)

- Northern Integrated Supply Project (NISP) - \$2.4 million (Water)

A more detailed list of capital projects is included as a part of this packet. All 2021 capital projects will be cash-funded.

The Town has been a participant in the Windy Gap Firming Project (WGFP) since the early 2000's. This project will effectively increase the Town's water supply and its reliability as currently this water source is not available in all years due to lack of storage capacity on the Western Slope. This project will be constructed by the Northern Colorado Water Conservation District (the "District") on behalf of the project participants. Construction is currently expected to begin in 2021. The Town's share of this almost \$600 million project is approximately \$39 million (6.67% of the total). The District will also issue the debt to finance this project as a pooled financing with other project participants.

Since the District will be the issuer of the debt and construct the project, the Town's financials will not report the debt or construction costs. Instead, project participants' shares of future debt service will be charged to them as an annual assessment, reported in operating expenditures. In 2021 the Town's estimated share of debt service is \$906 thousand. In future years the debt service will increase to \$2.6 million, with most of the debt being repaid over a 20-year period. Due to significant declines in long-term funding rates, the anticipated borrowing cost is approximately 2.13%.

Capital Funds:

Capital Funds - 2021 Budget							
	Transportation	Public Facilities	Parks	Tree	Storm Drainage	Fleet & Equip. Acquisition	Total
Revenues	\$ 6,498,200	\$ 1,387,700	\$ 3,506,400	\$ 187,000	\$ 990,400	\$ 717,400	\$13,287,100
Expenditures (including transfers out)	8,480,000	-	7,234,500	264,300	-	1,048,300	17,027,100
Revenues over/(under) expenditures	(1,981,800)	1,387,700	(3,728,100)	(77,300)	990,400	(330,900)	(3,740,000)
Fund balance - beginning (projected)	8,675,061	4,606,455	9,196,139	697,688	4,105,333	383,300	27,663,976
Fund balance - ending	\$ 6,693,261	\$ 5,994,155	\$ 5,468,039	\$ 620,388	\$ 5,095,733	\$ 52,400	\$23,923,976

The Town's capital funds include the parks improvement, public facilities, storm drainage, transportation, and tree impact funds and a fleet and equipment acquisition fund. Revenues in the impact funds consist almost entirely of development-related impact fees and fees-in-lieu. Funding of the fleet fund is through transfers from the General Fund.

Residential impact fees were increased in January 2017 pursuant to a fee study, the first increase since 2002. Commercial impact fees were increased effective 1/1/18 to the amounts reflected in the fee study. Both residential and commercial fees increase annually based on an appropriate construction cost index. The Town will be undertaking an impact fee update study in late 2020. Revenue assumptions for impact fees are based on the permit numbers as discussed in the "General Fund" section above and an estimated inflationary increase.

By definition, essentially all the expenditures in these funds are capital in nature. Following are requested projects of \$500 thousand or more:

- Erie Community Park Phase II - \$7.2 million (Parks Fund)
- Intersection, Signals and Related Costs at State Highway 7 and 119th - \$2.6 million (Transportation)
- North Roundabout on County Line Road – Town Center - \$2.6 million (Transportation)
- Widening of County Line Road between Telleen and Cheesman - \$2.6 million (Transportation)
- Widening of East Side of County Road 5 adjacent to Colliers Hill - \$500 thousand (Transportation)

From a review of the table on the previous page you will note there are no expenditures in the Public Facilities or Storm Drainage funds. The Public Facilities funds are essentially restricted for a future expansion and renovation of Town Hall and expansion of the Public Safety building.

Storm drainage capital projects are all expended through the Storm Drainage Operating Fund (see “Enterprise Funds” above). The Storm Drainage Impact Fund’s share of these project costs are funded with a transfer from this fund to the operating fund. In 2021 there are no growth-related capital projects planned in the Storm Drainage Operating Fund, although there are major projects planned in future years.

The Fleet and Equipment Acquisition Fund was created at the end of 2019 with initial funding of \$1,250,000 through a transfer from the General Fund. A recommended practice for municipalities and other governmental entities is to utilize a fund for the purchase of new and replacement vehicles and heavy equipment, along with an ongoing funding plan. For years the Town has struggled to set aside adequate and consistent resources to fund such items. With expansion of the leasing program with Enterprise (discussed further below) and this initial transfer from the General Fund, the Town was able to fund all requested 2020 additions and replacements and will be able to do so in 2021 as well. A funding policy to ensure the Town’s fleet of vehicles and heavy equipment is maintained at an appropriate level to meet service demands will be completed in 2021. No additional funds are being requested from the General Fund at this time.

In 2021 Town staff plans to further expand its participation in the Enterprise leasing program that was begun in 2019. In 2020 the Town is adding 16 vehicles to the current 3 leased vehicles, with an effective financing rate of a little over 3%. In 2021 staff is requesting an additional 11 vehicles. All the requests are for a combination of scheduled replacements, new staff, or increased workloads (e.g., lane miles, new parks, etc.). A separate schedule summarizing the additions is included as an attachment to this memorandum.

Special Revenue Funds:

Special Revenue Funds - 2021 Budget				
	Trails & Natural Areas	Conservation Trust	Cemetery	Total
Revenues	\$ 1,953,000	\$ 230,000	\$ 28,000	\$ 2,211,000
Expenditures	979,800	299,400	-	1,279,200
Revenues over/(under) expenditures	973,200	(69,400)	28,000	931,800
Fund balance - beginning (projected)	850,140	578,289	254,823	1,683,252
Fund balance - ending	\$ 1,823,340	\$ 508,889	\$ 282,823	\$ 2,615,052

Included in special revenue funds are the trails and natural areas fund, the conservation trust fund, and the cemetery fund. Revenues in the trails and natural areas fund, which accounts for the bulk of this category of funds, consists primarily of property taxes, arising from a dedicated 4 mill levy. These revenues are projected to decrease approximately \$174 thousand, or 8%, to \$1.9 million in 2021 from \$2.1 million in 2020 due to a decrease in property taxes arising from oil and gas as discussed above in the General Fund section. Only one major capital project is currently budgeted in the trails fund, a \$550 thousand trail connector project.

2020 2nd Supplemental Appropriation Requests – Major Changes:

Revenue projections were increased a total of \$4.0 million across all funds, primarily due to increasing retail sales tax \$2.0 million to \$9.7 million in light of the continued strength in this revenue source and an increase of \$635 thousand in sales tax arising from purchases of vehicles by Erie residents. Other changes include an increase of \$540 thousand in landfill fees, an increase of \$500 thousand in anticipated CARES Act funding (fully offset with related expenditures) and an increase of \$236 thousand highway use taxes. All these increases other than the CARES Act funding represent reinstatements of some portion of previous reductions in response to the pandemic as these revenue sources have held up better than anticipated.

Total expenditures were reduced \$4.4 million. Significant new expenditure and transfer requests/reductions reflected in the 2nd supplemental appropriation (excluding those already approved by the Board) are as follows:

- Parks Improvement Impact Fund – Shifting of \$5.4 million in previously approved appropriation for the Erie Community Park Phase II from 2020 to 2021 when construction is anticipated.

- General Fund – COVID-related expenditures of \$493 thousand. These expenditures are expected to be reimbursed through CARES Act funding.
- Water Fund – Legal Fees - \$96 thousand increase for work related to the water supply project
- Conservation Trust Fund – \$80 thousand for additional costs for the Allan Farm Hay Barn project.

Details of all changes are included in an attachment to this memorandum.

A roll-forward for all funds reflecting requested changes in the 2020 2nd supplemental appropriation is presented below.

Changes in Fund Balances/Working Capital - 2020 Budget - 2nd Supp.						
	Beginning Balance	Revenues	Expenditures	Net Increase/Decrease	Other Changes	Ending Balance
General Fund	\$ 21,842,176	\$ 29,898,300	\$ 30,553,400	\$ (655,100)	\$ 2,414,469	\$ 23,601,545
Trails & Natural Areas Fund	(522,560)	2,463,900	1,091,200	1,372,700	-	850,140
Conservation Trust Fund	739,489	233,000	394,200	(161,200)	-	578,289
Cemetery Fund	236,823	18,000	-	18,000	-	254,823
Total special revenue funds	453,752	2,714,900	1,485,400	1,229,500	-	1,683,252
Transportation Impact Fund	8,037,761	4,689,800	4,052,500	637,300	-	8,675,061
Public Facilities Impact Fund	3,800,755	881,200	75,500	805,700	-	4,606,455
Parks Improvement Impact Fund	6,372,039	5,582,000	2,757,900	2,824,100	-	9,196,139
Tree Impact Fund	701,688	114,000	118,000	(4,000)	-	697,688
Storm Drainage Impact Fund	5,416,033	679,800	1,990,500	(1,310,700)	-	4,105,333
Fleet & Equipment Acquisition Fund	1,250,000	725,600	1,592,300	(866,700)	-	383,300
Total capital funds	25,578,276	12,672,400	10,586,700	2,085,700	-	27,663,976
Water Fund	58,640,231	24,344,500	46,023,200	(21,678,700)	-	36,961,531
Wastewater Fund	26,296,195	7,976,100	30,681,900	(22,705,800)	-	3,590,395
Storm Drainage Operating Fund	3,587,661	3,701,000	5,268,400	(1,567,400)	-	2,020,261
Airport Fund	135,381	286,200	296,600	(10,400)	-	124,981
Total enterprise funds	88,659,468	36,307,800	82,270,100	(45,962,300)	-	42,697,168
Totals (for memorandum purposes only)	\$ 136,533,672	\$ 81,593,400	\$ 124,895,600	\$ (43,302,200)	\$ 2,414,469	\$ 95,645,941

The following schedules are included as part of this budget memorandum:

- 1.) Budget summary and detail schedules
- 2.) 2020 2nd Supplemental Appropriation requests
- 3.) New staffing requests
- 4.) Capital expenditure summary
- 5.) Fleet requests