



TOWN OF ERIE MEMORANDUM

TO: Town Council
Meredyth Muth, Interim Town Manager

Copy: Town Clerk's Office

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

DATE: April 28th, 2026

SUBJECT: Spring Supplemental Appropriation – 2026

We are pleased to present the Town Council with the Spring Supplemental Appropriation Request to amend the 2026 Town Budget.

The Town of Erie adopted the 2026 Budget on November 18, 2025. 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 the spring, primarily consists of rollover appropriations that were approved for the prior year budget. This year, new expenditures arising since approval of the original budget have been separated into an additional supplemental for transparency leading to two supplementals in the spring. A final supplemental is usually presented in the fall, includes various adjustments that could not be anticipated when the original budget was prepared.

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, rollover 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
- Summary of requested changes
- Detail of requested changes
- 2026 Spring Supplemental 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.

Revenues Changes:

Many of the revenue changes reflected in this supplemental are a result of various grants that we have received or are expecting to receive this year to offset budgeted expenditures. Townwide, revenue is shown to have decreased \$120.1M; however, this is entirely due to the reduction in expected bond revenue in the Water Fund by \$124.0M, since we are also reducing the corresponding expenditure budget for the New Water Treatment Facility.

Significant revenue changes are as follows:

- In the General Fund, \$740K in grant revenue is expected for the Erie Bee (FlexRide) service.
- In the Grants Fund, \$49K in grant revenue is expected for the BoCo IDD Recreation Grant.
- In the Trails & Natural Areas Fund, the Sunset Area Plan has received \$35K in grant funding.
- In the Parks Improvement Impact Fund, the Schofield Farm project received \$804.6K in grant funding.
- In the Water Fund, aside from the reduction of the bond revenue by \$124M, a reimbursement for \$322K was received for the Filly Lake Well System Pipeline project.
- In the Wastewater Fund, the Solar project at the North Water Reclamation Facility is expected to receive \$900K in grant funding.
- In the Airport Fund, the Pavement Maintenance project is expected to receive \$549.8K in grant funding, and the Upgrade and Relocate Vault Building is rolling over \$437.5K in grant funding.

Expenditures Requests:

As a result of the spring supplemental requests, the total expenditures for 2026 across all funds are projected to decrease by nearly \$40 million. The General Fund total expenditures increased by about \$153k compared to the Adopted Budget.

Significant new expenditure requests are as follows:

Personnel Expenditures:

This supplemental includes two new position requests for additional attorneys to continue building out the Town's legal division. Additionally, there is a request to appropriate the salary of the facilities project coordinator. This position was approved as a new position in the 2025 budget but was missed in the original 2026 budget. Altogether, these three requests are estimated to cost the General Fund \$492,000. There is also one request in the Water Fund to increase the appropriation for the salary of the new Water Resources Manager. For the original 2026 budget, we estimated the salary for this new position, but since then, the Town's consultant has reviewed the job description and recommended a substantial increase. This change is expected to cost the Water Fund \$35,000.

Operating Expenditures:

The total spring supplemental changes in operating expenditures are approximately \$738k across all funds, \$432k of which is in the General Fund.

Significant operating requests are as follows:

- Economic Development - \$50k for sponsorship agreement with CO-Create Erie for the Makerspace
- Public Works -
 - \$260k for IGA reimbursements with Boulder County and Broomfield
 - \$425k for consultation services for the Street Standards & Specs update and Erie Bee
 - \$540k **reduction** in reimbursable consultation services for Transportation to match reduced grant funding
 - \$50k for reimbursable engineering services to provide additional support after losing an engineer
- Town Administration - \$50k for oil & gas legal services
- Utilities - \$222k for City of Boulder water lease
- Central Charges - \$55k for debt issuance costs for the COPs

Capital Expenditures:

The total changes in the spring supplemental for capital expenditures across all funds is -\$159.9 million, primarily as a result of removing the majority of budget anticipated for the New Water Treatment Facility (reducing expenditure budget of the project by \$162M).

The total spring supplemental new requests for capital expenditures across all funds is -\$160.3 million, with \$96K in the Capital Improvements Fund.

The total spring supplemental rollover requests for capital expenditures across all funds is \$437,453, which is remaining grant funding for the upgrades to the vault building at the airport.

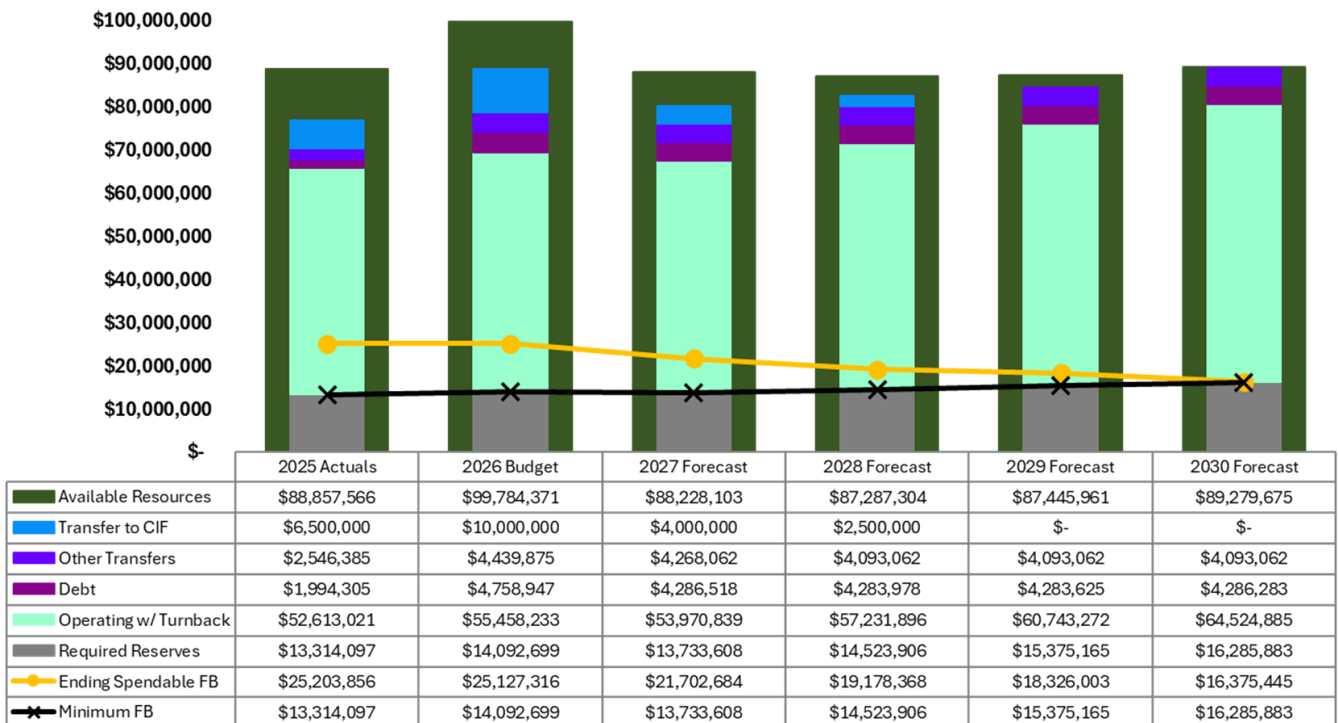
Significant changes are as follows:

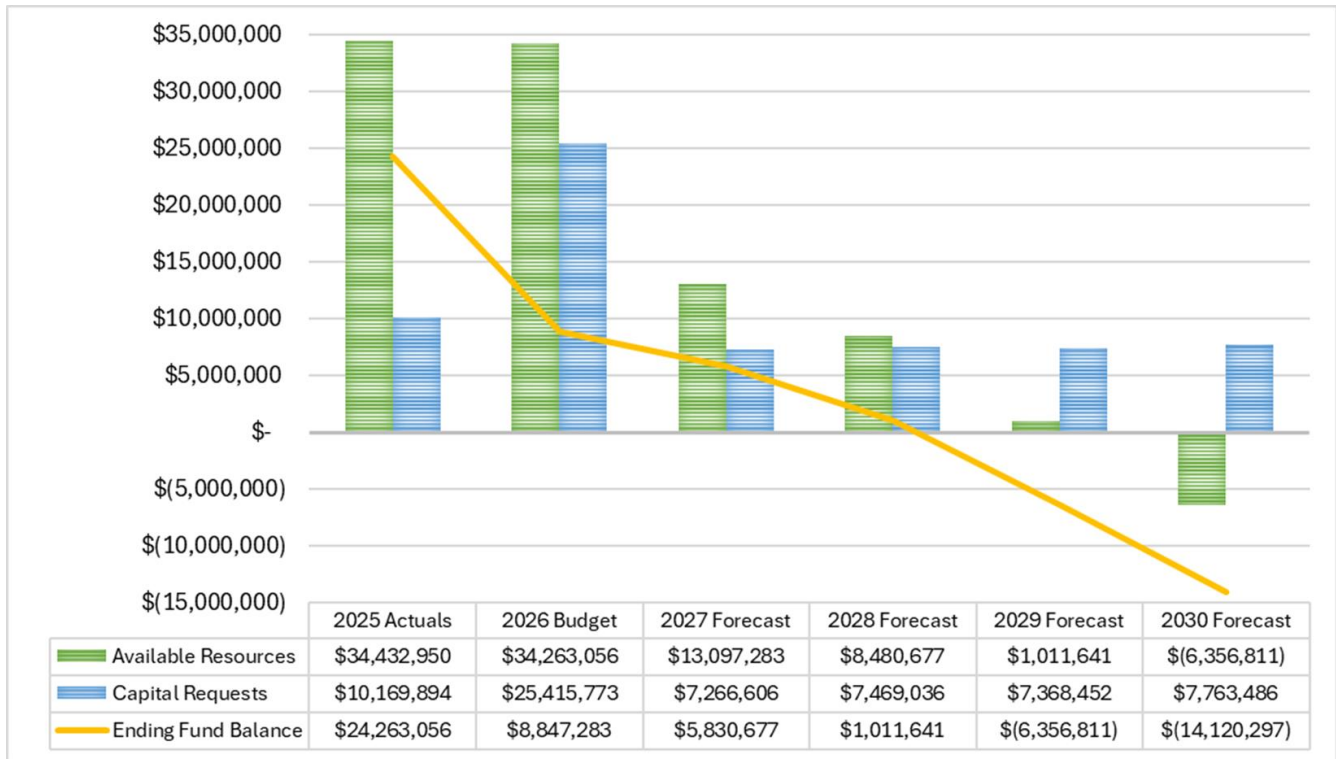
- Capital Improvement Fund –
 - \$96K for the Bixler Shelter at King Open Space; the Town received a donation for this in December, 2025.
- Trails and Natural Areas Fund —
 - \$1.7 million for Barn Rehabilitation on Schofield Farm; offset by a reduction/deferral of funds appropriated for the Coal Creek Reach 2 & 4 Trail project (see below).
 - \$1.7M reduction/deferral of Coal Creek Reach 2 & 4 Trail project to 2027, due to various delays to the project.
 - \$473.5K for acquisition of Coal Miner Park.
 - \$533K for Allan Farm Trail and Compass Trail connection.
- Public Facilities Impact Fund –
 - \$1.3 million reduction to the Page Property to accommodate increases in LAWSC and ECC projects.
 - \$655K for 1st amendment to PSA for Erie Community Center Addition.
 - \$375K for storage expenses for Parks & Rec equipment at Erie Community Park.

- \$100K for LAWSC pre-design.
- Park Improvements Impact Fund –
 - \$1.0 million for Schofield Farm to finish Package B site improvements.
- Tree Impact Fund –
 - \$80K for Schofield Farm new trees for Package B site improvements.
- Water Fund –
 - \$162.0 million reduction to the New Water Treatment Facility.
 - \$2.3 million reduction to the Well Project.
 - \$7.2 million transfer (\$3.4 million from NISP and \$3.8 million from the New Water Treatment Facility) for CBT & Ditch Shares.
- Airport Fund —
 - \$556K for Pavement Maintenance, with \$550K in grant revenue to offset the expenditure request.
 - \$437K transfer from Grants fund for grant-funded portion of Upgrade and Relocate Vault Building project; this will be offset by \$437K in grant revenue.

Conclusion

As a result of the foregoing, the spring supplemental forecast reflects the General Fund staying at or above the Town’s minimum reserve requirements through 2031, and transfers to the Capital Improvement Fund are projected to total \$16.5 million over the 2026–2031 timeframe. The graph below shows the General Fund forecast followed by the General Capital Improvement Fund forecast.





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.

The **Capital Improvement Fund** is the Town’s primary capital improvement project fund. It accounts for most major capital projects, both ongoing maintenance and one-time, that operate in alignment with General Fund projects or do not align with other dedicated or enterprise 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.