



TOWN OF ERIE MEMORANDUM

TO: Town Council

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

DATE: March 10th, 2026

SUBJECT: Rollover (1st) Supplemental Appropriation – 2026

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

The Town of Erie adopted the 2026 Budget on November 18, 2025. 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.

In previous years, the 1st budget supplemental, typically presented in an April/May timeframe, primarily consisted of rollover appropriations that were approved for the prior year budget, and also addressed any new expenditure requests arising since Council approved the original budget. This year, staff is presenting the rollover requests in their own supplemental; separate from the supplemental for new requests and transfers (coming forward on April 28th). In appropriating rollovers sooner in the year, funds will be available for continuing projects and for approved contracts.

Accompanying this memo are various schedules, described below. This memorandum and the attached schedules provide information on all significant changes. 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 list of requested changes
- 2026 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 2026 budget is discussed below. A report summarizing the proposed changes by fund follows.

Changes in Fund Balances/Working Capital - 2026 Budget							
2026 Budget	Beginning Balance	Revenues - Adopted	Expenditures - Adopted	Rollover Supp. Requests	Net Increase/Decrease	Restricted	Ending Balance
General Fund - 100	33,502,047	69,306,130	75,545,213	3,073,129	(9,312,212)	(3,328,546)	20,861,289
Capital Improvement Fund - 110	28,764,084	10,000,000	15,778,858	9,512,915	(15,291,773)	-	13,472,311
Grants Fund*	1,901,459	-	-	1,901,459	(1,901,459)	-	-
Trails & Natural Areas Fund	7,431,020	3,079,000	2,455,513	2,227,985	(1,604,498)	-	5,826,522
Conservation Trust Fund	1,538,007	350,000	1,477,067	337,623	(1,464,690)	-	73,317
Cemetery Fund	523,298	-	-	-	-	-	523,298
Total Special Revenue Funds	11,393,784	3,429,000	3,932,580	4,467,067	(503,580)	-	6,423,137
Transportation Impact Fund	29,753,282	4,065,740	12,175,000	10,000,162	(18,109,422)	-	11,643,860
Public Facilities Impact Fund	6,544,491	2,615,920	2,279,814	1,107,227	(771,121)	-	5,773,370
Parks Improvement Impact Fund	16,110,165	1,650,940	7,000,000	7,606,926	(12,955,986)	-	3,154,179
Police Facilities Impact Fund	804,781	47,454,100	47,266,850	-	187,250	-	992,031
Tree Impact Fund	1,662,386	201,000	226,800	75,000	(100,800)	-	1,561,586
Storm Drainage Impact Fund	10,801,067	1,124,180	7,050,000	4,172,367	(10,098,187)	-	702,880
Total Capital Funds	65,676,172	57,111,880	75,998,464	22,961,682	(18,886,584)	-	27,290,823
Insurance Fund	-	2,093,062	1,500,062	-	593,000	-	593,000
Fleet & Equipment Acquisition Fund	3,732	2,156,853	2,156,853	512,930	-	-	3,732
Total Internal Service Funds	3,732	4,249,915	3,656,915	512,930	593,000	-	596,732
Water Fund	136,081,196	181,285,800	201,130,225	105,693,505	(125,537,930)	-	10,543,266
Wastewater Fund	41,406,131	12,124,000	10,315,234	15,905,422	(14,096,656)	-	27,309,475
Storm Drainage Operating Fund	1,701,803	8,959,809	6,806,628	5,218,092	(3,064,911)	-	(1,363,108)
Airport Fund	122,719	370,848	437,969	48,605	(115,726)	-	6,993
Total Enterprise Funds	179,311,849	202,740,457	218,690,056	126,865,624	(15,949,599)	-	36,496,626
Totals	318,651,668	346,837,382	393,602,086	167,393,347	(214,158,051)	(3,328,546)	101,165,071

Operating Expenditures:

The total rollover request for operating expenditures is approximately \$3.4 million across all funds, \$3.1 million of which is in the General Fund.

Significant operating rollover requests are as follows:

- \$1,140,000 M for the Erie Flex Ride TIP Grant, of which \$1,080,000 is grant-funded, and \$60,000 is Town Match.

Capital Expenditures:

The total spring supplemental rollover request for capital expenditures across all funds is \$164.0 million, \$9.5 million of which is in the Capital Improvements Fund.

Significant capital rollover requests (over \$1.0M) are as follows:

- Capital Improvement Fund –
 - \$1.1M Facilities Energy Performance
 - \$1.1M Street Maintenance
 - \$1.5M Street Lights
 - \$1.0M ECC Replacement Roof-top Units
 - \$1.4M Affordable Housing projects
- Trails and Natural Areas Fund - \$2.1M Sunset Area Plan
- Transportation Impact Fund –
 - \$1.2M County Line & Austin Intersection
 - \$3.6M Town Center – North Roundabout
 - \$1.8M Town Center – South Roundabout
- Parks Improvement Impact Fund –
 - \$7.6M Schofield Farm Redevelopment
- Storm Drainage Impact Fund –
 - \$2.9M Coal Creek Reach 2 and 4
 - \$1.3M Briggs Alleyway Storm Water Improvements
- Water Fund –
 - \$15.0M Zone 2 Transmission Main
 - \$32.1M Zone 2 Storage Tank
 - \$13.7M Zone 3 Water Tank
 - \$21.3M New Water Treatment Facility
 - \$3.9M Well Project
 - \$1.0M NISP
 - \$2.1M AC Line Replacement in Air Park – Nassar
 - \$1.1M County Line Road Waterline to Airport
 - \$1.3M PRV Vault Communication
 - \$2.4M Erie Lake Repairs
 - \$3.8M Boulder Creek Diversion Structure and Conveyance Pipeline
 - \$1.8M Deep Well Injection at New Water Treatment Facility
- Wastewater Fund –
 - \$3.7M Solar at North Water Reclamation Facility

- \$4.0M North Water Reclamation Facility Improvements
 - \$1.5M Reimbursement for North Side Interceptor to WCR 7
 - \$1.5M South Water Reclamation Facility Demolition
 - \$2.1M Summerfield Sewer Reimbursement WCR5 to WCR7
 - \$1.1M Airport Dr Sanitary Sewer Reimbursement (Nassar)
 - \$1.4M Upsizing San Sewer from NWRP to WCR7/WCR12 Reimb
- Storm Drainage Operating Fund –
- \$2.6M Drainage Facility Maintenance and Repair
 - \$1.5M Coal Creek Reach 2 and 4

Conclusion

As a result of the aforementioned, the projected “ending 2026 fund balance” for Townwide Funds is anticipated to be \$101.2 million, and the “ending fund balance” in the General Fund at the end of 2026 is approximately \$20.9 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.)