

Town of Crestone
Budget Message and
Notes to 2023 Supplemental Budgets

Governmental Funds
General Fund

Proprietary Fund
Water/Wastewater Fund

Special Revenue Fund
Capital Projects Fund

Town of Crestone
Budget Message and
Notes to 2023 Supplemental Budgets

The Town Trustees are anticipating lower revenues for Fiscal Year 2023. Primarily a decision to not apply for multiple grants was made due to staffing changes that imposed limits on availability to manage the projects to be funded by grants. The Trustees, relying on Colorado Local Government Budget Law have authorized preparation of a Supplemental Appropriations Resolution and Budget for public comment.

**Colorado Local Government Budget Law (CRS Section 29-1-108) "In the event that revenues are lower than anticipated in the adopted budget, the government body may adopt a revised appropriation resolution."*

This decision impacts the Governmental Fund, the combined Water/Sewer Fund, and the newly created Capital Projects Fund for the 0.5% sales tax revenues approved by voters in April 2022. Separate budgets are provided for governmental funds, proprietary funds and special revenue funds. The current basis for accounting is modified accrual for all funds.

**Modified accrual basis (when revenue and other financing sources are due and available and when obligations or liabilities are incurred for expenditures and other financing uses.*

General Fund

The General Fund Revenues have been adjusted to \$585,055 from the previously approved \$2,084,203. The reduction is primarily the \$1,515,003 in grants that were not and will not be applied for. Corresponding reductions in expenses have been made.

Other significant areas adjusted in the Supplemental Budget are:

- reductions in personnel expenses for both administration and public works.
- further reductions are anticipated in personnel benefits for both areas as the board evaluates and redefines job descriptions.
- certain planned capital expenditures in the public works area have been postponed until 2024 or canceled.

An operating reserve based on three-months of expenditures was approved and is part of the Committed Funds in the budget.

General Governmental Fund Balance Summary

2023 Beginning Fund Balance	554,813
LESS Committed Funds	<u>(177,277)</u>
Available Resources from Fund Balance for 2023 budget	<u>377,536</u>
2023 Anticipated Revenue	585,055
2023 Estimated Expenditures	<u>(568,821)</u>
Excess (Deficiency) of Revenues Over Expenditures	(16,766)
LESS 2023 Capital Outlays	<u>(33,000)</u>
Fund Balance Reduction after Capital Outlays	<u>(49,766)</u>
ENDING Fund Balance (Net Available Resources PLUS Committed Funds)	<u>538,047</u>

Colorado Local Government Budget Law (CRS 20-1-103) "(2) No budget adopted pursuant to this section shall provide for expenditures in excess of available revenues and beginning fund balances.

Water and Sewer Fund

The Water and Sewer Proprietary Fund revenues have been adjusted down to \$109,320 (primarily recognizing revenue from service fees) from the original budget revenue of \$737,520 which included \$572,700 in grant revenue. Corresponding reductions in expenditures have been made.

Personnel costs have been adjusted to reflect changes in job descriptions combining the Water and Sewer ORC position with a public works position.

An operating reserve based on three-months of expenditures was approved and is part of the Committed Funds in the budget.

Water & Sewer Proprietary Fund Balance Summary

2023 Beginning Fund Balance	169,069
LESS Committed Funds	<u>(43,921)</u>
Available Resources from Fund	
Balance for 2023 budget	125,148
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2023 Anticipated Revenue	109,320
2023 Estimated Expenditures	<u>(175,683)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>58,785</u>
2023 Estimated Ending Fund Balance	<u>102,706</u>

Colorado Local Government Budget Law (CRS 20-1-103) "(2) No budget adopted pursuant to this section shall provide for expenditures in excess of available revenues and beginning fund balances."

In 2020 the Town voted on a sales tax increase of 0.5% to infuse money into the Water and Sewer Enterprise Funds, resulting in the determination that these funds no longer qualify as Enterprise Funds.

Based on the assumption to reinstate the Enterprise Fund Status for those funds and to combine the two into one Enterprise Fund in 2023, the attached supplemental budget relies on revenue from rates and fees to balance the budget.

The question remains: how to create a sustainable revenue stream into the Water/Wastewater Fund. Beginning Jan 1, 2023, the following rate increases will be charged to customers. These changes along with the imposition of a \$10 Late fee for unpaid balances have increased water and sewer revenue for 2023.

Current 2023 rates are:

Monthly water service base rate:		Increased from \$34 to \$46. (52 accounts)
Monthly sewer service base rate:		NO change (81 accounts) \$40
Annual fire hydrant fees	50 Res	Increased from \$17 to \$24
	50 Comm	Increased from \$24 to \$30
	25 Resid	Increased from \$8.50 to \$12
	25 Comm	Increased from \$13.50 to \$20
	Rural	Increased from \$13.50/acre to \$17/acre

In addition Public Works and Water staff reviewed historical files and developed a comprehensive list of lots broken out by block to update the billing system for hydrant fees.

The supplemental budget is based on these assumptions:

1. Combined the Water Enterprise Fund and the Sewer Enterprise Fund into the Water/Wastewater Fund.
2. Conduct a Rate Study to determine adequate rates to cover operations; balanced out by concerns about burden on low income residents. An agreement has already been made to work with Rural Community Assistance Corporation to develop a rate study and implement necessary changes mid-year 2023.

Capital Projects Special Revenue Fund

The Capital Projects Fund was created by ballot (approved by the voters) in April 2022.

REFERRED ISSUE:

SHALL THE TOWN OF CRESTONE'S CURRENT SALES TAX, WHICH IS DEDICATED TO THE WATER AND SEWER ENTERPRISE FUNDS (WHICH EXCEEDS THE MAXIMUM OF LESS THAN 10% ANNUAL ALLOWABLE INCOME FROM GRANTS TO SAID ENTERPRISES) BE REDIRECTED TO A CAPITAL PROJECTS FUND IN ORDER TO PRESERVE THE EXEMPTION UNDER "TABOR" OF SAID FUNDS AS "ENTERPRISES", AND SPENT FOR THE PURPOSE OF FUNDING CAPITAL IMPROVEMENTS NEEDED TO SERVE THE WATER AND SEWER UTILITY CUSTOMERS OF THE TOWN OF CRESTONE, BEGINNING JANUARY 1, 2023, AND CONTINUING THEREAFTER?

YES/FOR 57 NO/AGAINST 8

Capital Projects are defined as a long-term, high-value endeavor with the express purpose of building upon or adding to or improving the property, plant, or equipment. Capital projects typically involve large-scale projects on the higher-end of expenditures compared to those requiring fewer resources.

Included in this definition, with board's approval debt service for capital projects that meet the definition above, may also be paid from sales tax revenues into this fund.

The Supplemental Budget proposed for this fund includes anticipated grant revenues and expenditures specifically for water and sewer projects. This increased revenues from \$82,000 to \$171,120. The grants included are under review, but for the time being remain as proposed projects that may commence in 2023. Corresponding expenditures for these projects have also been added to the budget.

W&S Capital Projects Special Revenue Fund Balance Summary

2023 Beginning Fund Balance	0
LESS Committed Funds	0
Available Resources from Fund Balance for 2023 budget	0
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2023 Anticipated Revenue	171,120
2023 Estimated Expenditures and Capital Outlays	(114,996)
Excess (Deficiency) of Revenues Over Expenditures	<u>56,124</u>
2023 Estimated Ending Fund Balance	<u>56,124</u>

GENERAL FUND 2023 Supplemental Budget			
DRAFT - Adopted 0/00/2023			
	2021 ACTUAL from Audit	(Unaudited) 2022 PROJECTED YEAREND	2023 BUDGET
	2021 ACTUAL from Audit	(Unaudited) 2022 PROJECTED YEAREND	2023 BUDGET
BEGINNING CASH BALANCE	529,261	704,182	554,813
COMMITTED FUNDS			
LESS TABOR 3%		15,053	27,350
LESS 3 months Reserve		125,438	131,599
Insurance Deductible		1,000	1,000
Natural Burial Ground/Cemetery Fund		5,083	5,083
Cover shortfall from prior years to the NBG Fund			<u>12,245</u>
TOTAL Committed Funds		146,574	177,277
FUND BALANCE (Available Resources)	529,261	558,608	377,536
REVENUE			
TAX REVENUE			
Property Tax		15,202	13,433
Specific Ownership Tax		1,861	2,500
Motor Vehicle Tax- Rural and Urban		2,725	2,700
Sales Tax		493,881	467,000
Cigarette Tax		1,316	800
Marijuana Sales Tax (Local)		<u>12,693</u>	<u>10,395</u>
TOTAL TAX REVENUE	528,142	527,679	496,828
INTERGOVERNMENTAL REVENUES			
Highway Users Tax Fund		23,417	23,177
Severance Tax/Mineral Lease		1,778	0
Special Marijuana Tax		<u>4,161</u>	<u>4,000</u>
TOTAL INTERGOVERNMENT REVENUE	23,581	29,356	27,177
LICENSES & PERMITS			
Business License		3,365	3,200
Liquor License		1,546	400
Marijuana License		3,000	3,000
Building /Sign Permits		625	630
Land Use Permits		<u>400</u>	<u>820</u>
TOTAL LICENSES & PERMITS	10,830	8,936	8,050

GENERAL FUND 2023 Supplemental Budget			
DRAFT - Adopted 0/00/2023			
	2021 ACTUAL from Audit	(Unaudited) 2022 PROJECTED YEAREND	2023 BUDGET
TOTAL COURT REVENUE		2,095	500
TOTAL GRANT REVENUE	38,554	21,743	27,000
CHARGES FOR SERVICES + Interest on Accounts			
Earnings on Deposits, Penalties		228	320
Rents from Buildings		8,202	14,600
Other Rental Income		129	240
Refunds		569	0
Cemetery Lot Sales		9,740	3,300
Museum Revenue		1,493	0
Copies Research Fees		239	200
Special Event Revenue		6,047	4,910
Charging Station Revenue		28	1,930
TOTAL OTHER REVENUE	34,268	26,675	25,500
TOTAL REVENUE	635,375	616,484	585,055
GENERAL GOVERNMENT EXPENDITURES			
PERSONNEL			
Board of Trustees		7,582	9,454
Administration Employees		63,117	102,896
Employee benefits incl Retirement		18,202	23,298
Employer Share Payroll Expense			5,370
Professional Services		121,155	87,707
Cell Phone Stipend		960	825
TOTAL OPERATIONS PERSONNEL		210,056	228,725
TOWN MEMBERSHIPS & DONATIONS		655	0
TOWN HALL OFFICE EXPENDITURES			
Office supplies		6,309	3,420
Postage and shipping		2,133	620
Printing and Copying		3,729	5,000
Subscriptions, Books		1,259	145

GENERAL FUND 2023 Supplemental Budget			
DRAFT - Adopted 0/00/2023			
	2021 ACTUAL from Audit	(Unaudited) 2022 PROJECTED YEAREND	2023 BUDGET
Professional Dues & Memberships		3,694	775
Meeting food		1,642	1,200
IT Expense		1,880	4,600
Code/Law Enforcement		17,212	2,450
Travel, training , off-site meetings		8,671	6,700
Legal Notices, Advertising		3,137	500
Office Equipment & Furnishings		715	400
Insurance & Bonds		9,797	7,840
Propane Gas		5,598	7,910
Electricity		2,078	4,075
Custodial/Trash/Recycling		2,076	3,385
Telephone, Internet		4,795	4,790
Water		404	184
Website development/ marketing		289	600
Bank Fees, Safety Deposit Box		161	333
County Treasurer Tax Collection Fees		280	405
Misc. (incl Community Proj Support)		<u>289</u>	<u>1,330</u>
TOTAL TOWN HALL OFFICE EXPENDITURES		76,149	56,662
MUNICIPAL COURT			
Municipal Court Judge Contract		<u>5,400</u>	<u>3,400</u>
TOTAL MUNICIPAL COURT		5,400	3,400
ELECTIONS			
Personnel (Judges)		0	0
Operating Supplies		129	0
Professional Services		2,084	0
Mailings		<u>207</u>	<u>0</u>
TOTAL ELECTIONS		2,420	0
MUSEUM EXPENSE		320	726
EVENT EXPENSES		28,648	14,000
TOTAL GRANT PROJECT COSTS			<u>13,672</u>

GENERAL FUND 2023 Supplemental Budget			
DRAFT - Adopted 0/00/2023			
	2021 ACTUAL from Audit	(Unaudited) 2022 PROJECTED YEAREND	2023 BUDGET
TOTAL Town Hall Operations Expense		326,484	317,185
<u>PUBLIC WORKS</u>			
PERSONNEL EXPENSE			
Public Works Employees		94,200	152,585
Employer Share Payroll Expense		0	8,056
Employee Benefits (incl Retirement)		14,256	30,733
Professional Services (D.Martinez 2023)		0	7,680
Cell Phone stipend		0	1,120
Travel, Training, Off-site meetings		<u>0</u>	<u>2,916</u>
TOTAL PERSONNEL COSTS		108,456	203,090
PW-FACILITY OPERATIONS, R&M			
Equipment and Tools		5,046	8,667
Furnishings and Fixtures		106	0
Supplies		2,853	1,288
Facilities R & M		5,800	3,960
Utilities		<u>1,298</u>	<u>3,610</u>
TOTAL FACILITY R&M		15,103	17,525
PW VEHICLES/AUTOMOTIVE			
Vehicle Purchase		870	0
R&M, Other supplies		3,129	1,224
Auto Insurance			1,512
Gasoline		<u>2,584</u>	<u>1,043</u>
TOTAL PW VEHICLES/AUTOMOTIVE		6,584	3,779
ROAD OPERATIONS			
R&M supplies		1,044	2,000
Signs		831	458
Tourist Info Signs SH17		500	500
R&M Services		0	6,000
Snow Removal		256	644
HUTF Payment to Saguache County		6,802	3,605
Street Lights (electricity)		1,094	1,260
TOTAL ROAD OPERATIONS		10,528	14,467

GENERAL FUND 2023 Supplemental Budget			
DRAFT - Adopted 0/00/2023			
	2021 ACTUAL from Audit	(Unaudited) 2022 PROJECTED YEAREND	2023 BUDGET
PARKS & ROWS			
Operating Supplies		1,111	1,000
R&M Supplies		1,308	1,000
Equipment		13,715	4,000
Weed Abatement		211	500
Tree Removal		80	1,000
Tree Replacement		4,570	0
Water for Parks		8,852	278
Electricity		440	452
Misc.		3,967	600
TOTAL PARKS		34,254	8,830
CEMETERY			
Green Burial Council Dues		345	345
Administration		0	3,600
TOTAL CEMETERY		345	3,945
TOTAL Public Works		175,269	251,636
SUBTOTAL TH Operations and Public Works Expenditures	462,182	501,753	568,821
TOTAL CAPITAL OUTLAY	46,264		
TOTAL LAND ACQUISITION COSTS		265,100	33,000
Excess (Deficiency) of Revenues Over Expenditures and Capital Outlay	173,193	114,731	(16,766)
TOTAL AVAILABLE RESOURCES (Total Beginning Fund Balance PLUS 2023 Projected Revenue)	1,164,636	1,175,092	962,590
TOTAL OPERATIONS EXPENDITURES + Capital Projects	462,182	766,853	601,821
Interfund Transfers	1,728		
NET AVAILABLE RESOURCES at YEAREND	704,182	408,239	360,769
ENDING Fund Balance (Net Available Resources PLUS Committed Funds)	704,182	554,813	538,047

PROPRIETARY FUND(S)			
Water and Sewer Fund (Combined)			
2023 Supplemental Budget - OPERATIONS			
Adopted 0/00/2023			
USED AUDIT SUMMARY NUMBERS			
	2021 ACTUAL from Audit	(Unaudited) 2022 PROJECTED YEAREND (COMBINED)	2023 BUDGET (Combined W&S)
	2021 ACTUAL from Audit	(Unaudited) 2022 PROJECTED YEAREND (COMBINED)	2023 BUDGET (Combined W&S)
Beginning Cash Balance	150,479	210,935	169,069
COMMITTED FUNDS			
LESS 3 month reserve (Operations Exp)		(54,957)	(43,921)
TABOR Reserve (3%)	(3,014)	(4,917)	NA
AVAILABLE RESOURCES	147,465	151,061	125,148
SERVICES AND FEE REVENUES			
0.5% Sales Tax	92,830	89,192	0
Tap Fees	2,400	3,500	2,400
System Extension Fees	0	0	0
Service Fee Revenue	76,153	78,240	80,772
Interest and Finance Charges	553	144	275
Hydrant maintenance fee		11,743	15,935
Other Revenue	0	60	0
TOTAL TAX, SERVICES AND FEE REVENUES	171,936	182,879	99,382
Sales Tax (10% of operating revenue)	0	0	9,938
GRANT REVENUE	0		
TOTAL OPERATIONS REVENUE	171,936	182,879	109,320
SUBTOTAL DOLA Debt Service - Moved to Capital Projects Fund 2023			
	<u>10,998</u>	<u>10,999</u>	<u>0</u>
PERSONNEL			
ORC water operator		47,796	18,380
Payroll taxes + Empl Benefits		14,215	10,066
Professional Services			1,600
GFund Personnel Support		<u>0</u>	<u>40,022</u>
Subtotal PERSONNEL	27,574	62,011	70,068

PROPRIETARY FUND(S)			
Water and Sewer Fund (Combined)			
2023 Supplemental Budget - OPERATIONS			
Adopted 0/00/2023			
USED AUDIT SUMMARY NUMBERS			
	2021 ACTUAL from Audit	(Unaudited) 2022 PROJECTED YEAREND (COMBINED)	2023 BUDGET (Combined W&S)
OPERATIONS			
Insurance General Liability		402	3,362
Taps and Installation		0	0
Extension parts and Installation		0	0
Repairs and Maintenance		355	11,500
Equipment, Tools		10,026	19,920
Fire Hydrant		9,598	0
Supplies		1,629	70
Testing		6,554	1,180
Utility Locates			176
Travel			685
Training			1,265
Utilities		580	6,324
Baca Sewer Treatment Expense		<u>61,736</u>	<u>61,133</u>
SUBTOTAL OPERATIONS	<u>72,908</u>	<u>90,879</u>	<u>105,615</u>
TOTAL Expenditures	<u>100,482</u>	<u>163,889</u>	<u>175,683</u>
PLANNING (Grants) Moved to Capital Projects Fund 2023		\$0	\$0
CAPITAL PROJECTS (Grants) Moved to Capital Projects Fund 2023		<u>\$55,940</u>	<u>\$0</u>
SUBTOTAL EXPENDITURES	<u>\$100,482</u>	<u>\$219,829</u>	<u>175,683</u>
Excess (Deficiency) of Revenues Over Expenditures and Capital Outlay	71,454	18,990	(66,363)
TOTAL AVAILABLE RESOURCES (Total Beginning Fund Balance PLUS 2023 Projected Revenue)	\$171,936	\$333,940	\$234,468
TOTAL OPERATIONS EXPENDITURES + Capital Projects	<u>\$111,480</u>	<u>\$219,829</u>	<u>175,683</u>
NET AVAILABLE RESOURCES at YEAREND	\$60,456	\$114,112	\$58,785
ENDING Fund Balance (Net Available Resources PLUS Committed Funds)	210,935	169,069	\$102,706

TOWN OF CRESTONE 2023 W&S CAPITAL PROJECTS FUND SUPPLEMENTAL BUDGET			
DRAFT Adopted 0/00/2023			
(NEW FUND January 1, 2023)			
	2021	2022	2023
	Actual	Actual	Budget
BEGINNING CASH BALANCE	\$0	\$0	\$0
0.5% sales tax revenue	\$0	\$0	\$82,000
CDBG (REIMB) Sewer Extension (2023 expenditures)			\$64,060
Grant Revenue - WW Testing & Meter Install Energy Impact Tier 1 (Reimb)			\$5,000
Master Water and Sewer Plan including water storage analysis/location			\$20,000
Interest			\$60
TOTAL CPF REVENUE	\$0.0	\$0.0	\$171,120
DOLA Debt Service	\$0	\$0	\$10,998
CDBG (REIMB) Sewer Extension			\$64,060
WasteWater Testing & Meter Install Energy Impact Tier 1	\$0	\$0	\$10,000
Master Water and Sewer Plan including water storage analysis/location			\$20,000
TOTAL CPF EXPENDITURES	\$0	\$0	\$105,058
Transfer of tax revenue to WSFund			(9,938)
TOTAL AVAILABLE RESOURCES	\$0	\$0	\$171,120
TOTAL EXPENDITURES	\$0	\$0	\$ (114,996)
ENDING FUND BALANCE	\$0	\$0	\$56,124

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