

Town of Columbine Valley

2019 Budget

Narrative Portion

December 11, 2018

The 2019 Town budget consists of a financial portion and a related narrative portion.

Basis of Accounting

The Budget is prepared and accounting records are maintained using a modified accrual basis of accounting. Revenues, such as property taxes and sales taxes are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the budget year or soon thereafter. Expenditures are recorded when a liability is incurred.

General Information

The Town has one General Fund, which is increased by revenues received from various Town imposed taxes and fees. The Fund is decreased by expenditures for (1) Town operating expenses and (2) amounts set aside (reserved) or appropriated for major infrequent purchases such as police vehicles, operating equipment etc., and major one time only public works. Amounts, set aside, are placed in designated or general type reserves. Amounts in these reserves are depleted as a major purchase is made or a major public works project is undertaken. Small reserves have also been established for controlling the spending of restricted lottery receipts (Conservation Trust Fund) and Arapahoe County Open Space Shareback sales tax receipts.

Sources of revenues are explained below. The main sources, however, are property taxes and various sales taxes. The amount of property taxes levied each year has been the maximum permitted in order to fund operating expenses and reserves for major public works deemed needed by the Town. Columbine Valley is subject to various property tax limitation statutes, notably Amendment #1, (TABOR/Bruce Amendment) and others.

The Town's on-going commitments for expenditures are as follows:

- Public Safety – Police protection and municipal court activity (now includes the Town of Bow Mar)
- Sanitation – Trash removal
- Public Works – Town street and property maintenance
- Administration – Town office expense including election, publication, legal and other operating costs
- Planning & Zoning – Town development expenses

Amendment #1

On November 3, 1992, the voters of Colorado passed Amendment #1 that restricts the rate of increase in spending by local governments. The maximum annual percentage change in any year's spending and property tax revenues is limited to 1) inflation (rise in consumer price index) plus 2) a percentage equal to the net percentage change in the Town's actual valuation of all real property. Spending may be increased if the voters in the Town approve additional taxes through an initiative referendum election. Revenues that exceed Amendment #1 limits are refunded in the following year unless the voters approve otherwise. In November 1998 the Town was successful in passing a referred measure to authorize the Town to collect, retain and spend all excess revenue collected in 1998, and thereafter, without regard to any limitations under TABOR provided that no local tax rate or mill levy be increased without further voter approval.

Sources of Fund Increases

Property Taxes – General Fund - \$371,144

With the advent of Amendment #1, three separate (limiting) calculations are made to determine the allowable property tax levy for the General Fund. The lowest of the three is the maximum property taxes that the Town may collect. These three calculations for 2019 are as follows:

1. Amendment #1 property tax revenue limitation - \$371,144
2. Amendment #1 mill levy rate limitation - \$445,937
3. Statutory 5.5% property tax revenue limitation - \$387,807

The lowest of the three amounts is the first calculation.

The following simple explanations are a short description of the three calculations, which can be very complicated.

The 1st calculation is based upon the percentage increase (2017 to 2018) in actual value of Town real property plus an allowance for the rise in the consumer price index multiplied by the 2018 certified property tax revenue.

The 2nd calculation is based upon the 2017 mill levy times the 2018 assessed valuation of the Town real property.

The 3rd calculation is based upon the 2017 adjusted assessed valuation of Town real property multiplied by the 2017 mill levy, adjusted for a 5.5% statutory increase.

Specific Ownership Tax - \$23,454

Specific ownership taxes are collected by the County Department of Motor Vehicles for vehicles registered in the Town. The amount allocated to the Town by the County is based upon its proportionate share of all County imposed property taxes. The budget for 2019 reflects virtually no increase from the projected revenue for 2018.

Sales & Use Tax - \$695,500

The Town collects sales taxes on retail sales within the Town boundaries. These taxes come from sales by Columbine Country Club, its pro shop, CenturyLink, and A T & T. The Town also collects sales tax on automobile purchases by Town residents and on materials purchased for new and remodel home construction. The 2019 Budget provides for the construction of twenty-eight (28) new homes. Eight in one continuing development begun 2016 and twenty in the new Wild Plum Farm development which will begin in 2019. The 2019 Budget also anticipates remodeling costs to be approximately \$5 million, generating \$75,000 in sales taxes. Other sales taxes are estimated to be virtually the same as the 2018 projected levels.

Utility Franchise Fee - \$46,000

Utility franchise fees come from two sources, Public Service Company of Colorado (Xcel Energy) and CenturyLink (formerly Qwest). The fee received from Public Service is 3% of their billings to Town residents. An annual flat fee of \$3 is received from CenturyLink for each local telephone line in the Town. These fees are expected to increase modestly over the next few years largely as a result of additional new homes in the Town.

Cable TV - \$32,000

The Town has granted non-exclusive ten-year cable franchises covering all of Columbine Valley to two separate cable tv providers. The agreements expire in 2026 and 2027, unless renewed or extended. Each agreement stipulates that the Town receives an annual fee equal to 5% of gross cable receipts by the cable operator. Cable revenues have increased in recent years, likely due to increased premium services and additional home construction. Our budget has increased modestly to project the impact of additional new home construction.

Permits Fees - \$355,000

Permit fees (including plan review fees) are based upon the projection of twenty-eight (28) new homes in 2019 and remodeling activity similar to 2018.

Fines - \$75,000

Tickets and fines issued by the Town police are a function of the level of police staff maintained during the year. We anticipate that 2019 revenues will remain similar to our current projection for 2018. These amounts include revenues generated through the issuance of tickets within the Town of Bow Mar ('Bow Mar').

Intergovernmental Revenues

Bow Mar Public Safety IGA

Effective January 1, 2019, the Town has renewed its intergovernmental agreement with Bow Mar for a five year term and continues to assume the responsibility for public safety and municipal court activities for that town. In connection with this and prior agreements and for providing these services, Bow Mar will have paid the Town \$276,530 in 2018 and will pay \$285,102 for 2019. The payments for 2018 and 2019 are calculated based upon a formula using the then current consumer price index change. The agreement also provides that the Town will refund a portion of this fee in the event the Town is unable to maintain a total police force of six officers for the entire calendar year. There was no refund required under this provision for 2017, and none is projected for 2018.

Bow Mar Building Department IGA

Effective in January 1, 2019, the Town has renewed its intergovernmental agreement with Bow Mar for a two year term to provide certain administrative services associated with their building department functions. The fee for these services was \$40,000 in 2017 and 2018. The fee for 2019 and 2020 will be \$25,000 per year.

Other

Where available, intergovernmental revenues are estimated based upon information and estimates provided by the governmental agencies. Other estimates are made based upon prior year actual revenues. The Colorado Municipal League provides the estimate used for Highway User Tax (Motor Fuel Tax).

- State Highway Users Tax – 2018 projection is \$44,000; 2019 budget is \$46,000
- County Highway Mill Tax – 2018 projection is \$12,000; 2019 budget is \$12,000
- Cigarette Tax Apportionment – 2018 projection is \$100; 2019 budget is \$800
- Motor Vehicle Registration Fees – 2018 projection is \$6,000; 2019 budget is \$6,000

Interest - \$28,500

The estimate for Town funds to be invested during 2019 is an average of \$1,150,000 at an estimated weighted interest rate of 2.48%.

Other - \$27,500

Other revenues include a projected grant of \$25,000 to assist in the upgrade of police radios and other small receipts, miscellaneous in nature, which are received each year.

Sources of Fund Decreases

Public Safety - \$696,000

Public safety costs include both Town police expense and the expense of operating its municipal court. The Town intends to employ six full time and two part-time police officers in 2019 to accommodate its expanded coverage area, which includes Bow Mar. Costs include salaries and benefits, uniforms, training, vehicle expense (four owned vehicles) and supplies. Municipal court costs are projected to remain at the projected 2018 level. Since 2008 the Town has been subject to an annual charge from Arapahoe County for providing dispatch and other services. These services had been provided in the past at no cost to the Town. The annual charge was \$26,380 in 2017 and has increased to \$28,869 in 2018 and 2019.

Sanitation - \$84,000

The Town contracts with Republic Services for trash removal. A new contract executed in 2017 is for a three year term with a 3% annual increase beginning in 2018. This overall fee has increased in recent years as a result of new home construction in the Town.

Administration - \$722,000

Costs that are considered part of administration and their percentage to total administration costs are as follows:

	<u>2018</u>	<u>2019</u>
• Town office salaries and benefits	41.9%	45.0%
• Legal, accounting and audit	11.9%	9.5%
• Insurance	4.6%	4.2%
• Building inspection fees	22.9%	22.1%
• Town Hall maintenance and utilities	6.1%	3.8%
• Other	12.6%	15.4%

Office salaries include three full-time and one part-time employees and 25% of the Public Works Director's salary. Included in benefits are the cost of health insurance and a pension plan.

Legal fees are very dependent upon activities occurring within the Town. The primary need for legal services in 2019 will be preparation for and attendance at regular meetings of the Town Trustees. We also pay our Treasurer (non-volunteer position) a fixed fee of \$750 per month for services. We anticipate replacing the current Treasurer (retiring) with a part-time Finance Director included as the part-time employees noted above. We incurred a modest increase in the cost of the annual audit of the Town in 2018 due to the continuing integration of several recently expanded reporting requirements. We expect this fee to remain the same in 2019.

Insurance costs, including health insurance, are estimated to increase approximately 5% in 2019. Our insurance carrier is Travelers Insurance. Our Workman's Compensation insurance carrier is Pinnacle Assurance.

Building inspection fees are very dependent upon new construction within the Town. The budget for 2019 assumes a normal level of inspections and plan reviews associated with remodeling in the Town and the aforementioned twenty-eight (28) new homes to be constructed in 2019.

Town Hall maintenance and utilities include normal occupancy costs associated with office space including, but not limited to, water, power, lighting, janitorial services, lawn maintenance, and cleaning supplies.

Other costs include the issuance of periodic newsletters and/or flyers, a Town directory, publication of official notices, election expenses (generally in even years only), office supplies, computer expenses and community functions (shredding event, summer concert series, 4th of July festivities).

Planning & Zoning - \$67,500

The costs included in this category are all associated with mapping, zoning and developing property within the Town. Incremental costs associated with requests from developers to review and approve new projects within the Town are generally recovered from the developers. The budget for 2019 takes into account the current development activity (two active developments) in the Town. A portion of these costs may be recovered if there is significant activity in planning the active developments within the Town.

Public Works - \$294,500

Town property maintenance costs include street and gutter maintenance and repair, snow removal, street lighting, road striping, park maintenance and maintenance and repairs associated with Town equipment. We have budgeted \$200,000 towards general street maintenance for 2019 which includes \$100,000 for Fairway Lane improvements deferred from 2018. The Town has also determined to continue to handle snow removal services internally, relying on our full-time public works manager and additional part-time help, as necessary. Our public works manager will also devote time to property maintenance and repair. Some services, such as street cleaning and sealing are contracted from the City of Littleton or other third-party vendors.

General Fund Reserve Activity

Impact fees WPF – Receipts - \$254,000 and expenditures - \$-0-

This new fund is being established for 2019 to collect and hold impact fees assessed on all lots in the Wild Plum Farm development at the rate of \$12,700 per lot. These funds will be held for future expenditures relating to items resulting from the ‘impact’ of this new development.

Arapahoe County Open Space Shareback Fund – Receipts - \$36,000 and expenditures - \$12,000

This fund was established in 2005 to receive a portion of the .25% sales tax enacted in Arapahoe County in 2005 to provide funding for local open space projects. These funds are generally available for the purchase and maintenance of new open space lands within our municipality. As these funds have become significant, the Town Trustees are actively identifying and pursue projects which will be appropriate for these funds. In 2018 the Town participated in the Chatfield Dam Water Enhancement project at a cost of \$7,500 by acquiring one acre-foot of water. Our 2019 projected expense is to fund a study to determine potential projects for these funds.

Conservation Trust Fund – Receipts - \$ 6,000 and expenditures - \$6,000

The Conservation Trust Fund receives annual proceeds from the state lottery profits. Columbine Valley is one of more than 400 cities, towns, counties and special recreation districts to receive a portion of these funds. Distribution is based upon population. The use of these funds is restricted to park and recreation spending and is currently dedicated to maintenance of the park surrounding the Town Hall. In 2019 we will continue to maintain the park area in front of the Town Hall.

Capital Reserves – Receipts - \$500,000 and expenditures – 219,500

This reserve fund was established in 2018 with a transfer of \$500,000 from the General Fund Reserve balance. Expenditures from this reserve were \$108,000 in 2018. The 2019 receipt is an additional transfer from our General Fund Reserve. Expenditures for 2019 include two new police vehicles (\$90,000), upgraded police radios to meet current standards (\$52,000), drainage improvements in the north end of the Town (\$55,000) and other miscellaneous expenditures (\$22,500).

Reserve Balance

Reserves (Fund Balances) at the beginning of 2018 were \$1,556,437. Activity for 2018 and 2019 is expected to increase the reserve balance to \$1,759,643 including unrestricted reserves of \$353,008. A desirable unrestricted reserve balance is an amount equal to one year's budgeted recurring operating expenditures, or approximately \$1,650,000, which will require continued vigilance by the Town Trustees to control operating costs as well as capital spending.

**TOWN OF COLUMBINE VALLEY
2019 BUDGET
FINANCIAL PORTION**

SUMMARY

General Fund Activity

Revenues		
Operating	\$ 2,029,000	
From Reserve	-	\$ 2,029,000
Expenditures		
Operating	\$ 1,864,000	
To Reserve	165,000	2,029,000

Reserve Activity

Additions		
2019 Budget (Above)	\$ 165,000	
Impact fees WPF	\$ 254,000	
Arapahoe County Open Space Shareback	36,000	
Conservation Trust Fund	6,000	\$ 461,000

Expenditures		
2019 Budget (Above)	-	
Capital Expenditures	219,500	
Major Capital Projects	-	
Arapahoe County Open Space Shareback	12,000	
Conservation Trust Fund	6,000	237,500

Net Increase (Decrease) in Reserves	223,500
Reserves at Beginning of Year	1,652,960
Reserves at End of Year	\$ 1,876,460

TOWN OF COLUMBINE VALLEY
General Fund Revenues & Expenditures
2019 Budget

	Actual 2017	Budget 2018	Projected 2018	Budget 2019
Revenues				
Taxes				
Property Taxes	\$ 328,363	348,058	348,058	371,144
Specific Ownership Taxes	28,145	23,612	22,812	23,454
Sales and Use Taxes	645,017	681,500	480,000	695,500
Utility Franchise Fees	46,319	46,000	45,000	46,000
Cable Television Fees	34,394	31,000	32,000	32,000
Permits and Fines				
Permits, Fees and Services	329,409	320,000	230,000	355,000
Fines	71,077	65,000	95,000	75,000
Intergovernmental				
Town of Bow Mar Police	268,216	276,530	276,530	285,102
Town of Bow Mar Admin	40,000	40,000	40,000	25,000
State Highway User's Tax	45,981	46,000	56,000	46,000
County Highway Tax Revenue	13,092	12,000	12,000	12,000
Motor Vehicle Registration Fees	5,843	6,000	6,000	6,000
State Cigarette Tax Apportionment	-	800	100	800
Interest	17,751	15,500	21,000	28,500
Other	15,127	2,000	17,500	27,500
From General Reserve	-	-	-	-
	<u>\$1,888,734</u>	<u>1,914,000</u>	<u>1,682,000</u>	<u>2,029,000</u>
Expenditures				
Public Safety	\$ 620,549	684,500	675,000	696,000
Sanitation	76,924	84,000	81,000	84,000
Administration	614,884	627,500	589,800	722,000
Planning and Zoning	45,380	69,000	69,000	67,500
Public Works	475,379	315,000	177,000	294,500
To General Reserve	55,618	134,000	90,200	165,000
	<u>\$1,888,734</u>	<u>1,914,000</u>	<u>1,682,000</u>	<u>2,029,000</u>
Reserve Additions				
From General Fund	\$ 55,618	134,000	90,200	165,000
Impact fees WPF				254,000
Arapahoe County Open Space Shareback	33,238	33,000	35,823	36,000
Conservation Trust Fund	6,724	6,000	6,000	6,000
	<u>\$ 95,580</u>	<u>\$ 173,000</u>	<u>\$ 132,023</u>	<u>\$ 461,000</u>
Reserve Expenditures				
To General Fund	-	-	-	-
Capital Expenditures	49,757	-	8,000	219,500
Arapahoe County Open Space Shareback	-	7,500	7,500	12,000
Conservation Trust Fund Expenditures	6,000	20,000	20,000	6,000
	<u>55,757</u>	<u>27,500</u>	<u>35,500</u>	<u>237,500</u>
Net Increase (Decrease) in Reserves	39,823	145,500	96,523	223,500
Beginning Reserves Balance	1,516,614	1,556,437	1,556,437	1,652,960
Ending Reserves Balance	<u>\$1,556,437</u>	<u>1,701,937</u>	<u>1,652,960</u>	<u>1,876,460</u>

TOWN OF COLUMBINE VALLEY
General Fund Operating Expenditure Detail
2019 Budget

	Actual 2017	Budget 2018	Projected 2018	Budget 2019
Public Safety				
Cruiser Gas, Oil and Maintenance	\$ 26,179	30,000	30,000	30,000
Cruiser Insurance	4,876	7,000	6,500	7,000
Salaries	399,482	415,000	425,000	430,000
FFPA Pension	40,626	41,500	41,500	43,000
Health Insurance	36,124	45,000	45,000	52,000
Workers Comp Insurance	16,493	28,000	20,000	28,000
Uniforms	5,571	11,000	8,000	8,000
Education and Training	3,630	9,000	5,000	9,000
Supplies and Other	24,799	26,631	25,719	17,244
Arapahoe County dispatch fees	26,380	28,869	27,781	29,256
Municipal Court Judge	8,250	9,000	8,250	9,000
Municipal Court Legal	24,889	27,500	27,500	27,500
Municipal Court Supplies	1,875	2,000	1,500	2,000
Municipal Court Administration	1,375	4,000	3,250	4,000
	<u>\$ 620,549</u>	<u>684,500</u>	<u>675,000</u>	<u>696,000</u>
Administration				
Advertising	\$ 527	500	500	500
Legal	46,523	48,000	45,000	48,000
Accounting and Audit	26,500	26,500	24,500	20,500
Building Inspection	143,515	144,000	95,000	159,750
Building Maintenance and Utilities	43,572	37,999	40,485	27,250
Salaries	184,737	195,000	190,000	254,000
Payroll Taxes	19,222	20,000	21,500	24,000
Health Insurance	38,285	36,000	36,000	32,000
Pension	11,424	12,000	12,000	15,000
Telephone	4,287	6,000	4,000	5,000
Printing and Supplies	11,067	10,000	10,000	10,000
Insurance and Bonds	23,773	29,000	25,000	30,000
Education and Training	-	5,000	10,500	5,500
Community Functions	-	15,500	20,000	36,500
Miscellaneous	43,400	12,500	22,500	12,489
Master plan/survey	-	-	-	13,000
County Treasurer's Fees	3,287	3,481	3,480	3,711
Computer Expense	9,153	16,500	22,000	17,000
Election Expense	-	2,000	-	-
Dues and Publications	5,612	7,520	7,335	7,800
	<u>\$ 614,884</u>	<u>627,500</u>	<u>589,800</u>	<u>722,000</u>
Public Works				
Street and Gutter Maintenance	\$ 402,368	225,000	100,000	200,000
Snow Removal	2,798	8,000	6,000	2,000
Striping	2,628	3,000	2,000	1,000
Signs Maintenance	2,293	3,000	4,000	1,000
Vehicle Maintenance	3,580	3,500	5,500	1,500
Other Drainage/Water	12,370	10,500	5,500	5,000
Street Cleaning	-	2,000	2,000	2,000
Street Lighting	12,393	15,000	15,000	15,000
Ground and Other Maintenance	877	5,000	3,500	3,500
Other Maintenance/Homeowner Funds	10,000	14,000	10,000	9,000
NPDES Expense	4,524	5,000	7,000	5,000
Salary	15,528	14,500	10,000	42,000
Professional Fees	6,020	6,500	6,500	7,500
	<u>\$ 475,379</u>	<u>315,000</u>	<u>177,000</u>	<u>294,500</u>

TOWN OF COLUMBINE VALLEY
Reserve Account Detail
2019 Budget

	Balance 2017	Projected Increases 2018	Projected Decreases 2018	Projected Balance 2018	Budget Increases 2019	Budget Decreases 2019	Projected Balance 2019
Restricted Reserves							
Emergency reserves	\$ 56,362	-	-	56,362	-	-	56,362
Capital reserves		500,000	108,000	392,000	500,000	219,500	672,500
Impact fees WPF				-	254,000	-	254,000
Conservation Trust	23,895	6,000	20,000	9,895	6,000	6,000	9,895
Arapahoe Open Space	361,555	35,823	7,500	389,878	36,000	12,000	413,878
	441,812	541,823		848,135	796,000	237,500	1,406,635
Unrestricted Reserves	1,114,625	1,682,000	1,991,800	804,825	2,029,000	2,364,000	469,825
Total Reserves	\$ 1,556,437	2,223,823	1,991,800	1,652,960	2,825,000	2,601,500	1,876,460

TOWN OF COLUMBINE VALLEY
Capital and Reserve Expenditure Detail
2019 Budget

	Actual 2017	Budget 2018	Projected 2018	Budget 2019
Capital Expenditures				
Public Safety				
Vehicle	\$ 41,007			90,000
APX Radio upgrade				52,000
Administration				
Emergency generator	8,750			
Server				8,000
Public Works				
Lightpole replacement			8,000	8,000
Village Drainage improvements				55,000
Other				6,500
	<u>\$ 49,757</u>	<u>-</u>	<u>8,000</u>	<u>219,500</u>
Major Capital Projects				
	<u>\$ -</u>			<u>-</u>
Arapahoe County Open Space Shareback Expenditures				
Chatfield Dam Water Enhancement	\$ -	7,500	7,500	
Master plan public outreach				12,000
	<u>\$ -</u>	<u>7,500</u>	<u>7,500</u>	<u>12,000</u>
Conservation Trust Fund Expenditures				
Parks	\$ 6,000	20,000	20,000	6,000