

Town of Columbine Valley

2024 Budget

Narrative Portion

The 2024 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. Other accounts have been established for controlling the spending of restricted lottery receipts (Conservation Trust Fund), Arapahoe County Open Space Shareback sales tax receipts, Impact Fees, and Transportation Fees.

Sources of revenues are explained below. The main sources, however, are property taxes and various sales taxes. The amount of property taxes levied are determined by the total assessed value of the Town against the needed mills to fund operating expenses and reserves for major public works projects.

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)
- Public Works – Trash removal & 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. The 1998 election also allows the Town to remove the limitations noted above and collect the allowable property tax associated with the assessed value against the Town's permitted 9.313 mills.

Sources of Fund Increases

Property Taxes – General Fund -\$584,194

The assessed value for the Town for tax year 2023 (collection year 2024) is \$81,774,145. Against the mills the Town will certify, of 7.144 (including abatements) this would equal revenues of \$584,194. The full 9.339 mills less a mill levy of 2.195 for temporary reduction totaling \$179,494.

Specific Ownership Tax - \$40,900

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 2024 reflects a small decrease from the 2023 budget.

Sales & Use Tax - \$1,009,300

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 2024 Budget provides for the scrapes of three homes within the Town.

Utility Franchise Fee - \$81,900

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 - \$42,400

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 - \$173,000

Permit fees (including plan review fees) are based upon the projection of historical remodel permit fees of \$75,000 as well as three scrapes and rebuilds within the Town. This is a slight decrease in anticipated building within the Town from 2023. The home builders have provided estimated homes to be built to the Town.

Fines - \$100,000

Tickets and fines issued by the Town police are a function of the level of police staff maintained during the year. We anticipate that 2024 revenues will likely reduce as historically the Town has been under budget on the projected revenues. 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. On December 11, 2023 this agreement was extended for one year. In connection with this and prior agreements and for providing these services, Bow Mar will have paid the Town \$328,610 in 2023 and will pay \$338,000 in 2024. The payment for 2023 is 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. A refund is not anticipated for 2023.

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, 2020, and 2021 was \$25,000 per year. The fee for 2022, 2023 and 2024 is \$20,000.

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 – 2023 projection is \$43,753; 2024 budget is \$43,800
- County Highway Mill Tax – 2023 projection is \$17,070; 2024 budget is \$17,100
- Cigarette Tax Apportionment – 2023 projection is 1,812; 2024 budget is \$1,800
- Motor Vehicle Registration Fees – 2023 projection is \$5,611; 2024 budget is \$5,600

Interest - \$95,400

The Town will be investing funds in 2023 generated an estimate of \$495,400 in interest. This is significantly higher than past years as the interest rates are trending much higher.

Other - \$32,000

The Town is estimating grant income of \$32,000.

Sources of Fund Decreases

Public Safety - \$1,097,881

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 four part-time police officers in 2024 to accommodate its 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 be higher than 2023. 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 \$35,560 in 2023 and is budgeted at \$36,894 in 2024. The Town is anticipating receiving a grant to cover these costs, as in past years.

Sanitation - \$109,200

This will now show up in the Public Works section of the financials. The Town contracts with Republic Services for trash removal. A new contract was executed in 2020 is for a three year term with a 3% annual increase beginning in 2021. This overall fee has increased in recent years as a result of new home construction in the Town.

Administration - \$764,680

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

	<u>2022</u>	<u>2023</u>	<u>2024</u>
• Town office salaries and benefits	36.02%	40.78%	34.84%
• Legal, human resources, accounting and audit	18.19%	17.95%	18.75%
• Insurance	4.35%	2.27%	2.01%
• Building inspection fees	24.96%	10.63%	8.79%
• Town Hall maintenance and utilities	2.72%	3.33%	3.31%
• Community Functions	4.86%	6.15%	6.34%
• Other	8.91%	10.02%	21.95%

Office salaries include two full-time , 2 part-time, and contract additional part-time help as needed. Included in benefits are the cost of health insurance and a pension plan.

Legal fees are very dependent upon activities occurring within the Town. Legal fees are estimated to be less than previous years. 2023 had lower legal fees. The primary need for legal services in 2024 will be preparation for and attendance at regular meetings of the Town Trustees. The accounting and audit fees should stay about the same due to the outside firm having a couple years of experience. Human resources should stay about the same as 2023.

Insurance costs for the building are estimated to be a little higher than 2023, but nothing significant. Health insurance costs are reduced to have less employees. Our insurance carrier is Travelers Insurance. Our Workman's Compensation insurance carrier is Pinnacol Assurance.

Building inspection fees are very dependent upon new construction within the Town. The budget for 2024 is lower than the 2023 budget, but still anticipates the scrapes of rebuilds of 3 homes within the Town. Other factors are assumed to remain steady within the Town.

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, and computer expenses.

Planning & Engineering - \$36,000

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. A portion of these costs may be recovered if there is significant activity in planning the active developments within the Town.

Public Works - \$447,644

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. 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. Salaries are higher than previous years as the full salary of the public works manager is included plus part time help. Some services, such as street cleaning and sealing are contracted from the City of Littleton or other third-party vendors.

Additional Funds Activity –

Capital Fund – \$2,933,698

This reserve fund was established in 2018 with a transfer of \$250,000 expected in 2024 from the General Fund Reserve balance. Funds will be transferred in 2023 to continue funding the necessary capital projects expected by the Town. Expenditures for 2024 include major road improvements. The Capital Reserve Fund will hold the majority of the funding needed for future projects the Town will need to face for improvements.

Conservation Trust Fund – Receipts - \$ 8,700 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 2024 we will continue to maintain the park area in front of the Town Hall.

Arapahoe County Open Space Shareback Fund – Receipts - \$57,900 and no expected expenditures

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. .

Impact fees WPF – Receipts - \$0 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 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.

Transportation Fee – Receipts - \$100,000 and expenditures - \$-0-

This new fund is being established in 2021 to collect and hold fees charged to residents completing projects at their home. The fee will be a 1% fee imposed on projects that cost more than \$25,000 to complete. Homeowners obtaining building permits will be charged this fee as a way to fund future work needed on roads. These funds will be held for future expenditures relating to major road replacement work.