

# Budget Overview

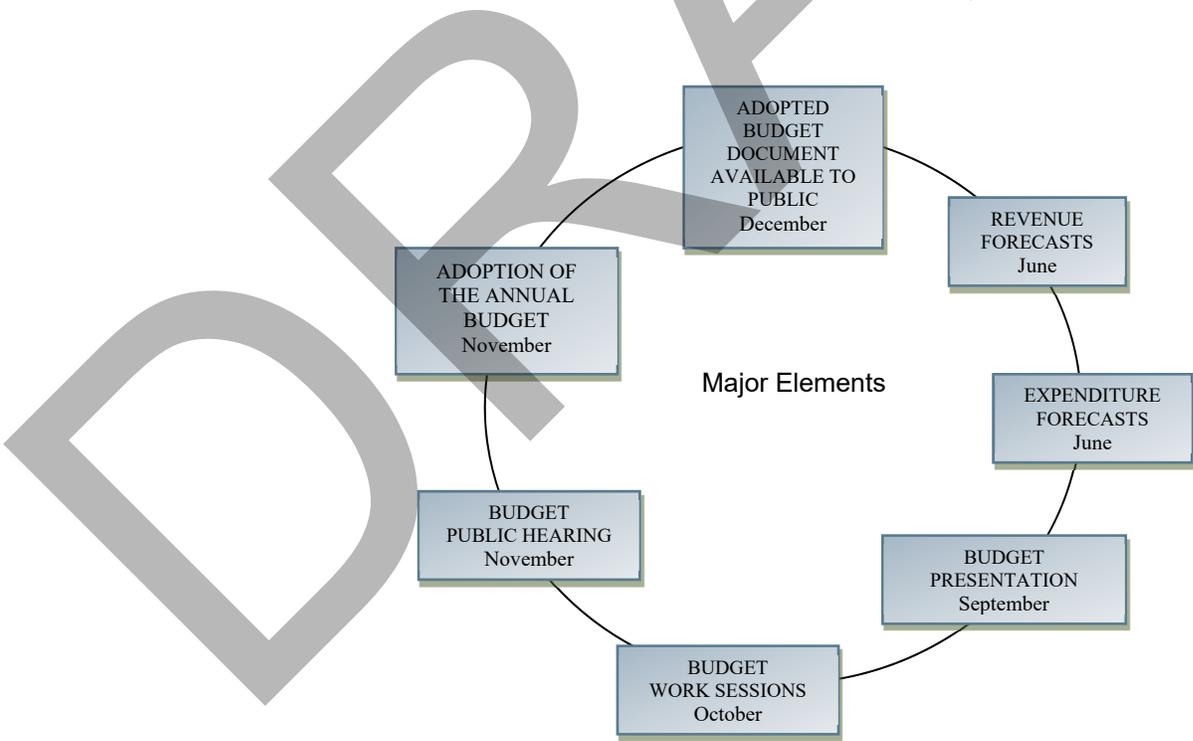
Pursuant to Chapter 3.04.020 of the Town Municipal Code, I am pleased to present the 2023 Annual Operating Budget & 2023-2027 Capital Improvement Plan for the Town of Firestone. The budget will demonstrate the allocation of available resources and serves as an operations guide in an effort to meet the service needs of the community.

## Budget Process

The Town's fiscal year begins January 1<sup>st</sup> and ends December 31<sup>st</sup> of each year. Although the Town legally appropriates its budget on an annual basis, the budgeting process includes discussions regarding multi-year financial planning, specifically as it relates to the Town's five-year Capital Improvement Program.

Each department prepares their budget using a line-item method, providing detailed documentation for revenues and expenditures. Service levels, as approved by the Town Board during the annual budget review, assist the departments in determining projected expenditures. In order to present a balanced budget, the Town Manager works closely with departments to coordinate funding levels. During the public hearing, the Town Board may adopt the budget with or without amendment. If the Town Board fails to adopt the budget by December 31<sup>st</sup>, the amounts appropriated for the current fiscal year shall be deemed adopted for the ensuing fiscal year on a month-to-month basis. Adoption of the budget by the Town Board shall constitute appropriations in the amount specified at the fund and department level. The Town encourages citizen participation and publishes notice of the hearing in local newspapers, on the Town's website, and at official Town posting places. Copies of the budget are available for citizen review.

## Budget Flowchart



## Budgetary Control

Once adopted, it becomes the responsibility of the Finance Department to monitor and report on the financial activity of the organization and condition of the annual budget. The Town incorporates the use of financial software, policies, and procedures to provide an adequate level of control over expenditures. Each department is responsible for controlling expenditures within budgetary allowances; however, ultimate budgetary responsibility is retained at the legislative level. As allowed by the Town's Municipal Code, requests for amended, supplemental, or reduction appropriations to the budget will be subject to the approval of the Town board by ordinance.

## Budgetary Basis of Accounting

Basis of Accounting refers to the specific time at which revenues and expenditures are recognized in the accounts and reported in our financial statements. The method of accounting used often depends on the purpose for which the fund has been established. Proprietary funds utilize full accrual basis of accounting while all other funds utilize a modified accrual basis.

In the budgetary process however, all funds are prepared on the modified accrual basis of accounting. Thus, capital expenditures, debt and lease payments, as well as, interfund loan repayments are recorded as expenditures in the year in which they occur. Furthermore, depreciation and amortization costs are not budgeted since these costs represent non-cash transactions.

## Fund Structure

The Town of Firestone, like other local governments, utilizes funds to account for the activity of specific operations, programs, and/or functions. Each fund maintains an independent, self-balancing ledger and budget subject to appropriation. In accordance with State statute, no fund may overspend the appropriation established by the Town Board of Trustees. The funds established by the Town Board and appropriated in this budget are as follows:

*General Fund* – This fund is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund. The functions accounted for in this fund account for most of the day-to-day operations of the Town that are financed via sales tax, property tax, and other general revenues. Activities in the General Fund include general administration, economic development, public safety, development review, parks, and public works.

*Special Revenue Fund* – These funds are used to account for the proceeds of specific revenue sources that are legally or otherwise restricted to expenditures for specified purposes and which therefore cannot be diverted to other uses. The Town of Firestone currently operates one Special Revenue Fund.

- *Conservation Trust Fund* – The fund is used to account for the resources generated from the lottery proceeds and are passed through from the State of Colorado. These funds are restricted to the costs associated with parks and open spaces.

*Capital Projects Fund* – This fund is used to account for the construction of major capital projects other than those financed by Enterprise. The Town of Firestone currently operates one Capital Projects Fund. The revenues in the Capital Projects Fund are derived from various restricted and non-restricted sources including county-shared sales tax revenues, grants, and transfers from the General Fund.

*Debt Service Fund* – This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. Colorado State Statute limits the total amount of General Obligation debt to three percent of the jurisdiction’s actual value of all the taxable property in the Town, as determined by the County Assessor. The Town of Firestone currently does not carry any general obligation debt.

*Enterprise Funds* – Such funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing these services to the general public on a continuing basis be financed or recovered primarily through user charges. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, finance, and related debt service. The Town of Firestone currently operates two enterprise funds.

- *Water Fund* – The Town of Firestone provides water services to approximately 4,800 residential and commercial customers, and supplies over 650 million gallons of water annually. Revenues are derived primarily from user charges; however, committed raw water impact fees are used to support capital improvements within the water fund.
- *Stormwater Fund* – The fund is used to account for the resources generated and costs associated with providing Stormwater services. Revenues are collected through user charges collected in the utility billing process.

### **Town-Wide Revenues**

In an effort to simplify financial reporting, the Town of Firestone has organized its revenues into six categories: Taxes, Intergovernmental, Licenses & Permits, User Charges & Fees, Fines & Forfeitures, and Other Revenue. The table and chart below illustrate the Town’s total revenue (all funds, not including Other Sources or use of fund balance).

	<b>2021 Audited Amounts</b>	<b>2022 Adopted Budget</b>	<b>2022 Year-End Forecast</b>	<b>2023 Adopted Budget</b>
<b>Revenue:</b>				
Taxes	\$ 22,060,103	\$ 23,808,128	\$ 24,503,081	\$ 29,923,659
Intergovernmental	4,053,041	1,481,536	4,417,653	1,762,080
Licenses & Permits	1,365,529	1,406,908	1,213,460	2,021,803
User Charges & Fees	11,875,261	28,383,159	29,903,183	51,672,908
Fines & Forfeitures	104,567	111,473	89,160	110,214
Other Revenue	164,013	174,344	341,586	413,050
<b>Total Revenue</b>	<b>\$ 39,622,514</b>	<b>\$ 55,365,548</b>	<b>\$ 60,468,123</b>	<b>\$ 85,903,714</b>

## Town-Wide Expenditures

In an effort to simplify financial reporting, the Town of Firestone has organized its expenditures into six categories: Personnel, Purchased Services, Supplies/Non-Capital Equipment, Capital Outlay, Miscellaneous, and Contingencies. The following table and chart illustrate the Town's total expenditures (all funds, not including Other Uses or internal fund transfers).

	<b>2021 Audited Amounts</b>	<b>2022 Adopted Budget</b>	<b>2022 Year-End Forecast</b>	<b>2023 Adopted Budget</b>
<b>Expenditures:</b>				
Personnel	\$ 10,316,718	\$ 12,810,531	\$ 11,346,495	\$ 15,453,262
Purchased Services	13,483,176	15,518,396	15,566,651	19,554,024
Supplies/ Non-Capital Equipment	2,659,080	2,412,964	2,240,707	2,968,126
Capital Outlay	39,384,576	18,236,400	28,270,546	10,270,426
Other Expenditures	322,155	104,050	181,385	102,560
<b>Total Expenditures</b>	<b>\$ 66,165,705</b>	<b>\$ 49,082,341</b>	<b>\$ 57,605,784</b>	<b>\$ 48,348,398</b>

The Town controls operating costs while continuing to deliver services at their expected levels while focusing on increasing reinvestment within the community via capital improvement projects. The expenditure categories, as well as some of the more significant changes in spending authorization are discussed in more detail below.

### Personnel Category

Salaries, wages, and benefits represent approximately 32% of the 2023 Town-wide budgeted expenditures. The category includes all costs associated with personnel including regular and seasonal staff, payroll taxes, and all clothing, tool, or vehicle allowances. Significant changes include:

- The 2023 budget includes market adjustments for all positions of approximately 5%, as well as step increases for all sworn police personnel.
- 5 full-time equivalents (FTE) were added to the budget: 1 Facilities Operations Manager, 1 Human Resources Administrative Coordinator, .5 Building Permit Technician, .5 Plans Examiner, 1 Police Officers, and 1 Civil Engineer.

### Purchased Services Category

The purchased services category represents approximately 40% of the 2023 budgeted expenditures. This category is made up of expenditures which by their nature are performed by persons or firms external to the organization. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Expenditures which fall under this category include administrative services, legal services, technical services, property maintenance, and non-personnel related insurance premiums.

### Supplies/Non-Capital Equipment Category

The supplies and non-capital equipment category accounts for approximately 6% of the 2023 budgeted expenditures. Expenditures in this category are for items that are consumed, worn out, or deteriorated through use, and do not meet the requirements of the Town's definition of capital assets. Supplies, natural gas, fuel, as well as non-capital equipment such as file cabinets, desks, and personal computers are included in this category.

### Capital Outlay Category

The capital outlay category makes up 21% of the 2023 budgeted expenditures. This category includes capital assets and capital improvement projects such as the acquisition of land, water rights acquisitions, buildings construction/maintenance, infrastructure and other capital spending. Expenditures in this category tend to vary from year to year based on the needs of the organization and community.

**Note:** this is a working draft. Please refer to the budget schedule that has been posted on the Town's website.

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