



MEMO TO: Mayor Vandernail and the Board of Trustees  
 FROM: Rob Clemens, Finance Director  
 DATE: March 22, 2023  
 SUBJECT: Amended Budget FY23

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**MATTER BEFORE BOARD:**

The Fiscal Year 2023 Budget was passed November 16, 2022 in accordance with all Colorado Statutes. Due to material changes in project pricing, personnel, and Town priorities an amended budget is prudent. This amended budget provides transparency on spending strategies, ensures the budget is in compliance with Colorado law, and spending aligns with Town priorities.

**BACKGROUND:**

Below are the comparison Revenues and Expenses for each fund. A fund by fund breakdown of the material changes follows.

Fund Name	Original FY23 Revenue	Amended FY23 Revenue
General Fund	\$10,564,626	\$ 7,737,208
Restricted Revenue Fund	\$ 1,617,913	\$ 1,443,659
Conservation Trust Fund	\$ 33,531	\$ 35,056
Capital Equipment Replacement Fund	\$ 249,498	\$ 222,827
Capital Asset Fund	\$ 635,134	\$ 841,134
CROS Fund (a Special Revenue Fund)	\$ 644,392	\$ 1,056,012
Debt Service Fund	\$ 1,937	\$ 2,832
Water Fund	\$ 3,416,899	\$ 3,401,325
Wastewater Fund	\$ 6,289,539	\$ 6,525,949
Fraser Housing Authority Fund	\$ 363,000	\$ 363,000
Joint Facilities Fund -O&M	\$ 1,102,917	\$ 1,162,917
Joint Facilities Fund -CRR	\$ 1,655,224	\$ 1,655,224
Joint Facilities Fund - Nutrients	\$ 649,092	\$ 660,000
<b>Total for Comparison</b>	<b>\$27,223,702</b>	<b>\$25,107,143</b>

Fund Name	Original FY23 Expenses	Amended FY23 Expenses
General Fund	\$ 6,111,668	\$ 7,728,325
Restricted Revenue Fund	\$ 1,126,868	\$ 1,323,500
Conservation Trust Fund	\$ 10,000	\$ 10,000
Capital Equipment Replacement Fund	\$ 155,000	\$ 133,000
Capital Asset Fund	\$ 600,000	\$ 800,000
CROS Fund (a Special Revenue Fund)	\$ 545,000	\$ 978,787
Debt Service Fund	\$ 0	\$ 0
Water Fund	\$ 3,379,841	\$ 3,393,955
Wastewater Fund	\$ 1,595,223	\$ 3,890,354
Fraser Housing Authority Fund	\$ 140,000	\$ 230,000
Joint Facilities Fund -O&M	\$ 1,102,701	\$ 1,162,917
Joint Facilities Fund -CRR	\$ 1,624,000	\$ 1,624,000
Joint Facilities Fund - Nutrients	\$ 649,092	\$ 658,000
<b>Total for Comparison</b>	<b>\$17,039,393</b>	<b>\$21,932,838</b>

### General Fund

The significant decrease in General Fund Revenues can be attributed to a decline in the Unassigned Fund Balance (10-39-999). This was allocated to equity and reserves in the year end closeout. While the funds are still with the Town, they do not count as revenue. These funds can be appropriated from the reserves, with Board approval, if the General Fund revenues fall short. The only other major shift in revenues is a significant increase in Interest Earnings (10-36-100) revenues.

The \$1.6M increase in General Fund Expenses is due to: \$500k in transfers to other funds to cover Water Fund Capital Projects, Cozens Ranch Open Space Bathroom Project, and Capital Asset Fund Road projects. \$490k in Administration expenses due to increased legal fees, insurance, professional services, professional development, and adding a Town Planner. \$540k in Town Board expenses due to increased aid, agreement, and economic incentive costs. \$50k in increased Professional Services for repairs and payroll adjustments due to personnel changes in Public Works.

### Restricted Revenue Fund

The change in revenues is due to an increase in Interest Income and a decrease in the Unassigned Fund Balance that carried forward. If sales tax revenue continues to exceed FY22, the 1% restricted funds increase will make up for the balance decline.

Expense increases are directly attributed to increases in LIFT expenses. Winter Park continues to use grant funds to mitigate the higher cost, but we will need to review other offsets for the second half of 2023 to maintain fund sustainability.

### Conservation Trust Fund

No significant impacts in this amended budget.

### **Capital Equipment Replacement Fund**

Vehicle price reductions due to trade-in and government purchase pricing reduced the overall expenses. Therefore, there was less need to transfer funds into the CERF from other funds.

### **Capital Asset Fund**

Revenue increases for this fund are due to additional transfers from the General Fund. These transfers are due to higher budgeted costs for road and sidewalk repairs. The partnership with Winter Park to bring asphalt crews to the valley will continue this summer. The focus will be on some of the major problem areas like Johns Drives, that may require more work than a basic mill and overlay. The crew will include a concrete team, which will allow the Town to address many sidewalk and flatwork issues that have been deferred.

### **Cozens Ranch Open Space Fund**

The significant increase in revenue in this Fund is due to Grant Reimbursements pushing from 2022 to 2023 to pay for the bathroom project and additional transfers from the General Fund to cover higher project costs. The increase in revenues are proportional to the increase in expenses.

### **Debt Service Fund**

No significant impacts in this amended budget.

### **Water Fund**

The amended budget is not significantly different, but there are some shifts between funds to cover aspects of capital projects. This reflects grant strategy efforts and significant scope changes in unexpected projects. If project costs exceed our plans, then additional revenue from the General Fund may be required. Such adjustments and requests would occur in a future budget amendment.

### **Wastewater Fund**

The increase in revenues for the wastewater fund are driven by an increase in Unassigned Fund Balance (55-39-999), Plant Investment Fee (55-34-200), Interest Earnings (55-36-100). Service fees are consistent with the original budget.

The major increase in expenses is driven by a \$2.5M Capital Project. This project was prioritized in the Capital planning process, but the dollar value was not established until after the 2023 budget was approved. The corrected value is now included in the amended budget and still well below the revenues.

### **Fraser Housing Authority**

The revenues are consistent because they come from Application Fees and General Fund Transfers from the Town Board Community Housing allocation. The expenses are increasing, as expected, now that the Town is entering the planning process. Expenses now include the new wetlands survey to match new floodplain maps.

## **JFOC**

I will lump the three independent JFOC funds together because any change is due to the same root causes. The JFOC is seeing increased costs at the plant due to significantly more sludge and contaminants arriving at the plant. Understanding the contaminants and developing mitigation plans has led to more consulting costs. A new study has been proposed to examine the JFOC structure going forward and those costs are projected in the expenses. All costs for the JFOC are shared between the Town of Fraser, Winter Park Ranch Water and Sewer, and Grand County #1 Water and Sewer so the revenues increased to match the projected expenses.

## **RECOMMENDATION:**

Amended budgets are an excellent way to understand financial and systemic risks to the Town. Therefore understanding some of the major levers will help align Town and budget priorities throughout the fiscal year. Another amended budget and appropriation may be needed during the summer months.

The staff recommends the Board of Trustees adopt the amended budget that emphasizes road repair, capital project completion, affordable housing, and risk management.