



FINANCE COMMITTEE

June 27, 2022

6:00 PM

8225 3rd Street
Centennial Conference Room
Wellington, CO 80549

1. CALL TO ORDER
2. PUBLIC INVITED TO BE HEARD (Individuals will be limited to three (3) minutes)
3. ACTION ITEMS /DISCUSSION ITEMS
 - a. Foundational Responsibilities
 - Presentation: Patti Garcia
 - b. Budget and Accounting Cycle
 - Presentation: Patti Garcia and Charity Campfield
 - c. Color of Money
 - Presentation Vik Runkle
 - d. Property Tax and Local Government
 - Presentation: Vik Runkle
 - e. Sales Tax Collection and Budget Impacts
 - Presentation: Vik Runkle
4. REPORTS
5. ADJOURN

The Town of Wellington will make reasonable accommodations for access to Town services, programs, and activities and special communication arrangements. Individuals needing special accommodation may request assistance by contacting at Town Hall or at 970-568-3380 ext. 110 at least 24 hours in advance.



Finance Committee Meeting

Date: June 27, 2022
Submitted By:
Subject: Foundational Responsibilities

- **Presentation: Patti Garcia**

EXECUTIVE SUMMARY

Introduction of the Finance Committee members!

Christine Gaiter

Dominic Baranyi

Jason Normington-Mellin

Jesy Andreen

Nicholas (Nic) Redavid

Patricia (Pat) Johnson

Sara Knaack

Trustee Liaison: Jon Gaiter

As a new committee, there are administrative matters that need to be conducted in order for it to be successful. These items are noted below.

- Select Chair, Vice Chair and Secretary and establish their duties.
- Once the onboarding and initial meeting dates are completed, what day of the month does the Committee want to schedule their regular meetings?
- How does the Committee want to report to the Board of Trustees and how frequent are those reports?
- Create and adopt bylaws for the Committee (I am working on a draft for review and will try to get it out to the Committee on Friday).

BACKGROUND / DISCUSSION

STAFF RECOMMENDATION

ATTACHMENTS

1. Ordinance 10-2022 - Establish Finance Committee

TOWN OF WELLINGTON

ORDINANCE NO. 10-2022

AN ORDINANCE OF THE TOWN OF WELLINGTON ESTABLISHING THE
WELLINGTON FINANCE COMMITTEE AS A FORMAL ADVISORY BOARD TO THE
BOARD OF TRUSTEES

WHEREAS, the Town of Wellington, Colorado (“Town”) is a statutory town, duly organized and existing under the laws of the state of Colorado; and

WHEREAS, the Board of Trustees of the Town desire to ensure transparency of the Town’s finances; and

WHEREAS, the Board of Trustees finds it in the best interests of the community and its citizens to amend Article 2 of Chapter 2 of the Wellington Municipal Code and conform relevant code provisions for best practices for financial reporting purposes.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF WELLINGTON, COLORADO AS FOLLOWS:

Article 16 – Wellington Finance Committee Advisory Board

Sec. 2-16-10. Purpose.

The Finance Committee Advisory Board shall serve in an advisory capacity to the Board of Trustees on matters concerning the Town’s finances. Responsibilities shall include the following:

- a) To review the Town’s annual draft budget to obtain understanding of the Town’s financial position as well as budgeting priorities and initiatives determined by the Board of Trustees.
- b) To make recommendations to the Board of Trustees concerning Town finances, annual budget and long-range financial planning to address the needs of the Town.
- c) To monitor all required annual, quarterly, and monthly financial reporting to lenders, creditors, and other financial institutions affiliated with the Town.
- d) To review Town revenues and actual expenses on a monthly basis.
- e) To review reports generated by outside consultants for matters having a financial impact such as utility rate studies, long term financial planning and potential contracts for banking or financial services.
- f) To provide independent review of the Town’s financial reporting processes, internal controls and independent auditors.

Sec. 2-16-20. Creation, qualification, and eligibility.

- a) There is hereby created and established a Finance Committee which shall perform those duties and exercise those powers and responsibilities set forth in this Article.
 - 1) Members of the Finance Committee Advisory Board shall take it upon themselves to be educated regarding the role of the Committee, standard audit procedures, internal controls, and best practices in governmental financial accounting and reporting.

- 2) Members shall be a minimum of eighteen (18) years of age.
- 3) Members shall serve without pay.
- b) No voting member of the Wellington Finance Committee Advisory Board shall be eligible to serve on any other board or commission of the Town during that member's tenure on the Wellington Finance Committee Advisory Board.

Section 2-16-30. Membership; terms; appointment and removal.

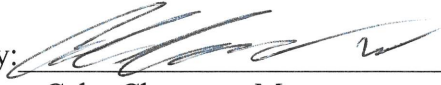
- a) The Wellington Finance Committee Advisory Board shall be composed of members from the following constituencies and for the following terms:
 - 1) The Advisory Board shall consist of seven (7) voting members and one (1) non-voting Board of Trustee liaison member, all of whom shall be residents of the Town. If any member ceases to be ineligible due to residency, their membership shall immediately terminate.
 - 2) The seven (7) voting members shall be appointed as members at large by the Board of Trustees. At-large members shall be appointed to serve a term of two (2) years.
 - 3) The Mayor shall appoint one (1) member from the Board of Trustees as a nonvoting liaison member. The member's term shall be conterminous with the annual Board of Trustee elections in April of even numbered years.
- b) Members of the Wellington Finance Committee Advisory Board may be removed from office for inefficiency, neglect of duty, malfeasance, upon written notice and after a public hearing is held during a regular or special Board of Trustee meeting. The removal of any Wellington Finance Committee Advisory Board member shall require the affirmative vote of a majority of the Board of Trustees participating in the public hearing.
- c) The Board of Trustees shall make such appointments as necessary to fill the unexpired terms of vacancies which may occur on the Advisory Board, with the exception of any vacancy left by the nonvoting liaison member, which shall be filled by appointment by the Mayor.

Section 2-16-40. Meetings, Voting.

- a) The Wellington Finance Committee Advisory Board shall adopt bylaws and rules for the transaction of business and shall keep a record of business, which shall be public record.
- b) The Advisory Board shall meet monthly unless there is no business for the Finance Committee to consider.
- c) Four (4) members of the Advisory Board shall constitute a quorum to do business at all meetings.
- d) The Advisory Board shall keep minutes of its meetings and transactions and provide them to the Town Clerk after approval.
- e) A simple majority is necessary for passage of all items brought before the Wellington Finance Committee Advisory Board. No member shall vote or act by proxy.

PASSED AND ADOPTED by the Board of Trustees of the Town of Wellington, Colorado and ordered published this 10th day of May, 2022 and ordered to become effective June 14, 2022.

TOWN OF WELLINGTON, COLORADO

By: 
Calar Chaussee, Mayor

ATTEST:


Krystal Eucker, Town Clerk





Finance Committee Meeting

Date: June 27, 2022
Submitted By:
Subject: 2023 Budget Calendar

- **Presentation: Patti Garcia and Charity Campfield**

EXECUTIVE SUMMARY

Below is the 2023 budget schedule; some dates are required by statute, others are established as best practices.

Monday, August 8, 2022 - Finance Committee draft budget review (tentative)
Tuesday, October 4, 2022 - Presentation of draft budget to Board of Trustees (statutory requirement)
Saturday, October 8, 2022 - 2023 Budget Workshop with the Board of Trustees
Tuesday, October 11, 2022 - 2023 Budget Discussion at Trustee meeting
Tuesday, October 18, 2022 - Budget BooNanza and Receive Public Feedback/Comments
Tuesday, October 25, 2022 - Budget Presentation and Public Comment at Trustee meeting
Tuesday, November 1, 2022 - Special Trustee Worksession on Budget (if needed)
Tuesday, November 8, 2022 - Presentation of Budget to Trustees
Tuesday, November 22, 2022 - Adoption of 2023 Budget (statutory requirement - must be adopted no later than December 31, 2022)

Staff has been working on the 2023 budget for a couple of months already. It is a year-long process that requires analyzing revenues and expenditures, staffing, forecasting and assuring that scheduled projects align with the goals of the Trustees and the community.

The Trustees will begin discussing their strategic plan on July 12 which, once adopted, will provide great direction in the budget process.

BACKGROUND / DISCUSSION

STAFF RECOMMENDATION

ATTACHMENTS

None



Finance Committee Meeting

Date: June 27, 2022
Submitted By:
Subject: Color of Money

- Presentation Vik Runkle

EXECUTIVE SUMMARY

The attached presentation will give an overview of municipal funds and expenditures.

BACKGROUND / DISCUSSION

STAFF RECOMMENDATION

ATTACHMENTS

1. FINAL Color of Money



COLOR OF MONEY

Municipal
Finance is
governed by
the
Governmental
Accounting
Standards
Board
(GASB)

Identifies Fund types

Identifies Revenue and Expenditures
Classifications

Provides accounting guidelines to ensure
revenues and expenditures are as
transparent and comparative as possible

Government Budgeting requires Municipalities to keep different types of monies separated

General Fund:

- Revenues: Primarily from property, sales, intergovernmental revenues, licenses and permits, fines and fees, charges for services, transfers in Generally, General Fund money can be used across the organization
- Expenditures: While there are “rules,” this money can be used for most activities in the Town: administration, planning, library, police, finance, clerk

Special Revenue Funds: Streets and Parks

- Revenues: Municipalities can dedicate portions of taxes to these (sales); **State provides monies that must be dedicated** to these Funds; specific impact fees
- Expenditures: The expenditures must be used specifically for the purpose of the Fund : Parks and Street Operating costs and transfer for capital construction

Enterprise Funds: Water, Wastewater/Sewer, Drainage

- Revenues: Primarily user fees, impact/tap fees in Wellington, and grants; loans are shown as “resources”
- Expenditures: **The expenditures can only be used to provide for the utilities’ activities ONLY.** The General Fund does provide services such as payroll, accounting, basic legal, administrative costs and thus, the utilities must pay for those costs; this is referred to as Indirect or Overhead costs

Capital Funds: Currently, in Wellington there is only one Capital Fund

- Revenues: In Wellington the only revenue is interest earnings; each Fund transfers money to the Capital Fund to pay for their capital; legally these are referred to as “resources” – not revenue, but the words are often used interchangeably
- Expenditures: Specifically for each capital project identified and budgeted for General, Street, Parks, Utility types of projects

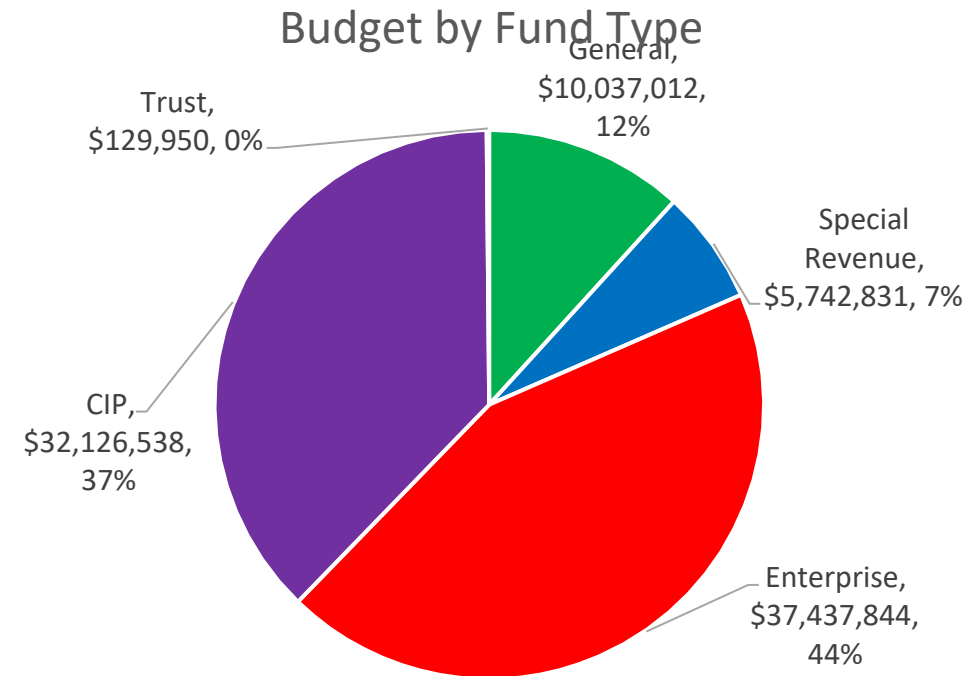
Trust Funds: Wellington has the Library Trust Fund; managed by an Oversight Board

- Revenues: Gifts and interest earnings
- Expenditures: Approved types of expenditures the Board identifies

Summary of Total 2022 Adopted Budget

- First, each Fund is designated as a type
- Some Fund Types: Special, Enterprise, and Trust, have multiple funds within the type
- Every dollar in government must be appropriated, even if it is a transfer from one Fund to another
- Tonight we will do a quick review of every Fund
- Next week we will review the budgets at the department and Fund level

Total 2022 Adopted Budget: \$85,473,275



2022 General Fund Expenditures

Expenditures are usually shown in three different ways:

- Fund level by expenditure type
 - Salaries and Benefits: Employees
 - Supplies: Office and supplies in PW
 - Outside Agencies: Contracted Services ranging from Internet, Phone, Utilities, and Law Enforcement
 - Professional Development: Training and Travel
 - CIP: Funded with GF or Grants
- Allocated by Department
- Expenditure type by Department
- Later we will get into Expenditure type by Department

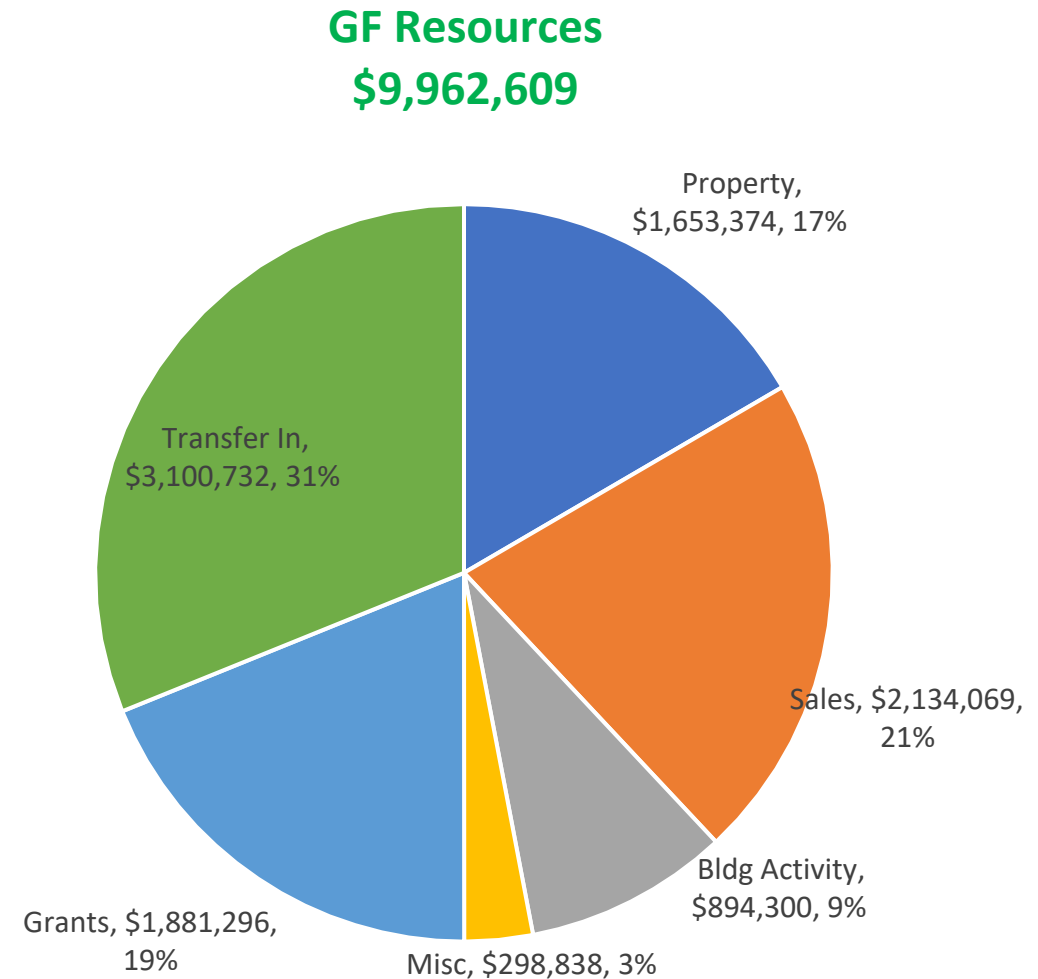
General Fund Resources

Property and Sales Taxes comprise 38% of the Total General Fund = \$3.7 million

Grants in 2022 includes the second half of ARPA monies – and other grants

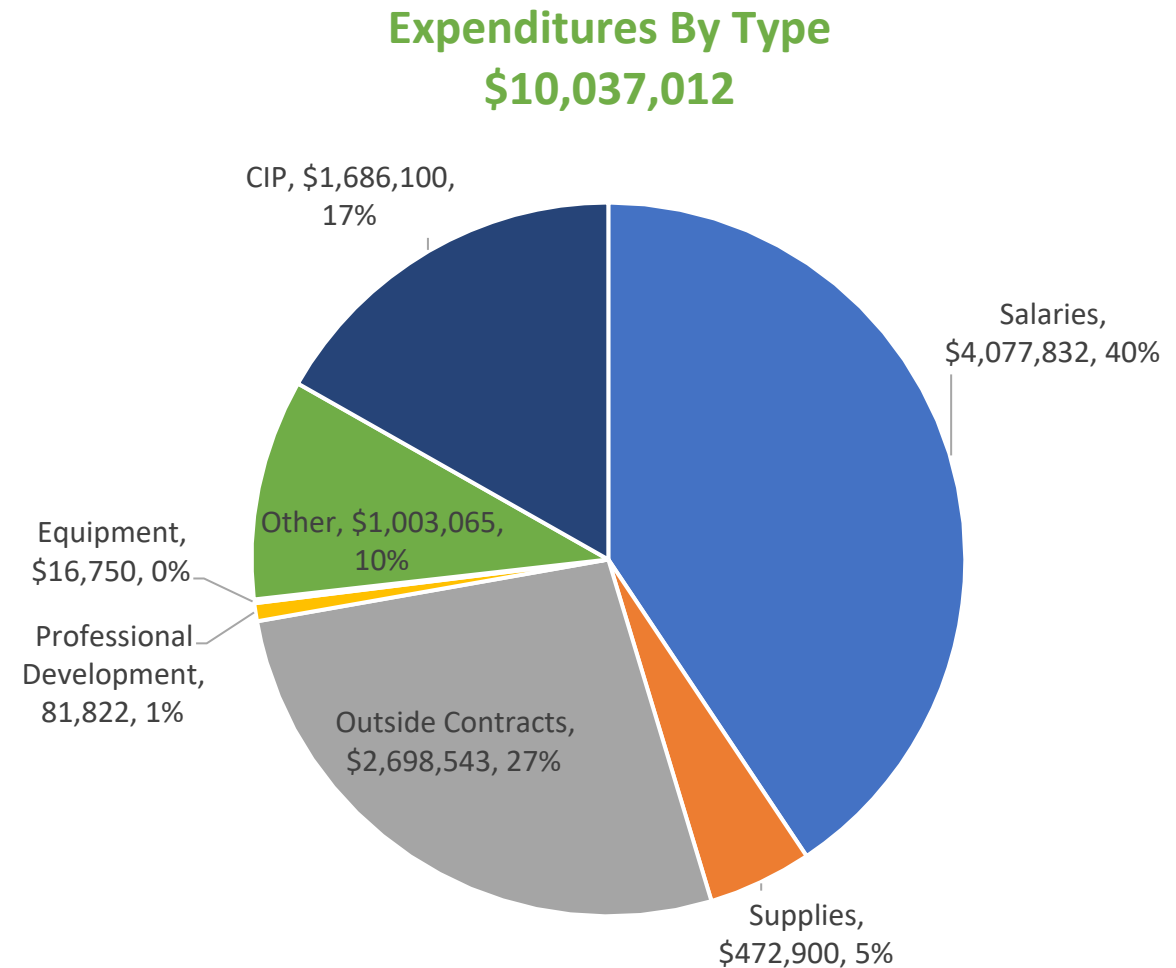
Building Activity is made up of building use tax, bldg. permits, and land use types of revenue

Transfers In is from Streets, Parks, Water, Sewer and Drainage Fund for services provided



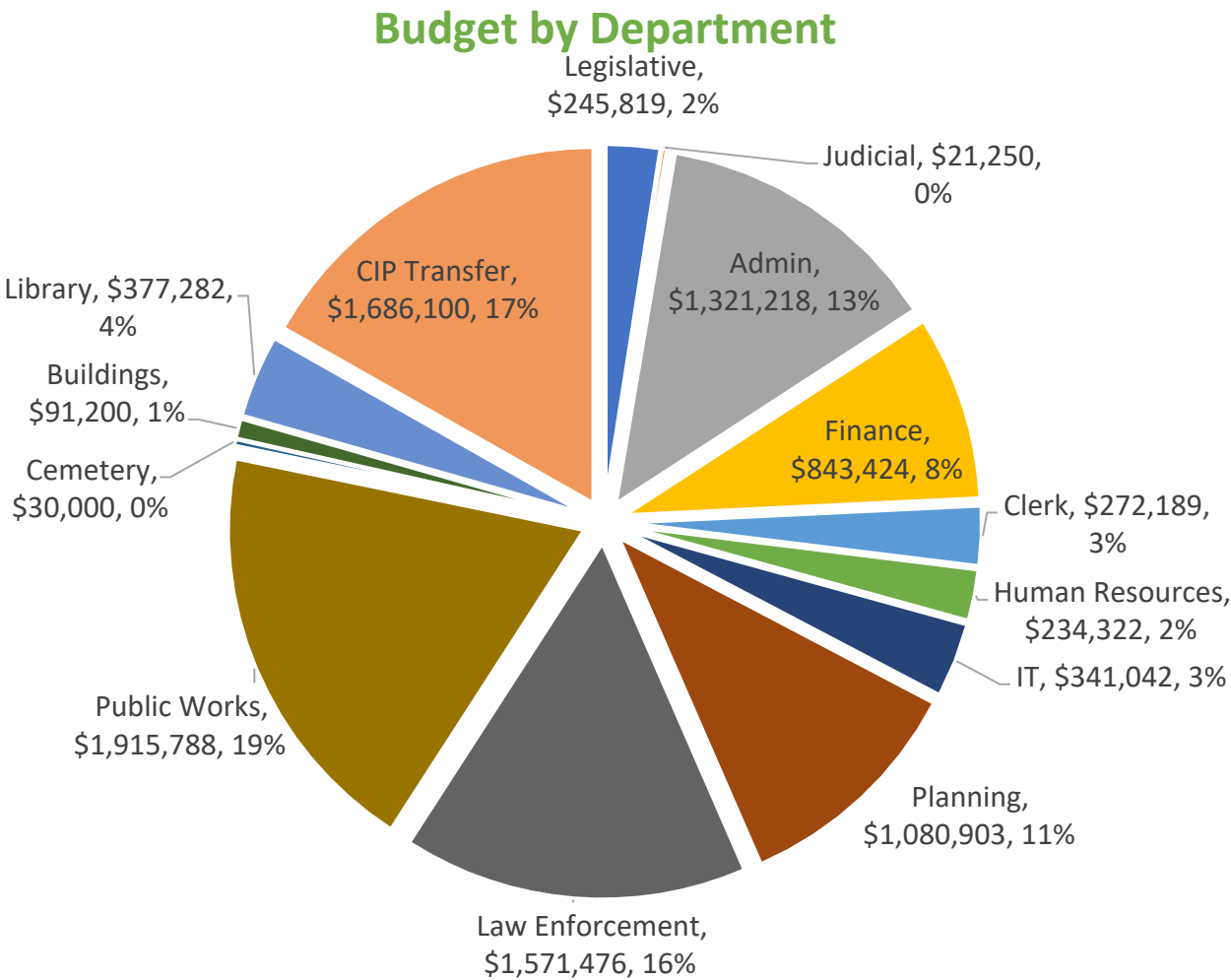
2022 ADOPTED GENERAL FUND Expenditures by Type

- Salaries and Benefits comprise 40% of the Budget
- 58% of the Outside Contracts is for Law Enforcement with Larimer County (\$1.571M)
- The Balance of outside contracts are utilities, legal contract, Internet service, phone
- Professional Development across the entire General Fund is only \$81,822
- Main Street Grant comprises 59.4% of the “other” category -- \$596,000
- CIP is comprised of \$1.686 to the CIP Fund



2022 ADOPTED GENERAL FUND Budget by Department

- This is how the budget is managed
- Operationally, Public Works and Law Enforcement comprise nearly 35% of the total budget or \$3.4 million
- The CIP transfer was budgeted at \$1.686 million
- The Admin budget has \$596,000 for grants in and \$100,000 for legal services
- Finance has the Insurance payments in their budget for \$160,000
- Cemetery is small, but some find it interesting. There is some offsetting revenue
- Human Services covers citywide expenses of recruitment and hiring costs
- Planning budget includes over \$450,000 for outside contractual support and to meet any reimbursable builders' expenses

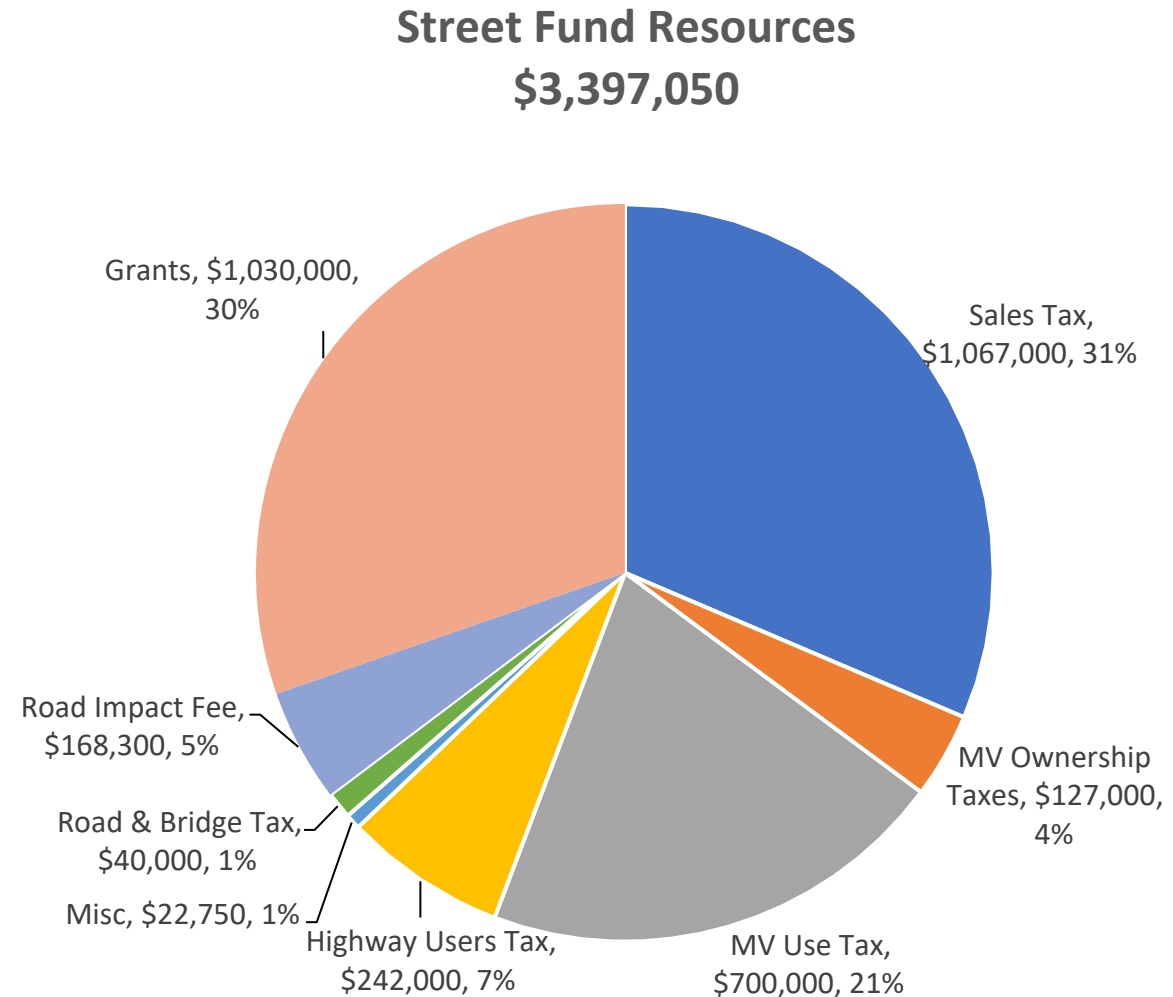


Special Revenue Funds

- These are the most discretionary type of Funds a municipality has; Municipalities can create special revenue funds to meet their needs
- It is easy to track types of revenue that must be dedicated to specific activities using Special Revenue Funds
- Having said that, each Town separates Funds in ways that best meet their needs
- The Wellington Town Code defines the creation of Street and Parks Funds (Section 4-2-70, 4-2-100, respectively)

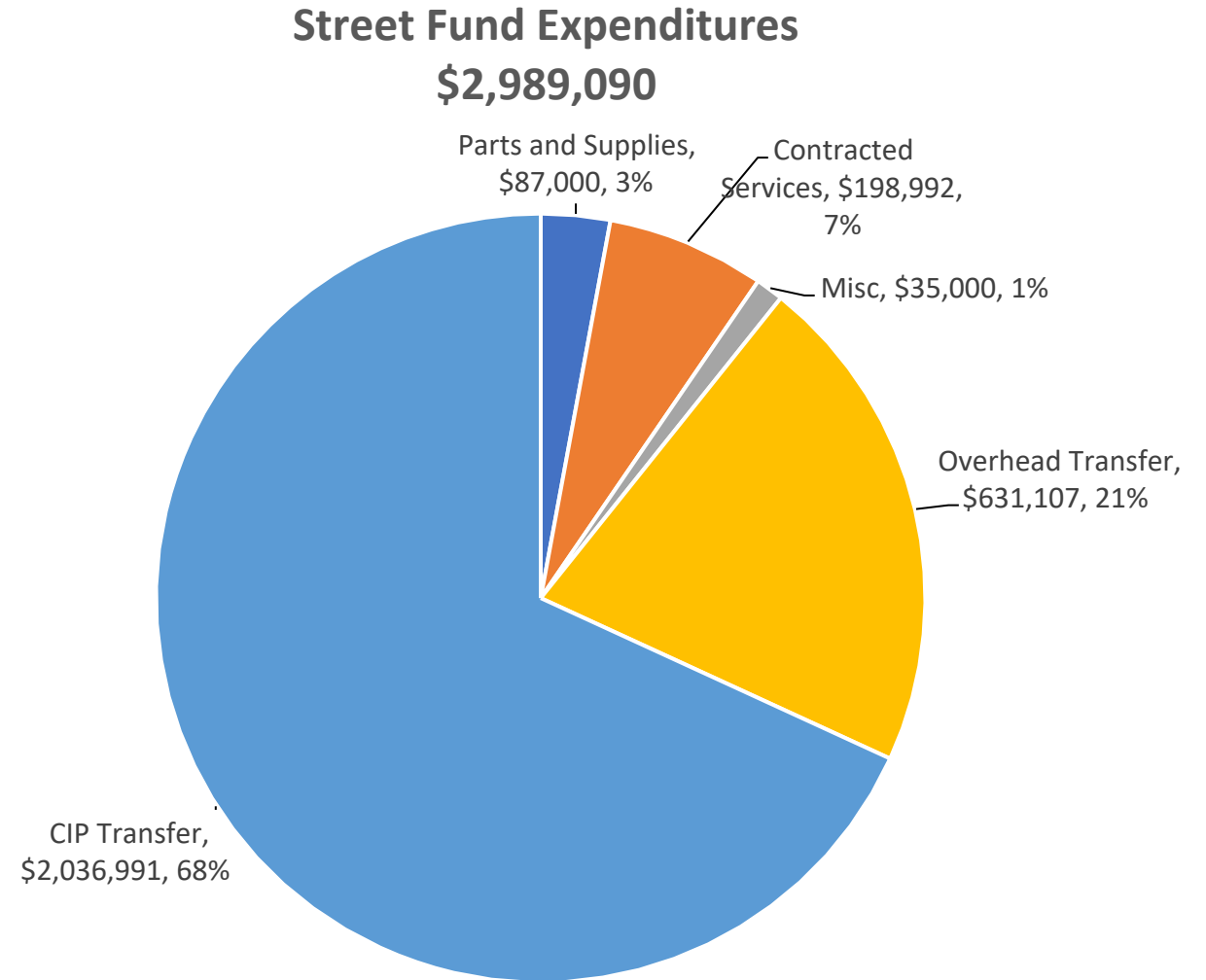
Street Fund Resources

- In 2022 1% of the Sales tax revenue is dedicated to the Street Fund: \$1,067,000
- Motor Vehicle Use Tax is the sales tax owners pay upon purchase or lease of a vehicle
- MV Taxes are specific ownership and registration taxes paid on different types of vehicles annually
- Highway Users Tax is the State gas tax collected at the state level and allocated to a variety of purposes with a portion provided to municipalities based on population and street miles
- Road and Bridge taxes are County shared property taxes for capital maintenance
- Road Impact Fees are generally \$1,700 per residential home; and commercial property fees are negotiated, where necessary (Res 22-2016)



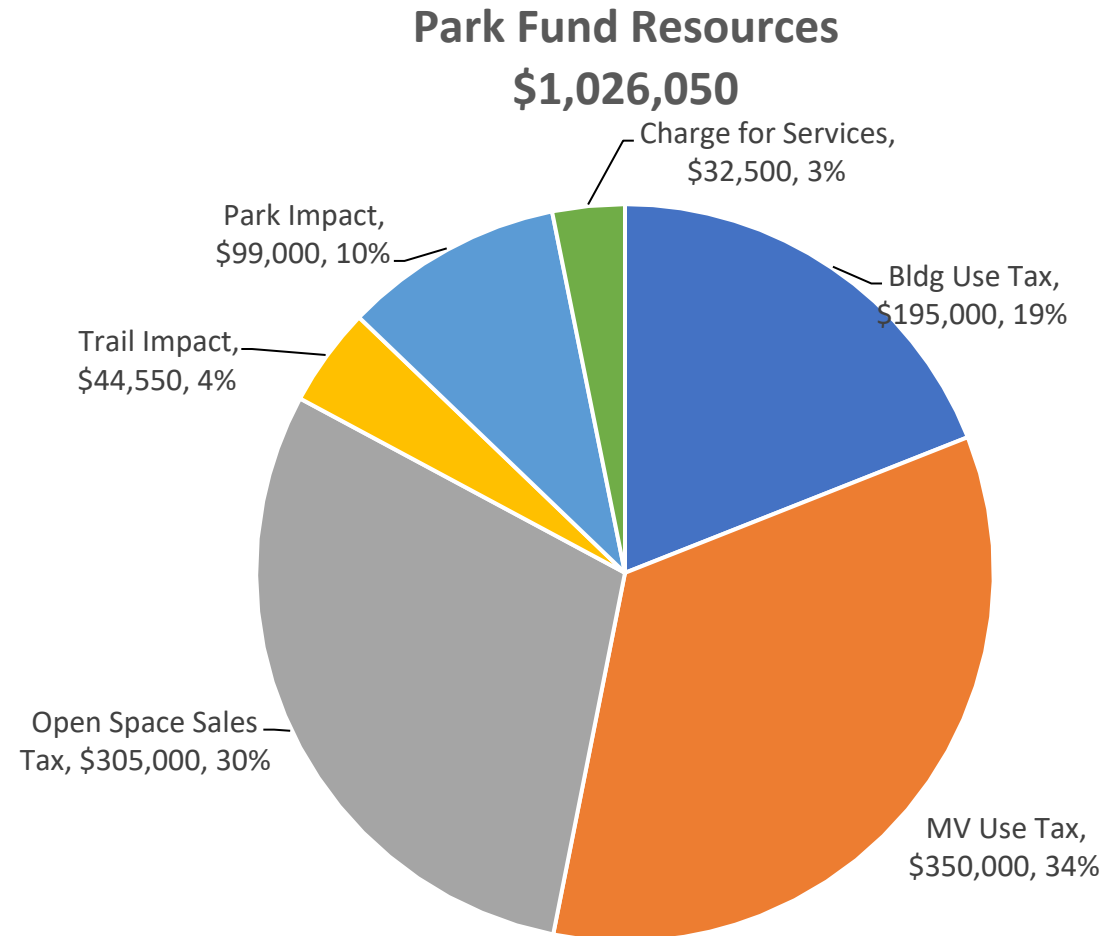
Street Fund Expenditures

- This Fund, obviously, transfers most of its money to Capital Projects
- Parts and Supplies range from small tools, fuel, equipment parts, street sign supplies, tires, sand and gravel, asphalt types of material
- Contracted Services is primarily electricity for \$180,000
- Overhead Transfer is a transfer to the General Fund for the purpose of paying for services
- There are no salaries in this Fund. All Street employees are paid from the General Fund. The Overhead rate then factors a percentage of those personnel costs into the overhead rate



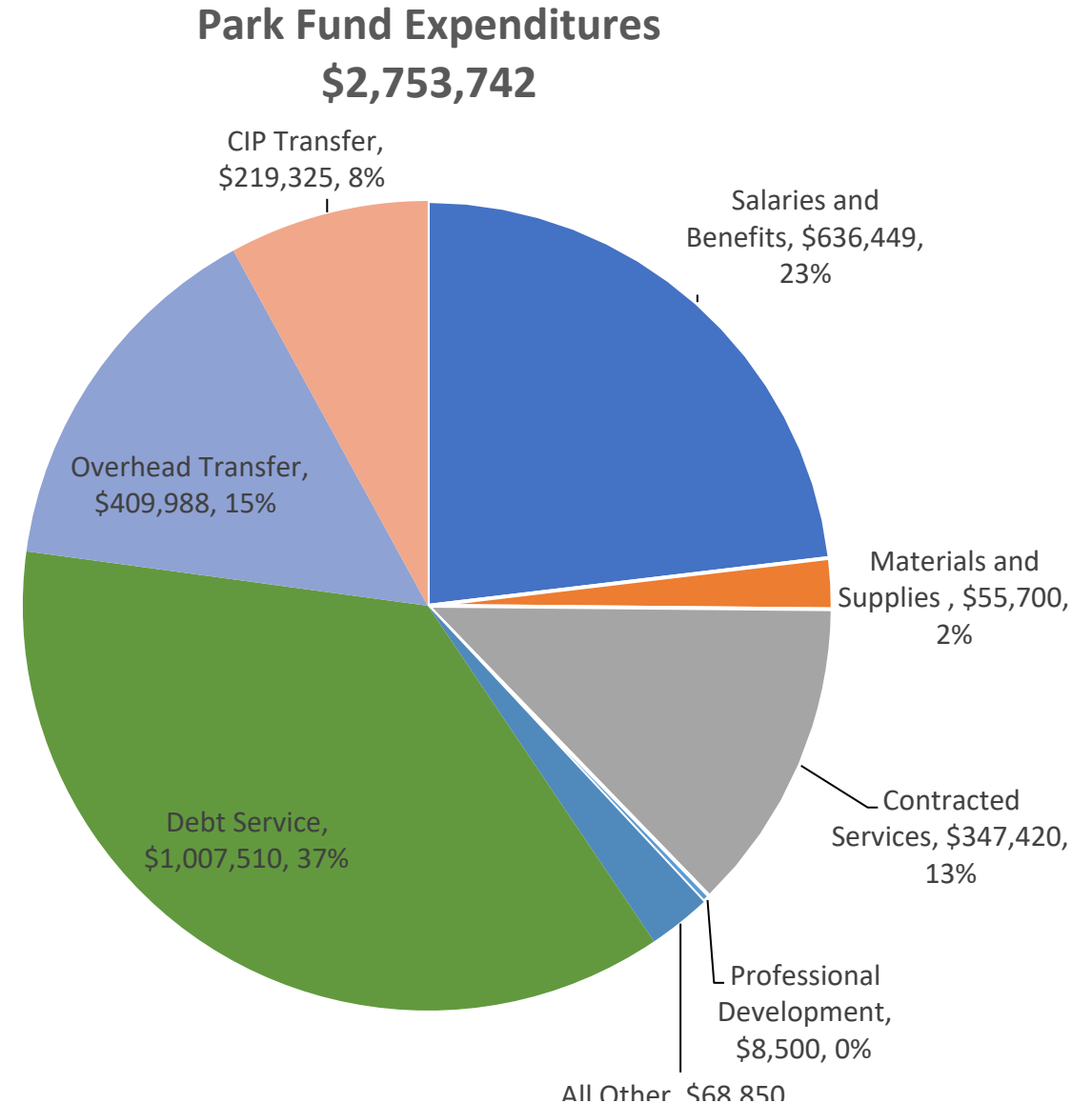
Park Fund Resources

- As a Special Revenue Fund, the Fund can “accept” general governmental types of revenues such as Bldg Use Tax – sales tax and Motor Vehicle Use Tax
- A total of \$545,000 is dedicated from these sources
- The County allocates a portion of the County Open Space revenue to municipalities. Wellington receives \$305,000 from this source
- Charges for Services are field rentals and recreation fees
- The impact fees are \$1,000 and \$450, respectively, per residential property for parks and trails (Park Ord 17-1999, Trails Ord 16-2014)
- As illustrated on the next slide, these are transferred to the Capital Improvements Fund



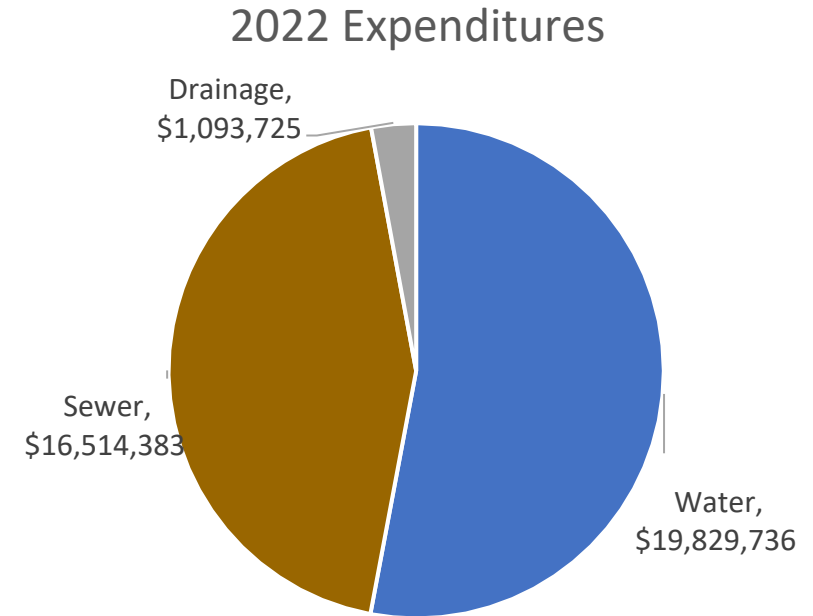
Park Fund Expenditures

- The Park Fund is comprised of two major activity centers:
 - Parks
 - Recreation
- Combined the expenditure highlights include:
 - Parks \$2,163,870
 - Recreation \$589,872
- Park Expenditure Highlights
 - Parks: Besides staff, the large costs are vendor payments for capital maintenance (trees, lawn care, chemicals, utilities) capital maintenance costs, and debt service for the Wellington Community Park
 - Recreation: Besides staff costs, the balance of the budget is to pay for class instructors, supplies and related costs



Enterprise Funds

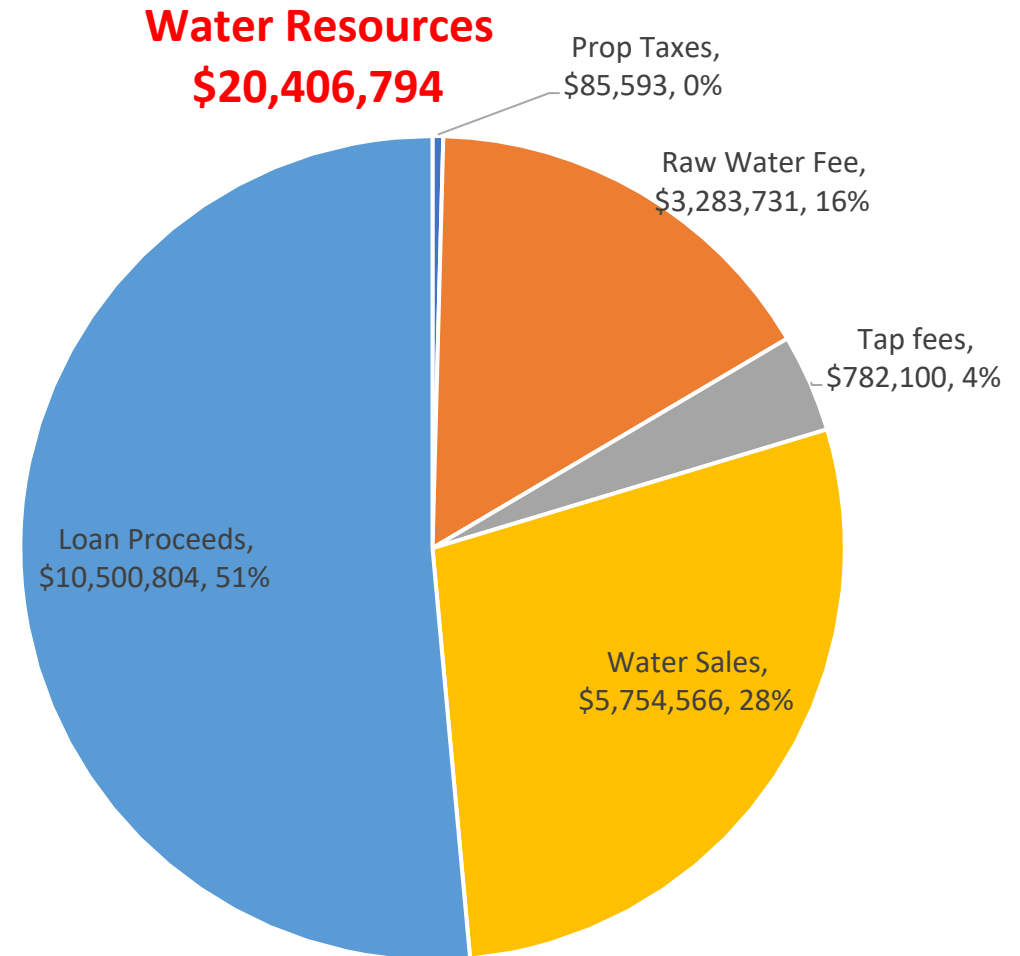
- Wellington has three Enterprise Funds:
 - Water
 - Sewer
 - Drainage
- Enterprise Funds must operate “like a business.” The General Fund can transfer monies to the Funds, but the Funds can only be used to provide the services for which they were developed.
- The largest revenue source is charges for services – rate revenue



Water Fund

2022 Resources

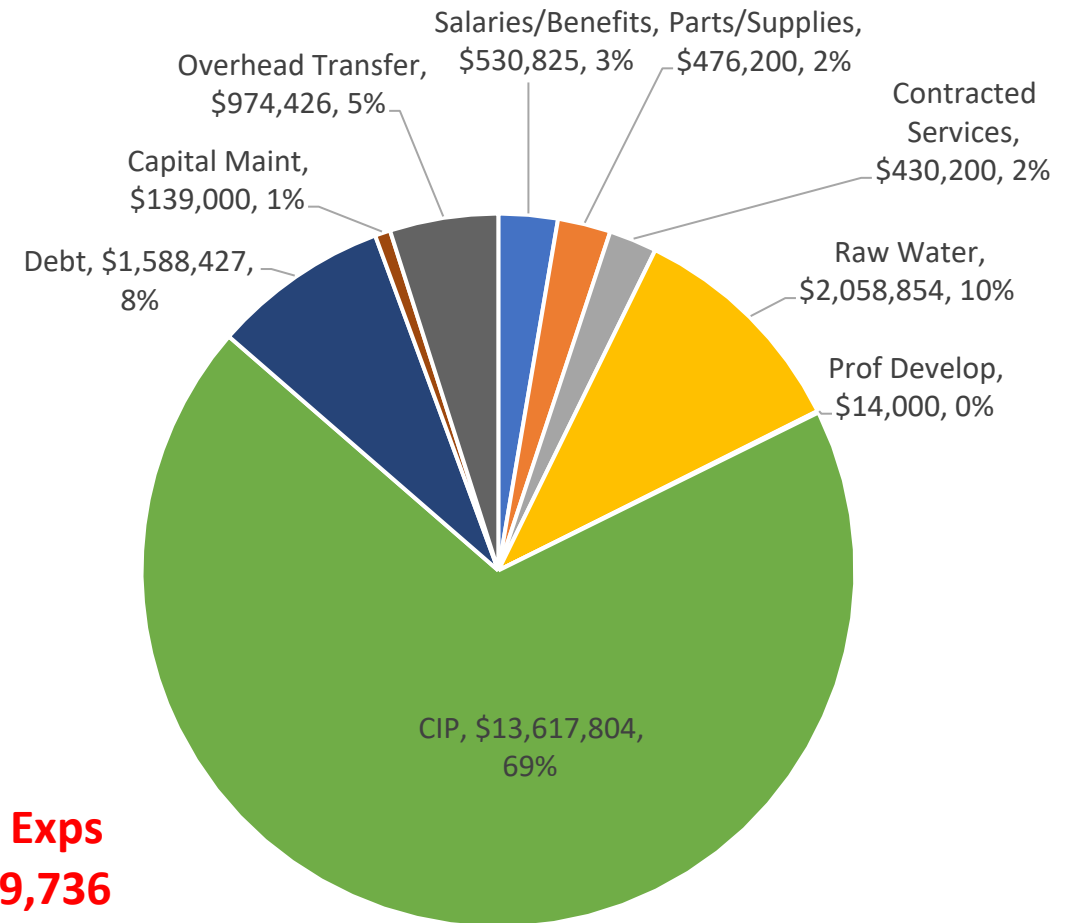
- The Town will be reimbursed from a State Loan for the construction of the Water Treatment Plant Expansion Project
- Over time, this loan will be a debt expenditure (see next graph)
- Property Taxes are to imposed to pay for a \$500,000 loan secured in 1984 and will be retired in 2023
- Raw Water Fees are charged to developers (Ord 6-2017) and are currently \$19,285 for a $\frac{3}{4}$ " tap
- Tap Fees, also known as impact fees, are \$5,500 per $\frac{3}{4}$ " tap (Ord 6-2017)
- Water sales is the generated rate revenue



Water Fund Expenditures

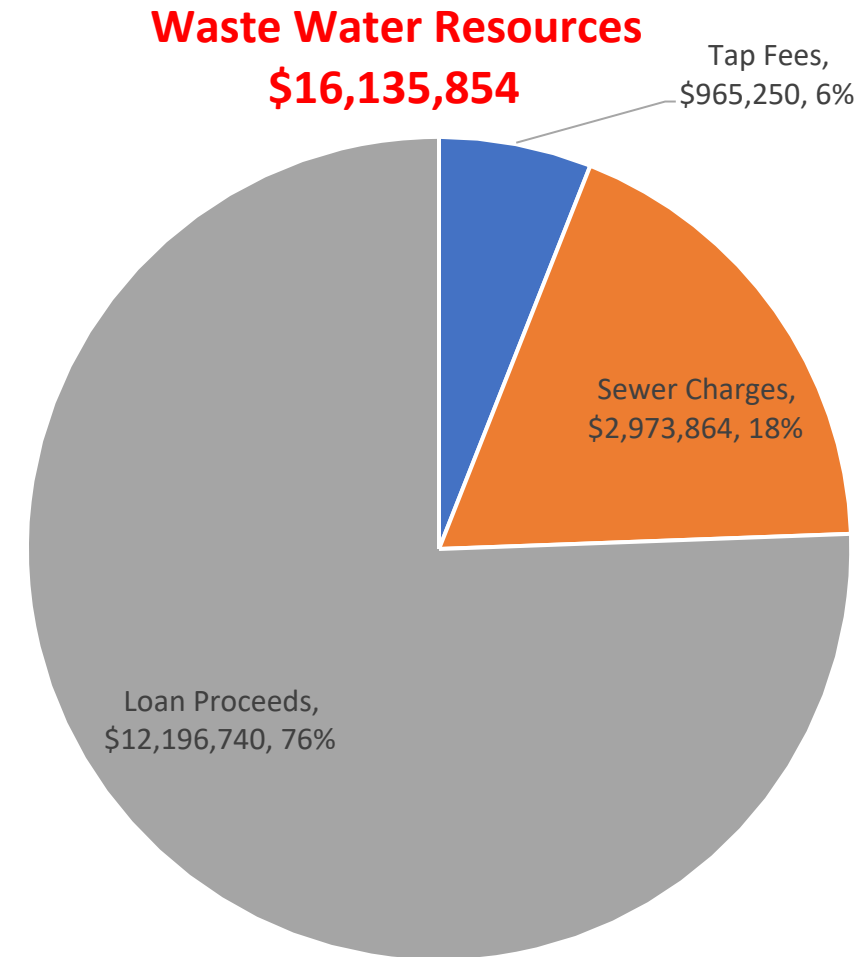
- The CIP transfer is the largest expenditure and will be for the next two years
- Overhead Transfer budgeted at \$974,426 or just 5% of total expenditures
- Salaries comprise 3% of total budget
- Raw Water purchases comprise 10% of total budget
- Contracted services: internet, utilities, professional services, special legal services, sludge removal, water testing
- Parts and Supplies: Chemicals, fuel, tools, lab supplies
- Professional Development is only \$14,000

Water Exps
\$19,829,736



Waste Water 2022 Resources

- Sewer Charges are \$2.9 million
- Tap Fees are \$7,500 per 4" tap (Ord 8-2016)
- Loan Proceeds are reimbursements from two separate State loans for the Waste Water Plant Expansion Project

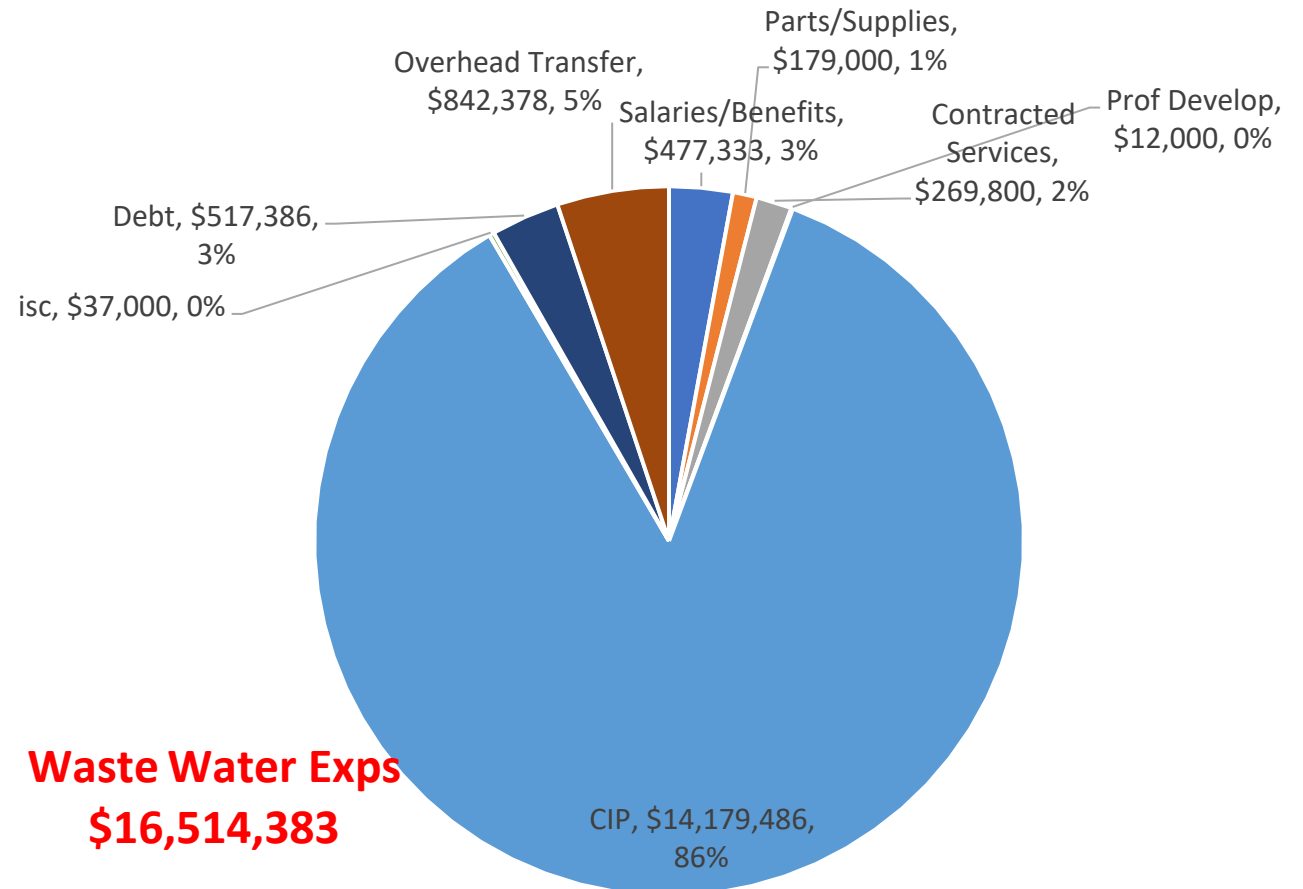


Waste Water 2022 Fund Expenditures

Again, CIP expenditures are going to be significant over the next three years

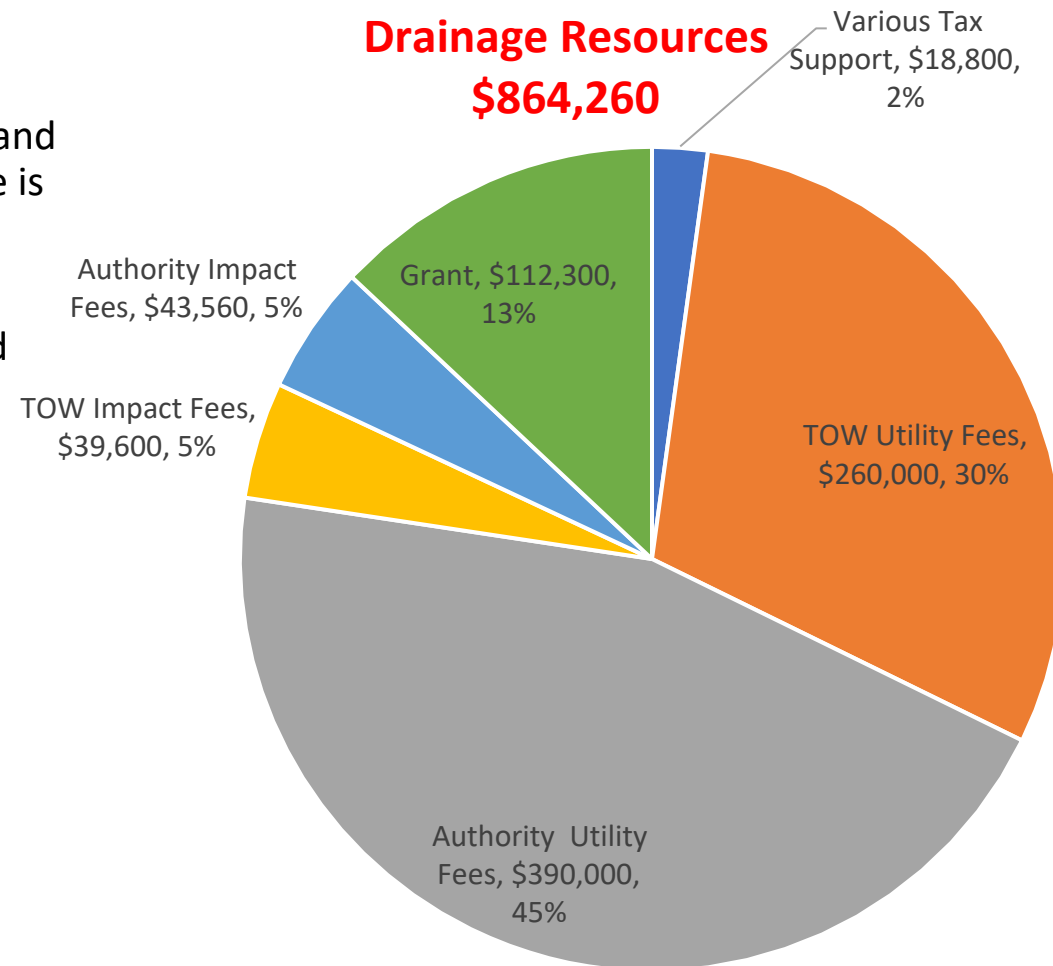
Salaries comprise only 3% of the total budget

Contracted Services includes utilities, professional services, internet, sludge removal, sewer testing



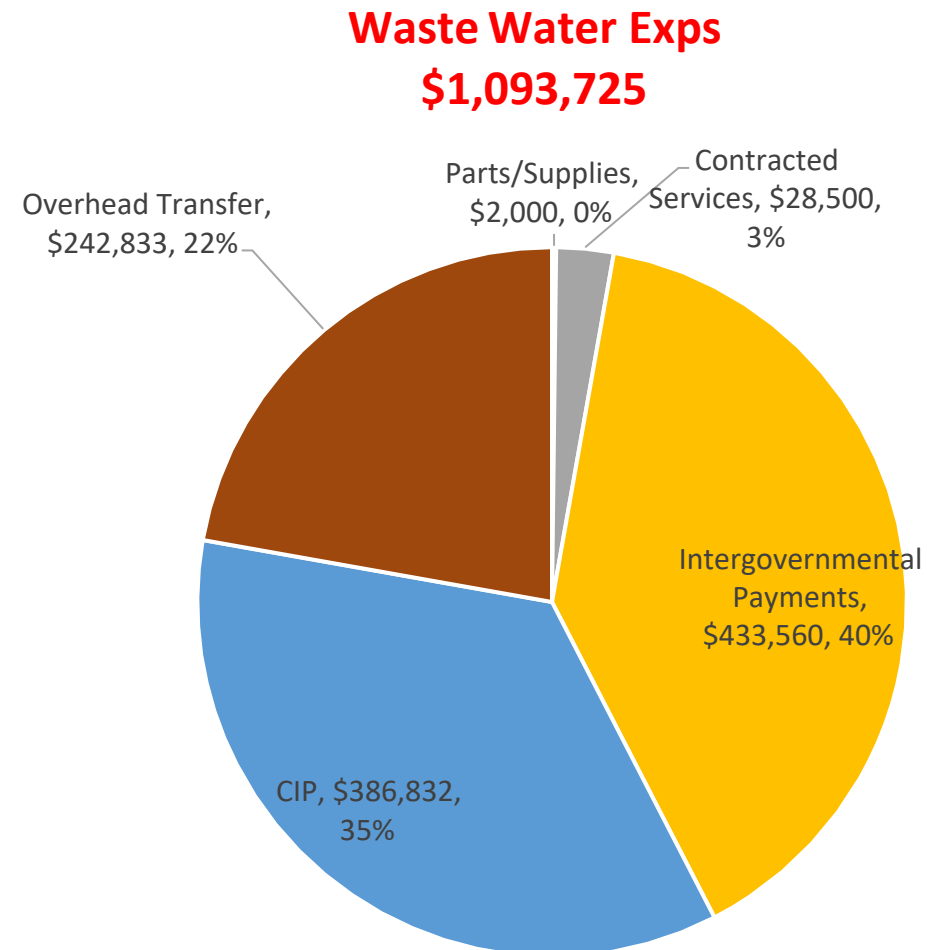
Drainage 2022 Resources

- The Town charges Impact fees for both the Town and the Box Elder Authority (Ord 1-2017) The total fee is \$840 per residential unit; commercial property is based upon impervious surface
- Drainage fees are also split between the Town and the authority
- Historically, a portion of the Road and Bridge tax from the County has been dedicated to this Fund. The logic is some of road issues are related to drainage. This allocation needs a clearer policy



Drainage 2022 Fund Expenditures

- The Intergovernmental Transfers will not exceed the revenue generated
- There is no staff in this Fund; any work staff members accomplish regarding drainage goes into the Overhead rate analysis

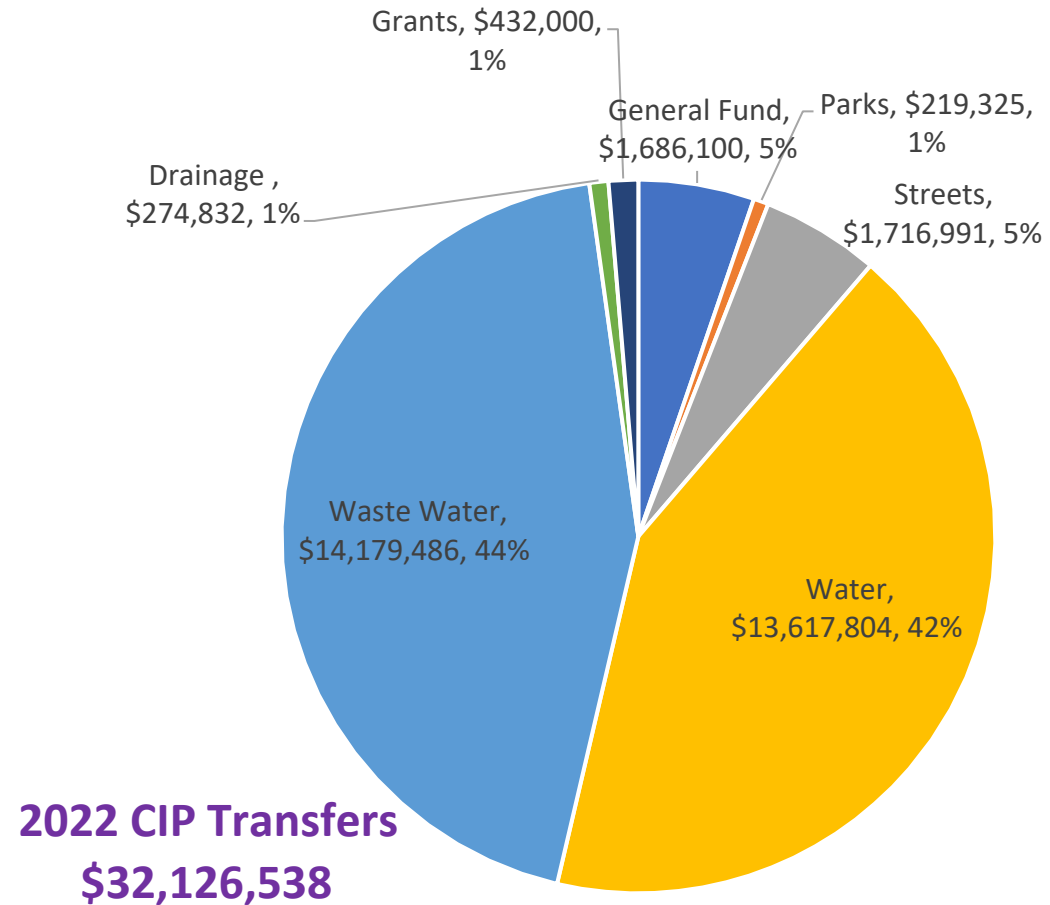


Capital Improvement Fund

- Town of Wellington has only one Capital Improvement Fund
- Capital Improvement Funds are established to track the expenditures on total infrastructure investments
- Capital projects are the construction of new things *or* improvements that extend the life of an asset
- Capital maintenance (painting, general maintenance) should be budgeted in operating funds
- Capital projects and budgets are usually “estimated” over a 5-year period; legally, municipalities can only appropriate annually
- Nonetheless, given these types of expenditures are so expensive, it is important to plan for a five year period

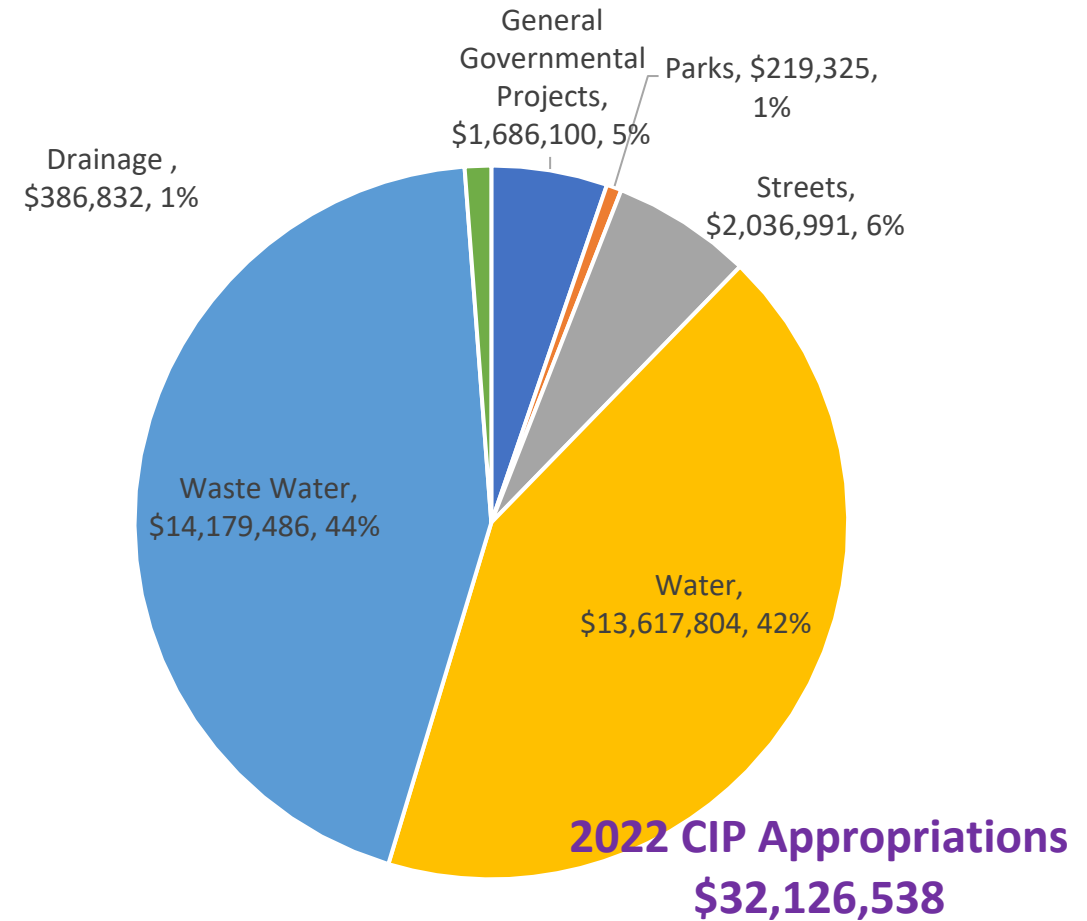
2022 Capital Improvement Fund Resources

- Currently, the Town of Wellington has one Capital Improvement Fund. The 2023 Budget will have two: one for General Governmental, Streets, and Parks capital projects and one for Utilities infrastructure
- There are revenue types that must be dedicated to capital investments
- In Wellington we account for these revenues in the operating funds and then transfer the monies to the Capital Fund
- The revenues are:
 - Impact Fees
 - Tap Fees
 - Rates generated for capital investment
 - Grants
 - Debt
 - Any general types of revenue can be used for General Governmental CIP Funds



Capital Improvement Fund

- Highlights of the projects:
 - Water Treat Plant Expansion (\$10.5 million)
 - Waste Water Plant Expansion (\$12 million)
 - Water Source Development (\$2.1 million)
- Water Source Development comprises \$2.1 million in the total budget
- CIP expenditures are the most difficult to budget for actual expenditures. They change due to:
 - availability of third-party vendors – engineering firms
 - timing of projects must be closely coordinated with construction firms and their ability to hire workers
- Because of these reasons, these budgets are often “rebudgeted” as obligation (contracts) are signed, even if the work is not accomplished within the capital year

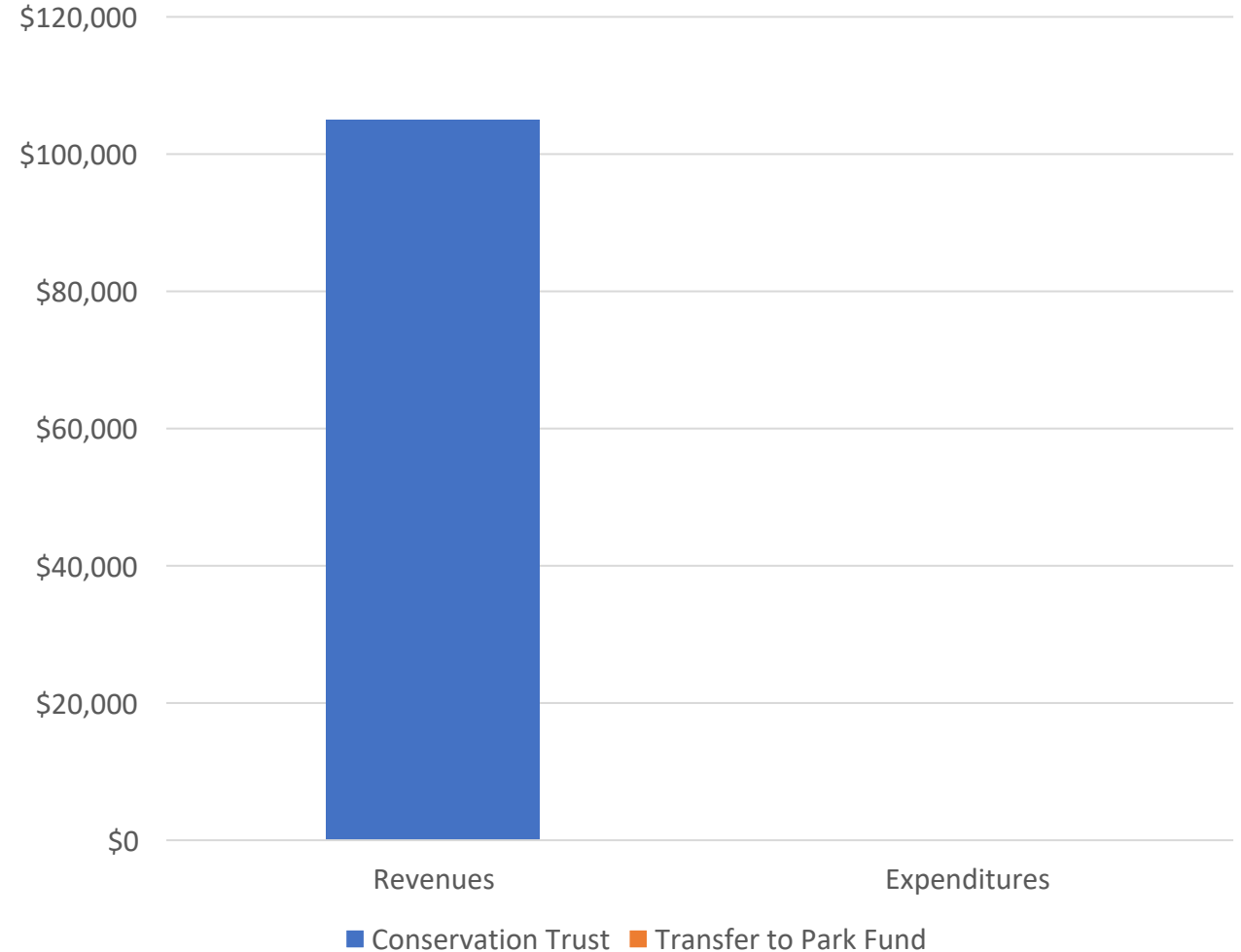


Trust Funds

- GASB initially established Trust Funds for municipalities and states who managed their own pension monies -- it was a way to measure whether public agencies were appropriately funding these pensions
- The Town of Wellington does not have any pension funds, employees pay Social Security and may participate in a third-party 401 investment program. The Town has no obligation or management of the program
- Wellington has two Trust Funds:
 - Conservation Trust
 - Library Trust Fund

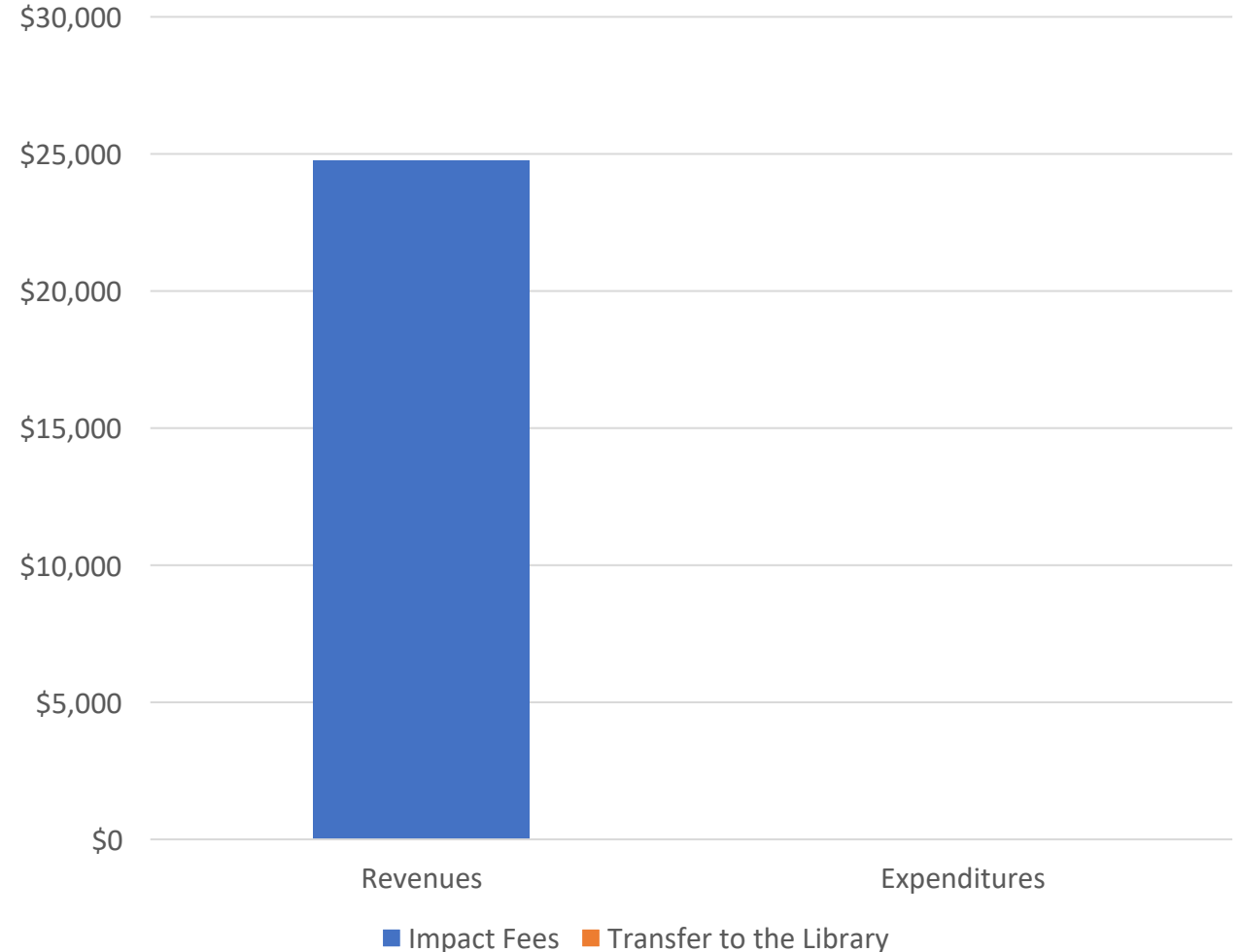
2022 Conservation Trust Fund

- Established to account for the revenues from the Colorado Conservation Trust Fund
- The State requires these monies to be used to fund park and recreation services
- At time of budget adoption there was no transfer expenditures from the Conservation Trust Fund to the Park Fund
- This Trust Fund has a growing fund balance for future use of over \$600,000



2022 Library Trust Fund

- Created for the accounting of the Library Impact Fees and other revenue such as grants
- The expenditures are generally a transfer to the Library for specified expenditures as the Library Board directs
- Impact Fees are generated at the building permit issuance of \$250 per resident (Ord 17-1999)
- At budget adoption, there were no adopted expenditures



Summary

Tonight's objectives include:

- present the original adopted 2022 Budget as adopted and publicly presented
- Demonstrate how municipal governments must be organized by the State and Government Accounting Standards Board (GASB)
- Next week the budget by department with workload indicators will be presented



Finance Committee Meeting

Date: June 27, 2022
Submitted By:
Subject: Property Tax and Local Government

- **Presentation: Vik Runkle**

EXECUTIVE SUMMARY

Please view the recorded video regarding property tax on YouTube at the link below:

<https://www.youtube.com/watch?v=itbzSirSOi0>

BACKGROUND / DISCUSSION

STAFF RECOMMENDATION

ATTACHMENTS

None



Finance Committee Meeting

Date: June 27, 2022
Submitted By:
Subject: Sales Tax Collection and Budget Impacts

- **Presentation: Vik Runkle**

EXECUTIVE SUMMARY

Please view the recorded video regarding sales tax on YouTube at the link below:

<https://www.youtube.com/watch?v=yC4SsNXdb68>

BACKGROUND / DISCUSSION

STAFF RECOMMENDATION

ATTACHMENTS

None