



**September &
October 2023**

**Town
Administrator's
Report**



**Updates on
Infrastructure
Repairs**

**FY-2024 Budget
Process & 20-Year
Cash Flow**

**Public Works
Projects by Division**

Dorris Avenue Sewer Line Replacement

Project Completed on Schedule and within Budget

The Town's contractor, K&D Construction, finished the project with glowing reviews from Dorris Avenue Residents.

As the construction season comes to a close in Paonia, a major sewer main repair was recently completed on time and within budget. As of 9/6/2023 the Town had paid \$156,035.57 to K&D Construction for the completion of the repairs along Dorris Avenue. The Town expects to approve an additional invoice in an October disbursement check run of \$143,363.93 to finalize the project.

Once the project is fully-paid, the Town will submit a reimbursement request for a Tier I EIAF grant from DOLA in the amount of \$137,756.00. That amount was decided upon during preliminary estimates for repairs and a grant application was submitted in February/March of 2023. DOLA awarded the grant on May 31, 2023

The contractors ran into issue with tying in one of the fourteen service connections, and their experience afforded them the ability to fix the issue with ease. The total scope of work included replacing two 60" ID Manholes; replacing 600 linear feet of 8" sewer piper; reconnecting fourteen private services; and to tie the Dorris Avenue sewer line into the 2nd Avenue sewer main.

The project also included resurfacing the disturbed areas of Dorris Avenue with base and asphalt, dewatering the trench that was created while completing the repairs; providing traffic control, while ensuring that Residents can still access their properties; and providing erosion and stormwater control as needed.

Beginning with this project, the Town now requires all of its contractors completing infrastructure work to also produce a set of as-builts and a survey so that it can be added to the Town's GIS inventory. K&D Construction is currently working with the Design Engineer on digitizing the as-built drawings for the Town's use.

During the September 26th, 2023 Board Meeting, K&D Construction received glowing reviews from the Residents along Dorris Avenue. This marked the first time in my career that a contractor received praise during a public meeting!

Public Works Director, Cory Heiniger, was the Town's Field Superintendent for the project. The Town Administrator, Stefen Wynn, was the Town's Project manager.



Finance Department Report

FY-24 Budget; FY-22 Audit; FY-23 Audit; 20-Year Cash Flow

Staff are working closely with consultants to ensure that budgets, audits and cash flows are completed as expeditiously as possible

Errors within the Town's Enterprise Resource Planning (ERP) Software, Caselle, caused delays in pulling financial data and running accurate financial reports. The errors are due to inaccuracies in the General Ledger (GL) mapping, issues with communicating to the meter reading software, no Human Resources module installed, and a backlog of reconciliation to bank accounts. Staff are working closely with consultants to ensure that budgets, audits,

Throughout most of August and September, Staff worked with Professional Management Solutions to reconcile bank accounts to the GL, and have nearly completed that assignment. During the FY-2024 budget process, Staff and Professional Management Solutions are working to clean up the GL and to simplify the fund account codes used to identify line items for expenditures within the budget.

The Town selected Hinkle and Company, P.C. to be the Town's audit firm after a competitive bidding process. Hinkle and Company met all of the requirements of the Request for Proposals (RFP) and matched the price of the audit completed last year for FY-2021. In order to begin and complete the audit that was due on June 30, 2023, for FY-2022, the Town must have a Trial Balance that's ready to go.

Staff are currently working on completing the following actions to ensure that an accurate Trial Balance is produced for the auditors: WEX Bills (fleet cards for fuel) for December and January; Amazon Bill from November 2022 purchases still needs to be broken down by fund and entered into the GL; List of Capital Assets and Depreciation from the previous auditor; and Invoices

Payable from year-end that resulted in encumbrances into FY-2023.

Once the Trial Balance is complete for FY-2022, the Town's Auditor can begin the FY-2022 Audit. The good news is that there is a process in place for end of year encumbrances for FY-2023 into FY-2024 for items like utility bills, fuel bills, and miscellaneous purchases that the Town must procure in order to continue operating. At the end of November, an order will come from the Town Administrator/Treasurer's office to Department Heads to make all final purchases no later than December 1, 2023, so that encumbrances are reduced going into FY-2024.

The FY-2024 Budget Process is well underway, and Staff are budgeting as if Proposition HH will pass. Should the legislation pass, the Town can expect an approximately \$35,000 reduction in property tax revenue for the General Fund. The current forecast for property taxes is \$161,618; but if Proposition HH fails, the Town can expect: \$195,375.

The highest cost of any budget is relative to personnel. Since the Town's ERP doesn't utilize the Human Resources Module, a spreadsheet had to be created to accurately gauge the current cost of each employee, and produce scenarios related to potential Cost of Living Adjustments, or merit-based salary increases. The spreadsheet also established fixed allocations that can be updated into both Caselle and ADP to ensure that personnel costs are appropriately divided between the General Fund and the Town's various Enterprise Funds.

The Cleargov module for submitting Capital Budget requests, such as new vehicles, equipment, tools, and improvements to facilities is live, and Department Heads

have had the opportunity to submit requests through the system since the beginning of September. Each Department will see a new series of budget line items in their respective departments entitled, “Capital Outlay & Transfers.” There are two new account numbers ending x73 Building Improvements; and x74 Machinery & Equipment.

The second largest expenses for Town Departments are grouped together as operating expenses. These expenses are related to things like utilities, telecommunications, professional services, contract services, and purchasing materials to complete projects. Staff are working to produce an accurate forecast of operating expenses for each Department. FY-2023 is expected to have higher than usual operating expenses due to emergency sewer repairs; hiring consultants in finance and administration earlier in the year; and severance pay.

To assist in completing an accurate forecast in operating expenses for FY-2024, the budget to actuals for FY-2023 need to be updated and accurate. Staff are working with Professional Management Solutions to ensure that Budget to Actuals are accurate, there are a few outstanding items that need entered into the GL for them to be accurate. The most difficult part in obtaining information has been the Chase Business ink Cards that appeared to have a login tied to personal accounts, and have made it very difficult for Staff to gain access to the accounts to see balances and purchases. We continue to attempt to get Chase to work with the Town to gain access to the account and any related cash back rewards or points that the Town may have accrued.

Finally, as part of the Water-State Revolving Fund application for funding, a 20-year Cashflow Analysis must be completed on the water utility. The analysis must assume that the Town will not receive any principal loan forgiveness, and must also demonstrate the Town’s ability to repay the loan with interest while also meeting any existing obligations, and maintaining operating and personnel costs. I plan to have this cash flow analysis completed by October 20, 2023, and will include a recommended rate increase in revenue projections for the FY-2024 budget.

The Town has very healthy reserves, but those must also be used in helping to determine how much money the Town can borrow to complete critical infrastructure repairs. Over the next few years, utility rates will need to increase to help cover the cost of improvements and deferred maintenance. In 2021, the Town worked with the RCAC to determine necessary rate increases to assist the Town with generating enough revenue to borrow money and complete improvements for both the Water and Wastewater Utilities.

The rate studies completed by the RCAC made assumptions about the improvements that needed to be completed, and used prevailing costs at the time of the study. There have been significant increases to costs associated with improvements, and engineering firms have better estimates about the improvements that need to be completed.

A sample department budget is located on the next page so that Trustees and Residents can familiarize themselves with how the new budget will look. Also included on the next page is a Budget Calendar from the state for FY-2024.

A draft of the FY-2023 Budget must be presented to the Board of Trustees by October 15, 2023. Staff are going to need until October 15, 2023 to produce a draft of the budget. The Town may need to submit to DOLA an application for an increased levy for Capital Expenditures related to improvements for the Water Utility.



Polite Graffiti at River Park in Paonia



Sample Department Budget

ACCOUNT	DESCRIPTION	PROPOSED		ADOPTED	
		FY-2024 BUDGET		FY-2024 BUDGET	
ADMINISTRATION	PERSONNEL SERVICES				
10-41-01	MAYOR & TRUSTEES	\$	9,600.00	\$	-
10-41-02	TOWN ADMINISTRATOR/CONTRACT LABOR	\$	42,550.00	\$	-
10-41-03	SALARIES & WAGES	\$	63,000.00	\$	-
10-41-04	EMPLOYER FICA	\$	7,175.00	\$	-
10-41-05	EMPLOYER MEDICARE	\$	1,680.00	\$	-
10-41-06	UNEMPLOYMENT TAX	\$	-	\$	-
10-41-07	INSURANCE BENEFITS	\$	22,770.00	\$	-
10-41-08	RETIREMENT BENEFITS	\$	5,055.00	\$	-
10-41-09	LIFE/DISABILITY INSURANCE	\$	230.00	\$	-
10-41-10	WORKMEN'S COMPENSATION	\$	1,150.00	\$	-
10-41-13	OVERTIME	\$	1,000.00	\$	-
	Subgroup : Personnel Services	\$	154,210.00	\$	-
ADMINISTRATION	OPERATING				
10-41-15	OFFICE SUPPLIES	\$	-	\$	-
10-41-16	OPERATING SUPPLIES	\$	-	\$	-
10-41-17	POSTAGE	\$	-	\$	-
10-41-20	LEGAL, ENGINEERING & PROFESSIONAL SERVICES	\$	-	\$	-
10-41-21	AUDIT & BUDGET EXPENSE	\$	-	\$	-
10-41-22	REPAIRS & MAINTENANCE	\$	-	\$	-
10-41-25	TOWN HALL EXPENSE	\$	-	\$	-
10-41-26	TRAVEL, MEETINGS, & TRAININGS	\$	-	\$	-
10-41-27	INSURANCE & BONDS	\$	-	\$	-
10-41-28	UTILITIES	\$	-	\$	-
10-41-29	TELEPHONE & INTERNET	\$	-	\$	-
10-41-30	PUBLISHING ADS	\$	-	\$	-
10-41-31	DUES & SUBSCRIPTIONS	\$	-	\$	-
10-41-33	DATA PROCESSING	\$	-	\$	-
10-41-40	MISCELLANEOUS	\$	-	\$	-
10-41-43	CULTURAL EVENTS	\$	-	\$	-
10-41-44	HUMAN SERVICES	\$	-	\$	-
10-41-45	BUILDING INSPECTOR	\$	-	\$	-
	Subgroup : Operating Expenditures	\$	-	\$	-
ADMINISTRATION	CAPITAL OUTLAY & TRANSFERS				
10-41-73	BUILDING IMPROVEMENTS	\$	-	\$	-
10-41-74	MACHINERY & EQUIPMENT	\$	-	\$	-
10-41-75	GRANT PROJECTS	\$	-	\$	-
10-41-90	TREASURER'S FEE	\$	-	\$	-
10-41-99	TRANSFERS	\$	-	\$	-
	Subgroup : CAPITAL OUTLAY	\$	-	\$	-
	TOTAL	\$	154,210.00	\$	-



COLORADO
Department of Local Affairs
Division of Local Government

LOCAL GOVERNMENT BUDGET CALENDAR

The budget calendar is a general listing of the deadlines for the budget, for an audit and for the property tax certification process. Some deadlines are not statutory, but reflect good budgeting practices. For details on the applicable statutes listed below, please refer to the most current Colorado Revised Statutes (“C.R.S.”)

DATE	EVENT / ACTIVITY
1-Jan	Start of Fiscal Year, begin planning for the budget of the next year.
10-Jan	Deadline for assessor to deliver tax warrant to county treasurer (C.R.S 39-5-129.)
31-Jan	A certified copy of the adopted budget must be filed with the Division. (C.R.S 29-1-113(1)). - If a budget is not filed, the county treasurer may be authorized to withhold the local government's tax revenues. -
10-Feb	The Division sends notification to local governments whose budgets have not been filed with the Division.
1-Mar	The U.S. Bureau of Labor Statistics releases the Consumer Price Index (the “CPI”) for the Denver/Boulder area. This annual percent change is used with “local growth” to calculate “fiscal year spending” and property tax revenue limitations of TABOR. (Article X, Sec. 20, Colo. Const.)
15-Mar	The Division will authorize the county treasurer to withhold tax revenues until a certified copy of the budget is filed with the Division.
31-Mar	Deadline to request exemption from audit. (C.R.S 29-1-604(3)) Contact the Local Government Audit Division, Office of the State Auditor, (303) 869-2800. The Division notifies local governments of its determination that the entity has exceeded the statutory property tax revenue limit (the “5.5%” limit).
30-Jun	Deadline for auditor to submit audit report to local government governing body. (C.R.S 29-1-606(a)(1))
31-Jul	Deadline for submitting annual audit report to the Office of the State Auditor. (C.R.S 29-1-606(3)) Deadline for request for extension of audit. (C.R.S 29-1-606(4)) - If an audit is required but has not been filed, the county treasurer may be authorized to withhold the local government's tax revenue -
25-Aug	Assessors certify to all taxing entities and to the Division of Local Government the total new assessed and actual values (for real and personal property) used to compute the statutory and TABOR property tax revenue limits. (C.R.S 39-5-121 (2)(b) and 39-5-128,.) If applicable, upon receipt of the Certification of Valuation, submit to the Division certifications of service impact from increased mining production and/or from increased valuation due to previously exempt federal property which has become taxable. Certifications of impact are required if the value is to be excluded from the tax revenue limit. If applicable, apply to the Division for authorization to exclude from the limit the assessed valuation attributed to new primary oil or gas production from any producing land or leaseholds.
15-Oct	Budget officer must submit proposed budget to the governing body. (C.R.S. 29-1-105) Governing body must publish “Notice of Budget” upon receiving proposed budget. (C.R.S. 29-1-106(1))
1-Nov	Deadline for submitting applications to the Division for an increased levy pursuant to 29-1-302, C.R.S. and applications for exclusion of assessed valuation attributable to new primary oil or gas production from the 5.5% limit pursuant to (C.R.S. 29-1-301 (1)(b))
10-Dec	Assessors’ changes in assessed valuation will be made only once by a single notification (re-certification) to the county commissioners or other body authorized by law to levy property tax, and to the DLG. (C.R.S. 39-1-111(5))
15-Dec	Deadline for certification of mill levy to county commissioners (C.R.S 39-5-128(1)). Local governments levying property tax must adopt their budgets before certifying the levy to the county. If the budget is not adopted by certification deadline, then 90 percent of the amounts appropriated in the current year for operations and maintenance expenses shall be deemed re-appropriated for the purposes specified in such last appropriation. (C.R.S. 29-1-108(2) and (3))
22-Dec	Deadline for county commissioners to levy taxes and to certify the levies to the assessor. (C.R.S. 39-1-111(1))
31-Dec	Local governments not levying a property tax must adopt the budget on or before this date; governing body must enact a resolution or ordinance to appropriate funds for the ensuing fiscal year. If the budget is not adopted by certification deadline, then 90 percent of the amounts appropriated in the current year for operations and maintenance expenses shall be deemed re-appropriated for the budget year. (C.R.S 29-1-108(4))

More information and contact information is available on our website – www.dola.colorado.gov/budgets

Use our  **eFiling** system by visiting www.dola.colorado.gov/e-filing

Paonia Water Department



Flow Testing; Meter Replacement; Leak Repairs; Pressure Relief Valve Replacements; and Water Treatment Improvements

The Paonia Water Department has been busy in September and October tackling numerous projects outside of their normal daily “chores.” The team began flow-testing fire hydrants and painting them to match corresponding flow charts so that the Fire Department can better gauge the amount of water that can come from a fire hydrant at a quick glance. This was an overdue project that our Team recognized as necessary to help protect the Town in case of fire.

Revenue protection is an important part of maintaining a water utility, and the Public Works Team has made it a priority to replace older meters with radio reads before winter weather begins. So far, the team has converted two water companies and fifteen Residential meters to radio reads. Work will continue until the first hard freeze of the Winter.

Between September and October there have been six water leaks on the main between Cresthaven and Silo Corner, and at times most of the Public Works team assisted in repairing the leaks. This line is prime for complete replacement due to its age and the type of material used. The team continues to work on PRV repairs and replacements to ensure that backwash doesn’t contaminate the Town’s drinking water supply. Public Works also purchased a tool to assist with repairing, maintaining and replacing PRV’s throughout the entire service area.

While completing all of these tasks, the Water Team has also gathered data necessary for engineering projects for grant funding, and they’ve made improvements to the chlorine feed line at the water treatment plant.

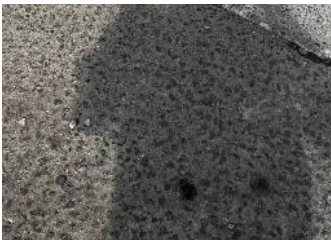


Streets and Parks – Public Works



Park Upgrades, Winterizing, Potholes

The Public Works Team has completed numerous projects in-house to improve safety at the Parks and while using City Streets. The Team has assisted with preparing for improvements at the Skate Park, removing three sections of fencing and bringing in 30 tons of fill to assist the contractor.



The team is actively seeking bids for upgrades to the restrooms at Town Park, but has only received one of three bids needed to complete the work. The Parks Team continues to prepare for winterizing park irrigation and the bathrooms. The Streets Team has filled numerous potholes throughout Town, and installed guardrails along the roadway to help prevent motorists and pedestrians from falling into ditches with running water. Delta County recently repaved the 100 & 200 block of Niagara Avenue after it was determined that the bridge couldn't be repaved. The Team also installed a retaining wall at Apple Valley Park, build a cover for the water fill station, and have been performing routine maintenance on vehicles and equipment. **The Leaf Vac will begin trekking through town, watch for an announcement on social media and the website!**