



City Council Communication

AGENDA DATE: May 4, 2026

LEGISTAR ITEM #: Ordinance 2770

PRESENTER: Theresa Wilson

DEPARTMENT: Finance

<input checked="" type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Public Hearing
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REQUEST

Amend Ordinance 1291 removing the words *applicable to enterprise units* allowing the Solid Waste Management Disposal Enterprise (Fund 850) to be accounted for as a special revenue fund, as required by Governmental Accounting Standards Board Pronouncement No. 54 (GASB 54), in fiscal year 2025.

BACKGROUND

In 1999, the City entered into an annexation agreement with BFI Waste Systems of North America. As part of the agreement, BFI agreed to pay a service charge to the City pursuant to Colorado Revised Statute §30-20-115. This required the City to create a solid waste service charge fund. The City passed Ordinance 1291 establishing the Commerce City Solid Waste Management Disposal Enterprise (Fund 850) pursuant to the Taxpayer Bill of Rights (TABOR). For TABOR purposes, “Enterprise” means a government-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all Colorado state and local governments combined. The fund has been accounted for as an enterprise fund since that time.

The City’s external auditors have indicated that it is more appropriate to account for the fund as a special revenue fund. The Governmental Accounting Standards Board, under Pronouncement No. 54, would more appropriately describe the fund as a Special Revenue Fund. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

CITY COUNCIL COMMUNICATION CONTINUED

Staff has worked with the external auditors to verify the fund should be accounted for as a special revenue fund. This ordinance is proposed to make this change in fund classification. Exhibit A shows the amended version of the fund description. Exhibit B shows the original version with strikethrough language.

JUSTIFICATION

<input checked="" type="checkbox"/> Council Goal	<input type="checkbox"/> Strategic Plan	<input type="checkbox"/> Work Plan	<input checked="" type="checkbox"/> Legal
Citation	High Performing Government: The Solid Waste Management Disposal Enterprise is more appropriately accounted for as a special revenue fund according to GASB 54. An ordinance must be approved to amend the accounting for the fund. Staff would like to change the fund type for the 2025 Annual Comprehensive Financial Report.		

AVAILABLE ACTIONS

- Available Action #1. Approve Ordinance as Submitted.
- Available Action #2. Approve with Conditions or Amendments.
- Available Action #3. Take No Action / Maintain Status Quo. City Council may decline to approve the ordinance and not change the fund type for accounting purposes to a special revenue fund.

STAFF RECOMMENDATION

Staff recommends Action #1 – Approve the Ordinance as Submitted.