Town of Johnstown

TOWN COUNCIL WORK SESSION

450 S. Parish, Johnstown, CO

Monday, August 08, 2022 at 5:30 PM

MISSION STATEMENT: Enhancing the quality of life of our residents, businesses, and visitors through community focused leadership.

AGENDA

AGENDA ITEMS

CALL TO ORDER

1. Fund Structure and Property Taxes

ADJOURN

AMERICANS WITH DISABILITIES ACT NOTICE

In accordance with the Americans with Disabilities Act, persons who need accommodation in order to attend or participate in this meeting should contact Town Hall at (970) 587-4664 within 48 hours prior to the meeting in order to request such assistance.

Town of Johnstown

TOWN COUNCIL WORK SESSION COMMUNICATIONS

AGENDA DATE:	August 8, 2022
SUBJECT:	Fund Structure and Property Taxes
ACTION PROPOSED:	Review and discussion of funds and mill levy
PRESENTED BY:	Devon McCarty, Interim Finance Director

AGENDA ITEM DESCRIPTION:

The Town's fund structure and fund accounting is an essential component of the annual budget discussions. As the 2023 budget discussions are approaching, the purpose of this work session is to review the Town's fund structure and the purpose and restrictions associated with each fund.

A fund is a self-balancing set of accounts that have been established for a specific purpose and is considered a separate accounting entity. Currently the Town has 12 funds that fall within three different categories.

- **Governmental funds** are funds that are used to account for activities that are primarily supported by taxes, grants, and other similar revenue sources. The governmental fund category includes several subtypes, only two of which, the General Fund and special revenue funds are utilized by the Town. The Town's governmental funds include the General Fund, Conservation Trust Fund, Parks and Open Space Fund, Street and Alley Fund, Tax Allocation Fund, Capital Projects Fund, Recreation Center Fund, and the Library Fund.

- **Proprietary funds** (also referred to as enterprise funds) are funds that are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges. Enterprise funds are not and cannot be funded using tax monies. The Town's enterprise funds include the Water Fund, the Sewer Fund, and the Stormwater Fund.

- **Fiduciary funds** are fund that are used to report on assets that are held in trust or in a trust like manner. The Town's fiduciary funds include the Cemetery Perpetual Fund.

Another important topic for discussion is property taxes and the upcoming changes to assessment values, the assessment rate, and the resulting impact on the Town.

The Town collects property taxes from property owners and businesses after the mill levy is certified, and those funds are used to finance a portion of the Town's operations. The mill levy that the Town has historically levied is 23.947 mills, which includes 1.8 mills for the Library. In addition to the 1.8 mills levied directly for the Library, the Town also remits an additional 1.5 mills to the Library as part of an agreement between the two entities. After deducting the 3.3 mills that are dedicated to the Library, the Town operates with a net levy of 20.647 mills.

We plan to explore and discuss the impending impacts from recent changes that have been made by the State Legislature to property tax calculations, more specifically, SB 22-238.

Reviewed and Approved for Presentation,

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Town Manager

Town of Johnstown

Fund Structure & Property Taxes

Fund Structure

Fund Structure

Governmental Funds (8)	Proprietary Funds (3)	Fiduciary Funds (1)
General Fund	Water	Cemetery
Streets & Alleys	Sewer	
Parks & Open Space	Drainage	
Conservation Trust		
Capital Projects		
Library		
Tax Allocation		
Recreation Center		

Governmental Funds

General Fund

Revenues:
- Property Taxes
- Sales Taxes
- Licenses
- Permits
- Grants

Expenditures:
- Police Services
- Elections
- Business Licenses
- Dog Licenses
- Bldg. Inspections
- Planning Services
- Municipal Court

Special Revenue Funds

- Parks and Open Space
- Library
- Conservation Trust
- Recreation Center
- Street and Alley
- Tax Allocations
- Capital Projects

Enterprise/Proprietary Funds

Water Fund | **Sewer Fund** | **Storm Water Fund**

- Enterprise funds are used to account for funds that are operated in a manner similiar to a private business.
- Goods or services are provided to the general public on a continuing basis and the costs of those goods or services are recovered primarily through user charges.
- These funds DO NOT receive any revenue from taxes.

TAX

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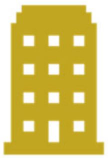
Fiduciary Funds



Cemetery Perpetual Fund

- This fund functions similar to a trust fund with limited approved expenditures.
- Revenues in this fund have come from sales of grave sites in the cemetery.
- This fund does not receive any revenue from taxes.

Property Taxes

Property Taxes and Mill Levies – The Basics

- State Legislature sets the assessment rate every 2 years.
- The County Assessor is responsible for calculating the assessed value of a property based on the actual value of the property.
- Property Taxes are calculated by multiplying the assessed value by the mill levy in that taxing district.

Example:

Actual Value of Home:	$ 490,000
Assessment Rate:	x .0715
Assessed Value of Home:	$ 35,035
Assessed Value of Home:	$ 35,035
Mill Levy for Taxing District:	.109217
Property Taxes Due:	$ 3,826

Who Receives Money Collected From Property Taxes?

Example:

Actual Value of Home:	$ 490,000
Assessment Rate:	x .0715
Assessed Value of Home:	$ 35,035
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Mill Levy for Taxing District:	.109217
Property Taxes Due:	$ 3,826

Entity	Mill Levy	How Much
Weld County RE-J	47.809	$1,675
Johnstown	22.147	$776
Weld Co.	15.038	$527
Front Range Fire	11.524	$404
Aims	6.305	$221
Thompson Rec	3.594	$126
Library (Johnstown)	1.800	$63
Northern Co. Water	1.000	$35
Total	109.217	$3,826

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Northern Co. Water	1.000	$35
Total	109.217	$3,826

Johnstown's Mill Levy	22.147
Less: Library Contribution	1.500
Johnstown Net Levy	20.647
Johnstown Revenue	$776
Less: Library Contribution	$ 53
Johnstown Net Revenue	$723

Property Taxes and Colorado amendment B

On November 3, 2020, voters approved Colorado Amendment B, Gallagher Amendment Repeal and Property Tax Assessment Rates Measure

Gallagher Amendment: 45% residential to 55% non-residential

Senate Bill 20-223: Sets assessment rates (2020 – 2022)

Residential 7.15%

Non-residential at 29%

Senate Bill 22-238: Sets assessment rates (2023 – 2024)

2023:

Residential 6.765%

Non-Residential 27.9%

Plus, a decrease of actual value of $30K Commercial and $15K Residential

2024:

Agriculture and renewable energy 26.4%

Residential – not specified but will result in $700 million aggregate decrease

Multi-family residential 6.8%

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Property Taxes and Mill Levies – The Basics

Example:	
Actual Value of Home:	$ 490,000
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Assessed Value of Home:	$ 35,035
Assessed Value of Home:	$ 35,035
Mill Levy for Taxing District:	.109217
Property Taxes Due:	$ 3,826

Example:	
Actual Value of Home:	$ 475,000
Assessment Rate:	x .06765
Assessed Value of Home:	$ 32,134
Assessed Value of Home:	$ 32,134
Mill Levy for Taxing District:	.109217
Property Taxes Due:	$ 3,509

Decrease of $317

Who Receives Money Collected From Property Taxes?

Entity	Mill Levy	How Much
Weld County RE-J	47.809	$1,536
Johnstown	22.147	$712
Weld Co.	15.038	$483
Front Range Fire	11.524	$370
Aims	6.305	$202
Thompson Rec	3.594	$115
Library (Johnstown)	1.800	$57
Northern Co. Water	1.000	$32
Total	109.217	$3,509

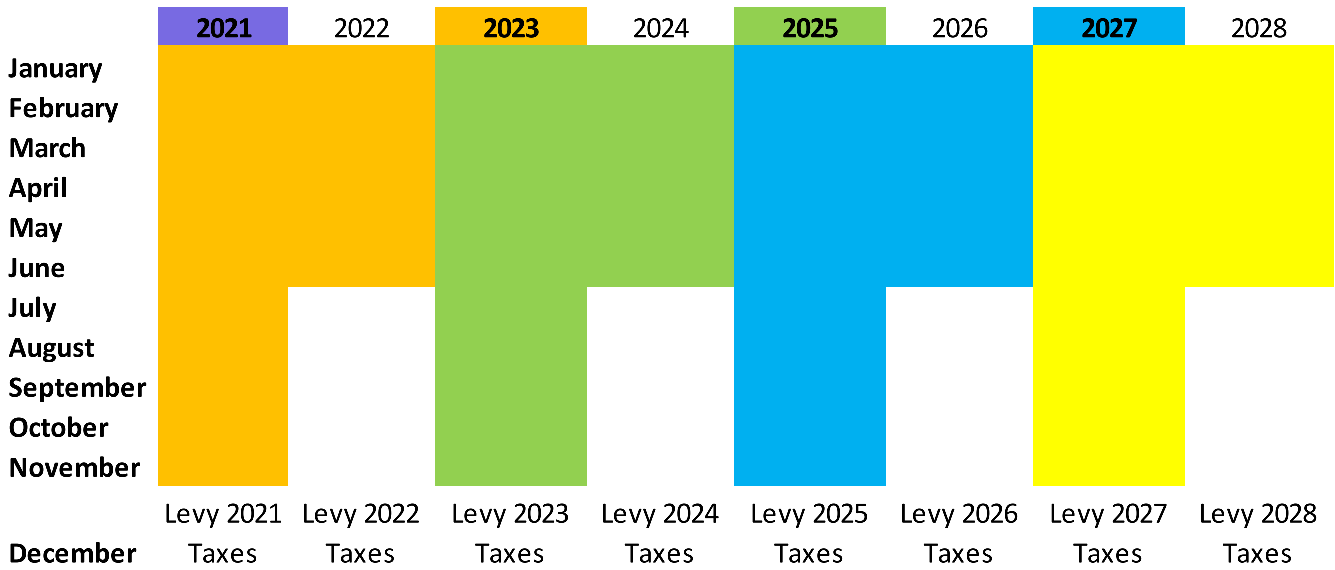
Johnstown's Mill Levy	22.147
Less: Library Contribution	1.500
Johnstown Net Levy	20.647
Johnstown Revenue	$712
Less: Library Contribution	$ 48
Johnstown Net Revenue	$664

Decrease of $59 to the Town

Property Taxes and Mill Levies – The Basics

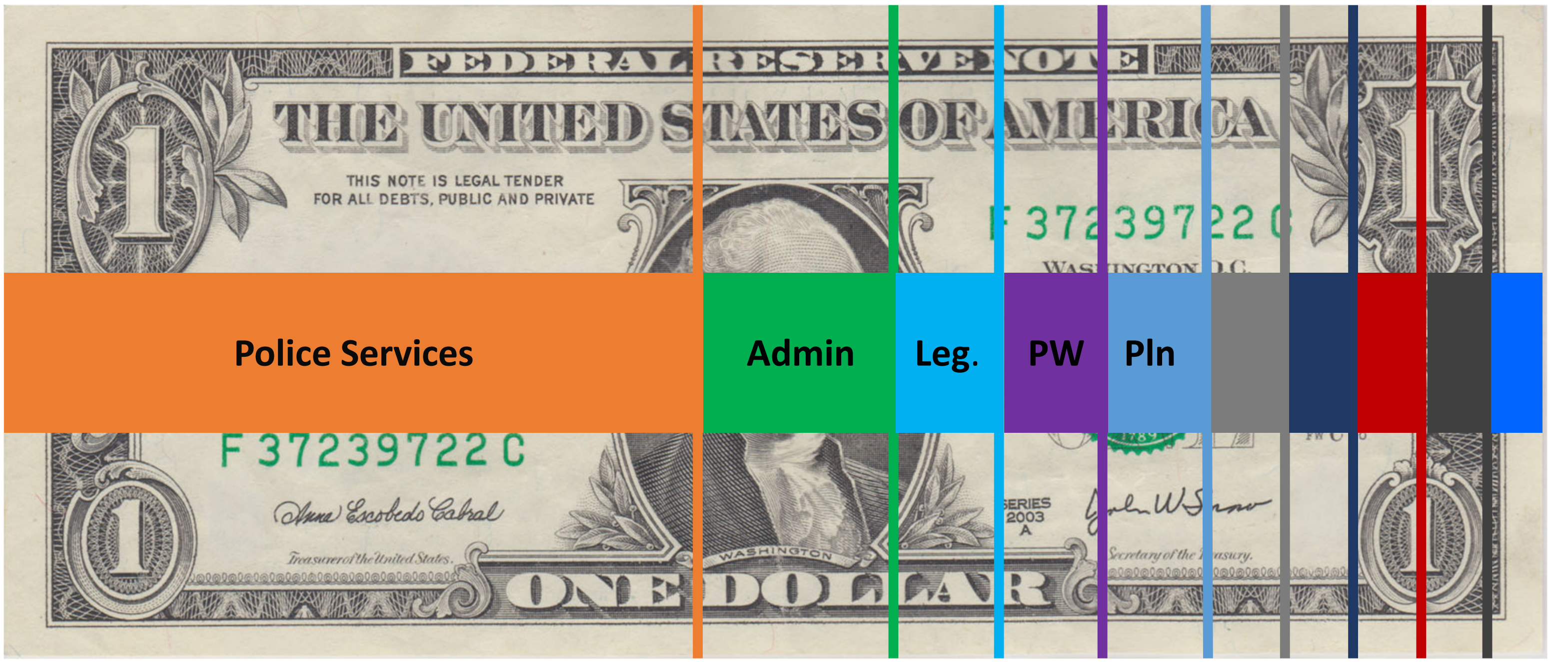
	Actual Value	Assessment Rate	Assessed Value	Mill Levy	Revenue
Current: Budget Year 2023					
Residential	2,263,248,688	7.1500%	161,822,281	0.020647	3,341,145
Commercial	407,627,443	29.0000%	118,211,958	0.020647	2,440,722
					5,781,867
New: Budget Year 2024					
Residential	2,177,283,688	6.7650%	147,293,241	0.020647	3,041,164
Commercial	401,897,443	27.9000%	112,129,387	0.020647	2,315,135
					5,356,299
			Net Change:		-425,568

To maintain the same level of revenues in 2023, residential property will need to increase 9.5% and commercial will need to increase 5.35%



In non-assessment years (not color coded) residential property values do not change unless there is construction changes to them.

Where does that $$$ go?



Town Clerk

Finance

Reimb.

Bldg Insp.

Bldgs

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Cost of Business

Property taxes are not restricted to be used in the General Fund only. They are a sources of revenue that can be used to support several of the Governmental Funds as shown here.

Services that can be funded using property taxes include:

- Police Services
- Parks, Trails and Open Space development and maintenance
- Street construction and maintenance
- Municipal Court
- Economic development
- Building Inspections
- Cemetery upkeep and improvements
- Community development and engineering
- Administration and finance
- Support services

Let’s Compare….