



Town of Johnstown

TOWN COUNCIL AGENDA COMMUNICATIONS

AGENDA DATE: December 14, 2020

SUBJECT: Resolution No. 2020-39, A Resolution of Johnstown, Colorado, Summarizing Expenditures and Revenues for Each Fund and Adopting and Appropriating the Budget for the Calendar Year 2021

ACTION PROPOSED: Consider Approval of Resolution No. 2020-39

ATTACHMENTS:

1. Resolution 2020-39
2. 2021 Amended Proposed Budget

PRESENTED BY: Mitzi McCoy, Finance Director

AGENDA ITEM DESCRIPTION:

The proposed 2021 Budget for the Town of Johnstown, Colorado was originally presented to Council at meetings held on September 14, 2020, and October 13, 2020. A public hearing regarding the proposed 2021 Budget was held by the Town Council on November 16, 2020, where citizens were invited to file or register objections or suggestions thereto at any time prior to the adoption of the 2021 Budget.

The original proposed 2021 Budget that was presented in September has been amended to reflect Council suggestions. The amended, proposed 2021 Budget document was made available for public inspection on the Town of Johnstown website and at Town Hall prior to the November 16th public hearing. There have been no changes made to expenditures since the document was posted prior to the public hearing. There have however been updates made to revenues to accurately reflect the changes in the final certification of valuations provided by Larimer and Weld Counties, and the resulting transfer to the Library Fund. The net change to the General Fund ending fund balance is a decrease of \$4,987. The net change to the Library Fund's ending fund balance is a decrease of \$798. Additionally, an adjustment was made to correct a revenue miscalculation that resulted in an increase in ending fund balance in the Drainage Fund of \$275,000.

As you are aware, the budget document serves as a plan that addresses the Council's priorities and becomes a policy guide to manage the Town of Johnstown throughout 2021 by clearly setting the goals, objectives and service priorities. Even more, the budget serves as a long-range planning document to provide a sustainable framework for future years to keep the Town financially healthy and poised for growth. Setting priorities is necessary as fiscal discipline is required to meet the many needs that arise in the community. Ever mindful of the budget's impact today and in the future, the proposed plan achieves this balance.

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The current and short-term economic environment is somewhat unpredictable as a result of the COVID 19 pandemic. Consequently, in an effort to counter the unfamiliar and unprecedented, the Town of Johnstown's budget for 2021 aligns with a conservative revenue forecast.

This budget focuses on renewed investments in core services such as public safety, infrastructure maintenance, public facilities, transportation networks, parks, water, sewer and stormwater utility services, as well as the continued emphasis on building community partnerships that improve the quality of life for Johnstown residents, businesses and visitors. We are committed to promoting organizational and community values that include: consistent and excellent performance; innovation; good fiscal, social, and environmental stewardship; and ethical behavior.

Another budget priority is to take a step toward reinvesting in the community's and organization's infrastructure. Until the economic recovery began several years ago, the Town was not immune from slow revenue growth and increasing expenses not unlike other communities throughout the nation. Deferring capital improvements and investments into buildings and infrastructure can take its toll on any organization. The 2021 Amended Proposed Budget contains many capital projects that are the beginning of multi-year plans that will allow the Town to improve the level of service for customers as well as meet necessary regulatory requirements.

Capital Projects

The Town now has an unprecedented number of major capital projects underway or planned. The Town must continue to invest in capital improvements. These projects span from extending water and sewer infrastructure, to expanding public facilities and buildings, to developing parks and trails, to improving storm drainage, to I-25 gateway improvements. By collaborating with community and corporate partners the Town continues to progress.

A few of the major capital projects included in this spending plan are highlighted below:

- General Fund
 - o Council chamber upgrades to AV system
 - o Police department expansion design
 - o Parking lot sealing at PD and Senior Center
 - o HVAC improvements at Town Hall
- Parks and Open Space Fund
 - o Trail projects/construction
 - o Construction of a new cemetery garage
 - o Cemetery irrigation improvements
 - o Slip line/headwall overflow to town lake
- Street and Alley Fund
 - o Charlotte design
 - o Purchase of an embankment mower
 - o Installation of digital signals
 - o Purchase of a plow truck
 - o Drainage project – Estes Avenue
- Capital Project Fund
 - o I-25 interchange improvements
 - o Improvement to 2nd street bridge

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- Water Fund
 - o Hwy 60 water line loop
 - o Water line to Central Wastewater Treatment Plant
 - o Generator replacement at water plant
 - o Carbon feeder for improved taste/odor
 - o Water plant expansion design
 - o Installation of variable frequency drives (VFDs)
 - o South water tank construction
- Sewer Fund
 - o Construct a new lift station with force main line and gravity line to Central Wastewater Treatment Plant
 - o Design and construction of a gravity line from Clearview Subdivision
 - o Central Wastewater Treatment Plant design
 - o North interceptor design
- Drainage Fund
 - o Old Town drainage project
 - o Charlotte drainage design
 - o Dam rebuild at Johnstown lake

When service delivery is either maintained at a consistent level or improved, we expect expenditures to increase when measured across all funds. Managing this increase is only possible when revenues and existing fund balance exceed the project expenditures. Should revenues not come in as expected, it is possible that these expenditures could change and be decreased. As always, we will monitor these on a continuous basis for any abnormalities.

The budget parallels the methods of accounting used for the Town's funds. Modified accrual basis is used for all governmental fund operations. Proprietary and fiduciary funds use full accrual basis. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available and expenditures are recorded when a liability is incurred, except for debt service and compensated absences. Under the full accrual basis of accounting, revenues are recorded when earned and that expenditures are recorded when a liability is incurred, without consideration of the timing of related cash flows. The basis of accounting used in the budget is the same basis of accounting used in the financial statements. The figures presented in the budget represent the estimated cash balances for the budget year 2021.

The Town of Johnstown Home Rule Charter, Section 12.7 requires that the Council adopt the budget for the next fiscal year by ordinance or resolution on or before the final day of the current fiscal year. However, state law requires the Town to adopt a budget prior to certifying the tax levy and the deadline for certifying the tax levy to county commissioners is December 15 (C.R.S. 39-5-128(1)).

LEGAL ADVICE:

The Resolution presented has been reviewed and approved by the Town Attorney.

FINANCIAL ADVICE:

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The budget document refers to the financial condition of the Town including revenues, expenditures, activities, purposes and goals. The budget document will be the basis by which we operate and strive to achieve greatness for the Community while operating within the parameters set by the budget document.

RECOMMENDED ACTION:

Staff recommends approval of Resolution 2020-39, A Resolution of Johnstown, Colorado, Summarizing Expenditures and Revenues for Each Fund and Adopting and Appropriating the Budget for the Calendar Year 2020.

SUGGESTED MOTIONS:

For Approval

I move to approve Resolution 2020-39, A Resolution of Johnstown, Colorado, Summarizing Expenditures and Revenues for Each Fund and Adopting and Appropriating the Budget for the Calendar Year 2020.

For Denial

I move to deny Resolution 2020-39, A Resolution of Johnstown, Colorado, Summarizing Expenditures and Revenues for Each Fund and Adopting and Appropriating the Budget for the Calendar Year 2020.

Reviewed and Approved for Presentation,

Town Manager