



# Town of Johnstown

## TOWN COUNCIL WORK SESSION COMMUNICATIONS

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**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

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### 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.

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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

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