

**CITY OF CHARLOTTESVILLE, VIRGINIA.  
CITY COUNCIL AGENDA.**



Agenda Date: February 3, 2020.

Action Required: Public Hearing and Council Appropriation (2<sup>nd</sup> of 2 readings).

Presenter: Christopher Cullinan, Director of Finance.

Staff Contacts: Christopher Cullinan, Director of Finance.  
Krisy Hammill., Senior Budget and Management Analyst

Title: Year End Adjustments- F.Y. 2019 and General Fund Balance  
Transfer.

**Background:**

For the fiscal year ending June 30, 2019 (fiscal year 2019), the City's General Fund ended with a positive, unallocated surplus of \$5,829,266 or 3.2% within budget. This result is consistent with the City's recent financial performance and is within +/- 5% of projected budget amounts which is considered to best financial management practices.

At the January 21, 2020 City Council meeting, staff recommended \$5,204,500 of the surplus be approved and carried over to be spent with remaining surplus balance of \$624,766 will be placed in the Capital Improvement Program Contingency Fund for future programming as per City policy.

The specific staff recommendations included the following:

**Unallocated Fund Balance in Excess of Target & Reserves June 30, 2019 (FY19)** **\$5,829,266**

**Recommended Appropriations**

1. Compensation Study	\$1,250,000
2. Citizen Review Board (CRB) Startup Costs	\$50,000
3. Citywide Reserve/Radio Replacement	\$614,000
4. Citywide Reserve/Reserve for Legislative Changes	\$400,000
5. Communications Department/2020 Census	\$3,500
6. Communications Department/Unity Days	\$15,000
7. Assessor's Office/GIS - pictometry update	\$29,000
8. Police Department/Facilities and Equipment	\$96,000
9. Finance Department /Automation and Processing of Accounts Payable	\$247,000
10. Transfer to Retirement Fund/FY2020 COLA	\$1,800,000
11. Transfer to Charlottesville Affordable Housing Fund (CAHF)	\$700,000

- \$5,204,500

**Surplus Fiscal Year 2019** **\$624,766**

Transfer to CIP Contingency - \$624,766

**Remaining Surplus** **\$0**

After some discussion, City Council did not make any amendments to the staff recommendations and moved the appropriation for second reading.

**Discussion:**

During their retreat on January 23, 2020, City Council discussed several additional uses of the surplus funds and changing amounts to be transferred to the Citywide Reserve and CIP Contingency. Council specifically expressed support for:

1. Allocating \$300,000 to Council Reserve/Equity Fund.
2. Allocating \$130,000 to the Emergency Assistance Program Support.
3. Reducing the Transfer to the CIP Contingency from \$624,766 to \$500,000.
4. Reducing the allocation to the Citywide Reserve/Radio Replacement as needed to balance items 1-3 (reduced from \$614,000 to \$308,766)

**Resolution/Carryover Request:**

Based on City Council's discussions during their budget retreat, the resolution recommends that \$5,329,266 be approved and carried over to be spent with the remaining \$500,000 remaining surplus balance of \$500,000 will be placed in the Capital Improvement Program Contingency Fund for future programming as per City policy.

The table below summarizes this request:

**Unallocated Fund Balance in Excess of Target & Reserves June 30, 2019 (FY19)** **\$5,829,266**

**Recommended Appropriations**

1. Compensation Study	\$1,250,000	
2. Citizen Review Board (CRB) Startup Costs	\$50,000	
3. Citywide Reserve/Radio Replacement	\$308,766	
4. Citywide Reserve/Reserve for Legislative Changes	\$400,000	
5. Communications Department/2020 Census	\$3,500	
6. Communications Department/Unity Days	\$15,000	
7. Assessor's Office/GIS - pictometry update	\$29,000	
8. Police Department/Facilities and Equipment	\$96,000	
9. Finance Department /Automation and Processing of Accounts Payable	\$247,000	
10. Transfer to Retirement Fund/FY2020 COLA	\$1,800,000	
11. Transfer to Charlottesville Affordable Housing Fund (CAHF)	\$700,000	
12. Council Reserve/Equity Fund	\$300,000	
13. Emergency Assistance Program Support	\$130,000	
		- \$5,329,266

**Surplus Fiscal Year 2019** **\$500,000**

Transfer to CIP Contingency - \$500,000

**Remaining Surplus** **\$0**

Detailed descriptions of these requests are provided in the attached memo.

**Community Engagement:**

Per State Code, a public hearing is scheduled to occur to take comments and possible amendments to these year-end results and recommended use of carryover funds. A second reading of the appropriation will occur following the public hearing.

**Budgetary Impact:**

The \$5,329,266 of expenditure recommendations are one-time in nature and in alignment with sound financial management practices.

The remaining \$500,000 is recommended to be transferred to the Capital Improvement Fund contingency for future capital needs. This recommendation is in accordance with our financial policy and allows the City to contribute more towards a “pay as you go” (PAYGO i.e. cash) C.I.P. versus issuing bonds. This is something the bond rating agencies track closely and consider a good financial management practice

**Alignment with Council Vision Areas and Strategic Plan:**

This resolution aligns with Goal 4 of the Strategic Plan, to be a well-managed and successful organization.

**Recommendation:**

Staff recommends the following Council actions:

1. Motion to amend the first reading of the appropriation to reflect the four changes discussed and agreed to during the budget retreat on January 23, 2020, second and a vote on amendments.
2. Conduct the public hearing on the amended year-end appropriation.
3. Final vote to adopt FY19 year-end appropriation on second reading.

**Alternatives:**

Amend the Recommendations.

**Attachments:**

1. Memo- End of Year Adjustments.
2. FY 2019 Year End Appropriation.

**To:** Members of City Council.  
**From:** Christopher Cullinan, Director of Finance.  
Krisy Hammill, Senior Budget and Management Analyst.  
**Date:** February 3, 2020  
**Subject:** **F.Y. 2019 End of Year Adjustments.**

The F.Y. 19 year-end memo and appropriation were presented to City Council for a first reading on January 21, 2020. The memo and attached appropriation have been amended to include the following changes City Council expressed support for during their budget retreat on January 23, 2020:

1. Allocating \$300,000 to Council Strategic Reserve/Equity Fund.
2. Allocating \$130,000 to the Emergency Assistance Program Support.
3. Reducing the Transfer to the CIP Contingency from \$624,766 to \$500,000.
4. Reducing the allocation to the Citywide Reserve/Radio Replacement as needed to balance items 1-3 (reduced from \$614,000 to \$308,766)

In order to close the City's financial records for F.Y. 19 City Council is requested approve the attached resolution to adjust certain accounts.

Provided below is a brief description of the items contained in the various sections of the appropriation:

- Section I - General Fund.
- Section II - Facilities Repair Fund.
- Section III - Grants Funds.
- Section IV – Capital Projects Fund.

Included are names of the department or program, the amount of the adjustment and a brief discussion of the reason(s) for the appropriation.

**I. General Fund - \$5,852,802.**

- (a) Departmental Appropriations – Section 1 (a).

The following appropriations are requests for carryovers of unspent funds and funds not previously appropriated.

From unallocated, General Fund surplus:

- Citizen Review Board - \$50,000.  
These funds will be used to fund the startup personnel and operating costs of the Civilian Review Board during the current fiscal year. On-going funds will be included in next year's budget.
- Citywide Reserve - \$708,766.  
\$308,766 will be used to replenish the Citywide Reserve for funds used to

replace radios for various City departments. \$400,000 will be reserved as a contingency to address potential legislative actions taken by the General Assembly.

- Communications Department - \$18,500.  
\$15,000 will be used for Unity Days marketing costs. \$3,500 will be used for the Census 2020 project coordinated by the Thomas Jefferson Planning District Commission to encourage participation in the upcoming Census.
- Assessor's Office - \$29,000.  
These funds will be used for the City's share of updating pictometry files for the Geographic Information System (GIS). This project is being done in conjunction with Albemarle County.
- Police Department - \$96,000.  
Funds will be used for several one-time equipment replacement costs and facility repairs.
- Council Reserve/Equity Fund - \$300,000  
These funds will be allocated to the Equity Fund within the Council Strategic Reserve.
- Emergency Assistance Support Program - \$130,000  
These funds will be used to provide additional funding for the Emergency Assistance Support Program.

Funds not previously appropriated:

- Police Department/Crisis Intervention Team - \$23,536  
These funds will be used to fund training for the City's Crisis Intervention Team.

(b) Additional Transfers and Appropriations – Section 1(b).

The following appropriations are requests for transfers from the General Fund to other funds.

From unallocated, General Fund surplus:

- Transfer to Retirement Fund - \$1,800,000.  
These funds will be carried over and transferred to the Retirement fund. The FY19 budget granted a 4.17% cost of living adjustment (COLA) to employees. The budgeted annual retirement contribution only funded a 2.0% COLA. These funds are needed fulfill the City's entire contribution.
- Transfer to Capital Projects Fund - \$1,250,000.  
These funds will be used to commission a citywide Compensation study as discussed by staff and City Council during the F.Y. 20 budget discussions.

- Transfer to Capital Projects Fund - \$247,000.  
Software will be purchased to automate the City's account payables process resulting in Citywide efficiency improvements.
- Transfer to Capital Projects Fund - \$700,000.  
These funds will be transferred to the Charlottesville Affordable Housing Fund (CAHF).
- Transfer to Capital Projects Fund - \$500,000.  
These funds will be transferred to the C.I.P. Contingency Fund per the City's financial policy.

## **II. Facilities Repair Fund - \$46,494**

- Courthouse Maintenance (P-00099) - \$20,908 - These unspent restricted court fees will be used for future court repair work or records conversion. The amount will be carried over in the Facilities Repair Fund.
- Courthouse Construction (P-00783) - \$25,586 – These unspent restricted court fees will be used for future renovations or construction projects relating to the courts and will be carried over in the Facilities Repair Fund.

## **III. Grants Fund - \$924**

These funds were received from outside sources and are being appropriated to be spent by the respective grants:

- \$924 – these funds will be used for additional qualifying State Fire Grant expenditures (1900010).

## **IV. Capital Projects Fund - \$2,280,423**

- Charlottesville-Albemarle Rescue Squad (CARS) EMS Equipment Fund - \$83,423 – These funds represent the unspent contingency funds required as part of the Memorandum of Understanding and will be carried over from the General Fund to this account and used to fund equipment for the Charlottesville-Albemarle Rescue Squad (CARS).
- Compensation Study - \$1,250,000 (P-01032) - These funds will be used to commission a citywide Compensation study as discussed by staff and City Council during the F.Y. 20 budget discussions.
- Accounts Payable Automation Project - \$247,000 (P-01033) - Software will be purchased to automate the City's account payables process resulting in Citywide efficiency improvements.
- Charlottesville Affordable Housing Fund (CAHF) - \$700,000 (CP-084) – These funds will be transferred to the Charlottesville Affordable Housing Fund (CAHF).

Cc: John C. Blair, II, City Attorney.

## FY 2019 Year End Appropriation

**BE IT RESOLVED** by the Council of the City of Charlottesville, Virginia, that the actions hereinafter set forth are herein authorized with respect to the accounts of the City listed herein, for the fiscal year ended June 30, 2018. The memo to Council dated February 3, 2020 is hereby made part of this appropriation.

### General Fund (105).

(a) Departmental Appropriations.

The following amounts shall be permitted to be carried over and expended in the General Fund's respective cost centers or internal orders in the following fiscal year:

20141.	Citizen's Review Board.	\$50,000.
1631001000.	Citywide Reserve.	\$708,766.
1611001000.	Communications Department.	\$18,500.
2041001000.	Assessor's Office.	\$29,000.
3101001000.	Police Department.	\$96,000.
1011001000.	Council Reserve.	\$300,000.
9743028000.	Emergency Asst. Program Support.	\$130,000.
3111001000.	Police Department – CIT.	\$23,536.
Total Section 1 (a).		<u>\$1,355,802.</u>

(b) Additional Transfers and Appropriations.

9803030000.	Transfer to Retirement Fund.	\$1,800,000.
9803030000.	Transfer to Capital Projects Fund (Comp. Study).	\$1,250,000.
9803030000.	Transfer to Capital Projects Fund (AP Software).	\$247,000.
9803030000.	Transfer to Capital Projects Fund (CAHF).	\$700,000.
9803030000.	Transfer to Capital Projects Contingency Fund.	\$500,000.
Total Section 1 (b).		<u>\$4,497,000.</u>

### Facilities Repair Fund (107).

- Courthouse Maintenance (P-00099) - \$20,908 - These unspent restricted court fees will be used for future court repair work or records conversion. The amount will be carried over in the Facilities Repair Fund.
- Courthouse Construction (P-00783) - \$25,586 – These unspent restricted court fees will be used for future renovations or construction projects relating to the courts and will be carried over in the Facilities Repair Fund.

## **Grants Fund (209).**

These funds were received from outside sources and are being appropriated to be spent by the respective grants:

- \$924 – these funds will be used for additional qualifying State Fire Grant expenditures (1900010).

## **Capital Projects Fund**

- Charlottesville-Albemarle Rescue Squad (CARS) EMS Equipment Fund - \$83,423 – These funds represent the unspent contingency funds required as part of the Memorandum of Understanding and will be carried over from the General Fund to this account and used to fund equipment for the Charlottesville-Albemarle Rescue Squad (CARS).
- Compensation Study - \$1,250,000 (P-01032) - These funds will be used to commission a citywide Compensation study as discussed by staff and City Council during the F.Y. 20 budget discussions.
- Accounts Payable Automation Project - \$247,000 (P-01033) - Software will be purchased to automate the City's account payables process resulting in Citywide efficiency improvements.
- Charlottesville Affordable Housing Fund (CAHF) - \$700,000 (CP-084) – These funds will be transferred to the Charlottesville Affordable Housing Fund (CAHF).