

CITY OF CHARLOTTESVILLE, VIRGINIA. CITY COUNCIL AGENDA.



Agenda Date:	December 21, 2020.
Action Required:	Public Hearing and Council Appropriation (2 nd of 2 readings).
Presenter:	Chris Cullinan, Director of Finance.
Staff Contacts:	Chris Cullinan, Director of Finance. Krisy Hammill., Senior Budget and Management Analyst.
Title:	Year-End Adjustments Fiscal Year 2020.

Background:

The audit for Fiscal Year (FY) 2020 has been completed. To close the City's financial records for the year, several year-end adjustments to various accounts require City Council action. These adjustments are to carry over unspent funds from the last fiscal year to the current fiscal year. These carry overs are the result of either previous City Council policy direction or requirements associated with the funds.

Discussion:

For FY2020, the General Fund ended \$3.9 million in excess of its 17% fund balance policy. Given the unknown and on-going financial impacts of COVID 19, staff recommends that the entire \$3.9 million be transferred into the CIP Contingency account as per the City's financial policy. Any future uses of these contingency funds would require further Council discussion and a resolution.

The City's financial statements will report an actual decline of \$1.8 million in fund balance from FY2019 to FY2020. A portion of this decline was planned, as funds were appropriated at the end of FY2019 and spent in FY2020. This decline was also the result of COVID 19 impacting several of the City's large, economically sensitive revenues (Sales Tax, Meals Tax, and Lodging Tax) resulting in underperformance of their original budget projections.

The City does not anticipate the reported decline in fund balance will have any impact on the City's bond rating as the City still remains in compliance with its 17% fund balance policy and other long-term financial management policies.

Recommendation/Carryover Request:

Per City policy, the surplus fund balance amount is recommended to be transferred to the CIP Contingency

account. Staff recommends that no further uses of these funds be obligated at this time given the significant financial impacts COVID 19 continues to have on the City's current year revenues and ability to transfer cash to the Capital Projects Fund coupled with projected future capital expenditures,

A memo is included with this agenda item which provides a summary of carry over appropriations requested.

Community Engagement:

This agenda item includes a public hearing and is the second reading of this appropriation.

Budgetary Impact:

The recommended transfer to the CIP Contingency account is in accordance with the City's financial policy and contributes 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 recommend that Council approve the first reading of the attached resolution.

Alternatives:

Amend the Recommendations.

Attachments:

1. Memo- End of Year Adjustments.
2. FY 2020 Year End Appropriation.

To: Members of City Council.
From: Chris Cullinan, Director of Finance.
Krisy Hammill, Senior Budget and Management Analyst.
Date: December 7, 2020
Subject: **Fiscal Year 2020 End of Year Adjustments.**

In order to close the City's financial records for Fiscal Year 2020, 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 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 - \$4,392,425.

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

The following appropriations are carryovers of unspent funds and shall be considered continuing appropriations unless further altered by Council.

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|----------------------------|------------|
| • Citizen's Review Board. | \$53,814. |
| • Unity Days. | \$18,625. |
| • Minority Business Fund. | \$19,621. |
| • BAMA Work Fire Safety. | \$3,500. |
| • Skate Park Lighting. | \$100. |
| • Landfill Diversion. | \$169,296. |
| • EMS COVID 19 | \$39,254. |
| • Home to Hope. | \$63,369. |
| • Participatory Budgeting. | \$115,000. |

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

- Transfer to Capital Projects Fund - \$3,909,846.
These funds will be transferred to the C.I.P. Contingency Fund per the City's financial policy.

II. Facilities Repair Fund - \$23,899.

- Courthouse Maintenance (P-00099) - \$10,326 - 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) - \$13,573 – 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 - \$2,405.

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

- \$2,405 – these funds will be used for additional qualifying State Fire Grant expenditures (1900010).

Cc: Lisa Robertson, Acting City Attorney.

FY 2020 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, 2020. The memo to Council dated December 21, 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 and shall remain as continuing appropriations unless further altered by Council:

2000141.	Citizen's Review Board.	\$53,814.
2000147.	Unity Days.	\$18,625.
2000151.	Minority Business Fund.	\$19,621.
2000152.	BAMA Work Fire Safety.	\$3,500.
2000155.	Skate Park Lighting.	\$100.
2000156.	Landfill Diversion.	\$169,296.
2000158.	EMS COVID 19	\$39,254.
1621004000	Home to Hope.	\$63,369.
1601001000	Participatory Budgeting.	\$115,000.
Total Section 1 (a).		<u>\$482,579.</u>

(b) Additional Transfers and Appropriations.

9803030000.	Transfer to Capital Projects Contingency Fund.	\$3,909,846.
Total Section 1 (b).		<u>\$3,909,846.</u>

Facilities Repair Fund (107).

- Courthouse Maintenance (P-00099) - \$10,326 - 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) - \$13,573 – 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.

Total Section 2.	<u>\$23,899.</u>
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Grants Fund (209).

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

- \$2,405 – these funds will be used for additional qualifying State Fire Grant expenditures (1900010).

Total Section 3.

\$2,405.