

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



Agenda Date:	February 3, 2025
Action Required:	Public hearing and approval of 1st reading of appropriation resolution.
Presenter:	Chris Cullinan, Director of Finance, Samuel Sanders, Jr., City Manager
Staff Contacts:	Chris Cullinan, Director of Finance
Title:	Public Hearing and Resolution of Appropriation to Amend the FY25 Budget - \$27,851,605.84 (1 of 2 readings)

Background

The audit for Fiscal Year (FY) 2024 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

The total combined General Fund fund balance increased from \$71.4 million at the end of FY23 to \$74.2 million at the end of FY24. When restricted uses of fund balance are netted out (including the City's 17% fund balance policy), the General Fund finished with \$22,386,718 of unrestricted (surplus) funds in fund balance. This amount represents 9.8% of the total amount of the FY24 Adopted Budget.

Overall, General Fund revenues performed \$12.5M above budget. Top performing revenues compared to budget include (amounts shown above budget):

Real Estate Taxes = \$3.5
Interest = \$2.9M
Personal Property Taxes = \$1.7M
Business Licenses = \$1.2M
Meals Taxes = \$1.0M
Sales Taxes = \$0.8M

Real Estate Taxes performed above projections as real estate prices in the City continued to increase. Interest Income from the City's investment of its idle cash also performed significantly above budget projections as a result of continued high interest rates. Locally sourced revenues (Personal Property Taxes, Business Licenses, Meals Tax, Sales Tax) continued to perform better than projected.

Generally, City departments spent less than budgeted. Similar to previous years, the majority of savings were in salaries and benefits. Citywide salary and benefit savings totaled approximately \$5.9M with the largest savings coming from Public Works, Police, Parks and Recreation, and Neighborhood Development Services. A secondary effect of vacant positions is additional savings from fewer purchases of related supplies, equipment, tools, etc used by employees in those positions.

Alignment with City Council's Vision and Strategic Plan

This agenda item aligns with the Strategic Outcome Area of Organizational Excellence.

Community Engagement

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

Budgetary Impact

Funds from the year-end surplus are considered to be a one-time revenue and should be used for one-time uses or projects. The recommended uses are either one-time in nature and/or follow the City's Financial Management Policies.

Recommendation

The FY24 year end appropriation totals approximately \$27.9M, grouped in to four categories:

General Fund	\$25,148,989.92
Facilities Repair Fund	\$24,487.68
Grants Fund	\$11,382.24
Schools Gainsharing	\$2,666,746.00
TOTAL	\$27,851,605.84

Details for each of these categories are listed below.

1. General Fund = \$25,148,989.92

The General Fund amount includes two post-audit field work adjustments as well as the recommendation that all surplus funds be transferred to the Capital Improvements Contingency per the City's Financial Management Policies.

A. Interest income due to Utility Funds	\$489,080.15
B. Funds Transfer for Previously Appropriated Commitments	\$2,273,192.00
C. Surplus Funds above the 17% Fund Balance Policy to be transferred to CIP Contingency	\$22,386,718.77
TOTAL	\$25,148,989.92

In addition to these recommendations for the General Fund, several carry over appropriations listed below are needed to close the books for the fiscal year.

2. Facilities Repair Fund = \$24,487.68.

Unspent restricted courts fees for Courthouse maintenance and construction will be carried over in the Facilities Repair Fund.

3. Grants Fund = \$11,382.24.

Unspent State Fire Grant funds to be used for qualifying expenditures.

4. Schools Gainsharing = \$2,666,746.00

For the year ending June 30, 2024, \$2,666,746.00 will be returned to the City as per the terms of the Gainsharing Agreement. The funds will be deposited in the City's CIP Contingency account.

Alternatives

Amend the recommendations and/or amounts.

Attachments

1. FY24 Year End Appropriation