



## City of Harrisonburg, Virginia

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Kurt D. Hodgen  
City Manager

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### MEMORANDUM

TO: Mayor Jones and City Council Members

FROM: Kurt D. Hodgen, City Manager

DATE: August 22, 2016

RE: Finance Committee Recommendations on Fund Balance

The Finance Committee met last week to discuss the year-end fund balance for the recently completed fiscal year (June 30, 2016), and to develop recommendations for any potential allocation of those amounts exceeding the City's 18% reserve policy. The amount in excess of the 18% policy stood at \$2,690,496 at year end. Recommendations are below:

<b>Balance as of June 30, 2016:</b>	<b>(A)</b>	<b>\$2,690,496</b>	
<b><u>recommended for funding:</u></b>			
Data Mgt/CAD System		1,500,000	1
HFD Air Pack replacements		550,000	2
<b>TOTAL (B)</b>		<b>2,050,000</b>	
<b>remaining balance A-B</b>		<b>640,496</b>	3

**Other pending needs:**

HHS Expansion		500,000	4
funds for Mun. Bldg renov		500,000	5
Fire Engine replacement		570,000	6
<b>TOTAL</b>		<b>1,570,000</b>	

1. This will complete the set-aside of funds needed for the City's expected share of the project.
2. Life safety issue. Project must occur no later than FY 17-18.
3. CM has consistently advocated for an undesignated in the \$1M range for unexpected and/or emergency issues.
4. Anticipate this amount being returned to City from HCPS from FY 15-16 budget. Should be set aside for HHS expansion costs.
5. This would be an "installment". Total renov. cost will likely be in the \$2 -3M range.
6. Deferred in FY 16-17, will need to order in FY 17-18.

The Committee's recommendations are in accordance with the City's Financial Management Policies, specifically:

Policy #1. Not using fund balance to current operations (page 9).

Policy #2 Using funds in excess of the required unassigned fund balance for "pay as you go" capital expenditures (page 9).

As this information will have been received by Council after distribution of the regular agenda, Council does not necessarily have to make a final decision at tomorrow night's Council meeting, but these are the recommendations of the Finance Committee and have the concurrence of City staff.

If you have any questions, please give me a call.