



Budget and Finance Committee

MEETING AGENDA

Berryville-Clarke County Government Center

101 Chalmers Court, Second Floor

Main Meeting Room

Regular Session

November 17, 2020

9:00 AM

Item

Page

1. Call to Order

2. Approval of Agenda

3. Other

4. Unfinished Business

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Reserves

Budget Software

5. New Business

Budget Calendar

14

6. **Closed Session**

7. **Adjourn**

Discussion – Capital Improvement Reserves

Per prior discussions please find the following

- Draft Town Council Policies regarding CIP Reserves
- Fund Reserves Specifics
- Projected CIP Reserves after escrow of unspent budgeted amounts FYE 2019 & 2020
- A modified 5-year CIP worksheet that has Funding (additions) and Expended (subtractions) columns added along with a column for Funding Goals and Balance.

Discussion – Implementation of Budget Software

On December 19, 2019 we had our first (and only) training session on implementation and operation of the new budget software “FMS Analytics”. Marci Lewandowski from FMS / Southern Software came up from North Carolina to train Heather and myself along with Council Woman Gibson on FMS Analytics. The training was to be two days. We had training from approximately 8 am until 11:45 am and then took a break. The training consisted of the team on the phone with Joe Garrison walking us through the various screens and commands. Ms. Lewandowski was not feeling well so we did not reconvene after lunch. Ms. Lewandowski went back to North Carolina that evening and consequently we had no further training.

I was supposed to work with Joe Garrison on set up of the Analytics. We needed to close out the prior fiscal year before setting up the budget software. There had been a program update that had caused our system to have issues so significant that programmers were actually working on our system trying to fix it. It took them weeks to sort it out, and it never was right until the next program update 3 months later. As a result, Joe and myself were reluctant to close the prior fiscal year until we were both confident with the system and the resulting balances.

As a result, the FMS Analytics software implementation was put on hold, and I proceeded to perform the budget process by following the same process that had been used in past years.

Since that time, our staff has been overcome by the many events that define the year 2020 and we have not had a chance to revisit the implementation of FMS / Analytics.

Proposed Budget Development Process Calendar FY 2021 – 2022

Attached is a proposed budget calendar for the team’s consideration.

Town Council Policies

Reserves

2020- _____

Approved: _____

Purpose

The Town Council creates reserves in all three funds (general, water, and sewer). These reserves are self-encumbered to enable the Council to equalize revenue shortfalls, pay for unexpected expenses, and pay for planned projects and purchases.

This policy is intended to structure the Town's reserves in a manner that prepares for the scenarios enumerated above in a manner that is transparent and easily accessed by the public.

Because the reserve funds are self-encumbered, the Council reserves the right to utilize these funds at any time as it deems appropriate, provided that such use conforms to the laws of the Commonwealth of Virginia and the Town of Berryville.

Policy

I. Reserve Policy and Fund Reserve Specifics

The Town Council establishes this policy and reserve specifics in order to self-encumber funds to meet the Town's needs. These funds are encumbered to enable the Council to equalize revenue shortfalls, pay for unexpected expenses, and pay for planned projects and purchases.

During the annual budget review and approval process and at other times it deems necessary, the Town Council will review this policy and the Funds Reserve Specifics to determine whether the Town's needs are met.

II. Use of Reserved Funds

Reserved funds may, in accordance with applicable provisions of law and the procedures contained in this policy, be expended as specifically enumerated within an approved budget or as needed during a budget year when the need for the funds was not expected.

III. Reporting

The Treasurer will provide the Council with regular reports regarding the status of reserved funds.

Procedure

I. Reserve Policy and Fund Reserve Specifics

As a part of the annual budgeting process, the Budget and Finance Committee of the Town Council will review this policy and the Fund Reserve

Specifics and recommend any changes that it determines appropriate to the Town Council.

The Town Council will review the Fund Reserve Specifics as a part of its budget preparation and review. The Fund Reserve Specifics will be included in the approved budget document.

Changes may be made to the Fund Reserve Specifics at any time by an affirmative vote of the majority of the Council duly assembled.

II. Use of Reserve Funds

Reserve funds may be budgeted and appropriated as a part of a budget or budget amendment. The reserve to be used will be shown as a revenue and the project for which the funds will be used will be shown as an expense.

Reserve funds may be utilized within a budget year at the discretion of the Town Manager, provided that:

- a. the threshold requiring the advertisement of a budget amendment is not met and
- b. a full accounting of the expenditure or proposed expenditure is provided to the Council for review at its next regularly scheduled meeting.

Reserve funds may be utilized within a budget year at the discretion of the Council, provided that the use is approved by an affirmative vote of the majority of the Council duly assembled, and all budget amendment advertising requirements are met, if applicable.

III. Reporting

The Treasurer will provide the Council with an updated Fund Reserve Specifics document as a part of the regular Town Council meeting packet report.

Fund Reserve Specifics

Adopted: _____

This document was adopted in accordance with the Town Council's Reserves Policy.

General Fund

General fund reserve

This reserve is established in order to provide funding for unforeseen expenses and to supplement revenues as the Council deems necessary. General fund monies budgeted in a given year that are neither spent nor otherwise encumbered will be placed in this reserve. The interest income from all general fund reserves is placed in this reserve.

Current reserve

Target annual contribution

Reserve goal

100% of annual debt service +
15% of annual GF operational expenses

Property Maintenance Reserve

The Town owns several properties for which the maintenance costs fall solely on the general fund. These properties include 23 East Main Street, Hogan's Alley, Rose Hill Park (including Smithy Cottage but excluding the Barns of Rose Hill), and the old kennel situated on the Wastewater Treatment Plant property.

The maintenance costs for the Public Works Facility and the Berryville-Clarke County Government Center are shared by all three funds. Because the Berryville-Clarke County Government Center is jointly owned with Clarke County, a separate fund is established for that property.

These funds may be made available for improvements to or maintenance of town properties.

Current reserve

Target annual contribution

Reserve goal

\$ 250,000

Berryville-Clarke County Government Center reserve

The Town and Clarke County constructed the Berryville-Clarke County Government Center in 2008. The facility is owned and maintained by both jurisdictions.

These funds may be made available for improvements to or maintenance of the Berryville-Clarke County Government Center.

Current reserve	
Target annual contribution	\$7,500
Reserve goal	\$150,000

Flood Plain/Stormwater mitigation reserve

Berryville contains three major drainage areas. Each of these drainage areas contains a perennial stream: Town Run, Craig's Run, and Buckmarsh Run. Each of these drainage areas contains smaller contributing sub-drainage areas.

Flood plain and floodway have been identified and mapped within the Town Run drainage area.

Stormwater management concerns have been identified in several sub-drainage areas of the Town Run drainage area.

These funds would be available for use on flood plain/stormwater mitigation projects.

Current reserve	
Target annual contribution	
Reserve goal	

Wayfinding sign program reserve

In recognition of the economic benefits of marketing through specialty direction signage, the Virginia Department of Transportation developed the Community Wayfinding Signs program.

The Town created this reserve to plan for the design, siting, purchase, and installation of integrated directional signage.

Phases 1 and 2 of the project, which address design and siting, are estimated to cost \$19,000 and \$13,000 respectively. The exact cost of the last phase, purchase and installation of signs, is unknown (will be determined in large part during phases 1 and 3) but is estimated at between _____ and _____.

Current reserve	
Target annual contribution	
Reserve goal	

Economic Development reserve

This reserve was established to provide for savings that can be used to address economic development opportunities or needs that the Town Council determines should be funded.

Current reserve
Target annual contribution
Reserve goal

Blight abatement reserve

The Berryville Code provides the Town Council and the Town Manager with authority to demolish/secure unsafe structures and abate blight. If the Town must address such problems, then the work is paid for with public funds and the cost billed to the property owner. If the property owner fails to pay for the work, then a tax lien is placed on the property. Generally, it takes several years for the Town to recoup any of the costs incurred addressing the unsafe conditions.

These funds would be available to pay for work required to abate blight.

Current reserve	\$17,000
Target annual contribution	\$17,000 (FY21)
	\$20,500 (subsequently)
Reserve goal	\$75,000

John H. Enders Vol. Fire Department reserve

This reserve was established to provide savings that can be used to assist the John H. Enders Volunteer Fire Department and Rescue Squad, which the Town Council has declared to be an integral part of the official safety program of the Town, with capital projects.

Current reserve	
Target annual contribution	\$10,000
Reserve goal	Undetermined

Police Radio Replacement Reserve

This reserve was established in FY20 to fund replacement of five mobile and 10 portable radios. Funds may be used for a large purchase of equipment, but may also be used to replace radios that fail prior to the anticipated FY22 purchase.

Current reserve	\$20,000
Target annual contribution	\$20,000 (FY21)
	\$15,000 (FY22)
Reserve goal	\$55,000

Water Fund

Water fund reserve

This reserve is established in order to provide funding for unforeseen expenses and to supplement revenues as the Council deems necessary. Water fund monies budgeted in a given year that are neither spent or otherwise encumbered will be placed in this reserve. The interest income from all water fund reserves is placed in this reserve.

Current reserve	
Target annual contribution	
Reserve goal	100% of annual debt service + 15% of annual GF operational expenses

Water storage tank reserve

The Town maintains three water tanks within its water distribution system. The Town has maintenance contracts for the three tanks, but given the importance of these improvements it is vital to provide a reserve to address unforeseen problems that may not be covered under the annual maintenance contract.

Current reserve	
Target annual contribution	
Reserve goal	

Water treatment plant reserve

The Town's water treatment plant was constructed in 1984.

The Town of Berryville Utility Rate Study completed in 2019 identified expenses related to the replacement/upgrade of this facility.

These funds may be made available to address unforeseen costs at the plant or begin a replacement/upgrade project.

Current reserve	
Target annual contribution	
Reserve goal	

Water distribution system reserve

The Town maintains a system of pipes through which water is distributed from the water plant and throughout the Town. This system includes improvements such as water mains, laterals, meters and related improvements, valves, pumps, and fire hydrants. The Town of Berryville Utility Rate Study completed in 2019 identified expenses related to the replacement/upgrade of portions of the distribution system.

Current reserve
Target annual contribution
Reserve goal

Sewer Fund

Sewer fund reserve

This reserve is established in order to provide funding for unforeseen expenses and to supplement revenues as the Council deems necessary. Sewer fund monies budgeted in a given year that are neither spent or otherwise encumbered will be placed in this reserve. The interest income from all sewer fund reserves is placed in this reserve.

Current reserve
Target annual contribution
Reserve goal

100% of annual debt service +
15% of annual GF operational expenses

Wastewater treatment plant reserve

The Town's wastewater treatment plant became operational in 2012.

These funds may be made available to address unforeseen costs at the plant or begin a replacement/upgrade project.

Current reserve
Target annual contribution
Reserve goal

Collection system reserve

The Town maintains a system of pipes through which wastewater is collected from customers and transmitted to the wastewater treatment plant. This system includes improvements such as sewer mains, manholes, and pumps.

The Town of Berryville Utility Rate Study completed in 2019 identified expenses related to the replacement/upgrade of portions of the collection system.

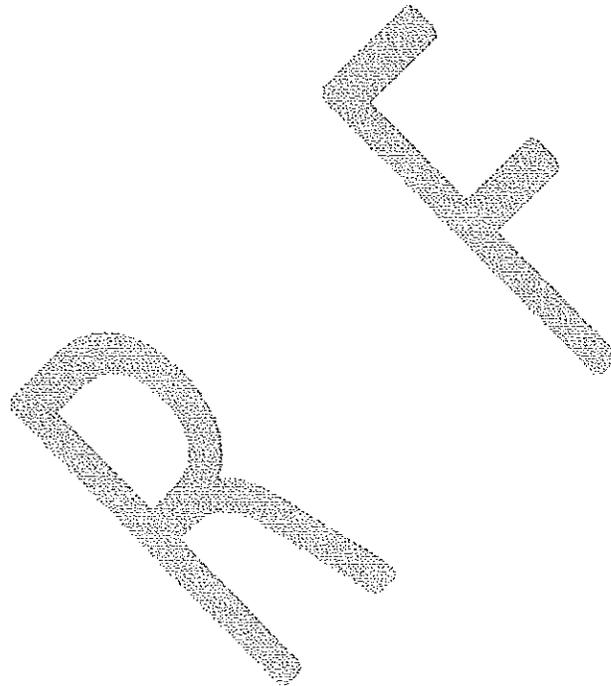
Current reserve
Target annual contribution
Reserve goal

Membrane replacement reserve

The Town's wastewater treatment plant utilizes ultrafiltration membranes as a part of the treatment process. These membranes have an expected useful life of eight to 12 years.

These funds may be made available to address the cost of membrane maintenance and replacement.

Current reserve
Target annual contribution
Reserve goal



Town of Berryville Virginia
Projected CIP Balance after adjustment to Escrow 2020 and 2019 unspent funds

6/30/2020 General Fund	6/30/2020 Balance	Amounts to Escrow 2020	Amounts to Escrow 2019	Projected 6/30/2020 Balance
PW Site Plan	\$ 182,750.00	\$ -	\$ -	\$ 182,750.00
Flood Plain Mitigation	\$ 150,000.00	\$ -	\$ 33,480.00	\$ 183,480.00
Repairs 23 E Main	\$ 41,000.00	\$ 73,265.00	\$ 40,000.00	\$ 154,265.00
Wayfinding Signs	\$ 15,000.00	\$ 5,000.00	\$ 5,000.00	\$ 25,000.00
Enders Cap Proj Res	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 30,000.00
Town/Co Econ Development	\$ 5,000.00	\$ 5,000.00	\$ 4,500.00	\$ 14,500.00
Economic Development	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 7,500.00
Capital Reserve	\$ 43,508.00	\$156,866.60	\$ 36,396.00	\$ 236,770.60
Total Encumbered GF	<u>\$ 449,758.00</u>	<u>\$252,631.60</u>	<u>\$ 131,876.00</u>	<u>\$ 834,265.60</u>
CIP Funds - General Fund	\$ 530,705.68			\$ 915,213.28
Unencumbered - GF	\$ 80,947.68			\$ 80,947.68
Water Fund				
Paint Ground Reservoir	\$ 548,580.11	\$ -	\$ -	\$ 548,580.11
Clearwell Expansion	\$ 108,000.00	\$ -	\$ -	\$ 108,000.00
Water Line Improvements	\$ 452,873.71	\$ 34,572.00	\$ -	\$ 487,445.71
WPT Inst/SCADA	\$ 113,000.00	\$ -	\$ 15,000.00	\$ 128,000.00
Equip Repair Reserve	\$ 102,110.00	\$ 25,000.00	\$ 25,000.00	\$ 152,110.00
WTP Bldg Maintenance	\$ 10,000.00	\$ -	\$ -	\$ 10,000.00
Utility Rate Study	\$ 10,000.00	\$ -	\$ -	\$ 10,000.00
Capital Reserve	\$ 145,595.00	\$ -	\$277,229.67	\$ 422,824.67
Total Encumbered WF	<u>\$ 1,490,158.82</u>	<u>\$ 59,572.00</u>	<u>\$317,229.67</u>	<u>\$ 1,866,960.49</u>
CIP Funds - WF	\$ 2,041,251.14			\$ 2,418,052.81
Unencumbered WF	\$ 551,092.32			\$ 551,092.32
Sewer Fund				
Sewer Collection Sys Rehab	\$ 704,553.76	\$115,000.00	\$ 20,546.10	\$ 704,553.76
SCADA	\$ 2,218.00	\$ -	\$ 15,000.00	\$ 2,218.00
Membrane Rep Reserve	\$ 540,000.00	\$ 10,000.00	\$ 10,000.00	\$ 540,000.00
Equip Repair Reserve	\$ 90,000.00	\$ 25,000.00	\$ 25,000.00	\$ 90,000.00
Utility Rate Study	\$ 10,000.00	\$ -	\$ -	\$ 10,000.00
Capital Reserve	\$ 667,150.00	\$ -	\$ 36,475.00	\$ 667,150.00
Total Encumbered SF	<u>\$ 2,013,921.76</u>	<u>\$150,000.00</u>	<u>\$107,021.10</u>	<u>\$ 2,013,921.76</u>
CIP Funds - SF	\$ 3,254,318.11			\$ 3,254,318.11
Unencumbered SF	\$ 1,240,396.35			\$ 1,240,396.35
Total Interest CIP (Unencumbered)	\$ 1,872,436.35			\$ 1,872,436.35
Total CIP Funds	<u>\$ 5,826,274.93</u>			<u>\$ 6,587,584.20</u>
Total Encumbered	\$ 3,953,838.58			\$ 4,715,147.85
Total Unencumbered	\$ 1,872,436.35			\$ 1,872,436.35
Total CIP Funds	<u>\$ 5,826,274.93</u>			<u>\$ 6,587,584.20</u>

BUDGET DEVELOPMENT PROCESS FY 2021 - 2022

ACTIVITY	RESPONSIBILITY	DATE
Ask for Department & CIP Budget Requests	Town Manager Town Treasurer	January 13, 2021
Prepare Budget & CIP Requests	Department Heads	January 13, 2021 February 2, 2021
Submit Departmental & CIP Budget Requests	Department Heads	February 2, 2021
Prepare Initial Revenue Estimates for Upcomming FY	Town Manager Town Treasurer	January 13, 2021 February 2, 2021
Review Department & CIP Budget Requests	Town Manager Town Treasurer	February 2, 2021 February 19, 2021
Prepare Non-departmental Budget Requests	Town Treasurer	January 13, 2021 February 2, 2021
Review/Revise Budget Estimates with Dept Heads	Town Manager	February 2, 2021 February 19, 2021
Budget Committee Worksession	B&F Committee Town Staff	March 3 at 10:30 am A/B Meeting Room
Budget Worksession	Town Council Town Staff	Mar 10 at 3:00 pm Main Mtg Room
Advertise Tax Public Hearing	Town Staff	April 5, 2021
Public Hearing Real Estate Tax Rates	Town Council	April 13, 2021
Council Meeting Set 2019 Tax Rates	Town Council	April 13, 2021
Print & Proof Budget	Town Treasurer	April 13, 2021 April 30, 2021
Advertise Budget Public Hearing	Town Staff	April 27, 2021
Public Hearing FY 2019-2020 Budget	Town Council	May 11, 2021
Adopt & Appropriate Budget	Town Council	June 8, 2021
Print & Distribute Budget	Town Treasurer	June 9, 2021 June 30, 2021