



**MEMORANDUM**

**TO:** Timothy J. Baroody, City Manager  
**FROM:** Mark Whitley, Assistant City Manager  
**RE:** Resolution Committing General Fund Balance for School Capital Needs  
**DATE:** April 6, 2021 (for the April 13, 2021 City Council Meeting)

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**ISSUE**

The City Council is asked to consider a resolution that commits an additional \$1,000,000 to the current commitment for school capital needs.

**RECOMMENDATION**

The staff recommends adoption of the attached resolution, which requires one reading.

**BACKGROUND**

The City Council and the Fredericksburg City Public Schools have been working on developing options for the development of additional capacity as school enrollment has grown in recent years. In May of 2017, the City Council committed of unassigned fund balance \$1,000,000 for future school capital needs.

The school capacity task force continues to evaluate the next steps and options to meet the future capacity needs of the school system. It is apparent that a major capital investment will be necessary to meet the additional demand.

The Fredericksburg City Public School Board has committed \$1,000,000 of the school operating fund balance towards the future capital project, and the attached resolution commits an additional \$1,000,000 to that purpose – for a new total availability of \$3,000,000.

**FISCAL IMPACT**

The attached resolution commits \$1,000,000 of the Unassigned General Fund Balance for School Capital Needs. At the close of FY 2020, the Unassigned General Fund Balance is \$17,638,343 – so if the resolution is adopted, that number would be reduced to \$16,638,343.

At the close of FY 2020, the City's Unassigned General Fund balance met the policy test of 12% of prior year revenues. The level of fund balance was 18.38% of the General Fund revenues for FY 2019.

Currently FY 2021 is still underway, and the current amended FY 2021 budget utilized \$4,085,691 in fund balance dedicated for capital projects or assigned for various purposes.

Although FY 2021 is not yet complete, the City is on track to meet budget targets and will not be using the full amount of budgeted fund balance. The adoption of the attached resolution should not create a situation where the level of Unassigned Fund Balance falls below the 12% policy target.

cc: Robyn Shugart, Director of Finance  
Brenna Erford, Budget Manager



April 13, 2021  
Regular Meeting  
Resolution 21-\_\_

**MOTION:**

**SECOND:**

**RE:           Committing \$1,000,000 of Unassigned General Fund Balance for Future School Capital Needs**

**ACTION:       APPROVED: Ayes: 0; Nays: 0**

The City Council has the ability, under generally accepted accounting standards, to commit Unassigned Fund Balance in the General Fund for future needs.

The City currently has a category for committed fund balance called "Future School Capital." The City Council wishes to commit an additional \$1,000,000 from Unassigned Fund Balance for this purpose.

The level of Unassigned Fund Balance will remain at a level that meets the policy target of 12% of prior year General Fund revenues.

Therefore, the City Council further resolves that the Unassigned General Fund Balance be assigned to the following purposes in the following amounts:

- \$1,000,000 to add to the Commitment for School Capital Needs

**Votes:**

**Ayes:**

**Nays:**

**Absent from Vote:**

**Absent from Meeting:**

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***Clerk's Certificate***

*I certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Resolution No. 21-\_\_, adopted at a meeting of the City Council held April 13, 2021, at which a quorum was present and voted.*

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***Tonya B. Lacey, MMC  
Clerk of Council***