



**Date of Council Meeting: February 10, 2015**

**TOWN OF LEESBURG  
TOWN COUNCIL MEETING**

**Subject:** Assigning Fiscal Year 2014 General Fund's Unassigned Fund Balance to the Capital Asset Replacement Fund and the Debt Service Reserve

**Staff Contact(s):** Clark Case, Director of Finance & Administrative Services

**Council Action Requested:** Council approval is needed for the assignment of \$3,682,242 of General Fund's unassigned fund balance to the Capital Asset Replacement Fund and the Debt Service Reserve.

**Staff Recommendation:** Staff recommends that Town Council approve assigning \$3,682,242 of General Fund's unassigned fund balance for the purpose of designating funds for the Capital Asset Replacement Fund and the Debt Service Reserve as intended by the Council approved long-term budget sustainability plan. This action corresponds with the Council amended fiscal policy, 2015-R018.

**Commission Recommendation:** Not Applicable

**Fiscal Impact:** There is no immediate fiscal impact related to this fund balance assignment as the assigned fund balance is to be used to stabilize revenue sources in order to defray anticipated increased debt service requirements beginning in Fiscal Year 2017, and as a source for recurring capital asset replacement costs. Further, the remaining unassigned fund balance estimated to be approximately \$7,276,000 or 15% of Fiscal Year 2014 General Fund expenditures corresponds with the amended fiscal policy required 15% minimum fund balance level.

**Executive Summary:** As part of the long term budget sustainability plan, the Capital Asset Replacement Fund and Debt Service Reserve are allocated funds in excess of the required minimum unassigned balance in the amended fiscal policy. Assignment of fund balance is a necessary, recurring step to ensure adherence to the plan to achieve long term sustainability.

**Background:** Town Council passed Resolution 2010-072 establishing the Capital Asset Replacement Reserve for the routine replacement, renovation, and repair of General Fund facilities and equipment, and Resolution 2012-029 established the Debt Service Reserve to accumulate funds to defray annual debt service payments beginning in Fiscal Year 2017. Town Council also amended the fiscal policy, Resolution No. 2015-018, to assign fund balance in accordance with the Town Council's Long Term Sustainability Plan which designates fund balance for the Capital Asset Replacement Fund and Debt Service Reserve upon finalization of the Town's Comprehensive Annual Financial Report (CAFR). Council's action to assign fund balance is an administrative action necessary to carry out the intent of the Town's long term sustainability plan.

PRESENTED \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

ADOPTED \_\_\_\_\_

A RESOLUTION: ASSIGNING GENERAL FUND UNASSIGNED FUND BALANCE IN THE AMOUNT OF \$3,682,242 FOR THE REPLACEMENT OF CAPITAL ASSET REPLACEMENT FUND AND ACCUMULATING FUNDS FOR DEBT SERVICE RESERVE

WHEREAS, the Town Council passed Resolution 2010-072 establishing the Capital Asset Replacement Reserve for the routine replacement, renovation, and repair of General Fund facilities and equipment; and Resolution 2012-029 establishing the Debt Service Reserve to accumulate funds to defray annual debt service payments beginning in Fiscal Year 2017; and

WHEREAS, the Town's Long Term Sustainability Plan designated amounts for the funding the Capital Asset Replacement Fund and Debt Service Reserve with the finalization of the Town's Fiscal Year 2014 Comprehensive Annual Financial Report (CAFR); and

WHEREAS, the estimated unassigned fund balance in support of this action is \$3,682,242.

THEREFORE, RESOLVED, by the Council of the Town of Leesburg in Virginia that the effective February 10, 2015 the sum of \$3,682,242 is assigned from the General Fund Unassigned Fund Balance to the Capital Asset Replacement Fund and the Debt Service Reserve.

PASSED this 10th day of February, 2015.

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Kristen C. Umstattd, Mayor  
Town of Leesburg

ATTEST:

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Clerk of Council

A RESOLUTION: AMENDING THE FY 2013 GENERAL FUND BUDGET AND MAKING  
A SUPPLEMENTAL APPROPRIATION IN THE AMOUNT OF  
\$1,852,000 FOR THE REPLACEMENT OF CAPITAL ASSETS