

**MINUTES
PURCELLVILLE TOWN COUNCIL SPECIAL MEETING
MONDAY, APRIL 24, 2023, 5:30 PM
TOWN HALL COUNCIL CHAMBERS**

Meeting video can be found at the following link: <https://purcellvilleva.new.swagit.com/videos/224647>

COUNCIL MEMBERS PRESENT: Mayor Stanley Milan, Vice Mayor Christopher Bertaut, Council members Erin Rayner (*remote due to personal matter*), Mary Bennett, Mary Jane Williams, Carol Luke, Ron Rise, Jr.

STAFF PRESENT: Administration Director Hooper McCann, Human Resources Director Sharon Rauch, Director of Finance Liz Krens, Financial Analyst Linda Jackson, Director of Engineering, Planning and Development Dale Lehnig, Deputy Chief Dave Dailey, Director of Public Works Jason Didawick, GIS Coordinator Andrea Broshkevitch, Capital Projects Coordinator Jessica Keller, Assistant Finance Director Connie LeMarr, Town Clerk/Executive Assistant Diana Hays

CALL TO ORDER:

Mayor Milan called the meeting to order at 5:30 PM. The Pledge of Allegiance followed.

DISCUSSION:

a. FY 24 Budget – CIP and Indirect Cost Allocation

(a copy of the presentation is attached)

Linda Jackson reviewed the Indirect Cost Allocation Budget and Liz Krens reviewed the Indirect Cost Allocation Overview and explained the timesheet allocations.

Dale Lehnig reviewed the Water Fund CIP projects.

Mayor Milan called for a 10 minute recess at 6:50 PM.

Dale Lehnig and Jason Didawick reviewed the Wastewater Fund projects and Dale Lehnig reviewed the Funding Summary.

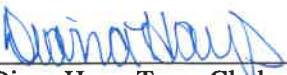
Jessica Keller, Dale Lehnig, Liz Krens and Connie LeMarr reviewed the General Fund projects.

Dale Lehnig reviewed the Parks and Recreation Fund.

Liz Krens reviewed the upcoming budget work sessions, and Hooper McCann requested proposed budget changes prior to the April 26 meeting.

ADJOURNMENT:

With no further business, Council member Williams made a motion to adjourn the meeting at 8:33 PM.



Diana Hays, Town Clerk



Stanley J. Milan Sr., Mayor



FY24 Proposed Budget

Indirect Cost Allocation & Capital Improvement Plan

Work Session
April 24, 2023 at 5:30 PM



Agenda

1. General Comments (Liz, Director of Finance)
2. Indirect Cost Allocation (Finance)
 - Operating Expense Budget (Linda)
 - Overview (Liz)
3. Capital Improvement Plan (Dale, Director of Engineering, Planning, and Development)
4. Council Budget Questions & Discussion
5. Change to Budget Work Session Calendar (Liz)
 - Mon, May 1 at 5:30 pm - Stantec Utility Rate Models



FY24 Budget

2. Indirect Cost Allocation Budget

- General Fund (GF) Indirect Cost Allocation (a.k.a. Chargeback) is \$1,142,134.
 - It is a Contra-Expense representing (8%) of the GF Budget.
- Water Fund Indirect Cost Allocation is \$591,516 or 13% of the Water Budget.
- Wastewater Fund Indirect Cost Allocation is \$550,618 or 11% of the Wastewater Budget.
- Inter-Fund Transfers are described on pages 92-94 of the Budget Book.
- Indirect Cost Allocation Account Line Detail - Supporting schedule
 - General Fund on page 16.
 - Water Fund on page 21.
 - Wastewater Fund on page 25.

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Proposed

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Indirect Cost Allocation Overview

2. Indirect Cost Allocation (a.k.a. Chargeback)

- ***The Utility Indirect Cost Allocation is an accounting estimate of General Fund labor costs incurred to support Utility Fund activities.*** The estimate is based on the Town's electronic timekeeping records in accordance with Council direction.
 - During the FY22 Budget process, Council directed staff to use actual timesheet data to track labor hours by fund. This approach is the most accurate as time is tracked as work is performed.
 - Other methodologies may be used to estimate indirect labor costs. For example, the payroll system can split employee pay by fund using a fixed ratio or various metrics can be established by position to calculate the allocation.
- The current methodology has been reviewed/accepted by the Town's Auditor.
- The Code of Virginia and Government Auditing Standards require the Town's financial statements to be fairly presented in accordance with the United States Generally Accepted Accounting Principles (GAAP). Indirect cost allocation is a standard accounting practice and required to accurately reflect utility enterprise fund costs.

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Indirect Cost Allocation Overview (continued)

- This is a standard practice that allows small government to operate efficiently with a lean staff as they can multi-task to serve all teams.
- During the FY24 budget process, Council may consider other inter-fund transfers such as cash “Transfer to Capital Projects” or “Transfer/Contributions to Other Funds” such as Council’s decision to transfer Nutrient Credit revenue from Water to Wastewater Fund in January 2023.
- As enterprise funds are expected to be self-supporting, contemplated contributions from the government’s General Fund should be discussed with the Town’s Financial Advisor as there may be credit rating implications.

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Indirect Cost Allocation Overview (continued)

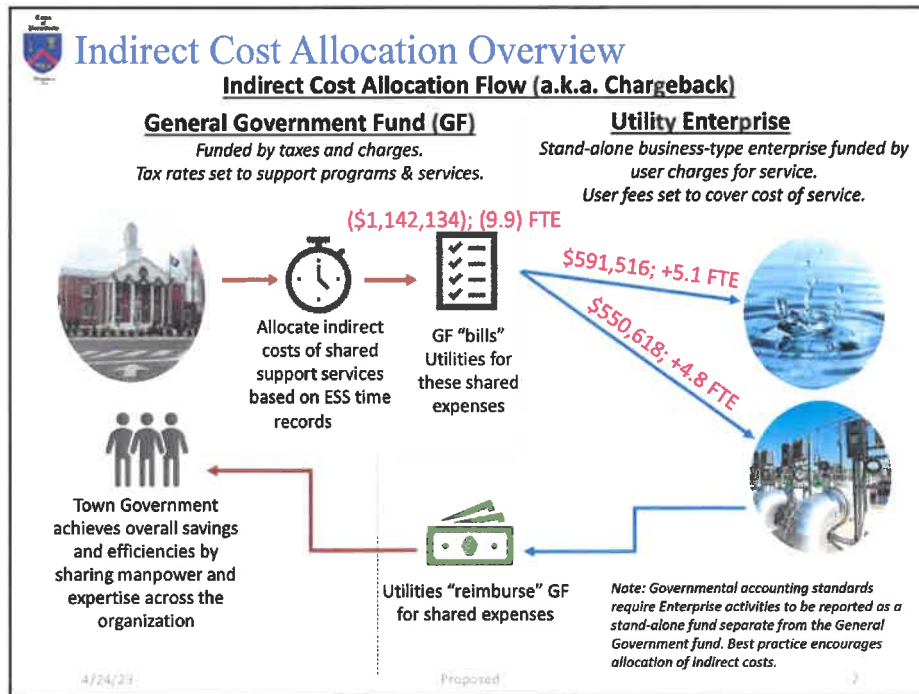
Department	Description of Work	Cost	FTE
Public Works	Executive Management, Long-Term Planning, Utility Line Management, Meter Reading Activities	457,582	4.6
Engineering, Planning & Dev	Site Inspection, Capital Projects Coordination	163,687	1.2
Finance	Utility Billing & Collections, Customer Services, Fiscal & Debt Planning, Accounting	317,568	2.9
Administration	Executive Management, Human Resource Recruitment & Support	111,599	0.5
Information Technology	Hardware & System Maintenance/Support	96,691	0.7
Utility Support to Govt Funds	Snowplowing, Event Support	(4,993)	
Total Indirect Cost Allocation		1,142,134	9.9
Water Fund Portion		591,516	5.1
Wastewater Fund Portion		550,618	4.8

- This allocation excludes non-wage expenditures associated with the FTE.

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CIP, Discussion Items, and Work Sessions

3. Capital Improvement Plan Discussion (Dale)
 - Pages 245-371
4. Council Budget Questions and Discussion
5. Change to Budget Work Session (Liz)
 - Mon, May 1 at 5:30 pm - Stantec Utility Rate Models

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 Upcoming Meetings - FY24 Budget (Subject to Change)			
Date	Meeting/ Work Session	Topics for Discussion/Action	PH Notice
Wed 4/26	Special Mtg/ Budget WS #15	Additional information as needed	-
Mon 5/1	Special Mtg/ Budget WS #16	Utility Revenue and Stantec Rate Models (based upon Proposed Budget)	-
Wed 5/3	Special Mtg/ Budget WS #17	Additional information as needed	-
Tue 5/9	Regular TC Meeting WS	Town Council to <u>Adopt</u> & Appropriate FY24 Budget Town Council to <u>Adopt</u> Ordinance for Master Tax & Fees • Fallback date is May 23	See 4/11 PH See 4/11 PH
Tue 5/23	Regular TC Meeting WS	Town Council to <u>Adopt</u> & Appropriate FY24 Budget - Fallback date Town Council to <u>Adopt</u> Ordinance for Master Tax & Fees - Fallback date	
Legend: Regular TC Mtg = Regular Town Council meeting on 2nd Tuesday of the month Regular TC WS = Regular TC Work Session on the 4th Tuesday of the month S/BWS=Special Meeting / Budget Work Session Budget Work Session Council Mtg			
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