

**FINANCE COMMITTEE AGENDA**  
**Tuesday, February 26, 2013**  
**Bidder's Room**  
**11:30 a.m.**

**GENERAL BUSINESS**

**11:30 a.m.**

1. Report on the General Fund Reserve for Contingencies

Contact: Donna Witt, Director of Financial Services 455-3968

**11:35 a.m.**

2. Review highlights of attached quarterly financial reports for the Regional Airport, Lynchburg Regional Juvenile Detention Center, Comprehensive Services Act, Water Operating, Sewer Operating, Stormwater Operating, and General Funds as well as the Greater Lynchburg Transit Company (GLTC) for the quarter ending December 31, 2012.

Fund	Preparer
GLTC	Karen Walton, General Manager of GLTC
Regional Airport Fund	Mark Courtney, Airport Manager
Lynchburg Regional Juvenile Detention Center	Robin Mamola, Human Services Finance
Comprehensive Services Act Fund	Robin Mamola, Human Services Finance
Water Operating Fund	Tim Mitchell, Director of Water Resources
Sewer Operating Fund	Tim Mitchell, Director of Water Resources
Stormwater Operating Fund	Tim Mitchell, Director of Water Resources
General Fund	Donna Witt, Director of Financial Services

**11:55 a.m.**

3. Consider a request to adopt a resolution to amend the FY 2013 City/Federal/State Aid Fund budget and appropriate \$36,000 with resources from the Rescue Squad Assistance Fund (RSAF) grant to purchase one replacement Quick Response Vehicle (2013 Chevrolet Tahoe 4WD) for the Fire Department.

Contact: Fire Chief Brad Ferguson 455-6340

**12:00 p.m.**

4. Consider a request to adopt a resolution to amend the FY 2013 City Capital Projects Fund budget and appropriate \$1,212,137 with resources from the sale of property at 3901 Old Forest Road to make improvements to transportation infrastructure for two projects – Whitehall Road Traffic Improvements (\$500,000) and Greenview Drive Phase II Improvements (\$712,137).

Contact: Lee Newland, City Engineer 455-3947

**12:05 p.m.**

5. Adopt a resolution to amend the FY 2013 City/Federal/State Aid Fund budget and appropriate \$5,000 with resources from the Virginia Commission for the Arts FY 2013 Local Government Challenge Grant to provide funding for exhibitions, demonstrations, concerts, amenities and like activities as specified in the Arts & Cultural District ordinance.

Contact: Marjette Upshur, Director of Economic Development 455-4492

**12:10 p.m.**

6. Review the City's Financial Management Policies.

Contact: Donna Witt, Director of Financial Services 455-3968

**12:15 p.m.**

7. Review collections received from five of the City's largest revenue sources.

Contact: Donna Witt, Director of Financial Services 455-3968

**12:20 p.m.**

8. Roll Call

**The next Finance Committee meeting is Tuesday, March 26, 2013, at 11:30 a.m.**

FY 2013 GENERAL FUND RESERVE FOR CONTINGENCIES

**BEGINNING BALANCE, JULY 1, 2012**

Anticipated carryforward to FY 2013 Reserve for Contingencies - 05/22/12 Council Meeting

**BALANCE**

**APPROPRIATIONS (Second Reading)**

Human Services Building Bond Reissue - 01/08/13 Council Meeting

**TOTAL APPROPRIATIONS**

**REMAINING BALANCE**

**ITEMS INTRODUCED**

**TOTAL INTRODUCED ITEMS**

**REMAINING BALANCE**

**PENDING ITEMS**

**TOTAL PENDING ITEMS**

**PROJECTED BALANCE**

<b>Reserve for Contingencies</b>	<b>City Manager's Discretionary Funding</b>
\$650,000	\$50,000
500,000	
<b>\$1,150,000</b>	<b>\$50,000</b>
	\$42,000
<b>\$0</b>	<b>\$42,000</b>
<b>\$1,150,000</b>	<b>\$8,000</b>
<b>\$0</b>	<b>\$0</b>
<b>\$1,150,000</b>	<b>\$8,000</b>
<b>\$0</b>	<b>\$0</b>
<b>\$1,150,000</b>	<b>\$8,000</b>

**Greater Lynchburg Transit Company**

1301 Kemper Street  
PO Box 797  
Lynchburg, VA 24505  
434.455.5080  
434.847.8621 (Fax)  
gberkley@gltconline.com  
www.GLTCOnline.com

February 26, 2013

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

RE: December 31, 2012 Quarterly Financial Report – Greater Lynchburg Transit Company

The attached Greater Lynchburg Transit Company Comparative Income Statement summarizes the financial activities for the first quarter of this fiscal year, and provides comparative year to date data for the same period in FY2012.

### REVENUE

Revenue continues to track on budget for the first half of this fiscal year, and shows a 7% increase over last year's YTD numbers. Fare box revenue is up 13% over budget, and 11% over last year this time which is noteworthy due to the fact that service cuts had not been yet been implemented last year. State Operating Assistance (13%) and Liberty University Revenue (4%) continue above budget.

### EXPENDITURES

Overall expenditures for this first 6 months are under budget by 15%. Labor costs continue to be a challenge due being understaffed on Fixed Route bus drivers. It is something we recognize and are actively addressing. Paratransit (-36%), Maintenance (-20%), and Administration (-7%) are all under budget.

### SUMMARY

Passenger Boardings are up 6% YTD over the same time as last year. This is especially noteworthy as we are comparing ourselves to a time before the service cuts took place. There were 1,217,309 rides on the Fixed Route service. Paratransit ridership is down –

3.8%, which is actually a good thing as our cost per passenger is \$36.37 per ride (as opposed to \$2.05 a ride on Fixed Route). We are tentatively attributing this to the addition of the 50% discount monthly fare pass for seniors and persons with disabilities. For \$25 a person can have unlimited rides on the Fixed Route buses, as opposed to a \$4 a ride for paratransit. GLTC continues to provide excellent customer service as evidenced by our increasing ridership. The groundbreaking for the Kemper Street Transfer Center was very well attended, and when complete, will provide excellent amenities for our passengers.

Respectfully submitted,

*Karen Walton*

Karen Walton  
General Manager

c: L. Kimball Payne III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director of Financial Services

**CENTRAL VIRGINIA TRANSIT MANAGEMENT CO INC.**  
**COMPARATIVE INCOME STATEMENT**  
**AS OF DECEMBER 31, 2012**

	YEAR TO DATE			YEAR TO DATE		
	FY2013 YTD ACTUAL	FY2012 YTD ACTUAL	% VAR	FY2013 YTD ACTUAL	FY2013 YTD BUDGET	% VAR
<b>REVENUE</b>						
FRT Passenger Revenue	\$ 503,225	\$ 453,543	11%	\$ 503,225	\$ 444,000	13%
DRT Passenger Revenue	47,000	51,261	-8%	47,000	46,461	1%
Contracts (LU Access)	-	68,440	-100%	-	91,253	-100%
Contracts (LC Access)	10,873	6,545	66%	10,873	12,150	-11%
Contracts (VUL Access)	-	1,734	-100%	-	17,010	-100%
Liberty University Revenue	539,665	507,377	6%	539,665	517,028	4%
Liberty University PTS Revenue	-	17,728	-100%	-	10,500	-100%
Other Contract Revenue	16,474	10,360	59%	16,474	45,562	-64%
Non-Operating Revenue	13,153	26,871	-51%	13,153	12,500	5%
Advertising Revenue	28,975	42,682	-32%	28,975	32,500	-11%
City Operating Assistance	684,631	571,857	20%	684,631	684,631	0%
County Operating Assistance	28,746	28,746	0%	28,746	34,141	-16%
State Operating Assistance	716,494	583,349	23%	716,494	636,501	13%
Federal Operating Assistance	922,667	926,372	0%	922,667	922,665	0%
<b>TOTAL REVENUE</b>	<b>\$ 3,511,903</b>	<b>\$ 3,296,864</b>	<b>7%</b>	<b>\$ 3,511,903</b>	<b>\$ 3,506,901</b>	<b>0%</b>

**EXPENSES**

<b>FIXED ROUTE</b>						
Operator Labor	\$ 633,270	\$ 681,900	-7%	\$ 633,270	\$ 675,833	-6%
Operator-Overtime	118,191	70,127	69%	118,191	48,491	144%
Other Salaries & Wages	100,044	129,086	-22%	100,044	82,487	21%
Supervisors-Overtime	7,638	6,440	19%	7,638	8,555	-11%
Fringe Benefits	396,042	440,118	-10%	396,042	537,881	-26%
<b>TOTAL FIXED ROUTE</b>	<b>\$ 1,255,185</b>	<b>\$ 1,327,671</b>	<b>-5%</b>	<b>\$ 1,255,185</b>	<b>\$ 1,353,246</b>	<b>-7%</b>

**DEMAND RESPONSE**

Operator Labor	\$	124,146	\$	148,211	-16%	\$	124,146	\$	145,365	-15%
Operator-Overtime-PTS		2,494		5,209	-52%		2,494		13,898	-82%
Other Salaries & Wages		37,350		31,504	19%		37,350		51,813	-28%
Fringe Benefits		75,595		91,699	-18%		75,595		160,843	-53%
<b>TOTAL DEMAND RESPONSE</b>	<b>\$</b>	<b>239,585</b>	<b>\$</b>	<b>276,622</b>	<b>-13%</b>	<b>\$</b>	<b>239,585</b>	<b>\$</b>	<b>371,918</b>	<b>-36%</b>

**MAINTENANCE**

Other Salaries & Wages	\$	271,825	\$	328,382	-17%	\$	271,825	\$	274,510	-1%
Inspection&Maint,Srvc-Overtime		10,573		15,517	-32%		10,573		20,470	-48%
Fringe Benefits		130,178		170,532	-24%		130,178		194,750	-33%
Fuel & Lubricants		418,401		477,828	-12%		418,401		478,871	-13%
Tires & Tubes		8,565		18,890	-55%		8,565		24,074	-64%
Other Materials & Supplies		120,206		165,123	-27%		120,206		210,471	-43%
<b>TOTAL MAINTENANCE</b>	<b>\$</b>	<b>959,748</b>	<b>\$</b>	<b>1,176,272</b>	<b>-18%</b>	<b>\$</b>	<b>959,748</b>	<b>\$</b>	<b>1,203,144</b>	<b>-20%</b>

**ADMINISTRATION**

Other Salaries & Wages	\$	81,951	\$	97,014	-16%	\$	81,951	\$	83,869	-2%
Fringe Benefits		37,777		48,107	-21%		37,777		33,907	11%
Services		196,428		206,801	-5%		196,428		201,131	-2%
Utilities		45,622		42,474	7%		45,622		48,960	-7%
Casualty & Liability Expenses		148,871		178,577	-17%		148,871		158,992	-6%
Bad Debt Expense		-		-	#DIV/0!		-		-	#DIV/0!
Other Materials & Supplies		15,417		12,485	23%		15,417		19,264	-20%
Miscellaneous		14,219		16,283	-13%		14,219		32,471	-56%
<b>TOTAL ADMINISTRATION</b>	<b>\$</b>	<b>540,285</b>	<b>\$</b>	<b>601,741</b>	<b>-10%</b>	<b>\$</b>	<b>540,285</b>	<b>\$</b>	<b>578,593</b>	<b>-7%</b>

<b>TOTAL EXPENSES</b>	<b>\$</b>	<b>2,994,802</b>	<b>\$</b>	<b>3,382,307</b>	<b>-11%</b>	<b>\$</b>	<b>2,994,802</b>	<b>\$</b>	<b>3,506,901</b>	<b>-15%</b>
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Reserve Transfer	\$	25,001	\$	25,002	0%	\$	25,001	\$	-	100%
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<b>NET INCOME/(LOSS)</b>	<b>\$</b>	<b>492,099</b>	<b>\$</b>	<b>(110,445)</b>	<b>-546%</b>	<b>\$</b>	<b>492,099</b>	<b>\$</b>	<b>-</b>	<b>100%</b>
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# Lynchburg Regional Airport

350 Terminal Drive, Lynchburg, Virginia 24502 • (434) 455-6090 • Fax (434) 239-9027



February 11, 2013

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

Re: December 31, 2012 – Quarterly Financial Summary - Lynchburg Regional Airport

## REGIONAL AIRPORT FUND

The attached Lynchburg Regional Airport Operating Fund Financial Summary reflects the financial activity for this Fund for the FY 2013 second quarter ending December 31, 2012. I am pleased to report that revenues in general are projected to increase modestly for the year. The subsidy from the General Fund to the airport for FY2013 is now projected to be \$336,250, which is \$46,612 less than budgeted. As always, further reducing the operating subsidy from the City remains a top priority of airport staff along with attracting additional airline service.

## REVENUE HIGHLIGHTS

- **Airfield Revenue:** Landing fees revenue is projected to be \$9,000 more than budget, reflecting US Airways recent upgrade to mostly jet service.
- **Terminal Revenue:** Revenue is projected to be \$73,664 more than budget after increasing parking rates by \$1 per day and the addition of National Car Rental as a new tenant/concession.
- **General Aviation:** Revenue is projected to be \$11,000 more than budget due to better than expected fuel-sales related fees and revenue.
- **State Airport Aid:** Revenue is projected to be \$160,000 more than budget due to having more state-assisted non-recurring airport maintenance and repair projects than anticipated when the budget was prepared.
- **General Fund Subsidy:** As previously mentioned, the projected operating subsidy from the City is \$336,250 which is \$46,612 less than budget.

EXPENSE HIGHLIGHTS

- Terminal Operations: \$17,000 decrease in Utilities due primarily to savings projected after converting the main passenger terminal to natural gas heat.
- Administration: \$3,700 decrease reflecting lower payments to the City for Risk Management administration and insurance than originally estimated and budgeted.
- Safety (ARFF & LEO): \$4,000 increase primarily for additional cost of contracted Airfield Rescue & Fire Fighting (ARFF) services.
- Transfers & Other: \$205,349 increase primarily due to additional non-recurring airfield maintenance and tenant occupied building maintenance projects than anticipated (largely reimbursed by state aviation entitlement funds).

SUMMARY

Airline passenger traffic for the first six months of FY 2013 has increased 7.7% versus FY 2012 which has translated into modest increases in most airline-related airport revenues. As usual, non-recurring airport maintenance expenses will exceed our budget significantly (but are largely reimbursed by state aviation entitlement funds) and will be addressed in the regular third-quarter budget review. Based on improved air service levels, competitive airfares, and growing passenger demand combined with decreasing debt service, the airport's subsidy is expected to be reduced significantly from the current level to near self-sufficiency in the next two to three years.

Respectfully submitted,



Mark F. Courtney, A.A.E.  
Airport Director

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cc: L. Kimball Payne III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director of Financial Services  
Wesley Campbell, Airport Finance Manager

LYNCHBURG REGIONAL AIRPORT  
OPERATING FUND FINANCIAL SUMMARY  
December 31, 2012

	FY 2012 Amended Budget	FY 2012 Actual (thru 12/31/11)	FY 2012 % of Budget	FY 2013 Amended Budget	FY 2013 Actual (thru 12/31/12)	FY 2013 % of Budget	FY 2013 Amended Budget	FY 2013 Revised Estimates	FY 2013 Estimates vs. Amended Budget
<b>BEGINNING NET ASSETS</b>		\$ 34,106,631			\$ 32,507,809 (1)			\$ 32,507,809 (1)	
Less: Invested in Capital Assets, net of related debt		33,495,323			31,723,484			31,723,484	
<b>BEGINNING UNRESTRICTED NET ASSETS</b>	<u>\$ 393,612</u>	<u>\$ 611,308</u>		<u>\$ 157,762</u>	<u>\$ 784,325</u>		<u>\$ 157,762</u>	<u>\$ 784,325</u>	<u>\$ -</u>
<b>BOND REFUNDING PROCEEDS</b>	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	
<b>PRIOR PERIOD AUDIT ADJUST (OPEB)</b>		\$ 20,140			\$ -			\$ -	
<b>REVENUES</b>									
Airfield	90,000	50,933	57%	90,000	53,659	60%	90,000	99,000	9,000
Terminal	1,101,883	626,207	57%	1,147,183	658,052	57%	1,147,183	1,220,847	73,664
General Aviation	362,300	198,664	55%	372,000	183,565	49%	372,000	383,000	11,000
Other Leased Property	213,500	117,908	55%	220,400	119,355	54%	220,400	217,277	(3,123)
State Airport Aid	255,000	9,510	4%	85,000	44,435	52%	85,000	245,000	160,000
Federal Security Aid	118,415	24,519	21%	120,000	27,746	23%	120,000	105,000	(15,000)
General Fund Subsidy	421,362	240,000	57%	382,862	192,000	50%	382,862	336,250	(46,612)
Interest & Other	19,000	13,127	69%	19,000	11,784	62%	19,000	19,000	0
	<u>\$ 2,581,460</u>	<u>\$ 1,280,869</u>		<u>\$ 2,436,445</u>	<u>\$ 1,290,595</u>		<u>\$ 2,436,445</u>	<u>\$ 2,625,374</u>	<u>\$ 188,929</u>
<b>EXPENSES</b>									
Airfield Operations	283,684	136,393	48%	289,822	142,958	49%	289,822	289,822	0
Terminal Operations	524,772	209,493	40%	568,276	243,719	43%	568,276	551,276	17,000
General Aviation	125,191	43,593	35%	120,001	61,411	51%	120,001	121,501	(1,500)
Administration	652,732	301,197	46%	659,208	290,558	44%	659,208	655,508	3,700
Safety (ARFF & LEO)	381,468	177,466	47%	393,630	175,343	45%	393,630	397,630	(4,000)
Snow Removal	20,056	1,307	7%	20,056	3,712	19%	20,056	20,056	0
Debt Service	269,791	10,384	4%	263,183	8,005	3%	263,183	263,183	0
Transfers & Other	559,616	211,900	38%	180,031	210,559	117%	180,031	385,380	(205,349)
Year End Encumbrances									
	<u>\$ 2,817,311</u>	<u>\$ 1,091,733</u>		<u>\$ 2,494,207</u>	<u>\$ 1,136,264</u>		<u>\$ 2,494,207</u>	<u>\$ 2,684,356</u>	<u>\$ (190,149)</u>
<b>ENDING UNRESTRICTED NET ASSETS</b>	<u>\$ 157,762</u>	<u>\$ 800,444</u>		<u>\$ 100,000</u>	<u>\$ 938,656</u>		<u>\$ 100,000</u>	<u>\$ 725,343 (2)</u>	

**FOOTNOTES:**

1) Beginning Net Assets agrees with the Comprehensive Annual Financial Report (CAFR) with the following adjustment:

Total Net Assets per CAFR 6/30/12	\$ 34,497,426
Less: Net Assets in Capital & PFC Fund	<u>\$ (1,989,617)</u>
Total Beginning Net Assets	\$ 32,507,809

2) FY 2013 Ending Unrestricted Net Assets is comprised of the following:

Des. for Debt Service (Rental Car Facility)	\$ 205,053	\$190,553.04 + 14,000 + 500.00 = \$205,053.04
Des. for Maintenance (Rental Car Facility)	\$ 35,630	
Reserve for Encumbrances		purchase orders carried forward to FY14
Undesignated Retained Earnings	<u>\$ 484,660</u>	(agrees with balance sheet)
	\$ 725,343	

February 26, 2013

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

RE: December 31, 2012 Quarterly Financial Report - Lynchburg Regional Juvenile Detention Center

Lynchburg Regional Juvenile Detention Center

The attached Lynchburg Regional Juvenile Detention Center (Detention Center) financial report summarizes the financial activities through December 31, 2012 for FY 2013. This financial report provides comparative year to date data for the same period of FY 2012.

REVENUES

**Charges for Services**

This revenue category represents per diem charges to those contracting jurisdictions that place juveniles at the Detention Center. Revenues from charges for services for the second quarter of FY 2013 were \$626,137 or 34.8% of budget as compared to \$685,692 or 38.9% of budget for FY 2012. The number of child care days for the second quarter of FY 2013 was 3,402 as compared to 3,952 for FY 2012.

**Department of Juvenile Justice Block Grant**

This revenue category represents allocations from the Virginia Department of Juvenile Justice (DJJ) for operational expenses of the Detention Center. Revenues from the DJJ for the second quarter of FY 2013 were \$569,998 or 52.0% of budget as compared to \$795,075 or 72.6% of budget for FY 2012. In FY12 the third grant payment was received in December; in FY13 the third grant payment was received in January, 2013.

**United States Department of Agriculture (USDA)**

This revenue category consists of reimbursements for meals served to juveniles at the Detention Center. Revenues from USDA for the second quarter of FY 2013 were \$16,568 or 36.8% of budget, as compared to \$18,461 or 41.0% of budget for FY 2012.

EXPENDITURES

The expenditures for the second quarter of FY 2013 were \$1,215,551 or 40.0% of budget as compared to \$1,214,417 or 41.9% of budget for FY 2012. Additional expenses for the detention home included: emergency repairs to the security monitoring system; repairs to the kitchen sewer system; and an extension of the perimeter fence to encompass the area behind the detention home where the detainees reside.

SUMMARY

The revenues through the 2nd quarter of FY 2013 were \$1,212,703 or 39.9% of budget as compared to \$1,499,287 or 51.6% of budget for FY 2012 due to the grant payment being received in December in FY 2012.

The average number of juveniles being served per day through the second quarter of FY 2013 is 18.49 as compared to 21.48 in FY 2012.

Respectfully submitted,

*Tamara J. Rosser*

Tamara Rosser  
Director, Department of Human Services

cc: L. Kimball Payne, III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director, Financial Services  
Robin Mamola, Accounting Supervisor, Human Services  
Kathy Collins, Accountant, Juvenile Services

**Lynchburg Regional Juvenile Detention Center  
Special Revenue Fund  
Financial Summary  
Second Quarter: As of December 31, 2012**

	<b>FY 2012 Amended Budget</b>	<b>FY 2012 Actual 2 QTR YTD</b>	<b>FY 2012 % of Budget</b>	<b>FY 2013 Amended Budget</b>	<b>FY 2013 Actual 2 QTR YTD</b>	<b>FY 2013 % of Budget</b>	<b>FY 2013 Amended Budget</b>	<b>FY 2013 Revised Estimates</b>	<b>FY 2013 Actual to Amended</b>
<b><i>Beginning Funds at July 1</i></b>									
<b><i>Revenues:</i></b>									
Charges for Services	1,760,603	685,692	38.9%	1,796,789	626,137	34.8%	1,796,789	1,796,789	-
Intergovernmental- Department of Juvenile Justice Block Grant	1,095,120	795,075	72.6%	1,095,120	569,998	52.0%	1,095,120	1,095,120	-
Intergovernmental- USDA	45,000	18,461	41.0%	45,000	16,568	36.8%	45,000	45,000	-
Miscellaneous	0	59	0.0%	0	0	0.0%	0	0	-
Budget Designations	3,673	0	0.0%	100,830	0	0.0%	100,830	100,830	-
<b><i>Total Revenues</i></b>	<b>2,904,396</b>	<b>1,499,287</b>	<b>51.6%</b>	<b>3,037,739</b>	<b>1,212,703</b>	<b>39.9%</b>	<b>3,037,739</b>	<b>3,037,739</b>	<b>-</b>
<b><i>Expenditures:</i></b>									
Salaries	1,415,582	644,643	45.5%	1,406,306	639,810	45.5%	1,406,306	1,406,306	-
Employee Benefits	599,538	275,123	45.9%	642,677	262,315	40.8%	642,677	642,677	-
Contractual Services	36,513	22,509	61.6%	38,492	26,836	69.7%	38,492	38,492	-
Internal Services	7,379	4,056	55.0%	9,170	3,948	43.1%	9,170	9,170	-
Supplies and Materials	126,250	51,660	40.9%	130,170	55,564	42.7%	130,170	130,170	-
Utilities	84,750	30,265	35.7%	85,800	33,893	39.5%	85,800	85,800	-
Training and Conferences	3,100	1,368	44.1%	3,050	722	23.7%	3,050	3,050	-
Telecommunications	4,500	1,071	23.8%	4,500	1,686	37.5%	4,500	4,500	-
Postage and Mailing	850	296	34.8%	850	178	20.9%	850	850	-
Indirect Costs	229,986	114,993	50.0%	236,450	118,225	50.0%	236,450	236,450	-
Self Insurance	15,752	7,876	50.0%	15,752	7,876	50.0%	15,752	15,752	-
Dues and Memberships	500	196	39.2%	500	481	96.2%	500	500	-
Rentals and Leases	2,308	919	39.8%	2,308	1,102	47.7%	2,308	2,308	-
Site Improvements	0	0	0.0%	0	16,250	0.0%			
Health and Dental Benefits for Retirees	28,144	11,925	42.4%	28,144	12,650	44.9%	28,144	28,144	-
Professional Services	3,691	3,105	84.1%	6,746	3,382	50.1%	6,746	6,746	-
SpecialUseEquipment	2,000	0	0.0%	2,000	0	0.0%	2,000	2,000	-
Debt Service	284,050	25,952	25.0%	273,198	21,531	7.9%	273,198	273,198	-
USDA Grant	45,000	18,460	41.0%	45,000	9,102	20.2%	45,000	45,000	-
Capital Outlay	0	0	0.0%	0	0	0.0%	0	0	-
Budget Designations	0	0	0.0%	96,626	0	0.0%	96,626	96,626	-
Contingency	10,000	0	0.0%	10,000	0	0.0%	10,000	10,000	-
<b><i>Total Expenditures</i></b>	<b>2,899,893</b>	<b>1,214,417</b>	<b>41.9%</b>	<b>3,037,739</b>	<b>1,215,551</b>	<b>40.0%</b>	<b>3,037,739</b>	<b>3,037,739</b>	<b>-</b>
<b><i>TOTAL FUND BALANCE</i></b>	<b>4,503</b>	<b>284,870</b>		<b>0</b>	<b>(2,848)</b>		<b>0</b>	<b>0</b>	
<b><i>TOTAL ASSIGNED FUND BALANCE Maint./Equipment</i></b>	<b>100,000</b>	<b>100,000</b>		<b>100,000</b>	<b>100,000</b>		<b>100,000</b>	<b>100,000</b>	

February 26, 2013

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

Re: Comprehensive Services Act (CSA) Fund Financial Report for the period ending December 31, 2012.

The attached CSA Fund Financial Summary summarizes the financial activity for this Fund through December 31, 2012. Under the State guidelines, CSA prior year obligations are paid through September 30th of each year. However, the annual budget is prepared on a fiscal year (July-June). Because of the State guidelines, expenditures for this fund are unique due to the overlap of grants each fiscal year. Accordingly, this report reflects only the current grant year financial activity for FY 2013.

## REVENUES

- Public Assistance – Welfare and Administration

The Public Assistance revenue source is the reimbursement received from the State for local expenses incurred under CSA for providing services to troubled youth and their families. The current rate of reimbursement for community-based services is 86.32%, residential services are 65.8%, and for all other services is 72.64%. State funds to assist in administering the grant, (\$29,730 for FY 2013) are provided by the State each year, and have been received in full. A local match is required for all state funds received. Reimbursements received through second quarter of FY 2013 are \$264,199, and reimbursements requested are \$1,023,267.

- CSA Contribution – General Fund and Schools

These revenue sources are comprised of the required local match for all State funds received for the Comprehensive Services Act Funds. For FY 2013 the budgeted School contribution is \$196,541 and the year-to-date budgeted General Fund contribution is \$1,338,852. For the second quarter of FY 2013, local matching funds for programs in the amount of \$669,426 or 50% of the budget for the General Fund and \$98,271 or 50% of the budget for Schools have been received.

- Miscellaneous Revenue

Miscellaneous revenues in the amount of \$27,498 or 25% of the budget were collected and are mainly comprised of recoupments from children's social security payments for expenditures incurred on their behalf.

## EXPENSES

- Administrative expenses

CSA Administrative funds are used for salaries, supplies, and materials. Budgeted funds for FY 2013 are \$62,283. Actual YTD administrative expenditures for second quarter FY 2013 were \$32,280 or 51.8% of the budget as compared to \$36,161 or 50.4% of the budget in second quarter FY 2012.

- Mandated – Foster Care

Foster care expenses include funds for residential facilities, day care, maintenance payments to foster parents, and foster care prevention. Year-to-date foster care expenditures for second quarter FY 2013 totaled \$1,033,636 or 28.6% of the budget compared to \$956,678 or 25% of the budget for second quarter FY 2012. The increase is due to more children in care.

- Mandated – Foster Care Enhanced Maintenance

Enhanced Maintenance is a new rate structure process that was implemented on October 1, 2009 for children placed in foster and adoptive homes. The Virginia Enhanced Maintenance Assessment Tool (VEMAT) was introduced as the required, state-wide tool to be used when assessing a child's need for additional supervision and support and, thus, an enhanced maintenance payment for the foster or adoptive parent. When it was first implemented it was only required for new foster children. As of October 1<sup>st</sup>, 2010 it is required for all therapeutic foster children. Enhanced Maintenance expenses for second quarter FY 2013 were \$96,418 compared to \$81,709 in second quarter FY 2012. This increase is due to having more children in care.

- Mandated – Special Education

Special Education expenses include services for Special Education students from the Lynchburg City Schools. Expenditures for second quarter FY 2013 totaled \$375,314 or 48.4% of the budget compared to \$226,573 or 22.1% of the budget for second quarter FY 2012. The increase is attributed to an increase of students.

- Non-Mandated Services

Non-mandated expenditures are for services such as counseling, mentoring, crisis intervention, and foster care prevention services. Non-mandated expenditures for second quarter FY 2013 were \$102,512 or 44.6% of the budget compared to \$109,477 or 47.6% of the budget for second quarter FY 2012. The decrease is due to serving less non-mandated youth, those involved with the Juvenile and Domestic Court, and those with mental health issues who are not in the custody of Social Services.

- Community Based Services

This category includes services to children while they are living at home, in the home of an extended family, in a regular foster family home, or in an independent living arrangement. Community services may include assessment, crisis stabilization, therapy, or intervention services provided in the child's home. Community Based Services for second quarter FY 2013 were \$175,520 or 47.2% of budget as compared to \$42,474 or 13.2% of the budget for second quarter FY 2012. The increase is due to more children receiving community-based wrap around services for themselves and their family.

## SUMMARY

The Comprehensive Services Act Fund creates a collaborative system of services and funding that is child-centered, family-focused, and community-based when addressing the strengths and needs of at-risk youths and their families in the City of Lynchburg.

While the number of children currently in foster care has increased, other factors continue to impact this budget. These factors include an increased number of children receiving more intensive services for longer periods of time, increased vendor rates as well as an increase in the number of services provided by the vendors, higher VEMAT's, as well as increase in special educational services.

The Community Policy and Management Team, in collaboration with the professional community, continues to work hard and is diligent and deliberate in efforts to reduce costs associated with CSA. We continue to work with the professional community to develop services in an effort to reduce cost.

Respectfully submitted,



Tamara T. Rosser  
Director of Human Services

c: L. Kimball Payne, III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director of Financial Services  
Rhonda Allbeck, Assistant Director of Financial Services  
Robin Mamola, Financial Professional IV  
Courtney Blankenstein, Financial Professional III

**Comprehensive Services Act  
Special Revenue Fund  
Financial Summary  
December 31, 2012**

	<b>FY 2012</b>	<b>FY 2012</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2013</b>	<b>FY 2013</b>
	<b>Amended Budget</b>	<b>Actual 2 QTR YTD</b>	<b>% of Budget</b>	<b>Amended Budget</b>	<b>Actual 2 QTR YTD</b>	<b>% of Budget</b>
<b><i>Beginning Fund Balance</i></b>	622,168	622,168		322,544	329,544	
<b><i>Revenues:</i></b>						
Public Assistance - Welfare and Administration <sup>1</sup>	3,708,028	693,194	18.7%	3,417,468	1,317,196	38.5%
Transfer from Lynchburg City Schools	196,541	98,271	50.0%	196,541	98,271	50.0%
Transfer from General Fund	1,459,031	674,796	46.2%	1,338,852	669,426	50.0%
Miscellaneous	110,000	63,201	57.5%	110,000	27,498	25.0%
<b><i>Total Revenues</i></b>	5,473,600	1,529,462	27.9%	5,062,861	2,112,391	41.7%
<b><i>Expenses:</i></b>						
Administrative Expenses	71,678	36,161	50.4%	62,283	32,280	51.8%
Mandated - Foster Care	3,823,500	956,678	25.0%	3,619,824	1,033,636	28.6%
Mandated - Foster Care Enhanced Payments	0	81,709	1.0%	0	96,418	1.8%
Mandated - Special Education	1,025,000	226,573	22.1%	775,000	375,314	48.4%
Non-Mandated Services	230,000	109,477	47.6%	230,000	102,512	44.6%
Community Based	322,078	42,474	13.2%	372,078	175,520	47.2%
<b><i>Total Expenditures</i></b>	5,472,256	1,453,074	26.6%	5,059,185	1,815,680	35.9%
<b><i>ENDING FUND BALANCE</i></b>	623,512	698,556		326,220	626,255	

<sup>1</sup> Pending State Reimbursement of \$1,023,267

February 26, 2013

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

Re: December 31, 2012 Quarterly Financial Report – Water Operating Fund

The attached Water Operating Fund Financial Summary summarizes the financial activity for this fund through December 31, 2012. This quarterly report provides comparative financial information for the same period of the prior fiscal year. Projected variances between the FY 2013 budget and the Department's year-end projections are described below.

## **REVENUES**

Following the completion of the first quarter, overall revenues for FY 2013 are projected to be \$230,738 (1.72%) less than the FY 2013 budget. Explanations follow:

- **Charges for Services:**

Revenue in this category is expected to be \$113,810 (1.08%) less than the FY 2013 budget. This is primarily attributable to water sales within the City which are anticipated to be \$184,502 less than budget.

- **Water Contracts:**

This revenue category reflects billing activity for the counties of Amherst, Bedford, and Campbell, and the industries of Rock-Tenn and Frito-Lay. The net revenue from this source is projected to be less than budget by \$118,928 (4.51%) which is mostly attributable to decreases in Amherst County and Bedford County revenues.

- **Interest and Other:**

Interest and other earnings are expected to exceed budget by \$2,000 (0.71%). This is mostly attributable to increased proceeds from sale of scrap metal from water line repairs or replacements.

**EXPENSES**

Overall expenses for FY 2013 are projected to be \$514,213 (3.81%) less than the FY 2013 budget. Explanations of this variance follow:

• **Departmental Operation and Maintenance Expenses:**

This category includes the Water Treatment Plant, Meter Operations, Water Line Maintenance and Administration. Expenses in this category are expected to be \$477,319 (5.44%) less than the FY 2013 budget (Water Treatment - \$385,611 savings, Meter Operations - \$18,816 savings, Water Line Maintenance - \$78,324 savings, Administration - \$5,432 deficit). This variance is broken down as follows:

➤ Personal Services and Benefits	(\$57,958)
➤ Chemicals	(\$155,900)
➤ Communication and Utilities	(\$162,450)
➤ Contractual Services	(\$67,362)
➤ Supplies and Materials	(\$23,627)
➤ All Other	(\$10,022)
<b>Total</b>	<b>(\$477,319)</b>

The most significant variances are chemical and electricity savings which occur when James River water does not need to be pumped and treated. Additional savings are in contractual services primarily from Water Treatment Plant's equipment maintenance, janitorial, and lab testing expenses. Savings in personal services and benefits are due to vacancies for Utility Line Technicians. The savings in supplies and materials are anticipated to come from Water Treatment Plant's replacement parts and Meter Reading's small tools expense.

• **Non-Departmental Operation and Maintenance:**

A savings of \$88,607 (42.91%) is anticipated primarily due to reductions of projected non-departmental employee benefits for retired employees and doubtful accounts expense.

• **Capital Outlay and Transfers to Other Funds**

Purchases and transfers in this category are expected to exceed budget by \$76,713 (8.73%). This is primarily due to installation of two ductile valve inserts on Stadium Road and Carroll Avenue, new equipment that is being installed at Abert Pump Station for monitoring raw water flow from the plant control room and for HVAC units that will need replacement at the Pedlar Reservoir caretaker's residence.

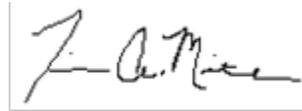
- **Debt Service:**

Debt Service is expected to be \$25,000 (.68%) less than FY 2013 budget due to savings in credit line interest expense.

**SUMMARY**

This second quarter report reflects a stable FY 2013 financial position for this fund. Under the Council adopted financial policies, the two important financial ratios, debt coverage and fund balance are within policy targets. The debt coverage ratio projected for the end of the fiscal year is 1.29 compared to a target of 1.20. The fund balance ratio projected for the end of the fiscal year is 50% compared to a target range of 25% - 40%.

Respectfully submitted,



Timothy A. Mitchell, P.E.  
Director of Water Resources

c: L. Kimball Payne, III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director of Financial Services

**WATER OPERATING FUND  
FINANCIAL SUMMARY  
Quarter Ending December 31, 2012**

	<b>FY 2012 Adopted Budget</b>	<b>FY 2012 Actual Q2 YTD</b>	<b>FY 2012 % of Budget</b>	<b>FY 2013 Adopted Budget</b>	<b>FY 2013 Actual Q2 YTD</b>	<b>FY 2013 % of Budget</b>	<b>FY 2013 Adopted Budget</b>	<b>FY 2013 Revised Estimate</b>	<b>FY 2013 \$ Variance Revised Estimate to Adopted</b>
<b>BEGINNING NET ASSETS</b>	\$30,409,863	\$30,409,863		\$30,411,636	\$30,411,636		\$30,411,636	\$30,411,636	
Less: Invested in Capital Assets, net of related debt	(25,171,966)	(\$25,171,966)		(24,458,991)	(24,458,991)		(24,458,991)	(24,458,991)	
<b>BEGINNING UNRESTRICTED NET ASSETS</b>	<b>5,237,897</b>	<b>\$5,237,897</b>		<b>\$5,952,645</b>	<b>\$5,952,645</b>		<b>\$5,952,645</b>	<b>\$5,952,645</b>	
<b>REVENUES:</b>									
Charges for services	\$10,055,909	\$4,541,317	45%	\$10,522,925	\$5,000,410	48%	\$10,522,925	\$10,409,115	(113,810)
Water contracts	2,649,695	1,159,519	44%	2,637,792	1,163,381	44%	2,637,792	2,518,864	(118,928)
Interest and other	380,600	148,895	39%	282,211	144,306	51%	282,211	284,211	2,000
	<b>\$13,086,204</b>	<b>\$5,849,731</b>		<b>\$13,442,928</b>	<b>\$6,308,097</b>		<b>\$13,442,928</b>	<b>\$13,212,190</b>	<b>(\$230,738)</b>
<b>EXPENSES</b>									
Departmental O&M	\$8,283,526	\$3,708,488	45%	\$8,767,983	3,756,976	43%	\$8,767,983	\$8,290,664	(477,319)
Non-departmental O&M	203,482	51,044	25%	206,496	49,545	24%	206,496	117,889	(88,607)
Capital Outlay/Purchases	0	0		0	50,785		0	76,713	76,713
Transfers - Capital	700,000	700,000	100%	878,746	439,373	50%	878,746	878,746	0
Transfers - General Fund (Fleet)	0	0		0	0		0	0	0
Debt service	3,782,678	1,794,479	47%	3,658,789	1,757,229	48%	3,658,789	3,633,789	(25,000)
Contingencies	0	0		0	0		0	0	0
	<b>\$12,969,686</b>	<b>\$6,254,011</b>		<b>\$13,512,014</b>	<b>6,053,908</b>		<b>\$13,512,014</b>	<b>\$12,997,801</b>	<b>(\$514,213)</b>
Adjustment for expenses from capital projects								(275,000)	
<b>ENDING NET ASSETS</b>	<b>\$5,354,415</b>	<b>\$4,833,617</b>		<b>\$5,883,559</b>	<b>6,206,834</b>		<b>\$5,883,559</b>	<b>\$5,892,034</b>	
<b>KEY RATIOS:</b>									
Unrestricted cash target as a % of operating expenses & debt service:								40%	
Unrestricted cash as a % of operating expenses & debt service:								50%	
Financial Policy targeted debt coverage ratio minimum:								1.20	
Ending debt coverage ratio:								1.29	

Note (1) Calculation of debt coverage includes \$150,000 of projected capitalizable costs for internal labor charges applicable to time spent on capital project activities.

February 26, 2013

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

Re: December 31, 2012 Quarterly Financial Report – Sewer Operating Fund

The attached Sewer Operating Fund Financial Summary summarizes the financial activity for this fund through December 30, 2012. This quarterly report provides comparative financial information for the same period of the prior fiscal year. Projected variances between the FY 2013 Budget and the Department's year-end projections are described below.

### **REVENUES**

Following the completion of the second quarter, overall revenues for FY 2013 are projected to be \$265,477 (1.37%) less than the FY 2013 budget. Explanations follow:

- **Charges for Services:**

Revenue in this category reflects the billing activity for all users other than those under special contract. Revenue is expected to be \$142,144 (0.87%) less than the FY 2013 budget and is a result of sewer sales within the City is less than anticipated.

- **Sewer Contracts:**

Revenue in this category reflects the billing activity in counties of Amherst, Bedford, and Campbell and industries of Rock-Tenn and Frito-Lay. Revenue from this source is projected to be \$221,865 (7.27%) less than budget due to less sewer usage by Frito-Lay and Rock-Tenn.

- **Interest and Other:**

Revenue in this category is projected to exceed budget by \$98,532 (122.52%). \$71,000 was received from the sale of surplus property from the Wastewater Treatment Plant.

**EXPENSES**

Overall expenses for FY 2013 are projected to be \$360,090 (1.85%) less than the FY 2013 budget. Explanations of this variance follow:

• **Departmental Operation and Maintenance Expenses:**

This category includes the Wastewater Treatment Plant and Sewer Line Maintenance. Expenses in this category are expected to be \$252,785 (2.77%) less than the FY 2013 budget (Wastewater Treatment - \$38,291 savings and Sewer Line Maintenance - \$214,494 savings). This variance is broken down as follows:

➤ Personal Services and Benefits	(\$62,897)
➤ Chemicals	(\$52,000)
➤ Utilities	(\$22,700)
➤ Supplies and Materials	(\$11,114)
➤ Contractual Services	\$93,334
➤ All Other	(\$197,408)
<b>Total</b>	<b>(\$252,785)</b>

The most significant savings are expected in the All Other category. A savings of \$100,000 is anticipated for charges from Public Works/Community Development due to decreased need for engineering services for capital projects. An additional \$100,000 of savings in the All Other category are for less than budgeted tipping fees to be paid for the use of the Region 2000 Landfill. Contractual Services is anticipated to go over budget due to increased hauling of sludge to the Amelia landfill which is used when Region 2000 Landfill has reached daily or weekly load limits. Savings in Personal Services and Benefits is a result of vacancies at both Wastewater Treatment and Sewer Line Maintenance.

• **Non-Departmental Operational and Maintenance Expenses:**

Non-Departmental expenses are expected to be \$147,305 (42.52%) less than the FY 2013 budget primarily because James River Interceptor maintenance has been deferred to FY 2015.

• **Capital Outlay and Transfers to Other Funds**

Purchases and transfers in this category are expected to exceed budget by \$40,000 (2.56%) that is primarily attributable to needed rehabilitation and replacement of Wastewater Treatment Plant equipment.

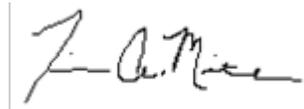
• **Debt/LOC Service Payments**

Debt Service and LOC Service payments are expected to be at budget.

**SUMMARY**

This second quarter report reflects a stable FY 2013 financial position for this fund. Under the Council adopted financial policies, the two important financial ratios, debt coverage and fund balance, are within or above policy targets. The debt coverage ratio projected for the end of the fiscal year is 1.22 compared to a target range of 1.20 to 1.50. The fund balance ratio projected for the end of the fiscal year is 26% compared to a target range 15 to 25%.

Respectfully submitted,

A rectangular box containing a handwritten signature in black ink. The signature appears to read "Timothy A. Mitchell".

Timothy A. Mitchell, P.E.  
Director of Water Resources

c: L. Kimball Payne, III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Donna Witt, Director of Financial Services

**SEWER OPERATING FUND  
FINANCIAL SUMMARY**

Quarter Ending December 31, 2012

	<b>FY 2012 Adopted Budget</b>	<b>FY 2012 Actual Q2 YTD</b>	<b>FY 2012 % of Budget</b>	<b>FY 2013 Adopted Budget</b>	<b>FY 2013 Actual Q2 YTD</b>	<b>FY 2013 % of Budget</b>	<b>FY 2013 Adopted Budget</b>	<b>FY 2013 Revised Estimate</b>	<b>FY 2013 \$ Variance Revised Estimate to Adopted</b>
<b>BEGINNING NET ASSETS (1)</b>	\$110,158,233	\$110,158,233		\$91,763,517	\$91,763,517		\$91,763,517	\$91,763,517	
Less: Invested in Capital Assets, net of related debt	(100,370,755)	(100,370,755)		(81,440,531)	(81,440,531)		(81,440,531)	(81,440,531)	
<b>BEGINNING UNRESTRICTED NET ASSETS</b>	<b>\$9,787,478</b>	<b>\$9,787,478</b>		<b>\$10,322,986</b>	<b>\$10,322,986</b>		<b>\$10,322,986</b>	<b>\$10,322,986</b>	
<b>REVENUES:</b>									
Charges for services	\$16,687,158	\$7,169,347	43%	\$16,314,331	7,471,408	46%	\$16,314,331	\$16,172,187	(142,144)
Sewer contracts	2,832,938	942,555	33%	3,053,114	977,568	32%	3,053,114	2,831,249	(221,865)
Interest and other	899,989	512,565	57%	80,421	112,224	140%	80,421	178,953	98,532
	<b>\$20,420,085</b>	<b>\$8,624,467</b>		<b>\$19,447,866</b>	<b>8,561,199</b>		<b>\$19,447,866</b>	<b>\$19,182,389</b>	<b>(\$265,477)</b>
<b>EXPENSES:</b>									
Departmental O&M	\$9,873,605	\$4,052,766	41%	\$9,112,100	3,952,513	43%	\$9,112,100	\$8,859,315	(252,785)
Non-departmental O&M	339,276	368,920	109%	346,454	114,438	33%	346,454	199,149	(147,305)
Equipment Purchases	140,000	311,208	222%	60,000	9,343	16%	60,000	100,000	40,000
Transfers - Capital	2,000,000	1,000,000	50%	1,500,000	750,000	50%	1,500,000	1,500,000	0
Transfers - City Fleet Fund	0	0		0	-		0	0	0
Debt service	8,141,619	3,883,440	48%	8,451,416	4,050,700	48%	8,451,416	8,451,416	0
Contingencies	0	0		0	0		0	0	0
	<b>\$20,494,500</b>	<b>\$9,616,334</b>		<b>\$19,469,970</b>	<b>8,876,994</b>		<b>\$19,469,970</b>	<b>\$19,109,880</b>	<b>(\$360,090)</b>
Adjustment for expenses from capital projects								(25,000)	
<b>ENDING NET ASSETS</b>	<b>\$9,713,063</b>	<b>\$8,795,611</b>		<b>\$10,300,882</b>	<b>10,007,191</b>		<b>\$10,300,882</b>	<b>\$10,370,495</b>	

**KEY RATIOS:**

Unrestricted cash target as a % of operating expenses & debt service:	25%
Unrestricted cash as a % of operating expenses & debt service:	26%
Financial Policy targeted debt coverage minimum:	1.20
Ending debt coverage:	1.22 (1)

Note (1) Calculation of debt coverage includes \$250,000 of projected capitalizable costs for internal labor charges applicable to time spent on capital project activities.

February 26, 2013

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

Re: December 31, 2012 Quarterly Financial Report – Stormwater Operating Fund

The attached Stormwater Operating Fund Financial Summary summarizes the financial activity for this fund through December 31, 2012. This is the first year for the Stormwater Operating Fund and thus there is no comparative financial information of the prior fiscal year. Projected variances between the FY 2013 Adopted Budget and the Department's year-end projections are described below.

### **REVENUES**

Following the completion of the second quarter, overall revenues for FY 2013 are projected to be \$395,000 (11.66%) more than the FY 2013 budget. Explanations follow:

- **Charges for Services:**

Revenue in this category reflects billing activity for all known impervious areas and delinquent charges on past due accounts. The FY 2013 revenue budget that was adopted in February, 2012, was based on impervious measurements that were known, which was mostly residential and estimated incomplete measurements for nonresidential. The nonresidential measurements were not completed by our outside consultant until June, 2012, which was immediately prior to the first Stormwater billing in July, 2012. The budget was intended to provide adequate revenue to ensure that all anticipated expenses could be met without a need for an early rate increase.

- **Transfers**

The transfer from the General Fund is on track with the budget for FY 2013.

### **EXPENSES**

Overall expenses for FY 2013 are projected to be \$312,104 (9.94%) less than FY 2013 budget. A breakdown and explanations of this variance follow:

• **Departmental Operation and Maintenance Expenses:**

➤ Personal Services and Benefits	(\$34,018)
➤ Communications	(\$1,000)
➤ Internal Service Charges	\$38,421
➤ Contractual Services	(\$145,408)
➤ Supplies and Materials	(\$4,145)
➤ Public Works and Community Development	(\$92,554)
➤ All Other	\$1,000
<b>TOTAL</b>	<b>(\$237,704)</b>

The most significant variance is for contractual services. Stormwater personnel have been able to take on much of the maintenance work that was anticipated for contractors. Additional savings are from charges from Public Works and Community Development mostly due to Public Works using personnel and equipment for Derecho cleanup thus affecting stormwater maintenance activity at the beginning of the year. In addition, Public Works engineering services are less than was expected. The savings in Personnel Services and Benefits is a result of vacancies of a Utility Line Technician and a Water Quality Compliance Inspector. The increased expenses for Internal Service Charges are a result of higher capital charges from the Fleet Fund than budgeted for FY 2013.

• **Non-Departmental Operational and Maintenance Expenses:**

Non-departmental expenses are projected to have a savings of \$74,400 (54.39%) less than FY 2013 budget primarily due to a budgeted collection rate of 95% compared to a revised collection rate of approximately 98%.

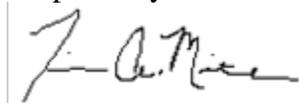
• **Debt/LOC Service Payments**

Currently, there is no debt for the Stormwater Fund.

**SUMMARY**

This second quarter report reflects a stable FY 2013 financial position for the fund at this time. The fund balance ratio projected for the end of the fiscal year is 31%.

Respectfully submitted,



Timothy A. Mitchell, P.E.  
Director of Water Resources

c: L. Kimball Payne, III, City Manager  
Bonnie Svrcsek, Deputy City Manager  
Donna Witt, Director of Financial Services

**STORMWATER OPERATING FUND  
FINANCIAL SUMMARY  
Quarter Ending December 31, 2012**

	<b>FY 2013 Adopted Budget</b>	<b>FY 2013 Actual Q2 YTD</b>	<b>FY 2013 % of Budget</b>	<b>FY 2013 Adopted Budget</b>	<b>FY 2013 Revised Estimate</b>	<b>FY 2013 \$ Variance Revised Estimate to Adopted</b>
<b>BEGINNING NET ASSETS</b>	\$0	\$0		\$0	\$0	
Less: Invested in Capital Assets, net of related debt	0	0		0	0	
<b>BEGINNING UNRESTRICTED NET ASSETS</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>	
<b>REVENUES:</b>						
Charges for services	\$2,737,000	\$1,570,863	57%	\$2,737,000	\$3,132,000	395,000
Transfers	650,000	162,500		650,000	650,000	0
	<b>\$3,387,000</b>	<b>\$1,733,363</b>		<b>\$3,387,000</b>	<b>\$3,782,000</b>	<b>\$395,000</b>
<b>EXPENSES:</b>						
Departmental O&M	\$2,702,784	\$1,080,346	40%	\$2,702,784	\$2,465,080	(237,704)
Non-departmental O&M	136,800	0		136,800	62,400	(74,400)
Equipment Purchases	0	0		0	0	0
Transfers - Capital	300,000	75,000		300,000	300,000	0
Transfers - City Fleet Fund	0	0		0	0	0
Debt service	0	0		0	0	0
Contingencies	0	0		0	0	0
	<b>\$3,139,584</b>	<b>1,155,346</b>		<b>\$3,139,584</b>	<b>\$2,827,480</b>	<b>(\$312,104)</b>
Adjustment for expenses from capital projects				0	0	
<b>ENDING NET ASSETS</b>	<b>\$247,416</b>	<b>578,017</b>		<b>\$247,416</b>	<b>\$954,520</b>	

**KEY RATIOS:**

Unrestricted cash as a % of operating expenses

31%

February 26, 2013

Finance Committee  
City Council  
City of Lynchburg  
Lynchburg, Virginia

Re: December 31, 2012 Quarterly Report - General Fund

Attached is the Financial Summary for the General Fund (Fund) for the period ending December 31, 2012.

This quarterly report provides comparative information for the same period of the prior fiscal year and an annualized projection through the end of the current fiscal year.

#### NON-DEDICATED REVENUES

- Real Estate Taxes

Real Estate taxes are due in four quarterly installments on November 15, January 15, March 15, and May 15. As of the date of this report, only the first installment for FY 2013 has been billed and revenue of \$21,331,190 has been collected. The amount collected includes payments made for the entire year.

- Personal Property Taxes

Personal Property tax revenue for FY 2013 is \$547,573 more than the amount collected through the second quarter of FY 2012, and remains on track with 53.2% collected. Personal property taxes are payable in two equal installments on June 5 and December 5. Additional billings for personal property acquisitions are due March 5 and September 5.

In 1998, the Virginia General Assembly enacted the Personal Property Tax Relief Act (PPTRA) to reimburse citizens for a portion of the local personal property tax. In the 2004 Virginia General Assembly, the State capped the amount reimbursed to localities at \$950 million for FY 2013. This action eliminates the 70% reimbursement. Lynchburg's share is \$5,543,584. During the second quarter of FY 2013, the State reimbursed the City \$4,157,688 (75%), as scheduled. Future payments are scheduled for receipt in February 2013 (15%), and May 2013 (5%).

- Consumer Utility Tax - Electric

The second quarter FY 2013 revenue is below FY 2013 budget projections by \$49,030, based on collections for 5 months, attributable to milder weather. Staff is monitoring this revenue and providing the Finance Committee with monthly updates related to Consumer Utility Taxes for Electric.

- Communications Sales and Use Taxes

Communications Sales and Use tax revenue is slightly behind the FY 2013 budget projection by \$2,944 based on collections for 5 months.

- Local Sales Tax

Sales tax revenue is ahead of the FY 2013 budget projection by \$175,122 based on collections for 5 months, primarily due to good August and November sales.

- Business License Tax

Business License tax revenue collected through the second quarter of FY 2013 is \$92,568. Since this tax is due May 1, the collection percentage is currently only a small part of the annual budget. The majority of the tax will be collected from March to May. Collections remain on pace with FY 2012.

- Meals Tax

Meals tax revenue is ahead of the FY 2013 budget projection by \$585,563 based on collections for 5 months due to conservative budgeting. Staff is monitoring this revenue and providing the Finance Committee with monthly updates.

- Lodging Tax

Lodging tax revenue is ahead of the FY 2013 budget projection by \$203,056 based on collections for 5 months. Included in this collection is \$140,000 from a delinquent account. Staff is monitoring this revenue and providing the Finance Committee with monthly updates.

- Permits, Fees, and Licenses

Permits, Fees, and Licenses is slightly ahead of the FY 2013 budget projection by 8.3%, or \$26,236, due primarily to Inspection Permits.

- Fines and Forfeitures

Fines and Forfeitures revenue is slightly behind the budget projection for FY 2013 by 9.9%, or \$28,073, due primarily to Criminal Court Fees and Parking Fines. Staff will continue to keep a close watch on this revenue to see if an adjustment in projected revenue is needed.

- Interest on Investments

Investment income is slightly behind the budget projection for FY 2013 by \$25,830, or 21.8%. This is due to the use of compensating balances at Wells Fargo to offset banking service fees.

- Charges for Services

Charges for Services revenue is 4.1%, or \$111,480, ahead of the budget projection for FY 2013. The increase is due primarily to trash decals being due for renewal September 30 of each year. Trash decal revenue will even out over the course of the fiscal year.

### DEDICATED REVENUES

Intergovernmental Revenues are 11.1%, or \$1,430,380, behind the FY 2013 budget projection. The timing of reimbursements from the State causes this revenue source to be slightly ahead, or slightly behind, the yearly projection.

### EXPENDITURES

- Operating Expenditures

The percentage of operating expenditures spent through the second quarter of FY 2013, 50.5%, is on target with budget projections.

- Debt Service

Debt Service expenditures are on pace with FY 2013 budget projections.

### SUMMARY

This report represents six months of fiscal activity. As the year progresses, revised estimates for revenues and expenditures will be presented to reflect the impact of changes.

Respectfully submitted,



Donna S. Witt  
Director of Financial Services

cc: L. Kimball Payne, III, City Manager  
Bonnie Svrcek, Deputy City Manager  
Rhonda Allbeck, Assistant Director of Financial Services

GENERAL FUND  
FINANCIAL SUMMARY  
As of December 31, 2012

	FY 2012 Adopted Budget	FY 2012 Amended Budget	FY 2012 Actual 2nd Qtr	FY 2012 % of Budget	FY 2013 Adopted Budget	FY 2013 Amended Budget	FY 2013 Actual 2nd Qtr	FY 2013 % of Budget	FY 2013 Compared to FY 2012
	As of 12/31/11				As of 12/31/12				
<b>BEGINNING BALANCE</b>									
<b>UNASSIGNED</b>	\$ 31,805,351	\$ 31,805,351	\$ 29,215,579		\$ 20,199,396	\$ 20,199,396	\$ 28,835,658		
<b>REVENUES:</b>									
<b>Non-Dedicated Revenues</b>									
Real Property	49,594,861	49,594,861	20,198,202	40.7%	52,998,701	52,998,701	21,331,190	40.2%	1,132,988
Personal Property -Local	14,000,000	14,000,000	7,570,185	54.1%	15,251,500	15,251,500	8,117,758	53.2%	547,573
Public Service Corp	2,200,000	2,200,000	2,189,198	99.5%	2,145,000	2,145,000	2,333,580	108.8%	144,382
Consumer Utility Taxes	4,364,582	4,364,582	1,710,385	39.2%	4,364,582	4,364,582	1,685,648	38.6%	(24,737)
Communication Sales and Use Taxes	3,600,000	3,600,000	1,133,236	31.5%	3,530,000	3,530,000	1,167,224	33.1%	33,988
Local Sales Tax	12,694,401	12,694,401	4,250,364	33.5%	13,284,506	13,284,506	4,293,307	32.3%	42,943
Business License	7,000,000	7,000,000	67,117	1.0%	7,000,000	7,000,000	92,568	1.3%	25,451
Meals Tax	10,580,000	10,580,000	4,743,060	44.8%	10,830,000	10,830,000	4,955,118	45.8%	212,058
Delinquent Taxes/Penalties	2,618,500	2,618,500	1,256,142	48.0%	2,763,500	2,763,500	1,342,707	48.6%	86,565
Other Local Taxes	2,513,490	2,513,490	1,167,110	46.4%	2,503,500	2,503,500	1,251,300	50.0%	84,190
Motor Vehicle License	1,413,142	1,413,142	171,765	12.2%	1,413,142	1,413,142	191,791	13.6%	20,026
Bank Stock Tax	500,000	500,000	-	0.0%	500,000	500,000	-	0.0%	-
Lodging Tax	1,700,000	1,700,000	845,558	49.7%	1,700,000	1,700,000	952,048	56.0%	106,490
Permit, Fees & Licenses	632,300	632,300	293,153	46.4%	631,700	631,700	342,086	54.2%	48,933
Fines and Forfeitures	555,000	555,000	208,118	37.5%	566,000	566,000	254,927	45.0%	46,809
Interest on Investments	236,502	236,502	161,733	68.4%	236,502	236,502	92,421	39.1%	(69,312)
Use of Property	366,064	366,064	175,698	48.0%	372,064	372,064	153,653	41.3%	(22,045)
Charges for Services	3,660,244	3,660,244	1,944,210	53.1%	5,501,448	5,501,448	2,862,204	52.0%	917,994
Misc. Revenue	244,300	244,300	110,471	45.2%	264,400	264,400	170,295	64.4%	59,824
Revenue from Lynchburg City Schools	30,153	30,153	-	0.0%	29,284	29,284	-	0.0%	-
<b>Intergovernmental Revenues</b>									
Personal Property -State	5,543,584	5,543,584	4,434,867	80.0%	5,543,584	5,543,584	4,434,867	80.0%	-
Other	505,000	505,000	145,203	28.8%	505,000	505,000	188,098	37.2%	42,895
<b>Total Non-Dedicated Revenues</b>	\$ 124,552,123	\$ 124,552,123	\$ 52,775,775	42.4%	131,934,413	131,934,413	56,212,790	42.6%	\$ 3,437,015
<b>Dedicated Revenues</b>									
<b>Local</b>									
Indirect Costs and Services from Enterprise Funds	1,751,197	1,751,197	875,599	50.0%	1,745,299	1,745,299	880,150	50.4%	4,551
Other	1,373,286	1,373,286	482,119	35.1%	1,325,057	1,325,057	528,217	39.9%	46,098
<b>Intergovernmental Revenues</b>									
Constitutional Officers	2,911,234	2,911,234	1,192,415	41.0%	2,931,739	2,931,739	1,208,469	41.2%	16,054
Human Services	12,987,568	12,987,568	5,761,466	44.4%	12,644,822	12,649,985	5,694,295	45.0%	(67,171)
House Bill 599	2,930,790	2,930,790	1,465,396	50.0%	2,930,790	2,930,790	1,465,396	50.0%	-
Aid to the Commonwealth of Virginia	(600,000)	(600,000)	-	0.0%	(535,000)	(535,000)	-	0.0%	-
Highway Maintenance	7,714,376	7,714,376	5,008,183	64.9%	7,105,229	7,105,229	2,676,409	37.7%	(2,331,774)
Other	682,527	682,527	285,299	41.8%	706,135	706,135	419,490	59.4%	134,191
<b>Total Intergovernmental Revenues</b>	26,626,495	26,626,495	13,712,759	51.5%	25,783,715	25,788,878	11,464,059	44.5%	(2,248,700)
Interfund Transfers	-	-	283,271	#DIV/0!	-	9,000	9,000	100.0%	(274,271)
<b>Total Dedicated Revenues</b>	\$ 29,750,978	\$ 29,750,978	\$ 15,353,748	51.6%	28,854,071	28,868,234	12,881,426	44.6%	\$ (2,472,322)
<b>Total Revenues</b>	\$ 154,303,101	\$ 154,303,101	\$ 68,129,523	44.2%	\$ 160,788,484	\$ 160,802,647	\$ 69,094,216	43.0%	\$ 964,693
<b>Other Financing Sources</b>									
Proceeds from Refunding Bonds					-	4,129,625	4,129,625		
<b>Use of Fund Balance &amp; Reserves</b>									
Prior year Encumbrances			200,000						
Close Des for Contingencies			13,929						
FY11 3rd Qtr Adj			157,735						
Use of Committed/Assigned					1,520,787				
Pub Safety Comp Adj							750,000		
HHS design							3,480,000		
Return of School funding			1,047,695						
Arts & Culture			30,000						
Net Use of Unassigned									
FY12 Carry Forward							453,271		
Recreation Programs							89,957		
Solid Waste Debt							355,830		
Remove designations							865,226		
<b>Total Fund Balance, Revenues and Use of Fund Bal.</b>	\$ 186,108,452	\$ 186,108,452	\$ 98,794,461		\$ 182,508,667	\$ 185,131,668	\$ 108,053,783		

**GENERAL FUND  
FINANCIAL SUMMARY  
As of December 31, 2012**

	FY 2012 Adopted Budget	FY 2012 Amended Budget	FY 2012 Actual 2nd Qtr 12/31/11	FY 2012 % of Budget	FY 2013 Adopted Budget	FY 2013 Amended Budget	FY 2013 Actual 2nd Qtr 12/31/12	FY 2013 % of Budget	FY 2013 Compared to FY 2012
<b>BALANCE FORWARD</b>									
Total Fund Balance, Revenues and Use of Fund Bal.	\$ 186,108,452	\$ 186,108,452	\$ 98,794,461		\$ 182,508,667	\$ 185,131,668	\$ 108,053,783		
<b>EXPENDITURES</b>									
Operating Expenditures - Departmental									
General Government									
Internal Audit	55,900	55,900	25,336	45.3%	-	-	-	#DIV/0!	(25,336)
Communications/Marketing	396,532	433,224	133,264	30.8%	393,841	393,841	166,063	42.2%	32,799
Customer Service Center	125,554	125,554	56,088	44.7%	128,849	128,849	54,246	42.1%	(1,842)
Local Government Channel	140,915	140,915	64,775	46.0%	154,196	154,196	65,862	42.7%	1,087
Council/Manager	1,033,358	1,076,334	509,402	47.3%	838,589	839,289	414,301	49.4%	(95,101)
Parking Management	374,600	517,817	171,229	33.1%	331,739	332,389	184,220	55.4%	12,991
City Attorney	607,325	607,325	286,416	47.2%	627,712	627,712	293,573	46.8%	7,157
Self-Insurance (Risk Management)	548,524	548,524	274,262	50.0%	555,681	555,681	277,762	50.0%	3,500
State Treasurer	145,161	145,161	64,334	44.3%	147,833	147,833	67,600	45.7%	3,266
Comm of Revenue	684,214	684,968	296,156	43.2%	703,238	706,079	313,275	44.4%	17,119
City Assessor	707,865	707,865	332,208	46.9%	740,465	741,069	335,637	45.3%	3,429
Director of Finance	517,482	532,144	262,819	49.4%	545,980	558,072	248,711	44.6%	(14,108)
Billings & Collections	1,248,251	1,261,081	589,269	46.7%	1,312,194	1,312,194	590,057	45.0%	788
Procurement	212,165	214,452	100,106	46.7%	211,263	212,318	96,658	45.5%	(3,448)
Accounting	806,562	860,668	420,973	48.9%	800,073	854,833	387,127	45.3%	(33,846)
Budget	154,869	154,869	73,456	47.4%	160,715	160,715	75,202	46.8%	1,746
Human Services - Finance	474,433	474,433	217,839	45.9%	411,717	411,717	160,589	39.0%	(57,250)
Human Resources	685,847	703,389	349,583	49.7%	725,782	734,792	337,866	46.0%	(11,717)
Occupational Health Services	127,044	132,186	64,262	48.6%	129,493	135,390	71,526	52.8%	7,264
Health Management Program	-	-	181	0.0%	-	-	-	0.0%	(181)
Application Services	1,272,247	1,272,247	602,808	47.4%	1,233,231	1,233,231	618,934	50.2%	16,126
Network Services	1,280,130	1,279,051	608,766	47.6%	1,339,431	1,339,431	637,771	47.6%	29,005
IT Administration	423,886	430,941	197,837	45.9%	447,803	455,038	203,503	44.7%	5,666
PC Replacements	-	-	-	0.0%	-	-	-	0.0%	-
IT Projects	-	8,000	-	0.0%	-	-	-	#DIV/0!	-
GIS	252,354	273,791	126,455	46.2%	257,645	257,645	128,405	49.8%	1,950
Registrar	163,140	165,305	73,521	44.5%	156,887	158,469	77,199	48.7%	3,678
Electoral Board	90,779	102,543	48,788	47.6%	57,282	57,282	43,497	75.9%	(5,291)
Judicial									
Circuit Court - Judge	157,113	163,106	70,622	43.3%	161,575	163,839	72,901	44.5%	2,279
General District Court	62,550	65,141	29,085	44.6%	62,550	63,150	27,424	43.4%	(1,661)
Juvenile & Domestic District Court	14,541	15,246	5,739	37.6%	15,409	16,908	6,476	38.3%	737
24th Court Services Unit	1,632	1,632	164	10.0%	1,632	1,632	203	12.4%	39
Commonwealth Attorney	1,385,774	1,385,774	662,264	47.8%	1,460,014	1,413,215	661,520	46.8%	(744)
Comm Atty Fines & Fees Coll	-	-	-	-	-	65,973	30,008	45.5%	30,008
Magistrates Office	2,893	3,887	1,246	32.1%	4,093	5,157	745	14.4%	(501)
Circuit Court - Clerk	746,142	746,142	344,468	46.2%	795,978	795,978	361,980	45.5%	17,512
Sheriff	2,070,227	2,063,752	968,329	46.9%	2,083,804	2,083,804	1,005,453	48.3%	37,124
Public Safety									
Police Operations	13,701,291	13,828,907	6,763,580	48.9%	14,725,712	15,111,668	7,438,600	49.2%	675,020
Animal Warden	319,978	319,978	139,193	43.5%	300,979	300,979	118,929	39.5%	(20,264)
Emergency Communications	2,470,283	2,489,360	1,289,088	51.8%	2,602,812	3,044,318	1,473,969	48.4%	184,881
Range Operations	12,500	12,500	8,571	0.0%	15,000	15,569	7,824	50.3%	
Fire Operations and EMS	14,581,360	14,665,446	6,566,099	44.8%	14,853,175	15,236,372	7,174,904	47.1%	608,805
TRT-Pier	82,500	82,500	46,872	56.8%	82,500	146,677	46,736	31.9%	(136)
Public Works									
Public Works Administration	719,246	719,246	313,032	0.0%	696,752	696,752	333,835	47.9%	20,803
Engineering	3,390,840	3,402,967	1,478,688	100.0%	3,351,569	3,510,520	1,678,513	47.8%	199,825
Street Maintenance	3,249,100	3,253,350	1,364,695	41.9%	3,285,782	3,349,205	1,636,988	48.9%	272,293
Snow Removal	240,695	240,695	35,587	14.8%	240,695	284,629	70,316	24.7%	34,729
Refuse Collection	2,416,112	2,422,664	1,083,768	44.7%	2,528,706	2,694,002	1,324,940	49.2%	241,172
Parks/Grounds Maintenance	2,487,329	2,511,646	1,154,905	46.0%	2,507,217	2,578,645	1,183,857	45.9%	28,952
Baseball Stadium Maintenance	127,378	128,341	45,377	35.4%	127,378	131,765	50,936	38.7%	5,559
Building Maintenance	3,104,363	3,133,046	1,394,467	44.5%	3,182,712	3,271,926	1,602,292	49.0%	207,825
Human Services Maintenance	234,095	248,820	93,411	37.5%	234,131	249,192	96,788	38.8%	3,377
Subtotal Est. Operating Expenditures - Departmental	\$ 64,107,079	\$ 64,812,833	\$ 29,809,383	46.0%	\$ 65,731,814	\$ 67,739,940	\$ 32,255,721	47.6%	\$ 2,446,338

**GENERAL FUND  
FINANCIAL SUMMARY  
As of December 31, 2012**

	FY 2012 Adopted Budget	FY 2012 Amended Budget	FY 2012 Actual 2nd Qtr 12/31/11	FY 2012 % of Budget	FY 2013 Adopted Budget	FY 2013 Amended Budget	FY 2013 Actual 2nd Qtr 12/31/12	FY 2013 % of Budget	FY 2013 Compared to FY 2012
Subtotal Est Operating Expenditures Departmental	\$ 64,107,079	\$ 64,812,833	\$ 29,809,383		65,731,814	67,739,940	32,255,721		
Continued Operating Expenditures Departmental:									
Health and Welfare									
Human Services Administration	-	-	-	0.0%	-	-	-	0.0%	-
Delta Outreach ( Counties)	-	-	-	#DIV/0!	-	-	-	0.0%	-
Social Services Administration	6,212,650	6,212,650	2,752,985	44.3%	6,535,154	6,536,717	2,877,983	44.0%	124,998
Public Assistance	6,496,243	6,537,656	3,670,202	56.1%	6,075,506	6,113,459	3,495,416	57.2%	(174,786)
Juvenile Services Administration	687,115	707,404	258,948	36.6%	457,080	457,080	175,971	0.0%	(82,977)
Regional Detention Home	808,117	808,117	88,232	10.9%	808,117	808,117	91,840	11.4%	3,608
Opportunity House	624,152	624,975	279,960	44.8%	645,650	646,273	304,548	47.1%	24,588
Single Point of Entry (Crossroads House)	-	-	-	0.0%	-	-	-	0.0%	-
SPARC House	581,854	585,799	282,733	48.3%	601,953	603,782	277,933	46.0%	(4,800)
CSA Service Providers	1,524,631	1,524,631	763,406	50.1%	1,521,294	1,521,294	739,161	48.6%	(24,245)
Day Services	-	-	706	0.0%	-	-	-	0.0%	(706)
Lynchburg Outreach Program	270,744	275,203	113,200	41.1%	278,626	278,793	114,857	41.2%	1,657
ARRA-SS Prog	-	-	-	0.0%	-	-	-	0.0%	-
Parks Recreation and Cultural									
Parks and Recreation	3,109,974	3,130,715	1,369,244	43.7%	3,047,903	3,081,375	1,351,595	43.9%	(17,649)
Public Library	1,606,473	1,610,155	699,485	43.4%	1,541,276	1,541,455	714,634	46.4%	15,149
Law Library	28,770	28,770	8,278	28.8%	28,770	28,770	7,601	26.4%	(677)
Museums	383,028	383,121	175,594	45.8%	438,441	455,672	196,135	43.0%	20,541
Point of Honor/Carriage House	45,000	45,223	15,155	33.5%	-	-	-	#DIV/0!	(15,155)
Community Development									
Director	313,417	313,417	151,553	48.4%	340,095	342,398	155,425	45.4%	3,872
Planning	303,658	324,158	120,700	37.2%	313,526	513,526	118,234	23.0%	(2,466)
Inspections	820,118	902,073	357,605	39.6%	806,121	824,021	339,672	41.2%	(17,933)
Engineering	-	-	-	0.0%	-	-	-	0.0%	-
GIS	211,897	211,897	86,871	0.0%	154,710	154,710	70,965	0.0%	(15,906)
Economic Development	307,231	336,631	150,587	44.7%	345,286	401,012	237,913	59.3%	87,326
Operating Expenditures Non-Departmental:	15,555,963	15,560,585	8,632,696	55.5%	15,959,840	15,918,888	10,987,907	69.0%	2,355,211
<b>Total Est. Operating Expenditures</b>	<b>\$ 103,998,114</b>	<b>\$ 104,936,013</b>	<b>\$ 49,787,523</b>	<b>47.4%</b>	<b>105,631,162</b>	<b>107,967,282</b>	<b>54,513,511</b>	<b>50.5%</b>	<b>\$ 4,725,988</b>
<b>TRANSFERS TO OTHER FUNDS</b>									
Airport Fund	494,536	494,536	240,000	48.5%	382,862	382,862	192,000	50.1%	(48,000)
City/Federal state Aid Fund	27,171	47,558	26,442	55.6%	11,720	14,245	7,045	49.5%	(19,397)
City/Federal state Aid Fund - 8592	-	-	-	0.0%	-	47,414	47,414	-	-
Fleet Debt Service	-	-	-	0.0%	-	-	-	0.0%	-
Fleet - Vehicle Replacement	-	-	-	0.0%	-	-	-	0.0%	-
Stormwater	-	688,036	344,018	0.0%	-	-	-	-	-
Sewer	688,036	-	-	0.0%	-	-	-	0.0%	-
Stadium Fund - Debt/Operating Expenses	-	-	-	#DIV/0!	-	-	-	0.0%	-
Technology Fund	636,773	787,508	476,122	60.5%	623,575	678,597	366,810	54.1%	(109,312)
<b>Total Transfers to Other Funds</b>	<b>\$ 1,846,516</b>	<b>\$ 2,017,638</b>	<b>\$ 1,086,582</b>	<b>53.9%</b>	<b>1,018,157</b>	<b>1,123,118</b>	<b>613,269</b>	<b>54.6%</b>	<b>\$ (473,313)</b>
<b>SCHOOLS - OPERATIONS</b>	<b>\$ 31,942,103</b>	<b>\$ 31,942,103</b>	<b>\$ 15,097,695</b>	<b>47.3%</b>	<b>\$ 35,601,147</b>	<b>\$ 35,601,147</b>	<b>\$ 10,250,000</b>	<b>28.8%</b>	<b>\$ (4,847,695)</b>
<b>DEBT SERVICE</b>									
General Fund	7,717,671	7,754,852	3,293,893	42.5%	7,433,452	11,564,632	7,174,319	62.0%	3,880,426
Stadium	205,887	205,887	68,514	0.0%	205,528	205,528	66,116	32.2%	-
Schools	7,009,713	7,010,588	3,306,477	47.2%	7,018,677	7,020,162	3,243,537	46.2%	(62,940)
<b>Total Debt Service</b>	<b>\$ 14,933,271</b>	<b>\$ 14,971,327</b>	<b>\$ 6,668,884</b>	<b>44.5%</b>	<b>14,657,657</b>	<b>18,790,322</b>	<b>10,483,972</b>	<b>55.8%</b>	<b>\$ 3,815,088</b>
<b>RESERVES</b>									
FY10 Encumbrances Carried to FY11			1,004,153						
Other Post Employment Benefits (OPEB)			250,000		250,000		250,000		
Budget designations					1,050,000				
Health Insurance Reserve			364,538						
Post Closure			204,438						
Landfill			48,297						
Law Library					5,080		5,080		
Debt Service - HHS			939,562		2,044,657		2,044,657		
Debt Service - CVRRB			134,800		205,200		205,200		
Arts & Cultural District			30,000						
FY12 Carry Forward - Contingencies							500,000		
LOD VRS payment							105,952		
PIER			7,194						
Detention Home Workers Comp			20,000						
Contingency			500,000		700,000		700,000		
<b>Total Reserves</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,502,982</b>		<b>\$ 4,254,937</b>	<b>\$ -</b>	<b>\$ 3,810,889</b>		
<b>TOTAL EXPENDITURES</b>	<b>\$152,720,004</b>	<b>\$153,867,081</b>	<b>\$76,143,666</b>		<b>\$161,163,060</b>	<b>\$163,481,869</b>	<b>\$79,671,641</b>		

**GENERAL FUND  
FINANCIAL SUMMARY  
As of December 31, 2012**

	FY 2012 Adopted Budget	FY 2012 Amended Budget	FY 2012 Actual 2nd Qtr 12/31/11	FY 2012 % of Budget	FY 2013 Adopted Budget	FY 2013 Amended Budget	FY 2013 Actual 2nd Qtr 12/31/12	FY 2013 % of Budget
<b>TRANSFERS TO CAPITAL FUNDS</b>								
School Capital Projects Fund	1,030,518	1,030,518	494,700	0.0%	975,000	4,455,000	3,480,000	0.0%
City Capital Projects Fund	7,624,033	7,705,278	3,812,017	49.5%	4,291,759	4,741,759	2,595,880	54.7%
<b>Total Transfers to Capital Funds</b>	<b>\$ 8,654,551</b>	<b>\$ 8,735,796</b>	<b>\$ 4,306,717</b>	<b>49.3%</b>	<b>\$ 5,266,759</b>	<b>\$ 9,196,759</b>	<b>\$ 6,075,880</b>	<b>66.1%</b>
<b>TOTAL EXPENDITURES, RESERVES &amp; TRANSFERS</b>	<b>\$ 161,374,555</b>	<b>\$ 162,602,877</b>	<b>\$ 80,450,383</b>	<b>49.5%</b>	<b>\$ 166,429,819</b>	<b>\$ 172,678,628</b>	<b>\$ 85,747,521</b>	<b>49.7%</b>
<b>Remaining Unassigned Fund Balance</b>	<b>\$ 24,733,897</b>	<b>\$ 23,505,575</b>	<b>\$ 18,344,078</b>	<b>N/A</b>	<b>\$ 16,078,848</b>	<b>\$ 12,453,040</b>	<b>\$ 22,306,262</b>	<b>N/A</b>
<b>Committed and Assigned Fund Balance</b>	<b>\$ 7,093,781</b>	<b>\$ 11,266,167</b>	<b>\$ 14,727,236</b>		<b>\$ 12,059,206</b>	<b>\$ -</b>	<b>\$ 12,225,041</b>	<b>N/A</b>
<b>TOTAL FUND BALANCE</b>	<b>\$ 31,827,678</b>	<b>\$ 34,771,742</b>	<b>\$ 33,071,314</b>	<b>N/A</b>	<b>\$ 28,138,054</b>	<b>\$ 12,453,040</b>	<b>\$ 34,531,303</b>	<b>N/A</b>

<b>Committed and Assigned Fund Balance</b>								
Committed Fund Balance			392,117				-	Committed Fund Balance
Health Insurance	125,400	148,473	636,127		636,127		656,617	Health Insurance
Contingencies	-	1,200,000	1,186,071				1,200,000	Contingencies
Technology	197,962	208,469	(7,000)				-	Technology
Local Aid to Commonwealth	-	314,108	314,108				-	Local Aid to Commonwealth
Detention Home Workers Comp	80,000	80,000	100,000		100,000		100,000	Detention Home Workers Comp
LCS Budget Balancing	440,608	440,608	-				-	LCS Budget Balancing
SW Debt Retire	1,910,014	1,910,014	1,910,014		1,186,075		1,186,075	SW Debt Retire
Future Post Closure Costs	-	-	604,284		604,284		604,284	Future Post Closure Costs
Other Post Employment Benefits	760,529	790,480	1,061,310		1,311,310		1,331,231	Other Post Employment Benefits
Detention Home Capital Needs	150,000	150,000	440,185				-	Detention Home Capital Needs
Detention Home Prevention Initiative	25,000	25,000	-				-	Detention Home Prevention Initiative
					340,185		-	Juvenile Services Group Home
Debt Service	1,071,781	1,071,781	1,071,781				-	Debt Service
Arts & Culture District							-	Arts & Culture District
HHS Debt Service			939,562		2,984,219		-	HHS Debt Service - Recurring
					1,120,078		624,297	HHS Debt Service - Non Recurring
Debt Service CVRRB			134,800		340,000		5,929	Debt Service CVRRB
Rsrv for Future Need			48,297				-	Rsrv for Future Need
Pub Safety Comp Adj			13,968		13,968		13,968	Pub Safety Comp Adj
School Textbooks	1,059,392	1,059,392	1,059,392		1,059,392		1,059,392	School Textbooks
School Health Ins Reserve	1,000,000	1,000,000	1,140,608		1,140,608		1,140,608	School Health Ins Reserve
School Future Exp Needs	75,908	75,908	75,908		75,908		75,908	School Future Exp Needs
<b>Total Committed Fund Balance</b>	<b>6,896,594</b>	<b>8,474,233</b>	<b>11,121,532</b>		<b>10,912,154</b>		<b>7,998,309</b>	<b>Total Committed Fund Balance</b>
Assigned Fund Balance			176,080				-	Assigned Fund Balance
Return of School Funding	-	2,498,449	2,351,737		260,419		2,398,505	Return of School Funding
PubWrks Funds from SW	39,925	39,925	39,925				-	PubWrks Funds from SW
Law Library	62,920	66,308	69,969		75,049		79,941	Law Library
Hlth Ins Reserve			364,538		364,538		364,538	Hlth Ins Reserve
Future Post Closure			204,438		204,438		204,438	Future Post Closure
Museum	14,082	32,153	47,373		47,374		50,028	Museum
Recreation Programs	80,260	137,949	177,300		20,890		6,747	Recreation Programs
Dental Insurance Reserve			150,000		150,000		150,000	Dental Insurance Reserve
							50,000	Fire Equipment
							211,904	LOD Death Benefit
							145,000	LOD Health Benefit
							-	Pub Safety Comp Adj
							62,409	Parking Operations
							2,653	Point of Honor
							569	Police Range Oper
							500,000	Health Mgmt Oper
PIER	-	17,150	24,344		24,344		-	PIER
<b>Total Assigned Fund Balance</b>	<b>197,187</b>	<b>2,791,934</b>	<b>3,605,704</b>		<b>1,147,052</b>		<b>4,226,732</b>	<b>Total Assigned Fund Balance</b>
<b>Total Committed/Assigned Fund Balance</b>	<b>\$ 7,093,781</b>	<b>\$ 11,266,167</b>	<b>\$ 14,727,236</b>		<b>\$ 12,059,206</b>	<b>\$ -</b>	<b>\$ 12,225,041</b>	

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **March 12, 2013**

AGENDA ITEM NO.: **3**

CONSENT:

REGULAR:

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

**ITEM TITLE: Virginia Office of Emergency Medical Services – Rescue Squad Assistance Fund Grant to purchase a replacement Quick Response Vehicle for use by the Fire Department field EMS Supervisors**

**RECOMMENDATION:** Adopt a resolution to amend the FY 2013 City/Federal/State Aid Fund budget and appropriate \$36,000 with resources from the Rescue Squad Assistance Fund (RSAF) grant to purchase one replacement Quick Response Vehicle (2013 Chevrolet Tahoe 4WD) for the Fire Department.

**SUMMARY:** The Virginia Office of Emergency Medical Services (EMS) periodically awards grant funding to assist career and volunteer EMS agencies in obtaining/maintaining emergency vehicles and equipment; providing EMS management, leadership, and advanced life support training; and achieving other goals that support the enhancement of citizen and community EMS services.

The Fire Department submitted a Rescue Squad Assistance Fund grant request for \$55,303 to purchase one replacement Quick Response Vehicle for use by the field EMS Supervisors. The three EMS Supervisors (one assigned per shift) respond throughout the City to assist EMS providers with high acuity patients. The EMS Supervisor is responsible for the delivery of certain advanced paramedic procedures such as drug assisted intubation, intravenous nitroglycerin, excited delirium patient care, and induced hypothermia. The current vehicle has ongoing mechanical problems; it is anticipated that additional work on the transmission will be required. The transfer case and rear end have been refurbished.

The Fire Department applied under a hardship provision and was approved for funding to receive eighty percent (80%) of the project cost, but the RSAF grant funding is limited to \$36,000. Therefore, the amount above the limit (\$19,303) becomes the local match and is available in the City/Federal/State Aid Fund budget for Fire Programs. These funds were appropriated during the budget process and do not require additional action.

**PRIOR ACTION(S):**

Finance Committee, October 23, 2012

Finance Committee, February 26, 2013

**FISCAL IMPACT:** None, the required local match of \$19,303 is available in the City/Federal/State Aid Fund budget for Fire Programs.

**CONTACT(S):** Fire Chief Steven B. Ferguson, 455-6340; Acting EMS Battalion Chief Heather Childress, 455-6360; Ellen Davidson-Martin, Fire Administrative Manager, 455-6368

**ATTACHMENT(S):** Resolution

**REVIEWED BY:**

RESOLUTION:

BE IT RESOLVED That the FY 2013 City/Federal/State Aid Fund budget is amended and \$36,000 is appropriated with resources from the Virginia Office of Emergency Medical Services – Rescue Squad Assistance Fund (RSAF) grant to purchase one replacement Quick Response Vehicle (2013 Chevrolet Tahoe 4WD) for the Fire Department.

Introduced:

Adopted:

Certified:

\_\_\_\_\_

Clerk of Council

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **February 26, 2013**

AGENDA ITEM NO.: **4**

CONSENT:

REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Appropriation of Proceeds from the Sale of Property for Highway Projects**

RECOMMENDATION: Adopt a resolution to amend the FY 2013 City Capital Projects Fund budget and appropriate \$1,212,137 with resources from the sale of property at 3901 Old Forest Road to make improvements to transportation infrastructure for two projects – Whitehall Road/Lakeside Dr. Traffic Improvements (\$500,000) and Greenview Drive Phase II Improvements (\$712,137).

SUMMARY: In 2009 the Virginia Department of Transportation (VDOT) transferred land from excess right of way at the intersection of Old Forest Road and Lakeside Drive to the City. The City combined this land with an existing parcel to create a developable site at 3901 Old Forest Road. The site was purchased by a developer with plans to build a shopping center, which included “The Fresh Market” specialty grocer. To accommodate the additional traffic and to improve the traffic flows in the area, the City is partnering with the developer to improve Whitehall Road and coordinate the signals.

Proceeds received from the sale of property originally acquired through State transportation funds must be used on transportation projects. The project to improve traffic flow and safety on Whitehall Road and Lakeside Drive has an estimated cost of \$500,000 and meets the requirements for use of these funds. The work planned includes an upgrade to Whitehall Road and signalization improvements on Lakeside Drive. The remaining \$712,137 will be used on the Greenview Drive Phase II Improvements transportation project and included in the proposed FY 2014 – 2018 Capital Improvement Program.

At the November 27, 2012, City Council meeting, the Greenview Drive Phase II Improvements project was listed as one of four projects which could receive funding through the FY 2014 VDOT Revenue Sharing Program. Additionally, proceeds from the sale of the Whitehall Road property were identified to assist with providing the required local match for the Revenue Sharing Program.

PRIOR ACTION(S):

City Council, November 27, 2012

Physical Development Committee, February 26, 2013

Finance Committee, February 26, 2013

FISCAL IMPACT: Proceeds of \$712,137 from the property sale will assist with providing the City’s required local match for the FY 2014 VDOT Revenue Sharing Program. It is anticipated \$500,000 will fully cover the City’s cost to provide transportation and safety improvements on Whitehall Road and Lakeside Drive.

CONTACT(S):

Lee Newland, City Engineer, 455-3947

Dave Owen, Director of Public Works, 455-4469

ATTACHMENT(S):

Resolution

REVIEWED BY: lkp

RESOLUTION:

BE IT RESOLVED that the FY 2013 City Capital Projects Fund budget is amended and \$1,212,137 is appropriated with resources from the sale of property at 3901 Old Forest Road to make improvements to transportation infrastructure for two projects – Whitehall Road/Lakeside Drive Traffic Improvements (\$500,000) and Greenview Drive Phase II Improvements (\$712,137).

Introduced:

Adopted:

Certified: \_\_\_\_\_  
Clerk of Council

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **March 12, 2013**

AGENDA ITEM NO.: **5**

CONSENT:

REGULAR:

WORK SESSION:

CLOSED SESSION:

ACTION: **X**

INFORMATION:

(Confidential)

ITEM TITLE: **Virginia Commission for the Arts FY 2013 Local Government Challenge Grant**

### RECOMMENDATION:

Adopt a resolution to amend the FY 2013 City/Federal/State Aid Fund budget and appropriate \$5,000 with resources from the Virginia Commission for the Arts FY 2013 Local Government Challenge Grant to provide funding for exhibitions, demonstrations, concerts, amenities and like activities as specified in the Arts & Cultural District ordinance.

### SUMMARY:

The Virginia Commission for the Arts awards grant funding through the Local Government Challenge Grant program to independent town, city, and county governments for arts activities in the locality.

Grant funds will be used to supplement the \$30,000 adopted by Council to fund Lynchburg Arts Project Grants, a competitive mini-grant program administered by the Office of Economic Development that is open to individuals, arts organizations, community groups, and arts-related businesses. Recipients of these grants are chosen on a first-come first-served basis; selected by a committee comprised of City staff, local artists, and members of arts organizations; and will be based on the merits of their project per the program guidelines.

This is the second time the City has received a Local Government Challenge Grant, funding was awarded in FY 2012 as well.

The \$30,000 of local match is available in the City/Federal/State Aid Fund.

### PRIOR ACTION(S):

Finance Committee February 26, 2013

### FISCAL IMPACT:

None, the required local match is available in the FY 2013 City/Federal/State Aid Fund budget.

### CONTACT(S):

Marjette Upshur, Director of Economic Development, 455-4492

Brian Gleason, Economic Development Coordinator, 455-4493

### ATTACHMENT(S):

Resolution

### REVIEWED BY:

RESOLUTION:

BE IT RESOLVED That the FY 2013 City/Federal/State Aid Fund budget is amended and \$5,000 is appropriated with resources from the Virginia Commission for the Arts FY 2013 Local Government Challenge Grant to provide funding for exhibitions, demonstrations, concerts, amenities and like activities as specified in the Arts & Cultural District ordinance.

Introduced:

Adopted:

Certified:

\_\_\_\_\_  
Clerk of Council

# Lynchburg City Council

## Agenda Item Summary

MEETING DATE: **February 26, 2013**

AGENDA ITEM NO.: **6**

CONSENT:                      REGULAR: **X**

WORK SESSION:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Review and Reaffirm the City's Financial Management Policies with Amendments**

RECOMMENDATION: Review and reaffirm the City's Financial Management Policies, with amendments as proposed.

SUMMARY: The Government Finance Officer's Association (GFOA) recommends that localities review their financial policies on no less than a biennial basis. The City's financial policies were last reaffirmed by City Council in November 2010. The City's Fund Balance Policy was revised in May 2011 for compliance with the Governmental Accounting Standards Board (GASB) newly issued GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

In coordination with the City's financial advisors, Davenport & Company, LLC (Davenport), staff has reviewed the financial policies and has found the policies continue to be sufficient to provide a strong basis for sound financial decisions.

However, with the anticipated bond funding of the Heritage High School project, one change has been proposed on page 4 under Tax-Supported Debt, number 6, which states the 10-Year Principal Payout Ratio shall not be less than 60%. This policy needs to be revised to add a clause which would allow the calculation to include the adopted five-year Capital Improvement Program. With such a large project, an extended period is needed to payout current debt and achieve a 60% payout. Adding this clause will prevent the City from violating the Payout Ratio Policy yet still give the City conservative parameters to follow. A yellow flag is raised by the rating agencies if the payout ratio falls below 50%.

Other minor recommendations are made as follows:

Page 2, under Committed Fund Balance, omit the word Ordinance. The City adopts the budget by Resolution. Page 5, under Process, number 6, change the word ordinance to resolution. The City adopts the budget by Resolution and not Ordinance.

Page 9, under Suitable and Authorized Investments, numbers 5 & 6, add the word 'category' after AA. This helps more clearly identify the meaning to be a AA category since Moody's ratings are listed as Aa3, Aa2 or Aa1.

City staff and Davenport recommend that the policies be reaffirmed with the changes as proposed in the attached document.

PRIOR ACTION(S): The financial policies were originally adopted by Council on August 10, 1999 and have been periodically revised or reaffirmed as noted above.  
February 26, 2013, Finance Committee

FISCAL IMPACT: Broad implications

CONTACT(S): Donna Witt, Director of Financial Services, 455-3968

ATTACHMENT(S): Resolution; The Proposed Financial Management Policies

REVIEWED BY: lkp

RESOLUTION:

BE IT RESOLVED that City Council reaffirms the Financial Management Policies with changes as noted in the document, Financial Management Policies.

Adopted:

Certified:

\_\_\_\_\_  
Clerk of Council

## FINANCIAL MANAGEMENT POLICIES

<i>Policy I Fund Balance</i>	<b>Adopted August 10, 1999</b> <b>Reaffirmed November 14, 2000</b> <b>Revised October 29, 2002</b> <b>Reaffirmed September 28, 2004</b> <b>Reaffirmed December 12, 2006</b> <b>Reaffirmed December 9, 2008</b> <b>Reaffirmed November 23, 2010</b> <b>Revised May 10, 2011</b>
<i>Policy II Debt Management</i>	<b>Adopted August 10, 1999</b> <b>Reaffirmed November 14, 2000</b> <b>Revised October 29, 2002</b> <b>Reaffirmed September 28, 2004</b> <b>Revised December 12, 2006</b> <b>Revised December 9, 2008</b> <b>Revised November 23, 2010</b>
<i>Policy III Budget</i>	<b>Adopted November 14, 2000</b> <b>Revised October 29, 2002</b> <b>Reaffirmed September 28, 2004</b> <b>Revised December 12, 2006</b> <b>Revised December 9, 2008</b> <b>Reaffirmed November 23, 2010</b>
<i>Policy IV Investment</i>	<b>Adopted September 25, 2001</b> <b>Revised October 29, 2002</b> <b>Reaffirmed September 28, 2004</b> <b>Revised December 12, 2006</b> <b>Revised December 9, 2008</b> <b>Reaffirmed November 23, 2010</b>



## **BASIS FOR SOUND FINANCIAL MANAGEMENT POLICIES**

The primary objective of sound financial management policies is for the City Council to create a framework within which financial decisions can be made. These policies are a statement of the guidelines and goals that influence and guide the financial management practices of the City of Lynchburg. Financial management policies that are adopted, adhered to, and regularly reviewed are recognized as the cornerstone of sound financial management. Sound financial management policies:

- Contribute significantly to the City's ability to insulate itself from fiscal crisis and economic disruption.
- Enhance short-term and long-term financial credit ability by helping to achieve the highest credit and bond ratings possible.
- Promote long-term financial stability by establishing clear and consistent guidelines.
- Direct attention to the total financial picture of the City rather than single-issue areas.
- Promote the view of linking long-term financial planning with day-to-day operations.
- Provide the City Council and citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.
- Ensure that the organization has sufficient resources to perform mandated responsibilities.
- Provide a foundation for evaluating financial analysis and condition.

## **FINANCIAL MANAGEMENT POLICIES**

### ***Policy I - Fund Balance***

#### **General Fund**

##### ***Unassigned Fund Balance***

- The City of Lynchburg's Unassigned General Fund Balance will be maintained at a level to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- The City shall not use the Unassigned General Fund Balance to finance recurring operating expenditures.
- The City will maintain an Unassigned General Fund Balance (UGFB) equal to 10% of General Fund revenues. In the event the UGFB is used to provide for temporary funding of unforeseen emergency needs, the City shall restore the Unassigned General Fund Balance to the minimum of 10% over five years.
- Funds in excess of the targeted 10% fund balance may be considered to supplement "pay-as-you-go" capital outlay expenditures, other non-recurring expenditures or as additions to fund balance.

##### ***Committed Fund Balance***

- Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority - City Council. Formal Council action includes the annual adoption of the City's Budget Ordinance/Resolution, Council Resolutions appropriating funds and/or resources, Budget amendments appropriating funds and resources from third quarter adjustments and Budget amendments to carry forward appropriations that were unexpended at fiscal year end.

##### ***Assigned Fund Balance***

- Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Fund Balance may be assigned either through the encumbrance process as a result of normal purchasing activity (which includes the issuance of a purchase order), or by the City Manager or his designee.

***Restricted Fund Balance***

- Restricted fund balance includes amounts that have constraints placed on their use by external sources such as creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

***NonSpendable Fund Balance***

- Nonspendable Fund Balance includes amounts that cannot be spent because they are either not in spendable form such as inventories and prepaids or they are legally or contractually required to be maintained intact.

***Policy on the order of spending resources***

- The City considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unrestricted fund balance are available unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the City considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

**Enterprise Funds**

***Water Fund***

- Minimum ending fund balance shall not be less than 25% of total fund appropriations with a target balance of 40% of total fund appropriations.
- Funds in excess of the annual requirements may be considered for “pay-as-you-go” capital outlay expenditures, other non-recurring expenditures or funding of necessary reserves.
- A rate review will be conducted at least every two years.

***Sewer Fund***

- In accordance with the Virginia Department of Environmental Quality Special Order for the correction of the Combined Sewer Overflows, the maximum ending fund balance shall not exceed 25% of total fund appropriations; however, the City shall endeavor to maintain a fund balance as close to 25% as practicable.
- As provided by the Special Order, any excess funds will be directed to “pay-as-you-go” capital outlay expenditures.
- A rate review will be conducted at least every two years.

***Policy II - Debt Management***

**Tax-Supported Debt**

Tax-supported obligations are those that are expected to be repaid from the General Fund tax revenue of the City of Lynchburg. These include general obligation bonds (except self-supporting bonds) and capital leases. General obligation bonds issued for self-supporting enterprise funds are not included in calculations of tax-supported bonds.

- The City will not use long-term debt to fund current operations.
- The City will not use short-term borrowing to fund current operations.
- Whenever the City finds it necessary to issue tax-supported bonds, the following policy will be adhered to:
  1. The City will never borrow more than it has the capacity to repay.
  2. The term of any bond issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.
  3. Annual debt service expenditures for tax-supported debt should not exceed 10% of total General Fund Expenditures plus School Component Unit Expenditures minus the General Fund Transfer to Schools.

4. Total tax-supported debt will not exceed 4.50% of the net assessed valuation of taxable property in the City of Lynchburg.
5. Total tax-supported debt per capita should be maintained at a reasonable level.
6. The 10-Year Principal Payout Ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program for Tax-Supported General Obligation Indebtedness.

### **Revenue-Supported Debt**

Revenue-supported obligations are those for which the debt service is payable solely from the revenue generated from the operation of the project being financed or a category of facilities (i.e. water, sewer). These are not considered tax-supported debt of the City. Whenever the City finds it necessary to issue revenue-supported bonds, the following guidelines will be adhered to:

1. The term of any revenue-supported bond issue will not exceed the useful life of the capital project/facility or equipment for which borrowing is intended.
2. Revenue-supported bonds will be structured to allow equal or declining annual debt service payments over a term not to exceed the life of the project being financed. For those revenue-supported bonds issued through the Virginia Revolving Loan Fund, annual debt service payments shall not exceed thirty years.
3. For any enterprise fund issuing revenue-supported bonds, net revenues available for debt service shall not be less than 1.2 times annual debt service for each fiscal year. Net revenues available for debt service will be calculated as operating income, plus depreciation and amortization and plus interest income. Debt service will include all debt service paid by the respective fund; however, the principal portion of any bond anticipation notes or other short-term financing should be excluded.

### **Refinancing of Debt**

- The City shall issue refunding bonds to achieve debt service savings, eliminate onerous covenants or provisions in outstanding bond documents, or to respond to a financial emergency.
- The City shall continually monitor its outstanding debt to identify instances where the City may achieve savings through an advance refunding or current refunding transaction.
- The City shall receive a written refunding analysis indicating the amount of net present value savings from its financial advisor prior to selling bonds to refund any outstanding bonds.
- A refunding transaction to achieve debt service savings should only be undertaken when the net present value of the savings, net of issuance costs, will be at least 3% of the principal amount of the refunded bonds. Refunding transactions for revenue bonds can be structured so that savings are realized over the life of the refunding bonds or up-front, depending on the results of a cost-benefit analysis.

### **General Debt Policies**

- The City will maintain communication with bond rating agencies to keep them abreast of its financial condition and will provide them with information on a timely basis including the City's *Comprehensive Annual Financial Report*, *Annual Adopted Budget* and *Capital Improvement Program*.
- The City shall comply with all of its undertakings in accordance with Securities and Exchange Commission Rule 15c2-12 and will follow the Government Finance Officers' Association and Securities and Exchange Commission requirements for continuing disclosure.
- The City may use the Virginia Public School Authority (VPSA) or State Literary Fund loans to finance school capital projects. City bonds sold to the VPSA and Literary Fund loans constitute general obligation debt of the City. City Council shall approve any application to the VPSA or the Department of Education for a Literary Fund loan. City Council shall approve the issuance of the bonds as required by the Public Finance Act. The School Board shall recommend such financings before a proposed financing is brought to City Council for approval.

### ***Policy III - Budget***

#### **Principles**

- Public participation in the budgetary process will be encouraged.
- The City will avoid dedicating revenue to a specific project or program because of the constraint this may place on flexibility in resource allocation except in instances where programs are expected to be self-sufficient or where revenue is dedicated to a program for statutory or policy reasons.
- The budget process will be coordinated in a way that major policy issues are identified for City Council several months prior to consideration of budget approval. This will allow adequate time for appropriate decisions and analysis of financial impacts.

#### **Policies**

- City Council shall adopt a balanced budget in accordance with all legal requirements.
- A structured budget preparation and formulation process shall be used for all departments and agencies receiving funding from the City.
- Departmental budgets shall be managed within the total appropriated budget for each fiscal year.
- All operating budget appropriations shall lapse at the end of the fiscal year to the extent that they are not expended or encumbered, with the exception of year-end carry-forward items approved by City Council.
- The budget shall be adopted by the favorable vote of a majority of members of City Council.
- The Vision and priorities established by City Council as well as the *Comprehensive Plan* will serve as the framework for the budget proposed by the City Manager.
- The fiscal year for the City is July 1 through June 30 as defined by the *City Code*, Section 18-1.
- One-time revenues shall be used for one-time expenditures only.
  
- A General Fund Reserve for Contingencies of \$1.2 million shall be used as a source of funding for unanticipated expenditures during the budget year. The Reserve for Contingencies is limited to one-time expenditures and shall not be considered a source for recurring financing.

#### **Process**

- The City Manager shall annually prepare a *Proposed Budget* for City Council review. The *Proposed Budget* shall serve as a financial plan for the upcoming fiscal year and shall contain the following information:
  1. A budget message that outlines the proposed revenue and expenditures for the upcoming fiscal year together with an explanation of any major changes from the previous fiscal year. The budget message should also include any proposals for major changes in financial policy.
  2. Charts indicating the major revenues and expenditures in each major fund (General, Water, Sewer, Airport) as well as changes in fund balance for all funds.
  3. Summaries of proposed expenditures by function, department and activity for all funds proposed to be expended in a fiscal year.
  4. A schedule of estimated requirements for the principal and interest of each bond issue.
  5. A three-year history of revenues and expenditures to include the prior year actual, current year adopted, amended, and proposed budgets for each major fund.
  6. The proposed budget appropriation ~~ordinance~~ resolution, including the tax levy.
- The City Council shall hold a public hearing on the budget submitted by the City Manager and all interested citizens shall be given an opportunity to be heard on issues related to the proposed budget, including the *Capital Improvement Program*.
- Following the public hearing on the *Proposed Budget*, City Council may make adjustments. In instances where City Council increases the total proposed expenditures, it shall also identify a source of funding at least equal to the proposed expenditures.

### **Capital Improvement Program**

- A five-year *Capital Improvement Program (CIP)* that serves as the basis for annual capital appropriations and debt financing requirements shall be prepared and updated annually.
- The *CIP* shall include descriptions, timeline, cost estimates, and a schedule of expected expenditures for each project.
- Debt service requirements and funding needs for schools and City government shall be determined based on the *Adopted CIP*.
- Long-term borrowing shall be confined to major capital improvements and equipment purchases.
- Short-term borrowing shall be limited to bond anticipation notes and equipment leasing, where feasible, with a life of less than 8 years.
- Capital project appropriations shall lapse upon project completion, allowing for an adequate warranty period. Lapsed appropriations shall remain in the Capital Fund for reallocation to other projects.
- Incremental operating costs associated with capital projects shall be funded in the operating budget after being identified and approved in the Capital Improvement Program.
- Pay-as-you-go funding shall not be less than 10% with a goal of 15% as a percentage of the City's 5-Year CIP.

### **Quarterly Financial Reporting**

The City Manager will present to the City Council's Finance Committee (with copies to the remainder of Council) quarterly financial reports identifying meaningful trends in revenues and expenditures for the General, Water and Sewer, Airport, Stadium, Comprehensive Services Act, and Juvenile Detention Funds.

### **Third Quarter Review**

In mid-March, City staff will evaluate all expenditures and revenues as compared to budget and make recommendations to City Council regarding possible adjustments. Section 15.2-2507 of the *Code of Virginia* requires that a public hearing be held prior to City Council action when the potential increases in the appropriation exceed one percent of the total expenditures shown in the currently adopted budget.

## ***Policy IV - Investment***

### **I. Policy Statement**

It is the policy of The City of Lynchburg, Virginia ("the City") that the investment and administration of its funds be made in accordance with the Code of Virginia Investment of Public Funds Act, the applicable provisions of any outstanding bond indebtedness, and this policy. The City shall be in complete compliance with all applicable federal, state and local laws, and other regulations and statutes governing the investment of public funds. Within those parameters, the goal of this policy is to achieve the highest rate of return that is reasonable. The City will establish an Investment Committee consisting of the City Manager, Deputy City Manager, and Director of Financial Services. This Committee will provide broad policy oversight over investments. This policy will be reviewed on an annual basis. Any changes must be approved by the Investment Committee and be reaffirmed by City Council. See Appendix 1 for a Glossary of Investment Terms.

### **II. Scope**

This policy applies to the investment of all the financial assets and funds held by the City. Specific requirements or limitations imposed upon the investment of Bond Proceeds, Debt Service Funds and Debt Service Reserve Funds are located in Section X of this Policy. These Funds are accounted for in the City of Lynchburg's Comprehensive Annual Financial Report and include the General, Special Revenue, Capital Projects, and Proprietary Funds.

### **III. Objectives**

Funds shall be invested in only those investments permitted by Federal, State and local law as it relates to public funds, as well as any contractual agreements entered into by the City.

All of the City's funds, regardless of term, shall be invested with the following objectives listed in the order of priority:

1. *Safety* - Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. Specifically, the City will:
  - a. seek to avoid realizing any loss through the sale or disposal of an investment; and
  - b. seek to mitigate the risk of unrealized losses due to a decline in value of investments held in the portfolio.
2. *Liquidity* - The investment portfolio shall remain sufficiently liquid to meet all cash requirements that may be reasonably anticipated. This shall be accomplished by structuring the portfolio in the following manner:
  - a. The City will purchase investments scheduled to mature in accordance with its anticipated cash needs, in order to minimize the need to sell investments prior to maturity;
  - b. A portion of City Funds will be maintained in cash equivalents, including money market funds, investment pools and overnight securities, which may be easily liquidated without a loss of principal should an unexpected need for cash arise; and
  - c. The portfolio will consist largely of investments with active secondary markets.
3. *Yield* - The City's investment portfolio shall be designed with the objective of maximizing a fair rate of return consistent with the investment risk constraints and cash flow characteristics of the portfolio. The Investment Committee shall establish suitable benchmarks for the measurement of the portfolio's return.

#### **IV. Delegation of Authority**

Under the guidance of the Investment Committee, the City's Director of Financial Services is the official charged with collecting, safeguarding and disbursing City funds. In this capacity, and with consensus from the Investment Committee, the Director of Financial Services is responsible for establishing staff roles and responsibilities, considering the quality and capability of staff, selecting investment advisors and consultants involved in investment management, and developing and maintaining appropriate administrative procedures for the operation of the investment program. Examples of key staff roles and responsibilities include, but are not limited to, solicitation of investment offerings, placement of purchase and sell orders, confirmation of trades, and preparation of reports and other activities as required for the daily operations of the investment area. The Director of Financial Services is also charged with developing written standard Investment procedures and an asset allocation plan consistent with this policy. Such procedures shall be reviewed and approved by the Investment Committee. Subject to the approval of the Investment Committee and City Council, the Director of Financial Services may employ financial consultants on a contractual basis to assist in the development and implementation of investment procedures and policies, to monitor the effectiveness and continued compliance with such policies and procedures, and to provide guidance in investment matters.

#### **V. Standards of Care**

The standard of prudence to be used by investment personnel shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The "prudent person" standard states:

"Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The Director of Financial Services, and those delegated investment authority under this Policy, when acting in accordance with written procedures and this Investment Policy and exercising due diligence, shall be relieved of personal responsibility for an

individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

#### **VI. Ethics and Conflicts of Interest**

Officers and employees of the City involved in the investment process shall refrain from personal business activities that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the Office of the Clerk of Council any material interests in financial institutions with which they conduct business and any personal investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City. Officers and employees are required to abide by the provisions of the Virginia Conflict of Interests Act. The Act prohibits City officers and employees from seeking or accepting money or any other thing of value for the performance of their duties, using confidential information for their own benefit and having a personal interest in a company with which the City is doing business. "Officer" means any person appointed or elected to the City's government whether or not he/she receives compensation or other emolument of office. "Employee" means all persons employed by the City.

#### **VII. Collateral and Safekeeping Arrangements**

The City's investments shall be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by Virginia Code, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction. The Code refers to a counterparty as the issuer or seller of the security and any repurchase agreement provider. All securities purchased or sold will be transferred when possible only under "delivery vs. payment method" to ensure that funds or securities are not released until all criteria relating to the specific transaction are met.

#### **VIII. Competitive Selection of Investment Instruments**

It is desirable to select investments on a competitive basis when possible to ensure that the City receives the best price available on a particular investment and avoids paying excessive fees, mark-ups or other compensation to the provider. A list will be maintained of approved financial institutions and security broker/dealers selected by creditworthiness (*e.g.*, a minimum capital requirement of \$10,000,000 and at least five years of operations). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions will supply the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of state registration
- Certification of having read and understood and agreeing to comply with the City of Lynchburg Investment Policy

Under the guidance and oversight of the Investment Committee, the Director of Financial Services shall adhere to the following procedures, with assistance from the City's Investment Advisor where appropriate, when funds become available for investment to the extent practical:

1. The Director of Financial Services shall determine the class of investment and maturity range most appropriate for investment of the funds available, based upon the anticipated expenditure schedule of the City, the desired asset allocation of the City's portfolio and the City's Investment Plan.
2. Offers will be solicited for the selected investment from the list of pre-approved providers as noted above.

3. The Director of Financial Services will accept the offer (or bid, if the City is selling an investment) which provides the highest rate of return or which is otherwise deemed most suitable while complying with this Policy and any other criteria specified in the solicitation of offers.

The City shall retain a record of the offers received, the instruments chosen, and the rationale for making the decision.

From time to time, certain investment dealers may present the City with offers that are attractive for investment. Although the City should endeavor to verify (and document) that the price is “fair,” it may occasionally purchase such a security without a competitive process if the investment is for \$500,000 or less.

Additionally, a competitive process shall not be required for the investment of funds in money market funds, investment pools and overnight securities. However, it shall be the responsibility of the Director of Financial Services to be aware of the yields being offered by various highly liquid investments, and to invest the City’s overnight funds in the vehicle(s) which provide a competitive return to the City while complying with this policy and any other criteria established by the Investment Committee or City Council.

**IX. Suitable and Authorized Investments – Without Exception, Only the Following Investments Are Suitable and Authorized**

**1. Treasury Securities**

Bonds, Notes and Bills issued by the United States Treasury or certificates representing ownership of treasury bond principal or coupons.

**2. Agency Securities (FHLB, FNMA, FFCB, FHLMC, GNMA)**

Obligations issued and guaranteed as to principal and interest by the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association, maturing within five years of the date of purchase.

**3. Prime Commercial Paper**

Commercial Paper maturing within 270 days of the day of purchase rated P-1 or higher by Moody’s and A-1 or higher by Standard & Poor’s, provided that the issuing domestic corporation has a net worth of \$50 million and its long-term debt is rated A or better by Moody’s and Standard & Poor’s.

**4. Certificates of Deposit**

Certificates of Deposit maturing within one year and issued by domestic banks rated P-1 by Moody’s and A-1 by Standard & Poor’s.

**5. Banker’s Acceptances**

Banker’s Acceptances maturing within 180 days rated P-1 or higher by Moody’s and A-1 or higher by Standard & Poor’s, provided the issuer is a major domestic bank or the domestic office of an international bank rated AA *category* or higher by Moody’s and Standard & Poor’s.

**6. Commonwealth of Virginia and Virginia Local Government Obligations**

General Obligations, Insured Obligations or Revenue Bonds secured by Debt Service Reserve Funds not subject to annual appropriation rated AA *category* or higher by Moody’s or Standard & Poor’s.

**7. Repurchase Agreements**

Repurchase Agreements collateralized by securities approved for investment herein, provided that the counterparty is rate A or better by Moody’s and Standard & Poor’s and the collateral is held by an independent third party. All Repurchase Agreements are purchased with a Master Repurchase Agreement in place with a third-party custodian.

**8. Open-End Investment Funds**

Open-end Investment Funds registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided that they invest only in securities approved for investment herein.

**9. Virginia Local Government Investment Pool**

## **10. Virginia State Non-Arbitrage Program or Other Authorized Arbitrage Investment Management Programs**

### **X. Suitable and Authorized Investments – Restricted Funds**

Funds defined as sinking funds under the Virginia Code may be invested in items listed in Section IX.1 and IX.6 above, repurchase agreements collateralized by those investments, and in the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs.

### **XI. Internal Controls**

Under the guidance of the Investment Committee, the Director of Financial Services will establish and maintain an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure will be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. The Internal Audit Department shall add this Policy and related Procedures to their Audit Universe for audit consideration. The internal control structure will address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery of securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

### **XII. Reporting**

Under the guidance of the Investment Committee, the Director of Financial Services will ensure that a Management Report will be prepared on a quarterly basis. The information from this Report may be derived from the Investment Advisor and/or the Safekeeping Agent, or both, where appropriate. This Report will include information that provides an analysis of the status of the current investment portfolio and whether investment activities during the reporting period have conformed to the investment policy herein. The Report will be presented to City Council for information and comment. To the extent practical, the report detail may include such items as the following:

- Listing of securities held at the end of the reporting period
- Realized and unrealized gains or losses resulting from appreciation or depreciation
- Average weighted yield to maturity of portfolio on investments compared to benchmarks
- Listing of investment by maturity type
- Percentage of the total portfolio which each type of investment represents

### **XIII. Diversification**

The City will endeavor to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity. Target asset allocation strategies shall be developed by the Investment Committee to provide guidance as to appropriate levels of diversification. With the exception of U. S. Treasury securities and authorized pools, no more than 50% of the City's total investment will be the obligations of a single financial institution.

### **XIV. Maximum Maturities**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than one year from the date of purchase.

## *Appendix 1: Glossary of Investment Terms*

**Accrued Interest** – The accumulated interest due on a bond as of the last interest payment made by the issuer.

**Agency** – A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSA's) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of a federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

**Amortization** – The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

**Average Life** – The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

**Basis Point** – A unit of measurement used in the valuation of fixed -income securities equal to 1/100 of 1 percent of yield, e.g., “one-quarter” of 1 percent is equal to 25 basis points.

**Bid** – The indicated price at which a buyer is willing to purchase a security or commodity.

**Book Value** – The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security’s current value in the market.

**Callable Bond** – A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

**Call Price** – The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond’s original issue price to compensate the holder for loss of income and ownership.

**Call Risk** – The risk to a bondholder that a bond may be redeemed prior to maturity.

**Cash Sale/Purchase** – A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

**Collateralization** – Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

**Commercial Paper** – An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

**Convexity** – A measure of a bond’s price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond’s price to interest rate changes.

**Coupon Rate** – The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the “interest rate.”

**Credit Quality** – The measurement of the financial strength of a bond issuer to help an investor to understand an issuer’s ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

**Credit Risk** – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

**Current Yield (Current Return)** – A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

**Delivery Versus Payment (DVP)** – A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

**Discount** – The amount by which the par value of a security exceeds the price paid for the security.

**Diversification** – A process of investing assets among a range of security types by sector, maturity, and quality rating.

**Duration** – A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

**Fair Value** – The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Federal Funds (Fed Funds)** – Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

**Federal Funds Rate** – Interest rate charged by one institution lending federal funds to the other.

**Government Securities** – An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market See “Treasury Bills, Notes, and Bonds.”

**Interest Rate** – See “Coupon Rate.”

**Interest Rate Risk** – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

**Internal Controls** – An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. Control of collusion - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. Separation of transaction authority from accounting and record keeping - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. Custodial safekeeping - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. Avoidance of physical delivery securities - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. Clear delegation of authority to subordinate staff members - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. Written confirmation of transactions for investments and wire transfers -Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. Development of a wire transfer agreement with the lead bank and third-party custodian – The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

**Inverted Yield Curve** – A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

**Investment Company Act of 1940** – Federal legislation which sets the standards by which investment such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

**Investment Policy** – A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

**Liquidity** – An asset that can be converted easily and quickly into cash.

**Local Government Investment Pool (LGIP)** – An investment by local governments in which their money is pooled as a method for managing local funds.

**Mark-to-market** – The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

**Market risk** – The risk that the value of a security will rise or decline as a result of changes in market conditions.

**Market Value** – Current market price of a security.

**Maturity** – The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See ‘Weighted Average Maturity.’

**Money Market Mutual Fund** – Mutual funds that invest, solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers’ acceptances, repos and federal funds).

**Mutual Fund** – An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund’s holdings, performance, management and general investment policy.
3. Have the fund’s investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund’s shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

**Mutual Fund Statistical Services** – Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services, and Morningstar.

**National Association of Securities Dealers (NASD)** – A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

**Net Asset Value** – The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund’s assets which includes securities, cash, and any accrued earnings, subtracting this from the fund’s liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund’s portfolio. (See below.)  $[(\text{Total assets}) - (\text{Liabilities})] / (\text{Number of shares outstanding})$

**No Load Fund** – A mutual fund which does not levy a sales charge on the purchase of its shares.

**Nominal Yield** – The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the “coupon,” “coupon rate,” or ‘interest rate.’

**Offer** – An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the “Ask price.”

**Par** – Face value or principal value of a bond, typically \$1,000 per bond.

**Positive Yield Curve** – A chart formation that illustrates short-term securities having lower yields than long-term securities.

**Premium** – The amount by which the price paid for a security exceeds the security's par value.

**Prime Rate** – A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

**Principal** – The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

**Prospectus** – A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

**Prudent Person Rule** – An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

**Regular Way Delivery** – Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+1 basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

**Reinvestment Risk** – The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

**Repurchase Agreement** (repo or RP) – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

**Reverse Repurchase Agreement** (Reverse Repo) – An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

**Rule 2a-7 of the Investment Company Act** – Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

**Safekeeping** – Holding of assets (e.g., securities) by a financial institution.

**Serial Bond** – A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

**Sinking fund** – Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

**Swap** – Trading one asset for another.

**Term Bond** – Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

**Total Return** – The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return.

**Treasury Bills** – Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

**Treasury Notes** – Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from \$1,000 to \$1 million or more.

**Treasury Bonds** – Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000. Currently, the longest outstanding maturity for such securities is 30 years.

**Uniform Net Capital Rule** – SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

**Volatility** – A degree of fluctuation in the price and valuation of securities.

**“Volatility Risk” Rating** – A rating system to clearly indicate the level of volatility and other non-credit risks associated with securities and certain bonds funds. The ratings for bond funds range from those that have extremely low sensitivity to changing market conditions and offer the greatest stability of the returns (“AAA” by S&P; “V- 1” by Fitch) to those that are highly sensitive with currently identifiable market volatility risk (“CCC”- S&P, “V-10” by Fitch).

**Weighted Average Maturity (WAM)** – The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

**When Issued (WI)** – A conditional transaction in which an authorized new security has not been issued. All “when issued” transactions are settled when the actual security is issued.

**Yield** – The current rate of return on an investment security generally expressed as a percentage of the security’s current price.

**Yield-to-call (YTC)** – The rate of return an investor earns on a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

**Yield Curve** – A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

**Yield-to-maturity** – The rate of return yielded by a debt security held to maturity when both interest payments and the investor’s potential capital gain or loss are included in the calculation of return.

**Zero-coupon Securities** – Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

# FINANCE COMMITTEE

## Agenda Item Summary

MEETING DATE: **February 26, 2013**

AGENDA ITEM NO.: **7**

CONSENT:

REGULAR:

WORK SESSION:

CLOSED SESSION:

ACTION:

INFORMATION: **X**

(Confidential)

ITEM TITLE: **Revenue Update**

RECOMMENDATION:

Review the collections received from five of the City's largest revenue sources.

SUMMARY:

Five of the City's major revenue sources are taxes collected on a monthly basis: Sales Tax, Consumer Utility Tax – Electric, Communications Sales and Use Tax, Meals Tax, and Lodging Tax. Since the last Finance Committee meeting, revenue information for the month of December has been posted for four of the five revenue streams. As of the date of this report (February 21, 2013), the State has neither released Communications Sales and Use Tax funds for the month of December to localities nor has it provided a report with the amount of funds to expect.

PRIOR ACTION(S):

This information is provided monthly to the Finance Committee.

FISCAL IMPACT:

None

CONTACT(S):

Bonnie Svrcek, Deputy City Manager, 455-3990

Donna Witt, Director of Financial Services, 455-3968

ATTACHMENT(S):

Comparison of Collections Budget to Actual FY 2012 – FY 2013

REVIEWED BY:

**Comparison of Collections  
Budget to Actual FY 2012 - FY 2013**

	Actual FY 2010	Actual FY 2011	Actual FY 2012	Adopted FY 2013	Actual FY 2013	Actual FY 2013 to Adopted FY 2013	Actual FY 2013 to Actual FY 2012			
<b>SALES &amp; USE TAX</b>										
<i>ADOPTED FY 2013 BUDGET - \$13,284,506</i>										
JULY	\$980,632	\$979,650	\$1,014,596	\$1,002,827	\$996,646	(\$6,181)	(\$17,950)			
AUGUST	984,751	1,022,849	1,079,129	1,066,611	1,145,592	78,981	66,463			
SEPTEMBER	1,118,288	1,102,964	1,100,698	1,087,930	1,117,209	29,279	16,511			
OCTOBER	1,074,618	1,056,307	1,055,941	1,043,692	1,033,859	(9,833)	(22,082)			
NOVEMBER	1,075,789	1,144,056	1,117,090	1,104,132	1,187,008	82,876	69,918			
DECEMBER	1,340,449	1,548,053	1,488,926	1,471,654	1,466,715	(\$4,939)	(\$22,211)			
<b>TOTAL</b>	<b>\$6,574,527</b>	<b>\$6,853,879</b>	<b>\$6,856,380</b>	<b>\$6,776,846</b>	<b>\$6,947,029</b>	<b>\$170,183</b>	<b>\$90,649</b>			
<b>CONSUMER UTILITY TAX - ELECTRIC</b>										
<i>ADOPTED FY 2013 BUDGET - \$3,757,100</i>										
JULY	\$309,784	\$352,603	\$341,729	\$346,445	\$323,141	(\$23,304)	(\$18,588)			
AUGUST	318,714	345,842	345,615	350,384	345,163	(5,221)	(452)			
SEPTEMBER	313,468	329,379	325,754	330,249	318,915	(11,334)	(6,839)			
OCTOBER	277,528	283,250	280,745	284,619	279,145	(5,474)	(1,600)			
NOVEMBER	275,270	262,650	281,842	285,731	282,035	(3,696)	193			
DECEMBER	309,087	341,053	325,287	329,776	330,714	938	5,427			
<b>TOTAL</b>	<b>\$1,803,851</b>	<b>\$1,914,777</b>	<b>\$1,900,972</b>	<b>\$1,927,205</b>	<b>\$1,879,113</b>	<b>(\$48,092)</b>	<b>(\$21,859)</b>			
<b>COMMUNICATIONS SALES &amp; USE TAX</b>										
<i>ADOPTED FY 2013 BUDGET - \$3,530,000</i>										
JULY	\$260,565	\$301,373	\$349,339	\$294,166	\$293,358	(\$808)	(\$55,981)			
AUGUST	271,686	344,401	294,910	294,167	291,560	(2,607)	(3,350)			
SEPTEMBER	293,483	274,076	179,549	294,167	263,295	(30,872)	83,746			
OCTOBER	318,835	299,531	309,437	294,166	319,011	24,845	9,574			
NOVEMBER	309,705	292,735	284,123	294,167	300,665	6,498	16,542			
DECEMBER <sup>1</sup>	300,961	344,423	233,654	294,167						
<b>TOTAL</b>	<b>\$1,755,235</b>	<b>\$1,856,539</b>	<b>\$1,651,012</b>	<b>\$1,765,000</b>						
	<b>Actual Assessed FY 2011</b>	<b>Actual Collected FY 2011 <sup>2</sup></b>	<b>Actual Assessed FY 2012</b>	<b>Actual Collected FY 2012 <sup>2</sup></b>	<b>Adopted FY 2013</b>	<b>Actual Assessed FY 2013</b>	<b>Assessed FY 2013 to Adopted FY 2013</b>	<b>Actual Collected FY 2013 <sup>2</sup></b>	<b>Collected FY 2013 to Adopted FY 2013</b>	<b>Collected FY 2013 to Assessed FY 2013</b>
<b>MEALS TAX</b>										
<i>ADOPTED FY 2013 BUDGET - \$10,830,000</i>										
JULY	\$874,987	\$844,384	\$889,917	\$889,135	\$820,859	\$958,235	\$137,376	\$1,044,556	\$223,697	\$86,321
AUGUST	916,720	872,601	960,082	962,761	884,371	1,042,850	158,479	1,026,544	142,173	(16,306)
SEPTEMBER	909,620	881,239	984,785	998,157	904,581	1,011,701	107,120	1,012,294	107,713	593
OCTOBER	939,119	938,152	999,289	994,851	918,237	1,006,966	88,729	1,003,032	84,795	(3,934)
NOVEMBER	868,677	837,655	916,955	898,157	841,506	964,775	123,269	868,692	27,186	(96,083)
DECEMBER	938,858	892,398	1,028,805	986,078	946,300	1,044,178	97,878	1,083,983	137,683	39,805
<b>TOTAL</b>	<b>\$5,447,981</b>	<b>\$5,266,429</b>	<b>\$5,779,833</b>	<b>\$5,729,139</b>	<b>\$5,315,855</b>	<b>\$6,028,705</b>	<b>\$712,850</b>	<b>\$6,039,101</b>	<b>\$723,246</b>	<b>\$10,396</b>
<b>LODGING TAX</b>										
<i>ADOPTED FY 2013 BUDGET - \$1,700,000</i>										
JULY	\$161,614	\$159,195	\$180,074	\$168,386	\$140,452	\$180,074	\$39,622	\$197,072	\$56,620	\$16,998
AUGUST <sup>3</sup>	170,748	159,316	192,759	200,321	176,240	163,020	(13,220)	275,903	99,663	112,883
SEPTEMBER	148,532	140,207	156,383	159,891	142,957	160,661	17,704	157,680	14,723	(2,981)
OCTOBER	184,513	173,828	185,386	185,530	169,498	183,064	13,566	191,453	21,955	8,389
NOVEMBER	125,640	116,376	131,053	131,431	119,846	131,993	12,147	129,941	10,095	(2,052)
DECEMBER	105,337	90,610	108,029	92,483	98,771	112,277	13,506	113,067	14,296	790
<b>TOTAL</b>	<b>\$896,384</b>	<b>\$839,532</b>	<b>\$953,684</b>	<b>\$938,042</b>	<b>\$847,764</b>	<b>\$931,089</b>	<b>\$83,325</b>	<b>\$1,065,116</b>	<b>\$217,352</b>	<b>\$134,027</b>

<sup>1</sup> As of the date of this report (February 21, 2013), the State has neither released Communications Sales and Use Tax funds for the month of December to localities nor has it provided a report with the amount of funds to expect.

<sup>2</sup> Meals and Lodging Tax data includes columns titled "Actual Collected." The figures listed under these columns include all revenue received per month under that description regardless of whether the payment is current or delinquent.

<sup>3</sup> The August FY 2013 collection amount includes a one-time \$140,000 payment in delinquent taxes.