

FINANCE COMMITTEE NOTES
Tuesday, May 28, 2019

GENERAL BUSINESS

Meeting commenced at 11:30 a.m.

ATTENDEES

Committee Members: Council Member Jeff S. Helgeson, Chair; Council Member Randy Nelson; Council Member Beau Wright; Mayor Treney Tweedy, Ex-Officio.

Others: Bonnie Svrcek, City Manager; Reid Wodicka, Deputy City Manager; John H. Hughes, IV, Assistant City Manager; Donna Witt, Chief Financial Officer; Rhonda Allbeck, Assistant Director of Financial Services; Starlette Early, Budget Analyst

1. Approval of the Draft Finance Committee Meeting Notes from February 26, 2019.

The meeting notes from February 26, 2019 were approved as submitted.

2. Report on the General Fund Reserve for Contingencies.

Following Third Quarter adjustments made primarily to cover flood expenses, Donna Witt reported a current balance of \$258,677 in the FY 2019 Reserve for Contingencies.

3. Consider a request to adopt a resolution to amend the FY 2019 City/Federal/State Aid Fund Budget and appropriate \$18,638 as the in-kind match to the \$163,204 previously appropriated with resources from the Temporary Assistance for Needy Families (TANF) Community Wealth Building (CWB) Grant. This grant is administered by the Virginia Department of Social Services (VDSS).

The Committee approved this item and is scheduled to be considered by full Council at their May 28, 2019 meeting.

4. Approve the submittal of a grant application to the U.S. Department of Homeland Security (DHS) for \$302,770 with resources of \$302,770 from the 2019 State Homeland Security Program (SHSP) grant to fund equipment and training for the Fire Department Technical Rescue Team.

The Committee approved this item.

5. Review highlights of attached quarterly financial reports for the Greater Lynchburg Transit Company (GLTC) as well as the Regional Airport, Lynchburg Regional Juvenile Detention Center, Children's Services Act, Water Operating, Sewer Operating, Stormwater Operating, and General Funds for the quarter ending March 31, 2019.

GLTC: Brian Booth reported total revenues for the third quarter were under budget by 2%, due primarily to lower than expected passenger revenue (down by 12%) and Liberty University revenue coming in less than budgeted (down by 11%) as they add more in-house routes. Expenditures were 4% below budget, with a \$15,000 savings in labor costs due to

staff vacancy savings net of overtime. Other expenditures above budget included: tires and tubes by 157 due to reclassification of expenses, and Utilities over budget by 41% due to higher heat related costs. Despite these variances, at the end of third quarter GLTC is reflecting a surplus of \$190,000 year to date.

Airport: Mark Courtney reported overall year to date revenues are up by 17% and operating expenses are above budget approximately 5% due to unexpected year-end fiscal expenses. Overall, the airport anticipates an operating surplus for FY 2019 of approximately \$134,000, due to modest revenue increases from increased air service levels, competitive airfares, and anticipated passenger demand.

Lynchburg Regional Juvenile Detention Center: Tamara Rosser reported revenues were looking good for the third quarter, due to payment from the State for the Community Placement Program (CPP). Expenses for the quarter are within budget, but noted they are anticipating several upcoming major expenses including a new fire alarm system, security system (current one is not supported by IT), and a new roof.

Children's Services Act (CSA): Tamara Rosser reported revenues and expenses were matching up and in good shape for the third quarter. Increased expenses in Special Education were balanced with lower expenses in other areas. Funds in foster care are low due to a decrease in the number of placements.

Water: Tim Mitchell reported overall revenues exceeded budgeted amount by approximately \$512,000 in the third quarter, while expenses were about \$236,000 less than the budgeted amount. Debt coverage ratio is projected at 1.4 for the end of the fiscal year and the fund balance ratio is projected to be 67%; both ratios meet or exceed policy targets.

Sewer: Tim Mitchell reported overall revenues at the end of the third quarter exceeded budget by approximately \$1.3 million, primarily due to leachate, sewer contracts, and interest earnings. Overall expenses were less than budgeted by \$245,000, primarily due to savings in unfilled positions and debt service. Debt coverage ratio is 1.36 compared to a target range of 1.20 to 1.50, and the fund balance ratio is projected to be 51% for the fiscal year-end.

Stormwater: Tim Mitchell reported overall revenues were \$41,000 above budget mainly due to interest earnings and expenses were less than the budgeted amount by \$76,000 due to personnel vacancy and debt service savings. The projected debt coverage ratio is 15.08, which is above Council's minimum target of 1.20 and the fund balance ratio is 28% compared to the target range of 15% - 20%.

General Fund: Donna Witt reported the General Fund is strong at this point, with revenues tracking at or above budgeted with the exception of Communications Sales and Use Tax, Permit, Fees, and Licenses (Building Inspections tracking behind the prior year), Fines and Forfeitures, and Charges for Services (ambulance billing collection and LPD Off-duty collections.) Expenses are on target with budget projections at 69.6% of budget.

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

Donna Witt reported on the status of five revenues received for the month ending March 2019. She noted revenues are strong overall, with Sales and Use Tax revenue above budget by almost \$500,000. Consumer Utility Tax- Electric is up \$83,000 compared to the Adopted

Budget, Communications Sales & Use Tax is continuing to decline as expected, down by approximately \$95,000, Meals Tax is above budget by \$78,000 and Lodging Tax is up \$171,000.

7. Roll Call

There were no items for roll call.

Meeting adjourned at 12:11 p.m.