

FINANCE COMMITTEE NOTES-- FINAL
Tuesday, November 27, 2018

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; 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 September 25, 2018.

The meeting notes from September 25, 2018 were approved as submitted.

2. Report on the General Fund Reserve for Contingencies.

Donna Witt reported City Council approved an appropriation of \$67,473 for assistance to purchase patrol rifles and ammunition for the Police Department at their November 13, 2018 meeting. The FY 2019 Reserve for Contingencies current balance is \$1,132,527 (\$1,082,527 and \$50,000 in the City Manager's Discretionary Fund).

3. Notification to the Finance Committee regarding submission of a grant application to continue efforts to reduce poverty and increase median household income.

The Committee reviewed this item.

4. 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 June 30, 2018.

GLTC: Brian Booth reported total revenues for this quarter were up mainly due to accrual for the Federal Transit Administration allocation to GLTC. Funds withheld (but accrued) will be released once the Metro Safety Commission approves the State Safety Oversight Program, currently under review. Passenger revenues were down about 18% in the fourth quarter and 15% overall for the year. Although ridership is increasing, passengers are taking advantage of the unlimited ride fares. Revenues from advertising were up 28% over budget. Expenses were over budget by 2% in the fourth quarter due primarily to changes in GASB Statement 75 reporting for Postemployment Benefits. Staff vacancies have created additional expenses in Salaries and Overtime to provide necessary coverage. Utilities were also over budget due to a lack of historical data for operations in the new facility. Despite these variances, GLTC is closing out the year with a surplus of \$324,742.

Airport: Mark Courtney reported revenues were flat and expenses were down by 3%, ending the year with a solid \$225,899 surplus. A bump in revenue is anticipated due to the

completion of the new hanger for Banker Steel. Expenses were down due to continuation of conversion to LED lighting and fewer state-assisted maintenance and repair projects. The new all-jet service has increased seat capacity, which should impact future revenues due to additional passenger traffic. No operating subsidy is projected for the foreseeable future.

Lynchburg Regional Juvenile Detention Center: Tamara Rosser reported revenues were above budget due to the increase in detention population. Revenue from the Department of Juvenile Justice Block Grant was less than budgeted. Expenses were within budget and the advisory board decided to use the \$41,000 year-end surplus to plan for upcoming maintenance expenses such as a roof, fire alarm system, and generator instead of distributing back to localities.

Children's Services Act (CSA): Tamara Rosser reported fourth quarter revenues exceeded the budget with more money received from the state, while expenses were below budget. While there continues to be an increase in the number receiving mandated services, there were fewer children in foster care.

Water: Tim Mitchell reported overall revenues exceeded budget by \$1 million for FY 2018. At the end of the fourth quarter, revenues for water usage exceeded budget by \$355,000, contracts were higher than anticipated by \$374,000 and return on investment revenue exceeded budget by \$283,000. Overall expenses for FY 2018 were down by \$479,000, with \$250,000 savings realized from vacancies. Savings in chemicals were also notable at almost \$88,000 due to improved pricing and decreased federal requirements for fluoride. Debt Service exceeded budget by \$161,809 due to a bond refunding. The fund balance ratio was 74% (target range of 25% - 40%) at the end of the fiscal year and the excess will be transferred to water capital projects. The debt coverage ratio is at 1.43 compared to the target of 1.20.

Sewer: Tim Mitchell reported overall revenues exceeded budget by \$1.1 million due to conservative estimates on leachate contracts outside the city, an increase in sewer contracts, and a higher than anticipated return on investments. Overall expenses were below budgeted by \$575,382 primarily due to savings in unfilled positions. Debt coverage ratio is 1.37 compared to target minimum of 1.20. The fund balance ratio was 49%.

Stormwater: Tim Mitchell reported overall revenues were \$51,657 above budget, noting impervious areas are growing due to development. Expenses were 2.9% or \$105,551 less than budgeted. The fund balance ratio is 33% compared to the target balance of 15% - 20% and there is no debt service in the Stormwater Fund.

General Fund: Donna Witt noted the General Fund was as reported at the recent Budget Retreat. The City ended with a projected Fund Balance ratio of 14.3% compared to the targeted goal of 10%. Revenues were \$2.9 million more than the amended budget, and expenses were \$6.7 million below the amended budget. Overall, the City ended the year strong.

5. Receive a report on the FY 2018 Write-Off of Uncollectible Accounts Receivable.

Donna Witt reported write-offs were higher than last year at \$889,567. The City continues to keep delinquent collections in-house to avoid a reduction in collection amounts due to

outsourcing fees. Delinquent Ambulance charges continue to be challenging, and the City struggles to collect beyond the amounts covered by federal assistance and insurance.

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

Donna Witt reported Local Sales and Use Tax revenue was above budget for collections through September, but noted it reflected a \$36,000 payment in July from a company not reporting in prior periods. Consumer Utility Tax- Electric revenue is above adopted by \$52,000, with the weather fluctuations making this revenue source difficult to predict. The Communication Sales and Use Tax revenue is down more than anticipated by \$24,000. Revenues from both Meals Tax and Lodging Tax are above budget (\$68,000 and \$86,000 respectively), with two hotels doing well to help facilitate the increased revenues. She noted that these two revenues are offset by current economic development agreements.

7. Roll Call

There were no items for roll call.

Meeting adjourned at 12:47 p.m.