

**FINANCE COMMITTEE NOTES**  
**Tuesday, October 26, 2021**

**GENERAL BUSINESS**

*Meeting commenced at 11:30 a.m. in Council Chamber in order to allow for social distancing requirements due to COVID-19.*

**ATTENDEES**

**Committee Members:** Council Member Jeff S. Helgeson, Chair; Council Member Randy Nelson; Council Member Beau Wright

**Others:** Wynter Benda, City Manager; Reid Wodicka, Deputy City Manager; Donna Witt, Chief Financial Officer; Reid Lanham, Accounting Manager; Starlette Early, Budget Analyst

1. Approval of the Draft Finance Committee Meeting Notes from May 25, 2021.

*The Finance Committee meeting notes for May 25, 2021 were approved as submitted.*

2. Report on the General Fund Reserve for Contingencies.

*Donna Witt reported there have been no expenditures during FY 2022 from the General Fund Reserve for Contingencies, leaving a current balance of \$1,200,000.*

3. Consider a request to adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$15,300 with resources of \$7,650 from the Virginia Office of Emergency Medical Services Emergency Medical Services Grant Program through the Rescue Squad Assistance Fund (RSAF) and \$7,650 from the FY 2022 General Fund Fire Department budget to purchase six (6) Dell Latitude 5420 Rugged laptops carried on EMS apparatus for the Fire Department.

*Fire Chief Greg Wormser presented the item. This item was approved by the Finance Committee and will be considered by Council at the October 26, 2021 meeting.*

4. Consider a request to adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$58,785 with resources of \$39,190 from the Department of Motor Vehicles Highway Safety Grant, an in-kind service and equipment match of \$16,917, and \$2,678 from the FY 2022 General Fund Police Department budget to facilitate selective enforcement activities, equipment, and training.

*Police Chief Ryan Zuidema presented the item. This item was approved by the Finance Committee and will be considered by Council at the October 26, 2021 meeting.*

5. Consider a request to adopt a resolution to amend the FY 2022 City/Federal/State Aid Fund budget and appropriate \$26,250 with resources of \$17,500 from the Department of Motor

Vehicles Highway Safety Grant, an in-kind service and equipment match of \$7,411, and \$1,339 from the FY 2022 General Fund Police Department budget to facilitate speed enforcement activities.

*Police Chief Ryan Zuidema presented the item. This item was approved by the Finance Committee and will be considered by Council at the October 26, 2021 meeting.*

6. 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, 2021

*GLTC: Lawson Albritton, Interim General Manager, presented the report for fourth quarter. He noted total revenues are approximately 5% under budget for the quarter and ended at 8% below budget for the year. Passenger Revenue and Access Contracts remain significantly under budget due to waiving the monthly fee as a result of operating service fare free through November 16, 2020. Non-operating revenues exceeded budget by \$43,700 due to insurance proceeds received for vehicle related accidents. Advertising Revenue is below budget by 17% for the quarter and 3% year to date. State Operating Assistance is over budget by 14% and Federal Operating Assistance reflects being under budget by 11% based on updated projections for expenditures and revenue needs for the year. GLTC anticipates utilizing Federal CARES Act funds to support operating expenditures in FY 2021 and FY 2022. Expenditures overall are under budget 24% for the quarter and 16% for the year. Salaries are below budget by 14% due to vacant positions, overtime is above budget by 21% due to additional coverage as a result of the vacancies. Maintenance expenses are under budget 16% for the quarter, due to fuel expenses less during the pandemic. Administrative expenses are 15% below budget for the quarter, and Miscellaneous expenses reflect limited travel and public relations at 66% under budget for the year. GLTC is closing the fourth quarter with a \$625,319 surplus, an increase over third quarter projections due to a large adjustment made in June for an updated OPEB valuation report.*

*Airport: Andrew LaGala reported overall the Airport is within 12% of pre-pandemic levels. He noted despite the impact of COVID-19 on revenues, a multi-year federal CARES grant more than offset the loss of revenues during Fiscal Year 2021. Operating revenues were at approximately \$2.5 million, slightly lower than budget. However, with the CARES grant, operating revenues came in at \$4.3 million. Airfield and Terminal Revenues were both less than budget by more than \$600,000 due to decrease in landing fees with less airline traffic, as well as lower revenues from parking and rental cars due to COVID-19 impacts. Operating expenditures were generally less than budget due to not filling positions. Overall expenses were higher than the previous year due to a planned \$1,000,000 transfer to the capital fund for local matching funds for future federal, state, and local projects. The Airport ended FY 2021 with a surplus of \$569,057, allowing the sixth straight year with a surplus and on a trajectory to not require City financial support during the next several years as the airline industry gradually recovers and revenues return to normal levels.*

*Lynchburg Regional Juvenile Detention Center: Preston Sellers presented the quarterly report, noting the following revenue amounts: Charges for Services is at \$1,191,638 (107.8%)*

of budget; Juvenile Justice Block Grant revenue is \$1,039,786; Community Placement Revenue is at \$846,283 (92.2%) of budget; and year-end revenue received from USDA is \$34,212. Expenditures overall are within budget for year-end at \$3,067,839 and currently serving 22 residents. The average number of juveniles served per day through the fourth quarter is 18.06 compared to 23.18 in FY 2020.

*Children's Services Act (CSA):* Preston Sellers presented the quarterly report, noting the following receipts through fourth quarter FY 2021: reimbursement of Public Assistance is \$5,321,870; CSA Contributions received from local match are \$2,112,856 from the General Fund and \$196,541 from Schools; Miscellaneous revenues totaled \$72,603. Expenditures through the fourth quarter included: Administrative is at \$59,769 (83.7% of budget); Mandated Foster Care totaled \$3,801,325 (98.4%); Mandated Special Education totaled \$2,839,748 (99.9%); Non-Mandated Services is at \$202,469 (53.9%); and Community Based Services ended at \$726,662, or 128.9% of budget due to rise in costs with more youth accessing services in FY 2021.

*Water:* Tim Mitchell reported overall Water Fund revenues at the completion of fourth quarter is above budget by \$347,368 (2.2%). He noted Charges for Services is down \$208,503, primarily due to \$169,182 less than expected water consumption from commercial and industrial customers, and \$103,902 loss related to the state's utility disconnection moratorium. Revenues in Water Contracts ended at \$532,948 more than budget, with \$450,181 associated with additional water purchases from Bedford County. Overall expenses for FY 2021 are \$1,258,185 less than budget with Departmental Operation and Maintenance accounting for \$1.4 million of the variance primarily due to vacancy savings (\$579,674) and lower expenditures for Supplies and Materials (\$223,384). Non-Departmental Operation expenses are \$320,483 above budget primarily due to higher than anticipated worker compensation claims. Capital Outlay is \$76,000 under budget and expenditures for Debt Service is \$90,023 less than budgeted due to less usage of line of credit and refinancing of 2010 and 2015 bond issues. Debt coverage ratio for the end of the fiscal year is at 1.73 (above Council's minimum target of 1.20) and the fund balance ratio for year end is 51% compared to a target range of 25% - 40%.

*Sewer:* Tim Mitchell summarized the Sewer Operating Fund overall revenues for FY 2021 are \$2,014,234 (8.6%) more than budget. Charges for Services are \$1,043,924 (5.4%) over budget due to higher septic hauler charges, offset by COVID-19 economic impacts including decreased inside sewer sales and cut-off charges revenues. Sewer Contracts are \$1,042,323 (28.3%) above budget, and Interest and Other earnings are \$72,013 less than expected. Expenses overall for FY 2021 are \$683,121 less than budget. The savings of \$471,587 in vacant positions are offset by increased costs in Contractual Services and Supplies and Materials due to unplanned debris removal around sewer mains with numerous heavy rains, increased costs in temporary personnel due to the vacant positions, and updates to the operations and maintenance manual associated with the Recovery Facility CSO Upgrade Project. Non-Departmental Operation expenses are below budget by \$134,871. Debt coverage ratio is 1.47 compared to a target range of 1.20 to 1.50, and the fund balance ratio is at 42% for the end of the fiscal year compared to a target range of 25% - 40%.

*Stormwater: Tim Mitchell reported overall revenues for the Stormwater Fund for fourth quarter exceeded budget by \$28,684. Charges for Services are \$40,939 higher than budgeted, with budgeted refunds allowed to property owners less than budgeted by \$38,433. Interest was \$12,255 less than budget due to lower than expected earnings offset by higher than expected miscellaneous revenues and grants. Expenses ended fourth \$475,640 less than budget primarily due to savings in vacant positions and Contractual Services for less than expected maintenance and repair services. Non-Departmental Operation ended \$11,598 below budget, Capital Outlay is \$40,000 less than budget, and Debt Service is \$26,855 less than budget. The debt coverage ratio for end of the fiscal year is 4.53, more than the Council's minimum target of 1.20, and the fund balance ratio is 40% compared to the target range of 15% - 20%.*

*General Fund: Reid Lanham reported the General Fund ended FY 2021 with an Unassigned Fund balance of \$49.7 million (ratio of 23.9%) compared to a projected balance of \$22.1 million. The ending FY 2021 Committed and Assigned Fund balances were \$12.6 million and \$9.7 million, respectively. Overall revenues are \$8.7 million more than the amended budget. Non-dedicated revenues at end of fourth quarter includes: Real Property Tax is \$2,593,118 more than amended budget (net of allowances and tax relief credits); Personal Property Tax is \$2,263,718 more than budget; Consumer Utility Tax- Electric is down by \$169,073; Communication Sales and Use Tax is down by \$2,221; Local Sales Tax is \$3,163,767 more than budget; Business License Tax is \$763,963 more than budget; Meals Tax is slightly up over budget by \$204,549; Lodging Tax is less than budget by \$393,893. Dedicated Revenues are at \$38,592,078, just 0.6% less than budget projections. Expenses for Operating are at \$13,532,852 (92.1%) less than FY 2021 budget compared to 95.4% for FY 2020.*

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

*Donna Witt summarized the revenues received through August 2021. Sales and Use Tax is continuing to increase with more online sales, and is currently \$435,376 over budget; Consumer Utility Tax- Electric is on target with budget; Meals Tax and Lodging Tax are both moving towards pre-Covid levels, both currently exceeding budget; and Amusement Tax is increasing with movies back open and the Academy of Fine Arts having well attended events.*

8. Roll Call.

*There were no items for roll call.*

Meeting adjourned at 12:59 p.m.