FINANCE COMMITTEE AGENDA

Tuesday, July 26, 2022
11:30 a.m. – Council Chamber

GENERAL BUSINESS

11:30 a.m.

1. Approval of the Draft Finance Committee Meeting Notes from May 24, 2022.

   Contact: Donna Witt, Chief Financial Officer 455-3968

11:35 a.m.

2. Report on the General Fund Reserve for Contingencies.

   Contact: Donna Witt, Chief Financial Officer 455-3968

11:40 p.m.

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

   Contact: Donna Witt, Chief Financial Officer 455-3968

11:45 p.m.

4. Roll Call

The next Finance Committee meeting is Tuesday, August 23, 2022 at 11:30 a.m.

Agenda Item #: 1

FINANCE COMMITTEE NOTES -- DRAFT
Tuesday, May 24, 2022

GENERAL BUSINESS

Meeting commenced at 11:30 a.m. in Council Chamber.

ATTENDEES
Committee Members: *Council Member Jeff S. Helgeson, Chair; Council Member Randy Nelson; Council Member Beau Wright; Mayor MaryJane Dolan, Ex-Officio.*
Others: *Reid Wodicka, Deputy City Manager; Donna Witt, Chief Financial Officer; Rhonda Allbeck, Assistant Director of Financial Services*

1. Report on the General Fund Reserve for Contingencies.

   Donna Witt reported there were no new items presented or pending since the last Finance Committee meeting, leaving a current balance of $1,200,000 including $50,000 for the City Manager's Discretionary Funding.

2. 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, 2022.

   GLTC: Joshua Moore, General Manager, reported slightly higher revenues than anticipated on Fixed Route fares as well as advertising revenues. Non-operating revenues are higher due to an insurance payment for a bus involved in an accident. Paratransit fees and expenses are both down this quarter. Josh reported expenses related to tire replacements have increased due to the shortage for recapped and retreaded tires. Diesel fuel expenses have also increased. Overall, Josh reported a net surplus of $644,496. Council Member Nelson questioned if tires were purchased locally to which Josh reported they are purchased from local suppliers. Chairman Helgeson questioned ridership and Josh reported ridership is up due to the cost of fuel.

   Airport: Andrew LaGala reported revenues continue to grow slowly with direct revenues at 93% compared to pre-COVID levels. Demand is exceeding the supply of seats even with airfares increasing by 30%. In response to Council Member Wright's question, Andrew reported there are 4-5 flights a day but no crews are available to increase the flights to 6 due to a pilot shortage. Overall, the Airport is projecting an operating fund surplus of $334,930 and without CARES funds, the surplus is about $111,000. Council Member Nelson questioned why snow removal costs are over budget and Andrew explained it was due to icing and not snow.

Lynchburg Regional Juvenile Detention Center: Kathy Collins presented in the absence of Preston Sellers. She reported the detention fund is reporting a surplus of $283,248. Sherry McIntyre was called to the podium and responded to questions from Council Member Nelson and Chairman Helgeson regarding the CPP grant expenses and verified the fund is operating at a surplus.

Children's Services Act (CSA): Kathy Collins presented in the absence of Preston Sellers. She reported the CSA fund is reporting a surplus through the third quarter. Dana Long was called to the podium to answer questions from Chairman Helgeson and Council Member Nelson regarding the meaning of the terms Sum-Sufficient and Non-Sun Sufficient. Dana explained these terms are from State code and replaced the terms Mandated and Non-mandated based on State criteria.

Water: Tim Mitchell reported the Water Fund revenues are projected to be above budget by $394,000 and expenses are below budget by $410,600 primarily due to vacancies. He reported the Water Fund is meeting or exceeding all financial policy ratios. Chairman Helgeson asked about collections rates and Tim reported they are back to pre-COVID levels. Councilman Nelson asked if the CARES funds were spent to help citizens and Tim reported about $200,000 were sent back to the State due to citizens not requesting the funds.

Sewer: Tim Mitchell reported the Sewer Fund revenues are projected to be $2,497,400 above budget due to increased sewer sales by commercial and industrial customers and sewer contract revenue from sewer surcharges that are much more than previous years. Sewer Fund expenditures are projected to be $156,000 above budget due to vacant positions being filled by temporary and contractual staff and the increased cost of chemicals. He reported the Sewer Fund is meeting or exceeding the financial policy ratios.

Stormwater: Tim Mitchell reported the Stormwater Fund revenues are projected to exceed budget by $59,600 due to charges for services exceeding projections. Expenditures are projected to be $145,600 under budget primarily due to vacancies. He reported the Stormwater Fund is exceeding the financial policy ratios.

General Fund: Donna Witt reported the General Fund is financially strong with 73% of budgeted revenues received through the third quarter and 69.4% of expenditures being recorded. Most departments are below the 75% mark compared to budget primarily due to excessive vacant positions. Donna reported there are currently 102 positions vacant.

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

Donna Witt reported for the five revenues reported they are $6.1 million above budget through March. She projected these revenues would be about another $1.5 million above budget by the end of the fiscal year. Business License Tax payments were due May 1 and exceeded projections by about $400,000 and Real Estate Tax collections exceeded projections by about $700,000 due to the uncollectible rate being closer to 1.3% instead of the budgeted 2.5%. Due to excessive vacancies, expenditures will be under budget by possibly $7 million leaving a very strong fund balance at the end of the year. A discussion was held on why there are so many vacancies and Deputy City Manager, Reid Wodicka, reported the word is *out about the increases in pay provided by City Council and the positions in Public Works and Water Resources are receiving good applications.*

4. Roll Call.

   Chairman Helgeson reported this will be the second year of a fund balance well above budget and that the citizens should be considered due to inflation and the funds returned to them instead of spending them.

   There were no other roll call items.

Meeting adjourned at 12:21 p.m.

AGENDA ITEM #: 2

FY 2023 GENERAL FUND RESERVE FOR CONTINGENCIES

	Reserve for Contingencies	City Manager's Discretionary Funding
BEGINNING BALANCE, JULY 1, 2022	$1,150,000	$50,000
Carryforward to FY 2023 Reserve for Contingencies - FY 2023 Adopted Budget	0	0
BALANCE	**$1,150,000**	**$50,000**
APPROPRIATIONS (Second Reading)		
TOTAL APPROPRIATIONS	**$0**	**$0**
REMAINING BALANCE	**$1,150,000**	**$50,000**
ITEMS INTRODUCED		
TOTAL INTRODUCED ITEMS	**$0**	**$0**
REMAINING BALANCE	**$1,150,000**	**$50,000**
PENDING ITEMS		
TOTAL PENDING ITEMS	**$0**	**$0**
ENDING BALANCE, JUNE 30, 2023	**$1,150,000**	**$50,000**

FINANCE COMMITTEE
Agenda Item Summary

MEETING DATE: **July 26, 2022**			AGENDA ITEM #: **3**
CONSENT: ACTION:	REGULAR: **X** INFORMATION: **X**	WORK SESSION:	CLOSED SESSION: (Confidential)
ITEM TITLE: Revenue Update			

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

SUMMARY: Five of the City's major revenue sources are taxes collected on a monthly basis: Local Sales and Use Tax, Consumer Utility Tax – Electric, Meals Tax, Lodging Tax, and Amusement Tax. Since the last Finance Committee meeting, revenue information through May 2022 has been posted for these five revenue streams.

PRIOR ACTION(S): This information is provided monthly to the Finance Committee.

FISCAL IMPACT: None

CONTACT(S): Donna Witt, Chief Financial Officer, 455-3968

ATTACHMENT(S): Comparison of Collections Budget to Actual FY 2022

REVIEWED BY:

Comparison of Collections
Budget to Actual
Fiscal Year 2022

SALES & USE TAX
ADOPTED FY 2022 BUDGET - $17,500,000

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Adopted FY 2022	Actual FY 2022	Actual FY 2022 to Adopted FY 2022	Actual FY 2022 to Actual FY 2021
JULY	$1,361,089	$1,306,001	$1,503,837	$1,413,787	$1,595,391	$181,604	$91,554
AUGUST	1,287,868	1,400,949	1,396,989	1,313,336	1,567,107	253,771	$170,118
SEPTEMBER	1,305,048	1,423,548	1,531,422	1,439,719	1,702,723	263,004	$171,301
OCTOBER	1,304,503	1,418,032	1,498,945	1,409,187	1,727,124	317,937	$228,179
NOVEMBER	1,370,625	1,413,245	1,516,545	1,425,733	1,705,132	279,399	$188,587
DECEMBER	1,597,108	1,706,366	1,908,243	1,793,976	2,128,639	334,663	$220,396
JANUARY	1,144,052	1,277,127	1,321,858	1,242,704	1,623,094	380,390	$301,236
FEBRUARY	1,180,302	1,233,105	1,283,097	1,206,264	1,496,509	290,245	$213,412
MARCH	1,412,888	1,295,372	1,808,603	1,700,302	1,942,133	241,831	$133,530
APRIL	1,313,440	1,266,401	1,666,552	1,566,758	1,828,313	261,555	$161,761
MAY	1,427,324	1,327,343	1,640,801	1,542,549	1,712,519	169,970	$71,718
TOTAL	**$14,704,247**	**$15,067,489**	**$17,076,892**	**$16,054,315**	**$19,028,684**	**$2,974,369**	**$1,951,792**

CONSUMER UTILITY TAX - ELECTRIC
ADOPTED FY 2022 BUDGET - $3,500,000

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Adopted FY 2022	Actual FY 2022	Actual FY 2022 to Adopted FY 2022	Actual FY 2022 to Actual FY 2021
JULY	$343,448	$323,666	$329,721	$316,099	$320,905	$4,806	($8,816)
AUGUST	332,393	335,376	331,969	318,254	340,374	22,120	$8,405
SEPTEMBER	324,940	322,201	313,877	300,910	321,494	20,584	$7,617
OCTOBER	318,779	294,402	260,312	249,558	285,740	36,182	$25,428
NOVEMBER	282,758	269,899	248,561	238,292	265,895	27,603	$17,334
DECEMBER	346,515	329,023	309,832	297,032	331,167	34,135	$21,335
JANUARY	344,673	335,735	362,641	347,659	336,155	(11,504)	($26,486)
FEBRUARY	369,067	308,797	354,521	339,875	361,163	21,288	$6,642
MARCH	309,674	299,490	317,734	304,607	296,578	(8,029)	($21,156)
APRIL	301,879	252,299	274,591	263,247	270,831	7,584	($3,760)
MAY	272,818	242,573	263,295	252,417	269,733	17,316	$6,438
TOTAL	**$3,546,944**	**$3,313,461**	**$3,367,054**	**$3,227,950**	**$3,400,035**	**$172,085**	**$32,981**

	Actual Collected FY 2019[2]	Actual Collected FY 2020[2]	Actual Collected FY 2021[2]	Adopted FY 2022	Actual Assessed FY 2022	Actual Assessed FY 2022 to Adopted FY 2022	Actual Collected FY 2022[2]	Actual Collected FY 2022 to Adopted FY 2022	Actual Collected FY 2022 to Assessed FY 2022
MEALS TAX									
ADOPTED FY 2022 BUDGET - $14,700,000									
JULY[1]	$1,157,381	$1,167,412	$1,090,332	$1,052,346	$1,413,796	$361,450	$1,381,486	$329,140	($32,310)
AUGUST	1,208,215	1,327,301	1,186,360	1,140,916	1,488,707	$347,791	1,506,141	$365,225	17,434
SEPTEMBER	1,301,166	1,348,242	1,203,439	1,177,862	1,476,642	$298,780	1,457,339	$279,477	(19,303)
OCTOBER	1,321,368	1,327,690	1,283,797	1,241,809	1,572,095	$330,286	1,537,383	$295,574	(34,712)
NOVEMBER	1,178,554	1,270,798	1,109,005	1,152,630	1,459,285	$306,655	1,452,953	$300,323	(6,332)
DECEMBER	1,265,209	1,303,873	1,124,410	1,082,368	1,535,918	$453,550	1,560,912	$478,544	24,994
JANUARY	1,146,583	1,229,966	1,044,041	1,114,670	1,281,225	$166,555	1,277,126	$162,456	(4,099)
FEBRUARY	1,197,647	1,097,969	1,242,188	1,092,035	1,477,865	$385,830	1,494,478	$402,443	16,613
MARCH	1,372,343	935,569	1,527,017	1,444,385	1,626,612	$182,227	1,608,939	$164,554	(17,673)
APRIL	1,325,531	802,509	1,386,990	1,422,232	1,640,018	$217,786	1,603,883	$181,651	(36,135)
MAY[1]	1,413,059	883,043	1,527,359	1,441,986	1,620,532	$178,546	1,664,649	$222,663	44,117
TOTAL	**$13,887,056**	**$12,694,372**	**$13,724,938**	**$13,363,239**	**$16,592,695**	**$3,229,456**	**$16,545,289**	**$3,182,050**	**($47,406)**
LODGING TAX									
ADOPTED FY 2022 BUDGET - $2,600,000									
JULY[1]	$291,530	$235,865	$155,637	$203,296	$246,185	$42,889	$242,273	$38,977	($3,912)
AUGUST	266,637	359,491	213,511	240,709	344,128	103,419	333,446	92,737	(10,682)
SEPTEMBER	242,417	257,054	257,411	222,656	268,391	45,735	263,845	41,189	(4,546)
OCTOBER	293,555	295,030	226,390	255,799	338,177	82,378	317,407	61,608	(20,770)
NOVEMBER	203,731	221,028	160,421	192,526	225,650	33,124	194,097	1,571	(31,553)
DECEMBER	145,951	144,469	112,888	123,967	182,108	58,141	193,575	69,608	11,467
JANUARY	197,294	203,671	108,941	152,823	186,381	33,558	173,332	20,509	(13,049)
FEBRUARY	194,605	174,980	199,008	195,346	251,299	55,953	276,290	80,944	24,991
MARCH	261,044	170,886	190,764	215,567	241,615	26,048	233,321	17,754	(8,294)
APRIL	218,347	60,603	222,417	251,280	258,270	6,990	242,337	(8,943)	(15,933)
MAY[1]	280,530	97,386	260,290	294,032	319,644	25,612	370,919	76,887	51,275
TOTAL	**$2,595,641**	**$2,220,463**	**$2,107,678**	**$2,348,001**	**$2,861,848**	**$513,847**	**$2,840,842**	**$492,841**	**($21,006)**
AMUSEMENT TAX									
ADOPTED FY 2022 BUDGET - $420,000									
JULY[1]	$72,761	$90,398	$13,970	$19,173	$59,531	$40,358	$59,351	$40,178	($180)
AUGUST	51,694	56,722	19,248	25,161	54,181	29,020	55,160	29,999	979
SEPTEMBER	54,943	62,500	19,538	27,469	45,763	18,294	45,639	18,170	(124)
OCTOBER	67,036	69,849	18,752	26,011	56,571	30,560	55,688	29,677	(883)
NOVEMBER	73,743	78,870	17,830	26,748	53,819	27,071	54,292	27,544	473
DECEMBER	74,641	87,576	15,570	22,913	92,078	69,165	91,535	68,622	(543)
JANUARY	80,790	76,124	19,575	33,402	46,648	13,246	46,525	13,123	(123)
FEBRUARY	57,393	61,618	27,526	32,340	59,501	27,161	59,372	27,032	(129)
MARCH	79,134	32,690	32,509	45,385	75,730	30,345	74,242	28,857	(1,488)
APRIL	84,351	1,332	38,973	51,989	76,326	24,337	72,760	20,771	(3,566)
MAY[1]	58,317	979	34,658	48,287	69,681	21,394	70,409	22,122	728
TOTAL	**$754,803**	**$618,658**	**$258,149**	**$358,878**	**$689,829**	**$330,951**	**$684,973**	**$326,095**	**($4,856)**

[1] Due to year end accounting activities, a portion of revenues associated with May and June were posted in June and July.
[2] "Actual Collected" includes all revenue received per month regardless of whether the payment is current or delinquent.