FINANCE COMMITTEE AGENDA

Tuesday, September 27, 2022
11:30 a.m. – Council Chamber

GENERAL BUSINESS

11:30 a.m.

1. Approval of the Draft Finance Committee Meeting Notes from July 26, 2022.

   Contact: Rhonda Allbeck for Donna Witt, Chief Financial Officer 455-3968

11:35 a.m.

2. Report on the General Fund Reserve for Contingencies.

   Contact: Rhonda Allbeck for Donna Witt, Chief Financial Officer 455-3968

11:40 a.m.

3. Approve the submittal of a grant application to the Virginia Office of Emergency Medical Services Emergency Medical Services Grant Program through the Rescue Squad Assistance Fund (RSAF) for $54,162 with resources of $27,081 from the RSAF grant and $27,081 from the FY 2023 General Fund Fire Department budget to purchase one (1) Lifepak 15 monitor/defibrillator and one (1) Lucas 3 chest compression system for the Fire Department.

   Contact: Greg Wormser, Fire Chief 455-6340

11:45 p.m.

4. Elimination of Business License Tax for Businesses with Gross Receipts Less than $50,000.

   Contact: Mitchell W. Nuckles, Commissioner of the Revenue 455-3870

11:50 p.m.

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

   Contact: Rhonda Allbeck for Donna Witt, Chief Financial Officer 455-3968

11:55 a.m.

6. Estimated FY 2022 Unassigned General Fund Balance.

   Contact: Rhonda Allbeck for Donna Witt, Chief Financial Officer 455-3968

12:00 p.m.

7. Roll Call

The next Finance Committee meeting is Tuesday, October 25, 2022 at 11:30 a.m.

Agenda Item #: 1

FINANCE COMMITTEE NOTES -- DRAFT
Tuesday, July 26, 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: *Wynter C. Benda, City Manager; Donna Witt, Chief Financial Officer*

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

   Notes were approved with one correction. Under the Children's Services Act (CSA) Quarterly Report, "Non-Sum Sufficient" included a typo when presented as "Non-Sun-Sufficient".

2. Report on the General Fund Reserve for Contingencies.

   Donna Witt reported, with the new fiscal year, there were no new items presented, leaving a current balance of $1,200,000 including $50,000 for the City Manager's Discretionary Funding.

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

   Donna Witt reported for the five revenues reported they are $7.1 million above budget through May, continuing the pattern of exceeding projections due to a strong economy and inflation. In answer to questions regarding expenditures, Donna reported there are still many vacancies but some of the savings will be offset with additional fuel and chemical costs. A discussion was held by the Committee regarding ways to give back to citizens. City Manager Wynter Benda reported a discussion with the City Attorney regarding ways to return surplus funds under State Code 15.2-2511.1. Council Member Nelson suggested looking at lowering the Meals Tax rate since many citizens in poverty have to eat outside their homes. Chairman Helgeson made the point most citizens may not be able to deduct real estate taxes on their federal taxes making it more of a burden. Council Member Wright made the point to review revenue impact in the next months with federal interest rates increasing, which might lead to less spending by citizens thereby reducing revenues. City Manager Benda let the Committee members know of a retreat being planned for October 7, 2022 and his plan for including an economist to look at the federal, state and local economy. Chairman Helgeson requested the macro economy be included in the presentation as well.

4. Roll Call.
   There were no roll call items.

Meeting adjourned at 11:54 a.m.

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: **September 27, 2022** AGENDA ITEM #: **3**

REGULAR: **X** WORK SESSION: CLOSED SESSION (Confidential):
ACTION: **X** INFORMATION:

ITEM TITLE: Virginia Office of Emergency Medical Services Emergency Medical Services Grant Program through the Rescue Squad Assistance Fund (RSAF) to purchase (1) Lifepak 15 monitor/defibrillator and (1) Lucas 3 chest compression system for medic units.

RECOMMENDATION: Approve the submittal of a grant application to the Virginia Office of Emergency Medical Services Emergency Medical Services Grant Program through the Rescue Squad Assistance Fund (RSAF) for $54,162 with resources of $27,081 from the RSAF grant and $27,081 from the FY 2023 General Fund Fire Department budget to purchase one (1) Lifepak 15 monitor/defibrillator and one (1) Lucas 3 chest compression system for the Fire Department.

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

The Fire Department will apply for RSAF grant funds for one (1) Lifepak 15 monitor/defibrillator and one (1) Lucas 3 chest compression system. The current service call volume requires LFD to reinstate a fifth reserve medic unit. The Lifepak 15 monitor/defibrillator and Lucas 3 chest compression systems are required for the fifth medic unit.

The Fire Department plans to apply for the grant under a 50/50 match. With a total cost of $54,162, the maximum required local match is $27,081. Grants will be awarded in January 2023; therefore, if awarded, the match will be funded from the FY 2023 General Fund Fire Department budget.

PRIOR ACTION(S): None

FISCAL IMPACT: $27,081 in matching funds will be provided from the Fire Department's FY 2023 budget; no additional appropriation is required. Future funds will be needed for periodic maintenance of the equipment.

CONTACT(S): Greg Wormser, Fire Chief, 455-6340
Robert Lipscomb, Deputy Fire Chief, 455-6352
Annette Pettyjohn, Fire Administrative Manager, 455-6368

ATTACHMENT(S): None

REVIEWED BY:

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **September 27, 2022** AGENDA ITEM #: **4**

CONSENT:	REGULAR:	WORK SESSION: **X**	CLOSED SESSION:
ACTION:	INFORMATION: **X**		(Confidential)

ITEM TITLE: Elimination of Business License Tax for Businesses with Gross Receipts Less than $50,000.

RECOMMENDATION: Hear a presentation on information related to the elimination of Business License tax for businesses with gross receipts less than $50,000 for the preceding calendar year.

SUMMARY: In response to a request made by Council Member Helgeson, the Commissioner of the Revenue and City Staff will provide information related to the elimination of Business License tax for businesses with gross receipts less than $50,000 for the preceding calendar year.

Currently, any business or profession whose gross receipts, wholesale, purchases, or commission sales for the preceding calendar year are between $10,001 and $50,000 pay an annual license tax of $30. Any business or profession whose gross receipts, wholesale, purchases, or commission sales for the preceding calendar year are $10,000 or less is not subject to the business and professional licensing requirements.

A total of 510 businesses reported gross receipts in the range of $10,001 - $50,000 for calendar year 2021, with gross receipts totaling $15,384,958. The 2022 Business License Tax due from these businesses totaled $15,417, and the Business Personal Property (BPP) totaled $19,833, for total revenues of $35,250 from this range. Revising the current ordinance to eliminate Business License Tax for this group would reduce revenues by approximately $35,250.

PRIOR ACTION(S):
September 27, 2022 Finance Committee and City Council Work Session

FISCAL IMPACT: Reduce Business License Tax revenue by $35,250, based on current number of businesses in the $10,001 – 50,000 range.

CONTACT(S): Mitchell W. Nuckles, Commissioner of the Revenue, 455-3870
Donna Witt, Chief Financial Officer, 455-3968

ATTACHMENT(S):
- Business License Information Sheet

REVIEWED BY:

2022 BUSINES LICENSE STATISTICS

FEE RANGE	# OF BUS. LICENSE	TOTAL GROSS RECEIPTS	TOTAL BL TAX	TOTAL BPP TAX	TOTAL REVENUE	% TO TOTAL
$10,001 - $50,000	510	$15,384,958	$15,417.09	$19,833.22	$35,250.31	0.28%

FINANCE COMMITTEE
Agenda Item Summary

MEETING DATE: **September 27, 2022**			AGENDA ITEM #: **5**
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 June 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): Rhonda Allbeck, for 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 FY 2021 - FY 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	1,715,663	173,114	$74,862
JUNE	1,271,948	1,485,941	1,537,768	1,445,685	1,715,383	269,698	$177,615
TOTAL	**$15,976,195**	**$16,553,430**	**$18,614,660**	**$17,500,000**	**$20,747,211**	**$3,247,211**	**$2,132,551**

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
JUNE	304,873	277,880	283,774	272,050	292,120	20,070	$8,346
TOTAL	**$3,851,817**	**$3,591,341**	**$3,650,828**	**$3,500,000**	**$3,692,155**	**$192,155**	**$41,327**

	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
JUNE [1]	1,224,814	1,013,966	1,339,741	1,336,761	1,471,931	$135,170	1,461,570	$124,809	(10,361)
TOTAL	**$15,111,870**	**$13,708,338**	**$15,064,679**	**$14,700,000**	**$18,064,626**	**$3,364,626**	**$18,006,859**	**$3,306,859**	**($57,767)**
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
JUNE [1]	251,856	125,893	223,035	251,999	256,367	4,368	255,990	3,991	(377)
TOTAL	**$2,847,497**	**$2,346,356**	**$2,330,713**	**$2,600,000**	**$3,118,215**	**$518,215**	**$3,096,832**	**$496,832**	**($21,383)**
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
JUNE [1]	66,002	5,772	44,000	61,122	72,758	11,636	71,626	10,504	(1,132)
TOTAL	**$820,805**	**$624,430**	**$302,149**	**$420,000**	**$762,587**	**$342,587**	**$756,599**	**$336,599**	**($5,988)**

[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.

Office of the City Manager

City of Lynchburg | 900 Church Street | Lynchburg, VA | 24503

To: **Jeff Helgeson, Randy Nelson, Vice Mayor Beau Wright**
CC: **Mayor MaryJane Dolan, Chris Faraldi, Treney Tweedy, Sterling Wilder, Donna Witt, Carrie Dungan**
From: **Wynter C. Benda, City Manager**
Date: **September 22, 2022**
About: **Fiscal Year 2022 Adopted Budget to Estimated Actual**

This memorandum seeks to provide clarification on recent discussions related to Fiscal Year (FY) 2022 year-end numbers. Although discussions regarding a "surplus" have previously been tied to the Unassigned General Fund Balance (UGFB), the focus should be on expenditures and revenues compared to budget.

General Fund	Actual FY21 (A)	Adopted FY22 (B)	Estimated FY22 (C)	Adopted FY23 (D)	Revised Beginning FB FY23 (E)
Beginning Unassigned Fund Balance	$34,579,844	$30,197,436	$49,771,343	$40,955,797	$66,565,011
Revenues and Use of Fund Balance	210,084,561	196,949,073	215,332,240	206,525,769	206,525,769
Expenditures, Reserves, and Transfers	194,893,062	204,023,769	198,538,572	223,116,195	223,116,195
Ending Unassigned Fund Balance	$49,771,343	$23,122,740	$66,565,011	$24,365,371	$49,974,585

As you can see in the chart above, the ending FY22 UGFB in Column C is estimated to be $66.6 million, compared to an adopted budget amount of $23.1 million in Column B. Once we plug in this estimated UGFB as the estimated FY23 beginning fund balance in Column E, the ending FY23 UGFB will be at least $50 million, compared to the adopted budget general fund financial summary of $24.4 million as shown in Column D. The UGFB will continue to fluctuate as revenues and expenditures vary from adopted to actual budget. This is why the conversation needs to focus on revenues and expenditures compared to budget instead of UGFB.

Actual FY22 revenues are estimated to be $16.5 million more than the adopted budget, and expenditures are estimated to be about $6.4 million below the adopted budget. This results in $23 million of additional money in the general fund. These additional revenues are a result of conservative budgeting during the COVID-19 pandemic, a robust economy, and unprecedented inflation. Expenditures are lower than projected primarily because extensive vacancies throughout the organization result in about $4.2 million in personnel savings, which is higher than it has ever been.

Staff will break these numbers down further in the coming weeks, but I wanted to provide preliminary information for these conversations.

FY 2022 Analysis of Unassigned General Fund Balance (UGFB)

as of September 15, 2022 *(not final audited numbers)*

FY 2022 Adopted Budget Ending Fund Balance	$23,122,740	Estimated based on FY 2020 Ending Unassigned Fund Balance
FY 2022 Actual Ending Fund Balance (Estimated)	66,565,011	
	($43,442,271)	Variance
Additional Beginning Fund Balance Above FY 2022 Adopted	19,573,907	
Revenues Above Budget	16,542,093	
Expenditures Below Budget (Savings)	6,417,005	
	($909,266)	Miscellaneous Revenues and Expenditures