Adopted Operating and Capital Budget FY 2013

Revenue Analysis

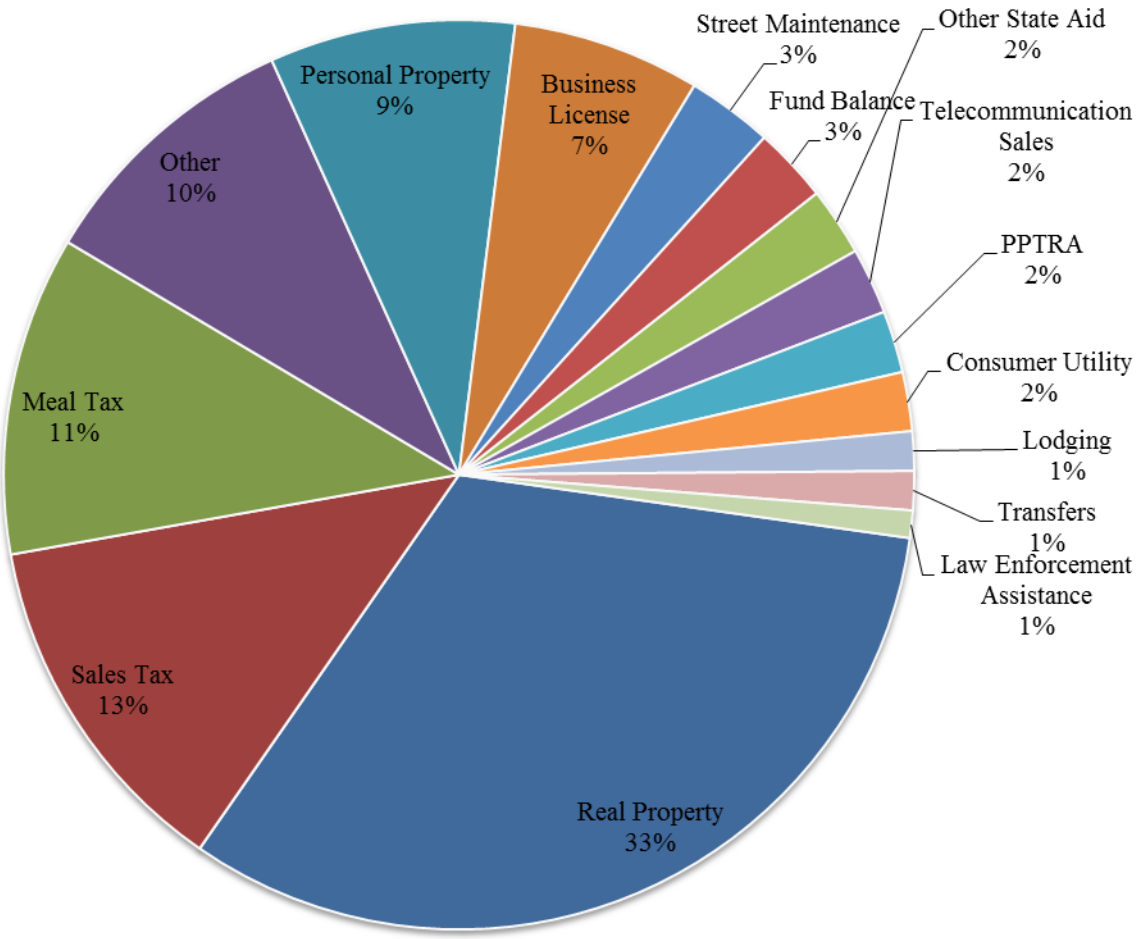
ADOPTED OPERATING AND CAPITAL BUDGET FY 2013
GENERAL FUND REVENUE ANALYSIS
SUMMARY TABLE

FY 2013 Budget
GENERAL FUND REVENUE SUMMARY TABLE

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimate	FY 2013 Adopted
Real Property	$ 22,382,634	$ 23,074,136	$ 23,158,658	$ 25,115,000	$ 25,476,640
Sales Tax	10,032,438	10,043,091	10,191,895	9,750,000	9,850,000
Meal Tax	7,080,021	8,132,542	8,842,347	9,300,000	8,910,000
Other	8,019,838	8,112,502	8,048,926	6,919,600	7,626,880
Personal Property	5,502,874	5,873,893	6,975,413	7,000,000	6,861,385
Business License	5,810,045	5,858,944	5,505,914	5,700,000	5,245,000
Street Maintenance	2,182,155	2,178,799	2,278,016	2,300,000	2,400,000
Fund Balance	-	-	-	-	2,105,045
Other State Aid*	2,503,385	1,830,891	2,108,395	3,705,000	1,909,440
Telecommunication Sales	1,897,210	1,836,247	1,882,619	1,785,000	1,850,000
PPTRA	1,728,833	1,728,833	1,728,833	1,725,000	1,725,000
Consumer Utility	1,517,109	1,677,699	1,644,628	1,800,000	1,645,000
Lodging	1,050,586	1,084,542	1,175,244	1,180,000	1,100,000
Transfers	1,377,016	1,433,000	1,246,389	1,085,400	1,085,400
Law Enforcement Assistance	852,213	778,345	762,762	735,000	762,000
Total	$ 71,936,357	$ 73,643,462	$ 75,550,039	$ 78,100,000	$ 78,551,790

*Other State Aid has a significant increase in FY 2012 because of the Cowan Boulevard Debt Service Reimbursement

FY 2013 Budget
General Fund Revenues



ADOPTED OPERATING AND CAPITAL BUDGET FY 2013
GENERAL FUND REVENUE ANALYSIS
DISCUSSION & ANALYSIS

The following Discussion and Analysis will highlight some of the major developments for some of the major revenue sources in the General Fund.

REAL ESTATE TAXES

The City's largest revenue source is the real property tax. A general real estate reassessment took place during FY 2012. The overall taxable value, at the time of budget adoption, declined 2.45. The tax rate of $0.74 per $100 was adopted as it was calculated to not exceed 101% of the prior year levy less any new construction value. The City's overall forecast for real estate revenue in FY 2013 is **$25,051,140**.

The FY 2013 forecast is for $25 million of new construction, and also uses a variable of a 98% collection ratio by the Treasurer's Office. In addition, the City will grant real estate relief for three programs - land use valuation for agricultural lands, relief for elderly or disabled homeowners, and rehabilitated historic properties. The forecast estimate for these abatements is $575,000.

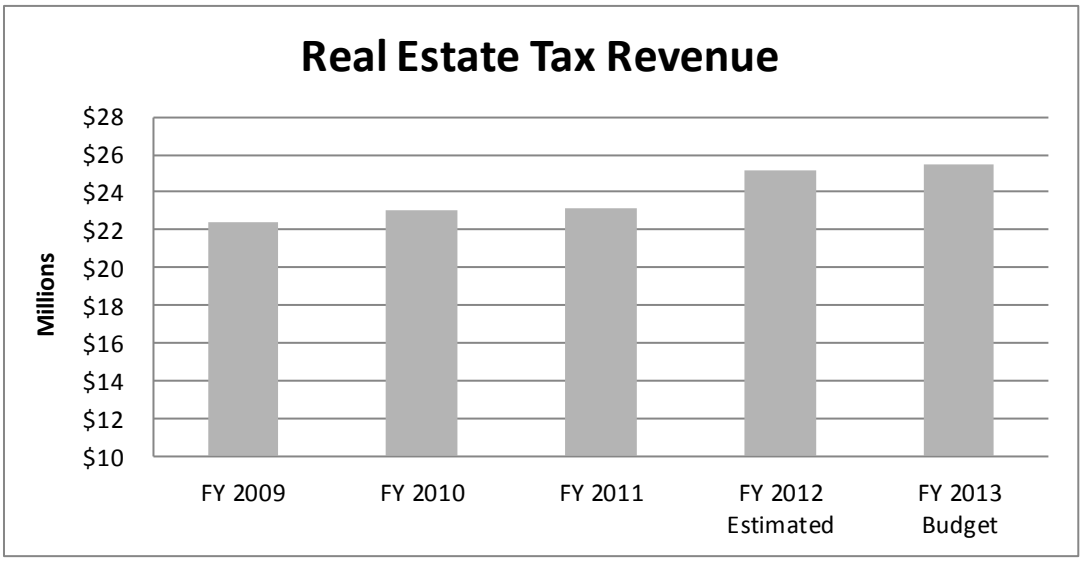
The forecast for delinquent real estate tax collections was increased to **$425,000** as we have seen a trend in increasing delinquent payments.

Real Estate Tax Rate		
Fiscal Year	Rate	Notes
FY 2006	$0.89	
FY 2007	$0.89	
FY 2008	$0.53	Re-assessment
FY 2009	$0.56	
FY 2010	$0.68	Re-assessment
FY 2011	$0.68	
FY 2012	$0.72	
FY 2013	$0.74	Re-assessment

PUBLIC SERVICE CORPORATION – REAL ESTATE TAXES

Unlike the most property in the City, several companies (known as Public Service Corporations) are exempt from the process of the General Property Re-assessment. These companies, which include utilities and railroads, have assessments of value done by the State Corporation Commission on a statewide basis, with the results given to localities for real estate tax billing in August of every year for the upcoming calendar year. The values are also discounted to the localities' current assessment to value ratio that is calculated by the Department of Taxation. There is a limited amount of business personal property owned by the Public Service Corporations that is sited and taxed by the City, based upon values provided by the state. The values provided by the state are then taxed by the City using the City's tax rates for the entire locality.

The forecast for FY 2013 is for **$670,000**.

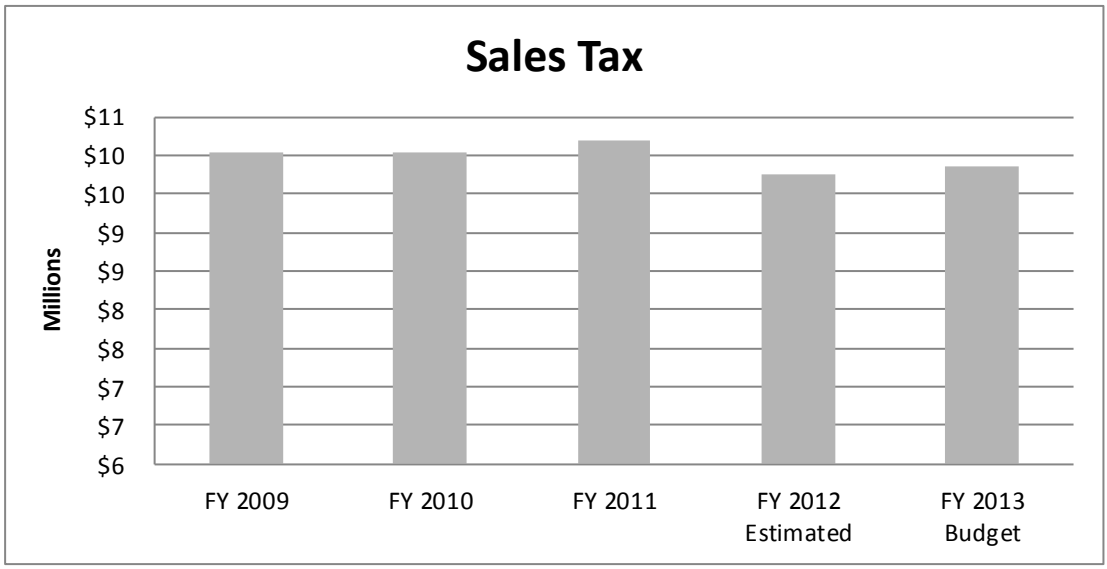


SALES TAXES

The Commonwealth of Virginia allows a local option sales tax of 1%, which is collected along with the state sales tax of 4% and remitted to the localities by the state Department of Taxation, based upon the location of the sale. Sales taxes, meals taxes, and BPOL taxes all fluctuate with the City's economic conditions.

The City's sales tax collections have been declining to levels that are less than the City received as far back as FY 2004 (July 2003-June 2004). In that year, the City received $11.5 million in sales tax revenues. The highest year for collections in the last few years was FY 2007, when the City collected $12.85 million in revenue. Since that year, the City's sales tax receipts have steadily declined until FY 2012 when there was slight growth of 1.0% in receipts. The overall lower levels in collection can be attributed partly as a result of overall economic conditions, but partly also as a result of increased regional competition.

The slight increase in sales tax in FY 2012 shows that the continual development efforts in the City have started to help the tax base recover. The City has been fortunate to have opened some major retail outlets in the past few years, and is continually trying to attract and fill commercial space in the City. The forecast in FY 2013 of $9.8 million reflects our continual development efforts as well as indications of improvements in the overall economy. However, the presence of increased regional competition will prevent the City from returning to the sales tax levels seen in FY 2006-2008 for the foreseeable future.



This chart shows sales tax revenues over the last several years. In FY 2012, the final estimate is $10,311,000. The FY 2013 forecast is conservatively estimated to be **$9,800,000**.

TELECOMMUNICATIONS SALES TAX

In FY 2007, the City began receiving the Telecommunications Sales Tax. The Telecommunications Sales Tax replaced the following taxes: Cable Franchise Fees, Consumer Utility Taxes on landline and wireless telephone service, and the local E-911 tax. The statewide sales tax begins to tax services that were heretofore not taxed, including satellite television, paging services, and Voice-over Internet Protocol (VOIP) telephone service The Consumer Utility Taxes is for electric and natural gas services.

	FY 2009 Actual	**FY 2010 Actual**	**FY 2011 Actual**	**FY 2012 Estimate**	**FY 2013 Budget**
Consumer UT	1,517,109	1,677,699	1,644,628	1,730,000	1,650,000
Telecommunications Sales Tax	1,897,210	1,836,247	1,882,619	1,785,000	1,850,000
Total These Sources	**3,414,319**	**3,513,946**	**3,530,000**	**3,463,000**	**3,500,000**

The Telecommunications Sales Tax has declined steadily since peaking in FY 2008. After seeing some anomalies in FY 2012, the FY 2013 forecast for Telecommunications Sales Taxes totals **$1,850,000**. The City will monitor this revenue source to see if month-to-month collections remain relatively stable.

PERSONAL PROPERTY TAXES, MACHINERY & TOOLS TAXES, AND PPTRA (PERSONAL PROPERTY TAX RELIEF ACT) GRANTS

Tangible personal property, such as cars, trucks, trailers, and boats, are subject to the City's Personal Property Tax. Unlike the real estate tax, personal property taxes are assessed and billed on a calendar year basis. The tax rate remains the same for FY 2013 at $3.40 per $100 in assessed value.

The City is estimating **$6,500,000** in personal property collections during Fiscal Year 2013. In addition, the City is estimating **$84,000** in delinquent personal property tax collections. These amounts do not include the state's personal property tax relief payments, which is $1.7 million.

Under the state's Personal Property Tax Relief Act, the City will receive a set grant to be used for Personal Property Tax Relief. The rate of relief must now be set by the City every year, and is calculated by the Commissioner of the Revenue and approved by the City Council. In CY 2012, the rate is set at 38%.

The City also receives Machinery & Tools taxes from industries and businesses located in the City. The Machinery & Tools tax is a property tax on certain classes of business property used for manufacturing, mining, water well drilling, processing and re-processing, radio or television broadcasting, dairy, and laundry or dry cleaning. This property is assessed separately from regular business personal property under state law. The City is forecasting a total of **$200,500** for Machinery & Tools taxes for FY 2013.

This table presents these taxes on a fiscal year basis, which matches the City's budget and audit cycles.

	FY 2009 Actual	**FY 2010 Actual**	**FY 2011 Actual**	**FY 2012 Estimate**	**FY 2013 Budget**
Personal Property Taxes	5,424,927	5,715,913	6,530,107	7,000,000	6,500,000
Machinery & Tools	77,947	158,033	268,410	275,000	200,500
PPTRA	1,728,833	1,728,833	1,728,833	1,728,833	1,725,000
Total These Sources	**7,231,707**	**7,598,946**	**8,523,517**	**9,003,833**	**8,425,500**

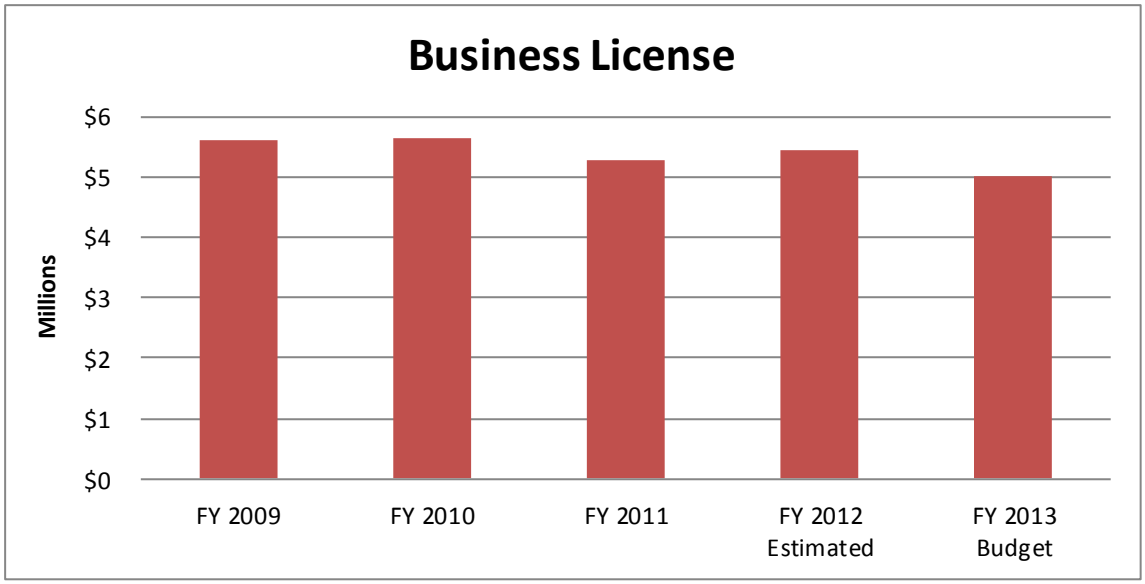
MEALS TAX

The City Council increased the Meals Tax rate from 5% to 6%, effective August 1, 2009, in order to raise additional revenues for City operations and reduce the real estate tax increase there being considered as an option to raise revenues. This City is fortunate to have a strong base of successful restaurants. The increase in collection is not purely based on the rate adjustment. Collections increased each month of FY 2012 over the collections in FY 2011. The consistent collections led the City to increase the FY 2013 budget amount to **$8,910,000** in collected receipts.

BUSINESS LICENSE TAX

The vast majority of business license taxes in the City are paid in March of the year, based on the gross receipts in the prior calendar year. From FY 2007 to FY 2008, the revenue declined significantly, due to prevailing economic conditions. At that time, the City Commissioner of the Revenue and the City Treasurer increased their audit and collection efforts for this tax. The increased efforts by these offices resulted in increased compliance and increased collections of late and overdue amounts.

During FY 2011, in a result to better distinguish delinquent activity from current payments, the City established a delinquent business license revenue line. The budget forecast for FY 2013 for delinquent business license tax collections is $150,000. The budget forecast for current business license taxes for FY 2013 is $5,075,000, which reflects the City's belief that business license collections will level off now that the Commissioner's and Treasurer's increased collection activities have been in effect for some time. The forecast for penalties on overdue business licenses remains conservatively estimated at $20,000. The total forecast from this source in FY 2013 is **$5,245,000**.



	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimated	FY 2013 Budget
Business License	5,688,778	5,814,793	5,292,080	5,360,000	5,075,000
Business License Penalties	121,267	44,152	31,017	30,000	20,000
Business License – Delinquent	Included in BL Taxes	Included in BL Taxes	182,817	275,000	150,000

BANK FRANCHISE TAX

Banks are assessed a Bank Franchise Tax in lieu of a Business License Tax in accordance with Virginia law. The rate is 80 percent of the state rate (usually $1 per $100) of net capital of each bank located in the City, apportioned according to the amount the deposits each branch in the City contributes to the total deposits of the bank. (See Code of Virginia §58.1-1200 *et seq*. for further details.) Filings are due to the Commissioner by March 1, with payment owed on or before June 1 of any year.

This revenue source grew strongly in the period from FY 2005 through FY 2007. Unfortunately, the City's revenue for FY 2008 from this source declined 19% from FY 2007, and is 9% below the revenue result from FY 2005.

The FY 2010 actual revenue increased significantly from the two previous years and after seeing an increase in FY 2011, FY 2012 is expected to decline substantially. Some of the orginal increase may be attributable to the opening of new bank branches in the City, which should impact revenues going forward. The actual revenues have remained at a higher level but show high variability so the budget is conservatively set at **$600,000** for FY 2013.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimate	FY 2013 Budget
Bank Franchise Tax	469,004	758,805	777,521	696,000	600,000

CONSUMER UTILITY TAX

The Consumer Utility Tax rate for natural gas and electric customers in the City rose by $1.00 per month beginning July 1, 2009. Estimated revenues in FY 2012 have grown but the budget has remained constant because we do not expect the higher level to be sustainable over time. The forecast for FY 2013 is **$1,645,000**.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimate	FY 2013 Budget
Consumer Utility Taxes	1,517,109	1,677,699	1,644,628	1,800,000	1,645,000

RECORDATION TAX

The Commonwealth of Virginia imposes a tax of $0.25 per $100 on land transfers, and the City also collects at a rate that is 1/3 of that charged by the state (or $0.083 per $100). The declining real estate market has affected this revenue state-wide. Recordation taxes as a revenue source may vary significantly from year-to-year with economic conditions and, in the City, whether or not there are sales of large valuable parcels in a given year. In FY 2009, the revenue from this source declined significantly, a trend which continued in FY 2010. Activity increased in FY 2011, with a collection of $468,000; yet we are estimating a lower value in FY 2012 of $400,000. The changing real estate market and adjustments in the market value of properties have made this a difficult revenue to anticipate collections. The City budget forecast for FY 2013 is for **$450,000**. This level would represent an increase in activity from last year, but remain well short of revenue generated during FY 2007 and FY 2008.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimate	FY 2013 Budget
Recordation Tax	460,084	406,123	468,241	400,000	450,000

INTERGOVERNMENTAL REVENUES

The intergovernmental revenues for the General Fund consist almost exclusively of state-shared rather than federal revenues. The City obtains budget estimates for some revenue forecasts from the state – for example, for the law enforcement assistance funds commonly known as the "HB 599" funds. In addition, the City also forecasts Street Maintenance payments based upon a combination of historical trends and additions to the lane mileage for new streets or roads. Street Maintenance payments constitute the largest source of intergovernmental revenue in the General Fund, as the Virginia Department of

Transportation shares maintenance funds with the City for the maintenance of streets and roads on a per-lane mile basis. The City also receives state funds to support costs for the City's constitutional officers, which perform duties both for the City and for the state. The City's constitutional officers include the Commissioner of the Revenue, the Treasurer, the Commonwealth's Attorney, the Sheriff, and the Clerk of the Circuit Court. For the purposes of this table, the Voter Registrar and the Medical Examiner function are also included.

The City and the Virginia Department of Transportation agreement concerning the state repayment of City debt for Cowan Boulevard allowed the City to begin collecting payments from the state beginning in FY 2009. A payment was made in FY 2009. However, the state in FY 2010 eliminated funding for the debt service agreement due to state budgetary issues. In FY 2011, the state restored funding in the six-year plan, and in FY 2012 $2,010,619 was received.

Major Intergovernmental Sources	**FY 2009 Actual**	**FY 2010 Actual**	**FY 2011 Actual**	**FY 2012 Estimate**	**FY 2013 Forecast**
Street Maintenance	2,182,155	2,178,799	2,278,016	2,362,574	2,300,000
Law Enforcement Assistance (HB 599)	852,213	778,345	762,762	735,204	725,000
Constitutional Officers & Registrar	1,588,338	1,567,996[1]	1,585,000	1,544,164	1,515,000

State Reductions

The Commonwealth of Virginia informed localities during their budget process for FY 2009 that the state would be reducing its allocations for state aid for a variety of programs in order to achieve $50 million in savings to the state budget, this program has continued ever since. The state Department of Planning and Budget identified the eligible programs, which included aid to the City's constitutional officers, aid for law enforcement (known commonly as "HB 599" after the original legislation), Comprehensive Services Act funding, and state-shared revenues for the Grantor's Tax and the Rolling Stock taxes. The identified items also included items that the City serves as fiscal agent for, but does not include as part of its budget, including items such as state aid for the Central Rappahannock Regional Library. Not included in the state reductions were state assistance received by the City for Personal Property Tax Relief, aid for education, and aid for street maintenance.

[1] Includes federal payments for Sheriff services, under the American Reinvestment and Recovery Act. The Commonwealth used the federal stimulus funds to offset their contribution to local governments for these services. Federal funding is no longer available.

The City could elect to take the proportional reductions from each identified program, pay the state the identified amount, or mix and match between programs. Because the City allocation includes items that are not funded by the City, the City will elect to have the proportional reductions taken from each identified program. There is one exception – the community corrections program run by the Rappahannock Regional Jail wishes to pay the state back directly for the cut to that program. Here is a simplified table for the reductions in state support, showing the reductions given in FY 2011, FY 2012, and FY 2013, which shows the impact to the various programs of these cuts.

City Program	FY 2011 Reduction	FY 2012 Reduction	FY 2013 Reduction	Comments
Voter Registrar	2,094	1,998	1,663	
Sheriff	23,292	21,460	18,505	Constitutional Officer
Commissioner of the Revenue	3,091	3,122	2,607	Constitutional Officer
Commonwealth Attorney	25,365	25,239	21,079	Constitutional Officer
Circuit Court Clerk	10,214	10,389	8,678	Constitutional Officer
Treasurer	1,464	1,471	1,229	Constitutional Officer
Regional Library	3,269	3,329	3,641	State aid for libraries; not included in City budget
Rolling Stock Taxes	477	476	389	
Grantor's Tax	3,996	6,053	5,939	
CSA	67,650	63,213	51,178	Reduction in state revenue to the CSA Fund; programs are still mandatory
Community Corrections	52,497	50,412	44,007	City is fiscal agent only
HB 599	44,110	43,340	36,186	State aid to the City Police Department
Total Reductions	237,519	233,562	195,101	

LODGING TAX

The City lodging tax rate, at 6%, remains unchanged in FY 2013. In FY 2010, the City raised the rate from 5.5% to 6%, in order to offset declines in other revenue sources. Revenues increased as a result of both the rate increase and a full year of operations from the new Courtyard by Marriott downtown, which opened during the summer of 2009. Lodging tax collections were strong in FY 2011 due to increased economic activity and we have seen a consistent activity to hold collections constant for FY 2012. The City is conservatively forecasting revenue for FY 2013 of **$1,100,000**, which is a slight increase from the FY 2012 budget.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimated	FY 2013 Budget
Lodging Tax	1,050,586	1,084,542	1,175,244	1,182,000	1,100,000

TOBACCO TAX

The City of Fredericksburg currently charges a $0.31 per pack tax on cigarettes sold in the City. This rate has been in place since FY 2006. Tax receipts had been fairly steady from FY 2006 through FY 2008; however, from FY 2008 to FY 2012 the City's revenue from this source has been inconsistent. As a result of these trends, the City lowered its estimate for revenue from this source to $500,000 in FY 2010. In spite of the underlying trend and an increase in the federal cigarette tax, in FY 2011 the revenue from this source increased. Given the volatility of this source, the FY 2013 budget forecast maintains a conservative revenue level of **$530,000**.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimated	FY 2013 Budget
Tobacco Tax	530,216	503,322	554,701	578,000	530,000

ADMISSIONS TAX

The City imposes a tax on admissions to amusements and events, at 6%. The forecast in FY 2013 is for **$320,000**.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimated	FY 2013 Budget
Admissions Tax	335,918	319,137	341,693	368,000	320,000

EMERGENCY MEDICAL SERVICE TRANSPORTATION FEES

The City of Fredericksburg initiated a fee program to recover costs associated with the provision of these services. Currently, the City and the Fredericksburg Rescue Squad combine to provide these services to city residents. The fees, which were initiated in October of 2007, are billed on a "soft billing" policy, and no citizen is denied service based upon ability to pay. However, insurance providers, which often include medical transportation in their policies, are billed for the cost to the community of providing emergency medical transport. The fees are only charged for services related to transportation – if a citizen is treated on site or no treatment is necessary, there is no charge.

The City's two first full years of collection – FY 2009 and FY 2010 – have seen revenues increase slightly as the City and its collection agent standardize processes for billing and collections. However, FY 2011 and FY 2012 experienced a decline in collections, as the City has seen fewer transports and is transporting more patients without any type of insurance. The FY 2013 budget forecast of **$630,000** will need to be closely monitored during the year.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimated	FY 2013 Budget
EMS Fees	651,257	681,346	579,765	555,000	630,000

PUBLIC RIGHT-OF-WAY USE FEE

The original intent of the Public Right-of-Way Use Fee was to replace telephone company franchise fees. The fee is calculated by the Virginia Department of Transportation based upon a statewide formula (for FY 2013, it is $0.91 per line, an increase of $0.13 per line from FY 2012). The rate change creates a relatively neutral impact for the Commonwealth as a whole because of the sharp decline in access line connections

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimated	FY 2013 Budget
Public R-O-W Use Fee	84,300	103,805	137,068	132,000	130,000

BUILDING AND PLANNING FEES

The City charges a wide variety of permit fees related to building inspections, site plan applications, other planning and zoning revenues, and various other regulatory permits. The most significant of these are building permit fees and site plan review fees.

The City has not increased building permit fees since FY 2008; and the fees will remain constant for FY 2013.

During FY 2009, building permit revenues rebounded, although site plan fees continued to decline. The estimated revenues during FY 2010 increased significantly, largely due to several large construction projects, including Eagle Village and the large Print Innovators. Construction activity in the City continued with several major projects during FY 2011, and revenues rose substantially. These included several new medical office buildings and apartment complexes. These projects are now underway or are nearing completion. The FY 2013 budget forecast remains conservative.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Forecast	FY 2013 Budget
Building Permit Fees	531,500	640,199	776,506	530,000	600,000
Site Plan Review Fees	73,673	86,378	63,356	84,000	65,000
Other Fees	112,177	95,900	105,173	128,000	129,050
Total	717,350	822,477	945,035	742,000	743,050

SOLID WASTE FEES

Solid waste fees have not been raised by the City since FY 2009, when they were raised by 5%. The current fee is $15.75 per month for single-family homes and $12.60 for high-density units, such as condominiums, and is billed bi-monthly. The forecast for FY 2013 is **$724,500**.

The City included $56,700 in the Public Works Department budget to cover the tipping fee charge of solid waste hauled by the City to the Stafford Regional Landfill. The City may need to consider an increase in the solid waste fee in the future to adjust to the changing and increased cost of service of waste disposal.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimated	FY 2013 Budget
Solid Waste Fees	727,253	721,210	727,135	737,000	724,500

RECREATION FEES

The City charges fees for various recreation programs, including dance and art classes, sports programs, and boat rental at Motts Reservoir. By City Code, the authority to charge these fees is vested in the City's Recreation Commission, which is a body appointed by the City Council to oversee the City's recreation programs. General sports, leisure, and educational programs are charged in the general fund with the goal of having fees help support the operations and maintenance costs associated with the Supervision division of the Department of Parks, Recreation, and Public Facilities. The forecast for FY 2013 remains **$350,000** for recreation fees, which reflects an expectation of lowered activity in this area due to the recession.

The boat rental fees at Motts Run Reservoir are accepted in the General Fund, and are shown in the table below. Motts Run staff and supplies are supported in the Parks Maintenance budget in the General Fund, and these fees go to offset those expenditures.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimated	FY 2013 Budget
Recreation Fees	457,468	406,313	411,452	381,000	370,000
Marina Fees – Motts Run	30,203	31,614	38,000	41,000	30,000

TRANSFERS FROM OTHER FUNDS

The City in FY 2013 will make use of the following transfers from other funds in the General Fund:

- $305,000 from the Water Fund – for overhead
- $300,000 from the Wastewater Fund – for overhead
- $85,400 from the School Operating Fund – prior agreement concerning early retirement benefits for teachers
- $400,000 from Special Revenue Funds (pays the City back for the construction of the Fall Hill Avenue & Silver Parkway intersection improvements; plus Cowan Boulevard debt service – City portion).

USE OF FUND BALANCES

In order to balance the FY 2013 budget, the City budgeted $648,000 in undesignated unreserved fund balance. The $550,000 was equivalent to the General Fund Contingency in the Manager's Recommended Budget, although as a result of changes made during City Council review the Contingency in the Adopted Operating Budget ended up being slightly higher ($576,086). An additional use of fund balance is the transfer of $100,000 of undesignated unreserved fund balance to establish the blight abatement fund.

There is also committed fund balance the City holds which can only be used for assigned purposes. The City appropriated $1,205,045 in fund balance Assigned for Capital as well as $250,000 in fund balance Assigned for Health Insurance Claims.

A separate section of the budget document details the fund balance usage in the General Fund over time.

ADOPTED OPERATING AND CAPITAL BUDGET FY 2013
SOCIAL SERVICES FUND REVENUE ANALYSIS
SUMMARY TABLE

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget
Local Income	1,442	435	1,198	-	-
Revenue from the Commonwealth	1,355,874	1,443,940	1,398,519	1,432,187	1,250,048
Revenue from the Federal Government	2,079,346	2,267,902	2,365,666	2,475,910	1,715,368
Transfer from Other Funds	933,022	832,080	823,000	893,215	911,670
Other Sources	-	118,006	106,371	85,000	82,500
Fund Balance	-	-	-	-	50,000
Total	**4,498,688**	**4,662,363**	**4,694,754**	**4,541,765**	**4,009,586**

REVENUE FROM OTHER GOVERNMENTS

The Social Services Fund is funded to a large degree by the state and federal governments, which provide aid to the locality to administer various federal and state human services programs. The state also provides assistance for salary reimbursement for DSS employees. The Department of Social Services provides revenue estimates for the budget in this regard based upon historical trends and program budget information available from the state and federal governments.

TRANSFER FROM OTHER FUNDS

This revenue source consists of transfer from the General Fund to support Department of Social Services operations, for the FY 2013 budget is transfer amount is **$911,670.**

ADOPTED OPERATING AND CAPITAL BUDGET FY 2013
SCHOOL OPERATING FUND – REVENUE ANALYSIS
SUMMARY TABLE

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget
Local School Income	332,976	407,376	344,640	301.400	306,400
Revenue from the Commonwealth	6,578,327	6,216,582	7,113,910	7,360,366	10,207,002
Revenue from the Federal Government	551,188	1,221,797	1,091,748	-	-
Transfer from the General Fund	24,728,000	24,028,000	24,028,000	24,928,000	24,928,000
Transfer to Head Start (General Fund)	-	-	-	-	215,500
Fund Balance	-	-	-	100,000	100,000
Total	32,190,491	31,873,755	32,578,298	32,689,766	35,756,902

LOCAL SCHOOL INCOME

The largest source of local school income is tuition charged to students attending City schools who live outside the City. These amounts are set by the School Board and are forecasted every year by the Fredericksburg City Public Schools. The schools also receive small amounts of miscellaneous funds from items such as facility rentals, gate receipts, etc.

REVENUE FROM THE COMMONWEALTH

The Commonwealth of Virginia shares resources for education with local school districts based upon complex formulas involving measures of ability to pay, school enrollment, overall population, and funding availability. These funds are based upon local and state forecasts of school enrollment and, for most state sources, the state's measure of ability to pay – known as the Local Composite Index (LCI). The Local Composite Index decreased for the City in the upcoming biennium, from 0.7763 to 0.6511. This change in the LCI provides more state aid to the City Schools. School officials estimate the impact of the LCI change, combined with higher enrollments, will result in approximately $2 million in additional state revenues

TRANSFER FROM THE GENERAL FUND

The Transfer from the General Fund is the largest source of education funds for the School Operating Fund. It is also the largest expenditure in the City's General Fund.

The Transfer from the General Fund to the School Operating Fund does not include the debt service the City incurred from the construction of the two new schools. The City pays $3.4 million in FY 2013 for this debt service, which is transferred from the General Fund directly to the City's Debt Service Funds, and is not included in the operating fund for the Schools.

In prior years the Transfer to Head Start funding was placed in the School Grants Fund but because of changes in reporting and cost allocation this transfer is now made to the schools operating fund.

ADOPTED OPERATING AND CAPITAL BUDGET FY 2013
CITY GRANTS FUND REVENUE ANALYSIS
SUMMARY TABLE

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Budget	FY 2013 Adopted Budget
Local Income	161,046	114,412	103,141	164,030	192,500
Revenue from Other Localities	302,208	405,000	321,994	322,000	342,000
Revenue from the Commonwealth	259,454	307,128	161,021	175,000	236,874
CDBG Funds	202,849	245,574	201,133	209,360	145,875
Revenue from the Federal Government	293,638	419,750	229,188	264,765	532,445
Interfund Transfers	451,915	381,744	291,112	308,095	346,271
Fund Balance	-	-	-	47,500	40,000
Total	1,672,291	1,873,743	1,307,589	1,490,750	1,835,965

OVERALL NOTES

The City Grants Fund is designed to account for various federal, state, and local grant activities of the City. Most grants are awarded outside the City budget cycle, and if so, the City Council is asked to consider amending the City Grants Fund budget to appropriate the necessary funds to engage in the grant activities.

The City is fortunate to receive significant grant assistance for public safety, economic development, cultural, and other program areas from federal, state, and regional partners.

LOCAL INCOME

The City tracks several local programs through the City Grants Fund. The most notable of these are Department of Parks, Recreation, and Public Facilities programs such as the Soapbox Derby and Starfires Drill Team. Revenues for these items are based upon historical attendance and donation trends.

REVENUE FROM OTHER LOCALITIES

These revenues are the revenues received from Spotsylvania County and Stafford County for the Regional Group Tourism program. The contributions of the various localities are set by agreement. Other contributions for other programs in this fund (for example, the Discovery Days special event) will also occur from time to time.

REVENUE FROM THE COMMONWEALTH

These include a variety of grant programs, including the Virginia Commission for the Arts and various public safety programs. Information on forecasting is gathered from projections from the Commonwealth and conservative projections based upon past awards for ongoing programs.

CDBG FUNDS

The Community Development Block Grant funds are forecasted with the assistance of the City's program coordinator, who evaluates information received on the program from the federal government. The City anticipates a decrease in support for the program from the federal government in FY 2013, and likely going forward.

INTERFUND TRANSFERS

These are transfers based upon program matching requirements, as indicated in grant award documents or other program information. These funds come from the City's General Fund. The following table breaks down the transfer from the General Fund by City Grants Program.

Program	FY 2013 Transfer from General Fund
Victim Witness	60,255
Virginia Domestic Violence	24,000
DCJS COPS Grant	3,060
JAG AFIS Renewal	12,530
Firefighters Assistance Grant	5,776
Arts Commission	10,000
CDBG	54,650
Farmer's Market	25,000
Regional Group Tourism	50,000
Regional Tourism Marketing	121,000
Total General Fund Transfer	**346,271**

ADOPTED OPERATING AND CAPITAL BUDGET FY 2013
WATER FUND REVENUE ANALYSIS
SUMMARY TABLE

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget
Water Sales	2,104,372	2,136,606	2,357,815	2,380,000	2,587,365
Other Income – Water	771,529	880,728	448,600	422,000	135,000
Fund Balance	-	-	640,000	680,000	670,000
Total	2,875,901	3,017,334	3,446,415	3,482,000	3,392,365

WATER SALES

By far, the single largest source of funds in the Water Fund is water sales, which comes from the regular bi-monthly bills to customers for water service. The City raised water rates by 9.9%% in the FY 2013 budget.

OTHER INCOME – WATER

This category represents other fees in the water fund, interest income, and other miscellaneous revenue sources. Historical years also reflect water availability fees, which are mostly budgeted in the Water Capital Fund, but some portion is budgeted in the Water Operating Fund. The Water Capital Fund and the Water Operating Fund are combined at the end of the year for audit purposes. As an Enterprise Fund, assets built through the Water Capital Fund are added to the balance sheet and depreciated over time.

ADOPTED OPERATING AND CAPITAL BUDGET FY 2013
WASTEWATER FUND REVENUE ANALYSIS
SUMMARY TABLE

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget
Wastewater Sales	3,432,452	3,628,030	6,236,564	3,960,000	5,065,000
Other Income – Wastewater	1,052,966	1,047,817	205,864	740,000	158,000
Fund Balance	-	-	-	1,600,000	2,143,425
Total	**4,485,418**	**4,675,847**	**6,442,428**	**6,300,000**	**7,366,425**

WASTEWATER SALES

By far the single largest source of funds in the Wastewater Fund is sewer sales, which comes from the regular bi-monthly bills to customers for water service. Historical trend data and projections of growth in the community are the source for this forecast. The City adopted a rate increase of 10.7% for FY 2013.

OTHER INCOME – WASTEWATER

This category represents other fees in the water fund, interest income, and other miscellaneous revenue sources. Historical years also reflect water availability fees, which are mostly budgeted in the Wastewater Capital Fund, but some portion is budgeted in the Wastewater Operating Fund. The Wastewater Capital Fund and the Wastewater Operating Fund are combined at the end of the year for audit purposes.

ADOPTED OPERATING AND CAPITAL BUDGET FY 2013
TRANSIT FUND REVENUE ANALYSIS
SUMMARY TABLE

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget
Fares	159,741	271,610	273,419	387,255	418,848
Revenue from the Federal Government	1,559,865	2,877,164	2,066,246	1,832,095	1,334,507
Revenue from the Commonwealth	614,547	715,348	663,245	757,500	533,183
Local Revenues (including partnerships & other governments)	2,622,148	1,526,239	1,426,081	1,751,217	1,958,306
Fund Balance	-	-	-	450,000	621,186
Total	4,956,301	5,390,361	4,428,991	5,178,037	4,867,030

FARES

The fares for the Transit system are set at $0.75 per ride on most trips; however, fares are higher on some of the new demonstration routes.

REVENUES FROM OTHER GOVERNMENTS

The Transit Department receives much of its funding from the federal and state governments. The Department receives information about funding allocations from the Federal Transit Administration and the Virginia Department of Rail and Public Transportation. The construction of the new FRED Transit Station distorted FRED revenues in FY 2008, as capital construction grants are combined with the FRED operating fund at the close of the year due to the enterprise nature of FRED.

LOCAL REVENUES

These revenues include partnerships with the University of Mary Washington and Mary Washington Hospital, and local contributions from surrounding counties to support the cost of service to those localities. Routes are run outside of the City in Caroline County, Stafford County, and Spotsylvania County. For FY 2013 King George County has decided to no longer participate in the regional transit syste. County contributions are set based upon budget requests for the service sent to the county governments as part of their annual budget process. The City contributes to the service as well, generally from surplus motor fuels taxes.

ADOPTED OPERATING AND CAPITAL BUDGET FY 2013
PARKING FUND REVENUE ANALYSIS
SUMMARY TABLE

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
Parking Garage Fees	130,281	192,462	238,240	172,650	192,800
Motor Fuels Tax	321,777	321,058	322,374	319,820	320,610
Other Revenues	43,894	29,641	15,760	10,000	5,000
Transfer from General Fund	-	-		-	
Contributed Capital	-	-		-	
Transfer from Capital	-	-		-	
Fund Balance	-	-		-	144,220
Total	495,952	542,861	576,374	650,630	662,630

PARKING FEES

The City bases its estimate on the history of the parking in the garage and a growth projection as more customers learn of the location and convenience to the historic downtown and to the Virginia Railway Express station, located within easy walking distance of the garage. The Sophia Street Parking Garage opened in November of 2005.

The new downtown hotel has been open since June of 2009, and there is an agreement to lease 80 spaces from the garage to the hotel. Revenues from parking fees have as a result of this new activity.

Effective January 1, 2012 the City increased its parking fees from $60 to $70 dollars monthly and the early bird rate went from $4 to $5 per day. Council increased the number of hours of free parking from 2 hours to 3 hours.

MOTOR FUELS TAXES

The City intends to use its surplus motor fuels taxes to pay for the debt service payments on the garage. For FY 2013, the revenue estimate is equal to the scheduled debt service payments for the Fiscal Year.

TRANSFER FROM THE GENERAL FUND

The transfer from the General Fund is the transfer necessary to cover the cost of operations once the parking fees and the other sources of revenue have been projected. The City will not transfer funds from the General Fund in FY 2013.

FUND BALANCE

The Parking Fund is an Enterprise Fund. The City will budget an amount of fund balance equal to the anticipated depreciation charge on the assets of the Fund, most notably the Sophia Street Parking Garage.

ADOPTED OPERATING AND CAPITAL BUDGET FY 2013
COMPREHENSIVE SERVICES ACT FUND REVENUE ANALYSIS
SUMMARY TABLE

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget
Revenue from the Commonwealth	697,604	837,367	927,533	747,500	1,086,485
Transfer from Other Funds	-	-	-	-	-
Transfer from the General Fund	769,427	665,550	563,240	620,000	719,125
Fund Balance	-	-	-	50,000	50,000
Total	1,467,031	1,502,917	1,490,773	1,417,500	1,855,610

REVENUE FROM THE COMMONWEALTH

The Commonwealth transfers funds to cities and counties in the state under the Comprehensive Services Act to assist children in need of special services. The program is coordinated at the local level by a CSA Coordinator, who works in the Department of Social Services. The grant is projected based upon the total program budget and information from the Commonwealth as to likely reimbursement levels.

The CSA Program is affected by the decision of the state to reduce transfers to local governments. The City will have its state aid available for this program reduced by $41,452 in FY 2011. Actual reimbursements depend upon program demands.

TRANSFER FROM THE GENERAL FUND

The Transfer from the General Fund represents the City's contribution to meet the mandates of the Comprehensive Services Act.

ADOPTED OPERATING AND CAPITAL BUDGET FY 2013
MOTOR FUELS TAXES REVENUE ANALYSIS
SUMMARY TABLE

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimated	FY 2013 Projected[2]
Motor Fuels Taxes	1,341,567	1,354,464	1,684,695	1,500,000	1,948,216
Interest Allocated to City	88,354	12,495	8,551	6,000	-
Total	1,429,921	1,359,756	1,693,246	1,506,000	1,948,216

MOTOR FUELS TAXES

The City of Fredericksburg is a member of a regional transportation commission set up by the Commonwealth of Virginia to support commuter rail into the District of Columbia. The member localities are allowed to charge a 2.1% surcharge on motor fuels taxes at the wholesale level. The proceeds must be used to support the Virginia Railway Express and the administrative function of the Potomac and Rappahannock Transportation Commission. Any surplus proceeds may be used by the locality for any transportation purpose. The PRTC projects total revenues for the motor fuels tax for each locality. Actual receipts will vary significantly with the price of motor fuels.

The City budgets some use of motor fuels taxes for transportation purposes, but does not budget the entire projected tax receipts. All receipts are kept at the PRTC; the City must send a resolution designated the use of the funds, then a request for reimbursement once the funds are spent.

Motor fuels tax revenues have been extremely variable over the last two fiscal years, as a new method of collection has been implemented in accordance with state law. The taxes are now collected at the wholesale rather than retail level. In addition, audits at the state level have revealed overpayments to the City that should have been filed with Spotsylvania County. So far during FY 2012, the state has adjusted $570,568 in revenue from the City to Spotsylvania County. The estimated FY 2012 revenue reflects this adjustment.

On the positive side, the City will receive approximately $80,000 in rebate from the Virginia Railway Express during FY 2013. This amount represents payments for operational support by Spotsylvania County that were deferred until FY 2013 to allow Spotsylvania to build up sufficient funds in their motor fuels tax accounts to pay for their share of VRE operations. This amount is included in the FY 2013 estimate prepared by the PRTC.

The City uses motor fuels taxes for three major programs: FRED Transit operating subsidy; VRE subsidy; and Sophia Street Parking Garage debt service. The City also uses this source for a variety of smaller scale transportation projects and needs, including matching funds for various transportation grant projects.

[2] This estimate is the total estimate, including interest, for the year from PRTC.

ADOPTED OPERATING AND CAPITAL BUDGET FY 2013
SCHOOL GRANTS FUND REVENUE ANALYSIS
SUMMARY TABLES

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Budget	FY 2013 Budget
Local School Revenues	679,518	619,256	583,249	551,684	543,500
Revenue from the Commonwealth	527,452	544,624	383,958	711,000	486,600
Revenue from the Federal Government	2,881,036	4,106,218	3,666,852	3,734,943	3,568,529
Transfer from the General Fund	230,000	195,500	195,500	170,000	-
Fund Balance					
Total	**4,318,006**	**5,465,598**	**4,829,559**	**5,167,627**	**4,598,629**

LOCAL SCHOOL REVENUES

The School Grants Fund serves to account for a variety of federal and state grants, many of which involve regional programs for which the Fredericksburg City Schools and the City serve as fiscal agent. The School Grants Fund also serves as the home of the cafeteria service for the Fredericksburg City Schools. The Local School Revenues category includes cafeteria sales, forecasts for which are provided by the Fredericksburg City Schools. In addition, the very generous grant for anti-truancy efforts of the Sunshine Lady Foundation to the City Schools is also included in Local School Revenues.

REVENUE FROM OTHER GOVERNMENTS

These categories reflect the federal and state funding for specific programs, such as Head Start, that are accounted from through the School Grants Fund. These programs are distinct from the general state support for education, which is accounted for in the School Operating Fund. These revenue forecasts are provided by the Fredericksburg City Schools.

TRANSFER FROM GENERAL FUND

The Head Start Program of the City began requesting City financial support, beginning in FY 2007. This request was made as a result of reduced federal funding. The Head Start program, which encompasses pre-school children from both the City and King George County, is housed in the City's Old Walker-Grant Middle School.

Due to monitoring and cost break down requirements, the City's share of the Head Start Program will now be transferred to the School Operating Fund.

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