

## Adopted Operating and Capital Budget FY 2013

### Debt Service Analysis

ADOPTED BUDGET FY 2013  
DEBT LIMIT TABLE

<b>Computation of Legal Debt Margin (7/01/2012)</b>	
Assessed Value of Taxable Real Estate (7/1/12 - preliminary)	\$3,533,615,100
Assessed Value – Public Service Corporation	\$121,621,419
Assessed Value – Exempt Real Estate	\$762,492,100
Total Assessed Value	\$4,417,728,619
Debt Limit – 4.8% of total assessed value	\$212,050,973
Amount of Debt applicable to debt limit	(\$108,337,000)
Debt Margin	\$103,713,973

- The limit of 4.8% of total assessed value is imposed by the City Council, and applies to the City’s General Obligation debt (including Education-related debt). Revenue bonds supported by water and wastewater user fees are not included in the debt limit.
- The City’s own policy is more restrictive than the 10% limitation against total taxable assessed value allowed cities under the Virginia Constitution.
- The City issued \$35,000,000 in new debt for the courthouse project in November 2011.

## DEBT SERVICE TABLES

The following table shows debt service impacts from FY 2013 through FY 2020. The City took advantage of low interest rates to issue \$4,162,000 in refunding bonds in May of 2009, which lowered debt service costs in FY 2009 and going forward.

The City took advantage of the federal government’s Build America Bond program and the Recovery Zone bond program to issue \$6.22 million in debt, with the interest payments subsidized by the federal government. The debt in the Sewer Fund will fall significantly beginning in FY 2014.

The City’s Parking Fund (with the Sophia Street Parking Garage) and the Wastewater Fund (Wastewater Treatment Plant) are capital-intensive, and the debt service as a percentage of those funds is high relative to the Water Fund. The City no longer owns a water plant, and there is not as much debt service in that fund.

### Current Debt Service Table

Year	City	Education	Total General Funds ( City and Ed)	Water Fund	Sewer Fund	Parking Fund	Total
2012	\$ 1,859,902	\$ 3,507,256	\$ 5,367,159	\$ 328,764	\$ 2,297,146	\$ 319,818	\$ 8,312,887
2013	\$ 3,067,314	\$ 3,480,493	\$ 6,547,806	\$ 298,089	\$ 2,282,282	\$ 320,609	\$ 9,448,786
2014	\$ 3,754,915	\$ 3,475,048	\$ 7,229,963	\$ 276,580	\$ 1,718,420	\$ 321,084	\$ 9,546,047
2015	\$ 4,439,319	\$ 3,469,881	\$ 7,909,200	\$ 274,023	\$ 1,167,527	\$ 319,304	\$ 9,670,055
2016	\$ 3,301,227	\$ 3,428,098	\$ 6,729,325	\$ 232,368	\$ 1,132,878	\$ 319,225	\$ 8,413,797
2017	\$ 3,297,764	\$ 3,427,404	\$ 6,725,168	\$ 233,159	\$ 1,132,746	\$ 320,767	\$ 8,411,840
2018	\$ 3,294,702	\$ 3,427,209	\$ 6,721,912	\$ 233,928	\$ 1,132,802	\$ 319,838	\$ 8,408,480
2019	\$ 2,996,365	\$ 3,391,080	\$ 6,387,445	\$ 51,588	\$ 1,130,998	\$ 318,306	\$ 7,888,337
2020	\$ 2,987,248	\$ 3,385,585	\$ 6,372,833	\$ 50,562	\$ 1,129,453	\$ 318,235	\$ 7,871,083
2021	\$ 2,978,463	\$ 3,385,395	\$ 6,363,857	\$ 49,749	\$ 1,129,993	\$ 319,615	\$ 7,863,215
2022	\$ 2,974,282	\$ 3,384,721	\$ 6,359,003	\$ 49,081	\$ 1,127,579	\$ 318,393	\$ 7,854,057
2023	\$ 2,817,165	\$ 3,366,623	\$ 6,183,788	\$ 33,190	\$ 1,116,477	\$ 318,578	\$ 7,652,033

FY 2013 Debt Service as a Percent of Total Fund			
	Total	Debt Service	Percent of Total
General	\$ 75,881,586	\$ 6,547,806	8.63%
Water	\$ 3,392,365	\$ 298,089	8.79%
Wastewater	\$ 7,366,425	\$ 2,282,282	30.98%
Parking	\$ 662,630	\$ 320,609	48.38%

**Debt Service Table<sup>1</sup> – Principal and Interest (as of close of FY 2012)**

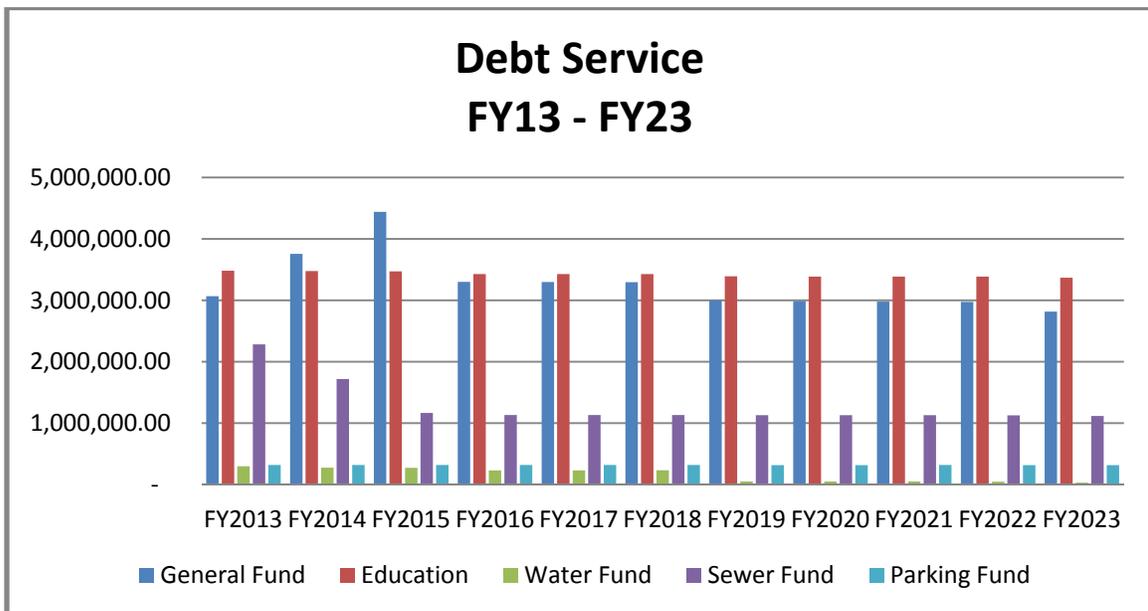
<i><b>Fiscal Year</b></i>	<i><b>General Obligation – Principal</b></i>	<i><b>General Obligation – Interest</b></i>	<i><b>Revenue – Principal</b></i>	<i><b>Revenue – Interest</b></i>
<b>2012</b>	3,862,000	3,336,872	1,028,829	81,041
<b>2013</b>	3,696,000	4,635,771	1,064,107	45,763
<b>2014</b>	4,585,000	4,399,467	545,658	9,276
<b>2015</b>	5,469,000	4,194,410		
<b>2016</b>	4,417,000	3,990,152		
<b>2017</b>	4,605,000	3,800,195		
<b>2018</b>	4,803,000	3,598,835		
<b>2019</b>	4,495,000	3,386,692		
<b>2020</b>	4,690,000	3,174,438		
<b>2021</b>	4,910,000	2,946,570		
<b>2022</b>	5,140,000	2,707,412		
<b>2023</b>	5,175,000	2,470,388		
<b>2024</b>	5,415,000	2,235,557		
<b>2025</b>	5,655,000	1,983,733		
<b>2026</b>	5,910,000	1,722,219		
<b>2027</b>	5,355,000	1,467,842		
<b>2028</b>	5,595,000	1,219,415		
<b>2029</b>	4,990,000	979,887		
<b>2030</b>	5,215,000	748,477		
<b>Total</b>	93,982,000	52,998,332	2,638,594	136,080

<sup>1</sup> This table is unaudited and preliminary in nature, and is presented for information only.

## DEBT SERVICE CHART

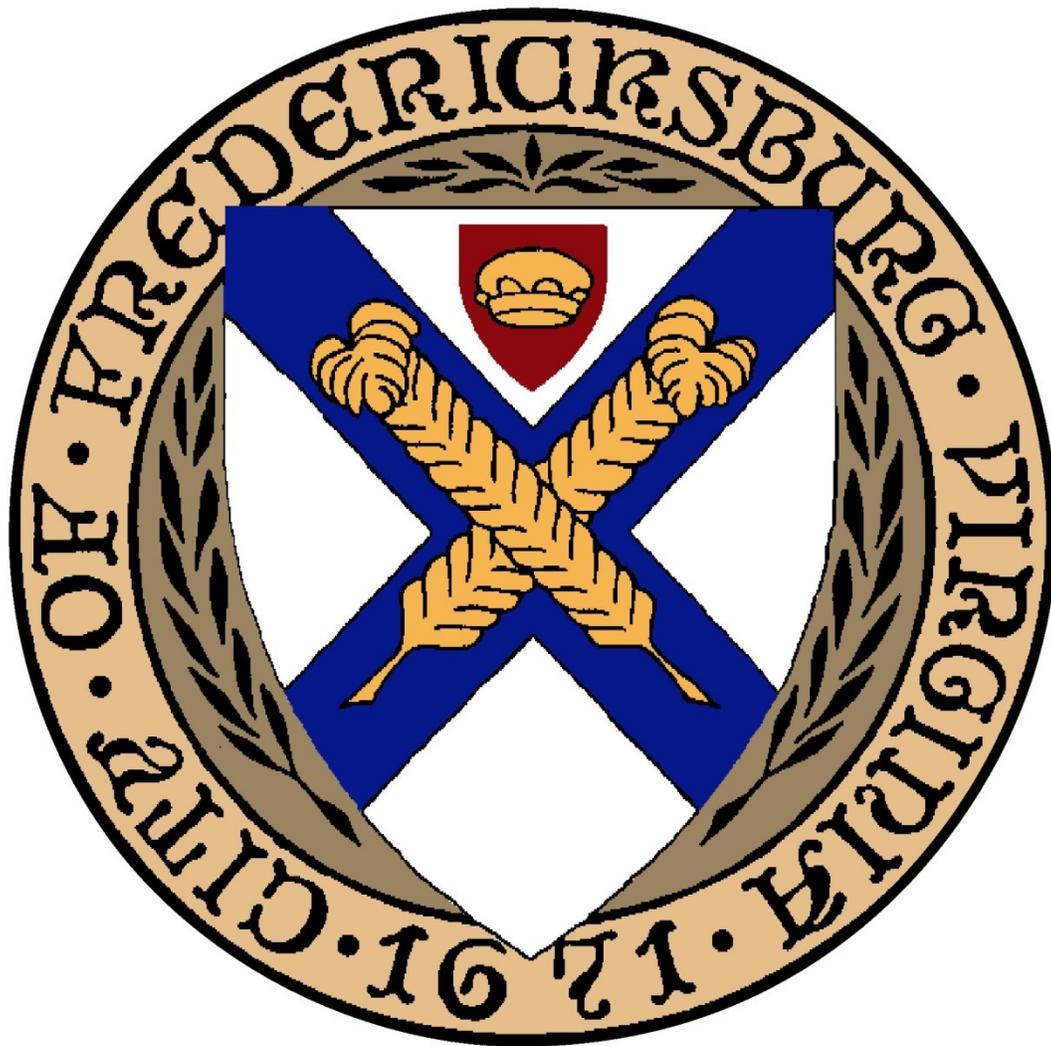
The following chart shows the existing debt service payments for the next ten years, and gives a sense of the relative weight of the debt in five different categories – General, Education, Water, Sewer, and Parking. General Fund debt includes funds borrowed for General Fund purposes other than education – for example, for the construction of the Police Headquarters building.

This now includes the debt that was issued to cover the bonds issued for the construction of the new courthouse.



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Adopted Operating and Capital Budget FY 2013

Fund Balance Analysis

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2013  
FUND BALANCE ANALYSIS  
GENERAL FUND**

**Table 1 – FY 2009 Activities**

<b>Beginning Fund Balance FY 2009</b>		<b>17,975,842</b>
	Add: Total Revenues FY 2009	70,496,809
	Add: Total Transfers In FY 2009	1,291,607
	Add: Proceeds from Asset Sale	76,293
	Deduct: Total Expenditures FY 2009	(65,071,366)
	Deduct: Total Transfers Out FY 2009	(8,654,513)
	Change in Balance	(1,861,170)
<b>Ending Fund Balance FY 2009</b>		<b>16,114,672</b>
<b>Designations at End of Year for FY 2009</b>		
	Reserved: Encumbrances & Prepaids	189,721
	Designated for Capital	2,989,255
	Designated for Security Center	726,159
	Designated for Education Debt Service	411,159
	Designated for Health Insurance Claims	860,000
	Designated – Other	167,837
	Undesignated Unreserved	10,770,541
<b>Total</b>		<b>16,114,672</b>

**Notes for Table 2**

- ❖ The FY 2009 original Operating and Capital Budget included the use of the following fund balances from the following designations:
  - \$1,448,780 from Designation for Capital
  - \$1,440,551 from Designation for Regional Security Center
  - \$1,100,000 from Designation for School Debt Service
  - \$3,989,331 Total
- ❖ The City's use of balance in FY 2009 was substantially less than the budgeted amount. The City used the following amounts from the following designations:
  - \$90,000 from Health Insurance Claims
  - \$892,467 from Education Debt Service
  - \$892,468 from Security Center
  - (\$13,765) – additions to Designated – Other (Court Maintenance Fund)
  - \$1,861,170 – Total Use of Balance
- ❖ The City used fund balance in FY 2009; however, no Undesignated Unreserved Fund Balance was used. The Undesignated Unreserved balance remains in excess of 12% of the prior year revenues, which is a City Council Financial Policy.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2013  
FUND BALANCE ANALYSIS  
GENERAL FUND**

**Table 2 – FY 2010 Activities**

<b>Beginning Fund Balance FY 2010</b>		<b>16,114,672</b>
	Add: Total Revenues FY 2009	72,210,456
	Add: Total Transfers In FY 2009	1,347,600
	Add: Proceeds from Asset Sale	-
	Deduct: Total Expenditures FY 2009	(63,449,959)
	Deduct: Total Transfers Out FY 2009	(8,336,633)
	Change in Balance	1,771,464
<b>Ending Fund Balance FY 2010</b>		<b>17,718,299</b>
<b>Designations at End of Year for FY 2010</b>		
	Reserved: Encumbrances & Prepaids	403,443
	Designated for Capital	3,789,255
	Designated for Health Insurance Claims	950,000
	Designated – Other	41,865
	Undesignated Unreserved	12,533,736
<b>Total</b>		<b>17,718,299</b>

**Notes for Table 3**

- ❖ The FY 2010 original Operating and Capital Budget included the use of the following fund balances from the following designations:
  - \$914,590 from Undesignated Unreserved
  - \$178,075 from Designation for Regional Security Center
  - \$914,590 from Designation for School Debt Service
  - \$3,989,331 Total
- ❖ The Undesignated Unreserved balance remains in excess of 12% of the prior year revenues, which is a City Council Financial Policy. The 12% target level based upon FY 2009 revenues is \$8.46 million.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2013  
FUND BALANCE ANALYSIS  
GENERAL FUND**

**Table 3 – FY 2011 Activities**

<b>Beginning Fund Balance FY 2011</b>		<b>17,760,567</b>
	Add: Total Revenues FY 2011	74,311,179
	Add: Total Transfers In FY 2011	1,160,980
	Add: Proceeds from Asset Sale	-
	Deduct: Total Expenditures FY 2011	(63,311,781)
	Deduct: Total Transfers Out FY 2011	(10,618,454)
	Change in Balance	1,578,589
<b>Ending Fund Balance FY 2011</b>		<b>19,339,156</b>
<b>Designations at End of Year for FY 2011</b>		
	Reserved: Encumbrances & Prepaids	44,611
	Committed to Capital Projects	3,789,255
	Committed to Health Insurance Claims	950,000
	Committed – Other	41,865
	Assigned to Riverfront Park Debt	250,000
	Assigned – Other	123,829
	Unassigned	13,662,911
<b>Total</b>		<b>19,339,156</b>

**Notes for Table 3**

- ❖ The FY 2011 original Operating and Capital Budget included the use of the following fund balances from the following designations:
  - \$500,000 from Unassigned for General Fund Contingency
- ❖ The City used fund balance in FY 2011; however, no Undesignated Unreserved Fund Balance was used.
- ❖ The Undesignated Unreserved balance remains in excess of 12% of the prior year revenues, which is a City Council Financial Policy. The 12% target level based upon FY 2009 revenues is \$8.46 million.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2013  
FUND BALANCE ANALYSIS  
GENERAL FUND**

**Table 4 – FY 2012 Amended Appropriation**

<b>Fund Balance Commitments</b>	<b>FY2012 Beginning</b>	<b>FY 2012 Estimated</b>	<b>FY 2012 Adjustment to Balance Commitments<sup>1</sup></b>	<b>FY 2012 Ending</b>	<b>FY 2013 Appropriation</b>	<b>FY 2013 Projection</b>
<b>Nonspendable:</b>						
Prepays	44,611		319,105	363,716		363,716
<b>Committed:</b>						
Capital	3,789,255	-		3,789,255	(1,205,045)	2,584,210
Health Insurance Claims	950,000	-		950,000	(250,000)	700,000
Other	319,533	-		319,533	-	167,837
Traffic Engineering	74,017	(74,017)	(74,017)	-	-	-
Planning	125,000	(125,000)	(125,000)	-	-	-
<b>Assigned:</b>						
Riverfront Park Debt	250,000	-	-	250,000	-	250,000
Other	123,829	-	-	123,829	-	123,829
Unassigned	13,662,911	-	-	13,662,911	(648,000)	13,014,911
<b>Total</b>	<b>19,339,156</b>	<b>(199,017)</b>	<b>120,088</b>	<b>19,459,244</b>	<b>(2,103,045)</b>	<b>17,204,503</b>

**Notes for Table 4**

- ❖ The FY 2012 Operating and Capital Budget included the use of the following fund balances from the following designations:
  - \$518,550 Amended Budget from Undesignated Unreserved for Prior Year Encumbrances
- ❖ Revenues were greater than expenditures in FY 2012 therefore Fund Balance was not used.

<sup>1</sup> The actual reservations for encumbrances and pre-paid expenses will vary depending upon the outcome of the final audit, and may increase or decrease the amount of undesignated unreserved fund balance slightly as adjustments for prepaid expenses and encumbrances vary from year-to-year.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2013  
FUND BALANCE ANALYSIS  
GENERAL FUND**

**Table 6 – FY 2013 Original Appropriation**

<b>Fund Balance Designations</b>	<b>FY 2012 Projection</b>	<b>FY 2013 Appropriation</b>	<b>FY 2013 Projection</b>
Reserved: Encumbrances & Prepaids	308,140	-	308,140
Designated for Capital	3,789,255	1,205,045	2,584,210
Designated for Security Center	-	-	-
Designated for Education Debt Service	-	-	-
Designated for Health Insurance Claims	950,000	250,000	700,000
Designated – Other	167,837	-	42,837
Undesignated Unreserved	11,783,736	648,000	11,135,736
<b>Total</b>	<b>16,998,968</b>	<b>2,103,045</b>	<b>14,770,923</b>

**Notes for Table 6**

- ❖ The “FY 2012 Projection” is based upon unaudited estimates for each of these funds. The City anticipates at this point that final revenues have exceeded final expenditures, and the City will add rather than use balance.
- ❖ FY 2013 appropriations include:
  - \$548,000 Unassigned for General Fund Contingency
  - \$100,000 Unassigned for Transfer to the Blight Abatement and Historic Preservation Fund
  - \$250,000 Committed for Health Insurance Claims to cover increased cost of Health Insurance Rates
  - \$1,205,045 Committed for Capital Improvements

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2013  
FUND BALANCE ANALYSIS  
SOCIAL SERVICES FUND**

<b>Beginning Fund Balance FY 2009</b>		<b>3,540</b>
	Net Change in Fund Balance	75,983
<b>Ending Fund Balance FY 2009</b>		<b>79,523</b>
<b>Beginning Fund Balance FY 2010</b>		<b>79,523</b>
	Net Change in Fund Balance	<b>70,800</b>
<b>Ending Fund Balance FY 2010</b>		<b>150,323</b>
<b>Beginning Fund Balance FY 2011</b>		<b>150,323</b>
	Net Change in Fund Balance	81,810
<b>Ending Fund Balance FY 2011</b>		<b>232,133</b>
<b>Beginning Fund Balance FY 2012</b>		<b>232,133</b>
	Appropriation in FY 2012	-
<b>Ending Fund Balance FY 2012</b>		<b>232,133</b>
<b>Beginning Fund Balance FY 2012</b>	<i>*estimated fund balance</i>	<b>232,133</b>
	Appropriation in FY 2013	(50,000)
<b>Ending Fund Balance FY 2012</b>		<b>182,133</b>

**Table Notes**

- ❖ The Beginning Fund Balance FY 2013 is an unaudited estimate, based on the FY 2012 budget figures. At this writing, the final revenue and expenditure activities yet to be determined.
- ❖ The City plans to use \$50,000 Social Services Fund Balance in FY 2013 to lower the required transfer from the General Fund.
- ❖ For the purposes of the audit report, the activities of the Social Services Fund (Fund 201) and the Social Services Grant Fund (Fund 213) are combined.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2013  
FUND BALANCE ANALYSIS  
SCHOOL OPERATING FUND**

<b>Beginning Fund Balance FY 2009</b>		<b>1,293,794</b>
	Net Change in Fund Balance	92,220
<b>Ending Fund Balance FY 2009</b>		<b>1,386,014</b>
<b>Beginning Fund Balance FY 2010</b>		<b>1,386,014</b>
	Net Change in Fund Balance	482,740
<b>Ending Fund Balance FY 2010</b>		<b>1,868,754</b>
<b>Beginning Fund Balance FY 2011</b>		<b>1,868,754</b>
	Net Change in Fund Balance	<b>1,547,527</b>
<b>Ending Fund Balance FY 2011</b>		<b>3,416,281</b>
<b>Beginning Fund Balance FY 2012</b>		<b>3,416,281</b>
	Appropriation in FY 2012	(2,652,063)
<b>Ending Fund Balance FY 2012</b>		<b>764,218</b>
<b>Beginning Fund Balance FY 2013</b>	<i>*estimated fund balance</i>	<b>764,218</b>
	Appropriation in FY 2013	(100,000)
<b>Ending Fund Balance FY 2013</b>		<b>664,218</b>

**Notes**

- ❖ The Beginning Fund Balance FY 2013 is an unaudited estimate, based on the FY 2012 budget figures. At this writing, the final revenue and expenditure activities yet to be determined.
- ❖ The City of Fredericksburg School Board has discretion over the funds allocated to the School Operating Fund. Operating revenues come largely from Funds from the Commonwealth and transfers from the General Fund.
- ❖ The City appropriated \$375,000 in fund balance for School Operations in FY 2010. This helps to offset the decline in the transfer from the General Fund in FY 2010. The School Board requested the remaining part of their fund balance also be appropriated, and City Council amended the budget in Resolution 10-46 to do so.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2013  
FUND BALANCE ANALYSIS  
CITY GRANTS FUND**

<b>Beginning Fund Balance FY 2009</b>		<b>1,089,224</b>
	Net Change in Balance	(243,413)
<b>Ending Fund Balance FY 2009</b>		<b>845,811</b>
<b>Beginning Fund Balance FY 2010</b>		<b>845,811</b>
	Net Change in Balance	194,424
<b>Ending Fund Balance FY 2010</b>		<b>1,040,235</b>
<b>Beginning Fund Balance FY 2011</b>		<b>1,040,235</b>
	Net Change in Balance	(85,001)
<b>Ending Fund Balance FY 2011</b>		<b>955,234</b>
<b>Beginning Fund Balance FY 2012</b>		<b>955,234</b>
	Appropriation in FY 2012	(679,694)
<b>Ending Fund Balance FY 2012</b>		<b>275,540</b>
<b>Beginning Fund Balance FY 2013</b>	<i>*estimated fund balance</i>	<b>275,540</b>
	Appropriation in FY 2012	(40,000)
<b>Ending Fund Balance FY 2013</b>		<b>235,540</b>

**Notes**

- ❖ The Beginning Fund Balance FY 2013 is an unaudited estimate, based on the FY 2012 budget figures. At this writing, the final revenue and expenditure activities in the City Grants Fund have yet to be determined.
- ❖ The City Council usually considers requests for re-appropriations of balances to help support ongoing grant activities after the close of the fiscal year. Many grants are on a federal fiscal year cycle, with a fiscal year that begins October 1<sup>st</sup>. In addition, many grants last for two or more years, depending upon the award.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2013  
FUND BALANCE ANALYSIS  
SCHOOL GRANT FUND**

<b>Beginning Fund Balance FY 2009</b>		<b>613,530</b>
	Net Change in Fund Balance	669
<b>Ending Fund Balance FY 2009</b>		<b>614,199</b>
<b>Beginning Fund Balance FY 2010</b>		
	Net Change in Fund Balance	(3,860)
<b>Ending Fund Balance FY 2010</b>		<b>610,339</b>
<b>Beginning Fund Balance FY 2011</b>		
	Net Change in Fund Balance	(15,277)
<b>Ending Fund Balance FY 2011</b>		<b>595,062</b>
<b>Beginning Fund Balance FY 2012</b>		
	Amended Appropriation in FY 2012	(250,000)
<b>Ending Fund Balance FY 2012</b>		<b>344,062</b>
<b>Beginning Fund Balance FY 2013</b>		
	<i>*estimated fund balance</i>	<b>344,062</b>
	Appropriation in FY 2013	-
<b>Ending Fund Balance FY 2013</b>		<b>344,062</b>

**Notes**

- ❖ The Beginning Fund Balance FY 2013 is an unaudited estimate, based on the FY 2012 budget figures. At this writing, the final revenue and expenditure activities yet to be determined.
- ❖ The balance in the School Grants Fund may be re-appropriated in order to support ongoing educational activities supported by grants from the state or federal government, as directed by the Fredericksburg City School Board.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2013  
FUND BALANCE ANALYSIS  
COMPREHENSIVE SERVICES ACT FUND**

<b>Beginning Fund Balance FY 2009</b>		<b>199,605</b>
	Net Change in Fund Balance	-
<b>Ending Fund Balance FY 2009</b>		<b>199,605</b>
<b>Beginning Fund Balance FY 2010</b>		
	Net Change in Fund Balance	114,760
<b>Ending Fund Balance FY 2010</b>		<b>314,365</b>
<b>Beginning Fund Balance FY 2011</b>		
	Net Change in Fund Balance	(83,696)
<b>Ending Fund Balance FY 2011</b>		<b>230,669</b>
<b>Beginning Fund Balance FY 2012</b>		
	Appropriation in FY 2012	50,000
<b>Ending Fund Balance FY 2012</b>		<b>180,669</b>
<b>Beginning Fund Balance FY 2013</b>		
	Appropriation in FY 2013	50,000
<b>Ending Fund Balance FY 2012</b>		<b>130,669</b>

**Notes**

- ❖ The Beginning Fund Balance FY 2013 is an unaudited estimate, based on the FY 2012 budget figures. At this writing, the final revenue and expenditure activities yet to be determined.
- ❖ The City plans to use \$50,000 Comprehensive Services Act Fund Balance in FY 2013 to lower the required transfer from the General Fund.

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