

Adopted Operating and Capital Budget FY 2010

Fund Balance Analysis

*Fredericksburg*<sup>TM</sup>  
**TIMELESS.**  
SPOTSYLVANIA STAFFORD FREDERICKSBURG

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**ADOPTED OPERATING AND CAPITAL BUDGET FY 2010  
FUND BALANCE ANALYSIS  
GENERAL FUND**

**Table 1 – FY 2007 Activities**

<b>Beginning Fund Balance FY 2007</b>		<b>23,481,416</b>
	Add: Total Revenues FY 2007	67,879,266
	Add: Total Transfers In FY 2007	2,025,672
	Deduct: Total Expenditures FY 2007	60,124,160
	Deduct: Total Transfers Out FY 2007	11,590,401
	Net Change in Fund Balance	(1,809,623)
<b>Ending Fund Balance FY 2007</b>		<b>21,671,793</b>
<b>Designations at End of Year for FY 2007</b>		
	Reserved: Encumbrances & Prepays	747,450
	Designated for Capital	4,134,755
	Designated for Security Center	1,818,627
	Designated for Education Debt Service	1,503,627
	Designated – Other	1,091,697
	Undesignated Unreserved	12,375,637
<b>Total</b>		<b>21,671,793</b>

**Notes for Table 1**

- ❖ The City Council has “designated” portions of the fund balance for specific uses, such as for capital projects. In addition, funds that are encumbrances or pre-pays become reservations of fund balance, and are re-appropriated through budget supplements.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2010  
FUND BALANCE ANALYSIS  
GENERAL FUND**

**Table 2 – FY 2008 Activities**

<b>Beginning Fund Balance FY 2008</b>		<b>21,671,793</b>
	Add: Total Revenues FY 2008	68,836,323
	Add: Total Transfers In FY 2008	1,764,622
	Add: Proceeds from Asset Sale	23,729
	Deduct: Total Expenditures FY 2008	(65,132,024)
	Deduct: Total Transfers Out FY 2008	(9,188,601)
	Change in Balance	(3,695,591)
<b>Ending Fund Balance FY 2008</b>		<b>17,975,842</b>
<b>Designations at End of Year for FY 2008</b>		
	Reserved: Encumbrances & Prepaids	225,153
	Designated for Capital	2,989,255
	Designated for Security Center	1,618,627
	Designated for Education Debt Service	1,303,627
	Designated for Health Insurance Claims	950,000
	Designated – Other	154,072
	Undesignated Unreserved	10,735,108
<b>Total</b>		<b>17,975,842</b>

**Notes for Table 2**

- ❖ As a note, in the fund balance tables, the Transfer to City Schools is treated as an expenditure for consistency with the audit reports.
- ❖ The FY 2008 Original Budget had planned the use of the following fund balances from the following designations:
  - \$200,000 from Security Center
  - \$200,000 from School Debt Service
  - \$1,700,000 from Designated for Capital
  - \$1,762,000 from Undesignated Unreserved.
  - \$3,862,000 Total

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2010  
FUND BALANCE ANALYSIS  
GENERAL FUND**

**Table 3 – FY 2009 Appropriation and Estimated Year-End Position**

<b>Beginning Fund Balance FY 2009</b>		<b>17,975,842</b>
Information Only	General Fund Balance Original Budgeted Use In FY 2009	(3,989,331)
Information Only	General Fund Amended Budgeted Use in FY 2009	(3,635,931)
	Forecasted Actual Use in FY 2009	(1,874,934)
<b>Ending Fund Balance FY 2009</b>		<b>16,100,908</b>

**Notes for Table 3**

- ❖ 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 estimated use of balance in FY 2009 will be substantially less than the budgeted amount.
- ❖ The City used fund balance in FY 2009; however, there is still a sufficient amount in the Undesignated Unreserved portion to retain an Undesignated Unreserved balance in excess of 12% of the prior year revenues, which is a City Council Financial Policy. The 12% target level based upon FY 2008 revenues is \$8.2 million.
- ❖ The budgeted use of Undesignated Unreserved balance in FY 2010, in the amount of \$914,590, will not cause the balance to go below the 12% policy goal.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2010  
FUND BALANCE ANALYSIS  
GENERAL FUND**

**Table 4 – FY 2010 Appropriation**

<b>Fund Balance Designations</b>	<b>FY 2009 Beginning</b>	<b>FY 2009 Estimated</b>	<b>FY 2009 Adjustment to Balance Reservations<sup>1</sup></b>	<b>FY 2009 Ending</b>	<b>FY 2010 Appropriation</b>	<b>FY 2010 Projection</b>
Reserved: Encumbrances & Prepaids	225,153	-	(35,432)	189,721	-	189,721
Designated for Capital	2,989,255	-		2,989,255	-	2,989,255
Designated for Security Center	1,618,627	(892,467)		726,160	(178,075)	548,085
Designated for Education Debt Service	1,303,627	(892,467)		411,160	(203,625)	207,535
Designated for Health Insurance Claims	950,000	(90,000)		860,000	-	860,000
Designated – Other	154,072	-		154,072	(125,000)	29,072
Undesignated Unreserved	10,735,108	-	35,432	10,770,540	(914,590)	9,855,950
<b>Total</b>	<b>17,975,842</b>	<b>(1,874,934)</b>	<b>-</b>	<b>16,100,908</b>	<b>(1,421,290)</b>	<b>14,679,618</b>

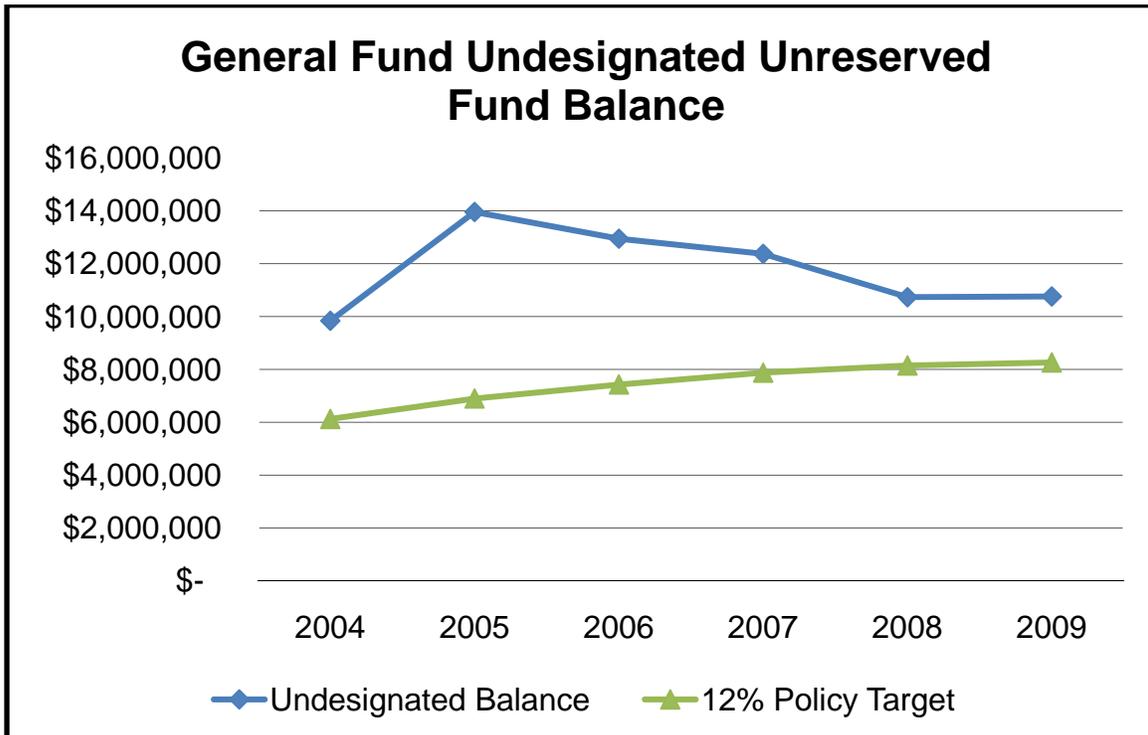
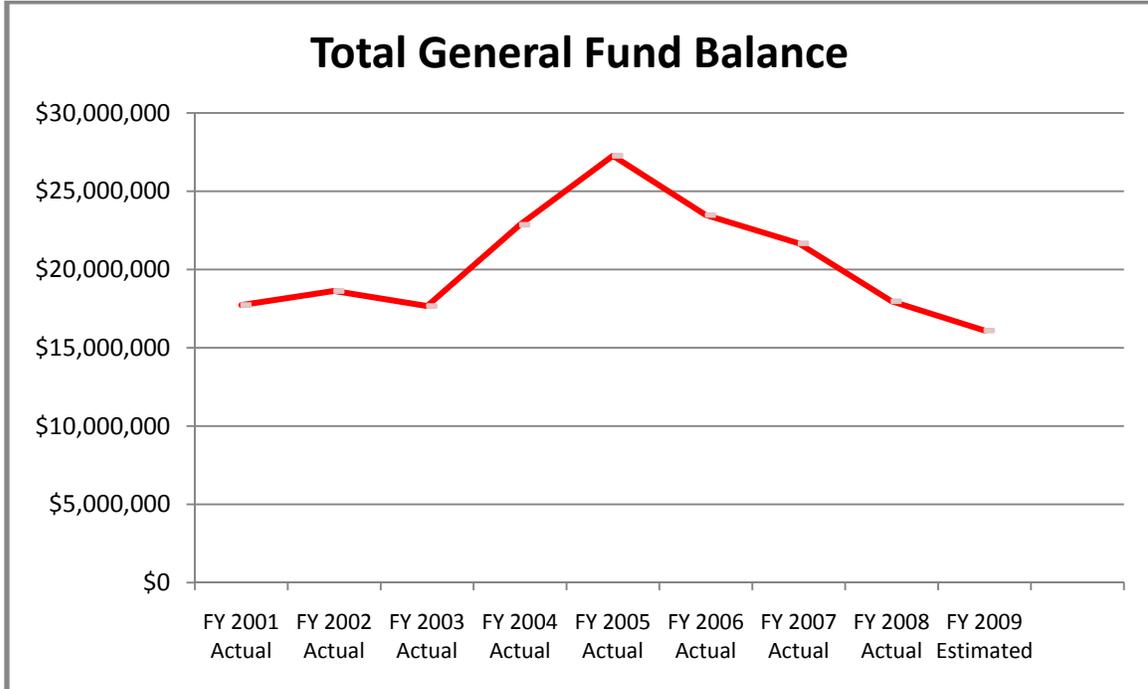
**Notes for Table 4**

- ❖ The FY 2010 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
  - \$203,625 from Designation for School Debt Service
  - \$1,296,290 Total
- ❖ These tables are based upon Exhibit 3 of the City’s Comprehensive Annual Financial Report. The CAFR treats the balance of the Courthouse Maintenance Fund as a designation in the General Fund – shown here as “Designated – Other.” The City also budgeted \$125,000 from the Courthouse Maintenance Fund to transfer to the Public Facilities Capital Fund for a project to move the Clerk of the Circuit Court back to the Circuit Court building. Adding this use of balance to the General Fund use of balance shows a total use of \$1,421,290.

<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 2010  
FUND BALANCE ANALYSIS  
GENERAL FUND**

**Historical Charts of General Fund Balance Levels**



**ADOPTED OPERATING AND CAPITAL BUDGET FY 2010  
FUND BALANCE ANALYSIS  
SOCIAL SERVICES FUND**

<b>Beginning Fund Balance FY 2007</b>		<b>92,203</b>
	Net Change in Fund Balance	(59,051)
<b>Ending Fund Balance FY 2007</b>		<b>33,152</b>
<b>Beginning Fund Balance FY 2008</b>		<b>33,152</b>
	Net Change in Fund Balance	(29,612)
<b>Ending Fund Balance FY 2008</b>		<b>3,540</b>
<b>Beginning Fund Balance FY 2009</b>		<b>3,540</b>
	Estimated Net Change in FY 2009	75,983
<b>Ending Fund Balance FY 2009</b>		<b>79,523</b>
<b>Beginning Fund Balance FY 2010</b>		<b>79,523</b>
	Appropriation in FY 2010	-
<b>Ending Fund Balance FY 2010</b>		<b>79,523</b>

**Table Notes**

- ❖ The City used a small amount of Social Services Fund Balance in FY 2008 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.
- ❖ The Beginning Fund Balance FY 2010 is an unaudited figure based on estimated activity in FY 2009.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2010  
FUND BALANCE ANALYSIS  
SCHOOL OPERATING FUND**

<b>Beginning Fund Balance FY 2007</b>		<b>455,933</b>
	Net Change in Fund Balance	256,471
<b>Ending Fund Balance FY 2007</b>		<b>712,404</b>
<b>Beginning Fund Balance FY 2008</b>		
	Net Change in Fund Balance	581,390
<b>Ending Fund Balance FY 2008</b>		<b>1,293,794</b>
<b>Beginning Fund Balance FY 2009</b>		
	Estimated Net Change in Balance	92,222
<b>Ending Fund Balance FY 2009</b>		<b>1,386,016</b>
<b>Beginning Fund Balance FY 2010</b>		
	Appropriation in FY 2010	(375,000)
<b>Ending Fund Balance FY 2010</b>		<b>1,011,016</b>

**Notes**

- ❖ 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 Beginning Fund Balance FY 2010 is an unaudited estimated figure. For planning purposes, the budgeted fund balance appropriation is presented for FY 2010.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2010  
FUND BALANCE ANALYSIS  
CITY GRANTS FUND**

<b>Beginning Fund Balance FY 2007</b>		<b>672,108</b>
	Net Change in Fund Balance	248,871
<b>Ending Fund Balance FY 2007</b>		<b>920,979</b>
<b>Beginning Fund Balance FY 2008</b>		
	Net Change in Fund Balance	168,245
<b>Ending Fund Balance FY 2008</b>		<b>1,089,224</b>
<b>Beginning Fund Balance FY 2009</b>		
	Estimated Change in Balance	(243,413)
<b>Ending Fund Balance FY 2009</b>		<b>845,811</b>
<b>Beginning Fund Balance FY 2010</b>		
	Appropriation for FY 2010	(10,000)
<b>Ending Fund Balance FY 2010</b>		<b>835,811</b>

**Notes**

- ❖ The Beginning Fund Balance FY 2010 is an unaudited estimate from FY 2009 actual activities.
- ❖ 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 2010  
FUND BALANCE ANALYSIS  
CAPITAL FUNDS**

	<b>School Capital Fund</b>	<b>Public Works Capital Fund</b>	<b>Public Facilities Capital Fund</b>	<b>Public Safety Capital Fund</b>	<b>New High School Capital Fund</b>
<b>Beginning Fund Balance FY 2007</b>	<b>1,021,357</b>	<b>2,776,780</b>	<b>3,850,002</b>	<b>10,702,852</b>	<b>2,041,620</b>
Net Change	136,485	(715,387)	273,797	(7,289,767)	(1,449,174)
<b>Ending Fund Balance FY 2007</b>	<b>1,157,842</b>	<b>2,061,393</b>	<b>4,123,799</b>	<b>3,413,085</b>	<b>592,446</b>
<b>Beginning Fund Balance FY 2008</b>	<b>1,157,842</b>	<b>2,061,393</b>	<b>4,123,799</b>	<b>3,413,085</b>	<b>592,446</b>
Net Change	(789,474)	2,156,114	386,869	(353,301)	(305,231)
<b>Ending Balance FY 2008</b>	<b>368,368</b>	<b>4,217,507</b>	<b>4,510,668</b>	<b>3,059,784</b>	<b>287,215</b>
<b>Beginning Fund Balance FY 2009</b>	<b>368,368</b>	<b>4,217,507</b>	<b>4,510,668</b>	<b>3,059,784</b>	<b>287,215</b>
Estimated Net Change	(115,050)	(660,200)	(271,355)	(317,405)	(6,395)
<b>Ending Fund Balance FY 2009</b>	<b>253,318</b>	<b>3,557,307</b>	<b>4,239,313</b>	<b>2,742,379</b>	<b>280,820</b>
<b>Beginning Fund Balance FY 2010</b>	<b>253,318</b>	<b>3,557,307</b>	<b>4,239,313</b>	<b>2,742,379</b>	<b>280,820</b>
FY 2010 Appropriation	(200,000)	(50,000)	-	(150,000)	-
<b>Ending Fund Balance FY 2010</b>	<b>53,318</b>	<b>3,507,307</b>	<b>4,239,313</b>	<b>2,592,379</b>	<b>280,820</b>

	<b>New Court Construction Fund</b>
<b>Beginning Fund Balance FY 2009</b>	-
Net Change	-
<b>Ending Fund Balance FY 2009</b>	-
<b>FY 2010 Fund Balance Appropriation</b>	-

### **Notes for Capital Fund Balance Table**

- ❖ School Capital Fund used a large amount of balance in FY 2008 for the replacement of the Hugh Mercer Elementary School Roof.
- ❖ The Public Safety and Public Facilities Capital Funds included debt issuance for the Police Headquarters and the Dixon Park Pool, respectively. As the projects have been completed, the fund balances have been reduced in these funds.
- ❖ The Public Works Fund issued debt in FY 2008 for the Riverfront Park project. The bond funds will be depleted as activities continue on that project.
- ❖ The New High School Fund represents the final stages of the completion of the replacement James Monroe High School. The new James Monroe High School is now opened, and a few final items are being completed. As the project reaches completion the balance in this fund will be used, then eliminated.
- ❖ Please note that the FY 2009 Ending Balance amount includes estimated year-end revenues, transfers, and expenditures, and that the final ending balance position (and the subsequent beginning balance in FY 2010) will vary after final adjustments are made.
- ❖ City Council considers a resolution amending the budget after the close of the year to carry forward available balances to maintain activity on capital projects. Many projects take two or more fiscal years to complete.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2010  
FUND BALANCE ANALYSIS  
SCHOOL GRANT FUND**

<b>Beginning Fund Balance FY 2007</b>		<b>397,175</b>
	Net Change in Fund Balance	164,731
<b>Ending Fund Balance FY 2007</b>		<b>561,906</b>
<b>Beginning Fund Balance FY 2008</b>		<b>561,906</b>
	Net Change in Fund Balance	51,624
<b>Ending Fund Balance FY 2008</b>		<b>613,530</b>
<b>Beginning Fund Balance FY 2009</b>		<b>613,530</b>
	Estimated Change in Fund Balance	669
<b>Ending Fund Balance FY 2009</b>		<b>614,199</b>
<b>Beginning Fund Balance FY 2010</b>		<b>614,199</b>
	Fund Balance Appropriation	-
<b>Ending Fund Balance FY 2010</b>		<b>614,199</b>

**Notes**

- ❖ 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.
- ❖ The Beginning Fund Balance FY 2010 is an unaudited figure based on revenue and expenditure activity in FY 2009.

**ADOPTED OPERATING AND CAPITAL BUDGET FY 2010  
FUND BALANCE ANALYSIS  
OTHER GOVERNMENTAL FUNDS – AGGREGATE**

<b>Beginning Fund Balance FY 2007</b>		<b>3,355,982</b>
	Net Change in Fund Balance	(247,153)
<b>Ending Fund Balance FY 2007</b>		<b>3,108,829</b>
<b>Beginning Fund Balance FY 2008</b>		
	Net Change in Fund Balance	(647,871)
<b>Ending Fund Balance FY 2008</b>		<b>2,460,958</b>
<b>Beginning Fund Balance FY 2009</b>		
	Estimated Change in Fund Balance	587,371
<b>Ending Fund Balance FY 2009</b>		<b>3,048,329</b>
<b>Beginning Fund Balance FY 2010</b>		
	Fund Balance Appropriation in FY 2010	(518,985)
<b>Ending Fund Balance FY 2010</b>		<b>2,529,344</b>

**Notes**

- ❖ The Beginning Fund Balance FY 2010 is an unaudited figure based on activity FY 2009.
- ❖ The major activity in these funds is the depletion of the Special Tax District fund balances. These funds are “re-paying” the City for activities already completed; the balances are being transferred back into General or Capital funds and will be closed out once project costs or debt is completely paid back. In FY 2008, the Celebrate Virginia Special Tax District was liquidated, as all activities have been completed. The remaining balance was transferred to the capital funds for one-time activities.