

FY 2021 APPENDIX



The FY20-24 internal water rate review looks at the financial viability of the Utility Fund in terms of projected expenses and revenues and their effect on working capital for each year of the next five year period. The water rate was not increased last year remaining at \$5.30/1000 gallons. The City does not have a separate rate for sewer.

A. Expenses Outlook:

1. Capital Budget

a. Water System - The proposed 5 year capital expenses for the water system amount to approximately \$3.4 million. The large projects include water main improvements along redeveloped Monticello Avenue and Capital Landing Road and improvements to Waller Mill Dam. Capital debt service is the other driver in capital expenses affecting the water rate. The City has a long-term water supply agreement with Newport News Waterworks (NNWW). The 2009 agreement is a 50 year contract with 25 year renewals thereafter. Williamsburg contracted for 2 million gallons of water per day through the purchase cost is based on \$12.5 million per 1 mgd of water thus making our total commitment \$25 million for 2 mgd. The City paid \$12.5 million initially and the remaining \$12.5 million is due in June 2024. However, the City can opt out of the second \$12.5 million payment at which time our allotment would drop to 1 mgd. The City's strategy for the first \$12.5 million payment was to pay \$2.5 million from the Utility Fund cash balance and borrow the remaining \$10 million using a 15 year bank qualified loan. The \$10 million loan was refinanced in 2012 for another 15 years i.e. thru 2027. So there would be a 3 year overlap in financing should the city decide to purchase the other 1 mgd in FY24. In addition to the capital expense to reserve the water, money is budgeted for the cost of purchasing the water, if needed. Capital debt service plus water purchase expenses together cost the City approximately \$7 million per year. Given a Utility Fund budget of roughly \$7 million, that cost has an impact and is ongoing through at least 2027 and beyond should the city opt in for another 1 mgd.

b. Sewer System - On the sanitary sewer capital side of the Utility Fund, a major swing in responsibilities from the City to HRSD has occurred. HRSD and the 14 jurisdictions in the HRSD service areas have signed a MOU in regards to Sanitary Sewer Overflows (SSO's). The agreement puts HRSD responsible for dealing with large cost items to control overflows in the entire service area of HRSD. HRSD will develop and implement the long range Regional Wet Weather Management Plan (RWWMP). In response to developing the RWWMP, the District has embarked on the Safe Water Initiative for Tomorrow (SWIFT) project. Essentially highly treated



UTILITY FUND WATER AND SEWER RATE ANALYSIS FY 2020-2024

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EXPENSES OUTLOOK:

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UTILITY FUND WATER AND SEWER RATE ANALYSIS FY 2020-2024 (CONT)

wastewater is pumped into the ground instead of being discharged to the rivers and eventually to the Chesapeake Bay. This initiative potentially solves several issues including making more groundwater available, helping to reduce land subsidence and substantially reducing nutrients to our rivers. This is a long term costly project but with tremendous benefits. Rates established by HRSD will continue to increase for the foreseeable future.

While HRSD is assuming responsibility for controlling sewer overflows region-wide, the City will still need to budget for capital expenses needed to keep the infrastructure in good repair.

2. Operating Budget: On the operating side, the Utility expects to provide a modest increase (2%/year) in expenses over the next 5 year planning period due to regulatory requirements primarily aimed at water treatment at the Plant, an aging infrastructure, and personnel expenses. Regulatory requirements continue to affect Water Plant operations as more and more testing is mandated and in some cases Plant procedures need to be modified. The aging infrastructure calls for more attention and the city is active in maintaining and repairing/replacing infrastructure. And expansion of the water and sewer systems e.g. High Street, Quarterpath at Williamsburg and York County development requires more effort to operate and maintain.

REVENUE OUTLOOK

1. Growth in Water Demand - Water demand has remained relatively flat over the past several years as a result of emphasis on water conservation by way of water saving fixtures.

We are projecting level water demand over the 5 year study period. Water conservation has tempered residential and commercial activity in the city and demand has been flat to a modest decrease. Potential revenue from JCSA was not included since water sales to the Authority are on an emergency basis only.

2. Water and Sewer Fees - The fees are broken into 3 areas: Availability fees, Hampton Roads Sanitation District (HRSD) fees and connection fees. The availability fees are designed to have new development pay for capital improvements which primarily benefit future customers. The HRSD wastewater facility charge is for new connections and covers the cost of treatment capacity expansion, line extensions and pump stations. The third fee is the connection fee which is the construction cost of the City installing the water and sewer connections to the customer's property line.

The availability fees are based on meter size to reflect capacity and demand on the system. Several years ago, the City increased the fees substantially. This increase was predicated on new growth paying equitably in the growth of the system including securing a new water supply and the expenses associated with the capital investment in the utility system. A review of the City's fees compared to other water purveyors in Virginia shows our fee structure to be in the average range. An increase in availability fees is not recommended for FY21.

HRSD establishes their fees and rates and reviews them each year. As discussed, their rates/fees are expected to increase because of the SSO Consent Order with the Environmental Protection Agency (EPA) and related work associated with the SWIFT initiative. The City elects to collect and forward to HRSD their fees as well as usage charges for a “one-stop shopping” experience for City residents and businesses.

3. The water and sewer connection fees are the costs associated with the City installing water and sewer service lines. Service lines run from the main lines to the customer’s property line. For the most part, on new development, the developer installs the service line as part of the overall infrastructure of the development project. The City primarily installs service lines to infill development in existing subdivisions and small commercial sites. The water connection fee is based on meter size while the sewer connection fee is more of a flat fee for residential or commercial construction. An increase is not recommended for FY20 since the fees are representative of actual costs of constructing water and sewer service connections. The City’s connection fees are in line with other water and sewer purveyors in the region.

RATE ANALYSIS

Working capital projections were developed for the next 5 year period through 2024. The year-end working capital is essentially the Fund’s cash balance - the difference between short term assets and liabilities.

Exhibit 1 shows working capital projections with no rate increase over the 5 year study period. It was developed using a .5%/year increase in revenue and a 2%/year increase in expenses over the 5 year period. Capital improvement expenses are based on recently submitted FY2020-2024 CIP budget figures. Debt service along with estimated water purchase costs are shown for the long-term water contract with NNWW. Exhibit 2 shows working capital projections with no rate increase in FY2020, FY2021, and a 2% increase in FY2022 and FY2024.

As shown, both Exhibits show working capital balances each year over the study period. However in Exhibit 1 (no increases over the next 5 years) the working capital reduces about \$ 500k which is not sustainable over the long term. Whereas Exhibit 2 with a couple of increases (2%) over the 5 year period results in maintaining the current working capital of approximately \$ 6 million. Maintaining a healthy working capital balance is necessary to continue a viable enterprise and to prepare for a major investment in securing a reliable long term supply of water.

No rate increase is proposed for FY20 but we anticipate rate increases will be necessary in the next 5 year period to continue a viable Utility Fund enterprise. Even though no rate increase is recommended, the community will likely experience an increase in their bills due to an anticipated HRSD rate increase for FY20. Proposed FY20 HRSD rates were not available at the time of this report.

A comparison of utility rates among five other Hampton Roads communities is presented in Exhibit 3. Although the other localities are also in the process of evaluating rates for FY20, rates currently in place (FY19) are used for comparison purposes. Williamsburg remains well below all other Hampton Roads communities.

EXHIBIT 1

CITY OF WILLIAMSBURG WATER & SYSTEM OPERATIONS - CASH FLOWS

CITY OF WILLIAMSBURG WATER & SYSTEM OPERATIONS-CASH FLOWS	Fiscal Year Ending June 30:						
	2019	2020	2021	2022	2023	2024	2025
	Actual	Estimated	Proposed	Projected	Projected	Projected	Projected
Revenue under existing rates:							
Water	4,702,919	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000
Sewer	2,063,225	2,200,000	2,200,000	2,211,000	2,222,055	2,233,165	2,244,331
Total Revenue Under Existing Rates	6,766,144	6,900,000	6,900,000	6,911,000	6,922,055	6,933,165	6,944,331
Additional Water Revenues:							
	Rate	Proposed	Months				
	<u>Effective Date</u>	<u>Increase</u>	<u>Rate</u>	<u>Effective</u>			
	July 1, 2021	0.00%	\$5.30	12	0	0	0
	July 1, 2022	0.00%	\$5.30	12	0	0	0
	July 1, 2023	0.00%	\$5.30	12	0	0	0
	July 1, 2024	0.00%	\$5.30	12	0	0	0
	July 1, 2025	0.00%	\$5.30	12	0	0	0
Subtotal, Additional Revenue from Increases	0	0	0	0	0	0	0
Total Revenue from User Charges	6,766,144	6,900,000	6,900,000	6,911,000	6,922,055	6,933,165	6,944,331
Other Utility Income	1,141,932	470,644	473,900	670,000	670,000	670,000	670,000
Total Operating Revenues	7,908,076	7,370,644	7,373,900	7,581,000	7,592,055	7,603,165	7,614,331
Operation and Maintenance Expenses							
Water and Sewer Expenses	-6,329,400	-6,600,000	-6,961,009	-7,100,229	-7,242,234	-7,387,078	-7,534,820
Add back depreciation expense	837,624	830,000	830,000	830,000	830,000	830,000	830,000
Total Direct Operation & Maintenance Expenses	-5,491,776	-5,770,000	-6,131,009	-6,270,229	-6,412,234	-6,557,078	-6,704,820
Operating Income	2,416,300	1,600,644	1,242,891	1,310,771	1,179,821	1,046,087	909,511
Add Interest Income-Operations	94,973	93,600	70,000	70,000	70,000	70,000	70,000
Net Income from Operations	2,511,273	1,694,244	1,312,891	1,380,771	1,249,821	1,116,087	979,511
Major Capital Improvements							
Capital Improvements Expenses	-390,000	-730,000	-295,000	-955,000	-1,260,000	-375,000	-150,000
Balance - Fiscal Year Operations	2,121,273	964,244	1,017,891	425,771	-10,179	741,087	829,511
Newport News Water Agreement Expenses:							
Debt Service-Principal	-537,630	-480,535	-362,700	-379,080	-397,800	-421,200	-442,260
Debt Service-Interest	-130,349	-183,661	-155,669	-137,124	-117,702	-97,227	-75,641
Operating Costs/Purchase of Water	0	0	-100,000	-100,000	-100,000	-100,000	-100,000
Total Water Agreement Expenses	-667,979	-664,196	-618,369	-616,204	-615,502	-618,427	-617,901
Working Capital - Beginning of Year	6,076,764	7,530,058	7,830,106	8,229,628	8,039,195	7,413,514	7,536,174
Working Capital - End of Year	7,530,058	7,830,106	8,229,628	8,039,195	7,413,514	7,536,174	7,747,784

Assumptions:

- 0.0% Growth in Water Consumption for FY 2022 thru FY 2025
- 2.0% Growth in Operating Expenses for FY 2022 thru FY 2025

HAMPTON ROADS WATER & SEWER COMPARISON RATES FOR FY19

	Water	Sewer	Total
Williamsburg	\$5.30 / 1000 Gallons	Included	\$5.30 / 1000 Gallons
James City County	0-15: \$4.10 / 1000 Gallons 15-30: \$8.19 / 1000 Gallons 30+: \$19.24 Fixed Quarterly Charge \$11.99	\$3.11 / 1000 Gallons Fixed Quarterly Charge \$6.01	\$7.21 / 1000 Gallons + Fixed Charges
Newport News	\$0-1,496 - 4.29/1000 gallons 1,96-18700 - \$4.93/1000 gallons 18700+ - \$9.87/1000 gallons Fixed monthly fee \$13 Fire Protection Svc Fee - \$1.35	\$4.50 / 1000 Gallons Fixed monthly fee \$5	\$9.43 / 1000 Gallons + Fixed Charges
Portsmouth	\$5.49 / 1000 Gallons Fixed monthly fee \$5	\$4.31 / 1000 Gallons	\$9.80 / 1000 Gallons + Fixed Charges
Virginia Beach	\$4.90 / 1000 Gallons Fixed monthly fee \$4.41	Fixed monthly fee \$30.81	\$9.10 / 1000 Gallons + Fixed Charges
Norfolk	\$7.07 / 1000 Gallons	\$5.98 / 1000 Gallons	\$13.05 / 1000 Gallons
Hampton Roads Sanitation District	N/A	\$7.83 / 1000 Gallons	\$7.83 / 1000 Gallons

FY 2020 OPERATING BUDGET DEBT SERVICE

COMPUTATION OF LEGAL DEBT MARGIN (AS OF JUNE 30, 2019)

Assessed Value of Real Estate Subject to Taxation - June 30, 2019	\$ 1,865,144,000
Debit Limit: 10% of Assessed Value (Virginia statute limits bond issuing authority of Virginia cities to 10% of the assessed real estate value.)	\$ 186,514,400
Total Bonded Debt Total Amount of Debt Applicable to Debt Limit	<u>\$ 22,668,690</u>
LEGAL DEBT MARGIN	<u>\$ 163,845,710</u>

SUMMARY OF DEBIT ISSUES

BOND	FUND	PURPOSE	DATE	MATURES	INTEREST RATE	AMOUNT ISSUED
1	Utility	Newport News Water Agreement	October, 2010	June, 2027	2.75%	\$ 9,291,800
2	General	Parking Garage (re-fi short term)	October, 2010	June, 2027	2.75%	\$ 1,343,200
3	General	Parking Garage / High School	June, 2012	June, 2020	2.40%	\$ 5,180,000
4	General	Fire/Police Facilities	December, 2017	June, 2020	2.91%	\$ 12,260,000
5	General	Refunding Series 2010 & 2013	December, 2017	June, 2020	2.12%	\$ 3,813,019
6	Utility	Refunding Series 2010 & 2013	December, 2017	June, 2020	2.12%	\$ 3,556,981

DEBIT SERVICE BY FISCAL YEAR - GENERAL FUND

FISCAL YEAR	PRINCIPAL PAYMENTS	INTEREST	TOTAL DEBT SERVICE
2020	\$ 870,225	\$ 690,040	\$ 1,560,265
2021	862,300	650,194	1,512,494
2022	905,920	605,989	1,511,909
2023	952,200	559,536	1,511,736
2024	1,003,800	510,635	1,514,435
2025	1,052,740	459,222	1,511,962
2026	1,106,680	405,237	1,511,917
2027	1,163,280	348,488	1,511,768
2028	828,860	298,684	1,127,544
2029	874,360	256,100	1,130,460
2030	705,000	220,138	925,138
2031	730,000	191,438	921,438
2032	760,000	165,438	925,438
2033	780,000	142,338	922,338
2034	805,000	118,563	923,563
2035	830,000	94,038	924,038
2036	855,000	68,763	923,763
2037	880,000	42,188	922,188
2038	910,000	14,219	924,219

DEBIT SERVICE BY FISCAL YEAR - UTILITY FUND

FISCAL YEAR	PRINCIPAL PAYMENTS	INTEREST	TOTAL DEBT SERVICE
2020	\$ 480,535	\$ 183,661	\$ 664,196
2021	362,700	155,669	518,369
2022	379,080	137,124	516,204
2023	397,800	117,702	515,502
2024	421,200	97,227	518,427
2025	442,260	75,641	517,901
2026	463,320	53,001	516,321
2027	486,720	29,250	507,429
2028	166,140	12,929	179,069
2029	175,640	4,388	180,028

FY 2020 OPERATING BUDGET STATISTICAL INFORMATION

ASSESSED VALUE OF TAXABLE PROPERTY - LAST TEN FISCAL YEARS

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	PUBLIC SERVICE CORPORATIONS		TOTAL
			REAL ESTATE	PERSONAL PROPERTY	
2011	\$ 1,827,509,200	\$ 74,745,531	\$ 58,838,278	\$ 16,191	\$ 1,961,109,200
2012	1,736,157,600	74,858,716	58,529,832	0	1,869,546,148
2013	1,627,903,200	77,078,529	59,919,374	3,450	1,764,904,553
2014	1,687,212,000	79,086,633	54,105,420	38,324	1,820,442,377
2015	1,736,611,700	78,614,267	54,641,933	47,907	1,869,915,807
2016	1,786,176,800	80,268,560	54,554,188	20,197	1,921,019,745
2017	1,829,331,800	83,819,562	53,869,000	10,080	1,967,030,442
2018	1,859,446,900	86,849,865	54,786,988	19,648	2,001,103,401
2019	1,865,144,000	91,358,746	54,685,977	19,421	2,011,208,144
2020	1,988,694,300	N/A	55,649,967	19,401	2,044,363,668

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR G.O. BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES - LAST TEN FISCAL YEARS

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL GENERAL GOVERNMENTAL EXPENDITURES	RATIO OF DEBT SERVICE TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES *
2010	\$ 1,064,816	\$ 337,621	\$ 1,402,437	\$ 39,137,556	3.58%
2011	1,388,610	326,357	1,714,967	37,643,699	2.40%
2012	886,240	250,284	1,136,524	37,454,613	3.03%
2013	758,761	140,392	899,153	35,800,086	2.51%
2014	683,990	213,216	897,206	38,165,055	2.35%
2015	988,147	252,415	1,240,562	41,256,517	3.01%
2016	1,006,410	232,780	1,239,190	45,496,859	2.72%
2017	1,032,568	204,016	1,236,584	44,868,450	2.76%
2018*	4,880,676	147,577	5,028,253	44,084,278	11.41%
2019	837,370	752,932	1,590,302	42,137,770	3.77%

*Principal includes \$ 3,851,000 from 2017 Series Refunding Bonds to payoff 2013 bank qualified borrowing for the Stryker Center

PROPERTY TAX RATES (PER \$ 100 OF VALUATION)

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	PERSONAL PROPERTY TAX RELIEF RATE	MACHINERY & TOOLS
2011	\$ 0.54	\$ 3.50	58.0%	\$ 3.50
2012	0.54	3.50	60.0%	3.50
2013	0.57	3.50	58.0%	3.50
2014	0.57	3.50	58.0%	3.50
2015	0.57	3.50	56.0%	3.50
2016	0.57	3.50	56.0%	3.50
2017	0.57	3.50	55.0%	3.50
2018	0.57	3.50	54.0%	3.50
2019	0.60	3.50	54.0%	3.50
2020	0.60	3.50	51.0%	3.50

GLOSSARY OF TERMS

ACCOUNTING SYSTEM - The total set of records and procedures which are used to record, classify, and report information on the financial status and operations of the City.

ACCURAL BASIS OF ACCOUNTING - The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether cash disbursements are made at that time or not).

ACCOUNT NUMBER - A numerical code identifying Revenues and Expenditures by Fund, Department, Activity, Type and Object.

ACTIVITY - One of the tasks, goals, etc., of a departmental program.

ALLOCATE - To set apart or earmark for a specific purpose

APPROPRIATION - An authorization granted by the City Council to make expenditures and to incur obligations for purposes specified in the budget.

ASSESSMENT - The value set by the City Assessor annually for a particular real property in the City.

BALANCED BUDGET - The City Manager annually proposes, and the City Council adopts, a budget or financial plan for the upcoming year in which the revenues available (including any available fund balance from prior years) match or exceed the projected expenditures.

BUDGET - A comprehensive plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. The City's annual budget is established by City Council with a budget resolution.

BUDGET REVISION - A formal change in the total amount of budgeted expenditures during a fiscal year by action of City Council.

BUDGET STABILIZATION - Funds that may be used at City Council's discretion to address temporary cash flow shortages during economic downturns, to fund one-time opportunities, and to provide flexibility in funding opportunities that help achieve the City's goals.

BUDGET TRANSFER - A formal transfer from one activity [usually a departmental line item] to another, without changing a department's budget total. Transfers are approved at the City Manager level, and do not require action by City Council.

CAPITAL EQUIPMENT - An expenditure for a fixed asset that has an expected life of more than (1) year and the cost of which is in excess of \$ 20,000. Capital items include office equipment, furniture, computers, etc.

CAPITAL IMPROVEMENT - New or expanded physical facilities for the community that are of relatively large size, are relatively expensive, and permanent in nature. For example: street improvements, sidewalks, bridge rehabilitation, buildings, park improvements, and City vehicles. Capital improvements are accounted for in either the Sales Tax Fund for general improvements, or the Utility Capital Improvement Fund for water and sewer related projects.

CARRYOVER - Refers to the process of transferring specific funds and obligations previously approved by City Council from the end of one fiscal year to the next fiscal year. City policy is to use this process only for capital projects.

CONSTITUTIONAL OFFICES - The offices or agencies directed by elected officials whose positions (Sheriff, Treasurer, Commissioner of the Revenue, etc.) are established by the Constitution of the Commonwealth of Virginia or its statutes.

CONTINGENCY ACCOUNT - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for.

CONTRACTUAL SERVICE - An expenditure for services performed by a non-employee. For example: computer, building, and copy machine maintenance, special studies, etc.

DEBT SERVICE - Principal and interest that the City pays on funds borrowed for capital projects.

DEPARTMENT - The Department is the primary administrative unit in City operations. Each is directed by a department head. Departments are generally composed of divisions of activities which share a common purpose.

DEPRECIATION - (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence; (2) that portion of the cost of a capital asset which is charged as an expense during a particular period.

ENCUMBRANCES - funds that have not yet been spent, but are reserved because an issued purchase requisition will require these funds in the future. The purpose of encumbrance accounting is to prevent budget overspending.

ENTERPRISE FUND - Used to account for the financing of services where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

EXPENDITURE - An expenditure is a decrease in net financial resources for the governmental funds. This includes current operating expenditures requiring the present or future use of current assets.

EXPENSE - The same as above when applied to a fund accounted for on an accrual basis, such as the City's Utility Fund.

FISCAL YEAR - The twelve-month period on which the City operates its financial affairs. The City of Williamsburg's fiscal year is July 1 through June 30.

FIXED ASSET - An expenditure for a good that has an expected life of more than (1) year and the cost of which is in excess of \$ 5,000. Capital items include real property, office equipment, furnishings and vehicles.

FUND - A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

FUND BALANCE - The equity of a fund, oftentimes incorrectly referred to as "surplus". It is the difference between a fund's assets and liabilities. Fund Balance is calculated by taking the beginning balance as of the beginning of the fiscal year, adding in all revenues received during the year, and deducting the year's expenditures. It is available to support the spending needs of the fund if necessary.

GENERAL FUND - The fund type that accounts for the daily operations of the City, supported by local taxes, fees, and State revenues. It is the largest fund in the City's budget.

GOVERNMENTAL FUNDS - Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

HISTORIC SALES TAX - A retail sales and use tax of one percent imposed in the Historic Triangle enacted by the General Assembly of Virginia in section 58.1-603.2 of the Code of Virginia. Fifty percent of the revenue is deposited into the Historic Triangle Marketing Fund, and the other fifty percent is distributed to the locality in which the sales tax was collected. The purpose of the Historic Marketing is to market, advertise, and promote the Historic Triangle area as an overnight tourism destination.

HISTORIC TRIANGLE - The City of Williamsburg and the Counties of James City and York.

INFRASTRUCTURE - Roads, bridges, curbs and gutters, streets, sidewalks, drainage systems and lighting systems installed for the common good.

LINE ITEM - An individual expenditure (or expense) category listing in the budget (salaries, supplies, etc.)

MAINTENANCE OF EFFORT FUNDS - Funds appropriated by a locality in the Historic Triangle in the fiscal year 2018 to or for use by the Greater Williamsburg Chamber and Tourism Alliance (the Alliance). Maintenance of Effort Funds is significant because Section 58.1 - 603.2 D (2) of the Code of Virginia requires localities in the Historic Triangle to maintain this level of funding for the Alliance. For the City of Williamsburg, this funding amounts to \$ 800,000.

MAJOR FUND - Governmental or enterprise fund reported as a separate column in the basic fund financial statements and subject to a separate opinion in the independent auditor's report. The general fund is always a major fund.

MODIFIED ACCRUAL BASIS OF

ACCOUNTING - (a) Revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

PAY-AS-YOU-GO - Refers to the method of financing capital projects from savings or normal cash flow. This requires annual appropriation of existing resources without the need to borrow funds.

PERSONAL PROPERTY - A category of property identified for purposes of taxation in Virginia. It is comprised of personally owned vehicles, as well as corporate property and business equipment. Examples include automobiles, motorcycles, trailers, boats, airplanes, business furnishings, and manufacturing equipment.

REAL PROPERTY - Real estate, including land and improvements, classified for purposes of assessment.

RETAINED EARNINGS - The total earnings of an enterprise fund (in governmental accounting) since the establishment of the fund. The amount is adjusted by the fund income less expenses - on a full accrual basis of accounting.

REVENUE - The yield of sources of income that the City of Williamsburg collects and receives into the treasury to pay for public services. Taxes, fees for services and grants are sources of revenue, for example.

SALES TAX FUND - This fund accounts for the scheduled major capital improvements for the upcoming year. Williamsburg also refers to this as the General Capital Improvements Program, and is supported exclusively by 1% retail sales tax revenues returned to the locality from the Commonwealth of Virginia, and interest earnings.

SUPPLEMENTAL APPROPRIATION - An increase to a department's budget (spending authority) approved by City Council during the course of the fiscal year. It generally involves appropriation of a grant or other outside revenue.

SURPLUS - The excess of revenues over expenditures for a fund during a fiscal year.

TAXES - Compulsory charges levied by a government, school, sewer or other special district for the purpose of financing services performed for the common benefit.

TAX BASE - The total market value of real property (land, buildings, and related improvements), public service corporation property, and personal property (cars, boats, and business tangible equipment) in the City.

TAX LEVY - The total amount to be raised by either real or personal property taxes.

TAX RATE - The amount of taxes levied for each \$ 100 of assessed valuation, either real or personal property.

T

TOURISM FUND - a Special Revenue Fund used to account for revenues and expenditures per City Council's Tourism Development Fund Policy. Revenues of this fund include a transfer from the General Fund in support of tourism, one-half of the 1% Historic Triangle Sales Tax, and one-half of the \$ 2 Lodging Tax.

TRANSFER - A transfer is a movement of monies from one fund, activity, department, or account to another. This includes

budgetary funds and/or movement of assets.

WORKING CAPITAL - Current assets less current liabilities. This measure indicates the relatively liquid portion of total enterprise fund capital, which constitutes a margin or buffer for meeting obligations.

WORKLOAD MEASURES - Represent the numerical inputs, outputs and/or outcomes of City operating programs.

COMMONLY USED GOVERNMENTAL ACRONYMS:

BPOL - Business, Professional and Occupational License Tax, administered by the Commissioner of the Revenue.

CDBG - Community Development Block Grant program, funded by the U.S. Dept of Housing & Urban Development (HUD). These grant funds are used in the City to improve housing, neighborhoods, and economic conditions of the City's low and moderate income residents. The City works exclusively with the Williamsburg Redevelopment & Housing Authority (WRHA), as the agency receives Federal funds directly for CDBG projects.

CIP - Capital Improvement Program - a five-year plan for capital projects, with the first year of the plan appropriated by City Council by budget resolution.

CSA - Comprehensive Services Act for Youth and Families

FY - Fiscal Year - City's FY begins July 1st each year.

GAAP - Generally accepted accounting principals. Uniform minimum standards for financial accounting, recording, and reporting purposes.

GASB - Governmental Accounting Standards Board - A non-profit organization organized in 1984 as an operating entity of the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities.

GFOA - Government Finance Officers Association of the United States and Canada. The purpose of the GFOA is to enhance and promote the professional management of governments for the public benefit.

GIOs - City Council's Goals, Initiatives, and Outcomes.

FTE - Full-Time Equivalent - The percentage of time a staff member works represented as a decimal. A full-time authorized staff position is 1.00, equating to 2,080 hours of work per year (2,912 for uniformed firefighters) a half-time person is .50 and a quarter-time person is .25.

IT - Information Technology, a department responsible for the City's current and future technology requirements, including local area network and infrastructure, computer hardware, software, maintenance and replacement plan, voice, video, security, and disaster recovery.

APPENDIX



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