

Adopted Operating and Capital Budget FY 2011

Listing and Description of Active Funds

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**ADOPTED OPERATING AND CAPITAL BUDGET FY 2011
LISTING AND DESCRIPTION OF ACTIVE FUNDS**

General Fund (Fund 100) – The General Fund is the primary operating fund of the City and accounts for all revenues and expenditures applicable to the general operations of the City which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, the use of money and property, and intergovernmental grants.

Virginia Public Assistance Fund (Fund 201) – The Virginia Public Assistance Fund is the primary operating fund for the City’s Department of Social Services. Funding is primarily from State and Federal grants, as well as local match appropriations.

School Fund (Fund 205) – This fund is the primary operating fund of the Fredericksburg City School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the City, and federal and state grants.

Courthouse Maintenance Fund (Fund 208) – This fund is for fees associated with the maintenance of the City’s courts – the Circuit Court, the General District Court, and the Juvenile and Domestic Relations Court.

City Grants Fund (Fund 210) – This fund accounts for revenues and expenditures of state, federal, and local grants which function on a reimbursement basis. The grants and programs represented in the City Grants Fund relate to general governmental functions, and include major program efforts such as the Community Development Block Grant program, the Victim Witness Program, and the Regional Police Officer Task Force, as well as several smaller federal, state, or local grant programs.

School Grants Fund (Fund 211) – This fund accounts for the revenues, expenditures, and other financial resources of the school regional programs, school cafeteria and school auditorium, graduated equivalency diploma testing and adult education programs. Revenues are derived primarily from charges for services and state and federal grants.

Social Services Grants Fund (Fund 213) – This fund accounts for the revenues, expenditures, and other resources relating to special grants for the City’s Department of Social Services.

Economic Development Authority Fund (Fund 215) – This fund accounts for the activities of the City’s Economic Development Authority. It is an agency-type fund, in that the EDA is an entity separate from the City. The fund is accounted for on an enterprise basis, with revenues and expenses are recognized using the full accrual method of accounting.

Special Tax Districts – The City has two special tax district funds. These funds are used to account for revenues raised and expenditures made for capital and other projects that relate to a specific area. Revenues are derived from property tax surcharges that are applied to properties in a specified area. The funds are:

Central Park Tax District (Fund 216)

Fall Hill Avenue Tax District (Fund 217)

Regional Transportation Fund (Fund 222) – This fund accounts for the revenues and expenditures and other financing resources necessary to fund the City’s participation in the Virginia Railway Express (VRE) and other transportation – related activities authorized by the City Council and the Potomac and Rappahannock Transportation Commission (PRTC).

Forfeited Asset Sharing Program (Fund 223) – This fund accounts for revenues, expenditures, and other financing resources necessary to account for assets forfeited under criminal proceedings under federal and state laws to the City’s Police Department and the Commonwealth Attorney’s Office.

Prisoner Extradition Fund (Fund 225) – This fund accounts for activities of the Police Department related to prisoner extraditions partially reimbursed by the Commonwealth.

Economic Development Opportunity Fund (Fund 226) – This fund accounts for resources set aside to assist the City in economic development and tourism development ventures.

Capital Funds – The City has several capital funds that account for financial resources to be used for the acquisition or construction of major capital facilities under a variety of program areas. The funds for the Water, Wastewater, and Transit capital projects are budgeted separately from the main operating funds, but are combined with the main funds for accounting purposes. The funds are:

School Capital Fund (Fund 301)

Public Works Capital Fund (Fund 302)

Water System Improvements Fund (Fund 303)

Wastewater System Improvements Fund (Fund 304)

Public Facilities Capital Fund (Fund 305)

Public Safety Capital Fund (Fund 306)

New Upper Elementary School Capital Fund (Fund 307)

New High School Capital Fund (Fund 308)

Transit Capital Fund (Fund 309)

New Court Construction Fund (Fund 315)

Debt Service Funds – Debt Service funds account for the financial resources accumulated for the payment of long-term debt principal and interest charges. The Water and Wastewater Debt Service Fund is budgeted separately from the main operating funds, but are combined with the main funds for accounting purposes. The funds are:

General Obligation Bond Debt Service Fund (Fund 401)

Water and Wastewater Bond Debt Service Fund (Fund 402)

Education Bond Debt Service Fund (Fund 403)

Water Utility Fund (Fund 501) – This fund accounts for the main operations of the City-owned water utility. It is accounted for on an enterprise basis using full accrual accounting methods.

Wastewater Utility Fund (Fund 502) – This fund accounts for the main operations of the City-owned wastewater utility. It is accounted for on an enterprise basis using full accrual accounting methods.

Transit Fund (Fund 503) – This fund accounts for the main operations of the City-owned regional transit system. It is accounted for on an enterprise basis using full accrual accounting methods.

Parking Fund (Fund 504) – This fund accounts for the main operations of the City-owned Sophia Street Parking Deck, which opened in November of 2005. It is accounted for on an enterprise basis using full accrual accounting methods.

Rappahannock Area CASA Fund (Fund 733) – This fund is an agency fund that accounts for the assets held by the City in a trustee capacity for the Rappahannock Area Court-Appointed Special Advocate Program.

Criminal Justice Academy Fund (Fund 736) – This fund is an agency fund that accounts for the assets held by the City in a trustee capacity for the payroll expenses of the Regional Criminal Justice Training Academy.

Rappahannock Area Youth Commission Fund (Fund 738) – This fund is an agency fund that accounts for the assets held by the City in a trustee capacity for the Rappahannock Area Youth Commission delinquency prevention program.

Special Welfare Fund (Fund 739) – This fund is an agency fund, and accounts for the principal and income of the Special Welfare bequests and contributions.

Comprehensive Services Act Fund (Fund 741) – This fund accounts for the Comprehensive Services Act grants fund which provides assistance primarily for foster care and related services and the prevention of foster care. Services provided include education, housing, health, and food. Funding is primarily from state grants and local match appropriations.

Court Services Fund (Fund 747) – This fund is an agency fund that accounts for the revenues and expenditures of the Court Services Unit.

Celebrate Virginia South Community Development Authority Fund (Fund 753) – The City serves as the fiscal agent for the Celebrate Virginia South Community Development Authority, insofar as the collection of assessments and the payment of debt service on CDA improvement bonds is concerned. This fund accounts for this activity.

Riparian Lands Stewardship Fund (Fund 801) – This fund serves as a permanent endowment fund. In general terms, the ordinance that created this fund protects the balance of the proceeds of the sale of a conservation easement on City-owned land on or near the Rappahannock River, both in the City and upstream of the City. A portion of the interest earned on the investments of the proceeds may be used to fund protection activities for the river; the rest of the interest is added to the endowment so that it will grow over time.

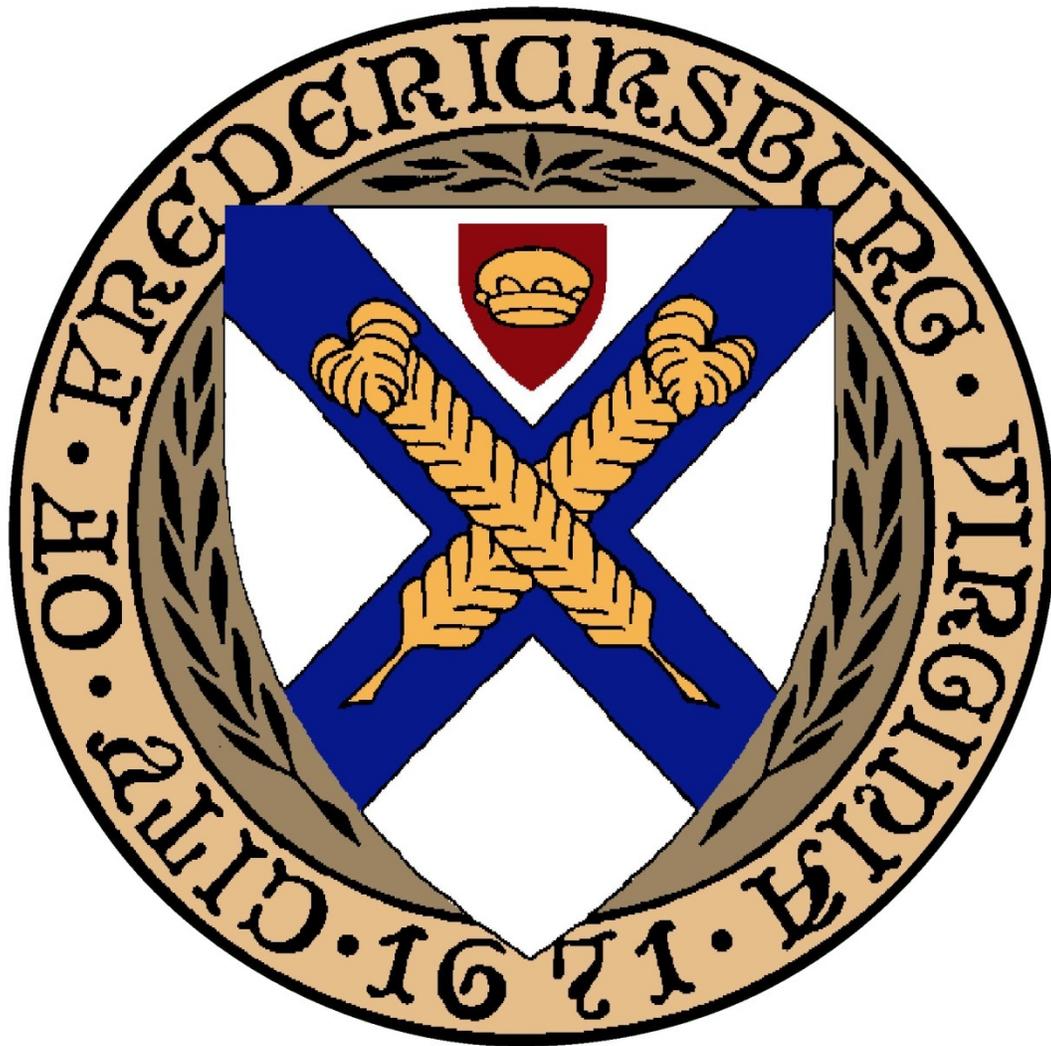
ADOPTED OPERATING AND CAPITAL BUDGET FY 2011
FUNCTIONAL UNITS BY OPERATING FUND

Department	Departmental Program	Fund
Building & Development Services		General
City Council		General
City Manager's Office		General
City Attorney		General
Clerk of Council		General
Clerk of Circuit Court		General
Commissioner of the Revenue		General
Commonwealth's Attorney	Main	General
	Victim Witness Program	City Grants
	Domestic Violence Paralegal	City Grants
Courts		General
Economic Development & Tourism	Main	General
	Regional Group Tourism	City Grants
	Regional Tourism Marketing	City Grants
Fire	Main	General
	Emergency Medical	General
	Hazmat Team	General
	Miscellaneous Grants	City Grants
Fiscal Affairs	Main	General
	Utility Billing	Water & Wastewater
Human Resources		General
Information Systems		General
Insurance		General
Outside Agencies		General
Parks, Recreation, & Public Facilities	Administration	General
	Supervision	General
	Parks Maintenance	General
	Public Facilities – General	General
	Dixon Aquatics	General
	Environmental Management	General
	Public Facilities Special Projects	General
	Starfires Drill Team	City Grants
	Finally Fridays	City Grants
	SoapBox Derby	City Grants
	Frejus Sports Exchange	City Grants
	Parking Garage	Parking
	Train Station Maintenance	Regional Transportation
Planning	Main	General

Department	Departmental Program	Fund
Planning	Community Development Block Grant	City Grants
Police	Main	General
	Animal Control	General
	E911 Communications	General
	Miscellaneous Grants	City Grants
	Prisoner Extradition	Prisoner Extradition
Public Works	General Street Maintenance	General
Public Works	Refuse Collection Program	General
	Shop & Garage	General
	Other Miscellaneous Maintenance	General
	Graphics	General
	Water System Maintenance	Water
	Wastewater System Maintenance	Wastewater
	Wastewater Treatment Plant	Wastewater
	Riparian Lands Protection	Riparian Lands Stewardship
Sheriff		General
Treasurer		General
Voter Registrar		General
Social Services		Social Services, Social Services Grants, & Special Welfare
Transit		Transit
Comprehensive Services Act		CSA
City Schools		School Operating & Grants

Notes

- ❖ This table does not include regional governmental agency funds for which the City serves as fiscal agent only. These agencies include the Economic Development Authority, the Rappahannock Area Office on Youth, the 15th District Juvenile Court Services Unit, the Rappahannock Criminal Justice Academy, the Celebrate Virginia South CDA Fund, and the Rappahannock Court Appointed Special Advocates.
- ❖ The Courthouse Maintenance Fund, the Economic Development Opportunity Fund, the Special Tax Districts, and the Forfeited Asset Sharing Program Fund are non-operational funds which receive and disburse funds, but which do not have active programs.



Adopted Operating and Capital Budget FY 2011

Glossary

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ADOPTED OPERATING AND CAPITAL BUDGET FY 2011 GLOSSARY

Annual Capital Budget – The City adopts an annual capital budget that covers the City’s capital project funds, including Public Education (Fund 301); Public Works (Fund 302); Water (Fund 303); Wastewater (Fund 304); Public Facilities (Fund 305); Public Safety (Fund 306); and Transit (Fund 309). The Annual Capital Budget also constitutes the first year of the City’s Capital Improvements Plan.

Annual Operating Budget – The City adopts an annual operating budget that covers all of the City’s operating funds.

Appropriation – The legal authority to spend money or enter into obligations to spend money under state law.

Balanced Budget – The City adopts a balanced budget in which current expenditures for all funds are matched by current revenues or appropriated fund balances.

Basis of Accounting – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The measurement focus for governmental funds is current financial resources, whereby only current assets and current liabilities are generally included on the balance sheet. The enterprise funds are accounted for on a flow of economic resources measurement focus, whereby all assets and all liabilities are included on the statement of net assets. The different methods of accounting flow from these considerations.

Modified Accrual – for Governmental Funds, the revenues are recognized in the period in which they become measurable and available. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

Full Accrual – for Enterprise Funds, the revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to the receipt or disbursement of cash.

Capital Fund – The City procures major capital assets through capital funds. The capital funds are budgeted through the capital budget process. These funds include Public Education, Public Works, Public Facilities, Public Safety, Water, Sewer, and Transit. The City also created special capital funds to construct the new school buildings.

Capital Improvements Plan – The Capital Improvements Plan is a five-year listing of major capital projects by capital fund. The CIP does not appropriate funds, and may be re-evaluated and amended as conditions warrant.

Capital Outlay – Capital outlay represents spending on assets that generally last longer than one year and is over \$1,000 in value (exception: computer software). These are purchased through the capital outlay line items in the budget. Major capital assets, which are generally greater than \$75,000 and last longer than three years, will generally be budgeted through the capital budget process.

Central Rappahannock Regional Library – The Central Rappahannock Regional Library is a regional library set up under an agreement in accordance with state law to serve the City of Fredericksburg, Stafford County, and Spotsylvania County. The CRRL also contractually serves Westmoreland County.

City Council – The City Council of the City of Fredericksburg is the legislative body that sets City laws and policies and oversees City operations. The City Council has seven members, including the Mayor, and are elected to staggered four-year terms. Regular meetings are held the second and fourth Tuesday of every month at 7:30 p.m. in City Hall, 715 Princess Anne Street.

City Manager – The City Manager is the chief executive officer of the City of Fredericksburg, and is appointed and serves at the pleasure of the City Council. The City Manager is responsible for developing the annual budget, and in overseeing the operations of the City.

Compensation Board – The Compensation Board of the Commonwealth of Virginia sets the state's compensation levels to local governments for Constitutional Officers, and also provides technical and other assistance to these officials in the performance of their duties. The City receives state assistance for the following offices from the Compensation Board: Commonwealth's Attorney, Clerk of the Circuit Court, Sheriff, Treasurer, and Commissioner of the Revenue.

Constitutional Officers – The Constitution of Virginia provides that cities and counties have certain offices that are elected by the citizens and serve terms of office. These officers are independent of the City Council; but their budgets are adopted and appropriated by the City Council. In the City, these offices include the Sheriff, the Clerk of the Circuit Court, the Commonwealth's Attorney, the Treasurer, the Commissioner of the Revenue, and the Voter Registrar.

Contingency – Contingency accounts are set aside in certain funds to meet unforeseen circumstances; in order to utilize contingency funds, the City Council must adopt a supplemental appropriation resolution.

Debt Service Funds – Debt service funds are set aside to pay the principal and interest on debt owed by the City. Balances are not kept in the debt service accounts of the City; rather, funds are transferred in year-to-year from other funds based on the debt retirement schedules of the City.

Depreciation – Expiration in the service life of capital assets attributable to deterioration, inadequacy, and obsolescence. Depreciation of capital assets is charged in the City’s enterprise funds. The depreciation charges are set based upon a schedule that varies depending upon the type of asset (e.g. buildings last longer than vehicles).

Encumbrance – an obligation against City funds in the form of a purchase order or contract for goods that have not yet been delivered or services that have not yet been performed.

Enterprise Fund – Enterprise funds consist of City-owned utilities that are accounted for on an accrual basis similarly to most large business accounting. Unlike other governmental funds, depreciation is charged to capital assets in enterprise funds. The City currently has four major enterprise funds: Water, Sewer, Transit, and Parking.

Fiduciary (Fiscal Agent) Funds – These funds are funds that the City uses to account for resources that are held in trust for other government agencies or programs. This is done primarily as a way to lower administrative overhead costs and ease operations for these agencies or programs. The City includes these funds in their budget resolution, and in the City’s annual audit.

Fiscal Year – The City designates a twelve-month period for accounting and budgeting purposes. The City’s Fiscal Year is July 1 – June 30. The second half of the fiscal year is named when abbreviated. For example, Fiscal Year 2008 (or FY 2008) encompasses the period July 1, 2007 to June 30, 2008.

Fund – A fund is a balanced set of accounts. Government accounting information is organized into separate funds, each containing its own revenues, expenditures, and fund balances. Moving money from one fund to another requires a transfer.

Fund Balance – Fund balance is the balance remaining in a fund after all liabilities are subtracted from all assets for that fund. Positive fund balances may be designated for future use, left undesignated, or appropriated for subsequent expenditures. The City of Fredericksburg has a policy goal that the General Fund Undesignated Unreserved Fund Balance will not fall below 12% of the prior year’s total General Fund revenues.

General Fund – The General Fund (Fund 100) is the main operations fund for the City, and accounts for all operations not accounted for in other funds. Most City operations, with the exception of Enterprise Funds) are accounted for in the General Fund. Funds are transferred from the General Fund to support other operational funds, including Public Schools, Social Services, and the Comprehensive Services Act Fund.

Governmental Fund – The General Fund and most other funds for the City are called governmental funds and are accounted for on a modified accrual basis. This accounting method recognizes revenues in the period in which they become measurable and available. The focus is on the measurement of currently available financial resources. The major difference between governmental funds and enterprise funds is that capital assets are recognized as expenditures in the year in which the purchase is made rather than being accounted for as an asset and depreciated over time.

Line Item – Line items group expenditures by object purchased – for example, Professional Services – Engineering or Office Supplies.

Local Composite Index – the Local Composite Index is the Commonwealth of Virginia’s funding formula for state aid to local school districts. The formula measures the wealth of a community against the total population and school enrollment. Higher scores indicate that a community needs less school assistance; while lower scores indicate that a community needs more school assistance. The City of Fredericksburg’s Local Composite Index score is high relative to other localities; and the City receives less state aid on a per pupil basis as a result.

Parking Fund – The Parking Fund is an enterprise fund that has been created to account for the capital contributions and the operations of the Sophia Street Parking Garage, which opened in November 2005 in downtown Fredericksburg.

PRTC – the Potomac and Rappahannock Transportation Commission. The City and several other jurisdictions are members of the PRTC, and as a result are able to charge a motor fuels tax of 2% of receipts. The motor fuels tax is dedicated first to the needs of the Virginia Railway Express and the PRTC administration; the City may then use surplus amounts to meet transportation needs in the community.

Program Change Proposal – An internal City term for a major budget proposal more than \$10,000 in value that alters or could potentially alter service levels. These are reviewed by an internal committee of senior-level managers for recommendations on inclusion in the City Manager’s Recommended Budget. Examples of a Program Change Proposals include new positions or new equipment. Replacing existing capital equipment, on the other hand, would not be considered through the Program Change Proposal process because it does not alter existing service levels.

Rappahannock Juvenile Detention Center – The regional jail facility that houses juvenile inmates awaiting trial, in transition between facilities, or serving short sentences and not sent to state prison. The regional facility serves the City of Fredericksburg and the Counties of Stafford, Spotsylvania, and King George.

Rappahannock Regional Jail – The regional jail facility that houses adult inmates either awaiting trial, in transition between facilities, or serving short sentences and not sent to state prison. The regional facility serves the City of Fredericksburg and the Counties of Stafford, Spotsylvania, and King George.

Resolution – an official act of the City Council; the City adopts and amends its budget via resolution. Resolutions appropriating funds, such as budget resolutions, require two readings (or approvals) before taking effect.

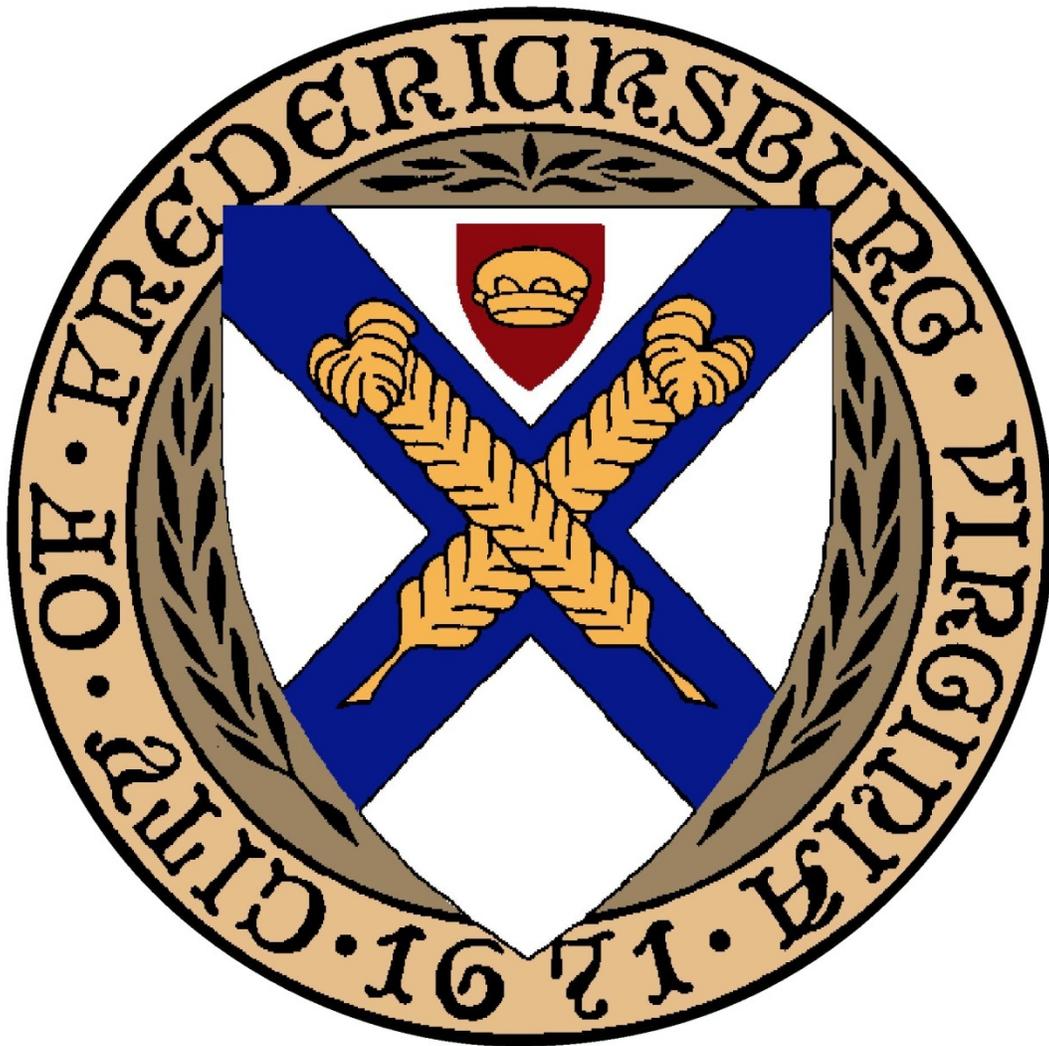
Special Revenue Fund – Special revenue funds are used to account for special revenues requiring separate accounting because of legal or regulatory provisions or administrative action. Examples include grant funds and special tax district revenues.

Transfer – Transfers move money between funds, between projects, or between line items. The City Manager has authority to move funds between line item objects. The City Council transfers funds through an appropriation resolution between funds or between capital projects.

Transit Fund – The City Transit Fund supports the operations of the FREDericksburg Regional Transit System. The fund is largely supported by federal and state grant funds as well as contributions from local communities.

VRE – VRE stands for the Virginia Railway Express, which is a commuter rail service that serves the Washington, D.C. area. There are two service lines: one originates in downtown Fredericksburg and ends in Washington, while the other runs from Manassas to Washington.

VRS – VRS stands for the Virginia Retirement System, which is the statewide pension plan for state employees and local employees for localities that have joined the system. Both the City of Fredericksburg and the Fredericksburg City Schools are members of the VRS. The VRS sets retirement contributions as a percentage of salary every two years based upon an assessment of the City's retirement benefit liabilities and accrued system assets. For the Fredericksburg City Schools, these contribution rates are subject to General Assembly approval, as the state partially funds retirement benefits for school employees.



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