

Balance Sheet
 Governmental Funds
 At June 30, 2014

	General	New Court Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 27,525,713	\$ 12,593,005	\$ 9,453,322	\$ 49,572,040
Receivables (net of allowances for uncollectibles):				
Property taxes	685,215	-	-	685,215
Accounts	104,491	-	-	104,491
Accrued revenue	347,928	138	91,327	439,393
Inventory, at cost	26,444	-	-	26,444
Prepaid items	454,212	-	4,569	458,781
Due from other governments	2,957,451	-	3,667,784	6,625,235
Total assets	\$ 32,101,454	\$ 12,593,143	\$ 13,217,002	\$ 57,911,599
Liabilities:				
Reconciled overdraft	\$ -	\$ -	\$ 35,736	\$ 35,736
Accounts payable	800,263	2,384,757	1,936,469	5,121,489
Accrued liabilities	1,469,216	1,096,407	336,880	2,902,503
Amounts held for others	1,449,905	-	-	1,449,905
Unearned revenue	92,477	-	218,991	311,468
Total liabilities	\$ 3,811,861	\$ 3,481,164	\$ 2,528,076	\$ 9,821,101
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	\$ 1,004,488	\$ -	\$ -	\$ 1,004,488
Fund Balances:				
Nonspendable	\$ 480,656	\$ -	\$ 4,569	\$ 485,225
Restricted	-	-	336,280	336,280
Committed	6,236,045	7,580,482	6,095,493	19,912,020
Assigned	769,149	1,531,497	4,252,584	6,553,230
Unassigned	19,799,255	-	-	19,799,255
Total fund balances	\$ 27,285,105	\$ 9,111,979	\$ 10,688,926	\$ 47,086,010
Total liabilities, deferred inflows of resources and fund balances	\$ 32,101,454	\$ 12,593,143	\$ 13,217,002	\$ 57,911,599

The accompanying notes to the financial statements are an integral part of this statement.

Historic Character and Vitality

Preserve and enhance the historic character of Fredericksburg, including the historic city center. Preserve our sense of place, promote economic strength, and ensure the City's continuing appeal to residents, business people, and visitors.

- Determine the future reuse of the Renwick Building, and advance planning activities necessary to implement the preferred reuse concept
FY 2016 Budget: funding identified for Historic Structures Report (carryover from Courthouse Project)
- Develop an archeology ordinance and provide necessary staffing resources for implementation
FY 2016 Budget: funding provided for legal assistance (summer intern) in the office of the City Attorney

Character of the City and Neighborhoods

Enhance the quality of life of the City and its neighborhoods by investing in and promoting safety, livability, and a strong sense of community.

- Develop two "neighborhood, small area" land use plans (in concert with the City's Planning Commission)
FY 2016 Budget: funding provided for planning consulting services to assist in developing two plans

Economic Vitality

Increase the prosperity of our citizens and businesses and ensure adequate revenues by establishing Fredericksburg as a pre-eminent national tourism destination and by pursuing economic development and re-development opportunities in a business friendly environment.

- Prepare an economic development analysis and master plan
FY 2016 Budget: funding provided for economic development consulting services to assist in preparing plan
- Provide assistance to Diamond Nation to develop a minor league baseball stadium and amateur training complex in Celebrate Virginia South
FY 2016: no funding requested or provided

Sustainability and the Natural Environment

Protect, preserve, and restore the natural environment by encouraging sustainable practices and environmental conservation measures, particularly those designed to protect water quality, natural beauty, and historic resources of the Rappahannock River.

- Prepare comprehensive assessments of the City's water and sewer systems, with emphasis on prioritization of future upgrades and improvements
FY 2016 Budget: funding provided for engineering consulting services to assist in preparing system assessments (carryover from FY 2015)
- Develop and implement a Municipal Separate Storm Sewer System (MS4) Plan
FY 2016 Budget: funding provided for engineering consulting services to assist in developing plan (carryover from FY 2015)
- Develop and implement a modified solid waste collection program, including strategies to increase recycling, and implement user fees at the Belman Road Convenience Center
FY 2016 Budget: funding provided to continue implementation of roll-out carts in residential neighborhoods

Parks, Recreation, and Open Space

Enhance the quality of parks and open space facilities, as well as recreational programming, to meet the needs of families, youth, and seniors.

- Prepare architectural/engineering design plans for the Riverfront Park
FY 2016 Budget: funding provided to prepare architectural and engineering design of the park

Council Goals and Initiatives 2015—2016
Alignment with the FY 2016 Adopted Budget

- Identify solutions to improve access to Alum Springs Park, including the possible construction of a bridge over Hazel Run
FY 2016 Budget: no funding requested or provided

Public Safety

Provide a safe and secure environment for those who live, work and visit the City through high quality public safety facilities and systems.

- Provide Advanced Life Support EMS capability, 24 hours daily/7 days a week; increase staffing resources over the next three years
FY 2016 Budget: funding provided for two additional ALS Medics (in addition to the three added in FY 2015)
- Evaluate options and identify preferred method of upgrading the City's public safety radio system
FY 2016 Budget: no additional funding provided; study currently underway
- Prepare architectural/engineering design plans for Fire Station #3 in Celebrate Virginia South
FY 2016 Budget: funding provided to develop architectural and engineering plans for the design of Fire Station #3

Transportation

Maintain and advance the development of local and regional multi-modal transportation systems that are safe, functional, and attractive.

- Maximize the use of VDOT Revenue Sharing funds for road maintenance and traffic signalization upgrades, with a target of obtaining \$1M annually
FY 2016 Budget: funding provided for City's matching share of cost for downtown traffic signal modernization project and for the major repair of the Rt. 1 Bridge over Hazel Run

Governance

Ensure that City government is effective, efficient, and open by enhancing the operation, interaction, and communication among City Council, staff, and the public.

- Begin implementation of the IT Strategic Plan with emphasis on the highest priority recommendations
 - Transition to next generation ERP Platform
 - Implement pilot program for document management
 - Consolidate Police and Fire technology into integrated public safety technology platform
 - Establish media and communication specialist role and centralize web content management*FY 2016 Budget: funding provided for an additional PC Technician as recommended by the IT Master Plan*
- Use the Novak Report as a guide for providing systematic improvements to City government's overall effectiveness and efficiency of service delivery
FY 2016 Budget: funding provided for a Purchasing Agent as recommended by the Novak Report and Federal Transit Administration's Triennial Review
- Develop City Proffer and Special Use Policies
FY 2016 Budget: no funding requested or provided

Education

Support and enhance the core service of lifelong education, working closely with the School Board and other institutions.

- Work with Fredericksburg City School Board to update and revise school enrollment projections
FY 2016 Budget: no funding requested or provided

**CITY OF FREDERICKSBURG
FINANCIAL MANAGEMENT POLICIES**

Section 2-2 Financial Management Policy¹

Policy I
Fund Balance

- 1.01 The City of Fredericksburg's Unassigned General Fund Balance will be maintained to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- 1.02 The Unassigned General Fund Balance should not be used to support recurring operating expenditures outside of the current budget year. If a budget variance requires the use of Unassigned General Fund Balance the City will increase its General Fund revenues and/or decrease its expenditures to prevent using the Unassigned General Fund Balance two consecutive fiscal years in a row to subsidize General Fund operations.

The Unassigned General Fund Balance will be provided as follows:

- 1.03 The Unassigned General Fund Balance goal will be twelve percent (12%), but not less than seven percent (7%), of the actual General Fund revenues for the preceding fiscal year. These funds can only be appropriated by a resolution of the City Council.
- 1.04 In the event the Unassigned General Fund Balance is used to provide for temporary funding of unforeseen emergency needs, the City shall restore the Unassigned General Fund Balance to seven percent (7%) of the actual General Fund revenues for the preceding year within two fiscal years following the fiscal year in which the event occurred. To the extent additional funds are necessary to restore the Unassigned General Fund Balance to twelve percent (12%) of the actual General Fund revenues for the preceding fiscal year, such funds will be accumulated in no more than five approximately equal contributions each fiscal year. This will provide for full recovery of the targeted fund balance amount within five years following the fiscal year in which the event occurred.
- 1.05 In the event that the Unassigned General Balance exceeds the twelve percent (12%) target described in 1.03 above, or available revenues exceed the annual deposits required in 1.04 above, then City Council may consider appropriating such funds for "pay as you go" capital outlay expenditures, other non-recurring expenditures, or supplemental reserves as deemed necessary by City Council.

¹ (Adopted 3/11/97 by Resolution 97-19; Amended 4/14/2015 by Resolution 15-18)

Policy II
Fiscal Planning

- 2.01 The City Manager shall submit to the City Council a proposed annual budget, with his recommendations, and shall execute the budget as finally adopted, pursuant to the requirements of Title 15.2 of the Code of Virginia, as amended.
- 2.02 The City Manager will budget revenues and expenditures on the basis of a fiscal year which begins July 1 and ends on the following June 30.
- 2.03 The City Manager shall provide annually a Budget Preparation Schedule outlining the preparation timelines for the proposed budget.
- 2.04 Budget packages for the preparation of the budget, including forms and instructions, shall be distributed to City departments to complete. Department officials shall prepare and return their budget proposals to the office of the Assistant City Manager.
- 2.05 The proposed budget will contain the following:
- A) Revenue estimates by major category;
 - B) Expenditure estimates by program levels and major expenditure categories;
 - C) Debt service summarized by issues detailing principal and interest amounts by fund.
- 2.06 The proposed budget will also contain information regarding:
- A) Proposed personnel staffing levels;
 - B) A detailed schedule of capital projects;
 - C) Any additional information, data, or analysis requested of management by the City Council.
- 2.07 The proposed budget will be balanced.
- 2.08 The City Council will adopt the budget no later than June 30.
- 2.09 A monthly report on the status of the general fund budget will be prepared by the Fiscal Affairs Department and presented to the City Council within 15 days of the end of each month.
- 2.10 Budgeting procedures will attempt to identify distinct functions and activities and to allocate budget resources to perform these functions and activities as required.

- 2.11 Alternatives for improving the efficiency and effectiveness of the City's programs and the productivity of its employees will be considered during the budget process.
- 2.12 Duplication of services and inefficiency in delivery should be eliminated wherever they are identified. The City will continue to examine alternative service delivery options for all City functions.
- 2.13 Performance measurement and productivity indicators will be integrated into the budget process as appropriate.
- 2.14 For multi-year projects, the appropriated by as yet unencumbered and encumbered balances will be considered for re-appropriation in the subsequent fiscal year in a resolution amending the adopting budget.
- 2.15 The City will fund current expenditures with current revenues and other recurring funding sources.
- 2.16 If a deficit is projected during any fiscal year, the City will take steps to reduce expenditures, increase revenues, or consider using the Undesignated General Fund Balance in accordance with Policy I, to the extent necessary to ensure a balanced budget at the close of the fiscal year.
- 2.17 The City will annually appropriate a Contingency Budget to provide for increases in service delivery costs and unanticipated needs that may arise throughout the fiscal year.
- 2.18 The City will follow the bid policy pursuant to the requirements of Chapter 2, Article XII of the City Code.

Policy III
Revenues and Collections

- 3.01 The City's goal is a diversified revenue system balanced between real estate, personal property, sales taxes and other revenue sources.
- 3.02 The City will monitor all taxes to insure they are equitably administered and collections are timely and accurate. Fees and charges should be based on benefits and/or privileges granted by the City, or based on costs of a particular service.
- 3.03 Periodically, the City will recalculate the full costs of activities supported by user fees to identify the impact of inflation and other attendant costs. It is recognized that, on occasion, competing policy objectives may result in user fee levels that recover only a portion of service costs.

- 3.04 The City will assess all real property annually as of July 1, and assess all personal property annually on January 1. Real property assessments shall be based on market value and follow standards established by the International Association of Assessing Officers. Personal property assessments shall be based on the average trade-in value as supplied by a nationally recognized organization, or a percentage of original cost that reasonably estimates market value.
- 3.05 The City will provide, as appropriate, funding or tax exemptions to churches, governmental entities and other eligible organizations pursuant to the state and local guidelines. The City will process all requests for tax exemption status pursuant to the appropriate statute cited in the Code of Virginia.

Policy IV

Capital Improvement Program and Fixed Assets

- 4.01 The City Manager will annually submit a Capital Improvement Program for review by the City Council pursuant to the time line established in the annual Budget Preparation Schedule. Submission of the Capital Improvement Plan shall be consistent with the requirements of Title 15.2 of the Code of Virginia.
- A) An implementation program for each of the capital improvements.
 - B) A statement of the objectives of the Capital Improvement Program and the relationship with the comprehensive plan.
 - C) An estimate of the cost of and the anticipated sources of revenue for financing the Capital Improvement Program and an estimate of the impact of each capital improvement on City revenues and future operating expenses.
 - D) An estimated debt service schedule for any debt anticipated as a source of funds for the Capital Improvement Program.
- 4.02 The City will maintain a schedule of fixed assets in its fixed asset accounting system.
- 4.03 Upon completion of any capital project, remaining appropriated funds in that project will be returned to the undesignated capital project fund balance.

Policy V

Debt Management

- 5.01 The City will not use long-term debt to fund current operations and will continue to emphasize “ pay as you go” capital financing, where practical.
- 5.02 The City will not use tax anticipation notes (TRANS) to fund current operations.
- 5.03 The City does not intend to issue bond anticipation notes (BANs) for a period longer than three years.

- 5.04 The issuance of variable rate debt by the City will be subject to careful review and will be issued only in a prudent and fiscally responsible manner.
- 5.05 Whenever the City finds it necessary to issue bonds, the following policy will be adhered to:
- A) General Fund supported debt will not exceed 4.8% of the assessed valuation of real property in the City.
 - B) The term of any bond issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.
- 5.06 The City shall comply with all U.S. Internal Revenue Service arbitrage rebate requirements for bonded indebtedness.
- 5.07 The City shall comply with all requirements of Title 15.2 of the Code of Virginia and other legal requirements regarding the issuance of bonds and certificates of the City or its debt issuing authorities.

Policy VI
Cash Management

- 6.01 The City shall invest all funds of the City according to four criteria, in order of their importance: (1) legality, (2) safety, (3) liquidity, (4) yield.
- 6.02 The City will collect, deposit and disburse all funds on a schedule which insures optimum cash availability.
- 6.03 All City bank accounts shall be reconciled on a timely basis.
- 6.04 The City will optimize the amount of funds available for investment by rapid collection of money owed to the City. Cash invested shall, at a minimum, equal 100% of total bank cash balances.
- 6.05 The City will conduct its treasury activities with financial institution(s) based upon written contracts.

Policy VII
Personnel

- 7.01 At no time shall the number of permanent full-time employees on the payroll exceed the number of positions authorized by the City Council. All Personnel actions shall be in strict conformance with applicable federal and state law and all City ordinances and policies.
- 7.02 The City Manager may institute a cessation during the fiscal year on hirings, promotions, and transfers for the purpose of expenditure control. Such action will not be used arbitrarily and without knowledge and support of the City Council and will allow for exceptions in appropriate areas to comply with emergency needs such as a loss or decline in a major revenue source or natural disaster.

Policy VIII
Accounting, Auditing and Financial Reporting

- 8.01 The City will comply with generally accepted accounting principles (GAAP) in its accounting and financial reporting, as contained in the following publications:
- A.) Codification of Governmental Accounting and Financial Reporting Standards, issued by the Governmental Accounting Standard Board (GASB)
 - B.) Pronouncements of the Financial Accounting Standards Board, (FASB)
 - C.) Governmental Accounting, Auditing, and Financial Reporting (GAAFR), issued by the Government Finance

Officers Association (GFOA) of the United States and Canada.

- D.) Uniform Financial Reporting Manual for Virginia Counties, prepared by the Commonwealth of Virginia Auditor of Public Accounts (APA).
- E.) Audits of State and Local Governmental Units, an industry audit guide published by the American Institute of Certified Public Accounts (AICPA).
- F.) Government Accounting Standards, issued by the Controller General of the United States.

8.02 Monthly financial reports will be issued to all agency administrators summarizing financial activity comparing actual revenues and expenditures with budgeted amounts.

8.03 A comprehensive financial audit including an audit of federal grants according to the Single Audit Act of 1984 will be performed annually by an independent public accounting firm. The independent public accounting firm will express an opinion on the City's Financial Statements.

8.04 The comprehensive annual financial report will be issued by November 30 of each year for the preceding fiscal year to the Commonwealth of Virginia Auditor of Public Accounts and to the City Council by December 5 or as required by the Code of Virginia.

8.05 The City will prepare its comprehensive annual financial report in compliance with the principles and guidelines established by the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

8.06 Full disclosure will be provided in the City's annual financial and budget reports and bond documents.

8.07 The City will provide annual disclosure to the rating agencies and national bond disclosure libraries regarding City audited financial matters.

Policy IX
Risk Management

9.01 The City shall make diligent efforts to avoid or prevent loss of City assets and to reduce the City's exposure to liability through training, safety, risk financing and the transfer of risk when cost effective.

9.02 City shall transfer where cost effective by purchasing insurance and requiring others (contractors, etc.) to carry insurance.

- 9.03 The City shall manage risk exposure and purchase traditional insurance in the following areas: general liability, automobile liability, public officials' errors and omissions, police professional liability, property loss and worker's compensation.

Policy X

Expenditure Control

- 10.01 Expenditures will be controlled by an annual budget at the departmental level. The City Council may amend appropriations as necessary.
- 10.02 All purchases shall be made in accordance with the City's purchasing policies and procedures and applicable state and federal laws. The City shall endeavor to obtain supplies, equipment and services as economically as possible.
- 10.03 The City will maintain a purchasing system which provides needed materials in a timely manner to avoid interruptions in the delivery of services.
- 10.04 The City shall pay all invoices within thirty (30) days of receipt in accordance with the prompt payment requirements of the Code of Virginia.

Policy XI

Economic Development and Tourism

- 11.01 While constantly striving to enhance its appeal as a heritage tourism destination, the City shall continue to expand and diversify its economic base by attracting industrial and commercial enterprises to the City. Special emphasis should be given to industrial and commercial enterprises that will employ the local labor force. Such businesses and industries will be in accordance with the plans and ordinances of the City.
- 11.02 The City will endeavor to develop a network of public facilities which link planned industrial and commercial areas with its growing residential areas.

Policy XII

Policy Review

- 12.01 The City Council will review and affirm by resolution the financial policies contained in this document a minimum of once every two years after review with its staff.
- 12.02 The City Manager shall provide the City Council a written status report concerning the City of Fredericksburg's compliance with the thirteen financial policy categories on an annual basis concurrent with the delivery of the comprehensive annual financial report.

Policy XIII

Post Issuance Compliance Policies and Procedures – Governmental Bonds

13.01 Purpose

A. In General. The Internal Revenue Service (the “IRS”) has strongly recommended that issuers of municipal bonds assist with the efforts to administer the income tax laws by adopting written policies and procedures intended to assure that appropriate compliance measures are implemented by such issuers after their bonds have been issued. In connection with authorizing issuance of the City’s General Obligation Bonds, Series 2015A, the City Council of the City of Fredericksburg, Virginia (the “City” or “Issuer”), by Ordinance adopted on March 10, 2015, authorized and directed the City Manager, in consultation with the City’s bond counsel, to establish written post-issuance compliance policies and procedures in compliance with the IRS recommendations for all bonds to which the IRS recommendations apply, including bonds previously issued and bonds to be issued in the future. The City Council Ordinance directs the City Manager to administer the policies and procedures with the assistance of such officers and staff as the City Manager may designate and authorize for such purpose.

The City Council further adopted Resolution 15-18 incorporating the Post Issuance Compliance Policies and Procedures – Governmental Bonds into the City’s Financial Policies.

This document implements these directives from City Council and is intended to memorialize formally the written post-issuance compliance policies and procedures (the “PICPP”) the City has historically followed in connection with its Tax-Advantaged Bonds (as defined herein), and includes as Appendix A post-issuance compliance procedures related to securities law requirements for such obligations.

B. Definitions.

1. “*Authorized Representative*” means the Post-Issuance Compliance Officer designated in Section II below and any officer or staff of the Issuer designated by the Post-Issuance Compliance Officer to perform any of the functions described in this PICPP.

2. “*Bad Use*” means expenditure on projects to be used by other than a governmental user, a loan to a non-governmental person or use of a bond-financed facility by a non-governmental person. As indicated herein, such use may arise pursuant to a management agreement, research agreement, naming

rights agreement, lease or any similar agreement relating to a bond-financed facility.

3. “*Bad Payments*” means any payments derived from Bad Use of bond financed property.

4. “*Bond Counsel*” means any nationally recognized bond counsel engaged by or on behalf of the Issuer to review or opine on matters covered by this PICPP.

5. “*Code*” means the federal Internal Revenue Code of 1986, as amended.

6. “*Governing Body*” means the City Council of the Issuer.

7. “*Regulations*” means the federal Income Tax Regulations promulgated pursuant to the Code.

8. “*Tax-Advantaged Bonds*” means, collectively, any of the Issuer’s Tax Credit Bonds and Tax-Exempt Bonds.

9. “*Tax Closing Documentation*” means any and all covenants, certificates, instructions and information reporting documentation contained in the closing transcript or record of proceedings for any series of Tax-Advantaged Bonds, whether executed in connection with the issuance of any such series of obligations or executed post-closing.

10. “*Tax Credit Bonds*” means the one or more series of governmental purpose tax credit bonds or other form of obligations that the Issuer has previously issued or may in the future issue that entitle the Issuer, the owners of the Tax Credit Bonds, or any other permitted party to either a credit against federal income tax liability or a refundable credit from the United States Treasury.

11. “*Tax-Exempt Bonds*” means the one or more series of governmental purpose bonds or other form of tax-exempt obligations that the Issuer has previously issued or may in the future issue, the interest on which is excludable from gross income of the owners thereof pursuant to Sections 103 and 141-150 of the Code and Regulations.

C. Incorporation of Tax Closing Documentation. This PICPP shall be deemed to include and hereby incorporates all Tax Closing Documentation for each issue of the Issuer’s Tax-Advantaged Bonds.

D. Incorporation of Appendices. This PICPP shall be deemed to include and hereby incorporates all special post-issuance compliance policies and procedures set forth in each of the Appendices hereto.

13.02 Overall Responsibility for Compliance

A. Assignment of Responsibility. Oversight responsibility for post-issuance compliance is assigned to the City Manager, currently Beverly R. Cameron (phone: 540-372-1010; e-mail: brcameron@fredericksburgva.gov, or such officer's successor. Such officer is hereby designated the Post-Issuance Compliance Officer ("PICO"). Certain specific compliance responsibilities may be assigned by the PICO to a designated Authorized Representative of the Issuer as stated below.

B. Consultation with Outside Professionals. The PICO and any Authorized Representative may consult with any Bond Counsel or other municipal finance advisors or professionals that they deem appropriate to meet the requirements of this PICPP.

13.03 Tax Documentation Assembly and Closing Filing Requirements

A. Tax Documentation Assembly. The PICO will assemble and document to his or her satisfaction the location of all Tax Closing Documentation for each issue of Tax-Advantaged Bonds of the Issuer. The PICO will keep all post-closing documentation as a supplement to the Tax Closing Documentation.

B. Closing Filing Requirements.

1. The PICO will confirm to his or her satisfaction the filing of the appropriate Form 8038-G or Form 8038-TC no later than the 15th day of the second calendar month after the close of the calendar quarter during which bonds are issued.

2. The PICO will confirm to his or her satisfaction whether Tax-Exempt Bonds have been issued as 'bank qualified' bonds pursuant to Section 265(b) of the Code and Regulations. If the Tax-Exempt Bonds are "bank qualified," the PICO will note as part of the Issuer's books and records the limits on additional Tax-Exempt Bonds that may be issued in the remaining portion of the calendar year.

C. Recordkeeping. All documentation relating to the Tax-Advantaged Bonds assembled pursuant to the tax document assembly referred to above or pursuant to any or any other compliance topic in this PICPP will be subject to the General Recordkeeping Requirements and Records Retention requirements set forth below.

D. Coordination with Accounting Systems. With respect to all compliance topics set forth in this PICPP and where relevant, the PICO will confirm recording

of all information relating to any of the compliance topics set forth in this PICPP in either the Issuer's or any third-party or trustee accounting system.

If a trustee has been engaged, and there is a change in the trustee, the PICO will consult with the new trustee to ensure that all investment records have been transferred and are being maintained.

E. Federal Guaranty Prohibition. Upon closing, and throughout the term of the Tax-Advantaged Bonds, the PICO will determine whether more than 5% of the proceeds of Tax-Advantaged Bonds are invested, directly or indirectly, in federally insured deposits or accounts, or if the Tax-Advantaged Bonds are otherwise directly or indirectly federally guaranteed and will consult with Bond Counsel in the event there is a question with respect to the Tax-Advantaged Bonds being federally guaranteed within the meaning of Section 149(b) of the Code.

13.04 Arbitrage Investment Limitations and Rebate Requirements

A. Assignment of Compliance Duty.

With respect to this compliance topic, the PICO will coordinate compliance for each issue of Tax-Advantaged Bonds under this PICPP and the Tax Closing Documentation for each such issue. The PICO designates the occupant of the position of Assistant City Manager (the "Designated Officer") to assist in complying with this topic.

B. Information Assembly, Collection and Procedures. If not already set forth in the Tax Closing Documentation for an issue, the PICO will determine and record the following information and establish the following procedures:

1. Basic Information.

- (a) Determine whether the Tax-Advantaged Bonds are a fixed yield issue of bonds or a variable yield issue of bonds.
- (b) Determine whether the Issuer has entered in a hedging transaction (e.g., interest rate swap, cap, floor or collar) either before, on or after the bond issue date (the first day on which the Issuer receives the purchase price or sale proceeds in exchange for Tax-Advantaged Bonds).

With respect to all hedging transactions, determine or confirm with Bond Counsel prior to entering into any hedging transaction (including interest rate swaps and caps) with respect to the bonds whether or not such swap agreement is to be identified as a qualified hedge as defined in Section 1.148-4(h)(2) of the Regulations, and if such a qualified hedge is to be entered into, determine or confirm

with Bond Counsel prior to amending or terminating the hedge the impact of any amendment or termination of such a qualified hedge. A qualified hedge must be identified in the first information reporting form relating to a bond issue filed with the IRS on or after the date on which the qualified hedge contract is executed.

- (c) Determine whether the bonds are secured by a bond insurance policy, letter of credit, or other form of credit enhancement or liquidity facility.

With respect to all bond insurance, letter of credit, other credit enhancement or liquidity facilities entered into with respect to the bonds, determine or confirm with Bond Counsel the impact of such a transaction on the bonds prior to entering into or amending or terminating any such credit enhancement.

2. Arbitrage Investment Limitation Information.

- (a) Identify or provide for the computation of the bond yield for each issue of the Tax-Advantaged Bonds.
- (b) Identify each fund or account containing “gross proceeds” of the bonds (as that term is defined in Section 1.148-1(b) of the Regulations, generally including, without limitation, sale proceeds received in exchange for Tax-Advantaged Bonds, earnings from investing proceeds, and any remaining proceeds of obligations refunded by such Tax-Advantaged Bonds), including any fund or account established under agreements other than the bond ordinance, resolution, indenture or Tax Closing Documentation, particularly any fund or account that may be expected to be used to pay debt service on the bonds.
- (c) Identify the applicable temporary periods and investment yield restrictions with respect to each such fund or account, including the investment yield restrictions applicable at the end of each temporary period.
- (d) Confirm that any “reserve or replacement fund” with respect to the bonds (in accordance with the provisions of Section 1.148-2(f) of the Regulations) has not been funded in an amount more than 10% of the issue price or principal amount of the bonds as may be applicable. Identify any investment yield restrictions applicable for deposits of any other moneys into any such reserve fund in excess of the

applicable limits for such reserve fund as set forth in the related Tax Closing Documentation.

- (e) Record each type of investments in which gross proceeds (as described in IV(B)-2(b) above) have been invested.

Record whether investments were purchased at a fair market value and whether they were purchased on a negotiated basis or were put out for bid. If by bid, obtain all documentation relating to whether there was compliance with the bidding rules established for the specific investment. Consult with Bond Counsel and/or financial advisors, if needed.

- (f) Provide for the documentation, computation and payment of any yield reduction payments in the same manner as set forth for rebate payments below.

3. Rebate Information.

- (a) Determine for each issue of Tax-Advantaged Bonds no later than the date set forth in the Tax Closing Documentation (and in no event later than the fifth anniversary date of the date of issuance of each issue), if a rebate consultant needs to be retained and the timing for hiring of such a rebate consultant. Obtain a copy of all rebate reports provided by a rebate consultant.
- (b) Establish whether each issue is eligible for any spending or small issuer exception to the rebate requirements.
- (c) Except as may otherwise be provided in the Tax Closing Documentation, establish a calendar of each date for each of the Issuer's bond issues that the Issuer will be required to make any rebate payment to the United States (generally, every 5 years and upon final payment of all bonds). Such a calendar must recognize that the dates of any required rebate payment to the United States must be adjusted to reflect any redemption date of a bond issue prior to final maturity.
- (d) Provide a procedure for timely filing of any required rebate payment to the United States, including the completion of any IRS Form 8038-T.

4. Reimbursement and Special Arbitrage and Rebate Spending Procedures.

- (a) To the extent any bond proceeds are used to reimburse the issuer for expenditures paid prior to the date of issuing the bonds, the PICO will assure such proceeds are allocated to the reimbursement of such expenditures no later than 18 months after the later of (i) the date the expenditure was paid, or (ii) the date the project was placed in service, but in no event more than 3 years after the expenditure was paid.
- (b) The PICO will assure bond proceeds are expended with due diligence for the purposes and in accordance with expectations and covenants described in the applicable Tax Closing Documentation, including specifically those related to federal tax arbitrage compliance and rebate spending provisions.

5. Error Correction Procedures.

The PICO will document, as soon as practicable after bond closing, all steps to be taken to correct any investment and rebate compliance errors. These steps may include, but are not limited to, consultation with Bond Counsel or any of the procedures described in Section VII below as may be applicable.

13.05. Bond Proceeds Spending Requirements

A. Assignment of Compliance Duty.

With respect to this compliance topic, the PICO will coordinate compliance for each issue of Tax-Advantaged Bonds under this PICPP and the Tax Closing Documentation for each such issue. The PICO designates the Designated Officer to assist in complying with this topic.

B. Information Assembly, Collection and Procedures. If not already set forth in the Tax Closing Documentation for an issue, the PICO will determine and record the following information and establish the following procedures:

1. Basic Information.

- (a) Assemble a list of all purposes and projects to be financed by the bonds, including information on the expected useful lives of projects.
- (b) Designate which of these purposes represent capital expenditures or working capital.

- (c) Establish the exact amount of bond proceeds and all other sources of funding for the project. In connection with this procedure, the PICO will document all requirements applicable to any such other sources of funding.
- (d) Determine the amount, if any, of bond proceeds that may be expended on payment of interest on the bonds (i.e., capitalized interest) and all applicable spending and time limits applicable to such payment of interest on the bonds.
- (e) Identify and calendar any time periods that may be applicable as to when bond proceeds must be spent.

2. Spending Limitation Procedures.

- (a) The PICO will establish such accounting controls as are necessary to guarantee that no more than the lesser of (i) 10% of the net proceeds or (ii) \$15 million will be expended on projects used by persons other than a governmental unit.
- (b) The PICO will establish such accounting controls as are necessary to guarantee that no more than 5% of net proceeds of the bonds may be used for a purpose that is unrelated to, or disproportionate to, the governmental purpose of the bond issue (e.g., a privately operated cafeteria in a government office building is generally related use; leasing of space in the government office building to private commercial tenants is unrelated use).
- (c) The PICO will establish such accounting controls as are necessary to guarantee that no more than 5% of net proceeds of the bonds are loaned to a non-governmental person.
- (d) The PICO will establish such accounting controls as are necessary to assure that all costs of issuance paid with bond proceeds are so paid no later than 180 days after the date of issuing the bonds.

The PICO will establish such accounting controls as are necessary to identify to the PICO whether there is a variance of greater than 10% in the amount of costs of issuance, credit enhancement costs and refunding or new money uses reported on the IRS Form 8038-G for the bond issue.

- (e) The PICO will establish such accounting controls, calendars and reporting procedures as are necessary to confirm that any time periods limiting spending have been met.

In connection with this procedure, for new money issues, the PICO will establish such accounting reports as are necessary to determine at least annually the amounts and percentages of bond proceeds that have been spent on the intended projects.

- (f) The PICO will establish such accounting controls as are necessary to confirm that the proceeds are spent on the approved projects.
- (g) The PICO will establish such accounting and review procedures as are necessary to record and approve a change from an expected qualified project to a qualified substitute project.
- (h) The PICO will establish such accounting and review procedures as are necessary to arrange for qualified expenditures of any unspent moneys that remain after completion of the original list of projects to be financed by the Tax-Advantaged Bonds.

In connection with this procedure, the PICO will prepare a written, detailed explanation regarding why such proceeds remain unspent.

In connection with this procedure, if a significant amount (i.e., more than 15%) of Tax-Exempt Bond proceeds or any amount of Tax Credit Bond proceeds remain unexpended as of the third anniversary date of the date of issue of the bonds, the PICO will confirm with Bond Counsel the proper steps to take to protect the qualified status of such bonds (including but not limited to the continued investment of such amounts) and will confirm with Bond Counsel whether the existence of such unspent proceeds impacts the ability of the Issuer to issue any new issue of Tax-Advantaged Bonds.

- (i) The PICO will establish such accounting controls, calendars and reporting procedures and such other review procedures as are necessary to confirm the actual expenditure or deemed allocation to expenditure of all bond gross proceeds (as described in IV(B)-2(b) above) by the

date that is no later than 18 months after the later of the date the expenditure is paid or the date any project that is financed by the issue is placed in service. A final record of all actual expenditures or deemed allocations to expenditures must in all events be made by the date that is 60 days after the fifth anniversary date of the issuance of the bonds or 60 days after the retirement of the bonds, if earlier.

13.06 Use of Bond Financed Property and Bad Use or Bad Payments Limitations

A. Assignment of Compliance Duty.

With respect to this compliance topic, the PICO will coordinate compliance for each issue of Tax-Advantaged Bonds under this PICPP and the Tax Closing Documentation for each such issue. The PICO designates the Designated Officer to assist in complying with this topic.

B. Information Assembly, Collection and Procedures. If not already set forth in the Tax Closing Documentation for an issue, the PICO will determine and record the following information and establish the following procedures:

1. Basic Information.

- (a) Determine as of the date of issue of the bonds how each source of funding is to be expended on or allocated to any Bad Use.
- (b) Determine the amount of bond proceeds loaned or granted to non-governmental entities.
- (c) Determine the list of payments to be derived from operation of the bond financed property and whether the bond financed property secures the repayment of the bonds.

2. Bad Use and Bad Payments Control Procedures.

- (a) The PICO will establish such monitoring procedures as are necessary to bring to the attention of the PICO for approval prior to execution any lease, sales contract or other disposition of bond financed property.
- (b) With respect to the operation of bond financed property, the PICO will establish such monitoring procedures as are necessary to bring to the attention of the PICO for approval prior to execution any naming rights, sales or licensing contract; any management or service contract, research contract; any output contracts; cell phone tower

agreements; solar power contracts or windmill-generation contracts or similar types of contracts.

- (c) Immediately upon the execution of any lease, sale or other disposition that constitutes a Bad Use, and in all events no less than annually during the term of any bond issue, the PICO will provide a calculation of the amount of Bad Use and Bad Payments with respect to bond financed property.
- (d) Should the amount of Bad Use and Bad Payments approach the limits described above, the PICO will refer to the Change in Use and Remediation requirements of this PICPP and shall immediately consult with Bond Counsel as to the best course of action to respond to such a situation.

13.07 Change in Use and Remediation

A. Assignment of Compliance Duty.

With respect to this compliance topic, the PICO will coordinate compliance for each issue of Tax-Advantaged Bonds under this PICPP and the Tax Closing Documentation for each such issue. The PICO designates the Designated Officer to assist in complying with this topic.

B. Information Assembly, Collection and Procedures. If not already set forth in the Tax Closing Documentation for an issue, the PICO will determine and record the following information and establish the following procedures:

1. Basic Information.

The PICO will locate any information with respect to this compliance topic including any list of options stated in the Tax Closing Documentation that is available to remediate excess Bad Use (and Bad Payments).

2. Change in Use and Remediation Procedures.

- (a) Should the information collected by the PICO with respect to Bad Use and/or Bad Payments indicate that the use or payments are in excess of the prescribed limits for the bond issue, the PICO will consult with Bond Counsel as to the remedial actions available under the Regulations to correct such excess use or payments.
- (b) Should the information collected by the PICO with respect to Bad Use and/or Bad Payments indicate that the use or payments are in excess of the prescribed limits for the bond issue and the remedial actions set forth in the Regulations

are not applicable, the PICO will consult with Bond Counsel as to the options that are available for voluntary correction of failures by entering into a closing agreement under the Tax-Exempt Bonds Voluntary Closing Agreement Program described in IRS Notice 2008-31.

13.08 Refundings

A. Assignment of Compliance Duty.

With respect to this compliance topic, the PICO will coordinate compliance for each issue of Tax-Advantaged Bonds under this PICPP and the Tax Closing Documentation for each such issue. The PICO designates the Designated Officer to assist in complying with this topic.

B. Information Assembly, Collection and Procedures. If not already set forth in the Tax Closing Documentation for an issue, the PICO will determine and record the following information and establish the following procedures:

1. Basic Information.

- (a) Determine the redemption dates for all refunded bonds.
- (b) Determine the list of projects being refinanced with proceeds of the bonds and any Bad Use or Bad Payments incurred with respect to such bond financed property.

2. Refunding Procedures.

- (a) The PICO will establish such accounting reporting procedures as are necessary to assure that any refunded bonds are redeemed or retired within 90 days of the date of issue of the refunding bonds or, if the refunded bonds are not callable within 90 days, that such refunding is permitted under the Tax Closing Documentation or the Regulations and that such call date is the first call date for the refunded bonds required by the Tax Closing Documentation or the Regulations.
- (b) The PICO will apply the same policies and procedures as set forth in Sections IV-V of this PICPP to any refunding bonds.

With respect to this procedure, the PICO will ensure that any final rebate calculations for the refunded bonds will be performed within 60 days of redemption of refunded bonds and timely filing of Forms 8038-T or Forms 8038-R with

such payment as may be required, as appropriate, will be made.

- (c) The PICO will apply the same policies and procedures as set forth in Sections VI-VII of this PICPP to the property being refinanced by the refunding bonds.

13.09 Modification of Bond Terms and Events of Default

A. Assignment of Compliance Duty.

With respect to this compliance topic, the PICO will coordinate compliance for each issue of Tax-Advantaged Bonds under this PICPP and the Tax Closing Documentation for each such issue. The PICO designates the Designated Officer to assist in complying with this topic.

B. Information Assembly, Collection and Procedures. If not already set forth in the Tax Closing Documentation for an issue, the PICO will determine and record the following information and establish the following procedures:

1. Basic Information.

The PICO will assemble, and make all gathered information and documentation regarding the modification of bond terms or events of default, part of the Issuer's books and records.

2. Modification of Bond Terms and Events of Default Procedures.

- (a) The PICO will establish such accounting and reporting procedures as are necessary to confirm that any tax levy, tax credits or other revenues securing the bonds have been received and that the debt service on the Tax-Advantaged Bonds has been paid and compliance with non-payment covenants with respect to the Tax-Advantaged Bonds has occurred.

In the event that any payment or other type of default occurs, the PICO will consult with Bond Counsel.

- (b) The PICO will establish such reporting requirements and information gathering procedures as are necessary to identify whether any events have occurred that would have or could have triggered a deemed discharge or reissuance of the bonds. Such reporting requirements will include assembling, prior to execution, if possible, information concerning (i) changes (modifications) of any of the contractual terms of the bonds (including modifications of the bond interest rates, maturity dates or payment

schedule), (ii) changes to the credit enhancement of or liquidity facility for the bonds, (iii) changes in the nature of the security for the bonds, (iv) purchase of the Tax-Advantaged Bonds by the Issuer, or (v) any deferral or default of payment of principal and interest due on the Tax-Advantaged Bonds.

With respect to this procedure, PICO should consult with Bond Counsel as to the options that are available to the Issuer for dealing with such events, including acquiring any bond security from a federal agency or instrumentality.

13.10 General Recordkeeping Requirements and Records Retention

A. Assignment of Compliance Duty.

With respect to this compliance topic, the PICO will coordinate compliance for each issue of Tax-Advantaged Bonds under this PICPP and the Tax Closing Documentation for each such issue. The PICO designates the Designated Officer to assist in complying with this topic.

B. Information Assembly, Collection and Procedures. If not already set forth in the Tax Closing Documentation for an issue, the PICO will determine and record the following information and establish a General Recordkeeping Requirement and Records Retention Procedure. Pursuant to this procedure, the PICO will record in a retrievable paper or electronic form all of the information required by this PICPP. At a minimum for each issue of Tax-Advantaged Bonds, the PICO shall record and keep copies of:

- the bond transcript of proceedings;
- all resolutions (including reimbursement resolutions) and minutes pertaining to the projects financed, if not included in the bond transcript;
- all surveys, feasibility or demand studies and any publications, brochures and newspaper articles with respect to the bonds, if not included in the bond transcript;
- all bond yield computations including supporting certificates and investment records (including trustee records) pertaining to the issue price of the bonds, proceeds of the bonds, investment agreements and related bidding documents, credit enhancement and liquidity documents, swap documents, rebate reports and rebate payments;
- all documents pertaining to the expenditure or granting of bond proceeds for the acquisition, construction or renovation of bond financed property including any trustee records, requisitions, reimbursements, draw schedules, draw requests, construction contracts, invoices, bills,

land/project related appraisals, payment records, requisition statements, reimbursement records, cancelled checks, a final schedule of property financed by the bonds and final allocations of bond proceeds;

- all formal elections made for the bond financing (e.g., an election to employ an accounting methodology other than specific tracing)
- all records of trade or business use, purchase, lease, sublease or sale of bond financed property including any leasehold improvement contracts and ownership documentations such as joint venture arrangements, limited liability corporation arrangements or partnership arrangements;
- all management contracts and other service agreements, research contracts, naming rights contracts and those contracts listed in Section VI.B.2.(b) of this PICPP;
- all accounting audits for bond financed property;
- all information reports filed for the bonds;
- all documentation pertaining to any prior IRS examination of Issuer and/or tax-exempt bonds; and
- all correspondence related to the above (faxes, emails and letters)

C. The PICO will develop such procedures as are necessary to document the payments made of all principal, interest and any redemption payments on the Tax-Advantaged Bonds.

D. All records accumulated for the Tax-Advantaged Bond issue shall be maintained for a period until at least four years following the later of final maturity of (i) the Tax-Advantaged Bond issue or (ii) any Tax-Advantaged Bonds issued to refund the bonds. So long as such bond records are maintained for such period, such records may be retained in accordance with generally applicable City record retention procedures.

13.11 IRS Correspondence and Audits

The PICO will consult with Bond Counsel immediately upon receipt of any correspondence from, or opening of an examination of any type, with respect to Tax-Advantaged Bonds by the IRS.

13.12 Periodic Review Requirements

The PICO will review the implementation of this PICPP at least annually during the term of any Tax-Advantaged Bonds.

13.13 Training Requirements

The PICO will develop a training program that is designed to inform any successor PICO of the requirements of this PICPP and periodically to train all Authorized Representatives of their duties under this PICPP. Such a training program may be developed with internal materials or those supplied by Bond Counsel and shall include a review of the Code and the IRS's web site established for the use of the tax-exempt bond community located at <http://www.irs.gov/taxexemptbond/index.html?navmenu=menu1>.

13.14 Revision of PICPP

The PICO will periodically seek the advice of Bond Counsel or other municipal finance advisors or professionals that he or she deems appropriate to revise the terms of this PICPP.

13.15 Appendix A: Post-Issuance Securities Law Requirements

A. In each year that the Issuer has Tax-Advantaged Bonds or taxable obligations outstanding subject to SEC Rule 15c2-12, no later than the date 270 days after the end of the Issuer's fiscal year (the "Annual Report Due Date"), the PICO shall file, or cause its dissemination agent, if applicable, to file, its annual report (the "Annual Report") with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access facility for municipal securities disclosure ("EMMA"). In preparing its Annual Report, the PICO shall review each of its outstanding continuing disclosure undertakings (collectively, the "Undertakings") to determine the quantitative financial information and operating data which, together with the audited financial statements, shall constitute the content of the Annual Report.

B. For its Undertakings with respect to bonds or other obligations issued before December 1, 2010, the PICO shall monitor the following events and provide notice of such events to the MSRB through EMMA as required by the applicable Undertaking:

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security
7. Modifications to the rights of security holders

8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities
11. Rating changes.

C. For its Undertakings with respect to bonds or other obligations issued on or after December 1, 2010, the PICO shall monitor the following events and provide notice of such events to the MSRB through EMMA as required by the applicable Undertaking, but not later than 10 business days after occurrence:

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer*

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by

13. The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.



MOTION: WITHERS

**May 12, 2015
Regular Meeting
Resolution No. 15-23**

SECOND: DEVINE

RE: APPROPRIATING FUNDS FOR FISCAL YEAR 2016 BEGINNING JULY 1, 2015 THROUGH JUNE 30, 2016

ACTION: APPROVED: Ayes: 7; Nays 0

FIRST READ: April 28, 2015 SECOND READ: May 12, 2015

Section 1.

WHEREAS, the City Manager has submitted to the City Council a proposed balanced Fiscal Year 2016 budget necessary for the provision of City services; and,

WHEREAS, a duly advertised public hearing was held on April 21, 2015, at which comments from the public concerning the budget were heard; and

WHEREAS, the City Council has reviewed and made certain revisions to the budget, it is necessary to appropriate sufficient funds to cover the remainder of said budget.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Fredericksburg, Virginia, that the following purposes be authorized and the annual appropriations be made for Fiscal Year 2016 be made from the GENERAL FUND:

<u>Function</u>		
City Council	\$	226,380
Clerk of Council.....		113,200
City Manager		705,080
Legal Services.....		370,555
Human Resources		366,095
Independent Auditor		71,950
Postage Machine & Copy Machine		24,600
Commissioner of the Revenue.....		998,065
Real Estate Assessor		7,000
Board of Equalization		0
Treasurer		803,680
Fiscal Affairs.....		789,385
Information Systems		1,304,860
Insurance Program		901,700
Safety and Risk Management		111,005
Registrar.....		231,525

Circuit Court	114,665
General District Court.....	28,600
Special Magistrate Court.....	3,000
Juvenile & Domestic Relations Court.....	16,400
Clerk of the Circuit Court	841,025
Sheriff	2,158,830
Juvenile Court Services.....	114,070
Jury Expenses.....	28,000
Court Appointed Attorney	12,000
Commonwealth’s Attorney.....	1,239,115
Police Department	8,142,280
Fire Department	4,812,860
Rescue Services	257,100
Emergency Medical Services.....	1,371,835
Hazardous Materials	41,480
Correction & Detention.....	4,287,425
Building & Development Services	917,690
Animal Control	120,000
Medical Examiner.....	1,000
E911 Communications.....	1,261,795
Public Works Engineering & Administration.....	851,395
Public Works Street Maintenance.....	1,238,070
Public Works Drainage.....	281,090
Public Works Street Lights	400,000
Public Works Snow Removal	138,385
Public Works Industrial Park Rail Spur.....	15,500
Public Works Traffic Engineering.....	804,835
Public Works Shop and Garage	1,315,505
Public Works Graphics	48,880
Public Works Tree Purchase.....	85,000
Public Works Street Sanitation	803,315
Public Works Refuse Collection.....	711,295
Public Works Refuse Disposal.....	311,350
Public Works Recycling Collection.....	130,025
Public Facilities – General	2,122,555
Health Department.....	414,280
Rappahannock Area Community Services Board.....	215,005
Contributions – Other Agencies.....	337,805
Colleges.....	43,325
Parks & Recreation Administration.....	657,045
Parks & Recreation Supervision	731,920
Parks & Recreation Maintenance.....	1,140,520
Parks & Recreation Aquatics	142,420
Museums	95,975

Central Rappahannock Regional Library.....	1,285,000
Planning	781,530
Community Development.....	140,110
Board of Zoning Appeals.....	1,400
Architectural Review Board	2,000
Clean and Green Commission	3,000
Economic Development & Tourism	1,121,845
Transfer to School Fund.....	27,394,710
Transfer to Capital	2,000,000
Transfer to Debt Service Funds - Education.....	3,370,500
Transfer to Debt Service Funds - Courthouse.....	2,140,262
Transfer to Debt Service Funds - Other.....	1,792,278
Transfer to Public Assistance.....	1,157,365
Transfer to Victim Witness Program (City Grants Fund).....	58,000
Transfer to City Grants Fund (Regional Tourism)	121,000
Transfer to City Grants Fund (Other)	156,500
Transfer to CSA	675,275
Transfer to School Grants – Head Start.....	215,500
Transfer to City Grants (Arts).....	30,000
Transfer to EDA Fund	30,000
Attrition Savings	(242,650)
Contingency	496,885
Total General Fund.....	\$88,560,255

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of **\$5,286,060** for Fiscal Year 2016 be made from the SOCIAL SERVICES FUND (Fund 201) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council and the City of Fredericksburg Social Services Board; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of **\$41,127,218** for Fiscal Year 2016 be made from the SCHOOL OPERATING FUND (Fund 205) which monies are to be expended in accordance with law for purposes authorized and approved by the Fredericksburg City School Board; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of **\$1,361,515** for Fiscal Year 2016 be made from the CITY GRANTS FUND (Fund 210) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of **\$4,990,570** for Fiscal Year 2016 be made from the SCHOOL GRANTS FUND (Fund 211) which monies are to be expended in accordance with law for purposes authorized and approved by the Fredericksburg City School Board; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$30,000 for Fiscal Year 2016 be made from the ECONOMIC DEVELOPMENT AUTHORITY FUND (Fund 215) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$50,000 for Fiscal Year 2016 be made from the REGIONAL TRANSPORTATION FUND (Fund 222) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$50,000 for Fiscal Year 2016 be made from the COURTHOUSE MAINTENANCE FUND (Fund 208) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$3,932,540 for Fiscal Year 2016 be made from the GENERAL OBLIGATION BOND FUND (Fund 401) which monies are to be expended in accordance with law for purposes authorized and approved by City Council; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$3,524,385 for Fiscal Year 2016 be made from the EDUCATION BOND FUND (Fund 403) which monies are to be expended in accordance with law for purposes authorized and approved by City Council; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$4,439,790 for Fiscal Year 2016 be made from the WATER ENTERPRISE FUND (Fund 501) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$6,992,825 for Fiscal Year 2016 be made from the WASTEWATER ENTERPRISE FUND (Fund 502) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$5,710,744 for Fiscal Year 2016 be made from the PUBLIC TRANSPORTATION FUND (Fund 503) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$685,620 for Fiscal Year 2016 be made from the PARKING FUND (Fund 504) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of **\$1,598,082** for Fiscal Year 2016 be made from the RAPPAHANNOCK REGIONAL CRIMINAL JUSTICE ACADEMY FUND (Fund 736) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council and the Rappahannock Regional Criminal Justice Academy Board; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of **\$1,252,424** for Fiscal Year 2016 be made from the RAPPAHANNOCK AREA OFFICE ON YOUTH FUND (Fund 738) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council and the Rappahannock Area Office on Youth Board; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of **\$1,928,470** for Fiscal Year 2016 be made from the COMPREHENSIVE SERVICES ACT FUND (Fund 741) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council and the City of Fredericksburg Community Policy Management Team; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of **\$250,288** for Fiscal Year 2016 be made from the COURT SERVICES UNIT FUND (Fund 747) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council and the City of Fredericksburg Court Services Unit Board; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of **\$1,951,836** for Fiscal Year 2016 be made from the CELEBRATE VIRGINIA SOUTH COMMUNITY DEVELOPMENT AUTHORITY FUND (Fund 753) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council and the Celebrate Virginia South Community Development Authority; and

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of **\$81,085** for Fiscal Year 2016 be made from the RIPARIAN LAND STEWARDSHIP FUND (Fund 801) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council; and

BE IT FURTHER RESOLVED, that the City Manager is authorized to make line-item changes within budget program totals and such changes shall be reported to the City Council by way of periodic financial reports; and

BE IT FURTHER RESOLVED, that the appropriations made herein shall become available for expenditures July 1, 2015 and shall expire June 30, 2016.

Section 2. Operating Fund Revenues.

It is estimated that revenues and other sources will be available during the fiscal year beginning on July 1, 2015 and ending on June 30, 2016 to meet the foregoing appropriations according to the following sources:

General Fund

Local Sources.....	\$ 78,524,905
The Commonwealth and Federal Government.....	6,151,850
Transfers from Other funds.....	663,500
Fund Balance (Designated).....	2,000,000
Fund Balance (Undesignated Unreserved)	1,220,000
 Total	 \$ 88,560,255

Social Services Fund – Operating

City Appropriation.....	\$ 1,157,365
Other Local Sources.....	35,000
Revenue from the Commonwealth	1,880,081
Revenue from the Federal Government.....	2,125,139
Balance Forward	88,475
 Total	 \$ 5,286,060

School Operating Fund

City Appropriation.....	\$ 27,394,710
Transfer from the General Fund – Head Start	215,500
Other Local Sources.....	226,260
Aid from the Commonwealth	13,040,748
Fund Balance (Undesignated Unreserved)	250,000
 Total	 \$ 41,127,218

City Grants – Other Miscellaneous

Local Sources.....	\$ 511,715
Revenue from the Commonwealth	231,702
Revenue from the Federal Government.....	194,223
Transfer from the General Fund	365,500
Balance Forward	58,375
 Total	 \$ 1,361,515

School Grants Fund

Cafeteria Sales	\$ 460,000
Other Local Sources.....	312,652
Aid from the Commonwealth	376,187
Aid from the Federal Government.....	3,841,731
Total	\$ 4,990,570

Economic Development Authority Fund

Transfer from General Fund	\$ 30,000
Total	\$ 30,000

Regional Transportation Fund

Local Sources.....	\$ 50,000
Total	\$ 50,000

Courthouse Maintenance Fund

Local Sources.....	\$ 50,000
Total	\$ 50,000

Debt Service Funds

General Fund Transfer (General).....	\$ 1,792,278
General Fund Transfer (Education)	3,524,385
General Fund Transfer (Court Debt).....	2,140,262
Total	\$ 7,456,925

Water Fund

Local Sources.....	\$ 3,764,790
Balance Forward	675,000
Total	\$ 4,439,790

Wastewater Fund

Local Sources.....	\$ 5,307,825
Balance Forward	1,685,000
Total	\$ 6,992,825

Public Transportation Fund

Local Sources	\$ 2,348,509
Revenue from the Commonwealth	821,183
Revenue from the Federal Government	1,607,205
Balance Forward	933,847
Total	\$ 5,710,744

Parking Fund

Local Sources	\$ 530,620
Balance Forward	155,000
Total	\$ 685,620

Rappahannock Regional Criminal Justice Academy Fund

Academy Revenue	\$ 1,598,082
Total	\$ 1,598,082

Rappahannock Area Office on Youth Fund

Office on Youth Revenues	\$ 1,252,424
Total	\$ 1,252,424

Comprehensive Services Act Fund

Local Sources	\$ 675,275
The Commonwealth and Federal Government	1,091,355
Balance Forward	161,840
Total	\$ 1,928,470

Court Services Unit Fund

Local Sources	\$ 139,348
The Commonwealth of Virginia	106,540
Balance Forward	4,400
Total	\$ 250,288

Celebrate Virginia South CDA Fund

Local Sources	\$ 1,951,836
Total	\$ 1,951,836

Riparian Lands Fund

Local Sources.....	\$ 81,085
Total	\$ 81,085

Section 3. FY 2016 Capital Budget

WHEREAS, the City Manager has submitted to the City Council a Fiscal Year 2016 capital budget for the City’s various capital funds; and

WHEREAS, the City Council wishes to appropriate the funds necessary to move forward on these projects;

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the annual appropriation in the sum of **\$13,284,000** for Fiscal Year 2016 be made from the PUBLIC EDUCATION CAPITAL FUND (Fund 301) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council and the Fredericksburg City Public School Board, as follows:

Original Walker Grant School Renovation.....	\$ 13,000,000
School Bus Replacement	180,000
Computer Technology	79,000
School Equipment and Carpet	25,000
Total Public Education Capital Fund	\$ 13,284,000

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$3,187,500 for Fiscal Year 2016 be made from the PUBLIC WORKS CAPITAL FUND (Fund 302) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council, as follows:

Bridge Repair – RT 1 over Hazel Run.....	\$ 340,000
Pavement Rehabilitation	897,500
Culvert Replacement.....	75,000
Downtown Streetscapes Renovation.....	50,000
Traffic Signal Optimization	1,125,000
Riverfront Park.....	500,000
Wheeled Refuse Carts.....	200,000
Total Public Works Capital Fund	\$ 3,187,500

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$3,448,219 for Fiscal Year 2016 be made from the WATER SYSTEM IMPROVEMENT FUND (Fund 303) which

monies are to be expended in accordance with law for purposes authorized and approved by the City Council, as follows:

Internal System Improvements	\$ 250,000
Caroline Street Waster System Upgrades	2,000,000
College Heights Water System Upgrades	500,000
Waterline Replacement.....	210,000
Fall Hill Avenue Betterments	488,219
Total Water System Improvement Fund.....	\$ 3,448,219

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$3,460,500 for Fiscal Year 2016 be made from the WASTEWATER SYSTEM IMPROVEMENT FUND (Funds 304) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council, as follows:

Inflow and Infiltration Abatement	\$ 250,000
City Share of FMC Plant Improvements	1,500,000
Fall Hill Avenue Betterments	50,500
Belt Filter Press Replacement.....	1,500,000
Sludge and Transfer Pump Replacement.....	50,000
Pump Station Upgrades – Grinders and Hydrants	110,000
Total Wastewater System Improvement Fund	\$ 3,460,500

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$1,005,000 for Fiscal Year 2016 be and it is hereby made from the PUBLIC FACILITIES CAPITAL FUND (Fund 305) which monies are to be expended in accordance with law for purposes authorized and approved by the City Council, as follows:

Technology Replacements	\$ 262,500
Telecommunications System Replacement	85,500
Maintenance Upgrades and Repairs.....	200,000
HVAC Replacements.....	97,000
Executive Plaza Repairs.....	80,000
Area Plan Updates.....	150,000
Parks Repairs and Maintenance	90,000
Roof Replacement.....	40,000
Total Public Facilities Capital Fund	\$ 1,005,000

BE IT FURTHER RESOLVED, that the annual appropriation in the sum of \$619,000 for Fiscal Year 2016 be made from the PUBLIC SAFETY CAPITAL FUND (Fund 306) which monies

are to be expended in accordance with law for purposes authorized and approved by the City Council, as follows:

Ambulance Replacement	\$ 260,000
Self-Contained Breathing Apparatus Replacement	60,000
Police Camera System	74,000
Fire Station Upgrades	125,000
Tactical Building and Classrooms for Firearms Training.....	100,000
Total Public Safety Capital Fund	\$ 619,000

BE IT FURTHER RESOLVED, that the appropriations made herein shall become available for expenditures July 1, 2015 and shall expire June 30, 2016.

Section 4. Capital Fund Revenues

It is estimated that revenues and other sources will be available during the fiscal year beginning on July 1, 2015 and ending on June 30, 2016 to meet the foregoing appropriations according to the following sources:

Public Education Capital Fund

Transfer from the General Fund	\$ 284,000
Bond Proceeds	13,000,000

Total Public Education Capital Fund \$ **13,284,000**

Public Works Capital Fund

Fines and Forfeitures (Weight Enforcement)	\$ 30,000
Surplus Motor Fuels Taxes (Paving Program)	250,000
State Revenue Sharing	660,000
Bond Proceeds	1,402,500
Balance Forward	500,000
Transfer from the General Fund	345,000

Total Public Works Capital Fund \$ **3,187,500**

Water Capital Improvement Fund

Availability Fees	\$ 210,000
Bond Proceeds	2,625,000
Balance Forward	613,219

Total Water Capital Improvement Fund \$ **3,448,219**

Wastewater System Improvement Fund

Availability Fees\$ 460,500
Bond Proceeds 3,000,000

Total Wastewater Capital Improvement Fund.....\$ 3,460,500

Public Facilities Capital Fund

Transfer from the General Fund\$ 882,000
Public Facilities Capital Fund Balance 123,000

Total Public Facilities Capital Improvement Fund.....\$ 1,005,000

Public Safety Capital Fund

Transfer from the General Fund\$ 489,000
Balance Forward 130,000

Total Public Safety Capital Improvement Fund\$ 619,000

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

Clerk's Certificate

I, the undersigned, certify that I am Deputy Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Resolution No. 15-23 duly adopted at the City Council meeting held May 12, 2015 at which a quorum was present and voted.



Brenda T. Martin
Clerk of Council

ADOPTED OPERATING AND CAPITAL BUDGET FY 2016 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.