

Equipment Replacement Fund

The City's fleet consists of 686 vehicles and pieces of equipment. The Equipment Replacement Fund is targeted at reducing the operating costs of the City's fleet through preventive maintenance programs and a scheduled replacement program. It has three major objectives:

1. To objectively evaluate equipment purchases from an economic perspective (maintenance costs versus capitalization of new vehicles).
2. To stabilize the fluctuations in the annual budget due to equipment and vehicle purchases.
3. To function as a major component in the City's comprehensive fleet management program. This program includes an annual evaluation of the replacement needs of the City's fleet and annual budgeting of the funds necessary to accomplish this replacement.

<u>Fund Detail</u>	FY 13-14 <u>Actual</u>	FY 14-15 <u>Budget*</u>	FY 15-16 <u>Budget</u>
Beginning Fund Balance	\$ 2,597,882	\$ 2,590,799	\$ 3,028,819
<u>Revenues</u>			
Transfer from General Fund	1,087,963	931,520	1,122,057
Total Revenues	\$ 1,087,963	\$ 931,520	\$ 1,122,057
<u>Expenditures</u>			
Vehicle/Equipment Replacement	1,095,046	493,500	1,335,000
Total Expenditures	\$ 1,095,046	\$ 493,500	\$ 1,335,000
Net Gain/(Loss)	(7,083)	438,020	(212,943)
Ending Fund Balance	\$ 2,590,799	\$ 3,028,819	\$ 2,815,876

* Revised FY 2015 Budget

Note: All of the vehicles and pieces of equipment recommended for replacement during FY 16 have been determined to be beyond their useful life in accordance with the City of Charlottesville and national replacement standards. These funds will be transferred from the General Fund into the Equipment Replacement Fund and are reflected in the revenues shown above. Small vehicles (priced under \$50,000) scheduled to be replaced include pickup trucks and sedans. Large vehicles and equipment, \$50,000 and over, scheduled to be replaced include several dump trucks, a back-hoe, refuse truck, and a claw truck.

Facilities Repair Fund

The Facilities Repair Fund, an internal service fund, provides funding to preserve the City's investment of numerous non-school facilities which have annual maintenance requirements. A schedule of non-routine preventive maintenance/repair and minor facility rehabilitation maintains an acceptable level of facility condition, and reduces the need for future, more expensive replacement. This annual funding is based upon information obtained from facility assessments and analyses of the estimated useful life of facility components. The repair of the taxpayers' investment in the City's facilities remains the best defense against the enormous cost of total construction/renovation of the City's aging, but still very valuable, public facilities.

<u>Fund Detail</u>	FY 13-14 Actual	FY 14-15 Budget*	FY 15-16 Budget
Beginning Fund Balance	\$ 886,149	\$1,119,633	\$ 697,149
<u>Revenues</u>			
Transfer from General Fund	400,000	400,000	400,000
Other Misc. Revenue	<u>41,521</u>	<u>0</u>	<u>0</u>
Total Revenues	\$ 441,521	\$ 400,000	\$ 400,000
<u>Expenditures</u>			
City Facilities/Buildings (incl. Parks and Recreation)	208,037	822,484	514,000
Total Expenditures	\$ 208,037	\$ 822,484	\$ 514,000
Net Gain/(Loss)	233,484	(422,484)	(114,000)
Ending Fund Balance	\$1,119,633	\$ 697,149	\$ 583,149

* Revised FY 2015 Budget

Note: Several projects are planned for City facilities including concrete and external building repairs, electrical work, masonry, and other interior and exterior finishes.

For Parks and Recreation major planned projects include various repairs and improvements to interior buildings, rehab work at Jackson Park, and chemical and HVAC repairs at Smith Aquatic Center.

Retirement Fund

The Charlottesville Supplemental Retirement Fund, or Pension Plan, is designed to provide City employees with a valuable pension to supplement social security benefits upon retirement. City employees who work at least twenty hours per week for a minimum of thirty-six weeks per year are enrolled in the plan, although they are not vested until they have completed five years of service. The City also offers new employees a choice to opt into a Defined Contribution plan rather than the City's Defined Benefit Pension Plan. The Retirement Fund is a trust (fiduciary) fund supported by contributions paid by the City and plan members. Since July 1, 2012, newly hired employees who choose the Pension Plan have been required to contribute 3% of their salary on top of the City's contribution. The City's rate of contribution into the fund for FY 16 is 29.82% for general government and 38.99% of public safety employees' salaries.

The Charlottesville Pension Plan is administered by a 9-member commission that consists of one City Council member, the City Manager, department heads specified by the City Code, three employee-at-large members, and a City retiree.

Fund Details	FY 13 - 14 Actual	FY 14 - 15 Budget*	FY 15 - 16 Budget
Beginning Fund Balance - Revised **	\$ 100,330,395	\$ 120,504,584	\$ 120,504,584
Revenues			
Investment Income	\$ 1,889,048	\$ 1,900,000	\$ 1,900,000
Net (decrease) increase in fair value of investments	18,125,064	0	0
Contributions from City	12,085,305	12,390,402	12,201,241
Contribution from General Fund	700,000	700,000	0
Contribution from plan members for future pension and OPEB benefits	138,129	200,000	225,000
Contributions from retirees for current health care benefits	879,912	850,000	875,000
Contribution for Senior Management OPEB benefits	53,627	76,671	78,000
Total Revenues	\$ 33,871,085	\$ 16,117,073	\$ 15,279,241
Expenditures			
Retirement distributions	\$ 9,262,842	\$ 10,392,484	\$ 10,798,474
Refund of employee contributions	6,706	15,000	20,000
Life Insurance claims paid to benefit retirees	171,900	200,000	200,000
Human Resource shared expenses	96,753	101,829	101,655
Legal Fees	0	24,569	24,771
Investment Counsel Fees	585,553	603,750	603,750
Actuarial Study and Services	36,960	50,003	51,400
Health care costs (ER and Retirees)	3,337,727	3,200,000	3,200,000
Disability insurance cost (LTD)	116,896	117,000	125,000
Life insurance cost	31,800	32,000	35,000
Employer FICA for life insurance tax benefit	4,157	3,200	3,200
City Link Recurring Costs	33,840	33,860	34,080
Miscellaneous	11,762	9,500	12,000
Total Expenditures	\$ 13,696,896	\$ 14,783,195	\$ 15,209,330
Net Gain/(Loss)	20,174,189	1,333,878	69,911
Ending Fund Balance	\$ 120,504,584	\$ 121,838,462	\$ 120,574,495

* Revised FY 2015 Budget

** Revised Beginning Fund Balance FY 2015 Budget

Risk Management Fund

The City maintains a Risk Management Fund, an internal service fund, to account for all insurance revenues and expenditures. Premium costs are allocated to the various operating funds and accounts and are distributed within each department/division budget under the "Insurance" and "Workers Compensation" line items. The Risk Management Fund has the following objectives:

1. Protect the City of Charlottesville, to the extent possible, by eliminating or reducing conditions that could result in financial loss.
2. Preserve the City's assets and public service capabilities from loss, destruction, or depletion.
3. Minimize the total long-term cost to the City of all activities related to the identification, prevention, and control of accidental losses and their consequences.
4. Maintain procedures to identify, analyze, and predict exposures to financial loss, and employ proven risk management techniques to minimize and provide funding for losses.
5. Establish an exposure-free work and service environment in which City personnel, as well as members of the public, can enjoy safety and security in the course of their daily pursuits.
6. Centralize and coordinate all costs associated with the City's risk management program.
7. Maintain a comprehensive risk financing program to review liability and risk transfer opportunities and determine the feasibility of self-insurance in lieu of the purchase of traditional insurance coverage.

<u>Fund Detail</u>	<u>FY 13 - 14</u> <u>Actual</u>	<u>FY 14 - 15</u> <u>Budget</u>	<u>FY 15 - 16</u> <u>Budget</u>
Beginning Fund Balance	\$ 2,870,133	\$ 3,228,482	\$ 2,541,187
<u>Revenues</u>			
Charges for services	<u>2,433,326</u>	<u>2,424,788</u>	<u>2,427,510</u>
Total Revenues	\$ 2,433,326	\$ 2,424,788	\$ 2,427,510
<u>Expenses</u>			
Insurance premium cost	994,549	1,114,969	1,027,416
Workers compensation claim payments and reserves	614,729	1,394,910	1,394,910
Administrative costs	<u>215,700</u>	<u>277,204</u>	<u>281,606</u>
Total Expenditures	\$ 1,824,977	\$ 2,787,083	\$ 2,703,932
Transfer to General Fund	<u>250,000</u>	<u>325,000</u>	<u>325,000</u>
Net Gain/Loss	358,349	(687,295)	(601,422)
ENDING UNRESERVED FUND BALANCE	\$ 3,228,482	\$ 2,541,187	\$ 1,939,765

City Code Section 11-127 requires the Risk Management Fund maintain a fund balance of \$250,000.

Debt Service Fund

The City's Debt Service Fund provides the funds necessary to retire the City's general government outstanding bonded indebtedness. General obligation bonds are used to pay the cost of various public improvements.

The City's current level of bonded indebtedness (at June 30, 2014) is indicated by four key financial indicators: net bonded debt of \$66,199,365, a ratio of debt to assessed value of 1.20%, net bonded debt per capita of \$1,420, and a ratio of Debt Service to total General Fund expenditures of 6.89%. All of these indicators of the City's debt position are very positive and consequently the City has received the highest bond rating (AAA) from the two major rating agencies, Moody's and Standard & Poor's. Both Moody's and Standard & Poor's confirmed this AAA bond rating in May 2014. The City's legal debt limit, as authorized by the Code of Virginia, is 10% of the total assessed value of real estate subject to local taxation. In 2014, the legal debt limit was \$550,366,950. The City's current general obligation indebtedness is \$114,398,907, which includes debt being repaid by the City's utility funds. The City also has a financial policy of maintaining a debt service to general fund operating expenditure ratio of 8% or less, as adopted by Council in the Long Term Financial Policies (pg. 12).

<u>Fund Detail</u>	FY13-14 <u>Actual</u>	FY14-15 <u>Budget*</u>	FY15-16 <u>Budget</u>		
Beginning Fund Balance	\$12,170,786	\$11,867,980	\$11,680,704		
Revenues					
General Fund Transfer	\$6,100,000	\$6,465,000	\$7,018,000		
Meals Tax Revenue	2,039,177	2,048,027	2,142,000		
Fire Department Transfer	0	20,000	0		
Police Department Transfer - ERF	20,000	0	0		
County Fire Service Fees	450,000	0	0		
City Link Loan - Transfer from City Link	408,485	0	0		
Interest	11,627	0	0		
2010 BABs Rebate	170,452	185,173	185,173		
Refunding Proceeds	1,515,097	0	0		
Total Revenues	\$10,714,838	\$8,718,200	\$9,345,173		
Expenditures					
Bonds-	Total	Total	Total	FY15-16 Principal	FY15-16 Interest
Series 2003 - 2400009	\$803,084	\$267,349	\$249,134	\$245,000	\$4,134
Series 2004 - 2400010	1,285,217	1,237,833	0	0	0
Series 2006 - 2400025	811,840	786,840	761,840	625,000	136,840
Series 2008 - 2400036	1,257,456	1,224,093	1,173,693	950,000	223,693
Series 2009 - 2400040	1,256,966	1,229,816	1,203,165	855,950	347,215
Series 2010 - 2400046	879,988	868,364	853,624	499,150	354,474
Series 2011 - 2400051	953,850	929,500	910,300	640,000	270,300
Series 2012 - 2400055	1,321,047	1,628,883	2,456,044	1,636,200	819,844
Series - 2013	409,417	460,225	451,675	285,000	166,675
Series - 2014	0	150,034	844,788	623,480	221,308
Series - 2015	0	0	1,008,878	629,858	379,020
Subtotal	\$8,978,865	\$8,782,937	\$9,913,141	\$6,989,638	\$2,923,503
Literary Loans-					
Johnson - 2400001	\$11,104	\$10,622	\$10,140	\$9,656	\$484
Burnley-Moran - 2400002	12,435	11,917	11,398	10,362	1,036
Subtotal	\$23,539	\$22,539	\$21,538	\$20,018	\$1,520
City Link Loan	\$408,481	\$0	\$0	\$0	\$0
Refunding Expenditures	1,506,186	0	0	0	0
Administrative Costs - 2021001000	100,573	100,000	100,000	100,000	0
Subtotal	\$2,015,240	\$100,000	\$100,000	\$100,000	\$0
Total Expenditures	\$11,017,644	\$8,905,476	\$10,034,679		
Net Gain/(Loss)	(\$302,806)	(\$187,276)	(\$689,506)		
Ending Fund Balance	\$ 11,867,980	\$11,680,704	\$10,991,198		

* Revised FY 2015 Budget

Health Care Fund

The Health Care Fund is the funding source for the City's health-related benefits provided to participants in the City's health care programs. The City self-insures its medical and dental insurance plans, meaning that the City is responsible for paying all claims and expenses generated by the program's participants. Each year an actuarial analysis is conducted to determine the expected revenue requirements for the next fiscal year. The analysis evaluates prior year claims, participation levels, and any proposed plan design changes, to determine the required level of funding to cover claims costs. The Fund also pays for the associated Wellness Initiatives, which are an integral part of the City's medical cost containment strategy.

Fund Details	FY 13 - 14	FY14-15	FY15-16
	Actual	Budget*	Budget
Beginning Fund Balance	\$ 6,237,622	\$ 6,979,462	\$ 5,447,246
Revenues			
Department contributions (including JMRL)	\$ 6,416,307	\$ 6,414,205	\$ 6,606,631
Employee/Retiree HC payroll deductions	3,314,349	3,408,490	3,510,745
Retirement fund contribution	2,457,815	2,500,000	2,575,000
Agencies and individuals	1,338,385	200,000	206,000
Employee and retiree payments for Physical Fitness Clubs	216,959	222,360	222,360
Wellness Fund Coventry Health	0	8,324	10,000
Flexible Spending and HRA Account Forfeitures	24,127	50,956	15,000
Total Revenues	13,767,942	12,804,335	13,145,736
Expenditures			
Medical expenses			
Self-insurance medical claims and administrative costs	\$ 10,122,390	\$ 10,885,043	\$ 10,935,259
Insurance premiums - Medicare Supplement	1,235,024	1,320,000	1,320,000
HMO - Health reimbursement account	94,666	83,408	83,408
Dental claims and administrative costs	732,420	781,200	781,200
Total Medical and Dental expenses	12,184,500	13,069,651	13,119,867
Other expenses			
Temporary Staffing	\$ 21,140	\$ 35,000	\$ 35,000
City payments for Fitness Program	398,819	410,000	410,000
Contribution to Retirement Fund for Senior Mgmt	53,627	76,671	76,671
Employee Assistance Program	13,860	18,480	25,000
Health care consultants	46,677	60,000	60,000
Wellness Initiatives	11,141	61,000	61,000
Flu Shots	6,775	20,000	10,000
Medical insurance opt-out payment	33,164	40,000	40,000
Line of Duty (LOD) insurance premium	94,504	124,704	130,000
Flexible spending payment & COBRA administration	24,334	27,000	27,000
Human resource staff	102,503	109,200	109,040
City Link Recurring Cost	34,640	34,460	34,080
Telephone charges	418	385	385
Transfer to General Fund	0	250,000	0
Total Other Expenditures	\$ 841,602	\$ 1,266,900	\$ 1,018,176
Total Expenditures	13,026,102	14,336,551	14,138,043
Net Gain/(Loss)	741,840	(1,532,216)	(992,307)
Ending Fund Balance	\$ 6,979,462	\$ 5,447,246	\$ 4,454,939

* Revised FY 2015 Budget

Communications System Fund

The Communications System Fund provides the necessary funding for the operation of the City of Charlottesville’s citywide phone system and the City’s mailroom operations throughout the fiscal year. The citywide phone system is managed by the Department of Information Technology and funded through user fees. This portion of the Communications System Fund includes base rates for phones, long distance, maintenance contracts, and any software upgrades related to the phone system.

Mailroom operations are also included in the Communications System Fund. Mailroom expenses include the cost of postage and maintenance contracts for postage meter machines. This portion of the Communications System Fund is funded by the departments through fees for usage of the postage machines.

Fund Detail	FY 13 - 14	FY 14 - 15	FY 15 - 16
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Beginning Fund Balance	\$114,439	\$65,163	\$65,163
Revenues			
Phone Fees	273,637	316,531	237,057
Postage Revenue	<u>72,076</u>	<u>80,144</u>	<u>79,496</u>
Total Revenues	\$345,713	\$396,675	\$316,553
Expenditures			
Salaries	48,025	49,044	50,103
Telephone Services	183,688	264,609	156,247
Service Contracts	15,458	10,198	37,527
Postage Expenditures	62,280	71,476	71,476
Other Expenditures	<u>85,539</u>	<u>1,348</u>	<u>1,200</u>
Total Expenditures	\$394,990	\$396,675	\$316,553
Net Gain/(Loss)	(49,277)	0	0
Ending Fund Balance	\$65,163	\$65,163	\$65,163

