

Equipment Replacement Fund

The City's fleet consists of 685 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>	<u>FY 07-08 Budget</u>	<u>FY 08-09 Budget</u>
Beginning Fund Balance	\$681,257	\$681,257
<u>Revenues</u>		
Transfer from General Fund	1,868,913	1,897,985
Total Revenues	\$ 1,868,913	\$ 1,897,985
<u>Expenditures</u>		
Equipment/Vehicle Replacement	<u>1,868,913</u>	<u>1,897,985</u>
Total Expenditures	\$ 1,868,913	\$ 1,897,985
Net Gain/Loss	0	0
Ending Fund Balance	\$681,257	\$681,257

Note: There are several vehicles/pieces of equipment, under \$50,000, being purchased in FY 2009, including leaf collectors, a van, sedans, pick up trucks, and a roller for Streets and Sidewalks. For equipment \$50,000 and more, there is a pool of funds budgeted under Designated Expenditures, totaling **\$584,950**, for the replacement of several dump trucks, a bucket truck, a refuse truck, and a backhoe, all of which 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 and into the Equipment Replacement Fund, and are reflected in the revenues shown above.

Facilities Repair Fund

The Facilities Repair Fund provides funding to preserve the City's investment of over \$60 million in non-school facilities, which have annual maintenance requirements. A schedule of routine preventive maintenance/repair and minor facility rehabilitation reduces the need for future, more expensive replacement. The budget proposes a plan of action to limit major expenses or major inconveniences in the near future. This annual funding is based upon three to five-year replacement schedules developed by City staff. The repair of the taxpayer's 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>	<u>FY07-08 Budget*</u>	<u>FY08-09 Budget</u>
Beginning Fund Balance	\$631,551	\$7,902
<u>Revenue</u>		
Transfer from General Fund	<u>500,000</u>	<u>550,000</u>
Total Revenues	\$500,000	\$550,000
<u>Expenditures</u>		
Facilities Repair	873,649	267,823
Parks and Recreation Allocation	<u>250,000</u>	<u>250,000</u>
Total Expenditures	\$1,123,649	\$517,823
Net Gain/Loss	(623,649)	32,177
Ending Fund Balance	\$7,902	\$40,079

* Revised FY 2008 Budget.

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 pension plan.

The Retirement Fund is a trust fund supported by contributions paid by the City. No employee contributions are made. The City's rate of contribution into the fund for FY 2008-2009 is 25.74% for general government and 33.42% of public safety employees' salaries.

The Charlottesville Pension Plan is administered by a 9-member commission, which 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.

<u>Fund Detail</u>	<u>FY 07-08 Budget</u>	<u>FY 08-09 Budget</u>
Beginning Fund Balance	\$84,805,588	\$86,234,645
<u>Revenues</u>		
Investment Income	1,800,000	1,800,000
Contributions from All Funds	<u>9,436,654</u>	<u>0</u>
Contributions from plan members		
Total Revenues	\$11,236,654	\$1,800,000
<u>Expenditures</u>		
Payments to Retirees	7,351,276	7,677,383
Life Insurance payment to benefit retirees	53,000	125,000
VRS transfer of vested retirement benefits	0	60,000
Human Resource shared expenses	88,165	81,461
City Attorney Fees	6,053	6,215
Investment Counsel Fees	385,000	385,000
Actuarial Study and Services	40,000	40,000
Health care costs	1,734,123	1,800,000
Disability insurance	114,000	125,000
Life insurance	0	51,000
City Link Recurring Costs	25,980	31,380
Miscellaneous	<u>10,000</u>	<u>7,500</u>
Total Expenditures	\$9,807,597	\$10,389,939
Ending Fund Balance	\$86,234,645	\$77,644,706

Risk Management Fund

The City maintains a Risk Management Fund to account for all insurance revenues and expenditures. Premium costs are allocated to the various operating funds and accounts (for example, General Fund operating departments, such as Police, Fire, Public Works, etc.), 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 coverages.

<u>Fund Detail</u>	<u>FY 07-08 Budget*</u>	<u>FY 08-09 Budget</u>
Beginning Fund Balance	\$441,642	\$391,828
<u>Revenue</u>		
Contributions from Other Funds	2,129,351	2,201,278
Total Revenues	\$2,129,351	\$2,201,278
<u>Expenditures</u>		
Insurance premium cost	991,843	1,037,423
Workers compensation claim payments and reserves	987,529	1,086,282
Administrative costs	199,792	205,678
Total Expenditures	\$2,179,165	\$2,329,384
Net Gain/Loss	(49,814)	(128,106)
Ending Fund Balance	\$391,828	\$263,722

* Revised FY 2008 Budget.

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, 2007) is indicated by four key financial indicators: net bonded debt of \$44,287,990, a ratio of debt to assessed value of 0.92%, net bonded debt per capita of \$1,087, and a ratio of Debt Service to total General Fund expenditures of 6.55%. 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 & Poors. Both Moody's and Standard & Poors confirmed this AAA bond rating in October 2006.

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 2007, the legal debt limit was \$482,699,140. The City's current general obligation indebtedness is \$67,005,577, 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 with the budget guidelines (page 8).

<u>Fund Detail</u>	<u>FY07 - 08 Budget*</u>	<u>FY08 - 09 Budget</u>		
Beginning Fund Balance	\$ 5,541,445	\$ 7,258,635		
Revenues				
General Fund Transfer	5,800,000	6,050,000		
CIDA-SNL Loan	461,906	150,000		
Meals Tax Revenue	1,681,905	1,756,250		
Fire Department Transfer	20,000	20,000		
Police Department Transfer - ERF	70,876	141,751		
County Fire Service Fees	132,000	100,000		
City Link Loan - Transfer from City Link	352,679	408,482		
Total revenues	\$ 8,519,366	\$ 8,626,483		
Expenditures				
Bonds-	FY07 - 08 Total	FY08 - 09 Total	FY08 - 09 Principal	FY08 - 09 Interest
1996	262,750	0		
1998	797,835	766,398	585,000	181,398
2000	354,563	339,188	300,000	39,188
2001	208,232	203,194	130,000	73,194
2003	1,712,356	1,711,681	1,380,000	331,681
2004	1,526,158	1,499,858	876,667	623,192
2006	1,112,500	1,087,500	625,000	462,500
2008	0	1,540,000	770,000	770,000
Subtotal	\$ 5,974,394	\$ 7,147,819	\$ 4,666,667	\$ 2,481,153
Literary Loans-				
Greenbrier	8,194	7,870	6,500	1,370
Johnson	14,001	13,519	9,656	3,863
Burnley-Moran	15,543	15,026	10,362	4,664
Subtotal	\$ 37,738	\$ 36,415	\$ 26,518	\$ 9,897
Lease-purchase agreements	131,868	0		
CityLink Loan from Utilities	352,680	408,482	317,992	34,686
Fire Truck (2007)	100,025	100,026	86,654	13,372
Fire Brush Truck (2007)	34,596	34,596	29,493	5,103
Police Cars	70,875	141,750	131,056	10,693
Administrative Costs	100,000	100,000	0	0
Subtotal	\$ 790,044	\$ 784,854	\$ 565,195	\$ 63,854
Total Expenditures	\$ 6,802,176	\$ 7,969,089		
Net Gain/Loss	1,717,190	657,394		
Ending Fund Balance	\$ 7,258,635	\$ 7,916,029		

* Revised FY 2008 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. This means that the City is responsible for paying all claims and expenses generated by the program 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. One goal for the Fund is to maintain a minimum fund balance as a reserve to cover claims cost if they exceed the projected amount. For FY 2009, health care costs, both the City and employee contributions, are increasing by only 2%.

<u>Fund Detail</u>	<u>FY 07-08 Budget</u>	<u>FY 08-09 Budget</u>
Beginning Fund Balance	\$ 2,349,128	\$ 2,707,345
<u>Revenues</u>		
Cost Center Contributions	5,209,029	5,426,852
Employee/Retiree HC payroll deductions	2,365,928	2,300,000
Retirement fund contribution	1,734,123	1,800,000
Agencies and individuals	1,087,792	1,109,548
Employee and retiree payments for Physical Fitness Clubs	145,000	152,000
Flexible spending account forfeitures	2,500	0
Total Revenues	\$ 10,544,372	\$ 10,788,400
<u>Expenditures</u>		
<u>Medical expenses</u>		
Southern Health	8,894,654	9,017,704
HMO - Health Reimbursement	58,275	52,875
Delta Dental	564,718	621,190
Total Medical and Dental Expenditures	9,517,647	9,691,769
<u>Other expenses</u>		
Temporary Staffing	0	25,000
City contribution for Fitness Program	300,000	315,000
Employee Assistance Program	20,000	20,000
Health Care Consultants (Wachovia)	65,000	80,000
Health Screening	60,000	60,000
Flu Shots	15,000	15,000
On-site nurse program	7,000	7,000
Wellness Program operating expenses and suppl	4,000	4,500
Wellness Initiatives	15,000	15,000
Medical Insurance Opt-out payment	30,000	30,000
Flex-Ben (Flexible and COBRA administration)	25,000	25,000
Human Resource Staff	92,328	86,008
City Link Recurring Cost	33,680	32,580
Telephone charges	1,500	1,500
Total Other Expenditures	\$668,508	716,588
Total Expenditures	\$ 10,186,155	\$ 10,408,357
Net Gain/Loss	358,217	380,043
Ending Fund Balance	\$ 2,707,345	\$ 3,087,388
Palmer Cay Recommended Reserve	\$1,200,000	\$1,200,000

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.

<u>Fund Detail</u>	<u>FY07 - 08 Budget</u>	<u>FY08 - 09 Budget</u>
Beginning Fund Balance	(\$35,421)	(\$35,421)
<u>Revenues</u>		
Phone Fees	312,286	331,776
Postage Revenue	<u>90,286</u>	<u>73,957</u>
Total Revenues	\$402,572	\$405,733
<u>Expenditures</u>		
Salaries	52,818	42,121
Telephone Services	169,074	192,763
Service Contracts	60,875	67,000
Postage Expenditures	75,000	55,000
Other Expenditures	<u>44,805</u>	<u>48,849</u>
Total Expenditures	\$402,572	\$405,733
Net Gain/Loss	0	0
Ending Fund Balance	(\$35,421)	(\$35,421)

