

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 08-09*</u> <u>Budget</u>	<u>FY 09-10</u> <u>Budget</u>
Beginning Fund Balance	\$2,108,842	\$2,108,842
<u>Revenues</u>		
Transfer from General Fund	<u>1,897,985</u>	<u>1,524,101</u>
Total Revenues	\$1,897,985	\$1,524,101
<u>Expenditures</u>		
Vehicle/Equipment Replacement	<u>1,897,985</u>	<u>788,000</u>
Total Expenditures	\$1,897,985	\$ 788,000
Net Gain/(Loss)	0	736,101
Ending Fund Balance	\$2,108,842	\$2,844,943

* Revised FY 2009 Budget.

Note: There are several vehicles/pieces of equipment, under \$50,000, being purchased in FY 2010, including sedans, vans, pickup trucks and a roller. Where possible, hybrids are being purchased, in most cases to replace a sedan. Vans and pickup trucks are being replaced with flex fuel vehicles. For equipment \$50,000 and more, there is a pool of funds budgeted under Designated Expenditures, totaling **\$211,826**, for the replacement of a bucket truck, several small dump trucks and a backhoe. Any remaining funds will be reserved for future purchases of replacement vehicles and equipment.

All of the vehicles and pieces of equipment recommended for replacement during FY 2010 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.

Facilities Repair Fund

The Facilities Repair Fund provides funding to preserve the City's investment of over \$83M in non-school facilities, which have annual maintenance requirements. A schedule of routine preventive maintenance/repair and minor facility rehabilitation maintains an acceptable level of facility condition and 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 information obtained from facility assessments and analyses of the estimated useful life of facility components. 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>FY 08-09 Budget*</u>	<u>FY 09-10 Budget</u>
Beginning Fund Balance	\$282,800	\$10,124
<u>Revenues</u>		
Transfer from General Fund	550,000	550,000
County Reimbursement	<u>40,819</u>	<u>0</u>
Total Revenues	\$590,819	\$550,000
<u>Expenditures</u>		
Facilities Repair	613,495	287,000
Parks and Recreation Allocation	<u>250,000</u>	<u>250,000</u>
Total Expenditures	\$863,495	\$537,000
Net Gain/(Loss)	(272,676)	13,000
Ending Fund Balance	\$10,124	\$23,124

* Revised FY 2009 Budget.

Note: Projects that will occur during FY 2010 include the following: ADA improvements at various locations (doors/hardware and restroom upgrades), restroom upgrades and other repairs/maintenance at Community Attention facilities, concrete repair/maintenance at the Market St. Parking Garage, fire safety upgrades in all City buildings, re-sealing of asphalt and striping parking lot at the Health Department, upgrade of exterior doors and hardware at McGuffey Art Center, and repair of a retaining wall at the Transit Yard at 4th St.

Maintenance and improvements to Parks and Recreation facilities include: repairs at Carver, Tonsler, Key, Washington and Belmont, fencing maintenance/repairs at all sites, sump pump cover replacement at Crow Pool and a contribution to the Smith Aquatic Center project.

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 2009-2010 is 25.13% for general government and 34.04% 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 08-09 Budget *</u>	<u>FY 09-10 Budget</u>
Beginning Fund Balance	\$86,234,645	\$87,559,601
<u>Revenues</u>		
Investment Income	1,800,000	1,800,000
Contributions from All Funds	9,914,895	10,349,103
Contributions from plan members		472,000
Total Revenues	11,714,895	12,621,103
<u>Expenditures</u>		
Payments to Retirees	7,677,383	7,942,838
Life Insurance payment to benefit retirees	125,000	125,000
	60,000	60,000
Human Resource shared expenses	81,461	82,547
City Attorney Fees	6,215	6,429
Investment Counsel Fees	385,000	375,000
Actuarial Study and Services	40,000	50,000
Health care costs	1,800,000	2,272,000
Disability insurance	125,000	136,000
Life insurance	51,000	54,000
City Link Recurring Costs	31,380	31,460
Miscellaneous	<u>7,500</u>	<u>7,500</u>
Total Expenditures	\$10,389,939	\$11,142,774
Net Gain/(Loss)	\$1,324,956	\$1,478,329
Balance	\$87,559,601	\$89,037,930

* Revised FY 2009 Budget.

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 08-09 Budget*</u>	<u>FY 09-10 Budget</u>
Beginning Fund Balance	\$457,388	\$266,209
Revenues		
Charges for services	2,182,368	2,436,600
Total Revenues	\$2,182,368	\$2,436,600
Expenditures		
Insurance premium cost	1,081,586	1,133,783
Workers compensation claim payments and reserves	1,086,282	1,094,910
Administrative costs	205,679	208,296
Total Expenditures	\$2,373,547	\$2,436,990
Net Gain/(Loss)	(191,179)	(390)
Ending Fund Balance	\$266,209	\$265,819

* Revised FY 2009 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, 2008) is indicated by four key financial indicators: net bonded debt of \$49,846,598, a ratio of debt to assessed value of 0.96%, net bonded debt per capita of \$1,223, and a ratio of Debt Service to total General Fund expenditures of 5.36%. 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 June 2008.

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 2008, the legal debt limit was \$518,195,490. The City's current general obligation indebtedness is \$73,675,998, 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 9).

<u>Fund Detail</u>	<u>FY08 - 09 Budget*</u>	<u>FY09 - 10 Budget</u>		
Beginning Fund Balance	\$ 7,927,132	\$ 9,031,137		
Revenues				
General Fund Transfer	6,050,000	6,050,000		
CEDA-SNL Loan	150,000	0		
Meals Tax Revenue	1,675,000	1,725,000		
Fire Department Transfer	20,000	20,000		
Police Department Transfer - ERF	141,751	70,876		
County Fire Service Fees	100,000	642,000		
City Link Loan - Transfer from City Link	408,482	408,482		
Total revenues	\$ 8,545,233	\$ 8,916,358		
Expenditures	FY08 - 09	FY09 - 10	FY09 - 10	FY09 - 10
Bonds-	Total	Total	Principal	Interest
1996	0	0		
1998	598,163	0		
2000	339,188	323,625	300,000	23,625
2001	203,194	197,994	130,000	67,994
2003	1,711,681	1,634,131	1,350,000	284,131
2004	1,499,858	1,473,558	876,667	596,892
2006	1,087,500	1,062,500	625,000	437,500
2008	1,180,378	1,842,206	1,310,000	532,206
2009 (\$20,237,000)	0	2,023,700	1,011,850	1,011,850
Subtotal	\$ 6,619,962	\$ 8,557,715	\$ 5,603,517	\$ 2,954,198
Literary Loans-				
Greenbrier	7,869	7,544	6,500	1,044
Johnson	13,518	13,036	9,656	3,380
Burnley-Moran	15,025	14,507	10,362	4,145
Subtotal	\$ 36,412	\$ 35,087	\$ 26,518	\$ 8,569
Lease-purchase agreements	0	0		
CityLink Loan from Utilities	408,482	408,482	379,364	29,118
Fire Truck (2007)	100,025	100,026	90,155	9,871
Fire Brush Truck (2007)	34,596	34,596	30,693	3,903
Police Cars	141,750	70,876	68,150	2,726
Fire Truck (2009)	0	190,635	0	0
Administrative Costs	100,000	100,000	0	0
Subtotal	\$ 784,853	\$ 904,615	\$ 568,362	\$ 45,618
Total Expenditures	\$ 7,441,228	\$ 9,497,417		
Net Gain/(Loss)	1,104,005	(581,059)		
Ending Fund Balance	\$ 9,031,137	\$ 8,450,079		

* Revised FY 2009 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 2010**, employees will see no increase in health care premiums, co-pays or deductibles.

<u>Fund Detail</u>	<u>FY 08-09 Budget *</u>	<u>FY 09 -10 Budget</u>
Revenues		
Cost center contributions (including JMRL)	4,593,989	5,435,801
Employee/Retiree HC payroll deductions	2,302,607	2,300,000
Retirement fund contribution	1,827,408	1,800,000
Agencies and individuals	1,142,964	1,109,548
Employee and retiree payments for Physical Fitness Clubs	190,133	190,000
Flexible spending account forfeitures	4,312	3,000
Total Revenues	\$10,061,413	\$10,838,349
Expenditures		
<u>Medical expenses</u>		
Southern Health claims and administration	8,448,249	9,293,074
HMO - Health reimbursement	70,970	78,067
Delta Dental	623,847	686,232
Total medical and dental expenses	9,143,066	10,057,373
<u>Other expenses</u>		
Salary and benefits (Temporary staffing)	36,037	15,000
City contribution for Fitness Program	402,259	391,288
Employee Assistance Program	19,360	18,832
Health care consultants (Wachovia)	39,325	38,253
Health screening	60,000	60,000
Flu shots	14,080	13,696
On-site nurse program	7,626	7,418
Wellness program operating expenses & supplies	7,787	7,575
Wellness Initiatives	2,762	2,687
Medical insurance opt-out payment	36,264	35,275
Flex-Ben (Flexible and COBRA administration)	25,755	25,053
Human Resources staff	101,561	87,998
City Link recurring cost	37,048	31,520
Telephone charges	228	221
Total other expenses	790,092	734,816
Total Expenditures	\$9,933,158	\$10,792,189
Net Gain/(Loss)	128,255	46,160
Fund Balance - Prior Year	\$ 3,240,660	\$ 3,368,915
Fund Balance - Current Year	\$ 3,368,915	\$ 3,415,075

* Revised FY 2009 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.

<u>Fund Detail</u>	<u>FY08 - 09</u> <u>Budget</u>	<u>FY09 - 10</u> <u>Budget</u>
Beginning Fund Balance	(\$21,093)	(\$21,093)
 <u>Revenues</u>		
Phone Fees	331,776	261,176
Postage Revenue	<u>73,957</u>	<u>73,500</u>
Total Revenues	\$405,733	\$334,676
 <u>Expenditures</u>		
Salaries	42,121	36,164
Telephone Services	192,763	153,812
Service Contracts	67,000	63,100
Postage Expenditures	55,000	55,000
Other Expenditures	<u>48,849</u>	<u>26,600</u>
Total Expenditures	\$405,733	\$334,676
 Net Gain/(Loss)	 0	 0
Ending Fund Balance	(\$21,093)	(\$21,093)

