

**Equipment Replacement Fund**

The City's fleet consists of 678 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 09-10*	FY 10-11
	<u>Budget</u>	<u>Budget</u>
<b>Beginning Fund Balance</b>	<b>\$2,087,886</b>	<b>\$2,852,915</b>
<b><u>Revenues</u></b>		
Transfer from General Fund	<u>1,475,139</u>	<u>1,735,927</u>
<b>Total Revenues</b>	<b>\$1,475,139</b>	<b>\$1,735,927</b>
<b><u>Expenditures</u></b>		
Vehicle/Equipment Replacement	<u>710,110</u>	<u>956,067</u>
<b>Total Expenditures</b>	<b>\$ 710,110</b>	<b>\$ 956,067</b>
Net Gain/(Loss)	765,029	779,860
<b>Ending Fund Balance</b>	<b>\$2,852,915</b>	<b>\$3,632,775</b>

\* Revised FY 2010 Budget.

**Note:** There are several vehicles/pieces of equipment, under \$50,000, being purchased in FY 2011, including sedans, pickup trucks and mini vans. Where possible, hybrids are being purchased, in most cases to replace a sedan or an SUV. Vans and pickup trucks are being replaced with flex fuel vehicles. Equipment over \$50,000 to be replaced during FY 2011 include dump trucks, a backhoe, a Stake Body truck, and a Crane Carrier Pak-More refuse truck.

All of the vehicles and pieces of equipment recommended for replacement during FY 2011 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, an internal service 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 09-10 Budget*</u>	<u>FY 10-11 Budget</u>
<b>Beginning Fund Balance</b>	<b>\$766,830</b>	<b>\$240,018</b>
<b>Revenues</b>		
Transfer from General Fund	550,000	250,000
<b>Total Revenues</b>	<b>\$550,000</b>	<b>\$250,000</b>
<b>Expenditures</b>		
City Facilities/Buildings	572,099	199,800
Parks and Recreation Facilities/Buildings	<u>504,713</u>	<u>288,000</u>
<b>Total Expenditures</b>	<b>\$1,076,812</b>	<b>\$487,800</b>
Net Gain/(Loss)	(526,812)	(237,800)
<b>Ending Fund Balance</b>	<b>\$240,018</b>	<b>\$2,218</b>

\* Revised FY 2010 Budget.

**Note:** City facility projects that will occur during FY 2011 include the following: Fire safety upgrades in all buildings; mechanical improvements in the Health Department; and replacement of air handlers and HP units at the Jessup House.

Maintenance and improvements to Parks and Recreation facilities include: Repairs at various recreation centers; pavement repairs at various locations; McIntire Park concession building re-paint; Tennis Court reconstruction (Phase 2) at Pen Park; and pool house design development for Washington Park Pool.

The FY 2011 General Fund transfer has been reduced by \$300,000 in order for Facilities to complete projects that were funded in previous fiscal years but had been delayed.

**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 (fiduciary) fund supported by contributions paid by the City. No employee contributions are made. The City's rate of contribution into the fund for FY 2010-2011 is 27.42% for general government and 35.11% 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>FY09-10 Budget *</u>	<u>FY10-11 Budget</u>
<b>Beginning Fund Balance</b>	<b>\$66,087,782</b>	<b>\$67,516,111</b>
<b><u>Revenues</u></b>		
Investment Income	1,700,000	1,700,000
Contributions from All Funds	10,349,103	11,089,965
Contributions from plan members	472,000	498,000
<b>Total Revenues</b>	<b>12,521,103</b>	<b>13,287,965</b>
<b><u>Expenditures</u></b>		
Payments to Retirees	7,942,838	8,171,191
VRS transfer of vested retirement benefits	60,000	60,000
Life Insurance payment to benefit retirees	125,000	125,000
Human Resource shared expenses	82,547	78,374
City Attorney Fees	6,429	6,530
Investment Counsel Fees	325,000	325,000
Actuarial Study and Services	50,000	65,000
Health care costs	2,272,000	2,298,000
Disability insurance	136,000	150,000
Life insurance	54,000	62,000
City Link Recurring Costs	31,460	32,180
Miscellaneous	<u>7,500</u>	<u>7,500</u>
<b>Total Expenditures</b>	<b>\$11,092,774</b>	<b>\$11,380,775</b>
Net Gain/(Loss)	1,428,329	1,907,190
<b>Ending Fund Balance</b>	<b>\$67,516,111</b>	<b>\$69,423,301</b>

\* Revised FY 2010 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 coverages.

Fund Detail	FY 09-10 Budget*	FY 10-11 Budget
<b>Beginning Fund Balance</b>	<b>\$455,185</b>	<b>\$514,017</b>
<b>Revenues</b>		
Charges for services	2,436,600	2,436,600
Insurance recovery		
<b>Total Revenues</b>	<b>\$2,436,600</b>	<b>\$2,436,600</b>
<b>Expenditures</b>		
Insurance premium cost	1,074,561	1,128,289
Workers compensation claim payments and reserves	1,094,910	1,094,910
Administrative costs	<u>208,297</u>	<u>209,428</u>
<b>Total Expenditures</b>	<b>\$2,377,768</b>	<b>\$2,432,627</b>
Net Gain/(Loss)	58,832	3,973
<b>Ending Fund Balance</b>	<b>\$514,017</b>	<b>\$517,990</b>

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

\* Revised FY 2010 Budget.

**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, 2009) is indicated by four key financial indicators: net bonded debt of \$58,506,861, a ratio of debt to assessed value of 1.11%, net bonded debt per capita of \$1,436, and a ratio of Debt Service to total General Fund expenditures of 5.94%. 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 May 2009.

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 2009, the legal debt limit was \$525,129,000. The City's current general obligation indebtedness is \$83,094,257, 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 (pg. 9).

<u>Fund Detail</u>	<u>FY09 - 10</u>	<u>FY10 - 11</u>		
	<u>Budget*</u>	<u>Budget</u>		
<b>Beginning Fund Balance</b>	<b>\$9,156,884</b>	<b>\$ 9,448,594</b>		
<b>Revenues</b>				
General Fund Transfer	6,050,000	6,050,000		
Meals Tax Revenue	1,725,000	1,632,000		
Fire Department Transfer	20,000	20,000		
Police Department Transfer - ERF	70,876	90,000		
County Fire Service Fees	642,000	342,000		
City Link Loan - Transfer from City Li	408,482	408,482		
<b>Total revenues</b>	<b>\$8,916,358</b>	<b>\$ 8,542,482</b>		
<b>Expenditures</b>	<b>FY09 - 10</b>	<b>FY10 - 11</b>	<b>FY10 - 11</b>	<b>FY10 - 11</b>
Bonds-	<u>Total</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2000	323,625	307,875	300,000	7,875
2001	140,661	135,330	130,000	5,330
2003	1,634,131	1,303,381	1,080,000	223,381
2004	1,473,558	1,450,542	880,000	570,542
2006	1,062,500	1,037,500	625,000	412,500
2008	1,842,206	1,779,956	1,290,000	489,956
2009 - REVISED	1,208,265	1,258,040	735,800	522,240
2010	-	1,953,154	976,577	976,577
<b>Subtotal</b>	<b>\$7,684,946</b>	<b>\$ 9,225,778</b>	<b>\$5,040,800</b>	<b>\$2,231,824</b>
Literary Loans-				
Greenbrier	7,544	7,219	6,500	719
Johnson	13,036	12,553	9,656	2,897
Burnley-Moran	14,507	13,989	10,362	3,627
<b>Subtotal</b>	<b>\$ 35,087</b>	<b>\$ 33,761</b>	<b>\$ 26,518</b>	<b>\$ 7,243</b>
CityLink Loan from Utilities	408,482	408,482	379,364	29,118
Fire Truck (2007)	100,026	100,026	93,797	6,229
Fire Brush Truck (2007)	34,596	34,596	33,243	1,353
Police Cars	70,876	88,820	84,290	4,530
Fire Truck (2009)	190,635	190,635	149,367	41,267
Fire Truck (2010)	0	201,119	157,582	43,537
Administrative Costs	100,000	100,000	0	0
<b>Subtotal</b>	<b>\$ 904,615</b>	<b>\$ 1,123,678</b>	<b>\$ 897,643</b>	<b>\$ 126,034</b>
<b>Total Expenditures</b>	<b>\$8,624,648</b>	<b>\$10,383,217</b>		
Net Gain/(Loss)	291,710	(1,840,735)		
<b>Ending Fund Balance</b>	<b>\$9,448,594</b>	<b>\$ 7,607,859</b>		

\* Revised FY 2010 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. In FY 2011, employees will see no increase in health care premiums, co-pays or deductibles.

<u>Fund Detail</u>	<u>FY09-10</u> <u>Budget*</u>	<u>FY10-11</u> <u>Budget</u>
<b>Revenues</b>		
Department contributions (including JMRL)	4,753,435	4,753,435
Employee/Retiree HC payroll deductions	2,434,715	2,434,715
Retirement fund contribution	1,800,000	1,800,000
Agencies and individuals	1,165,323	1,200,283
Employee and retiree payments for Physical Fitness Clubs	211,912	211,912
Flexible spending account forfeitures	7,000	3,000
<b>Total Revenues</b>	<b>\$ 10,372,385</b>	<b>\$ 10,403,345</b>
<b>Expenditures</b>		
<u>Medical expenses</u>		
Southern Health claims and administration	7,823,786	8,214,976
Insurance premiums over age 65	750,661	800,000
HMO - Health reimbursement	76,833	84,516
Delta Dental	706,819	742,160
Total medical and dental expenses	9,358,099	9,841,651
<u>Other expenses</u>		
Temporary Staffing	18,000	35,000
City contribution for Fitness Program	377,000	377,000
Employee Assistance Program	17,600	17,600
Health care consultants	35,275	40,500
Health screening	60,000	60,000
Flu shots	16,000	20,000
On-site nurse program	7,418	7,418
Wellness Initiatives	10,262	15,000
Medical insurance opt-out payment	35,275	35,275
Flex-Ben (Flexible and COBRA administration)	25,053	25,053
Human resource staff	88,874	95,143
City Link Recurring Cost	31,520	31,600
Telephone charges	408	413
<b>Total Expenditures</b>	<b>722,685</b>	<b>760,002</b>
<b>Total expenses</b>	<b>\$ 10,080,784</b>	<b>\$ 10,601,653</b>
Net Gain/(Loss)	291,601	(198,309)
<b>Beginning Fund Balance</b>	<b>\$ 3,952,540</b>	<b>\$ 4,244,141</b>
<b>Ending Fund Balance</b>	<b>\$ 4,244,141</b>	<b>\$ 4,045,832</b>

\* Revised FY 2010 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>FY09 - 10 Budget</u>	<u>FY10 - 11 Budget</u>
<b>Beginning Fund Balance</b>	<b>\$21,553</b>	<b>\$21,553</b>
<b><u>Revenues</u></b>		
Phone Fees	261,176	270,635
Postage Revenue	<u>73,500</u>	<u>84,900</u>
<b>Total Revenues</b>	<b>\$334,676</b>	<b>\$355,535</b>
<b><u>Expenditures</u></b>		
Salaries	36,164	41,712
Telephone Services	153,812	167,144
Service Contracts	63,100	63,579
Postage Expenditures	55,000	66,667
Other Expenditures	<u>26,600</u>	<u>16,433</u>
<b>Total Expenditures</b>	<b>\$334,676</b>	<b>\$355,535</b>
Net Gain/(Loss)	0	0
<b>Ending Fund Balance</b>	<b>\$21,553</b>	<b>\$21,553</b>

