

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>	<u>FY 10-11 Budget*</u>	<u>FY 11-12 Budget</u>
Beginning Fund Balance	\$2,940,932	\$3,375,915
<u>Revenues</u>		
Transfer from General Fund	<u>1,557,745</u>	<u>1,121,500</u>
Total Revenues	\$1,557,745	\$1,121,500
<u>Expenditures</u>		
Vehicle/Equipment Replacement	956,067	797,373
Lease Payments for Police Vehicles	<u>166,695</u>	<u>166,695</u>
Total Expenditures	\$1,122,762	\$ 964,068
Net Gain/(Loss)	434,983	157,432
Ending Fund Balance	\$3,375,915	\$3,533,347

* Revised FY 2011 Budget.

Note: All of the vehicles and pieces of equipment recommended for replacement during FY 2012 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, those priced \$50,000 and under, scheduled to be replaced include pickup trucks, several hybrid sedans and two hybrid four-wheel drive vehicles. Large vehicles and equipment, \$50,000 and over, scheduled to be replaced include two dump trucks, a loader, a Pak-Mor refuse collection truck and a Stake Body platform truck.

In addition, this budget includes lease payments for several Police vehicles that have been purchased within the past couple of years.

Facilities Repair Fund

The Facilities Repair Fund, an internal service fund, provides funding to preserve the City's investment of over \$96M 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>	FY 10-11 Budget*	FY 11-12 Budget
Beginning Fund Balance	\$1,437,652	\$385,462
<u>Revenues</u>		
Transfer from General Fund	250,000	350,000
Transfers from Other Funds	<u>101,357</u>	<u>0</u>
Total Revenues	\$351,357	\$350,000
<u>Expenditures</u>		
City Facilities/Buildings	687,758	145,760
Parks and Recreation Facilities/Buildings	<u>715,789</u>	<u>163,100</u>
Total Expenditures	\$1,403,547	\$308,860
Net Gain/(Loss)	(1,052,190)	41,140
Ending Fund Balance	\$385,462	\$426,602

* Revised FY 2011 Budget.

Note: Several projects are planned for City facilities, including fire safety upgrades, replacement of exterior lighting and light poles at the Circuit Court, repairs at the Bypass Fire Station, roof maintenance at McGuffey Art Center, various interior finishes in the Michie Annex, air handler work at the Preston/Morris Building, and repair of a concrete wall at the Transit Center.

For Parks and Recreation, planned projects include various repairs to interior buildings, fences and parking lot work at all sites, re-roofing of the Pen Park office, and phase II of the tennis court reconstruction at Pen Park.

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 2011 - 2012 is **29.83%** for general government and **39.04%** 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>FY10-11 Budget*</u>	<u>FY11-12 Budget</u>
Beginning Fund Balance	\$72,528,073	\$74,435,263
<u>Revenues</u>		
Investment Income	1,700,000	1,700,000
Contributions From all Funds	11,089,965	10,977,821
Contribution for Senior Management OPEB benefits (Health Care Fund)	-	49,586
Contributions from Plan Members	498,000	600,000
Total Revenues	13,287,965	13,327,407
<u>Expenditures</u>		
Payments to Retirees	8,171,191	8,766,527
VRS Transfer of Vested Retirement Benefits	60,000	60,000
Life Insurance Payment to Benefit Retirees	125,000	125,000
Human Resource Shared Expenses	78,374	85,907
City Attorney Fees	6,530	6,582
Investment Counsel Fees	325,000	380,000
Actuarial Study and Services	65,000	80,000
Health Care Costs	2,298,000	2,616,000
Disability Insurance	150,000	150,000
Life Insurance	62,000	62,000
City Link Recurring Costs	32,180	32,560
Miscellaneous	<u>7,500</u>	<u>9,000</u>
Total Expenditures	\$11,380,775	\$12,373,576
Net Gain/(Loss)	1,907,190	953,831
Ending Fund Balance	\$74,435,263	\$75,389,094

* Revised FY 2011 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.

Fund Detail	FY10-11 Budget*	FY11-12 Budget
Beginning Fund Balance	\$871,688	\$903,714
Revenues		
Charges for services	2,436,600	2,436,600
Total Revenues	\$2,436,600	\$2,436,600
Expenditures		
Insurance premium cost	1,095,144	1,149,902
Workers compensation claim payments and reserves	1,094,910	1,094,910
Administrative costs	<u>214,520</u>	<u>245,428</u>
Total Expenditures	\$2,404,574	\$2,490,240
Net Gain/Loss	32,026	(53,640)
Ending Unreserved Fund Balance	\$903,714	\$850,074

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

* Revised FY 2011 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, 2010) is indicated by four key financial indicators: net bonded debt of \$62,570,002, a ratio of debt to assessed value of 1.19%, net bonded debt per capita of \$1,536, and a ratio of Debt Service to total General Fund expenditures of 6.61%. 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 2011. 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 2010, the legal debt limit was \$525,718,270. The City's current general obligation indebtedness is \$90,014,613, 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. 11).

<u>Fund Detail</u>	<u>FY10 - 11 Budget*</u>	<u>FY11-12 Budget</u>		
Beginning Fund Balance	\$9,547,048	\$ 8,887,985		
Revenues				
General Fund Transfer	6,050,000	6,250,000		
Meals Tax Revenue	1,632,000	1,688,100		
Fire Department Transfer	20,000	20,000		
Police Department Transfer - ERF	90,000	166,700		
County Fire Service Fees	342,000	450,000		
City Link Loan - Transfer from City Li	408,482	408,482		
Total revenues	\$8,542,482	\$ 8,983,282		
Expenditures				
Bonds-	Total	Total	FY11-12 Principal	FY11-12 Interest
2000	307,875	-		
2001	135,330	-		
2003	1,303,381	989,306	805,000	184,306
2004	1,450,542	1,716,358	1,176,667	539,692
2006	1,037,500	1,012,500	625,000	387,500
2008	1,779,956	1,730,653	1,282,500	448,153
2009	1,258,040	1,376,574	869,050	507,524
2010 - REVISED	771,482	909,937	499,150	410,787
2011	-	1,000,000	500,000	500,000
Subtotal	\$8,044,106	\$ 8,735,329	\$5,757,367	\$2,067,175
Literary Loans-				
Greenbrier	7,219	8,280	7,886	394
Johnson	12,553	11,587	9,656	1,931
Burnley-Moran	13,989	13,471	10,362	3,109
Subtotal	\$ 33,761	\$ 33,338	\$ 27,904	\$ 5,434
CityLink Loan from Utilities	408,482	408,482	390,753	17,729
Fire Truck (2007)	100,026	100,025	97,586	2,439
Fire Brush Truck (2007)	34,596	34,596	33,243	1,353
Police Cars - 2010	88,820	88,817	84,290	4,527
Fire Truck (2009)	190,635	-	-	-
Fire Truck (2010)	201,119	-	-	-
Police Cars - 2011	-	79,705	75,141	4,564
Administrative Costs	100,000	100,000	-	-
Subtotal	\$1,123,678	\$ 811,624	\$ 681,012	\$ 30,613
Total Expenditures	\$9,201,545	\$ 9,580,291		
Net Gain/(Loss)	(659,063)	(597,009)		
Ending Fund Balance	\$8,887,985	\$ 8,290,975		

* Revised FY 2011 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.

Fund Detail	FY 10-11 Budget*	FY 11-12 Budget
Revenues		
Department Contributions (including JMRL)	4,753,435	5,709,356
Employee/Retiree HC payroll deductions	2,434,715	2,726,881
Retirement Fund Contribution	1,800,000	2,016,000
Agencies and Individuals	1,200,283	1,344,317
Employee and Retiree Payments for Physical Fitness Clubs	211,912	211,912
Flexible Spending Account Forfeitures	3,000	3,000
Total Revenues	\$ 10,403,345	\$ 12,011,466
Expenditures		
Medical expenses		
Southern Health Claims and Administration	8,347,028	9,348,695
Insurance Premiums Over Age 65	926,541	940,000
HMO - Health Reimbursement	84,515	84,515
Delta Dental	779,268	857,195
Total Medical and Dental Expenses	10,137,352	11,230,405
Other expenses		
Temporary Staffing	35,000	35,000
City Contribution for Fitness Program	377,000	377,000
Contribution to Retirement Fund for Senior Mhmt.	-	49,586
Employee Assistance Program	17,600	17,600
Health Care Consultants	40,500	50,000
Health Screening	60,000	25,000
Flu Shots	20,000	20,000
On-site Nurse Program	7,418	7,500
Wellness Initiatives	15,000	15,000
Medical Insurance Opt-out Payment	35,275	37,000
Flex-Ben (Flexible and COBRA administration)	25,053	25,000
Human Resource Staff	95,143	91,642
City Link Recurring Cost	31,600	30,320
Telephone Charges	413	413
Total Expenditures	760,002	781,061
Total expenses	\$ 10,897,354	\$ 12,011,466
Net Gain/(Loss)	(494,009)	-
Beginning Fund Balance	\$ 4,751,466	\$ 4,257,457
Ending Fund Balance	\$ 4,257,457	\$ 4,257,457

* Revised FY 2011 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>FY10 - 11</u> <u>Budget</u>	<u>FY11 - 12</u> <u>Budget</u>
Beginning Fund Balance	\$37,509	\$37,509
<u>Revenues</u>		
Phone Fees	270,635	272,348
Postage Revenue	<u>84,900</u>	<u>84,900</u>
Total Revenues	\$355,535	\$357,248
<u>Expenditures</u>		
Salaries	41,712	42,952
Telephone Services	167,144	169,499
Service Contracts	63,579	63,579
Postage Expenditures	66,667	66,667
Other Expenditures	<u>16,433</u>	<u>14,551</u>
Total Expenditures	\$355,535	\$357,248
Net Gain/(Loss)	0	0
Ending Fund Balance	\$37,509	\$37,509

