

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 11-12 Budget</u>	<u>FY 12-13 Budget</u>
Beginning Fund Balance	\$2,916,809	\$3,244,159
<u>Revenues</u>		
Transfer from General Fund	1,121,500	1,004,420
Other Revenue and Sales	<u>26,000</u>	<u>0</u>
Total Revenues	\$1,147,500	\$1,004,420
<u>Expenditures</u>		
Vehicle/Equipment Replacement	653,455	823,519
Lease Payments for Police Vehicles	<u>166,695</u>	<u>166,695</u>
Total Expenditures	\$ 820,150	\$ 990,214
Net Gain/(Loss)	327,350	14,206
Ending Fund Balance	\$3,244,159	\$3,258,365

* Revised FY 2012 Budget.

Note: All of the vehicles and pieces of equipment recommended for replacement during FY 2013 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, several hybrid sedans and vans. Large vehicles and equipment, \$50,000 and over, scheduled to be replaced include a dump truck, a claw truck and Pak-Mor garbage truck, a stake body truck and several school buses.

In addition, this budget includes lease payments for several Police vehicles that have been purchased through lease/purchase agreements.

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 and 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.

Fund Detail	FY 11-12 Budget	FY 12-13 Budget
Beginning Fund Balance	\$955,381	\$350,196
Revenues		
Transfer from General Fund	350,000	400,000
Other Revenue	<u>126,768</u>	<u>0</u>
Total Revenues	\$476,768	\$400,000
Expenditures		
City Facilities/Buildings	476,012	198,500
Parks and Recreation Facilities/Buildings	<u>605,941</u>	<u>267,000</u>
Total Expenditures	\$1,081,953	\$465,500
Net Gain/(Loss)	(605,185)	(65,500)
Ending Fund Balance	\$350,196	\$284,696

* Revised FY 2012 Budget.

Note: Several projects are planned for City facilities, including fire safety upgrades, replacement of exterior lighting at CATEC, concrete flatwork replacement at City Hall Annex and Key Center, McGuffey Art Center roof maintenance and repairs to the Police Department basement.

For Parks and Recreation, planned projects include various repairs to interior buildings, painting, fences and parking lot work at all sites, basketball court rehab at CHS and rehab work at Jackson 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. The City's rate of contribution into the fund for FY 2012-2013 is **31.81%** for general government and **41.57%** of public safety employees' salaries. Starting July 1, 2012, newly hired employees who choose the Pension Plan will be required to contribute 3% of their salary on top of the City's contribution.

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 Detail	FY 11-12 Budget*	FY 12-13 Budget
Beginning Fund Balance	\$87,974,850	\$88,930,563
Revenues		
Investment Income	1,700,000	1,700,000
Contributions from all City funds	10,977,821	12,200,692
Contribution from plan members for future pension and OPEB benefits	95,000	25,560
Contributions from retirees for current health care benefits	600,000	670,000
Contribution for Senior Management OPEB benefits	49,586	50,578
Total Revenues	\$ 13,422,407	\$ 14,646,830
Expenditures		
Payments to Retirees	8,896,227	9,281,795
VRS transfer of vested retirement benefits	25,000	25,000
Return of plan member contribution & interest	-	3,834
Life Insurance payment to benefit retirees	125,000	125,000
Human Resource shared expenses	85,907	92,315
City Attorney Fees/Troutman Sanders	25,000	15,000
Investment Counsel Fees	425,000	425,000
Actuarial Study and Services	40,000	60,000
Health care costs (EE & ER)	2,616,000	2,938,000
Disability insurance cost (LTD)	125,000	125,000
Life insurance cost	62,000	62,000
City Link Recurring Costs	32,560	33,060
Miscellaneous	9,000	9,500
Total Expenditures	\$12,466,694	\$13,195,504
Net Gain/(Loss)	955,713	1,451,326
Ending Fund Balance	\$88,930,563	\$90,381,889

* Revised FY 2012 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	FY11-12 Budget*	FY12-13 Budget
Beginning Fund Balance	\$1,634,788	\$1,683,797
Revenues		
Charges for services	2,432,471	2,432,471
Total Revenues	\$2,432,471	\$2,432,471
Expenditures		
Insurance premium cost	1,045,924	1,075,815
Workers compensation claim payments and reserves	1,094,910	1,094,910
Administrative costs	242,628	247,206
Total Expenditures	\$2,383,462	\$2,417,931
Transfer to General Fund	-	250,000
Net Gain/Loss	49,009	(235,460)
ENDING UNRESERVED FUND BALANCE	\$1,683,797	\$1,448,337

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

* Revised FY 2012 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, 2011) is indicated by four key financial indicators: net bonded debt of \$66,493,923, a ratio of debt to assessed value of 1.26%, net bonded debt per capita of \$1,529, and a ratio of Debt Service to total General Fund expenditures of 6.97%. 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 2011, the legal debt limit was \$528,285,910. The City's current general obligation indebtedness is \$104,947,348, 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 Long Term Financial Policies ([pg. 12](#)).

<u>Fund Detail</u>	<u>FY11-12</u> <u>Budget*</u>	<u>FY12-13</u> <u>Budget</u>		
Beginning Fund Balance	\$ 9,508,177	\$11,253,743		
Revenues				
General Fund Transfer	6,250,000	6,600,000		
Meals Tax Revenue	1,831,250	1,925,125		
Fire Department Transfer	20,000	20,000		
Police Department Transfer - ERF	166,700	166,700		
County Fire Service Fees	450,000	450,000		
City Link Loan - Transfer from City Link	408,495	408,495		
Year-End GF Surplus Transfer	2,000,000	-		
2010 BABs Rebate	185,173	185,173		
Total revenues	\$11,311,618	\$ 9,755,493		
Expenditures				
	FY11-12	FY12-13	FY12-13	FY12-13
Bonds-	Total	Total	Principal	Interest
2000	-	-	-	-
2001	-	-	-	-
Series 2003 - 2400009	989,306	945,456	785,000	160,456
Series 2004 - 2400010	1,716,358	1,671,567	1,170,000	501,567
Series 2006 - 2400025	1,012,500	987,500	625,000	362,500
Series 2008 - 2400036	1,730,653	1,671,756	1,265,000	406,756
Series 2009 - 2400040	1,376,574	1,341,495	862,700	478,795
Series 2010 - 2400046	909,937	889,971	499,150	390,821
Series 2011 - 2400051	987,087	966,750	645,000	321,750
Series 2012	-	1,403,055	779,475	623,580
Subtotal	\$ 8,722,415	\$ 9,877,550	\$6,631,325	\$1,910,074
Literary Loans-				
Greenbrier - 2400000	8,280	-	-	-
Johnson - 2400001	12,070	11,587	9,656	1,931
Burnley-Moran - 2400002	13,471	12,953	10,362	2,591
Subtotal	\$ 33,821	\$ 24,540	\$ 20,018	\$ 4,522
CityLink Loan from Utilities - 2400026	408,495	408,495	396,575	11,906
Fire Truck (2007) - 2400046	100,026	-	-	-
Fire Brush Truck (2007) - 2000059	34,596	-	-	-
Police Cars - 2010 - 2400045	88,820	88,820	86,524	2,293
Fire Truck (2009)	-	-	-	-
Fire Truck (2010)	-	-	-	-
Police Cars - 2011 - 2400050	77,879	77,879	76,032	1,848
Administrative Costs - 2021001000	100,000	100,000	100,000	-
Subtotal	\$ 809,816	\$ 675,194	\$ 659,131	\$ 16,046
Total Expenditures	\$ 9,566,052	\$10,577,284		
Net Gain/(Loss)	1,745,566	(821,791)		
Ending Fund Balance	\$11,253,743	\$10,431,952		

* Revised FY 2012 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	FY11-12 Budget*	FY12-13 Budget
Revenues		
Department contributions (including JMRL)	\$ 5,709,356	\$ 6,423,026
Employee/Retiree HC payroll deductions	2,726,881	3,067,741
Retirement fund contribution	2,016,000	2,268,000
Agencies and individuals	1,344,317	1,512,357
Employee and retiree payments for Physical Fitness Clubs	215,000	215,000
Early Retiree Reinsurance Program (ERRP)	263,874	-
Flexible Spending and HRA Account Forfeitures	21,251	15,000
Total revenues	12,296,679	13,501,123
Expenditures		
<u>Medical expenses</u>		
Southern Health self-insurance medical claims	9,623,128	10,684,350
Insurance premiums over age 65	999,000	1,098,900
HMO - Health reimbursement	88,200	92,610
Delta Dental	775,000	782,750
Total Medical and Dental expenses	11,485,328	12,658,610
<u>Other expenses</u>		
Temporary Staffing	35,000	35,000
City payments for Fitness Program	365,000	365,000
Contribution to Retirement Fund for Senior Mgmt	49,586	52,065
Employee Assistance Program	13,200	17,600
Health care consultants	50,000	50,000
Health screening	25,000	45,000
Flu shots	20,000	20,000
On-site nurse program	7,500	6,000
Wellness Initiatives	15,000	15,000
Medical insurance opt-out payment	37,000	37,000
Line of Duty (LOD) insurance premium	43,000	45,150
Flexible spending payment & COBRA administration	25,000	25,000
Human resource staff	91,642	97,205
City Link Recurring Cost	30,320	32,080
Telephone charges	413	413
Total other expenditures	807,661	842,513
Total expenditures	12,292,989	13,501,123
Operating income (loss)	3,690	-
Beginning Fund Balance	\$ 3,561,278	\$ 3,564,968
Ending Fund Balance	\$ 3,564,968	\$ 3,564,968

* Revised FY2012 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>	FY11 - 12 <u>Budget</u>	FY12 - 13 <u>Budget</u>
Beginning Fund Balance	\$59,460	\$59,460
<u>Revenues</u>		
Phone Fees	272,348	303,073
Postage Revenue	<u>84,900</u>	<u>84,900</u>
Total Revenues	\$357,248	\$387,973
<u>Expenditures</u>		
Salaries	42,952	44,510
Telephone Services	169,499	238,605
Service Contracts	63,579	17,759
Postage Expenditures	66,667	71,476
Other Expenditures	<u>14,551</u>	<u>15,623</u>
Total Expenditures	\$357,248	\$387,973
Net Gain/(Loss)	0	0
Ending Fund Balance	\$59,460	\$59,460

