

Equipment Replacement Fund

The City's fleet consists of 686 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, selection of fuel efficient and alternatively fueled vehicles, and a scheduled replacement program. It has three major objectives:

1. To objectively evaluate equipment purchases from an economic perspective (maintenance and operating 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 14-15 <u>Actual</u>	FY 15-16 <u>Budget*</u>	FY 16-17 <u>Budget</u>
Beginning Fund Balance	\$ 2,590,799	\$ 2,166,494	\$ 2,072,271
<u>Revenues</u>			
Transfer from General Fund	935,344	1,240,777	1,116,441
Total Revenues	\$ 935,344	\$ 1,240,777	\$ 1,116,441
<u>Expenditures</u>			
Vehicle/Equipment Replacement	1,359,650	1,335,000	1,009,489
Total Expenditures	\$ 1,359,650	\$ 1,335,000	\$ 1,009,489
Net Gain/(Loss)	(424,306)	(94,223)	106,952
Ending Fund Balance	\$ 2,166,494	\$ 2,072,271	\$ 2,179,223

* Revised FY 2016 Budget

Note: All of the vehicles and pieces of equipment recommended for replacement during FY 17 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 and sedans. Large vehicles and equipment, \$50,000 and over, scheduled to be replaced include several dump trucks, a backhoe, a refuse truck, and a claw truck.

Facilities Repair Fund

The Facilities Repair Fund, an internal service fund, provides funding to preserve the City's investment of numerous non-school facilities which have annual maintenance requirements. A schedule of non-routine preventive maintenance/repair and minor facility rehabilitation maintains an acceptable level of facility condition, and reduces the need for future, more expensive repair or replacement. 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 taxpayers' investment in the City's facilities remains the best defense against the enormous cost of total construction/renovation of the City's very valuable public facilities.

<u>Fund Detail</u>	FY 14-15 <u>Actual</u>	FY 15-16 <u>Budget*</u>	FY 16-17 <u>Budget</u>
Beginning Fund Balance	\$1,061,759	\$ 904,521	\$ 612,461
<u>Revenues</u>			
Transfer from General Fund	400,000	400,000	400,000
Health Department Rent Revenue	0	0	242,531
Other Misc. Revenue	48,556	0	0
Total Revenues	\$ 448,556	\$ 400,000	\$ 642,531
<u>Expenditures</u>			
City Facilities/Buildings (incl. Parks and Recreation)	605,794	692,060	586,335
Health Department Building	0	0	242,531
Total Expenditures	\$ 605,794	\$ 692,060	\$ 828,866
Net Gain/(Loss)	(157,237)	(292,060)	(186,335)
Ending Fund Balance	\$ 904,521	\$ 612,461	\$ 426,126

* Revised FY 2016 Budget

Note: Several projects are planned for City facilities including concrete and exterior building repairs, electrical work, masonry, safety, ADA improvements, and other interior and exterior finish replacement projects.

For Parks and Recreation, major planned projects include various repairs and improvements to building interior finishes, and electrical upgrades.

After negotiations with Albemarle County, the City reached an agreement, via a formal MOU, to serve as fiscal agent for the Health Department Building Fund beginning in FY 17. This agreement was based on the City historically managing all maintenance and capital work at this site. The anticipated expenses and offsetting revenue are reflected in the above budget. The City and County will still evenly split the costs of all maintenance and capital related work done on this site.

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 Defined Benefit Pension Plan. The Retirement Fund is a trust (fiduciary) fund supported by contributions paid by the City and plan members. Since July 1, 2012, newly hired employees who choose the Pension Plan have been required to contribute 3% of their salary on top of the City's contribution. The City's rate of contribution into the fund for FY 17 is 30.44% for general government and 45.96% for public safety employees' salaries.

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 Details	FY 14 - 15 Actual	FY 15 - 16 Budget*	FY 16 - 17 Budget
Beginning Fund Balance - Revised **	\$ 120,504,584	\$ 124,930,825	\$ 128,579,653
Revenues			
Investment Income	2,142,257	1,900,000	2,000,000
Net (decrease) increase in fair value of investments	2,918,825	3,000,000	7,500,000
Contributions from City	12,083,101	12,201,241	13,323,970
Contribution from General Fund	700,000	1,000,000	0
Contribution from plan members for future pension and OPEB benefits	226,902	0	250,000
Contributions from retirees for current health care benefits	926,798	1,100,000	1,100,000
Contribution for Senior Management OPEB benefits	76,671	78,000	31,222
Total Revenues	\$ 19,074,554	\$ 19,279,241	\$ 24,205,192
Expenditures			
Retirement distributions	9,949,794	10,798,474	11,482,224
Refund of employee contributions	23,055	35,000	40,000
Life Insurance claims paid to benefit retirees	140,600	200,000	200,000
Human Resource shared expenses	101,829	101,655	105,042
Legal Fees	9,569	24,771	25,085
Investment Counsel Fees	683,925	700,000	750,000
Actuarial Study and Services	84,786	59,513	53,400
Health care costs (ER and Retirees)	3,467,463	3,500,000	3,800,000
Disability insurance cost (LTD)	111,050	125,000	125,000
Life insurance cost	32,385	35,000	35,000
Employer FICA for life insurance tax benefit	3,370	4,000	4,500
City Link Recurring Costs	33,860	35,000	35,180
Miscellaneous	6,627	12,000	12,000
Total Expenditures	\$ 14,648,313	\$ 15,630,413	\$ 16,667,431
Net Gain/(Loss)	4,426,241	3,648,828	7,537,761
Ending Fund Balance	\$ 124,930,825	\$ 128,579,653	\$ 136,117,414

* Revised FY 2016 Budget

** Revised Beginning Fund Balance FY 2016 Budget

Risk Management Fund

The City maintains a Risk Management Fund, an internal service fund, to account for all insurance revenues and expenditures, workers compensation claims payments and administrative costs. 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. 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.

<u>Fund Detail</u>	<u>FY 14 - 15</u> <u>Actual</u>	<u>FY 15 - 16</u> <u>Budget</u>	<u>FY 16 - 17</u> <u>Budget</u>
Beginning Fund Balance	\$ 3,455,749	\$ 3,291,958	\$ 2,690,536
Revenues			
Charges for services	2,496,520	2,427,510	2,439,344
Total Revenues	\$ 2,496,520	\$ 2,427,510	\$ 2,439,344
Expenditures			
Insurance premium cost	1,011,724	1,027,416	1,073,160
Workers compensation claim payments and reserves	593,014	1,394,910	1,394,910
Administrative costs	441,057	281,606	286,918
Total Expenditures	\$ 2,045,795	\$ 2,703,932	\$ 2,754,988
Transfer to General Fund	325,000	325,000	0
Transfer to Capital Improvement Program	289,516	0	0
Net Gain/(Loss)	(163,791)	(601,422)	(315,644)
ENDING UNRESERVED FUND BALANCE	\$ 3,291,958	\$ 2,690,536	\$ 2,374,892

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, 2015) is indicated by four key financial indicators: net bonded debt of \$70,686,860, a ratio of debt to assessed value of 1.24%, net bonded debt per capita of \$1,479, and a ratio of Debt Service to total General Fund expenditures of 6.27%. 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 & Poor's. Both Moody's and Standard & Poor's confirmed this AAA bond rating in May 2016. 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 2015, the legal debt limit was \$570,421,770. The City's current general obligation indebtedness is \$119,460,105, 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 in the Long Term Financial Policies (pg. A-11).

<u>Fund Detail</u>	<u>FY14-15</u> <u>Actual</u>	<u>FY15-16</u> <u>Budget*</u>	<u>FY16-17</u> <u>Budget</u>		
Beginning Fund Balance	\$11,867,980	\$11,606,400	\$10,916,893		
Revenues					
General Fund Transfer	\$6,465,000	\$7,018,000	\$7,468,000		
CIDA-SNL Loan					
Meals Tax Revenue	2,077,977	2,142,000	2,260,000		
Fire Department Transfer	20,000	0	0		
Interest	15,113	0	0		
2010 BABs Rebate	171,748	185,173	177,168		
Refunding Proceeds	13,214,737	0	0		
Total Revenues	\$21,964,575	\$9,345,173	\$9,905,168		
Expenditures					
Bonds-	Total	Total	Total	Principal	Interest
Series 2003 - 2400009	\$267,349	\$249,134	\$0		
Series 2004 - 2400010	1,177,136	0	0		
Series 2006 - 2400025	786,840	761,840	637,500	625,000	12,500
Series 2008 - 2400036	1,224,093	1,173,693	995,938	950,000	45,938
Series 2009 - 2400040	1,229,816	1,203,165	948,187	853,250	94,937
Series 2010 - 2400046	868,364	853,624	838,300	499,150	339,150
Series 2011 - 2400051	929,500	910,300	873,300	635,000	238,300
Series 2012 - 2400055	1,628,883	2,456,044	2,409,067	1,619,200	789,867
Series - 2013	460,225	451,675	438,200	280,000	158,200
Series - 2014	150,034	844,788	813,061	613,475	199,586
Series - 2015	0	1,008,878	1,474,303	655,000	819,303
Series - 2016	0	0	911,700	536,294	375,406
Subtotal	\$8,722,240	\$9,913,141	\$10,339,556	\$7,266,369	\$3,073,187
Literary Loans-					
Johnson - 2400001	\$10,622	\$10,140	\$0	\$0	\$0
Burnley-Moran - 2400002	11,917	11,398	10,884	10,366	518
Subtotal	\$22,539	\$21,538	\$10,884	\$10,366	\$518
Refunding Expenditures	\$13,096,411	\$0	\$0	\$0	\$0
Administrative Costs - 2021001000	384,966	100,000	150,000	150,000	0
Subtotal	\$13,481,377	\$100,000	\$150,000	\$150,000	\$0
Total Expenditures	\$22,226,155	\$10,034,679	\$10,500,440		
Net Gain/(Loss)	(261,580)	(689,506)	(595,272)		
Ending Fund Balance	\$ 11,606,400	\$10,916,893	\$10,321,621		

* Revised FY 2016 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.

<u>Fund Detail</u>	<u>FY14-15</u> <u>Actual</u>	<u>FY15-16</u> <u>Budget*</u>	<u>FY16-17</u> <u>Budget</u>
Beginning Fund Balance	\$ 6,979,462	\$ 6,045,059	\$ 3,239,429
Revenues			
Department contributions (including JMRL)	6,449,385	6,606,631	8,625,410
Employee/Retiree contributions	3,529,249	3,716,745	4,051,252
Retirement fund contribution	2,540,666	2,575,000	2,806,750
Employee and retiree payments for Physical Fitness Clubs	210,916	222,360	225,000
Wellness Fund Coventry Health	8,324	10,000	10,000
Flexible Spending and HRA Account Forfeitures	50,956	15,000	15,000
Total revenues	\$ 12,789,496	\$ 13,145,736	\$ 15,733,412
Expenditures			
<u>Medical expenses</u>			
Self-insurance medical claims and administrative costs	10,391,617	12,426,199	12,622,629
Insurance premiums - Medicare Supplement	1,268,328	1,346,981	1,375,000
Affordable Care Act contributions and excise tax	134,343	89,886	30,772
HMO - Health reimbursement account	83,408	93,367	95,000
Dental claims and administrative costs	722,033	740,000	781,200
Total Medical and Dental expenses	12,599,729	14,696,433	14,904,601
<u>Other expenses</u>			
Temporary Staffing	20,193	35,000	35,000
City payments for Fitness Program	360,013	410,000	410,000
Contribution to Retirement Fund for Senior Mgmt	76,671	76,671	0
Employee Assistance Program	20,593	19,105	25,000
Health care consultants	48,750	60,000	60,000
Wellness Initiatives	23,935	61,000	61,000
Flu Shots	8,760	10,000	10,000
Medical insurance opt-out payment	24,886	25,000	25,000
Line of Duty (LOD) insurance premium	124,704	137,176	0
Flexible spending payment & COBRA administration	21,620	27,000	27,000
Human resource staff	109,200	109,040	114,695
City Link Recurring Cost	34,460	34,080	32,700
Telephone charges	385	861	579
Transfer to General Fund	250,000	250,000	0
Total other expenditures	1,124,170	1,254,933	800,974
Total expenditures	\$ 13,723,899	\$ 15,951,366	\$ 15,705,575
Net Gain/(Loss)	(934,403)	(2,805,630)	27,837
Ending Fund Balance	\$ 6,045,059	\$ 3,239,429	\$ 3,267,266

* Revised FY2016 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>	FY 14 - 15 <u>Actual</u>	FY 15 - 16 <u>Budget</u>	FY 16 - 17 <u>Budget</u>
Beginning Fund Balance	\$65,163	\$122,767	\$122,767
<u>Revenues</u>			
Phone Fees	285,636	237,057	217,833
Postage Revenue	77,889	79,496	79,676
Total Revenues	\$363,525	\$316,553	\$297,509
<u>Expenditures</u>			
Salaries	49,044	50,103	51,333
Telephone Services	177,452	156,247	131,500
Service Contracts	6,120	37,527	42,500
Postage Expenditures	71,025	71,476	71,476
Other Expenditures	2,279	1,200	700
Total Expenditures	\$305,920	\$316,553	\$297,509
Net Gain/(Loss)	57,605	0	0
Ending Fund Balance	\$122,767	\$122,767	\$122,767

