

# Other Non General Funds



Communications System Fund

Debt Service Fund

Equipment Replacement Fund

Facilities Repair Fund

Health Care Fund

Parking Enterprise Fund

Retirement Fund

Risk Management Fund

## 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 16 - 17 <u>Actual</u>	FY 17 - 18 <u>Budget</u>	FY 18 - 19 <u>Budget</u>
<b>Beginning Fund Balance</b>	<b>\$183,450</b>	<b>\$185,910</b>	<b>\$185,910</b>
<b>Revenues</b>			
Phone Fees	220,875	220,337	203,331
Postage Revenue	74,628	78,200	77,500
<b>Total Revenues</b>	<b>\$295,503</b>	<b>\$298,537</b>	<b>\$280,831</b>
<b>Expenditures</b>			
Salaries	51,333	53,837	74,952
Telephone Services	130,538	131,500	87,517
Service Contracts	43,262	42,500	48,362
Postage Expenditures	66,115	70,000	70,000
Other Expenditures	1,795	700	-
<b>Total Expenditures</b>	<b>\$293,043</b>	<b>\$298,537</b>	<b>\$280,831</b>
Net Gain/(Loss)	2,460	-	-
<b>Ending Fund Balance</b>	<b>\$185,910</b>	<b>\$185,910</b>	<b>\$185,910</b>

## 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, 2017) is indicated by four key financial indicators: net bonded debt of \$76,218,419, a ratio of debt to assessed value of 1.13%, net bonded debt per capita of \$1,553, and a ratio of Debt Service to total General Fund expenditures of 6.54%. 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 2017. 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 2017, the legal debt limit was \$674,023,460. The City's current general obligation indebtedness is \$132,121,039, which includes debt being repaid by the City's utility funds. The City also has a financial policy of Debt service as a percentage of the general fund total expenditure budget has a ceiling of 10%, with a target of 9% (pg. A-9).

<u>Fund Detail</u>	FY16-17 <u>Actual</u>	FY17-18 <u>Budget*</u>	FY18-19 <u>Budget</u>		
<b>Beginning Fund Balance</b>	<b>\$11,962,480</b>	<b>\$11,880,013</b>	<b>\$11,752,934</b>		
<b>Revenues</b>					
General Fund Transfer	\$7,468,000	\$7,968,000	\$8,560,788		
CIDA-SNL Loan					
Meals Tax Revenue	2,349,330	2,403,750	2,357,750		
Fire Department Transfer					
Interest	38,238				
2010 BABs Rebate	165,032	168,328	158,446		
Refunding Proceeds					
<b>Total Revenues</b>	<b>\$10,020,599</b>	<b>\$10,540,078</b>	<b>\$11,076,984</b>		
<b>Expenditures</b>					
<b>Bonds-</b>	<b>FY16-17 Total</b>	<b>FY17-18 Total</b>	<b>FY18-19 Total</b>	<b>FY18-19 Principal</b>	<b>FY18-19 Interest</b>
Series - 2006	\$ 637,500	\$ -	\$ -		
Series - 2008	995,938	764,063	0		
Series - 2009	948,186	921,240	885,733	849,200	36,533
Series - 2010	838,300	821,379	802,461	499,150	303,311
Series - 2011	873,300	841,550	554,800	380,000	174,800
Series - 2012	2,244,627	2,195,465	2,757,083	2,202,100	554,983
Series - 2013	438,200	428,400	417,200	280,000	137,200
Series - 2014	813,061	788,338	757,078	600,135	156,943
Series - 2015	1,474,222	2,049,955	1,924,832	1,148,559	776,273
Series - 2016	688,705	747,241	737,468	382,860	354,608
Series - 2017	16,251	959,526.00	959,119	765,159	193,959
Series - 2018	-	-	1,794,960	1,055,859	739,101
<b>Subtotal</b>	<b>\$ 9,968,289.73</b>	<b>\$10,517,157</b>	<b>\$11,590,733</b>	<b>8,163,022</b>	<b>3,427,711</b>
Literary Loans-					
Burnley-Moran - 2400002	\$ 10,884	\$ -	\$ -		
<b>Subtotal</b>	<b>\$10,884</b>	<b>\$0</b>	<b>\$ -</b>	<b>\$0</b>	<b>\$0</b>
Refunding Expenditures	\$0	\$0	\$0	\$0	\$0
Administrative Costs - 2021001000	123,892	150,000	150,000		0
<b>Subtotal</b>	<b>\$123,892</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Expenditures</b>	<b>\$10,103,066</b>	<b>\$10,667,157</b>	<b>\$11,740,733</b>		
Net Gain/(Loss)	(82,467)	(127,079)	(663,749)		
<b>Ending Fund Balance</b>	<b>\$11,880,013</b>	<b>\$11,752,934</b>	<b>\$11,089,185</b>		

\* Revised FY 2018 Budget

## Equipment Replacement Fund

The City's fleet consists of 703 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 by the Fleet Advisory Committee and the annual budgeting of the funds necessary to accomplish this replacement.

<u>Fund Detail</u>	FY 16-17 <u>Actual</u>	FY 17-18 <u>Budget*</u>	FY 18-19 <u>Budget</u>
<b>Beginning Fund Balance</b>	<b>\$ 2,399,588</b>	<b>\$ 1,772,373</b>	<b>\$ 1,794,861</b>
<b><u>Revenues</u></b>			
Transfer from General Fund	1,217,190	1,317,786	1,323,786
<b>Total Revenues</b>	<b>\$ 1,217,190</b>	<b>\$ 1,317,786</b>	<b>\$ 1,323,786</b>
<b><u>Expenditures</u></b>			
Vehicle/Equipment Replacement	1,844,405	1,295,298	1,320,985
<b>Total Expenditures</b>	<b>\$ 1,844,405</b>	<b>\$ 1,295,298</b>	<b>\$ 1,320,985</b>
Net Gain/(Loss)	(627,215)	22,488	2,801
<b>Ending Fund Balance</b>	<b>\$ 1,772,373</b>	<b>\$ 1,794,861</b>	<b>\$ 1,797,662</b>

\*Revised 2018 Budget

**Note:** All of the vehicles and pieces of equipment that are to be recommended for replacement during FY 19 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.

## 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.

<b>Fund Detail</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>
	<b>Actual</b>	<b>Budget*</b>	<b>Budget</b>
<b>Beginning Fund Balance</b>	<b>\$ 884,165</b>	<b>\$ 833,668</b>	<b>\$ 633,695</b>
<b>Revenues</b>			
Transfer from General Fund	400,000	400,000	400,000
Health Department Rent Revenue	105,670	251,655	251,655
Other Misc. Revenue	98,038	-	-
<b>Total Revenues</b>	<b>\$ 603,708</b>	<b>\$ 651,655</b>	<b>\$ 651,655</b>
<b>Expenditures</b>			
City Facilities/Buildings (incl. Parks and Recreation)	598,530	599,973	335,000
Health Department Building	55,675	251,655	251,655
<b>Total Expenditures</b>	<b>\$ 654,205</b>	<b>\$ 851,628</b>	<b>\$ 586,655</b>
Net Gain/(Loss)	(50,497)	(199,973)	65,000
<b>Ending Fund Balance</b>	<b>\$ 833,668</b>	<b>\$ 633,695</b>	<b>\$ 698,695</b>

\*Revised 2018 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.

## 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	FY 16-17 Actual	FY 17-18 Budget*	FY 18-19 Budget
<b>Beginning Fund Balance</b>	<b>\$ 3,882,233</b>	<b>\$ 4,250,950</b>	<b>\$ 4,499,746</b>
<b>Revenues</b>			
Department contributions (including JMRL)	8,009,759	9,379,699	9,822,993
Employee/Retiree contributions	4,006,510	4,067,518	4,135,170
Retirement fund contribution	3,284,749	3,610,801	3,779,644
Employee and retiree payments for Physical Fitness Clubs	220,931	229,275	230,000
Wellness Fund Coventry Health	-	10,000	10,000
Flexible Spending and HRA Account Forfeitures	42,085	15,000	15,000
Refund of Prior Year Expenditures	874,310	20,182	-
<b>Total Revenues</b>	<b>\$ 16,438,344</b>	<b>\$ 17,332,475</b>	<b>\$ 17,992,807</b>
<b>Expenditures</b>			
<b>Medical Expenses</b>			
Self-insurance medical claims and administrative costs	12,996,273	13,815,945	14,700,000
Insurance premiums - Medicare Supplement	1,394,143	1,500,000	1,600,000
Affordable Care Act contributions and excise tax	57,053	4,577	5,000
HMO - Health reimbursement account	197,225	190,000	190,000
Dental claims and administrative costs	738,648	800,726	810,000
<b>Total Medical and Dental expenses</b>	<b>\$ 15,383,342</b>	<b>\$ 16,311,248</b>	<b>\$ 17,305,000</b>
<b>Other Expenses</b>			
Temporary Staffing	20,903	25,000	25,000
City payments for Fitness Program	367,767	410,000	410,000
Contribution to Retirement Fund for Senior Mgmt	-	-	-
Employee Assistance Program	23,425	25,000	25,000
Health care consultants	54,986	55,000	60,000
Wellness Initiatives	27,297	35,000	35,000
Flu Shots	(7,348)	10,000	10,000
Medical insurance opt-out payment	25,857	30,000	25,000
Line of Duty (LOD) insurance premium	-	-	-
Flexible spending payment & COBRA administration	25,424	27,000	30,000
Human resource staff	114,695	120,032	110,000
City Link Recurring Cost	32,700	34,820	35,780
Telephone charges	579	579	579
<b>Total Other Expenditures</b>	<b>\$ 686,286</b>	<b>\$ 772,431</b>	<b>\$ 766,359</b>
<b>Total Expenditures</b>	<b>\$ 16,069,627</b>	<b>\$ 17,083,679</b>	<b>\$ 18,071,359</b>
Net Gain/(Loss)	368,717	248,796	(78,552)
<b>Ending Fund Balance</b>	<b>\$ 4,250,950</b>	<b>\$ 4,499,746</b>	<b>\$ 4,421,194</b>

\* Revised FY 2018 Budget

## Parking Enterprise Fund

In FY 17 City Council approved the creation of a parking function and allocated initial startup funding for the effort. FY 19 represents the second full fiscal year of this budget, which covers the costs, associated with the Parking Manager position, as well as costs associated with City-owned parking facilities. The Parking Manager provides the day-to-day focus needed to move the parking action plan forward.

Parking related revenues that were originally budgeted in the General Fund are recorded as part of the Parking Fund and transferred back to the General Fund, with a goal of eventually eliminating the transfer to the General Fund and becoming a stand-alone enterprise.

<b>Fund Details</b>	<b>FY 16-17 Actual</b>	<b>FY 17-18 Budget *</b>	<b>FY 18-19 Budget</b>
<b>Beginning Fund Balance</b>	\$ -	\$ 432,075	\$ 580,971
<b>Revenues</b>			
General Parking Revenues	-	-	-
Parking Permits	-	35,000	35,000
Parking Meters	-	20,000	1,500
Parking Fines	-	450,000	450,000
Market Street Parking Garage	-	1,262,279	1,195,500
Market Street Parking Leasing	-	262,676	262,676
701 E. Market Street	-	94,320	94,320
411 E. High Street	-	14,520	14,520
Water Street Parking Garage	-	615,000	550,000
<b>Total revenues</b>	\$ -	\$ 2,753,795	\$ 2,603,516
<b>Expenditures</b>			
Market Street Parking Garage	-	632,727	675,000
Market Street Parking Leasing	-	124,696	25,000
701 E. Market Street	-	-	7,500
411 E. High Street	-	-	5,000
Water Street Parking Garage	-	-	-
Parking Administration	-	-	-
Salaries and Benefits	-	112,356	100,992
Other Expenses	-	11,645	12,934
Transfers	-	-	-
Transfer to General Fund	-	1,723,475	1,500,000
<b>Total expenditures</b>	\$ -	\$ 2,604,899	\$ 2,326,426
Net Gain/(Loss)	-	148,896	277,090
<b>Ending Fund Balance</b>	\$ -	\$ 580,971	\$ 858,061

\*Revised FY2018 Budget

## Retirement Fund

The Charlottesville Supplemental Retirement Fund, and the Post-Retirement Benefits Fund, together constitute the Pension Plan, which is designed to provide City employees with a valuable pension to supplement social security benefits upon retirement. Regular employees may enroll in the plan, but 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 Pension Plan is a trust (fiduciary) fund supported by contributions paid by the City and plan members. Employee contributions are categorized as follows:

- Beginning July 1, 2018, employees hired before July 1, 2012 (Plan 1 Employees) are required to contribute 2% of their salary. Previously, these employees were required to contribute 1% of their salary.
- Employees hired between July 1, 2012 and July 1, 2017, (Plan 2 Employees) are required to contribute 3% of their salary.
- Employees hired after July 1, 2017 (Plan 3 Employees) are required to contribute 5% of their salary.

The City's rate of contribution into the fund for FY 19 is 32.56% for general government and 47.82% for public safety employees' salaries.

A commission as specified by the City Code administers the Charlottesville Pension Plan. Representatives include a City Councilor, City employees and retirees, and citizen representatives.

Fund Details	FY 16-17 Actual	FY 17-18 Budget	FY 18-19 Budget
<b>Beginning Fund Balance</b>	<b>\$ 122,505,012</b>	<b>\$ 136,318,740</b>	<b>\$ 144,789,062</b>
<b>Revenues</b>			
Investment Income	2,346,036	2,000,000	2,120,000
Net (decrease) increase in fair value of investments	14,935,063	7,668,500	8,880,000
Contributions from City	11,691,311	14,450,000	15,132,167
Contributions from retirees for health care benefits	1,397,892	2,101,200	2,371,200
Contribution for Senior Management OPEB benefits	-	295,000	302,832
<b>Total Revenues</b>	<b>\$ 30,370,302</b>	<b>\$ 26,514,700</b>	<b>\$ 28,806,199</b>
<b>Expenditures</b>			
Retirement distributions	10,981,411	12,141,022	12,539,546
Refund of employee contributions	47,824	41,900	75,000
Life Insurance claims paid to benefit retirees	110,500	200,000	200,000
Human Resource shared expenses	105,042	109,836	119,582
Legal Fees	25,749	26,000	23,000
Investment Counsel Fees	685,180	750,000	800,000
Actuarial Study and Services	46,631	56,960	51,960
Health care costs (Employer and Retirees)	4,353,042	4,500,000	5,200,000
Disability insurance cost (LTD)	121,339	125,000	115,000
Life insurance cost	31,926	40,000	80,000
Employer FICA for life insurance tax benefit	4,713	4,700	5,000
City Link Recurring Costs	35,180	36,960	37,800
Miscellaneous	8,038	12,000	8,200
<b>Total Expenditures</b>	<b>\$ 16,556,573</b>	<b>\$ 18,044,378</b>	<b>\$ 19,255,088</b>
 Net Gain/(Loss)	 13,813,728	 8,470,322	 9,551,111
<b>Ending Fund Balance</b>	<b>\$ 136,318,740</b>	<b>\$ 144,789,062</b>	<b>\$ 154,340,173</b>



## 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 16 - 17</u> <u>Actual</u>	<u>FY 17 - 18</u> <u>Budget</u>	<u>FY 18 - 19</u> <u>Budget</u>
<b>Beginning Fund Balance</b>	<b>\$ 3,875,458</b>	<b>\$ 3,373,013</b>	<b>\$ 2,669,037</b>
<b>Revenues</b>			
Charges for services	2,464,967	2,644,697	2,762,300
<b>Total Revenues</b>	<b>\$ 2,464,967</b>	<b>\$ 2,644,697</b>	<b>\$ 2,762,300</b>
<b>Expenditures</b>			
Insurance premium cost	1,109,346	1,288,251	1,050,818
Workers compensation claim payments and reserves	1,610,990	1,394,910	1,400,000
Administrative costs	247,075	315,512	445,595
<b>Total Expenditures</b>	<b>\$ 2,967,412</b>	<b>\$ 2,998,673</b>	<b>\$ 2,896,413</b>
Transfer to General Fund	-	350,000	350,000
Net Gain/(Loss)	(502,445)	(703,976)	(484,113)
<b>ENDING UNRESERVED FUND BALANCE</b>	<b>\$ 3,373,013</b>	<b>\$ 2,669,037</b>	<b>\$ 2,184,924</b>

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

