

**Equipment Replacement Fund**

The City's fleet consists of 685 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>FY06 - 07 Budget*</u>	<u>FY07-08 Budget</u>
<b>Beginning Fund Balance</b>	<b>\$829,469</b>	<b>\$705,767</b>
<b><u>Revenues</u></b>		
Transfer from General Fund	919,591	1,868,913
Auction Sales/Contributions	<u>75,208</u>	<u>0</u>
<b>Total Revenues</b>	<b>\$ 994,799</b>	<b>\$ 1,868,913</b>
<b><u>Expenditures</u></b>		
Equipment Replacement	<u>1,118,501</u>	<u>1,868,913</u>
<b>Total Expenditures</b>	<b>\$ 1,118,501</b>	<b>\$ 1,868,913</b>
Net Gain/Loss	(123,702)	0
<b>Ending Fund Balance</b>	<b>\$705,767</b>	<b>\$705,767</b>

\* Revised FY 2007 Budget.

**Note:** There is a pool of funds budgeted under Designated Expenditures, totaling \$838,000, for the replacement of several dump trucks, a storm sewer flusher truck, a leaf collector, pick up trucks, a bucket truck, and a SWAT van, all of which 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 and into the Equipment Replacement Fund, and are reflected in the revenues shown above.

**Facilities Repair Fund**

The Facilities Repair Fund provides funding to preserve the City's investment of over \$60 million in non-school facilities, which have annual maintenance requirements. A schedule of routine preventive maintenance/repair and minor facility rehabilitation 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 three to five-year replacement schedules developed by City staff. 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>FY06 - 07</u> <u>Budget*</u>	<u>FY07 - 08</u> <u>Budget</u>
<b>Beginning Fund Balance</b>	<b>\$797,553</b>	<b>\$759,664</b>
<b><u>Revenues</u></b>		
Transfer from General Fund	450,000	500,000
Other Sources of Funding (Grants, Reimbursements, etc.)	<u>83,756</u>	<u>0</u>
<b>Total Revenues</b>	<b>\$533,756</b>	<b>\$500,000</b>
<b><u>Expenditures</u></b>		
Facilities Repair	<u>571,645</u>	<u>500,000</u>
<b>Total Expenditures</b>	<b>\$ 571,645</b>	<b>\$500,000</b>
Net Gain/Loss	(37,889)	0
<b>Ending Fund Balance</b>	<b>\$759,664</b>	<b>\$759,664</b>

\* Revised FY 2007 Budget.

**Retirement Fund**

The Charlottesville Supplemental Retirement Fund, or Pension Plan, is designed to provide City employees with a 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 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 fund supported by contributions paid by the City. No employee contributions are made. The City's rate of contribution into the fund for FY 2007-2008 is 26.65% of general government and 37.87% 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>FY06-07 Budget*</u>	<u>FY07-08 Budget</u>
<b>Beginning Fund Balance</b>	<b>\$74,944,115</b>	<b>\$76,697,618</b>
<b><u>Revenues</u></b>		
Investment Income	1,500,000	1,800,000
Contributions from All Funds	<u>8,200,000</u>	<u>9,436,654</u>
<b>Total Revenues</b>	<b>\$ 9,700,000</b>	<b>11,236,654</b>
<b><u>Expenditures</u></b>		
Payments to Retirees	5,580,000	7,351,276
Life Insurance payment to benefit retirees	68,400	53,000
Human Resource shared expenses	128,750	88,165
Investment Counsel Fees	350,000	385,000
Actuarial Study and Services	40,000	40,000
Health care costs	1,620,000	1,734,123
Disability Insurance	108,000	114,000
City Attorney Fees	6,000	6,053
City Link Recurring Costs	20,347	25,980
Miscellaneous	<u>25,000</u>	<u>10,000</u>
<b>Total Expenditures</b>	<b>\$7,946,497</b>	<b>\$9,807,597</b>
Net Gain/Loss	\$1,753,503	\$1,429,057
<b>Balance</b>	<b>\$76,697,618</b>	<b>\$78,126,675</b>

\* Revised FY 2007 Budget.

**Risk Management Fund**

The City maintains a Risk Management Fund to account for all insurance revenues and expenditures. Premium costs are allocated to the various operating funds and accounts (for example, General Fund operating departments, such as Police, Fire, Public Works, etc.), 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.

<u>Fund Detail</u>	<u>FY06-07</u> <u>Budget*</u>	<u>FY07-08</u> <u>Budget</u>
<b>Beginning Fund Balance</b>	<b>\$ 240,278</b>	<b>\$ 317,986</b>
<b><u>Revenue</u></b>		
Transfer from General Fund	9,722	0
Contributions from Other Funds	<u>2,092,130</u>	<u>2,129,351</u>
<b>Total Revenues</b>	<b>\$2,101,852</b>	<b>\$2,129,351</b>
<b><u>Expenditures</u></b>		
Insurance Premium Cost	997,921	1,065,139
Workers compensation claim payments and reserves	811,597	907,123
Administrative Cost	<u>214,626</u>	<u>199,792</u>
<b>Total Expenditures</b>	<b>\$2,024,144</b>	<b>\$2,172,054</b>
Net Gain/Loss	77,708	(42,703)
<b>Ending Fund Balance</b>	<b>\$ 317,986</b>	<b>\$ 275,283</b>

\* Revised FY 2007 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, 2006) is indicated by four key financial indicators: net bonded debt of \$35,934,791, a ratio of debt to assessed value of 0.86%, net bonded debt per capita of \$882, 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 October 2006.

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 2006, the legal debt limit was \$421,177,230. The City's current general obligation indebtedness is \$53,883,124, which includes debt being repaid by the City's utility funds.

<u>Fund Detail</u>	<u>FY06 - 07 Budget*</u>	<u>FY07 - 08 Budget</u>
<b>Beginning Fund Balance</b>	<b>\$ 4,962,807</b>	<b>\$ 5,815,875</b>
<b><u>Revenues</u></b>		
General Fund Transfer	5,450,000	5,800,000
CIDA-SNL Loan	461,906	461,906
Meals Tax Revenue	1,568,175	1,681,905
Fire Department Transfer	250,000	-
County Fire Service Fees	264,000	132,000
City Link Loan - Transfer from City Link	352,679	352,679
<b>Total revenues</b>	<b>\$ 8,346,760</b>	<b>\$ 8,428,490</b>
<b><u>Expenditures</u></b>		
Bonds-		
1996	275,376	262,750
1998	829,498	797,835
2000	369,938	354,563
2001	213,108	208,232
2003	1,783,132	1,712,356
2004	1,552,459	1,526,158
2006	206,667	1,112,500
2007	0	-
<b>Subtotal</b>	<b>\$ 5,230,178</b>	<b>\$ 5,974,394</b>
Literary Loans-		
CHS	0	0
Greenbrier	8,520	8,194
Johnson	14,485	14,001
Burnley-Moran	16,061	15,543
<b>Subtotal</b>	<b>\$ 39,066</b>	<b>\$ 37,738</b>
Lease-purchase agreements	263,737	131,868
SunTrust note-2002	1,588,031	-
Gas fund loan	0	0
CityLink Loan from Utilities	352,680	352,680
Fire Truck (2007)	-	100,025
Administrative Costs	20,000	20,000
<b>Subtotal</b>	<b>\$ 2,224,448</b>	<b>\$ 604,573</b>
<b>Total Expenditures</b>	<b>\$ 7,493,692</b>	<b>\$ 6,616,705</b>
Net Gain/Loss	853,068	1,811,785
<b>Ending Fund Balance</b>	<b>\$ 5,815,875</b>	<b>\$ 7,627,660</b>

\* Revised FY 2007 Budget.

\*\* This transfer is now shown under General Fund Transfer and has been increased by \$100,000.

**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 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.

<u>Fund Detail</u>	<u>FY 06-07 Budget*</u>	<u>FY 07-08 Budget</u>
<b>Beginning Fund Balance</b>	<b>\$ 1,558,799</b>	<b>\$ 2,273,653</b>
<b><u>Revenues</u></b>		
Cost Center Contributions	4,922,588	5,209,029
Employee/Retiree HC payroll deductions	2,318,396	2,365,928
Retirement fund contribution	1,636,755	1,734,123
Agencies and individuals	1,069,709	1,087,792
Employee and retiree payments for Physical Fitness Clubs	144,019	145,000
Flexible spending account forfeitures	2,500	2,500
<b>Total Revenues</b>	<b>\$10,093,967</b>	<b>\$10,544,372</b>
<b><u>Expenditures</u></b>		
<b><u>Medical expenses</u></b>		
Southern Health	8,187,920	8,894,654
HMO - Health Reimbursement	73,900	58,275
Delta Dental	450,000	564,718
<b>Total Medical and Dental Expenditures</b>	<b>8,711,820</b>	<b>9,517,647</b>
<b><u>Other expenses</u></b>		
City contribution for Fitness Program	300,000	300,000
Employee Assistance Program	17,600	20,000
Palmer Cay Consultants	60,000	65,000
Health Screening	40,000	60,000
Flu Shots	10,000	15,000
On-site nurse program	7,000	7,000
Life Choice operating expenses and supplies	4,000	4,000
Wellness Initiatives	-	15,000
Medical Insurance Opt-out payment	30,000	30,000
Flex-Ben (Flexible and COBRA administration)	25,000	25,000
Human Resource Staff	138,600	92,328
City Link Recurring Cost	33,593	33,680
Telephone charges	1,500	1,500
<b>Total Other Expenditures</b>	<b>\$667,293</b>	<b>\$668,508</b>
<b>Total Expenditures</b>	<b>\$ 9,379,113</b>	<b>\$10,186,155</b>
Net Gain/Loss	714,854	358,217
<b>Ending Fund Balance</b>	<b>\$ 2,273,653</b>	<b>\$ 2,631,870</b>
Palmer Cay Recommended Reserve	\$1,200,000	\$1,200,000

**Note:** Starting July 1, 2007, retiree spouses over 65 will pay a monthly medical premium of \$282.

\* Revised FY 2007 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 IT 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 also funded through departmental user fees.

<u>Fund Detail</u>	<u>FY06 - 07 Budget</u>	<u>FY07 - 08 Budget</u>
<b>Beginning Fund Balance</b>	<b>\$172,995</b>	<b>\$172,995</b>
 <b><u>Revenues</u></b>		
Phone Fees	245,475	312,286
Postage Revenue	<u>105,280</u>	<u>90,286</u>
<b>Total Revenues</b>	<b>\$350,755</b>	<b>\$402,572</b>
 <b><u>Expenditures</u></b>		
Salaries	46,075	52,818
Telephone Services	142,000	169,074
Service Contracts	37,000	60,875
Postage Expenditures	100,000	75,000
Other Expenditures	<u>25,680</u>	<u>44,805</u>
<b>Total Expenditures</b>	<b>\$ 350,755</b>	<b>\$402,572</b>
 Net Gain/Loss	 0	 0
<b>Ending Fund Balance</b>	<b>\$172,995</b>	<b>\$172,995</b>

