

SPECIAL REVENUE FUNDS

EQUIPMENT REPLACEMENT FUND

GENERAL INFORMATION:

This fund was established in an effort to provide a more systematic method of replacing equipment and leveling the costs of replacing such equipment. This activity provides funding for vehicle and equipment replacements in the General Fund with the exception of those for the Public Works department which are funded from Road Use Taxes. Equipment to be replaced in the Enterprise Funds is funded from each Enterprise activity.

A comprehensive inventory of all equipment currently owned by the City including automobiles, pickup trucks, dump trucks, heavy equipment and other miscellaneous equipment has been completed in an effort to assess the overall condition of the City's inventory. Replacement and cost schedules have been developed by staff for each piece of equipment. This information is maintained on the City's computer system. Equipment maintenance cost records are also on this system. This information is used in conjunction with the replacement schedules to determine the most cost effective and economical time to replace City equipment.

In an effort to properly fund this program, an appropriation has generally been made annually from the General Fund to the Equipment Replacement Fund. The transfers have varied from year by year due to equipment replacement needs and General Fund funding limitations. The 2005/2006 allocation was \$105,000 and the 2006/2007 allocation was \$100,000. Due to revenue shortfalls in the General Fund, no allocation to the Equipment Replacement Fund was budgeted for 2007/2008 and replacements of vehicles and equipment for 2007/2008 were funded from the city's June, 2008 general obligation bond issue. A funding allocation was reinstated in 2008/2009 in the amount of \$75,000. The funding allocation for 2009/2010 was increased to \$152,300 and further increased to \$200,000 for 2010/2011. The funding allocation for 2011/2012 was \$168,900. The funding transfer for 2012/2013 increased to \$245,000 and the 2013/2014 funding transfer is \$117,000.

In 2012/2013, an additional \$250,000 funding transfer was budgeted with this amount specifically "assigned" to be used for the purchase of a new fire engine in 2013/2014. At the time the 2012/2013 budget was prepared, it was expected that an additional \$250,000 transfer would be needed in 2013/2014 to complete the financing of the fire engine. The ending balance in the General Fund at the end of 2011/2012, however, was \$648,000 higher than expected and City Council authorized the fire engine to be purchased in 2012/2013 and the budget be amended to increase the General Fund transfer to \$497,000, the full cost of the fire engine.

CURRENT TRENDS AND ISSUES:

For 2012/2013 the regular funding allocation from the General Fund to the Equipment Replacement Fund was \$245,000. Purchases for 2012/2013 total \$275,200 and include six new squad cars (\$165,000) and a used unmarked vehicle (\$14,000) for the Police Department, a used four wheel drive vehicle for the Community Development department (\$17,500), a mower for the Cemetery (\$7,500), and a mower and pick-up truck for Park Maintenance (\$54,500 and \$16,700, respectively). The 2012/2013 purchases also include a new police vehicle to replace one damaged in an accident (\$18,800 including equipment installation), the cost of which was offset by an insurance reimbursement. The 2012/2013 purchases also include the purchase of a new fire engine (\$497,000). As mentioned previously, at the time the 2012/2013

budget was prepared, it was expected that \$250,000 would be transferred to the Equipment Replacement Fund in 2012/2013 specifically assigned for the purchase of a new fire engine and an additional \$250,000 funding allocation would be needed in 2013/2014 to complete the financing of the fire engine. The balance in the General Fund at the end of 2011/2012, however, was higher than expected and City Council authorized the fire engine to be purchased in 2012/2013. Both the revised estimate transfer from the General Fund and expenditures have been increased by \$247,000 to \$497,000 to fund this purchase.

Vehicles and equipment items budgeted to be purchased in 2013/2014 total \$102,500 and include a used unmarked police vehicle (\$15,000), a one-ton dump truck for the Cemetery (\$54,000), and a deep-tine aerifier (\$33,500) for the Soccer Complex.

The balance in this fund is estimated at \$101,174 as of June 30, 2014. This balance leaves this fund in a good position to address future capital needs including replacement of five police squad cars in the 2014/2015 budget (\$165,000 based on current year costs).

Equipment Replacement Fund

Fund Statement

	<u>Actual</u> <u>2010/2011</u>	<u>Actual</u> <u>2011/2012</u>	<u>Budget</u> <u>2012/2013</u>	<u>Revised</u> <u>Estimate</u> <u>2012/2013</u>	<u>Budget</u> <u>2013/2014</u>
Beginning Balance, July 1	\$ 90,512	\$ 105,560	\$ 101,561	\$ 101,574	\$ 79,374
Revenues					
Interest	\$ 273	\$ 137	\$ 200	\$ 100	\$ 100
Lease of Vehicle (Police Grant)	7,200	7,200	7,200	7,200	7,200
Sale of Vehicle	5,624	0	0	0	0
Reimbursement of Damages	0	18,283	0	19,500 (2)	0
Transfers In					
General Fund Allocation	200,000	168,900	245,000	245,000	117,000
General Fund Allocation for Fire Engine (1)	0	0	250,000 (1)	497,000 (1)	0
Total Revenues	<u>\$ 213,097</u>	<u>\$ 194,520</u>	<u>\$ 502,400</u>	<u>\$ 768,800</u>	<u>\$ 124,300</u>
Funds Available	\$ 303,609	\$ 300,080	\$ 603,961	\$ 870,374	\$ 203,674
Expenditures					
Equipment Purchases	<u>198,049</u>	<u>198,506</u>	<u>277,500</u>	<u>791,000</u>	<u>102,500</u>
Ending Balance, June 30	<u>\$ 105,560</u>	<u>\$ 101,574</u>	\$ 326,461	<u>\$ 79,374</u>	<u>\$ 101,174</u>
Balance Assigned for Future Fire Engine Purchase			<u>250,000 (1)</u>		
Unassigned Balance, June 30			<u>\$ 76,461</u>		

Increase (Decrease) in					
Fund Balance	\$ 15,048	\$ (3,986)	\$ 224,900	\$ (22,200)	\$ 21,800

1. The original 2012/2013 budgeted transfers from the General Fund included \$250,000 specifically assigned towards the purchase of a fire engine to be purchased in 2013/2014. Due to the strong General Fund balance at the end of 2011/2012 City Council chose to fund the full cost of the fire engine in 2013/2014.
2. The Revised Estimate revenues include a \$19,500 insurance reimbursement for damages to a police HIDTA vehicle. Revised Estimate expenditures include purchase of a replacement vehicle (including equipment installation costs).
3. FY 2012/2013 revised estimate vehicle and equipment requests and funding recommendations are as follows:

Functions:**Public Safety****Culture and Recreation****Departments:****Police****Parks and Recreation****Activity:****Equipment Replacement**

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Police: Unmarked Vehicle (Used)	1	Yes	15,000
Cemetery: Dump Truck	1	Yes	54,000
Soccer: Deep-Tine Aerifier	1	Yes	33,500
			<u>\$ 102,500</u>