

Function:
Transfers

Department:
City Administrator

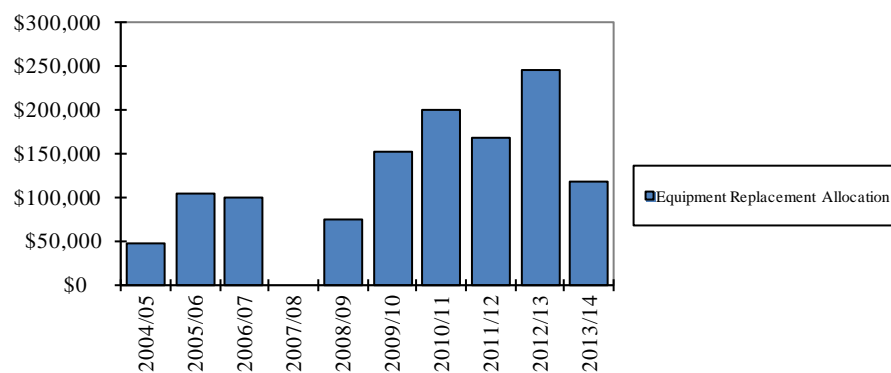
Activity:
Equipment Replacement Subsidy

GENERAL INFORMATION

The Equipment Replacement Special Revenue Fund was established in an effort to provide a more systematic method of replacing equipment and leveling the cost of replacing such equipment. This activity has funded equipment replacements in the General Fund with the exception of equipment eligible for Road Use Tax funding. Equipment to be replaced in the Enterprise Funds is funded directly from each Enterprise activity.

A comprehensive inventory of all equipment currently owned by the City including autos, 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. Staff has developed a replacement and cost schedule for each piece of equipment. An equipment maintenance cost program has also been developed and is used in conjunction with the replacement schedule to determine the most cost effective and economical time to replace City equipment.

Annual funding transfers have normally been made from the General Fund to fund current requirements and to anticipate and prepare for future equipment replacement needs. Over the last ten years these amounts have ranged from zero in 2007/2008 to \$245,000 in 2012/2013. A history of funding levels is shown in the following chart. It should be noted that this chart only reflects the regular transfers to the Equipment Replacement Reserve. As such, it does not include the funding transfer in 2012/2013 specifically designated for the purchase of a new fire engine at a total cost of \$497,000.



CURRENT TRENDS AND ISSUES

Due to funding limitations no transfer to this reserve from the General Fund was budgeted in 2007/2008. For 2007/2008 capital equipment items totaling \$126,700 were funded from the June 2008 general obligation bond issue. For 2008/2009 a funding allocation of \$75,000 was included in the budget and the funding transfer increased to \$152,300 in 2009/2010, further increased to \$200,000 in 2010/2011, and decreased to \$168,900 for 2011/2012. The budgeted transfer for 2012/2013 was \$245,000 and \$117,000 has been budgeted for 2013/2014. The larger transfer for 2012/2013 provided funding for five new police squad cars, a used vehicle for the police department, a used vehicle for the community development department, a mower for the cemetery, and a large mower and a used pickup truck for the park maintenance division. Vehicles and equipment budgeted to be funded from this reserve in 2013/2014 include an unmarked Police vehicle (\$15,000), a one-ton dump truck for the Cemetery (\$54,000), and a deep tine aerifier for the Soccer complex (\$33,500).

In addition to the regular Equipment Replacement Fund transfer, the 2012/2013 budget included an additional \$250,000 transfer specifically designated to be used towards the purchase a new fire engine. 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 higher than expected by \$648,000 and City Council authorized the fire engine to be purchased in 2012/2013 and the budget was amended to increase the General Fund transfer to \$497,000, the full cost of the fire engine.

Additional information on the Equipment Replacement Fund is included in the Special Revenue Funds section of this document.

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	Actual 2010/2011	Actual 2011/2012	Budget 2012/2013	Revised Estimate 2012/2013	Budget 2013/2014	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	
Transfers	<u>200,000</u>	<u>168,900</u>	<u>495,000</u>	<u>742,000</u>	<u>117,000</u>	-76.36%
Total Expenditures	<u>\$ 200,000</u>	<u>\$ 168,900</u>	<u>\$ 495,000</u>	<u>\$ 742,000</u>	<u>\$ 117,000</u>	-76.36%
Funding Sources						
General Revenues	<u>\$ 200,000</u>	<u>\$ 168,900</u>	<u>\$ 495,000</u>	<u>\$ 742,000</u>	<u>\$ 117,000</u>	-76.36%