



EQUIPMENT REPLACEMENT FUND



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OUR STORY



WHY HAVE AN ERF?

1

- Provides for future funding for equipment, vehicles and technology

2

- Less impact on operating fund
- One-time expenses now amortized

3

- Plan for future
- Systematic approach to procurement and disposition of fleet

STEPS TO CREATE AN EQUIPMENT REPLACEMENT FUND



Ordinance creating fund if not in place already
Policy is a really good idea going forward – Include basic elements

Identify Funding plan to get in place and set up accounting worksheets

Buy-in from staff, City Manager, & Council - WORKSHOPS

*******ESSENTIAL TO SUCCESS*******

EQUIPMENT REPLACEMENT FUND – WHAT SHOULD I INCLUDE IN POLICY?

got purpose?

Purpose



Roles and Responsibilities



Funding Plan



Requirements of Asset-
Lifespan of 5+years, \geq \$5K

EQUIPMENT REPLACEMENT FUND FUNDING PLAN

Start-up Funds

- Fund Balance
- Revenue overages

Replacement Funds

- Double Charge lease
- Original Purchase transfers

Legacy Equipment Funds

- Transfer % known future equipment needs
- *Evaluate your equipment & fleet and charge % depreciation*

WHAT TO INCLUDE IN POLICY (CONTINUED)

LIFE SPAN OF VEHICLES

Vehicles:

Police emergency response 5 years

Basic sedans, police and fire non-emergency response,
pickup trucks.

Hybrids (includes 4-wheel drive vehicles) up to 10,000 GVW 7 years

Large trucks, over 10,000 GVW, Excludes fire trucks 10 years

Fire Trucks 20 Years

Ambulances 15 Years

Equipment:

\$5,000 - \$25,000 5 to 10 years

\$25,001 or more 10 to 20 years, or as needed

Technology:

Server, Misc. Items Determined on a

Case-by-Case Basis

EXAMPLE OF HOW EQUIPMENT REPLACEMENT FUND WORKS:

FIRE DEPARTMENT REQUESTS NEW AMBULANCE

Is purchase 5K+?

Yes

Is Life span 5 years+?

Yes



Equipment Replacement Fund

Funds transferred from originating fund to ERF for purchase

Replacement Value recovered through annual transfer from fund



Funding in place when ambulance lifespan completed

No need for external funding

Less impact on operating budget

ACCOUNTING FOR EQUIPMENT REPLACEMENT FUND:

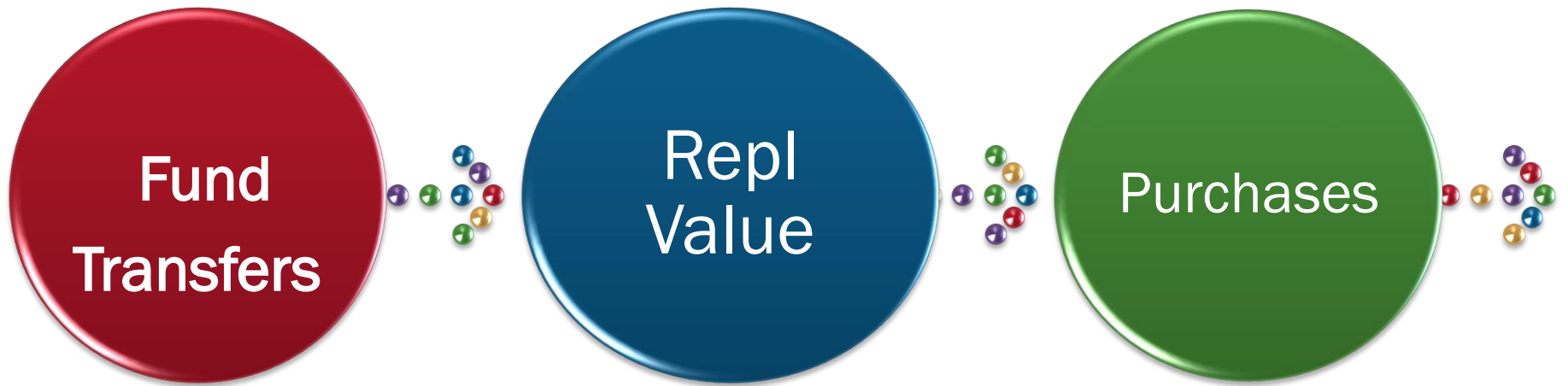
Equipment Replacement Fund purchases an ambulance for Fire Department for \$150,000 with 5 year life span and \$165,000 replacement cost:

Beginning Fund Balance
General Fund Transfer In
Vehicle Cost
Amortize Replacement Cost
Ending Fund Balance



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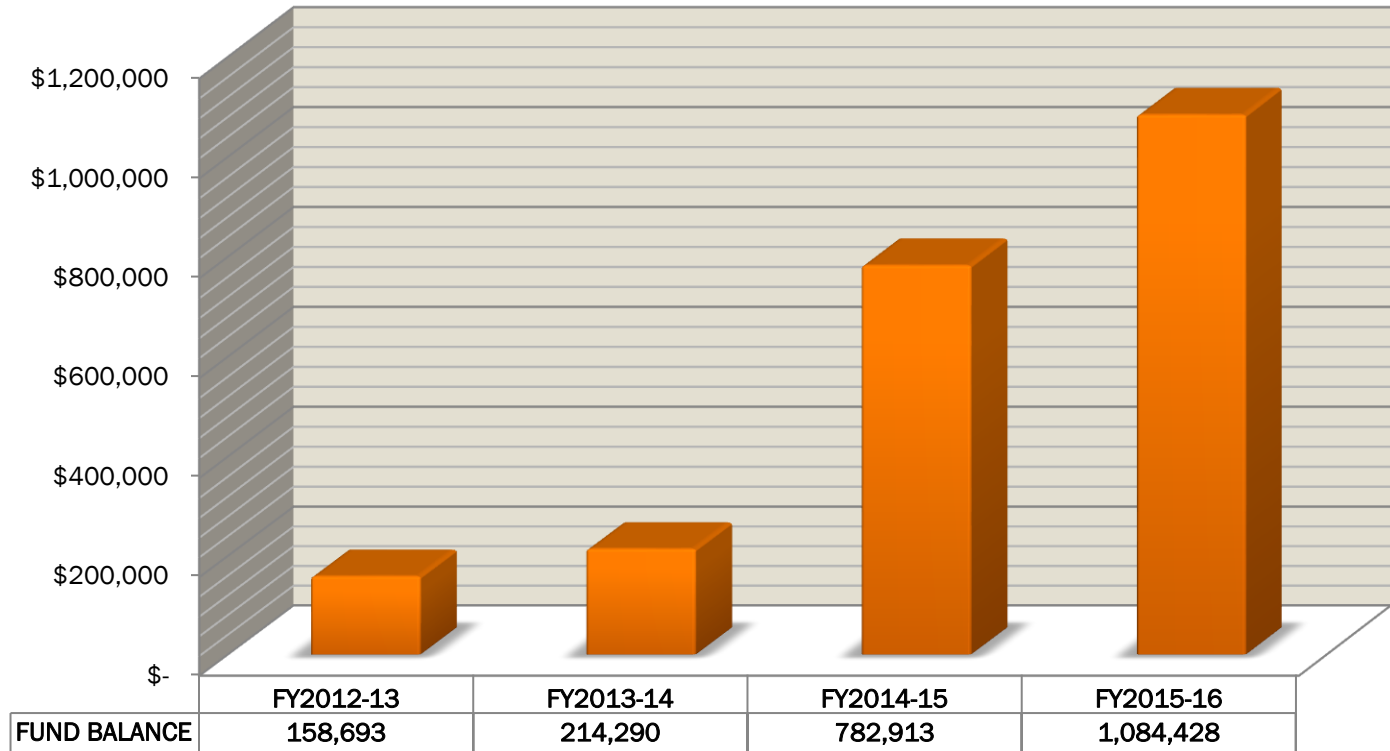
ACCOUNTING FOR EQUIPMENT REPLACEMENT FUND



ACCOUNTING FOR EQUIPMENT REPLACEMENT FUND

	FUND/DEPT.	BUDGET REVENUE/COST FY13-14	ACTUAL REVENUE/COST FY13-14	BUDGET REVENUE/COST FY14-15	ACTUAL REVENUE/COST FY14-15	ESTIMATED REPLACEMENT COST	LIFESPAN				
Enter Year:								FY2013-14 current	FY2014-15	FY2015-16	FY2016-17
1. Beginning Cash on Hand		182,309	238,820	306,930	306,930			238,820	324,362	777,190	802,790
2. Fund balance Transfers											
General Fund & Oil/Gas	GF - 01, O&G - 12	100,000	100,000	156,000	156,000			100,000	276,000	100,000	
General Fund & Oil/Gas LEGACY				226,000	226,000				106,000	106,000	106,000
Crime Control & Prev District	CCD - 18	100,000	100,000	75,000	75,000			100,000	75,000	75,000	75,000
Parks Development	PARKS - 04			18,000	18,000			0	18,000	0	
Storm Drain	SDU - 15	0	0	7,000	7,000			0	7,000		
Storm Drain LEGACY				26,000	26,000				26,000	26,000	26,000
Water & Sewer Fund	W&S - 40	0	0	100,000	100,000			0	100,000	75,000	
Water & Sewer Fund LEGACY				121,000	121,000				121,000	46,000	46,000
3. Total Transfers		200,000	200,000	729,000	729,000			200,000	729,000	428,000	253,000
Interest Income		500	511	500	500			500	500	500	500
Other Income											
4. Total Cash Available (1+3)		200,500	200,511	729,500	729,500			200,500	729,500	428,500	253,500
Fund Amort. Payments for Purchases											
General Fund/Oil Gas	GF - 01	11,300	11,300	74,300	74,300			11,300	74,330	74,330	74,330
Crime Control & Prev District	CCD - 18	27,000	27,000	36,000	36,000			27,000	36,000	36,000	36,000
Parks Development Fund	PDC - 04	0	0	2,300	2,300			0	2,300	2,300	2,300
Traffic Safety	TS - 28	4,060	4,060	4,060	4,060			4,060	4,060	4,060	4,060
Water & Sewer Fund	W&S - 40	25,000	25,000	37,000	37,000			25,000	36,900	42,500	42,500
Storm Drain	SDU - 15	85,000	85,000	43,000	43,000			85,000	43,300	1,300	1,300
3. Total Cash Receipts		352,860	352,871	926,160	926,160			352,860	926,390	160,490	160,490
4. Total Cash Available (1+3)		535,169	591,691	1,233,090	1,233,090			591,680	1,250,752	937,680	963,280
5. Equipment Purchases											
Tahoe - Admin	Police-CCD/Fund 18	40,000	38,612			45,000	5	9,000	9,000	9,000	9,000
Tahoe - Patrol	Police-CCD/Fund 18	40,000	41,601			45,000	5	9,000	9,000	9,000	9,000
Tahoe - K9	Police-CCD/Fund 18	40,000	33,472			45,000	5	9,000	9,000	9,000	9,000
Tahoe - Warrant Officer	Police-CCD/Fund 18			35,000	34,999	42,000	10	4,200	4,200	4,200	4,200
Suburban - Transport	Police-CCD/Fund 18			40,000	40,000	48,000	10	4,800	4,800	4,800	4,800
Ticketwriter Printers	Police - Traffic Safety	7,300	7,310			7,300	5	1,460	1,460	1,460	1,460
Mapping Station	Police - Traffic Safety	13,000	12,910			13,000	5	2,600	2,600	2,600	2,600
Security System - Linda Drive	PDC - Parks			11,000	11,000	13,000	10	1,300	1,300	1,300	1,300
Park Utility Vehicle	PDC - Parks			7,000	7,000	8,000	8	1,000	1,000	1,000	1,000
Meter Replacement PH I (60)	Utility/Fund 40	38,000	38,000			38,000	10	3,800	3,800	3,800	3,800
Meter Replacement PH II	Utility/Fund 40			100,000	100,000	120,000	10		12,000	12,000	12,000
Water Backhoe (2008)	Utility/Fund 40					175,000	10	17,500	17,500	17,500	17,500
Ford F150 Truck	Utility/Fund 40	36,000	35,576			36,000	10	3,600	3,600	3,600	3,600
Zero Turn Mower	Storm/Fund 15			7,000	7,000	7,800	6		1,300	1,300	1,300
Tandem Dump Truck (pay back)	Storm/Fund 15					90,000	10	9,000	9,000		
2012 Equipment Repl (pay back)	Storm/Fund 15					327,000		76,000	33,000		
Sign Replacement	GF/Public Works	16,000	10,774			16,600	5	3,320	3,320	3,320	3,320
Sign Replacement PH II	GF/Public Works			18,000	18,000	21,600	10		2,160	2,160	2,160
PW Vehicle	GF/Public Works			24,000	24,000	28,800	8		3,600	3,600	3,600
IT Computers - City wide	GF/All Depts			120,900	120,900	145,080	5		29,000	29,000	29,000
Plotter - Software signage	GF/Public Works	8,500	8,462			8,800	5	1,760	1,760	1,760	1,760
Bleacher Replacement	GF/Recreation	15,000	6,052			15,560	5	3,110	3,110	3,110	3,110
Rec Center - Cardio	GF/Recreation			20,000	20,000	24,000	5		4,800	4,800	4,800
Foster Village A/C Replacment	GF/Recreation	7,160	7,160			9,308	15				
Rec Center A/C Monitors (New)	GF/Recreation	2,720	2,720			3,536	15				
Rec Center A/C Repair (Ice damage)	GF/Recreation	6,900	6,865			37,557	15				
Fire Station A/C Repair(compressor)	GF/Fire	4,600	4,595			5,973	15				
Fire Breathing Apparatus	GF/Fire			43,000	43,000	51,600	15		3,440	3,440	3,440
Touch Panel	GF/IT	5,000	3,209			5,200	5	1,040	1,040	1,040	1,040
Municode	GF/City Secretary	10,000	10,000			10,500	5	2,100	2,100	2,100	2,100
Contingency A/C	GF Contingency	8,620		30,000	30,000						
Miscellaneous											
Total Cash O&M Expenses		298,800	267,318	455,900	455,899	1,444,214				134,890	134,890

ERF FUND BALANCE GROWTH – C.O.W.



SOURCES/POLICIES/EXAMPLES

http://gfoa.org/sites/default/files/GFR_DEC_09_59.pdf (purpose)

<http://www.knoxvilleia.gov/AgendaCenter/ViewFile/Item/481?fileID=482> (policy)

<http://www.government-fleet.com/article/story/2004/03/vehicle-replacement-policy-the-lifeline-of-government-fleet-management.aspx>

http://www.prairieduchien.info/MUNICIPALCODE/RESOLUTION_2013-12.pdf (resolution establishing fund)