

Motor Vehicle & Equipment Fund

The Motor Vehicle and Equipment Fund is an Internal Service Fund, that is, it is used to finance, administer and account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit on a cost reimbursement basis. The Motor Vehicle and Equipment Fund is used to account for vehicle and equipment maintenance and used on a rental type arrangement by the other various departments of the City.

Revenues: Motor Vehicle and Equipment Fund revenues are projected at \$580,813, \$78,016 (15.5%) higher than the current year's estimated actual, and \$376 (.06%) higher than the current year's budget.

Interest and Rents are budgeted at \$478,313, \$120,716 (33.75%) higher than the current year's estimated actual. This budgeted increase is the result of higher projected Major and Local Street Fund equipment rental revenues, which were down this fiscal year due to the mild snow fall we had this winter.

Other Revenues includes miscellaneous reimbursements for any workers' compensation refunds we may receive.

Other Financing Sources is budgeted at \$100,000 \$44,000 lower than the current year's budget and estimated actual. This revenue source is the General Fund's contribution towards vehicle loan payments and small equipment purchases.

Expenses: Motor Vehicle and Equipment Fund expenses are budgeted at \$799,581, \$26,761 (3.46%) higher than the current year's budget.

Operations and Maintenance is budgeted at \$673,077, \$30,540 (4.75%) higher than the current year's budget. Some of the reasons for the increase are the increase in pension contributions and health insurance increases for both the public works supervisor and employees. In addition, depreciation expense is expected to increase by approximately \$6,000.

At the recommendation of the auditors, Capital Outlay is adopted by memorandum only.

Debt Service is budgeted at \$110,036, \$4,247 (3.72%) lower than the current year's budget. Debt service includes current outstanding principal and interest payments, and estimated payments for new vehicles to be purchased during the 07-08 fiscal year.

Other Financing Uses is budgeted at \$16,468, \$468 higher than the current fiscal year and is this fund's transfer to the Health Insurance Fund for retiree's health insurance.

Retained Earnings: The estimated Retained Earnings for the Motor Vehicle and Equipment Fund at the end of fiscal 2006-07 is \$1,054,500, and \$835,732 at the end of fiscal year 2007-08, a decrease of \$218,768.

Future Fund Outlook: The future of the Motor Vehicle and Equipment is and will continue to be bleak unless an additional revenue source is found. Equipment rental income, along with the current transfers being made from the General Fund, are not enough to sustain this Fund. There is no quick or easy solution for the recovery of this fund.