



Major Equipment Replacement Fund

The Major Equipment Replacement Fund allows for the scheduled and emergency replacement of major operational equipment over \$5,000 in value. The Fund was operationalized in FY 2018 through General Fund Balance appropriations and replenished during the FY 2019 and FY 2020 budgets. Prior to this, the County funded replacement of capital equipment on an as-needed basis through either allocation of local tax funding in the General Fund or through mid-year use of General Fund balance.

Revenues, Expenditures, and Changes in Fund Balance¹

	FY 2018 Actual ²	FY 2019 Actual ³	FY 2020 Adopted	FY 2021 Proposed	FY 2022 Projected
Beginning Fund Balance	\$5,116,167	\$6,844,114	\$3,592,598	\$3,592,598	\$1,592,598
Revenues					
Transfer from The General Fund	\$6,800,000	\$4,000,000	\$4,000,000	\$2,000,000	\$4,000,000
Total – Revenues	\$6,800,000	\$4,000,000	\$4,000,000	\$2,000,000	\$4,000,000
Expenditures					
Planned Replacement	\$587,590	\$4,524,207	\$2,000,000	\$2,000,000	\$2,000,000
Unplanned/Emergency Repl.	0	1,000,000	1,000,000	1,000,000	1,000,000
Future Replacement Reserve	0	1,500,000	1,000,000	1,000,000	1,000,000
General Government	0	227,309	0	0	0
Transfer To The Capital Fund ⁴	4,484,463	0	0	0	0
Total – Expenditures	\$5,072,053	\$7,251,516	\$4,000,000	\$4,000,000	\$4,000,000
Estimated Ending Fund Balance	\$6,844,114	\$3,592,598	\$3,592,598	\$1,592,598	\$1,592,598

The FY 2021 Proposed Budget appropriates \$2,000,000 in local tax funding to the Major Equipment Replacement Fund to allow for replacement of select major equipment, and draws on existing fund balance for \$2,000,000. Planned replacement needs for FY 2021 are estimated at \$2,000,000.

Expenditures also include maintaining \$1,000,000 in contingency funds for unplanned or emergency replacement needs. The FY 2021 Proposed Budget also includes \$1,000,000 to add to a reserve for the fund to accommodate above-average expenditures that are projected to occur in future years. In addition, the fund maintains a year-end fund balance for other uses, such as funding the replacement of County equipment that has increased in value above the \$5,000 threshold.

For the FY 2021 Proposed Budget, planned expenditures are based on an asset replacement schedule developed by an independent consultant. The schedule identifies planned equipment replacements and the estimated cost for replacement over a 20-year period. Staff continually evaluates the asset replacement schedule to include additional assets and new equipment placed into service and will monitor and update funding and expenditure needs for the fund as more data becomes available.

¹ Sums may not equal due to rounding.

² Source: Loudoun County FY 2018 Comprehensive Annual Financial Report (CAFR).

³ Source: Loudoun County FY 2019 CAFR.

⁴ Transfers from the Major Equipment Replacement Fund to the Capital Fund provided for major equipment purchases associated with public radio systems, mobile radios, and self-contained breathing apparatus.