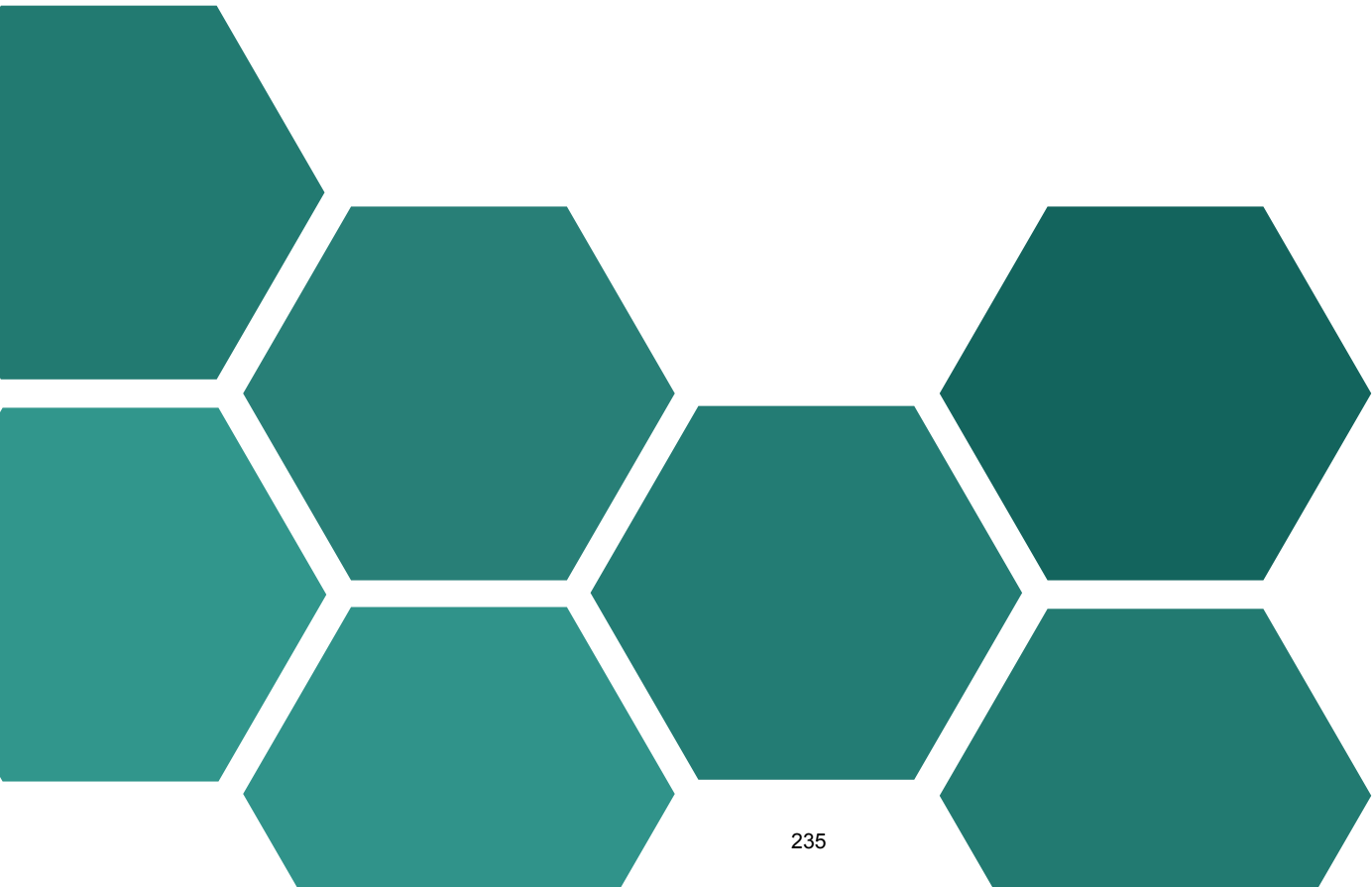


# INTERNAL SERVICE FUND





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# VEHICLE & EQUIPMENT REPLACEMENT PROGRAM - (VERP) FUND

The City establishes a schedule for the replacement of vehicles and large equipment in a sinking fund. To better plan for the future and level out significant increases in any one year's budget, a funding mechanism accumulates funds utilizing annual payments to the VERP Fund (03). The program calls for the setting aside of funds, on an amortized basis, to pay for expensive equipment that will require replacement in future years. In this way, budget hardships in any given year due to the need to replace a particular piece of expensive equipment can be avoided.

## VERP REPLACEMENT

Replacement funding is provided through an annual contribution by each department for the assets used by the department based on the estimated replacement cost and the life cycle. These payments are made to a dedicated fund. It is intended that the City use this method to purchase all of its vehicles, trucks, and heavy equipment replacements.

### **Basic Funding Assumptions:**

1. A fixed amount will be set aside each year for each replacement.
2. The balance set aside grows each year until the accumulated fund balance approximates the amount needed in the year for the replacement.

3. Budget approval by the Council, as part of annual budget adoption, is required before purchase from the VERP.
4. Surplus balances will be used to adjust the VERP contributions in subsequent years.
5. The replacement payment is calculated by factoring in the unit price as delivered, expected service life, residual value, and anticipated inflation to replace the original unit.

The fund balance for each VERP account is managed to ensure that the payments remain fairly level each year, with a positive fund balance.

### **Basic Guideline for Vehicle Replacement/Lifecycles**

Description of Vehicle	Avg. Replacement Cycle
Automobile (excluding police cars)	8 years
Automobile (police admin cars)	7 years
Automobile (patrol cars)	4 years
Pickup Trucks	8 years
Snow Plow Trucks & Equipment	5 years
Heavy Equipment	10 - 15 years

<b>VERP FUND (03)</b>	<b>2014-15 Actual</b>	<b>2015-16 Actual</b>	<b>2016-17 Adopted</b>	<b>2016-17 Projected</b>	<b>2017-18 Proposed</b>
<b>Fund Balance</b>					
<b>Beginning of Year</b>					
General	511,205	612,320	574,881	580,197	707,564
Enterprise	34,676	136,509	144,544	127,137	204,854
Parks and Recreation	82,708	109,021	148,004	148,004	192,957
<b>Revenue</b>					
Transfers In					
Administration	9,160	9,160	9,160	9,160	9,146
Community Development	9,994	11,704	9,047	9,047	9,046
Engineering	11,624	11,624	11,624	11,624	11,624
Emergency Management	3,936	3,936	3,936	3,936	3,936
Police	132,381	132,918	97,466	97,466	98,780
Streets	94,018	94,209	96,787	96,787	96,851
Water	55,958	49,411	49,411	49,411	49,175
Sewer	55,958	49,411	49,411	49,411	49,175
Parks	51,460	56,126	56,126	47,619	47,617
<b>Total Revenue - General</b>	<b>261,113</b>	<b>263,551</b>	<b>228,020</b>	<b>228,020</b>	<b>229,383</b>
<b>Total Revenue - Enterprise</b>	<b>111,916</b>	<b>98,822</b>	<b>98,822</b>	<b>98,822</b>	<b>98,350</b>
<b>Total Revenue - Parks and Recreation</b>	<b>51,460</b>	<b>56,126</b>	<b>56,126</b>	<b>47,619</b>	<b>47,617</b>
<b>Total Fund Bal &amp; Revenues - General</b>	<b>772,318</b>	<b>875,871</b>	<b>802,901</b>	<b>808,217</b>	<b>936,947</b>
<b>Total Fund Bal &amp; Revenues - Enterprise</b>	<b>146,592</b>	<b>235,331</b>	<b>243,366</b>	<b>225,959</b>	<b>303,204</b>
<b>Total Fund Bal &amp; Revenues - Parks/Recreation</b>	<b>134,168</b>	<b>165,147</b>	<b>204,130</b>	<b>195,623</b>	<b>240,574</b>
<b>Expenditures</b>					
Vehicle Payment					
Administration		-	17,970	17,311	17,500
1 ea. SUV					
Community Development		39,291	-	-	-
Engineering		-	-	-	-
Emergency Management			-	-	-
Police	159,998	138,909	92,382	83,341	57,060
2 ea. SUV's with equipment					
Streets		117,474	-	-	182,885
2 ea. Mowers,					
1 ea. F-550 flatbed w/dump					
1 ea. International 7300 w/ dump					
1 ea. F-350 4X4 Supercab					
Water/Sewer	10,083	108,194	23,813	21,105	111,459
1 ea. F-350					
1 ea. F-550 4X4 Supercab					
Parks and Recreation	25,147	17,143	19,271	2,667	13,518
1 ea. Mower					
1 ea. Overseeder					
<b>Total Expenditures - General</b>	<b>159,998</b>	<b>295,675</b>	<b>110,352</b>	<b>100,652</b>	<b>257,445</b>
<b>Total Expenditures - Enterprise</b>	<b>10,083</b>	<b>108,194</b>	<b>23,813</b>	<b>21,105</b>	<b>111,459</b>
<b>Total Expenditures - Parks and Recreation</b>	<b>25,147</b>	<b>17,143</b>	<b>19,271</b>	<b>2,667</b>	<b>13,518</b>
<b>Fund Balance - General</b>	<b>612,320</b>	<b>580,197</b>	<b>692,549</b>	<b>707,564</b>	<b>679,502</b>
<b>Fund Balance - Enterprise</b>	<b>136,509</b>	<b>127,137</b>	<b>219,553</b>	<b>204,854</b>	<b>191,745</b>
<b>Fund Balance - Parks and Recreation</b>	<b>109,021</b>	<b>148,004</b>	<b>184,859</b>	<b>192,957</b>	<b>227,056</b>

# RESTRICTED REVENUE FUND

The FY 2010 Budget established a Restricted Revenue Fund to account for and restrict funds that the City receives for a specific purpose but which might not be spent in that budget year.

The following revenue accounts have been established:

- Municipal Court Cash Bond Interest.
- Police Training Municipal Court Fee.
- 9-1-1 Distributions.
- Transfers from Other Funds.

## RESTRICTED EXPENDITURES

- Municipal Court Cash Bond Interest is revenue that comes from cash bonds received from defendants. These funds may be used by the Municipal Court department on items associated with the operation of the court.
- A police training fee is added to fines imposed by the municipal judge. Fees raised may be used only for police training.
- 9-1-1 Distribution funds were used for expenses associated with the upgrade, maintenance and enhancement of the 9-1-1 system. This revenue was eliminated when County voters passed a county-side sales tax for emergency communications in 2012.

### ***Transfers from the General Fund:***

- Funds amassed for a Dangerous Buildings Fund, to be used by the Community Development department to abate dangerous buildings that cannot be abated by any other means than City action. An amount of \$20,000 is being maintained in this account, with no contributions from the General Fund in FY 2018.
- The City's Growth Management Plan is updated every 5-10 years. When the update occurs, it is typically expensive. A transfer of \$10,000 per year is made from the General Fund to this fund to save for the cost of new update in the future. Following the approval of this budget the accumulated total will be \$60,000.
- This budget includes a transfer to the Restricted Revenue Fund to establish a sinking fund for a future compensation/class study. A transfer of \$10,000 per year is made from the General Fund to this fund to save for the cost of study in the future. Following the approval of this budget, the accumulated total will be \$20,000.
- This budget includes a transfer to the Restricted Revenue Fund of half the expected cost of the 2019 Citizen Survey. \$7,000 Following the approval of this budget the accumulated total will be \$7,000.

- This budget includes a transfer to the Restricted Revenue Fund to establish a sinking fund for a future comprehensive traffic study. A transfer of \$25,000 per year is made from the Transportation Fund to this fund to save for the cost of study in the future. Following the approval of this budget, the accumulated total will be \$25,000.

## SIGNIFICANT BUDGETARY ITEMS

1. It was budgeted in FY 2013 to spend the entirety of the funds collected from the Cass County 9-1-1 Tax, which has been discontinued, on replacement of equipment as part of the Police Department renovation that occurred in FY 2013. The renovation project came in under budget, leaving a balance of \$93,840 to start FY 2014. Communication expenses related to 9-1-1 will continue to be paid out of this fund until all funds have been exhausted. These expenses will then need to be covered by the General Fund. FY 2017 closed out those funds.
2. In FY 2015 the Council set aside \$483,000 to be transferred to the Capital Improvement Fund to provide additional assistance to the pavement management program. The remaining funds are to be transferred as follows: 2018 - \$150,000; 2019 - \$33,000

**RESTRICTED REVENUE FUND (04)**

	2014-15 Actual	2015-16 Actual	2016-17 Adopted	2016-17 Projected	2017-18 Proposed
<b>Fund Balance</b>					
<b>Beginning of Year</b>					
Court Cash Bond Interest	138	173	219	212	282
Police Training	12,534	5,816	14,992	6,342	684
911 Distribution	58,658	28,837	6,051	6,051	0
Transfer from Other Funds	1,198,250	2,192,760	629,185	611,939	378,577
<b>Revenue</b>					
Court Cash Bond Interest	35	39	46	70	70
Police Training	4,905	5,095	5,453	4,342	4,342
Interest Earnings	5,275	2,672	15,182	10,638	10,638
Transfer from Other Funds					
for Future GMP Update	10,000	10,000	10,000	10,000	10,000
for Strategic Plan	10,000	10,000			
for 2017 Citizen Survey	7,000	7,000			7,000
For Future Recreation Center/Civic Center	500,000	15,490			
for Future Comp/Class Study			10,000	10,000	10,000
For Pavement Management 2016-2019	483,000				
For Future Comprehensive Traffic Study					25,000
For Trees Board Arboretum			10,000	10,000	-
For Water District Issue		100,000	100,000	100,000	
<b>Total Revenue - Court Cash Bond Interest</b>	<b>35</b>	<b>39</b>	<b>46</b>	<b>70</b>	<b>70</b>
<b>Total Revenue - Police Training</b>	<b>4,905</b>	<b>5,095</b>	<b>5,453</b>	<b>4,342</b>	<b>4,342</b>
<b>Total Revenue - 911 Distribution</b>	<b>5,275</b>	<b>4,733</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Transfer from Other Funds</b>	<b>1,010,000</b>	<b>140,429</b>	<b>145,182</b>	<b>140,638</b>	<b>62,638</b>
<b>Total Fund Bal &amp; Revenues - Court Cash Bond Interest</b>	<b>173</b>	<b>212</b>	<b>265</b>	<b>282</b>	<b>352</b>
<b>Total Fund Bal &amp; Revenues - Police Training</b>	<b>17,439</b>	<b>10,911</b>	<b>20,445</b>	<b>10,684</b>	<b>5,026</b>
<b>Total Fund Bal &amp; Revenues - 911 Distribution</b>	<b>63,933</b>	<b>33,570</b>	<b>6,051</b>	<b>6,051</b>	<b>0</b>
<b>Total Fund Bal &amp; Revenues - Transfer from Other Funds</b>	<b>2,208,250</b>	<b>2,333,189</b>	<b>774,367</b>	<b>752,577</b>	<b>441,215</b>
<b>Expenditures</b>					
Court Cash Bond Interest					
Police Training					
7350-1010 Restricted PD Training	11,623	4,569	11,400	10,000	
911 Distribution					
6160-1100 911 Exp/communications	35,096	27,519	6,051	6,051	-
Transfer to General Fund - <a href="#">Citizen Survey</a>			14,000	14,000	
Transfer to the General Fund - <a href="#">Strategic Plan</a>		30,000			
Transfer to Transportation Fund - <a href="#">Pavement Management</a>		150,000	150,000	150,000	150,000
Transfer to Capital Improvement Fund	15,490	1,541,250			
Tree Board Arboretum			10,000	10,000	
Water District Issue - Legal			200,000	200,000	
<b>Total Expenditures - Court Cash Bond Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures - Police Training</b>	<b>11,623</b>	<b>4,569</b>	<b>11,400</b>	<b>10,000</b>	<b>-</b>
<b>Total Expenditures - 911 Distribution</b>	<b>35,096</b>	<b>27,519</b>	<b>6,051</b>	<b>6,051</b>	<b>-</b>
<b>Total Expenditures - Transfer to Other Funds</b>	<b>15,490</b>	<b>1,721,250</b>	<b>374,000</b>	<b>374,000</b>	<b>150,000</b>
<b>Fund Balance - Court Cash Bond Interest</b>	<b>173</b>	<b>212</b>	<b>265</b>	<b>282</b>	<b>352</b>
<b>Fund Balance - Police Training</b>	<b>5,816</b>	<b>6,342</b>	<b>9,045</b>	<b>684</b>	<b>5,026</b>
<b>Fund Balance - 911 Distribution</b>	<b>28,837</b>	<b>6,051</b>	<b>-</b>	<b>0</b>	<b>0</b>
<b>Fund Balance - Transfer - Other Funds</b>	<b>2,192,760</b>	<b>611,939</b>	<b>400,367</b>	<b>378,577</b>	<b>291,215</b>
<i>Note: Below is the breakdown of the Transfer from Other Funds:</i>					
<b>Fund Balance - Rolling total per subcategory</b>					
for Dangerous Building Abatement	20,000	20,000	20,000	20,000	20,000
for Future GMP Update	30,000	40,000	50,000	50,000	60,000
for Strategic Plan	20,000	-	-	-	-
for 2017 Citizen Survey	14,000	21,000	7,000	7,000	14,000
For Future Recreation Center/Civic Center	1,525,760	-	-	-	-
for Future Comp/Class Study	-	-	10,000	10,000	20,000
Other	-	(2,061)	30,367	8,577	19,215
for Special District Agreement	100,000	100,000	100,000	100,000	100,000
For Pavement Management 2016-2019	483,000	333,000	183,000	183,000	33,000
For Future Comprehensive Traffic Study	-	-	-	-	25,000
For Water District Issue	-	100,000	-	-	-
<b>Fund Balance - Transfer - Other Funds</b>	<b>2,192,760</b>	<b>611,939</b>	<b>400,367</b>	<b>378,577</b>	<b>291,215</b>

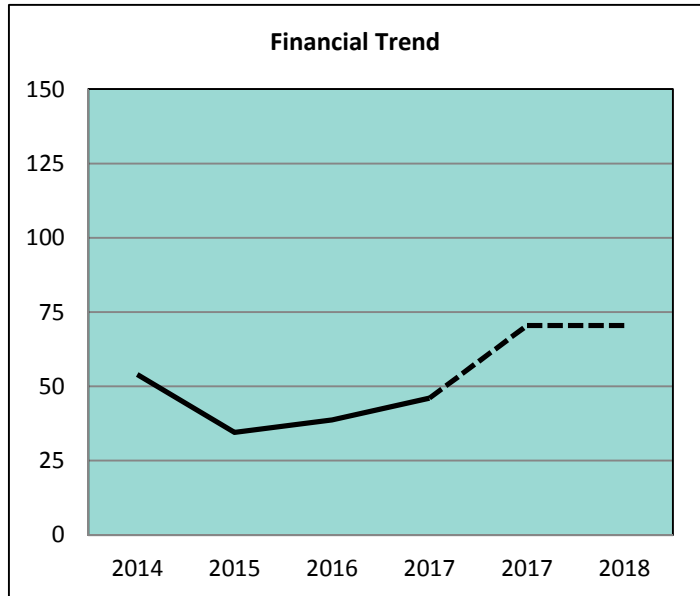
# Municipal Court Cash Bond Interest

<b>General Ledger Codes:</b>  <b>04-00-4251-0000</b>	<b>Legal Authority:</b>  <b>Municipal code: Section 130.290</b> <b>State Statute: 479 &amp; 483.312</b>
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## Revenue Description and Projection Rationale

**Municipal Court Cash Bond Interest** - The Court maintains a bank account for cash bonds received from defendants that earns interest monthly. The earnings from this account are available for the Court Clerk's discretionary spending.

Fiscal Year	Collection	Annual Percentage Change
2008 Actual	519	-60.15%
2009 Actual	9	-98.23%
2010 Actual	11	17.81%
2011 Actual	2	-78.34%
2012 Actual	19	694.47%
2013 Actual	63	234.87%
2014 Actual	54	-13.71%
2015 Actual	35	-36.00%
2016 Actual	39	12.11%
2017 Budget	46	18.83%
2017 Projected	70	53.13%
2018 Estimated	70	0.00%





# Police Training

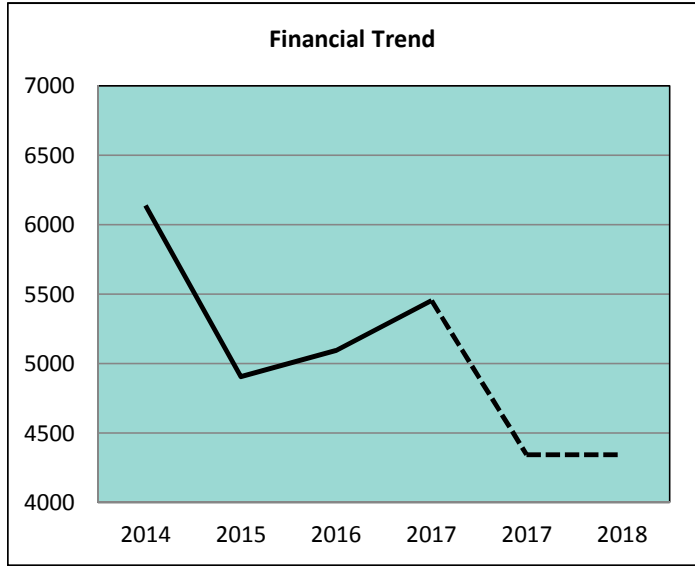
<b>General Ledger Codes:</b>  <b>04-00-4255-0000</b>	<b>Legal Authority:</b>  <b>Municipal Code: Section 130.290</b> <b>State Statute: Chapters 479 &amp; 483 &amp; 590</b>
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## Revenue Description

**Police Training Fees** - In addition to any fine that may be imposed by the municipal judge there are assessed costs in all cases a Police Training fee of \$2.00. This assists in providing additional funds for training of police officers.

This revenue source has been allocated to the Restricted Revenue Fund (04) since FY 2012.

Fiscal Year	Collection	Annual Percentage Change
2008 Actual	4,022	-8.76%
2009 Actual	5,338	32.72%
2010 Actual	4,065	-23.84%
2011 Actual	4,713	15.94%
2012 Actual	4,606	-2.28%
2013 Actual	6,396	38.86%
2014 Actual	6,138	-4.04%
2015 Actual	4,905	-20.08%
2016 Actual	5,095	3.86%
2017 Budget	5,453	7.03%
2017 Projected	4,342	-20.38%
2018 Estimated	4,342	0.00%



# Interest Revenue

<b>General Ledger Codes:</b> <p style="text-align: center;"><b>04-00-4350-0000</b></p>	<b>Legal Authority:</b> <p style="text-align: center;"><b>State Statute: Chapter 82</b></p>
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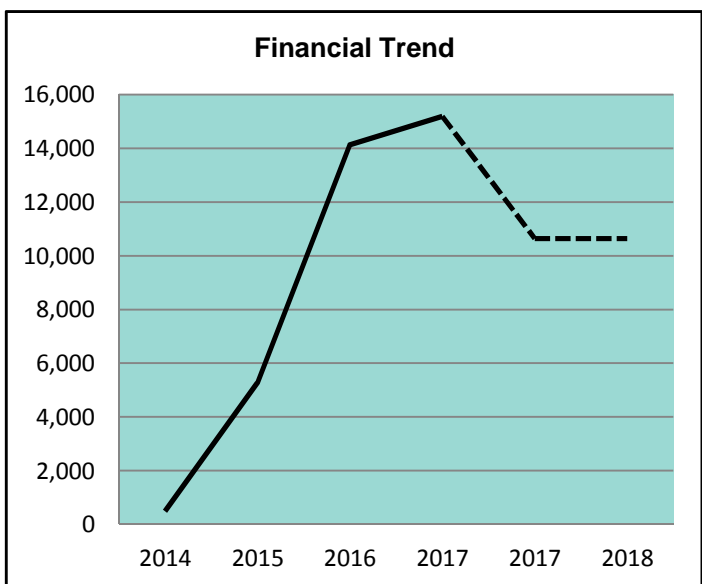
## Revenue Description

**Interest Revenue** - This account is used to record revenues associated with the City's return on investments of idle funds. FY16 revenues were estimated based on historical data and the assumption of no change in interest rates, however, interest rates have risen slightly throughout the year and continue to do so.

A large portion of the interest earnings in FY16 was allocated to the recreation center, as the majority of the earnings were associated with those funds.

FY18 revenues are based on current interest rates being earned.

Fiscal Year	Collection	Annual Percentage Change
2008 Actual	0	N/A
2009 Actual	0	N/A
2010 Actual	987	N/A
2011 Actual	1,467	48.72%
2012 Actual	922	-37.17%
2013 Actual	699	-24.14%
2014 Actual	494	-29.33%
2015 Actual	5,275	967.20%
2016 Actual	14,133	167.94%
2017 Budget	15,182	7.42%
2017 Projected	10,638	-29.93%
2018 Estimated	10,638	0.00%



# Transfers from General Fund

<b>General Ledger Codes:</b>	<b>Legal Authority:</b>
04-00-4901-0000	Municipal Code: n/a

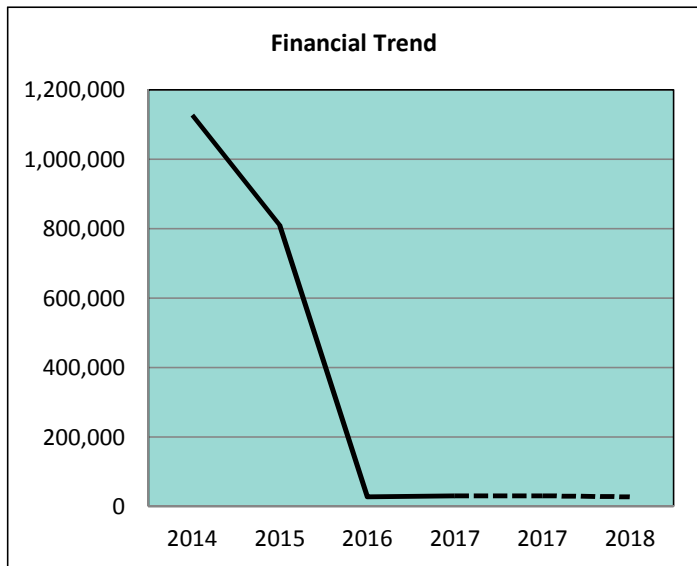
## Revenue Description

**Transfer from General Fund** - This is a transfer from the General Fund of the City to the Restricted Revenue Fund.

Funds are transferred from the General Fund in the following amounts for the following purposes in FY 2018:

* Growth Management Plan Sinking Fund:	\$10,000
* Future Comp/Class Study:	\$10,000
* Future Citizen Survey	<u>\$ 7,000</u>
	\$ 27,000

Fiscal Year	Collection	Annual Percentage Change
2008 Actual	0	N/A
2009 Actual	0	N/A
2010 Actual	115,814	N/A
2011 Actual	109,666	-5.31%
2012 Actual	0	-100.00%
2013 Actual	10,000	N/A
2014 Actual	1,127,000	11170.00%
2015 Actual	810,000	-28.13%
2016 Actual	27,000	-96.67%
2017 Budget	30,000	11.11%
2017 Projected	30,000	0.00%
2018 Estimated	27,000	-10.00%



# Transfers from Transportation Sales Tax Fund

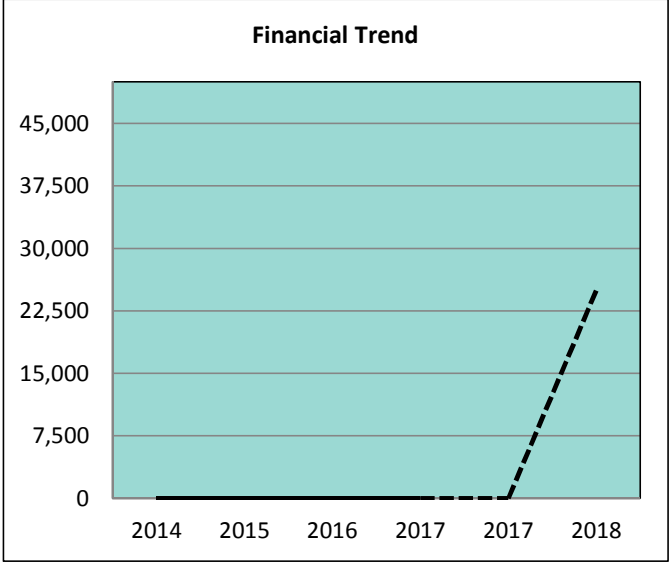
<b>General Ledger Codes:</b> 04-00-4936-0000	<b>Legal Authority:</b>  Municipal Code: n/a
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## Revenue Description

**Transfer from Transportation Sales Tax Fund** - This is a transfer from the Transportation Sales Tax Fund of the City to the Restricted Revenue Fund.

FY 2018 funds are transferred for a future comprehensive traffic study .

Fiscal Year	Collection	Annual Percentage Change
2008 Actual	0	N/A
2009 Actual	0	N/A
2010 Actual	0	N/A
2011 Actual	0	N/A
2012 Actual	0	N/A
2013 Actual	0	N/A
2014 Actual	0	N/A
2015 Actual	0	N/A
2016 Actual	0	N/A
2017 Budget	0	N/A
2017 Projected	0	N/A
2018 Estimated	25,000	N/a



# Transfers from Capital Improvement Sales Tax Fund

<b>General Ledger Codes:</b> <b>04-00-4945-0000</b>	<b><u>Legal Authority:</u></b>  <b>Municipal Code: n/a</b>
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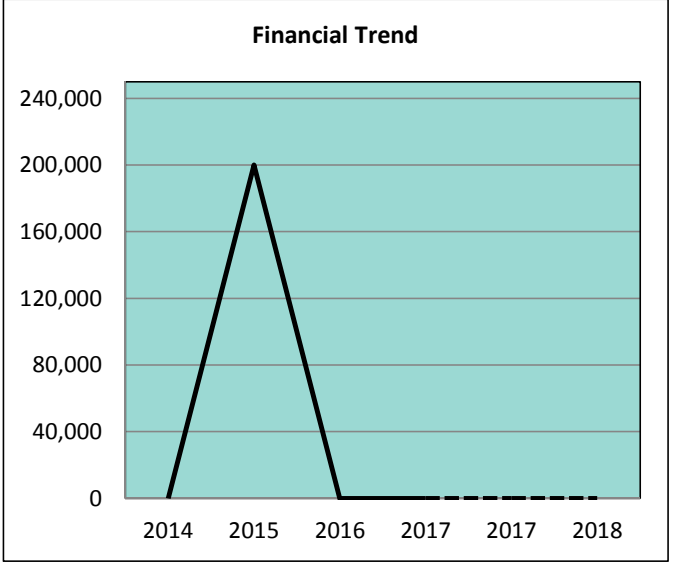
## Revenue Description

**Transfer from CIST Fund** - This is a transfer from the Capital Improvement Sales Tax Fund of the City to the Restricted Revenue Fund.

The FY 2015 funds were transferred from the CIST for a future civic center.

No transfers are budgeted for FY 2018 at this time.

Fiscal Year	Collection	Annual Percentage Change
2008 Actual	0	N/A
2009 Actual	0	N/A
2010 Actual	0	N/A
2011 Actual	0	N/A
2012 Actual	0	N/A
2013 Actual	0	N/A
2014 Actual	0	N/A
2015 Actual	200,000	N/A
2016 Actual	0	-100.00%
2017 Budget	0	N/A
2017 Projected	0	N/A
2018 Estimated	0	N/A



# Transfers from Enterprise Fund

<b>General Ledger Codes:</b> <b>04-00-4950-0000</b>	<b>Legal Authority:</b>  <b>Municipal Code: n/a</b>
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## Revenue Description

**Transfer from Enterprise Fund** - This is a transfer from the Enterprise Fund of the City to the Restricted Revenue Fund.

Funds are transferred from the Enterprise Fund to create a reserve of funds for a pending water district issue.

No transfers are budgeted for FY 2018 at this time.

Fiscal Year	Collection	Annual Percentage Change
2008 Actual	0	N/A
2009 Actual	0	N/A
2010 Actual	0	N/A
2011 Actual	0	N/A
2012 Actual	0	N/A
2013 Actual	0	N/A
2014 Actual	0	N/A
2015 Actual	0	N/A
2016 Actual	100,000	N/A
2017 Budget	100,000	0.00%
2017 Projected	100,000	0.00%
2018 Estimated	0	N/A

