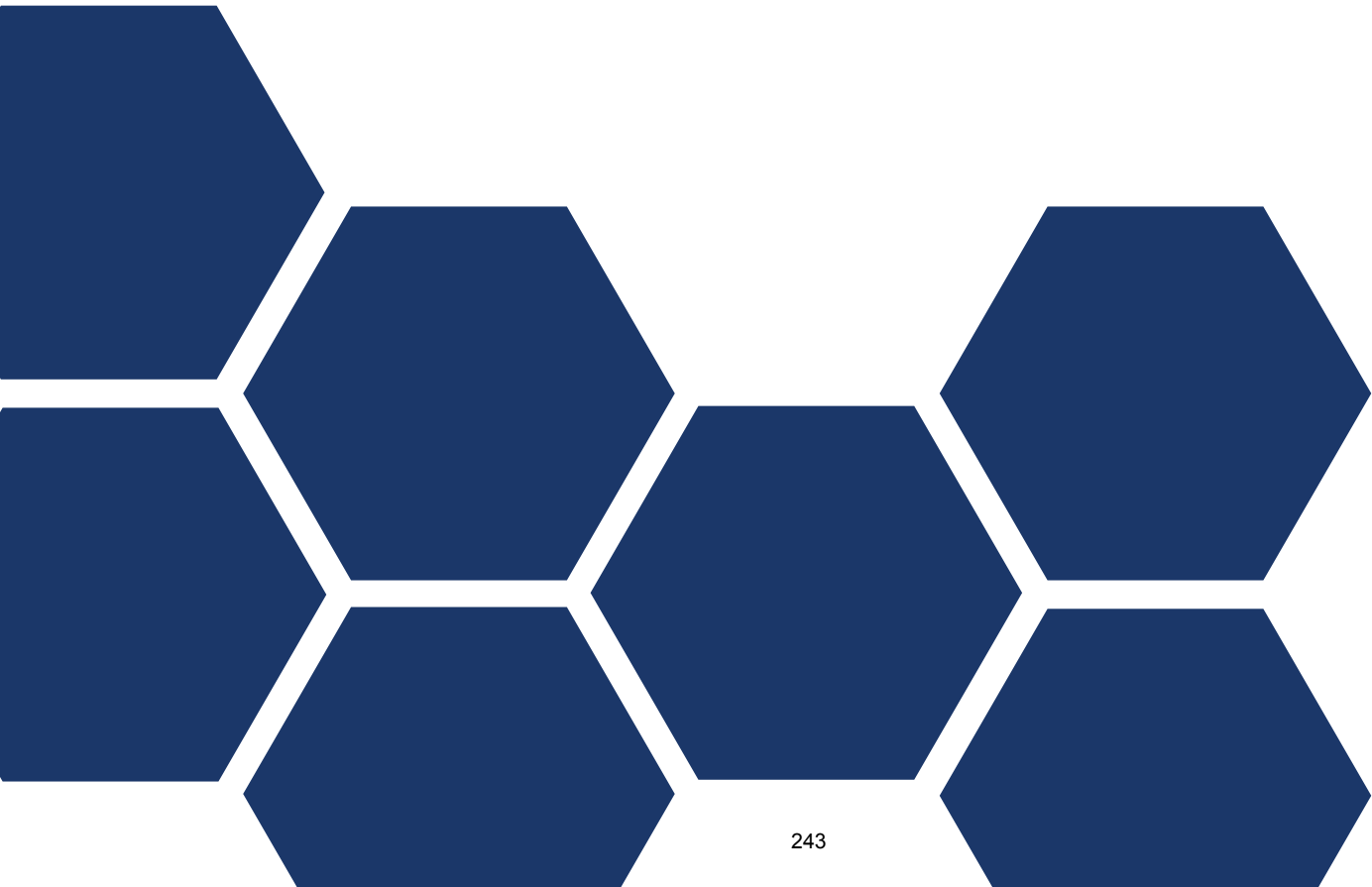


INTERNAL SERVICE FUND





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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)	9 years
Automobile (police admin cars)	8 years
Automobile (patrol cars)	4 years
Pickup Trucks	9 years
Snow Plow Trucks & Equipment	6 years
Heavy Equipment	11-16 years

VERP FUND (03)

	2015-16 Actual	2016-17 Actual	2017-18 Adopted	2017-18 Projected	2018-19 C.M. Proposed	2019-20 Forecast	2020-21 Forecast
Fund Balance							
Beginning of Year							
General	612,320	580,197	707,564	707,689	680,383	783,983	760,144
Enterprise	136,509	127,137	204,854	204,854	191,685	296,871	380,578
Parks and Recreation	109,021	148,004	192,957	192,956	227,055	271,720	178,084
Revenue							
Transfers In							
Administration	9,160	9,160	9,146	9,146	7,531	7,531	7,531
Community Development	11,704	9,047	9,046	9,046	7,759	8,334	8,334
Engineering	11,624	11,624	11,624	11,624	10,207	10,207	10,207
Emergency Management	3,936	3,936	3,936	3,936	3,637	3,637	3,637
Police	132,918	97,466	98,780	98,780	98,786	115,754	115,754
Streets	94,209	96,787	96,851	96,851	96,754	109,366	112,217
Water	49,411	49,411	49,145	49,145	52,593	59,093	60,309
Sewer	49,411	49,411	49,145	49,145	52,593	59,093	60,309
Parks	56,126	47,619	47,617	47,617	48,366	43,156	41,891
Total Revenue - General	263,551	228,020	229,383	229,383	224,674	254,829	257,680
Total Revenue - Enterprise	98,822	98,822	98,290	98,290	105,186	118,186	120,618
Total Revenue - Parks and Recreation	56,126	47,619	47,617	47,617	48,366	43,156	41,891
Total Fund Bal & Revenues - General	875,871	808,217	936,947	937,072	905,057	1,038,812	1,017,824
Total Fund Bal & Revenues - Enterprise	235,331	225,959	303,144	303,144	296,871	415,057	501,196
Total Fund Bal & Revenues - Parks/Recreation	165,147	195,623	240,574	240,573	275,421	314,876	219,975
Expenditures							
Vehicle Payment							
Administration	-	17,187	17,500	16,744	-	-	26,646
Community Development	39,291	-	-	-	-	-	23,043
Engineering	-	-	-	-	-	-	60,061
Emergency Management			-	-	-	-	-
Police	138,909	83,341	57,060	57,060	111,097	141,076	114,499
1 ea. Animal control utility vehicle							
3 ea. SUV.s with equipment							
Streets	117,474	-	182,885	182,885	9,977	137,592	139,716
1 ea. Stainless steel salt spreader							
Water/Sewer	108,194	21,105	111,459	111,459	-	34,479	29,304
Parks and Recreation	17,143	2,667	13,518	13,518	3,701	136,792	41,891
1 ea. Tiller							
Total Expenditures - General	295,675	100,528	257,445	256,689	121,074	278,668	363,965
Total Expenditures - Enterprise	108,194	21,105	111,459	111,459	-	34,479	29,304
Total Expenditures - Parks and Recreation	17,143	2,667	13,518	13,518	3,701	136,792	41,891
Fund Balance - General	580,197	707,689	679,502	680,383	783,983	760,144	653,859
Fund Balance - Enterprise	127,137	204,854	191,685	191,685	296,871	380,578	471,892
Fund Balance - Parks and Recreation	148,004	192,956	227,056	227,055	271,720	178,084	178,084

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.

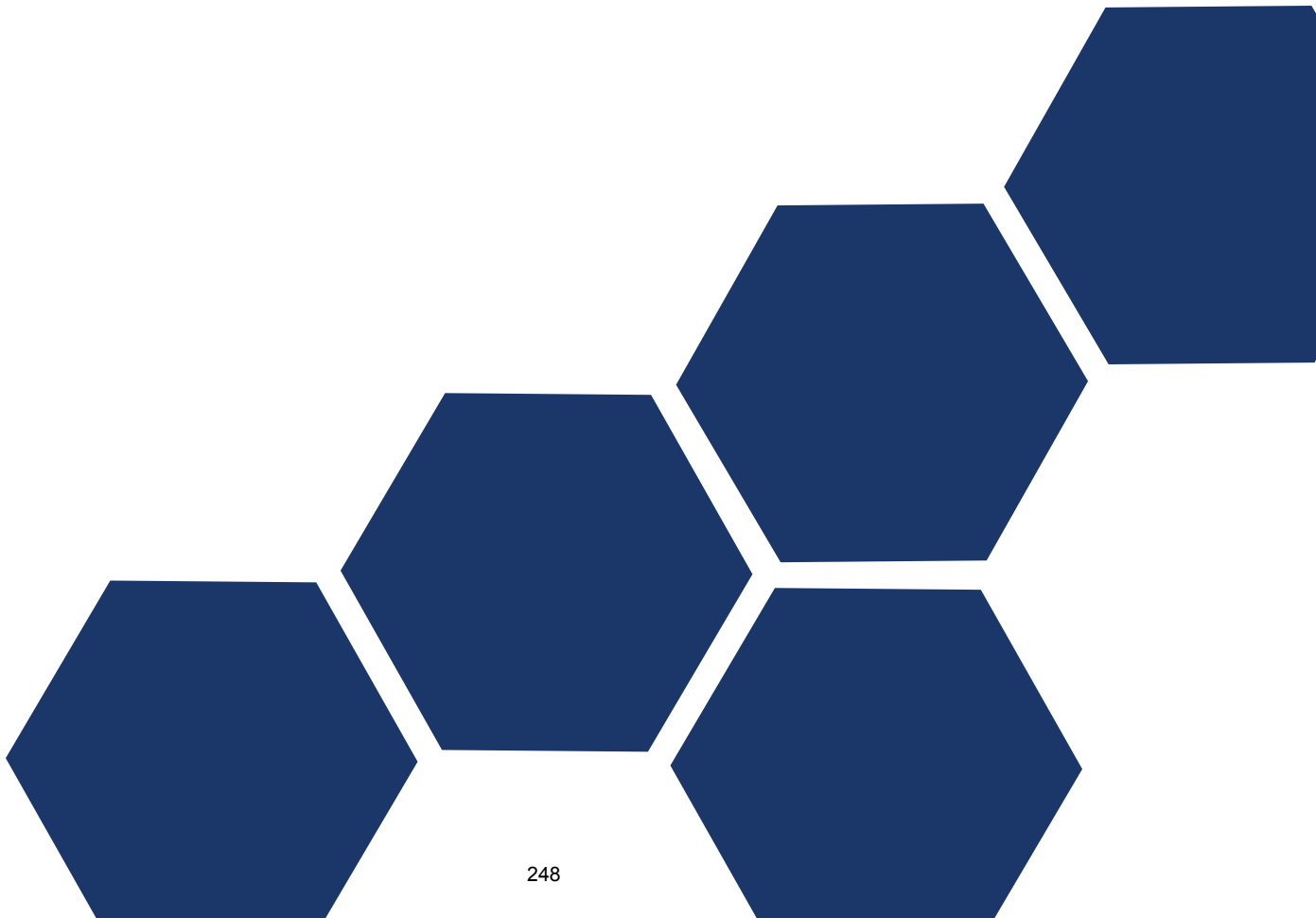
Transfers from the General Fund:

- 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 \$70,000.
- 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 \$30,000.
- 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 \$50,000.

SIGNIFICANT BUDGETARY ITEMS

1. 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.
2. Transfer to the General Fund for the ETC Citizen Survey. \$14,000



RESTRICTED REVENUE FUND (04)

	2015-16	2016-17	2017-18	2017-18	2018-19
	Actual	Actual	Adopted	Projected	C.M. Proposed
Fund Balance					
Beginning of Year					
Court Cash Bond Interest	173	212	282	287	383
Police Training	5,816	6,342	684	4,232	8,264
911 Distribution	28,837	6,051	-	0	0
Transfer from Other Funds	2,192,760	614,000	380,638	427,855	439,106
Revenue					
Court Cash Bond Interest	39	75	70	96	70
Police Training	5,095	4,167	4,342	4,033	4,033
Interest Earnings	2,672	12,314	10,638	19,251	15,233
Transfer from Other Funds					
for Future GMP Update	10,000	10,000	10,000	10,000	10,000
for Strategic Plan	10,000				
for 2017 Citizen Survey	7,000		7,000	7,000	7,000
For Future Recreation Center/Civic Center	15,490				
for Future Comp/Class Study		10,000	10,000	10,000	10,000
Other - insurance reimbursement		6,150			
For Future Comprehensive Traffic Study			25,000	25,000	25,000
For Trees Board Arboretum		10,000	-	-	-
For Water District Issue	100,000	100,000			
For Development Priming Initiative Phase I			25,000	25,000	-
For Annexation Efforts			75,000	75,000	-
Total Revenue - Court Cash Bond Interest	39	75	70	96	70
Total Revenue - Police Training	5,095	4,167	4,342	4,033	4,033
Total Revenue - 911 Distribution	4,733	-	-	-	-
Total Revenue - Transfer from Other Funds	142,490	148,464	162,638	171,251	67,233
Total Fund Bal & Revenues - Court Cash Bond Interest	212	287	352	383	452
Total Fund Bal & Revenues - Police Training	10,911	10,509	5,026	8,264	12,297
Total Fund Bal & Revenues - 911 Distribution	33,570	6,051	-	0	0
Total Fund Bal & Revenues - Transfer from Other Funds	2,335,250	762,464	543,276	599,106	506,339
Expenditures					
Court Cash Bond Interest	-	-	-	-	-
Police Training					
7350-1010 Restricted PD Training	4,569	6,277	-	-	5,000
911 Distribution					
6160-1100 911 Exp/communications	27,519	6,051	-	-	-
Dangerous Building Abatement Fund					
Transfer to General Fund - Citizen Survey		14,000			14,000
Transfer to the General Fund - Strategic Plan	30,000		-		
Transfer to Transportation Fund - Pavement Management	150,000	150,000	150,000	150,000	33,000
Transfer to Capital Improvement Fund	1,541,250	24,671	-	-	-
Tree Board Arboretum			-	10,000	-
Water District Issue - Legal		145,938	-	-	-
Total Expenditures - Court Cash Bond Interest	-	-	-	-	-
Total Expenditures - Police Training	4,569	6,277	-	-	5,000
Total Expenditures - 911 Distribution	27,519	6,051	-	-	-
Total Expenditures - Transfer to Other Funds	1,721,250	334,609	150,000	160,000	47,000
Fund Balance - Court Cash Bond Interest	212	287	352	383	452
Fund Balance - Police Training	6,342	4,232	5,026	8,264	7,297
Fund Balance - 911 Distribution	6,051	0	-	0	0
Fund Balance - Transfer - Other Funds	614,000	427,855	393,276	439,106	459,339
Revenue Over (under) expenditures	(1,600,981)	(194,231)	17,050	15,379	19,335
<i>Note: Below is the breakdown of the Transfer from Other Funds:</i>					
Fund Balance - Rolling total per subcategory					
for Dangerous Building Abatement	20,000	20,000	20,000	20,000	20,000
for Future GMP Update	40,000	50,000	60,000	60,000	70,000
for 2017 Citizen Survey	21,000	7,000	14,000	14,000	7,000
for Future Comp/Class Study	-	10,000	20,000	20,000	30,000
Other	-	3,793	14,431	13,044	28,277
for Special District Agreement	100,000	100,000	100,000	100,000	100,000
For Pavement Management 2016-2019	333,000	183,000	33,000	33,000	-
For Future Comprehensive Traffic Study	-	-	25,000	25,000	50,000
For Water District Issue	100,000	54,062	54,062	54,062	54,062
For Development Priming Initiative Phase I			25,000	25,000	25,000
For Annexation Efforts			75,000	75,000	75,000
Fund Balance - Transfer - Other Funds	614,000	427,855	440,493	439,106	459,339

Municipal Court Cash Bond Interest

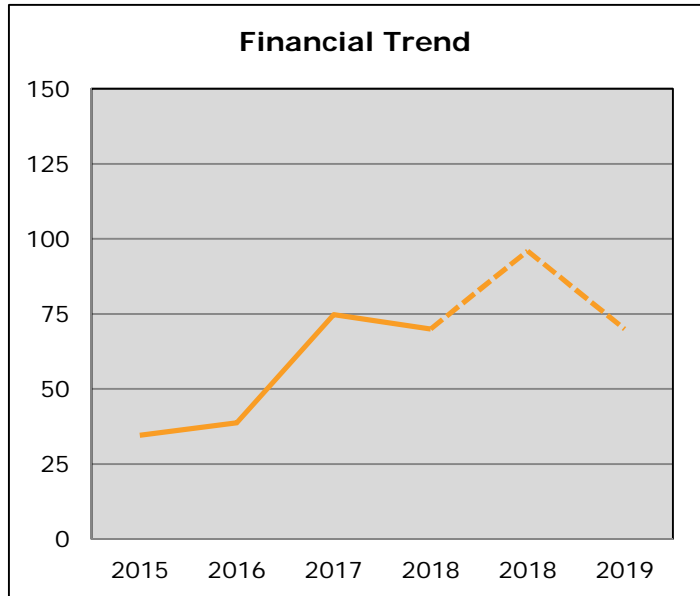
<p>General Ledger Codes:</p> <p>04-00-4251-0000</p>	<p><u>Legal Authority:</u> Municipal code: Section 130.290 State Statute: 479 & 483.312</p>
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Revenue Description

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.

.FY18 projected revenues are based on actual receipts through June with conservative estimated earnings for the remainder of the year. FY19 revenue is based on the average past three years.

Fiscal Year	Collection	Annual Percentage Change
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 Actual	75	93.00%
2018 Budget	70	-6.30%
2018 Projected	96	37.14%
2019 Estimated	70	-27.08%



Police Training

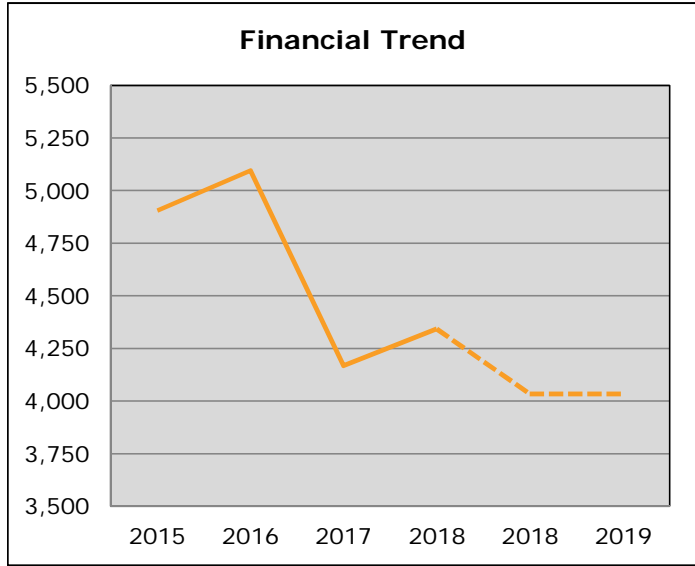
<p>General Ledger Codes:</p> <p>04-00-4255-0000</p>	<p><u>Legal Authority:</u> Municipal Code: Section 130.290 State Statute: Chapters 479 & 483 & 590</p>
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Revenue Description

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
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 Actual	4,167	-18.21%
2018 Budget	4,342	-14.78%
2018 Projected	4,033	-7.12%
2019 Estimated	4,033	0.00%



Interest Revenue

<p>General Ledger Codes: 04-00-4350-0000</p>	<p>Legal Authority: State Statute: Chapter 82</p>
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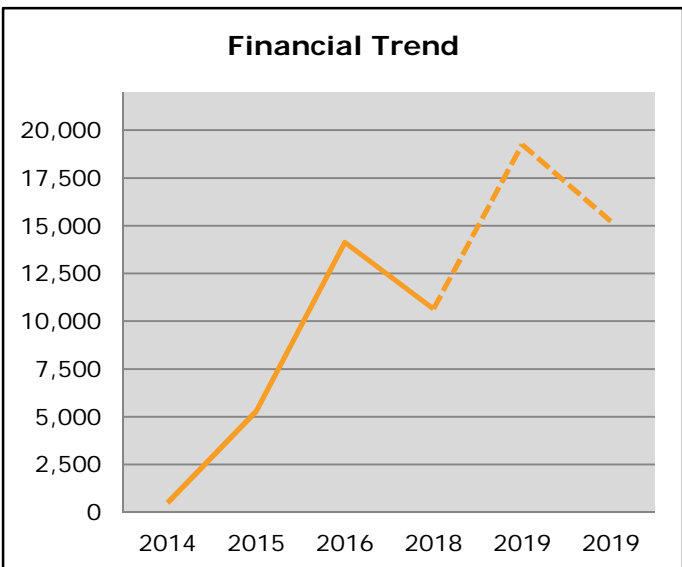
Revenue Description

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 were 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. FY19 estimated revenue is based on the average past three years.

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%
2018 Budget	10,638	-24.73%
2019 Projected	19,251	80.96%
2019 Estimated	15,233	-20.87%



Transfers from General Fund

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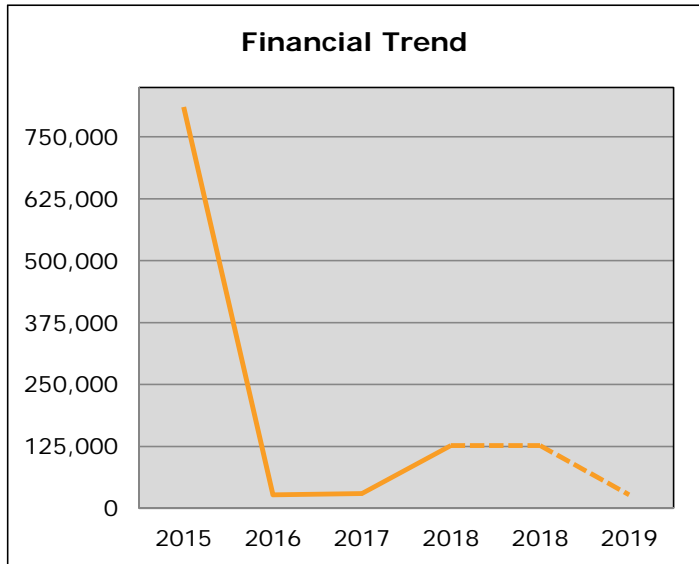
Revenue Description

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 2019:

* 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
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 Actual	30,000	11.11%
2018 Budget	127,000	323.33%
2018 Projected	127,000	0.00%
2019 Estimated	27,000	-78.74%



Transfers from Transportation Sales Tax Fund

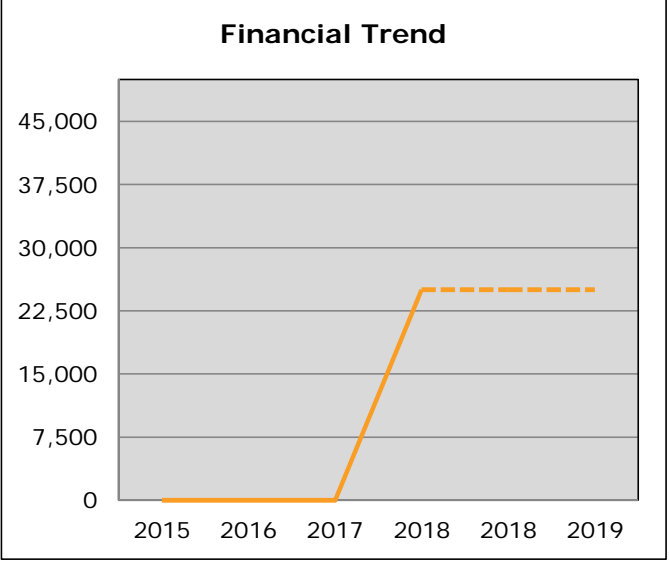
<p>General Ledger Codes: 04-00-4936-0000</p>	<p>Legal Authority: Municipal Code: n/a</p>
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Revenue Description

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 2019 funds are transferred for a future comprehensive traffic study .

Fiscal Year	Collection	Annual Percentage Change
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 Actual	0	N/A
2018 Budget	25,000	N/A
2018 Projected	25,000	0.00%
2019 Estimated	25,000	0.00%



Transfers from Enterprise Fund

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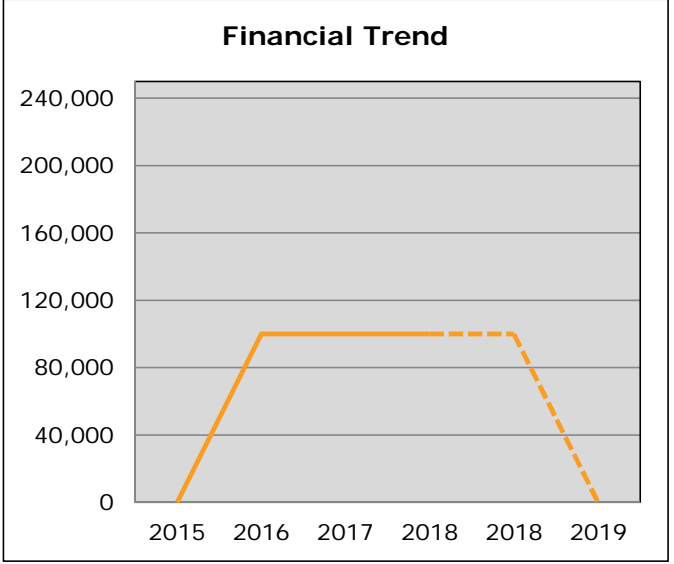
Revenue Description

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 2019 at this time.

Fiscal Year	Collection	Annual Percentage Change
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 Actual	100,000	0.00%
2018 Budget	100,000	0.00%
2018 Projected	100,000	0.00%
2019 Estimated	0	N/A





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