



2017 & 2018 PROPOSED BUDGETS SPECIAL REVENUE FUNDS

Police Special Revenue Funds

- **Fund 2700 - DWI Forfeiture**
- **Fund 2710 - Enhanced 911**
- **Fund 2720 - Drug Forfeiture**
- **Fund 2730 - Police Grant
Activity**
- **Fund 2800 - Pension
Residual Asset**

Police Special Revenue

These Special Revenue Funds are currently used as depositories for special grants, donations, or forfeiture monies related to law enforcement. Use of these funds is limited to specific purposes.

Fund 2700, DWI Forfeiture Fund

This fund accumulates proceeds from the sale of vehicles seized in DWI arrests and forfeited in accordance with Minnesota law and through court order. Minnesota law restricts the use of forfeiture funds for the enforcement, training and education relating to DWI offenses. The primary objective of this fund is to remove vehicles from chronic offenders. A secondary objective is to offset the internal costs of DWI enforcement. Legal costs for training and police costs for enforcement are accounted for here.

Revenues

Budgeted forfeiture revenues are \$50,000 for 2017 and 2018. The revenue budget for fines and forfeiture revenue is conservative due to the volatility of the revenue sources for this fund and the decrease in DWI arrests. Interest in 2017 & 2018 is budgeted at \$1,000.

Expenditures

Salary and benefit costs of City Police personnel directly involved in the disposal of seized vehicles are accounted for in this fund. Expenditures are split into three activities: Police, Legal and Seizure/Disposal expenses. Operating costs for prosecution training, enforcement, cost for towing and disposal of vehicles are budgeted at \$60,156 in 2017 and \$61,434 in 2018.

Working Capital

The working capital goal for this fund is \$64,000 in 2017 and \$65,000 in 2018. This reflects the anticipated amount that may be needed for emergency expenditures. Minnesota statutory restrictions require revenues in this fund be used only for those costs that are directly related to DWI enforcement and training. Working capital is budgeted at \$306,005 in 2017 and \$295,571 in 2018.

Recommendation

Staff recommends adoption of the 2017 City Manager's Proposed Budget and conceptual approval of the 2018 budget.

**DWI FORFEITURE - 2700
BUDGET SUMMARY - Total**

DESCRIPTION	2015 Actual	2016 Original Budget	2016 Revised Budget	2016 Projected	2017 Request	% Change 2016/2017	2018 Request	% Change 2017/2018
REVENUES								
INTEREST INCOME	1,647	550	550	1,000	1,000	81.8%	1,000	0.0%
FORFEITURE/FINES	59,750	65,000	65,000	34,000	50,000	-23.1%	50,000	0.0%
GRANTS	64,700	-	-	-	-		-	
TOTAL REVENUE	126,097	65,550	65,550	35,000	51,000	-22.2%	51,000	0.0%
EXPENDITURES								
SALARIES, WAGES, BENEFITS	-	8,000	8,000	-	8,000	0.0%	8,000	0.0%
MATERIALS, SUPPLIES, SERVICES	73,666	66,078	66,078	34,500	52,156	-21.1%	53,434	2.5%
CAPITAL OUTLAY	-	-	-	-	-	0.0%	-	0.0%
TOTAL EXPENDITURES	73,666	74,078	74,078	34,500	60,156	-18.8%	61,434	2.1%
NET GAIN (LOSS)	52,431	(8,528)	(8,528)	500	(9,156)		(10,434)	
WORKING CAPITAL BALANCE	314,661	306,133	306,133	315,161	306,005		295,571	
WORKING CAPITAL GOAL:								
EMERGENCY EXPENDITURES	31,000	28,000	28,000	12,000	24,000		25,000	
SQUAD CAR CAMERA REPLACE.	30,000	40,000	40,000	40,000	40,000		40,000	
TOTAL	61,000	68,000	68,000	52,000	64,000		65,000	

Fund 2710, Enhanced 911

This fund accounts for an annual communications grant that, by state law, is limited to purchase of 911 equipment upgrades and maintenance. The long-term objective for this fund is future replacement of dispatch consoles and equipment. In 2015, approximately \$384,000 was expended for remodeling and upgrading costs of the 911 consoles and workstations that were required for a 911 upgrade.

Revenues

The requested budget for 2017 is \$291,824 which includes State Grants, interest, and a transfer of \$180,000 from the Radio Fund for a required upgrade to the Viper Dispatch phone system. The requested budget for 2018 is \$111,824.

Expenditures

Operating expenditures are budgeted at \$75,414 in 2017 and \$77,667 in 2018 and will be used to offset expenses related to the operation of the 911 dispatch and communications center in the General Fund. Capital Outlay of \$206,000 is budgeted in 2017 to replace the Viper Dispatch phone system. From 2019-2023, \$45,000 each year will be transferred back to the Radio fund.

Working Capital

Working Capital is estimated to be \$18,994 at year end of 2017 and \$53,151 at the end of 2018. The working capital goal for both years is \$40,000; \$20,000 is for future replacement of dispatch equipment, \$20,000 is for Viper phone system equipment and repairs.

Recommendation

Staff recommends adoption of the 2017 City Manager's Proposed Budget and conceptual approval of the 2018 budget.

**ENHANCED 911 - FUND 2710
BUDGET SUMMARY**

DESCRIPTION	2015 Actual	2016 Original Budget	2016 Revised Budget	2016 Projected	2017 Request	% Change 2016/2017	2018 Request	% Change 2017/2018
REVENUES								
STATE GRANT	111,689	111,689	111,689	111,689	111,689	0.00%	111,689	0.00%
INTEREST INCOME	1,436	135	135	135	135	0.00%	135	0.00%
TRANSFERS IN	90,000				180,000			
TOTAL REVENUE	203,125	111,824	111,824	111,824	291,824	160.97%	111,824	-61.68%
EXPENDITURES								
MATERIALS, SUPPLIES, SERVICES	71,604	73,394	73,394	73,394	75,414	2.75%	77,667	2.99%
CAPITAL OUTLAY	384,521				206,000			-100.00%
TRANSFERS OUT		45,000	45,000	45,000	-	-100.00%		
TOTAL EXPENDITURES	456,125	118,394	118,394	118,394	281,414	137.69%	77,667	-72.40%
NET GAIN (LOSS)	(253,000)	(6,570)	(6,570)	(6,570)	10,410		34,157	
WORKING CAPITAL BALANCE	15,154	8,584	8,584	8,584	18,994		53,151	
WORKING CAPITAL GOAL:								
Major System Component	20,000	20,000	20,000	20,000	20,000		20,000	
Dispatch Viper Equipment	20,000	20,000	20,000	20,000	20,000		20,000	
TOTAL	40,000	40,000	40,000	40,000	40,000		40,000	

Fund 2720, Drug Forfeiture Fund

This fund accounts for proceeds from the sale of assets seized in drug related arrests and court ordered forfeitures. The funds must be spent for law enforcement purposes per Minnesota Statute. While budgeted, this function is dependent on drug enforcement activity, which doesn't easily lend itself to budget projections.

Revenues

The 2017 and 2018 revenue projection for forfeitures is budgeted at \$100,000 for each year. Interest revenue is budgeted at \$100 in 2017 and 2018.

Expenditures

Proposed expenditures are \$59,300 in 2017 and 2018. These expenditures are associated with the lease payments for the fitness facilities, and charges back to the general fund for police administration, special operations, and community response and enforcement.

Working Capital

Working capital is projected to be \$443,178 in 2017 and \$483,978 in 2018. The working capital goal for this fund is \$50,000 for emergency capital items each.

Recommendation

Staff recommends adoption of the 2017 City Manager's Proposed Budget and conceptual approval of the 2018 budget.

**DRUG FORFEITURE - 2720
BUDGET SUMMARY**

DESCRIPTION	2015 Actual	2016 Original Budget	2016 Revised Budget	2016 Projected	2017 Request	% Change 2016/2017	2018 Request	% Change 2017/2018
REVENUES								
INTEREST INCOME	105	100	100	100	100	0.00%	100	0.00%
FORFEITURE/FINES	203,832	100,000	100,000	130,000	100,000	0.00%	100,000	0.00%
TOTAL REVENUE	203,937	100,100	100,100	130,100	100,100	0.00%	100,100	0.00%
EXPENDITURES								
*MATERIALS, SUPPLIES, SERVICES	10,320	12,300	12,300	12,300	59,300	382.11%	59,300	0.00%
OPERATING TRANSFER OUT								0.00%
CAPITAL OUTLAY								
TOTAL EXPENDITURES	10,320	12,300	12,300	12,300	59,300	382.11%	59,300	0.00%
NET GAIN (LOSS)	193,617	87,800	87,800	117,800	40,800	-53.53%	40,800	-65.37%
WORKING CAPITAL BALANCE	284,578	372,378	372,378	402,378	443,178		483,978	
WORKING CAPITAL GOAL:								
EMERGENCY EXPENDITURES	50,000	50,000	50,000	50,000	50,000		50,000	
TOTAL	50,000	50,000	50,000	50,000	50,000		50,000	

Fund 2730, Police Grant Activity Fund

This fund accounts for proceeds from state and federal grants used for law enforcement purposes. These grants were moved out of the General Fund starting in 2004 to facilitate tracking through the usual multi-year periods of individual grants. Separate activities were created to follow grants for the Bomb Squad, Local Law Enforcement Community Block Grant, Auto Theft Prevention, and Supplemental Initiatives. Police donations and related expenditures toward activities such as National Night Out and the Canine Unit are also recorded in this fund.

Current Grants	Dates	Awarding Entity	Reward Amount
Bomb Squad	1/1/16 – 12/31/16	Federal Government	\$65,000
Local Law Enforcement Block Grant	10/1/15 - 9/30/18 10/1/16 – 9/30/19	Federal Government	\$14,900 \$16,921
Auto Theft	7/1/15 - 6/30/17	State Government	\$107,196
Supplemental Initiatives – Toward Zero Deaths	10/1/15 - 9/30/16	State Government	\$57,405

Revenues & Expenditures

The only revenues and expenditures budgeted in this fund are for \$214 in 2017 and \$235 in 2018 for National Night Out donations and expenditures.

Budgets for both grant and donation revenues and expenditures will be brought separately to the City Council at the time that the grant is awarded or donation is received. All expenditures in this fund are reimbursed through a grant or spent from a donation.

Working Capital

Any working capital that appears is a product of expenditures that have not been reimbursed yet. There is no working capital goal for this fund.

Recommendation

Staff recommends adoption of the 2017 City Manager's Proposed Budget and conceptual approval of the 2018 budget.

**POLICE GRANTS AND PROJECTS - 2730
BUDGET SUMMARY - Total**

DESCRIPTION	2015 Actual	2016 Original Budget	2016 Revised Budget	2016 Projected	2017 Request	% Change 2016/2017	2018 Request	% Change 2017/2018
REVENUES								
BOMB SQUAD	34,741	51,000	144,500	70,510	-	-100.0%	-	0.0%
COMMUNITY BLOCK GRANT	-	14,900	31,821	2,054	-	-100.0%	-	0.0%
AUTO THEFT	99,628	71,698	71,698	81,228	-	-100.0%	-	0.0%
SUPPLEMENTAL INITIATIVES	61,041	80,000	80,000	31,000	-	-100.0%	-	0.0%
SPECIAL PROJECTS/DONATIONS	31,748	50,000	75,807	75,579	214	-99.6%	235	9.8%
TOTAL REVENUE	227,158	267,598	403,826	260,371	214	-99.9%	235	9.8%
EXPENDITURES								
BOMB SQUAD	34,860	51,000	144,500	70,391	-	-100.0%	-	0.0%
COMMUNITY BLOCK GRANT	-	14,900	31,821	2,054	-	-100.0%	-	0.0%
AUTO THEFT	98,150	71,698	81,228	34,967	-	-100.0%	-	0.0%
SUPPLEMENTAL INITIATIVES	45,976	80,000	80,000	46,065	-	-100.0%	-	0.0%
SPECIAL PROJECTS/DONATIONS	31,748	50,000	75,807	75,579	214	-99.6%	235	9.8%
TOTAL EXPENDITURES	210,733	267,598	413,356	229,056	214	-99.9%	235	9.8%
NET GAIN (LOSS)	16,425	-	(9,530)	31,315	-		-	
WORKING CAPITAL BALANCE	(31,315)	(31,315)	(40,845)	(0)	(0)		(0)	

Fund 2800 - Public Safety Pensions

The Public Safety Pensions fund is comprised of two activities - the "Fire Pension Obligation" and the "Police Pension Residual Asset."

Fire Pension Obligation

The "Fire Pension Obligation" activity was established in 2004 for designated fire pension obligation funds. Each year, as of December 31, an independent actuary calculates the potential fire pension liability due two years in the future. The actuary will review the financial activities of the Bloomington Fire Department Relief Association (BFDRA) as of December 31, 2016. The report will be finalized in the spring of 2017 for the contribution payable in 2018. The annual fire pension obligation is impacted by market volatility.

Fire Pension Revenues

Fire Pension revenue is received from State Aid, City property tax levy (when approved), and interest on the fund balance attributed to the fire pension. In 2010, the City's contribution was funded with the sale of taxable pension bonds. The City paid off those bonds in 2016. In 2016, a tax levy of \$500,000 was approved for the fire pension. The 2017 and 2018 State Aid contribution is budgeted at \$512,132. Interest earnings of \$14,979 are budgeted for 2017 and \$22,351 for 2018. Proposed tax levy is budgeted at \$750,000 in 2017 and \$1,000,000 in 2018. Transfers in from the Strategic Priorities fund are budgeted at \$1,094,000 for 2017 and \$1,000,000 for 2018 to meet the expected expenditure for the City's pension obligation.

Fire Pension Expenditures

Required pension contributions are funded with tax levy, state aid, positive performance from the General Fund, and cash balances in the fund. The total actuarial liability due for 2017 is \$1,633,873. Expenditures are budgeted at \$2,000,000 in 2018. However, the actual 2018 required contribution amount will not be known until March of 2017.

Working Capital

Working capital needs in the future will depend on how well the Fire Pension's investment portfolio performs. At the end of 2016, a working capital balance of \$1,497,883 is projected. In 2017, a balance of \$2,235,120 is projected and in 2018, a balance of \$2,769,604 is projected.

Police Pension Residual Asset

The Pension Residual Asset Fund was established in 1999 to account for the reimbursement of residual assets that were realized from the merger of the local police consolidation account with the Public Employees Police and Fire Retirement Fund.

Police Pension Revenues

The only revenue generated in this activity is from interest earnings on the balance of the residual pension asset that remains in the fund. Planned transfers to defray Police expenses in the General Fund will decrease the working capital in this activity, reducing interest earnings in succeeding years. Based on the projected balances of the police portion of this fund, the recommended budget for interest earnings is \$1,303 for 2017 and \$631 for 2018.

Police Pension Expenditures

In 2001, Council approved a plan to expend the remaining proceeds of the activity over a 19-year period. At that time, Council identified four major initiatives for the use of these funds: (1) The Police portion of the new City Hall/Police facility; (2) supplementing the City's contribution towards a new regional public safety training facility; (3) an annual transfer to the General Fund to defray Police costs on a decreasing schedule (see attached); and (4) to implement heightened security by temporarily increasing the number of police officers by four. Funding was reduced in 2008 to support three officers and phased out by 2011 with no funding for these officers.

According to the revised plan (see attached), in 2017 \$93,982 is scheduled as a transfer to the General Fund and in 2018 \$0 is scheduled as a transfer. In 2017 and 2018 \$30,500 is scheduled as a transfer to the Insured Benefits Fund for insurance for disabled police officers. This revised plan spends down the balance in this fund one year earlier than the original 19 year plan.

Working Capital

The working capital goal for this activity is \$0 by year-end 2018. The working capital will be expended over the next two years based on the plan adopted by the Council. In order to fund the continuation of the phased spend-down plan, a working capital goal of \$29,869 in 2017 is recommended.

Recommendation

Staff recommends adoption of the 2017 City Manager's Proposed Budget and conceptual approval of the 2018 budget.

PUBLIC SAFETY PENSION FUND - 2800
BUDGET SUMMARY

	2015	2016	2016	2016	2017	2018
DESCRIPTION	Actual	Original Budget	Revised Budget	Projected	Budget	Budget
FIRE PENSION						
REVENUES						
Property Tax	0	500,000	500,000	500,000	750,000	1,000,000
Interest Income	17,405	6,815	6,815	8,725	14,979	22,351
State Aid	540,186	512,132	512,132	512,132	512,132	512,132
Operating Transfers In	1,313,567	1,000,000	1,000,000	1,000,000	1,094,000	1,000,000
Bond Proceeds						
TOTAL REVENUE	1,871,158	2,018,947	2,018,947	2,020,857	2,371,111	2,534,483
EXPENDITURES						
Salaries & Benefits	1,715,281	1,057,350	1,057,350	1,469,482	1,633,873	2,000,000
TOTAL EXPENDITURES	1,715,281	1,057,350	1,057,350	1,469,482	1,633,873	2,000,000
NET GAIN (LOSS)	155,877	961,597	961,597	551,375	737,238	534,483
WORKING CAPITAL BALANCE	946,508	1,908,105	1,908,105	1,497,883	2,235,120	2,769,603
WORKING CAPITAL GOAL	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	2,000,000

POLICE PENSION						
REVENUES						
Pension Proceeds						
Interest Income						
Other Revenue	4,683	1,910	1,910	1,910	1,303	631
TOTAL REVENUE	4,683	1,910	1,910	1,910	1,303	631
EXPENDITURES						
Salaries & Benefits	-	-	-	-	-	-
Materials, Supplies, Services	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
General Fund Police Defrayment	108,000	73,000	73,000	73,000	93,982	-
Police Capital Equipment		-	-	-	-	-
Police Facility Replacement Transfer		-	-	-	-	-
Transfers to Insured Benefits Fund	30,504	30,500	30,500	30,500	30,500	30,500
TOTAL EXPENDITURES	138,504	103,500	103,500	103,500	124,482	30,500
NET GAIN (LOSS)	(133,821)	(101,590)	(101,590)	(101,590)	(123,179)	(29,869)
WORKING CAPITAL BALANCE	254,638	153,048	153,048	153,048	29,869	(0)
WORKING CAPITAL GOAL	254,638	153,048	153,048	153,048	29,869	(0)

TOTAL PENSION FUND						
TOTAL REVENUE	1,875,841	2,020,857	2,020,857	2,022,767	2,372,414	2,535,114
TOTAL EXPENDITURES	1,853,785	1,160,850	1,160,850	1,572,982	1,758,355	2,030,500
NET GAIN (LOSS)	22,056	860,007	860,007	449,785	614,059	504,614
WORKING CAPITAL BALANCE	1,201,145	2,061,152	2,061,152	1,650,930	2,264,989	2,769,603
WORKING CAPITAL GOAL	1,754,638	1,653,048	1,653,048	1,653,048	1,529,869	2,000,000

**Pension Residual Asset Fund
Phased Spend-down Plan With Funding for 4 Additional Police Officers**

Assumes Latest estimate for police costs, training facility, reserves available for other capital

Year	Interest Earnings	Police Admin Facility	Public Works Storage Facility	Police Training Facility	Heightened Alert (4 Add'l Officers)	LTD for Police Officers	Correction for overspending in GF	General Fund & Equip Defrayment	Total Fund Expenditures	Fund Balance
1999	\$ -	\$ -						\$ -	\$ -	\$ 26,312,010
2000	2,041,548	(5,500,000)						(593,164)	(6,093,164)	22,260,394
2001	1,448,503	(1,112,925)						(650,000)	(1,762,925)	21,945,972
2002	658,339	(8,659,500)		(1,077,878)	(111,500)			(700,000)	(10,548,878)	12,055,433
2003	154,206	(4,668,453)			(14,517)			(700,000)	(5,382,970)	6,826,669
2004	99,849	-			(25,000)			(650,000)	(675,000)	6,251,518
2005	139,218	(604,081)	(449,089)		(75,992)			(620,000)	(1,749,162)	4,641,574
2006	211,301	-			(389,401)	(16,062)		(615,002)	(1,020,465)	3,832,410
2007	194,203	-			(321,407)	(25,592)	(206,735)	(530,000)	(1,083,734)	2,941,352
2008	143,923	-			(240,000)	(28,246)		(478,000)	(746,246)	2,339,029
2009	49,058	-			(160,000)	(29,000)	67,381	(423,000)	(544,619)	1,843,468
2010	34,597	-			(80,000)	(30,000)		(368,000)	(478,000)	1,400,065
2011	14,547	-			-	(31,000)		(313,000)	(344,000)	1,070,612
2012	18,133	-			-	(31,000)		(258,000)	(289,000)	799,745
2013	2,031	-			-	(30,500)		(203,004)	(233,504)	568,272
2014	4,187	-			-	(30,500)		(153,500)	(184,000)	388,459
2015	4,683	-			-	(30,504)		(108,000)	(138,504)	254,638
2016	1,910 *	-			-	(30,500)		(73,000)	(103,500)	153,048
2017	1,303 *	-			-	(30,500)		(93,982)	(124,482)	29,869
2018	631 *	-			-	(30,500)		-	(30,500)	-
2019	-	-			-	-		-	-	-
2020	-	-			-	-		-	-	-
2021	-	-			-	-		-	-	-
		(20,544,959)	(449,089)	(1,077,878)	(1,417,817)	(373,904)		(7,529,652)	(31,532,653)	

* estimate