

Sustainable Financial Plan

FY 2014-15 – FY 2025-26

March 18, 2014

“Plans are nothing; planning is everything.”

Dwight D. Eisenhower

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Executive Summary

This Plan specifically addresses the 2014 Balanced Budget Plan goal of the City Council and provides for important longer term City goals such as to provide a sustainable financial future for the City and its residents; balance the need for quality services and for quality facilities in both the short and long term; allow for flexibility and for modification as changing time and circumstances demand; keep financial planning realistic based upon solid facts and reasonable assumptions; and, be transparent and understandable. The Plan also exists within the context of the City's Vision Statement.

Given the eleven year planning period (upcoming fiscal year plus ten additional years), the Plan should also be viewed in the context of the inherent limitations of projections that far into the future. Recent history is an excellent example of circumstances that would not have been foreseen eleven years ago. Projections have generally been based on averages and therefore individual years will vary based on economic ups and downs as well as other factors. Where known differences from historic averages are known, they have been accounted for in the projections shown.

As with any strategic planning effort, it is important to identify opportunities and challenges within the environment the City must operate in, as well as the assets and liabilities the City has in meeting these opportunities and challenges. The report details both the City's and the environment's most important factors including a small, stable residential base, overall excellent infrastructure, low crime, small tax base, largely built out community, significant freeway frontage and excellent regional location, aging housing stock, small and responsive City organization, and fiscal challenges such as rising pension costs.

This Plan relies on several financial principles. One is to be revenue based, meaning the planning begins with known resources rather than known demands on those resources. Another is to base projections on actual experience together with assumed changes impacting that experience and to ensure all known impacts are identified so as to be as transparent as possible regarding total longer term needs. One of the most important principles is that one time money be identified and used only for one-time needs and this is also documented in the General Fund Ongoing and One-Time Revenue Sustainability Policy which is included as an attachment to this report. Other assumptions made regarding revenue include full future funding of internal service fund needs through allocations, the addition of billboard revenue and lease revenue from the 5410 La Palma property within the planning period, periodic adjustments to utility rates would continue as needed to fund those enterprise operations and capital needs, and adequate transfers will occur from ongoing General Fund revenue to fund all identified capital improvements in the planning period while maintaining the target fund balance in the COR Fund at the end of that period.

The Plan also implements a number of fund structure changes, including changes to the Reserves Policy. These are designed to maintain adequate reserves while simplifying structure, improving transparency, and providing for priority needs such as the establishment of an Economic Development Fund to provide resources for revenue diversification and improvement as well as building community wealth. The creation of a One-Time Projects Fund also provides

opportunity to set aside funds for upcoming projects which are not yet appropriate for inclusion in the capital improvement projection or which are not capital projects such as unfunded liabilities. The General Fund Revenue Policy provides additional detail about the balancing of ongoing operational needs and one-time needs as well as the priority of setting aside some ongoing revenues for one-time uses in order to provide this balance. The Policy also establishes a Revenue Volatility Reserve which provides limited funding to smooth anticipated revenue volatility impacts to ongoing operations. Such funding may only be utilized for temporary revenue shortfalls and not for a more permanent change to the revenue projections. Finally, an Emergency Reserves Fund is established to provide for economic uncertainties and a capital reserve for unknown needs.

Ongoing revenues not transferred for one-time uses are available for ongoing operations. Again, assumptions are that historic averages will be maintained with important exceptions such as anticipated employer pension rates rising faster than has historically been the case. Current operating structures are generally assumed to continue in the baseline projections. Revenue and expenditure needs gaps for the planning period are included for this baseline scenario which includes identified capital needs in addition to operating expenses. The Plan also summarizes some one-time projects under discussion but not yet included in other financial plans to ensure as comprehensive as possible statement of demands. These include items such as unfunded liabilities, energy projects, technology projects and any improvements made to the newly acquired 5410 La Palma property.

Finally, this Plan incorporates the policy decision to transfer 6.4% of ongoing General Fund revenue annually for one-time use and the Action Plan necessary to bring the resulting operating projections into balance with the remaining revenue. One important such action is the continued review and revision of this Plan as a part of the annual budget development process.

Goals of the Plan

The purpose of the Sustainable Financial Plan is to take a long-term look at the City of La Palma's financial condition and to develop a comprehensive strategy to insure the long term ability of the City to provide a sustainable level and mix of high quality services and to maintain high quality, well functioning community infrastructure.

This plan is designed to meet the following criteria;

1. Provide a sustainable financial future for the City and its residents.
2. Balance the need for quality services and for quality facilities in both the short and long term.
3. Allow for flexibility and for modification as changing time and circumstances demand.
4. Keep financial planning realistic based upon solid facts and reasonable assumptions.

5. Be transparent and understandable.

These specific goals also exist within the context of the City's Vision Statement, citywide goals established by the City Council and the City Manager, and departmental goals established by Department Directors. The City Council goals and La Palma's Vision Statement are attached to this Plan for reference. Departmental goals are identified in the budget document.

Limitations of the Plan

In developing long range plans, it is important to note important limitations to such forecasts. Over the past 36 months La Palma has suffered dual financial blows, the loss of its Community Development Commission (CDC) and the departure of an extremely important taxpayer; events that would have been difficult to predict ten years ago. Reliability of projections are reduced the farther into the future you project, therefore an eleven year projection provides at best a limited benchmark with an increasing margin of error. The planning exercise however is useful in identifying impacts that are not foreseen in the shorter term.

Projections in this Plan are based on existing and historic patterns for both resources and needs, adjusted for the City's current or identified array of services and capital projects. Discussion is also included regarding in process, but as yet unknown one-time projects or needs coming to the City Council within the next few months. However, especially in judging projections beyond the near term (3 years), caution should be used given the need to "expect the unexpected."

The projections also assume a steady rate of growth or reduction which is unlikely to actually occur due to the inevitable economic downturns and recoveries. Particular care must be given to the timing of revenue and expenditure changes while looking at the overall general trends in the Plan.

Finally, for discretionary funds in particular, these projections are subject to the future decisions, priorities, and actions of the City Council and while the community's overarching vision and values as represented in its Vision Statement change very little, needs and priorities regarding specific programs and projects would be expected to change over such an extended period. These limitations must be considered as part of the context of this Sustainable Financial Plan.

Opportunities and Challenges

In developing any strategic plan, it is important to identify the challenges and opportunities in the environment within which the City must operate as well as the assets and liabilities the City has at its disposal to take advantage of opportunities or which could prove a barrier to meeting challenges. La Palma enjoys a number of strengths and opportunities including:

- A stable residential base with a high identification with the community
- High quality residential neighborhoods

- Overall excellent municipal infrastructure
- A safe and low crime community
- Well located in terms of major Southern California attractions and employment centers.
- A stable employee base with most employees averaging over ten years of service
- Significant freeway frontage
- Availability of quality office space
- Significant financial reserves developed over time
- A small and responsive City government and it
- Contains a significant cluster of health offices as well as an acute care hospital.

However, La Palma also faces a number of challenges and threats including:

- A small population upon which to spread the cost of municipal services
- A small tax base which is highly concentrated in a few large taxpayers
- A largely built out community with few opportunities for new development
- The loss of a major sales tax payer has been replaced by a business making up only half the loss and engaged in the same volatile commodities market
- The dissolution of Redevelopment, an important source in infrastructure financing
- Continuing the delivery of high quality services despite shrinking general revenues
- An aging housing stock which will require an increased level of investment by owners and the City
- Tenuous economic recovery in the region and nation
- Significant future fiscal challenges such as increased retirement contribution rates and
- Shrinking employee resources to meet continuing and new demands.

In summary, the City's General Fund is under severe financial pressure. In addition to a serious reduction in sales tax revenue into the foreseeable future, the General Fund must also carry a significant piece of the infrastructure maintenance burden, now that redevelopment dollars are all but gone. Adding to this pressure are demands of maximizing resources through maintaining a state of the art information technology system and absorbing both increasing liability and workers compensation insurance premiums and soaring retirement system contribution rates, in part due to unfunded liabilities.

One-Time and Ongoing General Fund Revenue

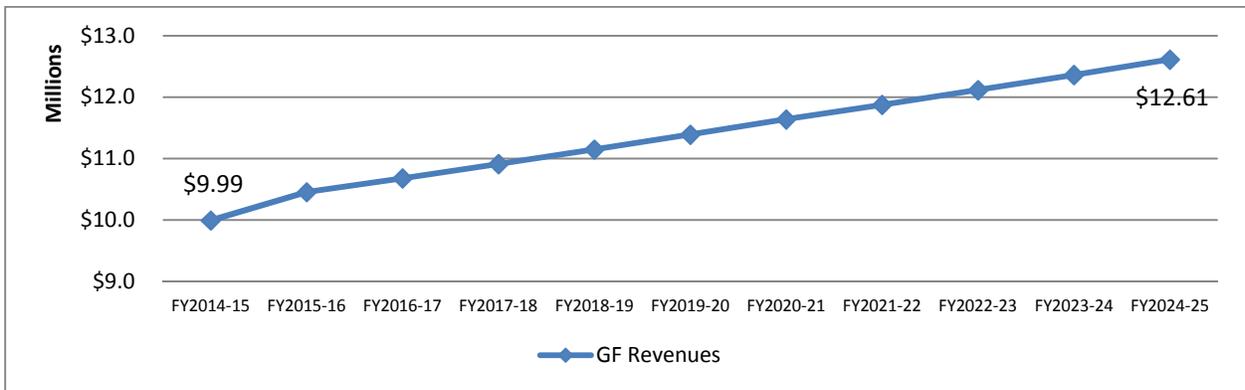
A central principle to effective financial planning and sustainability is the need to separate ongoing revenues and needs from those revenues and expenditures which are one-time in nature. Failure to do so creates a risk that the City would build projects or programs on an unsustainable and unrealistic continuing resource assumption. Similarly, it is essential to base all revenue and expenditure assumptions on the most complete information possible, clearly identifying and including all known needs and resources, even if precise estimates are not yet available so that decision-making is based on evidence from a complete long term picture - preventing to the extent possible, unforeseen surprises.

Baseline projections based on a continuation of existing trends plus known changes, form the basis of this complete assets and needs picture. The baseline projections in this Plan are based on a number of assumptions which need to be understood in order to understand the resulting financial situation. For the most part, this Plan assumes the current and recent revenue trends continue, especially for revenues within the General Fund. This means, for example, that it assumes Street Fund and Measure M2 Fund revenues will continue to be insufficient to fund the level of street infrastructure desired by the community and will require substantial additional funding from the Capital Operating Fund (COR) which is itself primarily funded through General Fund revenue transfers. Exceptions to this general continuing trend assumption include:

- All annual ongoing internal service funds are assumed to be fully funded by charges for service to operating funds and departments. This full funding pledge represents another pressure point upon the General Fund and is a change from recent past practice.
- Projections assume a continued low interest rate return on our invested funds i.e. at the 1% level. However, some very modest increased revenue is projected in light of the City's updated investment policy adopted last year. While current committed reserves are recommended for transfer out to the new Emergency Fund, interest earnings on these reserves is assumed to continue to be credited to the General Fund.
- Baseline projections do not for the most part include any new revenue sources. However, where Staff was reasonably confident based upon current progress on such revenue, such as revenues that could be derived from billboard agreements, or where part of the Action Plan, such as upcoming lease payments, these have been included.
- The projections for Utility User Taxes assume a continued full levy of 5%.
- Sales Tax – is generally assumed to follow a 2.5% general increase with the assumption that new potential sources such as the Bulgogi House will roughly compensate for known temporary losses such as when McDonald's will close for construction. Where there is a consideration of net sales tax revenue, the model follows the development agreement requirements including the increased payments to the taxpayer when gross tax proceeds exceed \$3 million.
- Transient Occupancy Tax – baseline projections do not include any change in rate.
- Utility User Tax – baseline projections do not include any change in rate, base, or exemptions.
- Use of property revenue – any potential lease revenue from the newly transferred property is not included in the baseline just as potential tenant improvements are not included in baseline expenditures, however revenue is included in the Action Plan and resulting calculations to preserve a sustainable financial future.
- It is assumed that periodic water and sewer utility rate increases will be approved as required to maintain target fund balance in these funds and are the source of funding any demonstrated gaps together with any one-time funds available such as through grants.
- Continued support for a portion of crossing guard services is assumed from the City's school districts.
- As detailed in the Revenue Policy discussion below, it is assumed that adequate transfers from the General Fund will occur annually and cover all one-time needs, including capital

improvements, minus funding from other sources such as Street and Measure M2 Funds, identified for the planning period. Baseline plans assume even funding annually throughout the period to fully fund capital improvements while maintaining target fund balance in COR at the end of the period.

As shown on the attached chart, the results of these assumptions on revenue over the eleven year planning period is a baseline rise from a preliminary \$10 million total ongoing revenue in FY 2014-15 to a projected \$12.6 million in FY 2024-25. These revenue numbers do not include any use of reserves or one-time revenue. As mentioned, demands on these revenues include not only ongoing operations, but a significant portion of anticipated one-time expenditures such as for capital improvements.



Fund Restructuring

This Plan also recommends changes to the City’s current fund structure to provide more transparency and better long term planning. Fund changes do not necessarily impact revenues or fund balance. The recommended changes include:

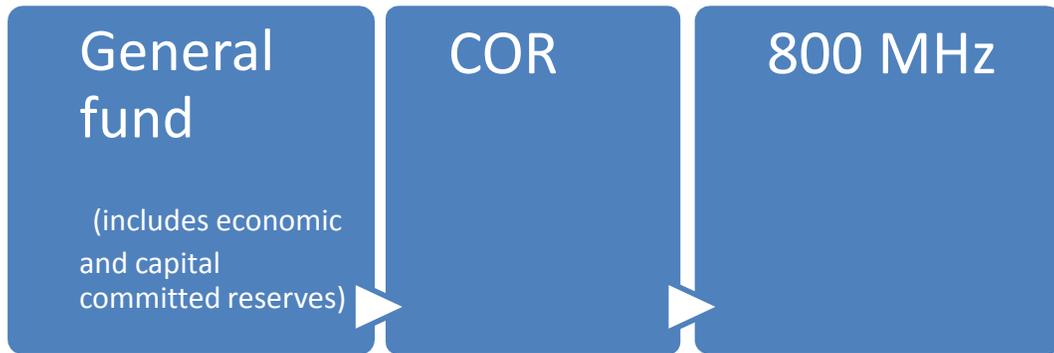
- Four of the five internal service funds would have name changes to better reflect their function. Insurance Fund would become the Risk Management Fund, Building Maintenance and Replacement Fund would become the Facilities Maintenance Fund and capital needs are transferred to the COR, Vehicle Maintenance and Replacement Fund would become the Vehicle and Equipment Replacement Fund and maintenance expenses would be transferred to departmental budgets, and the Computer Maintenance and Replacement Fund would become the Technology Fund. Additionally, the Risk Management Fund would be responsible for funding safety initiatives through interest earnings on the fund and a one-time transfer from General Fund fund balance would bring the Technology fund balance up to its recommended target level (see below).
- The current six utility funds would be simplified to four. One operating fund for Sewer and one for Water and one capital fund for Sewer and one for Water – eliminating the Sewer and Water Replacement Funds. The established fund balance target for the replacement funds would apply to the combined fund balance of each utility.
- The committed reserves currently in the General Fund and dedicated to economic uncertainties and unknown capital needs would be spun out into a new Emergency Fund

and retained as committed reserves. This would leave a small cash flow contingency within the General Fund (\$250,000) as well as a new committed Revenue Volatility Reserve to smooth the operating impacts of temporary yet significant drops in General Fund revenue. The RVR is described in more detail in the General Fund Revenue Policy. Interest earnings on the Emergency Fund would be transferred back to the General Fund.

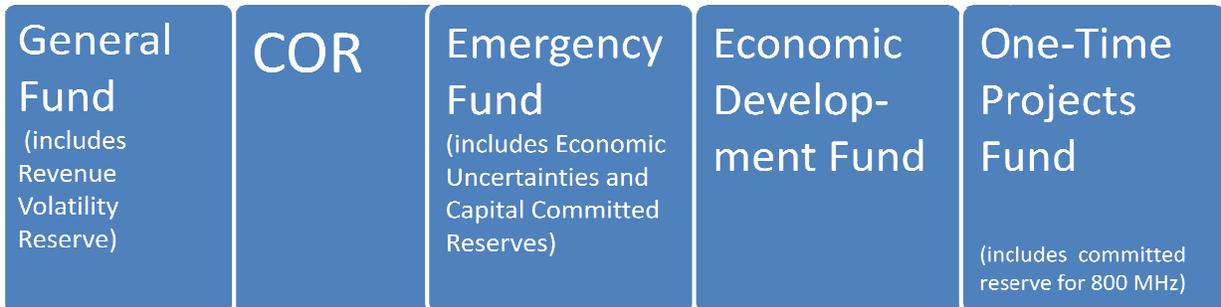
- An Economic Development Fund is created to provide some dedicated funding for economic development projects in the wake of redevelopment dissolution. Specifically the Fund could be used to assist with attracting, growing and retaining businesses which promote the community’s economic vitality and strengthen or diversify its tax base. Beyond initial seed funding of \$250,000, the Fund would grow through the transfer of some or all of annual Unisource loan repayment revenue to the General Fund.
- A One-Time Project Fund is created which would be dedicated to one-time expenditures that either do not fit into or are too preliminary for the capital improvement forecast. This would include setting aside funds for future payments towards unfunded liabilities. By looking at the General Fund, COR Fund, One-Time Project Fund, and Emergency Fund (Economic Uncertainties and Capital Reserve committed reserves), a complete picture of needs and resources for discretionary spending over the long term comes into view.
- The newly created committed reserve for the 800 MHz project would be placed within the One-Time Project Fund since the majority of those expenses do not create new capital assets for the City.

General Fund supported fund changes are represented in the table below:

Current Structure:



New Structure under the Plan:



Reserve Policy Changes

The City has established a Reserves Policy covering each major fund. The purpose of the recommended changes to this Policy is to ensure appropriate reserves are maintained for fiscal stability and unforeseen situations, to maintain desired service levels, and to avoid undue internal service or utility charges which could negatively impact operating funds, overstate specific needs, or unduly burden rate payers. Fund balances under the Reserves Policy must be rebuilt if they fall below the target level. The changes can be summarized as follows:

- **General Fund** - In addition to changes in the City's fund structure, this Plan also revises the current Reserves Policy. While the City Council acted last year to commit large portions of General Fund balance for unanticipated operating and capital costs, retaining these monies in the General Fund overstates the funds available for General Fund purposes and understates specific needs for which these funds should be designated. The practice also does not support increased transparency to the organization and the public about available funds and upcoming demands on those funds. These reserves are therefore recommended to be transferred out of the General Fund and into the new Emergency Fund. Interest earnings on these reserves, however, would continue to be credited to the General Fund. Under the Action Plan, the Emergency Reserve Fund is established with a target fund balance of \$9 million with 60% of that amount reserved for economic uncertainties and the remainder committed for capital reserves (\$5.4 million and \$3.6 million respectively).
- **COR** – Existing fund balance from the Building Maintenance and Replacement Fund in excess of the new target level established below are transferred to COR under this Plan, along with responsibility for capital investments on City facilities. So long as full funding over the long term is projected, a large additional reserve in COR is not required. Funding for unforeseen capital needs is provided through the Capital Reserve committed reserve in the Emergency Fund. The revised COR target fund balance is \$2 million.
- **Water** – 10% of reported system value in fund balance represents a continuation of the current target level and is compared to the combined fund balance of the operating and capital funds.
- **Sewer Capital** – 10% of reported system value in fund balance represents a continuation of the current target level and is compared to the combined fund balance of the operating and capital funds.
- **Risk Management** – the target fund balance is revised to an even \$1 million to represent a prudent reserve in the case of unanticipated claims. Assistance in rebuilding this balance is provided primarily through repayment of the Seasons loan vs. higher allocations to departments.
- **Employee Benefits** – the target fund balance is revised from 100% to 50% of uncompensated absences. This fund also benefits in the planning period from the repayment of the Seasons loan.
- **Facilities Maintenance** – the target fund balance is significantly reduced due to the transfer of capital responsibilities to the COR fund. The new target level of \$50,000 represents a

reasonable contingency for unanticipated maintenance issues which do not rise to the capital project level.

- Vehicle and Equipment Replacement – No change is recommended for this fund as the fund balance is already set to ensure the cash is on hand at the time of the scheduled replacement of each item.
- Technology – while no change is recommended to the target fund balance, the Fund is currently below that target due to several years of underfunding allocations. This Plan calls for a one-time transfer from the General Fund to the Technology Fund to reach the target level and a commitment to maintain the target thereafter through appropriate allocations of charges for service to departments and funds. This includes setting aside funds for eventual replacement.
- One-Time Projects Fund – this new fund sets aside funds for non-capital one-time projects anticipated during the planning period. Fund balance may therefore be made up of both committed reserves for specific purposes (such as the 800 MHz system) or may be undesignated awaiting information on future needs (such as accumulating funds while awaiting a new actuarial valuation for the OPEB Trust prior to making additional Trust contributions). Undesignated target fund balance will therefore fluctuate depending upon the anticipated one-time projects to be funded.
- Economic Development Fund – does not have an established target fund balance as it is anticipated that the amount available in the Fund will fluctuate based upon availability of revenue and specific project appropriations.

General Fund Revenue Policy

Attached to this Plan is a recommended General Fund Revenue Policy which guides investment of General Fund revenues by balancing those resources between competing needs. This guide also assures that budgets and financial plans will be revenue based; meaning that the City as a best practice in financial planning uses available resources as the starting point rather than starting with an assumed continuation of anticipated demands upon those resources. The Policy reinforces the principle stated above that one-time revenues be only used for one-time purposes and that there be transparency regarding the ongoing or one-time nature of revenues and expenditures shown in the Plan. Therefore no one-time monies, other than the Revenue Volatility Reserve established under the Policy are to be used for ongoing expenses. One additional purpose of the Policy is to guard against undue reliance on single sources of revenue for ongoing operations given the volatile nature of the City's revenue base and the limited number of large taxpayers.

Given this purpose, the Policy provides that all one-time revenues be set aside and utilized for one-time projects and it also sets aside 6.4% of General Fund ongoing revenue to be dedicated to one-time uses vs. to ongoing expenditures. This ensures that one-time needs are not sacrificed for ongoing operations and that operations are not unduly reliant on a single revenue source, jeopardizing sustainability of operations. The City Council determines the appropriate percentage in the Policy and reviews it regularly. The Policy identifies several appropriate uses for these set aside non-operating funds:

- Transfer to COR in support of identified capital projects of citywide value with annual contributions sufficient to show full funding of the CIP within the planning period and maintenance of the target fund balance at the end of the planning period.
- Transfer to the Economic Uncertainties or Capital Reserve committed reserves in the Emergency Reserve Fund to maintain target reserve balances
- Transfer to the committed Revenue Volatility Reserve within the General Fund to maintain its target fund balance
- Transfer to the One-time Projects Fund for non-recurring and generally non-capital needs, including contributions towards unfunded liabilities.

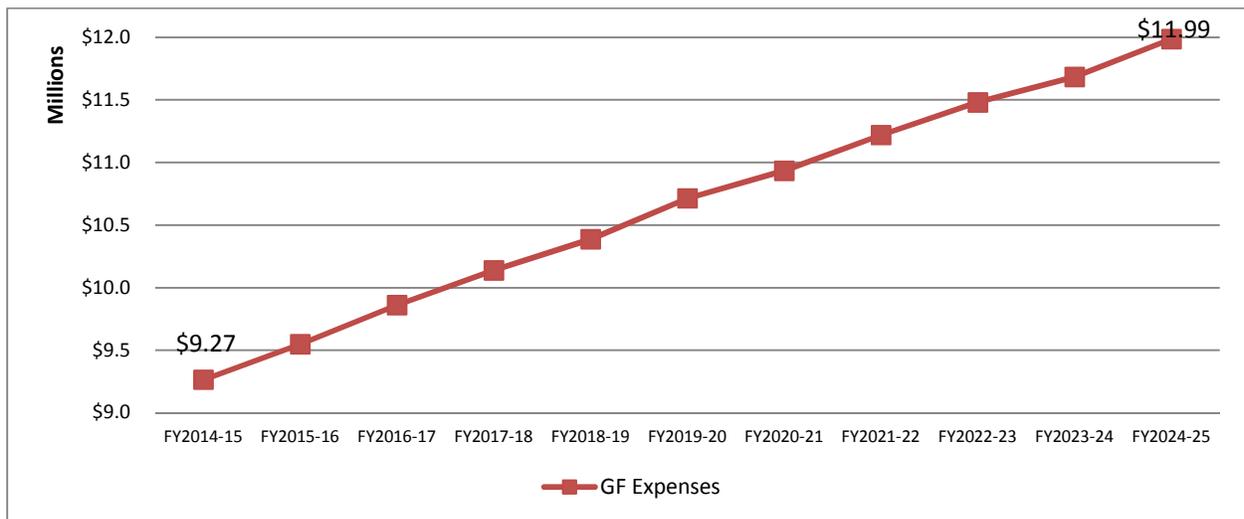
Identified Operating Needs

The remaining ongoing General Fund revenues are available to support ongoing operating needs in the Fund. For purposes of this Plan, several assumptions are made regarding expenditure projections. As with revenue, the baseline generally assumes maintaining current services, plans, and operating methods with adjustment for major known changes such as PERS rate growth. Continued revisions to services and methods of operation are likely and would influence such projections. Several one-time projects for example are under review which could significantly alter capital needs as well as operating costs and these are noted in this Plan. Assumptions should be viewed in the context of the difficulty making such long term projections and the increasing margin of error as projections become more distance. Assumptions of note include:

- Many projections are based on continuation of the average rate of inflation over the last 10 to 15 years. The continuation of that rate which is 2.6% consistently over the next 11 years is unlikely. The 2.6% inflation factor also applies to future salary cost, with the exception for part-time salaries which were increased by 7.5% in fiscal year 2014-15 due to increases in the Minimum Wage Law.
- Projections are based on Staff's best attempt to pull "all monsters out from under the bed" and identify the true costs of both operations and one-time needs, including capital. Therefore, there are significant changes to prior budget estimates, such as full funding of internal service fund expenditures.
- Projections assume current organizational structures, including that the two recent reorganizations and departmental consolidations continue through the planning period.
- Projections at baseline assume that the Captain and Code Enforcement Officer positions currently being reviewed will be filled in the coming fiscal year and maintained throughout the 11 year period. The Action Plan assumes a change to the Police Department, to be detailed in a future report to the City Council, sufficient to save \$155,000 annually and requiring one full time equivalent (FTE) position to remain unfunded. That position and other changes will be detailed in the upcoming report and built into the FY 2014-15 budget planning.
- It is assumed that 25% of the Code Enforcement program will be funded through the Successor Agency Housing Fund to support maintenance of existing, aging housing stock and compliance with affordable housing requirements.

- The City and its employee associations have agreed to a one year extension of the current agreements with no cost of living adjustment or benefit changes in FY 2014-15. All other personnel costs are assumed to be accounted for in the general inflation escalator cost mentioned above. The exception is the 1% rebate to La Palma Police Association represented employees. Since that benefit was for a specific limited period, it is not included beyond FY 2014-15.
- Higher than historic PERS employer rate changes are known for the planning period as CalPERS adjusts their assumptions for funding needs to both account for greater longevity and contributions needed to fully fund the retirement program within 30 years and retire the unfunded liability. This impact is particularly evident for the FY 2015-16 through FY 2021-22 years and rates are assumed to stabilize and/or drop following that period.
- Due to the length of the planning period, Staff has incorporated estimated impacts for retirements including increases to the numbers of non-tier one retirement employees, reducing costs especially in the out years.

The resulting baseline projections for General Fund operating expenditures range from \$9.3 million to \$12 million. Detail of expenditures for under the Action Plan is attached in Appendix D. The baseline is summarized in the following chart:



Identified Capital Needs

A large part of the dedicated one-time and ongoing revenues set aside for one-time purposes are assumed to be needed in order to fully fund capital investments over the planning period. In regard to capital needs, the following assumptions have been made:

- The average inflationary rate is assumed to match the historic level as used above, 2.6%. However, for certain types of capital projects, in particular street projects, commodities prices can fluctuate dramatically.
- As mentioned in the revenue discussion, funding from the Streets and Measure M funds is assumed to remain relatively constant meaning that the majority of street project funding inflation is borne by the COR fund.

- The capital projections do not include projections for a number of one-time projects in review, but which have not yet been approved. These projects, which could represent significant impacts to available resources, are described on the next page.

<u>Unknown One-Time Needs</u>	<u>One-Time Cost Estimates</u>
Energy Assessment/Street Lights	\$2.7 million
Unfunded OPEB Liabilities	\$ 393,000
Unfunded Retirement Liabilities	\$ 7.2 million
Unfunded Leave time	\$ 606,000
Tyler Technology	\$110,000
City Hall Replacement	\$6-10 million
Hdl Code Enforcement/Business License	\$48,400
5410-14 La Palma improvements	\$200,000

- Some of the large capital needs identified in the projections are good candidates for capital financing vs. use of existing and projected revenue. These opportunities would be evaluated for each project as that project comes forward. Therefore, some of the funding gaps noted in this Plan could be addressed through financing mechanisms and these are described in more detail in the Action Plan section of the Plan. Funding some one-time projects may also impact ongoing costs such as energy savings from energy investments or increased operating costs in the water utility if a treatment plant is required.

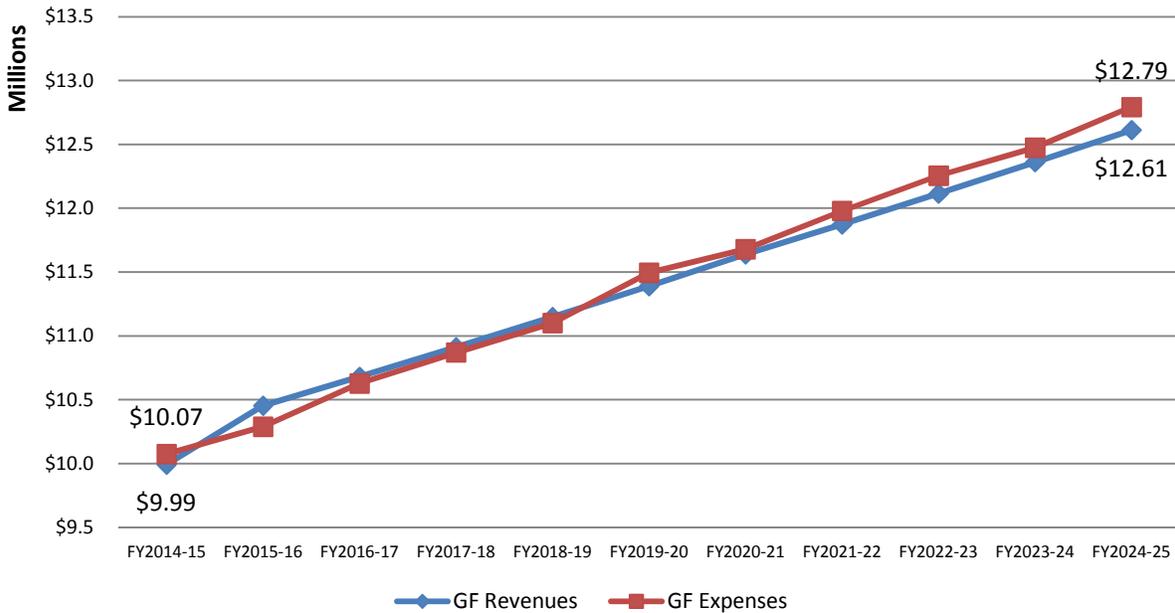
Resulting Funding Gaps

Based on the projections, assumptions, and recommended changes noted above, many City funds would remain at or above target fund balance levels throughout the long term planning period. However, for some funds a revenue/expenditure gap exists at baseline within that planning window. These are:

- General Fund
- One-time Project Fund
- Water
- Sewer

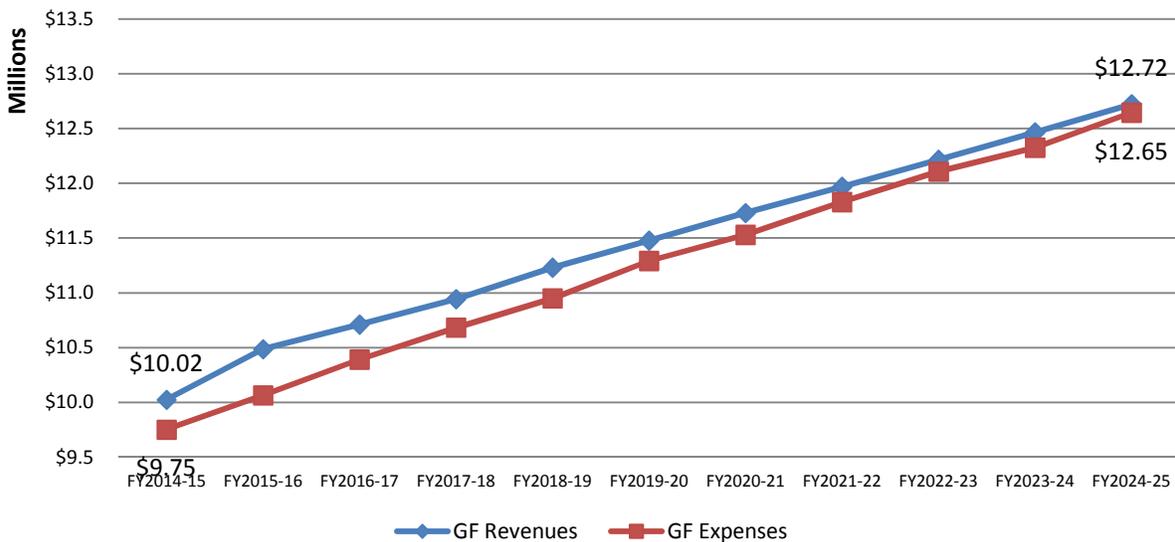
General/COR/One-time Project Funds – The basic source of assets for all of these funds is the same – ongoing or one-time General Fund revenues and transferred fund balances plus interest earnings, designated grant funding, or other one-time revenues such as financing proceeds. Under the Action Plan, the annual contribution to COR fully funds projected costs and leaves \$2 million fund balance at the end of the period in compliance with the target. One –time Project Fund also benefits from the anticipated receipt of at least some of the remaining annual ongoing revenue transferred for one-time needs. For General Fund operations, the Action Plan is needed in order to maintain a sustainable financial picture throughout the planning period. Without the Action Plan, the revenue/expenditure gap is represented as follows:

Transfer 6.4% of Revenues



With implementation of the Action Plan, this financial picture changes to one where balance is maintained:

Transfer 6.4% of Revenues with Financial Plan



This balance is maintained through the following Action Plan which is detailed in Appendix D.

- The target balance for the Emergency Reserve Fund is set at \$9 million vs. as a percentage of General Fund expenditures. This allows one-time funding in excess of that required for annual COR contributions to go towards other identified one-time needs and not into a reserve which can only be used in emergencies.

- It is assumed no additional transfers beyond the 6.4% of ongoing revenues per year would be transferred from ongoing operations to one-time uses.
- Lease revenues from the property at 5410 La Palma are assumed beginning in year 5 of the planning period and starting at \$50,000 per year.
- Return the half-time Parking Enforcement Officer position starting in the FY 2014-15 year with a net increase in revenue of \$33,000 per year and improved street sweeping service.
- Add part-time employee or contract services to create additional capacity to pursue additional grant/sponsorship support. Initial expenses to be paid from the One-time Projects Fund and future years through the increased grant/sponsorship funding.
- Police Department restructuring (with detailed plan to be presented in the coming months) sufficient to save \$155,000 annually. Requires not funding 1 FTE.
- Develop a Compensation Policy consistent with the sustainability goals of this Plan.

The Action Plan therefore addresses the baseline gap of needs vs. resources and is an essential part of this Financial Plan and for realizing a balance between operating and one-time demands through the dedicated transfer of a percent of ongoing revenue for one-time projects.

The Action Plan should also be recognized as building on the significant changes in operations already made by the City to minimize this gap in a sustainable way. As shown above, it achieves this through a balance between more efficient operations, reductions to some services, improved revenue base for services, and use of one-time monies such as reserves primarily for one-time projects which produce on-going benefits in improved services or reduced costs.

Water – The City has been carefully monitoring water quality, specifically its arsenic levels, for several years. The potential need for capital or operating changes to continue to ensure water quality has been on the radar and staff has been identifying potential solutions for when changes may be required. It is likely action will be needed within the planning period, potentially sooner vs. later. The Plan includes a placeholder for design and construction of a water treatment plant should that be needed. It is possible that a lower cost solution will be found and/or that the estimated costs would be eligible for various grants or assistance. The purpose of showing it within the Plan is to highlight the issue and its potential impact on required water system needs and resources. The Plan also assumes continuing the practice of regular utility rate review and adjustment as necessary to balance these enterprise operations.

Sewer – Sewer funds are anticipated to remain sustainable for most of the planning period with some issues shown in later years. Given the difficulty of projecting out that far, the drop below fund balance in the final years may or may not result in an actual resource/needs gap. However, showing a projected gap highlights the potential need for rate increases during the planning period and the need for continued rate studies to avoid dramatic rate increases vs. more gradual changes which ease the burden on ratepayers.

Recommendations

It is important that this planning exercise is not a one-time event, but is itself sustainable and refreshed continuously over time. Therefore the Plan should be reviewed annually as a part of the budget process. Recommendations on General Fund revenue, fund restructuring and fund balance targets have been described above. In addition, the changes summarized in the Action Plan above (and detailed in Appendix D) are recommended for adoption as a part of this Financial Plan and are necessary to make the Plan truly sustainable over the planning period given the percent of General Fund ongoing revenue identified in the Revenue Policy for transfer to non-operating needs. The projected results of this Action Plan are noted in the revised revenue/expenditure chart above. The Action Plan would also require revision if the ongoing revenue distribution specified in the Policy is revised by the City Council. The Action Plan is anticipated to provide for full funding of operations and capital improvements needed over the planning period as well as to provide additional funding to the One-Time Project Fund or other one-time uses. Additional savings could also accrue from some of the projects identified above for this fund, such as lower energy costs or lower pension costs if the City completed energy projects or funds unfunded pension liabilities. Finally, This Plan also calls for communicating the Plan to the community, including publishing an information piece on the City's financial situation and this Plan to be mailed to every address.

Critical Path Schedule

The following chart shows the projected scheduling of the recommended actions in this Plan and responsible parties. Performance measures would be built into budget and quarterly reporting, as well as into annual reviews of this Plan.

Review Sustainable Financial Plan, including Action Plan	1/1/15	Administrative Services Director
Revise Fund Structure, transfer recommended amounts from the General Fund	4/1/14	Administrative Services Director
Revise Reserves Policy	5/6/14	Administrative Services Director
City Council review of Police Restructure Proposal	4/15/14	Police Chief
Parking Enforcement Officer on board	7/1/14	Police Chief
Grants contract/position on board	7/1/14	City Manager
Compensation Policy	9/1/14	Administrative Services Director
Lease of 5410 La Palma Avenue	12/31/14	Community Development Director
Publish Information Flier on the Financial Plan	5/1/14	City Manager

APPENDIX A

La Palma's Vision

- Vision - The power to imagine a future that sustains the positive values of the present
- Family - People united by common values, convictions, and aspirations
- Pride and Ownership - Caring enough about one's home to invest in it continually
- Opportunity - The chance to prosper according to one's commitment and ability
- Security - Freedom from fear of one's person or property being violated

APPENDIX B

City Council Goals 2014

On January 7, 2014, the La Palma City Council conducted its annual goal setting session. The three priority goals were formally approved on January 21. The goals are:

Receive Staff Plan for a Balanced 2014/15 Budget by the End of February 2014

- All funds including those for infrastructure and facilities
- Recommended policy for the use of Tesoro revenue
- No use of reserves for operations
- Realistic assumptions
- How the plan supports a sustainable future
- How labor negotiations will support the goal

Maintain and Improve Quality of Life

- Beautification
- Continuous improvement of services to the public
- Maintenance of a strong and effective Police Department
- Improvement in communications to the public
- Addressing the school district situation (La Palma kids go to La Palma schools)

Approve a General Plan by the End of the Fiscal Year

APPENDIX C

CITY OF LA PALMA FINANCIAL POLICIES

GENERAL FUND ONGOING AND ONE-TIME REVENUE SUSTAINABILITY POLICY

POLICY STATEMENT AND PURPOSE

It is the policy of the City of La Palma (City) to establish sound financial policies that are guidelines for prudent decision-making related to financial matters. The purpose of this policy is to provide for a sustainable organization; to promote fiscal and service solvency; to promote fiscal health through revenues-based financial planning; and, to provide funding stability for core services and infrastructure funded through the General Fund.

To do this, the Policy allocates one-time revenues and a percentage of ongoing General Fund revenue towards funding one-time needs, providing a priority for stable annual contributions to capital projects sufficient to provide 10 years of anticipated project funding; maintaining reserves in compliance with the Reserves Policies, and providing a mechanism for smoothing ongoing revenue volatility to support sustainability of ongoing services. It is therefore the policy of the City Council that General Fund revenues shall be used to maintain an effective balance between a sustainable level of services which improve quality of life within the community and providing for the long term capital, infrastructure, and other one-time needs of the community.

SCOPE

This Policy applies and is subordinate to fulfilling the established Reserve Policies. The scope of this Policy is limited to annual General Fund ongoing revenue and one-time, non-recurring revenue and this Policy does not apply to one-time grant revenues, which by their nature are designated for specific purposes.

DEFINITIONS

General Fund Ongoing Revenue – Recurring resources that can generally be counted upon on an annual basis and over which the City Council has significant discretion as to their use. Revenues expected to reoccur for less than five years would generally be excluded from this category. Ongoing revenues are also defined as revenues net of any revenue sharing agreements which may be in place.

One-time Revenues – Non-recurring resources generated by one-time events or which are anticipated to reoccur for less than five years. These may include, but are not limited to, the following:

- Sale of City-owned assets or property
- Litigation settlements

- Development agreements
- Loans

One-Time Expenses – Non-recurring expenses, typically related to short-duration activities or one-time projects, which may include, but are not limited to, the following:

- Projects identified in the City’s Capital Reserve Fund Improvement Plan or other long term plan such as:
 - Right of way Projects (streets, sidewalks, curb and gutters)
 - Storm Drains
 - Major facility maintenance, upgrades or renovations
 - Acquisition, design or construction of new facilities
- Equipment replacement where the expected life of the equipment exceeds five years
- Technology replacements or upgrades, including energy conservation and communications technologies
- One time transfers or use to pay down already incurred unfunded liabilities
- Temporary use of the reserves committed to provide additional resources for General Fund operations where a significant and temporary reduction in ongoing General Fund revenues is anticipated
- One time transfers to maintain target fund balance levels in the Economic Uncertainties or Capital Reserve committed reserves as specified in this Policy and in the Reserves Policy.

The examples of One-Time Revenues and One-Time Expenses provided in this Policy are merely examples and do not preclude the City Council from identifying other appropriate One-Time revenue sources or One-Time funding needs, consistent with this Policy.

Existing Fund Balance Reserve Categories – The City Council is committed to maintaining reserve balances at appropriate levels that; protect City assets, assure availability of cash to meet short-term obligations, address unforeseen events, and avoid future debt. The Reserves Policy establishes reserves to address unforeseen emergencies or disasters, legal claims, capital needs, facilities maintenance and vehicle replacement, employee benefits, and technology. Pursuant to Governmental Accounting and Standards Board (GASB) No. 54, the City’s existing reserve balances are organized within five classifications, which include: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

RESPONSIBILITY

Implementation of the Policy is the responsibility of the City Manager and the Administrative Services Director.

BACKGROUND

The City of La Palma is committed to maintaining a structurally balanced budget, where ongoing expenditures are aligned and supported by ongoing revenues and longer term one-time needs such as capital improvements are supported by both one-time revenues and on-going revenues where these are available without sacrificing the maintenance of core services. The General Fund faces a significant

challenge in this regard due to a lack of diversification in its revenue base and reliance on a single significant revenue source tied to a volatile commodities market. This has been especially evident in recent years with the loss of a major sales tax generator. A major principle of this Policy is that available resources shall be balanced so as not to overly damage ongoing needs to fund future needs or sacrifice long term needs for ongoing expenditures. While the reliability of projections decreases significantly in the longer term, such projections offer a useful planning tool for evaluating long term impacts of current decision making.

The City is also committed to assuring that one-time resources such as year-end budget surpluses are utilized only for one-time needs. By their nature, one-time revenues cannot be relied upon to support ongoing services in the long term. Furthermore, use of one-time revenues to fund ongoing programs jeopardizes sustaining a consistent level and quality of services and undermines its commitment to fiscal health and discipline.

In the course of regular City business, a variety of one-time events may occur, such as the sale of City property or approval of a development agreement, resulting in one-time revenues to the City. Depending upon the source, timing, and nature of these funds, they may be restricted to some purpose, or may be unrestricted and available to further City and community goals. In aligning one-time resources with one-time needs, this Policy helps ensure sufficient resources are set aside for funding future one-time capital, infrastructure, technology or other needs vs. additional unsustainable services.

PROCEDURE

- A. Allocation of General Fund Ongoing Revenues for Non-operating Needs** – As a part of the annual budget process, Staff shall develop a ten year capital improvement and other one-time needs projection that includes all known one-time projects/needs based on existing capital and master plans as well as projections for other known one-time expenditure needs such as unfunded liabilities. Staff shall assume that 6.4% of projected ongoing General Fund revenues, in addition to any projected one-time revenues, shall be devoted to these one-time needs and shall not be available for ongoing General Fund operations. The recommended budget plan shall include recommendations for distribution of these funds based upon the total projected long term one-time needs identified.

- B. One-Time Revenue Allocation** - Any one-time revenue received into the General Fund shall be allocated for one-time uses as directed by the City Council. If a General Fund budget surplus is identified after the close of a fiscal year, the surplus shall likewise be transferred out of the General Fund and distributed for one-time needs based upon a plan approved by the City Council.

- C. Types of One-Time Uses** - As defined above, this may include:
 - 1.** Build Economic Uncertainties or Capital Reserve Committed Reserves – Target reserve levels are established for the Economic Uncertainties and Capital Reserve committed reserves of the Emergency Reserve Fund. If expenditures from these reserves are necessary, they need to be rebuilt over time. Therefore, one-time revenues may be transferred to these reserves to retain the target levels established by policy.

2. COR Fund Transfer – The COR serves as a resource for all non-proprietary fund capital projects and supplements special revenue funds such as Street and Measure M2. This Policy designates that sufficient regular annual transfers into the COR will be made to demonstrate full funding of anticipated projects within the planning period. Additional funding beyond this regular contribution may also be made to the COR to either lower future annual contributions or increase the COR fund balance beyond the target level.
3. Other One-Time Uses – Transfers may be made to other funds or committed reserves to provide for other one-time investments which provide general benefit to the organization or community through ongoing capacity improvement, cost savings or efficiencies. Such one-time investments may include, but are not limited to, technology, energy, communications or economic development.
4. Revenue Volatility Committed Reserve (RVR) – The RVR serves as a General Fund resource for smoothing typical cycles of ongoing revenues by setting funds aside in years with better than average revenue and utilizing that accumulated revenue in years with significant but temporary revenue decreases. In no case may the RVR be used to support General Fund ongoing expenditures when the revenue reduction is not temporary but considered ongoing. The target fund balance for the RVR committed reserve is \$1.0 million since this fund is intended only for temporary revenue shortfalls. Significant revenue loss is defined as at least 5% of the General Fund’s prior year revenue. Temporary is defined as no more than 5 years in expected duration.

Staff shall recommend and the City Council shall determine how to allocate revenues between these uses.

- D. Use of One-Time Revenue - When One-Time revenues are received which were not budgeted for the year, the City Council may determine where such one-time revenues should be allocated based upon the needs identified above.

When there is a shortfall in budgeted One-Time revenues, the City Manager shall present a plan to address impacts, including reducing, eliminating or delaying expenditures or substituting other One-Time Revenue.

ADOPTION

This policy was adopted on March 18, 2014 and is to be reviewed by the City Council as part of the annual review of all financial policies in the budget development and adoption process. Any changes to this Policy must be approved by action of the City Council.

APPENDIX D

SUSTAINABLE FINANCIAL PLAN ACTION PLAN Adopted March 18, 2014

In order to achieve sustainable General Fund operations throughout the planning period and assuming the transfer of 6.4% of ongoing General Fund revenue each year for one-time purposes, this Action Plan is needed. Each of the actions described in the Plan can be categorized as part of one or more of four strategies:

- 1) improved revenue and resource base;
- 2) revised operations to provide services more efficiently and/or at a higher quality;
- 3) reductions or elimination of current services; or
- 4) use of existing or future reserves for one-time investments that reduce ongoing costs or improve quality.

Improved Revenue/Resource Base

The City Council has been discussing the newly transferred property at 5410-14 La Palma (the HUB) and potential leases and uses. While it is too early to know how any lease negotiations for this property will impact costs and revenues, a conservative placeholder for additional revenues is included in this Action Plan beginning in year 5. Annual revenue increases that help to close the revenue/expenditure gap start at an estimated \$50,000 and end at \$62,000 per year.

The Action Plan assumes that one-time projects not covered by the 6.4% annual transfer will come from other one-time sources such as grants, or fund balance or will be covered through financing mechanisms. Such mechanisms may impact project timing but will result in full funding over the planning period.

Both an improved revenue and revised operation, the Action Plan includes reinstating a half-time Parking Control Officer position to improve parking compliance and street sweeping services while adding net new revenue. The net revenue is estimated at \$33,000 per year.

Staff is also recommending either the addition of a part time employee or an equal amount of contract services to act as a citywide Grants Coordinator. Initial funding for the first year of the position would be provided by the new One-Time Projects Fund and the position would be continued only if a positive return on investment was demonstrated after the first year (i.e.

future funding is provided by the additional revenue generated). This would be added to the FY 2014-15 Budget.

Revised Operations to Provide Services more Efficiently and/or at a Higher Quality

Staff has not had time to develop a specific recommendation to the City Council on restructuring options in the Police Department or the expected operational and service impacts. However, for the purposes of financial planning and based on discussions to date, this Action Plan assumes a savings of \$155,000 annually from that effort, with only a minimal impact to frontline services. More details will be returning to the City Council in the near future, but this savings appears feasible based on early projections. The savings comes in part from not funding one FTE. The restructure would be designed to minimize service impacts as much as possible.

While there is no estimated dollar amount for this action, it is necessary for the Financial Plan to address the City Council's goal that labor relations support the balanced budget plan. Staff recommends that the City adopt a Compensation Policy with specific goals consistent with the intent of the 2014 City Council goal and the goals of this Financial Plan.

Similarly, in order to further the City Council goal of improved communications with the community, Staff will prepare and mail an information flier specifically related to this Plan and to the City's financial situation to all addresses within the City. This information will also be available through the City's website as will be the Financial Plan itself.

Reduction/Elimination of Current Services

Assuming a 6.4% transfer of annual ongoing General Fund revenue to one-time uses, the Action Plan does not anticipate significant changes to services beyond what the City has already implemented in its prior budget balancing work. Some impact to Police services could result from the restructure noted above and these will be detailed as the actual staffing plan is presented to the City Council. Impacts continue to be evaluated as well from the recent restructuring in the Community Services, Community Development, and Administrative Services Departments. Such impacts are also monitored through the performance measurement efforts by all departments as documented in the annual Budget and in quarterly operating reports.

Use of Existing/Future Reserves for One-time Investments that Reduce Costs or Improve Quality

Several one-time needs in addition to the capital improvements projections have been identified in the Financial Plan and which would require funding; including currently unfunded liabilities, technology improvements, energy improvements, and future Civic Center replacement. Meeting these one-time needs is complicated if annual transfers are needed to maintain the committed emergency reserves level at 60% and 40% of expenditures as expenditures rise over the planning period. Approximately \$3 million of the transferred funds are needed to maintain these percentages. To put more of this transfer of funds into one-time uses for which actual needs are anticipated vs. into reserves which can only be used in extreme situations, this Action Plan includes the 60% and 40% target levels to a set dollar value, rounded to approximately the current value of those percentages as of the end of this fiscal year. The dollar value of these reserves would still be maintained for emergency one-time use and could not be used for operations. The change frees up the automatic escalation for actual unmet one-time needs which otherwise require either new financing or additional transfers at the expense of ongoing operations. Retaining the current dollar value for these reserves still results in very healthy reserves throughout the planning period.

APPENDIX E

Spreadsheets Detail

Capital Operating Reserve
10 Year Projection

3/18/2014	FY 2014-15	FY 2015-16	FY 2015-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Risk Management Fund (Reserve \$1M)											
Beginning Balance	\$ 846,633	\$ 848,046	\$ 850,798	\$ 996,072	\$ 1,051,895	\$ 1,057,403	\$ 1,063,326	\$ 1,069,398	\$ 1,075,621	\$ 1,082,001	\$ 1,088,540
Revenues	\$ 652,533	\$ 665,103	\$ 599,148	\$ 521,520	\$ 483,337	\$ 496,200	\$ 509,120	\$ 522,377	\$ 535,979	\$ 549,935	\$ 564,255
Expenditures	\$ 651,120	\$ 662,351	\$ 453,874	\$ 465,697	\$ 477,829	\$ 490,277	\$ 503,049	\$ 516,153	\$ 529,600	\$ 543,396	\$ 557,552
Ending Balance	\$ 848,046	\$ 850,798	\$ 996,072	\$ 1,051,895	\$ 1,057,403	\$ 1,063,326	\$ 1,069,398	\$ 1,075,621	\$ 1,082,001	\$ 1,088,540	\$ 1,095,242
Employee Benefits Fund (Reserve \$300K)											
Beginning Balance	\$ 434,925	\$ 437,930	\$ 438,555	\$ 439,277	\$ 439,807	\$ 440,793	\$ 440,855	\$ 441,769	\$ 442,250	\$ 442,359	\$ 443,062
Revenues	\$ 2,472,105	\$ 2,606,172	\$ 2,843,925	\$ 3,032,486	\$ 3,137,282	\$ 3,282,113	\$ 3,293,477	\$ 3,377,517	\$ 3,427,248	\$ 3,398,309	\$ 3,485,822
Expenditures	\$ 2,469,100	\$ 2,605,547	\$ 2,843,203	\$ 3,031,955	\$ 3,136,297	\$ 3,282,051	\$ 3,292,563	\$ 3,377,036	\$ 3,427,139	\$ 3,397,606	\$ 3,484,830
Ending Balance	\$ 437,930	\$ 438,555	\$ 439,277	\$ 439,807	\$ 440,793	\$ 440,855	\$ 441,769	\$ 442,250	\$ 442,359	\$ 443,062	\$ 444,053
Building Maintenance Fund (Reserve \$50K)											
Beginning Balance	\$ 84,199	\$ 84,460	\$ 84,728	\$ 85,003	\$ 85,286	\$ 85,575	\$ 85,872	\$ 86,177	\$ 86,490	\$ 88,482	\$ 94,499
Revenues	\$ 313,067	\$ 321,206	\$ 329,558	\$ 338,126	\$ 346,918	\$ 355,937	\$ 365,192	\$ 374,687	\$ 386,100	\$ 400,111	\$ 406,102
Expenditures	\$ 312,805	\$ 320,938	\$ 329,283	\$ 337,844	\$ 346,628	\$ 355,640	\$ 364,887	\$ 374,374	\$ 384,108	\$ 394,095	\$ 404,341
Ending Balance	\$ 84,460	\$ 84,728	\$ 85,003	\$ 85,286	\$ 85,575	\$ 85,872	\$ 86,177	\$ 86,490	\$ 88,482	\$ 94,499	\$ 96,259
Vehicle Replacement Fund (Reserve \$860K)											
Beginning Balance	\$ 803,571	\$ 803,630	\$ 807,341	\$ 814,799	\$ 826,101	\$ 841,347	\$ 860,640	\$ 884,086	\$ 911,791	\$ 943,867	\$ 980,427
Revenues	\$ 140,459	\$ 144,111	\$ 147,858	\$ 151,702	\$ 155,646	\$ 159,693	\$ 163,845	\$ 168,105	\$ 172,476	\$ 176,960	\$ 181,561
Expenditures	\$ 140,400	\$ 140,400	\$ 140,400	\$ 140,400	\$ 140,400	\$ 140,400	\$ 140,400	\$ 140,400	\$ 140,400	\$ 140,400	\$ 140,400
Ending Balance	\$ 803,630	\$ 807,341	\$ 814,799	\$ 826,101	\$ 841,347	\$ 860,640	\$ 884,086	\$ 911,791	\$ 943,867	\$ 980,427	\$ 1,021,588
Technology Fund (Reserve \$580K)											
Beginning Balance	\$ 343,609	\$ 562,774	\$ 566,021	\$ 569,353	\$ 572,771	\$ 576,279	\$ 579,877	\$ 583,569	\$ 587,357	\$ 591,243	\$ 595,231
Revenues	\$ 576,465	\$ 369,837	\$ 379,453	\$ 389,319	\$ 399,441	\$ 409,826	\$ 420,482	\$ 431,414	\$ 442,631	\$ 454,140	\$ 465,947
Expenditures	\$ 357,300	\$ 366,590	\$ 376,121	\$ 385,900	\$ 395,934	\$ 406,228	\$ 416,790	\$ 427,626	\$ 438,745	\$ 450,152	\$ 461,856
Ending Balance	\$ 562,774	\$ 566,021	\$ 569,353	\$ 572,771	\$ 576,279	\$ 579,877	\$ 583,569	\$ 587,357	\$ 591,243	\$ 595,231	\$ 599,322

Capital Operating Reserve
10 Year Projection

3/18/2014	FY 2014-15	FY 2015-16	FY 2015-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Water Fund											
Beginning Balance	\$ 1,447,979	\$ 1,348,421	\$ 1,241,453	\$ 1,125,146	\$ 1,004,205	\$ 889,517	\$ 767,052	\$ 646,913	\$ 523,864	\$ 402,705	\$ 288,607
Revenues	\$ 2,911,000	\$ 2,969,210	\$ 3,028,586	\$ 3,089,152	\$ 3,150,932	\$ 3,213,949	\$ 3,278,229	\$ 3,343,798	\$ 3,410,680	\$ 3,478,902	\$ 3,548,491
Expenditures	\$ 3,010,558	\$ 3,076,177	\$ 3,144,894	\$ 3,210,093	\$ 3,265,620	\$ 3,336,414	\$ 3,398,369	\$ 3,466,847	\$ 3,531,838	\$ 3,593,000	\$ 3,665,040
Ending Balance	\$ 1,348,421	\$ 1,241,453	\$ 1,125,146	\$ 1,004,205	\$ 889,517	\$ 767,052	\$ 646,913	\$ 523,864	\$ 402,705	\$ 288,607	\$ 172,058
Water Capital Fund											
Beginning Balance	\$ 3,411,003	\$ 3,968,798	\$ 4,001,649	\$ 3,974,018	\$ 1,637,847	\$ 1,622,555	\$ 1,717,538	\$ 2,002,171	\$ 2,195,803	\$ 2,437,763	\$ 2,537,349
Revenue	\$ 982,795	\$ 375,351	\$ 367,370	\$ 358,829	\$ 349,707	\$ 339,983	\$ 329,633	\$ 318,633	\$ 306,959	\$ 294,586	\$ 281,488
Expenditures	\$ 425,000	\$ 342,500	\$ 395,000	\$ 2,695,000	\$ 365,000	\$ 245,000	\$ 45,000	\$ 125,000	\$ 65,000	\$ 195,000	\$ 250,000
Ending balance	\$ 3,968,798	\$ 4,001,649	\$ 3,974,018	\$ 1,637,847	\$ 1,622,555	\$ 1,717,538	\$ 2,002,171	\$ 2,195,803	\$ 2,437,763	\$ 2,537,349	\$ 2,568,836
Combined Water Utility Balance (Combined reserve \$3.3M)	\$ 5,317,218	\$ 5,243,102	\$ 5,099,165	\$ 2,642,052	\$ 2,512,071	\$ 2,484,590	\$ 2,649,083	\$ 2,719,667	\$ 2,840,467	\$ 2,825,955	\$ 2,740,894
Sewer Fund											
Beginning Balance	\$ 979,614	\$ 986,127	\$ 991,952	\$ 996,776	\$ 1,001,412	\$ 1,006,418	\$ 1,010,698	\$ 1,015,983	\$ 1,021,399	\$ 1,027,162	\$ 1,034,341
Revenue	\$ 257,000	\$ 263,460	\$ 270,083	\$ 276,872	\$ 283,832	\$ 290,967	\$ 298,282	\$ 305,781	\$ 313,468	\$ 321,349	\$ 329,429
Expenditures	\$ 250,487	\$ 257,635	\$ 265,259	\$ 272,235	\$ 278,826	\$ 286,687	\$ 292,996	\$ 300,365	\$ 307,704	\$ 314,171	\$ 322,023
Ending Balance	\$ 986,127	\$ 991,952	\$ 996,776	\$ 1,001,412	\$ 1,006,418	\$ 1,010,698	\$ 1,015,983	\$ 1,021,399	\$ 1,027,162	\$ 1,034,341	\$ 1,041,747
Sewer Capital Fund											
Beginning Balance	\$ 2,728,803	\$ 2,548,189	\$ 2,360,867	\$ 2,184,893	\$ 2,011,324	\$ 1,840,220	\$ 1,646,640	\$ 1,455,646	\$ 1,267,301	\$ 1,081,670	\$ 798,820
Revenue	\$ 94,386	\$ 96,678	\$ 99,026	\$ 101,431	\$ 103,896	\$ 106,420	\$ 109,006	\$ 111,655	\$ 114,369	\$ 117,150	\$ 119,998
Expenditures	\$ 275,000	\$ 284,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 400,000	\$ 400,000
Ending Balance	\$ 2,548,189	\$ 2,360,867	\$ 2,184,893	\$ 2,011,324	\$ 1,840,220	\$ 1,646,640	\$ 1,455,646	\$ 1,267,301	\$ 1,081,670	\$ 798,820	\$ 518,819
Combined Sewer Utility Balance (Combined reserve \$2.24M)	\$ 3,534,315	\$ 3,352,819	\$ 3,181,669	\$ 3,012,736	\$ 2,846,637	\$ 2,657,338	\$ 2,471,629	\$ 2,288,700	\$ 2,108,833	\$ 1,833,161	\$ 1,560,565

Capital Operating Reserve
10 Year Projection

3/18/2014	FY 2014-15	FY 2015-16	FY 2015-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Fy 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Totals	
COR Fund (Reserve \$2M)													
Beginning Balance	\$ 4,948,728	\$ 1,524,290	\$ 1,047,337	\$ 925,818	\$ 1,151,131	\$ 1,291,042	\$ 1,405,124	\$ 1,488,705	\$ 1,554,286	\$ 1,925,943	\$ 1,837,997		
Revenues													
Transfer in General Fund	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 5,005,000	
Transfer in Building Fund													
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,948,728
Miscellaneous Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on Investments	\$ 37,115	\$ 11,432	\$ 7,855	\$ 6,944	\$ 8,633	\$ 9,683	\$ 10,538	\$ 11,165	\$ 11,657	\$ 14,445	\$ 13,785	\$ 143,253	\$ 8,059,605
Total Revenues	\$ 492,115	\$ 466,432	\$ 462,855	\$ 461,944	\$ 463,633	\$ 464,683	\$ 465,538	\$ 466,165	\$ 466,657	\$ 469,445	\$ 468,785	\$ 5,148,253	\$ 2,000,000
Expenditures													
Street Projects	\$ 1,701,553	\$ 629,886	\$ 59,374	\$ 141,630	\$ 228,723	\$ 255,601	\$ 226,957	\$ 25,584	\$ -	\$ 482,391	\$ 194,406	\$ 3,946,105	\$ 5,110,877
Facility Projects	\$ 2,215,000	\$ 313,500	\$ 525,000	\$ 95,000	\$ 95,000	\$ 95,000	\$ 155,000	\$ 375,000	\$ 95,000	\$ 75,000	\$ 75,000	\$ 4,113,500	\$ 464,625
Total Expenditures	\$ 3,916,553	\$ 943,386	\$ 584,374	\$ 236,630	\$ 323,723	\$ 350,601	\$ 381,957	\$ 400,584	\$ 95,000	\$ 557,391	\$ 269,406	\$ 8,059,605	\$ 455,000.00
Ending Balance	\$ 1,524,290	\$ 1,047,337	\$ 925,818	\$ 1,151,131	\$ 1,291,042	\$ 1,405,124	\$ 1,488,705	\$ 1,554,286	\$ 1,925,943	\$ 1,837,997	\$ 2,037,376		

City of La Palma
11 Year General Fund Cash Flow Projection

Scenario - Status Quo (No Transfers)

	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	
	Preliminary	Projected										
Property Taxes	\$ 3,387,030	\$ 3,470,949	\$ 3,556,950	\$ 3,645,087	\$ 3,735,411	\$ 3,827,977	\$ 3,922,840	\$ 4,020,059	\$ 4,119,691	\$ 4,221,797	\$ 4,326,437	
Sales & Use Taxes	\$ 2,835,862	\$ 2,906,759	\$ 2,979,428	\$ 3,053,913	\$ 3,130,261	\$ 3,208,518	\$ 3,288,730	\$ 3,352,354	\$ 3,417,242	\$ 3,483,421	\$ 3,550,917	
Utility User Tax	\$ 1,179,900	\$ 1,191,699	\$ 1,203,616	\$ 1,215,652	\$ 1,227,809	\$ 1,240,087	\$ 1,252,488	\$ 1,265,013	\$ 1,277,663	\$ 1,290,439	\$ 1,303,344	
Franchise Fees	\$ 394,410	\$ 403,760	\$ 413,334	\$ 423,137	\$ 433,174	\$ 443,451	\$ 453,975	\$ 464,750	\$ 475,782	\$ 487,079	\$ 498,647	
Transient Occupancy	\$ 275,000	\$ 281,875	\$ 288,922	\$ 296,145	\$ 303,549	\$ 311,137	\$ 318,916	\$ 326,889	\$ 335,061	\$ 343,437	\$ 352,023	
Business License	\$ 171,000	\$ 175,275	\$ 179,657	\$ 184,148	\$ 188,752	\$ 193,471	\$ 198,308	\$ 203,265	\$ 208,347	\$ 213,556	\$ 218,894	
Permits	\$ 102,700	\$ 105,200	\$ 107,763	\$ 110,389	\$ 113,081	\$ 115,841	\$ 118,669	\$ 121,569	\$ 124,540	\$ 127,586	\$ 130,708	
Intergovernmental	\$ 17,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	
Charges for Service	\$ 521,750	\$ 535,661	\$ 547,021	\$ 558,636	\$ 570,511	\$ 582,654	\$ 595,069	\$ 607,764	\$ 620,745	\$ 634,018	\$ 647,591	
Fines & Forfeitures	\$ 150,350	\$ 153,357	\$ 156,424	\$ 159,553	\$ 162,744	\$ 165,999	\$ 169,319	\$ 172,705	\$ 176,159	\$ 179,682	\$ 183,276	
Use of Money & Property	\$ 368,122	\$ 612,162	\$ 621,113	\$ 630,274	\$ 639,649	\$ 649,245	\$ 659,067	\$ 669,120	\$ 679,410	\$ 689,942	\$ 700,724	
Other Income	\$ 305,500	\$ 306,638	\$ 307,801	\$ 308,991	\$ 310,208	\$ 311,453	\$ 312,726	\$ 314,029	\$ 315,361	\$ 316,723	\$ 318,117	
Transfers In	\$ 283,100	\$ 290,178	\$ 297,432	\$ 304,868	\$ 312,489	\$ 320,302	\$ 328,309	\$ 336,517	\$ 344,930	\$ 353,553	\$ 362,392	
Total GF Revenues	\$ 9,991,724	\$ 10,453,511	\$ 10,679,460	\$ 10,910,791	\$ 11,147,638	\$ 11,390,133	\$ 11,638,416	\$ 11,874,032	\$ 12,114,931	\$ 12,361,235	\$ 12,613,070	\$ 125,174,942
Administration	\$ 1,421,944	\$ 1,466,195	\$ 1,502,242	\$ 1,543,740	\$ 1,580,145	\$ 1,628,512	\$ 1,662,543	\$ 1,705,491	\$ 1,740,694	\$ 1,769,525	\$ 1,814,837	\$ 17,835,869
Police	\$ 5,429,667	\$ 5,611,179	\$ 5,811,180	\$ 5,977,409	\$ 6,129,759	\$ 6,329,492	\$ 6,453,228	\$ 6,622,003	\$ 6,806,304	\$ 6,939,837	\$ 7,119,089	\$ 69,229,146
Community Services	\$ 1,981,493	\$ 2,039,411	\$ 2,101,020	\$ 2,158,048	\$ 2,207,869	\$ 2,271,676	\$ 2,324,262	\$ 2,384,850	\$ 2,413,732	\$ 2,445,335	\$ 2,508,726	\$ 24,836,421
Community Development	\$ 432,241	\$ 432,350	\$ 446,555	\$ 458,995	\$ 469,425	\$ 483,841	\$ 494,185	\$ 507,088	\$ 519,430	\$ 529,513	\$ 543,216	\$ 5,316,838
Subtotal Operating	\$ 9,265,345	\$ 9,549,136	\$ 9,860,996	\$ 10,138,192	\$ 10,387,198	\$ 10,713,521	\$ 10,934,217	\$ 11,219,432	\$ 11,480,159	\$ 11,684,211	\$ 11,985,868	\$ 117,218,275
Transfer to COR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to 60/40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Transfer Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total GF Expenses	\$ 9,265,345	\$ 9,549,136	\$ 9,860,996	\$ 10,138,192	\$ 10,387,198	\$ 10,713,521	\$ 10,934,217	\$ 11,219,432	\$ 11,480,159	\$ 11,684,211	\$ 11,985,868	\$ 117,218,275
GF Surplus/(Deficit)	\$ 726,379	\$ 904,376	\$ 818,464	\$ 772,600	\$ 760,440	\$ 676,612	\$ 704,199	\$ 654,600	\$ 634,772	\$ 677,024	\$ 627,202	\$ 7,956,667

Scenario - Transfer 6.4% of Revenues

	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	
	Preliminary	Projected										
Property Taxes	\$ 3,387,030	\$ 3,470,949	\$ 3,556,950	\$ 3,645,087	\$ 3,735,411	\$ 3,827,977	\$ 3,922,840	\$ 4,020,059	\$ 4,119,691	\$ 4,221,797	\$ 4,326,437	
Sales & Use Taxes	\$ 2,835,862	\$ 2,906,759	\$ 2,979,428	\$ 3,053,913	\$ 3,130,261	\$ 3,208,518	\$ 3,288,730	\$ 3,352,354	\$ 3,417,242	\$ 3,483,421	\$ 3,550,917	
Utility User Tax	\$ 1,179,900	\$ 1,191,699	\$ 1,203,616	\$ 1,215,652	\$ 1,227,809	\$ 1,240,087	\$ 1,252,488	\$ 1,265,013	\$ 1,277,663	\$ 1,290,439	\$ 1,303,344	
Franchise Fees	\$ 394,410	\$ 403,760	\$ 413,334	\$ 423,137	\$ 433,174	\$ 443,451	\$ 453,975	\$ 464,750	\$ 475,782	\$ 487,079	\$ 498,647	
Transient Occupancy	\$ 275,000	\$ 281,875	\$ 288,922	\$ 296,145	\$ 303,549	\$ 311,137	\$ 318,916	\$ 326,889	\$ 335,061	\$ 343,437	\$ 352,023	
Business License	\$ 171,000	\$ 175,275	\$ 179,657	\$ 184,148	\$ 188,752	\$ 193,471	\$ 198,308	\$ 203,265	\$ 208,347	\$ 213,556	\$ 218,894	
Permits	\$ 102,700	\$ 105,200	\$ 107,763	\$ 110,389	\$ 113,081	\$ 115,841	\$ 118,669	\$ 121,569	\$ 124,540	\$ 127,586	\$ 130,708	
Intergovernmental	\$ 17,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	
Charges for Service	\$ 521,750	\$ 535,661	\$ 547,021	\$ 558,636	\$ 570,511	\$ 582,654	\$ 595,069	\$ 607,764	\$ 620,745	\$ 634,018	\$ 647,591	
Fines & Forfeitures	\$ 150,350	\$ 153,357	\$ 156,424	\$ 159,553	\$ 162,744	\$ 165,999	\$ 169,319	\$ 172,705	\$ 176,159	\$ 179,682	\$ 183,276	
Use of Money & Property	\$ 368,122	\$ 612,162	\$ 621,113	\$ 630,274	\$ 639,649	\$ 649,245	\$ 659,067	\$ 669,120	\$ 679,410	\$ 689,942	\$ 700,724	
Other Income	\$ 305,500	\$ 306,638	\$ 307,801	\$ 308,991	\$ 310,208	\$ 311,453	\$ 312,726	\$ 314,029	\$ 315,361	\$ 316,723	\$ 318,117	
Transfers In	\$ 283,100	\$ 290,178	\$ 297,432	\$ 304,868	\$ 312,489	\$ 320,302	\$ 328,309	\$ 336,517	\$ 344,930	\$ 353,553	\$ 362,392	
Total GF Revenues	\$ 9,991,724	\$ 10,453,511	\$ 10,679,460	\$ 10,910,791	\$ 11,147,638	\$ 11,390,133	\$ 11,638,416	\$ 11,874,032	\$ 12,114,931	\$ 12,361,235	\$ 12,613,070	\$ 125,174,942
Administration	\$ 1,421,944	\$ 1,466,195	\$ 1,502,242	\$ 1,543,740	\$ 1,580,145	\$ 1,628,512	\$ 1,662,543	\$ 1,705,491	\$ 1,740,694	\$ 1,769,525	\$ 1,814,837	\$ 17,835,869
Police	\$ 5,429,667	\$ 5,611,179	\$ 5,811,180	\$ 5,977,409	\$ 6,129,759	\$ 6,329,492	\$ 6,453,228	\$ 6,622,003	\$ 6,806,304	\$ 6,939,837	\$ 7,119,089	\$ 69,229,146
Community Services	\$ 1,981,493	\$ 2,039,411	\$ 2,101,020	\$ 2,158,048	\$ 2,207,869	\$ 2,271,676	\$ 2,324,262	\$ 2,384,850	\$ 2,413,732	\$ 2,445,335	\$ 2,508,726	\$ 24,836,421
Community Development	\$ 432,241	\$ 432,350	\$ 446,555	\$ 458,995	\$ 469,425	\$ 483,841	\$ 494,185	\$ 507,088	\$ 519,430	\$ 529,513	\$ 543,216	\$ 5,316,838
Subtotal Operating	\$ 9,265,345	\$ 9,549,136	\$ 9,860,996	\$ 10,138,192	\$ 10,387,198	\$ 10,713,521	\$ 10,934,217	\$ 11,219,432	\$ 11,480,159	\$ 11,684,211	\$ 11,985,868	\$ 117,218,275
Calculated Transfer Out:	\$ 639,470	\$ 669,025	\$ 683,485	\$ 698,291	\$ 713,449	\$ 728,969	\$ 744,859	\$ 759,938	\$ 775,356	\$ 791,119	\$ 807,236	\$ 8,011,196
Transfer to COR	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 5,005,000
Transfer to 60/40	\$ 354,254	\$ 283,790	\$ 311,861	\$ 277,195	\$ 249,007	\$ 326,323	\$ 220,696	\$ 285,215	\$ 260,726	\$ 204,052	\$ 301,657	\$ 3,074,777
Transfer to Other	\$ -	\$ -	\$ -	\$ -	\$ 9,442	\$ -	\$ 69,163	\$ 19,723	\$ 59,629	\$ 132,067	\$ 50,579	\$ 340,604
Subtotal Transfer Out	\$ 809,254	\$ 738,790	\$ 766,861	\$ 732,195	\$ 713,449	\$ 781,323	\$ 744,859	\$ 759,938	\$ 775,356	\$ 791,119	\$ 807,236	\$ 8,420,381
Total GF Expenses	\$ 10,074,599	\$ 10,287,926	\$ 10,627,857	\$ 10,870,387	\$ 11,100,647	\$ 11,494,845	\$ 11,679,076	\$ 11,979,370	\$ 12,255,514	\$ 12,475,330	\$ 12,793,104	\$ 125,638,655
GF Surplus/(Deficit)	\$ (82,876)	\$ 165,585	\$ 51,603	\$ 40,404	\$ 46,991	\$ (104,711)	\$ (40,660)	\$ (105,338)	\$ (140,583)	\$ (114,095)	\$ (180,035)	\$ (463,713)

Scenario - Transfer 6.4% of Revenues with Financial Plan

	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	
	Preliminary	Projected										
Property Taxes	\$ 3,387,030	\$ 3,470,949	\$ 3,556,950	\$ 3,645,087	\$ 3,735,411	\$ 3,827,977	\$ 3,922,840	\$ 4,020,059	\$ 4,119,691	\$ 4,221,797	\$ 4,326,437	
Sales & Use Taxes	\$ 2,835,862	\$ 2,906,759	\$ 2,979,428	\$ 3,053,913	\$ 3,130,261	\$ 3,208,518	\$ 3,288,730	\$ 3,352,354	\$ 3,417,242	\$ 3,483,421	\$ 3,550,917	
Utility User Tax	\$ 1,179,900	\$ 1,191,699	\$ 1,203,616	\$ 1,215,652	\$ 1,227,809	\$ 1,240,087	\$ 1,252,488	\$ 1,265,013	\$ 1,277,663	\$ 1,290,439	\$ 1,303,344	
Franchise Fees	\$ 394,410	\$ 403,760	\$ 413,334	\$ 423,137	\$ 433,174	\$ 443,451	\$ 453,975	\$ 464,750	\$ 475,782	\$ 487,079	\$ 498,647	
Transient Occupancy	\$ 275,000	\$ 281,875	\$ 288,922	\$ 296,145	\$ 303,549	\$ 311,137	\$ 318,916	\$ 326,889	\$ 335,061	\$ 343,437	\$ 352,023	
Business License	\$ 171,000	\$ 175,275	\$ 179,657	\$ 184,148	\$ 188,752	\$ 193,471	\$ 198,308	\$ 203,265	\$ 208,347	\$ 213,556	\$ 218,894	
Permits	\$ 102,700	\$ 105,200	\$ 107,763	\$ 110,389	\$ 113,081	\$ 115,841	\$ 118,669	\$ 121,569	\$ 124,540	\$ 127,586	\$ 130,708	
Intergovernmental	\$ 17,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	
Charges for Service	\$ 521,750	\$ 535,661	\$ 547,021	\$ 558,636	\$ 570,511	\$ 582,654	\$ 595,069	\$ 607,764	\$ 620,745	\$ 634,018	\$ 647,591	
Fines & Forfeitures	\$ 183,350	\$ 186,357	\$ 189,424	\$ 192,553	\$ 195,744	\$ 198,999	\$ 202,319	\$ 205,705	\$ 209,159	\$ 212,682	\$ 216,276	
Use of Money & Property	\$ 368,122	\$ 612,162	\$ 621,113	\$ 630,274	\$ 689,649	\$ 703,442	\$ 717,511	\$ 731,861	\$ 746,499	\$ 761,429	\$ 776,657	
Other Income	\$ 305,500	\$ 306,638	\$ 307,801	\$ 308,991	\$ 310,208	\$ 311,453	\$ 312,726	\$ 314,029	\$ 315,361	\$ 316,723	\$ 318,117	
Transfers In	\$ 283,100	\$ 290,178	\$ 297,432	\$ 304,868	\$ 312,489	\$ 320,302	\$ 328,309	\$ 336,517	\$ 344,930	\$ 353,553	\$ 362,392	
Total GF Revenues	\$ 10,024,724	\$ 10,486,511	\$ 10,712,460	\$ 10,943,791	\$ 11,230,638	\$ 11,477,330	\$ 11,729,860	\$ 11,969,774	\$ 12,215,020	\$ 12,465,721	\$ 12,722,003	\$ 125,977,832
Administration	\$ 1,421,944	\$ 1,466,195	\$ 1,502,242	\$ 1,543,740	\$ 1,580,145	\$ 1,628,512	\$ 1,662,543	\$ 1,705,491	\$ 1,740,694	\$ 1,769,525	\$ 1,814,837	\$ 17,835,869
Police	\$ 5,274,667	\$ 5,456,179	\$ 5,656,180	\$ 5,822,409	\$ 5,974,759	\$ 6,174,492	\$ 6,298,228	\$ 6,467,003	\$ 6,651,304	\$ 6,784,837	\$ 6,964,089	\$ 67,524,146
Community Services	\$ 1,981,493	\$ 2,039,411	\$ 2,101,020	\$ 2,158,048	\$ 2,207,869	\$ 2,271,676	\$ 2,324,262	\$ 2,384,850	\$ 2,413,732	\$ 2,445,335	\$ 2,508,726	\$ 24,836,421
Community Development	\$ 432,241	\$ 432,350	\$ 446,555	\$ 458,995	\$ 469,425	\$ 483,841	\$ 494,185	\$ 507,088	\$ 519,430	\$ 529,513	\$ 543,216	\$ 5,316,838
Subtotal Operating	\$ 9,110,345	\$ 9,394,136	\$ 9,705,996	\$ 9,983,192	\$ 10,232,198	\$ 10,558,521	\$ 10,779,217	\$ 11,064,432	\$ 11,325,159	\$ 11,529,211	\$ 11,830,868	\$ 115,513,275
Calculated Transfer Out:	\$ 641,582	\$ 671,137	\$ 685,597	\$ 700,403	\$ 718,761	\$ 734,549	\$ 750,711	\$ 766,066	\$ 781,761	\$ 797,806	\$ 814,208	\$ 8,062,581
Transfer to COR	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 455,000	\$ 5,005,000
Transfer to 60/40												\$ -
Transfer to Other	\$ 186,582	\$ 216,137	\$ 230,597	\$ 245,403	\$ 263,761	\$ 279,549	\$ 295,711	\$ 311,066	\$ 326,761	\$ 342,806	\$ 359,208	\$ 3,057,581
Subtotal Transfer Out	\$ 641,582	\$ 671,137	\$ 685,597	\$ 700,403	\$ 718,761	\$ 734,549	\$ 750,711	\$ 766,066	\$ 781,761	\$ 797,806	\$ 814,208	\$ 8,062,581
Total GF Expenses	\$ 9,751,928	\$ 10,065,272	\$ 10,391,594	\$ 10,683,594	\$ 10,950,959	\$ 11,293,071	\$ 11,529,928	\$ 11,830,498	\$ 12,106,920	\$ 12,327,017	\$ 12,645,076	\$ 123,575,856
GF Surplus/(Deficit)	\$ 272,796	\$ 421,239	\$ 320,866	\$ 260,197	\$ 279,679	\$ 184,260	\$ 199,932	\$ 139,276	\$ 108,100	\$ 138,704	\$ 76,927	\$ 2,401,977