CITY OF FLORENCE

Budget Report to Citizens

FISCAL YEAR 2014 – 2015

Budget Report to Citizens
2nd Edition
Fiscal Year 2014 – 2015

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Kelli Weese, City Recorder
Kevin Rhodes, Events Center Director
Lynn Lamm, Interim Police Chief
Mike Miller, Public Works Director
Wendy FarleyCampbell, Interim Planning Director

This Budget Report to Citizens, is intended to demonstrate how City services are paid for. Detailed financial reports, required audited financial statements and budget documents can be found on the City of Florence Finance Department website at http://www.ci.florence.or.us/finance.

Welcome to the 2nd Edition of the Budget Report to Citizens! As you may recall, in 2013 the Florence City Council set a policy stating that this will become an annual report as a means to provide an easy to read and understand guide on municipality budgeting. Last year's report received local and statewide accolades (2013 Good Governance Award from the League of Oregon Cities) and, even though we do not set out to win awards when prioritizing our goals, the recognition portrays a need statewide for local governments to provide information that will enhance citizen's understanding of what/how municipalities are spending.

On June 2, 2014, the Florence City Council adopted a balanced budget of $25,429,978 for fiscal year 2014-15, in accordance with Local budget Law and Government Accounting Standards. The annual budget is the single most important financial document of the City and it is organized into 10 funds and accounts for 18 programs. We kept this report's format simple, like the first edition. The sections include: how property tax revenues are spent; how enterprise funds (water, sewer, stormwater) are managed; what the other sources of our revenue are; and where that revenue is spent. The Long Range Financial Plan has been updated twice and that financial framework was followed in preparing the budget and this report. Our ending fund balance targets are in place to assure that the City is able to handle emergency financial situations and to manage cash flow.

Items of significance to highlight from this year's budget include:

1) The need to find sustainable funding for the Street Program. A proposed seasonal fuel tax is likely to be placed on the November ballot so that all users of the street infrastructure are paying towards the maintenance and not just the citizens.

2) Instead of the 3.5% water rate increase that the five year financial plan had forecasted for the upcoming fiscal year, the budget reflects a nominal 1% water service charge increase and no increase in the well-rehab fee. The forecasted rate increase was reduced due to a new surplus water customer that will purchase between $47,000 - $57,000 of water per year. The new customer plus the increase will allow us to stay abreast of the cost of services and provide adequate revenue streams to support existing water debt service expenses.

3) The budget includes a General Obligation (G.O) Bond property tax levy amount of $250,500 to pay for debt service on a voter approved G.O. Bond for the Justice Center and Water Treatment Plant Improvements. The Justice Center G.O. Bond will be paid off during the 2014-15 fiscal year. The location of a new Public Works Operation Facility will bring financial support to the Airport Fund as the City is in the process of negotiating a land lease agreement in the Pacific View Business Park.

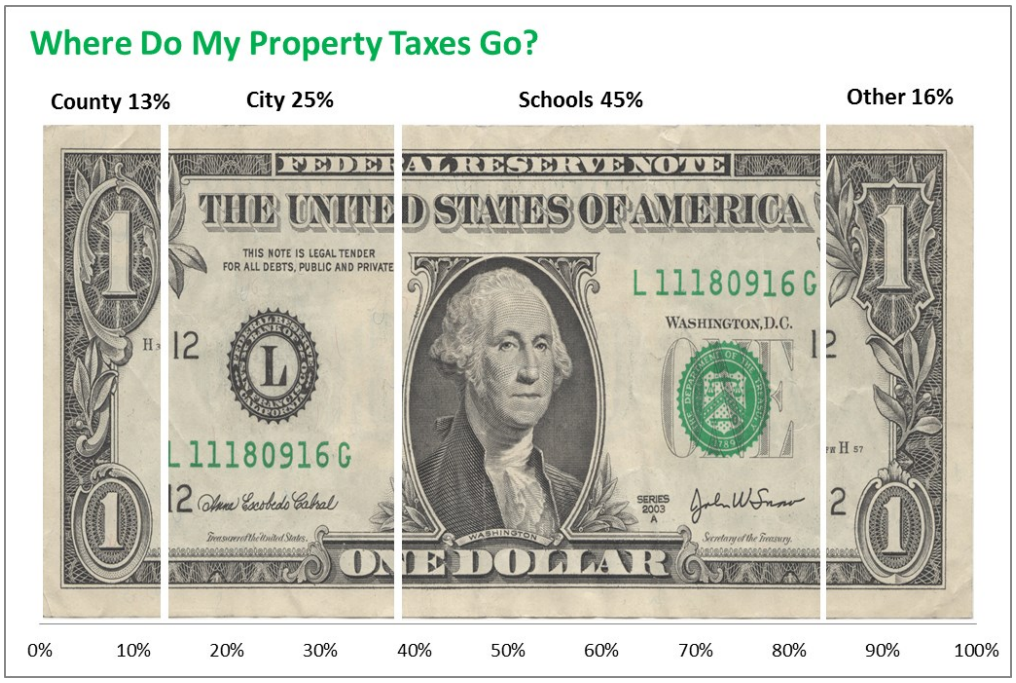
We will continue to make every effort to encourage efficient and effective services by promoting productivity improvements and making those government's efforts know publicly. Florence has a lot of wonderful services and projects to be proud of. Please stay engaged and informed as we continue to achieve good governance.

Sincerely,

Jacque M. Betz
City Manager

Property Taxes

The City of Florence and Urban Renewal Agency receives 25% of the total tax bill paid by Florence property owners. The rest goes to the county, school district, port, fire district and other special districts. Property tax revenues, including the bonded debt, account for 15% of the total revenue that the City of Florence expects to receive in 2014-15.



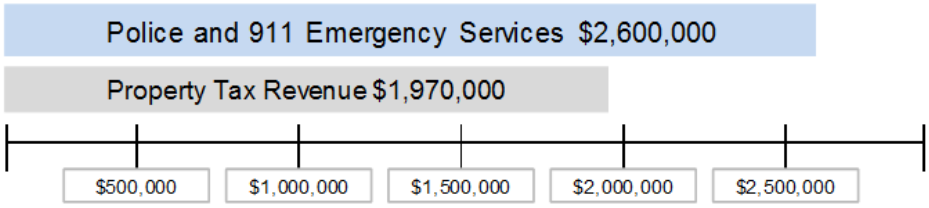
Total estimated tax bill for Florence Properties 2014-2015

Taxing District	% of total	Rate/$1,000	Detail of what each rate includes
County	13%	$ 1.90	County Jail Levy $.55 and County General Obligation Bond $.1086
City	25%	3.54	City General Obligation Bond rate $.3981 and Urban Renewal Tax Increment $.3139
School	45%	6.45	District 97J and Lane Community College rates and related General Obligation Bonds
Other	16%	2.32	Levy rates for the Port of Siuslaw, Siuslaw Public Library, Siuslaw Valley Fire & Rescue, and Western Lane Ambulance District
Total/thousand	100%	$ 14.21	

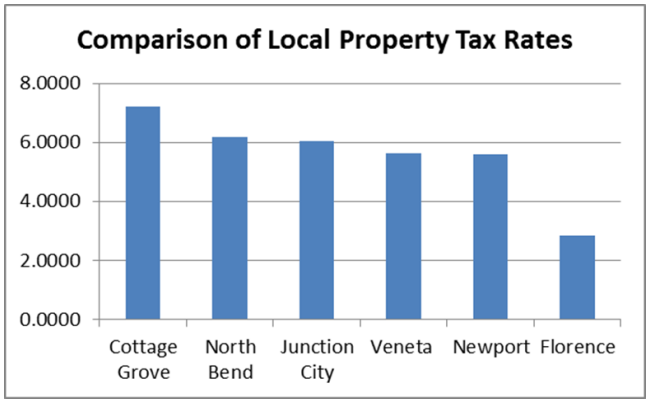
Property Tax Comparison

The City's 2014-15 Budget anticipates $1,970,000 in property tax revenue, which excludes the reserved and the General Obligation Bond amounts. A chart is provided below to illustrate the cost of the City's Public Safety services that are accounted for in the General Fund in comparison to property tax revenues. The City has chosen to dedicate property tax revenues to funding these critical public safety services. Charges for service revenue generated from fees charged for water, sewer, stormwater, and street maintenance fund the operations and capital projects related to the various utility enterprise funds making up 32% of the City revenue budget.

FY 2014-15 Cost of Public Safety Services:



The amount of property tax money levied in Florence is one of the lowest in the County and comparable surrounding communities. Property tax revenue can increase from year to year when there is an increase in the assessed value of taxable property which is limited to 3% per year, when there is new development (which adds additional taxable value) or by a voter approved local option levy. A levy may only be for a limited time and a specific purpose. The City of Florence currently does not have a local option levy.



City	General Tax Rate
Cottage Grove	7.2087
North Bend	6.1831
Junction City	6.0445
Veneta	5.6364
Newport	5.5938
Florence	2.8610

Where the Money Comes From

Florence continues to be in good overall financial condition. The City's General Fund is heavily reliant on property tax revenues, franchise fees, and fees for various city services. The Street Fund is funded by the State Highway Gas Tax and the Street Maintenance Fee that is collected monthly. The Water, Sewer and Stormwater (Public Works Enterprise Fund) are supported by monthly service charges. Further detail of the City's revenue sources included in the 2014-15 budget are as follows:

Taxes

Property Taxes	
General Operating - Current year	$ 2,222,000
Unpaid from prior year	50,000
Bonded Debt	243,500
City Room Tax	278,000
This is the 4% tax on all motel and vacation rentals that is paid by the visitor when they stay in a room, house, or RV park in Florence and pay rent for less than a 30-day period.	
Franchise Fees	496,800
These are fees paid by the electric, telephone, internet, and cable companies in exchange for operating within the public right-of-way.	
State Share Revenue Taxes	975,300
The State of Oregon "shares" money it receives from the liquor, cigarette, and gas tax with the local governments throughout Oregon. This money is distributed on a per capita basis. The State Highway Gas Tax is restricted to funding the City's streets, sidewalks, trails and roads. The other sources of state shared revenue is allocated at the City's discretion during the two public hearings held each year as part of the budget process. It is usually allocated to fund public safety and a small number of non-profit agencies (Rhody Express and Siuslaw Outreach Services).	
Local Improvement District (LID) Assessments	35,412
This revenue consists of expected assessment payments made by property owners located in the various LID's. Property owners usually make payments over a 20-year period of time.	
Interest on Deposits and Investments	60,800
This is the interest that the City earns on money invested in the State Investment Pool as well as at the local bank.	
Fines and Forfeitures	265,000
The City's share of money collected by the Municipal Court for crimes and violations.	

User Fees	
Charges for Services	5,912,850
Water, Sewer, Stormwater, and Street fees charged on a monthly utility bill.	
System Development Charges (SDC's)	129,200
These are charges paid by a developer or owner to "buy into" the utility systems (capacity building projects).	
Business Licenses & Other General Fees	144,050
Public Safety and 9-1-1 Emergency Contract for Service Fees	300,500
Florence Events Center Fees	323,100
Fees are generated from building use & equipment rental charges, ticket and food & beverage sales.	
Community Development Planning Fees	16,500
These are fees paid by property owners and developers for applications to divide land, conditional use permits, variances, and other land use processes that require City Staff and/or Planning Commission time.	
Building Department Fees	190,800
Building fees are charged in accordance with the State and City Building Code regulations. Permits and inspections are required for new and remodel construction, plumbing, and electrical.	
Airport Fees	131,610
The City's Airport revenue is derived from sale of aviation fuel and leases of hangar spaces.	
Proceeds from Debt	1,845,000
Debt and Bonds are often used to finance projects in order to pay for large items, much like mortgaging your home. The cash outlay to pay back the debt is included as debt service expense in future budget years.	
Grant Revenue	1,152,500
The City receives grant revenue from various sources each year. The 2014-15 Budget includes a recurring grant from Lane County for the Rural Tourism Marketing and to assist in the FEC debt payments as well as grant funding that will cover 90% of the costs of the Rhody Drive Multi-Use Path.	
Transfers In	3,456,917
These are the internal transfers from one fund to another. The total budget shows transfers as a revenue and expense in accordance with Oregon Budget Law. These internal charges, transfers and loans, "inflate" the budget numbers because they are internal transactions shown as an expense and revenue even though in essence they "zero-out" each other in the overall financial picture.	
Total Current Revenues	18,229,839
Beginning Fund Balance	7,200,139
Total 2014-15 Adopted Budget Resources	**$25,429,978**

Where the Money Goes

The City budget is structured so that services and employees are paid for from specific funds. Fund accounting and budgeting is required by Oregon law. The purpose of using fund accounting is to provide for accountability of the public's finances. Having revenues and expenses tracked in separate funds for their specific use allows the City to account for, and ensure consistency with, the public's intent on how the money is spent. The City's three main types of funds are the General Fund, Enterprise Funds (business-type) and Special Activity Funds.

The information provided in the following table is the City's 2014-15 budget for expenditures. It outlines the programs for the coming year and controls the City's spending by providing authority to spend public funds as budgeted.

General Fund		
Community Development Program	$	607,585
Municipal Court Program		307,368
Police Program		2,580,409
Administrative Program		1,193,272
Parks Program		141,845
Materials & Services (Not Allocated Non-Departmental)		47,800
Transfers		216,105
Debt Service		35,170
Contingency		760,000
Total General Fund	**$**	**5,889,554**

911 Emergency Fund		
Transfers	$	207,050
Total 911 Emergency Fund	**$**	**207,050**

Room Tax Fund		
Materials & Services	$	111,200
Transfers		166,800
Contingency		15,000
Total Room Tax Fund	**$**	**293,000**

Florence Events Center Fund		
Events Center Program	$	838,564
Debt Service		25,000
Contingency		130,000
Total Florence Events Center Fund	**$**	**993,564**

Street Fund		
Street Program	$	2,022,958
Transfers		614,995
Debt Service		146,915
Contingency		250,000
Total Street Fund	**$**	**3,034,868**

Public Works Enterprise Fund		
Water Program	$	1,590,250
Wastewater Program		1,547,848
Stormwater Program		604,493
Public Works Admin. Program		801,388
Transfers		2,247,967
Debt Service		667,766
Contingency		650,000
Total Public Works Enterprise Fund	**$**	**8,109,712**

Airport Enterprise Fund		
Airport Program	$	89,686
Debt Service		50,262
Total Airport Enterprise Fund	**$**	**139,948**

General Obligation (G.O.) Bond Fund		
Debt Service	$	497,445
Total G.O. Bond Fund	**$**	**497,445**

General Debt Service Fund		
Debt Service	$	1,245,372
Total General Debt Service Fund	**$**	**1,245,372**

Events Center Endowment Trust & Agency Fund		
Transfers	$	4,000
Total Events Center T&A Fund	**$**	**4,000**

Total APPROPRIATIONS, All Funds	$	20,414,513
Total Unappropriated (UEFB) and Reserve Amounts, All Funds		5,015,465
TOTAL ADOPTED BUDGET	**$**	**25,429,978**

A Closer Look

Budget by Program

Each of the Funds and the Programs contained within the budget are supported by a detailed chart of accounts (line item detail) and is summarized into operating classifications. The following tables provide a closer look at the composition of the significant fund and program expenses as adopted for the 2014-15 budget, the previous year's budget, and two prior year's actual data.

GENERAL FUND

Expenses accounted for in the General Fund include six programs: Community Development, Municipal Court, Police, Administrative, Parks, and Non-Departmental.

COMMUNITY DEVELOPMENT PROGRAM	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 BUDGET	2014-2015 BUDGET
PERSONNEL SERVICES	$ 422,403	$ 284,075	$ 288,190	$ 386,959
MATERIALS & SERVICES	149,816	213,129	264,650	220,626
TOTAL FOR PROGRAM	572,219	497,204	552,840	607,585

MUNICIPAL COURT PROGRAM	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 BUDGET	2014-2015 BUDGET
PERSONNEL SERVICES	133,027	123,580	167,950	169,668
MATERIALS & SERVICES	113,455	117,578	135,650	137,700
CAPITAL OUTLAY	-	-	-	-
TRANSFERS OUT	-	-	-	-
TOTAL FOR PROGRAM	246,482	241,158	303,600	307,368

POLICE PROGRAM	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 BUDGET	2014-2015 BUDGET
PERSONNEL SERVICES	1,896,202	1,885,098	2,067,990	2,087,018
MATERIALS & SERVICES	313,325	310,418	333,496	373,391
CAPITAL OUTLAY	6,800	89,646	55,000	120,000
TOTAL FOR PROGRAM	2,216,327	2,285,162	2,456,486	2,580,409

Administration Services Program is made up of four sub-departments (City Council, City Manager's Office (CMO), Finance, and City Hall) that provide management and financial administration for all City Departments. The City Manager oversees all City operations and the City's Finances are centrally accounted for.

ADMINISTRATIVE PROGRAM	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 BUDGET	2014-2015 BUDGET
PERSONNEL SERVICES				
CMO	$ 306,588	$ 198,772	$ 273,340	$ 362,605
FINANCE	231,713	224,560	280,545	287,479
CITY HALL	52,947	54,877	59,330	58,094
TOTAL PERSONNEL SERVICES	591,248	478,209	613,215	708,178
MATERIALS & SERVICES				
CITY COUNCIL	40,940	24,961	62,700	40,194
CMO	116,715	110,908	130,600	146,700
FINANCE	141,051	126,820	149,000	136,200
CITY HALL	29,817	29,068	33,500	32,000
TOTAL MATERIALS & SERVICES	328,523	291,757	375,800	355,094
CAPITAL OUTLAY				
FINANCE	200,918	56,413	77,000	105,000
CITY HALL	-	14,035	90,000	25,000
TOTAL CAPITAL OUTLAY	200,918	70,448	167,000	130,000
TOTAL FOR PROGRAM	11,120,689	840,414	1,156,015	1,193,272

PARKS PROGRAM	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 BUDGET	2014-2015 BUDGET
PERSONNEL SERVICES	61,663	65,520	68,700	69,232
MATERIALS & SERVICES	75,399	39,483	55,600	62,613
CAPITAL OUTLAY	38,276	55,568	15,000	10,000
TOTAL FOR PROGRAM	175,338	160,571	139,300	141,845

NON-DEPARTMENTAL PROGRAM	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 BUDGET	2014-2015 BUDGET
MATERIALS & SERVICES	100,522	95,000	45,600	47,800
CAPITAL OUTLAY	539,036	17,651	-	-
TRANSFERS OUT	184,115	76,126	78,355	216,105
DEBT SERVICE	7,690	25,274	51,169	35,170
CONTINGENCY	-	-	450,000	760,000
TOTAL FOR PROGRAM	831,363	214,051	625,124	1,059,075
TOTAL FOR GENERAL FUND	$ 5,162,418	$ 4,238,559	$ 5,233,365	$ 5,889,554

A Closer Look Continued

Budget by Program

FLORENCE EVENTS CENTER

As the area's regional conference and events center the Florence Events Center (FEC) draws tourists and potential future residents to our community.

EVENTS CENTER PROGRAM	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 BUDGET	2014-2015 BUDGET
PERSONNEL SERVICES	$ 231,460	$ 214,836	$ 235,140	$ 301,529
MATERIALS & SERVICES	274,129	223,339	269,200	317,035
CAPITAL OUTLAY	30,038	44,318	25,000	220,000
DEBT SERVICE	-	-	-	25,000
TRANSFERS OUT	57,551	49,334	57,960	-
CONTINGENCY	-	-	88,000	130,000
TOTAL FOR PROGRAM	$ 593,178	$ 531,827	$ 675,300	$ 993,564

STREET PROGRAM

The Street Program is supported by a wide variety of revenues that are all restricted to the preservation of the City's transportation infrastructure (streets, sidewalks, bicycle lanes, and trails). The City collects a Street Maintenance Fee because maintaining and preserving a street over its useful life is far more cost-effective than waiting for the condition to fall into disrepair, requiring full reconstruction.

STREETS PROGRAM	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 BUDGET	2014-2015 BUDGET
PERSONNEL SERVICES	$ 49,645	$ 53,422	$ 60,190	$ 59,774
MATERIALS & SERVICES	238,158	227,455	239,100	238,184
CAPITAL OUTLAY	383,955	1,365,386	1,035,000	1,725,000
DEBT SERVICE	43,811	91,140	152,704	146,915
TRANSFERS OUT	245,457	239,370	626,521	614,995
CONTINGENCY	-	-	110,000	250,000
TOTAL FOR PROGRAM	$ 961,026	$ 1,976,773	$ 2,223,515	$ 3,034,868

PUBLIC WORKS ENTERPRISE FUND

The City's Utility Service Enterprise Fund (Water, Sewer, and Stormwater Programs) are fully supported by user fees. User fees are billed on a monthly basis for the services provided to each customer. The rate structure is derived in a manner that supports operational expenses as well as to support current and future debt financing expenditures. Nearly all capital projects are financed through long-term debt (bonds) that are paid-off over the useful life of the asset. The user fees of the Public Works funds are restricted to each individual utility service program. On occasion, the City is a recipient of a grant that provides funding for an additional infrastructure project that allows the City to complete projects on the deferred capital projects list faster than originally anticipated.

PUBLIC WORKS ENTERPRISE FUND	**2011-2012 ACTUAL**	**2012-2013 ACTUAL**	**2013-2014 BUDGET**	**2014-2015 BUDGET**
PERSONNEL SERVICES				
WATER PROGRAM	$ 307,295	$ 328,502	$ 352,000	$ 340,971
WASTEWATER PROGRAM	359,612	400,225	428,240	417,715
STORMWATER PROGRAM	57,844	61,375	67,175	67,411
PW ADMIN PROGRAM	491,315	419,497	449,824	436,888
TOTAL PERSONNEL SERVICES	1,216,066	1,209,599	1,297,239	1,262,985
MATERIALS & SERVICES				
WATER PROGRAM	330,074	368,558	439,150	404,279
WASTEWATER PROGRAM	448,612	414,601	458,100	465,133
STORMWATER PROGRAM	29,644	49,018	62,988	67,082
PW ADMIN PROGRAM	64,732	51,845	59,200	64,500
TOTAL MATERIALS & SERVICES	873,062	884,022	1,019,438	1,000,994
CAPITAL OUTLAY				
WATER PROGRAM	945,330	1,683,688	697,000	845,000
WASTEWATER PROGRAM	1,845,493	1,600,089	440,000	665,000
STORMWATER PROGRAM	293,640	125,029	370,000	470,000
PW ADMIN PROGRAM	1,585	18,296	35,000	300,000
TOTAL CAPITAL OUTLAY	3,086,048	3,427,102	1,542,000	2,280,000
DEBT SERVICE	387,995	1,908,575	793,011	667,766
TRANSFERS OUT	2,350,826	2,296,238	2,147,403	2,247,967
CONTINGENCY	-	-	650,000	650,000
TOTAL FOR FUND	$ 7,913,997	$ 9,725,536	$ 7,449,091	$ 8,109,712

Building a better Florence – where the money comes from:

Florence is planning for the future. We want to continue providing residents with safe streets and high-quality water and sewer services that are reliable and environmentally responsible. Part of the Budget Committee's role is to evaluate utility fees so that each utility can continue to be a self-sustaining enterprise. This year in order to cover increases in the cost of supplies, personnel and planned capital improvements to our city's infrastructure, an increase of 1% for the water and 2% for wastewater (sewer) utilities is necessary. Equally as important, the 2014 -15 budget includes $4.5 million in capital improvements for infrastructure.

We understand the hardship that can be caused by fee increases on our residents and businesses. The City assures you that the rate increases allow us to cover very basic maintenance and operational costs. As a community, we need to protect and preserve the livability of the city we all choose to be part of. The fee adjustments that will take place July 1, 2014, represents an increase of $1.30 per month for a typical resident.

Building a better Florence – where the money goes:

Better water quality.

The Base Fee for clean water delivered to your home will increase $0.17 per month for a typical residential customer, plus an additional $0.14 for the average 700 cubic feet of water consumed. The total increase of $0.31 per average user will help us ensure continued water quality, cover ongoing pipe maintenance, and keep pace with cost of operations. Capital projects for the Water Program this year include $345,000 for the completion of the east water reservoir pump station and $250,000 for continuous water reservoir maintenance. The City has also committed $200,000 to complete the drilling of a new well and rehab an existing well.

Improved sewer service.

The convenience of indoor plumbing comes at a cost three times higher than that of providing clean water to your home due to the many federal and state regulations related to the collection, treatment, and bio-solids handling operations. Residential sewer charges will increase $0.99 per month. This rate increase is designed to cover the cost of operational, maintenance, and capital projects for critical sewer replacement within the City. Capital projects for the Wastewater Program this year include $350,000 for Rhody Drive Gravity Sewer project and $155,000 to be invested in a pump station upgrade and equipment.

Stormwater management excellence.

For the third consecutive fiscal year the City has not had to increase the Stormwater fee. Projects are identified and completed on a priority basis in order to provide a better flow of water runoff on streets and neighborhoods as well as to provide flooding relief throughout town. Two projects are budgeted this year: the Siano Loop Stormwater Project ($250,000) and the beginning phase of the Old Town Storm Drain Project ($200,000).

Safer roads ahead.

The Street Maintenance Fee is a monthly fee designed to maintain existing roads and pay for street light electricity costs. The Street Maintenance Fee has not been increased in this budget year, remaining at a cost of $5 per month per dwelling. The fee is sufficient to pay for debt service on what the City expects to borrow in order to pay for $250,000 annually in street preservation and improvement projects for the current fiscal year as well as approximately $115,000 in electricity costs. It is the City Council's intention to re-evaluate this fee depending on the outcome of the local fuel tax referral vote in November. Grant funding has been secured to fund 90% of the $1,000,000 Rhododendron Drive Mulit-Use Path Phase 1 project. The City anticipates construction to begin Spring 2015.

City of Florence

BUDGET REPORT TO CITIZENS

2nd Edition

FISCAL YEAR
2014 – 2015

250 Hwy 101
Florence, OR 97439