

City of Florence

BUDGET REPORT TO CITIZENS

**FISCAL YEAR
2013 – 2014**

City of Florence
250 Hwy 101
Florence, OR 97439
(541) 997-3436



Budget Report to Citizens

Fiscal Year 2013 – 2014

CITY COUNCIL MEMBERS

Mayor Nola Xavier
Council President Suzanne Roberts
Council Vice-President Brian Jagoe
Councilor Joshua Greene
Councilor Joe Henry

CITIZEN BUDGET COMMITTEE MEMBERS

Chair Pat Zeh
Vice-Chair Robert Forsythe
Hugh Guinn
Sally Wantz
Deb Lamb

CITY STAFF

Jacque Betz, City Manager
Erin Reynolds, Finance Director/Budget Officer
Mike Miller, Public Works Director
Kelli Weese, City Recorder/Interim Planning Director
Kevin Rhodes, Events Center Director
Ray Gutierrez, Police Chief

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>.

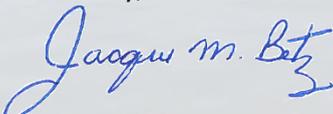
On June 17, 2013 the Florence City Council adopted a balanced budget in the amount of \$22,238,339 for fiscal year 2013-14. In an effort to be translucent, the Council also adopted a goal to prepare an “executive summary” of the budget and report it to the citizens. Our elected officials and staff are making a conscious effort to use every tool possible to portray our community’s value to its residents; therefore we are pleased to introduce our first annual budget report.

This is the perfect time to build trust with the local economy and re-establish the value that a local government can bring to the community. This report simply answers the question, “*What am I getting for my tax dollars and where does the money you collect from fees go?*” It presents data in an understandable and visually pleasing way. We realize that no matter how efficient our government is it isn’t always perceived that way. This year’s budget decisions make good sense and meet certain needs of our community. They were public decisions made through a public process.

Capital projects and services included in the budget focus on maintaining our community character, its long-term vitality, achieving organizational effectiveness, and fiscal stability. This is why the City will be collecting its full property tax rate of \$2.86 per thousand of assessed value beginning November 15, 2013. The additional \$286,000 in revenue will be placed in a reserve account where it will remain until Council explores funding options for the Florence Event Center, street maintenance, parks, and other general fund services. These are all amenities that citizens depend upon in our community.

We will continue to involve the public in day to day activities and will remind citizens of the public outreach involved with moving forward on projects that enhance the livability of this wonderful place we choose to call home. We hope you enjoy the City of Florence’s Fiscal Year 2013-14 Budget Report.

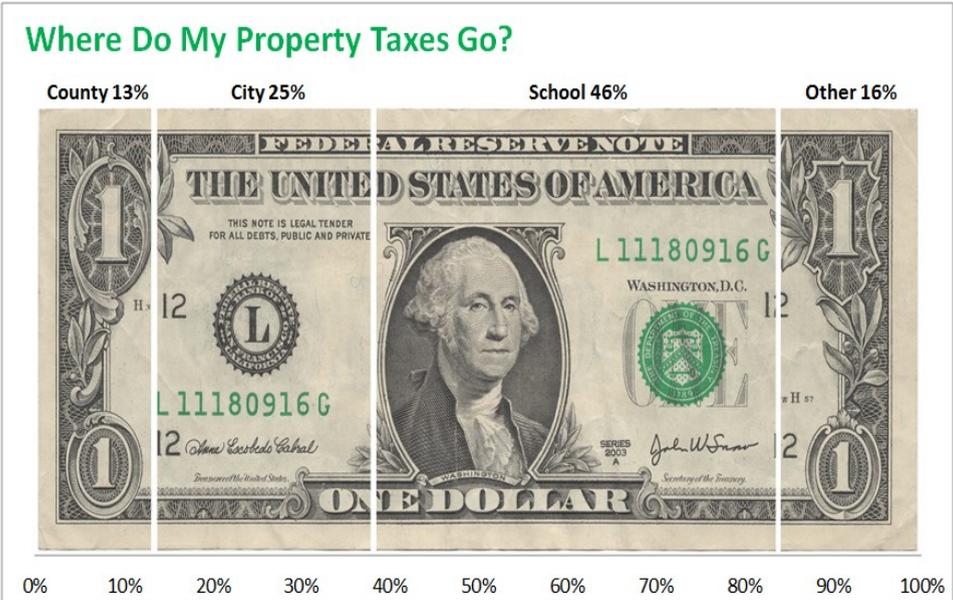
Sincerely,



Jacquie 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 for county services, schools, port, fire district and other special districts. Property tax revenue, including the bonded debt, accounts for 15% of the total revenue that the City of Florence expects to receive in 2013-14.



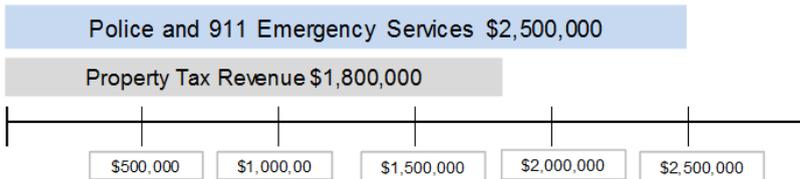
Total estimated tax bill for Florence Properties 2013-2014

Taxing District	% of total	Rate/\$1,000	Detail of what each rate includes
County	13%	\$ 1.90	New County Jail Levy \$.55 and County General Obligation Bond \$.1086
City	25%	3.51	City General Obligation Bond rate \$.3981 and Urban Renewal Tax Increment \$.3139
School	46%	6.48	District 97J and Lane Community College rates and related General Obligation Bonds
Other	16%	2.27	Levy rates for the Port of Siuslaw, Siuslaw Public Library, Siuslaw Valley Fire & Rescue, and Western Lane Ambulance District
Total/thousand	100%	\$ 14.16	

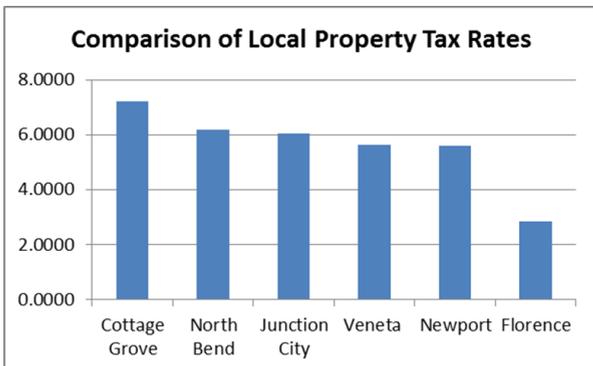
Property Tax Comparison

The City’s 2013-14 budget expects to receive \$1,800,000 in property tax revenue, excluding the General Obligation Bond amount. The chart below illustrates 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 although those funds are not sufficient to cover the cost. Additional funds from 911 Emergency taxes, police contracts, and state shared revenues make up the difference. Another significant revenue stream making up 35% of the City’s revenue budget is generated from charges for service for water, sewer, storm, and streets services that go to fund the various utility enterprise programs.

FY 2013 -14 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. The amount of collected property taxes can increase above each year when there is an increase in the assessed value of taxable property which is limited to 3% per year due to Measure 50, and/or when there is new development (which adds additional taxable value). Another way to increase property taxes is 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

Overall, Florence continues to be in good financial condition. The City's General Fund relies heavily 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 revenues sources included in the 2013-14 budget are as follows:

Taxes

Property Taxes

General Operating - Current year	\$ 2,052,600
Unpaid from prior year	45,000
Bonded Debt	311,000

City Room Tax

250,000

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

500,700

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

759,000

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 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

31,900

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

42,180

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

260,000

The City's share of money collected by the Municipal Court for crimes and violations.

User Fees

Charges for Services 5,647,300

Water, Sewer, Stormwater, and Street fees charged on a monthly utility bill.

System Development Charges (SDC's) 63,096

These are charges paid for by a developer or owner to "buy into" the utility systems (capacity building projects).

Business Licenses & Other General Fees 122,200

Public Safety and 9-1-1 Emergency Contract for Service Fees 320,900

Florence Event Center Fees 271,900

Fees are generated from building use & equipment rental charges, ticket and food & beverage sales.

Community Development Planning Fees 12,000

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 141,300

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 103,000

The City's Airport revenue is derived from sale of aviation fuel and leases of hangar spaces.

Proceeds from Debt 825,000

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 821,774

The City receives grant revenue from various sources each year. The 2013-14 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 3,356,189

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 15,937,039

Beginning Fund Balance 6,301,300

Total 2013-14 Adopted Budget Resources \$22,238,339



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 adopted 2013-14 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	\$	552,840
Municipal Court Program		303,600
Police Program		2,492,274
Administrative Program		1,186,680
Parks Program		143,009
Non-Departmental Program		104,962
Contingency		450,000
Total General Fund	\$	5,233,365

911 Emergency Fund

Capital Outlay	\$	266,000
Transfers		241,950
Total 911 Emergency Fund	\$	507,950

Room Tax Fund

Materials & Services	\$	50,000
Transfers		200,000
Total Room Tax Fund	\$	250,000

Florence Events Center Fund

Events Center Program	\$	675,300
Total Florence Events Center Fund	\$	675,300

Streets Fund

Street Program	\$ 2,223,515
Total Streets Fund	\$ 2,223,515

Public Works Enterprise Fund

Water Program	\$ 2,601,898
Wastewater Program	3,534,157
Stormwater Program	769,012
Public Works Admin Program	544,024
Total Public Works Enterprise Fund	\$ 7,449,091

Airport Enterprise Fund

Airport Program	\$ 147,737
Total Airport Enterprise Fund	\$ 147,737

General Obligation (G.O.) Bond Fund

Debt Service	\$ 305,975
Total G.O. Bond Fund	\$ 305,975

General Debt Service Fund

Debt Service	\$ 1,238,461
Total General Debt Service Fund	\$ 1,238,461

Senior Center Trust & Agency Fund

Materials & Services	\$ 1,020
Total Senior Center T&A Fund	\$ 1,020

Events Center Endowment Trust & Agency Fund

Materials & Services	\$ 1,200
Transfers	4,000
Total Events Center T&A Fund	\$ 5,200

Total APPROPRIATIONS, All Funds \$ 18,037,614

Total Unappropriated (UEFB) and Reserve Amounts, All Funds 4,200,725

TOTAL ADOPTED BUDGET **\$ 22,238,339**



A Closer Look

Budget by Program

Each of the Funds and the Programs contained within the budget are supported by a detail 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 2013-14 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	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 BUDGET	2013-2014 BUDGET
PERSONNEL SERVICES	\$ 384,340	\$ 422,403	\$ 357,042	\$ 288,190
MATERIALS & SERVICES	68,016	149,816	218,050	264,650
CAPITAL OUTLAY	-	-	-	-
TRANSFERS OUT	-	37,848	-	-
TOTAL FOR PROGRAM	<u>452,356</u>	<u>610,067</u>	<u>575,092</u>	<u>552,840</u>

MUNICIPAL COURT PROGRAM	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 BUDGET	2013-2014 BUDGET
PERSONNEL SERVICES	128,014	133,027	140,553	167,950
MATERIALS & SERVICES	99,886	113,455	116,648	135,650
CAPITAL OUTLAY	1,469	-	-	-
TRANSFERS OUT	-	-	-	-
TOTAL FOR PROGRAM	<u>229,369</u>	<u>246,482</u>	<u>257,201</u>	<u>303,600</u>

POLICE PROGRAM	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 BUDGET	2013-2014 BUDGET
PERSONNEL SERVICES	1,903,906	1,896,202	1,985,034	2,067,990
MATERIALS & SERVICES	321,982	313,325	298,360	333,496
CAPITAL OUTLAY	2,515	6,800	90,000	55,000
DEBT SERVICE	-	-	-	35,788
TOTAL FOR PROGRAM	<u>2,228,403</u>	<u>2,216,327</u>	<u>2,373,394</u>	<u>2,492,274</u>

Administration Services Program is made up of four sub-departments (City Manager/ City Recorder/Mayor & City Council/Finance) 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	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 BUDGET	2013-2014 BUDGET
PERSONNEL SERVICES				
CMO	\$ 333,581	\$ 306,588	\$ 295,851	\$ 273,340
FINANCE	180,291	231,713	249,971	280,545
CITY HALL	<u>47,149</u>	<u>52,947</u>	<u>56,839</u>	<u>59,330</u>
TOTAL PERSONNEL SERVICES	<u>561,021</u>	<u>591,248</u>	<u>602,661</u>	<u>613,215</u>
MATERIALS & SERVICES				
CITY COUNCIL	23,748	40,940	33,527	62,700
CMO	113,796	116,715	124,160	130,600
FINANCE	276,619	141,051	161,613	149,000
CITY HALL	<u>28,258</u>	<u>29,817</u>	<u>35,190</u>	<u>33,500</u>
TOTAL MATERIALS & SERVICES	<u>442,421</u>	<u>328,523</u>	<u>354,490</u>	<u>375,800</u>
CAPITAL OUTLAY				
FINANCE	4,720	200,918	133,000	77,000
CITY HALL	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>90,000</u>
TOTAL CAPITAL OUTLAY	<u>4,720</u>	<u>200,918</u>	<u>223,000</u>	<u>167,000</u>
DEBT SERVICE - FINANCE	-	7,690	15,380	15,381
TRANSFERS OUT - FINANCE	<u>-</u>	<u>13,406</u>	<u>14,981</u>	<u>15,284</u>
TOTAL FOR PROGRAM	<u>1,008,162</u>	<u>1,141,785</u>	<u>1,210,512</u>	<u>1,186,680</u>
PARKS PROGRAM				
PERSONNEL SERVICES	99,226	61,663	65,869	68,700
MATERIALS & SERVICES	88,184	75,399	43,600	55,600
CAPITAL OUTLAY	21,940	38,276	53,000	15,000
TRANSFERS OUT	<u>-</u>	<u>3,351</u>	<u>3,745</u>	<u>3,709</u>
TOTAL FOR PROGRAM	<u>209,350</u>	<u>178,689</u>	<u>166,214</u>	<u>143,009</u>
NON-DEPARTMENTAL PROGRAM				
PERSONNEL SERVICES	-	-	-	-
MATERIALS & SERVICES	42,592	100,522	95,000	45,600
CAPITAL OUTLAY	68,970	539,036	80,000	-
TRANSFERS OUT	<u>57,095</u>	<u>129,510</u>	<u>57,400</u>	<u>59,362</u>
REQUIREMENTS BEFORE CONTINGENCY	<u>168,657</u>	<u>769,068</u>	<u>232,400</u>	<u>104,962</u>
CONTINGENCY	<u>-</u>	<u>-</u>	<u>450,000</u>	<u>450,000</u>
TOTAL FOR GENERAL FUND	<u>\$ 4,350,127</u>	<u>\$ 5,162,418</u>	<u>\$ 5,264,813</u>	<u>\$ 5,233,365</u>



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 tourist and potential future residents to our community.

EVENTS CENTER PROGRAM	2010-2011	2011-2012	2012-2013	2013-2014
	ACTUAL	ACTUAL	BUDGET	BUDGET
PERSONNEL SERVICES	\$ 220,633	\$ 231,460	\$ 246,415	\$ 235,140
MATERIALS & SERVICES	310,591	274,129	286,660	269,200
CAPITAL OUTLAY	-	30,038	75,000	25,000
TRANSFERS OUT	-	57,551	65,297	57,960
CONTINGENCY	-	-	-	88,000
TOTAL FOR PROGRAM	\$ 531,224	\$ 593,178	\$ 673,372	\$ 675,300

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 poor repair, requiring full reconstruction.

STREETS PROGRAM	2010-2011	2011-2012	2012-2013	2013-2014
	ACTUAL	ACTUAL	BUDGET	BUDGET
PERSONNEL SERVICES	\$ 77,922	\$ 49,645	\$ 61,259	\$ 60,190
MATERIALS & SERVICES	280,329	238,158	246,400	239,100
CAPITAL OUTLAY	245,013	383,955	2,690,400	1,035,000
DEBT SERVICE	2,032,437	43,811	63,632	152,704
TRANSFERS OUT	400,000	245,457	256,106	626,521
CONTINGENCY	-	-	110,000	110,000
TOTAL FOR PROGRAM	\$ 3,035,701	\$ 961,026	\$ 3,827,797	\$ 2,223,515

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	2010-2011	2011-2012	2012-2013	2013-2014
	ACTUAL	ACTUAL	BUDGET	BUDGET
PERSONNEL SERVICES				
WATER PROGRAM	\$ 511,596	\$ 307,295	\$ 337,324	\$ 352,000
WASTEWATER PROGRAM	529,094	359,612	434,264	428,240
STORMWATER PROGRAM	158,903	57,844	63,283	67,175
PW ADMIN PROGRAM	-	491,315	380,138	449,824
TOTAL PERSONNEL SERVICES	<u>1,199,593</u>	<u>1,216,066</u>	<u>1,215,009</u>	<u>1,297,239</u>
MATERIALS & SERVICES				
WATER PROGRAM	599,757	330,074	438,940	439,150
WASTEWATER PROGRAM	765,861	448,612	472,778	458,100
STORMWATER PROGRAM	297,609	29,644	52,738	62,988
PW ADMIN PROGRAM	-	64,732	81,852	59,200
TOTAL MATERIALS & SERVICES	<u>1,663,227</u>	<u>873,062</u>	<u>1,046,308</u>	<u>1,019,438</u>
CAPITAL OUTLAY				
WATER PROGRAM	141,691	945,330	2,327,000	697,000
WASTEWATER PROGRAM	2,324,822	1,845,493	2,162,000	440,000
STORMWATER PROGRAM	71,268	293,640	167,000	370,000
PW ADMIN PROGRAM	-	1,585	65,000	35,000
TOTAL CAPITAL OUTLAY	<u>2,537,781</u>	<u>3,086,048</u>	<u>4,721,000</u>	<u>1,542,000</u>
DEBT SERVICE	<u>8,991,495</u>	<u>387,995</u>	<u>673,825</u>	<u>793,011</u>
TRANSFERS OUT	<u>943,253</u>	<u>2,350,826</u>	<u>2,471,141</u>	<u>2,147,403</u>
CONTINGENCY	-	-	<u>565,000</u>	<u>650,000</u>
TOTAL FOR FUND	<u>\$15,335,349</u>	<u>\$ 7,913,997</u>	<u>\$10,692,283</u>	<u>\$ 7,449,091</u>

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, a 3% increase for the water and wastewater (sewer) utilities is necessary. Equally as important, the 2013-14 budget includes \$3.1 million in capital improvements for infrastructure.

We are cognizant of 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, 2013, represents an increase of only \$2.35 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 \$0.48 per month for a typical residential customer, plus an additional \$0.42 for the average 700 cubic feet of water consumed. This increase will help us ensure continued water quality, cover ongoing pipe maintenance, and keep pace with costs of operations. Capital projects for the Water Program this year total \$405,000 in significant east water reservoir roof replacement and pump station upgrades. The City has also committed \$142,000 to complete the drilling of a new well and rehab an existing well and another \$100,000 to replace old waterlines.



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 \$1.45 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 total \$200,000 for the sewer line replacement program and \$240,000 to be invested in various pieces of equipment that will be used at the treatment plant and to further the biosolids composting program.

Stormwater management excellence.

For the second fiscal year the City has not had to increase the Stormwater fees. 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. Next on the list of projects is the Siano Loop Stormwater Project budgeted at \$350,000.



Safer roads ahead.

The Street Maintenance Fee is a monthly fee designed to maintain existing roads and street lights. This fee will not increase in this budget year, remaining at a cost of \$5 per month per dwelling. This fee is sufficient to pay for debt service on what the City expects to borrow in

order to pay for \$250,000 in street preservation and improvement projects for the current fiscal year. The street fund budget also includes grant funding that has been secured to create a multi-use path on Rhododendron Drive. The City has budgeted to spend \$260,000 in preliminary engineering and design phase for the current year. Due to the size and complexity of this project, construction isn't anticipated to begin until late Fall 2014.

City of Florence



**BUDGET REPORT TO
CITIZENS
FISCAL YEAR
2013 – 2014**