

City of Florence, Oregon Quarterly Report

Quarter and Fiscal Year Ended June 30, 2017



November 10, 2017

Dear Mayor Henry, City Councilors, Citizens of Florence and other interested individuals;

We are pleased to report on activities and progress we have made on Council goals on behalf of the City of Florence for the quarter and fiscal year ended June 30, 2017. The report includes comparisons of actual to budgeted amounts, a City-wide summary of beginning fund balance, current period resources and expenditures, and the ending fund balance for all funds and narrative explaining results and highlights for the quarter. The financial information presented is unaudited and any significant adjustment are noted.

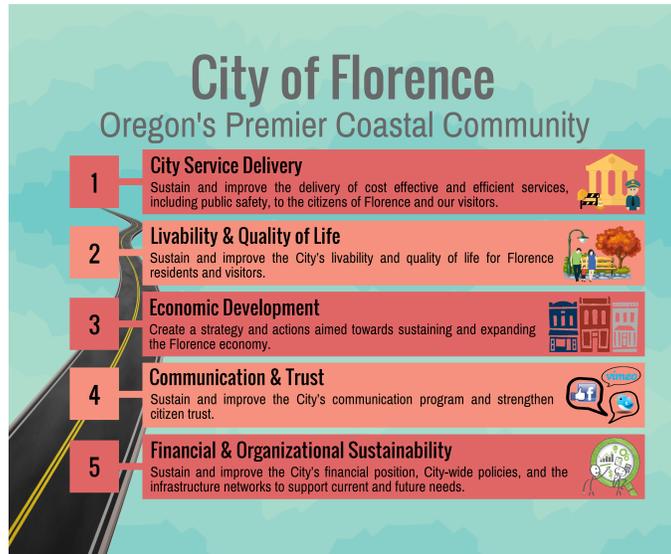
Budgeted amounts presented generally have been allocated proportionately, i.e., twenty-five percent (25%) for the quarter. However, revenue such as property taxes and transient room taxes, transfers from other funds, debt proceeds and expenditures such as capital outlay, transfers to other funds for debt service or capital projects and debt service reflect allocations that are based on past experience or the actual need or requirement. Explanations are provided as necessary with each fund. Additionally, the full fiscal year budget and the updated estimated amounts for the full fiscal year are provided. When full fiscal year estimated amounts vary considerably from the full-fiscal year budgeted amounts, an explanation is provided.

City Council adopted seven goals in early 2015, which were consolidated to five goals in 2016.

- City Service Delivery
- Livability and Quality of Life
- Economic Development
- Communication and Trust, and
- Financial and Organizational Sustainability

Following are highlights for the fourth quarter related to these goals:

- General Fund ended the quarter and fiscal year with a fund balance of \$1.91 million, \$221,530 greater than estimated and \$301,688 greater than budgeted.
- Capital expenditures for the quarter were \$3.2 million.
- Fund balances in the various funds, excluding the wastewater fund, meet or exceed the minimum financial requirements for sustainable operations.
- Revenue during the quarter and fiscal year 2016-17 was sufficient to meet approved spending authorized with the original adopted budget, with the exception of grant funded projects for which the City did not secure the grants.



Operations

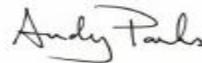
- Council adoption of 2017-2019 biennial budget
- Florence Events Center
 - Lighting retrofit project completed
- Administration
 - Approval of Siuslaw Broadband Franchise Agreement
- Human Resources
 - Timely recruitment of vacant positions
- Community Development
 - Initiated buildable lands, housing and economic opportunities analysis
 - PUD code amendments adopted
- Finance
 - Completion of 2017-2019 biennial budget
- Public Works
 - Grant for two self-contained speed displays
 - Acquisition of Riverbeach Park land from Port
 - Contract to chip seal Oak Street approved
 - Completed construction of the Rhody multi-use project
 - Acquisition of sludge grinders
 - Construction of the new public works complex past 50% complete
- Police
 - Award construction contract to complete Round Room in Justice Center
- FURA
 - Secured additional funding from ODOT
 - 60% DAP drawings near completion – filed with ODOT July 7, 2017

If you have any questions, please let Erin or I know.

Sincerely,



Erin Reynolds, CPA
City Manager



Andy Parks, CPA
Finance Director

City-wide - All Funds

The City began the quarter with a combined \$13.6 million fund balance. During the quarter the City received \$5.6 million in revenue. Also during the quarter, the City had operating expenditures of \$3.9 (net \$3.5 million due to adjustment in City/FURA fund), invested \$3.17 million in capital, and paid \$0.8 million in debt service. The negative amounts shown reflect adjustments to prior period amounts, which are described in the individual funds. The ending fund balance was \$11.7 million. The ending fund balances in all funds meet or exceed the desired minimum amounts per the City's fiscal policies, with the exception of the wastewater fund. More information is presented in the individual fund narratives.

Quarter Ended June 30, 2017

Information for the April 1, 2017 – June 30, 2017 quarter only

Fund	Beginning Fund Balance	Revenue	Debt Proceeds	Total Resources	Expenses	Capital Outlay	Debt Service	Total Expenditures	Ending Fund Balance
General	2,250,242	989,063	-	3,239,305	1,269,578	64,827	(4,459)	1,329,946	1,909,359
Street	653,945	1,846,164	-	2,500,109	141,688	1,082,409	138,855	1,362,953	1,137,156
9-1-1	192,979	154,459	-	347,438	202,236	-	-	202,236	145,202
Transient Room Tax	84,243	92,916	-	177,159	92,481	-	-	92,481	84,678
Events Center	389,036	165,421	-	554,457	181,137	25,865	-	207,002	347,455
Water	2,074,296	801,334	-	2,875,630	331,796	275,262	109,748	716,806	2,158,824
Wastewater	753,425	875,815	-	1,629,240	374,560	348,901	277,804	1,001,265	627,975
Stormwater	755,895	132,850	-	888,745	61,074	170,967	(16,562)	215,479	673,266
Airport	18,817	47,347	-	66,164	22,235	-	-	22,235	43,929
Public Works Admin	3,283,153	215,490	-	3,498,643	254,536	1,197,034	-	1,451,570	2,047,073
Street SDC	1,128,635	14,769	-	1,143,404	550,323	-	-	550,323	593,081
Water SDC	411,423	27,668	-	439,091	300,806	-	-	300,806	138,285
Wastewater SDC	682,795	30,487	-	713,282	84,006	-	-	84,006	629,276
Stormwater SDC	167,670	18,365	-	186,035	323	-	-	323	185,712
GO Debt	307,255	6,544	-	313,799	-	-	174,482	174,482	139,317
LID Debt	428,086	38,584	-	466,670	-	-	22,796	22,796	443,874
City/FURA Debt	-	123,115	-	123,115	(400,012)	-	112,306	(287,706)	410,821
Totals	13,581,894	5,580,391	-	19,162,285	3,466,767	3,165,266	814,970	7,447,002	11,715,283

The Florence Urban Renewal Agency (FURA) funds are not included in the above schedule as FURA is a separate entity from the City. FURA's financial reports are included at the end of this report for additional information.

General Fund

The City's general fund accounts for all the City's governmental operations, excluding transportation. During the quarter revenue from franchise fees, charges for services and miscellaneous were greater than budgeted. Property taxes, intergovernmental and licenses and permits revenue for the quarter was slightly below budget. Transfers were made as budgeted. Debt budgeted for the fiscal year was unnecessary.

For the fiscal year, revenue, excluding grants for capital projects, was approximately \$100,000 greater than budgeted. Property taxes (\$64,942) and charges for services (\$12,864) were less than budgeted, while franchise fees (\$95,421), licenses and permits (\$57,707), and miscellaneous revenue (\$28,295) were greater than budgeted. Actual revenue for the fiscal year was \$77,337 (1.46%) greater than the updated full-year estimated revenue used to calculate the beginning fund balance July 1, 2017.

For the fourth quarter and fiscal year, expenditures for all departments; police, community development, municipal court, parks, City Hall, non-departmental and administration are under budget. Total operating expenditures for the fiscal year is \$4.32 million, \$382,934 (8.1%) below budget and \$88,534 less than estimated (2.0%) for subsequent budgeting purposes.

Capital outlay expenditures are also below budget (\$736,941, 71%) due to deferring parks projects funded by grants to later years when grants or other funding sources are identified. Additionally, capital outlay for the fiscal year was \$55,651 (15%) less than estimated.

Debt service for the fiscal year was consistent with the budgeted amount and transfers are \$20,000 less than budgeted. The reduced transfer reflects the Council approved reduction of \$20,000 to the Airport Fund resulting from unforeseen revenue generation at the Airport, reducing needed general fund support.

Overall, the General Fund realized a small increase in fund balance of \$16,430 compared to a budget that projected a decrease in fund balance of \$246,800. The primary drivers to improve year-end results is cost control management and revenue from franchise fees offsetting property tax revenue less than budgeted. The ending fund balance of \$1.9 million is more than \$800,000 (75%) above the minimum fund balance per the City's fiscal policies.

General Fund

Quarter and Year Ended June 30, 2017

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Property taxes	123,780	88,031	(35,749)	2,477,600	2,412,658	(64,942)	2,418,000	(5,342)
Intergovernmental	556,800	104,578	(452,222)	818,100	237,108	(580,992)	232,400	4,708
Franchise fees	192,900	306,647	113,747	771,600	867,021	95,421	836,800	30,221
Licenses and permits	79,725	71,442	(8,283)	318,900	376,807	57,907	367,500	9,307
Charges for services	81,050	90,268	9,218	324,200	311,336	(12,864)	310,700	636
Miscellaneous	63,300	105,869	42,569	253,200	281,495	28,295	243,700	37,795
Transfers	222,225	222,228	3	888,900	888,912	12	888,900	12
Debt proceeds	100,000	-	(100,000)	400,000	-	(400,000)	-	-
Total current year resources	1,419,780	989,063	(430,717)	6,252,500	5,375,337	(877,163)	5,298,000	77,337
Expenditures								
Police	548,850	520,602	(28,248)	2,195,400	1,975,730	(219,670)	1,987,300	(11,570)
Community Development	195,625	165,658	(29,967)	700,000	665,971	(34,029)	695,000	(29,029)
Parks	49,975	26,038	(23,937)	145,000	123,336	(21,664)	142,400	(19,064)
Municipal Court	69,875	65,971	(3,904)	279,500	246,153	(33,347)	251,800	(5,647)
Administration	287,700	274,173	(13,527)	1,150,800	1,081,241	(69,559)	1,100,700	(19,459)
City Hall	26,725	24,995	(1,730)	100,000	98,625	(1,375)	99,100	(475)
Non-departmental	35,875	31,893	(3,982)	133,000	129,711	(3,289)	133,000	(3,289)
Operating expenditures	1,214,625	1,109,331	(105,294)	4,703,700	4,320,766	(382,934)	4,409,300	(88,534)
Capital outlay	662,750	64,827	(597,923)	1,042,000	305,049	(736,951)	360,700	(55,651)
Debt service	16,600	(4,459)	(21,059)	67,600	67,093	(507)	67,100	(7)
Transfers	171,500	160,247	(11,253)	686,000	666,000	(20,000)	666,000	-
Total expenditures	2,065,475	1,329,946	(735,529)	6,499,300	5,358,907	(1,140,393)	5,503,100	(144,193)
Resources over (under) expenditures	(645,695)	(340,883)	304,812	(246,800)	16,430	263,230	(205,100)	221,530
Beginning fund balance	2,253,366	2,250,242	(3,124)	1,854,471	1,892,929	38,458	1,892,929	-
Ending fund balance	1,607,671	1,909,359	301,688	1,607,671	1,909,359	301,688	1,687,829	221,530



Street Fund

This fund accounts for the City's street related activities. During the quarter, the City received revenue from intergovernmental for the gas tax and STP fund exchange. Grant dollars for the Rhody multi-use project were recognized as the project is now completed. Revenue from solid waste franchises were slightly below budget, while street fee revenue (charges for services) were greater for the fourth quarter as the fee increase was implemented, however, below budget for the full year due to a delay in implementation. The transfer from the Street SDC Fund of \$550,000 was made in the quarter with the completion of the multi-use path project. Overall revenue for the year was \$37,831 greater than budgeted, although \$13,169 (-0.4%) less than estimated, for the fiscal year.

With respect to expenditures, personnel costs and materials and services were below budget for the quarter and full year. Capital spending was slowed due to weather. Capital expenditures are under budget due to delays of street preservation and maintenance projects. Tthe Rhody Shoulder Extension project, was over budget by approximately \$68,000, with a portion of the additional cost offset by grant revenue. Debt service exceeded the quarter and full year budget amount due to difference in final amortization timing of actual loan. The full year amortization of debt will begin in fiscal year 2018.

Overall, the ending fund balance of \$1.1 million is \$955,000 greater than estimated, and \$1.0 million greater than budgeted. This is entirely related to the delay of capital projects (\$957,633), which will move into fiscal year 2017-18.

Street Fund

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Intergovernmental	898,275	1,191,694	293,419	1,529,100	1,589,252	60,152	1,601,100	(11,848)
Franchise fees	13,500	12,673	(827)	54,000	41,643	(12,357)	53,700	(12,057)
Charges for services	87,800	90,413	2,613	351,200	333,765	(17,435)	324,000	9,765
Miscellaneous	500	1,384	884	2,000	9,471	7,471	8,500	971
Transfers	412,500	550,000	137,500	550,000	550,000	-	550,000	-
Debt proceeds	-	-	-	500,000	500,000	-	500,000	-
Total current year resources	1,412,575	1,846,164	433,589	2,986,300	3,024,131	37,831	3,037,300	(13,169)
Expenditures								
Personnel services	17,925	14,570	(3,355)	68,700	65,755	(2,945)	67,900	(2,145)
Materials and services	62,650	60,172	(2,478)	275,000	253,131	(21,869)	271,300	(18,169)
Capital outlay	1,402,300	1,082,409	(319,891)	2,560,000	1,599,267	(960,733)	2,556,900	(957,633)
Transfers	66,950	66,947	(3)	267,800	267,800	-	267,800	-
Debt service	108,657	138,855	30,198	197,000	216,513	19,513	207,200	9,313
Total expenditures	1,658,482	1,362,953	(295,530)	3,368,500	2,402,467	(966,033)	3,371,100	(968,633)
Resources over (under) expenditures	(245,907)	483,212	729,119	(382,200)	621,664	1,003,864	(333,800)	955,464
Beginning fund balance	375,755	653,945	278,190	512,048	515,492	3,444	515,492	-
Ending fund balance	129,848	1,137,156	1,007,308	129,848	1,137,156	1,007,308	181,692	955,464



9-1-1 Fund

This fund accounts for the areas 9-1-1 emergency dispatch operations, managed by the City. The City charges users, including the City police department, of emergency dispatch services and receives dedicated tax revenue for 9-1-1 operations. The police department charge for services is included in transfers from the police department in the general fund.

Revenue from 9-1-1 user taxes (intergovernmental) were less than anticipated for the quarter, and slightly less than budgeted for the year. Revenue from other public safety organizations is below budget (\$6,327, -4.0%) for the year. Transfers from the general fund (\$519,900) was as budgeted. Total revenue for the year was \$20,877 less than budgeted, \$24,277 (-2.7%) less than estimated.

Expenditures for personnel for the quarter were below budget due to timing of expenditures, slightly under for the full year. Materials and services for the quarter are above the quarter as allocations of expenses between police and 9-1-1 were reviewed and implemented. Overall, expenditures were \$21,527 less than budgeted for the year and \$12,427 (-1.7%) less than estimated for the year.

Overall, 9-1-1 Fund revenue exceeded expenditures by \$137,650, with \$137,000 of this amount due to a one time transfer from the Lane Council of Governments of 9-1-1 funds managed by them. The ending fund balance exceeds the minimum amount established by fiscal policy by approximately \$20,000 (16.7%).

9-1-1 Fund

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over(Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Intergovernmental	53,749	24,484	(29,265)	215,000	200,273	(14,727)	218,400	(18,127)
Charges for services	39,450	-	(39,450)	157,800	151,473	(6,327)	157,800	(6,327)
Miscellaneous	-	-	-	-	177	177	-	177
Transfers	129,975	129,975	-	519,900	519,900	-	519,900	-
Total current year resources	223,174	154,459	(68,715)	892,700	871,823	(20,877)	896,100	(24,277)
Total resources	330,125	347,438	17,313	892,700	879,375	(13,325)	903,652	
Expenditures								
Personnel services	132,775	118,143	(14,632)	531,100	529,293	(1,807)	535,300	(6,007)
Materials and services	20,225	52,368	32,143	80,900	61,480	(19,420)	67,900	(6,420)
Capital outlay	8,400	-	(8,400)	16,800	16,500	(300)	16,500	-
Transfers	31,725	31,725	-	126,900	126,900	-	126,900	-
Total expenditures	193,125	202,236	9,111	755,700	734,173	(21,527)	746,600	(12,427)
Resources over (under) expenditures	30,049	(47,777)	(77,826)	137,000	137,650	650	149,500	(11,850)
Beginning fund balance	106,951	192,979	86,028	-	7,552	7,552	7,552	-
Ending fund balance	137,000	145,202	8,202	137,000	145,202	8,202	157,052	(11,850)

Transient Room Tax Fund

This fund accounts for the City's share of the tourism promotion tax (4%). Tourism activity during the prior three years recovered to pre-recession levels. Growth has slowed as there are no additional motel rooms. Revenue for the quarter was slightly above budget. Revenue for the year is also above the budget, although less than estimated. A wet Spring reduced tourism below estimate.

Transient room taxes are allocated 40% tourism promotion via contract with the Chamber of Commerce and 60% to the Florence Events Center. The payment to the Chamber is less than budgeted due to the year end actual being less than estimated. The transfer to the FEC is as was budgeted.

Overall, the ending fund balance is \$29,705 greater than budgeted, but \$5,724 less than estimated. The ending fund balance exceeds the minimum fund balance per the fiscal policies by nearly \$54,000.

Transient Room Tax Fund

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Taxes	91,000	92,916	1,916	364,400	367,960	3,560	377,500	(9,540)
Total current year resources	91,000	92,916	1,916	364,400	367,960	3,560	377,500	(9,540)
Expenditures								
Materials and services	41,650	37,834	(3,816)	151,000	147,184	(3,816)	151,000	(3,816)
Transfers	54,650	54,647	(3)	218,600	218,600	-	218,600	-
Total expenditures	96,300	92,481	(3,819)	369,600	365,784	(3,816)	369,600	(3,816)
Resources over (under) expenditures	(5,300)	435	5,735	(5,200)	2,176	7,376	7,900	(5,724)
Beginning fund balance	60,273	84,243	23,970	60,173	82,502	22,329	82,502	-
Ending fund balance	54,973	84,678	29,705	54,973	84,678	29,705	90,402	(5,724)

Florence Events Center Fund

This fund accounts for the activities of the City's events center.

Revenue for the quarter and full year is below budget for intergovernmental (\$23,907), charges for services (\$20,258) and total revenue (\$33,843). Intergovernmental was less due to an LED rebate program line item of \$30,000 that will be realized in the "net" cost of capital outlay project as the vendor must take the credit. Charges for services are less than budgeted due to change in how concessions are provided (\$19,000 reduction in revenue).

Personnel costs for the quarter and fiscal year are below budget and \$4,975 (-1.5%) below the full year estimate. During the fourth quarter materials and services costs were slightly above budget (\$3,356) due to increased seasonal activity. Materials and service expenditures for the full fiscal year were greater than budgeted (\$23,371) and estimated (\$33,171) as insurance expense of \$20,765 was inadvertently omitted and show expenses (\$6,918) and advertising (\$6,904) were greater than estimated.

Overall, the FEC Fund's expenditures exceed revenue for the year by \$33,659, leaving an ending fund balance of \$347,455. The ending fund balance exceeds the minimum desired fund balance per fiscal policy by \$116,000, or 50%.

Florence Events Center Fund

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Intergovernmental	30,000	-	(30,000)	123,000	99,093	(23,907)	110,400	(11,307)
Charges for services	60,250	52,042	(8,208)	241,000	220,742	(20,258)	222,500	(1,758)
Miscellaneous	34,875	38,735	3,860	143,000	152,122	9,122	145,000	7,122
Transfers	74,350	74,644	294	297,400	298,600	1,200	297,400	1,200
Current year resources	199,475	165,421	(34,054)	804,400	770,557	(33,843)	775,300	(4,743)
Expenditures								
Personnel services	81,500	68,809	(12,691)	326,000	311,305	(14,695)	316,100	(4,795)
Materials and services	97,000	100,356	3,356	388,000	411,371	23,371	378,200	33,171
Capital outlay	76,875	25,865	(51,010)	102,500	33,640	(68,860)	23,700	9,940
Transfers	11,975	11,972	(3)	47,900	47,900	-	47,900	-
Total expenditures	267,350	207,002	(60,348)	864,400	804,216	(60,184)	765,900	38,316
Resources over (under) expenditures	(67,875)	(41,581)	26,294	(60,000)	(33,659)	26,341	9,400	(43,059)
Beginning balance	400,755	389,036	(11,719)	392,880	381,114	(11,766)	381,114	-
Ending balance	332,880	347,455	14,575	332,880	347,455	14,575	390,514	(43,059)

Water Fund

This fund accounts for the City's water utility activities. Revenue during the quarter was above the quarterly budgeted amounts, but rainfall during the quarter was well above normal, resulting in revenue for the year less than budgeted (\$34,219, -1.6%) and estimated (\$45,719, -2.1%). Transfers from the Water SDC Fund to reimburse qualified costs of expansion projects were made during the quarter.

Personnel costs are below budget for the quarter and for the year ended June 30, 2017 and \$4,854 less than estimated (-1.6%). Materials and services expenditures were slightly less than budgeted for the quarter and below budget for the full year due in part to lower chemical costs (\$24,746) and distribution system maintenance (\$20,048). The full year amount was above estimate by \$11,155, due primarily to recognition of bond sale expenses (\$9,279) and bank charges (\$1,991).

Significant progress was made on capital expansion projects, waterlines, during the quarter and fiscal year, with \$1.05 million spent compared to \$1.07 million budgeted. Overall capital expenditures were \$669,329 less than budgeted, but \$233 greater than estimated. For the year, current year resources were \$827,195 greater than expenditures, increasing the fund balance to \$2.16 million. This amount is \$53,905 (-2.4%) less than estimated, and \$1.5 million greater than the minimum fund balance per fiscal policy. Budgeted capital projects not completed in fiscal year 2017 were budgeted in fiscal year 2018 and will reduce the fund balance.

Water Fund

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Charges for services	482,260	498,192	15,932	2,134,900	2,100,681	(34,219)	2,146,400	(45,719)
Miscellaneous	4,125	3,142	(983)	16,500	19,925	3,425	18,700	1,225
Transfers	300,000	300,000	-	300,000	300,000	-	300,000	-
Debt proceeds	-	-	-	1,400,000	1,400,000	-	1,400,000	-
Total current year resources	786,385	801,334	14,949	3,851,400	3,820,606	(30,794)	3,865,100	(44,494)
Expenditures								
Personnel services	86,750	68,366	(18,384)	347,000	289,346	(57,654)	294,200	(4,854)
Materials and services	104,400	99,714	(4,686)	417,600	370,555	(47,045)	359,400	11,155
Capital outlay	656,250	275,262	(380,988)	2,225,000	1,535,933	(689,067)	1,535,700	233
Debt service	97,640	109,748	12,108	165,600	142,677	(22,923)	140,700	1,977
Transfers	163,725	163,716	(9)	654,900	654,900	-	654,000	900
Total expenditures	1,108,765	716,806	(391,959)	3,810,100	2,993,411	(816,689)	2,984,000	9,411
Resources over (under) expenditures	(322,380)	84,528	406,908	41,300	827,195	785,895	881,100	(53,905)
Beginning fund balance	1,482,928	2,074,296	591,368	1,119,248	1,331,629	212,381	1,331,629	-
Ending fund balance	1,160,548	2,158,824	998,276	1,160,548	2,158,824	998,276	2,212,729	(53,905)

Wastewater Fund

This fund accounts for the City's wastewater operations. Charges for services during the quarter was above the budgeted amount (\$82,441, 12.0%), however, \$34,617 (below budget for the full year (-1.1%)), and \$13,317 (-0.4%) less than estimated. Intergovernmental revenue, miscellaneous, (reimbursements) and transfers from SDCs were less than budgeted due to timing issues associated with the Harbor Vista project. Capital expenditures are also less than budget pending final agreement for the project.

On the expenditure side, personnel costs for the quarter and full year are below budget with the full year actual \$9,162 (-2.8%) less than estimated. Materials and services were under budget for the quarter (\$27,808), and despite significant repair costs during the year, staff was able to contain costs within full year budget. Capital maintenance project expenditures are \$128,000 under budget and \$115,000 less than estimated for the year. These projects will be completed in fiscal year 2018. Sewer line expansion projects are well below budget (\$919,000) with reimbursement related projects deferred pending securing sufficient property owner interest and Council approval. Overall, capital outlay is \$1.05 million less than budgeted and \$32,283 (-4.7%) less than estimated.

Overall, the \$627,975 fund balance in the wastewater fund is \$382,577 greater than budgeted, and \$64,318 greater than estimated. However, the fund balance is \$1.1 million below the desired fund balance per policy. This deficiency has been reviewed with the City Council and Budget Committee with the decision to seek incremental improvement in the fund balance until annual debt service realizes a significant reduction in fiscal year 2021. At that time, revenue is anticipated to exceed expenditures allowing fund balance to increase.

Wastewater Fund

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Intergovernmental	200,000	-	(200,000)	200,000	-	(200,000)	-	-
Charges for services	687,960	770,401	82,441	3,126,000	3,091,383	(34,617)	3,104,700	(13,317)
Miscellaneous	355,250	22,214	(333,036)	371,000	71,253	(299,747)	26,700	-
Transfers	280,700	83,200	(197,500)	280,700	83,200	(197,500)	83,200	-
Total current year resources	1,523,910	875,815	(648,095)	3,977,700	3,245,836	(731,864)	3,214,600	31,236
Expenditures								
Personnel services	90,075	88,421	(1,655)	330,300	321,138	(9,162)	330,300	(9,162)
Materials and services	134,125	106,317	(27,808)	506,500	506,374	(126)	500,900	5,474
Capital outlay	991,750	348,901	(642,849)	1,706,000	659,017	(1,046,983)	691,300	(32,283)
Debt service	(575,927)	277,804	853,731	1,206,889	1,205,389	(1,500)	1,203,900	1,489
Transfers	179,825	179,822	(3)	719,300	719,300	-	717,900	1,400
Total expenditures	819,848	1,001,265	181,417	4,468,989	3,411,218	(1,057,771)	3,444,300	(33,082)
Resources over (under) expenditures	704,062	(125,450)	(829,512)	(491,289)	(165,382)	325,907	(229,700)	64,318
Beginning fund balance	(458,664)	753,425	1,212,089	736,687	793,357	56,670	793,357	-
Ending fund balance	245,398	627,975	382,577	245,398	627,975	382,577	563,657	64,318

Stormwater Fund

This fund accounts for the City's stormwater activities. Revenue in the quarter and fiscal year is near the budgeted amounts. The estimated transfer from the Stormwater SDC Fund of \$30,000 was postponed until fiscal year 2018.

Operating expenditures for the quarter and fiscal year are below budget and estimated year end amounts; \$2,730 less for personnel and \$14,858 less for materials and services. Capital expenditures are above budget for the quarter and year end estimate (\$9,717 and \$5,507), and below budget for the full year (\$83,893).

Overall, expenditures exceeded revenue by \$272,144 due to the significant investment in capital (\$561,107). This amount is \$116,056 improved relative to the budget, and \$25,244 less than the amount estimated. The ending fund balance of \$673,266 is \$436,000 greater than the desired balance per fiscal policy.

Stormwater Fund

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Charges for services	131,825	132,850	1,025	527,300	527,795	495	526,100	1,695
Miscellaneous	375	-	(375)	1,500	414	(1,086)	9,500	(9,086)
Transfers	-	-	-	-	-	-	30,000	(30,000)
Total current resources	132,200	132,850	650	528,800	528,209	(591)	565,600	(37,391)
Expenditures								
Personnel services	16,825	13,522	(3,303)	67,300	59,270	(8,030)	62,000	(2,730)
Materials and services	16,725	17,346	621	66,900	42,242	(24,658)	57,100	(14,858)
Capital outlay	161,250	170,967	9,717	645,000	561,107	(83,893)	555,600	5,507
Debt service	-	(16,562)	(16,562)	17,000	16,934	(66)	17,000	(66)
Transfers	30,200	30,206	6	120,800	120,800	-	120,800	-
Total expenditures	225,000	215,479	(9,521)	917,000	800,353	(116,647)	812,500	(12,147)
Resources over (under) expenditures	(92,800)	(82,629)	10,171	(388,200)	(272,144)	116,056	(246,900)	(25,244)
Beginning fund balance	611,358	755,895	144,537	906,758	945,410	38,652	945,410	-
Ending fund balance	518,558	673,266	154,708	518,558	673,266	154,708	698,510	(25,244)

Airport Fund

This fund accounts for the activities of the City's municipal airport.

The City sold a parcel for an industrial building during the second quarter (miscellaneous). The sale, together with the rent income from the City's ground lease for its public works complex (recognized in the fourth quarter in charges for services), has helped to recapitalize the Airport Fund. Other charges for services include recurring revenue from ground leases, which are as budgeted while fuel sales are less than budgeted. Due to the property sale, the transfer from the general fund needed to retain a positive balance in the airport fund was reduced by \$20,000.

Operating expenditures were less than budget for the quarter and fiscal year by approximately \$4,000. Capital expenditures related to runway improvements are postponed to fiscal year 2018. The last payment on the twenty-year financing was made during the second quarter. Going forward the airport fund is forecast to not require further general fund subsidies to maintain a positive balance.

The ending fund balance of \$43,929, is \$40,402 greater than budgeted and \$5,591 greater than estimated. Additionally, the fund balance is \$17,529 greater than the minimum desired balance.

Airport Fund

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Intergovernmental	19,000	-	(19,000)	19,000	-	(19,000)	-	-
Charges for services	29,050	46,921	17,871	116,200	91,529	(24,671)	94,900	(3,371)
Miscellaneous	400	426	26	1,600	73,414	71,814	70,800	2,614
Transfers	11,250	-	(11,250)	45,000	25,000	(20,000)	25,000	-
Total current year resources	59,700	47,347	(12,353)	181,800	189,943	8,143	190,700	(757)
Expenditures								
Materials and services	21,250	16,610	(4,640)	85,000	80,814	(4,186)	84,900	(4,086)
Capital outlay	15,000	-	(15,000)	20,000	-	(20,000)	2,200	
Debt service	-	-	-	51,200	51,138	(62)	51,200	(62)
Transfers	5,625	5,625	-	22,500	22,500	-	22,500	-
Total expenditures	41,875	22,235	(19,640)	178,700	154,452	(24,248)	160,800	(6,348)
Resources over (under) expenditures	17,825	25,112	7,287	3,100	35,491	32,391	29,900	5,591
Beginning fund balance	(14,298)	18,817	33,115	427	8,438	8,011	8,438	-
Ending fund balance	3,527	43,929	40,402	3,527	43,929	40,402	38,338	5,591

Public Works Administration and Support Services Fund

This fund accounts for the activities of public works administration and staffing that serves several public works functions. Revenue is received via internal charges for services from benefitting funds.

The City closed it's \$9.8 million financing in November, 2016, with \$3.3 million targeted for the construction of a new public works administration building and new maintenance building. Work on this project commenced in earnest during the second quarter, however progress was slowed due to weather in the third quarter.

Personnel costs were over budget for the quarter but well under budget for the year. The full year personnel cost was \$8,673 (-2.0%) less than estimated. Annual ground rent was paid in the fourth quarter, resulting in materials and services being over budget for the quarter. Materials and services for the year was slightly less than budgeted (\$1,209) and \$1,591 (1.5%) greater than estimated for the year. The public works building project continued, with the quarter and full year amounts below those budgeted and estimated. The project is expected to be completed in the Fall 2017.

The ending fund balance is sufficient to complete the building and meet the desired minimum fund balance for operations.

Public Works Administration and Support Service Fund

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Charges for services	4,600	3,000	(1,600)	18,400	12,000	(6,400)	18,400	(6,400)
Miscellaneous	-	165	165	-	165	165	-	165
Transfers	212,325	212,325	-	849,300	849,300	-	849,300	-
Debt proceeds	-	-	-	3,300,000	3,300,000	-	3,300,000	-
Total current year resources	216,925	215,490	(1,435)	4,167,700	4,161,465	(6,235)	4,167,700	(6,235)
Expenditures								
Personnel services	92,225	95,210	2,985	491,000	430,127	(60,873)	438,800	(8,673)
Materials and services	33,200	49,327	16,127	110,000	108,791	(1,209)	107,200	1,591
Capital outlay	1,637,400	1,197,034	(440,366)	3,324,800	1,547,136	(1,777,664)	1,812,300	(265,164)
Debt service	90,775	110,000	19,225	110,000	110,000	-	109,500	
Total expenditures	1,853,600	1,451,570	(402,030)	4,035,800	2,196,054	(1,839,746)	2,467,800	(271,746)
Resources over (under) expenditures	(1,636,675)	(1,236,080)	400,595	131,900	1,965,411	1,833,511	1,699,900	265,511
Beginning fund balance	1,848,562	3,283,153	1,434,591	79,987	81,662	1,675	81,662	-
Ending fund balance	211,887	2,047,073	1,835,186	211,887	2,047,073	1,835,186	1,781,562	265,511

System Development Funds

The City maintains four separate funds to account for system development charge revenue; street, water, wastewater and stormwater. The City does not have a Parks SDC. Revenue is accumulated and transferred to the various operational funds to pay for qualified improvements costs.

Revenue from all SDC sources exceeded budget as building activity during the quarter was above projections, with the exception of water. Transfers from SDC funds to the operating fund were made consistent with qualified project expenditures.

Street SDC's

	4th Quarter			Year Ended June 30, 2017			Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Charges for services	9,000	9,562	562	36,000	95,454	59,454	84,300	11,154
Miscellaneous	1,625	5,207	3,582	6,500	16,423	9,923	6,900	9,523
Transfers	-	-	-	-	-	-	-	-
Tota current year resources	10,625	14,769	4,144	42,500	111,877	69,377	91,200	20,677
Expenditures								
Materials and services	1,500	323	(1,177)	6,000	890	(5,110)	1,700	(810)
Transfers	137,500	550,000	412,500	550,000	550,000	-	550,000	-
Total expenditures	139,000	550,323	411,323	556,000	550,890	(5,110)	551,700	(810)
Resources over (under) expenditures	(128,375)	(535,554)	(407,179)	(513,500)	(439,013)	74,487	(460,500)	21,487
Beginning fund balance	545,517	1,128,635	583,118	930,642	1,032,094	101,452	1,032,094	-
Ending fund balance	417,142	593,081	175,939	417,142	593,081	175,939	571,594	21,487

Water SDC Fund

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Charges for services	24,750	22,723	(2,027)	99,000	119,144	20,144	117,000	2,144
Miscellaneous	500	4,945	4,445	2,000	14,655	12,655	4,700	9,955
Total current year resources	25,250	27,668	2,418	101,000	133,799	32,799	121,700	12,099
Expenditures								
Materials and services	625	806	181	2,500	2,224	(276)	2,000	224
Transfers	75,000	300,000	225,000	300,000	300,000	-	300,000	-
Total expenditures	75,625	300,806	225,181	302,500	302,224	(276)	302,000	224
Resources over (under) expenditures	(50,375)	(273,138)	(222,763)	(201,500)	(168,425)	33,075	(180,300)	11,875
Beginning fund balance	137,732	411,423	273,691	288,857	306,710	17,853	306,710	-
Ending fund balance	87,357	138,285	50,928	87,357	138,285	50,928	126,410	11,875

Wastewater SDC Fund

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance	Budget	Actual	Variance		
			Over(Under)			Over(Under)		
Current year resources								
Charges for services	25,000	28,254	3,254	100,000	139,756	39,756	111,400	28,356
Miscellaneous	500	2,233	1,733	2,000	6,624	4,624	5,700	924
Total current year resources	25,500	30,487	4,987	102,000	146,380	44,380	117,100	29,280
Expenditures								
Materials and services	1,250	806	(444)	5,000	2,224	(2,776)	1,200	1,024
Transfers	70,175	83,200	13,025	280,700	83,200	(197,500)	83,200	-
Total expenditures	71,425	84,006	12,581	285,700	85,424	(200,276)	84,400	1,024
Resources over (under) expenditures	(45,925)	(53,519)	(7,594)	(183,700)	60,956	244,656	32,700	28,256
Beginning fund balance	411,497	682,795	271,298	549,272	568,320	19,048	568,320	-
Ending fund balance	365,572	629,276	263,704	365,572	629,276	263,704	601,020	28,256

Stormwater SDC Fund

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance	Budget	Actual	Variance		
			Over(Under)			Over(Under)		
Current year resources								
Charges for services	12,500	18,197	5,697	50,000	83,060	33,060	78,300	4,760
Miscellaneous	375	168	(207)	1,500	926	(574)	1,000	(74)
Total current year resources	12,875	18,365	5,490	51,500	83,986	32,486	79,300	4,686
Expenditures								
Materials and services	10,250	323	(9,927)	41,000	890	(40,110)	20,000	(19,110)
Transfers	30,000	-	(30,000)	30,000	-	(30,000)	30,000	-
Total expenditures	40,250	323	(39,927)	71,000	890	(70,110)	50,000	(49,110)
Resources over (under) expenditures	(27,375)	18,042	45,417	(19,500)	83,096	102,596	29,300	53,796
Beginning fund balance	103,702	167,670	63,968	95,827	102,616	6,789	102,616	-
Ending fund balance	76,327	185,712	109,385	76,327	185,712	109,385	131,916	53,796

Debt Service Funds

GO Debt Service Fund

This fund accounts for the repayment of voter approved debt obligations to complete water improvements. The property tax levy is less than the annual debt service to gradually reduce the fund balance so that when the bonds are paid off the fund balance will be near zero.

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over/(Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Property taxes	37,750	5,372	(32,378)	151,000	147,849	(3,151)	148,600	(751)
Miscellaneous	125	1,172	1,047	500	3,468	2,968	700	2,768
Total current year resources	37,875	6,544	(31,331)	151,500	151,317	(183)	149,300	2,017
Expenditures								
Debt service	174,482	174,482	-	184,869	184,811	(58)	184,800	11
Total expenditures	174,482	174,482	-	184,869	184,811	(58)	184,800	11
Resources over (under) expenditures	(136,607)	(167,938)	(31,331)	(33,369)	(33,494)	(125)	(35,500)	2,006
Beginning fund balance	273,821	307,255	33,434	170,583	172,811	2,228	172,811	-
Ending fund balance	137,214	139,317	2,103	137,214	139,317	2,103	137,311	2,006

LID Debt Service Fund

This fund accounts for debt service obligations incurred to complete local improvements which are paid for by property owners via assessments against their properties. The City has accumulated funds due to early retirement of assessment obligations, sufficient to pay approximately four years of debt service payments without receiving any additional payments.

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Miscellaneous	8,750	38,584	29,834	35,000	112,489	77,489	19,000	93,489
Transfers	-	-	-	-	-	-	-	-
Total current year resources	8,750	38,584	29,834	35,000	112,489	77,489	19,000	93,489
Expenditures								
Materials and services	100	-	(100)	400	400	-	400	-
Debt service	23,100	22,796	(304)	96,200	96,155	(45)	95,800	355
Total expenditures	23,200	22,796	(404)	96,600	96,555	(45)	96,200	355
Resources over (under) expenditures	(14,450)	15,788	30,238	(61,600)	15,934	77,534	(77,200)	93,134
Beginning fund balance	418,592	428,086	9,494	465,742	427,940	(37,802)	427,940	-
Ending fund balance	404,142	443,874	39,732	404,142	443,874	39,732	350,740	93,134

City/FURA Debt Service Fund

This fund accounts for the City's borrowing and lending to FURA for urban renewal activities. In November 2016 the City completed its \$9.8 million borrowing, including the last draw of \$2.1 million (total of \$3.7 million) for FURA. An adjustment was made for a prior distribution to limit the distribution to the amount approved in the budget. The balance of the distribution to FURA was made July 1, 2017.

Intergovernmental payments sufficient to pay debt service were received during the quarter and year. The debt service is over budget by \$27,700 and is attributable to a timing issue related to accrued interest from the previous year, paid in fiscal year 2017.

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over/(Under) Estimate
	Budget	Actual	Variance Over(Under)	Budget	Actual	Variance Over(Under)		
Current year resources								
Intergovernmental	76,100	123,115	47,015	140,000	178,509	38,509	140,000	38,509
Debt proceeds	-	-	-	1,725,351	2,125,363	400,012	2,125,400	(37)
Total current year resources	76,100	123,115	47,015	1,865,351	2,303,872	438,521	2,265,400	38,472
Expenditures								
Materials and services	-	(400,012)	(400,012)	1,725,351	1,725,351	-	2,125,400	(400,049)
Debt service	76,100	112,306	36,206	140,000	167,700	27,700	140,000	27,700
Total expenditures	76,100	(287,706)	(363,806)	1,865,351	1,893,051	27,700	2,265,400	(372,349)
Resources over (under) expenditures	-	410,821	410,821	-	410,821	410,821	-	410,821
Beginning fund balance	-	-	-	-	-	-	-	-
Ending fund balance	-	410,821	410,821	-	410,821	410,821	-	410,821

Florence Urban Renewal Agency

FURA General Fund

Project and program activity for the Florence Urban Renewal Agency (FURA) is accounted for in the general fund. Design work on the ReVision Florence project continued to be the primary focus of the Agency for the quarter, supplemented with right-of-way acquisition and administration work approved during the quarter. The thirty percent design acceptance package (30% DAP) was completed and submitted to the Oregon Department of Transportation in the second quarter. Work on the 60% DAP design was approved during the third quarter. The 60% DAP design work was completed and submitted to ODOT the first week of July 2017 with an estimated cost of \$7.4 million. As of June 30, \$5.8 million of funding for the \$7.4 project was secured. A joint meeting of the FURA Board, City Council and County Commission was held in Florence in May. Activity on other projects is pending updated cost estimates and secured for ReVision Florence.

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Over(Under)	Budget	Actual	Over(Under)		
Current year resources								
Intergovernmental	600,000	-	(600,000)	600,000	-	(600,000)	-	-
Miscellaneous	250	400	150	1,000	1,800	800	15,000	(13,200)
Transfers					-	-	-	-
Debt proceeds	-	(400,012)	(400,012)	1,725,351	1,725,351	-	2,125,400	(400,049)
Total current year resources	600,250	(399,612)	(999,862)	2,326,351	1,727,151	(599,200)	2,140,400	(413,249)
								-
Expenditures								
Materials and services	84,825	45,536	(39,289)	249,300	194,178	(55,122)	189,200	4,978
Capital outlay	1,393,750	200,233	(1,118,517)	2,000,000	501,577	(1,423,423)	640,000	(138,423)
Total expenditures	1,478,575	245,769	(1,157,806)	2,249,300	695,755	(1,478,545)	829,200	(133,445)
Resources over (under) expenditures	(878,325)	(645,381)	157,944	77,051	1,031,396	879,345	1,311,200	(279,804)
Beginning fund balance	1,130,495	1,605,761	475,266	175,119	(71,016)	(246,135)	(71,016)	-
Ending fund balance	252,170	960,380	633,210	252,170	960,380	633,210	1,240,184	(279,804)

FURA Debt Fund

FURA debt service is paid with property taxes. The actual tax levy amount was fractionally less than budgeted. The estimated debt service for the full year includes interest on the \$1.6 million draw made in fiscal year 2016, through the date of the final draw request in November 2016. As a result, the interest paid in the current fiscal year reflects a timing difference as this amount was originally estimated to be paid in fiscal year 2016. Full annual debt service payments will commence in fiscal year 2018.

	4th Quarter			Year Ended June 30, 2017			Full Year Estimate	Actual Over (Under) Estimate
	Budget	Actual	Over(Under)	Budget	Actual	Over(Under)		
Beginning fund balance	314,299	400,619	86,320	35,349	86,636	51,287	86,636	-
Current year resources								-
Property taxes	18,500	12,811	(5,689)	360,600	360,928	328	357,000	3,928
Miscellaneous	250	289	39	1,000	1,045	45	1,000	45
Total current year resources	18,750	13,100	(5,650)	361,600	361,973	373	358,000	3,973
Expenditures								-
Debt service	76,100	132,810	56,710	140,000	167,700	27,700	157,500	10,200
Total expenditures	76,100	132,810	56,710	140,000	167,700	27,700	157,500	10,200
Resources over (under) expenditures	(57,350)	(119,710)	(62,360)	221,600	194,273	(27,327)	200,500	(6,227)
Beginning fund balance	314,299	400,619	86,320	35,349	86,636	51,287	86,636	-
Ending fund balance	256,949	280,909	23,960	256,949	280,909	23,960	287,136	(6,227)