

FURA

FLORENCE URBAN
RENEWAL AGENCY

OREGON



Fiscal
Biennium

2019-2021

Biennial Budget

FLORENCE URBAN RENEWAL AGENCY

Adopted May 22, 2019

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Florence Urban Renewal Agency Fiscal Biennium 2019-2021 Budget

July 1, 2019 — June 30, 2021



BUDGET COMMITTEE

The Florence Urban Renewal Agency (FURA) consists of the FURA Board and an equal number of citizen members, which includes the two City Councilors who do not serve on the FURA Board. The citizen members of the City’s Budget Committee and two additional citizen members also serve on the FURA Budget Committee. Citizen members serve staggered terms of four years expiring January 31st.

The FURA Budget Committee will receive the proposed budget May 8, 2019. The committee held their public hearing on May 8th with City staff making presentations and addressing questions. The public meetings provide an opportunity for public testimony. The Budget Committee will then approve the budget with any changes made and forward it to the FURA Board for adoption.

The FURA Board will hold a public hearing on the approved budget May 22, 2019. After the public hearing the Board will consider adoption of the approved budget, with any changes, levy property taxes, and establish budget appropriations.

Board Members	Term Expires	Citizen Members	Term Expires
Chair Joshua Greene	January 2021	Geraldine Lucio	January 2023
Vice Chair John Scott	January 2020	Woody Woodbury	January 2023
Joe Henry	January 2021	Brittany Hornung	January 2022
Ron Preisler	January 2020	Leonard Larson	January 2021
Patricia Riley	January 2020	Joel Marks	January 2020
Ron Caputo	January 2021	Wayne Sharpe	January 2021
William Meyer	January 2021	Sally Wantz	January 2023
Mike Webb	January 2022	Vacant	
Carmela West	January 2022	Vacant	

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BUDGET MESSAGE



City Manager’s Budget Message 2019 – 2021 Biennium Budget

May 3, 2019

Florence Urban Renewal Agency Budget Committee,

It is my pleasure, on behalf of the Board, to present the second biennial 2019-21 budget for the Florence Urban Renewal Agency (Agency or FURA). The budget is balanced and totals \$5,914,700 for the two-year period beginning July 1, 2019 and ending June 30, 2021.

General Fund	\$5,111,300
Debt Services Fund	803,400
Total	<u>\$5,914,700</u>

The proposed biennial budget provides a funding plan to continue working on various fronts while completing the once in a generation streetscape and gateway project for the main street corridor of Florence on Highways 101 and 126, referred to as ReVision Florence. As you review this document you will see that it has been much improved from years past. It includes a copy of the work plan further along in the document. Also new to the document this year includes Budget Highlights, information on upcoming capital investments, noteworthy accomplishments from the previous biennium, and a fun “Did you know?” section.

The Agency’s 2016 Work Plan has been updated to be aligned with the priorities and goals of the City of Florence. The City Council adopted their work plan in April 2019, and subsequently staff updated the Agency’s existing work plan in conjunction with that process and was the starting point for this budget.



The General Fund includes funding for the biennium that will allow the Agency to accomplish priority items in the Plan as follows:

- \$1,071,500 in Property tax revenues, for further information about property tax increment please reference the Tax Levy Schedule

BUDGET MESSAGE

- Capital investment continues this biennium for the following projects:
 - ⇒ \$3,144,331 to complete all aspects of the ReVision Florence project, including gateway monuments, pedestrian scale lighting, and flower basket & banner arms.
 - ⇒ \$200,000 dedicated to development projects with the goal of attracting private sector investments for commercial and housing projects with priority given to the Quince Street Property and other identified catalyst sites.
 - ⇒ \$83,000 to complete the two public art projects that are approved and underway.
 - ⇒ \$55,000 for the Siuslaw Estuary Trail to provide a match for the Agency's share of the project.
- Other General Fund highlights include:
 - ⇒ \$60,000 in funds for development assistance and other items outlined in FURA's 2016 Investment Strategy report and work plan.
 - ⇒ \$511,300 in administrative service charges to the City for staff to perform services to assist the Agency with the daily operations and implementation of its projects.
 - ⇒ \$158,700 in contingency, which is anticipated to carryover for operating expenses in the next biennium until property taxes are collected.



The Debt Service Fund includes \$722,800 for debt service payments related to the 2016 and 2019 City full faith and credit obligations. The City in turn loaned the 2016 & 2019 obligations to the Agency so that the lowest cost of borrowing could be realized for the Agency. The budget also includes \$400,000 in new debt proceeds to fully fund the capital investments planned for the biennium. It is the purpose of urban renewals to invest public dollars through tax increment debt financing with the expectation that property values will increase year over year. At the end of this biennium the Agency will be at full borrowing capacity if all things remain unchanged. To find out more about the long-term debt of the Agency please reference the Debt Schedule.

I am excited and honored to be a part of the projects that this 2019-21 fiscal biennium budget plans for. Four years ago the ReVision Florence Project was a dream, two years ago it felt as if it was an insurmountable challenge, and today it's a reality! As I write this, the project is fully funded and even better yet, it is under construction outside my window of the newly remodeled City Hall! When completed, these projects have the potential to transform the City's main street corridor into a vibrant, active, and inviting streetscape that is consistent with the City's goals for economic development and livability and quality of life. We very much appreciate your service on the budget committee and look forward to discussing the budget with you.

Respectfully submitted,

Erin R. Reynolds
City of Florence City Manager and Budget Officer



FURA OVERVIEW

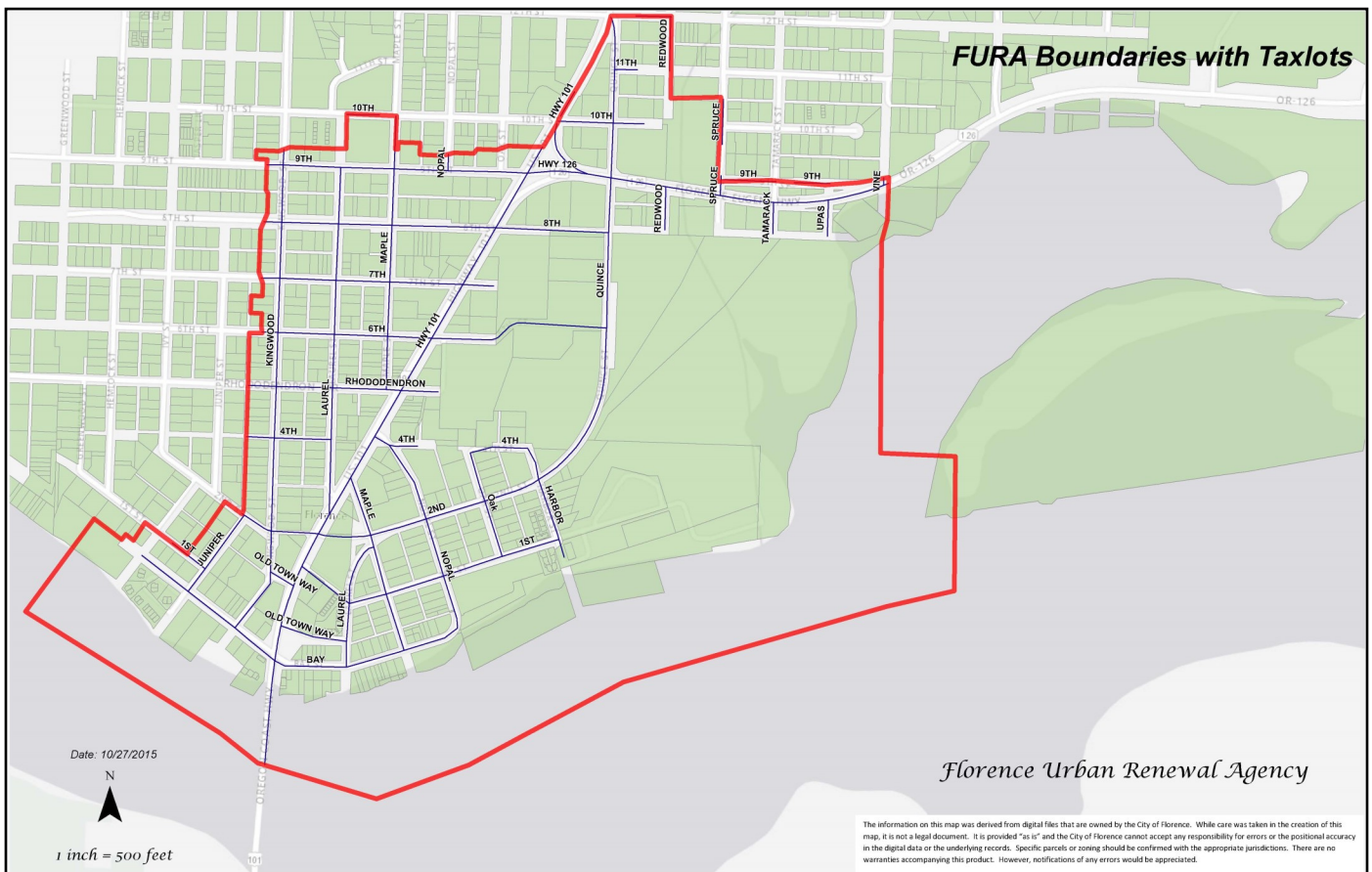
In August of 2006 Florence City Council adopted an ordinance approving the Florence Downtown Preservation and Florence voters approved the formation of the [Florence Downtown Preservation and Renewal Plan](#) (Plan) in 2007, which created the Florence Urban Renewal Agency (FURA) district. The FURA district encompasses properties along Highway 101 generally south of Highway 126, east of Kingwood, and inland of the Siuslaw River.

To fund projects within the Plan, FURA uses property tax increment financing, repaid with dedicated property taxes, to fund projects within the District to facilitate redevelopment and development.

Urban Renewal focuses on projects, such as construction and repair of public infrastructure, including parks, streets, and other public facilities; facilitation of public-private partnerships to revitalize and preserve downtown properties; promotion of mixed-use development; and rehabilitation of the waterfront for public and commercial uses. The maximum indebtedness authorized under the FURA Plan, for the projects within the Plan, is \$22,545,000. The Plan does not increase taxes that property owners pay.

In 2015 the City Council agreed to use full faith and credit obligations of the City, loaned to FURA, to fund FURA projects and refinance existing FURA debt. The policy decision increased the debt capacity of the Agency and reduced the interest cost to taxpayers.

For more information, visit www.ci.florence.or.us/urbanrenewal.



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BASICS OF BUDGETING

The Agency budgets all funds on the modified accrual basis of accounting. Items such as depreciation, amortization, property taxes and other revenues that are not expected to be received in the current period or within sixty days of fiscal year end are not included in the budget. All expenditures forecast to occur during the year, such as principal, interest payments and capital acquisitions are budgeted. Expenditures for accrual of accrued leave and other payroll costs incurred are not budgeted.

Within the Agency’s audited financial statements, the General Fund and Debt Service Fund are accounted for using the modified accrual basis of accounting. The Governmental wide statements report on the full accrual method of accounting. The primary difference between the two methods of accounting, relative to the budget basis used, is depreciation, acquisition of capital assets and principal payments on debt are handled differently, i.e., depreciation is not budgeted, acquisition of capital assets and principal payments are budgeted, but are not shown as expenditures in full accrual accounting. FURA is a blended component unit and, while issuing its own set of financial statements, it is also included as funds in the City’s audited financial statements.

Budget appropriations for authorized spending are provided for all of the funds in the following sections. The amount of final appropriations are as presented in the “Adopted Budget” column of the budget summaries presented for each fund.



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FUND ACCOUNTING

For accounting purposes, a local government is not treated as a single, integral entity. Rather, a local government is viewed instead as a collection of smaller, separate entities known as “funds.” A fund is a fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific activities and objectives. All of the funds used by a government must be classified into one of seven fund types within:



Governmental-Type (Governmental Funds)

- General
- Debt service

Governmental Funds

Many government services are financed through taxes and intergovernmental revenues. These are often called non-exchange revenues because there is not normally a direct relationship between the cost of the service provided and the amounts being paid by either individual tax payers or other government agencies. When a service is largely funded through non-exchange revenues it can be called a governmental-type activity. The accounting for a governmental-type activity focuses on available spendable resources and the near-term demands upon them.

General Fund

The General Fund accounts for services generally supported by property taxes and other non-dedicated or restricted revenue. These services include public safety, parks, administration, administrative services, and community development and Council directed funding of outside agencies or other activities. General administrative costs are recovered through internal charges to the fund or department using these services: These costs include Administration and financial services, risk management, network computer and phone services, and city hall usage. The costs of these services are at full cost, including replacement cost, thereby providing more accurate costs of providing services.

Debt Service Funds

This fund type accounts for the accumulation of resources for the payment of debt principal and interest.

Debt Service Fund — The Debt Service Fund was established to service principal and interest payments on the City’s short and long-term debt with the exception of debt financed with general obligation bonds. The principal sources of revenue are payments from property owners on bonded and unbonded assessments and transfers from funds that benefit from the debt.



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BUDGET PROCESS

A budget is defined by Oregon State Law (Oregon Revised Statutes, Chapter 294) as a financial plan containing estimates of revenue and expenditures for a given period or purpose, such as a fiscal year or biennium. The City is required to adopt a balanced budget on or before June 30.

The State of Oregon defines a balanced budget as one in which total resources, including beginning balances, current resources, and debt proceeds equals total requirements of current expenditures, capital outlay, transfers, debt service payments, and reserves. The budget is a financial plan and is critical to local government entities because it requires evaluation of plans and establishment of priorities in relation to available resources. Under Oregon Revised Statutes (ORS), a legally adopted budget is necessary for a local government to levy property taxes.

The Florence Urban Renewal Agency (FURA) prepares and adopts its biennial budget in accordance with the City of Florence policies and Oregon Local Budget Law (ORS 294.305-294.555, and 294.565). The Budget is presented by fund, department, and expenditure object classification. The City Manager, as the Budget Officer, has responsibility for presenting the proposed budget to the Budget Committee, management of the overall FURA budget, and maintaining budgetary control at the adopted appropriation level. Finance and the respective operation department directors perform ongoing review and monitoring of revenues and expenditures.

The Budget Committee consists of the governing body and an equal number of legal voters appointed by the Board of Directors. Accordingly, FURA has eighteen budget committee members, in which the votes of all members are equal. The first review of the budget occurs when the budget is presented to the Committee. At that time, the budget is made publicly available and the Committee begins their review. The Committee may approve the proposed budget intact, or change part or all of it prior to approval.

Oregon Local Budget Law requires the meeting at which the budget is adopted by the Board of Directors to be



formally noticed and provide time for the public to comment or ask questions about the budget. The Board of Directors may modify the approved budget, however, if expenditures are increased more than \$5,000 in any fund (or 10%, whichever is greater), a notice of a second budget hearing and a new financial summary must be published and a second hearing held before the budget can be adopted. The budget must be adopted on or prior to June 30. There is no provision in Oregon Local Budget Law to adopt a budget after June 30.

The budget is an estimate, and as such there is a provision to adjust the budget during the biennium through supplemental budgets, which may include noticing and public hearings. The Budget Committee is not convened for this process.

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CONSOLIDATED 2019-21 BIENNIAL BUDGET SUMMARY

FURA Budget Summary and Comparison

Fiscal Biennium 2017-19 to Fiscal Biennium 2019-21

	Fiscal Biennium 2017-19 Budget			Fiscal Biennium 2019-21 Budget		
	Debt Service			Debt Service		
	General Fund	Fund	Total	General Fund	Fund	Total
Beginning fund balance	915,484	780,190	1,695,674	1,984,100	3,400	1,987,500
Current year resources						
Property taxes	-	815,400	815,400	1,071,500	-	1,071,500
Intergovernmental	3,000,000	-	3,000,000	1,639,700	-	1,639,700
Miscellaneous	1,000	9,000	10,000	16,000	-	16,000
Transfers	-	-	-	-	800,000	800,000
Debt proceeds	3,900,000	-	3,900,000	400,000	-	400,000
Total current year resources	6,901,000	824,400	7,725,400	3,127,200	800,000	3,927,200
Total resources	7,816,484	1,604,590	9,421,074	5,111,300	803,400	5,914,700
Expenditures						
Materials and services	430,200	-	430,200	670,100	-	670,100
Capital outlay	7,230,000	-	7,230,000	3,482,500	-	3,482,500
Debt Service	-	1,217,200	1,217,200	800,000	722,800	1,522,800
Total expenditures	7,660,200	1,217,200	8,877,400	4,952,600	722,800	5,675,400
Other requirements						
Contingency	156,284	387,390	543,674	158,700	80,600	239,300
Total other requirements	156,284	387,390	543,674	158,700	80,600	239,300
Total expenditures and other requirements	7,816,484	1,604,590	9,421,074	5,111,300	803,400	5,914,700

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GENERAL FUND

The FURA General Fund accounts for the activities associated with the Agency's implementation of its Plan. The primary resources are property tax increment and debt proceeds (repaid with property taxes resulting from the increased, i.e., incremental, value of property within the urban renewal district over the frozen base value), grants, and developer contributions.

FY 2019-21 Budget Highlights

- ◆ Construction of the ReVision Florence Streetscape Project is underway and will be completed by the end of 2019.
- ◆ Continued coordination with ODOT and the City on development of the Siuslaw Estuary Trail.
- ◆ Implementation of the 2016 FURA Investment Strategy projects and actions.
- ◆ Property taxes now recorded in the General Fund with transfers to the Debt Service Fund to cover debt obligations.

Upcoming Capital Investments

- ◆ Completion of the ReVision Florence Streetscape Project construction.
- ◆ Installation of pedestrian amenities and light pole accessories outside of the ReVision Florence construction contract.
- ◆ Bidding and construction of the gateway monuments outside of the ReVision Florence construction contract.
- ◆ Installation of the approved mural and bridge steps public art pieces.
- ◆ Construction of the Siuslaw Estuary Trail in coordination with ODOT and the City.

Goals & Work Plan Items Fiscal Biennium 2019-21

- Review and update of FURA Bylaws and other operational documents.
- Completion of ReVision Florence Streetscape Project, including installation and construction of items not included in the ODOT contract.
- Completion of the mural and bridge steps public art pieces as approved.
- Creation of a marketing plan and development prospects for the Quince Street property.
- Market and recruitment for the five catalyst sites for housing and commercial development outlined in the 2016 Market Analysis and Investment Strategy.
- Plan and completion of the first phase of the Siuslaw Estuary Trail from Hwy 126 along Quince Street.
- Continue implementation, as funding allows, of the Predevelopment Grant Program.
- Development and implementation of the Façade Improvement Program (Preservation and Rehabilitation Program) as funding allows.
- Assessment of parking availability and opportunities in Old Town.
- Sidewalk improvement and connectivity in Old Town as funding allows.



Noteworthy Accomplishments Fiscal Biennium 2017-2019

- ✓ ReVision Florence Streetscape Project
 - Completion of the ReVision Florence Streetscape design and engineering.
 - Combining the Streetscape Project with ODOT's paving project to reduce construction costs for both projects.
 - Successful bidding and contract award for the combined projects.
 - Public outreach and community education about the construction and related information.
 - Construction will be halfway completed at the end of the current biennium, with completion scheduled for the end of October 2019.
- ✓ Purchase of Quince Street property across the street from the Florence Events Center.
- ✓ Processing of the first Predevelopment Grant Program application and project.
- ✓ Continued development and planning for the Siuslaw Estuary Trail.



Staffing:

Staffing for FURA activity is provided by the City. Payments to the City's General Fund and the Public Works Administration Fund are budgeted to reimburse the City for staff related costs.



Did you know?

In 2008, FURA entered into an intergovernmental agreement with the Siuslaw Library District to help fund the building expansion project. The agreement included \$315,000 over a 15-year period.

In 2010, the Agency approved the purchase of the Barnett Property for \$85,300, which is now the location of the Siuslaw River Bridge Interpretive Site on Bay Street in Old Town.

In 2010, the Agency awarded a total of \$163,141 in grants to 39 Florence businesses in the urban renewal area. This Preservation and Rehabilitation Program provided financial assistance to property owners and independent businesses that are tenants of commercial properties to encourage enhancing the appearance and commercial viability of the Urban Renewal District.

In 2013, the Agency completed a \$2.5 million infrastructure improvement project in Old Town. The project included new water and sewer upgrades to replace lines installed in the 1940s and 1950s that were insufficient to provide needed water and sewer capacity for the commercial area.

GENERAL FUND

GENERAL FUND SUMMARY

Budget:

	2015-16 Actual	2016-17 Actual	2017-19 Budget	2017-19 Estimate	2019-21 Proposed	2019-21 Approved	2019-21 Adopted
Beginning fund balance	262,769	(71,016)	915,484	956,775	1,984,100	1,984,100	1,984,100
Current year resources							
Property taxes	-	-	-	-	1,071,500	1,071,500	1,071,500
Intergovernmental	-	-	3,000,000	1,960,700	1,639,700	1,639,700	1,639,700
Miscellaneous	4,689	-	1,000	14,809	16,000	16,000	16,000
Debt proceeds	110,349	1,725,351	3,900,000	4,600,012	400,000	400,000	400,000
Total current year resources	115,038	1,725,351	6,901,000	6,575,521	3,127,200	3,127,200	3,127,200
Total resources	377,807	1,654,335	7,816,484	7,532,296	5,111,300	5,111,300	5,111,300
Expenditures							
Materials and services	320,254	195,983	430,200	869,705	670,100	670,100	670,100
Capital outlay	128,569	501,577	7,230,000	4,678,500	3,482,500	3,482,500	3,482,500
Transfers	-	-	-	-	800,000	800,000	800,000
Total expenditures	448,823	697,560	7,660,200	5,548,205	4,952,600	4,952,600	4,952,600
Other requirements							
Contingency	-	-	156,284	1,984,091	158,700	158,700	158,700
Total other requirements	-	-	156,284	1,984,091	158,700	158,700	158,700
Total expenditures and other requirements	448,823	697,560	7,816,484	7,532,296	5,111,300	5,111,300	5,111,300

Financial Summary and Fund Balance Analysis:

Financial Summary	2015-16 Actual	2016-17 Actual	2017-19 Budget	2017-19 Estimate	2019-21 Proposed	2019-21 Approved	2019-21 Adopted
Resources over (under) expenditures	(333,785)	1,027,791	(759,200)	1,027,316	(1,825,400)	(1,825,400)	(1,825,400)
Beginning fund balance	262,769	(71,016)	915,484	956,775	1,984,100	1,984,100	1,984,100
Ending fund balance	(71,016)	956,775	156,284	1,984,091	158,700	158,700	158,700

Target Ending Fund Balance = 5 months of M&S operating costs
 Yes meets target of 140,000

Capital Outlay:

FURA General Fund

Description	Priority	Amount
ReVision Florence	1	3,144,331
Artwork - Mural & Steps	1	83,100
Siuslaw Estuary Trail	1	55,000
Development Projects	1	200,000
FURA General Fund Totals		3,482,431



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FURA DEBT SERVICE FUND

This fund accounts for the repayment of City issued full faith and credit obligations issued to finance the FURA's projects and programs. FURA's primary revenue sources to repay the obligation are property taxes and funding commitments from other agencies.

FY 2019-21 Budget Highlights

- ◆ Changed accounting procedure to receive property taxes in the General Fund.
- ◆ Maintained the required debt coverage ratio of 1.25.
- ◆ FURA has two long-term debt obligations outstanding to the City.

Noteworthy Accomplishments Fiscal Biennium 2017-2019

- ✓ Secured \$3.3 million in long-term debt for the ReVision Florence Streetscape Project and Quince Street property purchase.
- ✓ Used fund balance to repay du jour borrowings to reduce long-term debt.

FURA DEBT SERVICE SUMMARY

Budget:

	2015-16 Actual	2016-17 Actual	2017-19 Budget	2017-19 Estimate	2019-21 Proposed	2019-21 Approved	2019-21 Adopted
Beginning fund balance	253,549	86,636	780,190	281,300	3,400	3,400	3,400
Current year resources							
Property taxes	326,617	361,323	815,400	952,190	-	-	-
Miscellaneous	946	1,045	9,000	8,000	-	-	-
Transfers	-	-	-	-	800,000	800,000	800,000
Debt proceeds	1,464,288	-	-	-	-	-	-
Total current year resources	1,791,851	362,368	824,400	960,190	800,000	800,000	800,000
Total resources	2,045,400	449,004	1,604,590	1,241,490	803,400	803,400	803,400
Expenditures							
Materials and services	242,897	-	-	-	-	-	-
Debt Service - principal	1,665,000	72,696	885,500	855,329	496,200	496,200	496,200
Debt Service - interest	50,867	95,004	331,700	382,731	226,600	226,600	226,600
Debt service	1,715,867	167,700	1,217,200	1,238,060	722,800	722,800	722,800
Total Debt Service expenditures	1,958,764	167,700	1,217,200	1,238,060	722,800	722,800	722,800
Other requirements							
Contingency	-	-	387,390	3,430	80,600	80,600	80,600
Total other requirements	-	-	387,390	3,430	80,600	80,600	80,600
Total expenditures and other requirements	1,958,764	167,700	1,604,590	1,241,490	803,400	803,400	803,400

DEBT SERVICE

Financial Summary and Fund Balance Analysis:

Financial Summary	2015-16 Actual	2016-17 Actual	2016-17 Budget	2017-19 Estimate	2019-21 Proposed	2019-21 Approved	2019-21 Adopted
Resources over (under) expenditures	(166,913)	194,668	(392,800)	(277,870)	77,200	77,200	77,200
Beginning fund balance	253,549	86,636	780,190	281,300	3,400	3,400	3,400
Ending fund balance	86,636	281,304	387,390	3,430	80,600	80,600	80,600

Target Ending Fund Balance = Interest payments through November 2021

Yes meets target of 56,650

TAX LEVY INFORMATION

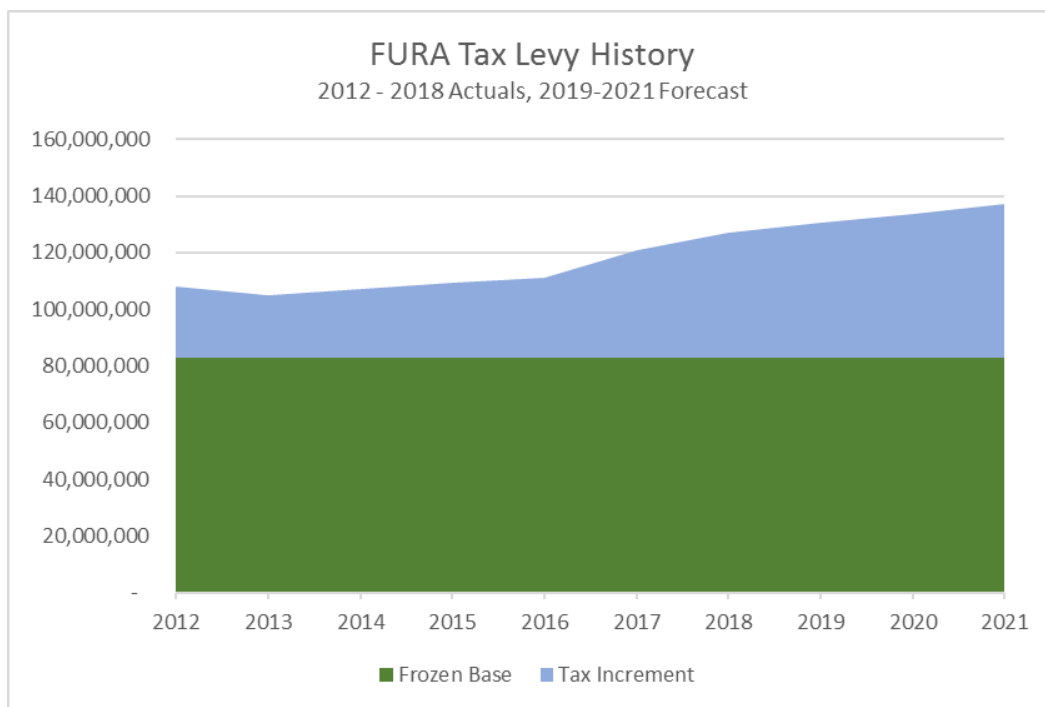
In 2006, with the formation of the urban renewal district, the tax base was frozen at \$82,903,810. As projects are completed, the assessed value of the district increases. The tax increment, or the increase in the total assessed value over the value of the frozen base (excess total assessed value), is used to calculate the amount of property tax due the district.

It is estimated that the excess total assessed value for the district will be \$50,814,494 and \$54,241,215 for fiscal years 2019-20 and 2020-21 respectively, yielding a total of \$1,071,500 in property taxes for the district for the biennium.

Schedule of Taxable Assessed Value, Tax Rates, and Levies

Fiscal Years 2012 through 2021

(Actual through fiscal year 2018, forecasts fiscal years thereafter.)



Fiscal Year	Frozen Base	Excess TAV	TAV 2.6%	Dollar Change	Percentage Change		Levy Amount	Consolidated Tax Rate
					Total AV	Excess AV		
2012	82,903,810	25,252,874	108,156,684	1,410,367	1.3%	5.9%	296,297	11.7332
2013	82,903,810	21,796,071	104,699,881	(3,456,803)	(3.2%)	(13.7%)	256,769	11.7805
2014	82,903,810	24,385,105	107,288,915	2,589,034	2.5%	11.9%	297,691	12.2079
2015	82,903,810	26,557,328	109,461,138	2,172,223	2.0%	8.9%	325,784	12.2897
2016	82,903,810	28,220,985	111,124,795	1,663,657	1.5%	6.3%	343,379	12.1675
2017	82,903,810	37,714,565	120,618,375	9,493,580	8.5%	33.6%	375,444	12.0843
2018	82,903,810	44,215,774	127,119,584	6,501,209	5.4%	17.2%	455,226	12.0703
2019	82,903,810	47,473,393	130,377,203	3,257,619	2.6%	7.4%	531,898	11.2041
2020	82,903,810	50,814,494	133,718,304	3,341,100	2.6%	7.0%	528,000	10.3907
2021	82,903,810	54,241,215	137,145,025	3,426,721	2.6%	6.7%	543,500	10.0201

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DEBT SCHEDULE

The debt schedules below reflect total outstanding debt of the Florence Urban Renewal Agency as of June 30, 2019 and projected through June 30, 2023.

The Florence Urban Renewal Agency has two debt obligations outstanding at the beginning of the 2019-21 fiscal biennium. In 2015, the Florence City Council agreed to use full faith and credit obligations of the City to take out debt and in turn loan to FURA. This policy decision increased the debt capacity of the Agency and reduced interest costs. The 2016 Banner Bank loan to the City was loaned to the Agency to refinance the existing 2010 loan for the Old Town Infrastructure Project and to enable the Agency to pay for the design concept and the architectural & engineering services for the ReVision Florence Streetscape Project. The 2019 Banner Bank loan to the City was loaned to the Agency to finance the purchase of the Quince Street Property and to fund the ReVision Florence Streetscape Project construction phase. The Agency collects property taxes in the General Fund and transfers the amount necessary to fulfill the obligations to the Debt Service Fund. The Agency then makes it's debt service payments to the City's Debt Service Fund. Details of these two obligations are shared in the table below.

Summary of Existing Debt Issued and Balance June 30, 2019

Description	Fund(s)	Original Amount	Payment FY 2020	Payment FY 2021	Interest Rate	Balance June 30, 2019
Existing Obligations						
FFCO 2016 (20 yr) - Banner	FURA	3,700,000	22,700	246,300	2.92%	3,344,741
Banner Bank (20 yr) - Tax Exempt BQ	FURA	3,150,000	219,400	219,400	3.45%	3,150,000
Banner Bank (5 yr) - Taxable	FURA	150,000	7,500	7,500	5.30%	150,000
Total FURA Debt		7,000,000	249,600	473,200		6,644,741

Summary of Existing Debt and Proposed Debt Fiscal Year 2019-2023

Description	Fund(s)	Outstanding Balance June 30,				
		2019	2020	2021	2022	2023
Existing Obligations						
FFCO 2016 (20 yr) - Banner	FURA	3,347,576	3,207,712	3,067,848	2,927,984	2,788,120
Banner Bank (20 yr) - Tax Exempt BQ	FURA	3,150,000	3,038,381	2,922,877	2,803,355	2,679,673
Banner Bank (5 yr) - Taxable	FURA	150,000	150,000	150,000	150,000	-
Total FURA Debt		6,647,576	6,396,093	6,140,725	5,881,339	5,467,793
Proposed debt		-	-	400,000	385,000	370,000
Total Debt Outstanding		6,647,576	6,396,093	6,540,725	6,266,339	5,837,793

FURA

FLORENCE URBAN
RENEWAL AGENCY
OREGON

FURA WORK PLAN

In 2016, the Florence Urban Renewal Agency (FURA) Board of Directors received the FURA Investment Strategy and Market Analysis (available at the end of this document or online at <https://www.ci.florence.or.us/urbanrenewal/florence-urban-renewal-agency-investment-strategy>). Also at this time, the Board of Directors received the finalized Design Concept for the Highway 101 revitalization project that became the ReVision Florence Streetscape Project. Through these two reports, the FURA Board provided direction to staff to work on these projects and activities, marketing and development of the opportunity/catalyst sites outlines, and continued work on the ReVision Florence Streetscape Project.

Through a market analysis of Florence and the Urban Renewal Area, stakeholder interviews, and public outreach,



Leland Consulting Group was able to develop an investment strategy that focused on downtown as a business, leveraging public investment for private investment, connecting to regional economic development, and leadership. The strategy identified several opportunity/catalyst sites for the Agency to focus their efforts on. Those sites are shown in the image to the left and include:

- ◆ Old School Site
- ◆ Port Parking Lot and Boardwalk Site
- ◆ Quince Street Site
- ◆ Auto Shop & Lumber Yard Sites
- ◆ Lotus & Lower Dairy Queen Lot Sites

In reviewing these sites, the consultant provided a market analysis of each, sample programming and examples of what could be developed on those sites, the feasibility of development, potential barriers, and a strategy to encourage development of those opportunity sites. Each site analysis can be found in the full report.

The Investment Strategy also proposed several projects and actions for consideration. The Strategy provides short-term guidance for FURA in the deployment of its resources in the Urban Renewal Area. The Strategy seeks to strike a balance between quick wins that result in private investment in the short term and long term policies and strategies that lay the groundwork for larger projects over time. Thus, the recommendations included a mix of capital projects (physical improvements and direct contributions to private development) along with programmatic actions that remove barriers and focus on the policies and marketing that is essential to creating an environment that is welcoming of investment. The Investment Strategy proposed the following projects and actions:

FURA Projects and Actions

- ◆ Design and Development Assistance Program
- ◆ Preservation and Rehabilitation Program
- ◆ Catalyst Development Fund
- ◆ Develop a Co-Working Space
- ◆ Parking Management Study

City of Florence Projects and Actions

- ◆ Accessory Dwelling Unit Program
- ◆ Housing Marketing and Development Strategy
- ◆ Development Code Audit



FURA WORK PLAN

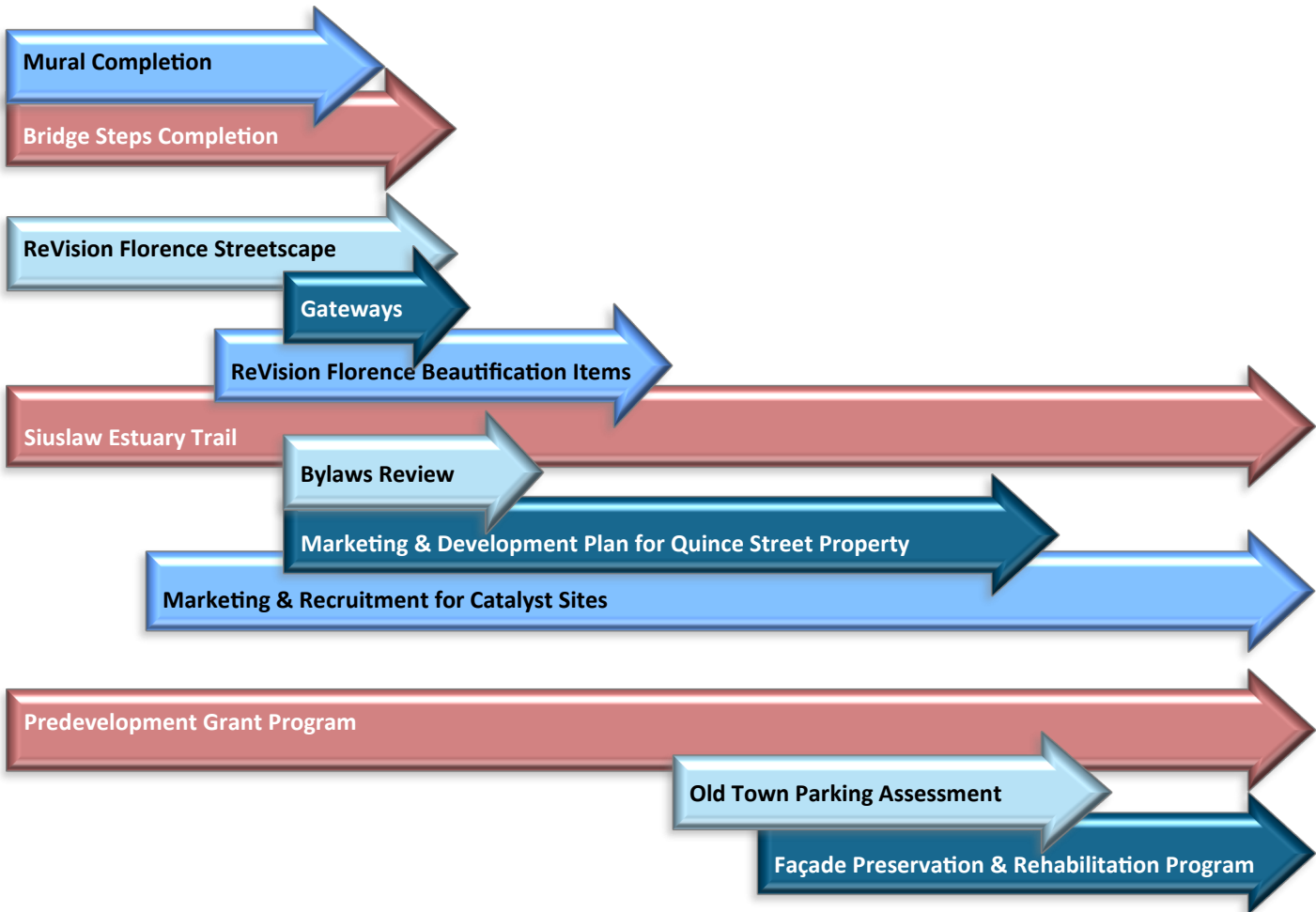
These projects and actions have guided some of the work of both FURA and the City during the previous biennium. FURA has accepted one applicant to the Design and Development Assistance Program (Predevelopment Grant Program) and has heard interest from a few other potential applicants. FURA purchased the Quince Street catalyst site and will begin developing a marketing and development strategy in the upcoming biennium.

The items identified as City projects and actions have either been included in the City Work Plans over the previous and current biennium. In 2018, the City updated the City Code to include provisions for Accessory Dwelling Units. The City also completed the Housing and Economic Opportunities Analysis in the 2018 and will utilize that information to update various aspects of the City Code. Housing Efforts and Initiatives are outlined as one of the main priorities for the City within the [2019-21 City Work Plan](#). Those efforts include reviewing the and updating the City’s development code with emphasis on the residential code.

In addition to the above items, the Strategy also discussed the economic and development impacts of ReVision Florence and the Siuslaw Estuary Trail, which continue to be worked on by staff and the Board. ReVision Florence items in the FURA Work Plan included completion of construction, gateway monuments, and other beautification items. These beautification elements include banner/flower basket brackets, new banners, and working with the Chamber of Commerce to expand the flower basket program to Highway 101 for Spring/Summer 2020.

FURA Work Plan Timeline

Fiscal Biennium 2017-2019 Year 2		Fiscal Biennium 2019-2021 Year 1				Fiscal Biennium 2019-2021 Year 2			
Q3 3/31/19	Q4 6/30/19	Q1 9/30/19	Q2 12/31/19	Q3 3/31/20	Q4 6/30/20	Q1 9/30/20	Q2 12/31/20	Q3 3/31/21	Q4 6/30/21



RESOLUTION NO. 1, SERIES 2019

Resolution No. 1, Series 2019 RESOLUTION ADOPTING THE BIENNIAL 2019-21 BUDGET and DECLARING TAX INCREMENT

1. The Budget Officer prepared the proposed budget for the Florence Urban Renewal Agency for the 2019-21 biennium commencing July 1, 2019.
2. The proposed budget was approved by the Florence Urban Renewal Agency Budget Committee on May 8, 2019.
3. The Florence Urban Renewal Agency Board of Directors held a public hearing for the approved budget to receive comments from citizens.
4. The Florence Urban Renewal Agency Board of Directors has considered the public testimony received.

Based on these findings,

1. BE IT RESOLVED that the Board of Directors of the Florence Urban Renewal Agency hereby adopts the biennial budget for 2019-21 in the total amount of \$5,914,700 and makes the following appropriations:

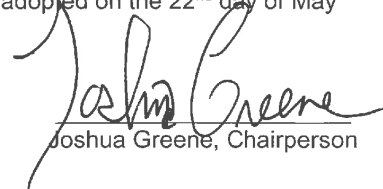
General Fund	
Materials and services	\$ 670,100
Capital outlay	3,482,500
Transfers	800,000
Contingency	158,700
Total	\$5,111,300

Debt Service Fund	
Debt Service	\$ 722,800
Contingency	80,600
Total	\$ 803,400

Total appropriations, all funds \$5,914,700

2. **DECLARING TAX INCREMENT.** The Board of Directors of the Florence Urban Renewal Agency hereby certifies to the County Assessor to levy the maximum amount of revenue that may be raised by dividing the taxes under Section 1e, Article IX, of the Oregon Constitution and ORS Chapter 457 for the fiscal years beginning July 1, 2019 and July 1, 2020 for the Florence Urban Renewal Agency Plan Area.

The above resolution statements were approved and declared adopted on the 22nd day of May 2019.


Joshua Greene, Chairperson

Attest:


Kelli Weese, City Recorder

FURA

FLORENCE URBAN
RENEWAL AGENCY
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FISCAL POLICIES

The Florence Urban Renewal Agency (FURA) contracts with the City of Florence for professional staffing and fiscal management services. Through this partnership, the fiscal management of FURA follows the City of Florence Fiscal Policies presented below.

Purpose

The City of Florence is committed to responsible fiscal management through financial integrity, prudent stewardship of public assets, planning, accountability and full disclosure. The broad purpose of the Fiscal Policies is to enable the City to achieve and maintain a long-term stable and positive financial condition. These policies are adopted by the City Council as the basic framework for overall financial management of the City, to guide day-to-day and long-range fiscal planning and decision making, and to achieve the following general financial goals:

1. Provide an adequate financial base to sustain the desired level of municipal services to maintain the social wellbeing and physical conditions of the City.
2. Deliver cost effective and efficient services to citizens.
3. Provide and maintain essential public facilities, utilities, and capital equipment.
4. Protect and enhance the City's credit rating so as to obtain the lowest cost of borrowing and assure taxpayers and the financial community that the City is well managed and financially sound.
5. Provide the financial stability needed to navigate through economic downturns, adjust to changes in the service requirements of the community and respond to other changes as they affect the City's residents and businesses.
6. Adhere to the highest standards of financial management and reporting practices as set by the Government Finance Officers Association, the Governmental Accounting Standards Board and other professional standards.
7. Fully comply with finance related legal mandates, laws and regulations.

To achieve these goals, fiscal policies generally cover areas of revenue management, operating and capital budgeting, financial planning and forecasting, investment and asset management, debt management, pension funding, accounting and financial reporting, reserves and internal controls. These policies are reviewed annually by management, the Finance Committee, and City Council and amended as necessary, as part of the budget process.

Policies are addressed in ten areas:

- ⇒ **Revenue**, which deals with taxes, user fees and other revenues by which the city generates income to fund programs and services.
- ⇒ **Operating expenditures**, which relates to budgeting guidelines.
- ⇒ **Expenditure control**, which addresses the City's efforts to ensure spending is consistent with the City's fiscal plans.
- ⇒ **Capital equipment and improvements**, which relates to establishing a 5-year capital equipment and improvement plans for all major equipment and infrastructure systems provided and maintained by the City.

FISCAL POLICIES

- ⇒ **Accounting and financial reporting**, which relates to accounting and reporting financial transactions and preparing financial reports.
- ⇒ **Financial planning**, addresses longer term financial forecasting to help inform decisions.
- ⇒ **Debt**, which addresses long-term financing of the city's capital needs and maintaining its bond rating.
- ⇒ **Pension funding**, addresses the funding policies of the City's pension obligations.
- ⇒ **Reserves**, establishes minimum working capital balances, required reserves and operating contingency as needed for routine cash flow and responding to unexpected expenditures or increases in service delivery costs.
- ⇒ **Management of fiscal policy**, sets forth the administration of fiscal policies on a continuing basis.

1. Revenue Policies

- 1.1 The City will strive for and maintain diversified and stable revenue sources to prevent undue or unbalanced reliance on any one source of funds. Revenue diversity will also reduce risk to the City from short-term fluctuations in any one revenue source.
- 1.2 Significant one-time and or temporary revenues will not be used to fund continuing programs and services, but rather to fund one-time expenditures or fund reserves.
- 1.3 The maximum allowable system development charges (SDCs), for each of the public infrastructure systems the City operates and is allowed by state law to impose, shall be determined on a periodic basis (approximately each five years).
 - 1.3.1. The Council will determine what amount of SDCs to impose.
- 1.4 The City will promote the use of users' charges in lieu of property taxes and subsidies from other non-obligated (i.e., generally available) City funds, for services that can be identified and where costs are directly related to the level of service provided.
 - 1.4.1. Charges for providing utility services shall be sufficient to finance all operating, capital outlay and debt service expenses of the City's utility funds, including operating contingency, reserve requirements, and capital replacement. Consideration will be given to return on investment and existing and or anticipated debt to insure debt coverage ratios are sufficient to meet or exceed requirements of lenders and rating agencies to maintain desired credit rating.
 - 1.4.2. It is the City's intent to recover a greater percentage of costs associated with performing building permit and inspection activities. As of fiscal year 2016, fees and charges for these services are insufficient to fully fund costs for these activities. City staff will evaluate the delivery of these services to identify cost savings. Results of these efforts will be presented to the City Council prior to consideration of potential fee and charge increases.

It is the City's intent to recover a greater percentage of costs associated with performing planning related activities. As of fiscal year 2016, the estimated cost recovery for planning related activities is approximately 19%. City staff will evaluate and implement changes to land use processes to gain efficiencies, measure results and report findings to the City Council prior to consideration of potential increases to fees and charges for planning related activities.

FISCAL POLICIES

- 1.4.3. Other reimbursable work performed by the City (full labor costs, overhead, contracted services, equipment and other indirect expenses) shall be billed at total actual or estimated total actual cost.
- 1.4.4. Charges for services shall accurately reflect the total actual or estimated total cost of providing a specific service. The cost of providing specific services shall be recalculated periodically, and the fee adjusted accordingly. City staff shall create and maintain a schedule of current fees, indicating when the fees were last reviewed and/or recalculated.
- 1.5. The City shall diligently pursue collection of delinquent accounts. When necessary, discontinuing service, small claims court, collection agencies, foreclosure, liens and other methods of collection, such as imposing interest, penalties, collection and late charges, may be used.
- 1.6. All potential grants that require matching funds, on-going resource requirements, or include new or additional continuing compliance requirements shall be evaluated and considered before submittal of the application. Grant applications will be approved as follows prior to their submittal: a. By the City Manager for grants that require matching funds up to the amount of the City Manager's spending authority, and b. By the City Council for grants with matching requirements above the City Manager's spending authority. The City Council will be provided the evaluation with the request for their acceptance of the grant.
- 1.7. Revenues will be estimated realistically and prudently. Revenues of a volatile nature will be estimated conservatively. The City will estimate its revenues by an objective, analytical process using best practices as defined by the Government Finance Officers Association.

2. Operating Budget Policies

- 2.1. The City will prepare an annual budget guided by City Council goals and work plan to accomplish goals. Budget development will be coordinated with all departments and will incorporate Government Finance Officers Association (GFOA) recommendations relative to budgeting for results and outcomes..
 - 2.1.1. The amount of funding available will be determined for each fund. The budget will be built on expected revenues. This includes base revenues, any new revenue sources, and the potential use of existing resources.
 - 2.1.2. Conduct analysis to determine what strategies, programs, and activities will best achieve desired results.
 - 2.1.3. Budget available dollars to the most significant programs and activities. The objective is to maximize the benefit of the available resources.
 - 2.1.4. The City shall maintain an automated accounting system to monitor expenditures and revenues, relative to budget, on a monthly basis, with a thorough analysis and adjustment (if required) no less than quarterly.
- 2.2. All budgetary procedures will conform to existing state regulations. Oregon budget law requires each local government to prepare a balanced budget and Oregon Administrative Rules state: 1) the budget must be constructed in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund, and 2) the total of all resources of the entity must equal the total of all expenditures and all requirements for the entity.

FISCAL POLICIES

- 2.3. The budget process will be coordinated so that major policy issues and department goals and objectives are identified and incorporated into the budget.
- 2.4. The cost allocation plan, previously developed, will be reviewed and updated annually and serve as the basis for distributing general government and internal service costs to other funds and capital projects.
- 2.5. The City Council shall adopt the budget at the fund, departmental or program level as a total dollar amount for all appropriations except contingency, unappropriated ending fund balance and reserves, which shall be stated separately.
- 2.6. Long-term debt or bond financing may be used for the acquisition of land, capital improvements, vehicles, and equipment with a cost greater than \$100,000, if current and or existing resources are insufficient. Long-term debt or bond financing shall not be used to finance current operating expenditures.
- 2.7. Every City fund, department, program or activity shall start each year's budget cycle with no predetermined appropriation amount. Budget appropriation decisions and the allocation of resources shall be based on direction provided by the City Council and implementation of that direction by the City Manager.
- 2.8. The City will submit the Adopted Budget Document to the Government Finance Officer's Association (GFOA) to obtain the Award for Distinguished Budget Presentation.
- 2.9. A budget calendar will be prepared detailing the key elements in the development of the budget.

3. Expenditure Control Policies

- 3.1. Expenditures will be controlled through appropriate internal controls and procedures. Management must ensure expenditures comply with the legally adopted budget. Each Department or Division Manager or Director will be responsible for the administration of his/her department/program budget. This includes accomplishing the goals and objectives incorporated into the budget and monitoring each department/division budget for compliance with spending limitations.
- 3.2. The City Manager is to administer budgetary expenditure control at the appropriation level. Any increase in a budget appropriation requires City Council approval.
- 3.3. All purchases of goods and services must comply with the City's Purchasing Policies, guidelines and procedures and with State laws and regulations.
- 3.4. All compensation planning and collective bargaining will include analyses of total cost of compensation, which includes analysis of salary increases, health benefits, pension contributions, and other fringe benefits. City management will only propose operating personnel costs that can be supported by continuing operating revenues.
- 3.5. City staff shall make every effort to control expenditures to ensure City services and programs provided to its citizens and taxpayers are cost effective and efficient. Expenditures that will reduce future costs will be encouraged.

4. Capital Improvement Policies

- 4.1. Annually, the City will approve a 5-year Capital Improvement Plan (CIP), congruent with the adoption of its annual budget. The CIP shall provide details on each capital project: its estimated costs, sources of financing and a description, including a statement identifying: (a) the needs, conditions and circumstances that have caused the project's creation and (b) the expected results if the project is approved and implemented.

5. Accounting and Financial Reporting Policies

- 5.1. The City shall establish and maintain its accounting systems according to generally accepted accounting practices and shall adhere to generally accepted accounting principles and standards promulgated by the Government Finance Officers Association (GFOA) and Government Accounting Standards Board (GASB).
- 5.2. An annual audit shall be performed by an independent public accounting firm, which will issue an opinion on the annual financial statements, along with a management letter identifying areas needing improvement, if necessary.
- 5.3. Full disclosure shall be provided in the financial statements and bond representations.
 - 5.3.1. Upon request, all departments will provide notice of all significant events and financial and related matters to the Finance Director for the City's annual disclosures to the municipal markets as required by SEC Regulation 15-C-2-12. Full disclosure will be provided in the financial statements and bond representations. Significant events include delinquencies and defaults related to the City's bonds, adverse tax opinions or events affecting the tax exempt status of bonds, the release, substitutions or sale of property securing repayment of bonds and other events having a significant impact on the City's finances and outstanding bonds. The Finance Director will notify all Nationally Recognized Municipal Securities Information Repositories of these significant events.
 - 5.3.2. The City's asset capitalization policy is to capitalize and depreciate assets greater than \$10,000 with a useful life beyond one year. Capital assets costing less than \$10,000 or having a useful life of one year or less will be treated as operating expenditures.
- 5.4. Up-to-date accounting and budgeting information is available online to all management and authorized support staff. Quarterly actual-to-budget reports showing the current status of revenues and expenditures shall be prepared and distributed to appropriate legislative, staff and management personnel in a timely manner and made available for public inspection.

6. Financial Planning Policies

- 6.1. The Finance Department, collaborating with other departments, will prepare a long-term financial plan for each fund to promote responsible planning for the use of resources. The long-term financial plans will include projected revenues, expenditures and reserve balances for the next five years for all funds, except the water, wastewater and stormwater funds, which shall include twenty-year financial plans.
- 6.2. The City's financial plans should be strategic, reflecting the City Council and community priorities for service while providing resources that fund desired service levels.

FISCAL POLICIES

- 6.3. Long-term projections of revenues and expenditures will be based upon disclosed assumptions, and prepared consistent with best practices established by the Government Finance Officers Association.
- 6.4. The long-term financial plans will be integral to the development of the annual budget.

7. Debt Policy

- 7.1. The City may use debt proceeds to finance costs associated with capital infrastructure, equipment, vehicles and other purposes that provide long-term benefits to the community, i.e., benefits that extend more than one year.
- 7.2. Capital projects financed through the issuance of bonds shall not be financed for a period which (a) exceeds the expected useful life of the project or (b) is less than five years.
- 7.3. Financing for non-capital purposes shall not extend beyond the amortization period available for the respective type of obligation, e.g., retirement unfunded liabilities include an amortization period of twenty-five years.
- 7.4. The Finance Director will structure all debt issuances and oversee the on-going management of all City debt. Debt includes general obligation bonds, lease purchase obligations, revenue bonds, special assessment obligations, promissory notes, equipment financing agreements and any other contractual arrangements that obligate the City to make future principal and interest payments.
- 7.5. No debt shall be issued for which the City has not identified specific revenue sources sufficient for repayment. Such revenue sources can include internal sources, such as charges to personnel costs, that are transferred to a debt service fund for debt repayment. The Finance Director shall prepare an analysis of the source of repayment prior to issuance of any debt.
- 7.6. The City will not use long-term debt to fund current operations, to balance the budget or to fund projects that can be funded from current resources, unless the use of debt is otherwise determined to be in the best interest of the City.
- 7.7. The City may utilize short-term debt or inter-fund loans as permitted, to cover temporary cash flow deficiencies due to timing of cash flows, such as may result from delay in receipting grant proceeds or other revenues and delay in issuance of long-term debt.
- 7.8. When issuing long-term debt, the City will ensure that the debt is soundly financed by:
 - 7.8.1. Incurring debt only when necessary for capital improvements too large to be financed from current available resources,
 - 7.8.2. Insuring that capital projects financed through long-term debt shall be financed for a period not to exceed the useful life of the project,
 - 7.8.3. Determining that the benefits of the project financed exceed the cost of financing including interest costs,
 - 7.8.4. Analyzing the source of repayment, debt coverage ratios and the impact of debt service on annual fixed costs prior to issuance of long-term debt.
- 7.9. All bond issuances, promissory notes, and capital leases will be authorized by resolution of the City Council.

FISCAL POLICIES

- 7.10. The City shall maintain its bond rating at the highest level fiscally prudent, so that future borrowing costs are minimized and access to the credit market is preserved.

8. Pension Funding Policies

- 8.1. The City participates in the State of Oregon Public Employees Retirement System (PERS) and is a member of the State and Local Government Rate Pool. The City will fund its required pension contribution requirements timely.

9. Reserve Policies

- 9.1. The City shall maintain adequate working capital reserves in all funds.
 - 9.1.1. The general fund shall maintain sufficient working capital to allow the City to adequately fund operations until property taxes are received in November of each year, without borrowing.
 - 9.1.2. The City's utility funds shall maintain at a minimum working capital balance sufficient for sixty days operating expenses, together with an adequate emergency repair reserve and required debt service reserves.
 - 9.1.3. The City's internal service funds shall maintain at a minimum working capital balance sufficient for thirty days operating expenses and any required debt service reserves.
 - 9.1.4. The City's debt service funds shall maintain adequate working capital to pay required debt service without borrowing and fund required debt service reserves.
 - 9.1.5. The City's other operating funds shall maintain a minimum working capital balance sufficient for sixty days operating expenses and any required debt service reserves.
 - 9.1.6. The City shall establish a contingency budget to provide for unanticipated expenditures of a nonrecurring nature. The contingency shall be a minimum of five percent (5%) of a fund's operating and capital expenditure estimates for the fiscal year. This policy does not apply to debt service, internal service, trust and agency, capital projects, serial levy, temporary or certain special purpose funds.
- 9.2. The City may use reserves on a one-time or temporary basis for purposes described above. In the event that reserve funds are presently or decrease to levels below the levels desired by this policy, City management will develop a plan to restore reserves to the desired levels.

10. Management of Fiscal Policy

- 10.1. Fiscal polices and changes in policies shall be approved by the City Council and adopted by resolution after a public hearing is held (the approval may be inclusive of the annual budget adoption process and the associated resolutions to that process).
 - 10.1.1. The City Manager or designee shall prepare a report explaining the substantive impact of all recommendations and their impact on the City's operations, service levels and/or finances.
 - 10.1.2. The Audit Committee shall review the City's fiscal policies annually.

FISCAL POLICIES

- 10.2. The City Manager shall implement fiscal policies and monitor compliance.
 - 10.2.1. If the City Manager discovers a material deviation from policy, he/she shall report it in writing to the City Council in a timely manner.
 - 10.2.2. As a part of the City's annual budget document, the City Manager's budget message shall identify: (a) all major changes in policy since the previous budget year and (b) any material variations from policy in the ensuing year's budget.

GLOSSARY

Actual

Actual, as used in the fund summaries, revenue summaries, and department and division summaries within the budget document, represents the actual costs results of operations. This category is presented on a budgetary basis, and thus excludes depreciation and amortization, and includes principal payments on debt.

Ad Valorem Tax

A tax based on the assessed value of a property.

Adopted Budget

Adopted, as used in the fund summaries and department and division summaries within the budget document, represents the final budget *adopted* by the Board of Directors. The adopted budget becomes effective July 1. Subsequent to adoption; the Board of Directors may make changes throughout the year.

Approved Budget

Approved, as used in the fund summaries and revenue summaries, represents the proposed budget with changes made by the Budget Committee, if any.

Appropriations

Legal authorization granted by the Board of Directors to spend public funds. Appropriations within each program may not be exceeded.

Assessed Valuation

The value set on taxable property as a basis for levying property taxes. A tax initiative passed in 1997 that reduced assessed value (AV) below real market value and set a three percent maximum annual growth rate in the taxable assessed value (TAV), exclusive of certain improvements.

Assets

Resources having a monetary value and that are owned or held by an entity.

Audit

A report prepared by an external auditor. As a rule, the audit shall contain a statement of the scope of the audit, explanatory comments concerning exceptions of the auditor as to the applicant on generally accepted auditing standards, explanatory comments concerning verification procedures, financial statements and schedules, and sometime statistical tables, supplemental comments and recommendations.

Base Budget

Cost of continuing the existing levels of service in the current budget year. Base budget is also referred to as a status quo budget.

Beginning Fund Balance

The beginning balance is the residual non-restricted funds brought forward from the previous financial year (ending balance).

Biennial Budget

A biennial budget is for a two-year period, commencing on July 1.

Bond or Bond Issue

Bonds are debt instruments that require repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate or according to a formula for determining the interest rate.

GLOSSARY

Bond Funds

Established to account for bond proceeds to be used only for approved bond projects.

Budget

A budget is a plan of financial operation embodying an estimate of proposed expenditures and the means of financing them. Used without any modifier, the term usually indicates a financial plan for a fiscal year. In practice, the term budget is used in two ways. Sometimes it designates the financial plan presented for adoption and other times it designates the plan finally approved. It is usually necessary to specify whether the budget under consideration is preliminary and tentative, or whether the appropriating body has approved it.

Budget Calendar

A schedule of key dates followed by a government in the preparation and adoption of the budget.

Budget Committee

A group comprised of the elected officials plus an equal number of concerned citizens for the purpose of reviewing the proposed budget and recommending changes leading to an approved budget.

Budget Document

A written report that shows a government's comprehensive financial plan for a specified period, usually one year, that includes both the capital and the operating budgets.

Budget Message

Written explanation of the budget and the Agency's financial priorities for the next fiscal year; prepared by the city manager.

Budgetary Basis

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), with the exception that neither depreciation nor amortization are budgeted for proprietary funds, and bond principal in the enterprise funds is subject to appropriation.

Capital Budget

The Agency's budget for projects, major repairs, improvements, and additions to the City's fixed assets (streets, sidewalks, roads, sewers, storm water, parks, and buildings).

Capital Improvement

A term defined in the ORS 310.410 (10) to include land, structures, facilities, machinery, equipment, or furnishings having a useful life of longer than one year.

Capital Improvement Project

Any project having assets of significant value and having a useful life of five years or more. Capital projects include the purchase of land, design, engineering and construction of buildings, and infrastructure items such as parks, streets, bridges, drainage, street lighting, water and sewer systems, and master planning.

Capital Outlay

Includes the purchase of land, the purchase and/or construction of buildings, structures and facilities of all types, in addition to machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increase the capacity, efficiency, span of life, or economy of operating as an existing fixed asset. For an item to qualify as a capital outlay expenditure it must meet all of the following requirements: (1) have an estimated useful life of more than one year; (2) typically have a unit cost of \$5,000 or more; and (3) be a betterment or improvement. Replacement of a capital item is classified as capital outlay under the same code as the original purchase. Replacement or repair parts are classified under materials and services.

GLOSSARY

Cash Management

Management of cash necessary to pay for government services, while investing temporary cash excesses in order to earn interest income. Cash management refers to the activities of forecasting inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest return available for temporary cash balances.

Charges for Service

Includes a wide variety of fees charged for services provided to the public and other agencies.

Comprehensive Annual Financial Report

The annual audited results of the Agency's financial position and activity.

Comprehensive Plan

An official statement of the goals, objectives and physical plan for the development of the city. Contains a narrative of goals, objectives, and policies that describe the desired form, nature, and rate of city development.

Consumer Price Index

A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contingency

A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted. Contingency may be appropriated for a specific purpose by the Board of Directors upon the approval of a resolution. The Agency separates contingencies into those that are designated for specific purposes and undesignated.

Cost Allocation

Various administrative services including city management, finance, human resources, public works staffing, and their related costs are allocated to the various funds that receive the benefit of these services via a cost allocation methodology.

Cost Center

An organizational budget/operating unit within each city division or department.

Debt Service

Interest and principal on outstanding bonds due and payable during the fiscal year.

Debt Service Fund

A fund established to account for the accumulation of resources and for the payment of general long-term debt principle and interest that are not services by the Enterprise Funds. It does not include contractual obligations accounted for in the individual funds.

Designated Contingency

Amounts set aside for anticipated non-recurring cash flow needs. This includes items such as moving and remodeling, major building repairs, emergency management, and capital project or equipment purchases.

Encumbrance

Amount of money committed and set aside, but not yet expended, for the purchases of specific goods or services.

Ending Fund Balance

The residual, non-restricted funds that are spendable or available for appropriation at the end of the fiscal year.

GLOSSARY

Estimated

A projection of the revenue or expenditure, as appropriate, to be recognized during the current fiscal period.

Expenditures

Represents decreases in net financial resources. They include current operating expenses, which require the current or future use of net current assets, debt services, and capital outlays.

Fees

Charges for specific services levied by local government in connection with providing a service, permitting an activity, or imposing a fine or penalty.

Fiscal Management

A government's directive with respect to revenues, spending, reserves, and debt management as these relate to governmental services, programs and capital investment. Financial policy provides an agreed upon set of principles for the planning and programming of governmental budgets and its funding.

Fiscal Year

A 12-month period designated as the operating year for accounting and budgeting purposes in an organization. The City of Florence's fiscal year is July 1 through June 30.

Five-Year Financial Plan

An estimation of revenues and expenses of the City's operations for the next five-year period.

Fixed Assets

Includes equipment, vehicles, furniture and fixtures, and computer hardware and software with a cost basis in excess of \$5,000.

Full-Time Equivalent

A calculation used to convert part-time hours to equivalent full-time positions. Full-time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing the number of hours budgeted by 2,080.

Fund

A fiscal and accounting entity with a self-balancing set of accounts. Records cash and other financial resources together with all related liabilities and residual equities, or balances and changes therein. These are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance

The balance of net financial resources that is spendable or available for appropriation.

General Fund

This is the primary operating fund of the Agency. It exists to account for the resources devoted to finance the services traditionally associated with local government.

Goal

The result or achievement toward which effort is directed; aim; end.

Grant

A contribution that is made by one government unit to another. The contribution is usually made to aid in the support of a specified function (i.e., library, transit, or capital projects).

GLOSSARY

Infrastructure

Public domain fixed assets such as roads, bridges, streets, sidewalks, and similar assets that are immovable.

Intergovernmental Revenues

Levied by one government, but shared on a predetermined basis with another government or class of governments.

Levy

Gross amount of property taxes imposed on taxable property. The net amount received by a government will be less than the gross levy as a result of delinquent or uncollectible payments or early payment discounts. Budgets are developed on the basis of the projected amount of property taxes receivable.

Line Item Budget

The traditional form of budget, where proposed appropriations are based on individual objects of expense within a department or program. Local Budget Law Oregon Revised Statutes (ORS) dictates local budgeting practices. ORS Chapter 294 contains Local Budget Law provisions.

Local Improvement District

Consists of property owners desiring improvements to their property. Bonds are issued to finance these improvements, which are repaid by assessments on their property. Local Improvement District debt is paid for by a compulsory levy (special assessment) made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

Local Option Levy

Under Measure 50, local governments and special districts were given the ability to ask voters for temporary authority to increase taxes through approval of a local option levy. The maximum length of time for a local option levy is 5 years, and up to 10 years, if the levy is for capital purposes. A local option levy must be approved by a majority of voters at a general election or an election with a 50 percent voter turnout.

Materials and Services

Expendable items purchased for delivery and Agency services. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature.

Measure 5

In November 1990, State of Oregon voters passed a constitutional limit on property taxes. The law sets a maximum \$10 tax rate on individual properties for the aggregate of all non-education taxing jurisdictions. The maximum tax rate for education jurisdictions is limited to \$5.

Measure 50

A 1997 voter approved initiative which rolled back assessed values to 90 percent of their levels in fiscal year 1995-96 and limits future annual increases to three percent, except for major improvements. Tax rates are now fixed and not subject to change. Voters may approve local initiatives above the fixed rates provided a majority approves at either (1) a general election in an even numbered year; or (2) at any other election in which at least 50 percent of registered voters cast a ballot.

Mission

Defines the primary purpose of the Agency and is intended to guide all organizational decisions, policies and activities (internal and external) on a daily basis.

GLOSSARY

Non-Operating Budget

Part of the budget composed of the following items: reserves, contingencies, capital projects, and debt service payments.

Objective

A target to be accomplished in specific, well defined and measurable terms, and that is achievable within a specific time frame.

Operating Budget

The plan for current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled.

Operating Revenue

Funding received by the government as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services, capital outlay, and debt service.

Ordinance

A formal legislative decree enacted by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute or a constitutional provision, it has the full force and effect of the law within the boundaries of the municipality to which it applies.

Outstanding Debt

The balance due at any given time which resulted from the borrowing of money or from the purchase of goods and services.

Performance Measure

Data collected to determine how effective or efficient a program is in achieving its objectives.

Permanent Tax Rate

Under Measure 50, each school district, local government, and special district was assigned a permanent tax rate limit in fiscal year 1998. This permanent rate applies to property taxes for operations.

Personnel Services

The salaries and wages paid to employees, in addition to the City's contribution for fringe benefits such as retirement, social security, and health and workers' compensation insurance.

Property Tax

Based according to assessed value of property and is used as the source of monies to pay general obligation debt and to support the services provided by the City.

Project Manager

An individual that is responsible for budgeting and managing projects to their completion.

Proposed Budget

A financial document that combines operating, non-operating and resource estimates prepared by the Budget Officer, which is submitted to the public, Budget Committee, and Board of Directors for review and approval.

Resolution

A special or temporary order of a legislative body requiring Board of Director action.

GLOSSARY

Resources

Includes revenue, inter-fund transfers, borrowing proceeds, and beginning fund balance.

Revenue

Funds received by the Agency from either tax or non-tax sources.

Revenue Bonds

Bonds payable from a specific source of revenue, which does not pledge the taxing authority of the issuer. Pledged revenues may be derived from operation of the financed project, grants, excise, or other specified non-property tax.

Special Assessment

A compulsory levy made against certain properties to defray a part of the cost of a capital improvement or service deemed to be beneficial primarily to those properties. (Also see Local Improvement District.)

Special Assessment Bond

A bond issue payable from the payments on special assessments imposed against properties that have been specially benefited by the construction of public improvements such as sidewalks, roads, or sewer systems.

Special Revenue Funds

A fund established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Supplemental Budget

Appropriations established to meet needs not anticipated at the time the budget was originally adopted. A supplemental budget cannot increase the tax levy.

System Development Charges

Charges paid by developers and builders to fund expansion of infrastructure systems necessary due to increased usage. Such charges are collected for water, sewer, storm drains, streets, and parks and are paid by developers and builders as part of the permit process.

Taxes

Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges, such as water service.

Tax Levy

The total amount of property taxes needed to pay for General Fund operations and for principal and interest on bonds.

Tax Rate

The amount of tax levied for each \$1,000 of assessed valuation.

Tax Revenue

Includes property taxes, hotel, and transient/motel/hotel room tax.

Tax Roll

The official list showing the amount of taxes levied against each property.

GLOSSARY

Transfers

Appropriation category used in the Agency's budget, which includes amounts distributed from one fund to pay for services provided by another fund. The general fund may also transfer funds to any other fund if desired by the Board of Directors.

Trust Funds

A fund established to administer resources received and held by the Agency as the trustee or agent for others. Uses of these funds facilitate the discharge of responsibility placed upon the Agency by virtue of law or other similar authority.

Unappropriated Ending Fund Balance

An account which records a portion of the fund balance. It must be segregated for future use and is not available for current appropriation or expenditure.

Unreserved Fund Balance

The portion of a fund's balance that is not restricted for a specific purpose. It is available for general appropriation.

User Fees

The fee charged for services to the party or parties who directly benefits. They are also referred to as Charges for Service.