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FLORENCE URBAN
RENEWAL AGENCY

OREGON

Fiscal
Biennium

2021-2023

Biennial Budget

FLORENCE URBAN RENEWAL AGENCY

Proposed Budget

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Florence Urban Renewal Agency Fiscal Biennium 2019-2021 Budget

July 1, 2021 — June 30, 2023



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, the two City Councilors not already serving on the Florence Urban Renewal Agency Board, 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 10, 2021. The committee will hold their public hearing on May 12th 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 June 23, 2021. 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 Bill Meyer	January 2023	Sally Wantz	December 2024
Vice Chair Mike Webb	January 2022	Maggie Wisniewski	December 2022
Joe Henry	December 2022	Jeff Archambeau	January 2023
Woody Woodbury	January 2024	Ron Hildenbrand	January 2025
Carmela West	January 2022	Brittany Hornung	January 2022
Rob Ward	January 2023	Leonard Larson	January 2025
Dave Braley	January 2024	Joel Marks	January 2024
Ron Caputo	January 2024	Wayne Sharpe	January 2023
Vacant	January 2023	David Peden	January 2025

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BUDGET MESSAGE



City Manager's Budget Message 2021 – 2023 Biennium Budget

May 10, 2021

Florence Urban Renewal Agency Budget Committee,

As the Florence Urban Renewal Agency (FURA or Agency) Budget Officer, I am pleased to submit the Proposed Budget for the 2021-2023 Fiscal Biennium (proposed budget). The Agency's proposed budget represents a financial plan for the next two fiscal years consisting of the fiscal years ending June 30, 2022 and June 30, 2023. The budget is balanced and totals \$3,100,400 (previous biennium budget \$5,114,00) for the two-year period beginning July 1, 2021 and ending June 30, 2023.

The proposed budget provides a two-year funding plan that is smaller in scale than the previous years as we close out 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 we have included a copy of the Agency's Work Plan, as approved by the Board, that guided staff as we crafted this proposed budget. The Work Plan continues to support the Urban Renewal Plan's list of projects and priorities. The Agency's Work Plan has also been updated to be aligned with the priorities and goals of the City of Florence. The City Council adopted their work plan in April 2021, and subsequently staff updated the Agency's existing work plan in conjunction with that process and was the starting point for this budget.

The fund detail section of the budget document includes budget Highlights, information on upcoming capital investments, noteworthy accomplishments from the previous biennium, and a fun "Did you know?" section. To round out the proposed budget document we have included a glossary of terms, the fiscal policies, and the budget calendar.

This budget message highlights significant resources and uses of funds that make up the balance of the proposed budget. Before reviewing the core components of the proposed budget, I wanted to take a moment to recognize the impact of the COVID-19 pandemic on preparing a biennial budget. Although COVID-19 has significantly impacted local businesses, the overall impact to the Agency so far has not been catastrophic. The administrative and management staff of the



Agency have worked remotely since the onset of the pandemic in March 2020. Furthermore, the FURA Board has been meeting through a virtual web platform since June 2020. We are grateful that the ReVision Florence streetscape construction work was able to continue, albeit with many delays, and has been for the most part completed through the thick of the COVID-19 shut-down and the ongoing restrictions. There is always some degree of uncertainty for any budget, and even more so during a global pandemic. For now, the future post-pandemic fiscal biennium looks positive, and as a result, we propose a stable and balanced budget.

BUDGET MESSAGE

As we all know, the Agency's primary revenue source comes from property taxes. The proposed budget includes \$1.2 million in property tax revenues. At the onset of the COVID-19 pandemic, it was unclear how property taxes would be affected by the economic shut-down. One year into the pandemic, property tax revenue appears to be unaffected. Housing continues to be at a premium and sales have so far been unaffected. Assessed values in the Urban Renewal Area continues to out-pace the City's overall assessed values and have been forecasted to increase 4% each year in the 2021-23 biennium. For further information about property tax increment please reference the Tax Levy Schedule.

The budget includes \$400,000 in intergovernmental revenue from the Agency's IGA with Lane County representing their partnership in the ReVision Florence Project as a tourism asset investment for west Lane County. These two fiscal years are the last two years of this funding agreement. In addition, the proposed budget includes \$1.3 million beginning fund balance that includes approximately \$500,000 of unspent funds from the 2019 financing to fund capital projects this biennium.

These resources provide the Agency with the opportunity to work on a variety of projects including three grant programs accounted for in materials and services, as well as the ability to invest \$515,000 in capital projects.

Grant Programs

- ◆ Façade Preservation and Rehabilitation
- ◆ Predevelopment Grant
- ◆ Redevelopment Assistance Grant

Capital investments

- ◆ Closing out Revision Florence Project:
 - ⇒ Pedestrian Scale Lighting
 - ⇒ Laurel Street Plaza
 - ⇒ Quince Street Gateway
- ◆ Quince Street Property Development
- ◆ Siuslaw Estuary Trail Contribution

Debt Payments for the biennium are \$937,200. The debt service payments are for 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. 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. As tax increment increases in the coming years the Agency Board and staff will evaluate forecasted assessed property tax value growth to determine what is financially feasible and what projects in the Agency Plan are desirable to work on next.

In previous years, the debt payments were made out of the Debt Service Fund. Upon recommendations from the auditor, staff is proposing to close the Debt Service Fund and account for all financial activity in the Agency's General Fund. This consolidation of funds eliminates the transfer that occurred between the funds to make the debt service payments. To find out more about the long-term debt of the Agency please reference the Debt Schedule.



BUDGET MESSAGE

The ending fund balance, or contingency amount, of \$859,100 meets and exceeds the Agency's reserve policy. This will allow the Agency's Board to consider opportunities as they arise in the coming two years to potentially invest more in the grant programs or in additional eligible capital projects from the Urban Renewal Plan.

Before concluding I must give much appreciation to FURA staff team for their assistance in preparing and publishing the proposed budget document. In addition, please accept my personal thanks from myself as City Manager and Budget officer to each member of the Budget Committee for your service on behalf of the community and for your work on the City's budget. I am honored and humbled to be of service to each of you, the Florence Urban Renewal Agency Board, the City Council, and the community of Florence. Thank you!



Respectfully submitted,

A handwritten signature in blue ink that reads "ER Reynolds". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Erin R. Reynolds

City of Florence City Manager and Budget Officer

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FURA OVERVIEW

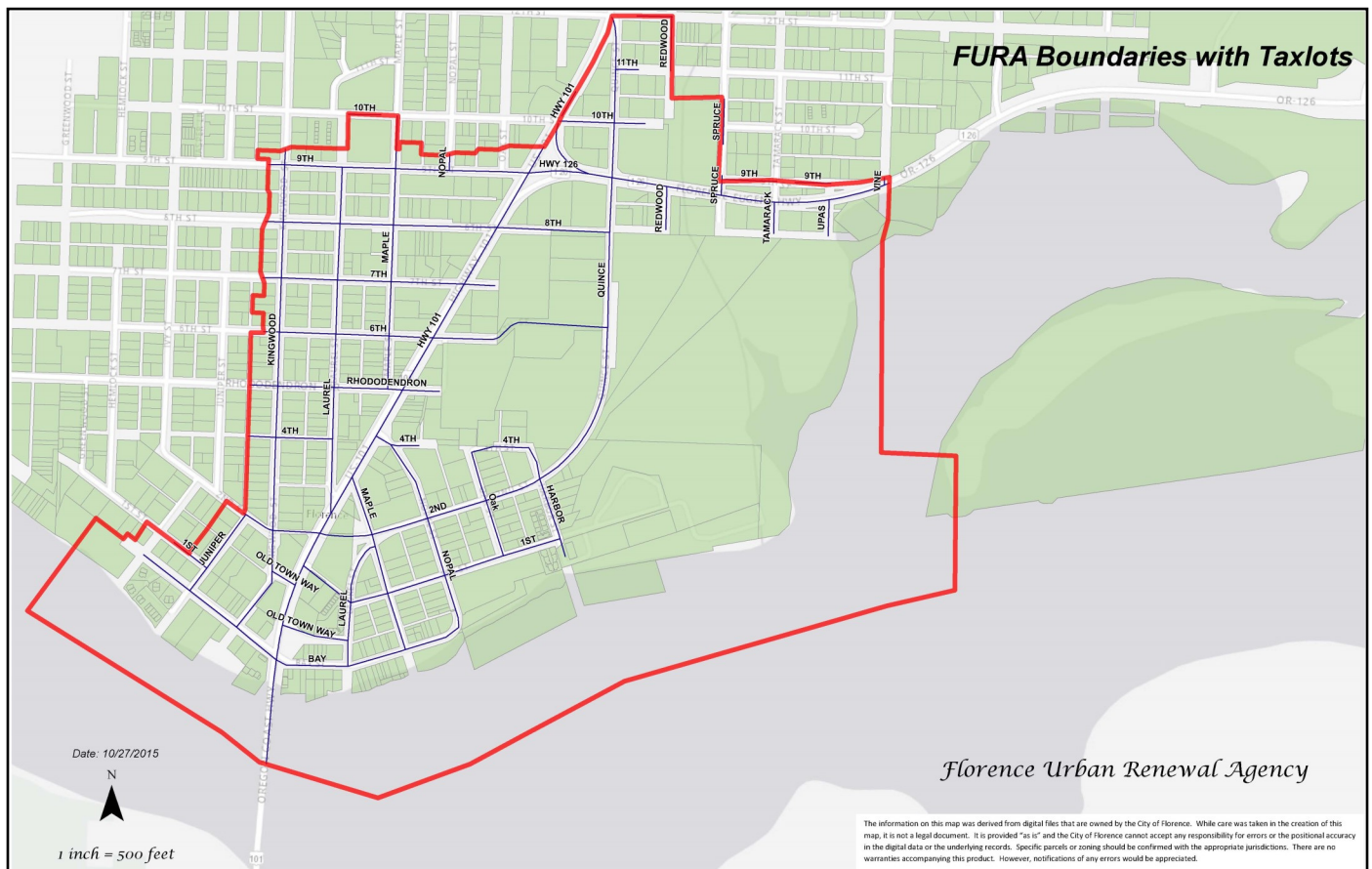
In August of 2006 Florence City Council adopted an ordinance approving the Florence Downtown Preservation and Florence voters approved the formation of the [Florence Downtown Preservation and Renewal Plan](#) (Plan) in 2007, which created the Florence Urban Renewal Agency (FURA) district. The FURA district 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.



FURA

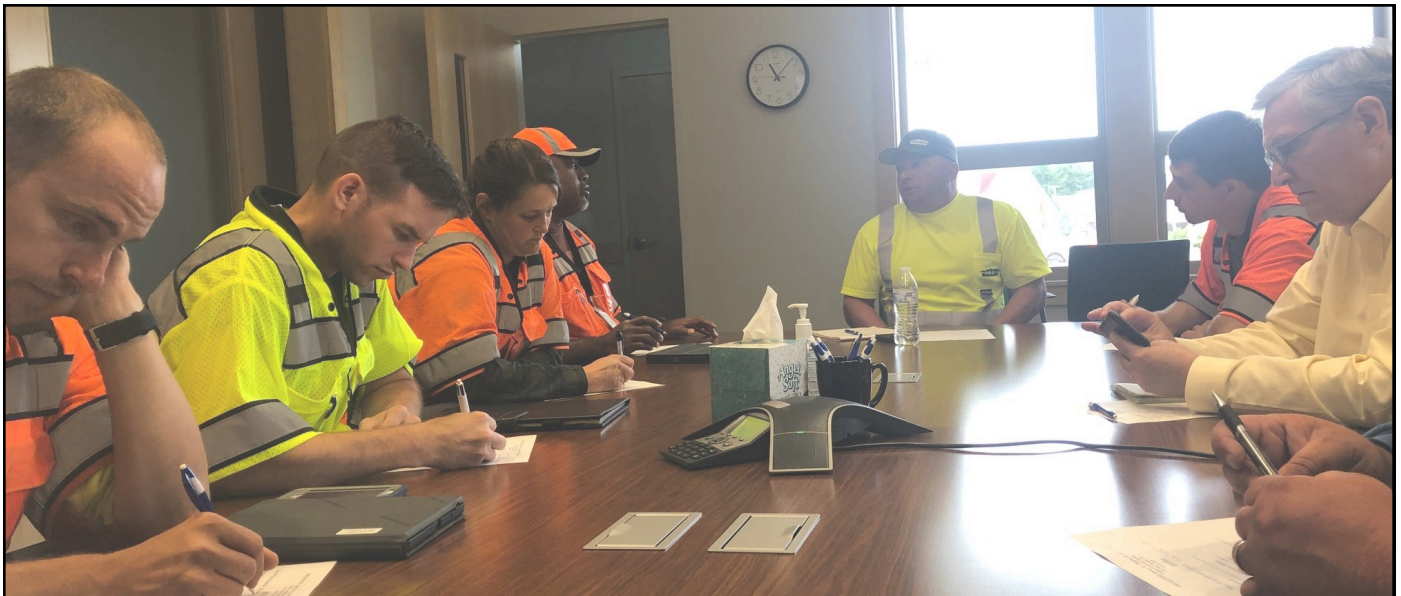
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BASICS OF BUDGETING

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 allowed. The Agency only uses the General and Debt Service fund types, which are both classified as governmental funds.

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. Beginning in the 2021-2023 Biennium the General Fund began accounting for the repayment of the Agency’s long-term debt obligations.

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 Agency’s short and long-term debt. This fund accounted for the repayment of City-issued full faith and credit obligations issued to finance the Agency’s projects and programs. Following the advice of the City’s auditors, we have moved accounting for this debt into the City’s debt service fund. The FURA General Fund will make transfers to the City for the repayment of its portion of the debt. The fund is being closed in the 2021-23 biennium.



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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 Florence Urban Renewal Agency (FURA) Board of Directors 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 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 2021-23 BIENNIAL BUDGET SUMMARY

FURA Budget Summary and Comparison

Fiscal Biennium 2019-21 to Fiscal Biennium 2021-23

	Fiscal Biennium 2019-21 Budget			Fiscal Biennium 2021-23 Budget		
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Total
Beginning fund balance	1,984,100	3,400	1,987,500	1,330,400	81,000	1,411,400
Current year resources						
Property taxes	1,071,500	-	1,071,500	1,200,000	-	1,200,000
Intergovernmental	1,639,700	-	1,639,700	400,000	-	400,000
Miscellaneous	16,000	-	16,000	8,000	-	8,000
Transfers	-	800,000	800,000	81,000	-	81,000
Debt proceeds	400,000	-	400,000	-	-	-
Total current year resources	3,127,200	800,000	3,927,200	1,689,000	-	1,689,000
Total resources	5,111,300	803,400	5,914,700	3,019,400	81,000	3,100,400
Expenditures						
Materials and services	670,100	-	670,100	708,100	-	708,100
Capital outlay	3,482,500	-	3,482,500	515,000	-	515,000
Transfers	800,000	-	800,000	-	81,000	81,000
Debt services	-	722,800	722,800	937,200	-	937,200
Total expenditures	4,952,600	722,800	5,675,400	2,160,300	81,000	2,241,300
Other requirements						
Contingency	158,700	80,600	239,300	859,100	-	859,100
Total other requirements	158,700	80,600	239,300	859,100	-	859,100
Total expenditures and other requirements	5,111,300	803,400	5,914,700	3,019,400	81,000	3,100,400

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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 2021-23 Budget Highlights

- ◆ Close out of ReVision Florence Streetscape construction contract through ODOT.
- ◆ Continued work on the Quince Street property development.
- ◆ Coordination with ODOT and the City on development of the Siuslaw Estuary Trail.
- ◆ Implementation of the FURA Grant Programs.
- ◆ Property tax revenue and assessed values have not been affected by COVID-19. Assessed value in the urban renewal area continues to outpace the City's overall assessed values and have been budgeted to increase 4% each year in the biennium.
- ◆ Includes \$937,000 in debt service expenditures for the Agency's long-term debt obligations (previously recorded in the Debt Service Fund).

Upcoming Capital Investments

- ◆ ReVision Florence Items:
 - Pedestrian Light Arms
 - Laurel Street Plaza
- ◆ Quince Street Property Development
- ◆ Quince Street Gateway
- ◆ Siuslaw Estuary Trail Contribution

Goals & Work Plan Items Fiscal Biennium 2021-23

Full details on the FURA Work Plan can be found on pages 29-30.

- Development & Redevelopment Opportunities
 - ⇒ Quince Street Property
 - ⇒ Catalyst Sites and Other Properties
- ReVision Florence
 - ⇒ Streetscape Closeout
 - ⇒ Art Exposed
 - ⇒ Laurel Street Plaza
 - ⇒ Pedestrian Scale Lighting
 - ⇒ Quince Street Gateway
- Grant Programs
 - ⇒ Façade Preservation and Rehabilitation Program
 - ⇒ Predevelopment Grant Program
 - ⇒ Redevelopment Assistance Grant Program
- Amenities
 - ⇒ Siuslaw Estuary Trail
 - ⇒ Gallagher Park Expansion
 - ⇒ Old Town Amenities
- Old Town Parking Assessment



Noteworthy Accomplishments Fiscal Biennium 2019-2021

- ✓ ReVision Florence Streetscape Project
 - Combined FURA streetscape and ODOT paving projects substantially complete. ODOT closing out contract and project.
 - Maple Street Old Town Gateway construction and installation nearly complete.
 - Installation of pedestrian amenities throughout the project corridor.
 - Installation of brackets for banners and flower baskets completed, including irrigation lines in the light poles.
- ✓ Completion of the CLPUD mural.
- ✓ Established the Redevelopment Assistance Grant Program and updated the Predevelopment Grant Program.
- ✓ Rejection of ODOT grant for the Siuslaw Estuary Trail. City began design/engineering and FURA has carried over contribution commitment.
- ✓ Quince Street Property Project
 - The FURA Board developed their goals for the Quince Street property to include a 90+ room lodging facility with ancillary uses, which could include housing, retail, office, etc.
 - Initiated the request for expressions of interest (RFEI) in mid-2020 to seek developers interested in the Quince Street property.
 - Selected a developer through the RFEI process to enter into an Exclusive Negotiating Agreement (ENA) while the developer works through their due diligence.

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?

FURA has two ongoing grant programs. Applications are reviewed based on available funding. The two programs include the Predevelopment Grant Program and the Redevelopment Assistance Grant Program.

The Kiwanis Club displays flags around town on major holidays. Public Works added flag holes in both the landscaping and sidewalks throughout the ReVision Florence project area.



GENERAL FUND

GENERAL FUND SUMMARY

Budget:

	2016-17	2017-19	2019-21	2019-21	2021-23	2021-23	2021-23
	Actual	Actual	Budget	BTD	Proposed	Approved	Adopted
Beginning fund balance	-	-	1,984,100	3,920,260	1,330,400	-	-
Current year resources							
Taxes*	-	-	1,071,500	1,113,262	1,200,000	-	-
Intergovernmental	-	3,096,221	1,639,700	540,036	400,000	-	-
Miscellaneous	-	36,343	16,000	52,435	8,000	-	-
Debt proceeds	1,725,351	4,800,012	400,000	-	-	-	-
Transfers	-	250,000	-	-	81,000	-	-
Total current year resources	1,725,351	8,182,576	3,127,200	1,705,733	1,689,000	-	-
Total resources	1,725,351	8,182,576	5,111,300	5,625,993	3,019,400	-	-
Expenditures							
Materials and services	195,983	348,469	670,100	538,628	708,100	-	-
Capital outlay	501,577	4,810,071	3,482,500	2,957,677	515,000	-	-
Debt service	-	60,550	-	-	937,200	-	-
Transfers	-	-	800,000	800,000	-	-	-
Total expenditures	697,560	5,219,091	4,952,600	4,296,305	2,160,300	-	-
Other requirements							
Contingency	-	-	158,700	-	859,100	-	-
Total other requirements	-	-	158,700	-	859,100	-	-
Total expenditures and other requirements	697,560	5,219,091	5,111,300	4,296,305	3,019,400	-	-

Financial Summary and Fund Balance Analysis:

Financial Summary	2016-17	2017-19	2019-21	2019-21	2021-23	2021-23	2021-23
	Actual	Actual	Budget	BTD	Proposed	Approved	Adopted
Resources over (under) expenditures	1,027,791	2,963,485	(1,825,400)	(2,590,571)	(471,300)	-	-
Beginning fund balance	-	-	1,984,100	3,920,260	1,330,400	-	-
Ending fund balance	1,027,791	2,963,485	158,700	1,329,689	859,100	-	-
Fund Balance Analysis							
	2016-17	2017-19	2019-21	2019-21	2021-23	2021-23	2021-23
	Actual	Actual	Budget	BTD	Proposed	Approved	Adopted
Desired minimum fund balance - 5 months Operating Costs	81,700	145,200	279,200	224,400	295,000	-	-
Debt Reserve (1/2 annual P&I)					234,300	-	-
Fund balance above/(below)	946,091	2,818,285	(120,500)	1,105,289	329,800	-	-
Fund balance within policy	Y	Y	N	Y	Y		

* Prior to the 2019-2021 biennium, Property Tax revenue was recorded in the FURA Debt Service Fund



Capital Outlay:

Description	Funding Source	Year 1 Amount	Year 2 Amount	Impact on Operating Costs
Siuslaw Estuary Trail Contribution	Debt	55,000	-	~ \$4,400 per year in debt
Quince Street Development	Debt	200,000	-	~ \$15,800 per year in debt
Pedestrian Light Arms	Debt	120,000	-	~ \$9,500 per year in debt
Sportsman Landscaping	Debt	40,000	-	~ \$3,200 per year in debt
Quince Street Gateway	Debt	-	100,000	~ \$7,900 per year in debt
FURA General Fund Total		415,000	100,000	

FURA DEBT SERVICE FUND

This fund accounted for the repayment of City-issued full faith and credit obligations issued to finance the Agency’s projects and programs. Following the advice of the City’s auditors, we have moved accounting for this debt into the City’s debt service fund. The FURA General Fund will make transfers to the City for the repayment of its portion of the debt. The fund is being presented to show its closing and for historical purposes.

FY 2021-23 Budget Highlights

- ◆ The fund is being closed with a transfer to the General Fund.
- ◆ The General Fund will account for the debt service payments to the City per the Financing IGA.
- ◆ Accounting for the Agency’s debt occurs in the City’s Debt Service Fund.



FURA DEBT SERVICE SUMMARY

Budget:

	2016-17	2017-19	2019-21	2019-21	2021-23	2021-23	2021-23
	Actual	Actual	Budget	BTD	Proposed	Approved	Adopted
Beginning fund balance	86,636	281,300	3,400	(346,643)	81,000	-	-
Current year resources							
Taxes	361,999	959,431	-	-	-	-	-
Transfers	-	-	800,000	647,100	-	-	-
Total current year resources	361,999	959,431	800,000	647,100	-	-	-
Total resources	448,635	1,240,731	803,400	300,457	81,000	-	-
Expenditures							
Transfers	-	-	-	-	81,000	-	-
Debt service	167,700	1,592,459	722,800	442,042	-	-	-
Total expenditures	167,700	1,592,459	722,800	442,042	81,000	-	-
Other requirements							
Contingency	-	-	80,600	-	-	-	-
Total other requirements	-	-	80,600	-	-	-	-
Total expenditures and other requirements	167,700	1,592,459	803,400	442,042	81,000	-	-

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TAX LEVY INFORMATION

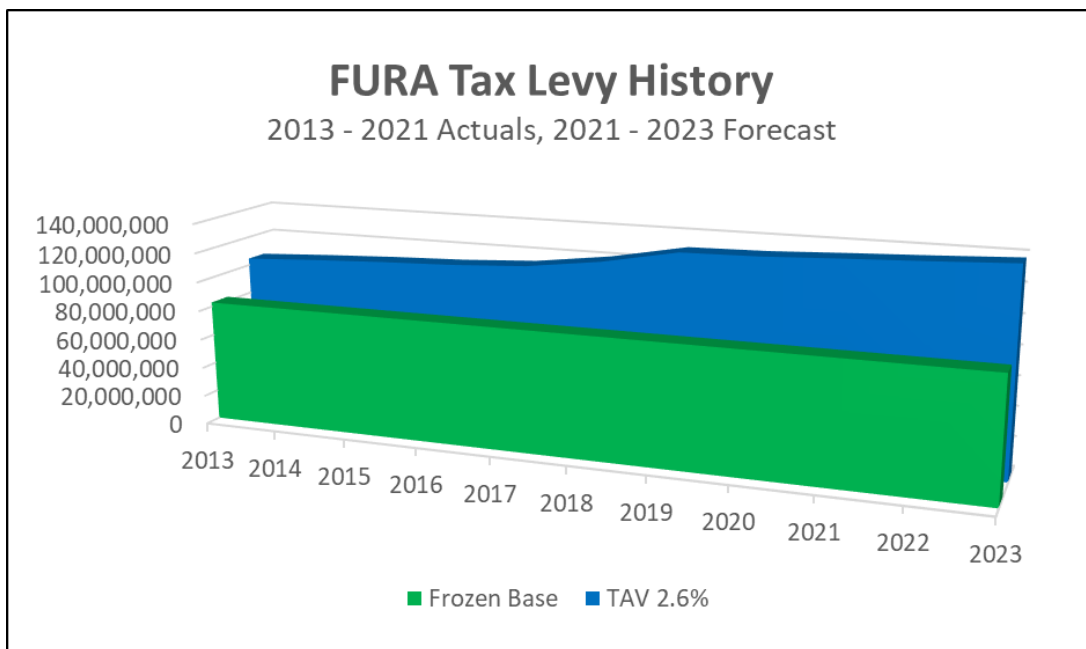
In 2006, with the formation of the urban renewal district, the tax base was frozen at \$82,903,810. As projects are completed, the assessed value of the district increases. The tax increment, or the increase in the total assessed value over the value of the frozen base (excess total assessed value), 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 \$52,646,000 and \$55,015,000 for fiscal years 2021-22 and 2022-23 respectively, yielding a total of \$1,170,000 in property taxes for the district for the biennium.

Schedule of Taxable Assessed Value, Tax Rates, and Levies

Fiscal Years 2013 through 2023

(Actual through fiscal year 2020, forecasts fiscal years thereafter.)



Fiscal Year	Frozen Base	Excess TAV	TAV 2.6%	Dollar Change	Percentage Change			Consolidated Tax Rate
					Total AV	Excess AV	Levy Amount	
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	12.2672
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	31,068,716	113,972,526	2,847,731	2.6%	10.1%	375,444	12.0843
2018	82,903,810	37,714,545	120,618,355	6,645,829	5.8%	21.4%	455,226	12.0703
2019	82,903,810	47,473,393	130,377,203	9,758,848	8.1%	25.9%	531,898	11.2041
2020	82,903,810	48,395,956	131,299,766	922,563	0.7%	1.9%	559,631	11.5636
2021	82,903,810	50,620,781	133,524,591	2,224,825	1.7%	(0.4%)	585,065	11.5578
2022	82,903,810	52,646,000	135,549,810	2,025,219	1.5%	4.0%	572,000	10.8650
2023	82,903,810	55,015,000	137,918,810	2,369,000	1.7%	4.5%	598,000	10.8698

FURA

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DEBT SCHEDULE

The debt schedules below reflect total outstanding debt of the Florence Urban Renewal Agency as of June 30, 2021 and projected through June 30, 2025.

The Florence Urban Renewal Agency has two debt obligations outstanding at the beginning of the 2021-23 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. This General Fund beginning with the 2021-2023 biennium now accounts for the repayment of City issued full faith and credit obligations issued to finance the Agency's projects and programs. The Agency's primary revenue sources to repay the obligation are property taxes and funding commitments from other agencies. Details of the 2016 and 2019 debt issuances are shared in the table below:

Summary of Existing Debt Issued and Balance June 30, 2021

Description Existing Obligations	Original Amount	Payment FY 2022	Payment FY 2023	Interest Rate	Balance June 30, 2021
FFCO 2016 (20 yr) - Banner	3,700,000	246,200	246,200	2.92%	3,042,600
Banner Bank (20 yr) - Tax Exempt BQ	3,150,000	214,300	214,300	3.30%	2,890,800
Banner Bank (5 yr) - Taxable	150,000	8,000	8,000	5.30%	150,000
Total FURA Debt	7,000,000	468,500	468,500		6,083,400

Summary of Existing Debt and Proposed Debt: Fiscal Years 2021-2025

Description Existing Obligations	Outstanding Balance June 30,				
	2021	2022	2023	2024	2025
FFCO 2016 (20 yr) - Banner	3,042,600	2,885,300	2,723,300	2,556,700	2,384,900
Banner Bank (20 yr) - Tax Exempt BQ	2,890,800	2,770,900	2,647,100	2,519,100	2,386,900
Banner Bank (5 yr) - Taxable	150,000	150,000	150,000	-	-
Total FURA Debt	6,083,400	5,806,200	5,520,400	5,075,800	4,771,800
Proposed Debt	-	-	-	-	-
Total Debt Outstanding	6,083,400	5,806,200	5,520,400	5,075,800	4,771,800

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FURA WORK PLAN

The following are focus areas and projects approved for inclusion in the biennial work plan by the Florence Urban Renewal Agency (FURA) Board at the March 31, 2021, FURA regular meeting. These items are primarily carryover items and expansions of current project areas from the previous biennium.

Development and Redevelopment Opportunities



- Quince Street Property
 - ⇒ Continue to work with the selected developer on next steps of the property development.
 - ⇒ As the project progresses, the FURA Board may need to work with the City Council on any development opportunities and requests that are propose.
- Catalyst Sites and Other Properties
 - ⇒ Continued to look for opportunities to market and encourage redevelopment of the catalyst sites and other properties within the FURA district.

ReVision Florence

- Streetscape – Work with ODOT on any items needed for project close out.
- Art Exposed – Work with the Public Art Program to install pieces on the constructed plinths to add to the Art Exposed Program rotating gallery.
- Laurel Street Plaza – The landscaped plaza at the southwest corner of Laurel Street and Hwy 101 (in front of the north Sportsman building) was removed from the main contract for budgetary reasons. We have plans for this plaza and have agreed to complete the landscaping here as funds are available. We will work with Public Works to complete this area during the biennium.
- Pedestrian Scale Lighting Arms – All street lights in the corridor were fabricated with the ability to add the pedestrian scale light arms as funding becomes available. This item is a carryover item.
- Quince Street Gateway – The gateway monument at Quince Street was removed due to cost. The ideas for this gateway have also evolved as the Quince Street property was purchased and potential need to incorporate lodging and other directional wayfinding on that gateway.



FURA WORK PLAN

Amenities

- ❑ Siuslaw Estuary Trail – Continue to work with the City as the Siuslaw Estuary Trail is developed and incorporate it into the development proposals for the Quince Street property. The FURA contribution towards the project is proposed to be carried over to the biennial budget.
- ❑ Gallagher Park Expansion – Support the City’s efforts in converting the old Public Works facility to the expansion of Gallagher Park.
- ❑ Old Town Amenities – Support the City’s efforts to improve Old Town amenities including restrooms at the west end of Bay Street, wayfinding signage, open space, and open space improvements.



Grant Programs

- ❑ Façade Preservation and Rehabilitation Program – Staff proposes the development of a program for each fiscal year based on budget availability.
- ❑ Continued encouragement and support of efforts for redevelopment of areas within the District:
 - ⇒ Predevelopment Grant Program – Proposed continuation of the program as an ongoing program with review of applications as they are received and based on funding availability.
 - ⇒ Redevelopment Assistance Grant Program – Proposed continuation of the program as an ongoing program with review of applications as they are received and based on funding availability.

Old Town Parking Assessment

- ❑ Continue to work with the City on the Transportation Systems Plan update and support the review of the Old Town transportation network, includes the flow of traffic and parking throughout.

RESOLUTION NO. X, SERIES 2021

Place Holder for
Adopting Budget &
Declaring Tax Increment

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BUDGET CALENDAR

2021 - 2023 Budget Calendar

Budget Committee meetings will be held via Zoom beginning at 5:30 pm on the dates indicated below in blue.

City Budget Committee: City Council (5) & City Budget Committee Members (5).

FURABudget Committee: FURA Board Members (9), Additional City Councilors (2), City Budget Committee Members (5), & FURA Budget Committee Members (2).

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

JAN Work Plan Development

1/14 - City Council Advance/Goal Setting

1/23 - City Council Work Plan Work Session

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

APR Proposed Budget Finalization

4/12 - City Council Work Plan Work Session

4/19 - City Council Work Plan Adoption

4/26 - City & FURA Budget Committee Training, 5:30 pm

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

FEB Work Plan Development

2/4 - City Council Work Plan Work Session

2/10 - City Council Work Plan Work Session

2/18 - City Council Work Plan Work Session

Staff will develop the proposed budget throughout the months of February, March, and April.

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

MAY Budget Committee Meetings

5/5 - City Budget Committee Meeting, 5:30 pm

5/10 - City Budget Committee Meeting, 5:30 pm

5/12 - City Budget Committee Meeting, 5:30 pm

5/12 - FURA Budget Committee Meeting, 5:30 pm

5/13 - City Budget Committee Meeting, 6:30 pm

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

MAR Year End & Budget Preparation

3/4 - City Council Work Plan Work Session

3/4 - FURA Board Meeting Work Plan Discussion

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

JUN Budget Finalization & Adoption

6/7 - City Council Budget Public Hearing, 5:30 pm

6/23 - FURA Board Budget Public Hearing, 5:30 pm

Adoption of FY 2021-23 Budgets due by June 30, 2021.

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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 policies 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.