

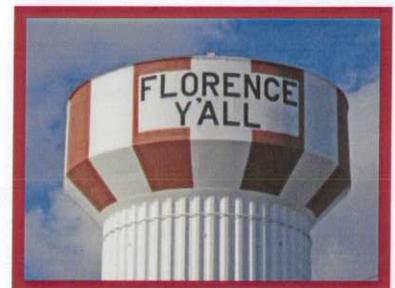
CITY OF
FLORENCE
KENTUCKY®

CITY OF FLORENCE

▶ **Fiscal Year**

▶ **2016 / 2017**

▶ **Budget**



CITY OF FLORENCE, KENTUCKY

FISCAL 2017 BUDGET

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June 30, 2016

Honorable Mayor and City Council:

Executive Summary – Fiscal 2017 Operating Budget

The information in this document is to present the fiscal year 2017 operating budget for the City of Florence. The Department Heads and staff have worked very diligently to formulate a comprehensive budget for the operations of the City for the upcoming fiscal year.

Our budgeting process ensures rigorous management of expenses and revenues in departmental operating budgets. As always, we continue to closely review all of the city's expenditures and business practices to make certain that we are operating as efficiently as possible. The resulting budget follows our conservative budgetary principles, remains fiscally sound, and allows service delivery to occur in the manner our residents and businesses deserve and have come to expect.

The budget for fiscal year 2017 represents a comprehensive spending plan for all city funds. The budget reflects all known and estimated increases in costs as well as the estimated projections for the various sources of revenues. Our occupational license fees, insurance premium tax, payroll tax receipts, and real estate tax revenues are all dependent on economic conditions and as such these numbers will be subject to continued analysis and review.

The projected revenues for all funds totals \$47,416,650 and the projected for expenditures for all funds totals \$39,292,051. The projected revenues for FY 2017 represent a 3.62% decrease over the amended revenues for the FY 2016 budget. The overall decrease is a result of a decrease in the loss of one-time grant funds. The projected expenditures for FY 2016 represent a 12.11% decrease over the amended expenditures for the FY 2016 budget. The overall decrease is a result of the completion of two infrastructure projects on mall Road.

At the end of the previous fiscal year, the City's government funds reported combined ending fund balances of \$66,698,370, an increase of \$9,285,238 in comparison with the prior year. Approximately 73.56 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is classified as nonspendable, committed to or assigned to indicate that it is not available for new spending because of constraints that have been placed on the use of these resources for specific purposes either internally or externally.

General Fund:

The General Fund revenue budget totals \$33,306,000 in fiscal year 2017. This compares to \$32,457,350 in revenue for fiscal year 2016 budget amendment. There are slight increases in property tax, insurance premium tax, payroll tax and occupational license fees.

The table below demonstrates the amounts collected below for those main sources of General Fund revenues listed above and the recovery of taxes since the economic recession.

	Actual <u>2010</u>	Actual <u>2011</u>	Actual <u>2012</u>	Actual <u>2013</u>	Actual <u>2014</u>	Actual <u>2015</u>
Property Taxes	\$ 7,357,458	\$ 7,222,802	\$ 6,980,878	\$ 7,003,025	\$ 7,112,868	\$ 7,248,021
Payroll Taxes	\$13,373,239	\$14,077,419	\$14,912,330	\$14,870,599	\$15,119,231	\$15,830,529
Insurance Taxes	\$ 3,658,788	\$ 3,578,837	\$ 3,751,078	\$ 4,098,924	\$ 4,274,919	\$ 4,467,479

General Fund expenditures in the proposed budget total \$26,673,228 which is an increase of \$971,000 from the \$25,701,896 that was approved in the amended fiscal 2016 budget. This budget figure includes operating and capital expenditures including transfers to other city funds. The operating expenditures are \$21.1 million, a 4.6% increase over those budgeted for fiscal year 2016. The majority of the increase is due to increases in salaries and the State pension rate for non-hazardous employees. The city also has planned expenditures for capital items in the amount of \$4.6 million. This includes recurring equipment and vehicle replacement, multiple street projects, and debt service for previous capital expenditures.

The general fund is the chief operating fund of the City. At the end of the previous fiscal year, unassigned fund balance of the general fund was \$49,065,099 while total fund balance was \$56,612,694. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represented 180.96 percent of total general fund expenditures and transfers for that year, while total fund balance represents 208.80 percent of that same amount. The City also maintains a rainy day fund in the amount of \$5.0 million as a part of that fund balance.

Municipal Personnel:

A 1.0% cost of living adjustment (COLA) salary increase is budgeted for each employee of the City. As a result, no salary increases, upon approval, will take effect July 1, 2016. Employees will be considered for a step increase in accordance with the pay plan. Step increases would be effective January 1, 2017 if approved. Not all employees will be eligible for a step increase depending on the length of time step increases are provided for each authorized position classification in the pay plan. In addition, all full-time employees must be in their current position for at least one full year to be eligible for their first step increase for that position.

The City hired 6 additional firefighter EMT's/Paramedics in March 2014 through the assistance of a SAFER grant. That grant has ended effective March 31, 2016. The grant paid for the personnel costs of the six individuals for a period of two years. In addition, the City hired three additional firefighter/paramedics in July 2015. The cost of these additional personnel will be paid for out of the current year tax revenues.

The County Employees Retirement System (CERS) approved rates for fiscal year 2017 have decreased for the fourth year. The rate for non-hazardous duty will increase from 17.06% to 18.68%. The hazardous duty rate will decrease from 32.95% to 31.06%. Legislation passed by the 2013 Kentucky General Assembly in Senate Bill 2 (Pension Reform) is expected to stabilize CERS rates moving forward. Based on the actual 2016 rates, the decreases for fiscal 2017 are 3.45% and 3.96%, respectively.

The employee medical benefits are in the second year of a three year plan. Total plan costs spiked in fiscal year 2013 due to multiple large claimants but returned to a more normal level in fiscal 2014. The trend for fiscal year 2015 resulted in somewhat higher claims with fiscal year 2016 remaining consistent with that trend. Due to the renewal of another three year plan, the City has made

modifications to the self-insured plan in respect to deductibles, copays and prescription drug plan. FY 2019 will require the next adoption of a new three year plan moving forward.

The City has also started a medical clinic on the campus of the Government Center as a way of cutting and controlling medical care costs of its employees.

Capital Expenditures and Major Initiatives:

The City has two major capital projects which are included in the Infrastructure Fund budget for fiscal year 2016. The first would be the initiative to develop the infrastructure around a parcel of property on Mall Road to spur economic development. The cost of this project is \$3,000,000 and spans over two years. The second project is also in the Infrastructure Fund and will span two fiscal years. The project will create a public access improvement for traffic circulation and traffic and pedestrian safety on the west side of Mall Road. The cost of this project will be \$3,193,137. Both of these projects will carry over into the fiscal year 2017 budget. That carryover amount will be determined once fiscal year 2016 has been closed and placed into the Infrastructure Fund via a budget amendment.

A number of other capital items and initiatives are also included in this year's General Fund budget which will serve to enhance the City's ability to operate effectively as well as serve the citizens responsibly.

Some highlights of these initiatives follow:

Technology Initiatives:

- Annual computer replacement
- Annual web site maintenance
- Annual environmental
- Replacement of POS system-Aquatic Center/Golf Course
- Wireless bridge for the firehouse and Golf Course
- Server/switch blades replacement
- VEEAM backup update

Public Safety initiatives:

- Purchase of nine cruisers
- Cruiser equipment
- Tasers and radar units
- Replacement of firearms
- Purchase of an ambulance
- Replacement of personal protective gear
- Purchase of a staff car

Public Services Initiatives:

- Annual street and sidewalk replacement
- Annual street striping maintenance
- Two ton dump truck
- Mowers
- Project sign upgrade
- 4 X 4 pickup truck
- Locust Avenue street project
- Mall Road traffic study
- Staff car

Government Center irrigation

Recreational Initiatives:

Replacement of playground equipment
Replacement of tennis court surface
Urban Forest annual tree initiative

Facility Initiatives:

Tanners Master Plan Phase II
Master plan for Rosetta garage facility
Stadium annual maintenance

Outside Agencies:

The City Council has awarded the following amounts to outside agencies for the 2017 fiscal year.

Planning Commission – The budget request of \$347,000 represents a 1.0% increase over the approved 2016 budget of \$344,000 with most of the increase attributed to costs of personnel services.

Florence Community Chorus – The budget request of \$4,700 is the same amount as the amount that was approved in the 2016 budget. Funds will be used for the compensation for the music, uniforms, the pianist and Director.

Florence Community Band – The budget request of \$5,550 is the same amount that was approved in the 2016 budget. Funds will be used for music sheets, Director's fees, insurance and other various operating expenses.

OTHER FUNDS

Municipal Aid/LGEA Fund:

The Municipal Aid expenditures for street materials and street resurfacing projects are proposed at \$610,200. This is a decrease from the \$995,200 amended budget in fiscal 2016. The \$385,000 decrease is attributable to the deletion of a street resurfacing project in the amount of \$400,000 that was inserted in the prior year to reduce the amount of reserves in this fund.

Infrastructure Fund:

The Infrastructure Fund is the fund used by the City to carry out major street, sidewalk, and right-of-way maintenance and construction activities. The proposed revenues for fiscal year 2017 are \$2,795,000 which includes 15% of the estimated annual payroll tax collections along with storm water receipts. The proposed expenditures are \$1,940,000 which includes the annual street, sidewalk, and storm sewer maintenance projects for the fiscal year according the five year plan.

Both proposed revenues and expenditures are a decrease from the fiscal year 2016 budget due to both of the Mall Road infrastructure projects being mostly complete.

Asset Forfeiture Fund:

The Asset Forfeiture Fund accounts for all funds received from seized assets and purchases made with those funds. The budgeted expenditures total \$90,200 which will be used for miscellaneous equipment and the Narcotics units overtime and buy money. This compares to \$126,100 budgeted in fiscal year 2016.

Aquatic Center Fund:

The Aquatic Center Fund is used to account for the operations of the City's pool facility. Revenues are always weather sensitive but do remain somewhat consistent from year to year. The budgeted expenditures total \$520,400 compared to \$533,450 for the amended fiscal year 2016 budget. This is a decrease of \$13,050 or 2.4% primarily due to the facility's prior year's water leaks appearing to have been fixed. This will lower the water cost by \$20,000.

Golf Course Fund:

The World of Golf Fund is responsible for the operations of the golf course facility. Total projected revenues of \$1,120,700 are projected to cover the estimated operating costs of the facility and produce an estimated net operating income of \$172,400. However, total projected expenditures will outpace total projected revenues and result in a projected net loss of \$106,924 due to depreciation and interest expense.

Water and Sewer Fund:

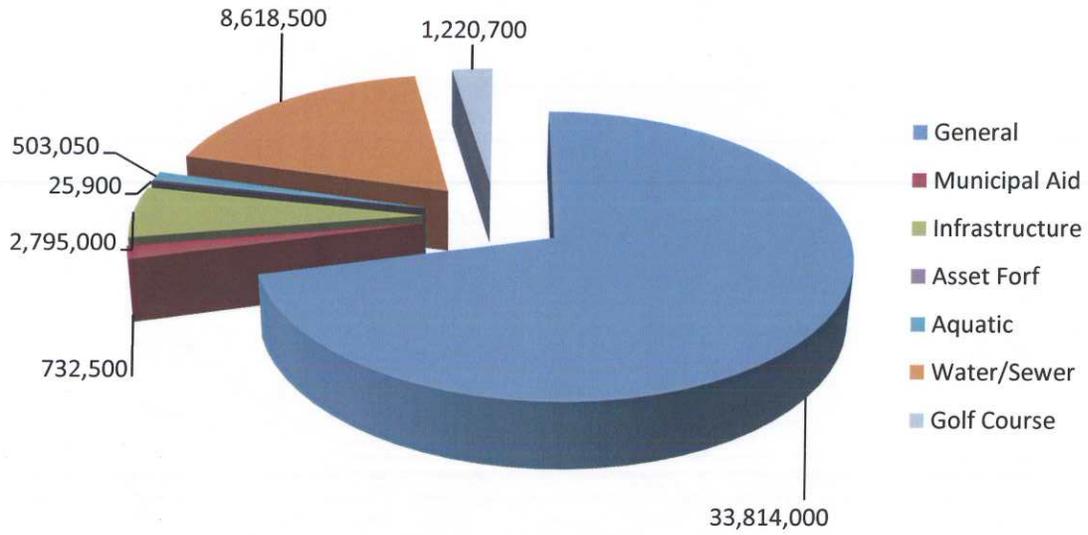
The Water and Sewer Fund accounts for the activities of the government's water and sewer sales and services to residential and commercial users. The projected revenues of \$8,618,500 will result in a slight increase of \$373,000 compared to fiscal 2016. The revenue increase is primarily the result of a capital contribution of \$350,000 to rebuild the Greenview pump station.

Total projected expenses of \$8,100,399 are a slight increase over the fiscal year 2016 expenses of \$7,917,699. The result of this increase is due to the increase in personnel costs due to the COLA and an increase in the non-hazardous pension rates for the upcoming year.

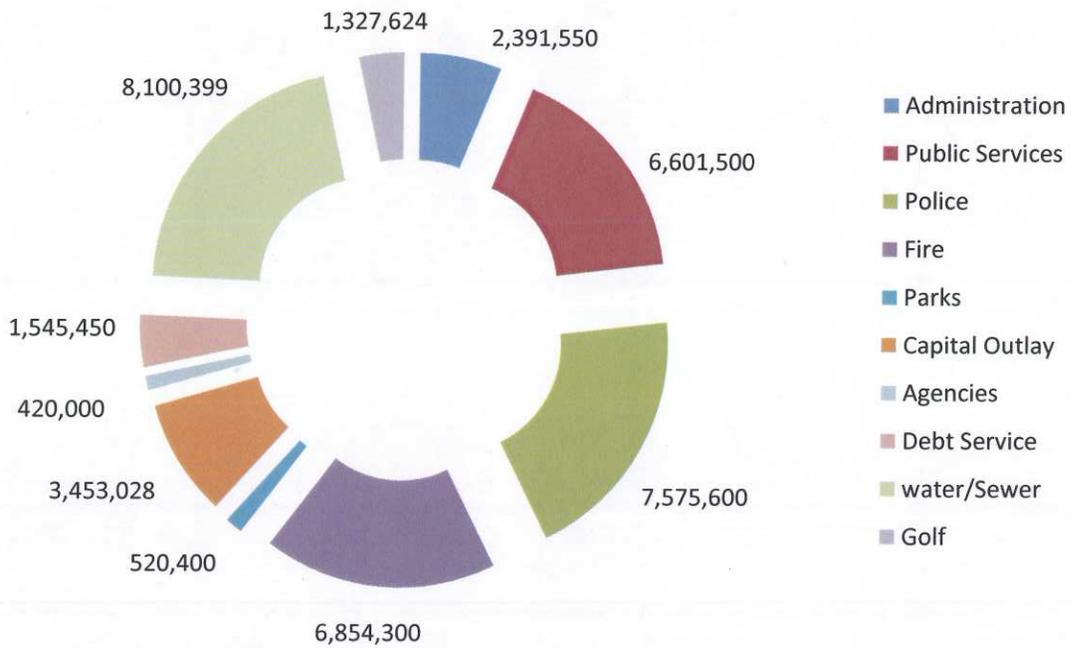
BUDGET SUMMARY

	General	Municipal	Asset	Aquatic	Water and	World of	
	Fund	Aid Road	Infrastructure	Forfeiture	Center	Sewer	Golf
	Fund	Fund	Fund	Fund	Fund	Fund	Fund
Est. Revenues/Transfers	33,306,000	732,500	3,435,000	25,900	503,050	8,618,500	1,220,700
Beg. Fund Balance	62,943,148	1,094,806	5,307,905	241,123	1,342,192	26,063,562	8,640,305
FOR APPROPRIATIONS	96,249,148	1,827,306	8,742,905	267,023	1,845,242	34,682,062	9,861,005
Administrative	2,391,550	-	-	-	-	-	-
Public Services	4,661,500	-	1,970,000	-	-	-	-
Police Services	7,645,600	-	-	90,200	-	-	-
Fire / E.M.S. Services	6,911,300	-	-	-	-	-	-
Parks / Recreation	-	-	-	-	520,400	-	-
Capital Outlay	3,097,828	610,200	-	-	-	-	-
Other Agencies	420,000	-	-	-	-	-	-
Debt Service	1,545,450	-	-	-	-	-	-
Water and Sewer	-	-	-	-	-	8,100,399	-
Golf Course	-	-	-	-	-	-	1,327,624
TOTAL EXPENDITURES	26,673,228	610,200	1,970,000	90,200	520,400	8,100,399	1,327,624
Transfers	425,000	-	-	-	-	-	-
End. Fund Balance	69,150,920	1,217,106	6,772,905	176,823	1,324,842	26,581,663	8,533,381
	96,249,148	1,827,306	8,742,905	267,023	1,845,242	34,682,062	9,861,005

TOTAL REVENUES/TRANSFERS



EXPENDITURES



Concluding Comments:

The preparation of the budget and the approval by the City Council is one of the most important functions that occurs at the end of every fiscal year. The budget is the initial structure of guiding the City starting the upcoming year by laying out anticipated operating and planned capital expenditures. The preparation process starts at the department level and proceeds through the review, final preparation and submission process to the Mayor and Council.

The budget brings with it a continuing conservative approach for the revenue amounts. The City of Florence has experienced some economic growth during the last two years and seems to have had a slight recovery in the areas of payroll tax and insurance premium taxes and occupational license fees during the current fiscal year. The City has been successful in dealing with budget realities in a positive manner to remain financially sound. The budget for the 2017 fiscal year calls for slight increases in core revenues in comparison to budgeted and projected results for fiscal year 2016. It is anticipated that property tax revenue will remain constant with the level experienced during the prior fiscal year and that Council will not adopt a property tax increase for the eighth year in a row. The City expects slight growth in the remainder of the core revenue line items. The City has taken an extremely conservative approach to our expenditures to be able to continually provide the highest level of service for the residents. The City will once again reinforce the philosophy about only purchasing that which is deemed to be a necessity in order to provide services at the lowest possible cost. The anticipated continued growth in the community is expected to linger as the economic situation continues to recover and improve over the next couple of years. The rising cost of all types of insurance, including liability, workers compensation, and health and dental continues to be an annual struggle. In addition, health care reform costs, state mandated retirement contributions and rising motor fuel and utility costs are continuing to increase the annual growth of the City's expenditures. The City continually evaluates the personnel costs and adjusts benefits offered to try to maintain a balance between a competitive pay package and the associated costs. Various changes have been made to the employee benefits to assist in curtailing personnel cost increases in the future.

The City is constantly looking for ways to operate the departments more efficiently and effectively. There is a constant emphasis on managing current year expenditures while still trying to add to the reserves at the same time. The City is forecasting that we will have the ability to do this for the next five years.

The Council continues to follow a rolling three year strategic plan and monitor the economic conditions to maintain a conservative approach to the City's finances. Those plans include projecting out the salaries and benefit costs which make up 82% of the general fund operating expenditures at an 8% annual increase. The City's pension costs have decreased very slightly over the past three years but are still an enormously large benefit item that it dictated to the City by the Kentucky Retirement System. The health and dental costs continue to increase. Since the City is self-insured, we have a strategy of implemented a new plan design every three years. After the implementation of the first year of the three-year plan, the City monitors the effects of the changes as well as the annual changes occurring in the market place to have an idea of where the plan changes need to be made for the next three-year plan. The City also opened its own health care clinic in December of 2013 to contain third party costs. We continue to monitor how to keep the clinic operating efficiently and in unification with our insurance plan to achieve the highest return on that investment. All additional contractual and operating and maintenance expenditures are projected out using an annual 4% increase. The basis of the three year projections is to monitor the fund balance position as the City continues to move forward into the future. The City needs to make sure that it has the resources to provide the services expected by the residents and to take care of the infrastructure and all of the City amenities that have been built over the previous years. Without a plan in place to continually forecast revenues and expenditures, the City will not remain viable in the long-term and when the next economic downturn occurs. With the City in the middle of the largest retail hub in Northern Kentucky,

we need to be able to maintain and provide services that we currently have to continually attract and retain the businesses. Without those businesses and the resulting tax base from them, the City will struggle to be the great place to live, work and play that it is today.

The City continues to implement its annual plan to upgrade the City's infrastructure. Contractors were hired and are replacing certain sidewalks and curbs and are repaving City streets. The City has continuing plans to upgrade the water and sewer system as well as the storm water infrastructure during the upcoming year. In addition to the annual plan, the City maintains a rolling five year capital plan for infrastructure, equipment and vehicles. The plan is in place to address departmental needs and determine capital funding needs for the future. Major infrastructure improvements such as streets, water and sewer have \$50,000 annual increases. All other amounts are at estimated actual costs.

The successful enactment of the budget includes the commitment, support, and encouragement of our Mayor, City Council, residents, businesses, visitors, employees and volunteers combined. The best way to continue to grow is to make sure the City lays the foundation for a strong future: sound city finances and second-to-none public services. The state of our city is strong and will continue to get better.

The City has so many people who work hard to keep us safe, so many people who work hard to protect us and take care of us, so many people who care about the way things develop and are maintained . . . and so many people who live here and appreciate it all.

Strategic Plan Fiscal Years 2017-2020

The City of Florence is the retail hub for the Northern Kentucky area. Our focus on financial management and economic development has established the city as a center of commerce in the Greater Cincinnati and Northern Kentucky region.

Our Goals 2020

- Code Enforcement
- Attract more jobs and support existing businesses
- Attract private investment
- Reinvest in City infrastructure
- Monitor retail strategies for redevelopment
- Community Beautification
- Unparalleled efficient public services
- Sustainable City government

Top Priorities 2016/2017

- Grow revenues without raising taxes
- Develop methods to grow the industrial park
- Continue leasing and purchasing activity
- Control expenditures/expenses
- Update budget projections and infrastructure plans
- Core services
- Evaluate personnel needs in conjunction with services provided
- Evaluate economic conditions and factors

The Mayor and Council defined a specific strategic direction for the City to take over the next 5-10 years. The identified strategic direction envisioned the type of community they desire Florence to be in the future. In establishing the framework for the strategic direction, the elected officials obtained input from staff, consultants, and from Florence residents through a number of methods including a Recreation Survey conducted in conjunction with the Boone County Fiscal Court followed by a Florence Citizen Survey that measured citizen sentiment regarding a broad range of City programs and services. The strategic direction identified by the Mayor and City Council established a blueprint for budget decisions and clear direction for staff on the types of programs, projects and services to provide or work toward implementing. The comprehensive strategic direction focused on the following areas of concentration:

- Parks and Recreation Amenities and Green Space
- Community Beautification (Including Urban Forestry)
- Community/Economic Development
- Code Enforcement
- Core Services
 - Police Services
 - Fire/EMS/ALS Services
 - Public Services
 - Water & Sewer Services

In developing the strategic direction, they recognized the importance for potential residential and business prospects to see that the City offers a full range of essential police, fire, and EMS/ALS services. The strategic direction considered the importance for the City to demonstrate its capacity to supply and maintain water, sewer, and road infrastructure sufficient to meet the needs of a stable community. The strategic direction also recognized that successful sustainable communities allocate resources to ensure the community is an attractive place to live and work with an ample supply of quality recreational resources. Economic development prospects also consider it vital that a city is an attractive and comfortable place to locate with ample recreational opportunities for the prospects, employees, and customers.

With the strategic direction established, the Mayor and Council instructed the Finance and Administration staff to develop a long term budget strategy to ensure the implementation of the strategic direction and to provide the blueprint for the long term financial viability of the City. Long range plans were developed by each of the core service areas (that are updated annually) to identify the financial resources needed to implement the strategic direction. The core service long range plans were referenced in developing the long range finance strategy. The long range fiscal strategy utilized the full scope of financing and revenue generating options available to the City. The long range fiscal strategy allows the City to demonstrate our financial stability which provides confidence to potential development prospects that our community is capable of fulfilling commitments made to them.

Establishment of a Community/Economic Development Program

An integral component of the strategic direction was to develop a proactive approach to community/economic development. The City's approach to community/economic development involved the creation of a community/business development position to coordinate the City's efforts to realize the city's full development potential. The Mayor and Council envisioned this position would act as a conduit with the business/development community to facilitate development/redevelopment efforts and to demonstrate the City's commitment as a business-friendly community. Since the Florence community is largely built-out, emphasis is placed on seeking development opportunities appropriate for infill development and/or the re-use/redevelopment of existing sites. As opportunities for expansion present themselves, attention is also placed on working with adjacent unincorporated property owners as development of such land is contemplated. Through the City's overall approach to community/economic development, we are able to work closely with established state, regional, and local resources to maximize the City's development potential.

Community/Economic Development Program

The City's community/economic development program utilizes the established Boone County Comprehensive Plan, the Boone County Zoning Regulations, and the Boone County Zoning Map as a framework to guide future development decisions. These documents contain special targeted zoning requirements for various segments or study areas of the City. Some of these study areas include:

- Houston-Donaldson Study (1998);
- Central Florence Strategic Plan (2008);
- Main Street Zoning District (1994);

- Mall Road District Zoning Study (2011);

Other plans or studies frequently referenced in the context of making economic development decisions include:

- Boone County Transportation Plan
- OKI 2030 Regional Transportation Plan
- Parks & Recreation Needs Assessment and Park Land Evaluation Study
- Mall Road Corridor Study, Jordan Jones & Goulding
- Florence City Center, Beame Architectural Partnership
- Florence Retail District Market Trending Analysis, Marketing Developments Inc.
- Mall Road Traffic Study

The City established several Tax Increment Financing (TIF) districts to enhance development of certain areas of the City. The two types of TIF's that are offered in the districts are the Local Redevelopment TIF and the Local Vacant Land TIF.

- The Local Redevelopment TIF is available for use to redevelop blighted areas into mixed use developments by using incremental additional local taxes such as property or occupational taxes realized as a result of the development.
- The Local Vacant Land TIF is available to develop vacant land by using additional incremental local taxes such as property or occupational taxes realized as a result of the development.

Community/Economic Development Initiatives

In its community/economic development activities, city staff regularly:

- Acts as principal liaison among city departments, other governmental organizations, and private developers and/or property owners with regard to development and/or redevelopment activities within the city.
- Serves as the point of contact for interested business and/or developer; provides feedback and direction to prospective developers and/or businesses in the appropriate direction, provides technical assistance on many of the issues that the prospect must look into, and liaisons among the prospect, the city, and other involved parties or organizations.
- Maintains information on available land and/or building space for development including size of parcels, square footage, zoning requirements, available utilities, and contact information for the owner and/or marketing officials.

- Maintains information on the cost of doing business in Florence, including tax structure compared to surrounding communities.
- Maintains demographic statistics for Florence, Boone County, the region, and the Commonwealth of Kentucky.
- Seeks out targeted desirable tenants, businesses, and developers and initiates discussions regarding the positive attributes of locating and/or developing in Florence.
- Provides information on Florence as a community to live in, including quality of life issues such as full-service public services, police, fire/EMS/ALS, and recreational amenities.
- Initiates interaction and communication with various businesses in the city regarding general or specific issues; acts as liaison between businesses and city departments with respect to issues of mutual interest.
- Identifies obstacles to recruiting new business or the expansion of existing business (ie limited vacant building availability or sufficiently trained workforce) and seeks possible solutions to obstacles.
- Interacts with the Northern Kentucky Tri-County Economic Development Corporation (TRI-ED) on specific economic development projects that utilize state incentive programs and other state economic development initiatives through Kentucky Cabinet for Economic Development.
- Initiates creative marketing partnerships with such organizations as *Cincy Magazine*, to represent the city as a good place to live and do business.
- Interacts with state and federal representatives and/or decision makers in representing the city's interests, such as transportation funding, which adds to the quality of life and economic development atmosphere in Florence.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Florence

Kentucky

For the Fiscal Year Beginning

July 1, 2015

Executive Director

CITY OF FLORENCE, KENTUCKY

LIST OF PRINCIPAL OFFICIALS

June 30, 2017

Mayor

Diane E. Whalen

Council Members

Mel D. Carroll

Duane Froelicher

Kelly Huff

Julie A. Metzger-Aubuchon

David A. Osborne

Gary Winn

Staff

City Coordinator - Richard J. Lunnemann

City Clerk - Joe A. Christofield

Finance Director - Linda J. Chapman

City Attorney - Hugh O. Skees

City Engineer - William R. Viox

Director of Public Services - Robert E Hall

Chief of Police - John V. McDermond

Fire/E.M.S. Chief - Kelly J. Aylor



Organizational Chart 2016

Total Employees: 206 Full Time
4 Part Time

Revised:
4/13/2016

ORDINANCE NO. 0-9-16

AN ORDINANCE OF THE CITY OF FLORENCE, KENTUCKY, ADOPTING THE OFFICIAL BUDGET FOR THE 2016-2017 FISCAL YEAR OF THE CITY.

WHEREAS, a budget proposal has been prepared and submitted to the City Council by the Mayor as the executive authority of the City, and

WHEREAS, a budget message has been delivered to the City Council by the Mayor.

WHEREAS, the City Council has reviewed the proposed budget.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF FLORENCE, KENTUCKY AS FOLLOWS:

SECTION I

That the budget of the City of Florence, Kentucky, for the fiscal year 2016-2017, a copy of which is attached hereto and incorporated herein, marked Exhibit "A", is hereby adopted and approved as the official budget of the City.

SECTION II

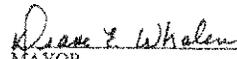
That a copy of the budget approved herein shall be available in the office of the City Clerk for public inspection.

PASSED AND APPROVED ON FIRST READING THIS 14th DAY OF June, 2016.

PASSED AND APPROVED ON SECOND READING AND PUBLICATION ORDERED

THIS 21st DAY OF June, 2016.

APPROVED:


MAYOR

ATTEST:


CITY CLERK

ORDINANCE NO. 0-9-16

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SECTION I

That the budget of the City of Florence, Kentucky, for the fiscal year 2016-2017, a copy of which is attached hereto and incorporated herein, marked Exhibit "A", is hereby adopted and approved as the official budget of the City.

SECTION II

That a copy of the budget approved herein shall be available in the office of the City Clerk for public inspection.
 PASSED AND APPROVED ON FIRST READING THIS 14TH DAY OF JUNE, 2016.
 PASSED AND APPROVED ON SECOND READING AND PUBLICATION ORDERED THIS 21ST DAY OF JUNE, 2016.

APPROVED:

Diane E Whalen
 MAYOR

ATTEST:

Joe Coy
 CITY CLERK

**CITY OF FLORENCE
 ENACTED BUDGET
 FISCAL YEAR 2016-17**

Exhibit "A" to City of Florence Ordinance No. 0 -9- 2016

	General Fund	Municipal Aid Road Fund	Infrastructure Fund	Asset Forfeiture Fund	Aquatic Center Fund	Water and Sewer Fund	World of Golf Fund	Health and Dental Fund
RESOURCES AVAILABLE:								
Estimated Revenues & Transfers	33,306,000	732,500	3,435,000	25,900	503,050	8,618,500	1,220,700	2,758,000
Beginning Fund Balance	62,943,148	1,094,806	5,307,905	241,123	1,342,192	26,063,562	8,640,305	15,038,103
TOTAL RESOURCES AVAILABLE FOR APPROPRIATIONS	96,249,148	1,827,306	8,742,905	267,023	1,845,242	34,682,062	9,861,005	17,796,103
APPROPRIATIONS:								
Administrative	2,391,550							2,473,900
Public Services	4,661,500		1,970,000					
Police Services	7,645,600			90,200				
Fire/E.M.S. Services	6,911,300							
Parks/Recreation					520,400			
Capital Outlay	3,097,828	610,200						
Other Agencies	420,000							
Debt Service	1,545,450							
Water and Sewer						8,100,399		
Golf Course							1,327,624	
TOTAL EXPENDITURES	26,673,228	610,200	1,970,000	90,200	520,400	8,100,399	1,327,624	2,473,900
Transfers	425,000							
Estimated Fund Balance at Year-End	69,150,920	1,217,106	6,772,905	176,823	1,324,842	26,581,663	8,533,381	15,322,203
TOTAL BUDGET	96,249,148	1,827,306	8,742,905	267,023	1,845,242	34,682,062	9,861,005	17,796,103

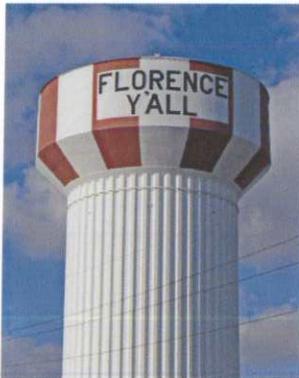
Note: The City's adopted budget in detail for Fiscal Year 2016-17 is available for public inspection at the Florence Government Center during normal business hours.

City of Florence, Kentucky

General Information

The City

Florence was formed in 1830 and was for most of its history a small community surrounded by farms. During World War II, what was to become the Northern Kentucky/Greater Cincinnati International Airport was constructed nearby. This, combined with the construction of Interstate 75 in the late 1950s, started the building boom that drastically changed the community and began the huge growth in population.



The famous Florence water tower landmark was built in 1974 to support a growing suburban infrastructure. The water tower was originally painted with the words "Florence Mall" to herald the future opening of the Greater Cincinnati area's premier shopping facilities. Following a reminder from the federal highway engineers about the illegality of advertising along the interstate highway system, officials creatively modified the M to "Florence Y'all". The economic success of the mall encouraged future development along Mall Road. In the 1980s and 1990s, the shopping district expanded on to Houston Road and Turfway Park.

Location

Florence is the largest and most industrialized city in Boone County. It is located in the east-central part of the county along I-75. It was designated as a third class city in 1958. Proximity to major transportation avenues have been an important force in the development of the city. The City is located 13.5 miles south of Cincinnati, Ohio and 70 miles north of Lexington and 88 miles northeast of Louisville in Kentucky. Florence covers an area of 10.6 square miles and has I-75 running through the middle of the City and is 5 miles from the airport. The City is in the 66th Legislative District, 11th Senatorial District and the 144th U.S. Congressional District.

Industry

In the 1950s the Northern Kentucky Industrial Foundation started the Florence Industrial Park which has grown to include 57 industries and employs 8,000 people. The opening of Interstate 75 in 1963, spurred additional industrial growth which led to the opening of the Florence Mall in 1976. The success of the commercial mall as a tri-state shopping destination encouraged further retail development in the City. A revitalization project of Mall Road was just completed in 2012. Additional revitalization on Mall Road is an ongoing project.

Medical Facilities

Within the boundaries of Florence, St. Elizabeth has a 170 bed hospital and several medical centers. The hospital just recently underwent a \$5.0 million renovation to include a new outpatient entrance and a Spine center. The new outpatient area was to make St Elizabeth Florence the

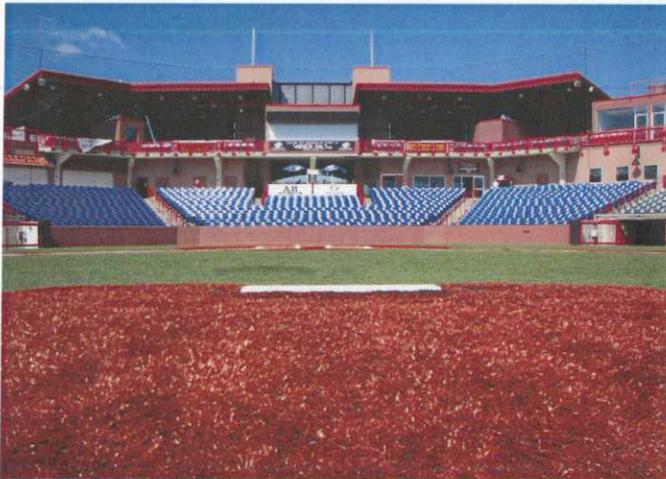
premier facility in the Greater Cincinnati area. The new Spine Center is intended to allow patients to get all service performed in one location. Seven nursing facilities and rehab facilities are located in the city as well.

Recreation and Culture

Florence offers a wide range of recreational and cultural activities. The Florence Community band was started in 1984 and the Florence Community Chorus was organized in 1989.



The Florence Recreation and Parks Department opened a 20,000 square-foot park featuring the new Aquatic Center and a skate park in 2003. The Florence Aquatic Center has a swimming pool, a lazy river, a splash ground, a wading pool and other water activity areas. The center features its own swim and dive teams. The skate park contains skateboard ramps for all levels of activity and skill levels.



Also in 2003, Florence acquired a Frontier League baseball team, the Florence Freedom. The Freedom are members of the 12 team league that is composed of teams from Kentucky, Ohio, Indiana, Illinois, Michigan, Missouri and Pennsylvania. Their home is the UC Medical Center Stadium that sits next to Interstate 75. The stadium seats 4,500 and its lawn area allows for a maximum capacity of 7,000. The stadium also contains a playground. The baseball games are geared towards a family atmosphere. The Florence community has embraced the team.



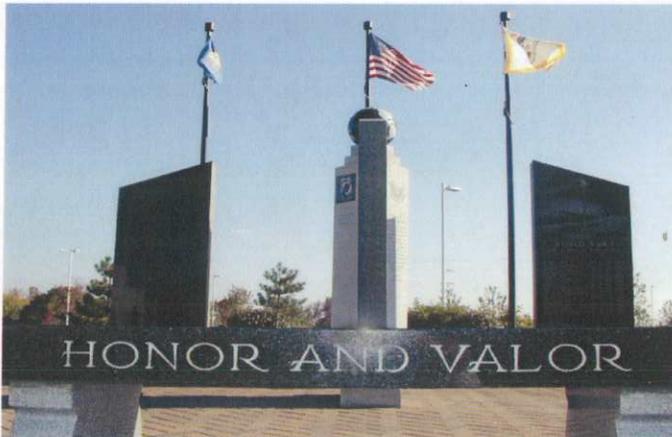
Florence has six additional municipal parks that provide recreational activities such as tennis, baseball, softball, fishing, basketball, corn hole, swing sets, splash ground and sand volleyball. Five of the municipal parks include restroom facilities and covered shelter areas. Throughout the City are located multiple walking trails and biking paths for additional enjoyment. Florence sponsors various events during the year.



The Florence World of Golf was completely reconstructed in 2011 and 2012. The course is located along Interstate 75 and adjacent to Woodspoint trail. It offers a Par 3 18-hole golf course, driving range, indoor driving range, analysis of your golf swing, golf lessons and play on a famous golf course via the golf simulator. The complex also has an 18-hole miniature golf area featuring attractions located throughout the state of Kentucky at each hole. The facility contains a concession/grill area, a pro shop, and has room available to rent for events.



The Florence Senior Center was opened in June 2012. It is a multi-purpose center with a kitchen, wellness room, computer lab, exercise room and activity room. It is managed by Senior Services of Northern Kentucky. Monthly activities include yoga stretch, euchre, crafts, canasta, art lessons, Wii bowling, bingo and zumba gold.



The Veterans Memorial of Boone County on the Florence campus was built to honor and remember all Boone County Veterans who served and gave the ultimate sacrifice so that we may have and enjoy freedom. It features a memorial honoring WWI, WWII, Korea, Vietnam and the "War on Terror". It also has a granite medal of Honor bench and four other granite benches in addition to six fully lit flagpoles.

Profile

The City of Florence is empowered to levy numerous sources of revenue including its major sources payroll tax, business license tax, insurance premiums tax and a property tax on both real and personal properties. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

The City of Florence operates under the Mayor/Council form of government. Legislative authority is vested in the City Council, consisting of six City Council members. The Mayor is the executive authority. The City Council is responsible, among other things for passing ordinances, adopting the budget and appointing members to various boards. The Mayor approves the hiring of all full time employees. The City Coordinator reports directly to the Mayor and is responsible for carrying out policies and ordinances of the City Council and is responsible for the development of short and long range planning, capital improvement programs and running the day-to-day operations of the city. The City Council is elected on a non-partisan basis. The Mayor serves based upon a 4 year term and the City Council serve based upon a 2 year term.

The City of Florence provides a full range of services, including a full time professional police force and full time professional fire protection; advanced life support medic services; street maintenance and improvement; water and sewer services; storm water collection; a full range of recreational facilities and activities; cultural events; planning and zoning and code enforcement.

Economic Condition and Outlook

Florence's location is a major factor in allowing it to become an economic force in the Greater Cincinnati/Northern Kentucky region. Also, the consistent and persistent effort put forth by Florence's elected and appointed officials and other community leaders over the past twenty years has positioned the City very well. However, the City is not immune from the national economic realities and that brings with it continuing unknowns for the current fiscal year

The City has continued to experience some growth and development during the current fiscal year the City's focus on financial management and economic development over the past decade has established the City as a center of commerce in the Northern Kentucky region. In 2014 thru 2016, total private capital investments and job growth in the City have continued. The City's efforts are paying dividends and experiencing successes from large to small, all of which are very important to the community.

This coming year, the City looks forward to the last three tenants to open in the Florence Heights development - Menard's, Chick-fil-a and Outback Steakhouse. The City has also annexed 167 acres of the airport property and is working on proposed developments.

When we analyze the commercial real estate market in Florence, we shape up rather well in the region. Leasing and purchasing activity in the retail, industrial, and office sectors have been very active. On the retail side, our vacancy rate in the city is below 8%, which is one of the best performers in the region, where the regional retail vacancy is 8.4%. The industrial vacancy rate is under 2%, while the overall vacancy rate in the region is 7.19%. And, the professional office vacancy rate in Florence is 12%, with the region's rate at 20.6%. Overall, we fair better than most communities in the region. These are positive signs of the strength of our economy in Florence, but

it does suggest, particularly on the industrial front, that future growth could be constrained without available industrial real estate coming onto the market.

Over several years, we have instituted sound, long-term financial practices, making the difficult choices, maintaining sufficient cash balances, modernizing operations of city departments, and maintaining our first-rate city services, while remaining sensitive to the economic challenges of our residents and businesses and holding our property tax rate at the 2008 level.

In the upcoming year, the budget includes infrastructure improvements on 23 streets through contracted work and 73 streets through in-house work. Proposed water line replacement will take place on Locust Avenue. Proposed water line replacement will take place on Locust Avenue. The installation of a new water line will be installed along Summer Place and within Ockerman's school campus to provide redundancy during an emergency. Sanitary sewer relining will take place in the Sanders sewer sheds. Storm water improvements are slated in the Cayton and Rosetta watersheds. By proactively updating and replacing infrastructure now, future costs and emergency replacement of infrastructure will be kept to a minimum.

Park improvements completed this year include the replacement of the tennis court surfaces at Lincoln Woods Park. The department completed the master plan for a neighborhood park located along Kentaboo Avenue and the city property at the convergence of Main Street, Dixie Highway, and Turfway Road.

The city has implemented a three-year budget plan. The three-year budget plan serves as a basis for a rolling three-year strategic plan for the City. The strategic plan is a vision that Council continues to evaluate based on future anticipated revenues along with operating costs and capital needs. The vision to remain a viable City with strong reserves to maintain the services expected as well as the infrastructure. The needs to provide and present itself in a quality manner to continually attract residents and businesses to generate the revenues needed for sustainability. The City being the retail hub for Northern Kentucky is a major component of the strategic plan. There is continuously the necessity to maintain and improve the infrastructure along with its amenities to remain attractive and to retain businesses. The City focuses on being the place every business wants to open their establishment and every resident wants to come and live in. That plan needs continual funding to stay current and vibrant which leads back to the three-year budget plan.

Community Profile and Demographics

The City of Florence, founded in 1830, is located in the northern most part of the state, situated in Boone County and is part of the Northern Kentucky Region, which ranks as one of the top growth areas in Kentucky. The City of Florence currently occupies a land area of 10.6 square miles and serves an estimated population of 31,088. The City of Florence is empowered to levy numerous sources of revenue including its major sources payroll tax, business license tax, insurance premiums tax and a property tax on both real and personal properties. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

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People	Kentucky	Florence
Population		
Population estimates, July 1, 2014, (V2014)	4413457	31888
Population estimates base, April 1, 2010, (V2014)	4339349	29953
Population, percent change - April 1, 2010 (estimates base) to July 1, 2014, (V2014)	1.7	6.5
Population, Census, April 1, 2010	4339367	29951
Age and Sex		
Persons under 5 years, percent, April 1, 2010	6.5	8.2
Persons under 18 years, percent, April 1, 2010	23.6	24.6
Persons 65 years and over, percent, April 1, 2010	13.3	13.1
Female persons, percent, April 1, 2010	50.8	52.0
Race and Hispanic Origin		
White alone, percent, April 1, 2010	87.8	87.1
Black or African American alone, percent, April 1, 2010	7.8	4.5
American Indian and Alaska Native alone, percent, April 1, 2010	0.2	0.2
Asian alone, percent, April 1, 2010	1.1	3.0
Native Hawaiian and Other Pacific Islander alone, percent, April 1, 2010	0.1	0.2
Two or More Races, percent, April 1, 2010	1.7	2.3
Hispanic or Latino, percent, April 1, 2010	3.1	5.5
White alone, not Hispanic or Latino, percent, April 1, 2010	86.3	84.7
Housing		
Housing units, April 1, 2010	1927164	13447
Owner-occupied housing unit rate, 2010-2014	67.7	50.9
Median value of owner-occupied housing units, 2010-2014	121600	136500
Median selected monthly owner costs -with a mortgage, 2010-2014	1124	1195
Median selected monthly owner costs -without a mortgage, 2010-2014	336	351
Median gross rent, 2010-2014	667	855
Education		
High school graduate or higher, percent of persons age 25 years+, 2010-2014	83.5	88.6
Bachelor's degree or higher, percent of persons age 25 years+, 2010-2014	21.8	26.6
Economy		
In civilian labor force, total, percent of population age 16 years+, 2010-2014	59.4	68.7
In civilian labor force, female, percent of population age 16 years+, 2010-2014	55.1	62.7
Total accommodation and food services sales, 2012 (\$1,000)	7500115	201360
Total health care and social assistance receipts/revenue, 2012 (\$1,000)	26264745	363790
Total manufacturers shipments, 2012 (\$1,000)	129284438	1633563
Total retail sales, 2012 (\$1,000)	54869978	1571455
Total retail sales per capita, 2012	12526	50549
Income and Poverty		
Median household income (in 2014 dollars), 2010-2014	43342	52878
Per capita income in past 12 months (in 2014 dollars), 2010-2014	23741	27818
Persons in poverty, percent	19.1	9.7
Businesses	Kentucky /, Kentucky	
Geography	Kentucky /, Kentucky	
Population per square mile, 2010	109.9	2905.9
Land area in square miles, 2010	39486.34	10.31

Source: US Census Bureau State and County Quickfacts

CITY OF FLORENCE, KENTUCKY
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Median Income (2)	Median Age (2)	Unemployment Rate (3)
2006	26,188	\$ 1,034,033,180	\$ 39,485	33.1	4.0%
2007	26,710	\$ 1,053,762,920	\$ 39,452	33.1	4.5%
2008	27,281	\$ 1,122,558,588	\$ 41,148	34.1	5.4%
2009	27,745	\$ 1,183,712,680	\$ 42,664	34.2	9.7%
2010	28,381	\$ 1,374,860,783	\$ 48,443	34.9	9.7%
2011	29,951	\$ 1,474,907,044	\$ 49,244	35.7	9.1%
2012	30,687	\$ 1,522,228,635	\$ 49,605	35.2	7.1%
2013	31,088	\$ 1,560,026,928	\$ 50,181	36.5	6.9%
2014	31,088	N/A	N/A	N/A	5.6%
2015	31,888	N/A	N/A	N/A	5.5%

- (1) Census Bureau and Kentucky State Data Center
- (2) Tri-County Economic Development Corporation
- (3) Bureau of Labor Statistics Data and Kentucky State Data Center

CITY OF FLORENCE, KENTUCKY

Operating Indicators by Function

Last Six Fiscal Years

Function	Fiscal Year					
	2010	2011	2012	2013	2014	2015
Police:						
Physical arrests	2,617	2,431	2,542	2,571	2,563	2,736
Traffic violations	6,729	6,385	4,664	4,487	7,790	5,188
Parking violations	307	513	224	120	162	93
Fire:						
Number of calls answered:						
Fire	2,381	2,486	2,367	2,416	2,511	2,492
Ambulance	5,772	6,091	6,364	6,380	6,283	6,819
Inspections	2,032	2,255	1,945	2,005	2,186	2,575
Highways and streets:						
Street resurfacing(lane miles)	7.05	7.62	8.44	9.11	9.11	8.48
Water:						
New connections	45	45	50	42	27	46
Water main breaks	24	55	37	62	31	34
Average daily consumption (thousands of gallons)	2,839	3,055	3,090	3,035	3,021	2,995

Source: Various city departments

CITY OF FLORENCE, KENTUCKY

Capital Asset Statistics by Function

Last Six Fiscal Years

Function	Fiscal Year					
	2010	2011	2012	2013	2014	2015
Police:						
Stations	1	1	1	1	1	1
Patrol units	34	34	34	34	34	34
Fire:						
Fire stations	3	3	3	3	4	4
Highways and streets:						
Streets(miles)	160	168	168	169	169	169
Streetlights	1,134	1,977	1,977	2,103	2,103	2,103
Culture and recreation:						
Parks	9	9	9	9	9	9
Parks acreage	163.5	163.5	163.5	163.5	163.5	163.5
Swimming pools	1	1	1	1	1	1
Ball fields	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4
Water:						
Water mains	200	145	145	149	150	150
Fire hydrants	1,259	1,520	1,520	1,583	1,598	1,598
Maximum daily capacity (thousands of gallons)	4,000	4,550	4,810	4,809	4,595	4,183
Sewer:						
Contained sanitary/storm sewers (miles)	278	286	286	278	276	274

Source: Various city departments

Budget Process

Every year the City Council adopts a budget for the next fiscal year. The City's fiscal year runs from July 1 of one year until June 30 of the following year. The budget is the City's business and financial plan for the one year period.

In accordance with City ordinance, Kentucky Revised Statutes 91A.030 and 83A.130 and prior to June 30, the Mayor submits to Council a proposed operating budget on a basis consistent with generally accepted accounting principles for the fiscal year commencing July 1. By July 1, the budget should be legally enacted through the passage of an ordinance by the members of Council. All appropriations will remain in effect until a supplemental budget amendment is passed or until a new budget is adopted.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds except the capital projects fund, which is not budgeted. Expenditures may not legally exceed budgeted appropriations at the department level. Any revisions to the budget that would alter total revenues of any fund and expenditures of any department must be approved by the Council; however, with proper approval by the City Coordinator, budgetary transfers within departments can be made. All appropriations lapse at fiscal year-end.

Governmental fund types like the General Fund and Special Revenue Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Comprehensive Annual Financial Report (CAFR) shows the status of the City's finances on the basis of GAAP. This generally conforms to the way the City prepares its budget. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

It is important to recognize that the numbers in the budget are estimates. Various issues will arise during the course of a fiscal year that will impact the level of revenues and the level of spending. The City does maintain adequate reserves to protect from future unknowns. The preparation of the annual budget document is a lengthy process that involves various employees in all departments, all departments heads, the City Coordinator, Mayor and City Council.

The Florence budget calendar is presented following this narrative.

**City of Florence
2016 – 2017
Budget Calendar**

March 4th	Issue FY 2016-2017 Budget Calendar
March 14th	Budget worksheets due to Department Heads
March 21st	Projected Salaries & Wages by Finance Department
March 25th	Budget recommendations due from Department Heads to Finance Director
Week of March 28th	Finance Director & City Coordinator Review
Week of April 4th	Meet with Department Heads
April 7th/8th	Review preliminary budget with Mayor
Week of April 11th	Budget Books Prepared
April 29th	Distribution of preliminary budget to City Council
May 5th	Send out Notice of Special Call
May 7 th	Budget Retreat Budget presentation /comments & discussion
May 3rd	Budget discussion and presentations by other agencies: Florence Community Band, Florence Community Chorus and Urban Forest Commission
May 24th	Proposed use hearing for Municipal Aid Road Fund Budget discussion and presentations by other agencies: Boone County Planning Commission
June 7th	FY 2015-16 budget amendment discussions
June 14th	Mayor's Budget Address First reading of the FY 2016-17 Budget Ordinance First reading of amendments to FY 2015-16 budget
June 21st	Second reading of the FY 2016-17 Budget Ordinance Second reading of amendments to FY 2015-16 budget
July 1	New budget becomes effective

Governmental Fund Structure

The City uses fund accounting to maintain its financial records during the year. Fund accounting is designed to help governments ensure and demonstrate legal compliance and achieve the goal of fiscal accountability. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate reporting entity. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances which are segregated for the purpose of carrying on specific activities or attaining certain objectives. The City utilizes Governmental and Proprietary fund types.

Governmental Fund Types:

Governmental funds are those through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund assets and liabilities is reported as funds balance. The City's governmental funds are as follows:

Major Governmental Fund:

General Fund

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund. This fund has six different functions consisting of Administration, Public Services, Police, Fire, Capital Outlay and Debt Service. The Administration function includes economic development, community development, finance, overall administration and the City Clerk's duties. The Public Services function includes streets, sidewalks, storm sewer, grounds maintenance and urban forestry. The Police function includes the administration, patrol and the drug task force unit. The Fire function includes fire, EMS and inspections. The Capital Outlay function addresses all capital needs for all other functions listed.

Nonmajor Special Revenue Funds:

These funds are used to account for the proceeds of specific revenue sources for specific expenditures.

The Municipal Aid Road/LGEA Fund is used to account for funds received from the state for road improvements and snow removal.

The Infrastructure Fund is used to account for a designated portion of payroll taxes, storm water fees and grants to be used for the annual repairs to the City road infrastructure and storm water lines.

The Asset Forfeiture fund accounts for all funds received from seized assets and purchases made with those funds.

The Aquatic Center fund is used to account for the operations of the City's pool facility.

Major Proprietary Fund Types:

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection

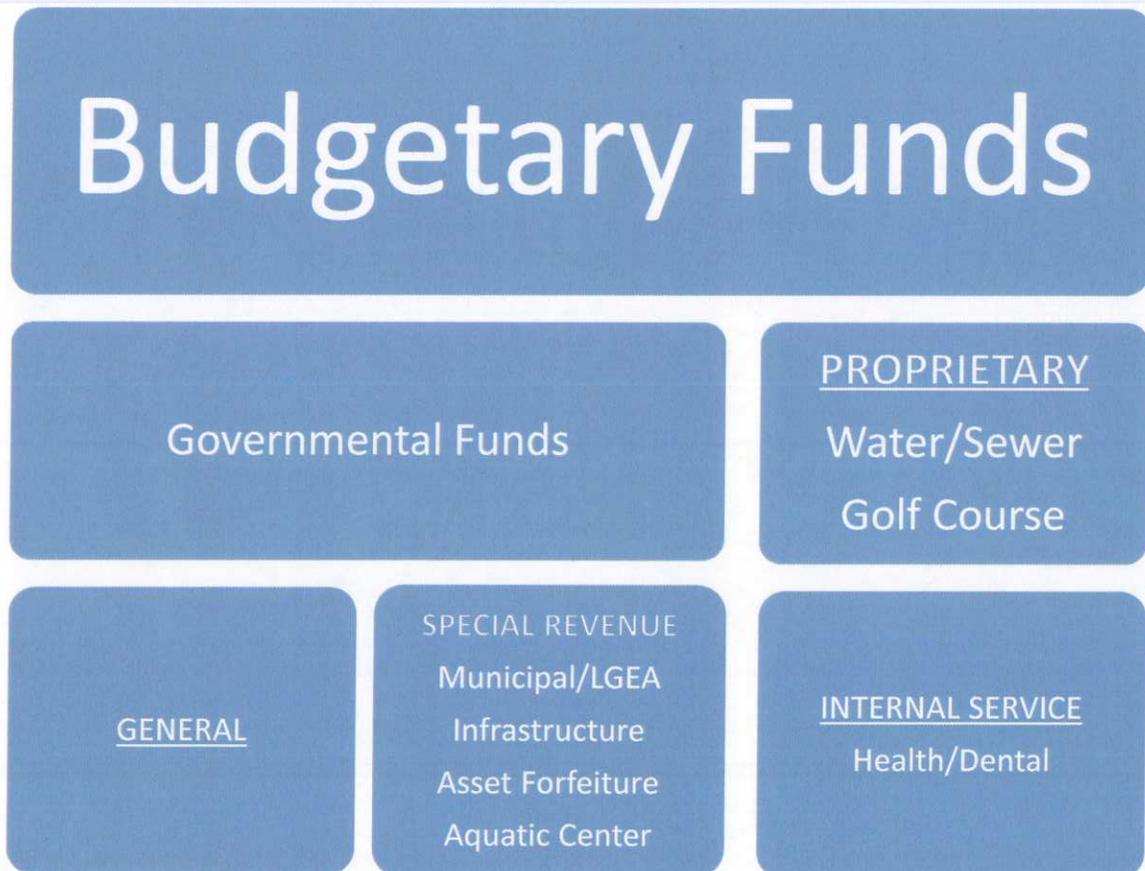
with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The government reports the following proprietary funds:

The Water and Sewer Fund accounts for the activities of the government's water and sewer sales and services to residential and commercial users. This fund has three different functions consisting of Administration, Sewer and Water. The Administration function supports the billing and collection of receipts as well as handling service requests from customers. The sewer function handles the sanitary sewer system issues including main breaks, relining and odor issues. The Water function handles the same issues but on the water side.

The World of Golf Fund is responsible for operations of the golf course.

The City's only internal service fund is the self-insurance fund for the City's health and dental costs.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



Financial Policies

The City operates under certain fiscal policies with respect to budget, revenues, expenditures, debt, cash management and reserves. These policies assist in maintaining, developing and managing services and programs as efficiently and effectively as possible.

Budgetary Policies

The City shall adopt a balanced budget for each of its funds; where operating expenditures may not exceed anticipated revenues plus unreserved fund balance.

Budgetary control will be at the departmental level.

The City will not use debt or bond financing to fund current operating expenditures.

The Comprehensive Annual Financial Report (CAFR) shows the status of the City's finances on the basis of general accepted accounting principles (GAAP). In most cases this conforms to the way the City prepares its budget.

Planning

The City annually prepares a three-year rolling forecast. The forecast will include estimated operating costs and revenues. In addition, it will include the estimated capital costs for all departments for that period.

Revenue Policies

The City will strive to maintain a diversified and stable revenue system to guard it from unforeseeable short-term fluctuations in any one revenue source.

The City will estimate the annual revenues by an objective, analytical process, wherever practical.

The city will continue to pursue economic, commercial and industrial development and retention to provide an ongoing solid revenue base.

The City will establish and periodically review user charges, license and fees at a level to related to the cost of providing the service, except when the Mayor and Council determine that a subsidy is needed to better serve the public interest.

One-time revenues will only be used for one-time expenditures including capital and reserves.

Expenditure Policies

The city will maintain a budgetary control system to help it adhere to the adopted budget and will prepare monthly reports comparing actual expenditures to budgeted amounts.

The City will estimate the annual expenditures/expenses by an objective, analytical process, wherever practical.

Budgetary control will be at the departmental level with all departments having the opportunity to participate in the budget process.

Fund Balance Policies

Fund Balance/Net assets are the difference between assets and liabilities. Fund balance of the governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets.

In the fund financial statements, government funds report components of fund balance for amounts that are nonspendable, restricted, committed, assigned or unassigned:

Nonspendable fund balances arise when resources cannot be spent because of their form and because resources must be maintained intact.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances are those that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the City is the Council. The Council can by adoption of an ordinance prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned fund balances are those that are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. Council has authorized the finance director to assign fund balance through the financial policies and procedures established. Unlike commitments, assignments generally only exist temporarily. In other words an additional action does not normally have to be taken for the removal of an assignment. Conversely, additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the general fund. The classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the government fund financial statements a flow assumption must be made about the order in which resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Reserve Policies

The City Council has adopted guidelines for maintaining a minimum general fund balance in the amount of 17% of budgeted operating expenditures and recurring transfers. In either case, unusual items such as one time expenditures shall be excluded from the calculation.

In addition, Council has adopted a resolution and established a stabilization fund balance. This fund balance may only be used for operations to pay for expenditures when the unreserved fund balance falls below the minimum fund balance of 17% of expenditures and recurring transfers. Each December 31st, Mayor and Council shall determine if any funds are to be transferred to increase the stabilization fund balance.

Capital Improvement Policies

The City will continually update a multi-year plan for capital improvements. The City will enact an annual capital budget based on the multi-year plan.

All capital assets are capitalized at cost, or where cost is not available, estimated historical cost based on replacement value. The capitalization threshold of \$1,000 with a useful life in excess of two years. All capital assets will be updated for additions and retirements during the year.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class are as follows:

Buildings	30 years
Building Improvements	10-20 years
Public Domain Infrastructure	25-40 years
Vehicles	5-10 years
Office Equipment	3-10 years

Debt policies

The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues. The City will not use long-term debt for current operations.

When applicable, the City shall review outstanding debt annually for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue and lessen its debt service costs.

The City will maintain a policy of full disclosure in financial reports and bond disclosures.

Investment and Cash Management Policies

The City of Florence's investment objectives are the preservation and protection of the organization's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning an appropriate return on investments.

All investments will address safety, liquidity, and yield, in that order.

The City will purchase securities from qualified institutions and will invest only in direct obligations of the United States Government or in investments backed by the United States Government, or in any other investment allowed by Kentucky law.

The City will deposit all receipts on a timely basis and will be reconciled on a monthly basis.

Financial Reporting Policies

The objective of the City is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner.

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the organization.

The City will distribute a complete set of monthly financial statements to the following individuals:

1. Mayor,
2. Members of the Florence City Council,
3. City Coordinator, and
4. Department Heads and any other employee with budget-monitoring responsibilities.

The City will employ an independent accounting firm to perform an annual audit of the City's finances, and it will make the audit available to all required and interested parties. A formal presentation of the City's annual financial statements shall be provided by the Independent Auditor to the Florence City Council at a City Council meeting.

Three Year Operating Budget

The City annually updates a rolling three operating plan to project the anticipated revenues and expenses for the City's General Fund at the conclusion of the fiscal year audit. The City staff and Mayor/Council must monitor both the current economic conditions and future projected needs.

Personnel expenditures make up 82% of the General Fund expenditures so any additional staffing needs must be appropriately planned and forecasted. In addition to forecasting any additional staffing needs, the projections for the salaries and benefit costs are based on the current fiscal year actual audited numbers with a 7% annual increase applied. The City provides a salary increase each July 1 based on the CPI percentage for the month of February. In addition, the City has a fixed pay plan that provides step increases for each job description. If approved by Council, step increases are applied each January 1 for any employees that have not maxed out on the number of steps in their pay category. The City's pension costs have decreased slightly over the past four years as a result of changes to the State health insurance plan. In addition, the state has also made changes in the pension plan itself. The plan has changed from a defined benefit plan to a Cash Balance Plan for all new hires effective January 1, 2014. Despite these changes the pension expenditures are still an enormously large benefit item that is dictated to the City by the Kentucky Retirement System. Since the City is self-insured, there is a strategy of implementing a new plan design every three years. For

fiscal year 2016, the City made design changes in copays and deductible amounts. We are also trying to incentivize the employees to utilize the in-house clinic that we have to minimize increases in costs as well. The City did open its own health care clinic in December of 2014 to contain third party costs. In addition, the City started to use the clinic this year for occupational health services as well. This will serve as a further reduction to what the City pays for outside services. We continue to monitor how to keep the clinic operating efficiently and in unification with our insurance plan to achieve the highest return on that investment.

Contractual and operating and maintenance expenditures for each department are projected out using an annual 3% increase except for the annual property and liability insurance. The insurance line item is forecasted with a 5% annual increase.

The basis of the three year projections is to monitor the fund balance position as the City continues to move forward into the future. The City needs to make sure that it has the resources to provide the services expected by the residents and to take care of the infrastructure and all of the City amenities that have been built over the previous years. The City currently maintains a very healthy fund balance position. However, that does not mean that the City does not have to continually forecast revenues and expenditures. The City needs to be proactive in its analysis so that proper long range planning can be carried out. The City has done very well in posturing itself for the future with the payroll and insurance premium tax increases that were put into place on July 1, 2007. Continual monitoring of that plan is critical to insuring that the City will remain viable for the long-term. It is equally important that the City has a plan to be able to handle another economic downturn should it occur. The City is in the middle of the largest retail hub in Northern Kentucky. In order to maintain the retail, business and industry base, the City needs to have the financial resources to continue to provide all the services that we currently offer. In addition, the City has to have resources to maintain its infrastructure and attractive appeal. Without the services and well maintained curb appeal, the mix of residential, retail and industry could be greatly affected and cause a reduction in several tax bases from property, payroll, insurance and occupational.

Five Year Capital Budget

Along with the operating budget for the General Fund the City maintains a five year rolling budget for anticipated capital needs for each department. The City continues to implement its annual plan to upgrade the City's infrastructure. Contractors were hired and are replacing certain sidewalks storm sewers and curbs and are repaving City streets. However, the City also needs to plan for vehicle and equipment needs. The plan is in place to address departmental needs and determine capital funding needs for the future. Major infrastructure improvements such as streets, sidewalks, and storm sewer have \$50,000 annual increases. All amounts are at estimated costs for vehicles and equipment. Frequently, with the capital plan, vehicles and equipment can change from one year to another year based on deteriorating conditions and/or repair and maintenance costs. Capital needs can be very expensive so a five year plan is kept for capital needs as opposed to a three year plan for operations.

CITY OF FLORENCE
GENERAL FUND PROJECTIONS
FISCAL YEARS 2016-2019

REVENUES:	Actual				
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
	<u>REV. & EXPEND</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>
Taxes	7,248,021	7,100,000	7,250,000	7,150,000	7,150,000
Franchise Taxes	525,169	530,000	530,000	510,000	510,000
Bank Deposit Taxes	185,114	185,000	200,000	175,000	175,000
Payroll Taxes	13,435,831	13,000,000	13,500,000	13,601,250	13,703,259
Insurance Premium Taxes	4,467,479	4,200,000	4,300,000	4,332,250	4,364,742
Business Occupational Licenses	2,250,520	2,200,000	2,300,000	2,317,250	2,334,629
Other Licenses and Permits	113,199	111,000	116,000	95,000	95,000
Fines and forfeits	252,909	196,000	195,000	150,000	150,000
Intergovernmental-Operating	1,101,016	993,350	751,000	485,000	485,000
Charges for services	431,861	417,000	425,000	415,000	415,000
Rental Income Stadium	110,000	110,000	110,000	110,000	110,000
Fire Protection District	1,641,401	1,449,000	1,550,000	1,581,000	1,612,620
Emergency Medical Services	1,245,392	1,200,000	1,225,000	1,200,000	1,250,000
Storm Water Charges	224,087	210,000	210,000	700,000	700,000
Contractual Charges	90,000	90,000	90,000	90,000	90,000
Interest	380,528	400,000	475,000	100,000	100,000
Miscellaneous	110,915	66,000	79,000	70,000	70,000
Total Revenues	33,813,442	32,457,350	33,306,000	33,081,750	33,315,251
Fund Balance, Beginning of Year	49,834,282	44,912,696	51,138,150	57,345,922	64,013,272
Total General Fund	83,647,724	77,370,046	84,444,150	90,427,672	97,328,523
EXPENDITURES:					
Administrative Department	2,041,927	2,246,880	2,391,550	2,389,853	2,472,207
Public Services Department	4,211,685	4,443,550	4,661,500	4,807,208	4,970,446
Police Department	7,215,403	7,106,600	7,645,600	7,473,360	7,737,469
Fire / E.M.S. Department	6,622,719	6,857,800	6,911,300	6,971,529	7,196,749
Planning Commission	304,000	312,000	320,000	324,605	331,097
Senior Center	78,798	100,000	100,000	100,000	100,000
Tree Commission	69,018	105,000	70,000	70,000	70,000
CAP Administrative Department	380,961	276,750	330,328	416,000	376,000
CAP Public Services Department	1,112,782	1,492,412	1,406,000	890,500	763,000
CAP Police Department	254,880	300,304	311,500	360,000	363,500
CAP Fire / E.M.S. Department	704,520	207,000	240,000	329,000	248,000
CAP City Projects	505,522	810,000	740,000	325,000	340,000
CAP Debt Service	1,607,813	1,548,600	1,545,450	1,532,345	1,541,505
Total Expenditures	25,110,028	25,806,896	26,673,228	25,989,400	26,509,973
Transfers to Other Funds	1,925,000	425,000	425,000	425,000	425,000
Total Expenditures & Transfers	27,035,028	26,231,896	27,098,228	26,414,400	26,934,973
Total General Fund	71,947,724	77,370,046	84,444,150	90,427,672	97,328,523
FUND BALANCE, BEG OF YEAR	49,834,282	44,912,696	51,138,150	57,345,922	64,013,272
RESTRICTED-EQUIP REPLACE	(2,000,000)				
RESTRICTED-RAINY DAY	(5,000,000)				
MINIMUM FUND BALANCE	(4,700,000)				
UNREST FUND BAL, YEAR-END	44,912,696	51,138,150	57,345,922	64,013,272	70,393,551

Schedule of Sources and Uses by Fund

General Fund

Description	2013 Actual	2014 Actual	2015 Actual	2015 Budget	Amended 2016 Budget	2017 Budget
Budgetary Fund Balance, July 1	\$ 40,092,828	\$ 46,009,442	\$ 49,834,282	\$ 49,834,282	\$ 56,612,694	\$ 62,943,148
Revenues						
Taxes	7,707,092	7,884,360	7,958,304	7,630,000	7,630,000	7,780,000
Licenses and Permits	19,083,822	19,292,358	20,267,029	19,195,000	19,696,000	20,416,000
Intergovernmental	2,238,846	1,030,027	1,101,016	1,056,574	993,350	751,000
Fines and Forfeitures	247,390	197,803	252,909	201,000	196,000	195,000
Charges for Services	3,603,041	3,452,188	3,742,741	3,652,000	3,476,000	3,610,000
Interest	165,645	492,161	380,528	175,000	400,000	475,000
Miscellaneous	85,140	120,386	110,915	80,000	66,000	79,000
Refunding Bonds Issued	-	-	6,249,494	6,250,000	-	-
Transfers In	-	-	-	-	-	-
Total Sources Available	73,223,804	78,478,725	89,897,218	88,073,856	89,070,044	96,249,148
Expenditures						
Administration	2,630,140	2,402,107	2,501,686	2,828,425	2,623,630	2,821,878
Police	7,481,911	7,437,084	7,470,284	7,814,766	7,406,904	7,957,100
Fire	6,042,289	6,188,391	7,327,239	7,702,250	7,064,800	7,151,300
Public Services	6,923,847	8,981,787	6,203,009	7,119,550	7,057,962	7,197,500
Debt Service	1,711,175	1,710,074	1,612,712	1,629,000	1,548,600	1,545,450
Payment to refunded bond escrow agent	-	-	6,170,894	6,176,300	-	-
Costs of Issuance	-	-	73,700	73,700	-	-
Bond Discount	-	-	-	-	-	-
Transfers Out	2,425,000	1,925,000	1,925,000	1,925,000	425,000	425,000
Total Uses	27,214,362	28,644,443	33,284,524	35,268,991	26,126,896	27,098,228
Budgetary Fund Balance, June 30	\$ 46,009,442	\$ 49,834,282	\$ 56,612,694	\$ 52,804,865	\$ 62,943,148	\$ 69,150,920

Municipal Aid/LGEA Fund

Description	2013 Actual	2014 Actual	2015 Actual	2015 Budget	Amended 2016 Budget	2017 Budget
Budgetary Fund Balance, July 1	\$ 576,509	\$ 670,556	\$ 967,268	\$ 967,268	\$ 1,222,806	\$ 1,094,806
Revenues						
Intergovernmental	601,780	718,726	713,755	719,000	740,000	602,500
Interest	1,987	2,414	3,398	2,200	2,200	5,000
Transfers In	125,000	125,000	125,000	125,000	125,000	125,000
Total Sources Available	1,305,276	1,516,696	1,809,421	1,813,468	2,090,006	1,827,306
Expenditures						
Public Services	634,720	549,428	586,615	590,200	995,200	610,200
Total Uses	634,720	549,428	586,615	590,200	995,200	610,200
Budgetary Fund Balance, June 30	\$ 670,556	\$ 967,268	\$ 1,222,806	\$ 1,223,268	\$ 1,094,806	\$ 1,217,106

Asset Forfeiture Fund

Description	2013 Actual	2014 Actual	2015 Actual	2015 Budget	Amended 2016 Budget	2017 Budget
Budgetary Fund Balance, July 1	\$ 250,425	\$ 342,870	\$ 410,230	\$ 410,230	\$ 341,323	\$ 241,123
Revenues						
Uses of Property	116,425	98,394	95,545	25,000	25,000	25,000
Interest	865	1,132	1,198	900	900	900
Total Sources Available	367,715	442,396	506,973	436,130	367,223	267,023
Expenditures						
Police	24,845	32,166	165,650	201,335	126,100	90,200
Total Uses	24,845	32,166	165,650	201,335	126,100	90,200
Budgetary Fund Balance, June 30	\$ 342,870	\$ 410,230	\$ 341,323	\$ 234,795	\$ 241,123	\$ 176,823

Aquatic Center Fund

Description	2013 Actual	2014 Actual	2015 Actual	2015 Budget	Amended 2016 Budget	2017 Budget
Budgetary Fund Balance, July 1	\$ 1,673,514	\$ 1,623,633	\$ 1,444,521	\$ 1,444,521	\$ 1,369,642	\$ 1,342,192
Revenues						
Charges for Services	309,513	303,940	262,706	309,800	300,800	296,800
Interest	5,218	4,748	3,937	4,800	4,700	6,000
Miscellaneous	352	295	253	500	500	250
Transfers In	200,000	200,000	200,000	200,000	200,000	200,000
Total Sources Available	<u>2,188,597</u>	<u>2,132,616</u>	<u>1,911,417</u>	<u>1,959,621</u>	<u>1,875,642</u>	<u>1,845,242</u>
Expenditures						
Public Services	564,964	688,095	541,775	639,950	533,450	520,400
Total Uses	<u>564,964</u>	<u>688,095</u>	<u>541,775</u>	<u>639,950</u>	<u>533,450</u>	<u>520,400</u>
Budgetary Fund Balance, June 30	\$ <u>1,623,633</u>	\$ <u>1,444,521</u>	\$ <u>1,369,642</u>	\$ <u>1,319,671</u>	\$ <u>1,342,192</u>	\$ <u>1,324,842</u>

Infrastructure Fund

Description	2013 Actual	2014 Actual	2015 Actual	2015 Budget	Amended 2016 Budget	2017 Budget
Budgetary Fund Balance, July 1	\$ -	\$ 2,006,396	\$ 4,756,831	\$ 4,756,831	\$ 7,151,905	\$ 5,307,905
Revenues						
Licenses and Permits	2,248,077	2,289,901	2,394,698	2,200,000	2,300,000	2,300,000
Intergovernmental	25,000	53,075	1,780,130	2,750,000	3,456,137	-
Charges for Services	450,000	450,000	475,000	475,000	475,000	475,000
Interest	3,593	9,080	17,373	5,000	15,000	20,000
Miscellaneous	-	-	-	-	-	640,000
Transfers In	1,000,000	1,500,000	1,500,000	1,500,000	-	-
Total Sources Available	<u>3,726,670</u>	<u>6,308,452</u>	<u>10,924,032</u>	<u>11,686,831</u>	<u>13,398,042</u>	<u>8,742,905</u>
Expenditures						
Public Services	1,720,274	1,551,621	3,772,127	5,885,000	8,090,137	1,970,000
Total Uses	<u>1,720,274</u>	<u>1,551,621</u>	<u>3,772,127</u>	<u>5,885,000</u>	<u>8,090,137</u>	<u>1,970,000</u>
Budgetary Fund Balance, June 30	\$ <u>2,006,396</u>	\$ <u>4,756,831</u>	\$ <u>7,151,905</u>	\$ <u>5,801,831</u>	\$ <u>5,307,905</u>	\$ <u>6,772,905</u>

Health and Dental Fund

Description	2013	2014	2015	2015	Amended	2017
	Actual	Actual	Actual	Budget	2016 Budget	Budget
Budgetary Fund Balance, July 1	\$ 11,736,221	\$ 13,326,093	\$ 14,223,927	\$ 14,223,927	\$ 14,840,503	\$ 15,038,103
Revenues						
Interest	39,036	30,632	50,711	20,000	36,000	45,000
Employee Contributions	2,523,102	2,527,908	2,614,376	2,547,300	2,608,500	2,598,000
Reinsurance Reimbursement	723,899	60,292	12,849	30,000	25,000	25,000
FSA Contributions	100,818	96,648	90,866	100,000	100,000	90,000
Transfer In	1,000,000	-	-	-	-	-
Total Sources Available	16,123,076	16,041,573	16,992,729	16,921,227	17,610,003	17,796,103
Expenditures						
Administrative Fees	349,501	482,670	456,094	451,500	471,900	471,900
Wellness Program	17,517	1,606	1,190	30,000	15,000	15,000
Clinic	-	94,723	141,244	100,000	100,000	215,000
HRA Claims	106,973	64,887	78,430	60,000	65,000	65,000
Health and Dental Claims	2,215,795	1,085,199	1,364,664	1,800,000	1,800,000	1,600,000
Workers Compensation	2,672	-	-	-	-	-
ACA Taxes/Fees	-	-	21,995	-	20,000	17,000
FSA Claims	104,525	88,561	88,609	100,000	100,000	90,000
Total Uses	2,796,983	1,817,646	2,152,226	2,541,500	2,571,900	2,473,900
Budgetary Fund Balance, June 30	\$ 13,326,093	\$ 14,223,927	\$ 14,840,503	\$ 14,379,727	\$ 15,038,103	\$ 15,322,203

Golf Course Fund

Description	2013	2014	2015	2015	Amended	2017
	Actual	Actual	Actual	Budget	2016 Budget	Budget
Budgetary Fund Balance, July 1	\$ 8,816,175	\$ 8,813,287	\$ 8,787,233	\$ 8,787,233	\$ 8,709,998	\$ 8,640,305
Revenues						
Interest	3,231	2,996	2,840	3,000	3,000	3,000
Charges for Services	1,205,788	1,226,209	1,155,379	1,092,000	1,170,250	1,117,700
Capital Contributions	-	-	-	-	-	-
Transfer In	100,000	100,000	100,000	100,000	100,000	100,000
Total Sources Available	10,025,194	10,142,492	10,045,452	9,982,233	9,983,248	9,861,005
Expenditures						
Cost of Sales and Services	868,387	924,525	911,077	880,050	925,900	948,300
Depreciation	323,041	324,215	329,515	325,000	325,000	330,000
Loss on Disposal of Assets	233	-	2,725	-	-	-
Interest Expense	120,246	106,519	92,137	120,900	92,043	49,324
Total Uses	1,311,907	1,355,259	1,335,454	1,325,950	1,342,943	1,327,624
Budgetary Fund Balance, June 30	\$ 8,713,287	\$ 8,787,233	\$ 8,709,998	\$ 8,656,283	\$ 8,640,305	\$ 8,533,381

Water and Sewer Fund

Description	2013	2014	2015	2015	Amended	2016
	Actual	Actual	Actual	Budget	2016	2016
					Budget	Budget
Budgetary Fund Balance, July 1	\$ 25,369,919	\$ 26,179,320	\$ 26,971,683	\$ 26,971,683	\$ 25,735,761	\$ 26,063,562
Prior Period Adjustment- GASB 68	-	-	(1,958,635)	-	-	-
Revenues						
Water Charges	5,800,744	5,980,608	5,990,642	5,750,000	5,800,000	5,800,000
Sewer Charges	2,235,289	2,223,999	2,225,265	2,250,000	2,200,000	2,200,000
Penalties	124,916	118,989	117,610	95,000	95,000	95,000
Tap in Fees	67,530	41,517	64,769	65,000	45,000	50,000
Meter Installations	36,460	24,982	44,825	30,000	25,000	25,000
Other Service Charges	43,460	51,620	37,199	56,500	52,500	52,500
Miscellaneous	53,116	24,550	67,851	10,000	10,000	10,000
Interest	19,313	20,115	21,424	20,000	18,000	36,000
Capital Contributions	-	-	-	-	-	350,000
Total Sources Available	33,750,747	34,665,700	33,582,633	35,248,183	33,981,261	34,682,062
Expenditures						
Cost of Sales and Services	6,149,790	6,238,999	6,304,866	6,687,625	6,486,800	6,584,500
Depreciation	1,343,222	1,350,147	1,424,704	1,345,000	1,345,000	1,440,000
Loss on Disposal	-	12,241	3,988	-	-	-
Interest Expense	78,415	92,630	113,314	120,899	85,899	75,899
Transfer Out	-	-	-	-	-	-
Total Uses	7,571,427	7,694,017	7,846,872	8,153,524	7,917,699	8,100,399
Budgetary Fund Balance, June 30	\$ 26,179,320	\$ 26,971,683	\$ 25,735,761	\$ 27,094,659	\$ 26,063,562	\$ 26,581,663

**Approved Budget and Estimated Fund Balances
GOVERNMENTAL FUNDS**

	General Fund		Non-Major Governmental Funds		Total Governmental Funds	
	FY 2016 Amended	FY 2017 Approved	FY 2016 Amended	FY 2017 Approved	FY 2016 Amended	FY 2017 Approved
REVENUES						
Taxes	\$ 7,630,000	\$ 7,780,000	\$ -	\$ -	\$ 7,630,000	\$ 7,780,000
Licenses and permits	19,696,000	20,416,000	2,300,000	2,300,000	21,996,000	22,716,000
Intergovernmental	993,350	751,000	4,196,137	605,000	5,189,487	1,356,000
Fines and forfeitures	196,000	195,000	-	-	196,000	195,000
Charges for services	3,476,000	3,610,000	776,300	772,050	4,252,300	4,382,050
Uses of property			25,000	25,000	25,000	25,000
Interest	400,000	475,000	22,800	29,400	422,800	504,400
Miscellaneous	66,000	79,000	-	640,000	66,000	719,000
Total revenues	32,457,350	33,306,000	7,320,237	4,371,450	39,777,587	37,677,450
EXPENDITURES						
Current:						
Administration	2,245,880	2,391,550	-	-	2,245,880	2,391,550
Police	7,106,600	7,645,600	126,100	90,200	7,232,700	7,735,800
Fire	6,857,800	6,911,300	-	-	6,857,800	6,911,300
Public services	4,443,550	4,661,500	1,528,650	1,130,600	5,972,200	5,792,100
Other Agencies	412,000	420,000	-	-	412,000	420,000
Capital Outlay	3,088,066	3,097,828	6,990,137	1,940,000	10,078,203	5,037,828
Debt service:						
Principal	945,000	955,000	-	-	945,000	955,000
Interest	603,000	590,450	-	-	-	590,450
Total expenditures	25,701,896	26,673,228	8,644,887	3,160,800	33,743,783	29,834,028
Excess(deficiency) of revenues over(under) expenditures	6,755,454	6,632,772	(1,324,650)	1,210,650	6,033,804	7,843,422
OTHER FINANCING SOURCES(USES)						
Transfers in	-	-	325,000	325,000	325,000	325,000
Transfers out	(425,000)	(425,000)	-	-	(425,000)	(425,000)
Total other financing sources and uses	(425,000)	(425,000)	325,000	325,000	(100,000)	(100,000)
Net change in fund balances	6,330,454	6,207,772	(999,650)	1,535,650	5,330,804	7,743,422
Fund balances - beginning	56,612,694	62,943,148	7,578,850	8,579,565	64,191,544	71,522,713
Fund balances - ending	\$ 62,943,148	\$ 69,150,920	\$ 6,579,200	\$ 10,115,215	\$ 69,522,348	\$ 79,266,135

**Approved Budget and Estimated Fund Balances
PROPRIETARY FUNDS**

	Water and Sewer		Golf Course		Totals	
	FY 2016 Amended	FY 2017 Approved	FY 2016 Amended	FY 2017 Approved	FY 2016 Amended	FY 2017 Approved
OPERATING REVENUES						
Charges for sales and services:						
Water fees	\$ 5,800,000	\$ 5,800,000	\$ -	\$ -	\$ 5,800,000	\$ 5,800,000
Sewer charges	2,200,000	2,200,000	-	-	2,200,000	2,200,000
Penalties	95,000	95,000	-	-	95,000	95,000
Tap in fees	45,000	50,000	-	-	45,000	50,000
Meter installations	25,000	25,000	-	-	25,000	25,000
Other service charges	52,500	52,500	-	-	52,500	52,500
Golf course revenues	-	-	1,170,250	1,117,700	1,170,250	1,117,700
Other services	-	-	-	-	-	-
Miscellaneous	10,000	10,000	-	-	10,000	10,000
Total operating revenues	8,227,500	8,232,500	1,170,250	1,117,700	9,397,750	9,350,200
OPERATING EXPENSES						
Cost of sales and services	6,486,800	6,584,500	925,900	948,300	7,412,700	7,532,800
Depreciation	1,345,000	1,440,000	325,000	330,000	1,670,000	1,770,000
Total operating expenses	7,831,800	8,024,500	1,250,900	1,278,300	9,082,700	9,302,800
NET OPERATING INCOME(LOSS)	395,700	208,000	(80,650)	(160,600)	315,050	47,400
NON-OPERATING REVENUES						
Interest income	18,000	36,000	3,000	3,000	21,000	39,000
Interest expense	(85,899)	(75,899)	(92,043)	(49,324)	(177,942)	(125,223)
Total non-operating income	(67,899)	(39,899)	(89,043)	(46,324)	(156,942)	(86,223)
Capital contributions	-	350,000	-	-	-	350,000
Transfers	-	-	100,000	100,000	100,000	100,000
NET INCOME	327,801	518,101	(69,693)	(106,924)	258,108	411,177
NET POSITION-BEGINNING OF YEAR	27,094,659	27,422,460	8,709,998	8,640,305	35,804,657	36,062,765
NET POSITION-END OF YEAR	\$ 27,422,460	\$ 27,940,561	\$ 8,640,305	\$ 8,533,381	\$ 36,062,765	\$ 36,473,942

Departmental Structure

Administration

The Administration department consists of the Mayor's office, economic development, finance, human resources, information technology and risk management. The mayor's office provides the direction and supervision of all departments and functions of the City. The economic development function is to retain and attract businesses for the retail and business districts. The finance function ensures the collection of all revenues and the payment of all expenditures along with the maintenance of the budget process. Human resources ensure the adherence to the compensation plan and provide leadership and direction with all fringe benefits available to city employees. The information technology consists of recommendations from outsourced consultants to make annual improvements to the information infrastructure, annual capital replacements, licensing and software renewals. The risk management function strives to maintain the safety of the employees, initiates annual renewals of all forms of insurance, manages workers compensation claims and regulates OSHA issues.

Police

The Police department consists of the patrol and administrative divisions. The patrol division includes the SWAT team, manages the highway safety grant, the Honor Guard, the accident investigation team, and the canine unit. The administrative division includes the community resource unit, the volunteers in policing, the office staff, the crime scene investigation unit and the criminal investigation unit.

The SWAT team is comprised of officers that have specialized training for situations such as high risk/arrest warrants, barricaded subjects and hostage rescue. The management of the highway safety grant focuses on traffic safety and occupant safety. The Honor Guard is composed of officers who train basic drill and ceremony, with emphasis on color guard and flag etiquette. The accident investigation team investigates fatal, potentially fatal and serious traffic collisions. The canine unit performs searches of buildings, areas, articles and narcotic searches of both vehicles and buildings.

The community resource unit partners with the community to reduce crime in the City. The volunteers in policing assist the community resource unit as well as helping out with numerous public events. The office staff is the first point of contact for the public and handles all of the daily tasks. The crime scene investigation unit is responsible for evidence collection, preservation and processing crime scenes. The criminal investigation unit consists of detectives that are assigned to personal and property crimes.

Fire

The Fire and EMS department provides fire and rescue services, emergency medical services, code compliance and public fire education. The fire and rescue services are provided for EMS assists, structure fires, vehicles fires as well as vegetation fires. The emergency medical services utilizes Advanced Life Support training and equipment for all incidents. The code

compliance staff performs fire prevention inspections and enforces portions of the City Property Maintenance Code. The public fire education staff provides fire prevention and citizen CPR/first-aid training, the annual smoke detector blitz and safe car seat installation.

Public Services

The Public Services department consists of facilities management, fleet management, streets, grounds maintenance, parks and recreation and storm water. The facilities division maintains and manages the 21 City owned building structures. The fleet division maintains all City owned vehicles. The street division is responsible for 169 lane miles on more than 368 City streets. The grounds maintenance division manages 158 acres of mowed grass and 211,000 square feet of landscape beds. The parks and recreation division maintains and upgrades all City parks, grounds, paths and sidewalks. The storm water division is responsible for the management of the system as well as ensuring compliance with Federal standards.

Water/Sewer Administration

The water/sewer administration department provides for the collection of all utility bills and is the initial contact for utility system issues and questions.

Sewer

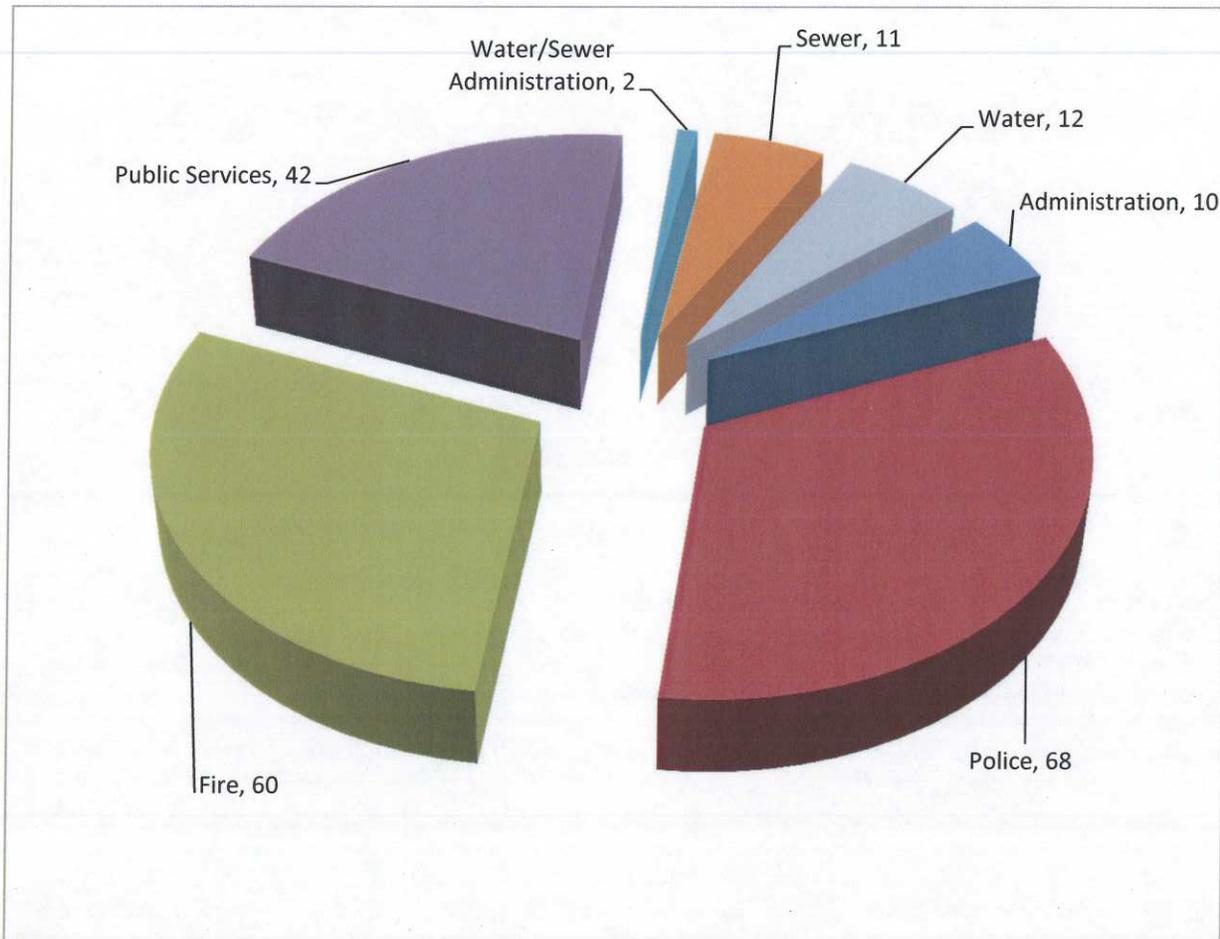
This department is responsible for the maintenance and management of 276 miles of sanitary sewer and storm sewer lines. The department provides project maintenance, preventative maintenance, repairs and regulatory compliance requirements for the system. Duties performed by departmental personnel include system cleaning, CCTV inspections, smoke and dye testing, floe monitoring, pump station maintenance and system repairs. The department is also responsible for the project management of contracted work, oversight of engineering studies, and inspection and acceptance of new construction by developers.

Water

The department maintains 150 miles of water lines and takes a very proactive role in providing potable water of the highest quality. The department uses many techniques in keeping the distribution system at a high level of performance. Included in those techniques are water distribution management studies, routine maintenance, preventative maintenance, rehabilitation, and replacement strategies.

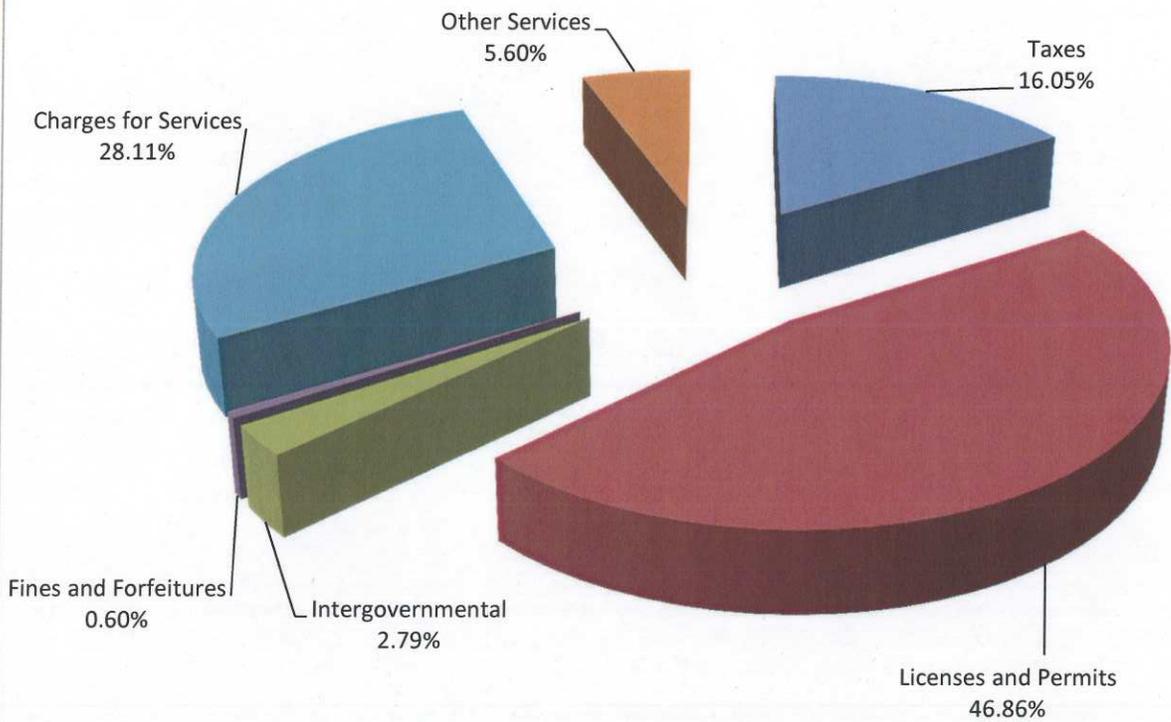
Personnel Summary Full-Time Employees

Personnel	2012	2013	2014	2015	2016	Budgeted 2017
Administration	10	10	10	10	10	10
Police	65	66	65	68	68	68
Fire	52	52	52	57	60	60
Public Services	42	42	42	42	42	42
Water/Sewer Administration	2	2	2	2	2	2
Sewer	11	11	11	11	11	11
Water	12	12	12	12	12	12
Total Full-Time	194	195	194	202	205	205



Where the Money Comes From All Funds

Revenues	2013 Actual	2014 Actual	2015 Actual	2015 Budget	Amended 2016 Budget	2017 Budget
Taxes	\$ 7,707,092	\$ 7,884,360	\$ 7,958,304	\$ 7,630,000	\$ 7,630,000	\$ 7,780,000
Licenses and Permits	21,331,899	21,582,259	22,661,727	21,395,000	21,996,000	22,716,000
Intergovernmental	2,865,626	1,801,828	3,594,901	4,525,574	5,189,487	1,353,500
Fines and Forfeitures	372,306	316,792	370,519	296,000	291,000	290,000
Charges for Services	13,301,825	13,305,063	13,998,526	13,680,300	13,069,550	13,627,000
Other Services	3,347,819	2,684,848	2,718,091	2,677,300	2,733,500	2,713,000
Uses of Property	116,425	98,394	95,545	25,000	25,000	25,000
Interest	685,295	1,004,198	481,409	230,900	939,800	590,900
Miscellaneous	142,201	154,311	179,019	90,500	91,500	729,250
Refunding Bonds Issued	-	-	6,249,494	6,250,000	-	-
Capital Contributions	-	-	-	-	-	350,000
Transfers In	1,425,000	425,000	1,925,000	1,925,000	425,000	425,000
Total Sources Available	\$ 51,295,488	\$ 49,257,053	\$ 60,232,535	\$ 58,725,574	\$ 52,390,837	\$ 50,599,650



REVENUE DISCUSSIONS

General Fund

The General Fund is the chief operating fund of the City which accounts for all the financial transactions not accounted for in another fund. All of the government's activities should be reported in this fund unless there is a specific reason to report the activity in another fund type.

Sources of Revenues

The City of Florence, Kentucky derives revenue from various different sources including property taxes, licenses and permits, grants, charges for services, fines and forfeitures and investment earnings. Due to the varying types of revenue, many different methods must be employed to project revenues. The projection method selected depends on the nature and materiality of the revenue source and the period of time over which the revenue is projected. The specific revenue projection techniques employed are discussed below.

Revenue Projection Techniques

Historical Data – This method predicts future revenue based on historical movements over time and assumes that historical trends will continue in the future.

Facts and Circumstances – This method predicts future revenue on facts and circumstances uniquely affecting the revenue source. This method is often supported by certain documentation in the form of lease and or rental agreements, grant agreements, service contracts, statistical reports, etc. Projections may be adjusted for anticipated changes in the economy, legislation, inflation and demographics.

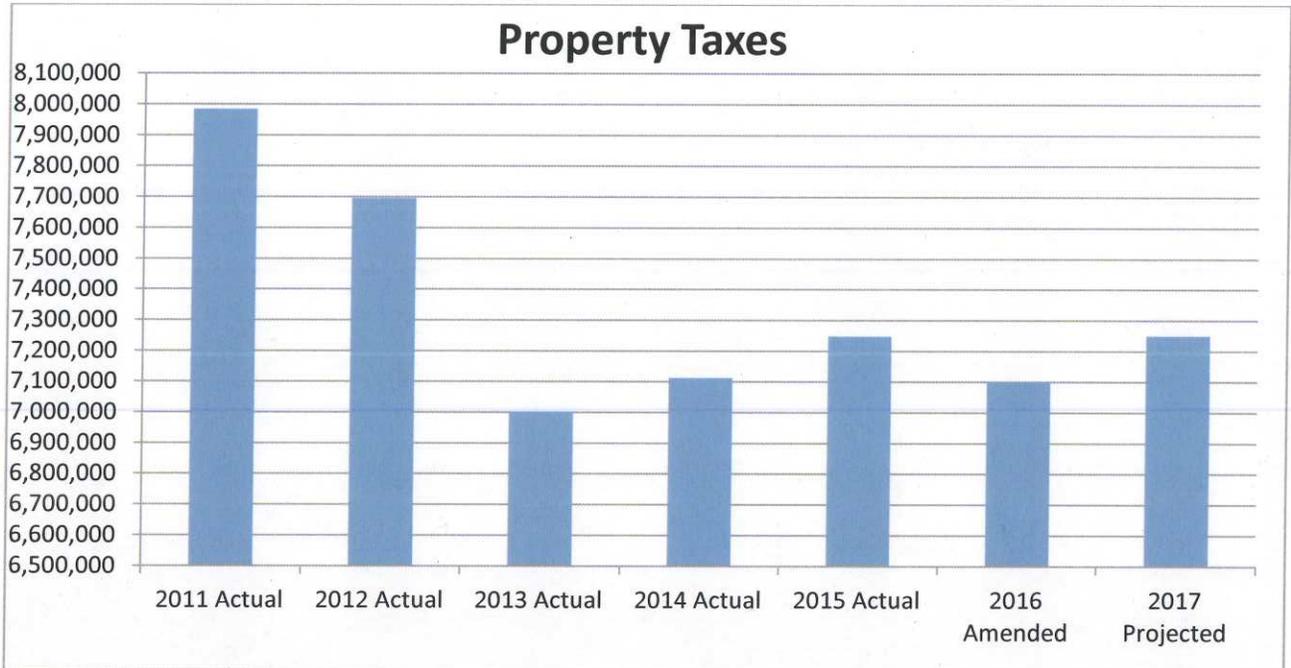
Judgment Estimates – This method relies on a person knowledgeable in the field, often a department manager, who prepares revenue projections based on awareness of past and present conditions including fee changes, development plans, usage activity and economic conditions.

Current Data – This method predicts future revenue based on actual or annualized current year revenues and is often used when historical data and trends are not available or, if used, would result in an inaccurate revenue projection.

Property Taxes

The City follows Chapter 132 of the Kentucky Revised Statutes as it relates to property taxes. The City is subject to a recall petition if it levies a tax rate that will produce revenue greater than 4%, exclusive of revenue from net assessment growth, than would be produced by application of the tax rate that was levied in the preceding year to the preceding year's assessments. Property taxes attach as an enforceable lien on property. Property taxes are levied as of January 1 on property values assessed as of the same date as determined by the County

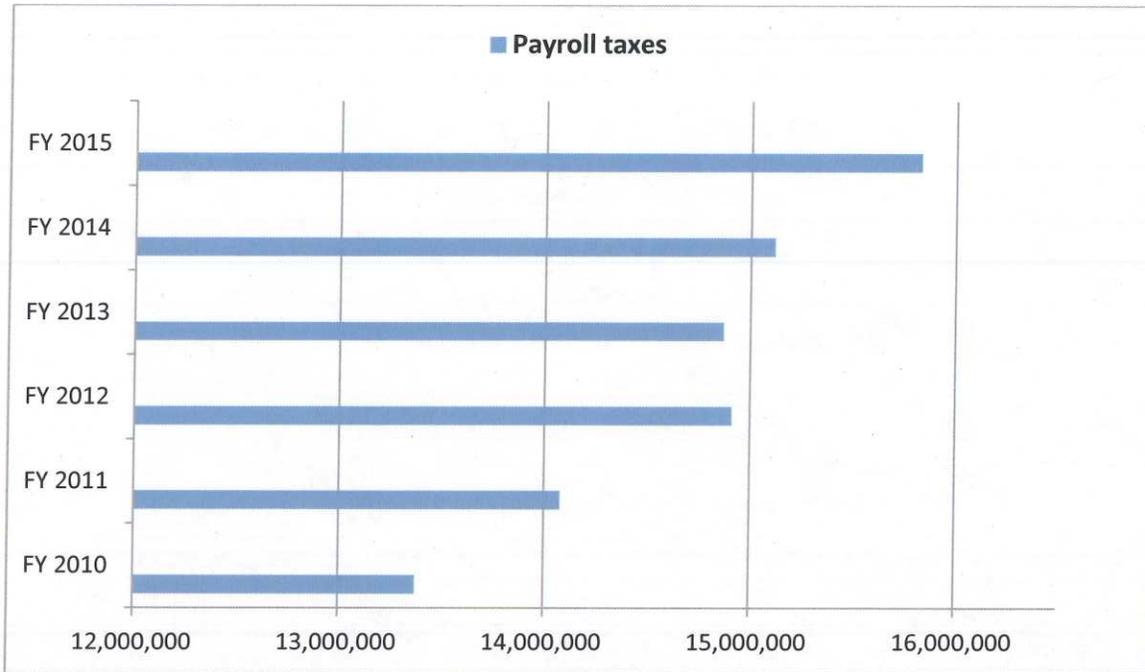
Property Valuation Administration (PVA) these taxes are levied annually by ordinance in September. The taxes are billed on approximately October 1 and are due and payable on December 31. On January 1, the bill becomes delinquent and penalties and interest may be assessed by the City. A lien may be placed on the property on January 1. Total real property tax assessments were \$2,489,369,629 and tangible tax assessments were \$358,457,842. The real tax rate was \$.246 per \$100 assesses and the personal property tax rate was \$.368 per \$100 assessed.



Occupational License Fees

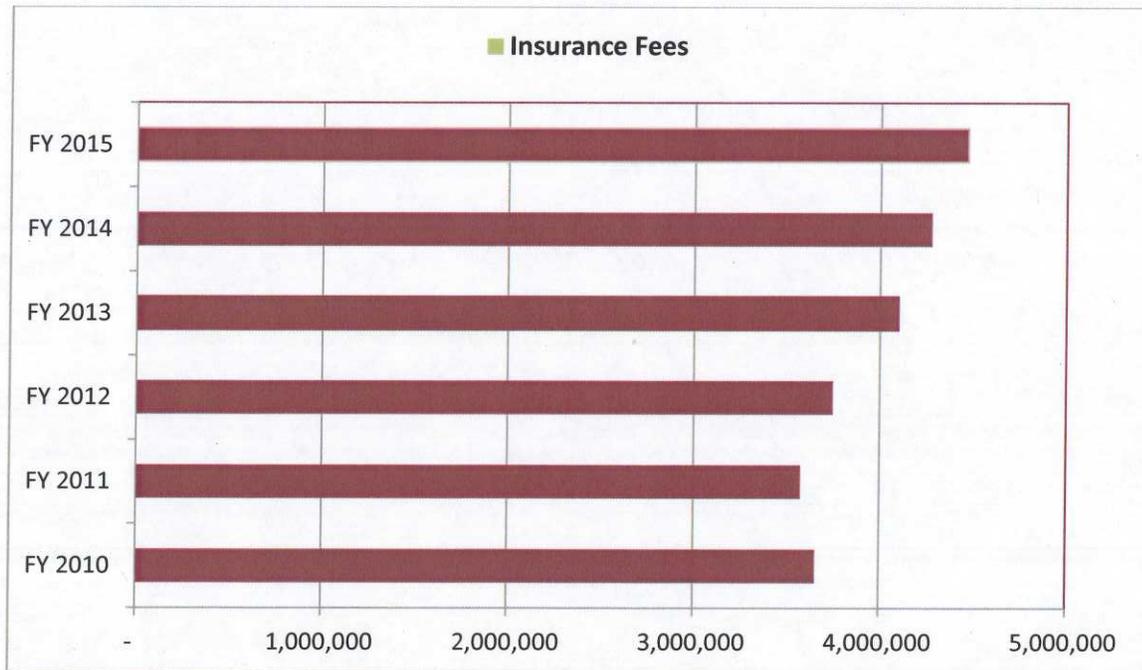
Employees working within the City of Florence are to be taxed at a rate of 2.0% of their gross wages/compensation earned within the City of Florence. An annual cap on the taxable wage or compensation is set at an amount equal to the Federal Social Security maximum. All license fees are due 30 days after the end of each calendar quarter.

Businesses operating within the City of Florence are required to secure an occupational license. This license must be renewed annually by the 15th day of the fourth month after the business year-end. The annual occupational license fee is calculated by applying a rate of .001 or .1% on total gross receipts. The minimum fee is \$40 for business with total gross receipts from \$0-\$40,000. The maximum fee is \$10,000 for businesses with a total income of \$10,000,000 or more.



Insurance License Fees

A license fee is imposed on each insurance company which issues policies to residents or businesses within the corporate limits of the City. The fee on life insurance policies is 8% of the first year's premiums. The fee on all other forms of insurance policies such as automobile, fire, casualty, inland marine is 8% annually. All license fees are due 30 days after the end of each calendar quarter.



Other Taxes and License Fees

The City also collects omitted tangible tax, franchise tax, bank deposit tax and delinquent taxes. In addition, the City has various alcohol beverage fees that must be paid by persons or businesses that store, sell, purchase or transport alcoholic beverages.

Intergovernmental Revenues

Intergovernmental revenues consist of various grants that may be awarded during the fiscal year. Types of grant revenue received have been for road reconstruction, beautification projects, safety equipment, drug enforcement and traffic safety.

Fines and Forfeitures

This classification consists of code enforcement, false alarms, parking tickets and penalty and interest paid during the year.

Charges for Services

The primary sources of revenue are derived from EMS runs and the annual revenue received from the Florence Fire Protection District for providing fire and EMS services to the District. A new contract with the District was negotiated and approved by Council in April 2013. The City also derives revenue from various tenants that it rents to as well as from storm water charges that are assessed.

Interest

Interest income has been dropping due to cuts made by the financial institutions during the past couple of fiscal years. Cash flow has continued to improve.

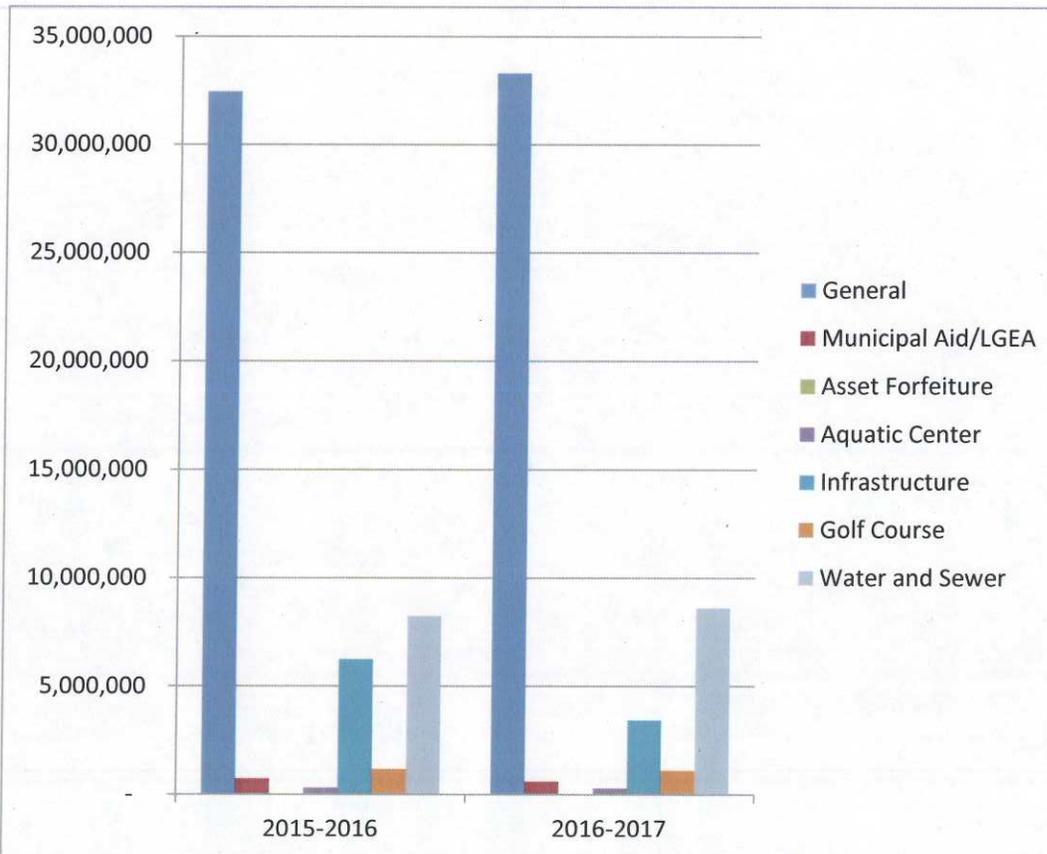
Miscellaneous Revenue

This classification consists of revenue that is not appropriate to be classified in any of the above mentioned categories. Sources of miscellaneous income include insurance claims, reimbursements, donations, auction and recreation fees.

Budget Revenue Comparisons By Fund Fiscal 2015-2016 to Fiscal 2016-2017

Fund	Amended		Change From Prior Year	Percent Change
	Budget 2015-2016	Budget 2016-2017		
General	\$ 32,457,350	\$ 33,306,000	\$ 848,650	2.61%
Municipal Aid/LGEA	742,200	607,500	(134,700)	-18.15%
Asset Forfeiture	25,900	25,900	-	0.00%
Aquatic Center	306,000	303,050	(2,950)	-0.96%
Infrastructure	6,246,137	3,435,000	(2,811,137)	-45.01%
Golf Course	1,173,250	1,120,700	(52,550)	-4.48%
Water and Sewer	8,245,500	8,618,500	373,000	4.52%
Total	\$ 49,196,337	\$ 47,416,650	\$ (1,779,687)	-3.62%

Total does not include transfers or internal service fund.



All Funds - Revenue Summary

001 General

ACCOUNT TITLE	Audit		Amended		Change	Percent Change
	2014-2015	Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	From Prior Year	
Property Taxes (Less Disc.)	\$ 7,248,021	\$ 7,100,000	\$ 7,100,000	\$ 7,250,000	\$ 150,000	2.11%
Franchise Taxes	277,155	280,000	280,000	280,000	-	0.00%
Cable Franchise Taxes	248,014	250,000	250,000	250,000	-	0.00%
Insurance Premium Taxes	4,467,479	4,000,000	4,200,000	4,300,000	100,000	2.38%
Bank Deposits Taxes	185,114	200,000	185,000	200,000	15,000	8.11%
Occupational Licenses	2,250,521	2,100,000	2,200,000	2,300,000	100,000	4.55%
Alcoholic Beverage Licenses	110,867	95,000	110,000	115,000	5,000	4.55%
Payroll Taxes	13,435,831	12,800,000	13,000,000	13,500,000	500,000	3.85%
Inspection Fees	2,333	-	1,000	1,000	-	0.00%
HB 413 Revenue	34,094	42,000	38,000	34,000	(4,000)	-10.53%
Grant Receipts	111,489	546,574	125,350	25,000	(100,350)	-80.06%
Police Incentive	245,912	245,000	250,000	260,000	10,000	4.00%
Fire Incentive	219,414	223,000	223,000	245,000	22,000	9.87%
SAFER grant	473,805	-	342,000	175,000	(167,000)	0.00%
Rent - Nature Park Building	29,900	15,000	20,000	25,000	5,000	25.00%
Gov't Center-O/S Maint	10,363	10,000	10,000	10,000	-	0.00%
Gov't Center-Utilities	27,190	25,000	25,000	25,000	-	0.00%
Rent - Government Center	137,565	137,000	137,000	137,000	-	0.00%
Rent - Telecommunications	29,924	29,000	29,000	32,000	3,000	10.34%
Rent - State Office Building	173,204	173,000	173,000	173,000	-	0.00%
Rent - Land	22,740	23,000	23,000	23,000	-	0.00%
Storm Water Charges	224,087	210,000	210,000	210,000	-	0.00%
Contractual Charges	90,000	90,000	90,000	90,000	-	0.00%
Rental - Baseball Prop.	110,000	110,000	110,000	110,000	-	0.00%
Service to Fire District	1,641,401	1,630,000	1,449,000	1,550,000	101,000	6.97%
Ambulance Svc revenues	1,245,392	1,200,000	1,200,000	1,225,000	25,000	2.08%
Interest on Investments	380,528	175,000	400,000	475,000	75,000	18.75%
False alarm Fees	7,575	9,000	9,000	9,000	-	0.00%
Penalty / Interest	186,308	150,000	150,000	150,000	-	0.00%
Code Enforcement	57,826	25,000	35,000	35,000	-	0.00%
Parking Tickets	1,200	2,000	2,000	1,000	(1,000)	-50.00%
Drug Enforcement Agency	16,301	15,000	15,000	12,000	(3,000)	-20.00%
Miscellaneous Revenue	36,983	25,000	25,000	25,000	-	0.00%
Seniot Ctr Funding	-	13,000	-	13,000	13,000	100.00%
Insurance Claims	47,608	15,000	15,000	15,000	-	0.00%
Police Auction	13,398	15,000	14,000	14,000	-	0.00%
Parks/Recreation	13,900	12,000	12,000	12,000	-	0.00%
Bond Proceeds	6,249,494	6,250,000	-	-	-	0.00%
Total General	\$ 40,062,936	\$ 38,239,574	\$ 32,457,350	\$ 33,306,000	\$ 848,650	2.61%

All Funds - Revenue Summary

ACCOUNT TITLE	Audit 2014-2015	Budget 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Change From Prior Year	Percent Change
201 Municipal Aid/LGEA						
Municipal Aid	\$ 708,849	\$ 710,000	\$ 735,000	\$ 600,000	(135,000)	-18.37%
LGEA Coal Severance	-	4,000	-	-	-	0.00%
LGEA Mineral Severance	4,906	5,000	5,000	5,000	-	0.00%
Interest	3,398	2,200	2,200	2,500	300	13.64%
Total Municipal Aid/LGEA	\$ 717,153	\$ 721,200	\$ 742,200	\$ 607,500	\$ -134,700	-18.15%
204 Asset Forfeiture						
Asset Forfeitures	\$ 98,394	\$ 25,000	\$ 25,000	\$ 25,000	-	0.00%
Interest	11,132	900	900	900	-	0.00%
Total Asset Forfeiture	\$ 109,526	\$ 25,900	\$ 25,900	\$ 25,900	\$ -	0.00%
205 Aquatic Center						
Daily Admission	\$ 219,293	\$ 225,000	\$ 220,000	\$ 220,000	-	0.00%
Memberships	44,746	50,000	45,000	45,000	-	0.00%
Concessions	10,943	15,000	10,000	6,000	(4,000)	-40.00%
Programs	28,157	19,000	25,000	25,000	-	0.00%
Locker Rental	802	800	800	800	-	0.00%
Interest	4,748	4,800	4,700	6,000	1,300	27.66%
Miscellaneous	295	500	500	250	(250)	-50.00%
Total Aquatic Center	\$ 308,984	\$ 315,100	\$ 306,000	\$ 303,050	\$ -2,950	-0.96%
203 Infrastructure Fund						
Payroll Taxes	\$ 2,394,698	\$ 2,200,000	\$ 2,300,000	\$ 2,300,000	-	0.00%
Grants	1,780,130	2,750,000	3,456,137	-	(3,456,137)	100.00%
Storm Water	475,000	475,000	475,000	475,000	-	0.00%
Interest	17,373	5,000	15,000	20,000	5,000	33.33%
Sale of Land	-	-	-	640,000	640,000	100.00%
Total Infrastructure	\$ 4,667,201.00	\$ 5,430,000	\$ 6,246,137	\$ 3,435,000	\$ -2,811,137	-45.01%

All Funds - Revenue Summary

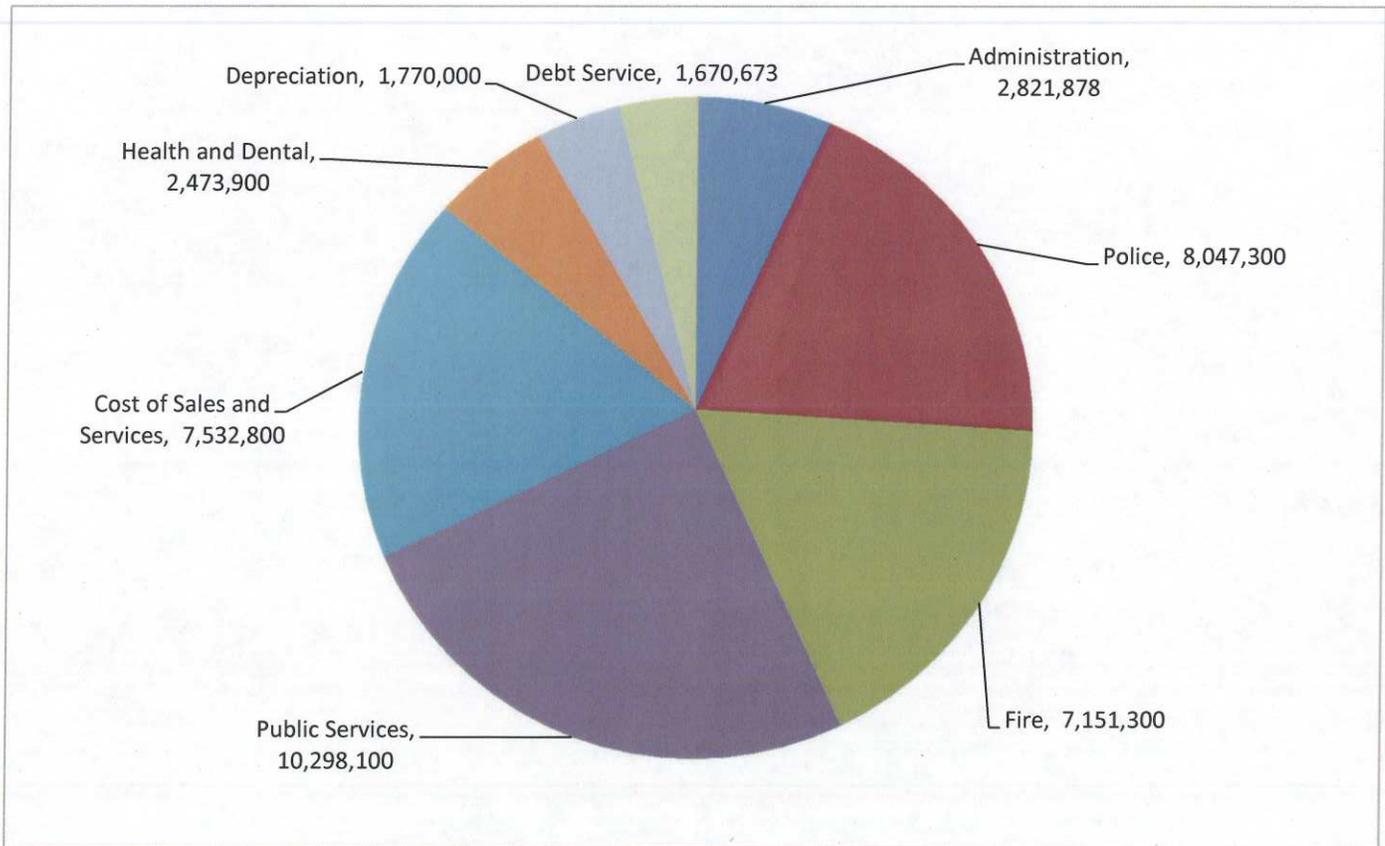
ACCOUNT TITLE	Audit 2014-2015	Budget 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Change From Prior Year	Percent Change
501 Golf Course						
Greens Fees	\$ 214,377	\$ 260,000	\$ 240,000	\$ 225,000	(15,000)	-6.25%
Driving Range	238,046	235,000	240,000	235,000	(5,000)	-2.08%
Golf Carts	101,019	115,000	112,000	105,000	(7,000)	-6.25%
Indoor Range	28,253	15,000	22,000	28,000	6,000	27.27%
Miniature Golf	206,171	200,000	205,000	205,000	-	0.00%
Junior Golf Revenue	51,934	60,000	55,000	30,000	(25,000)	-45.45%
Golf Memberships	5,600	8,000	3,000	3,000	-	0.00%
Golf Simulator	18,391	15,000	16,000	17,000	1,000	6.25%
Club Rental	3,146	2,000	2,500	2,500	-	0.00%
Club Repair	1,778	2,500	2,500	2,000	(500)	-20.00%
Tournaments	1,208	3,500	1,000	1,000	-	0.00%
Group lessons	13,546	25,000	20,000	17,000	(3,000)	-15.00%
Private Lessons	83,675	65,000	95,000	85,000	(10,000)	-10.53%
Coupons	(91,529)	(95,000)	(100,000)	(90,000)	10,000	-10.00%
Merchandise	112,844	70,000	95,000	95,000	-	0.00%
Foot Golf	27,791	-	27,750	22,700	(5,050)	0.00%
Hall Rental	228	1,000	500	500	-	0.00%
Food and beverage	39,194	35,000	40,000	40,000	-	0.00%
Beer	44,930	35,000	45,000	45,000	-	0.00%
Soft drinks	20,709	20,000	23,000	23,000	-	0.00%
Fountain Drinks	12,570	10,000	11,000	11,000	-	0.00%
Liquor and wine	1,635	2,000	2,000	1,500	(500)	-25.00%
Interest	2,840	3,000	3,000	3,000	-	0.00%
Miscellaneous	15,975	5,000	8,000	10,000	2,000	25.00%
Video Games	1,219	500	1,000	1,000	-	0.00%
Tips	2,669	2,500	3,000	2,500	(500)	100.00%
Total Golf Course	\$ 1,158,219	\$ 1,095,000	\$ 1,173,250	\$ 1,120,700	(52,550)	-4.48%

All Funds - Revenue Summary

ACCOUNT TITLE	Audit 2014-2015	Budget 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Change From Prior Year	Percent Change
503 Water and Sewer						
Water Sales	\$ 5,990,642	\$ 5,750,000	\$ 5,800,000	\$ 5,800,000	-	0.00%
Water Taps	23,875	25,000	15,000	20,000	5,000	33.33%
Sewer Receipts	2,225,265	2,250,000	2,200,000	2,200,000	-	0.00%
Sewer Taps	40,894	40,000	30,000	30,000	-	0.00%
Penalties	117,610	95,000	95,000	95,000	-	0.00%
Service Charge	37,199	30,000	30,000	28,000	(2,000)	-6.67%
Meter Installation	44,825	30,000	25,000	25,000	-	0.00%
Inspection Fees	1,325	2,500	1,000	1,000	-	0.00%
Miscellaneous	43,560	10,000	10,000	10,000	-	0.00%
Credit Card Fees	7,680	4,000	6,500	6,500	-	0.00%
Boone Florence Reimburse	15,286	20,000	15,000	17,000	2,000	13.33%
Dividend/Interest Income	21,424	20,000	18,000	36,000	18,000	100.00%
Greenview Pump Station	-	-	-	350,000	350,000	100.00%
Total Water and Sewer	\$ 8,569,585	\$ 8,276,500	\$ 8,245,500	\$ 8,618,500	373,000	4.52%

Where the Money Goes All Funds

Revenues	2013	2014	2015	2015	Amended	2017
	Actual	Actual	Actual	Budget	2016	Budget
Administration	\$ 2,630,140	\$ 2,402,107	\$ 2,501,686	\$ 2,828,425	\$ 2,623,630	\$ 2,821,878
Police	7,506,756	7,469,250	7,635,934	8,016,101	7,533,004	8,047,300
Fire	6,042,289	6,188,391	7,327,239	7,702,250	7,064,800	7,151,300
Public Services	9,843,805	11,770,931	11,103,526	14,234,700	16,676,749	10,298,100
Cost of Sales and Services	7,018,177	7,163,524	7,215,943	7,567,675	7,412,700	7,532,800
Health and Dental	2,796,983	1,817,646	2,152,226	2,541,500	2,571,900	2,473,900
Depreciation	1,666,263	1,674,362	1,754,219	1,670,000	1,670,000	1,770,000
Loss on Disposal	233	-	2,725	-	-	-
Debt Service	1,909,836	1,909,223	1,818,163	1,870,799	1,726,542	1,670,673
Payment to Refunded Bond						
Escrow Agent	-	-	6,170,894	6,176,300	-	-
Cost of Issuance	-	-	73,700	73,700	-	-
Bond Discount	-	-	-	-	-	-
Transfers Out	2,425,000	1,925,000	1,925,000	1,925,000	425,000	425,000
Total Uses	\$ 41,839,482	\$ 42,320,434	\$ 49,681,255	\$ 54,606,450	\$ 47,704,325	\$ 42,190,951



Expenditure Discussion

General Fund – FY 2015-16 operating expenditures for the General Fund increased by \$971,000, or 3.77%. This increase is primarily due to:

- Personnel – The City has authorized a COLA in the amount of 1.0% and has built in step increases as well. The additional salary and related benefits cost will be \$363,000.
- Pension Rates – The City's pension rate for the non-hazardous increased from 17.06% to 18.68%. This will cost an estimated \$125,000.
- Liability Insurance – The City policies will require an additional \$65,000 for the upcoming year.
- Operating/Contractual – Various expenditures in each department are projected to increase for FY 2017.

General Fund – FY 2016-2017 capital expenditures increased by \$8,000 million, or .1%. The increase was primarily due to:

- Administration – There are additional expenditures for server and switch blades and additions to the disaster recovery system.
- Public Services/Police/Fire – There were slight decreases in each one of these capital budgets due to the nature of the capital purchases.
- City-wide Projects – The City has budgeted additional improvements for the Main Street/Turfway Road project, the Nature Park master plan and the Rosetta facility master plan. These projects cost were offset by the completion of the vault and demolition projects for an overall decrease of \$70,000.

Special Revenue Expense Funds – Special Revenue Funds are made up of Municipal Aid/LGEA, Infrastructure, Asset Forfeiture and Aquatic Center Funds. FY 2016-17 expenditures for Special Revenue Expense Funds decreased \$5.48 million, or 63.44%. This decrease is the result of the following:

- Municipal Aid – Decrease of \$385,000 due to moving the annual additional street resurfacing project to the General Fund.
- Infrastructure – Decrease of \$5.05 million due to the finished development of a parcel of property on Mall Road that the City had agreed to provide infrastructure improvements for in conjunction with additional State funding.
- Asset Forfeiture – Decrease of \$36,000 due to the completion of the shooting range project.
- Aquatic Center – Decrease of \$13,000 as a result of leaks in the pool basin being repaired that will allow the decrease in the water usage line item.

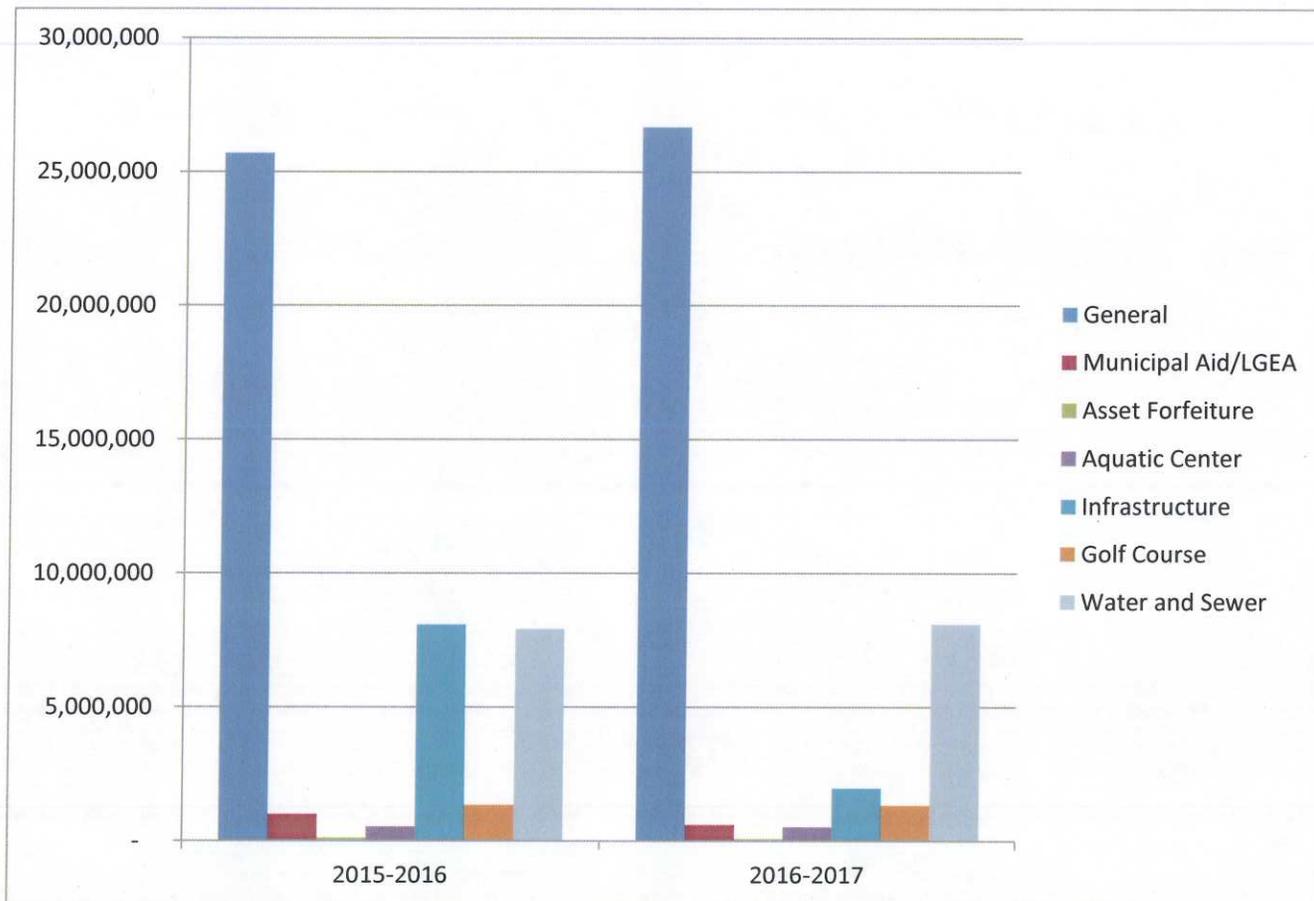
Enterprise Funds – The Enterprise Funds are made up of the Golf Course Fund and the Water and Sewer Fund. The FY 2016-17 expenditures for the Enterprise Funds increased by \$167,000, or 1.4%. This increase is primarily due to:

- Golf Course – Expenditures for this fund remain consistent with those of the previous year due to general operating and contractual obligations. There is a slight increase only for repair and maintenance accounts due to the aging of the facility. This is offset by a decrease in interest and amortization costs since the bonds will be paid off in March 2017.
- Water and Sewer – The water and sewer fund expenses increased by \$99,000. The majority of this increase is due to the 1% COLA for salaries and the increase in the non-hazardous pension rate from the State. The depreciation expense has increased by \$95,000 due to infrastructure projects.

Budget Appropriation Comparisons By Fund Fiscal 2015-2016 to Fiscal 2016-2017

Fund	Amended Budget 2015-2016	Budget 2016-2017	Change From Prior Year	Percent Change
General	\$ 25,701,896	\$ 26,673,228	\$ 971,332	3.78%
Municipal Aid/LGEA	995,200	610,200	(385,000)	-38.69%
Asset Forfeiture	126,100	90,200	(35,900)	-28.47%
Aquatic Center	533,450	520,400	(13,050)	-2.45%
Infrastructure	8,090,137	1,970,000	(6,120,137)	-75.65%
Golf Course	1,342,943	1,327,624	(15,319)	-1.14%
Water and Sewer	7,917,699	8,100,399	182,700	2.31%
Total	\$ 44,707,425	\$ 39,292,051	\$ (5,415,374)	-12.11%

Total does not include transfers or internal service fund.



All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2014-2015	Budget 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Change From Prior Year	Percent Change
001 General Fund						
Administration/Finance						
Mayor/Council Salaries	\$ 123,312	\$ 124,000	\$ 125,000	\$ 125,200	\$ 200	0.16%
Salaries	581,134	550,000	545,000	605,000	60,000	11.01%
Education Incentive	1,556	1,600	1,600	1,600	-	0.00%
Temporary Employees	-	14,000	10,000	10,000	-	0.00%
Unscheduled	-	5,000	5,000	5,000	-	0.00%
F.I.C.A.	50,816	54,500	53,000	55,000	2,000	3.77%
Non-Hazardous Duty	104,730	110,000	100,000	124,000	24,000	24.00%
Deferred Compensation	21,510	25,000	23,000	23,500	500	2.17%
Health Insurance	106,600	110,000	110,000	110,000	-	0.00%
Dental Insurance	6,104	6,500	6,500	6,500	-	0.00%
Group Life	858	1,000	1,000	1,000	-	0.00%
Long Term Disability	1,144	1,950	1,500	1,500	-	0.00%
Workers Compensation	1,245	5,000	1,500	1,500	-	0.00%
Unemployment Insurance	-	10,000	10,000	10,000	-	0.00%
Volunteer/Employee Apprec	1,479	3,000	3,000	3,000	-	0.00%
Special Attorney's Fees	128,355	188,500	184,000	184,000	-	0.00%
Accounting/Auditing Fees	5,500	10,000	35,780	38,000	2,220	6.20%
Bank Service Charges	23,454	32,000	35,000	35,000	-	0.00%
Prop Valuation Admin Fees	50,000	50,000	50,000	50,000	-	0.00%
Computer Svcs - Prof Supp	195,364	195,500	224,500	225,700	1,200	0.53%
Posatge Machine Lease	-	-	4,500	4,500	-	0.00%
Code Enforcement Services	2,350	3,000	3,000	3,000	-	0.00%
Special Projects Codification	1,834	5,000	5,000	5,000	-	0.00%
Special Projects Consulting	186,827	220,000	195,000	195,000	-	0.00%
Special Studies Contracts	1,005	30,000	30,000	20,000	(10,000)	-33.33%
Hiring Expenditures	114	1,000	1,000	1,000	-	0.00%
Legal Advertising	5,402	15,000	12,000	12,000	-	0.00%
Community Relations	21,656	30,000	30,000	30,000	-	0.00%
Office Supplies	9,366	10,000	10,000	10,000	-	0.00%
Mailing House	1,288	1,500	1,500	1,500	-	0.00%
Motor Fuels	478	2,000	2,000	2,000	-	0.00%
Local Telephone Service	13,740	16,500	16,500	16,500	-	0.00%
Liability Insurance	296,642	290,000	287,000	363,550	76,550	26.67%
Training & Travel	13,839	25,000	25,000	15,000	(10,000)	-40.00%
Equipment Repairs & Maint	10,035	13,500	13,500	13,500	-	0.00%
Vehicle Maintenance	596	1,000	1,000	2,000	1,000	100.00%
Prof. Memberships & Publ.	30,592	25,000	29,000	29,000	-	0.00%
Postage	20,499	30,000	29,000	26,000	(3,000)	-10.34%
Miscellaneous	12,157	15,000	15,000	15,000	-	0.00%
Cable TV / Recreation	-	7,000	7,000	7,000	-	0.00%
Ins Loss - Reimb of Deductible	10,347	4,500	4,500	4,500	-	0.00%
Total Administration/Finance	\$ 2,041,928	\$ 2,242,550	\$ 2,246,880	\$ 2,391,550	\$ 144,670	6.44%

All Funds - Appropriations Summary

ACCOUNT TITLE	Amended		Budget		Change	Percent Change
	Audit 2014-2015	Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	From Prior Year	
Public Services						
Salaries	\$ 1,859,846	\$ 1,940,000	\$ 1,910,000	\$ 2,015,000	\$ 105,000	5.50%
Education Incentive	3,357	4,000	3,500	3,500	-	0.00%
Temporary Employees	44,019	66,000	65,000	68,000	3,000	4.62%
Unscheduled	80,894	76,000	76,000	76,000	-	0.00%
F.I.C.A.	141,421	165,000	158,000	164,000	6,000	3.80%
Non-Hazardous Duty	335,067	380,000	340,000	393,000	53,000	15.59%
Deferred Compensation	81,085	83,000	80,000	80,000	-	0.00%
Health Insurance	440,795	440,000	450,000	450,000	-	0.00%
Dental Insurance	24,575	28,000	26,000	26,000	-	0.00%
Group Life	3,790	4,000	4,000	4,000	-	0.00%
Long Term Disability	4,005	7,550	7,550	7,500	(50)	-0.66%
Workers Compensation	39,677	50,000	45,000	53,000	8,000	17.78%
Unemployment Insurance	-	10,000	10,000	10,000	-	0.00%
Employee Health Programs	6,336	6,000	6,000	6,000	-	0.00%
Special Engineering Fees	20,254	25,000	25,000	25,000	-	0.00%
Debris & Weed Cutting	14,583	20,000	18,000	15,000	(3,000)	-16.67%
Contracted Services	2,721	12,000	10,000	8,000	(2,000)	-20.00%
Hiring Expenses	1,498	2,000	1,000	1,000	-	0.00%
Community Relations	48,544	55,000	52,000	57,000	5,000	9.62%
Community Services Program	5,342	7,000	7,000	7,000	-	0.00%
Janitorial Supplies	19,341	20,000	20,000	20,000	-	0.00%
Office Supplies	4,710	6,000	6,000	6,000	-	0.00%
Maintenance Supplies	27,068	38,000	35,000	30,000	(5,000)	-14.29%
Motor Fuels	85,374	130,000	130,000	120,000	(10,000)	-7.69%
Street Signs	20,115	21,000	21,000	21,000	-	0.00%
Program Supplies/Printing	3,026	4,000	4,000	4,000	-	0.00%
Small Tools	8,635	8,000	8,000	8,000	-	0.00%
Uniforms and Mats	16,135	15,000	15,000	17,000	2,000	13.33%
Utility Service - Street Lights	261,495	255,000	255,000	260,000	5,000	1.96%
Utility Service	221,529	210,000	210,000	220,000	10,000	4.76%
Local Telephone Service	20,131	23,000	23,000	23,000	-	0.00%
Rental of Equipment & Vehicles	2,221	5,000	4,000	4,000	-	0.00%
Custodial	15,211	15,000	15,000	15,000	-	0.00%
Training and Travel	6,390	15,000	15,000	15,000	-	0.00%
Equipment Rep & Maint	62,245	61,000	59,000	65,000	6,000	10.17%
Vehicle Maintenance	55,905	50,000	50,000	50,000	-	0.00%
Building Maintenance	96,183	90,000	105,000	120,000	15,000	14.29%
Grounds Maintenance	91,637	90,000	95,000	120,000	25,000	26.32%
Storm Sewer Maintenance	26,331	65,000	60,000	55,000	(5,000)	-8.33%
Memberships & Publications	2,169	3,000	3,000	3,000	-	0.00%
Miscellaneous	5,972	10,000	10,000	10,000	-	0.00%
Insurance Loss - Reimb. of Ded	802	5,000	5,000	5,000	-	0.00%
Cemetery Expenditures	1,250	1,500	1,500	1,500	-	0.00%
Total Public Services	\$ 4,211,684	\$ 4,521,050	\$ 4,443,550	\$ 4,661,500	\$ 217,950	4.90%

All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2014-2015	Amended Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	Change From Prior Year	Percent Change
Police						
Salaries	\$ 3,869,718	\$ 3,800,000	\$ 3,550,000	\$ 3,910,000	\$ 360,000	10.14%
Shift Differential	11,741	13,000	13,000	13,000	-	0.00%
Education Incentive	11,948	13,000	13,000	12,000	(1,000)	-7.69%
Training Incentive	182,183	209,000	205,000	260,000	55,000	26.83%
Unscheduled	152,896	225,500	228,000	220,500	(7,500)	-3.29%
F.I.C.A.	293,300	303,500	275,000	330,000	55,000	20.00%
Non-Hazardous Duty	27,707	31,000	27,500	35,000	7,500	27.27%
Hazardous Duty	1,317,847	1,435,000	1,260,000	1,350,000	90,000	7.14%
Deferred Compensation	2,422	6,500	4,000	3,000	(1,000)	-25.00%
Health Insurance	807,461	835,000	835,000	835,000	-	0.00%
Dental Insurance	43,344	53,000	48,000	48,000	-	0.00%
Group Life	6,687	5,100	7,500	7,500	-	0.00%
Long Term Disability	7,936	11,500	11,500	12,500	1,000	8.70%
Workers Compensation	83,274	90,000	100,000	80,000	(20,000)	-20.00%
Unemployment Insurance	-	10,000	10,000	10,000	-	0.00%
Employee Health Programs	2,656	2,000	2,000	2,000	-	0.00%
Contracted Services	10,522	10,000	15,000	20,000	5,000	33.33%
Hiring Expenditures	4,254	4,000	4,000	4,000	-	0.00%
Community Relations	10,644	16,000	16,000	16,000	-	0.00%
Office Supplies	4,362	6,000	6,000	6,000	-	0.00%
Crime Prevention	2,476	5,000	5,000	5,000	-	0.00%
Motor Fuels	154,311	219,600	218,100	213,100	(5,000)	-2.29%
License Plates	342	500	500	500	-	0.00%
Technical Supplies	21,080	39,000	39,000	39,000	-	0.00%
Uniforms	36,723	39,000	40,000	40,000	-	0.00%
Clothing Allowance	5,464	6,500	6,500	6,500	-	0.00%
Local Telephone Service	25,025	28,000	28,000	28,000	-	0.00%
Training & Travel	39,463	47,000	47,000	47,000	-	0.00%
Equipment Repairs & Maint	13,411	18,500	18,500	18,500	-	0.00%
Vehicle Maintenance	57,643	45,000	45,000	45,000	-	0.00%
Prof. Memberships & Publ.	2,033	4,000	4,000	4,000	-	0.00%
Miscellaneous	2,418	11,000	10,000	10,000	-	0.00%
Range Operations	149	3,000	3,000	3,000	-	0.00%
Ins Loss - Reimb of Dedct	150	2,000	2,000	2,000	-	0.00%
Printing & Publishing	851	2,000	2,000	2,000	-	0.00%
Canine Expenditures	2,962	4,000	4,000	4,000	-	0.00%
Revolving Vice/Informant Fund	-	500	500	500	-	0.00%
Immediate Care Fund	-	500	500	500	-	0.00%
Prisoner Medical Charges	-	1,000	1,000	1,000	-	0.00%
Vehicle Towing	-	-	1,500	1,500	-	100.00%
Total Police	\$ 7,215,403	\$ 7,555,200	\$ 7,106,600	\$ 7,645,600	\$ 539,000	7.58%

All Funds - Appropriations Summary

ACCOUNT TITLE	Amended		Change			Percent Change
	Audit 2014-2015	Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	From Prior Year	
Fire						
Salaries	\$ 2,286,200	\$ 2,260,000	\$ 2,272,000	\$ 2,495,500	\$ 223,500	9.84%
Education Incentive	19,794	22,000	22,000	22,000	-	0.00%
Training Incentive	160,488	178,000	188,000	245,000	57,000	30.32%
Unscheduled	376,193	350,000	350,000	141,000	(209,000)	-59.71%
Scheduled Overtime	923,338	970,000	945,000	1,069,500	124,500	13.17%
F.I.C.A.	260,011	273,000	255,500	275,000	19,500	7.63%
Non-Hazardous Duty	7,349	8,000	7,300	8,100	800	10.96%
Hazardous Duty	1,237,126	1,360,000	1,288,000	1,220,000	(68,000)	-5.28%
Deferred Compensation	2,329	2,400	2,500	2,700	200	8.00%
Health Insurance	692,794	722,000	740,500	725,000	(15,500)	-2.09%
Dental Insurance	39,294	45,000	45,000	45,000	-	0.00%
Group Life	5,705	6,000	6,500	7,000	500	7.69%
Long Term Disability	5,912	9,250	8,500	9,500	1,000	11.76%
Workers Compensation	59,736	75,000	75,000	75,000	-	0.00%
Unemployment insurance	-	10,000	10,000	10,000	-	0.00%
Employee Health Programs	16,620	16,000	16,000	16,000	-	0.00%
Medical Director	17,000	17,000	17,000	17,000	-	0.00%
Spec. Proj. - Vol. Progr.	14,152	52,000	35,000	15,000	(20,000)	-57.14%
Hiring Expenditures	4,741	3,000	3,000	4,000	1,000	33.33%
Community Relations	2,945	5,000	5,000	5,000	-	0.00%
E.M.S. Billing	43,366	84,000	79,000	50,000	(29,000)	-36.71%
Janitorial Supplies	12,889	10,000	10,000	10,000	-	0.00%
Office Supplies	2,250	5,000	5,000	5,000	-	0.00%
Motor Fuels	56,326	83,000	83,000	70,000	(13,000)	-15.66%
Medical Supplies	79,356	65,000	70,000	60,000	(10,000)	-14.29%
Fire Equipment-Personal	26,169	25,000	25,000	25,000	-	0.00%
Fireground Equipment	11,038	20,000	20,000	20,000	-	0.00%
E.M.S. Equipment	3,564	10,000	10,000	10,000	-	0.00%
Uniforms	19,144	16,000	33,000	23,000	(10,000)	-30.30%
Utility Service	58,364	41,000	41,000	41,000	-	0.00%
Local Telephone Service	31,437	30,000	30,000	30,000	-	0.00%
Training & Travel	24,315	43,000	43,000	43,000	-	0.00%
Equipment Repairs & Maint	30,918	35,000	35,000	35,000	-	0.00%
Building Maintenance	5,831	8,000	8,000	8,000	-	0.00%
Vehicle Maint - Fire Trk.	78,037	63,000	63,000	63,000	-	0.00%
Prof. Memberships & Publ.	1,730	2,000	2,000	2,000	-	0.00%
Postage	469	1,000	1,000	1,000	-	0.00%
Miscellaneous	5,487	6,000	6,000	6,000	-	0.00%
Insurance Loss-Reim of Deduct	302	2,000	2,000	2,000	-	0.00%
Total Fire	\$ 6,622,719	\$ 6,932,650	\$ 6,857,800	\$ 6,911,300	\$ 53,500	0.78%

All Funds - Appropriations Summary

ACCOUNT TITLE	Amended		Change			Percent Change
	Audit 2014-2015	Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	From Prior Year	
Capital Outlay						
Computer Hardware	\$ 45,321	\$ 67,800	\$ 76,000	\$ 59,000	(17,000)	-22.37%
Computer Software	24,435	29,000	19,000	5,000	(14,000)	-73.68%
Server/Switch blades	-	-	-	90,000	90,000	0.00%
Web Site Maintenance	5,945	11,000	11,000	25,478	14,478	131.62%
Environmental/Infrastructure	15,750	16,000	15,750	15,750	-	0.00%
FH bay ringer/light system	-	-	-	7,600	7,600	100.00%
Wireless WOG/Tanners/FB3	-	-	-	15,000	15,000	100.00%
VEEAM Backup	-	-	-	45,000	45,000	100.00%
Project Labor	35,000	35,000	35,000	36,500	1,500	4.29%
Disaster Recovery System	-	-	60,000	-	(60,000)	-100.00%
Cat 6 Cabling	-	-	55,000	-	(55,000)	-100.00%
Off Site Web Site Hosting	-	-	5,000	-	(5,000)	-100.00%
POS Aquatic Center/Golf	-	-	-	31,000	31,000	100.00%
Telephone System	2,520	-	-	-	-	0.00%
EMC Storage Capacity	85,000	85,000	-	-	-	0.00%
Core Switches and Routing	96,280	100,000	-	-	-	0.00%
Wide Format Copier-Printer	25,990	26,000	-	-	-	0.00%
Firewall Upgrade	19,200	20,000	-	-	-	0.00%
NetScaler MPX 5500	20,000	20,000	-	-	-	0.00%
Postage Machine	3,280	23,675	-	-	-	0.00%
Office Chairs	2,240	2,400	-	-	-	0.00%
Disab. Committee Expend.	-	2,000	2,000	2,000	-	0.00%
Municipal Building Alteration	57,866	50,000	77,000	50,000	(27,000)	-35.06%
Mowers	8,073	10,000	10,000	10,000	-	0.00%
Major Equipment PS	34,766	44,000	44,000	44,000	-	0.00%
Office Furniture	1,832	2,000	10,000	5,000	(5,000)	-50.00%
Special Projects - Parks	144,269	150,000	125,412	155,000	29,588	23.59%
Replacement Equip - Parks	24,743	21,000	21,000	22,000	1,000	4.76%
Street Striping	99,715	100,000	95,000	100,000	5,000	5.26%
Mudjack machine	59,995	65,000	-	-	-	0.00%
One-Ton Box Truck	39,122	40,000	-	-	-	0.00%
One-Ton Dump	-	-	70,000	-	(70,000)	-100.00%
Two-Ton Dump	-	-	-	150,000	150,000	100.00%
Truck - 4x4 Pickup	31,752	25,000	40,000	50,000	10,000	25.00%
Leaf Vac	-	-	25,000	-	(25,000)	-100.00%
Air Compressor	-	-	18,000	-	(18,000)	-100.00%
Ventrac Tractor	-	-	38,000	-	(38,000)	-100.00%
Staff car	-	-	-	25,000	25,000	100.00%
Project Sign Upgrade	27,237	27,000	18,000	18,000	-	0.00%
Project-Gov't Center Irrigation	-	-	-	20,000	20,000	100.00%
Project-Tanners Fuel Tanks	-	-	-	10,000	10,000	100.00%
Project-Mall Road Traffic Study	-	-	-	45,000	45,000	100.00%

All Funds - Appropriations Summary

ACCOUNT TITLE	Amended		Change			Percent Change
	Audit 2014-2015	Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	From Prior Year	
Capital Outlay-Continued						
Project-Annual Street Project	\$ 400,000	\$ 400,000	\$ -	\$ 400,000	\$ 400,000	100.00%
Tandem Dump Truck	158,127	160,000	-	-	-	0.00%
Street Saw	19,285	20,000	-	-	-	0.00%
Tanners Master Plan	6,000	40,000	784,000	300,000	(484,000)	-61.73%
Rosetta Master Plan	-	-	10,000	-	(10,000)	100.00%
Urban Forest Commission	69,018	70,000	105,000	70,000	(35,000)	-33.33%
Major Equipment PD	14,489	15,000	14,000	8,000	(6,000)	-42.86%
Cruiser Equipment	52,795	52,992	56,304	49,000	(7,304)	-12.97%
Police Cruisers	173,054	175,000	225,000	237,000	12,000	5.33%
Radios	441	2,000	2,000	1,500	(500)	-25.00%
Firearms	1,290	3,000	3,000	16,000	13,000	433.33%
JAG	12,812	11,574	-	-	-	0.00%
Major Equipment FD	19,684	22,000	76,000	22,000	(54,000)	-71.05%
Ambulance	171,060	180,000	-	185,000	185,000	100.00%
Office/Station Furniture	13,253	17,600	3,000	5,000	2,000	66.67%
Engine	500,523	550,000	50,000	-	(50,000)	0.00%
Command Vehicle	-	-	50,000	-	(50,000)	-100.00%
Staff Car	-	-	28,000	28,000	-	0.00%
State Office Building-2008	157,895	158,000	160,000	161,700	1,700	1.06%
Aquatic Ctr/Skate Park-2010	434,169	434,500	430,000	429,500	(500)	-0.12%
Baseball Park-2011/2012	380,506	385,000	380,200	375,500	(4,700)	-1.24%
Government Center 2005	640,142	651,500	578,400	578,750	350	0.06%
Bond Refunding	6,170,894	6,176,300	-	-	-	0.00%
Cost of Issuance	73,700	73,700	-	-	-	0.00%
City Enhancement	84,418	100,000	150,000	150,000	-	0.00%
Mall Road	5,626	-	-	-	-	0.00%
Fire Substation design	27,564	50,000	-	-	-	0.00%
Mall Road Public Services Plaza	-	-	250,000	200,000	(50,000)	100.00%
Stadium Improvements	173,358	194,500	75,000	125,000	50,000	66.67%
Shelving/Archives for Vault	-	-	50,000	-	(50,000)	100.00%
CMAQ US 42 Turn Lane	-	425,000	-	-	-	0.00%
Wayfinding Signs	5,120	122,000	-	-	-	0.00%
Main Street/Turfway	209,437	176,000	35,000	115,000	80,000	100.00%
Demolition Project	-	-	250,000	-	(250,000)	-100.00%
Rosetta Master Plan	-	-	-	130,000	130,000	100.00%
Nature Park Master Plan	-	-	-	20,000	20,000	100.00%
Total Capital Outlay	\$ 10,884,991	\$ 11,637,541	\$ 4,635,066	\$ 4,643,278	\$ 8,212	0.18%
Other Agencies						
Senior Center	\$ 78,798	\$ 150,000	\$ 100,000	\$ 100,000	\$ -	0.00%
Planning Commission	304,000	305,000	312,000	320,000	8,000	2.56%
Total Other Agencies	\$ 382,798	\$ 455,000	\$ 412,000	\$ 420,000	\$ 8,000	1.94%
Total General Fund	\$ 31,359,523	\$ 33,343,991	\$ 25,701,896	\$ 26,673,228	\$ 971,332	3.78%

All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2014-2015	Amended Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	Change From Prior Year	Percent Change
201 Municipal Aid/LGEA						
Bank Service Charges	\$ 173	\$ 200	\$ 200	\$ 200	-	0.00%
Street Materials	232,448	220,000	220,000	230,000	10,000	4.55%
Resurfacing Projects	137,814	230,000	635,000	240,000	(395,000)	-62.20%
Snow Removal	216,179	140,000	140,000	140,000	-	0.00%
Total Municipal Aid/LGEA	\$ 586,614	\$ 590,200	\$ 995,200	\$ 610,200	\$ -385,000	-38.69%

204 Asset Forfeiture

Bank Service Charges	\$ 182	\$ 185	\$ 200	\$ 200	-	0.00%
Miscellaneous	165,468	186,150	103,900	90,000	(13,900)	-13.38%
Shooting Range	-	15,000	22,000	-	(22,000)	-100.00%
Total Asset Forfeiture	\$ 165,650	\$ 201,335	\$ 126,100	\$ 90,200	\$ -35,900	-28.47%

205 Aquatic Center

Bank Service Charges	\$ 5,063	\$ 6,500	\$ 6,500	\$ 6,500	-	0.00%
Management Contract	359,000	380,000	315,000	315,000	-	0.00%
Supplies	1,961	1,000	1,000	2,000	1,000	100.00%
Utilities-Electric	62,355	58,000	60,000	63,000	3,000	5.00%
Utilities-Water	17,538	90,000	50,000	30,000	(20,000)	-40.00%
Utilities-Sewer	12,248	20,000	10,000	8,000	(2,000)	-20.00%
Repairs and Maintenance	42,347	45,000	50,000	50,000	-	0.00%
Telephone	707	700	700	700	-	0.00%
Miscellaneous	4,547	3,500	5,000	5,000	-	0.00%
Annual Replacement Costs	35	250	250	200	(50)	-20.00%
Refunds/Shortages	35,974	35,000	35,000	40,000	5,000	14.29%
Total Aquatic Center	\$ 541,775	\$ 639,950	\$ 533,450	\$ 520,400	\$ -13,050	-2.45%

203 Infrastructure Fund

Highway Street Repairs	\$ 1,045,638	\$ 1,050,000	\$ 1,100,000	\$ 1,150,000	50,000	4.55%
Sidewalk Construction	77,149	110,000	110,000	115,000	5,000	4.55%
Storm Sewer Improvements	443,630	475,000	475,000	475,000	-	0.00%
Bosch Infrastructure Improvement	-	-	-	30,000	30,000	100.00%
Mall Road Infrastructure	2,128,800	3,500,000	3,285,000	-	(3,285,000)	-100.00%
Mall Road Phase III	76,909	750,000	3,120,137	200,000	(2,920,137)	-93.59%
Total Infrastructure	\$ 3,772,126	\$ 5,885,000	\$ 8,090,137	\$ 1,970,000	\$ -6,120,137	-75.65%

All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2014-2015	Amended Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	Change From Prior Year	Percent Change
501 Golf Course						
Clubhouse wages	\$ 110,355	\$ 80,000	\$ 95,000	\$ 107,000	\$ 12,000	12.63%
Food and beverage Wages	17,025	40,000	20,000	25,000	5,000	25.00%
Course Maintenance Wages	83,352	95,000	80,000	100,000	20,000	25.00%
Putt Putt Wages	8,121	10,000	5,000	13,000	8,000	160.00%
Management Wages	21,266	55,000	40,000	40,000	-	0.00%
Junior League Wages	35,772	35,000	30,000	20,000	(10,000)	-33.33%
FICA	22,205	26,000	21,000	22,500	1,500	7.14%
Pension	271	1,000	-	-	-	0.00%
Health Insurance	(203)	3,000	-	3,600	3,600	100.00%
Workers Compensation	7,185	6,000	7,000	9,000	2,000	28.57%
Unemployment Insurance	10,081	10,000	10,000	12,000	2,000	20.00%
Legal Fees	-	1,000	1,000	1,000	-	0.00%
Accounting/Auditing Fees	3,500	3,500	3,500	3,500	-	0.00%
Bank Service Charges	33,998	40,000	40,000	40,000	-	0.00%
Private Lessons	43,444	40,000	50,000	40,000	(10,000)	-20.00%
Group Lessons	20,620	25,000	25,000	20,000	(5,000)	-20.00%
Grounds Contractual	4,605	-	25,000	7,500	(17,500)	100.00%
Management Fee	42,251	45,000	43,000	44,000	1,000	2.33%
Grounds Consultant	18,788	-	-	-	-	0.00%
Advertising	5,580	8,000	8,000	7,000	(1,000)	-12.50%
Cable TV/Music	3,773	4,000	4,000	4,000	-	0.00%
Janitorial Supplies	5,209	5,000	5,000	5,000	-	0.00%
Office Supplies	4,560	4,000	4,600	4,600	-	0.00%
Motor Fuels	9,058	13,000	12,000	10,000	(2,000)	-16.67%
Licenses and Fees	3,400	4,000	4,000	4,000	-	0.00%
Equipment Expense	992	4,000	2,000	2,000	-	0.00%
Fertilizer	12,075	9,000	9,000	9,500	500	5.56%
Uniforms	(790)	1,000	2,000	2,000	-	0.00%
Golf Course Supplies	8,811	6,000	6,000	15,000	9,000	150.00%
Miniature Golf Supplies	3,258	4,000	4,000	4,000	-	0.00%
Pro Shop Supplies	1,011	3,000	3,500	3,000	(500)	-14.29%
Range Supplies	29,789	15,000	25,000	25,000	-	0.00%
Bar Supplies	-	1,000	500	500	-	0.00%
Fungicides/Herbicides	5,293	20,000	13,000	10,000	(3,000)	-23.08%
Golf Simulator Supplies	1,032	3,000	2,500	7,500	5,000	200.00%
Maintenance Shop Supplies	7,623	3,000	2,000	2,000	-	0.00%
Food and Beverage Supplies	8,477	10,000	8,000	7,000	(1,000)	-12.50%
Foot Golf Supplies	1,472	-	2,000	2,000	-	100.00%
Utilities - Electric	53,802	57,000	60,000	57,000	(3,000)	-5.00%
Utilities - Water	8,349	5,000	9,500	8,000	(1,500)	-15.79%
Utilities - Sewer	4,357	3,500	3,500	3,500	-	0.00%
Local Telephone Service	6,501	5,000	7,000	7,000	-	0.00%
Equipment Rental	6,215	4,000	5,000	6,000	1,000	20.00%
Liability Insurance	19,924	18,000	16,000	20,000	4,000	25.00%

All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2014-2015	Amended Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	Change From Prior Year	Percent Change
Golf Course Cont'd						
Training & Travel	\$ 4,797	\$ 3,000	\$ 4,500	\$ 4,500	-	0.00%
Equipment Repairs & Maintenan	13,940	9,000	9,000	10,000	1,000	11.11%
Repairs and Maintenance	-	3,000	15,000	15,000	-	0.00%
Building Maintenance	17,962	12,000	25,000	20,000	(5,000)	-20.00%
Course Maintenance Supplies	10,399	7,000	6,000	6,000	-	0.00%
Course Maintenance Other	1,900	1,500	1,500	1,500	-	0.00%
Irrigation and Drainage	2,505	3,000	4,000	15,000	11,000	275.00%
Cart Repairs	1,960	3,000	2,000	2,000	-	0.00%
Club Repairs	1,832	2,500	3,000	3,000	-	0.00%
Prof. Memberships & Publ.	1,968	1,500	5,000	5,500	500	10.00%
Postage	241	750	500	500	-	0.00%
Miscellaneous	14,042	8,000	8,000	8,000	-	0.00%
Cash Over/Short	(195)	300	300	100	(200)	-66.67%
Food COGS	25,830	25,000	25,000	25,000	-	0.00%
Beer COGS	16,477	17,000	17,500	17,500	-	0.00%
Soft Drink COGS	7,102	6,500	7,000	7,000	-	0.00%
Pro Shop COGS	89,612	45,000	70,000	65,000	(5,000)	-7.14%
Foot Golf COGS	1,574	-	2,000	2,000	-	100.00%
Fountain Drinks COGS	6,063	6,000	6,500	6,500	-	0.00%
Liquor/Wine COGS	661	1,000	500	500	-	0.00%
Loss on Disposal of Equipment	2,725	-	-	-	-	0.00%
Depreciation Expense	329,515	325,000	325,000	330,000	5000	1.54%
Interest Expense	43,094	72,000	43,000	16,625	-26375	-61.34%
Amort of Loss on Defeasance	41,833	41,800	41,833	27,979	-13854	-33.12%
Amort of Bond Issue Costs	6,160	6,000	6,160	4,107	-2053	-33.33%
Amort Bond Discount	1,050	1,100	1,050	613	-437	-41.62%
Total Golf Course	\$ 1,335,454	\$ 1,325,950	\$ 1,342,943	\$ 1,327,624	\$ (15,319)	-1.14%

All Funds - Appropriations Summary

ACCOUNT TITLE	Amended			Change		Percent Change
	Audit 2014-2015	Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	From Prior Year	
503 Water and Sewer						
Administration Department						
Administrative salaries	\$ 261,824	\$ 270,000	\$ 240,000	\$ 235,000	(5,000)	-2.08%
Education Incentive	352	350	350	350	-	0.00%
Temporary Employees	-	1,000	1,000	1,000	-	0.00%
Overtime	60	1,000	800	800	-	0.00%
F.I.C.A.	18,689	18,500	18,500	17,500	(1,000)	-5.41%
Non-Hazardous	18,812	44,000	41,500	46,000	4,500	10.84%
Deferred Comp	10,462	11,000	11,000	10,000	(1,000)	-9.09%
Health	60,905	44,000	59,000	60,000	1,000	1.69%
Insurance-Dental	2,987	2,300	2,500	3,000	500	20.00%
Group Life Insurance	480	500	500	500	-	0.00%
Long Term Disability	426	750	750	750	-	0.00%
Workers Compensation	-	3,000	3,000	3,000	-	0.00%
Unemployment	-	10,000	10,000	10,000	-	0.00%
Employee Health Programs	714	1,000	1,000	1,000	-	0.00%
Legal fees	16,362	30,000	20,000	20,000	-	0.00%
Audit Fees	4,000	4,000	4,000	4,000	-	0.00%
Bank Service Charges	54,418	40,000	45,000	50,000	5,000	11.11%
Administrative Expense	90,500	90,000	90,000	90,000	-	0.00%
Modeling Fees	504	2,000	2,000	2,000	-	0.00%
Planning/Zoning Comm	32,000	32,000	32,000	32,000	-	0.00%
Community relations	-	1,000	1,000	1,000	-	0.00%
Hiring Expense	-	500	500	500	-	0.00%
Advertising	-	1,000	1,000	1,000	-	0.00%
Community Service Program	5,369	4,800	6,000	6,000	-	0.00%
Office Supplies	3,672	5,000	5,500	5,500	-	0.00%
Utilities	2,595	2,500	2,500	2,500	-	0.00%
Telephone Service	10,895	10,000	10,000	10,000	-	0.00%
Rent	6,622	7,000	7,000	7,000	-	0.00%
Maintenance Agreements	17,662	20,000	19,000	19,000	-	0.00%
Insurance and Bonds	42,598	47,000	47,000	45,000	(2,000)	-4.26%
Travel/Training/Seminars	499	3,000	3,000	3,000	-	0.00%
Postage	19,647	25,000	25,000	22,000	(3,000)	-12.00%
Miscellaneous	6,537	1,500	6,000	6,000	-	0.00%
Total Administration	\$ 689,591	\$ 733,700	\$ 716,400	\$ 715,400	(1,000)	-0.14%

All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2014-2015	Amended Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	Change From Prior Year	Percent Change
Sanitary Sewer Department						
Sanitary Sewer Salaries	\$ 534,153	\$ 540,000	\$ 525,000	\$ 570,000	45,000	8.57%
Education Incentive	511	500	500	500	-	0.00%
Temporary Employees	18,363	9,000	9,000	10,000	1,000	11.11%
Overtime	24,072	35,000	33,000	30,000	(3,000)	-9.09%
F.I.C.A.	40,998	45,500	44,000	45,000	1,000	2.27%
Non-Hazardous	42,395	110,000	96,000	114,000	18,000	18.75%
Deferred Comp	28,322	26,000	26,000	30,000	4,000	15.38%
Health	135,602	142,000	136,000	138,000	2,000	1.47%
Dental	8,084	10,000	8,500	9,500	1,000	11.76%
Group Life Insurance	1,157	2,000	1,200	1,200	-	0.00%
Long Term Disability	1,167	1,000	2,000	2,000	-	0.00%
Workers' Compensation	6,584	10,000	8,000	9,000	1,000	12.50%
Unemployment	-	10,000	10,000	10,000	-	0.00%
Employee Health programs	714	2,000	1,000	1,000	-	0.00%
Uniforms	9,083	9,000	9,000	9,000	-	0.00%
Sub Contract Maintenance	64,622	90,000	90,000	76,000	(14,000)	-15.56%
Infiltration Program	61,321	68,000	68,000	68,000	-	0.00%
Hiring Expense	-	1,000	1,000	1,000	-	0.00%
Chemical Supplies	29,304	43,000	40,000	51,000	11,000	27.50%
Office Supplies	2,505	3,000	3,000	3,000	-	0.00%
Safety Supplies	4,016	7,000	7,000	7,000	-	0.00%
Motor Fuels	28,714	50,000	50,000	45,000	(5,000)	-10.00%
Small Tools	4,474	5,000	5,000	5,000	-	0.00%
Electric	27,787	50,000	50,000	33,000	(17,000)	-34.00%
Telephone	9,193	8,000	8,000	10,000	2,000	25.00%
Rent	6,622	7,000	7,000	7,000	-	0.00%
Training/Travel/Seminars	3,816	5,500	5,500	5,500	-	0.00%
Equipment Maintenance	44,549	43,000	46,000	46,000	-	0.00%
Building Maintenance	4,677	4,500	4,500	4,500	-	0.00%
Lift Station Maintenance	22,376	25,000	28,000	35,000	7,000	25.00%
Reimb of Deductible	1,748	4,000	4,000	4,000	-	0.00%
Total Sanitary Sewer	\$ 1,166,929	\$ 1,366,000	\$ 1,326,200	\$ 1,380,200	54,000	4.07%

All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2014-2015	Amended Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	Change From Prior Year	Percent Change
Water Department						
Water Salaries	\$ 519,197	\$ 515,000	\$ 510,000	\$ 520,000	\$ 10,000	1.96%
Education Incentive	1,853	2,000	2,000	1,800	(200)	-10.00%
Temporary Employee	1,875	8,000	8,000	10,000	2,000	25.00%
Overtime	33,319	36,000	36,000	33,000	(3,000)	-8.33%
F.I.C.A.	39,754	43,500	43,000	43,000	-	0.00%
Non-Hazardous	41,963	100,000	94,000	105,000	11,000	11.70%
Deferred Comp	26,145	25,000	25,000	27,000	2,000	8.00%
Health	132,151	135,000	134,000	134,000	-	0.00%
Dental	7,314	7,500	7,500	8,000	500	6.67%
Insurance-Group Life	1,166	1,000	1,200	1,400	200	16.67%
Long Term Disability	1,026	1,250	1,500	1,700	200	13.33%
Workers' Compensation	9,429	12,000	11,000	10,000	(1,000)	-9.09%
Unemployment	-	10,000	10,000	10,000	-	0.00%
Employee Health Programs	714	2,000	1,000	1,000	-	0.00%
Uniforms	8,406	8,000	8,000	8,000	-	0.00%
Water Purchases	3,312,237	3,350,000	3,250,000	3,250,000	-	0.00%
Server Hosting Contract Mueller	55,675	55,675	25,000	35,000	10,000	40.00%
Hiring Expenses	-	1,000	1,000	1,000	-	0.00%
Lab Testing	16,473	20,000	20,000	20,000	-	0.00%
Office Supplies	2,508	3,000	3,000	3,000	-	0.00%
Safety Supplies	3,930	5,000	5,000	5,000	-	0.00%
Motor Fuels	41,177	35,000	33,000	33,000	-	0.00%
Small Tools	4,376	5,000	5,000	5,000	-	0.00%
Electric	11,271	22,000	20,000	12,000	(8,000)	-40.00%
Telephone	6,350	10,000	8,000	8,000	-	0.00%
Rent	6,622	7,000	7,000	7,000	-	0.00%
Training	1,300	6,000	6,000	6,000	-	0.00%
Equipment Maintenance	22,311	31,000	28,000	26,000	(2,000)	-7.14%
Building maintenance	2,962	6,000	6,000	4,000	(2,000)	-33.33%
Meter Repair Maintenance	130,920	120,000	130,000	155,000	25,000	19.23%
Reimb of Deductible	5,919	5,000	5,000	5,000	-	0.00%
Total Water	\$ 4,448,343	\$ 4,587,925	\$ 4,444,200	\$ 4,488,900	\$ 44,700	1.01%
Depreciation	1,424,704	1,345,000	1,345,000	1,440,000	95,000	7.06%
Loss on Disposal	3,988					
Total Depreciation	\$ 1,428,692	\$ 1,345,000	\$ 1,345,000	\$ 1,440,000	\$ 95,000	7.06%
Interest/Amortization						
Interest Expense	87,419	95,000	60,000	50,000	(10,000)	-16.67%
Bond Issuance Costs	5,468	5,468	5,468	5,468	-	0.00%
Bond Discount	2,111	2,111	2,111	2,111	-	0.00%
Loss on Defeasance	18,317	18,320	18,320	18,320	-	0.00%
Total Interest/Amortization	\$ 113,315	\$ 120,899	\$ 85,899	\$ 75,899	\$ (10,000)	-11.64%
Total Water and Sewer	\$ 7,846,870	\$ 8,153,524	\$ 7,917,699	\$ 8,100,399	\$ 182,700	2.31%

Summary of Outstanding Debt

The City of Florence has issued debt to fund major capital improvement projects. Total bonds outstanding at June 30, 2016 are as follows:

Bonds Payable

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Aquatic center and skate park projects(Series 2010)	2.00-3.875%	\$ 5,530,000
Land-Series 2011 refunding	2.00-3.375%	2,850,000
Land-Series 2012 refunding	2.00-3.80%	2,250,000
General obligation refunding bonds(Series 2015)	1.00-2.50%	5,635,000
Public project refunding bonds(Series 2008B)	3.20-4.00%	1,530,000
		<u>\$ 17,795,000</u>
Proprietary Fund Debt		
Water and Sewer System	1.45-2.50%	1,810,000
Golf Course	4.375%	380,000
		<u>\$ 2,190,000</u>

Future Debt Service Requirements

The following is a schedule of future debt service requirements to maturity at June 30, 2016 for bonds general activities and for business activities.

The City's general long-term debt service requirements to maturity at June 30, 2016, are as follows:

Fiscal Year June 30,	2010 GO Bonds		2011 GO Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 255,000	\$ 174,119	\$ 130,000	\$ 75,456
2018	260,000	168,968	130,000	72,856
2019	265,000	163,388	135,000	70,006
2020	275,000	156,625	135,000	67,506
2021	280,000	148,644	140,000	64,756
2022-2026	1,555,000	607,281	750,000	274,669
2027-2031	1,815,000	340,631	850,000	163,994
2032-2034	<u>825,000</u>	<u>32,259</u>	<u>580,000</u>	<u>29,753</u>
Total Debt Service	\$ <u>5,530,000</u>	\$ <u>1,791,915</u>	\$ <u>2,850,000</u>	\$ <u>818,996</u>

Fiscal Year June 30,	2008B GO Bonds		2015 GO Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 105,000	\$ 56,655	\$ 470,000	\$ 108,750
2018	105,000	53,295	475,000	104,050
2019	110,000	49,935	485,000	96,925
2020	115,000	46,085	490,000	89,650
2021	120,000	42,060	500,000	79,850
2022-2026	665,000	142,075	2,650,000	243,550
2027-2028	<u>310,000</u>	<u>18,800</u>	<u>565,000</u>	<u>14,125</u>
Total Debt Service	\$ <u>1,530,000</u>	\$ <u>408,905</u>	\$ <u>5,635,000</u>	\$ <u>736,900</u>

Fiscal Year June 30,	2012 GO Bonds	
	Principal	Interest
2017	\$ 100,000	\$ 70,045
2018	95,000	68,095
2019	100,000	66,145
2020	105,000	63,833
2021	105,000	60,945
2022-2026	580,000	257,363
2027-2031	685,000	152,902
2032-2034	<u>480,000</u>	<u>27,740</u>
Total Debt Service	\$ <u>2,250,000</u>	\$ <u>767,068</u>

The City's proprietary fund debt service requirements to maturity at June 30, 2016 are as follows:

Fiscal Year June 30,	2012 Water and Sewer System		2008A Golf Course	
	Principal	Interest	Principal	Interest
2017	\$ 215,000	\$ 30,324	\$ 380,000	\$ 16,624
2018	220,000	27,170	-	-
2019	220,000	23,980	-	-
2020	225,000	20,754	-	-
2021	230,000	17,455	-	-
2022-2024	700,000	28,371	-	-
Total Debt Service	\$ 1,810,000	\$ 148,054	\$ 380,000	\$ 16,624

Changes in Long-Term Debt

During the year ended June 30, 2016, the following changes occurred in liabilities reported in the general long-term debt:

	June 30, 2015	Additions	Retirements	June 30, 2016	Amounts Amounts Due Within One Year
Compensated absences	\$ 745,380	\$ 688,273	\$ (903,156)	\$ 530,497	\$ 900,000
Bonds payable:					
Series 2008B	1,630,000	-	(100,000)	1,530,000	105,000
Series 2010	5,780,000	-	(250,000)	5,530,000	255,000
Series 2011	2,980,000	-	(130,000)	2,850,000	130,000
Series 2012	2,350,000	-	(100,000)	2,250,000	100,000
Series 2015	6,100,000	-	(465,000)	5,635,000	470,000
Totals	\$ 19,585,380	\$ 688,273	\$ (1,948,156)	\$ 18,325,497	\$ 1,960,000

Changes in Business-Type Long-Term Liabilities

Long-term liability activity for business-type activities for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Retired	Balance June 30, 2016	Amounts Due Within One Year
Bonds payable-water/sewer	\$ 2,020,000	\$ -	\$ (210,000)	\$ 1,810,000	\$ 215,000
Compensated absences	70,323	81,510	(101,226)	50,607	100,000
Bonds payable-golf course	730,000	-	(350,000)	380,000	380,000
	\$ 2,820,323	\$ 81,510	\$ (661,226)	\$ 2,240,607	\$ 645,000

Compensated absences are liquidated by the general fund. For business-type activities, compensated absences are liquidated by the respective enterprise fund.

The City has no intentions of issuing any further debt in fiscal year 2017.

Legal Debt Margin

The City is subject to a legal debt limitation not to exceed 10% of assessed property value pursuant to section 128 of the Commonwealth of Kentucky Constitution for the year ended June 30, 2016.

Legal Debt Margin Calculation

Taxable assessed value	\$ <u>2,837,088,165</u>
Debt limit(10% for total taxable assessed value)	<u>283,708,817</u>
Debt applicable to limit:	
General obligation bonds	18,175,000
Less: amount set aside for repayment general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>18,175,000</u>
Legal debt margin	<u>\$ <u>265,533,817</u></u>

Debt Service Payments

	<u>Actual 2013-2014</u>	<u>Actual 2014-2015</u>	<u>Amended Budget 2015-2016</u>	<u>Budget 2016-2017</u>
General Fund:				
Debt Service	\$ <u>1,710,074</u>	\$ <u>1,686,412</u>	\$ <u>1,615,914</u>	\$ <u>1,613,281</u>
	<u>Actual 2013-2014</u>	<u>Actual 2014-2015</u>	<u>Projected 2015-2016</u>	<u>Projected 2016-2017</u>
Water and Sewer Fund:				
Debt Service	\$ <u>244,507</u>	\$ <u>239,205</u>	\$ <u>243,405</u>	\$ <u>245,324</u>
Golf Course Fund:				
Debt Service	\$ <u>386,031</u>	\$ <u>386,812</u>	\$ <u>381,938</u>	\$ <u>396,624</u>

Capital Improvement Program

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets are reported in the governmental activities column of the government-wide statement of net assets. Capital assets used by the proprietary fund are reported in the business type activities column of the government-wide statement of net assets. The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized (recorded and accounted for). Capital assets are defined by the City as assets with an initial, individual minimum cost of \$1,000 with a useful life in excess of two years. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical costs, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class are as follows:

Buildings	30 years
Building Improvements	10-20 years
Public Domain Infrastructure	25-40 years
Vehicles	5-10 years
Office Equipment	3-10 years

General Fund

The General Fund is the main source where capital items are purchased using general tax dollars for all departments and most city projects. The city has no intent on issuing any more bonds in the future. All major capital projects have been constructed in prior years that were identified by the City. The philosophy currently adopted by the City is to maintain the current infrastructure and amenities that exist.

Municipal Aid Fund

The Municipal Aid Fund receives state gasoline tax funds that are used to do major street improvements each year according to the five year plan.

Infrastructure Fund

The Infrastructure Fund receives 15% of the annual payroll tax revenue collected to annually fund street, sidewalk and storm sewer improvements in accordance with the five year plan.

Water and Sewer Fund

The Water and Sewer Fund utilizes the user fees generated from each service to fund annual infrastructure and equipment needs.

Significant Non-recurring Projects for FY 2017

The City will be finishing the two major Mall Road projects in the Infrastructure Fund during the first couple of month of fiscal year 2017. In addition, the City will be finishing the final phase of the Tanners maintenance facility improvement project with the reconstruction of the wash bay and lift area of the facility. The City is also going to explore the potential of developing a parcel of City owned property to expand the impound lot, construct a burn tower for fire department training, construct a small classroom training facility and create an area to train the police dogs. In addition, the City will be exploring the possibility of remodeling the Nature Park gathering house that is rented out by the community for events.

The remaining capital budget is for recurring capital improvements in the General Fund budget for next year. The Municipal Aid, Infrastructure and Water and Sewer funds will have the annual recurring sidewalk, street projects, storm water and water and sewer projects as planned improvements are in accordance with the replacement schedules maintained by the City departments. The expectation is that the City will reduce a portion of its operating and maintenance costs with the newer equipment being purchased and infrastructure being replaced.

CAPITAL IMPROVEMENT PLAN

GENERAL FUND (001)

Account Number	Account Description	FY 2017 BUDGET
5100	Computer Hardware	\$ 59,000
5100	Computer Software	5,000
5100	Web Site Maintenance	25,478
5100	Environmental/Infrastructure	15,750
5100	Project Labor	36,500
5100	Point of Sale System-Aquatic/Golf Course	31,000
5100	Wireless Bridge Firehouse and Golf Course	15,000
5100	Firehouse Bay Ringer/Light System	7,600
5100	Server/Switch Blades	90,000
5100	VEEAM backup	45,000
ADMINISTRATION		\$ 330,328
5200	Disab. Committee Expend.	\$ 2,000
5200	Municipal Building Alteration	50,000
5200	Mowers	10,000
5200	Major Equipment	44,000
5200	Office Furniture	5,000
5200	Special Projects - Parks	155,000
5200	Replacement Equipment - Parks	22,000
5200	Street Striping	100,000
5200	Project Sign Upgrade	18,000
5200	Utility Body Truck	50,000
5200	Two Ton Dump Truck	150,000
5200	Staff Car	25,000
5200	Mall Road Traffic Study	45,000
5200	Tanners Fuel Tank Upgrade	10,000
5200	Project-Tanners Master Plan	300,000
5200	Government Center Irrigation System	20,000
5200	Project- Locust Street	400,000
5200	Urban Forest Commission	70,000
PUBLIC SERVICES		\$ 1,476,000
5300	Major Equipment	\$ 8,000
5300	Cruiser Equipment	49,000
5300	Police Cruisers	237,000
5300	Radios	1,500
5300	Firearms	16,000
POLICE		\$ 311,500
5500	Major Equipment	\$ 22,000
5500	Ambulance	185,000
5500	Office/Station Furniture	5,000
5500	Staff Car	28,000
FIRE		\$ 240,000
5700	Debt Service - State Office Building-2008	\$ 161,700
5700	Debt Service - Aquatic Ctr/Skate Park-2010	429,500
5700	Debt Service - Baseball Park-2011/2012	375,500
5700	Debt Service - Government Center 2005	578,750
DEBT SERVICE		\$ 1,545,450
5900	Special Project - City Enhancement	\$ 150,000
5900	Special Project - Stadium Improvements	125,000
5900	Special Project - Mall Road Public Services Plaza	200,000
5900	Special Project - Main Street/Turfway	115,000
5900	Special Project - Nature Park Master Plan	20,000
5900	Special Project - Rosetta Master Plan	130,000
CITY PROJECTS		\$ 740,000
TOTAL GENERAL FUND		\$ 4,643,278

MUNICIPAL AID (201)

Account Number	Account Description	FY 2017 BUDGET
201-5200-520-62-02	Resurfacing Projects	\$ 240,000
TOTAL MUNICIPAL FUND		<u>240,000</u>

INFRASTRUCTURE FUND (203)

203-5200-520-62-04	Highway/Street Repairs	\$ 1,150,000
203-5200-520-62-06	Sidewalk Replacement	115,000
203-5200-520-62-14	Storm Sewer Improvements	475,000
203-5200-520-62-99	Mall Road Infrastructure	200,000
TOTAL INFRASTRUCTURE EXPENDITURES		<u>1,940,000</u>

ASSET FORFEITURE (204)

204-5300-530-59-01	Miscellaneous Expenditures	90,000
TOTAL ASSET FORFEITURE		<u>90,000</u>

WATER AND SEWER ENTERPRISE FUND(503)**SANITARY SEWER DEPARTMENT (5200)**

6200	Infrastructure Improvements	\$ 460,000
6200	Aero/Greenview Pump Station	780,000
6200	One Ton Pickup Truck	40,000
		<u>\$ 1,280,000</u>

WATER DISTRIBUTION DEPARTMENT (5300)

6300	Infrastructure Improvements	\$ 550,000
6300	Major Equipment	30,000
6300	Utility Body Truck	50,000
6300	Backhoe	90,000
6300	Annexation Projects	10,000
		<u>\$ 730,000</u>

TOTAL WATER AND SEWER FUND \$ 2,010,000

TOTAL CAPITAL OUTLAY \$ 8,923,278

Glossary of Terms

Accrual Basis – The basis of accounting under which transactions are recognized when they occur, regardless of when related cash is actually received or spent.

Adopted Budget – Appropriation of funds by the City Council at the beginning of each fiscal year.

Property (Ad Valorem) Tax – Tax levied on the assessed value of real and personal property.

Appropriation – A general term used to denote the amount authorized in the budget for expenditure by a department or division.

Assessed Valuation – Appraised value of property adjusted by a classification factor, to determine the basis for distributing the tax burden to property owners.

Authorized Positions – Employee positions, which are authorized in the adopted budget, to be filled during the year.

Balanced Budget – Management of the financial plan with the objective of ensuring that expenditures do not exceed revenues.

Bond – A certificate of debt issued by a government to finance a capital expenditure or other liabilities in which payment of the original investment plus interest is guaranteed by a specified future date.

Budget – A financial plan for a specific period of time (fiscal year) incorporating an estimate of planned expenditures and financing sources.

Budget Amendment – A legal procedure utilized by the City staff and City Council to revise a budget appropriation during the fiscal year.

Budget Calendar – The schedule of key dates which the City staff follows in the preparation, adoption, and administration of the budget.

Budget Control – The control or management of governmental units or enterprises in accordance with an approved budget for the purpose of keeping expenditures within limitations of available appropriations and revenues.

Budget Document – The official publication prepared by the City Coordinator which presents the proposed budget to the citizens and governing body. The budget document is also available on the City's website at www.florence-ky.gov

Budget Message – A general discussion of the proposed budget presented in writing as part of the budget document. The transmittal letter explains the current budget issues compared to the background of financial experiences in recent years and present recommendations made by the City Coordinator.

Budget Ordinance – The official enactment by the Mayor and City Council legally authorizing City officials to obligate and expend resources.

Budgeted Positions – The number of positions scheduled for a department. However, the number of staff on board may vary from the budgeted position level because of employee terminations, delays in hiring, or other authorized changes in position or staff levels.

Capital Assets – Property and equipment with a unit value of \$1,000 or more (depending on asset classification) and an estimated useful life of five years or more.

Capital Budget – A financial plan of proposed capital expenditures and the means of financing them.

Capital Expenditures – A capital expenditure is a purchase of any item over a specified amount depending upon the type asset (i.e., small tools, vehicles, and infrastructure) with a useful life of five years or more. Items purchased meeting the criteria are tracked in the asset management system.

Compensated Absences – City employees are granted vacation and sick leave in varying amounts. The City records vested vacation and sick leave benefits as earned in the accounting records for GAAP basis only.

Comprehensive Plan – A long-term plan to control and direct the use and development of property in the City. It is also used to make strategic decisions regarding the water and sewage lines, infrastructure, and roads.

Debt Limit – A maximum amount of debt that can be legally incurred.

Debt Service Fund – A governmental fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Department – An administrative segment of the City that indicates management responsibility for an operation or a group of related activities within a functional area. Departments are the basic units of the budget.

Depreciation – The expensing of the cost of a capital asset over the estimated useful life of a capital asset. Only used in enterprise funds.

Enterprise Fund – An enterprise fund is used for governmental functions that are self-supporting. Enterprise funds belong to a group of funds called “proprietary” and account for operations that provide services to the community at large. The City utilizes an enterprise fund to account for the daily operations of the Water and Sewer and World of Golf, which are funded by charges to commercial and residential customers.

Expenditure – The outflow of funds paid for an asset, good, or service.

Fiscal Year (FY) – The City’s accounting period of twelve months, that begins July 1 and ends June 30.

Franchise Fee – An annual assessment paid by utilities for the privilege of doing business in the City of Florence.

Fund – An accounting entity that has a set of self-balancing accounts and records all financial transactions for specific activities or government functions. The City utilized the following fund types: general fund, special revenue funds, enterprise funds and an internal service fund.

Fund Balance – The total dollars remaining after current expenditures are subtracted from the sum of the beginning fund balance and current resources. The goal is to maintain a fund balance reserve of 17% or three months of the General Fund expenditure budget.

GAAP – Generally Accepted Accounting Principles – guidelines for financial accounting and reporting which set uniform minimum standards for accepted accounting practices. They encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. They provide a standard by which to measure financial presentations.

General Fund- The fund used to account for all financial activities of the City except those required to be accounted for in another fund.

General Obligation Bonds – Bonds that finance a variety of public projects such as streets, buildings and improvements. The repayment of these bonds is usually made from taxes but are backed by the full faith and credit of the City.

Governmental Funds – An accounting entity used to account for operations that rely mostly on current assets and current liabilities. Governmental funds include the General Fund and Special Revenue Funds.

Grants – Contributions by another government or other organization to support a particular function.

Infrastructure – The physical assets or foundation of the City, including parks, sidewalks, culverts, bridges, drainage, and street system. This term is also frequently used to describe specifically the City's street and drainage system.

Intergovernmental Revenue – Revenue received from other governments or local agencies.

Internal Service Fund – An accounting entity used to account for operations that provide services to City departments at cost. Like enterprise funds, internal service funds belong to the "proprietary" group of funds. The City's self-insurance fund for the health and dental insurance operations are accounted for through the use of an internal service fund.

Licenses & Permits – Fees collected for the issuance of licenses and permits such as occupational licenses.

NKADD – Northern Kentucky Area Development District. This is a state agency that helps local officials and citizens unite to provide for the planned growth of their area and provide technical and management assistance to local communities on a broad range of topics.

Modified Accrual Basis – The basis of accounting under which revenues are recognized when they become both measurable (i.e., an amount can be determined) and available to finance

expenditures of the current period. Available means collected in the current period or soon enough thereafter to be used to pay liabilities of the current period.

Operating Budget – The portion of the City budget pertaining to daily operations that provides basic services. The operating budget contains appropriations for such expenditures as salaries, fringe benefits, goods and services.

Operating Expenditures – Expenditures for goods and services which primarily benefit the current period and are not defined as capital or personal services.

Proprietary Funds – Accounting entities to account for operations similar to a private enterprise with a balance sheet that incorporates long-term debt obligations, assets and liabilities, and depreciation. Enterprise funds and internal service funds are “proprietary” funds.

Real Property – Immobile property such as land, natural resources above and below the ground, and buildings and fixed improvements to land.

Revenue – Funds that the City receives as income. It includes such items as taxes, license fees, service charges, fines, penalties, and grants.

Revenue Bond – Bonds whose principal and interest are payable from pledged revenue sources, and are not legally backed by the full faith and credit of the City.

Special Revenue Fund – A governmental fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specific purpose such as road, aquatic center and asset forfeitures.