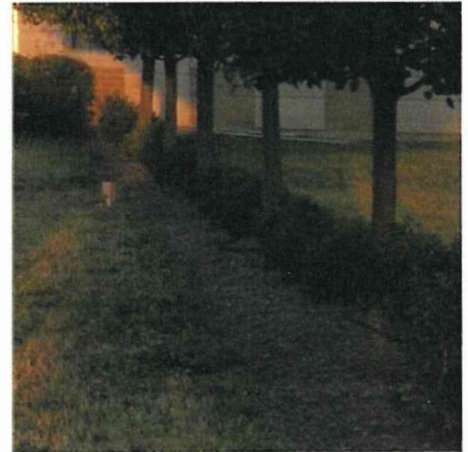
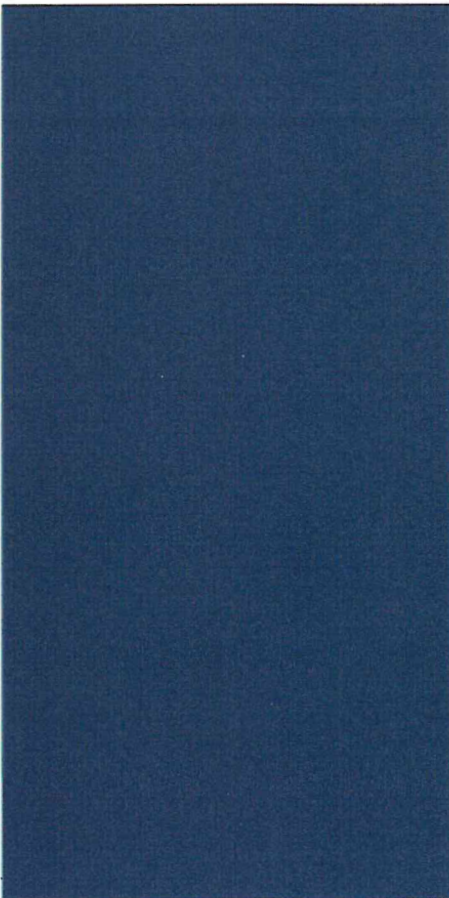
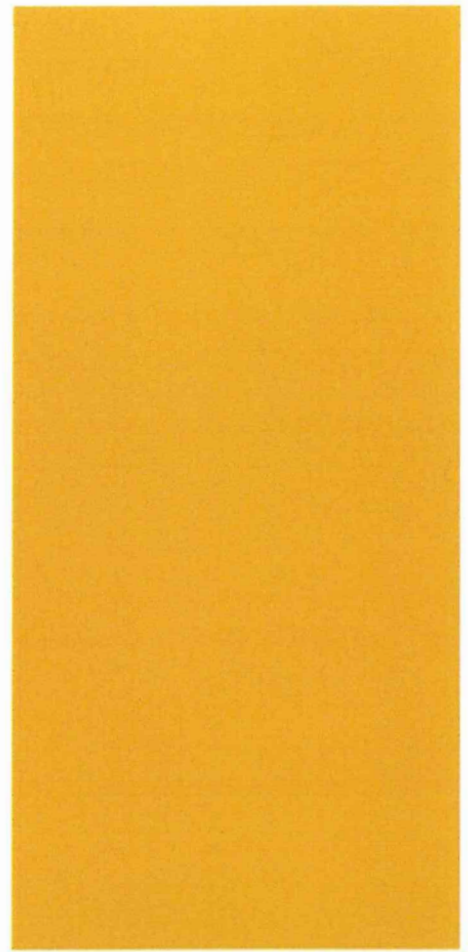


# Fiscal Year 2022/2023 Budget



**2022**

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June 30, 2022

Honorable Mayor and City Council:

## Executive Summary – Fiscal 2022

### Operating Budget

The information in this document is to present the fiscal year 2023 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 2023 begins on July 1, 2022 and 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 \$63,929,550 and the projected for expenditures for all funds totals \$75,658,341. The projected revenues for FY 2023 represent a 14.36% increase above the amended revenues from the FY 2022 budget. Increases have been made in property tax revenue, payroll taxes, insurance premiums, occupational license and contractual service revenue in the general fund. The City will also receive the second phase of the American Rescue Plan Act grant funds in the amount of \$4.2 million. The golf course is in the process of some major renovations with the project anticipated to be complete November 1, 2022. A new outdoor driving range with Toptracer technology has been constructed as well as a new outside patio area and restaurant. A new indoor range with golf simulators and a meeting room will start construction in July of 2022. Because of the remodel, revenue projections have increased for fiscal year 2023. Road travel, which was impacted by the pandemic, appears to be back to normal and pushing gasoline tax revenue in the state back to normal levels including the City's apportionment. As a result, Municipal Road Aid Revenue in that fund has been increased. Revenues for water and sewer services have been increased due to an April 1, 2022 rate increase and the increase in residents staying at home with their families and working remotely. However, overall revenues in the fund have decreased slightly due to the removal of the prior year Utility Assistance Grant received. The projected expenditures for FY 2023 represents a 10.52% decrease under the amended expenditures for the FY 2022 budget. The overall decrease is a result of the reduction of capital outlay expenditures in the General Fund outpacing the increase in personnel expenditures with the hiring of four additional, an increase in the state pension rate and a 7.9% C.O.L.A. The planned expenditures in FY 2021 that were carried over into the FY 2022 budget were for stadium improvements, US 42 fencing, KY 18 overpass fencing, the purchase of the Main Street strip center and the Council Chamber refresh. All of these projects are still ongoing due to current economic conditions. There are a few new projects in the FY 2023 budget, which are primarily Main Street related, a refresh of the golf course indoor and outdoor ranges, a new fire substation and a new clubhouse at the stadium. There will eventually be some budgeted projects in the FY 2022 that will carried over as

well. Those amounts will not be determined until after the close of the FY 2022 financials. Any such carryovers will be addressed in the first budget amendment for FY 2023. Departmental capital requests have remained consistent with prior years and the five-year plan except for the traffic signal project.

At the end of the previous fiscal year, the City's government funds reported combined ending fund balances of \$110,587,686, an increase of \$1,734,618 in comparison with the prior year. Approximately 64.12 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.

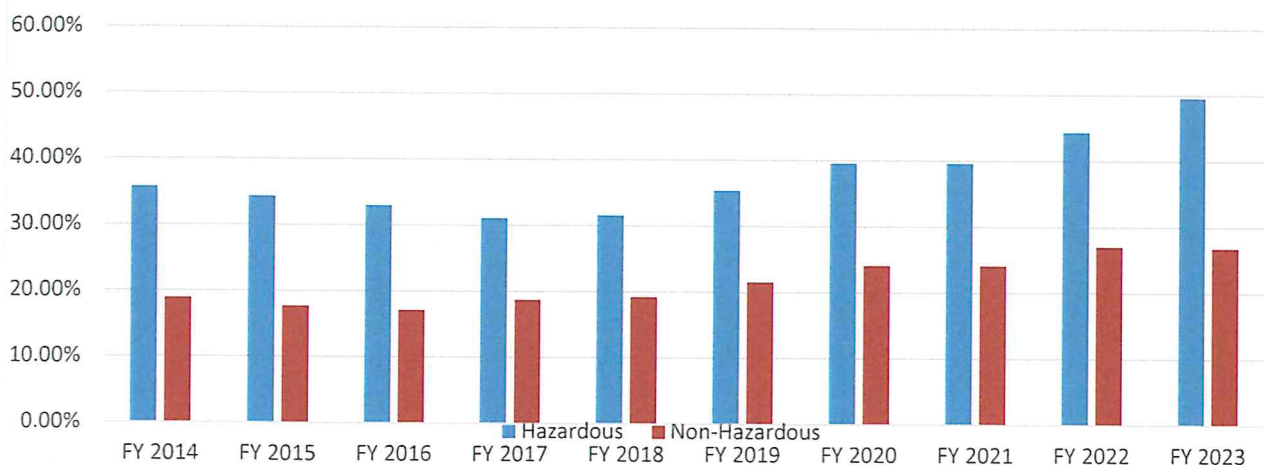
### Short-Term Factors:

There are short-term factors that affect each year's budget. For fiscal year 2023, a cost of living adjustment (COLA) coupled with anticipated step increases and an increase in the State of Kentucky retirement system employer contribution percentage will have an effect on the numbers. The cost of the COLA (7.9%) and step increases will cost the City and estimated \$1,549,692 in additional salaries. In order to keep the pay plan competitive with local agencies, Council has enacted a minimum 2.0% COLA each July 1<sup>st</sup> starting July 1, 2018. The additional costs of benefits related to the salary increase is estimated to be and an additional \$860,845. One full-time maintenance worker and three police officers have been added for fiscal year 2023. There was a slight decrease in the non-hazardous pension rate taking it from 26.95% to 26.79% (0.5% decrease) which will result in basically the same applicable pension cost. On the other hand, the increase in the hazardous pension rate went from 44.33% to 49.59% (12% increase) which will cost the City an estimated \$1,255,000. House Bill 362 passed during the 2018 legislative session caps state pension employer contribution rate increases up to 12% per year over the fiscal year period of July 1, 2018 to June 30, 2028. Minimal increases for benefit costs will include workers compensation, life insurance and short and long-term disability.

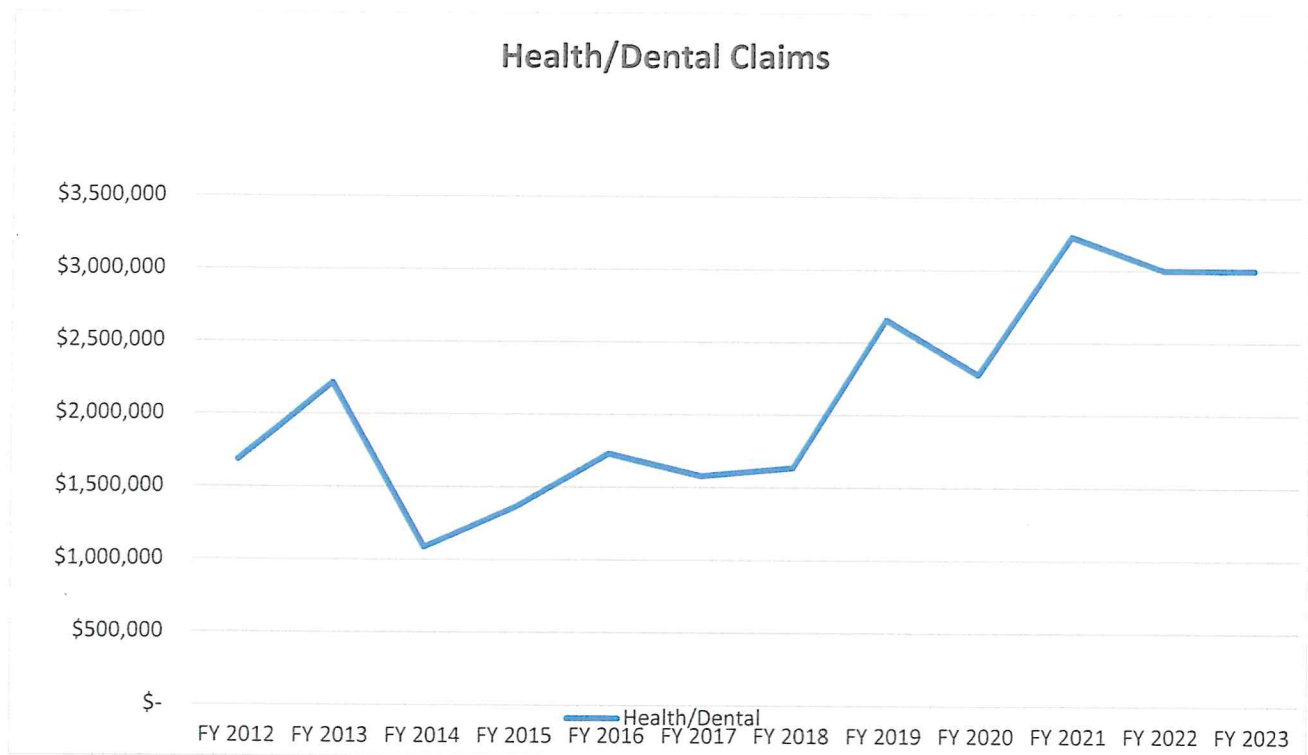
#### C.O.L.A. Increases

FY 2023	7.9%
FY 2022	2.0%
FY 2021	2.3%
FY 2020	2.0%
FY 2019	2.2%

### 10 Year CERS Pension Rate History



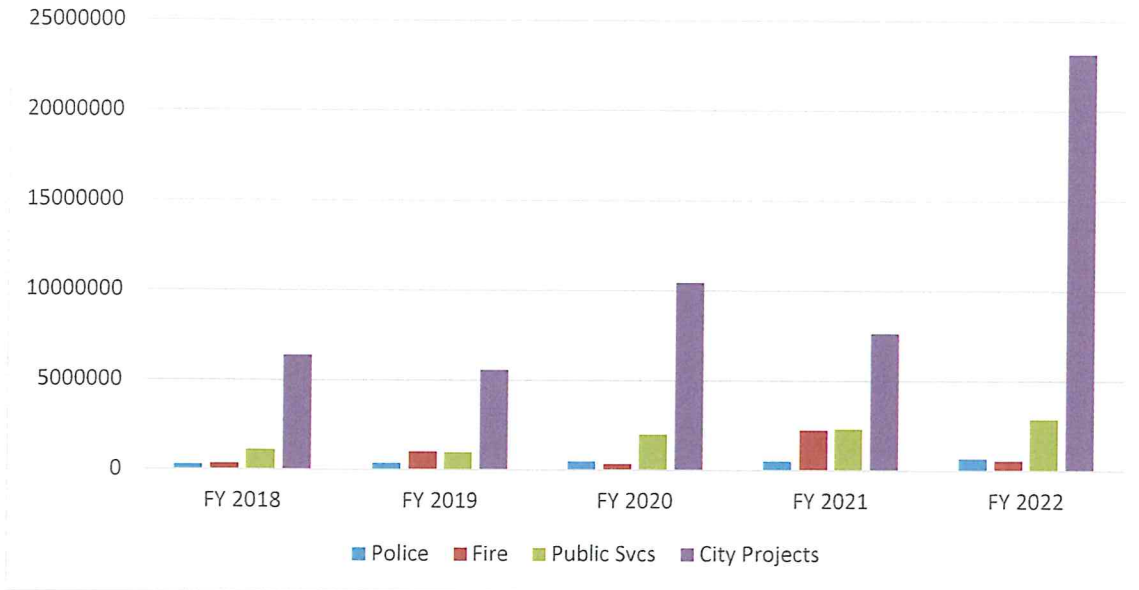
The City is self-insured for health and dental insurance purposes. At the beginning of fiscal year 2018 the City switched its' employees to a reference based pricing plan. The full effect of that plan to reduce health insurance costs has not been realized since inception. The health insurance costs projected for fiscal year 2022 are estimated to be at \$3,000,000 for the fourth full year on the plan. The plan is coming off of another unanticipated expensive year due to several high claimants. Plan changes were anticipated to be made for fiscal year 2021 but due to the pandemic the City pushed those back one year to 2022. A few plan changes have been made for fiscal year 2023 to try to control the rising costs of prescriptions. The City is anticipating a year with less claims due to a few of the past year high claimants coming off the plan. However, a projected increase in health care costs coupled with an increase in rates for stop loss insurance, will leave projected expenses at the same level as the fiscal year 2022 budget. The dental insurance costs will remain stable for fiscal year 2023. The dental insurance claims do not vary a whole lot from year to year due to the maximum annual capped payments per individual. The City offers a PPO plan with an annual payout of \$1,500 per individual.



### Capital improvements:

For fiscal year 2022, the City had a significant increase in capital improvement projects mainly due to the preparation of replacing the Aquatic Center with a multi-purpose park and a refresh of the golf course facility. Both of these one-time projects had a combined budget of \$13.1 million. In addition, there were multiple one-time projects in the fiscal year 2021 budget in the amount of \$8.22 million that included Main Street improvements, stadium improvements, US 42 fencing, KY 18 overpass and the paving of Locust and Glenrose. The bulk of those projects had significant carryover amounts for the second budget amendment for the FY 2022 budget. For fiscal year 2023, there is an increase of \$4,179,755 million or 87.47% in departmental capital requests. Most department requests have returned to an expected level for 2023 with the exception of a traffic signal update grant project in the public services department. Also, due to the year long lead time to get fire vehicles, a firetruck and pumper have been put in the budget early in anticipation that they will be delivered when the new fire substation has been constructed and completed in late 2023. Most departmental requests in the fiscal year 2022 budget will be completed by June 30, 2022..

## Capital Improvements



### General Fund:

The General Fund revenue budget totals \$48,839,000 in fiscal year 2023. This compares to \$40,945,000 in revenue for the fiscal year 2022 budget amendment. That is an increase of \$7.9 million or 19.27%. There are slight increases in property taxes, insurance premiums, payroll taxes, occupational license and grant receipts. These were all revenue categories that were conservatively projected going into fiscal year 2022 due to the uncertainty in dealing with the pandemic. Those reductions never did materialize. The grant revenue account has been increased by \$3.0 million due to the award of the traffic signal grant project funded by the state. There are not any notable decreases in revenue projections going into 2023. 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>2016</u>	Actual <u>2017</u>	Actual <u>2018</u>	Actual <u>2019</u>	Actual <u>2020</u>	Actual <u>2021</u>
Property Taxes	\$ 7,356,483	\$ 7,422,593	\$ 7,820,248	\$ 7,732,182	\$ 8,328,611	\$ 8,650,941
Payroll Taxes	\$16,412,440	\$17,952,093	\$18,730,631	\$19,728,618	\$19,674,388	\$21,000,471
Insurance Taxes	\$ 4,265,760	\$ 4,582,660	\$ 4,615,303	\$ 3,184,526	\$ 2,897,739	\$ 3,377,358
Occupational	\$ 2,380,422	\$ 2,387,296	\$ 2,554,307	\$ 2,765,864	\$ 2,589,960	\$ 2,573,592

The Property Tax rate has remained the same since 2008. Thus the continuing increases in revenue since 2012 is related to additional development, both residential and commercial, in the City as well as the increasing values due to the reappraisal of the properties.

The Payroll Tax increases since 2013 are mainly due to additional business development and a couple of annexations of businesses in unincorporated Boone County into the City. Business incentives were used for the annexations. In addition, an overall increase in worker wages in the area have also contributed to this increase. The slight decrease in fiscal year 2020 was pandemic related.

The Insurance Tax has experienced steady increases during fiscal years 2016 thru 2018. In March of 2018, the City lowered the insurance premium tax rate from 8% to 5% for fiscal year 2019. That lowering of the rate produced the decrease in revenues of \$1.4 million for fiscal year 2019. The collected revenue was higher than anticipated based on the insurance companies not making the rate decrease on a timely basis. However, in fiscal year 2020, the revenue decreased another \$300,000 due to the insurance companies charging the 5% rate for the whole year and the pandemic was in process. The revenue source has rebounded. Increases in the revenue for fiscal year 2021 are the direct result of additional insurance policies and rising premium costs for which the tax is based. Recovery from the pandemic contributed as well. The budgeted revenue was lowered to \$2.8 million for 2022 taking a conservative approach to the fiscal year.

Occupational license fees have been fairly steady over the last five years. With the extension of the Federal income tax filing due date from April 15, 2021 until May 15, 2021, occupational license due dates were pushed back as well. Occupational license revenue experienced a slight reduction in fiscal year 2021 due to the changing of the due date and uncertainty in the business environment with COVID cases continuing. A lower budgeted amount of \$1.8 was set for fiscal year 2022 until the economic conditions stabilize while emerging from the pandemic.

General Fund expenditures in the proposed budget total \$59,516,202 which represents a decrease of \$4,782,589 from the \$64,299,791 that was approved in the amended fiscal 2022 budget. This budget figure includes operating and capital expenditures. The operating expenditures are \$34.2 million, a 9.61% increase over those budgeted for fiscal year 2022. Salary and related benefits cost are contributing to the increase. The city also has planned expenditures for capital items in the amount of \$25.3 million. The majority of these costs are reoccurring equipment and vehicle replacement, multiple street projects, and debt service for previous capital expenditures for all City departments. The City annually budgets major expenditures for the buildings. This year's planned expenditures are for fire panel upgrades, carpet and ceiling tile, bathroom upgrades, painting, and man door replacements in the stringtown park restrooms for a total of \$200,000. The City also plans annual expenditures for the stadium. This year's planned expenditures include a new clubhouse, demolition of the existing clubhouse, sealing of the upper deck, spot painting and sidewalk replacement for a total of \$6.5 million. The City added a one-time project in the amount of \$7.5 million for the construction of the City's fourth fire station. In addition, funds were added to start Phase II of the Main Street Streetscape project that will go from Turfway to Dortha. With the election of a new mayor in November of 2022, all city signage will need to be updated at an estimated cost of \$75,000. The City completed its statute park in 2020 with statues representing the different areas of service for police, fire and public services. The budget will include \$25,000 to add a statute of a canine dog for the police department.

The table below reflects historical data for General Fund expenditures for the last six years:

**GENERAL FUND**

<b>OPERATING EXPENSES:</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Administration</b>	\$2,041,928	\$2,093,274	\$2,233,441	\$2,472,018	\$2,660,430	\$2,938,440	\$2,663,451
Increase(Decrease)		\$51,346	\$140,167	\$238,577	\$188,412	\$278,010	-\$274,989
%age increase(decrease)		2.51%	6.70%	10.68%	7.62%	10.45%	-9.36%
<b>Public Services</b>	\$4,211,684	\$4,222,681	\$4,380,091	\$5,243,937	\$5,089,726	\$4,781,703	\$5,201,542
Increase(Decrease)		\$10,997	\$157,410	\$863,846	-\$154,211	-\$308,023	\$419,839
%age increase(decrease)		0.26%	3.73%	19.72%	-2.94%	-6.05%	8.78%
<b>Police</b>	\$7,215,403	\$6,973,423	\$7,304,822	\$8,122,940	\$8,233,198	\$8,412,136	\$8,764,785
Increase(Decrease)		-\$241,980	\$331,399	\$818,118	\$110,258	\$178,938	\$352,649
%age increase(decrease)		-3.35%	4.75%	11.20%	1.36%	2.17%	4.19%
<b>Fire</b>	\$6,622,719	\$6,805,499	\$7,041,104	\$7,779,757	\$8,299,298	\$8,449,842	\$8,719,153
Increase(Decrease)		\$182,780	\$235,605	\$738,653	\$519,541	\$150,544	\$269,311
%age increase(decrease)		2.76%	3.46%	10.49%	6.68%	1.81%	3.19%

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 \$70,914,817 while total fund balance was \$79,963,677. 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 169.95 percent of total general fund expenditures and transfers for that year, while total fund balance represents 191.63 percent of that same amount. The City also maintains a rainy day fund in the amount of \$6.3 million as a part of that fund balance.

**Municipal Personnel:**

A 7.9% cost of living adjustment (COLA) salary increase is budgeted for each employee of the City. As a result, all salary increases, upon approval, will take effect July 1, 2022. Employees will be considered for a step increase in accordance with the pay plan. Step increases would be effective January 1, 2023 if approved.

The County Employees Retirement System (CERS) approved rates for fiscal year 2023 with the nonhazardous rate decreasing to 26.79% of covered payroll. The hazardous duty rate has increased to 49.59% of covered payroll. Prior legislation passed by the 2018 Kentucky General Assembly in House Bill 362 (Pension Reform) was expected to stabilize CERS rates moving forward. Based on the actual 2022 rates, the increase for fiscal 2023 was expected to be 12.00% for each, respectively. There will be a cap of a maximum 12% annual increase moving forward until June 30, 2028 after this upcoming year.

The City introduced and rolled out a new value based pricing health insurance plan for fiscal year 2018 for the employees. The value based plan eliminates the PPO (Preferred Provider Organization) network and the plan design is all copays. The claims for fiscal year 2019 with the new plan option have not remained consistent with the claim amounts from fiscal year 2018. This was not the anticipated result however, there were run out claims from the traditional plan in effect for fiscal year 2018. In addition there were several high claimants in that fiscal year so the City was hopeful that the amount of claims for fiscal year 2020 would have a reduction with the phase out of the traditional plan and finalization of high claimant claims. The claims ended the year \$377,000 less than 2019. The claims for fiscal year

2021 were \$950,339 more than 2020 with a repeat of high claimants and costs that were higher than 2021 which was still higher than originally budgeted. Plan design changes were made for fiscal year 2022. Costs for the current fiscal year are trending \$500,000 less than 2021.

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

#### **Personnel Costs**

<b>Departments</b>	<b>Actual</b>		<b>Budgeted</b>	
	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
General Fund:				
Administration	\$ 1,558,047	\$ 1,289,430	\$ 1,758,300	\$ 2,070,850
Public Services	\$ 3,517,381	\$ 3,889,819	\$ 5,162,600	\$ 4,998,500
Police	\$ 8,020,943	\$ 8,382,711	\$ 9,844,000	\$ 11,161,356
Fire	\$ 7,810,874	\$ 8,101,342	\$ 10,348,850	\$ 11,202,500
Water/Sewer Fund:				
Administration	\$ 452,726	\$ 452,726	\$ 469,000	\$ 495,900
Sewer	\$ 1,064,914	\$ 1,064,914	\$ 1,070,000	\$ 1,113,000
Water	\$ 1,047,372	\$ 1,047,372	\$ 1,033,300	\$ 1,266,200

#### **Capital Expenditures and Major Initiatives:**

There will be an overall reduction as a result of decreases in city projects that have reduced requests for capital items for the General Fund. Departmental budget amounts have remained consistent with the exception of one project and the lead-time for fire vehicles to arrive. The public services department is working with the County on a traffic signal update project for which grant funds have been awarded. As previously mentioned, the fire department will be adding a new fire substation. Due to supply chain shortages, the estimated time for a fire truck and pumper delivery is over a year. In order to have the new vehicles delivered in time for the completion of the substation, they have been moved up and put into the 2023 budget. The City projects have an overall decrease in budgeted funds but has three major initiatives. The first initiative is funding a new fire substation. The second project will be the construction of a new clubhouse for the baseball stadium that will include the demolition of the old clubhouse. The third initiative is Phase II of the Main Street streetscape project from Turfway Road to Dortha Avenue.

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
- Web site development
- Annual environmental
- Upgrade Buffalo data storage
- Security system upgrade
- Disaster recovery servers
- Refresh of Council Chamber equipment
- Network switches

**Public Safety initiatives:**

Purchase of eleven SUV's  
Cruiser equipment  
Tasers  
Replacement of firearms  
Office furniture replacement  
Staff vehicles  
Bunker gear  
Ambulance  
Fire truck  
Pumper  
Miscellaneous fire equipment

**Public Services Initiatives:**

Annual street and sidewalk replacement  
Annual street striping maintenance  
Mowers  
Two ton dump truck with snow equipment  
Major equipment  
F350 pickup truck with snow equipment  
F350 flatbed truck with snow equipment  
Florence Y'all tower lighting  
Technology and software for infrastructure program  
Staff car  
Traffic signal updates  
Backhoe  
Leaf vac

**Recreational Initiatives:**

Replacement of playground equipment  
Orleans basketball court improvements  
Southfork basketball court improvements  
Stadium Clubhouse  
Urban Forest annual tree initiative  
World of Golf update  
Cannine statute

**Facility Initiatives:**

Stadium annual maintenance  
Building/equipment maintenance  
Main Street firehouse  
City signage  
City enhancements  
Council Chamber renovation

## **Outside Agencies:**

The City Council has awarded the following amounts to outside agencies for the 2023 fiscal year.

Planning Commission – The budget request of \$370,000 represents a 4.22% increase over the approved 2022 expenditure of \$355,000 with most of the increase attributed to costs of personnel services.

Florence Community Chorus – The budget request of \$5,000 is \$1,000 higher than the amount of the budget request that was approved in the 2022 budget. Funds will be used for the compensation for the music, uniforms, the pianist and Director.

Florence Community Band – The budget request of \$6,000 is an increase from the \$5,500 amount for the budget request that was approved in the 2022 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 \$1,200,000. This is a decrease of \$145,000 from the amount requested in amended budget for fiscal year 2022. The sustained level of funding is the result of built up reserves in the MARF fund over the past several years. The City is trying to reduce those reserve funds by adding an additional resurfacing project once again for fiscal year 2023 in the Kentaboo area.

### **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 2023 are \$2,985,100 which includes 15% of the estimated annual payroll tax collections along with storm water receipts. The proposed expenditures includes the annual street, sidewalk, and storm sewer maintenance projects for the fiscal year according the five year plan in the amount of \$2,260,000.

The proposed revenues are a slight decrease from fiscal year 2022 as a result of two sidewalk grant projects that were awarded in the prior year. Both grant projects will most likely carryover into 2023. The expenditures are a decrease from the fiscal year 2022 due to the completion of the Houston Road sewer extensions. The two grants projects were the restructuring of the Weaver Road sidewalk project. The related grant portion of the project is \$740,000 with the projected expenditure to be \$1,100,000 to be split 50/50 between the City and the County. The other grant project was for the Center Street sidewalk addition. As stated about the revenues and expenditures for these projects will most likely be accrued into fiscal year 2023 during the first budget amendment.

### **Asset Forfeiture Fund:**

The Asset Forfeiture Fund accounts for all funds received from seized assets and purchases made with those funds. The budgeted revenues have been left at the same amount that was budgeted in fiscal year 2022 due to the fact that receipts approval at the Federal level for the release of funds has literally been non-existent for an unexplained reason. With the uncertainty as to the reason and not knowing when the approval process will begin again, a conservative approach was taken for the upcoming year. The budgeted expenditures total \$200,000 which will be used for miscellaneous equipment and the Narcotics units overtime and buy money. This compares to the same \$200,000 budgeted in fiscal year 2022 which had several planned equipment expenditures.

**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 usually remain somewhat consistent from year to year. However, for fiscal year 2021, the pool was not open for the 2020 pool season and was not open as well for the 2021 pool season in fiscal year 2022 due to the pandemic. The Aquatic center will re-open for the 2022 pool season on May 28, 2022. The pool season will run from May 28 - August 14, 2022 and will split fiscal years 2022 and 2023. The projected revenue decrease is \$98,000 since most membership sales occur before the pool season opens. The budgeted operating expenditures total \$298,050 compared to \$377,850 for the amended fiscal year 2022 budget. This is a decrease of \$119,800 or 28.67%. The reason for the decrease is the opening costs and initial capital cost incurred in reopening the pool occur before the pool opens.

**Golf Course Fund:**

The World of Golf Fund is responsible for the operations of the golf course facility. Just like the Aquatic Center, the revenues are weather sensitive as well. Due to the longer golfing season though, revenues will tend to fluctuate. The golf course has been affected by the COVID-19 pandemic in a good way. Because of the resurgence of golf and golf entertainment activities, the City is updating the facility with a cost of \$3.5 million. A new outdoor range with Toptracer technology has been added with an expanded patio and a new restaurant. Total estimated revenues of \$1,726,000 are an increase from the prior year due to the renovations. The revenues projected are a conservative estimate waiting to see how well the new renovations are received. The revenues coupled with a transfer in of \$100,000 are projected to cover the estimated operating costs of the facility and are estimated to produce a basically breakeven situation. Total projected expenses including depreciation will total \$1,822,190.

**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 \$9,477,050 for fiscal year 2023 is a decrease of \$24,950 compared to the projected revenues of \$9,502,000 for fiscal year 2022. The increase in water and sewer services can be attributed to the rate increase that went into effect on April 1, 2022 and the fact that a good portion of residents are spending more time at home due to the working remotely from home due to the ongoing pandemic. In addition, there is an offsetting decrease in capital contribution due to a utility assistance grant that was received in fiscal year 2022 due to the pandemic.

Total projected expenses of \$10,348,899 are a slight increase over the fiscal year 2022 expenses of \$10,091,749. The result of this increase is due to additional personnel costs and benefits coupled with an increase in depreciation of \$200,000 due to numerous ongoing infrastructure projects.

**WATER/SEWER FUND**

<b>REVENUES</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Water sales	\$5,990,642	\$5,824,078	\$5,907,922	\$5,783,482	\$5,646,538	\$5,840,974	\$5,962,771
Sewer receipts	2,225,265	2,260,943	2,277,021	2,285,304	2,363,449	2,531,458	2,584,737
Tap fees	64,769	107,370	194,814	77,538	88,064	175,200	152,500
Penalties	117,610	100,923	99,314	102,195	137,925	72,265	49,641
Meter installations	37,199	70,798	76,443	42,263	48,411	53,393	38,407
Other	112,677	91,493	110,658	93,431	105,560	92,986	74,800
Interest	21,424	32,275	63,181	101,747	138,472	111,100	22,649
<b>TOTAL</b>	<b>8,569,586</b>	<b>8,487,880</b>	<b>8,729,353</b>	<b>8,485,960</b>	<b>8,528,419</b>	<b>8,877,376</b>	<b>8,885,505</b>
<b>Net Income(loss)</b>	<b>\$ 809,401</b>	<b>\$ 722,713</b>	<b>\$ 628,106</b>	<b>\$ 2,913</b>	<b>\$ (339,526)</b>	<b>\$ (503,525)</b>	<b>\$ (503,525)</b>

**WATER/SEWER FUND**

<b>OPERATING EXPENSES:</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Administration</b>	\$714,082	\$688,977	\$654,819	\$755,237	\$722,231	\$699,235	\$700,105
Increase(Decrease)		-\$25,105	-\$34,158	\$100,418	-\$33,006	-\$22,996	\$870
%age increase(decrease)		-3.52%	-4.96%	15.34%	-4.37%	-3.18%	0.12%
<b>Sewer</b>	\$1,222,419	\$1,224,759	\$1,202,105	\$1,323,918	\$1,286,801	\$1,223,512	\$1,293,224
Increase(Decrease)		\$2,340	-\$22,654	\$121,813	-\$37,117	-\$63,289	\$69,712
%age increase(decrease)		0.19%	-1.85%	10.13%	-2.80%	-4.92%	5.70%
<b>Water</b>	\$4,504,774	\$4,465,927	\$4,614,417	\$5,167,337	\$5,060,150	\$5,142,786	\$5,128,312
Increase(Decrease)		-\$38,847	\$148,490	\$552,920	-\$107,187	\$82,636	-\$14,474
%age increase(decrease)		-0.86%	3.32%	11.98%	-2.07%	1.63%	-0.28%

**Summary of Department/Fund Relationships**

Departments	Funds						
	Major Funds		Non-Major Funds				
	General	Infrastrucrure	Municipal/ LGEA	Asset Forfeiture	Aquatic	Golf Course	Water/ Sewer
Administration	X				X	X	
Public Services	X	X	X				X
Police	X			X			
Fire	X						
Aquatic					X		
Golf						X	
Water/Sewer							X

## Fund Balance/Retained Earnings:

The following table shows the projected fund balance and retained earnings changes for the fiscal year 2023 budget:

### Changes FY 2023

	General Fund	Municipal Aid Road Fund	Infrastructure Fund	Asset Forfeiture Fund	Aquatic Center Fund	Water and Sewer Fund	World of Golf Fund
Est. Revenues/Transfers	48,839,000	765,000	4,485,100	100,150	162,250	9,477,050	1,826,000
Est. Expenditures/Transfers	61,241,202	1,200,000	2,260,000	200,000	298,050	10,348,999	1,822,190
<b>Reserves Utilized</b>	<b>(12,402,202)</b>	<b>(435,000)</b>	<b>2,225,100</b>	<b>(99,850)</b>	<b>(135,800)</b>	<b>(871,949)</b>	<b>3,810</b>
<b>Beg. Fund Balance</b>	<b>44,509,034</b>	<b>1,744,274</b>	<b>21,850,730</b>	<b>168,214</b>	<b>2,681,441</b>	<b>23,781,189</b>	<b>7,918,692</b>
<b>Percentage Change</b>	<b>-27.86%</b>	<b>-24.94%</b>	<b>10.18%</b>	<b>-59.36%</b>	<b>-5.06%</b>	<b>-3.67%</b>	<b>0.05%</b>

The General Fund decrease in reserves is due to the increases in personnel costs including annual increases in health and dental coupled with a 12% increase in pension rates for both non-hazardous and hazardous employees. Those increases combined with planned capital expenditures for all departments and city projects are resulting in a projected decrease of \$12.4 million. The decrease in reserves for the Municipal Aid Fund is due to an additional street resurfacing project being added for the fourth year in a row. The Infrastructure Fund increase is the result of a level funding of annual expenditures being less than the anticipated revenue stream. There is the intent in the Infrastructure Fund to build up reserves to provide a basis to insure the availability of funds for street, sidewalk and storm sewer replacements as the City ages. The Asset Forfeiture Fund decrease in reserves is a reduction to the fund based on a conservative approach to budgeting revenues since Federal release of funds have been non-existent in the current fiscal year and the amount of one-time capital items under the strict guidelines for allowable expenditures of seized funds. The Aquatic Center Fund has a decrease in fund balance due to the pool season staggering two fiscal years. The City does recognize that most recreational venues for parks and recreation are provided for the enhancement of the community.

The City's Water and Sewer Fund is an enterprise fund and is expected to at least break even or make a profit for future operations and infrastructure needs. The decrease in reserves of \$871,949 is due to an increase in personnel costs and in the annual depreciation expense in the amount of \$2,100,000. The annual debt service payments are approximately \$245,000 and will end on July 1, 2023. The City has passed various new rate increases that will go into effect on April 1, 2019 or April 1, 2020 for the next five years.

The World of Golf Fund is the City's second enterprise fund. There is an anticipated decrease in reserves in the amount of \$96,190 before transfers. This is due to annual depreciation expense of \$255,000 and a conservative approach to revenue estimates during the remodeling of the facility effect. The golf course is currently debt free.

# BUDGET SUMMARY

FY 2022

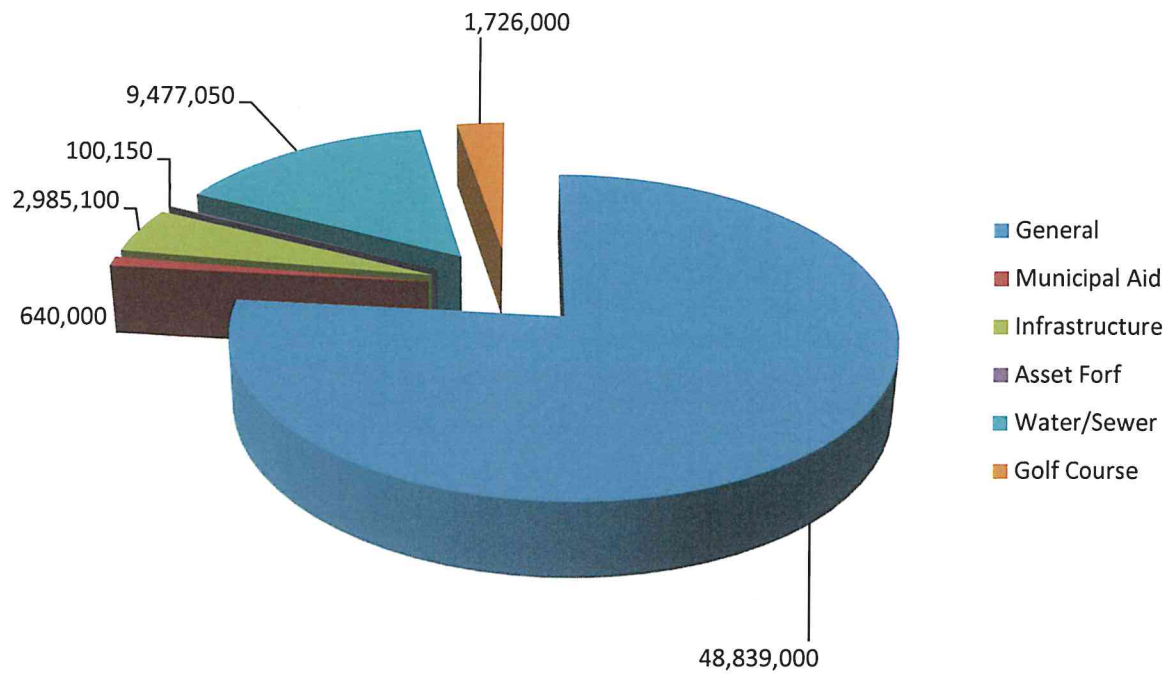
	General	Municipal	Infrastructure	Asset	Aquatic	Water and	World of	GRAND
	Fund	Aid Road	Fund	Forfeiture	Center	Sewer	Golf	TOTALS
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund
Beg. Fund Balance	79,963,677	2,406,274	25,105,630	268,064	2,844,041	24,370,938	8,463,092	143,421,716
Taxes	9,370,000	-	-	-	-	-	-	9,370,000
Licenses and Permits	21,230,000	-	2,450,000	-	-	-	-	23,680,000
Intergovernmental	5,193,000	558,000	859,000	-	-	200,000	-	6,810,000
Fines and Forfeitures	225,000	-	-	-	-	-	-	225,000
Charges for Services	4,787,000	-	485,000	-	260,250	9,302,000	1,074,700	15,908,950
Other Services	-	-	-	-	-	-	-	-
Uses of Property	-	-	-	100,000	-	-	-	100,000
Interest	50,000	-	100	150	-	500	-	50,750
Miscellaneous	90,000	-	-	-	-	-	-	90,000
Transfers	-	125,000	-	-	-	-	100,000	225,000
<b>FOR APPROPRIATION:</b>	<b>120,908,677</b>	<b>3,089,274</b>	<b>28,899,730</b>	<b>368,214</b>	<b>3,104,291</b>	<b>33,873,438</b>	<b>9,637,792</b>	<b>199,881,416</b>
Administrative	4,033,925	-	-	-	-	-	-	4,033,925
Public Services	9,381,100	-	7,049,000	-	-	-	-	16,430,100
Police Services	11,041,857	-	-	200,000	-	-	-	11,241,857
Fire / E.M.S. Services	11,580,359	-	-	-	-	-	-	11,580,359
Parks / Recreation	-	-	-	-	417,850	-	-	417,850
Capital Outlay	23,153,000	1,345,000	-	-	-	-	-	24,498,000
Other Agencies	485,000	-	-	-	-	-	-	485,000
Debt Service	4,624,550	-	-	-	-	-	-	4,624,550
Water and Sewer	-	-	-	-	-	10,091,749	-	10,091,749
Golf Course	-	-	-	-	-	-	1719,100	1,719,100
<b>TOTAL EXPENDITURES</b>	<b>64,299,791</b>	<b>1,345,000</b>	<b>7,049,000</b>	<b>200,000</b>	<b>417,850</b>	<b>10,091,749</b>	<b>1,719,100</b>	<b>85,122,490</b>
Transfers	225,000	-	-	-	-	-	-	225,000
<b>TOTAL</b>	<b>64,524,791</b>	<b>1,345,000</b>	<b>7,049,000</b>	<b>200,000</b>	<b>417,850</b>	<b>10,091,749</b>	<b>1,719,100</b>	<b>85,347,490</b>
<b>End. Fund Balance</b>	<b>56,383,886</b>	<b>1,744,274</b>	<b>21,850,730</b>	<b>168,214</b>	<b>2,686,441</b>	<b>23,781,689</b>	<b>7,918,692</b>	<b>114,533,926</b>

# BUDGET SUMMARY

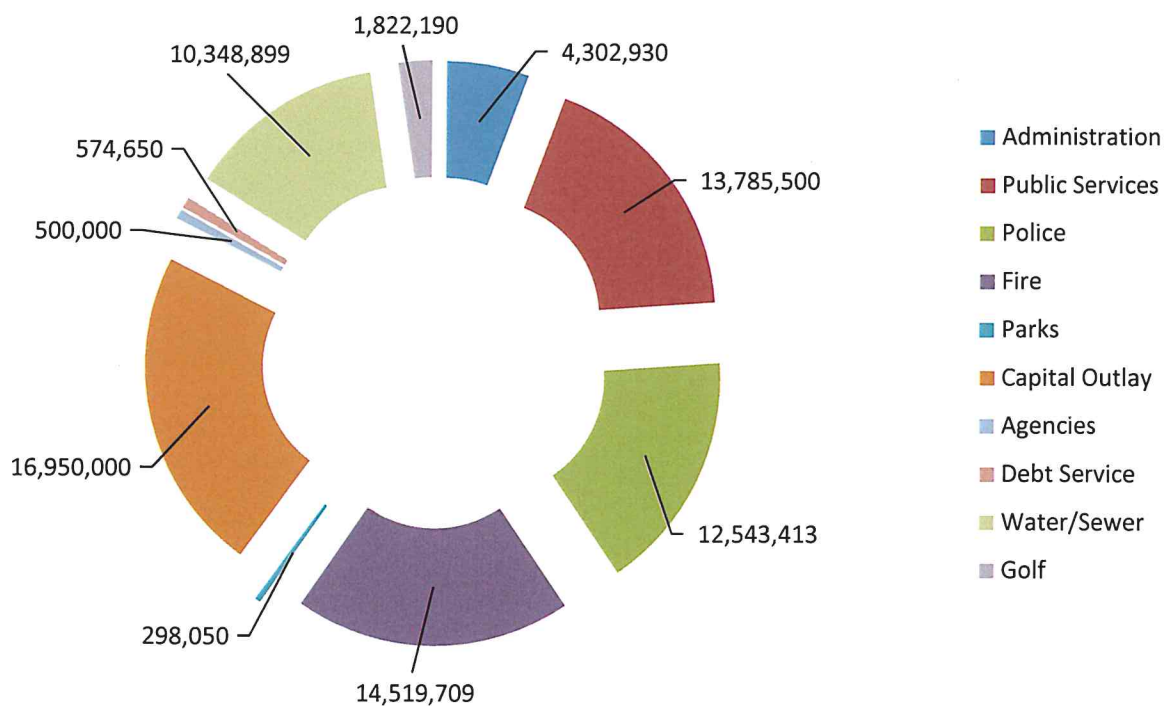
FY 2023

	General	Municipal	Infrastructure	Asset	Aquatic	Water and	World of	GRAND
	Fund	Aid Road	Fund	Forfeiture	Center	Sewer	Golf	TOTALS
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	TOTALS
Beg. Fund Balance	56,383,886	1,744,274	21,850,730	168,214	2,686,441	23,781,689	7,918,692	114,533,926
Taxes	9,645,000	-	-	-	-	-	-	9,645,000
Licenses and Permits	24,335,000	-	2,500,000	-	-	-	-	26,835,000
Intergovernmental	8,300,000	640,000	-	-	-	-	-	8,940,000
Fines and Forfeitures	225,000	-	-	-	-	-	-	225,000
Charges for Services	6,084,000	-	485,000	-	162,250	9,477,000	1,726,000	17,934,250
Other Services	-	-	-	-	-	-	-	-
Uses of Property	-	-	-	100,000	-	-	-	100,000
Interest	150,000	-	100	150	-	50	-	150,300
Miscellaneous	100,000	-	-	-	-	-	-	100,000
Transfers	-	125,000	1,500,000	-	-	-	100,000	1,725,000
<b>FOR APPROPRIATIONS:</b>	<b>105,222,886</b>	<b>2,509,274</b>	<b>26,335,830</b>	<b>268,364</b>	<b>2,848,691</b>	<b>33,258,739</b>	<b>9,744,692</b>	<b>180,188,476</b>
Administrative	4,302,930	-	-	-	-	-	-	4,302,930
Public Services	11,525,500	-	2,260,000	-	-	-	-	13,785,500
Police Services	12,343,413	-	-	200,000	-	-	-	12,543,413
Fire / E.M.S. Services	14,519,709	-	-	-	-	-	-	14,519,709
Parks / Recreation	-	-	-	-	298,050	-	-	298,050
Capital Outlay	16,750,000	1,200,000	-	-	-	-	-	17,950,000
Other Agencies	500,000	-	-	-	-	-	-	500,000
Debt Service	574,650	-	-	-	-	-	-	574,650
Water and Sewer	-	-	-	-	-	10,348,899	-	10,348,899
Golf Course	-	-	-	-	-	-	1,822,190	1,822,190
<b>TOTAL EXPENDITURES</b>	<b>59,516,202</b>	<b>1,200,000</b>	<b>2,260,000</b>	<b>200,000</b>	<b>298,050</b>	<b>10,348,899</b>	<b>1,822,190</b>	<b>75,645,341</b>
Transfers	1,725,000	-	-	-	-	-	-	1,725,000
<b>TOTAL</b>	<b>61,241,202</b>	<b>1,200,000</b>	<b>2,260,000</b>	<b>200,000</b>	<b>298,050</b>	<b>10,348,899</b>	<b>1,822,190</b>	<b>77,370,341</b>
<b>End. Fund Balance</b>	<b>43,981,684</b>	<b>1,309,274</b>	<b>24,075,830</b>	<b>68,364</b>	<b>2,550,641</b>	<b>22,909,840</b>	<b>7,922,502</b>	<b>102,818,135</b>

## 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 decent recovery in the areas of payroll tax and insurance premium taxes and occupational license fees during the current and past fiscal year. The City has been successful in dealing with budget realities in a positive manner to remain financially sound. The budget for the 2022 fiscal year calls for slight increases in core revenues in comparison to budgeted and projected results for fiscal year 2021. This is wholly due to coming out of the effects of the pandemic and waiting for all businesses to get back to normal operations. It is anticipated that property tax revenue will increase with minimal delinquencies and that Council will not adopt a property tax increase for the eleventh year in a row. 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 that was anticipated has slowed due to the pandemic. The City will have to wait and see if the economic situation will recover and improve over the next year or two and to what extent. The rising cost of all types of insurance, including liability, worker's 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.

In 2018 Senate Bill 151 was passed for state pension reform. Incorporated in that legislation was a provision to create a new payment methodology for employers in the retirement system to pay off the total unfunded liabilities of the plan over a new closed 30-year period using the level-dollar amortization method. Subsequently, on December 13, 2018, the Kentucky Supreme Court declared Senate Bill 151 void and unconstitutional. There has been no progress since then to solve the pension funding situation. However due to the pandemic, the Kentucky legislature passed Senate Bill 249 which will give state and local governments some pension relief for fiscal year 2021 by leaving the escalating pension rates the same as in fiscal year 2020. The 12% escalating rate is back in to effect starting with fiscal year 2022.

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 depending on one-time capital projects.

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. Due to the pension crisis in the State of Kentucky, pension rates have increased 12% for fiscal years 2020, 2022 and 2023. The health and dental costs continue to increase. Since the City is self-insured, we have implemented a new plan design every three years. After the implementation of the second 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.

### **Long-range Financial Plan**

The City needs to make sure that it has the resources to provide the services expected by the residents and to maintain the infrastructure and all of the City amenities that have been constructed 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. The City plans to fund capital items/projects with current year revenues and a portion of reserves to not issue any more debt. 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 property and payroll tax base from them, the City will struggle to be able to provide the core services at the current levels with the annual increases of personnel costs. When personnel costs are practically eighty percent of the general fund budget, it becomes a fine line of attracting and maintaining quality employees with annual COLA increases coupled with rising health care cost and a twelve percent annual increase passed on to the City from the Kentucky Retirement Board. The City has passed a Resolution to provide the employees with a COLA increase in the amount of the February CPI index percentage or two percent, whichever is greater in order to provide for competitive compensation rates in a tight labor market. As noted in the Short-Term Factors section of this letter, employer pension contributions rates are increasing at a rate of 12% per year for the non-hazardous and hazardous pension plans with the rates projected to cap in fiscal year 2028 at 47.49% and 87.50%, respectively.

The State of Kentucky was expecting robust growth in domestic product, hourly earnings and average weekly earnings suggesting a strengthening labor market until COVID-19 turned the economy upside down. Very quickly, Kentucky set a record for the number of unemployment claims with more than 591,000 claims filed in the first six weeks, small business were closing and the workforce participation rate plummeted. As the pandemic approaches its third year, COVID-19 continues to dominate the economic narrative. Many aspects of the economy have improved substantially. Consumer demand is strong. Businesses have expanded payrolls and ramped up production to meet this demand. As of October of 2021 Kentucky has recovered 84 percent of the jobs lost during the early months of the pandemic. The total value of goods and services produced in Kentucky have reached pre-pandemic levels in 2021. However, other aspects of the economy show that Kentucky is still wrestling with the pandemic's effects. The pandemic altered the economy, and because of this businesses, workers and consumers are still adapting to these changes. Supply chain disruptions have limited access to many key inputs and have contributed to higher prices. Many workers who left jobs during the pandemic have not returned to work. As a result of that, employers have raised wages trying to attract and retain workers. Taking all of the above into account, with Florence being the retail hub that it is, The City has continued to see increases in payroll taxes and occupational license fees collected.

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. In order to provide for these ongoing capital needs at the current levels, the City is projected to dip into the general fund unassigned reserves starting in fiscal year 2027 according to the five year plan. With a healthy

reserve base, the City can maintain status quo for a few years while planning on how to restructure the budget to once again use current year revenues as well as reserves for funding.

The City does have a couple major projects planned for fiscal year 2022 that will carry over into fiscal year 2023. During the current fiscal year of 2023, there are two major projects which include the proposed fire substation and the construction of a clubhouse at the stadium. The carryover project from fiscal year 2022 will be the Main Street revitalization which was a new initiative that the City started exploring during fiscal year 2019. The initial investment in fiscal year 2020 was to develop a parking lot and upgrade the closed firebase to bring it up to code. The hope was that these two activities would spur redevelopment of this corridor. The goal would be to bring the old downtown area back again and create a hub for the City of different activities from the existing retail corridors. During 2022 and 2023 the City adding a new streetscape, parking lot and event lot for the Main Street project as well. In 2022, a mural was added to the project to the side of one of the buildings but has not yet been completed. The two major projects for 2022 have been previously discussed. All projects and operations in the rolling five-year plan have been provided for with the City's current year revenues and reserves. The recent addition of additional personnel and wage and pension increases as part of operations will have an impact on reserves moving forward but are inclusive in the plan. There are not any major future capital projects or operational plans that will have a significant impact on the budget past the five-year plan. The final debt service amount will be retired in June of 2027. In addition, the bond issues for 2011 and 2012 were paid off in fiscal year 2022 once the bond issues were callable. The City has paid off four of its five bonds issues over the last two fiscal years. As stated above, the City is focused on being in "maintain" mode to be able to attract the business and resident mix necessary to preserve this viable community. Without the continuous upkeep of the many features, infrastructure and amenities, this community will suffer and that could potentially have a measurable impact on the long-range plans of the City. The City has always looked past the five-year plan to assess what future maintenance needs will transpire for the City as whole and how will we be able to fund those needs. That is one of the reasons that the City has accumulated a projected fiscal year 2022 balance of \$56.0 million in reserves for the General Fund knowing the importance of having a future funding mechanism for financial stability.

## **Economic Update**

According to the 2020 census, the residential population of Florence was 31,946. The City will have a new, official count of our residential population in the year 2030. The 2020 census versus the 2010 census represents an 7.5% increase over the decade. New schools, residential developments, and parks have been planned for or expanded to accommodate the growth. This residential census data, while important to the city's overall story, is only a fraction of the growth narrative. The City of Florence is known as an employment, industrial, office, retail, and dining hub of Northern Kentucky. When analyzing traffic patterns, the City is a center of activity from Southeast Indiana and some areas of Southwest Ohio, as well. This means the number of people coming to Florence daily to eat, shop and work, far exceeds our residential population. Being this center of activity has allowed the City to realize the successes it has over the years. Over the last few years the City has have generated more than \$600 million in new private sector investment from a wide array of industries, expanding our tax base and creating hundreds of new jobs for our citizens.

Concern remains nationwide about the future of brick and mortar retail stores and large urban malls. While there is no denying that the brick and mortar world is changing, staff discussions with some of the national retailers have assured the City that they recognize that as needs in the retail arena shift, so must their focus. They view the changes as an opportunity to recreate and reinvent the retail experience for the next generation. For those brick-and-mortar stores that look to the future – those retailers around the world that are increasing their data analytics effort in the physical shopping realm, are improving their operations and customer experiences.

There are visible redevelopment projects currently taking place. The Turfway Racetrack is a 194 acre re-development site. The former racetrack was a complete tear down. The re-build on the site is currently under construction and will be completed in 2023. The Tom Gill collision center is a redevelopment of the former 30,000sq. ft. building that formerly housed the Florence Fundome. Drury Inn and Suites is redeveloping an eight acre sight to place an 9 story, 187 room hotel with construction beginning in the fall of 2022.

While we are on the topic of retail, we would be remiss if we did not discuss the Florence Mall. One of the largest properties and highest assessed real estate in Boone County, underwent a change in ownership last year. Malls, in general, are dealing with shifting consumer preferences, as well. We have been in discussions with Brookfield Properties, owners of the mall, and they have successfully redeveloped malls around the country. However the mall when into receivership with Key Bank in January 2021. Our charge to them to explore streetscape improvements, a diversity of tenant spaces, and thinking to the future are currently on hold as we await the outcome of the situation. The Mall is currently for sale by Key Bank.

A few of the other recent openings include the Calvary office complex, Thai Tea House, Twin Peaks restaurant, Blind Squirrel restaurant, Legacy Living senior housing, Tesla charging station, St. Elizabeth Endoscopy Center, Tom Gill digital motor sales, VIP Salon, Caribbean Cravings and Buff City soap.

Construction is ongoing on residential homes in the Orleans North subdivision continues as well as the apartment complex for Village Terrace. Construction has just commenced on the Arlington Properties which includes a 21 acre development site for 250 luxury apartments units named tapestry Turfway Park.

The City just annexed 272 acres of the former Marydale in April of 2021. The property is owned by Vinings Trace, LLC. A TIF district was created in the amount of \$600 million to incentivize the annexation and assist in funding capital construction costs. The expectation is for a mixed-use space for office buildings, apartments, restaurants, medical facilities, educational institutions and more. We expect development to begin in the next few years.

The projects that are currently in the pipeline for future development include, AE Door retail and sales office, Kerry Toyota expansion, Hilton Garden Inn hotel, Ford's garage restaurant, Chipotle, True Storage and Carplex.

One of the major issues on everyone's mind is the ramp up to the Amazon Prime Air Hub, which plans to be fully operational on the campus of the Cincinnati/Northern Kentucky International Airport in 2022/2023. The City continues to engage with representatives from Boone County, the Airport, traffic consultants, the Kentucky Transportation Cabinet and Amazon, as well as working with members of the Northern Kentucky Legislative Caucus as we try to determine the potential impact to traffic flow in and around the city. Amazon and the spin off development it creates will offer challenges to the City's infrastructure, housing and employment base. Working together can minimize the negative impacts and focus on the many opportunities that will occur for all of the City's residents and businesses.

Those are just some of the highlights and would encourage all to read the City's latest Development Update published quarterly on our website. It contains details about all the new development occurring in Florence. The economic strategy continues to focus on creating a diverse economy that supports long-term sustainability and building stronger relationships. Working with the existing business community and reaching out to the start-up and entrepreneurial communities will ensure that the City continues to be the region's most sought after community to grow a business.

The successful enactment of the budget includes the commitment, support, and encouragement of the 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.

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 2022-2027**

The City of Florence engaged in a strategic planning process with Management Partners during calendar year 2019 and ending in January 2020. The planning effort began with an examination of the previous strategic plan and the progress made to achieve those objectives to date. This was followed by an evaluation on what the next strategic plan update should take into account to align the most current City goals with the annual budget processes.

Strategies are the means to achieve multi-years goals. They are measurable, with specific resources assigned, timeframes allotted and responsibilities determined. The implementation action plan helps to ensure accountability for accomplishing the goals and strategies including resources required to carry out the goals and strategies.

To develop the action plan, Management Partners met with the Department Heads, Mayor and Council individually, held several strategic planning workshops for public outreach, and concluded with a planning workshop. The results of the process were put into the following implementation action plan:

#### **Goal 1: Improve transportation infrastructure and coordinate with regional and state partners to ensure efficient traffic flow.**

Recommendation	Implementation Steps
Partner with the Ohio, Kentucky, Indiana Regional Council of Governments (OKI), Kentucky Transportation Cabinet (KTC), Boone County Fiscal Court, and local and regional partners to improve traffic flow on major arterials.	Explore viability of forming the partnership and which groups will participate. Identify funding mechanism for contributions from partners or grants to perform traffic studies and future project costs.
Promote the use of innovative engineering, technology and best practices to improve traffic flow.	Identify areas where there is high traffic volume and stacking issues. Engage partners in traffic studies of specific areas identified. Identify which projects make sense to proceed and which to put into a 3-5 year plan to determine resources necessary in the Infrastructure Fund. Finalize capital funding plan to perform infrastructure projects identified. Secure budget resources.

**Goal 2: Identify and stimulate opportunities for existing and emerging business sectors.**

Recommendation	Implementation Steps
Create area-specific redevelopment plans for the Main Street District and the area surrounding the UC Health Stadium and Mall Road.	Develop an Economic Development Program perhaps with regional collaboration and engagement of community leaders. (Boone County, NKADD, Cabinet for Economic Development).
Develop a plan for future retail-focused development.	Develop outreach program for current businesses to insure their needs are being met.
Explore options for developing properties where public-private partnerships are necessary to drive employment growth.	Economic development incentive for business expansions including grants, state funding and private-sector leveraging. Establish funding amounts for incentives.
Develop programs to promote business retention and expansion of primary and non-primary industries.	Develop outreach program for current businesses to insure their needs are being met.

**Goal 3: Enhance the quality of life and community amenities for Florence residents and stakeholders**

Explore the feasibility of a new recreation center	Explore need and location. Identify multi-purpose uses for center. Identify operation manager. Quantify capital and operations costs. Determine if this is where City recreational funds should be spent.
Collaborate with Boone County Library District to identify alternative locations and associated costs for an additional library location.	Find a new location or rebuild in the current location.
Develop a plan to reduce visual clutter caused by overhead wires, signs, etc., along major corridors.	Establish a priority on what areas to focus. Study the area and develop a strategy with cost estimates to implement the underground initiative.
Identify tools and incentives for upgrading existing housing and improving the quality of life in neighborhoods (i.e., rental registration, and loan/grant programs for improvements).	Develop policies and procedures for new programs. Update Ordinance to enforce new programs. Evaluate staffing/equipment needs to fulfill this Initiative and funding needs.

## STRATEGIC PLAN FISCAL YEARS 2021-2026

### **Goal 4: Foster sustained fiscal health through continued long-term planning, staff development and employee recruitment efforts.**

Evaluate City services to evaluate efficiency and ROI.	Identify the specific departmental services and develop performance measures/index/metrics to establish a base-line.
Determine future City workforce needs.	The base-line as well as departments looking towards future City growth and preservation of current services.
Conduct a review of classifications and compensation to ensure the City can attract and retain needed staff.	Reviews of job classifications and compensation can be made using the KLC Wage and Salary biennial reports/NKCCMA Compensation and Benefits annual report/City pay plans in NKY and City pay plans of comparable size.
Support talent management with effective employee development, succession planning to cultivate and grow leadership, excellent performance, and attracting and retaining outstanding employees.	Once the personnel structure gains knowledge/skills and gets promoted leadership, performance and retention should follow. We have a say in the salary and benefits but we rely on their skills, performance and execution and certifications. Revisit pay plan, benefits and costs.
Review and improve processes for recruiting, hiring and promotions to encourage a strong candidate pool of talented individuals for City of Florence jobs (from entry level to managers and directors).	Evaluate the need to use recruitment software and/or onboarding software for recruiting and hiring.

### **Goal 5: Build strong connections with community partners, residents and employees.**

Diversify and enhance communication practices and tools for disseminating information to the community	Enhance City website. Make app more mobile friendly. Have app be location driven for alerts and news. Contract with/hire social media person
Create partnerships with schools and local organizations to increase community engagement and outreach.	Quality of schools has a significant Influence on Florence's future economic competitiveness. Schools can be one of the most important determinants of neighborhood quality, local growth and change and quality of life.
Improve the customer experience by diversifying and enhancing self-service and online options for payments, registrations, scheduling, etc.	Water bill flyer with suggestions on paying a water/tax bill on-line, downloading the app for advisories and alerts, park, nature park and shelter reservations. Kiosks. Costs for upgrades and initiatives.

# STRATEGIC PLAN FISCAL YEARS 2021-2026

Strategic Priority	Desired Outcome	Key Outcome Indicator	Target	Strategic Initiative
<b>Goal 1: Efficient Traffic Flow</b>	Partnership with KTC, OKI and Boone County	Future capital infrastructure plan for high traffic areas	Five year capital plan is adopted and funded	Develop partnership and 5-year infrastructure funding plan
<b>Goal 2: identify Business Sectors</b>	Identify Economic development targets to attract and retain businesses for the retail and Main Street districts	Regional collaboration program with Tri-Ed containing funding amounts for incentives	Timing, costs, prioritization in place and completed	Develop collaboration and identified specific areas of concentration and have funding in place
<b>Goal 3: Enhance Sense of Community</b>	Core services meet community expectations	Resident and stakeholder feedback	Defined areas of focus and initiatives with funding needs agreed upon	Develop strategy including policies and procedures to forward the initiatives
<b>Goal 4: Sustained Fiscal Health</b>	Evaluate City services, workforce needs and reserves	Identify service need along with performance measures.	Maintain reserves equivalent to 30% of General Fund operating and capital expenditures	Perform annual comprehensive reserve analysis.
<b>Goal 5: Build Community Partners</b>	Improve customer service, communication and community engagement	Enhance City social media, strengthen outreach with the schools and local organizations	City website and app enhancements, targeted meetings with Stakeholders	Community service feedback programs/projects

## Enduring Objectives

The City of Florence, in partnership and communication with residents, businesses, and schools is dedicated to:

- Providing a safe, healthy, welcoming atmosphere where people choose to live
- Promoting economic vitality and strategically positioning Florence for the future
- Supporting planned growth and influencing decisions that impact the city
- Building an inclusive informed city with opportunities for all
- Meeting service demands through high quality customer service, innovation, a positive work environment, and a commitment to excellence
  
- **Providing a safe, healthy, vibrant community**
  - Promote safety, health, and security through effective communication and service delivery
  - Facilitate successful neighborhoods through community involvement
  - Encourage and partner in the development of quality housing choices for people of all ages and income levels
  - Promote a walkable, pedestrian and bicycle-friendly city with complete streets, trails, and connections between neighborhoods and community focal points
  - Provide opportunities for communities to be better prepared for emergencies
- **Promote economic vitality and strategically position Florence for the future**
  - Promote Florence as the progressive, opportunity- rich city
  - Capitalize on opportunities through bold and creative economic development strategies
  - Recruit and retain businesses to ensure a dynamic, diversified employment base
  - Nurture entrepreneurship and foster successful partnerships with businesses and community leaders
  - Leverage public/private resources to focus development on economic centers
- **Support planned growth and influence decisions that impact the city**
  - Foster development of vibrant, sustainable, attractive, mixed-use neighborhoods in urban centers
  - Uphold a high standard of design and property maintenance
  - Advocate Florence's interests through state and federal lobbying efforts, regional partnerships and other organizations
  - Pursue transportation and other regional improvements and services that improve quality of life
  - Balance development with environmental protection
- **Building an inclusive informed city with opportunities for all**
  - Improve access to city services and programs and make residents and businesses aware of opportunities to be involved with their community
  - Build connections with ALL communities that reflect the breadth and richness of the diversity in our city
  - Provide critical and relevant information on a timely basis and facilitate two-way dialogue between city government and the community
  - Encourage volunteerism, participation and civic engagement
- **Meet service demands and provide high quality customer service**
  - Plan, develop, and maintain quality services, infrastructure, and amenities
  - Prioritize services at levels that can be sustained by revenue
  - Develop and maintain collaborative partnerships and investment strategies that improve services

### **Strategic Direction**

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.

### **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 (2013);
- Central Florence Strategic Plan (2008);

- Main Street Zoning District (2022);
- Mall Road District Zoning Study (2012);

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

- Boone County Transportation Plan
- OKI 2040 Regional Transportation Plan
- Parks & Recreation Needs Assessment and Park Land Evaluation Study
- 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.

In 2001, after researching local, regional, and national economic development incentive programs, and comparing those to the state-sponsored programs that the city already participates in, approved a local economic incentive program. This program was designed to encourage development in specific geographic areas of the city and in specific professions that would enhance the Florence community by offering an eligible applicant a rebate of a percentage of the employees' withholdings generated by the new jobs for a period of up to five (5) years. The maximum percentage that could be approved and retained would be 50%.

### **Community/Economic Development Initiatives/Action Plan**

To spur and initiate 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 01, 2021**

*Christopher P. Morill*

Executive Director

**CITY OF FLORENCE**  
**LIST OF PRINCIPAL OFFICIALS**

**Mayor**

Diane E. Whalen  
(Term Expires December 2022)

**Council Members**

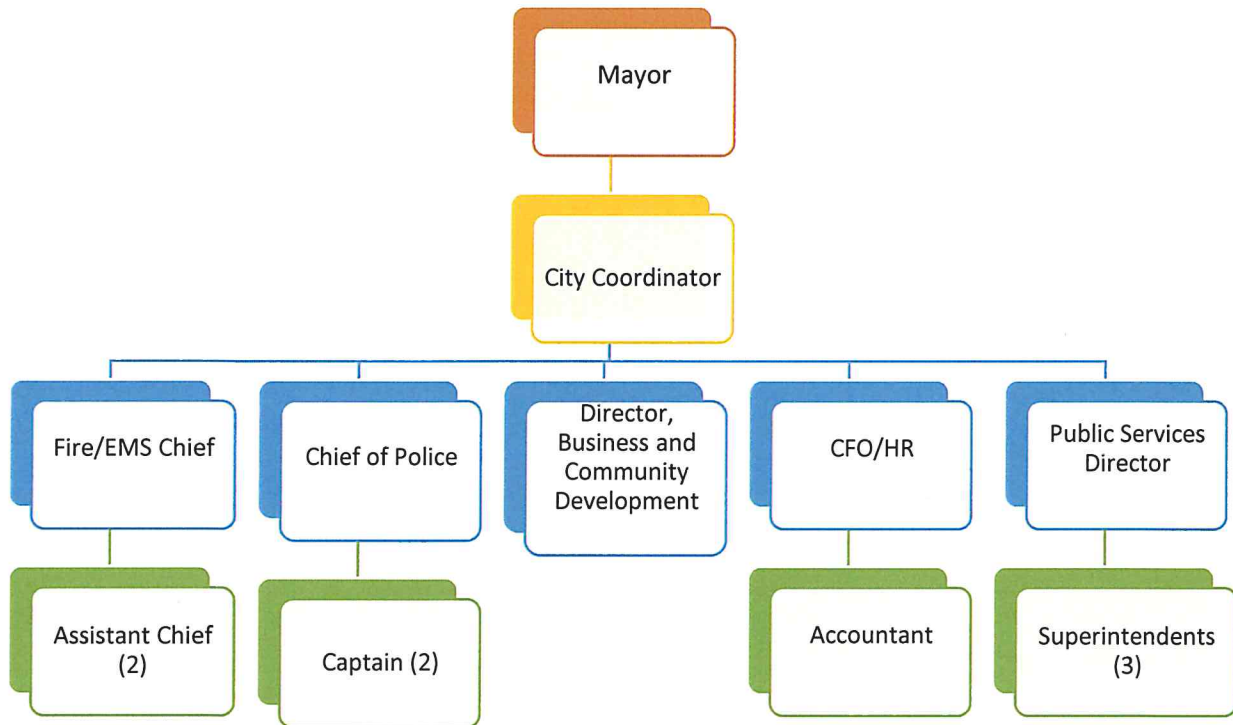
Mel D. Carroll  
Kelly Huff  
Julie A. Metzger-Aubuchon  
David A. Osborne  
Patricia Wingo  
Gary Winn  
(All Terms Expire December 2022)

**Staff**

City Clerk - Melissa Kramer  
City Attorney - Hugh O. Skees  
City Engineer - William R. Viox  
CFO/HR - Linda J. Chapman  
Director of Public Services - Robert E. Hall  
Chief of Police - Thomas A. Grau  
Fire/E.M.S. Chief - Rodney Wren



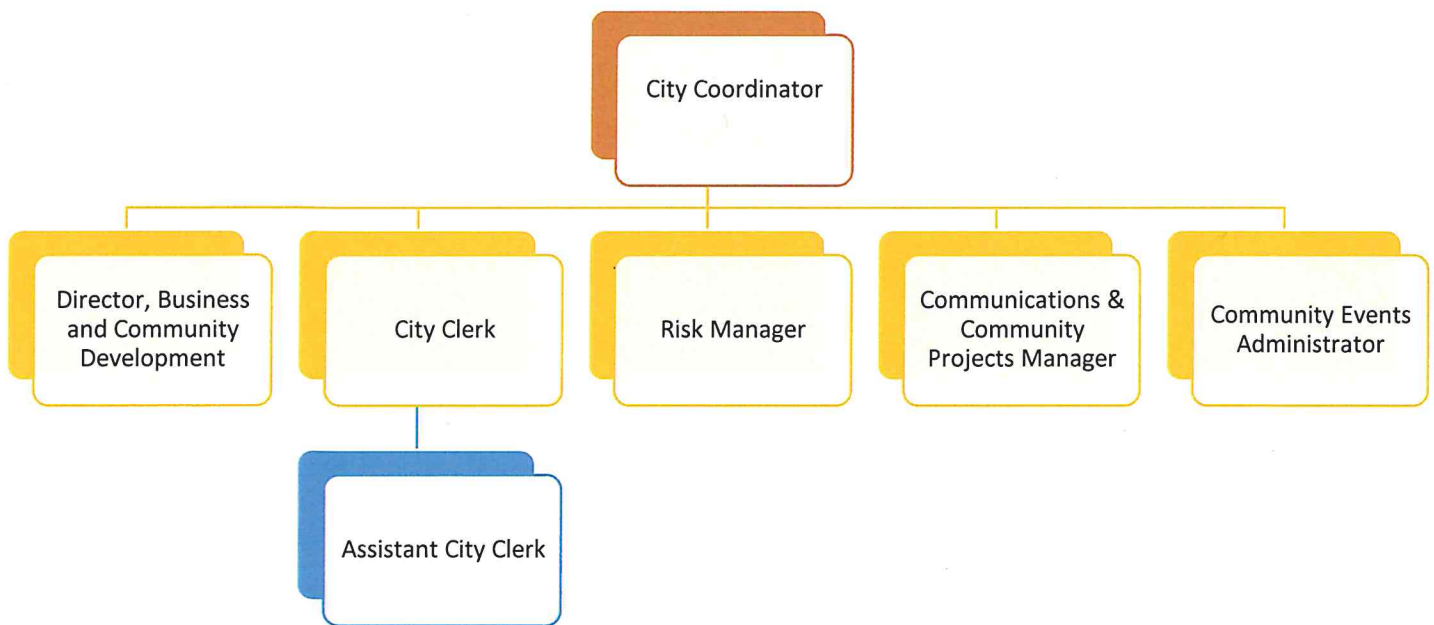
## City of Florence Management Organizational Chart



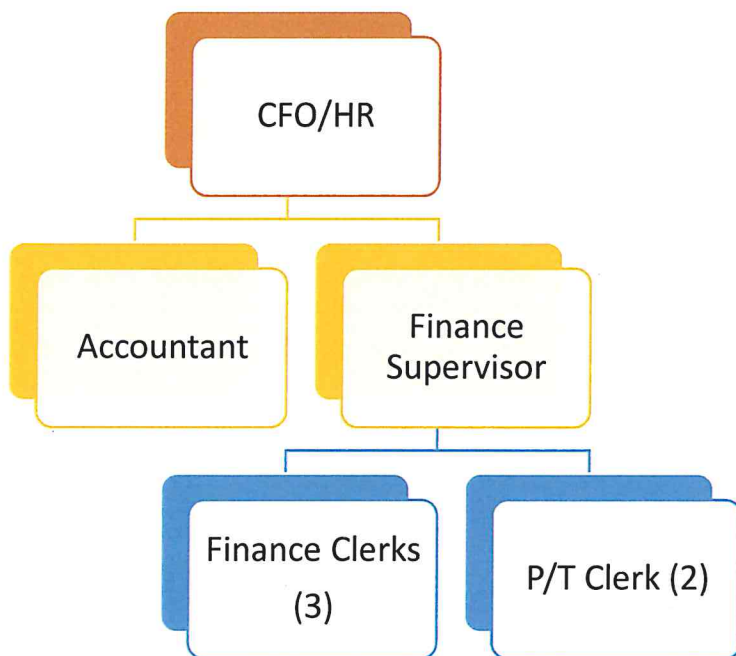
## Organizational Chart FY 2022

Total Employees: 232 Full Time  
2 Part Time

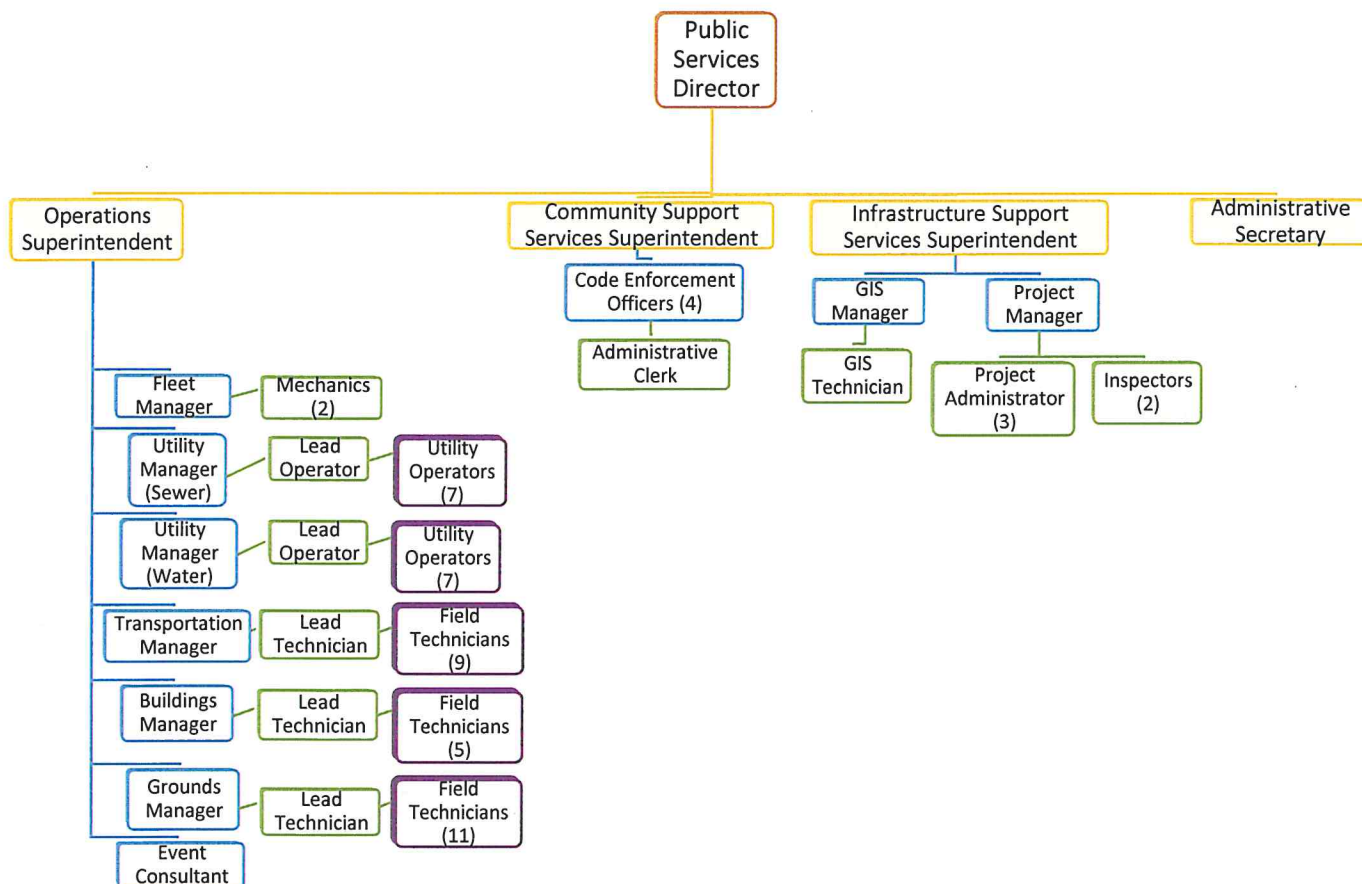
Administration Organizational Chart



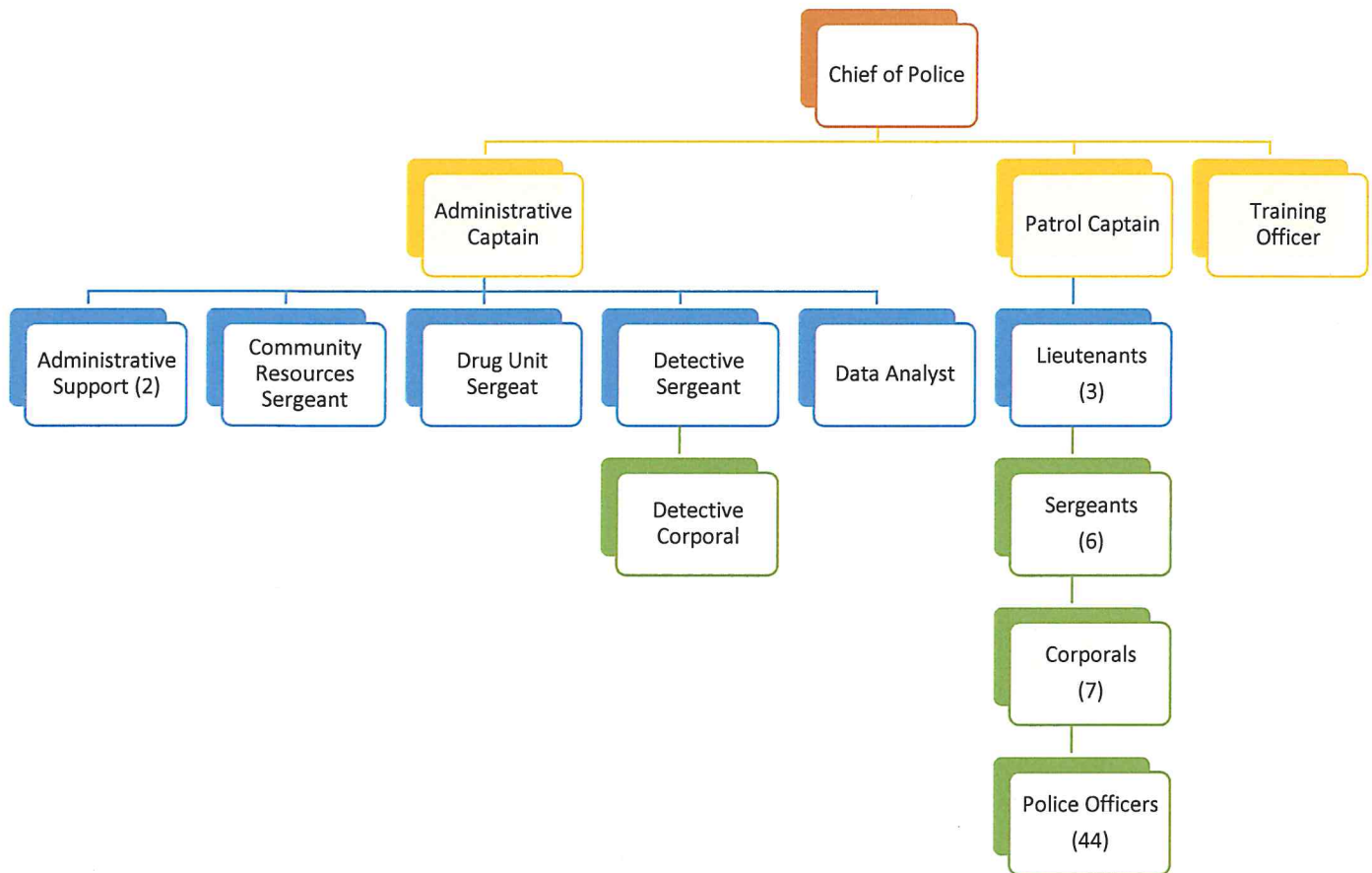
Finance Organizational Chart



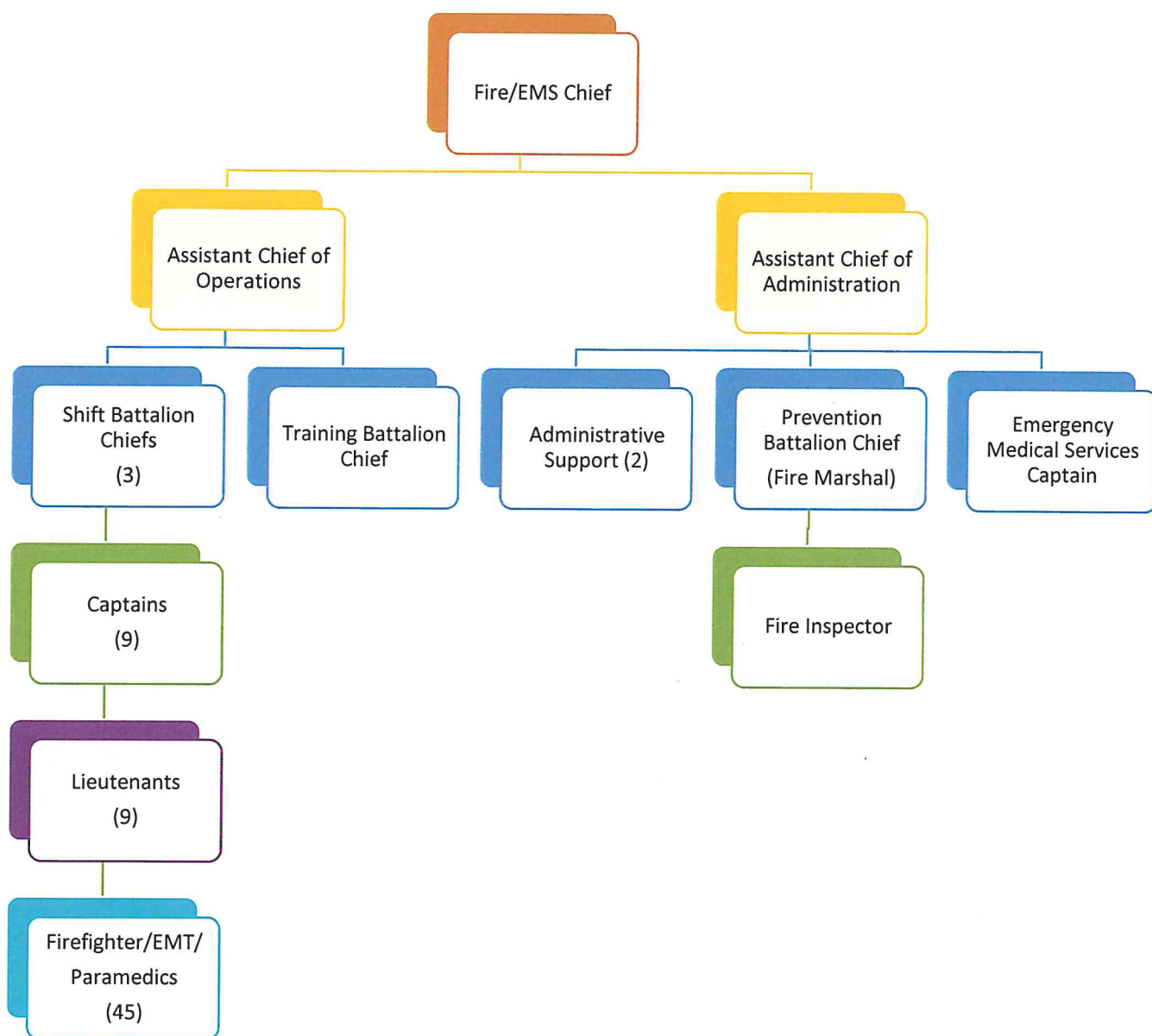
## Public Services Organizational Chart



Police Department Organizational Chart

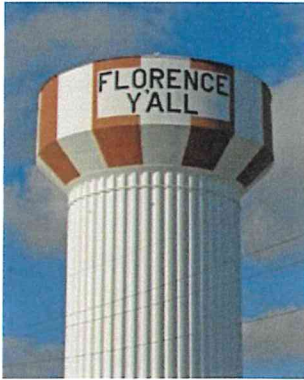


Fire/EMS Department Organizational Chart



### 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. In 2021, the facility constructed a 90,126 sq. ft. endoscopy center. Seven nursing facilities and rehab facilities are located in the city as well.

## GENERAL INFORMATION

### 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, swings, splash ground and sand volleyball. Kentaboo Park was most recently constructed in 2020. 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.

## GENERAL INFORMATION



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.

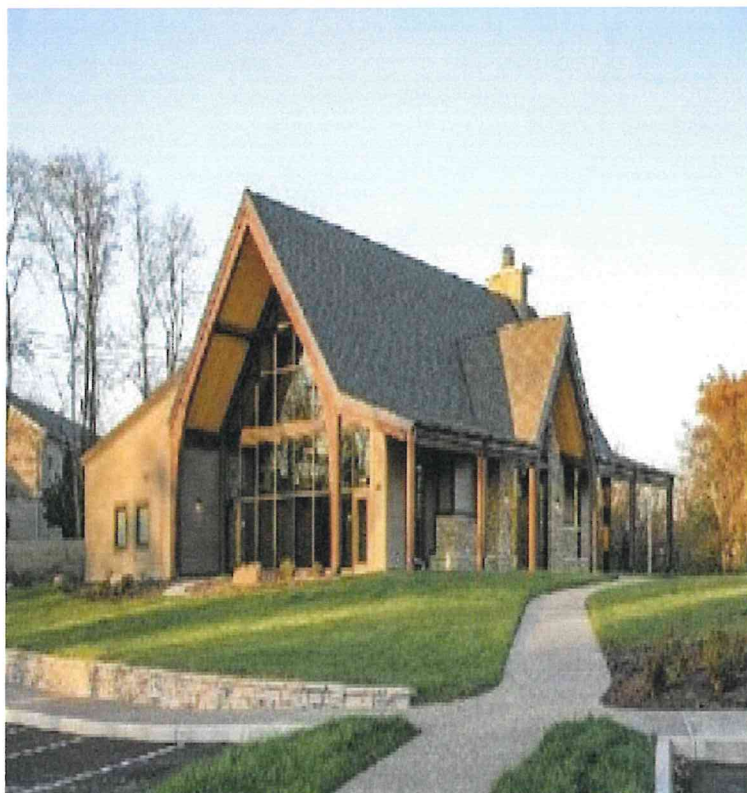


The Florence Senior Center was opened in June 2012. It is a multi-purpose center with a kitchen, wellness room, computer lab, exercise room and activity room. It is managed by the R.C. Durr YMCA. Monthly activities include yoga stretch, euchre, crafts, canasta, art lessons, Wii bowling, bingo and chair volleyball.

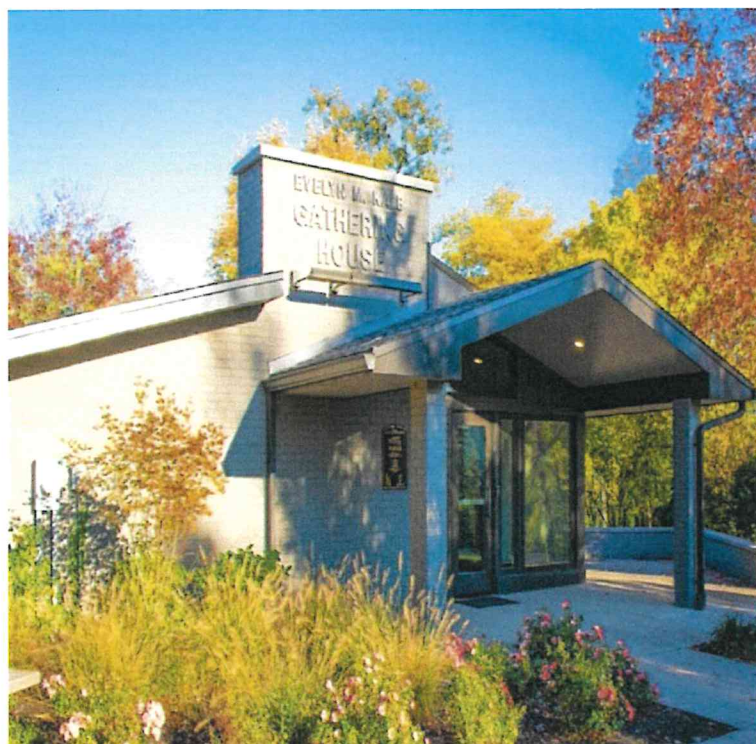


The Veterans Memorial of Boone County on the Florence campus was built to honor and remember all Boone County Veterans who served and gave the ultimate sacrifice so that we may have and enjoy freedom. It features a memorial honoring WWI, WWII, Korea, Vietnam and the "War on Terror". It also has a granite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

## GENERAL INFORMATION



The Nature Park Event Center is located in the heart of the Florence Nature Park, surrounded by trees and wildlife. This unique nature setting provides guests with a venue for hosting weddings, receptions, meetings and other social events. The center was constructed in 2020 to meet the demand in the community and has become known for its lofty ceilings, stone façade and craftsman Kentucky feel. The Center features dinner seating for up to 100 guests and potentially hosting a cocktail or theater style event for up to a max of 140 guests. After and during the events patrons can literally talk a walk in the park.



The Evelyn M. Kalb Gathering House is located adjacent to the Nature Park Event Center. This center was renovated in 2018 and includes new wood beam ceiling, tile flooring and an expanded and remodeled kitchen area. This Gathering House features seating for 54 guests with a maximum capacity of 80 guests. The size and location is perfect for birthday parties, showers, reunions and social gatherings of all types for the community.

### **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.

The "State of Florence" remains strong. The leadership of the city, with the encouragement, support, and shared vision of this council, continues to focus on those core municipal duties of providing the best and most reliable services to all of our stakeholders, concentrating on our economic and community development efforts, and continuing to responsibly position our city as the established center of commerce it is today. Florence is a safe, prosperous, and service-oriented city. Florence is a financially stable city.

According to the 2020 census, the residential population of Florence was 31,946 which makes it the eighth largest city in Kentucky and the 1168<sup>th</sup> largest city in the United States. Florence is currently growing at a rate of 1.17% annually and its population increased by 7.95% since the most recent census, which recorded a population of 29,951 in 2010. New schools, residential developments, and parks have been planned for or expanded to accommodate the growth. This residential census data, while important to the city's overall story, is only a fraction of our growth narrative.

## GENERAL INFORMATION

Our Economic Development Team finalized many development projects and continues to search for the businesses our community needs and desires. The strategy continues to focus on creating a diverse economy that supports long-term sustainability by building stronger relationships and working with the existing start-up and entrepreneurial community. The Team wants to ensure Florence will continue to be the region's most sought after community in which to grow a business.

Concerns remain nationwide about the future of brick and mortar retail stores and large urban Malls. General Growth Properties sold Florence Mall to Brookfield Properties. Our discussions with some of the national retailers have reassured us that they are aware of the concerns and recognize that as needs in the retail arena shift, so must their focus. They view the changes as an opportunity to recreate and reinvent the retail experience for the next generation. We look forward to working with them to provide the best possible options to sustain the mall presence for our community. The Florence Mall is currently in receivership with Key Bank and advertised for sale as of March 2022.

New business opened during the first half of fiscal year 2022 include the following: Dominion Senior Living, Torres Mexican Steakhouse, Sam's Club fuel center, Duluth Trading, Texas Roadhouse, Tropical Smoothie café, Sleep outfitters, Tom Gill Digital Motor Sales, Calvary Office Condos, Twin Peaks and Blind Squirrel restaurants and St. Elizabeth Endoscopy. Construction is ongoing for the following projects: Turfway Racetrack, Tapestry Turfway Park, Bark Park and patio, Hilton Garden Inn, Ford's Garage restaurant and carplex.

We welcomed the opportunity to annex and provide our excellent city services to this area. Amazon Prime has announced their intention to make CVG their new Air hub. The total build out is estimated to be more than \$1.5 billion dollars with employment opportunities for an estimated 2500 employees. While this project is not located within our city boundaries, we will be involved in discussions regarding flow of traffic and the positive impact this will have on our city as well as our entire region. Project should be open the end of 2022.

In April 2021, the City annexed 270 acres that was formerly known as the Marydale property. The development of the property will be a mixed use to include office buildings, apartments, restaurants, medical facilities and educational institutions. In conjunction with this annexation, the City has created a Tax Increment Financing (TIF) District for a thirty year period. The City has pledged 75% of the incremental property taxes and occupational license taxes to the TIF. The City is awaiting their development proposal and continues to work closely with the developer on the next steps and a concept plan for the development.

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. The City recognizes that we have to continually invest in the City and not rely on the status quo for long-range sustainability. The City has initiated incentive programs to get businesses to invest in certain area of the City and for certain types of businesses to locate in areas of the City. The City is currently trying to revitalize the Main Street section of the City to re-establish that downtown feel again. The

## GENERAL INFORMATION

City is putting together incentive programs, making streetscape improvements, creating a parking lot that will hold entertainment events/attractions and creating art murals. The city is continually meeting with retail strategy companies to market the retail hub of the City with the changing national retail environment for physical locations to an online presence. The Florence Mall is currently up sale and the City is hoping for the opportunity to partner with the new owners to create a new future vision for the center of the retail hub.

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 is to remain a viable City with strong reserves to maintain the services expected as well as the maintenance of the City infrastructure and amenities. The City 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.

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 10.36 square miles and serves an estimated population of 34,174. 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 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, 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.

## People Quick Facts

Florence City, Kentucky

## Population

Population estimates base, July 1, 2022, (V2022)	34,174
Population, percent change - April 1, 2020 (estimates base) to July 1, 2022, (V2022)	6.90%
Population, Census, April 1, 2020, (V2021)	31,946
Population, Census, April 1, 2010	29,951

## Age and Sex

Persons under 5 years, percent	6.60%
Persons under 18 years, percent	23.70%
Persons 65 years and over, percent	16.20%
Female persons, percent	50.20%

## Race and Hispanic Origin

White alone, percent	87.80%
Black or African American alone, percent	5.70%
American Indian and Alaska Native alone, percent	0.10%
Asian alone, percent	2.60%
Native Hawaiian and Other Pacific Islander alone, percent	0.00%
Two or More Races, percent	2.00%
Hispanic or Latino, percent	4.20%
White alone, not Hispanic or Latino, percent	85.50%

## Population Characteristics

Veterans, 2015-2019	2,460
Foreign born persons, percent, 2015-2019	8.20%

## Housing

Owner-occupied housing unit rate, 2015-2019	55.30%
Median value of owner-occupied housing units, 2015-2019	\$153,700
Median selected monthly owner costs -with a mortgage, 2015-2019	\$1,191
Median selected monthly owner costs -without a mortgage, 2015-2019	\$425
Median gross rent, 2015-2019	\$962

## Families and Living Arrangements

Households, 2015-2019	13,154
Persons per household, 2015-2019	2.44
Living in same house 1 year ago, percent of persons age 1 year+, 2015-2019	78.30%
Language other than English spoken at home, percent of persons age 5 years+, 2015-2019	10.00%

## Income and Poverty

Median household income (in 2019 dollars), 2015-2019	\$57,348
Per capita income in past 12 months (in 2019 dollars), 2015-2019	\$31,588
Persons in poverty, percent	8.50%

Population and Housing, Current Population Survey, Small Area Health Insurance Estimates, Small Area Income and Poverty Estimates, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits.

## DEMOGRAPHIC AND ECONOMIC STATISTICS

<b>Fiscal Year</b>	<b>Population (1)</b>		<b>Personal Income (2)</b>		<b>Per Capita Median Income (2)</b>	<b>Median Age (2)</b>	<b>Unemployment Rate (3)</b>
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	\$	1,560,026,928	\$	50,181	36.3	5.6%
2015	31,888	\$	1,659,866,064	\$	52,053	36.8	5.5%
2016	31,888	\$	2,168,320,224	\$	67,998	37.0	5.5%
2017	32,460	\$	1,967,140,920	\$	60,602	37.3	5.5%
2018	32,460	\$	2,111,295,780	\$	65,043	37.1	5.0%
2019	32,460	\$	1,861,516,080	\$	57,348	38.1	3.9%
2020	32,479	\$	N/A	\$	N/A	N/A	4.2%
2021	33,344	\$	N/A	\$	N/A	N/A	4.4%

(1) Census Bureau and Kentucky State Data Center

(2) Data USA

(3) Bureau of Labor Statistics Data and Kentucky State Data Center

## PRINCIPAL TAXPAYERS

<u>Taxpayer</u>	<u>Taxable Assessed Valuation</u>	<u>2020 Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Florence mall, LLC	\$ 60,000,000	1	1.80%
New Plan Property Holding	34,785,735	2	1.00%
Worldpay, LLC	33,061,725	3	0.98%
Amazon Data Services	30,389,350	4	0.91%
Paddick Club Apartments, LLC	28,150,000	5	0.84%
Star Wetherington, LLC	24,083,270	6	0.72%
Gregal-Gam Florence, LLC	23,558,700	7	0.70%
Turfway Park, LLC	21,695,802	8	0.65%
Robert Bosch Automotive Steering	21,601,000	9	0.64%
Costco	20,000,000	10	0.60%
TOTAL	<u>\$ 297,325,582</u>		<u>8.84%</u>

## OPERATING INDICATORS BY FUNCTION

Function	Fiscal Year June 30,						
	2015	2016	2017	2018	2019	2020	2021
Police:							
Physical arrests	2,736	2,501	2,017	2,364	2,127	1,732	1,283
Traffic violations	5,188	5,768	5,854	6,478	5,274	2,288	2,189
Parking violations	93	114	143	90	121	116	62
Fire:							
Number of calls answered:							
Fire	2,492	2,496	3,461	3,658	3,869	3,767	3,801
Ambulance	6,819	6,982	7,796	8,267	8,531	8,212	8,343
Inspections	2,575	2,527	2,097	1,426	1,442	1,054	1,106
Highways and streets:							
Street resurfacing(lane miles)	8.48	8.48	10.36	10.36	10.36	9.60	9.60
Water:							
New connections	46	35	26	25	32	41	35
Water main breaks	34	30	32	54	52	56	47
Average daily consumption (thousands of gallons)	2,995	2,945	2,996	3,185	3,007	3,010	2,987

Source: Various city departments

# CAPITAL ASSETS STATISTICS BY FUNCTION

Function	Fiscal Year June 30,						
	2015	2016	2017	2018	2019	2020	2021
Police:							
Stations	1	1	1	1	1	1	1
Patrol units	34	34	34	34	34	34	34
Fire:							
Fire stations	4	4	4	4	4	4	4
Highways and streets:							
Streets(miles)	169	169	169	169	173	173	193
Streetlights	2,103	2,103	2,111	2,115	2,115	2,115	2,115
Culture and recreation:							
Parks	9	9	9	9	9	12	12
Parks acreage	163.5	163.5	163.5	163.5	163.5	172.0	172.0
Swimming pools	1	1	1	1	1	1	1
Ball fields	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4	4
Water:							
Water mains	150	146	146	147	151	147	147
Fire hydrants	1,598	1,605	1,605	1,621	1,632	1,632	1,631
Maximum daily capacity (thousands of gallons)	4,183	4,120	3,840	3,773	3,310	4,169	3,463
Sewer:							
Contained sanitary/storm sewers (miles)	274	274	274	200	201	196	197

Source: Various city departments

## BUDGET PROCESS

The following procedures are followed when establishing the budgets for all City Funds. In June of 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.

The City utilizes two bases for budgeting and accounting depending on the classification of the fund type. The two bases are the Modified Accrual Basis and the Accrual Basis.

1. The Modified Accrual Basis is the foundation for all Governmental fund types like the General Fund and Special Revenue Funds (i.e. Municipal Road Aid, Infrastructure, Asset Forfeiture, Aquatic). These funds are prepared and reported using the current financial resources measurement focus which recognizes revenues only when they become both measurable and available. The expenditures generally are recorded when a liability is incurred except for accrued interest on general long-term debt. This basis is also used in the audited financial statements.
2. The Accrual Basis is the base for Proprietary funds which includes Enterprise Funds (i.e. Golf Course and Water and Sewer) and Internal Service Funds (i.e. Health and Dental). They are budgeted and distinguish operating revenues and expenses from non-operating revenues and expenses. These funds are budgeted using the full accrual basis of accounting. The operating revenues are recognized when earned and operating expenses are recorded as liabilities when benefits are received. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. This basis is also used in the audited financial statements.

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 budget process begins in March of each year with the distribution of the budget worksheets to each department head. They have a period of time to fill those out and return to the Finance Director. The Finance Director will assemble the budget document for the City as a whole. From that point discussion will be held between the department heads, Finance Director, City Coordinator and the Mayor.

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.

Once a final version of the budget document has been arrived at a public meeting is held for the Council members and the public for further discussion to reach a budget that will be presented for adoption by the Council. The Mayor will present the State of the City address and present the final version of the budget to be passed to Council for their approval.

## BUDGET PROCESS

The operating budget contains proposed expenditures and the means of financing them for the upcoming year. 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. Council may authorize supplemental appropriations throughout the year.

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.

A "PDF" copy of the budget is available on the City website at <https://florence-ky.gov/forms-and-documents/>. Following on the next page is the budget calendar that the City followed for the current year.

## BUDGET CALENDAR 2022-2023

March 1st	Issue FY 2022-2023 Budget Calendar
March 9th	Budget worksheets due to Department Heads
March 18th	Projected Salaries & Wages by Finance Department
March 18th	Budget recommendations due from Department Heads to Finance Director
Week of March 21st	Finance Director & City Coordinator Review
Week of April 4th	Meet with Department Heads
April 11th	Review preliminary budget with Mayor
Week of April 18th	Budget Books Prepared
April 22nd	Distribution of preliminary budget to City Council
May 5th	Send out Notice of Special Call
May 7th	Public Hearing Budget presentation /comments & discussion
May 24th	Proposed use hearing for Municipal Aid Road Fund Budget discussion and presentations by other agencies: Urban Forest Commission and Boone County Planning Commission
June 7th	FY 2021-2022 budget amendment discussions FY 2022-2023 budget adoption discussions
June 14th	Mayor's Budget Address First reading of the FY 2022-2023 Budget Ordinance First reading of amendments to FY 2021-2022 budget
June 21st	Second reading of the FY 2022-2023 Budget Ordinance Second reading of amendments to FY 2021-2022 budget
July 1	FY 2022-2023 budget becomes effective

**CITY OF FLORENCE, KENTUCKY  
ORDINANCE O-11-22**

**AN ORDINANCE OF THE CITY OF FLORENCE, KENTUCKY, ADOPTING THE  
OFFICIAL BUDGET FOR THE 2022-2023 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 2022-2023, 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.

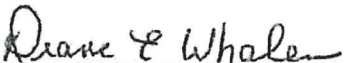
**SECTION III**

This Ordinance shall be published by posting on the City's internet website.

PASSED AND APPROVED ON FIRST READING THIS 14<sup>th</sup> DAY OF JUNE, 2022.

PASSED AND APPROVED ON SECOND READING AND PUBLICATION ORDERED  
THIS 21<sup>st</sup> DAY OF JUNE, 2022.

APPROVED:

  
\_\_\_\_\_  
Diane E. Whalen, Mayor

ATTEST:

  
\_\_\_\_\_  
Melissa Kramer, City Clerk

CITY OF FLORENCE  
ENACTED BUDGET  
FISCAL YEAR 2022-23

Exhibit "A" to City of Florence Ordinance No. O - 11 - 2022

	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
<b>RESOURCES AVAILABLE:</b>								
Estimated Revenues & Transfers	48,839,000	765,000	4,485,100	100,150	162,250	9,477,050	1,826,000	3,053,500
Beginning Fund Balance	56,383,886	1,744,274	21,850,730	168,214	2,686,441	23,781,189	7,918,692	14,566,054
<b>TOTAL RESOURCES AVAILABLE FOR APPROPRIATIONS</b>	<b>105,222,886</b>	<b>2,509,274</b>	<b>26,335,830</b>	<b>268,364</b>	<b>2,848,691</b>	<b>33,258,239</b>	<b>9,744,692</b>	<b>17,619,554</b>
<b>APPROPRIATIONS:</b>								
Administrative	3,765,450							3,936,000
Public Services	6,350,000		2,260,000					
Police Services	11,688,456			200,000				
Fire / E.M.S. Services	11,929,209							
Parks / Recreation					298,050			
Capital Outlay	24,708,437	1,200,000						
Other Agencies	500,000							
Debt Service	574,650							
Water and Sewer						10,348,899		
Golf Course							1,822,190	
<b>TOTAL EXPENDITURES</b>	<b>59,516,202</b>	<b>1,200,000</b>	<b>2,260,000</b>	<b>200,000</b>	<b>298,050</b>	<b>10,348,899</b>	<b>1,822,190</b>	<b>3,936,000</b>
Transfers	1,725,000	-	-	-	-	-	-	-
Estimated Fund Balance at Year-End	43,981,684	1,309,274	24,075,830	68,364	2,550,641	22,909,340	7,922,502	13,683,554
<b>TOTAL BUDGET</b>	<b>105,222,886</b>	<b>2,509,274</b>	<b>26,335,830</b>	<b>268,364</b>	<b>2,848,691</b>	<b>33,258,239</b>	<b>9,744,692</b>	<b>17,619,554</b>

Note: The City's amended budget in detail for Fiscal Year 2022-23 is available for public inspection at the Florence Government Center during normal business hours.

## 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. The following individual funds described in each fund type below that mirror the listing in the chart on the next page are appropriated annually.

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 Funds:

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.

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.

### 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 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

## GOVERNMENTAL FUND STRUCTURE

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.

# Annually Appropriated Budgetary Funds

Governmental Funds

PROPRIETARY

Water/Sewer  
Golf Course

GENERAL

SPECIAL REVENUE  
Municipal/LGEA  
Infrastructure  
Asset Forfeiture  
Aquatic Center

INTERNAL SERVICE  
Health/Dental

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 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 of 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.

## FINANCIAL POLICIES

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 31<sup>st</sup>, 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 \$5,000 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.

## FINANCIAL POLICIES

### **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

## FINANCIAL POLICIES

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 continued to increase annually over the past four years at a rate capped at a 12% per annum increase in accordance with Kentucky Revised Statutes 61-565(5). Due to COVID 19, the Governor signed Senate Bill 249 which froze the rates for fiscal year 2020 only. For fiscal year 2023, the non-hazardous rate will actually decrease .5%. The hazardous rate continues to increase at a rate of 12% per annum. 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 it 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 2021, 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 are hired and are replacing certain sidewalks, storm sewers, curbs and are repaving City streets. However, the City also needs to plan for vehicle and equipment needs. Any one-time projects are also included in the capital plan. The plan is in place to

## FINANCIAL POLICIES

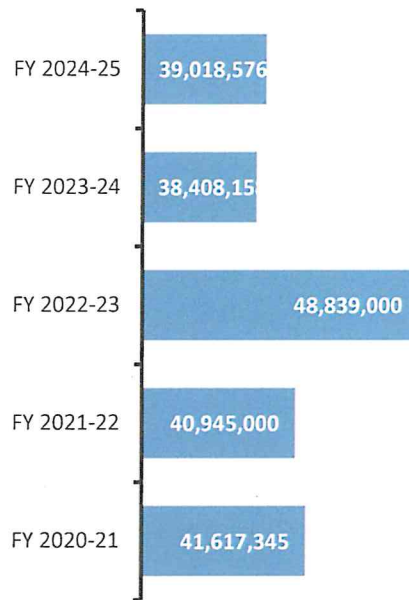
address departmental needs and determine capital funding needs for the future. Major infrastructure improvements such as streets, sidewalks, and storm sewer have \$50,000 annual increases. All amounts are at estimated costs for vehicles and equipment. Frequently, with the capital plan, vehicles and equipment 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.

# FINANCIAL POLICIES

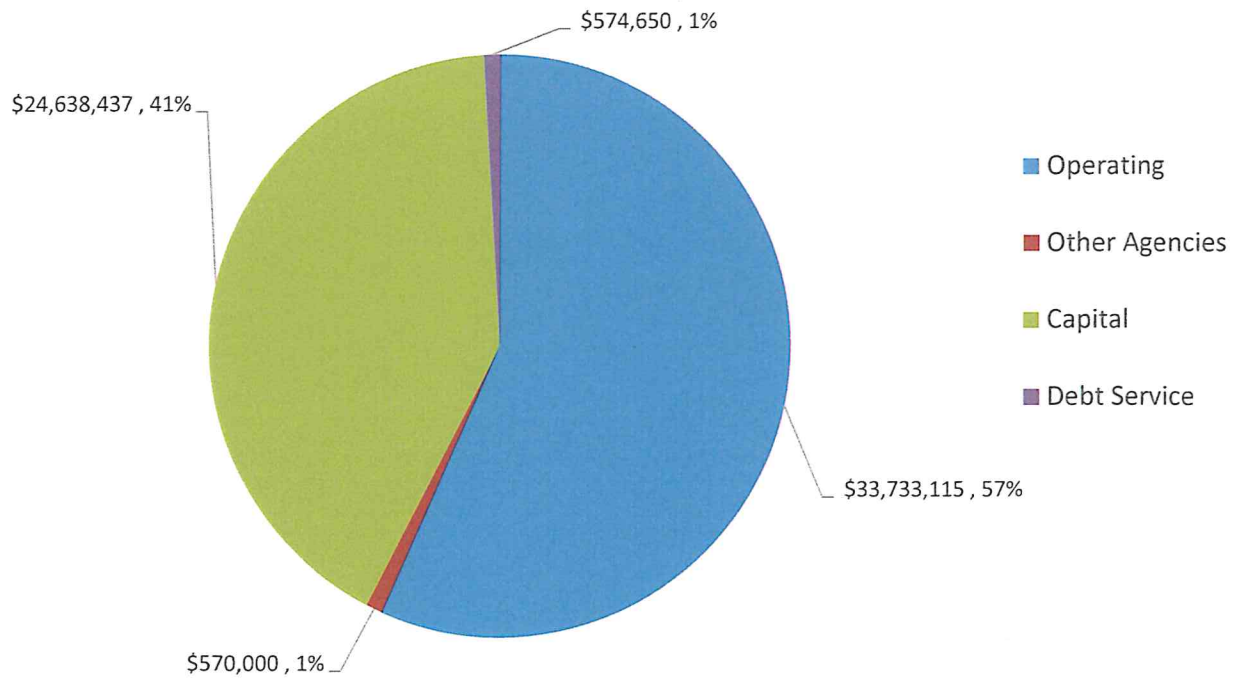
## CITY OF FLORENCE GENERAL FUND PROJECTIONS FISCAL YEARS 2022-2026

	Actual				
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
REVENUES:	REV. & EXPEND.	PROJECTED	PROJECTED	PROJECTED	PROJECTED
Taxes	8,650,940	8,500,000	8,700,000	8,500,000	8,550,000
Franchise Taxes	550,552	520,000	520,000	520,000	520,000
Bank Deposit Taxes	371,757	350,000	425,000	300,000	300,000
Payroll Taxes	17,816,641	16,500,000	18,000,000	17,933,500	18,068,001
Insurance Premium Taxes	3,377,359	2,800,000	3,600,000	2,842,158	2,863,474
Business Occupational Licenses	2,573,592	1,800,000	2,600,000	1,813,500	1,827,101
Other Licenses and Permits	128,700	130,000	135,000	125,000	125,000
Fines and forfeits	259,075	225,000	225,000	175,000	175,000
Intergovernmental-Operating	1,589,114	5,193,000	8,300,000	715,000	725,000
Charges for services	425,794	472,000	489,000	450,000	475,000
Rental Income Stadium	82,000	75,000	75,000	75,000	75,000
Fire Protection District	2,489,078	2,200,000	2,880,000	2,244,000	2,600,000
Emergency Medical Services	1,858,979	1,400,000	1,900,000	1,850,000	1,850,000
Storm Water Charges	647,980	550,000	650,000	625,000	625,000
Contractual Charges	90,000	90,000	90,000	90,000	90,000
Interest	498,508	50,000	150,000	50,000	50,000
Miscellaneous	207,276	90,000	100,000	100,000	100,000
Total Revenues	<b>41,617,345</b>	<b>40,945,000</b>	<b>48,839,000</b>	<b>38,408,158</b>	<b>39,018,576</b>
Fund Balance, Beginning of Year	80,072,621	64,588,728	41,008,937	35,405,559	33,161,716
Total General Fund	<b>121,689,966</b>	<b>105,533,728</b>	<b>89,847,937</b>	<b>73,813,716</b>	<b>72,180,292</b>
Administrative Department	2,663,451	3,350,800	3,765,450	3,580,130	3,718,805
Public Services Department	5,201,541	6,526,100	6,350,000	7,149,845	7,493,399
Police Department	8,764,785	10,361,100	11,688,456	11,757,911	12,506,293
Fire / E.M.S. Department	8,719,153	11,020,559	11,929,209	12,267,614	12,923,773
Planning Commission	339,890	355,000	370,000	362,100	369,342
Senior Center	111,178	130,000	130,000	125,000	130,000
Tree Commission	29,901	195,000	70,000	70,000	70,000
Administrative Department	232,086	683,125	537,480	520,000	523,500
Public Services Department	1,343,918	2,660,000	5,105,500	1,206,000	1,206,000
Police Department	452,010	680,757	654,957	706,500	595,500
Fire / E.M.S. Department	2,108,634	559,800	2,590,500	407,250	425,000
City Projects	4,729,474	23,153,000	15,750,000	1,600,000	1,750,000
Debt Service	6,605,267	4,624,550	574,650	574,650	579,350
Total Expenditures	<b>41,301,289</b>	<b>64,299,791</b>	<b>59,516,202</b>	<b>40,327,000</b>	<b>42,290,962</b>
Transfers to Other Funds	425,000	225,000	1,725,000	325,000	325,000
Total Expenditures & Transfers	<b>41,726,289</b>	<b>64,524,791</b>	<b>61,241,202</b>	<b>40,652,000</b>	<b>42,615,962</b>
FUND BALANCE, END OF YEAR	<b>79,963,677</b>	<b>41,008,937</b>	<b>28,606,735</b>	<b>33,161,716</b>	<b>29,564,330</b>
RESTRICTED-EQUIP REPLACEMENT	<b>-2,000,000</b>				
RESTRICTED-RAINY DAY	<b>-6,300,000</b>				
MINIMUM FUND BALANCE	<b>-7,074,949</b>				
FUND BALANCE, YEAR-END	<b>64,588,728</b>	<b>41,008,937</b>	<b>35,405,559</b>	<b>33,161,716</b>	<b>29,564,330</b>

## Revenue Projections



## Expenditure Sources FY 2023



# Schedule of Sources and Uses by Fund

## General Fund (Major Fund)

Description	2019 Actual	2020 Actual	2021 Actual	2021 Budget	2022 Budget	2023 Budget
Budgetary Fund Balance, July 1	\$ 73,351,888	\$ 75,845,996	\$ 80,072,621	\$ 80,072,621	\$ 79,963,677	\$ 56,383,886
<b>Revenues</b>						
Taxes	8,618,876	9,146,050	9,573,251	9,280,000	9,020,000	9,220,000
Licenses and Permits	22,827,730	22,434,557	23,896,292	21,330,000	21,580,000	24,760,000
Intergovernmental	783,587	3,123,850	1,589,115	1,560,000	5,193,000	8,300,000
Fines and Forfeitures	294,218	288,054	259,075	249,000	240,000	225,000
Charges for Services	4,769,927	5,446,248	5,593,832	4,723,000	4,772,000	6,084,000
Interest	1,353,433	1,043,968	498,506	700,000	50,000	150,000
Miscellaneous	199,216	94,822	207,275	105,000	90,000	100,000
Total Sources Available	112,198,875	117,423,545	121,689,967	118,019,621	120,908,677	105,222,886
<b>Expenditures</b>						
Administration	3,012,521	3,670,785	3,006,714	3,854,500	4,163,925	4,432,930
Police	8,600,814	8,852,892	9,216,794	9,618,100	11,041,857	12,343,413
Fire	9,276,106	8,769,731	10,826,789	11,443,509	11,580,359	14,519,709
Public Services	11,996,839	12,587,817	11,645,726	21,570,500	32,889,100	27,645,500
Debt Service	1,541,599	1,543,699	6,605,267	6,605,551	4,624,550	574,650
Transfers Out	1,925,000	1,925,000	425,000	1,925,000	225,000	1,725,000
Total Uses	36,352,879	37,349,924	41,726,290	55,017,160	64,524,791	61,241,202
Budgetary Fund Balance, June 30	\$ 75,845,996	\$ 80,073,621	\$ 79,963,677	\$ 63,002,461	\$ 56,383,886	\$ 43,981,684
Excess(deficit) fund balance	2,494,108	4,227,625	(108,944)	(17,070,160)	(23,579,791)	(12,402,202)

# Schedule of Sources and Uses by Fund

## Municipal Aid/LGEA Fund ( Non-Major Fund)

Description	2019 Actual	2020 Actual	2021 Actual	2021 Budget	2022 Budget	2023 Budget
Budgetary Fund Balance, July 1	\$ 1,620,044	\$ 1,850,007	\$ 2,088,319	\$ 2,088,319	\$ 2,406,274	\$ 1,744,274
<b>Revenues</b>						
Intergovernmental	620,574	599,603	602,662	558,000	550,000	640,000
Interest	22,984	20,610	5,302	15,000	8,000	-
Transfers In	125,000	125,000	125,000	125,000	125,000	125,000
Total Sources Available	<u>2,388,602</u>	<u>2,595,220</u>	<u>2,821,283</u>	<u>2,786,319</u>	<u>3,089,274</u>	<u>2,509,274</u>
<b>Expenditures</b>						
Public Services	538,595	506,901	415,009	816,200	1,345,000	1,200,000
Total Uses	<u>538,595</u>	<u>506,901</u>	<u>415,009</u>	<u>816,200</u>	<u>1,345,000</u>	<u>1,200,000</u>
Budgetary Fund Balance, June 30	\$ <u>1,850,007</u>	\$ <u>2,088,319</u>	\$ <u>2,406,274</u>	\$ <u>1,970,119</u>	\$ <u>1,744,274</u>	\$ <u>1,309,274</u>
Excess(deficit) fund balance	<u>229,963</u>	<u>238,312</u>	<u>317,955</u>	<u>(118,200)</u>	<u>(662,000)</u>	<u>(435,000)</u>

## Schedule of Sources and Uses by Fund

### Asset Forfeiture Fund (Non-Major Fund)

Description	2019 Actual	2020 Actual	2021 Actual	2021 Budget	2022 Budget	2023 Budget
Budgetary Fund Balance, July 1	\$ 470,982	\$ 457,137	\$ 383,453	\$ 383,453	\$ 268,064	\$ 168,214
<b>Revenues</b>						
Uses of Property	279,637	179,621	27,479	150,000	100,000	100,000
Interest	7,373	5,191	1,034	7,000	150	150
Total Sources Available	<u>757,992</u>	<u>641,949</u>	<u>411,966</u>	<u>540,453</u>	<u>368,214</u>	<u>268,364</u>
<b>Expenditures</b>						
Police	300,855	258,496	143,902	200,200	200,000	200,000
Total Uses	<u>300,855</u>	<u>258,496</u>	<u>143,902</u>	<u>200,200</u>	<u>200,000</u>	<u>200,000</u>
Budgetary Fund Balance, June 30	\$ <u>457,137</u>	\$ <u>383,453</u>	\$ <u>268,064</u>	\$ <u>340,253</u>	\$ <u>168,214</u>	\$ <u>68,364</u>
Excess(deficit) fund balance	<u>(13,845)</u>	<u>(73,684)</u>	<u>(115,389)</u>	<u>(43,200)</u>	<u>(99,850)</u>	<u>(99,850)</u>

## Schedule of Sources and Uses by Fund

### Aquatic Center Fund (Non-Major Fund)

Description	2019 Actual	2020 Actual	2021 Actual	2021 Budget	2022 Budget	2023 Budget
Budgetary Fund Balance, July 1	\$ 2,906,740	\$ 2,907,083	\$ 2,951,712	\$ 2,951,712	\$ 2,844,041	\$ 2,686,441
<b>Revenues</b>						
Charges for Services	357,864	236,918	-	183,200	259,750	161,750
Interest	38,218	33,446	7,240	30,000	-	-
Miscellaneous	573	974	-	500	500	500
Transfers In	200,000	200,000	-	200,000	-	-
Total Sources Available	<u>3,503,395</u>	<u>3,378,421</u>	<u>2,958,952</u>	<u>3,365,412</u>	<u>3,104,291</u>	<u>2,848,691</u>
<b>Expenditures</b>						
Public Services	596,312	426,709	114,911	358,400	417,850	298,050
Total Uses	<u>596,312</u>	<u>426,709</u>	<u>114,911</u>	<u>358,400</u>	<u>417,850</u>	<u>298,050</u>
Budgetary Fund Balance, June 30	\$ <u>2,907,083</u>	\$ <u>2,951,712</u>	\$ <u>2,844,041</u>	\$ <u>3,007,012</u>	\$ <u>2,686,441</u>	\$ <u>2,550,641</u>
Excess(deficit) fund balance	<u>343</u>	<u>44,629</u>	<u>(107,671)</u>	<u>55,300</u>	<u>(157,600)</u>	<u>(135,800)</u>

## Schedule of Sources and Uses by Fund

### Infrastructure Fund (Major Fund)

Description	2019 Actual	2020 Actual	2021 Actual	2021 Budget	2022 Budget	2023 Budget
Budgetary Fund Balance, July 1	\$ 16,452,772	\$ 19,854,361	\$ 23,356,963	\$ 23,356,963	\$ 25,105,630	\$ 21,850,730
<b>Revenues</b>						
Licenses and Permits	2,988,921	2,967,646	3,183,829	2,550,000	2,450,000	2,500,000
Intergovernmental	-	-	-	370,000	859,000	-
Charges for Services	475,000	485,000	480,000	480,000	485,000	485,000
Interest	222,375	238,324	61,289	240,000	100	100
Transfers In	1,500,000	1,500,000	200,000	200,000	-	1,500,000
Total Sources Available	<u>21,639,068</u>	<u>25,045,331</u>	<u>27,282,081</u>	<u>27,196,963</u>	<u>28,899,730</u>	<u>26,335,830</u>
<b>Expenditures</b>						
Public Services	1,784,707	1,688,368	2,176,451	6,310,000	7,049,000	2,260,000
Total Uses	<u>1,784,707</u>	<u>1,688,368</u>	<u>2,176,451</u>	<u>6,310,000</u>	<u>7,049,000</u>	<u>2,260,000</u>
Budgetary Fund Balance, June 30	\$ <u>19,854,361</u>	\$ <u>23,356,963</u>	\$ <u>25,105,630</u>	\$ <u>20,886,963</u>	\$ <u>21,850,730</u>	\$ <u>24,075,830</u>
Excess(deficit) fund balance	<u>3,401,589</u>	<u>3,502,602</u>	<u>1,748,667</u>	<u>(2,470,000)</u>	<u>(3,254,900)</u>	<u>2,225,100</u>

## Schedule of Sources and Uses by Fund

### Health and Dental Fund (Non-Major Fund)

Description	2019 Actual	2020 Actual	2021 Actual	2021 Budget	2022 Budget	2023 Budget
Budgetary Fund Balance, July 1	\$ 16,224,132	\$ 16,209,980	\$ 16,268,692	\$ 16,268,692	\$ 15,561,554	\$ 14,566,054
<b>Revenues</b>						
Interest	198,254	172,265	40,323	140,000	-	-
Employee Contributions	2,828,347	2,795,881	2,828,098	2,791,000	2,840,500	2,958,500
Reinsurance Reimbursement	376,426	113,297	407,242	25,000	50,000	50,000
FSA Contributions	82,343	68,999	52,793	70,000	50,000	45,000
Transfer In	-	-	-	-	-	-
Total Sources Available	19,709,502	19,360,422	19,597,148	19,294,692	18,502,054	17,619,554
<b>Expenditures</b>						
Administrative Fees	462,913	444,553	514,031	521,000	610,000	610,000
Wellness Program	58,471	51,210	43,842	75,000	50,000	40,000
Clinic	235,879	245,545	182,751	275,000	200,000	150,000
HRA Claims	11,911	7,234	15,086	15,000	15,000	7,500
Health and Dental Claims	2,657,051	2,282,560	3,230,355	3,000,000	3,000,000	3,000,000
ACA Taxes/Fees	-	-	961	1,000	1,000	1,000
FSA Claims	73,297	60,628	48,568	70,000	60,000	50,000
Total Uses	3,499,522	3,091,730	4,035,594	3,957,000	3,936,000	3,858,500
Budgetary Fund Balance, June 30	\$ 16,209,980	\$ 16,268,692	\$ 15,561,554	\$ 15,337,692	\$ 14,566,054	\$ 13,761,054
Excess(deficit) fund balance	(14,152)	58,712	(707,138)	(931,000)	(995,500)	(805,000)

## Schedule of Sources and Uses by Fund

### Golf Course Fund

Description	2019 Actual	2020 Actual	2021 Actual	2021 Budget	2022 Budget	2023 Budget
Budgetary Fund Balance, July 1	\$ 8,418,545	\$ 8,346,705	\$ 8,236,760	\$ 8,236,760	\$ 8,463,092	\$ 7,918,692
<b>Revenues</b>						
Interest	6,138	6,508	1,985	2,500	-	-
Charges for Services	1,023,478	897,778	1,470,341	1,429,300	1,074,700	1,726,000
Transfer In	100,000	100,000	100,000	100,000	100,000	100,000
Total Sources Available	<u>9,548,161</u>	<u>9,350,991</u>	<u>9,809,086</u>	<u>9,768,560</u>	<u>9,637,792</u>	<u>9,744,692</u>
<b>Expenditures</b>						
Cost of Sales and Services	970,163	879,677	1,146,227	1,236,246	1,419,100	1,512,190
Depreciation	231,293	234,554	199,767	245,000	300,000	310,000
Loss on Disposal of Assets	-	-	-	-	-	-
Total Uses	<u>1,201,456</u>	<u>1,114,231</u>	<u>1,345,994</u>	<u>1,481,246</u>	<u>1,719,100</u>	<u>1,822,190</u>
Budgetary Fund Balance, June 30	\$ <u>8,346,705</u>	\$ <u>8,236,760</u>	\$ <u>8,463,092</u>	\$ <u>8,287,314</u>	\$ <u>7,918,692</u>	\$ <u>7,922,502</u>
Excess(deficit) fund balance	<u>(71,840)</u>	<u>(109,945)</u>	<u>226,332</u>	<u>50,554</u>	<u>(544,400)</u>	<u>3,810</u>

## Schedule of Sources and Uses by Fund

### Water and Sewer Fund

Description	2019 Actual	2020 Actual	2021 Actual	2021 Budget	2022 Budget	2023 Budget
Budgetary Fund Balance, July 1	\$ 25,756,837	\$ 25,417,311	\$ 24,913,786	\$ 24,913,786	\$ 24,370,938	\$ 23,781,689
<b>Revenues</b>						
Water Charges	5,646,538	5,840,974	5,962,771	6,150,000	6,275,000	6,400,000
Sewer Charges	2,363,449	2,531,458	2,584,737	2,700,000	2,754,000	2,810,000
Penalties	88,064	72,265	49,641	90,000	90,000	80,000
Tap in Fees	137,925	175,200	152,500	80,000	70,000	70,000
Meter Installations	48,411	53,393	38,407	40,000	30,000	35,000
Other Service Charges	97,664	68,386	48,234	45,000	45,500	45,000
Miscellaneous	7,896	24,600	26,566	37,500	37,500	37,000
Interest	138,472	111,100	22,649	90,000	500	50
Capital Contributions	7,932	-	-	-	200,000	-
Total Sources Available	<u>34,293,188</u>	<u>34,294,687</u>	<u>33,799,291</u>	<u>34,146,286</u>	<u>33,873,438</u>	<u>33,258,739</u>
<b>Expenditures</b>						
Cost of Sales and Services	7,069,181	7,530,869	7,526,019	7,594,201	8,135,850	8,211,000
Depreciation	1,754,656	1,799,933	1,856,339	1,750,000	1,900,000	2,100,000
Loss on Disposal	1,226	2,616	2,732	-	-	-
Interest Expense	50,814	47,483	43,263	55,899	55,899	37,899
Total Uses	<u>8,875,877</u>	<u>9,380,901</u>	<u>9,428,353</u>	<u>9,400,100</u>	<u>10,091,749</u>	<u>10,348,899</u>
Budgetary Fund Balance, June 30	\$ <u>25,417,311</u>	\$ <u>24,913,786</u>	\$ <u>24,370,938</u>	\$ <u>24,746,186</u>	\$ <u>23,781,689</u>	\$ <u>22,909,840</u>
Excess(deficit) fund balance	<u>(339,526)</u>	<u>(503,525)</u>	<u>(542,848)</u>	<u>(167,600)</u>	<u>(589,249)</u>	<u>(871,849)</u>

# Schedule of Combined Fund Balances - Governmental Fund Types

## Consolidated Financials GOVERNMENTAL FUNDS

	Major Governmental Funds			Non-Major Governmental Funds			Total Governmental Funds		
	FY 2021 Amended	FY 2022 Amended	FY 2023 Approved	FY 2021 Amended	FY 2022 Amended	FY 2023 Approved	FY 2021 Actual	FY 2022 Amended	FY 2023 Approved
<b>REVENUES</b>									
Taxes	\$ 9,280,000	\$ 9,370,000	\$ 9,645,000	\$ -	\$ -	\$ -	\$ 9,280,000	\$ 9,370,000	\$ 9,645,000
Licenses and permits	23,880,000	23,680,000	26,835,000	-	-	-	23,880,000	23,680,000	26,835,000
Intergovernmental	1,830,000	6,052,000	8,300,000	558,000	558,000	640,000	2,388,000	6,610,000	8,940,000
Fines and forfeitures	249,000	225,000	225,000	-	-	-	249,000	225,000	225,000
Charges for services	5,203,000	5,272,000	6,569,000	-	260,250	162,250	5,203,000	5,532,250	6,731,250
Uses of property	-	-	-	150,000	100,000	100,000	150,000	100,000	100,000
Interest	940,000	50,100	150,100	30,000	150	150	970,000	50,250	150,250
Miscellaneous	105,000	90,000	100,000	-	-	-	105,000	90,000	100,000
Total revenues	41,487,000	44,739,100	51,824,100	738,000	918,400	902,400	42,225,000	45,657,500	52,726,500
<b>EXPENDITURES</b>									
Current:									
Administration	3,287,800	4,033,925	4,302,930	-	-	-	3,287,800	4,033,925	4,302,930
Police	9,106,600	11,041,857	12,343,413	200,200	200,000	200,000	9,306,800	11,241,857	12,543,413
Fire	9,209,509	11,580,359	14,519,709	-	-	-	9,209,509	11,580,359	14,519,709
Public services	7,414,000	9,381,100	11,525,500	130,150	417,850	298,050	7,544,150	9,798,950	11,823,550
Other Agencies	455,000	485,000	500,000	-	-	-	455,000	485,000	500,000
Capital Outlay	23,223,700	30,202,000	18,010,000	816,200	1,345,000	1,200,000	24,039,900	31,547,000	19,210,000
Debt service:									
Principal	6,315,000	4,435,000	515,000	-	-	-	6,315,000	4,435,000	515,000
Interest	290,551	189,550	59,650	-	-	-	290,551	189,550	59,650
Total expenditures	59,302,160	71,348,791	61,776,202	1,146,550	1,962,850	1,698,050	60,448,710	73,311,641	63,474,252
Excess(deficiency) of revenues over(under) expenditures	(17,815,160)	(26,609,691)	(9,952,102)	(408,550)	(1,044,450)	(795,650)	(18,223,710)	(27,654,141)	(10,747,752)
<b>OTHER FINANCING SOURCES(USES)</b>									
Transfers in	200,000	-	-	125,000	125,000	125,000	325,000	125,000	125,000
Transfers out	(1,925,000)	(225,000)	(1,725,000)	-	-	-	(1,925,000)	(225,000)	(1,725,000)
Total other financing sources and uses	(1,725,000)	(225,000)	(1,725,000)	125,000	125,000	125,000	(1,600,000)	(100,000)	(1,600,000)
Net change in fund balances	(19,540,160)	(26,834,691)	(11,677,102)	(283,550)	(919,450)	(670,650)	(19,823,710)	(27,754,141)	(12,347,752)
Fund balances - beginning	103,429,584	105,069,307	78,234,616	5,801,929	5,518,379	4,598,929	109,231,513	110,587,686	82,833,545
Fund balances - ending	\$ 83,889,424	\$ 78,234,616	\$ 66,557,514	\$ 5,518,379	\$ 4,598,929	\$ 3,928,279	\$ 89,407,803	\$ 82,833,545	\$ 70,485,793

# Schedule of Combined Fund Balances - Proprietary Fund Types

## Consolidated Financials PROPRIETARY FUNDS

	Water and Sewer			Golf Course			Totals		
	FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023
	Amended	Amended	Approved	Amended	Amended	Approved	Amended	Amended	Approved
<b>OPERATING REVENUES</b>									
Charges for sales and services:									
Water fees	\$ 6,150,000	\$ 6,275,000	\$ 6,400,000	\$ -	\$ -	\$ -	\$ 6,150,000	\$ 6,275,000	\$ 6,400,000
Sewer charges	2,700,000	2,754,000	2,810,000	-	-	-	2,700,000	2,754,000	2,810,000
Penalties	90,000	90,000	80,000	-	-	-	90,000	90,000	80,000
Tap in fees	80,000	70,500	70,000	-	-	-	80,000	70,500	70,000
Meter installations	40,000	30,000	35,000	-	-	-	40,000	30,000	35,000
Other service charges	72,500	72,500	72,000	-	-	-	72,500	72,500	72,000
Golf course revenues	-	-	-	1,429,300	1,074,700	1,726,000	1,429,300	1,074,700	1,726,000
Other services	-	-	-	-	-	-	-	-	-
Miscellaneous	10,000	10,000	10,000	-	-	-	10,000	10,000	10,000
Total operating revenues	9,142,500	9,302,000	9,477,000	1,429,300	1,074,700	1,726,000	10,571,800	10,376,700	11,203,000
<b>OPERATING EXPENSES</b>									
Cost of sales and services	7,594,200	8,135,850	8,211,000	1,236,246	1,419,100	1,512,190	8,830,446	9,554,950	9,723,190
Loss on disposal of property	-	-	-	-	-	-	-	-	-
Depreciation	1,750,000	1,900,000	2,100,000	245,000	300,000	310,000	1,995,000	2,200,000	2,410,000
Total operating expenses	9,344,200	10,035,850	10,311,000	1,481,246	1,719,100	1,822,190	10,825,446	11,754,950	12,133,190
NET OPERATING INCOME(LOSS)	(201,700)	(733,850)	(834,000)	(51,946)	(644,400)	(96,190)	(253,646)	(1,378,250)	(930,190)
<b>NON-OPERATING REVENUES</b>									
Interest income	90,000	500	50	2,500	-	-	92,500	500	50
Interest expense	(55,899)	(55,899)	(37,899)	-	-	-	(55,899)	(55,899)	(37,899)
Total non-operating income	34,101	(55,399)	(37,849)	2,500	-	-	36,601	(55,399)	(37,849)
Transfers	-	-	-	100,000	100,000	100,000	100,000	100,000	100,000
NET INCOME	(167,599)	(789,249)	(871,849)	50,554	(544,400)	3,810	(117,045)	(1,333,649)	(868,039)
Capital Contribution	-	200,000	-	-	-	-	-	200,000	-
NET POSITION-BEGINNING OF YEAR	24,538,537	24,370,938	23,781,689	8,412,538	8,463,092	7,918,692	32,951,075	32,834,030	31,700,381
NET POSITION-END OF YEAR	\$ 24,370,938	\$ 23,781,689	\$ 22,909,840	\$ 8,463,092	\$ 7,918,692	\$ 7,922,502	\$ 32,834,030	\$ 31,700,381	\$ 30,832,342

## **Administration**

The Administration department has a staff of 14 to administer the following functions that consist of the Mayor's office, economic development, finance, human resources, information technology and risk management. The overall budget is \$3,765,450. 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 worker's compensation claims and regulates OSHA issues.

## **Police**

The Police department consists of the patrol and administrative divisions. The total department budget is \$11,688,456.

The patrol division includes the SWAT team, manages the highway safety grant, the Honor Guard, the accident investigation team, and the canine 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 SWAT team utilizes schools, vacant houses/apartments and office buildings as training sites. The team receives 130 hours of specialized training annually.

The management of the highway safety grant focuses on traffic safety and occupant safety. During the course of the grant cycle, the four main objectives are: increase seat belt citations, decrease fatalities in impaired related crashes, increase speeding citations and decrease the number of impaired driving related crashes. While on the grant, officers recorded 3.50 traffic contacts per hour.

The Honor Guard is composed of eight officers who train basic drill and ceremony, with emphasis on color guard and flag etiquette. The Honor Guard marched in several events during the past year including Memorial day, Independence Day and the Kentucky Veteran's Hall of Fame. The Accident Investigation team investigates fatal, potentially fatal and serious traffic collisions. There were three fatal incidents this year, two collisions resulting in life changing injuries and two forensically mapped shootings. The Canine unit performs searches of buildings, areas, articles and narcotic searches of both vehicles and buildings. The unit consists of three handlers and performed 133 searches during last year resulting in 73 drug finds and 13 suspect located. The Canine unit also was requested to assist other law enforcement agencies 55 times.

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 Community Resource unit partners with the community to reduce crime in the City. The

partnership accomplishes this by problem solving through education and planning. There are two Community Resource Officers supervised by a Sergeant. In the past year there were 30 fifth grade classrooms with over 700 students that benefited from the DARE program. The Volunteers in Policing assist the community resource unit as well as helping out with numerous public events. The unit has 35-40 active members that have played an active role in City events and police academies. The office staff is the first point of contact for the public and handles all of the daily tasks. They are a staff of three administrative professionals that handle over 6,000 walk-up requests and answered over 25,000 phone calls. Some of their daily tasks include payroll, maintaining the property room, monthly and yearly reports and distribution of intelligence information to the officers. The Crime Scene Investigation unit consists of two evidence technicians that are responsible for evidence collection, preservation and processing of crime scenes. They were called out 18 times during the past year. The Criminal Investigation unit is comprised of six officers who are assigned to personal and property crimes. They receive specialized training throughout the year to investigate crimes such as armed robberies, sexual abuse, juvenile homicide and suicide, homicide, child abuse and crime scene processing.

The Drug unit is comprised of four officers and one Sergeant. One member is assigned to the Cincinnati DEA Task Force. Members of the Drug unit are tasked with investigating crimes involving drug trafficking, drug possession, manufacturing of drugs, prostitution and related vice crimes. The officers in this unit operate in plain clothes and unmarked vehicles in order to properly address these crimes. There were 110 drug investigations, and 97 prostitution investigations last year. Those investigations led to 109 felonies and 134 misdemeanor charges. Florence police seized in excess of \$469,772 in cash, vehicles and other valuables.

## **Fire**

The Fire and EMS department provides fire and rescue services, emergency medical services, code compliance and public fire education. The total department budget \$11,929,209.

Fire and rescue services are provided for numerous emergencies including emergency medical response, structure fires, vehicle fires, vegetation fires, rescue and hazardous materials incidents. The department provided care to 8723 medical patients in 2021. Additionally, the department also extinguished 194 fires of various types. There were 3 civilian injuries and 1 civilian fatality related to building fire responses in 2021. In addition to the 228 fires that were extinguished, fire companies responded to, 9 overpressure/explosions, 166 hazardous condition responses, 112 service calls, 42 good intent calls, 60 false alarms, 8 severe weather responses, 8 special type incidents and hundreds of medical calls. Our emergency medical services utilizes Advanced Life Support training and equipment for all incidents. Of the 8,723 emergency medical patients that we treated in 2021, 3,000 of those calls were considered to be immediately life-threatening. In 2021, the most common overall responses were: person fell (1,308), subject ill (1,252), difficulty breathing (357), injury accidents (551) and chest pain/heart attack (587). Our busiest ambulance in 2020 was Squad 32 with 2,971 emergency responses and our busiest fire company was Engine 32 with 1,453 emergency responses. All of our units are among the busiest in the NKY region.

The Fire Prevention Division staff performs fire prevention inspections and enforces portions of the City Property Maintenance Code. Despite the restrictions on inspections due to the pandemic, our staff performed 917 business inspections during calendar-year 2021. The department is also responsible for occupational license inspections, certificate of occupancy inspections, final tests of suppression systems and final acceptance test of fire alarm systems. The Fire Prevention Division was also able to perform fire prevention and education duties that were greatly modified in 2021.

The training division is responsible for coordinating and conducting training for all members of the department. In 2021 there were a total of 7910 training hours completed by members of the department and 1,141 hours of teaching completed by instructors in the department.

### **Public Services**

The Public Services department consists of facilities division, fleet division, street division, grounds maintenance division, parks and recreation division and storm water division. The total department budget is \$6,350,000.

The facilities division maintains and manages the 26 City owned building structures at 240,731 square feet and 180 vehicles and pieces of equipment. The fleet division consists of employees who are responsible for keeping City owned vehicles operational and assist in the research of new equipment and vehicles. Duties for this division include but are not limited to: servicing all City owned vehicles, repairing small equipment and the upkeep of the fueling services provided for the employees during work hours. The street division is responsible for 169 lane miles on more than 373 City streets. Duties include but are not limited to: snow removal, street replacement, crack sealing, mud jacking, street sweeping, storm sewer maintenance and other miscellaneous street maintenance issues. The grounds maintenance division consists of employees who are responsible for grounds maintenance of nearly 158 acres and 211,000 square feet of landscape beds. Duties for this division include but are not limited to: grass trimming, tree maintenance, leaf pickup, landscape maintenance and snow removal. The parks and recreation division is responsible for overseeing 13 parks and facilities and implementing 16 programs and special events throughout the year. Functions of this division include but are not limited to ensuring the aesthetics of park maintenance, event planning, organizing activities, research grant opportunities, public relations, facility and contract management and providing quality service. The storm water division is responsible for the management of the system as well as ensuring compliance with Federal standards. They maintain 142 miles of storm conduit lines, 2,169 curb inlets 20 detention/retention basins, 255 privately maintained detention basins and 730 storm manholes. Duties include but are not limited to: illicit discharge detention and elimination, construction site runoff control, post-construction storm water management in new and redevelopment, pollution prevention/good housekeeping for municipal operations and public education and outreach on storm water impacts.

## **Water/Sanitary Sewer Administration**

The water/sewer administration department provides for the collection of all utility bills and is the initial contact for utility system service requests, issues and questions. The total department budget is \$854,800.

### **Sanitary Sewer**

This department is responsible for the maintenance and management of 132 miles of sanitary sewer lines, 3,876 sewer manholes and 6 pump stations. During the most recent year the department rehabbed 101 manhole's, cleared 30 sewer stoppages and performed 11 line repairs. The total department budget is \$1,561,000.

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**

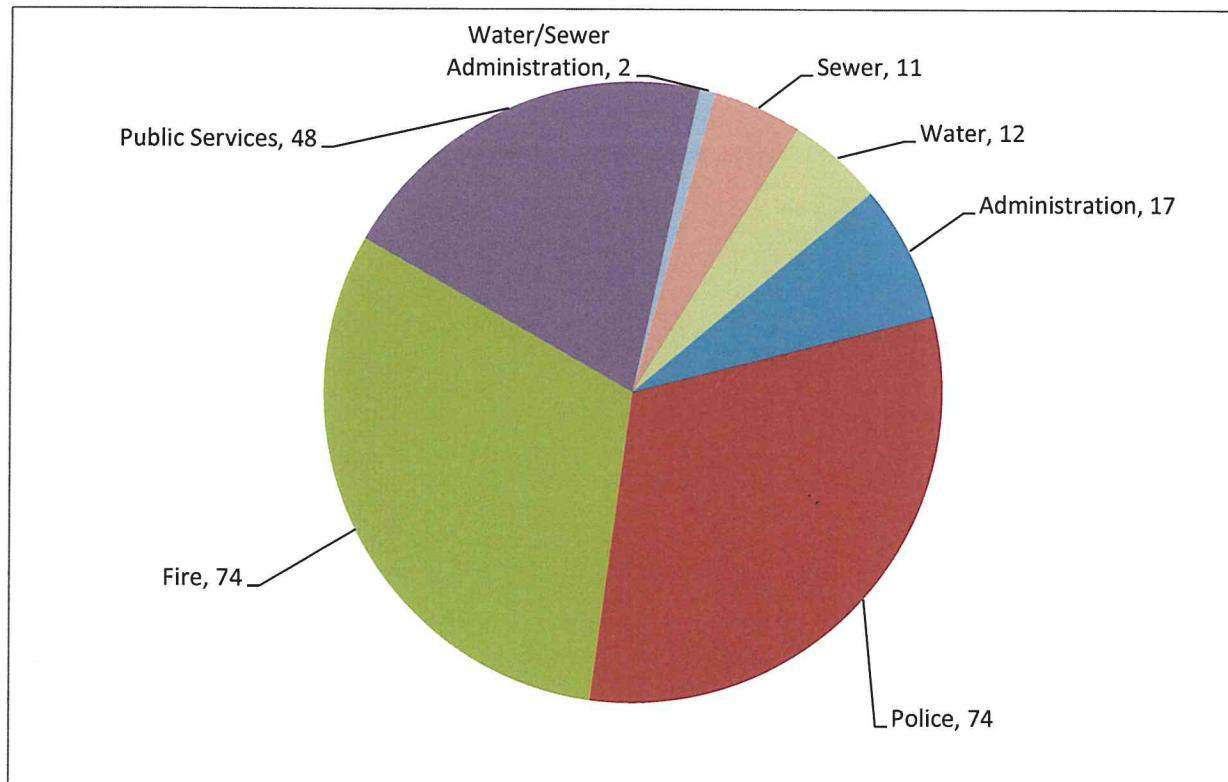
The department maintains approximately 8,880 water meters, 147 miles of water line, 3,898 water valves and 1,632 fire hydrants. They take a very proactive role in providing potable water of the highest quality to its customers. The department added 12 new services, fixed 38 water main breaks and 115 service leaks, replaced 53 fire hydrants and water valves and inspected and maintained 287 fire hydrants. The total department budget is \$5,795,200.

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. Duties include but are not limited to: water shut-off, meter upgrades and changes and installations, water main repairs and the annual water valve turning program.

# PERSONNEL SUMMARY FULL-TIME EMPLOYEES

Personnel	2018	2019	2020	2021	2022	Budgeted 2023
<b>General Fund:</b>						
Administration	14	16	16	16	16	17
Police	68	68	68	68	71	74
Fire	63	65	65	65	74	74
Public Services	44	44	44	46	49	48
Total General Fund	189	193	193	195	210	213
<b>Water/sewer Fund:</b>						
Water/Sewer Administration	2	2	2	2	2	2
Sewer	11	11	11	11	11	11
Water	11	11	11	11	11	12
Total Water/Sewer Fund	24	24	24	24	24	25
Total Full-Time	213	217	217	219	234	238
Administration	2	2	2	2	2	2
Fire	0.5	0.5	0	0	0	0
Total Part-Time	2.5	2.5	2	2	2	2

Three police officer positions were added due to the level of duties increasing.  
 One additional person was added to the public services department. A water utility tech was added as a result of shifting duties.  
 One position was shifted from public services to administration.



## REGULAR FULL-TIME POSITIONS

### Detailed Authorized Positions

<u>FULL-TIME POSITION</u>	<u>NUMBER OF AUTHORIZED EMPLOYEES</u>
CITY COORDINATOR	1
BUSINESS AND COMMUNITY DEVELOP. DIRECTOR	1
COMMUNITY DEVELOPMENT/MAIN STREET PROJECT ADMINISTRATOR	1
COMMUNITY SERVICES ADMINISTRATOR	1
COMMUNITY SERVICES COORDINATOR	1
RISK MANAGER	1
RISK MANAGER/COMMUNITY PROJECTS ADMINISTRATOR	1
HUMAN RESOURCES COORDINATOR	1
CITY CLERK	1
CITY CLERK/PUBLIC RELATIONA ADMINISTRATOR	1
DIRECTOR OF HOSPITALITY	1
FINANCE DIRECTOR	1
CFO/HR	1
ACCOUNTANT	1
FINANCE CLERK	3
OCC LICENSE/FINANCE SUPERVISOR	1
ADMINISTRATIVE CLERK	5
ADMINISTRATIVE SECRETARY I/ASSISTANT CITY CLERK	3
PUBLIC SERVICES DIRECTOR	1
PROJECT MANAGER	1
GIS MANAGER	1
PROJECT ADMINISTRATOR	3
COMMUNITY SERVICES SUPERINTENDENT	1

## REGULAR FULL-TIME POSITIONS

CODE ENFORCEMENT OFFICER	4
INFRASTRUCTURE SUPPORT SERVICES SUPERINTENDENT	1
OPERATIONAL SERVICES SUPERINTENDENT	1
GROUNDS MANAGER	1
UTILITY MANAGER	2
BUILDINGS MANAGER	1
FLEET MANAGER	1
TRANSPORTATION MANAGER	1
INSPECTOR	2
GIS TECHNICIAN	1
MECHANIC	2
FIELD TECHNICIAN	25
UTILITY OPERATOR	15
LEAD TECHNICIAN	3
LEAD OPERATOR	2
POLICE CHIEF	1
POLICE CAPTAIN	2
POLICE LIEUTENANT	3
POLICE SERGEANT	9
POLICE CORPORAL	8
POLICE OFFICER	47
PUBLIC SAFETY DATA ANALYST	1
FIRE/EMS CHIEF	1
ASSISTANT FIRE/EMS CHIEF	2
FIRE/EMS BATTALION CHIEF	5

## REGULAR FULL-TIME POSITIONS

FIRE/EMS CAPTAIN	10
FIRE/EMS LIEUTENANT	9
FIREFIGHTER EMT AND PARAMEDIC	45*
TOTAL	238

\*No more than 39 shall be assigned to Paramedic designation

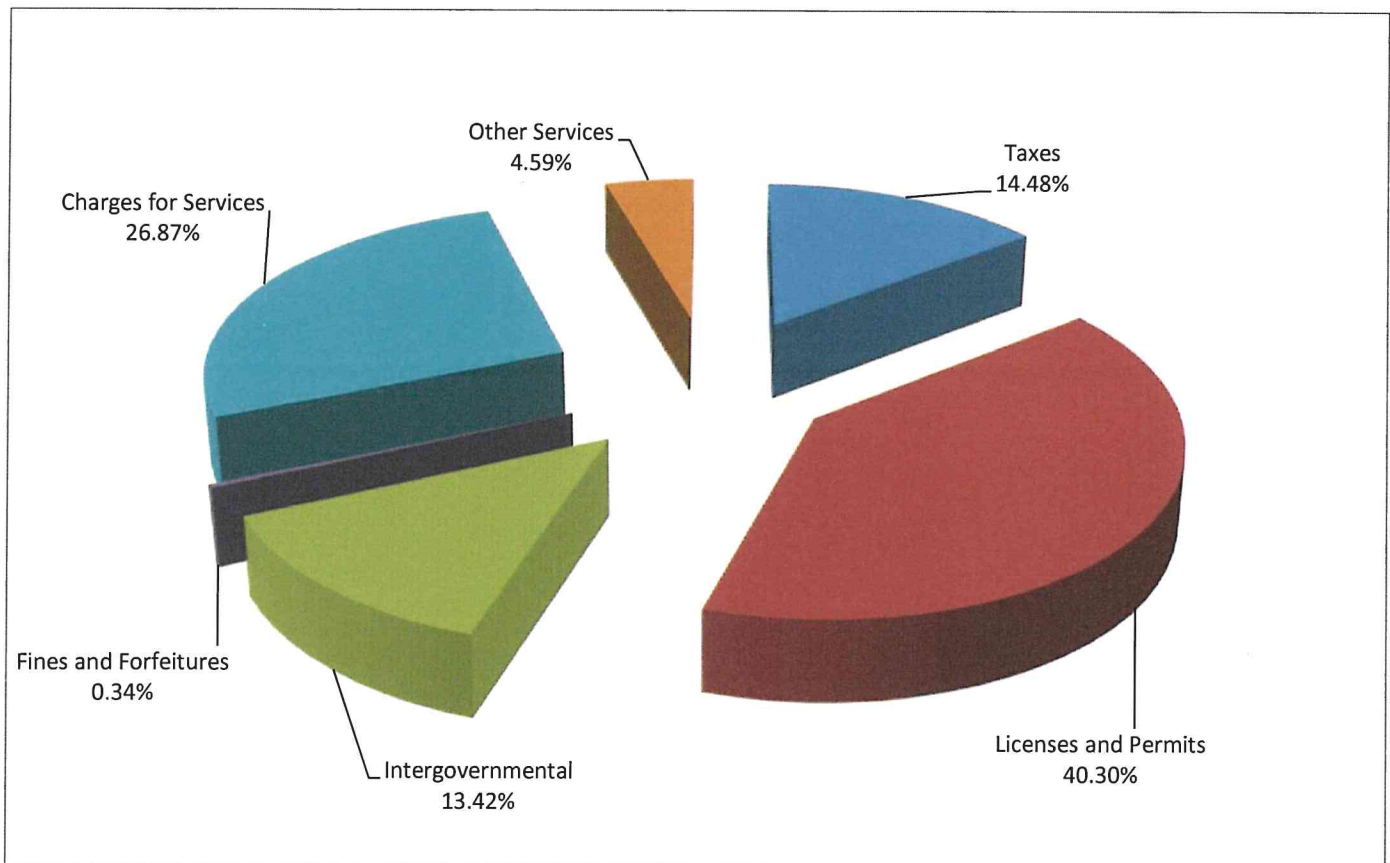
NOTE: The number of authorized positions may be exceeded only in the following instances:

- When the Police Department has received a Personnel Action Form completed by an employee advising that he/she will retire or resign within the ensuing twelve months or less, a Police Officer candidate may be hired prior to that retirement date (but not more than twelve [12] months before that date) so that the newly hired Officer can attend the Police Academy, go through the Florence Police Department Field Training Program, and be fully trained to replace the retiring Officer by his/her retirement date.
- When the Administrative, Fire/EMS, or Public Services Department has received a Personnel Action Form completed by a "key employee" advising that he/she will retire or resign within the ensuing twelve (12) months or less, a candidate for that position may be hired not more than thirty (30) days before that date so that the replacement can receive training from the employee vacating the position. A "key employee" is defined as one whose job tasks are unique and critical to the operation of the department, and approved as such by the City Coordinator.

AUTHORIZED POSITIONS: All Department's may hire, with administration authorization, up to two additional personnel over the authorized position limit with the understanding that the authorized position limit shall be returned to through attrition.

### All Funds

Revenues	2019 Actual	2020 Actual	2021 Actual	2021 Budget	2022 Budget	2023 Budget
Taxes	\$ 8,618,876	\$ 9,146,050	\$ 9,573,251	\$ 9,280,000	\$ 9,020,000	\$ 9,645,000
Licenses and Permits	25,816,651	25,402,203	27,080,121	23,880,000	24,030,000	26,835,000
Intergovernmental	1,404,161	3,723,453	2,191,777	2,488,000	6,602,000	8,940,000
Fines and Forfeitures	382,282	360,319	308,716	339,000	330,000	225,000
Charges for Services	14,445,256	15,250,355	15,850,822	15,350,500	15,280,950	17,896,750
Other Services	3,287,116	2,978,177	3,288,133	2,886,000	2,940,500	3,053,500
Uses of Property	279,637	179,621	27,479	150,000	100,000	100,000
Interest	2,239,872	1,878,088	1,057,039	1,464,500	543,650	150,300
Miscellaneous	430,060	358,720	295,130	383,000	128,100	137,600
Total Sources Available	\$ 56,903,911	\$ 59,276,986	\$ 59,672,468	\$ 56,221,000	\$ 58,975,200	\$ 66,983,150



## Governmental Funds

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.

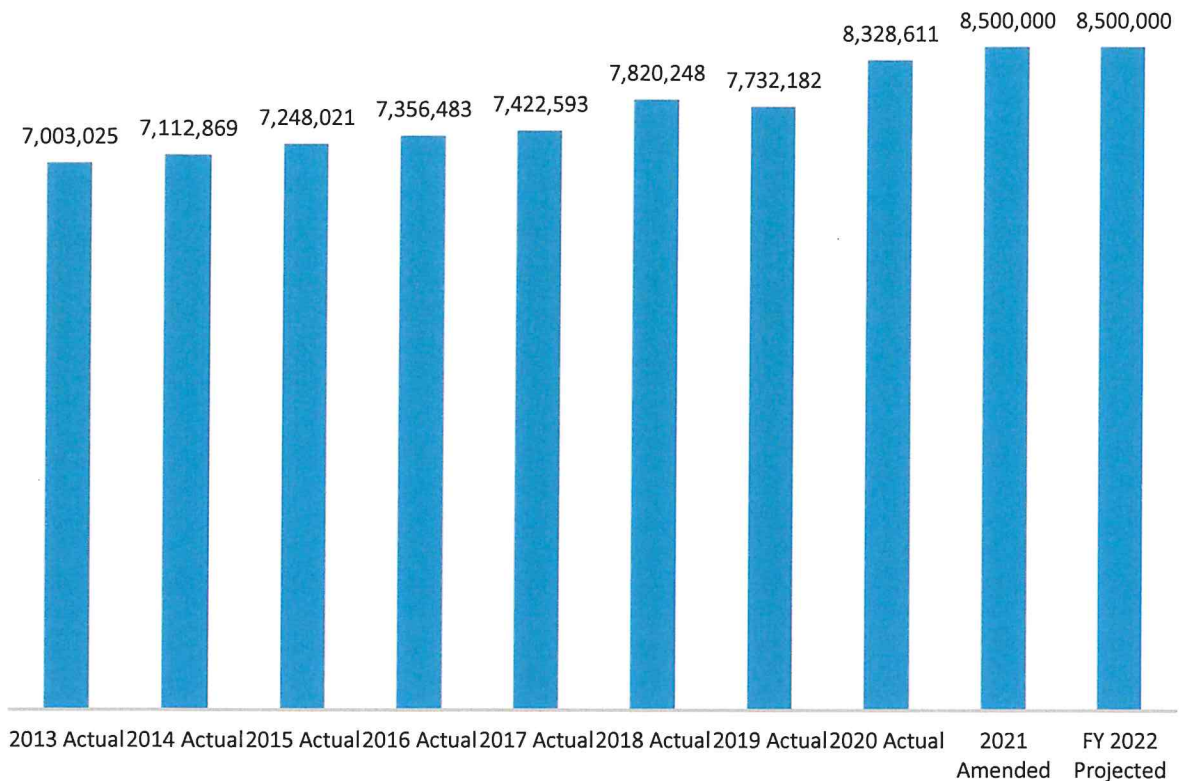
**Current Data** – This method predicts future revenue based on actual or annualized current year revenues and is often used when historical data and trends are not available or, if used, would result in an inaccurate revenue projection.

### 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 \$2,759,961,039 and tangible tax assessments were \$375,622,801. The real tax rate was \$.246 per \$100 assessed and the personal property tax rate was \$ .426 per \$100 assessed.

Property taxes have been steadily increasing since FY 2013 due to the rebound of the economy coupled with reappraisals of various sections of the City every four years on different rotating basis. This year with the pandemic revenues are projected to decrease slightly due to expected delinquencies.

### PROPERTY TAXES

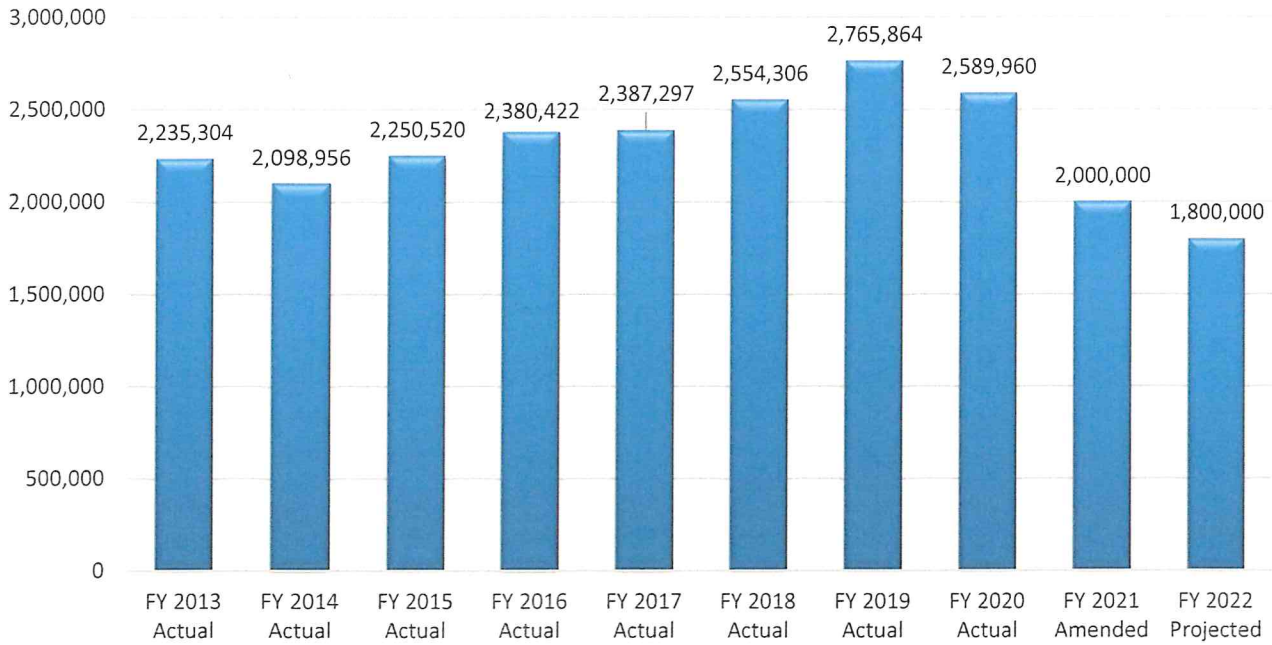


### Occupational License Fees

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 15<sup>th</sup> 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.

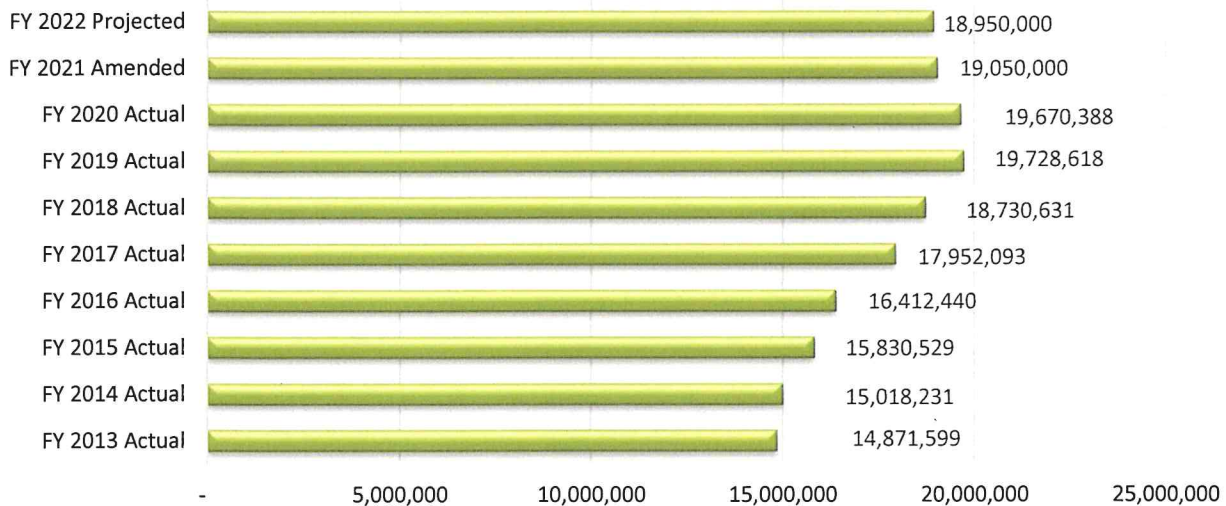
### Occupational License Fees



### Payroll Taxes

Payroll taxes increased in FY 2017 as a result of a major development opening and an annexation of a major expansion industrial company. As demonstrated in the above chart with property taxes, payroll taxes have been steadily increasing since FY 2013 as well. Major reasons for the increases are the rebound of the economy leading to growth of existing companies and additions of new business being attracted to the proximity of the City to the airport and interstate. In tandem with the above payroll tax chart, payroll taxes are expected to decrease this year as well due to the pandemic.

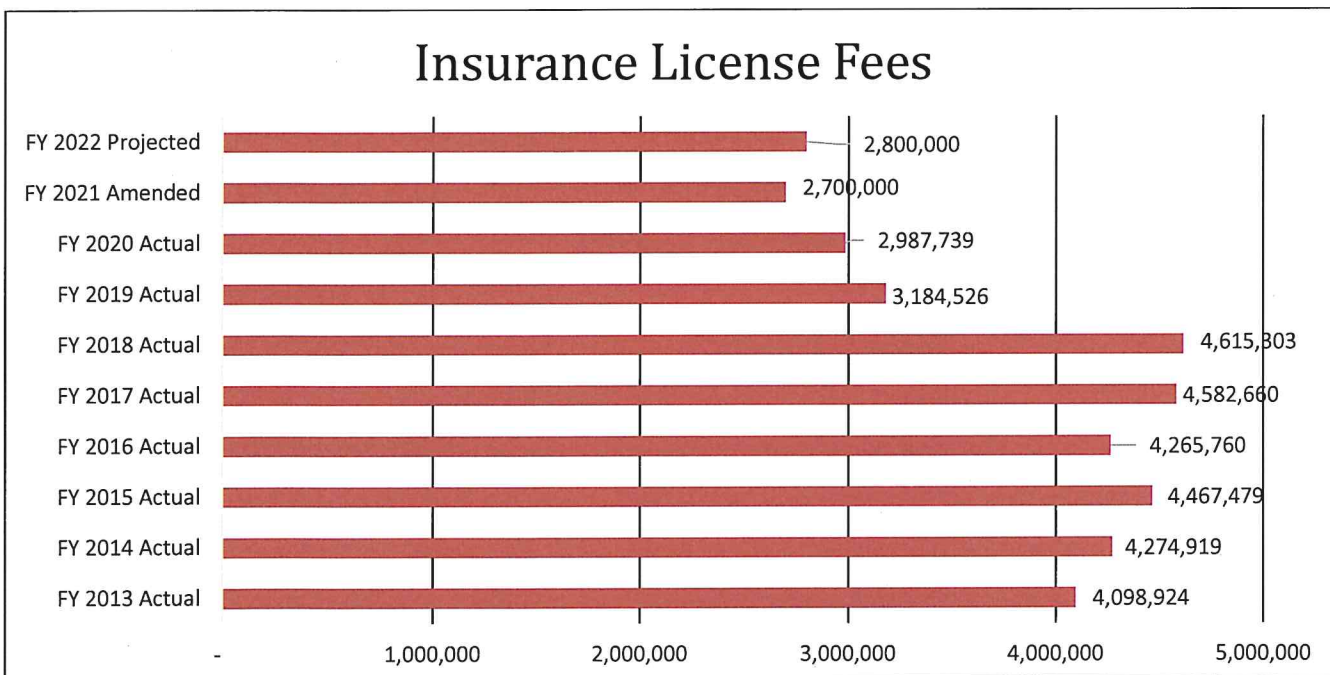
### Payroll Taxes



### 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. Effective July 1, 2018 the City has lowered the fee from 8% to 5%.

Insurance premium fees are regulated by the State of Kentucky. The Department of Insurance is tasked with making sure that the insurance companies are properly reporting and collecting the taxes assessed on the insurance premiums paid. This revenue stream always seems to vary without explanations as to why. The State continues in their efforts to get a regulatory handle on the reporting of this revenue source.



### 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

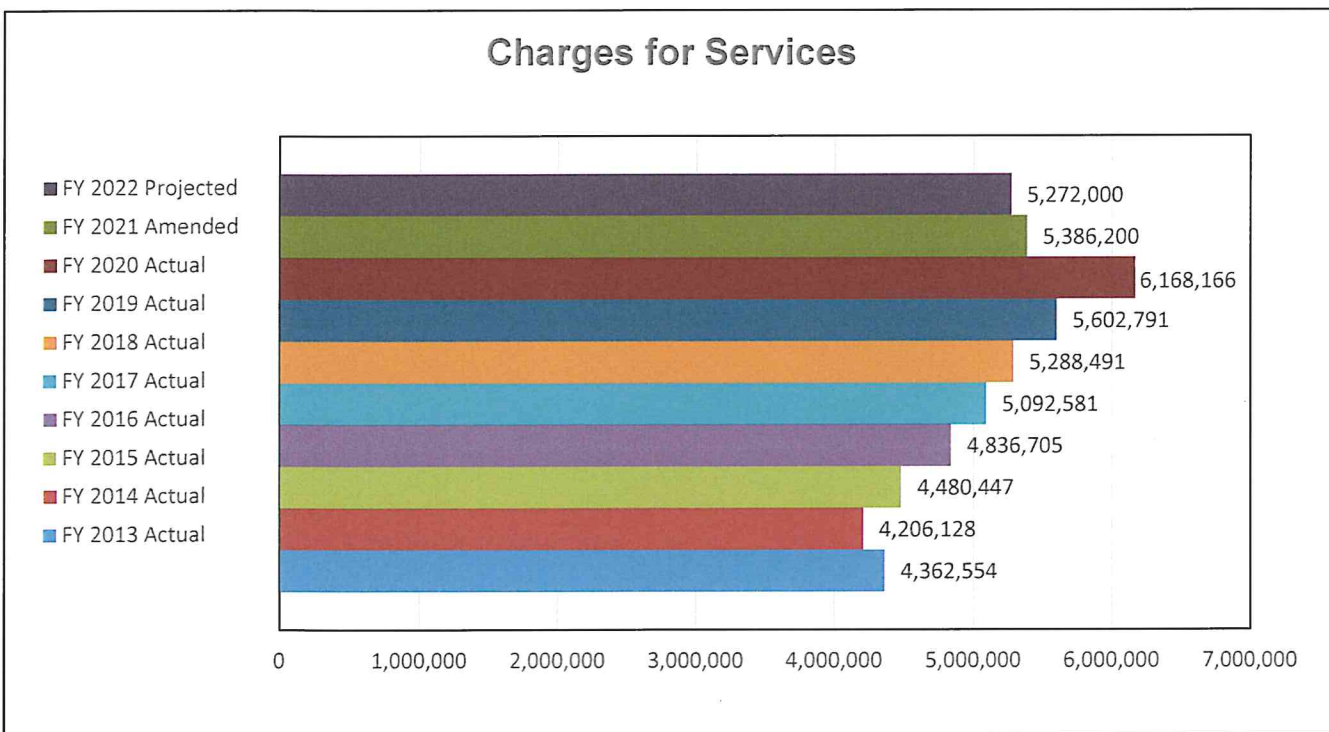
Intergovernmental revenues consist of various grants that may be awarded during the fiscal year. Types of grant revenue received have been for road reconstruction, beautification projects, safety equipment, drug enforcement, municipal road aid, coal and mineral severance, infrastructure and traffic safety.

### 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 contract was for an initial term of 5 years with three automatic renewals of 5 years. The City also derives revenue from various tenants that it rents to as well as from storm water charges that are assessed. The aquatic center admission fees are included in charges for services as well. However, the Aquatic center was closed after the 2020 season.



### 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.

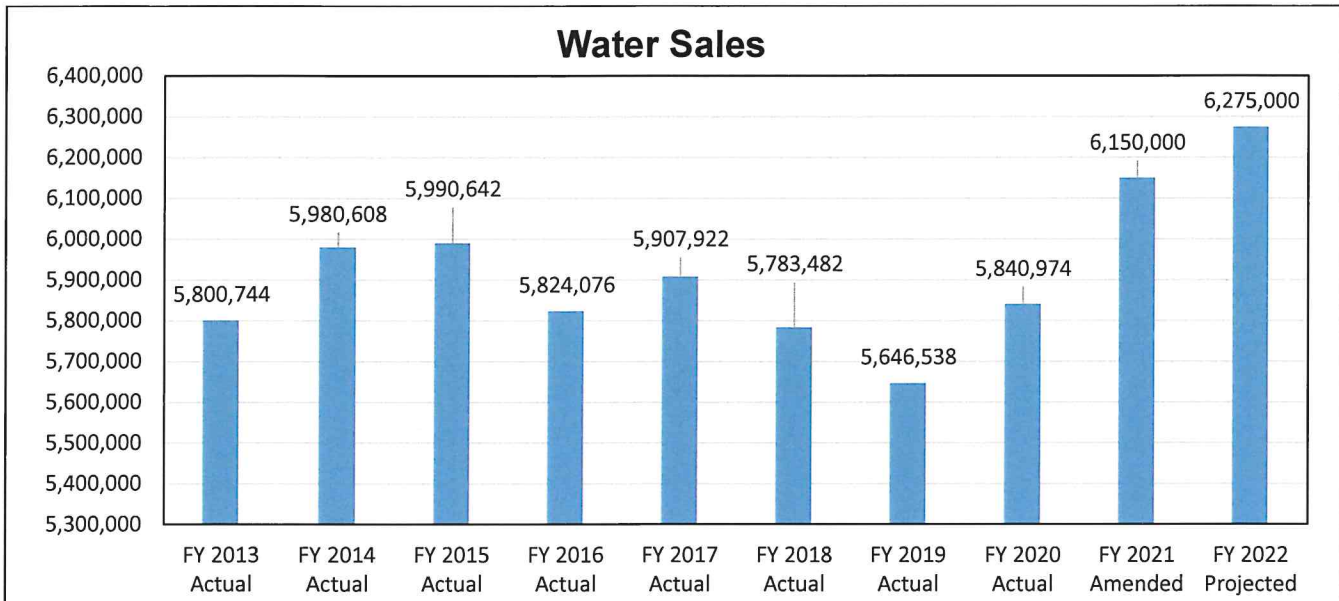
### Miscellaneous Revenue

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.

## WATER AND SEWER FUND

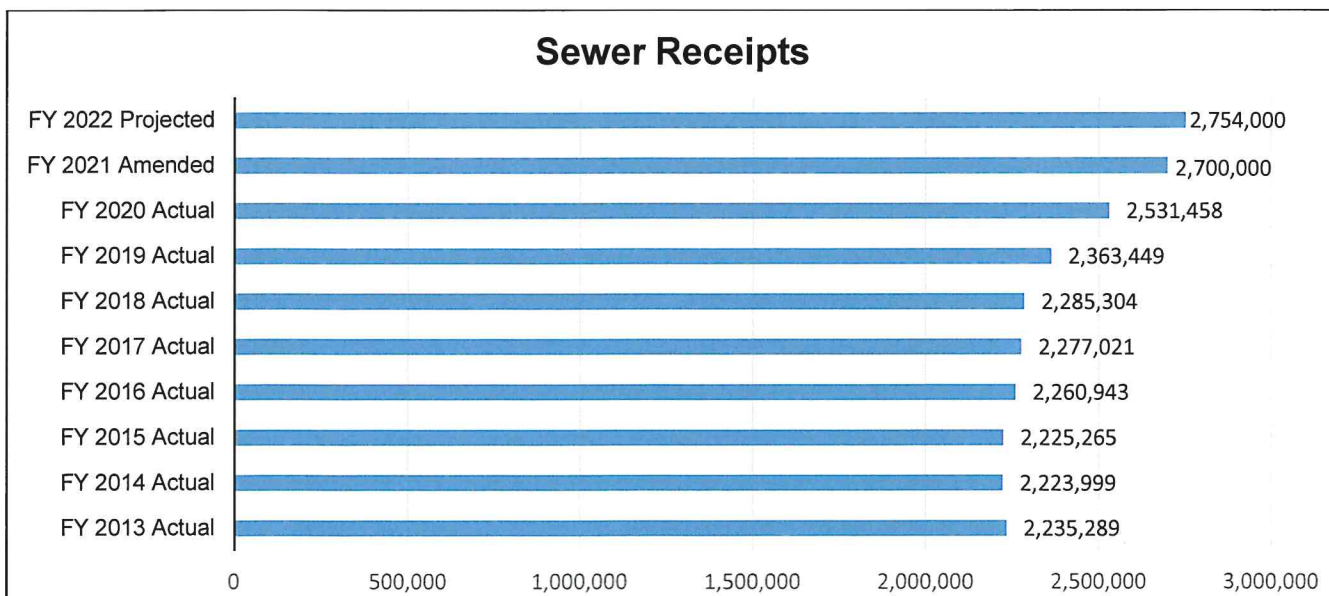
### Water Sales

Water revenues are based on the number of hundred cubic feet used by individual homes and businesses. Water rates are calculated to cover the cost of providing potable water to users, cover the costs of maintaining the water system and cover the cost of buying the water from the Boone-Florence Water Commission.



### Sewer Receipts

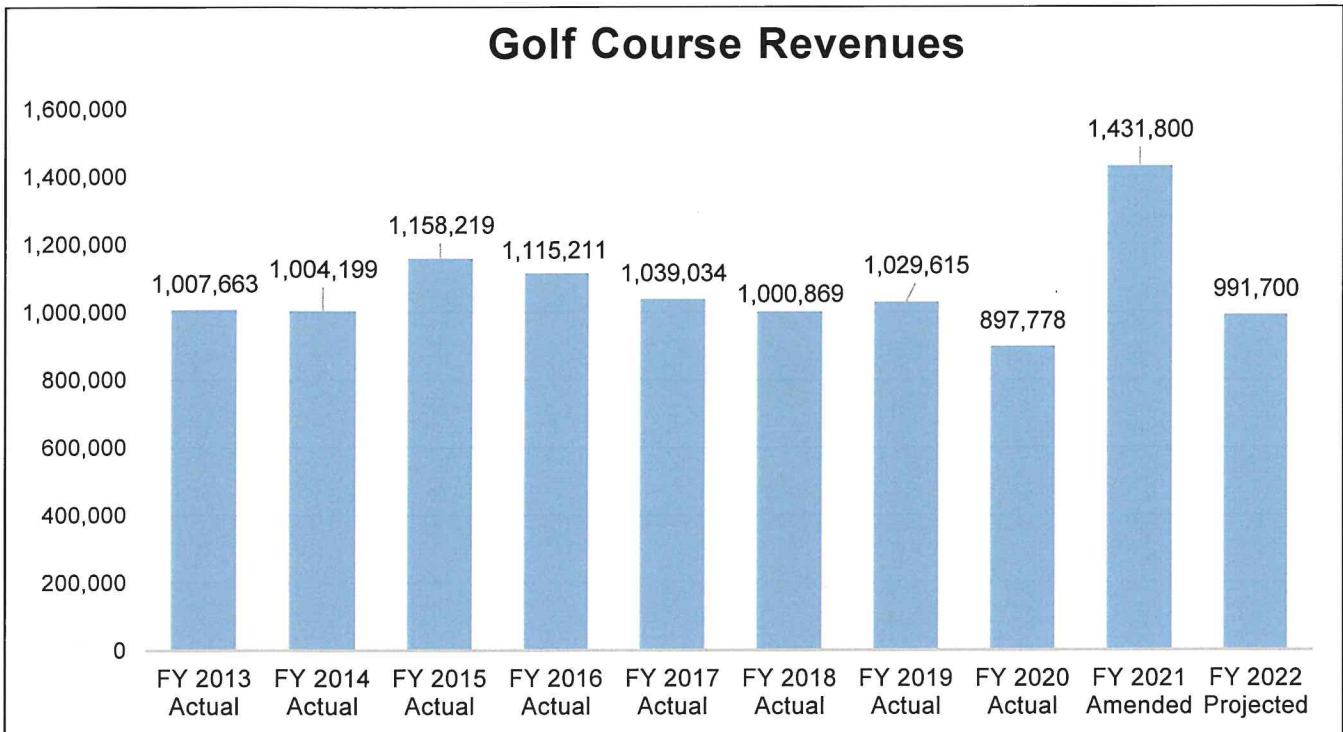
Sewer sales are based on the water consumption and billed in usage of hundred cubic feet used by individual homes and businesses. There is a separate sewer rate applied to cover the costs of maintaining the sewer system.



## GOLF COURSE FUND

### Golf Course Revenues

The golf course revenues include a variety of charges for different activities. The most prominent fees include greens fees, driving range, golf cart rental, miniature golf and golf lesson revenue. During fiscal year 2021, the golf course experienced a surge in revenues and activities after being shut down for the pandemic for almost two and a half months. The City expects that surge to continue into fiscal year 2022.

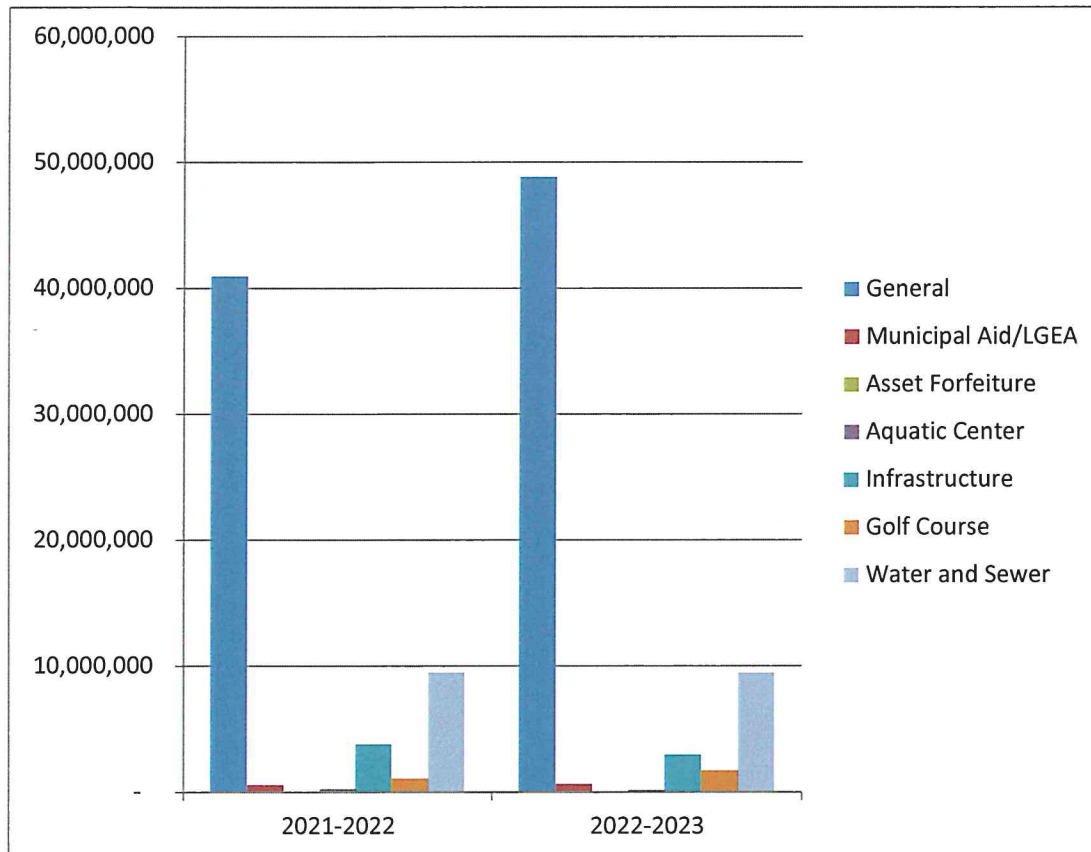


## Budget Revenue Comparisons By Fund

### Fiscal 2021-2022 to Fiscal 2022-2023

Fund	Amended Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
General	\$ 40,945,000	\$ 48,839,000	\$ 7,894,000	19.28%
Municipal Aid/LGEA	558,000	640,000	82,000	14.70%
Asset Forfeiture	100,150	100,150	-	0.00%
Aquatic Center	260,250	162,250	(98,000)	-37.66%
Infrastructure	3,794,100	2,985,100	(809,000)	-21.32%
Golf Course	1,074,700	1,726,000	651,300	60.60%
Water and Sewer	9,502,500	9,477,050	(25,450)	-0.27%
Total	\$ 56,234,700	\$ 63,929,550	\$ 7,694,850	13.68%

Total does not include transfers or internal service fund.



# All Funds - Revenue Summary

## 001 General

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
Property Taxes (Less Disc.)	\$ 8,328,611	\$ 8,650,941	\$ 8,500,000	\$ 8,700,000	\$ 200,000	2.35%
Franchise Taxes	254,720	292,470	270,000	270,000	-	0.00%
Cable Franchise Taxes	256,194	258,082	250,000	250,000	-	0.00%
Insurance Premium Taxes	2,987,739	3,377,358	2,800,000	3,600,000	800,000	28.57%
Bank Deposits Taxes	306,525	371,757	350,000	425,000	75,000	21.43%
Occupational Licenses	2,589,961	2,573,592	1,800,000	2,600,000	800,000	44.44%
Alcoholic Beverage Licenses	138,625	128,700	130,000	135,000	5,000	3.85%
Payroll Taxes	16,706,742	17,816,642	16,500,000	18,000,000	1,500,000	9.09%
Inspection Fees	11,491	-	-	-	-	0.00%
HB 413 Revenue	26,607	21,889	18,000	30,000	12,000	66.67%
Grant Receipts	2,416,015	861,894	4,500,000	7,525,000	3,025,000	67.22%
Police Incentive	337,854	348,092	335,000	380,000	45,000	13.43%
Fire Incentive	327,198	342,183	325,000	350,000	25,000	7.69%
Rent - Nature Park Building	25,194	2,254	40,000	50,000	10,000	25.00%
Gov't Center-O/S Maint	30,222	30,222	15,000	30,000	15,000	100.00%
Gov't Center-Utilities	24,764	23,913	25,000	21,000	(4,000)	-16.00%
Rent - Government Center	145,068	143,455	149,000	143,000	(6,000)	-4.03%
Rent - Telecommunications	61,318	68,426	70,000	72,000	2,000	2.86%
Rent - State Office Building	208,709	146,815	173,000	173,000	-	0.00%
Rent - Land	25,702	10,709	-	-	-	0.00%
Storm Water Charges	625,356	647,980	550,000	650,000	100,000	18.18%
Contractual Charges	90,000	90,000	90,000	90,000	-	0.00%
Rental - Baseball Prop.	44,000	82,000	75,000	75,000	-	0.00%
Service to Fire District	2,679,084	2,489,078	2,200,000	2,880,000	680,000	30.91%
Ambulance Svc revenues	1,486,830	1,858,979	1,400,000	1,900,000	500,000	35.71%
Interest on Investments	996,716	498,507	50,000	150,000	100,000	200.00%
False alarm Fees	9,425	3,200	5,000	-	(5,000)	-100.00%
Penalty / Interest	182,580	208,712	170,000	175,000	5,000	2.94%
Code Enforcement	95,149	47,163	50,000	50,000	-	0.00%
Parking Tickets	900	-	-	-	-	0.00%
Drug Enforcement Agency	16,176	15,056	15,000	15,000	-	0.00%
Miscellaneous Revenue	49,800	50,287	25,000	35,000	10,000	40.00%
Seniot Ctr Funding	21,820	20,000	20,000	20,000	-	0.00%
Insurance Claims	16,165	25,271	15,000	15,000	-	0.00%
Police Auction	16	110,669	30,000	30,000	-	0.00%
Parks/Recreation	7,021	1,049	-	-	-	0.00%
<b>Total General</b>	<b>\$ 41,530,297</b>	<b>\$ 41,617,345</b>	<b>\$ 40,945,000</b>	<b>\$ 48,839,000</b>	<b>\$ 7,894,000</b>	<b>19.28%</b>

## All Funds - Revenue Summary

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>201 Municipal Aid/LGEA</b>						
Municipal Aid	\$ 586,265	\$ 591,314	\$ 550,000	\$ 625,000	\$ 75,000	13.64%
LGEA Mineral Severance	13,338	11,348	8,000	15,000	7,000	87.50%
Interest	20,610	5,302	-	-	-	0.00%
<b>Total Municipal Aid/LGEA</b>	<b>\$ 620,213</b>	<b>\$ 607,964</b>	<b>\$ 558,000</b>	<b>\$ 640,000</b>	<b>\$ 82,000</b>	<b>14.70%</b>
<b>204 Asset Forfeiture</b>						
Asset Forfeitures	\$ 179,621	\$ 27,479	\$ 100,000	\$ 100,000	-	0.00%
Interest	5,191	1,034	150	150	-	0.00%
<b>Total Asset Forfeiture</b>	<b>\$ 184,812</b>	<b>\$ 28,513</b>	<b>\$ 100,150</b>	<b>\$ 100,150</b>	<b>\$ -</b>	<b>0.00%</b>
<b>205 Aquatic Center</b>						
Daily Admission	\$ 198,168	\$ -	\$ 125,000	\$ 150,000	\$ 25,000	20.00%
Memberships	5,361	-	125,000	-	(125,000)	-100.00%
Concessions	19,143	-	-	2,000	2,000	-100.00%
Programs	13,093	-	9,000	9,000	-	0.00%
Locker Rental	1,153	-	750	750	-	0.00%
Interest	33,446	7,240	-	-	-	0.00%
Miscellaneous	974	-	500	500	-	0.00%
<b>Total Aquatic Center</b>	<b>\$ 271,338</b>	<b>\$ 7,240</b>	<b>\$ 260,250</b>	<b>\$ 162,250</b>	<b>\$ -</b>	<b>0.00%</b>
<b>203 Infrastructure Fund</b>						
Payroll Taxes	\$ 2,967,646	\$ 3,183,829	\$ 2,450,000	\$ 2,500,000	\$ 50,000	2.04%
Grants	-	-	859,000	-	(859,000)	100.00%
Storm Water	485,000	480,000	485,000	485,000	-	0.00%
Interest	238,324	61,289	100	100	-	0.00%
<b>Total Infrastructure</b>	<b>\$ 3,690,970</b>	<b>\$ 3,725,118</b>	<b>\$ 3,794,100</b>	<b>\$ 2,985,100</b>	<b>\$ -809,000</b>	<b>-21.32%</b>

## All Funds - Revenue Summary

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>501 Golf Course</b>						
Greens Fees	\$ 170,624	\$ 276,246	\$ 210,000	\$ 250,000	\$ 40,000	19.05%
Driving Range	193,144	306,911	220,000	325,000	105,000	47.73%
Golf Carts	87,802	137,280	100,000	125,000	25,000	25.00%
Indoor Range	17,826	22,857	17,500	100,000	82,500	471.43%
Miniature Golf	125,424	188,514	150,000	200,000	50,000	33.33%
Junior Golf Revenue	28,359	79,315	40,000	50,000	10,000	25.00%
Golf Memberships	6,872	11,986	7,500	8,000	500	6.67%
Golf Simulator	12,602	14,838	15,000	50,000	35,000	233.33%
Club Rental	4,003	7,584	4,000	4,000	-	0.00%
Club Repair	2,499	4,291	2,500	2,500	-	0.00%
Tournaments	3,157	6,716	3,000	4,000	1,000	33.33%
Group lessons	5,042	14,016	12,500	12,500	-	0.00%
Private Lessons	61,575	121,572	80,000	90,000	10,000	12.50%
Coupons	(47,700)	(80,718)	(70,000)	(70,000)	-	0.00%
Merchandise	140,563	257,772	165,000	60,000	(105,000)	-63.64%
Foot Golf	4,224	340	-	-	-	0.00%
Hall Rental	150	350	-	-	-	0.00%
Food	10,777	9,052	30,000	300,000	270,000	900.00%
Beer	42,359	60,652	50,000	100,000	50,000	100.00%
Non-alcoholic Drinks	-	-	-	30,000	30,000	100.00%
Wine	-	-	-	5,000	5,000	100.00%
Soft drinks	10,737	20,672	15,000	-	(15,000)	-100.00%
Fountain Drinks	9,461	4,127	9,000	20,000	11,000	0.00%
Liquor	1,504	2,726	2,000	30,000	28,000	1400.00%
Interest	6,508	1,985	-	-	-	0.00%
Miscellaneous	2,078	-	7,000	10,000	3,000	42.86%
Video Games	114	-	200	-	(200)	-100.00%
Tips	4,582	3,242	4,500	20,000	15,500	344.44%
<b>Total Golf Course</b>	<b>\$ 904,286</b>	<b>\$ 1,472,326</b>	<b>\$ 1,074,700</b>	<b>\$ 1,726,000</b>	<b>\$ 651,300</b>	<b>60.60%</b>

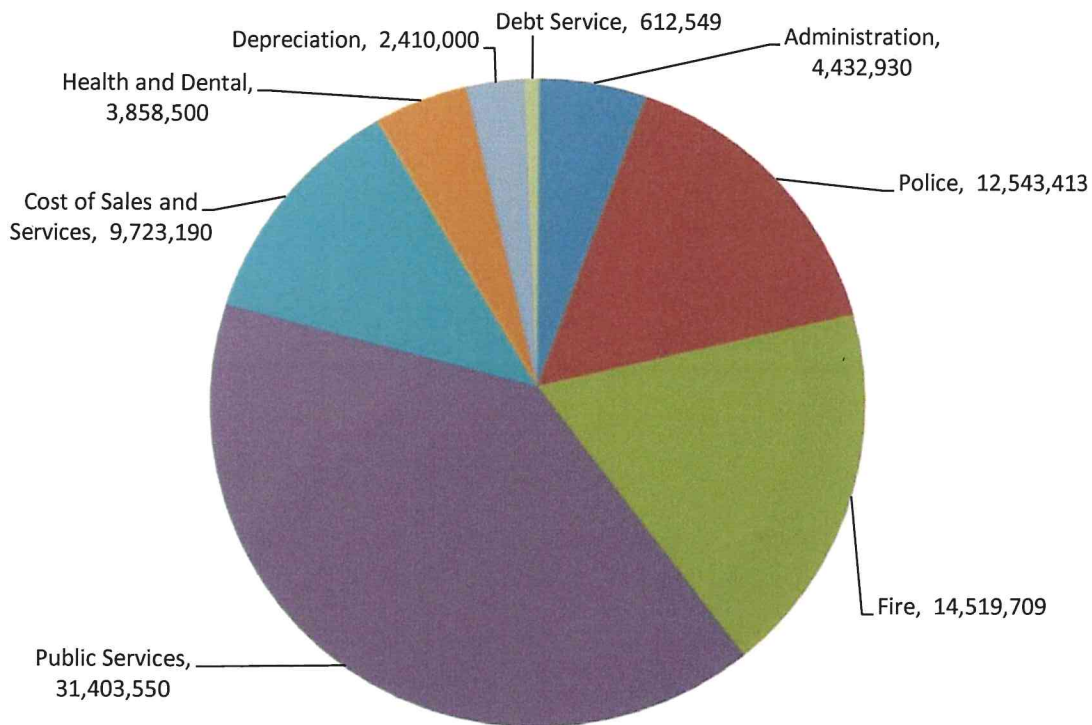
## All Funds - Revenue Summary

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>503 Water and Sewer</b>						
Water Sales	\$ 5,840,973	\$ 5,962,771	\$ 6,275,000	\$ 6,400,000	\$ 125,000	1.99%
Water Taps	45,400	39,100	30,000	30,000	-	0.00%
Sewer Receipts	2,531,458	2,584,737	2,754,000	2,810,000	56,000	2.03%
Sewer Taps	129,800	113,400	40,000	40,000	-	0.00%
Penalties	72,264	49,641	90,000	80,000	(10,000)	-11.11%
Service Charge	28,352	22,614	45,500	45,000	(500)	-1.10%
Meter Installation	53,393	38,407	30,000	35,000	5,000	16.67%
Inspection Fees	3,800	2,600	2,000	2,000	-	0.00%
Miscellaneous	24,600	26,565	10,000	10,000	-	0.00%
Credit Card Fees	6,324	3,432	7,500	7,500	-	0.00%
Boone Florence Reimburse	29,911	19,589	18,000	17,500	(500)	-2.78%
Dividend/Interest Income	111,100	22,648	500	50	(450)	-90.00%
<b>Total Water and Sewer</b>	<b>\$ 8,877,375</b>	<b>\$ 8,885,504</b>	<b>\$ 9,302,500</b>	<b>\$ 9,477,050</b>	<b>\$ 174,550</b>	<b>1.88%</b>

## Where the Money Goes

### All Funds

Expenses/Expenditures	2019 Actual	2020 Actual	2021 Actual	2021 Budget	2022 Budget	2023 Budget
Administration	\$ 3,012,521	\$ 3,670,785	\$ 3,006,714	\$ 3,854,500	\$ 4,163,925	\$ 4,432,930
Police	8,901,669	9,111,388	9,360,696	9,818,300	11,241,857	12,543,413
Fire	9,276,106	8,769,731	10,826,789	11,443,509	11,580,359	14,519,709
Public Services	14,916,453	15,209,795	14,352,097	29,055,100	41,700,950	31,403,550
Cost of Sales and Services	8,039,344	8,410,546	8,672,246	8,830,447	9,554,950	9,723,190
Health and Dental	3,499,522	3,091,730	4,035,594	3,957,000	3,936,000	3,858,500
Depreciation	1,985,949	2,034,487	2,056,106	1,995,000	2,200,000	2,410,000
Loss on Disposal	-	-	-	-	-	-
Debt Service	1,592,413	1,591,182	6,648,530	6,661,450	4,680,449	612,549
Transfers Out	1,925,000	1,925,000	425,000	1,925,000	225,000	1,725,000
<b>Total Uses</b>	<b>\$ 53,148,977</b>	<b>\$ 53,814,644</b>	<b>\$ 59,383,772</b>	<b>\$ 77,540,306</b>	<b>\$ 89,283,490</b>	<b>\$ 81,228,841</b>



## EXPENDITURE DISCUSSIONS

General Fund – FY 2022-23 operating expenditures for the General Fund increased by \$3,001,906, or 9.77%. This increase is primarily due to:

- Personnel – The City has authorized a COLA in the amount of 7.9% and has built in step increases as well for January 1, 2023. The City also authorized the addition of 4 personnel. The additions include 1 for public services and 3 for the police department. The additional salary and benefit costs will be \$407,000.
- Pension Rates – The City's pension rate for the non-hazardous decreased from 26.95% to 26.79% and the hazardous rate has increased from 44.33% to 49.59%. This will cost an estimated \$892,500.
- Liability Insurance – The City policies will require an additional \$40,000 for the upcoming year.
- Operating/Contractual – Various expenditures in each department are projected to increase for FY 2023.

General Fund – FY 2022-2023 capital expenditures decreased by \$7.27 million, or 22.34%. The decrease was primarily due to the decrease in one-time debt service bond issue payoffs and city-wide projects. Some capital expenditures for the upcoming year are as follows:

- Administration – There are additional expenditures for network switches, security system, data storage, wireless upgrade, disaster recovery and hardware and software updates.
- Public Services – There is an increase in this capital budget due to a traffic signal project in the amount of \$3.4 million. Other planned capital projects include the resurfacing of two basketball courts, urban forest tree planting project and street striping funds. Current year requests include pick-up trucks with snow equipment, leaf vector, backhoe, an SUV and tower lighting.
- Police – There is an increase in this budget due to a switchover by Ford to only supply SUV interceptors instead of sedans. This also resulted in an increase in cruiser equipment since the sedan equipment cannot be retrofitted to the SUV's. In addition the police department routinely purchases nine vehicle a year. Due to the hiring of additional personnel, eleven vehicles will be purchased this fiscal year.
- Fire – There is an increase in this capital budget due to the rescue pumper, fire truck and ambulance purchase in the prior year for a combined \$2,420,000.
- City-wide Projects – The City paid off the 2011 and 2012 bond issues in 2022 in the amount of \$4,044,700. There is also budgeted a planned fire substation and a clubhouse for the stadium for fiscal year 2023. There will be carryovers in the amended fiscal year 2023 budget.

Special Revenue Expense Funds – Special Revenue Funds are made up of Municipal Aid/LGEA, Infrastructure, Asset Forfeiture and Aquatic Center Funds. FY 2022-23 expenditures for Special Revenue Expense Funds decreased \$5,053,800, or 56.08%. This increase is the result of the following:

- Municipal Aid – Decrease of \$145,000 due to an additional street project scheduled for the upcoming fiscal year.
- Infrastructure – Decrease of \$4,789,000 due to elimination of prior year projects for the addition of sidewalks on Weaver Road up to US 42 Highway and Center Street and the Houston Road sewer extension.
- Asset Forfeiture – The budget has remained at the same level as fiscal year 2022.
- Aquatic Center – Decrease of \$119,800 due to the start up costs to re-open the pool for the season occurred in fiscal year 2022.

## EXPENDITURE DISCUSSIONS

Enterprise Funds – The Enterprise Funds are made up of the Golf Course Fund and the Water and Sewer Fund. The FY 2022-23 expenditures for the Enterprise Funds increased by \$360,240, or 3.05%. This increase is primarily due to:

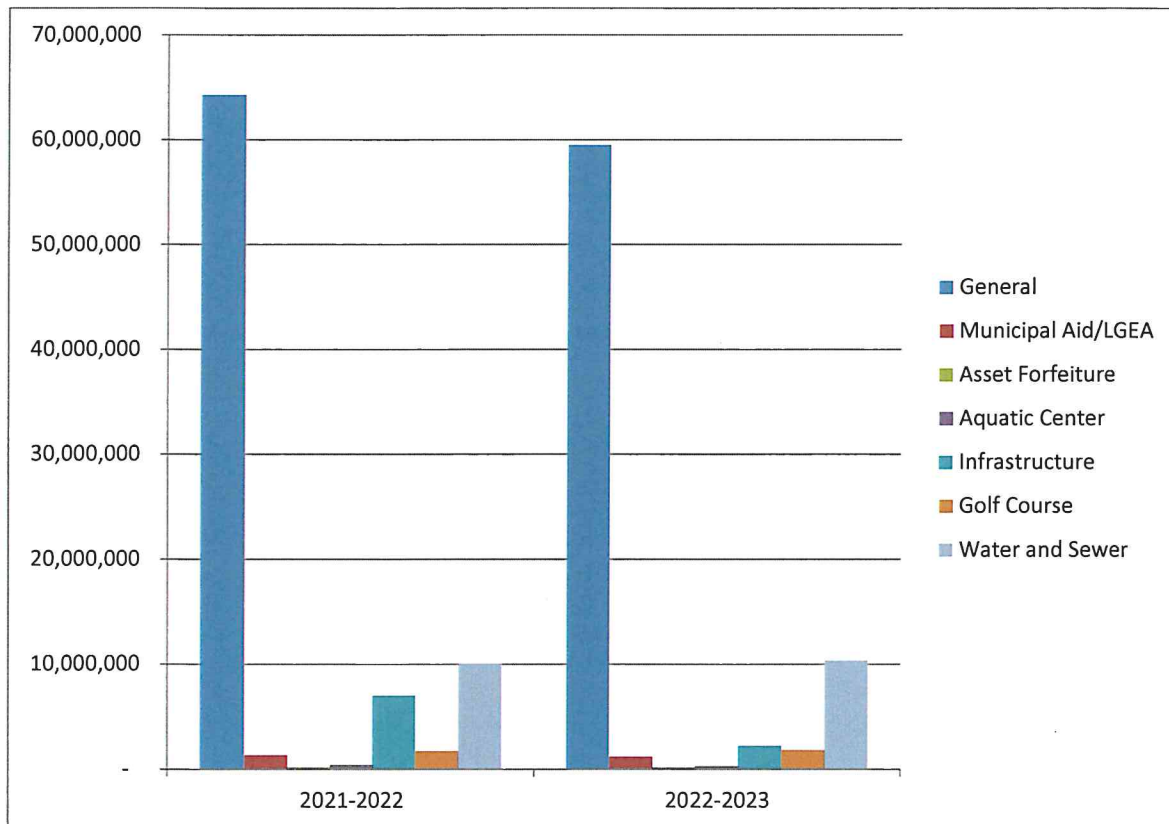
- Golf Course – Expenditures for this fund remain consistent with those of the previous year due to general operating and contractual obligations. There is an increase of \$103,090 overall due to the increase in food and beverage costs for the Tin Cup restaurant. There is also an increase for depreciation expense due to the remodel project that is currently ongoing.
- Water and Sewer – The water and sewer fund expenses increased by \$257,150. The majority of this increase is due to an increase in operating expenses of \$257,150 for personnel expenses coupled with an increase in depreciation expense of \$200,000. These cost were offset by a decrease of \$200,000 for the prior year utility assistance grant funds expense.

## Budget Appropriation Comparisons By Fund

### Fiscal 2020-2021 to Fiscal 2021-2022

Fund	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
General	\$ 64,299,791	\$ 59,516,202	\$ (4,783,589)	-7.44%
Municipal Aid/LGEA	1,345,000	1,200,000	(145,000)	-10.78%
Asset Forfeiture	200,000	200,000	-	0.00%
Aquatic Center	417,850	298,050	(119,800)	-28.67%
Infrastructure	7,049,000	2,260,000	(4,789,000)	-67.94%
Golf Course	1,719,100	1,822,190	103,090	6.00%
Water and Sewer	10,091,749	10,348,899	257,150	2.55%
<b>Total</b>	<b>\$ 85,122,490</b>	<b>\$ 75,645,341</b>	<b>\$ (9,477,149)</b>	<b>-11.13%</b>

Total does not include transfers or internal service fund.



# All Funds - Appropriations Summary

ACCOUNT TITLE	Audit		Audit		Budget		Budget		Change	Percent Change
	2019-2020	2020-2021	2021-2022	2022-2023	From Prior Year					
001 General Fund										
Administration/Finance										
Mayor/Council Salaries	\$ 132,984	\$ 136,043	\$ 138,000	\$ 148,000	\$ 10,000	7.25%				
Salaries	908,552	739,516	1,020,000	1,235,000	215,000	21.08%				
Education Incentive	207	318	350	-	(350)	-100.00%				
Temporary Employees	1,196	1,536	5,000	5,000	-	0.00%				
Unscheduled	-	233	1,000	1,000	-	0.00%				
F.I.C.A.	78,674	66,547	90,000	107,000	17,000	18.89%				
Non-Hazardous Duty	226,487	184,521	275,000	346,000	71,000	25.82%				
Deferred Compensation	32,956	31,207	40,000	40,000	-	0.00%				
Health Insurance	150,731	115,800	160,000	160,000	-	0.00%				
Dental Insurance	8,176	6,453	9,500	9,500	-	0.00%				
Group Life	1,211	1,012	1,150	1,150	-	0.00%				
Long Term Disability	3,182	2,489	3,300	3,300	-	0.00%				
Workers Compensation	2,209	3,161	4,000	4,000	-	0.00%				
Unemployment Insurance	8,832	-	10,000	10,000	-	0.00%				
Volunteer/Employee Apprec	2,652	595	1,000	900	(100)	-10.00%				
Special Attorney's Fees	104,747	142,461	128,000	130,000	2,000	1.56%				
Professional Fees	10,557	15,429	30,000	25,000	(5,000)	-16.67%				
Bank Service Charges	28,029	28,700	45,000	32,000	(13,000)	-28.89%				
Prop Valuation Admin Fees	50,000	50,000	60,000	60,000	-	0.00%				
Computer Svcs - Prof Supp	290,380	317,744	345,000	345,000	-	0.00%				
Posatge Machine Lease	4,374	-	-	-	-	0.00%				
Code Enforcement Services	2,522	8,998	10,000	15,000	5,000	50.00%				
Special Projects Codification	-	-	5,000	5,000	-	0.00%				
Special Projects Consulting	196,672	180,283	215,000	215,000	-	0.00%				
Special Studies Contracts	79,527	71,985	68,500	118,500	50,000	72.99%				
Hiring Expenditures	124	124	1,000	1,000	-	0.00%				
Legal Advertising	5,426	7,316	7,000	7,000	-	0.00%				
Community Relations	15,510	14,806	30,000	30,000	-	0.00%				
Community Events	52,564	21,215	45,000	45,000	-	0.00%				
Community Events-Main St	-	-	20,000	15,000	(5,000)	-25.00%				
Event Center Supplies	-	-	-	12,000	12,000	100.00%				
Program Supplies	1,687	504	3,000	3,000	-	0.00%				
Office Supplies	11,817	9,678	13,000	11,000	(2,000)	-15.38%				
Mailing House	1,402	1,349	1,500	1,500	-	0.00%				
Motor Fuels	367	228	2,000	2,000	-	0.00%				
Local Telephone Service	15,926	21,402	20,000	37,000	17,000	85.00%				
Liability Insurance	401,111	407,631	425,000	471,100	46,100	10.85%				
Training & Travel	6,278	8,266	25,000	15,000	(10,000)	-40.00%				
Equipment Repairs & Maint	2,750	3,102	5,000	5,000	-	0.00%				
Vehicle Maintenance	477	121	2,000	2,000	-	0.00%				
Prof. Memberships & Publ.	43,519	33,567	35,000	35,000	-	0.00%				
Postage	19,999	18,251	15,000	25,000	10,000	66.67%				
Miscellaneous	24,390	10,174	25,000	20,000	(5,000)	-20.00%				
Cable TV / Recreation	8,395	674	7,000	7,000	-	0.00%				
Ins Loss - Reimb of Deductible	1,841	12	4,500	4,500	-	0.00%				

## All Funds - Appropriations Summary

Total Administration/Finance	\$	2,938,440	\$	2,663,451	\$	3,350,800	\$	3,765,450	\$	414,650	12.37%
										Change	
		Audit		Audit		Budget		Budget		From	Percent
ACCOUNT TITLE		2019-2020		2020-2021		2021-2022		2022-2023		Prior Year	Change
Public Services											
Salaries	\$	2,098,612	\$	2,325,448	\$	3,255,000	\$	3,000,000	\$	(255,000)	-7.83%
Education Incentive		1,024		1,266		2,600		1,500		(1,100)	-42.31%
Temporary Employees		35,669		31,073		65,000		65,000		-	0.00%
Unscheduled		37,111		79,708		75,000		75,000		-	0.00%
F.I.C.A.		163,931		184,113		250,000		245,000		(5,000)	-2.00%
Non-Hazardous Duty		508,888		577,906		750,000		845,000		95,000	12.67%
Deferred Compensation		69,605		65,934		90,000		90,000		-	0.00%
Health Insurance		463,657		497,921		525,000		525,000		-	0.00%
Dental Insurance		25,865		28,015		31,000		31,000		-	0.00%
Group Life		3,430		3,622		4,000		5,000		1,000	25.00%
Long Term Disability		6,409		6,481		7,000		8,000		1,000	14.29%
Workers Compensation		87,865		83,936		95,000		95,000		-	0.00%
Unemployment Insurance		13,650		-		10,000		10,000		-	0.00%
Employee Health Programs		1,665		4,396		3,000		3,000		-	0.00%
Special Engineering Fees		31,757		8,200		25,000		25,000		-	0.00%
Debris & Weed Cutting		5,111		3,957		8,000		8,000		-	0.00%
Contracted Services		7,063		6,026		8,000		8,000		-	0.00%
Hiring Expenses		564		2,989		1,000		1,000		-	0.00%
Community Relations		13,247		19,092		25,000		13,000		(12,000)	-48.00%
Community Services Program		1,202		92		1,000		1,000		-	0.00%
Janitorial Supplies		25,102		17,338		20,000		20,000		-	0.00%
Office Supplies		3,851		4,748		5,000		5,000		-	0.00%
Maintenance Supplies		24,477		34,134		30,000		30,000		-	0.00%
Motor Fuels		66,009		69,051		80,000		80,000		-	0.00%
Street Signs		24,456		17,121		20,000		20,000		-	0.00%
Program Supplies/Printing		314		-		-		-		-	0.00%
Small Tools		11,864		9,985		10,000		10,000		-	0.00%
Uniforms and Mats		20,906		22,285		27,000		27,000		-	0.00%
Utility Service - Street Lights		151,790		193,291		215,000		200,000		(15,000)	-6.98%
Utility Service		233,469		256,269		215,000		215,000		-	0.00%
Local Telephone Service		24,752		25,188		21,000		21,000		-	0.00%
Rental of Equipment & Vehicles		3,135		403		4,000		4,000		-	0.00%
Custodial		99,155		99,092		100,000		100,000		-	0.00%
Training and Travel		8,753		11,846		20,000		20,000		-	0.00%
Equipment Rep & Maint		69,101		71,760		71,000		71,000		-	0.00%
Vehicle Maintenance		64,875		67,167		71,000		71,000		-	0.00%
Building Maintenance		144,472		141,726		135,000		140,000		5,000	3.70%
Grounds Maintenance		157,870		156,309		181,000		191,000		10,000	5.52%
Storm Sewer Maintenance		37,125		51,616		50,000		50,000		-	0.00%
Memberships & Publications		5,013		4,819		3,000		3,000		-	0.00%
Miscellaneous		18,348		8,280		11,000		11,000		-	0.00%
Insurance Loss - Reimb. of Ded		10,520		8,270		5,000		5,000		-	0.00%
Cemetery Expenditures		20		670		1,500		1,500		-	0.00%
Total Public Services	\$	4,781,702	\$	5,201,543	\$	6,526,100	\$	6,350,000	\$	(176,100)	-2.70%

## All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>Police</b>						
Salaries	\$ 4,347,793	\$ 4,554,295	\$ 5,325,500	\$ 6,093,856	\$ 768,356	14.43%
Shift Differential	12,517	12,052	13,000	13,000	-	0.00%
Education Incentive	5,763	6,394	7,000	7,000	-	0.00%
Training Incentive	236,304	249,151	272,000	272,000	-	0.00%
Unscheduled	153,916	137,930	220,500	220,500	-	0.00%
F.I.C.A.	361,064	376,704	415,000	445,000	30,000	7.23%
Non-Hazardous Duty	32,549	32,190	37,000	55,000	18,000	48.65%
Hazardous Duty	1,819,505	1,907,005	2,425,000	2,805,000	380,000	15.67%
Deferred Compensation	12,746	18,795	17,500	45,000	27,500	157.14%
Health Insurance	829,119	855,600	850,000	935,000	85,000	10.00%
Dental Insurance	44,455	46,481	48,000	51,000	3,000	6.25%
Group Life	5,851	6,024	7,000	7,000	-	0.00%
Long Term Disability	13,802	14,633	14,500	20,000	5,500	37.93%
Workers Compensation	140,765	164,165	180,000	180,000	-	0.00%
Unemployment Insurance	3,874	-	10,000	10,000	-	0.00%
Employee Health Programs	921	1,292	2,000	2,000	-	0.00%
Contracted Services	21,586	24,052	30,000	30,000	-	0.00%
Hiring Expenditures	3,472	1,148	4,000	4,000	-	0.00%
Community Relations	10,325	9,947	16,000	16,000	-	0.00%
Office Supplies	2,731	3,040	6,000	6,000	-	0.00%
Crime Prevention	10,708	-	5,000	5,000	-	0.00%
Motor Fuels	111,837	108,870	180,000	180,000	-	0.00%
License Plates	-	366	500	500	-	0.00%
Technical Supplies	28,460	32,220	39,000	39,000	-	0.00%
Uniforms	37,314	37,236	43,000	43,000	-	0.00%
Clothing Allowance	4,320	4,320	6,500	6,500	-	0.00%
Local Telephone Service	15,567	14,438	20,000	20,000	-	0.00%
Training & Travel	26,966	34,843	47,000	47,000	-	0.00%
Equipment Repairs & Maint	9,252	11,776	18,500	18,500	-	0.00%
Vehicle Maintenance	67,149	55,619	55,000	65,000	10,000	18.18%
Prof. Memberships & Publ.	2,501	2,578	4,000	4,000	-	0.00%
Miscellaneous	3,923	5,498	10,000	10,000	-	0.00%
Range Operations	8,775	9,596	10,100	10,100	-	0.00%
Ins Loss - Reimb of Dedct	5,792	20,274	10,000	10,000	-	0.00%
Printing & Publishing	163	788	2,000	2,000	-	0.00%
Canine Expenditures	19,632	5,004	7,000	7,000	-	0.00%
Revolving Vice/Informant Fund	-	-	500	500	-	0.00%
Immediate Care Fund	-	-	500	500	-	0.00%
Prisoner Medical Charges	-	-	1,000	1,000	-	0.00%
Vehicle Towing	720	460	1,500	1,500	-	0.00%
<b>Total Police</b>	<b>\$ 8,412,137</b>	<b>\$ 8,764,784</b>	<b>\$ 10,361,100</b>	<b>\$ 11,688,456</b>	<b>\$ 1,327,356</b>	<b>12.81%</b>

# All Funds - Appropriations Summary

ACCOUNT TITLE	Audit		Audit		Budget		Budget		Change	Percent Change
	2019-2020	2020-2021	2021-2022	2022-2023	From Prior Year					
Fire										
Salaries	\$ 2,925,189	\$ 3,001,433	\$ 4,452,850	\$ 4,450,000	(2,850)	-0.06%				
Education Incentive	9,922	11,108	12,000	12,000	-	0.00%				
Training Incentive	228,396	241,893	265,000	265,000	-	0.00%				
Unscheduled	285,846	300,643	275,000	130,500	(144,500)	-52.55%				
Scheduled Overtime	1,168,810	1,226,619	1,432,500	1,485,000	52,500	3.66%				
F.I.C.A.	348,256	360,922	420,000	490,000	70,000	16.67%				
Non-Hazardous Duty	20,264	20,727	25,000	29,000	4,000	16.00%				
Hazardous Duty	1,788,096	1,868,411	2,325,000	3,150,000	825,000	35.48%				
Deferred Compensation	5,715	9,530	9,500	25,000	15,500	163.16%				
Health Insurance	818,482	816,131	840,000	865,000	25,000	2.98%				
Dental Insurance	43,327	44,235	48,000	53,000	5,000	10.42%				
Group Life	5,655	5,800	7,000	9,000	2,000	28.57%				
Long Term Disability	12,653	12,952	14,000	16,000	2,000	14.29%				
Workers Compensation	147,611	161,563	190,000	190,000	-	0.00%				
Unemployment insurance	-	-	10,000	10,000	-	0.00%				
Employee Health Programs	2,652	19,375	23,000	23,000	-	0.00%				
Medical Director	26,000	26,000	26,000	26,000	-	0.00%				
Spec. Proj. - Vol. Progr.	2,703	3,460	3,000	3,000	-	0.00%				
Hiring Expenditures	9,904	5,786	6,000	8,000	2,000	33.33%				
Community Relations	1,593	1,490	4,000	4,000	-	0.00%				
E.M.S. Billing	63,786	43,575	80,000	80,000	-	0.00%				
Computer Services	-	-	-	40,000	40,000	100.00%				
Extended Warranties	7,617	7,249	11,209	11,209	-	0.00%				
Janitorial Supplies	12,864	11,500	11,500	11,500	-	0.00%				
Office Supplies	1,654	1,406	2,000	2,000	-	0.00%				
Motor Fuels	58,323	54,293	70,000	70,000	-	0.00%				
Medical Supplies	77,924	84,646	77,000	85,000	8,000	10.39%				
Fire Equipment-Personal	13,842	22,000	20,000	20,000	-	0.00%				
Fireground Equipment	15,999	15,521	16,000	16,000	-	0.00%				
E.M.S. Equipment	10,245	9,672	10,000	15,000	5,000	50.00%				
Uniforms	36,368	25,633	28,000	28,000	-	0.00%				
Utility Service	54,086	57,120	55,000	55,000	-	0.00%				
Local Telephone Service	31,682	29,513	35,000	35,000	-	0.00%				
Training & Travel	24,163	45,667	81,000	71,000	(10,000)	-12.35%				
Equipment Repairs & Maint	29,212	24,500	26,000	26,000	-	0.00%				
Building Maintenance	5,075	7,573	8,000	8,000	-	0.00%				
Vehicle Maint - Fire Trk.	121,931	113,650	88,000	88,000	-	0.00%				
Prof. Memberships & Publ.	3,364	3,854	3,500	3,500	-	0.00%				
Postage	268	380	1,000	1,000	-	0.00%				
Miscellaneous	5,017	6,471	7,500	7,500	-	0.00%				
COVID 19 Supplies	25,160	13,057	-	-	-	0.00%				
Insurance Loss-Reim of Deduct	189	3,793	2,000	2,000	-	0.00%				
Certifications	-	-	-	10,000	10,000	100.00%				
Total Fire	\$ 8,449,843	\$ 8,719,151	\$ 11,020,559	\$ 11,929,209	\$ 908,650	8.25%				

## All Funds - Appropriations Summary

ACCOUNT TITLE	Audit		Budget		Change	
	2019-2020	2020-2021	2021-2022	2022-2023	From Prior Year	Percent Change
Capital Outlay						
Computer Hardware	\$ 73,686	\$ 115,100	\$ 61,000	\$ 48,000	\$ (13,000)	-21.31%
Computer Software	21,570	4,807	28,300	30,600	2,300	8.13%
Server/Switch blades	71,600	-	-	140,000	140,000	100.00%
Web Site Maintenance	3,350	71,624	20,000	12,400	(7,600)	-38.00%
Environmental/Infrastructure	15,460	15,460	17,325	17,980	655	3.78%
Security System	352,676	13,786	25,000	75,000	50,000	200.00%
Project Labor	32,323	11,309	36,500	36,500	-	0.00%
SAN Storage	-	-	250,000	-	(250,000)	-100.00%
Staff Car	-	-	40,000	-	(40,000)	-100.00%
Broadcast Pix Upgrade	13,981	-	-	-	-	0.00%
Buffalo Data Storage	-	-	-	44,000	44,000	100.00%
Digitization/Microfilming	-	-	65,000	-	(65,000)	-100.00%
Microsoft Exchange Upgrade	-	-	30,000	57,000	27,000	90.00%
Disaster Recovery	-	-	-	38,000	38,000	100.00%
Wireless Upgrade	-	-	-	38,000	38,000	100.00%
Council Chamber Refresh	-	-	110,000	-	(110,000)	-100.00%
Copier/Printer	17,808	-	-	-	-	0.00%
Disab. Committee Expend.	-	-	2,000	2,000	-	0.00%
Municipal Building Alteration	16,393	23,848	20,000	20,000	-	0.00%
Mowers	9,006	9,100	12,500	12,500	-	0.00%
Major Equipment PS	35,261	40,759	46,000	46,000	-	0.00%
Office Furniture	1,844	-	5,000	5,000	-	0.00%
Special Projects - Parks	442,864	3,304	700,000	150,000	(550,000)	-78.57%
Replacement Equip - Parks	32,406	49,228	50,000	60,000	10,000	20.00%
Street Striping	7,265	99,673	285,000	160,000	(125,000)	-43.86%
Maintenance Van	-	-	85,000	-	(85,000)	-100.00%
2-Pickup/Snow Equipment	-	-	170,000	160,000	(10,000)	-5.88%
One-Ton Dump	-	59,684	115,000	-	(115,000)	-100.00%
Two-Ton Dump	173,237	178,725	-	-	-	0.00%
Truck - 4x4 Pickup	27,984	35,717	-	-	-	0.00%
Street Sweeper	190,420	-	-	-	-	0.00%
Technology and Software	80,816	119,568	135,000	140,000	5,000	0.00%
Automatic Gate-Tanners	24,368	-	-	-	-	0.00%
Staff car	-	-	71,000	40,000	(31,000)	-100.00%
Backhoe	-	123,419	-	170,000	170,000	100.00%
Crack seal machine	-	63,918	-	-	-	0.00%
Traffic Signal Upgrades	-	-	300,000	3,400,000	3,100,000	1033.33%
Florence Tower Loghting	-	-	-	100,000	100,000	100.00%
Leaf Vactor	-	-	-	60,000	60,000	100.00%

# All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>Capital Outlay-Continued</b>						
Project-Annual Street Project	\$ 500,000	\$ 537,975	\$ 489,000	\$ 550,000	\$ 61,000	12.47%
Snow Equipment	-	-	32,500	-	(32,500)	-100.00%
Dumpster Improvements	-	-	80,000	-	(80,000)	-100.00%
Urban Forest Commission	57,437	29,901	195,000	100,000	(95,000)	-48.72%
Major Equipment PD	7,732	9,557	22,000	22,000	-	0.00%
Cruiser Equipment	130,976	131,813	184,800	209,000	24,200	13.10%
Police Cruisers	303,048	306,180	402,457	402,457	-	0.00%
Radios	-	-	1,500	1,500	-	0.00%
Firearms	-	4,459	10,000	10,000	-	0.00%
JAG	-	-	10,000	10,000	-	0.00%
Body Camera Software/Storage	-	-	50,000	-	(50,000)	-100.00%
Major Equipment FD	71,015	70,745	69,800	42,000	(27,800)	-39.83%
Ambulance	-	244,106	260,000	265,000	5,000	1.92%
Pumper	-	549,397	-	655,000	655,000	100.00%
Bunker gear	49,579	44,683	55,000	55,000	-	0.00%
SCBA Replacement	86,919	-	-	-	-	0.00%
Cardiac Monitors	-	224,740	-	-	-	0.00%
Office/Station Furniture	3,000	5,000	5,000	8,500	3,500	70.00%
Engine	30,199	884,996	115,000	1,500,000	1,385,000	1204.35%
Staff Car	79,177	49,898	55,000	55,000	-	0.00%
Computer Services	-	-	-	10,000	10,000	100.00%
State Office Building-2008	161,085	1,103,294	-	-	-	0.00%
Aquatic Ctr/Skate Park-2010	431,625	4,551,422	-	-	-	0.00%
Baseball Park-2011/2012	371,339	370,701	4,044,700	-	(4,044,700)	-100.00%
Government Center 2005	579,650	579,850	579,850	574,650	(5,200)	-0.90%
City Enhancement	206,898	188,803	500,000	250,000	(250,000)	-50.00%
Stadium Improvements	546,437	510,900	1,000,000	6,500,000	5,500,000	550.00%
Directional Signage	43,306	138,021	-	-	-	0.00%
Radios	113,228	50,922	-	-	-	0.00%
Demolition Project	-	-	-	-	-	0.00%
Building/Equipment Replacement	165,163	171,770	200,000	200,000	-	0.00%
Weaver Road Fire Station	-	35,069	-	-	-	0.00%
Rosetta Master Plan	48,396	-	-	-	-	0.00%
Kentaboo Construction Plan	732,286	147,284	587,000	-	(587,000)	-100.00%
Main Street Parking Lot	47,028	23,538	335,000	-	(335,000)	-100.00%
KY 18 Overpass	98,598	51,127	825,000	-	(825,000)	-100.00%
Council Chamber	-	-	-	200,000	200,000	100.00%
Property Purchases	109,414	502,250	1,999,000	-	(1,999,000)	-100.00%
Fire Substation	-	-	-	7,500,000	7,500,000	100.00%
Tanner Facility Structure	506,927	175,477	-	-	-	0.00%
Tanner/Ewing Corner	1,187,060	517,478	-	-	-	0.00%
Office Space Renovations	363,323	315,801	285,000	-	(285,000)	-100.00%

## All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>Capital Outlay-Continued</b>						
Aquatic Center Park	-	-	9,600,000	-	(9,600,000)	-100.00%
Golf Course Capital	-	-	3,500,000	-	(3,500,000)	-100.00%
Florence Nursery Master Plan	-	-	65,000	-	(65,000)	-100.00%
Library Study	-	-	50,000	-	(50,000)	-100.00%
Mall Rd/Cayton/Connector	15,065	-	-	-	-	0.00%
Main Street Revitalization	411,787	678,333	3,179,000	1,000,000	(2,179,000)	-68.54%
Police Renovation	462,034	592,350	-	-	-	0.00%
Locust/Glenrose Paving	-	637,772	365,000	-	(365,000)	-100.00%
Mall Road NB Turn Lane	107,246	-	-	-	-	0.00%
Nature Park Master Plan	710,318	-	-	-	-	0.00%
City Signage.Statute	-	-	-	100,000	100,000	100.00%
Total Capital Outlay	\$ 10,381,613	\$ 15,474,641	\$ 31,831,232	\$ 25,283,087	\$ (6,548,145)	-20.57%
<b>Other Agencies</b>						
Senior Center	\$ 129,891	\$ 111,179	\$ 130,000	\$ 130,000	\$ -	0.00%
Planning Commission	332,300	339,891	355,000	370,000	15,000	4.23%
Total Other Agencies	\$ 462,191	\$ 451,070	\$ 485,000	\$ 500,000	\$ 15,000	3.09%
<b>Total General Fund</b>	<b>\$ 35,425,926</b>	<b>\$ 41,274,640</b>	<b>\$ 63,574,791</b>	<b>\$ 59,516,202</b>	<b>\$ (4,058,589)</b>	<b>-6.38%</b>

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>201 Municipal Aid/LGEA</b>						
Street Materials	\$ 192,503	\$ 220,066	\$ 245,000	\$ 250,000	\$ 5,000	2.04%
Resurfacing Projects	282,625	-	900,000	800,000	(100,000)	-11.11%
Snow Removal	31,773	194,943	200,000	150,000	(50,000)	-25.00%
Total Municipal Aid/LGEA	\$ 506,901	\$ 415,009	\$ 1,345,000	\$ 1,200,000	\$ -145,000	-10.78%

### 204 Asset Forfeiture

Miscellaneous	\$ 258,496	\$ 143,902	\$ 200,000	\$ 200,000	\$ -	0.00%
Total Asset Forfeiture	\$ 258,496	\$ 143,902	\$ 200,000	\$ 200,000	\$ -	0.00%

## All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>205 Aquatic Center</b>						
Bank Service Charges	\$ 4,322	\$ 467	\$ 1,400	\$ 1,600	\$ 200	14.29%
Management Contract	226,585	19,380	220,000	200,000	(20,000)	-9.09%
Supplies	1,853	-	2,000	2,000	-	0.00%
Utilities-Electric	23,367	17,237	43,000	43,000	-	0.00%
Utilities-Water	22,295	11,611	30,000	22,000	(8,000)	-26.67%
Utilities-Sewer	9,176	298	20,000	18,000	(2,000)	-10.00%
Repairs and Maintenance	47,445	12,397	40,000	10,000	(30,000)	-75.00%
Telephone	653	653	700	700	-	0.00%
Miscellaneous	2,178	-	750	750	-	0.00%
Annual Replacement Costs	24,270	-	-	-	-	0.00%
Capital	64,565	52,868	60,000	-	(60,000)	-100.00%
<b>Total Aquatic Center</b>	<b>\$ 426,709</b>	<b>\$ 114,911</b>	<b>\$ 417,850</b>	<b>\$ 298,050</b>	<b>\$ -119,800</b>	<b>-28.67%</b>

### 203 Infrastructure Fund

Highway Street Repairs	\$ 1,227,837	\$ 1,315,495	\$ 1,500,000	\$ 1,550,000	\$ 50,000	3.33%
Sidewalk Construction	119,185	109,018	660,000	160,000	(500,000)	-75.76%
Storm Sewer Improvements	337,596	258,051	790,000	550,000	(240,000)	-30.38%
Houston Road Sewer	-	492,807	2,510,000	-	(2,510,000)	-100.00%
Center Street Sidewalk	-	-	489,000	-	(489,000)	-100.00%
Weaver Road Sidewalks	3,750	1,080	1,100,000	-	(1,100,000)	-100.00%
<b>Total Infrastructure</b>	<b>\$ 1,688,368</b>	<b>\$ 2,176,451</b>	<b>\$ 7,049,000</b>	<b>\$ 2,260,000</b>	<b>\$ -4,789,000</b>	<b>-67.94%</b>

## All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>501 Golf Course</b>						
Clubhouse wages	\$ 110,516	\$ 161,147	\$ 145,000	\$ 170,000	\$ 25,000	17.24%
Food and beverage Wages	41,038	23,252	55,000	150,000	95,000	172.73%
Course Maintenance Wages	81,128	112,415	120,000	110,000	(10,000)	-8.33%
Putt Putt Wages	6,655	5,872	5,000	10,000	5,000	100.00%
Management Wages	76,911	89,085	125,000	105,000	(20,000)	-16.00%
Junior League Wages	5,090	8,629	4,000	6,000	2,000	50.00%
FICA	24,583	31,118	30,000	43,000	13,000	43.33%
Pension	-	-	-	10,000	10,000	100.00%
Health Insurance	1,704	-	-	22,000	22,000	100.00%
Employer Life	-	-	-	55	55	100.00%
Disability	-	-	-	135	135	100.00%
Workers Compensation	-	-	10,000	8,000	(2,000)	100.00%
Unemployment Insurance	2,798	3,403	5,000	5,000	-	0.00%
Legal Fees	-	-	1,000	1,000	-	0.00%
Accounting/Auditing Fees	3,500	3,500	3,500	4,000	500	14.29%
Bank Service Charges	30,696	60,790	65,000	65,000	-	0.00%
Computer Services	-	-	7,500	10,000	2,500	100.00%
Private Lessons	44,218	58,532	50,000	50,000	-	0.00%
Group Lessons	1,345	21,765	50,000	25,000	(25,000)	-50.00%
Grounds Contractual	150	-	5,000	5,000	-	0.00%
Management Fee	46,207	47,059	48,000	55,000	7,000	14.58%
Bonus	-	-	35,000	10,000	(25,000)	100.00%
Advertising	7,211	7,191	5,000	5,000	-	0.00%
Cable TV/Music	4,393	4,597	4,000	7,000	3,000	75.00%
Janitorial Supplies	5,837	4,991	5,500	7,000	1,500	27.27%
Office Supplies	1,987	1,192	3,000	3,000	-	0.00%
Office Supplies - F&B	-	-	-	3,000	3,000	100.00%
Motor Fuels	6,594	6,955	7,500	8,000	500	6.67%
Licenses and Fees	3,270	1,825	4,000	4,000	-	0.00%
Equipment Expense	12,243	6,584	50,000	10,000	(40,000)	-80.00%
Fertilizer	9,661	(988)	10,000	12,000	2,000	20.00%
Uniforms	2,682	459	2,500	5,000	2,500	100.00%
Golf Course Supplies	2,040	8,982	6,500	10,000	3,500	53.85%
Miniature Golf Supplies	1,945	11,823	4,000	5,000	1,000	25.00%
Pro Shop Supplies	4,499	4,406	4,500	2,500	(2,000)	-44.44%
Range Supplies	31,183	34,239	60,000	40,000	(20,000)	-33.33%
Fungicides/Herbicides	11,884	27,495	23,000	20,000	(3,000)	-13.04%
Golf Simulator Supplies	582	2,203	3,000	10,000	7,000	233.33%
Maintenance Shop Supplies	1,850	3,827	4,000	4,000	-	0.00%
Food and Kitchen Supplies	3,569	6,668	30,000	50,000	20,000	66.67%

## All Funds - Appropriations Summary

Utilities - Electric	40,293	41,807	45,000	50,000	5,000	11.11%
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ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>Golf Course Cont'd</b>						
Utilities - Water	\$ 5,821	\$ 5,519	\$ 6,000	\$ 10,000	\$ 4,000	66.67%
Utilities - Sewer	4,013	3,385	6,000	10,000	4,000	66.67%
Local Telephone Service	6,372	7,357	6,500	7,500	1,000	15.38%
Equipment Rental	2,022	2,078	4,000	4,000	-	0.00%
Liability Insurance	18,233	21,432	20,000	28,000	8,000	40.00%
Training & Travel	1,699	559	2,500	2,500	-	0.00%
Equipment Repairs & Maintenan	5,441	1,260	20,000	12,000	(8,000)	-40.00%
Repairs and Maintenance	8,003	2,842	10,000	8,000	(2,000)	-20.00%
Repairs and Maintenance-F&B	-	-	-	8,000	8,000	100.00%
Building Maintenance	21,087	33,980	50,000	35,000	(15,000)	-30.00%
Course Maintenance Supplies	33	948	3,000	10,000	7,000	233.33%
Course Maintenance Other	2,505	1,505	5,000	10,000	5,000	100.00%
Irrigation and Drainage	2,917	3,038	5,000	7,500	2,500	50.00%
Cart Repairs	-	1,199	2,000	2,000	-	0.00%
Club Repairs	104	1,017	1,500	2,000	500	33.33%
Prof. Memberships & Publ.	5,257	5,613	6,000	6,000	-	0.00%
Postage	682	636	1,000	1,000	-	0.00%
Miscellaneous	9,416	15,741	20,000	15,000	(5,000)	-25.00%
Miscellaneous - F&B	-	-	-	10,000	10,000	100.00%
Cash Over/Short	(195)	13	100	1,000	900	900.00%
Food COGS	7,847	6,035	30,000	100,000	70,000	233.33%
Beer COGS	19,046	23,457	30,000	35,000	5,000	16.67%
Soft Drink COGS	4,097	7,612	10,000	14,000	4,000	40.00%
Pro Shop COGS	121,717	196,056	140,000	40,000	(100,000)	-71.43%
Fountain Drinks COGS	4,658	2,784	4,000	8,000	4,000	100.00%
Liquor COGS	641	1,338	1,000	3,000	2,000	200.00%
Wine COGS	-	-	-	3,000	3,000	0.00%
Depreciation Expense	234,554	199,767	300,000	310,000	10,000	3.33%
<b>Total Golf Course</b>	<b>\$ 1,114,232</b>	<b>\$ 1,345,994</b>	<b>\$ 1,719,100</b>	<b>\$ 1,822,190</b>	<b>\$ 103,090</b>	<b>6.00%</b>

## All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>503 Water and Sewer</b>						
<b>Administration Department</b>						
Administrative salaries	\$ 237,032	\$ 234,189	\$ 290,000	\$ 312,000	22,000	7.59%
Education Incentive	389	-	350	-	(350)	-100.00%
Temporary Employees	1,277	-	500	-	(500)	-100.00%
Overtime	-	5	500	500	-	0.00%
F.I.C.A.	17,877	17,621	22,500	24,000	1,500	6.67%
Non-Hazardous	140,904	124,470	80,000	84,000	4,000	5.00%
Deferred Comp	4,733	2,574	7,000	7,000	-	0.00%
Health	46,090	40,860	50,000	50,000	-	0.00%
Insurance-Dental	2,596	2,398	3,000	3,000	-	0.00%
Group Life Insurance	328	295	500	500	-	0.00%
Long Term Disability	787	767	900	1,000	100	11.11%
Workers Compensation	-	-	3,000	3,000	-	0.00%
Unemployment	-	-	10,000	10,000	-	0.00%
Employee Health Programs	714	594	750	900	150	20.00%
Legal fees	10,124	10,357	14,000	14,000	-	0.00%
Audit Fees	4,000	4,000	5,000	5,000	-	0.00%
Bank Service Charges	66,193	71,765	45,000	58,000	13,000	28.89%
Administrative Expense	90,000	90,000	290,000	90,000	(200,000)	-68.97%
Modeling Fees	4,188	8,765	3,050	3,400	350	11.48%
Planning/Zoning Comm	33,000	33,000	36,000	36,000	-	0.00%
Hiring Expense	-	-	500	500	-	0.00%
Advertising	-	539	500	500	-	0.00%
Office Supplies	4,934	5,494	6,000	6,000	-	0.00%
Utilities	2,167	1,671	2,500	2,500	-	0.00%
Telephone Service	11,414	12,304	12,000	12,000	-	0.00%
Rent	6,622	6,622	7,000	7,000	-	0.00%
Maintenance Agreements	23,573	21,459	27,000	31,000	4,000	14.81%
Insurance and Bonds	50,002	55,268	62,000	62,000	-	0.00%
Travel/Training/Seminars	247	-	1,500	1,500	-	0.00%
Postage	18,484	18,463	22,500	22,500	-	0.00%
Miscellaneous	5,768	6,000	7,000	7,000	-	0.00%
<b>Total Administration</b>	<b>\$ 783,443</b>	<b>\$ 769,480</b>	<b>\$ 1,010,550</b>	<b>\$ 854,800</b>	<b>(155,750)</b>	<b>-15.41%</b>

# All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>Sanitary Sewer Department</b>						
Sanitary Sewer Salaries	\$ 519,749	\$ 553,140	\$ 615,000	\$ 650,000	\$ 35,000	5.69%
Temporary Employees	2,195	-	10,000	6,000	(4,000)	-40.00%
Overtime	18,585	11,457	27,000	26,000	(1,000)	-3.70%
F.I.C.A.	40,942	42,348	52,000	53,000	1,000	1.92%
Non-Hazardous	323,236	305,518	180,000	184,000	4,000	2.22%
Deferred Comp	12,615	11,670	15,000	23,000	8,000	53.33%
Health	125,950	132,496	135,000	135,000	-	0.00%
Dental	7,094	7,425	8,000	8,000	-	0.00%
Group Life Insurance	914	944	1,000	1,000	-	0.00%
Long Term Disability	1,707	1,797	2,000	2,000	-	0.00%
Workers' Compensation	11,212	9,158	14,000	14,000	-	0.00%
Unemployment	-	-	10,000	10,000	-	0.00%
Employee Health programs	714	595	1,000	1,000	-	0.00%
Uniforms	9,412	8,977	12,000	12,000	-	0.00%
Sub Contract Maintenance	73,523	72,712	76,000	76,000	-	0.00%
Infiltration Program	56,500	53,435	70,000	55,000	(15,000)	-21.43%
Hiring Expense	-	-	1,000	1,000	-	0.00%
Chemical Supplies	47,430	50,806	50,000	75,000	25,000	50.00%
Office Supplies	2,135	2,001	3,000	3,000	-	0.00%
Safety Supplies	7,213	6,922	7,000	7,000	-	0.00%
Motor Fuels	19,778	23,033	30,000	30,000	-	0.00%
Small Tools	4,616	7,183	8,000	8,000	-	0.00%
Electric	28,916	32,411	33,000	33,000	-	0.00%
Telephone	9,910	10,400	10,000	10,000	-	0.00%
Rent	6,622	6,622	7,000	7,000	-	0.00%
Training/Travel/Seminars	6,318	7,747	8,500	8,500	-	0.00%
Equipment Maintenance	48,541	42,353	49,000	49,000	-	0.00%
System Maintenance	-	25,984	30,000	30,000	-	0.00%
Building Maintenance	2,175	3,182	4,500	4,500	-	0.00%
Lift Station Maintenance	29,928	32,776	40,000	35,000	(5,000)	-12.50%
Reimb of Deductible	-	-	4,000	4,000	-	0.00%
Total Sanitary Sewer	\$ 1,417,930	\$ 1,463,092	\$ 1,513,000	\$ 1,561,000	\$ 48,000	3.17%

# All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2019-2020	Audit 2020-2021	Budget 2021-2022	Budget 2022-2023	Change From Prior Year	Percent Change
<b>Water Department</b>						
Water Salaries	\$ 509,704	\$ 506,292	\$ 595,000	\$ 782,000	\$ 187,000	31.43%
Education Incentive	171	139	200	200	-	0.00%
Temporary Employee	2,464	2,149	6,000	6,000	-	0.00%
Overtime	41,767	33,516	35,000	35,000	-	0.00%
F.I.C.A.	41,984	41,072	51,000	57,000	6,000	11.76%
Non-Hazardous	314,056	295,693	176,000	200,000	24,000	13.64%
Deferred Comp	8,694	9,730	11,000	17,000	6,000	54.55%
Health	104,019	110,996	125,000	132,000	7,000	5.60%
Dental	6,499	6,746	8,000	10,000	2,000	25.00%
Insurance-Group Life	864	946	1,100	1,500	400	36.36%
Long Term Disability	1,234	1,353	1,500	2,000	500	33.33%
Workers' Compensation	15,203	7,861	12,500	12,500	-	0.00%
Unemployment	-	-	10,000	10,000	-	0.00%
Employee Health Programs	714	595	1,000	1,000	-	0.00%
Uniforms	7,652	7,962	8,000	8,000	-	0.00%
Water Purchases	3,912,453	3,895,403	4,200,000	4,150,000	(50,000)	-1.19%
Server Hosting Contract Mueller	32,142	34,774	40,000	40,000	-	0.00%
Hiring Expenses	-	-	1,000	1,000	-	0.00%
Lab Testing	14,928	18,739	18,000	18,000	-	0.00%
Office Supplies	2,983	2,878	3,000	3,000	-	0.00%
Safety Supplies	5,338	4,896	5,000	5,000	-	0.00%
Motor Fuels	17,640	19,196	20,000	20,000	-	0.00%
Small Tools	2,999	5,357	5,000	5,000	-	0.00%
Electric	12,167	12,734	10,000	10,000	-	0.00%
Telephone	7,918	7,608	7,000	7,000	-	0.00%
Rent	6,622	6,622	7,000	7,000	-	0.00%
Training	206	450	8,000	8,000	-	0.00%
Equipment Maintenance	40,424	34,732	30,000	30,000	-	0.00%
Water System Maintenance	-	28,836	30,000	30,000	-	0.00%
Building maintenance	3,716	4,144	4,000	4,000	-	0.00%
Meter Repair Maintenance	214,935	192,028	180,000	180,000	-	0.00%
Reimb of Deductible	-	-	3,000	3,000	-	0.00%
<b>Total Water</b>	<b>\$ 5,329,496</b>	<b>\$ 5,293,447</b>	<b>\$ 5,612,300</b>	<b>\$ 5,795,200</b>	<b>\$ 182,900</b>	<b>3.26%</b>
Depreciation	1,754,656	1,856,339	1,900,000	2,100,000	200,000	10.53%
Loss on Disposal	1,226	2,732	-	-	-	0.00%
<b>Total Depreciation</b>	<b>\$ 1,755,882</b>	<b>\$ 1,859,071</b>	<b>\$ 1,900,000</b>	<b>\$ 2,100,000</b>	<b>\$ 200,000</b>	<b>10.53%</b>
<b>Interest/Amortization</b>						
Interest Expense	\$ 24,918	\$ 17,367	\$ 30,000	\$ 12,000	\$ (18,000)	-60.00%
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	18,317	18,320	18,320	-	0.00%
<b>Total Interest/Amortization</b>	<b>\$ 50,814</b>	<b>\$ 43,263</b>	<b>\$ 55,899</b>	<b>\$ 37,899</b>	<b>\$ (18,000)</b>	<b>-32.20%</b>
<b>Total Water and Sewer</b>	<b>\$ 9,337,565</b>	<b>\$ 9,428,353</b>	<b>\$ 10,091,749</b>	<b>\$ 10,348,899</b>	<b>\$ 257,150</b>	<b>2.55%</b>

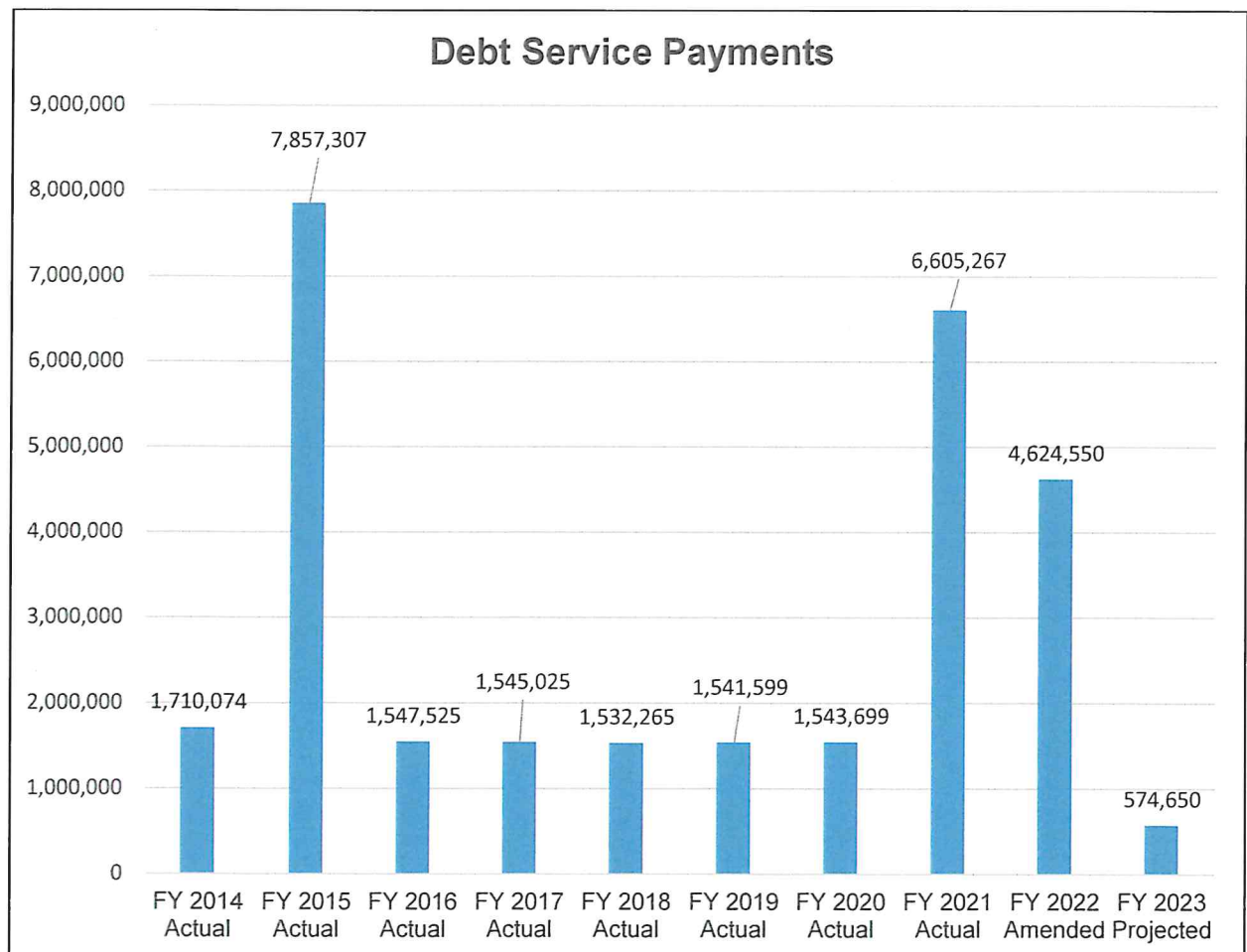
## SUMMARY OF OUTSTANDING DEBT

The City's last debt service issue was originated in 2003. Since then the City has been paying for all capital projects and improvements each year with current year resources and/or reserves. All debt service issues were refunded during the period of 2011 thru 2015 to reduce interest rates on each bond issue along with the annual debt service costs.

Because of the decline in interest rates in March 2020, the City had a decision to make on whether to refund bond issues series 2011 and 2012 or to whether to pay them off based on the projected interest earnings on the average cash balance. Even though the interest rate range on the refunded bonds was projected to be 1.725% to 2.137%, the City's interest rate earnings was reduced to 0.50%. Based on the interest expense and fees to refund expenditures versus the projected interest earnings, the decision was made to pay off both bond issues when the semi-annual payoff dates came around.

The Series 2011 bonds were paid off in August 2021 and the Series 2012 bonds were paid off in October 2021.

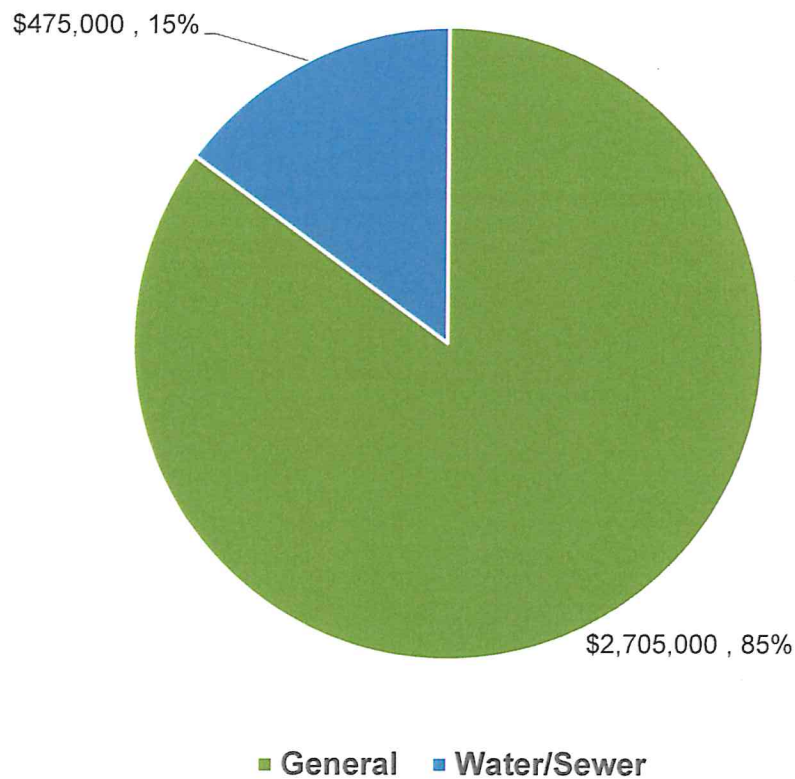
The City of Florence had issued debt to fund major capital improvement projects in the past. Total bonds outstanding on the remaining issues at June 30, 2022 are as follows:



## SUMMARY OF OUTSTANDING DEBT

### Bonds Payable

Purpose	Interest Rate	Amount
Governmental Fund Type:		
General Fund		
General obligation refunding		
Construction of Government Center(Series 2015)	1.00-2.50%	2,705,000
Total General Fund		\$ 2,705,000
Proprietary Fund Debt:		
Water and Sewer Fund		
Water and Sewer System Improvements	1.45-2.50%	475,000
Total Water and Sewer		\$ 475,000



## FUTURE DEBT SERVICE REQUIREMENTS

The following is a schedule of future debt service requirements to maturity at June 30, 2022 for bonds general activities and for business activities. All debt service annual payments are paid for with current year resources and have minimal impact on the annual operating budget at \$760,000 annually.

The City currently has a Moody's bond rating of Aa1 which is stronger than the median rating of Aa3 for US cities. Notable credit factors include a robust financial position, a negligible debt burden, a somewhat elevated pension liability and a sizeable tax base with a healthy wealth and income profile. The City's financial position is robust and favorable in relation to the assigned rating and the debt burden is moderate. However, the situation surrounding coronavirus is rapidly evolving and the longer-term impact will depend on both the severity and duration of the crisis. There were no changes to this credit rating in the Issuer Comment Report issued by Moody's investor Service on April 9, 2021.

### MOODY'S

Quality of ratings:	Ratings		
Highest Quality	Aaa		
High quality/very low credit risk	Aa1	Aa2	Aa3
Upper medium grade/low credit risk	A1	A2	A3
Medium grade/moderate credit risk	Baa1	Baa2	Baa3

The City's general long-term debt service requirements to maturity at June 30, 2022, are as follows:

Fiscal Year June 30,	2015 GO Bonds	
	Principal	Interest
2023	\$ 515,000	\$ 59,650
2024	530,000	49,350
2025	540,000	38,088
2026	555,000	26,613
2027	565,000	14,125
Total Debt Service	\$ <u>2,705,000</u>	\$ <u>187,826</u>

The City's proprietary fund debt service requirements to maturity at June 30, 2022 are as follows:

Fiscal Year June 30,	2012 Water and Sewer System	
	Principal	Interest
2023	\$ 235,000	\$ 8,644
2024	240,000	3,000
2025	-	-
2026	-	-
2027	-	-
Total Debt Service	\$ <u>475,000</u>	\$ <u>11,644</u>

## CHANGES IN LONG-TERM DEBT

During the year ended June 30, 2022, the following changes occurred in liabilities reported in the general long-term debt:

	June 30, 2021	Additions	Retirements	June 30, 2022	Amounts Due Within One Year
Compensated absences	\$ 957,646	\$ 1,280,040	\$ (1,264,146)	\$ 973,540	\$ 1,200,000
Bonds payable:					
Series 2011	2,180,000	-	(2,180,000)	-	-
Series 2012	1,745,000	-	(1,745,000)	-	-
Series 2015	3,215,000	-	(510,000)	2,705,000	515,000
Totals	<u>\$ 14,042,774</u>	<u>\$ 1,280,040</u>	<u>\$ (5,699,146)</u>	<u>\$ 3,678,540</u>	<u>\$ 1,715,000</u>

### Changes in Business-Type Long-Term Liabilities

Long-term liability activity for business-type activities for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Retired	Balance June 30, 2022	Amounts Due Within One Year
Bonds Payable - Water	\$ 700,000	\$ -	\$ (225,000)	\$ 475,000	\$ 235,000
Compensated absences	52,029	82,184	(88,050)	46,163	80,000
	<u>\$ 752,029</u>	<u>\$ 82,184</u>	<u>\$ (313,050)</u>	<u>\$ 521,163</u>	<u>\$ 645,000</u>

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

The City does not intend to issue any further debt in fiscal year 2023.

## LEGAL DEBT MARGIN

The City is subject to a legal debt limitation not to exceed 10% of assessed property value pursuant to section 158 of the Commonwealth of Kentucky Constitution. That section states that cities, having a population of 15,000 or more, shall not incur indebtedness to an amount exceeding 10% of the value of the taxable property therein, to be estimated by the last assessment previous to incurring the indebtedness, unless in the case of an emergency. The City's total outstanding debt in the amount of \$3.18 million is well below the 10% calculation of \$351 million as stated below for the year ended June 30, 2022.

### Legal Debt Margin Calculation

Taxable assessed value	\$ <u>3,542,131,849</u>
Debt limit(10% for total taxable assessed value)	<u>354,213,185</u>
Debt applicable to limit:	
General obligation bonds	3,180,000
Less: amount set aside for repayment general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>3,180,000</u>
Legal debt margin	<u><u>\$ 351,033,185</u></u>

### Debt Service Payments

	<u>Actual 2019-2020</u>	<u>Actual 2020-2021</u>	<u>Amended Budget 2021-2022</u>	<u>Budget 2022-2023</u>
General Fund:				
Debt Service	\$ <u>1,543,699</u>	\$ <u>6,605,551</u>	\$ <u>4,624,550</u>	\$ <u>574,650</u>
	<u>Actual 2019-2020</u>	<u>Actual 2020-2021</u>	<u>Projected 2021-2022</u>	<u>Projected 2022-2023</u>
Water and Sewer Fund:				
Debt Service	\$ <u>245,754</u>	\$ <u>247,455</u>	\$ <u>238,538</u>	\$ <u>243,644</u>

The actual amounts for 2021-2022 are high because of paying off the bond issues for 2008 and 2010 during the fiscal year.

The amended budget for 2021-2022 is significant from paying off the bond issues for 2011 and 2012 during the fiscal year.

## DEBT SERVICE SCHEDULE

The future debt service payments for the City's General and Water and Sewer Funds appears below.

1.00-2.5%					
Original 1997 PPC Bonds			Original 2003 Revenue Bonds		
Refunded 2005 GO Bonds			Series 2012 Water/Sewer		
Series 2015 Gov't Ctr Bldg					
	Principal	Interest		Principal	Interest
12/1/2022		29,825.00	7/1/2022	235,000.00	5,643.75
6/1/2023	515,000.00	29,825.00	1/1/2023		3,000.00
12/1/2023		24,675.00	7/1/2023	240,000.00	3,000.00
6/1/2024	530,000.00	24,675.00	TOTALS	475,000.00	11,643.75
12/1/2024		19,043.75			
6/1/2025	540,000.00	19,043.75			
12/1/2025		13,306.25			
6/1/2026	555,000.00	13,306.25			
12/1/2026		7,062.50			
6/1/2027	565,000.00	7,062.50			
TOTALS	2,705,000.00	187,825.00			

## 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 \$5,000 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.

Per the following pages, the administration capital expenditures in the amount of \$537,480 are for reoccurring computer refreshes, security system and software upgrades and noted replacement/refreshes of network switches. All of the administration expenditures are annual updates for aging IT infrastructure. A new request from administration is for the wireless, data storage upgrades along with the migration to office 365. The expenditures are an annual anticipated cost to continually modernize the IT infrastructure. Since the City contracts this service out the only impact to the budget will be the IT Company's annual two percent contract increase. The public services capital expenditures in the amount of \$5,175,500 are mostly forecasted replacement costs for infrastructure, equipment and vehicles on a created replacement schedule. The one item that is a new request is the traffic signal upgrade with Boone County in the amount of \$3,400,000. The infrastructure projects will be managed by the public services staff and will impact their workload. The vehicles will have a warranty for a period of time to help offset any increased maintenance costs from the aging of the remainder of the vehicle fleet. The equipment replacements will have the same impact as the vehicles on the current operating budget. The police capital expenditures in the amount of \$654,957 planned reoccurring expenditures for the annual replacement of eleven vehicles along with the needed equipment for each, annual funds for the replacement of radios and firearms if needed and funds for scheduled equipment refreshes via the use of tax funds and JAG grant funds. The

## CAPITAL IMPROVEMENT PROGRAM

vehicles will have a warranty for a period of time to help offset any increased maintenance costs from the aging of the remainder of the vehicle fleet. The fire capital expenditures in the amount of \$2,590,500 are planned replacements for an ambulance, bunker gear, staff vehicles and miscellaneous equipment needs. During fiscal year 2023, there are unplanned expenditures for a fire truck and pumper truck in the amounts of \$1,500,000 and \$655,000, respectively. These expenditures were planned for fiscal year 2024. However, the is constructing an additional fire substation that should be ready towards the end of 2023. Given the fact that it takes approximately 400 days to get these pieces of apparatus in from start to finish, the replacement schedule was moved up to fiscal year 2023. Both vehicles are anticipated to be in service by August 31, 2023. The vehicles will have a warranty for a period of time to help offset any increased maintenance costs from the aging of the remainder of the vehicle fleet. The equipment replacements will have the same impact as the vehicles on the current operating budget. All expenditures are scheduled replacements on an annual basis.

The debt service expenditures are planned annual expenditures based on each amortization schedule for each bond issue. The debt service expenditure for the General Fund is \$574,650. The City does not have any leases or loans.

The City Projects in the amount of \$15,750,000 are a combination of scheduled annual replacements and new projects/concepts that will have an additional effect moving forward as an added item for continued maintenance to eventually replacement. The city enhancement account is funds made available throughout the fiscal year for replacement items that may become a need in the current year such as traffic lights, street banners, trash cans, street benches that have become damaged. The baseball stadium improvements in the amount of \$6,500,000 are for the construction of a clubhouse, deck sealing, annual parking lot and sidewalk repairs as well as spot painting. The Main Street revitalization project in the amount of \$1,000,000 is a new project that started in 2019 and will be budgeted in multiple fiscal years to follow but not at this level. The initial phase will be the planned construction of a parking lot that will be designed and developed to hold multiple annual events. The prior year expenditures included adding another parking lot, the Main Street streetscape, additional parking area next to the City owned firehouse and the purchase of a strip center mall. An additional \$7.5 million has been added to construct a new fire substation. The building/equipment replacement account in the amount of \$200,000 is for planned replacements of the fire panels, bathroom upgrades, carpet and ceiling tile replacement, lighting replacements, man door replacement at Stringtown park, handicap door operators and spot interior painting. All City Projects are non-reoccurring projects that have an impact on the budget by using annual tax revenues and reserves when needed.

### **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. All infrastructure improvements in the amount of \$800,000 are in accordance with the street replacement schedule as to the repavement of a street to a total reconstruction.

### **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. The five year City plan is match up against the street/sidewalk/storm sewer replacement schedule to see what particular infrastructure improvements are slated for the upcoming fiscal year.

### **Asset Forfeiture Fund**

The Asset Forfeiture fund receives annual funding from drug seizures. These funds can be used for new capital items and other items that will not supplant the General Fund. The annual funding for the narcotics drug buy funds and overtime are planned in the amount of \$26,000. A place holder has been put in the budget in the amount of \$174,000 for and capital needs that develop during the fiscal year.

### **Water and Sewer Fund**

The Water and Sewer Fund utilizes the user fees generated from each service to fund annual infrastructure and equipment needs. The planned expenses of \$1,615,000 are for slated water and sewer line replacements and equipment and vehicle replacements.

### **Significant Non-recurring Projects for FY 2022**

There are two significant projects for fiscal year 2022 which is the new fire substation and stadium clubhouse. The amounts for both projects will affect the year end excess over revenues in a negative way. Both projects are not projects that will produce any cost savings but will need to be added to the upkeep/replacement schedules maintained by the public service department when completed. Beyond the initial negative effect for the build it will flow in line with the annual replacement/maintenance concerns addressed and planned for in the five year capital forecasts. With the refresh new upkeep maintenance costs will be expected in about five years from the date of finish.

The remaining capital budget is basically for recurring capital improvements in the General Fund budget for next year. The Municipal Aid, Infrastructure, Asset Forfeiture and Water and Sewer funds will have the annual recurring sidewalk, street projects, storm water, equipment and vehicle 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 balance out or minimize any increases in its operating, maintenance and repair costs with the newer equipment being purchased and infrastructure being replaced with the aging of the rest of the base.

The bulk of the Administration capital is to continually upgrade the IT infrastructure due to replacement of computers and servers on a rotating basis for speed, efficiency and storage. Specific projects such as replacements of office furniture, network switches, wireless and data storage updates and migration to Microsoft 365 are for continual rotation of aging and outdated needs.

The Public Services budget includes replacement equipment in the form of major equipment, office furniture, mowers, trucks and park equipment. The replacement of equipment items will save maintenance costs for repairs. The replacement of the trucks will provide for initial savings for maintenance costs as well as shifting the truck maintenance time for the mechanics on staff.

The Police capital items in the annual rotation of eleven police cruisers each year along with the needed cruiser equipment. This will save the department repair and maintenance costs as well as provide replacement vehicles for those wrecked in the previous year. The radio replacement provides funds for a couple radios a year that receive damage. The firearm budget provides for the occasional replacement of a gun when an officer retires.

## CAPITAL IMPROVEMENT PROGRAM

The Capital budget for Special Projects consists of one-time expenditures for replacement items or the creation of a specific project. No savings from these items would be anticipated in the budget. These items usually enhance the vision and aesthetic of the City, negatively affecting the excess of revenues over expenditures.

All of the above budgeted projects for fiscal year 2023 in the General Fund, whether non-recurring or recurring, will be paid for using current year budgeted resources and fund balance. The proposed fiscal year 2023 does impact the unassigned fund balance, meaning all of the recommended projects included in the General Fund budget will be paid for with fiscal year 2023 operating revenues, funds previously set aside for capital projects and fund balance. Next year's capital budget consists of 99.8% for new projects and .20% for payments on existing debt.

The fiscal year 2022 provides \$3.46 million for streets and community projects, \$6.1 million for City vehicles, equipment and technology upgrades and \$15.75 million for special City projects.

The Municipal Aid and Infrastructure capital items are for continual replacement and upkeep of the City infrastructure for roads, sidewalks, storm sewers and parking surfaces. These repairs may contribute to some savings in maintenance and repair costs but are mostly done on a scheduled replacement program designed by the Public Services department based on surface and videoed conditions.

The Asset Forfeiture capital budget provides for new equipment for the Police department. The intent of this equipment is for improved technology and efficiency. No savings are anticipated from these purchases. They will be one-time negative impacts to the fund balance.

The Sanitary Sewer infrastructure capital are funds for the maintenance and scheduled repairs of the lines. These are annual costs to prevent the system from becoming distressed and to avoid major replacement costs in the future. The capital funds for the specific items of a utility truck, an SUV and an air compressor will be on their replacement cycle and will provide some savings to repairs and maintenance.

The Water Distribution infrastructure capital are funds for the maintenance and scheduled repairs of the lines. These are annual cost to prevent the system from becoming distressed and to avoid major replacement costs in the future. The capital funds for the specific items of a valve turner, fleet parts truck and shoring boxes will be on their replacement cycle and will provide some savings to repairs and maintenance.

The operating impact on the FY 2023 budget is \$5.0 million for the above projects. The outlay of those funds will not create any significant impact on any of the individual fund budgets. The City has adequate available resources to cover all capital initiatives as provided for in the rolling three year strategic plan and five-year capital plan.

# CAPITAL IMPROVEMENT PLAN

## GENERAL FUND (001)

Account Number	Account Description	FY 2023 BUDGET
5100	Computer Hardware	\$ 48,000
5100	Computer Software	30,600
5100	Web Site and Maintenance	12,400
5100	Environmental/Infrastructure	17,980
5100	Project Labor	36,500
5100	Security System	75,000
5100	Disaster Recovery	38,000
5100	Network Switches	140,000
5100	Out of Warranty Allocation	24,000
5100	Wireless Upgrade	38,000
5100	Wireless Upgrade	20,000
5100	Office 365 Migration	57,000
<b>ADMINISTRATION</b>		<b>\$ 537,480</b>
5200	Disab. Committee Expend.	\$ 2,000
5200	Municipal Building Alteration	20,000
5200	Street Striping	160,000
5200	Mowers	12,500
5200	Major Equipment	46,000
5200	Office Furniture	5,000
5200	Technology and Software	140,000
5200	Special Projects - Parks	150,000
5200	Replacement Equipment - Parks	60,000
5200	F350 Pick Up Truck Truck with Snow Equipment	80,000
5200	F350 Flat Bed Truck Truck with Snow Equipment	80,000
5200	Traffic Signal Updates	3,400,000
5200	Florence Y'all Tower Lighting	100,000
5200	Kentaboo Street Project	550,000
5200	Chevrolet Equinox	40,000
5200	Leaf Vactor	60,000
5200	Backhoe	170,000
5200	Urban Forest Commission	100,000
<b>PUBLIC SERVICES</b>		<b>\$ 5,175,500</b>
5300	Major Equipment	\$ 22,000
5300	Cruiser Equipment	209,000
5300	Police Cruisers	402,457
5300	Radios	1,500
5300	JAG Grant	10,000
5300	Firearms	10,000
<b>POLICE</b>		<b>\$ 654,957</b>
5500	Major Equipment - Bunker Gear	\$ 55,000
5500	Staff Vehicles	55,000
5500	Ambulance	265,000
5500	Fire Truck	1,500,000
5500	Pumper	655,000
5500	Miscellaneous Fire Equipment	42,000
5500	Office/Station Furniture	8,500
5500	Computer Services	10,000
<b>FIRE</b>		<b>\$ 2,590,500</b>
5700	Debt Service - Government Center 2005	574,650
<b>DEBT SERVICE</b>		<b>\$ 574,650</b>

(Continued)

# CAPITAL IMPROVEMENT PLAN

## GENERAL FUND (001)

<u>Account Number</u>	<u>Account Description</u>	<u>FY 2022 BUDGET</u>
5900	Special Project - City Enhancement	\$ 250,000
5900	Special Project - Stadium Improvements	6,500,000
5900	Special Project - Building/Equipment Replacement	200,000
5900	Special Project - Main Street Revitalization	1,000,000
5900	Special Project - Council Chamber Renovation	200,000
5900	Special Project - Fire Substation	7,500,000
5900	Special Project - City Signage	75,000
5900	Special Project - Cannine Statute	25,000

### **CITY PROJECTS**

**\$ 15,750,000**

### **TOTAL GENERAL FUND**

**\$ 25,283,087**

## MUNICIPAL AID (201)

<u>Account Number</u>	<u>Account Description</u>	<u>FY 2022 BUDGET</u>
201-5200-520-62-02	Resurfacing Projects	\$ 800,000
<b>TOTAL MUNICIPAL FUND</b>		<b>800,000</b>

## INFRASTRUCTURE FUND (203)

203-5200-520-62-04	Highway/Street Repairs	\$ 1,550,000
203-5200-520-62-06	Sidewalk Replacement	160,000
203-5200-520-62-14	Storm Sewer Improvements	550,000
<b>TOTAL INFRASTRUCTURE EXPENDITURES</b>		<b>2,260,000</b>

## ASSET FORFEITURE (204)

204-5300-530-59-01	Miscellaneous Expenditures	200,000
<b>TOTAL ASSET FORFEITURE</b>		<b>200,000</b>

## WATER AND SEWER ENTERPRISE FUND(503)

### **SANITARY SEWER DEPARTMENT (6200)**

6200	Infrastructure Improvements	\$ 470,000
<b>TOTAL SANITARY SEWER</b>		<b>\$ 470,000</b>

### **WATER DISTRIBUTION DEPARTMENT (6300)**

6300	Infrastructure Improvements	\$ 850,000
6300	Major Equipment	30,000
6300	Two Ton Dump Truck	255,000
6300	Annexation Projects	10,000
<b>TOTAL WATER DISTRIBUTION</b>		<b>\$ 1,145,000</b>

### **TOTAL WATER AND SEWER FUND**

**\$ 1,615,000**

### **TOTAL CAPITAL OUTLAY**

**\$ 30,158,087**

## 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.

**Audit** - A formal examination of an City's accounts and financial situation to determine conformity or compliance with applicable laws, regulations, and/or standards.

**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 operating expenditures may not exceed anticipated revenues plus unreserved fund balance.

**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](http://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.

## GLOSSARY OF TERMS

**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** – A specific source of funds represented by a loan note, bond, mortgage or other form stating repayment terms and, if applicable, interest requirements.

**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 in the Governmental Funds which use the modified accrual basis of accounting.

**Expense** - E The outflow of funds paid for an asset, good, or service in the Proprietary Funds which use the full accrual basis of accounting.

## GLOSSARY OF TERMS

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

**Full Time Equivalent (FTE)** – Any employee that averages 30 or more hours per week.

**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.

## GLOSSARY OF TERMS

**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.

**Major Fund** – Governmental or enterprise fund reported as a separate fund in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues, expenditures/expenses, assets or liabilities are at least 10 percent of totals for all governmental or enterprise funds and at least 5 percent of the aggregated amount for all governmental or enterprise funds for the same item.

**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.

**Tax Increment Financing District (TIF)** - Tax Increment Financing ("TIF") is a method of facilitating development or redevelopment of a certain area by utilizing future tax revenues to pay for necessary public improvements. The area designated for development or redevelopment is called a "TIF District". Creation of a TIF District does not in and of itself mean that development or redevelopment will occur; market factors will also be the principal motivation for development or redevelopment.