



2019

City of Florence

www.florence-ky.gov

8100 Ewing Blvd, 41042



CITY OF FLORENCE, KENTUCKY

FISCAL 2020 BUDGET

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal.....	1
Strategic Plan.....	19
Distinguished Budget Presentation Award.....	23
List of Principal Officials	24
Organizational Chart.....	25
Budget Calendar.....	26
Budget Adoption Ordinance.....	27
General Information.....	28
Community Profile and Demographics.....	34
BUDGET OVERVIEW	
Budget Process.....	38
Governmental Fund Structure.....	40
Financial Policies.....	42
Schedule of Sources and Uses by Fund.....	49
Approved and Estimated Fund Balances.....	54
Departmental Structure.....	56
Personnel Summary.....	60
SUMMARY OF REVENUES	
Where the Money Comes From.....	61
Revenue Discussion.....	62
Budget Revenue Comparisons by Funds.....	67
All Funds - Revenue Summary.....	68
SUMMARY OF EXPENDITURES	
Where the Money Goes.....	72
Expenditure Discussion.....	73
Budget Appropriation Comparisons.....	75
All Funds Appropriations Summary.....	76

DEBT

Summary of Debt Outstanding.....	89
Future Debt Service Requirements.....	90
Changes in Long-Term Debt.....	91
Legal Debt Margin.....	92
Debt Service Schedule.....	93

CAPITAL

Capital Improvement Program.....	94
Capital Improvement Plan.....	98

APPENDIX

Glossary.....	100
---------------	-----

June 30, 2019

Honorable Mayor and City Council:

Executive Summary – Fiscal 2020 Operating Budget

The information in this document is to present the fiscal year 2020 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 2020 begins on July 1, 2019 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 \$54,775,200 and the projected for expenditures for all funds totals \$53,448,116. The projected revenues for FY 2020 represent a 4.10% increase over the amended revenues for the FY 2019 budget. The overall increase is a result of property values increasing, ongoing development and payroll taxes continuing to come in strong. The projected expenditures for FY 2020 represents a 14.58% decrease over the amended expenditures for the FY 2019 budget. The overall decrease is a result of the reduction in capital outlay. One of the major projects budgeted in FY 2019 was for the construction of a larger shelter building for rental. That project was estimated at \$1.4 million. There is an additional funding request in FY 2019 for \$1.0 million for furniture, fixtures and equipment. There is also a planned park project in the amount of \$2.0 million for FY 2019. We also added additional capital requests in the FY 2019 budget amendment. Those requests for office renovations, the development of the Ewing/Tanner corner and the rebuild of the public services storage facilities added another \$3.0 million.

At the end of the previous fiscal year, the City's government funds reported combined ending fund balances of \$94,802,426, an increase of \$6,632,436 in comparison with the prior year. Approximately 69.21 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.

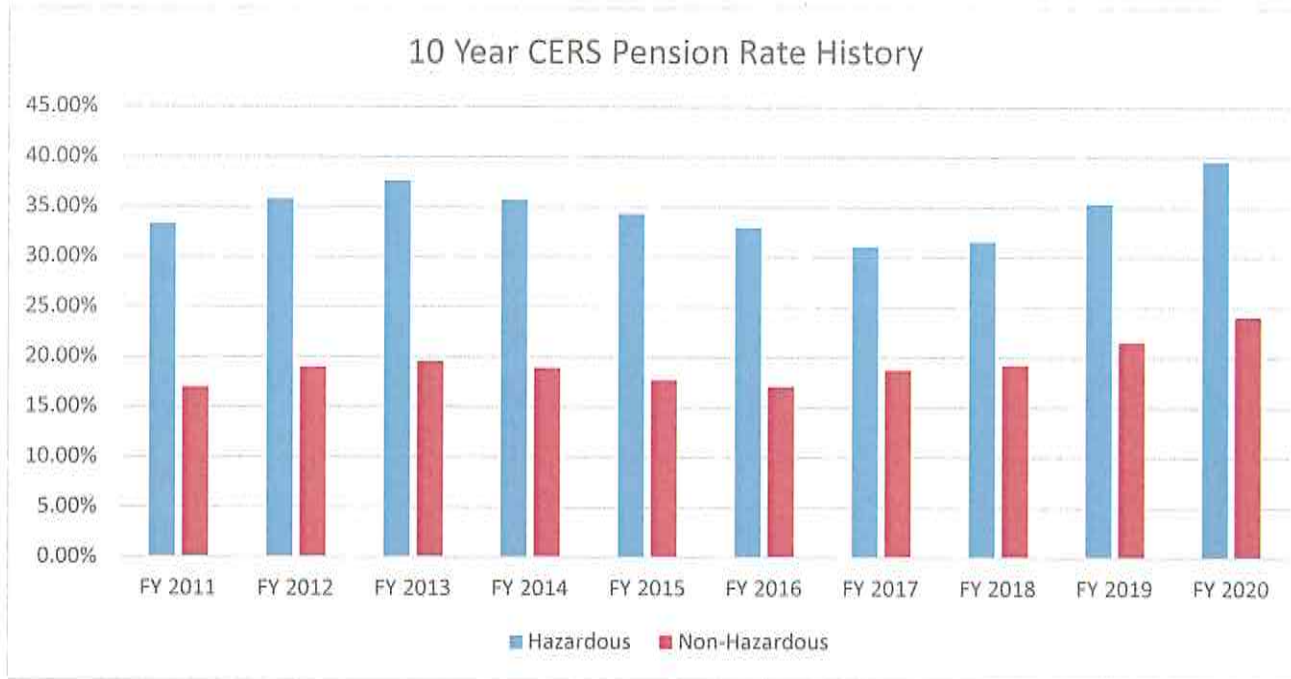
Short-Term Factors:

There are short-term factors that affect each year's budget. For fiscal year 2020, 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 (2.0%) and step increases will cost the City an estimated \$431,450 in additional salaries. In order to keep the pay plan competitive with local agencies, Council has enacted a minimum 2.0% COLA each July 1st starting July 1, 2018. The additional costs of benefits related to the salary increase is estimated to be an additional \$197,800. There was one additional Events Coordinator added and two property maintenance workers that were outsourced and eliminated for fiscal year 2020 personnel changes. The cost of the non-hazardous pension rate from 21.48% to 24.06% (12% increase) will cost the City an additional \$123,600. Likewise, the increase in the hazardous pension rate from 35.34% to 39.58% (12% increase) will cost the City an estimated \$385,000. 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.

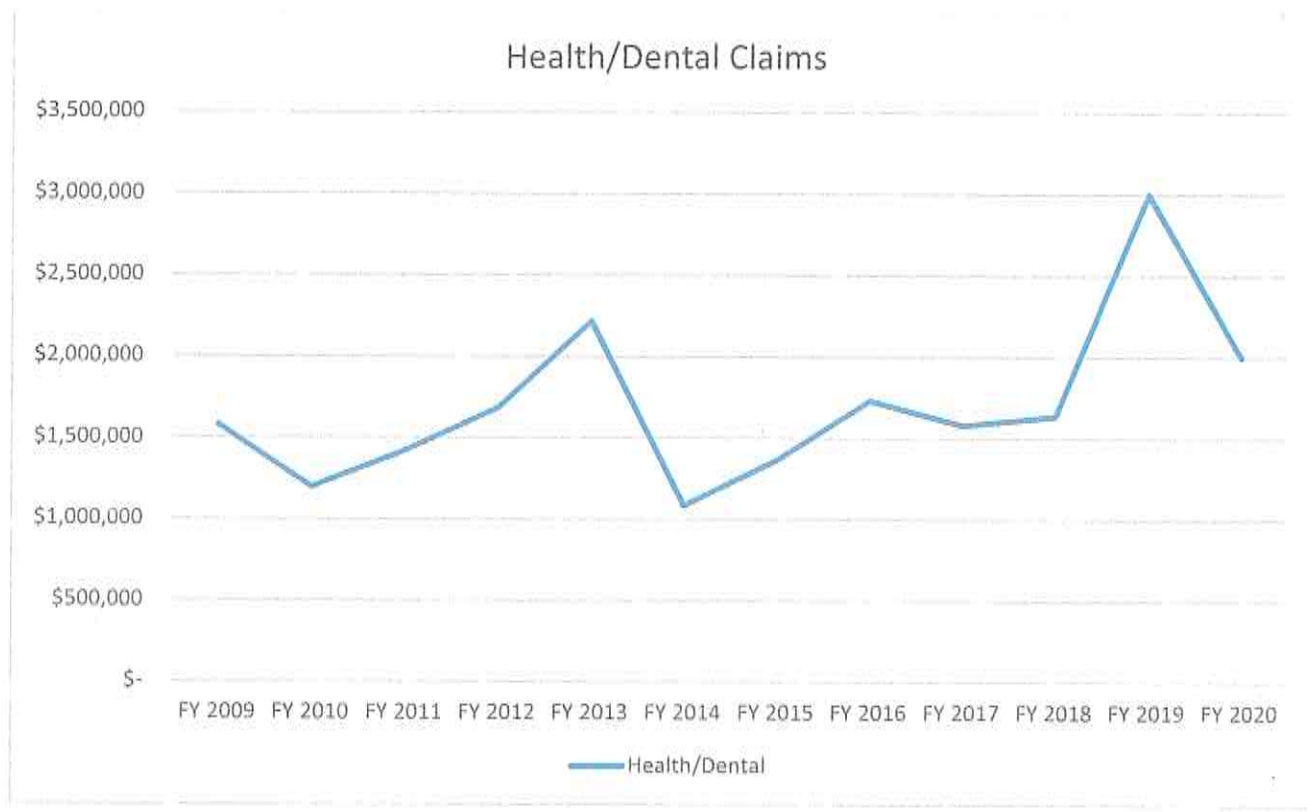
C.O.L.A. Increases

FY 2020	2.0%
FY 2019	2.2%
FY 2018	2.7%
FY 2017	1.0%
FY 2016	0.0%



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 in fiscal year 2018 due to the run out claims from the PPO plan in effect during fiscal year 2017. The health insurance costs projected for fiscal year 2019 are estimated to be at \$3,000,000 for the second full year on the plan. The plan is coming off of an unanticipated expensive year due to several high claimants. As a result of the projected amount of claims and increasing health care costs coupled with increasing rates for stop loss insurance, the insurance costs will be projected to be slightly below the fiscal year 2019 estimated costs. The dental insurance costs will remain stable for fiscal year 2020. 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 two plans with an annual payout of \$1,000 or \$1,500 per individual.



Capital improvements:

Fiscal year 2019 had a significant increase in capital improvement projects due to multiple one-time projects. For fiscal year 2020 there is a decrease of \$10.34 million or 39.44%. The City had several one-time projects in the amount of \$8.35 million in the prior year. Adding additional facilities, a new event center, renovation of government offices, signage, a new park and the development of the Ewing/Tanner corner is a listing of those one-time capital projects. The City wanted to get those into the FY 2019 budget to be able to start the bid process. As a result, the bulk of these projects will have significant carryover amounts for the first budget amendment for the FY 2020 budget. Capital requests have returned to an expected level for 2020 with the anticipation of the carryover amounts. The City would like to have all of these projects completed by June 30, 2020.

General Fund:

The General Fund revenue budget totals \$36,955,000 in fiscal year 2020. This compares to \$36,020,000 in revenue for fiscal year 2019 budget amendment. There are slight increases in property tax, payroll taxes and service to the fire district. \$1.7 million in the insurance premium tax

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>2013</u>	Actual <u>2014</u>	Actual <u>2015</u>	Actual <u>2016</u>	Actual <u>2017</u>	Actual <u>2018</u>
Property Taxes	\$ 7,003,025	\$ 7,112,868	\$ 7,248,021	\$ 7,356,483	\$ 7,422,593	\$ 7,820,248
Payroll Taxes	\$14,870,599	\$15,119,231	\$15,830,529	\$16,412,440	\$17,952,093	\$18,730,631
Insurance Taxes	\$ 4,098,924	\$ 4,274,919	\$ 4,467,479	\$ 4,265,760	\$ 4,582,660	\$ 4,615,303
Occupational	\$ 2,235,304	\$ 2,098,956	\$ 2,250,520	\$ 2,380,422	\$ 2,387,296	\$ 2,554,307

The Property Tax rate has remained the same since 2008. Thus the continuing increases 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 is 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 Insurance Tax has seen steady increases except during fiscal year 2016 when a decrease was sustained. The State oversees the enforcement of the insurance premium license fee and unfortunately there has not been a valid explanation for that decrease. However, in fiscal years 2017 and 2018, the revenue source has rebounded. Increases in the revenue are the direct result of additional insurance policies and rising premium costs for which the tax is based on.

Occupational license fees have been fairly steady over the last six years.

Other reoccurring revenue sources have not experienced any significant fluctuations.

General Fund expenditures in the proposed budget total \$35,747,436 which is a decrease of \$9,279,129 from the \$45,026,565 that was approved in the amended fiscal 2019 budget. This budget figure includes operating and capital expenditures including transfers to other city funds. The operating expenditures are \$27.1 million, a 4.08% increase over those budgeted for fiscal year 2019. Salary and related benefits cost are contributing to the increase. The city also has planned expenditures for capital items in the amount of \$6.7 million. The majority of these costs are recurring equipment and vehicle replacement, multiple street projects, and debt service for previous capital expenditures for all City departments. The City added a one-time project in the amount of \$1.0 million for the main Street revitalization project. This will include \$600,000 for the update and upgrade of the City's firebase to bring it up to code. The thought would be that someone would lease the building from the City and utilize the space as part of the revitalization. Additional amounts were added to explore the costs to build a roundabout for the Mall Road and the Cayton Connector. Engineering fees were added to determine costs to renovate the police department next.

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

GENERAL FUND

OPERATING EXPENSES:	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Administration	\$1,983,658	\$2,000,711	\$2,045,080	\$2,041,928	\$2,093,274	\$2,233,441	\$2,472,018
Increase(Decrease)		\$17,053	\$44,369	-\$3,152	\$51,346	\$140,167	\$238,577
%age increase(decrease)		0.86%	2.22%	-0.15%	2.51%	6.70%	10.68%
Public Services	\$4,047,595	\$4,252,973	\$4,236,485	\$4,211,684	\$4,222,681	\$4,380,091	\$5,243,937
Increase(Decrease)		\$205,378	-\$16,488	-\$24,801	\$10,997	\$157,410	\$863,846
%age increase(decrease)		5.07%	-0.39%	-0.59%	0.26%	3.73%	19.72%
Police	\$6,796,466	\$7,157,430	\$7,120,464	\$7,215,403	\$6,973,423	\$7,304,822	\$8,122,940
Increase(Decrease)		\$360,964	-\$36,966	\$94,939	-\$241,980	\$331,399	\$818,118
%age increase(decrease)		5.31%	-0.52%	1.33%	-3.35%	4.75%	11.20%
Fire	\$6,023,190	\$5,881,494	\$6,020,961	\$6,622,719	\$6,805,499	\$7,041,104	\$7,779,757
Increase(Decrease)		-\$141,696	\$139,467	\$601,758	\$182,780	\$235,605	\$738,653
%age increase(decrease)		-2.35%	2.37%	9.99%	2.76%	3.46%	10.49%

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 \$65,617,732 while total fund balance was \$73,351,888. 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 177.22 percent of total general fund expenditures and transfers for that year, while total fund balance represents 198.11 percent of that same amount. The City also maintains a rainy day fund in the amount of \$5.0 million as a part of that fund balance.

Municipal Personnel:

A 2.0% 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, 2019. Employees will be considered for a step increase in accordance with the pay plan. Step increases would be effective January 1, 2020 if approved. Not all employees will be eligible for a step increase depending on the length of time step increases are provided for each authorized position classification in the pay plan. In addition, all full-time employees must be in their current position for at least one full year to be eligible for their first step increase for that position.

The County Employees Retirement System (CERS) approved rates for fiscal year 2019 have decreased for the fourth year. The rate for non-hazardous duty will increase from 21.48% to 24.06%. The hazardous duty rate will increase from 35.34% to 39.58%. Legislation passed by the 2018 Kentucky General Assembly in House Bill 362 (Pension Reform) is expected to stabilize CERS rates moving forward. Based on the actual 2019 rates, the increases for fiscal 2020 are 12.00% for each, respectively. There will be a cap of a maximum 12% annual increase moving forward until June 30, 2028.

The City introduced and rolled out a new value based pricing for FY 2018 for the employees in addition to the traditional high deductible plan. The value based plan eliminates the PPO (Preferred Provider Organization) network and the plan design is all copays. The claims for FY 2019 with the new plan option have not remained consistent with the claim amounts from FY 2018. This was not the anticipated result however, there were run out claims from the traditional plan in FY 2018 and there are several high claimants in the current year so the City is hopeful that the amount of claims for fiscal year 2020 will have a reduction with the phase out of the traditional plan and finalization of high claimant claims. The City has eliminated the traditional high deductible plan for fiscal year 2019.

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

Departments	Actual		Budgeted	
	FY 2017	FY 2018	FY 2019	FY 2020
General Fund:				
Administration	\$ 1,035,412	\$ 1,098,785	\$ 1,398,050	\$ 1,571,459
Public Services	\$ 3,161,277	\$ 3,639,616	\$ 4,076,000	\$ 4,194,943
Police	\$ 6,906,999	\$ 7,712,427	\$ 8,341,000	\$ 8,546,000
Fire	\$ 6,467,133	\$ 7,155,800	\$ 7,730,600	\$ 8,237,600
Water/Sewer Fund:				
Administration	\$ 349,663	\$ 430,394	\$ 443,225	\$ 446,125
Sewer	\$ 904,307	\$ 962,994	\$ 982,500	\$ 925,000
Water	\$ 813,289	\$ 968,327	\$ 876,200	\$ 1,004,200

Capital Expenditures and Major Initiatives:

There will be an overall decrease as a result of several one-time capital projects for the General Fund that were started and budgeted in fiscal year 2018 and 2019. The first project was the construction of a training facility for all City departments in the amount of \$4.2 million. The second project was the renovation of the Nature Park shelter building and the construction of a larger shelter building for rental. That project is estimated at \$1.4 million. There is an additional \$1.0 million budget request in fiscal year 2019 for this project for the furniture, fixtures and equipment. The City has also included \$2.0 million for a new park on Kentaboo Avenue and an additional \$1.0 million for a pedestrian walkway on US 42 and the extension of the Northbound turn lane on Mall Road. Both of these roads are main thoroughfares through the City.

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

Some highlights of these initiatives follow:

Technology Initiatives:

Annual computer replacement
 Annual web site maintenance
 Copier/printer replacement
 Annual environmental

Upgrade disaster recovery batteries
Security system upgrade
Server blades and routers replacement
Core switches for the routers to be replaced
Software upgrades for Watchguard, Broadcast Pix, Mitel, Microsoft Exchange

Public Safety initiatives:

Purchase of nine SUV's
Cruiser equipment
Tasers
Replacement of firearms
New evidence van
Portable X-ray scanner
Bosch CDR Reader
Staff vehicles
Bunker Gear
Ambulance
Rescue pumper
SCBA Replacement

Public Services Initiatives:

Annual street and sidewalk replacement
Annual street striping maintenance
Mowers
One ton dump truck
Two ton dump truck
Street sweeper
F150 pickup truck
Technology and software for infrastructure program

Recreational Initiatives:

Replacement of playground equipment
Replacement of Orleans play surface
Lincoln Woods parking lot/restroom improvements
Urban Forest annual tree initiative
Kentaboo Avenue park

Facility Initiatives:

Nature Park shelter initiative
Stadium annual maintenance
Main Street parking lot
Firebase on Main Street
US 42 pedestrian walkway
Mall Road NB/SB turn lane extension

Outside Agencies:

The City Council has awarded the following amounts to outside agencies for the 2020 fiscal year.

Planning Commission – The budget request of \$340,000 represents a 3.00% increase over the approved 2019 budget of \$330,000 with most of the increase attributed to costs of personnel services.

Florence Community Chorus – The budget request of \$4,000 is the same amount of the budget request that was approved in the 2019 budget. Funds will be used for the compensation for the music, uniforms, the pianist and Director.

Florence Community Band – The budget request of \$6,250 is the same amount of the budget request that was approved in the 2019 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 \$780,200. This is an increase from the \$680,200 amended budget in fiscal year 2019. The \$100,000 increase is mainly attributable to an additional street project being funded from the carryover fund balance from the fiscal year 2019 budget.

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 2020 are \$3,935,000 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 \$2,425,000.

Both proposed revenues and expenditures are an increase from the fiscal year 2019 budget due to the Weaver Road sidewalk project. The related grant portion of the project is \$370,000 with the projected expenditure to be \$500,000.

Asset Forfeiture Fund:

The Asset Forfeiture Fund accounts for all funds received from seized assets and purchases made with those funds. The budgeted expenditures total \$436,200 which will be used for miscellaneous equipment, portable X-ray scanner, Bosch CDR reader, training officer vehicle, evidence van and the Narcotics units overtime and buy money. This compares to \$316,200 budgeted in fiscal year 2019.

Aquatic Center Fund:

The Aquatic Center Fund is used to account for the operations of the City's pool facility. Revenues are always weather sensitive but do remain somewhat consistent from year to year. The budgeted expenditures total \$564,900 compared to \$596,900 for the amended fiscal year 2019 budget. This is a decrease of \$32,000 or 5.36%. The reason for the decrease is the budgeted amount of capital expenditures in 2020 decreasing from \$120,000 to 90,000. Current year capital expenditures include

the replacement of a hanging heaters, an ice machine, automatic roll door, water heater, and check valves for the pumps.

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. Total estimated revenues of \$1,092,700 are projected to cover the estimated operating costs of the facility and produce an estimated net operating income of \$149,344. However, total projected expenses including depreciation will outpace total estimated revenues and transfers to result in an anticipated net loss of \$130,656.

Water and Sewer Fund:

The Water and Sewer Fund accounts for the activities of the government's water and sewer sales and services to residential and commercial users. The projected revenues of \$ 8,627,500 for fiscal year 2020 is an increase of \$101,500 compared to the projected revenues of \$8,526,000 for fiscal year 2019. The increase can be attributed to the rate increase that will go into effect on April 1, 2020. In addition, there is an anticipated increase in interest income due to recent interest rate hikes by the Federal Government.

Total projected expenses of \$9,334,024 are a slight decrease over the fiscal year 2019 expenses of \$9,359,874. The result of this increase is due to the decrease in personnel costs as a result of shifting personnel.

WATER/SEWER FUND**REVENUES**

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Water sales	\$5,528,080	\$5,800,744	\$5,980,608	\$5,990,642	\$5,824,078	\$5,907,922	\$5,783,482
Sewer receipts	2,298,287	2,235,289	2,223,999	2,225,265	2,260,943	2,277,021	2,285,304
Tap fees	88,544	67,530	41,517	64,769	107,370	194,814	77,538
Penalties	119,757	124,916	118,989	117,610	100,923	99,314	102,195
Meter installations	43,951	36,460	24,982	37,199	70,798	76,443	42,263
Other	100,462	96,577	63,930	112,677	91,493	110,658	93,431
Interest	32,823	19,313	20,114	21,424	32,275	63,181	101,747
TOTAL	8,211,904	8,380,829	8,474,139	8,569,586	8,487,880	8,729,353	8,485,960
Net Income(loss)	\$ 358,800	\$ 507,200	\$ 485,014	\$ 809,401	\$ 722,713	\$ 628,106	\$ 2,913

WATER/SEWER FUND**OPERATING EXPENSES:**

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Administration	\$766,886	\$679,648	\$684,798	\$714,082	\$688,977	\$654,819	\$755,237
Increase(Decrease)		-\$87,238	\$5,150	\$29,284	-\$25,105	-\$34,158	\$100,418
%age increase(decrease)		-11.38%	0.76%	4.28%	-3.52%	-4.96%	15.34%
Sewer	\$1,372,756	\$1,247,252	\$1,235,275	\$1,222,419	\$1,224,759	\$1,202,105	\$1,323,918
Increase(Decrease)		-\$125,504	-\$11,977	-\$12,856	\$2,340	-\$22,654	\$121,813
%age increase(decrease)		-9.14%	-0.96%	-1.04%	0.19%	-1.85%	10.13%
Water	\$4,194,915	\$4,226,496	\$4,318,925	\$4,504,774	\$4,465,927	\$4,614,417	\$5,167,337
Increase(Decrease)		\$31,581	\$92,429	\$185,849	-\$38,847	\$148,490	\$552,920
%age increase(decrease)		0.75%	2.19%	4.30%	-0.86%	3.32%	11.98%

Summary of Department/Fund Relationships

Departments	Funds					
	General	Municipal/ LGEA	Infrastructure	Asset Forfeiture	Aquatic	Golf Course
Administration	X				X	X
Public Services	X	X	X			
Police	X			X		
Fire	X					
Aquatic					X	
Golf						X
Water/Sewer						

Fund Balance/Retained Earnings:

The following table shows the projected fund balance and retained earnings changes for the fiscal year 2020 budget:

Changes FY 2020

	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	36,955,000	753,000	5,435,000	182,000	569,500	8,627,500	1,092,700
Est. Expenditures/Transfers	35,747,436	780,200	2,425,000	436,200	564,900	9,334,024	1,223,356
Reserves Utilized	1,207,564	(27,200)	3,010,000	(254,200)	4,600	(706,524)	(130,656)
Beg. Fund Balance	64,345,323	1,656,844	18,835,277	260,282	2,840,140	24,922,963	8,315,745
Percentage Change	1.88%	-1.64%	15.98%	-97.66%	0.16%	-2.83%	-1.57%

The General Fund increase in reserves is due to the increases in payroll and EMS revenues coupled with a decrease in planned capital expenditures for all departments and city projects. The decrease in reserves for the Municipal Aid Fund is due to an additional street project being added. 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 planned reduction to fund one-time capital items under the strict guidelines for allowable expenditures of seized funds. The Aquatic Center Fund has a slight increase despite the fact that on an annual basis the revenues generated by the facility will never be able to cover the expenditures. For fiscal year 2020, capital expenditures are down about \$30,000 from the prior year. However, 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 \$706,524 is due to the annual depreciation expense in the amount of \$1,650,000. 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.

The World of Golf Fund is the City's second enterprise fund. There is also an anticipated decrease in reserves in the amount of \$130,656 due to annual depreciation expense of \$280,000. The golf course is currently debt free.

BUDGET SUMMARY

FY 2019

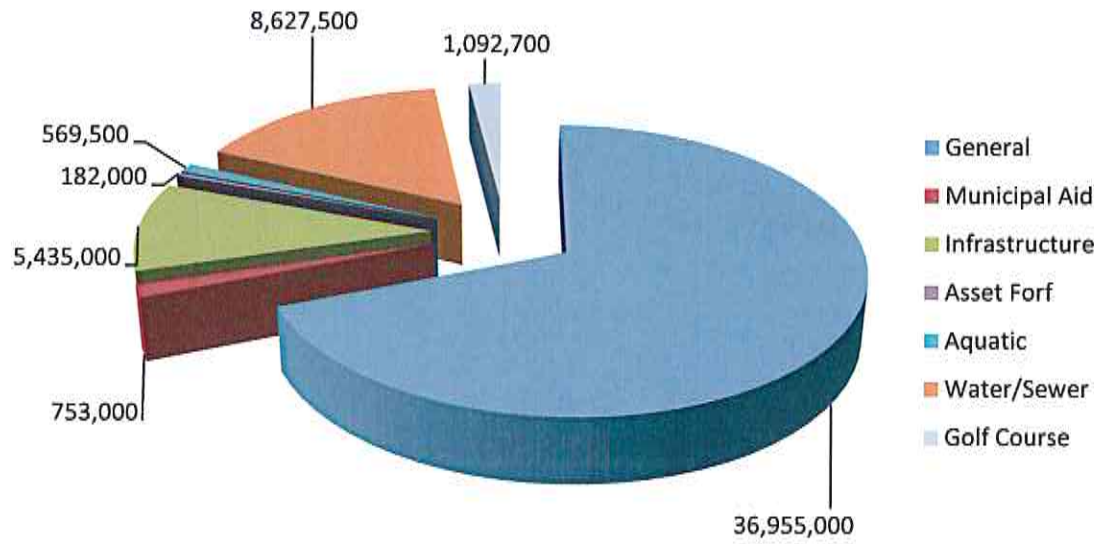
FY 2019	Municipal			Asset	Aquatic	Water and	World of	
	General	Aid Road	Infrastructure	Forfeiture	Center	Sewer	Golf	GRAND
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	TOTALS
Beg. Fund Balance	73,351,888	1820,044	16,452,772	470,982	2,906,740	25,756,837	8,418,545	128,977,808
Est. Revenues/Transfers	36,020,000	717,000	4,510,000	105,500	530,300	6,526,000	1,170,900	51,679,700
FOR APPROPRIATION:	109,371,888	2,337,044	20,962,772	576,482	3,437,040	34,282,837	9,689,445	180,557,508
Administrative	2,922,300	-	-	-	-	-	-	2,922,300
Public Services	5,439,500	-	2,127,495	-	-	-	-	7,566,995
Police Services	8,858,100	-	-	316,200	-	-	-	9,174,300
Fire / E.M.S. Services	8,372,100	-	-	-	-	-	-	8,372,100
Parks / Recreation	-	-	-	-	596,900	-	-	596,900
Capital Outlay	15,538,040	680,200	-	-	-	-	-	16,218,240
Other Agencies	430,000	-	-	-	-	-	-	430,000
Debt Service	1,541,525	-	-	-	-	-	-	1,541,525
Water and Sewer	-	-	-	-	-	9,359,874	-	9,359,874
Golf Course	-	-	-	-	-	-	1,273,700	1,273,700
TOTAL EXPENDITURES	43,101,565	680,200	2,127,495	316,200	596,900	9,359,874	1,273,700	57,455,934
Transfers	1,925,000	-	-	-	-	-	-	1,925,000
TOTAL	45,026,565	680,200	2,127,495	316,200	596,900	9,359,874	1,273,700	59,380,934
End. Fund Balance	64,345,323	1,656,844	18,835,277	260,282	2,840,140	24,922,963	8,315,745	121,176,574

BUDGET SUMMARY

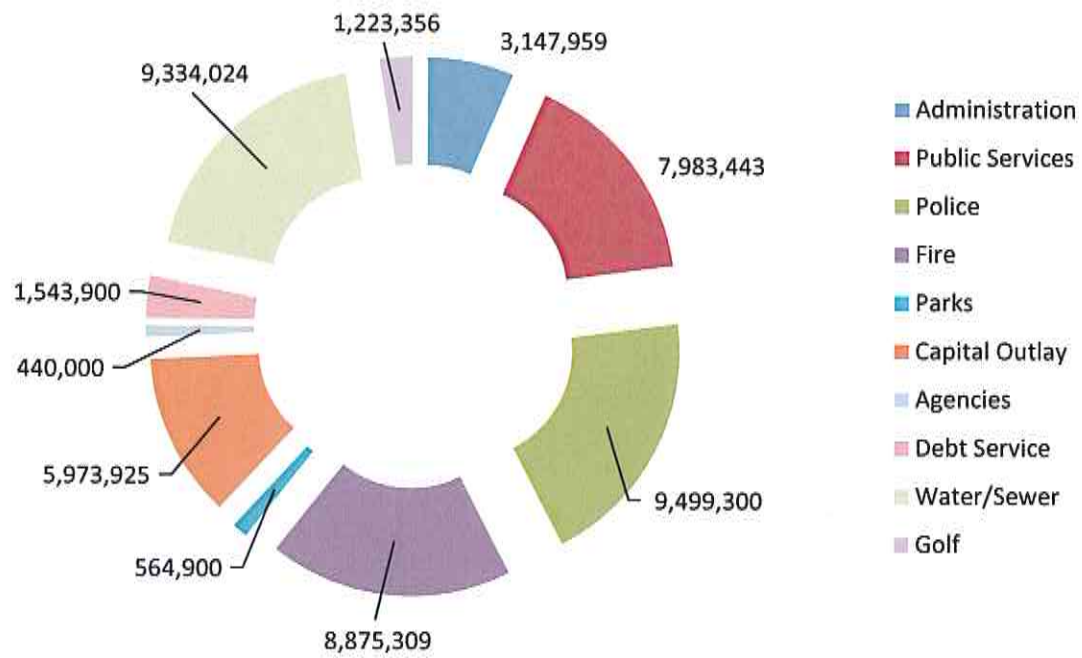
FY 2020

	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	
Reg. Fund Balance	64,345,323	1656,844	18,835,277	260,282	2,840,140	24,922,963	8,315,745	121,76,574
Est. Revenues/Transfers	36,955,000	753,000	5,435,000	182,000	569,500	8,627,500	1,092,700	53,814,700
FOR APPROPRIATION:	101,300,323	2,409,844	24,270,277	442,282	3,409,640	33,550,463	9,408,445	174,791,274
Administrative	3,147,959	-	-	-	-	-	-	3,147,959
Public Services	5,556,443	-	2,425,000	-	-	-	-	7,981,443
Police Services	9,083,100	-	-	436,200	-	-	-	9,489,300
Fire / E.M.S. Services	8,875,309	-	-	-	-	-	-	8,875,309
Parks / Recreation	-	-	-	-	564,900	-	-	564,900
Capital Outlay	5,193,725	780,200	-	-	-	-	-	5,973,925
Other Agencies	440,000	-	-	-	-	-	-	440,000
Debt Service	1,543,900	-	-	-	-	-	-	1,543,900
Water and Sewer	-	-	-	-	-	9,334,024	-	9,334,024
Golf Course	-	-	-	-	-	-	1,223,356	1,223,356
TOTAL EXPENDITURES	33,822,438	780,200	2,425,000	436,200	564,900	9,334,024	1,223,356	48,586,118
Transfers	1,825,000	-	-	-	-	-	-	-
TOTAL	35,747,438	780,200	2,425,000	436,200	564,900	9,334,024	1,223,356	50,511,118
End. Fund Balance	66,552,887	1,629,644	21,845,277	8,082	2,844,740	24,216,439	8,185,089	124,280,356

TOTAL REVENUES/TRANSFERS



EXPENDITURES



Concluding Comments:

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

The budget brings with it a continuing conservative approach for the revenue amounts. The City of Florence has experienced some economic growth during the last two years and seems to have had a slight recovery in the areas of payroll tax and insurance premium taxes and occupational license fees during the current fiscal year. The City has been successful in dealing with budget realities in a positive manner to remain financially sound. The budget for the 2020 fiscal year calls for slight increases in core revenues in comparison to budgeted and projected results for fiscal year 2019. It is anticipated that property tax revenue will remain constant with the level experienced during the prior fiscal year and that Council will not adopt a property tax increase for the ninth year in a row. The City expects slight growth in the remainder of the core revenue line items. The City has taken an extremely conservative approach to our expenditures to be able to continually provide the highest level of service for the residents. The City will once again reinforce the philosophy about only purchasing that which is deemed to be a necessity in order to provide services at the lowest possible cost. The anticipated continued growth in the community is expected to linger as the economic situation continues to recover and improve over the next couple of years. The rising cost of all types of insurance, including liability, 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.

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

The Council continues to follow a rolling three-year strategic plan and monitor the economic conditions to maintain a conservative approach to the City's finances. Those plans include projecting out the salaries and benefit costs which make up 82% of the general fund operating expenditures at an 8% annual increase. The City's pension costs have decreased very slightly over the past three years but are still an enormously large benefit item that it dictated to the City by the Kentucky Retirement System. Due to the pension crisis in the State of Kentucky pension rates have increased 12% for fiscal year 2019 and 2020. The health and dental costs continue to increase. Since the City is self-insured, we have a strategy of implemented a new plan design every three years. After the implementation of the 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 take care of the infrastructure and all of the City amenities that have been built over the previous years. Without a plan in place to continually forecast revenues and expenditures, the City will not remain viable in the long-term and when the next economic downturn occurs. With the City in the middle of the largest retail hub in Northern Kentucky, we need to be able to maintain and provide services that we currently have to continually attract and retain the businesses. Without those businesses and the resulting tax base from them, the City will struggle to be the great place to live, work and play that it is today.

The State of Kentucky is expecting robust growth in domestic product, hourly earnings and average weekly earnings suggesting a strengthening labor market. Kentucky's median household incomes are continuing to increase. Since the 2009 Recession, Kentucky's economy has gradually changed moving from goods-production toward service-providing. Two sectors have lost a significant amount of workers – manufacturing and mining and logging. Conversely, the largest increases are professional and business services, educational and health services, trade, transportation and utilities. This transition from goods to services has diminished the sales and use tax base. The wage and salary growth in Kentucky's urban triangle has outperformed the U.S. average. It is the state's primary economic engine. The state's urban triangle has experienced a 6.8 percent increase in total employment which also exceeds the U.S. average. The City of Florence is part of the urban triangle and has experienced the rewards of the recovery since the 2009 Recession.

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

The City does have multiple major projects planned for fiscal year 2019 that will carry over into fiscal year 2020. Past fiscal year 2020 the only major project would be the revitalization of the Main Street area. This is a new initiative that the City has just started exploring during fiscal year 2019. The initial investment in fiscal year 2020 is to develop a parking lot and upgrade the closed firebase to bring it up to code. The hope is that these two activities will 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. All projects and operations in the rolling five-year plan have been provided for with the City's current reserves. The recent addition of additional personnel and wage increases as part of operations will have a slight 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 amounts will be retired in September of 2032 with significant amounts of cash flow being increased with the two bond issues to be retired in June of 2027 and June of 2028. 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 2019 balance of \$64.3 million in reserves for the General Fund knowing the importance of having a future funding mechanism for financial stability.

Economic Update

According to the 2010 census, the residential population of Florence was 29,951. As we approach another census year in 2020, we will have a new, official count of our residential population, but the estimate in 2018 was 33,294. That estimate represents an 11% 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 our growth narrative. As we know, the City of Florence is known as an employment, industrial, office, retail, and dining hub of Northern Kentucky. I would extend that and say that when we analyze traffic patterns, we are 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. This is a good thing and is why we have realized the successes we have over the years. Over the last few years we 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.

After five years, the Florence Heights development is complete. The last piece of this development, Menard's, is scheduled to open next week. 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, our discussions with some of the national retailers have assured us 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 at the former HH Gregg building. This 65,000 square foot building is being completely renovated and subdivided into two new stores. Right next door, the building with TJ Maxx and Home Goods is receiving a make-over, making room to add a new, third tenant.

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. Our charge to them has been to explore streetscape improvements, a diversity of tenant spaces, and thinking to the future.

Recently, a thirty-million-dollar construction project on two large commercial buildings was completed on Ted Bushelman. The 550,000 sq. ft. building which sits directly behind Wal-Mart is home to DB Schenker, a global logistics solutions and supply chain management company. According to Schenker, within three years 600 new employees will operate in Florence. As many people know, due to the social media fanfare it generated, a new Wayfair building opened on the corner of Renegade Way and Ted Bushelman Blvd. The 350,000 square foot building has a distribution and receiving arm and is the first retail store front in the country for Wayfair. Also, GE Aviation, announced a new facility on the corner of Ted Bushelman and Doering Drive. This 78,000 sq. ft. building will employ close to 100 new people and is a welcomed addition to the corridor. 4 new hotels, Holiday Inn Express, Fairfield Inn and Suites, Tru Hotel and Staybridge Suites are all under construction in the Houston Road Corridor as well.

A few of the other recent openings include Dominion Senior Living, First National Bank of Kentucky, Nothing Bundt Cake, Becoming Mom Spa & Ultrasound, Restyle Home Furnishings, Keller Williams

Realty Office, Breakers Grill and Tate Training Center. Construction is ongoing on the ranch style town homes known as the Villages of Florence on Hopeful Church Road and its sister project, Villages of Weaver located on Weaver Road.

Those are just some of the highlights and we would encourage you to read the City's latest Development Update published quarterly on our website. It contains details about all the new development occurring in Florence.

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 2021. We continue 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 our infrastructure, our housing and our employment base. Working together we can minimize the negative impacts and focus on the many opportunities that will occur for all of our residents and businesses.

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

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

Strategic Plan Fiscal Years 2020-2023

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

Our Goals 2020-2023

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 Renton 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 Renton'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 (1998);
- Central Florence Strategic Plan (2008);
- Main Street Zoning District (1994);
- Mall Road District Zoning Study (2011);

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

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

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

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

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 1, 2018

Christopher P. Morill

Executive Director

CITY OF FLORENCE, KENTUCKY

LIST OF PRINCIPAL OFFICIALS

June 30, 2019

Mayor

Diane E. Whalen

Council Members

Mel D. Carroll

Duane Froelicher

Kelly Huff

Julie A. Metzger-Aubuchon

David A. Osborne

Gary Winn

Staff

City Clerk - Nancy Zeilman

CFO/HR - Linda J. Chapman

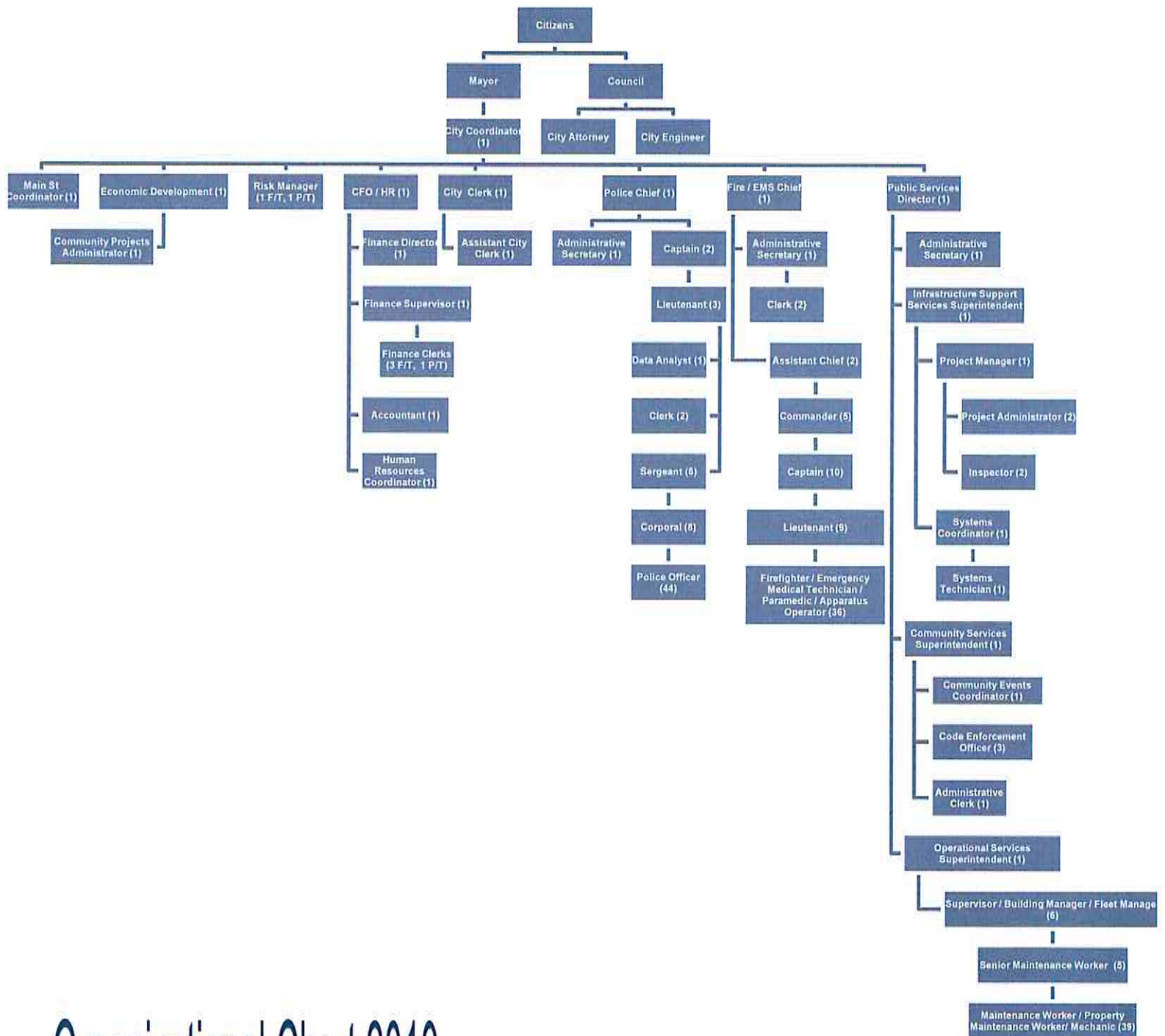
City Attorney - Hugh O. Skees

City Engineer - William R. Vlox

Director of Public Services - Robert E. Hall

Chief of Police - Thomas A. Grau

Fire/E.M.S. Chief - Scott T. Knoll



Organizational Chart 2019

Total Employees: 215 Full Time
2 Part Time

Revised:
3/29/2019

City of Florence
2019 – 2020
Budget Calendar

March 1st	Issue FY 2019-2020 Budget Calendar
March 12th	Budget worksheets due to Department Heads
March 19th	Projected Salaries & Wages by Finance Department
March 22nd	Budget recommendations due from Department Heads to Finance Director
Week of March 25th	Finance Director & City Coordinator Review
Week of April 1 st	Meet with Department Heads
April 5th	Review preliminary budget with Mayor
Week of April 8th	Budget Books Prepared
April 22nd	Distribution of preliminary budget to City Council
May 3rd	Send out Notice of Special Call
May 4th	Budget Retreat Budget presentation /comments & discussion
May 21st	Proposed use hearing for Municipal Aid Road Fund Budget discussion and presentations by other agencies: Urban Forest Commission and Boone County Planning Commission
June 4th	FY 2018-2019 budget amendment discussions FY 2019-2020 budget adoption discussions
June 11th	Mayor's Budget Address First reading of the FY 2019-2020 Budget Ordinance First reading of amendments to FY 2018-2019 budget
June 18th	Second reading of the FY 2019-2020 Budget Ordinance Second reading of amendments to FY 2018-2019 budget
July 1	FY 2019-2020 budget becomes effective

ORDINANCE NO. O-11-19

AN ORDINANCE OF THE CITY OF FLORENCE, KENTUCKY, ADOPTING THE OFFICIAL BUDGET FOR THE 2019-2020 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 2019-2020, 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 11 DAY OF June, 2019.

PASSED AND APPROVED ON SECOND READING AND PUBLICATION ORDERED THIS 18 DAY OF June, 2019.

APPROVED:

Diane E. Whalen
MAYOR

ATTEST:

Amy Gailman
CITY CLERK

City of Florence, Kentucky

General Information

The City

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



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

Location

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

Industry

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

Medical Facilities

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

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

Recreation and Culture

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



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



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



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



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



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

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" is 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 2010 census, the residential population of Florence was 29,951. As we approach another census year in 2020, we will have a new, official count of our residential population, but the estimate in 2018 was 33,294. That estimate represents an 11% 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 our growth narrative.

Our Economic Development Team finalized many development projects and continues to search for the businesses our community needs and desires. The Florence Heights development is now complete. The final piece was the construction of a 17 acre Menards development. Menards broke ground in August 2018 and opened on June 17, 2019.

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 has 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 for our community.

Recently, a thirty-million-dollar construction project on two large commercial buildings was completed on Ted Bushelman. The 550,000 sq. ft. building which sits directly behind Wal-Mart is home to DB Schenker, a global logistics solutions and supply chain management company. According to Schenker, within three years 600 new employees will operate in Florence. As many people know, due to the social media fanfare it generated, a new Wayfair building opened on the corner of Renegade Way and Ted Bushelman Blvd. The 350,000 square foot building has a distribution and receiving arm and is the first retail store front in the country for Wayfair. Also, GE Aviation, announced a new facility on the corner of Ted Bushelman and Doering Drive. This 78,000 sq. ft. building will employ close to 100 new people and is a welcomed addition to the corridor. 4 new hotels, Holiday Inn Express, Fairfield Inn and Suites, Tru Hotel and Staybridge Suites are all under construction in the Houston Road Corridor as well.

A few of the other recent openings include Dominion Senior Living, First National Bank of Kentucky, Nothing Bundt Cake, Becoming Mom Spa & Ultrasound, Restyle Home Furnishings, Keller Williams Realty Office, Breakers Grill and Tate Training Center. Construction is ongoing on the ranch style town homes known as the Villages of Florence on Hopeful Church Road and its sister project, Villages of Weaver located on Weaver Road

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.

Mall Road has continued to see substantial growth and redevelopment with the opening of the 75 south bound ramp from Mall Road as well as increased traffic from the Florence Heights Development. The City hired a consultant to perform a traffic study looking at current and future traffic patterns in that area. This study has recommended signal timing changes, the possibility of an additional traffic light and increased signage that will benefit both residents and visitors to Florence. During FY 2019, the right hand turn lane from Mall Road to I-75 was lengthened. The City is in the process of implementing some of those changes.

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 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 has been sold to a group of investors and the City is hoping for the opportunity to partner with them 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 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.

People Quick Facts	Florence, Kentucky	Kentucky
<i>Population</i>		
Population estimates, July 1, 2017	32,305	4,454,189
Population estimates base, April 1, 2010, (V2017)	28,532	4,339,340
Population, percent change - April 1, 2010 (estimates base) to July 1, 2017, (V2017)	9.4%	2.6%
Population, Census, April 1, 2010	29,951	4,339,367
<i>Age and Sex</i>		
Persons under 5 years, percent, April 1, 2010	6.8%	6.2%
Persons under 18 years, percent, April 1, 2010	23.0%	22.7%
Persons 65 years and over, percent, April 1, 2010	16.5%	16.0%
Female persons, percent, April 1, 2010	51.1%	50.7%
<i>Race and Hispanic Origin</i>		
White alone, percent, April 1, 2010 (a)	88.6%	87.8%
Black or African American alone, percent, April 1, 2010 (a)	5.0%	8.4%
American Indian and Alaska Native alone, percent, April 1, 2010 (a)	0.2%	0.3%
Asian alone, percent, April 1, 2010 (a)	2.3%	1.6%
Native Hawaiian and Other Pacific Islander alone, percent, April 1, 2010 (a)	0.0%	0.1%
Two or More Races, percent, April 1, 2010	1.8%	1.9%
Hispanic or Latino, percent, April 1, 2010 (b)	5.3%	3.7%
White alone, not Hispanic or Latino, percent, April 1, 2010	85.6%	84.6%
<i>Population Characteristics</i>		
Veterans, 2013-2017	2,310	279,153
Foreign born persons, percent, 2013-2017	7.6%	3.6%
<i>Housing</i>		
Housing units, April 1, 2010	13,447	1,984,150
Owner-occupied housing unit rate, 2013-2017	53.0%	67.0%
Median value of owner-occupied housing units, 2013-2017	\$142,800	\$130,000
Median selected monthly owner costs -with a mortgage, 2013-2017	\$1,155	\$1,131
Median selected monthly owner costs -without a mortgage, 2013-2017	\$380	\$356
Median gross rent, 2013-2017	\$893	\$713
<i>Families and Living Arrangements</i>		
Households, 2013-2017	12,765	1,724,514
Persons per household, 2013-2017	2.45	2.49
Living in same house 1 year ago, percent of persons age 1 year+, 2013-2017	77.3%	84.5%
Language other than English spoken at home, percent of persons age 5 years+, 2013-2017	9.8%	5.3%
<i>Income and Poverty</i>		
Median household income (in 2015 dollars), 2013-2017	\$56,670	\$46,535
Per capita income in past 12 months (in 2015 dollars), 2013-2017	\$29,922	\$25,888
Persons in poverty, percent	8.2%	17.2%
QuickFacts data are derived from: Population Estimates, American Community Survey, Census of 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.		

CITY OF FLORENCE, KENTUCKY

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Median Income (2)	Median Age (2)	Unemployment Rate (3)
2009	27,745	\$ 1,183,712,680	\$ 42,664	34.2	9.7%
2010	28,381	\$ 1,374,860,783	\$ 48,443	34.9	9.7%
2011	29,951	\$ 1,474,907,044	\$ 49,244	35.7	9.1%
2012	30,687	\$ 1,522,228,635	\$ 49,605	35.2	7.1%
2013	31,088	\$ 1,560,026,928	\$ 50,181	36.5	6.9%
2014	31,088	\$ 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	N/A	5.5%
2017	32,460	N/A	N/A	N/A	5.0%
2018	32,460	N/A	N/A	N/A	3.9%

(1) Census Bureau and Kentucky State Data Center

(2) Data USA

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

CITY OF FLORENCE, KENTUCKY**Operating Indicators by Function**

Last Six Fiscal Years

Function	Fiscal Year June 30					
	2013	2014	2015	2016	2017	2018
Police:						
Physical arrests	2,571	2,563	2,736	2,501	2,017	2,364
Traffic violations	4,487	7,790	5,188	5,768	5,854	6,478
Parking violations	120	162	93	114	143	90
Fire:						
Number of calls answered:						
Fire	2,416	2,511	2,492	2,496	3,461	3,658
Ambulance	6,380	6,283	6,819	6,982	7,796	8,267
Inspections	2,005	2,186	2,575	2,527	2,097	1,426
Highways and streets:						
Street resurfacing(lane miles)	9.11	9.11	8.48	8.48	10.36	10.36
Water:						
New connections	42	27	46	35	26	25
Water main breaks	62	31	34	30	32	54
Average daily consumption (thousands of gallons)	3,035	3,021	2,995	2,945	2,996	3,185

Source: Various city departments

CITY OF FLORENCE, KENTUCKY

Capital Asset Statistics by Function

Last Six Fiscal Years

Function	Fiscal Year June 30					
	2013	2014	2015	2016	2017	2018
Police:						
Stations	1	1	1	1	1	1
Patrol units	34	34	34	34	34	34
Fire:						
Fire stations	3	4	4	4	4	4
Highways and streets:						
Streets(miles)	169	169	169	169	169	169
Streetlights	2,103	2,103	2,103	2,103	2,111	2,111
Culture and recreation:						
Parks	9	9	9	9	9	9
Parks acreage	163.5	163.5	163.5	163.5	163.5	163.5
Swimming pools	1	1	1	1	1	1
Ball fields	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4
Water:						
Water mains	149	150	150	146	146	147
Fire hydrants	1,583	1,598	1,598	1,605	1,605	1,621
Maximum daily capacity (thousands of gallons)	4,809	4,595	4,183	4,120	3,840	3,773
Sewer:						
Contained sanitary/storm sewers (miles)	278	276	274	274	274	200

Source: Various city departments

Budget Process

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

In accordance with City ordinance, Kentucky Revised Statutes 91A.030 and 83A.130 and prior to June 30, the Mayor submits to Council a proposed operating budget on a basis consistent with generally accepted accounting principles for the fiscal year commencing July 1. 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.

Governmental fund types like the General Fund and Special Revenue Funds (i.e. Municipal Road Aid, Infrastructure, Asset Forfeiture, Aquatic) are budgeted and reported using the current financial resources measurement focus and the modified accrual basis of accounting. That basis of accounting recognizes revenues as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Proprietary funds (i.e. Golf Course and Water and Sewer) are budgeted and distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Comprehensive Annual Financial Report (CAFR) shows the status of the City's finances on the basis of GAAP. This generally conforms to the way the City prepares its budget. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Florence budget calendar is presented following this narrative.

CITY OF FLORENCE
ENACTED BUDGET
FISCAL YEAR 2019-20

Exhibit "A" to City of Florence Ordinance No. O - 11 - 2019

	General Fund	Municipal Aid Road Fund	Infrastructure Fund	Asset Forfeiture Fund	Aquatic Center Fund	Water and Sewer Fund	World of Golf Fund	Health and Dental Fund
RESOURCES AVAILABLE:								
Estimated Revenues & Transfers	36,955,000	753,000	5,435,000	182,000	569,500	8,627,500	1,092,700	3,085,500
Beginning Fund Balance	64,345,323	1,656,844	18,835,277	260,282	2,840,140	24,922,963	8,315,745	15,991,732
TOTAL RESOURCES AVAILABLE FOR APPROPRIATIONS	101,300,323	2,409,844	24,270,277	442,282	3,409,640	33,550,463	9,408,445	19,077,232
APPROPRIATIONS:								
Administrative	3,147,959							2,937,000
Public Services	5,558,443		2,425,000					
Police Services	9,063,100			436,200				
Fire / E.M.S. Services	8,875,309							
Parks / Recreation					564,900			
Capital Outlay	5,193,725	780,200						
Other Agencies	440,000							
Debt Service	1,543,900							
Water and Sewer						9,334,024		
Golf Course							1,223,356	
TOTAL EXPENDITURES	33,822,436	780,200	2,425,000	436,200	564,900	9,334,024	1,223,356	2,937,000
Transfers	1,925,000	-	-	-	-	-	-	-
Estimated Fund Balance at Year-End	65,552,887	1,629,644	21,845,277	6,082	2,844,740	24,216,439	8,185,089	16,140,232
TOTAL BUDGET	101,300,323	2,409,844	24,270,277	442,282	3,409,640	33,550,463	9,408,445	19,077,232

Note: The City's adopted budget in detail for Fiscal Year 2019-20 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.

Governmental Fund Types:

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

Major Governmental Fund:

General Fund

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

Nonmajor Special Revenue Funds:

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

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

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

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

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

Major Proprietary Fund Types:

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

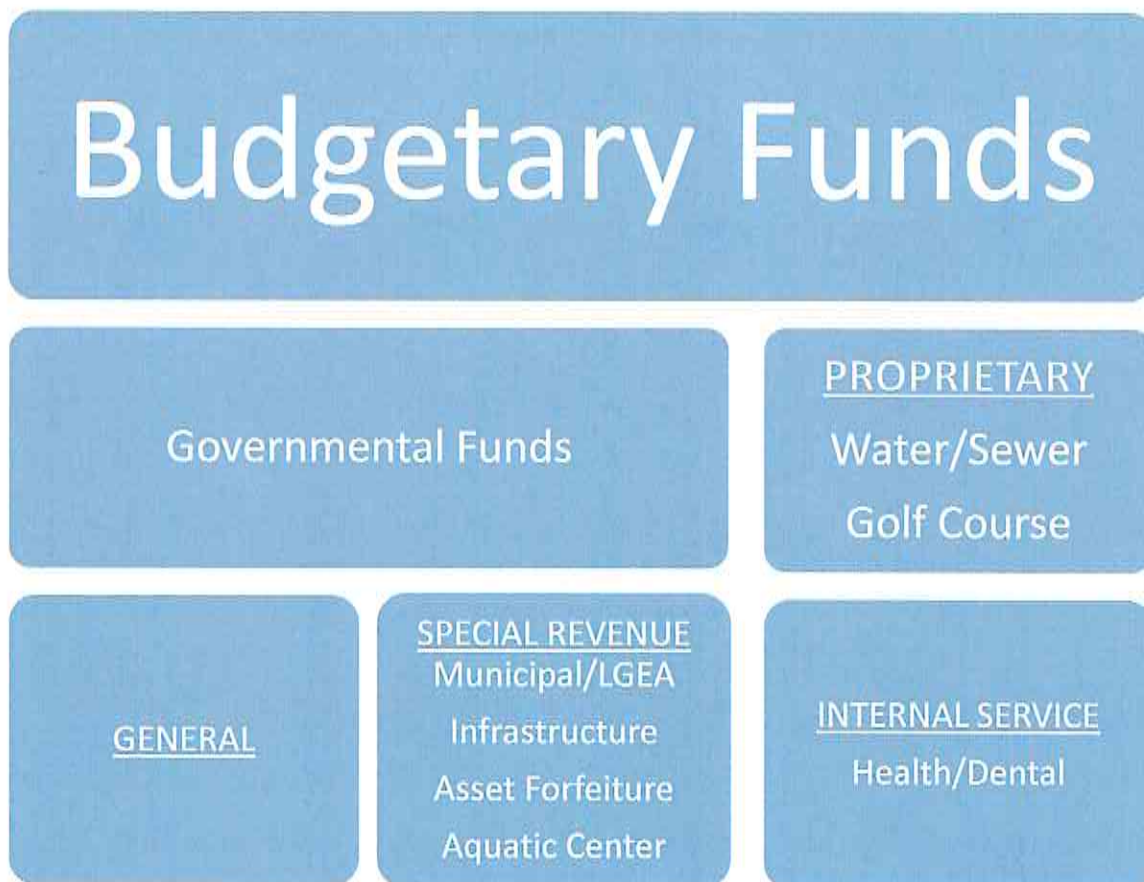
with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The government reports the following proprietary funds:

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

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

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

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



Financial Policies

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

Budgetary Policies

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

Budgetary control will be at the departmental level.

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

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

Planning

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

Revenue Policies

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

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

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

The City will establish and periodically review user charges, license and fees at a level 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. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Reserve Policies

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

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

Capital Improvement Policies

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

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

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

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

Debt policies

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

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

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

Investment and Cash Management Policies

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

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

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

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

Financial Reporting Policies

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

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

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

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

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

Three Year Operating Budget

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

Personnel expenditures make up 82% of the General Fund expenditures so any additional staffing needs must be appropriately planned and forecasted. In addition to forecasting any additional staffing needs, the projections for the salaries and benefit costs are based on the current fiscal year actual audited numbers with a 7% annual increase applied. The City provides a salary increase each July 1 based on the CPI percentage for the month of February. In addition, the City has a fixed pay plan that provides step increases for each job description. If approved by Council, step increases are applied each January 1 for any employees that have not maxed out on the number of steps in their pay category. The City's pension costs have decreased slightly over the past four years as a result of changes to the State health insurance plan. In addition, the state has also made changes in the pension plan itself. The plan has changed from a defined benefit plan to a Cash Balance Plan for all new hires effective January 1, 2014. Despite these changes the pension expenditures are still an enormously large benefit item that 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 201, 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 address departmental needs and determine capital funding needs for the future. Major infrastructure improvements such as streets, sidewalks, and storm sewer have \$50,000 annual increases. All amounts are at estimated costs for vehicles and equipment. Frequently, with the capital plan, vehicles and equipment can change from one year to another year based on deteriorating conditions and/or repair and maintenance costs. Capital needs can be very expensive so a five year plan is kept for capital needs as opposed to a three year plan for operations.

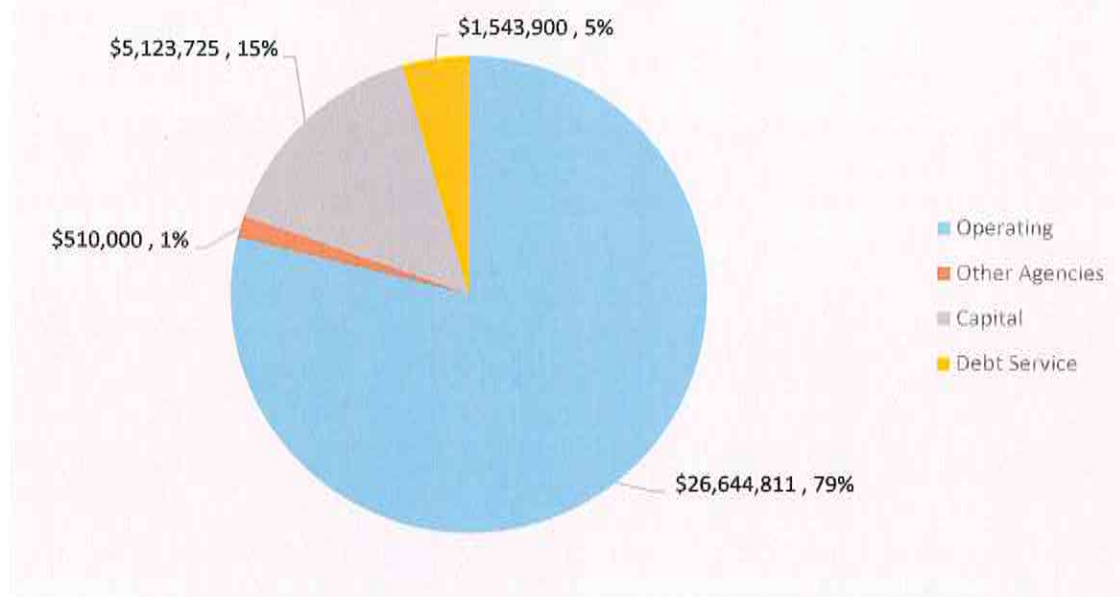
CITY OF FLORENCE
GENERAL FUND PROJECTIONS
FISCAL YEARS 2018-2022

	Actual FY 2017-18 REV. & EXPEND.	FY 2018-19 PROJECTED	FY 2019-20 PROJECTED	FY 2020-21 PROJECTED	FY 2021-22 PROJECTED
REVENUES:					
Taxes	7,820,248	7,600,000	7,750,000	7,800,000	7,850,000
Franchise Taxes	606,610	520,000	520,000	510,000	510,000
Bank Deposit Taxes	263,130	215,000	275,000	200,000	200,000
Payroll Taxes	15,896,278	15,500,000	16,200,000	16,000,000	16,200,000
Insurance Premium Taxes	4,615,303	2,550,000	2,700,000	2,600,000	2,600,000
Business Occupational Licenses	2,554,307	2,400,000	2,500,000	2,500,000	2,550,000
Other Licenses and Permits	133,553	121,000	124,000	95,000	100,000
Fines and forfeits	360,519	193,000	215,000	150,000	150,000
Intergovernmental-Operating	718,836	713,000	750,000	635,000	645,000
Intergovernmental-Capital	-	-	-	-	-
Charges for services	440,855	415,000	460,000	510,000	520,000
Rental Income Stadium	110,000	110,000	110,000	110,000	110,000
Fire Protection District	1,981,708	2,000,000	2,300,000	2,020,000	2,050,000
Emergency Medical Services	1,560,363	1,600,000	1,600,000	1,425,000	1,450,000
Storm Water Charges	269,687	245,000	250,000	250,000	250,000
Contractual Charges	90,000	90,000	90,000	90,000	90,000
Interest	653,969	650,000	1,000,000	750,000	800,000
Miscellaneous	183,612	98,000	111,000	100,000	100,000
Total Revenues	38,268,978	35,020,000	36,955,000	35,745,000	36,175,000
Fund Balance, Beginning of Year	72,117,954	61,651,887	51,680,322	52,887,886	55,789,194
Total General Fund	110,376,932	96,671,887	88,635,322	88,632,886	91,964,194
Administrative Department	2,376,863	2,922,300	3,147,959	3,039,702	3,169,975
Public Services Department	4,921,937	5,404,500	5,558,443	5,893,294	6,169,801
Police Department	8,122,940	8,858,100	9,063,100	9,774,859	10,341,234
Fire / E.M.S. Department	7,779,757	8,372,100	8,875,309	9,020,750	9,533,868
Planning Commission	322,000	330,000	340,000	343,332	350,199
Senior Center	95,155	100,000	100,000	105,000	110,000
Tree Commission	86,467	70,000	70,000	75,000	80,000
Administrative Department	315,214	428,290	553,525	156,000	392,000
Public Services Department	1,037,081	1,285,500	1,681,000	700,000	700,000
Police Department	291,255	388,750	486,200	408,500	417,500
Fire / E.M.S. Department	342,074	1,040,000	303,000	436,000	39,000
City Projects	6,377,037	12,325,500	2,100,000	925,000	980,000
Debt Service	1,532,265	1,541,525	1,543,900	1,541,255	1,545,405
Total Expenditures	33,600,045	43,066,565	33,822,436	32,418,692	33,828,982
Transfers to Other Funds	3,425,000	1,925,000	1,925,000	425,000	425,000
Total Expenditures & Transfers	37,025,045	44,991,565	35,747,436	32,843,692	34,253,982
Total General Fund	73,351,887	51,680,322	52,887,886	55,789,194	57,710,213
RESTRICTED-EQUIP REPLACEMENT	(2,000,000)				
RESTRICTED-RAINY DAY	(5,000,000)				
MINIMUM FUND BALANCE	(4,700,000)				
FUND BALANCE, YEAR-END	61,651,887	51,680,322	52,887,886	55,789,194	57,710,213

Revenue Projections



Expenditure Sources FY 2020



Schedule of Sources and Uses by Fund

General Fund

Description	2016 Actual	2017 Actual	2018 Actual	2018 Budget	2019 Budget	2020 Budget
Budgetary Fund Balance, July 1	\$ 56,612,694	\$ 63,345,677	\$ 72,117,954	\$ 72,117,954	\$ 73,351,888	\$ 64,345,323
Revenues						
Taxes	8,089,235	8,152,478	8,689,988	7,930,000	8,120,000	8,270,000
Licenses and Permits	20,695,029	22,335,050	23,199,441	22,041,000	21,786,000	21,799,000
Intergovernmental	1,162,304	938,284	718,836	672,000	713,000	750,000
Fines and Forfeitures	227,192	216,910	360,519	256,000	193,000	215,000
Charges for Services	4,025,848	4,270,290	4,452,613	4,036,000	4,460,000	4,810,000
Interest	726,253	396,268	653,969	500,000	650,000	1,000,000
Miscellaneous	108,496	139,332	183,612	80,000	98,000	111,000
Refunding Bonds Issued	-	-	-	-	-	-
Total Sources Available	<u>91,647,051</u>	<u>99,794,289</u>	<u>110,376,932</u>	<u>107,632,954</u>	<u>109,371,888</u>	<u>101,300,323</u>
Expenditures						
Administration	2,355,651	2,548,091	2,787,232	3,175,790	3,450,590	3,801,484
Police	7,276,198	7,612,199	8,414,195	8,682,600	9,246,850	9,549,300
Fire	6,991,557	7,283,513	8,121,831	8,222,500	9,412,100	9,178,309
Public Services	6,205,443	6,762,507	12,744,521	17,192,000	19,450,500	9,749,443
Debt Service	1,547,525	1,546,025	1,532,265	1,532,600	1,541,525	1,543,900
Transfers Out	3,925,000	1,925,000	3,425,000	3,425,000	1,925,000	1,925,000
Total Uses	<u>28,301,374</u>	<u>27,676,335</u>	<u>37,025,044</u>	<u>42,230,490</u>	<u>45,026,565</u>	<u>35,747,436</u>
Budgetary Fund Balance, June 30	\$ <u>63,345,677</u>	\$ <u>72,117,954</u>	\$ <u>73,351,888</u>	\$ <u>65,402,464</u>	\$ <u>64,345,323</u>	\$ <u>65,552,887</u>
Excess(deficit) fund balance	<u>6,732,983</u>	<u>8,772,277</u>	<u>1,233,934</u>	<u>(6,715,490)</u>	<u>(9,006,565)</u>	<u>1,207,564</u>

Municipal Aid/LGEA Fund

Description	2016 Actual	2017 Actual	2018 Actual	2018 Budget	2019 Budget	2020 Budget
Budgetary Fund Balance, July 1	\$ 1,222,806	\$ 1,103,972	\$ 1,329,951	\$ 1,329,951	\$ 1,620,044	\$ 1,656,844
Revenues						
Intergovernmental	599,400	606,707	613,538	605,000	580,000	608,000
Interest	5,119	8,555	16,222	5,000	12,000	20,000
Transfers In	125,000	125,000	125,000	125,000	125,000	125,000
Total Sources Available	1,952,325	1,844,234	2,084,711	2,064,951	2,337,044	2,409,844
Expenditures						
Public Services	848,353	514,283	464,667	650,200	680,200	780,200
Total Uses	848,353	514,283	464,667	650,200	680,200	780,200
Budgetary Fund Balance, June 30	\$ 1,103,972	\$ 1,329,951	\$ 1,620,044	\$ 1,414,751	\$ 1,656,844	\$ 1,629,644
Excess(deficit) fund balance	(118,834)	225,979	290,093	84,800	36,800	(27,200)

Asset Forfeiture Fund

Description	2016 Actual	2017 Actual	2018 Actual	2018 Budget	2019 Budget	2020 Budget
Budgetary Fund Balance, July 1	\$ 341,323	\$ 379,783	\$ 474,932	\$ 474,932	\$ 470,982	\$ 260,282
Revenues						
Uses of Property	100,879	162,620	126,835	50,000	100,000	175,000
Interest	1,446	3,072	5,439	2,500	5,500	7,000
Total Sources Available	443,648	545,475	607,206	527,432	576,482	442,282
Expenditures						
Police	63,865	70,543	136,224	243,200	316,200	436,200
Total Uses	63,865	70,543	136,224	243,200	316,200	436,200
Budgetary Fund Balance, June 30	\$ 379,783	\$ 474,932	\$ 470,982	\$ 284,232	\$ 260,282	\$ 6,082
Excess(deficit) fund balance	38,460	95,149	(3,950)	(190,700)	(210,700)	(254,200)

Aquatic Center Fund

Description	2016 Actual	2017 Actual	2018 Actual	2018 Budget	2019 Budget	2020 Budget
Budgetary Fund Balance, July 1	\$ 1,369,642	\$ 1,452,149	\$ 1,498,477	\$ 1,498,477	\$ 2,906,740	\$ 2,840,140
Revenues						
Charges for Services	335,857	347,291	360,878	296,800	309,800	337,700
Interest	6,009	11,016	19,040	6,000	20,000	30,000
Miscellaneous	1,383	2,098	1,855	250	500	1,800
Transfers In	200,000	200,000	1,700,000	1,700,000	200,000	200,000
Total Sources Available	1,912,891	2,012,554	3,580,250	3,501,527	3,437,040	3,409,640
Expenditures						
Public Services	460,742	514,077	673,510	729,900	596,900	564,900
Total Uses	460,742	514,077	673,510	729,900	596,900	564,900
Budgetary Fund Balance, June 30	\$ 1,452,149	\$ 1,498,477	\$ 2,906,740	\$ 2,771,627	\$ 2,840,140	\$ 2,844,740
Excess(deficit) fund balance	82,507	46,328	1,408,263	1,273,150	(66,600)	4,600

Infrastructure Fund

Description	2016 Actual	2017 Actual	2018 Actual	2018 Budget	2019 Budget	2020 Budget
Budgetary Fund Balance, July 1	\$ 7,151,905	\$ 9,138,011	\$ 12,748,676	\$ 12,748,676	\$ 16,452,772	\$ 18,835,277
Revenues						
Licenses and Permits	2,487,932	2,735,208	2,834,353	2,350,000	2,400,000	2,850,000
Intergovernmental	1,508,167	1,888,955	360,000	360,000	-	370,000
Charges for Services	475,000	475,000	475,000	475,000	475,000	475,000
Interest	30,866	86,519	148,754	60,000	135,000	240,000
Miscellaneous	-	539,839	-	-	-	-
Transfers In	3,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Sources Available	15,153,870	16,363,532	18,066,783	17,493,676	20,962,772	24,270,277
Expenditures						
Public Services	6,015,859	3,614,856	1,614,011	2,200,500	2,127,495	2,425,000
Total Uses	6,015,859	3,614,856	1,614,011	2,200,500	2,127,495	2,425,000
Budgetary Fund Balance, June 30	\$ 9,138,011	\$ 12,748,676	\$ 16,452,772	\$ 15,293,176	\$ 18,835,277	\$ 21,845,277
Excess(deficit) fund balance	1,986,106	3,610,665	3,704,096	2,544,500	2,382,505	3,010,000

Health and Dental Fund

Description	2016 Actual	2017 Actual	2018 Actual	2018 Budget	2019 Budget	2020 Budget
Budgetary Fund Balance, July 1	\$ 14,840,503	\$ 14,988,595	\$ 15,518,198	\$ 15,518,198	\$ 16,224,132	\$ 15,991,732
Revenues						
Interest	60,145	106,929	167,636	90,000	160,000	200,000
Employee Contributions	2,588,250	2,511,125	2,747,820	2,610,500	2,690,500	2,780,500
Reinsurance Reimbursement	11,438	295,800	131,051	25,000	25,000	25,000
FSA Contributions	95,088	88,669	81,905	90,000	85,000	80,000
Transfer In	-	-	-	-	-	-
Total Sources Available	17,595,424	17,991,118	18,646,610	18,333,698	19,184,632	19,077,232
Expenditures						
Administrative Fees	444,100	430,539	434,296	501,900	526,900	501,000
Wellness Program	1,208	12,958	51,202	25,000	75,000	75,000
Clinic	240,215	260,780	206,169	260,000	260,000	260,000
HRA Claims	87,454	90,792	21,340	90,000	40,000	20,000
Health and Dental Claims	1,729,988	1,579,434	1,635,027	1,600,000	2,200,000	2,000,000
ACA Taxes/Fees	15,994	9,822	741	10,000	6,000	1,000
FSA Claims	87,870	88,595	73,703	90,000	85,000	80,000
Total Uses	2,606,829	2,472,920	2,422,478	2,576,900	3,192,900	2,937,000
Budgetary Fund Balance, June 30	\$ 14,988,595	\$ 15,518,198	\$ 16,224,132	\$ 15,756,798	\$ 15,991,732	\$ 16,140,232
Excess(deficit) fund balance	148,092	529,603	705,934	238,600	(232,400)	148,500

Golf Course Fund

Description	2016 Actual	2017 Actual	2018 Actual	2018 Budget	2019 Budget	2020 Budget
Budgetary Fund Balance, July 1	\$ 8,709,998	\$ 8,650,661	\$ 8,534,868	\$ 8,534,868	\$ 8,418,545	\$ 8,315,745
Revenues						
Interest	3,062	4,668	4,008	3,500	3,500	5,000
Charges for Services	1,112,149	1,034,366	996,461	1,097,400	1,067,400	987,700
Transfer In	100,000	100,000	100,000	100,000	100,000	100,000
Total Sources Available	9,925,209	9,789,695	9,635,337	9,735,768	9,589,445	9,408,445
Expenditures						
Cost of Sales and Services	900,968	969,570	976,853	1,009,200	993,700	943,356
Depreciation	296,428	240,093	238,468	310,000	280,000	280,000
Loss on Disposal of Assets	-	-	1,471	-	-	-
Interest Expense	77,152	45,164	-	-	-	-
Total Uses	1,274,548	1,254,827	1,216,792	1,319,200	1,273,700	1,223,356
Budgetary Fund Balance, June 30	\$ 8,650,661	\$ 8,534,868	\$ 8,418,545	\$ 8,416,568	\$ 8,315,745	\$ 8,185,089
Excess(deficit) fund balance	(59,337)	(115,793)	(116,323)	(118,300)	(102,800)	(130,656)

Water and Sewer Fund

Description	2016 Actual	2017 Actual	2018 Actual	2018 Budget	2019 Budget	2020 Budget
Budgetary Fund Balance, July 1	\$ 25,735,761	\$ 25,887,344	\$ 26,522,528	\$ 25,887,344	\$ 25,756,837	\$ 24,922,963
Prior Period Adjustment- GASB 75	-	-	(768,604)	-	-	-
Revenues						
Water Charges	5,824,078	5,907,922	5,783,482	5,800,000	5,900,000	5,950,000
Sewer Charges	2,260,943	2,277,021	2,285,304	2,200,000	2,275,000	2,290,000
Penalties	100,923	99,314	102,195	95,000	95,000	100,000
Tap in Fees	107,370	194,814	77,538	50,000	50,000	50,000
Meter Installations	70,798	76,443	42,263	25,000	40,000	40,000
Other Service Charges	61,140	83,913	53,760	52,500	36,000	45,000
Miscellaneous	30,351	26,745	39,671	10,000	35,000	37,500
Interest	32,276	63,181	101,747	36,000	95,000	115,000
Capital Contributions	-	-	467,811	350,000	-	-
Total Sources Available	<u>34,223,640</u>	<u>34,616,697</u>	<u>34,707,695</u>	<u>34,505,844</u>	<u>34,282,837</u>	<u>33,550,463</u>
Expenditures						
Cost of Sales and Services	6,793,235	6,471,341	7,246,491	6,885,925	7,703,975	7,628,125
Depreciation	1,485,189	1,552,798	1,652,302	1,440,000	1,600,000	1,650,000
Loss on Disposal	-	13,927	-	-	-	-
Interest Expense	<u>57,872</u>	<u>56,103</u>	<u>52,065</u>	<u>75,899</u>	<u>55,899</u>	<u>55,899</u>
Total Uses	<u>8,336,296</u>	<u>8,094,169</u>	<u>8,950,858</u>	<u>8,401,824</u>	<u>9,359,874</u>	<u>9,334,024</u>
Budgetary Fund Balance, June 30	\$ <u>25,887,344</u>	\$ <u>26,522,528</u>	\$ <u>25,756,837</u>	\$ <u>26,279,919</u>	\$ <u>24,922,963</u>	\$ <u>24,216,439</u>
Excess(deficit) fund balance	<u>151,583</u>	<u>635,184</u>	<u>(765,691)</u>	<u>392,575</u>	<u>(833,874)</u>	<u>(706,524)</u>

Consolidated Financials
GOVERNMENTAL FUNDS

	General Fund			Non-Major Governmental Funds			Total Governmental Funds		
	FY 2018 Amended	FY 2019 Amended	FY 2020 Approved	FY 2018 Amended	FY 2019 Amended	FY 2020 Approved	FY 2018 Amended	FY 2019 Amended	FY 2020 Approved
REVENUES									
Taxes	\$ 7,930,000	\$ 8,120,000	\$ 8,270,000	\$ -	\$ -	\$ -	\$ 7,930,000	\$ 8,120,000	\$ 8,270,000
Licenses and permits	22,041,000	21,786,000	21,799,000	2,350,000	2,400,000	2,850,000	24,391,000	24,186,000	24,649,000
Intergovernmental	672,000	713,000	750,000	605,000	580,000	978,000	1,277,000	1,293,000	1,728,000
Fines and forfeitures	256,000	193,000	215,000	-	-	-	256,000	193,000	215,000
Charges for services	4,036,000	4,460,000	4,810,000	772,050	785,300	844,500	4,808,050	5,245,300	5,654,500
Uses of property	-	-	-	50,000	100,000	175,000	50,000	100,000	175,000
Interest	500,000	650,000	1,000,000	73,500	172,500	267,000	573,500	822,500	1,267,000
Miscellaneous	80,000	98,000	111,000	360,000	-	-	440,000	98,000	111,000
Total revenues	35,515,000	36,020,000	36,955,000	4,210,550	4,037,800	5,114,500	39,725,550	40,057,800	42,069,500
EXPENDITURES									
Current:									
Administration	2,538,600	2,922,300	3,147,959	-	-	-	2,538,600	2,922,300	3,147,959
Police	8,339,600	8,858,100	9,063,100	243,200	316,200	436,200	8,582,800	9,174,300	9,499,300
Fire	7,832,500	8,372,100	8,875,309	-	-	-	7,832,500	8,372,100	8,875,309
Public services	4,947,500	5,439,500	5,558,443	729,900	596,900	564,900	5,677,400	6,036,400	6,123,343
Other Agencies	422,000	430,000	440,000	-	-	-	422,000	430,000	440,000
Capital Outlay	5,243,266	15,538,040	5,193,725	2,850,700	2,807,695	3,205,200	8,093,966	18,345,735	8,398,925
Debt service:									
Principal	1,065,000	1,095,000	1,120,000	-	-	-	1,065,000	1,095,000	1,120,000
Interest	467,600	446,525	423,900	-	-	-	467,600	446,525	423,900
Total expenditures	30,856,066	43,101,565	33,822,436	3,823,800	3,720,795	4,206,300	34,679,866	46,822,360	38,028,736
Excess(deficiency) of revenues over(under) expenditures	<u>4,658,934</u>	<u>(7,081,565)</u>	<u>3,132,564</u>	<u>386,750</u>	<u>317,005</u>	<u>908,200</u>	<u>5,045,684</u>	<u>(6,764,560)</u>	<u>4,040,764</u>
OTHER FINANCING SOURCES(USES)									
Transfers in	-	-	-	3,325,000	1,825,000	1,825,000	3,325,000	1,825,000	1,825,000
Transfers out	(3,425,000)	(1,925,000)	(1,925,000)	-	-	-	(3,425,000)	(1,925,000)	(1,925,000)
Total other financing sources and uses	(3,425,000)	(1,925,000)	(1,925,000)	3,325,000	1,825,000	1,825,000	(100,000)	(100,000)	(100,000)
Net change in fund balances	1,233,934	(9,006,565)	1,207,564	3,711,750	2,142,005	2,733,200	4,945,684	(6,864,560)	3,940,764
Fund balances - beginning	72,117,954	73,351,888	64,345,323	17,738,788	21,450,538	23,592,543	89,856,742	94,802,426	87,937,866
Fund balances - ending	\$ 73,351,888	\$ 64,345,323	\$ 65,552,887	\$ 21,450,538	\$ 23,592,543	\$ 26,325,743	\$ 94,802,426	\$ 87,937,866	\$ 91,878,630

Consolidated Financials
PROPRIETARY FUNDS

	Water and Sewer			Golf Course			Totals		
	FY 2018 Amended	FY 2019 Amended	FY 2020 Approved	FY 2018 Amended	FY 2019 Amended	FY 2020 Approved	FY 2018 Amended	FY 2019 Amended	FY 2020 Approved
OPERATING REVENUES									
Charges for sales and services:									
Water fees	\$ 5,850,000	\$ 5,900,000	\$ 5,950,000	\$ -	\$ -	\$ -	\$ 5,850,000	\$ 5,900,000	\$ 5,950,000
Sewer charges	2,200,000	2,275,000	2,290,000	-	-	-	2,200,000	2,275,000	2,290,000
Penalties	95,000	95,000	100,000	-	-	-	95,000	95,000	100,000
Tap in fees	60,000	50,000	50,000	-	-	-	60,000	50,000	50,000
Meter installations	30,000	40,000	40,000	-	-	-	30,000	40,000	40,000
Other service charges	52,500	61,000	72,500	-	-	-	52,500	61,000	72,500
Golf course revenues	-	-	-	1,099,717	1,067,400	987,700	1,099,717	1,067,400	987,700
Other services	-	-	-	-	-	-	-	-	-
Miscellaneous	10,000	10,000	10,000	-	-	-	10,000	10,000	10,000
Total operating revenues	8,297,500	8,431,000	8,512,500	1,099,717	1,067,400	987,700	9,397,217	9,498,400	9,500,200
OPERATING EXPENSES									
Cost of sales and services	7,244,775	7,703,975	7,628,125	1,009,200	993,700	943,356	8,253,975	8,697,675	8,571,481
Loss on disposal of property	-	-	-	-	-	-	-	-	-
Depreciation	1,500,000	1,600,000	1,650,000	310,000	280,000	280,000	1,810,000	1,880,000	1,930,000
Total operating expenses	8,744,775	9,303,975	9,278,125	1,319,200	1,273,700	1,223,356	10,063,975	10,577,675	10,501,481
NET OPERATING INCOME(LOSS)	(447,275)	(872,975)	(765,625)	(219,483)	(206,300)	(235,656)	(666,758)	(1,079,275)	(1,001,281)
NON-OPERATING REVENUES									
Interest income	55,000	95,000	115,000	3,500	3,500	5,000	58,500	98,500	120,000
Interest expense	(57,899)	(55,899)	(55,899)	-	-	-	(57,899)	(55,899)	(55,899)
Total non-operating income	(2,899)	39,101	59,101	3,500	3,500	5,000	601	42,601	64,101
Transfers	-	-	-	100,000	100,000	100,000	100,000	100,000	100,000
NET INCOME	(450,174)	(833,874)	(706,524)	(115,983)	(102,800)	(130,656)	(566,157)	(936,674)	(837,180)
Capital Contribution	350,000	-	-	-	-	-	350,000	-	-
NET POSITION-BEGINNING OF YEAR	25,857,011	25,756,837	24,922,963	8,534,528	8,418,545	8,315,745	34,391,539	34,175,382	33,238,708
NET POSITION-END OF YEAR	\$ 25,756,837	\$ 24,922,963	\$ 24,216,439	\$ 8,418,545	\$ 8,315,745	\$ 8,185,089	\$ 34,175,382	\$ 33,238,708	\$ 32,401,528

Departmental Structure

Administration

The Administration department has a staff of 10 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 \$3,147,959. 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 \$9,063,100.

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 3.38 traffic contracts 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 six fatal incidents this year 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 two handlers and performed 62 searches during last year resulting in 23 drug finds and 1 suspect located. The Canine unit also was requested to assist other law enforcement agencies 15 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 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 four administrative professionals that handles over 5,400 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 three evidence technicians that are responsible for evidence collection, preservation and processing of crime scenes. They were called out 15 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 five 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 195 drug investigations, and 105 prostitution investigations last year. Those investigations led to 101 felonies and 148 misdemeanor charges. Florence police seized in excess of \$44,725 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 for FY 2019-2020 is \$8,875,309.

The department made 8,302 medical and 240 fire responses in 2018. The fire and rescue services are provided for numerous emergencies including assisting with emergency medical response, structure fires, vehicle fires, vegetation fires, rescue and hazardous materials incidents. There were no injuries or fatalities related to the fire responses in 2018. Our fire companies responded to 240 fires, 6 overpressure/explosions, 6,383 rescue and emergency medical incidents, 232 hazardous condition responses, 153 service calls, 677 good intent calls, 486 false alarms, 15 severe weather responses and 6 special type incidents.

The emergency medical services utilizes Advanced Life Support training and equipment for all incidents. A total of 8,302 emergency medical responses occurred during calendar 2018, with 3,178 of those calls considered to be immediately life threatening. The most common overall responses were: person fell 1,070, subject ill 1,053, difficulty breathing 747, injury accidents 648 and chest pain/heart attack 641. Our busiest ambulance in 2018 was Squad 114 with 3,104

emergency responses and our busiest fire company was Engine 102 with 2,046 emergency responses. Squad 114 is the 3rd busiest EMS unit in Northern Kentucky and Engine 102 is the busiest fire company in Northern Kentucky.

The code compliance staff performs fire prevention inspections and enforces portions of the City Property Maintenance Code. The staff performed 1,442 business inspections during calendar-year 2017. In addition to inspections, 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 public fire education staff provides fire prevention and citizen CPR/first-aid training, safety fairs, city nights out, the annual smoke detector blitz and safe car seat installation. The training division is responsible for coordinating and conducting training for all members of the department. In 2018 there were a total of 10,899 training hours completed by members of the department and 1,052 hours of teaching completed by instructors on 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 \$5,558,443.

The facilities division maintains and manages the 26 City owned building structures at 240,703 square feet and 563 pieces of equipment. The fleet division consists of employees whom 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 173 lane miles on more than 377 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 whom are responsible for grounds maintenance of nearly 185.8 acres. 172,550 square feet of landscape beds, 7,810 trees and 20 city owned detention basins. 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 60 miles of storm water lines, 2,126 curb inlets and 708 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 \$785,925.

Sanitary Sewer

This department is responsible for the maintenance and management of 133 miles of sanitary sewer lines, 3,496 sewer manholes and 6 pump stations. The total department budget is \$1,338,000.

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, flow 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

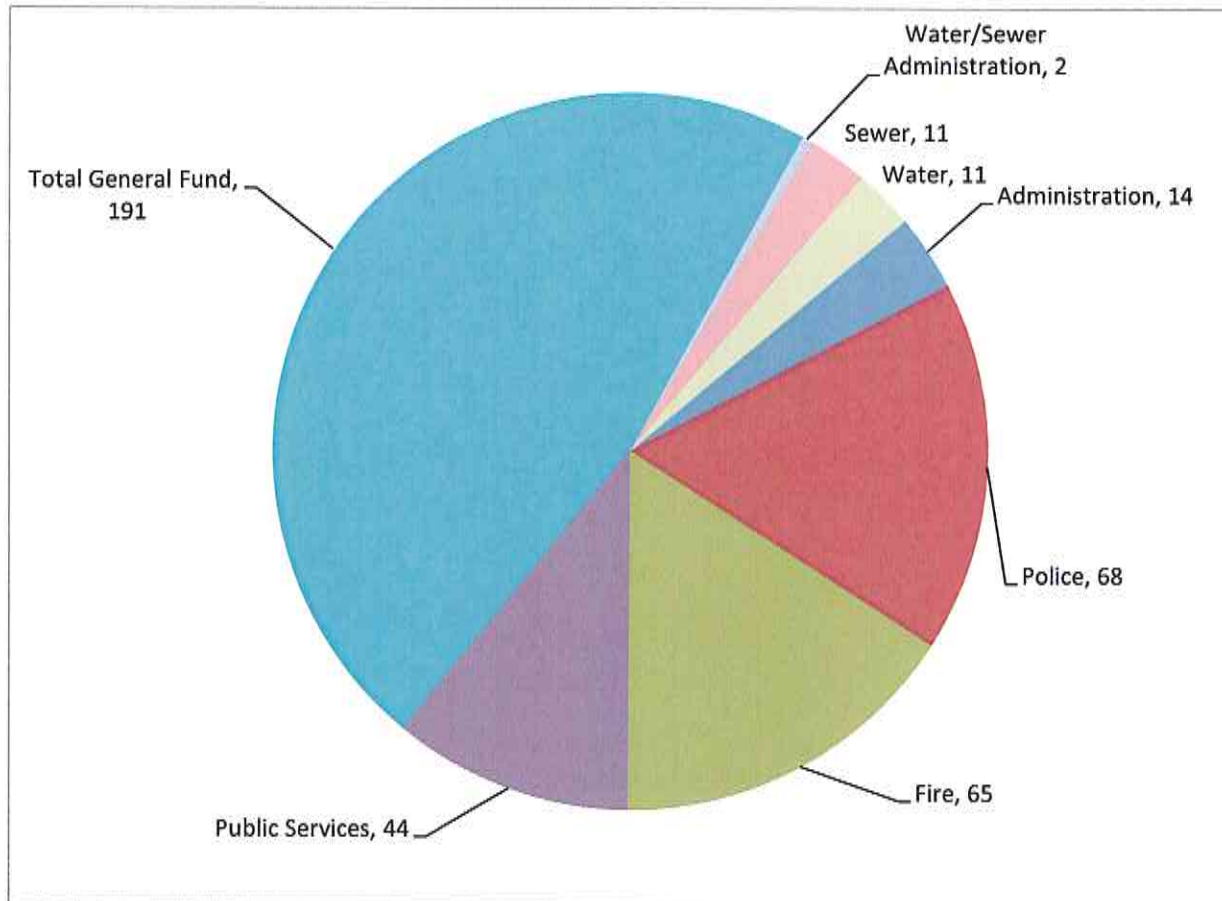
The department maintains approximately 8,881 water meters, 151 miles of water line, 4,065 water valves and 1,626 fire hydrants. They take a very proactive role in providing potable water of the highest quality to its customers. The total department budget is \$5,504,200.

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

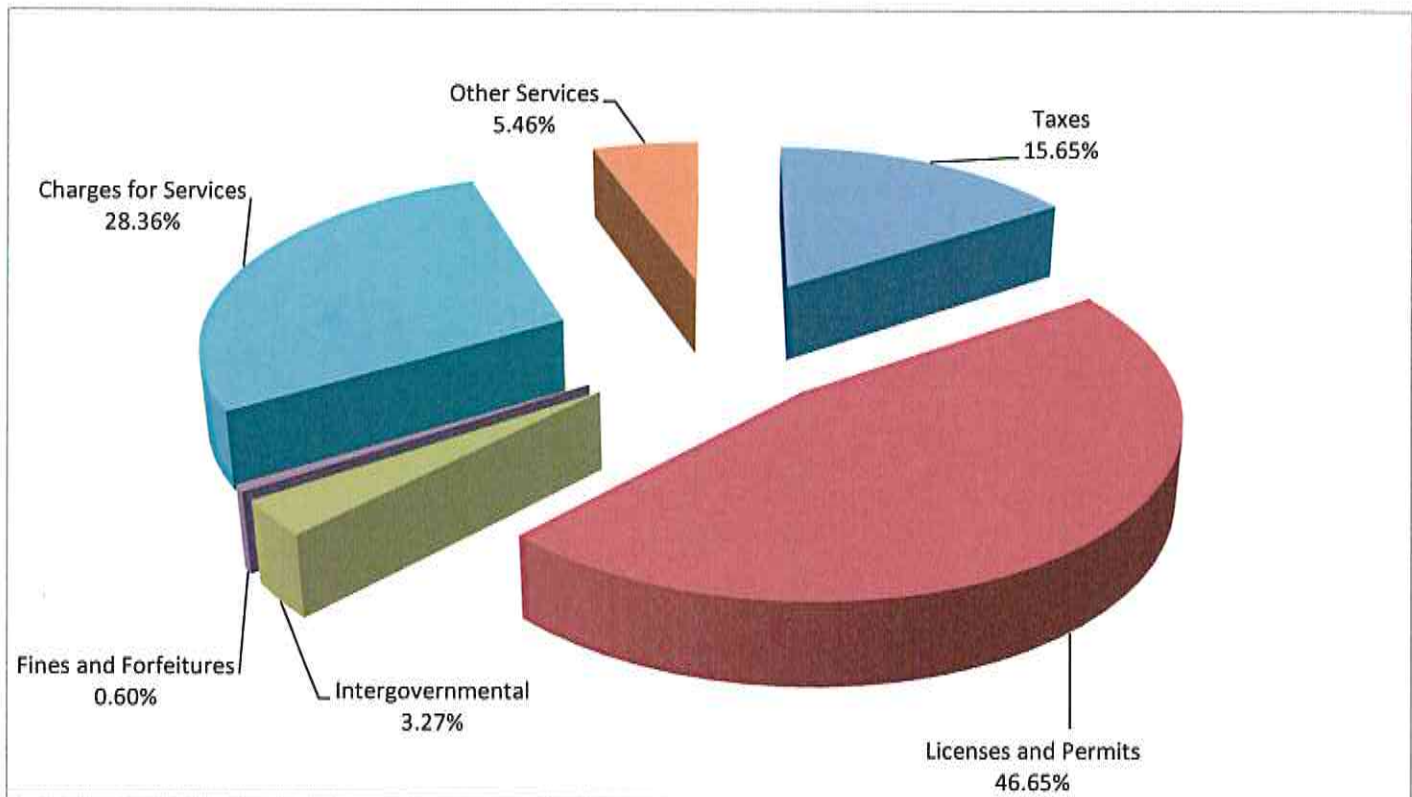
Personnel	2015	2016	2017	2018	2019	Budgeted 2020
General Fund:						
Administration	13	13	13	13	14	14
Police	68	68	68	68	68	68
Fire	57	60	63	63	65	65
Public Services	42	42	44	44	44	44
Total General Fund	180	183	188	188	191	191
Water/sewer Fund:						
Water/Sewer Administration	2	2	2	2	2	2
Sewer	11	11	11	11	11	11
Water	11	11	11	11	11	11
Total Water/Sewer Fund	24	24	24	24	24	24
Total Full-Time	204	207	212	212	215	215
Administration	1	1	1	1	1	1
Fire	0.5	0.5	0.5	0.5	0.5	0
Total Part-Time	1.5	1.5	1.5	1.5	1.5	1

Three additional personnel were added during FY 2019.



Where the Money Comes From All Funds

Revenues	2016 Actual	2017 Actual	2018 Actual	2018 Budget	2019 Budget	2020 Budget
Taxes	\$ 8,089,235	\$ 8,152,478	\$ 8,689,988	\$ 7,930,000	\$ 8,120,000	\$ 8,270,000
Licenses and Permits	23,182,961	25,070,258	26,033,794	24,391,000	24,186,000	24,649,000
Intergovernmental	3,269,871	3,433,946	1,692,374	1,637,000	1,293,000	1,728,000
Fines and Forfeitures	328,115	316,224	462,714	351,000	288,000	315,000
Charges for Services	13,798,183	14,667,060	14,527,299	13,557,700	14,613,200	14,985,400
Other Services	2,694,776	2,895,594	2,960,776	2,725,500	2,800,500	2,885,500
Uses of Property	100,879	162,620	126,835	50,000	100,000	175,000
Interest	1,309,310	680,208	1,116,815	1,118,000	1,081,000	1,617,000
Miscellaneous	171,096	168,175	225,138	150,250	133,500	150,300
Refunding Bonds Issued	-	-	-	-	-	-
Total Sources Available	\$ 52,944,426	\$ 55,546,563	\$ 55,835,733	\$ 51,910,450	\$ 52,615,200	\$ 54,775,200



REVENUE DISCUSSIONS

General Fund

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

Sources of Revenues

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

Revenue Projection Techniques

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

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

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

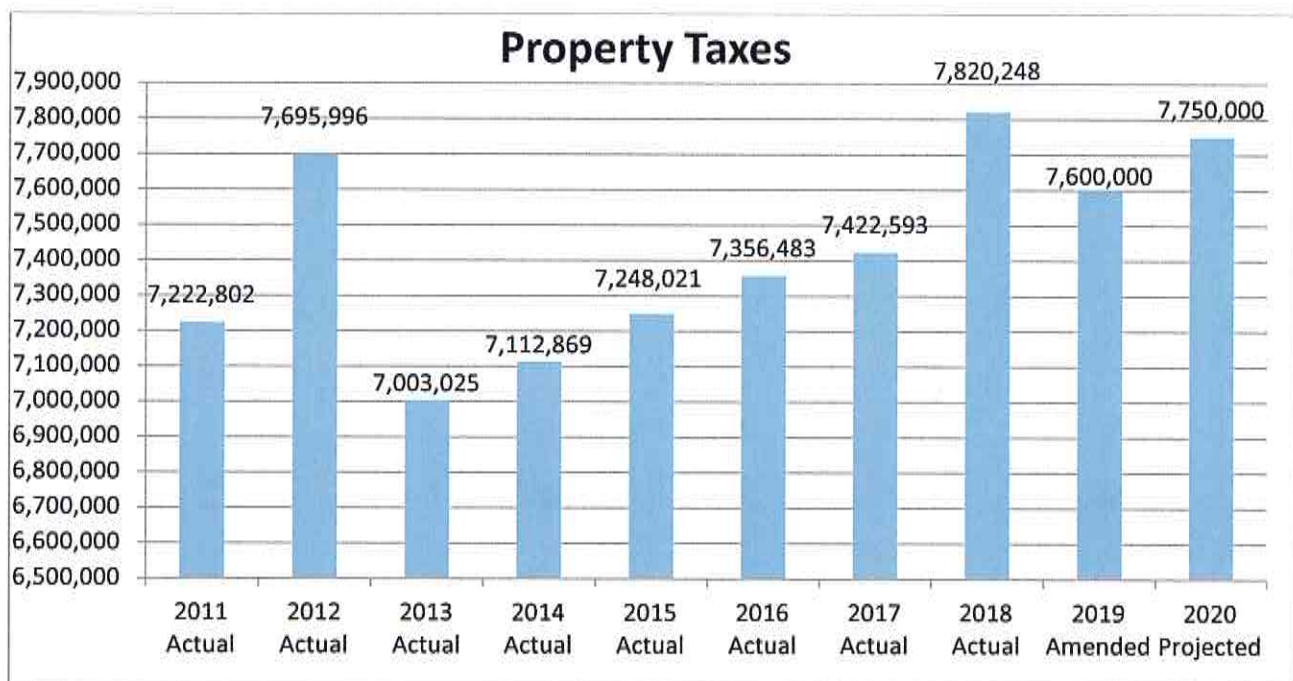
Current Data – This method predicts future revenue based on actual or annualized current year revenues and is often used when historical data and trends are not available or, if used, would result in an inaccurate revenue projection.

Property Taxes

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

Property Valuation Administration (PVA) these taxes are levied annually by ordinance in September. The taxes are billed on approximately October 1 and are due and payable on December 31. On January 1, the bill becomes delinquent and penalties and interest may be assessed by the City. A lien may be placed on the property on January 1. Total real property tax assessments were \$2,594,258,372 and tangible tax assessments were \$390,044,245. The real tax rate was \$.246 per \$100 assesses and the personal property tax rate was \$.380 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.



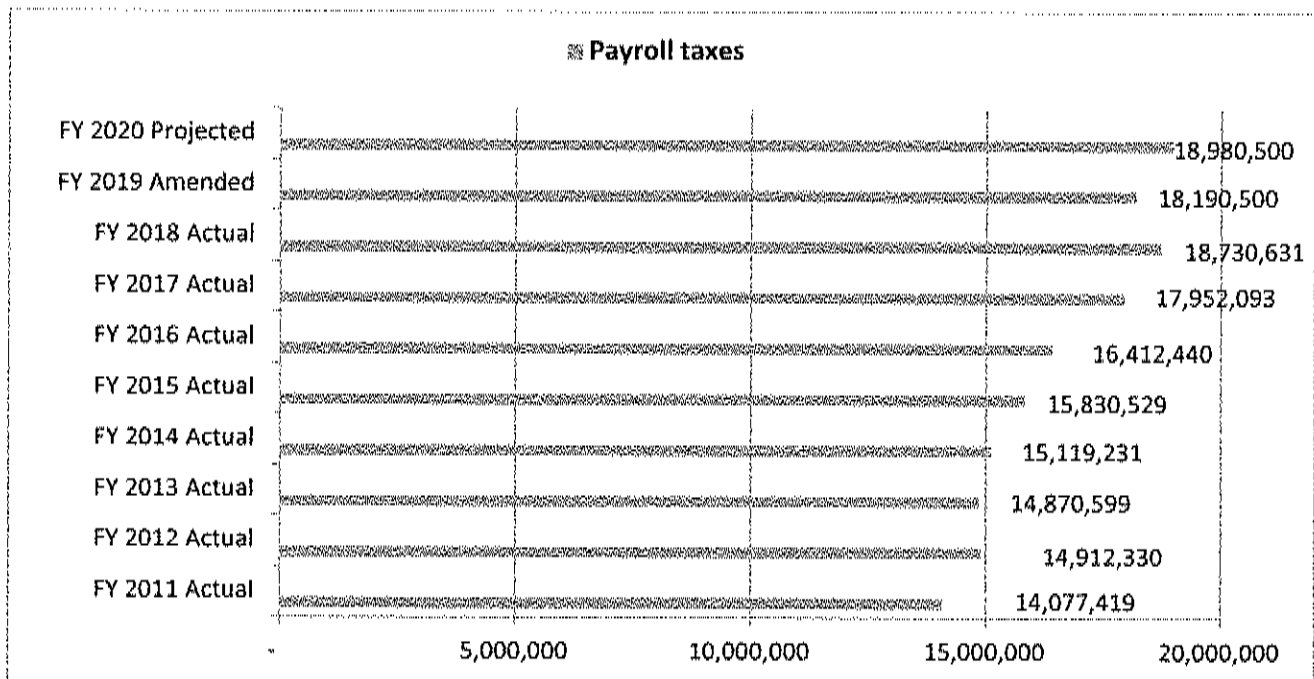
Occupational License Fees

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

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

\$40,000. The maximum fee is \$10,000 for businesses with a total income of \$10,000,000 or more.

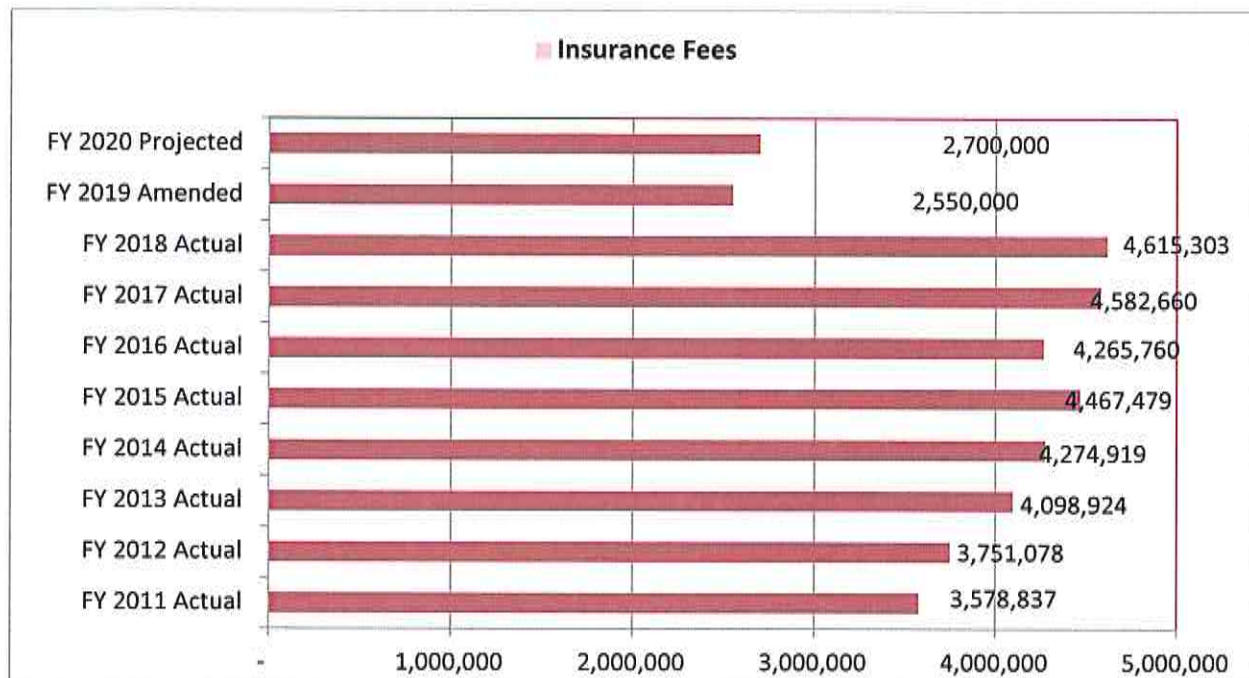
Payroll taxes increased in FY 2017 as a result of a major development opening and an annexation of a major expansion industrial company. As demonstrated in the above chart with property taxes, payroll taxes have been steadily increasing since FY 2013 as well. Major reasons for the increases are the rebound 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.



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 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.

Interest

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

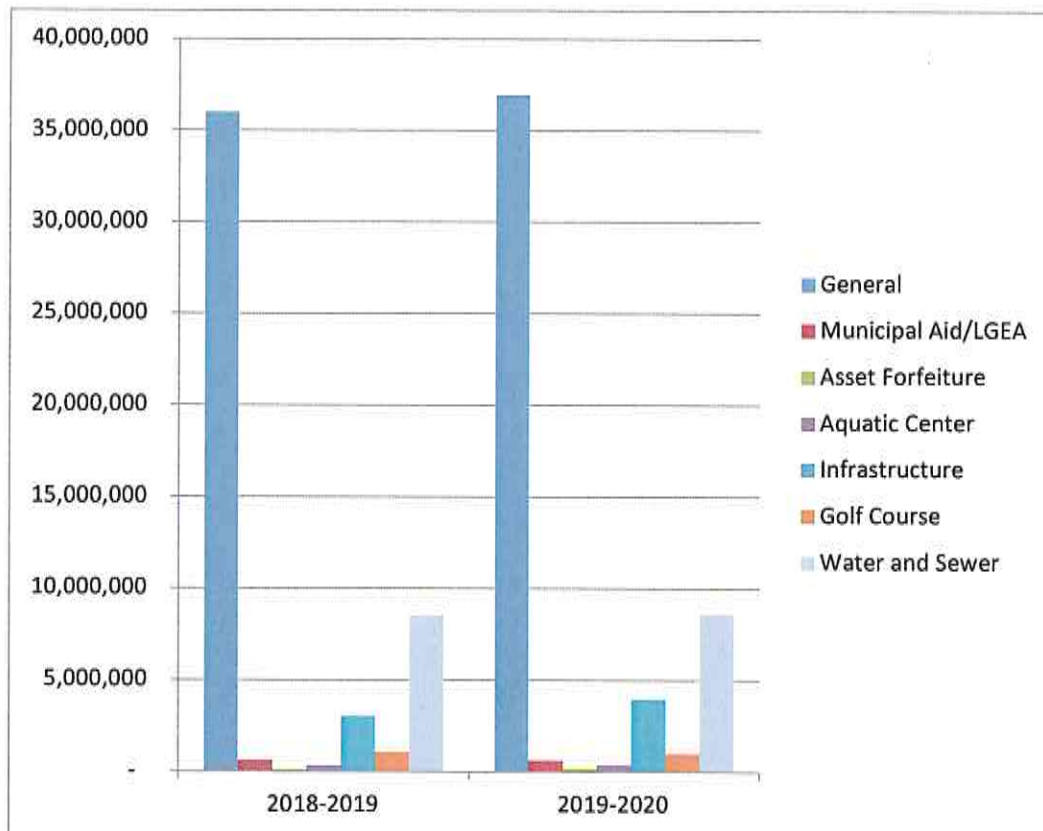
Miscellaneous Revenue

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

Budget Revenue Comparisons By Fund Fiscal 2018-2019 to Fiscal 2019-2020

Fund	Amended Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
General	\$ 36,020,000	\$ 36,955,000	\$ 935,000	2.60%
Municipal Aid/LGEA	592,000	628,000	36,000	6.08%
Asset Forfeiture	105,500	182,000	76,500	72.51%
Aquatic Center	330,300	369,500	39,200	11.87%
Infrastructure	3,010,000	3,935,000	925,000	30.73%
Golf Course	1,072,615	992,700	(79,915)	-7.45%
Water and Sewer	8,526,000	8,627,500	101,500	1.19%
Total	\$ 49,656,415	\$ 51,689,700	\$ 2,033,285	4.09%

Total does not include transfers or internal service fund.



All Funds - Revenue Summary

001 General

ACCOUNT TITLE	Audit		Budget		Change	Percent
	2016-2017	2017-2018	2018-2019	2019-2020	From Prior Year	
Property Taxes (Less Disc.)	\$ 7,422,593	\$ 7,820,247	\$ 7,600,000	\$ 7,750,000	\$ 150,000	1.97%
Franchise Taxes	261,772	358,325	270,000	270,000	-	0.00%
Cable Franchise Taxes	247,988	248,284	250,000	250,000	-	0.00%
Insurance Premium Taxes	4,582,660	4,615,303	2,550,000	2,700,000	150,000	5.88%
Bank Deposits Taxes	220,124	263,130	215,000	275,000	60,000	27.91%
Occupational Licenses	2,399,297	2,554,306	2,400,000	2,500,000	100,000	4.17%
Alcoholic Beverage Licenses	122,783	128,700	120,000	123,000	3,000	2.50%
Payroll Taxes	15,204,885	15,896,278	16,500,000	16,200,000	(300,000)	-1.82%
Inspection Fees	25,425	4,853	1,000	1,000	-	0.00%
HB 413 Revenue	29,339	32,033	30,000	30,000	-	0.00%
Grant Receipts	105,866	32,294	60,000	45,000	(15,000)	-25.00%
Police Incentive	309,339	333,890	310,000	335,000	25,000	8.06%
Fire Incentive	293,452	320,620	300,000	325,000	25,000	8.33%
SAFER grant	186,644	-	-	-	-	0.00%
Rent - Nature Park Building	33,145	19,575	30,000	40,000	10,000	33.33%
Gov't Center-O/S Maint	10,639	15,596	30,000	15,000	(15,000)	-50.00%
Gov't Center-Utilities	25,627	24,227	25,000	25,000	-	0.00%
Rent - Government Center	148,743	149,268	149,000	149,000	-	0.00%
Rent - Telecommunications	33,748	34,644	35,000	35,000	-	0.00%
Rent - State Office Building	173,204	173,204	173,000	173,000	-	0.00%
Rent - Land	22,740	22,740	23,000	23,000	-	0.00%
Storm Water Charges	248,784	269,687	245,000	250,000	5,000	2.04%
Contractual Charges	90,000	90,000	90,000	90,000	-	0.00%
Rental - Baseball Prop.	132,000	110,000	110,000	110,000	-	0.00%
Service to Fire District	1,991,939	1,981,708	2,000,000	2,300,000	300,000	15.00%
Ambulance Svc revenues	1,354,122	1,560,363	1,550,000	1,600,000	50,000	3.23%
Interest on Investments	601,327	653,970	650,000	1,000,000	350,000	53.85%
False alarm Fees	8,525	12,760	7,000	9,000	2,000	28.57%
Penalty / Interest	171,907	232,104	150,000	170,000	20,000	13.33%
Code Enforcement	34,858	97,442	35,000	35,000	-	0.00%
Parking Tickets	1,620	1,200	1,000	1,000	-	0.00%
Drug Enforcement Agency	13,644	17,013	13,000	15,000	2,000	15.38%
Miscellaneous Revenue	76,824	40,422	25,000	25,000	-	0.00%
Seniot Ctr Funding	13,000	20,000	13,000	13,000	-	0.00%
Insurance Claims	13,397	13,934	15,000	15,000	-	0.00%
Police Auction	25,447	91,531	30,000	40,000	10,000	33.33%
Parks/Recreation	16,263	19,323	15,000	18,000	3,000	20.00%
Total General	\$ 36,653,670	\$ 38,258,974	\$ 36,020,000	\$ 36,955,000	\$ 935,000	2.60%

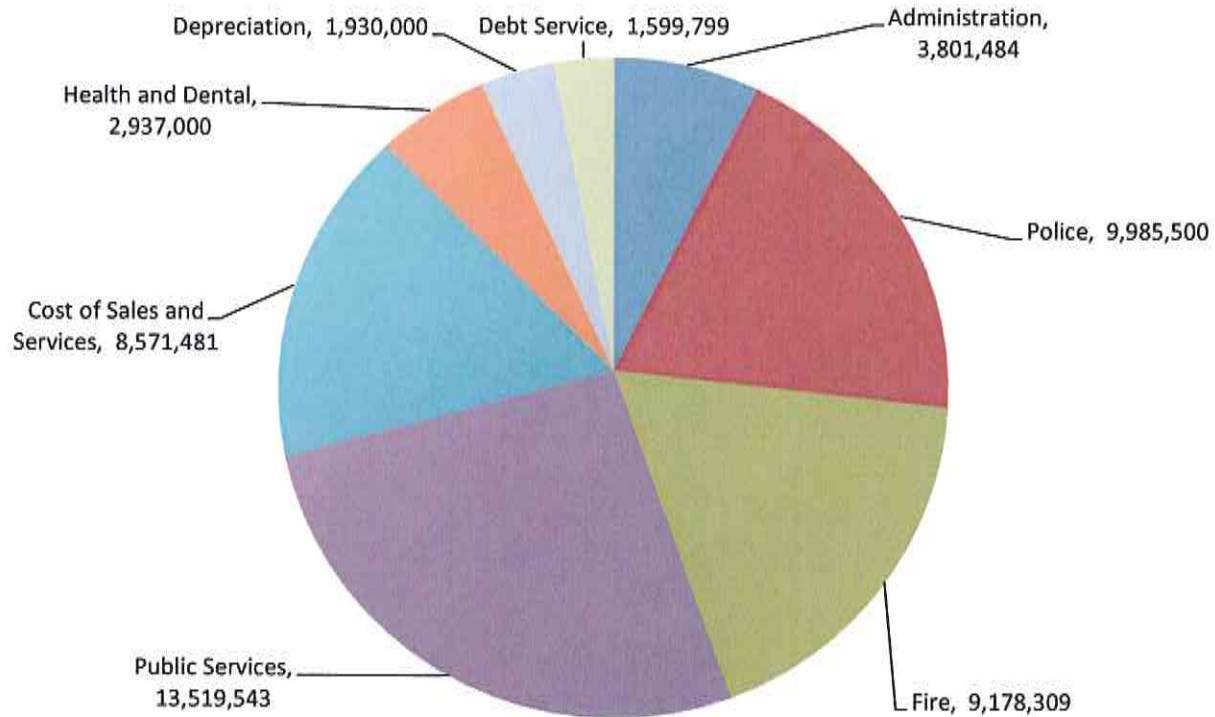
ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
201 Municipal Aid/LGEA						
Municipal Aid	\$ 603,054	\$ 605,591	\$ 575,000	\$ 600,000	25,000	4.35%
LGEA Mineral Severance	3,653	7,947	5,000	8,000	3,000	60.00%
Interest	8,555	16,222	12,000	20,000	8,000	66.87%
Total Municipal Aid/LGEA	\$ 615,262	\$ 629,760	\$ 592,000	\$ 628,000	\$ 36,000	6.08%
204 Asset Forfeiture						
Asset Forfeitures	\$ 162,620	\$ 126,835	\$ 100,000	\$ 175,000	75,000	75.00%
Interest	3,072	5,439	5,500	7,000	1,500	27.27%
Total Asset Forfeiture	\$ 165,692	\$ 132,274	\$ 105,500	\$ 182,000	\$ 76,500	72.51%
205 Aquatic Center						
Daily Admission	\$ 257,608	\$ 275,071	\$ 235,000	\$ 255,000	20,000	8.51%
Memberships	58,238	54,666	45,000	50,000	5,000	11.11%
Concessions	11,406	11,517	9,000	11,500	2,500	27.78%
Programs	18,942	18,114	20,000	20,000	-	0.00%
Locker Rental	1,097	1,510	800	1,200	400	50.00%
Interest	11,016	19,040	20,000	30,000	10,000	50.00%
Miscellaneous	2,098	1,855	500	1,800	1,300	260.00%
Total Aquatic Center	\$ 360,405	\$ 381,773	\$ 330,300	\$ 369,500	\$ -	0.00%
203 Infrastructure Fund						
Payroll Taxes	\$ 2,735,208	\$ 2,834,353	\$ 2,400,000	\$ 2,850,000	450,000	18.75%
Grants	1,888,955	360,000	-	370,000	370,000	100.00%
Storm Water	475,000	475,000	475,000	475,000	-	0.00%
Interest	86,519	148,754	135,000	240,000	105,000	77.78%
Sale of Land	539,839	-	-	-	-	0.00%
Total Infrastructure	\$ 5,725,521	\$ 3,818,107	\$ 3,010,000	\$ 3,935,000	\$ 925,000	30.73%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
501 Golf Course						
Greens Fees	\$ 173,235	\$ 160,302	\$ 200,000	\$ 175,000	\$ (25,000)	-12.50%
Driving Range	226,987	226,715	226,715	225,000	(1,715)	-0.76%
Golf Carts	88,819	83,022	95,000	80,000	(15,000)	-15.79%
Indoor Range	16,305	16,957	17,000	17,000	-	0.00%
Miniature Golf	205,938	180,685	205,000	180,000	(25,000)	-12.20%
Junior Golf Revenue	34,309	43,012	35,000	35,000	-	0.00%
Golf Memberships	4,700	5,871	5,000	5,000	-	0.00%
Golf Simulator	14,697	16,420	15,000	15,000	-	0.00%
Club Rental	3,064	3,419	4,000	4,000	-	0.00%
Club Repair	2,632	3,199	400	2,000	1,600	400.00%
Tournaments	3,793	4,353	6,500	4,500	(2,000)	-30.77%
Group lessons	21,629	20,486	18,000	18,000	-	0.00%
Private Lessons	61,205	59,653	65,000	65,000	-	0.00%
Coupons	(80,024)	(87,670)	(80,000)	(75,000)	5,000	-6.25%
Merchandise	116,489	128,501	115,200	115,000	(200)	-0.17%
Foot Golf	14,803	12,013	16,100	10,000	(6,100)	-37.89%
Hall Rental	-	-	500	100	(400)	-80.00%
Food and beverage	23,759	21,452	26,000	20,000	(6,000)	-23.08%
Beer	49,061	48,619	53,000	48,000	(5,000)	-9.43%
Soft drinks	14,976	11,217	16,000	12,000	(4,000)	-25.00%
Fountain Drinks	12,695	13,006	14,000	13,500	(500)	-3.57%
Liquor and wine	2,244	1,945	1,700	1,800	100	5.88%
Interest	4,668	4,008	3,500	5,000	1,500	42.86%
Miscellaneous	17,840	17,074	10,000	14,000	4,000	40.00%
Video Games	1,608	1,131	1,500	800	(700)	-46.67%
Tips	3,602	5,079	2,500	2,000	(500)	-20.00%
Total Golf Course	\$ 1,039,034	\$ 1,000,469	\$ 1,072,615	\$ 992,700	\$ (79,915)	-7.45%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
503 Water and Sewer						
Water Sales	\$ 5,907,921	\$ 5,783,482	\$ 5,900,000	\$ 5,950,000	\$ 50,000	0.85%
Water Taps	57,750	26,098	25,000	25,000	-	0.00%
Sewer Receipts	2,277,021	2,285,304	2,275,000	2,290,000	15,000	0.66%
Sewer Taps	137,064	51,440	25,000	25,000	-	0.00%
Penalties	99,314	102,195	95,000	100,000	5,000	5.26%
Service Charge	49,376	53,760	35,000	45,000	10,000	28.57%
Meter Installation	76,443	42,263	40,000	40,000	-	0.00%
Inspection Fees	6,465	3,725	1,000	2,000	1,000	100.00%
Miscellaneous	26,745	11,567	10,000	10,000	-	0.00%
Credit Card Fees	7,460	7,834	7,000	7,500	500	7.14%
Boone Florence Reimburse	20,612	16,545	18,000	18,000	-	0.00%
Dividend/Interest Income	63,181	101,747	95,000	115,000	20,000	21.05%
Greenview Pump Station	-	467,811	-	-	-	0.00%
Total Water and Sewer	\$ 8,729,352	\$ 8,953,771	\$ 8,526,000	\$ 8,627,500	\$ 101,500	1.19%

Where the Money Goes All Funds

Expenses/Expenditures	2016 Actual	2017 Actual	2018 Actual	2018 Budget	2019 Budget	2020 Budget
Administration	\$ 2,355,651	\$ 2,548,091	\$ 2,787,232	\$ 3,175,790	\$ 3,450,590	\$ 3,801,484
Police	7,340,063	7,682,742	8,550,419	8,925,800	9,563,050	9,985,500
Fire	6,991,557	7,283,513	8,121,831	8,222,500	9,412,100	9,178,309
Public Services	13,530,397	11,405,723	15,496,709	20,772,600	22,855,095	13,519,543
Cost of Sales and Services	7,694,203	7,440,911	8,223,344	7,895,125	8,697,675	8,571,481
Health and Dental	2,606,829	2,472,920	2,422,478	2,576,900	3,192,900	2,937,000
Depreciation	1,781,617	1,792,891	1,890,770	1,750,000	1,880,000	1,930,000
Loss on Disposal	-	-	1,471	-	-	-
Debt Service	1,682,549	1,646,292	1,584,330	1,608,499	1,597,424	1,599,799
Transfers Out	3,925,000	1,925,000	3,425,000	3,425,000	1,925,000	1,925,000
Total Uses	\$ 47,907,866	\$ 44,198,083	\$ 52,503,584	\$ 58,352,214	\$ 62,573,834	\$ 53,448,116



Expenditure Discussion

General Fund – FY 2019-20 operating expenditures for the General Fund increased by \$1,062,811, or 4.08%. This increase is primarily due to:

- Personnel – The City has authorized a COLA in the amount of 2.0% and has built in step increases as well. The additional salary cost will be \$431,450.
- Pension Rates – The City's pension rate for the non-hazardous increased from 21.48% to 24.06% and the hazardous rate has increased from 35.34% to 39.58%. This will cost an estimated \$508,600.
- Liability Insurance – The City policies will require an additional \$10,000 for the upcoming year.
- Operating/Contractual – Various expenditures in each department are projected to increase for FY 2019.

General Fund – FY 2019-2020 capital expenditures decreased by \$10.3 million, or 60.55%. The decrease was primarily due to the decrease in one-time City-wide projects. Some capital expenditures for the upcoming year are as follows:

- Administration – There are additional expenditures for server blades, security system, switches and routers and software updates.
- Public Services – There is an increase in this capital budget due to the needed purchase for a street sweeper and a two-ton dump truck.
- 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.
- Fire – There is a decrease in this capital budget due to the rescue pumper and ambulance purchase in the prior year for a combined \$880,000.
- City-wide Projects – This is the main reason for the decrease. City projects have been cut back to a minimum until all ongoing projects can be finished. There will be carryovers in the amended fiscal year 2020 budget.

Special Revenue Expense Funds – Special Revenue Funds are made up of Municipal Aid/LGEA, Infrastructure, Asset Forfeiture and Aquatic Center Funds. FY 2019-20 expenditures for Special Revenue Expense Funds increased \$485,505, or 13.05%. This increase is the result of the following:

- Municipal Aid – Increase of \$100,000 due to an additional street project scheduled for the upcoming fiscal year.
- Infrastructure – Increase of \$297,505 due to the addition of sidewalks on Weaver Road up to US 42 Highway. This is a joint project with Boone County in conjunction with a State grant received.
- Asset Forfeiture – Increase of \$120,000 due to the planned purchase of additional equipment.
- Aquatic Center – Decrease of \$32,000 mostly due to capital projects decreasing from \$80,000 to \$65,000. This was coupled with a decrease of \$15,000 in the line item for annual replacement costs.

Enterprise Funds – The Enterprise Funds are made up of the Golf Course Fund and the Water and Sewer Fund. The FY 2019-20 expenditures for the Enterprise Funds decreased by \$76,194, or .72%. This decrease is primarily due to:

- Golf Course – Expenditures for this fund remain consistent with those of the previous year due to general operating and contractual obligations. There is a slight decrease of \$50,344 overall due to the decrease in course maintenance expenses. The Golf course was on a three year tree

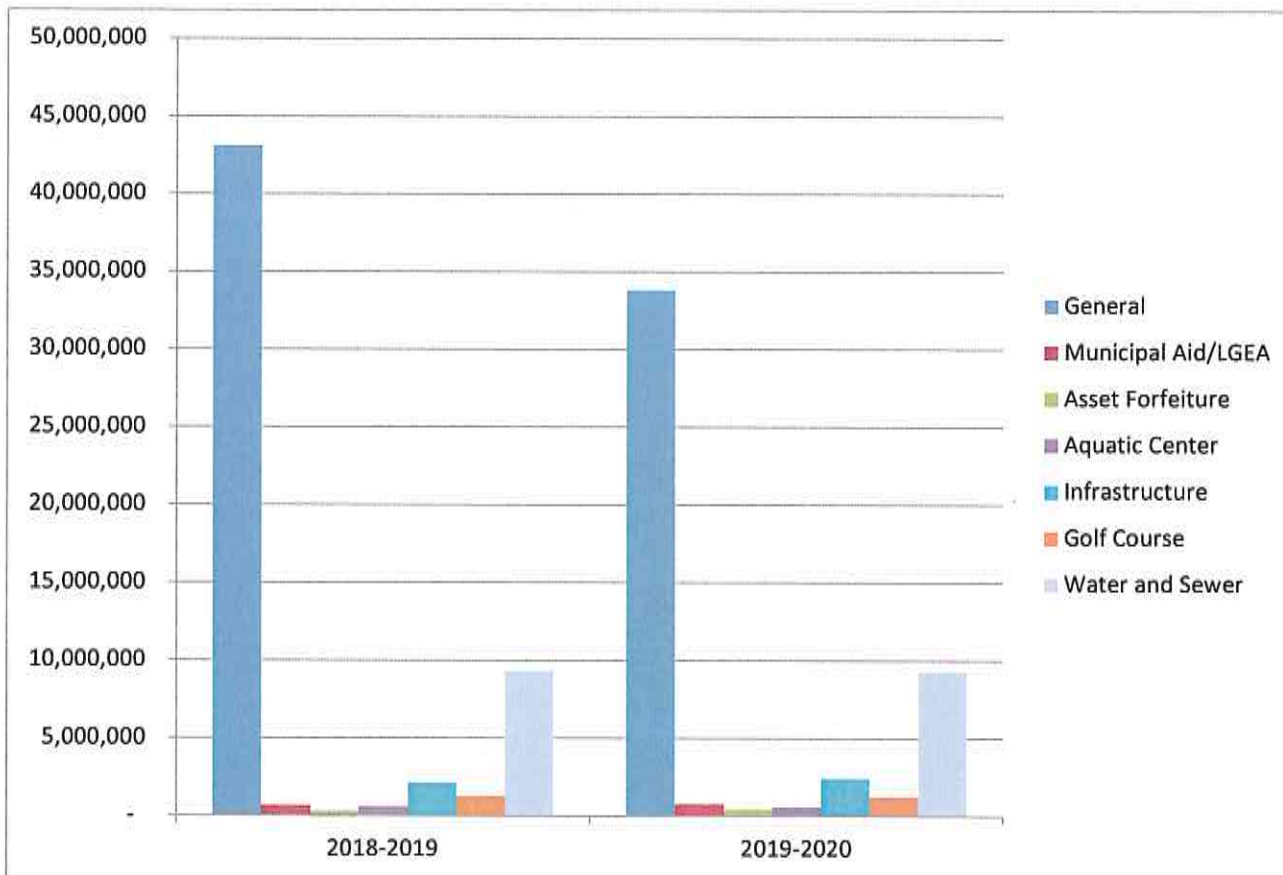
removal plan to rid the Ash trees. The last of the removal was done in fiscal year 2019 and that was a cost of \$45,000.

- Water and Sewer – The water and sewer fund expenses decreased by \$25,850. The majority of this decrease is due to a decrease in operating expenses offset by an increase in depreciation expense. The was offset by a decrease in personnel costs due to a reorganization of Public Services departments.

Budget Appropriation Comparisons By Fund Fiscal 2017-2018 to Fiscal 2018-2019

Fund	Amended Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
General	\$ 43,101,565	\$ 33,822,436	\$ (9,279,129)	-21.53%
Municipal Aid/LGEA	680,200	780,200	100,000	14.70%
Asset Forfeiture	316,200	436,200	120,000	37.95%
Aquatic Center	596,900	564,900	(32,000)	-5.36%
Infrastructure	2,127,495	2,425,000	297,505	13.98%
Golf Course	1,273,700	1,223,356	(50,344)	-3.95%
Water and Sewer	9,359,874	9,334,024	(25,850)	-0.28%
Total	\$ 57,455,934	\$ 48,586,116	\$ (8,869,818)	-15.44%

Total does not include transfers or internal service fund.



All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
001 General Fund						
Administration/Finance						
Mayor/Council Salaries	\$ 125,191	\$ 127,821	\$ 130,500	\$ 133,000	\$ 2,500	1.92%
Salaries	605,023	623,211	820,000	950,000	130,000	15.85%
Education Incentive	1,028	650	1,100	350	(750)	-68.18%
Temporary Employees	12,139	32,088	20,000	5,000	(15,000)	-75.00%
Unscheduled	36	-	5,000	5,000	-	0.00%
F.I.C.A.	54,212	57,364	63,000	83,259	20,259	32.16%
Non-Hazardous Duty	114,034	124,240	204,500	241,000	36,500	17.85%
Deferred Compensation	21,876	20,283	25,000	25,000	-	0.00%
Health Insurance	89,773	96,758	102,000	102,000	-	0.00%
Dental Insurance	5,151	5,655	7,100	7,000	(100)	-1.41%
Group Life	891	778	1,150	1,150	-	0.00%
Long Term Disability	1,747	1,323	1,700	1,700	-	0.00%
Workers Compensation	2,019	3,561	4,000	4,000	-	0.00%
Unemployment Insurance	528	3,955	10,000	10,000	-	0.00%
Volunteer/Employee Apprec	1,765	1,098	3,000	3,000	-	0.00%
Special Attorney's Fees	127,025	111,766	150,000	150,000	-	0.00%
Accounting/Auditing Fees	10,807	11,295	25,000	20,000	(5,000)	-20.00%
Bank Service Charges	23,608	38,645	45,000	50,000	5,000	11.11%
Prop Valuation Admin Fees	50,000	50,000	50,000	50,000	-	0.00%
Computer Svcs - Prof Supp	289,284	299,076	330,000	330,000	-	0.00%
Postage Machine Lease	4,374	4,374	4,500	6,000	1,500	0.00%
Code Enforcement Services	2,500	2,806	3,000	3,000	-	0.00%
Special Projects Codification	-	-	5,000	5,000	-	0.00%
Special Projects Consulting	174,108	189,158	195,000	195,000	-	0.00%
Special Studies Contracts	20,000	35,175	132,500	82,500	(50,000)	-37.74%
Hiring Expenditures	200	155	1,000	1,000	-	0.00%
Legal Advertising	12,574	15,940	15,000	10,000	(5,000)	-33.33%
Community Relations	15,390	27,567	30,000	35,000	5,000	16.67%
Community Events	-	-	-	50,000	50,000	100.00%
Community Events-Main St	-	-	-	20,000	20,000	100.00%
Program Supplies	-	-	-	4,000	4,000	100.00%
Office Supplies	10,980	14,272	13,000	18,000	5,000	38.46%
Mailing House	1,476	1,158	1,500	1,500	-	0.00%
Motor Fuels	425	536	2,000	2,000	-	0.00%
Local Telephone Service	17,203	13,638	15,000	15,000	-	0.00%
Liability Insurance	357,023	373,858	385,250	405,000	19,750	5.13%
Training & Travel	16,381	16,825	16,500	25,000	8,500	51.52%
Equipment Repairs & Maint	3,179	2,902	7,500	5,000	(2,500)	-33.33%
Vehicle Maintenance	1,156	866	2,000	2,000	-	0.00%
Prof. Memberships & Publ.	27,413	27,079	34,000	35,000	1,000	2.94%
Postage	19,403	15,945	25,000	20,000	(5,000)	-20.00%
Miscellaneous	13,520	21,797	25,000	25,000	-	0.00%
Cable TV / Recreation	-	3,248	7,000	7,000	-	0.00%
Ins Loss - Reimb of Deductible	-	-	4,500	4,500	-	0.00%
Total Administration/Finance	\$ 2,233,442	\$ 2,376,864	\$ 2,922,300	\$ 3,147,959	\$ 225,659	7.72%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
Public Services						
Salaries	\$ 1,956,517	\$ 2,207,641	\$ 2,440,000	\$ 2,460,000	\$ 20,000	0.82%
Education Incentive	1,441	2,196	3,000	2,500	(500)	-16.67%
Temporary Employees	39,628	39,281	65,000	103,443	38,443	59.14%
Unscheduled	44,781	79,317	76,000	75,000	(1,000)	-1.32%
F.I.C.A.	150,373	179,508	199,000	200,000	1,000	0.50%
Non-Hazardous Duty	373,488	446,989	556,000	611,000	55,000	9.89%
Deferred Compensation	81,258	83,826	90,000	90,000	-	0.00%
Health Insurance	423,993	486,265	497,000	497,000	-	0.00%
Dental Insurance	24,261	26,679	30,000	30,000	-	0.00%
Group Life	3,976	3,920	5,000	5,000	-	0.00%
Long Term Disability	6,444	6,955	8,000	8,000	-	0.00%
Workers Compensation	52,187	75,226	91,000	100,000	9,000	9.89%
Unemployment Insurance	-	-	10,000	10,000	-	0.00%
Employee Health Programs	2,930	1,812	6,000	3,000	(3,000)	-50.00%
Special Engineering Fees	36,088	23,933	25,000	25,000	-	0.00%
Debris & Weed Cutting	8,734	5,327	12,000	10,000	(2,000)	-16.67%
Contracted Services	7,202	7,597	8,000	8,000	-	0.00%
Hiring Expenses	636	937	1,000	1,000	-	0.00%
Community Relations	60,412	62,275	63,000	13,000	(50,000)	-79.37%
Community Services Program	6,610	5,049	6,000	1,000	(5,000)	-83.33%
Janitorial Supplies	13,288	18,417	22,000	20,000	(2,000)	-9.09%
Office Supplies	4,085	3,877	6,000	5,000	(1,000)	-16.67%
Maintenance Supplies	30,573	26,858	30,000	30,000	-	0.00%
Motor Fuels	62,181	79,441	100,000	95,000	(5,000)	-5.00%
Street Signs	17,843	12,355	21,000	20,000	(1,000)	-4.76%
Program Supplies/Printing	3,936	4,065	4,000	-	(4,000)	-100.00%
Small Tools	8,062	11,514	15,000	12,000	(3,000)	-20.00%
Uniforms and Mats	16,526	20,104	23,000	23,000	-	0.00%
Utility Service - Street Lights	218,340	266,011	275,000	225,000	(50,000)	-18.18%
Utility Service	230,574	223,488	225,000	215,000	(10,000)	-4.44%
Local Telephone Service	22,452	25,540	21,000	21,000	-	0.00%
Rental of Equipment & Vehicles	3,625	3,610	4,000	4,000	-	0.00%
Custodial	12,367	11,345	15,000	97,000	82,000	546.67%
Training and Travel	8,638	15,458	20,000	20,000	-	0.00%
Equipment Rep & Maint	70,111	69,559	65,000	71,000	6,000	9.23%
Vehicle Maintenance	60,516	66,493	60,000	71,000	11,000	18.33%
Building Maintenance	103,132	109,372	126,000	130,000	4,000	3.17%
Grounds Maintenance	134,466	122,561	146,000	176,000	30,000	20.55%
Storm Sewer Maintenance	47,135	50,399	50,000	50,000	-	0.00%
Memberships & Publications	15,736	2,660	3,000	3,000	-	0.00%
Miscellaneous	10,234	16,282	11,000	11,000	-	0.00%
Insurance Loss - Reimb. of Ded	4,111	17,794	5,000	5,000	-	0.00%
Cemetery Expenditures	1,200	-	1,500	1,500	-	0.00%
Total Public Services	\$ 4,380,090	\$ 4,921,936	\$ 5,439,500	\$ 5,558,443	\$ 118,943	2.19%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
Police						
Salaries	\$ 3,872,670	\$ 4,344,748	\$ 4,520,000	\$ 4,520,000	\$ -	0.00%
Shift Differential	11,593	12,824	13,000	13,000	-	0.00%
Education Incentive	9,344	9,941	10,000	10,000	-	0.00%
Training Incentive	238,552	253,257	268,000	268,000	-	0.00%
Unscheduled	189,597	161,605	220,500	220,500	-	0.00%
F.I.C.A.	314,285	364,153	385,000	385,000	-	0.00%
Non-Hazardous Duty	31,462	37,261	45,000	40,000	(5,000)	-11.11%
Hazardous Duty	1,306,811	1,469,646	1,785,000	1,995,000	210,000	11.76%
Deferred Compensation	2,145	2,139	3,000	3,000	-	0.00%
Health Insurance	772,642	845,850	850,000	850,000	-	0.00%
Dental Insurance	43,915	46,619	48,000	48,000	-	0.00%
Group Life	6,734	6,351	7,000	7,000	-	0.00%
Long Term Disability	13,087	14,043	14,500	14,500	-	0.00%
Workers Compensation	92,080	142,513	160,000	160,000	-	0.00%
Unemployment Insurance	-	-	10,000	10,000	-	0.00%
Employee Health Programs	2,082	1,476	2,000	2,000	-	0.00%
Contracted Services	14,132	24,209	30,000	30,000	-	0.00%
Hiring Expenditures	4,607	1,875	4,000	4,000	-	0.00%
Community Relations	12,478	13,456	16,000	16,000	-	0.00%
Office Supplies	5,155	3,893	6,000	6,000	-	0.00%
Crime Prevention	4,307	449	5,000	5,000	-	0.00%
Motor Fuels	121,919	144,676	200,100	190,100	(10,000)	-5.00%
License Plates	316	201	500	500	-	0.00%
Technical Supplies	32,078	34,796	39,000	39,000	-	0.00%
Uniforms	36,218	34,893	43,000	43,000	-	0.00%
Clothing Allowance	4,260	4,800	6,500	6,500	-	0.00%
Local Telephone Service	22,014	20,704	28,000	28,000	-	0.00%
Training & Travel	33,319	29,344	47,000	47,000	-	0.00%
Equipment Repairs & Maint	11,904	10,751	18,500	18,500	-	0.00%
Vehicle Maintenance	54,472	53,549	45,000	55,000	10,000	22.22%
Prof. Memberships & Publ.	1,680	1,405	4,000	4,000	-	0.00%
Miscellaneous	5,043	4,836	10,000	10,000	-	0.00%
Range Operations	1,232	(369)	3,000	3,000	-	0.00%
Ins Loss - Reimb of Dedct	28,034	22,486	2,000	2,000	-	0.00%
Printing & Publishing	286	1,265	2,000	2,000	-	0.00%
Canine Expenditures	3,264	2,710	4,000	4,000	-	0.00%
Revolving Vice/Informant Fund	-	-	500	500	-	0.00%
Immediate Care Fund	39	63	500	500	-	0.00%
Prisoner Medical Charges	-	-	1,000	1,000	-	0.00%
Vehicle Towing	1,065	522	1,500	1,500	-	0.00%
Total Police	\$ 7,304,821	\$ 8,122,940	\$ 8,858,100	\$ 9,063,100	\$ 205,000	2.31%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
Fire						
Salaries	\$ 2,487,855	\$ 2,803,720	\$ 2,980,000	\$ 3,080,000	\$ 100,000	3.36%
Education Incentive	16,845	16,004	18,000	18,000	-	0.00%
Training Incentive	220,355	239,725	265,000	265,000	-	0.00%
Unscheduled	322,907	251,617	130,500	130,500	-	0.00%
Scheduled Overtime	1,036,960	1,164,779	1,280,000	1,320,000	40,000	3.13%
F.I.C.A.	297,037	337,973	358,000	369,000	11,000	3.07%
Non-Hazardous Duty	8,443	8,816	17,000	17,000	-	0.00%
Hazardous Duty	1,249,647	1,394,337	1,655,000	1,907,000	252,000	15.23%
Deferred Compensation	2,601	1,008	1,100	1,100	-	0.00%
Health Insurance	700,465	767,006	775,000	855,000	80,000	10.32%
Dental Insurance	39,560	43,044	48,000	48,000	-	0.00%
Group Life	6,115	5,788	7,000	7,000	-	0.00%
Long Term Disability	10,785	11,672	13,000	13,000	-	0.00%
Workers Compensation	64,097	109,138	170,000	190,000	20,000	11.76%
Unemployment insurance	-	-	10,000	10,000	-	0.00%
Employee Health Programs	3,461	1,174	3,000	7,000	4,000	133.33%
Medical Director	17,000	17,000	26,000	26,000	-	0.00%
Spec. Proj. - Vol. Progr.	5,176	5,626	8,000	4,000	(4,000)	-50.00%
Hiring Expenditures	4,754	5,441	4,000	4,000	-	0.00%
Community Relations	3,351	2,668	5,000	5,000	-	0.00%
E.M.S. Billing	75,296	81,654	95,000	80,000	(15,000)	-15.79%
Extended Warranties	-	-	-	8,209	8,209	100.00%
Janitorial Supplies	9,516	11,860	10,000	10,500	500	5.00%
Office Supplies	2,808	2,618	4,000	4,000	-	0.00%
Motor Fuels	50,871	67,602	60,000	70,000	10,000	16.67%
Medical Supplies	76,767	81,142	72,000	72,000	-	0.00%
Fire Equipment-Personal	25,318	21,074	25,000	25,000	-	0.00%
Fireground Equipment	18,591	22,334	20,000	18,000	(2,000)	-10.00%
E.M.S. Equipment	9,705	10,029	10,000	10,000	-	0.00%
Uniforms	26,440	23,412	23,000	24,000	1,000	4.35%
Utility Service	55,772	56,663	51,000	55,000	4,000	7.84%
Local Telephone Service	32,294	33,037	35,000	35,000	-	0.00%
Training & Travel	33,918	45,829	43,000	48,000	5,000	11.63%
Equipment Repairs & Maint	25,390	26,590	30,000	30,000	-	0.00%
Building Maintenance	6,150	5,795	8,000	8,000	-	0.00%
Vehicle Maint - Fire Trk.	88,056	90,080	100,000	88,000	(12,000)	-12.00%
Prof. Memberships & Publ.	1,988	3,558	3,500	3,500	-	0.00%
Postage	140	74	1,000	1,000	-	0.00%
Miscellaneous	2,145	5,429	6,000	6,500	500	8.33%
Insurance Loss-Reim of Deduct	2,525	4,442	2,000	2,000	-	0.00%
Total Fire	\$ 7,041,104	\$ 7,779,758	\$ 8,372,100	\$ 8,875,309	\$ 503,209	6.01%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
Capital Outlay						
Computer Hardware	\$ 24,409	\$ 9,768	\$ 47,600	\$ 47,600	-	0.00%
Computer Software	2,870	6,244	15,000	15,000	-	0.00%
Server/Switch blades	83,323	-	98,500	71,600	(26,900)	-27.31%
Web Site Maintenance	22,927	2,863	20,000	5,000	(15,000)	-75.00%
Environmental/Infrastructure	-	30,920	15,750	17,325	1,575	10.00%
Security System	-	67,718	45,000	250,000	205,000	455.56%
Wireless WOG/Tanners/FB3	-	-	47,800	-	(47,800)	-100.00%
VEEAM Backup	37,950	-	-	-	-	0.00%
Project Labor	7,274	13,828	36,500	36,500	-	0.00%
Disaster Recovery System	-	-	35,640	5,000	(30,640)	-85.97%
Watchguard Upgrade	-	-	-	29,000	29,000	100.00%
Broadcast Pix Upgrade	-	-	-	18,000	18,000	100.00%
Mitel Connect Upgrade	-	-	-	16,500	16,500	100.00%
Microsoft Exchange Upgrade	-	-	-	17,000	17,000	100.00%
Office Furniture	-	-	12,000	-	(12,000)	-100.00%
Routers	-	-	19,500	15,000	(4,500)	100.00%
POS Aquatic Center/Golf	32,544	-	-	-	-	0.00%
Time Clock Plus Software	-	54,560	-	-	-	0.00%
Open.Gov Software	-	-	25,000	-	(25,000)	-100.00%
Audio Visual Rooms A, B and C	-	87,583	-	-	-	0.00%
Conference Room Upgrades	-	18,482	-	-	-	0.00%
Lobby Message Boards	-	15,500	-	-	-	0.00%
Copier/Printer	-	7,749	10,000	10,000	-	0.00%
Disab. Committee Expend.	760	-	2,000	2,000	-	0.00%
Municipal Building Alteration	78,601	15,871	20,000	20,000	-	0.00%
Mowers	10,000	9,199	11,000	12,000	1,000	9.09%
Major Equipment PS	57,868	17,404	46,000	46,000	-	0.00%
Office Furniture	6,090	2,358	5,000	5,000	-	0.00%
Special Projects - Parks	160,530	248,619	405,000	300,000	(105,000)	-25.93%
Replacement Equip - Parks	30,550	27,888	35,000	35,000	-	0.00%
Street Striping	88,226	90,212	105,000	125,000	20,000	19.05%
Wheel Balancer	-	10,815	-	-	-	0.00%
Mobile Column Lift	-	40,000	-	-	-	0.00%
One-Ton Dump	-	33,846	123,000	95,000	(28,000)	-22.76%
Two-Ton Dump	144,570	-	-	190,000	190,000	0.00%
Truck - 4x4 Pickup	45,507	43,977	30,000	31,000	1,000	3.33%
Street Sweeper	-	-	-	250,000	250,000	100.00%
Technology and Software	-	-	-	40,000	40,000	100.00%
Automatic Gate-Tanners	-	-	-	30,000	30,000	100.00%
Staff car	23,413	79,953	-	-	-	0.00%
Project Sign Upgrade	14,106	-	-	-	-	0.00%
Project-Gov't Center Irrigation	15,340	-	-	-	-	0.00%
Project-Tanners Fuel Tanks	7,746	-	-	-	-	0.00%
Project-Mall Road Traffic Study	30,098	-	-	-	-	0.00%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
Capital Outlay-Continued						
Project-Annual Street Project	\$ 383,415	\$ 416,797	\$ 400,000	\$ 500,000	\$ 100,000	25.00%
Skid Steer	-	-	45,000	-	(45,000)	-100.00%
Tire Rim Changer	-	-	17,500	-	(17,500)	-100.00%
Rock Drill	-	-	15,000	-	(15,000)	-100.00%
Concrete Breaker	-	-	14,000	-	(14,000)	-100.00%
Portable Stage	-	-	12,000	-	(12,000)	-100.00%
Tanners Master Plan	322,741	140	-	-	-	0.00%
Urban Forest Commission	68,495	86,468	70,000	70,000	-	0.00%
Major Equipment PD	7,973	20,998	12,250	12,250	-	0.00%
Cruiser Equipment	46,111	61,160	98,000	132,450	34,450	35.15%
Police Cruisers	226,616	206,093	262,000	325,000	63,000	24.05%
Radios	-	-	1,500	1,500	-	0.00%
Firearms	15,484	3,003	5,000	5,000	-	0.00%
JAG	11,193	-	10,000	10,000	-	0.00%
Major Equipment FD	21,617	9,862	-	-	-	0.00%
Ambulance	189,748	-	230,000	-	(230,000)	-100.00%
Compression Devices	-	-	57,000	-	(57,000)	-100.00%
Bunker gear	-	-	65,000	55,000	(10,000)	-15.38%
SCBA Replacement	-	328,819	-	90,000	90,000	100.00%
Office/Station Furniture	4,694	3,392	3,000	3,000	-	0.00%
Engine	-	-	650,000	-	(650,000)	-100.00%
Fire Equipment	-	-	-	75,000	75,000	0.00%
Staff Car	26,349	-	35,000	80,000	45,000	100.00%
State Office Building-2008	161,655	158,295	159,950	161,100	1,150	0.72%
Aquatic Ctr/Skate Park-2010	429,119	428,969	428,500	431,700	3,200	0.75%
Baseball Park-2011/2012	375,501	365,951	371,150	371,400	250	0.07%
Government Center 2005	578,750	579,050	581,925	579,700	(2,225)	-0.38%
City Enhancement	173,451	52,196	150,000	150,000	-	0.00%
Mali Road Public Services Plaza	113,712	452,149	115,000	-	(115,000)	-100.00%
Stadium Improvements	111,821	225,265	680,000	600,000	(80,000)	-11.76%
Shelving/Archives for Vault	8,970	-	75,000	-	(75,000)	-100.00%
Lighting Upgrade	-	806,581	31,000	-	(31,000)	-100.00%
Radios	-	-	900,000	-	(900,000)	-100.00%
Main Street/Turfway	11,970	66,035	130,000	-	(130,000)	-100.00%
Demolition Project	17,762	643,791	-	-	-	-100.00%
Building/Equipment Replacement	-	130,885	175,000	175,000	-	0.00%
Main Street	-	-	60,500	-	(60,500)	-100.00%
Rosetta Master Plan	127,899	3,449,413	1,200,000	-	(1,200,000)	-100.00%
Kentaboo Construction Plan	-	63,966	2,050,000	-	(2,050,000)	-100.00%
Main Street Parking Lot	-	-	30,000	-	(30,000)	-100.00%
KY 18 Overpass	-	-	650,000	-	(650,000)	-100.00%
Southfork Frisbee Golf	-	7,254	12,000	-	(12,000)	-100.00%
Property Purchases	-	4,600	340,000	-	(340,000)	-100.00%
Signage Boone Tennis Courts	-	13,000	-	-	-	0.00%
Tanner Facility Structure	-	-	750,000	-	(750,000)	-100.00%

Tanner/Ewing Corner	-	-	1,000,000	-	(1,000,000)	-100.00%
Office Space Renovations	-	-	625,000	-	(625,000)	-100.00%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
Capital Outlay-Continued						
Workout Room Equipment	-	-	27,000	-	(27,000)	-100.00%
Mall Rd/Cayton/Connector	-	-	-	125,000	125,000	100.00%
Main Street Revitalization	-	-	-	1,000,000	1,000,000	100.00%
Police Renovation	-	-	-	50,000	50,000	100.00%
US 42 Widening	-	-	750,000	-	(750,000)	-100.00%
Mall Road NB Turn Lane	-	-	375,000	-	(375,000)	-100.00%
Nature Park Master Plan	13,776	461,902	2,200,000	-	(2,200,000)	-100.00%
Total Capital Outlay	\$ 4,373,524	\$ 9,981,391	\$ 17,079,565	\$ 6,737,625	\$ (10,341,940)	-60.55%
Other Agencies						
Senior Center	\$ 103,353	\$ 95,155	\$ 100,000	\$ 100,000	\$ -	0.00%
Planning Commission	315,000	322,000	330,000	340,000	10,000	3.03%
Total Other Agencies	\$ 418,353	\$ 417,155	\$ 430,000	\$ 440,000	\$ 10,000	2.33%
Total General Fund	\$ 25,751,334	\$ 33,600,044	\$ 43,101,585	\$ 33,822,436	\$ (9,279,129)	-21.53%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
201 Municipal Aid/LGEA						
Bank Service Charges	\$ 173	\$ -	\$ 200	\$ 200	\$ -	0.00%
Street Materials	229,941	169,905	235,000	235,000	-	0.00%
Resurfacing Projects	239,623	142,811	250,000	405,000	155,000	62.00%
Snow Removal	44,546	151,951	195,000	140,000	(55,000)	-28.21%
Total Municipal Aid/LGEA	\$ 514,283	\$ 464,667	\$ 680,200	\$ 780,200	\$ 100,000	14.70%

204 Asset Forfeiture

Bank Service Charges	\$ 218	\$ -	\$ 200	\$ 200	\$ -	0.00%
Miscellaneous	70,324	136,224	316,000	436,000	120,000	37.97%
Total Asset Forfeiture	\$ 70,542	\$ 136,224	\$ 316,200	\$ 436,200	\$ 120,000	37.95%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
205 Aquatic Center						
Bank Service Charges	\$ 6,320	\$ 3,998	\$ 7,000	\$ 5,000	(2,000)	-28.57%
Management Contract	315,000	326,350	325,000	330,000	5,000	1.54%
Supplies	1,770	2,002	2,000	2,000	-	0.00%
Utilities-Electric	47,319	47,288	50,000	50,000	-	0.00%
Utilities-Water	28,331	24,285	30,000	28,000	(2,000)	-6.67%
Utilities-Sewer	1,902	5,894	7,000	6,000	(1,000)	-14.29%
Repairs and Maintenance	47,036	48,083	50,000	50,000	-	0.00%
Telephone	599	653	700	700	-	0.00%
Miscellaneous	2,985	2,169	5,000	3,000	(2,000)	-40.00%
Annual Replacement Costs	62,803	23,340	200	200	-	0.00%
Refunds/Shortages	12	57	40,000	25,000	(15,000)	-37.50%
Pool Liner	-	189,391	80,000	65,000	(15,000)	-18.75%
Total Aquatic Center	\$ 514,077	\$ 673,510	\$ 596,900	\$ 564,900	-32,000	-5.36%

203 Infrastructure Fund

Highway Street Repairs	\$ 1,117,342	\$ 963,015	\$ 1,250,000	\$ 1,300,000	50,000	4.00%
Sidewalk Construction	114,789	115,000	125,000	140,000	15,000	12.00%
Storm Sewer Improvements	474,425	403,698	480,000	485,000	5,000	1.04%
Bosch Infrastructure Improvement	339,501	119,792	-	-	-	0.00%
Mall Road Infrastructure	1,568,798	12,506	272,495	-	(272,495)	0.00%
Weaver Road Sidewalks	-	-	-	500,000	500,000	100.00%
Total Infrastructure	\$ 3,614,855	\$ 1,614,011	\$ 2,127,495	\$ 2,425,000	297,505	13.98%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
501 Golf Course						
Clubhouse wages	\$ 125,847	\$ 101,160	\$ 90,000	\$ 105,000	\$ 15,000	16.67%
Food and beverage Wages	27,247	31,717	40,000	40,000	-	0.00%
Course Maintenance Wages	96,350	108,181	100,000	100,000	-	0.00%
Putt Putt Wages	6,159	4,812	13,000	5,000	(8,000)	-61.54%
Management Wages	32,957	58,305	60,000	50,000	(10,000)	-16.67%
Junior League Wages	2,160	1,572	10,000	4,000	(6,000)	-60.00%
FICA	23,527	24,562	24,000	23,256	(744)	-3.10%
Health Insurance	1,554	3,963	3,600	2,000	(1,600)	-44.44%
Workers Compensation	7,459	5,543	6,000	7,000	1,000	16.67%
Unemployment Insurance	3,964	4,110	6,000	5,000	(1,000)	-16.67%
Legal Fees	-	-	1,000	1,000	-	0.00%
Accounting/Auditing Fees	3,500	3,500	3,500	3,500	-	0.00%
Bank Service Charges	35,983	35,636	38,000	38,000	-	0.00%
Private Lessons	36,142	36,900	35,000	35,000	-	0.00%
Group Lessons	18,480	17,192	18,000	18,000	-	0.00%
Grounds Contractual	9,452	6,830	5,000	6,000	1,000	20.00%
Management Fee	43,456	44,369	45,000	46,000	1,000	2.22%
Advertising	8,955	10,347	10,000	9,000	(1,000)	-10.00%
Cable TV/Music	4,005	3,910	4,000	4,000	-	0.00%
Janitorial Supplies	7,728	3,917	6,000	5,500	(500)	-8.33%
Office Supplies	1,945	1,523	4,500	3,500	(1,000)	-22.22%
Motor Fuels	9,527	8,914	9,500	9,500	-	0.00%
Licenses and Fees	3,500	3,851	5,000	5,000	-	0.00%
Equipment Expense	-	454	2,000	5,000	3,000	150.00%
Fertilizer	6,447	(1,223)	9,500	9,500	-	0.00%
Uniforms	355	693	2,000	2,000	-	0.00%
Golf Course Supplies	11,817	9,003	12,000	10,000	(2,000)	-16.67%
Miniature Golf Supplies	4,365	3,740	4,000	4,000	-	0.00%
Pro Shop Supplies	2,161	1,522	3,000	2,000	(1,000)	-33.33%
Range Supplies	30,630	22,624	25,000	25,000	-	0.00%
Fungicides/Herbicides	18,757	23,777	15,000	23,000	8,000	53.33%
Golf Simulator Supplies	1,957	2,206	7,500	6,500	(1,000)	-13.33%
Maintenance Shop Supplies	6,173	8,830	2,000	3,000	1,000	50.00%
Food and Beverage Supplies	8,240	8,842	7,000	7,000	-	0.00%
Foot Golf Supplies	454	1,761	-	-	-	0.00%
Utilities - Electric	46,826	45,039	55,000	45,000	(10,000)	-18.18%
Utilities - Water	7,686	6,775	8,000	6,000	(2,000)	-25.00%
Utilities - Sewer	4,823	5,343	7,000	6,000	(1,000)	-14.29%
Local Telephone Service	6,482	6,660	7,500	6,500	(1,000)	-13.33%
Equipment Rental	6,973	6,164	6,000	6,000	-	0.00%
Liability Insurance	20,140	17,360	17,000	19,000	2,000	11.76%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
Golf Course Cont'd						
Training & Travel	\$ 2,615	\$ 1,954	\$ 4,000	\$ 2,500	(1,500)	-37.50%
Equipment Repairs & Maintenan	11,098	18,286	10,000	10,000	-	0.00%
Repairs and Maintenance	10,684	11,732	15,000	12,000	(3,000)	-20.00%
Building Maintenance	23,374	15,848	20,000	23,000	3,000	15.00%
Course Maintenance Supplies	5,323	15,206	6,000	6,000	-	0.00%
Course Maintenance Other	43,085	34,450	45,000	15,000	(30,000)	-66.67%
Irrigation and Drainage	14,695	9,186	12,000	10,000	(2,000)	-16.67%
Cart Repairs	2,044	4,340	2,000	2,000	-	0.00%
Club Repairs	1,981	79	3,000	3,000	-	0.00%
Prof. Memberships & Publ.	6,694	9,090	8,000	8,000	-	0.00%
Postage	623	290	1,000	1,000	-	0.00%
Miscellaneous	6,378	5,905	8,000	8,000	-	0.00%
Cash Over/Short	236	(40)	100	100	-	0.00%
Food COGS	14,386	15,518	20,000	12,500	(7,500)	-37.50%
Beer COGS	19,243	21,049	18,000	17,000	(1,000)	-5.56%
Soft Drink COGS	9,541	4,378	8,000	5,000	(3,000)	-37.50%
Pro Shop COGS	99,896	112,105	80,000	90,000	10,000	12.50%
Foot Golf COGS	99	17	500	500	-	0.00%
Fountain Drinks COGS	2,867	6,336	6,000	6,000	-	0.00%
Liquor/Wine COGS	525	739	500	1,000	500	100.00%
Depreciation Expense	240,093	238,468	280,000	280,000	-	0.00%
Loss on Disposal	-	1,471	-	-	-	0.00%
Interest Expense	12,469	-	-	-	-	0.00%
Amort of Loss on Defeasance	27,889	-	-	-	-	0.00%
Amort of Bond Issue Costs	4,107	-	-	-	-	0.00%
Amort Bond Discount	700	-	-	-	-	0.00%
Total Golf Course	\$ 1,254,828	\$ 1,216,791	\$ 1,273,700	\$ 1,223,356	\$ (50,344)	-3.95%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
503 Water and Sewer						
Administration Department						
Administrative salaries	\$ 224,225	\$ 249,357	\$ 270,000	\$ 270,000	-	0.00%
Education Incentive	363	346	350	350	-	0.00%
Temporary Employees	-	-	1,000	1,000	-	0.00%
Overtime	173	198	500	500	-	0.00%
F.I.C.A.	16,409	18,743	21,000	21,000	-	0.00%
Non-Hazardous	27,759	95,326	58,500	65,200	6,700	11.45%
Deferred Comp	8,011	8,246	10,000	10,000	-	0.00%
Health	54,220	53,550	63,000	60,000	(3,000)	-4.76%
Insurance-Dental	2,669	2,717	3,500	3,000	(500)	-14.29%
Group Life Insurance	422	390	500	500	-	0.00%
Long Term Disability	775	807	825	825	-	0.00%
Workers Compensation	-	-	3,300	3,000	(300)	-9.09%
Unemployment	-	-	10,000	10,000	-	0.00%
Employee Health Programs	714	714	750	750	-	0.00%
Legal fees	12,152	9,712	17,550	13,000	(4,550)	-25.93%
Audit Fees	4,000	4,000	4,000	4,000	-	0.00%
Bank Service Charges	55,598	60,031	55,000	60,300	5,300	9.64%
Administrative Expense	90,000	90,000	90,000	90,000	-	0.00%
Modeling Fees	3,012	4,965	2,000	5,000	3,000	150.00%
Planning/Zoning Comm	32,000	32,084	33,000	33,000	-	0.00%
Community relations	-	-	1,000	-	(1,000)	-100.00%
Hiring Expense	-	-	500	500	-	0.00%
Advertising	-	-	1,000	500	(500)	-50.00%
Community Service Program	5,189	3,874	6,000	5,000	(1,000)	-16.67%
Office Supplies	3,223	4,006	5,500	5,000	(500)	-9.09%
Utilities	2,277	1,576	2,500	2,500	-	0.00%
Telephone Service	11,242	12,332	12,000	12,500	500	4.17%
Rent	6,622	6,622	7,000	7,000	-	0.00%
Maintenance Agreements	18,316	18,928	22,000	20,000	(2,000)	-9.09%
Insurance and Bonds	48,857	48,004	51,000	51,000	-	0.00%
Travel/Training/Seminars	187	1,089	2,000	2,000	-	0.00%
Postage	20,212	20,825	21,000	21,500	500	2.38%
Miscellaneous	6,193	6,795	6,000	7,000	1,000	16.67%
Total Administration	\$ 654,820	\$ 755,237	\$ 782,275	\$ 785,925	\$ 3,650	0.47%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
Sanitary Sewer Department						
Sanitary Sewer Salaries	\$ 542,667	\$ 524,272	\$ 565,000	\$ 525,000	\$ (40,000)	-7.08%
Education Incentive	146	17	-	-	-	0.00%
Temporary Employees	3,201	2,788	10,000	10,000	-	0.00%
Overtime	23,274	21,710	30,000	27,000	(3,000)	-10.00%
F.I.C.A.	41,507	38,648	47,000	43,000	(4,000)	-8.51%
Non-Hazardous	68,810	200,471	130,000	133,000	3,000	2.31%
Deferred Comp	26,975	20,678	25,000	19,000	(6,000)	-24.00%
Health	139,200	134,000	140,000	130,000	(10,000)	-7.14%
Dental	7,754	7,150	8,500	7,500	(1,000)	-11.76%
Group Life Insurance	1,117	914	1,500	1,500	-	0.00%
Long Term Disability	1,787	1,701	2,000	2,000	-	0.00%
Workers' Compensation	10,062	9,931	12,500	16,000	3,500	28.00%
Unemployment	-	-	10,000	10,000	-	0.00%
Employee Health programs	714	714	1,000	1,000	-	0.00%
Uniforms	7,823	8,939	12,000	12,000	-	0.00%
Sub Contract Maintenance	80,062	73,723	76,000	76,000	-	0.00%
Infiltration Program	28,672	42,595	75,000	75,000	-	0.00%
Hiring Expense	-	-	1,000	1,000	-	0.00%
Chemical Supplies	48,106	48,406	50,000	50,000	-	0.00%
Office Supplies	2,658	2,079	3,000	3,000	-	0.00%
Safety Supplies	7,614	8,832	7,000	7,000	-	0.00%
Motor Fuels	20,958	30,287	33,000	33,000	-	0.00%
Small Tools	6,461	4,551	5,000	5,000	-	0.00%
Electric	30,519	35,426	33,000	33,000	-	0.00%
Telephone	9,126	6,979	10,000	10,000	-	0.00%
Rent	6,655	6,622	7,000	7,000	-	0.00%
Training/Travel/Seminars	3,926	5,316	8,500	8,500	-	0.00%
Equipment Maintenance	44,899	36,364	46,000	49,000	3,000	6.52%
Building Maintenance	1,267	5,949	4,500	4,500	-	0.00%
Lift Station Maintenance	32,645	28,461	35,000	35,000	-	0.00%
Reimb of Deductible	3,500	16,395	4,000	4,000	-	0.00%
Total Sanitary Sewer	\$ 1,202,105	\$ 1,323,918	\$ 1,392,500	\$ 1,338,000	\$ (54,500)	-3.91%

ACCOUNT TITLE	Audit 2016-2017	Audit 2017-2018	Budget 2018-2019	Budget 2019-2020	Change From Prior Year	Percent Change
Water Department						
Water Salaries	\$ 483,546	\$ 525,872	\$ 510,000	\$ 582,000	\$ 72,000	14.12%
Education Incentive	1,091	252	300	300	-	0.00%
Temporary Employee	1,520	717	8,000	8,000	-	0.00%
Overtime	33,299	41,128	30,000	33,000	3,000	10.00%
F.I.C.A.	38,346	41,160	42,000	48,000	6,000	14.29%
Non-Hazardous	61,300	209,745	118,000	148,000	30,000	25.42%
Deferred Comp	19,292	13,353	15,000	11,000	(4,000)	-26.67%
Health	119,608	115,725	118,000	135,000	17,000	14.41%
Dental	7,150	7,150	8,000	8,000	-	0.00%
Insurance-Group Life	1,023	967	1,100	1,100	-	0.00%
Long Term Disability	1,464	1,677	1,800	1,800	-	0.00%
Workers' Compensation	10,547	9,865	13,000	17,000	4,000	30.77%
Unemployment	-	-	10,000	10,000	-	0.00%
Employee Health Programs	714	714	1,000	1,000	-	0.00%
Uniforms	7,703	6,665	8,000	8,000	-	0.00%
Water Purchases	3,529,288	3,881,319	4,300,000	4,150,000	(150,000)	-3.49%
Server Hosting Contract Mueller	29,020	29,020	35,000	30,000	(5,000)	-14.29%
Hiring Expenses	-	-	1,000	1,000	-	0.00%
Lab Testing	14,809	23,287	18,000	18,000	-	0.00%
Office Supplies	2,667	1,705	3,000	3,000	-	0.00%
Safety Supplies	5,584	2,490	5,000	5,000	-	0.00%
Motor Fuels	17,276	27,188	30,000	30,000	-	0.00%
Small Tools	4,822	4,983	5,000	5,000	-	0.00%
Electric	11,436	9,959	12,000	11,000	(1,000)	-8.33%
Telephone	6,306	6,852	7,000	7,000	-	0.00%
Rent	6,622	6,622	7,000	7,000	-	0.00%
Training	5,352	6,824	8,000	8,000	-	0.00%
Equipment Maintenance	27,978	21,980	30,000	30,000	-	0.00%
Building maintenance	996	2,710	4,000	4,000	-	0.00%
Meter Repair Maintenance	159,998	167,406	175,000	178,000	3,000	1.71%
Reimb of Deductible	5,660	-	5,000	5,000	-	0.00%
Total Water	\$ 4,614,417	\$ 5,167,335	\$ 5,529,200	\$ 5,504,200	\$ (25,000)	-0.45%
Depreciation	1,552,798	1,652,302	1,600,000	1,650,000	50,000	3.13%
Loss on Disposal	13,926	-	-	-	-	0.00%
Total Depreciation	\$ 1,566,724	\$ 1,652,302	\$ 1,600,000	\$ 1,650,000	\$ 50,000	3.13%
Interest/Amortization						
Interest Expense	30,207	26,169	30,000	30,000	-	0.00%
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%
Total Interest/Amortization	\$ 56,103	\$ 52,065	\$ 55,899	\$ 55,899	\$ -	0.00%
Total Water and Sewer	\$ 8,094,169	\$ 8,950,857	\$ 9,359,874	\$ 9,334,024	\$ (25,850)	-0.28%

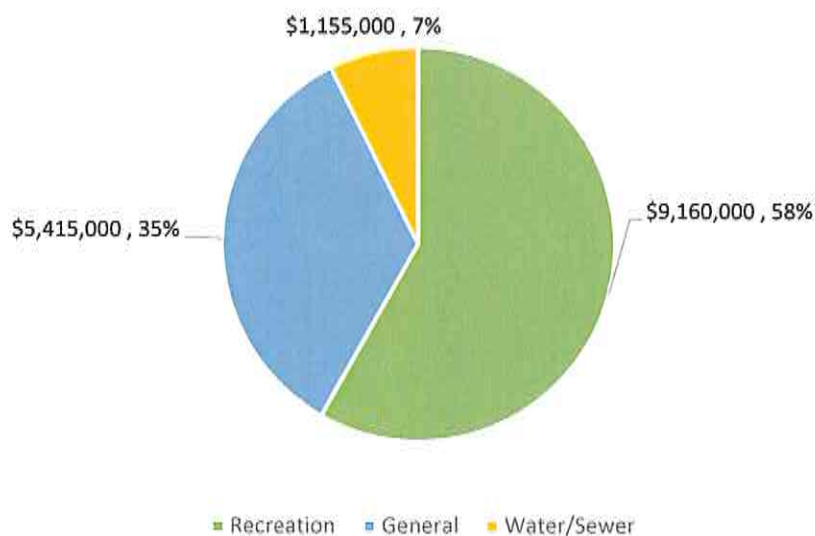
Summary of Outstanding Debt

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 fund balance. All debt service issues were refunded during the period of 2008 thru 2015 to reduce interest rates on each bond issue along with the annual debt service costs.

The City of Florence has issued debt to fund major capital improvement projects. Total bonds outstanding at June 30, 2019 are as follows:

Bonds Payable

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Aquatic center and skate park projects(Series 2010)	2.00-3.875%	\$ 4,750,000
Land-Series 2011 refunding	2.00-3.375%	2,455,000
Land-Series 2012 refunding	2.00-3.80%	1,955,000
General obligation refunding Government Center(Series 2015)	1.00-2.50%	4,205,000
Public project refunding Sate Office Building(Series 2008B)	3.20-4.00%	1,210,000
		<u>\$ 14,575,000</u>
Proprietary Fund Debt		
Water and Sewer System	1.45-2.50%	1,155,000
		<u>\$ 1,155,000</u>



Future Debt Service Requirements

The following is a schedule of future debt service requirements to maturity at June 30, 2019 for bonds general activities and for business activities. All debt service annual payments are paid for with current year resources.

The City's general long-term debt service requirements to maturity at June 30, 2019, are as follows:

Fiscal Year June 30,	2010 GO Bonds		2011 GO Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 275,000	\$ 156,625	\$ 135,000	\$ 67,506
2021	280,000	148,644	140,000	64,756
2022	295,000	140,019	140,000	61,956
2023	300,000	131,094	150,000	58,775
2024	310,000	121,944	150,000	55,213
2025-2029	1,700,000	451,949	805,000	212,632
2030-2034	1,590,000	135,164	935,000	79,841
Total Debt Service	\$ <u>4,750,000</u>	\$ <u>1,285,439</u>	\$ <u>2,455,000</u>	\$ <u>600,679</u>

Fiscal Year June 30,	2008B GO Bonds		2015 GO Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 115,000	\$ 46,085	\$ 490,000	\$ 89,650
2021	120,000	42,060	500,000	79,850
2022	120,000	37,860	510,000	69,850
2023	125,000	33,420	515,000	59,650
2024	135,000	28,795	530,000	55,350
2025-2028	595,000	60,800	1,660,000	72,825
Total Debt Service	\$ <u>1,210,000</u>	\$ <u>249,020</u>	\$ <u>4,205,000</u>	\$ <u>427,175</u>

Fiscal Year June 30,	2012 GO Bonds	
	Principal	Interest
2020	\$ 105,000	\$ 63,833
2021	105,000	60,945
2022	110,000	57,720
2023	110,000	54,420
2024	115,000	51,045
2025-2029	640,000	199,740
2030-2034	770,000	75,080
Total Debt Service	\$ <u>1,955,000</u>	\$ <u>562,783</u>

The City's proprietary fund debt service requirements to maturity at June 30, 2019 are as follows:

Fiscal Year June 30,	2012 Water and Sewer System	
	Principal	Interest
2020	\$ 225,000	\$ 20,754
2021	230,000	17,455
2022	225,000	13,539
2023	235,000	8,644
2024	<u>240,000</u>	<u>3,000</u>
Total Debt Service \$	<u>1,155,000</u>	<u>\$ 63,392</u>

Changes in Long-Term Debt

During the year ended June 30, 2019, the following changes occurred in liabilities reported in the general long-term debt:

	June 30, 2018	Additions	Retirements	June 30, 2019	Amounts Due Within One Year
Compensated absences	\$ 541,672	\$ 1,073,174	\$ (1,064,536)	\$ 550,310	\$ 900,000
Bonds payable:					
Series 2008B	1,320,000	-	(110,000)	1,210,000	115,000
Series 2010	5,015,000	-	(265,000)	4,750,000	275,000
Series 2011	2,590,000	-	(135,000)	2,455,000	135,000
Series 2012	2,055,000	-	(100,000)	1,955,000	105,000
Series 2015	4,690,000	-	(485,000)	4,205,000	490,000
Totals	<u>\$ 16,211,672</u>	<u>\$ 1,073,174</u>	<u>\$ (2,159,536)</u>	<u>\$ 15,125,310</u>	<u>\$ 2,020,000</u>

Changes in Business-Type Long-Term Liabilities

Long-term liability activity for business-type activities for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Retired	Balance June 30, 2019	Amounts Due Within One Year
Bonds payable-water/sewer	\$ 1,375,000	\$ -	\$ (220,000)	\$ 1,155,000	\$ 225,000
Compensated absences	42,074	71,551	(84,190)	29,435	100,000
	<u>\$ 1,417,074</u>	<u>\$ 71,551</u>	<u>\$ (304,190)</u>	<u>\$ 1,184,435</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 2020.

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 \$15.7 million is well below the 10% calculation of \$292 million as stated below for the year ended June 30, 2019.

Legal Debt Margin Calculation

Taxable assessed value	\$ <u>3,070,671,199</u>
Debt limit(10% for total taxable assessed value)	<u>307,067,120</u>
Debt applicable to limit:	
General obligation bonds	14,575,000
Less: amount set aside for repayment general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>14,575,000</u>
Legal debt margin	\$ <u><u>292,492,120</u></u>

Debt Service Payments

	<u>Actual</u> <u>2016-2017</u>	<u>Actual</u> <u>2017-2018</u>	<u>Amended</u> <u>Budget</u> <u>2018-2019</u>	<u>Budget</u> <u>2019-2020</u>
General Fund:				
Debt Service	\$ <u>1,546,290</u>	\$ <u>1,532,265</u>	\$ <u>1,541,525</u>	\$ <u>1,543,700</u>
	<u>Actual</u> <u>2016-2017</u>	<u>Actual</u> <u>2017-2018</u>	<u>Projected</u> <u>2018-2019</u>	<u>Projected</u> <u>2019-2020</u>
Water and Sewer Fund:				
Debt Service	\$ <u>245,324</u>	\$ <u>247,170</u>	\$ <u>243,980</u>	\$ <u>245,754</u>

Debt service Schedule

On the following page, the future debt service payments for the City's general Fund appears. The City's operating budget will be affected by the ongoing debt service payments until September of 2033 when the last debt issue will be retired. Cash flow will be increased, however, when the 2008B bond issue is retired in June 2028 and the 2015 bond issue is retired in June 2027.

1.00-2.5%				2.00-3.875%		2.00-3.3.75%		2.00-3.80%							
Original 1997 PPC Bonds Refunded 2005 GO Bonds Series 2015 Gov't Ctr Bldg		Original 1998 PPC Bonds Series 2008B State Office Bldg		Original 2002A GO Bonds Series 2010 Aquatic/Skate Park		Original 2003A GO Bonds Series 2011 Freedom		Original 2003B GO Bonds Series 2012 Taxable Freedom		Bond Totals					
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Fiscal Year	
12/1/2017	52,025.00	12/1/2017	26,647.50	11/1/2017	260,000.00	9/1/2017	37,078.13	9/1/2017	95,000.00	485,000.00	236,057.51			-	
6/1/2018	475,000.00	6/1/2018	26,647.50	5/1/2018	83,184.38	3/1/2018	35,778.13	3/1/2018	33,572.50	500,000.00	231,207.51	1,532,265.02			
12/1/2018	48,462.50	12/1/2018	24,967.50	11/1/2018	265,000.00	9/1/2018	35,778.13	9/1/2018	100,000.00	500,000.00	225,965.01				
6/1/2019	485,000.00	6/1/2019	24,967.50	5/1/2019	80,203.13	3/1/2019	34,428.13	3/1/2019	32,572.50	595,000.00	220,633.76	1,541,598.77			
12/1/2019	44,825.00	12/1/2019	23,042.50	11/1/2019	275,000.00	9/1/2019	34,428.13	9/1/2019	105,000.00	515,000.00	215,071.26				
6/1/2020	490,000.00	6/1/2020	23,042.50	5/1/2020	76,421.88	3/1/2020	33,078.13	3/1/2020	31,260.00	605,000.00	208,627.51	1,543,698.77			
12/1/2020	39,925.00	12/1/2020	21,030.00	11/1/2020	280,000.00	9/1/2020	33,078.13	9/1/2020	105,000.00	525,000.00	201,715.01				
6/1/2021	500,000.00	6/1/2021	21,030.00	5/1/2021	72,221.88	3/1/2021	31,678.13	3/1/2021	29,685.00	620,000.00	194,540.01	1,541,255.02			
12/1/2021	34,925.00	12/1/2021	18,930.00	11/1/2021	295,000.00	9/1/2021	31,678.13	9/1/2021	110,000.00	545,000.00	187,440.01				
6/1/2022	510,000.00	6/1/2022	18,930.00	5/1/2022	67,796.88	3/1/2022	30,278.13	3/1/2022	28,035.00	630,000.00	179,965.01	1,542,405.02			
12/1/2022	29,825.00	12/1/2022	16,710.00	11/1/2022	300,000.00	9/1/2022	30,278.13	9/1/2022	110,000.00	560,000.00	172,645.01				
6/1/2023	515,000.00	6/1/2023	16,710.00	5/1/2023	63,296.88	3/1/2023	28,496.88	3/1/2023	26,385.00	640,000.00	164,713.76	1,537,359.77			
12/1/2023	24,675.00	12/1/2023	14,397.50	11/1/2023	310,000.00	9/1/2023	28,496.88	9/1/2023	115,000.00	575,000.00	157,251.26				
6/1/2024	530,000.00	6/1/2024	14,397.50	5/1/2024	58,646.88	3/1/2024	26,715.63	3/1/2024	24,660.00	665,000.00	149,095.01	1,546,346.27			
12/1/2024	19,043.75	12/1/2024	11,900.00	11/1/2024	320,000.00	9/1/2024	26,715.63	9/1/2024	120,000.00	595,000.00	140,966.26				
6/1/2025	540,000.00	6/1/2025	11,900.00	5/1/2025	53,646.88	3/1/2025	24,681.25	3/1/2025	22,860.00	680,000.00	132,131.88	1,548,098.14			
12/1/2025	13,306.25	12/1/2025	9,100.00	11/1/2025	330,000.00	9/1/2025	24,681.25	9/1/2025	125,000.00	610,000.00	123,594.38				
6/1/2026	555,000.00	6/1/2026	9,100.00	5/1/2026	48,284.38	3/1/2026	22,646.88	3/1/2026	20,797.50	700,000.00	114,135.01	1,547,729.39			
12/1/2026	7,062.50	12/1/2026	6,200.00	11/1/2026	335,000.00	9/1/2026	22,646.88	9/1/2026	125,000.00	620,000.00	104,991.26				
6/1/2027	565,000.00	6/1/2027	6,200.00	5/1/2027	42,840.63	3/1/2027	20,246.88	3/1/2027	18,735.00	715,000.00	95,085.01	1,535,076.27			
		12/1/2027	3,200.00	11/1/2027	350,000.00	9/1/2027	20,246.88	9/1/2027	135,000.00	650,000.00	85,022.51				
		6/1/2028	3,200.00	5/1/2028	36,715.63	3/1/2028	17,771.88	3/1/2028	16,507.50	660,000.00	74,195.01	969,217.52			
				11/1/2028	365,000.00	9/1/2028	17,771.88	9/1/2028	135,000.00	670,000.00	70,995.01				
				5/1/2029	30,328.13	3/1/2029	15,221.88	3/1/2029	14,280.00	-	59,830.01	800,825.02			
				11/1/2029	375,000.00	9/1/2029	15,221.88	9/1/2029	140,000.00	690,000.00	59,830.01				
				5/1/2030	23,296.88	3/1/2030	12,596.88	3/1/2030	11,870.00	-	47,863.76	797,693.77			
				11/1/2030	390,000.00	9/1/2030	12,596.88	9/1/2030	150,000.00	720,000.00	47,863.76				
				5/1/2031	15,984.38	3/1/2031	9,671.88	3/1/2031	9,120.00	-	34,776.26	802,640.02			
				11/1/2031	405,000.00	9/1/2031	9,671.88	9/1/2031	155,000.00	745,000.00	34,776.26				
				5/1/2032	8,137.50	3/1/2032	6,665.63	3/1/2032	6,175.00	-	20,378.13	800,754.39			
				11/1/2032	420,000.00	9/1/2032	6,665.63	9/1/2032	160,000.00	775,000.00	20,378.13				
						3/1/2033	3,375.00	3/1/2033	3,135.00	-	6,510.00	802,488.13			
						9/1/2033	3,375.00	9/1/2033	165,000.00	365,000.00	6,510.00	371,510.00			
GRAND TO	5,165,000.00	628,150.00	1,425,060.00	352,250.00	5,275,000.00	1,607,797.02	2,720,000.00	743,740.77	2,150,000.00	694,022.50	16,735,000.00	4,025,960.29	20,760,960.29		

Capital Improvement Program

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

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

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

General Fund

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

Per the following pages, the administration capital expenditures in the amount of \$553,525 are for reoccurring computer refreshes, security system and software upgrades and noted replacement/refreshes of switches and copiers. All of the administration expenditures are annual updates for aging IT infrastructure. The expenditures are an annual anticipated cost. The public services capital expenditures in the amount of \$1,751,000 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 automatic entry/exit gate at Tanner's in the amount of \$30,000. The police capital expenditures in the amount of \$486,200 planned reoccurring expenditures for the annual replacement of nine 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 fire capital expenditures in the amount of \$303,000 are planned replacements for bunker gear, SCBA equipment, vehicles and miscellaneous equipment needs. 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 City does not have any leases or loans.

The City Projects in the amount of \$2,100,000 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 \$600,000 are for the construction of a dry goods storage area, repairs to the upper deck due to water infiltration, LED parking lot upgrades, 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 will be budgeted in multiple fiscal years to follow. The initial phase will be the planned construction of a parking lot that will be designed and developed to hold multiple annual events. The expenditure for the police department renovation is for the initial engineering fees to plan and design the redo. The building/equipment replacement account in the amount of \$175,000 is for planned replacements of HVAC units, elevator controls, garage doors and water heater/boilers. The Mall/Cayton/Connector roads roundabout account in the amount of \$125,000 is for the initial engineering fees to design the street reconstruction.

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 \$405,000 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. The one new planned project for the Infrastructure fund is the \$500,000 for Weaver Road sidewalks. This is being done in conjunction with a State project that is constructing a jug handle at the Weaver Road and U.S. 42 highway. At the conclusion of this project it will be added to the sidewalk replacement schedule for maintenance in the future.

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 replacement of the evidence van is estimated at \$90,000, a new vehicle for the training officer in the amount of \$40,000, contracted services for \$30,000, a portable Xray scanner for \$26,000, a CDR reader for \$24,000 and a portion of the police department renovations in the amount of \$200,000.

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 \$1,317,000 are for slated water and sewer line replacements and equipment and vehicle replacements. There are no new projects planned for the upcoming fiscal year.

Significant Non-recurring Projects for FY 2020

The City is finishing the construction of a larger event center venue planned in the fiscal year 2019 budget. The cost of construction will be \$2.4 million. This will provide two options for the residents to hold functions locally. The City has finished performing the master plan for the Kentaboo Park. The constriction of this park along with the purchase of the property next to the planned park will take two years to complete at an estimated cost of \$2.0 million. This project was budgeted in fiscal year 2019 as well. The City has also been mandated to replace all department radios in accordance with the switch over to a new digital system. The cost for this will be approximately \$900,000. This is necessary due to the changing of technology and analog signals. The above listed projects will be completed between fiscal years 2019 and 2020. The above projects will likely have carryover funds from the budgeted 2019 amounts to the fiscal year 2020 budget after year-end.

The only significant project for fiscal year 2020 would be the revitalization of Main Street in the amount of \$1,000,000. As mentioned earlier this project will have multiple phases and will affect the year end excess over revenues in a negative way. This is not a project 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.

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 Asset Forfeiture office renovation in the amount of \$200,000 will not have any effect on upcoming budgets but the current year. 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, server blades, routers and switches for the routers 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 nine police cruiser 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.

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. This items usually enhance the vision and aesthetic of the City will negatively effecting the excess of revenues over expenditures.

All of the above budgeted projects for fiscal year 2020 in the General Fund, whether non-recurring or recurring, will be paid for using current year budgeted resources. The proposed fiscal year 2020 once again does not impact the unassigned fund balance, meaning all of the recommended projects included in the General Fund budget will be paid for with fiscal year 2020 operating revenues or funds previously set aside for capital projects. Next year's capital budget consists of 77.10% for new projects and 22.9% for payments on existing debt. Debt service obligations continue to be at an all-time low amount due to the refunding of all debt service obligations from 2008 thru 2015.

The fiscal year 2020 provides \$5.1 million for streets and community projects, \$3.0 million for City vehicles, equipment and technology upgrades and \$.5 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 2020 budget is \$11.3 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 2020 BUDGET
5100	Computer Hardware	\$ 47,600
5100	Computer Software	15,000
5100	Web Site Maintenance	5,000
5100	Environmental/Infrastructure	17,325
5100	Project Labor	36,500
5100	Security System	250,000
5100	Upgrade Disaster Recovery Batteries	5,000
5100	Replace HP Server Blades	71,600
5100	Upgrades-Watchguard/Broadcast/Mitel/Microsoft	80,500
5100	Replace Core Switches for Routers	15,000
5100	Copier	10,000
ADMINISTRATION		\$ 553,525
5200	Disab. Committee Expend.	\$ 2,000
5200	Municipal Building Alteration	20,000
5200	Mowers	12,000
5200	Major Equipment	46,000
5200	Office Furniture	5,000
5200	Special Projects - Parks	300,000
5200	Replacement Equipment - Parks	35,000
5200	Street Striping	125,000
5200	One Ton Dump Truck with Snow Equipment	95,000
5200	Street Sweeper	250,000
5200	F150 Pick Up Truck	31,000
5200	Two Ton Dump Truck	190,000
5200	Technology and Software	40,000
5200	Automatic Entry/Exit Gate - Tanner's	30,000
5200	Project- Miriam Drive	500,000
5200	Urban Forest Commission	70,000
PUBLIC SERVICES		\$ 1,751,000
5300	Major Equipment	\$ 12,250
5300	Cruiser Equipment	132,450
5300	Police Cruisers	325,000
5300	Radios	1,500
5300	JAG Grant	10,000
5300	Firearms	5,000
POLICE		\$ 486,200
5500	Major Equipment - Bunker Gear	\$ 55,000
5500	Staff Vehicles	80,000
5500	SCBA Replacement	90,000
5500	Miscellaneous Fire Equipment	70,000
5500	IC Sim	5,000
5500	Office/Station Furniture	3,000
FIRE		\$ 303,000
5700	Debt Service - State Office Building-2008	\$ 161,100
5700	Debt Service - Aquatic Ctr/Skate Park-2010	431,700
5700	Debt Service - Baseball Park-2011/2012	371,400
5700	Debt Service - Government Center 2005	579,700
DEBT SERVICE		\$ 1,543,900
5900	Special Project - City Enhancement	\$ 150,000
5900	Special Project - Stadium Improvements	600,000
5900	Special Project - Main Street Revitalization	1,000,000

(Continued)

5900	Special Project - Police Department Renovation	50,000
5900	Special Project - Building/Equipment Replacement	175,000
5900	Special Project - Mall Road/cayton/Connector Roundabout	125,000

CITY PROJECTS \$ 2,100,000

TOTAL GENERAL FUND \$ 6,737,625

MUNICIPAL AID (201)

Account Number	Account Description	FY 2020 BUDGET
201-5200-520-62-02	Resurfacing Projects	\$ 405,000
TOTAL MUNICIPAL FUND		<u>405,000</u>

INFRASTRUCTURE FUND (203)

203-5200-520-62-04	Highway/Street Repairs	\$ 1,300,000
203-5200-520-62-06	Sidewalk Replacement	140,000
203-5200-520-62-14	Storm Sewer Improvements	485,000
203-5200-520-62-07	Weaver Road Sidewalks	500,000

TOTAL INFRASTRUCTURE EXPENDITURES 2,425,000

ASSET FORFEITURE (204)

204-5300-530-59-01	Miscellaneous Expenditures	436,000
TOTAL ASSET FORFEITURE		<u>436,000</u>

WATER AND SEWER ENTERPRISE FUND(503)

SANITARY SEWER DEPARTMENT (6200)

6200	Infrastructure Improvements	\$ 470,000
6200	Utility Body Truck	85,000
6200	Air Compressor	18,000
6200	SUV for Inspector	28,000
		<u>\$ 601,000</u>

WATER DISTRIBUTION DEPARTMENT (6300)

6300	Infrastructure Improvements	\$ 560,000
6300	Major Equipment	30,000
6300	Valve Turner/Vactor Trailer	74,000
6300	Fleets Part Truck	30,000
6300	Shoring Box	12,000
6300	Annexation Projects	10,000
		<u>\$ 716,000</u>

TOTAL WATER AND SEWER FUND \$ 1,317,000

TOTAL CAPITAL OUTLAY \$ 11,320,625

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

Budget Message – A general discussion of the proposed budget presented in writing as part of the budget document. The transmittal letter explains the current budget issues compared to the

background of financial experiences in recent years and present recommendations made by the City Coordinator.

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

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

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

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

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

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

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

Debt – 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 – The outflow of funds paid for an asset, good, or service in the Proprietary Funds which use the full accrual basis of accounting.

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.

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.