

CITY OF

FLORENCE

KENTUCKY®

*Fiscal Year*  
*2018/2019*  
*Budget*



2018

# CITY OF FLORENCE, KENTUCKY

## FISCAL 2019 BUDGET

### TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	1
Strategic Plan.....	16
Distinguished Budget Presentation Award.....	20
List of Principal Officials .....	21
Organizational Chart.....	22
Budget Calendar.....	23
Budget Adoption Ordinance.....	24
General Information.....	26
Community Profile and Demographics.....	31
<b>BUDGET OVERVIEW</b>	
Budget Process.....	36
Governmental Fund Structure.....	38
Financial Policies.....	40
Schedule of Sources and Uses by Fund.....	47
Approved and Estimated Fund Balances.....	52
Departmental Structure.....	54
Personnel Summary.....	58
<b>SUMMARY OF REVENUES</b>	
Where the Money Comes From.....	59
Revenue Discussion.....	60
Budget Revenue Comparisons by Funds.....	65
All Funds - Revenue Summary.....	66
<b>SUMMARY OF EXPENDITURES</b>	
Where the Money Goes.....	70
Expenditure Discussion.....	71
Budget Appropriation Comparisons.....	72
All Funds Appropriations Summary.....	73

**DEBT**

Summary of Debt Outstanding.....	86
Future Debt Service Requirements.....	87
Changes in Long-Term Debt.....	88
Legal Debt Margin.....	89
Debt Service Schedule.....	90

**CAPITAL**

Capital Improvement Program.....	91
Capital Improvement Plan.....	94

**APPENDIX**

Glossary.....	96
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June 30, 2018

Honorable Mayor and City Council:

**Executive Summary – Fiscal 2019 Operating Budget**

The information in this document is to present the fiscal year 2019 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 2019 begins on July 1, 2018 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 \$48,444,700 and the projected for expenditures for all funds totals \$48,392,599. The projected revenues for FY 2019 represent a 2.19% decrease over the amended revenues for the FY 2018 budget. The overall decrease is a result of a decrease in the loss of a one-time capital grant in the amount of \$350,000 and a decrease in anticipated revenue for the insurance premium tax due to a rate reduction of 3%. The projected expenditures for FY 2019 represents a 8.26% decrease over the amended expenditures for the FY 2018 budget. The overall decrease is a result of the reduction in capital outlay from \$14.7 million to \$9.1 million. One of the major projects budgeted in FY 2018 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.

At the end of the previous fiscal year, the City's government funds reported combined ending fund balances of \$88,169,990, an increase of \$12,750,398 in comparison with the prior year. Approximately 73.12 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is classified as nonspendable, committed to or assigned to indicate that it is not available for new spending because of constraints that have been placed on the use of these resources for specific purposes either internally or externally.

**Short-Term Factors:**

There are short-term factors that affect each year's budget. For fiscal year 2019, 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 (2.2%) and step increases will cost the City and estimated \$450,575 in additional salaries.



In order to keep the pay plan competitive with local agencies, Council has enacted a minimum 2.0% COLA each July 1<sup>st</sup> starting July 1, 2018. The additional costs of benefits related to the salary increase is estimated to be and an additional \$195,900. There were no additional personnel added for fiscal year 2019. The cost of the non-hazardous pension rate from 19.18% to 21.48% will cost the City an additional \$133,600. Likewise, the increase in the hazardous pension rate from 31.55% to 35.34 will cost the City an estimated \$421,700.

**C.O.L.A. Increases**

FY 2019	2.2%
FY 2018	2.7%
FY 2017	1.0%
FY 2016	0.0%
FY 2015	1.1%

10 Year CERS Pension Rate History



The City is self-insured for health and dental insurance purposes. At the beginning of fiscal year 2018 the City switched its' employees to a reference based pricing plan. The full effect of that plan to reduced 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 City anticipates claims to decrease slightly for fiscal year 2019.



Fiscal year 2018 had a significant increase in capital improvement projects due to multiple one-time projects. For fiscal year 2019 there is a decrease of \$5.57 million or 37.83%. The City had several one-time projects in the amount of \$7.49 million in the prior year. Capital requests have returned to an expected level for 2019. All of the one-time projects from 2018 will have carry-over amounts for the 2019 amended budget due to the timeframe and lengths of the projects.

### **General Fund:**

The General Fund revenue budget totals \$34,810,000 in fiscal year 2019. This compares to \$35,515,000 in revenue for fiscal year 2018 budget amendment. There are slight increases in property tax and payroll tax. Those increases are offset by decrease of \$1.7 million in the insurance premium tax revenues. The City passed legislation to reduce the insurance premium tax rate from 8% to 5% effective July 1, 2018.

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>2012</u>	Actual <u>2013</u>	Actual <u>2014</u>	Actual <u>2015</u>	Actual <u>2016</u>	Actual <u>2017</u>
Property Taxes	\$ 6,980,878	\$ 7,003,025	\$ 7,112,868	\$ 7,248,021	\$ 7,356,483	\$ 7,422,593
Payroll Taxes	\$14,912,330	\$14,870,599	\$15,119,231	\$15,830,529	\$16,412,440	\$17,952,093
Insurance Taxes	\$ 3,751,078	\$ 4,098,924	\$ 4,274,919	\$ 4,467,479	\$ 4,265,760	\$ 4,582,660
Occupational	\$22,157,587	\$ 2,235,304	\$ 2,098,956	\$ 2,250,520	\$ 2,380,422	\$ 2,387,296

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 \$36,840,725 which is a decrease of \$5,389,765 from the \$42,230,725 that was approved in the amended fiscal 2018 budget. This budget figure includes operating and capital expenditures including transfers to other city funds. The operating expenditures are \$25.8 million, a 7.0% increase over those budgeted for fiscal year 2018. Salary and related benefits cost are contributing to the increase. The city also has planned expenditures for capital items in the amount of \$9.1 million. The majority of these costs are due to the inclusion of one-time capital projects in the form of a park, the Nature Park furniture, fixtures and equipment, the traffic study to widen US 42 to install a pedestrian walkway and funds to extend the northbound turn lane onto I-75 on mall Road. The cost of those projects is budgeted at \$4.0 million. The remaining capital amount also includes recurring equipment and vehicle replacement, multiple street projects, and debt service for previous capital expenditures.

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

**GENERAL FUND**

<b>OPERATING EXPENSES:</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Administration</b>	\$1,898,735	\$1,983,658	\$2,000,711	\$2,045,080	\$2,041,928	\$2,093,274	\$2,233,441
Increase(Decrease)		\$84,923	\$17,053	\$44,369	-\$3,152	\$51,346	\$140,167
%age increase(decrease)		4.47%	0.86%	2.22%	-0.15%	2.51%	6.70%
<b>Public Services</b>	\$3,981,537	\$4,047,595	\$4,252,973	\$4,236,485	\$4,211,684	\$4,222,681	\$4,380,091
Increase(Decrease)		\$66,058	\$205,378	-\$16,488	-\$24,801	\$10,997	\$157,410
%age increase(decrease)		1.66%	5.07%	-0.39%	-0.59%	0.26%	3.73%
<b>Police</b>	\$6,551,240	\$6,796,466	\$7,157,430	\$7,120,464	\$7,215,403	\$6,973,423	\$7,304,822
Increase(Decrease)		\$245,226	\$360,964	-\$36,966	\$94,939	-\$241,980	\$331,399
%age increase(decrease)		3.74%	5.31%	-0.52%	1.33%	-3.35%	4.75%
<b>Fire</b>	\$5,550,823	\$6,023,190	\$5,881,494	\$6,020,961	\$6,622,719	\$6,805,499	\$7,041,104
Increase(Decrease)		\$472,367	-\$141,696	\$139,467	\$601,758	\$182,780	\$235,605
%age increase(decrease)		8.51%	-2.35%	2.37%	9.99%	2.76%	3.46%

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 \$64,471,118 while total fund balance was \$72,117,954. 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 196.95 percent of total general fund expenditures and transfers for that year, while total fund balance represents 232.95 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 2.2% 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, 2018. Employees will be considered for a step increase in accordance with the pay plan. Step increases would be effective January 1, 2019 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 19.15% to 21.48%. The hazardous duty rate will increase from 31.55% to 35.34%. Legislation passed by the 2018 Kentucky General Assembly in House Bill 265 (Pension Reform) is expected to stabilize CERS rates moving forward. Based on the actual 2019 rates, the increases for fiscal 2019 are 12.00% for each, respectively. There will be a cap of a maximum 12% annual increase moving forward.

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 2018 with the new plan option have remained consistent with the claim amounts from FY 2017. This was not the



anticipated result however, there were run out claims from the traditional plan in FY 2018 so the City is hopeful that the amount of claims for fiscal year will have a reduction with the phase out of the traditional plan. 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**

<b>Departments</b>	<b>Actual</b>		<b>Budgeted</b>	
	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
General Fund:				
Administration	\$ 976,590	\$ 1,035,412	\$ 1,156,850	\$ 1,354,650
Public Services	\$ 3,082,449	\$ 3,161,277	\$ 3,622,000	\$ 4,076,000
Police	\$ 6,584,454	\$ 6,906,999	\$ 7,822,500	\$ 8,341,000
Fire	\$ 6,252,205	\$ 6,467,133	\$ 7,271,000	\$ 7,695,600
Water/Sewer Fund:				
Administration	\$ 367,680	\$ 349,663	\$ 434,275	\$ 443,225
Sewer	\$ 895,301	\$ 904,307	\$ 1,006,800	\$ 982,500
Water	\$ 829,730	\$ 813,289	\$ 957,200	\$ 876,200

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

There will be an overall decrease as a result of two new capital projects for the General Fund that were started and budgeted in fiscal year 2018. 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 memory
- Office furniture
- Server blades and routers replacement
- Core switches for the routers to be replaced

#### Public Safety initiatives:

- Purchase of nine cruisers
- Cruiser equipment
- Tasers and radar units
- Replacement of firearms
- New evidence van
- Drone program
- Shooting range training structure
- Staff vehicle
- Ambulance
- Rescue pumper
- Compression devices

#### Public Services Initiatives:

- Annual street and sidewalk replacement
- Annual street striping maintenance
- Mowers
- One ton dump truck
- One ton pickup truck
- Skid Steer
- Rock drill
- Concrete breaker

#### Recreational Initiatives:

- Replacement of playground equipment
- Replacement of Lincoln Woods play surface
- Skate park drainage and irrigation installation
- Urban Forest annual tree initiative
- Kentaboo Avenue park

#### Facility Initiatives:

- Nature Park shelter initiative
- Stadium annual maintenance
- Property purchase
- US 42 pedestrian walkway
- Mall Road NB turn lane extension
- Archives/vault project

#### **Outside Agencies:**

The City Council has awarded the following amounts to outside agencies for the 2019 fiscal year.

Planning Commission – The budget request of \$329,000 represents a 2.17% increase over the approved 2018 budget of \$322,000 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 2018 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 2018 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 \$625,200. This is a decrease from the \$650,200 amended budget in fiscal year 2018. The \$25,000 decrease is attributable to the carryover amount from the fiscal year 2017 budget for material cost increases.

### **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 2019 are \$3,010,000 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 \$1,855,000.

Both proposed revenues and expenditures are a decrease from the fiscal year 2018 budget due to the Bosch Road infrastructure project being complete.

### **Asset Forfeiture Fund:**

The Asset Forfeiture Fund accounts for all funds received from seized assets and purchases made with those funds. The budgeted expenditures total \$316,200 which will be used for miscellaneous equipment, shooting range training structure, drone program, evidence van and the Narcotics units overtime and buy money. This compares to \$243,200 budgeted in fiscal year 2018.

### **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 \$596,900 compared to \$729,900 for the amended fiscal year 2018 budget. This is a decrease of \$133,000 or 18.22%. The reason for the decrease is the budgeted amount of capital expenditures in 2019 decreasing from \$200,000 to 80,000. The facility needed to repair the base of the pool area with a commercial liner product costing \$200,000 after the 2017 pool season. Current year capital expenditures include the replacement of a boiler, splash ground improvements, HVAC replacement and a fresh coat of paint on the interior surfaces.

### **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 \$1,070,900 are projected to cover the estimated operating costs of the facility and produce an estimated net operating income of \$77,200. However, total projected expenditures including depreciation will outpace total estimated revenues and result in an anticipated net loss of \$202,800.

### 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 \$ 8,526,000 for fiscal year 2019 is an increase of \$173,500 compared to the projected revenues of \$8,352,500 (exclusive of a \$350,000 capital contribution) for fiscal year 2018. The increase can be attributed to the growth of additional commercial and residential customers in the Florence and Boone County areas as well as an increase in interest income due to recent interest rate hikes by the Federal Government.

Total projected expenses of \$8,809,874 are a slight increase over the fiscal year 2018 expenses of \$8,802,674. The result of this increase is due to the increase in personnel costs due to the COLA, an increase in the non-hazardous pension rates for the upcoming year and an increase in the water purchases costs due to a rate increase from the supplier.

#### WATER/SEWER FUND

##### REVENUES

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Water sales	5,379,423	\$5,528,080	\$5,800,744	\$5,980,608	\$5,990,642	\$5,824,078	\$5,907,922
Sewer receipts	2,334,449	2,298,287	2,235,289	2,223,999	2,225,265	2,260,943	2,277,021
Tap fees	82,827	88,544	67,530	41,517	64,769	107,370	194,814
Penalties	117,092	119,757	124,916	118,989	117,610	100,923	99,314
Meter installations	44,123	43,951	36,460	24,982	37,199	70,798	76,443
Other	115,838	100,462	96,577	63,930	112,677	91,493	110,658
Interest	49,738	32,823	19,313	20,114	21,424	32,275	63,181
<b>TOTAL</b>	<b>8,123,490</b>	<b>8,211,904</b>	<b>8,380,829</b>	<b>8,474,139</b>	<b>8,569,586</b>	<b>8,487,880</b>	<b>8,729,353</b>

<b>Net Income(loss)</b>	<b>\$ 20,705</b>	<b>\$ 358,800</b>	<b>\$ 507,200</b>	<b>\$ 485,014</b>	<b>\$ 809,401</b>	<b>\$ 722,713</b>	<b>\$ 628,106</b>
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#### WATER/SEWER FUND

##### OPERATING EXPENSES:

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Administration</b>	<b>\$644,693</b>	<b>\$766,886</b>	<b>\$679,648</b>	<b>\$684,798</b>	<b>\$714,082</b>	<b>\$688,977</b>	<b>\$654,819</b>
Increase(Decrease)		\$122,193	-\$87,238	\$5,150	\$29,284	-\$25,105	-\$34,158
%age increase(decrease)		18.95%	-11.38%	0.76%	4.28%	-3.52%	-4.96%
<b>Sewer</b>	<b>\$1,336,834</b>	<b>\$1,372,756</b>	<b>\$1,247,252</b>	<b>\$1,235,275</b>	<b>\$1,222,419</b>	<b>\$1,224,759</b>	<b>\$1,202,105</b>
Increase(Decrease)		\$35,922	-\$125,504	-\$11,977	-\$12,856	\$2,340	-\$22,654
%age increase(decrease)		2.69%	-9.14%	-0.96%	-1.04%	0.19%	-1.85%
<b>Water</b>	<b>\$4,260,348</b>	<b>\$4,194,915</b>	<b>\$4,226,496</b>	<b>\$4,318,925</b>	<b>\$4,504,774</b>	<b>\$4,465,927</b>	<b>\$4,614,417</b>
Increase(Decrease)		-\$65,433	\$31,581	\$92,429	\$185,849	-\$38,847	\$148,490
%age increase(decrease)		-1.54%	0.75%	2.19%	4.30%	-0.86%	3.32%



### Summary of Department/Fund Relationships

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

### Fund Balance/Retained Earnings:

The following table shows the projected fund balance and retained earnings changes for the fiscal year 2019 budget:

#### Changes FY 2019

	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	34,810,000	717,000	4,510,000	105,500	530,300	8,526,000	1,170,900
Est. Expenditures/Transfers	36,840,725	625,200	1,855,000	316,200	596,900	8,809,874	1,273,700
Reserves Utilized	(2,030,725)	91,800	2,655,000	(210,700)	(66,600)	(283,874)	(102,800)
Beg. Fund Balance	65,402,464	1,414,751	15,293,176	284,232	2,271,627	26,422,354	8,416,568
Percentage Change	-3.10%	6.49%	17.36%	-74.13%	-2.93%	-1.07%	-1.22%

The General Fund decrease in reserves is due to the amount of the planned capital expenditures for all departments and city projects. The increase in reserves for the Municipal Aid Fund and the Infrastructure Fund are the result of a level funding of annual expenditures in each fund 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 decrease is the fact that on an annual basis the revenues generated by the facility will never be able to cover the expenditures. 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 expect to at least break even or make a profit for future operations and infrastructure needs. The decrease in reserves of \$283,874 is due to

the annual depreciation expense in the amount of \$1,600,000. The annual debt service payments are approximately \$245,000 and will end on July 1, 2023. The City will begin analyzing the need for rate increases during fiscal year 2019.

The World of Golf Fund is the City's second enterprise fund. There is also an anticipated decrease in reserves in the amount of \$102,800 due to annual depreciation expense of \$280,000. The golf course is currently debt free.

#### BUDGET SUMMARY

FY 2018

	General Fund	Municipal Aid Road Fund	Infrastructure Fund	Asset Forfeiture Fund	Aquatic Center Fund	Water and Sewer Fund	World of Golf Fund	GRAND TOTALS
Beg. Fund Balance	72,117,954	1,329,951	12,748,676	474,932	1,498,477	26,522,528	8,534,868	123,227,386
Act. Revenues/Transfers	35,515,000	735,000	4,745,000	52,500	2,003,050	8,702,500	1,200,900	52,953,950
<b>FOR APPROPRIATIONS</b>	<b>107,632,954</b>	<b>2,064,951</b>	<b>17,493,676</b>	<b>527,432</b>	<b>3,501,527</b>	<b>35,225,028</b>	<b>9,735,768</b>	<b>176,181,336</b>
Administrative	2,538,600	-	-	-	-	-	-	2,538,600
Public Services	4,947,500	-	2,200,500	-	-	-	-	7,148,000
Police Services	8,339,600	-	-	243,200	-	-	-	8,582,800
Fire / E.M.S. Services	7,832,500	-	-	-	-	-	-	7,832,500
Parks / Recreation	-	-	-	-	729,900	-	-	729,900
Capital Outlay	13,192,690	650,200	-	-	-	-	-	13,842,890
Other Agencies	422,000	-	-	-	-	-	-	422,000
Debt Service	1,532,600	-	-	-	-	-	-	1,532,600
Water and Sewer	-	-	-	-	-	8,802,674	-	8,802,674
Golf Course	-	-	-	-	-	-	1,319,200	1,319,200
<b>TOTAL EXPENDITURES</b>	<b>38,805,490</b>	<b>650,200</b>	<b>2,200,500</b>	<b>243,200</b>	<b>729,900</b>	<b>8,802,674</b>	<b>1,319,200</b>	<b>52,751,164</b>
Transfers	3,425,000	-	-	-	-	-	-	3,425,000
<b>TOTAL</b>	<b>42,230,490</b>	<b>650,200</b>	<b>2,200,500</b>	<b>243,200</b>	<b>729,900</b>	<b>8,802,674</b>	<b>1,319,200</b>	<b>56,176,164</b>
<b>End. Fund Balance</b>	<b>65,402,464</b>	<b>1,414,751</b>	<b>15,293,176</b>	<b>284,232</b>	<b>2,771,627</b>	<b>26,422,354</b>	<b>8,416,568</b>	<b>120,005,172</b>

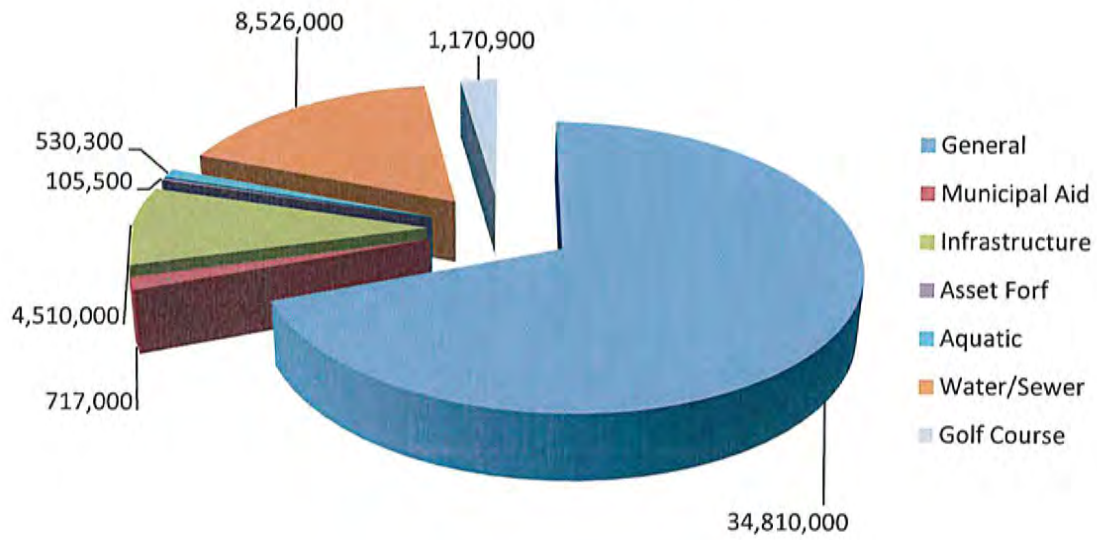
**BUDGET SUMMARY**

**FY 2019**

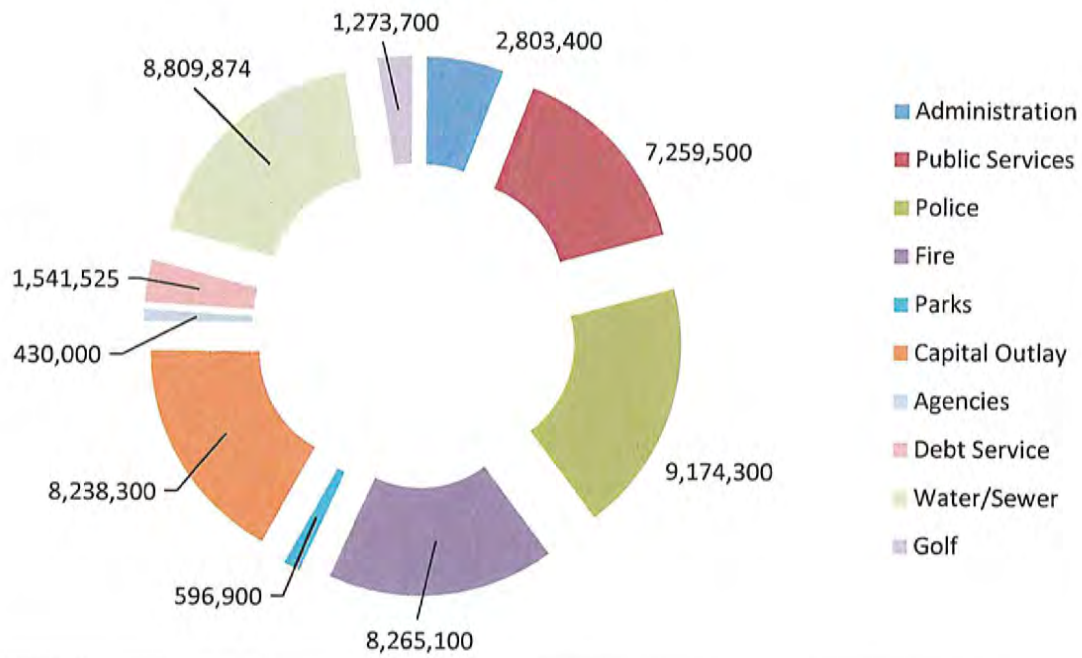
	General	Municipal	Infrastructure	Asset	Aquatic	Water and	World of	GRAND
	Fund	Aid Road	Fund	Forfeiture	Center	Sewer	Golf	TOTALS
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	TOTALS
Beg. Fund Balance	65,402,464	1,414,751	15,293,176	284,232	2,771,627	26,422,354	8,416,568	120,005,172
Est. Revenues/Transfers	34,810,000	717,000	4,510,000	105,500	530,300	8,526,000	1,170,900	50,369,700
<b>FOR APPROPRIATIONS</b>	<b>100,212,464</b>	<b>2,131,751</b>	<b>19,803,176</b>	<b>389,732</b>	<b>3,301,927</b>	<b>34,948,354</b>	<b>9,587,468</b>	<b>170,374,872</b>
Administrative	2,803,400	-	-	-	-	-	-	2,803,400
Public Services	5,404,500	-	1,855,000	-	-	-	-	7,259,500
Police Services	8,858,100	-	-	316,200	-	-	-	9,174,300
Fire / E.M.S. Services	8,265,100	-	-	-	-	-	-	8,265,100
Parks / Recreation	-	-	-	-	596,900	-	-	596,900
Capital Outlay	7,613,100	625,200	-	-	-	-	-	8,238,300
Other Agencies	430,000	-	-	-	-	-	-	430,000
Debt Service	1,541,525	-	-	-	-	-	-	1,541,525
Water and Sewer	-	-	-	-	-	8,809,874	-	8,809,874
Golf Course	-	-	-	-	-	-	1,273,700	1,273,700
<b>TOTAL EXPENDITURES</b>	<b>34,915,725</b>	<b>625,200</b>	<b>1,855,000</b>	<b>316,200</b>	<b>596,900</b>	<b>8,809,874</b>	<b>1,273,700</b>	<b>48,392,599</b>
Transfers	1,925,000	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>36,840,725</b>	<b>625,200</b>	<b>1,855,000</b>	<b>316,200</b>	<b>596,900</b>	<b>8,809,874</b>	<b>1,273,700</b>	<b>50,317,599</b>
<b>End. Fund Balance</b>	<b>63,371,739</b>	<b>1,506,551</b>	<b>17,948,176</b>	<b>73,532</b>	<b>2,705,027</b>	<b>26,138,480</b>	<b>8,313,768</b>	<b>120,057,273</b>



## TOTAL REVENUES/TRANSFERS



## EXPENDITURES



## **Concluding Comments:**

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

The budget brings with it a continuing conservative approach for the revenue amounts. The City of Florence has experienced some economic growth during the last two years and seems to have had a 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 2019 fiscal year calls for slight increases in core revenues in comparison to budgeted and projected results for fiscal year 2018. 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 except for the insurance premium tax revenues. The City Council passed an ordinance to decrease that tax rate from 8% to 5% effective July 1, 2018. This will result in an estimated decrease of approximately \$1.5 million. 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.

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. 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 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 2018 that will carry over into fiscal year 2019. Past fiscal year 2019 the only major project would be the development of an additional park on the east side of the City. That park has been budgeted in 2019 but will be a two-year plan to be finished during 2020. 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 \$67.1 million in reserves knowing the importance of having a future funding mechanism for financial stability.

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 2019-2022

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 2019-2022

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, 2017**

*Christopher P. Morill*

Executive Director



## **CITY OF FLORENCE, KENTUCKY**

### ***LIST OF PRINCIPAL OFFICIALS***

**June 30, 2018**

#### **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

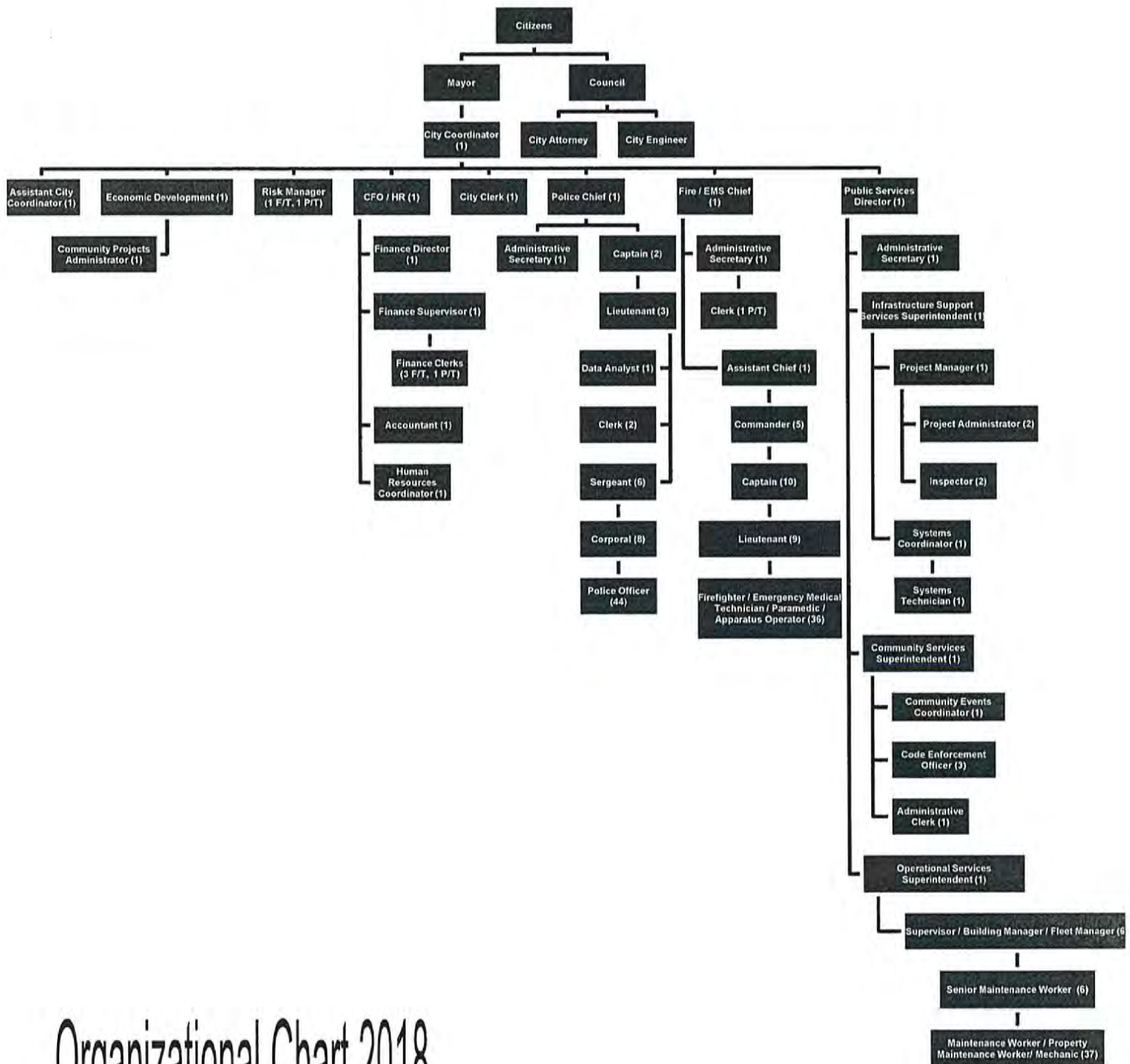
City Attorney - Hugh O. Skees

City Engineer - William R. Viox

Director of Public Services - Robert E Hall

Chief of Police - John V. McDermond

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



# Organizational Chart 2018

Total Employees: 211 Full Time  
3 Part Time

Revised:  
1/2/2018

**City of Florence  
2018 – 2019  
Budget Calendar**

March 5th	Issue FY 2018-2019 Budget Calendar
March 10th	Budget worksheets due to Department Heads
March 19th	Projected Salaries & Wages by Finance Department
March 23th	Budget recommendations due from Department Heads to Finance Director
Week of March 26th	Finance Director & City Coordinator Review
Week of April 2nd	Meet with Department Heads
April 5th/6th	Review preliminary budget with Mayor
Week of April 9th	Budget Books Prepared
April 20th	Distribution of preliminary budget to City Council
May 3rd	Send out Notice of Special Call
May 5 <sup>th</sup>	Budget Retreat Budget presentation /comments & discussion
May 22nd	Proposed use hearing for Municipal Aid Road Fund Budget discussion and presentations by other agencies: Urban Forest Commission and Boone County Planning Commission
June 5th	FY 2017-18 budget amendment discussions
June 12th	Mayor's Budget Address First reading of the FY 2018-19 Budget Ordinance First reading of amendments to FY 2017-18 budget
June 19th	Second reading of the FY 2018-19 Budget Ordinance Second reading of amendments to FY 2017-18 budget
July 1	New budget becomes effective

**CITY OF FLORENCE, KENTUCKY**  
**ORDINANCE NO. O-7-18**

**AN ORDINANCE OF THE CITY OF FLORENCE, KENTUCKY, ADOPTING THE OFFICIAL BUDGET FOR THE 2018-2019 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 2018-2019, 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 in full.

PASSED AND APPROVED ON FIRST READING THIS 12 DAY OF JUNE, 2018.

PASSED AND APPROVED ON SECOND READING AND PUBLICATION ORDERED THIS 19 DAY OF June, 2018.

APPROVED:

Dean E. Whalen  
MAYOR

ATTEST:

Nancy Zeilman  
CITY CLERK



**CITY OF FLORENCE, KENTUCKY  
ORDINANCE NO. O-7-18**

**AN ORDINANCE OF THE CITY OF FLORENCE, KENTUCKY, ADOPTING THE  
OFFICIAL BUDGET FOR THE 2018-2019 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.

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 2018-2019, 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 pulished in full.

PASSED AND APPROVED ON FIRST READING THIS 12 DAY OF JUNE, 2018.

PASSED AND APPROVED ON SECOND READING AND PUBLICATION ORDERING THIS 19 DAY OF JUNE, 2018,

APPROVED:  
Diane E. Whalen  
MAYOR

ATTEST:  
Nancy Zeilman  
CITY CLERK

**CITY OF FLORENCE  
ENACTED BUDGET  
FISCAL YEAR 2018-19  
EXHIBIT A**

	Genera 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
Estimated Revenues & Transfers	34,810,000	717,000	4,510,000	105,500	530,300	8,526,000	1,170,900	2,960,500
Beginning Fund Balance	65,402,464	1,414,751	15,293,176	284,232	2,771,627	26,422,354	8,416,568	15,756,798
<b>FOR APPROPRIATIONS</b>	<b>100,212,464</b>	<b>2,131,751</b>	<b>19,803,176</b>	<b>389,732</b>	<b>3,301,927</b>	<b>34,948,354</b>	<b>9,587,468</b>	<b>18,717,298</b>
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	<b>36,840,725</b>	<b>625,200</b>	<b>1,855,000</b>	<b>316,200</b>	<b>596,900</b>	<b>8,809,874</b>	<b>1,273,700</b>	<b>2,542,900</b>
Estimated Fund Balance at Year-End	63,371,739	1,506,551	17,948,176	73,532	2,705,027	26,138,480	8,313,768	16,174,398
Total Budget	100,212,464	2,131,751	19,803,176	389,732	3,301,927	34,948,354	9,587,468	18,717,298

# 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.

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 almost done. The final piece is the construction of a 17 acre Menards development. Menards does own the property and according to all of our communications with their representatives, they remain committed to bringing their store to the Florence Heights Development this fall 2018.

Concerns remain nationwide about the future of brick and mortar retail stores and large urban Malls. Our discussions with some of the national retailers, as well as GGP, owner of the Florence Mall, have reassured us that they are aware of the concerns and recognize that as needs in the retail arena shift, so must their focus. They view the changes as an opportunity to recreate and reinvent the retail experience for the next generation. We look forward to working with them to provide the best possible options for our community.

Major projects on the industry side include Sweco which has a \$4.6 million planned expansion which will add 54 new full-time jobs with an average base salary of \$48,800. As a result of the annexation of 170 acres of airport property, we continue to work with CVG on the Van Trust Development (right behind Wal-Mart) and other proposed developments. Vantrust Site 6A is a 30-acre development which will house a 550,000 square foot building with a planned opening in the



summer of 2018. Vantrust Site 6B is a 21-acre development with a building that will house 177,000 square feet to be completed during the summer of 2018 as well. Tenants for both sites will be forthcoming.

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.

The City has seen an influx of new hotels both opening and planned for construction. Hotels that have opened during 2017 are Hilton Home 2 Suites and Comfort Suites. Under construction are Towne Place Suites and Fairfield Inn and Suites by Marriott, Holiday Inn Express, Staybridge Suites and Tru Hotel by Hilton. Both the Hampton Inn and the Airport Hilton also underwent major renovations.

Other recent openings include Mattress Firm, Florence Veterinary Hospital, Northern Kentucky Health Department, Cardinal Drive Storage, Dollar Tree, Villages of Florence Senior Apartments and French Quarters Phase 4 residential homes.

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.

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

## **Community Profile and Demographics**

The City of Florence, founded in 1830, is located in the northern most part of the state, situated in Boone County and is part of the Northern Kentucky Region, which ranks as one of the top growth areas in Kentucky. The City of Florence currently occupies a land area of 10.36 square miles and serves an estimated population of 32,460. The City of Florence is empowered to levy numerous sources of revenue including its major sources payroll tax, business license tax, insurance premiums tax and a property tax on both real and personal properties. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

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

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

People Quick Facts	Florence, Kentucky	Kentucky
<i>Population</i>		
Population estimates, July 1, 2017	32,460	4,425,092
Population estimates base, April 1, 2010, (V2015)	29,962	4,339,349
Population, percent change - April 1, 2010 (estimates base) to July 1, 2015, (V2015)	7.6	2.0
Population, Census, April 1, 2010	29,951	4,339,367
<i>Age and Sex</i>		
Persons under 5 years, percent, April 1, 2010	8.2	6.5
Persons under 18 years, percent, April 1, 2010	24.6	23.6
Persons 65 years and over, percent, April 1, 2010	13.1	13.3
Female persons, percent, April 1, 2010	52.0	50.8
<i>Race and Hispanic Origin</i>		
White alone, percent, April 1, 2010 (a)	87.1	87.8
Black or African American alone, percent, April 1, 2010 (a)	4.5	7.8
American Indian and Alaska Native alone, percent, April 1, 2010 (a)	0.2	0.2
Asian alone, percent, April 1, 2010 (a)	3.0	1.1
Native Hawaiian and Other Pacific Islander alone, percent, April 1, 2010 (a)	0.2	0.1
Two or More Races, percent, April 1, 2010	2.3	1.7
Hispanic or Latino, percent, April 1, 2010 (b)	5.5	3.1
White alone, not Hispanic or Latino, percent, April 1, 2010	84.7	86.3
<i>Population Characteristics</i>		
Veterans, 2011-2015	2,439	297,312
Foreign born persons, percent, 2011-2015	8.0	3.4
<i>Housing</i>		
Housing units, April 1, 2010	13,447	1,927,164
Owner-occupied housing unit rate, 2011-2015	51.3	67.2
Median value of owner-occupied housing units, 2011-2015	136,500	123,200
Median selected monthly owner costs -with a mortgage, 2011-2015	1,183	1,112
Median selected monthly owner costs -without a mortgage, 2011-2015	362	339
Median gross rent, 2011-2015	849	675
<i>Families and Living Arrangements</i>		
Households, 2011-2015	12,877	1,708,499
Persons per household, 2011-2015	2.42	2.50
Living in same house 1 year ago, percent of persons age 1 year+, 2011-2015	77.2	84.7
Language other than English spoken at home, percent of persons age 5 years+, 2011-2015	9.9	5.1
<i>Income and Poverty</i>		
Median household income (in 2015 dollars), 2011-2015	52,053	43,740
Per capita income in past 12 months (in 2015 dollars), 2011-2015	27,535	24,063
Persons in poverty, percent	9.8	18.5
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)
2008	27,281	\$ 1,122,558,588	\$ 41,148	34.1	5.4%
2009	27,745	\$ 1,183,712,680	\$ 42,664	34.2	9.7%
2010	28,381	\$ 1,374,860,783	\$ 48,443	34.9	9.7%
2011	29,951	\$ 1,474,907,044	\$ 49,244	35.7	9.1%
2012	30,687	\$ 1,522,228,635	\$ 49,605	35.2	7.1%
2013	31,088	\$ 1,560,026,928	\$ 50,181	36.5	6.9%
2014	31,088	\$ 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	N/A	N/A	N/A	5.5%
2017	32,460	N/A	N/A	N/A	5.0%

(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 Ten Fiscal Years

Function	Fiscal Year					
	2012	2013	2014	2015	2016	2017
<b>Police:</b>						
Physical arrests	2,542	2,571	2,563	2,736	2,501	2,017
Traffic violations	4,664	4,487	7,790	5,188	5,768	5,854
Parking violations	224	120	162	93	114	143
<b>Fire:</b>						
Number of calls answered:						
Fire	2,367	2,416	2,511	2,492	2,496	3,461
Ambulance	6,364	6,380	6,283	6,819	6,982	7,796
Inspections	1,945	2,005	2,186	2,575	2,527	2,097
<b>Highways and streets:</b>						
Street resurfacing(lane miles)	8.44	9.11	9.11	8.48	8.48	10.36
<b>Water:</b>						
New connections	50	42	27	46	35	26
Water main breaks	37	62	31	34	30	32
Average daily consumption (thousands of gallons)	3,090	3,035	3,021	2,995	2,945	2,996

Source: Various city departments

# CITY OF FLORENCE, KENTUCKY

## Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year					
	2012	2013	2014	2015	2016	2017
Police:						
Stations	1	1	1	1	1	1
Patrol units	34	34	34	34	34	34
Fire:						
Fire stations	3	3	4	4	4	4
Highways and streets:						
Streets(miles)	168	169	169	169	169	169
Streetlights	1,977	2,103	2,103	2,103	2,103	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	145	149	150	150	146	146
Fire hydrants	1,520	1,583	1,598	1,598	1,605	1,605
Maximum daily capacity (thousands of gallons)	4,810	4,809	4,595	4,183	4,120	3,840
Sewer:						
Contained sanitary/storm sewers (miles)	286	278	276	274	274	274

Source: Various city departments

## **Budget Process**

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

In accordance with City ordinance, Kentucky Revised Statutes 91A.030 and 83A.130 and prior to June 30, the Mayor submits to Council a proposed operating budget on a basis consistent with generally accepted accounting principles for the fiscal year commencing July 1. 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  
2018 – 2019  
Budget Calendar**

March 5th	Issue FY 2018-2019 Budget Calendar
March 10th	Budget worksheets due to Department Heads
March 19th	Projected Salaries & Wages by Finance Department
March 23th	Budget recommendations due from Department Heads to Finance Director
Week of March 26th	Finance Director & City Coordinator Review
Week of April 2nd	Meet with Department Heads
April 5th/6th	Review preliminary budget with Mayor
Week of April 9th	Budget Books Prepared
April 20th	Distribution of preliminary budget to City Council
May 3rd	Send out Notice of Special Call
May 5 <sup>th</sup>	Budget Retreat Budget presentation /comments & discussion
May 22nd	Proposed use hearing for Municipal Aid Road Fund Budget discussion and presentations by other agencies: Urban Forest Commission and Boone County Planning Commission
June 5th	FY 2017-18 budget amendment discussions
June 12th	Mayor's Budget Address First reading of the FY 2018-19 Budget Ordinance First reading of amendments to FY 2017-18 budget
June 19th	Second reading of the FY 2018-19 Budget Ordinance Second reading of amendments to FY 2017-18 budget
July 1	New budget becomes effective

## Governmental Fund Structure

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

### Governmental Fund Types:

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

#### Major Governmental Fund:

##### General Fund

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

#### Nonmajor Special Revenue Funds:

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

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

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

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

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

#### Major Proprietary Fund Types:

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



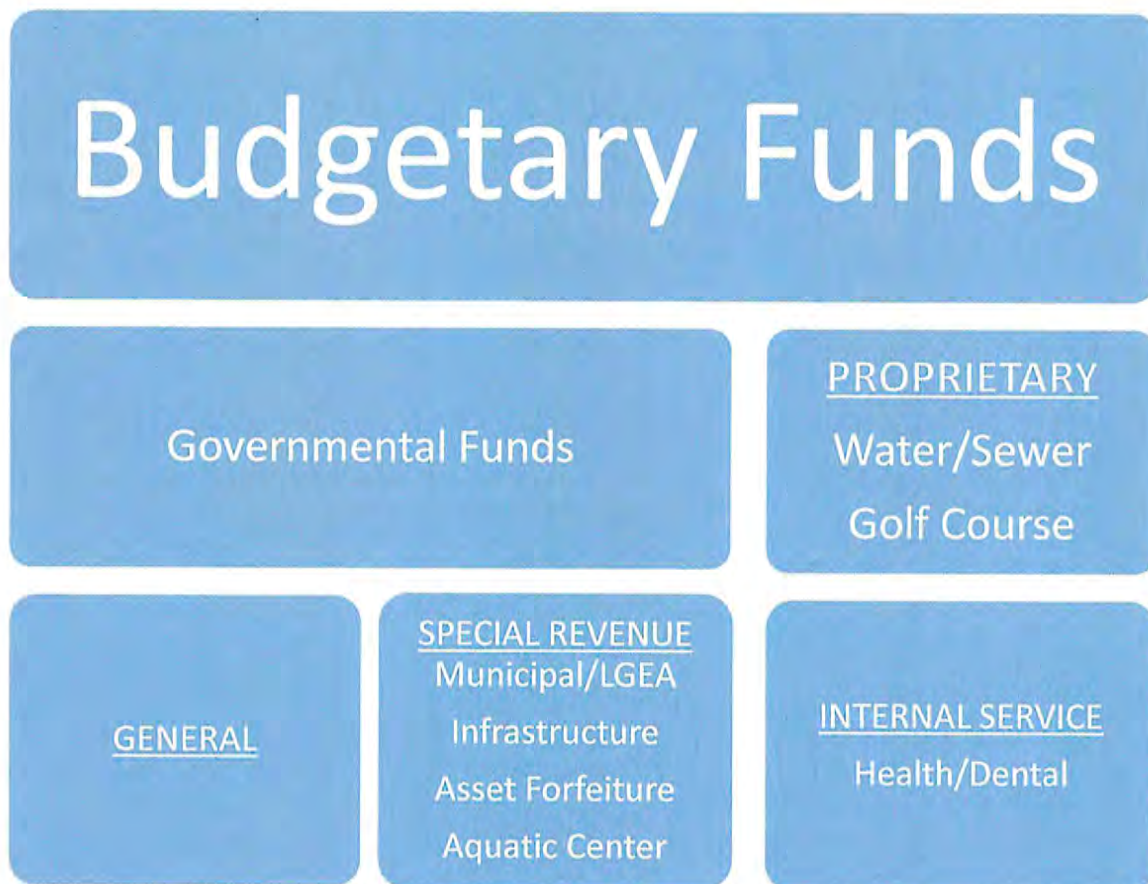
with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The government reports the following proprietary funds:

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

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

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

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



## **Financial Policies**

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

### **Budgetary Policies**

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

Budgetary control will be at the departmental level.

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

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

### **Planning**

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

### **Revenue Policies**

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

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

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

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

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

### **Expenditure Policies**

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

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

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

## **Fund Balance Policies**

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

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

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

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

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

Assigned fund balances are those that are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. Council has authorized the finance director to assign fund balance through the financial policies and procedures established. Unlike commitments, assignments generally only exist temporarily. In other words an additional action 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 31<sup>st</sup>, Mayor and Council shall determine if any funds are to be transferred to increase the stabilization fund balance.

## **Capital Improvement Policies**

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

All capital assets are capitalized at cost, or where cost is not available, estimated historical cost based on replacement value. The capitalization threshold of \$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 2018, 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.

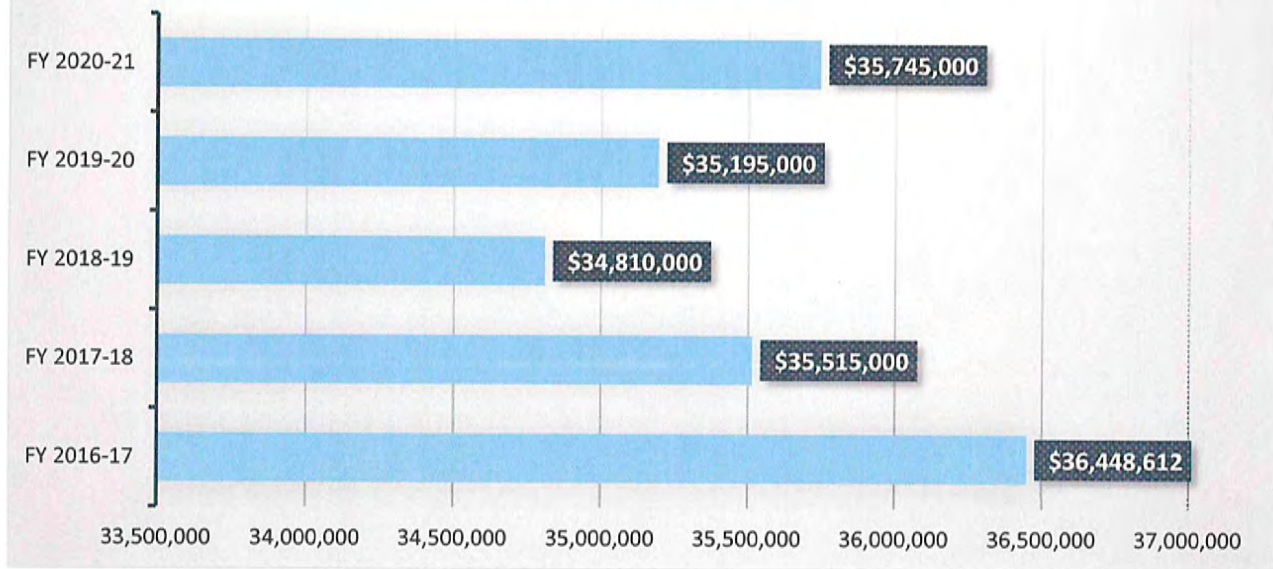
### **Five Year Capital Budget**

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.

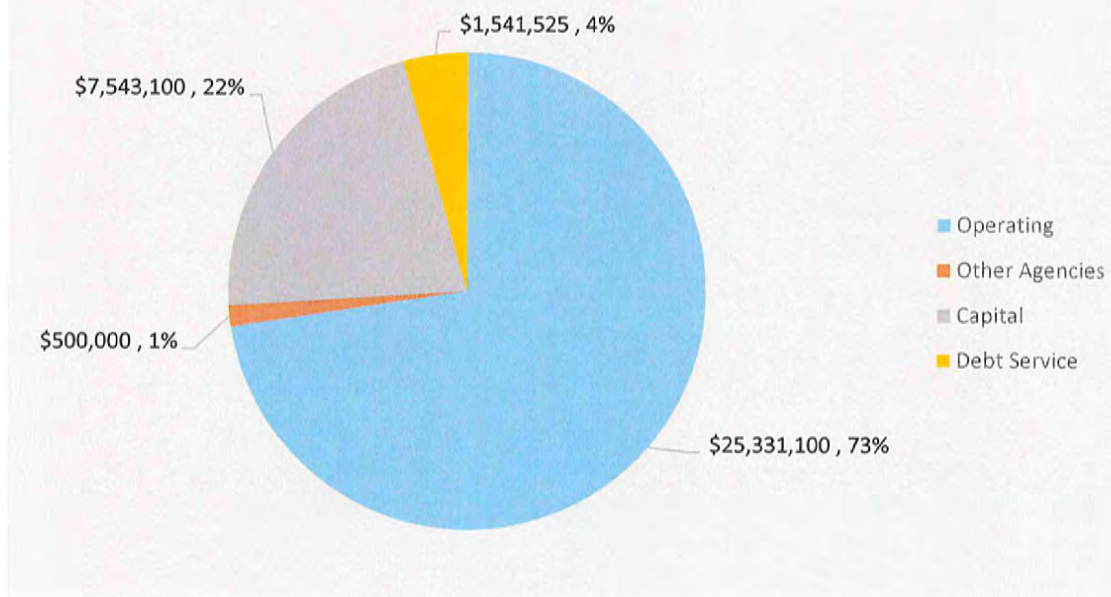
**CITY OF FLORENCE  
GENERAL FUND PROJECTIONS  
FISCAL YEARS 2017-2021**

	Actual				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<b>REVENUES:</b>	<b>REV. &amp; EXPEND.</b>	<b>PROJECTED</b>	<b>PROJECTED</b>	<b>PROJECTED</b>	<b>PROJECTED</b>
Taxes	7,422,594	7,400,000	7,600,000	7,650,000	7,800,000
Franchise Taxes	509,760	530,000	520,000	510,000	510,000
Bank Deposit Taxes	220,124	200,000	215,000	200,000	200,000
Payroll Taxes	15,204,885	15,200,000	15,500,000	15,800,000	16,000,000
Insurance Premium Taxes	4,582,660	4,250,000	2,550,000	2,550,000	2,600,000
Business Occupational Licenses	2,399,296	2,300,000	2,400,000	2,450,000	2,500,000
Other Licenses and Permits	148,209	116,000	120,000	95,000	95,000
Fines and forfeits	216,910	193,000	150,000	150,000	150,000
Intergovernmental-Operating	938,284	635,000	703,000	635,000	635,000
Charges for services	453,445	451,000	484,000	500,000	510,000
Rental Income Stadium	132,000	110,000	110,000	110,000	110,000
Fire Protection District	1,991,939	1,900,000	2,000,000	2,010,000	2,020,000
Emergency Medical Services	1,354,122	1,350,000	1,375,000	1,400,000	1,425,000
Storm Water Charges	248,784	210,000	245,000	245,000	250,000
Contractual Charges	90,000	90,000	90,000	90,000	90,000
Interest	396,268	500,000	650,000	700,000	750,000
Miscellaneous	139,332	80,000	98,000	100,000	100,000
<b>Total Revenues</b>	<b>\$ 36,448,612</b>	<b>\$ 35,515,000</b>	<b>\$ 34,810,000</b>	<b>\$ 35,195,000</b>	<b>\$ 35,745,000</b>
<b>EXPENDITURES:</b>					
Administrative Department	2,233,465	2,538,600	2,803,400	2,850,000	2,900,000
Public Services Department	4,380,091	4,947,500	5,404,500	5,475,000	5,675,000
Police Department	7,304,822	8,339,600	8,858,100	8,900,000	9,065,000
Fire / E.M.S. Department	7,041,104	7,832,500	8,265,100	8,925,000	9,225,000
Planning Commission	315,000	322,000	330,000	335,000	34,100
Senior Center	103,353	100,000	100,000	105,000	110,000
Tree Commission	68,495	94,000	70,000	75,000	80,000
Administrative Department	211,297	537,190	289,850	541,000	406,000
Public Services Department	1,419,561	1,152,500	1,252,500	1,688,000	1,688,000
Police Department	307,377	343,000	378,750	372,500	381,500
Fire / E.M.S. Department	242,409	390,000	1,040,000	756,000	257,000
City Projects	579,361	10,676,000	4,582,000	525,000	580,000
Debt Service	1,545,000	1,532,600	1,541,525	1,544,000	1,542,000
<b>Total Expenditures</b>	<b>\$ 25,751,335</b>	<b>\$ 38,805,490</b>	<b>\$ 34,915,725</b>	<b>\$ 32,091,500</b>	<b>\$ 31,943,600</b>
Transfers to Other Funds	1,925,000	3,425,000	1,925,000	425,000	425,000
<b>Total Expenditures and Transfers</b>	<b>\$ 27,676,335</b>	<b>\$ 42,230,490</b>	<b>\$ 36,840,725</b>	<b>\$ 32,516,500</b>	<b>\$ 32,368,600</b>
<b>Excess Revenues over Expenditures and Transfers</b>	<b>8,772,277</b>	<b>(6,715,490)</b>	<b>(2,030,725)</b>	<b>2,678,500</b>	<b>3,376,400</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>63,345,677</b>	<b>72,117,954</b>	<b>65,402,464</b>	<b>63,371,739</b>	<b>66,050,239</b>
<b>FUND BALANCE, ENDING OF YEAR</b>	<b>\$ 72,117,954</b>	<b>\$ 65,402,464</b>	<b>\$ 63,371,739</b>	<b>\$ 66,050,239</b>	<b>\$ 69,426,639</b>

## Revenue Projections



## Expenditure Sources FY 2019



# Schedule of Sources and Uses by Fund

## General Fund

Description	2015 Actual	2016 Actual	2017 Actual	2017 Budget	2018 Budget	2019 Budget
Budgetary Fund Balance, July 1	\$ 49,834,282	\$ 56,612,694	\$ 63,345,677	\$ 63,345,677	\$ 72,117,954	\$ 65,402,464
<b>Revenues</b>						
Taxes	7,958,304	8,089,235	8,152,478	7,980,000	7,930,000	8,120,000
Licenses and Permits	20,267,029	20,695,029	22,335,050	20,216,000	22,041,000	20,786,000
Intergovernmental	1,101,016	1,162,304	938,284	751,000	672,000	703,000
Fines and Forfeitures	252,909	227,192	216,910	195,000	256,000	193,000
Charges for Services	3,742,741	4,025,848	4,270,290	3,610,000	4,036,000	4,260,000
Interest	380,528	726,253	396,268	475,000	500,000	650,000
Miscellaneous	110,915	108,496	139,332	79,000	80,000	98,000
Refunding Bonds Issued	6,249,494	-	-	-	-	-
Total Sources Available	<u>89,897,218</u>	<u>91,647,051</u>	<u>99,794,289</u>	<u>96,651,677</u>	<u>107,632,954</u>	<u>100,212,464</u>
<b>Expenditures</b>						
Administration	2,501,686	2,355,651	2,548,091	2,852,328	3,175,790	3,193,250
Police	7,470,284	7,276,198	7,612,199	8,171,100	8,682,600	9,236,850
Fire	7,327,239	6,991,557	7,283,513	7,526,000	8,222,500	9,305,100
Public Services	6,203,009	6,205,443	6,762,507	8,620,700	17,192,000	11,639,000
Debt Service	1,612,712	1,547,525	1,545,025	1,545,450	1,532,600	1,541,525
Payment to refunded bond escrow agent	6,170,894	-	-	-	-	-
Costs of Issuance	73,700	-	-	-	-	-
Transfers Out	1,925,000	3,925,000	1,925,000	1,925,000	3,425,000	1,925,000
Total Uses	<u>33,284,524</u>	<u>28,301,374</u>	<u>27,676,335</u>	<u>30,640,578</u>	<u>42,230,490</u>	<u>36,840,725</u>
Budgetary Fund Balance, June 30	\$ <u>56,612,694</u>	\$ <u>63,345,677</u>	\$ <u>72,117,954</u>	\$ <u>66,011,099</u>	\$ <u>65,402,464</u>	\$ <u>63,371,739</u>
Excess(deficit) fund balance	<u>6,778,412</u>	<u>6,732,983</u>	<u>8,772,277</u>	<u>2,665,422</u>	<u>(6,715,490)</u>	<u>(2,030,725)</u>

## Municipal Aid/LGEA Fund

Description	2015 Actual	2016 Actual	2017 Actual	2017 Budget	2018 Budget	2019 Budget
Budgetary Fund Balance, July 1	\$ 967,268	\$ 1,222,806	\$ 1,103,972	\$ 1,329,951	\$ 1,329,951	\$ 1,414,751
<b>Revenues</b>						
Intergovernmental	713,755	599,400	606,707	605,000	605,000	580,000
Interest	3,398	5,119	8,555	2,500	5,000	12,000
Transfers In	125,000	125,000	125,000	125,000	125,000	125,000
Total Sources Available	1,809,421	1,952,325	1,844,234	2,062,451	2,064,951	2,131,751
<b>Expenditures</b>						
Public Services	586,615	848,353	514,283	610,200	650,200	625,200
Total Uses	586,615	848,353	514,283	610,200	650,200	625,200
Budgetary Fund Balance, June 30	\$ 1,222,806	\$ 1,103,972	\$ 1,329,951	\$ 1,452,251	\$ 1,414,751	\$ 1,506,551
Excess(deficit) fund balance	255,538	(118,834)	225,979	122,300	84,800	91,800

## Asset Forfeiture Fund

Description	2015 Actual	2016 Actual	2017 Actual	2017 Budget	2018 Budget	2019 Budget
Budgetary Fund Balance, July 1	\$ 410,230	\$ 341,323	\$ 379,783	\$ 379,783	\$ 474,932	\$ 284,232
<b>Revenues</b>						
Uses of Property	95,545	100,879	162,620	25,000	50,000	100,000
Interest	1,198	1,446	3,072	900	2,500	5,500
Total Sources Available	506,973	443,648	545,475	405,683	527,432	389,732
<b>Expenditures</b>						
Police	165,650	63,865	70,543	90,200	243,200	316,200
Total Uses	165,650	63,865	70,543	90,200	243,200	316,200
Budgetary Fund Balance, June 30	\$ 341,323	\$ 379,783	\$ 474,932	\$ 315,483	\$ 284,232	\$ 73,532
Excess(deficit) fund balance	(68,907)	38,460	95,149	(64,300)	(190,700)	(210,700)



## Aquatic Center Fund

Description	2015 Actual	2016 Actual	2017 Actual	2017 Budget	2018 Budget	2019 Budget
Budgetary Fund Balance, July 1	\$ 1,444,521	\$ 1,369,642	\$ 1,452,149	\$ 1,452,149	\$ 1,498,477	\$ 2,771,627
<b>Revenues</b>						
Charges for Services	262,706	335,857	347,291	296,800	296,800	309,800
Interest	3,937	6,009	11,016	6,000	6,000	20,000
Miscellaneous	253	1,383	2,098	250	250	500
Transfers In	200,000	200,000	200,000	200,000	1,700,000	200,000
Total Sources Available	1,911,417	1,912,891	2,012,554	1,955,199	3,501,527	3,301,927
<b>Expenditures</b>						
Public Services	541,775	460,742	514,077	560,400	729,900	596,900
Total Uses	541,775	460,742	514,077	560,400	729,900	596,900
Budgetary Fund Balance, June 30	\$ 1,369,642	\$ 1,452,149	\$ 1,498,477	\$ 1,394,799	\$ 2,771,627	\$ 2,705,027
Excess(deficit) fund balance	(74,879)	82,507	46,328	(57,350)	1,273,150	(66,600)

## Infrastructure Fund

Description	2015 Actual	2016 Actual	2017 Actual	2017 Budget	2018 Budget	2019 Budget
Budgetary Fund Balance, July 1	\$ 4,756,831	\$ 7,151,905	\$ 9,138,011	\$ 9,138,011	\$ 12,748,676	\$ 15,293,176
<b>Revenues</b>						
Licenses and Permits	2,394,698	2,487,932	2,735,208	2,300,000	2,350,000	2,400,000
Intergovernmental	1,780,130	1,508,167	1,888,955	2,098,661	360,000	-
Charges for Services	475,000	475,000	475,000	475,000	475,000	475,000
Interest	17,373	30,866	86,519	20,000	60,000	135,000
Miscellaneous	-	-	539,839	640,000	-	-
Transfers In	1,500,000	3,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Sources Available	10,924,032	15,153,870	16,363,532	16,171,672	17,493,676	19,803,176
<b>Expenditures</b>						
Public Services	3,772,127	6,015,859	3,614,856	4,050,000	2,200,500	1,855,000
Total Uses	3,772,127	6,015,859	3,614,856	4,050,000	2,200,500	1,855,000
Budgetary Fund Balance, June 30	\$ 7,151,905	\$ 9,138,011	\$ 12,748,676	\$ 12,121,672	\$ 15,293,176	\$ 17,948,176
Excess(deficit) fund balance	2,395,074	1,986,106	3,610,665	2,983,661	2,544,500	2,655,000

## Health and Dental Fund

Description	2015 Actual	2016 Actual	2017 Actual	2017 Budget	2018 Budget	2019 Budget
Budgetary Fund Balance, July 1	\$ 14,223,927	\$ 14,840,503	\$ 14,988,595	\$ 14,988,595	\$ 15,518,198	\$ 15,756,798
<b>Revenues</b>						
Interest	50,711	60,145	106,929	45,000	90,000	160,000
Employee Contributions	2,614,376	2,588,250	2,511,125	2,598,000	2,610,500	2,690,500
Reinsurance Reimbursement	12,849	11,438	295,800	25,000	25,000	25,000
FSA Contributions	90,866	95,088	88,669	90,000	90,000	85,000
Transfer In	-	-	-	-	-	-
Total Sources Available	16,992,729	17,595,424	17,991,118	17,746,595	18,333,698	18,717,298
<b>Expenditures</b>						
Administrative Fees	456,094	444,100	430,539	471,900	501,900	526,900
Wellness Program	1,190	1,208	12,958	15,000	25,000	25,000
Clinic	141,244	240,215	260,780	215,000	260,000	260,000
HRA Claims	78,430	87,454	90,792	65,000	90,000	40,000
Health and Dental Claims	1,364,664	1,729,988	1,579,434	1,600,000	1,600,000	1,600,000
ACA Taxes/Fees	21,995	15,994	9,821	17,000	10,000	6,000
FSA Claims	88,609	87,870	88,595	90,000	90,000	85,000
Total Uses	2,152,226	2,606,829	2,472,919	2,473,900	2,576,900	2,542,900
Budgetary Fund Balance, June 30	\$ 14,840,503	\$ 14,988,595	\$ 15,518,199	\$ 15,272,695	\$ 15,756,798	\$ 16,174,398
Excess(deficit) fund balance	616,576	148,092	529,604	284,100	238,600	417,600

## Golf Course Fund

Description	2015 Actual	2016 Actual	2017 Actual	2017 Budget	2018 Budget	2019 Budget
Budgetary Fund Balance, July 1	\$ 8,787,233	\$ 8,709,998	\$ 8,650,661	\$ 8,650,661	\$ 8,534,868	\$ 8,416,568
<b>Revenues</b>						
Interest	2,840	3,062	4,668	3,000	3,500	3,500
Charges for Services	1,155,379	1,112,149	1,034,366	1,117,700	1,097,400	1,067,400
Transfer In	100,000	100,000	100,000	100,000	100,000	100,000
Total Sources Available	10,045,452	9,925,209	9,789,695	9,871,361	9,735,768	9,587,468
<b>Expenditures</b>						
Cost of Sales and Services	911,077	900,968	969,570	989,300	1,009,200	993,700
Depreciation	329,515	296,428	240,093	330,000	310,000	280,000
Loss on Disposal of Assets	2,725	-	-	-	-	-
Interest Expense	92,137	77,152	45,164	49,324	-	-
Total Uses	1,335,454	1,274,548	1,254,827	1,368,624	1,319,200	1,273,700
Budgetary Fund Balance, June 30	\$ 8,709,998	\$ 8,650,661	\$ 8,534,868	\$ 8,502,737	\$ 8,416,568	\$ 8,313,768
Excess(deficit) fund balance	(77,235)	(59,337)	(115,793)	(147,924)	(118,300)	(102,800)

## Water and Sewer Fund

Description	2015 Actual	2016 Actual	2017 Actual	2017 Budget	2018 Budget	2019 Budget
Budgetary Fund Balance, July 1	\$ 26,971,683	\$ 25,735,761	\$ 25,887,344	\$ 25,887,344	\$ 26,522,528	\$ 26,422,354
Prior Period Adjustment- GASB 68	(1,958,635)	-	-	-	-	-
<b>Revenues</b>						
Water Charges	5,990,642	5,824,078	5,907,922	5,800,000	5,850,000	5,900,000
Sewer Charges	2,225,265	2,260,943	2,277,021	2,200,000	2,200,000	2,275,000
Penalties	117,610	100,923	99,314	95,000	95,000	95,000
Tap in Fees	64,769	107,370	194,814	50,000	70,000	50,000
Meter Installations	44,825	70,798	76,443	25,000	28,000	35,000
Other Service Charges	37,199	61,140	83,913	52,500	44,500	66,000
Miscellaneous	67,851	30,351	26,745	10,000	10,000	10,000
Interest	21,424	32,276	63,181	36,000	55,000	95,000
Capital Contributions	-	-	-	350,000	350,000	-
Total Sources Available	<u>33,582,633</u>	<u>34,223,640</u>	<u>34,616,697</u>	<u>34,505,844</u>	<u>35,225,028</u>	<u>34,948,354</u>
<b>Expenditures</b>						
Cost of Sales and Services	6,304,866	6,793,235	6,471,341	6,885,925	7,244,775	7,153,975
Depreciation	1,424,704	1,485,189	1,552,798	1,440,000	1,500,000	1,600,000
Loss on Disposal	3,988	-	13,927	-	-	-
Interest Expense	113,314	57,872	56,103	75,899	57,899	55,899
Total Uses	<u>7,846,872</u>	<u>8,336,296</u>	<u>8,094,169</u>	<u>8,401,824</u>	<u>8,802,674</u>	<u>8,809,874</u>
Budgetary Fund Balance, June 30	\$ <u>25,735,761</u>	\$ <u>25,887,344</u>	\$ <u>26,522,528</u>	\$ <u>26,279,919</u>	\$ <u>26,422,354</u>	\$ <u>26,138,480</u>
Excess(deficit) fund balance	<u>(1,235,922)</u>	<u>151,583</u>	<u>635,184</u>	<u>392,575</u>	<u>(100,174)</u>	<u>(283,874)</u>

**Consolidated Financials**  
**GOVERNMENTAL FUNDS**

	General Fund			Non-Major Governmental Funds			Total Governmental Funds		
	FY 2017 Amended	FY 2018 Amended	FY 2019 Approved	FY 2017 Amended	FY 2018 Amended	FY 2019 Approved	FY 2017 Actual	FY 2018 Amended	FY 2019 Approved
<b>REVENUES</b>									
Taxes	\$ 7,980,000	\$ 7,930,000	\$ 8,120,000	\$ -	\$ -	\$ -	\$ 7,980,000	\$ 7,930,000	\$ 8,120,000
Licenses and permits	20,216,000	22,041,000	20,786,000	2,300,000	2,350,000	2,400,000	22,516,000	24,391,000	23,186,000
Intergovernmental	751,000	672,000	703,000	2,703,661	605,000	580,000	3,454,661	1,277,000	1,283,000
Fines and forfeitures	195,000	256,000	193,000	-	-	-	195,000	256,000	193,000
Charges for services	3,610,000	4,036,000	4,260,000	772,050	772,050	785,300	4,382,050	4,808,050	5,045,300
Uses of property	-	-	-	25,000	50,000	100,000	25,000	50,000	100,000
Interest	475,000	500,000	650,000	29,400	73,500	172,500	504,400	573,500	822,500
Miscellaneous	79,000	80,000	98,000	640,000	360,000	-	719,000	440,000	98,000
<b>Total revenues</b>	<b>33,306,000</b>	<b>35,515,000</b>	<b>34,810,000</b>	<b>6,470,111</b>	<b>4,210,550</b>	<b>4,037,800</b>	<b>39,776,111</b>	<b>39,725,550</b>	<b>38,847,800</b>
<b>EXPENDITURES</b>									
Current:									
Administration	2,391,550	2,538,600	2,803,400	-	-	-	2,391,550	2,538,600	2,803,400
Police	7,645,600	8,339,600	8,858,100	90,200	243,200	316,200	7,735,800	8,582,800	9,174,300
Fire	6,911,300	7,832,500	8,265,100	-	-	-	6,911,300	7,832,500	8,265,100
Public services	4,661,500	4,947,500	5,404,500	560,400	729,900	596,900	5,221,900	5,677,400	6,001,400
Other Agencies	420,000	422,000	430,000	-	-	-	420,000	422,000	430,000
Capital Outlay	3,097,828	13,192,690	7,613,100	4,660,200	2,850,700	2,480,200	7,758,028	16,043,390	10,093,300
Debt service:									
Principal	1,060,000	1,065,000	1,095,000	-	-	-	1,060,000	1,065,000	1,095,000
Interest	485,450	467,600	446,525	-	-	-	485,450	467,600	446,525
<b>Total expenditures</b>	<b>26,673,228</b>	<b>38,805,490</b>	<b>34,915,725</b>	<b>5,310,800</b>	<b>3,823,800</b>	<b>3,393,300</b>	<b>31,984,028</b>	<b>42,629,290</b>	<b>38,309,025</b>
Excess(deficiency) of revenues over(under) expenditures	6,632,772	(3,290,490)	(105,725)	1,159,311	386,750	644,500	7,792,083	(2,903,740)	538,775
<b>OTHER FINANCING SOURCES(USES)</b>									
Transfers in	-	-	-	1,825,000	3,325,000	1,825,000	1,825,000	3,325,000	1,825,000
Transfers out	(1,925,000)	(3,425,000)	(1,925,000)	-	-	-	(1,925,000)	(3,425,000)	(1,925,000)
<b>Total other financing sources and uses</b>	<b>(1,925,000)</b>	<b>(3,425,000)</b>	<b>(1,925,000)</b>	<b>1,825,000</b>	<b>3,325,000</b>	<b>1,825,000</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>
Net change in fund balances	4,707,772	(6,715,490)	(2,030,725)	2,984,311	3,711,750	2,469,500	7,692,083	(3,003,740)	438,775
Fund balances - beginning	63,345,677	72,117,954	65,402,464	15,058,226	16,052,036	19,763,786	78,403,903	88,169,990	85,166,250
Fund balances - ending	<u>\$ 68,053,449</u>	<u>\$ 65,402,464</u>	<u>\$ 63,371,739</u>	<u>\$ 18,042,537</u>	<u>\$ 19,763,786</u>	<u>\$ 22,233,286</u>	<u>\$ 86,095,986</u>	<u>\$ 85,166,250</u>	<u>\$ 85,605,025</u>



**Consolidated Financials**  
**PROPRIETARY FUNDS**

	Water and Sewer			Golf Course			Totals		
	FY 2017 Amended	FY 2018 Amended	FY 2019 Approved	FY 2017 Amended	FY 2018 Amended	FY 2019 Approved	FY 2017 Amended	FY 2018 Amended	FY 2019 Approved
OPERATING REVENUES									
Charges for sales and services:									
Water fees	\$ 5,800,000	\$ 5,850,000	\$ 5,900,000	\$ -	\$ -	\$ -	\$ 5,800,000	\$ 5,850,000	\$ 5,900,000
Sewer charges	2,200,000	2,200,000	2,275,000	-	-	-	2,200,000	2,200,000	2,275,000
Penalties	95,000	95,000	95,000	-	-	-	95,000	95,000	95,000
Tap in fees	50,000	60,000	50,000	-	-	-	50,000	60,000	50,000
Meter installations	25,000	30,000	40,000	-	-	-	25,000	30,000	40,000
Other service charges	52,500	52,500	61,000	-	-	-	52,500	52,500	61,000
Golf course revenues	-	-	-	1,117,700	1,097,400	1,067,400	1,117,700	1,097,400	1,067,400
Other services	-	-	-	-	-	-	-	-	-
Miscellaneous	10,000	10,000	10,000	-	-	-	10,000	10,000	10,000
Total operating revenues	8,232,500	8,297,500	8,431,000	1,117,700	1,097,400	1,067,400	9,350,200	9,394,900	9,498,400
OPERATING EXPENSES									
Cost of sales and services	6,885,925	7,244,775	7,153,975	989,300	1,009,200	993,700	7,875,225	8,253,975	8,147,675
Loss on disposal of property	-	-	-	-	-	-	-	-	-
Depreciation	1,440,000	1,500,000	1,600,000	330,000	310,000	280,000	1,770,000	1,810,000	1,880,000
Total operating expenses	8,325,925	8,744,775	8,753,975	1,319,300	1,319,200	1,273,700	9,645,225	10,063,975	10,027,675
NET OPERATING INCOME(LOSS)	(93,425)	(447,275)	(322,975)	(201,600)	(221,800)	(206,300)	(295,025)	(669,075)	(529,275)
NON-OPERATING REVENUES									
Interest income	36,000	55,000	95,000	3,000	3,500	3,500	39,000	58,500	98,500
Interest expense	(75,899)	(57,899)	(55,899)	(49,324)	-	-	(125,223)	(57,899)	(55,899)
Total non-operating income	(39,899)	(2,899)	39,101	(46,324)	3,500	3,500	(86,223)	601	42,601
Transfers	-	-	-	100,000	100,000	100,000	100,000	100,000	100,000
NET INCOME	(133,324)	(450,174)	(283,874)	(147,924)	(118,300)	(102,800)	(281,248)	(568,474)	(386,674)
Capital Contribution	350,000	350,000	-	-	-	-	350,000	350,000	-
NET POSITION-BEGINNING OF YEAR	25,887,344	26,522,528	26,422,354	8,650,661	8,534,528	8,416,228	34,538,005	35,057,056	34,838,582
NET POSITION-END OF YEAR	\$ 26,104,020	\$ 26,422,354	\$ 26,138,480	\$ 8,502,737	\$ 8,416,228	\$ 8,313,428	\$ 34,606,757	\$ 34,838,582	\$ 34,451,908

## **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 \$2,803,400. 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 \$8,858,100.

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 61 searches during last year resulting in 18 drug finds and 13 suspects located. The Canine unit also was requested to assist other law enforcement agencies 32 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 30 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 4,456 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 138 drug investigations, and 67 prostitution investigations last year. Those investigations led to 107 felonies and 145 misdemeanor charges. Florence police seized in excess of \$345,000 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 2017-2018 is \$8,265,100

The department made 8225 medical and 4336 fire responses in 2017. 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 2017. Our fire companies responded to 206 fires, 5 overpressure/explosions, 2582 rescue and emergency medical incidents, 207 hazardous condition responses, 138 service calls, 746 good intent call, 432 false alarms, 19 severe weather responses and 1 special type incidents.

The emergency medical services utilizes Advanced Life Support training and equipment for all incidents. A total of 8225 emergency medical responses occurred during calendar 2017, with 3043 of those calls considered to be immediately life threatening. The most common overall responses were: person fell 1100, subject ill 1034, difficulty breathing 743, injury accidents 707 and emotional crisis 590. Our busiest ambulance in 2017 was Squad 114 with 3078 emergency

responses and our busiest fire company was Engine 102 with 1731 emergency responses. Squad 114 is the 3<sup>rd</sup> 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 1,461 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 2017 there were a total of 9025 training hours completed by members of the department and 708 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 \$5,404,500.

The facilities division maintains and manages the 26 City owned building structures at 240,703 square feet and 561 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 169 lane miles on more than 373 City streets. Duties include but are not limited to: snow removal, street replacement, crack sealing, mud jacking, street sweeping, storm sewer maintenance and other miscellaneous street maintenance issues. The grounds maintenance division consists of employees whom are responsible for grounds maintenance of nearly 175.7 acres. 172,548 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 142 miles of storm water lines, 2,897 curb inlets and 604 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 \$782,275.

### **Sanitary Sewer**

This department is responsible for the maintenance and management of 132 miles of sanitary sewer lines, 3,487 sewer manholes and 6 pump stations. The total department budget is \$1,392,500.

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

### **Water**

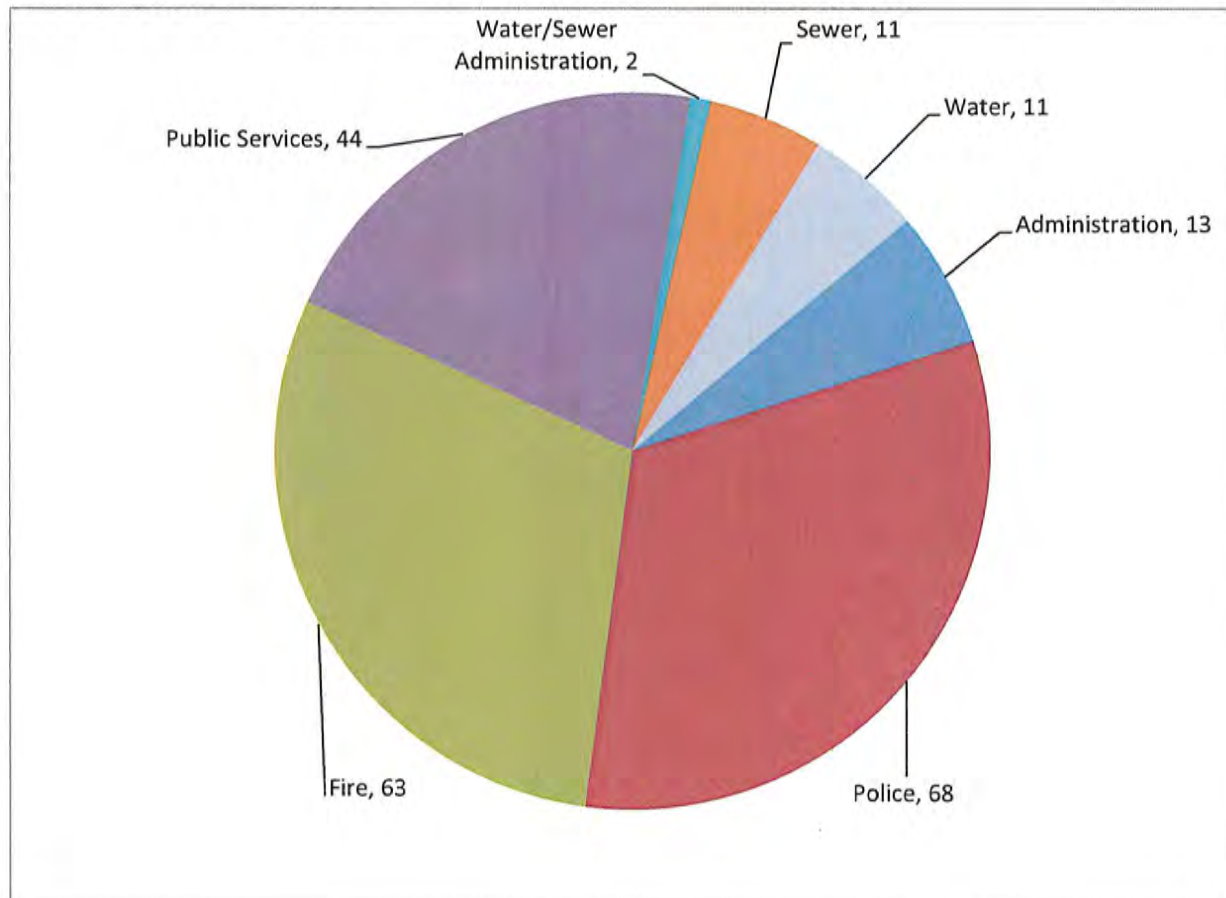
The department maintains approximately 8,800 water meters, 150 miles of water line, 3,898 water valves and 1,600 fire hydrants. They take a very proactive role in providing potable water of the highest quality to its customers. The total department budget is \$4,879,200.

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

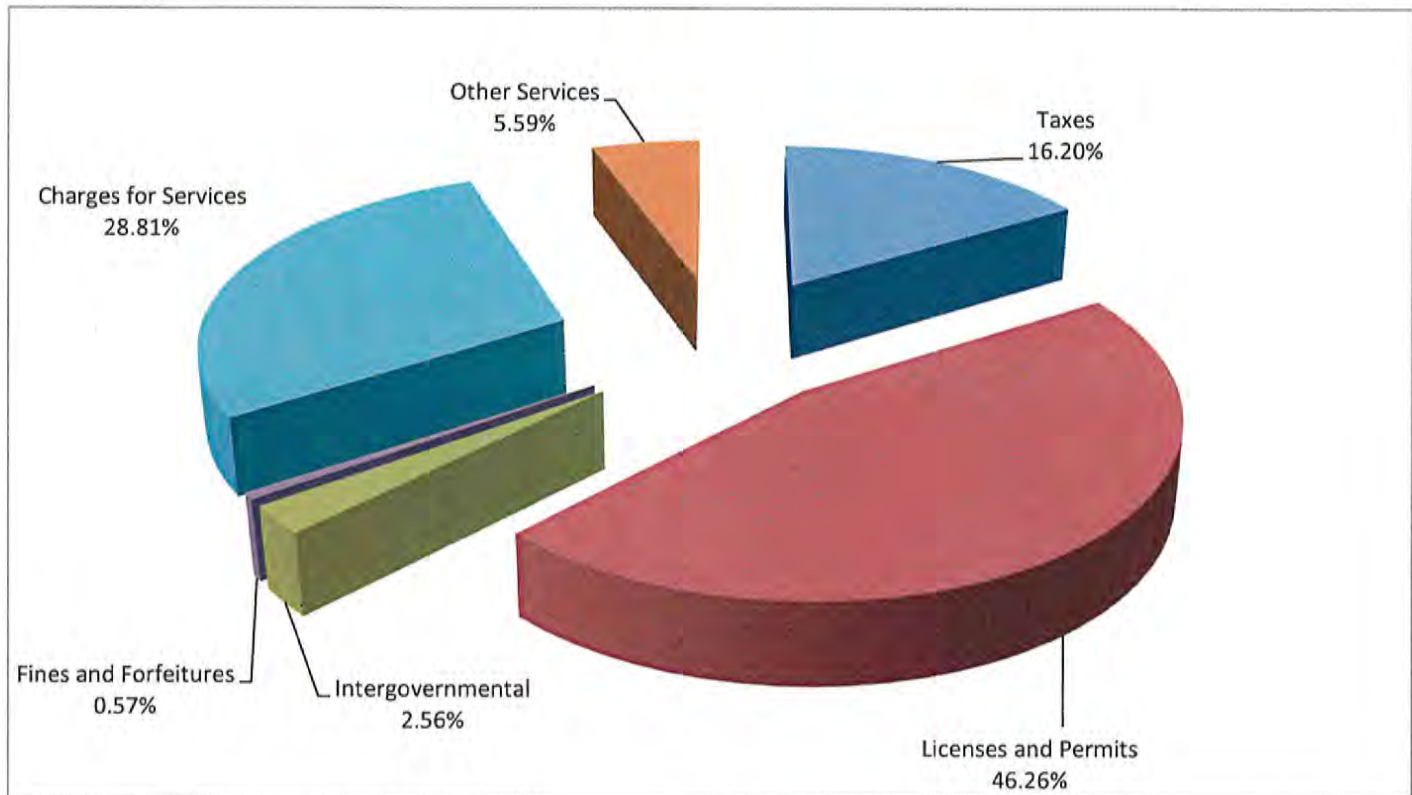
Personnel	2014	2015	2016	2017	2018	Budgeted 2019
Administration	13	13	13	13	13	13
Police	65	68	68	68	68	68
Fire	51	57	60	63	63	63
Public Services	42	42	42	44	44	44
Water/Sewer Administration	2	2	2	2	2	2
Sewer	11	11	11	11	11	11
Water	11	11	11	11	11	11
Total Full-Time	195	204	207	212	212	212
Administration	1	1	1	1	1	1
Fire	0.5	0.5	0.5	0.5	0.5	0.5
Total Part-Time	1.5	1.5	1.5	1.5	1.5	1.5

No additional personnel were added for FY 2019.



## Where the Money Comes From All Funds

Revenues	2015 Actual	2016 Actual	2017 Actual	2017 Budget	2018 Budget	2019 Budget
Taxes	\$ 7,958,304	\$ 8,089,235	\$ 8,152,478	\$ 7,980,000	\$ 7,930,000	\$ 8,120,000
Licenses and Permits	22,661,727	23,182,961	25,070,258	22,516,000	24,391,000	23,186,000
Intergovernmental	3,594,901	3,269,871	3,433,946	3,454,661	1,637,000	1,283,000
Fines and Forfeitures	370,519	328,115	316,224	290,000	351,000	288,000
Charges for Services	13,523,526	14,273,183	14,667,060	13,152,000	14,097,700	14,438,200
Other Services	2,718,091	2,694,776	2,895,594	2,713,000	2,725,500	2,800,500
Uses of Property	95,545	100,879	162,620	25,000	50,000	100,000
Interest	939,036	865,176	680,208	1,043,400	722,000	1,081,000
Miscellaneous	196,392	140,230	168,175	109,250	90,250	108,500
Refunding Bonds Issued	6,249,494	-	-	-	-	-
Total Sources Available	\$ 58,307,535	\$ 52,944,426	\$ 55,546,563	\$ 51,283,311	\$ 51,994,450	\$ 51,405,200



## 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.

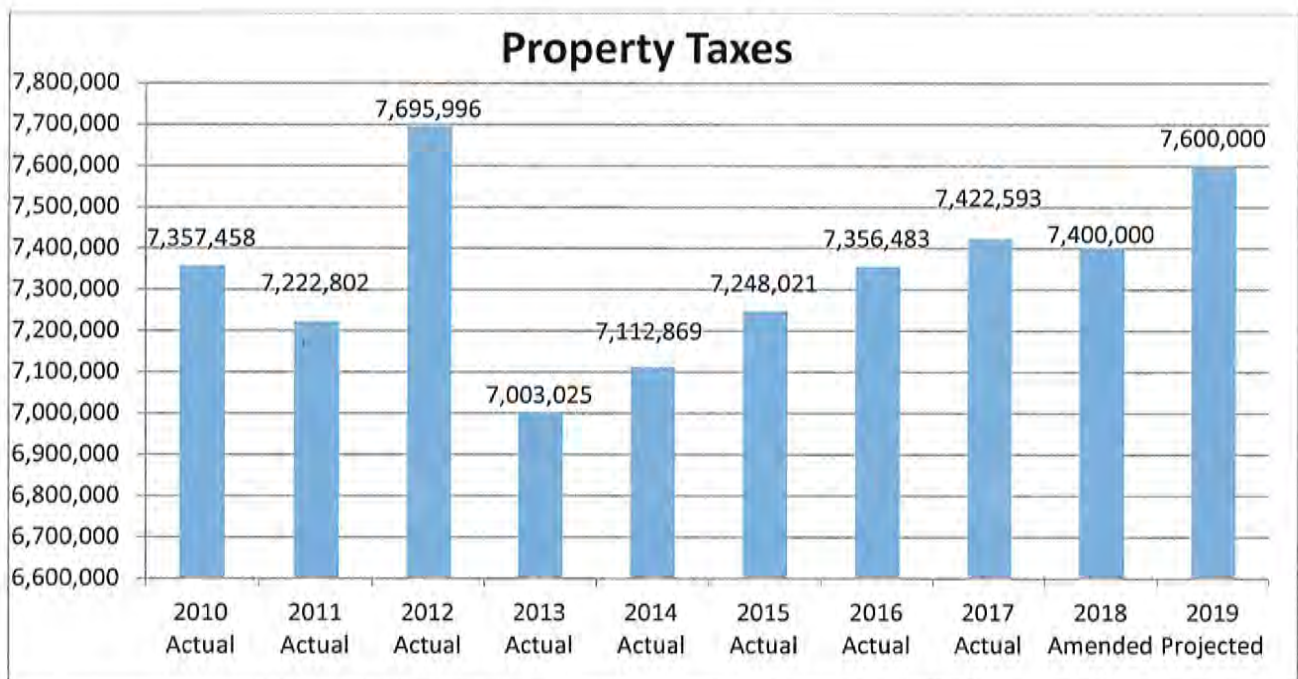
#### Property Taxes

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.



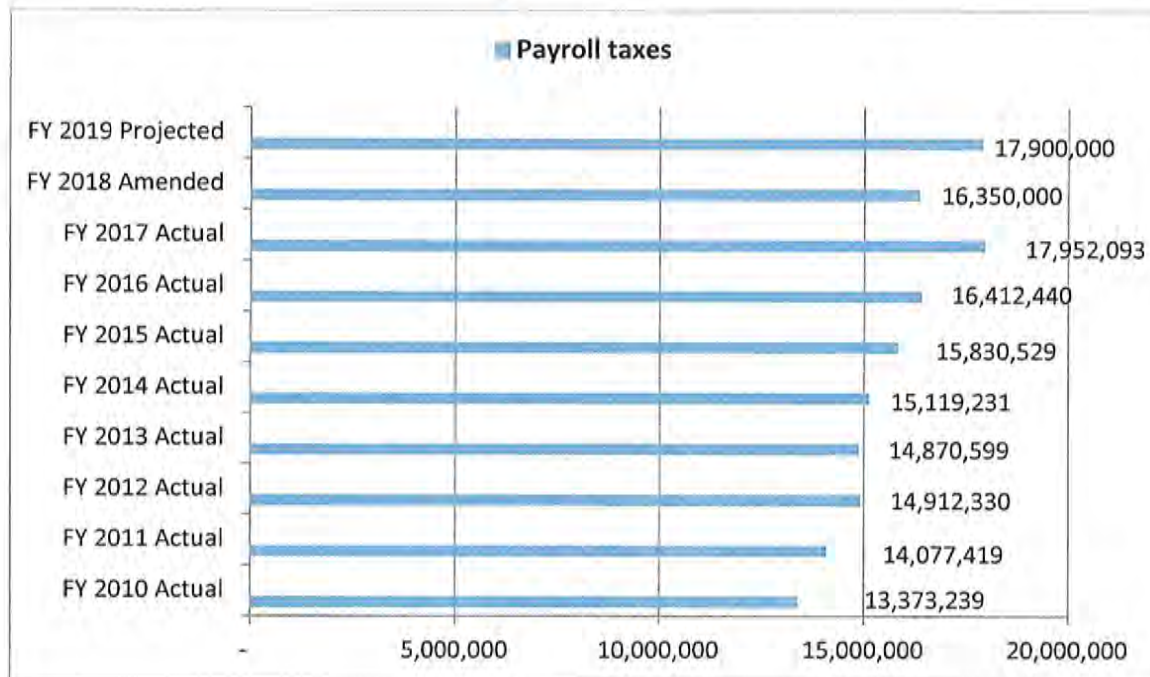
### Occupational License Fees

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 15<sup>th</sup> day of the fourth month after the business year-end. The annual occupational license fee is calculated by applying a rate of .001 or .1% on total gross receipts. The minimum fee is \$40 for business with total gross receipts from \$0-

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

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.

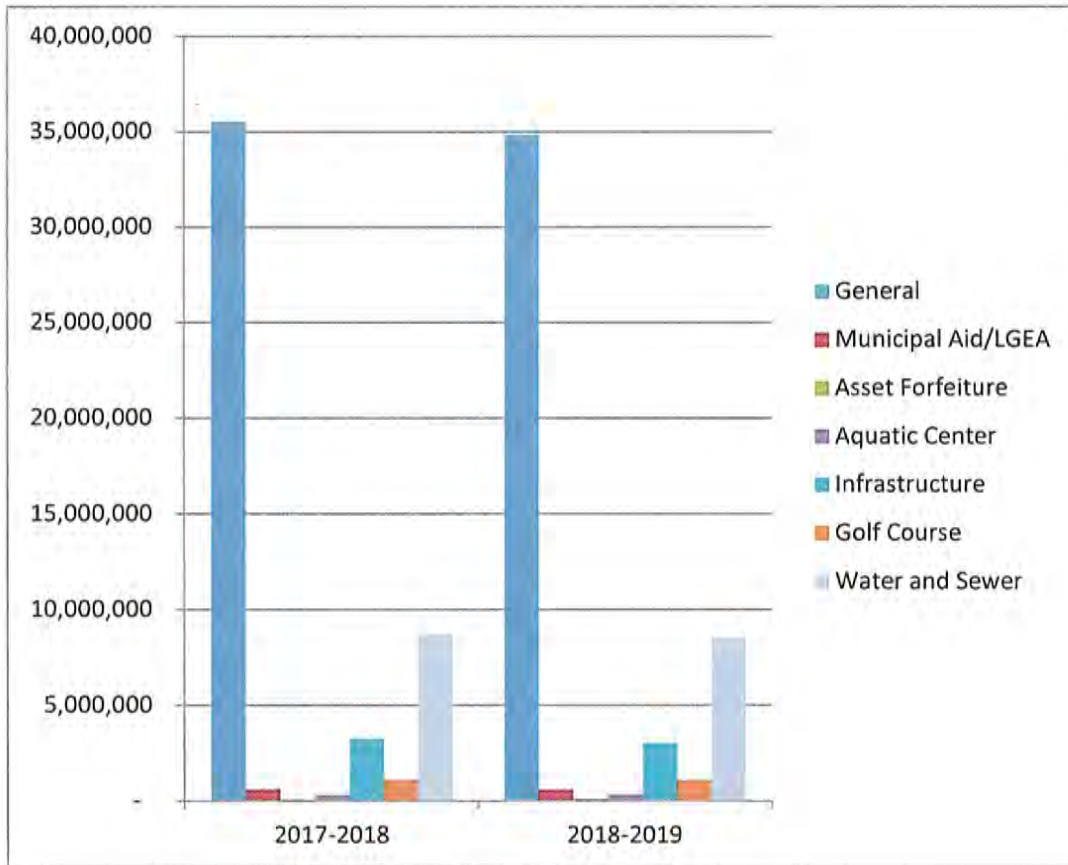
**Miscellaneous Revenue**

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 2017-2018 to Fiscal 2018-2019

Fund	Amended Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
General	\$ 35,515,000	\$ 34,810,000	\$ (705,000)	-1.99%
Municipal Aid/LGEA	610,000	592,000	(18,000)	-2.95%
Asset Forfeiture	52,500	105,500	53,000	100.95%
Aquatic Center	303,050	330,300	27,250	8.99%
Infrastructure	3,245,000	3,010,000	(235,000)	-7.24%
Golf Course	1,100,900	1,070,900	(30,000)	-2.73%
Water and Sewer	8,702,500	8,526,000	(176,500)	-2.03%
<b>Total</b>	<b>\$ 49,528,950</b>	<b>\$ 48,444,700</b>	<b>\$ (1,084,250)</b>	<b>-2.19%</b>

Total does not include transfers or internal service fund.





## All Funds - Revenue Summary

### 001 General

001 General					Change	
	Audit	Audit	Budget	Budget	From	Percent
ACCOUNT TITLE	2015-2016	2016-2017	2017-2018	2018-2019	Prior Year	Change
Property Taxes (Less Disc.)	\$ 7,356,484	\$ 7,422,593	\$ 7,400,000	\$ 7,600,000	\$ 200,000	2.70%
Franchise Taxes	278,381	261,772	280,000	270,000	(10,000)	-3.57%
Cable Franchise Taxes	248,006	247,988	250,000	250,000	-	0.00%
Insurance Premium Taxes	4,265,760	4,582,660	4,250,000	2,550,000	(1,700,000)	-40.00%
Bank Deposits Taxes	206,365	220,124	200,000	215,000	15,000	7.50%
Occupational Licenses	2,380,421	2,399,297	2,300,000	2,400,000	100,000	4.35%
Alcoholic Beverage Licenses	123,450	122,783	115,000	120,000	5,000	4.35%
Payroll Taxes	13,924,508	15,204,885	15,200,000	15,500,000	300,000	1.97%
Inspection Fees	889	25,425	1,000	1,000	-	0.00%
HB 413 Revenue	36,416	29,339	35,000	30,000	(5,000)	-14.29%
Grant Receipts	145,659	105,866	25,000	50,000	25,000	100.00%
Police Incentive	245,898	309,339	300,000	310,000	10,000	3.33%
Fire Incentive	227,257	293,452	280,000	300,000	20,000	7.14%
SAFER grant	494,345	186,644	-	-	-	0.00%
Rent - Nature Park Building	29,015	33,145	30,000	30,000	-	0.00%
Gov't Center-O/S Maint	10,639	10,639	10,000	30,000	20,000	200.00%
Gov't Center-Utilities	25,057	25,627	25,000	25,000	-	0.00%
Rent - Government Center	142,067	148,743	143,000	149,000	6,000	4.20%
Rent - Telecommunications	33,088	33,748	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	237,545	248,784	210,000	245,000	35,000	16.67%
Contractual Charges	90,000	90,000	90,000	90,000	-	0.00%
Rental - Baseball Prop.	94,359	132,000	110,000	110,000	-	0.00%
Service to Fire District	2,036,691	1,991,939	1,900,000	2,000,000	100,000	5.26%
Ambulance Svc revenues	1,130,343	1,354,122	1,350,000	1,350,000	-	0.00%
Interest on Investments	474,757	601,327	500,000	650,000	150,000	30.00%
False alarm Fees	6,500	8,525	7,000	7,000	-	0.00%
Penalty / Interest	117,875	171,907	150,000	150,000	-	0.00%
Code Enforcement	101,827	34,858	35,000	35,000	-	0.00%
Parking Tickets	990	1,620	1,000	1,000	-	0.00%
Drug Enforcement Agency	12,729	13,644	12,000	13,000	1,000	8.33%
Miscellaneous Revenue	52,013	76,824	20,000	25,000	5,000	25.00%
Seniot Ctr Funding	8,667	13,000	13,000	13,000	-	0.00%
Insurance Claims	5,236	13,397	15,000	15,000	-	0.00%
Police Auction	31,037	25,447	15,000	30,000	15,000	100.00%
Parks/Recreation	12,643	16,263	12,000	15,000	3,000	25.00%
Gain/Loss on Investments	251,495	-	-	-	-	0.00%
Total General	\$ 35,034,356	\$ 36,653,670	\$ 35,515,000	\$ 34,810,000	\$ (705,000)	-1.99%

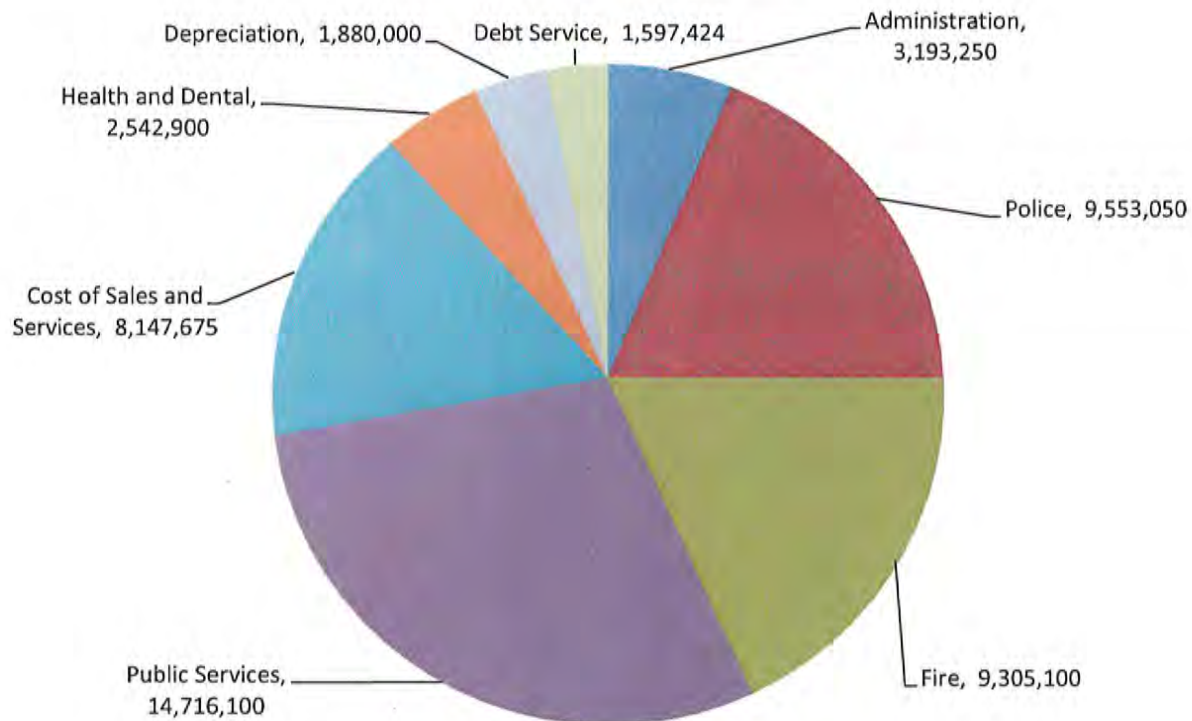
ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>201 Municipal Aid/LGEA</b>						
Municipal Aid	\$ 595,031	\$ 603,054	\$ 600,000	\$ 575,000	\$ (25,000)	-4.17%
LGEA Coal Severance	-	-	-	-	-	0.00%
LGEA Mineral Severance	4,369	3,653	5,000	5,000	-	0.00%
Interest	5,119	8,555	5,000	12,000	7,000	140.00%
<b>Total Municipal Aid/LGEA</b>	<b>\$ 604,519</b>	<b>\$ 615,262</b>	<b>\$ 610,000</b>	<b>\$ 592,000</b>	<b>\$ -18,000</b>	<b>-2.95%</b>
<b>204 Asset Forfeiture</b>						
Asset Forfeitures	\$ 100,878	\$ 162,620	\$ 50,000	\$ 100,000	\$ 50,000	100.00%
Interest	1,446	3,072	2,500	5,500	3,000	120.00%
<b>Total Asset Forfeiture</b>	<b>\$ 102,324</b>	<b>\$ 165,692</b>	<b>\$ 52,500</b>	<b>\$ 105,500</b>	<b>\$ 53,000</b>	<b>100.95%</b>
<b>205 Aquatic Center</b>						
Daily Admission	\$ 259,620	\$ 257,608	\$ 220,000	\$ 235,000	\$ 15,000	6.82%
Memberships	47,483	58,238	45,000	45,000	-	0.00%
Concessions	4,383	11,406	6,000	9,000	3,000	50.00%
Programs	23,080	18,942	25,000	20,000	(5,000)	-20.00%
Locker Rental	1,292	1,097	800	800	-	0.00%
Interest	6,009	11,016	6,000	20,000	14,000	233.33%
Miscellaneous	1,383	2,098	250	500	250	100.00%
<b>Total Aquatic Center</b>	<b>\$ 343,250</b>	<b>\$ 360,405</b>	<b>\$ 303,050</b>	<b>\$ 330,300</b>	<b>\$ -</b>	<b>0.00%</b>
<b>203 Infrastructure Fund</b>						
Payroll Taxes	\$ 2,487,932	\$ 2,735,208	\$ 2,350,000	\$ 2,400,000	\$ 50,000	2.13%
Grants	1,508,167	1,888,955	360,000	-	(360,000)	-100.00%
Storm Water	475,000	475,000	475,000	475,000	-	0.00%
Interest	30,866	86,519	60,000	135,000	75,000	125.00%
Sale of Land	-	539,839	-	-	-	0.00%
<b>Total Infrastructure</b>	<b>\$ 4,501,965.00</b>	<b>\$ 5,725,521</b>	<b>\$ 3,245,000</b>	<b>\$ 3,010,000</b>	<b>\$ -235,000</b>	<b>-7.24%</b>

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>501 Golf Course</b>						
Greens Fees	\$ 200,605	\$ 173,235	\$ 200,000	\$ 200,000	-	0.00%
Driving Range	254,109	226,987	250,000	225,000	(25,000)	-10.00%
Golf Carts	100,352	88,819	95,000	95,000	-	0.00%
Indoor Range	18,676	16,305	17,000	17,000	-	0.00%
Miniature Golf	206,988	205,938	205,000	205,000	-	0.00%
Junior Golf Revenue	39,037	34,309	35,000	35,000	-	0.00%
Golf Memberships	6,825	4,700	5,000	5,000	-	0.00%
Golf Simulator	18,571	14,697	18,000	15,000	(3,000)	-16.67%
Club Rental	4,770	3,064	4,000	4,000	-	0.00%
Club Repair	2,086	2,632	400	400	-	0.00%
Tournaments	1,434	3,793	6,500	6,500	-	0.00%
Group lessons	15,081	21,629	20,000	18,000	(2,000)	-10.00%
Private Lessons	66,800	61,205	65,000	65,000	-	0.00%
Coupons	(89,420)	(80,024)	(80,000)	(80,000)	-	0.00%
Merchandise	114,207	116,489	115,200	115,200	-	0.00%
Foot Golf	18,311	14,803	16,100	16,100	-	0.00%
Hall Rental	456	-	500	500	-	0.00%
Food and beverage	30,535	23,759	26,000	26,000	-	0.00%
Beer	49,078	49,061	53,000	53,000	-	0.00%
Soft drinks	18,687	14,976	16,000	16,000	-	0.00%
Fountain Drinks	13,928	12,695	14,000	14,000	-	0.00%
Liquor and wine	1,734	2,244	1,700	1,700	-	0.00%
Interest	3,062	4,668	3,500	3,500	-	0.00%
Miscellaneous	14,000	17,840	10,000	10,000	-	0.00%
Video Games	1,888	1,608	1,500	1,500	-	0.00%
Tips	3,411	3,602	2,500	2,500	-	0.00%
<b>Total Golf Course</b>	<b>\$ 1,115,211</b>	<b>\$ 1,039,034</b>	<b>\$ 1,100,900</b>	<b>\$ 1,070,900</b>	<b>(30,000)</b>	<b>-2.73%</b>

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>503 Water and Sewer</b>						
Water Sales	\$ 5,824,078	\$ 5,907,921	\$ 5,850,000	\$ 5,900,000	\$ 50,000	0.85%
Water Taps	39,500	57,750	25,000	25,000	-	0.00%
Sewer Receipts	2,260,943	2,277,021	2,200,000	2,275,000	75,000	3.41%
Sewer Taps	67,870	137,064	35,000	25,000	(10,000)	-28.57%
Penalties	100,923	99,314	95,000	95,000	-	0.00%
Service Charge	49,896	49,376	28,000	35,000	7,000	25.00%
Meter Installation	70,798	76,443	30,000	40,000	10,000	33.33%
Inspection Fees	3,450	6,465	1,000	1,000	-	0.00%
Miscellaneous	13,816	26,745	10,000	10,000	-	0.00%
Credit Card Fees	7,794	7,460	6,500	7,000	500	7.69%
Boone Florence Reimburse	16,536	20,612	17,000	18,000	1,000	5.88%
Dividend/Interest Income	32,276	63,181	55,000	95,000	40,000	72.73%
Greenview Pump Station	-	-	350,000		(350,000)	-100.00%
<b>Total Water and Sewer</b>	<b>\$ 8,487,880</b>	<b>\$ 8,729,352</b>	<b>\$ 8,702,500</b>	<b>\$ 8,526,000</b>	<b>\$ (176,500)</b>	<b>-2.03%</b>

## Where the Money Goes All Funds

Expenses/Expenditures	2015 Actual	2016 Actual	2017 Actual	2017 Budget	2018 Budget	2019 Budget
Administration	\$ 2,501,686	\$ 2,355,651	\$ 2,548,091	\$ 2,852,328	\$ 3,175,790	\$ 3,193,250
Police	7,635,934	7,340,063	7,682,742	8,261,300	8,925,800	9,553,050
Fire	7,327,239	6,991,557	7,283,513	7,526,000	8,222,500	9,305,100
Public Services	11,103,526	13,530,397	11,405,723	13,841,300	20,772,600	14,716,100
Cost of Sales and Services	7,215,943	7,694,203	7,440,911	7,875,225	8,253,975	8,147,675
Health and Dental	2,152,226	2,606,829	2,472,919	2,473,900	2,576,900	2,542,900
Depreciation	1,754,219	1,781,617	1,792,891	1,770,000	1,810,000	1,880,000
Loss on Disposal	2,725	-	-	-	-	-
Debt Service	1,818,163	1,682,549	1,646,292	1,670,673	1,590,499	1,597,424
Payment to Refunded Bond						
Escrow Agent	6,170,894	-	-	-	-	-
Cost of Issuance	73,700	-	-	-	-	-
Transfers Out	1,925,000	3,925,000	1,925,000	1,925,000	3,425,000	1,925,000
<b>Total Uses</b>	<b>\$ 49,681,255</b>	<b>\$ 47,907,866</b>	<b>\$ 44,198,082</b>	<b>\$ 48,195,726</b>	<b>\$ 58,753,064</b>	<b>\$ 52,860,499</b>





## Expenditure Discussion

General Fund – FY 2018-19 operating expenditures for the General Fund increased by \$1,689,825, or 6.59%. This increase is primarily due to:

- Personnel – The City has authorized a COLA in the amount of 2.2% and has built in step increases as well. The additional salary cost will be \$450,574.
- Pension Rates – The City's pension rate for the non-hazardous increased from 19.18% to 21.48% and the hazardous rate has increased from 31.55% to 35.34%. This will cost an estimated \$555,250.
- Liability Insurance – The City policies will require an additional \$12,000 for the upcoming year.
- Operating/Contractual – Various expenditures in each department are projected to increase for FY 2019.

General Fund – FY 2018-2019 capital expenditures decreased by \$5.6 million, or 42.29%. 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, switches and routers.
- Public Services and Police – There were slight decreases in each one of these capital budgets due to the nature of the capital purchases.
- Fire – There are additional expenditures for an ambulance and a rescue pumper for \$880,000.
- City-wide Projects – The City has budgeted additional improvements for the Nature Park plan, the Planned additional park on the east side of town, widening of US 42 and the lengthening of the northbound turn lane from Mall Road to I-75.

Special Revenue Expense Funds – Special Revenue Funds are made up of Municipal Aid/LGEA, Infrastructure, Asset Forfeiture and Aquatic Center Funds. FY 2017-18 expenditures for Special Revenue Expense Funds decreased \$430,500, or 11.26%. This decrease is the result of the following:

- Municipal Aid – Decrease of \$25,000 due to a prior year carryover of street material and maintenance.
- Infrastructure – Decrease of \$345,500 million due to the finished development of a parcel of property on Mall and Bosch Roads that the City had agreed to provide infrastructure improvements for in conjunction with additional State and private funding.
- Asset Forfeiture – Increase of \$73,000 due to the planned purchase of additional equipment.
- Aquatic Center – Decrease of \$133,000 mostly due to a capital project to reline the base of the pool at the end of the 2018 season. That cost was \$200,000. New capital costs for the 2019 pool season will be reduced to \$80,000.

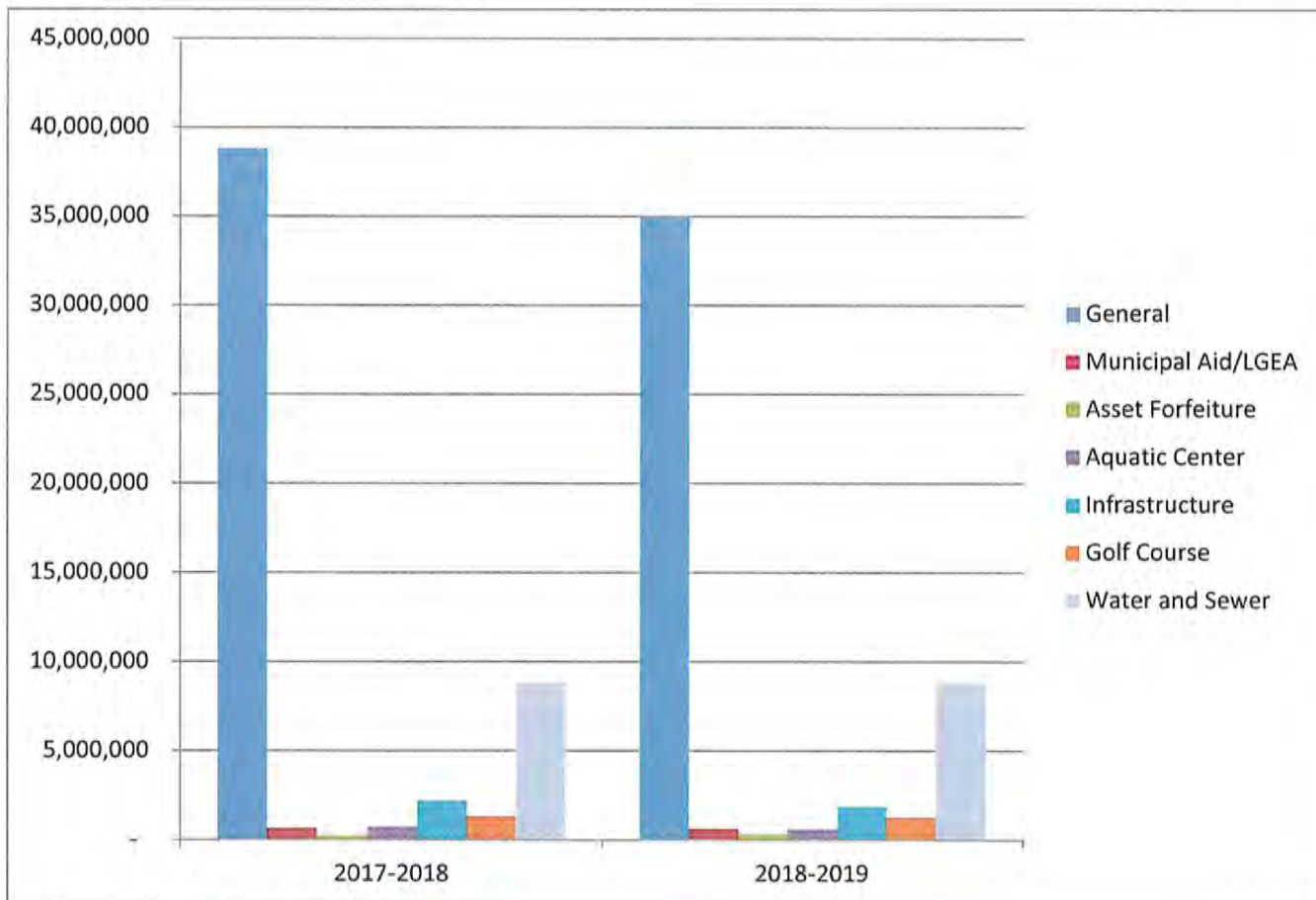
Enterprise Funds – The Enterprise Funds are made up of the Golf Course Fund and the Water and Sewer Fund. The FY 2018-19 expenditures for the Enterprise Funds decreased by \$38,300, or .38%. This decrease is primarily due to:

- 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 \$45,500 overall due to the decrease in depreciation expense of \$30,000. The remaining decrease of \$15,500 was a combination of personnel and operating and maintenance costs.
- Water and Sewer – The water and sewer fund expenses increased by \$7,200. The majority of this increase is due to depreciation expense due to infrastructure projects. 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 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
General	\$ 38,805,490	\$ 34,915,725	\$ (3,889,765)	-10.02%
Municipal Aid/LGEA	650,200	625,200	(25,000)	-3.84%
Asset Forfeiture	243,200	316,200	73,000	30.02%
Aquatic Center	729,900	596,900	(133,000)	-18.22%
Infrastructure	2,200,500	1,855,000	(345,500)	-15.70%
Golf Course	1,319,200	1,273,700	(45,500)	-3.45%
Water and Sewer	8,802,674	8,809,874	7,200	0.08%
Total	\$ 52,751,164	\$ 48,392,599	\$ (4,358,565)	-8.26%

Total does not include transfers or internal service fund.



## All Funds - Appropriations Summary

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>001 General Fund</b>						
<b>Administration/Finance</b>						
Mayor/Council Salaries	\$ 124,318	\$ 125,191	\$ 128,700	\$ 130,500	\$ 1,800	1.40%
Salaries	564,158	605,023	665,000	800,000	135,000	20.30%
Education Incentive	1,495	1,028	1,100	1,100	-	0.00%
Temporary Employees	-	12,139	10,000	10,000	-	0.00%
Unscheduled	259	36	5,000	5,000	-	0.00%
F.I.C.A.	49,855	54,212	63,000	61,500	(1,500)	-2.38%
Non-Hazardous Duty	97,797	114,034	139,000	200,500	61,500	44.24%
Deferred Compensation	23,212	21,876	25,000	25,000	-	0.00%
Health Insurance	104,550	89,773	95,000	95,000	-	0.00%
Dental Insurance	6,022	5,151	6,500	6,500	-	0.00%
Group Life	842	891	1,000	1,000	-	0.00%
Long Term Disability	1,574	1,747	1,550	1,550	-	0.00%
Workers Compensation	1,534	2,019	3,000	4,000	1,000	33.33%
Unemployment Insurance	-	528	10,000	10,000	-	0.00%
Volunteer/Employee Apprec	973	1,765	3,000	3,000	-	0.00%
Special Attorney's Fees	157,077	127,025	175,000	150,000	(25,000)	-14.29%
Accounting/Auditing Fees	10,746	10,807	30,000	25,000	(5,000)	-16.67%
Bank Service Charges	21,456	23,608	35,000	45,000	10,000	28.57%
Prop Valuation Admin Fees	50,000	50,000	50,000	50,000	-	0.00%
Computer Svcs - Prof Supp	189,479	289,284	285,000	290,000	5,000	1.75%
Posatge Machine Lease	2,187	4,374	4,500	4,500	-	0.00%
Code Enforcement Services	2,150	2,500	3,000	3,000	-	0.00%
Special Projects Codification	1,436	-	5,000	5,000	-	0.00%
Special Projects Consulting	174,099	174,108	195,000	195,000	-	0.00%
Special Studies Contracts	20,000	20,000	40,000	97,000	57,000	142.50%
Hiring Expenditures	344	200	1,000	1,000	-	0.00%
Legal Advertising	7,513	12,574	12,000	15,000	3,000	25.00%
Community Relations	18,046	15,390	30,000	30,000	-	0.00%
Office Supplies	9,288	10,980	10,000	13,000	3,000	30.00%
Mailing House	2,287	1,476	1,500	1,500	-	0.00%
Motor Fuels	284	425	2,000	2,000	-	0.00%
Local Telephone Service	12,772	17,203	16,500	15,000	(1,500)	-9.09%
Liability Insurance	348,525	357,023	375,250	385,250	10,000	2.66%
Training & Travel	8,285	16,381	15,000	16,500	1,500	10.00%
Equipment Repairs & Maint	8,280	3,179	7,500	7,500	-	0.00%
Vehicle Maintenance	1,144	1,156	2,000	2,000	-	0.00%
Prof. Memberships & Publ.	27,447	27,413	29,000	34,000	5,000	17.24%
Postage	20,407	19,403	26,000	25,000	(1,000)	-3.85%
Miscellaneous	11,791	13,520	20,000	25,000	5,000	25.00%
Cable TV / Recreation	12	-	7,000	7,000	-	0.00%
Ins Loss - Reimb of Deductible	11,628	-	4,500	4,500	-	0.00%
<b>Total Administration/Finance</b>	<b>\$ 2,093,272</b>	<b>\$ 2,233,442</b>	<b>\$ 2,538,600</b>	<b>\$ 2,803,400</b>	<b>\$ 264,800</b>	<b>10.43%</b>

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>Public Services</b>						
Salaries	\$ 1,893,571	\$ 1,956,517	\$ 2,171,000	\$ 2,440,000	\$ 269,000	12.39%
Education Incentive	3,058	1,441	3,000	3,000	-	0.00%
Temporary Employees	45,244	39,628	68,000	65,000	(3,000)	-4.41%
Unscheduled	61,948	44,781	76,000	76,000	-	0.00%
F.I.C.A.	142,798	150,373	181,000	199,000	18,000	9.94%
Non-Hazardous Duty	334,110	373,488	447,000	556,000	109,000	24.38%
Deferred Compensation	78,746	81,258	86,000	90,000	4,000	4.65%
Health Insurance	435,835	423,993	460,000	497,000	37,000	8.04%
Dental Insurance	24,511	24,261	28,000	30,000	2,000	7.14%
Group Life	3,906	3,976	4,000	5,000	1,000	25.00%
Long Term Disability	5,735	6,444	7,000	8,000	1,000	14.29%
Workers Compensation	50,120	52,187	75,000	91,000	16,000	21.33%
Unemployment Insurance	706	-	10,000	10,000	-	0.00%
Employee Health Programs	2,161	2,930	6,000	6,000	-	0.00%
Special Engineering Fees	23,997	36,088	25,000	25,000	-	0.00%
Debris & Weed Cutting	10,182	8,734	15,000	12,000	(3,000)	-20.00%
Contracted Services	7,124	7,202	8,000	8,000	-	0.00%
Hiring Expenses	110	636	1,000	1,000	-	0.00%
Community Relations	53,750	60,412	60,000	63,000	3,000	5.00%
Community Services Program	5,323	6,610	6,000	6,000	-	0.00%
Janitorial Supplies	16,417	13,288	18,000	22,000	4,000	22.22%
Office Supplies	4,987	4,085	6,000	6,000	-	0.00%
Maintenance Supplies	26,645	30,573	28,000	30,000	2,000	7.14%
Motor Fuels	66,895	62,181	100,000	100,000	-	0.00%
Street Signs	21,521	17,843	21,000	21,000	-	0.00%
Program Supplies/Printing	1,966	3,936	4,000	4,000	-	0.00%
Small Tools	8,007	8,062	12,000	15,000	3,000	25.00%
Uniforms and Mats	13,874	16,526	20,000	23,000	3,000	15.00%
Utility Service - Street Lights	261,615	218,340	260,000	250,000	(10,000)	-3.85%
Utility Service	198,837	230,574	215,000	215,000	-	0.00%
Local Telephone Service	19,803	22,452	21,000	21,000	-	0.00%
Rental of Equipment & Vehicles	3,320	3,625	4,000	4,000	-	0.00%
Custodial	13,669	12,367	15,000	15,000	-	0.00%
Training and Travel	10,839	8,638	20,000	20,000	-	0.00%
Equipment Rep & Maint	59,684	70,111	65,000	65,000	-	0.00%
Vehicle Maintenance	59,815	60,516	60,000	60,000	-	0.00%
Building Maintenance	95,088	103,132	126,000	126,000	-	0.00%
Grounds Maintenance	97,831	134,466	126,000	146,000	20,000	15.87%
Storm Sewer Maintenance	44,313	47,135	50,000	50,000	-	0.00%
Memberships & Publications	2,958	15,736	3,000	3,000	-	0.00%
Miscellaneous	11,414	10,234	10,000	11,000	1,000	10.00%
Insurance Loss - Reimb. of Ded	248	4,111	25,000	5,000	(20,000)	-80.00%
Cemetery Expenditures	-	1,200	1,500	1,500	-	0.00%
Total Public Services	\$ 4,222,681	\$ 4,380,090	\$ 4,947,500	\$ 5,404,500	\$ 457,000	9.24%

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>Police</b>						
Salaries	\$ 3,705,113	\$ 3,872,670	\$ 4,320,000	\$ 4,520,000	\$ 200,000	4.63%
Shift Differential	11,882	11,593	13,000	13,000	-	0.00%
Education Incentive	11,102	9,344	12,000	10,000	(2,000)	-16.67%
Training Incentive	183,442	238,552	265,000	268,000	3,000	1.13%
Unscheduled	152,513	189,597	220,500	220,500	-	0.00%
F.I.C.A.	281,250	314,285	370,000	385,000	15,000	4.05%
Non-Hazardous Duty	27,217	31,462	38,000	45,000	7,000	18.42%
Hazardous Duty	1,277,361	1,306,811	1,525,000	1,785,000	260,000	17.05%
Deferred Compensation	2,148	2,145	3,500	3,000	(500)	-14.29%
Health Insurance	786,784	772,642	835,000	850,000	15,000	1.80%
Dental Insurance	44,712	43,915	48,000	48,000	-	0.00%
Group Life	6,678	6,734	7,500	7,000	(500)	-6.67%
Long Term Disability	11,954	13,087	13,000	14,500	1,500	11.54%
Workers Compensation	79,483	92,080	140,000	160,000	20,000	14.29%
Unemployment Insurance	-	-	10,000	10,000	-	0.00%
Employee Health Programs	2,815	2,082	2,000	2,000	-	0.00%
Contracted Services	14,670	14,132	25,000	30,000	5,000	20.00%
Hiring Expenditures	3,523	4,607	4,000	4,000	-	0.00%
Community Relations	13,736	12,478	16,000	16,000	-	0.00%
Office Supplies	5,320	5,155	6,000	6,000	-	0.00%
Crime Prevention	2,911	4,307	5,000	5,000	-	0.00%
Motor Fuels	114,913	121,919	205,100	200,100	(5,000)	-2.44%
License Plates	443	316	500	500	-	0.00%
Technical Supplies	30,140	32,078	39,000	39,000	-	0.00%
Uniforms	37,255	36,218	43,000	43,000	-	0.00%
Clothing Allowance	4,500	4,260	6,500	6,500	-	0.00%
Local Telephone Service	23,257	22,014	28,000	28,000	-	0.00%
Training & Travel	45,513	33,319	47,000	47,000	-	0.00%
Equipment Repairs & Maint	15,712	11,904	18,500	18,500	-	0.00%
Vehicle Maintenance	63,685	54,472	45,000	45,000	-	0.00%
Prof. Memberships & Publ.	1,416	1,680	4,000	4,000	-	0.00%
Miscellaneous	4,531	5,043	10,000	10,000	-	0.00%
Range Operations	1,189	1,232	3,000	3,000	-	0.00%
Ins Loss - Reimb of Dedct	810	28,034	2,000	2,000	-	0.00%
Printing & Publishing	1,653	286	2,000	2,000	-	0.00%
Canine Expenditures	2,535	3,264	4,000	4,000	-	0.00%
Revolving Vice/Informant Fund	-	-	500	500	-	0.00%
Immediate Care Fund	301	39	500	500	-	0.00%
Prisoner Medical Charges	-	-	1,000	1,000	-	0.00%
Vehicle Towing	955	1,065	1,500	1,500	-	0.00%
<b>Total Police</b>	<b>\$ 6,973,422</b>	<b>\$ 7,304,821</b>	<b>\$ 8,339,600</b>	<b>\$ 8,858,100</b>	<b>\$ 518,500</b>	<b>6.22%</b>



ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>Fire</b>						
Salaries	\$ 2,364,621	\$ 2,487,855	\$ 2,890,000	\$ 2,980,000	\$ 90,000	3.11%
Education Incentive	19,851	16,845	20,000	18,000	(2,000)	-10.00%
Training Incentive	168,336	220,355	255,000	265,000	10,000	3.92%
Unscheduled	327,533	322,907	130,500	130,500	-	0.00%
Scheduled Overtime	974,124	1,036,960	1,240,000	1,280,000	40,000	3.23%
F.I.C.A.	265,702	297,037	352,000	358,000	6,000	1.70%
Non-Hazardous Duty	7,336	8,443	9,400	17,000	7,600	80.85%
Hazardous Duty	1,293,065	1,249,647	1,429,000	1,655,000	226,000	15.82%
Deferred Compensation	2,510	2,601	2,600	1,100	(1,500)	-57.69%
Health Insurance	711,253	700,465	750,000	775,000	25,000	3.33%
Dental Insurance	39,679	39,560	43,000	48,000	5,000	11.63%
Group Life	6,092	6,115	7,000	7,000	-	0.00%
Long Term Disability	9,525	10,785	10,500	13,000	2,500	23.81%
Workers Compensation	58,077	64,097	112,000	135,000	23,000	20.54%
Unemployment insurance	-	-	10,000	10,000	-	0.00%
Employee Health Programs	4,501	3,461	10,000	3,000	(7,000)	-70.00%
Medical Director	17,000	17,000	17,000	26,000	9,000	52.94%
Spec. Proj. - Vol. Progr.	8,027	5,176	10,000	8,000	(2,000)	-20.00%
Hiring Expenditures	3,600	4,754	4,000	4,000	-	0.00%
Community Relations	2,129	3,351	5,000	5,000	-	0.00%
E.M.S. Billing	50,398	75,296	60,000	60,000	-	0.00%
Janitorial Supplies	10,031	9,516	10,000	10,000	-	0.00%
Office Supplies	1,974	2,808	5,000	4,000	(1,000)	-20.00%
Motor Fuels	47,360	50,871	60,000	60,000	-	0.00%
Medical Supplies	60,749	76,767	70,000	72,000	2,000	2.86%
Fire Equipment-Personal	15,847	25,318	25,000	25,000	-	0.00%
Fireground Equipment	11,763	18,591	20,000	20,000	-	0.00%
E.M.S. Equipment	9,626	9,705	10,000	10,000	-	0.00%
Uniforms	34,620	26,440	23,000	23,000	-	0.00%
Utility Service	52,557	55,772	51,000	51,000	-	0.00%
Local Telephone Service	31,109	32,294	35,000	35,000	-	0.00%
Training & Travel	27,540	33,918	43,000	43,000	-	0.00%
Equipment Repairs & Maint	38,656	25,390	30,000	30,000	-	0.00%
Building Maintenance	4,661	6,150	8,000	8,000	-	0.00%
Vehicle Maint - Fire Trk.	118,692	88,056	63,000	63,000	-	0.00%
Prof. Memberships & Publ.	2,060	1,988	3,500	3,500	-	0.00%
Postage	196	140	1,000	1,000	-	0.00%
Miscellaneous	4,401	2,145	6,000	6,000	-	0.00%
Insurance Loss-Reim of Deduct	298	2,525	2,000	2,000	-	0.00%
<b>Total Fire</b>	<b>\$ 6,805,499</b>	<b>\$ 7,041,104</b>	<b>\$ 7,832,500</b>	<b>\$ 8,265,100</b>	<b>\$ 432,600</b>	<b>5.52%</b>

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>Capital Outlay</b>						
Computer Hardware	\$ 45,445	\$ 24,409	\$ 72,600	\$ 47,600	\$ (25,000)	-34.44%
Computer Software	16,029	2,870	15,000	15,000	-	0.00%
Server/Switch blades	-	83,323	-	98,500	98,500	100.00%
Web Site Maintenance	5,099	22,927	7,550	20,000	12,450	164.90%
Environmental/Infrastructure	-	-	31,500	15,750	(15,750)	-50.00%
FH bay ringer/light system	-	-	7,600	-	(7,600)	-100.00%
Wireless WOG/Tanners/FB3	-	-	47,800	-	(47,800)	-100.00%
VEEAM Backup	-	37,950	-	-	-	0.00%
Project Labor	993	7,274	36,500	36,500	-	0.00%
Disaster Recovery System	59,626	-	85,640	15,000	(70,640)	-82.48%
Cat 6 Cabling	43,844	-	-	-	-	0.00%
Office Furniture	-	-	-	12,000	12,000	100.00%
Routers	-	-	-	19,500	19,500	100.00%
POS Aquatic Center/Golf	-	32,544	-	-	-	0.00%
Time Clock Plus Software	-	-	50,000	-	(50,000)	-100.00%
Open.Gov Software	-	-	25,000	-	(25,000)	-100.00%
Audio Visual Rooms A, B and C	-	-	110,000	-	(110,000)	-100.00%
Conference Room Upgrades	-	-	16,500	-	(16,500)	-100.00%
Lobby Message Boards	-	-	15,500	-	(15,500)	-100.00%
Copier/Printer	-	-	7,500	10,000	2,500	33.33%
Wi-Fi Access WOG	-	-	8,500	-	(8,500)	-100.00%
Disab. Committee Expend.	2,052	760	2,000	2,000	-	0.00%
Municipal Building Alteration	76,893	78,601	20,000	20,000	-	0.00%
Mowers	-	10,000	11,000	11,000	-	0.00%
Major Equipment PS	45,586	57,868	46,000	46,000	-	0.00%
Office Furniture	9,817	6,090	5,000	5,000	-	0.00%
Special Projects - Parks	112,391	160,530	267,000	405,000	138,000	51.69%
Replacement Equip - Parks	18,124	30,550	30,000	35,000	5,000	16.67%
Street Striping	78,304	88,226	105,000	105,000	-	0.00%
Wheel Balancer	-	-	12,500	-	(12,500)	-100.00%
Mobile Column Lift	-	-	40,000	-	(40,000)	-100.00%
One-Ton Dump	69,170	-	70,000	90,000	20,000	28.57%
Two-Ton Dump	-	144,570	-	-	-	0.00%
Truck - 4x4 Pickup	39,823	45,507	45,000	30,000	(15,000)	-33.33%
Leaf Vac	32,810	-	-	-	-	0.00%
Air Compressor	9,650	-	-	-	-	0.00%
Ventrac Tractor	33,754	-	-	-	-	0.00%
Staff car	-	23,413	84,000	-	(84,000)	-100.00%
Project Sign Upgrade	17,302	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	15,000	-	(15,000)	-100.00%

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>Capital Outlay-Continued</b>						
Project-Annual Street Project	\$ -	\$ 383,415	\$ 400,000	\$ 400,000	\$ -	0.00%
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	794,836	322,741	-	-	-	0.00%
KY 18 Overpass	-	-	400,000	-	(400,000)	-100.00%
Urban Forest Commission	99,656	68,495	94,000	70,000	(24,000)	100.00%
Major Equipment PD	14,441	7,973	15,000	12,250	(2,750)	-18.33%
Cruiser Equipment	54,411	46,111	63,500	98,000	34,500	54.33%
Police Cruisers	224,907	226,616	260,000	262,000	2,000	0.77%
Radios	1,704	-	1,500	1,500	-	0.00%
Firearms	-	15,484	3,000	5,000	2,000	66.67%
JAG	7,312	11,193	-	-	-	0.00%
Major Equipment FD	74,688	21,617	16,000	-	(16,000)	-100.00%
Ambulance	-	189,748	-	230,000	230,000	100.00%
Compression Devices	-	-	-	57,000	57,000	100.00%
Bunker gear	-	-	-	65,000	65,000	100.00%
SCBA Replacement	-	-	370,000	-	(370,000)	-100.00%
Office/Station Furniture	2,831	4,694	4,000	3,000	(1,000)	-25.00%
Engine	34,958	-	-	650,000	650,000	100.00%
Command Vehicle	45,712	-	-	-	-	0.00%
Staff Car	27,870	26,349	-	35,000	35,000	100.00%
State Office Building-2008	159,855	161,655	158,500	159,950	1,450	0.91%
Aquatic Ctr/Skate Park-2010	429,169	429,119	429,000	428,500	(500)	-0.12%
Baseball Park-2011/2012	380,101	375,501	366,000	371,150	5,150	1.41%
Government Center 2005	578,400	578,750	579,100	581,925	2,825	0.49%
City Enhancement	95,420	173,451	110,000	100,000	(10,000)	-9.09%
Mall Road Public Services Plaza	-	113,712	565,000	-	(565,000)	-100.00%
Stadium Improvements	72,611	111,821	770,000	130,000	(640,000)	-83.12%
Shelving/Archives for Vault	9,321	8,970	-	75,000	75,000	100.00%
Lighting Upgrade	-	-	856,000	-	(856,000)	-100.00%
Radios	-	-	900,000	-	(900,000)	-100.00%
Main Street/Turfway	24,320	11,970	175,000	-	(175,000)	-100.00%
Demolition Project	28,922	17,762	-	-	-	-100.00%
Building/Equipment Replacement	-	-	175,000	250,000	75,000	100.00%
Rosetta Master Plan	-	127,899	4,200,000	-	(4,200,000)	-100.00%
Kentaboo Construction Plan	-	-	100,000	2,000,000	1,900,000	1900.00%
Southfork Frisbee Golf	-	-	20,000	-	(20,000)	100.00%
Property Purchases	-	-	980,000	-	(980,000)	100.00%
Signage Boone Tennis Courts	-	-	15,000	-	(15,000)	100.00%

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>Capital Outlay-Continued</b>						
Workout Room Equipment	-	-	-	27,000	27,000	100.00%
US 42 Widening	-	-	-	750,000	750,000	100.00%
Mall Road NB Turn Lane	-	-	-	250,000	250,000	100.00%
Nature Park Master Plan	-	13,776	1,410,000	1,000,000	(410,000)	-29.08%
Total Capital Outlay	\$ 3,878,157	\$ 4,373,524	\$ 14,725,290	\$ 9,154,625	\$ (5,570,665)	-37.83%
<b>Other Agencies</b>						
Senior Center	\$ 91,344	\$ 103,353	\$ 100,000	\$ 100,000	\$ -	0.00%
Planning Commission	312,000	315,000	322,000	330,000	8,000	2.48%
Total Other Agencies	\$ 403,344	\$ 418,353	\$ 422,000	\$ 430,000	\$ 8,000	1.90%
<b>Total General Fund</b>	<b>\$ 24,376,375</b>	<b>\$ 25,751,334</b>	<b>\$ 38,805,490</b>	<b>\$ 34,915,725</b>	<b>\$ (3,889,765)</b>	<b>-10.02%</b>

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>201 Municipal Aid/LGEA</b>						
Bank Service Charges	\$ 205	\$ 173	\$ 200	\$ 200	\$ -	0.00%
Street Materials	230,043	229,941	265,000	235,000	(30,000)	-11.32%
Resurfacing Projects	497,974	239,623	245,000	250,000	5,000	2.04%
Snow Removal	120,131	44,546	140,000	140,000	-	0.00%
Total Municipal Aid/LGEA	\$ 848,353	\$ 514,283	\$ 650,200	\$ 625,200	\$ -25,000	-3.84%

#### 204 Asset Forfeiture

Bank Service Charges	\$ 128	\$ 218	\$ 200	\$ 200	\$ -	0.00%
Miscellaneous	63,737	70,324	243,000	316,000	73,000	30.04%
Total Asset Forfeiture	\$ 63,865	\$ 70,542	\$ 243,200	\$ 316,200	\$ 73,000	30.02%

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>205 Aquatic Center</b>						
Bank Service Charges	\$ 5,637	\$ 6,320	\$ 7,000	\$ 7,000	-	0.00%
Management Contract	306,317	315,000	325,000	325,000	-	0.00%
Supplies	1,341	1,770	2,000	2,000	-	0.00%
Utilities-Electric	43,562	47,319	63,000	50,000	(13,000)	-20.63%
Utilities-Water	19,472	28,331	30,000	30,000	-	0.00%
Utilities-Sewer	5,179	1,902	7,000	7,000	-	0.00%
Repairs and Maintenance	41,401	47,036	50,000	50,000	-	0.00%
Telephone	653	599	700	700	-	0.00%
Miscellaneous	1,743	2,985	5,000	5,000	-	0.00%
Annual Replacement Costs	35,397	62,803	200	200	-	0.00%
Refunds/Shortages	40	12	40,000	40,000	-	0.00%
Pool Liner	-	-	200,000	80,000	(120,000)	-60.00%
<b>Total Aquatic Center</b>	<b>\$ 460,742</b>	<b>\$ 514,077</b>	<b>\$ 729,900</b>	<b>\$ 596,900</b>	<b>\$ -133,000</b>	<b>-18.22%</b>

#### 203 Infrastructure Fund

Highway Street Repairs	\$ 1,053,712	\$ 1,117,342	\$ 1,200,000	\$ 1,250,000	50,000	4.17%
Sidewalk Construction	102,457	114,789	120,000	125,000	5,000	4.17%
Storm Sewer Improvements	469,155	474,425	475,000	480,000	5,000	1.05%
Bosch Infrastructure Improvement	-	339,501	120,500	-	(120,500)	-100.00%
Mall Road Infrastructure	2,872,200	1,568,798	285,000	-	(285,000)	-100.00%
Mall Road Phase III	1,518,336	-	-	-	-	0.00%
<b>Total Infrastructure</b>	<b>\$ 6,015,860</b>	<b>\$ 3,614,855</b>	<b>\$ 2,200,500</b>	<b>\$ 1,855,000</b>	<b>\$ -345,500</b>	<b>-15.70%</b>



ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>501 Golf Course</b>						
Clubhouse wages	\$ 82,068	\$ 125,847	\$ 90,000	\$ 90,000	-	0.00%
Food and beverage Wages	48,533	27,247	40,000	40,000	-	0.00%
Course Maintenance Wages	120,965	96,350	100,000	100,000	-	0.00%
Putt Putt Wages	17,047	6,159	13,000	13,000	-	0.00%
Management Wages	12,602	32,957	60,000	60,000	-	0.00%
Junior League Wages	18,291	2,160	10,000	10,000	-	0.00%
FICA	24,291	23,527	24,000	24,000	-	0.00%
Health Insurnace	2,848	1,554	3,600	3,600	-	0.00%
Workers Compensation	4,512	7,459	9,000	6,000	(3,000)	-33.33%
Unemployment Insurance	8,955	3,964	9,000	6,000	(3,000)	-33.33%
Legal Fees	-	-	1,000	1,000	-	0.00%
Accounting/Auditing Fees	3,500	3,500	3,500	3,500	-	0.00%
Bank Service Charges	34,918	35,983	38,000	38,000	-	0.00%
Private Lessons	45,258	36,142	40,000	35,000	(5,000)	-12.50%
Group Lessons	17,660	18,480	18,000	18,000	-	0.00%
Grounds Contractual	1,509	9,452	5,000	5,000	-	0.00%
Management Fee	42,619	43,456	45,000	45,000	-	0.00%
Grounds Consultant	5,275	-	-	-	-	0.00%
Advertising	6,340	8,955	10,000	10,000	-	0.00%
Cable TV/Music	3,691	4,005	4,000	4,000	-	0.00%
Janitorial Supplies	4,593	7,728	6,000	6,000	-	0.00%
Office Supplies	3,169	1,945	4,500	4,500	-	0.00%
Motor Fuels	8,440	9,527	9,500	9,500	-	0.00%
Licenses and Fees	4,344	3,500	5,000	5,000	-	0.00%
Equipment Expense	2,240	-	2,000	2,000	-	0.00%
Fertilizer	9,367	6,447	9,500	9,500	-	0.00%
Uniforms	2,287	355	2,000	2,000	-	0.00%
Golf Course Supplies	13,309	11,817	12,000	12,000	-	0.00%
Miniature Golf Supplies	3,805	4,365	4,000	4,000	-	0.00%
Pro Shop Supplies	169	2,161	3,000	3,000	-	0.00%
Range Supplies	19,800	30,630	25,000	25,000	-	0.00%
Bar Supplies	12	-	-	-	-	#DIV/0!
Fungicides/Herbicides	7,791	18,757	10,000	15,000	5,000	50.00%
Golf Simulator Supplies	740	1,957	7,500	7,500	-	0.00%
Maintenance Shop Supplies	7,951	6,173	2,000	2,000	-	0.00%
Food and Beverage Supplies	6,216	8,240	7,000	7,000	-	0.00%
Foot Golf Supplies	-	454	1,000	-	(1,000)	-100.00%
Utilities - Electric	47,313	46,826	55,000	55,000	-	0.00%
Utilities - Water	7,844	7,686	8,000	8,000	-	0.00%
Utilities - Sewer	2,948	4,823	7,000	7,000	-	0.00%
Local Telephone Service	6,599	6,482	7,500	7,500	-	0.00%
Equipment Rental	6,787	6,973	6,000	6,000	-	0.00%
Liability Insurance	18,660	20,140	20,000	17,000	(3,000)	-15.00%

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>Golf Course Cont'd</b>						
Training & Travel	\$ 1,174	\$ 2,615	\$ 4,000	\$ 4,000	-	0.00%
Equipment Repairs & Maintenan	7,143	11,098	10,000	10,000	-	0.00%
Repairs and Maintenance	13,154	10,684	15,000	15,000	-	0.00%
Building Maintenance	21,058	23,374	20,000	20,000	-	0.00%
Course Maintenance Supplies	2,572	5,323	6,000	6,000	-	0.00%
Course Maintenance Other	3,663	43,085	45,000	45,000	-	0.00%
Irrigation and Drainage	8,379	14,695	12,000	12,000	-	0.00%
Cart Repairs	54	2,044	2,000	2,000	-	0.00%
Club Repairs	3,198	1,981	3,000	3,000	-	0.00%
Prof. Memberships & Publ.	7,326	6,694	8,000	8,000	-	0.00%
Postage	223	623	1,000	1,000	-	0.00%
Miscellaneous	9,341	6,378	8,000	8,000	-	0.00%
Cash Over/Short	97	236	100	100	-	0.00%
Food COGS	20,369	14,386	23,000	20,000	(3,000)	-13.04%
Beer COGS	19,090	19,243	20,000	18,000	(2,000)	-10.00%
Soft Drink COGS	7,383	9,541	10,000	8,000	(2,000)	-20.00%
Pro Shop COGS	84,561	99,896	80,000	80,000	-	0.00%
Foot Golf COGS	1,081	99	500	500	-	0.00%
Fountain Drinks COGS	4,809	2,867	4,000	6,000	2,000	50.00%
Liquor/Wine COGS	1,027	525	1,000	500	(500)	-50.00%
Depreciation Expense	296,428	240,093	310,000	280,000	-30000	-9.68%
Interest Expense	28,109	12,469	-	-	-	0.00%
Amort of Loss on Defeasance	41,833	27,889	-	-	-	0.00%
Amort of Bond Issue Costs	6,160	4,107	-	-	-	0.00%
Amort Bond Discount	1,050	700	-	-	-	0.00%
<b>Total Golf Course</b>	<b>\$ 1,274,548</b>	<b>\$ 1,254,828</b>	<b>\$ 1,319,200</b>	<b>\$ 1,273,700</b>	<b>\$ (45,500)</b>	<b>-3.45%</b>

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>503 Water and Sewer</b>						
<b>Administration Department</b>						
Administrative salaries	\$ 239,160	\$ 224,225	\$ 267,000	\$ 270,000	\$ 3,000	1.12%
Education Incentive	355	363	350	350	-	0.00%
Temporary Employees	-	-	1,000	1,000	-	0.00%
Overtime	155	173	800	500	(300)	-37.50%
F.I.C.A.	16,873	16,409	21,000	21,000	-	0.00%
Non-Hazardous	119,805	27,759	52,000	58,500	6,500	12.50%
Deferred Comp	8,591	8,011	10,000	10,000	-	0.00%
Health	58,365	54,220	63,000	63,000	-	0.00%
Insurance-Dental	2,932	2,669	3,500	3,500	-	0.00%
Group Life Insurance	465	422	500	500	-	0.00%
Long Term Disability	707	775	825	825	-	0.00%
Workers Compensation	-	-	3,300	3,300	-	0.00%
Unemployment	-	-	10,000	10,000	-	0.00%
Employee Health Programs	714	714	1,000	750	(250)	-25.00%
Legal fees	16,837	12,152	20,000	17,550	(2,450)	-12.25%
Audit Fees	4,000	4,000	4,000	4,000	-	0.00%
Bank Service Charges	57,108	55,598	55,000	55,000	-	0.00%
Administrative Expense	90,000	90,000	90,000	90,000	-	0.00%
Modeling Fees	-	3,012	2,000	2,000	-	0.00%
Planning/Zoning Comm	32,000	32,000	33,000	33,000	-	0.00%
Community relations	-	-	1,000	1,000	-	0.00%
Hiring Expense	-	-	500	500	-	0.00%
Advertising	-	-	1,000	1,000	-	0.00%
Community Service Program	4,910	5,189	6,000	6,000	-	0.00%
Office Supplies	5,392	3,223	5,500	5,500	-	0.00%
Utilities	2,225	2,277	2,500	2,500	-	0.00%
Telephone Service	11,182	11,242	12,000	12,000	-	0.00%
Rent	6,622	6,622	7,000	7,000	-	0.00%
Maintenance Agreements	17,967	18,316	19,000	22,000	3,000	15.79%
Insurance and Bonds	44,871	48,857	46,000	51,000	5,000	10.87%
Travel/Training/Seminars	251	187	2,000	2,000	-	0.00%
Postage	18,437	20,212	21,000	21,000	-	0.00%
Miscellaneous	9,496	6,193	6,000	6,000	-	0.00%
Total Administration	\$ 769,420	\$ 654,820	\$ 767,775	\$ 782,275	\$ 14,500	1.89%

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>Sanitary Sewer Department</b>						
Sanitary Sewer Salaries	\$ 550,768	\$ 542,667	\$ 590,000	\$ 565,000	\$ (25,000)	-4.24%
Education Incentive	472	146	500	-	(500)	-100.00%
Temporary Employees	-	3,201	10,000	10,000	-	0.00%
Overtime	18,815	23,274	30,000	30,000	-	0.00%
F.I.C.A.	40,386	41,507	49,000	47,000	(2,000)	-4.08%
Non-Hazardous	260,002	68,810	120,000	130,000	10,000	8.33%
Deferred Comp	30,336	26,975	31,500	25,000	(6,500)	-20.63%
Health	138,100	139,200	140,000	140,000	-	0.00%
Dental	8,190	7,754	8,500	8,500	-	0.00%
Group Life Insurance	1,177	1,117	1,500	1,500	-	0.00%
Long Term Disability	1,737	1,787	2,300	2,000	(300)	-13.04%
Workers' Compensation	8,304	10,062	12,500	12,500	-	0.00%
Unemployment	-	-	10,000	10,000	-	0.00%
Employee Health programs	714	714	1,000	1,000	-	0.00%
Uniforms	8,342	7,823	10,000	12,000	2,000	20.00%
Sub Contract Maintenance	73,466	80,062	76,000	76,000	-	0.00%
Infiltration Program	32,203	28,672	60,000	75,000	15,000	25.00%
Hiring Expense	-	-	1,000	1,000	-	0.00%
Chemical Supplies	68,422	48,106	60,000	50,000	(10,000)	-16.67%
Office Supplies	2,533	2,658	3,000	3,000	-	0.00%
Safety Supplies	5,866	7,614	7,000	7,000	-	0.00%
Motor Fuels	23,284	20,958	40,000	33,000	(7,000)	-17.50%
Small Tools	4,038	6,461	5,000	5,000	-	0.00%
Electric	30,218	30,519	33,000	33,000	-	0.00%
Telephone	9,402	9,126	10,000	10,000	-	0.00%
Rent	6,622	6,655	7,000	7,000	-	0.00%
Training/Travel/Seminars	4,538	3,926	8,500	8,500	-	0.00%
Equipment Maintenance	37,220	44,899	46,000	46,000	-	0.00%
Building Maintenance	2,682	1,267	4,500	4,500	-	0.00%
Lift Station Maintenance	20,591	32,645	35,000	35,000	-	0.00%
Reimb of Deductible	-	3,500	4,000	4,000	-	0.00%
Total Sanitary Sewer	\$ 1,388,428	\$ 1,202,105	\$ 1,416,800	\$ 1,392,500	\$ (24,300)	-1.72%

ACCOUNT TITLE	Audit 2015-2016	Audit 2016-2017	Budget 2017-2018	Budget 2018-2019	Change From Prior Year	Percent Change
<b>Water Department</b>						
Water Salaries	\$ 504,057	\$ 483,546	\$ 560,000	\$ 510,000	\$ (50,000)	-8.93%
Education Incentive	1,608	1,091	1,000	300	(700)	-70.00%
Temporary Employee	173	1,520	8,000	8,000	-	0.00%
Overtime	23,961	33,299	30,000	30,000	-	0.00%
F.I.C.A.	37,687	38,346	47,500	42,000	(5,500)	-11.58%
Non-Hazardous	259,075	61,300	116,000	118,000	2,000	1.72%
Deferred Comp	23,634	19,292	25,000	15,000	(10,000)	-40.00%
Health	129,704	119,608	134,000	118,000	(16,000)	-11.94%
Dental	7,218	7,150	8,000	8,000	-	0.00%
Insurance-Group Life	1,131	1,023	1,700	1,100	(600)	-35.29%
Long Term Disability	1,449	1,464	2,000	1,800	(200)	-10.00%
Workers' Compensation	8,780	10,547	13,000	13,000	-	0.00%
Unemployment	-	-	10,000	10,000	-	0.00%
Employee Health Programs	714	714	1,000	1,000	-	0.00%
Uniforms	7,809	7,703	8,000	8,000	-	0.00%
Water Purchases	3,345,444	3,529,288	3,750,000	3,750,000	-	0.00%
Server Hosting Contract Mueller	33,820	29,020	35,000	35,000	-	0.00%
Hiring Expenses	-	-	1,000	1,000	-	0.00%
Lab Testing	14,369	14,809	20,000	18,000	(2,000)	-10.00%
Office Supplies	3,936	2,667	3,000	3,000	-	0.00%
Safety Supplies	5,763	5,584	5,000	5,000	-	0.00%
Motor Fuels	30,222	17,276	33,000	30,000	(3,000)	-9.09%
Small Tools	4,995	4,822	5,000	5,000	-	0.00%
Electric	7,325	11,436	12,000	12,000	-	0.00%
Telephone	6,410	6,306	7,000	7,000	-	0.00%
Rent	6,622	6,622	7,000	7,000	-	0.00%
Training	2,273	5,352	8,000	8,000	-	0.00%
Equipment Maintenance	33,541	27,978	30,000	30,000	-	0.00%
Building maintenance	2,049	996	4,000	4,000	-	0.00%
Meter Repair Maintenance	129,120	159,998	170,000	175,000	5,000	2.94%
Reimb of Deductible	2,500	5,660	5,000	5,000	-	0.00%
Total Water	\$ 4,635,389	\$ 4,614,417	\$ 5,060,200	\$ 4,979,200	\$ (81,000)	-1.60%
Depreciation	1,485,187	1,552,798	1,500,000	1,600,000	100,000	6.67%
Loss on Disposal	-	13,926	-	-	-	0.00%
Total Depreciation	\$ 1,485,187	\$ 1,566,724	\$ 1,500,000	\$ 1,600,000	\$ 100,000	6.67%
<b>Interest/Amortization</b>						
Interest Expense	31,977	30,207	32,000	30,000	(2,000)	-6.25%
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	\$ 57,873	\$ 56,103	\$ 57,899	\$ 55,899	\$ (2,000)	-3.45%
Total Water and Sewer	\$ 8,336,297	\$ 8,094,169	\$ 8,802,674	\$ 8,809,874	\$ 7,200	0.08%



## Summary of Outstanding Debt

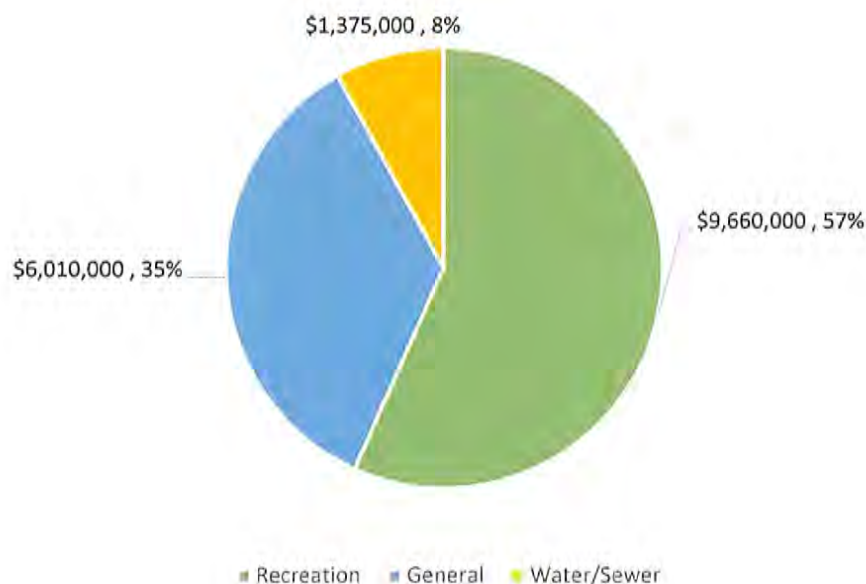
The City of Florence has issued debt to fund major capital improvement projects. Total bonds outstanding at June 30, 2018 are as follows:

### Bonds Payable

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Aquatic center and skate park projects(Series 2010)	2.00-3.875%	\$ 5,015,000
Land-Series 2011 refunding	2.00-3.375%	2,590,000
Land-Series 2012 refunding	2.00-3.80%	2,055,000
General obligation refunding bonds(Series 2015)	1.00-2.50%	4,690,000
Public project refunding bonds(Series 2008B)	3.20-4.00%	1,320,000
		<u>\$ 15,670,000</u>

### Proprietary Fund Debt

Water and Sewer System	1.45-2.50%	1,375,000
		<u>\$ 1,375,000</u>



## Future Debt Service Requirements

The following is a schedule of future debt service requirements to maturity at June 30, 2018 for bonds general activities and for business activities.

The City's general long-term debt service requirements to maturity at June 30, 2018, are as follows:

Fiscal Year June 30,	2010 GO Bonds		2011 GO Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 265,000	\$ 163,388	\$ 135,000	\$ 70,006
2020	275,000	156,625	135,000	67,506
2021	280,000	148,644	140,000	64,756
2022	295,000	140,019	140,000	61,956
2023	300,000	131,094	150,000	58,775
2024-2028	1,645,000	506,849	785,000	234,851
2029-2033	1,955,000	202,208	905,000	109,460
2034	-	-	200,000	3,375
Total Debt Service	\$ 5,015,000	\$ 1,448,827	\$ 2,590,000	\$ 670,685

Fiscal Year June 30,	2008B GO Bonds		2015 GO Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 110,000	\$ 49,935	\$ 485,000	\$ 96,925
2020	115,000	46,085	490,000	89,650
2021	120,000	42,060	500,000	79,850
2022	120,000	37,860	510,000	69,850
2023	125,000	33,420	515,000	59,650
2024-2028	730,000	89,595	2,190,000	128,175
Total Debt Service	\$ 1,320,000	\$ 298,955	\$ 4,690,000	\$ 524,100

Fiscal Year June 30,	2012 GO Bonds	
	Principal	Interest
2019	\$ 100,000	\$ 66,145
2020	105,000	63,833
2021	105,000	60,945
2022	110,000	57,720
2023	110,000	54,420
2024-2028	620,000	219,997
2029-2033	740,000	102,733
2034	165,000	3,135
Total Debt Service	\$ 2,055,000	\$ 628,928

The City's proprietary fund debt service requirements to maturity at June 30, 2018 are as follows:

Fiscal Year	2012 Water and Sewer System	
June 30,	Principal	Interest
2019	\$ 220,000	\$ 23,980
2020	225,000	20,754
2021	230,000	17,455
2022	225,000	13,539
2023	235,000	8,644
2024	240,000	3,000
Total Debt Service	\$ <u>1,375,000</u>	\$ <u>87,372</u>

### Changes in Long-Term Debt

During the year ended June 30, 2018, the following changes occurred in liabilities reported in the general long-term debt:

	June 30, 2017	Additions	Retirements	June 30, 2018	Amounts Amounts Due Within One Year
Compensated absences	\$ 733,403	\$ 1,035,938	\$ (1,227,669)	\$ 541,672	\$ 900,000
Bonds payable:					
Series 2008B	1,425,000	-	(105,000)	1,320,000	110,000
Series 2010	5,275,000	-	(260,000)	5,015,000	265,000
Series 2011	2,720,000	-	(130,000)	2,590,000	135,000
Series 2012	2,150,000	-	(95,000)	2,055,000	100,000
Series 2015	5,165,000	-	(475,000)	4,690,000	485,000
Totals	\$ <u>17,468,403</u>	\$ <u>1,035,938</u>	\$ <u>(2,292,669)</u>	\$ <u>16,211,672</u>	\$ <u>1,995,000</u>

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

Long-term liability activity for business-type activities for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Retired	Balance June 30, 2018	Amounts Due Within One Year
Bonds payable-water/sewer	\$ 1,595,000	\$ -	\$ (220,000)	\$ 1,375,000	\$ 220,000
Compensated absences	68,860	101,543	(128,329)	42,074	100,000
	\$ <u>1,663,860</u>	\$ <u>101,543</u>	\$ <u>(348,329)</u>	\$ <u>1,417,074</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 has no intentions of issuing any further debt in fiscal year 2018.

## Legal Debt Margin

The City is subject to a legal debt limitation not to exceed 10% of assessed property value pursuant to section 128 of the Commonwealth of Kentucky Constitution for the year ended June 30, 2018.

### Legal Debt Margin Calculation

Taxable assessed value	\$ <u>2,903,238,587</u>
Debt limit(10% for total taxable assessed value)	<u>290,323,859</u>
Debt applicable to limit:	
General obligation bonds	15,670,000
Less: amount set aside for repayment general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>15,670,000</u>
Legal debt margin	<u>\$ <u>274,653,859</u></u>

### Debt Service Payments

	<u>Actual 2015-2016</u>	<u>Actual 2016-2017</u>	<u>Amended Budget 2017-2018</u>	<u>Budget 2018-2019</u>
General Fund:				
Debt Service	\$ <u>1,615,914</u>	\$ <u>1,546,290</u>	\$ <u>1,532,600</u>	\$ <u>1,541,525</u>
	<u>Actual 2015-2016</u>	<u>Actual 2016-2017</u>	<u>Projected 2017-2018</u>	<u>Projected 2017-2018</u>
Water and Sewer Fund:				
Debt Service	\$ <u>243,405</u>	\$ <u>245,324</u>	\$ <u>247,170</u>	\$ <u>243,980</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 2027 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				Original 1998 PPC Bonds		Original 2002A GO Bonds				Original 2003A GO Bonds		Original 2003B GO Bonds						
Refunded 2005 GO Bonds				Series 2008B State Office Bldg		Series 2010 Aquatic/Skate Park				Series 2011 Freedom		Series 2012 Taxable Freedom		Bond Totals				
Series 2015 Gov't Ctr Bldg																		
	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	85,784.38	9/1/2017	130,000.00	37,078.13	9/1/2017	95,000.00	34,522.50	485,000.00	236,057.51	-	
6/1/2018	475,000.00	52,025.00	6/1/2018	105,000.00	26,647.50	5/1/2018		83,184.38	3/1/2018		35,778.13	3/1/2018		33,572.50	580,000.00	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	83,184.38	9/1/2018	135,000.00	35,778.13	9/1/2018	100,000.00	33,572.50	500,000.00	225,965.01		
6/1/2019	485,000.00	48,462.50	6/1/2019	110,000.00	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	80,203.13	9/1/2019	135,000.00	34,428.13	9/1/2019	105,000.00	32,572.50	515,000.00	215,071.26		
6/1/2020	490,000.00	44,825.00	6/1/2020	115,000.00	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	76,421.88	9/1/2020	140,000.00	33,078.13	9/1/2020	105,000.00	31,260.00	525,000.00	201,715.01		
6/1/2021	500,000.00	39,925.00	6/1/2021	120,000.00	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	72,221.88	9/1/2021	140,000.00	31,678.13	9/1/2021	110,000.00	29,685.00	545,000.00	187,440.01		
6/1/2022	510,000.00	34,925.00	6/1/2022	120,000.00	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	67,796.88	9/1/2022	150,000.00	30,278.13	9/1/2022	110,000.00	28,035.00	560,000.00	172,645.01		
6/1/2023	515,000.00	29,825.00	6/1/2023	125,000.00	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	1,537,358.77	
12/1/2023		24,675.00	12/1/2023		14,397.50	11/1/2023	310,000.00	63,296.88	9/1/2023	150,000.00	28,496.88	9/1/2023	115,000.00	26,385.00	575,000.00	157,251.26		
6/1/2024	530,000.00	24,675.00	6/1/2024	135,000.00	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	58,646.88	9/1/2024	155,000.00	26,715.63	9/1/2024	120,000.00	24,660.00	595,000.00	140,966.26		
6/1/2025	540,000.00	19,043.75	6/1/2025	140,000.00	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	53,646.88	9/1/2025	155,000.00	24,681.25	9/1/2025	125,000.00	22,860.00	610,000.00	123,594.38		
6/1/2026	555,000.00	13,306.25	6/1/2026	145,000.00	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	48,284.38	9/1/2026	160,000.00	22,646.88	9/1/2026	125,000.00	20,797.50	620,000.00	104,991.26		
6/1/2027	565,000.00	7,062.50	6/1/2027	150,000.00	6,200.00	5/1/2017		42,840.63	3/1/2017		20,246.88	3/1/2017		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	42,840.63	9/1/2027	165,000.00	20,246.88	9/1/2027	135,000.00	18,735.00	650,000.00	85,022.51		
			6/1/2028	160,000.00	3,200.00	5/1/2028		36,715.63	3/1/2028		17,771.88	3/1/2028		16,507.50	160,000.00	74,195.01	969,217.52	
						11/1/2028	365,000.00	36,715.63	9/1/2028	170,000.00	17,771.88	9/1/2028	135,000.00	16,507.50	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	30,328.13	9/1/2029	175,000.00	15,221.88	9/1/2029	140,000.00	14,280.00	690,000.00	59,830.01		
						5/1/2030		23,296.88	3/1/2030		12,596.88	3/1/2030		11,970.00	-	47,863.76	797,693.77	
						11/1/2030	390,000.00	23,296.88	9/1/2030	180,000.00	12,596.88	9/1/2030	150,000.00	11,970.00	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	15,984.38	9/1/2031	185,000.00	9,671.88	9/1/2031	155,000.00	9,120.00	745,000.00	34,776.26		
						5/1/2032		8,137.50	3/1/2032		6,665.63	3/1/2032		6,175.00	-	20,978.13	800,754.39	
						11/1/2032	420,000.00	8,137.50	9/1/2032	195,000.00	6,665.63	9/1/2032	160,000.00	6,175.00	775,000.00	20,978.13		
									3/1/2033		3,375.00	3/1/2033		3,135.00	-	6,510.00	802,488.13	
									9/1/2033	200,000.00	3,375.00	9/1/2033	165,000.00	3,135.00	365,000.00	6,510.00	371,510.00	
GRAND TO	5,165,000.00	628,150.00		1,425,000.00	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.

## **Municipal Aid Fund**

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

## **Infrastructure Fund**

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

## **Water and Sewer Fund**

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

## **Significant Non-recurring Projects for FY 2019**

The City will be starting the process of developing a parcel of City owned property to expand the impound lot, construct a burn tower for fire department training, construct a small classroom training facility and create an area to train the police dogs. This project will take two years to design and construct at a cost of \$4.2 million. This project will alleviate the need for renting facilities in the future for training purposes. In addition, the City will be remodeling the Nature Park gathering house that is rented out by the community for events. In addition, the City will be constructing a larger venue for the same purpose. The cost of renovation and 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 construction 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. 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 remaining capital budget is for recurring capital improvements in the General Fund budget for next year. The Municipal Aid, Infrastructure and Water and Sewer funds will have the annual recurring sidewalk, street projects, storm water and water and sewer projects as planned improvements are in accordance with the replacement schedules maintained by the City departments. The expectation is that the City will 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.

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.

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 2019 budget is \$12.8 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.

# CAPITAL IMPROVEMENT PLAN

## GENERAL FUND (001)

Account Number	Account Description	FY 2019 BUDGET
5100	Computer Hardware	\$ 47,600
5100	Computer Software	15,000
5100	Web Site Maintenance	20,000
5100	Environmental/Infrastructure	15,750
5100	Project Labor	36,500
5100	Office Furniture	12,000
5100	Upgrade Disaster Recovery Memory	15,000
5100	Replace HP Server Blades	80,000
5100	Replace Routers for T1 Connection	19,500
5100	Replace Core Switches for Routers	18,500
5100	Copier	10,000
<b>ADMINISTRATION</b>		<b>\$ 289,850</b>
5200	Disab. Committee Expend.	\$ 2,000
5200	Municipal Building Alteration	20,000
5200	Mowers	11,000
5200	Major Equipment	46,000
5200	Office Furniture	5,000
5200	Special Projects - Parks	405,000
5200	Replacement Equipment - Parks	35,000
5200	Street Striping	105,000
5200	One Ton Dump Truck with Snow Equipment	90,000
5200	Skid Steer	45,000
5200	F150 Pick Up Truck	30,000
5200	Tire Rim Changer	17,500
5200	Rock Drill	15,000
5200	Concrete Breaker	14,000
5200	Portable Stage for Events	12,000
5200	Project- Ewing Blvd.	400,000
5200	Urban Forest Commission	70,000
<b>PUBLIC SERVICES</b>		<b>\$ 1,322,500</b>
5300	Major Equipment	\$ 12,250
5300	Cruiser Equipment	98,000
5300	Police Cruisers	262,000
5300	Radios	1,500
5300	Firearms	5,000
<b>POLICE</b>		<b>\$ 378,750</b>
5500	Major Equipment - Bunker Gear	\$ 65,000
5500	Staff Vehicle	35,000
5500	Compression Devices	57,000
5500	Ambulance	230,000
500	Fire Pumper	650,000
5500	Office/Station Furniture	3,000
<b>FIRE</b>		<b>\$ 1,040,000</b>
5700	Debt Service - State Office Building-2008	\$ 159,950
5700	Debt Service - Aquatic Ctr/Skate Park-2010	428,500
5700	Debt Service - Baseball Park-2011/2012	371,150
5700	Debt Service - Government Center 2005	581,925
<b>DEBT SERVICE</b>		<b>\$ 1,541,525</b>
5900	Special Project - City Enhancement	\$ 100,000
5900	Special Project - Stadium Improvements	130,000
5900	Special Project - Archives/Vault	75,000

(Continued)

5900	Special Project - Weight Room Redo	27,000
5900	Special Project - Kenatboo Park	2,000,000
5900	Special Project - Building/Equipment Replacement	175,000
5900	Special Project - US 42 Widening and Pedestrian Walkway	750,000
5900	Special Project - Nature Park Master Plan	1,000,000
5900	Special Project - Refurbish Restrooms	75,000
5900	Special Project - Mall Road NB Turn Lane	250,000

**CITY PROJECTS** \$ 4,582,000

**TOTAL GENERAL FUND** \$ 9,154,625

**MUNICIPAL AID (201)**

<b>Account Number</b>	<b>Account Description</b>	<b>FY 2019 BUDGET</b>
201-5200-520-62-02	Resurfacing Projects	\$ 250,000
<b>TOTAL MUNICIPAL FUND</b>		<u>250,000</u>

**INFRASTRUCTURE FUND (203)**

203-5200-520-62-04	Highway/Street Repairs	\$ 1,250,000
203-5200-520-62-06	Sidewalk Replacement	125,000
203-5200-520-62-14	Storm Sewer Improvements	480,000
<b>TOTAL INFRASTRUCTURE EXPENDITURES</b>		<u>1,855,000</u>

**ASSET FORFEITURE (204)**

204-5300-530-59-01	Miscellaneous Expenditures	316,000
<b>TOTAL ASSET FORFEITURE</b>		<u>316,000</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>
<b>TOTAL WATER AND SEWER FUND</b>		<u>\$ 1,317,000</u>
<b>TOTAL CAPITAL OUTLAY</b>		<u>\$ 12,892,625</u>



## Glossary of Terms

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

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

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

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

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

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

**Balanced Budget** – Management of the financial plan with the objective of ensuring that operating expenditures may not exceed anticipated revenues plus unreserved fund balance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**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.