

This Proposed Budget looks different than some of the City of Florence's Previous Budgets. Why is this?

As part of the City of Florence's continuous improvement process, the 2025 Proposed Budget reflects our organization-wide initiatives to increase efficiency and automation wherever practical and possible in order to free up resources that can subsequently be dedicated to other Citizen services and City projects.

Some specific areas where this has impacted the 2025 Proposed Budget are in the reduction of both transfers previously utilized for cost allocation purposes and the number of General Ledger Accounts included in the Proposed Budget. From a practical standpoint, these changes save time, reduce the potential for clerical errors, and reduce paperwork. These changes also both reflect and further the City's commitment to transparency

What happened to the transfers I am used to seeing, especially transfers from the Water Enterprise Fund to the General Fund?

These transfers were cost allocations designed to cover operating expenses incurred in the General Fund for activity in the Water Enterprise Fund. For example, several Staff Members, including but not limited to the City Manager, Finance Director, City Clerk, Planning Director, etc., have salaries partially paid by the Water Enterprise Fund as the daily work they do regularly includes work related to the City's Water Enterprise. This is true of several other expenses in multiple categories throughout the City.

While this is a perfectly legal and acceptable mechanism for performing cost allocations, at the suggestion (and encouragement) of both our auditor and the CPA we contract with to perform ad hoc work, Staff has transitioned to performing the cost allocations within the budget itself, rather than charging the full amounts to the General Fund, then transferring money from the Water Enterprise Fund to the General Fund to cover the associated cost.

It is important to note that the items which are now split between the General Fund and the Water Enterprise Fund have been split between these funds in the past as well, now they are simply split between funds as appropriate, both in the Proposed Budget and in practice, in real-time, through the City's payroll and accounting systems, rather than being paid for by one fund and then reimbursed as appropriate for another. This is the equivalent of utilizing two payment methods (such as a debit card and a credit card) to cover a transaction at the grocery store, rather than using one of these payment methods (the credit card) and later reimbursing a portion of it with the other (the debit card).

Where did _____ Account or Fund go?

The City of Florence, like most organizations, has grown and changed over time, and has had accompanying Staff turnover and changes. Resultantly, over time, lines and accounts that may be redundant, duplicative in spirit, or antiquated have become more numerous.

While utilizing such accounts is, again, a perfectly legal and acceptable mechanism for budgeting and accounting, at the suggestion (and, again, encouragement) of both our auditor and the CPA we contract with to perform ad hoc work, Staff has performed a cleanup of account lines and is transitioning to a more consolidated approach to budgeting and accounting, grouping like entries where possible and discontinuing use of redundant or otherwise unnecessary lines so that they may be removed from future budgets once no longer necessary/required for current comparison.

For example, in the 2025 Proposed Budget, use of the "Executive" sub-fund (01.4130.1100-6000) has been discontinued. In many municipalities and other entities, the "Executive" functions are included under the "Administration" (or similar) umbrella, rather than as an individual portion of the budget. In order to remove this essentially redundant "Executive" budget sub-fund, the City of Florence, after consultation with the City's auditor, CPA, and legal counsel, has determined it is more efficient and appropriate to include this sub-fund in the "Administrative" sub-fund (01.4150.110 - 6600), especially as the Executive sub-fund regularly utilizes resources such as supplies, equipment, postage, etc. from the "Administrative" sub-fund.

Adding more line items to the "Executive" sub-fund to cover these expenses (and breaking them out from "Administrative" expenses) was counterintuitive to the initiative to consolidate and remove redundancy, so the "Executive" sub-fund was moved under "Administrative", with all "Executive" expenses added into the "Administrative" sub-funds as appropriate (and split, as appropriate, with the Water Enterprise Fund, as outlined above).

I know the City said they were going to use Funds on Project in 2024. Why isn't this reflected?

The City of Florence's needs and priorities may change throughout any given Fiscal Year, and the City Council may determine that Funds should be reallocated to a project they may not have been originally budgeted for.

If a project was not originally budgeted for, it will not appear in the 2024 Budget column. It is not appropriate to adjust the 2024 Budget for projects on the Proposed Budget worksheet without a formal Budget Amendment voted on by Council. This is a statutory, formal process which takes place in open meetings. The City of Florence will present a Budget Amendment for 2024 in early 2025 in order to include any operational changes made in FY 2024. State Statute requires the Budget amendment take place in advance of the accompanying audit for each year. For the purpose of efficiency, the City of Florence chooses to do a single Budget Amendment, wherever possible, in order to include all items rather than doing multiple amendments in real-time.

Additionally, if funds have not yet been expended on the project, they will not appear in the 2024 "Actuals" column.

It looks like the City is earning interest income on a lot fewer accounts. Why is this?

At the suggestion (and, again, encouragement) of both our auditor and the CPA we contract with to perform ad hoc work, Staff has consolidated investments in the hopes of ultimately earning additional interest income. This consolidation took place across most of the unrestricted funds invested by the City of Florence. You may still see some interest earnings budgeted for across accounts with restricted uses that cannot be consolidated because of these restrictions.

I have a comment or concern. How do I report it?

Please report any questions or concerns to amy.nasta@florencecolorado.org so that they may be routed appropriately. The 2025 Budget Public Hearing will be held on October 21, 2024, during the Regular Florence City Council meeting.

