



City of Florence, Oregon

Annual Financial Report

Fiscal Year Ended June 30, 2019

CITY OF FLORENCE, OREGON
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019

CITY OF FLORENCE, OREGON

Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Table of Contents

INTRODUCTORY SECTION

Principal City Officials i

FINANCIAL SECTION

Independent Auditor's Report 1 - 3

Management's Discussion and Analysis 4

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 10
Statement of Activities 11

Governmental Fund Financial Statements:

Balance Sheet 12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 14
Statement of Revenues, Expenditures, and Changes in Fund Balances 15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 17

Proprietary Fund Financial Statements:

Statement of Net Position 18
Statement of Revenues, Expenses, and Changes in Net Position 19
Statement of Cash Flows 20

Fiduciary Fund Financial Statement:

Statement of Fiduciary Net Position 22

Notes to the Financial Statements 23

Required Supplementary Information:

Schedule of the Proportionate Share of the Net Pension Liability 51
Schedule of Pension Contributions 51
Schedule of Changes in Total OPEB Liability and Related Ratios 52

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

(Budgetary Basis):

General Fund 53
Streets Fund 54
Street System Development Fund 55
FURA General Fund 56

Combining and Individual Fund Statements and Schedules:

Major Debt Service Funds:

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

(Budgetary Basis):

Spruce Street LID Bond Fund 57
City/FURA Debt Service Fund 58
FURA Debt Service Fund 59

CITY OF FLORENCE, OREGON

Financial Statements and Supplemental Information

For the Year Ended June 30, 2019

Table of Contents, Continued

FINANCIAL SECTION, Continued

Combining and Individual Fund Statements and Schedules, Continued:

Nonmajor Governmental Funds:

Combining Balance Sheet	60
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	61
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis):	
9-1-1 Emergency Fund	62
Room Tax Fund	63
General Obligation Bond Fund	64

Enterprise Funds:

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis):	
Water Fund	65
Water System Development Fund	66
Wastewater Fund	67
Wastewater System Development Fund	68
Airport Fund	69
Stormwater Fund	70
Stormwater System Development Fund	71
Events Center Fund	72

Internal Service Fund:

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis):	
Public Works Administration Fund	73

Agency Funds:

Schedule of Changes in Assets and Liabilities	74
---	----

COMPLIANCE SECTION

Comments and Disclosures of Independent Auditor Required by State Statute	75
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	77
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over compliance Required by the Uniform Guidance	79
Schedule of Findings and Questioned Costs	81
Schedule of Expenditures of Federal Awards	83
Notes to Schedule of Expenditures of Federal Awards	83

INTRODUCTORY SECTION

CITY OF FLORENCE, OREGON

Principal City Officials

June 30, 2019

ELECTED OFFICIALS

Mayor

Joe Henry

Term Expiration

12/31/2020

Council Members

Woody Woodbury, President

12/31/2022

Ron Preisler, Vice President

12/31/2020

Geraldine Lucio

12/31/2022

Joshua Greene

12/31/2020

ADMINISTRATIVE OFFICIALS

Erin Reynolds

City Manager

Anne Baker

Administrative Services Director

Mailing Address

250 Hwy. 101
Florence, Oregon 97439

FINANCIAL SECTION



1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Florence, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, Oregon ("City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the general fund and major special revenue funds, the schedule of proportionate share of the net pension liability, the schedule of pension contributions and the schedule of changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of pension contributions and the schedule of changes in total OPEB liability and related ratios information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules for the General, Street, Street System Development and FURA General funds are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and other budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated September 29, 2020 on our consideration of the City of Florence's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Isler CPA

By:



Paul R Nielson, CPA, a member of the firm

Eugene, Oregon

September 29, 2020

Management's Discussion and Analysis

The management of the City of Florence offers readers of the City of Florence's financial statements this narrative overview and analysis of the financial activities of the City of Florence for the fiscal year ended June 30, 2019.

Financial Highlights

The City's governmental activities assets totaled \$32.5 million at June 30, 2019, consisting of \$22.9 million in net capital assets, \$6.7 million in cash and cash equivalents and \$2.9 million in receivables and other assets. The City's governmental activities liabilities totaled \$17.0 million at June 30, 2019, consisting of \$16.4 million in noncurrent liabilities and \$0.6 million in accounts payable and other current liabilities. Total net position was \$16.2 million, of which \$9.7 million were invested in capital assets, net of related debt, \$6.6 million was restricted and the remaining \$6.6 million was unrestricted.

The City's governmental activities net position increased by \$3.4 million or 26.7 percent. Overall governmental activities revenue increased \$4.0 million or 52.6 percent. The most significant change was an increase of \$3.1 million, or 3,710.6 percent, in the capital grants and contributions driven by grants funding the ReVision Florence project. Other factors included increases of \$0.1 million in franchise and lodging taxes, an increase of \$0.2 million, 6.1 percent in property taxes, and an increase of \$0.3 million, 134.3 percent in transfers.

The City's business-type activities assets totaled \$40.9 million at June 30, 2019, consisting of \$36.9 million in capital assets, \$3.2 million in cash and cash equivalents and \$0.8 million in receivables and other assets. The City's business-type activities liabilities totaled \$12.5 million at June 30, 2019, consisting of \$12.0 million in noncurrent liabilities and \$0.5 million in accounts payable and other liabilities. Total net position was \$28.7 million of which \$26.2 million was invested in capital assets, net of related debt, \$0.9 million was restricted and the remaining \$1.6 million was unrestricted.

The City's business-type activities net position increased by \$1.5 million or 5.6 percent. Business-type activities revenue increased by \$3.5 million, or 35.4 percent. Increases in Capital grants and contributions were a major contributing factor increasing \$0.8 million, or 164.7 percent over the prior year due to the Airport runway project. Charges for services decreased \$0.3 million, or (5.3) percent. The City adjusted utility rates (water, wastewater or stormwater) 1.3 percent in fiscal year 2019, based on the CPI-W for March – February of the prior year. Future increases of approximately the consumer price index are anticipated.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Florence's basic financial statements. The City of Florence's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Florence's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Florence's assets, and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Florence is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Florence that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Florence include general government, public safety, highways and streets, culture and recreation, and economic development. The business-type activities include an events center, airport, water, wastewater and stormwater services.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Florence, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Florence can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Florence maintains ten individual governmental funds, which includes two funds from a blended component unit, the Florence Urban Renewal Agency. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Florence Urban Renewal Agency General Fund, Spruce Street LID Fund, City FURA Debt Service Fund and the FURA Debt Service Fund.

Data for the remaining funds are combined into a single aggregate presentation. Individual fund data for each of the remaining funds is provided in the form of combining schedules in the other supplemental information.

Proprietary Funds. The City of Florence maintains two types of proprietary funds. Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Florence uses five enterprise funds to account for its water, wastewater, stormwater, events center, and airport activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments. Agency funds are custodial in nature and do not involve measurement of results of operations.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including financial information and disclosures that are required by the GASB, but are not considered a part of the basic financial statements. Budgetary comparison schedule for major governmental funds are presented immediately following the notes to the basic financial statements.

Other Supplementary Information. The combining statements referred to earlier in connection with non-major governmental funds and budgetary comparison schedules for both the non-major governmental funds and the proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 56 - 73 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Florence, assets exceeded liabilities by \$45.0 million as of June 30, 2019.

The City of Florence's net investment in capital assets reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Florence uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Florence's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 - Net Position as of June 30
(Thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 9,557	\$ 7,680	\$ 3,942	\$ 4,547	\$ 13,499	\$ 12,227
Capital assets	22,893	18,621	36,971	35,923	59,864	54,544
Total assets	32,450	26,301	40,913	40,470	73,363	66,771
Deferred outflow of resources	1,132	1,004	451	383	1,583	1,387
Long-term liabilities	16,354	13,474	12,053	12,311	28,407	25,785
Other liabilities	687	868	493	1,318	1,180	2,186
Total liabilities	17,041	14,342	12,546	13,629	29,587	27,971
Deferred inflow of resources	310	153	124	59	434	212
Net position:						
Net investment in capital assets	9,680	8,007	26,175	23,816	35,855	31,823
Restricted for:					-	-
Public safety	368	247	-	-	368	247
Urban renewal	3,920	137	-	-	3,920	137
Tourism/economic development	82	91	-	-	82	91
Transportation	383	256	-	-	383	256
System development	490	425	864	862	1,354	1,287
Debt service	704	978	-	-	704	978
Event center, non-expendible	-	-	79	79	79	79
Unrestricted	603	2,669	1,575	2,408	2,178	5,077
Total net position	\$ 16,231	\$ 12,810	\$ 28,694	\$ 27,165	\$ 44,925	\$ 39,975

At the end of the current and past fiscal years, the City of Florence is able to report positive balances of net position in its governmental activities, business-like activities and the government as a whole.

Governmental activities. Governmental activities increased the City of Florence's net position by \$3.42 million, or 26.7 percent. Key elements of this increase are as follows:

- Increase in franchise and lodging tax revenue of \$0.11 million, 11.2%
- Increase in operating grants and contributions of \$0.26 million, 23.4%
- Capital grants and contributions increased from prior year by \$3.14 million, over 100.0%
- Decrease in spending on non-departmental of \$0.01 million, -2.48%
- Only a slight overall increase in general government expenditures of \$0.43 million from prior year, 5.72%
- Increase in public safety spending of \$0.07 million, 2.34%
- Increase in culture and recreation spending of \$0.03 million, 19.30%
- Increase in highways and streets spending of \$0.04 million, 4.15%

Table 2 - Changes in Net Position
(Thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Program revenue						
Charges for services	\$ 1,470	\$ 1,518	\$ 6,512	\$ 6,883	\$ 7,982	\$ 8,401
Operating grants and contributions	1,387	1,124	2	-	1,389	1,124
Capital grants and contributions	3,225	85	1,320	499	4,545	584
General revenue						
Property taxes	3,231	3,046	-	-	3,231	3,046
Franchise and lodging taxes	1,558	1,438	-	-	1,558	1,438
Investment earnings	85	95	137	96	222	191
Total revenue	10,956	7,306	7,971	7,478	18,927	14,784
Expenses						
Governmental activities						
Administration	2,029	1,817	-	-	2,029	1,817
Community development	831	815	-	-	831	815
Public safety	3,247	3,173	-	-	3,247	3,173
Parks	205	172	-	-	205	172
Transportation	1,059	1,016	-	-	1,059	1,016
Non-departmental	395	405	-	-	395	405
Interest expense	329	259	-	-	329	259
Business-type activities						
Water	-	-	1,986	1,841	1,986	1,841
Wastewater	-	-	2,667	2,408	2,667	2,408
Stormwater	-	-	367	263	367	263
Events center	-	-	800	865	800	865
Airport	-	-	198	203	198	203
Total expenses	8,095	7,657	6,018	5,580	14,113	13,237
Change in net position before non-operating items	2,861	(351)	1,953	1,898	4,814	1,547
Capital Contributions	-	-	-	-	-	-
Transfers	560	239	(560)	(239)	-	-
Change in net position	3,421	(112)	1,393	1,659	4,814	1,547
Net position, beginning	12,810	12,695	27,165	25,454	39,975	38,149
Restatement	-	227	136	52	136	279
Net position, beginning, as restated	12,810	12,922	27,301	25,506	40,111	38,428
Net position, ending	\$ 16,231	\$ 12,810	\$ 28,694	\$ 27,165	\$ 44,925	\$ 39,975

Business-type activities. Business-type activities increased the City of Florence's net position by \$1.53 million, or 5.63 percent. Key elements of this increase are as follows:

- Increase in expenditures of \$0.44 million, 7.86%, from the prior year
- Increase in revenue of \$0.17 million, 2.38%, from the prior year
- Increase in capital contributions of \$0.82 million, over 100%, from prior year
- Increase in transfers of \$0.32 million, over 100.0%, from the prior year

Financial Analysis of the Government's Funds

As noted earlier, the City of Florence uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Florence's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Florence's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Florence's governmental funds reported combined ending fund balances of \$7.1 million, an increase of \$1.5 million in comparison with the prior year. The increase is attributable to unspent debt proceeds of approximately \$3.3 million in the FURA General Fund to complete the ReVision Florence project, and \$1.7 million decrease spread amongst several other funds. The decreased fund balances were mainly attributable to the General Fund decrease of \$1.36 million decrease due to the City Hall remodel being completed.

The general fund is the chief operating fund of the City of Florence. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2.02 million, a decrease of \$1.36 million, or 40.2 percent.

Proprietary funds. The City of Florence's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position as of June 30, 2019 of the City's enterprise funds is as follows:

- Water Fund \$8.69 million, an increase of \$0.056 million, 0.64 percent
- Wastewater Fund \$10.97 million, an increase of \$0.56 million, 5.37 percent
- Stormwater Fund \$2.65 million, a decrease of \$0.30 million, -3.08 percent
- Airport Fund \$3.66 million, an increase of \$0.97 million, 35.89 percent
- Events Center Fund \$2.25 million, a decrease of \$0.04 million, -1.91 percent

General Fund Budgetary Highlights

The City adopted a biennial budget for the two year biennium of July 1, 2017 to June 30, 2019. The fiscal year 2019 allocated General Fund budget for revenues was \$7.1 million, including \$0.9 million in debt proceeds. Actual revenue for the fiscal year was \$7.3 million, including \$0.9 million in debt proceeds. A positive variance in revenue of \$0.2 million resulted as franchise fees were \$0.4 million greater than budgeted due to a payment made on a past-due account, and property taxes were \$0.16 million less than budgeted, (3.1) percent. Other revenue categories were near budgeted amounts.

The fiscal year 2019 allocated General Fund budgeted expenditures totaled \$7.0 million, including \$9 million for City Hall. All General Fund departmental budgets were underspent relative to allocated budgets for the fiscal year, with the exception of Administrative (approximately \$0.03 million over allocation). City Hall construction was completed as of June 30, 2019, with a total of \$3.95 million expended to date of the \$3.0 million projected cost/budget making capital outlay \$0.93 million over budgeted appropriations.

Capital Asset and Debt Administration

Capital assets. The City of Florence's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$59.9 million (net of accumulated depreciation). This represents an increase of \$5.3 million, or 9.75 percent. Governmental Activities capital assets increased \$4.3 million, 22.94% resulting from the completion of City Hall in January 2019 and work for the ReVision Florence project to be completed in Summer 2020. The business-type funds realized an increase of \$1.1 million, 2.92% due to continuing investment in the City's water (\$0.6 million), wastewater (\$1.1 million), Stormwater (\$0.1 million), and Airport (\$0.9 million). Additionally, \$1.3 million of debt was paid off during the year while \$1.9 million in depreciation was realized.

The investment in capital assets includes land, buildings and improvements, utility infrastructure, vehicles and equipment, park facilities, roads and work in progress within these various categories, net of depreciation.

The following table summarizes the City of Florence's capital assets as of June 30, 2019:

Table 3 - Capital Assets as of June 30th
(Thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,031	\$ 2,031	\$ 1,868	\$ 1,868	\$ 3,899	\$ 3,899
Buildings and improvements	7,921	4,983	16,195	16,639	24,116	21,622
Equipment and vehicles	694	646	1,405	1,341	2,099	1,987
Utility systems	-	-	5,441	5,182	5,441	5,182
Infrastructure	8,043	8,508	9,113	8,097	17,156	16,605
Construction in progress	4,205	2,453	2,949	2,796	7,154	5,249
Capital assets, net of depreciation	22,894	18,621	36,971	35,923	59,865	54,544

Additional information on the City of Florence's capital assets can be found in note III.C.

Long-term debt. At the end of the fiscal year, the City of Florence had total long-term liabilities outstanding of \$24.0 million. During fiscal year 2019 the City completed a \$3.5 million financing to fund the ReVision Florence project. The City paid principal on outstanding debt totaling \$2.4 million. The City timely paid its debt service payments during the year and was in compliance with required debt covenants, with the exception of completing its annual audit timely.

Table 4 - Outstanding Long-term Debt Obligations as of June 30th
(Thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Bonds payable	\$ 2,381	\$ 2,647	\$ 2,580	\$ 3,405	\$ 4,961	\$ 6,052
Notes payable	6,481	3,352	4,337	4,178	10,818	7,530
Line of credit	4,352	4,615	3,879	4,524	8,231	9,139
Total	13,214	10,614	10,796	12,107	24,010	22,721

Additional information on the City of Florence's long-term debt and liabilities can be found in note III.E.

Economic Factors and Next Year's Budgets and Rates

In preparing the budget for the 2017-19 biennium, the City's first biennial budget, City management presented two-year spending in addition to a six year financial plan for consideration and approval by the City's Budget Committee and City Council. The budget included updated assumptions for inflation and adjustments to utility rates and other City fees and charges for the two-year period. City utility rates were increased annually by the CPI-W, with additional phased-in adjustments to address equity considerations identified in the utility rate study, street revenue was increased to provide additional funding for street maintenance. Other fees and charges were adjusted to recover costs associated with inflation.

The local economy shows signs of recovery, with additional real estate development, and increased tourism. Increases to property valuation is slowly meeting expectations, and revenue forecasts were adjusted accordingly. Personnel costs, due to the increased cost of PERS and health care above inflation, are still outpacing increases in revenue. The City continues to offset this disparity by retaining its staff size, investing in technology where beneficial, thus becoming more efficient. Additionally, the City is outsourcing various functions where cost savings can be realized.

Annual inflation is projected to remain in the 1.5 percent to 3.0 percent range, while local population growth is projected to remain below 1.0 percent annually. Development activity is projected to trend upward with the potential for several projects to seek development approval during the next two year period.

Requests for information

This financial report is designed to provide a general overview of the City of Florence's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Director, 250 Highway 101, Florence, 97439.

BASIC FINANCIAL STATEMENTS

CITY OF FLORENCE, OREGON

Statement of Net Position

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,669,668	\$ 3,156,493	\$ 9,826,161
Receivables:			
Accounts	533,829	1,530,832	2,064,661
Taxes	123,042	-	123,042
Assessments	1,200,951	-	1,200,951
Inventories	-	92,666	92,666
Internal balances	905,392	(905,392)	-
Prepaid expenses	91,642	675	92,317
Notes receivable	32,789	66,780	99,569
Capital assets not being depreciated	6,235,993	4,817,299	11,053,292
Capital assets net of accumulated depreciation	<u>16,657,231</u>	<u>32,154,063</u>	<u>48,811,294</u>
Total assets	<u>32,450,537</u>	<u>40,913,416</u>	<u>73,363,953</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	1,081,155	425,734	1,506,889
Related to OPEB	<u>50,379</u>	<u>24,731</u>	<u>75,110</u>
Total assets and deferred outflows	<u>33,582,071</u>	<u>41,363,881</u>	<u>74,945,952</u>
LIABILITIES			
Accounts payable and accrued expenses	157,776	348,315	506,091
Accrued payroll liabilities	196,389	-	196,389
Deposits payable	20,000	-	20,000
Interest payable	29,830	35,377	65,207
Compensated absences	282,621	109,559	392,180
Noncurrent liabilities:			
Due within one year	756,626	1,299,037	2,055,663
Due in more than one year	12,456,943	9,497,441	21,954,384
Net pension liability	2,937,882	1,156,862	4,094,744
Net OPEB liability	<u>203,009</u>	<u>99,657</u>	<u>302,666</u>
Total liabilities	<u>17,041,076</u>	<u>12,546,248</u>	<u>29,587,324</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	293,206	115,457	408,663
Related to OPEB	<u>17,074</u>	<u>8,382</u>	<u>25,456</u>
Total liabilities and deferred inflows	<u>17,351,356</u>	<u>12,670,087</u>	<u>30,021,443</u>
NET POSITION			
Net invested in capital assets	9,679,655	26,174,884	35,854,539
Restricted for:			
Public safety	368,411	-	368,411
Urban renewal projects	3,920,260	-	3,920,260
Tourism	82,349	-	82,349
Transportation	383,405	-	383,405
System development	489,825	864,305	1,354,130
Debt service payments	703,563	-	703,563
Events Center, nonexpendable	-	79,167	79,167
Unrestricted	<u>603,247</u>	<u>1,575,438</u>	<u>2,178,685</u>
Total net position	<u>\$ 16,230,715</u>	<u>\$ 28,693,794</u>	<u>\$ 44,924,509</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORENCE, OREGON

Statement of Activities

For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Administration	\$ 2,029,060	\$ 718,130	\$ 397,845	\$ 3,196,221	\$ 2,283,136	\$ -	\$ 2,283,136
Community development	830,721	-	-	-	(830,721)	-	(830,721)
Public safety	3,247,340	285,524	302,118	-	(2,659,698)	-	(2,659,698)
Parks	205,266	-	43,753	-	(161,513)	-	(161,513)
Transportation	1,058,870	466,720	643,183	28,723	79,756	-	79,756
Non-departmental	395,052	-	-	-	(395,052)	-	(395,052)
Interest on long-term liabilities	329,086	-	-	-	(329,086)	-	(329,086)
Total governmental activities	<u>8,095,395</u>	<u>1,470,374</u>	<u>1,386,899</u>	<u>3,224,944</u>	<u>(2,013,178)</u>	<u>-</u>	<u>(2,013,178)</u>
Business-type activities:							
Water	1,985,964	2,166,627	1,132	119,140	-	300,935	300,935
Wastewater	2,667,424	3,260,296	1,158	149,739	-	743,769	743,769
Stormwater	366,590	538,824	210	59,950	-	232,394	232,394
Events Center	800,512	390,883	-	118,078	-	(291,551)	(291,551)
Airport	197,856	154,937	-	873,083	-	830,164	830,164
Total business-type activities	<u>6,018,346</u>	<u>6,511,567</u>	<u>2,500</u>	<u>1,319,990</u>	<u>-</u>	<u>1,815,711</u>	<u>1,815,711</u>
Total government	<u>\$ 14,113,741</u>	<u>\$ 7,981,941</u>	<u>\$ 1,389,399</u>	<u>\$ 4,544,934</u>	<u>(2,013,178)</u>	<u>1,815,711</u>	<u>(197,467)</u>
General revenues:							
Taxes:							
Property taxes					3,230,831	-	3,230,831
Transient room taxes					414,195	-	414,195
Franchise fees					1,144,253	-	1,144,253
Unrestricted investment earnings					85,203	136,824	222,027
Transfers					559,600	(559,600)	-
Total general revenues and transfers					<u>5,434,082</u>	<u>(422,776)</u>	<u>5,011,306</u>
Change in net position					3,420,904	1,392,935	4,813,839
Net position, beginning, as restated (see note IV.D.)					<u>12,809,811</u>	<u>27,300,859</u>	<u>40,110,670</u>
Net position, ending					<u>\$ 16,230,715</u>	<u>\$ 28,693,794</u>	<u>\$ 44,924,509</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORENCE, OREGON

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2019

	General	Streets	FURA General	Spruce Street LID Bond	City FURA Debt Service
ASSETS					
Cash and cash equivalents	\$ 1,241,896	\$ 787,465	\$ 3,586,125	\$ 599,791	\$ -
Receivables:					
Accounts	208,058	119,000	100,000	-	-
Taxes	98,579	-	-	-	-
Assessments	127,276	17,338	-	1,056,337	-
Due from other funds	905,392	-	348,129	-	-
Prepaid expenses	91,642	-	-	-	-
Notes receivable	-	32,789	-	-	-
Interfund note receivable	-	-	-	-	6,643,405
Total assets	<u>\$ 2,672,843</u>	<u>\$ 956,592</u>	<u>\$ 4,034,254</u>	<u>\$ 1,656,128</u>	<u>\$ 6,643,405</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 123,395	\$ 13,235	\$ 13,994	\$ -	\$ -
Accrued payroll liabilities	196,389	-	-	-	-
Deposits payable	-	20,000	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Interfund note payable	-	-	-	-	-
Total liabilities	<u>319,784</u>	<u>33,235</u>	<u>13,994</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable revenues:					
Property taxes	89,905	-	-	-	-
Assessments	127,276	17,338	-	1,056,337	-
Intergovernmental	26,057	-	100,000	-	-
Notes receivable	-	32,789	-	-	-
Total deferred inflows of resources	<u>243,238</u>	<u>50,127</u>	<u>100,000</u>	<u>1,056,337</u>	<u>-</u>
Fund Balances:					
Nonspendable:					
Prepaid items	91,642	-	-	-	-
Interfund loans receivable	-	-	-	-	6,643,405
Restricted for:					
Public safety	-	-	-	-	-
Urban renewal projects	-	-	3,920,260	-	-
Tourism	-	-	-	-	-
Transportation	-	383,405	-	-	-
System development	-	489,825	-	-	-
Debt service payments	-	-	-	599,791	-
Unassigned	2,018,179	-	-	-	-
Total fund balances	<u>2,109,821</u>	<u>873,230</u>	<u>3,920,260</u>	<u>599,791</u>	<u>6,643,405</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,672,843</u>	<u>\$ 956,592</u>	<u>\$ 4,034,254</u>	<u>\$ 1,656,128</u>	<u>\$ 6,643,405</u>

The accompanying notes are an integral part of these financial statements.

FURA Debt Service	Nonmajor Governmental Funds	Total
\$ -	\$ 454,391	\$ 6,669,668
-	106,771	533,829
17,398	7,065	123,042
-	-	1,200,951
-	-	1,253,521
-	-	91,642
-	-	32,789
-	-	6,643,405
<u>\$ 17,398</u>	<u>\$ 568,227</u>	<u>\$ 16,548,847</u>

\$ -	\$ 7,152	\$ 157,776
-	-	196,389
-	-	20,000
-	-	-
348,129	-	348,129
<u>6,643,405</u>	<u>-</u>	<u>6,643,405</u>
<u>6,991,534</u>	<u>7,152</u>	<u>7,365,699</u>

15,912	6,543	112,360
-	-	1,200,951
-	-	126,057
-	-	32,789
<u>15,912</u>	<u>6,543</u>	<u>1,472,157</u>

-	-	91,642
-	-	6,643,405
-	368,411	368,411
-	-	3,920,260
-	82,349	82,349
-	-	383,405
-	-	489,825
-	103,772	703,563
<u>(6,990,048)</u>	<u>-</u>	<u>(4,971,869)</u>
<u>(6,990,048)</u>	<u>554,532</u>	<u>7,710,991</u>

<u>\$ 17,398</u>	<u>\$ 568,227</u>	<u>\$ 16,548,847</u>
------------------	-------------------	----------------------

The accompanying notes are an integral part of these financial statements.

CITY OF FLORENCE, OREGON
 Reconciliation of the Balance Sheet of Governmental
 Funds to the Statement of Net Position
 June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - governmental funds		\$ 7,710,991
Receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		1,472,157
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:		
Nondepreciable assets	\$ 6,235,993	
Depreciable assets	30,520,845	
Accumulated depreciation	<u>(13,863,614)</u>	
		22,893,224
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences	(282,621)	
Accrued interest payable	(29,830)	
Long-term debt	<u>(13,213,569)</u>	
		<u>(13,526,020)</u>
Assets, liabilities, deferred inflows and deferred outflows related to the City's portion of the State-wide pension plan and other post employment benefits are not current resources or requirements and therefore are not reported in the funds:		
Deferred outflows of resources related to pensions	1,081,155	
Deferred outflows of resources related to OPEB	50,379	
Net pension liability	(2,937,882)	
Net OPEB liability	(203,009)	
Deferred inflows of resources related to pensions	(293,206)	
Deferred inflows of resources related to OPEB	<u>(17,074)</u>	
		<u>(2,319,637)</u>
Net position of governmental activities		<u>\$ 16,230,715</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORENCE, OREGON
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2019

	General	Streets	FURA General	Spruce Street LID Bond	City FURA Debt Service
Revenues:					
Taxes	\$ 2,648,545	\$ -	\$ -	\$ -	\$ -
Franchise fees	1,074,194	70,059	-	-	-
Licenses and permits	258,469	-	-	-	-
Intergovernmental	598,440	643,183	3,096,221	-	162,744
Charges for services	407,755	428,685	-	-	-
Fines and forfeitures	214,989	-	-	-	-
Earnings and contributions	71,012	106,947	22,733	121,135	-
Total revenues	<u>5,273,404</u>	<u>1,248,874</u>	<u>3,118,954</u>	<u>121,135</u>	<u>162,744</u>
Expenditures:					
Current:					
Administration	1,831,966	-	200,265	-	-
Community development	766,367	-	-	-	-
Public safety	2,139,493	-	-	-	-
Parks	166,124	-	-	-	-
Transportation	-	364,660	-	-	-
Non-departmental	185,824	-	-	855	-
Capital outlay	2,250,210	115,357	3,085,573	-	-
Debt service:					
Principal	152,264	183,424	-	55,000	144,035
Interest	126,680	44,484	-	43,561	102,194
Total expenditures	<u>7,618,928</u>	<u>707,925</u>	<u>3,285,838</u>	<u>99,416</u>	<u>246,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,345,524)</u>	<u>540,949</u>	<u>(166,884)</u>	<u>21,719</u>	<u>(83,485)</u>
Other Financing Sources (Uses):					
Transfers in	1,142,700	-	250,000	-	-
Transfers out	(652,500)	(348,900)	-	-	-
Transfer interfund note payable	-	-	3,700,000	-	-
Loan proceeds	-	-	-	-	3,300,000
Debt issuance costs	-	-	-	-	(60,550)
Total other financing sources (uses)	<u>490,200</u>	<u>(348,900)</u>	<u>3,950,000</u>	<u>-</u>	<u>3,239,450</u>
Net change in fund balances	(1,855,324)	192,049	3,783,116	21,719	3,155,965
Fund Balances:					
Beginning of year	<u>3,965,145</u>	<u>681,181</u>	<u>137,144</u>	<u>578,072</u>	<u>3,487,440</u>
End of year	<u>\$ 2,109,821</u>	<u>\$ 873,230</u>	<u>\$ 3,920,260</u>	<u>\$ 599,791</u>	<u>\$ 6,643,405</u>

The accompanying notes are an integral part of these financial statements.

FURA Debt Service	Nonmajor Governmental Funds	Total
\$ 520,012	\$ 674,892	\$ 3,843,449
-	-	1,144,253
-	-	258,469
-	-	4,500,588
-	152,648	989,088
-	-	214,989
-	5,752	327,579
<u>520,012</u>	<u>833,292</u>	<u>11,278,415</u>
-	-	2,032,231
-	-	766,367
-	553,258	2,692,751
-	-	166,124
-	-	364,660
-	174,451	361,130
-	-	5,451,140
-	164,094	698,817
<u>102,194</u>	<u>13,850</u>	<u>432,963</u>
<u>102,194</u>	<u>905,653</u>	<u>12,966,183</u>
<u>417,818</u>	<u>(72,361)</u>	<u>(1,687,768)</u>
-	551,600	1,944,300
-	(383,300)	(1,384,700)
(3,700,000)	-	-
-	-	3,300,000
-	-	(60,550)
<u>(3,700,000)</u>	<u>168,300</u>	<u>3,799,050</u>
(3,282,182)	95,939	2,111,282
<u>(3,707,866)</u>	<u>458,593</u>	<u>5,599,709</u>
<u>\$ (6,990,048)</u>	<u>\$ 554,532</u>	<u>\$ 7,710,991</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORENCE, OREGON
 Reconciliation of the Statement of Revenues, Expenditures, And Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities
 are different because:

Net change in fund balances - governmental funds	\$ 2,111,282
--	--------------

Revenues in the statement of activities that do not provide current financial
 resources are not reported as revenues in the funds.

Change in unavailable revenues	(39,672)
--------------------------------	----------

Some expenses reported in the statement of activities do not require the use of
 current financial resources and, therefore, are not reported as expenditures in
 the governmental funds.

Change in:	
Compensated absences	\$ (13,252)
Expenses related to pension obligations	(316,523)
Expenses related to pension obligations OPEB	<u>6,292</u>
	(323,483)

Capital outlays are reported as expenditures in governmental funds.
 However, the Statement of Activities allocates the cost of capital outlays
 over their estimated useful lives as depreciation expense.

Expenditures for capital assets	5,384,657
Current year depreciation	<u>(1,112,380)</u>
	4,272,277

Proceeds from the issuance of long-term debt provide current financial
 resources to governmental funds and are reported as other financing
 sources. In the same way, repayments of long-term debt use current
 financial resources and are reported as expenditures in governmental
 funds. However, neither the receipt of debt proceeds nor the payment of
 debt principal affect the Statement of Activities, but are reported as
 increases and decreases in noncurrent liabilities in the Statement of Net
 Position.

Proceeds from issuance of debt	(3,300,000)
Repayment of long-term debt	698,817
Amortization of premiums	<u>1,683</u>
	<u>(2,599,500)</u>

Change in net position of governmental activities	<u>\$ 3,420,904</u>
---	---------------------

The accompanying notes are an integral part of these financial statements.

CITY OF FLORENCE, OREGON

PROPRIETARY FUNDS

Statement of Net Position

June 30, 2019

	Enterprise Funds						Internal
	Major Funds			Nonmajor Funds			Service
	Water	Wastewater	Airport	Stormwater	Events Center	Total	Public Works Admin
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,224,980	\$ 381,586	\$ -	\$ 971,537	\$ 475,562	\$ 3,053,665	\$ 102,828
Accounts receivable, net	208,086	265,126	1,009,096	46,024	-	1,528,332	2,500
Prepaid expenses	-	-	376	-	299	675	-
Inventory	53,107	14,762	24,797	-	-	92,666	-
Total current assets	<u>1,486,173</u>	<u>661,474</u>	<u>1,034,269</u>	<u>1,017,561</u>	<u>475,861</u>	<u>4,675,338</u>	<u>105,328</u>
Noncurrent assets:							
Notes receivable	5,712	48,915	-	12,153	-	66,780	-
Capital assets:						-	
Nondepreciable assets	1,229,109	885,365	2,385,905	80,336	236,584	4,817,299	-
Depreciable assets, net	<u>7,911,857</u>	<u>15,715,025</u>	<u>1,196,304</u>	<u>1,816,944</u>	<u>1,749,085</u>	<u>28,389,215</u>	<u>3,764,848</u>
Total noncurrent assets	<u>9,146,678</u>	<u>16,649,305</u>	<u>3,582,209</u>	<u>1,909,433</u>	<u>1,985,669</u>	<u>33,273,294</u>	<u>3,764,848</u>
Total assets	10,632,851	17,310,779	4,616,478	2,926,994	2,461,530	37,948,632	3,870,176
DEFERRED OUTFLOWS OF RESOURCES							
Related to pensions	57,178	107,420	-	10,178	83,841	258,617	167,117
Related to OPEB	<u>4,973</u>	<u>6,357</u>	<u>-</u>	<u>1,635</u>	<u>4,110</u>	<u>17,075</u>	<u>7,656</u>
Total assets & deferred outflows	<u>10,695,002</u>	<u>17,424,556</u>	<u>4,616,478</u>	<u>2,938,807</u>	<u>2,549,481</u>	<u>38,224,324</u>	<u>4,044,949</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accruals	5,637	270,413	49,396	8,174	9,169	342,789	5,526
Interest payable	7,452	18,525	-	639	-	26,616	8,761
Compensated absences	19,191	18,880	-	3,452	23,188	64,711	44,848
Due to other funds	-	-	905,392	-	-	905,392	-
Current portion of long-term debt	<u>87,601</u>	<u>1,063,576</u>	<u>-</u>	<u>15,801</u>	<u>-</u>	<u>1,166,978</u>	<u>132,059</u>
Total current liabilities	119,881	1,371,394	954,788	28,066	32,357	2,506,486	191,194
Noncurrent liabilities:							
Net pension liability	155,371	291,897	-	27,655	227,825	702,748	454,114
Net OPEB liability	20,040	25,616	-	6,587	16,564	68,807	30,850
Long-term debt, net of current	<u>1,693,997</u>	<u>4,730,680</u>	<u>-</u>	<u>222,867</u>	<u>-</u>	<u>6,647,544</u>	<u>2,849,897</u>
Total liabilities	1,989,289	6,419,587	954,788	285,175	276,746	9,925,585	3,526,055
DEFERRED INFLOWS OF RESOURCES							
Related to pensions	15,506	29,132	-	2,760	22,738	70,136	45,321
Related to OPEB	<u>1,686</u>	<u>2,154</u>	<u>-</u>	<u>554</u>	<u>1,393</u>	<u>5,787</u>	<u>2,595</u>
Total liabilities & deferred inflows	<u>2,006,481</u>	<u>6,450,873</u>	<u>954,788</u>	<u>288,489</u>	<u>300,877</u>	<u>10,001,508</u>	<u>3,573,971</u>
NET POSITION							
Net investment in capital assets	7,359,368	10,806,134	3,582,209	1,658,612	1,985,669	25,391,992	782,892
Restricted for:							
System development	347,461	276,243	-	240,601	-	864,305	-
Events Center, nonexpendable	-	-	-	-	79,167	79,167	-
Unrestricted	<u>981,692</u>	<u>(108,694)</u>	<u>79,481</u>	<u>751,105</u>	<u>183,768</u>	<u>1,887,352</u>	<u>(311,914)</u>
Total net position	<u>\$ 8,688,521</u>	<u>\$ 10,973,683</u>	<u>\$ 3,661,690</u>	<u>\$ 2,650,318</u>	<u>\$ 2,248,604</u>	<u>28,222,816</u>	<u>\$ 470,978</u>
Reconciliation to Business-type Activities:							
Net position of internal service funds						470,978	
Net Position of Business-Type Activities						<u>\$ 28,693,794</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF FLORENCE, OREGON
PROPRIETARY FUNDS
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

	Enterprise Funds					Total	Internal
	Major Funds			Nonmajor Funds			Service
	Water	Wastewater	Airport	Stormwater	Events Center		Public Works Admin
Operating Revenues							
Charges for services	\$ 2,161,471	\$ 3,219,693	\$ 62,552	\$ 537,070	\$ 243,595	\$ 6,224,381	\$ -
Other revenue	5,156	40,603	92,385	1,754	147,288	287,186	-
Total operating revenues	<u>2,166,627</u>	<u>3,260,296</u>	<u>154,937</u>	<u>538,824</u>	<u>390,883</u>	<u>6,511,567</u>	<u>-</u>
Operating Expenses							
Personal services	389,761	433,936	-	152,947	259,424	1,236,068	584,191
Materials and services	535,842	734,010	94,468	63,684	397,048	1,825,052	183,525
Depreciation	570,755	957,735	84,957	69,145	144,040	1,826,632	104,903
Total operating expenses	<u>1,496,358</u>	<u>2,125,681</u>	<u>179,425</u>	<u>285,776</u>	<u>800,512</u>	<u>4,887,752</u>	<u>872,619</u>
Operating income (loss)	<u>670,269</u>	<u>1,134,615</u>	<u>(24,488)</u>	<u>253,048</u>	<u>(409,629)</u>	<u>1,623,815</u>	<u>(872,619)</u>
Nonoperating Revenues (Expenses)							
Grants and contributions	-	-	873,083	-	118,078	991,161	2,500
Interest income	24,502	88,253	10,529	4,121	9,419	136,824	-
Interest expense	(60,876)	(103,363)	-	(1,398)	-	(165,637)	(92,338)
Total nonoperating revenues (expenses)	<u>(36,374)</u>	<u>(15,110)</u>	<u>883,612</u>	<u>2,723</u>	<u>127,497</u>	<u>962,348</u>	<u>(89,838)</u>
Income (loss) before contributions & transfers	633,895	1,119,505	859,124	255,771	(282,132)	2,586,163	(962,457)
Capital Contributions and Transfers							
System development charges	119,140	149,739	-	59,950	-	328,829	-
Transfers in	-	-	-	-	298,700	298,700	1,037,100
Transfers out	(697,200)	(709,900)	(28,100)	(399,900)	(60,300)	(1,895,400)	-
Change in net position	55,835	559,344	831,024	(84,179)	(43,732)	1,318,292	74,643
Net Position:							
Beginning of year, as restated (See Note IV.D)	<u>8,632,686</u>	<u>10,414,339</u>	<u>2,830,666</u>	<u>2,734,497</u>	<u>2,292,336</u>		<u>396,335</u>
End of year	<u>\$ 8,688,521</u>	<u>\$ 10,973,683</u>	<u>\$ 3,661,690</u>	<u>\$ 2,650,318</u>	<u>\$ 2,248,604</u>		<u>\$ 470,978</u>
Reconciliation to Business-type Activities:							
Change in net position of internal service funds						<u>74,643</u>	
Change in Net Position of Business-Type Activities						<u>\$ 1,392,935</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF FLORENCE, OREGON
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2019

	Enterprise Funds						
	Major Funds			Nonmajor Funds		Total	Internal Service
	Water	Wastewater	Airport	Stormwater	Events Center		Public Works Admin
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 2,157,460	\$ 3,270,831	\$ 154,937	\$ 547,557	\$ 390,883	\$ 6,521,668	\$ (2,500)
Payments to suppliers and contractors	(620,392)	(563,592)	(108,332)	(61,181)	(395,336)	(1,748,833)	(181,510)
Payments to employees	(344,262)	(414,277)	-	(146,989)	(251,992)	(1,157,520)	(518,057)
Net cash provided by (used in) operating activities	<u>1,192,806</u>	<u>2,292,962</u>	<u>46,605</u>	<u>339,387</u>	<u>(256,445)</u>	<u>3,615,315</u>	<u>(702,067)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in	-	-	-	-	298,700	298,700	1,037,100
Transfers out	(697,200)	(709,900)	(28,100)	(399,900)	(60,300)	(1,895,400)	-
Receipt (repayment) on interfund loan	-	-	855,092	-	-	855,092	-
Net cash provided by (used in) noncapital financing activities	<u>(697,200)</u>	<u>(709,900)</u>	<u>826,992</u>	<u>(399,900)</u>	<u>238,400</u>	<u>(741,608)</u>	<u>1,037,100</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
System development charges received	120,242	169,242	-	64,167	-	353,651	-
Acquisition of capital assets	(660,528)	(1,119,148)	(884,126)	(119,835)	(7,846)	(2,791,483)	(188,045)
Principal paid on debt	(85,445)	(1,060,315)	-	(5,244)	-	(1,151,004)	(128,464)
Interest paid on debt	(60,667)	(131,241)	-	(1,860)	-	(193,768)	(91,146)
Grants and contributions received	-	-	-	-	118,078	118,078	2,500
Net cash used in capital and related financing activities	<u>(686,398)</u>	<u>(2,141,462)</u>	<u>(884,126)</u>	<u>(62,772)</u>	<u>110,232</u>	<u>(3,664,526)</u>	<u>(405,155)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	24,502	88,253	10,529	4,121	9,419	136,824	-
Net change in cash and cash equivalents	(166,290)	(470,147)	-	(119,164)	101,606	(653,995)	(70,122)
Cash and cash equivalents:							
Beginning of year	1,391,270	851,733	-	1,090,701	373,956	3,707,660	172,950
End of year	<u>\$ 1,224,980</u>	<u>\$ 381,586</u>	<u>\$ -</u>	<u>\$ 971,537</u>	<u>\$ 475,562</u>	<u>\$ 3,053,665</u>	<u>\$ 102,828</u>

Continued on next page

The accompanying notes are an integral part of these financial statements.

CITY OF FLORENCE, OREGON
PROPRIETARY FUNDS
Statement of Cash Flows, Continued
For the Year Ended June 30, 2019

	Enterprise Funds						
	Major Funds			Nonmajor Funds			Internal Service
	Water	Wastewater	Airport	Stormwater	Events Center	Total	Public Works Admin
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 670,269	\$ 1,134,615	\$ (24,488)	\$ 253,048	\$ (409,629)	\$ 1,623,815	\$ (872,619)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	570,755	957,735	84,957	69,145	144,040	1,826,632	104,903
Changes in operating assets and liabilities and deferred outflows and inflows of resources:							
Receivables	(9,167)	10,535	-	8,733	-	10,101	(2,500)
Prepaid expenses	-	-	(376)	-	(299)	(675)	-
Inventory	12,169	714	(10,413)	-	-	2,470	-
Net pension and OPEB liability and related changes in deferred outflows and inflows of resources	37,779	21,362	-	5,740	9,319	74,200	74,992
Accounts payable and accrued expenses	(96,719)	169,704	(3,075)	2,503	2,011	74,424	2,015
Payroll and related expenses	7,720	(1,703)	-	218	(1,887)	4,348	(8,858)
Net cash provided by (used in) operating activities	<u>\$ 1,192,806</u>	<u>\$ 2,292,962</u>	<u>\$ 46,605</u>	<u>\$ 339,387</u>	<u>\$ (256,445)</u>	<u>\$ 3,615,315</u>	<u>\$ (702,067)</u>

The accompanying notes are an integral part of these financial statements.

City of Florence, Oregon
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
June 30, 2019

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>48,885</u>
LIABILITIES	
Amount held for others	\$ <u>48,885</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note I - Summary of Significant Accounting Policies

A. Reporting Entity

The City of Florence (City) is a municipal corporation governed by an elected mayor and four-member council. These financial statements present the primary government and its component unit, the Florence Urban Renewal Agency, a separate legal entity for which the City is considered to be financially accountable.

Blended component unit. The Florence Urban Renewal Agency (Agency) was formed to plan, direct, and manage certain projects within Florence. Pursuant to ORS 457.055 and under Lane County's order No. 86-8-27-1H, the City Council has appointed a nine member board as the governing body of the Agency. The Agency was formed by the City as a separate legal entity to implement the programs in the revitalization plan of the City. Upon completion, all projects constructed become assets of the City. The Florence Urban Renewal Agency General Fund and Florence Urban Renewal Agency Debt Service Fund are reported as governmental funds. Separate financial statements for the Florence Urban Renewal Agency can be obtained from the City.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements display information about the reporting government as a whole. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the statement of net position and the statement of activities.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position.

The statement of activities demonstrates the degree to which the direct and allocated indirect expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Indirect expenses* are those costs, usually administrative in nature, that support all City functions, programs, and enable direct services to be provided. *Program revenues* include 1) fees, fines, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds and major and nonmajor individual enterprise funds are reported in separate columns in the fund financial statements. Nonmajor governmental funds are aggregated in a single column on these statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary funds financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and *available*. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note I - Summary of Significant Accounting Policies, Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

The City reports the following major governmental funds:

- *General Fund.* This is the government's primary operating fund. It accounts for all of the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise taxes, and state shared revenues. Primary expenditures are for general government and public safety.

- *Streets Program.* This program reports activity from the following budgeted funds:

Street Fund. This was established as a requirement of Oregon Revised Statutes 366.815. Monies received from the State of Oregon (gasoline tax apportionment), the City's street maintenance fee, and grants are the major sources of revenue. These monies are to be used exclusively for the construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets, sidewalks, bike lanes, and paths.

Street System Development Fund. This fund is used to account for major street improvements. The primary source of revenues is street system development fees on new construction within the City. The use of these funds is restricted by State statute and City ordinance.

- *FURA General Fund.* This fund accounts for the activities associated with the City's Urban Renewal Plan. The primary resources are debt proceeds, grants and developer contributions.
- *Spruce Street LID Bond Fund.* This fund is used to account for special assessment revenue from a local improvement district (LID) and the servicing of related bonded debt incurred for the improvement of Spruce Street.
- *City FURA Debt Service Fund.* This fund accounts for the issuance and repayment of City issued debt obligations that are loaned by the City to FURA per the terms of an intergovernmental agreement (IGA) between the parties. The source of repayment are payments from FURA.
- *FURA Debt Service Fund.* This fund accounts for the repayment of debt issued to finance the urban renewal agency's projects and programs, including debt obligations to the City. The primary revenue source is property taxes.

Additionally, the City reports the following nonmajor funds within the governmental fund type:

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes.

Debt service funds account for the servicing of general long-term debt. Revenue sources are property taxes levied for general obligation bonds and other general governmental revenues.

The City reports the following major proprietary funds:

- *Water Operations.* This program reports activity from the following budgeted funds:

Water Fund. This fund accounts for the financial activities of the city-owned water utility operations. Sales of water and related charges are the major revenue sources.

Water Systems Development Fund. This fund accounts for monies accumulated from water systems development charges for facility expansion or improvement. The use of these funds is restricted by State statute and City ordinance.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note I - Summary of Significant Accounting Policies, Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

- *Wastewater Operations.* This program reports activity from the following budgeted funds:
 - Wastewater Fund.* This fund accounts for the financial activities of the city-owned sewer service. Wastewater charges are the major revenue sources.
 - Water Systems Development Fund.* This fund accounts for monies accumulated from wastewater systems development charges for facility expansion or improvement. The use of these funds is restricted by State statute and City ordinance.
- *Airport Operations.* This fund accounts for all activities of the City's municipal airport. Expenditures include facility and grounds maintenance, aviation fuel, and capital investment. Primary revenue sources are fuel sales, ground leases, land sales, and intergovernmental grants.

Additionally, the City reports the following funds as nonmajor enterprise funds:

- *Stormwater Operations.* This program reports activity from the following budgeted funds:
 - Stormwater Operations Fund.* This fund accounts for the financial activities of the city-owned storm drainage system. Revenues consist primarily of stormwater charges.
 - Stormwater Systems Development Fund.* This fund accounts for monies accumulated from storm drainage systems development charges for facility expansion or improvement. The use of these funds is restricted by State statute and City ordinance.
- *Events Center Fund.* This fund is used to account for the activities of the Florence Events Center. Expenditures are for the operation of the Events Center facility including personnel, show booking costs, facility operating and maintenance costs, licensing, and equipment expenditures. The primary sources of revenue are facility and equipment rental fees, ticket fees, commissions, and show revenue.

The City also reports an *internal service fund* to account for the service the Public Works Administration Fund provides to other funds of the City. The internal service fund primarily operates for the benefit of the enterprise funds and is reported with Business-type Activities on the statement of activities.

The agency fund is used for tracking of activities for the Municipal Court agency fund. The assets are held in trust for individuals, private organizations, or other organizations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The City allocates charges as reimbursement for services provided by the general fund in support of those functions based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Significant operating expenses include personnel, contracted services, repairs and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note I - Summary of Significant Accounting Policies, Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash and Investments

For the purposes of the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments included in cash and cash equivalents are reported at fair value. The City invests in the State of Oregon Local Government Investment Pool, which is authorized by Oregon Revised Statutes. Interest earned from pooled investments is allocated based on a fund's portion of the total investment balance. The City maintains depository insurance under federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool, which is exempt from statutes requiring such insurance.

2. Receivables and Payables

Service and property taxes receivables that meet the measurable and available criteria for revenue recognition are accrued as revenue in the governmental funds financial statements. Receivables in the government-wide and proprietary fund financial statements are accrued as revenue when earned. In governmental funds, any revenues not meeting the revenue recognition criteria are offset by unavailable revenue accounts.

Special assessments receivable in the governmental funds and proprietary funds are recognized at the time the property owners are assessed for property improvements. In governmental funds special assessments receivable are offset by unavailable revenue accounts and, accordingly, have not been recognized as revenue.

Property taxes are levied and become a lien on July 1st. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial payment schedule, the first one-third of taxes are due November 15th of the same year, the second one-third on February 15th, and the remaining one-third on May 15th. A three percent discount is allowed if full payment is made by November 15th and a two percent discount is allowed if two-thirds payment is made by November 15th. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month. Property foreclosure proceedings are initiated four years after the due date.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Amounts related to the intergovernmental agreement between the City and FURA are reported as interfund note receivable/payable.

In the government-wide financial statements any residual balances outstanding between the governmental and business-type activities are reported as "internal balances."

3. Inventories and Prepaid Items

Inventories of materials and supplies in the proprietary funds are stated at cost, on a first-in, first-out basis, and charged to expense as used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note I - Summary of Significant Accounting Policies, Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance, Continued

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, street lights, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at acquisition value. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year ended June 30, 2019.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	25
Infrastructure	25 - 40
Vehicles	5
Furniture & Equipment	5

Depreciation is recorded in the year the assets are acquired or retired from the date of acquisition or to the date of disposition. Gains and losses from sales or retirements of capital assets are included in operations of the current period.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statements and the enterprise funds report deferred outflows of resources related to pensions and other post employment benefits (OPEB).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports two types of deferred inflows. Unavailable revenues, which arises only under a modified accrual basis of accounting, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, assessments and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide statements and the enterprise funds report deferred inflows of resources related to pensions and OPEB.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note I - Summary of Significant Accounting Policies, Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance, Continued

5. *Deferred Outflows/Inflows of Resources, Continued*

Detailed descriptions of deferred outflows and inflows of resources related to pensions and OPEB and how they are calculated can be found in notes III.F. and III.G., respectively.

6. *Compensated Absences*

Compensated absences, such as vacation and comp time pay is accrued as it is earned. For governmental funds, compensated absences is maintained separately and represents a reconciling item between the fund level and government-wide presentations. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

Funds used to liquidate accrued compensated absences include the general fund, street fund, water fund, wastewater fund, event center fund, stormwater fund, and public works administration fund.

7. *Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds-outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the year the debt is issued.

8. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. *Net Position Flow Assumptions*

Sometimes the City will fund outlays for a particular resource from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note I - Summary of Significant Accounting Policies, Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance, Continued

10. Fund Balance Flow Assumptions

Sometimes the City 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 governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City'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.

11. Fund Balance Policies

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund balance classifications are:

Nonspendable - resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for sale.

Restricted - constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Includes items committed by the City Council, by formal council action. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned - Includes items assigned for specific uses, authorized by the City. Assignments of fund balance can be done at any time, including after the fiscal year end date.

Unassigned - resources that have not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

12. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note II - Stewardship, Compliance, and Accountability

A. Budgetary Information

The City implemented biennial budgeting effective July 1, 2017 for the biennium ending June 30, 2019. Appropriations are for the biennial period. Appropriations reported in the supplemental budget schedules report the amount for the biennial period. Appropriations lapse at the end of the biennial period.

A budget is prepared in the early winter preceding the biennial period in which the budget will be used. The City is required to budget for all funds. The budget committee, with public input, deliberates and approves the budget for transmittal to the City Council in early spring. After public notices and a hearing, the final budget is adopted, appropriations made, and a tax levy declared no later than June 30.

The City Council resolution adopting the budget and authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriation. Appropriations lapse at the end of the biennial period.

Expenditures cannot legally exceed appropriations except in the case of grants which could not be estimated at the time of budget adoption. Supplemental appropriations and appropriation transfers may occur with notice and City Council action.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2019, expenditures exceeded appropriations as follows:

Fund	Appropriation Category	Amount
General	Administrative	\$ 35,977
General	Capital outlay	931,899
General	Transfers out	500,000
Street	Personal services	1,950
Spruce Street LID Bond	Materials and services	455
City FURA Debt Service	Notes issued to FURA	600,012
City FURA Debt Service	Debt issuance costs	60,550
FURA Debt Service	Debt service	375,259
Room Tax	Materials and services	15,355
Water	Debt service	379
Wastewater	Personal services	10,151
Wastewater	Debt service	65,453
Events Center	Materials and services	295
Public Works Admin	Materials and services	29,185
Public Works Admin	Debt service	1,020

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds

A. Deposits and Investments

The City maintains a cash and investment pool for its cash and cash equivalents in which each fund participates. Cash and investments comprise the following as of June 30, 2019:

Cash on hand	\$	1,500
Cash in bank		1,254,095
LGIP		8,540,284
Oregon Community Foundation		79,167
Total	\$	<u>9,875,046</u>

Cash and investments are reported as follows:

Governmental activities	\$	6,669,668
Business-type activities		3,156,493
Agency funds		48,885
Total	\$	<u>9,875,046</u>

Deposits. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program ("PFCP") of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

State statutes authorize the City of Florence to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurer's Oregon Local Government Investment Pool, among others. The City has no investment policy that would further limit its investment choices.

All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for custodial officer), ORS 294.805 to 294.895 (Local Government Investment Pool). Any revisions or extensions of these sections of the ORS shall be assumed to be part of this investment policy immediately upon being enacted.

The Oregon Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to any municipality, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any public funds. The Office of the State Treasurer (OST) manages the LGIP. The LGIP is commingled with other State funds in the Oregon Short-Term Fund (OSTF). The OSTF is not managed as a stable net asset value fund; therefore, the preservation of principal is not assured. Additional information about the OSTF can be obtained at www.ost.state.or.us and www.oregon.gov/treasury.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2019, the City's deposits were covered and collateralized by federal depository insurance and the PFCP.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

B. Allowance for doubtful accounts

Uncollected taxes and assessments are deemed to be substantially collectible or recoverable through liens. Therefore, no allowance for uncollectible accounts has been established.

Accounts receivable for business-type activities are reported net of an allowance of doubtful accounts as follows as of June 30, 2019:

Water operations	\$ 35,588
Wastewater operations	53,921
Stormwater operations	<u>10,784</u>
Total allowance for doubtful accounts	<u>\$ 100,293</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,031,030	\$ -	\$ -	\$ -	\$ 2,031,030
Construction in progress	<u>2,452,859</u>	<u>3,039,636</u>	<u>-</u>	<u>(1,287,532)</u>	<u>4,204,963</u>
Total capital assets, not being depreciated	<u>4,483,889</u>	<u>3,039,636</u>	<u>-</u>	<u>(1,287,532)</u>	<u>6,235,993</u>
Capital assets, being depreciated:					
Buildings and improvements	8,941,324	2,092,959	-	1,131,126	12,165,409
Equipment and vehicles	2,881,445	136,706	-	156,406	3,174,557
Infrastructure	<u>15,065,523</u>	<u>115,356</u>	<u>-</u>	<u>-</u>	<u>15,180,879</u>
Total capital assets, being depreciated	<u>26,888,292</u>	<u>2,345,021</u>	<u>-</u>	<u>1,287,532</u>	<u>30,520,845</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,958,062)	(286,716)	-	-	(4,244,778)
Equipment and vehicles	(2,234,862)	(245,842)	-	-	(2,480,704)
Infrastructure	<u>(6,558,310)</u>	<u>(579,822)</u>	<u>-</u>	<u>-</u>	<u>(7,138,132)</u>
Total accumulated depreciation	<u>(12,751,234)</u>	<u>(1,112,380)</u>	<u>-</u>	<u>-</u>	<u>(13,863,614)</u>
Total capital assets, being depreciated, net	<u>14,137,058</u>	<u>1,232,641</u>	<u>-</u>	<u>1,287,532</u>	<u>16,657,231</u>
Governmental activities capital assets, net	<u>\$ 18,620,947</u>	<u>\$ 4,272,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,893,224</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

C. Capital Assets, Continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,868,428	\$ -	\$ -	\$ -	\$ 1,868,428
Construction in progress	<u>2,795,825</u>	<u>1,726,636</u>	<u>-</u>	<u>(1,573,590)</u>	<u>2,948,871</u>
Total capital assets, not being depreciated	<u>4,664,253</u>	<u>1,726,636</u>	<u>-</u>	<u>(1,573,590)</u>	<u>4,817,299</u>
Capital assets, being depreciated:					
Buildings and improvements	31,755,431	443,754	-	-	32,199,185
Utility systems	13,526,809	458,813	-	84,872	14,070,494
Equipment and vehicles	4,144,052	349,097	-	-	4,493,149
Infrastructure	<u>9,710,641</u>	<u>1,228</u>	<u>-</u>	<u>1,488,718</u>	<u>11,200,587</u>
Total capital assets, being depreciated	<u>59,136,933</u>	<u>1,252,892</u>	<u>-</u>	<u>1,573,590</u>	<u>61,963,415</u>
Less accumulated depreciation for:					
Buildings and improvements	(15,116,526)	(887,958)	-	-	(16,004,484)
Utility systems	(8,345,060)	(284,025)	-	-	(8,629,085)
Equipment and vehicles	(2,802,660)	(285,976)	-	-	(3,088,636)
Infrastructure	<u>(1,613,571)</u>	<u>(473,576)</u>	<u>-</u>	<u>-</u>	<u>(2,087,147)</u>
Total accumulated depreciation	<u>(27,877,817)</u>	<u>(1,931,535)</u>	<u>-</u>	<u>-</u>	<u>(29,809,352)</u>
Total capital assets, being depreciated, net	<u>31,259,116</u>	<u>(678,643)</u>	<u>-</u>	<u>1,573,590</u>	<u>32,154,063</u>
Business-type activities capital assets, net	<u>\$ 35,923,369</u>	<u>\$ 1,047,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,971,362</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

C. Capital Assets, Continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 135,411
Community development	29,933
Public safety	214,197
Parks	34,745
Transportation	666,214
Non-departmental	<u>31,880</u>
Total depreciation expense - governmental activities	<u>\$ 1,112,380</u>
Business-type activities:	
Water operations	\$ 570,755
Wastewater operations	957,735
Airport operations	84,957
Stormwater operations	69,145
Events Center	144,040
Public works admin	<u>104,903</u>
Total depreciation expense - business-type activities	<u>\$ 1,931,535</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

D. Interfund Receivables, Payables, and Transfers

At June 30, 2019 the City's Airport Fund owed the City's General Fund \$348,129 to pay for expenditures pending receipt of reimbursable grant expenditures.

At June 30, 2019 the FURA Debt Service Fund owed the FURA General Fund \$348,129 to pay for debt service pending receipt of property taxes.

Interfund Transfers

The interfund transfer activity for the year ended June 30, 2019 was as follows:

	Transfers In:					Totals
	General	FURA General	Nonmajor Govern-mental	Events Center	Public Works Admin	
Transfers Out:						
General	\$ -	\$ -	\$ 551,600	\$ 50,000	\$ 50,900	\$ 652,500
Streets Program	149,800	-	-	-	199,100	348,900
Nonmajor Governmental	134,600	-	-	248,700	-	383,300
Water Operations	347,500	-	-	-	349,700	697,200
Wastewater Operations	352,300	-	-	-	357,600	709,900
Stormwater Operations	85,100	250,000	-	-	64,800	399,900
Airport	13,100	-	-	-	15,000	28,100
Events Center	60,300	-	-	-	-	60,300
Totals	<u>\$1,142,700</u>	<u>\$ 250,000</u>	<u>\$ 551,600</u>	<u>\$298,700</u>	<u>\$1,037,100</u>	<u>\$3,280,100</u>

Transfers are budgeted for, and made, to reimburse the General Fund and the Public Works Administrative Fund for administrative charges. In addition, transfers are budgeted and made to move financial resources from the Transient Room Tax Fund to the Events Center Fund to fund operations and the Stormwater Operations to the FURA General Fund to cover stormwater improvements.

Interfund Note Payable Transfer

The transfer from the FURA Debt Service Fund to the FURA General Fund, in the amount of \$3,700,000, is an accounting adjustment to move the Interfund Note Payable from the fund that received the cash (the FURA General Fund) to the fund that will pay back the advance (the FURA Debt Service Fund).

Interfund Note Receivable/Payable

The City entered into an intergovernmental agreement with the Florence Urban Renewal Agency (FURA) to facilitate the use of the City's credit to fund FURA's urban renewal plan projects and programs with more favorable terms and conditions. The IGA provides for \$7.0 million in loans to FURA, with repayment of principal and interest consistent with the terms and conditions of the City's loans with Banner Bank. Additionally, FURA must levy sufficient taxes to ensure a minimum 1.25 debt coverage ratio. FURA used the loans to refinance \$1.6 million of existing debt and \$5.4 million for new projects and programs described in the Florence Urban Renewal Plan. The City and FURA anticipate additional debt obligations will be utilized as FURA's property tax revenue and debt capacity increases to facilitate the goals and objectives of the urban renewal plan.

The City established the City FURA Debt Service Fund to account for the activities associated with the City's use of its credit for the benefit of the City's urban renewal agency. At June 30, 2019, FURA owed the City \$6,643,405 for bank loans the City took out on FURA's behalf.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

E. Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 2,647,232	\$ -	\$ (266,558)	\$ 2,380,674	\$ 276,043
Notes from direct borrowings	<u>7,966,837</u>	<u>3,300,000</u>	<u>(433,942)</u>	<u>10,832,895</u>	<u>480,583</u>
Total long-term debt	10,614,069	3,300,000	(700,500)	13,213,569	756,626
Compensated absences	<u>269,369</u>	<u>282,621</u>	<u>(269,369)</u>	<u>282,621</u>	<u>282,621</u>
Governmental activities long-term liabilities	<u>\$ 10,883,438</u>	<u>\$ 3,582,621</u>	<u>\$ (969,869)</u>	<u>\$ 13,496,190</u>	<u>\$ 1,039,247</u>
Business-Type Activities:					
Bonds payable	\$ 3,404,415	\$ -	\$ (824,817)	\$ 2,579,598	\$ 840,844
Notes from direct borrowings	<u>8,702,528</u>	<u>-</u>	<u>(485,648)</u>	<u>8,216,880</u>	<u>458,193</u>
Total long-term debt	12,106,943	-	(1,310,465)	10,796,478	1,299,037
Compensated absences	<u>114,069</u>	<u>109,559</u>	<u>(114,069)</u>	<u>109,559</u>	<u>109,559</u>
Business-type activities long-term liabilities	<u>\$ 12,221,012</u>	<u>\$ 109,559</u>	<u>\$ (1,424,534)</u>	<u>\$ 10,906,037</u>	<u>\$ 1,408,596</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

E. Long-Term Liabilities, Continued

Bonds outstanding at June 30, 2019 were as follows:

Purpose	Governmental Activities	Business- Type Activities
During 2010, the City issued \$8,750,000 of full faith and credit refunding obligations debt with \$8,310,000 at 3.064% and \$440,000 at 3.75%. This bond was used to fund projects for enterprise funds as well as governmental funds. \$600,000 was used by governmental funds and \$8,150,000 was used by enterprise funds. Bond principal and interest is payable semiannually through December 2030. The unamortized premium included in the balance of this bond is \$82,481.	\$ 409,146	\$ 2,108,335
During 2010, the City issued \$1,478,000 of limited tax improvement bonds at 3.81% for the Spruce St LID. Semiannual payments are made from assessments on the property benefiting from the improvements. Bond principal and interest is payable semiannually through December 2030.	1,095,000	-
During 2011, the City issued \$1,245,000 of full faith and credit refunding obligations debt at 4.14% for the Local Oregon Capital Assets Program (LOCAP). This bond was used to fund projects for enterprise funds as well as governmental funds. The governmental portion was \$558,980 and the enterprise funds portion was \$686,020. Bond principal and interest is payable semiannually through June 2031. The unamortized premium included in the balance of this bond is \$5,507.	384,244	471,263
During 2013, the City issued \$1,460,000 of direct placement Water GO bonds for refunding of existing General Obligation Water Bonds for water system improvements. The bond pays interest of 2.11%. The bond matures in June 2022. Loan principal and interest is payable semiannually through June 2022. In the event of a default the Bank may at its election increase the interest rate to 5.11%.	492,284	-
Total bonds outstanding	2,380,674	2,579,598
Less current portion	(276,043)	(840,844)
Long-term portion	\$ 2,104,631	\$ 1,738,754

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

E. Long-Term Liabilities, Continued

Direct placement notes payable outstanding at June 30, 2019 were as follows:

<u>Purpose</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
On March 21, 2018, the City received proceeds in the amount of \$3,395,000 from Banner Bank to finance improvements to City Hall and the Justice Center and the purchase of land. Loan principal and interest is payable semiannually at 4.375% through December 2037. If an event of default occurs, the Bank may exercise any remedy available at law or in equity; but the Note shall not be subject to acceleration.	\$ 3,180,799	\$ -
On June 20, 2019, the City received proceeds in the amount of \$3,150,000 from Banner Bank to finance the projects of the Florence Urban Renewal Agency. Loan principal and interest is payable semiannually at 3.3% through March 2039. If an event of default occurs, the Bank may exercise any remedy available at law or in equity; but the Note shall not be subject to acceleration.	3,150,000	-
On June 20, 2019, the City received proceeds in the amount of \$150,000 from Banner Bank to finance the projects of the Florence Urban Renewal Agency. Interest only payments at 5.3% are required semiannually through March 2024. Loan principal is due in full on March 1, 2024. If an event of default occurs, the Bank may exercise any remedy available at law or in equity; but the Note shall not be subject to acceleration.	150,000	-
During 2018, the City termed out its tax-exempt non-revolving line of credit with Banner Bank. Annual principal and interest payments are required on June 1 and December 1. The interest rate for the line of credit is 2.92% through December 15, 2026, at which point the interest rate becomes variable, with a maximum rate of 5.25% through December 15, 2031, when the maximum rate increases to 7.25%. The minimum interest rate for years eleven through twenty is 2.75%. The note payable has a scheduled maturity of December 1, 2026 for the outstanding balance allocated to the Street Project and December 1, 2036 for the remaining balances. If an event of default occurs, the Bank may exercise any remedy available at law or in equity; but the Note shall not be subject to acceleration. The projects funded and their balances at June 30, 2019 were as follows:		
<i>Street Project.</i> Financing of improvements to the City's streets and related issuance costs in the original amount of \$1,300,000. This portion of the note matures on December 1, 2026.	1,008,693	-
<i>Agency Project.</i> \$3,700,000 was allocated to finance and refinance the projects of the Florence Urban Renewal Agency. This portion of the note matures on December 1, 2036.	3,343,403	-
<i>Water Project.</i> Financing of improvements to the City's water system and related issuance costs in the original amount of \$1,500,000. This portion of the note matures on December 1, 2036.	-	1,355,437
<i>Facility Project.</i> Financing of the City's public works facility and related issuance costs in the original amount of \$3,300,000. This portion of the note matures on December 1, 2036.	-	2,981,956

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

E. Long-Term Liabilities, Continued

Purpose	Governmental Activities	Business- Type Activities
On August 31, 2010, the City entered into a loan agreement with the Oregon Business Development Department to receive a loan in the amount of \$657,057 to permanently finance the Florence Wastewater Transmission Line & Intersection Improvements. Loan interest rate is variable between 2% and 4%. Loan principal and interest is payable annually through December 2034. Upon the event of a default OBDD may declare the loan immediately due and payable, declare the City ineligible to receive future awards from the OBDD, withhold all or a portion of any amounts otherwise due to the City, or foreclosing liens or security interests upon collateral. The unamortized premium included in the balance of this bond is \$6,400.	-	494,911
On February 12, 2010, the City entered into an agreement with the State of Oregon Department of Environmental Quality for a loan in the amount of \$4,923,260 to finance rehabilitation to a major wastewater trunk sewer. Loan principal payments commenced upon completion of the project (June 24, 2013). The loan has a twenty year maturity (June 1, 2033) with loan fees of 0.5% of the outstanding balance payable annually. Upon the event of a default DEQ may declare the loan immediately due and payable, appoint a receiver to operate the Facility, set and collect utility rates, direct the State Treasurer to withhold amounts dues, or pursue any other legal or equitable remedy it may have.	-	3,384,576
Total notes outstanding	10,832,895	8,216,880
Less current portion	<u>(480,583)</u>	<u>(458,193)</u>
Long-term portion	<u>\$ 10,352,312</u>	<u>\$ 7,758,687</u>

Annual debt service requirements to maturity for long-term debt at June 30, 2019 are as follows:

Year Ending June 30,	Governmental Activities					
	Public Offering Bonds		Direct Placement Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 111,949	\$ 60,374	\$ 164,094	\$ 10,387	\$ 480,583	\$ 265,344
2021	119,712	62,836	164,095	6,925	521,199	334,271
2022	125,924	64,735	164,095	3,462	537,905	317,565
2023	135,400	60,095	-	-	555,151	300,319
2024	142,616	54,802	-	-	722,452	283,018
2025 - 2029	841,708	179,960	-	-	2,722,283	1,211,404
2030 - 2034	411,081	19,322	-	-	2,801,749	864,003
2035 - 2039	-	-	-	-	2,386,541	236,412
2040 - 2044	-	-	-	-	105,032	2,099
Total	<u>\$ 1,888,390</u>	<u>\$ 502,124</u>	<u>\$ 492,284</u>	<u>\$ 20,774</u>	<u>\$ 10,832,895</u>	<u>\$ 3,814,435</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

Year Ending June 30,	Business-Type Activities			
	Public Offering Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2020	\$ 840,844	\$ 91,937	\$ 458,193	\$ 162,222
2021	858,622	57,770	464,384	154,222
2022	71,666	34,459	470,437	146,261
2023	77,392	31,693	476,670	138,118
2024	80,346	28,639	482,790	130,190
2025 - 2029	444,406	92,987	2,490,238	663,823
2030 - 2034	206,322	10,737	2,486,798	531,892
2035 - 2039	-	-	887,370	97,225
Total	<u>\$ 2,579,598</u>	<u>\$ 348,222</u>	<u>\$ 8,216,880</u>	<u>\$ 2,023,953</u>

F. Pension Plans

Substantially all employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Risk Pooling

The City has elected to participate in the State and Local Government Rate Pool (SLGRP). Pooling allows separate employers to be part of one group for the purpose of determining employer pension costs and contribution rates. Pool participants share pension assets and future pension liabilities and surpluses. Employers in the pool jointly fund the future pension costs of all of the pooled participants.

Benefits Provided

1. *Tier One/Tier Two Retirement Benefit (ORS Chapter 238)*

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

F. Pension Plans, Continued

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. All monthly pension and annuity benefits except unit purchases are eligible for post-retirement adjustments. As a result of the Senate Bills 822 and 861 and the Oregon Supreme Court decision in *Moro v. State of Oregon*, automatic post-retirement adjustments are based on a blended COLA rate.

The Supreme Court decision in *Moro* requires that members "will be entitled to receive during retirement a blended COLA rate that reflects the different COLA provision applicable to benefits earned at different times." The Supreme Court did not articulate a specific methodology for determining the blended COLA. For purposes of this valuation, PERS has determined the blend based on creditable service earned before and after October 2013. This approach is consistent with OAR 459-005-0510 adopted by the PERS Board in September 2015.

Automatic COLA for benefits earned prior to SB 822 and SB 861

Benefits are adjusted annually to reflect the increase or decrease in the Consumer Price Index (Portland area - all items) as published by the Bureau of Labor Statistics. The maximum adjustment to be made for any year is 2 percent of the previous year's benefit, except for 2013 when the adjustment is limited to 1.5%. Any CPI change in excess of the limit is accumulated for future benefit adjustments that would otherwise be less than the limit. No benefit will be decreased below its original amount.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

F. Pension Plans, Continued

Automatic adjustments for benefits earned post 2013

In 2014 and future years benefits will be increased annually based on a marginal rate schedule. The increase is calculated as 1.25% on the first \$60,000 of annual benefit and 0.15% on amounts above \$60,000 of annual benefit.

2. *OPSRP Pension Program (OPSRP DB)*

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and Fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

F. Pension Plans, Continued

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2016 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2019 were \$312,862 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2019 were 14.98 percent for Tier One/Tier Two General Service Member, 14.98 percent for Tier One/Tier Two Police and Fire, 5.93 percent for OPSRP Pension Program General Services, 10.70 percent for OPSRP Police and Fire members and 6 percent for OPSRP Individual Account Program.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019 the City reported a liability of \$4,094,744 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the City's proportion was 0.02703036 percent, which was a changed from its proportion measured as of June 30, 2017 of 0.02733098 percent.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

F. Pension Plans, Continued

For the year ended June 30, 2019 the City recognized pension expense of \$759,825. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 139,291	\$ -
Change in assumptions	952,020	-
Net difference between projected and actual earnings on pension plan investments	-	181,830
Changes in proportionate share	122,101	81,071
Differences between City contributions and proportionate share of contributions	758	145,762
Subtotal before post-measurement date contributions	1,214,170	408,663
City contributions subsequent to the measurement date	292,719	-
Total	\$ 1,506,889	\$ 408,663

Deferred outflows of resources related to pensions of \$292,719 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2019. Net deferred outflows (inflows) of resources of \$805,507 will be recognized in pension expense as follows:

Year Ended June 30,			
2020	\$	477,808	
2021		327,215	
2022		(53,953)	
2023		34,551	
2024		19,886	
Total	\$	805,507	

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

F. Pension Plans, Continued

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Project Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and Graded COLA (1.25%/0.15%0 in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Date Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation..</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

F. Pension Plans, Continued

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

<http://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability of the Plan was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

F. Pension Plans, Continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.20%)</u>	<u>Discount Rate</u> <u>(7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 6,843,090	\$ 4,094,744	\$ 1,826,208

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Changes in Assumptions and Other Inputs

Changes in actuarial methods and assumptions implemented since the December 31, 2016 valuation are described in the 2016 Experience Study (Study), published July 2017.

Changes in assumptions from that Study are reported in the table of actuarial methods and assumptions, modifications to the allocation of actuarial accrued liabilities, administrative expense assumptions, healthcare cost inflation, and mortality tables can be found in the Study at:

<http://www.oregon.gov/PERS/Documents/2016-Exp-Study.pdf>

G. Other Postemployment Benefits (OPEB)

Plan Description

The City provides an implicit rate subsidy for retiree health insurance premiums. The City's single-employer defined benefit postemployment healthcare plan is administered by City County Insurance Services. Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	6
Active employees	<u>59</u>
Total	<u><u>65</u></u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

G. Other Postemployment Benefits (OPEB), Continued

Financial Statement Presentation

The amounts on the financial statements relate to the plans as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 37,444	\$ -
Change in assumptions	<u>-</u>	<u>25,456</u>
Subtotal before post-measurement date contributions	37,444	25,456
City contributions subsequent to the measurement date	<u>37,666</u>	<u>-</u>
Total	<u><u>\$ 75,110</u></u>	<u><u>\$ 25,456</u></u>

Deferred outflows of resources related to OPEB of \$37,666 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Net deferred outflows (inflows) of resources of \$11,988 will be recognized in OPEB expense as follows:

Year Ended June 30,	
2020	\$ 1,032
2021	1,032
2022	1,032
2023	1,032
2024	1,032
Thereafter	<u>6,828</u>
	<u><u>\$ 11,988</u></u>

Total OPEB Liability and OPEB Expense

The City's total OPEB liability of \$- was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2019, the City recognized OPEB expense from this plan of \$28,635.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note III - Detailed Notes On All Funds, Continued

G. Other Postemployment Benefits (OPEB), Continued

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Inflation	2.5 percent
Annual pay increases	3.5 percent
Mortality	RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.
Discount rate	3.87 percent (change from 3.58 percent in previous measurement period)
Health Care Cost Trend	6.75 percent per year decreasing to 4.75 percent

The discount rate was based on a 20-year general obligation bond yield index published by The Bond Buyer.

Changes in the Total OPEB Liability

Balance as of June 30, 2018	\$ 280,332
Changes for the year	
Service cost	17,474
Interest on total OPEB liability	10,129
Effect of economic/demographic gains or losses	41,955
Effect of assumptions changes or inputs	(17,222)
Benefit payments	<u>(30,002)</u>
Balance as of June 30, 2019	<u>\$ 302,666</u>

Changes in assumptions is the result of the change in the discount rate from 3.58 to 3.50 and changes in health care cost trends.

Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	<u>1% Decrease</u>	Current Discount/Trend Rate	<u>1 % Increase</u>
Discount Rate - Total OPEB Liability	321,840	302,666	285,162
Healthcare Trend Rate - Total OPEB Liability	279,942	302,666	329,826

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2019

Note IV - Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. In 1981, the League of Oregon Cities joined together with the Association of Oregon Cities to form City County Insurance Services ("CCIS"), a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CCIS for insurance coverage. Based on the experience of the City and CCIS, the City may be liable for an additional premium of up to 20% of its initial premium or it may receive a refund. The City has not had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

B. Commitments and Contingencies

Under terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The City believes disallowances, if any, will be immaterial.

C. Contingent Liabilities

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations and capital projects. Management intends to contest these matters and does not believe their ultimate resolution will have a material effect upon the City's financial position, results of operations, or cash flows.

D. Prior Period Restatement

At June 30, 2018 grants receivable and unrestricted net position were misstated by \$136,013 in the Airport Fund and the Business-Type Activities column of the government-wide Statement of Net Position. The City did not report intergovernmental revenue earned during the fiscal year 2018 as receivable at year-end because it did not request reimbursement from the granting agency for the related expenditures until August 2019, when the project was completed.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FLORENCE

Oregon Public Employees Retirement System

June 30, 2019

Schedule of the Proportionate Share of the Net Pension Liability

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.02703036 %	0.02733098 %	0.02535152 %	0.02730409 %	0.02378761 %	0.23787610 %
Proportionate share of the net pension liability (asset)	\$ 4,094,744	\$ 3,684,226	\$ 3,805,852	\$ 1,567,653	\$ (539,197)	\$ 1,213,917
Covered payroll	\$ 3,669,227	\$ 3,257,585	\$ 3,354,642	\$ 3,238,206	\$ 3,154,516	\$ 3,015,337
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	111.60 %	113.10 %	113.45 %	48.41 %	(17.09)%	40.26 %
Plan net position as a percentage of the total pension liability	82.1 %	83.1 %	80.5 %	91.9 %	103.6 %	92.0 %

Schedule of Pension Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 312,862	\$ 331,774	\$ 227,630	\$ 239,728	\$ 228,397	\$ 251,436
Contributions in relation to the contractually required contribution	<u>312,862</u>	<u>331,774</u>	<u>227,630</u>	<u>239,728</u>	<u>228,397</u>	<u>251,436</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,762,260	\$ 3,669,227	\$ 3,257,585	\$ 3,354,642	\$ 3,238,206	\$ 3,154,516
Contributions as a percentage of covered employee payroll	8.32 %	9.04 %	6.99 %	7.15 %	7.05 %	7.97 %

Notes to Required Supplementary Information

Note I - Measurement Period

Amounts presented are for the measurement period, which for FY 2019 is July 1, 2017 - June 30, 2018.

Note II - Changes in Benefit Terms

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. This change in benefit terms was not included in the net pension liability (asset) proportionate shares provided by OPERS for the year ending June 30, 2015.

Note III - Changes in Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012, 2014, and 2016 Experience Studies. These reports can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/mercereports.aspx

CITY OF FLORENCE

Schedule of Changes in Total OPEB Liability and Related Ratios

June 30, 2019

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 280,332	\$ 298,324
Service costs	17,474	18,661
Interest on total OPEB liability	10,129	8,583
Effect of economic/demographic gains or losses	41,955	-
Effect of assumptions changes or inputs	(17,222)	(13,340)
Benefit payments	<u>(30,002)</u>	<u>(31,896)</u>
Balance at end of year	302,666	280,332
Covered payroll	<u>3,669,227</u>	<u>3,257,585</u>
Total OPEB liability as a percentage of covered payroll	<u>8.25 %</u>	<u>8.61 %</u>

Notes to Required Supplementary Information

Note I - Measurement Period

Amounts presented are for the measurement period reported during the fiscal year, which for FY 2019 is July 1, 2017 - June 30, 2018.

CITY OF FLORENCE, OREGON

GENERAL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Taxes	\$ 5,084,300	\$ 5,313,800	\$ 2,501,550	\$ 2,648,545	\$ 5,150,095	\$ (163,705)
Franchise fees	1,627,000	1,627,000	969,341	1,074,194	2,043,535	416,535
Licenses and permits	561,400	561,400	281,348	258,469	539,817	(21,583)
Intergovernmental	939,500	939,500	459,348	598,440	1,057,788	118,288
Charges for services	1,036,200	1,036,200	560,363	407,755	968,118	(68,082)
Fines and forfeitures	440,000	440,000	230,361	214,989	445,350	5,350
Earnings and contributions	91,000	91,000	69,662	71,012	140,674	49,674
Total revenues	<u>9,779,400</u>	<u>10,008,900</u>	<u>5,071,973</u>	<u>5,273,404</u>	<u>10,345,377</u>	<u>336,477</u>
Expenditures:						
Police	4,421,300	4,421,300	2,152,243	2,139,493	4,291,736	129,564
Community development	1,611,600	1,611,600	740,316	766,367	1,506,683	104,917
Parks	331,500	331,500	127,986	166,124	294,110	37,390
Municipal court	564,900	564,900	248,396	280,310	528,706	36,194
Administrative	2,763,600	2,863,600	1,347,921	1,551,656	2,899,577	(35,977)
City hall	182,800	202,800	105,684	89,315	194,999	7,801
Non-departmental	262,000	762,000	140,891	96,509	237,400	524,600
Capital outlay	3,015,600	3,015,600	1,697,289	2,250,210	3,947,499	(931,899)
Debt service	298,200	544,900	174,817	278,944	453,761	91,139
Contingency	1,266,629	1,266,629	-	-	-	1,266,629
Total expenditures	<u>14,718,129</u>	<u>15,584,829</u>	<u>6,735,543</u>	<u>7,618,928</u>	<u>14,354,471</u>	<u>1,230,358</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,938,729)</u>	<u>(5,575,929)</u>	<u>(1,663,570)</u>	<u>(2,345,524)</u>	<u>(4,009,094)</u>	<u>1,566,835</u>
Other Financing Sources (Uses):						
Transfers in	2,353,800	2,353,800	1,030,000	1,142,700	2,172,700	(181,100)
Transfers out/Note issued to FURA	(1,302,900)	(1,702,900)	(1,150,400)	(1,052,500)	(2,202,900)	(500,000)
Loan proceeds/FURA repayments	2,200,000	3,100,000	3,395,000	900,000	4,295,000	1,195,000
Total other financing sources (uses)	<u>3,250,900</u>	<u>3,750,900</u>	<u>3,274,600</u>	<u>990,200</u>	<u>4,264,800</u>	<u>513,900</u>
Net change in fund balance	(1,687,829)	(1,825,029)	1,611,030	(1,355,324)	255,706	2,080,735
Fund Balance:						
Beginning of year	1,687,829	1,825,029	1,854,115	3,465,145	1,854,115	29,086
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,465,145</u>	<u>\$ 2,109,821</u>	<u>\$ 2,109,821</u>	<u>\$ 2,109,821</u>

CITY OF FLORENCE, OREGON
STREET FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year	2nd Year		
			FY 2017-18	FY 2018-19		
Revenues:						
Franchise fees	\$ 141,100	\$ 141,100	\$ 59,350	\$ 70,059	129,409	\$ (11,691)
Intergovernmental	1,797,100	1,797,100	597,035	643,183	1,240,218	(556,882)
Charges for services	902,200	902,200	381,239	428,685	809,924	(92,276)
Earnings and contributions	7,100	7,100	9,684	41,219	50,903	43,803
Total revenues	2,847,500	2,847,500	1,047,308	1,183,146	2,230,454	(617,046)
Expenditures:						
Personal services	143,100	143,100	69,504	75,546	145,050	(1,950)
Materials and services	563,550	563,550	261,783	288,406	550,189	13,361
Capital outlay	1,585,800	1,585,800	260,888	115,357	376,245	1,209,555
Debt service	439,500	484,500	255,903	227,908	483,811	689
Contingency	373,442	328,442	-	-	-	328,442
Total expenditures	3,105,392	3,105,392	848,078	707,217	1,555,295	1,550,097
Excess (deficiency) of revenues over (under) expenditures	(257,892)	(257,892)	199,230	475,929	675,159	933,051
Other Financing Sources (Uses):						
Transfers in	228,000	228,000	228,000	-	228,000	-
Transfers out	(662,000)	(662,000)	(313,100)	(348,900)	(662,000)	-
Loan proceeds	500,000	500,000	-	-	-	(500,000)
Total other financing sources (uses)	66,000	66,000	(85,100)	(348,900)	(434,000)	(500,000)
Net change in fund balance	(191,892)	(191,892)	114,130	127,029	241,159	433,051
Fund Balance:						
Beginning of year	191,892	191,892	142,246	256,376	142,246	(49,646)
End of year	\$ -	\$ -	\$ 256,376	383,405	\$ 383,405	\$ 383,405
Reconciliation to GAAP Basis:						
Street System Development Fund fund balance				489,825		
GAAP Fund Balance - End of Year				<u>\$ 873,230</u>		

CITY OF FLORENCE, OREGON
STREET SYSTEM DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Earnings and contributions	\$ 132,100	\$ 132,100	\$ 60,433	\$ 65,728	126,161	\$ (5,939)
Expenditures:						
Materials and services	122,400	122,400	710	708	1,418	120,982
Contingency	353,296	353,296	-	-	-	353,296
Total expenditures	475,696	475,696	710	708	1,418	474,278
Excess (deficiency) of revenues over (under) expenditures	(343,596)	(343,596)	59,723	65,020	124,743	468,339
Other Financing Sources (Uses):						
Transfers out	(228,000)	(228,000)	(228,000)	-	(228,000)	-
Net change in fund balance	(571,596)	(571,596)	(168,277)	65,020	(103,257)	468,339
Fund Balance:						
Beginning of year	571,596	571,596	593,082	424,805	593,082	21,486
End of year	\$ -	\$ -	\$ 424,805	489,825	\$ 489,825	\$ 489,825

Reconciliation to GAAP Basis:

The Street System Development Fund is budgeted as an individual fund but is combined with the Street Fund for GAAP reporting.

	<u>(489,825)</u>
GAAP Fund Balance - End of Year	<u>\$ -</u>

CITY OF FLORENCE, OREGON
FURA GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Intergovernmental	\$ 2,750,000	\$ 2,750,000	\$ -	\$ 3,096,221	3,096,221	\$ 346,221
Earnings and contributions	1,000	1,000	13,609	22,733	36,342	35,342
Total revenues	<u>2,751,000</u>	<u>2,751,000</u>	<u>13,609</u>	<u>3,118,954</u>	<u>3,132,563</u>	<u>381,563</u>
Expenditures:						
Materials and services	430,200	1,391,200	208,755	200,265	409,020	982,180
Capital outlay	7,230,000	6,269,000	1,724,498	3,085,573	4,810,071	1,458,929
Contingency	156,284	156,284	-	-	-	156,284
Total expenditures	<u>7,816,484</u>	<u>7,816,484</u>	<u>1,933,253</u>	<u>3,285,838</u>	<u>5,219,091</u>	<u>2,597,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,065,484)</u>	<u>(5,065,484)</u>	<u>(1,919,644)</u>	<u>(166,884)</u>	<u>(2,086,528)</u>	<u>2,978,956</u>
Other Financing Sources (Uses):						
Transfers in	250,000	250,000	-	250,000	250,000	-
Loan proceeds	<u>3,900,000</u>	<u>3,900,000</u>	<u>1,100,012</u>	<u>3,700,000</u>	<u>4,800,012</u>	<u>900,012</u>
Total other financing sources (uses)	<u>4,150,000</u>	<u>4,150,000</u>	<u>1,100,012</u>	<u>3,950,000</u>	<u>5,050,012</u>	<u>900,012</u>
Net change in fund balance	(915,484)	(915,484)	(819,632)	3,783,116	2,963,484	3,878,968
Fund Balance:						
Beginning of year	<u>915,484</u>	<u>915,484</u>	<u>956,776</u>	<u>137,144</u>	<u>956,776</u>	<u>41,292</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,144</u>	3,920,260	<u>\$ 3,920,260</u>	<u>\$ 3,920,260</u>

Reconciliation to GAAP Basis:

GASB requires the City to report transactions with FURA as interfund transactions. For budget purposes issuances of loans from the City are reported as other financing sources and repayments are reported as debt service. Under the modified accrual basis of accounting the issuance and repayment of loans are reported as an increase and decrease in the Interfund Note Payable. Loan proceeds received during the year are a reconciling item.

(3,700,000)

The FURA General Fund received the proceeds from the note issued by the City. However, it is the FURA Debt Service Fund that will repay the Note Payable. For the modified accrual basis of accounting a transfer of the liability from the FURA General Fund to the FURA Debt Service Fund is recorded. This transfer is a reconciling item.

3,700,000
\$ 3,920,260

GAAP Fund Balance - End of Year

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

MAJOR DEBT SERVICE FUNDS

CITY OF FLORENCE, OREGON
SPRUCE STREET LID BOND FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Earnings and contributions	\$ 115,000	\$ 115,000	\$ 125,353	\$ 121,135	\$ 246,488	\$ 131,488
Expenditures:						
Materials and services	800	800	400	855	1,255	(455)
Debt service	193,517	193,517	94,956	98,561	193,517	-
Contingency	271,425	271,425	-	-	-	271,425
Total expenditures	<u>465,742</u>	<u>465,742</u>	<u>95,356</u>	<u>99,416</u>	<u>194,772</u>	<u>270,970</u>
Net change in fund balance	(350,742)	(350,742)	29,997	21,719	51,716	402,458
Fund Balance:						
Beginning of year	<u>350,742</u>	<u>350,742</u>	<u>548,075</u>	<u>578,072</u>	<u>548,075</u>	<u>197,333</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578,072</u>	<u>\$ 599,791</u>	<u>\$ 599,791</u>	<u>\$ 599,791</u>

CITY OF FLORENCE, OREGON
CITY FURA DEBT SERVICE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Intergovernmental	\$ 703,200	\$ 703,200	\$ 446,230	\$ 306,779	753,009	\$ 49,809
Expenditures:						
Debt service	703,200	703,200	246,230	246,229	492,459	210,741
Excess (deficiency) of revenues over (under) expenditures	-	-	200,000	60,550	260,550	260,550
Other Financing Sources (Uses):						
Notes issued to FURA	(3,300,000)	(3,300,000)	(600,012)	(3,300,000)	(3,900,012)	(600,012)
Loan proceeds	3,300,000	3,300,000	-	3,300,000	3,300,000	-
Debt issuance costs	-	-	-	(60,550)	(60,550)	(60,550)
Total other financing sources (uses)	-	-	(600,012)	(60,550)	(660,562)	(660,562)
Net change in fund balance	-	-	(400,012)	-	(400,012)	(400,012)
Fund Balance:						
Beginning of year	-	-	400,012	-	400,012	400,012
End of year	\$ -	\$ -	\$ -	-	\$ -	\$ -

Reconciliation to GAAP Basis:

GASB requires the City to report transactions with FURA as interfund transactions. For budget purposes issuances of loans to FURA are reported as other financing uses and repayments are reported as revenue. Under the modified accrual basis of accounting the issuance and repayment of loans are reported as an increase and decrease in the Interfund Note Receivable. The note receivable at June 30, 2019 is a reconciling item.

	<u>6,643,405</u>
GAAP Fund Balance - End of Year	<u>\$ 6,643,405</u>

CITY OF FLORENCE, OREGON
FURA DEBT SERVICE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual			Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
Revenues:						
Taxes	\$ 815,400	\$ 815,400	\$ 439,591	\$ 520,012	\$ 959,603	\$ 144,203
Earnings and contributions	9,000	9,000	4,908	-	4,908	(4,092)
Total revenues	<u>824,400</u>	<u>824,400</u>	<u>444,499</u>	<u>520,012</u>	<u>964,511</u>	<u>140,111</u>
Expenditures:						
Debt service	1,217,200	1,217,200	446,230	1,146,229	1,592,459	(375,259)
Contingency	387,390	387,390	-	-	-	387,390
Total expenditures	<u>1,604,590</u>	<u>1,604,590</u>	<u>446,230</u>	<u>1,146,229</u>	<u>1,592,459</u>	<u>12,131</u>
Net change in fund balance	(780,190)	(780,190)	(1,731)	(626,217)	(627,948)	152,242
Fund Balance:						
Beginning of year	780,190	780,190	281,305	279,574	281,305	(498,885)
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,574</u>	<u>(346,643)</u>	<u>\$ (346,643)</u>	<u>\$ (346,643)</u>

Reconciliation to GAAP Basis:

GASB requires the City to report transactions with FURA as interfund transactions. For budget purposes issuances of loans from the City are reported as other financing sources and repayments are reported as debt service. Under the modified accrual basis of accounting the issuance and repayment of loans are reported as an increase and decrease in the Interfund Note Payable. The Note Payable at year-end is a reconciling item.

(6,643,405)

GASB requires the City to report transactions with FURA as interfund transactions. For budget purposes issuances of loans from the City are reported as other financing sources and repayments are reported as debt service. Under the modified accrual basis of accounting the issuance and repayment of loans are reported as an increase and decrease in the Interfund Note Payable. Loan proceeds received during the year are a reconciling item.

3,700,000

The FURA General Fund received the proceeds from the note issued by the City. However, it is the FURA Debt Service Fund that will repay the Note Payable. For the modified accrual basis of accounting a transfer of the liability from the FURA General Fund to the FURA Debt Service Fund is recorded. This transfer is a reconciling item.

(3,700,000)

GAAP Fund Balance - End of Year

\$ (6,990,048)

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds account for revenues derived from specific tax or other earmarked revenue sources, including federal and state grant awards, which are restricted to finance particular functions or activities. Funds included in this fund category are:

9-1-1 Emergency Fund - The 911 Emergency Fund is used to account for revenue from the 911 telephone tax and user fees from various special districts for operation of the Western Lane County Public Safety Answering Point (PSAP).

Room Tax Fund - The Room Tax Fund is used to account for the City's room tax receipts. These taxes are used to help support the Florence Events Center and to accomplish specific marketing of the City and tourism-related projects.

Debt Service Funds account for the accumulation of resources for and payment of general long-term debt principal and interest. Funds included in this category are:

General Obligation Bond Fund - The General Obligation Bond Fund is used to account for the City's general obligation bond activity. Currently, a bond issued to fund construction of water utility infrastructure is accounted for in this fund.

CITY OF FLORENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

	Special Revenue		Debt Service	
	9-1-1 Emergency Fund	Room Tax Fund	General Obligation Bond Fund	Total
ASSETS				
Cash and cash equivalents	\$ 342,989	\$ 8,152	\$ 103,250	\$ 454,391
Receivables:				
Accounts	26,002	80,769	-	106,771
Taxes	-	-	7,065	7,065
Total assets	\$ 368,991	\$ 88,921	\$ 110,315	\$ 568,227
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 580	\$ 6,572	\$ -	\$ 7,152
Deferred Inflows of Resources:				
Unavailable revenues:				
Property taxes	-	-	6,543	6,543
Fund Balances:				
Restricted for:				
Public safety	368,411	-	-	368,411
Tourism	-	82,349	-	82,349
Debt service payments	-	-	103,772	103,772
Total fund balances	368,411	82,349	103,772	554,532
Total liabilities, deferred inflows of resources and fund balances	\$ 368,991	\$ 88,921	\$ 110,315	\$ 568,227

CITY OF FLORENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2019

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Total</u>
	9-1-1	Room Tax Fund	General	
	Emergency Fund		Obligation Bond Fund	
Revenues:				
Taxes	\$ 104,670	\$ 414,195	\$ 156,027	\$ 674,892
Charges for services	152,648	-	-	152,648
Earnings and contributions	696	-	5,056	5,752
Total revenues	<u>258,014</u>	<u>414,195</u>	<u>161,083</u>	<u>833,292</u>
Expenditures:				
Current:				
Public Safety	553,258	-	-	553,258
Non-departmental	-	174,451	-	174,451
Debt service:				
Principal	-	-	164,094	164,094
Interest	-	-	13,850	13,850
Total expenditures	<u>553,258</u>	<u>174,451</u>	<u>177,944</u>	<u>905,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(295,244)</u>	<u>239,744</u>	<u>(16,861)</u>	<u>(72,361)</u>
Other Financing Sources (Uses):				
Transfers in	551,600	-	-	551,600
Transfers out	<u>(134,600)</u>	<u>(248,700)</u>	<u>-</u>	<u>(383,300)</u>
Total other financing sources (uses)	<u>417,000</u>	<u>(248,700)</u>	<u>-</u>	<u>168,300</u>
Net change in fund balances	121,756	(8,956)	(16,861)	95,939
Fund Balances:				
Beginning of year	<u>246,655</u>	<u>91,305</u>	<u>120,633</u>	<u>458,593</u>
End of year	<u>\$ 368,411</u>	<u>\$ 82,349</u>	<u>\$ 103,772</u>	<u>\$ 554,532</u>

CITY OF FLORENCE, OREGON
911 EMERGENCY FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Taxes	\$ 154,200	\$ 154,200	\$ 101,912	\$ 104,670	\$ 206,582	\$ 52,382
Charges for services	329,900	329,900	172,548	152,648	325,196	(4,704)
Earnings and contributions	-	-	3,140	696	3,836	3,836
Total revenues	<u>484,100</u>	<u>484,100</u>	<u>277,600</u>	<u>258,014</u>	<u>535,614</u>	<u>51,514</u>
Expenditures:						
Personal services	1,139,200	1,139,200	522,812	500,980	1,023,792	115,408
Materials and services	160,900	160,900	72,924	52,278	125,202	35,698
Capital outlay	20,000	20,000	-	-	-	20,000
Contingency	142,852	142,852	-	-	-	142,852
Total expenditures	<u>1,462,952</u>	<u>1,462,952</u>	<u>595,736</u>	<u>553,258</u>	<u>1,148,994</u>	<u>313,958</u>
Excess (deficiency) of revenues over Excess (deficiency) of revenues over (under) expenditures	<u>(978,852)</u>	<u>(978,852)</u>	<u>(318,136)</u>	<u>(295,244)</u>	<u>(613,380)</u>	<u>365,472</u>
Other Financing Sources (Uses):						
Transfers in	1,087,100	1,087,100	535,500	551,600	1,087,100	-
Transfers out	<u>(265,300)</u>	<u>(265,300)</u>	<u>(130,700)</u>	<u>(134,600)</u>	<u>(265,300)</u>	<u>-</u>
Total other financing sources (uses)	<u>821,800</u>	<u>821,800</u>	<u>404,800</u>	<u>417,000</u>	<u>821,800</u>	<u>-</u>
Net change in fund balance	(157,052)	(157,052)	86,664	121,756	208,420	365,472
Fund Balance:						
Beginning of year	<u>157,052</u>	<u>157,052</u>	<u>159,991</u>	<u>246,655</u>	<u>159,991</u>	<u>2,939</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,655</u>	<u>\$ 368,411</u>	<u>\$ 368,411</u>	<u>\$ 368,411</u>

CITY OF FLORENCE, OREGON

ROOM TAX FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Taxes	\$ 785,300	\$ 785,300	\$ 409,343	\$ 414,195	\$ 823,538	\$ 38,238
Expenditures:						
Materials and services	314,100	314,100	155,004	174,451	329,455	(15,355)
Contingency	80,402	80,402	-	-	-	80,402
Total expenditures	394,502	394,502	155,004	174,451	329,455	65,047
Excess (deficiency) of revenues over (under) expenditures	390,798	390,798	254,339	239,744	494,083	103,285
Other Financing Sources (Uses):						
Transfers out	(481,200)	(481,200)	(232,500)	(248,700)	(481,200)	-
Net change in fund balance	(90,402)	(90,402)	21,839	(8,956)	12,883	103,285
Fund Balance:						
Beginning of year	90,402	90,402	69,466	91,305	69,466	(20,936)
End of year	\$ -	\$ -	\$ 91,305	\$ 82,349	\$ 82,349	\$ 82,349

CITY OF FLORENCE, OREGON
GENERAL OBLIGATION BOND FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Taxes	\$ 299,000	\$ 299,000	\$ 150,814	\$ 156,027	\$ 306,841	\$ 7,841
Earnings and contributions	1,500	1,500	6,800	5,056	11,856	10,356
Total revenues	300,500	300,500	157,614	161,083	318,697	18,197
Expenditures:						
Debt service	359,400	359,400	181,406	177,944	359,350	50
Net change in fund balance	(58,900)	(58,900)	(23,792)	(16,861)	(40,653)	18,247
Fund Balance:						
Beginning of year	137,311	137,311	120,633	96,841	120,633	(16,678)
End of year	\$ 78,411	\$ 78,411	\$ 96,841	\$ 79,980	\$ 79,980	\$ 1,569

ENTERPRISE FUNDS

CITY OF FLORENCE, OREGON

WATER FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Charges for services	\$ 4,505,500	\$ 4,505,500	\$ 2,201,046	\$ 2,161,471	4,362,517	\$ (142,983)
Earnings and contributions	287,400	287,400	56,215	5,156	61,371	(226,029)
Total revenues	<u>4,792,900</u>	<u>4,792,900</u>	<u>2,257,261</u>	<u>2,166,627</u>	<u>4,423,888</u>	<u>(369,012)</u>
Expenditures:						
Personal services	664,000	714,000	320,766	344,262	665,028	48,972
Materials and services	1,047,500	1,047,500	515,295	519,212	1,034,507	12,993
Capital outlay	3,730,000	3,730,000	1,537,599	660,528	2,198,127	1,531,873
Debt service	315,400	315,400	169,667	146,112	315,779	(379)
Contingency	597,844	547,844	-	-	-	547,844
Total expenditures	<u>6,354,744</u>	<u>6,354,744</u>	<u>2,543,327</u>	<u>1,670,114</u>	<u>4,213,441</u>	<u>2,141,303</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,561,844)</u>	<u>(1,561,844)</u>	<u>(286,066)</u>	<u>496,513</u>	<u>210,447</u>	<u>1,772,291</u>
Other Financing Sources (Uses):						
Transfers in	200,000	200,000	71,972	-	71,972	(128,028)
Transfers out	(1,352,200)	(1,352,200)	(655,000)	(697,200)	(1,352,200)	-
Loan proceeds	500,000	500,000	-	-	-	(500,000)
Total other financing sources (uses)	<u>(652,200)</u>	<u>(652,200)</u>	<u>(583,028)</u>	<u>(697,200)</u>	<u>(1,280,228)</u>	<u>(628,028)</u>
Net change in fund balance	(2,214,044)	(2,214,044)	(869,094)	(200,687)	(1,069,781)	1,144,263
Fund Balance:						
Beginning of year	2,214,044	2,214,044	2,155,461	1,286,367	2,155,461	(58,583)
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,286,367</u>	<u>1,085,680</u>	<u>\$ 1,085,680</u>	<u>\$ 1,085,680</u>
Reconciliation to GAAP Basis:						
Water System Development Fund net position				347,461		
Capital assets				9,140,966		
Inventory				53,107		
Accrued interest payable				(7,452)		
Compensated absences				(19,191)		
Long-term debt				(1,781,598)		
Net pension asset (liability)				(155,371)		
Deferred outflow (inflow) related to pensions				41,672		
Net OPEB asset (liability)				(20,040)		
Deferred outflow (inflow) related to OPEB				3,287		
GAAP Net Position - End of Year				<u>\$ 8,688,521</u>		

CITY OF FLORENCE, OREGON
WATER SYSTEM DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Earnings and contributions	\$ 218,300	\$ 218,300	\$ 136,929	\$ 144,744	281,673	\$ 63,373
Expenditures:						
Materials and services	20,000	20,000	1,775	4,461	6,236	13,764
Contingency	124,710	124,710	-	-	-	124,710
Total expenditures	144,710	144,710	1,775	4,461	6,236	138,474
Excess (deficiency) of revenues over (under) expenditures	73,590	73,590	135,154	140,283	275,437	201,847
Other Financing Sources (Uses):						
Transfers out	(200,000)	(200,000)	(71,972)	-	(71,972)	128,028
Net change in fund balance	(126,410)	(126,410)	63,182	140,283	203,465	329,875
Fund Balance:						
Beginning of year	126,410	126,410	138,284	201,466	138,284	11,874
End of year	\$ -	\$ -	\$ 201,466	341,749	\$ 341,749	\$ 341,749
Reconciliation to GAAP Basis:						
Unavailable revenues - notes receivable				5,712		
GAAP Net Position - End of Year, before transfer				347,461		
The Water System Development Fund is budgeted as an individual fund but is combined with the Water Fund for GAAP reporting.				(347,461)		
GAAP Net Position - End of Year				\$ -		

CITY OF FLORENCE, OREGON
WASTEWATER FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Charges for services	\$ 6,515,400	\$ 6,515,400	\$ 3,225,921	\$ 3,219,693	6,445,614	\$ (69,786)
Earnings and contributions	923,700	991,300	254,259	115,735	369,994	(621,306)
Total revenues	<u>7,439,100</u>	<u>7,506,700</u>	<u>3,480,180</u>	<u>3,335,428</u>	<u>6,815,608</u>	<u>(691,092)</u>
Expenditures:						
Personal services	720,800	780,800	376,675	414,276	790,951	(10,151)
Materials and services	1,327,400	1,527,400	681,141	725,119	1,406,260	121,140
Capital outlay	2,362,500	2,562,500	970,924	1,119,148	2,090,072	472,428
Debt service	2,356,600	2,320,100	1,193,996	1,191,557	2,385,553	(65,453)
Contingency	610,457	322,057	-	-	-	322,057
Total expenditures	<u>7,377,757</u>	<u>7,512,857</u>	<u>3,222,736</u>	<u>3,450,100</u>	<u>6,672,836</u>	<u>840,021</u>
Excess (deficiency) of revenues over (under) expenditures	<u>61,343</u>	<u>(6,157)</u>	<u>257,444</u>	<u>(114,672)</u>	<u>142,772</u>	<u>148,929</u>
Other Financing Sources (Uses):						
Transfers in	757,500	757,500	429,264	328,236	757,500	-
Transfers out	<u>(1,382,500)</u>	<u>(1,382,500)</u>	<u>(672,600)</u>	<u>(709,900)</u>	<u>(1,382,500)</u>	-
Total other financing sources (uses)	<u>(625,000)</u>	<u>(625,000)</u>	<u>(243,336)</u>	<u>(381,664)</u>	<u>(625,000)</u>	-
Net change in fund balance	(563,657)	(631,157)	14,108	(496,336)	(482,228)	148,929
Fund Balance:						
Beginning of year	<u>563,657</u>	<u>631,157</u>	<u>631,199</u>	<u>645,307</u>	<u>631,199</u>	<u>42</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 645,307</u>	<u>148,971</u>	<u>\$ 148,971</u>	<u>\$ 148,971</u>
Reconciliation to GAAP Basis:						
Wastewater System Development Fund net position				276,243		
Capital assets				16,600,390		
Inventory				14,762		
Accrued interest payable				(18,525)		
Compensated absences				(18,880)		
Long-term debt				(5,794,256)		
Net pension asset (liability)				(291,897)		
Deferred outflow (inflow) related to pensions				78,288		
Net OPEB asset (liability)				(25,616)		
Deferred outflow (inflow) related to OPEB				4,203		
GAAP Net Position - End of Year				<u>\$ 10,973,683</u>		

CITY OF FLORENCE, OREGON
WASTEWATER SYSTEM DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Earnings and contributions	\$ 217,400	\$ 217,400	\$ 183,141	\$ 182,363	365,504	\$ 148,104
Expenditures:						
Materials and services	19,200	19,200	1,775	8,177	9,952	9,248
Contingency	41,720	41,720	-	-	-	41,720
Total expenditures	60,920	60,920	1,775	8,177	9,952	50,968
Excess (deficiency) of revenues over (under) expenditures	156,480	156,480	181,366	174,186	355,552	199,072
Other Financing Sources (Uses):						
Transfers out	(757,500)	(757,500)	(429,264)	(328,236)	(757,500)	-
Net change in fund balance	(601,020)	(601,020)	(247,898)	(154,050)	(401,948)	199,072
Fund Balance:						
Beginning of year	601,020	601,020	629,276	381,378	629,276	28,256
End of year	\$ -	\$ -	\$ 381,378	227,328	\$ 227,328	\$ 227,328
Reconciliation to GAAP Basis:						
Unavailable revenues - notes receivable				48,915		
GAAP Net Position - End of Year, before transfer individual fund but is combined with the Wastewater Fund for GAAP reporting.				276,243		
GAAP Net Position - End of Year				(276,243)		
				\$ -		

CITY OF FLORENCE, OREGON

AIRPORT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	Biennium Budget		Actual			Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19	Total	
Revenues:						
Intergovernmental	\$ 1,143,800	\$ 1,143,800	\$ -	\$ 1,009,096	1,009,096	\$ (134,704)
Charges for services	99,000	99,000	62,592	62,552	125,144	26,144
Earnings and contributions	<u>170,668</u>	<u>170,668</u>	<u>131,799</u>	<u>102,914</u>	<u>234,713</u>	<u>64,045</u>
Total revenues	<u>1,413,468</u>	<u>1,413,468</u>	<u>194,391</u>	<u>1,174,562</u>	<u>1,368,953</u>	<u>(44,515)</u>
Expenditures:						
Materials and services	171,700	221,700	103,134	104,880	208,014	13,686
Capital outlay	1,205,800	1,155,800	203,652	884,127	1,087,779	68,021
Contingency	<u>19,506</u>	<u>19,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,506</u>
Total expenditures	<u>1,397,006</u>	<u>1,397,006</u>	<u>306,786</u>	<u>989,007</u>	<u>1,295,793</u>	<u>101,213</u>
Excess (deficiency) of revenues over (under) expenditures	16,462	16,462	(112,395)	185,555	73,160	56,698
Other Financing Sources (Uses):						
Transfers out	<u>(54,800)</u>	<u>(54,800)</u>	<u>(26,700)</u>	<u>(28,100)</u>	<u>(54,800)</u>	<u>-</u>
Net change in fund balance	(38,338)	(38,338)	(139,095)	157,455	18,360	56,698
Fund Balance:						
Beginning of year	<u>38,338</u>	<u>38,338</u>	<u>36,324</u>	<u>(102,771)</u>	<u>36,324</u>	<u>(2,014)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (102,771)</u>	54,684	<u>\$ 54,684</u>	<u>\$ 54,684</u>
Reconciliation to GAAP Basis:						
Capital assets				3,582,209		
Inventory				<u>24,797</u>		
GAAP Net Position - End of Year				<u>\$ 3,661,690</u>		

CITY OF FLORENCE, OREGON
STORMWATER FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Charges for services	\$ 1,101,500	\$ 1,101,500	\$ 539,279	\$ 537,070	1,076,349	\$ (25,151)
Earnings and contributions	15,500	15,500	13,866	1,754	15,620	120
Total revenues	<u>1,117,000</u>	<u>1,117,000</u>	<u>553,145</u>	<u>538,824</u>	<u>1,091,969</u>	<u>(25,031)</u>
Expenditures:						
Personal services	239,700	239,700	67,267	146,990	214,257	25,443
Materials and services	114,850	114,850	46,779	61,121	107,900	6,950
Capital outlay	500,000	500,000	84,873	119,835	204,708	295,292
Debt service	33,500	52,100	16,350	7,103	23,453	28,647
Contingency	495,060	495,060	-	-	-	495,060
Total expenditures	<u>1,383,110</u>	<u>1,401,710</u>	<u>215,269</u>	<u>335,049</u>	<u>550,318</u>	<u>851,392</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(266,110)</u>	<u>(284,710)</u>	<u>337,876</u>	<u>203,775</u>	<u>541,651</u>	<u>826,361</u>
Other Financing Sources (Uses):						
Transfers in	110,000	110,000	84,873	25,127	110,000	-
Transfers out	<u>(542,400)</u>	<u>(542,400)</u>	<u>(142,500)</u>	<u>(399,900)</u>	<u>(542,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>(432,400)</u>	<u>(432,400)</u>	<u>(57,627)</u>	<u>(374,773)</u>	<u>(432,400)</u>	<u>-</u>
Net change in fund balance	(698,510)	(717,110)	280,249	(170,998)	109,251	826,361
Fund Balance:						
Beginning of year	698,510	698,510	671,688	951,937	671,688	(26,822)
End of year	<u>\$ -</u>	<u>\$ (18,600)</u>	<u>\$ 951,937</u>	<u>780,939</u>	<u>\$ 780,939</u>	<u>\$ 799,539</u>
Reconciliation to GAAP Basis:						
Stormwater System Development Fund net position				240,601		
Capital assets				1,897,280		
Accrued interest payable				(639)		
Compensated absences				(3,452)		
Long-term debt				(238,668)		
Net pension asset (liability)				(27,655)		
Deferred outflow (inflow) related to pensions				7,418		
Net OPEB asset (liability)				(6,587)		
Deferred outflow (inflow) related to OPEB				1,081		
GAAP Net Position - End of Year				<u>\$ 2,650,318</u>		

CITY OF FLORENCE, OREGON
STORMWATER SYSTEM DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Earnings and contributions	\$ 163,600	\$ 163,600	\$ 87,458	\$ 68,288	155,746	\$ (7,854)
Expenditures:						
Materials and services	67,000	67,000	710	2,563	3,273	63,727
Contingency	118,516	99,916	-	-	-	99,916
Total expenditures	185,516	166,916	710	2,563	3,273	163,643
Excess (deficiency) of revenues over (under) expenditures	(21,916)	(3,316)	86,748	65,725	152,473	155,789
Other Financing Sources (Uses):						
Transfers out	(110,000)	(110,000)	(84,873)	(25,127)	(110,000)	-
Net change in fund balance	(131,916)	(113,316)	1,875	40,598	42,473	155,789
Fund Balance:						
Beginning of year	131,916	131,916	185,975	187,850	185,975	54,059
End of year	\$ -	\$ 18,600	\$ 187,850	228,448	\$ 228,448	\$ 209,848
Reconciliation to GAAP Basis:						
Unavailable revenues - notes receivable				12,153		
GAAP Net Position - End of Year, before transfer individual fund but is combined with the Stormwater Fund for GAAP reporting.				240,601		
GAAP Net Position - End of Year				(240,601)		
				\$ -		

CITY OF FLORENCE, OREGON
EVENTS CENTER FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Intergovernmental	\$ 202,000	\$ 202,000	\$ 108,005	\$ 118,078	226,083	\$ 24,083
Charges for services	450,400	450,400	239,712	243,595	483,307	32,907
Earnings and contributions	<u>353,500</u>	<u>353,500</u>	<u>215,836</u>	<u>156,707</u>	<u>372,543</u>	<u>19,043</u>
Total revenues	<u>1,005,900</u>	<u>1,005,900</u>	<u>563,553</u>	<u>518,380</u>	<u>1,081,933</u>	<u>76,033</u>
Expenditures:						
Personal services	677,000	627,000	285,092	251,992	537,084	89,916
Materials and services	732,500	782,500	385,747	397,048	782,795	(295)
Capital outlay	149,000	149,000	112,897	7,846	120,743	28,257
Debt service	14,100	14,100	-	-	-	14,100
Contingency	<u>243,414</u>	<u>243,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243,414</u>
Total expenditures	<u>1,816,014</u>	<u>1,816,014</u>	<u>783,736</u>	<u>656,886</u>	<u>1,440,622</u>	<u>375,392</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(810,114)</u>	<u>(810,114)</u>	<u>(220,183)</u>	<u>(138,506)</u>	<u>(358,689)</u>	<u>451,425</u>
Other Financing Sources (Uses):						
Transfers in	596,200	596,200	297,500	298,700	596,200	-
Transfers out	(297,600)	(297,600)	(56,200)	(60,300)	(116,500)	181,100
Loan proceeds	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Total other financing sources (uses)	<u>498,600</u>	<u>498,600</u>	<u>241,300</u>	<u>238,400</u>	<u>479,700</u>	<u>(18,900)</u>
Net change in fund balance	(311,514)	(311,514)	21,117	99,894	121,011	432,525
Fund Balance:						
Beginning of year	<u>390,514</u>	<u>390,514</u>	<u>345,681</u>	<u>366,798</u>	<u>345,681</u>	<u>(44,833)</u>
End of year	<u>\$ 79,000</u>	<u>\$ 79,000</u>	<u>\$ 366,798</u>	<u>466,692</u>	<u>\$ 466,692</u>	<u>\$ 387,692</u>
Reconciliation to GAAP Basis:						
Capital assets				1,985,669		
Compensated absences				(23,188)		
Net pension asset (liability)				(227,825)		
Deferred outflow (inflow) related to pensions				61,103		
Net OPEB asset (liability)				(16,564)		
Deferred outflow (inflow) related to OPEB				<u>2,717</u>		
GAAP Net Position - End of Year				<u>\$ 2,248,604</u>		

INTERNAL SERVICE FUND

CITY OF FLORENCE, OREGON
PUBLIC WORKS ADMIN FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Biennium Budget		Actual		Total	Variance
	Original	Final	1st Year FY 2017-18	2nd Year FY 2018-19		
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ 2,500	\$ 2,500	\$ 2,500
Charges for services	36,900	36,900	22,900	-	22,900	(14,000)
Earnings and contributions	-	-	21,552	-	21,552	21,552
Total revenues	36,900	36,900	44,452	2,500	46,952	10,052
Expenditures:						
Personal services	1,136,900	1,124,900	532,032	518,057	1,050,089	74,811
Materials and services	225,523	247,523	93,183	183,525	276,708	(29,185)
Capital outlay	1,975,000	2,275,000	2,078,301	188,045	2,266,346	8,654
Debt service	438,200	438,200	219,610	219,610	439,220	(1,020)
Contingency	96,639	36,489	-	-	-	36,489
Total expenditures	3,872,262	4,122,112	2,923,126	1,109,237	4,032,363	89,749
Excess (deficiency) of revenues over (under) expenditures	(3,835,362)	(4,085,212)	(2,878,674)	(1,106,737)	(3,985,411)	99,801
Other Financing Sources (Uses):						
Transfers in	2,053,800	2,053,800	1,016,700	1,037,100	2,053,800	-
Net change in fund balance	(1,781,562)	(2,031,412)	(1,861,974)	(69,637)	(1,931,611)	99,801
Fund Balance:						
Beginning of year	1,781,562	2,031,412	2,031,413	169,439	2,031,413	1
End of year	\$ -	\$ -	\$ 169,439	99,802	\$ 99,802	\$ 99,802
Reconciliation to GAAP Basis:						
Capital assets				3,764,848		
Accrued interest payable				(8,761)		
Compensated absences				(44,848)		
Long-term debt				(2,981,956)		
Net pension asset (liability)				(454,114)		
Deferred outflow (inflow) related to pensions				121,796		
Net pension asset (liability)				(30,850)		
Deferred outflow (inflow) related to pensions				5,061		
GAAP Net Position - End of Year				\$ 470,978		

AGENCY FUNDS

City of Florence, Oregon

AGENCY FUNDS

Schedule of Changes in Assets and Liabilities

For the Year Ended June 30, 2019

	<u>Balances</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June</u> <u>30, 2019</u>
Municipal Court Agency Fund				
ASSETS				
Cash and investments	<u>\$ 50,384</u>	<u>\$ 309,389</u>	<u>\$ (310,888)</u>	<u>\$ 48,885</u>
LIABILITIES				
Amounts held for others	<u>\$ 50,384</u>	<u>\$ 309,389</u>	<u>\$ (310,888)</u>	<u>\$ 48,885</u>

COMPLIANCE SECTION



1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITOR REQUIRED BY STATE STATUE

Honorable Mayor and City Commission
City of Florence, Oregon

We have audited the basic financial statements of the City of Florence, Oregon ("City") as of and for the year ended June 30, 2019, and have issued our report thereon dated September 29, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe the City of Florence, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. Expenditures exceeded budgeted amounts as described in note II.B. to the financial statements.
2. Accounting records were not prepared timely and accurately.
3. Internal controls were limited due to a lack of segregation of duties.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified a deficiency in internal control over financial reporting that we consider to be a material weaknesses, as described in the AU Section 325 written communication.

This report is intended for the information of the City Council and the Secretary of State Division of Audits of the State of Oregon. However, this report is a matter of public record and is not intended to be and should not be used by anyone other than these parties.

Isler CPA

By:



Paul R Nielson, CPA, a member of the firm

Eugene, Oregon

September 29, 2020



1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Commission
City of Florence

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Florence as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Florence's basic financial statements, and have issued our report thereon dated September 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Florence's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Florence's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Florence's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. During our audit we did identify a deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as 2019-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Florence's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Isler CPA

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive style with a long, sweeping tail on the letter "n".

By: Paul Nielson, CPA, a member of the firm
Eugene, Oregon
September 29, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and City Commission
City of Florence

1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

Report on Compliance for Each Major Federal Program

We have audited the compliance of City of Florence with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Florence's major federal programs for the year ended June 30, 2019. The City of Florence's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Florence's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Florence's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Florence's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Florence, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of City of Florence, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Florence's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Florence's internal control over compliance. A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Isler CPA



By: Paul Nielson, CPA, a member of the firm
Eugene, Oregon
September 29, 2020

CITY OF FLORENCE
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?	Yes

Identification of Major Federal Award Programs:

Name of Federal Program or Cluster	CFDA Number
Airport Improvement Program	20.106
Highway Planning and Construction	20.205

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

CITY OF FLORENCE
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2019

Section I – Financial Statement Findings

Finding 2019-001

Criteria: Internal controls over financial reporting should include a process for ensuring that the financial records can be closed in a timely manner.

Condition: The City was unable to prepare the original information needed to support the financial statements in a timely manner.

Cause: Review of audit documentation resulted in both changes to the original documentation and the preparation of journal entries to correct the trial balance. The trial balance originally provided to the auditor required 36 journal entries.

Effect: Lack of proper documentation or a correct recording of transactions at year end could result in a material misstatement that is not detected and corrected in a timely manner.

Response

The staff on the June 30, 2019 audit was new (less than six months). Prior staff that had control over the GL had made accounting decisions that weren't conveyed to the new staff. Many of the 36 journal entries that were done were to reverse what had been done by the prior Finance Director and it is expected that there will always be corrections to the trial balance as the auditors complete their work.

Every attempt was made to have all information to the auditors in a timely manner, however when questions are posed on December 26th and later, it makes it difficult on staff to respond in time for a December 31 report. Staff received ten emails from the auditors after the visit in October, two of which were in December (4th and 26th). The average response time for these questions was ten days. Staff received another seven emails from the period of January 2020 to April 2020.

I was not informed of any lack of documenting journal entries and have been working with staff on this since my joining the team in March of 2019. I feel that this finding is unfair in that Isler appeared to not start working on the report until December and has had multiple deadlines for its completion not met. Several requests for ETA's have gone unanswered.

Section II – Federal Award Findings and Questioned Costs

None

Section III – Summary Schedule of Prior Audit Findings

None

CITY OF FLORENCE
Schedule of Expenditures of Federal Awards
For the Year Ended
June 30, 2019

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Expenditures
U.S. Department of Interior		
<i>Passed through State of Oregon Parks and Recreation Department</i>		
Outdoor Recreation, Acquisition, Development and Planning	15.916	<u>\$ 22,275</u>
U.S. Department of Justice		
<i>Passed through Oregon Department of Justice</i>		
Bulletproof Vest Partnership Program	16.607	3,099
Public Safety Partnership & Community Policing Grants	16.710	<u>26,210</u>
Total U.S. Department of Justice		<u>29,309</u>
U.S. Department of Transportation		
Airport Improvement Program	20.106	795,714
<i>Passed through Oregon Department of Transportation</i>		
Highway Planning and Construction	20.205	<u>1,900,395</u>
Total Highway Planning and Construction Cluster		1,900,395
<i>Passed through Oregon Association of Chiefs of Police</i>		
State and Community Highway Safety	20.600	<u>4,642</u>
Total U.S. Department of Transportation		<u>2,700,751</u>
Total Expenditures of Federal Awards		<u><u>\$ 2,752,335</u></u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Florence under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operation of the City of Florence, it is not intended to and does not present the financial position, changes in financial position, or cash flow for the City of Florence.

2. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles. Expenditures reported on this schedule are recognized following the cost principles in Title 2 US Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, where certain types of expenditures are not allowable or are limited as to reimbursement. There where no grant funds pass-through to other entities.

The City of Florence has not elected to use the 10% *de minimis* cost rate.