



# City of Florence, Oregon

## Annual Financial Report

### Fiscal Year Ended June 30, 2020

**City of Florence, Oregon  
Annual Financial Report  
Year Ended June 30, 2020**

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## **INTRODUCTORY SECTION**

**City of Florence, Oregon**

**Elected Officials  
And  
Principal Appointed Officers of the City  
June 30, 2020**

	<b><u>ELECTED OFFICIALS</u></b>	<b><u>TERM EXPIRATION</u></b>
<b>Joe Henry</b>	Mayor	December 31, 2022
<b>Woody Woodbury</b>	Council President	December 31, 2022
<b>Sally Wantz</b>	Council Vice-President	December 31, 2024
<b>Maggie Wisniewski</b>	Councilor	December 31, 2022
<b>Bill Meyer</b>	Councilor	December 31, 2024

**ADMINISTRATIVE OFFICIALS**

<b>Erin Reynolds</b>	<b>City of Florence City Manager</b>
<b>Anne Baker</b>	<b>City of Florence Administrative Services Director</b>

**MAILING ADDRESS**

250 Hwy. 101  
Florence, Oregon 97439

## **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

The 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 City of Florence, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Florence's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

City of Florence's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City of Florence, as of June 30, 2020, 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 required supplementary information, such as management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, 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, schedule of the proportionate share of the net pension liability, schedule of contributions – pension, schedule of proportionate share of OPEB – RHIA, schedule of contributions to OPEB – RHIA, schedule of changes in OPEB liability and related ratios – implicit rate subsidy, and schedule of contributions to OPEB – implicit rate subsidy, as listed in the table of contents under required supplementary 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 schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relates 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Supplemental and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Florence's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates 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 information is 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.

## **Reports on Other Legal and Regulatory Requirements**

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2021 on our consideration of City of Florence'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 solely 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 effectiveness of the City of Florence's internal control over financial reporting or on compliance. That report is issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Florence's internal control over financial reporting and compliance.

**Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated May 7, 2021, on our consideration of 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.



For Merina+Co  
Tualatin, Oregon  
May 7, 2021

## 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, 2020.

### **Financial Highlights**

The City's governmental activities assets totaled \$32.1 million at June 30, 2020, consisting of \$24.8 million in net capital assets, \$5.4 million in cash and cash equivalents and \$1.9 million in receivables and other assets. The City's governmental activities liabilities totaled \$16.8 million at June 30, 2020, consisting of \$15.2 million in noncurrent liabilities and \$1.5 million in accounts payable and other current liabilities. Total net position was \$16.1 million, of which \$12.4 million were invested in capital assets, net of related debt, \$3.5 million was restricted and the remaining \$3 million was unrestricted.

The City's governmental activities net position decreased by \$91,353 or 0.56 percent. Overall governmental activities revenue decreased \$2.8 million or 25.6 percent. The most significant change was a decrease of \$2.8 million, or 87.9 percent, in the capital grants and contributions driven by grants funding the ReVision Florence project received in the prior year.

The City's business-type activities assets totaled \$40.4 million at June 30, 2020, consisting of \$36.9 million in capital assets, \$2.9 million in cash and cash equivalents and \$0.5 million in receivables and other assets. The City's business-type activities liabilities totaled \$11.4 million at June 30, 2020, consisting of \$9.7 million in noncurrent liabilities and \$1.7 million in accounts payable and other liabilities. Total net position was \$29.3 million of which \$27.4 million was invested in capital assets, net of related debt, \$1.0 million was restricted and the remaining \$9 million was unrestricted.

The City's business-type activities net position increased by \$.6 million or 2.0 percent. Business-type activities revenue decreased by \$.5 million, or 6.2 percent. Decreases in capital grants were a major contributing factor decreasing \$0.6 million, or 45.3 percent over the prior year due to the completion of the Airport runway project in the prior year. Charges for services increased \$144,600, or 2.2 percent. The City did not adjust utility rates (water, wastewater or stormwater) in fiscal year 2020, in response to the Corona Virus (COVID-10) Pandemic. Future increases of approximately the consumer price index based on the CPI-W for March – February 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, Debt Service 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 schedules 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 in the other supplementary information 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 \$45.4 million as of June 30, 2020.

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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 7,316	\$ 9,557	\$ 3,481	\$ 3,942	\$ 10,797	\$ 13,499
Capital assets	24,797	22,893	36,873	36,971	61,670	59,864
Total assets	32,113	32,450	40,354	40,913	72,467	73,363
Deferred outflow of resources	1,125	1,132	480	451	1,605	1,583
Long-term liabilities	15,188	16,354	9,734	12,053	24,922	28,407
Other liabilities	1,586	687	1,685	493	3,271	1,180
Total liabilities	16,774	17,041	11,419	12,546	28,193	29,587
Deferred inflow of resources	325	310	139	124	464	434
<b>Net position:</b>						
Net investment in capital assets	12,397	9,680	27,375	26,175	39,772	35,855
Restricted for:					-	-
Public safety	548	368	-	-	548	368
Urban renewal	2,036	3,920	-	-	2,036	3,920
Tourism/economic development	-	82	-	-	-	82
Transportation	216	383	-	-	216	383
System development	174	490	958	864	1,132	1,354
Debt service	472	704	-	-	472	704
Net OPEB Benefits	40	-	17	-	57	-
Event center, non-expendible	-	-	75	79	75	79
Unrestricted	256	603	851	1,575	1,107	2,178
Total net position	\$ 16,139	\$ 16,231	\$ 29,276	\$ 28,694	\$ 45,415	\$ 44,925

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 slightly decreased the City of Florence's net position. COVID increased spending in many areas, however, funding through the Corona Virus Aid, Relief and Economic Security Act (CARES Act) mitigated those effects. Key elements affecting net position are as follows:

- Franchise fees and lodging taxes remained steady with no increases due to COVID-19
- Decrease in operating grants and contributions of \$0.31 million, 22.6%
- Capital grants and contributions decreased from prior year by \$2.8 million, 87.9%
- Only a slight overall increase in general government expenditures of \$0.3 million from prior year as departments slowed spending in response to COVID, 3.65%
- Property Taxes were not affected for the 2020 fiscal year
- Increase in highways and streets spending of \$0.15 million, 14.14%

Table 2 - Changes in Net Position  
(Thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenue</b>						
<b>Program revenue</b>						
Charges for services	\$ 1,776	\$ 1,470	\$ 6,656	\$ 6,512	\$ 8,432	\$ 7,982
Operating grants and contributions	1,074	1,387	12	2	1,086	1,389
Capital grants and contributions	390	3,225	722	1,320	1,112	4,545
<b>General revenue</b>						
Property taxes	3,385	3,231	-	-	3,385	3,231
Franchise and lodging taxes	1,409	1,558	-	-	1,409	1,558
Investment earnings	116	85	88	137	204	222
<b>Total revenue</b>	<b>8,150</b>	<b>10,956</b>	<b>7,478</b>	<b>7,971</b>	<b>15,628</b>	<b>18,927</b>
<b>Expenses</b>						
<b>Governmental activities</b>						
Administration	2,216	2,029	-	-	2,216	2,029
Community development	801	831	-	-	801	831
Public safety	3,521	3,247	-	-	3,521	3,247
Parks	259	205	-	-	259	205
Transportation	1,209	1,059	-	-	1,209	1,059
Non-departmental	115	395	-	-	115	395
Interest expense	416	329	-	-	416	329
<b>Business-type activities</b>						
Water	-	-	2,141	1,986	2,141	1,986
Wastewater	-	-	2,949	2,667	2,949	2,667
Stormwater	-	-	473	367	473	367
Events center	-	-	775	800	775	800
Airport	-	-	263	198	263	198
<b>Total expenses</b>	<b>8,537</b>	<b>8,095</b>	<b>6,601</b>	<b>6,018</b>	<b>15,138</b>	<b>14,113</b>
<b>Change in net position before non-operating items</b>	<b>(387)</b>	<b>2,861</b>	<b>877</b>	<b>1,953</b>	<b>490</b>	<b>4,814</b>
<b>Transfers</b>	<b>295</b>	<b>560</b>	<b>(295)</b>	<b>(560)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(92)</b>	<b>3,421</b>	<b>582</b>	<b>1,393</b>	<b>490</b>	<b>4,814</b>
<b>Net position, beginning</b>	<b>16,231</b>	<b>12,810</b>	<b>28,694</b>	<b>27,165</b>	<b>44,925</b>	<b>39,975</b>
<b>Restatement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136</b>	<b>-</b>	<b>136</b>
<b>Net position, beginning, as restated</b>	<b>16,231</b>	<b>12,810</b>	<b>28,694</b>	<b>27,301</b>	<b>44,925</b>	<b>40,111</b>
<b>Net position, ending</b>	<b>\$ 16,139</b>	<b>\$ 16,231</b>	<b>\$ 29,276</b>	<b>\$ 28,694</b>	<b>\$ 45,415</b>	<b>\$ 44,925</b>

**Business-type activities.** Business-type activities increased the City of Florence's net position by \$.58 million, or 2.0 percent. Key elements of this increase are as follows:

- Increase in expenditures of \$0.6 million, 9.7 percent, from the prior year
- COVID-19 had a negative effect on utility charges, which contributed to a decrease in revenue of \$0.14 million, (2.2 percent), from the prior year
- Decrease in capital grants & contributions of \$0.60 million, (45.33 percent), from prior year
- Decrease in transfers of \$0.27 million, (47.38 percent), 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 \$5.2 million, a decrease of \$2.5 million in comparison with the prior year. The decrease is attributable to the completion of the ReVision Florence project and the use of \$1.88 million in debt proceeds financing the project, and \$0.48 million decrease in the Street Fund as projects were started and the grants funding those projects have yet to be received.

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 \$1.63 million, a decrease of \$0.39 million, or 19.31 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, 2020 of the City's enterprise funds is as follows:

- Water Fund \$0.40 million, a decrease of \$0.58 million, (58.9) percent
- Wastewater Fund \$(.13) million, a decrease of \$0.02 million, (19.9) percent
- Stormwater Fund \$0.95 million, an increase of \$0.20 million, 26.2 percent
- Airport Fund \$0.24 million, a decrease of \$0.06 million, (69.9) percent
- Events Center Fund \$0.93 million, a decrease of \$0.90 million, (49.1) percent

### General Fund Budgetary Highlights

The City adopted a biennial budget for the two-year biennium of July 1, 2019 to June 30, 2021. The fiscal year 2020 allocated General Fund budget for revenues was \$6.7 million. Actual revenue for the fiscal year was \$6.6 million. A negative variance in revenue of \$0.1 million resulted as franchise fees were \$0.1 million less than budgeted, a local law enforcement contract expected did not materialize, and property taxes and carryover were \$0.19 million more than budgeted. Other revenue categories were near budgeted amounts.

The fiscal year 2020 actual General Fund expenditures totaled \$5.7 million. All General Fund departmental budgets were underspent relative to allocated budgets for the biennium.

### 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, 2020, amounts to \$61.7 million (net of accumulated depreciation). This represents an increase of \$1.8 million, or 2.95 percent. Governmental Activities capital assets increased \$1.9 million, 8.32% resulting from the work for the ReVision Florence project to be completed in Summer 2020. The business-type funds realized a decrease of \$.1 million, (0.2%) due to the depreciation of the assets. 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, 2020:

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,031	\$ 2,031	\$ 1,868	\$ 1,868	\$ 3,899	\$ 3,899
Buildings and improvements	7,640	7,921	16,765	16,195	24,405	24,116
Equipment & vehicles	631	694	1,708	1,405	2,339	2,099
Utility systems	-	-	6,417	5,441	6,417	5,441
Infrastructure	8,193	8,043	8,677	9,113	16,870	17,156
Construction in progress	6,303	4,205	1,438	2,949	7,741	7,154
Capital assets, net of depreciation	<u>\$ 24,798</u>	<u>\$ 22,894</u>	<u>\$ 36,873</u>	<u>\$ 36,971</u>	<u>\$ 61,671</u>	<u>\$ 59,865</u>

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

**Long-term debt.** At the end of the fiscal year, the City of Florence had total long-term liabilities outstanding of \$24.9 million. During fiscal year 2020, the City paid principal on outstanding debt totaling \$2.1 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	
	2020	2019	2020	2019	2020	2019
Bonds payable	\$ 2,089	\$ 2,364	\$ 1,693	\$ 2,507	\$ 3,782	\$ 4,871
Unamortized bond premium	15	16	45	72	60	88
Notes payable	10,296	10,833	7,759	8,217	18,055	19,050
Total	<u>\$ 12,400</u>	<u>\$ 13,213</u>	<u>\$ 9,497</u>	<u>\$ 10,796</u>	<u>\$ 21,897</u>	<u>\$ 24,009</u>

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 2019-21 biennium, 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.

Due to the onset of the COVID-19 pandemic, the City elected to forgo the budgeted increase in rates for the 2020-21 fiscal year. Other factors that will have to be addressed are the impacts the pandemic will have on lodging taxes, utility revenues, and state shared revenue.

The local economy shows signs of low to moderate growth, 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 continues to outsource 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 at or below 1.0 percent annually. Development activity is trending 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.

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## **BASIC FINANCIAL STATEMENTS**

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
  
- Fund Financial Statements
  - Governmental Funds
  - Proprietary Funds
  - Fiduciary Fund

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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**CITY OF FLORENCE, OREGON**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 5,389,071	\$ 2,885,204	\$ 8,274,275
Receivable, net:			
Accounts	495,140	469,145	964,285
Taxes	154,605	-	154,605
Assessments	1,135,047	-	1,135,047
Prepaid expenses	79,764	299	80,063
Inventory	-	70,314	70,314
Total current assets	<u>7,253,627</u>	<u>3,424,962</u>	<u>10,678,589</u>
Noncurrent assets:			
Notes receivable	21,925	38,971	60,896
Capital assets:			
Non-depreciable	8,334,073	3,306,288	11,640,361
Depreciable	16,463,647	33,566,605	50,030,252
Net OPEB asset	40,233	17,149	57,382
Total noncurrent assets	<u>24,859,878</u>	<u>36,929,013</u>	<u>61,788,891</u>
Total assets	<u>32,113,505</u>	<u>40,353,975</u>	<u>72,467,480</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to pensions	1,071,967	456,912	1,528,879
Deferred outflows related to OPEB	53,229	22,689	75,918
Total deferred outflows of resources	<u>1,125,196</u>	<u>479,601</u>	<u>1,604,797</u>
Total assets and deferred outflows of resources	<u>\$ 33,238,701</u>	<u>\$ 40,833,576</u>	<u>\$ 74,072,277</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 203,656	\$ 242,673	\$ 446,329
Accrued payroll and other payroll liabilities	190,444	-	190,444
Interest payable	60,067	25,325	85,392
Deposits	20,000	-	20,000
Retainage payable	5,843	-	5,843
Due to other funds	-	3,029	3,029
Compensated absences	299,955	118,381	418,336
Current debt payable	805,799	1,295,360	2,101,159
Total current liabilities	<u>1,585,764</u>	<u>1,684,768</u>	<u>3,270,532</u>
Noncurrent liabilities:			
Net pension liability	3,381,681	1,441,400	4,823,081
Other post employment benefits	212,200	90,448	302,648
Notes and bonds payable	11,594,554	8,202,080	19,796,634
Total noncurrent liabilities	<u>15,188,435</u>	<u>9,733,928</u>	<u>24,922,363</u>
Total liabilities	<u>16,774,199</u>	<u>11,418,696</u>	<u>28,192,895</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to pensions	301,681	128,587	430,268
Deferred inflows related to OPEB	23,459	9,999	33,458
Total deferred inflows of resources	<u>325,140</u>	<u>138,586</u>	<u>463,726</u>
<b>NET POSITION:</b>			
Net investment in capital assets	12,397,367	27,375,453	39,772,820
Restricted for:			
Public safety	548,425	-	548,425
Tourism	144	-	144
Urban renewal projects	2,035,733	-	2,035,733
Transportation	215,856	-	215,856
System development charges	174,183	957,682	1,131,865
Debt service	472,054	-	472,054
Net OPEB benefits	40,233	17,149	57,382
Events center	-	74,864	74,864
Unrestricted	255,367	851,146	1,106,513
Total net position	<u>16,139,362</u>	<u>29,276,294</u>	<u>45,415,656</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 33,238,701</u>	<u>\$ 40,833,576</u>	<u>\$ 74,072,277</u>

*The accompanying notes are an integral part of the basic financial statements.*

**CITY OF FLORENCE, OREGON**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government</b>			
Governmental activities:			
Administration	\$ 2,216,213	\$ 1,028,731	\$ 321,373
Community development	801,269	-	-
Public safety	3,521,290	246,949	116,061
Parks	258,707	500,082	32,700
Transportation	1,208,977	-	603,688
Non-departmental	115,055	-	-
Interest on long-term debt	415,731	-	-
Total governmental activities	<u>8,537,242</u>	<u>1,775,762</u>	<u>1,073,822</u>
Business type activities:			
Water	2,141,121	2,271,239	4,570
Wastewater	2,948,543	3,370,135	4,710
Stormwater	473,219	564,102	1,374
Events Center	774,499	315,538	1,602
Airport	263,277	135,192	-
Total business type activities	<u>6,600,659</u>	<u>6,656,206</u>	<u>12,256</u>
Total government	<u>\$ 15,137,901</u>	<u>\$ 8,431,968</u>	<u>\$ 1,086,078</u>
General revenues:			
Taxes:			
Property taxes			
Franchise taxes			
Transient lodging tax			
Unrestricted interest and investment earnings			
Transfers in (out)			
Total general revenues and transfers			
Change in net position			
Net position, beginning			
Net position, ending			

The accompanying notes are an integral part of the basic financial statements.

Program Revenues	Net (Expense) Revenue and Change in Net Position		
	Capital Grants and Contributions	Governmental Activities	Business Type Activities
\$ 340,036	\$ (526,073)	\$ -	\$ (526,073)
-	(801,269)	-	(801,269)
-	(3,158,280)	-	(3,158,280)
-	274,075	-	274,075
50,209	(555,080)	-	(555,080)
-	(115,055)	-	(115,055)
-	(415,731)	-	(415,731)
<u>390,245</u>	<u>(5,297,413)</u>	<u>-</u>	<u>(5,297,413)</u>
135,601	-	270,289	270,289
308,132	-	734,434	734,434
71,260	-	163,517	163,517
127,233	-	(330,126)	(330,126)
79,359	-	(48,726)	(48,726)
<u>721,585</u>	<u>-</u>	<u>789,388</u>	<u>789,388</u>
<u>\$ 1,111,830</u>	<u>(5,297,413)</u>	<u>789,388</u>	<u>(4,508,025)</u>
	3,385,338	-	3,385,338
	1,115,569	-	1,115,569
	294,222	-	294,222
	116,456	87,587	204,043
	<u>294,475</u>	<u>(294,475)</u>	<u>-</u>
	<u>5,206,060</u>	<u>(206,888)</u>	<u>4,999,172</u>
	(91,353)	582,500	491,147
	<u>16,230,715</u>	<u>28,693,794</u>	<u>44,924,509</u>
	<u>\$ 16,139,362</u>	<u>\$ 29,276,294</u>	<u>\$ 45,415,656</u>

The accompanying notes are an integral part of the basic financial statements.



## **FUND FINANCIAL STATEMENTS**

### **Major Governmental Funds**

#### **General Fund**

The General Fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenues are property taxes, licenses and permits, franchise fees and State shared revenues. Primary expenditures are for police protection, insurance and general administration.

#### **Street Fund**

This fund accounts for gas tax apportionment and system development charges designated for street and highway projects.

#### **Florence Urban Renewal Agency 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.

#### **Debt Service Fund**

This fund is used to accounts for all principal and interest debt payments, except the general obligation bond debt for water treatment plant improvements.

#### **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. This Fund was closed during the fiscal year.

#### **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.

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**CITY OF FLORENCE, OREGON  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2020**

	General Fund	Street Fund	Florence Urban Renewal Agency General Fund
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,901,020	\$ 340,242	\$ 2,055,745
Receivable, net:			
Accounts	367,671	80,260	-
Taxes	108,571	-	-
Assessments	127,276	17,334	-
Prepaid expenses	79,764	-	-
Notes receivable	-	21,925	-
	<u>-</u>	<u>21,925</u>	<u>-</u>
Total assets	<u>\$ 2,584,302</u>	<u>\$ 459,761</u>	<u>\$ 2,055,745</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ 151,104	\$ 9,965	\$ 14,169
Accrued payroll and other payroll liabilities	190,444	-	-
Deposits	-	20,000	-
Retainage payable	-	-	5,843
	<u>-</u>	<u>-</u>	<u>5,843</u>
Total liabilities	<u>341,548</u>	<u>29,965</u>	<u>20,012</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - property taxes	105,658	-	-
Unavailable revenue - other	269,409	498	-
Unavailable revenue - intergovernmental	32,506	-	-
Unavailable revenue - SDC and assessments receivables	127,276	39,259	-
	<u>127,276</u>	<u>39,259</u>	<u>-</u>
Total deferred inflows of resources	<u>534,849</u>	<u>39,757</u>	<u>-</u>
<b>FUND BALANCES:</b>			
Nonspendable	79,764	-	-
Restricted for:			
Public safety	-	-	-
Tourism	-	-	-
Urban renewal projects	-	-	2,035,733
Transportation	-	215,856	-
System development charges	-	174,183	-
Debt service	-	-	-
Unassigned	1,628,141	-	-
	<u>1,628,141</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,707,905</u>	<u>390,039</u>	<u>2,035,733</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,584,302</u>	<u>\$ 459,761</u>	<u>\$ 2,055,745</u>

*The accompanying notes are an integral part of the basic financial statements.*

Debt Service Fund	City FURA Debt Service Fund	FURA Debt Service Fund	Total Non-Major Governmental Funds	Total Governmental
\$ 385,033	\$ -	\$ 80,170	\$ 626,861	\$ 5,389,071
-	-	-	47,209	495,140
-	-	38,668	7,366	154,605
990,437	-	-	-	1,135,047
-	-	-	-	79,764
-	-	-	-	21,925
<u>\$ 1,375,470</u>	<u>\$ -</u>	<u>\$ 118,838</u>	<u>\$ 681,436</u>	<u>\$ 7,275,552</u>
\$ -	\$ -	\$ -	\$ 28,418	\$ 203,656
-	-	-	-	190,444
-	-	-	-	20,000
-	-	-	-	5,843
<u>-</u>	<u>-</u>	<u>-</u>	<u>28,418</u>	<u>419,943</u>
-	-	-	6,844	112,502
-	-	-	10,584	280,491
-	-	-	-	32,506
990,437	-	38,198	-	1,195,170
<u>990,437</u>	<u>-</u>	<u>38,198</u>	<u>17,428</u>	<u>1,620,669</u>
-	-	-	-	79,764
-	-	-	548,425	548,425
-	-	-	144	144
-	-	-	-	2,035,733
-	-	-	-	215,856
-	-	-	-	174,183
385,033	-	-	87,021	472,054
-	-	80,640	-	1,708,781
<u>385,033</u>	<u>-</u>	<u>80,640</u>	<u>635,590</u>	<u>5,234,940</u>
<u>\$ 1,375,470</u>	<u>\$ -</u>	<u>\$ 118,838</u>	<u>\$ 681,436</u>	<u>\$ 7,275,552</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF FLORENCE, OREGON**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

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Total fund balances - governmental funds \$ 5,234,940

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Non-depreciable	\$ 8,334,073	
Depreciable	16,463,647	24,797,720

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds:

Property taxes earned but not available	112,502	
Other receivables earned but not available	280,491	
Intergovernmental receivables earned but not available	32,506	
SDC and assessments receivables earned but not available	1,195,170	1,620,669

Pension-related changes (2,611,395)

OPEB related-changes (142,197)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences payable	(299,955)	
Notes and bonds payable	(12,400,353)	
Interest payable	(60,067)	(12,760,375)

Total net position - governmental activities \$ 16,139,362

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**CITY OF FLORENCE, OREGON**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2020**

	General Fund	Street Fund	Florence Urban Renewal Agency General Fund
<b>REVENUES:</b>			
Taxes	\$ 2,691,318	\$ -	\$ 540,348
Franchise fees	1,032,926	82,642	-
Licenses and permits	286,683	-	-
Intergovernmental	434,792	603,688	340,036
Charges for services	1,828,472	548,165	-
Fines and forfeitures	217,781	-	-
Miscellaneous	74,074	19,523	47,470
Total revenues	<u>6,566,046</u>	<u>1,254,018</u>	<u>927,854</u>
<b>EXPENDITURES:</b>			
Current:			
Administration	1,737,720	-	289,413
Community development	714,557	-	-
Public safety	2,574,676	-	-
Parks	257,778	-	-
Transportation	-	715,823	-
Non-departmental	120,372	-	-
Capital outlay	339,259	847,986	1,875,868
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>5,744,362</u>	<u>1,563,809</u>	<u>2,165,281</u>
Revenues over (under) expenditures	<u>821,684</u>	<u>(309,791)</u>	<u>(1,237,427)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer interfund note payable	-	-	-
Transfers in	100,000	-	-
Transfers out	(1,323,600)	(173,400)	(647,100)
Total other financing sources (uses)	<u>(1,223,600)</u>	<u>(173,400)</u>	<u>(647,100)</u>
Net change in fund balance	(401,916)	(483,191)	(1,884,527)
<b>FUND BALANCE, BEGINNING</b>	<u>2,109,821</u>	<u>873,230</u>	<u>3,920,260</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,707,905</u>	<u>\$ 390,039</u>	<u>\$ 2,035,733</u>

*The accompanying notes are an integral part of the basic financial statements.*

Debt Service Fund	City FURA Debt Service Fund	FURA Debt Service Fund	Total Non-Major Governmental Funds	Total Governmental
\$ -	\$ -	\$ -	\$ 447,752	\$ 3,679,418
-	-	-	-	1,115,568
-	-	-	-	286,683
-	-	-	113,379	1,491,895
-	-	-	173,353	2,549,990
-	-	-	-	217,781
94,026	-	-	9,174	244,267
<u>94,026</u>	<u>-</u>	<u>-</u>	<u>743,658</u>	<u>9,585,602</u>
-	-	-	140,940	2,168,073
-	-	-	-	714,557
-	-	-	680,030	3,254,706
-	-	-	-	257,778
-	-	-	-	715,823
860	-	-	-	121,232
60,503	-	-	31,671	3,155,287
636,896	-	143,228	164,094	944,218
387,225	-	76,589	10,378	474,192
<u>1,085,484</u>	<u>-</u>	<u>219,817</u>	<u>1,027,113</u>	<u>11,805,866</u>
<u>(991,458)</u>	<u>-</u>	<u>(219,817)</u>	<u>(283,455)</u>	<u>(2,220,264)</u>
-	(6,643,405)	6,643,405	-	-
776,700	-	647,100	700,000	2,223,800
-	-	-	(335,487)	(2,479,587)
<u>776,700</u>	<u>(6,643,405)</u>	<u>7,290,505</u>	<u>364,513</u>	<u>(255,787)</u>
(214,758)	(6,643,405)	7,070,688	81,058	(2,476,051)
<u>599,791</u>	<u>6,643,405</u>	<u>(6,990,048)</u>	<u>554,532</u>	<u>7,710,991</u>
<u>\$ 385,033</u>	<u>\$ -</u>	<u>\$ 80,640</u>	<u>\$ 635,590</u>	<u>\$ 5,234,940</u>

The accompanying notes are an integral part of the basic financial statements.



**CITY OF FLORENCE, OREGON**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

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Amounts reported in the statement of activities are different because:

Net change in fund balance \$ (2,476,051)

The statement of revenues, expenditures, and changes in fund balance report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Current year depreciation	\$ (1,137,243)	
Capital asset additions	<u>3,041,739</u>	1,904,496

Some revenue provide current financial resources in the governmental funds and are not reported in the statement of activities. 148,512

Governmental funds report pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. (461,462)

Governmental funds report OPEB contributions as expenditures. However, in the statements of activities, the cost of OPEB earned net of employee contributions is reports as OPEB expense. 27,507

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 governmental funds.

Accrued interest expense		(30,237)
--------------------------	--	----------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Changes in compensated absences	\$ (17,334)	
Debt service principal payments	<u>813,216</u>	<u>795,882</u>

Change in net position of governmental activities \$ (91,353)

## FUND FINANCIAL STATEMENTS

### Proprietary Funds

#### Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent five segments of operations – Water, Wastewater, Airport, Stormwater, and Events Center. Included in these segments are:

#### Water 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 System 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.

#### Wastewater Funds

##### **Wastewater Fund**

This fund accounts for the financial activities of the city-owned sewer service. Wastewater charges are the major revenue sources.

##### **Wastewater 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

##### **Airport Fund**

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.

#### Stormwater Funds

##### **Stormwater 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

##### **Events Center Fund**

This fund is used to account for the activities of the Florence Events Center.

#### **Internal Service Fund**

This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

#### **Public Works Admin Fund**

This fund accounts for services provided to other fund 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.

**CITY OF FLORENCE, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water Funds	Wastewater Funds	Airport
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 962,054	\$ 422,493	\$ -
Accounts receivable, net	178,013	237,922	6,285
Prepaid expenses	-	-	-
Inventory	34,172	15,498	20,644
Total current assets	<u>1,174,239</u>	<u>675,913</u>	<u>26,929</u>
Noncurrent assets:			
Notes receivable	4,825	26,462	-
Non-depreciable capital assets	529,110	1,075,611	1,365,074
Capital assets, net	8,887,434	15,097,289	2,229,304
Net OPEB asset	2,459	4,583	-
Total noncurrent assets	<u>9,423,828</u>	<u>16,203,945</u>	<u>3,594,378</u>
Total assets	<u>10,598,067</u>	<u>16,879,858</u>	<u>3,621,307</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to pensions	65,516	122,117	-
Deferred outflows related to OPEB	3,253	6,064	-
Total deferred outflows of resources	<u>68,769</u>	<u>128,181</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 10,666,836</u>	<u>\$ 17,008,039</u>	<u>\$ 3,621,307</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	\$ 81,236	\$ 139,080	\$ -
Interest payable	4,566	13,440	-
Due to other funds	-	-	3,029
Accrued compensated absences	19,926	25,147	-
Current portion of long-term debt	91,801	1,051,759	-
Total current liabilities	<u>197,529</u>	<u>1,229,426</u>	<u>3,029</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	1,602,194	3,678,921	-
Net pension liability	206,680	385,237	-
Net OPEB liability	12,969	24,174	-
Total noncurrent liabilities	<u>1,821,843</u>	<u>4,088,332</u>	<u>-</u>
Total liabilities	<u>2,019,372</u>	<u>5,317,758</u>	<u>3,029</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to pensions	18,438	34,367	-
Deferred inflows related to OPEB	1,434	2,672	-
Total deferred inflows of resources	<u>19,872</u>	<u>37,039</u>	<u>-</u>
<b>NET POSITION:</b>			
Net investment in capital assets	7,722,549	11,442,220	3,594,378
Restricted for:			
System development	501,448	341,345	-
Events center	-	-	-
Unrestricted	403,595	(130,323)	23,900
Total net position	<u>8,627,592</u>	<u>11,653,242</u>	<u>3,618,278</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 10,666,836</u>	<u>\$ 17,008,039</u>	<u>\$ 3,621,307</u>
Reconciliation to business-type activities:			
Total liabilities, deferred inflows of resources, and net position for internal service funds			
Total liabilities, deferred inflows of resources, and net position of business-type activities			

*The accompanying notes are an integral part of the basic financial statements.*

Business-Type Activities - Enterprise Funds			Internal Service
Non-Major Funds			
Stormwater Funds	Events Center	Total	Public Works Admin
\$ 1,095,512	\$ 378,118	\$ 2,858,177	\$ 27,027
46,925	-	469,145	-
-	299	299	-
-	-	70,314	-
<u>1,142,437</u>	<u>378,417</u>	<u>3,397,935</u>	<u>27,027</u>
7,684	-	38,971	-
99,909	236,584	3,306,288	-
1,797,720	1,641,921	29,653,668	3,912,937
990	2,706	10,738	6,411
<u>1,906,303</u>	<u>1,881,211</u>	<u>33,009,665</u>	<u>3,919,348</u>
<u>3,048,740</u>	<u>2,259,628</u>	<u>36,407,600</u>	<u>3,946,375</u>
26,366	72,107	286,106	170,806
1,309	3,581	14,207	8,482
<u>27,675</u>	<u>75,688</u>	<u>300,313</u>	<u>179,288</u>
<u>\$ 3,076,415</u>	<u>\$ 2,335,316</u>	<u>\$ 36,707,913</u>	<u>\$ 4,125,663</u>
\$ 15,215	\$ 4,430	\$ 239,961	\$ 2,712
371	-	18,377	6,948
-	-	3,029	-
3,982	20,667	69,722	48,659
15,566	-	1,159,126	136,234
<u>35,134</u>	<u>25,097</u>	<u>1,490,215</u>	<u>194,553</u>
207,301	-	5,488,416	2,713,664
83,176	227,474	902,567	538,833
5,219	14,274	56,636	33,812
<u>295,696</u>	<u>241,748</u>	<u>6,447,619</u>	<u>3,286,309</u>
<u>330,830</u>	<u>266,845</u>	<u>7,937,834</u>	<u>3,480,862</u>
7,420	20,293	80,518	48,069
577	1,578	6,261	3,738
<u>7,997</u>	<u>21,871</u>	<u>86,779</u>	<u>51,807</u>
1,674,762	1,878,505	26,312,414	1,063,039
114,889	-	957,682	-
-	74,864	74,864	-
947,937	93,231	1,338,340	(470,045)
<u>2,737,588</u>	<u>2,046,600</u>	<u>28,683,300</u>	<u>592,994</u>
<u>\$ 3,076,415</u>	<u>\$ 2,335,316</u>	<u>36,707,913</u>	<u>\$ 4,125,663</u>
		<u>4,125,663</u>	
		<u>\$ 40,833,576</u>	

The accompanying notes are an integral part of the basic financial statements.

**CITY OF FLORENCE, OREGON  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET POSITION  
 For the Fiscal Year Ended June 30, 2020**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Funds</u>	<u>Wastewater Funds</u>	<u>Airport</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 2,244,412	\$ 3,314,331	\$ 60,322
Miscellaneous income	26,824	55,805	74,871
Total operating revenues	<u>2,271,236</u>	<u>3,370,136</u>	<u>135,193</u>
<b>OPERATING EXPENSES:</b>			
Personnel service	383,845	536,756	-
Materials and service	1,504,672	1,693,897	140,981
Depreciation	541,812	980,534	130,236
Total operating expenses	<u>2,430,329</u>	<u>3,211,187</u>	<u>271,217</u>
Operating income (loss)	<u>(159,093)</u>	<u>158,949</u>	<u>(136,024)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Grants and contributions	117	117	79,359
Interest income	16,974	48,444	13,253
Interest expense	(54,528)	(76,083)	-
Total non-operating revenues (expenses)	<u>(37,437)</u>	<u>(27,522)</u>	<u>92,612</u>
Net income (loss) before transfers	(196,530)	131,427	(43,412)
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>			
System development charges	135,601	308,132	-
Transfers from other funds	-	240,000	-
Change in net position	(60,929)	679,559	(43,412)
<b>NET POSITION, BEGINNING</b>	<u>8,688,521</u>	<u>10,973,683</u>	<u>3,661,690</u>
<b>NET POSITION, ENDING</b>	<u>\$ 8,627,592</u>	<u>\$ 11,653,242</u>	<u>\$ 3,618,278</u>

Reconciliation to business-type activities:  
 Change in net position for internal service funds  
 Total change in net position of business-type activities

Business-Type Activities - Enterprise Funds			Internal Service
Stormwater Funds	Events Center	Total	Public Works Admin
\$ 563,923	\$ 217,871	\$ 6,400,859	\$ 1,258,185
179	94,111	251,790	-
<u>564,102</u>	<u>311,982</u>	<u>6,652,649</u>	<u>1,258,185</u>
199,490	246,335	1,366,426	731,417
270,653	498,271	4,108,474	206,677
80,550	142,638	1,875,770	122,977
<u>550,693</u>	<u>887,244</u>	<u>7,350,670</u>	<u>1,061,071</u>
13,409	(575,262)	(698,021)	197,114
-	128,524	208,117	10,731
3,224	9,247	91,142	-
(623)	-	(131,234)	(85,829)
<u>2,601</u>	<u>137,771</u>	<u>168,025</u>	<u>(75,098)</u>
16,010	(437,491)	(529,996)	122,016
71,260	-	514,993	-
-	235,487	475,487	-
87,270	(202,004)	460,484	122,016
<u>2,650,318</u>	<u>2,248,604</u>		<u>470,978</u>
<u>\$ 2,737,588</u>	<u>\$ 2,046,600</u>		<u>\$ 592,994</u>
		<u>122,016</u>	
		<u>\$ 582,500</u>	

The accompanying notes are an integral part of the basic financial statements.

**CITY OF FLORENCE, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2020**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Funds</u>	<u>Wastewater Funds</u>	<u>Airport</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers and users	\$ 2,301,309	\$ 3,397,340	\$ 1,138,380
Cash received from interfund services provided	-	-	-
Cash paid to employees and others for salaries and benefits	(345,269)	(451,825)	-
Cash paid to suppliers and others	(1,410,138)	(1,825,966)	(186,224)
Net cash provided by (used for) operating activities	<u>545,902</u>	<u>1,119,549</u>	<u>952,156</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers from other funds	-	240,000	-
Receipt (repayment) on interfund loan	-	-	(902,363)
Net cash provided by (used for) non-capital financing activities	<u>-</u>	<u>240,000</u>	<u>(902,363)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of capital assets	(817,390)	(553,044)	(142,405)
Principal paid on long-term obligations	(87,603)	(1,063,576)	-
Proceeds from system development charges	135,601	308,132	-
Grants and contributions	117	117	79,359
Interest paid on long-term debt	(57,414)	(81,168)	-
Net cash provided by (used for) capital and related financing activities	<u>(826,689)</u>	<u>(1,389,539)</u>	<u>(63,046)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	16,974	48,444	13,253
Notes receivable	887	22,453	-
Net cash provided by investing activities	<u>17,861</u>	<u>70,897</u>	<u>13,253</u>
Net increase (decrease) in cash and cash equivalents	(262,926)	40,907	-
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>1,224,980</u>	<u>381,586</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 962,054</u>	<u>\$ 422,493</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating income	\$ (159,093)	\$ 158,949	\$ (136,024)
Adjustments:			
Depreciation and amortization	541,812	980,534	130,236
Decrease (increase) in:			
Accounts receivable and due from other funds	30,073	27,204	1,002,811
Inventories	18,935	(736)	4,153
Prepays	-	-	376
Increase (decrease) in:			
Accounts payable	75,599	(131,333)	(49,396)
Compensated absences	735	6,267	-
Net other post employment benefits	(8,062)	(5,214)	-
Net pension benefits	45,903	83,878	-
Net cash provided by (used for) operating activities	<u>\$ 545,902</u>	<u>\$ 1,119,549</u>	<u>\$ 952,156</u>

*The accompanying notes are an integral part of the basic financial statements.*

Business-Type Activities - Enterprise Funds			Internal Service
Stormwater Funds	Events Center	Total	Public Works Admin
\$ 563,201	\$ 311,982	\$ 7,712,212	\$ -
		-	1,260,685
(156,976)	(244,200)	(1,198,270)	(646,960)
(263,612)	(503,010)	(4,188,950)	(209,491)
142,613	(435,228)	2,324,992	404,234
-	235,487	475,487	-
-	-	(902,363)	-
-	235,487	(426,876)	-
(80,899)	(35,474)	(1,629,212)	(271,066)
(15,801)	-	(1,166,980)	(132,058)
71,260	-	514,993	-
-	128,524	208,117	10,731
(891)	-	(139,473)	(87,642)
(26,331)	93,050	(2,212,555)	(480,035)
3,224	9,247	91,142	-
4,469	-	27,809	-
7,693	9,247	118,951	-
123,975	(97,444)	(195,488)	(75,801)
971,537	475,562	3,053,665	102,828
\$ 1,095,512	\$ 378,118	\$ 2,858,177	\$ 27,027
\$ 13,409	\$ (575,262)	\$ (698,021)	\$ 197,114
80,550	142,638	1,875,770	122,977
(901)	-	1,059,187	2,500
-	-	22,352	-
-	-	376	-
7,041	(4,739)	(102,828)	(2,814)
530	(2,521)	5,011	3,811
(2,009)	(4,282)	(19,567)	(3,132)
43,993	8,938	182,712	83,778
\$ 142,613	\$ (435,228)	\$ 2,324,992	\$ 404,234

The accompanying notes are an integral part of the basic financial statements.



**FUND FINANCIAL STATEMENTS**  
**Fiduciary Funds**

These 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 and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results.

**Agency Fund**

This 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.

**CITY OF FLORENCE, OREGON**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2020**

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	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and cash equivalents	<u>\$ 44,779</u>
<b>LIABILITIES:</b>	
Amount held for others	<u>\$ 44,779</u>

*The accompanying notes are an integral part of the basic financial statements.*

**I. Summary of Significant Accounting Policies**

The financial statements of the City of Florence, Oregon (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from a legally separate *component unit* for which the primary government is financially accountable.

**B. Reporting Entity**

**1. Primary Government**

The City of Florence, Oregon (City), is an Oregon municipal corporation, is organized under the general laws of the State of Oregon. The City's 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.

**2. Blended Component Unit**

The accompanying basic financial statements present the City and its component unit, Florence Urban Renewal Agency (Agency). The 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. The Agency is a blended component unit and as such is reported in a separate column in the government-wide financial statements to emphasize the Department's separate enterprise operations

**C. Basic Financial Statements**

**1. Government-Wide Financial Statements**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements present 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 and deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct and allocated indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are those costs, usually

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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administrative in nature, that support all City function or program. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from a function or segment or are otherwise directly affected by it; 2) operating grants and contributions that are restricted to meeting requirements of a particular function or segment; and 3) capital grants and contributions that are restricted to meeting requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

**2. Fund Financial Statements**

Fund financial statements present information at the individual fund level. Funds are classified and summarized as governmental, proprietary, or fiduciary type. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are combined into a single column in the fund financial statements and are detailed in the supplemental information.

**D. Measurement Focus and Basis of Accounting**

Government-wide financial statements and proprietary fund financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time 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 revenues as soon as all eligibility requirements imposed by the provider have been met. Capital assets are capitalized and depreciated, and City debt is reported as a liability with premiums and discounts amortized over the life of the debt.

Governmental fund financial statements are presented 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*. *Measurable* means the amount of the transaction can be determined and 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 year end. Property taxes, franchise fees from the Department, assessment liens, and state shared revenues are susceptible to the year-end 60-day accrual. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

An unavailable revenue deferred inflow arises on the balance sheets of the governmental funds when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes not deemed available to finance operations of the current period. In the government-wide statement of activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow created on the balance sheets of the governmental funds for unavailable revenue, is eliminated.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenses affecting the economic resource status of the government are recognized.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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Proprietary funds distinguish operating revenues and expenses from non-operating 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 City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**E. Financial Statement Presentation**

The financial transactions of the City are recorded in individual funds. A fund is an independent accounting entity with a self-balancing set of accounts comprised of assets, liabilities, deferred inflows/outflows of resources, fund balances, revenues, and expenditures. Fund accounting segregates resources according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

Accounting principles generally accepted in the United States of America (GAAP) set forth minimum criteria for the determination of major funds. The City elected to include the Airport Maintenance Fund as a major funds due to community interest.

The City reports the following major governmental funds:

- General Fund – This is the City's primary operating fund. It accounts for all financial resources 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 revenue. 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.
- Debt Service 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 was closed during the fiscal year. This fund accounted for the issuance and repayment of City issued debt obligations that were loaned by the City to the FURA per the terms of an intergovernmental agreement (IGA) between the parties. The source of repayment was 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.

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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Additionally, the City reports non-major funds within the governmental classification which include the following funds:

- 9-1-1 Emergency Fund – This fund accounts 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 – This fund accounts 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.
- General Obligation Bond Fund – This fund accounts 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.

The City reports the following major enterprise 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 system development charges for facility expansion or improvement. The use of these funds is restricted by State statute and City ordinance.
- 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 Fund - 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.
- Event 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

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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primary sources of revenue are facility and equipment rental fees, ticket fees, commissions, and show revenue.

The City also reports internal service funds within the proprietary fund type. The City's internal service funds include 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.

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

**1. Cash and Investments**

Cash and investments, including restricted cash and investments, consist of cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and the State of Oregon Local Government Investment Pool (LGIP) deposits. Investments in the LGIP are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn.

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the state's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The City's investment policy, adopted by the City Council, essentially mirrors the requirements of the Oregon Revised Statutes. Currently, the City's investment portfolio consists of investments in the LGIP.

Investments are stated at fair value. Fair value is based on current market prices. Changes in the fair value of investments are recognized as revenue. GASB Statement 72, *Fair Value Measurement and Application* provides a fair value hierarchy that prioritized the inputs for valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

**2. Receivables and Payables**

Transactions between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year, as well as all other outstanding balances between funds or between the primary government and its component unit are referred to as "due to", "advance to" or "due from",

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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“advance from” other funds or component unit. Amounts related to the intergovernmental agreement between the City and FURA are reported as interfund note receivable/payable. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Property taxes are assessed as of January 1 and become a lien as of July 1 on all taxable property. Property taxes are due on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due or two-thirds of the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

In the government-wide financial statements, property taxes are recognized as revenue in the year for which they are levied. In the fund financial statements, property taxes receivable which have been collected within 60 days subsequent to year-end are considered *measurable* and *available* and are recognized as revenues. All other property taxes receivable is offset by deferred inflows of resources as they are deemed unavailable to finance operations of the current period.

Receivables of the proprietary fund types and the Department are recorded as revenue when earned. Accounts receivables in the Department also include estimated revenues, that are accrued for power and water deliveries not yet billed to customers from meter reading dates prior to month end (unbilled revenue) and are reversed in the following year when the billings occur. In the Department, the allowance for uncollectible accounts is determined by considering a number of factors, including the length of time trade accounts receivable are past due, the customer’s previous loss history, the customer’s current ability to pay its obligation, and the condition of the general economy and the industry as a whole.

**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.

**4. Capital Assets**

In the government-wide financial statements, capital assets include property, plant, equipment, infrastructure assets (streets, traffic lights, storm drain, and sanitary sewer), and intangible assets (easements and land rights) and are reported in the applicable governmental activity, business-type activity columns in the government-wide financial statements. In the governmental fund financial statements, capital assets are charged to expenditures as purchased; while in the proprietary fund financial statements, capital assets are capitalized when purchased. 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 a useful life 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 as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year ended June 30, 2020.



**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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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 retire 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.

**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 Debt**

In the government-wide and proprietary fund type financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Premiums, discounts and deferred amounts on refunding are amortized over the life of the related debt issue. Long-term debt payable is reported net of the related unamortized premium or discount. Issuance costs are reported as period costs in the year of issue.

In the governmental fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums are also reported as other financing sources while discounts are reported

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**8. Pensions**

A pension liability is reported in government-wide and proprietary fund financial statements as a liability in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Interest and amortization are reported as pension expense in the government-wide statement of activities for governmental and business-type activities, and as operating expense in the proprietary funds.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows or resources related to pension, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (Oregon PERS) and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. 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. Other Postemployment Benefit Obligations**

For purposes of measuring the OPEB asset and liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City and Department's two separate plans the Implicit Rate Subsidy and Oregon Public Employees Retirement Systems and additions to/deductions from Implicit Rate Subsidy and Oregon PERS's fiduciary net position have been determined on the same basis as they are reported by Implicit Rate Subsidy and Oregon PERS. For this purpose, Implicit Rate Subsidy and Oregon PERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**10. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net 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.

In addition to liabilities, the statement of net 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 has two types of deferred inflows that qualify for reporting in this category. *Unavailable revenue* is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that amount becomes available. The governmental funds report unavailable revenues from four sources: property taxes, intergovernmental, SDC and assessments receivable, and other for when a timing requirement has not been met. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred amounts related to pension and OPEB. These amounts are deferred and recognized as inflows of resources in the period when the City recognizes pension and OPEB income. Deferred inflows are included in the government-wide statement of net position and the proprietary funds statement of net position.

**11. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted 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

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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made about the order in which 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.

**12. Fund Balance**

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

Fund balance is reported as *nonspendable* when the 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 and prepayments.

Fund balance is reported as *restricted* when the constraints placed on the use of the resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority are reported as *committed* fund balances. The City reports fund balances as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Amounts that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as *assigned* fund balance. Intent is expressed when the City Council approves certain amounts during the adoption of the annual budget.

*Unassigned* fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. This classification is also used to report deficit fund balance amounts in other governmental funds.

**G. Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows, the disclosure of contingent assets, liabilities and deferred inflows at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

**II. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

The City implemented biennial budgeted effective July 1, 2019 for the biennium ending June 30, 2021. 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<sup>th</sup>.

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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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.

For the year ended June 30, 2020, expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Debt Service Fund	Materials and services	\$ 60
Debt Service Fund	Capital outlay	60,503
Airport Fund	Capital outlay	7,406

**III. Detailed Notes on Accounts**

**A. Cash 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, 2020:

Cash on hand	\$ 1,500
Cash in bank	538,621
LGIP	7,704,069
Oregon Community Foundation	74,864
Total	<u>\$ 8,319,054</u>

Cash and Investments are reported as follows:

Governmental activities	\$ 5,389,071
Business-type activities	2,885,204
Agency funds	44,779
Total	<u>\$ 8,319,054</u>

Oregon Revised Statutes authorize the City to invest in general obligations of the U.S. Government and its agencies; certain bonded obligations of Oregon municipalities; bank repurchase agreements; certificates of deposit; bankers' acceptances; the State of Oregon Local Government Investment Pool; and certain corporate indebtedness, which includes only the four highest ratings by the ratings agencies.

The State of Oregon Local Government Investment Pool (Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested, and the investments managed as a prudent investor would, exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board which establishes diversification percentages and specifies the types and maturities of investments. The Oregon Audits Division audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2020 was unmodified. The fair value of the City's position in the Pool at June 30, 2020 was 100 percent of the value of the Pool shares. The Pool does not have a credit quality rating by a nationally recognized statistical rating organization and is therefore unrated.

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

At year end, the City's investment balance was \$74,864 held by the Oregon Community Foundation for the Florence Events Center Endowment Subfund. The weighted average maturity on the investments was about 3 months. The City's investments include co-mingled trusts and pooled funds-equity category which represents investments in equities, both U.S and international, including investments in developed and emerging markets as well as in energy, real estate, and commodity stocks.

At year end, the City's total book balance for deposits with financial institutions was \$538,621 and the bank balance was \$675,702. The City's bank balances were covered by \$250,000 Federal Depository Insurance. Of the Department's bank balances, \$387,726 was covered by Federal Depository Insurance. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer.

Custodial credit risk is the risk that, in the event of failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy relating to custodial credit risk. At June 30, 2020, the City does not have investments exposed to custodial credit risk.

The City's investment policy allows 100 percent of the City's investments to be invested in the Pool. As a means to limit exposure to fair value losses arising from changes in interest rates, the City's investment policy requires that all investments other than the Pool mature in less than one year.

**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, 2020:

Water operations	\$	13,125
Wastewater operations		17,738
Stormwater operations		2,495
		<hr/>
Total allowance for doubtful accounts	\$	<u>33,358</u>

**C. Receivables**

**1. Interfund Transfers**

The interfund transfer activity for the year ended June 30, 2020 was as follows:

	Transfers In						Totals
	General	Debt Service	FURA Debt Service	Nonmajor Governmental	Wastewater Operations	Events Center	
Transfers Out:							
General	\$ -	\$ 383,600	\$ -	\$ 700,000	\$ 240,000	\$ -	\$ 1,323,600
FURA General	-	-	647,100	-	-	-	647,100
Streets Program	-	173,400	-	-	-	-	173,400
Nonmajor Governmental	100,000	-	-	-	-	235,487	335,487
Public Works Admin	-	219,700	-	-	-	-	219,700
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 100,000	\$ 776,700	\$ 647,100	\$ 700,000	\$ 240,000	\$ 235,487	\$ 2,699,287

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

Transfers are budgeted and made to move financial resources from the Transient Room Tax Fund to the Events Center Fund to fund operations. Additionally, transfers are made to move financial resources to the Debt Service and FURA Debt Service Funds to fund the repayment of debt.

**2. 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 increase to facilitate and 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, 2020, FURA owed the City \$6,352,109 for bank loans the City took out on FURA's behalf.

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,031,030	\$ -	\$ -	\$ 2,031,030
Construction in progress	4,204,963	2,098,080	-	6,303,043
Total capital assets, not being depreciated	<u>6,235,993</u>	<u>2,098,080</u>	<u>-</u>	<u>8,334,073</u>
Capital assets, being depreciated				
Buildings and improvements	12,165,409	55,433	-	12,220,842
Equipment and vehicles	3,174,557	146,087	-	3,320,644
Infrastructure	15,180,879	742,139	-	15,923,018
Total capital assets being depreciated	<u>30,520,845</u>	<u>943,659</u>	<u>-</u>	<u>31,464,504</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,244,778)	(336,183)	-	(4,580,961)
Equipment and vehicles	(2,480,704)	(208,590)	-	(2,689,294)
Infrastructure	(7,138,132)	(592,470)	-	(7,730,602)
Total accumulated depreciation	<u>(13,863,614)</u>	<u>(1,137,243)</u>	<u>-</u>	<u>(15,000,857)</u>
Total capital assets, being depreciated, net	<u>16,657,231</u>	<u>(193,584)</u>	<u>-</u>	<u>16,463,647</u>
Governmental activities capital assets, net	<u>\$22,893,224</u>	<u>\$ 1,904,496</u>	<u>\$ -</u>	<u>\$24,797,720</u>

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,868,428	\$ -	\$ -	\$ -	\$ 1,868,428
Construction in progress	2,948,871	684,901	-	(2,195,912)	1,437,860
Total capital assets, not being depreciated	4,817,299	684,901	-	(2,195,912)	3,306,288
Capital assets, being depreciated					
Buildings and improvements	32,199,185	435,111	-	1,020,831	33,655,127
Utility systems	14,070,494	108,987	-	1,166,586	15,346,067
Equipment and vehicles	4,493,149	617,683	-	8,495	5,119,327
Infrastructure	11,200,587	53,596	-	-	11,254,183
Total capital assets being depreciated	61,963,415	1,215,377	-	2,195,912	65,374,704
Less accumulated depreciation for:					
Buildings and improvements	(16,004,484)	(885,957)	-	-	(16,890,441)
Utility systems	(8,629,085)	(300,231)	-	289	(8,929,316)
Equipment and vehicles	(3,088,636)	(322,383)	-	(289)	(3,411,019)
Infrastructure	(2,087,147)	(490,176)	-	-	(2,577,323)
Total accumulated depreciation	(29,809,352)	(1,998,747)	-	-	(31,808,099)
Total capital assets, being depreciated, net	32,154,063	(783,370)	-	2,195,912	33,566,605
Business-type activities capital assets, net	\$36,971,362	\$ (98,469)	\$ -	\$ -	\$36,872,893

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

<b>Governmental activities:</b>	
Administration	\$ 168,034
Community development	29,933
Public safety	189,795
Parks	36,671
Transportation	678,862
Non-departmental	33,948
Total depreciation expense - governmental activities	<u>\$ 1,137,243</u>
<b>Business-type activities:</b>	
Water operations	\$ 541,812
Wastewater operations	980,534
Stormwater operations	80,550
Airport operations	130,236
Events center	142,638
Public works admin	122,977
Total depreciation expense - business-type activities	<u>\$ 1,998,747</u>

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

**E. Long-Term Liabilities**

**1. General Obligation Bonds – Governmental Activities**

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>June 30, 2019</u>			<u>June 30, 2020</u>	<u>Due in</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>1 Year</u>
<b>Governmental Activities:</b>					
Bonds payable	\$ 2,364,658	\$ -	\$ (274,987)	\$ 2,089,671	\$ 282,719
Unamortized bond premium	16,016	-	(1,056)	14,960	-
Notes from direct borrowings	10,832,895	-	(537,173)	10,295,722	523,080
Total long-term debt	13,213,569	-	(813,216)	12,400,353	805,799
Compensated absences	282,621	299,955	(282,621)	299,955	299,955
Total	<u>\$ 13,496,190</u>	<u>\$ 299,955</u>	<u>\$ (1,095,837)</u>	<u>\$ 12,700,308</u>	<u>\$ 1,105,754</u>
<b>Business-Type Activities:</b>					
Bonds payable	\$ 2,507,626	\$ -	\$ (814,107)	\$ 1,693,519	\$ 831,376
Unamortized bond premium	71,972	-	(26,738)	45,234	-
Notes from direct borrowings	8,210,480	-	(457,793)	7,752,687	463,984
Unamortized bond premium	6,400	-	(400)	6,000	-
Total long-term debt	10,796,478	-	(1,299,038)	9,497,440	1,295,360
Compensated absences	109,559	118,381	(109,559)	118,381	118,381
Total	<u>\$ 10,906,037</u>	<u>\$ 118,381</u>	<u>\$ (1,408,597)</u>	<u>\$ 9,615,821</u>	<u>\$ 1,413,741</u>

Bonds outstanding at June 30, 2020 were as follows:

<u>Purpose</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
During the 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 as 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 \$55,044.	\$ 382,060	\$ 1,297,984
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 benefitting from the improvements. Bond principal and interest is payable semiannually through December 2030.	1,035,000	-



**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

<u>Purpose</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
During 2011, the City issued \$1,245 of full faith and credit refunding obligations debt at 4.14% for the Local Oregon Capital Asset Program (LOCAP). This bond was used to fund projects for enterprise funds as well as governmental funds. This governmental portion as \$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 \$5,150.	359,381	440,769
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%.	328,190	-
Total bonds outstanding	2,104,631	1,738,753
Less current portion	(282,719)	(831,376)
Long-term portion	<u>\$ 1,821,912</u>	<u>\$ 907,377</u>

Direct placement notes payable outstanding at June 30, 2020 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.	\$ 3,056,857	\$ -
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.	3,006,772	-
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	-

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

<u>Purpose</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<p>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 as which point the interest rate become variable, with a maximum rate of 5.25% through December 15, 2031, when the maximum rate increases to 7.2%. 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, 2020 were as follows:</p>		
<p><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.</p>	886,756	-
<p><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 notes mature on December 1, 2036.</p>	3,195,337	-
<p><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 matures on December 1, 2036.</p>	-	1,295,410
<p><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.</p>	-	2,849,898
<p>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 Transition Line &amp; 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 tot the City, or foreclosing liens or security interests upon collateral. The unamortized premium included in the balance of this bond is \$6,000.</p>	-	464,559

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

<u>Purpose</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
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 , 2023) 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 due, or pursue any other legal or equitable remedy it may have.	-	3,142,820
Total notes payable outstanding	10,295,722	7,752,687
Less current portion	(523,080)	(463,984)
Long-term portion	<u>\$ 9,772,642</u>	<u>\$ 7,288,703</u>

Annual debt service requirements to maturity for long-term debt at June 30, 2020 are as follows:

<u>Total Governmental Activities</u>								
<u>Public Offering Bonds</u>			<u>Direct Placement Bonds</u>			<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>
2021	\$ 118,624	\$ 62,836	2021	\$ 164,095	\$ 6,925	2021	\$ 523,080	\$ 332,389
2022	124,796	64,735	2022	164,095	3,462	2022	539,850	315,620
2023	134,184	60,096	2023	-	-	2023	557,161	298,309
2024	141,327	54,802	2024	-	-	2024	724,528	280,941
2025	148,572	49,012	2025	-	-	2025	593,459	254,061
2026-2030	882,856	144,886	2026-2030	-	-	2026-2030	2,712,646	996,510
2031-2035	211,122	5,386	2031-2035	-	-	2031-2035	2,930,040	553,001
2036-2040	-	-	2036-2040	-	-	2036-2040	1,714,958	101,563
Total	<u>\$ 1,761,481</u>	<u>\$ 441,753</u>	Total	<u>\$ 328,190</u>	<u>\$ 10,387</u>	Total	<u>\$ 10,295,722</u>	<u>\$ 3,132,394</u>

<u>Total Business-Type Activities</u>					
<u>Public Offering Bonds</u>			<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>
2021	\$ 831,376	\$ 57,770	2021	\$ 463,984	\$ 154,223
2022	70,204	34,459	2022	470,037	146,261
2023	75,816	31,693	2023	476,271	138,119
2024	78,673	28,639	2024	482,392	130,190
2025	81,428	25,448	2025	494,256	121,491
2026-2030	452,144	74,976	2026-2030	2,577,754	467,848
2031-2035	103,878	3,299	2031-2035	2,322,718	214,712
2036-2040	-	-	2036-2040	465,275	13,881
Total	<u>\$ 1,693,519</u>	<u>\$ 256,284</u>	Total	<u>\$ 7,752,687</u>	<u>\$ 1,386,725</u>

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

**F. Other Post-Employment Benefits (OPEB)**

**1. Financial Statement Presentation**

The City's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	<u>Implicit Rate Subsidy</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
Net OPEB Asset	\$ -	\$ 57,382	\$ 57,382
Deferred Outflows of Resources			
Change in Assumptions	6,546	-	6,546
Change in Proportionate Share	-	274	274
Difference between expected and actual experience	32,933	-	32,933
Contributions After MD	35,016	1,149	36,165
Total OPEB Liability	(302,648)	-	(302,648)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	-	(7,567)	(7,567)
Difference in Earnings	-	(3,542)	(3,542)
Change in Assumptions	(21,977)	(59)	(22,036)
Change in Proportionate Share	-	(313)	(313)
OPEB Expense/(Income)*	32,134	(7,698)	24,436

\*Included in program expenses on Statement of Activities

**2. Implicit Rate Subsidy**

**Plan Description:**

The City's single-employer defined benefit postemployment healthcare plan is administered by City County Insurance Services (CIS). Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The City's postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained through their website at: <https://www.cisoregon.org/About/TrustDocs>.

**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, 2019, the following employees were covered by the benefit terms:

Active employees	59
Eligible retirees	6
Spouses of ineligible retirees	0
Total participants	<u>65</u>

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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**OPEB Plan Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:**

The City's total OPEB liability of \$302,648 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

For the fiscal year ended June 30, 2020, the City recognized OPEB expense from this plan of \$32,134. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 32,933	\$ -
Changes of assumptions	6,546	21,977
Total (prior to post-MD contributions)	39,479	21,977
Contributions subsequent to the MD	35,016	-
Total	<u>\$ 74,495</u>	<u>\$ 21,977</u>

Deferred outflows of resources related to OPEB of \$35,016 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2021	\$ 1,821
2022	1,821
2023	1,821
2024	1,821
2025	1,821
Thereafter	8,397
Total	<u>\$ 17,502</u>

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2019 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
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	3.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Retiree Healthcare Participation	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Mortality	<b>Health retirees and beneficiaries:</b> 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.
	<b>Healthcare cost trend rate:</b> Medical and vision: 7.00 percent per year decreasing to 4.75 percent.  Dental: 4.50 percent per year

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

**Changes in Total OPEB Liability:**

Changes in assumptions is the result of the change in the discount rate from 3.87% to 3.50%.

	<b>Total OPEB Liability</b>
Balance as of June 30, 2019	\$ 302,666
Changes for the year:	
Service cost	18,602
Interest on Total OPEB Liability	11,711
Effect of assumptions changes or inputs	7,335
Benefit payments	(37,666)
Balance as of June 30, 2020	<u>\$ 302,648</u>

**Sensitivity of the total OPEB liability to changes in the discount rate:**

The following presents the City's OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

Discount Rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 322,016	\$ 302,648	\$ 284,941

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 279,373	\$ 302,648	\$ 330,533

**3. PERS Retirement Health Insurance Account**

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at <https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>.

**Benefits Provided**

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

**Contributions**

PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation and a percentage of payroll that first became effective July 1, 2019. The City contributed 0.06% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. The City's total for the year ended June 30, 2020 contributions was \$1,149.

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

**OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020, the City reported an asset of \$57,382 for its proportionate share of the Oregon PERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2019, the City's proportionate share was 0.0297%, which is a decrease from its proportion of 0.0302% as of June 30, 2018.

For the year ended June 30, 2020, the City recognized OPEB income from this plan of \$7,698. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 7,567
Changes of assumptions	-	59
Net difference between projected and actual earnings on investments	-	3,542
Changes in proportionate share	274	313
Total (prior to post-MD contributions)	<u>274</u>	<u>11,481</u>
Contributions subsequent to the MD	<u>1,149</u>	<u>-</u>
Total	<u>\$ 1,423</u>	<u>\$ 11,481</u>

Deferred outflows of resources related to OPEB of \$1,149 resulting from the City's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2021	\$ (5,894)
2022	(5,035)
2023	(641)
2024	363
2025	-
Total	<u>\$ (11,207)</u>

**Actuarial Methods and Assumptions**

The total OPEB asset in the December 31, 2017 actuarial valuation was determined using the actuarial methods and assumptions are the same as listed below in **Note G – Pension Plan Actuarial Assumptions**.

**Long-Term Expected Rate of Return**

Are the same as listed above in **Note G – Pension Plan Long-term Expected Rate of Return**.



**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.20% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the City's proportionate share of the net OPEB asset to changes in the discount rate**

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

<u>Discount Rate:</u>	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Total OPEB Asset	\$ 44,486	\$ 57,382	\$ 68,370

**OPEB Plan Fiduciary Net Position**

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

**Changes in Plan Provisions During the Measurement Period**

There were no changes during the June 30, 2019 measurement period that require disclosure.

**Changes in Plan Provisions Subsequent to Measurement Date**

There were no changes subsequent to the June 30, 2019 measurement period that require disclosure.

**G. Pension Plans**

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (Oregon PERS) 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. Oregon PERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

**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

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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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.

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 lumpsum 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 (COLA) changes. The COLA is capped at 2.0 percent.

*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.

*3. OPSRP Individual Account Program (OPSRP IAP)*

**Pension Benefits**

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. 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**

Oregon PERS contracts with VOYA Financial to maintain IAP participant records.

**Contributions**

*1. Employer 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, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2020 were \$312,862 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 18.79 percent for Tier One/Tier Two General Service Member,

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

18.79 percent for Tier One/Tier Two Police and Fire, 10.14 percent for OPSRP Pension Program General Services, 14.77 percent for OPSRP Police and Fire members and 6 percent for OPSRP Individual Account Program.

**2. Employee Contributions**

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. Contributions made by employees were \$207,173 for the year ended June 30, 2020.

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

At June 30, 2020 the City reported a liability of \$4,823,081 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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, 2019, the City's proportion was 0.0279 percent, which was a changed from its proportion measured as of June 30, 2018 of 0.0270 percent.

For the year ended June 30, 2020, the City recognized pension expense of \$727,952. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 265,979	\$ -
Changes of assumptions	654,306	-
Net difference between projected and actual earnings on investments	-	136,729
Changes in proportion	158,348	50,711
Differences between employer contributions and proportionate share of contributions	-	242,828
Total (prior to post-MD contributions)	<u>1,078,633</u>	<u>430,268</u>
Contributions subsequent to the MD	<u>450,246</u>	<u>-</u>
Total	<u>\$ 1,528,879</u>	<u>\$ 430,268</u>

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

City's contributions subsequent to the measurement date of \$450,246 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 384,615
2022	10,276
2023	119,625
2024	112,866
2025	20,983
Total	<u>\$ 648,365</u>

**Actuarial Methods and Assumptions**

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
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
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p><b>Health retirees and beneficiaries:</b> RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active Members:</b> 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><b>Disabled retirees:</b> 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

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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.

**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 2017 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. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. 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.

<u>Asset Class/Strategy</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.50%

**CITY OF FLORENCE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**Year Ended June 30, 2020**

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**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.

**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 (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 7,723,736	\$ 4,823,081	\$ 2,395,632

**Pension Plan Fiduciary Net Position**

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

**Changes in Plan Provisions During the Measurement Period**

There were no changes during the June 30, 2019 measurement period that require disclosure.

**Changes in Plan Provisions Subsequent to Measurement Date**

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

**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; natural disasters for which the government carried commercial insurance. In 1981, the League of Oregon Cities joined together with the Association of Oregon Cities to form City County Insurance Services (CIS), a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CIS for insurance coverage. Based on the experience of the City and CIS, 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 grant. Such audits could lease to reimbursement to the grantor agencies. The City believes disallowances, if any, will be immaterial.

**C. Contingency Liabilities**

The City is contingency 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. Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 95, Postponement of the Effective Date of Certain Authoritative Guidance to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of certain provisions and pronouncements have been postponed for either a twelve or eighteen month period, depending upon the statement or implementation guide.

**E. Subsequent Events**

As stated above and in the Management Discussion and Analysis, the COVID-19 pandemic was declared by the World Health Organization in March 2020. The operational and financial impacts are far reaching and will not be fully assessed until sometime in 2021, when the anticipated vaccines are widely distributed. All cities have been affected, and Florence has endeavored to monitor, plan and address issues on a proactive basis. As of release of this report, the current state of emergency declaration regarding COVID-19 extended through June 28, 2021.



## **REQUIRED SUPPLEMENTARY INFORMATION**

## REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedules
  - General Fund
  - Street Fund
  - Florence Urban Renewal Agency General Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of the Proportionate Share of OPEB - RHIA
- Schedule of Contributions to OPEB - RHIA
- Schedule of Changes in OPEB Liability and Related Ratios - Implicit Rate Subsidy
- Schedule of Contributions to OPEB - Implicit Rate Subsidy

**CITY OF FLORENCE, OREGON**  
**GENERAL FUND - BUDGETARY BASIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Taxes	\$ 5,353,000	\$ 5,353,000	\$ 2,691,318	\$ -	\$ 2,691,318	\$(2,661,682)
Franchise fees	2,303,800	2,303,800	1,032,926	-	1,032,926	(1,270,874)
Licenses and permits	549,900	549,900	286,683	-	286,683	(263,217)
Intergovernmental	1,223,600	1,223,600	434,792	-	434,792	(788,808)
Charges for services	3,764,100	3,764,100	1,828,472	-	1,828,472	(1,935,628)
Fines and forfeitures	-	-	217,781	-	217,781	217,781
Miscellaneous	557,000	557,000	74,074	-	74,074	(482,926)
<b>Total revenues</b>	<b>13,751,400</b>	<b>13,751,400</b>	<b>6,566,046</b>	<b>-</b>	<b>6,566,046</b>	<b>(7,185,354)</b>
<b>EXPENDITURES:</b>						
Current:						
Administration	1,580,400	1,580,400	745,279	-	745,279	835,121
Administrative services	2,221,400	2,221,400	992,441	-	992,441	1,228,959
Community development	1,774,800	1,774,800	714,557	-	714,557	1,060,243
Public safety	4,937,900	4,937,900	2,574,676	-	2,574,676	2,363,224
Municipal court	579,100	579,100	-	-	-	579,100
Parks	560,700	560,700	257,778	-	257,778	302,922
Non-departmental	214,200	214,200	120,372	-	120,372	93,828
Capital outlay	745,500	745,500	339,259	-	339,259	406,241
Contingency	1,260,300	1,260,300	-	-	-	1,260,300
<b>Total expenditures</b>	<b>13,874,300</b>	<b>13,874,300</b>	<b>5,744,362</b>	<b>-</b>	<b>5,744,362</b>	<b>8,129,938</b>
Revenues over (under) expenditures	(122,900)	(122,900)	821,684	-	821,684	944,584
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	275,000	275,000	100,000	-	100,000	(175,000)
Transfers out	(2,130,100)	(2,130,100)	(1,323,600)	-	(1,323,600)	806,500
<b>Total other financing sources (uses)</b>	<b>(1,855,100)</b>	<b>(1,855,100)</b>	<b>(1,223,600)</b>	<b>-</b>	<b>(1,223,600)</b>	<b>631,500</b>
Net change in fund balance	(1,978,000)	(1,978,000)	(401,916)	-	(401,916)	1,576,084
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<b>1,978,000</b>	<b>1,978,000</b>	<b>2,109,821</b>	<b>-</b>	<b>2,109,821</b>	<b>131,821</b>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,707,905</b>	<b>\$ -</b>	<b>\$ 1,707,905</b>	<b>\$ 1,707,905</b>

**CITY OF FLORENCE, OREGON**  
**STREET FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Franchise fees	\$ 163,000	\$ 163,000	\$ 82,642	\$ -	\$ 82,642	\$ (80,358)
Intergovernmental	2,542,000	2,542,000	603,688	-	603,688	(1,938,312)
Charges for services	870,000	870,000	497,956	-	497,956	(372,044)
Miscellaneous	4,200	4,200	4,901	-	4,901	701
Total revenues	3,579,200	3,579,200	1,189,187	-	1,189,187	(2,390,013)
<b>EXPENDITURES:</b>						
Personnel service	171,600	171,600	83,944	-	83,944	87,656
Materials and service	1,345,500	1,345,500	631,406	-	631,406	714,094
Capital outlay	6,440,000	6,440,000	847,986	-	847,986	5,592,014
Contingency	276,100	276,100	-	-	-	276,100
Total expenditures	8,233,200	8,233,200	1,563,336	-	1,563,336	6,669,864
Revenues over (under) expenditures	(4,654,000)	(4,654,000)	(374,149)	-	(374,149)	4,279,851
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of debt	4,500,000	4,500,000	-	-	-	(4,500,000)
Transfers in	480,000	480,000	380,000	-	380,000	(100,000)
Transfers out	(520,600)	(520,600)	(173,400)	-	(173,400)	347,200
Total other financing sources (uses)	4,459,400	4,459,400	206,600	-	206,600	(4,252,800)
Net change in fund balance	(194,600)	(194,600)	(167,549)	-	(167,549)	27,051
<b>FUND BALANCE, BEGINNING-BUDGETARY BASIS</b>	194,600	194,600	383,405	-	383,405	188,805
<b>FUND BALANCE, ENDING -BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	215,856	<u>\$ -</u>	<u>\$ 215,856</u>	<u>\$ 215,856</u>
The Street Fund is budgeted as an individual fund but is combined with the Street System Development Fund for GAAP reporting.						
			174,183			
<b>FUND BALANCE, ENDING</b>			<u>\$ 390,039</u>			

**CITY OF FLORENCE, OREGON**  
**FLORENCE URBAN RENEWAL AGENCY GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Taxes	\$ 1,071,500	\$ 1,071,500	\$ 540,348	\$ -	\$ 540,348	\$ (531,152)
Intergovernmental	1,639,700	1,639,700	340,036	-	340,036	(1,299,664)
Miscellaneous	16,000	16,000	47,470	-	47,470	31,470
Total revenues	2,727,200	2,727,200	927,854	-	927,854	(1,799,346)
<b>EXPENDITURES:</b>						
Materials and service	670,100	670,100	289,413	-	289,413	380,687
Capital outlay	3,482,500	3,482,500	1,875,868	-	1,875,868	1,606,632
Contingency	158,700	158,700	-	-	-	158,700
Total expenditures	4,311,300	4,311,300	2,165,281	-	2,165,281	2,146,019
Revenues over (under) expenditures	(1,584,100)	(1,584,100)	(1,237,427)	-	(1,237,427)	346,673
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of debt	400,000	400,000	-	-	-	(400,000)
Transfers out	(800,000)	(800,000)	(647,100)	-	(647,100)	152,900
Total other financing sources (uses)	(400,000)	(400,000)	(647,100)	-	(647,100)	(247,100)
Net change in fund balance	(1,984,100)	(1,984,100)	(1,884,527)	-	(1,884,527)	99,573
<b>FUND BALANCE, BEGINNING-BUDGETARY BASIS</b>						
	1,984,100	1,984,100	3,920,260	-	-	1,936,160
<b>FUND BALANCE, ENDING -BUDGETARY BASIS</b>						
	\$ -	\$ -	\$ 2,035,733	\$ -	\$ (1,884,527)	\$ 2,035,733

**CITY OF FLORENCE, OREGON**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.02788294%	\$ 4,823,081	\$ 3,762,260	128.20%	80.20%
2018	0.02703036%	4,094,744	3,669,227	111.60%	82.10%
2017	0.02733098%	3,684,226	3,257,585	113.10%	83.10%
2016	0.02535152%	3,805,852	3,354,642	113.45%	80.53%
2015	0.02730409%	1,567,653	3,238,206	48.41%	91.90%
2014	0.02378761%	(539,197)	3,154,516	-17.09%	103.60%
2013	0.02378761%	1,213,917	3,015,337	40.26%	91.97%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE**

**Changes in Benefit Terms:**

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

**Changes of Assumptions:**

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

**CITY OF FLORENCE, OREGON  
SCHEDULE OF CONTRIBUTIONS - PENSION  
For the Last Ten Fiscal Years<sup>1</sup>**

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 450,246	\$ 450,246	\$ -	\$ 3,695,621	12.18%
2019	312,862	312,862	-	3,762,260	8.32%
2018	331,774	331,774	-	3,669,227	9.04%
2017	227,630	227,630	-	3,257,585	6.99%
2016	239,728	239,728	-	3,354,642	7.15%
2015	228,397	228,397	-	3,238,206	7.05%
2014	251,436	251,436	-	3,154,516	7.97%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE**

**Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions**

Actuarial valuation:	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Asset valuation method:	Market value	Market value	Market value
Remaining amortization periods:	20 years	20 years	N/A
Actuarial assumptions			
Inflation rate	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	7.50 percent	7.75 percent	8.00 percent

**CITY OF FLORENCE, OREGON**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF OPEB - RHIA**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) Covered payroll	(b/c) City's share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.02969519%	\$ (57,382)	\$ 3,762,260	-1.53%	144.4%
2018	0.03019437%	(33,705)	3,669,227	-0.92%	124.0%
2017	0.02881056%	(12,024)	3,257,585	-0.37%	108.9%

**NOTES TO SCHEDULE**

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**Changes of Assumptions:**

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 total OPEB liability. The changes include lowering of the long-term expected rate of return to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changes to reflect an updated trends and mortality improvement scale for all groups.



**CITY OF FLORENCE, OREGON**  
**SCHEDULE OF CONTRIBUTIONS TO OPEB - RHIA**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 1,149	\$ 1,149	\$ -	\$ 3,695,621	0.03%
2019	14,718	14,718	-	3,762,260	0.39%
2018	14,620	14,620	-	3,669,227	0.40%
2017	14,494	14,494	-	3,257,585	0.44%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**NOTES TO SCHEDULE**

**Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions**

Actuarial valuation:	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period:	10 years	10 years	10 years
Asset valuation method:	Market value	Market value	Market value
Remaining amortization periods:	20 years	20 years	N/A
<b>Actuarial assumptions</b>			
Inflation rate	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	None. Statute stipulates \$60 monthly payment for healthcare insurance	None. Statute stipulates \$60 monthly payment for healthcare insurance	None. Statute stipulates \$60 monthly payment for healthcare insurance

**CITY OF FLORENCE, OREGON**  
**SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED**  
**RATIOS - IMPLICIT RATE SUBSIDY**  
**For the Last Ten Fiscal Years<sup>1</sup>**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service Interest	\$ 18,602	\$ 17,474	\$ 18,661
Interest	11,711	10,129	8,583
Differences between economic/demographic gains or losses	-	41,955	-
Changes of assumptions	7,335	(17,222)	(13,340)
Benefit payment	(37,666)	(30,002)	(31,896)
<b>Net change in total OPEB liability</b>	<u>(18)</u>	<u>22,334</u>	<u>(17,992)</u>
<b>Total OPEB liability - beginning</b>	302,666	280,332	298,324
<b>Total OPEB liability - ending (a)</b>	<u>\$ 302,648</u>	<u>\$ 302,666</u>	<u>\$ 280,332</u>
Covered-employee payroll	\$ 3,695,621	\$ 3,762,260	\$ 3,669,227
Total OPEB liability as a percentage of covered-employee payroll	8.19%	8.04%	7.64%

**NOTES TO SCHEDULE**

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF FLORENCE, OREGON**  
**SCHEDULE OF CONTRIBUTIONS TO OPEB - IMPLICIT RATE SUBSIDY**  
**For the Last Ten Fiscal Years<sup>1</sup>**

Year Ended June 30,	(a) Actuarially determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2020	\$ 35,016	\$ 35,016	\$ -	\$ 3,695,621	0.95%
2019	37,666	37,666	-	3,762,260	1.00%
2018	30,002	30,002	-	3,669,227	0.82%
2017	31,896	31,896	-	3,257,585	0.98%

**NOTES TO SCHEDULE**

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

<sup>1</sup>This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions**

Actuarial valuation:	July 1, 2018	July 1, 2016
Effective:	June 30, 2018 and 2019	June 30, 2016 and 2017
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Amortization method:	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period:	6.8 years	7.7 years
Asset valuation method:	Market value	Market value
Remaining amortization periods:	20 years	20 years
Actuarial assumptions		
Inflation rate	2.50 percent	2.50 percent
Projected salary increases	3.50 percent	3.50 percent

## **OTHER SUPPLEMENTARY INFORMATION**

## OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Street System Development Fund
- Debt Service Fund
- FURA Debt Service Fund
- Combining Statements – Nonmajor Governmental Funds
- Combining Statement - General Fund - Generally Accepted Accounting Principles
- Budgetary Comparison Schedules
- Budgetary Comparison Schedules – Enterprise Funds

## COMBINING STATEMENTS

### Nonmajor Governmental Funds

#### **Special Revenue Funds**

These funds account for revenue derived from specific taxes or other earmarked revenue sources, which are legally restricted to expenditures for specified purposes. Funds included in this 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**

These funds are used to account for revenues and expenditures related to the servicing of general long-term debt:

#### **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  
STREET SYSTEM DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2020**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Charges for services	\$ 70,000	\$ 70,000	\$ 50,209	\$ -	\$ 50,209	\$ (19,791)
Miscellaneous	30,000	30,000	14,622	-	14,622	(15,378)
Total revenues	100,000	100,000	64,831	-	64,831	(35,169)
<b>EXPENDITURES:</b>						
Materials and service	2,400	2,400	473	-	473	1,927
Contingency	77,900	77,900	-	-	-	77,900
Total expenditures	80,300	80,300	473	-	473	79,827
Revenues over (under) expenditures	19,700	19,700	64,358	-	64,358	44,658
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers out	(480,000)	(480,000)	(380,000)	-	(380,000)	100,000
Total other financing sources (uses)	(480,000)	(480,000)	(380,000)	-	(380,000)	100,000
Net change in fund balance	(460,300)	(460,300)	(315,642)	-	(315,642)	144,658
<b>FUND BALANCE, BEGINNING-BUDGETARY BASIS</b>						
	460,300	460,300	489,825	-	489,825	29,525
<b>FUND BALANCE, ENDING -BUDGETARY BASIS</b>						
	\$ -	\$ -	174,183	\$ -	\$ 174,183	\$ 174,183
The Street System Development Fund is budgeted as an individual fund but is combined with the Street Fund for GAAP reporting.						
			(174,183)			
<b>FUND BALANCE, ENDING</b>						
			\$ -			

**CITY OF FLORENCE, OREGON**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Miscellaneous	\$ 308,000	\$ 308,000	\$ 94,026	\$ -	\$ 94,026	\$ (213,974)
Total revenues	308,000	308,000	94,026	-	94,026	(213,974)
<b>EXPENDITURES:</b>						
Materials and service	800	800	860	-	860	(60)
Capital outlay	-	-	60,503	-	60,503	(60,503)
Debt service:						
Principal	1,415,000	1,415,000	636,896	-	636,896	778,104
Interest	817,500	817,500	387,225	-	387,225	430,275
Total expenditures	2,233,300	2,233,300	1,085,484	-	1,085,484	1,147,816
Revenues over (under) expenditures	(1,925,300)	(1,925,300)	(991,458)	-	(991,458)	933,842
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	1,673,000	1,673,000	776,700	-	776,700	(1,673,000)
Transfers out	-	-	-	-	-	776,700
Total other financing sources (uses)	1,673,000	1,673,000	776,700	-	776,700	(896,300)
Net change in fund balance	(252,300)	(252,300)	(214,758)	-	(214,758)	37,542
<b>FUND BALANCE, BEGINNING -</b>						
<b>BUDGETARY BASIS</b>	823,600	823,600	599,791	-	599,791	(223,809)
<b>FUND BALANCE, ENDING -</b>						
<b>BUDGETARY BASIS</b>	\$ 571,300	\$ 571,300	\$ 385,033	\$ -	\$ 385,033	\$ (186,267)

**CITY OF FLORENCE, OREGON**  
**FURA DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>EXPENDITURES:</b>						
Debt service:						
Principal	\$ 496,200	496,200	\$ 143,228	\$ -	\$ 143,228	\$ 352,972
Interest	226,600	226,600	76,589	-	76,589	150,011
Contingency	80,600	80,600	-	-	-	80,600
Total expenditures	803,400	803,400	219,817	-	219,817	583,583
Revenues over (under) expenditures	(803,400)	(803,400)	(219,817)	-	(219,817)	583,583
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	800,000	800,000	647,100	-	647,100	(152,900)
Total other financing sources (uses)	800,000	800,000	647,100	-	647,100	(152,900)
Net changes in fund balances	(3,400)	(3,400)	427,283	-	427,283	430,683
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	3,400	3,400	(346,643)	-	(346,643)	(350,043)
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	\$ 80,640	\$ -	\$ 80,640	\$ 80,640



**CITY OF FLORENCE, OREGON  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2020**

	Special Revenue Funds		Debt Service Fund	Nonmajor Governmental Funds
	9-1-1 Emergency Fund	Room Tax Fund	General Obligation Bond Fund	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 520,830	\$ 20,187	\$ 85,844	\$ 626,861
Receivable, net:				
Accounts	46,554	-	655	47,209
Taxes	-	-	7,366	7,366
<b>Total assets</b>	<b>\$ 567,384</b>	<b>\$ 20,187</b>	<b>\$ 93,865</b>	<b>\$ 681,436</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 8,375	\$ 20,043	\$ -	\$ 28,418
<b>Total liabilities</b>	<b>8,375</b>	<b>20,043</b>	<b>-</b>	<b>28,418</b>
<b>DEREFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	-	-	6,844	6,844
Unavailable revenue - other	10,584	-	-	10,584
<b>Total deferred inflows of resources</b>	<b>10,584</b>	<b>-</b>	<b>6,844</b>	<b>17,428</b>
<b>FUND BALANCE:</b>				
Restricted for:				
Public safety	548,425	-	-	548,425
Tourism	-	144	-	144
Debt service	-	-	87,021	87,021
<b>Total fund balance</b>	<b>548,425</b>	<b>144</b>	<b>87,021</b>	<b>635,590</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 567,384</b>	<b>\$ 20,187</b>	<b>\$ 93,865</b>	<b>\$ 681,436</b>

**CITY OF FLORENCE, OREGON  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2020**

	Special Revenue Funds		Debt Service Fund	
	9-1-1 Emergency Fund	Room Tax Fund	General Obligation Bond Fund	Nonmajor Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ -	\$ 294,222	\$ 153,530	\$ 447,752
Intergovernmental	113,379	-	-	113,379
Charges for services	173,353	-	-	173,353
Miscellaneous	4,983	-	4,191	9,174
Total revenues	291,715	294,222	157,721	743,658
<b>EXPENDITURES:</b>				
Current:				
Administration	-	140,940	-	140,940
Public safety	680,030	-	-	680,030
Capital outlay	31,671	-	-	31,671
Debt service:				
Principal	-	-	164,094	164,094
Interest	-	-	10,378	10,378
Total expenditures	711,701	140,940	174,472	1,027,113
Revenues over (under) expenditures	(419,986)	153,282	(16,751)	(283,455)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	700,000	-	-	700,000
Transfers out	(100,000)	(235,487)	-	(335,487)
Total other financing sources (uses)	600,000	(235,487)	-	364,513
Net change in fund balance	180,014	(82,205)	(16,751)	81,058
<b>FUND BALANCE, BEGINNING</b>	368,411	82,349	103,772	554,532
<b>FUND BALANCE, ENDING</b>	\$ 548,425	\$ 144	\$ 87,021	\$ 635,590

## **BUDGETARY COMPARISON SCHEDULES**

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balance - budget and actual be displayed for each fund where legally adopted budgets are required.

Governmental Budgetary Comparison schedules not included in required supplemental information include the following:

- Special Revenue Funds
  - 9-1-1 Emergency Fund
  - Room Tax Fund
  
- Debt Service Funds
  - General Obligation Bond Fund

**CITY OF FLORENCE, OREGON**  
**9-1-1 EMERGENCY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Intergovernmental	\$ 220,000	\$ 220,000	\$ 113,379	\$ -	\$ 113,379	\$ (106,621)
Charges for services	340,000	340,000	173,353	-	173,353	(166,647)
Miscellaneous	1,000	1,000	4,983	-	4,983	3,983
Total revenues	561,000	561,000	291,715	-	291,715	(269,285)
<b>EXPENDITURES:</b>						
Personnel service	1,130,900	1,130,900	568,708	-	568,708	562,192
Materials and service	275,000	275,000	111,322	-	111,322	163,678
Capital outlay	50,000	50,000	31,671	-	31,671	18,329
Contingency	551,500	551,500	-	-	-	551,500
Total expenditures	2,007,400	2,007,400	711,701	-	711,701	1,295,699
Revenues over (under) expenditures	(1,446,400)	(1,446,400)	(419,986)	-	(419,986)	1,026,414
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	1,417,000	1,417,000	700,000	-	700,000	(717,000)
Transfers out	(275,000)	(275,000)	(100,000)	-	(100,000)	175,000
Total other financing sources (uses)	1,142,000	1,142,000	600,000	-	600,000	(542,000)
Net change in fund balance	(304,400)	(304,400)	180,014	-	180,014	484,414
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	304,400	304,400	368,411	-	-	64,011
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	\$ 548,425	\$ -	\$ 180,014	\$ 548,425

**CITY OF FLORENCE, OREGON  
ROOM TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2020**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Taxes	\$ 866,600	\$ 866,600	\$ 294,222	\$ -	\$ 294,222	\$ (572,378)
Total revenues	866,600	866,600	294,222	-	294,222	(572,378)
<b>EXPENDITURES:</b>						
Materials and service	327,200	327,200	140,940	-	140,940	186,260
Contingency	134,700	134,700	-	-	-	134,700
Total expenditures	461,900	461,900	140,940	-	140,940	320,960
Revenues over (under) expenditures	404,700	404,700	153,282	-	153,282	(251,418)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers out	(507,300)	(507,300)	(235,487)	-	(235,487)	271,813
Total other financing sources (uses)	(507,300)	(507,300)	(235,487)	-	(235,487)	271,813
Net change in fund balance	(102,600)	(102,600)	(82,205)	-	(82,205)	20,395
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	102,600	102,600	82,349	-	82,349	(20,251)
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	\$ 144	\$ -	\$ 144	\$ 144

**CITY OF FLORENCE, OREGON**  
**GENERAL OBLIGATION BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Taxes	\$ 318,100	\$ 318,100	153,530	-	153,530	(164,570)
Miscellaneous	100	100	\$ 4,191	\$ -	\$ 4,191	\$ 4,091
Total revenues	318,200	318,200	157,721	-	157,721	(160,479)
<b>EXPENDITURES:</b>						
Debt service:						
Principal	328,189	328,189	164,094	-	164,094	164,095
Interest	17,411	17,411	10,378	-	10,378	7,033
Total expenditures	345,600	345,600	174,472	-	174,472	171,128
Net change in fund balance	(27,400)	(27,400)	(16,751)	-	(16,751)	10,649
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	29,200	29,200	103,772	-	103,772	74,572
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ 1,800	\$ 1,800	\$ 87,021	\$ -	\$ 87,021	\$ 85,221

## **BUDGETARY COMPARISON SCHEDULES**

### **Enterprise Funds**

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balance - budget and actual be displayed for each fund where legally adopted budgets are required.

Enterprise Budgetary Comparison schedules include the following:

- Water Funds
  - Water Fund
  - Water System Development Fund
  
- Wastewater Fund
  - Wastewater Fund
  - Wastewater Systems Development Fund
  
- Airport Fund
  - Airport Fund
  
- Stormwater Funds
  - Stormwater Fund
  - Stormwater Systems Development Fund
  
- Events Center
  - Events Center Fund

**CITY OF FLORENCE, OREGON**  
**WATER FUNDS COMBINED**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2020**

	Water Fund	Water System Development Fund	Total Water Funds
<b>REVENUES:</b>			
Intergovernmental	\$ 117	\$ -	\$ 117
Charges for services	2,244,412	-	2,244,412
Miscellaneous	25,412	153,461	178,873
	<u>2,269,941</u>	<u>153,461</u>	<u>2,423,402</u>
<b>EXPENDITURES:</b>			
Personal services	345,269	-	345,269
Materials and services	1,489,179	-	1,489,179
Capital outlay	813,948	-	813,948
Debt service:			
Principal	87,415	-	87,415
Interest	57,602	-	57,602
	<u>2,793,413</u>	<u>-</u>	<u>2,793,413</u>
Total expenditures	<u>2,793,413</u>	<u>-</u>	<u>2,793,413</u>
Net change in fund balance	(523,472)	153,461	(370,011)
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<u>1,085,680</u>	<u>341,749</u>	<u>1,427,429</u>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<u>\$ 562,208</u>	<u>\$ 495,210</u>	1,057,418
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>			
Inventory			34,172
Capital assets, net			9,416,544
Net OPEB asset			2,459
Deferred outflows related to pensions			65,516
Deferred outflows related to OPEB			3,253
Unavailable revenue			6,238
Accrued interest			(4,566)
Compensated absences payable			(19,926)
Long-term debt			(1,693,995)
Net pension liability			(206,680)
Net OPEB liability			(12,969)
Deferred outflows related to pensions			(18,438)
Deferred outflows related to OPEB			(1,434)
<b>NET POSITION</b>			<u>\$ 8,627,592</u>



**CITY OF FLORENCE, OREGON**  
**WATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Biennium Budget		Actual		Variance with Final Budget	
	Original	Final	FY 2019-20	FY 2020-21		
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ -	\$ 117	\$ -	\$ 117	\$ 117
Charges for services	4,475,000	4,475,000	2,244,412	-	2,244,412	(2,230,588)
Miscellaneous	10,000	10,000	25,412	-	25,412	15,412
<b>Total revenues</b>	<b>4,485,000</b>	<b>4,485,000</b>	<b>2,269,941</b>	<b>-</b>	<b>2,269,941</b>	<b>(2,215,059)</b>
<b>EXPENDITURES:</b>						
Personal services	764,200	764,200	345,269	-	345,269	418,931
Materials and services	3,017,200	3,017,200	1,489,179	-	1,489,179	1,528,021
Capital outlay	3,125,000	3,125,000	813,948	-	813,948	2,311,052
Debt service:						
Principal	173,100	173,100	87,415	-	87,415	85,685
Interest	118,800	118,800	57,602	-	57,602	61,198
Contingency	905,100	905,100	-	-	-	905,100
<b>Total expenditures</b>	<b>8,103,400</b>	<b>8,103,400</b>	<b>2,793,413</b>	<b>-</b>	<b>2,793,413</b>	<b>5,309,987</b>
Revenues over (under) expenditures	(3,618,400)	(3,618,400)	(523,472)	-	(523,472)	3,094,928
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of debt	2,200,000	2,200,000	-	-	-	(2,200,000)
Transfers in	250,000	250,000	-	-	-	(250,000)
<b>Total other financing sources (uses)</b>	<b>2,450,000</b>	<b>2,450,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,450,000)</b>
Net change in fund balance	(1,168,400)	(1,168,400)	(523,472)	-	(523,472)	644,928
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<b>1,168,400</b>	<b>1,168,400</b>	<b>1,085,680</b>	<b>-</b>	<b>1,085,680</b>	<b>(82,720)</b>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 562,208</b>	<b>\$ -</b>	<b>\$ 562,208</b>	<b>\$ 562,208</b>

**CITY OF FLORENCE, OREGON  
WATER SYSTEM DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2020**

	Biennium Budget		Actual		Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	
<b>REVENUES:</b>					
Charges for services	\$ 193,500	\$ 193,500	\$ -	\$ -	\$ (193,500)
Miscellaneous	30,000	30,000	153,461	-	123,461
Total revenues	223,500	223,500	153,461	-	(70,039)
<b>EXPENDITURES:</b>					
Contingency	174,000	174,000	-	-	174,000
Total expenditures	174,000	174,000	-	-	174,000
Revenues over (under) expenditures	49,500	49,500	153,461	-	103,961
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	(250,000)	(250,000)	-	-	250,000
Total other financing sources (uses)	(250,000)	(250,000)	-	-	250,000
Net change in fund balance	(200,500)	(200,500)	153,461	-	353,961
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	200,500	200,500	341,749	-	141,249
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	\$ 495,210	\$ -	\$ 495,210

**CITY OF FLORENCE, OREGON  
WASTEWATER FUND COMBINED  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2020**

	Wastewater Fund	Wastewater Systems Development Fund	Total Wastewater Fund
<b>REVENUES:</b>			
Intergovernmental	\$ 117	\$ -	\$ 117
Charges for services	3,314,331	-	3,314,331
Miscellaneous	96,570	338,264	434,834
Total revenues	<u>3,411,018</u>	<u>338,264</u>	<u>3,749,282</u>
<b>EXPENDITURES:</b>			
Personnel service	451,825	-	451,825
Materials and service	1,693,922	709	1,694,631
Capital outlay	553,046	-	553,046
Debt service:			
Principal	1,037,144	-	1,037,144
Interest	107,600	-	107,600
Total expenditures	<u>3,843,537</u>	<u>709</u>	<u>3,844,246</u>
Revenues over (under) expenditures	<u>(432,519)</u>	<u>337,555</u>	<u>(94,964)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	490,000	-	490,000
Transfers out	-	(250,000)	(250,000)
Total other financing sources (uses)	<u>490,000</u>	<u>(250,000)</u>	<u>240,000</u>
Net change in fund balance	57,481	87,555	145,036
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<u>148,971</u>	<u>227,328</u>	<u>376,299</u>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<u>\$ 206,452</u>	<u>\$ 314,883</u>	521,335
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>			
Inventory			15,498
Capital assets, net			16,172,900
Net OPEB asset			4,583
Deferred outflows related to pensions			122,117
Deferred outflows related to OPEB			6,064
Unavailable revenue			26,462
Accrued interest			(13,440)
Compensated absences payable			(25,147)
Long-term debt			(4,730,680)
Net pension liability			(385,237)
Net OPEB liability			(24,174)
Deferred outflows related to pensions			(34,367)
Deferred outflows related to OPEB			(2,672)
<b>NET POSITION</b>			<u>\$ 11,653,242</u>

**CITY OF FLORENCE, OREGON**  
**WASTEWATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Biennium Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ -	\$ 117	\$ -	\$ 117	\$ 117
Charges for services	6,660,000	6,660,000	3,314,331	-	3,314,331	(3,345,669)
Miscellaneous	411,000	411,000	96,570	-	96,570	(314,430)
<b>Total revenues</b>	<b>7,071,000</b>	<b>7,071,000</b>	<b>3,411,018</b>	<b>-</b>	<b>3,411,018</b>	<b>(3,659,982)</b>
<b>EXPENDITURES:</b>						
Personnel service	883,900	883,900	451,825	-	451,825	432,075
Materials and service	3,283,500	3,283,500	1,693,922	-	1,693,922	1,589,578
Capital outlay	2,345,000	2,345,000	553,046	-	553,046	1,791,954
Debt service:						
Principal	2,089,300	2,089,300	1,037,144	-	1,037,144	1,052,156
Interest	177,300	177,300	107,600	-	107,600	69,700
Contingency	891,800	891,800	-	-	-	891,800
<b>Total expenditures</b>	<b>9,670,800</b>	<b>9,670,800</b>	<b>3,843,537</b>	<b>-</b>	<b>3,843,537</b>	<b>5,827,263</b>
Revenues over (under) expenditures	(2,599,800)	(2,599,800)	(432,519)	-	(432,519)	2,167,281
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of debt	1,250,000	1,250,000	-	-	-	(1,250,000)
Transfers in	550,000	550,000	490,000	-	490,000	(60,000)
<b>Total other financing sources (uses)</b>	<b>1,800,000</b>	<b>1,800,000</b>	<b>490,000</b>	<b>-</b>	<b>490,000</b>	<b>(1,310,000)</b>
Net change in fund balance	(799,800)	(799,800)	57,481	-	57,481	857,281
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>						
	799,800	799,800	148,971	-	148,971	(650,829)
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>						
	\$ -	\$ -	\$ 206,452	\$ -	\$ 206,452	\$ 206,452

**CITY OF FLORENCE, OREGON**  
**WASTEWATER SYSTEMS DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Biennium Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Charges for services	\$ 214,000	\$ 214,000	\$ -	\$ -	\$ -	\$ (214,000)
Miscellaneous	15,000	15,000	338,264	-	338,264	323,264
Total revenues	229,000	229,000	338,264	-	338,264	109,264
<b>EXPENDITURES:</b>						
Materials and service	3,600	3,600	709	-	709	2,891
Contingency	63,300	63,300	-	-	-	63,300
Total expenditures	66,900	66,900	709	-	709	66,191
Revenues over (under) expenditures	162,100	162,100	337,555	-	337,555	175,455
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers out	(550,000)	(550,000)	(250,000)	-	(250,000)	300,000
Total other financing sources (uses)	(550,000)	(550,000)	(250,000)	-	(250,000)	300,000
Net change in fund balance	(387,900)	(387,900)	87,555	-	87,555	475,455
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>						
	387,900	387,900	227,328	-	227,328	(160,572)
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>						
	\$ -	\$ -	\$ 314,883	\$ -	\$ 314,883	\$ 314,883

**CITY OF FLORENCE, OREGON**  
**AIRPORT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Biennium Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Intergovernmental	\$ 78,000	\$ 78,000	\$ 79,359	\$ -	\$ 79,359	\$ 1,359
Charges for services	120,000	120,000	60,322	-	60,322	(59,678)
Miscellaneous	167,200	167,200	85,433	-	85,433	(81,767)
Total revenues	365,200	365,200	225,114	-	225,114	(140,086)
<b>EXPENDITURES:</b>						
Materials and service	293,500	293,500	136,827	-	136,827	156,673
Capital outlay	135,000	135,000	142,406	-	142,406	(7,406)
Contingency	158,400	158,400	-	-	-	158,400
Total expenditures	586,900	586,900	279,233	-	279,233	307,667
Net change in fund balance	(221,700)	(221,700)	(54,119)	-	(54,119)	167,581
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	221,700	221,700	54,684	-	54,684	(167,016)
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	565	<u>\$ -</u>	<u>\$ 565</u>	<u>\$ 565</u>
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>						
Inventory			20,644			
Capital assets, net			3,594,378			
Unavailable revenue			2,691			
<b>NET POSITION</b>			<u>\$ 3,618,278</u>			

**CITY OF FLORENCE, OREGON  
STORMWATER FUNDS COMBINED  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2020**

	Stormwater Fund	Stormwater Systems Development Fund	Total Stormwater Funds
<b>REVENUES:</b>			
Charges for services	\$ 563,923	\$ -	\$ 563,923
Miscellaneous	178	78,954	79,132
	<u>564,101</u>	<u>78,954</u>	<u>643,055</u>
Total revenues			
<b>EXPENDITURES:</b>			
Personnel service	156,976	-	156,976
Materials and service	270,456	197	270,653
Capital outlay	80,899	-	80,899
Debt service:			
Principal	15,283	-	15,283
Interest	1,409	-	1,409
	<u>525,023</u>	<u>197</u>	<u>525,220</u>
Total expenditures			
Revenues over (under) expenditures	39,078	78,757	117,835
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	200,000	-	200,000
Transfers out	-	(200,000)	(200,000)
	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>
Total other financing sources (uses)			
Net changes in fund balances	239,078	(121,243)	117,835
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>780,939</u>	<u>228,448</u>	<u>1,009,387</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 1,020,017</u>	<u>\$ 107,205</u>	<u>1,127,222</u>
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>			
Capital assets, net			1,897,629
Net OPEB asset			990
Deferred outflows related to pensions			26,366
Deferred outflows related to OPEB			1,309
Unavailable revenue			7,684
Accrued interest			(371)
Compensated absences payable			(3,982)
Long-term debt			(222,867)
Net pension liability			(83,176)
Net OPEB liability			(5,219)
Deferred outflows related to pensions			(7,420)
Deferred outflows related to OPEB			(577)
			<u>2,737,588</u>
<b>NET POSITION</b>			<u>\$ 2,737,588</u>

**CITY OF FLORENCE, OREGON**  
**STORMWATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Biennium Budget		Actual		Biennium	Variance Positive (Negative)
	Original	Final	FY 2019-20	FY 2020-21		
<b>REVENUES:</b>						
Charges for services	\$ 1,124,300	\$ 1,124,300	\$ 563,923	\$ -	\$ 563,923	\$ (560,377)
Miscellaneous	1,000	1,000	178	-	178	(822)
Total revenues	1,125,300	1,125,300	564,101	-	564,101	(561,199)
<b>EXPENDITURES:</b>						
Personnel service	311,500	311,500	156,976	-	156,976	154,524
Materials and service	583,800	583,800	270,456	-	270,456	313,344
Capital outlay	890,000	890,000	80,899	-	80,899	809,101
Debt service:						
Principal	30,900	30,900	15,283	-	15,283	15,617
Interest	5,900	5,900	1,409	-	1,409	4,491
Contingency	229,600	229,600	-	-	-	229,600
Total expenditures	2,051,700	2,051,700	525,023	-	525,023	1,526,677
Revenues over (under) expenditures	(926,400)	(926,400)	39,078	-	39,078	965,478
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	200,000	200,000	200,000	-	200,000	-
Total other financing sources (uses)	200,000	200,000	200,000	-	200,000	-
Net changes in fund balances	(726,400)	(726,400)	239,078	-	239,078	965,478
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>						
	726,400	726,400	780,939	-	780,939	54,539
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>						
	\$ -	\$ -	\$ 1,020,017	\$ -	\$ 1,020,017	\$ 1,020,017



**CITY OF FLORENCE, OREGON**  
**STORMWATER SYSTEMS DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Biennium Budget		Actual		Biennium	Variance Positive (Negative)
	Original	Final	FY 2019-20	FY 2020-21		
<b>REVENUES:</b>						
Charges for services	\$ 118,000	\$ 118,000	\$ -	\$ -	\$ -	\$ (118,000)
Miscellaneous	2,000	2,000	78,954	-	78,954	76,954
Total revenues	120,000	120,000	78,954	-	78,954	(41,046)
<b>EXPENDITURES:</b>						
Materials and service	1,000	1,000	197	-	197	803
Contingency	97,400	97,400	-	-	-	97,400
Total expenditures	98,400	98,400	197	-	197	98,203
Revenues over (under) expenditures	21,600	21,600	78,757	-	78,757	57,157
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers out	(200,000)	(200,000)	(200,000)	-	(200,000)	-
Total other financing sources (uses)	(200,000)	(200,000)	(200,000)	-	(200,000)	-
Net changes in fund balances	(178,400)	(178,400)	(121,243)	-	(121,243)	57,157
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	178,400	178,400	228,448	-	228,448	50,048
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	\$ 107,205	\$ -	\$ 107,205	\$ 107,205

**CITY OF FLORENCE, OREGON**  
**EVENTS CENTER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Biennium Budget		Actual			Variance Positive (Negative)
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Intergovernmental	\$ 227,500	\$ 227,500	\$ 128,524	\$ -	\$ 128,524	\$ (98,976)
Charges for services	414,900	582,400	217,871	-	217,871	(364,529)
Miscellaneous	307,000	307,000	103,358	-	103,358	(203,642)
Total revenues	949,400	1,116,900	449,753	-	449,753	(667,147)
<b>EXPENDITURES:</b>						
Personnel service	507,300	507,300	244,200	-	244,200	263,100
Materials and service	1,021,300	1,178,800	498,271	-	498,271	680,529
Capital outlay	250,000	260,000	35,474	-	35,474	224,526
Contingency	293,900	293,900	-	-	-	293,900
Total expenditures	2,072,500	2,240,000	777,945	-	777,945	1,462,055
Revenues over (under) expenditures	(1,123,100)	(1,123,100)	(328,192)	-	(328,192)	794,908
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of debt	150,000	150,000	-	-	-	(150,000)
Transfers in	507,300	507,300	235,487	-	235,487	(271,813)
Total other financing sources (uses)	657,300	657,300	235,487	-	235,487	(421,813)
Net changes in fund balances	(465,800)	(465,800)	(92,705)	-	(92,705)	373,095
<b>FUND BALANCE, BEGINNING</b>	465,800	465,800	466,692	-	466,692	892
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	373,987	\$ -	\$ 373,987	\$ 373,987
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>						
Capital assets, net			1,878,505			
Net OPEB asset			2,706			
Deferred outflows related to pensions			72,107			
Deferred outflows related to OPEB			3,581			
Compensated absences payable			(20,667)			
Net pension liability			(227,474)			
Net OPEB liability			(14,274)			
Deferred outflows related to pensions			(20,293)			
Deferred outflows related to OPEB			(1,578)			
<b>NET POSITION</b>			<u>\$ 2,046,600</u>			

## **BUDGETARY COMPARISON SCHEDULES**

### **Internal Service Funds**

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

- Public Works Admin Fund

**CITY OF FLORENCE, OREGON  
PUBLIC WORKS ADMIN FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2020**

	Biennium Budget		Actual		Variance with	
	Original	Final	FY 2019-20	FY 2020-21	Biennium	Final Budget
<b>REVENUES:</b>						
Intergovernmental	\$ 93,600	\$ 93,600	\$ 10,731	\$ -	\$ 10,731	\$ (82,869)
Charges for services	2,588,100	2,588,100	1,258,185	-	1,258,185	(1,329,915)
Total revenues	2,681,700	2,681,700	1,268,916	-	1,268,916	(1,412,784)
<b>EXPENDITURES:</b>						
Personal services	1,540,800	1,540,800	646,960	-	646,960	893,840
Material services	366,600	366,600	206,677	-	206,677	159,923
Capital outlay	700,000	700,000	271,066	-	271,066	428,934
Contingency	171,200	171,200	-	-	-	171,200
Total expenditures	2,778,600	2,778,600	1,124,703	-	1,124,703	1,653,897
Revenues over (under) expenditures	(96,900)	(96,900)	144,213	-	144,213	241,113
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of debt	350,000	350,000	-	-	-	(350,000)
Transfers out	(439,400)	(439,400)	(219,700)	-	(219,700)	219,700
Total other financing sources (uses)	(89,400)	(89,400)	(219,700)	-	(219,700)	(130,300)
Net change in fund balance	(186,300)	(186,300)	(75,487)	-	(75,487)	110,813
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>						
	186,300	186,300	99,802	-	99,802	(86,498)
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>						
	\$ -	\$ -	24,315	\$ -	\$ 24,315	\$ 24,315
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>						
Capital assets, net			3,912,937			
Net OPEB asset			6,411			
Deferred outflows related to pensions			170,806			
Deferred outflows related to OPEB			8,482			
Accrued interest			(6,948)			
Compensated absences payable			(48,659)			
Long-term debt			(2,849,898)			
Net pension liability			(538,833)			
Net OPEB liability			(33,812)			
Deferred outflows related to pensions			(48,069)			
Deferred outflows related to OPEB			(3,738)			
<b>NET POSITION</b>			<u>\$ 592,994</u>			

## **AUDIT COMMENTS AND DISCLOSURES**

**INDEPENDENT AUDITOR’S REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH OREGON STATE REGULATION**

The Honorable Mayor and City Council  
City of Florence, Oregon

We have audited the basic financial statements of City of Florence, Oregon, as of and for the year ended June 30, 2020 and have issued our report thereon dated May 7, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- 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, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

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 *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2020:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Debt Service Fund	Materials and service	\$ 60
Debt Service Fund	Capital outlay	\$ 60,503
Airport Fund	Capital outlay	\$ 7,406

## **OAR 162-10-0230 Internal Control**

In planning and performing our audit of the financial statements, we considered City of Florence's internal control over financial reporting (internal control) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co  
Tualatin, Oregon  
May 7, 2021