



City of Florence, Oregon
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2021

CITY OF FLORENCE, OREGON

Comprehensive Annual

Financial Report

Year Ended June 30, 2021

Prepared by:

Finance Department

Anne Baker
Administrative Services
Director

**City of Florence, Oregon
Annual Financial Report
Year Ended June 30, 2021**

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INTRODUCTORY SECTION



City of Florence

250 Hwy 101, Florence, OR 97439
www.ci.florence.or.us

December 15, 2021

Honorable Mayor Joe Henry
Members of the Florence City Council
Citizens of Florence, Oregon

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, unless extended, a complete set of audited financial statements. Thus, we are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Florence, Oregon (City) for the fiscal year ended June 30, 2021, together with the unmodified opinion therein of our independent certified public accountants, Merina + Co.

Management has the full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for that purpose. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various fund of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

It is the responsibility of Merina + Co, as the independent accountants, to express an opinion of the fairness of the basic financial statements which have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The independent accounts have attested to the fairness of the basic financial statements with an unmodified opinion as presented in the Independent Auditor's Report.

In addition to the annual audit, the City is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Single Audit Act, Office of Management and Budget (OMB) Circular A-133 and the provisions of Government Auditing Standards promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. A report on the City's compliance with Federal laws and regulations related to the Single Audit Act, OMB Circular A-133 is presented in a separate report.

This report includes all funds of the City including the Florence Urban Renewal Agency (FURA), an urban renewal agency. Financial data for FURA are included in these statements as a blended component unit.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the report of the independent auditors, beginning on page 4.



Public Works
2675 Kingwood St.
(541) 997-4106

**City Manager /
City Recorder**
900 Greenwood St.
(541) 997-3437

**Community Development:
Planning & Building**
2675 Kingwood St.
(541) 997-8237

**Finance /
Utility Billing**
2675 Kingwood St.
(541) 997-3436

Justice Center
900 Greenwood St.
(541) 997-3515

Florence Events Center
715 Quince St.
(541) 997-1994



FLORENCE, OREGON PROFILE

Incorporated in 1893, Florence is a scenic seaside community at the confluence of the Siuslaw River and the Pacific Ocean. The City is located along the Pacific Coast Scenic Byway (Highway 101), only one hour west of Eugene, and is served by a marina and boasts its own airport.



Florence’s Historic Old Town is a charming 1900s fishing village that is built along the Siuslaw River. The Siuslaw River Bridge, which connects Highway 101 across the Siuslaw River, is visible from much of Old Town. The iconic bridge, designed by Conde B. McCullough along with four others, was completed in March of 1936 as a part of the Coast Bridge Project.

The City is governed by a directly elected nonpartisan Mayor with a two-year term who leads a four-member City Council elected to four-year overlapping terms. A full-time City Manager administers the affairs of the City for the Council and supervises a staff of six department directors and 65 permanent employees. Florence lies within Lane County, which has five commissioners, elected by district.

The City provides police, emergency dispatch, municipal court, water, sewer, and surface water utilities. The City has an urban renewal agency, the Florence Urban Renewal Agency, which is staffed by City personnel and overseen by a separate nine-member board that includes three City Councilors.

The City owns and operates a convention and performing arts center, home to many annual events such as the Winter Music Festival, the Florence Festival of Books, the Florence Home and Garden Show, and the area favorite Octo-fur Fest Dachshund races. The Florence Events Center (FEC) is also home to the Last Resort Players theater company and the Seacoast Entertainment Association’s annual concert series.

The City of Florence resides in Lane County, which has a population of 382,971. As of July 1, 2020 the City had a certified population of 9,396 (Portland State University).

Population: City of Florence and Lane County

Year	City of Florence	Percent Change	Lane County	Percent Change
1980 Census	4,411	-	275,828	-
1990 Census	5,171	17.2%	282,912	2.6%
2000 Census	7,263	40.5%	322,959	14.2%
2010 Census	8,466	16.6%	351,715	8.9%
2020 Census	9,396	11.0%	382,971	8.9%

Source: Portland State University population research

ECONOMIC OUTLOOK AND CONDITION

Tourism makes up the major portion of the City’s economic base. The Oregon Dunes and Honeyman State Park are popular attractions that bring many out of town, state, and country visitors to the area. Old Town is home to many boutique shops and restaurants popular with visiting tourists. The City receives a 4% surcharge on all lodging stays within city limits that have a duration of 29 days or less. In conjunction with the Florence Area Chamber of Commerce, this funding is used to promote tourism and tourist activities for Florence and the surrounding area. COVID has had a huge effect on local businesses, but unlike other areas in the state, Florence’s reaction to limitations ordered by the Governor was shorter and less drastic than in other areas of the state due to its “Premier Coastal Community” reputation.

Coastal region visitor volume and average spending in calendar year 2020 (source: Travel Oregon, Travelstats.com):

Person Trips	5.0 million (down 19.8% YOY)
Spending per person per trip	\$193.50 (down 15.8% YOY)

Unemployment for Lane County rose from 4% in 2018 to 7.9% in 2019 due to COVID. The unemployment rate is slowly decreasing as the County reopens and things return to normal.

One factor in measuring the economic condition of a community is its overall real market value. For properties within the City, the real market value increased 7.3 percent from \$1.54 billion to \$1.65 billion (\$112.2 million) in the last fiscal year. COVID has not had an immediate effect on either the assessed values in the City or the City’s collection rates.

During 2013, the City issued \$1,460,000 of direct placement Water General Obligation Water Bonds for refunding of existing General Obligation Water Bonds for water system improvements. The outstanding amount at June 30, 2021 is \$328,190 and will be retired during fiscal year 2021-2022.

MAJOR INITIATIVES

Administration

The City’s Project Manager worked with FURA and Oregon Department of Transportation to begin the “Revision Florence Streetscape Project”. This project included re-paving of the Highway 101 corridor through the city from the Siuslaw River Bridge to the Highway 126 intersection.

Economic Development completed the sale of property to DevNW for the affordable housing development on Airport Road. The development will provide affordable housing for low-income individuals and families.

The City Recorder continued work on digitizing City records for all departments.

Administrative Services

The Administrative Services Department was created during the 2018-2019 fiscal year to address the continued increase in demands of the City. In addition to the current finance staff, an Administrative Services Director, Finance Manager, IT Manager, and Human Resources Analyst were added to City staff. The new department is comprised of Finance, Information Technology, Human Resources, and Municipal Court.

Administrative Services is working toward a paperless environment which includes electronic time sheets and purchase requests.

The City Manager in conjunction with the Human Resources Manager successfully negotiated a contract with the Florence Police Employees' Association.

The City continued to be recognized by the Government Finance Officers Association of the United States and Canada for the presentation of its Adopted Budget.

Community Development

Completed phase 1 of the Residential Housing Code updates.

Awarded the Transportation Growth Management funding to update the Transportation Systems Plan.

Public Safety

Public Safety secured funding for the School Resource Officer Program for the 2021-2025 school years. The Federal COPS grant helps fund a resource officer presence in the Siuslaw 97J School District schools. The City operates the program in partnership with the Siuslaw School District.

Body cameras were purchased and implemented for all officers in the department.

Trained internal instructors for the WRAP system. WRAP is a safe and humane restraint system that can be used in the Jail or by patrol.

Parks

Miller Park combined concession, restrooms, and storage area was completed. This project was funded with an Oregon Parks and Recreation Department Local Government Grant (LGGP).

Public restrooms were maintained at a standard high enough that allowed them to remain in service during the COVID-19 pandemic.

Airport

Completed the \$1.12 million runway project that replaced the existing Medium Intensity Runway Lights (MIRLs), the Precision Approach Pathway Indicator (PAPI) on Runway 33 with LED lights, installed a new PAPI on Runway 15, and Runway End Indicator Lights (REILs) on both Runways 15 and 33. Federal Aviation Administration (FAA) and Central Oregon Airport Relief (COAR) grant funding was used for this project.

Streets

Completed the design and engineered plans for the Siuslaw Estuary Trail, Phase 1 project.

Completed \$510,000 on the following projects:

- Sidewalk infill along 26th and 27th streets between Highway 101 and Oak Street
- Pedestrian/bicycle path with the Pine Street Right of Way (ROW) between 27th and 28th Streets
- 25th and 26th Street midblock pedestrian activated crossing on Highway 101

These projects were a part of the City's Safe Routes to Schools grant. The grant provided \$346,400 of the necessary funds to complete this important pedestrian and bicycle safety project.

Water

Rehabilitated wells 2, 4, 5, 6, 7, and 10. These well rehabilitations restored 0.85 million gallons per day of well production capacity.

Wastewater

Installed two odor reduction towers at the wastewater treatment plant.

Purchased a trommel screen for Flo-Gro compost production. Flo-Gro is a Class A biosolid compost. It was established in 2010 by the City's Public Works Department with the assistance of Kennedy/Jenks Consultants. The program in an environmentally friendly way to reduce the amount of money the City spends on hauling biosolids and also reduces yard debris. The Class A biosolid is produced through a composting process that combines chipped yard debris (collected at specified times throughout the year from citizens) with the City's biosolids. The result is a sustainable compost supply for the community.

Stormwater

Replaced the ground penetrating radar unit that is used to locate the City's underground utilities.

Public Works Administration

The development of the Public Works Operations Center continued with the construction of a 30' x 120' three-sided building that will be used to store equipment out of the elements to extend their useful lives.

The installation of three solar/wind hybrid yard lights and emergency power generator, and the purchase of tables and chairs helped develop the Operations Center as the City's main emergency operations center and as the region's secondary emergency operations center.

CITY FLORENCE WORK PLAN

The City's Work Plan is developed based on the City's mission and goals. These goals represent the City's areas of focus for the City moving forward toward the City's mission and were ratified by the Council in early 2021.

Mission

To meet community expectations for municipal services, provide a vision for civic improvements, maintain a quality environment, and position Florence to have an economically viable and sustainable future.

Goals

1. City Service Delivery: Sustain and improve the delivery of cost effective and efficient services, including public safety, to the citizens of Florence and our visitors.
2. Livability & Quality of Life: Sustain and improve the City's livability and quality of life for Florence residents and visitors.
3. Economic Development: Create a strategy and actions aimed towards sustaining and expanding the Florence economy.
4. Communication & Trust: Sustain and improve the City's communication program and strengthen citizen trust.
5. Financial & Organizational Sustainability: Sustain and improve the City's financial position, City-wide policies, and the infrastructure networks to support current and future needs.

The City's Work Plan outlines the main priorities developed by the City Council. The Work Plan includes projects the City intends to undertake during the biennium the Plan has been approved for and also the strategies in achieving those priorities. The Plan is approved by Council biennially in conjunction with the budget process.

RELEVANT FINANCIAL POLICIES

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of control should not exceed the benefits likely to be derived; 2) the valuation of costs and benefits require estimates and judgements by management. To assure that credible and timely information is prepared in the most efficient manner possible, accounting policies, procedures, and systems, together with related internal controls, are monitored and reviewed when necessary to meet changing requirements.

Financial and Accounting Policies

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association (GFOA) of the United States and Canada and the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the City at June 30, 2021, the results of operations of such funds, and cash flow of the proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

During the Fiscal Year 2020-2021, the City utilized a total of 17 funds, of which eight are governmental fund types and nine are proprietary fund types. The modified accrual basis of accounting is used for the governmental fund types (General, Special Revenue, and Debt Service). The accrual basis is used for the proprietary fund types (Enterprise and Internal Service).

Cash Management

Cash not required for current operations is invested in accordance with the City's written investment policy. City funds are pooled for investment purposes; investment instruments may include U.S. Treasury

securities, Government-Sponsored Enterprises, and the State of Oregon Local Government Investment Pool. Additional cash and investment information is included in the notes to the financial statements.

Debt Management

The City has the following outstanding obligations: general obligation (GO) bonds, full faith and credit refunding obligations, and direct placement notes. The City's current General Obligation rating from Moody's and S&P (Standards & Poors) is A. The Administrative Services Director manages the City debt and is responsible for evaluating funding needs and determining the appropriate means to raise necessary funds.

Independent Audit

Oregon Revised Statutes (ORS) 297.405-597-555 require an annual audit by independent certified public accountants. The accounting firm of Merina + Co performed the audit for the fiscal year ended June 30, 2020. This audit is conducted in accordance with generally accepted accounting standards, Government Auditing Standards, and Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by the Secretary of State.

Awards

This is the City's first submission for GFOA's Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such an Annual Comprehensive Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

Should the City be awarded a Certificate of Achievement for its 2020-2021 Annual Comprehensive Financial Report, it will be valid for one year only. This will be the City's first award. We believe that our report will conform to the Certificate of Achievement standards.

Acknowledgements

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff of Administrative Services and the certified public accountants of Merina + Co. Each has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Florence City Council, preparation of this report would not have been possible.

Respectfully submitted,



Anne Baker, CPFO, MAcc
Administrative Services Director

City of Florence, Oregon

**Elected Officials
And
Principal Appointed Officers of the City
June 30, 2021**

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

ADMINISTRATIVE OFFICIALS

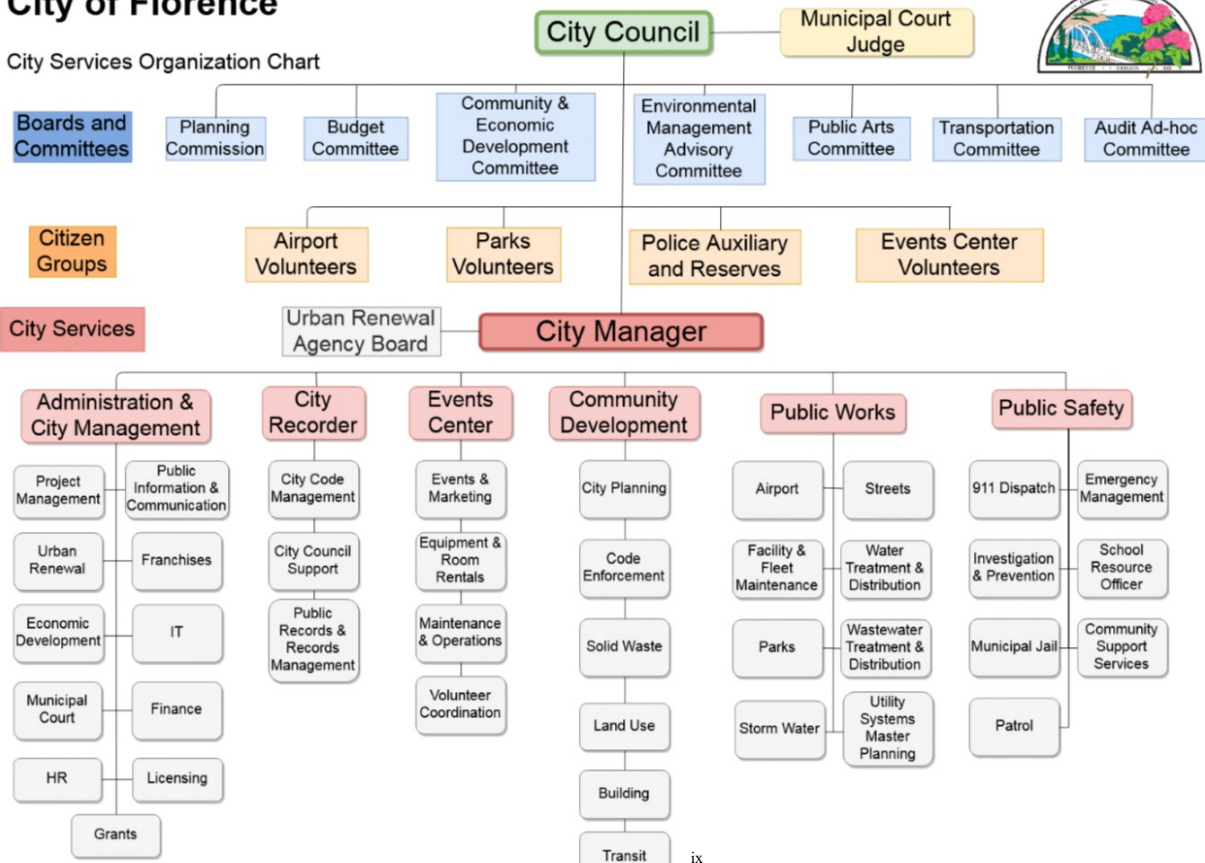
Erin Reynolds	City of Florence City Manager
Anne Baker	City of Florence Administrative Services Director

MAILING ADDRESS

250 Hwy. 101
Florence, Oregon 97439

City of Florence

City Services Organization Chart



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Florence, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2021, 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.

In our opinion, the accompanying 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, Oregon, as of June 30, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Florence, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note IV.E to the financial statements, the City of Florence adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Florence's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City of Florence 's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Florence 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 the 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.

Other Supplementary 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 accompanying other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 other supplementary information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information


Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Reports on Other Legal and Regulatory Requirements

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 December 15, 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
December 15, 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, 2021.

Financial Highlights

The City's governmental activities assets totaled \$32.4 million at June 30, 2021, consisting of \$26.1 million in net capital assets, \$4.4 million in cash and cash equivalents and \$1.9 million in receivables and other assets. The City's governmental activities liabilities totaled \$17.1 million at June 30, 2021, consisting of \$15.3 million in noncurrent liabilities and \$1.8 million in accounts payable and other current liabilities. Total net position was \$16.4 million, of which \$14.5 million were invested in capital assets, net of related debt, \$1.8 million was restricted and the remaining \$0.1 million was unrestricted.

The City's governmental activities net position increased by \$219,385 or 1.36 percent. Overall governmental activities revenue increased \$1.0 million or 12.8 percent. Contributing to the increase were increases in operating grants and contributions (58.3%), property taxes (5.3%), franchise and lodging taxes (24.2%).

The City's business-type activities assets totaled \$40.3 million at June 30, 2021, consisting of \$37.4 million in capital assets, \$2.2 million in cash and cash equivalents and \$0.7 million in receivables and other assets. The City's business-type activities liabilities totaled \$10.5 million at June 30, 2021, consisting of \$9.3 million in noncurrent liabilities and \$1.2 million in accounts payable and other liabilities. Total net position was \$30.3 million of which \$29.3 million was invested in capital assets, net of related debt and \$1 million was restricted.

The City's business-type activities net position increased by \$1 million or 3.4 percent. Business-type activities revenue remained flat for the fiscal year. 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.

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 on pages 77 - 94 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 \$46.6 million as of June 30, 2021.

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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 6,226	\$ 7,316	\$ 2,952	\$ 3,481	\$ 9,178	\$ 10,797
Capital assets	26,126	24,797	37,351	36,873	63,477	61,670
Total Assets	32,352	32,113	40,303	40,354	72,655	72,467
Deferred outflows of resources	1,477	1,125	550	480	2,027	1,605
Long-term liabilities	15,331	15,188	9,250	9,734	24,581	24,922
Other liabilities	1,813	1,586	1,211	1,685	3,024	3,271
Total liabilities	17,144	16,774	10,461	11,419	27,605	28,193
Deferred inflows of resources	326	325	121	139	447	464
Net Position						
Net investment in capital assets	14,533	12,397	29,267	27,375	43,800	39,772
Restricted						
Public safety	485	548	-	-	485	548
Urban renewal	692	2,036	-	-	692	2,036
Tourism/economic development	20	-	-	-	20	-
Transportation	-	216	-	-	-	216
System development	109	174	923	958	1,032	1,132
Debt service	452	472	-	-	452	472
Net OPEB benefits	24	40	9	17	33	57
Event center, non-expendible	-	-	98	75	98	75
Unrestricted	44	256	(26)	851	18	1,107
Total Net Position	\$ 16,359	\$ 16,139	\$ 30,271	\$ 29,276	\$ 46,630	\$ 45,415

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

Governmental activities. Governmental activities increased the City of Florence's net position \$0.3 million or 1.92 percent. Key elements affecting net position are as follows:

- Franchise fees and lodging taxes showed signs of recovery, increasing 24.2%
- Increase in operating grants and contributions of \$0.6 million, 58.3%
- Capital grants and contributions decreased from prior year by \$0.2 million, 44.3%
- Governmental expenditures increased \$1.0 million over the 2020-21 fiscal year, 11.62%
- Property taxes increase \$0.2 million, 5.3%
- Increase in highways and streets spending of \$0.72 million, 5.96%

Table 2 - Changes in Net Position
(Thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue						
Program revenue						
Charges for services	\$ 1,584	\$ 1,776	\$ 6,466	\$ 6,656	\$ 8,050	\$ 8,432
Operating grants and contributions	1,700	1,074	265	12	1,965	1,086
Capital grants and contributions	563	390	709	722	1,272	1,112
General revenue						
Property taxes	3,564	3,385	-	-	3,564	3,385
Franchise and lodging taxes	1,750	1,409	-	-	1,750	1,409
Investment earnings	36	116	23	88	59	204
Total revenue	9,197	8,150	7,463	7,478	16,660	15,628
Expenses						
Governmental activities						
Administration	2,602	2,216	-	-	2,602	2,216
Community development	1,013	801	-	-	1,013	801
Public safety	3,837	3,521	-	-	3,837	3,521
Parks	261	259	-	-	261	259
Transportation	1,281	1,209	-	-	1,281	1,209
Non-departmental	136	115	-	-	136	
Interest expense	398	416	-	-	398	416
Business-type activities						
Water	-	-	2,046	2,141	2,046	2,141
Wastewater	-	-	2,785	2,949	2,785	2,949
Stormwater	-	-	442	473	442	473
Events center	-	-	371	775	371	775
Airport	-	-	274	263	274	263
Total expenses	9,528	8,537	5,918	6,601	15,446	15,023
Change in net position before non-operating items	(331)	(387)	1,545	877	1,214	490
Transfers	551	295	(551)	(295)	-	-
Change in net position	220	(92)	994	582	1,214	490
Net position, beginning	16,139	16,231	29,276	28,694	45,415	44,925
Restatement	-	-	-	-	-	-
Net position, beginning, as restated	16,139	16,231	29,276	28,694	45,415	44,925
Net position, ending	\$ 16,359	\$ 16,139	\$ 30,270	\$ 29,276	\$ 46,629	\$ 45,415

Business-type activities. Business-type activities increased the City of Florence's net position by \$1.0 million, or 3.40 percent. Key elements of this increase are as follows:

- Decrease in expenditures of \$0.7 million, 10.4%, from the prior year as the Revision Florence Urban Renewal project nears completion
- COVID-19 continued to have a negative effect on utility charges, which contributed to a decrease in revenue of \$0.15 million, 2.0%, from the prior year
- Decrease in capital grants & contributions of \$0.01 million, 1.8%, from prior year
- Increase in operating grants and contributions of \$0.3 million, 2,108%

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 \$4.3 million, a decrease of \$0.9 million in comparison with the prior year. The decrease is attributable to the final payments for the ReVision Florence, and \$0.3 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 \$2.5 million, an increase of \$0.8 million, or 49.20 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, 2021 of the City's enterprise funds is as follows:

- Water Fund \$(0.13) million, a decrease of \$0.53 million, (132.5) percent
- Wastewater Fund \$(0.05) million, an increase of \$0.08 million, 61.5 percent
- Stormwater Fund \$0.52 million, a decrease of \$0.043 million, (45.7) percent
- Airport Fund \$(0.07) million, a decrease of \$0.09 million, (381.6) percent
- Events Center Fund \$0.17 million, an increase of \$0.07 million, 78.8 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 2021 allocated General Fund budget for revenues was \$7.0 million. Actual revenue for the fiscal year was \$7.6 million. A positive variance in revenue of \$0.6 million resulted as property taxes realized \$0.1 million in excess of budget, charges for services \$0.1, and intergovernmental \$0.01 million above budgeted amounts. Other revenue categories were near budgeted amounts.

The fiscal year 2021 actual General Fund expenditures totaled \$6.2 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, 2021, amounts to \$63.5 million (net of accumulated depreciation). This represents an increase of \$1.8 million, or 2.93 percent. Governmental Activities capital assets increased \$1.33 million, 5.36% resulting from the work for the ReVision Florence project to be completed in Summer 2021. The business-type funds realized an increase of \$.48 million, 1.3%. Additionally, \$1.4 million of debt was paid off during the year while \$2.1 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, 2021:

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,031	\$ 2,031	\$ 1,868	\$ 1,868	\$ 3,899	\$ 3,899
Buildings and improvements	7,323	7,640	16,151	16,765	23,474	24,405
Equipment & vehicles	650	631	1,355	1,708	2,005	2,339
Utility systems	-	-	8,657	6,417	8,657	6,417
Infrastructure	8,302	8,193	8,313	8,677	16,615	16,870
Construction in progress	7,820	6,303	1,007	1,438	8,827	7,741
Capital assets, net of depreciation	<u>\$ 26,126</u>	<u>\$ 24,798</u>	<u>\$ 37,351</u>	<u>\$ 36,873</u>	<u>\$ 63,477</u>	<u>\$ 61,671</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 \$19.7 million. During fiscal year 2021 the City paid principal on outstanding debt totaling \$2.2 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	
	2021	2020	2021	2020	2021	2020
Bonds payable	\$ 1,807	\$ 2,089	\$ 862	\$ 1,693	\$ 2,669	\$ 3,782
Unamortized bond premium	14	15	18	45	32	60
Notes payable	9,772	10,296	7,204	7,759	16,976	18,055
Total	<u>\$ 11,593</u>	<u>\$ 12,400</u>	<u>\$ 8,084</u>	<u>\$ 9,497</u>	<u>\$ 19,677</u>	<u>\$ 21,897</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 and will not raise rates until 2022. 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 moderate growth, with additional real estate development, and increased tourism. Increases to property valuation is exceeding 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.

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.

CITY OF FLORENCE, OREGON
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 4,351,655	\$ 2,231,464	\$ 6,583,119
Receivable, net:			
Accounts	604,701	625,755	1,230,456
Taxes	127,664	-	127,664
Assessments	1,097,507	-	1,097,507
Prepaid expenses	10,877	11,357	22,234
Inventory	-	66,881	66,881
Total current assets	<u>6,192,404</u>	<u>2,935,457</u>	<u>9,127,861</u>
Noncurrent assets:			
Notes receivable	9,384	8,243	17,627
Capital assets:			
Non-depreciable	9,850,443	2,875,605	12,726,048
Depreciable	16,275,653	34,475,317	50,750,970
Net OPEB asset	23,879	8,892	32,771
Total noncurrent assets	<u>26,159,359</u>	<u>37,368,057</u>	<u>63,527,416</u>
Total assets	<u>32,351,763</u>	<u>40,303,514</u>	<u>72,655,277</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	1,409,738	525,020	1,934,758
Deferred outflows related to OPEB	66,931	24,927	91,858
Total deferred outflows of resources	<u>1,476,669</u>	<u>549,947</u>	<u>2,026,616</u>
Total assets and deferred outflows of resources	<u>\$ 33,828,432</u>	<u>\$ 40,853,461</u>	<u>\$ 74,681,893</u>
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 430,022	\$ 384,580	\$ 814,602
Accrued payroll and other payroll liabilities	177,711	-	177,711
Interest payable	57,575	21,662	79,237
Deposits	20,000	-	20,000
Retainage payable	35,163	61,420	96,583
Due to other funds	(85,795)	85,795	-
Compensated absences	349,677	123,836	473,513
Current debt payable	828,740	534,075	1,362,815
Total current liabilities	<u>1,813,093</u>	<u>1,211,368</u>	<u>3,024,461</u>
Noncurrent liabilities:			
Net pension liability	4,361,650	1,624,382	5,986,032
Other post employment benefits	204,777	76,264	281,041
Notes and bonds payable	10,764,452	7,549,582	18,314,034
Total noncurrent liabilities	<u>15,330,879</u>	<u>9,250,228</u>	<u>24,581,107</u>
Total liabilities	<u>17,143,972</u>	<u>10,461,596</u>	<u>27,605,568</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	296,777	110,525	407,302
Deferred inflows related to OPEB	28,935	10,776	39,711
Total deferred inflows of resources	<u>325,712</u>	<u>121,301</u>	<u>447,013</u>
NET POSITION:			
Net investment in capital assets	14,532,904	29,267,265	43,800,169
Restricted for:			
Public safety	485,117	-	485,117
Tourism	19,662	-	19,662
Urban renewal projects	692,018	-	692,018
System development charges	108,816	922,912	1,031,728
Debt service	452,243	-	452,243
Net OPEB benefits	23,879	8,892	32,771
Events center	-	97,854	97,854
Unrestricted	44,109	(26,359)	17,750
Total net position	<u>16,358,748</u>	<u>30,270,564</u>	<u>46,629,312</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 33,828,432</u>	<u>\$ 40,853,461</u>	<u>\$ 74,681,893</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, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
Governmental activities:			
Administration	\$ 2,601,893	\$ 674,278	\$ 808,406
Community development	1,012,867	-	39,926
Public safety	3,837,381	292,233	113,077
Parks	261,353	617,690	55,105
Transportation	1,281,447	-	683,664
Non-departmental	136,136	-	-
Interest on long-term debt	398,275	-	-
Total governmental activities	<u>9,529,352</u>	<u>1,584,201</u>	<u>1,700,178</u>
Business type activities:			
Water	2,045,635	2,386,465	132,606
Wastewater	2,784,746	3,352,281	87,901
Stormwater	442,297	560,853	12,031
Events center	370,584	43,557	29,371
Airport	273,677	122,203	2,962
Total business type activities	<u>5,916,939</u>	<u>6,465,359</u>	<u>264,871</u>
Total government	<u>\$ 15,446,291</u>	<u>\$ 8,049,560</u>	<u>\$ 1,965,049</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
\$ 200,000	\$ (919,209)	\$ -	\$ (919,209)
-	(972,941)	-	(972,941)
-	(3,432,071)	-	(3,432,071)
-	411,442	-	411,442
363,062	(234,721)	-	(234,721)
-	(136,136)	-	(136,136)
-	(398,275)	-	(398,275)
<u>563,062</u>	<u>(5,681,911)</u>	<u>-</u>	<u>(5,681,911)</u>
171,751	-	645,187	645,187
278,846	-	934,282	934,282
96,520	-	227,107	227,107
130,112	-	(167,544)	(167,544)
31,392	-	(117,120)	(117,120)
<u>708,621</u>	<u>-</u>	<u>1,521,912</u>	<u>1,521,912</u>
<u>\$ 1,271,683</u>	<u>(5,681,911)</u>	<u>1,521,912</u>	<u>(4,159,999)</u>
	3,563,559	-	3,563,559
	1,260,683	-	1,260,683
	489,891	-	489,891
	36,275	23,247	59,522
	<u>550,889</u>	<u>(550,889)</u>	<u>-</u>
	<u>5,901,297</u>	<u>(527,642)</u>	<u>5,373,655</u>
	219,386	994,270	1,213,656
	<u>16,139,362</u>	<u>29,276,294</u>	<u>45,415,656</u>
<u>\$ 16,358,748</u>	<u>\$ 30,270,564</u>	<u>\$ 46,629,312</u>	

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

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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.

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
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2021

	<u>General Fund</u>	<u>Street Fund</u>
ASSETS:		
Cash and cash equivalents	\$ 2,480,153	\$ -
Receivable, net:		
Accounts	297,607	259,184
Taxes	101,613	-
Assessments	127,276	17,334
Due from other funds	175,395	-
Prepaid expenses	10,627	-
Notes receivable	-	9,384
	<u> </u>	<u> </u>
Total assets	<u>\$ 3,192,671</u>	<u>\$ 285,902</u>
LIABILITIES:		
Accounts payable and accrued expenses	\$ 153,634	\$ 23,585
Accrued payroll and other payroll liabilities	177,711	-
Deposits	-	20,000
Retainage payable	-	16,144
Due to other funds	-	89,600
	<u> </u>	<u> </u>
Total liabilities	<u>331,345</u>	<u>149,329</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue - property taxes	95,657	-
Unavailable revenue - other	57,143	10,423
Unavailable revenue - intergovernmental	33,136	-
Unavailable revenue - SDC and assessments receivables	127,276	17,334
	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>313,212</u>	<u>27,757</u>
FUND BALANCES:		
Nonspendable	10,627	-
Restricted for:		
Public safety	-	-
Tourism	-	-
Urban renewal projects	-	-
System development charges	-	108,816
Debt service	-	-
Unassigned	2,537,487	-
	<u> </u>	<u> </u>
Total fund balances	<u>2,548,114</u>	<u>108,816</u>
	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,192,671</u>	<u>\$ 285,902</u>

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

Florence Urban Renewal Agency General Fund	Debt Service Fund	Total Non-Major Governmental Funds	Total Governmental
\$ 912,766	\$ 382,548	\$ 576,188	\$ 4,351,655
979	-	46,931	604,701
19,533	-	6,518	127,664
-	952,897	-	1,097,507
-	-	-	175,395
-	-	250	10,877
-	-	-	9,384
<u>\$ 933,278</u>	<u>\$ 1,335,445</u>	<u>\$ 629,887</u>	<u>\$ 6,377,183</u>
\$ 203,831	\$ -	\$ 48,972	\$ 430,022
-	-	-	177,711
-	-	-	20,000
19,019	-	-	35,163
-	-	-	89,600
<u>222,850</u>	<u>-</u>	<u>48,972</u>	<u>752,496</u>
18,410	-	6,191	120,258
-	-	-	67,566
-	-	-	33,136
-	952,897	-	1,097,507
<u>18,410</u>	<u>952,897</u>	<u>6,191</u>	<u>1,318,467</u>
-	-	250	10,877
-	-	485,117	485,117
-	-	19,662	19,662
692,018	-	-	692,018
-	-	-	108,816
-	382,548	69,695	452,243
-	-	-	2,537,487
<u>692,018</u>	<u>382,548</u>	<u>574,724</u>	<u>4,306,220</u>
<u>\$ 933,278</u>	<u>\$ 1,335,445</u>	<u>\$ 629,887</u>	<u>\$ 6,377,183</u>

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

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**CITY OF FLORENCE, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2021**

Total fund balances - governmental funds \$ 4,306,220

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	\$ 9,850,443	
Depreciable	16,275,653	26,126,096

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	120,258	
Other receivables earned but not available	67,566	
Intergovernmental receivables earned but not available	33,136	
SDC and assessments receivables earned but not available	1,097,507	1,318,467

Pension-related changes (3,248,689)

OPEB related-changes (142,902)

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

Compensated absences payable	(349,677)	
Notes and bonds payable	(11,593,192)	
Interest payable	(57,575)	(12,000,444)

Total net position - governmental activities \$ 16,358,748

CITY OF FLORENCE, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	General Fund	Street Fund	Florence Urban Renewal Agency General Fund
REVENUES:			
Taxes	\$ 2,813,677	\$ -	\$ 588,427
Franchise fees	1,145,107	115,576	-
Licenses and permits	325,952	-	-
Intergovernmental	890,269	1,030,064	200,000
Charges for services	2,201,679	582,864	-
Fines and forfeitures	195,258	-	-
Miscellaneous	62,428	150,850	5,546
	<u>7,634,370</u>	<u>1,879,354</u>	<u>793,973</u>
EXPENDITURES:			
Current:			
Administration	2,027,461	-	299,756
Community development	892,155	-	-
Public safety	2,718,984	-	-
Parks	254,317	-	-
Transportation	-	738,242	-
Non-departmental	140,318	-	-
Capital outlay	165,439	1,012,313	1,450,118
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<u>6,198,674</u>	<u>1,750,555</u>	<u>1,749,874</u>
Total expenditures	<u>6,198,674</u>	<u>1,750,555</u>	<u>1,749,874</u>
Revenues over (under) expenditures	<u>1,435,696</u>	<u>128,799</u>	<u>(955,901)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	175,000	-	80,640
Transfers out	(770,487)	(410,022)	(468,454)
	<u>(595,487)</u>	<u>(410,022)</u>	<u>(387,814)</u>
Total other financing sources (uses)	<u>(595,487)</u>	<u>(410,022)</u>	<u>(387,814)</u>
Net change in fund balance	840,209	(281,223)	(1,343,715)
FUND BALANCE, BEGINNING	<u>1,707,905</u>	<u>390,039</u>	<u>2,035,733</u>
FUND BALANCE, ENDING	<u>\$ 2,548,114</u>	<u>\$ 108,816</u>	<u>\$ 692,018</u>

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

Debt Service Fund	FURA Debt Service Fund	Total Non-Major Governmental Funds	Total Governmental
\$ -	\$ -	\$ 643,565	\$ 4,045,669
-	-	-	1,260,683
-	-	-	325,952
-	-	108,558	2,228,891
-	-	10,624	2,795,167
-	-	-	195,258
103,330	-	4,077	326,231
<u>103,330</u>	<u>-</u>	<u>766,824</u>	<u>11,177,851</u>
-	-	188,335	2,515,552
-	-	-	892,155
-	-	717,664	3,436,648
-	-	-	254,317
-	-	-	738,242
850	-	-	141,168
-	-	10,653	2,638,523
778,209	-	164,094	942,303
478,329	-	6,906	485,235
<u>1,257,388</u>	<u>-</u>	<u>1,087,652</u>	<u>12,044,143</u>
<u>(1,154,058)</u>	<u>-</u>	<u>(320,828)</u>	<u>(866,292)</u>
1,151,573	-	717,000	2,124,213
-	(80,640)	(457,038)	(2,186,641)
<u>1,151,573</u>	<u>(80,640)</u>	<u>259,962</u>	<u>(62,428)</u>
(2,485)	(80,640)	(60,866)	(928,720)
<u>385,033</u>	<u>80,640</u>	<u>635,590</u>	<u>5,234,940</u>
<u>\$ 382,548</u>	<u>\$ -</u>	<u>\$ 574,724</u>	<u>\$ 4,306,220</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, 2021**

Amounts reported in the statement of activities are different because:

Net change in fund balance \$ (928,720)

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	\$ (1,091,388)	
Loss on disposal of asset	(10,376)	
Capital asset additions	2,430,140	1,328,376

Some revenue provide current financial resources in the governmental funds and are not reported in the statement of activities. (302,202)

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. (637,294)

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. (705)

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	2,492
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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	\$ (49,722)	
Debt service principal payments	807,161	757,439

Change in net position of governmental activities \$ 219,386

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, 2021

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water Funds	Wastewater Funds	Airport
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 637,094	\$ 276,503	\$ -
Accounts receivable, net	241,451	300,583	4,912
Prepaid expenses	4,000	5,747	376
Inventory	35,823	14,500	16,558
Total current assets	918,368	597,333	21,846
Noncurrent assets:			
Notes receivable	4,890	2,656	-
Non-depreciable capital assets	1,038,772	130,980	1,469,269
Capital assets, net	9,067,835	15,405,729	2,086,991
Net OPEB asset	1,305	2,429	-
Total noncurrent assets	10,112,802	15,541,794	3,556,260
Total assets	11,031,170	16,139,127	3,578,106
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	77,074	143,412	-
Deferred outflows related to OPEB	3,659	6,809	-
Total deferred outflows of resources	80,733	150,221	-
Total assets and deferred outflows of resources	\$ 11,111,903	\$ 16,289,348	\$ 3,578,106
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 315,760	\$ 27,157	\$ 3,353
Interest payable	4,325	10,111	-
Retainage payable	61,420	-	-
Due to other funds	-	-	85,795
Accrued compensated absences	20,828	23,062	-
Current portion of long-term debt	93,649	283,879	-
Total current liabilities	495,982	344,209	89,148
Noncurrent liabilities:			
Noncurrent portion of long-term debt	1,508,340	3,277,351	-
Net pension liability	238,461	443,710	-
Net OPEB liability	11,196	20,832	-
Total noncurrent liabilities	1,757,997	3,741,893	-
Total liabilities	2,253,979	4,086,102	89,148
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	16,225	30,191	-
Deferred inflows related to OPEB	1,582	2,944	-
Total deferred inflows of resources	17,807	33,135	-
NET POSITION:			
Net investment in capital assets	8,504,618	11,975,479	3,556,260
Restricted for:			
System development	462,037	247,016	-
Events center	-	-	-
Net OPEB benefits	1,305	2,429	-
Unrestricted	(127,843)	(54,813)	(67,302)
Total net position	8,840,117	12,170,111	3,488,958
Total liabilities, deferred inflows of resources, and net position	\$ 11,111,903	\$ 16,289,348	\$ 3,578,106
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
\$ 773,750	\$ 421,868	\$ 2,109,215	\$ 122,249
47,864	30,945	625,755	-
-	724	10,847	510
-	-	66,881	-
<u>821,614</u>	<u>453,537</u>	<u>2,812,698</u>	<u>122,759</u>
697	-	8,243	-
-	236,584	2,875,605	-
2,347,076	1,543,658	30,451,289	4,024,028
529	1,076	5,339	3,553
<u>2,348,302</u>	<u>1,781,318</u>	<u>33,340,476</u>	<u>4,027,581</u>
<u>3,169,916</u>	<u>2,234,855</u>	<u>36,153,174</u>	<u>4,150,340</u>
31,234	63,541	315,261	209,759
1,483	3,017	14,968	9,959
<u>32,717</u>	<u>66,558</u>	<u>330,229</u>	<u>219,718</u>
<u>\$ 3,202,633</u>	<u>\$ 2,301,413</u>	<u>\$ 36,483,403</u>	<u>\$ 4,370,058</u>
\$ 11,088	\$ 7,417	\$ 364,775	\$ 19,805
617	-	15,053	6,609
-	-	61,420	-
-	-	85,795	-
5,049	28,726	77,665	46,171
16,250	-	393,778	140,297
<u>33,004</u>	<u>36,143</u>	<u>998,486</u>	<u>212,882</u>
190,524	-	4,976,215	2,573,367
96,637	196,591	975,399	648,983
4,537	9,230	45,795	30,469
<u>291,698</u>	<u>205,821</u>	<u>5,997,409</u>	<u>3,252,819</u>
<u>324,702</u>	<u>241,964</u>	<u>6,995,895</u>	<u>3,465,701</u>
6,575	13,376	66,367	44,158
641	1,304	6,471	4,305
<u>7,216</u>	<u>14,680</u>	<u>72,838</u>	<u>48,463</u>
2,140,302	1,780,242	27,956,901	1,310,364
213,859	-	922,912	-
-	97,854	97,854	-
529	1,076	5,339	3,553
516,025	165,597	431,664	(458,023)
<u>2,870,715</u>	<u>2,044,769</u>	<u>29,414,670</u>	<u>855,894</u>
<u>\$ 3,202,633</u>	<u>\$ 2,301,413</u>	<u>36,483,403</u>	<u>\$ 4,370,058</u>
		<u>4,370,058</u>	
		<u>\$ 40,853,461</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, 2021**

	Business-Type Activities - Enterprise Funds		
	Water Funds	Wastewater Funds	Airport
OPERATING REVENUES:			
Charges for services	\$ 2,318,723	\$ 3,338,388	\$ 58,682
Miscellaneous income	55,084	13,893	63,522
Total operating revenues	<u>2,373,807</u>	<u>3,352,281</u>	<u>122,204</u>
OPERATING EXPENSES:			
Personnel service	358,730	491,062	-
Materials and service	1,482,979	1,628,704	141,143
Depreciation	537,875	1,005,643	142,313
Total operating expenses	<u>2,379,584</u>	<u>3,125,409</u>	<u>283,456</u>
Operating income (loss)	<u>(5,777)</u>	<u>226,872</u>	<u>(161,252)</u>
NON-OPERATING REVENUES (EXPENSES):			
Grants and contributions	92,968	137,698	31,482
Interest income	7,938	3,352	450
Interest expense	(54,355)	(39,122)	-
Total non-operating revenues (expenses)	<u>46,551</u>	<u>101,928</u>	<u>31,932</u>
Net income (loss) before transfers	40,774	328,800	(129,320)
CAPITAL CONTRIBUTIONS AND TRANSFERS:			
System development charges	171,751	188,069	-
Transfers from other funds	-	-	-
Total capital contributions and transfers	<u>171,751</u>	<u>188,069</u>	<u>-</u>
Change in net position	212,525	516,869	(129,320)
NET POSITION, BEGINNING	<u>862759200%</u>	<u>11,653,242</u>	<u>3,618,278</u>
NET POSITION, ENDING	<u>\$ 8,840,117</u>	<u>\$ 12,170,111</u>	<u>\$ 3,488,958</u>

Reconciliation to business-type activities:
 Change in net position for internal service funds
 Total change in 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
Stormwater Funds	Events Center	Total	Public Works Admin
\$ 559,252	\$ 3,592	\$ 6,278,637	\$ 1,269,150
1,602	9,092	143,193	12,458
560,854	12,684	6,421,830	1,281,608
166,907	102,868	1,119,567	694,950
275,897	244,075	3,772,798	187,376
84,713	142,793	1,913,337	150,327
527,517	489,736	6,805,702	1,032,653
33,337	(477,052)	(383,872)	248,955
-	159,483	421,631	95,745
7,442	33,700	52,882	1,237
(4,172)	-	(97,649)	(83,037)
3,270	193,183	376,864	13,945
36,607	(283,869)	(7,008)	262,900
96,520	-	456,340	-
-	282,038	282,038	-
96,520	282,038	738,378	-
133,127	(1,831)	731,370	262,900
2,737,588	2,046,600		592,994
<u>\$ 2,870,715</u>	<u>\$ 2,044,769</u>		<u>\$ 855,894</u>
		262,900	
		<u>\$ 994,270</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, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Funds</u>	<u>Wastewater Funds</u>	<u>Airport</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 2,310,369	\$ 3,289,620	\$ 123,201
Cash received from interfund services provided	-	-	-
Cash paid to employees and others for salaries and benefits	(340,695)	(461,806)	-
Cash paid to suppliers and others	(1,192,686)	(1,745,376)	(133,704)
	<u>776,988</u>	<u>1,082,438</u>	<u>(10,503)</u>
Net cash provided by (used for) operating activities			
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	-	-	-
Receipt (repayment) on interfund loan	-	-	82,766
	<u>-</u>	<u>-</u>	<u>82,766</u>
Net cash provided by (used for) non-capital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(1,227,938)	(369,452)	(104,195)
Principal paid on long-term obligations	(92,006)	(1,169,450)	-
Proceeds from system development charges	171,751	188,069	-
Grants and contributions	92,968	137,698	31,482
Interest paid on long-term debt	(54,596)	(42,451)	-
	<u>(1,109,821)</u>	<u>(1,255,586)</u>	<u>(72,713)</u>
Net cash provided by (used for) capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	7,938	3,352	450
Notes receivable	(65)	23,806	-
	<u>7,873</u>	<u>27,158</u>	<u>450</u>
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	(324,960)	(145,990)	-
CASH AND CASH EQUIVALENTS, BEGINNING	<u>962,054</u>	<u>422,493</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 637,094</u>	<u>\$ 276,503</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income	\$ (5,777)	\$ 226,872	\$ (161,252)
Adjustments:			
Depreciation and amortization	537,875	1,005,643	142,313
Decrease (increase) in:			
Accounts receivable and due from other funds	(63,438)	(62,661)	1,373
Inventories	(1,651)	998	4,086
Prepays	(4,000)	(5,747)	(376)
Increase (decrease) in:			
Accounts payable	234,524	(111,923)	3,353
Retainage payable	61,420	-	-
Compensated absences	902	(2,085)	-
Net other post employment benefits	(877)	(1,661)	-
Net pension benefits	18,010	33,002	-
	<u>\$ 776,988</u>	<u>\$ 1,082,438</u>	<u>\$ (10,503)</u>
Net cash provided by (used for) operating activities			

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
\$ 559,915	\$ (18,261)	\$ 6,264,844	\$ -
(158,423)	(127,167)	-	1,281,098
(280,024)	(241,513)	(1,088,091)	(631,547)
		(3,593,303)	(170,283)
<u>121,468</u>	<u>(386,941)</u>	<u>1,583,450</u>	<u>479,268</u>
-	282,038	282,038	-
-	-	82,766	-
-	282,038	364,804	-
(534,160)	(44,530)	(2,280,275)	(261,418)
(16,093)	-	(1,277,549)	(136,234)
96,520	-	456,340	-
-	159,483	421,631	95,745
(3,926)	-	(100,973)	(83,376)
<u>(457,659)</u>	<u>114,953</u>	<u>(2,780,826)</u>	<u>(385,283)</u>
7,442	33,700	52,882	1,237
6,987	-	30,728	-
<u>14,429</u>	<u>33,700</u>	<u>83,610</u>	<u>1,237</u>
(321,762)	43,750	(748,962)	95,222
<u>1,095,512</u>	<u>378,118</u>	<u>2,858,177</u>	<u>27,027</u>
<u>\$ 773,750</u>	<u>\$ 421,868</u>	<u>\$ 2,109,215</u>	<u>\$ 122,249</u>
\$ 33,337	\$ (477,052)	\$ (383,872)	\$ 248,955
84,713	142,793	1,913,337	150,327
(939)	(30,945)	(156,610)	-
-	-	3,433	-
-	(425)	(10,548)	(510)
(4,127)	2,987	124,814	17,093
-	-	61,420	-
1,067	8,059	7,943	(2,488)
(331)	(3,124)	(5,993)	(1,395)
<u>7,748</u>	<u>(29,234)</u>	<u>29,526</u>	<u>67,286</u>
<u>\$ 121,468</u>	<u>\$ (386,941)</u>	<u>\$ 1,583,450</u>	<u>\$ 479,268</u>

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.

Municipal Court Trust

This fund is used for tracking of activities for the Municipal Court Trust 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, 2021

	<u>Municipal Court Trust</u>
ASSETS:	
Cash and cash equivalents	<u>\$ 55,831</u>
Total assets	<u>55,831</u>
NET POSITION HELD IN TRUST:	
Restricted for:	
Individuals and organizations	<u>55,831</u>
Total net position held in trust	<u><u>\$ 55,831</u></u>

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

CITY OF FLORENCE, OREGON
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
June 30, 2021

	Municipal Court Trust
ADDITIONS	
Municipal court receipts	\$ 259,396
Total additions	<u>259,396</u>
DEDUCTIONS	
Expenditures - municipal court	<u>248,344</u>
Total deductions	<u>248,344</u>
Change in net position	11,052
Restatement per GASB 84 implementation (See Note IV.E)	<u>44,779</u>
NET POSITION, BEGINNING - RESTATED	<u>44,779</u>
NET POSITION, ENDING	<u><u>\$ 55,831</u></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 (closed in fiscal year 2020-2021) 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

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

clearly identifiable with a specific function or segment. Indirect expenses are those costs, usually 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, 2021

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.
- FURA Debt Service Fund – This fund was closed during the fiscal year. This fund accounted 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 was property taxes.

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

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

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

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

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 Trust 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", "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

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

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, 2021.

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

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. 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, water fund, wastewater fund, event center fund, stormwater fund, and public works administration fund.

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

7. 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.

8. 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.

9. 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. 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 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, other receivables, and 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.

10. 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 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.

11. 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.

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

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 30th.

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, 2021, expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Street Fund	Transfers out	\$ 62,822
Urban Renewal Fund	Transfers out	315,554
Debt Service Fund	Capital outlay	60,503
911 Emergency Fund	Personnel services	11,502
Room Tax Fund	Materials and service	2,075

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

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, 2021:

Cash on hand	\$ 1,500
Cash in bank	736,650
LGIP	5,802,946
Oregon Community Foundation	97,854
Total	\$ 6,638,950

Cash and Investments are reported as follows:

Governmental activities	\$ 4,351,655
Business-type activities	2,231,464
Agency funds	55,831
Total	\$ 6,638,950

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, 2021 was unmodified. The fair value of the City's position in the Pool at June 30, 2021 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.

At year end, the City's investment balance was \$97,854 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 \$736,650 and the bank balance was \$881,353. The City's bank balances were covered by \$250,000 Federal Depository Insurance. Of the City's bank balances, \$287,597 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

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

have a policy relating to custodial credit risk. At June 30, 2021, 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, 2021:

Water operations	\$	1,544
Wastewater operations		2,328
Stormwater operations		274
		<hr/>
Total allowance for doubtful accounts	\$	<u>4,146</u>

C. Receivables

1. Interfund Transfers

The interfund transfer activity for the year ended June 30, 2021 was as follows:

	Transfers In					Totals
	General	FURA General	Debt Service	Nonmajor Governmental	Events Center	
Transfers Out:						
General	\$ -	\$ -	\$ 53,487	\$ 717,000	\$ -	\$ 770,487
FURA General	-	-	468,454	-	-	468,454
Streets Program	-	-	410,022	-	-	410,022
FURA Debt Service	-	80,640	-	-	-	80,640
Nonmajor Governmental	175,000	-	-	-	282,038	457,038
Public Works Admin	-	-	219,610	-	-	219,610
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 175,000	\$ 80,640	\$ 1,151,573	\$ 717,000	\$ 282,038	\$ 2,406,251

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 Fund and FURA General Fund 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.

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

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, 2021, FURA owed the City \$6,083,135 for bank loans the City took out on FURA's behalf.

D. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,031,030	\$ -	\$ -	\$ -	\$ 2,031,030
Construction in progress	6,303,043	2,158,949	-	(642,579)	7,819,413
Total capital assets, not being depreciated	<u>8,334,073</u>	<u>2,158,949</u>	<u>-</u>	<u>(642,579)</u>	<u>9,850,443</u>
Capital assets, being depreciated					
Buildings and improvements	12,220,842	22,288	(12,696)	-	12,230,434
Equipment and vehicles	3,320,644	118,925	(518,507)	71,766	2,992,828
Infrastructure	15,923,018	129,978	-	570,813	16,623,809
Total capital assets being depreciated	<u>31,464,504</u>	<u>271,191</u>	<u>(531,203)</u>	<u>642,579</u>	<u>31,847,071</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,580,961)	(339,168)	12,696	-	(4,907,433)
Equipment and vehicles	(2,689,294)	(161,313)	508,131	-	(2,342,476)
Infrastructure	(7,730,602)	(590,907)	-	-	(8,321,509)
Total accumulated depreciation	<u>(15,000,857)</u>	<u>(1,091,388)</u>	<u>520,827</u>	<u>-</u>	<u>(15,571,418)</u>
Total capital assets, being depreciated, net	<u>16,463,647</u>	<u>(820,197)</u>	<u>(10,376)</u>	<u>642,579</u>	<u>16,275,653</u>
Governmental activities capital assets, net	<u>\$ 24,797,720</u>	<u>\$ 1,338,752</u>	<u>\$ (10,376)</u>	<u>\$ -</u>	<u>\$ 26,126,096</u>

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,868,428	\$ -	\$ -	\$ -	\$ 1,868,428
Construction in progress	1,437,860	1,390,314	-	(1,820,997)	1,007,177
Total capital assets, not being depreciated	3,306,288	1,390,314	-	(1,820,997)	2,875,605
Capital assets, being depreciated					
Buildings and improvements	33,655,127	283,812	-	-	33,938,939
Utility systems	15,346,067	718,153	-	1,820,997	17,885,217
Equipment and vehicles	5,119,327	22,136	(209,773)	-	4,931,690
Infrastructure	11,254,183	128,000	-	-	11,382,183
Total capital assets being depreciated	65,374,704	1,152,101	(209,773)	1,820,997	68,138,029
Less accumulated depreciation for:					
Buildings and improvements	(16,890,441)	(897,393)	-	-	(17,787,834)
Utility systems	(8,929,316)	(299,164)	-	-	(9,228,480)
Equipment and vehicles	(3,411,019)	(374,787)	209,051	-	(3,576,755)
Infrastructure	(2,577,323)	(492,320)	-	-	(3,069,643)
Total accumulated depreciation	(31,808,099)	(2,063,664)	209,051	-	(33,662,712)
Total capital assets, being depreciated, net	33,566,605	(911,563)	(722)	1,820,997	34,475,317
Business-type activities capital assets, net	\$ 36,872,893	\$ 478,751	\$ (722)	\$ -	\$ 37,350,922

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

Governmental activities:	
Administration	\$ 139,229
Community development	29,933
Public safety	172,655
Parks	37,470
Transportation	677,299
Non-departmental	34,802
Total depreciation expense - governmental activities	<u>\$ 1,091,388</u>
Business-type activities:	
Water operations	\$ 537,875
Wastewater operations	1,005,643
Stormwater operations	84,713
Airport operations	142,313
Events center	142,793
Public works admin	150,327
Total depreciation expense - business-type activities	<u>\$ 2,063,664</u>

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

E. Long-Term Liabilities

1. General Obligation Bonds – Governmental Activities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>June 30, 2020</u>			<u>June 30, 2021</u>	<u>Due in</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>1 Year</u>
Governmental Activities:					
Bonds payable	\$ 2,089,671	\$ -	\$ (282,720)	\$ 1,806,951	\$ 288,890
Unamortized bond premium	14,960	-	(1,089)	13,871	1,129
Notes from direct borrowings	10,295,722	-	(523,352)	9,772,370	539,850
Total long-term debt	12,400,353	-	(807,161)	11,593,192	829,869
Compensated absences	299,955	349,677	(299,955)	349,677	349,677
Total	<u>\$ 12,700,308</u>	<u>\$ 349,677</u>	<u>\$ (1,107,116)</u>	<u>\$ 11,942,869</u>	<u>\$ 1,179,546</u>
Business-Type Activities:					
Bonds payable	\$ 1,693,519	\$ -	\$ (831,376)	\$ 862,143	\$ 70,204
Unamortized bond premium	45,234	-	(27,245)	17,989	1,484
Notes from direct borrowings	7,752,687	-	(554,762)	7,197,925	463,871
Unamortized bond premium	6,000	-	(400)	5,600	400
Total long-term debt	9,497,440	-	(1,413,783)	8,083,657	535,959
Compensated absences	118,381	123,836	(118,381)	123,836	123,836
Total	<u>\$ 9,615,821</u>	<u>\$ 123,836</u>	<u>\$ (1,532,164)</u>	<u>\$ 8,207,493</u>	<u>\$ 659,795</u>

Bonds outstanding at June 30, 2021 were as follows:

<u>Purpose</u>	<u>Governmental</u>	<u>Business-Type</u>
	<u>Activities</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.	\$ 342,857	\$ 457,143
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.	970,000	-

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

<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.	330,000	405,000
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%.	164,094	-
Total bonds outstanding	1,806,951	862,143
Less current portion	(288,890)	(70,204)
Long-term portion	<u>\$ 1,518,061</u>	<u>\$ 791,939</u>

Direct placement notes payable outstanding at June 30, 2021 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, 2021

<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.	\$ 2,928,175	\$ -
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.	2,890,500	-
On June 20, 2019, the City received proceeds in the amount of \$150,000 from Banner Bank to finance the projects of the Florence Urban Renewal Agency. Interest only payments at 5.3% are required semiannually through March 2024. Loan principal is due in full on March 1, 2024. If an event of default occurs, the Bank may exercise any remedy available at law or in equity; but the Note shall not be subject to acceleration.	150,000	-
During 2018, the City termed out its tax-exempt non-revolving line of credit with Banner Bank. Annual principal and interest payments are required on June 1 and December 1. The interest rate for the line of credit is 2.92% through December 15, 2026 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:		
<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.	761,060	-
<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.	3,042,635	-
<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.	-	1,233,485

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

<u>Purpose</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<i>Facility Project</i> – Financing of the City’s public works facility and related issuance costs in the original amount of \$3,300,000. This portion of the note matures on December 1, 2036.	-	2,713,664
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 & 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.	-	349,712
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.	-	2,901,064
Total notes payable outstanding	9,772,370	7,197,925
Less current portion	(539,850)	(463,871)
Long-term portion	<u>\$ 9,232,520</u>	<u>\$ 6,734,054</u>

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

Annual debt service requirements to maturity for long-term debt at June 30, 2021 are as follows:

Total Governmental Activities								
Public Offering Bonds			Direct Placement Bonds			Direct Borrowings		
	Principal	Interest		Principal	Interest		Principal	Interest
2022	\$ 124,796	\$ 64,735	2022	\$ 164,094	\$ 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	153,572	42,930	2026	-	-	2026	612,500	235,020
2027-2031	940,406	107,344	2027-2031	-	-	2027-2031	2,648,892	909,280
2032-2036	-	-	2032-2036	-	-	2032-2036	3,026,188	456,854
2037-2041	-	-	2037-2041	-	-	2037-2041	1,069,792	49,920
Total	\$ 1,642,857	\$ 378,919	Total	\$ 164,094	\$ 3,462	Total	\$ 9,772,370	\$ 2,800,005

Total Business-Type Activities					
Public Offering Bonds			Direct Borrowings		
	Principal	Interest		Principal	Interest
2022	\$ 70,204	\$ 34,459	2022	\$ 463,871	\$ 143,011
2023	75,816	31,693	2023	470,110	138,554
2024	78,673	28,639	2024	476,260	130,445
2025	81,428	25,448	2025	488,152	121,594
2026	81,428	22,143	2026	494,975	112,562
2027-2031	474,594	56,132	2027-2031	2,589,477	488,076
2032-2036	-	-	2032-2036	2,057,695	162,020
2037-2041	-	-	2037-2041	157,385	2,337
Total	\$ 862,143	\$ 198,514	Total	\$ 7,197,925	\$ 1,298,599

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:

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

	<u>Implicit Rate Subsidy</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
Net OPEB Asset	\$ -	\$ 32,771	\$ 32,771
Deferred Outflows of Resources			
Difference in Expected and Actual Experience	28,422	-	28,422
Change in Assumptions	5,757	-	5,757
Difference in Earnings	-	3,644	3,644
Change in Proportionate Share	-	14,024	14,024
Contributions After MD	39,458	553	40,011
Net OPEB Liability	(281,041)	-	(281,041)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(9,280)	(3,350)	(12,630)
Change in Assumptions	(25,310)	(1,742)	(27,052)
Change in Proportionate Share	-	(29)	(29)
OPEB Expense/(Income)*	31,322	1,880	33,202

*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, 2020, the following employees were covered by the benefit terms:

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

Active employees	64
Eligible retirees	5
Spouses of ineligible retirees	<u>1</u>
Total participants	<u><u>70</u></u>

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

The City's net OPEB liability of \$281,041 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2021, the City recognized OPEB expense from this plan of \$31,322. At June 30, 2021, 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	\$ 28,422	\$ 9,280
Changes of assumptions	<u>5,757</u>	<u>25,310</u>
Total (prior to post-MD contributions)	34,179	34,590
Contributions subsequent to the MD	<u>39,458</u>	<u>-</u>
Total	<u><u>\$ 73,637</u></u>	<u><u>\$ 34,590</u></u>

Deferred outflows of resources related to OPEB of \$39,458 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. 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>	
2022	\$ (324)
2023	(324)
2024	(324)
2025	(324)
2026	979
Thereafter	<u>(94)</u>
Total	<u><u>\$ (411)</u></u>

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

Actuarial Assumptions and Other Inputs

The net OPEB liability in the July 1, 2020 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	2.21 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	Health retirees and beneficiaries: Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.
	Healthcare cost trend rate: Medical and vision: 3.75 percent per year increasing to 5.75 percent. Dental: 4.00 percent per year

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

Changes in Net OPEB Liability:

Changes in assumptions is the result of the change in the discount rate from 3.50% to 2.21%.

	Total OPEB Liability
Balance as of June 30, 2020	\$ 302,648
Changes for the year:	
Service cost	20,928
Interest on total OPEB liability	10,718
Effect of economic demographic gains or losses	(10,517)
Effect of assumptions changes or inputs	(7,720)
Benefit payments	(35,016)
Balance as of June 30, 2021	<u>\$ 281,041</u>

Sensitivity of the Net 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 (1.21 percent) or 1-percentage-point higher (3.21 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, 2021

Discount Rate:

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB Liability	\$ 299,758	\$ 281,041	\$ 263,682

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 254,651	\$ 281,041	\$ 313,177

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/2020-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, 2018 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, 2021 contributions was \$553.

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

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

At June 30, 2021, the City reported an asset of \$32,771 for its proportionate share of the Oregon PERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2020, the City's proportionate share was 0.0161%, which is a decrease from its proportion of 0.0297% as of June 30, 2019.

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	\$ -	\$ 3,350
Changes of assumptions	-	1,742
Net difference between projected and actual earnings on investments	3,644	-
Changes in proportionate share	14,024	29
Total (prior to post-MD contributions)	<u>17,668</u>	<u>5,121</u>
Contributions subsequent to the MD	553	-
Total	<u>\$ 18,221</u>	<u>\$ 5,121</u>

Deferred outflows of resources related to OPEB of \$553 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, 2022. 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>	
2022	\$ 4,139
2023	5,913
2024	1,348
2025	<u>1,147</u>
Total	<u>\$ 12,547</u>

Actuarial Methods and Assumptions

The net OPEB asset in the December 31, 2018 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, 2021

Discount Rate

The discount rate used to measure the net OPEB asset 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 net OPEB asset.

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:

Discount Rate:

	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Total OPEB Liability	\$ (26,457)	\$ (32,771)	\$ (38,170)

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, 2020 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2020 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 service and the final average salary. Benefits may also be calculated under either a formula plus

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020 and will be indexed with inflation in later years.

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.

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020 and will be indexed with inflation in later years.

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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2021 were \$543,812 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2021 were 18.79 percent for Tier One/Tier Two General Service Member, 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 \$182,513 for the year ended June 30, 2021.

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

At June 30, 2021 the City reported a liability of \$5,986,032 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2020, the City's proportion was 0.0274 percent, which was a changed from its proportion measured as of June 30, 2019 of 0.0279 percent.

For the year ended June 30, 2021, the City recognized pension expense of \$734,106. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 263,458	\$ -
Changes of assumptions	321,251	11,256
Net difference between projected and actual earnings on investments	703,880	-
Changes in proportion	102,357	73,664
Differences between employer contributions and proportionate share of contributions	-	322,382
Total (prior to post-MD contributions)	<u>1,390,946</u>	<u>407,302</u>
Contributions subsequent to the MD	<u>543,812</u>	<u>-</u>
Total	<u>\$ 1,934,758</u>	<u>\$ 407,302</u>

City's contributions subsequent to the measurement date of \$543,812 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2022	\$ 158,899
2023	115,887
2024	204,731
2025	274,362
2026	<u>229,765</u>
Total	<u>\$ 983,644</u>

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
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>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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.

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	7.5%	17.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Foreign Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equities	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-Driven	0.38%	5.59%
Timber	1.12%	5.61%
Farmland	1.12%	6.12%
Infrastructure	2.24%	6.67%
Commodities	1.12%	3.79%
Total	100.00%	

Assumed Inflation - Mean	2.50%
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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.

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2021

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)	\$ 8,888,763	\$ 5,986,032	\$ 3,551,957

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

A legislative change that occurred during the measurement period 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 net pension liability as a reduction in liability.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2020 measurement period that require disclosure.

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 lead 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. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

E. Subsequent Events

Through the Local Fiscal Recovery Funds program, the American Rescue Plan Act (ARPA) provides a second major infusion of federal relief dollars directly to the City, allowing an opportunity to deliver needed stabilization and care to our community. The City was awarded \$2.03 million of ARPA funds, with the first distribution of \$1.01 million received in August 2021. The second distribution is expected in the Spring of 2022.

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, 2021

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Taxes	\$ 5,353,000	\$ 5,353,000	\$ 2,691,318	\$ 2,813,677	\$ 5,504,995	\$ 151,995
Franchise fees	2,303,800	2,303,800	1,032,926	1,145,107	2,178,033	(125,767)
Licenses and permits	549,900	549,900	286,683	325,952	612,635	62,735
Intergovernmental	1,223,600	1,313,400	434,792	890,269	1,325,061	11,661
Charges for services	3,764,100	3,869,100	1,828,472	2,201,679	4,030,151	161,051
Fines and forfeitures	-	-	217,781	195,258	413,039	413,039
Miscellaneous	557,000	557,000	74,074	62,428	136,502	(420,498)
Total revenues	13,751,400	13,946,200	6,566,046	7,634,370	14,200,416	254,216
EXPENDITURES:						
Current:						
Administration	1,580,400	1,685,900	745,279	905,434	1,650,713	35,187
Administrative services	2,221,400	2,160,400	992,441	1,122,027	2,114,468	45,932
Community development	1,774,800	1,859,800	789,038	892,155	1,681,193	178,607
Public safety	4,937,900	4,847,400	2,221,762	2,414,250	4,636,012	211,388
Municipal court	579,100	604,100	278,433	304,734	583,167	20,933
Parks	560,700	560,700	257,778	254,317	512,095	48,605
Non-departmental	214,200	270,200	120,372	140,318	260,690	9,510
Capital outlay	745,500	730,500	339,259	165,439	504,698	225,802
Contingency	1,260,300	1,241,900	-	-	-	1,241,900
Total expenditures	13,874,300	13,960,900	5,744,362	6,198,674	11,943,036	2,017,864
Revenues over (under) expenditures	(122,900)	(14,700)	821,684	1,435,696	2,257,380	2,272,080
OTHER FINANCING SOURCES (USES):						
Transfers in	275,000	275,000	100,000	175,000	275,000	-
Transfers out	(2,130,100)	(2,370,100)	(1,323,600)	(770,487)	(2,094,087)	276,013
Total other financing sources (uses)	(1,855,100)	(2,095,100)	(1,223,600)	(595,487)	(1,819,087)	276,013
Net change in fund balance	(1,978,000)	(2,109,800)	(401,916)	840,209	438,293	2,548,093
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,978,000	2,109,800	2,109,821	1,707,905	2,109,821	21
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 1,707,905	\$ 2,548,114	\$ 2,548,114	\$ 2,548,114

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, 2021

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Franchise fees	\$ 163,000	\$ 163,000	\$ 82,642	\$ 115,576	\$ 198,218	\$ 35,218
Intergovernmental	2,542,000	2,542,000	603,688	1,030,064	1,633,752	(908,248)
Charges for services	870,000	870,000	497,956	468,539	966,495	96,495
Miscellaneous	4,200	4,200	4,901	149,553	154,454	150,254
Total revenues	<u>3,579,200</u>	<u>3,579,200</u>	<u>1,189,187</u>	<u>1,763,732</u>	<u>2,952,919</u>	<u>(626,281)</u>
EXPENDITURES:						
Personnel service	171,600	171,600	83,944	63,004	146,948	24,652
Materials and service	1,345,500	1,345,500	631,406	674,847	1,306,253	39,247
Capital outlay	6,440,000	6,440,000	847,986	1,012,313	1,860,299	4,579,701
Contingency	276,100	276,100	-	-	-	276,100
Total expenditures	<u>8,233,200</u>	<u>8,233,200</u>	<u>1,563,336</u>	<u>1,750,164</u>	<u>3,313,500</u>	<u>4,919,700</u>
Revenues over (under) expenditures	<u>(4,654,000)</u>	<u>(4,654,000)</u>	<u>(374,149)</u>	<u>13,568</u>	<u>(360,581)</u>	<u>4,293,419</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt	4,500,000	4,500,000	-	-	-	(4,500,000)
Transfers in	480,000	480,000	380,000	100,000	480,000	-
Transfers out	<u>(520,600)</u>	<u>(520,600)</u>	<u>(173,400)</u>	<u>(410,022)</u>	<u>(583,422)</u>	<u>(62,822)</u>
Total other financing sources (uses)	<u>4,459,400</u>	<u>4,459,400</u>	<u>206,600</u>	<u>(310,022)</u>	<u>(103,422)</u>	<u>(4,562,822)</u>
Net change in fund balance	<u>(194,600)</u>	<u>(194,600)</u>	<u>(167,549)</u>	<u>(296,454)</u>	<u>(464,003)</u>	<u>(269,403)</u>
FUND BALANCE, BEGINNING-BUDGETARY BASIS	<u>194,600</u>	<u>194,600</u>	<u>383,405</u>	<u>215,856</u>	<u>383,405</u>	<u>188,805</u>
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,856</u>	<u>(80,598)</u>	<u>\$ (80,598)</u>	<u>\$ (80,598)</u>
The Street Fund is budgeted as an individual fund but is combined with the Street System Development Fund for GAAP reporting.				<u>189,414</u>		
FUND BALANCE, ENDING			<u>\$ 108,816</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, 2021

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Taxes	\$ 1,071,500	\$ 1,071,500	\$ 540,348	\$ 588,427	\$ 1,128,775	\$ 57,275
Intergovernmental	1,639,700	1,639,700	340,036	200,000	540,036	(1,099,664)
Miscellaneous	16,000	16,000	47,470	5,546	53,016	37,016
Total revenues	<u>2,727,200</u>	<u>2,727,200</u>	<u>927,854</u>	<u>793,973</u>	<u>1,721,827</u>	<u>(1,005,373)</u>
EXPENDITURES:						
Materials and service	670,100	670,100	289,413	299,756	589,169	80,931
Capital outlay	3,482,500	3,482,500	1,875,868	1,450,118	3,325,986	156,514
Contingency	158,700	158,700	-	-	-	158,700
Total expenditures	<u>4,311,300</u>	<u>4,311,300</u>	<u>2,165,281</u>	<u>1,749,874</u>	<u>3,915,155</u>	<u>396,145</u>
Revenues over (under) expenditures	<u>(1,584,100)</u>	<u>(1,584,100)</u>	<u>(1,237,427)</u>	<u>(955,901)</u>	<u>(2,193,328)</u>	<u>(609,228)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt	400,000	400,000	-	-	-	(400,000)
Transfers in	-	-	-	80,640	80,640	80,640
Transfers out	(800,000)	(800,000)	(647,100)	(468,454)	(1,115,554)	(315,554)
Total other financing sources (uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(647,100)</u>	<u>(387,814)</u>	<u>(1,034,914)</u>	<u>(634,914)</u>
Net change in fund balance	<u>(1,984,100)</u>	<u>(1,984,100)</u>	<u>(1,884,527)</u>	<u>(1,343,715)</u>	<u>(3,228,242)</u>	<u>(1,244,142)</u>
FUND BALANCE, BEGINNING-BUDGETARY BASIS	<u>1,984,100</u>	<u>1,984,100</u>	<u>3,920,260</u>	<u>2,035,733</u>	<u>3,920,260</u>	<u>1,936,160</u>
FUND BALANCE, ENDING -BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,035,733</u>	<u>\$ 692,018</u>	<u>\$ 692,018</u>	<u>\$ 692,018</u>

* Exception to Oregon Budget Law

CITY OF FLORENCE, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Last Ten Fiscal Years¹

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
2020	0.02742937%	\$ 5,986,032	\$ 3,695,621	161.98%	75.80%
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.

¹This 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 Years¹

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
2021	\$ 543,812	\$ 543,812	\$ -	\$ 3,739,002	0.00%
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.

¹This 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

	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Actuarial valuation	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Effective	Entry Age Normal			Projected Unit Credit
Actuarial cost method	Level percentage of payroll			
Amortization method	Market Value			
Asset valuation method	20 years			N/A
Remaining amortization periods	2.50 percent		2.75 percent	
Actuarial assumptions:	3.50 percent			
Inflation rate	7.20 percent	7.50 percent	7.75 percent	8.00 percent
Projected salary increases				
Investment rate of return				

CITY OF FLORENCE, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF OPEB - RHIA
For the Last Ten Fiscal Years¹

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 proportionate share of the net OPEB liability (asset) as a percentage of	Plan fiduciary net position as a percentage of the net OPEB liability (asset)
2020	0.01608306%	\$ (32,771)	\$ 3,695,621	-0.89%	150.1%
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.

¹This 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 Years¹

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
2021	\$ 17,668	\$ 17,668	\$ -	\$ 3,739,002	0.47%
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.

¹This 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, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal			Projected Unit Credit
Amortization method:	Level percentage of payroll, closed			
Amortization period:	10 years			
Asset valuation method:	Market value			
Remaining amortization periods:	10 years	20 years		N/A
Actuarial assumptions				
Inflation rate	2.50 percent		2.75 percent	
Projected salary increases	3.50 percent		3.75 percent	
Investment rate of return	7.20 percent	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	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 Years¹

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Interest	\$ 20,928	\$ 18,602	\$ 17,474	\$ 18,661
Interest	10,718	11,711	10,129	8,583
Differences between economic/demographic gains or losses	(10,517)	-	41,955	-
Changes of assumptions	(7,720)	7,335	(17,222)	(13,340)
Benefit payment	(35,016)	(37,666)	(30,002)	(31,896)
Net change in total OPEB liability	<u>(21,607)</u>	<u>(18)</u>	<u>22,334</u>	<u>(17,992)</u>
Total OPEB liability - beginning	<u>302,648</u>	<u>302,666</u>	<u>280,332</u>	<u>298,324</u>
Total OPEB liability - ending (a)	<u>\$ 281,041</u>	<u>\$ 302,648</u>	<u>\$ 302,666</u>	<u>\$ 280,332</u>
Covered-employee payroll	\$ 3,739,002	\$ 3,695,621	\$ 3,762,260	\$ 3,669,227
Total OPEB liability as a percentage of covered-employee payroll	7.52%	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.

¹This 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 Years¹

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
2021	\$ 5,757	\$ 5,757	\$ -	\$ 3,739,002	0.15%
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.

¹This 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, 2020	July 1, 2018	July 1, 2016
Effective:	June 30, 2020 and 2021	June 30, 2018 and 2019	June 30, 2016 and 2017
Actuarial cost method:	Entry Age Normal		
Amortization method:	Level percentage of payroll, closed		
Amortization period:	5.8 years	6.8 years	7.7 years
Asset valuation method:	Market value		
Remaining amortization periods:	20 years		
Actuarial assumptions:			
Inflation rate	2.50 percent	2.50 percent	2.50 percent
Projected salary increases	3.50 percent	3.50 percent	3.50 percent

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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
- 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, 2021

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Charges for services	\$ 70,000	\$ 70,000	\$ 50,209	\$ 114,325	\$ 164,534	\$ 94,534
Miscellaneous	30,000	30,000	14,622	1,297	15,919	(14,081)
Total revenues	100,000	100,000	64,831	115,622	180,453	80,453
EXPENDITURES:						
Materials and service	2,400	2,400	473	391	864	1,536
Contingency	77,900	77,900	-	-	-	77,900
Total expenditures	80,300	80,300	473	391	864	79,436
Revenues over (under) expenditures	19,700	19,700	64,358	115,231	179,589	159,889
OTHER FINANCING SOURCES (USES):						
Transfers out	(480,000)	(480,000)	(380,000)	(100,000)	(480,000)	-
Total other financing sources (uses)	(480,000)	(480,000)	(380,000)	(100,000)	(480,000)	-
Net change in fund balance	(460,300)	(460,300)	(315,642)	15,231	(300,411)	159,889
FUND BALANCE, BEGINNING-BUDGETARY BASIS						
	460,300	460,300	489,825	174,183	489,825	29,525
FUND BALANCE, ENDING -BUDGETARY BASIS						
	\$ -	\$ -	\$ 174,183	189,414	\$ 189,414	\$ 189,414
The Street System Development Fund is budgeted as an individual fund but is combined with the Street Fund for GAAP reporting.				(189,414)		
FUND BALANCE, ENDING				\$ -		

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, 2021

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Intergovernmental	\$ -	\$ 149,400	\$ -	\$ -	\$ -	\$ (149,400)
Miscellaneous	308,000	308,000	94,026	103,330	197,356	(110,644)
Total revenues	308,000	457,400	94,026	103,330	197,356	(260,044)
EXPENDITURES:						
Materials and service	800	63,300	860	850	1,710	61,590
Capital outlay	-	-	60,503	-	60,503	(60,503)
Debt service:						
Principal	1,415,000	1,564,400	636,896	778,209	1,415,105	149,295 *
Interest	817,500	755,000	387,225	478,329	865,554	(110,554) *
Total expenditures	2,233,300	2,382,700	1,085,484	1,257,388	2,342,872	39,828
Revenues over (under) expenditures	(1,925,300)	(1,925,300)	(991,458)	(1,154,058)	(2,145,516)	(220,216)
OTHER FINANCING SOURCES (USES):						
Transfers in	1,673,000	1,673,000	776,700	1,151,573	1,928,273	255,273
Total other financing sources (uses)	1,673,000	1,673,000	776,700	1,151,573	1,928,273	255,273
Net change in fund balance	(252,300)	(252,300)	(214,758)	(2,485)	(217,243)	35,057
FUND BALANCE, BEGINNING - BUDGETARY BASIS						
	823,600	823,600	599,791	385,033	599,791	(223,809)
FUND BALANCE, ENDING - BUDGETARY BASIS						
	\$ 571,300	\$ 571,300	\$ 385,033	\$ 382,548	\$ 382,548	\$ (188,752)

* Appropriated together at the Debt Service level

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, 2021

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
EXPENDITURES:						
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
OTHER FINANCING SOURCES (USES):						
Transfers in	800,000	800,000	647,100	-	647,100	(152,900)
Transfers out	-	-	-	(80,640)	(80,640)	(80,640) *
Total other financing sources (uses)	800,000	800,000	647,100	(80,640)	566,460	(233,540)
Net changes in fund balances	(3,400)	(3,400)	427,283	(80,640)	346,643	350,043
FUND BALANCE, BEGINNING - BUDGETARY BASIS	3,400	3,400	(346,643)	80,640	(346,643)	(350,043)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 80,640	\$ -	\$ -	\$ -

* Exception to Oregon budget law

**CITY OF FLORENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2021**

	Special Revenue Funds		Debt Service Fund	
	9-1-1 Emergency Fund	Room Tax Fund	General Obligation Bond Fund	Nonmajor Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 487,637	\$ 19,463	\$ 69,088	\$ 576,188
Receivable, net:				
Accounts	-	46,651	280	46,931
Taxes	-	-	6,518	6,518
Prepaid expenses	250	-	-	250
Total assets	<u>\$ 487,887</u>	<u>\$ 66,114</u>	<u>\$ 75,886</u>	<u>\$ 629,887</u>
LIABILITIES:				
Accounts payable and accrued expenses	\$ 2,520	\$ 46,452	\$ -	\$ 48,972
Total liabilities	<u>2,520</u>	<u>46,452</u>	<u>-</u>	<u>48,972</u>
DEREFEDD INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	-	-	6,191	6,191
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>6,191</u>	<u>6,191</u>
FUND BALANCE:				
Nonspendable	250	-	-	250
Restricted for:				
Public safety	485,117	-	-	485,117
Tourism	-	19,662	-	19,662
Debt service	-	-	69,695	69,695
Total fund balance	<u>485,367</u>	<u>19,662</u>	<u>69,695</u>	<u>574,724</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 487,887</u>	<u>\$ 66,114</u>	<u>\$ 75,886</u>	<u>\$ 629,887</u>

CITY OF FLORENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds		Debt Service Fund	
	9-1-1 Emergency Fund	Room Tax Fund	General Obligation Bond Fund	Nonmajor Governmental Funds
REVENUES:				
Taxes	\$ -	\$ 489,891	\$ 153,674	\$ 643,565
Intergovernmental	108,558	-	-	108,558
Charges for services	10,624	-	-	10,624
Miscellaneous	4,077	-	-	4,077
Total revenues	<u>123,259</u>	<u>489,891</u>	<u>153,674</u>	<u>766,824</u>
EXPENDITURES:				
Current:				
Administration	-	188,335	-	188,335
Public safety	717,664	-	-	717,664
Capital outlay	10,653	-	-	10,653
Debt service:				
Principal	-	-	164,094	164,094
Interest	-	-	6,906	6,906
Total expenditures	<u>728,317</u>	<u>188,335</u>	<u>171,000</u>	<u>1,087,652</u>
Revenues over (under) expenditures	<u>(605,058)</u>	<u>301,556</u>	<u>(17,326)</u>	<u>(320,828)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	717,000	-	-	717,000
Transfers out	(175,000)	(282,038)	-	(457,038)
Total other financing sources (uses)	<u>542,000</u>	<u>(282,038)</u>	<u>-</u>	<u>259,962</u>
Net change in fund balance	(63,058)	19,518	(17,326)	(60,866)
FUND BALANCE, BEGINNING	<u>548,425</u>	<u>144</u>	<u>87,021</u>	<u>635,590</u>
FUND BALANCE, ENDING	<u>\$ 485,367</u>	<u>\$ 19,662</u>	<u>\$ 69,695</u>	<u>\$ 574,724</u>

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, 2021

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Intergovernmental	\$ 220,000	\$ 220,000	\$ 113,379	\$ 108,558	\$ 221,937	\$ 1,937
Charges for services	340,000	340,000	173,353	10,624	183,977	(156,023)
Miscellaneous	1,000	1,000	4,983	4,077	9,060	8,060
Total revenues	561,000	561,000	291,715	123,259	414,974	(146,026)
EXPENDITURES:						
Personnel service	1,130,900	1,170,900	568,708	613,244	1,181,952	(11,052)
Materials and service	275,000	275,000	111,322	104,420	215,742	59,258
Capital outlay	50,000	50,000	31,671	10,653	42,324	7,676
Contingency	551,500	511,500	-	-	-	511,500
Total expenditures	2,007,400	2,007,400	711,701	728,317	1,440,018	567,382
Revenues over (under) expenditures	(1,446,400)	(1,446,400)	(419,986)	(605,058)	(1,025,044)	421,356
OTHER FINANCING SOURCES (USES):						
Transfers in	1,417,000	1,417,000	700,000	717,000	1,417,000	-
Transfers out	(275,000)	(275,000)	(100,000)	(175,000)	(275,000)	-
Total other financing sources (uses)	1,142,000	1,142,000	600,000	542,000	1,142,000	-
Net change in fund balance	(304,400)	(304,400)	180,014	(63,058)	116,956	421,356
FUND BALANCE, BEGINNING - BUDGETARY BASIS						
	304,400	304,400	368,411	548,425	368,411	64,011
FUND BALANCE, ENDING - BUDGETARY BASIS						
	\$ -	\$ -	\$ 548,425	\$ 485,367	\$ 485,367	\$ 485,367

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, 2021

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Taxes	\$ 866,600	\$ 866,600	\$ 294,222	\$ 489,891	\$ 784,113	\$ (82,487)
Total revenues	866,600	866,600	294,222	489,891	784,113	(82,487)
EXPENDITURES:						
Materials and service	327,200	327,200	140,940	188,335	329,275	(2,075)
Contingency	134,700	134,700	-	-	-	134,700
Total expenditures	461,900	461,900	140,940	188,335	329,275	132,625
Revenues over (under) expenditures	404,700	404,700	153,282	301,556	454,838	50,138
OTHER FINANCING SOURCES (USES):						
Transfers out	(507,300)	(507,300)	(235,487)	(282,038)	(517,525)	(10,225)
Total other financing sources (uses)	(507,300)	(507,300)	(235,487)	(282,038)	(517,525)	(10,225)
Net change in fund balance	(102,600)	(102,600)	(82,205)	19,518	(62,687)	39,913
FUND BALANCE, BEGINNING - BUDGETARY BASIS	102,600	102,600	82,349	144	82,349	(20,251)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 144	\$ 19,662	\$ 19,662	\$ 19,662

**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, 2021**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Taxes	\$ 318,100	\$ 318,100	\$ 153,530	\$ 153,674	\$ 307,204	\$ (10,896)
Miscellaneous	100	100	4,191	-	4,191	4,091
Total revenues	318,200	318,200	157,721	153,674	311,395	(6,805)
EXPENDITURES:						
Debt service:						
Principal	328,189	328,189	164,094	164,094	328,188	1
Interest	17,411	17,411	10,378	6,906	17,284	127
Total expenditures	345,600	345,600	174,472	171,000	345,472	128
Net change in fund balance	(27,400)	(27,400)	(16,751)	(17,326)	(34,077)	(6,677)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	29,200	29,200	103,772	87,021	103,772	74,572
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 1,800	\$ 1,800	\$ 87,021	\$ 69,695	\$ 69,695	\$ 67,895

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 Funds
 - 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, 2021**

	Water Fund	Water System Development Fund	Total Water Funds
REVENUES:			
Intergovernmental	\$ 87,757	\$ -	\$ 87,757
Charges for services	2,318,723	-	2,318,723
Miscellaneous	29,395	175,410	204,805
Total revenues	<u>2,435,875</u>	<u>175,410</u>	<u>2,611,285</u>
EXPENDITURES:			
Personal services	340,695	-	340,695
Materials and services	1,484,377	-	1,484,377
Capital outlay	1,228,191	-	1,228,191
Debt service:			
Principal	91,802	-	91,802
Interest	54,800	-	54,800
Total expenditures	<u>3,199,865</u>	<u>-</u>	<u>3,199,865</u>
Revenues over (under) expenditures	<u>(763,990)</u>	<u>175,410</u>	<u>(588,580)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	250,000	-	250,000
Transfers out	-	(250,000)	(250,000)
Total other financing sources (uses)	<u>250,000</u>	<u>(250,000)</u>	<u>-</u>
Net change in fund balance	(513,990)	(74,590)	(588,580)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>562,208</u>	<u>495,210</u>	<u>1,057,418</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 48,218</u>	<u>\$ 420,620</u>	468,838
RECONCILIATION TO NET POSITION - GAAP BASIS			
Inventory			35,823
Capital assets, net			10,106,607
Net OPEB asset			1,305
Deferred outflows related to pensions			77,074
Deferred outflows related to OPEB			3,659
Unavailable revenue			41,417
Accrued interest			(4,325)
Compensated absences payable			(20,828)
Long-term debt			(1,601,989)
Net pension liability			(238,461)
Net OPEB liability			(11,196)
Deferred outflows related to pensions			(16,225)
Deferred outflows related to OPEB			(1,582)
NET POSITION			<u>\$ 8,840,117</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, 2021

	Biennium Budget		Actual		Biennium	Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21		
REVENUES:						
Intergovernmental	\$ -	\$ -	\$ 117	\$ 87,757	\$ 87,874	\$ 87,874
Charges for services	4,475,000	4,475,000	2,244,412	2,318,723	4,563,135	88,135
Miscellaneous	10,000	10,000	25,412	29,395	54,807	44,807
Total revenues	4,485,000	4,485,000	2,269,941	2,435,875	4,705,816	220,816
EXPENDITURES:						
Personal services	764,200	764,200	345,269	340,695	685,964	78,236
Materials and services	3,017,200	3,017,200	1,489,179	1,484,377	2,973,556	43,644
Capital outlay	3,125,000	3,125,000	813,948	1,228,191	2,042,139	1,082,861
Debt service:						
Principal	173,100	173,100	87,415	91,802	179,217	(6,117) *
Interest	118,800	118,800	57,602	54,800	112,402	6,398 *
Contingency	905,100	905,100	-	-	-	905,100
Total expenditures	8,103,400	8,103,400	2,793,413	3,199,865	5,993,278	2,110,122
Revenues over (under) expenditures	(3,618,400)	(3,618,400)	(523,472)	(763,990)	(1,287,462)	2,330,938
OTHER FINANCING SOURCES (USES):						
Issuance of debt	2,200,000	2,200,000	-	-	-	(2,200,000)
Transfers in	250,000	250,000	-	250,000	250,000	-
Total other financing sources (uses)	2,450,000	2,450,000	-	250,000	250,000	(2,200,000)
Net change in fund balance	(1,168,400)	(1,168,400)	(523,472)	(513,990)	(1,037,462)	130,938
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,168,400	1,168,400	1,085,680	562,208	1,085,680	(82,720)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 562,208	\$ 48,218	\$ 48,218	\$ 48,218

* Appropriated together as Debt Service

**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, 2021**

	Biennium Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Charges for services	\$ 193,500	\$ 193,500	\$ -	\$ -	\$ -	\$ (193,500)
Miscellaneous	30,000	30,000	153,461	175,410	328,871	298,871
Total revenues	223,500	223,500	153,461	175,410	328,871	105,371
EXPENDITURES:						
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	175,410	328,871	279,371
OTHER FINANCING SOURCES (USES):						
Transfers out	(250,000)	(250,000)	-	(250,000)	(250,000)	-
Total other financing sources (uses)	(250,000)	(250,000)	-	(250,000)	(250,000)	-
Net change in fund balance	(200,500)	(200,500)	153,461	(74,590)	78,871	279,371
FUND BALANCE, BEGINNING - BUDGETARY BASIS	200,500	200,500	341,749	495,210	341,749	141,249
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 495,210	\$ 420,620	\$ 420,620	\$ 420,620

**CITY OF FLORENCE, OREGON
WASTEWATER FUNDS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021**

	Wastewater Fund	Wastewater Systems Development Fund	Total Wastewater Funds
REVENUES:			
Intergovernmental	\$ 38,521	\$ -	\$ 38,521
Charges for services	3,338,388	-	3,338,388
Miscellaneous	7,456	214,133	221,589
	<u>3,384,365</u>	<u>214,133</u>	<u>3,598,498</u>
Total revenues			
EXPENDITURES:			
Personnel service	461,806	-	461,806
Materials and service	1,626,689	587	1,627,276
Capital outlay	369,922	-	369,922
Debt service:			
Principal	1,051,719	-	1,051,719
Interest	69,365	-	69,365
	<u>3,579,501</u>	<u>587</u>	<u>3,580,088</u>
Total expenditures			
Revenues over (under) expenditures	<u>(195,136)</u>	<u>213,546</u>	<u>18,410</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	300,000	-	300,000
Transfers out	-	(300,000)	(300,000)
	<u>300,000</u>	<u>(300,000)</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balance	104,864	(86,454)	18,410
FUND BALANCE, BEGINNING -	<u>206,452</u>	<u>314,883</u>	<u>521,335</u>
FUND BALANCE, ENDING -	<u>\$ 311,316</u>	<u>\$ 228,429</u>	539,745
RECONCILIATION TO NET POSITION - GAAP BASIS			
Inventory			14,500
Capital assets, net			15,536,709
Net OPEB asset			2,429
Deferred outflows related to pensions			143,412
Deferred outflows related to OPEB			6,809
Unavailable revenue			18,587
Accrued interest			(10,111)
Compensated absences payable			(23,062)
Long-term debt			(3,561,230)
Net pension liability			(443,710)
Net OPEB liability			(20,832)
Deferred outflows related to pensions			(30,191)
Deferred outflows related to OPEB			(2,944)
NET POSITION			<u>\$ 12,170,111</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, 2021

	Biennium Budget		Actual		Biennium	Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21		
REVENUES:						
Intergovernmental	\$ -	\$ 40,000	\$ 117	\$ 38,521	\$ 38,638	\$ (1,362)
Charges for services	6,660,000	6,660,000	3,314,331	3,338,388	6,652,719	(7,281)
Miscellaneous	411,000	411,000	96,570	7,456	104,026	(306,974)
Total revenues	7,071,000	7,111,000	3,411,018	3,384,365	6,795,383	(315,617)
EXPENDITURES:						
Personnel service	883,900	933,900	451,825	461,806	913,631	20,269
Materials and service	3,283,500	3,338,500	1,693,922	1,626,689	3,320,611	17,889
Capital outlay	2,345,000	2,270,000	553,046	369,922	922,968	1,347,032
Debt service:						
Principal	2,089,300	2,099,300	1,037,144	1,051,719	2,088,863	10,437
Interest	177,300	177,300	107,600	69,365	176,965	335
Contingency	891,800	891,800	-	-	-	891,800
Total expenditures	9,670,800	9,710,800	3,843,537	3,579,501	7,423,038	2,287,762
Revenues over (under) expenditures	(2,599,800)	(2,599,800)	(432,519)	(195,136)	(627,655)	1,972,145
OTHER FINANCING SOURCES (USES):						
Issuance of debt	1,250,000	1,250,000	-	-	-	(1,250,000)
Transfers in	550,000	550,000	490,000	300,000	790,000	240,000
Total other financing sources (uses)	1,800,000	1,800,000	490,000	300,000	790,000	(1,010,000)
Net change in fund balance	(799,800)	(799,800)	57,481	104,864	162,345	962,145
FUND BALANCE, BEGINNING - BUDGETARY BASIS	799,800	799,800	148,971	206,452	148,971	(650,829)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 206,452	\$ 311,316	\$ 311,316	\$ 311,316

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, 2021

	Biennium Budget		Actual		Biennium	Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21		
REVENUES:						
Charges for services	\$ 214,000	\$ 214,000	\$ -	\$ -	\$ -	\$ (214,000)
Miscellaneous	15,000	15,000	338,264	214,133	552,397	537,397
Total revenues	229,000	229,000	338,264	214,133	552,397	323,397
EXPENDITURES:						
Materials and service	3,600	3,600	709	587	1,296	2,304
Contingency	63,300	63,300	-	-	-	63,300
Total expenditures	66,900	66,900	709	587	1,296	65,604
Revenues over (under) expenditures	162,100	162,100	337,555	213,546	551,101	389,001
OTHER FINANCING SOURCES (USES):						
Transfers out	(550,000)	(550,000)	(250,000)	(300,000)	(550,000)	-
Total other financing sources (uses)	(550,000)	(550,000)	(250,000)	(300,000)	(550,000)	-
Net change in fund balance	(387,900)	(387,900)	87,555	(86,454)	1,101	389,001
FUND BALANCE, BEGINNING - BUDGETARY BASIS	387,900	387,900	227,328	314,883	227,328	(160,572)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 314,883	\$ 228,429	\$ 228,429	\$ 228,429

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, 2021

	Biennium Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Intergovernmental	\$ 78,000	\$ 78,000	\$ 79,359	\$ 31,482	\$ 110,841	\$ 32,841
Charges for services	120,000	120,000	60,322	58,682	119,004	(996)
Miscellaneous	167,200	167,200	85,433	63,827	149,260	(17,940)
Total revenues	365,200	365,200	225,114	153,991	379,105	13,905
EXPENDITURES:						
Materials and service	293,500	293,500	136,827	137,057	273,884	19,616
Capital outlay	135,000	260,000	142,406	104,195	246,601	13,399
Contingency	158,400	33,400	-	-	-	33,400
Total expenditures	586,900	586,900	279,233	241,252	520,485	66,415
Revenues over (under) expenditures	(221,700)	(221,700)	(54,119)	(87,261)	(141,380)	80,320
Net change in fund balance	(221,700)	(221,700)	(54,119)	(87,261)	(141,380)	80,320
FUND BALANCE, BEGINNING - BUDGETARY BASIS	221,700	221,700	54,684	565	54,684	(167,016)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 565	(86,696)	\$ (86,696)	\$ (86,696)
RECONCILIATION TO NET POSITION - GAAP BASIS						
Inventory				16,558		
Capital assets, net				3,556,260		
Unavailable revenue				2,836		
NET POSITION				<u>\$ 3,488,958</u>		

**CITY OF FLORENCE, OREGON
STORMWATER FUNDS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021**

	Stormwater Fund	Stormwater Systems Development Fund	Total Stormwater Funds
REVENUES:			
Charges for services	\$ 559,252	\$ -	\$ 559,252
Miscellaneous	6,431	104,839	111,270
Total revenues	<u>565,683</u>	<u>104,839</u>	<u>670,522</u>
EXPENDITURES:			
Personnel service	158,423	-	158,423
Materials and service	275,734	163	275,897
Capital outlay	534,160	-	534,160
Debt service:			
Principal	15,566	-	15,566
Interest	4,453	-	4,453
Total expenditures	<u>988,336</u>	<u>163</u>	<u>988,499</u>
Net changes in fund balances	(422,653)	104,676	(317,977)
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>1,020,017</u>	<u>107,205</u>	<u>1,127,222</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u><u>\$ 597,364</u></u>	<u><u>\$ 211,881</u></u>	<u>809,245</u>
RECONCILIATION TO NET POSITION - GAAP BASIS			
Capital assets, net			\$ 2,347,076
Net OPEB asset			529
Deferred outflows related to pensions			31,234
Deferred outflows related to OPEB			1,483
Unavailable revenue			1,978
Accrued interest			(617)
Compensated absences payable			(5,049)
Long-term debt			(206,774)
Net pension liability			(96,637)
Net OPEB liability			(4,537)
Deferred outflows related to pensions			(6,575)
Deferred outflows related to OPEB			(641)
NET POSITION			<u><u>\$ 2,870,715</u></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, 2021

	Biennium Budget		Actual			Variance Positive (Negative)
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Charges for services	\$ 1,124,300	\$ 1,124,300	\$ 563,923	\$ 559,252	\$ 1,123,175	\$ (1,125)
Miscellaneous	1,000	1,000	178	6,431	6,609	5,609
Total revenues	<u>1,125,300</u>	<u>1,125,300</u>	<u>564,101</u>	<u>565,683</u>	<u>1,129,784</u>	<u>4,484</u>
EXPENDITURES:						
Personnel service	311,500	316,800	156,976	158,423	315,399	1,401
Materials and service	583,800	583,800	270,456	275,734	546,190	37,610
Capital outlay	890,000	884,700	80,899	534,160	615,059	269,641
Debt service:						
Principal	30,900	30,900	15,283	15,566	30,849	51
Interest	5,900	5,900	1,409	4,453	5,862	38
Contingency	229,600	229,600	-	-	-	229,600
Total expenditures	<u>2,051,700</u>	<u>2,051,700</u>	<u>525,023</u>	<u>988,336</u>	<u>1,513,359</u>	<u>538,341</u>
Revenues over (under) expenditures	(926,400)	(926,400)	39,078	(422,653)	(383,575)	542,825
OTHER FINANCING SOURCES (USES):						
Transfers in	200,000	200,000	200,000	-	200,000	-
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Net changes in fund balances	(726,400)	(726,400)	239,078	(422,653)	(183,575)	542,825
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>726,400</u>	<u>726,400</u>	<u>780,939</u>	<u>1,020,017</u>	<u>780,939</u>	<u>54,539</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,020,017</u>	<u>\$ 597,364</u>	<u>\$ 597,364</u>	<u>\$ 597,364</u>

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, 2021

	Biennium Budget		Actual			Variance Positive (Negative)
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Charges for services	\$ 118,000	\$ 118,000	\$ -	\$ -	\$ -	\$ (118,000)
Miscellaneous	2,000	2,000	78,954	104,839	183,793	181,793
Total revenues	120,000	120,000	78,954	104,839	183,793	63,793
EXPENDITURES:						
Materials and service	1,000	1,000	197	163	360	640
Contingency	97,400	97,400	-	-	-	97,400
Total expenditures	98,400	98,400	197	163	360	98,040
Revenues over (under) expenditures	21,600	21,600	78,757	104,676	183,433	161,833
OTHER FINANCING SOURCES (USES):						
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)	104,676	(16,567)	161,833
FUND BALANCE, BEGINNING - BUDGETARY BASIS	178,400	178,400	228,448	107,205	228,448	50,048
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 107,205	\$ 211,881	\$ 211,881	\$ 211,881

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, 2021

	Biennium Budget		Actual			Variance Positive (Negative)
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Intergovernmental	\$ 227,500	\$ 227,500	\$ 128,524	\$ 159,483	\$ 288,007	\$ 60,507
Charges for services	414,900	582,400	217,871	3,592	221,463	(360,937)
Miscellaneous	307,000	307,000	103,358	42,792	146,150	(160,850)
Total revenues	949,400	1,116,900	449,753	205,867	655,620	(461,280)
EXPENDITURES:						
Personnel service	507,300	507,300	244,200	127,167	371,367	135,933
Materials and service	1,021,300	1,178,800	498,271	244,075	742,346	436,454
Capital outlay	250,000	260,000	35,474	44,530	80,004	179,996
Contingency	293,900	293,900	-	-	-	293,900
Total expenditures	2,072,500	2,240,000	777,945	415,772	1,193,717	1,046,283
Revenues over (under) expenditures	(1,123,100)	(1,123,100)	(328,192)	(209,905)	(538,097)	585,003
OTHER FINANCING SOURCES (USES):						
Issuance of debt	150,000	150,000	-	-	-	(150,000)
Transfers in	507,300	507,300	235,487	282,038	517,525	10,225
Total other financing sources (uses)	657,300	657,300	235,487	282,038	517,525	(139,775)
Net changes in fund balances	(465,800)	(465,800)	(92,705)	72,133	(20,572)	445,228
FUND BALANCE, BEGINNING	465,800	465,800	466,692	373,987	466,692	892
FUND BALANCE, ENDING	\$ -	\$ -	\$ 373,987	446,120	\$ 446,120	\$ 446,120
RECONCILIATION TO NET POSITION - GAAP BASIS						
Capital assets, net				1,780,242		
Net OPEB asset				1,076		
Deferred outflows related to pensions				63,541		
Deferred outflows related to OPEB				3,017		
Compensated absences payable				(28,726)		
Net pension liability				(196,591)		
Net OPEB liability				(9,230)		
Deferred outflows related to pensions				(13,376)		
Deferred outflows related to OPEB				(1,304)		
NET POSITION				<u>\$ 2,044,769</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, 2021**

	Biennium Budget		Actual		Variance with	
	Original	Final	FY 2019-20	FY 2020-21	Biennium	Final Budget
REVENUES:						
Intergovernmental	\$ 93,600	\$ 114,100	\$ 10,731	\$ 95,745	\$ 106,476	\$ (7,624)
Charges for services	2,588,100	2,588,100	1,258,185	1,270,564	2,528,749	(59,351)
Miscellaneous	-	-	-	12,281	12,281	12,281
Total revenues	<u>2,681,700</u>	<u>2,702,200</u>	<u>1,268,916</u>	<u>1,378,590</u>	<u>2,647,506</u>	<u>(54,694)</u>
EXPENDITURES:						
Personal services	1,540,800	1,536,300	646,960	631,547	1,278,507	257,793
Material services	366,600	401,600	206,677	187,376	394,053	7,547
Capital outlay	700,000	690,000	271,066	261,418	532,484	157,516
Contingency	171,200	171,200	-	-	-	171,200
Total expenditures	<u>2,778,600</u>	<u>2,799,100</u>	<u>1,124,703</u>	<u>1,080,341</u>	<u>2,205,044</u>	<u>594,056</u>
Revenues over (under) expenditures	<u>(96,900)</u>	<u>(96,900)</u>	<u>144,213</u>	<u>298,249</u>	<u>442,462</u>	<u>539,362</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt	350,000	350,000	-	-	-	(350,000)
Transfers out	<u>(439,400)</u>	<u>(439,400)</u>	<u>(219,700)</u>	<u>(219,610)</u>	<u>(439,310)</u>	<u>90</u>
Total other financing sources (uses)	<u>(89,400)</u>	<u>(89,400)</u>	<u>(219,700)</u>	<u>(219,610)</u>	<u>(439,310)</u>	<u>(349,910)</u>
Net change in fund balance	(186,300)	(186,300)	(75,487)	78,639	3,152	189,452
FUND BALANCE, BEGINNING BUDGETARY BASIS						
	<u>186,300</u>	<u>186,300</u>	<u>99,802</u>	<u>24,315</u>	<u>99,802</u>	<u>(86,498)</u>
FUND BALANCE, ENDING BUDGETARY BASIS						
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,315</u>	102,954	<u>\$ 102,954</u>	<u>\$ 102,954</u>
RECONCILIATION TO NET POSITION - GAAP BASIS						
Capital assets, net				4,024,028		
Net OPEB asset				3,553		
Deferred outflows related to pensions				209,759		
Deferred outflows related to OPEB				9,959		
Accrued interest				(6,609)		
Compensated absences payable				(46,171)		
Long-term debt				(2,713,664)		
Net pension liability				(648,983)		
Net OPEB liability				(30,469)		
Deferred outflows related to pensions				(44,158)		
Deferred outflows related to OPEB				(4,305)		
NET POSITION				<u>\$ 855,894</u>		

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STATISTICAL SECTION

Schedule 1
CITY OF FLORENCE, OREGON
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2012	2013	2014	2015
Governmental Activities				
Net investment in capital assets	\$ 9,932,688	\$ 7,769,978	\$ 7,806,799	\$ 9,045,594
Restricted	2,945,483	1,740,561	2,277,005	2,393,646
Unrestricted	4,152,645	4,422,916	4,735,280	3,432,140
Total governmental activities net position	<u>17,030,816</u>	<u>13,933,455</u>	<u>14,819,084</u>	<u>14,871,380</u>
Business-type Activities				
Net investment in capital assets	11,218,953	15,900,226	16,092,100	17,175,593
Restricted	1,696,351	687,974	835,798	1,270,735
Unrestricted	363,297	1,988,903	2,918,049	3,074,893
Total governmental activities net position	<u>13,278,601</u>	<u>18,577,103</u>	<u>19,845,947</u>	<u>21,521,221</u>
Total City of Florence				
Net investment in capital assets	21,151,641	23,670,204	23,898,899	26,221,187
Restricted	4,641,834	2,428,535	3,112,803	3,664,381
Unrestricted	4,515,942	6,411,819	7,653,329	6,507,033
Total City of Florence net position	<u>\$ 30,309,417</u>	<u>\$ 32,510,558</u>	<u>\$ 34,665,031</u>	<u>\$ 36,392,601</u>

Source: City of Florence Audited Financial Statements

Schedule 1

**CITY OF FLORENCE, OREGON
NET POSITION BY COMPONENT**

Last Ten Fiscal Years

(accrual basis of accounting)

2016	2017	2018	2019	2020	2021	
						Governmental Activities
\$ 8,749,180	\$ 8,085,240	\$ 8,006,878	\$ 9,679,655	\$ 12,397,367	\$ 14,532,904	Net investment in capital assets
1,550,089	3,295,378	2,134,564	5,947,813	3,486,628	1,781,735	Restricted
1,748,741	1,313,947	2,668,369	603,247	255,367	44,109	Unrestricted
<u>12,048,010</u>	<u>12,694,565</u>	<u>12,809,811</u>	<u>16,230,715</u>	<u>16,139,362</u>	<u>16,358,748</u>	Total governmental activities net position
						Business-type Activities
19,600,617	19,297,256	23,816,426	26,174,884	27,375,453	29,267,265	Net investment in capital assets
1,057,007	1,123,542	940,845	943,472	1,049,695	1,029,658	Restricted
3,050,498	5,032,928	2,407,575	1,575,438	851,146	(26,359)	Unrestricted
<u>23,708,122</u>	<u>25,453,726</u>	<u>27,164,846</u>	<u>28,693,794</u>	<u>29,276,294</u>	<u>30,270,564</u>	Total governmental activities net position
						Total City of Florence
28,349,797	27,382,496	31,823,304	35,854,539	39,772,820	43,800,169	Net investment in capital assets
2,607,096	4,418,920	3,075,409	6,891,285	4,536,323	2,811,393	Restricted
4,799,239	6,346,875	5,075,944	2,178,685	1,106,513	17,750	Unrestricted
<u>\$ 35,756,132</u>	<u>\$ 38,148,291</u>	<u>\$ 39,974,657</u>	<u>\$ 44,924,509</u>	<u>\$ 45,415,656</u>	<u>\$ 46,629,312</u>	Total governmental activities net position

Schedule 2
CITY OF FLORENCE, OREGON
CHANGE IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015
Expenses				
Governmental activities				
Administration	\$ 1,410,520	\$ 900,195	\$ 1,019,476	\$ 986,949
Community development	1,127,198	1,468,096	534,384	715,076
Public Safety	2,327,710	2,469,971	2,775,343	2,662,133
Parks	187,539	144,573	177,293	175,572
Transportation	779,178	1,109,846	825,052	803,012
Non-departmental	-	-	-	-
Interest on long-term debt	254,329	345,360	178,899	206,611
Total governmental activities expenses	6,260,221	6,438,041	5,510,447	5,549,353
Business-type activities				
Water	1,454,949	1,114,454	1,618,232	1,327,709
Wastewater	1,861,154	1,643,715	2,014,310	1,948,766
Stormwater	175,690	144,002	194,736	160,751
Events Center	631,192	533,230	631,063	697,132
Airport	-	222,692	178,068	169,891
Total business-type activities expenses	4,122,985	3,658,363	4,636,409	4,304,249
Program Revenues				
Governmental activities				
Charges for services:				
Administration	595,334	538,935	598,311	713,696
Community development	-	-	-	-
Public safety	145,492	165,374	175,902	145,779
Parks	-	-	-	-
Transportation	125,631	301,980	317,840	310,063
Non-departmental	-	-	-	-
Interest on long-term debt	-	-	-	-
Operating grants and contributions	1,324,502	447,200	1,019,322	170,974
Capital grants and contributions	1,324,502	1,264,454	111,826	248,191
Total governmental activities program revenues	3,515,461	2,717,943	2,223,201	1,588,703
Business-type activities				
Water	1,948,992	1,975,383	2,018,879	2,112,750
Wastewater	2,674,203	2,798,397	2,906,147	3,006,947
Stormwater	580,273	519,685	506,606	512,494
Events Center	288,355	231,330	296,985	318,218
Airport	-	95,694	84,765	79,475
Operating grants and contributions	-	-	-	-
Capital grants and contributions	910,022	1,555,123	487,939	379,416
Total business-type activities program revenues	5,491,823	5,620,489	5,813,382	6,029,884
Total program revenues	9,007,284	8,338,432	8,036,583	7,618,587
General Revenues				
Governmental activities				
Taxes:				
Property taxes	\$ 2,763,851	\$ 2,534,509	\$ 2,930,383	\$ 2,678,996
Franchise taxes	498,963	731,280	768,863	481,719
Transient lodging tax	715,305	-	-	319,287
Unrestricted interest and investment earnings	46,601	54,099	46,151	29,839
Transfers in (out)	381,775	1,031,422	427,475	362,221
Total governmental activities	4,406,495	4,351,310	4,172,872	3,872,062
Business-type activities				
Taxes:				
Property taxes	-	-	-	191,764
Franchise taxes	-	-	-	-
Transient lodging tax	-	-	-	-
Unrestricted interest and investment earnings	21,363	26,895	31,407	32,496
Transfers in (out)	(381,775)	(1,031,422)	(427,475)	(362,221)
Total business-type activities	(360,412)	(1,004,527)	(396,068)	(137,961)
Change in Net Position				
Governmental activities	1,118,733	631,212	885,626	731,654
Business-type activities	1,963,017	2,502,253	1,268,844	1,967,120
Total Change in Net Position	3,081,750	3,133,465	2,154,470	2,698,774
Net position - beginning	27,227,667	29,377,093	32,510,561	33,693,827
Prior period adjustments	-	-	-	-
Net position - ending	\$ 30,309,417	\$ 32,510,558	\$ 34,665,031	\$ 36,392,601

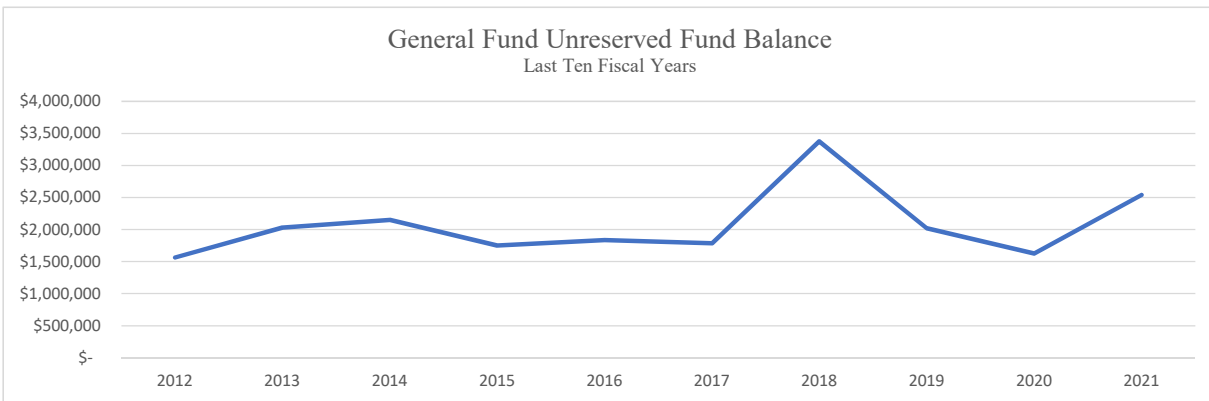
Source: City of Florence Audited Financial Statements

Schedule 2
CITY OF FLORENCE, OREGON
CHANGE IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

2016	2017	2018	2019	2020	2021	
						Expenses
\$ 1,423,748	\$ 1,425,135	\$ 1,816,801	\$ 2,029,060	\$ 2,216,213	\$ 2,601,893	Governmental activities
1,376,252	1,122,411	814,792	830,721	801,269	1,012,867	Administration
3,696,842	3,624,860	3,172,966	3,247,340	3,521,290	3,837,381	Community development
164,905	174,977	172,065	205,266	258,707	261,353	Public Safety
912,297	920,785	1,016,683	1,058,870	1,208,977	1,281,447	Parks
-	-	405,137	395,052	115,055	136,136	Transportation
355,761	211,975	258,623	329,086	415,731	398,275	Non-departmental
						Interest on long-term debt
7,929,805	7,480,143	7,657,067	8,095,395	8,537,242	9,529,352	Total governmental activities expenses
						Business-type activities
1,621,414	1,685,517	1,841,688	1,985,964	2,141,121	2,045,635	Water
2,508,116	2,327,154	2,407,923	2,667,424	2,948,543	2,784,746	Wastewater
217,544	211,443	262,831	366,590	473,219	442,297	Stormwater
860,264	932,866	864,686	800,512	774,499	370,584	Events Center
167,378	166,376	202,901	197,856	263,277	273,677	Airport
5,374,716	6,272,539	5,580,029	6,018,346	6,600,659	5,916,939	Total business-type activities expenses
						Program Revenues
						Governmental activities
686,608	703,566	753,794	718,130	1,028,731	674,278	Charges for services:
3,025	-	-	-	-	-	Administration
145,867	298,350	374,369	285,524	246,949	292,233	Community development
-	-	-	-	500,082	617,690	Public safety
332,695	340,762	390,019	466,720	-	-	Parks
-	-	-	-	-	-	Transportation
-	-	-	-	-	-	Non-departmental
-	-	-	-	-	-	Interest on long-term debt
951,743	754,614	1,123,568	1,386,899	1,073,822	1,700,178	Operating grants and contributions
29,342	1,443,244	84,630	3,224,944	390,245	563,062	Capital grants and contributions
2,149,280	3,540,536	2,726,380	6,082,217	3,239,829	3,847,441	Total governmental activities program revenues
						Business-type activities
2,207,751	2,126,622	521,347	300,935	2,271,239	2,386,465	Water
3,138,562	3,114,118	1,237,673	743,769	3,370,135	3,352,281	Wastewater
522,140	528,209	361,241	232,394	564,102	560,853	Stormwater
338,038	339,053	(309,722)	(291,551)	315,538	43,557	Events Center
99,578	164,237	(8,791)	830,164	135,192	122,203	Airport
192,476	-	-	2,500	12,256	264,871	Operating grants and contributions
266,673	442,606	498,519	1,319,990	721,585	708,621	Capital grants and contributions
6,765,218	6,272,239	1,801,748	3,138,201	7,390,047	7,438,851	Total business-type activities program revenues
8,914,498	9,812,775	4,528,128	9,220,418	10,629,876	11,286,292	Total program revenues
						General Revenues
						Governmental activities
\$ 2,784,247	\$ 2,965,478	\$ 3,046,132	\$ 3,230,831	\$ 3,385,338	\$ 3,563,559	Taxes:
527,434	917,267	1,028,691	1,144,253	1,115,569	1,260,683	Property taxes
367,729	352,748	409,343	414,195	294,222	489,891	Franchise taxes
33,158	65,758	95,141	85,203	116,456	36,275	Transient lodging tax
393,249	129,500	238,800	559,600	294,475	550,889	Unrestricted interest and investment earnings
4,105,817	4,430,751	4,818,107	5,434,082	5,206,060	5,901,297	Transfers in (out)
						Total governmental activities
						Business-type activities
-	-	-	-	-	-	Taxes:
-	-	-	-	-	-	Property taxes
-	-	-	-	-	-	Franchise taxes
-	-	-	-	-	-	Transient lodging tax
40,989	79,047	95,833	136,824	87,587	23,247	Unrestricted interest and investment earnings
(393,249)	(129,500)	(238,800)	(559,600)	(294,475)	(550,889)	Transfers in (out)
(352,260)	(50,453)	(142,967)	(422,776)	(206,888)	(527,642)	Total business-type activities
						Change in Net Position
(1,674,708)	542,092	(112,580)	3,420,904	(91,353)	219,386	Governmental activities
1,038,242	1,522,137	1,658,781	1,392,935	582,500	994,270	Business-type activities
(636,466)	2,064,229	1,546,201	4,813,839	491,147	1,213,656	Total Change in Net Position
36,392,598	36,084,062	38,428,456	40,110,670	44,924,509	45,415,656	Net position - beginning
						Prior period adjustments
\$ 35,756,132	\$ 38,148,291	\$ 39,974,657	\$ 44,924,509	\$ 45,415,656	\$ 46,629,312	Net position - ending

Schedule 3
CITY OF FLORENCE, OREGON
GOVERNMENTAL FUND BALANCES
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 41,885	\$ 48,048	\$ 47,140	\$ 53,383
Committed	131,759	41,000	280,000	280,000
Unassigned	1,563,920	2,032,297	2,151,094	1,751,988
All other governmental funds				
Nonspendable	101,375	359,741	276,177	10,839
Restricted	3,041,630	713,757	1,501,489	2,473,646
Committed	776,416	960,070	941,176	-
Assigned	-	-	-	-
Unassigned	-	263,505	-	-
Total all other governmental funds	3,919,421	2,297,073	2,718,842	2,484,485
Total fund balances of governmental funds	<u>\$ 5,656,985</u>	<u>\$ 4,418,418</u>	<u>\$ 5,197,076</u>	<u>\$ 4,569,856</u>



Source: City of Florence Audited Financial Statements

Schedule 3
CITY OF FLORENCE, OREGON
GOVERNMENTAL FUND BALANCES
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

2016	2017	2018	2019	2020	2021	
\$ 1,633,553	\$ 66,842	\$ 588,890	\$ 91,642	\$ 79,764	\$ 10,627	General Fund
-	-	-	-	-	-	Nonspendable
1,834,013	1,787,273	3,376,255	2,018,179	1,628,141	2,537,487	Committed
						Unassigned
						All other governmental funds
10,609	3,238,131	3,487,440	-	-	250	Nonspendable
1,950,972	3,284,539	2,134,564	12,591,218	3,446,395	1,757,856	Restricted
-	-	-	-	-	-	Committed
-	-	-	-	-	-	Assignend
(1,386,206)	(3,227,292)	(3,987,440)	(6,990,048)	80,640	-	Unassigned
575,375	3,295,378	1,634,564	5,601,170	3,527,035	1,758,106	Total all other governmental funds
<u>\$ 4,042,941</u>	<u>\$ 5,149,493</u>	<u>\$ 5,599,709</u>	<u>\$ 7,710,991</u>	<u>\$ 5,234,940</u>	<u>\$ 4,306,220</u>	Total fund balances of governmental funds

**General Fund Unreserved/Unassigned Fund Balance
 and Annual Percentage Change**

Last Ten Fiscal Years

Fiscal Year	Fund Balance	% Change
2012	\$ 1,563,920	-
2013	2,032,297	29.95%
2014	2,151,094	5.85%
2015	1,751,988	-18.55%
2016	1,834,013	4.68%
2017	1,787,273	-2.55%
2018	3,376,255	88.91%
2019	2,018,179	-40.22%
2020	1,628,141	-19.33%
2021	2,537,487	55.85%

CITY OF FLORENCE, OREGON
CHANGES IN GOVERNMENTAL FUND BALANCES

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2012	2013*	2014	2015
Revenues				
Taxes	\$ 2,731,294	\$ 2,709,301	\$ 3,144,823	\$ 2,992,196
Franchise fees	498,963	487,205	486,086	481,719
Licenses and permits	389,285	532,771	584,210	334,337
Intergovernmental	715,305	1,596,950	978,013	1,096,795
Charges for services	395,372	206,860	199,994	462,352
Fines and forfeitures	233,981	245,659	274,705	255,566
Miscellaneous	1,510,438	219,963	278,619	637,525
Total Revenues	<u>6,474,638</u>	<u>5,998,709</u>	<u>5,946,450</u>	<u>6,260,490</u>
Expenditures				
Administration	1,419,308	2,889,904	952,122	1,056,843
Community development	475,195	-	510,173	691,025
Public safety	2,209,527	-	2,576,863	2,700,386
Parks	137,062	-	120,870	129,575
Transportation	287,803	-	291,450	285,152
Non-departmental	117,056	1,345,274	-	-
Capital outlay	2,759,757	2,935,358	460,613	1,429,465
Debt service				
Principal	777,488	1,340,148	702,913	747,872
Interest	293,894	484,643	230,266	209,613
Total expenditures	<u>8,477,090</u>	<u>8,995,327</u>	<u>5,845,270</u>	<u>7,249,931</u>
Revenues over (under) expenditures	<u>(2,002,452)</u>	<u>(2,996,618)</u>	<u>101,180</u>	<u>(989,441)</u>
Other financing sources (uses)				
Issuance of Debt/Loan Proceeds	3,280,839	340,000	250,000	-
Transfers in	5,098,334	2,458,880	1,322,806	1,363,804
Transfers out	(4,770,765)	(987,190)	(895,331)	(1,001,583)
Total other financing sources (uses)	<u>3,608,408</u>	<u>1,811,690</u>	<u>677,475</u>	<u>362,221</u>
Net change in fund balance	<u>\$ 1,605,956</u>	<u>\$ (1,184,928)</u>	<u>\$ 778,655</u>	<u>\$ (627,220)</u>

Ratio of Total Debt Service to Total Non-Capital Expenditures

Total debt service expenditures	\$ 1,071,382	\$ 1,824,791	\$ 933,179	\$ 957,485
Total non-capital expenditures	<u>5,717,333</u>	<u>6,059,969</u>	<u>5,384,657</u>	<u>5,820,466</u>
Ratio of total debt service expenditures less refundings to total non-capital expenditures	<u>18.74%</u>	<u>30.11%</u>	<u>17.33%</u>	<u>16.45%</u>

Source: City of Florence Audited Financial Statements

Schedule 4

CITY OF FLORENCE, OREGON
CHANGES IN GOVERNMENTAL FUND BALANCES

Last Ten Fiscal Years

(modified accrual basis of accounting)

2016	2017	2018	2019	2020	2021	
						Revenues
\$ 2,820,857	\$ 3,273,753	\$ 3,603,210	\$ 3,843,449	\$ 3,679,418	\$ 4,045,669	Taxes
527,434	917,267	1,028,691	1,144,253	1,115,568	1,260,683	Franchise fees
335,309	378,089	281,348	258,469	286,683	325,952	Licenses and permits
917,171	1,258,612	1,162,749	4,500,588	1,491,895	2,228,891	Intergovernmental
486,671	795,971	1,114,150	989,088	2,549,990	2,795,167	Charges for services
211,265	205,114	230,361	214,989	217,781	195,258	Fines and forfeitures
612,910	1,504,933	293,589	327,579	244,267	326,231	Miscellaneous
<u>5,911,617</u>	<u>8,333,739</u>	<u>7,714,098</u>	<u>11,278,415</u>	<u>9,585,602</u>	<u>11,177,851</u>	Total Revenues
						Expenditures
1,267,781	1,350,257	1,805,071	2,032,231	2,168,073	2,515,552	Administration
1,280,823	1,011,828	740,316	766,367	714,557	892,155	Community development
2,822,637	2,859,704	2,747,979	2,692,751	3,254,706	3,436,648	Public safety
120,873	124,600	127,986	166,124	257,778	254,317	Parks
317,833	322,250	331,997	364,660	715,823	738,242	Transportation
-	-	401,979	361,130	121,232	141,168	Non-departmental
1,177,377	3,582,557	3,682,675	5,451,140	3,155,287	2,638,523	Capital outlay
						Debt service
2,803,679	513,153	700,803	698,817	944,218	942,303	Principal
341,164	314,122	358,876	432,963	474,192	485,235	Interest
<u>10,132,167</u>	<u>10,078,471</u>	<u>10,897,682</u>	<u>12,966,183</u>	<u>11,805,866</u>	<u>12,044,143</u>	Total expenditures
<u>(4,220,550)</u>	<u>(1,744,732)</u>	<u>(3,183,584)</u>	<u>(1,687,768)</u>	<u>(2,220,264)</u>	<u>(866,292)</u>	Revenues over (under) expenditures
						Other financing sources (uses)
2,382,679	2,617,321	3,395,000	3,239,450	-	-	Issuance of Debt/Loan Proceeds
2,052,894	3,244,500	1,565,500	1,944,300	2,223,800	2,043,573	Transfers in
(741,935)	(3,115,000)	(1,326,700)	(1,384,700)	(2,479,587)	(2,106,001)	Transfers out
<u>3,693,638</u>	<u>2,746,821</u>	<u>3,633,800</u>	<u>3,799,050</u>	<u>(255,787)</u>	<u>(62,428)</u>	Total other financing sources (uses)
<u>\$ (526,912)</u>	<u>\$ 1,002,089</u>	<u>\$ 450,216</u>	<u>\$ 2,111,282</u>	<u>\$ (2,476,051)</u>	<u>\$ (928,720)</u>	Net change in fund balance
\$ 3,144,843	\$ 827,275	\$ 1,059,679	\$ 1,131,780	\$ 1,418,410	\$ 1,427,538	Total debt service expenditures
<u>8,954,790</u>	<u>6,495,914</u>	<u>7,215,007</u>	<u>7,515,043</u>	<u>8,650,579</u>	<u>9,405,620</u>	Total non-capital expenditures
						Ratio of total debt service expenditures less refundings to total non-capital expenditures
<u>35.12%</u>	<u>12.74%</u>	<u>14.69%</u>	<u>15.06%</u>	<u>16.40%</u>	<u>15.18%</u>	

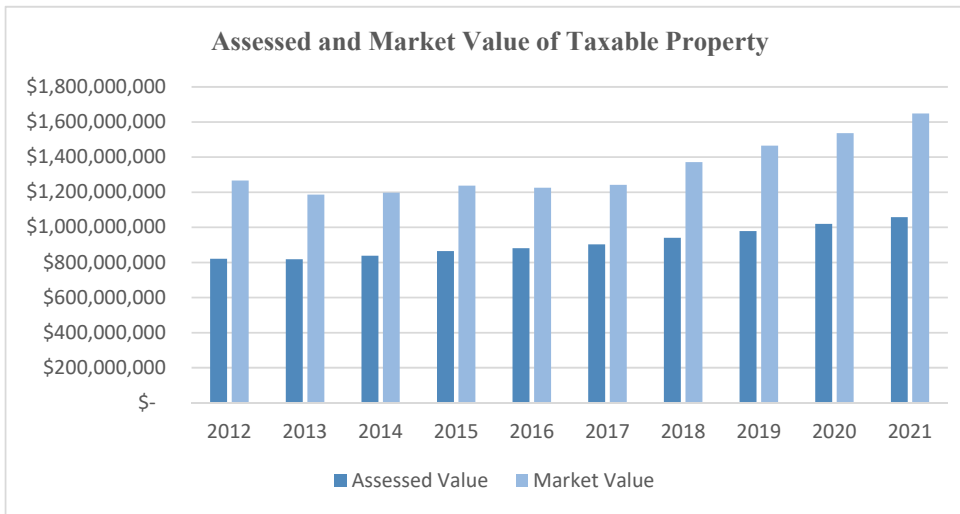
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CITY OF FLORENCE, OREGON

ASSESSED VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxable Assessed Value	Direct Tax Rate Per \$1,000 of Assessed Value	Urban Renewal District Assessed Value	Total Assessed Value	Estimated Market Value	Assessed Value as a % of Market Value
2012	\$ 795,060,537	13.0161	\$ 25,252,874	\$ 820,313,411	\$ 1,267,111,148	64.74%
2013	795,927,742	13.2254	21,796,071	817,723,813	1,186,510,821	68.92%
2014	813,163,226	14.2034	24,385,105	837,548,331	1,197,822,022	69.92%
2015	838,040,607	14.2822	26,557,328	864,597,935	1,238,117,316	69.83%
2016	852,775,333	14.0145	28,220,985	880,996,318	1,226,269,574	71.84%
2017	871,894,882	13.9021	31,068,716	902,963,598	1,242,714,606	72.66%
2018	902,212,696	13.8926	37,714,565	939,927,261	1,371,856,710	68.51%
2019	933,720,234	13.9854	44,215,774	977,936,008	1,465,722,838	66.72%
2020	971,062,765	13.5505	48,395,956	1,019,458,721	1,536,830,998	66.34%
2021	1,006,642,419	13.6665	50,620,781	1,057,263,200	1,649,048,531	64.11%



Source: Lane County Tax Reports

CITY OF FLORENCE, OREGON
DIRECT AND OVERLAPPING TAX RATES¹

Last Ten Fiscal Years

Fiscal Year Ended June 30,	City of Florence Direct Rates				Total Direct Rate	Lane Community College			Siuslaw School District 97J
	City of Florence	General Obligation Debt Service	Total Before Urban Renewal	Florence Urban Renewal		Lane Community College	Lane ESD		
2012	2.3950	0.3834	2.7784	0.3612	3.1396	0.8592	0.2164	5.4012	
2013	2.4052	0.3981	2.8033	0.3139	3.1172	0.8475	0.2173	5.4172	
2014	2.7778	0.4060	3.1838	0.3555	3.5393	0.8466	0.2168	5.3873	
2015	2.7732	0.2898	3.0630	0.3776	3.4406	0.8426	0.2164	5.3837	
2016	2.7694	0.1692	2.9386	0.3866	3.3252	0.8000	0.2161	5.3808	
2017	2.7626	0.1720	2.9346	0.4159	3.3505	0.8206	0.2156	5.3859	
2018	2.7463	0.1633	2.9096	0.4847	3.3943	0.8216	0.2143	5.3527	
2019	2.7317	0.1569	2.8886	0.5438	3.4324	0.8170	0.2132	5.2949	
2020	2.7252	0.1553	2.8805	0.5495	3.4300	0.8117	0.2127	4.4581	
2021	2.7241	0.1497	2.8738	0.5541	3.4279	0.9332	0.2126	4.4565	

¹ Per \$1,000 of assessed Value

Source: Lane County Tax Code Area Report

Overlapping Rates

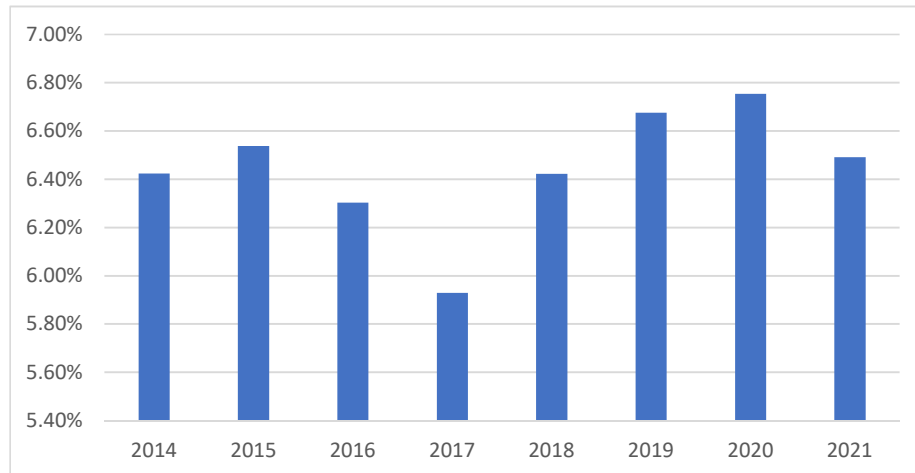
Lane County	Port of Siuslaw	Siuslaw Public Library	Siuslaw Valley Fire & Rescue	Western Lane Ambulance	Total Direct & Overlapping Rates
1.3514	0.1429	0.5005	0.8449	0.5600	13.0161
1.3539	0.1435	0.5026	0.8649	0.7613	13.2254
1.8973	0.1432	0.5013	0.9111	0.7605	14.2034
1.8921	0.1429	0.5005	1.1034	0.7600	14.2822
1.7884	0.1427	0.4998	1.1019	0.7596	14.0145
1.6303	0.1424	0.4986	1.0994	0.7588	13.9021
1.6230	0.1415	0.4956	1.0926	0.7570	13.8926
1.7515	0.1408	0.4930	1.0872	0.7554	13.9854
1.7836	0.1405	0.4918	1.4674	0.7547	13.5505
1.7831	0.1404	0.4916	1.4667	0.7545	13.6665

**CITY OF FLORENCE, OREGON
PRINCIPAL PROPERTY TAX PAYERS**

Fiscal Years 2013-14¹ and 2020-21

Taxpayer	2020-21 Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	2013-14 Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Central Lincoln PUD	\$ 11,245,000	1	1.12%	\$ 6,668,000	3	0.82%
Charter Communications	10,840,300	2	1.08%	5,951,500	4	0.73%
Fred Meyer Stores, INC	9,695,798	3	0.96%	7,883,573	1	0.97%
Spruce Partners, LLC	8,155,195	4	0.81%	6,937,550	2	0.85%
AIC Real Estate SPE 126, LLC	5,977,035	5	0.59%			
Oregon Pacific Banking Co.	4,781,901	6	0.48%	4,209,697	8	0.52%
APIC Florence Holdings, LLC	4,320,421	7	0.43%			
Centurylink	4,197,000	8	0.42%			
Van Devender Kenneth J	3,055,994	9	0.30%			
RW Rad Florence, LLC	3,078,602	10	0.31%			
Columbia State Bank				4,976,338	5	0.61%
On Par Properties, LLC				4,971,054	6	0.61%
Safeway, Inc. Store #363				4,434,469	7	0.55%
Cuddeback CO				3,197,184	9	0.39%
Hanson Robert J				3,006,500	10	0.37%
	<u>\$ 65,347,246</u>		<u>6.49%</u>	<u>\$ 52,235,865</u>		<u>6.42%</u>
Total taxable assessed value, all properties	<u>\$ 1,006,642,419</u>			<u>\$ 813,163,226</u>		

Percentage of Total Assessed Value for Top Ten Taxpayers
Last Eight Fiscal Years



¹Earliest available information

Source: Lane County Tax Assessor

CITY OF FLORENCE, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Levy as Extended by Assessor ¹	Collected First Year of Levy	Percent Collected	Collected in Subsequent Years	Total Collections to Date	Percentage of Levy as Extended
2012	\$ 2,280,757	\$ 2,148,406	94.20%	\$ 85,764	\$ 2,234,170	97.96%
2013	2,287,338	2,156,306	94.27%	60,639	2,216,945	96.92%
2014	2,661,466	2,514,092	94.46%	67,079	2,581,172	96.98%
2015	2,639,277	2,498,478	94.67%	62,433	2,560,911	97.03%
2016	2,572,312	2,435,544	94.68%	49,118	2,484,661	96.59%
2017	2,644,551	2,507,373	94.81%	47,938	2,555,311	96.63%
2018	2,721,388	2,602,813	95.64%	37,459	2,640,272	97.02%
2019	2,816,794	2,692,823	95.60%	34,220	2,727,042	96.81%
2020	2,929,252	2,795,131	95.42%	25,800	2,820,931	96.30%
2021	3,941,555	3,770,221	95.65%	-	3,770,221	95.65%

¹The City has chosen to calculate the property tax collection rate based on the gross amount of the levy as extended by the Lane County Assessor. The resulting rate is a lower percentage, but for comparative purposes it can be applied to future years' levies without having to estimate discounts and adjustments. This method of calculating the collection rate is the same one used for the budget.

There are three ways in which property tax revenue can be adversely affected by a slow-down in the economy: 1) market value falls below assessed value; 2) assessed value falls; and 3) the rate of tax collection falls. Because of the healthy gap between market values and assessed values, there would be a lag time before a downturn would directly affect the market value limit on assessed value. The possibility of assessed values falling drastically quickly is remote. It is more likely that the rate of assessed value growth will slow. Lower collection rates would have a more immediate effect. A one percentage point drop in collection rates would translate into a \$250,000 reduction in current tax revenues. The City did not realize any reduction in collection rates for the 2019-20 or the 2020-21 fiscal years and will monitor the collection rate going forward to gauge its effect on future revenue.

Source: Lane County Tax Assessor

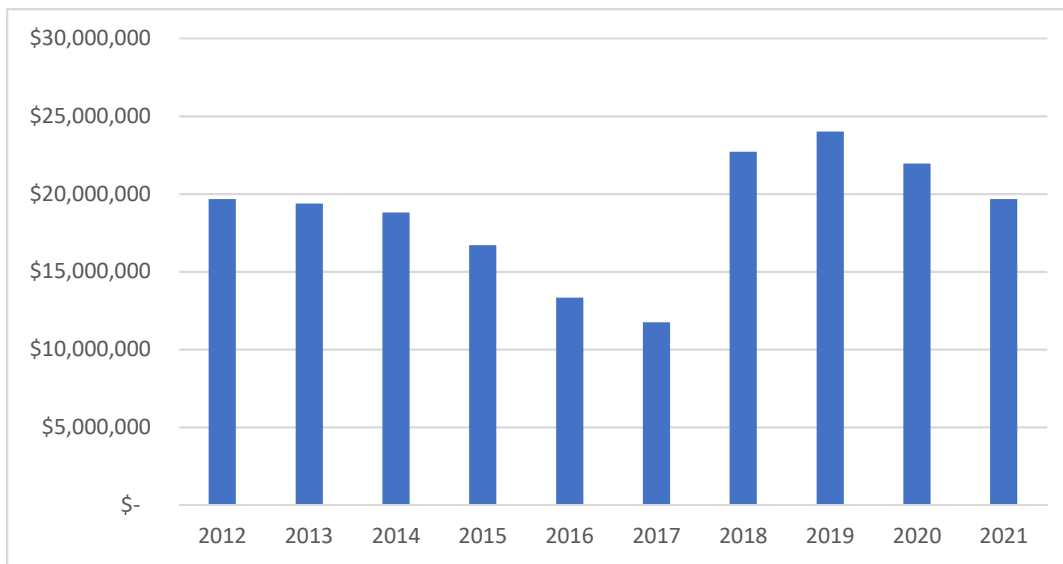
CITY OF FLORENCE, OREGON
SCHEDULE OF DEBT PER CAPITA

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				
	General Obligation Bonds	Full Faith and Credit Bonds	Limited Tax Improvement Bonds	Notes Payable	Unamortized Premium
2012	\$ 884,284	\$ 1,120,452	\$ 1,420,000	\$ 2,664,641	
2013	599,523	1,076,868	1,380,000	2,533,276	
2014	304,762	806,537	1,340,000	2,428,324	
2015	-	985,963	1,295,000	2,071,054	
2016	984,566	938,821	1,250,000	261,470	
2017	820,472	890,634	1,200,000	139,599	
2018	656,378	840,854	1,150,000	7,966,837	
2019	492,284	793,390	1,095,000	10,832,895	
2020	328,190	741,441	1,035,000	10,295,722	14,960
2021	164,094	672,857	970,000	9,772,370	13,871

Total Outstanding Debt (Governmental and Business-type)

Last ten fiscal years



Sources:

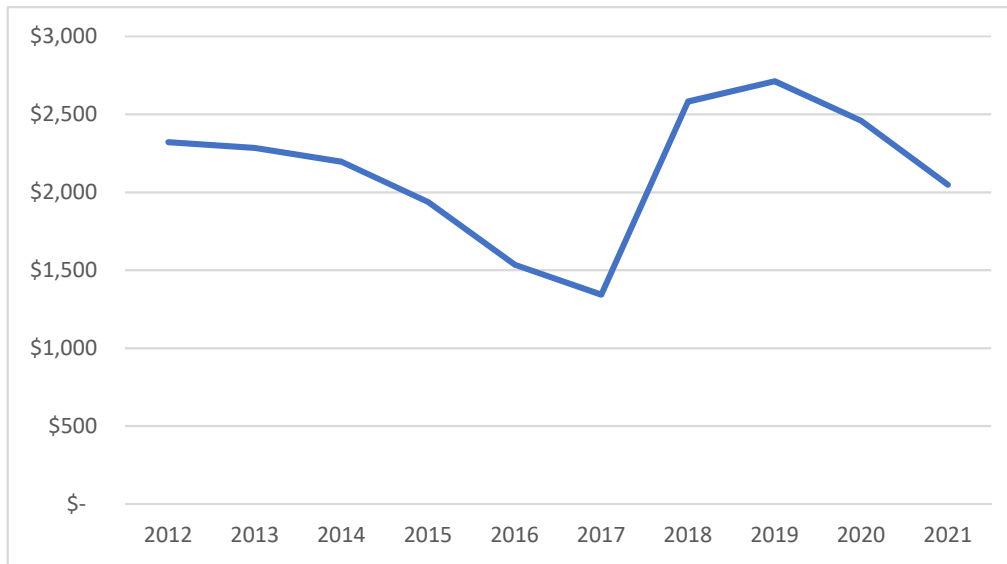
City of Florence Audited Financial Statements

Business-Type Activities

Full Faith and Credit Bonds	Notes Payable	Unamortized Premium	Total Outstanding Debt	% of Personal Income	Debt per Capita
\$ 8,515,531	\$ 5,060,409		\$ 19,665,317	90.73%	\$ 2,322
7,660,265	6,123,414		19,373,346	88.35%	2,285
8,102,744	5,823,540		18,805,907	80.30%	2,196
7,046,114	5,309,110		16,707,241	67.09%	1,938
4,985,238	4,899,367		13,319,462	51.50%	1,535
4,200,741	4,501,855		11,753,301	43.66%	1,344
3,404,415	8,702,528		22,721,012	79.61%	2,583
2,579,598	8,216,880		24,010,047	81.02%	2,713
1,738,753	7,752,687	51,234	21,957,987	68.05%	2,460
862,143	7,197,925	23,589	19,676,849	n/a	2,050

Debt per Capita (Governmental and Business-type)

Last ten fiscal years



CITY OF FLORENCE, OREGON

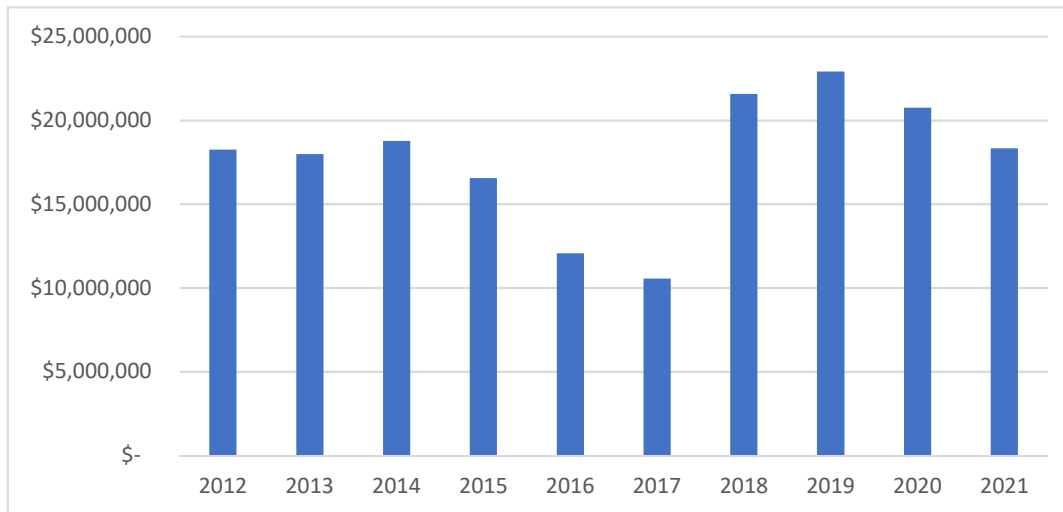
RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population	Assessed Value	General Obligation Bonds	Unamortized Premium	General Revenue Obligations
2012	8,470	\$ 795,060,537	\$ 884,284	\$ -	\$ 17,361,033
2013	8,480	795,927,742	599,523	-	17,393,823
2014	8,565	813,163,226	1,617,516	-	17,161,145
2015	8,620	838,040,607	1,148,660	-	15,412,241
2016	8,680	852,775,333	984,566	-	11,084,896
2017	8,745	871,894,882	820,472	-	9,732,829
2018	8,795	902,212,696	656,378	-	20,914,634
2019	8,850	933,720,234	492,284	-	22,422,763
2020	8,925	971,062,765	328,190	66,194	20,528,603
2021	9,600	1,006,642,419	164,094	37,460	18,505,295

Net General Bonded Debt

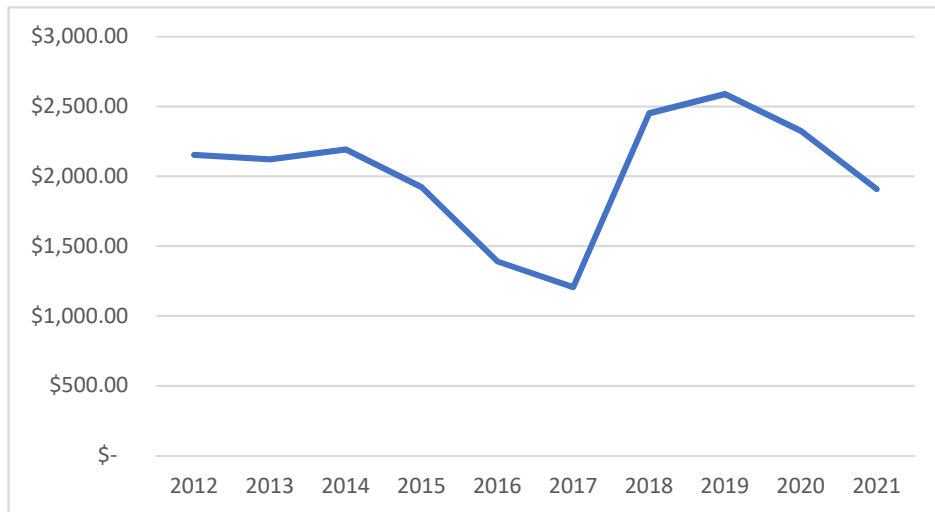
Last ten fiscal years



Less: Amounts Available in Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Net Bonded Debt as a Percent of Personal Income
\$ -	\$ 18,245,317	2.29%	\$ 2,154.11	84.18%
-	17,993,346	2.26%	2,121.86	82.06%
-	18,778,661	2.31%	2,192.49	80.18%
-	16,560,901	1.98%	1,921.22	66.50%
-	12,069,462	1.42%	1,390.49	46.67%
-	10,553,301	1.21%	1,206.78	39.20%
-	21,571,012	2.39%	2,452.64	75.58%
-	22,915,047	2.45%	2,589.27	77.33%
167,661	20,755,326	2.14%	2,325.53	64.32%
382,548	18,324,301	1.82%	1,908.78	n/a

Net General Bonded Debt Per Capita

Last ten fiscal years

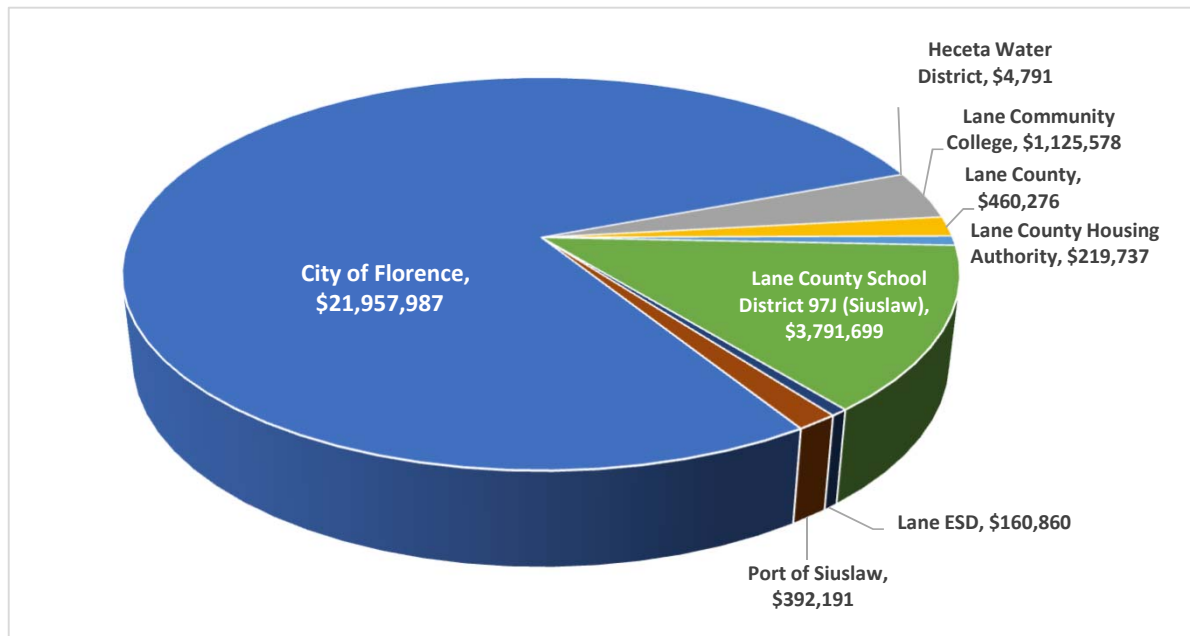


**CITY OF FLORENCE, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

As of June 30, 2020

Jurisdiction	Net Outstanding Debt	Percentage Applicable to the City of Florence ¹	Amount Applicable to the City of Florence
DIRECT DEBT			
City of Florence	\$ 21,957,987	100.00%	\$ 21,957,987
OVERLAPPING DEBT			
Heceta Water District	1,373,954	0.35%	4,791
Lane Community College	46,100,000	2.44%	1,125,578
Lane County	18,585,000	2.48%	460,276
Lane County Housing Authority	8,872,537	2.48%	219,737
Lane County School District 97J (Siuslaw)	7,760,000	48.86%	3,791,699
Lane ESD	6,480,000	2.48%	160,860
Port of Siuslaw	943,039	41.59%	392,191
Total overlapping debt	90,114,530		6,155,132
Total direct and overlapping debt	\$ 112,072,517		\$ 28,113,119

Direct and Overlapping Debt Applicable to the City of Florence



Source: State of Oregon, Treasury Department

¹The overlapping debt percentage is determined by the percent of real market value the City shares with other issuers. This data is provided to the Treasury Department annually by the Oregon Department of Revenue.

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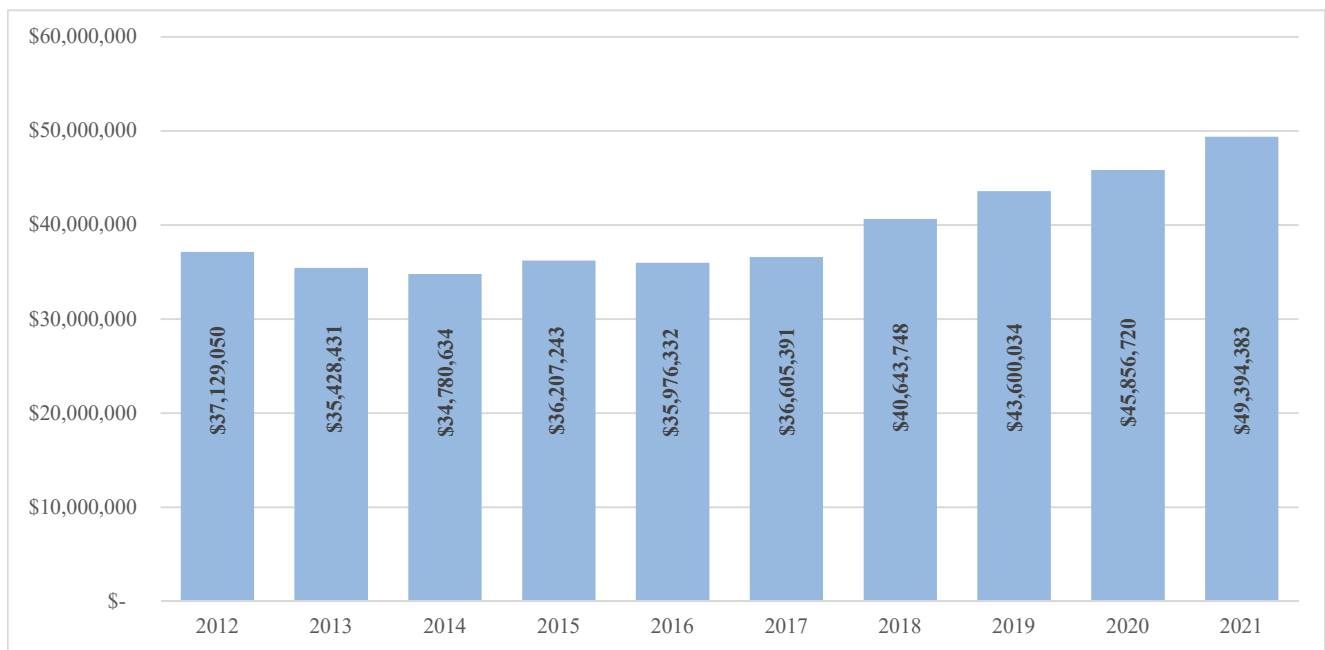
**CITY OF FLORENCE, OREGON
COMPUTATION OF LEGAL DEBT MARGIN**

Last ten fiscal years

	2012	2013	2014	2015
Debt limitation	\$ 38,013,334	\$ 35,595,325	\$ 35,934,661	\$ 37,143,519
Total net debt applicable to limitation	884,284	166,894	1,154,027	936,276
Legal debt margin	<u>\$ 37,129,050</u>	<u>\$ 35,428,431</u>	<u>\$ 34,780,634</u>	<u>\$ 36,207,243</u>
Ratio of net debt applicable to the debt limitation	<u>2.33%</u>	<u>0.47%</u>	<u>3.21%</u>	<u>2.52%</u>

Legal Debt Margin

Last ten fiscal years



The state-mandated legal debt margin for general obligation debt is three percent of true cash value (market value). The legal debt margin is a direct function of the true cash value of properties in the City and the City's net general obligation debt. The City's legal debt margin has increased by 34.7 percent (\$11,458,122) over the last ten years. During that same period, the City's true cash value increased 30.1 percent (\$381,937,383) and the City's general obligation debt decreased

Sources: Lane County Assessor and Notes to the Basic Financial Statements

**CITY OF FLORENCE, OREGON
COMPUTATION OF LEGAL DEBT MARGIN**

Last ten fiscal years

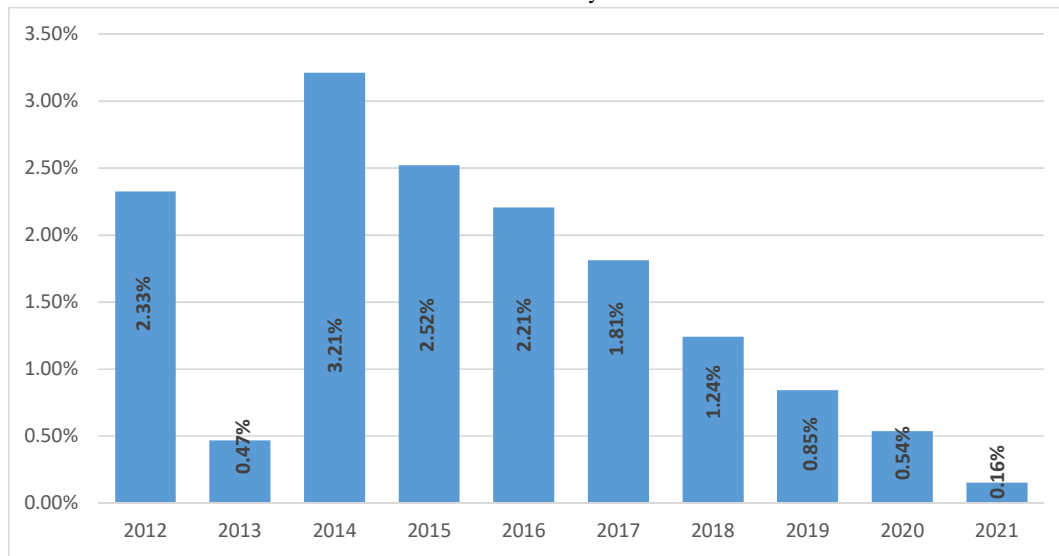
2016	2017	2018	2019	2020	2021
\$ 36,788,087	\$ 37,281,438	\$ 41,155,701	\$ 43,971,685	\$ 46,104,930	\$ 49,471,456
811,755	676,047	511,953	371,651	248,210	77,073
<u>\$ 35,976,332</u>	<u>\$ 36,605,391</u>	<u>\$ 40,643,748</u>	<u>\$ 43,600,034</u>	<u>\$ 45,856,720</u>	<u>\$ 49,394,383</u>
<u>2.21%</u>	<u>1.81%</u>	<u>1.24%</u>	<u>0.85%</u>	<u>0.54%</u>	<u>0.16%</u>

Legal debt margin calculation for Fiscal Year

True cash value		\$ 1,649,048,531
General obligation debt limit - 3% of true cash value		3%
General obligation debt limit		49,471,456
Gross general obligation bonded debt principal		
Wastewater bonds	\$ 164,094	
Less: Debt service funds available		
Wastewater bonds	<u>87,021</u>	
Net debt subject to three percent limitation		<u>77,073</u>
Legal debt margin		<u>\$ 49,394,383</u>

Ratio of the Net Debt Applicable to the Debt Limitation

Last ten fiscal years



CITY OF FLORENCE, OREGON
PLEDGED REVENUE COVERAGE

Last ten fiscal years

Wastewater Revenue Debt (Coverage requirement equals 105%)

Fiscal Year Ended June 30,	Operating Revenues	Less:		Net Available Resources	Debt Service			Coverage Percentage
		Operating Expenses	Depreciation		Principal	Interest	Total	
2012	\$ 2,790,644	\$ 1,377,615	\$ 571,003	\$ 1,984,032	\$ 652,307	\$ 217,699	\$ 870,006	228.0%
2013	2,798,397	1,404,555	574,739	1,968,581	661,795	205,118	866,913	227.1%
2014	2,906,147	1,537,203	812,421	2,181,365	917,783	201,818	1,119,601	194.8%
2015	3,006,947	1,569,768	810,145	2,247,324	932,280	197,047	1,129,327	199.0%
2016	3,138,562	2,012,846	806,631	1,932,347	965,366	199,230	1,164,596	165.9%
2017	3,114,118	1,822,760	837,373	2,128,731	984,413	178,056	1,162,469	183.1%
2018	3,472,585	1,896,308	862,691	2,438,968	998,983	156,374	1,155,357	211.1%
2019	3,260,296	2,125,681	957,735	2,092,350	1,013,308	132,340	1,145,648	182.6%
2020	3,370,136	2,948,543	980,534	1,402,127	1,037,144	107,599	1,144,743	122.5%
2021	3,352,281	2,784,746	1,005,643	1,573,178	1,051,759	69,365	1,121,124	140.3%

**CITY OF FLORENCE, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS**

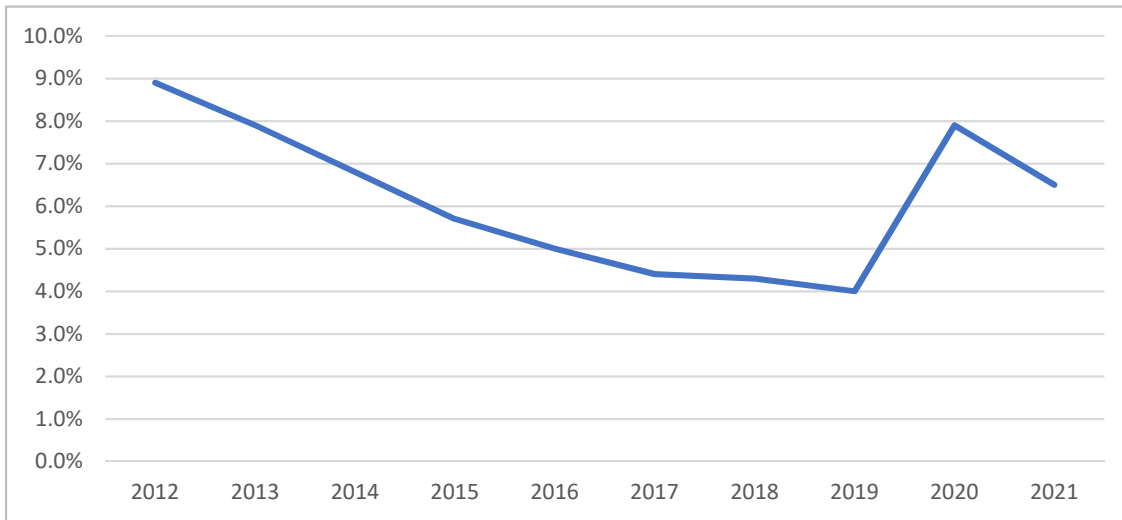
Last Ten Fiscal Years

Fiscal Year Ended June 30*,	City of Florence Population ¹	Oregon Nonmetropolitan Areas ²			Florence School Enrollment ³	Unemployment Rate Lane County ⁴
		Population	Personal Income (thousands)	Per Capita Personal Income		
2012	8,470	652,029	\$ 21,674,999	\$ 33,242	n/a	8.9%
2013	8,480	650,425	21,927,286	33,712	n/a	7.9%
2014	8,565	650,375	23,420,601	36,011	n/a	6.8%
2015	8,620	653,732	24,902,664	38,093	n/a	5.7%
2016	8,680	661,339	25,861,085	39,104	n/a	5.0%
2017	8,745	668,595	26,919,324	40,263	n/a	4.4%
2018	8,795	674,570	28,540,959	42,310	n/a	4.3%
2019	8,850	680,754	29,633,648	43,531	n/a	4.0%
2020	9,396	684,327	32,267,593	47,152	1,345	7.9%
2021	9,600	n/a	n/a	n/a	1,355	6.5%

The population of Florence increased 455 (5.37%) from 2012 to 2020.

* 2021 Population Estimate

Unemployment Rates, Lane County
Last Ten Years



* Fiscal Year Ended June 30, 2021 is as of May 31st

Sources:

¹Portland State University, Population Research and Census Center

²U.S. Department of Commerce, Bureau of Economic Analysis (Data for Lane County)

³Siuslaw School District 97J

⁴State of Oregon Employment Department

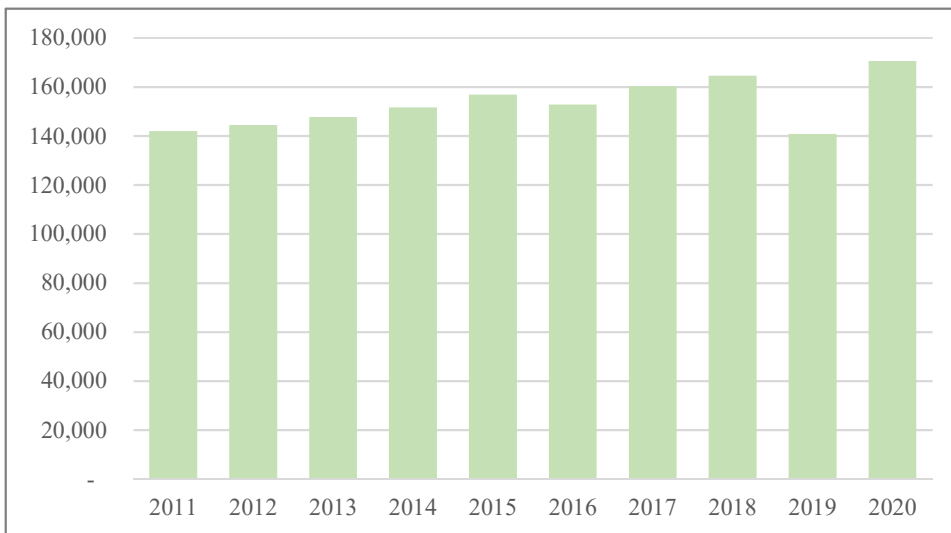
CITY OF FLORENCE, OREGON
FLORENCE AREA PRINCIPAL EMPLOYERS

Fiscal year 2021

Employer	Number of Employees	Rank	Percent of Total Employment
Peace Harbor Medical Center	458	1	0.27%
Siuslaw School District, 97J	121	2	0.07%
City of Florence	65	3	0.04%
Total	644		0.38%
Total Employment Lane County ¹	170,574		

¹As of April 2021

Employment, Lane County
 Last ten years



Sources:

- Oregon Department of Education
- Oregon Employment Department
- Employers

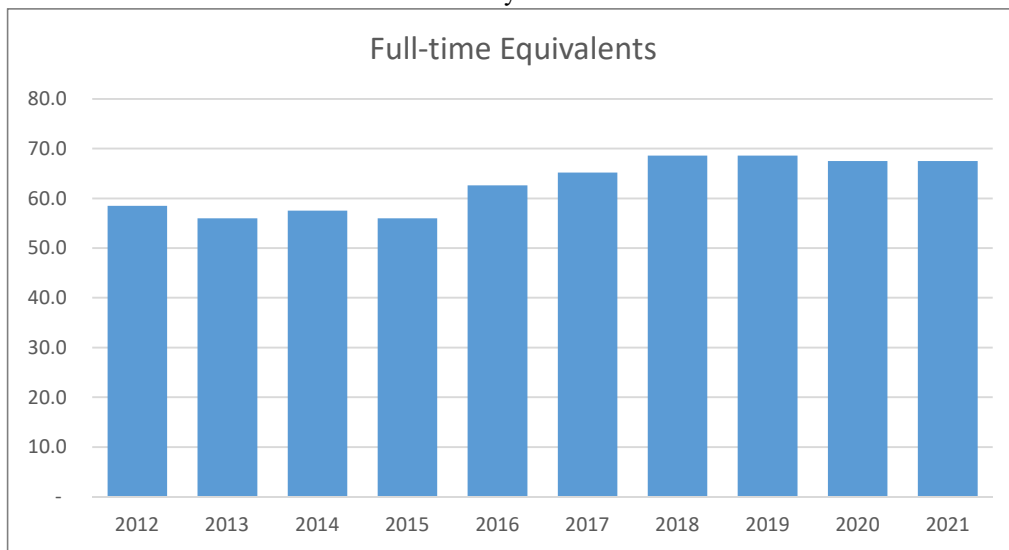
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CITY OF FLORENCE, OREGON
EMPLOYEE FULL-TIME EQUIVALENTS BY FUNCTION

Last ten fiscal years

Function	2012	2013	2014	2015	2016
GOVERNMENTAL ACTIVITIES					
Administration	7.0	7.5	7.5	7.5	11.6
Administrative Services	-	-	-	-	-
Community Development	5.5	4.0	3.5	4.0	5.0
Municipal Court	2.0	2.0	2.5	2.0	-
Public Safety	22.0	22.5	23.0	22.5	25.0
Parks	1.0	1.0	1.0	1.0	1.0
Transportation	1.0	1.0	1.0	1.0	1.0
Total Governmental Activities	38.5	38.0	38.5	38.0	43.6
BUSINESS-TYPE ACTIVITIES					
Enterprise					
Water	5.0	5.0	5.0	5.0	5.0
Wastewater	5.0	5.0	5.0	5.0	5.0
Stormwater	1.0	1.0	1.0	1.0	1.0
Events Center	3.0	3.0	3.0	3.0	4.0
Total Enterprise	14.0	14.0	14.0	14.0	15.0
Internal Service					
Public Works Administration	6.0	4.0	5.0	4.0	4.0
Total Internal Services	6.0	4.0	5.0	4.0	4.0
Total Business-type Activities	20.0	18.0	19.0	18.0	19.0
Total City-wide Full-time Equivalent	58.5	56.0	57.5	56.0	62.6

Total Full-time Equivalents
 Last ten fiscal years



Source: City of Florence Adopted Budget

2017	2018	2019	2020	2021	Function
GOVERNMENTAL ACTIVITIES					
5.5	5.6	5.6	4.0	4.0	Administration
7.0	7.0	7.0	7.5	7.5	Administrative Services
4.0	6.0	6.0	6.0	6.0	Community Development
2.0	2.0	2.0	2.0	2.0	Municipal Court
25.0	25.0	25.0	25.0	25.0	Public Safety
0.7	1.0	1.0	1.0	1.0	Parks
1.0	1.0	1.0	1.0	1.0	Transportation
45.2	47.6	47.6	46.5	46.5	Total Governmental Activities
BUSINESS-TYPE ACTIVITIES					
Enterprise					
5.0	5.0	5.0	5.0	5.0	Water
5.0	5.0	5.0	5.0	5.0	Wastewater
1.0	2.0	2.0	2.0	2.0	Stormwater
4.0	4.0	4.0	3.0	3.0	Events Center
15.0	16.0	16.0	15.0	15.0	Total Enterprise
Internal Service					
5.0	5.0	5.0	6.0	6.0	Public Works Administration
5.0	5.0	5.0	6.0	6.0	Total Internal Services
20.0	21.0	21.0	21.0	21.0	Total Business-type Activities
65.2	68.6	68.6	67.5	67.5	Total City-wide Full-time Equivalent

Fiscal Year Ended June 30,	Total FTE	Annual Percentage Change	Total Percentage Change From 2011
2012	58.5	-	-
2013	56.0	-4.27%	-4.3%
2014	57.5	2.68%	-1.7%
2015	56.0	-2.61%	-4.3%
2016	62.6	11.79%	7.0%
2017	65.2	4.15%	11.5%
2018	68.6	5.21%	17.3%
2019	68.6	0.00%	17.3%
2020	67.5	-1.60%	15.4%
2021	67.5	0.00%	15.4%

CITY OF FLORENCE, OREGON
OPERATING INDICATORS BY FUNCTION

Last ten fiscal years

Function	2012	2013	2014	2015
GOVERNMENTAL ACTIVITIES				
Administration				
Ordinances adopted	n/a	n/a	12	n/a
Public records requests	n/a	n/a	12	n/a
Total website sessions	n/a	n/a	107,632	n/a
Administrative Services				
GFOA Budget Award	No	No	No	Yes
Recruitments	n/a	n/a	15	n/a
Number of utility customers	n/a	n/a	n/a	n/a
Community Development				
Type 1 applications processed	n/a	n/a	n/a	n/a
Type 2 administrative reviews	n/a	n/a	n/a	n/a
Type 3 quasi-judicial applications	n/a	n/a	n/a	n/a
Dwelling building permits	n/a	n/a	n/a	n/a
Commercial building permits	n/a	n/a	n/a	n/a
Dog complaints filed	n/a	n/a	n/a	n/a
Nuisance complaints processed	n/a	n/a	n/a	n/a
Municipal Court				
Total cases filed	n/a	n/a	2,098	n/a
Misdemeanor cases	n/a	n/a	541	n/a
Violations	n/a	n/a	1,557	n/a
Public Safety				
Traffic citations	n/a	2,004	1,650	1,484
Arrests	n/a	636	690	599
DUII arrests	n/a	n/a	n/a	n/a
Total inmates	n/a	550	539	490
Parks				
Developed park acres	n/a	n/a	n/a	n/a
Acres of mowed turf	n/a	n/a	n/a	n/a
Transportation				
City-wide average PCI rating	71	71	71	71
Lane miles chip/fog sealed	n/a	n/a	n/a	n/a
Signs inspected/cleaned/replaced	n/a	n/a	n/a	n/a
Airport				
Runway light checks	365	365	365	365
QA/QC on fuel/fuel systems	n/a	n/a	n/a	n/a
Business Park lots leased	n/a	n/a	n/a	n/a
BUSINESS-TYPE ACTIVITIES				
Enterprise				
Water				
Total gallons water produced (millions)	349	343	364	393
% of water samples meeting standards	100%	100%	100%	100%
Water loss percentage	5.2%	0.3%	3.7%	5.3%
Wastewater				
Wastewater plant flows (millions/gal)	302	268	263	273
Solids produced (wet tons)	758	538	538	680
Wastewater lines cleaned (lineal feet)	15,835	38,015	34,003	6,990
Stormwater				
Streets cleaned (miles)	1,150	1,150	1,150	1,150
Catch basin sumps cleaned	1,000	1,000	900	913
Annual stream/creek inspections	n/a	n/a	n/a	n/a
Events Center				
Multi-day conferences	n/a	n/a	n/a	n/a
Total events	n/a	n/a	316	n/a
Theater usage days	n/a	n/a	n/a	n/a
Box office gross ticket sales	n/a	n/a	\$ 173,000	n/a
Internal Service				
Public Works Administration				
Capital projects managed	n/a	n/a	n/a	n/a
Facility inspections per month	n/a	n/a	n/a	n/a
Vehicles maintained	n/a	n/a	n/a	n/a
OSHA safety violations	n/a	n/a	n/a	n/a

Source: City of Florence Adopted Budget

CITY OF FLORENCE, OREGON
OPERATING INDICATORS BY FUNCTION

Last ten fiscal years

2016	2017	2018	2019	2020	2021	Function
GOVERNMENTAL ACTIVITIES						
Administration						
n/a	18	12	15	8	11	Ordinances adopted
n/a	26	41	39	24	20	Public records requests
n/a	95,121	98,249	105,665	113,117	125,000	Total website sessions
Administrative Services						
Yes	Yes	Yes	Yes	Yes	Yes	GFOA Budget Award
10	13	12	5	8	8	Recruitments
n/a	4,525	4,385	4,741	4,255	3,845	Number of utility customers
Community Development						
n/a	28	58	54	33	17	Type I applications processed
n/a	24	14	13	12	10	Type 2 administrative reviews
n/a	36	32	34	30	24	Type 3 quasi-judicial applications
n/a	41	44	49	46	50	Dwelling building permits
n/a	-	3	5	3	7	Commercial building permits
n/a	149	135	126	95	130	Dog complaints filed
n/a	58	52	71	75	69	Nuisance complaints processed
Municipal Court						
2,055	1,875	2,052	1,772	1,569	1,250	Total cases filed
660	612	585	509	480	500	Misdemeanor cases
1,395	1,263	1,467	1,263	1,089	800	Violations
Public Safety						
1,266	1,343	1,420	1,356	655	689	Traffic citations
752	841	929	958	709	746	Arrests
n/a	39	53	61	43	52	DUII arrests
405	436	540	500	369	376	Total inmates
Parks						
54.23	54.23	54.23	57.57	57.57	59.00	Developed park acres
12.70	12.70	12.70	12.70	12.70	12.70	Acres of mowed turf
Transportation						
71	72	73	74	73	72	City-wide average PCI rating
n/a	1.72	1.30	2.20	2.06	3.16	Lane miles chip/fog sealed
n/a	445	445	445	445	450	Signs inspected/cleaned/replaced
Airport						
365	365	365	365	365	365	Runway light checks
n/a	272	270	270	272	272	QA/QC on fuel/fuel systems
n/a	1	2	5	19	19	Business Park lots leased
BUSINESS-TYPE ACTIVITIES						
Enterprise						
Water						
379	372	410	419	433	445	Total gallons water produced (millions)
100%	100%	100%	100%	100%	100%	% of water samples meeting standards
4.6%	4.6%	4.4%	4.6%	4.0%	4.7%	Water loss percentage
Wastewater						
294	372	410	270	265	275	Wastewater plant flows (millions/gal)
1,734	620	760	784	745	780	Solids produced (wet tons)
36,669	36,669	2,859	13,091	10,707	25,000	Wastewater lines cleaned (lineal feet)
Stormwater						
1,150	1,150	1,150	1,130	1,150	1,180	Streets cleaned (miles)
913	900	915	450	500	500	Catch basin sumps cleaned
n/a	4	4	4	4	4	Annual stream/creek inspections
Events Center						
n/a	4	4	4	2	2	Multi-day conferences
n/a	386	386	392	8	8	Total events
169	148	137	137	4	-	Theater usage days
\$ 203,622	\$ 185,300	\$ 219,700	\$ 210,000	\$ 140,060	\$ 7,077	Box office gross ticket sales
Internal Service						
Public Works Administration						
n/a	4	5	6	4	6	Capital projects managed
n/a	3	4	3	4	4	Facility inspections per month
n/a	31	31	40	45	47	Vehicles maintained
n/a	-	-	-	-	-	OSHA safety violations

CITY OF FLORENCE, OREGON
CAPITAL ASSETS BY FUNCTION

Last ten fiscal years

Function	2012	2013	2014	2015	2016
GOVERNMENTAL					
Administration					
City Hall	1	1	1	1	1
Public Safety					
Justice Center	1	1	1	1	1
Jail	1	1	1	1	1
Parks					
Developed park sites	12	12	13	13	13
Acres of park land	153	153	154	154	154
Transportation					
Miles of streets	77	77	77	77	77
BUSINESS-TYPE ACTIVITIES					
Water					
Miles of water lines	65	65	65	66	66
Number of water hookups	3850	3855	3855	3860	3862
Number of treatment plants	1	1	1	1	1
Wastewater					
Miles of sanitary sewer lines	65	65	65	65	65
Pump stations	38	38	38	38	38
Number of sewer hookups	3600	3605	3610	3625	3644
Stormwater					
Number of storm sewer lines	33.25	33.25	33.25	33.25	33.51

Source: City of Florence Asset Records

2017	2018	2019	2020	2021	Function
GOVERNMENTAL					
Administration					
1	1	1	1	1	City Hall
Public Safety					
1	1	1	1	1	Justice Center
1	1	1	1	1	Jail
Parks					
13	14	14	14	15	Developed park sites
154	157	197	197	198	Acres of park land
Transportation					
79	79	79	79	79	Miles of streets
BUSINESS-TYPE ACTIVITIES					
Water					
66	66	66.81	66.98	67.05	Miles of water lines
3882	3902	3922	3961	4020	Number of water hookups
1	1	1	1	1	Number of treatment plants
Wastewater					
65	65	69.49	69.49	70.65	Miles of sanitary sewer lines
38	39	39	39	39	Pump stations
3663	3682	3700	3774	3850	Number of sewer hookups
Stormwater					
33.51	33.51	33.51	34.46	34.46	Number of storm sewer lines

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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, 2021 and have issued our report thereon dated December 15, 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.

Report on 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 162-10-0000 through 162-10-0330 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, 2021:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Street Fund	Transfers out	\$ 62,822
Urban Renewal Fund	Transfers out	315,554
Debt Service Fund	Capital outlay	60,503
911 Emergency Fund	Personnel services	11,502
Room Tax Fund	Materials and service	2,075

Internal Control Over OAR 162-10-0230

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
December 15, 2021