

City of Florence, Oregon
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022

CITY OF FLORENCE, OREGON

Annual Comprehensive
Financial Report
Year Ended June 30, 2022

Prepared by:

Finance Department

Anne Baker
Administrative Services
Director

City of Florence, Oregon
Comprehensive Annual Financial Report
Year Ended June 30, 2022

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INTRODUCTORY SECTION



City of Florence

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

February 10, 2023

Honorable Mayor Rob Ward
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, 2022, 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 383,958. As of July 1, 2022 the City had a certified population of 9,561 (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% | 382,986 | 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 2021 (source: Travel Oregon, Travelstats.com):

| | |
|------------------------------|---------------------------|
| Person Trips | 5.5 million (up 9.0% YOY) |
| Spending per person per trip | \$488.4 (up 16.7% YOY) |

Unemployment for Lane County fell from 6.1% in 2021 to 3.9% in 2022. The unemployment rate has decreased 7.2% since 2020, as the effects of COVID lessen.

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 \$1.65 billion to \$1.94 billion (\$287.8 million) in the last fiscal year. COVID did not have an immediate, or long-term, 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 City made its final payment on the bonds in June of 2022.

MAJOR INITIATIVES

Administration

The City’s Project Manager worked with FURA and Oregon Department of Transportation to complete “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 worked with the Florence Urban Renewal Agency on the sale of the Quince Street property across from the Florence Events Center.

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 continues to work toward a paperless environment which includes electronic time sheets and purchase requests.

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

Analyzed Building Department organizational structure.

In the process of updating the Transportation Systems Plan.

Public Safety

Working on developing permanent funding for the School Resource Officer.

Added a drone program as a patrol source.

Maintained compliance with Criminal Justice Information Services (CJIS) and Federal Crime Reporting.

Parks

In the process of completing the Siuslaw Estuary Trail from Highway 126 to the Port of Siuslaw.

Expanding pickleball opportunities at Rolling Dunes Park.

Replacing 'Fort Miller' play structure at Miller Park.

Airport

Completed the Automated Weather Observing System (AWOS) replacement.

Streets

Completed the second Safe Routes to Schools project.

Working on the following projects:

- Rhododendron Drive reconstruction – Wildwinds to 25th Street
- Spruce Street Culvert failure

Completed the annual chip/fog seal program.

Water

Completed 16-inch water line on 9th Street from Rhododendron Drive to Kingwood.

Wastewater

Developed plan for providing sewer to North Urban Growth Boundary.

Completed the 40th Street pump station rehabilitation on controls and electrical.

Stormwater

Completed the 28th Street stormwater tie-in and 31st Street stormwater culvert.

Public Works Administration

Received \$250,000 grant for the construction of the fuel facility.

Replaced the combination sewer cleaner.

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.

BUDGET AND APPROPRIATIONS

The City budgets all funds biennially. The General Fund, special revenue funds, and debt service funds are budgeted on the modified accrual basis of accounting. The enterprise funds and internal service funds are budgeted use full accrual method of accounting.

The General Fund is appropriated by program while all other funds are appropriated by category.

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 2020-2013, 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: 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, 2021. 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 second 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 2021-2022 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, 2022**

| | <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 |
| Rob Ward | Councilor | December 31, 2022 |
| Bill Meyer | Councilor | December 31, 2024 |

ADMINISTRATIVE OFFICIALS

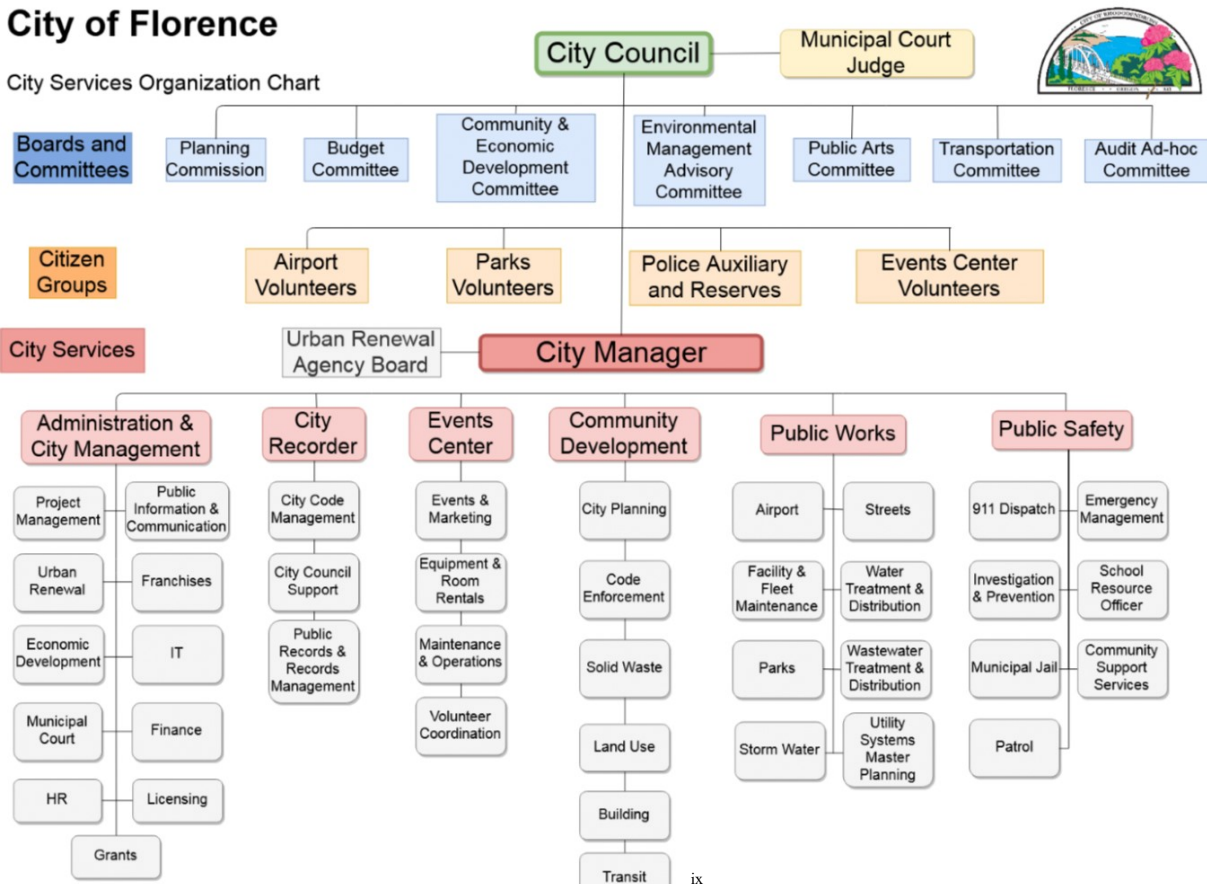
| | |
|----------------------|--|
| Erin Reynolds | City of Florence City Manager |
| Anne Baker | City of Florence Administrative Services Director |

MAILING ADDRESS

250 Hwy. 101
Florence, Oregon 97439

City of Florence

City Services Organization Chart



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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, 2022, and the related notes to the financial statements, which collectively comprise City of Florence, Oregon'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, 2022, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS). 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. D. to the financial statements, the City of Florence adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

City of Florence, Oregon'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 and GAS 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 and GAS, 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, Oregon's basic financial statements. The accompanying other supplementary information, as listed in the table of contents including the combining and individual nonmajor fund financial statements 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2023 on our consideration of City of Florence, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Florence, Oregon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Florence, Oregon's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated February 10, 2023, on our consideration of City of Florence, Oregon'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
February 10, 2023

City of Florence, Oregon Management's Discussion and Analysis

The "Management's Discussion and Analysis" (MD&A) section of the City of Florence's (City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities of the City of Florence for the fiscal year ended June 30, 2022. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements, the accompanying notes to those financial statements, and the City's "Letter of Transmittal" contained in the ACFR. In an effort to make the MD&A more readable, all amounts have been rounded to the nearest million or in some cases the nearest thousand.

Financial Highlights

The City's governmental activities assets totaled \$34.1 million at June 30, 2022, consisting of \$26.8 million in net capital and lease assets, \$4.6 million in cash and cash equivalents and \$2.7 million in receivables and other assets. The City's governmental activities liabilities totaled \$14.9 million at June 30, 2022, consisting of \$13.0 million in noncurrent liabilities and \$1.9 million in accounts payable and other current liabilities. Total net position was \$18.5 million, of which \$15.9 million were invested in capital assets, net of related debt, \$2.0 million was restricted and the remaining \$0.6 million was unrestricted.

The City's governmental activities net position increased by \$2.1 million or 13 percent. Overall governmental activities revenue increased \$1.4 million or 15.0 percent. Contributing to the increase were increases in operating grants and contributions (66.9%) and charges for services (9.6%). The City received roughly \$200,000 more in charges for services due to increased fees paid for permitting services due to several large building projects started during the year. Operating grants and contributions was \$1.1 million greater due to the 9th Street repaving project that was partially grant funded.

The City's business-type activities assets totaled \$41.3 million at June 30, 2022, consisting of \$36.8 million in capital assets, \$2.9 million in cash and cash equivalents and \$1.6 million in receivables and other assets. The City's business-type activities liabilities totaled \$9.3 million at June 30, 2022, consisting of \$8.1 million in noncurrent liabilities and \$1.2 million in accounts payable and other liabilities. Total net position was \$31.5 million of which \$29.2 million was invested in capital assets, net of related debt, \$1.2 million was restricted, and remaining \$1.1 million was unrestricted.

The City's business-type activities net position increased by \$1.2 million or 3.9 percent. Business-type activities revenue increased \$1.0 million at June 30, 2022. The City adjusted utility rates (water, wastewater or stormwater) in fiscal year 2022 to reflect the current costs of providing the services. 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, and Debt Service Fund.

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

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

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

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

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

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

Other Supplementary Information. The combining statements referred to earlier in connection with non-major governmental funds and budgetary comparison schedules for both the non-major governmental funds and the proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on page 74 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 \$50.0 million as of June 30, 2022.

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 | |
|----------------------------------|-------------------------|-----------|--------------------------|-----------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$ 7,222 | \$ 6,226 | \$ 4,521 | \$ 2,952 | \$ 11,743 | \$ 9,178 |
| Capital and lease assets | 26,843 | 26,126 | 36,819 | 37,351 | 63,662 | 63,477 |
| Total assets | 34,065 | 32,352 | 41,340 | 40,303 | 75,405 | 72,655 |
| Deferred outflows of resources | 1,725 | 1,477 | 689 | 550 | 2,414 | 2,027 |
| Long-term liabilities | 12,954 | 15,331 | 8,121 | 9,250 | 21,075 | 24,581 |
| Other liabilities | 1,995 | 1,813 | 1,154 | 1,211 | 3,149 | 3,024 |
| Total liabilities | 14,949 | 17,144 | 9,275 | 10,461 | 24,224 | 27,605 |
| Deferred inflows of resources | 2,348 | 326 | 1,290 | 121 | 3,638 | 447 |
| Net Position | | | | | | |
| Net investment in capital assets | 15,914 | 14,533 | 29,192 | 29,267 | 45,106 | 43,800 |
| Restricted | | | | | | |
| Public safety | 442 | 485 | - | - | 442 | 485 |
| Urban renewal | 676 | 692 | - | - | 676 | 692 |
| Tourism/economic development | 48 | 20 | - | - | 48 | 20 |
| Transportation | 132 | - | - | - | 132 | - |
| System development | 172 | 109 | 1,119 | 923 | 1,291 | 1,032 |
| Debt service | 475 | 452 | - | - | 475 | 452 |
| Net OPEB benefits | 51 | 24 | 20 | 9 | 71 | 33 |
| Event center, non-expendible | - | - | 88 | 98 | 88 | 98 |
| Unrestricted | 583 | 44 | 1,045 | (26) | 1,628 | 18 |
| Total net position | \$ 18,493 | \$ 16,359 | \$ 31,464 | \$ 30,271 | \$ 49,957 | \$ 46,630 |

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' funds, business-like activities' funds and the government as a whole.

Governmental activities. Governmental activities increased the City of Florence's net position \$2.1 million or 13.0 percent. Key elements affecting net position are as follows:

General Fund

- Franchise fees and lodging taxes remained steady
- Property Taxes increase \$0.1 million, 3.0%

Street Fund

- Increase in operating grants and contributions of \$0.6 million, 98.1%
- Decrease in highways and streets spending of \$0.4 million, 28.1%
- Capital grants and contributions decreased slightly from prior year

Table 2 - Changes in Net Position
(Thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-----------|--------------------------|-----------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenue | | | | | | |
| Program revenue | | | | | | |
| Charges for services | \$ 1,726 | \$ 1,584 | \$ 6,932 | \$ 6,466 | \$ 8,658 | \$ 8,050 |
| Operating grants and contributions | 2,839 | 1,700 | 247 | 265 | 3,086 | 1,965 |
| Capital grants and contributions | 588 | 563 | 1,250 | 709 | 1,838 | 1,272 |
| General revenue | | | | | | |
| Property taxes | 3,668 | 3,564 | - | - | 3,668 | 3,564 |
| Franchise and lodging taxes | 1,718 | 1,750 | - | - | 1,718 | 1,750 |
| Investment earnings | 31 | 36 | 27 | 23 | 58 | 59 |
| Total revenue | 10,570 | 9,197 | 8,456 | 7,463 | 19,026 | 16,660 |
| Expenses | | | | | | |
| Governmental activities | | | | | | |
| Administration | 2,452 | 2,602 | - | - | 2,452 | 2,602 |
| Community development | 921 | 1,013 | - | - | 921 | 1,013 |
| Public safety | 3,481 | 3,837 | - | - | 3,481 | 3,837 |
| Parks | 297 | 261 | - | - | 297 | 261 |
| Transportation | 922 | 1,281 | - | - | 922 | 1,281 |
| Non-departmental | 686 | 136 | - | - | 686 | 136 |
| Interest expense | 381 | 398 | - | - | 381 | 398 |
| Business-type activities | | | | | | |
| Water | - | - | 2,153 | 2,046 | 2,153 | 2,046 |
| Wastewater | - | - | 2,987 | 2,785 | 2,987 | 2,785 |
| Stormwater | - | - | 630 | 442 | 630 | 442 |
| Events center | - | - | 557 | 371 | 557 | 371 |
| Airport | - | - | 318 | 274 | 318 | 274 |
| Total expenses | 9,140 | 9,528 | 6,645 | 5,918 | 15,785 | 15,446 |
| Change in net position before non-operating items | 1,430 | (331) | 1,811 | 1,545 | 3,241 | 1,214 |
| Transfers | 618 | 551 | (618) | (551) | - | - |
| Change in net position | 2,048 | 220 | 1,193 | 994 | 3,241 | 1,214 |
| Net position, beginning | 16,359 | 16,139 | 30,271 | 29,276 | 46,630 | 45,415 |
| Restatement | 86 | - | - | - | 86 | - |
| Net position, beginning, as restated | 16,445 | 16,139 | 30,271 | 29,276 | 46,716 | 45,415 |
| Net position, ending | \$ 18,493 | \$ 16,359 | \$ 31,464 | \$ 30,270 | \$ 49,957 | \$ 46,629 |

Business-type activities. Business-type activities increased the City of Florence's net position by \$1.2 million, or 3.9 percent. Key elements of this increase are as follows:

Water Fund

- Water utility rates were increased 5 percent, which contributed to the increase in charges for services
- Capital grants were up \$62 thousand

Wastewater Fund

- Wastewater utility rates were increased 5 percent, which contributed to increased charges for services
- Capital grants increased \$24 thousand

Stormwater Fund

- Stormwater utility rates increased 5 percent, contributing to increased charges for services

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Florence's governmental funds reported combined ending fund balances of \$5.1 million, an increase of \$0.76 million in comparison with the prior year. The increase is attributable to grant funding received on projects that were started (and expensed) in the prior year in the Street Fund and increases in charges for services in the General Fund.

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 \$3.1 million, an increase of \$0.55 million, or 20.5 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, 2022 of the City's enterprise funds is as follows:

- Water Fund \$(0.16) million, a decrease of \$28 thousand, (21.6) percent
- Wastewater Fund \$0.62 million, an increase of \$0.67 million, 100 percent
- Stormwater Fund \$0.47 million, a decrease of \$49 thousand, (9.6) percent
- Airport Fund \$0.33 million, an increase of \$0.39 million, 100 percent
- Events Center Fund \$0.31 million, an increase of \$0.14 million, 84.7 percent

General Fund Budgetary Highlights

The City adopted a biennial budget for the two-year biennium of July 1, 2021 to June 30, 2023. The fiscal year 2022 allocated General Fund budget for revenues was \$7.9 million. Actual revenue for the fiscal year was \$7.2 million. A negative variance in revenue of \$0.7 million resulted franchise fees fell \$0.13 million short of estimates and loan proceeds were not utilized. Other revenue categories were near budgeted amounts.

The fiscal year 2022 actual General Fund expenditures totaled \$6.1 million. All General Fund program budgets were underspent relative to appropriated 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, 2022, amounts to \$63.5 million (net of accumulated depreciation). This represents an increase of \$46 thousand. Governmental Activities capital assets increased \$0.6 million, 2.24% resulting from increases in infrastructure value. The business-type funds realized a decrease of \$0.5 million, 1.4%. Depreciation on assets was greater than the value of assets being added. Additionally, \$1.4 million of debt was paid off during the year while \$3.3 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 City implemented GASB Statement 87, Leases, for fiscal year 2021-22. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The City's leases are now included with assets in the Notes to the Basic Financial Statements, which begin on page 31. The City's lease asset value at June 30, 2022 is \$138 thousand.

The following table summarizes the City of Florence's capital assets as of June 30, 2022:

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

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|-------------------------|------------------|--------------------------|------------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 2,031 | \$ 2,031 | \$ 1,868 | \$ 1,868 | \$ 3,899 | \$ 3,899 |
| Buildings and improvements | 7,242 | 7,323 | 15,276 | 16,151 | 22,518 | 23,474 |
| Equipment & vehicles | 561 | 650 | 1,583 | 1,355 | 2,144 | 2,005 |
| Utility systems | - | - | 9,366 | 8,657 | 9,366 | 8,657 |
| Infrastructure | 15,867 | 8,302 | 7,815 | 8,313 | 23,682 | 16,615 |
| Construction in progress | 1,012 | 7,820 | 903 | 1,007 | 1,915 | 8,827 |
| Capital assets, net of depreciation | <u>\$ 26,713</u> | <u>\$ 26,126</u> | <u>\$ 36,811</u> | <u>\$ 37,351</u> | <u>\$ 63,524</u> | <u>\$ 63,477</u> |
| Lease assets | 130 | na | 8 | na | 138 | na |
| Lease assets, net of amortization | <u>\$ 130</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ -</u> | <u>\$ 138</u> | <u>\$ -</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 2022 the City paid principal on outstanding debt totaling \$1.4 million. The City timely paid its debt service payments during the year and was in compliance with required debt covenants.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|------------------|--------------------------|-----------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Bonds payable | \$ 1,518 | \$ 1,807 | \$ 792 | \$ 862 | \$ 2,310 | \$ 2,669 |
| Unamortized bond premium | 12 | 14 | 17 | 18 | 29 | 32 |
| Notes payable | 9,233 | 9,772 | 6,734 | 7,204 | 15,967 | 16,976 |
| Total | <u>\$ 10,763</u> | <u>\$ 11,593</u> | <u>\$ 7,543</u> | <u>\$ 8,084</u> | <u>\$ 18,306</u> | <u>\$ 19,677</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 2021-23 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.

The City raised rates in alignment with the CPI, except for its utilities. Utility rates were increased 5 percent.

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 increase, with rates for the next fiscal year in the 6.0 percent to 6.5 percent range, while local population growth is projected to remain at or below 1.0 percent annually. Development activity is trending upward with the potential for several projects to seek development approval during the next two-year period.

Requests for information

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

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BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements

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

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

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CITY OF FLORENCE, OREGON
STATEMENT OF NET POSITION
June 30, 2022

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 4,550,486 | \$ 2,942,013 | \$ 7,492,499 |
| Receivable, net: | | | |
| Accounts | 558,351 | 563,528 | 1,121,879 |
| Taxes | 148,418 | - | 148,418 |
| Assessments | 940,819 | - | 940,819 |
| Grants | 813,819 | 490,731 | 1,304,550 |
| Prepays | - | 299 | 299 |
| Inventory | 24,750 | 72,487 | 97,237 |
| Lease receivable | 12,710 | 22,128 | 34,838 |
| Total current assets | <u>7,049,353</u> | <u>4,091,186</u> | <u>11,140,539</u> |
| Noncurrent assets: | | | |
| Lease receivable | 111,102 | 379,300 | 490,402 |
| Notes receivable | 11,099 | 30,046 | 41,145 |
| Capital assets: | | | |
| Non-depreciable | 3,043,134 | 2,771,410 | 5,814,544 |
| Depreciable | 23,669,381 | 34,039,314 | 57,708,695 |
| Lease assets | 130,216 | 8,446 | 138,662 |
| Net OPEB asset | 50,708 | 20,257 | 70,965 |
| Total noncurrent assets | <u>27,015,640</u> | <u>37,248,773</u> | <u>64,264,413</u> |
| Total assets | <u>34,064,993</u> | <u>41,339,959</u> | <u>75,404,952</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred outflows related to pensions | 1,671,458 | 667,725 | 2,339,183 |
| Deferred outflows related to OPEB | 53,291 | 21,288 | 74,579 |
| Total deferred outflows of resources | <u>1,724,749</u> | <u>689,013</u> | <u>2,413,762</u> |
| Total assets and deferred outflows of resources | <u>\$ 35,789,742</u> | <u>\$ 42,028,972</u> | <u>\$ 77,818,714</u> |
| LIABILITIES: | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | \$ 358,747 | \$ 204,959 | \$ 563,706 |
| Accrued payroll and other payroll liabilities | 182,842 | - | 182,842 |
| Interest payable | 54,460 | 22,478 | 76,938 |
| Deposits | 20,000 | - | 20,000 |
| Retainage payable | 33,381 | 75,222 | 108,603 |
| Due to other funds | (177,276) | 177,276 | - |
| Unearned revenue | 466,487 | - | 466,487 |
| Compensated absences | 316,092 | 124,873 | 440,965 |
| Current leases payable | 49,140 | 3,077 | 52,217 |
| Current debt payable | 691,345 | 545,926 | 1,237,271 |
| Total current liabilities | <u>1,995,218</u> | <u>1,153,811</u> | <u>3,149,029</u> |
| Noncurrent liabilities: | | | |
| Net pension liability | 2,602,477 | 1,039,655 | 3,642,132 |
| Other post employment benefits | 196,656 | 78,563 | 275,219 |
| Leases payable | 82,919 | 5,477 | 88,396 |
| Notes and bonds payable | 10,071,720 | 6,997,338 | 17,069,058 |
| Total noncurrent liabilities | <u>12,953,772</u> | <u>8,121,033</u> | <u>21,074,805</u> |
| Total liabilities | <u>14,948,990</u> | <u>9,274,844</u> | <u>24,223,834</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred inflows related to pensions | 2,184,526 | 872,689 | 3,057,215 |
| Deferred inflows related to OPEB | 38,928 | 15,552 | 54,480 |
| Deferred inflows related to leases receivable | 123,812 | 401,428 | 525,240 |
| Total deferred inflows of resources | <u>2,347,266</u> | <u>1,289,669</u> | <u>3,636,935</u> |
| NET POSITION: | | | |
| Net investment in capital assets | 15,914,226 | 29,192,130 | 45,106,356 |
| Restricted for: | | | |
| Public safety | 441,849 | - | 441,849 |
| Tourism | 48,292 | - | 48,292 |
| Urban renewal projects | 676,244 | - | 676,244 |
| Transportation | 132,148 | - | 132,148 |
| System development charges | 172,513 | 1,118,619 | 1,291,132 |
| Debt service | 474,588 | - | 474,588 |
| Net OPEB benefits | 50,708 | 20,257 | 70,965 |
| Events center | - | 88,293 | 88,293 |
| Specific purpose grants | 3,486 | - | 3,486 |
| Unrestricted | 579,432 | 1,045,160 | 1,624,592 |
| Total net position | <u>18,493,486</u> | <u>31,464,459</u> | <u>49,957,945</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 35,789,742</u> | <u>\$ 42,028,972</u> | <u>\$ 77,818,714</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, 2022

| <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 | \$ 2,451,872 | \$ 458,046 | \$ 1,319,987 |
| Community development | 920,504 | 461,709 | 4,436 |
| Public safety | 3,481,115 | 263,382 | 222,003 |
| Parks | 297,214 | 542,808 | 2,987 |
| Transportation | 921,529 | - | 1,289,824 |
| Non-departmental | 685,874 | - | - |
| Interest on long-term debt | 381,376 | - | - |
| Total governmental activities | <u>9,139,484</u> | <u>1,725,945</u> | <u>2,839,237</u> |
| Business type activities: | | | |
| Water | 2,152,585 | 2,255,258 | 118,199 |
| Wastewater | 2,987,245 | 3,510,382 | 4,047 |
| Stormwater | 629,625 | 581,686 | 933 |
| Events center | 557,317 | 233,833 | 401 |
| Airport | 317,160 | 350,601 | 123,295 |
| Total business type activities | <u>6,643,932</u> | <u>6,931,760</u> | <u>246,875</u> |
| Total government | <u>\$ 15,783,416</u> | <u>\$ 8,657,705</u> | <u>\$ 3,086,112</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 | | | |
| Prior period adjustment | | | |
| Change in accounting principle | | | |
| 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 |
| \$ 233,740 | \$ (440,099) | \$ - | \$ (440,099) |
| 27,145 | (427,214) | - | (427,214) |
| - | (2,995,730) | - | (2,995,730) |
| - | 248,581 | - | 248,581 |
| 326,861 | 695,156 | - | 695,156 |
| - | (685,874) | - | (685,874) |
| - | (381,376) | - | (381,376) |
| <u>587,746</u> | <u>(3,986,556)</u> | <u>-</u> | <u>(3,986,556)</u> |
| 233,918 | - | 454,790 | 454,790 |
| 302,757 | - | 829,941 | 829,941 |
| 85,708 | - | 38,702 | 38,702 |
| 137,333 | - | (185,750) | (185,750) |
| 490,731 | - | 647,467 | 647,467 |
| <u>1,250,447</u> | <u>-</u> | <u>1,785,150</u> | <u>1,785,150</u> |
| <u>\$ 1,838,193</u> | <u>(3,986,556)</u> | <u>1,785,150</u> | <u>(2,201,406)</u> |
| | 3,668,544 | - | 3,668,544 |
| | 1,155,215 | - | 1,155,215 |
| | 562,801 | - | 562,801 |
| | 30,721 | 26,861 | 57,582 |
| | 618,040 | (618,040) | - |
| | <u>6,035,321</u> | <u>(591,179)</u> | <u>5,444,142</u> |
| | 2,048,765 | 1,193,971 | 3,242,736 |
| | <u>16,358,748</u> | <u>30,270,564</u> | <u>46,629,312</u> |
| | 87,360 | - | 87,360 |
| | (1,387) | (76) | (1,463) |
| | <u>\$ 18,493,486</u> | <u>\$ 31,464,459</u> | <u>\$ 49,957,945</u> |

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

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

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

Street Fund

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

Florence Urban Renewal Agency General Fund

This fund accounts for the activities associated with the City's Urban Renewal Plan. The primary resources are debt proceeds, grants and developer contributions.

Debt Service Fund

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

ARPA Fund

This fund accounts for the City's funds and projects funded by the American Rescue Plan Act of 2021 (ARPA).

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CITY OF FLORENCE, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2022

| | <u>General Fund</u> | <u>Street Fund</u> |
|---|-----------------------------|-----------------------------|
| ASSETS: | | |
| Cash and cash equivalents | \$ 2,276,777 | \$ 172,515 |
| Receivable, net: | | |
| Accounts | 287,471 | 226,619 |
| Taxes | 118,484 | - |
| Assessments | 127,276 | 17,334 |
| Grants | 31,450 | 782,369 |
| Due from other funds | 967,516 | - |
| Inventory | - | 24,750 |
| Lease receivable | 123,812 | - |
| Notes receivable | - | 11,099 |
| | <u> </u> | <u> </u> |
| Total assets | <u>\$ 3,932,786</u> | <u>\$ 1,234,686</u> |
| LIABILITIES: | | |
| Accounts payable and accrued expenses | \$ 288,452 | \$ 31,919 |
| Accrued payroll and other payroll liabilities | 182,842 | - |
| Deposits | - | 20,000 |
| Retainage payable | - | 33,381 |
| Due to other funds | - | 790,240 |
| Unearned revenue | - | - |
| | <u> </u> | <u> </u> |
| Total liabilities | <u>471,294</u> | <u>875,540</u> |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Unavailable revenue - property taxes | 100,992 | - |
| Unavailable revenue - other | 12,276 | 1,302 |
| Unavailable revenue - SDC and assessments receivables | 127,276 | 28,433 |
| Unavailable revenue - lease receivables | 123,812 | - |
| | <u> </u> | <u> </u> |
| Total deferred inflows of resources | <u>364,356</u> | <u>29,735</u> |
| FUND BALANCES: | | |
| Nonspendable | - | 24,750 |
| Restricted for: | | |
| Public safety | - | - |
| Tourism | - | - |
| Urban renewal projects | - | - |
| Transportation | - | 132,148 |
| System development charges | - | 172,513 |
| Debt service | - | - |
| Specific purpose grants | - | - |
| Unassigned | 3,097,136 | - |
| | <u> </u> | <u> </u> |
| Total fund balances | <u>3,097,136</u> | <u>329,411</u> |
| | | |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 3,932,786</u> | <u>\$ 1,234,686</u> |

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

| Florence Urban Renewal Agency General Fund | Debt Service Fund | ARPA Fund | Total Non-Major Governmental Funds | Total Governmental |
|--|----------------------|-------------------|--|-----------------------|
| \$ 693,146 | \$ 456,997 | \$ 469,973 | \$ 481,078 | \$ 4,550,486 |
| - | - | - | 44,261 | 558,351 |
| 23,674 | - | - | 6,260 | 148,418 |
| - | 796,209 | - | - | 940,819 |
| - | - | - | - | 813,819 |
| - | - | - | - | 967,516 |
| - | - | - | - | 24,750 |
| - | - | - | - | 123,812 |
| - | - | - | - | 11,099 |
| <u>\$ 716,820</u> | <u>\$ 1,253,206</u> | <u>\$ 469,973</u> | <u>\$ 531,599</u> | <u>\$ 8,139,070</u> |
| \$ 20,442 | \$ - | \$ - | \$ 17,934 | \$ 358,747 |
| - | - | - | - | 182,842 |
| - | - | - | - | 20,000 |
| - | - | - | - | 33,381 |
| - | - | - | - | 790,240 |
| - | - | 466,487 | - | 466,487 |
| <u>20,442</u> | <u>-</u> | <u>466,487</u> | <u>17,934</u> | <u>1,851,697</u> |
| 20,134 | - | - | 5,933 | 127,059 |
| - | - | - | - | 13,578 |
| - | 796,209 | - | - | 951,918 |
| - | - | - | - | 123,812 |
| <u>20,134</u> | <u>796,209</u> | <u>-</u> | <u>5,933</u> | <u>1,216,367</u> |
| - | - | - | - | 24,750 |
| - | - | - | 441,849 | 441,849 |
| - | - | - | 48,292 | 48,292 |
| 676,244 | - | - | - | 676,244 |
| - | - | - | - | 132,148 |
| - | - | - | - | 172,513 |
| - | 456,997 | - | 17,591 | 474,588 |
| - | - | 3,486 | - | 3,486 |
| - | - | - | - | 3,097,136 |
| <u>676,244</u> | <u>456,997</u> | <u>3,486</u> | <u>507,732</u> | <u>5,071,006</u> |
| <u>\$ 716,820</u> | <u>\$ 1,253,206</u> | <u>\$ 469,973</u> | <u>\$ 531,599</u> | <u>\$ 8,139,070</u> |

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

CITY OF FLORENCE, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2022

| | | |
|---|-----------------|----------------------|
| Total fund balances - governmental funds | | \$ 5,071,006 |
| 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 | \$ 3,043,134 | |
| Depreciable | 23,669,381 | |
| Lease assets, net | <u>130,216</u> | 26,842,731 |
| 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 | 127,059 | |
| Other receivables earned but not available | 13,578 | |
| SDC and assessments receivables earned but not available | <u>951,918</u> | 1,092,555 |
| Pension-related changes | | (3,115,545) |
| OPEB related-changes | | (131,585) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | | |
| Compensated absences payable | (316,092) | |
| Lease payable | (132,059) | |
| Notes and bonds payable | (10,763,065) | |
| Interest payable | <u>(54,460)</u> | (11,265,676) |
| Total net position - governmental activities | | <u>\$ 18,493,486</u> |

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

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CITY OF FLORENCE, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022

| | General Fund | Street Fund | Florence Urban Renewal Agency General Fund |
|--|---------------------|-------------------|--|
| REVENUES: | | | |
| Taxes | \$ 2,921,984 | \$ - | \$ 616,775 |
| Franchise fees | 1,031,775 | 123,440 | - |
| Licenses and permits | 451,723 | - | - |
| Intergovernmental | 857,054 | 1,689,824 | 234,987 |
| Charges for services | 1,772,917 | 550,859 | - |
| Fines and forfeitures | 151,288 | - | - |
| Miscellaneous | 62,429 | 65,339 | 3,392 |
| | <u>7,249,170</u> | <u>2,429,462</u> | <u>855,154</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Administration | 2,047,062 | - | 245,300 |
| Community development | 910,720 | - | - |
| Public safety | 2,642,871 | - | - |
| Parks | 304,542 | - | - |
| Transportation | - | 522,926 | - |
| Non-departmental | 129,540 | - | - |
| Capital outlay | 121,646 | 1,301,183 | 157,174 |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| | <u>6,156,381</u> | <u>1,824,109</u> | <u>402,474</u> |
| Total expenditures | <u>6,156,381</u> | <u>1,824,109</u> | <u>402,474</u> |
| Revenues over (under) expenditures | <u>1,092,789</u> | <u>605,353</u> | <u>452,680</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | - | - | - |
| Transfers out | (606,377) | (409,508) | (468,454) |
| Total other financing sources (uses) | <u>(606,377)</u> | <u>(409,508)</u> | <u>(468,454)</u> |
| Net change in fund balance | 486,412 | 195,845 | (15,774) |
| FUND BALANCE, BEGINNING | 2,548,114 | 108,816 | 692,018 |
| PRIOR PERIOD ADJUSTMENT | <u>62,610</u> | <u>24,750</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 3,097,136</u> | <u>\$ 329,411</u> | <u>\$ 676,244</u> |

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

| Debt Service Fund | ARPA Fund | Total Non-Major Governmental Funds | Total Governmental |
|-------------------|-----------|------------------------------------|--------------------|
| \$ - | \$ - | \$ 678,252 | \$ 4,217,011 |
| - | - | - | 1,155,215 |
| - | - | - | 451,723 |
| - | 549,800 | 185,759 | 3,517,424 |
| - | - | 150,797 | 2,474,573 |
| - | - | - | 151,288 |
| 182,601 | 3,486 | 2,540 | 319,787 |
| 182,601 | 553,286 | 1,017,348 | 12,287,021 |
| | | | 10,796,121 |
| - | - | 226,535 | 2,518,897 |
| - | - | - | 910,720 |
| - | - | 803,200 | 3,446,071 |
| - | - | - | 304,542 |
| - | - | - | 522,926 |
| 492 | 549,800 | - | 679,832 |
| - | - | 126,414 | 1,706,417 |
| 804,945 | - | 164,094 | 969,039 |
| 459,664 | - | 3,462 | 463,126 |
| 1,265,101 | 549,800 | 1,323,705 | 11,521,570 |
| (1,082,500) | 3,486 | (306,357) | 765,451 |
| 1,156,949 | - | 547,000 | 1,703,949 |
| - | - | (307,635) | (1,791,974) |
| 1,156,949 | - | 239,365 | (88,025) |
| 74,449 | 3,486 | (66,992) | 677,426 |
| 382,548 | - | 574,724 | 4,306,220 |
| - | - | - | 87,360 |
| \$ 456,997 | \$ 3,486 | \$ 507,732 | \$ 5,071,006 |

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, 2022

Amounts reported in the statement of activities are different because:

Net change in fund balance \$ 677,426

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 and amortization expense for lease assets. This is the amount by which capital outlay exceeded depreciation in the current period.

| | | |
|---------------------------|----------------|---------|
| Current year depreciation | \$ (1,112,551) | |
| Current year amortization | (48,950) | |
| Capital asset additions | 1,698,970 | 537,469 |

Some revenue provide current financial resources in the governmental funds and are not reported in the statement of activities. (225,912)

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. 133,144

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. 11,317

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 | 3,115 |
|--------------------------|-------|

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 | \$ 33,585 | |
| Lease principal payments | 48,494 | |
| Debt service principal payments | 830,127 | 912,206 |

Change in net position of governmental activities \$ 2,048,765

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 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.

CITY OF FLORENCE, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2022

| | Business-Type Activities - Enterprise Funds | | |
|--|---|----------------------|---------------------|
| | Water Funds | Wastewater Funds | Airport |
| ASSETS: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 295,210 | \$ 1,308,901 | \$ - |
| Accounts receivable, net | 208,090 | 304,959 | 490,731 |
| Prepays | - | - | - |
| Inventory | 33,400 | 15,721 | 23,366 |
| Current lease receivable | 8,012 | - | 14,116 |
| Total current assets | 544,712 | 1,629,581 | 528,213 |
| Noncurrent assets: | | | |
| Lease receivable | 82,682 | - | 296,618 |
| Notes receivable | 12,576 | 12,553 | - |
| Non-depreciable capital assets | 1,038,772 | 130,980 | 1,365,074 |
| Capital assets, net | 9,308,454 | 14,535,824 | 2,438,762 |
| Lease assets, net | 2,149 | 6,297 | - |
| Net OPEB asset | 3,823 | 5,231 | - |
| Total noncurrent assets | 10,448,456 | 14,690,885 | 4,100,454 |
| Total assets | 10,993,168 | 16,320,466 | 4,628,667 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred outflows related to pensions | 126,001 | 172,427 | - |
| Deferred outflows related to OPEB | 4,017 | 5,497 | - |
| Total deferred outflows of resources | 130,018 | 177,924 | - |
| Total assets and deferred outflows of resources | \$ 11,123,186 | \$ 16,498,390 | \$ 4,628,667 |
| LIABILITIES: | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 56,035 | \$ 101,002 | \$ 9,969 |
| Interest payable | 4,075 | 11,583 | - |
| Retainage payable | 69,999 | - | - |
| Due to other funds | - | - | 177,276 |
| Accrued compensated absences | 19,774 | 28,826 | - |
| Current portion of lease payable | 783 | 2,294 | - |
| Current portion of long-term debt | 98,040 | 285,904 | - |
| Total current liabilities | 248,706 | 429,609 | 187,245 |
| Noncurrent liabilities: | | | |
| Noncurrent portion of lease payable | 1,393 | 4,084 | - |
| Noncurrent portion of long-term debt | 1,410,095 | 2,985,782 | - |
| Net pension liability | 196,185 | 268,470 | - |
| Net OPEB liability | 14,825 | 20,287 | - |
| Total noncurrent liabilities | 1,622,498 | 3,278,623 | - |
| Total liabilities | 1,871,204 | 3,708,232 | 187,245 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred inflows related to pensions | 164,678 | 225,355 | - |
| Deferred inflows related to OPEB | 2,935 | 4,016 | - |
| Deferred inflows related to lease receivables | 90,694 | - | 310,734 |
| Total deferred inflows of resources | 258,307 | 229,371 | 310,734 |
| NET POSITION: | | | |
| Net investment in capital assets | 8,769,065 | 11,395,037 | 3,803,836 |
| Restricted for: | | | |
| System development | 376,217 | 542,422 | - |
| Events center | - | - | - |
| Net OPEB benefits | 3,823 | 5,231 | - |
| Unrestricted | (155,430) | 618,097 | 326,852 |
| Total net position | 8,993,675 | 12,560,787 | 4,130,688 |
| Total liabilities, deferred inflows of resources, and net position | \$ 11,123,186 | \$ 16,498,390 | \$ 4,628,667 |
| 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.

| | | | Internal Service |
|---------------------|---------------------|----------------------|-----------------------|
| Stormwater Funds | Events Center | Total | Public Works Admin |
| \$ 765,246 | \$ 517,997 | \$ 2,887,354 | \$ 54,659 |
| 50,479 | - | 1,054,259 | - |
| - | 299 | 299 | - |
| - | - | 72,487 | - |
| - | - | 22,128 | - |
| <u>815,725</u> | <u>518,296</u> | <u>4,036,527</u> | <u>54,659</u> |
| - | - | 379,300 | - |
| 4,917 | - | 30,046 | - |
| - | 236,584 | 2,771,410 | - |
| 2,365,298 | 1,424,324 | 30,072,662 | 3,966,652 |
| - | - | 8,446 | - |
| 2,060 | 1,469 | 12,583 | 7,674 |
| <u>2,372,275</u> | <u>1,662,377</u> | <u>33,274,447</u> | <u>3,974,326</u> |
| <u>3,188,000</u> | <u>2,180,673</u> | <u>37,310,974</u> | <u>4,028,985</u> |
| 67,915 | 48,437 | 414,780 | 252,945 |
| 2,165 | 1,544 | 13,223 | 8,065 |
| <u>70,080</u> | <u>49,981</u> | <u>428,003</u> | <u>261,010</u> |
| <u>\$ 3,258,080</u> | <u>\$ 2,230,654</u> | <u>\$ 37,738,977</u> | <u>\$ 4,289,995</u> |
| \$ 12,011 | \$ 23,153 | \$ 202,170 | \$ 2,789 |
| 560 | - | 16,218 | 6,260 |
| 5,223 | - | 75,222 | - |
| - | - | 177,276 | - |
| 7,534 | 5,381 | 61,515 | 63,358 |
| - | - | 3,077 | - |
| 17,500 | - | 401,444 | 144,482 |
| <u>42,828</u> | <u>28,534</u> | <u>936,922</u> | <u>216,889</u> |
| - | - | 5,477 | - |
| 172,576 | - | 4,568,453 | 2,428,885 |
| 105,744 | 75,417 | 645,816 | 393,839 |
| 7,991 | 5,699 | 48,802 | 29,761 |
| <u>286,311</u> | <u>81,116</u> | <u>5,268,548</u> | <u>2,852,485</u> |
| <u>329,139</u> | <u>109,650</u> | <u>6,205,470</u> | <u>3,069,374</u> |
| 88,762 | 63,305 | 542,100 | 330,589 |
| 1,582 | 1,128 | 9,661 | 5,891 |
| - | - | 401,428 | - |
| <u>90,344</u> | <u>64,433</u> | <u>953,189</u> | <u>336,480</u> |
| 2,169,999 | 1,660,908 | 27,798,845 | 1,393,285 |
| 199,980 | - | 1,118,619 | - |
| - | 88,293 | 88,293 | - |
| 2,060 | 1,469 | 12,583 | 7,674 |
| 466,558 | 305,901 | 1,561,978 | (516,818) |
| <u>2,838,597</u> | <u>2,056,571</u> | <u>30,580,318</u> | <u>884,141</u> |
| <u>\$ 3,258,080</u> | <u>\$ 2,230,654</u> | <u>37,738,977</u> | <u>\$ 4,289,995</u> |
| | | <u>4,289,995</u> | |
| | | <u>\$ 42,028,972</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, 2022

Business-Type Activities - Enterprise Funds

| | <u>Water Funds</u> | <u>Wastewater Funds</u> | <u>Airport</u> |
|---|---------------------|-----------------------------|---------------------|
| OPERATING REVENUES: | | | |
| Charges for services | \$ 2,238,029 | \$ 3,449,746 | \$ 70,486 |
| Miscellaneous income | 17,082 | 60,638 | 56,002 |
| Total operating revenues | <u>2,255,111</u> | <u>3,510,384</u> | <u>126,488</u> |
| OPERATING EXPENSES: | | | |
| Personnel service | 449,380 | 478,321 | - |
| Materials and service | 1,388,705 | 1,873,351 | 189,761 |
| Depreciation | 564,691 | 1,043,365 | 141,416 |
| Total operating expenses | <u>2,402,776</u> | <u>3,395,037</u> | <u>331,177</u> |
| Operating income (loss) | <u>(147,665)</u> | <u>115,347</u> | <u>(204,689)</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | |
| Grants and contributions | 115,668 | 410 | 613,731 |
| Gain (loss) on sale of assets | - | - | 224,114 |
| Interest income | 3,140 | 4,493 | 8,574 |
| Interest expense | (51,484) | (32,274) | - |
| Total non-operating revenues (expenses) | <u>67,324</u> | <u>(27,371)</u> | <u>846,419</u> |
| Net income (loss) before transfers | <u>(80,341)</u> | <u>87,976</u> | <u>641,730</u> |
| CAPITAL CONTRIBUTIONS AND TRANSFERS: | | | |
| System development charges | 233,918 | 302,757 | - |
| Transfers from other funds | - | - | - |
| Total capital contributions and transfers | <u>233,918</u> | <u>302,757</u> | <u>-</u> |
| Change in net position | 153,577 | 390,733 | 641,730 |
| NET POSITION, BEGINNING | 8,840,117 | 12,170,111 | 3,488,958 |
| CHANGE IN ACCOUNTING PRINCIPLE | <u>(19)</u> | <u>(57)</u> | <u>-</u> |
| NET POSITION, ENDING | <u>\$ 8,993,675</u> | <u>\$ 12,560,787</u> | <u>\$ 4,130,688</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.

| | | | Internal Service |
|---------------------|---------------------|---------------------|-----------------------|
| Stormwater Funds | Events Center | Total | Public Works Admin |
| \$ 581,684 | \$ 140,445 | \$ 6,480,390 | \$ 1,343,301 |
| - | 87,692 | 221,414 | 143 |
| <u>581,684</u> | <u>228,137</u> | <u>6,701,804</u> | <u>1,343,444</u> |
| 275,286 | 60,559 | 1,263,546 | 749,413 |
| 311,210 | 472,874 | 4,235,901 | 334,259 |
| 110,026 | 139,934 | 1,999,432 | 160,737 |
| <u>696,522</u> | <u>673,367</u> | <u>7,498,879</u> | <u>1,244,409</u> |
| <u>(114,838)</u> | <u>(445,230)</u> | <u>(797,075)</u> | <u>99,035</u> |
| 18 | 137,734 | 867,561 | 7,378 |
| - | - | 224,114 | - |
| 3,890 | 11,663 | 31,760 | 798 |
| <u>(6,896)</u> | <u>-</u> | <u>(90,654)</u> | <u>(78,964)</u> |
| <u>(2,988)</u> | <u>149,397</u> | <u>1,032,781</u> | <u>(70,788)</u> |
| (117,826) | (295,833) | 235,706 | 28,247 |
| 85,708 | - | 622,383 | - |
| - | 307,635 | 307,635 | - |
| <u>85,708</u> | <u>307,635</u> | <u>930,018</u> | <u>-</u> |
| (32,118) | 11,802 | 1,165,724 | 28,247 |
| 2,870,715 | 2,044,769 | | 855,894 |
| <u>-</u> | <u>-</u> | | <u>-</u> |
| <u>\$ 2,838,597</u> | <u>\$ 2,056,571</u> | | <u>\$ 884,141</u> |
| | | <u>28,247</u> | |
| | | <u>\$ 1,193,971</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, 2022

| | <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 | \$ 2,288,472 | \$ 3,506,008 | \$ (358,955) |
| Cash received from interfund services provided | - | - | - |
| Cash paid to employees and others for salaries and benefits | (391,078) | (482,611) | - |
| Cash paid to suppliers and others | <u>(1,633,428)</u> | <u>(1,794,980)</u> | <u>(189,953)</u> |
| Net cash provided by (used for) operating activities | <u>263,966</u> | <u>1,228,417</u> | <u>(548,908)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | |
| Transfers from other funds | - | - | - |
| Receipt (repayment) on interfund loan | - | - | 91,481 |
| Net cash provided by (used for) non-capital financing activities | <u>-</u> | <u>-</u> | <u>91,481</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Purchase of capital assets | (804,529) | (171,170) | (388,992) |
| Principal paid on leases | (773) | (2,266) | - |
| Principal paid on long-term obligations | (93,854) | (289,544) | - |
| Proceeds from system development charges | 233,918 | 302,757 | - |
| Proceeds from the sale of capital assets | - | - | 224,114 |
| Grants and contributions | 115,668 | 410 | 613,731 |
| Interest paid on long-term debt | <u>(51,734)</u> | <u>(30,802)</u> | <u>-</u> |
| Net cash provided by (used for) capital and related financing activities | <u>(601,304)</u> | <u>(190,615)</u> | <u>448,853</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received | 3,140 | 4,493 | 8,574 |
| Notes receivable | <u>(7,686)</u> | <u>(9,897)</u> | <u>-</u> |
| Net cash provided by investing activities | <u>(4,546)</u> | <u>(5,404)</u> | <u>8,574</u> |
| Net increase (decrease) in cash and cash equivalents | (341,884) | 1,032,398 | - |
| CASH AND CASH EQUIVALENTS, BEGINNING | <u>637,094</u> | <u>276,503</u> | <u>-</u> |
| CASH AND CASH EQUIVALENTS, ENDING | <u>\$ 295,210</u> | <u>\$ 1,308,901</u> | <u>\$ -</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | | |
| Operating income | \$ (147,665) | \$ 115,347 | \$ (204,689) |
| Adjustments: | | | |
| Depreciation and amortization | 564,691 | 1,043,365 | 141,416 |
| Decrease (increase) in: | | | |
| Accounts receivable and due from other funds | 33,361 | (4,376) | (485,819) |
| Inventories | 2,423 | (1,221) | (6,808) |
| Prepays | 4,000 | 5,747 | 376 |
| Increase (decrease) in: | | | |
| Accounts payable | (259,725) | 73,845 | 6,616 |
| Retainage payable | 8,579 | - | - |
| Compensated absences | (1,054) | 5,764 | - |
| Net other post employment benefits | 2,106 | (963) | - |
| Net pension benefits | <u>57,250</u> | <u>(9,091)</u> | <u>-</u> |
| Net cash provided by (used for) operating activities | <u>\$ 263,966</u> | <u>\$ 1,228,417</u> | <u>\$ (548,908)</u> |

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

| | | | Internal Service |
|---------------------|---------------------|---------------------|-----------------------|
| Stormwater Funds | Events Center | Total | Public Works Admin |
| \$ 579,069 | \$ 259,082 | \$ 6,273,676 | \$ - |
| | | - | 1,343,954 |
| (216,006) | (142,672) | (1,232,367) | (745,474) |
| (305,064) | (456,713) | (4,380,138) | (351,275) |
| <u>57,999</u> | <u>(340,303)</u> | <u>661,171</u> | <u>247,205</u> |
| - | 307,635 | 307,635 | - |
| - | - | 91,481 | - |
| - | 307,635 | 399,116 | - |
| (128,248) | (20,600) | (1,513,539) | (103,361) |
| - | - | (3,039) | - |
| (16,698) | - | (400,096) | (140,297) |
| 85,708 | - | 622,383 | - |
| - | - | 224,114 | - |
| 18 | 137,734 | 867,561 | 7,378 |
| (6,953) | - | (89,489) | (79,313) |
| <u>(66,173)</u> | <u>117,134</u> | <u>(292,105)</u> | <u>(315,593)</u> |
| 3,890 | 11,663 | 31,760 | 798 |
| (4,220) | - | (21,803) | - |
| <u>(330)</u> | <u>11,663</u> | <u>9,957</u> | <u>798</u> |
| (8,504) | 96,129 | 778,139 | (67,590) |
| <u>773,750</u> | <u>421,868</u> | <u>2,109,215</u> | <u>122,249</u> |
| <u>\$ 765,246</u> | <u>\$ 517,997</u> | <u>\$ 2,887,354</u> | <u>\$ 54,659</u> |
| \$ (114,838) | \$ (445,230) | \$ (797,075) | \$ 99,035 |
| 110,026 | 139,934 | 1,999,432 | 160,737 |
| (2,615) | 30,945 | (428,504) | - |
| - | - | (5,606) | - |
| - | 425 | 10,548 | 510 |
| 923 | 15,736 | (162,605) | (17,016) |
| 5,223 | - | 13,802 | - |
| 2,485 | (23,345) | (16,150) | 17,187 |
| 2,182 | (2,627) | 698 | (1,349) |
| <u>54,613</u> | <u>(56,141)</u> | <u>46,631</u> | <u>(11,899)</u> |
| <u>\$ 57,999</u> | <u>\$ (340,303)</u> | <u>\$ 661,171</u> | <u>\$ 247,205</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. This fund accounts for fees and assessments related to court assessments collected on behalf of other governments, as well as money received from parolees making restitution, restitution payments to victims and restitution forfeitures.

CITY OF FLORENCE, OREGON
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

| | Municipal Court Trust |
|------------------------------------|--------------------------|
| ASSETS: | |
| Cash and cash equivalents | <u>\$ 46,018</u> |
| Total assets | <u>46,018</u> |
| NET POSITION HELD IN TRUST: | |
| Restricted for: | |
| Individuals and organizations | <u>46,018</u> |
| Total net position held in trust | <u><u>\$ 46,018</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
For the Fiscal Year Ended June 30, 2022

| | Municipal Court Trust |
|---|--------------------------|
| ADDITIONS | |
| Fees and assessments collected for other governments | \$ 185,743 |
| Victim restitution | 5,248 |
| Unapplied bonds | 3,986 |
| | <hr/> |
| Total additions | 194,977 |
| | <hr/> |
| DEDUCTIONS | |
| Fees and assessments distributed to other governments | 192,625 |
| Victim restitution payments | 6,271 |
| Bond refunds | 5,894 |
| | <hr/> |
| Total deductions | 204,790 |
| | <hr/> |
| Change in net position | (9,813) |
| | <hr/> |
| NET POSITION, BEGINNING | 55,831 |
| | <hr/> |
| NET POSITION, ENDING | \$ 46,018 |
| | <hr/> <hr/> |

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 is 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 Agency is a blended component unit and as such the Urban Renewal Agency Projects Fund blended with those of the City by including them in the appropriate statements and schedules of the Annual Comprehensive Financial Report. Separate financial statements of the Agency can be obtained from the Finance Department of the City of Florence or viewed on the City's website.

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, 2022

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, 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, 2022

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.
- ARPA Fund – This fund accounts for the City's funds and projects funded by the American Rescue Plan Act of 2021 (ARPA).

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, 2022

- 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.
- 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.

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

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

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 fiduciary fund is used for tracking of activities for the Municipal Court Trust Fund. This fund accounts for fees and assessments related to court assessments collected on behalf of other governments, as well as money received from parolees making restitution, restitution payments to victims and restitution forfeitures.

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, 2022

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.

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the City, reduced by principal payments received.

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.

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 |

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

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. Lease Assets

Lease assets are assets which the City leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the City's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

6. Compensated Absences

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

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

7. Long-Term Debt

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

In the governmental fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums are also reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Pensions

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

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

9. Other Postemployment Benefit Obligations

For purposes of measuring the OPEB asset and liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City'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

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

Oregon PERS. For this purpose, Implicit Rate Subsidy and Oregon PERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of assets 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 assets 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, other receivables, SDC and assessments receivable, and lease receivables for when a timing requirement has not been met. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred amounts related to pension, and OPEB. These amounts are deferred and recognized as inflows of resources in the period when the City recognizes pension and OPEB income. Deferred inflows are included in the government-wide statement of net position and the proprietary funds statement of net position.

11. Net Position Flow Assumption

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

12. Fund Balance

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

Fund balance is reported as *nonspendable* when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepayments.

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

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

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

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 a biennial budget effective July 1, 2021 for the biennium ending June 30, 2023. 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, 2022, expenditures exceeded appropriations as follows:

| <u>Fund</u> | <u>Budget Category</u> | <u>Amount</u> |
|--------------------------------|------------------------|---------------|
| Water Systems Development Fund | Materials and services | \$ 199 |

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

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, 2022:

| | |
|-----------------------------|--------------|
| Cash on hand | \$ 1,500 |
| Cash in bank | 1,240,751 |
| LGIP | 6,207,973 |
| Oregon Community Foundation | 88,293 |
| Total | \$ 7,538,517 |

Cash and Investments are reported as follows:

| | |
|--------------------------|--------------|
| Governmental activities | \$ 4,550,486 |
| Business-type activities | 2,942,013 |
| Fiduciary funds | 46,018 |
| Total | \$ 7,538,517 |

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, 2022 was unmodified.

At year end, the City's investment balance was \$88,293 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 \$1,240,751 and the bank balance was \$1,398,281. The City's bank balances were covered by \$250,000 Federal Depository Insurance. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer.

Custodial credit risk is the risk that, in the event of failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy relating to custodial credit risk. At June 30, 2022, the City does not have investments exposed to custodial credit risk.

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

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, 2022:

| | | |
|---------------------------------------|----|--------------|
| Water operations | \$ | 1,903 |
| Wastewater operations | | 2,243 |
| Stormwater operations | | 446 |
| | | <hr/> |
| Total allowance for doubtful accounts | \$ | <u>4,592</u> |

C. Receivables

1. Interfund Transfers

The interfund transfer activity for the year ended June 30, 2022 was as follows:

| | Transfers In | | | Totals |
|-----------------------|--------------|--------------------------|------------------|--------------|
| | Debt Service | Nonmajor Governmental | Events Center | |
| Transfers Out: | | | | |
| General | \$ 59,377 | \$ 547,000 | \$ - | \$ 606,377 |
| FURA General | 468,454 | - | - | 468,454 |
| Streets Program | 409,508 | - | - | 409,508 |
| Nonmajor Governmental | - | - | 307,635 | 307,635 |
| Public Works Admin | 219,610 | - | - | 219,610 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ 1,156,949 | \$ 547,000 | \$ 307,635 | \$ 2,011,584 |

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 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. At June 30, 2022, FURA owed the City \$5,805,972 for bank loans the City took out on FURA's behalf.

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

3. Lease Receivable

| Governmental Activities: | June 30, 2021 | | | June 30, 2022 |
|---|----------------------|------------------|-------------------|----------------------|
| | Balance | Additions | Reductions | Balance |
| Commercial Ground Leases; interest between 2.38% and 3.61%, total annual principal and interest payments range from \$4,500 to \$12,100, due 2031 | \$ 135,641 | \$ - | \$ 11,829 | \$ 123,812 |
| | <u>\$ 135,641</u> | <u>\$ -</u> | <u>\$ 11,829</u> | <u>\$ 123,812</u> |
| Business-Type Activities: | | | | |
| Airport Building Leases; interest between 2.11% and 3.37%, total annual principal and interest payments range from \$3,726 to \$20,571, due 2038 through 2044 | \$ 324,091 | \$ - | \$ 13,357 | \$ 310,734 |
| Water Tower Leases; interest between 1.37% and 1.83%, total annual principal and interest payments range from \$29,000 to \$34,500, due 2032 | 98,372 | - | 7,678 | 90,694 |
| | <u>\$ 422,463</u> | <u>\$ -</u> | <u>\$ 21,035</u> | <u>\$ 401,428</u> |

Future maturities are as follows:

| Fiscal Year | Governmental Activities | | Business-type Activities | |
|--------------------|--------------------------------|------------------|---------------------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 12,710 | \$ 3,901 | \$ 21,692 | \$ 8,642 |
| 2024 | 13,129 | 3,482 | 22,131 | 8,210 |
| 2025 | 13,561 | 3,050 | 22,580 | 7,767 |
| 2026 | 14,008 | 2,603 | 23,040 | 7,313 |
| 2027 | 14,470 | 2,141 | 23,525 | 6,848 |
| 2028-2032 | 55,934 | 3,795 | 118,545 | 27,088 |
| 2033-2037 | - | - | 80,139 | 16,514 |
| 2038-2042 | - | - | 70,221 | 6,926 |
| 2043-2047 | - | - | 19,555 | 787 |
| | <u>\$ 123,812</u> | <u>\$ 18,972</u> | <u>\$ 401,428</u> | <u>\$ 90,095</u> |

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

D. Capital and Lease Assets

Capital and lease asset activity for the year ended June 30, 2022 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 | 7,819,413 | 1,261,307 | - | (8,068,616) | 1,012,104 |
| Total capital assets, not being depreciated | 9,850,443 | 1,261,307 | - | (8,068,616) | 3,043,134 |
| Capital assets, being depreciated | | | | | |
| Buildings and improvements | 12,230,434 | - | - | 255,329 | 12,485,763 |
| Equipment and vehicles | 2,992,828 | 218,265 | - | 4,200 | 3,215,293 |
| Infrastructure | 16,623,809 | 219,398 | - | 7,809,087 | 24,652,294 |
| Total capital assets being depreciated | 31,847,071 | 437,663 | - | 8,068,616 | 40,353,350 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (4,907,433) | (336,707) | - | - | (5,244,140) |
| Equipment and vehicles | (2,342,476) | (179,167) | - | - | (2,521,643) |
| Infrastructure | (8,321,509) | (596,677) | - | - | (8,918,186) |
| Total accumulated depreciation | (15,571,418) | (1,112,551) | - | - | (16,683,969) |
| Total capital assets, being depreciated, net | 16,275,653 | (674,888) | - | 8,068,616 | 23,669,381 |
| Governmental activities capital assets, net | <u>\$26,126,096</u> | <u>\$ 586,419</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$26,712,515</u> |
| Lease assets | | | | | |
| Right-to-use lease asset - equipment | \$ 244,748 | \$ - | \$ - | \$ - | \$ 244,748 |
| Total lease assets | 244,748 | - | - | - | 244,748 |
| Less accumulated amortization for: | | | | | |
| Right-to-use lease asset | (65,582) | (48,950) | - | - | (114,532) |
| Total accumulated amortization | (65,582) | (48,950) | - | - | (114,532) |
| Governmental activities lease assets, net | <u>\$ 179,166</u> | <u>\$ (48,950)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 130,216</u> |

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

| | <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 | 1,007,177 | 388,992 | - | (493,187) | 902,982 |
| Total capital assets, not being depreciated | 2,875,605 | 388,992 | - | (493,187) | 2,771,410 |
| Capital assets, being depreciated | | | | | |
| Buildings and improvements | 33,938,939 | 29,327 | - | - | 33,968,266 |
| Utility systems | 17,885,217 | 996,268 | - | - | 18,881,485 |
| Equipment and vehicles | 4,931,690 | 202,313 | - | 493,187 | 5,627,190 |
| Infrastructure | 11,382,183 | - | - | - | 11,382,183 |
| Total capital assets being depreciated | 68,138,029 | 1,227,908 | - | 493,187 | 69,859,124 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (17,787,834) | (903,528) | - | - | (18,691,362) |
| Utility systems | (9,228,480) | (395,960) | - | - | (9,624,440) |
| Equipment and vehicles | (3,576,755) | (360,171) | - | - | (3,936,926) |
| Infrastructure | (3,069,643) | (497,439) | - | - | (3,567,082) |
| Total accumulated depreciation | (33,662,712) | (2,157,098) | - | - | (35,819,810) |
| Total capital assets, being depreciated, net | 34,475,317 | (929,190) | - | 493,187 | 34,039,314 |
| Business-type activities capital assets, net | <u>\$37,350,922</u> | <u>\$ (540,198)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$36,810,724</u> |
| Lease assets | | | | | |
| Right-to-use lease asset - equipment | \$ 15,356 | \$ - | \$ - | \$ - | \$ 15,356 |
| Total lease assets | 15,356 | - | - | - | 15,356 |
| Less accumulated amortization for: | | | | | |
| Right-to-use lease asset | (3,839) | (3,071) | - | - | (6,910) |
| Total accumulated amortization | (3,839) | (3,071) | - | - | (6,910) |
| Business activities lease assets, net | <u>\$ 11,517</u> | <u>\$ (3,071)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,446</u> |

Depreciation and amortization expenses were charged to functions/programs of the primary government as follows:

| | |
|--|---------------------|
| Governmental activities: | |
| Administration | \$ 144,643 |
| Community development | 29,933 |
| Public safety | 175,959 |
| Parks | 46,585 |
| Transportation | 680,622 |
| Non-departmental | 34,809 |
| Total depreciation expense - governmental activities | <u>\$ 1,112,551</u> |

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

| | |
|--|------------------|
| Administration | \$ 36,533 |
| Community development | 7,613 |
| Public safety | <u>4,804</u> |
| Total amortization expense - governmental activities | <u>\$ 48,950</u> |

| | |
|---|---------------------|
| Business-type activities: | |
| Water operations | \$ 563,910 |
| Wastewater operations | 1,041,075 |
| Stormwater operations | 110,026 |
| Airport operations | 141,416 |
| Events center | 139,934 |
| Public works admin | <u>160,737</u> |
| Total depreciation expense - business-type activities | <u>\$ 2,157,098</u> |

| | |
|---|-----------------|
| Water operations | \$ 781 |
| Wastewater operations | <u>2,290</u> |
| Total amortization expense - business-type activities | <u>\$ 3,071</u> |

E. Leases Payable

Leases payable currently outstanding as of June 30, 2022 are as follows:

| | <u>Original Amount</u> | <u>June 30, 2021 Balance</u> | <u>Reductions</u> | <u>June 30, 2022 Balance</u> |
|---|----------------------------|----------------------------------|-------------------|----------------------------------|
| Governmental Activities: | | | | |
| Copier Leases; interest at 1.23%, monthly payments of principal and interest of \$4,214, due 2025 | \$ 244,748 | \$ 180,553 | \$ 48,494 | \$ 132,059 |
| | <u>\$ 244,748</u> | <u>\$ 180,553</u> | <u>\$ 48,494</u> | 132,059 |
| Current portion | | | | (49,140) |
| Long-term portion | | | | <u>\$ 82,919</u> |
| Business-Type Activities: | | | | |
| Copier Leases; interest at 1.23%, monthly payments of principal and interest of \$264, due 2025 | \$ 15,356 | \$ 11,593 | \$ 3,039 | \$ 8,554 |
| | <u>\$ 15,356</u> | <u>\$ 11,593</u> | <u>\$ 3,039</u> | 8,554 |
| Current portion | | | | (3,077) |
| Long-term portion | | | | <u>\$ 5,477</u> |

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

Annual debt service requirements for leases payable for governmental activities are as follows:

| Governmental Activities Copier Leases | | | Business-Type Activities Copier Leases | | |
|--|-------------------|-----------------|---|------------------|-----------------|
| Fiscal Year | Principal | Interest | Fiscal Year | Principal | Interest |
| 2023 | \$ 49,140 | \$ 1,417 | 2023 | \$ 3,077 | \$ 88 |
| 2024 | 49,090 | 764 | 2024 | 3,115 | 50 |
| 2025 | 33,829 | 173 | 2025 | 2,362 | 12 |
| 2026 | - | - | 2026 | - | - |
| 2027 | - | - | 2027 | - | - |
| | <u>\$ 132,059</u> | <u>\$ 2,354</u> | | <u>\$ 8,554</u> | <u>\$ 150</u> |

F. Long-Term Liabilities

1. General Obligation Bonds – Governmental Activities

Long-term liability activity for the year ended June 30, 2022 was as follows:

| | June 30, 2021 Balance | Additions | Reductions | June 30, 2022 Balance | Due in 1 Year |
|----------------------------------|----------------------------------|-------------------|-----------------------|----------------------------------|--------------------------|
| Governmental Activities: | | | | | |
| Bonds payable | \$ 1,806,951 | \$ - | \$ (288,890) | \$ 1,518,061 | \$ 134,184 |
| Unamortized bond premium | 13,871 | - | (1,387) | 12,484 | - |
| Notes from direct borrowings | 9,772,370 | - | (539,850) | 9,232,520 | 557,161 |
| Total long-term debt | 11,593,192 | - | (830,127) | 10,763,065 | 691,345 |
| Compensated absences | 349,677 | 198,094 | (231,679) | 316,092 | 316,092 |
| Total | <u>\$ 11,942,869</u> | <u>\$ 198,094</u> | <u>\$ (1,061,806)</u> | <u>\$ 11,079,157</u> | <u>\$ 1,007,437</u> |
| Business-Type Activities: | | | | | |
| Bonds payable | \$ 862,143 | \$ - | \$ (70,204) | \$ 791,939 | \$ 75,816 |
| Unamortized bond premium | 17,989 | - | (1,524) | 16,465 | - |
| Notes from direct borrowings | 7,197,925 | - | (463,871) | 6,734,054 | 470,110 |
| Unamortized bond premium | 5,600 | - | (4,794) | 806 | - |
| Total long-term debt | 8,083,657 | - | (540,393) | 7,543,264 | 545,926 |
| Compensated absences | 123,836 | 85,237 | (84,200) | 124,873 | 124,873 |
| Total | <u>\$ 8,207,493</u> | <u>\$ 85,237</u> | <u>\$ (624,593)</u> | <u>\$ 7,668,137</u> | <u>\$ 670,799</u> |

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

Bonds outstanding at June 30, 2022 were as follows:

| <u>Purpose</u> | <u>Governmental Activities</u> | <u>Business-Type 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. | \$ 315,000 | \$ 420,000 |
| 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. | 900,000 | - |
| 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. | 303,061 | 371,939 |
| Total bonds outstanding | 1,518,061 | 791,939 |
| Less current portion | (134,184) | (75,816) |
| Long-term portion | <u>\$ 1,383,877</u> | <u>\$ 716,123</u> |

Direct placement notes payable outstanding at June 30, 2022 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. | \$ 2,794,886 | \$ - |
| 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. | 2,770,640 | - |

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

| <u>Purpose</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|---|------------------------------------|-------------------------------------|
| 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. | 631,706 | - |
| <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. | 2,885,288 | - |
| <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. | - | 1,169,714 |
| <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. | - | 2,573,367 |
| 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. | - | 331,665 |

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

| <u>Purpose</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--|------------------------------------|-------------------------------------|
| On February 12, 2010, the City entered into an agreement with the State of Oregon Department of Environmental Quality for a loan in the amount of \$4,923,260 to finance rehabilitation to a major wastewater trunk sewer. Loan principal payments commenced upon completion of the project (June 24,2013). The loan has a twenty year maturity (June , 2023) with loan fees of 0.5% of the outstanding balance payable annually. Upon the event of a default, DEQ may declare the loan immediately due and payable, appoint a receiver to operate the Facility, set and collect utility rates, direct the State Treasurer to withhold amounts due, or pursue any other legal or equitable remedy it may have. | - | 2,659,308 |
| Total notes payable outstanding | 9,232,520 | 6,734,054 |
| Less current portion | (557,161) | (470,110) |
| Long-term portion | <u>\$ 8,675,359</u> | <u>\$ 6,263,944</u> |

Annual debt service requirements to maturity for long-term debt at June 30, 2022 are as follows:

| Total Governmental Activities | | | | | |
|--------------------------------------|---------------------|-------------------|--------------------------|---------------------|---------------------|
| Public Offering Bonds | | | Direct Borrowings | | |
| | <u>Principal</u> | <u>Interest</u> | | <u>Principal</u> | <u>Interest</u> |
| 2023 | \$ 134,184 | \$ 60,096 | 2023 | \$ 557,161 | \$ 298,309 |
| 2024 | 141,327 | 54,802 | 2024 | 724,528 | 280,941 |
| 2025 | 148,572 | 49,012 | 2025 | 593,459 | 254,061 |
| 2026 | 153,572 | 42,930 | 2026 | 612,500 | 235,020 |
| 2027 | 167,959 | 36,548 | 2027 | 556,664 | 215,364 |
| 2028-2032 | 772,447 | 70,796 | 2028-2032 | 2,658,773 | 823,908 |
| 2033-2037 | - | - | 2033-2037 | 3,002,679 | 357,250 |
| 2038-2042 | - | - | 2038-2042 | 526,756 | 19,532 |
| Total | <u>\$ 1,518,061</u> | <u>\$ 314,184</u> | Total | <u>\$ 9,232,520</u> | <u>\$ 2,484,385</u> |

| Total Business-Type Activities | | | | | |
|---------------------------------------|-------------------|-------------------|--------------------------|---------------------|---------------------|
| Public Offering Bonds | | | Direct Borrowings | | |
| | <u>Principal</u> | <u>Interest</u> | | <u>Principal</u> | <u>Interest</u> |
| 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 | 87,041 | 18,837 | 2027 | 502,006 | 103,323 |
| 2028-2032 | 387,553 | 37,295 | 2028-2032 | 2,632,838 | 438,421 |
| 2033-2037 | - | - | 2033-2037 | 1,669,713 | 110,689 |
| Total | <u>\$ 791,939</u> | <u>\$ 164,055</u> | Total | <u>\$ 6,734,054</u> | <u>\$ 1,155,588</u> |

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

G. Other Post-Employment Benefits (OPEB)

1. Financial Statement Presentation

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

| | <u>Implicit Rate Subsidy</u> | <u>PERS RHIA Plan</u> | <u>Total OPEB on Financials</u> |
|--|----------------------------------|---------------------------|-------------------------------------|
| Net OPEB Asset | \$ - | \$ 70,965 | \$ 70,965 |
| Deferred Outflows of Resources | | | |
| Change in Assumptions | 5,842 | 1,396 | 7,238 |
| Difference in Expected and Actual Experience | 23,911 | - | 23,911 |
| Change in Proportionate Share | - | 6,589 | 6,589 |
| Contributions After MD | 36,288 | 553 | 36,841 |
| Net OPEB Liability | (275,219) | - | (275,219) |
| Deferred Inflows of Resources | | | |
| Difference in Expected and Actual Experience | (8,043) | (1,974) | (10,017) |
| Difference in Earnings | - | (16,865) | (16,865) |
| Change in Assumptions | (20,923) | (1,056) | (21,979) |
| Change in Proportionate Share | - | (5,619) | (5,619) |
| OPEB Expense/(Income)* | 32,438 | (7,505) | 24,933 |

*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, 2022

| | |
|--------------------------------|------------------|
| 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 \$275,219 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2022, the City recognized OPEB expense from this plan of \$32,438. At June 30, 2022, 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 | \$ 23,911 | \$ 8,043 |
| Changes of assumptions | <u>5,842</u> | <u>20,923</u> |
| Total (prior to post-MD contributions) | 29,753 | 28,966 |
| Contributions subsequent to the MD | <u>36,288</u> | <u>-</u> |
| Total | <u><u>\$ 66,041</u></u> | <u><u>\$ 28,966</u></u> |

Deferred outflows of resources related to OPEB of \$36,288 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, 2023. 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> | |
|----------------------------|----------------------|
| 2023 | \$ (208) |
| 2024 | (208) |
| 2025 | (208) |
| 2026 | 1,095 |
| 2027 | 1,419 |
| Thereafter | <u>(1,103)</u> |
| Total | <u><u>\$ 787</u></u> |

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

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 | 2.16 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 2.21% to 2.16%.

| | Net OPEB Liability |
|---|-------------------------------|
| Balance as of June 30, 2021 | \$ 281,041 |
| Changes for the year: | |
| Service cost | 26,288 |
| Interest on total OPEB liability | 6,358 |
| Effect of assumptions changes or inputs | 990 |
| Benefit payments | (39,458) |
| Balance as of June 30, 2022 | <u>\$ 275,219</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 (1.16 percent) or 1-percentage-point higher (3.16 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, 2022

Discount Rate:

| | <u>1% Decrease (1.16%)</u> | <u>Current Discount Rate (2.16%)</u> | <u>1% Increase (3.16%)</u> |
|--------------------|----------------------------|--------------------------------------|----------------------------|
| Net OPEB Liability | \$ 293,554 | \$ 275,219 | \$ 258,207 |

Healthcare Cost Trend:

| | <u>1% Decrease</u> | <u>Current Health Care Trend Rates</u> | <u>1% Increase</u> |
|--------------------|--------------------|--|--------------------|
| Net OPEB Liability | \$ 249,297 | \$ 275,219 | \$ 306,793 |

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/2021-ACFR.pdf>.

Benefits Provided

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

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation and a percentage of payroll that first became effective July 1, 2019. The City contributed 0.06% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. The City's total for the year ended June 30, 2022 contributions was \$553.

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

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

At June 30, 2022, the City reported an asset of \$70,965 for its proportionate share of the Oregon PERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2022, the City's proportionate share was 0.0207%, which is an increase from its proportion of 0.0161% as of June 30, 2021.

For the year ended June 30, 2022, the City recognized OPEB income from this plan of \$7,505. At June 30, 2022, 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 | \$ - | \$ 1,974 |
| Changes of assumptions | 1,396 | 1,056 |
| Net difference between projected and actual earnings on investments | - | 16,865 |
| Changes in proportionate share | 6,589 | 5,619 |
| Total (prior to post-MD contributions) | <u>7,985</u> | <u>25,514</u> |
| Contributions subsequent to the MD | 553 | - |
| Total | <u>\$ 8,538</u> | <u>\$ 25,514</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, 2023. 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> | |
|----------------------------|--------------------|
| 2023 | \$ (2,635) |
| 2024 | (5,715) |
| 2025 | (3,850) |
| 2026 | (5,329) |
| 2027 | - |
| Total | <u>\$ (17,529)</u> |

Actuarial Methods and Assumptions

The net OPEB asset in the December 31, 2019 actuarial valuation was determined using the actuarial methods and assumptions are the same as listed below in **Note H – Pension Plan Actuarial Assumptions**.

Long-Term Expected Rate of Return

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

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

Discount Rate

The discount rate used to measure the net OPEB asset was 6.90% 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 6.90%, 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

Discount Rate:

| | <u>1% Decrease (5.90%)</u> | <u>Current Discount Rate (6.90%)</u> | <u>1% Increase (7.90%)</u> |
|----------------|----------------------------|--|----------------------------|
| Net OPEB Asset | \$ (62,758) | \$ (70,965) | \$ (77,976) |

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, 2021 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2021 measurement period that require disclosure.

H. 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 annuity (for members who were contributing before August 21, 1981) or a money match computation

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

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 \$197,730 in 2021 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 fair 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, 2022

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 \$197,730 in 2021 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, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2022 were \$614,091 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2022 were 16.82 percent for Tier One/Tier Two General Service Member and Tier One/Tier Two Police and Fire, 13.18 percent for OPSRP Pension Program General Service Members, 17.54 percent for OPSRP Pension Program Police and Fire Members.

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 \$230,472 for the year ended June 30, 2022.

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

At June 30, 2022 the City reported a liability of \$3,642,132 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2022, the City's proportionate share was 0.0304 percent, which was an increase from its proportionate share of 0.0274 percent on June 30, 2021.

For the year ended June 30, 2022, the City recognized pension income of \$98,412. At June 30, 2022, 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, 2022

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 340,927 | \$ - |
| Changes of assumptions | 911,735 | 9,585 |
| Net difference between projected and actual earnings on investments | - | 2,696,242 |
| Changes in proportion | 472,430 | 48,015 |
| Differences between employer contributions and proportionate share of contributions | - | 303,373 |
| Total (prior to post-MD contributions) | 1,725,092 | 3,057,215 |
| Contributions subsequent to the MD | 614,091 | - |
| Total | <u>\$ 2,339,183</u> | <u>\$ 3,057,215</u> |

City's contributions subsequent to the measurement date of \$614,091 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, 2023. 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> | |
|----------------------------|-----------------------|
| 2023 | \$ (276,574) |
| 2024 | (285,030) |
| 2025 | (347,288) |
| 2026 | (553,437) |
| 2027 | 130,206 |
| Total | <u>\$ (1,332,123)</u> |

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-----------------------------------|---|
| Valuation Date | December 31, 2019 |
| Measurement Date | June 30, 2021 |
| Experience Study Report | 2018, published July 24, 2019 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Inflation Rate | 2.40 percent |
| Long-Term Expected Rate of Return | 6.90 percent |
| Discount Rate | 6.90 percent |
| Projected Salary Increases | 3.40 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 June 2021 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, 2022

| Assumed Asset Allocation | | | |
|---------------------------------|------------------|-------------------|---------------|
| Asset Class/Strategy | Low Range | High Range | Target |
| Debt Securities | 15.0% | 25.0% | 20.0% |
| Public Equity | 27.5% | 37.5% | 32.5% |
| Real Estate | 9.5% | 15.5% | 12.5% |
| Private Equity | 14.0% | 21.0% | 17.5% |
| Alternative Portfolio | 7.5% | 17.5% | 15.0% |
| Opportunity Portfolio | 0.0% | 5.0% | 0.0% |
| Risk Parity | 0.0% | 2.5% | 2.5% |
| Total | | | <u>100.0%</u> |

| Asset Class | Target Allocation | Compounded Annual Return (Geometric) |
|-------------------------------------|--------------------------|---|
| Global Equity | 30.62% | 5.85% |
| Private Equity | 25.50% | 7.71% |
| Core Fixed Income | 23.75% | 2.73% |
| Real Estate | 12.25% | 5.66% |
| Master Limited Partnerships | 0.75% | 5.71% |
| Infrastructure | 1.50% | 6.26% |
| Commodities | 0.63% | 3.10% |
| Hedge Fund of Funds - Multistrategy | 1.25% | 5.11% |
| Hedge Fund Equity - Hedge | 0.63% | 5.31% |
| Hedge Fund - Macro | 5.62% | 5.06% |
| US Cash | -2.50% | 1.76% |
| Total | <u>100.00%</u> | |

| | |
|--------------------------|-------|
| Assumed Inflation - Mean | 2.40% |
|--------------------------|-------|

Depletion Date Projection

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

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

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

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 was 6.90 percent for the Defined Benefit Pension Plan. 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 6.90 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 (5.90 percent) or 1- percentage-point higher (7.90 percent) than the current rate:

| | <u>1% Decrease (5.90%)</u> | <u>Discount Rate (6.90%)</u> | <u>1% Increase (7.90%)</u> |
|---|----------------------------|------------------------------|----------------------------|
| City's proportionate share of the net pension liability (asset) | \$ 7,152,276 | \$ 3,642,132 | \$ 705,416 |

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 after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age.

For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. The increase in the Total Pension Liability resulting from Senate Bill 111, measured as of June 30, 2021, is shown in Exhibit A as the "Effect of plan changes" during the measurement period. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective Measurement Dates.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2021 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

CITY OF FLORENCE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
Year Ended June 30, 2022

County Insurance Services (CIS), a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CIS for insurance coverage. Based on the experience of the City and CIS, the City may be liable for an additional premium of up to 20% of its initial premium or it may receive a refund. The City has not had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

B. Commitments and Contingencies

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

C. Contingency Liabilities

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

D. Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*. GASB Statement 87 establishes new standards for accounting and financial reporting for leases by governments. The requirements of this statement are effective for financial statements for fiscal years beginning after December 15, 2019. The City implemented Statement 87 for the year ending June 30, 2022.

E. Prior Period Adjustments

The City discovered three errors made in prior periods. Within the City's General Fund, deferred revenue was overstated in the amount \$32,983. Adjustment related to the correction of error was a decrease in deferred revenue and an increase in the General Fund's fund balance. Additionally, within the City's General Fund, franchise fee revenue was understated by \$29,627 in the prior year. Beginning fund balance was increased to correct the error. The third adjustment was for the City's Street Fund as inventory was understated in the amount of \$24,750. The adjustment to correct the error was an increase in inventory assets and an increase in fund balance.

F. Subsequent Events

In December of 2022, the City negotiated a sale of property on which an outstanding local improvement district (LID) assessment was owed to the City. The City used the \$400,000 proceeds from the sale to partially recover the outstanding debt owed to the City. Following the sale, the City wrote off approximately \$139,114 in interest on the LID.

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
 - ARPA 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, 2022

| | Budget | | Actual | | | Variance with Final Budget |
|--|-------------------|-------------------|---------------------|-------------|---------------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | Biennium | |
| REVENUES: | | | | | | |
| Taxes | \$ 5,881,500 | \$ 6,509,200 | \$ 2,921,984 | \$ - | \$ 2,921,984 | \$(3,587,216) |
| Franchise fees | 2,146,300 | 2,146,300 | 1,031,775 | - | 1,031,775 | (1,114,525) |
| Licenses and permits | 376,000 | 376,000 | 451,723 | - | 451,723 | 75,723 |
| Intergovernmental | 1,711,600 | 2,339,300 | 857,054 | - | 857,054 | (1,482,246) |
| Charges for services | 4,093,400 | 4,093,400 | 1,772,917 | - | 1,772,917 | (2,320,483) |
| Fines and forfeitures | - | - | 151,288 | - | 151,288 | 151,288 |
| Miscellaneous | 499,800 | 499,800 | 62,429 | - | 62,429 | (437,371) |
| Total revenues | 14,708,600 | 15,964,000 | 7,249,170 | - | 7,249,170 | (8,714,830) |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Administration | 2,550,900 | 2,550,900 | 881,982 | - | 881,982 | 1,668,918 |
| Administrative services | 2,691,600 | 2,691,600 | 1,165,080 | - | 1,165,080 | 1,526,520 |
| Community development | 2,003,400 | 2,003,400 | 910,720 | - | 910,720 | 1,092,680 |
| Public safety | 5,240,600 | 5,240,600 | 2,366,544 | - | 2,366,544 | 2,874,056 |
| Municipal court | 673,800 | 673,800 | 276,327 | - | 276,327 | 397,473 |
| Parks | 696,500 | 696,500 | 304,542 | - | 304,542 | 391,958 |
| Non-departmental | 246,800 | 874,500 | 129,540 | - | 129,540 | 744,960 |
| Capital outlay | 968,000 | 968,000 | 121,646 | - | 121,646 | 846,354 |
| Contingency | 2,002,700 | 2,002,700 | - | - | - | 2,002,700 |
| Total expenditures | 17,074,300 | 17,702,000 | 6,156,381 | - | 6,156,381 | 11,545,619 |
| Revenues over (under) expenditures | (2,365,700) | (1,738,000) | 1,092,789 | - | 1,092,789 | 2,830,789 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of debt | 705,000 | 705,000 | - | - | - | (705,000) |
| Transfers out | (1,215,100) | (1,215,100) | (606,377) | - | (606,377) | 608,723 |
| Total other financing sources (uses) | (510,100) | (510,100) | (606,377) | - | (606,377) | (96,277) |
| Net change in fund balance | (2,875,800) | (2,248,100) | 486,412 | - | 486,412 | 2,734,512 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 2,875,800 | 2,875,800 | 2,548,114 | - | 2,548,114 | (327,686) |
| PRIOR PERIOD ADJUSTMENT | - | - | 62,610 | - | - | - |
| FUND BALANCE, ENDING BUDGETARY BASIS | \$ - | \$ 627,700 | \$ 3,097,136 | \$ - | \$ 3,034,526 | \$ 2,406,826 |

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, 2022

| | Budget | | Actual | | | Variance with Final Budget |
|--|--------------------|--------------------|-------------------|-------------|-------------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | Biennium | |
| REVENUES: | | | | | | |
| Franchise fees | \$ 188,000 | \$ 188,000 | \$ 123,440 | \$ - | \$ 123,440 | \$ (64,560) |
| Intergovernmental | 5,134,500 | 5,280,100 | 1,689,824 | - | 1,689,824 | (3,590,276) |
| Charges for services | 976,100 | 976,100 | 478,409 | - | 478,409 | (497,691) |
| Miscellaneous | 4,800 | 4,800 | 64,491 | - | 64,491 | 59,691 |
| Total revenues | <u>6,303,400</u> | <u>6,449,000</u> | <u>2,356,164</u> | <u>-</u> | <u>2,356,164</u> | <u>(4,092,836)</u> |
| EXPENDITURES: | | | | | | |
| Personnel service | 139,400 | 139,400 | 21,500 | - | 21,500 | 117,900 |
| Materials and service | 1,390,300 | 1,535,900 | 501,227 | - | 501,227 | 1,034,673 |
| Capital outlay | 6,062,700 | 5,911,700 | 1,301,183 | - | 1,301,183 | 4,610,517 |
| Contingency | 746,300 | 746,300 | - | - | - | 746,300 |
| Total expenditures | <u>8,338,700</u> | <u>8,333,300</u> | <u>1,823,910</u> | <u>-</u> | <u>1,823,910</u> | <u>6,509,390</u> |
| Revenues over (under) expenditures | <u>(2,035,300)</u> | <u>(1,884,300)</u> | <u>532,254</u> | <u>-</u> | <u>532,254</u> | <u>2,416,554</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of debt | 2,500,000 | 2,500,000 | - | - | - | (2,500,000) |
| Transfers in | 180,000 | 180,000 | 90,000 | - | 90,000 | (90,000) |
| Transfers out | <u>(773,900)</u> | <u>(924,900)</u> | <u>(409,508)</u> | <u>-</u> | <u>(409,508)</u> | <u>515,392</u> |
| Total other financing sources (uses) | <u>1,906,100</u> | <u>1,755,100</u> | <u>(319,508)</u> | <u>-</u> | <u>(319,508)</u> | <u>(2,074,608)</u> |
| Net change in fund balance | (129,200) | (129,200) | 212,746 | - | 212,746 | 341,946 |
| FUND BALANCE, BEGINNING-BUDGETARY BASIS | <u>129,200</u> | <u>129,200</u> | <u>(80,598)</u> | <u>-</u> | <u>(80,598)</u> | <u>(209,798)</u> |
| PRIOR PERIOD ADJUSTMENT | <u>-</u> | <u>-</u> | <u>24,750</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, ENDING -BUDGETARY BASIS | <u>\$ -</u> | <u>\$ -</u> | <u>156,898</u> | <u>\$ -</u> | <u>\$ 132,148</u> | <u>\$ 132,148</u> |
| The Street Fund is budgeted as an individual fund but is combined with the Street System Development Fund for GAAP reporting. | | | <u>172,513</u> | | | |
| FUND BALANCE, ENDING | | | <u>\$ 329,411</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, 2022

| | Budget | | Actual | | | Variance with Final Budget |
|--|--------------|--------------|------------|------------|------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | Biennium | |
| REVENUES: | | | | | | |
| Taxes | \$ 1,200,000 | \$ 1,200,000 | \$ 616,775 | \$ - | \$ 616,775 | \$ (583,225) |
| Intergovernmental | 400,000 | 400,000 | 234,987 | - | 234,987 | (165,013) |
| Miscellaneous | 8,000 | 8,000 | 3,392 | - | 3,392 | (4,608) |
| Total revenues | 1,608,000 | 1,608,000 | 855,154 | - | 855,154 | (752,846) |
| EXPENDITURES: | | | | | | |
| Materials and service | 708,100 | 708,100 | 245,300 | - | 245,300 | 462,800 |
| Capital outlay | 515,000 | 515,000 | 157,174 | - | 157,174 | 357,826 |
| Debt service: | | | | | | |
| Principal | 563,200 | 563,200 | 277,163 | - | 277,163 | 286,037 |
| Interest | 374,000 | 374,000 | 191,291 | - | 191,291 | 182,709 |
| Contingency | 859,100 | 859,100 | - | - | - | 859,100 |
| Total expenditures | 3,019,400 | 3,019,400 | 870,928 | - | 870,928 | 2,148,472 |
| Revenues over (under) expenditures | (1,411,400) | (1,411,400) | (15,774) | - | (15,774) | 1,395,626 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | 81,000 | 81,000 | - | - | - | (81,000) |
| Total other financing sources (uses) | 81,000 | 81,000 | - | - | - | (81,000) |
| Net change in fund balance | (1,330,400) | (1,330,400) | (15,774) | - | (15,774) | 1,314,626 |
| FUND BALANCE, BEGINNING-BUDGETARY BASIS | 1,330,400 | 1,330,400 | 692,018 | - | 692,018 | (638,382) |
| FUND BALANCE, ENDING -BUDGETARY BASIS | \$ - | \$ - | \$ 676,244 | \$ - | \$ 676,244 | \$ 676,244 |

CITY OF FLORENCE, OREGON
ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | | | Variance with Final Budget |
|--|--------------|--------------|-----------------|-------------|-----------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | Biennium | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 1,800,000 | \$ 2,031,500 | \$ 549,800 | \$ - | \$ 549,800 | \$ (1,481,700) |
| Miscellaneous | 2,500 | 2,500 | 3,486 | - | 3,486 | 986 |
| Total revenues | 1,802,500 | 2,034,000 | 553,286 | - | 553,286 | (1,480,714) |
| EXPENDITURES: | | | | | | |
| Materials and service | 621,200 | 1,478,400 | 549,800 | - | 549,800 | 928,600 |
| Capital outlay | 100,000 | 555,600 | - | - | - | 555,600 |
| Total expenditures | 1,802,500 | 2,034,000 | 549,800 | - | 549,800 | 1,484,200 |
| Net change in fund balance | - | - | 3,486 | - | 3,486 | 3,486 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | - | - | - | - | - | - |
| FUND BALANCE, ENDING - BUDGETARY BASIS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,486</u> | <u>\$ -</u> | <u>\$ 3,486</u> | <u>\$ 3,486</u> |

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

| Measurement Date | (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 |
|------------------|---|--|-------------------------------|---|--|
| 2021 | 0.03043612% | \$ 3,642,132 | \$ 3,739,002 | 97.41% | 87.60% |
| 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.

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. The increase in the Total Pension Liability resulting from Senate Bill 111, measured as of June 30, 2021, is shown in Exhibit A as the "Effect of plan changes" during the measurement period. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective Measurement Dates.

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 |
|---------------------|--|---|---|-------------------------------|--|
| 2022 | \$ 614,091 | \$ 614,091 | \$ - | \$ 4,146,700 | 14.81% |
| 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 | Fair 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) |
|------------------------------|---|--|---------------------------|--|---|
| 2021 | 0.02066542% | \$ (70,965) | \$ 3,739,002 | -1.90% | 183.9% |
| 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 |
|---------------------|--|---|---|------------------------|--|
| 2022 | \$ 7,985 | \$ 7,985 | \$ - | \$ 4,146,700 | 0.19% |
| 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, 2019 | December 31, 2017 | December 31, 2015 | December 31, 2013 | December 31, 2011 |
| Effective: | July 2021 - June 2023 | July 2019 - June 2021 | July 2017 - June 2019 | July 2015 - June 2017 | December 31, 2011 |
| Actuarial cost method: | Entry Age Normal | | | | Projected Unit Credit |
| Amortization method: | Level percentage of payroll, closed | | | | |
| Amortization period: | 10 years | | | | |
| Asset valuation method: | Fair value | | | | |
| Remaining amortization periods: | 10 years | | 20 years | | N/A |
| Actuarial assumptions | | | | | |
| Inflation rate | 2.40 percent | 2.50 percent | | 2.75 percent | |
| Projected salary increases | 3.40 percent | 3.50 percent | | 3.75 percent | |
| Investment rate of return | 6.90 percent | 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>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | | |
| Service Interest | \$ 26,288 | \$ 20,928 | \$ 18,602 | \$ 17,474 |
| Interest | 6,358 | 10,718 | 11,711 | 10,129 |
| Differences between economic/demographic gains or losses | - | (10,517) | - | 41,955 |
| Changes of assumptions | 990 | (7,720) | 7,335 | (17,222) |
| Benefit payment | (39,458) | (35,016) | (37,666) | (30,002) |
| Net change in total OPEB liability | <u>(5,822)</u> | <u>(21,607)</u> | <u>(18)</u> | <u>22,334</u> |
| Total OPEB liability - beginning | <u>281,041</u> | <u>302,648</u> | <u>302,666</u> | <u>280,332</u> |
| Total OPEB liability - ending (a) | <u>\$ 275,219</u> | <u>\$ 281,041</u> | <u>\$ 302,648</u> | <u>\$ 302,666</u> |
| | | | | |
| Covered-employee payroll | \$ 4,146,700 | \$ 3,739,002 | \$ 3,695,621 | \$ 3,762,260 |
| | | | | |
| Total OPEB liability as a percentage of covered-employee payroll | 6.64% | 7.52% | 8.19% | 8.04% |

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 |
|---------------------|--|---|---|------------------------|--|
| 2022 | \$ 36,288 | \$ 36,288 | \$ - | \$ 4,146,700 | 0.88% |
| 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: | Fair 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 |

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
- 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 Fund

This fund is used to account for revenues and expenditures related to the servicing of general long-term debt:

General Obligation Debt Fund

The General Obligation Debt Fund is used to account for the City's general obligation debt service activities.

**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, 2022**

| | Budget | | Actual | | | Variance with Final Budget |
|---|------------------|------------------|------------------|-------------|-------------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | Biennium | |
| REVENUES: | | | | | | |
| Charges for services | \$ 80,000 | \$ 80,000 | \$ 72,450 | \$ - | \$ 72,450 | \$ (7,550) |
| Miscellaneous | 1,500 | 1,500 | 848 | - | 848 | (652) |
| Total revenues | <u>81,500</u> | <u>81,500</u> | <u>73,298</u> | <u>-</u> | <u>73,298</u> | <u>(8,202)</u> |
| EXPENDITURES: | | | | | | |
| Materials and service | 1,000 | 1,000 | 199 | - | 199 | 801 |
| Contingency | 13,700 | 13,700 | - | - | - | 13,700 |
| Total expenditures | <u>14,700</u> | <u>14,700</u> | <u>199</u> | <u>-</u> | <u>199</u> | <u>14,501</u> |
| Revenues over (under) expenditures | <u>66,800</u> | <u>66,800</u> | <u>73,099</u> | <u>-</u> | <u>73,099</u> | <u>6,299</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers out | <u>(180,000)</u> | <u>(180,000)</u> | <u>(90,000)</u> | <u>-</u> | <u>(90,000)</u> | <u>90,000</u> |
| Total other financing sources (uses) | <u>(180,000)</u> | <u>(180,000)</u> | <u>(90,000)</u> | <u>-</u> | <u>(90,000)</u> | <u>90,000</u> |
| Net change in fund balance | <u>(113,200)</u> | <u>(113,200)</u> | <u>(16,901)</u> | <u>-</u> | <u>(16,901)</u> | <u>96,299</u> |
| FUND BALANCE, BEGINNING-BUDGETARY BASIS | <u>113,200</u> | <u>113,200</u> | <u>189,414</u> | <u>-</u> | <u>189,414</u> | <u>76,214</u> |
| FUND BALANCE, ENDING -BUDGETARY BASIS | <u>\$ -</u> | <u>\$ -</u> | <u>172,513</u> | <u>\$ -</u> | <u>\$ 172,513</u> | <u>\$ 172,513</u> |
| The Street System Development Fund is budgeted as an individual fund but is combined with the Street Fund for GAAP reporting. | | | <u>(172,513)</u> | | | |
| FUND BALANCE, ENDING | | | <u>\$ -</u> | | | |

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, 2022

| | Budget | | Actual | | | Variance with Final Budget |
|--|--------------|--------------|-------------|------------|-------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | Biennium | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 1,239,000 | \$ 1,239,000 | \$ - | \$ - | \$ - | \$ (1,239,000) |
| Miscellaneous | 170,000 | 170,000 | 182,601 | - | 182,601 | 12,601 |
| Total revenues | 1,409,000 | 1,409,000 | 182,601 | - | 182,601 | (1,226,399) |
| EXPENDITURES: | | | | | | |
| Materials and service | 1,700 | 1,800 | 492 | - | 492 | 1,308 |
| Debt service: | | | | | | |
| Principal | 1,934,900 | 1,934,900 | 804,945 | - | 804,945 | 1,129,955 |
| Interest | 894,100 | 894,000 | 459,664 | - | 459,664 | 434,336 |
| Total expenditures | 2,830,700 | 2,830,700 | 1,265,101 | - | 1,265,101 | 1,565,599 |
| Revenues over (under) expenditures | (1,421,700) | (1,421,700) | (1,082,500) | - | (1,082,500) | 339,200 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | 1,372,000 | 1,372,000 | 1,156,949 | - | 1,156,949 | (215,051) |
| Total other financing sources (uses) | 1,372,000 | 1,372,000 | 1,156,949 | - | 1,156,949 | (215,051) |
| Net change in fund balance | (49,700) | (49,700) | 74,449 | - | 74,449 | 124,149 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 531,000 | 531,000 | 382,548 | - | 382,548 | (148,452) |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ 481,300 | \$ 481,300 | \$ 456,997 | \$ - | \$ 456,997 | \$ (24,303) |

CITY OF FLORENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2022

| | Special Revenue Funds | | Debt Service Fund | Nonmajor Governmental Funds |
|--|-------------------------|------------------|------------------------------------|-----------------------------------|
| | 9-1-1 Emergency Fund | Room Tax Fund | General Obligation Debt Fund | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 441,938 | \$ 21,876 | \$ 17,264 | \$ 481,078 |
| Receivable, net: | | | | |
| Accounts | - | 44,261 | - | 44,261 |
| Taxes | - | - | 6,260 | 6,260 |
| Total assets | <u>\$ 441,938</u> | <u>\$ 66,137</u> | <u>\$ 23,524</u> | <u>\$ 531,599</u> |
| LIABILITIES: | | | | |
| Accounts payable and accrued expenses | \$ 89 | \$ 17,845 | \$ - | \$ 17,934 |
| Total liabilities | <u>89</u> | <u>17,845</u> | <u>-</u> | <u>17,934</u> |
| DEREFED INFLOWS OF RESOURCES: | | | | |
| Unavailable revenue - property taxes | - | - | 5,933 | 5,933 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>5,933</u> | <u>5,933</u> |
| FUND BALANCE: | | | | |
| Restricted for: | | | | |
| Public safety | 441,849 | - | - | 441,849 |
| Tourism | - | 48,292 | - | 48,292 |
| Debt service | - | - | 17,591 | 17,591 |
| Total fund balance | <u>441,849</u> | <u>48,292</u> | <u>17,591</u> | <u>507,732</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 441,938</u> | <u>\$ 66,137</u> | <u>\$ 23,524</u> | <u>\$ 531,599</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, 2022

| | Special Revenue Funds | | Debt Service Fund | |
|--|-----------------------|------------------|------------------------------|-----------------------------|
| | 9-1-1 Emergency Fund | Room Tax Fund | General Obligation Debt Fund | Nonmajor Governmental Funds |
| REVENUES: | | | | |
| Taxes | \$ - | \$ 562,800 | \$ 115,452 | \$ 678,252 |
| Intergovernmental | 185,759 | - | - | 185,759 |
| Charges for services | 150,797 | - | - | 150,797 |
| Miscellaneous | 2,540 | - | - | 2,540 |
| Total revenues | <u>339,096</u> | <u>562,800</u> | <u>115,452</u> | <u>1,017,348</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Administration | - | 226,535 | - | 226,535 |
| Public safety | 803,200 | - | - | 803,200 |
| Capital outlay | 126,414 | - | - | 126,414 |
| Debt service: | | | | |
| Principal | - | - | 164,094 | 164,094 |
| Interest | - | - | 3,462 | 3,462 |
| Total expenditures | <u>929,614</u> | <u>226,535</u> | <u>167,556</u> | <u>1,323,705</u> |
| Revenues over (under) expenditures | <u>(590,518)</u> | <u>336,265</u> | <u>(52,104)</u> | <u>(306,357)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 547,000 | - | - | 547,000 |
| Transfers out | - | (307,635) | - | (307,635) |
| Total other financing sources (uses) | <u>547,000</u> | <u>(307,635)</u> | <u>-</u> | <u>239,365</u> |
| Net change in fund balance | <u>(43,518)</u> | <u>28,630</u> | <u>(52,104)</u> | <u>(66,992)</u> |
| FUND BALANCE, BEGINNING | <u>485,367</u> | <u>19,662</u> | <u>69,695</u> | <u>574,724</u> |
| FUND BALANCE, ENDING | <u>\$ 441,849</u> | <u>\$ 48,292</u> | <u>\$ 17,591</u> | <u>\$ 507,732</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 Debt 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, 2022

| | Budget | | Actual | | | Variance with Final Budget |
|--|------------------|------------------|-------------------|-------------|-------------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | Biennium | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 349,200 | \$ 349,200 | \$ 185,759 | \$ - | \$ 185,759 | \$ (163,441) |
| Charges for services | 443,400 | 443,400 | 150,797 | - | 150,797 | (292,603) |
| Miscellaneous | 2,000 | 2,000 | 2,540 | - | 2,540 | 540 |
| Total revenues | 794,600 | 794,600 | 339,096 | - | 339,096 | (455,504) |
| EXPENDITURES: | | | | | | |
| Personnel service | 1,328,200 | 1,328,200 | 614,042 | - | 614,042 | 714,158 |
| Materials and service | 441,800 | 441,800 | 189,158 | - | 189,158 | 252,642 |
| Capital outlay | 260,000 | 260,000 | 126,414 | - | 126,414 | 133,586 |
| Contingency | 289,500 | 289,500 | - | - | - | 289,500 |
| Total expenditures | 2,319,500 | 2,319,500 | 929,614 | - | 929,614 | 1,389,886 |
| Revenues over (under) expenditures | (1,524,900) | (1,524,900) | (590,518) | - | (590,518) | 934,382 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | 1,094,000 | 1,094,000 | 547,000 | - | 547,000 | (547,000) |
| Total other financing sources (uses) | 1,094,000 | 1,094,000 | 547,000 | - | 547,000 | (547,000) |
| Net change in fund balance | (430,900) | (430,900) | (43,518) | - | (43,518) | 387,382 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 460,900 | 460,900 | 485,367 | - | 485,367 | 24,467 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ 30,000 | \$ 30,000 | \$ 441,849 | \$ - | \$ 441,849 | \$ 411,849 |

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, 2022

| | Budget | | Actual | | | Variance with Final Budget |
|--|------------------|------------------|------------------|-------------|------------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | Biennium | |
| REVENUES: | | | | | | |
| Transient lodging tax | \$ 915,000 | \$ 915,000 | \$ 562,800 | \$ - | \$ 562,800 | \$ (352,200) |
| Intergovernmental | 68,800 | 68,800 | - | - | - | (68,800) |
| Total revenues | <u>983,800</u> | <u>983,800</u> | <u>562,800</u> | <u>-</u> | <u>562,800</u> | <u>(421,000)</u> |
| EXPENDITURES: | | | | | | |
| Materials and service | 363,000 | 363,000 | 226,535 | - | 226,535 | 136,465 |
| Contingency | 76,300 | 76,300 | - | - | - | 76,300 |
| Total expenditures | <u>439,300</u> | <u>439,300</u> | <u>226,535</u> | <u>-</u> | <u>226,535</u> | <u>212,765</u> |
| Revenues over (under) expenditures | <u>544,500</u> | <u>544,500</u> | <u>336,265</u> | <u>-</u> | <u>336,265</u> | <u>(208,235)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers out | <u>(544,600)</u> | <u>(544,600)</u> | <u>(307,635)</u> | <u>-</u> | <u>(307,635)</u> | <u>236,965</u> |
| Total other financing sources (uses) | <u>(544,600)</u> | <u>(544,600)</u> | <u>(307,635)</u> | <u>-</u> | <u>(307,635)</u> | <u>236,965</u> |
| Net change in fund balance | (100) | (100) | 28,630 | - | 28,630 | 28,730 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | <u>100</u> | <u>100</u> | <u>19,662</u> | <u>-</u> | <u>19,662</u> | <u>19,562</u> |
| FUND BALANCE, ENDING - BUDGETARY BASIS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 48,292</u> | <u>\$ -</u> | <u>\$ 48,292</u> | <u>\$ 48,292</u> |

**CITY OF FLORENCE, OREGON
GENERAL OBLIGATION DEBT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022**

| | Budget | | Actual | | | Variance with Final Budget |
|--|------------|------------|------------|------------|------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | Biennium | |
| REVENUES: | | | | | | |
| Taxes | \$ 110,900 | \$ 110,900 | \$ 115,452 | \$ - | \$ 115,452 | \$ 4,552 |
| Total revenues | 110,900 | 110,900 | 115,452 | - | 115,452 | 4,552 |
| EXPENDITURES: | | | | | | |
| Debt service: | | | | | | |
| Principal | 164,100 | 164,100 | 164,094 | - | 164,094 | 6 |
| Interest | 3,500 | 3,500 | 3,462 | - | 3,462 | 38 |
| Total expenditures | 167,600 | 167,600 | 167,556 | - | 167,556 | 44 |
| Net change in fund balance | (56,700) | (56,700) | (52,104) | - | (52,104) | 4,596 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 69,900 | 69,900 | 69,695 | - | 69,695 | (205) |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ 13,200 | \$ 13,200 | \$ 17,591 | \$ - | \$ 17,591 | \$ 4,391 |

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, 2022

| | Water Fund | Water System Development Fund | Total Water Funds |
|--|------------------|-------------------------------------|----------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 115,578 | \$ - | \$ 115,578 |
| Charges for services | 2,259,438 | 226,232 | 2,485,670 |
| Miscellaneous | 18,442 | 1,780 | 20,222 |
| Total revenues | <u>2,393,458</u> | <u>228,012</u> | <u>2,621,470</u> |
| EXPENDITURES: | | | |
| Personal services | 391,078 | - | 391,078 |
| Materials and services | 1,341,421 | 199 | 1,341,620 |
| Capital outlay | 849,996 | - | 849,996 |
| Debt service: | | | |
| Principal | 93,649 | - | 93,649 |
| Interest | 51,907 | - | 51,907 |
| Total expenditures | <u>2,728,051</u> | <u>199</u> | <u>2,728,250</u> |
| Revenues over (under) expenditures | <u>(334,593)</u> | <u>227,813</u> | <u>(106,780)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 300,000 | - | 300,000 |
| Transfers out | - | (300,000) | (300,000) |
| Total other financing sources (uses) | <u>300,000</u> | <u>(300,000)</u> | <u>-</u> |
| Net change in fund balance | <u>(34,593)</u> | <u>(72,187)</u> | <u>(106,780)</u> |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | <u>48,218</u> | <u>420,620</u> | <u>468,838</u> |
| FUND BALANCE, ENDING - BUDGETARY BASIS | <u>\$ 13,625</u> | <u>\$ 348,433</u> | <u>362,058</u> |
| RECONCILIATION TO NET POSITION - GAAP BASIS | | | |
| Inventory | | | 33,400 |
| Capital assets, net | | | 10,347,226 |
| Lease assets, net | | | 2,149 |
| Net OPEB asset | | | 3,823 |
| Deferred outflows related to pensions | | | 126,001 |
| Deferred outflows related to OPEB | | | 4,017 |
| Unavailable revenue | | | 27,784 |
| Accrued interest | | | (4,075) |
| Compensated absences payable | | | (19,774) |
| Lease payable | | | (2,176) |
| Long-term debt | | | (1,508,135) |
| Net pension liability | | | (196,185) |
| Net OPEB liability | | | (14,825) |
| Deferred inflows related to pensions | | | (164,678) |
| Deferred inflows related to OPEB | | | (2,935) |
| NET POSITION | | | <u>\$ 8,993,675</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, 2022

| | Biennium Budget | | Actual | | Variance with Final Budget | |
|--|-----------------|--------------|------------|------------|-------------------------------|----------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 1,921,800 | \$ 2,152,000 | \$ 115,578 | \$ - | \$ 115,578 | \$ (2,036,422) |
| Charges for services | 4,705,400 | 4,705,400 | 2,259,438 | - | 2,259,438 | (2,445,962) |
| Miscellaneous | 22,000 | 22,000 | 18,442 | - | 18,442 | (3,558) |
| Total revenues | 6,649,200 | 6,879,400 | 2,393,458 | - | 2,393,458 | (4,485,942) |
| EXPENDITURES: | | | | | | |
| Personal services | 824,800 | 824,800 | 391,078 | - | 391,078 | 433,722 |
| Materials and services | 3,074,000 | 3,304,200 | 1,341,421 | - | 1,341,421 | 1,962,779 |
| Capital outlay | 3,535,000 | 3,535,000 | 849,996 | - | 849,996 | 2,685,004 |
| Debt service: | | | | | | |
| Principal | 376,300 | 376,300 | 93,649 | - | 93,649 | 282,651 |
| Interest | 101,000 | 101,000 | 51,907 | - | 51,907 | 49,093 |
| Contingency | 1,192,100 | 1,192,100 | - | - | - | 1,192,100 |
| Total expenditures | 9,103,200 | 9,333,400 | 2,728,051 | - | 2,728,051 | 6,605,349 |
| Revenues over (under) expenditures | (2,454,000) | (2,454,000) | (334,593) | - | (334,593) | 2,119,407 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of debt | 1,680,000 | 1,680,000 | - | - | - | (1,680,000) |
| Transfers in | 500,000 | 500,000 | 300,000 | - | 300,000 | (200,000) |
| Total other financing sources (uses) | 2,180,000 | 2,180,000 | 300,000 | - | 300,000 | (1,880,000) |
| Net change in fund balance | (274,000) | (274,000) | (34,593) | - | (34,593) | 239,407 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | | | | | | |
| | 274,000 | 274,000 | 48,218 | - | 48,218 | (225,782) |
| FUND BALANCE, ENDING - BUDGETARY BASIS | | | | | | |
| | \$ - | \$ - | \$ 13,625 | \$ - | \$ 13,625 | \$ 13,625 |

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, 2022

| | Biennium Budget | | Actual | | Biennium | Variance with Final Budget |
|--|-----------------|------------|------------|------------|------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | | |
| REVENUES: | | | | | | |
| Charges for services | \$ 240,000 | \$ 240,000 | \$ 226,232 | \$ - | \$ 226,232 | \$ (13,768) |
| Miscellaneous | 10,000 | 10,000 | 1,780 | - | 1,780 | (8,220) |
| Total revenues | 250,000 | 250,000 | 228,012 | - | 228,012 | (21,988) |
| EXPENDITURES: | | | | | | |
| Materials and services | - | - | 199 | - | 199 | (199) |
| Contingency | 140,200 | 140,200 | - | - | - | 140,200 |
| Total expenditures | 140,200 | 140,200 | 199 | - | 199 | 140,001 |
| Revenues over (under) expenditures | 109,800 | 109,800 | 227,813 | - | 227,813 | 118,013 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers out | (500,000) | (500,000) | (300,000) | - | (300,000) | 200,000 |
| Total other financing sources (uses) | (500,000) | (500,000) | (300,000) | - | (300,000) | 200,000 |
| Net change in fund balance | (390,200) | (390,200) | (72,187) | - | (72,187) | 318,013 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 390,200 | 390,200 | 420,620 | - | 420,620 | 30,420 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ - | \$ - | \$ 348,433 | \$ - | \$ 348,433 | \$ 348,433 |

**CITY OF FLORENCE, OREGON
WASTEWATER FUNDS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022**

| | Wastewater Fund | Wastewater Systems Development Fund | Total Wastewater Funds |
|--|--------------------|--|------------------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 281 | \$ - | \$ 281 |
| Charges for services | 3,449,746 | 292,860 | 3,742,606 |
| Miscellaneous | 71,896 | 1,635 | 73,531 |
| Total revenues | <u>3,521,923</u> | <u>294,495</u> | <u>3,816,418</u> |
| EXPENDITURES: | | | |
| Personnel service | 482,611 | - | 482,611 |
| Materials and service | 1,840,158 | 715 | 1,840,873 |
| Capital outlay | 207,229 | - | 207,229 |
| Debt service: | | | |
| Principal | 283,879 | - | 283,879 |
| Interest | 36,373 | - | 36,373 |
| Total expenditures | <u>2,850,250</u> | <u>715</u> | <u>2,850,965</u> |
| Net change in fund balance | 671,673 | 293,780 | 965,453 |
| FUND BALANCE, BEGINNING - | <u>311,316</u> | <u>228,429</u> | <u>539,745</u> |
| FUND BALANCE, ENDING - | <u>\$ 982,989</u> | <u>\$ 522,209</u> | 1,505,198 |
| RECONCILIATION TO NET POSITION - GAAP BASIS | | | |
| Inventory | | | 15,721 |
| Capital assets, net | | | 14,666,804 |
| Lease assets, net | | | 6,297 |
| Net OPEB asset | | | 5,231 |
| Deferred outflows related to pensions | | | 172,427 |
| Deferred outflows related to OPEB | | | 5,497 |
| Unavailable revenue | | | 20,213 |
| Accrued interest | | | (11,583) |
| Compensated absences payable | | | (28,826) |
| Lease payable | | | (6,378) |
| Long-term debt | | | (3,271,686) |
| Net pension liability | | | (268,470) |
| Net OPEB liability | | | (20,287) |
| Deferred inflows related to pensions | | | (225,355) |
| Deferred inflows related to OPEB | | | (4,016) |
| NET POSITION | | | <u>\$ 12,560,787</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, 2022**

| | Biennium Budget | | Actual | | | Variance with Final Budget |
|--|-------------------|-------------------|------------------|------------|------------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | Biennium | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 3,070,900 | \$ 3,070,900 | \$ 281 | \$ - | \$ 281 | \$(3,070,619) |
| Charges for services | 6,750,400 | 6,750,400 | 3,449,746 | - | 3,449,746 | (3,300,654) |
| Miscellaneous | 11,100 | 11,100 | 71,896 | - | 71,896 | 60,796 |
| Total revenues | 9,832,400 | 9,832,400 | 3,521,923 | - | 3,521,923 | (6,310,477) |
| EXPENDITURES: | | | | | | |
| Personnel service | 969,100 | 979,100 | 482,611 | - | 482,611 | 496,489 |
| Materials and service | 3,811,400 | 3,811,400 | 1,840,158 | - | 1,840,158 | 1,971,242 |
| Capital outlay | 5,660,000 | 5,650,000 | 207,229 | - | 207,229 | 5,442,771 |
| Debt service: | | | | | | |
| Principal | 792,600 | 792,600 | 283,879 | - | 283,879 | 508,721 |
| Interest | 81,500 | 81,500 | 36,373 | - | 36,373 | 45,127 |
| Contingency | 1,527,400 | 1,527,400 | - | - | - | 1,527,400 |
| Total expenditures | 12,842,000 | 12,842,000 | 2,850,250 | - | 2,850,250 | 9,991,750 |
| Revenues over (under) expenditures | (3,009,600) | (3,009,600) | 671,673 | - | 671,673 | 3,681,273 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of debt | 2,610,000 | 2,610,000 | - | - | - | (2,610,000) |
| Transfers in | 200,000 | 200,000 | - | - | - | (200,000) |
| Total other financing sources (uses) | 2,810,000 | 2,810,000 | - | - | - | (2,810,000) |
| Net change in fund balance | (199,600) | (199,600) | 671,673 | - | 671,673 | 871,273 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | | | | | | |
| | 199,600 | 199,600 | 311,316 | - | 311,316 | 111,716 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | | | | | | |
| | \$ - | \$ - | \$ 982,989 | \$ - | \$ 982,989 | \$ 982,989 |

**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, 2022**

| | Biennium Budget | | Actual | | | Variance with Final Budget |
|--|-----------------|------------|------------|------------|------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | Biennium | |
| REVENUES: | | | | | | |
| Charges for services | \$ 360,000 | \$ 360,000 | \$ 292,860 | \$ - | \$ 292,860 | \$ (67,140) |
| Miscellaneous | 4,000 | 4,000 | 1,635 | - | 1,635 | (2,365) |
| Total revenues | 364,000 | 364,000 | 294,495 | - | 294,495 | (69,505) |
| EXPENDITURES: | | | | | | |
| Materials and service | 2,200 | 2,200 | 715 | - | 715 | 1,485 |
| Contingency | 359,300 | 359,300 | - | - | - | 359,300 |
| Total expenditures | 361,500 | 361,500 | 715 | - | 715 | 360,785 |
| Revenues over (under) expenditures | 2,500 | 2,500 | 293,780 | - | 293,780 | 291,280 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers out | (200,000) | (200,000) | - | - | - | 200,000 |
| Total other financing sources (uses) | (200,000) | (200,000) | - | - | - | 200,000 |
| Net change in fund balance | (197,500) | (197,500) | 293,780 | - | 293,780 | 491,280 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 197,500 | 197,500 | 228,429 | - | 228,429 | 30,929 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ - | \$ - | \$ 522,209 | \$ - | \$ 522,209 | \$ 522,209 |

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, 2022

| | Biennium Budget | | Actual | | Biennium | Variance with Final Budget |
|--|------------------|------------------|---------------------|-------------|-------------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 613,500 | \$ 709,500 | \$ 613,731 | \$ - | \$ 613,731 | \$ (95,769) |
| Charges for services | 120,000 | 120,000 | 73,322 | - | 73,322 | (46,678) |
| Miscellaneous | 395,600 | 395,600 | 64,576 | - | 64,576 | (331,024) |
| Total revenues | <u>1,129,100</u> | <u>1,225,100</u> | <u>751,629</u> | <u>-</u> | <u>751,629</u> | <u>(473,471)</u> |
| EXPENDITURES: | | | | | | |
| Materials and service | 369,600 | 465,600 | 187,120 | - | 187,120 | 278,480 |
| Capital outlay | 600,000 | 600,000 | 398,441 | - | 398,441 | 201,559 |
| Contingency | 175,000 | 175,000 | - | - | - | 175,000 |
| Total expenditures | <u>1,144,600</u> | <u>1,240,600</u> | <u>585,561</u> | <u>-</u> | <u>585,561</u> | <u>655,039</u> |
| Revenues over (under) expenditures | <u>(15,500)</u> | <u>(15,500)</u> | <u>166,068</u> | <u>-</u> | <u>166,068</u> | <u>181,568</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Proceeds from sale of capital assets | - | - | 224,114 | - | 224,114 | 224,114 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>224,114</u> | <u>-</u> | <u>224,114</u> | <u>224,114</u> |
| Net change in fund balance | (15,500) | (15,500) | 390,182 | - | 390,182 | 405,682 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | <u>15,500</u> | <u>15,500</u> | <u>(86,696)</u> | <u>-</u> | <u>(86,696)</u> | <u>(102,196)</u> |
| FUND BALANCE, ENDING - BUDGETARY BASIS | <u>\$ -</u> | <u>\$ -</u> | <u>303,486</u> | <u>\$ -</u> | <u>\$ 303,486</u> | <u>\$ 303,486</u> |
| RECONCILIATION TO NET POSITION - GAAP BASIS | | | | | | |
| Inventory | | | 23,366 | | | |
| Capital assets, net | | | <u>3,803,836</u> | | | |
| NET POSITION | | | <u>\$ 4,130,688</u> | | | |

**CITY OF FLORENCE, OREGON
STORMWATER FUNDS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022**

| | Stormwater Fund | Stormwater Systems Development Fund | Total Stormwater Funds |
|--|-------------------|---|---------------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 18 | \$ - | \$ 18 |
| Charges for services | 581,684 | 81,712 | 663,396 |
| Miscellaneous | 2,822 | 1,068 | 3,890 |
| | <u>584,524</u> | <u>82,780</u> | <u>667,304</u> |
| Total revenues | | | |
| EXPENDITURES: | | | |
| Personnel service | 216,006 | - | 216,006 |
| Materials and service | 299,254 | 655 | 299,909 |
| Capital outlay | 139,549 | - | 139,549 |
| Debt service: | | | |
| Principal | 16,250 | - | 16,250 |
| Interest | 7,401 | - | 7,401 |
| | <u>678,460</u> | <u>655</u> | <u>679,115</u> |
| Total expenditures | | | |
| Revenues over (under) expenditures | (93,936) | 82,125 | (11,811) |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 100,000 | - | 100,000 |
| Transfers out | - | (100,000) | (100,000) |
| | <u>100,000</u> | <u>(100,000)</u> | <u>-</u> |
| Total other financing sources (uses) | | | |
| Net changes in fund balances | 6,064 | (17,875) | (11,811) |
| FUND BALANCE, BEGINNING BUDGETARY BASIS | <u>597,364</u> | <u>211,881</u> | <u>809,245</u> |
| FUND BALANCE, ENDING BUDGETARY BASIS | <u>\$ 603,428</u> | <u>\$ 194,006</u> | <u>797,434</u> |
| RECONCILIATION TO NET POSITION - GAAP BASIS | | | |
| Capital assets, net | | | \$ 2,365,298 |
| Net OPEB asset | | | 2,060 |
| Deferred outflows related to pensions | | | 67,915 |
| Deferred outflows related to OPEB | | | 2,165 |
| Unavailable revenue | | | 5,974 |
| Accrued interest | | | (560) |
| Compensated absences payable | | | (7,534) |
| Long-term debt | | | (190,076) |
| Net pension liability | | | (105,744) |
| Net OPEB liability | | | (7,991) |
| Deferred inflows related to pensions | | | (88,762) |
| Deferred inflows related to OPEB | | | (1,582) |
| | | | <u>2,838,597</u> |
| NET POSITION | | | <u>\$ 2,838,597</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, 2022

| | Biennium Budget | | Actual | | Biennium | Variance Positive (Negative) |
|--|-------------------|-------------------|-------------------|-------------|-------------------|------------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 960,000 | \$ 960,000 | \$ 18 | \$ - | \$ 18 | \$ (959,982) |
| Charges for services | 1,177,900 | 1,177,900 | 581,684 | - | 581,684 | (596,216) |
| Miscellaneous | 1,000 | 1,000 | 2,822 | - | 2,822 | 1,822 |
| Total revenues | <u>2,138,900</u> | <u>2,138,900</u> | <u>584,524</u> | <u>-</u> | <u>584,524</u> | <u>(1,554,376)</u> |
| EXPENDITURES: | | | | | | |
| Personnel service | 472,400 | 472,400 | 216,006 | - | 216,006 | 256,394 |
| Materials and service | 583,700 | 593,700 | 299,254 | - | 299,254 | 294,446 |
| Capital outlay | 1,910,000 | 1,900,000 | 139,549 | - | 139,549 | 1,760,451 |
| Debt service: | | | | | | |
| Principal | 126,100 | 126,100 | 16,250 | - | 16,250 | 109,850 |
| Interest | 14,200 | 14,200 | 7,401 | - | 7,401 | 6,799 |
| Contingency | 594,900 | 594,900 | - | - | - | 594,900 |
| Total expenditures | <u>3,701,300</u> | <u>3,701,300</u> | <u>678,460</u> | <u>-</u> | <u>678,460</u> | <u>3,022,840</u> |
| Revenues over (under) expenditures | (1,562,400) | (1,562,400) | (93,936) | - | (93,936) | 1,468,464 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of debt | 840,000 | 840,000 | - | - | - | (840,000) |
| Transfers in | 200,000 | 200,000 | 100,000 | - | 100,000 | (100,000) |
| Total other financing sources (uses) | <u>1,040,000</u> | <u>1,040,000</u> | <u>100,000</u> | <u>-</u> | <u>100,000</u> | <u>(940,000)</u> |
| Net changes in fund balances | (522,400) | (522,400) | 6,064 | - | 6,064 | 528,464 |
| FUND BALANCE, BEGINNING - | | | | | | |
| BUDGETARY BASIS | <u>726,400</u> | <u>726,400</u> | <u>597,364</u> | <u>-</u> | <u>597,364</u> | <u>(129,036)</u> |
| FUND BALANCE, ENDING - | | | | | | |
| BUDGETARY BASIS | <u>\$ 204,000</u> | <u>\$ 204,000</u> | <u>\$ 603,428</u> | <u>\$ -</u> | <u>\$ 603,428</u> | <u>\$ 399,428</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, 2022

| | Biennium Budget | | Actual | | Biennium | Variance Positive (Negative) |
|--|-----------------|------------|------------|------------|------------|------------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | | |
| REVENUES: | | | | | | |
| Charges for services | \$ 150,000 | \$ 150,000 | \$ 81,712 | \$ - | \$ 81,712 | \$ (68,288) |
| Miscellaneous | 3,000 | 3,000 | 1,068 | - | 1,068 | (1,932) |
| Total revenues | 153,000 | 153,000 | 82,780 | - | 82,780 | (70,220) |
| EXPENDITURES: | | | | | | |
| Materials and service | 1,000 | 1,000 | 655 | - | 655 | 345 |
| Contingency | 341,000 | 341,000 | - | - | - | 341,000 |
| Total expenditures | 342,000 | 342,000 | 655 | - | 655 | 341,345 |
| Revenues over (under) expenditures | (189,000) | (189,000) | 82,125 | - | 82,125 | 271,125 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers out | (200,000) | (200,000) | (100,000) | - | (100,000) | 100,000 |
| Total other financing sources (uses) | (200,000) | (200,000) | (100,000) | - | (100,000) | 100,000 |
| Net changes in fund balances | (389,000) | (389,000) | (17,875) | - | (17,875) | 371,125 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 389,000 | 389,000 | 211,881 | - | 211,881 | (177,119) |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ - | \$ - | \$ 194,006 | \$ - | \$ 194,006 | \$ 194,006 |

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, 2022

| | Biennium Budget | | Actual | | Biennium | Variance Positive (Negative) |
|--|------------------|------------------|---------------------|-------------|-------------------|------------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 467,700 | \$ 467,700 | \$ 137,734 | \$ - | \$ 137,734 | \$ (329,966) |
| Charges for services | 572,200 | 572,200 | 140,445 | - | 140,445 | (431,755) |
| Miscellaneous | 73,000 | 73,000 | 99,355 | - | 99,355 | 26,355 |
| Total revenues | <u>1,112,900</u> | <u>1,112,900</u> | <u>377,534</u> | <u>-</u> | <u>377,534</u> | <u>(735,366)</u> |
| EXPENDITURES: | | | | | | |
| Personnel service | 532,000 | 532,000 | 142,672 | - | 142,672 | 389,328 |
| Materials and service | 1,249,500 | 1,249,500 | 472,874 | - | 472,874 | 776,626 |
| Capital outlay | 1,162,000 | 1,162,000 | 20,600 | - | 20,600 | 1,141,400 |
| Debt service: | | | | | | |
| Principal | 95,000 | 95,000 | - | - | - | 95,000 |
| Contingency | 217,600 | 217,600 | - | - | - | 217,600 |
| Total expenditures | <u>3,256,100</u> | <u>3,256,100</u> | <u>636,146</u> | <u>-</u> | <u>636,146</u> | <u>2,619,954</u> |
| Revenues over (under) expenditures | (2,143,200) | (2,143,200) | (258,612) | - | (258,612) | 1,884,588 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of debt | 1,200,000 | 1,200,000 | - | - | - | (1,200,000) |
| Transfers in | 544,600 | 544,600 | 307,635 | - | 307,635 | (236,965) |
| Total other financing sources (uses) | <u>1,744,600</u> | <u>1,744,600</u> | <u>307,635</u> | <u>-</u> | <u>307,635</u> | <u>(1,436,965)</u> |
| Net changes in fund balances | (398,600) | (398,600) | 49,023 | - | 49,023 | 447,623 |
| FUND BALANCE, BEGINNING | <u>398,600</u> | <u>398,600</u> | <u>446,120</u> | <u>-</u> | <u>446,120</u> | <u>47,520</u> |
| FUND BALANCE, ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>495,143</u> | <u>\$ -</u> | <u>\$ 495,143</u> | <u>\$ 495,143</u> |
| RECONCILIATION TO NET POSITION - GAAP BASIS | | | | | | |
| Capital assets, net | | | 1,660,908 | | | |
| Net OPEB asset | | | 1,469 | | | |
| Deferred outflows related to pensions | | | 48,437 | | | |
| Deferred outflows related to OPEB | | | 1,544 | | | |
| Compensated absences payable | | | (5,381) | | | |
| Net pension liability | | | (75,417) | | | |
| Net OPEB liability | | | (5,699) | | | |
| Deferred inflows related to pensions | | | (63,305) | | | |
| Deferred inflows related to OPEB | | | (1,128) | | | |
| NET POSITION | | | <u>\$ 2,056,571</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, 2022**

| | Biennium Budget | | Actual | | Biennium | Variance with Final Budget |
|--|------------------|------------------|-------------------|-------------|------------------|-------------------------------|
| | Original | Final | FY 2021-22 | FY 2022-23 | | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 265,400 | \$ 265,400 | \$ 7,378 | \$ - | \$ 7,378 | \$ (258,022) |
| Charges for services | 2,968,500 | 2,968,500 | 1,343,301 | - | 1,343,301 | (1,625,199) |
| Miscellaneous | - | - | 941 | - | 941 | 941 |
| Total revenues | <u>3,233,900</u> | <u>3,233,900</u> | <u>1,351,620</u> | <u>-</u> | <u>1,351,620</u> | <u>(1,882,280)</u> |
| EXPENDITURES: | | | | | | |
| Personal services | 1,784,500 | 1,784,500 | 745,474 | - | 745,474 | 1,039,026 |
| Material services | 766,800 | 766,800 | 334,259 | - | 334,259 | 432,541 |
| Capital outlay | 770,000 | 770,000 | 103,361 | - | 103,361 | 666,639 |
| Contingency | 65,500 | 65,500 | - | - | - | 65,500 |
| Total expenditures | <u>3,386,800</u> | <u>3,386,800</u> | <u>1,183,094</u> | <u>-</u> | <u>1,183,094</u> | <u>2,203,706</u> |
| Revenues over (under) expenditures | <u>(152,900)</u> | <u>(152,900)</u> | <u>168,526</u> | <u>-</u> | <u>168,526</u> | <u>321,426</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of debt | 520,000 | 520,000 | - | - | - | (520,000) |
| Transfers out | (477,000) | (477,000) | (219,610) | - | (219,610) | 257,390 |
| Total other financing sources (uses) | <u>43,000</u> | <u>43,000</u> | <u>(219,610)</u> | <u>-</u> | <u>(219,610)</u> | <u>(262,610)</u> |
| Net change in fund balance | (109,900) | (109,900) | (51,084) | - | (51,084) | 58,816 |
| FUND BALANCE, BEGINNING BUDGETARY BASIS | | | | | | |
| | <u>109,900</u> | <u>109,900</u> | <u>102,954</u> | <u>-</u> | <u>102,954</u> | <u>(6,946)</u> |
| FUND BALANCE, ENDING BUDGETARY BASIS | | | | | | |
| | <u>\$ -</u> | <u>\$ -</u> | <u>51,870</u> | <u>\$ -</u> | <u>\$ 51,870</u> | <u>\$ 51,870</u> |
| RECONCILIATION TO NET POSITION - GAAP BASIS | | | | | | |
| Capital assets, net | | | 3,966,652 | | | |
| Net OPEB asset | | | 7,674 | | | |
| Deferred outflows related to pensions | | | 252,945 | | | |
| Deferred outflows related to OPEB | | | 8,065 | | | |
| Accrued interest | | | (6,260) | | | |
| Compensated absences payable | | | (63,358) | | | |
| Long-term debt | | | (2,573,367) | | | |
| Net pension liability | | | (393,839) | | | |
| Net OPEB liability | | | (29,761) | | | |
| Deferred inflows related to pensions | | | (330,589) | | | |
| Deferred inflows related to OPEB | | | (5,891) | | | |
| NET POSITION | | | <u>\$ 884,141</u> | | | |

STATISTICAL SECTION

Schedule 1

CITY OF FLORENCE, OREGON
NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|---------------|---------------|---------------|---------------|---------------|
| Governmental Activities | | | | | |
| Net investment in capital assets | \$ 7,769,978 | \$ 7,806,799 | \$ 9,045,594 | \$ 8,749,180 | \$ 8,085,240 |
| Restricted | 1,740,561 | 2,277,005 | 2,393,646 | 1,550,089 | 3,295,378 |
| Unrestricted | 4,422,916 | 4,735,280 | 3,432,140 | 1,748,741 | 1,313,947 |
| Total governmental activities net position | 13,933,455 | 14,819,084 | 14,871,380 | 12,048,010 | 12,694,565 |
| Business-type Activities | | | | | |
| Net investment in capital assets | 15,900,226 | 16,092,100 | 17,175,593 | 19,600,617 | 19,297,256 |
| Restricted | 687,974 | 835,798 | 1,270,735 | 1,057,007 | 1,123,542 |
| Unrestricted | 1,988,903 | 2,918,049 | 3,074,893 | 3,050,498 | 5,032,928 |
| Total governmental activities net position | 18,577,103 | 19,845,947 | 21,521,221 | 23,708,122 | 25,453,726 |
| Total City of Florence | | | | | |
| Net investment in capital assets | 23,670,204 | 23,898,899 | 26,221,187 | 28,349,797 | 27,382,496 |
| Restricted | 2,428,535 | 3,112,803 | 3,664,381 | 2,607,096 | 4,418,920 |
| Unrestricted | 6,411,819 | 7,653,329 | 6,507,033 | 4,799,239 | 6,346,875 |
| Total City of Florence net position | \$ 32,510,558 | \$ 34,665,031 | \$ 36,392,601 | \$ 35,756,132 | \$ 38,148,291 |

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)

| 2018 | 2019 | 2020 | 2021 | 2022 | |
|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| | | | | | Governmental Activities |
| \$ 8,006,878 | \$ 9,679,655 | \$ 12,397,367 | \$ 14,532,904 | \$ 15,914,226 | Net investment in capital assets |
| 2,134,564 | 5,947,813 | 3,486,628 | 1,781,734 | 1,999,828 | Restricted |
| 2,668,369 | 603,247 | 255,367 | 44,109 | 579,432 | Unrestricted |
| <u>12,809,811</u> | <u>16,230,715</u> | <u>16,139,362</u> | <u>16,358,747</u> | <u>18,493,486</u> | Total governmental activities net position |
| | | | | | Business-type Activities |
| 23,816,426 | 26,174,884 | 27,375,453 | 29,267,265 | 29,192,130 | Net investment in capital assets |
| 940,845 | 943,472 | 1,049,695 | 1,029,658 | 1,227,169 | Restricted |
| 2,407,575 | 1,575,438 | 851,146 | (26,359) | 1,045,160 | Unrestricted |
| <u>27,164,846</u> | <u>28,693,794</u> | <u>29,276,294</u> | <u>30,270,564</u> | <u>31,464,459</u> | Total governmental activities net position |
| | | | | | Total City of Florence |
| 31,823,304 | 35,854,539 | 39,772,820 | 43,800,169 | 45,106,356 | Net investment in capital assets |
| 3,075,409 | 6,891,285 | 4,536,323 | 2,811,393 | 3,226,997 | Restricted |
| 5,075,944 | 2,178,685 | 1,106,513 | 17,750 | 1,624,592 | Unrestricted |
| <u>\$ 39,974,657</u> | <u>\$ 44,924,509</u> | <u>\$ 45,415,656</u> | <u>\$ 46,629,312</u> | <u>\$ 49,957,945</u> | Total governmental activities net position |

CITY OF FLORENCE, OREGON
CHANGE IN NET POSITIONLast Ten Fiscal Years (thousands)
(accrual basis of accounting)

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------------|---------------|---------------|---------------|---------------|
| Expenses | | | | | |
| Governmental activities | | | | | |
| Administration | \$ 900,195 | \$ 1,019,476 | \$ 986,949 | \$ 1,423,748 | \$ 1,425,135 |
| Community development | 1,468,096 | 534,384 | 715,076 | 1,376,252 | 1,122,411 |
| Public Safety | 2,469,971 | 2,775,343 | 2,662,133 | 3,696,842 | 3,624,860 |
| Parks | 144,573 | 177,293 | 175,572 | 164,905 | 174,977 |
| Transportation | 1,109,846 | 825,052 | 803,012 | 912,297 | 920,785 |
| Non-departmental | - | - | - | - | - |
| Interest on long-term debt | 345,360 | 178,899 | 206,611 | 355,761 | 211,975 |
| Total governmental activities expenses | 6,438,041 | 5,510,447 | 5,549,353 | 7,929,805 | 7,480,143 |
| Business-type activities | | | | | |
| Water | 1,114,454 | 1,618,232 | 1,327,709 | 1,621,414 | 1,685,517 |
| Wastewater | 1,643,715 | 2,014,310 | 1,948,766 | 2,508,116 | 2,327,154 |
| Stormwater | 144,002 | 194,736 | 160,751 | 217,544 | 211,443 |
| Events Center | 533,230 | 631,063 | 697,132 | 860,264 | 932,866 |
| Airport | 222,692 | 178,068 | 169,891 | 167,378 | 166,376 |
| Total business-type activities expenses | 3,658,093 | 4,636,409 | 4,304,249 | 5,374,716 | 5,323,356 |
| Program Revenues | | | | | |
| Governmental activities | | | | | |
| Charges for services: | | | | | |
| Administration | 538,935 | 598,311 | 713,696 | 686,608 | 703,566 |
| Community development | - | - | - | 3,025 | - |
| Public safety | 165,374 | 175,902 | 145,779 | 145,867 | 298,350 |
| Parks | - | - | - | - | - |
| Transportation | 301,980 | 317,840 | 310,063 | 332,695 | 340,762 |
| Operating grants and contributions | 447,200 | 1,019,322 | 170,974 | 951,743 | 754,614 |
| Capital grants and contributions | 1,264,454 | 111,826 | 248,191 | 29,342 | 1,443,244 |
| Total governmental activities program revenues | 2,717,943 | 2,223,201 | 1,588,703 | 2,149,280 | 3,540,536 |
| Business-type activities | | | | | |
| Water | 1,975,383 | 2,018,879 | 2,112,750 | 2,207,751 | 2,126,622 |
| Wastewater | 2,798,397 | 2,906,147 | 3,006,947 | 3,138,562 | 3,114,118 |
| Stormwater | 519,685 | 506,606 | 512,494 | 522,140 | 528,209 |
| Events Center | 231,330 | 296,985 | 318,218 | 338,038 | 339,053 |
| Airport | 95,694 | 84,765 | 79,475 | 99,578 | 164,237 |
| Operating grants and contributions | - | - | - | 192,476 | - |
| Capital grants and contributions | 1,555,123 | 487,939 | 379,416 | 266,673 | 442,606 |
| Total business-type activities program revenues | 7,175,612 | 6,301,321 | 6,409,300 | 6,765,218 | 6,714,845 |
| Total program revenues | 9,893,555 | 8,524,522 | 7,998,003 | 8,914,498 | 10,255,381 |
| General Revenues | | | | | |
| Governmental activities | | | | | |
| Taxes: | | | | | |
| Property taxes | 2,763,851 | 2,534,509 | 2,930,383 | 2,678,996 | 2,784,247 |
| Franchise taxes | 498,963 | 731,280 | 768,863 | 481,719 | 527,434 |
| Transient lodging tax | 715,305 | - | - | 319,287 | 367,729 |
| Unrestricted interest and investment earnings | 46,601 | 54,099 | 46,151 | 29,839 | 33,158 |
| Transfers in (out) | 381,775 | 1,031,422 | 427,475 | 362,221 | 393,249 |
| Total governmental activities | 4,406,495 | 4,351,310 | 4,172,872 | 3,872,062 | 4,105,817 |
| Business-type activities | | | | | |
| Taxes: | | | | | |
| Property taxes | - | - | - | 191,764 | - |
| Unrestricted interest and investment earnings | 21,363 | 26,895 | 31,407 | 32,496 | 40,989 |
| Transfers in (out) | (381,775) | (1,031,422) | (427,475) | (362,221) | (393,249) |
| Total business-type activities | (360,412) | (1,004,527) | (396,068) | (137,961) | (352,260) |
| Change in Net Position | | | | | |
| Governmental activities | 1,118,733 | 631,212 | 885,626 | 731,654 | (1,674,708) |
| Business-type activities | 1,963,017 | 2,502,253 | 1,268,844 | 1,967,120 | 1,038,242 |
| Change in net position | 3,081,750 | 3,133,465 | 2,154,470 | 2,698,774 | (636,466) |
| Net position - beginning | 27,227,667 | 29,377,093 | 32,510,561 | 33,693,827 | 36,392,598 |
| Prior period adjustments | | | | | |
| Net position - ending | \$ 30,309,417 | \$ 32,510,558 | \$ 34,665,031 | \$ 36,392,601 | \$ 35,756,132 |

Source: City of Florence Audited Financial Statements

CITY OF FLORENCE, OREGON**CHANGE IN NET POSITION**

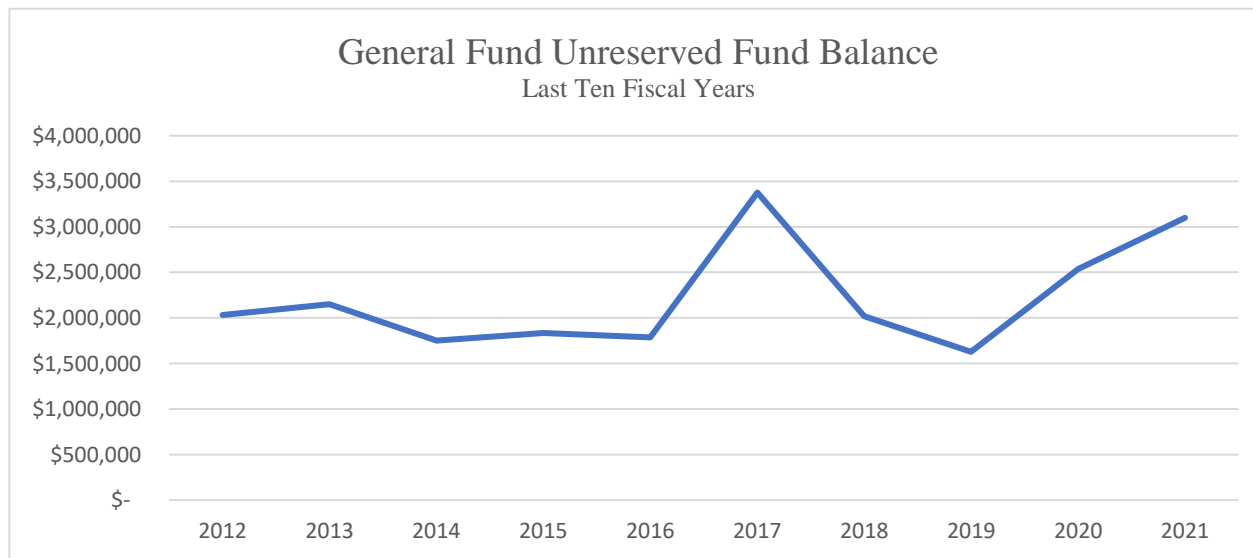
Last Ten Fiscal Years (thousands)

(accrual basis of accounting)

| 2018 | 2019 | 2020 | 2021 | 2022 | |
|----------------------|----------------------|----------------------|----------------------|----------------------|---|
| | | | | | Expenses |
| | | | | | Governmental activities |
| \$ 1,816,801 | \$ 2,029,060 | \$ 2,216,213 | \$ 2,601,892 | \$ 2,451,872 | Administration |
| 814,792 | 830,721 | 801,269 | 934,432 | 920,504 | Community development |
| 3,172,966 | 3,247,340 | 3,521,290 | 3,915,817 | 3,481,115 | Public Safety |
| 172,065 | 205,266 | 258,707 | 261,353 | 297,214 | Parks |
| 1,016,683 | 1,058,870 | 1,208,977 | 1,281,448 | 921,529 | Transportation |
| 405,137 | 395,052 | 115,055 | 136,136 | 685,874 | Non-departmental |
| 258,623 | 329,086 | 415,731 | 398,275 | 381,376 | Interest on long-term debt |
| <u>7,657,067</u> | <u>8,095,395</u> | <u>8,537,242</u> | <u>9,529,353</u> | <u>9,139,484</u> | Total governmental activities expenses |
| | | | | | Business-type activities |
| 1,841,688 | 1,985,964 | 2,141,121 | 2,045,635 | 2,152,585 | Water |
| 2,407,923 | 2,667,424 | 2,948,543 | 2,784,746 | 2,987,245 | Wastewater |
| 262,831 | 366,590 | 473,219 | 442,297 | 629,625 | Stormwater |
| 864,686 | 800,512 | 774,499 | 370,584 | 557,317 | Events Center |
| 202,901 | 197,856 | 263,277 | 273,677 | 317,160 | Airport |
| <u>5,580,029</u> | <u>6,018,346</u> | <u>6,600,659</u> | <u>5,916,939</u> | <u>6,643,932</u> | Total business-type activities expenses |
| | | | | | Program Revenues |
| | | | | | Governmental activities |
| | | | | | Charges for services: |
| 753,794 | 718,130 | 1,028,731 | 674,278 | 474,712 | Administration |
| - | - | - | - | 461,709 | Community development |
| 374,369 | 285,524 | 246,949 | 292,233 | 263,382 | Public safety |
| - | - | 500,082 | 617,690 | 537,241 | Parks |
| 390,019 | 466,720 | - | - | - | Transportation |
| 1,123,568 | 1,386,899 | 1,073,822 | 1,700,178 | 2,839,237 | Operating grants and contributions |
| 84,630 | 3,224,944 | 390,245 | 563,062 | 576,647 | Capital grants and contributions |
| <u>2,726,380</u> | <u>6,082,217</u> | <u>3,239,829</u> | <u>3,847,441</u> | <u>5,152,928</u> | Total governmental activities program revenues |
| | | | | | Business-type activities |
| 521,347 | 300,935 | 2,271,239 | 2,386,465 | 2,255,258 | Water |
| 1,237,673 | 743,769 | 3,370,135 | 3,352,281 | 3,510,382 | Wastewater |
| 361,241 | 232,394 | 564,102 | 560,853 | 581,686 | Stormwater |
| (309,722) | (291,551) | 315,538 | 43,557 | 233,833 | Events Center |
| (8,791) | 830,164 | 135,192 | 122,203 | 350,601 | Airport |
| - | 2,500 | 12,256 | 264,871 | 246,875 | Operating grants and contributions |
| 498,519 | 1,319,990 | 721,585 | 708,621 | 1,250,447 | Capital grants and contributions |
| <u>2,300,267</u> | <u>3,138,201</u> | <u>7,390,047</u> | <u>7,438,851</u> | <u>8,429,082</u> | Total business-type activities program revenues |
| <u>5,026,647</u> | <u>9,220,418</u> | <u>10,629,876</u> | <u>11,286,292</u> | <u>13,582,010</u> | Total program revenues |
| | | | | | General Revenues |
| | | | | | Governmental activities |
| | | | | | Taxes: |
| 2,965,478 | 3,046,132 | 3,230,831 | 3,563,559 | 3,668,544 | Property taxes |
| 917,267 | 1,028,691 | 1,144,253 | 1,260,683 | 1,155,215 | Franchise taxes |
| 352,748 | 409,343 | 414,195 | 489,891 | 562,801 | Transient lodging tax |
| 65,758 | 95,141 | 85,203 | 36,275 | 30,721 | Unrestricted interest and investment earnings |
| 129,500 | 238,800 | 559,600 | 550,889 | 618,040 | Transfers in (out) |
| <u>4,430,751</u> | <u>4,818,107</u> | <u>5,434,082</u> | <u>5,901,297</u> | <u>6,035,321</u> | Total governmental activities |
| | | | | | Business-type activities |
| | | | | | Taxes: |
| - | - | - | - | - | Property taxes |
| 79,047 | 95,833 | 136,824 | 23,247 | 26,861 | Unrestricted interest and investment earnings |
| (129,500) | (238,800) | (559,600) | (550,889) | (618,040) | Transfers in (out) |
| <u>(50,453)</u> | <u>(142,967)</u> | <u>(422,776)</u> | <u>(527,642)</u> | <u>(591,179)</u> | Total business-type activities |
| | | | | | Change in Net Position |
| 542,092 | (112,580) | 3,420,904 | 219,385 | 2,048,765 | Governmental activities |
| 1,522,137 | 1,658,781 | 1,392,935 | 994,270 | 1,193,971 | Business-type activities |
| <u>2,064,229</u> | <u>1,546,201</u> | <u>4,813,839</u> | <u>1,213,655</u> | <u>3,242,736</u> | Change in net position |
| 36,084,062 | 38,428,456 | 40,110,670 | 44,924,509 | 46,629,312 | Net position - beginning |
| | | | | 85,897 | Prior period adjustments |
| <u>\$ 38,148,291</u> | <u>\$ 39,974,657</u> | <u>\$ 44,924,509</u> | <u>\$ 46,138,164</u> | <u>\$ 49,957,945</u> | Net position - ending |

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

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|--------------|--------------|--------------|--------------|--------------|
| General Fund | | | | | |
| Nonspendable | \$ 48,048 | \$ 47,140 | \$ 53,383 | \$ 1,633,553 | \$ 66,842 |
| Committed | 41,000 | 280,000 | 280,000 | - | - |
| Unassigned | 2,032,297 | 2,151,094 | 1,751,988 | 1,834,013 | 1,787,273 |
| All other governmental funds | | | | | |
| Nonspendable | 359,741 | 276,177 | 10,839 | 10,609 | 3,238,131 |
| Restricted | 713,757 | 1,501,489 | 2,473,646 | 1,950,972 | 3,284,539 |
| Committed | 960,070 | 941,176 | - | - | - |
| Assigend | - | - | - | - | - |
| Unassigned | 263,505 | - | - | (1,386,206) | (3,227,292) |
| Total all other governmental funds | 2,297,073 | 2,718,842 | 2,484,485 | 575,375 | 3,295,378 |
| Total fund balances of governmental funds | \$ 4,418,418 | \$ 5,197,076 | \$ 4,569,856 | \$ 4,042,941 | \$ 5,149,493 |



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)

| 2018 | 2019 | 2020 | 2021 | 2022 | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---|
| | | | | | General Fund |
| \$ 588,890 | \$ 91,642 | \$ 79,764 | \$ 10,627 | \$ - | Nonspendable |
| - | - | - | - | - | Committed |
| 3,376,255 | 2,018,179 | 1,628,141 | 2,537,487 | 3,097,136 | Unassigned |
| | | | | | All other governmental funds |
| 3,487,440 | - | - | 250 | 24,750 | Nonspendable |
| 2,134,564 | 12,591,218 | 3,446,395 | 1,757,856 | 1,949,120 | Restricted |
| - | - | - | - | - | Committed |
| - | - | - | - | - | Assignend |
| (3,987,440) | (6,990,048) | 80,640 | - | - | Unassigned |
| 1,634,564 | 5,601,170 | 3,527,035 | 1,758,106 | 1,973,870 | Total all other governmental funds |
| <u>\$ 5,599,709</u> | <u>\$ 7,710,991</u> | <u>\$ 5,234,940</u> | <u>\$ 4,306,220</u> | <u>\$ 5,071,006</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 | \$ 2,032,297 | - |
| 2013 | 2,151,094 | 5.85% |
| 2014 | 1,751,988 | -18.55% |
| 2015 | 1,834,013 | 4.68% |
| 2016 | 1,787,273 | -2.55% |
| 2017 | 3,376,255 | 88.91% |
| 2018 | 2,018,179 | -40.22% |
| 2019 | 1,628,141 | -19.33% |
| 2020 | 2,537,487 | 55.85% |
| 2021 | 3,097,136 | 22.06% |

CITY OF FLORENCE, OREGON
CHANGES IN GOVERNMENTAL FUND BALANCES

Last Ten Fiscal Years

(modified accrual basis of accounting)

| | 2013* | 2014 | 2015 | 2016 | 2017 |
|---|-----------------------|-------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | |
| Taxes | \$ 2,709,301 | \$ 3,144,823 | \$ 2,992,196 | \$ 2,820,857 | \$ 3,273,753 |
| Franchise fees | 487,205 | 486,086 | 481,719 | 527,434 | 917,267 |
| Licenses and permits | 532,771 | 584,210 | 334,337 | 335,309 | 378,089 |
| Intergovernmental | 1,596,950 | 978,013 | 1,096,795 | 917,171 | 1,258,612 |
| Charges for services | 206,860 | 199,994 | 462,352 | 486,671 | 795,971 |
| Fines and forfeitures | 245,659 | 274,705 | 255,566 | 211,265 | 205,114 |
| Miscellaneous | 219,963 | 278,619 | 637,525 | 612,910 | 1,504,933 |
| Total Revenues | 5,998,709 | 5,946,450 | 6,260,490 | 5,911,617 | 8,333,739 |
| Expenditures | | | | | |
| Administration | 2,889,904 | 952,122 | 1,056,843 | 1,267,781 | 1,350,257 |
| Community development | - | 510,173 | 691,025 | 1,280,823 | 1,011,828 |
| Public safety | - | 2,576,863 | 2,700,386 | 2,822,637 | 2,859,704 |
| Parks | - | 120,870 | 129,575 | 120,873 | 124,600 |
| Transportation | - | 291,450 | 285,152 | 317,833 | 322,250 |
| Non-departmental | 1,345,274 | - | - | - | - |
| Capital outlay | 2,935,358 | 460,613 | 1,429,465 | 1,177,377 | 3,582,557 |
| Debt service | | | | | |
| Principal | 1,340,148 | 702,913 | 747,872 | 2,803,679 | 513,153 |
| Interest | 484,643 | 230,266 | 209,613 | 341,164 | 314,122 |
| Total expenditures | 8,995,327 | 5,845,270 | 7,249,931 | 10,132,167 | 10,078,471 |
| Revenues over (under) expenditures | (2,996,618) | 101,180 | (989,441) | (4,220,550) | (1,744,732) |
| Other financing sources (uses) | | | | | |
| Issuance of Debt/Loan Proceeds | 340,000 | 250,000 | - | 2,382,679 | 2,617,321 |
| Transfers in | 2,458,880 | 1,322,806 | 1,363,804 | 2,052,894 | 3,244,500 |
| Transfers out | (987,190) | (895,331) | (1,001,583) | (741,935) | (3,115,000) |
| Total other financing sources (uses) | 1,811,690 | 677,475 | 362,221 | 3,693,638 | 2,746,821 |
| Net change in fund balance | \$ (1,184,928) | \$ 778,655 | \$ (627,220) | \$ (526,912) | \$ 1,002,089 |

Ratio of Total Debt Service to Total Non-Capital Expenditures

| | | | | | |
|--|--------------|------------|------------|--------------|------------|
| Total debt service expenditures | \$ 1,824,791 | \$ 933,179 | \$ 957,485 | \$ 3,144,843 | \$ 827,275 |
| Total non-capital expenditures | 1,551,905 | 409,822 | 1,404,235 | 1,140,635 | 3,401,455 |
| Ratio of total debt service expenditures less refundings to total non-capital expenditures | 117.58% | 227.70% | 68.19% | 275.71% | 24.32% |

¹Corrected to reflect capital asset additions from Reconciliation of Revenues, Expenditures, and Changes in Fund I

Source: City of Florence Audited Financial Statements

Schedule 3

CITY OF FLORENCE, OREGON
CHANGES IN GOVERNMENTAL FUND BALANCES

Last Ten Fiscal Years

(modified accrual basis of accounting)

| 2018 | 2019 | 2020 | 2021 | 2022 | |
|--------------------|---------------------|-----------------------|---------------------|--------------------|--|
| | | | | | Revenues |
| \$ 3,603,210 | \$ 3,843,449 | \$ 3,679,418 | \$ 4,045,669 | \$ 4,217,011 | Taxes |
| 1,028,691 | 1,144,253 | 1,115,568 | 1,260,683 | 1,155,215 | Franchise fees |
| 281,348 | 258,469 | 286,683 | 325,952 | 451,723 | Licenses and permits |
| 1,162,749 | 4,500,588 | 1,491,895 | 2,228,891 | 3,517,424 | Intergovernmental |
| 1,114,150 | 989,088 | 2,549,990 | 2,795,167 | 2,474,573 | Charges for services |
| 230,361 | 214,989 | 217,781 | 195,258 | 151,288 | Fines and forfeitures |
| 293,589 | 327,579 | 244,267 | 326,231 | 319,787 | Miscellaneous |
| <u>7,714,098</u> | <u>11,278,415</u> | <u>9,585,602</u> | <u>11,177,851</u> | <u>12,287,021</u> | Total Revenues |
| | | | | | Expenditures |
| 1,805,071 | 2,032,231 | 2,168,073 | 2,515,552 | 2,518,897 | Administration |
| 740,316 | 766,367 | 714,557 | 813,720 | 910,720 | Community development |
| 2,747,979 | 2,692,751 | 3,254,706 | 3,515,083 | 3,446,071 | Public safety |
| 127,986 | 166,124 | 257,778 | 254,317 | 304,542 | Parks |
| 331,997 | 364,660 | 715,823 | 738,242 | 522,926 | Transportation |
| 401,979 | 361,130 | 121,232 | 141,168 | 679,832 | Non-departmental |
| 3,682,675 | 5,451,140 | 3,155,287 | 2,638,523 | 1,706,417 | Capital outlay |
| | | | | | Debt service |
| 700,803 | 698,817 | 944,218 | 942,303 | 969,039 | Principal |
| 358,876 | 432,963 | 474,192 | 485,235 | 463,126 | Interest |
| <u>10,897,682</u> | <u>12,966,183</u> | <u>11,805,866</u> | <u>12,044,143</u> | <u>11,521,570</u> | Total expenditures |
| <u>(3,183,584)</u> | <u>(1,687,768)</u> | <u>(2,220,264)</u> | <u>(866,292)</u> | <u>765,451</u> | Revenues over (under) expenditures |
| | | | | | Other financing sources (uses) |
| 3,395,000 | 3,239,450 | - | - | - | Issuance of Debt/Loan Proceeds |
| 1,565,500 | 1,944,300 | 2,223,800 | 2,043,573 | 1,703,949 | Transfers in |
| <u>(1,326,700)</u> | <u>(1,384,700)</u> | <u>(2,479,587)</u> | <u>(2,106,001)</u> | <u>(1,791,974)</u> | Transfers out |
| <u>3,633,800</u> | <u>3,799,050</u> | <u>(255,787)</u> | <u>(62,428)</u> | <u>(88,025)</u> | Total other financing sources (uses) |
| <u>\$ 450,216</u> | <u>\$ 2,111,282</u> | <u>\$ (2,476,051)</u> | <u>\$ (928,720)</u> | <u>\$ 677,426</u> | Net change in fund balance |
| | | | | | |
| \$ 1,059,679 | \$ 1,131,780 | \$ 1,418,410 | \$ 1,427,538 | \$ 1,432,165 | Total debt service expenditures |
| <u>3,682,790</u> | <u>5,384,657</u> | <u>3,041,739</u> | <u>2,430,140</u> | <u>1,698,970</u> | Total non-capital expenditures |
| | | | | | Ratio of total debt service expenditures less refundings to total non-capital expenditures |
| <u>28.77%</u> | <u>21.02%</u> | <u>46.63%</u> | <u>58.74%</u> | <u>84.30%</u> | |

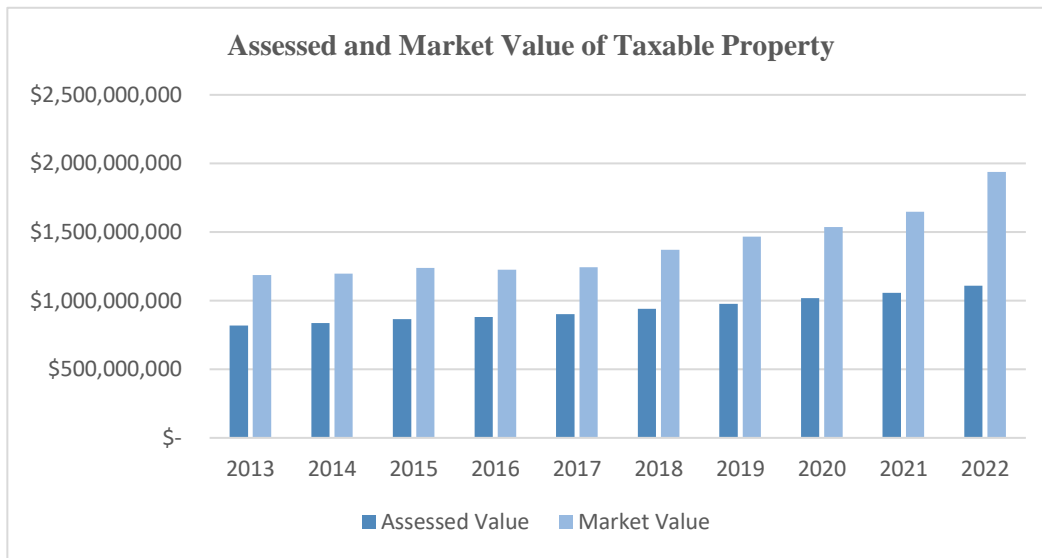
Balance to Statement of Activities

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 |
|----------------------------|------------------------|---|---------------------------------------|----------------------|------------------------|---------------------------------------|
| 2013 | \$ 795,927,742 | 13.0161 | \$ 21,796,071 | \$ 817,723,813 | \$ 1,186,510,821 | 68.92% |
| 2014 | 813,163,226 | 13.2254 | 24,385,105 | 837,548,331 | 1,197,822,022 | 69.92% |
| 2015 | 838,040,607 | 14.2034 | 26,557,328 | 864,597,935 | 1,238,117,316 | 69.83% |
| 2016 | 852,775,333 | 14.2822 | 28,220,985 | 880,996,318 | 1,226,269,574 | 71.84% |
| 2017 | 871,894,882 | 14.0145 | 31,068,716 | 902,963,598 | 1,242,714,606 | 72.66% |
| 2018 | 902,212,696 | 13.9021 | 37,714,565 | 939,927,261 | 1,371,856,710 | 68.51% |
| 2019 | 933,720,234 | 13.8926 | 44,215,774 | 977,936,008 | 1,465,722,838 | 66.72% |
| 2020 | 971,062,765 | 13.9854 | 48,395,956 | 1,019,458,721 | 1,536,830,998 | 66.34% |
| 2021 | 1,006,642,419 | 13.5505 | 50,620,781 | 1,057,263,200 | 1,649,048,531 | 64.11% |
| 2022 | 1,052,827,325 | 13.6665 | 55,354,336 | 1,108,181,661 | 1,936,882,815 | 57.21% |



Source: Lane County Tax Reports

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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 |
|----------------------------------|-------------------------------|--|-------------------------------------|------------------------------|-------------------------|------------------------------|
| | City of Florence | General Obligation Debt Service | Total Before Urban Renewal | Florence Urban Renewal | | |
| 2013 | 2.4052 | 0.3981 | 2.8033 | 0.3139 | 3.1172 | 0.8475 |
| 2014 | 2.7778 | 0.4060 | 3.1838 | 0.3555 | 3.5393 | 0.8466 |
| 2015 | 2.7732 | 0.2898 | 3.0630 | 0.3776 | 3.4406 | 0.8426 |
| 2016 | 2.7694 | 0.1692 | 2.9386 | 0.3866 | 3.3252 | 0.8000 |
| 2017 | 2.7626 | 0.1720 | 2.9346 | 0.4159 | 3.3505 | 0.8206 |
| 2018 | 2.7463 | 0.1633 | 2.9096 | 0.4847 | 3.3943 | 0.8216 |
| 2019 | 2.7317 | 0.1569 | 2.8886 | 0.5438 | 3.4324 | 0.8170 |
| 2020 | 2.7252 | 0.1553 | 2.8805 | 0.5495 | 3.4300 | 0.8117 |
| 2021 | 2.7241 | 0.1497 | 2.8738 | 0.5541 | 3.4279 | 0.9332 |
| 2022 | 2.7181 | 0.1065 | 2.8246 | 0.5758 | 3.4004 | 0.9245 |

¹ Per \$1,000 of assessed Value

Source: Lane County Tax Code Area Report

CITY OF FLORENCE, OREGON**DIRECT AND OVERLAPPING TAX RATES¹**

Last Ten Fiscal Years

| Overlapping Rates | | | | | | | Total Direct & Overlapping Rates |
|-------------------|-----------------------------------|----------------|--------------------|------------------------------|------------------------------------|------------------------------|---|
| Lane ESD | Siuslaw School District 97J | Lane County | Port of Siuslaw | Siuslaw Public Library | Siuslaw Valley Fire & Rescue | Western Lane Ambulance | |
| 0.2173 | 5.4172 | 1.3539 | 0.1435 | 0.5026 | 0.8649 | 0.7613 | 13.2254 |
| 0.2168 | 5.3873 | 1.8973 | 0.1432 | 0.5013 | 0.9111 | 0.7605 | 14.2034 |
| 0.2164 | 5.3837 | 1.8921 | 0.1429 | 0.5005 | 1.1034 | 0.7600 | 14.2822 |
| 0.2161 | 5.3808 | 1.7884 | 0.1427 | 0.4998 | 1.1019 | 0.7596 | 14.0145 |
| 0.2156 | 5.3859 | 1.6303 | 0.1424 | 0.4986 | 1.0994 | 0.7588 | 13.9021 |
| 0.2143 | 5.3527 | 1.6230 | 0.1415 | 0.4956 | 1.0926 | 0.7570 | 13.8926 |
| 0.2132 | 5.2949 | 1.7515 | 0.1408 | 0.4930 | 1.0872 | 0.7554 | 13.9854 |
| 0.2127 | 4.4581 | 1.7836 | 0.1405 | 0.4918 | 1.4674 | 0.7547 | 13.5505 |
| 0.2126 | 4.4565 | 1.7831 | 0.1404 | 0.4916 | 1.4667 | 0.7545 | 13.6665 |
| 0.2121 | 4.4484 | 1.7934 | 0.1401 | 0.4906 | 1.4635 | 0.7539 | 13.6269 |

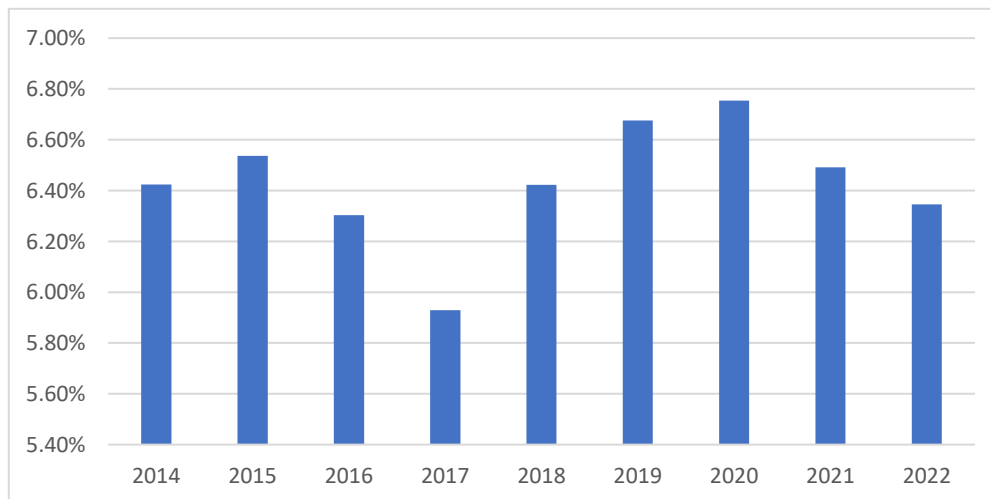
**CITY OF FLORENCE, OREGON
PRINCIPAL PROPERTY TAX PAYERS**

Fiscal Years 2013-14¹ and 2021-22

| Taxpayer | 2021-22 Taxable Assessed Value | Rank | % of Total Taxable Assessed Value | 2013-14 Taxable Assessed Value | Rank | % of Total Taxable Assessed Value |
|--|---|------|--|---|------|--|
| Central Lincoln PUD | \$ 11,275,000 | 1 | 1.07% | \$ 6,668,000 | 3 | 0.82% |
| Charter Communications | 10,696,000 | 2 | 1.02% | 5,951,500 | 4 | 0.73% |
| Fred Meyer Stores, INC | 9,986,671 | 3 | 0.95% | 7,883,573 | 1 | 0.97% |
| Spruce Partners, LLC | 8,399,844 | 4 | 0.80% | 6,937,550 | 2 | 0.85% |
| AIC Real Estate SPE 126, LLC | 6,176,978 | 5 | 0.59% | | | |
| Oregon Pacific Banking Co. | 4,925,357 | 6 | 0.47% | 4,209,697 | 8 | 0.52% |
| APIC Florence Holdings, LLC | 5,069,156 | 7 | 0.48% | | | |
| Lumen Technologies | 3,960,000 | 8 | 0.38% | | | |
| Matias Edwin M & Lampport Inna | 3,170,960 | 9 | 0.30% | | | |
| Van Devender Kenneth J | 3,147,672 | 10 | 0.30% | | | |
| 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 C0 | | | | 3,197,184 | 9 | 0.39% |
| Hanson Robert J | | | | 3,006,500 | 10 | 0.37% |
| | <u>\$ 66,807,638</u> | | <u>6.35%</u> | <u>\$ 52,235,865</u> | | <u>6.42%</u> |
| Total taxable assessed value, all properties | <u>\$ 1,052,827,325</u> | | | <u>\$ 813,163,226</u> | | |

Percentage of Total Assessed Value for Top Ten Taxpayers

Last Nine 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 |
|-------------------------------|---|------------------------------------|----------------------|-------------------------------------|---------------------------------|--------------------------------------|
| 2013 | \$ 2,287,338 | \$ 2,156,306 | 94.27% | \$ 85,482 | \$ 2,241,788 | 98.01% |
| 2014 | 2,661,466 | 2,514,092 | 94.46% | 65,167 | 2,579,260 | 96.91% |
| 2015 | 2,639,277 | 2,498,478 | 94.67% | 63,152 | 2,561,631 | 97.06% |
| 2016 | 2,572,312 | 2,435,544 | 94.68% | 59,252 | 2,494,795 | 96.99% |
| 2017 | 2,644,551 | 2,507,373 | 94.81% | 48,518 | 2,555,891 | 96.65% |
| 2018 | 2,721,388 | 2,602,813 | 95.64% | 47,548 | 2,650,361 | 97.39% |
| 2019 | 2,816,794 | 2,692,823 | 95.60% | 36,406 | 2,729,228 | 96.89% |
| 2020 | 2,929,252 | 2,795,131 | 95.42% | 33,539 | 2,828,670 | 96.57% |
| 2021 | 3,941,555 | 3,770,221 | 95.65% | 33,143 | 3,803,364 | 96.49% |
| 2022 | 3,131,507 | 2,991,485 | 95.53% | - | 2,991,485 | 95.53% |

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 the collection rate for the 2020-21 fiscal year, but the 2020-21 fiscal year dropped .96%. The City will monitor the collection rate going forward to gauge its effect on future revenue.

Source: Lane County Tax Assessor

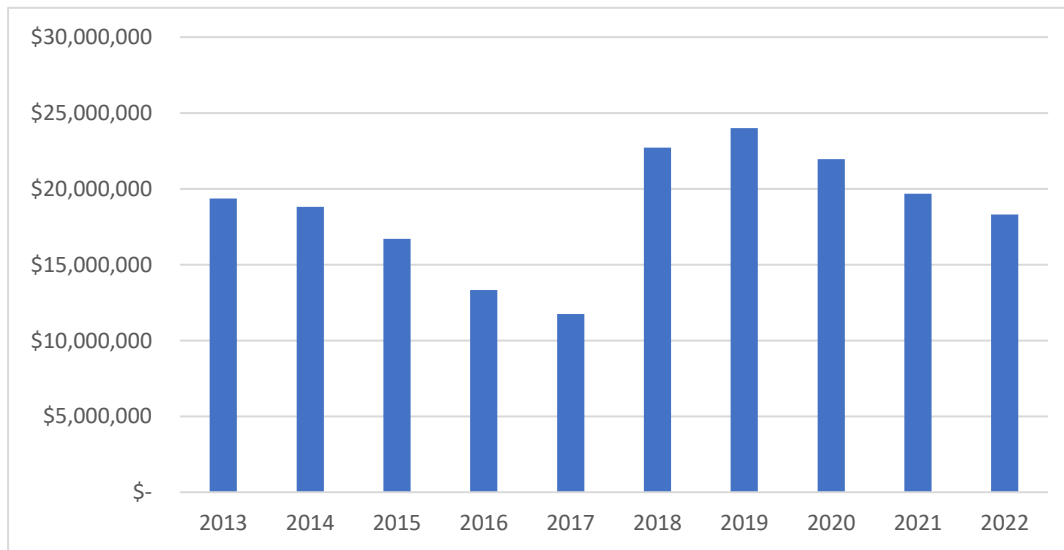
CITY OF FLORENCE, OREGON
SCHEDULE OF DEBT PER CAPITA

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 |
| 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 |
| 2022 | - | 618,061 | 900,000 | 9,232,520 | 12,484 |

Total Outstanding Debt (Governmental and Business-type)

Last ten fiscal years



Sources:

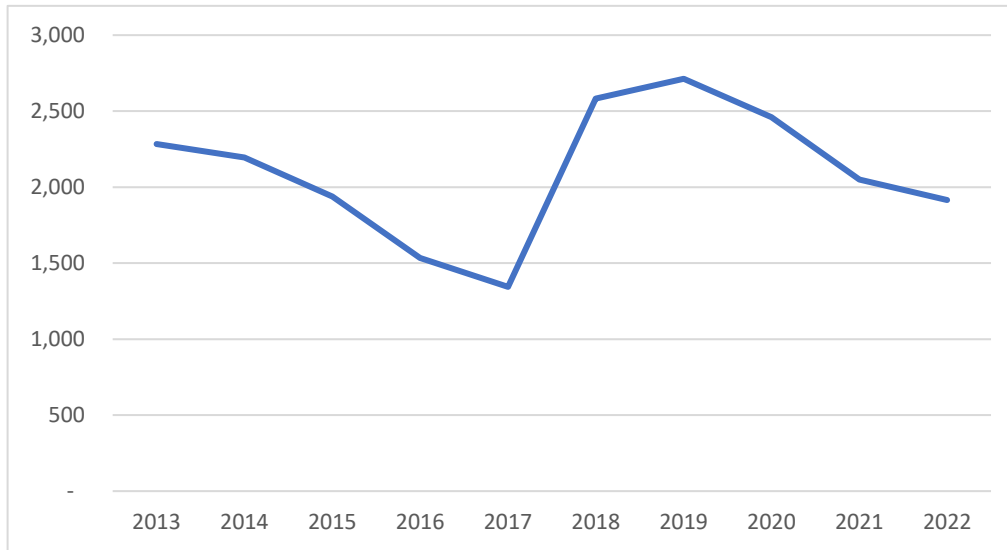
City of Florence Audited Financial Statements

Business-Type Activities

| Full Faith and Credit Bonds | Notes Payable | Unamortized Premium | Total Outstanding Debt | % of Personal Income | Debt per Capita |
|-----------------------------|---------------|---------------------|------------------------|----------------------|-----------------|
| \$ 7,660,265 | \$ 6,123,414 | | \$ 19,373,346 | 150.77% | 2,285 |
| 8,102,744 | 5,823,540 | | 18,805,907 | 137.32% | 2,196 |
| 7,046,114 | 5,309,110 | | 16,707,241 | 113.91% | 1,938 |
| 4,985,238 | 4,899,367 | | 13,319,462 | 86.81% | 1,535 |
| 4,200,741 | 4,501,855 | | 11,753,301 | 72.22% | 1,344 |
| 3,404,415 | 8,702,528 | | 22,721,012 | 133.42% | 2,583 |
| 2,579,598 | 8,216,880 | | 24,010,047 | 136.74% | 2,713 |
| 1,738,753 | 7,752,687 | 51,234 | 21,957,987 | 115.63% | 2,460 |
| 862,143 | 7,197,925 | 23,589 | 19,676,849 | 93.12% | 2,050 |
| 791,939 | 6,734,054 | 16,465 | 18,305,523 | n/a | 1,915 |

Debt per Capita (Governmental and Business-type)

Last ten fiscal years



CITY OF FLORENCE, OREGON

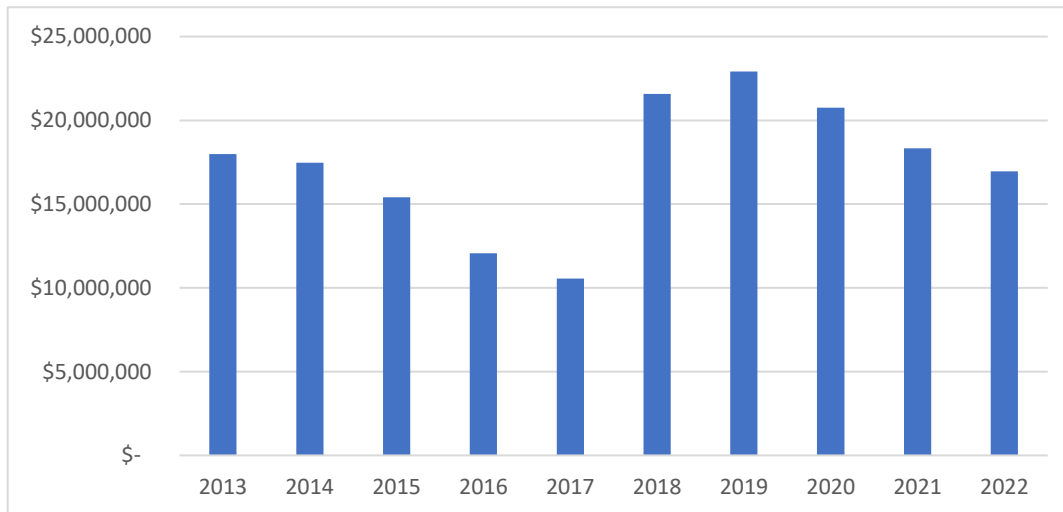
RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE

Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Population | Assessed Value | General Obligation Bonds | Unamortized Premium | General Revenue Obligations |
|----------------------------|------------|----------------|--------------------------|---------------------|-----------------------------|
| 2013 | 8,480 | \$ 795,927,742 | \$ 599,523 | \$ - | \$ 17,393,823 |
| 2014 | 8,565 | 813,163,226 | 304,762 | - | 17,161,145 |
| 2015 | 8,620 | 838,040,607 | - | - | 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 |
| 2022 | 9,561 | 1,052,827,325 | - | 28,949 | 17,376,574 |

Net General Bonded Debt

Last ten fiscal years



CITY OF FLORENCE, OREGON

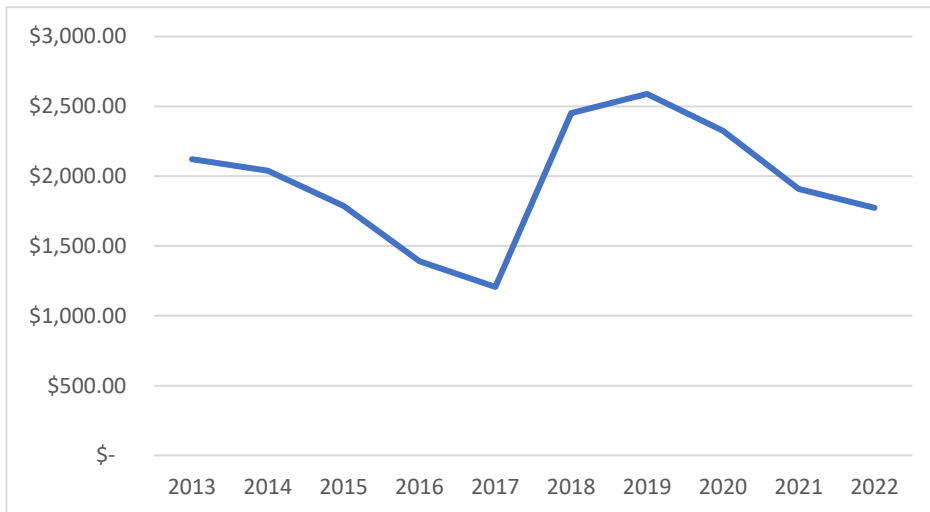
RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE

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 |
|---|-----------------------|--|----------------------------------|---|
| \$ - | \$ 17,993,346 | 2.26% | \$ 2,121.86 | 140.03% |
| - | 17,465,907 | 2.15% | 2,039.22 | 127.53% |
| - | 15,412,241 | 1.84% | 1,787.96 | 105.08% |
| - | 12,069,462 | 1.42% | 1,390.49 | 78.66% |
| - | 10,553,301 | 1.21% | 1,206.78 | 64.85% |
| - | 21,571,012 | 2.39% | 2,452.64 | 126.66% |
| - | 22,915,047 | 2.45% | 2,589.27 | 130.50% |
| 167,661 | 20,755,326 | 2.14% | 2,325.53 | 109.30% |
| 382,548 | 18,324,301 | 1.82% | 1,908.78 | 86.72% |
| 456,997 | 16,948,526 | 1.61% | 1,772.67 | n/a |

Net General Bonded Debt Per Capita

Last ten fiscal years

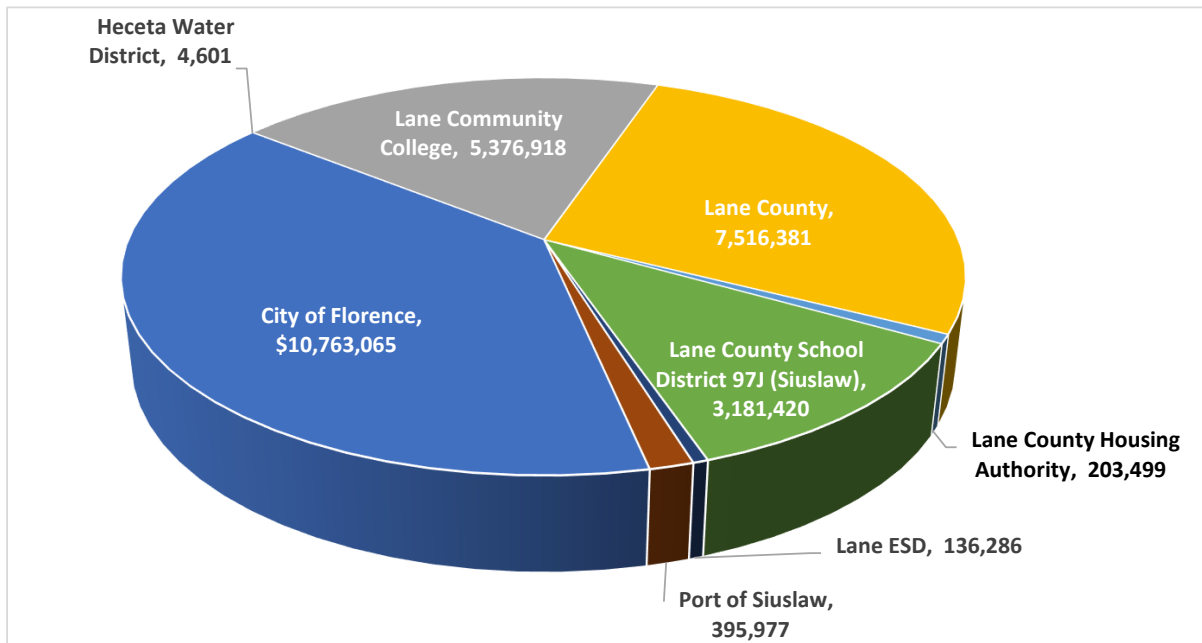


**CITY OF FLORENCE, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

As of June 30, 2022

| Jurisdiction | Net Outstanding Debt | Percentage Applicable to the City of Florence ¹ | Amount Applicable to the City of Florence |
|---|----------------------|--|---|
| DIRECT DEBT | | | |
| City of Florence | \$ 10,763,065 | 100.00% | \$ 10,763,065 |
| OVERLAPPING DEBT | | | |
| Heceta Water District | 1,411,277 | 0.33% | 4,601 |
| Lane Community College | 219,475,000 | 2.45% | 5,376,918 |
| Lane County | 302,263,289 | 2.49% | 7,516,381 |
| Lane County Housing Authority | 8,183,487 | 2.49% | 203,499 |
| Lane County School District 97J (Siuslaw) | 6,465,000 | 49.21% | 3,181,420 |
| Lane ESD | 5,467,639 | 2.49% | 136,286 |
| Port of Siuslaw | 943,039 | 41.99% | 395,977 |
| Total overlapping debt | 544,208,731 | | 16,815,082 |
| Total direct and overlapping debt | \$ 554,971,796 | | \$ 27,578,147 |

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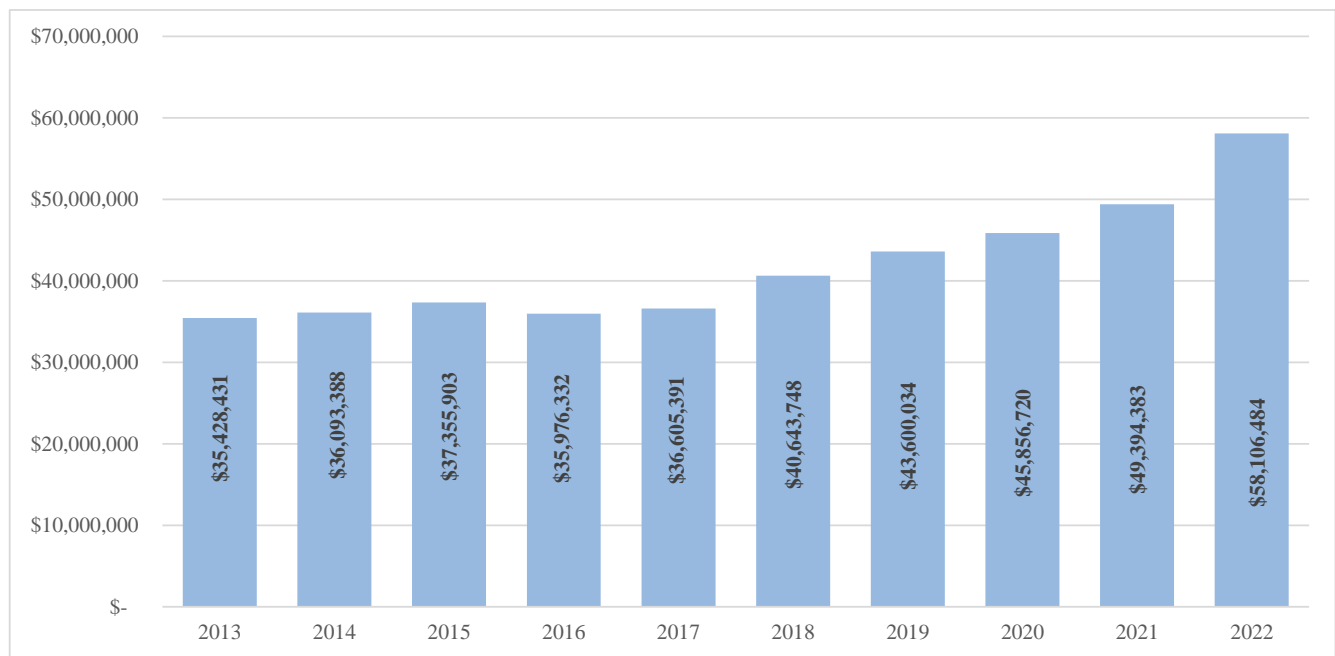
**CITY OF FLORENCE, OREGON
COMPUTATION OF LEGAL DEBT MARGIN**

Last ten fiscal years

| | 2013 | 2014 | 2015 | 2016 |
|---|---------------|---------------|---------------|---------------|
| Debt limitation | \$ 35,595,325 | \$ 35,934,661 | \$ 37,143,519 | \$ 36,788,087 |
| Total net debt applicable to limitation | 166,894 | (158,727) | (212,384) | 811,755 |
| Legal debt margin | \$ 35,428,431 | \$ 36,093,388 | \$ 37,355,903 | \$ 35,976,332 |
| Ratio of net debt applicable to the debt limitation | 0.47% | -0.44% | -0.57% | 2.21% |

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 (\$22,678,053) 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

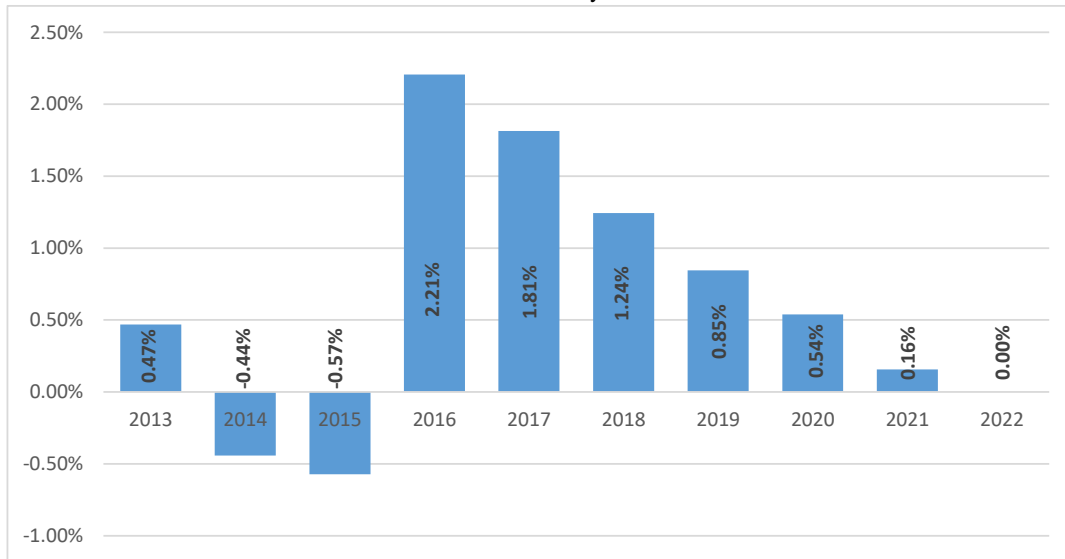
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 37,281,438 | \$ 41,155,701 | \$ 43,971,685 | \$ 46,104,930 | \$ 49,471,456 | \$ 58,106,484 |
| 676,047 | 511,953 | 371,651 | 248,210 | 77,073 | - |
| <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>\$ 58,106,484</u> |
| 1.81% | 1.24% | 0.85% | 0.54% | 0.16% | 0.00% |

Legal debt margin calculation for Fiscal Year

| | | |
|---|----------|----------------------|
| True cash value | | \$ 1,936,882,815 |
| General obligation debt limit - 3% of true cash value | | 3% |
| General obligation debt limit | | 58,106,484 |
| Gross general obligation bonded debt principal | | |
| Wastewater bonds | \$ - | |
| Less: Debt service funds available | | |
| Wastewater bonds | <u>-</u> | |
| Net debt subject to three percent limitation | | <u>-</u> |
| Legal debt margin | | <u>\$ 58,106,484</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 | |
| 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% |
| 2022 | 3,510,384 | 3,395,037 | 1,043,365 | 1,158,712 | 283,980 | 38,851 | 322,831 | 358.9% |

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

Last Ten Fiscal Years

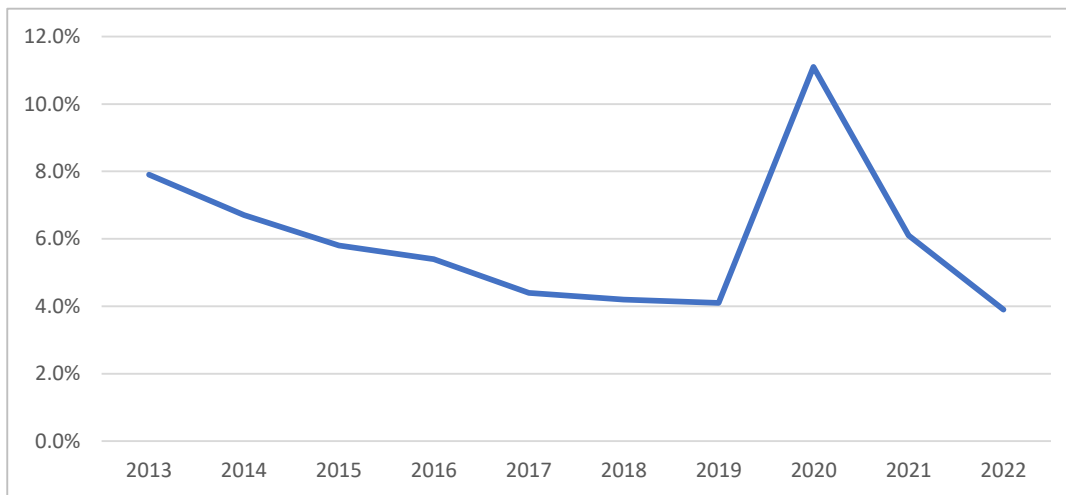
| Fiscal Year Ended June 30, | City of Florence Population ¹ | Lane County ² | | | Florence School Enrollment ³ | Unemployment Rate Lane County ⁴ |
|-------------------------------|---|--------------------------|--------------------------------|----------------------------|---|---|
| | | Population | Personal Income (thousands) | Per Capita Personal Income | | |
| 2013 | 8,480 | 355,654 | \$ 12,849,433 | \$ 36,129 | n/a | 7.9% |
| 2014 | 8,565 | 358,273 | 13,695,183 | 38,226 | n/a | 6.7% |
| 2015 | 8,620 | 362,257 | 14,666,799 | 40,487 | n/a | 5.8% |
| 2016 | 8,680 | 369,201 | 15,343,064 | 41,557 | n/a | 5.4% |
| 2017 | 8,745 | 375,689 | 16,273,772 | 43,317 | n/a | 4.4% |
| 2018 | 8,795 | 378,807 | 17,030,077 | 44,957 | 1,370 | 4.2% |
| 2019 | 8,850 | 382,064 | 17,559,531 | 45,960 | 1,303 | 4.1% |
| 2020 | 8,925 | 382,986 | 18,989,468 | 49,583 | 1,356 | 11.1% |
| 2021 | 9,600 | 383,958 | 21,131,525 | 55,146 | 1,252 | 6.1% |
| 2022 | 9,561 | n/a | n/a | n/a | 1,180 | 3.9% |

The population of Florence increased 455 (5.37%) from 2013 to 2021.

* 2022 Population Estimate

Unemployment Rates, Lane County

Last Ten Years



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

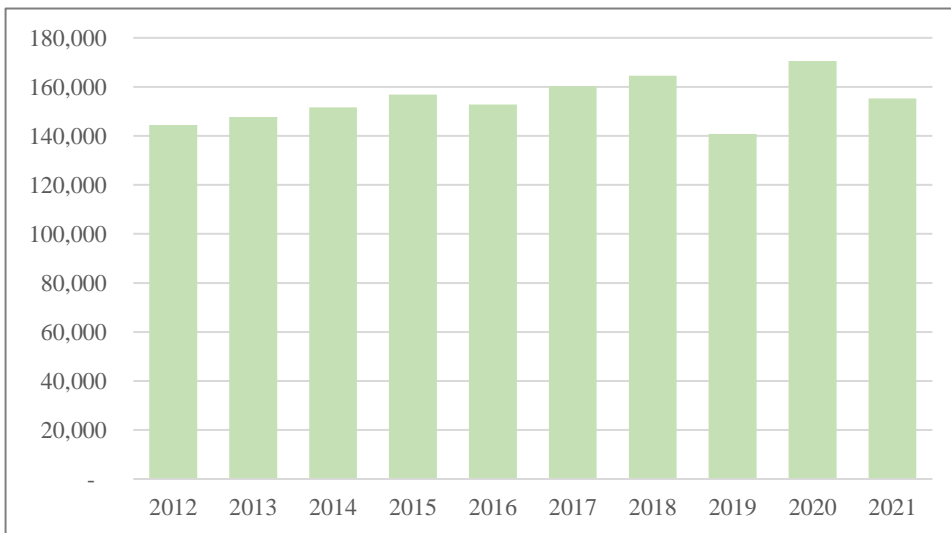
CITY OF FLORENCE, OREGON
FLORENCE AREA PRINCIPAL EMPLOYERS

Fiscal year 2022

| Employer | Number of Employees | Rank | Percent of Total Employment |
|---|---------------------|------|-----------------------------|
| Peace Harbor Medical Center | 458 | 1 | 0.29% |
| Siuslaw School District, 97J | 127 | 2 | 0.08% |
| City of Florence | 65 | 3 | 0.04% |
| Total | 650 | | 0.42% |
| Total Employment Lane County ¹ | 155,300 | | |

¹As of April 2022

Employment, Lane County
 Last ten years



Sources:

- Oregon Department of Education
- Oregon Employment Department
- Employers

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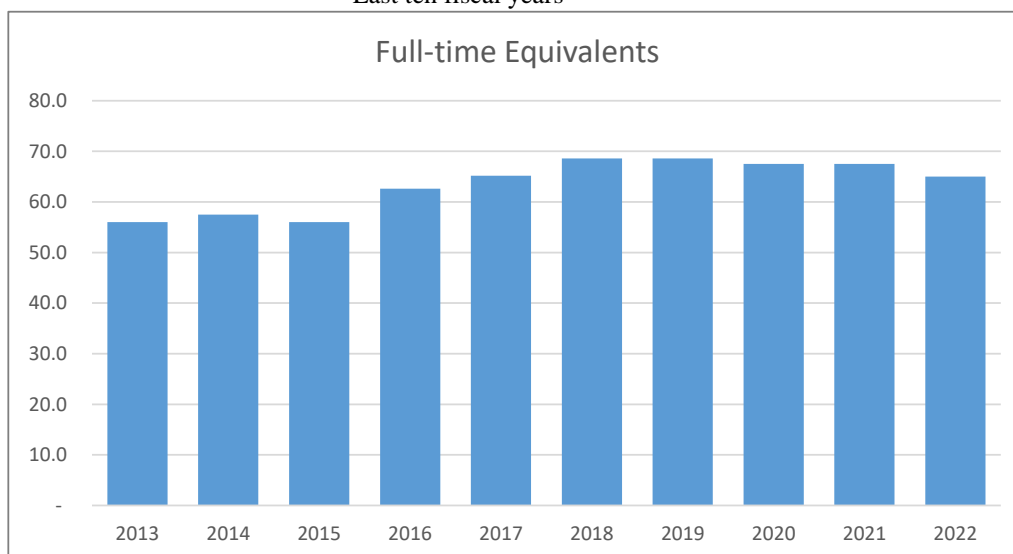
CITY OF FLORENCE, OREGON
EMPLOYEE FULL-TIME EQUIVALENTS BY FUNCTION

Last ten fiscal years

| Function | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-------------|-------------|-------------|-------------|-------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Administration | 7.5 | 7.5 | 7.5 | 11.6 | 5.5 |
| Administrative Services | - | - | - | - | 7.0 |
| Community Development | 4.0 | 3.5 | 4.0 | 5.0 | 4.0 |
| Municipal Court | 2.0 | 2.5 | 2.0 | - | 2.0 |
| Public Safety | 22.5 | 23.0 | 22.5 | 25.0 | 25.0 |
| Parks | 1.0 | 1.0 | 1.0 | 1.0 | 0.7 |
| Transportation | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Total Governmental Activities | 38.0 | 38.5 | 38.0 | 43.6 | 45.2 |
| 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 | 4.0 | 4.0 |
| Total Enterprise | 14.0 | 14.0 | 14.0 | 15.0 | 15.0 |
| Internal Service | | | | | |
| Public Works Administration | 4.0 | 5.0 | 4.0 | 4.0 | 5.0 |
| Total Internal Services | 4.0 | 5.0 | 4.0 | 4.0 | 5.0 |
| Total Business-type Activities | 18.0 | 19.0 | 18.0 | 19.0 | 20.0 |
| Total City-wide Full-time Equivalent | 56.0 | 57.5 | 56.0 | 62.6 | 65.2 |

Total Full-time Equivalents

Last ten fiscal years



Source: City of Florence Adopted Budget

| 2018 | 2019 | 2020 | 2021 | 2022 | Function |
|---------------------------------|------|------|------|------|--------------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| 5.6 | 5.6 | 4.0 | 4.0 | 4.0 | Administration |
| 7.0 | 7.0 | 7.5 | 7.5 | 7.0 | Administrative Services |
| 6.0 | 6.0 | 6.0 | 6.0 | 5.0 | Community Development |
| 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | Municipal Court |
| 25.0 | 25.0 | 25.0 | 25.0 | 24.0 | Public Safety |
| 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | Parks |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | Transportation |
| 47.6 | 47.6 | 46.5 | 46.5 | 45.0 | Total Governmental Activities |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Enterprise | | | | | |
| 5.0 | 5.0 | 5.0 | 5.0 | 6.0 | Water |
| 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | Wastewater |
| 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | Stormwater |
| 4.0 | 4.0 | 3.0 | 3.0 | 3.0 | Events Center |
| 16.0 | 16.0 | 15.0 | 15.0 | 16.0 | Total Enterprise |
| Internal Service | | | | | |
| 5.0 | 5.0 | 6.0 | 6.0 | 4.0 | Public Works Administration |
| 5.0 | 5.0 | 6.0 | 6.0 | 4.0 | Total Internal Services |
| 21.0 | 21.0 | 21.0 | 21.0 | 20.0 | Total Business-type Activities |
| 68.6 | 68.6 | 67.5 | 67.5 | 65.0 | Total City-wide Full-time Equivalent |

| Fiscal Year Ended June 30, | Total FTE | Annual Percentage Change | Total Percentage Change From 2011 |
|----------------------------|-----------|--------------------------|-----------------------------------|
| 2013 | 56.0 | - | - |
| 2014 | 57.5 | 2.68% | 2.7% |
| 2015 | 56.0 | -2.61% | 0.0% |
| 2016 | 62.6 | 11.79% | 11.8% |
| 2017 | 65.2 | 4.15% | 16.4% |
| 2018 | 68.6 | 5.21% | 22.5% |
| 2019 | 68.6 | 0.00% | 22.5% |
| 2020 | 67.5 | -1.60% | 20.5% |
| 2021 | 67.5 | 0.00% | 20.5% |
| 2022 | 65.0 | -3.70% | 16.1% |

CITY OF FLORENCE, OREGON
OPERATING INDICATORS BY FUNCTION

Last ten fiscal years

| Function | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|--------|------------|-------|------------|------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Administration | | | | | |
| Ordinances adopted | n/a | 12 | n/a | n/a | 18 |
| Public records requests | n/a | 12 | n/a | n/a | 26 |
| Total website sessions | n/a | 107,632 | n/a | n/a | 95,121 |
| Administrative Services | | | | | |
| GFOA Budget Award | No | No | Yes | Yes | Yes |
| Recruitments | n/a | 15 | n/a | 10 | 13 |
| Number of utility customers | n/a | n/a | n/a | n/a | 4,525 |
| Community Development | | | | | |
| Type 1 applications processed | n/a | n/a | n/a | n/a | 28 |
| Type 2 administrative reviews | n/a | n/a | n/a | n/a | 24 |
| Type 3 quasi-judicial applications | n/a | n/a | n/a | n/a | 36 |
| Dwelling building permits | n/a | n/a | n/a | n/a | 41 |
| Commercial building permits | n/a | n/a | n/a | n/a | - |
| Dog complaints filed | n/a | n/a | n/a | n/a | 149 |
| Nuisance complaints processed | n/a | n/a | n/a | n/a | 58 |
| Municipal Court | | | | | |
| Total cases filed | n/a | 2,098 | n/a | 2,055 | 1,875 |
| Misdemeanor cases | n/a | 541 | n/a | 660 | 612 |
| Violations | n/a | 1,557 | n/a | 1,395 | 1,263 |
| Public Safety | | | | | |
| Traffic citations | 2,004 | 1,650 | 1,484 | 1,266 | 1,343 |
| Arrests | 636 | 690 | 599 | 752 | 841 |
| DUII arrests | n/a | n/a | n/a | n/a | 39 |
| Total inmates | 550 | 539 | 490 | 405 | 436 |
| Parks | | | | | |
| Developed park acres | n/a | n/a | n/a | 54.23 | 54.23 |
| Acres of mowed turf | n/a | n/a | n/a | 12.70 | 12.70 |
| Transportation | | | | | |
| City-wide average PCI rating | 71 | 71 | 71 | 71 | 72 |
| Lane miles chip/fog sealed | n/a | n/a | n/a | n/a | 1.72 |
| Signs inspected/cleaned/replaced | n/a | n/a | n/a | n/a | 445 |
| Airport | | | | | |
| Runway light checks | 365 | 365 | 365 | 365 | 365 |
| QA/QC on fuel/fuel systems | n/a | n/a | n/a | n/a | 272 |
| Business Park lots leased | n/a | n/a | n/a | n/a | 1 |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Enterprise | | | | | |
| Water | | | | | |
| Total gallons water produced (millions) | 343 | 364 | 393 | 379 | 372 |
| % of water samples meeting standards | 100% | 100% | 100% | 100% | 100% |
| Water loss percentage | 0.3% | 3.7% | 5.3% | 4.6% | 4.6% |
| Wastewater | | | | | |
| Wastewater plant flows (millions/gal) | 268 | 263 | 273 | 294 | 372 |
| Solids produced (wet tons) | 538 | 538 | 680 | 1,734 | 620 |
| Wastewater lines cleaned (lineal feet) | 38,015 | 34,003 | 6,990 | 36,669 | 36,669 |
| Stormwater | | | | | |
| Streets cleaned (miles) | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 |
| Catch basin sumps cleaned | 1,000 | 900 | 913 | 913 | 900 |
| Annual stream/creek inspections | n/a | n/a | n/a | n/a | 4 |
| Events Center | | | | | |
| Multi-day conferences | n/a | n/a | n/a | n/a | 4 |
| Total events | n/a | 316 | n/a | n/a | 386 |
| Theater usage days | n/a | n/a | n/a | 169 | 148 |
| Box office gross ticket sales | n/a | \$ 173,000 | n/a | \$ 203,622 | \$ 185,300 |
| Internal Service | | | | | |
| Public Works Administration | | | | | |
| Capital projects managed | n/a | n/a | n/a | n/a | 4 |
| Facility inspections per month | n/a | n/a | n/a | n/a | 3 |
| Vehicles maintained | n/a | n/a | n/a | n/a | 31 |
| 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

| 2018 | 2019 | 2020 | 2021 | 2022 | Function |
|---------------------------------|------------|------------|----------|-----------|---|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Administration | | | | | |
| 12 | 15 | 8 | 11 | 18 | Ordinances adopted |
| 41 | 39 | 24 | 20 | 294 | Public records requests |
| 98,249 | 105,665 | 113,117 | 125,000 | 141,020 | Total website sessions |
| Administrative Services | | | | | |
| Yes | Yes | Yes | Yes | Yes | GFOA Budget Award |
| 12 | 5 | 8 | 8 | | Recruitments |
| 4,385 | 4,741 | 4,255 | 3,845 | 3,840 | Number of utility customers |
| Community Development | | | | | |
| 58 | 54 | 33 | 17 | 27 | Type 1 applications processed |
| 14 | 13 | 12 | 10 | 23 | Type 2 administrative reviews |
| 32 | 34 | 30 | 24 | 40 | Type 3 quasi-judicial applications |
| 44 | 49 | 46 | 50 | 31 | Dwelling building permits |
| 3 | 5 | 3 | 7 | 53 | Commercial building permits |
| 135 | 126 | 95 | 130 | 77 | Dog complaints filed |
| 52 | 71 | 75 | 69 | 100 | Nuisance complaints processed |
| Municipal Court | | | | | |
| 2,052 | 1,772 | 1,569 | 1,250 | 1,063 | Total cases filed |
| 585 | 509 | 480 | 500 | 403 | Misdemeanor cases |
| 1,467 | 1,263 | 1,089 | 800 | 660 | Violations |
| Public Safety | | | | | |
| 1,420 | 1,356 | 655 | 689 | 639 | Traffic citations |
| 929 | 958 | 709 | 746 | 684 | Arrests |
| 53 | 61 | 43 | 52 | 41 | DUII arrests |
| 540 | 500 | 369 | 376 | 381 | Total inmates |
| Parks | | | | | |
| 54.23 | 57.57 | 57.57 | 59.00 | 59.00 | Developed park acres |
| 12.70 | 12.70 | 12.70 | 12.70 | 12.70 | Acres of mowed turf |
| Transportation | | | | | |
| 73 | 74 | 73 | 72 | 70 | City-wide average PCI rating |
| 1.30 | 2.20 | 2.06 | 3.16 | 1.30 | Lane miles chip/fog sealed |
| 445 | 445 | 445 | 450 | 445 | Signs inspected/cleaned/replaced |
| Airport | | | | | |
| 365 | 365 | 365 | 365 | 365 | Runway light checks |
| 270 | 270 | 272 | 272 | 272 | QA/QC on fuel/fuel systems |
| 2 | 5 | 19 | 19 | 13 | Business Park lots leased |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Enterprise | | | | | |
| Water | | | | | |
| 410 | 419 | 433 | 445 | 426 | Total gallons water produced (millions) |
| 100% | 100% | 100% | 100% | 100% | % of water samples meeting standards |
| 4.4% | 4.6% | 4.0% | 4.7% | 4.2% | Water loss percentage |
| Wastewater | | | | | |
| 410 | 270 | 265 | 275 | 268 | Wastewater plant flows (millions/gal) |
| 760 | 784 | 745 | 780 | 841 | Solids produced (wet tons) |
| 2,859 | 13,091 | 10,707 | 25,000 | 8,464 | Wastewater lines cleaned (lineal feet) |
| Stormwater | | | | | |
| 1,150 | 1,130 | 1,150 | 1,180 | 1,150 | Streets cleaned (miles) |
| 915 | 450 | 500 | 500 | 500 | Catch basin sumps cleaned |
| 4 | 4 | 4 | 4 | 4 | Annual stream/creek inspections |
| Events Center | | | | | |
| 4 | 4 | 2 | 2 | 3 | Multi-day conferences |
| 386 | 392 | 8 | 8 | 178 | Total events |
| 137 | 137 | 4 | - | 50 | Theater usage days |
| \$ 219,700 | \$ 210,000 | \$ 140,060 | \$ 7,077 | \$ 80,257 | Box office gross ticket sales |
| Internal Service | | | | | |
| Public Works Administration | | | | | |
| 5 | 6 | 4 | 6 | 6 | Capital projects managed |
| 4 | 3 | 4 | 4 | 4 | Facility inspections per month |
| 31 | 40 | 45 | 47 | 47 | Vehicles maintained |
| - | - | - | - | - | OSHA safety violations |

CITY OF FLORENCE, OREGON
CAPITAL ASSETS BY FUNCTION

Last ten fiscal years

| Function | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------------|-------|-------|-------|-------|-------|
| 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 | 13 | 13 | 13 | 13 |
| Acres of park land | 153 | 154 | 154 | 154 | 154 |
| Transportation | | | | | |
| Miles of streets | 77 | 77 | 77 | 77 | 79 |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Water | | | | | |
| Miles of water lines | 65 | 65 | 66 | 66 | 66 |
| Number of water hookups | 3855 | 3855 | 3860 | 3862 | 3882 |
| 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 | 3605 | 3610 | 3625 | 3644 | 3663 |
| Stormwater | | | | | |
| Number of storm sewer lines | 33.25 | 33.25 | 33.25 | 33.51 | 33.51 |

Source: City of Florence Asset Records

CITY OF FLORENCE, OREGON
CAPITAL ASSETS BY FUNCTION

Last ten fiscal years

| 2018 | 2019 | 2020 | 2021 | 2022 | 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 | 66.81 | 66.98 | 67.05 | 67.05 | Miles of water lines |
| 3902 | 3922 | 3961 | 4020 | 4816 | Number of water hookups |
| 1 | 1 | 1 | 1 | 1 | Number of treatment plants |
| Wastewater | | | | | |
| 65 | 69.49 | 69.49 | 70.65 | 70.65 | Miles of sanitary sewer lines |
| 39 | 39 | 39 | 39 | 39 | Pump stations |
| 3682 | 3700 | 3774 | 3850 | 4817 | Number of sewer hookups |
| Stormwater | | | | | |
| 33.51 | 33.51 | 34.46 | 34.46 | 34.46 | Miles of storm sewer lines |

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, 2022 and have issued our report thereon dated February 10, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Florence, Oregon'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 (ORS) 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. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and 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.

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial 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* except as follows.

Expenditures in the following fund exceeded appropriations for the year ended June 30, 2022:

| <u>Fund</u> | <u>Budget Category</u> | <u>Amount</u> |
|-------------------------------|------------------------|---------------|
| Water System Development Fund | Materials and Service | \$ 199 |

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Florence, Oregon’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, Oregon’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Florence, Oregon’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control described in the findings and responses section as item 2022-001 that we consider to be a material weakness.

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
February 10, 2023

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

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

The Honorable Mayor and City Council
City of Florence, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Florence, Oregon as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Florence, Oregon’s basic financial statements, and have issued our report thereon dated February 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Florence, Oregon’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, Oregon’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Florence, Oregon’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

City of Florence, Oregon's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Florence, Oregon's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. City of Florence, Oregon's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



For Merina+Co
Tualatin, Oregon
February 10, 2023

SCHEDULE OF FINDINGS AND RESPONSES

CITY OF FLORENCE, OREGON
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2022

2022-001

Condition: The City lacked controls to ensure accurate recording of journal entries including year-end entries for capital assets, accrued interest payable, and pension.

Criteria: The capital assets, accrued interest payable, and pension were not accurately recorded as per Generally Accepted Accounting Principles (GAAP).

Effect: City's capital assets, accrued interest payable, and pension expense would have been misstated in the financial statements.

Cause: The City did not adequately review the adjusting journal entries, resulting in entries being posted inaccurately to the general ledger, including incorrect journal entry for capital assets, formula errors in the accrued interest payable workpaper, and posting pension expense to the incorrect account.

Recommendation: The City should revise its journal entry policies to improve the review process and identify errors promptly before posting to the general ledger.

Views of Responsible Officials and Planned Corrective Actions: The City's Finance Department lost one of its key employees at the beginning of fiscal year 2022-23. This position provided much needed support during the audit process. Current staff were unable to assist due to lack of training for the fiscal year 2021-22 audit.

Controls to ensure accurate recording of journal entries were in place, however due to the added work load of staff, processes were rushed to complete the audit timely. The department is training staff to assist with the fiscal year 2022-23 audit. We will make sure all adjusting JE's are reviewed completely to ensure the result is accurate.