

**CITY OF FLORENCE**  
**Audit Committee Meeting**  
**December 2, 2013**  
Conference Room - City Hall  
250 Hwy 101, Florence, OR 97439  
541-997-3436

---

**AGENDA ITEM #3c-2**

---

**FLORENCE URBAN RENEWAL AGENCY – June 30, 2013 FINANCIAL AUDIT RESULTS**  
**WARNING! This is a 17+ page document**

- i. Review the Agency's basic financial statements and notes.
- ii. Audit comments and disclosures required by state regulations.

**DRAFT**

**FLORENCE URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Florence, Oregon)

**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
with Independent Auditors' Report

Year Ended June 30, 2013

DRAFT

**FLORENCE URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Florence, Oregon)

June 30, 2013

**BOARD OF DIRECTORS**

	<u>Term Expires December 31,</u>
Nola Xavier, Chair, City of Florence Mayor	2014
Joshua Greene, City of Florence Council Member	2016
Mike Webb, Vice-Chair	2016
Suzanne Roberts, City of Florence Council President	2014
Ian Jarman	2014
Woody Woodbury	2014
John Scott	2014
Dave Braley	2016
Bob Thorp	2016

**FLORENCE URBAN RENEWAL AGENCY**

Fiscal Year Ended June 30, 2013

Table of Contents

	<u>Page</u>
Financial Section:	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Governmental Funds Balance Sheet / Statement of Financial Position	
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities	7
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	8
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	9
Notes to Financial Statements	10 - 14
Supplemental Information:	
Schedule of Property Tax Transactions	15
Independent Auditor's Report Required by Oregon State Regulations	16 - 17

## MANAGEMENT'S DISCUSSION AND ANALYSIS FLORENCE URBAN RENEWAL AGENCY

Fiscal Year Ended June 30, 2013

This Management Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the Florence Urban Renewal Agency (the Agency) for the fiscal year ended June 30, 2013. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

### FINANCIAL HIGHLIGHTS

- The Agency's assets totaled \$719.0 thousand on at June 30, 2013, and consisted mainly of cash and cash equivalents of \$699.0 thousand.
- The Agency's liabilities totaled \$2,142 thousand at June 30, 2013, and consisted mainly of long-term debt of \$2,045 thousand.
- Net assets (assets minus liabilities) were \$(1,423) thousand at June 30, 2013. Net assets decrease of \$1,266 thousand.
- As of the end of the current fiscal year, the Agency's two funds reported a combined fund balance of \$614 thousand, a decrease of \$1,441 thousand.
- Revenues for the fiscal year ended June 30, 2013, totaled \$258 thousand and consisted mainly of property taxes of \$250 thousand.

### FINANCIAL STATEMENTS

The Agency's basic financial statements are presented using the integrated approach as prescribed by GASB Statement No. 34. The basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

The Agency has combined the government-wide and fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column.

The basic financial statements present financial information about the Agency as a whole and about its activities. Following the basic financial statements is the Schedule of Property Tax Transactions and report by the independent certified public accountants, as required by statute.

#### Government-wide Financial Statements

The government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities and are designed to present the financial picture of the Agency in a manner similar to a private-sector business (i.e. from the economic resources measurement focus using the accrual basis of accounting).

The Statement of Net Assets includes all assets of the Agency (including infrastructure) as well as all liabilities (including long-term debt). Net assets are the difference between assets and liabilities, which is one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net assets may be an indicator of whether its financial health is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flow. 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).

#### Fund Financial Statements

Funds are used to segregate resources for specific activities or objectives. The Agency has two governmental funds: the General Fund and the Urban Renewal Debt Service Fund.

The Governmental Funds' statements emphasize available financial resources rather than net income. They are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

Notes to the Basic Financial Statements

The notes provide information that is essential for a full understanding of the data presented in the government-wide and fund financial statements (the basic financial statements). Information such as significant accounting policies and detail of certain assets and liabilities are included in the notes that should be read in conjunction with the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Statements of Net Assets

The Agency's assets exceeded liabilities by \$(1,423) thousand at June 30, 2013. The largest portions of its net assets were capital assets net of related debt and cash and cash equivalents. A condensed version of the Statement of Net Assets follows:

Amounts in thousands	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 699	\$ 2,619
Other current assets	<u>20</u>	<u>43</u>
Total assets	<u>719</u>	<u>2,662</u>
<b>Liabilities</b>		
Note payable	2,045	2,220
Other liabilities	<u>97</u>	<u>576</u>
Total liabilities	<u>2,142</u>	<u>2,796</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt		
Restricted for debt service		251
Restricted for capital projects		
Unrestricted	<u>(1,423)</u>	<u>(385)</u>
Total net assets	<u>\$ (1,423)</u>	<u>\$ (134)</u>

At the end of the current fiscal year, the Agency reports a negative balance in unrestricted net assets. There was a decrease in total net assets of \$1,266 thousand. Long-term debt decreased by \$175.0 thousand. This is a result the Agency making scheduled debt payments.

Statements of Activities

The Agency's Statements of Activities for fiscal year ended June 30, 2013 and June 30, 2012, follows:

Amounts in thousands	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
General Revenues:		
Property taxes	\$ 250	\$ 289
Investment earnings	8	13
Miscellaneous	<u>258</u>	<u>302</u>
<b>Expenses</b>		
Economic development	<u>1,524</u>	<u>832</u>
Increase in net assets before transfers	(1,266)	(530)
Transfers		
Net assets, beginning of the year	<u>(158)</u>	<u>396</u>
Net assets, end of the year	<u>\$ (1,424)</u>	<u>\$ (134)</u>

The cost of the Agency's community development activities totaled \$1,524 thousand for the year, an increase of \$692 million.

**Financial Analysis of the Government's Funds**

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

**Governmental funds.** The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unreserved 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 Agency's governmental funds reported combined ending fund balances of \$614 thousand, an increase of \$1,441 million.

The General Fund is the chief operating fund of the Agency. At the end of the current fiscal year, the fund balance of the General Fund was \$0.4 million, a decrease of \$(1,441) million during the current fiscal year.

## **DEBT ADMINISTRATION**

At June 30, 2013, the Agency had \$2,045 million in a Urban Redevelopment note payable. The note was issued to finance improvements in the downtown Urban Renewal District. The debt balance at June 30, 2012 was \$, principal payments of \$ were made and the ending balance at June 30, 2013 of \$.

For more detailed information on the Agency's long-term debt, refer to accompanying notes to the financial statements.

## **ECONOMIC FACTORS**

The Urban Renewal Agency continues to be an important partner in economic development within the City of Florence, providing necessary infrastructure improvements to support continued growth and quality of service to those within the Agency's boundaries. Increasing property values within the boundaries of the Agency translate into increasing tax increment available. That tax increment is used to pay debt service on loans issued to fund projects and improvements.

Agency expenditures are based on the Urban Renewal Plan appropriately titled Florence Downtown Preservation and Renewal Plan adopted on August 14, 2006 with the passing of Ordinance No. 7, Series 2006. The vision of the Agency is to preserve and revitalize the Downtown Area as the primary cultural, tourist, commercial and community core to serve all of Florence's citizens and visitors by encouraging continuing growth, development and enhancement consistent with Florence's small-town ambiance and character.

## **NEXT YEAR'S BUDGET**

For the fiscal year 2012-2013, the Agency projects the property tax increment by dividing the taxes under Section 1c, Article IX, of the Oregon Constitution and ORS Chapter 457 to be \$291,300. The Agency's General Fund budget for fiscal year 2012-13 will be highlighted by the completion of the work on the Old Town infrastructure project that began in this fiscal year. The adopted budget for 2012-13 includes capital outlay of \$1,800,000 to complete the infrastructure project and a transfer to the debt service fund of \$311,000 to pay for debt service expenditures.

The Agency's debt service expenditures are projected to total \$311,800 for the new debt borrowing entered into in the early part of July 2011. The Debt Service Fund reflects a \$311,000 transfer in from the General Fund to pay for the debt service expenditures.

**FLORENCE URBAN RENEWAL AGENCY**

Governmental Funds Balance Sheet / Statement of Financial Position

June 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments (Note II A)</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 446,611	\$ 251,919	\$ 698,530	\$ -	\$ 698,530
Accounts receivable	19,438	-	19,438	-	19,438
Due from other governmental entity	<u>543</u>	<u>-</u>	<u>543</u>	<u>-</u>	<u>543</u>
Total assets	<u>\$ 466,592</u>	<u>\$ 251,919</u>	<u>\$ 718,511</u>	<u>\$ -</u>	<u>\$ 718,511</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 85,932	\$ -	\$ 85,932	\$ -	\$ 85,932
Accrued interest payable	-	-	-	10,656	10,656
Long-term debt:					
Due within one year	-	-	-	190,000	190,000
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,855,000</u>	<u>1,855,000</u>
Total liabilities	85,932	-	85,932	2,055,656	2,141,588
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	<u>18,453</u>	<u>-</u>	<u>18,453</u>	<u>(18,453)</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>104,385</u>	<u>-</u>	<u>104,385</u>	<u>2,037,203</u>	<u>2,141,588</u>
<b>FUND BALANCES / NET ASSETS</b>					
Fund balances:					
Restricted for debt service	-	251,919	251,919	(251,919)	-
Unassigned	<u>362,207</u>	<u>-</u>	<u>362,207</u>	<u>(362,207)</u>	<u>-</u>
Total fund balances	<u>362,207</u>	<u>251,919</u>	<u>614,126</u>	<u>(614,126)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 466,592</u>	<u>\$ 251,919</u>	<u>\$ 718,511</u>		<u>-</u>
Net position:					
Unrestricted				-	(1,423,077)
Total net assets				<u>-</u>	<u>(1,423,077)</u>
Total liabilities and net position				<u>\$ 1,423,077</u>	<u>\$ 718,511</u>

Adjustment to unavailable revenue is because the focus of governmental funds is on short-term financing, some assets, such as receivables, will not be available to pay for current-period expenditures. Receivables are offset by deferred revenue in the governmental funds, and thus are not included in the fund balance.

Adjustment to accrued interest payable and long-term debt is due to Long-term liabilities applicable to the Agency's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.



**FLORENCE URBAN RENEWAL AGENCY**

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance  
/ Statement of Activities

For the Year Ended June 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments (Note II B)</u>	<u>Statement of Activities</u>
<b>GENERAL REVENUES</b>					
Property taxes	\$ 247,868	\$ -	\$ 247,868	\$ 2,149	\$ 250,017
Interest income	7,438	894	8,332	-	8,332
Miscellaneous Income	<u>321</u>	<u>-</u>	<u>321</u>	<u>-</u>	<u>321</u>
Total revenues	<u>255,627</u>	<u>894</u>	<u>256,521</u>	<u>2,149</u>	<u>258,670</u>
<b>URBAN RENEWAL EXPENDITURES/ EXPENSES</b>					
Economic development	1,387,108	-	1,387,108	-	1,387,108
Debt service:					
Principal	-	175,000	175,000	(175,000)	-
Interest expense	<u>-</u>	<u>135,003</u>	<u>135,003</u>	<u>1,951</u>	<u>136,954</u>
Total expenses	<u>1,387,108</u>	<u>310,003</u>	<u>1,697,111</u>	<u>(173,049)</u>	<u>1,524,062</u>
Excess of expenditures/ expenses over general revenues	<u>(1,131,481)</u>	<u>(309,109)</u>	<u>(1,440,590)</u>	<u>175,198</u>	<u>(1,265,392)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>					
Transfers in	-	310,003	310,003	(310,003)	-
Transfers out	<u>(310,003)</u>	<u>-</u>	<u>(310,003)</u>	<u>310,003</u>	<u>-</u>
Total other financing sources	<u>(310,003)</u>	<u>310,003</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance/net assets	<u>(1,441,484)</u>	<u>894</u>	<u>(1,440,590)</u>	<u>175,198</u>	<u>(1,265,392)</u>
Fund balance / net position:					
Beginning of year, as restated	<u>1,803,691</u>	<u>251,025</u>	<u>2,054,716</u>	<u>(2,212,401)</u>	<u>(157,685)</u>
End of year	<u>\$ 362,207</u>	<u>\$ 251,919</u>	<u>\$ 614,126</u>	<u>\$ (1,862,005)</u>	<u>\$ (1,423,077)</u>

Adjustment to property tax revenue for the change in deferred revenue due to revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund

Adjustment to interest expense and debt service principal payments is due to long-term liabilities applicable to the Agency's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

**FLORENCE URBAN RENEWAL AGENCY**  
**GENERAL FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 291,000	\$ 291,000	\$ 247,868	\$ (43,132)
Investment earnings	6,000	6,000	7,438	1,438
Other revenue	<u>300</u>	<u>300</u>	<u>321</u>	<u>21</u>
Total revenues	<u>297,300</u>	<u>297,300</u>	<u>255,627</u>	<u>(41,673)</u>
<b>Expenditures:</b>				
Materials and services	64,500	64,500	50,451	14,049
Capital Outlay	1,800,000	1,860,000	1,336,657	523,343
Contingency	<u>338,000</u>	<u>278,000</u>	<u>-</u>	<u>278,000</u>
Total expenditures	<u>2,202,500</u>	<u>2,202,500</u>	<u>1,387,108</u>	<u>815,392</u>
Excess of expenditures over revenues	(1,905,200)	(1,905,200)	(1,131,481)	773,719
<b>Other financing sources:</b>				
Transfers out	<u>(311,000)</u>	<u>(311,000)</u>	<u>(310,003)</u>	<u>997</u>
Net change in fund balance	(2,216,200)	(2,216,200)	(1,441,484)	774,716
<b>Fund balance:</b>				
Beginning of year	<u>2,370,000</u>	<u>2,370,000</u>	<u>1,803,691</u>	<u>(566,309)</u>
End of year	<u>\$ 153,800</u>	<u>\$ 153,800</u>	<u>\$ 362,207</u>	<u>\$ 208,407</u>

See accompanying notes to financial statements.

**FLORENCE URBAN RENEWAL AGENCY**  
**DEBT SERVICE FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2013

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Investment earnings	\$ 800	\$ 800	\$ 894	\$ 94
Expenditures:				
Debt service	311,800	311,800	310,003	1,797
Excess of expenditures over revenues	(311,000)	(311,000)	(309,109)	1,891
Other financing sources (uses):				
Transfers in	311,000	311,000	310,003	(997)
Net change in fund balance	-	-	894	894
Fund Balance:				
Beginning of year	250,800	250,800	251,025	225
End of year	<u>\$ 250,800</u>	<u>\$ 250,800</u>	<u>\$ 251,919</u>	<u>\$ 1,119</u>

See accompanying notes to financial statements.

## FLORENCE URBAN RENEWAL AGENCY

### Notes to Financial Statements

June 30, 2013

#### Note I - Summary of significant accounting policies

##### A. Organization

Florence Urban Renewal Agency (the Agency) was organized in 2006 under the provisions of ORS Chapter 457 as the urban renewal agency in the City of Florence, Oregon ("City"), responsible for implementing various public improvement programs as identified in the City Center Revitalization Plan. The Agency's Board of Directors is appointed by the City of Florence City Council.

The "tax increment financing" method is being used to provide funds for the Agency. Under this method, a base year value within the urban renewal area is established (2007, in this case). Any increase in the assessed value over that base year cannot be used by the assessor to compute tax rates for local taxing bodies. The assessor computes the tax rate on the base year value of the area, then applies that rate to the increase in assessed value. The tax on the increased value can be used by the Agency only to pay indebtedness incurred to finance the urban renewal projects.

The Agency's financial statements include all activities and organizations with which the Agency exercises authoritative appointment of governing authority or where financial dependency on the Agency exists. The Agency has no potential component units but, as determined under generally accepted accounting principles, is considered to be a component unit of the City, and, as such, is included in the basic financial statements of the City for the year ended June 30, 2013, copies of which can be obtained from the Finance Department of the City of Florence.

##### B. Measurement focus, basis of accounting, and financial presentation

The Statement of Net Financial Position and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances display information about the Agency, including all of its financial activities. The Agency's activities are financed primarily through property taxes.

The basic financial statements listed in the table of contents provide information about the Agency's funds. These funds account for the general administration of the Agency's urban renewal areas and for the acquisition and rehabilitation of property within the designated urban renewal areas. The financial statements are initially (left-most columns) reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

# FLORENCE URBAN RENEWAL AGENCY

## Notes to Financial Statements

June 30, 2013

### Note I - Summary of significant accounting policies (continued)

#### B. Measurement focus, basis of accounting, and financial presentation (continued)

The government reports the following major governmental funds:

- The *General Fund* is the Agency's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in the debt service fund.
- The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

On the same basic financial statements as listed in the table of contents, the balances are reported (right-most columns) using the *economic resources measurement focus* and the *accrual basis of accounting* using an "adjustments" column. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year in which the taxes are levied.

As a general rule, the effect of interfund activity has been eliminated from the basic financial statements.

#### C. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

#### D. Assets, liabilities, and net assets

##### 1. Cash and cash equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition,

##### 2. Property taxes receivable

Real and personal property taxes are assessed and become a lien against the property as of July 1 each year, and are payable in three installments on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding are considered delinquent on May 16. Management has determined that an allowance for uncollectible accounts is not required for property taxes.

##### 3. Capital assets

The Agency does not have any capital assets once a project is completed it is transferred to the City.

# FLORENCE URBAN RENEWAL AGENCY

## Notes to Financial Statements

June 30, 2013

### Note I - Summary of significant accounting policies (continued)

#### D. Assets, liabilities, and net assets (continued)

##### 4. Long-term liabilities

In the basic financial statements, under the current financial resources measurement focus and the modified accrual basis of accounting, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Bond premiums and discounts, as well as bond issuance costs, are recognized during the current period.

In the basic financial statements under the economic resources measurement focus and accrual basis of accounting, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

##### 5. Fund balance

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

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

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

*Committed* - the Board passes an ordinance that places specific constraints on how the resources may be used. The Board can modify or rescind the ordinance at any time through passage of an additional ordinance.

*Assigned* - resources that are constrained by the Agency's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the board approves which resources should be "reserved" during the adoption of the annual budget.

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

#### E. Budget

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting. The budget is adopted by the Board, appropriations made, and the tax levy is declared no later than June 30. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations at the principal object levels - personnel, materials and services (including contractual payments), capital outlay, debt service, and operating contingency - are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Management may make transfers of appropriations within object levels. However, transfers of appropriations between object levels require the approval of the Board. Unexpected additional resources may be added to the budget through the use of a supplemental budget. The Board, at a regular Board meeting, may adopt supplemental budgets of less than 10% of the fund's original budget. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers, and approval by the Board. .

**FLORENCE URBAN RENEWAL AGENCY**

Notes to Financial Statements

June 30, 2013

**Note II - Detailed notes on all funds**

**A. Cash and cash equivalents**

At June 30, 2013 the Agency had bank deposit of \$

*Custodial Credit Risk -- Deposits.* This is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a formal policy for custodial credit risk, but follows the requirements of ORS 295. The Agency's cash is covered by federal depository insurance or by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. At June 30, 2013, the Agency's deposits were insured by federal depository insurance and collateralized under the PFCP.

**B. - Long-term Debt**

On July 8, 2011 the Agency received a loan from Oregon Pacific Bank for the amount of \$2,500,000. The loan is payable in semi-annual installments with a 3.75% interest rate, maturing on June 1, 2026. Loan activity and balances for the year ended June 30, 2013 was as follows:

<u>Beginning of year</u>	<u>Additions</u>	<u>Payments</u>	<u>End of year</u>	<u>Current portion</u>
\$ 2,220,000	\$ -	\$ (175,000)	\$ 2,045,000	\$ 190,000

Annual debt service requirements to maturity at year end are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 190,000	\$ 124,336
2015	190,000	112,784
2016	190,000	101,232
2017	170,000	89,680
2018	160,000	79,344
2019 - 2023	730,000	257,489
2024 - 2026	415,000	50,430
Total	\$ 2,045,000	\$ 815,295

FLORENCE URBAN RENEWAL AGENCY

Notes to Financial Statements

June 30, 2013

Note III- Other information

A. Risk management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

B. Related Party Transactions

As agreed to in an intergovernmental agreement between the Agency and the City, payments totaling \$8,968 were paid to the City for accounting, administration, and professional services. The amount payable to the City at June 30, 2013 was \$9,306. for the above described services and other costs the City paid in behalf of the Agency.

C. Implementation of New Accounting Guidance

In the year ended June 30, 2013 the Agency implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement requires retroactively restating financial statements, for all periods presented. The cumulative effect of applying this Statement is reported as a restatement of 2012 beginning net position and bond issuance costs as follows.

	2012	
	Bond issuance cost net	Net Position, beginning of year
As originally stated	\$ 24,500	\$ (133,185)
Implementation of GASB 65	(24,500)	(24,500)
As restated	\$ -	\$ (157,685)



SUPPLEMENTAL INFORMATION

DRAFT

**FLORENCE URBAN RENEWAL AGENCY**

Schedule of Property Tax Transactions

For the Year Ended June 30, 2013

<u>Tax Year</u>	<u>Uncollected July 1, 2012</u>	<u>Levy Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Uncollected June 30, 2013</u>
2012 - 2013	\$ -	\$ 256,219	\$ (6,495)	\$ (675)	\$ (240,905)	\$ 8,144
2011 - 2012	9,694	-	8	(499)	(3,695)	5,508
2010 - 2011	5,180	-	1	(144)	(1,665)	3,372
2009 - 2010	3,341	-	-	(98)	(1,189)	2,054
2008 - 2009	660	-	-	(52)	(330)	278
2007 - 2008	109	-	-	(9)	(18)	82
2006 - 2007	-	-	-	-	-	-
Prior	-	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 256,219</b>	<b>\$ (6,486)</b>	<b>\$ (1,477)</b>	<b>\$ (247,802)</b>	<b>\$ 19,438</b>

DRAFT