

CITY OF FLORENCE, OREGON
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2014
WITH
INDEPENDENT AUDITOR'S REPORT

CITY OF FLORENCE, OREGON
Financial Statements and Supplemental Information
For the Fiscal Year Ended June 30, 2014
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INTRODUCTORY SECTION

CITY OF FLORENCE, OREGON

Principal City Officials

June 30, 2014

ELECTED OFFICIALS

Mayor

Term Expiration

Nola Xavier,
250 Hwy. 101
Florence, OR 97439

2015

Council Members

Sue Roberts, President
250 Hwy. 101
Florence, OR 97439

2015

Brian Jagoe, Vice President
250 Hwy. 101
Florence, OR 97439

2015

Joshua Greene
250 Hwy. 101
Florence, OR 97439

2017

Joe Henry
250 Hwy. 101
Florence, OR 97439

2017

ADMINISTRATIVE OFFICIALS

Larry Patterson

Pro-tem City Manager

Erin Reynolds

Finance Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Florence, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, Oregon ("City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgeted comparison schedules for the General Fund, Street Fund, and Florence Urban Renewal Agency be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis 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 management discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules for the General Fund, Street Fund, and Florence Urban Renewal Agency have been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Other Information

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated November 10, 2014 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Isler CPA



By: Paul Nielson, CPA, a member of the firm

Eugene, Oregon
November 10, 2014

Management's Discussion and Analysis

(amounts rounded to thousands of dollars)

The management of the City of Florence offers readers of the City of Florence's financial statements this narrative overview and analysis of the financial activities of the City of Florence for the fiscal year ended June 30, 2014.

Financial Highlights

The City's governmental activities assets totaled \$20,495 at June 30, 2014, consisting of \$12,913 in net capital assets, \$5,232 in cash and cash equivalents and \$2,350 in receivables and other assets. The City's governmental activities liabilities totaled \$5,676 at June 30, 2014, consisting of \$5,106 in noncurrent liabilities and \$570 in accounts payable and other liabilities. Total net position was \$14,819 of which \$7,807 were invested in capital assets, net of related debt, \$2,277 were restricted and the remaining \$4,735 were unrestricted.

The City's governmental activities net position increased by \$886 or 6 percent. Overall governmental activities revenue decreased by \$70 or 1 percent. Although revenues nearly remained flat, there were wide fluctuations in the make-up of that revenue. The most noticeable variation was a \$1,153 decrease in the capital grants and contributions and conversely in property taxes and operating grants and contributions which had increased by \$395 and \$572, respectively.

The City's business-type activities assets totaled \$34,173 at June 30, 2014, consisting of \$30,041 in capital assets, \$3,285 in cash and cash equivalents and \$847 in receivables and other assets. The City's business-type activities liabilities totaled \$14,327 at June 30, 2014, consisting of \$13,949 million in noncurrent liabilities and \$378 in accounts payable and other liabilities. Total net position was \$19,846 of which \$16,092 was invested in capital assets, net of related debt, \$836 was restricted and the remaining \$2,918 was unrestricted.

The City's business-type activities net position increased by \$1,269 or 7 percent. Business-type activities revenue decreased by \$869 or 12 percent. Capital grants and contributions were \$1,067 or 69 percent lower in FY14 than the prior year because the City had completed a significant infrastructure project that was funded by a capital grant in FY13. However, included in this category is system development charges in which the City saw a \$107 or 473 percent increase. To offset the significant decrease in capital grants and contributions, charges for services increased \$204 or 4 percent, the increase was driven by a 3 percent water and wastewater rate adjustment and a higher volume of commercial wastewater consumed and treated over the prior year.

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. 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 Fund, and the Florence Debt Service Fund.

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

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

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

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

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

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

Other Supplementary Information. The combining statements referred to earlier in connection with non-major governmental funds and budgetary comparison schedules for both the non-major governmental funds and the proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 37 - 60 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 \$34,665 at the close of the most recent fiscal year.

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.

CITY OF FLORENCE Net Position As of June 30, (amounts in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 7,582	\$ 6,818	\$ 4,132	\$ 3,518	\$ 11,714	\$ 10,336
Capital assets	12,913	13,360	30,041	30,827	42,954	44,187
Total Assets	<u>20,495</u>	<u>20,178</u>	<u>34,173</u>	<u>34,345</u>	<u>54,668</u>	<u>54,523</u>
Long-term liabilities	5,106	5,590	13,949	15,305	19,055	20,895
Other liabilities	570	655	378	463	948	1,118
Total liabilities	<u>5,676</u>	<u>6,245</u>	<u>14,327</u>	<u>15,768</u>	<u>20,003</u>	<u>22,013</u>
Net Position:						
Net investment in capital assets	7,807	7,770	16,092	15,900	23,899	23,670
Restricted	2,277	1,074	836	688	3,113	1,762
Unrestricted	4,735	5,089	2,918	1,989	7,653	7,078
Total Net Position	<u>\$ 14,819</u>	<u>\$ 13,933</u>	<u>\$ 19,846</u>	<u>\$ 18,577</u>	<u>\$ 34,665</u>	<u>\$ 32,510</u>

At the end of the current fiscal year, the City of Florence is able to report positive balances of net position in the government as a whole.

Governmental activities. Governmental activities increased the City of Florence's net position by \$631. Key elements of this increase are as follows:

- Transfers from business-type activities of \$427.
- Capital grant revenue for the year was \$1,019.
- Expenses decreased from prior year by \$929.

CITY OF FLORENCE
Changes in Net Position
For the year ended June 30,
(amounts in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	\$ 1,092	\$ 1,006	\$ 5,813	\$ 5,609	\$ 6,905	\$ 6,615
Operating grants and contributions	1,019	447	-	-	1,019	447
Capital grants and contributions	112	1,265	488	1,555	600	2,820
General revenues						
Property taxes	2,930	2,535	-	-	2,930	2,535
Franchise and lodging tax	769	731	-	-	769	731
Unrestricted Interest and investment earnings	46	54	31	27	77	81
Other revenue	-	-	-	10	-	10
Total revenues	<u>5,968</u>	<u>6,038</u>	<u>6,332</u>	<u>7,201</u>	<u>12,300</u>	<u>13,239</u>
Expenses						
Governmental activities						
General government	1,019	900	-	-	1,019	900
Public safety	2,775	2,470	-	-	2,775	2,470
Economic development	534	1,468	-	-	534	1,468
Highways and streets	825	1,110	-	-	825	1,110
Culture and recreation	177	145	-	-	177	145
Interest on long-term debt	179	345	-	-	179	345
Business type activities						
Water operations	-	-	1,618	1,114	1,618	1,114
Wastewater operations	-	-	2,014	1,644	2,014	1,644
Stormwater operations	-	-	195	144	195	144
Events Center operations	-	-	631	531	631	531
Airport operations	-	-	178	224	178	224
Total expenses	<u>5,509</u>	<u>6,438</u>	<u>4,636</u>	<u>3,657</u>	<u>10,145</u>	<u>10,095</u>
Change in net position before transfers	459	(400)	1,696	3,544	2,155	3,144
Transfers	427	1,031	(427)	(1,031)	-	-
Gain/(loss) on disposal of assets	-	-	-	(11)	-	(11)
Change in net position	886	631	1,269	2,502	2,155	3,133
Net position, beginning	<u>13,933</u>	<u>13,302</u>	<u>18,577</u>	<u>16,075</u>	<u>32,510</u>	<u>29,377</u>
Net position, ending	<u>\$ 14,819</u>	<u>\$ 13,933</u>	<u>\$ 19,846</u>	<u>\$ 18,577</u>	<u>\$ 34,665</u>	<u>\$ 32,510</u>

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 \$5,197 a increase of \$779 in comparison with the prior year.

The general fund is the chief operating fund of the City of Florence. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,151.

The fund balance of the City of Florence's general fund increased by \$357 during the current fiscal year. The fund balance of the Street Fund increased by \$448, The Florence Urban Renewal fund, fund balance decreased by \$68.

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 of the Water operations at the end of year amounted to \$677, for the Wastewater operations at the end of year amounted to \$1,100, for the Stormwater operations at the end of year amounted to \$695, for the Airport operations \$34 and for Events Center operations \$412.

General Fund Budgetary Highlights

The General Fund budget for revenues was budgeted at \$3,583 and actual was \$3,771. Expenditures budgeted for the General Fund was underspent in all program category expenditures by \$431 when compared to the budget. The \$431 in under spending can be attributed to another year where the City experienced less than desirable amount of staffing levels throughout the fiscal year due to various factors. Due to this, the City spent \$350 less than budgeted in personnel (\$194) and materials & services (\$156) expenditures, respectively. In addition, \$64 in capital outlay expenditures were deferred to the following budget year and the City incurred \$17 less in debt service expenditures than expected.

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, 2014, amounts to \$42,954 (net of accumulated depreciation). This investment in capital assets included land, buildings and systems, improvements, infrastructure and equipment, park facilities, and roads.

The following table summarizes the City of Florence's capital assets as of June 30, 2014:

City of Florence's Capital Assets (net of depreciation) (amounts in thousands)						
	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 492	\$ 492	\$ 1,687	\$ 1,687	\$ 2,179	\$ 2,179
Construction in progress	157	55	174	20	331	75
Buildings	5,708	5,971	15,037	15,532	20,745	21,503
Equipment and vehicles	744	621	631	811	1,375	1,432
Utility systems	-	-	5,319	5,485	5,319	5,485
Infrastructure	5,812	6,221	7,193	7,292	13,005	13,513
	<u>\$ 12,913</u>	<u>\$ 13,360</u>	<u>\$ 30,041</u>	<u>\$ 30,827</u>	<u>\$ 42,954</u>	<u>\$ 44,187</u>

Additional information on the City of Florence's capital assets can be found in note 4.

Long-term debt. At the end of the fiscal year, the City of Florence had total long-term liabilities outstanding of \$21,223. The significant changes in long-term debt include a note from Siuslaw Bank for \$595, a general obligation refunding bond of \$1,460, and a loan from U.S. Bank for debt defeasance of \$1,476.

City of Florence's Outstanding Debt General Obligation Bonds and Other Long-Term Debt (amounts in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Bonds payable	\$ 2,678	\$ 3,057	\$ 8,103	\$ 9,137	\$ 10,781	\$ 12,194
Notes payable	2,428	2,533	5,823	6,124	8,251	8,657
Capital lease	-	-	23	44	23	44
Compensated absences	-	-	-	-	-	-
	<u>\$ 5,106</u>	<u>\$ 5,590</u>	<u>\$ 13,949</u>	<u>\$ 15,305</u>	<u>\$ 19,055</u>	<u>\$ 20,895</u>

Additional information on the City of Florence's long-term debt can be found in note 6.

Economic Factors and Next Year's Budgets and Rates

In preparing the budget for 2014-15 the City's Budget Committee acknowledged that although the City's fiscal health had not yet fully returned to pre-recession levels, that it was an appropriate time to begin budgeting for improved revenue forecasts. Property tax revenue was budgeted at a 1.5 percent growth (the two prior years it was budgeted at zero percent). Rate adjustments for the Water (1%) and Wastewater (2%) were budgeted to keep in pace with the cost of providing the services. Although the economy is showing signs of recovery, personnel costs are still outpacing the increase in revenues. The City continues to offset this disparity by a reduced labor force. In comparing the 2014-15 budget to FY10 actual, the City has six less full-time equivalent (FTE) employees than we did five years ago and only a 5 percent increase in overall personnel costs in a five year period. The City's 2014-15 capital projects budget is \$4,485 consisting of various capital projects that were carried over from the prior year amounting to \$180 with another \$4,305 budgeted for new projects in order to maintain and improve the City's existing assets.

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 Finance Director, 250 Highway 101. Florence, 97439.

DRAFT

BASIC FINANCIAL STATEMENTS

CITY OF FLORENCE, OREGON

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,231,729	\$ 3,284,537	\$ 8,516,266
Due from other governments	5,340	-	5,340
Accounts receivable, net	405,850	542,165	948,015
Taxes receivable	207,303	-	207,303
Assessments receivable	1,610,929	-	1,610,929
Inventories	-	110,964	110,964
Internal balances	(28,000)	28,000	-
Prepays	60,395	-	60,395
Notes receivable	88,682	166,400	255,082
Capital assets not being depreciated	649,041	1,860,927	2,509,968
Capital assets net of accumulated depreciation	<u>12,263,626</u>	<u>28,180,210</u>	<u>40,443,836</u>
 Total Assets	 <u>20,494,895</u>	 <u>34,173,203</u>	 <u>54,668,098</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	247,563	185,103	432,666
Payroll and relate payables	74,703	26,066	100,769
Deposits payable	20,000	-	20,000
Interest payable	11,454	42,906	54,360
Unearned revenues	7,456	-	7,456
Compensated absences	208,767	124,144	332,911
Noncurrent liabilities:			
Due within one year	724,133	1,547,022	2,271,155
Due in more than one year	<u>4,381,735</u>	<u>12,402,015</u>	<u>16,783,750</u>
 Total Liabilities	 <u>5,675,811</u>	 <u>14,327,256</u>	 <u>20,003,067</u>
Net Position			
Net invested in Capital Assets	7,806,799	16,092,100	23,898,899
Restricted for:			
Debt service	964,095	-	964,095
System development	935,497	835,798	1,771,295
Economic development	294,491	-	294,491
Events Center Endowment	82,922	-	82,922
Unrestricted	<u>4,735,280</u>	<u>2,918,049</u>	<u>7,653,329</u>
 Total Net Position	 <u>\$ 14,819,084</u>	 <u>\$ 19,845,947</u>	 <u>\$ 34,665,031</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Statement of Activities

Year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 1,019,476	\$ 598,311	\$ 400,935	\$ -	\$ (20,230)		\$ (20,230)
Public safety	2,775,343	175,902	134,088	-	(2,465,353)		(2,465,353)
Economic development	534,384	-	-	-	(534,384)		(534,384)
Highways and streets	825,052	317,840	484,299	111,826	88,913		88,913
Culture and recreation	177,293	-	-	-	(177,293)		(177,293)
Interest on long-term debt	178,899	-	-	-	(178,899)		(178,899)
Total Governmental Activities	<u>5,510,447</u>	<u>1,092,053</u>	<u>1,019,322</u>	<u>111,826</u>	<u>(3,287,246)</u>		<u>(3,287,246)</u>
Business-Type Activities							
Water	1,618,232	2,018,879	-	72,509		473,156	473,156
Wastewater	2,014,310	2,906,147	-	52,853		944,690	944,690
Stormwater	194,736	506,606	-	38,620		350,490	350,490
Events Center	631,063	296,985	-	323,957	-	(10,121)	(10,121)
Airport	178,068	84,765	-	-	-	(93,303)	(93,303)
Total Business-Type Activities	<u>4,636,409</u>	<u>5,813,382</u>	<u>-</u>	<u>487,939</u>		<u>1,664,912</u>	<u>1,664,912</u>
Total Government	<u>\$ 10,146,856</u>	<u>\$ 6,905,435</u>	<u>\$ 1,019,322</u>	<u>\$ 599,765</u>	<u>(3,287,246)</u>	<u>1,664,912</u>	<u>(1,622,334)</u>
General revenues:							
Property taxes					2,930,383	-	2,930,383
Franchise and lodging tax					768,863	-	768,863
Unrestricted interest and investment earnings					46,151	31,407	77,558
Transfers in (out)					427,475	(427,475)	-
Total general revenues and transfers					4,172,872	(396,068)	3,776,804
Change in net position					885,626	1,268,844	2,154,470
Net position, beginning					13,933,458	18,577,103	32,510,561
Net position, ending					<u>\$ 14,819,084</u>	<u>\$ 19,845,947</u>	<u>\$ 34,665,031</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON
GOVERNMENTAL FUNDS

Combining Balance Sheet

June 30, 2014

	General Fund (001)	Street Fund (002)	Florence Urban Renewal Agency (980)	Florence Debt Service Fund	Total Nonmajor Governmental Funds	Total
Assets						
Cash and cash equivalents	\$ 2,530,446	\$ 618,099	\$ 294,159	\$ 232,387	\$ 1,556,638	\$ 5,231,729
Accounts receivable	260,687	67,386	-	-	77,777	405,850
Property taxes receivable	162,419	-	20,614	-	24,270	207,303
Assessments receivable	-	23,279	-	1,587,650	-	1,610,929
Due from other governmental entity	4,800	-	540	-	-	5,340
Due from other funds	10,038	-	-	-	-	10,038
Prepays	47,140	13,255	-	-	-	60,395
Notes receivable	-	-	-	-	88,682	88,682
Interfund loan receivable	-	-	-	-	180,000	180,000
Total assets	<u>\$ 3,015,530</u>	<u>\$ 722,019</u>	<u>\$ 315,313</u>	<u>\$ 1,820,037</u>	<u>\$ 1,927,367</u>	<u>\$ 7,800,266</u>
Liabilities						
Accounts payable and accrued expenses	\$ 170,130	\$ 38,585	\$ 1,370	\$ -	\$ 37,478	\$ 247,563
Accrued payroll liabilities	73,718	985	-	-	-	74,703
Deposits payable	-	20,000	-	-	-	20,000
Interfund loan payable	-	208,000	-	-	-	208,000
Unearned revenue	-	-	-	7,456	-	7,456
Due to other funds	-	-	-	-	10,038	10,038
Total liabilities	<u>243,848</u>	<u>267,570</u>	<u>1,370</u>	<u>7,456</u>	<u>47,516</u>	<u>567,760</u>
Deferred Inflows of Resources						
Unavailable revenue - property taxes	153,383	-	19,452	-	22,919	195,754
Unavailable revenue - special assessments	140,065	23,279	-	1,587,650	-	1,750,994
Unavailable revenue - note receivable	-	-	-	-	88,682	88,682
Total Deferred Inflows of Resources	<u>293,448</u>	<u>23,279</u>	<u>19,452</u>	<u>1,587,650</u>	<u>111,601</u>	<u>2,035,430</u>
Total Liabilities and Deferred Inflows of Resources	<u>537,296</u>	<u>290,849</u>	<u>20,822</u>	<u>1,595,106</u>	<u>159,117</u>	<u>2,603,190</u>
Fund Balance						
Nonspendable:						
Prepaid items	47,140	13,255	-	-	-	60,395
Endowments	-	-	-	-	82,922	82,922
Advances to other funds	-	-	-	-	180,000	180,000
Restricted for:						
Urban renewal projects	-	-	294,491	-	-	294,491
Tourism	-	-	-	-	33,586	33,586
Transportation	-	417,915	-	-	-	417,915
System development	-	-	-	-	755,497	755,497
Assigned to:						
Debt service payments	-	-	-	224,931	716,245	941,176
Tourism	280,000	-	-	-	-	280,000
Unassigned	<u>2,151,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,151,094</u>
Total fund balance	<u>2,478,234</u>	<u>431,170</u>	<u>294,491</u>	<u>224,931</u>	<u>1,768,250</u>	<u>5,197,076</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,015,530</u>	<u>\$ 722,019</u>	<u>\$ 315,313</u>	<u>\$ 1,820,037</u>	<u>\$ 1,927,367</u>	<u>\$ 7,800,266</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2014

Total Government Fund Balances	\$ 5,197,076
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources in governmental funds but are reported in the statement of net position at their net depreciated value:

Capital assets not being depreciated	649,041	
Capital assets being depreciated	21,181,021	
Accumulated depreciation	<u>(8,917,395)</u>	12,912,667

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds:

Deferred inflow of resources	2,035,430
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Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds:

Accrued interest payable	(11,454)	
Compensated absences	(208,767)	
Long-term debt	<u>(5,105,868)</u>	<u>(5,326,089)</u>

Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 14,819,084</u></u>
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CITY OF FLORENCE, OREGON
GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2014

	General Fund (001)	Street Fund (002)	Florence Urban Renewal Agency (980)	Florence Debt Service Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Charges for services	\$ 24,092	\$ -	\$ -	\$ -	\$ 175,902	\$ 199,994
Taxes	2,240,472	-	286,881	-	617,470	3,144,823
Franchise taxes	486,086	-	-	-	-	486,086
Intergovernmental	347,717	484,299	-	30,886	115,111	978,013
Grants and contributions	72,195	111,826	-	-	-	184,021
Licenses and fees	295,871	288,339	-	-	-	584,210
Fines and forfeits	274,705	-	-	-	-	274,705
Assessments	-	4,939	-	-	-	4,939
Investment earnings	16,122	2,519	2,574	7,813	17,123	46,151
Other revenue	13,808	-	199	-	-	14,007
System development charges	-	-	-	-	29,501	29,501
Total Revenues	3,771,068	891,922	289,654	38,699	955,107	5,946,450
Expenditures:						
Current - departmental						
General government	952,122	-	-	-	-	952,122
Public safety	2,576,863	-	-	-	-	2,576,863
Culture and recreation	120,870	-	-	-	-	120,870
Economic development	417,148	-	43,025	-	50,000	510,173
Highways and streets	-	291,450	-	-	-	291,450
Capital outlay	172,705	168,781	-	-	119,127	460,613
Debt service:						
Principal	31,169	106,636	-	85,108	480,000	702,913
Interest expense	3,997	11,814	-	74,134	140,321	230,266
Total Expenses	4,274,874	578,681	43,025	159,242	789,448	5,845,270
Excess (deficiency) of revenues over expenditures	(503,806)	313,241	246,629	(120,543)	165,659	101,180
Other Financing Sources (Uses):						
Transfers in	938,508	-	-	69,952	314,346	1,322,806
Transfers out	(77,812)	(115,577)	(314,346)	-	(387,596)	(895,331)
Loan proceeds	-	250,000	-	-	-	250,000
Total other financing sources (uses)	860,696	134,423	(314,346)	69,952	(73,250)	677,475
Change in fund balance	356,890	447,664	(67,717)	(50,591)	92,409	778,655
Beginning Fund Balance	2,121,344	(16,494)	362,208	275,522	1,675,841	4,418,421
Ending Fund Balance	\$ 2,478,234	\$ 431,170	\$ 294,491	\$ 224,931	\$ 1,768,250	\$ 5,197,076

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Governmental Funds

**Reconciliation of Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities**

For the Year Ended June 30, 2014

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

Net Change in Fund Balances - Total Governmental Funds

\$ 778,655

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

Current year depreciation \$ (856,800)

Expenditures for capital assets 409,822 (446,978)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Change in deferred inflows of resources 22,148

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.

Change in accrued interest 51,367

Change in accrued compensated absences (3,365)

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. This is the amount by which proceeds exceeds repayments.

Proceeds of long-term debt (250,000)

Debt service principal payments 733,799 483,799

Change in Net Position of Governmental Activities

\$ 885,626

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Proprietary Funds

Balance Sheet

June 30, 2014

	Business-Type Activities - Enterprise Fund						Internal Service Fund
	Water Operations	Wastewater Operations	Stormwater Operations	Airport Operations	Events Center Operations	Total	
Assets							
Current assets:							
Cash and cash equivalents	\$ 871,325	\$ 1,198,232	\$ 735,846	\$ 21,226	\$ 449,179	\$ 3,275,808	\$ 8,729
Accounts receivable	218,439	267,208	49,631	3,641	3,246	542,165	-
Inventories	60,695	21,029	-	29,240	-	110,964	-
Notes Receivable	11,806	125,329	29,265	-	-	166,400	-
Total current assets	1,162,265	1,611,798	814,742	54,107	452,425	4,095,337	8,729
Noncurrent assets:							
Interfund loan receivable	82,000	-	-	-	-	82,000	-
Capital assets net of accumulated depreciation	6,858,484	17,120,215	1,032,979	2,902,747	2,126,712	30,041,137	-
Total noncurrent assets	6,940,484	17,120,215	1,032,979	2,902,747	2,126,712	30,123,137	-
Total assets	\$ 8,102,749	\$ 18,732,013	\$ 1,847,721	\$ 2,956,854	\$ 2,579,137	\$ 34,218,474	\$ 8,729
Liabilities and Net Position							
Liabilities							
Current liabilities:							
Accounts payable and accrued expenses	\$ 128,189	\$ 30,275	\$ 1,947	\$ 15,883	\$ 7,147	\$ 183,441	\$ 1,662
Payroll and related payables	6,129	8,588	-	-	4,282	18,999	7,067
Interest payable	7,476	25,515	1,022	4,325	4,568	42,906	-
Compensated absences	38,066	47,000	14,319	-	24,759	124,144	-
Interfund loan payable	-	-	54,000	-	-	54,000	-
Current portion of long-term debt	352,669	998,066	13,676	42,611	140,000	1,547,022	-
Total current liabilities	532,529	1,109,444	84,964	62,819	180,756	1,970,512	8,729
Noncurrent liabilities:							
Noncurrent portion of long-term debt	1,797,784	10,046,060	311,669	96,502	150,000	12,402,015	-
Total liabilities	2,330,313	11,155,504	396,633	159,321	330,756	14,372,527	8,729
Net Position							
Net investment in capital assets	4,708,031	6,076,089	707,634	2,763,634	1,836,712	16,092,100	-
Restricted for:							
System development	387,339	400,399	48,060	-	-	835,798	-
Unrestricted	677,066	1,100,021	695,394	33,899	411,669	2,918,049	-
Total Net Position	5,772,436	7,576,509	1,451,088	2,797,533	2,248,381	19,845,947	-
Total Liabilities and Net Position	\$ 8,102,749	\$ 18,732,013	\$ 1,847,721	\$ 2,956,854	\$ 2,579,137	\$ 34,218,474	\$ 8,729

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Fund						
	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Stormwater Operations</u>	<u>Airport Operations</u>	<u>Events Center Operations</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating Revenues							
Charges for Services	\$ 2,010,915	\$ 2,904,880	\$ 506,606	\$ 84,765	\$ 296,263	\$ 5,803,429	\$ -
Other revenue	<u>7,964</u>	<u>1,267</u>	<u>-</u>	<u>-</u>	<u>722</u>	<u>9,953</u>	<u>1,328</u>
Total Operating Revenues	<u>2,018,879</u>	<u>2,906,147</u>	<u>506,606</u>	<u>84,765</u>	<u>296,985</u>	<u>5,813,382</u>	<u>1,328</u>
Operating Expenses							
Personal Services	327,596	406,060	62,617	-	214,166	1,010,439	417,941
Materials and services	554,335	318,722	51,287	79,249	289,449	1,293,042	84,199
Depreciation	<u>480,915</u>	<u>812,421</u>	<u>35,714</u>	<u>90,160</u>	<u>114,025</u>	<u>1,533,235</u>	<u>-</u>
Total Operating Expenses	<u>1,362,846</u>	<u>1,537,203</u>	<u>149,618</u>	<u>169,409</u>	<u>617,640</u>	<u>3,836,716</u>	<u>502,140</u>
Operating Income (Loss)	<u>656,033</u>	<u>1,368,944</u>	<u>356,988</u>	<u>(84,644)</u>	<u>(320,655)</u>	<u>1,976,666</u>	<u>(500,812)</u>
Nonoperating revenues (expenses)							
Grants and contributions	27,977	-	-	-	323,957	351,934	-
Interest income	4,476	21,629	2,209	2,197	896	31,407	-
Interest expense	<u>(68,348)</u>	<u>(203,710)</u>	<u>(4,741)</u>	<u>(8,659)</u>	<u>(13,423)</u>	<u>(298,881)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(35,895)</u>	<u>(182,081)</u>	<u>(2,532)</u>	<u>(6,462)</u>	<u>311,430</u>	<u>84,460</u>	<u>-</u>
Income (loss) before transfers	620,138	1,186,863	354,456	(91,106)	(9,225)	2,061,126	(500,812)
Capital contributions, system development charges	44,532	52,853	38,620	-	-	136,005	-
Transfers in	-	-	-	30,000	202,635	232,635	500,812
Transfers out	<u>(441,353)</u>	<u>(586,970)</u>	<u>(78,406)</u>	<u>-</u>	<u>(54,193)</u>	<u>(1,160,922)</u>	<u>-</u>
Change in Net Position	223,317	652,746	314,670	(61,106)	139,217	1,268,844	-
Beginning Net Position	<u>5,549,119</u>	<u>6,923,763</u>	<u>1,136,418</u>	<u>2,858,639</u>	<u>2,109,164</u>	<u>18,577,103</u>	<u>-</u>
Ending Net Position	<u>\$ 5,772,436</u>	<u>\$ 7,576,509</u>	<u>\$ 1,451,088</u>	<u>\$ 2,797,533</u>	<u>\$ 2,248,381</u>	<u>\$ 19,845,947</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds						
	Water Operations	Wastewater Operations	Stormwater Operations	Airport Operations	Events Center Operations	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	\$ 2,067,069	\$ 3,035,139	\$ 501,401	\$ 90,002	\$ 293,957	\$ 5,987,568	\$ -
Other operating cash receipts	7,965	1,267	-	-	722	9,954	1,328
Cash payments to employees	(327,123)	(405,182)	(55,882)	-	(213,402)	(1,001,589)	(418,787)
Cash payments to suppliers for good and services	(649,161)	(340,917)	(63,685)	(74,363)	(286,482)	(1,414,608)	(83,576)
Net cash provided (used) by operating activities	<u>1,098,750</u>	<u>2,290,307</u>	<u>381,834</u>	<u>15,639</u>	<u>(205,205)</u>	<u>3,581,325</u>	<u>(501,035)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in	-	-	-	30,000	202,635	232,635	500,812
Transfers out	(441,353)	(586,970)	(78,406)	-	(54,193)	(1,160,922)	-
Grants and contributions	-	-	-	-	86,983	86,983	-
Receipt (repayment) on interfund loan	-	-	(54,000)	-	-	(54,000)	-
Net cash provided (used) by noncapital financing activities	<u>(441,353)</u>	<u>(586,970)</u>	<u>(132,406)</u>	<u>30,000</u>	<u>235,425</u>	<u>(895,304)</u>	<u>500,812</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
System development charges	44,532	52,853	38,620	-	-	136,005	-
Acquisition of capital assets	(409,278)	(269,525)	(13,535)	-	(21,917)	(714,255)	-
Principal paid on capital debt	(187,532)	(1,105,643)	(35,494)	(42,215)	(135,000)	(1,505,884)	-
Interest paid on capital debt	(72,267)	(205,223)	(5,255)	(9,972)	(15,834)	(308,551)	-
Proceeds of capital debt	-	150,000	-	-	-	150,000	-
Grants received	27,977	-	-	-	236,974	264,951	-
Net cash provided (used) by capital and related financing activities	<u>(596,568)</u>	<u>(1,377,538)</u>	<u>(15,664)</u>	<u>(52,187)</u>	<u>64,223</u>	<u>(1,977,734)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	4,476	38,247	5,620	2,197	896	51,436	-
Principal received on installment note	1,234	-	-	-	-	1,234	-
Principal received on interfund advance	58,000	-	-	-	-	58,000	-
Net cash provided (used) by investing activities	<u>63,710</u>	<u>38,247</u>	<u>5,620</u>	<u>2,197</u>	<u>896</u>	<u>(1,867,064)</u>	<u>-</u>
Net change in cash and cash equivalents	124,539	364,046	239,384	(4,351)	95,339	694,418	(223)
Cash and cash equivalents:							
Beginning of year	<u>746,786</u>	<u>834,186</u>	<u>496,462</u>	<u>25,577</u>	<u>353,840</u>	<u>2,456,851</u>	<u>8,952</u>
End of year	<u>\$ 871,325</u>	<u>\$ 1,198,232</u>	<u>\$ 735,846</u>	<u>\$ 21,226</u>	<u>\$ 449,179</u>	<u>\$ 3,275,808</u>	<u>\$ 8,729</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Proprietary Funds

Statement of Cash Flows, continued

For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds						Internal Service Fund
	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Stormwater Operations</u>	<u>Airport Operations</u>	<u>Events Center Operations</u>	<u>Total</u>	
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ 656,033	\$ 1,368,944	\$ 356,988	\$ (84,644)	\$ (320,655)	\$ 1,976,666	\$ (500,812)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation and amortization	480,915	812,421	35,714	90,160	114,025	1,533,235	-
(Increase) decrease in assets:							
Accounts receivable	56,155	130,259	(5,205)	5,237	(2,306)	184,140	-
Inventories	13,824	1,381	-	(10,992)	-	4,213	-
Increase (decrease) in liabilities:							
Accounts payable and accrued expenses	(108,651)	(23,576)	(4,595)	15,878	2,967	(117,977)	623
Payroll and related expenses	<u>474</u>	<u>878</u>	<u>(1,068)</u>	<u>-</u>	<u>764</u>	<u>1,048</u>	<u>(846)</u>
Net cash provided (used) by operating activities	<u>\$ 1,098,750</u>	<u>\$ 2,290,307</u>	<u>\$ 381,834</u>	<u>\$ 15,639</u>	<u>\$ (205,205)</u>	<u>\$ 3,581,325</u>	<u>\$ (501,035)</u>

See accompanying notes to financial statements.

CITY OF FLORENCE
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
For the Year Ended June 30, 2014

Agency Fund

Assets

Cash and cash equivalents	<u>\$ 58,285</u>
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Liabilities

Amount held for others	<u>\$ 58,285</u>
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CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 1. - Summary of Significant Accounting Policies

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and four-member council. As required by Generally Accepted Accounting Principles these financial statements present the government and its component unit, Florence Urban Renewal Agency, a separate legal entity for which the City is considered to be financially accountable.

Blended component unit Florence Urban Renewal 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 governing body of the Agency. The Agency was formed by the City as a separate legal entity to implement these programs in the revitalization plan of the City. Upon completion, all projects constructed become assets of the City. The Urban Renewal Agency General Fund and Urban Renewal Agency Debt Service Fund are reported as governmental fund types.

B. Government-wide and fund financial statements

The government-wide financial statements display information about the City a whole. For the most part, the effect of interfund activity has been removed from these statements. 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 activities demonstrates the degree to which the direct and allocated indirect expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Indirect expenses* are those costs, usually administrative in nature, that support all City functions and programs and enable direct services to be provided. *Program revenues* include 1) fees, fines, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide and proprietary funds financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 1. - Summary of Significant Accounting Policies, continued

The City reports the following major governmental funds:

- *General Fund.* This is the government's primary operating fund. It accounts for all of the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise taxes, and state shared revenues. Primary expenditures are for general government and public safety.
- *Street Fund.* This fund was established as a requirement of ORS 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.
- *Florence Urban Renewal Agency.* This fund is used to account for the revenue and expenditures under the Urban Renewal Plan. The primary source of revenue is property taxes.
- *Florence Debt Service Fund.* This fund is used to account for revenues and expenditures related to the servicing of general long-term debt. The funds combined into the fund for reporting purposes are as follows:

Spruce Street LID Bond Sub-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.

FFC 2010B Bond Sub-Fund. This fund is used to account for the full-faith and credit bonds that were issued in November of 2010. Bond proceeds were used to finance new projects for the Justice Center and Stormwater and Wastewater operations as well as retire the Clean Water State Revolving Loan Fund Debt.

Debt Service Sub-Fund. This fund is used to account for the LOCAP program series 2011 note.

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

- *Special Revenue Funds.* These funds account for revenues derived from specific taxes or other earmarked revenue sources, including state gas tax and state revenue sharing entitlements, which are legally restricted to expenditures for specified purposes.
- *Debt Service Fund.* These funds are used to retire general obligation bonds and urban renewal bond principal and interest from property taxes.
- *Permanent Fund.* This fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

The City reports five proprietary funds as major enterprise funds. 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 will be financed primarily through user charges. The City reports the following proprietary funds:

- *Water Operations*

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

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

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 1. - Summary of Significant Accounting Policies, continued

- *Wastewater Operations*

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 City ordinance.

- *Stormwater Operations*

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 City ordinance.

- *Events Center Operations*

Events Center Operations Fund. This fund is used to account for the activities financed and operated for the Florence Events Center.

Events Center Debt Service Fund. This fund is used to account for the payment of the bonded debt incurred to construct the Events Center that opened its doors in 1996. Resources to pay this debt are derived from an Intergovernmental Agreement (IGA) with Lane County that provides the City with resources to pay the debt service requirements each year.

- *Airport Operations.* This fund administers all airport operations for the City.

Additionally, the City reports an *internal service fund* to account for the service of the Public Works Administration Fund provided to other funds of the City.

The agency funds are used for tracking of activities for the Municipal Court and the Senior Center Agency fund. The assets are held in trust for individuals, private organizations, or other organizations.

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

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

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 1. - Summary of Significant Accounting Policies, continued

D. Assets, liabilities, deferred inflows of resources and net position or fund balance

1. Cash and investments

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

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

2. Receivables

Uncollected property taxes receivable collected within sixty days following year end are considered measurable and available and are recognized as revenues. All other uncollected property taxes receivable are offset by deferred inflows of revenues and, accordingly, have not been recorded as revenue. 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 following the lien date. Taxes unpaid and outstanding on May 16 are considered delinquent.

Assessments receivable are recognized at the time property owners are assessed for property improvements. Assessments receivable expected to be collected within sixty days following year end and are considered measurable and available and are recognized as revenue. All other assessments receivable are offset by deferred inflows of resources and, accordingly, have not been recorded as revenue.

Receivables for grants and state shared revenues, included in accounts receivable are recorded as revenues in governmental fund types as earned. Receivables of the proprietary fund types are recorded as revenues as earned, including services earned but not billed.

3. Interfund loans receivables/payables

Short-term interfund loans are classified as "Due to and due from other funds". Long-term interfund loans are classified as "interfund loan receivable" and "interfund loan payable".

4. Inventories

Inventories in the Airport, Water and Wastewater Funds consist of aviation fuel held for sale as well as expendable supplies held for maintenance and improvements. Inventories are stated at cost using the first-in-first-out method.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, street lights, etc.) are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair market value at the time received. Capital assets are defined by the City as assets with an initial, individual cost of \$2,500 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year ended June 30, 2014.

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:

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 1. - Summary of Significant Accounting Policies, continued

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

Monthly depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

6. Compensated absences

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, accumulated vested vacation pay 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 included the general fund, street fund, water fund, wastewater fund, event center fund, storm water fund, and public works administration fund.

7. Long-term obligations

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

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City did not have any deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Fund balance

In the fund financial statements, fund balance for governmental funds is 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 the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 1. - Summary of Significant Accounting Policies, continued

Nonspendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

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

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

Unassigned – This is the residual classification used for those balances not assigned to another category.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned fund balance.

10. Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted requires that management make estimates and assumptions which affect the reporting amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimated.

11. Stewardship, Compliance, and Accountability

Budgetary Information:

Annual budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law).

A budget is prepared in the early winter preceding the fiscal year the budget will be used. The City is required to budget for all funds. The City's budget is prepared for each fund on the modified accrual basis of accounting. The budget committee, with public input, deliberates and approves the budget for transmittal to the City Council in early spring. After public notices and a hearing, the final budget is adopted, appropriations made and a tax levy declared no later than June 30.

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

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.

12. Future Reporting changes

The City is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan. Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27* will require individual public employers to provide greater detail regarding their pension-related obligations on financial statements. Currently, the City reports pension expense as the amount of contributions paid to OPERS. Beginning with fiscal year 2015, financial reports will show the pension expense as the change in their share of OPERS' unfunded actuarial liability (UAL). Implementation of GASB 68 will require a prior period adjustment to the Statement of Net Position reducing net position by the June 30, 2014 UAL.

Required supplementary information under the new standard will included 10-year schedules containing (1) the net pension liability and certain related ratios and (2) if applicable, information about statutorily or contractually required contributions, contributions to the pension plan, and related ratios.

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 2. - Cash and Investments

The City maintains a cash and investment pool for its cash and cash equivalents in which each fund participates. At June 30, 2014 cash and investments comprise the following:

	June 30, 2014
Petty Cash	\$ 900
Deposits with financial institutions	1,184,743
Local government investment pool	7,305,986
Oregon Community Foundation	82,922
Total	<u>\$ 8,574,551</u>

Cash and investments are reported as follows:

	June 30, 2014
Governmental activities	\$ 5,231,729
Business-type activities	3,284,537
Agency Funds	58,285
Total	<u>\$ 8,574,551</u>

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

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

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

M. Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depositary Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2014, none of the City's bank balances were exposed to credit risk.

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 3. - Property Taxes and Assessments Receivable

Property taxes receivable, which have been collected within sixty days subsequent to year end, are considered measurable and available and are therefore recognized as revenue.

All other property taxes receivable are offset by deferred revenue and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied as of July 1 of each fiscal year on values assessed as of that date. Property taxes attach as an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Lane County and remitted to the City.

Assessments receivable are amounts billed to property owners upon completion of the benefiting project.

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

Note 4. - Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 492,232	\$ -	\$ -	\$ 492,232
Construction in progress	55,245	154,500	(52,936)	156,809
Total capital assets, not being depreciated	547,477	154,500	(52,936)	649,041
Capital assets, being depreciated:				
Buildings and improvements	8,641,735	-	-	8,641,735
Equipment and vehicles	1,832,365	308,258	-	2,140,623
Infrastructure	10,398,663	-	-	10,398,663
Total capital assets being depreciated	20,872,763	308,258	-	21,181,021
Less accumulated depreciation for:				
Buildings and improvements	(2,670,926)	(263,115)	-	(2,934,041)
Equipment and vehicles	(1,211,563)	(184,314)	-	(1,395,877)
Infrastructure	(4,178,106)	(409,371)	-	(4,587,477)
Total accumulated depreciation	(8,060,595)	(856,800)	(52,936)	(8,917,395)
Total capital assets, being depreciated, net	12,812,168	(548,542)	(52,936)	12,263,626
Governmental activities capital assets, net	\$ 13,359,645	\$ (394,042)	\$ (52,936)	\$ 12,912,667

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 4. - Capital Assets, continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,687,327	\$ -	\$ -	\$ 1,687,327
Construction in progress	<u>20,077</u>	<u>157,813</u>	<u>(4,290)</u>	<u>173,600</u>
Total capital assets, not being depreciated	<u>1,707,404</u>	<u>157,813</u>	<u>(4,290)</u>	<u>1,860,927</u>
Capital assets, being depreciated:				
Buildings and improvements	26,591,188	307,434	-	26,898,622
Utility systems	12,287,006	147,833	-	12,434,839
Equipment and vehicles	2,785,195	114,045	-	2,899,240
Infrastructure	<u>7,320,372</u>	<u>24,453</u>	<u>-</u>	<u>7,344,825</u>
Total capital assets being depreciated	48,983,761	593,765	-	49,577,526
Less accumulated depreciation for:				
Buildings and improvements	(11,059,834)	(800,874)	-	(11,860,708)
Utility systems	(6,801,610)	(314,816)	-	(7,116,426)
Equipment and vehicles	(1,974,398)	(293,482)	-	(2,267,880)
Infrastructure	<u>(28,239)</u>	<u>(124,063)</u>	<u>-</u>	<u>(152,302)</u>
Total accumulated depreciation	<u>(19,864,081)</u>	<u>(1,533,235)</u>	<u>-</u>	<u>(21,397,316)</u>
Total capital assets, being depreciated, net	<u>29,119,680</u>	<u>(939,470)</u>	<u>-</u>	<u>28,180,210</u>
Business-type activities capital assets, net	<u>\$ 30,827,084</u>	<u>\$ (781,657)</u>	<u>\$ (4,290)</u>	<u>\$ 30,041,137</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 94,446
Public safety	148,447
Economic development	24,051
Highways and streets	533,507
Culture and recreation	<u>56,349</u>
Total depreciation expense - governmental activities	<u>\$ 856,800</u>
Business-type activities:	
Water enterprise	\$ 480,915
Wastewater enterprise	812,421
Stormwater enterprise	35,714
Events Center enterprise	114,025
Airport enterprise	<u>90,160</u>
Total depreciation expense - business-type activities	<u>\$ 1,533,235</u>

Note 5. - Interfund Receivables, Payables, Transfers, and Loans

A. Interfund receivables and payables

As of June 30, 2014, Nonmajor Governmental Funds owed the General Fund \$10,038 due to negative cash balances in the City's pooled cash account.

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 5. - Interfund Receivables, Payables, Transfers, and Loans, continued

B. Interfund transfers

The interfund transfer activity for the year ended June 30, 2014 (on a budgetary basis) was as follows:

	Transfers In:						Totals
	General Fund	Florence Debt Service	Nonmajor Governmental Funds	Events Center Operations	Airport Operations	Internal Service Fund	
Transfers Out							
General Fund	\$ -	\$ 47,812	\$ -	\$ -	\$ 30,000	\$ -	\$ 77,812
Street Fund	43,354	22,140	-	-	-	50,083	115,577
Florence Urban Renewal Agency	-	-	314,346	-	-	-	314,346
Nonmajor Governmental funds	184,961	-	-	202,635	-	-	387,596
Water fund	271,081	-	-	-	-	170,272	441,353
Wastewaterfund	341,564	-	-	-	-	245,406	586,970
Stormwater fund	43,355	-	-	-	-	35,051	78,406
Events Center fund	54,193	-	-	-	-	-	54,193
	<u>\$ 938,508</u>	<u>\$ 69,952</u>	<u>\$ 314,346</u>	<u>\$ 202,635</u>	<u>\$ 30,000</u>	<u>\$ 500,812</u>	<u>\$ 2,056,253</u>

Transfers are budgeted for and made to reimburse the general fund and the public works administrative fund for administrative charges and to reimburse funds for debt service payments made on behalf of another fund. In addition, transfers are budgeted and made to move financial resources from the 9-1-1 Emergency Fund and the Transient Room Tax Fund to the General Fund and the Events Center Fund to where 9-1-1 Emergency Dispatch and marketing service operations are accounted for.

C. Interfund advances

Non-interest bearing interfund advances as of June 30, 2014 were as follows:

	Payable Fund		
	Street Funds	Stormwater Operations	Totals
Receivable Fund			
Nonmajor Governmental Fund	\$ 180,000	\$ -	\$ 180,000
Water Enterprise	28,000	54,000	82,000
	<u>\$ 208,000</u>	<u>\$ 54,000</u>	<u>\$ 262,000</u>

This interfund schedule summarizes the repayment of two outstanding interfund loans that resulted from the Spruce Street Local Improvement District Project.

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 6. - Long-Term Debt

During the year ended June 30, 2014, long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 3,056,391	\$ -	\$ (378,847)	\$ 2,677,544	\$ 395,661
Notes payable	<u>2,533,276</u>	<u>250,000</u>	<u>(354,952)</u>	<u>2,428,324</u>	<u>328,472</u>
Total long-term debt	5,589,667	250,000	(733,799)	5,105,868	724,133
Compensated absences	<u>205,402</u>	<u>3,365</u>	<u>-</u>	<u>208,767</u>	<u>208,767</u>
Total Governmental activities	<u>\$ 5,795,069</u>	<u>\$ 253,365</u>	<u>\$ (733,799)</u>	<u>\$ 5,314,635</u>	<u>\$ 932,900</u>
Business-type activities:					
Bonds payable	\$ 9,137,113	\$ -	\$ (1,034,369)	\$ 8,102,744	\$ 1,025,819
Notes payable	6,123,414	150,000	(449,874)	5,823,540	498,450
Capital lease payable	<u>44,394</u>	<u>-</u>	<u>(21,641)</u>	<u>22,753</u>	<u>22,753</u>
Total long-term debt	15,304,921	150,000	(1,505,884)	13,949,037	1,547,022
Compensated absences	<u>124,432</u>	<u>-</u>	<u>(288)</u>	<u>124,144</u>	<u>124,144</u>
Total Business-type activities long-term liabilities	<u>\$ 15,429,353</u>	<u>\$ 150,000</u>	<u>\$ (1,506,172)</u>	<u>\$ 14,073,181</u>	<u>\$ 1,671,166</u>

A. Bonds payable

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as twenty-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding at June 30, 2014 are as follows:

Governmental Activities

During 2008, the City issued \$1,635,000 of advanced refunded general obligation debt at 3.50% on its 1998 advanced refunded general obligation debt for the justice center. Semiannual payments are made from assessments on the property benefiting from the improvements. Bond principal and interest is payable semiannually through September 2014.	\$ 304,762
During 2010, the City issued \$8,750,000 of full faith and credit & refunding obligations debt with \$8,310,000 at 3.064% and \$440,000 at 3.75%. This bond was used to fund projects for enterprise funds as well as governmental funds. The governmental portion was \$633,247. Semiannual payments are made from assessments on the property benefiting from the improvements. Bond principal and interest is payable semiannually through December 2030.	531,007
During 2010, the City issued \$1,478,000 of limited tax improvement bonds at 3.81% for the Spruce St LID. Semiannual payments are made from assessments on the property benefiting from the improvements. Bond principal and interest is payable semiannually through December 2030.	1,340,000
During 2011, the City issued \$1,245,000 of full faith and credit & refunding obligations debt at 4.14% for the Local Oregon Capital Assets Program (LOCAP). This bond was used to fund projects for enterprise funds as well as governmental funds. The governmental portion was \$562,804. Semiannual payments are made from assessments on the property benefiting from the improvements. Bond principal and interest is payable semiannually through June 2031.	<u>501,775</u>
Total bonds payable	<u>\$ 2,677,544</u>

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 6. - Long-Term Debt, continued

Annual debt service requirements to maturity for bonds payable are as follows:

Fiscal Year	GO Refunding Series 2008		FFC Refunding Series 2010B (Governmental)		Spruce St. LID Bond 2010		LOCAP Series 2011C (Governmental)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 304,762	\$ 5,250	\$ 23,450	\$ 5,875	\$ 45,000	\$ 47,887	\$ 22,449	\$ 19,982
2016	-	-	23,774	5,284	45,000	47,145	22,449	19,309
2017	-	-	24,420	4,622	50,000	46,155	22,449	18,635
2018	-	-	24,906	3,943	50,000	44,955	24,694	17,906
2019	-	-	25,391	3,188	55,000	43,561	24,694	17,042
2020-24	-	-	142,884	38,322	350,000	187,245	136,939	71,049
2025-29	-	-	173,571	30,455	495,000	101,640	166,132	41,064
2030-34	-	-	92,611	4,500	250,000	25,849	81,969	5,473
	<u>\$ 304,762</u>	<u>\$ 5,250</u>	<u>\$ 531,007</u>	<u>\$ 96,189</u>	<u>\$ 1,340,000</u>	<u>\$ 544,437</u>	<u>\$ 501,775</u>	<u>\$ 210,460</u>

The City also issues bonds where income derived from acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding are as follows as of June 30, 2014:

Business-Type Activities

On July 1, 2004, the City issued bonds in the amount of \$1,480,000 at 3.37% (average) for 1995 full faith and credit refunding obligations. Bond principal and interest is payable semiannually through August 2015. \$ 290,000

During 2010, the City issued \$8,750,000 of full faith and credit & refunding obligations debt with \$8,310,000 at 3.064% and \$440,000 at 3.75%. This bond was used to fund projects for enterprise funds as well as governmental funds. The business type portion was \$8,412,645. Bond principal and interest is payable semiannually through December 2030. 5,884,175

During 2011, the City issued \$1,245,000 of full faith and credit & refunding obligations debt at 4.14% for the Local Oregon Capital Assets Program (LOCAP). This bond was used to fund projects for enterprise funds as well as governmental funds. The business type portion was \$690,713. Bond principal and interest is payable semiannually through June 2031. 615,815

During 2013, the City issued \$1,460,000 of Water GO bonds for refunding of existing General Obligation Water Bonds for water system improvements. The bond pays interest of 2.11%. The bond matures in June 2022. Loan principal and interest is payable semiannually through June 2022. 1,312,754

Total bonds payable \$ 8,102,744

Annual debt service requirements to maturity for bonds payable are as follows:

Fiscal Year	FFC Refunding 2004		FFC Refunding Series 2010B (Business Type)		LOCAP Series 2011C (Business Type)		2013 Water GO Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Interest	Interest
2015	\$ 140,000	\$ 9,398	\$ 701,550	\$ 175,750	\$ 27,551	\$ 24,524	\$ 164,094	\$ 27,699
2016	150,000	3,281	711,226	158,066	27,551	23,697	164,094	24,237
2017	-	-	730,580	138,266	27,551	22,871	164,094	20,774
2018	-	-	745,094	117,957	30,306	21,975	164,094	17,312
2019	-	-	759,609	95,387	30,306	20,915	164,094	13,850
2020-24	-	-	1,702,116	157,303	168,061	77,346	492,284	20,774
2025-29	-	-	231,429	42,589	203,878	50,398	-	-
2030-34	-	-	302,571	4,018	100,611	6,717	-	-
	<u>\$ 290,000</u>	<u>\$ 12,679</u>	<u>\$ 5,884,175</u>	<u>\$ 889,336</u>	<u>\$ 615,815</u>	<u>\$ 248,443</u>	<u>\$ 1,312,754</u>	<u>\$ 124,646</u>

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 6. - Long-Term Debt, continued

B. Notes payable

General obligation notes payable consist of three long-term notes payable and one local improvement district bond anticipation note. The following schedule provides specific information about these notes:

Governmental Activities

On July 8, 2011, the Florence Urban Renewal Agency received proceeds in the amount of \$2,500,000 from Oregon Pacific Bank (OPB) to finance the Old Town Infrastructure Project. Loan principal and interest is payable semiannually at 3.75% through October 15, 2015.	1,855,000
On October 3, 2011, the City received proceeds in the amount of \$317,322 from Oregon Pacific Bank. The funds were used to purchase vehicles and equipment for enterprise funds as well as governmental funds. The governmental portion was \$202,322. Loan principal and interest is payable annually at 3.75% through October 2015.	79,351
On November 26, 2012, the City received proceeds in the amount of \$595,000 from Siuslaw Bank to finance the purchase of vehicles and equipment. The government portion was \$340,000. Loan principal and interest is payable semiannually at 3.5% through November 2017.	243,973
On May 23 2014, the City received proceeds in the amount of \$400,000 from Oregon Pacific Bank to finance the street, water, and wastewater projects. The government portion was \$250,000. Loan principal and interest is payable semiannually at 2.75% through May 2019.	<u>250,000</u>
Total notes payable	<u>\$ 2,428,324</u>

Annual debt service requirements to maturity for notes payable are as follows:

Fiscal Year	FURA Capital Projects		OPB Capital Projects (Governmental)		Siuslaw Bank (Governmental)		OPB 2014 Note (Governmental)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 190,000	\$ 112,784	\$ 26,020	\$ 1,517	\$ 66,674	\$ 8,077	\$ 45,778	\$ 6,543
2016	190,000	101,232	26,522	1,015	69,047	5,703	48,950	5,372
2017	170,000	89,680	26,809	515	71,533	3,218	50,338	3,984
2018	160,000	79,344	-	-	36,719	657	51,751	2,571
2019	150,000	69,616	-	-	-	-	53,183	1,119
2020-24	720,000	213,375	-	-	-	-	-	-
2025-29	275,000	24,928	-	-	-	-	-	-
	<u>\$ 1,855,000</u>	<u>\$ 690,959</u>	<u>\$ 79,351</u>	<u>\$ 3,047</u>	<u>\$ 243,973</u>	<u>\$ 17,655</u>	<u>\$ 250,000</u>	<u>\$ 19,589</u>

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 6. - Long-Term Debt, continued

Business-Type Activities

During 1994 the City received 1,147,000 of financing from Special Public Works Fund of the Oregon Economic Development Department (OEDD) to finance expansion of the City's water plant. Annual payments on the 20 year loan are made from revenues from the water users. The annual interest rate is 5.8%. Loan principal and interest is payable annually through December 2014.	\$ 92,990
On June 21, 1995, the City received \$120,000 of financing from Special Public Works Fund of the Oregon Economic Development Department (OEDD) to finance improvements to the City's water system. The annual interest rate is 6%. Loan principal and interest is payable annually through December 2014.	9,710
On September 6, 1996, the City received proceeds in the amount of \$611,000 from the Special Public Works Fund of the Oregon Economic Development Department (OEDD) for systems improvements for the airport business park infrastructure. Loan principal and interest is payable annually at 5.33% through December 2016.	139,113
On August 31, 2010, the City entered into a loan agreement with the Oregon Business Development Department to receive a loan in the amount of \$657,057 to permanently finance the Florence Wastewater Transmission Line & Intersection Improvements. Loan interest rate is variable between 2% and 4%. Loan principal and interest is payable annually through December 2034.	610,285
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 commence upon completion of the project. The loan has a twenty year maturity with loan fees of 0.5% of the outstanding balance payable annually.	4,593,356
On October 3, 2011, the City received proceeds in the amount of \$317,322 from Oregon Pacific Bank. The funds were used to purchase vehicles and equipment for enterprise funds as well as governmental funds. The business type portion was \$115,000. Loan principal and interest is payable annually at 3.75% through October 2015.	45,106
On November 26, 2012, the City received proceeds in the amount of \$595,000 from Siuslaw Bank to finance the purchase of vehicles and equipment. The business-type portion was \$255,000. Loan principal and interest is payable semiannually at 3.5% through November 2017.	182,980
On May 23 2014, the City received proceeds in the amount of \$400,000 from Oregon Pacific Bank to finance the street, water, and wastewater projects. The business-type portion was \$150,000. Loan principal and interest is payable semiannually at 2.75% through May 2019.	<u>150,000</u>
Total notes payable	<u>\$ 5,823,540</u>

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 6. - Long-Term Debt, continued

Annual debt service requirements to maturity for notes payable are as follows:

Fiscal Year	1994 Water System Improvement		1995 Water System Improvement		Special Public Works Fund - Airport		Special Public Works Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 92,990	\$ 5,393	\$ 9,710	\$ 583	\$ 42,611	\$ 7,651	\$ 18,527	\$ 21,181
2016	-	-	-	-	48,030	5,308	23,598	20,811
2017	-	-	-	-	48,472	2,666	23,670	20,339
2018	-	-	-	-	-	-	23,743	19,865
2019	-	-	-	-	-	-	23,836	19,271
2020-24	-	-	-	-	-	-	121,086	84,957
2025-29	-	-	-	-	-	-	150,083	61,333
2030-34	-	-	-	-	-	-	175,495	29,834
2035-39	-	-	-	-	-	-	50,247	1,674
	<u>\$ 92,990</u>	<u>\$ 5,393</u>	<u>\$ 9,710</u>	<u>\$ 583</u>	<u>\$ 139,113</u>	<u>\$ 15,625</u>	<u>\$ 610,285</u>	<u>\$ 279,265</u>

Water Treatment Plant		OPB Capital Projects (Business Type)		Siuslaw Bank (Business Type)		OPB 2014 Note (Business Type)	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 241,756	\$ 22,362	\$ 14,790	\$ 862	\$ 50,006	\$ 6,058	\$ 28,060	\$ 3,543
241,756	21,154	15,075	-	51,786	4,278	28,748	3,154
241,756	19,945	15,241	293	53,650	2,413	29,564	2,340
241,756	18,736	-	-	27,538	493	30,394	1,510
241,756	17,527	-	-	-	-	33,234	657
1,208,780	69,504	-	-	-	-	-	-
1,208,780	39,285	-	-	-	-	-	-
967,016	9,670	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,593,356</u>	<u>\$218,183</u>	<u>\$ 45,106</u>	<u>1,155</u>	<u>182,980</u>	<u>\$ 13,242</u>	<u>\$ 150,000</u>	<u>\$ 11,204</u>

C. Capital lease

The City has entered into a lease agreement for financing the acquisition of an Elgin Crosswind Sweeper. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

The assets acquired through capital leases are as follows:

Asset:	Business-type Activities
Elgin Crosswind Sweeper	\$ 157,668
Less: accumulated depreciation	<u>(157,668)</u>
Total	<u>\$ -</u>

The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2014.

Fiscal Year	Amount
2015	<u>\$ 23,633</u>
Less amount representing interest	<u>(880)</u>
Present value of future minimum lease payments	<u>\$ 22,753</u>

Note 7. - Pension Plan

A. Plan description

The City contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the City's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying City employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

B. Funding policy

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The City is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan.

The OPERF rate in effect for the year ended June 30, 2014 was 9.49%. The annual pension cost of \$422,525 is comprised of \$242,016 in employer contributions and \$180,509 of employee contributions. The OPSRP rates in effect for the year ended June 30, 2014 were 5.32% for general employees 8.05% for police and fire employees. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

C. Annual pension cost

The following table presents three-year trend information for the City's employee pension plan:

<u>Fiscal Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 523,713	100%	\$ -
2013	427,583	100%	-
2014	422,525	100%	-

CITY OF FLORENCE, OREGON

Notes to Financial Statements

June 30, 2014

Note 8. - Intergovernmental Agreement

In December of 2008, the City's Urban Renewal Agency entered into an intergovernmental agreement with Siuslaw Public Library District. The Agency will assist the District in repaying financing obtained by the district in the amount of \$315,000 to fund the Library expansion project. Payments for this financing were \$31,340 for the year ended June 30, 2014.

Note 9. - Risk Management

The City is exposed to various risks of loss related to errors and omissions; automobile; damage to or destruction of assets; bodily injury; and worker's compensation for which the City 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.

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REQUIRED SUPPLEMENTARY INFORMATION

Major Governmental Funds

General Fund

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Street Fund

The Street Fund is used to account for maintenance and construction of the City's streets. State gasoline taxes, Lane County urban transition revenues, and assessments for street improvements are used to finance various street projects and ongoing maintenance.

Florence Urban Renewal Agency Fund

The Florence Urban Renewal Fund is used to account for the revenue and expenditures under the Urban Renewal Plan. The primary source of revenues is taxes.

Florence Debt Service Fund

The Florence Urban Renewal Debt Service Fund is used to account for revenues and expenditures related to the servicing of general long-term debt comprised of the following sub-funds:

FFC 2010B Bond Sub-Fund

The FFC 2010B Bond Sub-Fund is used to account for the full-faith and credit bonds that were issued in November of 2010. Bond proceeds were used to finance new projects for the Justice Center and Stormwater and Wastewater operations as well as retire the Clean Water State Revolving Loan Fund Debt.

Debt Service Sub-Fund

The Debt Service Sub-Fund is currently used to account only for the LOCAP program series 2011 note.

Spruce St. LID Bond Sub-Fund

This sub-fund is used to account for special assessment revenue from local improvement district and the servicing of related bonded debt incurred for the improvement of Spruce Street.

CITY OF FLORENCE, OREGON

GENERAL FUND (001)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Charges for services	\$ 23,000	\$ 23,000	\$ 24,092	\$ 1,092
Taxes	2,095,000	2,095,000	2,240,472	145,472
Franchise taxes	500,700	500,700	486,086	(14,614)
Intergovernmental	348,700	348,700	347,717	(983)
Grants and contributions	78,800	78,800	72,195	(6,605)
Licenses and fees	246,700	246,700	295,871	49,171
Fines and forfeits	260,000	260,000	274,705	14,705
Investment earnings	18,000	18,000	16,122	(1,878)
Other revenue	11,700	11,700	13,808	2,108
Total revenues	<u>3,582,600</u>	<u>3,582,600</u>	<u>3,771,068</u>	<u>188,468</u>
Expenditures:				
Non-Departmental	104,962	104,962	104,962	-
Municipal Court	303,600	303,600	275,524	28,076
Administrative	1,186,680	1,186,680	1,056,686	129,994
Parks	143,009	143,009	124,560	18,449
Police Department	2,492,274	2,492,274	2,373,806	118,468
Community Development	552,840	552,840	417,148	135,692
Contingency	450,000	450,000	-	450,000
Total expenditures	<u>5,233,365</u>	<u>5,233,365</u>	<u>4,352,686</u>	<u>880,679</u>
Excess revenues under expenditures	<u>(1,650,765)</u>	<u>(1,650,765)</u>	<u>(581,618)</u>	<u>1,069,147</u>
Other financing sources (uses):				
Transfers in	1,026,104	1,026,104	938,508	(87,596)
Total other financing sources (uses)	<u>1,026,104</u>	<u>1,026,104</u>	<u>938,508</u>	<u>(87,596)</u>
Net change in fund balances	<u>(624,661)</u>	<u>(624,661)</u>	<u>356,890</u>	<u>981,551</u>
Fund Balance:				
Beginning of year	<u>1,980,000</u>	<u>1,980,000</u>	<u>2,121,344</u>	<u>141,344</u>
End of year	<u>\$ 1,355,339</u>	<u>\$ 1,355,339</u>	<u>\$ 2,478,234</u>	<u>\$ 1,122,895</u>

CITY OF FLORENCE, OREGON
STREET FUND (002)

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Licenses and fees	\$ 275,000	\$ 275,000	\$ 288,339	\$ 13,339
Intergovernmental	490,000	490,000	484,299	(5,701)
Grants and contributions	235,000	235,000	111,826	(123,174)
Assessments	8,300	8,300	4,939	(3,361)
Investment earnings	<u>3,700</u>	<u>3,700</u>	<u>2,519</u>	<u>(1,181)</u>
Total revenues	<u>1,012,000</u>	<u>1,012,000</u>	<u>891,922</u>	<u>(120,078)</u>
Expenditures:				
Personnel services	60,190	60,190	57,016	3,174
Materials and services	239,100	239,100	234,434	4,666
Capital Outlay	1,035,000	1,035,000	168,781	866,219
Debt service:				
Principal	106,745	106,745	106,636	109
Interest expense	45,959	45,959	11,814	34,145
Contingency	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Total expenditures	<u>1,596,994</u>	<u>1,596,994</u>	<u>578,681</u>	<u>1,018,313</u>
Excess revenues over (under) expenditures	<u>(584,994)</u>	<u>313,241</u>	<u>313,241</u>	<u>(313,241)</u>
Other financing sources (uses):				
Transfers in	400,000	400,000	-	(400,000)
Transfers out	(226,521)	(226,521)	(219,577)	6,944
Loan proceeds	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total other financing sources (uses)	<u>423,479</u>	<u>423,479</u>	<u>30,423</u>	<u>(393,056)</u>
Net change in fund balances	<u>(161,515)</u>	<u>736,720</u>	<u>343,664</u>	<u>(393,056)</u>
Fund Balance:				
Beginning of year	<u>300,000</u>	<u>300,000</u>	<u>295,506</u>	<u>(4,494)</u>
End of year	<u>\$ 138,485</u>	<u>\$ 1,036,720</u>	<u>639,170</u>	<u>\$ (397,550)</u>
Adjustment to modified accrual basis				
Interfund note payable			<u>(208,000)</u>	<u>\$ (208,000)</u>
Modified accrual ending fund balance			<u>\$ 431,170</u>	<u>\$ 431,170</u>

CITY OF FLORENCE, OREGON
FLORENCE URBAN RENEWAL AGENCY (980)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 243,700	\$ 243,700	\$ 286,881	\$ 43,181
Investment earnings	400	400	2,574	2,174
Other revenue	<u>300</u>	<u>300</u>	<u>199</u>	<u>(101)</u>
Total revenues	<u>244,400</u>	<u>244,400</u>	<u>289,654</u>	<u>45,254</u>
Expenditures:				
Materials and services	44,690	44,690	43,025	1,665
Contingency	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total expenditures	<u>45,190</u>	<u>45,190</u>	<u>43,025</u>	<u>2,165</u>
Excess revenues over expenditures	199,210	199,210	246,629	47,419
Other financing sources (uses):				
Transfers out	<u>(314,500)</u>	<u>(314,500)</u>	<u>(314,346)</u>	<u>154</u>
Net change in fund balances	(115,290)	(115,290)	(67,717)	47,573
Fund Balance:				
Beginning of year	<u>285,000</u>	<u>285,000</u>	<u>362,208</u>	<u>77,208</u>
End of year	<u>\$ 169,710</u>	<u>\$ 169,710</u>	<u>\$ 294,491</u>	<u>\$ 124,781</u>

OTHER SUPPLEMENTARY INFORMATION

FLORENCE DEBT SERVICE FUND

CITY OF FLORENCE, OREGON

Florence Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental	\$ 236,974	\$ 236,974	\$ 236,974	\$ -
Assessments	12,000	12,000	30,886	18,886
Investment earnings	<u>9,000</u>	<u>9,000</u>	<u>7,813</u>	<u>(1,187)</u>
Total revenues	<u>257,974</u>	<u>257,974</u>	<u>275,673</u>	<u>17,699</u>
Expenditures:				
Debt service:				
Principal	930,000	930,000	930,000	-
Interest expense	<u>308,461</u>	<u>308,461</u>	<u>307,995</u>	<u>466</u>
Total expenditures	<u>1,238,461</u>	<u>1,238,461</u>	<u>1,237,995</u>	<u>466</u>
Excess revenues under expenditures	(980,487)	(980,487)	(962,322)	18,165
Other financing sources (uses):				
Transfers in	<u>999,061</u>	<u>999,061</u>	<u>998,156</u>	<u>(905)</u>
Net change in fund balances	18,574	18,574	35,834	17,260
Fund Balance:				
Beginning of year	<u>306,500</u>	<u>306,500</u>	<u>302,016</u>	<u>(4,484)</u>
End of year	<u>\$ 325,074</u>	<u>\$ 325,074</u>	<u>\$ 337,850</u>	<u>\$ 12,776</u>

CITY OF FLORENCE, OREGON
FLORENCE DEBT SERVICE FUND

Combining Balance Sheet (Budgetary Basis)

June 30, 2014

	<u>Spruce Street LID Bond Fund (151)</u>	<u>FFC 2010B Bond Fund (152)</u>	<u>Debt Service Fund (153)</u>	<u>Total Governmental Funds</u>	<u>Events Center Debt Service Fund (018)</u>	<u>Total for Budgetary Basis</u>
Assets						
Cash and cash equivalents	\$ 228,591	\$ 2,824	\$ 972	\$ 232,387	\$ 112,919	\$ 345,306
Assessments receivable	<u>1,587,650</u>	<u>-</u>	<u>-</u>	<u>1,587,650</u>	<u>-</u>	<u>1,587,650</u>
Total assets	<u>\$ 1,816,241</u>	<u>\$ 2,824</u>	<u>\$ 972</u>	<u>\$ 1,820,037</u>	<u>\$ 112,919</u>	<u>\$ 1,932,956</u>
Liabilities						
Unearned revenue	<u>\$ 7,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,456</u>	<u>\$ -</u>	<u>\$ 7,456</u>
Deferred Inflows of Resources						
Unavailable revenue - special assessments	<u>1,587,650</u>	<u>-</u>	<u>-</u>	<u>1,587,650</u>	<u>-</u>	<u>1,587,650</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,595,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,595,106</u>	<u>\$ -</u>	<u>\$ 1,595,106</u>
Fund Balance						
Restricted for:						
Debt service	<u>221,135</u>	<u>2,824</u>	<u>972</u>	<u>224,931</u>	<u>112,919</u>	<u>337,850</u>
Total Deferred Inflows of Resources and Fund Balance	<u>\$ 1,816,241</u>	<u>\$ 2,824</u>	<u>\$ 972</u>	<u>\$ 1,820,037</u>	<u>\$ 112,919</u>	<u>\$ 1,932,956</u>

CITY OF FLORENCE, OREGON
FLORENCE DEBT SERVICE FUND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Budgetary Basis)

Year ended June 30, 2014

	<u>Spruce Street LID Bond Fund (151)</u>	<u>FFC 2010B Bond Fund (152)</u>	<u>Debt Service Fund (153)</u>	<u>Total Governmental Funds</u>	<u>Events Center Debt Service Fund (018)</u>	<u>Total Budgetary Basis</u>
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 236,974	\$ 236,974
Assessments	30,886	-	-	30,886	-	30,886
Investment earnings	7,813	-	-	7,813	-	7,813
Total Revenues	<u>38,699</u>	<u>-</u>	<u>-</u>	<u>38,699</u>	<u>236,974</u>	<u>275,673</u>
Expenditures:						
Debt service						
Principal	40,000	710,000	45,000	795,000	135,000	930,000
Interest expense	<u>48,843</u>	<u>197,747</u>	<u>45,856</u>	<u>292,446</u>	<u>15,549</u>	<u>307,995</u>
Total Expenses	<u>88,843</u>	<u>907,747</u>	<u>90,856</u>	<u>1,087,446</u>	<u>150,549</u>	<u>1,237,995</u>
Excess (deficiency) of revenues over expenditures	<u>(50,144)</u>	<u>(907,747)</u>	<u>(90,856)</u>	<u>(1,048,747)</u>	<u>86,425</u>	<u>(962,322)</u>
Other Financing Sources (Uses):						
Transfers in	-	907,750	90,406	998,156	-	998,156
Total other financing sources (uses)	<u>-</u>	<u>907,750</u>	<u>90,406</u>	<u>998,156</u>	<u>-</u>	<u>1,996,312</u>
Change in fund balance	(50,144)	3	(450)	(50,591)	86,425	35,834
Beginning Fund Balance	<u>271,279</u>	<u>2,821</u>	<u>1,422</u>	<u>275,522</u>	<u>26,494</u>	<u>302,016</u>
Ending Fund Balance	<u>\$ 221,135</u>	<u>\$ 2,824</u>	<u>\$ 972</u>	<u>\$ 224,931</u>	<u>\$ 112,919</u>	<u>\$ 337,850</u>
Adjustment to Modified Accrual						
		<u>Debt Service Expenditures</u>				
		<u>Principal</u>	<u>Interest</u>	<u>Transfers In</u>		
Budgetary Basis		\$ 795,000	\$ 292,446	\$ 998,156		
Adjustment		<u>(709,892)</u>	<u>(218,312)</u>	<u>(928,204)</u>		
		<u>\$ 85,108</u>	<u>\$ 74,134</u>	<u>\$ 69,952</u>		

COMBINING STATEMENTS

Nonmajor Governmental Funds

CITY OF FLORENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet

June 30, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Events Center Endowment	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 758,822	\$ 714,894	\$ 82,922	\$ 1,556,638
Accounts receivable	77,777	-	-	77,777
Property taxes receivable	-	24,270	-	24,270
Interfund loan receivable	180,000	-	-	180,000
Notes receivable	88,682	-	-	88,682
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,105,281</u>	<u>\$ 739,164</u>	<u>\$ 82,922</u>	<u>\$ 1,927,367</u>
Liabilities and Deferred Inflows of Resources				
Liabilities				
Accounts payable and accrued expenses	\$ 37,478	\$ -	\$ -	\$ 37,478
Due to other governmental fund	10,038	-	-	10,038
Total Liabilities	<u>47,516</u>	<u>-</u>	<u>-</u>	<u>47,516</u>
Deferred Inflows of Resources				
Unavailable revenue - note receivable	88,682	-	-	88,682
Unavailable revenue - property taxes	-	22,919	-	22,919
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Deferred Inflows of Resources	<u>136,198</u>	<u>22,919</u>	<u>-</u>	<u>159,117</u>
Fund Balance				
Nonspendable:				
Endowment	-	-	82,922	82,922
Advances to other funds	180,000	-	-	180,000
Restricted for:				
Tourism	33,586	-	-	33,586
System development	755,497	-	-	755,497
Debt service	-	716,245	-	716,245
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>969,083</u>	<u>716,245</u>	<u>82,922</u>	<u>1,768,250</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources and Fund Balance	<u>\$ 1,105,281</u>	<u>\$ 739,164</u>	<u>\$ 82,922</u>	<u>\$ 1,927,367</u>

CITY OF FLORENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year ended June 30, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Events Center Endowment	Total Nonmajor Governmental Funds
Revenues:				
Charges for services	\$ 175,902	\$ -	\$ -	\$ 175,902
Taxes	282,777	334,693	-	617,470
Intergovernmental	115,111	-	-	115,111
Investment earnings	7,528	2,979	6,616	17,123
System development charges	29,501	-	-	29,501
Total Revenues	<u>610,819</u>	<u>337,672</u>	<u>6,616</u>	<u>955,107</u>
Expenditures:				
Current				
Materials and services	50,000	-	-	50,000
Capital Outlay	119,127	-	-	119,127
Debt service				
Principal	-	480,000	-	480,000
Interest expense	-	140,321	-	140,321
Total Expenses	<u>169,127</u>	<u>620,321</u>	<u>-</u>	<u>789,448</u>
Excess (deficiency) of revenues over expenditures	<u>441,692</u>	<u>(282,649)</u>	<u>6,616</u>	<u>165,659</u>
Other Financing Sources (Uses):				
Transfers in	-	314,346	-	314,346
Transfers out	(384,161)	-	(3,435)	(387,596)
Total other financing sources (uses)	<u>(384,161)</u>	<u>314,346</u>	<u>(3,435)</u>	<u>(73,250)</u>
Change in fund balance	57,531	31,697	3,181	92,409
Beginning Fund Balance	<u>911,552</u>	<u>684,548</u>	<u>79,741</u>	<u>1,675,841</u>
Ending Fund Balance	<u>\$ 969,083</u>	<u>\$ 716,245</u>	<u>\$ 82,922</u>	<u>\$ 1,768,250</u>

Nonmajor Special Revenue Funds

911 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.

Street Systems Development Fund

The Street Systems Development 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.

CITY OF FLORENCE, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2014

	911 Emergency Fund (008)	Room Tax Fund (015)	Street System Development Fund (111)	Total Nonmajor Special Revenue Funds
Assets				
Cash and cash equivalents	\$ 3,325	\$ -	\$ 755,497	\$ 758,822
Accounts receivable	21,653	56,124	-	77,777
Interfund loan receivable	-	-	180,000	180,000
Notes receivable	<u>-</u>	<u>-</u>	<u>88,682</u>	<u>88,682</u>
Total assets	<u>\$ 24,978</u>	<u>\$ 56,124</u>	<u>\$ 1,024,179</u>	<u>\$ 1,105,281</u>
Liabilities and Deferred Inflows of Resources				
Liabilities				
Accounts payable and accrued expenses	\$ 24,978	\$ 12,500	\$ -	\$ 37,478
Due to other funds	<u>-</u>	<u>10,038</u>	<u>-</u>	<u>10,038</u>
Total Liabilities	24,978	22,538	-	47,516
Deferred Inflows of Resources				
Unavailable revenue - note receivable	<u>-</u>	<u>-</u>	<u>88,682</u>	<u>88,682</u>
Total Liabilities and Deferred Inflows of Resources	<u>24,978</u>	<u>22,538</u>	<u>88,682</u>	<u>136,198</u>
Fund Balance				
Nonspendable:				
Advances to other funds	-	-	180,000	180,000
Restricted:				
Tourism	-	33,586	-	33,586
System development	<u>-</u>	<u>-</u>	<u>755,497</u>	<u>755,497</u>
Total fund balance	<u>-</u>	<u>33,586</u>	<u>935,497</u>	<u>969,083</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 24,978</u>	<u>\$ 56,124</u>	<u>\$ 1,024,179</u>	<u>\$ 1,105,281</u>

CITY OF FLORENCE, OREGON
NONMAJOR SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year ended June 30, 2014

	911 Emergency Fund (008)	Room Tax Fund (015)	Street System Development Fund (111)	Total Nonmajor Special Revenue Funds
Revenues:				
Charges for services	\$ 175,902	\$ -	\$ -	\$ 175,902
Taxes	-	282,777	-	282,777
Intergovernmental	115,111	-	-	115,111
Investment earnings	75	-	7,453	7,528
System development charges	-	-	29,501	29,501
Total Revenues	<u>291,088</u>	<u>282,777</u>	<u>36,954</u>	<u>610,819</u>
Expenditures:				
Materials and services	-	50,000	-	50,000
Capital Outlay	119,127	-	-	119,127
Total Expenses	<u>119,127</u>	<u>50,000</u>	<u>-</u>	<u>169,127</u>
Excess (deficiency) of revenues over expenditures	<u>171,961</u>	<u>232,777</u>	<u>36,954</u>	<u>441,692</u>
Other Financing Sources (Uses):				
Transfers out	<u>(184,961)</u>	<u>(199,200)</u>	<u>-</u>	<u>(384,161)</u>
Change in fund balance	(13,000)	33,577	36,954	57,531
Fund Balance	<u>13,000</u>	<u>9</u>	<u>898,543</u>	<u>911,552</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 33,586</u>	<u>\$ 935,497</u>	<u>\$ 969,083</u>

CITY OF FLORENCE, OREGON
911 EMERGENCY FUND (008)

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 175,900	\$ 175,900	\$ 175,902	\$ 2
Intergovernmental	323,000	323,000	115,111	(207,889)
Investment earnings	<u>50</u>	<u>50</u>	<u>75</u>	<u>25</u>
Total revenues	498,950	498,950	291,088	(207,862)
Expenditures:				
Capital Outlay	<u>266,000</u>	<u>266,000</u>	<u>119,127</u>	<u>146,873</u>
Excess revenues over expenditures	232,950	232,950	171,961	(60,989)
Other financing sources (uses):				
Transfers out	<u>(241,950)</u>	<u>(241,950)</u>	<u>(184,961)</u>	<u>56,989</u>
Net change in fund balances	(9,000)	(9,000)	(13,000)	(4,000)
Fund Balance:				
Beginning of year	<u>14,000</u>	<u>14,000</u>	<u>13,000</u>	<u>(1,000)</u>
End of year	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ (5,000)</u>

CITY OF FLORENCE, OREGON
ROOM TAX FUND (015)

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 282,777</u>	<u>\$ 32,777</u>
Expenditures:				
Materials and services	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Excess revenues over expenditures	200,000	200,000	232,777	32,777
Other financing sources (uses):				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(199,200)</u>	<u>800</u>
Net change in fund balances	-	-	33,577	33,577
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,586</u>	<u>\$ 33,586</u>

CITY OF FLORENCE, OREGON
STREET SYSTEMS DEVELOPMENT FUND (111)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
System development charges	\$ 15,096	\$ 15,096	\$ 29,501	\$ 14,405
Investment earnings	<u>-</u>	<u>-</u>	<u>7,453</u>	<u>7,453</u>
Excess revenues over expenditures	15,096	15,096	36,954	21,858
Other financing sources (uses):				
Transfers in	100,000	100,000	100,000	-
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>
Net change in fund balances	(284,904)	(284,904)	136,954	421,858
Fund Balance:				
Beginning of year	<u>600,000</u>	<u>600,000</u>	<u>618,543</u>	<u>18,543</u>
End of year	<u>\$ 315,096</u>	<u>\$ 315,096</u>	755,497	<u>\$ 440,401</u>
Adjustment to modified accrual basis				
Interfund note receivable			<u>180,000</u>	
Modified accrual ending fund balance			<u>\$ 935,497</u>	

Nonmajor Debt Service Funds

General Obligation Bond Fund

The General Obligation Debt Service Fund is used to account for general obligation bonds. Currently, a bond for the construction of the Justice Center is accounted for in this fund.

Urban Renewal Agency Debt Service Fund

This fund is used to account for the debt acquired by the Florence Urban Renewal Agency.

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CITY OF FLORENCE, OREGON
NONMAJOR DEBT SERVICE FUNDS

Combining Balance Sheet

June 30, 2014

	General Obligation Bond Fund (145)	Urban Renewal Debt Service (981)	Total Nonmajor Debt Service Funds
Assets			
Cash and cash equivalents	\$ 462,138	\$ 252,756	\$ 714,894
Property taxes receivable	<u>24,270</u>	<u>-</u>	<u>24,270</u>
Total assets	<u>\$ 486,408</u>	<u>\$ 252,756</u>	<u>\$ 739,164</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	<u>\$ 22,919</u>	<u>\$ -</u>	<u>\$ 22,919</u>
Fund Balance			
Restricted for:			
Debt service	<u>463,489</u>	<u>252,756</u>	<u>716,245</u>
Total Deferred Inflows of Resources and Fund Balance	<u>\$ 486,408</u>	<u>\$ 252,756</u>	<u>\$ 739,164</u>

CITY OF FLORENCE, OREGON
NONMAJOR DEBT SERVICE FUNDS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2014

	General Obligation Bond Fund (145)	Urban Renewal Debt Service (981)	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$ 334,693	\$ -	\$ 334,693
Investment earnings	<u>2,142</u>	<u>837</u>	<u>2,979</u>
Total Revenues	<u>336,835</u>	<u>837</u>	<u>337,672</u>
Expenditures:			
Debt service			
Principal	290,000	190,000	480,000
Interest expense	<u>15,975</u>	<u>124,346</u>	<u>140,321</u>
Total Expenses	<u>305,975</u>	<u>314,346</u>	<u>620,321</u>
Excess (deficiency) of revenues over expenditures	<u>30,860</u>	<u>(313,509)</u>	<u>(282,649)</u>
Other Financing Sources (Uses):			
Transfers in	<u>-</u>	<u>314,346</u>	<u>314,346</u>
Total other financing sources (uses)	<u>-</u>	<u>314,346</u>	<u>314,346</u>
Change in fund balance	30,860	837	31,697
Beginning Fund Balance	<u>432,629</u>	<u>251,919</u>	<u>684,548</u>
Ending Fund Balance	<u>\$ 463,489</u>	<u>\$ 252,756</u>	<u>\$ 716,245</u>

CITY OF FLORENCE, OREGON
GENERAL OBLIGATION BOND FUND (145)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 311,000	\$ 311,000	\$ 334,693	\$ 23,693
Investment earnings	<u>1,410</u>	<u>1,410</u>	<u>2,142</u>	<u>732</u>
Total revenues	<u>312,410</u>	<u>312,410</u>	<u>336,835</u>	<u>24,425</u>
Expenditures:				
Debt service:				
Principal	290,000	290,000	290,000	-
Interest expense	<u>15,975</u>	<u>15,975</u>	<u>15,975</u>	<u>-</u>
Total expenditures	<u>305,975</u>	<u>305,975</u>	<u>305,975</u>	<u>-</u>
Excess revenues over expenditures	6,435	6,435	30,860	24,425
Fund Balance:				
Beginning of year	<u>415,000</u>	<u>415,000</u>	<u>432,629</u>	<u>17,629</u>
End of year	<u>\$ 421,435</u>	<u>\$ 421,435</u>	<u>\$ 463,489</u>	<u>\$ 42,054</u>

CITY OF FLORENCE, OREGON
FLORENCE URBAN RENEWAL AGENCY DEBT SERVICE FUND (981)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 837</u>	<u>\$ 37</u>
Expenditures:				
Debt service:				
Principal	190,000	190,000	190,000	-
Interest expense	<u>125,300</u>	<u>125,300</u>	<u>124,346</u>	<u>954</u>
Total expenditures	<u>315,300</u>	<u>315,300</u>	<u>314,346</u>	<u>954</u>
Excess revenues under expenditures	(314,500)	(314,500)	(313,509)	991
Other financing sources (uses):				
Transfers in	<u>314,500</u>	<u>314,500</u>	<u>314,346</u>	<u>(154)</u>
Net change in fund balances	-	-	837	837
Fund Balance:				
Beginning of year	<u>251,000</u>	<u>251,000</u>	<u>251,919</u>	<u>919</u>
End of year	<u>\$ 251,000</u>	<u>\$ 251,000</u>	<u>\$ 252,756</u>	<u>\$ 1,756</u>

Permanent Fund

These funds are used to report resources that are legally restricted to the extent that only earning, not principal, may be used for purposes that support the reporting government's programs.

Events Center Endowment Fund

This fund is used to account for an endowment whose earnings are restricted for the Florence Event Center.

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CITY OF FLORENCE, OREGON
EVENTS CENTER ENDOWMENT FUND (180)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 6,616</u>	<u>\$ 2,616</u>
Expenditures:				
Materials and services	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Excess revenues over expenditures	2,800	2,800	6,616	3,816
Other financing sources (uses):				
Transfers out	<u>(4,000)</u>	<u>(4,000)</u>	<u>(3,435)</u>	<u>565</u>
Net change in fund balances	(1,200)	(1,200)	3,181	4,381
Fund Balance:				
Beginning of year	<u>79,800</u>	<u>79,800</u>	<u>79,741</u>	<u>(59)</u>
End of year	<u>\$ 78,600</u>	<u>\$ 78,600</u>	<u>\$ 82,922</u>	<u>\$ 4,322</u>

COMBINING AND BUDGETARY SCHEDULES

CITY OF FLORENCE, OREGON
EVENTS CENTER OPERATIONS

Reconciliation of Budgetary Combining Balance Sheet to Balance Sheet Full Accrual

June 30, 2014

	Budgetary Basis			
	Events Center Fund (016)	Events Center Debt Service Fund (018)	Adjustments to GAAP	Total
Assets				
Cash and cash equivalents	\$ 336,260	\$ 112,919	\$ -	\$ 449,179
Accounts receivable	3,246	-	-	3,246
Capital assets, net	-	-	2,126,712	2,126,712
Total Assets	\$ 339,506	\$ 112,919	\$ 2,126,712	\$ 2,579,137
Liabilities				
Accounts payable and accrued expenses	\$ 7,147	\$ -	\$ -	\$ 7,147
Accrued payroll liabilities	4,282	-	-	4,282
Compensated absences	-	-	24,759	24,759
Interest payable	-	-	4,568	4,568
Long-term debt	-	-	290,000	290,000
Total Liabilities	11,429	-	319,327	330,756
Net Position				
Ending Net Position	328,077	112,919	1,807,385	2,248,381
Total Liabilities and Net Position	\$ 339,506	\$ 112,919		\$ 2,579,137

CITY OF FLORENCE, OREGON
EVENTS CENTER OPERATIONS

Reconciliation of Budgetary Basis Combined Statement of Revenues, Expenditures,
and Changes in Fund Balance to Statement of Changes in Net Position

Year ended June 30, 2014

	Budgetary Basis			
	Events Center Fund (016)	Events Center Debt Service Fund (018)	Adjustments to GAAP	Total
Revenues:				
Charges for services	\$ 296,263	\$ -	\$ -	\$ 296,263
Grants and contributions	86,983	-	-	86,983
Intergovernmental	-	236,974	-	236,974
Interest income	896	-	-	896
Other revenue	<u>722</u>	<u>-</u>	<u>-</u>	<u>722</u>
Total Revenues	<u>384,864</u>	<u>236,974</u>	<u>-</u>	<u>621,838</u>
Expenses:				
Personnel services	214,211	-	(45)	214,166
Materials and services	289,449	-	-	289,449
Depreciation	-	-	114,025	114,025
Capital Outlay	21,917	-	(21,917)	-
Debt service				
Principal	-	135,000	(135,000)	-
Interest expense	<u>-</u>	<u>15,549</u>	<u>(2,126)</u>	<u>13,423</u>
Total Expenses	<u>525,577</u>	<u>150,549</u>	<u>(45,063)</u>	<u>631,063</u>
Excess (deficiency) of revenues over expenditures	<u>(140,713)</u>	<u>86,425</u>	<u>45,063</u>	<u>(9,225)</u>
Transfers in (out):				
Transfers in	202,635	-	-	202,635
Transfers out	<u>(54,193)</u>	<u>-</u>	<u>-</u>	<u>(54,193)</u>
Net transfers in (out)	148,442	-	-	148,442
Change in net position	7,729	86,425	45,063	139,217
Beginning Fund Balance/ Net Position	<u>320,348</u>	<u>26,494</u>	1,762,322	<u>2,109,164</u>
Ending Fund Balance / Net Position	<u>\$ 328,077</u>	<u>\$ 112,919</u>		<u>\$ 2,248,381</u>

CITY OF FLORENCE, OREGON
EVENTS CENTER FUND (016)

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 250,000	\$ 250,000	\$ 296,263	\$ 46,263
Grants and contributions	96,400	96,400	86,983	(9,417)
Investment earnings	500	500	896	396
Other revenue	<u>500</u>	<u>500</u>	<u>722</u>	<u>222</u>
Total revenues	<u>347,400</u>	<u>347,400</u>	<u>384,864</u>	<u>37,464</u>
Expenditures:				
Personnel services	235,140	235,140	214,211	20,929
Materials and services	269,200	269,200	289,449	(20,249)
Capital Outlay	25,000	25,000	21,917	3,083
Contingency	<u>88,000</u>	<u>88,000</u>	<u>-</u>	<u>88,000</u>
Total expenditures	<u>617,340</u>	<u>617,340</u>	<u>525,577</u>	<u>91,763</u>
Excess revenues under expenditures	<u>(269,940)</u>	<u>(269,940)</u>	<u>(140,713)</u>	<u>129,227</u>
Other financing sources (uses):				
Transfers in	204,000	204,000	202,635	(1,365)
Transfers out	<u>(57,960)</u>	<u>(57,960)</u>	<u>(54,193)</u>	<u>3,767</u>
Total other financing sources (uses)	<u>146,040</u>	<u>146,040</u>	<u>148,442</u>	<u>2,402</u>
Net change in fund balances	<u>(123,900)</u>	<u>(123,900)</u>	<u>7,729</u>	<u>131,629</u>
Fund Balance:				
Beginning of year	<u>260,000</u>	<u>260,000</u>	<u>320,348</u>	<u>60,348</u>
End of year	<u>\$ 136,100</u>	<u>\$ 136,100</u>	<u>\$ 328,077</u>	<u>\$ 191,977</u>

CITY OF FLORENCE, OREGON
AIRPORT OPERATIONS FUND (130)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 97,500	\$ 97,500	\$ 84,765	\$ (12,735)
Investment earnings	2,000	2,000	2,197	197
Other revenue	<u>5,500</u>	<u>5,500</u>	<u>6,134</u>	<u>634</u>
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>93,096</u>	<u>(11,904)</u>
Expenditures:				
Materials and services	95,550	95,550	79,249	16,301
Debt service:				
Principal	42,215	42,215	42,215	-
Interest expense	<u>9,972</u>	<u>9,972</u>	<u>9,972</u>	<u>-</u>
Total expenditures	<u>147,737</u>	<u>147,737</u>	<u>131,436</u>	<u>16,301</u>
Excess revenues under expenditures	(42,737)	(42,737)	(38,340)	4,397
Other financing sources (uses):				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balances	(12,737)	(12,737)	(8,340)	4,397
Fund Balance:				
Beginning of year	<u>30,000</u>	<u>30,000</u>	<u>43,820</u>	<u>13,820</u>
End of year	<u>\$ 17,263</u>	<u>\$ 17,263</u>	<u>\$ 35,480</u>	<u>\$ 18,217</u>

INTERNAL SERVICE FUND

These funds are 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 Administration

The Public Works Administration fund is used to account for all public works general overhead and personnel cost for employees and activities that benefit all the public work type funds (Water, Wastewater, Stormwater and Streets).

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CITY OF FLORENCE, OREGON
PUBLIC WORKS ADMINISTRATION FUND (103)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Other revenue	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 1,328</u>	<u>\$ (3,672)</u>
Expenditures:				
Personnel services	449,824	449,824	417,941	31,883
Materials and services	59,200	59,200	57,023	2,177
Capital Outlay	<u>35,000</u>	<u>35,000</u>	<u>27,176</u>	<u>7,824</u>
Total expenditures	<u>544,024</u>	<u>544,024</u>	<u>502,140</u>	<u>41,884</u>
Excess revenues under expenditures	(539,024)	(539,024)	(500,812)	38,212
Other financing sources (uses):				
Transfers in	<u>539,024</u>	<u>539,024</u>	<u>500,812</u>	<u>(38,212)</u>
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FIDUCIARY FUNDS

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

Municipal Court Agency Fund

This fund is used to account for bail held by the City pending the outcome of judicial action.

Senior Center Tourist & Agency Fund

This fund accepts donations and pays expenses for the Florence Senior Center.

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CITY OF FLORENCE, OREGON
AGENCY FUNDS
Schedule of Changes in Assets and Liabilities
For the Year Ended June 30, 2014

Municipal Court Agency Fund	<u>Balances July 01, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2014</u>
ASSETS				
Cash and investments	<u>\$ 35,038</u>	<u>\$ 379,534</u>	<u>\$ 356,537</u>	<u>\$ 58,035</u>
LIABILITIES				
Accounts payable	<u>\$ 19,772</u>	<u>\$ -</u>	<u>\$ 19,772</u>	<u>\$ -</u>
Amounts held for others	<u>15,266</u>	<u>379,534</u>	<u>336,765</u>	<u>58,035</u>
Total liabilities	<u>\$ 35,038</u>	<u>\$ 379,534</u>	<u>\$ 356,537</u>	<u>\$ 58,035</u>
Senior Center Trust & Agency Fund	<u>Balances July 01, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2014</u>
ASSETS				
Cash and investments	<u>\$ 1,138</u>	<u>\$ 752</u>	<u>\$ 1,640</u>	<u>\$ 250</u>
LIABILITIES				
Amounts held for others	<u>\$ 1,138</u>	<u>\$ 752</u>	<u>\$ 1,640</u>	<u>\$ 250</u>
Totals - All Agency Funds	<u>Balances July 01, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2014</u>
ASSETS				
Cash and investments	<u>\$ 36,176</u>	<u>\$ 380,286</u>	<u>\$ 358,177</u>	<u>\$ 58,285</u>
LIABILITIES				
Accounts payable	<u>\$ 19,772</u>	<u>\$ -</u>	<u>\$ 19,772</u>	<u>\$ -</u>
Amounts held for others	<u>16,404</u>	<u>380,286</u>	<u>338,405</u>	<u>58,285</u>
Total liabilities	<u>\$ 36,176</u>	<u>\$ 380,286</u>	<u>\$ 358,177</u>	<u>\$ 58,285</u>

OTHER FINANCIAL SCHEDULES

CITY OF FLORENCE, OREGON
Schedule of Property Tax Transactions and Outstanding Balances
For the Year Ended June 30, 2014

City Levy Fiscal Year	Uncollected Balances July 01, 2013	2013-2014 Levy	Discount	Adjustment and Corrections	Collections	Uncollected Balances June 30, 2014
2013-14	\$ -	\$ 2,669,890	\$ (68,501)	\$ (8,424)	\$ (2,514,092)	\$ 78,873
2012-13	72,896	-	54	(4,804)	(27,834)	40,312
2011-12	42,516	-	18	(1,041)	(13,546)	27,947
2010-11	31,382	-	1	(1,001)	(10,342)	20,040
2009-10	19,887	-	1	(645)	(6,325)	12,918
2008-09	3,535	-	-	(484)	(888)	2,163
2007-08	1,998	-	-	(278)	(466)	1,254
Prior	5,190	-	-	(1,690)	(318)	3,182
Totals	<u>\$ 177,404</u>	<u>\$ 2,669,890</u>	<u>\$ (68,427)</u>	<u>\$ (18,367)</u>	<u>\$ (2,573,811)</u>	<u>\$ 186,689</u>

Urban Renewal Levy Fiscal Year	Uncollected Balances July 01, 2013	2013-2014 Levy	Discount	Adjustment and Corrections	Collections	Uncollected Balances June 30, 2014
2013-14	\$ -	\$ 297,343	\$ (7,629)	\$ (938)	\$ (279,992)	\$ 8,784
2012-13	8,144	-	6	(537)	(3,110)	4,503
2011-12	5,508	-	2	(135)	(1,755)	3,620
2010-11	3,372	-	-	(108)	(1,111)	2,153
2009-10	2,054	-	-	(67)	(653)	1,334
2008-09	278	-	-	(38)	(70)	170
2007-08	82	-	-	(12)	(20)	50
Prior	-	-	-	-	-	-
Totals	<u>\$ 19,438</u>	<u>\$ 297,343</u>	<u>\$ (7,621)</u>	<u>\$ (1,835)</u>	<u>\$ (286,711)</u>	<u>\$ 20,614</u>

Total Fiscal Year	Uncollected Balances July 01, 2013	2013-2014 Levy	Discount	Adjustment and Corrections	Collections	Uncollected Balances June 30, 2014
2013-14	\$ -	\$ 2,967,233	\$ (76,130)	\$ (9,362)	\$ (2,794,084)	\$ 87,657
2012-13	81,040	-	60	(5,341)	(30,944)	44,815
2011-12	48,024	-	20	(1,176)	(15,301)	31,567
2010-11	34,754	-	1	(1,109)	(11,453)	22,193
2009-10	21,941	-	1	(712)	(6,978)	14,252
2008-09	3,813	-	-	(522)	(958)	2,333
2007-08	2,080	-	-	(290)	(486)	1,304
Prior	5,190	-	-	(1,690)	(318)	3,182
Totals	<u>\$ 196,842</u>	<u>\$ 2,967,233</u>	<u>\$ (76,048)</u>	<u>\$ (20,202)</u>	<u>\$ (2,860,522)</u>	<u>\$ 207,303</u>

SCHEDULES FOR BUDGETARY COMPLIANCE

CITY OF FLORENCE, OREGON
STREETS PROGRAM

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Licenses and fees	\$ 275,000	\$ 275,000	\$ 288,339	\$ 13,339
Assessments	8,300	8,300	4,939	(3,361)
Intergovernmental	490,000	490,000	484,299	(5,701)
Grants and contributions	235,000	235,000	111,826	(123,174)
Investment earnings	3,700	3,700	9,972	6,272
System development charges	15,096	15,096	29,501	14,405
Total revenues	<u>1,027,096</u>	<u>1,027,096</u>	<u>928,876</u>	<u>(98,220)</u>
Expenditures:				
Streets Program	<u>1,596,994</u>	<u>1,596,994</u>	<u>578,681</u>	<u>1,018,313</u>
Total expenditures	<u>1,596,994</u>	<u>1,596,994</u>	<u>578,681</u>	<u>1,018,313</u>
Excess revenues over (under) expenditures	<u>(569,898)</u>	<u>(569,898)</u>	<u>350,195</u>	<u>920,093</u>
Other financing sources (uses):				
Transfers in	500,000	500,000	100,000	(400,000)
Transfers out	(626,521)	(626,521)	(219,577)	406,944
Loan proceeds	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total other financing sources (uses)	<u>123,479</u>	<u>123,479</u>	<u>130,423</u>	<u>6,944</u>
Net change in fund balances	<u>(446,419)</u>	<u>(446,419)</u>	<u>480,618</u>	<u>927,037</u>
Fund Balance:				
Beginning of year	<u>900,000</u>	<u>900,000</u>	<u>914,049</u>	<u>14,049</u>
End of year	<u>\$ 453,581</u>	<u>\$ 453,581</u>	<u>\$ 1,394,667</u>	<u>\$ 941,086</u>

CITY OF FLORENCE, OREGON
PUBLIC WORKS ENTERPRISE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 5,412,200	\$ 5,412,200	\$ 5,578,435	\$ 166,235
Grants and contributions	30,000	30,000	27,977	(2,023)
Miscellaneous Income	13,100	13,100	11,793	(1,307)
Interest income	15,100	15,100	28,314	13,214
Total revenues	<u>5,470,400</u>	<u>5,470,400</u>	<u>5,646,519</u>	<u>176,119</u>
Expenditures:				
Water Program	2,601,898	2,601,898	2,011,670	590,228
Wastewater program	3,534,157	3,534,157	2,890,886	643,271
Stormwater Program	769,012	769,012	300,613	468,399
Public Works Administration Program	544,024	544,024	502,141	41,883
Total expenditures	<u>7,449,091</u>	<u>7,449,091</u>	<u>5,705,310</u>	<u>1,743,781</u>
Excess revenues under expenditures	<u>(1,978,691)</u>	<u>(1,978,691)</u>	<u>(58,791)</u>	<u>1,919,900</u>
Other financing sources (uses):				
Issuance of debt	475,000	475,000	150,000	(325,000)
Transfers in	597,024	597,024	558,812	(38,212)
Total other financing sources (uses)	<u>1,072,024</u>	<u>1,072,024</u>	<u>708,812</u>	<u>(363,212)</u>
Net change in fund balances	<u>(906,667)</u>	<u>(906,667)</u>	<u>650,021</u>	<u>1,556,688</u>
Fund Balance:				
Beginning of year	<u>2,315,000</u>	<u>2,315,000</u>	<u>2,515,531</u>	<u>200,531</u>
End of year	<u>\$ 1,408,333</u>	<u>\$ 1,408,333</u>	<u>\$ 3,165,552</u>	<u>\$ 1,757,219</u>

COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *MINIMUM
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS*

Honorable Mayor and City Council
City of Florence, Oregon

We have audited the financial statements and schedules of the City of Florence, Oregon ("City") as of and for the year ended June 30, 2014, and have issued our report thereon dated November 10, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

OAR 162-10-0230 Internal Control

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the audit committee, and the Honorable Mayor and Council and the Secretary of State, Audits Division, of the State of Oregon. However, this report is a matter of public record and its distribution is not limited.

ISLER CPA

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive style with a long, sweeping underline.

by: Paul Nielson, CPA, a member of the firm

Eugene, Oregon
November 10, 2014

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