



City of Florence, Oregon

Annual Financial Report

Fiscal Year Ended June 30, 2016

CITY OF FLORENCE, OREGON
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

CITY OF FLORENCE, OREGON
Annual Financial Report
For the Fiscal Year Ended June 30, 2016
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INTRODUCTORY SECTION

CITY OF FLORENCE, OREGON

Principal City Officials

June 30, 2016

ELECTED OFFICIALS

<u>Mayor</u>	<u>Term Expiration</u>
Joe Henry	12/31/2016
 <u>Council Members</u>	
Joshua Greene, President	12/31/2016
Ron Preisler, Vice President	12/31/2016
Susy Lacer	12/31/2018
George Lyddon	12/31/2018

ADMINISTRATIVE OFFICIALS

Erin Reynolds	City Manager
Andy Parks	Finance Director

Mailing Address
250 Hwy. 101
Florence, Oregon 97439

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Florence, Oregon

An Independently Owned Member
McGLADREY ALLIANCE



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, 2016, 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 of Florence, as of June 30, 2016, 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, budgetary comparison schedules for the General Fund, Street Fund, Street System Development Fund, the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Pension Contributions 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, the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Pension Contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules for the General, Street and Street System Development funds are the responsibility of management and were derived from and relate directly to the underlying accounting 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 budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements 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 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 fund financial statements, 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 fund financial statements and budget and actual schedules 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 February 27, 2017 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
February 27, 2017

Management's Discussion and Analysis

The management of the City of Florence offers readers of the City of Florence's financial statements this narrative overview and analysis of the financial activities of the City of Florence for the fiscal year ended June 30, 2016.

Financial Highlights

The City's governmental activities assets totaled \$19.5 million at June 30, 2016, consisting of \$13.6 million in net capital assets, \$3.9 million in cash and cash equivalents and \$2.0 million in receivables and other assets. The City's governmental activities liabilities totaled \$7.4 million at June 30, 2016, consisting of \$6.9 million in noncurrent liabilities and \$0.5 million in accounts payable and other liabilities. Total net position was \$12.0 million of which \$8.7 million is invested in capital assets, net of related debt, \$1.6 million is restricted and the remaining \$1.7 million is unrestricted.

The City's governmental activities net position decreased by \$1.7 million or 12 percent. Overall governmental activities revenue decreased by \$348,000 or 6 percent. The most significant revenue reductions were capital grants and contributions, -\$347,000 and intergovernmental, -\$180,000.

The City's business-type activities assets totaled \$34.8 million at June 30, 2016, consisting of \$29.6 million in capital assets, \$4.5 million in cash and cash equivalents and \$741,000 in receivables and other assets. The City's business-type activities liabilities totaled \$11.1 million at June 30, 2016, consisting of \$10.4 million in noncurrent liabilities, \$1.1 million due within one year and \$677,000 in accounts payable and other liabilities. Total net position was \$23.7 million of which \$19.6 million is invested in capital assets, net of related debt, \$1.1 million is restricted and the remaining \$3.1 million is unrestricted.

The City's business-type activities net position increased by \$1.0 million or 5 percent. Business-type activities revenue increased by \$172,000 or 3 percent. Capital grants and contributions were \$112,000 or 30 percent lower in fiscal year 2016 than the prior year because the City had completed a significant infrastructure project that was funded by a capital grant in fiscal year 2015. Charges for services increased \$276,000 or 4 percent. The increase was driven by rate increases of 1.0 percent to the City's utilities, together with higher volume of water and 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 seven individual governmental funds. Additionally, the City's financial statements include the Florence Urban Renewal Agency General Fund and FURA Debt Service Fund. FURA is a component unit of the City. 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.

Information for the remaining funds are combined into a single aggregate presentation. Individual fund information 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.

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 \$35.8 million as of June 30, 2016.

The City of Florence's net investment in capital assets reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Florence uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Florence's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 - Net Position as of June 30
(amounts in thousands)

	Governmental		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$5,929	\$6,987	\$5,232	\$4,904	\$11,161	\$11,891
Capital assets	13,582	13,398	29,595	29,531	43,177	42,929
Total assets	19,511	20,385	34,827	34,435	54,338	54,820
Deferred outflows of resources	245	152	95	65	340	217
Long-term liabilities	6,948	4,352	10,439	12,355	17,387	16,707
Other liabilities	473	585	677	311	1,150	896
Total liabilities	7,421	4,937	11,116	12,666	18,537	17,603

Deferred inflows of resources	287	728	98	313	385	1,041
Net position:						
Net investment in capital assets	8,749	9,046	19,601	17,175	28,350	26,221
Restricted for:						
Public safety	8	-	-	-	8	-
Urban renewal	-	263	-	-	-	263
Tourism/economic development	82	60	-	-	82	60
Transportation	-	106	-	-	-	106
System development	1,032	901	978	1,212	2,010	2,113
Debt service	428	986	1	59	429	1,045
Event Center, nonexpendable	-	78	78	-	78	78
Unrestricted	1,749	3,432	3,050	3,075	4,799	6,507
Total net position	<u>\$12,048</u>	<u>\$14,872</u>	<u>\$23,708</u>	<u>\$21,521</u>	<u>\$35,756</u>	<u>\$36,393</u>

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

Governmental activities. Governmental activities decreased the City of Florence’s net position by \$1.7 million. Key elements of this decrease are as follows:

- Expenses related to pension obligations \$1.0 million.
- Depreciation expense of \$956,000.
- Net increase in long-term debt of \$317,000.

Table 2 - Changes in Net Position
(amounts in thousands)

	Governmental		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue						
Program revenue						
Charges for services	\$ 1,168	\$ 1,170	\$ 6,306	\$ 6,030	\$ 7,474	\$ 7,200
Operating grants and contributions	952	991	192	-	1,144	991
Capital grants and contributions	29	248	267	379	296	627
General revenue						
Property taxes	2,784	2,679	-	192	2,784	2,871
Franchise and lodging taxes	895	801	-	-	895	801
Investment earnings	33	30	41	33	74	63
Total revenue	5,861	5,919	6,806	6,634	12,667	12,553
Expenses						
Governmental activities						
General government	1,424	987	-	-	1,424	987
Culture and recreation	164	175	-	-	164	175
Public safety	3,697	2,662	-	-	3,697	2,662
Economic development	1,376	715	-	-	1,376	715
Highways and streets	912	803	-	-	912	803
Interest expense	356	207	-	-	356	207
Business-type activities						
Water	-	-	1,622	1,328	1,622	1,328
Wastewater	-	-	2,508	1,949	2,508	1,949
Stormwater	-	-	218	161	218	161
Events Center	-	-	860	697	860	697
Airport	-	-	167	170	167	170
Total expenses	7,929	5,549	5,375	4,305	13,304	9,854
Change in net position before non-operating items	- 2,068	370	1,431	2,329	- 637	2,699
Transfers	393	362	- 393	- 362	-	-
Change in net position	- 1,675	732	1,038	1,967	- 637	2,699
Net position - beginning	14,872	14,819	21,521	19,846	36,393	34,665
Restatement	- 1,149	- 679	1,149	- 292	-	- 971
Net position - beginning, as restated	13,723	14,140	22,670	19,554	36,393	33,694
Net position - ending	\$ 12,048	\$ 14,872	\$ 23,708	\$ 21,521	\$ 35,756	\$ 36,393

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Florence's governmental funds reported combined

ending fund balances of \$4.0 million a decrease of \$0.5 million from the previous year-end balance.

The general fund is the chief operating fund of the City of Florence. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3.4 million.

The fund balance of the City's general fund increased by \$1.4 million during the current fiscal year. An advance of \$1.6 million (a line-of-credit loan to the City, lent to the City's Urban Renewal Agency and reported as an Advance) created the increase in fund balance. Without reporting the advance, the general fund fund balance decreased by \$0.2 million, or approximately 10 percent. The fund balance of the Street Fund increased by \$0.3 million to \$1.4 million. The Florence Urban Renewal General Fund, fund balance decreased by \$0.4 million to -\$0.2 million, and the FURA Debt Services Fund fund balance decreased by \$1.6 million to a negative \$1.4 million. The negative fund balance is attributable to the advance from the City. Future tax increment property tax collections by FURA will be used to repay the debt to the City, which the City will use to repay the loan to the lender.

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.

As of June 30, 2016, unrestricted net position of the water operations amounted to \$1.3 million, wastewater operations \$0.7 million, stormwater operations \$0.9 million, airport operations \$0.0 and the Events Center operations \$0.2 million, for a total unrestricted net position for proprietary funds of \$4.0 million.

General Fund Budgetary Highlights

The General Fund budget for revenues was budgeted at \$4.2 million and actual was \$3.95 million. All significant revenue categories realized minor shortfalls to budgeted amounts as growth did not occur as briskly as forecast. Expenditures for the General Fund budget were underspent in all program category expenditures by \$1.0 million when compared to the budget (\$5.1 million actual to \$6.1 million approved). The under spending can be attributed to another year where the City experienced less than budgeted staffing levels throughout the fiscal year due to various factors. Additionally, certain grants were not realized, reducing park related capital purchases.

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, 2016, amounts to \$43.2 million (net of accumulated depreciation). During fiscal year 2016 the City acquired \$1.2 of governmental assets and \$1.8 million of business-type assets, while incurring \$2.5 million in depreciation expense. The City did complete the Rhody Road improvements during the year and have significant public facilities budgeted in fiscal year 2017-19 including but not limited to completing the new public works maintenance and office complex, a remodel to City Hall, and the ReVision Florence project that will modernize and enhance the visual appearance of Highway 101 from the Siuslaw Bridge to the Highway 126 entrance into Florence.

The investment in capital assets includes land, buildings and systems, improvements, infrastructure, equipment and vehicles, park facilities, roads and sidewalks.

The following table summarizes the City of Florence's capital assets as of June 30, 2016:

Table 3
Capital Assets as of June 30th
(net of depreciation, in thousands)

	Governmental		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 970	\$ 852	\$ 1,687	\$ 1,687	\$ 2,657	\$ 2,539
Buildings and improvements	5,251	5,445	14,087	14,595	19,338	20,040
Equipment and vehicles	806	759	1,024	776	1,830	1,535
Utility systems	-	-	5,166	5,067	5,166	5,067
Infrastructure	6,166	6,163	6,905	7,230	13,071	13,393
Construction in progress	389	179	726	176	1,115	355
Capital assets, net of depreciation	\$ 13,582	\$ 13,398	\$ 29,595	\$ 29,531	\$ 43,177	\$ 42,929

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

Long-term debt. At the end of fiscal year 2016, the City of Florence had total long-term liabilities outstanding of \$15.8 million. During the fiscal year the City entered into a line of credit agreement for \$7.8 million to fund water, street, public works maintenance facility, urban renewal projects and refinance and pay off existing urban renewal financings. \$2.5 million was drawn on the line as of June 30, 2016. Subsequent to June 30, 2016, the City increased the amount of the line to \$9.8 million, to include an additional \$2.0 million to complete phase II of the public works complex, an office building. During the year \$1.665 million in urban renewal debt was refinanced. Other scheduled principal reductions of \$1.7 million were made.

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

	Governmental		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Bonds payable	\$ 3,173	\$ 3,430	\$ 4,985	\$ 5,897	\$ 8,158	\$ 9,327
Notes payable	261	2,071	4,899	5,309	5,160	7,380
Line of credit	2,383	-	117	-	2,500	-
Total	\$ 5,817	\$ 5,501	\$ 10,001	\$ 11,206	\$ 15,818	\$ 16,707

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

Economic Factors and Next Year's Budgets and Rates

In preparing the budget for fiscal year 2016-17, inflation was stagnant and property taxes were showing continuing indications that property values had indeed begun a recovery. Property taxes were budgeted at a 2.5 percent growth, utility rate adjustments for the water, wastewater, and stormwater were budgeted to keep in pace with the cost of providing the services with 1.0% rate increases, while street fees were increased \$0.50 per household per month. Transient room tax continued to show double-digit growth in fiscal year 2016. Growth in fiscal year 2017 is budgeted to slow to approximately 5 percent.

Although the economy is showing signs of recovery with inflation remaining low, forecast personnel costs still outpace projected increases in revenues. Therefore, the City has continued to operate with a smaller staff than its peak in 2008. Going forward, personnel costs are anticipated to be negatively impacted by increased costs for PERS and health insurance. Staffing levels are anticipated to remain consistent with current levels unless revenue producing.

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.

BASIC FINANCIAL STATEMENTS

CITY OF FLORENCE, OREGON

Statement of Net Position

June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 3,881,625	\$ 4,492,112	\$ 8,373,737
Receivables:			
Accounts	364,545	540,633	905,178
Taxes	187,325	-	187,325
Assessments	1,367,090	-	1,367,090
Inventory	-	82,527	82,527
Prepaid expenses	69,525	-	69,525
Notes receivable	58,583	117,163	175,746
Capital assets not being depreciated	1,359,355	2,412,958	3,772,313
Depreciable capital assets, net	<u>12,222,795</u>	<u>27,181,543</u>	<u>39,404,338</u>
Total assets	<u>19,510,843</u>	<u>34,826,936</u>	<u>54,337,779</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources related to pensions	<u>245,461</u>	<u>94,983</u>	<u>340,444</u>
Total assets and deferred outflows	<u>\$ 19,756,304</u>	<u>\$ 34,921,919</u>	<u>\$ 54,678,223</u>
LIABILITIES			
Accounts payable	\$ 131,106	\$ 486,057	\$ 617,163
Payroll and related accruals	84,173	34,055	118,228
Accrued interest payable	29,028	30,176	59,204
Unearned revenue	20,000	-	20,000
Compensated absences	208,822	126,693	335,515
Long term liabilities:			
Due in one year	-	1,086,236	1,086,236
Due in more than one year	5,817,536	8,915,690	14,733,226
Net pension Liability	<u>1,130,284</u>	<u>437,369</u>	<u>1,567,653</u>
Total liabilities	<u>7,420,949</u>	<u>11,116,276</u>	<u>18,537,225</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of resources related to pensions	<u>287,345</u>	<u>97,521</u>	<u>384,866</u>
NET POSITION			
Net investment in capital assets	8,749,180	19,600,617	28,349,797
Restricted for:			
Public safety	7,552	-	7,552
Tourism	82,502	-	82,502
System development	1,032,095	977,646	2,009,741
Debt service	427,940	956	428,896
Event Center, nonexpendable	-	78,405	78,405
Unrestricted	<u>1,748,741</u>	<u>3,050,498</u>	<u>4,799,239</u>
Total net position	<u>12,048,010</u>	<u>23,708,122</u>	<u>35,756,132</u>
Total liabilities, deferred inflows, and net position	<u>\$ 19,756,304</u>	<u>\$ 34,921,919</u>	<u>\$ 54,678,223</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Statement of Activities

For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net revenue (expense) and changes in net position		
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental activities:							
General government	\$ 1,423,748	\$ 686,608	\$ 374,758	\$ -	\$ (362,382)	\$ -	\$ (362,382)
Public safety	3,696,842	145,867	68,416	-	(3,482,559)	-	(3,482,559)
Culture and recreation	164,905	-	-	-	(164,905)	-	(164,905)
Economic development	1,376,252	3,025	-	-	(1,373,227)	-	(1,373,227)
Highways and streets	912,297	332,695	508,569	29,342	(41,691)	-	(41,691)
Interest on long-term debt	355,761	-	-	-	(355,761)	-	(355,761)
Total governmental activities	<u>7,929,805</u>	<u>1,168,195</u>	<u>951,743</u>	<u>29,342</u>	<u>(5,780,525)</u>	<u>-</u>	<u>(5,780,525)</u>
Business-type activities:							
Water	1,621,414	2,207,751	-	99,062	-	685,399	685,399
Wastewater	2,508,116	3,138,562	-	107,720	-	738,166	738,166
Stormwater	217,544	522,140	-	59,891	-	364,487	364,487
Events Center	860,264	338,038	192,476	-	-	(329,750)	(329,750)
Airport	167,378	99,578	-	-	-	(67,800)	(67,800)
Total business-type activities	<u>5,374,716</u>	<u>6,306,069</u>	<u>192,476</u>	<u>266,673</u>	<u>-</u>	<u>1,390,502</u>	<u>1,390,502</u>
Total primary government	<u>\$ 13,304,521</u>	<u>\$ 7,474,264</u>	<u>\$ 1,144,219</u>	<u>\$ 296,015</u>	<u>(5,780,525)</u>	<u>1,390,502</u>	<u>(4,390,023)</u>
General Revenues:							
Property taxes					2,784,247	-	2,784,247
Transient room taxes					367,729	-	367,729
Other taxes					527,434	-	527,434
Unrestricted investment earnings					33,158	40,989	74,147
Transfers					393,249	(393,249)	-
Total general revenues and transfers					<u>4,105,817</u>	<u>(352,260)</u>	<u>3,753,557</u>
Change in net position					(1,674,708)	1,038,242	(636,466)
Net position beginning as restated see note IV B					<u>13,722,718</u>	<u>22,669,880</u>	<u>36,392,598</u>
Net position ending					<u>\$ 12,048,010</u>	<u>\$ 23,708,122</u>	<u>\$ 35,756,132</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON
Combining Balance Sheet

June 30, 2016

GOVERNMENTAL FUNDS

	General Fund	Streets	Debt Service	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 1,779,601	\$ 1,393,633	\$ 427,940	\$ 280,451	\$ 3,881,625
Receivables					
Accounts	140,156	95,795	-	128,594	364,545
Property taxes	187,325	-	-	-	187,325
Assessments	132,219	-	1,234,871	-	1,367,090
Due from other governmental fund	69,213	-	-	-	69,213
Prepaid expenses	58,916	10,609	-	-	69,525
Advance to other funds	1,574,637	-	-	-	1,574,637
Notes receivable	-	58,583	-	-	58,583
Total Assets	<u>\$ 3,942,067</u>	<u>\$ 1,558,620</u>	<u>\$ 1,662,811</u>	<u>\$ 409,045</u>	<u>\$ 7,572,543</u>
LIABILITIES					
Accounts payable	\$ 83,930	\$ 17,650	\$ -	\$ 29,526	\$ 131,106
Accrued payroll liabilities	82,711	1,462	-	-	84,173
Due to other governmental fund	-	-	-	69,213	69,213
Deposits payable	-	20,000	-	-	20,000
Advance from General Fund	-	-	-	1,574,637	1,574,637
Total Liabilities	<u>166,641</u>	<u>39,112</u>	<u>-</u>	<u>1,673,376</u>	<u>1,879,129</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	175,641	-	-	31,821	207,462
Unavailable revenue - special assessments	132,219	17,338	1,234,871	-	1,384,428
Unavailable revenue - note receivable	-	58,583	-	-	58,583
Total deferred inflows of resources	<u>307,860</u>	<u>75,921</u>	<u>1,234,871</u>	<u>31,821</u>	<u>1,650,473</u>
FUND BALANCE					
Nonspendable					
Prepays	58,916	10,609	-	-	69,525
Advance to other funds	1,574,637	-	-	-	1,574,637
Restricted for:					
Public safety	-	-	-	7,552	7,552
Tourism	-	-	-	82,502	82,502
Transportation	-	400,883	-	-	400,883
System development	-	1,032,095	-	-	1,032,095
Debt Service	-	-	427,940	-	427,940
Unassigned	1,834,013	-	-	(1,386,206)	447,807
Total Fund Balances:	<u>3,467,566</u>	<u>1,443,587</u>	<u>427,940</u>	<u>(1,296,152)</u>	<u>4,042,941</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 3,942,067</u>	<u>\$ 1,558,620</u>	<u>\$ 1,662,811</u>	<u>\$ 409,045</u>	<u>\$ 7,572,543</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position For the Year Ended June 30, 2016

Explanation of certain differences between the governmental fund balance sheet and the governmental activities in the statement of net position.

Total Fund Balances - Governmental Funds \$ 4,042,941

Receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 1,650,473

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

Nondepreciable assets	\$ 1,359,355	
Depreciable assets	22,928,580	
Accumulated depreciation	(10,705,785)	
Capital assets, net of accumulated depreciation		13,582,150

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

Compensated absences	\$ (208,822)	
Accrued interest payable	(29,028)	
Long-term debt	(5,817,536)	
		(6,055,386)

Assets, liabilities, deferred inflows and deferred outflows related to the City's portion of the State-wide pension plan are not current resources or requirements and therefore are not reported in the funds:

Net pension liability	(1,130,284)	
Deferred outflows of resources related to pensions	245,461	
Deferred inflows of resources related to pensions	<u>(287,345)</u>	
		<u>(1,172,168)</u>

Total Net Position - Governmental Activities \$ 12,048,010

CITY OF FLORENCE, OREGON
Combining Schedule of Revenues, Expenditures and Change in Fund Balance
For the Fiscal Year Ended June 30, 2016

GOVERNMENTAL FUNDS

	General Fund	Street Program	Debt Service	Nonmajor Governmental Funds	Total
REVENUES					
Property taxes	\$ 2,346,217	\$ -	\$ -	\$ 474,640	\$ 2,820,857
Grants and contributions	33,964	-	608	-	34,572
Franchise taxes	527,434	-	-	-	527,434
Intergovernmental	340,186	508,569	-	68,416	917,171
Charges for services	18,296	322,508	-	145,867	486,671
Lodging taxes	-	-	-	367,729	367,729
Fines and forfeits	211,265	-	-	-	211,265
System Development Fees	-	42,501	-	-	42,501
Licenses and fees	335,309	-	-	-	335,309
Investment earnings	15,643	10,063	4,037	3,415	33,158
Miscellaneous Income	121,738	10,187	-	3,025	134,950
Total Revenues	<u>3,950,052</u>	<u>893,828</u>	<u>4,645</u>	<u>1,063,092</u>	<u>5,911,617</u>
EXPENDITURES					
Current operating:					
General Government	1,267,781	-	-	-	1,267,781
Public safety	2,822,637	-	-	-	2,822,637
Culture and recreation	120,873	-	-	-	120,873
Economic development	579,572	-	-	701,251	1,280,823
Highways and streets	-	317,833	-	-	317,833
Capital Outlay	256,554	792,254	-	128,569	1,177,377
Principal					
Principal	25,837	118,748	830,000	1,829,094	2,803,679
Interest	1,618	10,132	254,349	75,065	341,164
Total Expenditures:	<u>5,074,872</u>	<u>1,238,967</u>	<u>1,084,349</u>	<u>2,733,979</u>	<u>10,132,167</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,124,820)</u>	<u>(345,139)</u>	<u>(1,079,704)</u>	<u>(1,670,887)</u>	<u>(4,220,550)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,064,893	-	988,001	-	2,052,894
Transfers out	(132,514)	(116,977)	-	(492,444)	(741,935)
Loan proceeds	1,574,637	808,042	-	-	2,382,679
Total other financing sources (uses)	<u>2,507,016</u>	<u>691,065</u>	<u>988,001</u>	<u>(492,444)</u>	<u>3,693,638</u>
Net Change in Fund Balance	1,382,196	345,926	(91,703)	(2,163,331)	(526,912)
Beginning Fund Balance	<u>2,085,370</u>	<u>1,097,661</u>	<u>519,643</u>	<u>867,179</u>	<u>4,569,853</u>
Ending Fund Balance	<u>\$ 3,467,566</u>	<u>\$ 1,443,587</u>	<u>\$ 427,940</u>	<u>\$ (1,296,152)</u>	<u>\$ 4,042,941</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Reconciliation of the Statement of Revenues, Expenditures, And Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the governmental activities in the statement of activities.

Total Net Change in Fund Balances - Governmental Funds \$ (526,912)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenues (49,769)

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 the governmental funds.

Change in:

Compensated absences 17,142
Accrued interest payables (14,597)
Expenses related to pension obligations (1,018,021)

(1,015,476)

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense.

Expenditures for capital assets 1,140,635
Current year depreciation (956,096)

184,539

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as other financing sources. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.

Issuance of long-term debt (2,382,679)
Repayments of long-term debt 2,065,820

(316,859)

Change in Net Position - Governmental Activities \$ (1,674,708)

CITY OF FLORENCE, OREGON
PROPRIETARY FUNDS
Statement of Net Position
June 30, 2016

	ENTERPRISE FUNDS BUSINESS-TYPE ACTIVITIES						Internal Service Fund
	Water Fund	Wastewater	Stormwater	Airport	Events Center	Total	Public Works Administration
ASSETS							
Current assets							
Cash and cash equivalents	\$ 1,565,229	\$ 1,402,881	\$ 1,004,405	\$ 2,464	\$ 417,806	\$ 4,392,785	\$ 99,327
Accounts receivable	203,042	288,638	48,953	-	-	540,633	-
Notes receivable	8,309	88,268	20,586	-	-	117,163	-
Inventories	58,066	16,882	-	7,579	-	82,527	-
Total current assets	<u>1,834,646</u>	<u>1,796,669</u>	<u>1,073,944</u>	<u>10,043</u>	<u>417,806</u>	<u>5,133,108</u>	<u>99,327</u>
Noncurrent assets							
Capital assets not being depreciated	428,299	530,462	33,640	1,365,074	55,483	2,412,958	-
Capital assets being depreciated, net	<u>6,664,526</u>	<u>15,834,083</u>	<u>1,292,479</u>	<u>1,374,864</u>	<u>2,015,591</u>	<u>27,181,543</u>	<u>-</u>
Total noncurrent assets	<u>7,092,825</u>	<u>16,364,545</u>	<u>1,326,119</u>	<u>2,739,938</u>	<u>2,071,074</u>	<u>29,594,501</u>	<u>-</u>
Total assets	<u>8,927,471</u>	<u>18,161,214</u>	<u>2,400,063</u>	<u>2,749,981</u>	<u>2,488,880</u>	<u>34,727,609</u>	<u>99,327</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows of resources related to pensions	<u>10,236</u>	<u>37,531</u>	<u>1,938</u>	<u>-</u>	<u>16,255</u>	<u>65,960</u>	<u>29,023</u>
LIABILITIES							
Current liabilities							
Accounts payable and accrued expenses	122,829	322,890	3,898	1,605	28,309	479,531	6,526
Accrued payroll liabilities	7,103	6,952	1,434	-	7,427	22,916	11,139
Accrued interest	6,819	21,066	675	1,528	-	30,088	88
Current portion of long-term debt							
Long-term debt	46,266	986,760	4,738	48,472	-	1,086,236	-
Compensated absences	<u>39,093</u>	<u>48,230</u>	<u>14,526</u>	<u>-</u>	<u>24,844</u>	<u>126,693</u>	<u>-</u>
Total current liabilities	<u>222,110</u>	<u>1,385,898</u>	<u>25,271</u>	<u>51,605</u>	<u>60,580</u>	<u>1,745,464</u>	<u>17,753</u>
Noncurrent liabilities							
Long-term debt	634,490	8,003,744	269,414	-	-	8,907,648	8,042
Net pension liability	<u>47,133</u>	<u>172,820</u>	<u>8,925</u>	<u>-</u>	<u>74,848</u>	<u>303,726</u>	<u>133,643</u>
Total long-term liabilities	<u>681,623</u>	<u>8,176,564</u>	<u>278,339</u>	<u>-</u>	<u>74,848</u>	<u>9,211,374</u>	<u>141,685</u>
Total liabilities	<u>903,733</u>	<u>9,562,462</u>	<u>303,610</u>	<u>51,605</u>	<u>135,428</u>	<u>10,956,838</u>	<u>159,438</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources related to pensions	<u>11,982</u>	<u>36,227</u>	<u>2,269</u>	<u>-</u>	<u>19,028</u>	<u>69,506</u>	<u>28,015</u>
NET POSITION							
Net investment in capital assets	6,412,069	7,374,041	1,051,967	2,691,466	2,071,074	19,600,617	-
Restricted for:							
System development	306,710	568,320	102,616	-	-	977,646	-
Debt service	-	-	-	-	956	956	-
Events Center, nonexpendable	-	-	-	-	78,405	78,405	-
Unrestricted	<u>1,303,213</u>	<u>657,695</u>	<u>941,539</u>	<u>6,910</u>	<u>200,244</u>	<u>3,109,601</u>	<u>(59,103)</u>
Total net position	<u>\$ 8,021,992</u>	<u>\$ 8,600,056</u>	<u>\$ 2,096,122</u>	<u>\$ 2,698,376</u>	<u>\$ 2,350,679</u>	<u>23,767,225</u>	<u>\$ (59,103)</u>
Reconciliation to Business-type Activities							
Net position of internal service funds						<u>(59,103)</u>	
Net position of Business-type Activities							<u>\$ 23,708,122</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON
PROPRIETARY FUNDS
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	BUSINESS-TYPE ACTIVITIES						Internal Service
	Water Fund	Wastewater	Stormwater	Airport	Events Center	Total	Public Works Administration
OPERATING REVENUES							
Charges for services	\$ 2,197,659	\$ 3,138,178	\$ 522,140	\$ 99,578	\$ 337,851	\$ 6,295,406	\$ -
Other revenue	-	-	-	-	-	-	-
Total operating revenues	<u>10,092</u>	<u>384</u>	<u>-</u>	<u>-</u>	<u>187</u>	<u>10,663</u>	<u>4,801</u>
	<u>2,207,751</u>	<u>3,138,562</u>	<u>522,140</u>	<u>99,578</u>	<u>338,038</u>	<u>6,306,069</u>	<u>4,801</u>
OPERATING EXPENSES							
Personnel services	338,422	535,985	70,885	-	320,978	1,266,270	536,514
Materials and services	401,471	670,230	56,253	77,137	412,112	1,617,203	181,124
Depreciation	522,084	806,631	37,773	79,353	125,719	1,571,560	-
Total operating expenses	<u>1,261,977</u>	<u>2,012,846</u>	<u>164,911</u>	<u>156,490</u>	<u>858,809</u>	<u>4,455,033</u>	<u>717,638</u>
Operating income (loss)	<u>945,774</u>	<u>1,125,716</u>	<u>357,229</u>	<u>(56,912)</u>	<u>(520,771)</u>	<u>1,851,036</u>	<u>(712,837)</u>
NONOPERATING REVENUES (EXPENSES)							
Interest expense	(31,491)	(167,324)	(2,728)	(3,760)	(1,455)	(206,758)	(88)
Investment earnings	6,254	25,994	1,438	2,485	4,818	40,989	-
Grants and contributions	-	-	-	-	192,476	192,476	-
Total nonoperating revenues (expenses)	<u>(25,237)</u>	<u>(141,330)</u>	<u>(1,290)</u>	<u>(1,275)</u>	<u>195,839</u>	<u>26,707</u>	<u>(88)</u>
Income (loss) before contributions and transfers	920,537	984,386	355,939	(58,187)	(324,932)	1,877,743	(712,925)
System development charges capital contributions	99,062	107,720	59,891	-	-	266,673	-
Transfers in	-	-	-	25,000	345,605	370,605	535,600
Transfers out	<u>(566,001)</u>	<u>(639,853)</u>	<u>(93,600)</u>	<u>-</u>	<u>-</u>	<u>(1,299,454)</u>	<u>-</u>
Total contributions and transfers	<u>(466,939)</u>	<u>(532,133)</u>	<u>(33,709)</u>	<u>25,000</u>	<u>345,605</u>	<u>(662,176)</u>	<u>535,600</u>
Change in net position	453,598	452,253	322,230	(33,187)	20,673	1,215,567	(177,325)
Beginning net position as restated see note IV B	<u>7,568,394</u>	<u>8,147,803</u>	<u>1,773,892</u>	<u>2,731,563</u>	<u>2,330,006</u>	<u>-</u>	<u>118,222</u>
Ending net position	<u>\$ 8,021,992</u>	<u>\$ 8,600,056</u>	<u>\$ 2,096,122</u>	<u>\$ 2,698,376</u>	<u>\$ 2,350,679</u>	<u>\$ -</u>	<u>\$ (59,103)</u>
Reconciliation to Business-type Activities							
Change in net position of internal service funds							<u>(177,325)</u>
Change in net position Business-type Activities							<u>\$ 1,038,242</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON
PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	BUSINESS-TYPE ACTIVITIES						Internal Service
	Water	Wastewater	Stormwater	Airport	Events Center	Total	Public Works Administration
CASH FLOWS FROM OPERATING ACTIVITIES							
Received from customers	\$2,202,264	\$ 3,110,204	\$ 521,604	\$ 99,578	\$ 338,038	\$6,271,688	\$ -
Received from interfund services provided	-	-	-	-	-	-	540,401
Paid to suppliers	(285,082)	(409,086)	(58,050)	(62,139)	(399,597)	1,213,954	(178,473)
Paid to employees	(305,194)	(401,143)	(63,731)	-	(255,306)	1,025,374	(419,532)
Net cash provided by operating activities	<u>1,611,988</u>	<u>2,299,975</u>	<u>399,823</u>	<u>37,439</u>	<u>(316,865)</u>	<u>4,032,360</u>	<u>(57,604)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES							
Change in due to / from other funds	-	-	-	(9,184)	-	(9,184)	-
Change in interfund loan	24,000	-	-	-	-	24,000	-
Transfers from other funds	350,000	40,000	-	25,000	192,476	607,476	-
Transfers to other funds	(916,001)	(679,853)	(93,600)	-	-	1,689,454	-
Net cash provided (used) by noncapital and related financing activities	<u>(542,001)</u>	<u>(639,853)</u>	<u>(93,600)</u>	<u>15,816</u>	<u>192,476</u>	<u>1,067,162</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
SDC fees received	100,707	126,752	64,058	-	345,605	637,122	-
Purchase of capital assets	(563,371)	(758,605)	(274,785)	-	(38,483)	1,635,244	-
Proceeds from debt related to capital assets	109,279	-	-	-	-	109,279	8,042
Interest paid on capital debt	(29,516)	(172,250)	(2,634)	(5,246)	(3,916)	(213,562)	-
Long-term debt principal payments	(77,452)	(1,032,162)	(14,316)	(48,030)	(150,000)	1,321,960	-
Net cash provided (used) by capital and related financing activities	<u>(460,353)</u>	<u>(1,836,265)</u>	<u>(227,677)</u>	<u>(53,276)</u>	<u>153,206</u>	<u>2,424,365</u>	<u>8,042</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest on investments	6,254	25,994	1,438	2,485	4,818	40,989	-
Net increase in cash and investments	615,888	(150,149)	79,984	2,464	33,635	(40,470)	(49,562)
Cash and investments							
Beginning of year	<u>949,341</u>	<u>1,553,030</u>	<u>924,421</u>	<u>-</u>	<u>384,171</u>	<u>3,810,963</u>	<u>148,889</u>
End of Year	<u>\$1,565,229</u>	<u>\$ 1,402,881</u>	<u>\$ 1,004,405</u>	<u>\$ 2,464</u>	<u>\$ 417,806</u>	<u>\$4,392,785</u>	<u>\$ 99,327</u>
Reconciliation of operating income (loss) to net cash provided by operating activities							
Operating income (loss)	\$ 945,774	\$ 1,125,716	\$ 357,229	\$ (56,912)	\$ (520,771)	\$1,851,036	\$ (712,837)
Transfers in	-	-	-	-	-	-	535,600
Depreciation	522,084	806,631	37,773	79,353	125,719	1,571,560	-
Net increase of expense under GASB 68	33,539	140,862	7,210	-	64,433	246,044	113,970
(Increase) decrease in inventory	13,775	3,545	-	14,171	-	31,491	-
(Increase) decrease in receivables	(5,487)	(28,358)	(536)	-	-	(34,381)	-
Increase (decrease) in payables	102,614	257,599	(1,797)	827	12,515	371,758	2,651
Increase (decrease) in payroll and related liability	2,004	(3,108)	376	-	2,659	1,931	3,012
Increase (decrease) in compensated absences	(2,315)	(2,912)	(432)	-	(1,420)	(7,079)	-
Net Cash Provided by Operating Activities	<u>\$1,611,988</u>	<u>\$ 2,299,975</u>	<u>\$ 399,823</u>	<u>\$ 37,439</u>	<u>\$ (316,865)</u>	<u>\$4,032,360</u>	<u>\$ (57,604)</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
June 30, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ <u>47,272</u>
Total assets	\$ <u><u>47,272</u></u>
LIABILITIES	
Amounts held for others	\$ <u>47,272</u>
Total liabilities	\$ <u><u>47,272</u></u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note I - 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. Separate financial statements for the Agency can be obtained from the City.

B. Government-wide and fund financial statements

The government-wide financial statements display information about the City as a whole. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the statement of net position and the statement of activities.

The statement of net position presents information on all of the City's assets, net outflows of resources, liabilities, and net inflows of resources, with the difference between them reported as net position.

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 the Financial Statements

June 30, 2016

Note I - Summary of Significant Accounting Policies, Continued

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

Street Fund. This 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.

Street System Development Fund. This fund is used to account for major street improvements. The primary source of revenues is street system development fees on new construction within the City. Prior to the fiscal year ended June 30, 2015, this fund was classified as a nonmajor special revenue fund. The fund balance at June 30, 2014 was \$935,497.

- *Debt Service Fund.* This fund is used to account for revenues and expenditures related to the servicing of general long-term debt. The following sub-funds are combined for reporting purposes:

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 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.

The City reports five enterprise funds as major proprietary 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 the Financial Statements

June 30, 2016

Note I - Summary of Significant Accounting Policies, Continued

C. Measurement focus, basis of accounting, and financial statement presentation, 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 internal service fund primarily operates for the benefit of the enterprise funds and is reported with Business-type activities on the statement of activities.

The agency 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 the Financial Statements

June 30, 2016

Note I - Summary of Significant Accounting Policies, Continued

D. Assets, liabilities, deferred outflows and 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.

Cash that is restricted for construction, debt service or by other agreement is segregated from cash and cash equivalents and is reported as a noncurrent asset.

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 considered unavailable and 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 the 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 \$5,000 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, 2016.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note I - Summary of Significant Accounting Policies, Continued

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

5. Capital assets, continued

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>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 government-wide statements and the enterprise funds report deferred outflows of resources related to pensions.

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 reports two types of deferred inflows. Unavailable revenues, which arises only under a modified accrual basis of accounting, 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. The government-wide statements and the enterprise funds report deferred inflows of resources

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note I - Summary of Significant Accounting Policies, Continued

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

related to pensions.

8. Deferred outflows/inflows of resources, continued

A detailed description of deferred outflows and inflows of resources related to pensions and how they are calculated can be found in note III.F

9. Net position flow assumption

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

10. Fund balance flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund balance policies

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. The fund balance classifications are:

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.

12. Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note II - Stewardship, Compliance, and Accountability

A. Excess of expenditures over appropriations

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 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.

B. Deficit fund balance

For the year ended June 30, 2016, the Florence Urban Renewal Agency Fund and the Florence Urban Renewal Debt Service Fund had deficit fund balance of \$181,365 and \$1,377,652 respectively.

Note III - Detailed Notes on All Funds

A. 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, 2016 cash and investments comprise the following:

	<u>June 30, 2016</u>
Petty cash	\$ 1,100
Deposits with financial institutions	1,684,765
Local Government Investment Pool	6,656,739
Oregon Community Foundation	78,405
Total	<u>\$ 8,421,009</u>

Cash and investments are reported as follows:

	<u>June 30, 2016</u>
Cash and cash equivalents:	
Governmental activities	\$ 3,881,625
Business-type activities	4,492,112
Agency funds	47,272
Total	<u>\$ 8,421,009</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.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

A. Cash and Investments, continued

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.

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 Depository 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, 2016, none of the City's bank balances were exposed to credit risk.

Fair Value Hierarchy

During the fiscal year ended June 30, 2016, the City implemented GASB Statement No. 72, Fair Value Measurement and Application. Issued February 2015, this statement establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques. Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 - unadjusted price quotations in active markets/exchanges for identical assets or liabilities, that each Fund has the ability to access.

Level 2 - other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 - unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments) The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

A. Cash and Investments, continued

Fair Value Hierarchy, continued

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has recorded its investments at fair value, and primarily uses the Market Approach to valuing each security. The City applies fair market value updates to its securities on a daily basis. Security pricing is provided by a third-party, and is reported daily to the City by its custodian bank. Assets are categorized by asset type, which is a key component of determining hierarchy levels. Asset types allowable per the County's investment policy generally fall within hierarchy level 1 and 2.

The City has the following recurring fair value measurement:

	Total as of June 30, 2016	Fair Value Measurement			Cost Measurement Not measured at Fair Value
		Level One	Level Two	Level Three	
Oregon Community Foundation	\$ 78,405	\$ -	\$ 78,405	\$ -	\$ -
LGIP	6,656,739	-	-	-	6,656,739
	<u>\$ 6,735,144</u>	<u>\$ -</u>	<u>\$ 78,405</u>	<u>\$ -</u>	<u>\$ 6,656,739</u>

B. Receivables

1. Property taxes 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.

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 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.

2. Assessments receivable

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

3. Allowance for doubtful accounts

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

Accounts receivable for business-type activities are reported net of an allowance of doubtful accounts as follows:

	Allowance for Doubtful Accounts
Water operations	\$ 26,123
Wastewater operations	34,417
Stormwater operations	6,402
	<u>\$ 66,942</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

C. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 851,713	\$ 118,569	\$ -	\$ 970,282
Construction in progress	<u>178,939</u>	<u>238,563</u>	<u>(28,429)</u>	<u>389,073</u>
Total capital assets, not being depreciated	<u>1,030,652</u>	<u>357,132</u>	<u>(28,429)</u>	<u>1,359,355</u>
Capital assets, being depreciated:				
Buildings and improvements	8,641,735	62,980	-	8,704,715
Equipment and vehicles	2,379,039	277,422	(69,984)	2,586,477
Infrastructure	<u>11,165,857</u>	<u>471,531</u>	<u>-</u>	<u>11,637,388</u>
Total capital assets being depreciated	<u>22,186,631</u>	<u>811,933</u>	<u>(69,984)</u>	<u>22,928,580</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,196,979)	(257,484)	-	(3,454,463)
Equipment and vehicles	(1,619,914)	(230,189)	69,984	(1,780,119)
Infrastructure	<u>(5,002,780)</u>	<u>(468,423)</u>	<u>-</u>	<u>(5,471,203)</u>
Total accumulated depreciation	<u>(9,819,673)</u>	<u>(956,096)</u>	<u>69,984</u>	<u>(10,705,785)</u>
Total capital assets, being depreciated, net	<u>12,366,958</u>	<u>(144,163)</u>	<u>-</u>	<u>12,222,795</u>
Governmental activities capital assets, net	<u>\$ 13,397,610</u>	<u>\$ 212,969</u>	<u>\$ (28,429)</u>	<u>\$ 13,582,150</u>
	<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>175,995</u>	<u>699,205</u>	<u>(149,569)</u>	<u>725,631</u>
Total capital assets, not being depreciated	<u>1,863,322</u>	<u>699,205</u>	<u>(149,569)</u>	<u>2,412,958</u>
Capital assets, being depreciated:				
Buildings and improvements	27,249,206	298,193	-	27,547,399
Utility systems	12,502,548	369,022	-	12,871,570
Equipment and vehicles	2,991,953	392,496	(10,000)	3,374,449
Infrastructure	<u>7,847,284</u>	<u>25,897</u>	<u>-</u>	<u>7,873,181</u>
Total capital assets being depreciated	<u>50,590,991</u>	<u>1,085,608</u>	<u>(10,000)</u>	<u>51,666,599</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,653,487)	(806,611)	-	(13,460,098)
Utility systems	(7,436,196)	(270,488)	-	(7,706,684)
Equipment and vehicles	(2,216,658)	(142,860)	10,000	(2,349,518)
Infrastructure	<u>(617,155)</u>	<u>(351,601)</u>	<u>-</u>	<u>(968,756)</u>
Total accumulated depreciation	<u>(22,923,496)</u>	<u>(1,571,560)</u>	<u>10,000</u>	<u>(24,485,056)</u>
Total capital assets, being depreciated, net	<u>27,667,495</u>	<u>(485,952)</u>	<u>-</u>	<u>27,181,543</u>
Business-type activities capital assets, net	<u>\$ 29,530,817</u>	<u>\$ 213,253</u>	<u>\$ (149,569)</u>	<u>\$ 29,594,501</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

C. Capital Assets, continued

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 97,243
Public safety	204,780
Economic development	24,051
Highways and streets	586,778
Culture and recreation	<u>43,244</u>
Total depreciation expense - governmental activities	<u>\$ 956,096</u>
Business-type activities:	
Water enterprise	\$ 522,084
Wastewater enterprise	806,631
Stormwater enterprise	37,773
Events Center enterprise	125,719
Airport enterprise	<u>79,353</u>
Total depreciation expense - business-type activities	<u>\$ 1,571,560</u>

D. Interfund Receivables, Payables, Transfers, and Loans

1. Interfund receivables and payables

As of June 30, 2016, Nonmajor Governmental Funds owed \$1,574,637 to the General Fund due to negative cash balances in the City's pooled cash account.

2. Interfund transfers

The interfund transfer activity for the year ended June 30, 2016 was as follows:

	Transfers In:									Totals
	General Fund	Street Program	Florence Debt Service	Water SDC	Wastewater SDC	Events Center Operations	Airport Operations	Internal Service Fund	Public Works Admin	
Transfers Out										
General Fund	\$ -	\$ -	\$ 47,541	\$ -	\$ -	\$ 60,000	\$ 25,000	\$ -	\$ -	\$ 132,541
Street Fund	56,600	80,000	22,777	24,000	-	-	-	36,690	7,600	227,667
Nonmajor Governmental funds	206,839	-	-	-	-	78,405	-	-	-	285,244
Water fund	335,501	-	51,248	350,000	-	-	-	193,935	230,500	1,161,184
Wastewater fund	409,353	-	849,512	-	40,000	-	-	257,473	230,500	1,786,838
Stormwater fund	56,900	-	16,950	-	-	-	-	36,690	37,000	147,540
	<u>\$ 1,065,193</u>	<u>\$ 80,000</u>	<u>\$ 988,028</u>	<u>\$ 374,000</u>	<u>\$ 40,000</u>	<u>\$ 138,405</u>	<u>\$ 25,000</u>	<u>\$ 524,788</u>	<u>\$ 505,600</u>	<u>\$ 3,741,014</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.

3. Interfund advances

As of June 30, 2016, the General Fund had advances receivable from Nonmajor Governmental Funds of \$1,574,637. In fiscal year 2016, the General Fund made an advance to the Florence Urban Renewal Agency to refinance a 2011 loan from Oregon Pacific Bank.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

E. Long-Term Debt

During the year ended June 30, 2016, long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 3,429,623	\$ -	\$ (256,236)	\$ 3,173,387	\$ 261,944
Notes payable	2,071,054	-	(1,809,584)	261,470	-
Line of credit	-	<u>2,382,679</u>	-	<u>2,382,679</u>	<u>84,825</u>
Total long-term debt	5,500,677	2,382,679	(2,065,820)	5,817,536	346,769
Compensated absences	<u>225,964</u>	-	<u>(17,142)</u>	<u>208,822</u>	<u>208,822</u>
Total Governmental activities	<u>\$ 5,726,641</u>	<u>\$ 2,382,679</u>	<u>\$ (2,082,962)</u>	<u>\$ 6,026,358</u>	<u>\$ 555,591</u>
Business-type activities:					
Bonds payable	\$ 5,897,454	\$ -	\$ (912,216)	\$ 4,985,238	\$ 783,066
Notes payable	5,309,110	-	(409,743)	4,899,367	397,512
Line of credit	-	<u>117,321</u>	-	<u>117,321</u>	<u>6,957</u>
Total long-term debt	11,206,564	117,321	(1,321,959)	10,001,926	1,187,535
Compensated absences	<u>133,772</u>	-	<u>(7,079)</u>	<u>126,693</u>	<u>126,693</u>
Total Business-type activities long-term liabilities	<u>\$ 11,340,336</u>	<u>\$ 117,321</u>	<u>\$ (1,329,038)</u>	<u>\$ 10,128,619</u>	<u>\$ 1,314,228</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

E. Long-Term Debt, continued

1. Bonds payable

Bonds outstanding at June 30, 2016 for governmental activities are as follows:

Governmental Activities	
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 \$600,000. Semiannual payments are made from assessments on the property benefiting from the improvements. Bond principal and interest is payable semiannually through December 2030. The unamortized premium included in the balance of this bond is \$16,402.	\$ 482,220
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.	1,250,000
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 \$558,980. Semiannual payments are made from assessments on the property benefiting from the improvements. Bond principal and interest is payable semiannually through June 2031. The unamortized premium included in the balance of this bond is \$3,129.	456,601
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.	<u>984,566</u>
Total bonds payable - governmental activities	<u><u>\$ 3,173,387</u></u>

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

Fiscal Year	FFC Refunding Series 2010B		LOCAP Series 2011C				2013 Water GO Bond	
	(Governmental)		Spruce St. LID Bond 2010		(Governmental)			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 25,247	\$ 4,622	\$ 50,000	\$ 46,155	\$ 22,603	\$ 18,635	\$ 164,094	\$ 20,774
2018	25,750	3,943	50,000	44,955	24,863	17,906	164,094	17,312
2019	26,251	3,188	55,000	43,561	24,863	17,042	164,094	13,850
2020	27,086	2,415	60,000	41,905	24,863	16,054	164,094	10,387
2021	27,589	7,632	65,000	39,965	27,123	15,239	164,095	6,925
2022 - 2026	159,512	51,214	400,000	159,985	149,177	60,375	164,095	3,462
2027 - 2031	190,785	18,241	570,000	63,180	183,109	25,920	-	-
	<u>\$ 482,220</u>	<u>\$ 91,255</u>	<u>\$ 1,250,000</u>	<u>\$ 439,706</u>	<u>\$ 456,601</u>	<u>\$171,171</u>	<u>\$ 984,566</u>	<u>\$ 72,710</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

E. Long-Term Debt, continued

1. Bonds payable, continued

Bonds outstanding at June 30, 2016 for business-type activities are as follows:

Business-Type Activities

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 \$8,150,000. Bond principal and interest is payable semiannually through December 2030. The unamortized premium included in the balance of this bond is \$145,680. \$ 4,424,862

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 \$686,020. Bond principal and interest is payable semiannually through June 2031. The unamortized premium included in the balance of this bond is \$3,848. 560,376

Total bonds payable - business-type activities \$ 4,985,238

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

Fiscal Year	FFC Refunding Series 2010B (Business Type)		LOCAP Series 2011C (Business Type)	
	Principal	Interest	Principal	Interest
2017	\$ 755,327	\$ 138,266	\$ 27,739	\$ 22,871
2018	770,333	117,957	30,513	21,975
2019	785,339	95,387	30,513	20,915
2020	810,351	72,235	30,513	19,702
2021	825,357	39,068	33,287	18,702
2022 - 2026	212,680	68,286	183,081	74,096
2027 - 2031	265,475	24,321	224,730	31,810
2032	-	-	-	-
	<u>\$ 4,424,862</u>	<u>\$ 555,520</u>	<u>\$ 560,376</u>	<u>\$ 210,071</u>

2. Notes payable

Notes payable outstanding at June 30, 2016 for governmental activities are as follows:

Governmental Activities

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. \$ 107,907

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. 153,563

Total notes payable \$ 261,470

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

E. Long-Term Debt, continued

2. Notes payable, continued

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

Fiscal Year	Siuslaw Bank (Governmental)		OPB 2014 Note (Governmental)	
	Principal	Interest	Principal	Interest
2017	\$ 71,533	\$ 3,218	\$ 50,338	\$ 3,984
2018	36,374	656	51,751	2,571
2019	-	-	51,474	1,118
	<u>\$ 107,907</u>	<u>\$ 3,874</u>	<u>\$ 153,563</u>	<u>\$ 7,673</u>

Notes payable outstanding at June 30, 2016 for business-type activities are as follows:

Business-Type Activities

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.	\$ 48,472
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. The unamortized premium included in the balance of this bond is \$7,600.	567,360
On February 12, 2010, the City entered into an agreement with the State of Oregon Department of Environmental Quality for a loan in the amount of \$4,923,260 to finance rehabilitation to a major wastewater trunk sewer. Loan principal payments commenced upon completion of the project (June 24, 2013). The loan has a twenty year maturity (June 1, 2033) with loan fees of 0.5% of the outstanding balance payable annually.	4,109,844
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.	80,931
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>92,760</u>
Total notes payable	<u>\$ 4,899,367</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

E. Long-Term Debt, continued

2. Notes payable, continued

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

Fiscal Year	Special Public Works Fund - Airport		Special Public Works Fund		Water Treatment Plant	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 48,472	\$ 2,666	\$ 24,070	\$ 20,339	\$ 241,756	\$ 19,945
2018	-	-	24,143	19,865	241,756	18,736
2019	-	-	24,143	19,272	241,756	17,527
2020	-	-	24,352	18,557	241,756	16,318
2021	-	-	24,470	17,838	241,756	15,385
2022 - 2026	-	-	134,511	76,681	1,208,780	58,464
2027 - 2031	-	-	159,130	49,286	1,208,780	27,693
2032 - 2036	-	-	152,541	14,534	483,504	2,461
	<u>\$ 48,472</u>	<u>\$ 2,666</u>	<u>\$ 567,360</u>	<u>\$ 236,372</u>	<u>\$ 4,109,844</u>	<u>\$ 176,529</u>

Fiscal Year	Siuslaw Bank (Business Type)		OPB 2014 Note (Business Type)	
	Principal	Interest	Principal	Interest
2017	\$ 53,650	\$ 2,413	\$ 29,564	\$ 3,155
2018	27,281	493	30,394	1,510
2019	-	-	32,802	657
2020	-	-	-	-
2021	-	-	-	-
2022 - 2026	-	-	-	-
2027 - 2031	-	-	-	-
2032 - 2036	-	-	-	-
	<u>\$ 80,931</u>	<u>\$ 2,906</u>	<u>\$ 92,760</u>	<u>\$ 5,322</u>

3. Line of Credit

During 2015, the City opened a tax-exempt non-revolving line of credit with Banner Bank, with a maximum limit of \$7,800,000. Annual principal installments are required on September 1; semiannual interest payments are required on March 1 and September 1. The interest rate for the line of credit is 3.25% through September 1, 2025, at which point the interest rate becomes variable, with a maximum rate of 5.25% through September 1, 2030, when the maximum rate increases to 7.25%. The line of credit has a scheduled maturity of September 1, 2035.

The line of credit uses for governmental activities are as follows:

Governmental Activities	
Approximately \$1,300,000 is expected to be used to finance improvements to the City's streets. As of June 30, 2016 \$808,042 has been drawn on the streets project portion of the line of credit	\$ 808,042
Approximately \$3,700,000 is expected to be used to finance and refinance the projects of the Florence Urban Renewal Agency. As of June 30, 2016 \$1,574,637 of the funds drawn down, were used in 2015 to fund a defeasance of the outstanding 2011 Oregon Pacific Bank loan to the Florence Urban Renewal Agency, which had an interest rate of 6%. This resulted in a refunding resulted in an economic gain of \$598,922 and a cash flow gain of \$120,890 over the remaining bond term to the City.	<u>1,574,637</u>
Total lines of credit payable - governmental activities	<u>\$ 2,382,679</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

Annual debt service requirements to maturity for the line of credit are as follows:

Fiscal Year	Line of Credit - Streets Project (Governmental)		Line of Credit - Florence Urban Renewal Agency (Governmental)	
	Principal	Interest	Principal	Interest
2017	\$ 28,767	\$ 26,156	\$ 56,058	\$ 50,970
2018	30,153	25,185	58,758	49,079
2019	31,146	24,176	60,695	47,111
2020	32,172	23,195	62,695	45,199
2021	33,171	22,056	64,640	42,981
2022 - 2026	183,266	97,612	357,132	190,218
2027 - 2031	204,314	101,625	398,148	198,038
2032 - 2036	265,053	51,602	516,512	100,557
	<u>\$ 808,042</u>	<u>\$ 371,607</u>	<u>\$ 1,574,638</u>	<u>\$ 724,153</u>

The line of credit uses for business-type activities are as follows:

Business-Type Activities

Approximately \$1,500,000 is expected to be used to finance improvements to the City's water system. As of June 30, 2016 \$109,279 has been drawn on the water projects portion of the line of credit	\$ 109,279
Approximately \$1,300,000 is expected to be used to finance a public works facility. As of June 30, 2016 \$8,042 has been drawn on the public works facility portion of the line of credit.	<u>8,042</u>
Total lines of credit payable - business-type activities	<u>\$ 117,321</u>

Annual debt service requirements to maturity for the line of credit are as follows:

Fiscal Year	Line of Credit - Water Projects (Business-Type)		Line of Credit - Public Works Facility (Business-Type)	
	Principal	Interest	Principal	Interest
2017	\$ 6,671	\$ 2,400	\$ 286	\$ 260
2018	4,169	3,313	300	251
2019	4,307	3,173	310	241
2020	4,449	3,037	320	231
2021	4,587	2,880	330	220
2022 - 2026	25,342	12,597	1,824	971
2027 - 2031	26,011	12,938	2,033	1,011
2032 - 2036	33,743	6,569	2,639	514
	<u>\$ 109,279</u>	<u>\$ 46,907</u>	<u>\$ 8,042</u>	<u>\$ 3,699</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

F. Employee Retirement Plans

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS (Chapter 238).

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

F. Employee Retirement Plans, continued

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits.

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and Fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

F. Employee Retirement Plans, continued

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$239,728, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 10.52 percent for Tier One/Tier Two General Service Member, 10.52 percent for Tier One/Tier Two Police and Fire, 3.67 percent for OPSRP Pension Program General Service Members, 7.78 percent for OPSRP Pension Program Police and Fire members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2016, the City reported a liability of \$1,567,653 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the City's proportion was 0.02730409 percent, which was an increase from its proportion of 0.02378761 percent measured as of June 30, 2014.

For the year ended June 30, 2016, the City's recognized pension expense (income) of \$1,567,993. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 84,536	\$ -
Net difference between projected and actual earnings on pension plan investments	-	328,616
Changes in proportion and differences between City contributions and proportionate share of contributions	60,375	-
City contributions subsequent to the measurement date	195,531	56,250
Total	\$ 340,442	\$ 384,866

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

F. Employee Retirement Plans, continued

Deferred outflows of resources related to pensions of \$195,531 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending June 30, 2016. Other amounts reported as deferred (outflows) inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 187,282	\$ 211,720
2018	187,282	211,720
2019	187,282	211,720
2020	(212,804)	(240,573)
2021	<u>(8,600)</u>	<u>(9,721)</u>
Total	<u>\$ 340,442</u>	<u>\$ 384,866</u>

Actuarial Valuations

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PER'S Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

F. Employee Retirement Plans, continued

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Long-Term Expected Rate of Return	7.75 percent
Discount Rate	7.75 percent
Project Salary Increases	3.75 percent overall payroll growth
Cost of Living Adjustment (COLA)	Blend of 2.00% COLA and grade COLA
Mortality	<p>Health retirees and beneficiaries: PF-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

F. Employee Retirement Plans, continued

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0 %	25.0 %	20.0
Public Equity	32.5 %	42.5 %	37.5
Private Equity	16.0 %	24.0 %	20.0
Real Estate	9.5 %	15.5 %	12.5
Alternative Equity	0.0 %	10.0 %	10.0
Opportunity Portfolio	0.0 %	3.0 %	<u>0.0</u>
Total			<u><u>100.0 %</u></u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20 %	4.50 %
Short-Term Bonds	8.00 %	3.70 %
Intermediate-Term Bonds	3.00 %	4.10 %
High Yield Bonds	1.80 %	6.66 %
Large Cap US Equities	11.65 %	7.20 %
Mid Cap US Equities	3.88 %	7.30 %
Small Cap US Equities	2.27 %	7.45 %
Developed Foreign Equities	14.21 %	6.90 %
Emerging Foreign Equities	5.49 %	7.40 %
Private Equities	20.00 %	8.26 %
Opportunity Funds/Absolute Return	5.00 %	6.01 %
Real Estate (Property)	13.75 %	6.51 %
Real Estate (REITS)	2.50 %	6.76 %
Commodities	<u>1.25 %</u>	6.07 %
Total	<u><u>100.00 %</u></u>	

Assumed Inflation - Mean 2.75 %

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note III - Detailed Notes on All Funds, Continued

F. Employee Retirement Plans, continued

Depletion Date Projection

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

The following circumstances justify an alternative evaluation of sufficiency for PERS:

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

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate Share of Net Pension Liability (Asset)	\$ 3,783,474	\$ 1,567,653	\$ (299,701)

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2016

Note IV - Other Information, Continued

Note IV - Other Information

A. Risk Management

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

B. Restatement of Net Position

In prior years the City reported debt that is being paid by a property tax levy as debt of the Water fund which is properly recorded as debt of Governmental activities. City's beginning net position has been restated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Water Fund</u>
<u>Beginning net position</u>	<u>\$ 14,871,377</u>	<u>\$ 21,521,221</u>	<u>\$ 6,419,735</u>
Restatement	(1,148,659)	1,148,659	1,148,659
Restated beginning net position	<u>\$ 13,722,718</u>	<u>\$ 22,669,880</u>	<u>\$ 7,568,394</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FLORENCE, OREGON

Required Supplementary Information

Year Ended June 30, 2016

Schedule of the Proportionate Share of the Net Pension Liability

Oregon Public Employees Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.02730409 %	0.02378761 %	0.02378761 %
Proportionate share of the net pension liability (asset)	\$ 1,567,653	\$ (539,197)	\$ 1,213,917
Covered payroll	\$ 3,235,082	\$ 3,015,599	\$ 3,113,251
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	48.46 %	(17.88)%	38.99 %
Plan net position as a percentage of the total pension liability	91.88 %	103.59 %	92.00 %

Schedule of Pension Contributions

Oregon Public Employees Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 239,728	\$ 228,397	\$ 251,436
Contributions in relation to the contractually required contribution	<u>239,728</u>	<u>228,397</u>	<u>251,436</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,235,082	\$ 3,015,599	\$ 3,113,251
Contributions as a percentage of covered employee payroll	7.41 %	7.57 %	8.08 %

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 financial management practices to be accounted for in another fund.

Street Fund

The Street Fund combines for the following two funds for reporting purposes:

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.

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.

Debt Service

The 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.

For budgetary purposes, all of the debt service sub-funds are combined with the Florence Events Center Debt Service Fund (an Enterprise fund) to determine appropriations.

CITY OF FLORENCE
General Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Grants and contributions	\$ 104,200	\$ 104,200	\$ 33,964	\$ (70,236)
Property taxes	2,406,000	2,404,000	2,346,217	(57,783)
Franchise taxes	755,000	499,000	527,434	28,434
Intergovernmental	372,000	372,000	340,186	(31,814)
Charges for services	133,000	133,000	18,296	(114,704)
Fines and forfeits	270,000	270,000	211,265	(58,735)
Investment earnings	17,000	17,000	15,643	(1,357)
Other revenue	124,000	124,000	121,738	(2,262)
Licenses and fees	<u>284,000</u>	<u>284,000</u>	<u>335,309</u>	<u>51,309</u>
Total revenues	<u>4,465,200</u>	<u>4,207,200</u>	<u>3,950,052</u>	<u>(257,148)</u>
Expenditures:				
Administrative	1,263,500	1,263,500	1,197,763	65,737
Community Development	592,600	592,600	579,572	13,028
Municipal Court	369,400	369,400	377,605	(8,205)
Non-Departmental	181,500	181,500	110,645	70,855
Police Department	2,707,300	2,707,300	2,606,831	100,469
Parks	385,260	385,260	175,001	210,259
Debt Service				
Principal	25,824	25,824	25,837	(13)
Interest expense	1,654	1,654	1,618	36
Contingency	<u>567,000</u>	<u>567,000</u>	<u>-</u>	<u>567,000</u>
Total expenditures	<u>6,094,038</u>	<u>6,094,038</u>	<u>5,074,872</u>	<u>1,019,166</u>
Excess of revenues over (under) expenditures	<u>(1,628,838)</u>	<u>(1,886,838)</u>	<u>(1,124,820)</u>	<u>762,018</u>
Other financing sources (uses):				
Transfers in	812,607	1,070,607	1,064,893	(5,714)
Transfers out	<u>(147,514)</u>	<u>(147,514)</u>	<u>(132,514)</u>	<u>15,000</u>
Net transfers	<u>665,093</u>	<u>923,093</u>	<u>932,379</u>	<u>9,286</u>
Net change in fund balance	(963,745)	(963,745)	(192,441)	771,304
Beginning fund balance	<u>2,082,865</u>	<u>2,082,865</u>	<u>2,085,370</u>	<u>2,505</u>
Ending fund balance	<u>\$ 1,119,120</u>	<u>\$ 1,119,120</u>	<u>\$ 1,892,929</u>	<u>\$ 773,809</u>

CITY OF FLORENCE

Street Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Grants and contributions	\$ 895,000	\$ 895,000	\$ -	\$ (895,000)
Intergovernmental	669,098	669,098	508,569	(160,529)
Charges for services	318,200	318,200	322,508	4,308
Assessments	4,000	4,000	-	(4,000)
Investment earnings	1,000	1,000	1,007	7
Other revenue	-	-	10,187	10,187
Total revenues	1,887,298	1,887,298	842,271	(1,045,027)
Expenditures:				
Personnel services	64,200	64,200	63,143	1,057
Materials and services	252,000	264,000	253,987	10,013
Capital Outlay	2,100,000	2,100,000	792,254	1,307,746
Debt Service	-	-	-	-
Principal	99,720	99,720	118,748	(19,028)
Interest expense	89,566	89,566	10,132	79,434
Contingency	1,108,770	1,096,770	-	1,096,770
Total expenditures	3,714,256	3,714,256	1,238,264	2,475,992
Excess of revenues over (under) expenditures	(1,826,958)	(1,826,958)	(395,993)	1,430,965
Other financing sources (uses):				
Transfers in	500,000	500,000	-	(500,000)
Transfers out	(220,977)	(220,977)	(116,977)	104,000
Loan proceeds	1,300,000	1,300,000	808,042	(491,958)
Net change in fund balance	(247,935)	(247,935)	295,072	543,007
Beginning fund balance	247,935	247,935	220,420	(27,515)
Ending fund balance	\$ -	\$ -	\$ 515,492	\$ 515,492

CITY OF FLORENCE
Street System Development Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
System Development Fees	\$ 31,800	\$ 31,800	\$ 42,501	\$ 10,701
Investment earnings	6,500	6,500	9,056	2,556
Total revenues	<u>38,300</u>	<u>38,300</u>	<u>51,557</u>	<u>13,257</u>
Expenditures:				
Materials and services	500	500	703	(203)
Capital Outlay	15,000	15,000	-	15,000
Debt Service	-	-	-	-
Contingency	496,598	496,598	-	496,598
Total expenditures	<u>512,098</u>	<u>512,098</u>	<u>703</u>	<u>511,395</u>
Excess of revenues over (under) expenditures	<u>(473,798)</u>	<u>(473,798)</u>	<u>50,854</u>	<u>524,652</u>
Other financing sources (uses):				
Payments on interfund loans	80,000	80,000	80,000	-
Transfers out	(500,000)	(500,000)	-	500,000
Total other financing sources (uses)	<u>(420,000)</u>	<u>(420,000)</u>	<u>80,000</u>	<u>500,000</u>
Net change in fund balance	(893,798)	(893,798)	130,854	1,024,652
Beginning fund balance	<u>893,798</u>	<u>893,798</u>	<u>901,240</u>	<u>7,442</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032,094</u>	<u>\$ 1,032,094</u>

Combining and Budgetary Schedules - Major Funds
(Schedules Not Included in Required Supplementary Information)

CITY OF FLORENCE
LANE COUNTY, OREGON
COMBINING BALANCE SHEETS
June 30, 2016

STREET FUNDS

	Street Fund	Street System Development Fund	Total
ASSETS			
Cash and cash equivalents	\$ 361,538	\$ 1,032,095	\$ 1,393,633
Accounts receivable	95,795	-	95,795
Prepaid expenses	10,609	-	10,609
Notes receivable	-	58,583	58,583
	<u>467,942</u>	<u>1,090,678</u>	<u>1,558,620</u>
Total Assets	<u>\$ 467,942</u>	<u>\$ 1,090,678</u>	<u>\$ 1,558,620</u>
LIABILITIES			
Accounts payable	\$ 17,650	\$ -	\$ 17,650
Accrued payroll liabilities	1,462	-	1,462
Deposits payable	20,000	-	20,000
Total Liabilities	<u>39,112</u>	<u>-</u>	<u>39,112</u>
Deferred Inflows of Resources:			
Unavailable revenue - special assessments	17,338	-	17,338
Unavailable revenue - note receivable	-	58,583	58,583
Total deferred inflows of resources	<u>17,338</u>	<u>58,583</u>	<u>75,921</u>
FUND BALANCE			
Nonspendable			
Prepays:	10,609	-	10,609
Restricted for:			
Transportation	400,883	-	400,883
System development	-	1,032,095	1,032,095
Total Fund Balances:	<u>411,492</u>	<u>1,032,095</u>	<u>1,443,587</u>
Total Liabilities and Fund Balances	<u>\$ 467,942</u>	<u>\$ 1,090,678</u>	<u>\$ 1,558,620</u>

CITY OF FLORENCE
LANE COUNTY, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

STREET FUNDS

	Street Fund	Street System Development Fund	Total
REVENUES			
Intergovernmental	\$ 508,569	\$ -	\$ 508,569
Charges for services	322,508	-	322,508
System Development Fees	-	42,501	42,501
Investment earnings	1,007	9,056	10,063
Other revenue	10,187	-	10,187
Total Revenues	<u>842,271</u>	<u>51,557</u>	<u>893,828</u>
EXPENDITURES			
Current operating:			
Personal services	63,143	-	63,143
Materials and services	253,987	703	254,690
Capital Outlay	792,254	-	792,254
Principal			
Principal	118,748	-	118,748
Interest	10,132	-	10,132
Total Expenditures:	<u>1,238,264</u>	<u>703</u>	<u>1,238,967</u>
Excess of Revenues Over (Under)			
Expenditures	(395,993)	50,854	(345,139)
OTHER FINANCING SOURCES (USES)			
Transfers out	(116,977)	-	(116,977)
Loan proceeds	808,042	-	808,042
Total other financing sources (uses)	<u>691,065</u>	<u>-</u>	<u>691,065</u>
Net Change in Fund Balance	295,072	50,854	345,926
Beginning Fund Balance	<u>116,420</u>	<u>981,241</u>	<u>1,097,661</u>
Ending Fund Balance	<u>\$ 411,492</u>	<u>\$ 1,032,095</u>	<u>\$ 1,443,587</u>

CITY OF FLORENCE
LANE COUNTY, OREGON
COMBINING BALANCE SHEETS
For the Fiscal Year Ended June 30, 2016

DEBT SERVICE FUNDS

	Spruce Street LID Bond Fund	FFC 2010B Bond Fund	Debt Service Fund	Total
ASSETS				
Cash and cash equivalents	\$ 427,940	\$ -	\$ -	\$ 427,940
Assessments receivable	1,234,871	-	-	1,234,871
Total Assets	\$ 1,662,811	\$ -	\$ -	\$ 1,662,811
 LIABILITIES				
Unavailable revenue - special assessments	1,234,871	-	-	1,234,871
FUND BALANCE				
Restricted	427,940	-	-	427,940
Unassigned	-	-	-	-
Total Liabilities and Fund Balances	\$ 1,662,811	\$ -	\$ -	\$ 1,662,811

CITY OF FLORENCE
LANE COUNTY, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

DEBT SERVICE FUNDS

	Spruce Street LID Bond Fund	FFC 2010B Bond Fund	Debt Service Fund	Total
REVENUES				
Taxes	\$ 608	\$ -	\$ -	\$ 608
Investment earnings	4,037	-	-	4,037
Total Revenues	<u>4,645</u>	<u>-</u>	<u>-</u>	<u>4,645</u>
EXPENDITURES				
Debt Service				
Principal	45,000	735,000	50,000	830,000
Interest	<u>47,545</u>	<u>163,348</u>	<u>43,456</u>	<u>254,349</u>
Total Expenditures:	<u>92,545</u>	<u>898,348</u>	<u>93,456</u>	<u>1,084,349</u>
Excess of Revenues Over (Under) Expenditures	(87,900)	(898,348)	(93,456)	(1,079,704)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	895,519	92,482	988,001
Net Change in Fund Balance	(87,900)	(2,829)	(974)	(91,703)
Beginning Fund Balance	<u>515,840</u>	<u>2,829</u>	<u>974</u>	<u>519,643</u>
Ending Fund Balance	<u>\$ 427,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,940</u>

CITY OF FLORENCE
Spruce Street LID Bond Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Assessments	\$ 33,000	\$ 33,000	\$ 608	\$ (32,392)
Investment earnings	2,000	2,000	4,037	2,037
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>4,645</u>	<u>(30,355)</u>
Expenditures:				
Debt Service	-	-	-	-
Principal	45,000	45,000	45,000	-
Interest expense	47,545	47,545	47,545	-
Contingency	<u>424,302</u>	<u>424,302</u>	<u>-</u>	<u>424,302</u>
Total expenditures	<u>516,847</u>	<u>516,847</u>	<u>92,545</u>	<u>424,302</u>
Excess of revenues over (under) expenditures	(481,847)	(481,847)	(87,900)	393,947
Other financing sources (uses):				
Beginning fund balance	<u>481,847</u>	<u>481,847</u>	<u>515,840</u>	<u>33,993</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,940</u>	<u>\$ 427,940</u>

CITY OF FLORENCE
FFC 2010B Bond Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues:				
Expenditures:				
Debt Service				
Principal	735,000	735,000	735,000	-
Interest expense	163,351	163,351	163,348	3
Contingency	<u>2,823</u>	<u>2,823</u>	<u>-</u>	<u>2,823</u>
Total expenditures	<u>901,174</u>	<u>901,174</u>	<u>898,348</u>	<u>2,826</u>
Excess of revenues over (under) expenditures	(901,174)	(901,174)	(898,348)	2,826
Other financing sources (uses):				
Transfers in	<u>898,350</u>	<u>898,350</u>	<u>895,519</u>	<u>(2,831)</u>
Net change in fund balance	(2,824)	(2,824)	(2,829)	(5)
Beginning fund balance	<u>2,824</u>	<u>2,824</u>	<u>2,829</u>	<u>5</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FLORENCE
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Expenditures:				
Debt Service	-	-	-	-
Principal	50,000	50,000	50,000	-
Interest expense	<u>43,456</u>	<u>43,456</u>	<u>43,456</u>	<u>-</u>
Total expenditures	<u>93,456</u>	<u>93,456</u>	<u>93,456</u>	<u>-</u>
Excess of revenues over (under) expenditures	(93,456)	(93,456)	(93,456)	-
Other financing sources (uses):				
Transfers in	<u>92,482</u>	<u>92,482</u>	<u>92,482</u>	<u>-</u>
Net change in fund balance	(974)	(974)	(974)	-
Beginning fund balance	<u>974</u>	<u>974</u>	<u>974</u>	<u>-</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining and Budgetary Schedules - Nonmajor Governmental Funds

CITY OF FLORENCE
LANE COUNTY, OREGON
COMBINING BALANCE SHEETS
June 30, 2016

NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue Funds	Debt Service Funds	Events Center Endowment	Total
ASSETS				
Cash and cash equivalents	\$ 21,716	\$ 258,735	\$ -	\$ 280,451
Accounts receivable	117,166	11,428	-	128,594
Total Assets	<u>\$ 138,882</u>	<u>\$ 270,163</u>	<u>\$ -</u>	<u>\$ 409,045</u>
 LIABILITIES				
Accounts payable and accrued expenses	\$ 29,526	\$ -	\$ -	\$ 29,526
Due to other governmental fund	69,213	-	-	69,213
Advance from General Fund	110,349	1,464,288	-	1,574,637
Total Liabilities	209,088	1,464,288	-	1,673,376
 DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - property taxes	21,105	10,716	-	31,821
 FUND BALANCE				
Nonspendable:				-
Endowments	-	-	-	-
Restricted for:				
Public Safety	7,552	-	-	7,552
Tourism	82,502	-	-	82,502
Debt Service	-	-	-	-
Unassigned	(181,365)	(1,204,841)	-	(1,386,206)
Total Fund Balances:	(91,311)	(1,204,841)	-	(1,296,152)
Total Liabilities and Fund Balances	<u>\$ 138,882</u>	<u>\$ 270,163</u>	<u>\$ -</u>	<u>\$ 409,045</u>

CITY OF FLORENCE
LANE COUNTY, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue Funds	Debt Service Funds	Events Center Endowment	Total
REVENUES				
Property taxes	\$ 1,228	\$ 473,412	\$ -	\$ 474,640
Intergovernmental	68,416	-	-	68,416
Charges for services	145,867	-	-	145,867
Lodging taxes	367,729	-	-	367,729
Investment earnings	544	2,871	-	3,415
Other revenue	3,025	-	-	3,025
	<u>586,809</u>	<u>476,283</u>	<u>-</u>	<u>1,063,092</u>
Total Revenues				
EXPENDITURES				
Current operating:				
Materials and services	458,354	242,897	-	701,251
Capital Outlay	128,569	-	-	128,569
Principal				
Principal	-	1,829,094	-	1,829,094
Interest	-	75,065	-	75,065
	<u>586,923</u>	<u>2,147,056</u>	<u>-</u>	<u>2,733,979</u>
Total Expenditures:				
Excess of Revenues Over (Under) Expenditures	(114)	(1,670,773)	-	(1,670,887)
OTHER FINANCING SOURCES (USES)				
Transfers out	(414,039)	-	(78,405)	(492,444)
Net Change in Fund Balance	(414,153)	(1,670,773)	(78,405)	(2,163,331)
Beginning Fund Balance	322,842	465,932	78,405	867,179
Ending Fund Balance	<u>\$ (91,311)</u>	<u>\$ (1,204,841)</u>	<u>\$ -</u>	<u>\$ (1,296,152)</u>

Permanent Fund

These funds are 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.

Events Center Endowment Fund

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

CITY OF FLORENCE
Events Center Endowment
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues:				
Investment earnings	\$ 400	\$ 400	\$ -	\$ (400)
Expenditures:				
Excess of revenues over (under) expenditures	400	400	-	(400)
Other financing sources (uses):				
Transfers out	<u>(400)</u>	<u>(400)</u>	<u>(78,405)</u>	<u>(78,005)</u>
Net change in fund balance	-	-	(78,405)	(78,405)
Beginning fund balance	<u>76,306</u>	<u>76,306</u>	<u>78,405</u>	<u>2,099</u>
Ending fund balance	<u>\$ 76,306</u>	<u>\$ 76,306</u>	<u>\$ -</u>	<u>\$ (76,306)</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.

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.

CITY OF FLORENCE
LANE COUNTY, OREGON
COMBINING BALANCE SHEETS

June 30, 2016

NONMAJOR SPECIAL REVENUE FUNDS

	<u>911 Emergency Fund</u>	<u>Room Tax Fund</u>	<u>Florence Urban Renewal Agency</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 21,716	\$ -	\$ 21,716
Accounts receivable	<u>12,387</u>	<u>81,869</u>	<u>22,910</u>	<u>117,166</u>
Total Assets	<u>\$ 12,387</u>	<u>\$ 103,585</u>	<u>\$ 22,910</u>	<u>\$ 138,882</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ -	\$ 21,083	\$ 8,443	\$ 29,526
Due to other governmental fund	4,835	-	64,378	69,213
Advance from General Fund	<u>-</u>	<u>-</u>	<u>110,349</u>	<u>110,349</u>
Total Liabilities	<u>4,835</u>	<u>21,083</u>	<u>183,170</u>	<u>209,088</u>
Deferred Inflows of Resources: Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>21,105</u>	<u>21,105</u>
FUND BALANCE				
Nonspendable				
Endowment	-	-	-	-
Restricted for:				
Public safety	7,552	-	-	7,552
Tourism	-	82,502	-	82,502
Unassigned	<u>-</u>	<u>-</u>	<u>(181,365)</u>	<u>(181,365)</u>
Total Fund Balances:	<u>7,552</u>	<u>82,502</u>	<u>(181,365)</u>	<u>(91,311)</u>
Total Liabilities and Fund Balances	<u>\$ 12,387</u>	<u>\$ 103,585</u>	<u>\$ 22,910</u>	<u>\$ 138,882</u>

CITY OF FLORENCE
LANE COUNTY, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016

NONMAJOR SPECIAL REVENUE FUNDS

	911 Emergency Fund	Room Tax Fund	Florence Urban Renewal Agency	Total
REVENUES				
Property taxes	\$ -	\$ -	\$ 1,228	\$ 1,228
Intergovernmental	68,416	-	-	68,416
Charges for services	145,867	-	-	145,867
Lodging taxes	-	367,729	-	367,729
Investment earnings	108	-	436	544
Other revenue	-	-	3,025	3,025
	<u>214,391</u>	<u>367,729</u>	<u>4,689</u>	<u>586,809</u>
Total Revenues				
EXPENDITURES				
Current operating:				
Materials and services	-	138,100	320,254	458,354
Capital Outlay	-	-	128,569	128,569
	<u>-</u>	<u>138,100</u>	<u>448,823</u>	<u>586,923</u>
Total Expenditures:				
Excess of Revenues Over (Under) Expenditures	214,391	229,629	(444,134)	(114)
OTHER FINANCING SOURCES (USES)				
Transfers out	(206,839)	(207,200)	-	(414,039)
Total other financing sources (uses)	<u>(206,839)</u>	<u>(207,200)</u>	<u>-</u>	<u>(414,039)</u>
Net Change in Fund Balance	7,552	22,429	(444,134)	(414,153)
Beginning Fund Balance	<u>-</u>	<u>60,073</u>	<u>262,769</u>	<u>322,842</u>
Ending Fund Balance	<u>\$ 7,552</u>	<u>\$ 82,502</u>	<u>\$ (181,365)</u>	<u>\$ (91,311)</u>

CITY OF FLORENCE
911 Emergency Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues:				
Intergovernmental	\$ 58,127	\$ 58,127	\$ 68,416	\$ 10,289
Charges for services	151,930	151,930	145,867	(6,063)
Investment earnings	<u>-</u>	<u>-</u>	<u>108</u>	<u>108</u>
Total revenues	210,057	210,057	214,391	4,334
Expenditures:				
Excess of revenues over (under) expenditures	210,057	210,057	214,391	4,334
Other financing sources (uses):				
Transfers out	<u>(214,907)</u>	<u>(214,907)</u>	<u>(206,839)</u>	<u>8,068</u>
Net change in fund balance	(4,850)	(4,850)	7,552	12,402
Beginning fund balance	<u>4,850</u>	<u>4,850</u>	<u>-</u>	<u>(4,850)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,552</u>	<u>\$ 7,552</u>

CITY OF FLORENCE
Room Tax Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues:				
Lodging taxes	\$ 314,900	\$ 314,900	\$ 367,729	\$ 52,829
Total revenues	<u>314,900</u>	<u>314,900</u>	<u>367,729</u>	<u>52,829</u>
Expenditures:				
Materials and services	126,000	126,000	138,100	(12,100)
Debt Service	-	-	-	-
Contingency	<u>33,586</u>	<u>33,586</u>	<u>-</u>	<u>33,586</u>
Total expenditures	<u>159,586</u>	<u>159,586</u>	<u>138,100</u>	<u>21,486</u>
Excess of revenues over (under) expenditures	155,314	155,314	229,629	74,315
Other financing sources (uses):				
Transfers out	<u>(201,200)</u>	<u>(201,200)</u>	<u>(207,200)</u>	<u>(6,000)</u>
Net change in fund balance	(45,886)	(45,886)	22,429	68,315
Beginning fund balance	<u>45,886</u>	<u>45,886</u>	<u>60,073</u>	<u>14,187</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,502</u>	<u>\$ 82,502</u>

CITY OF FLORENCE
Florence Urban Renewal Agency
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues:				
Taxes	\$ -	\$ -	\$ 1,228	\$ 1,228
Investment earnings	8,300	8,300	436	(7,864)
Other revenue	<u>-</u>	<u>-</u>	<u>3,025</u>	<u>3,025</u>
Total revenues	<u>8,300</u>	<u>8,300</u>	<u>4,689</u>	<u>(3,611)</u>
Expenditures:				
Materials and services	251,250	251,250	320,254	(69,004)
Capital Outlay	1,025,000	1,025,000	128,569	896,431
Contingency	<u>1,074,250</u>	<u>1,074,250</u>	<u>-</u>	<u>1,074,250</u>
Total expenditures	<u>2,350,500</u>	<u>2,350,500</u>	<u>448,823</u>	<u>1,901,677</u>
Excess of revenues over (under) expenditures	(2,342,200)	(2,342,200)	(444,134)	1,898,066
Other financing sources (uses):				
Loan proceeds	<u>2,150,000</u>	<u>2,150,000</u>	<u>110,349</u>	<u>(2,039,651)</u>
Net change in fund balance	(192,200)	(192,200)	(333,785)	(141,585)
Beginning fund balance	<u>192,200</u>	<u>192,200</u>	<u>262,769</u>	<u>70,569</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(71,016)</u>	<u>\$ (71,016)</u>
Reconciliation to modified accrual basis				
Advance from General Fund			<u>(110,349)</u>	
Total fund balance - end of year			<u>\$ (181,365)</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

CITY OF FLORENCE
LANE COUNTY, OREGON
COMBINING BALANCE SHEETS

June 30, 2016

NONMAJOR DEBT SERVICE FUNDS

	General Obligation Bond Fund	Urban Renewal Debt Service	Total
ASSETS			
Cash and cash equivalents	\$ 172,099	\$ 86,636	\$ 258,735
Accounts receivable	11,428	-	11,428
Total Assets	\$ 183,527	\$ 86,636	\$ 270,163
LIABILITIES			
Advance from General Fund	-	1,464,288	1,464,288
Total Liabilities	-	1,464,288	1,464,288
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	10,716	-	10,716
FUND BALANCE			
Restricted	172,811	-	172,811
Unassigned	-	(1,377,652)	(1,377,652)
Total Liabilities and Fund Balances	\$ 183,527	\$ 86,636	\$ 270,163

CITY OF FLORENCE
 LANE COUNTY, OREGON
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2016

NONMAJOR DEBT SERVICE FUNDS

	General Obligation Bond Fund	Urban Renewal Debt Service	Total
REVENUES			
Property taxes	\$ 146,795	\$ 326,617	\$ 473,412
Investment earnings	1,925	946	2,871
Total Revenues	148,720	327,563	476,283
EXPENDITURES			
Current operating:			
Economic development	-	242,897	242,897
Debt Services			
Principal	164,094	1,665,000	1,829,094
Interest expense	24,198	50,867	75,065
Total Expenditures:	188,292	1,958,764	2,147,056
Excess of Revenues Over (Under) Expenditures	(39,572)	(1,631,201)	(1,670,773)
OTHER FINANCING SOURCES (USES)			
Net Change in Fund Balance	(39,572)	(1,631,201)	(1,670,773)
Beginning Fund Balance	212,383	253,549	465,932
Ending Fund Balance	\$ 172,811	\$ (1,377,652)	\$ (1,204,841)

CITY OF FLORENCE
General Obligation Bond Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 148,000	\$ 146,795	\$ 146,795	\$ -
Investment earnings	500	1,925	1,925	-
Total revenues	<u>148,500</u>	<u>148,720</u>	<u>148,720</u>	<u>-</u>
Expenditures:				
Debt Service				
Principal	164,095	164,095	164,094	1
Interest expense	<u>24,236</u>	<u>24,236</u>	<u>24,198</u>	<u>38</u>
Total expenditures	<u>188,331</u>	<u>188,331</u>	<u>188,292</u>	<u>39</u>
Excess of revenues over (under) expenditures	<u>(39,831)</u>	<u>(39,611)</u>	<u>(39,572)</u>	<u>39</u>
Other financing sources (uses):				
Net change in fund balance	(39,831)	(39,611)	(39,572)	39
Beginning fund balance	<u>211,973</u>	<u>211,973</u>	<u>212,383</u>	<u>410</u>
Ending fund balance	<u>\$ 172,142</u>	<u>\$ 172,362</u>	<u>\$ 172,811</u>	<u>\$ 449</u>

CITY OF FLORENCE
Florence Urban Renewal Debt Service
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 344,300	\$ 344,300	\$ 326,617	\$ (17,683)
Interest income	1,000	1,000	946	(54)
Total revenues	345,300	345,300	327,563	(17,737)
Expenditures:				
Materials and services	249,000	249,000	242,897	6,103
Debt Service				
Principal	1,801,150	1,801,150	1,665,000	136,150
Interest expense	8,211	8,211	50,867	(42,656)
Contingency	89,895	89,895	-	89,895
Total expenditures	2,148,256	2,148,256	1,958,764	189,492
Excess of revenues over (under) expenditures	(1,802,956)	(1,802,956)	(1,631,201)	171,755
Other financing sources (uses):				
Loan proceeds	1,550,000	1,550,000	1,464,288	(85,712)
Net change in fund balance	(252,956)	(252,956)	(166,913)	86,043
Beginning fund balance	252,956	252,956	253,549	593
Ending fund balance	\$ -	\$ -	86,636	\$ 86,636
Reconciliation to modified accrual basis				
Advance from General Fund			(1,464,288)	
Total fund balance - end of year			\$ (1,377,652)	

Budgetary Schedule - Enterprise Funds

CITY OF FLORENCE
Water Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Charges for services	\$ 2,098,000	\$ 2,106,000	\$ 2,197,659	\$ 91,659
Other revenue	<u>17,000</u>	<u>9,000</u>	<u>10,092</u>	<u>1,092</u>
Total revenues	<u>2,115,000</u>	<u>2,115,000</u>	<u>2,207,751</u>	<u>92,751</u>
Expenditures:				
Personnel services	347,800	347,800	307,198	40,602
Materials and services	387,587	400,000	386,287	13,713
Capital Outlay	1,210,000	1,210,000	563,372	646,628
Debt Service				
Principal	52,317	52,317	52,400	(83)
Interest expense	118,957	118,957	3,319	115,638
Contingency	<u>552,692</u>	<u>540,279</u>	<u>-</u>	<u>540,279</u>
Total expenditures	<u>2,669,353</u>	<u>2,669,353</u>	<u>1,312,576</u>	<u>1,356,777</u>
Excess of revenues over (under) expenditures	<u>(554,353)</u>	<u>(554,353)</u>	<u>895,175</u>	<u>1,449,528</u>
Other financing sources (uses):				
Transfers in	550,000	550,000	350,000	(200,000)
Transfers out	(611,413)	(611,413)	(617,249)	(5,836)
Loan proceeds	<u>1,500,000</u>	<u>1,500,000</u>	<u>109,279</u>	<u>(1,390,721)</u>
Net other financing sources (uses)	1,438,587	1,438,587	(157,970)	(1,596,557)
Net change in fund balance	884,234	884,234	737,205	(147,029)
Beginning fund balance	<u>465,766</u>	<u>465,766</u>	<u>594,424</u>	<u>128,658</u>
Ending fund balance	<u>\$ 1,350,000</u>	<u>\$ 1,350,000</u>	1,331,629	<u>\$ (18,371)</u>
Reconciliation to GAAP Basis				
Water SDC Fund Balance			306,710	
Unavailable revenue - notes receivable			8,309	
Inventory			58,066	
Capital Assets			7,092,825	
Accrued interest payable			(6,819)	
Long-term debt			(680,756)	
Compensated absences			(39,093)	
Deferred outflows (inflows) related to pensions			(1,746)	
Net pension liability			<u>(47,133)</u>	
Ending net position balance			<u>\$ 8,021,992</u>	

CITY OF FLORENCE
Water SDC Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
System Development Fees	\$ 75,000	\$ 75,000	\$ 100,707	\$ 25,707
Investment earnings	4,000	4,000	6,254	2,254
Total revenues	<u>79,000</u>	<u>79,000</u>	<u>106,961</u>	<u>27,961</u>
Expenditures:				
Materials and services	16,000	16,000	1,408	14,592
Contingency	66,740	66,740	-	66,740
Total expenditures	<u>82,740</u>	<u>82,740</u>	<u>1,408</u>	<u>81,332</u>
Excess of revenues over (under) expenditures	<u>(3,740)</u>	<u>(3,740)</u>	<u>105,553</u>	<u>109,293</u>
Other financing sources (uses):				
Transfers in	24,000	24,000	24,000	-
Transfers out	(550,000)	(550,000)	(350,000)	200,000
Net other financing sources (uses)	<u>(526,000)</u>	<u>(526,000)</u>	<u>(326,000)</u>	<u>200,000</u>
Net change in fund balance	(529,740)	(529,740)	(220,447)	309,293
Beginning fund balance	<u>529,740</u>	<u>529,740</u>	<u>527,157</u>	<u>(2,583)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,710</u>	<u>\$ 306,710</u>

CITY OF FLORENCE

**Wastewater Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues:				
Charges for services	\$ 3,253,500	\$ 3,253,500	\$ 3,138,178	\$ (115,322)
Investment earnings	10,000	10,000	23,192	13,192
Other revenue	<u>1,000</u>	<u>1,000</u>	<u>384</u>	<u>(616)</u>
Total revenues	<u>3,264,500</u>	<u>3,264,500</u>	<u>3,161,754</u>	<u>(102,746)</u>
Expenditures:				
Personnel services	437,500	437,500	398,035	39,465
Materials and services	458,500	458,500	520,726	(62,226)
Capital Outlay	1,180,000	1,180,000	903,158	276,842
Debt Service				
Principal	309,021	309,021	308,913	108
Interest expense	47,256	47,256	45,987	1,269
Contingency	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total expenditures	<u>2,732,277</u>	<u>2,732,277</u>	<u>2,176,819</u>	<u>555,458</u>
Excess of revenues over (under) expenditures	<u>532,223</u>	<u>532,223</u>	<u>984,935</u>	<u>452,712</u>
Other financing sources (uses):				
Transfers in	140,000	140,000	40,000	(100,000)
Transfers out	<u>(1,494,478)</u>	<u>(1,494,478)</u>	<u>(1,489,365)</u>	<u>5,113</u>
Net other financing sources (uses)	<u>(1,354,478)</u>	<u>(1,354,478)</u>	<u>(1,449,365)</u>	<u>(94,887)</u>
Net change in fund balance	(822,255)	(822,255)	(464,430)	357,825
Beginning fund balance	<u>1,217,235</u>	<u>1,217,235</u>	<u>1,257,787</u>	<u>40,552</u>
Ending fund balance	<u>\$ 394,980</u>	<u>\$ 394,980</u>	\$ 793,357	<u>\$ 398,377</u>
Reconciliation to GAAP Basis				
Wastewater SDC Fund Balance			\$ 568,320	
Unavailable revenue - notes receivable			88,268	
Inventory			16,882	
Capital Assets			16,364,545	
Accrued interest payable			(21,066)	
Long-term debt			(8,990,504)	
Compensated absences			(48,230)	
Deferred outflows (inflows) related to pensions			1,304	
Net pension liability			<u>(172,820)</u>	
Ending net position			<u>\$ 8,600,056</u>	

CITY OF FLORENCE
Wastewater SDC Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
System Development Fees	\$ 65,000	\$ 65,000	\$ 126,752	\$ 61,752
Investment earnings	2,000	2,000	2,802	802
Total revenues	<u>67,000</u>	<u>67,000</u>	<u>129,554</u>	<u>62,554</u>
Expenditures:				
Materials and services	1,000	1,000	1,406	(406)
Capital Outlay	15,000	15,000	-	15,000
Debt Service	-	-	-	-
Contingency	<u>387,399</u>	<u>387,399</u>	<u>-</u>	<u>387,399</u>
Total expenditures	<u>403,399</u>	<u>403,399</u>	<u>1,406</u>	<u>401,993</u>
Excess of revenues over (under) expenditures	(336,399)	(336,399)	128,148	464,547
Other financing sources (uses):				
Transfers out	<u>(140,000)</u>	<u>(140,000)</u>	<u>(40,000)</u>	<u>100,000</u>
Net change in fund balance	(476,399)	(476,399)	88,148	564,547
Beginning fund balance	<u>476,399</u>	<u>476,399</u>	<u>480,172</u>	<u>3,773</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 568,320</u>	<u>\$ 568,320</u>

CITY OF FLORENCE
Stormwater Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Charges for services	\$ 522,000	\$ 522,000	\$ 522,140	\$ 140
Investment earnings	1,500	1,500	-	(1,500)
Total revenues	<u>523,500</u>	<u>523,500</u>	<u>522,140</u>	<u>(1,360)</u>
Expenditures:				
Personnel services	64,900	64,900	64,107	793
Materials and services	62,600	62,600	54,844	7,756
Capital Outlay	520,000	520,000	274,787	245,213
Contingency	150,000	150,000	-	150,000
Total expenditures	<u>797,500</u>	<u>797,500</u>	<u>393,738</u>	<u>403,762</u>
Excess of revenues over (under) expenditures	<u>(274,000)</u>	<u>(274,000)</u>	<u>128,402</u>	<u>402,402</u>
Other financing sources (uses):				
Transfers out	(110,550)	(110,550)	(110,550)	-
Net change in fund balance	(384,550)	(384,550)	17,852	402,402
Beginning fund balance	<u>868,803</u>	<u>868,803</u>	<u>927,558</u>	<u>58,755</u>
Ending fund balance	<u>\$ 484,253</u>	<u>\$ 484,253</u>	\$ 945,410	<u>\$ 461,157</u>
Reconciliation to GAAP Basis				
Stormwater SDC Fund Balance			\$ 102,616	
Unavailable revenue - notes receivable			20,586	
Capital assets			1,326,119	
Accrued interest			(675)	
Long-term debt			(274,152)	
Compensated absences			(14,526)	
Deferred outflows (inflows) related to pensions			(331)	
Net pension liability			<u>(8,925)</u>	
Ending net position			<u>\$ 2,096,122</u>	

CITY OF FLORENCE
Stormwater SDC Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
System Development Fees	\$ 45,000	\$ 45,000	\$ 64,058	\$ 19,058
Investment earnings	2,500	2,500	1,438	(1,062)
Total revenues	<u>47,500</u>	<u>47,500</u>	<u>65,496</u>	<u>17,996</u>
Expenditures:				
Materials and services	61,000	61,000	1,407	59,593
Contingency	31,660	31,660	-	31,660
Total expenditures	<u>92,660</u>	<u>92,660</u>	<u>1,407</u>	<u>91,253</u>
Excess of revenues over (under) expenditures	<u>(45,160)</u>	<u>(45,160)</u>	<u>64,089</u>	<u>109,249</u>
Other financing sources (uses):				
Net change in fund balance	(45,160)	(45,160)	64,089	109,249
Beginning fund balance	<u>45,160</u>	<u>45,160</u>	<u>38,527</u>	<u>(6,633)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,616</u>	<u>\$ 102,616</u>

CITY OF FLORENCE
Airport Operations Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues:				
Charges for services	\$ 112,200	\$ 112,200	\$ 99,578	\$ (12,622)
Intergovernmental	95,060	-	-	-
Investment earnings	<u>200</u>	<u>200</u>	<u>2,485</u>	<u>2,285</u>
Total revenues	<u>207,460</u>	<u>112,400</u>	<u>102,063</u>	<u>(10,337)</u>
Expenditures:				
Materials and services	78,600	78,600	77,137	1,463
Debt Service:				
Principal	48,030	48,030	48,030	-
Interest expense	5,308	5,308	5,246	62
Contingency	<u>2,585</u>	<u>2,585</u>	<u>-</u>	<u>2,585</u>
Total expenditures	<u>134,523</u>	<u>134,523</u>	<u>130,413</u>	<u>4,110</u>
Excess of revenues over (under) expenditures	<u>72,937</u>	<u>(22,123)</u>	<u>(28,350)</u>	<u>(6,227)</u>
Other financing sources (uses):				
Transfers in	10,000	10,000	25,000	15,000
Transfers out	<u>(4,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>5,800</u>	<u>10,000</u>	<u>25,000</u>	<u>15,000</u>
Net change in fund balance	78,737	(12,123)	(3,350)	8,773
Beginning fund balance	<u>58,871</u>	<u>16,323</u>	<u>11,788</u>	<u>(4,535)</u>
Ending fund balance	<u>\$ 137,608</u>	<u>\$ 4,200</u>	\$ 8,438	<u>\$ 4,238</u>
Reconciliation to GAAP Basis				
Capital assets			2,739,938	
Accrued interest			(1,528)	
Long-term debt			<u>(48,472)</u>	
Ending net position			<u>\$ 2,698,376</u>	

CITY OF FLORENCE
Events Center Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Charges for services	\$ 276,000	\$ 276,000	\$ 337,851	\$ 61,851
Intergovernmental	95,060	-	-	-
Grants and contributions	113,000	113,000	96,476	(16,524)
Investment earnings	1,000	1,000	4,818	3,818
Other revenue	500	500	187	(313)
Total revenues	485,560	390,500	439,332	48,832
Expenditures:				
Personnel services	310,200	310,200	257,965	52,235
Materials and services	304,800	304,800	412,112	(107,312)
Capital Outlay	75,000	75,000	38,483	36,517
Contingency	320,177	320,177	-	320,177
Total expenditures	1,010,177	1,010,177	708,560	301,617
Excess of revenues over (under) expenditures	(524,617)	(619,677)	(269,228)	350,449
Other financing sources (uses):				
Transfers in	291,600	291,600	345,605	54,005
Net change in fund balance	(233,017)	(328,077)	76,377	404,454
Beginning fund balance	58,871	328,077	304,737	(23,340)
Ending fund balance	\$ (174,146)	\$ -	\$ 381,114	\$ 381,114
Reconciliation to GAAP Basis				
Events Center Debt Service Fund Balance			956	
Capital assets			2,071,074	
Compensated absences			(24,844)	
Deferred outflows (inflows) related to pensions			(2,773)	
Net pension liability			(74,848)	
Ending net position			\$ 2,350,679	

CITY OF FLORENCE
Events Center Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Intergovernmental	\$ 95,060	\$ 95,060	\$ 96,000	\$ 940
Total revenues	<u>95,060</u>	<u>95,060</u>	<u>96,000</u>	<u>940</u>
Expenditures:				
Debt Service				
Principal	150,000	150,000	150,000	-
Interest expense	<u>3,931</u>	<u>3,931</u>	<u>3,916</u>	<u>15</u>
Total expenditures	<u>153,931</u>	<u>153,931</u>	<u>153,916</u>	<u>15</u>
Excess of revenues over (under) expenditures	<u>(58,871)</u>	<u>(58,871)</u>	<u>(57,916)</u>	<u>955</u>
Net change in fund balance	(58,871)	(58,871)	(57,916)	955
Beginning fund balance	<u>58,871</u>	<u>58,871</u>	<u>58,872</u>	<u>1</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 956</u>	<u>\$ 956</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 fund

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).

CITY OF FLORENCE
Public Works Administration
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
For the Fiscal Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Other revenue	\$ 12,000	\$ 12,000	\$ 4,801	\$ (7,199)
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>4,801</u>	<u>(7,199)</u>
Expenditures:				
Personnel services	415,400	425,400	422,544	2,856
Materials and services	62,400	104,900	72,209	32,691
Capital Outlay	1,400,000	1,400,000	108,915	1,291,085
Debt Service	-	-	-	-
Contingency	<u>114,298</u>	<u>61,798</u>	<u>-</u>	<u>61,798</u>
Total expenditures	<u>1,992,098</u>	<u>1,992,098</u>	<u>603,668</u>	<u>1,388,430</u>
Excess of revenues over (under) expenditures	<u>(1,980,098)</u>	<u>(1,980,098)</u>	<u>(598,867)</u>	<u>1,381,231</u>
Other financing sources (uses):				
Transfers in	538,600	538,600	535,600	(3,000)
Loan proceeds	1,300,000	1,300,000	8,042	(1,291,958)
Net other financing source (uses)	1,838,600	1,838,600	543,642	(1,294,958)
Net change in fund balance	(141,498)	(141,498)	(55,225)	86,273
Beginning fund balance	<u>141,498</u>	<u>141,498</u>	<u>136,887</u>	<u>(4,611)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,662</u>	<u>\$ 81,662</u>

Reconciliation to GAAP Basis

Capital assets	98,582
Accrued interest payable	(88)
Long-term debt	(8,042)
Deferred outflows (inflows) related to pensions	1,008
Net pension liability	<u>(133,643)</u>
Ending net position	<u>\$ 39,479</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.

CITY OF FLORENCE, OREGON
AGENCY FUNDS
Schedule of Changes in Assets and Liabilities
For the Year Ended June 30, 2016

Municipal Court Agency Fund	<u>Balances July 01, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2016</u>
ASSETS				
Cash and investments	\$ 48,539	\$ 394,403	\$ 396,420	\$ 46,522
LIABILITIES				
Amounts held for others	\$ 48,539	\$ 394,403	\$ 396,420	\$ 46,522
Senior Center Trust & Agency Fund	<u>Balances July 01, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2016</u>
ASSETS				
Cash and investments	\$ 750	\$ -	\$ -	\$ 750
LIABILITIES				
Amounts held for others	\$ 750	\$ -	\$ -	\$ 750
Totals - All Agency Funds	<u>Balances July 01, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2016</u>
ASSETS				
Cash and investments	\$ 49,289	\$ 394,403	\$ 396,420	\$ 47,272
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Amounts held for others	49,289	394,403	396,420	47,272
Total liabilities	\$ 49,289	\$ 394,403	\$ 396,420	\$ 47,272

SCHEDULES FOR BUDGETARY COMPLIANCE

CITY OF FLORENCE
Schedule of Budgeted Appropriations
Budget and Actual
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Fund				
Administrative	\$ 1,263,500	\$ 1,263,500	\$ 1,197,763	\$ 65,737
Community Development	592,600	592,600	579,572	13,028
Municipal Court	369,400	369,400	377,605	(8,205)
Non-Departmental	181,500	181,500	110,645	70,855
Police Department	2,707,300	2,707,300	2,606,831	100,469
Parks	385,260	385,260	175,001	210,259
Debt Service	27,478	27,478	27,455	23
Contingency	567,000	567,000	-	567,000
Total appropriations	<u>6,094,038</u>	<u>6,094,038</u>	<u>5,074,872</u>	<u>1,019,166</u>
Streets				
Street program	2,431,700	2,443,700	1,110,087	1,333,613
Contingency	1,605,368	1,593,368	-	1,593,368
Debt Service	189,286	189,286	128,880	60,406
Transfers out	720,977	720,977	116,977	604,000
Total appropriations	<u>4,947,331</u>	<u>4,947,331</u>	<u>1,355,944</u>	<u>3,591,387</u>
911 Emergency Fund				
Transfers out	214,907	214,907	206,839	8,068
Room Tax Fund				
Materials and services	126,000	126,000	138,100	(12,100)
Transfers out	201,200	201,200	207,200	(6,000)
Total appropriations	<u>327,200</u>	<u>327,200</u>	<u>345,300</u>	<u>(18,100)</u>
General Debt Services				
Debt Services	1,084,352	1,084,352	1,084,349	3
Contingency	427,125	427,125	-	427,125
Total appropriations	<u>1,511,477</u>	<u>1,511,477</u>	<u>1,084,349</u>	<u>427,128</u>
Florence Events Center				
Events Center program	690,000	690,000	708,560	(18,560)
Debt service	153,931	153,931	153,916	15
Contingency	320,177	320,177	-	320,177
Total appropriations	<u>1,164,108</u>	<u>1,164,108</u>	<u>862,476</u>	<u>301,632</u>
Public Works Enterprise Fund				
Water Program	1,961,387	1,973,800	1,258,265	715,535
Wastewater program	2,077,000	2,077,000	1,823,325	253,675
Stormwater program	708,500	708,500	395,145	313,355
Public Works Administration program	1,877,800	1,930,300	603,668	1,326,632
Debt service	527,551	527,551	410,619	116,932
Contingency	1,602,789	1,537,876	-	1,537,876
Total appropriations	<u>8,755,027</u>	<u>8,755,027</u>	<u>4,491,022</u>	<u>4,264,005</u>
Airport Enterprise Fund				
Airport program	78,600	78,600	77,137	1,463
Debt service	53,338	53,338	53,276	62
Contingency	2,585	2,585	-	2,585
Total appropriations	<u>134,523</u>	<u>134,523</u>	<u>130,413</u>	<u>\$ 4,110</u>

Notes

1. Program level expenditures includes personal services, materials and services, and capital outlay in the applicable funds.

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

An Independently Owned Member
McGLADREY ALLIANCE



Honorable Mayor and City Council
City of Florence, Oregon

We have audited the basic financial statements of the City of Florence, Oregon ("City") as of and for the year ended June 30, 2016, and have issued our report thereon dated February 27, 2017. 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, 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 tail on the letter "n".

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

Eugene, Oregon
February 27, 2017