

City of Florence, Oregon

Annual Financial Report

Fiscal Year Ended June 30, 2015

CITY OF FLORENCE, OREGON
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015

CITY OF FLORENCE, OREGON
Annual Financial Report
For the Fiscal Year Ended June 30, 2015
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INTRODUCTORY SECTION

CITY OF FLORENCE, OREGON

Principal City Officials

June 30, 2015

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, 2015, 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, 2015, 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.

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB No. 68*. Our opinion is not modified with respect to this matter.

Restatement of the comparative financial data for the prior period presented is not practical due to the unavailability of information from the pension plan, therefore the provisions of GASB Statements No. 68 and 71 were not applied to prior period. The cumulative effects of applying the provisions of GASB Statements No. 68 and 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015 in accordance with the Statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgeted comparison schedules for the General Fund and Street 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 December 21, 2015 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
December 21, 2015

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the City of Florence (the City) for the fiscal year ended June 30, 2015. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

The City's assets and deferred outflows of resources totaled \$55.0 million at June 30, 2015, consisting of \$42.9 million in capital assets, \$6.5 million in unrestricted cash and investments, and \$3.6 million in other assets and deferred outflows of resources.

Total assets and deferred outflows of resources increased by \$2.7 million from the previous fiscal year.

The City's liabilities and deferred inflows of resources totaled \$18.6 million at June 30, 2015 consisting of \$16.7 million in long-term liabilities and \$0.9 million in accounts payable and other liabilities, and \$1.0 million in deferred inflows related to pensions.

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$36.4 million at the close of fiscal year 2014-15.

Unrestricted net position totaled \$6.5 million with the remainder of the City's net position invested in capital assets (\$26.2 million) and restricted for urban renewal, capital projects, specific programs and debt service (\$3.7 million).

For its governmental activities, the City generated \$1.2 million in charges for services and received \$0.4 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$5.5 million for the year, resulting in a net direct expense of \$4.0 million. \$4.3 million of general revenues received and \$0.4 million of transfers in resulted in a change in net position of \$0.7 million.

For its business-type activities, the City generated \$6.4 million in charges for services and capital grants and contributions to fund direct expenses of \$4.3 million.

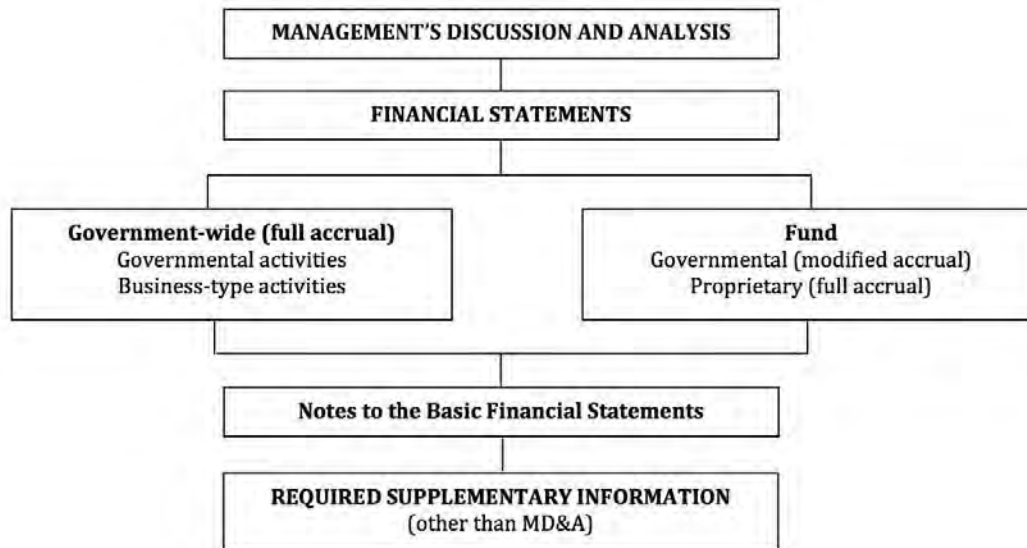
Fund balance in the City's governmental funds was \$4.6 million at June 30, 2015, a decrease of \$0.6 million from June 30, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to this discussion and analysis, the financial section of this annual report contains the basic financial statements, required supplementary information, and other supplementary information, including the combining statements and schedules of the non-major funds.

The basic financial statements also include notes that explain the information in the financial statements and provide additional details. The following chart illustrates how the various sections of this annual report are arranged relative to one another.

Chart 1 - Required Elements of the Annual Financial Report



The City adopted Government Accounting Standard Board (GASB) 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27* during fiscal year 2015. GASB Statement 68 establishes accounting and financial reporting standards for employers, including reporting of the net pension asset or liability on the statement of net position, and deferred inflows and outflows associated with investment, economic and demographic gains and losses associated with pension plans. GASB Statement 68 also provides guidance related to the calculation of pension expense(income). Fiscal year 2014 information reported in Tables 1 and 2 herein have been restated to conform to the new reporting and accounting standards.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how they have changed. Net position—the net difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources—is one way to measure the City's *financial health or position*.

- Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities—Most of the City's basic services are included here, such as police, parks and recreation, public works, and general administration. Property taxes, charges for services, and operating and capital grants and contributions fund most of these activities.
- Business-type activities—The City charges fees to customers to help cover the costs of certain services it provides. The City's water, wastewater, stormwater, airport and events center, are included here.

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36.4 million at June 30, 2015.

By far, the largest portion of the City's net position (\$26.2 million, or 72%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure), less any related debt outstanding used to acquire those assets. These capital assets are integral to the provision of services to citizens; consequently, they are not available for future spending. Although the City's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt generally are generated from the services resulting from these assets and in limited instances from other sources since the capital assets themselves either cannot or are not expected to be used or liquidated to repay these liabilities.

Table 1 – Net Position as of June 30th (in thousands)

	Governmental		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 6,986.6	\$ 7,582.1	\$ 4,904.4	\$ 4,132.1	\$ 11,891.0	\$ 11,714.2
Capital assets	13,397.6	12,912.7	29,530.8	30,041.1	42,928.4	42,953.8
Total assets	<u>20,384.2</u>	<u>20,494.8</u>	<u>34,435.2</u>	<u>34,173.2</u>	<u>54,819.4</u>	<u>54,668.0</u>
Deferred outflows of resources	152.1	-	65.3	-	217.4	-
Long-term liabilities	4,352.0	5,105.8	12,355.2	13,949.0	16,707.2	19,054.8
Other liabilities	585.1	569.9	311.4	378.3	896.5	948.2
Total liabilities	<u>4,937.1</u>	<u>5,675.7</u>	<u>12,666.6</u>	<u>14,327.3</u>	<u>17,603.7</u>	<u>20,003.0</u>
Deferred inflows of resources	727.8	-	312.7	-	1,040.5	-
Net position:						
Net investment in capital assets	9,045.6	7,806.8	17,175.6	16,092.1	26,221.2	23,898.9
Restricted for:						
Urban renewal projects	262.8	-	-	-	262.8	-
Tourism/economic development	60.1	294.5	-	-	60.1	294.5
Transportation	105.6	-	-	-	105.6	-
System development	901.2	935.5	1,211.9	835.8	2,113.1	1,771.3
Debt service	985.6	964.1	58.9	-	1,044.5	964.1
Events Center, nonexpendable	78.4	82.9	-	-	78.4	82.9
Unrestricted	3,432.1	4,735.3	3,074.8	2,918.0	6,506.9	7,653.3
Total Net Position	<u>\$ 14,871.4</u>	<u>\$ 14,819.1</u>	<u>\$ 21,521.2</u>	<u>\$ 19,845.9</u>	<u>\$ 36,392.6</u>	<u>\$ 34,665.0</u>

A portion of the City's net position (\$3.7 million or about ten percent) represents resources that are subject to external restrictions or limitations on how they may be used. The balance of unrestricted net position (\$6.5 million or 17.9%) may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2015, the City had positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. Total net position increased by \$2.7 million during the fiscal year, or 8.0%. The implementation of GASB Statement 68 accounts for \$1.2 million of this increase, as the City recorded net pension liability of \$0.8 million at June 30, 2014 and net pension asset of \$0.5 million at June 30, 2015; the remainder represents the degree to which ongoing revenues have exceeded increases in ongoing expenses.

Statement of Activities

As with the *Statement of Net Position*, the City reports governmental activities on a consolidated basis. A summary of the *Statement of Activities* follows:

Table 2 – Changes in Net Position (in thousands)

	Governmental		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue						
Program revenue:						
Charges for services	\$ 1,169.5	\$ 1,092.1	\$ 6,029.9	\$ 5,813.4	\$ 7,199.4	\$ 6,905.5
Operating grants and contributions	171.0	1,019.3	-	-	171.0	1,019.3
Capital grants and contributions	248.2	111.8	379.4	487.9	627.6	599.7
General revenue:						
Property taxes	2,679.0	2,930.4	191.8	-	2,870.8	2,930.4
Franchise and lodging taxes	1,621.3	768.9	-	-	1,621.3	768.9
Investment earnings	29.8	46.2	32.5	31.4	62.3	77.6
Total revenue	<u>5,918.8</u>	<u>5,968.7</u>	<u>6,633.6</u>	<u>6,332.7</u>	<u>12,552.4</u>	<u>12,301.4</u>
Expenses						
Governmental activities:						
General government	986.9	1,019.5	-	-	986.9	1,019.5
Culture and recreation	175.6	177.3	-	-	175.6	177.3
Public safety	2,662.1	2,775.4	-	-	2,662.1	2,775.4
Economic development	715.1	534.4	-	-	715.1	534.4
Highways and streets	803.0	825.1	-	-	803.0	825.1
Interest on debt	206.6	178.9	-	-	206.6	178.9
Business-type activities:						
Water	-	-	1,327.7	1,618.2	1,327.7	1,618.2
Wastewater	-	-	1,948.8	2,014.3	1,948.8	2,014.3
Stormwater	-	-	160.8	194.7	160.8	194.7
Events Center	-	-	697.1	631.1	697.1	631.1
Airport	-	-	169.9	178.1	169.9	178.1
Total expenses	<u>5,549.3</u>	<u>5,510.6</u>	<u>4,304.3</u>	<u>4,636.4</u>	<u>9,853.6</u>	<u>10,147.0</u>
Change in net position before transfers	369.5	458.1	2,329.3	1,696.3	2,698.8	2,154.4
Transfers	<u>362.2</u>	<u>427.5</u>	<u>(362.2)</u>	<u>(427.5)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>731.7</u>	<u>885.6</u>	<u>1,967.1</u>	<u>1,268.8</u>	<u>2,698.8</u>	<u>2,154.4</u>
Net position- beginning	14,819.1	13,933.5	19,845.9	18,577.1	34,665.0	32,510.6
Restatement	<u>(686.0)</u>	<u>-</u>	<u>(291.8)</u>	<u>-</u>	<u>(977.8)</u>	<u>-</u>
Net position- beginning, as restated	<u>14,139.7</u>	<u>13,933.5</u>	<u>19,554.1</u>	<u>18,577.1</u>	<u>33,687.2</u>	<u>32,510.6</u>
Net position - ending	<u>\$ 14,871.4</u>	<u>\$ 14,819.1</u>	<u>\$ 21,521.2</u>	<u>\$ 19,845.9</u>	<u>\$ 36,386.0</u>	<u>\$ 34,665.0</u>

Governmental Activities

Governmental activities increased the City's net position by \$0.7 million in fiscal year 2014-15, as compared to \$0.9 million in the prior fiscal year. Revenue, including transfers, decreased by \$108,450 and expenses, increased by \$38,906. Key elements of this change, as illustrated in Table 2 above, include a reduction in public safety, general government expenses, and highways and streets and an increase in transfers to business type activities. The revenues charted in the following pie chart include all program and general revenues for governmental activities such as property taxes, franchise taxes, charges for services, operating and capital grants and contributions, and miscellaneous revenues. Property taxes continue to be the major source of revenue for the City's governmental activities, once interfund service payments are factored out of charges for services.

Chart 1. Revenue by Source – Governmental Activities

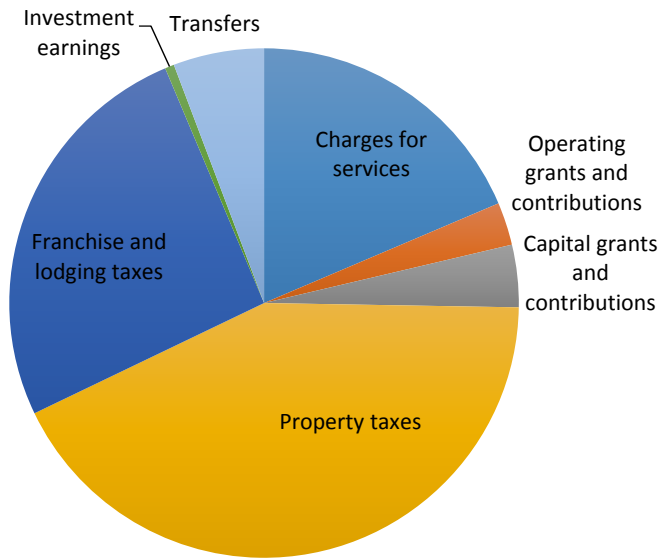
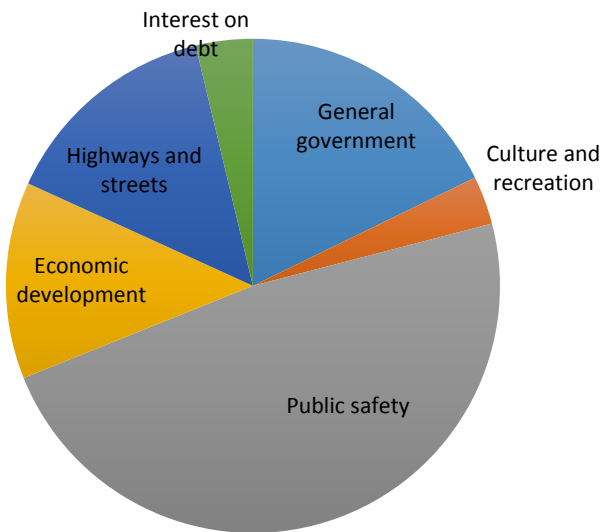


Chart 2. Expenses by Source – Governmental Activities



Business-type Activities

Activity in the wastewater (46.6%) and water (36.1%) funds account for approximately 83% of total business-type activities revenue. The remaining revenue comes from the stormwater (8.3%), events center (7.7%) and airport (1.2%) funds. The City has been able to maintain a consistent level of service and make capital investments to the utility system while limiting rate increases.

Charges for services accounts for more than 90% of all business-type activities revenue. Capital grants and contributions, including system development charges (5.7%), property taxes dedicated to repayment of voter approved debt (2.9%) and investment earnings (0.5%) make up the remaining balance of revenues for business-type activities.

Chart 3. Revenue by Source – Business-like Activities

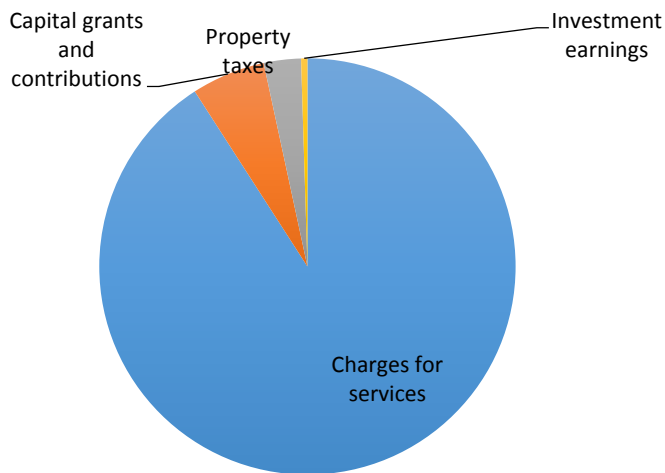
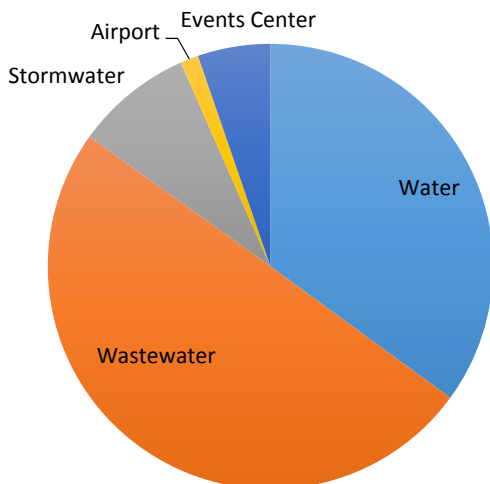


Chart 4. Charges for Services – Business-like Activities



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 June 30, 2015, the City's governmental funds reported a combined ending fund balance of \$4.6 million, a decrease of \$0.6 million (-12.1%) when compared to the prior year. Of this amount, \$222,627 is non-spendable (4.9%). The balance is available for spending for various governmental purposes including debt service; urban renewal (\$262,769, 5.8%), tourism (\$340,073, 7.4%), transportation (\$1.0 million, 22.0%), debt service (\$985,577, 21.6%), and unassigned (\$1.75 million, 38.3%). Unassigned fund is available for spending at the City's discretion, while the City may spend the other amounts consistent with their designation.

General Fund

The general fund is the chief operating fund of the City. At June 30, 2015, total fund balance was \$2.1 million, reflecting a decrease of \$0.4 million (-15.9%) from the prior year. Within the general fund ending balance, \$1.75 million is considered unassigned. The City's general fund continues to be funded with transfers from other governmental and business-like funds for services provided those funds.

General fund revenues increased by \$146,745 (3.7%) to \$3.9 million from the prior year. Expenditures in the general fund increased by \$0.8 million (15.9%) from \$4.3 million in the prior year to \$5.1 million in the current year. Key components of this increase include expenditures related to the acquisition of real property, economic development initiatives, and filling budgeted vacant positions.

Streets Fund

This special revenue fund accounts for the operation and maintenance of the City's street and sidewalk systems. Revenue increased to \$1.1 million, an increase of \$173,524 attributable to an increase in intergovernmental revenue (\$198,291). Overall street expenditures increased to \$1.2 million from \$0.6 million in the prior year as the City initiated planned capital improvements. Capital spending increased by \$0.5 million to \$0.8 million. The street fund had an overall decrease in fund balance of \$0.3 million for the fiscal year ended June 30, 2015.

Debt Service Fund

This debt service fund accounts for activity related to local improvement district (LID), and the governmental portions of various debt obligations. A significant LID payment (\$385,333) was received during the year, led to an increase in fund balance of \$294,713. Debt service payments consistent with prior year amounts totaling \$165,241 were made.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final appropriated budget of the general fund amounted to \$5.9 million including \$385,000 for contingencies. Total expenditures, including transfers, for the fiscal year were \$5.3 million, resulting in a favorable variance of \$0.6 million. Major components of the favorable variance include \$385,000 for contingency, \$86,123 million for community development, \$60,503 for police, \$50,243 for administrative, and 8,002 for other, which represent unspent items such as vacancies due to personnel turn over.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the City had invested \$42.9 million in capital assets, net of depreciation as reflected in the following table. This represents a net decrease (additions, deductions and depreciation) of \$25,376 in fiscal year 2014-15. Governmental capital assets totaled \$13.4 million while business-type capital assets totaled \$29.5 million.

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

	Governmental		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 851.7	\$ 492.2	\$ 1,687.3	\$ 1,687.3	\$ 2,539.0	\$ 2,179.5
Buildings and improvements	5,444.8	5,707.8	14,595.7	15,037.9	20,040.5	20,745.7
Equipment and vehicles	759.1	744.7	775.3	800.8	1,534.4	1,545.5
Utility systems	-	-	5,066.4	5,318.4	5,066.4	5,318.4
Infrastructure	6,163.1	5,811.2	7,230.1	7,023.1	13,393.2	12,834.3
Construction in progress	178.9	156.8	176.0	173.6	354.9	330.4
Capital assets, net of depreciation	<u>\$ 13,397.6</u>	<u>\$ 12,912.7</u>	<u>\$ 29,530.8</u>	<u>\$ 30,041.1</u>	<u>\$ 42,928.4</u>	<u>\$ 42,953.8</u>

Among the significant changes were the acquisition of real property (\$359,481) and an increase in infrastructure of \$351,889, in governmental assets and net reductions in buildings and improvements (\$442,195), equipment and vehicles (\$25,484), utility systems (\$252,061) and net increases in infrastructure (\$207,025) and construction in progress (\$2,395). Depreciation expense for the fiscal year totaled \$2.4 million; \$0.9 million for governmental assets and \$1.5 million for business like assets.

Additional detail on the City's capital assets can be found in the capital assets note of this report.

Debt Outstanding

The City reduced its outstanding debt by \$2.35 million to \$16.7 million, including paying off general obligation bonds issued to finance the construction of the Justice Center. No debt issues were made during the year. Bonds payable include general obligations bonds (\$1.15 million as of June 30, 2015), which were used to fund water improvements and mature in fiscal year 2022. Property taxes are levied to pay the water general obligation bonds. Table 4 below provides summary information of the outstanding long-term obligations as of June 30, 2015 and 2014.

Under Oregon Revised Statutes, general obligation debt issues are limited to three percent of the real market value of all taxable property within the City's boundaries. The \$1.15 million in general obligation debt applicable to the limit is well below the City's \$25.9 million maximum limitation.

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

	Governmental		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Bonds payable	\$ 2,281.0	\$ 2,677.5	\$ 7,046.1	\$ 8,102.7	\$ 9,327.1	\$ 10,780.2
Notes payable	2,071.0	2,428.4	5,309.1	5,823.5	7,380.1	8,251.9
Capital lease payable	-	-	-	22.8	-	22.8
Total	<u>\$ 4,352.0</u>	<u>\$ 5,105.9</u>	<u>\$ 12,355.2</u>	<u>\$ 13,949.0</u>	<u>\$ 16,707.2</u>	<u>\$ 19,054.9</u>

In August 2015, the City entered into a long-term debt obligation, utilizing its full faith and credit to secure favorable loan terms, in the amount of \$7.8 million. The financing provides funds to refinance an existing urban renewal obligation of \$1.665 million, pay off an existing obligation to the Siuslaw Library District (\$210,000) and provide funding for urban renewal projects (\$2.1 million), street projects (\$1.3 million), water projects (\$1.5 million) and a public works administration facility (\$1.3 million). The debt will be repaid with existing sources of income, with no additional tax required.

Additional detail on the City's long-term debt obligations can be found in the long-term debt obligations note of this report.

Economic Factors

Florence's real estate market appears to have stabilized as real estate values have increased slightly for the second consecutive year after four years of decline. Real market values increased approximately 3.4% from fiscal year 2013-14 amounts (\$1.238 million compared to \$1.198 million). However, real market value for fiscal year 2016 declined approximately \$11.8 million, -0.9%. Transient room tax receipts continue to show improvement, increasing by \$36,510 to \$319,287, or 12.9%.

The State of Oregon does not have a sales tax, making property taxes a primary funding source for general government, public safety, and culture and recreation services provided by the City. The underlying taxable assessed values continue to be below real market values (\$881 million compared to \$1.2 billion), resulting in a taxable assessed value to real market value ratio of approximately 72 percent. Although this ratio would generally result in annual increases in property taxes of no less than 3 percent, various segments of real estate, such as industrial land and manufactured housing, and certain individual properties within Florence have TAV/RMV ratios that are greater than 1.0. This situation has resulted in reduced property taxes to the City below the 3 percent statutory increase allowed annually.

The City has initiated efforts to improve local economic conditions, including job creation. These efforts have led to increased funding within the City's urban renewal program and economic development efforts and staff's focus on these initiatives.

The City's personnel costs are significantly influenced by factors outside the control of the City, such as inflation, retirement costs to PERS, and health insurance premiums. Presently, inflation is muted, however, the recent Oregon Supreme Court decision on the Mora case in early 2015 is projected to result in increases to the retirement contribution for Tier I/II employees of approximately 3 percent every other year, beginning July 1, 2017, for two or possibly more biennium's. Healthcare premiums are anticipated to increase by more than inflation. The City has been able to respond to past increases through various cost cutting measures, including adjustments to health insurance plans.

The City presently anticipates inflationary related increases to its utility rates during the next several years.

Requests for Information

This City's financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability of the resources it receives and expends. If you have questions about this report, or need additional financial information, contact the City's Finance Director at City of Florence, 250 Highway 101, Florence, Oregon 97439, or email info@ci.florence.or.us.

Andy Parks, CPA
Finance Director

BASIC FINANCIAL STATEMENTS

CITY OF FLORENCE, OREGON

Statement of Net Position

June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,563,332	\$ 3,823,010	\$ 8,386,342
Receivables:			
Accounts	290,389	506,252	796,641
Taxes	213,305	-	213,305
Assessments	1,426,659	-	1,426,659
Inventories	-	114,018	114,018
Internal balances	(14,816)	14,816	-
Prepaid expenses	64,222	-	64,222
Notes receivable	71,742	142,007	213,749
Restricted cash - loan reserve	-	136,842	136,842
Capital assets not being depreciated	1,030,652	1,863,322	2,893,974
Capital assets net of accumulated depreciation	12,366,959	27,667,495	40,034,454
Net pension asset	371,776	167,421	539,197
Total assets	<u>20,384,220</u>	<u>34,435,183</u>	<u>54,819,403</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>152,089</u>	<u>65,336</u>	<u>217,425</u>
LIABILITIES			
Accounts payable and accrued expenses	237,577	111,648	349,225
Accrued payroll liabilities	79,312	29,112	108,424
Deposits payable	20,000	-	20,000
Interest payable	14,431	36,892	51,323
Unearned revenue	7,846	-	7,846
Compensated absences	225,964	133,772	359,736
Noncurrent liabilities:			
Due within one year	422,580	1,491,620	1,914,200
Due in more than one year	3,929,437	10,863,604	14,793,041
Total liabilities	<u>4,937,147</u>	<u>12,666,648</u>	<u>17,603,795</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	<u>727,782</u>	<u>312,650</u>	<u>1,040,432</u>
NET POSITION			
Net invested in capital assets	9,045,594	17,175,593	26,221,187
Restricted for:			
Urban renewal projects	262,769	-	262,769
Tourism	60,073	-	60,073
Transportation	105,581	-	105,581
System development	901,241	1,211,863	2,113,104
Debt service payments	985,577	58,872	1,044,449
Events Center, nonexpendable	78,405	-	78,405
Unrestricted	<u>3,432,140</u>	<u>3,074,893</u>	<u>6,507,033</u>
Total net position	<u>\$ 14,871,380</u>	<u>\$ 21,521,221</u>	<u>\$ 36,392,601</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Statement of Activities

For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 986,949	\$ 713,696	\$ 750	\$ 16,458	\$ (256,045)	\$ -	\$ (256,045)
Public safety	2,662,133	145,779	169,924	-	(2,346,430)	-	(2,346,430)
Economic development	715,076	-	-	-	(715,076)	-	(715,076)
Highways and streets	803,012	310,063	-	231,733	(261,216)	-	(261,216)
Culture and recreation	175,572	-	300	-	(175,272)	-	(175,272)
Interest on long-term liabilities	206,611	-	-	-	(206,611)	-	(206,611)
Total governmental activities	<u>5,549,353</u>	<u>1,169,538</u>	<u>170,974</u>	<u>248,191</u>	<u>(3,960,650)</u>	<u>-</u>	<u>(3,960,650)</u>
Business-type activities:							
Water	1,327,709	2,112,750	-	87,497	-	872,538	872,538
Wastewater	1,948,766	3,006,947	-	60,706	-	1,118,887	1,118,887
Stormwater	160,751	512,494	-	38,786	-	390,529	390,529
Events Center	697,132	318,218	-	192,427	-	(186,487)	(186,487)
Airport	169,861	79,475	-	-	-	(90,386)	(90,386)
Total business-type activities	<u>4,304,219</u>	<u>6,029,884</u>	<u>-</u>	<u>379,416</u>	<u>-</u>	<u>2,105,081</u>	<u>2,105,081</u>
Total government	<u>\$ 9,853,572</u>	<u>\$ 7,199,422</u>	<u>\$ 170,974</u>	<u>\$ 627,607</u>	<u>(3,960,650)</u>	<u>2,105,081</u>	<u>(1,855,569)</u>
General revenues:							
Taxes:							
Property taxes					2,678,996	191,764	2,870,760
Transient room taxes					319,287	-	319,287
Other taxes					820,242	-	820,242
Franchise fees					481,719	-	481,719
Unrestricted investment earnings					29,839	32,496	62,335
Transfers					<u>362,221</u>	<u>(362,221)</u>	<u>-</u>
Total general revenues and transfers					<u>4,692,304</u>	<u>(137,961)</u>	<u>4,554,343</u>
Change in net position					731,654	1,967,120	2,698,774
Net position, beginning, as restated					<u>14,139,726</u>	<u>19,554,101</u>	<u>33,693,827</u>
Net position, ending					<u>\$ 14,871,380</u>	<u>\$ 21,521,221</u>	<u>\$ 36,392,601</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2015

	General	Streets	Debt Service	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 2,149,472	\$ 1,065,190	\$ 519,644	\$ 829,026	\$ 4,563,332
Receivables:					
Accounts	140,241	75,865	-	74,283	290,389
Taxes	173,361	-	-	39,944	213,305
Assessments	132,219	18,909	1,275,531	-	1,426,659
Due from other funds	20,631	-	-	-	20,631
Prepaid expenses	53,383	10,839	-	-	64,222
Notes receivable	-	71,742	-	-	71,742
Total assets	<u>\$ 2,669,307</u>	<u>\$ 1,242,545</u>	<u>\$ 1,795,175</u>	<u>\$ 943,253</u>	<u>\$ 6,650,280</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 202,184	\$ 9,104	\$ -	\$ 26,289	\$ 237,577
Accrued payroll liabilities	78,183	1,129	-	-	79,312
Deposits payable	-	20,000	-	-	20,000
Interfund loan payable	-	24,000	-	-	24,000
Unearned revenue	7,846	-	-	-	7,846
Due to other funds	-	-	-	11,447	11,447
Total liabilities	<u>288,213</u>	<u>54,233</u>	<u>-</u>	<u>37,736</u>	<u>380,182</u>
Deferred Inflows of Resources:					
Unavailable revenues:					
Property taxes	163,504	-	-	38,337	201,841
Assessments	132,219	18,909	1,275,531	-	1,426,659
Notes receivable	-	71,742	-	-	71,742
Total deferred inflows of resources	<u>295,723</u>	<u>90,651</u>	<u>1,275,531</u>	<u>38,337</u>	<u>1,700,242</u>
Fund Balances:					
Nonspendable:					
Prepaid items	53,383	10,839	-	-	64,222
Endowments	-	-	-	78,405	78,405
Restricted for:					
Urban renewal projects	-	-	-	262,769	262,769
Tourism	-	-	-	60,073	60,073
Transportation	-	105,581	-	-	105,581
System development	-	981,241	-	-	981,241
Debt service payments	-	-	519,644	465,933	985,577
Assigned to:					
Tourism	280,000	-	-	-	280,000
Unassigned	<u>1,751,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,751,988</u>
Total fund balances	<u>2,085,371</u>	<u>1,097,661</u>	<u>519,644</u>	<u>867,180</u>	<u>4,569,856</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,669,307</u>	<u>\$ 1,242,545</u>	<u>\$ 1,795,175</u>	<u>\$ 943,253</u>	<u>\$ 6,650,280</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
 June 30, 2015

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

Fund balances - governmental funds		\$ 4,569,856
Receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		1,700,242
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:		
Nondepreciable assets	\$ 1,030,652	
Depreciable assets	22,186,630	
Accumulated depreciation	<u>(9,819,671)</u>	
		13,397,611
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences	(225,964)	
Accrued interest payable	(14,431)	
Long-term debt	<u>(4,352,017)</u>	
		<u>(4,592,412)</u>
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 asset	371,776	
Deferred outflows of resources related to pensions	152,089	
Deferred inflows of resources related to pensions	<u>(727,782)</u>	
		<u>(203,917)</u>
Net position of governmental activities		<u>\$ 14,871,380</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2015

	General	Streets	Debt Service	Nonmajor Governmental Funds	Total
Revenues:					
Taxes	\$ 2,308,354	\$ -	\$ -	\$ 683,842	\$ 2,992,196
Franchise taxes	481,719	-	-	-	481,719
Intergovernmental	358,699	682,590	-	55,506	1,096,795
Grants and contributions	34,565	21,110	-	-	55,675
Charges for services	25,062	291,511	-	145,779	462,352
Licenses and fees	334,337	-	-	-	334,337
Fines and forfeits	255,566	-	-	-	255,566
Assessments	-	4,619	385,333	-	389,952
System development charges	-	37,563	-	-	37,563
Investment earnings	13,736	9,501	2,661	3,941	29,839
Other revenues	<u>105,775</u>	<u>18,552</u>	<u>-</u>	<u>169</u>	<u>124,496</u>
Total revenues	<u>3,917,813</u>	<u>1,065,446</u>	<u>387,994</u>	<u>889,237</u>	<u>6,260,490</u>
Expenditures:					
Current:					
General government	1,056,843	-	-	-	1,056,843
Public safety	2,700,386	-	-	-	2,700,386
Culture and recreation	129,575	-	-	-	129,575
Economic development	521,457	-	-	169,568	691,025
Highways and streets	-	285,152	-	-	285,152
Capital outlay	640,142	789,323	-	-	1,429,465
Debt service:					
Principal	32,317	134,652	90,903	490,000	747,872
Interest	<u>2,853</u>	<u>14,330</u>	<u>74,338</u>	<u>118,092</u>	<u>209,613</u>
Total expenditures	<u>5,083,573</u>	<u>1,223,457</u>	<u>165,241</u>	<u>777,660</u>	<u>7,249,931</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,165,760)</u>	<u>(158,011)</u>	<u>222,753</u>	<u>111,577</u>	<u>(989,441)</u>
Other Financing Sources (Uses):					
Transfers in	989,002	-	71,960	302,842	1,363,804
Transfers out	<u>(216,105)</u>	<u>(110,995)</u>	<u>-</u>	<u>(674,483)</u>	<u>(1,001,583)</u>
Total other financing sources (uses)	<u>772,897</u>	<u>(110,995)</u>	<u>71,960</u>	<u>(371,641)</u>	<u>362,221</u>
Net change in fund balances	(392,863)	(269,006)	294,713	(260,064)	(627,220)
Fund Balances:					
Beginning of year	<u>2,478,234</u>	<u>1,366,667</u>	<u>224,931</u>	<u>1,127,244</u>	<u>5,197,076</u>
End of year	<u>\$ 2,085,371</u>	<u>\$ 1,097,661</u>	<u>\$ 519,644</u>	<u>\$ 867,180</u>	<u>\$ 4,569,856</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 Year Ended June 30, 2015

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

Net change in fund balances - governmental funds	\$ (627,220)
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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	(335,188)
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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	\$ (17,197)
Accrued interest payable	(2,977)
Expenses related to pension obligations	<u>475,441</u>
	455,267

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	1,404,235
Current year depreciation	(912,775)
Net book value of assets disposed	<u>(6,516)</u>
	484,944

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.

Repayment of long-term debt	747,872
Amortization of premiums	<u>5,979</u>
	<u>753,851</u>

Change in net position of governmental activities	<u>\$ 731,654</u>
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CITY OF FLORENCE, OREGON
PROPRIETARY FUNDS
Statement of Net Position
June 30, 2015

	Enterprise Funds						Internal Service
	Water	Wastewater	Stormwater	Airport	Events Center	Total	Public Works Admin
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 949,341	\$ 1,416,188	\$ 924,421	\$ -	\$ 384,171	\$ 3,674,121	\$ 148,889
Accounts receivable, net	197,555	260,280	48,417	-	-	506,252	-
Inventory, at cost	71,841	20,427	-	21,750	-	114,018	-
Total current assets	<u>1,218,737</u>	<u>1,696,895</u>	<u>972,838</u>	<u>21,750</u>	<u>384,171</u>	<u>4,294,391</u>	<u>148,889</u>
Noncurrent assets:							
Note receivable	9,954	107,300	24,753	-	-	142,007	-
Interfund loan receivable	24,000	-	-	-	-	24,000	-
Restricted cash - loan reserve	-	136,842	-	-	-	136,842	-
Capital assets:							
Nondepreciable assets	203,102	143,281	96,382	1,365,074	55,483	1,863,322	-
Depreciable assets, net	6,848,436	16,269,290	992,725	1,454,217	2,102,827	27,667,495	-
Net pension asset	32,147	64,239	4,290	-	27,634	128,310	39,111
Total noncurrent assets	<u>7,117,639</u>	<u>16,720,952</u>	<u>1,118,150</u>	<u>2,819,291</u>	<u>2,185,944</u>	<u>29,961,976</u>	<u>39,111</u>
Total assets	<u>8,336,376</u>	<u>18,417,847</u>	<u>2,090,988</u>	<u>2,841,041</u>	<u>2,570,115</u>	<u>34,256,367</u>	<u>188,000</u>
DEFERRED OUTFLOWS OF RESOURCES							
Related to pensions	12,546	25,069	1,675	-	10,784	50,074	15,262
LIABILITIES							
Current liabilities:							
Accounts payable and accrued expenses	20,215	65,291	5,695	778	15,794	107,773	3,875
Payroll and related payables	5,099	10,060	1,058	-	4,768	20,985	8,127
Interest payable	4,844	25,992	581	3,014	2,461	36,892	-
Compensated absences	41,408	51,142	14,958	-	26,264	133,772	-
Due to other funds	-	-	-	9,184	-	9,184	-
Current portion of long-term debt	241,580	1,047,272	4,738	48,030	150,000	1,491,620	-
Total current liabilities	<u>313,146</u>	<u>1,199,757</u>	<u>27,030</u>	<u>61,006</u>	<u>199,287</u>	<u>1,800,226</u>	<u>12,002</u>
Noncurrent liabilities:							
Long-term debt	1,556,008	8,975,394	283,730	48,472	-	10,863,604	-
Total liabilities	<u>1,869,154</u>	<u>10,175,151</u>	<u>310,760</u>	<u>109,478</u>	<u>199,287</u>	<u>12,663,830</u>	<u>12,002</u>
DEFERRED INFLOWS OF RESOURCES							
Related to pensions	60,033	119,962	8,011	-	51,606	239,612	73,038
NET POSITION							
Net investment in capital assets	5,253,950	6,389,905	800,639	2,722,789	2,008,310	17,175,593	-
Restricted for system development	561,111	587,472	63,280	-	-	1,211,863	-
Restricted for debt service	-	-	-	-	58,872	58,872	-
Unrestricted	604,674	1,170,426	909,973	8,774	262,824	2,956,671	118,222
Total net position	<u>\$ 6,419,735</u>	<u>\$ 8,147,803</u>	<u>\$ 1,773,892</u>	<u>\$ 2,731,563</u>	<u>\$ 2,330,006</u>	<u>21,402,999</u>	<u>\$ 118,222</u>
Reconciliation to Business-type Activities:							
Net position of internal service funds						118,222	
Net Position of Business-Type Activities						<u>\$ 21,521,221</u>	

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON
PROPRIETARY FUNDS
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	Enterprise Funds					Total	Internal Service
	Water	Wastewater	Stormwater	Airport	Events Center		Public Works Admin
Operating Revenues							
Charges for services	\$ 2,084,150	\$ 3,005,602	\$ 512,318	\$ 79,475	\$ 317,445	\$ 5,998,990	\$ -
Other revenue	28,600	1,345	176	-	773	30,894	-
Total operating revenues	<u>2,112,750</u>	<u>3,006,947</u>	<u>512,494</u>	<u>79,475</u>	<u>318,218</u>	<u>6,029,884</u>	<u>-</u>
Operating Expenses							
Personal services	291,175	340,301	53,143	-	234,511	919,130	264,649
Materials and services	365,348	419,322	43,537	80,065	334,991	1,243,263	73,738
Depreciation	<u>477,675</u>	<u>810,145</u>	<u>35,215</u>	<u>83,456</u>	<u>119,689</u>	<u>1,526,180</u>	<u>-</u>
Total operating expenses	<u>1,134,198</u>	<u>1,569,768</u>	<u>131,895</u>	<u>163,521</u>	<u>689,191</u>	<u>3,688,573</u>	<u>338,387</u>
Operating income (loss)	<u>978,552</u>	<u>1,437,179</u>	<u>380,599</u>	<u>(84,046)</u>	<u>(370,973)</u>	<u>2,341,311</u>	<u>(338,387)</u>
Nonoperating Revenues (Expenses)							
Grants and contributions	11,595	-	-	-	192,427	204,022	-
Taxes	191,764	-	-	-	-	191,764	-
Interest income	4,939	22,484	2,045	2,016	1,012	32,496	-
Interest expense	<u>(59,070)</u>	<u>(200,499)</u>	<u>(3,409)</u>	<u>(6,340)</u>	<u>(7,941)</u>	<u>(277,259)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>149,228</u>	<u>(178,015)</u>	<u>(1,364)</u>	<u>(4,324)</u>	<u>185,498</u>	<u>151,023</u>	<u>-</u>
Income (loss) before contributions & transfers	1,127,780	1,259,164	379,235	(88,370)	(185,475)	2,492,334	(338,387)
Capital Contributions and Transfers							
System development charges	75,902	60,706	38,786	-	-	175,394	-
Transfers in	-	-	-	22,400	315,271	337,671	524,788
Transfers out	<u>(500,345)</u>	<u>(636,596)</u>	<u>(87,739)</u>	<u>-</u>	<u>-</u>	<u>(1,224,680)</u>	<u>-</u>
Change in net position	703,337	683,274	330,282	(65,970)	129,796	1,780,719	186,401
Net Position:							
Beginning of year, as restated	<u>5,716,398</u>	<u>7,464,529</u>	<u>1,443,610</u>	<u>2,797,533</u>	<u>2,200,210</u>		<u>(68,179)</u>
End of year	<u>\$ 6,419,735</u>	<u>\$ 8,147,803</u>	<u>\$ 1,773,892</u>	<u>\$ 2,731,563</u>	<u>\$ 2,330,006</u>		<u>\$ 118,222</u>
Reconciliation to Business-type Activities:							
Change in net position of internal service funds						<u>186,401</u>	
Change in Net Position of Business-Type Activities						<u>\$ 1,967,120</u>	

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2015

	Enterprise Funds						Internal Service
	Water	Wastewater	Stormwater	Airport	Events Center	Total	Public Works Admin
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 2,133,634	\$ 3,013,875	\$ 513,708	\$ 83,116	\$ 321,464	\$ 6,065,797	\$ -
Payments to suppliers and contractors	(395,192)	(415,554)	(43,019)	(87,680)	(326,344)	(1,267,789)	(71,525)
Payments to employees	(329,561)	(416,013)	(56,878)	-	(267,503)	(1,069,955)	(313,103)
Net cash provided by (used in) operating activities	<u>1,408,881</u>	<u>2,182,308</u>	<u>413,811</u>	<u>(4,564)</u>	<u>(272,383)</u>	<u>3,728,053</u>	<u>(384,628)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in	-	-	-	22,400	315,271	337,671	524,788
Transfers out	(500,345)	(636,596)	(87,739)	-	-	(1,224,680)	-
Receipt (repayment) on interfund loan	<u>58,000</u>	<u>-</u>	<u>(54,000)</u>	<u>9,184</u>	<u>-</u>	<u>13,184</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(442,345)</u>	<u>(636,596)</u>	<u>(141,739)</u>	<u>31,584</u>	<u>315,271</u>	<u>(873,825)</u>	<u>524,788</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
System development charges received	77,754	78,735	43,298	-	-	199,787	-
Property taxes received	191,764	-	-	-	-	191,764	-
Acquisition of capital assets	(760,005)	(70,651)	(88,113)	-	(151,287)	(1,070,056)	-
Principal paid on debt	(352,865)	(1,021,460)	(36,877)	(42,611)	(140,000)	(1,593,813)	-
Interest paid on debt	(61,702)	(200,022)	(3,850)	(7,651)	(10,048)	(283,273)	-
Grants and contributions received	<u>11,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,427</u>	<u>204,022</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(893,459)</u>	<u>(1,213,398)</u>	<u>(85,542)</u>	<u>(50,262)</u>	<u>(108,908)</u>	<u>(2,351,569)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends received	<u>4,939</u>	<u>22,484</u>	<u>2,045</u>	<u>2,016</u>	<u>1,012</u>	<u>32,496</u>	<u>-</u>
Net change in cash and cash equivalents	78,016	354,798	188,575	(21,226)	(65,008)	535,155	140,160
Cash and cash equivalents:							
Beginning of year	<u>871,325</u>	<u>1,198,232</u>	<u>735,846</u>	<u>21,226</u>	<u>449,179</u>	<u>3,275,808</u>	<u>8,729</u>
End 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>

Continued on next page

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON
PROPRIETARY FUNDS
Statement of Cash Flows, Continued
For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Water	Wastewater	Stormwater	Airport	Events Center	Total	Public Works Admin
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 978,552	\$ 1,437,179	\$ 380,599	\$ (84,046)	\$ (370,973)	\$ 2,341,311	\$ (338,387)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	477,675	810,145	35,215	83,456	119,689	1,526,180	-
Net reduction of expense under GASB 68	(40,698)	(81,326)	(5,432)	-	(34,983)	(162,439)	(49,514)
(Increase) decrease in assets:							
Receivables	20,884	6,928	1,214	3,641	3,246	35,913	-
Inventory	(11,146)	602	-	7,490	-	(3,054)	-
Increase (decrease) in liabilities:							
Accounts payable and accrued expenses	(18,698)	3,166	518	(15,105)	8,647	(21,472)	2,213
Payroll and related expenses	2,312	5,614	1,697	-	1,991	11,614	1,060
Net cash provided by (used in) operating activities	<u>\$ 1,408,881</u>	<u>\$ 2,182,308</u>	<u>\$ 413,811</u>	<u>\$ (4,564)</u>	<u>\$ (272,383)</u>	<u>\$ 3,728,053</u>	<u>\$ (384,628)</u>

See accompanying notes to financial statements.

City of Florence, Oregon
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
June 30, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>49,289</u>
LIABILITIES	
Amount held for others	\$ <u>49,289</u>

See accompanying notes to financial statements.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

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, 2015

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.
- *Permanent Fund.* This fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

The City reports five 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, 2015

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, 2015

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, 2015.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

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 related to pensions.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

Note I - Summary of Significant Accounting Policies, Continued

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

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, 2015

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. Excess of expenditures over appropriations

For the year ended June 30, 2015, debt service expenditures exceeded appropriations in the Street Fund by \$2,067.

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, 2015 cash and investments comprise the following:

	<u>June 30, 2015</u>
Petty cash	\$ 900
Deposits with financial institutions	1,403,161
Local government investment pool	7,090,007
Oregon Community Foundation	<u>78,405</u>
Total	<u>\$ 8,572,473</u>

Cash and investments are reported as follows:

	<u>June 30, 2015</u>
Cash and cash equivalents:	
Governmental activities	\$ 4,563,332
Business-type activities	3,823,010
Agency funds	49,289
Restricted cash - loan reserves	<u>136,842</u>
Total	<u>\$ 8,572,473</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, 2015

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, 2015, none of the City's bank balances were exposed to credit risk.

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:

	<u>Allowance for Doubtful Accounts</u>
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, 2015

Note III - Detailed Notes on All Funds, Continued

C. Capital Assets

Capital asset activity for the year ended June 30, 2015 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	\$ 492,232	\$ 359,481	\$ -	\$ 851,713
Construction in progress	<u>156,809</u>	<u>52,005</u>	<u>(29,875)</u>	<u>178,939</u>
Total capital assets, not being depreciated	<u>649,041</u>	<u>411,486</u>	<u>(29,875)</u>	<u>1,030,652</u>
Capital assets, being depreciated:				
Buildings and improvements	8,641,735	-	-	8,641,735
Equipment and vehicles	2,140,623	255,432	(17,015)	2,379,040
Infrastructure	<u>10,398,663</u>	<u>767,193</u>	<u>-</u>	<u>11,165,856</u>
Total capital assets being depreciated	<u>21,181,021</u>	<u>1,022,625</u>	<u>(17,015)</u>	<u>22,186,631</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,934,041)	(262,937)	-	(3,196,978)
Equipment and vehicles	(1,395,877)	(234,534)	10,498	(1,619,913)
Infrastructure	<u>(4,587,477)</u>	<u>(415,304)</u>	<u>-</u>	<u>(5,002,781)</u>
Total accumulated depreciation	<u>(8,917,395)</u>	<u>(912,775)</u>	<u>10,498</u>	<u>(9,819,672)</u>
Total capital assets, being depreciated, net	<u>12,263,626</u>	<u>109,850</u>	<u>(6,517)</u>	<u>12,366,959</u>
Governmental activities capital assets, net	<u>\$ 12,912,667</u>	<u>\$ 521,336</u>	<u>\$ (36,392)</u>	<u>\$ 13,397,611</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>173,600</u>	<u>102,853</u>	<u>(100,458)</u>	<u>175,995</u>
Total capital assets, not being depreciated	<u>1,860,927</u>	<u>102,853</u>	<u>(100,458)</u>	<u>1,863,322</u>
Capital assets, being depreciated:				
Buildings and improvements	26,898,622	350,584	-	27,249,206
Utility systems	12,434,839	67,709	-	12,502,548
Equipment and vehicles	2,899,240	92,713	-	2,991,953
Infrastructure	<u>7,344,825</u>	<u>502,459</u>	<u>-</u>	<u>7,847,284</u>
Total capital assets being depreciated	<u>49,577,526</u>	<u>1,013,465</u>	<u>-</u>	<u>50,590,991</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,860,708)	(792,779)	-	(12,653,487)
Utility systems	(7,116,426)	(319,770)	-	(7,436,196)
Equipment and vehicles	(2,098,461)	(118,197)	-	(2,216,658)
Infrastructure	<u>(321,721)</u>	<u>(295,434)</u>	<u>-</u>	<u>(617,155)</u>
Total accumulated depreciation	<u>(21,397,316)</u>	<u>(1,526,180)</u>	<u>-</u>	<u>(22,923,496)</u>
Total capital assets, being depreciated, net	<u>28,180,210</u>	<u>(512,715)</u>	<u>-</u>	<u>27,667,495</u>
Business-type activities capital assets, net	<u>\$ 30,041,137</u>	<u>\$ (409,862)</u>	<u>\$ (100,458)</u>	<u>\$ 29,530,817</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

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	\$	110,706
Public safety		183,789
Economic development		24,051
Highways and streets		539,448
Culture and recreation		<u>54,781</u>
Total depreciation expense - governmental activities	\$	<u>912,775</u>
Business-type activities:		
Water enterprise	\$	477,675
Wastewater enterprise		810,145
Stormwater enterprise		35,215
Events Center enterprise		119,689
Airport enterprise		<u>83,456</u>
Total depreciation expense - business-type activities	\$	<u>1,526,180</u>

D. Interfund Receivables, Payables, Transfers, and Loans

1. Interfund receivables and payables

As of June 30, 2015, Nonmajor Governmental Funds owed \$11,447 and the Airport Fund owed \$9,184 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, 2015 was as follows:

	Transfers In:						Totals
	General Fund	Florence Debt Service	Nonmajor Governmental Funds	Events Center Operations	Airport Operations	Internal Service Fund	
Transfers Out							
General Fund	\$ -	\$ 48,705	\$ -	\$ 145,000	\$ 22,400	\$ -	\$ 216,105
Street Fund	51,050	23,255	-	-	-	36,690	110,995
Nonmajor Governmental funds	201,370	-	302,842	170,271	-	-	674,483
Water fund	306,410	-	-	-	-	193,935	500,345
Wastewater fund	379,123	-	-	-	-	257,473	636,596
Stormwater fund	51,049	-	-	-	-	36,690	87,739
	<u>\$ 989,002</u>	<u>\$ 71,960</u>	<u>\$ 302,842</u>	<u>\$ 315,271</u>	<u>\$ 22,400</u>	<u>\$ 524,788</u>	<u>\$ 2,226,263</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, 2015 the Street Program owed \$24,000 (a non-interest bearing advance) to the Water program.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed Notes on All Funds, Continued

E. Long-Term Debt

During the year ended June 30, 2015, long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 2,677,544	\$ -	\$ (396,581)	\$ 2,280,963	\$ 87,996
Notes payable	<u>2,428,324</u>	<u>-</u>	<u>(357,270)</u>	<u>2,071,054</u>	<u>334,584</u>
Total long-term debt	5,105,868	-	(753,851)	4,352,017	422,580
Compensated absences	<u>208,767</u>	<u>17,197</u>	<u>-</u>	<u>225,964</u>	<u>225,964</u>
Total Governmental activities	<u>\$ 5,314,635</u>	<u>\$ 17,197</u>	<u>\$ (753,851)</u>	<u>\$ 4,577,981</u>	<u>\$ 648,544</u>
Business-type activities:					
Bonds payable	\$ 8,102,744	\$ -	\$ (1,056,630)	\$ 7,046,114	\$ 1,081,877
Notes payable	5,823,540	-	(514,430)	5,309,110	409,743
Capital lease payable	<u>22,753</u>	<u>-</u>	<u>(22,753)</u>	<u>-</u>	<u>-</u>
Total long-term debt	13,949,037	-	(1,593,813)	12,355,224	1,491,620
Compensated absences	<u>124,144</u>	<u>9,628</u>	<u>-</u>	<u>133,772</u>	<u>133,772</u>
Total Business-type activities long-term liabilities	<u>\$ 14,073,181</u>	<u>\$ 9,628</u>	<u>\$ (1,593,813)</u>	<u>\$ 12,488,996</u>	<u>\$ 1,625,392</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed Notes on All Funds, Continued

E. Long-Term Debt, continued

1. Bonds payable

Bonds outstanding at June 30, 2015 for governmental activities are as follows:

<u>Governmental Activities</u>	
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.	\$ 506,775
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.	1,295,000
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.	<u>479,188</u>
Total bonds payable - governmental activities	<u><u>\$ 2,280,963</u></u>

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

Fiscal Year	FFC Refunding Series 2010B (Governmental)		Spruce St. LID Bond 2010		LOCAP Series 2011C (Governmental)	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 20,381	\$ 5,284	\$ 45,000	\$ 47,145	\$ 22,615	\$ 19,309
2017	25,247	4,622	50,000	46,155	22,603	18,635
2018	25,750	3,943	50,000	44,955	24,863	17,906
2019	26,251	3,188	55,000	43,561	24,863	17,042
2020	27,086	2,415	60,000	41,905	24,863	16,054
2021 - 2025	153,870	51,132	375,000	174,395	144,657	65,953
2026 - 2030	186,098	25,192	530,000	85,972	174,039	33,722
2031	42,092	763	130,000	2,763	40,685	1,858
	<u>\$ 506,775</u>	<u>\$ 96,539</u>	<u>\$ 1,295,000</u>	<u>\$ 486,851</u>	<u>\$ 479,188</u>	<u>\$ 190,479</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed Notes on All Funds, Continued

E. Long-Term Debt, continued

1. Bonds payable, continued

Bonds outstanding at June 30, 2015 for business-type activities are as follows:

<u>Business-Type Activities</u>	
On July 1, 2004, the City issued bonds in the amount of \$1,480,000 at 3.37% (average) for 1995 full faith and credit refunding obligations. Bond principal and interest is payable semiannually through August 2015. Certain transit room tax revenues are pledged for this bond.	\$ 150,000
During 2010, the City issued \$8,750,000 of full faith and credit & refunding obligations debt with \$8,310,000 at 3.064% and \$440,000 at 3.75%. This bond was used to fund projects for enterprise funds as well as governmental funds. The business type portion was \$8,150,000. Bond principal and interest is payable semiannually through December 2030.	5,159,357
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.	588,097
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>1,148,660</u>
Total bonds payable - business-type activities	<u>\$ 7,046,114</u>

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

Fiscal Year	FFC Refunding Series 2004		FFC Refunding Series 2010B (Business Type)		LOCAP Series 2011C (Business Type)		2013 Water GO Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 150,000	\$ 3,281	\$ 740,023	\$ 158,066	\$ 27,760	\$ 23,697	\$ 164,094	\$ 24,237
2017	-	-	755,327	138,266	27,739	22,871	164,094	20,774
2018	-	-	770,333	117,957	30,513	21,975	164,094	17,312
2019	-	-	785,339	95,387	30,513	20,915	164,094	13,850
2020	-	-	810,351	72,235	30,513	19,702	164,094	10,387
2021 - 2025	-	-	993,731	97,068	177,532	80,942	328,190	10,387
2026 - 2030	-	-	248,130	33,589	213,594	41,386	-	-
2031	-	-	56,123	1,018	49,933	2,282	-	-
	<u>\$ 150,000</u>	<u>\$ 3,281</u>	<u>\$ 5,159,357</u>	<u>\$ 713,586</u>	<u>\$ 588,097</u>	<u>\$ 233,770</u>	<u>\$ 1,148,660</u>	<u>\$ 96,947</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed Notes on All Funds, Continued

E. Long-Term Debt, continued

2. Notes payable

Notes payable outstanding at June 30, 2015 for governmental activities are as follows:

<u>Governmental Activities</u>	
On July 8, 2011, the Florence Urban Renewal Agency received proceeds in the amount of \$2,500,000 from Oregon Pacific Bank (OPB) to finance the Old Town Infrastructure Project. Loan principal and interest is payable semiannually at 6% through June 1, 2026.	\$ 1,665,000
On October 3, 2011, the City received proceeds in the amount of \$317,322 from Oregon Pacific Bank. The funds were used to purchase vehicles and equipment for enterprise funds as well as governmental funds. The governmental portion was \$202,322. Loan principal and interest is payable annually at 3.75% through October 2015.	26,587
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.	176,954
On May 23 2014, the City received proceeds in the amount of \$400,000 from Oregon Pacific Bank to finance the street, water, and wastewater projects. The government portion was \$250,000. Loan principal and interest is payable semiannually at 2.75% through May 2019.	<u>202,513</u>
Total notes payable	<u><u>\$ 2,071,054</u></u>

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

Fiscal Year	FURA Capital Projects		OPB Capital Projects (Governmental)		Siuslaw Bank (Governmental)		OPB 2014 Note (Governmental)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 190,000	\$ 101,565	\$ 26,587	\$ 515	\$ 69,047	\$ 5,704	\$ 48,950	\$ 5,372
2017	170,000	89,729	-	-	71,533	3,218	50,338	3,984
2018	160,000	79,388	-	-	36,374	656	51,751	2,571
2019	150,000	69,654	-	-	-	-	51,474	1,118
2020	150,000	60,695	-	-	-	-	-	-
2021 - 2025	710,000	169,490	-	-	-	-	-	-
2026	135,000	8,212	-	-	-	-	-	-
	<u>\$ 1,665,000</u>	<u>\$ 578,733</u>	<u>\$ 26,587</u>	<u>\$ 515</u>	<u>\$ 176,954</u>	<u>\$ 9,578</u>	<u>\$ 202,513</u>	<u>\$ 13,045</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed Notes on All Funds, Continued

E. Long-Term Debt, continued

2. Notes payable, continued

Notes payable outstanding at June 30, 2015 for business-type activities are as follows:

<u>Business-Type Activities</u>	
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.	\$ 96,502
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.	591,358
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.	4,351,600
On October 3, 2011, the City received proceeds in the amount of \$317,322 from Oregon Pacific Bank. The funds were used to purchase vehicles and equipment for enterprise funds as well as governmental funds. The business type portion was \$115,000. Loan principal and interest is payable annually at 3.75% through October 2015.	15,426
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.	132,716
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>121,508</u>
Total notes payable	<u>\$ 5,309,110</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

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
2016	\$ 48,030	\$ 5,308	\$ 23,998	\$ 20,811	\$ 241,756	\$ 21,154
2017	48,472	2,666	24,070	20,339	241,756	19,945
2018	-	-	24,143	19,865	241,756	18,736
2019	-	-	24,236	19,272	241,756	17,527
2020	-	-	24,352	18,557	241,756	16,318
2021 - 2025	-	-	128,765	81,052	1,208,780	63,461
2026 - 2030	-	-	153,086	55,330	1,208,780	33,241
2031 - 2035	-	-	188,708	22,859	725,260	5,439
	<u>\$ 96,502</u>	<u>\$ 7,974</u>	<u>\$ 591,358</u>	<u>\$ 258,085</u>	<u>\$ 4,351,600</u>	<u>\$ 195,821</u>

Fiscal Year	OPB Capital Projects (Business Type)		Siuslaw Bank (Business Type)		OPB 2014 Note (Business Type)	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 15,426	\$ 293	\$ 51,785	\$ 4,278	\$ 28,748	\$ 3,155
2017	-	-	53,650	2,413	29,564	2,340
2018	-	-	27,281	493	30,394	1,510
2019	-	-	-	-	32,802	657
2020	-	-	-	-	-	-
2021 - 2025	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-
	<u>\$ 15,426</u>	<u>\$ 293</u>	<u>\$ 132,716</u>	<u>\$ 7,184</u>	<u>\$ 121,508</u>	<u>\$ 7,662</u>

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed Notes on All Funds, Continued

F. Employee Retirement Plans

The City is a participating employer in the Oregon Public Employees Retirement System ("OPERS"), a single cost-sharing multiple employer defined benefit retirement plans. Oregon PERS produces an independently audited CAFR which can be found at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Risk Pooling

The City has elected to participate in the State and Local Government Rate Pool (SLGRP). Pooling allows separate employers to be part of one group for the purpose of determining employer pension costs and contribution rates. Pool participants share pension assets and future pension liabilities and surpluses. Employers in the pool jointly fund the future pension costs of all of the pooled participants.

Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature.

1. *Tier One/Tier Two Retirement Benefit (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, 2015

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 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, 2015

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.

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.

1. Member contributions

Beginning January 1, 2004, all member contributions, except judge members, were placed in the OPSRP Individual Account Program. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 to 7.0 percent of salary and are remitted by participating employers, who may agree to make member contributions on the member's behalf. The contributions are either deducted from member salaries or paid by the employers.

2. Employer contributions

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates, based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions, including the City, have made lump sum payments to establish side accounts, and their rates have been reduced.

The City's contributions for the year ended June 30, 2015 were \$228,397. The rates in effect for the fiscal year ended June 30, 2015 were 9.49 percent for Tier One/Tier Two General Services, 5.32 percent for OPSRP Pension Program General Services, and 8.05 percent for OPSRP Police and Fire members.

A 10 year schedule of Defined Benefit Pension Plan Contributions can be found beginning on page 58 of the June 30, 2014 PERS CAFR.

Pension Plan CAFR

Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

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

At June 30, 2015 the City's proportionate share of the net pension asset is \$539,197. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The City's proportion of the net pension asset 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, 2014, the City's proportion was 0.02378761 percent, which was unchanged from its proportion measured as of June 30, 2013.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed Notes on All Funds, Continued

F. Employee Retirement Plans, continued

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,040,432
Changes in proportion and differences between City contributions and proportionate share of contributions	5,794	-
City contributions subsequent to the measurement date	<u>211,631</u>	<u>-</u>
Total	<u>\$ 217,425</u>	<u>\$ 1,040,432</u>

Deferred outflows of resources related to pensions of \$211,631 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:

Year Ended June 30,	<u>Difference of Projected and Actual Investment Earnings</u>	<u>Change in Employer Proportion and Differences Between Employer Contributions and Proportionate Share of Contribution</u>	<u>Total</u>
2016	\$ 260,299	\$ (1,450)	\$ 258,849
2017	260,299	(1,450)	258,849
2018	260,299	(1,450)	258,849
2019	260,299	(1,450)	258,849
2020	<u>(764)</u>	<u>6</u>	<u>(758)</u>
Total	<u>\$ 1,040,432</u>	<u>\$ (5,794)</u>	<u>\$ 1,034,638</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 PERS 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, 2015

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, 2012, rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization based over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Project Salary Increases	3.75 percent overall payroll growth
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 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 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

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.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed Notes on All Funds, Continued

F. Employee Retirement Plans, continued

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>100.0 %</u>

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.

<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>100.00 %</u>	
Assumed Inflation - Mean		2.75 %

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

Note III - Detailed Notes on All Funds, Continued

F. Employee Retirement Plans, continued

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:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 1,141,825	\$ (539,197)	\$ (1,960,948)

Changes in Plan Provisions Subsequent to Measurement Date

The Oregon Supreme Court on April 30, 2015, ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision has not been fully determined. However, the change in benefit terms is estimated to change the City's proportionate share of the net pension (asset)/liability by \$1,169,569 as shown in the following table.

	<u>Prior to Moro</u>	<u>After Moro (Estimated)</u>	<u>Change</u>
Total pension liability	\$ 15,018,260	\$ 16,187,469	\$ (1,169,209)
Fiduciary net position	<u>(15,557,457)</u>	<u>(15,557,097)</u>	<u>(360)</u>
Net pension (asset)/liability	<u>\$ (539,197)</u>	<u>\$ 630,372</u>	<u>\$ (1,169,569)</u>

Note IV - Other Information

A. Intergovernmental Agreement

In December of 2008, the City's Urban Renewal Agency entered into an intergovernmental agreement with Siuslaw Public Library District. The Agency will assist the District in repaying financing obtained by the district in the amount of \$315,000 to fund the Library expansion project. Payments for this financing were \$31,140 for the year ended June 30, 2015.

B. 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.

CITY OF FLORENCE, OREGON

Notes to the Financial Statements

June 30, 2015

Note IV - Other Information, Continued

C. Restatement of Net Position

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, as amended* during the year ended June 30, 2015. In accordance with the implementation guidance of GASB No. 68, the statement was applied retroactively by restating the City's beginning net position as follows:

Opinion Unit	Beginning Net Position	Deferred Outflows of Resources Related to Pensions	Net Pension Liability	Restated Net Position
Governmental Activities	\$ 14,819,084	\$ 161,671	\$ (841,029)	\$ 14,139,726
Business-type Activities	19,845,947	69,454	(361,300)	19,554,101
Water Operations	5,772,436	13,336	(69,374)	5,716,398
Wastewater Operations	7,576,509	26,649	(138,629)	7,464,529
Stormwater Operations	1,451,088	1,780	(9,258)	1,443,610
Events Center Operations	2,248,381	11,465	(59,636)	2,200,210
Internal Service Fund	-	16,224	(84,403)	(68,179)

D. Subsequent Event

In August 2015 the City signed a Tax-exempt non-Revolving Line of Credit Agreement and Note Series 2015 in the aggregate principal amount of \$7,800,000. The agreement allocates the debt proceeds to specific City projects (\$4,100,000) and to the Florence Urban Renewal Agency (\$3,700,000). The Agency will use the funds to pay off existing debt (\$1,665,000), payoff an intergovernmental agreement with the Siuslaw Library District and pay for specific capital projects. The new debt bears an interest rate of 3.25% per annum until September 2025, at which point it adjusts to the lesser of the Floating Rate or 5.25% per annum. The portion of the outstanding balance allocated to the Street Project matures on September 1, 2025 and the portion of the outstanding balance allocated to the Urban Renewal Agency, Facility Project and Water Project matures on September 1, 2035.

REQUIRED SUPPLEMENTARY INFORMATION

Major Governmental Funds

General Fund

The General Fund is used to account for resources traditionally associated with government which are not required legally or by 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, OREGON

GENERAL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 2,270,000	\$ 2,270,000	\$ 2,308,354	\$ 38,354
Franchise taxes	496,800	496,800	481,719	(15,081)
Intergovernmental	357,800	357,800	358,699	899
Grants and contributions	18,900	18,900	34,565	15,665
Charges for services	25,000	25,000	25,062	62
Licenses and fees	304,400	304,400	334,337	29,937
Fines and forfeits	265,000	265,000	255,566	(9,434)
Interest income	16,300	16,300	13,736	(2,564)
Other revenue	14,300	14,300	105,775	91,475
Total revenues	<u>3,768,500</u>	<u>3,768,500</u>	<u>3,917,813</u>	<u>149,313</u>
Expenditures:				
Non-departmental	47,800	47,800	47,800	-
Municipal Court	307,368	307,368	301,456	5,912
Administrative	1,193,272	1,568,272	1,518,029	50,243
Parks	141,845	141,845	139,755	2,090
Police Department	2,580,409	2,580,409	2,519,906	60,503
Community Development	607,585	607,585	521,457	86,128
Debt Service	35,170	35,170	35,170	-
Contingency	760,000	385,000	-	385,000
Total expenditures	<u>5,673,449</u>	<u>5,673,449</u>	<u>5,083,573</u>	<u>589,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,904,949)</u>	<u>(1,904,949)</u>	<u>(1,165,760)</u>	<u>739,189</u>
Other Financing Sources (Uses):				
Transfers in	994,346	994,346	989,002	(5,344)
Transfers out	(216,105)	(216,105)	(216,105)	-
Total other financing sources (uses)	<u>778,241</u>	<u>778,241</u>	<u>772,897</u>	<u>(5,344)</u>
Net change in fund balance	(1,126,708)	(1,126,708)	(392,863)	733,845
Fund Balance:				
Beginning of year	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,478,234</u>	<u>478,234</u>
End of year	<u>\$ 873,292</u>	<u>\$ 873,292</u>	<u>\$ 2,085,371</u>	<u>\$ 1,212,079</u>

CITY OF FLORENCE, OREGON

STREET FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Intergovernmental	\$ 705,000	\$ 705,000	\$ 682,590	\$ (22,410)
Grants and contributions	945,000	945,000	21,110	(923,890)
Charges for services	280,000	280,000	291,511	11,511
Assessments	4,412	4,412	4,619	207
Interest income	1,400	1,400	1,320	(80)
Other revenue	-	-	18,552	18,552
Total revenues	<u>1,935,812</u>	<u>1,935,812</u>	<u>1,019,702</u>	<u>(916,110)</u>
Expenditures:				
Personal services	59,774	59,774	55,413	4,361
Materials and services	238,184	238,184	229,739	8,445
Capital outlay	1,725,000	1,725,000	789,323	935,677
Debt service:				
Principal	139,151	139,151	134,652	4,499
Interest	7,764	7,764	14,330	(6,566)
Contingency	250,000	250,000	-	250,000
Total expenditures	<u>2,419,873</u>	<u>2,419,873</u>	<u>1,223,457</u>	<u>1,196,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(484,061)</u>	<u>(484,061)</u>	<u>(203,755)</u>	<u>280,306</u>
Other Financing Sources (Uses):				
Transfers in	400,000	400,000	-	(400,000)
Transfers out	(214,995)	(214,995)	(214,995)	-
Loan proceeds	250,000	250,000	-	(250,000)
Total other financing sources (uses)	<u>435,005</u>	<u>435,005</u>	<u>(214,995)</u>	<u>(650,000)</u>
Net change in fund balance	(49,056)	(49,056)	(418,750)	(369,694)
Fund Balance:				
Beginning of year	<u>322,000</u>	<u>322,000</u>	<u>639,170</u>	<u>317,170</u>
End of year	<u>\$ 272,944</u>	<u>\$ 272,944</u>	220,420	<u>\$ (52,524)</u>
Reconciliation to GAAP Basis:				
Interfund loan payable			<u>(104,000)</u>	
GAAP Fund Balance - End of Year			<u>\$ 116,420</u>	

CITY OF FLORENCE, OREGON
STREET SYSTEM DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
System development charges	\$ 25,000	\$ 25,000	\$ 37,563	\$ 12,563
Interest income	<u>7,500</u>	<u>7,500</u>	<u>8,181</u>	<u>681</u>
Total revenues	<u>32,500</u>	<u>32,500</u>	<u>45,744</u>	<u>13,244</u>
Expenditures:				
Other Financing Sources (Uses):				
Transfers in	100,000	100,000	100,000	-
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>
Total other financing sources (uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>100,000</u>	<u>400,000</u>
Net change in fund balance	(267,500)	(267,500)	145,744	413,244
Fund Balance:				
Beginning of year	<u>748,000</u>	<u>748,000</u>	<u>755,497</u>	<u>7,497</u>
End of year	<u>\$ 480,500</u>	<u>\$ 480,500</u>	<u>901,241</u>	<u>\$ 420,741</u>
Reconciliation to GAAP Basis:				
Interfund receivable			<u>80,000</u>	
GAAP Fund Balance - End of Year			<u>\$ 981,241</u>	

CITY OF FLORENCE, OREGON
 Required Supplementary Information
 Year Ended June 30, 2015

Schedule of the Proportionate Share of the Net Pension Liability

Oregon Public Employees Retirement System

	<u>2015</u>	<u>2014</u>	<u>2013 and Prior</u>
Proportion of the net pension liability (asset)	0.02378761 %	0.02378761 %	N/A
Proportionate share of the net pension liability (asset)	\$ (539,197)	\$ 1,213,917	N/A
Covered payroll	\$ 3,015,599	\$ 3,113,251	N/A
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	(17.88)%	38.99 %	N/A
Plan net position as a percentage of the total pension liability	103.59 %	92.00 %	N/A

Schedule of Pension Contributions

Oregon Public Employees Retirement System

	<u>2015</u>	<u>2014</u>	<u>2013 and Prior</u>
Contractually required contribution	\$ 228,397	\$ 251,436	N/A
Contributions in relation to the contractually required contribution	<u>228,397</u>	<u>251,436</u>	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	N/A
Covered employee payroll	\$ 3,015,599	\$ 3,113,251	N/A
Contributions as a percentage of covered employee payroll	7.57 %	8.08 %	N/A

OTHER SUPPLEMENTARY INFORMATION

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

CITY OF FLORENCE, OREGON

STREET

Combining Balance Sheet

June 30, 2015

	Street Fund	Street System Development Fund	Total Street
	<u>Street Fund</u>	<u>Fund</u>	<u>Total Street</u>
ASSETS			
Cash and cash equivalents	\$ 163,949	\$ 901,241	\$ 1,065,190
Receivables:			
Accounts	75,865	-	75,865
Assessments	18,909	-	18,909
Prepaid expenses	10,839	-	10,839
Notes receivable	-	71,742	71,742
Internal balances	<u>(80,000)</u>	<u>80,000</u>	<u>-</u>
Total assets	<u>\$ 189,562</u>	<u>\$ 1,052,983</u>	<u>\$ 1,242,545</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$ 9,104	\$ -	\$ 9,104
Accrued payroll liabilities	1,129	-	1,129
Deposits payable	20,000	-	20,000
Interfund loan payable	<u>24,000</u>	<u>-</u>	<u>24,000</u>
Total liabilities	<u>54,233</u>	<u>-</u>	<u>54,233</u>
Deferred Inflows of Resources:			
Unavailable revenues:			
Assessments	18,909	-	18,909
Notes receivable	<u>-</u>	<u>71,742</u>	<u>71,742</u>
Total deferred inflows of resources	<u>18,909</u>	<u>71,742</u>	<u>90,651</u>
Fund Balances:			
Nonspendable:			
Prepaid items	10,839	-	10,839
Restricted for:			
Transportation	105,581	-	105,581
System development	<u>-</u>	<u>981,241</u>	<u>981,241</u>
Total fund balances	<u>116,420</u>	<u>981,241</u>	<u>1,097,661</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 189,562</u>	 <u>\$ 1,052,983</u>	 <u>\$ 1,242,545</u>

CITY OF FLORENCE, OREGON

STREET

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2015

	Street Fund	Street System Development Fund	Total Street
Revenues:			
Intergovernmental	\$ 682,590	\$ -	\$ 682,590
Grants and contributions	21,110	-	21,110
Charges for services	291,511	-	291,511
Assessments	4,619	-	4,619
System development charges	-	37,563	37,563
Investment earnings	1,320	8,181	9,501
Other revenues	<u>18,552</u>	<u>-</u>	<u>18,552</u>
Total revenues	<u>1,019,702</u>	<u>45,744</u>	<u>1,065,446</u>
Expenditures:			
Current:			
Highways and streets	285,152	-	285,152
Capital outlay	789,323	-	789,323
Debt service:			
Principal	134,652	-	134,652
Interest	<u>14,330</u>	<u>-</u>	<u>14,330</u>
Total expenditures	<u>1,223,457</u>	<u>-</u>	<u>1,223,457</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(203,755)</u>	<u>45,744</u>	<u>(158,011)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(110,995)</u>	<u>-</u>	<u>(110,995)</u>
Total other financing sources (uses)	<u>(110,995)</u>	<u>-</u>	<u>(110,995)</u>
Net change in fund balances	(314,750)	45,744	(269,006)
Fund Balances:			
Beginning of year	431,170	935,497	1,366,667
End of year	<u>\$ 116,420</u>	<u>\$ 981,241</u>	<u>\$ 1,097,661</u>

CITY OF FLORENCE, OREGON

DEBT SERVICE

Combining Balance Sheet

June 30, 2015

	Spruce Street LID Bond Fund	FFC 2010B Bond Fund	Debt Service Fund	Total Debt Service
ASSETS				
Cash and cash equivalents	\$ 515,841	\$ 2,829	\$ 974	\$ 519,644
Receivables:				
Assessments	<u>1,275,531</u>	<u>-</u>	<u>-</u>	<u>1,275,531</u>
Total assets	<u>\$ 1,791,372</u>	<u>\$ 2,829</u>	<u>\$ 974</u>	<u>\$ 1,795,175</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Deferred Inflows of Resources:				
Unavailable revenues:				
Assessments	<u>1,275,531</u>	<u>-</u>	<u>-</u>	<u>1,275,531</u>
Total deferred inflows of resources	<u>1,275,531</u>	<u>-</u>	<u>-</u>	<u>1,275,531</u>
Fund Balances:				
Restricted for:				
Debt service payments	<u>515,841</u>	<u>2,829</u>	<u>974</u>	<u>519,644</u>
Total fund balances	<u>515,841</u>	<u>2,829</u>	<u>974</u>	<u>519,644</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 1,791,372</u>	 <u>\$ 2,829</u>	 <u>\$ 974</u>	 <u>\$ 1,795,175</u>

CITY OF FLORENCE, OREGON

DEBT SERVICE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2015

	Spruce Street LID Bond Fund	FFC 2010B Bond Fund	Debt Service Fund	Total Debt Service
Revenues:				
Assessments	\$ 385,333	\$ -	\$ -	\$ 385,333
Investment earnings	<u>2,661</u>	<u>-</u>	<u>-</u>	<u>2,661</u>
Total revenues	<u>387,994</u>	<u>-</u>	<u>-</u>	<u>387,994</u>
Expenditures:				
Debt service:				
Principal	45,000	23,454	22,449	90,903
Interest	<u>48,288</u>	<u>5,866</u>	<u>20,184</u>	<u>74,338</u>
Total expenditures	<u>93,288</u>	<u>29,320</u>	<u>42,633</u>	<u>165,241</u>
Excess (deficiency) of revenues over (under) expenditures	<u>294,706</u>	<u>(29,320)</u>	<u>(42,633)</u>	<u>222,753</u>
Other Financing Sources (Uses):				
Transfers in	<u>-</u>	<u>29,325</u>	<u>42,635</u>	<u>71,960</u>
Total other financing sources (uses)	<u>-</u>	<u>29,325</u>	<u>42,635</u>	<u>71,960</u>
Net change in fund balances	294,706	5	2	294,713
Fund Balances:				
Beginning of year	<u>221,135</u>	<u>2,824</u>	<u>972</u>	<u>224,931</u>
End of year	<u>\$ 515,841</u>	<u>\$ 2,829</u>	<u>\$ 974</u>	<u>\$ 519,644</u>

CITY OF FLORENCE, OREGON
SPRUCE STREET LID BOND FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Assessments	\$ 31,000	\$ 31,000	\$ 385,333	\$ 354,333
Interest income	1,800	1,800	2,661	861
Total revenues	<u>32,800</u>	<u>32,800</u>	<u>387,994</u>	<u>355,194</u>
Expenditures:				
Debt service:				
Principal	45,000	45,000	45,000	-
Interest	48,288	48,288	48,288	-
Total expenditures	<u>93,288</u>	<u>93,288</u>	<u>93,288</u>	<u>-</u>
Net change in fund balance	(60,488)	(60,488)	294,706	355,194
Fund Balance:				
Beginning of year	<u>205,000</u>	<u>205,000</u>	<u>221,135</u>	<u>16,135</u>
End of year	<u>\$ 144,512</u>	<u>\$ 144,512</u>	<u>\$ 515,841</u>	<u>\$ 371,329</u>

CITY OF FLORENCE, OREGON
FFC 2010B BOND FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Expenditures:				
Debt service:				
Principal	\$ 725,000	\$ 725,000	\$ 725,000	\$ -
Interest	<u>181,625</u>	<u>181,625</u>	<u>181,620</u>	<u>5</u>
Total expenditures	<u>906,625</u>	<u>906,625</u>	<u>906,620</u>	<u>5</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(906,625)</u>	<u>(906,625)</u>	<u>(906,620)</u>	<u>5</u>
Other Financing Sources (Uses):				
Transfers in	<u>906,625</u>	<u>906,625</u>	<u>906,625</u>	<u>-</u>
Total other financing sources (uses)	<u>906,625</u>	<u>906,625</u>	<u>906,625</u>	<u>-</u>
Net change in fund balance	-	-	5	5
Fund Balance:				
Beginning of year	<u>2,821</u>	<u>2,821</u>	<u>2,824</u>	<u>3</u>
End of year	<u>\$ 2,821</u>	<u>\$ 2,821</u>	<u>\$ 2,829</u>	<u>\$ 8</u>

CITY OF FLORENCE, OREGON
DEBT SERVICE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Expenditures:				
Debt service:				
Principal	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Interest	<u>45,406</u>	<u>45,406</u>	<u>44,956</u>	<u>450</u>
Total expenditures	<u>95,406</u>	<u>95,406</u>	<u>94,956</u>	<u>450</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(95,406)</u>	<u>(95,406)</u>	<u>(94,956)</u>	<u>450</u>
Other Financing Sources (Uses):				
Transfers in	<u>94,958</u>	<u>94,958</u>	<u>94,958</u>	<u>-</u>
Total other financing sources (uses)	<u>94,958</u>	<u>94,958</u>	<u>94,958</u>	<u>-</u>
Net change in fund balance	(448)	(448)	2	450
Fund Balance:				
Beginning of year	<u>1,422</u>	<u>1,422</u>	<u>972</u>	<u>(450)</u>
End of year	<u>\$ 974</u>	<u>\$ 974</u>	<u>\$ 974</u>	<u>\$ -</u>

Combining and Budgetary Schedules - Nonmajor Governmental Funds

CITY OF FLORENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
 Combining Balance Sheet
 June 30, 2015

	Special Revenue Funds	Debt Service Funds	Events Center Endowment Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 285,718	\$ 464,903	\$ 78,405	\$ 829,026
Receivables:				
Accounts	74,283	-	-	74,283
Taxes	<u>21,832</u>	<u>18,112</u>	<u>-</u>	<u>39,944</u>
Total assets	<u>\$ 381,833</u>	<u>\$ 483,015</u>	<u>\$ 78,405</u>	<u>\$ 943,253</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 26,289	\$ -	\$ -	\$ 26,289
Due to other funds	<u>11,447</u>	<u>-</u>	<u>-</u>	<u>11,447</u>
Total liabilities	<u>37,736</u>	<u>-</u>	<u>-</u>	<u>37,736</u>
Deferred Inflows of Resources:				
Unavailable revenues:				
Property taxes	<u>21,255</u>	<u>17,082</u>	<u>-</u>	<u>38,337</u>
Total deferred inflows of resources	<u>21,255</u>	<u>17,082</u>	<u>-</u>	<u>38,337</u>
Fund Balances:				
Nonspendable:				
Endowments	-	-	78,405	78,405
Restricted for:				
Urban renewal projects	262,769	-	-	262,769
Tourism	60,073	-	-	60,073
Debt service payments	<u>-</u>	<u>465,933</u>	<u>-</u>	<u>465,933</u>
Total fund balances	<u>322,842</u>	<u>465,933</u>	<u>78,405</u>	<u>867,180</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 381,833</u>	 <u>\$ 483,015</u>	 <u>\$ 78,405</u>	 <u>\$ 943,253</u>

CITY OF FLORENCE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue Funds	Debt Service Funds	Events Center Endowment Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 631,729	\$ 52,113	\$ -	\$ 683,842
Intergovernmental	55,506	-	-	55,506
Charges for services	145,779	-	-	145,779
Investment earnings (loss)	2,162	2,825	(1,046)	3,941
Other revenues	<u>169</u>	<u>-</u>	<u>-</u>	<u>169</u>
Total revenues	<u>835,345</u>	<u>54,938</u>	<u>(1,046)</u>	<u>889,237</u>
Expenditures:				
Current:				
Economic development	169,568	-	-	169,568
Debt service:				
Principal	-	490,000	-	490,000
Interest	<u>-</u>	<u>118,092</u>	<u>-</u>	<u>118,092</u>
Total expenditures	<u>169,568</u>	<u>608,092</u>	<u>-</u>	<u>777,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>665,777</u>	<u>(553,154)</u>	<u>(1,046)</u>	<u>111,577</u>
Other Financing Sources (Uses):				
Transfers in	-	302,842	-	302,842
Transfers out	<u>(671,012)</u>	<u>-</u>	<u>(3,471)</u>	<u>(674,483)</u>
Total other financing sources (uses)	<u>(671,012)</u>	<u>302,842</u>	<u>(3,471)</u>	<u>(371,641)</u>
Net change in fund balances	(5,235)	(250,312)	(4,517)	(260,064)
Fund Balances:				
Beginning of year	<u>328,077</u>	<u>716,245</u>	<u>82,922</u>	<u>1,127,244</u>
End of year	<u>\$ 322,842</u>	<u>\$ 465,933</u>	<u>\$ 78,405</u>	<u>\$ 867,180</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, OREGON
EVENTS CENTER ENDOWMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Interest income (loss)	\$ 4,000	\$ 4,000	\$ (1,046)	\$ (5,046)
Expenditures:				
Excess (deficiency) of revenues over (under) expenditures	4,000	4,000	(1,046)	(5,046)
Other Financing Sources (Uses):				
Transfers out	<u>(4,000)</u>	<u>(4,000)</u>	<u>(3,471)</u>	<u>529</u>
Net change in fund balance	-	-	(4,517)	(4,517)
Fund Balance:				
Beginning of year	<u>77,000</u>	<u>77,000</u>	<u>82,922</u>	<u>5,922</u>
End of year	<u>\$ 77,000</u>	<u>\$ 77,000</u>	<u>\$ 78,405</u>	<u>\$ 1,405</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, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2015

	911 Emergency Fund	Room Tax Fund	Florence Urban Renewal Agency	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 21,487	\$ 264,231	\$ 285,718
Receivables:				
Accounts	11,447	62,836	-	74,283
Taxes	<u>-</u>	<u>-</u>	<u>21,832</u>	<u>21,832</u>
Total assets	<u>\$ 11,447</u>	<u>\$ 84,323</u>	<u>\$ 286,063</u>	<u>\$ 381,833</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ -	\$ 24,250	\$ 2,039	\$ 26,289
Due to other funds	<u>11,447</u>	<u>-</u>	<u>-</u>	<u>11,447</u>
Total liabilities	<u>11,447</u>	<u>24,250</u>	<u>2,039</u>	<u>37,736</u>
Deferred Inflows of Resources:				
Unavailable revenues:				
Property taxes	<u>-</u>	<u>-</u>	<u>21,255</u>	<u>21,255</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>21,255</u>	<u>21,255</u>
Fund Balances:				
Restricted for:				
Urban renewal projects	-	-	262,769	262,769
Tourism	<u>-</u>	<u>60,073</u>	<u>-</u>	<u>60,073</u>
Total fund balances	<u>-</u>	<u>60,073</u>	<u>262,769</u>	<u>322,842</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 11,447</u>	 <u>\$ 84,323</u>	 <u>\$ 286,063</u>	 <u>\$ 381,833</u>

CITY OF FLORENCE, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2015

	911 Emergency Fund	Room Tax Fund	Florence Urban Renewal Agency	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ -	\$ 319,287	\$ 312,442	\$ 631,729
Intergovernmental	55,506	-	-	55,506
Charges for services	145,779	-	-	145,779
Investment earnings	85	-	2,077	2,162
Other revenues	-	-	169	169
Total revenues	<u>201,370</u>	<u>319,287</u>	<u>314,688</u>	<u>835,345</u>
Expenditures:				
Current:				
Economic development	<u>-</u>	<u>126,000</u>	<u>43,568</u>	<u>169,568</u>
Excess (deficiency) of revenues over (under) expenditures	201,370	193,287	271,120	665,777
Other Financing Sources (Uses):				
Transfers out	<u>(201,370)</u>	<u>(166,800)</u>	<u>(302,842)</u>	<u>(671,012)</u>
Net change in fund balances	-	26,487	(31,722)	(5,235)
Fund Balances:				
Beginning of year	<u>-</u>	<u>33,586</u>	<u>294,491</u>	<u>328,077</u>
End of year	<u>\$ -</u>	<u>\$ 60,073</u>	<u>\$ 262,769</u>	<u>\$ 322,842</u>

CITY OF FLORENCE, OREGON
911 EMERGENCY FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Intergovernmental	\$ 55,000	\$ 55,000	\$ 55,506	\$ 506
Charges for services	152,000	152,000	145,779	(6,221)
Interest income	50	50	85	35
Total revenues	<u>207,050</u>	<u>207,050</u>	<u>201,370</u>	<u>(5,680)</u>
Expenditures:				
Excess (deficiency) of revenues over (under) expenditures	207,050	207,050	201,370	(5,680)
Other Financing Sources (Uses):				
Transfers out	<u>(207,050)</u>	<u>(207,050)</u>	<u>(201,370)</u>	<u>5,680</u>
Net change in fund balance	-	-	-	-
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FLORENCE, OREGON
ROOM TAX FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 278,000	\$ 278,000	\$ 319,287	\$ 41,287
Expenditures:				
Materials and services	111,200	126,200	126,000	200
Contingency	15,000	-	-	-
Total expenditures	<u>126,200</u>	<u>126,200</u>	<u>126,000</u>	<u>200</u>
Excess (deficiency) of revenues over (under) expenditures	151,800	151,800	193,287	41,487
Other Financing Sources (Uses):				
Transfers out	<u>(166,800)</u>	<u>(166,800)</u>	<u>(166,800)</u>	<u>-</u>
Net change in fund balance	(15,000)	(15,000)	26,487	41,487
Fund Balance:				
Beginning of year	<u>15,000</u>	<u>15,000</u>	<u>33,586</u>	<u>18,586</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,073</u>	<u>\$ 60,073</u>

CITY OF FLORENCE, OREGON
FLORENCE URBAN RENEWAL AGENCY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 282,300	\$ 282,300	\$ 312,442	\$ 30,142
Interest income	1,500	1,500	2,077	577
Other revenue	200	200	169	(31)
Total revenues	<u>284,000</u>	<u>284,000</u>	<u>314,688</u>	<u>30,688</u>
Expenditures:				
Materials and services	47,340	47,340	43,568	3,772
Contingency	50,000	50,000	-	50,000
Total expenditures	<u>97,340</u>	<u>97,340</u>	<u>43,568</u>	<u>53,772</u>
Excess (deficiency) of revenues over (under) expenditures	186,660	186,660	271,120	84,460
Other Financing Sources (Uses):				
Transfers out	<u>(303,000)</u>	<u>(303,000)</u>	<u>(302,842)</u>	<u>158</u>
Net change in fund balance	(116,340)	(116,340)	(31,722)	84,618
Fund Balance:				
Beginning of year	<u>116,340</u>	<u>116,340</u>	<u>294,491</u>	<u>178,151</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,769</u>	<u>\$ 262,769</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, OREGON
NONMAJOR DEBT SERVICE FUNDS
 Combining Balance Sheet
 June 30, 2015

	General Obligation Bond Fund	Florence Urban Renewal Agency Debt Service	Total Nonmajor Debt Service Funds
ASSETS			
Cash and cash equivalents	\$ 211,354	\$ 253,549	\$ 464,903
Receivables:			
Taxes	<u>18,112</u>	<u>-</u>	<u>18,112</u>
Total assets	<u>\$ 229,466</u>	<u>\$ 253,549</u>	<u>\$ 483,015</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Deferred Inflows of Resources:			
Unavailable revenues:			
Property taxes	<u>\$ 17,082</u>	<u>\$ -</u>	<u>\$ 17,082</u>
Total deferred inflows of resources	<u>17,082</u>	<u>-</u>	<u>17,082</u>
Fund Balances:			
Restricted for:			
Debt service payments	<u>212,384</u>	<u>253,549</u>	<u>465,933</u>
Total fund balances	<u>212,384</u>	<u>253,549</u>	<u>465,933</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 229,466</u>	 <u>\$ 253,549</u>	 <u>\$ 483,015</u>

CITY OF FLORENCE, OREGON
NONMAJOR DEBT SERVICE FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2015

	General Obligation Bond Fund	Florence Urban Renewal Agency Debt Service	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$ 52,113	\$ -	\$ 52,113
Investment earnings	<u>2,032</u>	<u>793</u>	<u>2,825</u>
Total revenues	<u>54,145</u>	<u>793</u>	<u>54,938</u>
Expenditures:			
Debt service:			
Principal	300,000	190,000	490,000
Interest	<u>5,250</u>	<u>112,842</u>	<u>118,092</u>
Total expenditures	<u>305,250</u>	<u>302,842</u>	<u>608,092</u>
Excess (deficiency) of revenues over (under) expenditures	(251,105)	(302,049)	(553,154)
Other Financing Sources (Uses):			
Transfers in	<u>-</u>	<u>302,842</u>	<u>302,842</u>
Net change in fund balances	(251,105)	793	(250,312)
Fund Balances:			
Beginning of year	<u>463,489</u>	<u>252,756</u>	<u>716,245</u>
End of year	<u>\$ 212,384</u>	<u>\$ 253,549</u>	<u>\$ 465,933</u>

CITY OF FLORENCE, OREGON
GENERAL OBLIGATION BOND FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$ 243,500	\$ 243,500	\$ 243,877	\$ 377
Interest income	2,000	2,000	2,032	32
Total revenues	<u>245,500</u>	<u>245,500</u>	<u>245,909</u>	<u>409</u>
Expenditures:				
Debt service:				
Principal	464,095	464,095	464,094	1
Interest	33,350	33,350	32,920	430
Total expenditures	<u>497,445</u>	<u>497,445</u>	<u>497,014</u>	<u>431</u>
Net change in fund balance	(251,945)	(251,945)	(251,105)	840
Fund Balance:				
Beginning of year	442,654	442,654	463,489	20,835
End of year	<u>\$ 190,709</u>	<u>\$ 190,709</u>	<u>\$ 212,384</u>	<u>\$ 21,675</u>

CITY OF FLORENCE, OREGON
FLORENCE URBAN RENEWAL AGENCY DEBT SERVICE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Interest income	\$ 800	\$ 800	\$ 793	\$ (7)
Expenditures:				
Debt service:				
Principal	190,000	190,000	190,000	-
Interest	<u>113,800</u>	<u>113,800</u>	<u>112,842</u>	<u>958</u>
Total expenditures	<u>303,800</u>	<u>303,800</u>	<u>302,842</u>	<u>958</u>
Excess (deficiency) of revenues over (under) expenditures	(303,000)	(303,000)	(302,049)	951
Other Financing Sources (Uses):				
Transfers in	<u>303,000</u>	<u>303,000</u>	<u>302,842</u>	<u>(158)</u>
Net change in fund balance	-	-	793	793
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>252,756</u>	<u>252,756</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,549</u>	<u>\$ 253,549</u>

Combining and Budgetary Schedules - Enterprise Funds

CITY OF FLORENCE, OREGON
WATER
Combining Statement of Net Position
June 30, 2015

	Water Fund	Water System Development Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 422,184	\$ 527,157	\$ 949,341
Accounts receivable, net	197,555	-	197,555
Inventory, at cost	71,841	-	71,841
Total current assets	691,580	527,157	1,218,737
Noncurrent assets:			
Note receivable	-	9,954	9,954
Interfund loan receivable	-	24,000	24,000
Capital assets:			
Nondepreciable assets	203,102	-	203,102
Depreciable assets, net	6,848,436	-	6,848,436
Net pension asset	32,147	-	32,147
Total noncurrent assets	7,083,685	33,954	7,117,639
Total assets	7,775,265	561,111	8,336,376
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	12,546	-	12,546
Total assets & deferred outflows	7,787,811	561,111	8,348,922
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	20,215	-	20,215
Payroll and related payables	5,099	-	5,099
Interest payable	4,844	-	4,844
Compensated absences	41,408	-	41,408
Current portion of long-term debt	241,580	-	241,580
Total current liabilities	313,146	-	313,146
Noncurrent liabilities:			
Long-term debt	1,556,008	-	1,556,008
Total liabilities	1,869,154	-	1,869,154
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	60,033	-	60,033
Total liabilities & deferred inflows	1,929,187	-	1,929,187
NET POSITION			
Net investment in capital assets	5,253,950	-	5,253,950
Restricted for system development	-	561,111	561,111
Unrestricted	604,674	-	604,674
Total net position	\$ 5,858,624	\$ 561,111	\$ 6,419,735

CITY OF FLORENCE, OREGON

WATER

Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	Water Fund	Water System Development Fund	Total
Operating Revenues			
Charges for services	\$ 2,084,150	\$ -	\$ 2,084,150
Other revenue	28,600	-	28,600
Total operating revenues	<u>2,112,750</u>	<u>-</u>	<u>2,112,750</u>
Operating Expenses			
Personal services	291,175	-	291,175
Materials and services	364,472	876	365,348
Depreciation	477,675	-	477,675
Total operating expenses	<u>1,133,322</u>	<u>876</u>	<u>1,134,198</u>
Operating income (loss)	<u>979,428</u>	<u>(876)</u>	<u>978,552</u>
Nonoperating Revenues (Expenses)			
Grants and contributions	11,595	-	11,595
Taxes	191,764	-	191,764
Interest income	-	4,939	4,939
Interest expense	(59,070)	-	(59,070)
Total nonoperating revenues (expenses)	<u>144,289</u>	<u>4,939</u>	<u>149,228</u>
Income (loss) before contributions & transfers	1,123,717	4,063	1,127,780
Capital Contributions and Transfers			
System development charges	-	75,902	75,902
Transfers out	(500,345)	-	(500,345)
Change in net position	623,372	79,965	703,337
Net Position:			
Beginning of year, as restated	<u>5,235,252</u>	<u>481,146</u>	<u>5,716,398</u>
End of year	<u>\$ 5,858,624</u>	<u>\$ 561,111</u>	<u>\$ 6,419,735</u>

CITY OF FLORENCE, OREGON

WATER

Combining Statement of Cash Flows

For the Year Ended June 30, 2015

	Water Fund	Water System Development Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,133,634	\$ -	\$ 2,133,634
Payments to suppliers and contractors	(394,316)	(876)	(395,192)
Payments to employees	<u>(329,561)</u>	<u>-</u>	<u>(329,561)</u>
Net cash provided by (used in) operating activities	<u>1,409,757</u>	<u>(876)</u>	<u>1,408,881</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(500,345)	-	(500,345)
Receipt (repayment) on interfund loan	<u>-</u>	<u>58,000</u>	<u>58,000</u>
Net cash provided by (used in) noncapital financing activities	<u>(500,345)</u>	<u>58,000</u>	<u>(442,345)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System development charges received	-	77,754	77,754
Property taxes received	191,764	-	191,764
Acquisition and construction of capital assets	(760,005)	-	(760,005)
Principal paid on debt	(352,865)	-	(352,865)
Interest paid on debt	(61,702)	-	(61,702)
Capital grants and contributions received	<u>11,595</u>	<u>-</u>	<u>11,595</u>
Net cash used in capital and related financing activities	<u>(971,213)</u>	<u>77,754</u>	<u>(893,459)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>-</u>	<u>4,939</u>	<u>4,939</u>
Net change in cash and cash equivalents	(61,801)	139,817	78,016
Cash and cash equivalents:			
Beginning of year	<u>483,985</u>	<u>387,340</u>	<u>871,325</u>
End of year	<u>\$ 422,184</u>	<u>\$ 527,157</u>	<u>\$ 949,341</u>

Continued on next page

CITY OF FLORENCE, OREGON
WATER
Combining Statement of Cash Flows, Continued
For the Year Ended June 30, 2015

	Water Fund	Water System Development Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 979,428	\$ (876)	\$ 978,552
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	477,675	-	477,675
Net reduction of expense under GASB 68	(40,698)	-	(40,698)
(Increase) decrease in assets:			
Receivables	20,884	-	20,884
Inventory	(11,146)	-	(11,146)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(18,698)	-	(18,698)
Payroll and related expenses	<u>2,312</u>	-	<u>2,312</u>
Net cash provided by (used in) operating activities	<u>\$ 1,409,757</u>	<u>\$ (876)</u>	<u>\$ 1,408,881</u>

CITY OF FLORENCE, OREGON
WASTEWATER
Combining Statement of Net Position
June 30, 2015

	Wastewater Fund	Wastewater System Development Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 936,016	\$ 480,172	\$ 1,416,188
Accounts receivable, net	260,280	-	260,280
Inventory, at cost	20,427	-	20,427
Total current assets	<u>1,216,723</u>	<u>480,172</u>	<u>1,696,895</u>
Noncurrent assets:			
Note receivable	-	107,300	107,300
Restricted cash - loan reserve	136,842	-	136,842
Capital assets:			
Nondepreciable assets	143,281	-	143,281
Depreciable assets, net	16,269,290	-	16,269,290
Net pension asset	64,239	-	64,239
Total noncurrent assets	<u>16,613,652</u>	<u>107,300</u>	<u>16,720,952</u>
Total assets	<u>17,830,375</u>	<u>587,472</u>	<u>18,417,847</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	25,069	-	25,069
Total assets & deferred outflows	<u>17,855,444</u>	<u>587,472</u>	<u>18,442,916</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	65,291	-	65,291
Payroll and related payables	10,060	-	10,060
Interest payable	25,992	-	25,992
Compensated absences	51,142	-	51,142
Current portion of long-term debt	1,047,272	-	1,047,272
Total current liabilities	<u>1,199,757</u>	<u>-</u>	<u>1,199,757</u>
Noncurrent liabilities:			
Long-term debt	8,975,394	-	8,975,394
Total liabilities	<u>10,175,151</u>	<u>-</u>	<u>10,175,151</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	119,962	-	119,962
Total liabilities & deferred inflows	<u>10,295,113</u>	<u>-</u>	<u>10,295,113</u>
NET POSITION			
Net investment in capital assets	6,389,905	-	6,389,905
Restricted for system development	-	587,472	587,472
Unrestricted	1,170,426	-	1,170,426
Total net position	<u>\$ 7,560,331</u>	<u>\$ 587,472</u>	<u>\$ 8,147,803</u>

CITY OF FLORENCE, OREGON

WASTEWATER

Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	Wastewater Fund	Wastewater System Development Fund	Total
Operating Revenues			
Charges for services	\$ 3,005,602	\$ -	\$ 3,005,602
Other revenue	1,345	-	1,345
Total operating revenues	<u>3,006,947</u>	<u>-</u>	<u>3,006,947</u>
Operating Expenses			
Personal services	340,301	-	340,301
Materials and services	418,036	1,286	419,322
Depreciation	810,145	-	810,145
Total operating expenses	<u>1,568,482</u>	<u>1,286</u>	<u>1,569,768</u>
Operating income (loss)	<u>1,438,465</u>	<u>(1,286)</u>	<u>1,437,179</u>
Nonoperating Revenues (Expenses)			
Interest income	20,161	2,323	22,484
Interest expense	<u>(200,499)</u>	<u>-</u>	<u>(200,499)</u>
Total nonoperating revenues (expenses)	<u>(180,338)</u>	<u>2,323</u>	<u>(178,015)</u>
Income (loss) before contributions & transfers	1,258,127	1,037	1,259,164
Capital Contributions and Transfers			
System development charges	-	60,706	60,706
Transfers out	<u>(636,596)</u>	<u>-</u>	<u>(636,596)</u>
Change in net position	621,531	61,743	683,274
Net Position:			
Beginning of year, as restated	<u>6,938,800</u>	<u>525,729</u>	<u>7,464,529</u>
End of year	<u>\$ 7,560,331</u>	<u>\$ 587,472</u>	<u>\$ 8,147,803</u>

CITY OF FLORENCE, OREGON

WASTEWATER

Combining Statement of Cash Flows

For the Year Ended June 30, 2015

	Wastewater Fund	Wastewater System Development Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 3,013,875	\$ -	\$ 3,013,875
Payments to suppliers and contractors	(414,268)	(1,286)	(415,554)
Payments to employees	(416,013)	-	(416,013)
Net cash provided by (used in) operating activities	<u>2,183,594</u>	<u>(1,286)</u>	<u>2,182,308</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	<u>(636,596)</u>	-	<u>(636,596)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System development charges received	-	78,735	78,735
Acquisition and construction of capital assets	(70,651)	-	(70,651)
Principal paid on debt	(1,021,460)	-	(1,021,460)
Interest paid on debt	(200,022)	-	(200,022)
Net cash used in capital and related financing activities	<u>(1,292,133)</u>	<u>78,735</u>	<u>(1,213,398)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>20,161</u>	<u>2,323</u>	<u>22,484</u>
Net change in cash and cash equivalents	275,026	79,772	354,798
Cash and cash equivalents:			
Beginning of year	<u>797,832</u>	<u>400,400</u>	<u>1,198,232</u>
End of year	<u>\$ 1,072,858</u>	<u>\$ 480,172</u>	<u>\$ 1,553,030</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 1,438,465	\$ (1,286)	\$ 1,437,179
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	810,145	-	810,145
Net reduction of expense under GASB 68	(81,326)	-	(81,326)
(Increase) decrease in assets:			
Receivables	6,928	-	6,928
Inventory	602	-	602
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	3,166	-	3,166
Payroll and related expenses	5,614	-	5,614
Net cash provided by (used in) operating activities	<u>\$ 2,183,594</u>	<u>\$ (1,286)</u>	<u>\$ 2,182,308</u>

CITY OF FLORENCE, OREGON
STORMWATER
Combining Statement of Net Position
June 30, 2015

	Stormwater Fund	Stormwater System Development Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 885,894	\$ 38,527	\$ 924,421
Accounts receivable, net	48,417	-	48,417
Total current assets	934,311	38,527	972,838
Noncurrent assets:			
Note receivable	-	24,753	24,753
Capital assets:			
Nondepreciable assets	96,382	-	96,382
Depreciable assets, net	992,725	-	992,725
Net pension asset	4,290	-	4,290
Total noncurrent assets	1,093,397	24,753	1,118,150
Total assets	2,027,708	63,280	2,090,988
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	1,675	-	1,675
Total assets & deferred outflows	2,029,383	63,280	2,092,663
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	5,695	-	5,695
Payroll and related payables	1,058	-	1,058
Interest payable	581	-	581
Compensated absences	14,958	-	14,958
Current portion of long-term debt	4,738	-	4,738
Total current liabilities	27,030	-	27,030
Noncurrent liabilities:			
Long-term debt	283,730	-	283,730
Total liabilities	310,760	-	310,760
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	8,011	-	8,011
Total liabilities & deferred inflows	318,771	-	318,771
NET POSITION			
Net investment in capital assets	800,639	-	800,639
Restricted for system development	-	63,280	63,280
Unrestricted	909,973	-	909,973
Total net position	\$ 1,710,612	\$ 63,280	\$ 1,773,892

CITY OF FLORENCE, OREGON
STORMWATER

Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	Stormwater Fund	Stormwater System Development Fund	Total
Operating Revenues			
Charges for services	\$ 512,318	\$ -	\$ 512,318
Other revenue	176	-	176
Total operating revenues	512,494	-	512,494
Operating Expenses			
Personal services	53,143	-	53,143
Materials and services	42,661	876	43,537
Depreciation	35,215	-	35,215
Total operating expenses	131,019	876	131,895
Operating income (loss)	381,475	(876)	380,599
Nonoperating Revenues (Expenses)			
Interest income	-	2,045	2,045
Interest expense	(3,409)	-	(3,409)
Total nonoperating revenues (expenses)	(3,409)	2,045	(1,364)
Income (loss) before contributions & transfers	378,066	1,169	379,235
Capital Contributions and Transfers			
System development charges	-	38,786	38,786
Transfers out	(87,739)	-	(87,739)
Change in net position	290,327	39,955	330,282
Net Position:			
Beginning of year, as restated	1,420,285	23,325	1,443,610
End of year	\$ 1,710,612	\$ 63,280	\$ 1,773,892

CITY OF FLORENCE, OREGON
STORMWATER
Combining Statement of Cash Flows
For the Year Ended June 30, 2015

	Stormwater Fund	Stormwater System Development Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 513,708	\$ -	\$ 513,708
Payments to suppliers and contractors	(42,143)	(876)	(43,019)
Payments to employees	(56,878)	-	(56,878)
Net cash provided by (used in) operating activities	414,687	(876)	413,811
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(87,739)	-	(87,739)
Receipt (repayment) on interfund loan	-	(54,000)	(54,000)
Net cash provided by (used in) noncapital financing activities	(87,739)	(54,000)	(141,739)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System development charges received	-	43,298	43,298
Acquisition and construction of capital assets	(88,113)	-	(88,113)
Principal paid on debt	(36,877)	-	(36,877)
Interest paid on debt	(3,850)	-	(3,850)
Net cash used in capital and related financing activities	(128,840)	43,298	(85,542)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	-	2,045	2,045
Net change in cash and cash equivalents	198,108	(9,533)	188,575
Cash and cash equivalents:			
Beginning of year	687,786	48,060	735,846
End of year	\$ 885,894	\$ 38,527	\$ 924,421
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 381,475	\$ (876)	\$ 380,599
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	35,215	-	35,215
Net reduction of expense under GASB 68	(5,432)	-	(5,432)
(Increase) decrease in assets:			
Receivables	1,214	-	1,214
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	518	-	518
Payroll and related expenses	1,697	-	1,697
Net cash provided by (used in) operating activities	\$ 414,687	\$ (876)	\$ 413,811

CITY OF FLORENCE, OREGON
EVENTS CENTER
Combining Statement of Net Position
June 30, 2015

	Events Center Fund	Events Center Debt Service Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 325,299	\$ 58,872	\$ 384,171
Total current assets	<u>325,299</u>	<u>58,872</u>	<u>384,171</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable assets	55,483	-	55,483
Depreciable assets, net	2,102,827	-	2,102,827
Net pension asset	<u>27,634</u>	-	<u>27,634</u>
Total noncurrent assets	<u>2,185,944</u>	<u>-</u>	<u>2,185,944</u>
Total assets	<u>2,511,243</u>	<u>58,872</u>	<u>2,570,115</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>10,784</u>	-	<u>10,784</u>
Total assets & deferred outflows	<u>2,522,027</u>	<u>58,872</u>	<u>2,580,899</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	15,794	-	15,794
Payroll and related payables	4,768	-	4,768
Interest payable	2,461	-	2,461
Compensated absences	26,264	-	26,264
Current portion of long-term debt	<u>150,000</u>	-	<u>150,000</u>
Total liabilities	<u>199,287</u>	<u>-</u>	<u>199,287</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	<u>51,606</u>	-	<u>51,606</u>
Total liabilities & deferred inflows	<u>250,893</u>	<u>-</u>	<u>250,893</u>
NET POSITION			
Net investment in capital assets	2,008,310	-	2,008,310
Restricted for debt service	-	58,872	58,872
Unrestricted	<u>262,824</u>	-	<u>262,824</u>
Total net position	<u>\$ 2,271,134</u>	<u>\$ 58,872</u>	<u>\$ 2,330,006</u>

CITY OF FLORENCE, OREGON
EVENTS CENTER

Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	Events Center Fund	Events Center Debt Service Fund	Total
Operating Revenues			
Charges for services	\$ 317,445	\$ -	\$ 317,445
Other revenue	773	-	773
Total operating revenues	318,218	-	318,218
Operating Expenses			
Personal services	234,511	-	234,511
Materials and services	334,991	-	334,991
Depreciation	119,689	-	119,689
Total operating expenses	689,191	-	689,191
Operating income (loss)	(370,973)	-	(370,973)
Nonoperating Revenues (Expenses)			
Grants and contributions	96,427	96,000	192,427
Interest income	1,012	-	1,012
Interest expense	(7,941)	-	(7,941)
Total nonoperating revenues (expenses)	89,498	96,000	185,498
Income (loss) before contributions & transfers	(281,475)	96,000	(185,475)
Capital Contributions and Transfers			
Transfers in	465,319	(150,048)	315,271
Change in net position	183,844	(54,048)	129,796
Net Position:			
Beginning of year, as restated	2,087,290	112,920	2,200,210
End of year	\$ 2,271,134	\$ 58,872	\$ 2,330,006

CITY OF FLORENCE, OREGON
EVENTS CENTER
Combining Statement of Cash Flows
For the Year Ended June 30, 2015

	Events Center Fund	Events Center Debt Service Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 321,464	\$ -	\$ 321,464
Payments to suppliers and contractors	(326,344)	-	(326,344)
Payments to employees	<u>(267,503)</u>	<u>-</u>	<u>(267,503)</u>
Net cash provided by (used in) operating activities	<u>(272,383)</u>	<u>-</u>	<u>(272,383)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	<u>315,271</u>	<u>-</u>	<u>315,271</u>
Net cash provided by (used in) noncapital financing activities	<u>315,271</u>	<u>-</u>	<u>315,271</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(151,287)	-	(151,287)
Principal paid on debt	-	(140,000)	(140,000)
Interest paid on debt	-	(10,048)	(10,048)
Capital grants and contributions received	<u>96,427</u>	<u>96,000</u>	<u>192,427</u>
Net cash used in capital and related financing activities	<u>(54,860)</u>	<u>(54,048)</u>	<u>(108,908)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>1,012</u>	<u>-</u>	<u>1,012</u>
Net change in cash and cash equivalents	(10,960)	(54,048)	(65,008)
Cash and cash equivalents:			
Beginning of year	<u>336,259</u>	<u>112,920</u>	<u>449,179</u>
End of year	<u>\$ 325,299</u>	<u>\$ 58,872</u>	<u>\$ 384,171</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (370,973)	\$ -	\$ (370,973)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	119,689	-	119,689
Net reduction of expense under GASB 68	(34,983)	-	(34,983)
(Increase) decrease in assets:			
Receivables	3,246	-	3,246
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	8,647	-	8,647
Payroll and related expenses	<u>1,991</u>	<u>-</u>	<u>1,991</u>
Net cash provided by (used in) operating activities	<u>\$ (272,383)</u>	<u>\$ -</u>	<u>\$ (272,383)</u>

CITY OF FLORENCE, OREGON

WATER FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Charges for services	\$ 2,114,650	\$ 2,114,650	\$ 2,084,150	\$ (30,500)
Grants and contributions	10,000	10,000	11,595	1,595
Other revenue	<u>8,000</u>	<u>8,000</u>	<u>28,600</u>	<u>20,600</u>
Total revenues	<u>2,132,650</u>	<u>2,132,650</u>	<u>2,124,345</u>	<u>(8,305)</u>
Expenditures:				
Personal services	340,971	340,971	328,531	12,440
Materials and services	403,979	403,979	379,585	24,394
Capital outlay	845,000	845,000	666,762	178,238
Debt service:				
Principal	164,679	164,679	163,506	1,173
Interest	85,847	85,847	12,013	73,834
Contingency	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total expenditures	<u>2,040,476</u>	<u>2,040,476</u>	<u>1,550,397</u>	<u>490,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>92,174</u>	<u>92,174</u>	<u>573,948</u>	<u>481,774</u>
Other Financing Sources (Uses):				
Transfers out	(547,265)	(547,265)	(547,629)	(364)
Loan proceeds	<u>595,000</u>	<u>595,000</u>	<u>-</u>	<u>(595,000)</u>
Total other financing sources (uses)	<u>47,735</u>	<u>47,735</u>	<u>(547,629)</u>	<u>(595,364)</u>
Net change in fund balance	139,909	139,909	26,319	(113,590)
Fund Balance:				
Beginning of year	<u>580,000</u>	<u>580,000</u>	<u>568,106</u>	<u>(11,894)</u>
End of year	<u>\$ 719,909</u>	<u>\$ 719,909</u>	594,425	<u>\$ (125,484)</u>
Reconciliation to GAAP Basis:				
Capital assets			7,051,538	
Inventory			71,841	
Accrued interest payable			(4,844)	
Compensated absences			(41,408)	
Long-term debt			(1,797,588)	
Net pension asset (liability)			32,147	
Deferred outflow (inflow) related to pensions			<u>(47,487)</u>	
GAAP Net Position - End of Year			<u>\$ 5,858,624</u>	

CITY OF FLORENCE, OREGON
WATER SYSTEM DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Interest income	\$ 3,600	\$ 3,600	\$ 4,939	\$ 1,339
System development charges	<u>34,200</u>	<u>34,200</u>	<u>77,754</u>	<u>43,554</u>
Total revenues	<u>37,800</u>	<u>37,800</u>	<u>82,693</u>	<u>44,893</u>
Expenditures:				
Materials and services	<u>300</u>	<u>300</u>	<u>876</u>	<u>(576)</u>
Total expenditures	<u>300</u>	<u>300</u>	<u>876</u>	<u>(576)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,500</u>	<u>37,500</u>	<u>81,817</u>	<u>44,317</u>
Other Financing Sources (Uses):				
Transfers in	<u>58,000</u>	<u>58,000</u>	<u>58,000</u>	<u>-</u>
Total other financing sources (uses)	<u>58,000</u>	<u>58,000</u>	<u>58,000</u>	<u>-</u>
Net change in fund balance	95,500	95,500	139,817	44,317
Fund Balance:				
Beginning of year	<u>377,000</u>	<u>377,000</u>	<u>387,340</u>	<u>10,340</u>
End of year	<u>\$ 472,500</u>	<u>\$ 472,500</u>	<u>527,157</u>	<u>\$ 54,657</u>
Reconciliation to GAAP Basis:				
Unavailable revenues - notes receivable			9,954	
Interfund receivable (payable)			<u>24,000</u>	
GAAP Net Position - End of Year			<u>\$ 561,111</u>	

CITY OF FLORENCE, OREGON

WASTEWATER FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Charges for services	\$ 3,012,850	\$ 3,012,850	\$ 3,005,602	\$ (7,248)
Interest income	17,000	17,000	20,161	3,161
Other revenue	<u>1,000</u>	<u>1,000</u>	<u>1,345</u>	<u>345</u>
Total revenues	<u>3,030,850</u>	<u>3,030,850</u>	<u>3,027,108</u>	<u>(3,742)</u>
Expenditures:				
Personal services	417,715	417,715	417,485	230
Materials and services	464,633	464,633	409,934	54,699
Capital outlay	665,000	665,000	110,001	554,999
Debt service:				
Principal	279,181	279,181	307,699	(28,518)
Interest	90,169	90,169	48,550	41,619
Contingency	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total expenditures	<u>2,216,698</u>	<u>2,216,698</u>	<u>1,293,669</u>	<u>923,029</u>
Excess (deficiency) of revenues over (under) expenditures	<u>814,152</u>	<u>814,152</u>	<u>1,733,439</u>	<u>919,287</u>
Other Financing Sources (Uses):				
Transfers in	40,000	40,000	-	(40,000)
Transfers out	(1,501,857)	(1,501,857)	(1,501,829)	28
Loan proceeds	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Total other financing sources (uses)	<u>(961,857)</u>	<u>(961,857)</u>	<u>(1,501,829)</u>	<u>(539,972)</u>
Net change in fund balance	(147,705)	(147,705)	231,610	379,315
Fund Balance:				
Beginning of year	<u>905,000</u>	<u>905,000</u>	<u>1,026,177</u>	<u>121,177</u>
End of year	<u>\$ 757,295</u>	<u>\$ 757,295</u>	<u>1,257,787</u>	<u>\$ 500,492</u>
Reconciliation to GAAP Basis:				
Capital assets			16,412,571	
Inventory			20,427	
Accrued interest payable			(25,992)	
Compensated absences			(51,142)	
Long-term debt			(10,022,666)	
Net pension asset (liability)			64,239	
Deferred outflow (inflow) related to pensions			<u>(94,893)</u>	
GAAP Net Position - End of Year			<u>\$ 7,560,331</u>	

CITY OF FLORENCE, OREGON
WASTEWATER SYSTEM DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Interest income	\$ 1,900	\$ 1,900	\$ 2,323	\$ 423
System development charges	<u>45,000</u>	<u>45,000</u>	<u>78,735</u>	<u>33,735</u>
Total revenues	<u>46,900</u>	<u>46,900</u>	<u>81,058</u>	<u>34,158</u>
Expenditures:				
Materials and services	<u>500</u>	<u>500</u>	<u>1,286</u>	<u>(786)</u>
Total expenditures	<u>500</u>	<u>500</u>	<u>1,286</u>	<u>(786)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,400</u>	<u>46,400</u>	<u>79,772</u>	<u>33,372</u>
Other Financing Sources (Uses):				
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>40,000</u>
Total other financing sources (uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>40,000</u>
Net change in fund balance	6,400	6,400	79,772	73,372
Fund Balance:				
Beginning of year	<u>390,000</u>	<u>390,000</u>	<u>400,400</u>	<u>10,400</u>
End of year	<u>\$ 396,400</u>	<u>\$ 396,400</u>	<u>480,172</u>	<u>\$ 83,772</u>
Reconciliation to GAAP Basis:				
Unavailable revenues - notes receivable			<u>107,300</u>	
GAAP Net Position - End of Year			<u>\$ 587,472</u>	

CITY OF FLORENCE, OREGON

STORMWATER FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Charges for services	\$ 512,000	\$ 512,000	\$ 512,318	\$ 318
Other revenue	-	-	176	176
Total revenues	<u>512,000</u>	<u>512,000</u>	<u>512,494</u>	<u>494</u>
Expenditures:				
Personal services	67,411	67,411	57,936	9,475
Materials and services	66,782	66,782	38,954	27,828
Capital outlay	470,000	470,000	95,049	374,951
Debt service:				
Principal	23,621	23,621	22,753	868
Interest	869	869	868	1
Contingency	150,000	150,000	-	150,000
Total expenditures	<u>778,683</u>	<u>778,683</u>	<u>215,560</u>	<u>563,123</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(266,683)</u>	<u>(266,683)</u>	<u>296,934</u>	<u>563,617</u>
Other Financing Sources (Uses):				
Transfers out	<u>(104,845)</u>	<u>(104,845)</u>	<u>(104,845)</u>	<u>-</u>
Total other financing sources (uses)	<u>(104,845)</u>	<u>(104,845)</u>	<u>(104,845)</u>	<u>-</u>
Net change in fund balance	(371,528)	(371,528)	192,089	563,617
Fund Balance:				
Beginning of year	<u>668,323</u>	<u>668,323</u>	<u>735,469</u>	<u>67,146</u>
End of year	<u>\$ 296,795</u>	<u>\$ 296,795</u>	<u>927,558</u>	<u>\$ 630,763</u>
Reconciliation to GAAP Basis:				
Capital assets			1,089,107	
Accrued interest payable			(581)	
Compensated absences			(14,958)	
Long-term debt			(288,468)	
Net pension asset (liability)			4,290	
Deferred outflow (inflow) related to pensions			<u>(6,336)</u>	
GAAP Net Position - End of Year			<u>\$ 1,710,612</u>	

CITY OF FLORENCE, OREGON
STORMWATER SYSTEM DEVELOPMENT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Interest income	\$ 2,550	\$ 2,550	\$ 2,045	\$ (505)
System development charges	<u>25,000</u>	<u>25,000</u>	<u>43,298</u>	<u>18,298</u>
Total revenues	<u>27,550</u>	<u>27,550</u>	<u>45,343</u>	<u>17,793</u>
Expenditures:				
Materials and services	<u>300</u>	<u>300</u>	<u>876</u>	<u>(576)</u>
Total expenditures	<u>300</u>	<u>300</u>	<u>876</u>	<u>(576)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,250</u>	<u>27,250</u>	<u>44,467</u>	<u>17,217</u>
Other Financing Sources (Uses):				
Transfers out	<u>(54,000)</u>	<u>(54,000)</u>	<u>(54,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(54,000)</u>	<u>(54,000)</u>	<u>(54,000)</u>	<u>-</u>
Net change in fund balance	(26,750)	(26,750)	(9,533)	17,217
Fund Balance:				
Beginning of year	<u>40,000</u>	<u>40,000</u>	<u>48,060</u>	<u>8,060</u>
End of year	<u>\$ 13,250</u>	<u>\$ 13,250</u>	38,527	<u>\$ 25,277</u>
Reconciliation to GAAP Basis:				
Unavailable revenues - notes receivable			<u>24,753</u>	
GAAP Net Position - End of Year			<u>\$ 63,280</u>	

CITY OF FLORENCE, OREGON

AIRPORT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Charges for services	\$ 96,000	\$ 96,000	\$ 79,533	\$ (16,467)
Interest income	1,900	1,900	2,016	116
Other revenue	<u>35,610</u>	<u>35,610</u>	<u>2,686</u>	<u>(32,924)</u>
Total revenues	<u>133,510</u>	<u>133,510</u>	<u>84,235</u>	<u>(49,275)</u>
Expenditures:				
Materials and services	89,686	89,686	80,065	9,621
Debt service:				
Principal	42,611	42,611	42,611	-
Interest	<u>7,651</u>	<u>7,651</u>	<u>7,651</u>	<u>-</u>
Total expenditures	<u>139,948</u>	<u>139,948</u>	<u>130,327</u>	<u>9,621</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,438)</u>	<u>(6,438)</u>	<u>(46,092)</u>	<u>(39,654)</u>
Other Financing Sources (Uses):				
Transfers in	<u>22,400</u>	<u>22,400</u>	<u>22,400</u>	<u>-</u>
Total other financing sources (uses)	<u>22,400</u>	<u>22,400</u>	<u>22,400</u>	<u>-</u>
Net change in fund balance	15,962	15,962	(23,692)	(39,654)
Fund Balance:				
Beginning of year	<u>28,000</u>	<u>28,000</u>	<u>35,480</u>	<u>7,480</u>
End of year	<u>\$ 43,962</u>	<u>\$ 43,962</u>	11,788	<u>\$ (32,174)</u>
Reconciliation to GAAP Basis:				
Capital assets			2,819,291	
Accrued interest payable			(3,014)	
Long-term debt			<u>(96,502)</u>	
GAAP Net Position - End of Year			<u>\$ 2,731,563</u>	

CITY OF FLORENCE, OREGON

EVENTS CENTER FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Charges for services	\$ 302,100	\$ 302,100	\$ 317,445	\$ 15,345
Grants and contributions	103,000	103,000	96,427	(6,573)
Interest income	800	800	1,012	212
Other revenue	<u>1,000</u>	<u>1,000</u>	<u>773</u>	<u>(227)</u>
Total revenues	<u>406,900</u>	<u>406,900</u>	<u>415,657</u>	<u>8,757</u>
Expenditures:				
Personal services	301,529	301,529	267,989	33,540
Materials and services	317,035	317,035	327,662	(10,627)
Capital outlay	220,000	220,000	158,617	61,383
Debt service:				
Principal	16,000	16,000	-	16,000
Interest	9,000	9,000	-	9,000
Contingency	<u>130,000</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>
Total expenditures	<u>993,564</u>	<u>993,564</u>	<u>754,268</u>	<u>239,296</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(586,664)</u>	<u>(586,664)</u>	<u>(338,611)</u>	<u>248,053</u>
Other Financing Sources (Uses):				
Transfers in	315,800	315,800	315,271	(529)
Loan proceeds	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Total other financing sources (uses)	<u>515,800</u>	<u>515,800</u>	<u>315,271</u>	<u>(200,529)</u>
Net change in fund balance	(70,864)	(70,864)	(23,340)	47,524
Fund Balance:				
Beginning of year	<u>285,000</u>	<u>285,000</u>	<u>328,077</u>	<u>43,077</u>
End of year	<u>\$ 214,136</u>	<u>\$ 214,136</u>	<u>304,737</u>	<u>\$ 90,601</u>
Reconciliation to GAAP Basis:				
Capital assets			2,158,310	
Accrued interest payable			(2,461)	
Compensated absences			(26,264)	
Long-term debt			(150,000)	
Net pension asset (liability)			27,634	
Deferred outflow (inflow) related to pensions			<u>(40,822)</u>	
GAAP Net Position - End of Year			<u>\$ 2,271,134</u>	

CITY OF FLORENCE, OREGON
EVENTS CENTER DEBT SERVICE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Grants and contributions	\$ 95,600	\$ 95,600	\$ 96,000	\$ 400
Total revenues	<u>95,600</u>	<u>95,600</u>	<u>96,000</u>	<u>400</u>
Expenditures:				
Debt service:				
Principal	140,000	140,000	140,000	-
Interest	<u>10,053</u>	<u>10,053</u>	<u>10,048</u>	<u>5</u>
Total expenditures	<u>150,053</u>	<u>150,053</u>	<u>150,048</u>	<u>5</u>
Net change in fund balance	(54,453)	(54,453)	(54,048)	405
Fund Balance:				
Beginning of year	<u>112,919</u>	<u>112,919</u>	<u>112,920</u>	<u>1</u>
End of year	<u>\$ 58,466</u>	<u>\$ 58,466</u>	<u>\$ 58,872</u>	<u>\$ 406</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, OREGON
PUBLIC WORKS ADMIN FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Expenditures:				
Personal services	436,888	436,888	314,163	122,725
Materials and services	64,500	64,500	66,247	(1,747)
Capital outlay	300,000	300,000	7,491	292,509
Debt service:				
Principal	23,400	23,400	-	23,400
Total expenditures	<u>824,788</u>	<u>824,788</u>	<u>387,901</u>	<u>436,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(824,788)</u>	<u>(824,788)</u>	<u>(387,901)</u>	<u>436,887</u>
Other Financing Sources (Uses):				
Transfers in	524,788	524,788	524,788	-
Loan proceeds	300,000	300,000	-	(300,000)
Total other financing sources (uses)	<u>824,788</u>	<u>824,788</u>	<u>524,788</u>	<u>(300,000)</u>
Net change in fund balance	-	-	136,887	136,887
Fund Balance:				
Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	136,887	<u>\$ 136,887</u>
Reconciliation to GAAP Basis:				
Net pension asset (liability)			39,111	
Deferred outflow (inflow) related to pensions			<u>(57,776)</u>	
GAAP Net Position - End of Year			<u>\$ 118,222</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, 2015

	Balances July 1, 2014	Additions	Deductions	Balances June 30, 2015
Municipal Court Agency Fund				
ASSETS				
Cash and investments	<u>\$ 58,035</u>	<u>\$ 355,444</u>	<u>\$ (364,940)</u>	<u>\$ 48,539</u>
LIABILITIES				
Amounts held for others	<u>\$ 58,035</u>	<u>\$ 355,444</u>	<u>\$ (364,940)</u>	<u>\$ 48,539</u>
 Senior Center Trust & Agency Fund				
ASSETS				
Cash and investments	<u>\$ 250</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 750</u>
LIABILITIES				
Amounts held for others	<u>\$ 250</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 750</u>
 Totals - All Agency Funds				
ASSETS				
Cash and investments	<u>\$ 58,285</u>	<u>\$ 355,944</u>	<u>\$ (364,940)</u>	<u>\$ 49,289</u>
LIABILITIES				
Amounts held for others	<u>\$ 58,285</u>	<u>\$ 355,944</u>	<u>\$ (364,940)</u>	<u>\$ 49,289</u>

SCHEDULES FOR BUDGETARY COMPLIANCE

CITY OF FLORENCE, OREGON

Schedule of Budgeted Appropriations

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
General Fund:				
Non-departmental	\$ 47,800	\$ 47,800	\$ 47,800	\$ -
Municipal Court	307,368	307,368	301,456	5,912
Administrative	1,193,272	1,568,272	1,518,033	50,239
Parks	141,845	141,845	139,755	2,090
Police Department	2,580,409	2,580,409	2,519,906	60,503
Community Development	607,585	607,585	521,457	86,128
Transfers out	216,105	216,105	216,105	-
Debt Service	35,170	35,170	35,170	-
Contingency	760,000	385,000	-	385,000
Total General Fund appropriations	<u>5,889,554</u>	<u>5,889,554</u>	<u>5,299,682</u>	<u>589,872</u>
911 Emergency Fund:				
Tranfers out	<u>207,050</u>	<u>207,050</u>	<u>201,370</u>	<u>5,680</u>
Total 911 Emergency Fund appropriations	<u>207,050</u>	<u>207,050</u>	<u>201,370</u>	<u>5,680</u>
Room Tax Fund:				
Materials and services	111,200	126,200	126,000	200
Tranfers out	<u>166,800</u>	<u>166,800</u>	<u>166,800</u>	<u>-</u>
Total Room Tax Fund appropriations	<u>293,000</u>	<u>293,000</u>	<u>292,800</u>	<u>200</u>
Florence Events Center Fund:				
Events Center program	838,564	838,564	754,268	84,296
Debt service	25,000	25,000	-	25,000
Contingency	<u>130,000</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>
Total Florence Events Center Fund appropriations	<u>993,564</u>	<u>993,564</u>	<u>754,268</u>	<u>239,296</u>
Street Fund:				
Street program	2,022,958	2,022,958	1,074,475	948,483
Transfers	614,995	614,995	214,995	400,000
Debt service	146,915	146,915	148,982	(2,067)
Contingency	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total Street Fund appropriations	<u>3,034,868</u>	<u>3,034,868</u>	<u>1,438,452</u>	<u>1,596,416</u>
Public Works Enterprise Fund:				
Water program	1,590,250	1,590,250	1,375,754	214,496
Wastewater program	1,547,848	1,547,848	938,706	609,142
Stormwater program	604,493	604,493	192,815	411,678
Public Works Admin program	801,388	801,388	387,901	413,487
Transfers	2,247,967	2,247,967	2,208,303	39,664
Debt service	667,766	667,766	555,389	112,377
Contingency	<u>650,000</u>	<u>650,000</u>	<u>-</u>	<u>650,000</u>
Total Public Works Enterprise Fund appropriations	<u>8,109,712</u>	<u>8,109,712</u>	<u>5,658,868</u>	<u>2,450,844</u>

Continued on next page

CITY OF FLORENCE, OREGON
Schedule of Budgeted Appropriations, Continued
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Airport Enterprise Fund:				
Airport program	89,686	89,686	80,065	9,621
Debt service	<u>50,262</u>	<u>50,262</u>	<u>50,262</u>	<u>-</u>
Total Airport Enterprise Fund appropriations	<u>139,948</u>	<u>139,948</u>	<u>130,327</u>	<u>9,621</u>
General Obligation Bond Fund:				
Debt service	<u>497,445</u>	<u>497,445</u>	<u>497,014</u>	<u>431</u>
Total General Obligation Bond Fund appropriations	<u>497,445</u>	<u>497,445</u>	<u>497,014</u>	<u>431</u>
General Debt Service Fund:				
Debt service	1,245,372	1,245,372	1,244,912	460
Total General Debt Service Fund appropriations	<u>1,245,372</u>	<u>1,245,372</u>	<u>1,244,912</u>	<u>460</u>
Events Center Endowment Trust & Agency Fund:				
Transfers	<u>4,000</u>	<u>4,000</u>	<u>3,471</u>	<u>529</u>
Total Events Center Endowment Fund appropriations	<u>4,000</u>	<u>4,000</u>	<u>3,471</u>	<u>529</u>
Total All Funds	<u>\$ 20,414,513</u>	<u>\$ 20,414,513</u>	<u>\$ 15,521,164</u>	<u>\$ 4,893,349</u>

Notes:

1. Program level expenditures include personal services, materials and services and capital outlay in the applicable funds.
2. Debt service, transfers and contingency include amounts recorded in all applicable sub-funds for the budgeted fund.

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, 2015, and have issued our report thereon dated December 21, 2015. 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, except expenditures exceeded budgeted amounts as described in Note II.B to the financial statements.

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, flowing style.

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

Eugene, Oregon
December 21, 2015