



City of Florence
A City in Motion

Florence Urban Renewal Agency (FURA) Regular Meeting

Videoconference
250 Hwy 101
Florence, OR 97439
541-997-3437
www.ci.florence.or.us

- Meeting materials including information on each agenda item are published at least 24 hours prior to the meeting, and can be found on the City of Florence website at www.ci.florence.or.us/urbanrenewal.
- Items distributed during the meeting and meeting minutes are posted to the City's website at www.ci.florence.or.us/urbanrenewal as soon as practicable after the meeting.
- To be notified of Urban Renewal meetings via email, please visit online at www.ci.florence.or.us/newsletters/subscriptions.

January 26, 2022

AGENDA

5:30 p.m.

FURA Directors:

Vice-Chair Mike Webb
Rob Ward

Chairperson, Bill Meyer

Ron Caputo
Dave Braley

Joe Henry
Ken Henderson

Woody Woodbury
Graham Ross

With 48-hour prior notice, an interpreter and/or TTY: 541-997-3437, can be provided for the hearing impaired.

Meeting is wheelchair accessible.

Proceedings will be available after the meeting on the City's Vimeo Site.

COVID-19 UPDATE

The Florence Urban Renewal Agency meeting will be held virtually via GotoWebinar.

Members of the public can listen and view the meeting through the 'GoToWebinar' platform at the following link: <https://attendee.gotowebinar.com/register/7587251876276780560>

Citizens wishing to express their views may submit comments in writing or verbally. For more information, please see the end of this agenda.

CALL TO ORDER – ROLL CALL

5:30 p.m.

1. NEW MEMBER INTRODUCTION- GRAHAM ROSS
2. APPROVAL OF AGENDA
3. PUBLIC COMMENT

Bill Meyer
Chairperson

This is an opportunity for members of the public to bring to the Florence Urban Renewal Agency's attention any item not otherwise listed on the agenda. Please see the end of this agenda for methods to provide comments on items that are not on the agenda.

ACTION ITEMS

Please see the end of this agenda for methods to provide comments on action items.

4. APPROVAL OF MINUTES

Consider approval of the Florence Urban Renewal Agency meeting minutes of September 1, 2021.

Erin Reynolds
City Manager

REPORTS, PRESENTATIONS & UPDATES

5. AUDITED FINANCIAL STATEMENTS

A. MERINA & CO AUDITOR PRESENTATION

Merina & CO Auditor Presentation on the Audited Financial Statements for Fiscal Year 2021.

Anne Baker
Admin. Services

B. AUDITED FINANCIAL STATEMENTS

Receive fiscal year 2020-2021 audited financial statements.

6. QUARTERLY FINANCIAL REPORT

Review December 31, 2021 quarterly financial report for the Florence Urban Renewal Agency.

Lezlea Purcell
Finance Manager

7. ANNUAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2021

This report fulfills the requirements, prescribed in ORS 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon

Erin Reynolds
City Manager

8. CURRENT PROJECT UPDATES**A. QUINCE STREET DEVELOPMENT PROJECT UPDATE**

Staff will provide an update on the Quince Street Development property.

Megan Messmer
*Assistant
City Manager*

B. FURA GRANT PROGRAMS

Staff will provide an update on the FURA Grant Programs.

9. CITY MANAGER REPORT

Erin Reynolds
City Manager

UPDATED PUBLIC MEETINGS PROCEDURES – COVID-19

Expressing Views to the Agency: Citizens wishing to express their views to the Florence Urban Renewal Agency may do so in both written and verbal formats.

1. **Written Testimony:** Citizens wishing to express their views to the Florence Urban Renewal Agency are encouraged to submit written testimony in one of the following ways:
 - a. Submit written comments via email to City Recorder at Lindsey.white@ci.florence.or.us;
 - b. Mail written comments to Florence City Hall, Attn: FURA, 250 Hwy 101, Florence, OR 97439
 - c. Drop off written comments at Florence City Hall (250 Hwy 101) during regular office hours (Monday through Friday (8 a.m. – 12 p.m., 1 p.m. – 4 p.m.) or at the City of Florence drop box located at Florence City Hall to the right of the main entrance.
- ** **Note:** Written comments received at least 2 hours prior to the meeting (January 26, 2022 at 3:30 p.m.) will be distributed to the Florence Urban Renewal Agency, posted to the City of Florence website, and made part of the record.
2. **Verbal Testimony:** Citizens wishing to express their views to the Florence Urban Renewal Agency may participate in the meeting at Florence City Hall or via GotoWebinar. To do so, please complete a speaker's card online at www.ci.florence.or.us/council/request-address-city-council-speakers-card at least 1 hour prior to the meeting (January 26, 2022 at 4:30 p.m.). City staff will then contact the speaker to let them know the process to participate in the meeting.
 - a. **Public Comments on items not on the agenda:** General public comments (on items not on the FURA agenda) will be allowed at each Florence Urban Renewal Agency meeting during the public comment agenda item. Comments will be limited to three (3) minutes per person, with a maximum of 15 minutes for all items. In practicality, this means no more than five individuals will be allowed to comment verbally. There is no limit on written public comments.
 - b. **Public Hearing Testimony:** Testimony on public hearing items will be allowed when a public hearing is held. Verbal comments will be allowed on public hearing items after staff has given their report and have allowed time for initial Agency questions. In general (with some exceptions for Land Use hearings), comments are limited to five minutes per person with no limit on the number of speakers.
 - c. **Public Comments on Action Items:** Public Comments will be allowed on each action item on the Florence Urban Renewal Agency agenda. Verbal comments will be allowed on action items after staff has given their report and have allowed time for initial Agency questions. Comments will be limited to three (3) minutes per person, with a maximum of 15 minutes for all comments on each action item. In practicality, this means no more than five (5) individuals will be allowed to comment verbally. There is no limit on written public comments.

For more information on the City of Florence's Temporary Public Meeting Policies, visit the City of Florence website at <https://www.ci.florence.or.us/em/public-meeting-during-covid-19>.

This document is supplemented by agenda packet materials, meeting materials distributed and electronic audio / video recordings of the meeting and may be reviewed upon request to the City Recorder.

**Florence Urban Renewal Agency Meeting
Florence City Hall
250 Hwy 101
Final Action Minutes
September 1, 2021**

CALL TO ORDER - ROLL CALL

Meeting called to order at 5:00 p.m.

Directors Present: Chairperson Bill Meyer and Directors Mike Webb, Joe Henry, Woody Woodbury, Carmela West, Rob Ward, Dave Braley, and Ken Henderson.

Directors Absent:

Staff Present: City Manager Erin Reynolds, Assistant City Manager Megan Messmer, Administrative Services Director Anne Baker, Economic Development Analyst Sarah Moehrke, City Recorder Lindsey White.

1. NEW MEMBER INTRODUCTION- KEN HENDERSON

Start Time: 5:01 p.m.

Discussion: Introduction of Ken Henderson by Chairperson Bill Meyer.
– Unanimous Consent–

2. APPROVAL OF AGENDA

Start Time: 5:04 p.m.

Discussion: Approval of the September 1st meeting agenda as presented. Modifications were presented by City Manager Erin Reynolds. Motion to accept modified agenda by Director Braley, seconded by Director Ward.
– Unanimous Consent–

3. PUBLIC COMMENT

This is an opportunity for members of the audience to bring to the Council's attention any item not otherwise listed on the Agenda. Comments will be limited to three (3) minutes per person, with a maximum time of 15 minutes for all items. Speakers may not yield their time to others.

Start Time: 5:05 p.m.
Comments: None

ACTION ITEMS

4. APPROVAL OF MINUTES

Consider approval of the Florence Urban Renewal Agency meeting minutes of March 31, 2021 and July 28, 2021.

Start Time: 5:05 p.m.
Handouts: March 31, 2021 and July 28, 2021 Minutes
Discussion: The Florence Urban Renewal Agency discussed approving the minutes for the March 31 and July 28 meetings, and there were no objections to immediate approval.

Action: Consider approval of the meeting minutes of March 31, 2021 and July 28, 2021.

Motion: Director Woodbury

Second: Director Ward

Vote: Unanimous

5. QUINCE STREET DEVELOPMENT

Consider action and direction related to the Quince Street property development pending the outcome of deliberations and discussions from the September 1st Executive Session.

Start Time: 5:06 p.m.
Handouts: Staff Presentation
Discussion: The Florence Urban Renewal Agency discussed City Staff recommendations for development of the Quince Street Property. Director comments in support of moving forward with City Staff recommendations.

Action: Consider action and direction related to the Quince Street property development pending the outcome of deliberations and discussions from the September 1st Executive Session.

Motion: Director Ward

Second: Director Henderson

Vote: Unanimous

REPORTS, PRESENTATIONS & UPDATES

6. CITY MANAGER REPORT

Start Time: 5:21 p.m.

Discussion: City Manager Reynolds welcomed Director Henderson and reiterated that Director Caputo would not be resigning. She then thanked the Agency for allowing City Staff to enter into negotiations for Quince Street property development. Current COVID safety precautions for City Hall were also discussed.

Meeting adjourned at 5:27 p.m.

ATTEST:

Bill Meyer, Chairperson

Lindsey White, City Recorder



Florence Urban Renewal Agency
Annual Financial Report
Fiscal Year Ended June 30, 2021

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

Annual Financial Report
Year Ended June 30, 2021

Florence Urban Renewal Agency
Annual Financial Report
Year Ended June 30, 2021

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INTRODUCTORY SECTION

Florence Urban Renewal Agency
(A Component Unit of the City of Florence, Oregon)

**Board of Directors
And
Principal Appointed Officers of the Agency
June 30, 2021**

	<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRATION</u>
Bill Meyer	Chairperson	January 31, 2023
Mike Webb	Vice-Chairperson	January 31, 2022
Joe Henry	Board Member	Mayoral Term
Carmela West	Board Member	January 31, 2022
Ron Caputo	Board Member	January 31, 2024
Woody Woodbury	Board Member	January 31, 2024
Dave Braley	Board Member	January 31, 2024
Rob Ward	Board Member	January 31, 2023
Ken Henderson	Board Member	January 31, 2023

ADMINISTRATIVE OFFICIALS

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

MAILING ADDRESS

250 Hwy. 101
Florence, Oregon 97439

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Agency Officials
Florence Urban Renewal Agency
Florence, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of City of Florence, a component unit of the City of Florence, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Florence's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Florence, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Florence, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Florence's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Florence's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Florence's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Florence's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 15, 2021, on our consideration of the City of Florence's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina+Co
Tualatin, Oregon
December 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS FLORENCE URBAN RENEWAL AGENCY

Fiscal Year Ended June 30, 2021

This Management Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the Florence Urban Renewal Agency (the Agency) for the fiscal year ended June 30, 2021. Information in the MD&A is based on currently known facts, decisions, and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The Agency's assets totaled \$933,278 at June 30, 2021 and consisted mainly of cash and cash equivalents of \$912,766.
- The Agency's liabilities totaled \$6,347,517 at June 30, 2021, consisting mainly of long-term debt of \$6,083,135, net position (assets minus liabilities) is a negative \$5,414,239 at June 30, 2021.
- The deficit increased by \$1,181,248 to fund agency projects.
- At the end of the current fiscal year, the Agency's two funds reported a combined fund balance of \$692,018, a decrease of \$1,424,355.
- The FURA Debt Service Fund was closed June 30, 2021.
- Revenues for the fiscal year ended June 30, 2021, totaled \$793,973 and consisted of \$588,427 in taxes and intergovernmental revenues of \$200,000.

FINANCIAL STATEMENTS

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

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

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

The basic financial statements present financial information about the Agency as a whole and about its activities. Following the basic financial statements are the budgetary comparison schedule for the debt service fund and the report by the independent certified public accountants, as required by statute.

Government-wide Financial Statements

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

The Statement of Net Position includes all assets of the Agency (including capital assets, if any) as well as all liabilities (including long-term debt). Net position is the difference between assets and liabilities, which is one way to measure the Agency's financial health, or financial position.

However, the Agency, as required by Oregon Revised Statutes, is required to borrow funds to complete its plan program and activities, and due to its organization structure does not retain ownership of capital assets, instead deeding them to other governments, including the City of Florence. Lastly, the Agency's plan includes a "maximum indebtedness" amount that it cannot exceed to complete its projects and programs. These factors result in the Agency's negative net position, which is anticipated to continue to increase as the Agency borrows additional funds, within the Agency's capacity to repay debt with property taxes that increase due to the increased property value within the Agency's boundary.

The Statement of Activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Fund Financial Statements

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

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

Notes to the Basic Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statements of Net Position

The Agency's liabilities exceeded assets by \$5,414,239 million at June 30, 2021. The largest portions of its net position are debt payable and cash equivalents. A condensed version of the Statement of Net Position follows:

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$912,766	\$2,135,915
Property taxes receivable	19,533	38,668
Accounts receivable	979	-
Total assets	<u>933,278</u>	<u>2,174,583</u>
Liabilities		
Note payable	6,083,135	3,352,154
Other liabilities	264,382	55,420
Total liabilities	<u>6,347,517</u>	<u>6,407,574</u>
Net Position		
Restricted for debt service	468,455	80,640
Unrestricted	<u>(5,882,694)</u>	<u>(4,313,631)</u>
Total net position	\$(5,414,239)	\$(4,232,991)

At the end of the current fiscal year, the Agency reports a negative balance in unrestricted net position of \$(5,414,239). Net position decreased by \$1,181,248 as the Agency completed project design for the ReVision Florence project. The Agency made its scheduled debt payments to the City.

The note payable to the City is a long-term obligation, which will be paid with property taxes received in the future.

Statements of Activities

The Agency's Statements of Activities for fiscal year ended June 30, 2021 and June 30, 2020, follows:

	<u>2021</u>	<u>2020</u>
Revenues		
General Revenues:		
Intergovernmental	\$ 200,000	\$ 340,036
Property taxes	568,639	562,634
Miscellaneous	5,546	47,470
Total revenues	<u>774,185</u>	<u>950,140</u>
Expenses		
Economic development	1,749,874	1,919,094
Interest expense	205,559	200,352
Total expenses	<u>1,955,433</u>	<u>2,119,446</u>
Increase (decrease) in net position	(1,181,248)	(1,169,306)
Net position, beginning of the year	(4,232,991)	(3,063,685)
Net position, end of the year	<u>\$(5,414,239)</u>	<u>\$ (4,232,991)</u>

The Agency's primary source of revenue to repay debt obligations is property taxes. The Agency's economic development program is funded with debt proceeds. The cost of the Agency's economic development activities totaled \$1,749,874 for the year, a decrease of \$169,220 over the prior fiscal year.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$692,018 a decrease of \$1,424,355. The reduction is consistent with the budget. The General Fund is the chief operating fund of the Agency. At the end of the current fiscal year, the fund balance of the General Fund was \$692,018, a decrease of \$1,343,715 during the current fiscal year. The Debt Service Fund was closed at June 30, 2021 and all debt payments moved to the City's debt service fund.

DEBT ADMINISTRATION

As of June 30, 2021 the Agency had a long-term note payable to the City of Florence in the amount of \$5,805,972 a decrease of \$277,435 from 2020. For more detailed information on the Agency's long-term debt, refer to accompanying notes to the financial statements.

ECONOMIC FACTORS

The Agency continues to be an important partner in economic development within the City of Florence, providing necessary infrastructure improvements and other gap funding to support continued economic expansion within the Agency's boundaries. As property values within the boundaries increase property tax revenue increases as well, which results in additional debt capacity for the Agency to secure additional fund to complete more projects. Property taxes are used to pay debt service on loans issued to fund projects and improvements.

Agency expenditures are targeted to address in the Florence Downtown Preservation and Renewal Plan adopted on August 14, 2006. The mission of the Agency is to preserve and revitalize the Downtown Area as the primary cultural, tourist, commercial, and community core to serve all of Florence region's citizens and visitors by encouraging continuing growth, development, and enhancement consistent with Florence's small-town ambiance and character.

BUDGET

In preparing the budget for the 2019-21 biennium, City management presented two-year spending in addition to a six-year financial plan for consideration and approval by the Agency's Budget Committee and Agency Board of Directors. The budget included updated assumptions for inflation and adjustments to property tax projections for the two-year period. Additionally, updated project costs for the Revision Florence project, secured funding and debt necessary to complete projects were included.

The local economy shows signs of recovery, with additional real estate development, and increased tourism. Increases to property valuation continue to lag expectations on a City-wide basis, with valuations in the urban renewal area showing a different and encouraging trend. Revenue forecasts have been adjusted accordingly.

Annual inflation is projected to remain in the 1.5 percent to 3.0 percent range, while local population growth is projected to remain below 1.0 percent annually. Development activity is projected to trend upward with the potential for several projects to seek development approval during the next two-year period.

Financial Contact

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, please contact the City's Finance Department at info@ci.florence.or.us.

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BASIC FINANCIAL STATEMENTS

Basic Financial Statements

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

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds

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

Florence Urban Renewal Agency
The Urban Renewal Agency of the City of Florence, Oregon
(a component unit of the City)
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
ASSETS:	
Cash and cash equivalents	\$ 912,766
Property taxes receivable	19,533
Accounts receivables	<u>979</u>
 Total assets	 <u><u>\$ 933,278</u></u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 203,831
Retainage payable	19,019
Interest payable	41,532
Current portion of long-term debt	<u>277,163</u>
 Total current liabilities	 <u>541,545</u>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	<u>5,805,972</u>
 Total liabilities	 <u>6,347,517</u>
NET POSITION:	
Restricted for:	
Debt service	468,455
Unrestricted	<u>(5,882,694)</u>
 Total net position	 <u>(5,414,239)</u>
 Total liabilities and net position	 <u><u>\$ 933,278</u></u>

The accompanying notes are an integral part of these financial statements

**Florence Urban Renewal Agency
Statement of Activities
For the Year Ended June 30, 2021**

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net Revenue (Expenses) and Change in Net Position</u>
EXPENSES:			
Economic development	\$ 1,749,874	\$ 200,000	\$ (1,549,874)
Interest on long-term debt	<u>205,559</u>	<u>-</u>	<u>(205,559)</u>
Total activities	<u>\$ 1,955,433</u>	<u>\$ 200,000</u>	<u>(1,755,433)</u>
GENERAL REVENUES:			
Property taxes			568,639
Other revenues			<u>5,546</u>
Total general revenues			<u>574,185</u>
Change in net position			(1,181,248)
NET POSITION, BEGINNING			<u>(4,232,991)</u>
NET POSITION, ENDING			<u>\$ (5,414,239)</u>

The accompanying notes are an integral part of these financial statements

Fund Financial Statements Major Governmental Funds

General Fund

This fund accounts for property taxes collected for public improvements, acquisitions and to attract economic and redevelopment in Florence.

Debt Service Fund

This fund accounts for the payment of principal and interest on the Agency's bonded debt. The Agency closed this fund in fiscal year 2020-2021.

**Florence Urban Renewal Agency
Balance Sheet- Governmental Fund
June 30, 2021**

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ 912,766	\$ -	\$ 912,766
Receivable, net:			
Accounts	979	-	979
Taxes	19,533	-	19,533
Total assets	\$ 933,278	\$ -	\$ 933,278
LIABILITIES:			
Accounts payable	\$ 203,831	\$ -	\$ 203,831
Retainage payable	19,019	-	19,019
Total liabilities	222,850	-	222,850
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	18,410	-	18,410
Total deferred inflows of resources	18,410	-	18,410
FUND BALANCE:			
Restricted for:			
Restricted urban renewal improvements	692,018	-	692,018
Total fund balance	692,018	-	692,018
Total deferred inflows of resources and fund balance	\$ 933,278	\$ -	\$ 933,278
Amounts reported in the statement of net position are different because:			
Total fund balance			\$ 692,018
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred inflows in the funds.			
Tax increment revenues - earned but unavailable			18,410
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Long-term debt			(6,083,135)
Interest payable			(41,532)
Net position			\$ (5,414,239)

The accompanying notes are an integral part of these financial statements

**Florence Urban Renewal Agency
Statement of Revenues, Expenditures, and Change
In Fund Balance - Governmental Fund
For the Year Ended June 30, 2021**

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES:			
Taxes	\$ 588,427	\$ -	\$ 588,427
Intergovernmental	200,000	-	200,000
Miscellaneous	5,546	-	5,546
	<u>793,973</u>	<u>-</u>	<u>793,973</u>
Total revenues			
EXPENDITURES:			
Current:			
Economic development	1,749,874	-	1,749,874
	<u>1,749,874</u>	<u>-</u>	<u>1,749,874</u>
Total expenditures			
	<u>(955,901)</u>	<u>-</u>	<u>(955,901)</u>
Revenues over (under) expenditures			
OTHER FINANCING SOURCES (USES):			
Transfers in	80,640	-	80,640
Transfers out	(468,454)	(80,640)	(549,094)
	<u>(387,814)</u>	<u>(80,640)</u>	<u>(468,454)</u>
Total other financing sources (uses)			
Net change in fund balance	(1,343,715)	(80,640)	(1,424,355)
FUND BALANCE, BEGINNING	<u>2,035,733</u>	<u>80,640</u>	<u>2,116,373</u>
FUND BALANCE, ENDING	<u>\$ 692,018</u>	<u>\$ -</u>	<u>\$ 692,018</u>

The accompanying notes are an integral part of these financial statements

Florence Urban Renewal Agency
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund
Balance of Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2021

Amounts reported in the statement of activities are different because:

Net change in fund balance	\$ (1,424,355)
Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.	
Property taxes	(19,788)
Accrued interest payable	(6,124)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds but does not have any effect on net position.	<u>269,019</u>
Change in net position	<u>\$ (1,181,248)</u>

The accompanying notes are an integral part of these financial statements

**Florence Urban Renewal Agency
General Fund
Schedule of Revenues, Expenditures, And
Change in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
REVENUES:						
Taxes	\$ 1,071,500	\$ 1,071,500	\$ 540,348	\$ 588,427	\$ 1,128,775	\$ 57,275
Intergovernmental	1,639,700	1,639,700	340,036	200,000	540,036	(1,099,664)
Miscellaneous	16,000	16,000	47,470	5,546	53,016	37,016
Total revenues	<u>2,727,200</u>	<u>2,727,200</u>	<u>927,854</u>	<u>793,973</u>	<u>1,721,827</u>	<u>(1,005,373)</u>
EXPENDITURES:						
Materials and service	670,100	670,100	289,413	299,756	589,169	80,931
Capital outlay	3,482,500	3,482,500	1,875,868	1,450,118	3,325,986	156,514
Contingency	158,700	158,700	-	-	-	158,700
Total expenditures	<u>4,311,300</u>	<u>4,311,300</u>	<u>2,165,281</u>	<u>1,749,874</u>	<u>3,915,155</u>	<u>396,145</u>
Revenues over (under) expenditures	(1,584,100)	(1,584,100)	(1,237,427)	(955,901)	(2,193,328)	(609,228)
OTHER FINANCING SOURCES (USES):						
Issuance of debt	400,000	400,000	-	-	-	(400,000)
Transfers in	-	-	-	80,640	80,640	80,640
Transfers to City of Florence	(800,000)	(800,000)	(647,100)	(468,454)	(1,115,554)	(315,554)
Total other financing sources (uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(647,100)</u>	<u>(387,814)</u>	<u>(1,034,914)</u>	<u>(634,914)</u>
Net change in fund balance	(1,984,100)	(1,984,100)	(1,884,527)	(1,343,715)	(3,228,242)	(1,244,142)
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>1,984,100</u>	<u>1,984,100</u>	<u>3,920,260</u>	<u>2,035,733</u>	<u>3,920,260</u>	<u>1,936,160</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,035,733</u>	<u>\$ 692,018</u>	<u>\$ 692,018</u>	<u>\$ 692,018</u>

The accompanying notes are an integral part of these financial statements

**Florence Urban Renewal Agency
The Urban Renewal Agency of the City of Florence, Oregon
(a component unit of the City)**

**Notes to the Basic Financial Statements
June 30, 2021**

I. The reporting entity and summary of significant accounting policies

The financial statements of the Florence Urban Renewal Agency (the Agency) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and applies the provisions of all applicable Governmental Accounting Standards Board (GASB) Statements.

A. Reporting entity

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

The Agency's financial statements include all activities and organizations with which the Agency exercises authoritative appointment of governing authority or where financial dependency on the Agency exists. The Agency has no potential component units but, as determined under generally accepted accounting principles, is considered to be a component unit of the City, and, as such, is included in the basic financial statements of the City for the year ended June 30, 2021, copies of which can be obtained from the Finance Department of the City of Florence.

B. Agency-wide and fund financial statements

The Agency's financial operations are presented at both the agency-wide and fund financial level. All activities of the Agency are categorized as governmental activities.

Agency-wide financial statements display information about the reporting government as a whole. These statements focus on the sustainability of the Agency 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 Agency's assets and liabilities, with the difference reported as *net position*.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. All of the Agency's funds are classified as governmental fund types.

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

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded.

Florence Urban Renewal Agency
The Urban Renewal Agency of the City of Florence, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2021

The agency-wide financial statements are presented on a full accrual basis of accounting with an *economic resource measurement focus*. An economic resource focus concentrates on the Agency's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurements focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

The fund financial statements are presented on a modified accrual basis of accounting with a *current financial resource measurement focus*. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Agency considers tax increment revenues susceptible to this accrual.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the agency-wide statements, reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the agency-wide presentation. This reconciliation is part of the basic financial statements.

GASB Statement No. 34 sets forth criteria for the determination of major funds. For purposes of presentation, both the Florence Urban Renewal Fund and the Debt Service Fund are presented as major funds of the Agency.

Major Governmental Funds:

- *General Fund*

This fund is the Agency's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in the debt service fund.

- *Debt Service Fund*

This fund accounts for the for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The Agency closed this fund during the fiscal year 2020-2021.

**Florence Urban Renewal Agency
The Urban Renewal Agency of the City of Florence, Oregon
(a component unit of the City)**

**Notes to the Basic Financial Statements (Continued)
June 30, 2021**

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

1. Deposits and investments

Cash and investments, including restricted cash and investments, consist of cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and the State of Oregon Local Government Investment Pool (LGIP) deposits. Investments in the LGIP are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn.

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The City's investment policy, adopted by the City Council, essentially mirrors the requirements of the Oregon Revised Statutes. Currently, the City's investment portfolio consists of investments in the LGIP.

The Agency's investment policy is the same as the City's and essentially mirrors the Oregon Revised Statutes. Currently, the Agency's investment portfolio primarily includes investments in the State of Oregon Local Government Investment Pool.

2. Receivables and payables

Tax increment revenues (property taxes) are levied on and become a lien against the property on July 1 in the year in which they are due. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Tax increment revenues that are unpaid and outstanding on May 16 are considered delinquent.

In the fund financial statements, tax increment revenues receivable that are collected within 60 days after the end of the fiscal year are considered measurable and available and, therefore are recognized as revenue. Any remaining balance is deferred and recorded as unavailable revenue.

In the agency-wide financial statements, tax increment revenues receivable are recognized as revenue when earned.

3. Capital assets

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

4. Long-term obligations

In the agency-wide financial statements, long-term debt is reported as a liability in the statement of net position. Debt premiums and discounts are amortized over the applicable debt term.

**Florence Urban Renewal Agency
The Urban Renewal Agency of the City of Florence, Oregon
(a component unit of the City)**

**Notes to the Basic Financial Statements (Continued)
June 30, 2021**

In the fund financial statements, debt premiums and discounts are recognized as period costs in the year of issue. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

5. Net position and fund balance

In the fund financial statements, the funds report restricted fund balances for amounts that are not available for unlimited use because they are legally segregated for a specific purpose. These legal segregations include use limitations, as well as urban renewal tax increment funds legally restricted by applicable state statutes.

In the government-wide statement of net position, equity is referred to as *net position* and is segregated into the following three components: 1) amount invested in capital assets, 2) legally restricted by outside parties for a specific purpose, and 3) unrestricted.

6. 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 Agency does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial 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 Agency has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

E. Use of estimates

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

II. Stewardship, compliance, and accountability

The Agency's budget is adopted on a biennial consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

**Florence Urban Renewal Agency
The Urban Renewal Agency of the City of Florence, Oregon
(a component unit of the City)**

**Notes to the Basic Financial Statements (Continued)
June 30, 2021**

A budget is prepared in the early winter preceding the fiscal year the budget will be used. The Agency is required to budget for all funds. The budget committee, with public input, deliberates and approves the budget for transmittal to the Board of Directors 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 Agency is required to prepare a balanced budget for all funds, subject to the budget requirements of state law. The Agency's budget is prepared for each fund on the modified accrual basis of accounting.

The budget document is required to contain specific detailed information for various revenue and expenditure categories. Information on the past two years' actual receipts and expenditures as well as current-year estimates is also included in the budget document.

The Board of Directors resolution adopting the budget and authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriation. Appropriations lapse at the end of the biennial period.

The Board may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require hearings before the public, publications in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board.

For the year ended June 30, 2021, expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Urban Renewal Fund	Transfers out	\$ 315,554

III. Detailed notes on accounts

A. Cash and investments

Oregon Revised Statutes authorize the Agency to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade corporate indebtedness, and the State of Oregon Local Government Investment Pool.

The Agency participates in the State of Oregon Local Government Investment Pool (LGIP), an open-ended, no-load diversified portfolio created under ORS 294.805 to 294.895 that is not registered with the U.S. Securities and Exchange Commission as an investment company and is not rated. The State Treasurer administers the LGIP with the oversight of the Oregon Investment Council and with the advice of the Oregon Short Term Fund Board. These funds must be invested and managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the LGIP annually.

**Florence Urban Renewal Agency
The Urban Renewal Agency of the City of Florence, Oregon
(a component unit of the City)**

**Notes to the Basic Financial Statements (Continued)
June 30, 2021**

The agency has no investments subject to custodial risk.

B. Receivables

Receivables for the Agency as of the fiscal year ended June 30, 2021 consists of tax increment revenues and miscellaneous receivables and are as follows:

<u>Receivables</u>	
Property taxes	\$ 19,533
Miscellaneous	979

C. Long-term obligations

During the fiscal year 2015, the Agency received a loan from the City of Florence. The loan is payable in annual installments with a variable interest rate of 3.25% to 7.25%, maturing on September 1, 2035. Loan activity and balances for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
City of Florence Loan	\$ 6,352,154	\$ -	\$ 269,019	\$ 6,083,135	\$ 277,163

Annual debt service requirements to maturity for the City of Florence Loan at year end are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 277,163	\$ 191,292
2023	285,842	182,612
2024	444,579	173,874
2025	304,021	156,483
2026	313,544	146,960
2027-2031	1,721,206	581,315
2032-2036	2,008,785	294,098
2037-2041	727,995	37,709
Total	<u>\$ 6,083,135</u>	<u>\$ 1,764,343</u>

The loan covenant for FURA's debt to the City includes a requirement for FURA to levy property taxes sufficient to provide debt coverage of no less than 1.25. FURA's debt service subject to the debt covenant is \$269,019. FURA levied the maximum levy amount allowed, which resulted in a levy of \$557,930. FURA received property tax revenue of \$588,427, which provides a debt coverage ratio of 1.98.

Florence Urban Renewal Agency
The Urban Renewal Agency of the City of Florence, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2021

IV. Other information

A. Risk management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The Agency is covered for comprehensive liability, property, auto liability and physical damage, employer's liability, and workers' compensation insurance through City County Insurance Services (CIS), a public entity risk pool. The pooling agreement does not permit the pool to make additional assessments to its members in the event of unanticipated losses.

B. Related party transactions

The City provides services for the Agency, including administrative functions, in accordance with an intergovernmental agreement.

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OTHER SUPPLEMENTARY INFORMATION

Other Supplementary Information

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

The budgetary comparison schedule includes the following:

Debt Service Funds

- Debt Service Fund
(Fund closed in fiscal year 2020-2021)

**Florence Urban Renewal Agency
Debt Service Fund
Schedule of Revenues, Expenditures, And
Change in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
EXPENDITURES:						
Debt service:						
Principal	\$ 496,200	\$ 496,200	\$ 143,228	\$ -	\$ 143,228	\$ 352,972
Interest	226,600	226,600	76,589	-	76,589	150,011
Contingency	80,600	80,600	-	-	-	80,600
Total expenditures	<u>803,400</u>	<u>803,400</u>	<u>219,817</u>	<u>-</u>	<u>219,817</u>	<u>583,583</u>
Revenues over (under) expenditures	(803,400)	(803,400)	(219,817)	-	(219,817)	583,583
OTHER FINANCING SOURCES (USES):						
Transfers in	800,000	800,000	647,100	-	647,100	(152,900)
Transfers out	-	-	-	(80,640)	(80,640)	(80,640) *
Total other financing sources (uses)	<u>800,000</u>	<u>800,000</u>	<u>647,100</u>	<u>(80,640)</u>	<u>566,460</u>	<u>(233,540)</u>
Net changes in fund balances	(3,400)	(3,400)	427,283	(80,640)	346,643	350,043
FUND BALANCES, BEGINNING	<u>3,400</u>	<u>3,400</u>	<u>(346,643)</u>	<u>80,640</u>	<u>(346,643)</u>	<u>(350,043)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Exception to Oregon Budget Law

AUDIT COMMENTS AND DISCLOSURES

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATION**

Agency Officials
Florence Urban Renewal Agency
Florence, Oregon

We have audited the basic financial statements of the Florence Urban Renewal Agency, a component unit of the City of Florence, Oregon, as of and for the year ended June 30, 2021 and have issued our report thereon dated December 15, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

Report on Compliance

As part of obtaining reasonable assurance about whether the Florence Urban Renewal Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets. The Florence Urban Renewal Agency does not receive highway funds.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The Florence Urban Renewal Agency does not have any elected officials collecting or receiving money.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows.

Expenditures in the following funds exceeded appropriations for the year ended June 30, 2021:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Urban Renewal Fund	Transfers out	\$ 315,554

Internal Control Over OAR 162-10-0230

In planning and performing our audit of the financial statements, we considered the Florence Urban Renewal Agency’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Florence Urban Renewal Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Florence Urban Renewal Agency’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
December 15, 2021

Florence Urban Renewal Agency

Memorandum

To: Florence Urban Renewal Board

From: Lezlea Purcell, Finance Manager

Date: January 21, 2022

Re: Second Quarter, 2021-2023 Biennium Financial Report

Background and Information:

In an effort to improve financial management reporting to the Florence Urban Renewal Board, citizens, and other interested individuals we have prepared the attached quarterly report.

Fiscal Impact: Staff time to prepare.

Attachments:

Second Quarter, 2021-2023 Biennium Financial Report for period ending December 31, 2021.



Florence Urban Renewal Agency

Financial Report

Quarter Ended December 31, 2021

January 26, 2022

Members of the Florence Urban Renewal Agency (Agency), Citizens of Florence, and other interested individuals;

We are pleased to report on activities and progress we have made on Agency goals on behalf of the Florence Urban Renewal Agency (FURA) for the second quarter of the Biennium ended December 31, 2021. The report includes comparisons of actual to budgeted amounts, current period resources and expenditures, the ending fund balance for the FURA General and Debt Service Funds, and narrative explaining results and highlights for the quarter. The financial information presented is unaudited and any significant adjustments are noted.

Please note that the budgeted amounts presented reflect the Agency's budget for the July 1, 2021 – June 30, 2023 biennium. Additionally, we have included reporting on the Agency's debt such as outstanding amounts, debt coverage ratios, maturities, and interest rates.

COVID-19 has had no immediate effect on the General Fund. The Agency has collected \$572,000 in property tax as of December 31, 2021, with two upcoming collection dates in February and May. We will continue to monitor collection rates.

Operations:

- The Agency Board approved a Predevelopment grant application for a property that is considering a mixed-use development off Nopal and Bay Streets.
- The Agency Board approved a Redevelopment Grant Application for a re-development off of Maple Street for site improvements.
- The Agency Board and Project Team Staff continued work on the Quince Street Development project and Braun Development Services for which the Agency is in an Exclusive Negotiation with.

Notable Items:

- The General Fund began the quarter with an estimated fund balance of \$485,000. It ended the quarter with a fund balance of \$973,000.
- The FURA Debt Service Fund was closed.
- Debt payments were made as scheduled.
- The construction of the ReVision Florence Streetscape Project has reached substantial completion.

If you have any questions, please let Erin or I know.

Sincerely,



General Fund

The Agency's general fund accounts for all the Agency's operations, including debt service. Revenue sources for the fund include intergovernmental payments from Lane County, interest income, and debt proceeds.

The fund operations remain within appropriations for the biennium.

Capital expenditures for the quarter were related to closeout expenses for the ReVision Florence project. Fund Balance has stabilized as the ReVision Florence Project has reached substantial completion.

Property tax collections are in line with budgeted expectations for the biennium. The levied amount is \$65,000 over what was budgeted.

Expenditures are below budget for the biennium and scheduled debt payments were paid timely.

	Quarter Ended December 31, 2021			Biennium-To-Date		
	Budget	Actual	Over(Under)	Budget	Actual	Over(Under)
Current resources						
Taxes	\$ 150,000	\$ 572,073	\$ 422,073	\$ 1,200,000	\$ 574,901	\$ (625,099)
Intergovernmental	50,000	100,000	50,000	400,000	100,000	(300,000)
Earnings & Contributions	1,000	371	(629)	8,000	824	(7,176)
Debt proceeds	-	-	-	-	-	-
Total current resources	\$ 211,100	\$ 672,444	\$ 461,344	\$ 1,689,000	\$ 675,725	\$ (1,013,275)
Expenditures						
Personnel Services	-	-	-	-	-	-
Materials and Services	88,500	60,059	(28,441)	708,100	103,359	(604,741)
Capital Purchases	64,400	667	(63,733)	515,000	56,958	(458,042)
Debt service	117,200	123,115	5,915	937,200	234,227	(702,973)
Total expenditures	270,100	183,841	(86,259)	2,160,300	394,544	(1,765,756)
Other requirements						
Contingency	107,400	-	(107,400)	859,100	-	(859,100)
Total other requirements	107,400	-	(107,400)	859,100	-	(859,100)
Total expenditures and other requirements	377,500	183,841	(193,659)	3,019,400	394,544	(2,624,856)
Total resources over (under) requirements						
Beginning balance	166,400	484,596	318,196	1,330,400	692,018	(638,382)
Ending Balance	\$ -	\$ 973,199	\$ 973,199	\$ -	\$ 973,199	\$ 973,199

Debt Summary

The following schedule provides information related to the Agency's outstanding debt during the 2021-2023 biennium through fiscal year 2027. The schedule includes:

- Debt issue
- Original amount of the loan
- The annual principal payment in fiscal year 2022
- Interest rate
- Maturity of the obligation
- Outstanding principal balance as of June 30, by fiscal year through 2027

Description	Original Amount	Annual Payment FY 2022	Interest Rate	Maturity	Outstanding balance fiscal year ending June 30,					
					2022	2023	2024	2025	2026	2027
Existing Obligations										
FFCO 2016 - FURA	3,700,000	246,229	2.92%	2036	2,885,289	2,723,294	2,556,683	2,384,888	2,207,970	2,025,775
Banner Bank - 20 yr Tax Exempt	3,150,000	214,274	3.30%	2039	2,770,912	2,647,065	2,519,096	2,386,870	2,250,245	2,109,073
Banner Bank - 5 yr Taxable	150,000	7,950	5.30%	2024	150,000	150,000	-	-	-	-
Total City Debt	7,000,000	468,453			5,806,201	5,520,359	5,075,779	4,771,758	4,458,215	4,134,848
Population	assumes 1% annual increase				8,854	8,943	9,032	9,123	9,214	9,600
Debt per capita					656	617	562	523	484	431

ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2021

FLORENCE URBAN RENEWAL AGENCY

This report fulfills the requirements, prescribed in ORS 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.

Annual Report for Fiscal Year Ending June 30th, 2021

FLORENCE URBAN RENEWAL AGENCY

URBAN RENEWAL AREA BACKGROUND

The Florence Downtown Preservation and Renewal Plan (“Plan”) was adopted by the City of Florence in 2006 by Ordinance No. 7 Series 2006. The maximum indebtedness established in 2006 for the Plan is \$22,545,000. The maximum indebtedness is the total amount of funds that can be spent on projects, programs, and administration in the urban renewal area over the life of the urban renewal plan. The Plan is projected to be in operation until FY 2026/27. The boundary, shown in Figure 1, consists of approximately 337.56 total acres consisting of:

Florence Renewal Plan	
Acres by Zoning Class	
ACRES	DISTRICT
7.98	Single-Family Residential
24.23	Main Street “B”
54.94	Main Street
6.60	Commercial
18.35	Multi-Family Residential
17.95	Waterfront/Marine District
3.40	Highway District
30.11	Old Town District
41.54	Old Town District “A”
8.84	Restricted Residential
91.14	Water Area
337.56	TOTAL

The frozen base assessed value (“Frozen Base”) of the Florence Urban Renewal Area (“Area”) is \$82,903,810. The FY 2020/2021 total assessed value is \$133,524,591. The excess value, or the value which taxes are paid to the Florence Urban Renewal Agency (“Agency”) in FY 2020/2021 is \$50,620,781.¹

The goal of the plan is to:

Revitalize the downtown area as the primary cultural, tourist, commercial, and community core to serve all of Florence’s citizens and visitors utilizing the following objectives:

OBJECTIVE 1:

To develop a unified downtown consisting of the neighborhoods and commercial districts on both sides of Highway 101, south of Highway 126 and 9th Street, east of Kingwood Avenue, and west of the Port property along the Siuslaw River estuary

OBJECTIVE 2:

To revitalize deteriorating sections of the downtown area

OBJECTIVE 3:

To enhance the downtown area through the promotion of mixed-use development, pedestrian and bicycle accessibility, provision of useful public space, and attractive site and architectural design to create one of Florence’s special places

OBJECTIVE 4:

To provide safe, convenient and attractive choices for people to walk, bike and drive throughout the downtown. Such connections should tie together downtown attractions such as the Florence Events Center, Old Town, the Boardwalk, the Downtown Green, the Post Office, parks, lodging establishments and retail businesses.

OBJECTIVE 5:

To facilitate public/private partnerships to carry out the plan

OBJECTIVE 6:

To achieve a balanced transportation/land use solution for Highway 101 that maintains its historic function as both the Coast’s primary transportation route, and as the center of Florence’s downtown

OBJECTIVE 7:

To develop safe, convenient and attractive public parking areas to accommodate visitors and residents accessing the downtown from Highway 101 and adjacent neighborhoods

OBJECTIVE 8:

To ensure that the transportation objectives of the downtown plan are consistent with the Transportation System Plan (TSP), the Oregon Highway Plan, and ODOT’s adopted plans for Highway 101 and Highway 126

OBJECTIVE 9:

To identify suggested transportation improvements needed to facilitate redevelopment of the downtown area consistent with land use and retail market strategies

OBJECTIVE 10:

To encourage mixed-use development that enables citizens to live, work, shop, and recreate all within easy walking distance with the downtown area

OBJECTIVE 11:

To improve access to and visibility of Old Town from Highway 101

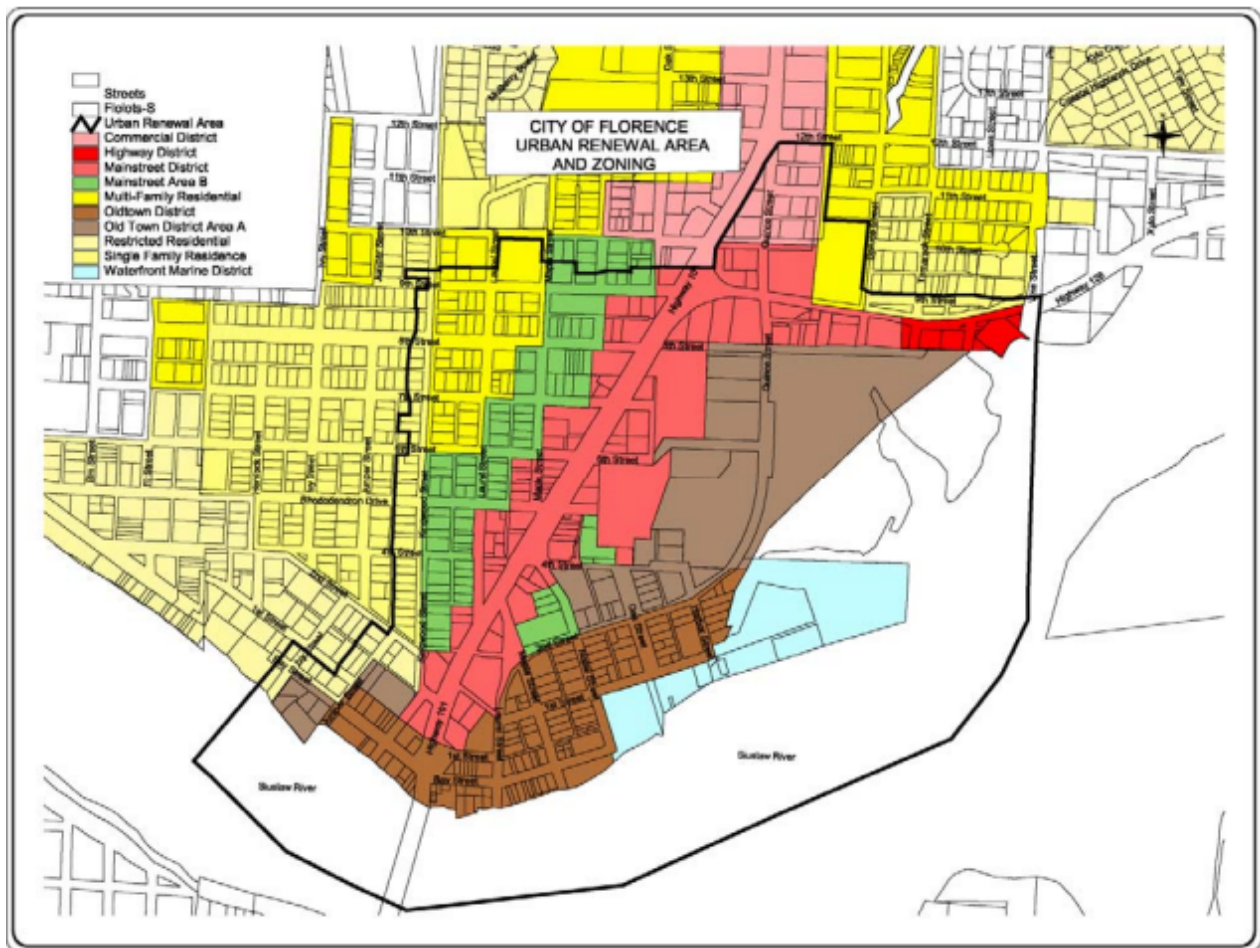
¹ Lane County Tax Assessor

The Florence Urban Renewal Agency is a separate legal and financial entity, governed by the Florence Urban Renewal Agency Board of Directors.

Oregon state law allows cities to create urban renewal districts in size not to exceed twenty-five percent(25%) of the total assessed property value within the city limits. The Urban Renewal Area does not exceed these limits.

The entire Florence Urban Renewal Plan and Report can be found on the City of Florence's website, <https://www.ci.florence.or.us/urbanrenewal/history-urban-renewal-agency>

Figure 1 - Boundary



FINANCIAL REPORTING

Pursuant to ORS 457.460, a detailed accounting of the financial activity related to urban renewal areas is required to be reported on an annual basis. The following financial information responds to the requirements of this statute.

Money Received

In FY 2020/2021, the Agency received \$588,427 from division of taxes.² The detailed earnings of the Agency can be seen in Table 1. The beginning balance was \$2,035,733.

Table 1. Money Received During FY 2019/2020

Receipt Category	2020/2021 Amount
Property Taxes	\$588,427
Intergovernmental	200,000
Interest	5,546
Transfers In	80,640
TOTAL:	\$793,973

Source: City of Florence Urban Renewal Agency Audit FY 2020/21

Money Expended

Revenue received through urban renewal and spent on urban renewal activities is shown in Table 2.

Table 2. Expenditures During FY 2020/2021

Expenditure Category	2020/2021 Amount
Materials & services	\$299,756
Capital outlay	1,450,118
Transfers to City of Florence	468,454
TOTAL:	\$2,218,328

Source: City of Florence Urban Renewal Agency Audit FY 2020/21

Estimated Revenues

The estimated tax revenues from the FY 2021/2023 adopted Agency biennial budget are \$1,200,000.³

² City of Florence Urban Renewal Agency Audit FY 2020/2021

³ Florence Urban Renewal Agency FY 2020/2021 Biennial Budget

Proposed Budget for Current Fiscal Biennium, 2021/2023

A compiled budget listing the money to be received due to urban renewal, money to be spent, and what projects/expenses the money will fund is shown in Table 3 below.

Table 3. Budget FY 2021/2022 Urban Renewal General Fund

Budget Category (Requirements)	2021/2023 Amount
Materials & services	\$708,100
Capital Outlay	515,000
Debt Service	937,200
Contingency	859,100
TOTAL:	\$3,019,400

Budget Category (Resources)	2021/2023 Amount
Beginning Balance	\$1,330,400
Current Resources	
Property Tax	1,200,000
Intergovernmental	400,000
Interest Income	8,000
TOTAL CURRENT REVENUES:	1,689,000
TOTAL RESOURCES:	\$3,019,400

Source: Florence Urban Renewal Agency 2021/2023 Biennial Budget

Description	Adopted 2021-23 Biennial Budget
Siuslaw Estuary Trail Contribution	55,000
Quince Street Development	200,000
Pedestrian Light Arms	120,000
Laurel Street Plaza	40,000
Quince Street Gateway	100,000
TOTAL CAPITAL EXPENDITURES:	\$515,000

Impact on Taxing Districts

The revenues foregone by local taxing districts due to urban renewal are shown in Table 4. This information is from Lane County Assessor records, Table 4e.

Urban renewal agencies do not create an additional tax. Instead, during the urban renewal area's lifespan, overlapping taxing districts "forego" a portion of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. The Siuslaw School District and Lane Education Service District are funded through the State School Fund on a per pupil allocation. There is no *direct* impact of urban renewal on their funding. The State School Fund is funded through property tax allocations, but also through other state resources.

Table 4. Impact on Taxing Districts FY 2020/2021

Taxing Jurisdiction	Impact
Lane County	\$64,705
Lane Community College	\$31,295
Lane ESD	\$11,207
City of Florence	\$152,669
Siuslaw School District 97J	\$196,968
Siuslaw Public Library District	\$26,114
Port of Siuslaw	\$7,401
Western Lane Ambulance District	\$16,176
Siuslaw Valley Fire & Rescue	\$78,027

Source: FY 2020/2021 Sal 4e from Lane County Assessor

Remaining Maximum Indebtedness

The amount of maximum indebtedness remaining for the Plan Area as of June 30, 2021 is \$15,545,000.