



Florence Urban Renewal Agency (FURA) Regular Meeting

In Person & 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 of 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.

March 20, 2024

AGENDA

5:30 p.m.

FURA Directors:

Vice-Chair Dave Braley
Graham Ross

Chairperson, Mike Webb

Bill Meyer
Ron Moore

Rob Ward
Susy Lacer

Sally Wantz
Ken Henderson

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.

In addition to attending in person, members of the public can listen and view the meeting through the 'GoToWebinar' platform at the following link:

<https://attendee.gotowebinar.com/register/8090583028031272028>

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. APPROVAL OF AGENDA

2. PUBLIC COMMENT

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.

Mike Webb
Chairperson

ACTION ITEMS

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

3. APPROVAL OF MINUTES

Consider approval of the Florence Urban Renewal Agency meeting minutes of February 28, 2024.

Lindsey White
City Recorder

REPORTS & UPDATES

4. AUDITED FINANCIAL STATEMENTS

A. MERINA & CO AUDITOR PRESENTATION

Merina & CO Auditor Presentation on the Audited Financial Statements for Fiscal Year 2023.

Anne Baker
Admin. Services

B. AUDITED FINANCIAL STATEMENTS

Receive fiscal year 2023 audited financial statements.

5. QUARTERLY FINANCIAL REPORT

Review the December 31, 2023 quarterly financial report for the Florence Urban Renewal Agency.

Lezlea Purcell
Finance Manager

6. CITY MANAGER REPORT

- Estuary Trail Project Update
- Quince Street Hotel Development Update

Erin Reynolds
City Manager

FURA CALENDAR

All meetings are held in person with a virtual option unless otherwise indicated

Date	Time	Description
April 24, 2024	5:30 p.m.	FURA Meeting
May 22, 2024	5:30 p.m.	FURA Meeting
June 19, 2024	5:30 p.m.	FURA Meeting
July 24, 2024	5:30 p.m.	FURA Meeting
July 26, 2024	Save the Date	Block Party
August 6, 2024	Save the Date	National Night Out
August 28, 2024	5:30 p.m.	FURA Meeting
September 18, 2024	5:30 p.m.	FURA Meeting
October 23, 2024	5:30 p.m.	FURA Meeting
November 20, 2024	5:30 p.m.	FURA Meeting

PUBLIC MEETINGS PROCEDURES

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 (March 20, 2024 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 <https://www.ci.florence.or.us/urbanrenewal/request-address-fura-speakers-card> at least 1 hour prior to the meeting (March 20, 2024 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 Public Meeting Policies, visit the City of Florence website at <https://www.ci.florence.or.us/council/rules-procedure>.

Florence Urban Renewal Agency

Memorandum

To: Florence Urban Renewal Board

From: Lindsey White, City Recorder

Date: March 20, 2024

Re: February 28, 2024 Florence Urban Renewal Agency Meeting Minutes

Background and Information:

Consider approval of the draft minutes listed below.

Fiscal Impact: Minutes incur staff time for compilation / retention and have no other fiscal impacts.

Attachments: Draft February 28, 2024 Florence Urban Renewal Agency Meeting Minutes

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
February 28, 2024**

CALL TO ORDER - ROLL CALL

Meeting called to order at 5:30 p.m.

Directors Present: Chairperson Mike Webb, Vice-Chair Dave Braley, Directors
(in person and via videoconference) Bill Meyer, Rob Ward, Sally Wantz, Ron Moore, Susy Lacer, and Ken Henderson.

Directors Absent: Director Graham Ross. Director Bill Meyer left at 5:40 p.m.

Staff Present: City Manager Erin Reynolds, City Recorder Lindsey White, Assistant City Manager Megan Messmer, Administrative Services Director Anne Baker, and Economic Development and Communication Analyst Chantelle Meyer.

Guests Present: None.

1. APPROVAL OF THE AGENDA

Start Time: 5:31 p.m.

Action: Approval of the February 28, 2024 meeting agenda as presented.

Action: Director Wantz

Second: Director Henderson
– Unanimous Consent–

2. 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: 5:31 p.m.
Discussion: No speaker's cards or written comments received.

ACTION ITEMS

3. FINANCIAL ANALYSIS AND URBAN RENEWAL AGENCY PLAN REVIEW

Consider entering into Professional Service Contracts with Elaine Howard Consulting, LLC in the amount of \$7,200 in coordination with the financial analysis work of Tiberius Solutions, LLC in the amount of \$15,100 for a total price of \$22,300 to review the Urban Renewal Agency plan, calculate maximum indebtedness, and provide a tax increment finance (TIF) forecast and financial plan to prepare for the future of the Agency.

Start Time: 5:31 p.m.
Discussion: City Manager Erin Reynolds presented the staff presentation.
Handout: Staff Presentation

Discussion: The Florence Urban Renewal Agency discussed...

- Timeline of project completion.
- When the report will be available.

Comments: All Directors present.

Action: Authorize CM Reynolds or delegate to enter into professional contracts with: Elaine Howard Consulting, LLC. in the amount of \$7,200 in coordination with the financial analysis work of Tiberius Solutions, LLC in the amount of \$15,100 for a total price of \$22,300 to review the Urban Renewal Agency Plan, calculate maximum indebtedness, and provide a tax increment finance (TIF) forecast and financial plan to prepare for the future of the Agency.

Motion: Director Ward
Second: Director Braley
– Unanimous Consent–

4. APPROVAL OF MINUTES

Consider approval of the Florence Urban Renewal Agency meeting minutes of January 24, 2024.

Start Time: 5:43 p.m.
Action: Approval of January 24, 2024 FURA meeting minutes.
Motion: Director Wantz
Second: Director Henderson
– Unanimous Consent–

REPORTS & UPDATES

5. REVISION ART EXPOSED PROGRAM UPDATE

Staff will provide an update on the Art Exposed ReVision Florence Project, an outdoor rotating art gallery.

Start Time: 5:44 p.m.

Discussion: EDCA Meyer presented the staff presentation.

Handout: Staff Presentation

Discussion: The Florence Urban Renewal Agency discussed...

- Clarification of size of the selections.
- The determination of the price of the art pieces.
- Five of the selections have muted colors that go with the color scheme and one has very bold colors which would not be allowed on our buildings. Staff provided that Land Use Design Guidelines are not applicable to the Art Exposed Outdoor Rotating Art Gallery.
- The question was asked “what happens when an art piece is purchased before the contract placement time is up?” Staff answered with if a piece sells, the City of Florence retains 30% of the proceeds to reinvest in the Public Arts Program and the artist would have the opportunity to replace the piece in the same location.

Comments: All Directors present

6. SUBCOMMITTEE UPDATES

The Code Review and Quince Street Property Subcommittee members will provide updates to the Florence Urban Renewal Board.

Start Time: 6:09 p.m.

Discussion: Chairperson Webb and CM Reynolds presented the subcommittees updates.

Discussion: The Florence Urban Renewal Agency discussed...

- Pursuing grant opportunities for Quince Street Project 8th Street extension.
- Update on undeveloped Lot #1.
- Update on Siuslaw Estuary Trail project.

Comments: All Directors present.

7. CITY MANAGER REPORT

Start Time: 6:29 p.m.

Discussion: CM Reynolds and ACM Messmer discussed...

- Upcoming Rhododendron Drive Realignment and Improvement Project open house.
- Recap of the State of the City.
- Upcoming City Meetings and Events.
- Quince Street Hotel development check-in and financial package updates.

Comments: All Directors present.

Meeting adjourned at 6:37 p.m.

ATTEST:

Mike Webb, Chairperson

Lindsey White, City Recorder

Florence Urban Renewal Agency

Memorandum

To: Florence Urban Renewal Board

From: Anne Baker, Administrative Services Director

Date: March 20, 2024

Re: Fiscal Year 2022-23 Audited Financial Statements

Background and Information:

The Agency received the audited financial statements for the fiscal year ended June 30, 2023 from its independent auditors. The auditors have provided an unmodified opinion on the statements. The financial report has been posted online.

The Agency's net position (assets less liabilities) is a negative \$4,622,494 at June 30, 2023. The negative balance is due to the fact that assets of the Agency (ReVision Florence), are carried by the City, but the Agency records debt related to those assets.

The Agency ended the fiscal year with \$914,839 in fund balance.

Fiscal Impact: The independent audit of the Agency's financial statements is an important financial accountability function. Having a clean (unmodified) opinion on the financial statements demonstrates the Agency's continued good stewardship of the taxpayer's money, creditworthiness to its current and future lenders, it allows the Agency to be a strong financial partner for grants, and puts the Agency in a position to continue to receive state funding.

Attachments:

2022-23 Annual Audit Report, Communication from Auditors



Florence Urban Renewal Agency
Annual Financial Report
Fiscal Year Ended June 30, 2023

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

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2023

FLORENCE URBAN RENEWAL AGENCY

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INTRODUCTORY SECTION

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
BOARD OF DIRECTORS AND MEMBERS OF THE GOVERNING BODY
AS OF JUNE 30, 2023

BOARD OF DIRECTORS

Mike Webb, Chairperson

Dave Braley, Vice Chairperson

Robert Ward Jr. – Board Member (City Mayor)

William Meyer, Board Member (City Councilor)

Sally Wantz, Board Member (City Councilor)

Ken Henderson, Board Member

Ron Caputo – Board Member

Graham Ross - Board Member

Ron Moore - Board Member

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

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 the Florence Urban Renewal Agency (the "Agency"), a blended component unit of the City of Florence, Oregon (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency'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 Agency, as of June 30, 2023, 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 Agency, 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 Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Agency'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 Agency'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 Agency'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 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 required supplementary information 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.

Agency Officials
Florence Urban Renewal Agency
Independent Auditor's Report
February 26, 2024

The schedule of revenues, expenditures, and changes in fund balance – budget to actual, as listed in the table of contents under required supplementary information, 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. The information for the year ended June 30, 2023 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2023 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 audited standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The actual amounts for the year ended June 30, 2022 included in the schedule of revenues, expenditures and changes in fund balance – budget to actual, as listed in the table of contents under required supplementary information, were audited by other auditors whose report thereon dated February 10, 2023, expressed unmodified opinions on the respective financial statements, the governmental activities, and each major fund, for the year ended June 30, 2022

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated February 26, 2024, on our consideration of the Agency'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 provide an opinion on compliance.

Singer Lewak LLP

February 26, 2024

By:



Brad Bingenheimer, Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS FLORENCE URBAN RENEWAL AGENCY

Fiscal Year Ended June 30, 2023

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, 2023. 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 \$935,953 at June 30, 2023, and consisted mainly of cash and cash equivalents of \$906,130.
- The Agency's liabilities totaled \$5,558,447 at June 30, 2023, consisting mainly of long-term debt of \$5,520,064. Due to the long-term debt and the Agency not holding the assets related to the debt, net position (assets minus liabilities) is a negative \$4,622,494 at June 30, 2023.
- The deficit decreased by \$526,912 during the fiscal year as the amount expended on projects decreased.
- Revenues for the fiscal year ended June 30, 2023, totaled \$990,519 and consisted of \$766,310 in property taxes and interest of \$23,495.

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 one governmental fund: the General 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 \$4,622,494 at June 30, 2023. The largest portions of its net position are debt payable and cash equivalents. A condensed version of the Statement of Net Position as of June 30 is as follows:

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$906,130	\$693,146
Property tax receivables	25,936	23,674
Accounts receivable	3,887	-
Total assets	<u>935,953</u>	<u>716,820</u>
Liabilities		
Loans payable	5,520,064	5,805,972
Other liabilities	38,383	60,254
Total liabilities	<u>5,558,447</u>	<u>5,866,226</u>
Net Position		
Restricted for debt service	618,453	468,454
Unrestricted (deficit)	<u>(5,240,947)</u>	<u>(5,617,860)</u>
Total net position (deficit)	<u><u>\$(4,622,494)</u></u>	<u><u>\$(5,149,406)</u></u>

At the end of the current fiscal year, the Agency reports a deficit balance in unrestricted net position of \$(5,240,947). Net position increased by \$526,912 with the decrease in project spending.

The loans payable to the City are long-term obligations, 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, 2023 and June 30, 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Revenues		
General Revenues:		
Intergovernmental	\$ 200,706	\$ 234,987
Property taxes	766,310	618,499
Unrestricted investment earnings	23,495	2,872
Miscellaneous	8	520
Total revenues	<u>990,519</u>	<u>856,878</u>
Expenses		
Economic development	282,820	402,474
Interest expense	<u>180,787</u>	<u>189,571</u>
Total expenses	<u>463,607</u>	<u>592,045</u>
Change in net position	526,912	264,833
Net position, beginning of the year	<u>(5,149,406)</u>	<u>(5,414,239)</u>
Net position, end of the year	<u>\$ (4,622,494)</u>	<u>\$ (5,149,406)</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 \$463,607 for the year, a decrease of \$119,654 over the prior fiscal year. Activities for the year included interest on debt issues and the Quince Street property.

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 General Fund reported an ending fund balance of \$914,839, an increase of \$238,595. The increase is consistent with the increase in revenues and the reduction in activities in the fund. The General Fund is the chief operating fund of the Agency.

DEBT ADMINISTRATION

As of June 30, 2023, the Agency had long-term loans payable to the City of Florence in the amount of \$5,520,064 a decrease of 285,908 from 2022. 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 funds 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 regions 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 2023-25 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 of 4.0 percent for inflation and a 4.0 percent increase to property tax projections for each year of the 2023-25 biennium. Additionally, updated project costs for the Revision Florence project, secured funding and debt necessary to complete projects were included.

The local economy is stable with increased real estate development and tourism. Increases to property valuation continue to lag expectations at a City-wide basis, with valuations in the urban renewal area continuing to show a different and encouraging trend. It is anticipated, with several large construction projects nearing completion within the City, property assessed values will increase 1.0 percent over the 3.0 percent guarantee. Revenue forecasts have been adjusted accordingly.

Annual inflation has increased over the last 12 months and is projected to remain in the 4.0 percent range, while local population growth is projected to remain at or below 1.0 percent annually. Development activity is trending upward with several projects seeking 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.

BASIC FINANCIAL STATEMENTS

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
STATEMENT OF NET POSITION
June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 906,130
Accounts receivable	3,887
Property tax receivables	<u>25,936</u>
Total assets	<u>935,953</u>
LIABILITIES	
Accounts payable and accrued liabilities	330
Accrued interest payable	38,053
Long-term liabilities:	
Due within one year	444,579
Due in more than one year	<u>5,075,485</u>
Total liabilities	<u>5,558,447</u>
NET POSITION (DEFICIT)	
Restricted for:	
Debt service	618,453
Unrestricted (deficit)	<u>(5,240,947)</u>
Total net position (deficit)	<u><u>\$ (4,622,494)</u></u>

See notes to financial statements

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities:			
Economic development	\$ 282,820	\$ 200,706	\$ (82,114)
Interest	<u>180,787</u>	<u>-</u>	<u>(180,787)</u>
Total governmental activities	<u>\$ 463,607</u>	<u>\$ 200,706</u>	<u>(262,901)</u>
General revenues:			
Property taxes			766,310
Unrestricted investment earnings			23,495
Miscellaneous			<u>8</u>
Total general revenues			<u>789,813</u>
Change in net position			526,912
Net position (deficit) at beginning of year			<u>(5,149,406)</u>
Net position (deficit) at end of year			<u>\$ (4,622,494)</u>

See notes to financial statements

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2023

	General
ASSETS	
Cash and cash equivalents	\$ 906,130
Accounts receivable	3,887
Property tax receivables	25,936
Total assets	\$ 935,953
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued liabilities	\$ 330
Total liabilities	330
Deferred inflows of resources	
Unavailable revenue - property taxes	20,784
Total deferred inflows of resources	20,784
Fund balance	
Unassigned	914,839
Total fund balance	914,839
Total liabilities, deferred inflows of resources and fund balances	\$ 935,953

See notes to financial statements.

FLORENCE URBAN RENEWAL AGENCY
 (A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND
 June 30, 2023

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

Total fund balance - governmental fund	\$	914,839
Other long-term assets that are not available to pay for current period expenditures and therefore, are deferred or unavailable revenue in the funds.		
Unavailable revenue - property taxes		20,784
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Loan payable		(5,520,064)
Accrued interest payable		(38,053)
		(5,558,117)
Net position of governmental activities	\$	<u>(4,622,494)</u>

See notes to financial statements.

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2023

	General
Revenues	
Property taxes	\$ 765,660
Intergovernmental	200,706
Interest	23,495
Miscellaneous	8
Total revenues	989,869
Expenditures	
Current	
Economic development	238,365
Debt service	
Principal	285,908
Interest	182,546
Capital outlay	44,455
Total expenditures	751,274
Net change in fund balance	238,595
Fund balance at beginning of year	676,244
Fund balance at end of year	\$ 914,839

See notes to financial statements.

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	\$	238,595
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:		650
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable		1,759
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Loan principal payments		<u>285,908</u>
Change in Net Position of Governmental Activities	\$	<u>526,912</u>

See notes to financial statements.

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – FINANCIAL REPORTING ENTITY

Organization

The Florence Urban Renewal Agency (the “Agency”), a component unit of the City of Florence, Oregon (the “City”), was organized in 2006 under Oregon Revised Statutes (ORS), Chapter 457 and is a municipal corporation created by the City of to implement various public improvement programs as identified in the City Center Revitalization Plan. The Board of Directors serves as the governing body and is accountable for the fiscal matters of the Agency. 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 a component unit of the City. Accordingly, the financial statements of the Agency are included in the City’s basic financial statements and can be obtained from the Finance Department of the City.

Urban Renewal Areas

Tax Allocation Bonds for urban renewal plan areas are authorized by state law to 1) “...eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas.”

Projects are financed in the urban renewal plan area as follows:

- The Agency (Board of Directors) selects an urban renewal plan area and defines its boundaries.
- The County Assessor “freezes” the assessed value of property within the urban renewal area. This is referred to as the “frozen value”.
- Any increase in assessed value above the frozen value is called the “incremental value.” The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance Urban Renewal Projects.
- Urban Renewal Tax Increment revenues are used to repay the indebtedness of the Agency. The proceeds of the indebtedness finance the Agency’s activities.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$22,545,000.

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Agency. Governmental activities are financed primarily through property taxes and proceeds from borrowings.

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. Amounts reported as program revenues include grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes, earnings on investments and other revenues, are presented as general revenues.

Fund financial statements

The fund financial statements provide information about the Agency's General Fund. The emphasis of fund financial statements is on the major fund, which is displayed in a separate column.

Measurement focus and basis of accounting

Government-wide financial statements are reported using the *economic resources measurement focus* and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, and donations. Property taxes are recognized as revenues in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. The Agency considers all revenues reported in the governmental funds to be available if they are collected within 60 days after year end. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent they have been incurred. However, debt service expenditures, as well as expenditures are recorded only when payment is due. Proceeds from general long-term debt are reported as other financing sources.

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

The Agency only reports one major fund, the General Fund. The General Fund is the main operating fund of the Agency and accounts for general administration of the Agency's programs.

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

Receivables

Property taxes - Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Property taxes are assessed as of January 1 and become a lien against the property as of July 1 of each year on all taxable property. Property taxes are due and payable in three installments following the lien date on November 15, February 15 and May 15. Discounts are allowed if the amount due or two-thirds of the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are reported in General Fund balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources-unavailable revenues. Property taxes collected within 60 days of the end of the current period are considered measurable and available and are recognized as revenue.

In the government-wide financial statements, the property taxes receivable is recognized as revenue when earned.

Capital assets

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

Long-term liabilities

In the government-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 term. Bond and note payable is reported net of the unamortized bond premium or discount.

In the fund financial statements, debt premiums and discounts are recognized as period costs in the year of issuance. The face amount of the debt issues and premiums received on debt issuances are reported as other financing sources, Issuance costs are reported as debt service expenditures.

Deferred outflow / inflows of resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of assets 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 financial statements do not have any items that qualify for reporting in this category.

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflow / inflows of resources (continued)

In addition to liabilities, the statements of net position will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The balance sheet of governmental fund will report deferred inflows related to unavailable revenues from property taxes, which are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Government-wide reporting

In the government-wide financial statements equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the government-wide financial statements when both restricted and unrestricted net position are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Governmental fund type balance reporting

Governmental type fund balance is reported within one of the fund balance categories listed below:

Non-spendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (continued)

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board of Directors is the highest level of decision-making authority for the Agency. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Directors.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board of Directors has granted authority to the Finance Director to assign fund balance amounts.

Unassigned – The residual classification for the government’s General Fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Agency considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Agency considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

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; injuries to employees; and natural disasters. The Agency purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 3 – CASH AND CASH EQUIVALENTS

As of June 30, 2023, the City’s cash, cash equivalents and investments are as follows:

State of Oregon Local Government Investment Pool	\$ <u>906,130</u>
Total cash and cash equivalents	\$ <u><u>906,130</u></u>

The Agency’s cash and cash equivalents are pooled with the City of Florence. The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund’s portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Agency's deposits with financial institutions up to \$250,000 each for the aggregate of all noninterest-bearing accounts and the aggregate of all interest-bearing accounts at each institution.

Deposits with financial institutions-Continued

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the Agency's deposits. As of June 30, 2023, none of the Agency's deposits with financial institutions were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, 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. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the Agency's position in the LGIP is the same as the value of the pool shares.

Credit risk: Oregon statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

Concentration of Credit Risk: The Agency does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100% of the Agency's investments are in the State of Oregon State and Local Investment Pool.

Interest Rate Risk: The Agency does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. The Agency does not have a policy which limits the amount of investments that can be held by counterparties.

NOTE 4– LONG-TERM LIABILITIES

For the year ended June 30, 2023, changes in long-term liabilities were as follows:

	Outstanding July 1, 2022	Additions	Reductions	Outstanding June 30, 2023	Due Within One Year
<i>Governmental activities:</i>					
Long-term debt					
Loans payable	\$ 5,805,972	\$ -	\$ 285,908	\$ 5,520,064	\$ 444,579
Total long-term debt	<u>\$ 5,805,972</u>	<u>\$ -</u>	<u>\$ 285,908</u>	<u>\$ 5,520,064</u>	<u>\$ 444,579</u>

Loans payable outstanding at June 30, 2023 were as follows:

Purpose	Governmental Activities
During the 2015 fiscal year, the Agency received a loan from the City. The loan is payable in annual installments with variable interest rates of 3.25% to 7.25%, maturing on September 1, 2035.	\$ 2,723,272
During the 2019 fiscal year, the Agency received a loan from the City in the amount of \$3,150,000 to finance the purchase of property and other construction. Principal and interest are payable semiannually at 3.30% through March 2039.	2,646,792
In June 2019, the City received proceeds in the amount of \$150,000 from Banner Bank to finance the projects of the Florence Urban Renewal Agency. Interest only payments at 5.3% are required semiannually through March 1, 2024. If an event of default occurs, the Bank may exercise any remedy available at law or in equity; but the Note shall not be subject to acceleration.	<u>150,000</u>
Total loans payable	5,520,064
Less: current portion	<u>444,579</u>
Long-term portion	<u>\$ 5,075,485</u>

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4– LONG-TERM LIABILITIES (Continued)

Future maturities of long-term debt

As of June 30, 2023, the future maturities of long-term debt are as follows:

Fiscal Year	Governmental Activities	
	Loans Payable	
	Principal	Interest
2024	\$ 444,579	\$ 173,874
2025	304,021	156,483
2026	313,544	146,960
2027	323,367	137,138
2028	333,341	127,163
2029-2033	1,830,833	471,688
2034-2038	1,761,934	171,584
2039-2043	208,445	5,549
Total	<u>\$ 5,520,064</u>	<u>\$ 1,390,439</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 \$468,454. FURA levied the maximum levy amount allowed, which resulted in a levy of \$749,517. FURA received property tax revenue of \$763,353, which provides a debt coverage ratio of 1.63.

NOTE 5 – RELATED PARTY TRANSACTIONS

The City provides services for the Agency, including administrative functions, in accordance with an intergovernmental agreement. For the year ended June 30, 2023 the payment to the City totaled \$165,600.

NOTE 6 - NEWLY ISSUED ACCOUNTING STANDARDS

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The statement improves financial reporting by addressing issues related to public-private partnership arrangements (PPPs) by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs) by requiring governments engaged in APAs that contain multiple components to recognize each component as a separate arrangement, and when related to operating or maintaining a nonfinancial asset, to report an outflow of resources in the period to which payments relate. Implementation of this standard had no impact on the Agency’s financial statements.

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - NEWLY ISSUED ACCOUNTING STANDARDS (Continued)

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users, including defining a SBITA, establishing that a SBITA results in an intangible right-to-use subscription asset and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. Implementation of this standard had no impact on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Biennium and Year Ended June 30, 2023

	Budget		Actual		Total	Variance
	Original	Final	FY 2021-22	FY 2022-23		
Revenues						
Property taxes	\$ 1,200,000	\$ 1,200,000	\$ 616,775	\$ 765,660	\$ 1,382,435	\$ 182,435
Intergovernmental	400,000	400,000	234,987	200,706	435,693	35,693
Miscellaneous	8,000	8,000	3,392	23,503	26,895	18,895
Total revenues	<u>1,608,000</u>	<u>1,608,000</u>	<u>855,154</u>	<u>989,869</u>	<u>1,845,023</u>	<u>237,023</u>
Expenditures						
Materials and services	708,100	708,100	245,300	238,365	483,665	224,435
Capital outlay	515,000	515,000	157,174	44,455	201,629	313,371
Debt service	937,200	937,200	468,454	468,454	936,908	292
Contingency	859,100	859,100	-	-	-	859,100
Total expenditures	<u>3,019,400</u>	<u>3,019,400</u>	<u>870,928</u>	<u>751,274</u>	<u>1,622,202</u>	<u>1,397,198</u>
Excess (deficiency) of revenues over expenditures	<u>(1,411,400)</u>	<u>(1,411,400)</u>	<u>(15,774)</u>	<u>238,595</u>	<u>222,821</u>	<u>1,634,221</u>
Other financing sources (uses)						
Transfers in	81,000	81,000	-	-	-	(81,000)
Total other financing sources (uses)	<u>81,000</u>	<u>81,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81,000)</u>
Net change in fund balance	(1,330,400)	(1,330,400)	(15,774)	238,595	222,821	1,553,221
Fund balance at beginning of year/biennium	<u>1,330,400</u>	<u>1,330,400</u>	<u>692,018</u>	<u>676,244</u>	<u>692,018</u>	<u>(638,382)</u>
Fund balance at end of year/biennium	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 676,244</u>	<u>\$ 914,839</u>	<u>\$ 914,839</u>	<u>\$ 914,839</u>

See notes to required supplementary information

FLORENCE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF FLORENCE, OREGON)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

NOTE 1 – BUDGETING INFORMATION

Budget policies and budgetary control

The Agency adopted a biennial budget effective July 1, 2021 for the biennium ending June 30, 2023, consistent with ORS 294 – Local Budget Law. Appropriations are for the biennial period. Appropriations lapse at the end of the biennial period.

The Agency begins its budgeting process in the early winter preceding the biennial period in which 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 Board of Directors adopts a final budget, appropriations are made, and a tax levy declared no later than June 30th. The Agency's budget is prepared for each fund on the modified accrual basis of accounting.

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 of Directors may change the budget throughout the biennial period 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 the newspapers and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriation transfers between levels of control. Such transfers require approval by the Board of Directors.

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS**

Agency Officials
Florence Urban Renewal Agency
Florence, Oregon

We have audited the basic financial statements of the Florence Urban Renewal Agency (the "Agency"), a blended component unit of the City of Florence, Oregon (the "City"), as of and for the year ended June 30, 2023, and have issued our report thereon dated February 26, 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-0320 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 statements 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
- 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 Agency 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 162-010-000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

Budgets legally required (ORS Chapter 294)

The Agency's published financial summary, Form UR-1, did not agree with the amounts on the detailed budget sheets as required by ORS 294.438 as follows:

	<u>UR-1</u>	<u>Budget</u>	<u>Variance</u>
2019-2021 Actual			
Resources	\$ 5,942,543	\$ 6,023,183	\$ 80,640
Requirements	5,250,525	5,331,165	80,640

Also, in the 2023-25 biennial budget document, the historical information for years ended June 30, 2019 through 2021 did not agree to actual amounts as reported in the audited financial statements for those years, as required by ORS 294.358.

In addition, the Budget Committee meeting online publication was not published on the municipal corporation's website at least 10 days prior to the meeting, as required by ORS 294.426.

OAR 162-010-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Restriction of Use

This report is intended solely for the information and use of the Agency officials and management of Florence Urban Renewal Agency and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Singer Lewak LLP

February 26, 2024

By:



Brad Bingenheimer, Partner

February 21, 2024

Honorable Mayor and Members of City Council
City of Florence
Florence, Oregon

This letter is to inform the City Council/Agency Officials of City of Florence, Oregon and the Florence Urban Renewal Agency, a blended component unit of the City of Florence (collectively the “City”), about significant matters related to the conduct of our audit as of and for the year ended June 30, 2023, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor’s Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our engagement letter dated May 1, 2023 for the City of Florence and April 12, 2023 for the Florence Urban Renewal Agency. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated April 12, 2023 regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

Accounting Policies

A summary of significant accounting policies adopted by the City is included in Note 2 to the financial statements. During the year ended June 30, 2023, the City adopted and implemented GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, however it was determined that there was no material impact on the City’s financial statements from implementation of these standards.

Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. We evaluated the key factors and assumptions used by management to develop the significant estimates reflected in the financial statements and determined that they are reasonable in relation to the financial statements taken as a whole.

The following summarizes the significant accounting estimates reflected in the City's financial statements:

- Accumulated depreciation – Estimated useful lives

In the statement of activities and the proprietary fund statements, the costs of capital assets are allocated over their estimated useful lives as depreciation expense. In determining the estimated useful life of an asset, management considers the asset's present condition, use of the asset, construction type, maintenance policy, and how long it is expected to meet service and technology demands.

- Net pension liability and related deferred outflows and inflows

The net pension liability reflected in the financial statements represents the proportionate share of the amount by which the total pension liability on the Oregon PERS exceeds the Oregon PERS' fiduciary net pension. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The Oregon PERS has hired an external actuarial specialist to assist in the measurement of such liability. The total pension liability was measured by the Oregon PERS using the entry age actuarial cost method based on the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The methods and assumptions used were based on the 2020 experience study which reviewed experience for the four-year period ending December 31, 2020.

Disclosures

- The disclosure of prior period adjustments in Note 3 to correct beginning fund balance/net position.
- The disclosure of cash, cash equivalents and investments in Note 4 to the financial statements which describes the liquid assets available for operations of the City.

Audit Adjustments and Uncorrected Misstatements

Management corrected the material misstatements in the attached Summary of Recorded Audit Adjustments that were identified as a result of our audit procedures.

We identified the uncorrected misstatements in the attached Summary of Uncorrected Misstatements that management has concluded are not, individually or in the aggregate, material to the basic financial statements. We agree with management's conclusion in that regard. Uncorrected misstatements or matters underlying these uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Internal Control Matters

We have issued a separate communication dated February 21, 2024 regarding certain deficiencies in internal control that we identified during the planning or performance of our audit of the financial statements.

Disagreements With Management

We are not aware of any disagreements with management during the audit process.

Consultation With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Other Matters

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Shared Responsibilities: AICPA Independence

The American Institute of Certified Public Accountants (AICPA) regularly emphasizes that auditor independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with AICPA independence rules. For SingerLewak LLP to fulfill its professional responsibility to maintain and monitor independence, management, the City Council, and SingerLewak LLP each play an important role.

Honorable Mayor and Members of City Council
City of Florence, Oregon
February 21, 2024
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Our Responsibilities

- AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. SingerLewak LLP is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

The City's Responsibilities

- Understand and conclude on the permissibility, prior to the City and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with SingerLewak LLP.
- Not entering into relationships resulting in close family members of SingerLewak LLP covered persons, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the City.

Management Representations

Attached are copies of the management representation letters for both the City and the Agency.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the City.

This report is intended solely for the information and use of the Mayor, City Council and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

SingerLewak LLP

Florence Urban Renewal Agency

Memorandum

To: Florence Urban Renewal Board

From: Lezlea Purcell, Finance Manager

Date: March 20, 2024

Re: 2nd Quarter Period, 2023-2025 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:

2nd Quarter Period, 2023-2025 Biennium Financial Report for period ending December 31, 2023.



Florence Urban Renewal Agency
Financial Report
Quarter Ended December 31, 2023

March 20, 2024

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 2nd quarter of the Biennium ending June 30, 2025. The report includes comparisons of actual to budgeted amounts, current period resources and expenditures, the ending fund balance for the FURA General, 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, 2023 – June 30, 2025 biennium. Additionally, we have included reporting on the Agency's debt such as outstanding amounts, debt coverage ratios, maturities, and interest rates.

As of December 31, 2023, the Agency collected approximately \$731,000 in property taxes. Tax bills are issued by Lane County mid to late October. The first collection date was November 15th. We monitor collection rates to ensure future budget estimates are on track.

Operations:

- Quince Street Hotel Development
 - Initiated the work of the two subcommittees related to Quince Street Future Development and Code Review
 - Continued coordination with Braun Hospitality
- Rotating Outdoor Art Gallery
 - Reviewed the timeline and criteria for the Art Exposed Rotating Outdoor Art Gallery in the ReVision Florence project area.

Notable Items:

- The General Fund began the quarter with an estimated fund balance of \$435,600. It ended the quarter with a fund balance of \$1,010,700.
- Debt payments were made as scheduled.

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

Sincerely,



Erin Reynolds
City Manager
General Fund



Lezlea Purcell
Finance Manager

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.

Property tax collections began during this reporting quarter in November 2023. The Agency received \$729,800 in tax revenue this quarter

Interest income from the LGIP account was \$13,600.

There were minimal capital expenditures for this quarter.

Debt payments in the amount of \$123,100 were made during this quarter. This included an interest only payment on the FFCO 2019B issue and a principal/interest payment on the FFCO 2019A issue. The 2019B issue has one remaining balloon payment remaining which will be made during the next reporting period.

Expenditures are within budget for the biennium. The fund balance remained steady during the quarter.

	Quarter Ended December 31, 2023			Biennium-To-Date		
	Budget	Actual	Over(Under)	Budget	Actual	Over(Under)
Current resources						
Taxes	\$ 201,300	\$ 729,774	\$ 528,474	\$ 1,610,000	\$ 730,739	\$ (879,261)
Intergovernmental	-	-	-	-	-	-
Earnings & Contributions	1,000	13,589	12,589	8,000	23,147	15,147
Transfers in	-	-	-	-	-	-
Total current resources	\$ 202,300	\$ 743,363	\$ 541,063	\$ 1,618,000	\$ 753,886	\$ (864,114)
Expenditures						
Materials & Services	118,300	42,643	(75,657)	946,300	87,321	(858,979)
Capital Purchases	30,000	2,533	(27,467)	240,000	2,533	(237,467)
Debt service	134,900	123,115	(11,785)	1,079,500	345,339	(734,161)
Total expenditures	283,200	168,291	(114,909)	2,265,800	435,193	(1,830,607)
Other requirements						
Contingency	31,500	-	(31,500)	252,200	-	(252,200)
Total other requirements	31,500	-	(31,500)	252,200	-	(252,200)
Total expenditures and other requirements	314,700	168,291	(146,409)	2,518,000	435,193	(2,082,807)
Total resources over (under) requirements						
Beginning balance	112,400	435,639	323,239	900,000	692,018	(207,982)
Ending Balance	\$ -	\$ 1,010,711	\$ 1,010,711	\$ -	\$ 1,010,711	\$ 1,010,711

Debt Summary

The following schedule provides information related to the Agency's outstanding debt during the 2023-2025 biennium through fiscal year 2029. The schedule includes:

- Debt Issue
- Original loan amount
- Annual principal payment for the current fiscal year
- Interest rate
- Maturity of the debt issue
- Outstanding principal balance as of June 30 for the current fiscal year and five years following

Description	Original Amount	Annual Payment FY 2024	Interest Rate	Maturity	Outstanding balance fiscal year ending June 30,					
					2024	2025	2026	2027	2028	2029
Existing Obligations										
FFCO 2016 - FURA	3,700,000	246,229	2.92%	2036	2,556,683	2,384,888	2,207,970	2,025,775	1,838,303	1,645,083
Banner Bank - 20 yr Tax Exempt	3,150,000	214,274	3.30%	2039	2,519,096	2,386,870	2,250,245	2,109,073	1,963,204	1,812,482
Banner Bank - 5 yr Taxable	150,000	157,950	5.30%	2024	150,000	-	-	-	-	-
Total City Debt	7,000,000	618,453			5,225,779	4,771,758	4,458,215	4,134,848	3,801,507	3,457,565
Population	assumes 1% annual increase				9,600	9,696	9,793	9,891	9,990	10,090
Debt per capita					544	492	455	418	381	343