



*City of Florence*  
**A City in Motion**

## Florence Urban Renewal Agency (FURA) Regular Meeting

Videoconference &  
Florence City Hall  
250 Hwy 101  
Florence, OR 97439  
541-997-3437  
[www.ci.florence.or.us](http://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](http://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](http://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](http://www.ci.florence.or.us/newsletters/subscriptions).

June 23, 2021

## AGENDA

5:30 p.m.

FURA Directors:  
Vice-Chair Mike Webb  
Ron Caputo

Chairperson, Bill Meyer  
Rob Ward  
Dave Braley  
Joe Henry  
Carmela West

Woody Woodbury  
Vacant

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

Due to federal and state restrictions on public gatherings, the Florence Urban Renewal Agency meetings shall be held via videoconference. Members of the public can listen and view the meeting through the 'GoToWebinar' platform at the following link:

<https://attendee.gotowebinar.com/register/7642577097564280592>

**This meeting will only be available on GoToWebinar.**

**In person attendance is not allowed at Florence Urban Renewal Agency meetings.**

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 audience to bring to the Agency'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

Bill Meyer  
Chairperson

### ACTION ITEMS

#### 3. FLORENCE URBAN RENEWAL AGENCY 2021-2023 BIENNIAL BUDGET

##### A. PUBLIC HEARING ON 2021-2023 FURA BUDGET

Hear and consider written and oral testimony concerning the 2021-2023 Biennial Budget.

Erin Reynolds  
City Manager

##### B. ADOPTION OF 2021-2023 FURA BUDGET

Consider adoption of **Resolution No. 1, Series 2021**, a resolution performing the following:

- Adopting the 2021-2023 Biennial Budget
- Making appropriations for the agency
- Authorizing levy of property taxes for the agency

## **REPORTS, PRESENTATIONS & UPDATES**

### **4. QUARTERLY FINANCIAL REPORT**

Review quarterly financial report for the Florence Urban Renewal Agency.

Anne Baker  
*Admin. Services*

### **5. AUDITED FINANCIAL STATEMENTS**

Receive fiscal year 2019-2020 audited financial statements.

Anne Baker  
*Admin. Services*

### **6. CITY MANAGER REPORT**

Erin Reynolds  
*City Manager*

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## **UPDATED PUBLIC MEETINGS PROCEDURES – COVID-19**

Given executive orders from Governor Brown concerning COVID-19 and social distancing requirements, the City of Florence has established temporary procedures for public meetings in order to protect our volunteers, public and staff.

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

1. **Written Testimony:** Citizens wishing to express their views to the Urban Renewal Agency are encouraged to submit written testimony in one of the following ways:
  - a. Submit written comments via email to Administrative Assistant at [lindsey.white@ci.florence.or.us](mailto: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 to the City of Florence drop box located at Florence City Hall (250 Hwy 101) to the right of the main entrance.

**\*\* Note:** Written comments received at least 2 hours prior to the meeting (June 23, 2021 at 3:30 p.m.) will be distributed to the FURA Board, 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 Board may participate in the meeting via GotoWebinar. To do so, please contact Administrative Assistant Lindsey White at [lindsey.white@ci.florence.or.us](mailto:lindsey.white@ci.florence.or.us) at least 1 hour prior to the meeting (June 23, 2021 at 4:30 p.m.).
  - a. **Public Comments on items not on the agenda:** General public comments (on items not on the FURA agenda) will be allowed at each FURA 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 Board 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 FURA agenda. Verbal comments will be allowed on action items after staff has given their report and have allowed time for initial Agency Board 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>.**

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# Florence Urban Renewal Agency

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## Memorandum

**To:** Florence Urban Renewal Board

**From:** Anne Baker, Administrative Services Director

**Date:** June 23, 2021

**Re:** Adoption of 2021-23 biennial budget, make appropriations, and levy taxes

### **Background and Information:**

On May 13, 2021, the FURA Budget Committee approved the proposed budget for the 2021-23 biennium totaling \$3,100,400. Oregon Budget Law stipulates that the governing body must hold a public hearing on the approved budget prior to its adoption. The public hearing has been advertised as required and scheduled for this meeting.

After the public hearing, Resolution No. 1, Series 2021 (Attachment 1) to adopt the budget, make appropriations, and declaring tax increment, consistent with the approved budget, has been prepared for your consideration.

**Fiscal Impact:** The budget totals \$3.1 million including \$515,000 in urban renewal project and program spending, \$937,200 for debt payment, and transfers of \$81,000 to the General Fund to facilitate the closing of the Debt Service Fund.

**Alternatives:** The Board may make changes to the approved budget; however, those changes are limited to no more than 10% of any given fund (\$301,940 for the general fund and \$8,100 for the debt service fund) or a notice of the amended budget published and another public hearing held.

**Recommendation:** Staff recommends adopting Resolution No. 1, Series 2021, to adopt the approved budget in the amount of \$3,100,400, make appropriations, and levy the maximum amount of revenue that may be raised by dividing the taxes under Section 1e, Article IX of the Oregon Constitution and ORS Chapter 457 for the fiscal years beginning July 1, 2021 and July 1, 2022.

### **Attachments:**

Attachment 1: Resolution No. 1, Series 2021

Attachment 2: Approved Budget

**Resolution No. 1, Series 2021**  
**RESOLUTION ADOPTING THE BIENNIAL 2021-23 BUDGET**  
**and DECLARING TAX INCREMENT**

1. The Budget Officer prepared the proposed budget for the Florence Urban Renewal Agency for the 2021-23 biennium commencing July 1, 2021.
2. The proposed budget was approved by the Florence Urban Renewal Agency Budget Committee on May 13, 2021.
3. The Florence Urban Renewal Agency Board of Directors held a public hearing for the approved budget to receive comments from citizens.
4. The Florence Urban Renewal Agency Board of Directors has considered the public testimony received.

Based on these findings,

1. BE IT RESOLVED that the Board of Directors of the Florence Urban Renewal Agency hereby adopts the biennial budget for 2021-23 in the total amount of \$3,100,400 and makes the following appropriations:

**General Fund**

Materials and services	\$ 708,100
Capital outlay	515,000
Contingency	<u>859,100</u>
<b>Total</b>	<b>\$3,019,400</b>

**Debt Service Fund**

Transfers	<u>\$ 81,000</u>
<b>Total</b>	<b>\$ 81,000</b>

**Total appropriations, all funds \$3,100,400**

2. **DECLARING TAX INCREMENT.** The Board of Directors of the Florence Urban Renewal Agency hereby certifies to the County Assessor to levy the maximum amount of revenue that may be raised by dividing the taxes under Section 1e, Article IX, of the Oregon Constitution and ORS Chapter 457 for the fiscal years beginning July 1, 2021 and July 1, 2022 for the Florence Urban Renewal Agency Plan Area.

The above resolution statements were approved and declared adopted on the 23rd day of June 2021.

\_\_\_\_\_  
Bill Meyer, Chairperson

Attest:

\_\_\_\_\_  
Kelli Weese, City Recorder



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Fiscal  
Biennium

2021-2023

# Biennial Budget

FLORENCE URBAN RENEWAL AGENCY

Approved Budget

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# Florence Urban Renewal Agency Fiscal Biennium 2019-2021 Budget

July 1, 2021 — June 30, 2023



## BUDGET COMMITTEE

The Florence Urban Renewal Agency (FURA) consists of the FURA Board and an equal number of citizen members, which includes the two City Councilors who do not serve on the FURA Board. The citizen members of the City’s Budget Committee, the two City Councilors not already serving on the Florence Urban Renewal Agency Board, and two additional citizen members also serve on the FURA Budget Committee. Citizen members serve staggered terms of four years expiring January 31st.

The FURA Budget Committee received the proposed budget on May 10, 2021. The committee held their public hearing on May 12th with City staff making presentations and addressing questions. The public meetings provide an opportunity for public testimony. The Budget Committee approved the proposed budget without any changes made and forward it to the FURA Board for adoption.

The FURA Board will hold a public hearing on the approved budget June 23, 2021. After the public hearing the Board will consider adoption of the approved budget, with any changes, levy property taxes, and establish budget appropriations.

<b>Board Members</b>	<b>Term Expires</b>	<b>Citizen Members</b>	<b>Term Expires</b>
Chair Bill Meyer	January 2023	Sally Wantz	December 2024
Vice Chair Mike Webb	January 2022	Maggie Wisniewski	December 2022
Joe Henry	December 2022	Jeff Archambeau	January 2023
Woody Woodbury	January 2024	Ron Hildenbrand	January 2025
Carmela West	January 2022	Brittany Hornung	January 2022
Rob Ward	January 2023	Leonard Larson	January 2025
Dave Braley	January 2024	Joel Marks	January 2024
Ron Caputo	January 2024	Wayne Sharpe	January 2023
Vacant	January 2023	David Peden	January 2025

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# TABLE OF CONTENTS

City Manager’s Budget Message .....	7
FURA Overview .....	11
Basics of Budgeting .....	13
Fund Accounting .....	15
Budget Process .....	17
Consolidated 2021-23 Biennial Budget .....	19
General Fund .....	21
Debt Service .....	25
Tax Levy Information .....	27
Debt Schedule .....	29
FURA Work Plan .....	31
Resolution No. X, Series 2021 .....	33
Budget Calendar .....	35
Fiscal Policies .....	37
Glossary .....	45

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# BUDGET MESSAGE



## City Manager's Budget Message 2021 – 2023 Biennium Budget

May 10, 2021

Florence Urban Renewal Agency Budget Committee,

As the Florence Urban Renewal Agency (FURA or Agency) Budget Officer, I am pleased to submit the Proposed Budget for the 2021-2023 Fiscal Biennium (proposed budget). The Agency's proposed budget represents a financial plan for the next two fiscal years consisting of the fiscal years ending June 30, 2022 and June 30, 2023. The budget is balanced and totals \$3,100,400 (previous biennium budget \$5,114,00) for the two-year period beginning July 1, 2021 and ending June 30, 2023.

The proposed budget provides a two-year funding plan that is smaller in scale than the previous years as we close out the once in a generation streetscape and gateway project for the main street corridor of Florence on Highways 101 and 126, referred to as ReVision Florence. As you review this document you will see that we have included a copy of the Agency's Work Plan, as approved by the Board, that guided staff as we crafted this proposed budget. The Work Plan continues to support the Urban Renewal Plan's list of projects and priorities. The Agency's Work Plan has also been updated to be aligned with the priorities and goals of the City of Florence. The City Council adopted their work plan in April 2021, and subsequently staff updated the Agency's existing work plan in conjunction with that process and was the starting point for this budget.

The fund detail section of the budget document includes budget Highlights, information on upcoming capital investments, noteworthy accomplishments from the previous biennium, and a fun "Did you know?" section. To round out the proposed budget document we have included a glossary of terms, the fiscal policies, and the budget calendar.

This budget message highlights significant resources and uses of funds that make up the balance of the proposed budget. Before reviewing the core components of the proposed budget, I wanted to take a moment to recognize the impact of the COVID-19 pandemic on preparing a biennial budget. Although COVID-19 has significantly impacted local businesses, the overall impact to the Agency so far has not been catastrophic. The administrative and management staff of the



Agency have worked remotely since the onset of the pandemic in March 2020. Furthermore, the FURA Board has been meeting through a virtual web platform since June 2020. We are grateful that the ReVision Florence streetscape construction work was able to continue, albeit with many delays, and has been for the most part completed through the thick of the COVID-19 shut-down and the ongoing restrictions. There is always some degree of uncertainty for any budget, and even more so during a global pandemic. For now, the future post-pandemic fiscal biennium looks positive, and as a result, we propose a stable and balanced budget.

## BUDGET MESSAGE

As we all know, the Agency's primary revenue source comes from property taxes. The proposed budget includes \$1.2 million in property tax revenues. At the onset of the COVID-19 pandemic, it was unclear how property taxes would be affected by the economic shut-down. One year into the pandemic, property tax revenue appears to be unaffected. Housing continues to be at a premium and sales have so far been unaffected. Assessed values in the Urban Renewal Area continues to out-pace the City's overall assessed values and have been forecasted to increase 4% each year in the 2021-23 biennium. For further information about property tax increment please reference the Tax Levy Schedule.

The budget includes \$400,000 in intergovernmental revenue from the Agency's IGA with Lane County representing their partnership in the ReVision Florence Project as a tourism asset investment for west Lane County. These two fiscal years are the last two years of this funding agreement. In addition, the proposed budget includes \$1.3 million beginning fund balance that includes approximately \$500,000 of unspent funds from the 2019 financing to fund capital projects this biennium.

These resources provide the Agency with the opportunity to work on a variety of projects including three grant programs accounted for in materials and services, as well as the ability to invest \$515,000 in capital projects.

### Grant Programs

- ◆ Façade Preservation and Rehabilitation
- ◆ Predevelopment Grant
- ◆ Redevelopment Assistance Grant

### Capital investments

- ◆ Closing out Revision Florence Project:
  - ⇒ Pedestrian Scale Lighting
  - ⇒ Laurel Street Plaza
  - ⇒ Quince Street Gateway
- ◆ Quince Street Property Development
- ◆ Siuslaw Estuary Trail Contribution

Debt Payments for the biennium are \$937,200. The debt service payments are for the 2016 and 2019 City full faith and credit obligations. The City in turn loaned the 2016 & 2019 obligations to the Agency so that the lowest cost of borrowing could be realized for the Agency. It is the purpose of urban renewals to invest public dollars through tax increment debt financing with the expectation that property values will increase year over year. As tax increment increases in the coming years the Agency Board and staff will evaluate forecasted assessed property tax value growth to determine what is financially feasible and what projects in the Agency Plan are desirable to work on next.

In previous years, the debt payments were made out of the Debt Service Fund. Upon recommendations from the auditor, staff is proposing to close the Debt Service Fund and account for all financial activity in the Agency's General Fund. This consolidation of funds eliminates the transfer that occurred between the funds to make the debt service payments. To find out more about the long-term debt of the Agency please reference the Debt Schedule.





## BUDGET MESSAGE

The ending fund balance, or contingency amount, of \$859,100 meets and exceeds the Agency's reserve policy. This will allow the Agency's Board to consider opportunities as they arise in the coming two years to potentially invest more in the grant programs or in additional eligible capital projects from the Urban Renewal Plan.

Before concluding I must give much appreciation to FURA staff team for their assistance in preparing and publishing the proposed budget document. In addition, please accept my personal thanks from myself as City Manager and Budget officer to each member of the Budget Committee for your service on behalf of the community and for your work on the City's budget. I am honored and humbled to be of service to each of you, the Florence Urban Renewal Agency Board, the City Council, and the community of Florence. Thank you!



Respectfully submitted,

A handwritten signature in blue ink that reads "ER Reynolds". The signature is written in a cursive, flowing style.

Erin R. Reynolds

City of Florence City Manager and Budget Officer

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# FURA OVERVIEW

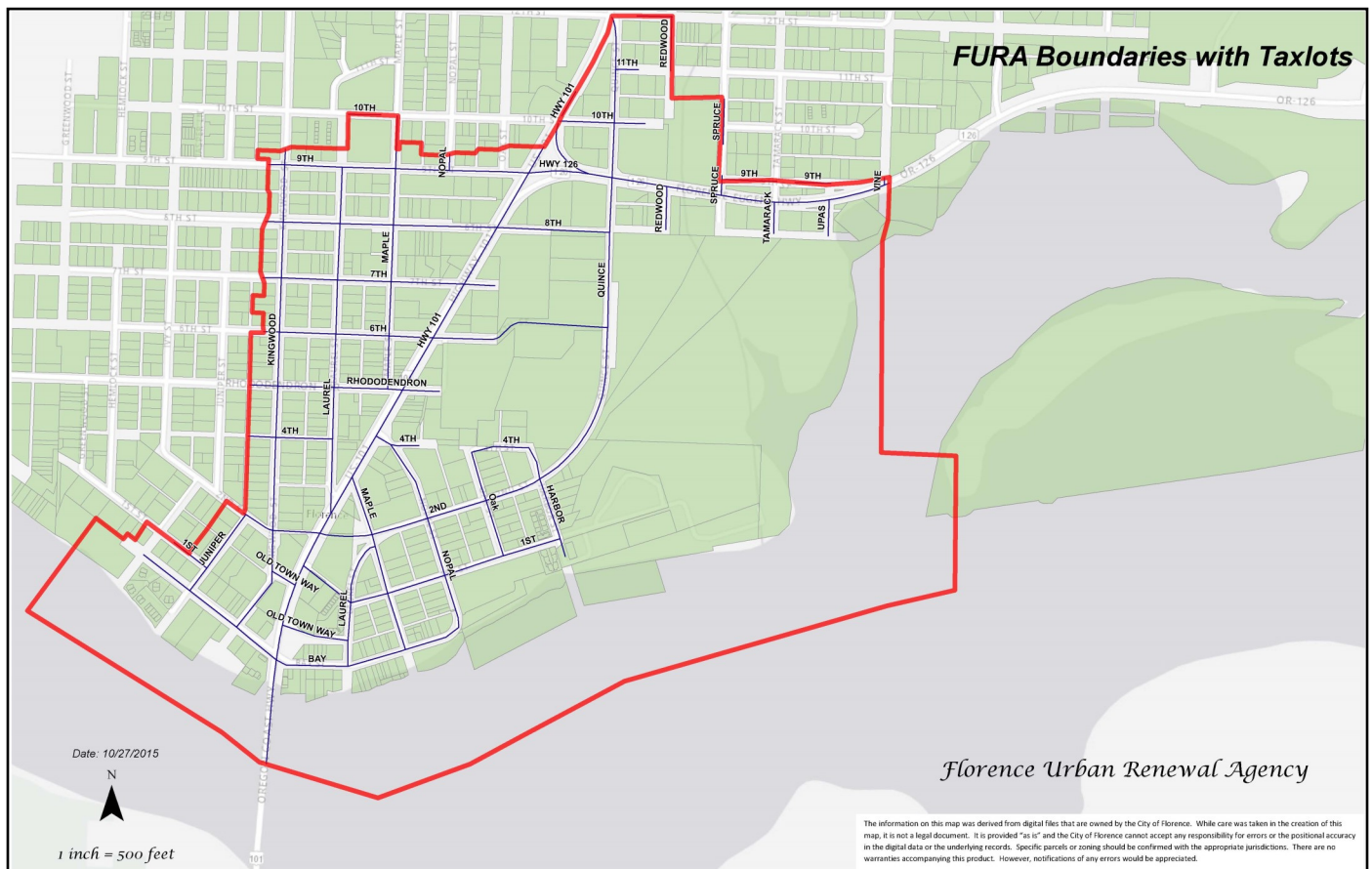
In August of 2006 Florence City Council adopted an ordinance approving the Florence Downtown Preservation and Florence voters approved the formation of the [Florence Downtown Preservation and Renewal Plan](#) (Plan) in 2007, which created the Florence Urban Renewal Agency (FURA) district. The FURA district encompasses properties along Highway 101 generally south of Highway 126, east of Kingwood, and inland of the Siuslaw River.

To fund projects within the Plan, FURA uses property tax increment financing, repaid with dedicated property taxes, to fund projects within the District to facilitate redevelopment and development.

Urban Renewal focuses on projects, such as construction and repair of public infrastructure, including parks, streets, and other public facilities; facilitation of public-private partnerships to revitalize and preserve downtown properties; promotion of mixed-use development; and rehabilitation of the waterfront for public and commercial uses. The maximum indebtedness authorized under the FURA Plan, for the projects within the Plan, is \$22,545,000. The Plan does not increase taxes that property owners pay.

In 2015 the City Council agreed to use full faith and credit obligations of the City, loaned to FURA, to fund FURA projects and refinance existing FURA debt. The policy decision increased the debt capacity of the Agency and reduced the interest cost to taxpayers.

For more information, visit [www.ci.florence.or.us/urbanrenewal](http://www.ci.florence.or.us/urbanrenewal).



# FURA

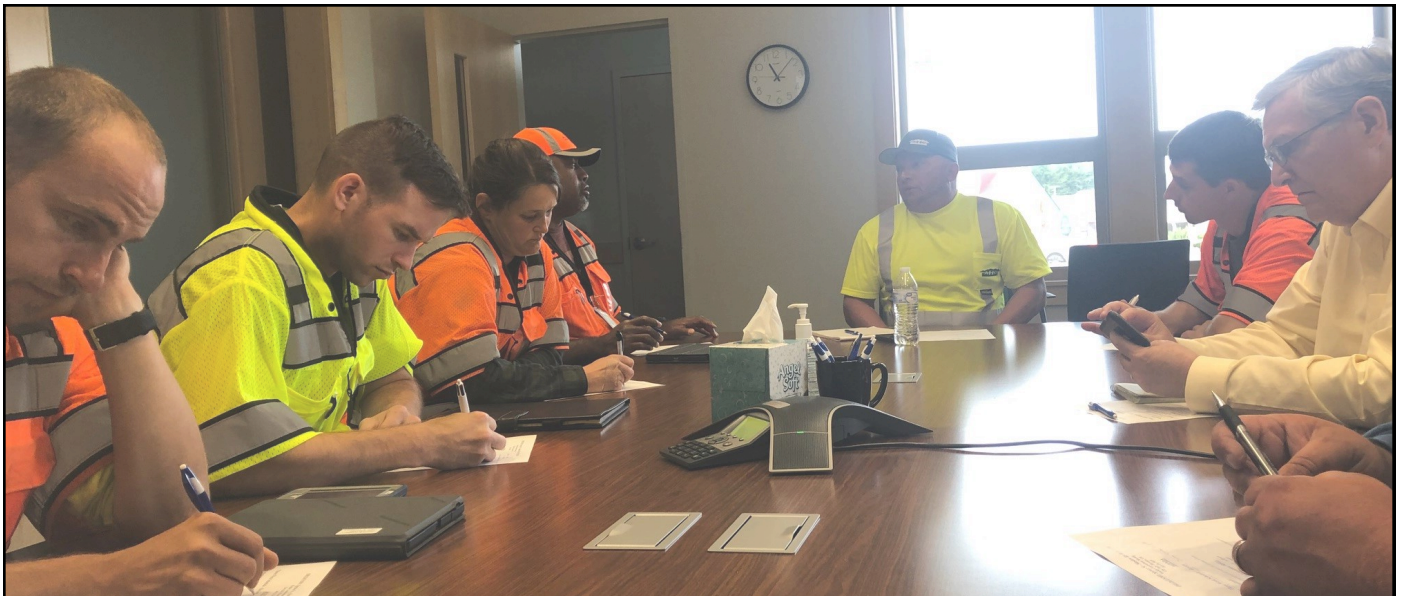
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# BASICS OF BUDGETING

The Agency budgets all funds on the modified accrual basis of accounting. Items such as depreciation, amortization, property taxes and other revenues that are not expected to be received in the current period or within sixty days of fiscal year end are not included in the budget. All expenditures forecast to occur during the year, such as principal, interest payments and capital acquisitions are budgeted. Expenditures for accrual of accrued leave and other payroll costs incurred are not budgeted.

Within the Agency’s audited financial statements, the General Fund and Debt Service Fund are accounted for using the modified accrual basis of accounting. The Governmental wide statements report on the full accrual method of accounting. The primary difference between the two methods of accounting, relative to the budget basis used, is depreciation, acquisition of capital assets and principal payments on debt are handled differently, i.e., depreciation is not budgeted, acquisition of capital assets and principal payments are budgeted, but are not shown as expenditures in full accrual accounting. FURA is a blended component unit and, while issuing its own set of financial statements, it is also included as funds in the City’s audited financial statements.

Budget appropriations for authorized spending are provided for all of the funds in the following sections. The amount of final appropriations are as presented in the “Adopted Budget” column of the budget summaries presented for each fund.



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# FUND ACCOUNTING

For accounting purposes, a local government is not treated as a single, integral entity. Rather, a local government is viewed instead as a collection of smaller, separate entities known as “funds.” A fund is a fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific activities and objectives. All of the funds used by a government must be



classified into one of seven fund types allowed. The Agency only uses the General and Debt Service fund types, which are both classified as governmental funds.

## Governmental Funds

Many government services are financed through taxes and intergovernmental revenues. These are often called non-exchange revenues because there is not normally a direct relationship between the cost of the service provided and the amounts being paid by either individual tax payers or other government agencies. When a service is largely funded through non-exchange revenues it can be called a governmental-type activity. The accounting for a governmental-type activity focuses on available spendable resources and the near-term demands upon them.

### General Fund

The General Fund accounts for services generally supported by property taxes and other non-dedicated or restricted revenue. These services include public safety, parks, administration, administrative services, and community development and Council directed funding of outside agencies or other activities. General administrative costs are recovered through internal charges to the fund or department using these services: These costs include Administration and financial services, risk management, network computer and phone services, and city hall usage. The costs of these services are at full cost, including replacement cost, thereby providing more accurate costs of providing services. Beginning in the 2021-2023 Biennium the General Fund began accounting for the repayment of the Agency’s long-term debt obligations.

### Debt Service Funds

This fund type accounts for the accumulation of resources for the payment of debt principal and interest.

*Debt Service Fund* — The Debt Service Fund was established to service principal and interest payments on the Agency’s short and long-term debt. This fund accounted for the repayment of City-issued full faith and credit obligations issued to finance the Agency’s projects and programs. Following the advice of the City’s auditors, we have moved accounting for this debt into the City’s debt service fund. The FURA General Fund will make transfers to the City for the repayment of its portion of the debt. The fund is being closed in the 2021-23 biennium.



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# BUDGET PROCESS

A budget is defined by Oregon State Law (Oregon Revised Statutes, Chapter 294) as a financial plan containing estimates of revenue and expenditures for a given period or purpose, such as a fiscal year or biennium. The Florence Urban Renewal Agency (FURA) Board of Directors is required to adopt a balanced budget on or before June 30.

The State of Oregon defines a balanced budget as one in which total resources, including beginning balances, current resources, and debt proceeds equals total requirements of current expenditures, capital outlay, transfers, debt service payments, and reserves. The budget is a financial plan and is critical to local government entities because it requires evaluation of plans and establishment of priorities in relation to available resources. Under Oregon Revised Statutes (ORS), a legally adopted budget is necessary for a local government to levy property taxes.

The Florence Urban Renewal Agency prepares and adopts its biennial budget in accordance with the City of Florence policies and Oregon Local Budget Law (ORS 294.305-294.555, and 294.565). The Budget is presented by fund, department, and expenditure object classification. The City Manager, as the Budget Officer, has responsibility for presenting the proposed budget to the Budget Committee, management of the overall FURA budget, and maintaining budgetary control at the adopted appropriation level. Finance and the respective operation department directors perform ongoing review and monitoring of revenues and expenditures.

The Budget Committee consists of the governing body and an equal number of legal voters appointed by the Board of Directors. Accordingly, FURA has eighteen budget committee members, in which the votes of all members are equal. The first review of the budget occurs when the budget is presented to the Committee. At that time, the budget is made publicly available and the Committee begins their review. The Committee may approve the proposed budget intact, or change part or all of it prior to approval.

Oregon Local Budget Law requires the meeting at which the budget is adopted by the Board of Directors to be formally noticed and provide time for the public to comment or ask questions about the budget. The Board of



Directors may modify the approved budget, however, if expenditures are increased more than \$5,000 in any fund (or 10%, whichever is greater), a notice of a second budget hearing and a new financial summary must be published and a second hearing held before the budget can be adopted. The budget must be adopted on or prior to June 30. There is no provision in Oregon Local Budget Law to adopt a budget after June 30.

The budget is an estimate, and as such there is a provision to adjust the budget during the biennium through supplemental budgets, which may include noticing and public hearings. The Budget Committee is not convened for this process.

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# CONSOLIDATED 2021-23 BIENNIAL BUDGET SUMMARY

## FURA Budget Summary and Comparison

Fiscal Biennium 2019-21 to Fiscal Biennium 2021-23

	Fiscal Biennium 2019-21 Budget			Fiscal Biennium 2021-23 Budget		
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Total
Beginning fund balance	1,984,100	3,400	1,987,500	1,330,400	81,000	1,411,400
<b>Current year resources</b>						
Property taxes	1,071,500	-	1,071,500	1,200,000	-	1,200,000
Intergovernmental	1,639,700	-	1,639,700	400,000	-	400,000
Miscellaneous	16,000	-	16,000	8,000	-	8,000
Transfers	-	800,000	800,000	81,000	-	81,000
Debt proceeds	400,000	-	400,000	-	-	-
<b>Total current year resources</b>	<b>3,127,200</b>	<b>800,000</b>	<b>3,927,200</b>	<b>1,689,000</b>	<b>-</b>	<b>1,689,000</b>
<b>Total resources</b>	<b>5,111,300</b>	<b>803,400</b>	<b>5,914,700</b>	<b>3,019,400</b>	<b>81,000</b>	<b>3,100,400</b>
<b>Expenditures</b>						
Materials and services	670,100	-	670,100	708,100	-	708,100
Capital outlay	3,482,500	-	3,482,500	515,000	-	515,000
Transfers	800,000	-	800,000	-	81,000	81,000
Debt services	-	722,800	722,800	937,200	-	937,200
<b>Total expenditures</b>	<b>4,952,600</b>	<b>722,800</b>	<b>5,675,400</b>	<b>2,160,300</b>	<b>81,000</b>	<b>2,241,300</b>
<b>Other requirements</b>						
Contingency	158,700	80,600	239,300	859,100	-	859,100
<b>Total other requirements</b>	<b>158,700</b>	<b>80,600</b>	<b>239,300</b>	<b>859,100</b>	<b>-</b>	<b>859,100</b>
<b>Total expenditures and other requirements</b>	<b>5,111,300</b>	<b>803,400</b>	<b>5,914,700</b>	<b>3,019,400</b>	<b>81,000</b>	<b>3,100,400</b>

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# GENERAL FUND

The FURA General Fund accounts for the activities associated with the Agency's implementation of its Plan. The primary resources are property tax increment and debt proceeds (repaid with property taxes resulting from the increased, i.e., incremental, value of property within the urban renewal district over the frozen base value), grants, and developer contributions.

## FY 2021-23 Budget Highlights

- ◆ Close out of ReVision Florence Streetscape construction contract through ODOT.
- ◆ Continued work on the Quince Street property development.
- ◆ Coordination with ODOT and the City on development of the Siuslaw Estuary Trail.
- ◆ Implementation of the FURA Grant Programs.
- ◆ Property tax revenue and assessed values have not been affected by COVID-19. Assessed value in the urban renewal area continues to outpace the City's overall assessed values and have been budgeted to increase 4% each year in the biennium.
- ◆ Includes \$937,000 in debt service expenditures for the Agency's long-term debt obligations (previously recorded in the Debt Service Fund).

## Upcoming Capital Investments

- ◆ ReVision Florence Items:
  - Pedestrian Light Arms
  - Laurel Street Plaza
- ◆ Quince Street Property Development
- ◆ Quince Street Gateway
- ◆ Siuslaw Estuary Trail Contribution

## Goals & Work Plan Items Fiscal Biennium 2021-23

Full details on the FURA Work Plan can be found on pages 29-30.

- Development & Redevelopment Opportunities
  - ⇒ Quince Street Property
  - ⇒ Catalyst Sites and Other Properties
- ReVision Florence
  - ⇒ Streetscape Closeout
  - ⇒ Art Exposed
  - ⇒ Laurel Street Plaza
  - ⇒ Pedestrian Scale Lighting
  - ⇒ Quince Street Gateway
- Grant Programs
  - ⇒ Façade Preservation and Rehabilitation Program
  - ⇒ Predevelopment Grant Program
  - ⇒ Redevelopment Assistance Grant Program
- Amenities
  - ⇒ Siuslaw Estuary Trail
  - ⇒ Gallagher Park Expansion
  - ⇒ Old Town Amenities
- Old Town Parking Assessment





## Noteworthy Accomplishments Fiscal Biennium 2019-2021

- ✓ ReVision Florence Streetscape Project
  - Combined FURA streetscape and ODOT paving projects substantially complete. ODOT closing out contract and project.
  - Maple Street Old Town Gateway construction and installation nearly complete.
  - Installation of pedestrian amenities throughout the project corridor.
  - Installation of brackets for banners and flower baskets completed, including irrigation lines in the light poles.
- ✓ Completion of the CLPUD mural.
- ✓ Established the Redevelopment Assistance Grant Program and updated the Predevelopment Grant Program.
- ✓ Rejection of ODOT grant for the Siuslaw Estuary Trail. City began design/engineering and FURA has carried over contribution commitment.
- ✓ Quince Street Property Project
  - The FURA Board developed their goals for the Quince Street property to include a 90+ room lodging facility with ancillary uses, which could include housing, retail, office, etc.
  - Initiated the request for expressions of interest (RFEI) in mid-2020 to seek developers interested in the Quince Street property.
  - Selected a developer through the RFEI process to enter into an Exclusive Negotiating Agreement (ENA) while the developer works through their due diligence.

### Staffing:

Staffing for FURA activity is provided by the City. Payments to the City's General Fund and the Public Works Administration Fund are budgeted to reimburse the City for staff related costs.



### Did you know?

*FURA has two ongoing grant programs. Applications are reviewed based on available funding. The two programs include the Predevelopment Grant Program and the Redevelopment Assistance Grant Program.*

*The Kiwanis Club displays flags around town on major holidays. Public Works added flag holes in both the landscaping and sidewalks throughout the ReVision Florence project area.*



GENERAL FUND

**GENERAL FUND SUMMARY**

**Budget:**

	2016-17	2017-19	2019-21	2019-21	2021-23	2021-23	2021-23
	Actual	Actual	Budget	BTD	Proposed	Approved	Adopted
Beginning fund balance	-	-	1,984,100	3,920,260	1,330,400	1,330,400	-
<b>Current year resources</b>							
Taxes*	-	-	1,071,500	1,113,262	1,200,000	1,200,000	-
Intergovernmental	-	3,096,221	1,639,700	540,036	400,000	400,000	-
Miscellaneous	-	36,343	16,000	52,435	8,000	8,000	-
Debt proceeds	1,725,351	4,800,012	400,000	-	-	-	-
Transfers	-	250,000	-	-	81,000	81,000	-
<b>Total current year resources</b>	<b>1,725,351</b>	<b>8,182,576</b>	<b>3,127,200</b>	<b>1,705,733</b>	<b>1,689,000</b>	<b>1,689,000</b>	<b>-</b>
<b>Total resources</b>	<b>1,725,351</b>	<b>8,182,576</b>	<b>5,111,300</b>	<b>5,625,993</b>	<b>3,019,400</b>	<b>3,019,400</b>	<b>-</b>
<b>Expenditures</b>							
Materials and services	195,983	348,469	670,100	538,628	708,100	708,100	-
Capital outlay	501,577	4,810,071	3,482,500	2,957,677	515,000	515,000	-
Debt service	-	60,550	-	-	937,200	937,200	-
Transfers	-	-	800,000	800,000	-	-	-
<b>Total expenditures</b>	<b>697,560</b>	<b>5,219,091</b>	<b>4,952,600</b>	<b>4,296,305</b>	<b>2,160,300</b>	<b>2,160,300</b>	<b>-</b>
<b>Other requirements</b>							
Contingency	-	-	158,700	-	859,100	859,100	-
<b>Total other requirements</b>	<b>-</b>	<b>-</b>	<b>158,700</b>	<b>-</b>	<b>859,100</b>	<b>859,100</b>	<b>-</b>
<b>Total expenditures and other requirements</b>	<b>697,560</b>	<b>5,219,091</b>	<b>5,111,300</b>	<b>4,296,305</b>	<b>3,019,400</b>	<b>3,019,400</b>	<b>-</b>

**Financial Summary and Fund Balance Analysis:**

<b>Financial Summary</b>	2016-17	2017-19	2019-21	2019-21	2021-23	2021-23	2021-23
	Actual	Actual	Budget	BTD	Proposed	Approved	Adopted
Resources over (under) expenditures	1,027,791	2,963,485	(1,825,400)	(2,590,571)	(471,300)	(471,300)	-
Beginning fund balance	-	-	1,984,100	3,920,260	1,330,400	1,330,400	-
<b>Ending fund balance</b>	<b>1,027,791</b>	<b>2,963,485</b>	<b>158,700</b>	<b>1,329,689</b>	<b>859,100</b>	<b>859,100</b>	<b>-</b>
<b>Fund Balance Analysis</b>							
	2016-17	2017-19	2019-21	2019-21	2021-23	2021-23	2021-23
	Actual	Actual	Budget	BTD	Proposed	Approved	Adopted
Desired minimum fund balance - 5 months Operating Costs	81,700	145,200	279,200	224,400	295,000	295,000	-
Debt Reserve (1/2 annual P&I)					234,300	234,300	-
Fund balance above/(below)	946,091	2,818,285	(120,500)	1,105,289	329,800	329,800	-
Fund balance within policy	Y	Y	N	Y	Y	Y	

\* Prior to the 2019-2021 biennium, Property Tax revenue was recorded in the FURA Debt Service Fund



**Capital Outlay:**

<b>Description</b>	<b>Funding Source</b>	<b>Year 1 Amount</b>	<b>Year 2 Amount</b>	<b>Impact on Operating Costs</b>
Siuslaw Estuary Trail Contribution	Debt	55,000	-	~ \$4,400 per year in debt
Quince Street Development	Debt	200,000	-	~ \$15,800 per year in debt
Pedestrian Light Arms	Debt	120,000	-	~ \$9,500 per year in debt
Laurel Street Plaza	Debt	40,000	-	~ \$3,200 per year in debt
Quince Street Gateway	Debt	-	100,000	~ \$7,900 per year in debt
<b>FURA General Fund Total</b>		<b>415,000</b>	<b>100,000</b>	



# FURA DEBT SERVICE FUND

*This fund accounted for the repayment of City-issued full faith and credit obligations issued to finance the Agency’s projects and programs. Following the advice of the City’s auditors, we have moved accounting for this debt into the City’s debt service fund. The FURA General Fund will make transfers to the City for the repayment of its portion of the debt. The fund is being presented to show its closing and for historical purposes.*

## FY 2021-23 Budget Highlights

- ◆ The fund is being closed with a transfer to the General Fund.
- ◆ The General Fund will account for the debt service payments to the City per the Financing IGA.
- ◆ Accounting for the Agency’s debt occurs in the City’s Debt Service Fund.



## FURA DEBT SERVICE SUMMARY

### Budget:

	2016-17	2017-19	2019-21	2019-21	2021-23	2021-23	2021-23
	Actual	Actual	Budget	BTD	Proposed	Approved	Adopted
Beginning fund balance	86,636	281,300	3,400	(346,643)	81,000	81,000	-
<b>Current year resources</b>							
Taxes	361,999	959,431	-	-	-	-	-
Transfers	-	-	800,000	647,100	-	-	-
<b>Total current year resources</b>	<b>361,999</b>	<b>959,431</b>	<b>800,000</b>	<b>647,100</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total resources</b>	<b>448,635</b>	<b>1,240,731</b>	<b>803,400</b>	<b>300,457</b>	<b>81,000</b>	<b>81,000</b>	<b>-</b>
<b>Expenditures</b>							
Transfers	-	-	-	-	81,000	81,000	-
Debt service	167,700	1,592,459	722,800	442,042	-	-	-
<b>Total expenditures</b>	<b>167,700</b>	<b>1,592,459</b>	<b>722,800</b>	<b>442,042</b>	<b>81,000</b>	<b>81,000</b>	<b>-</b>
<b>Other requirements</b>							
Contingency	-	-	80,600	-	-	-	-
<b>Total other requirements</b>	<b>-</b>	<b>-</b>	<b>80,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures and other requirements</b>	<b>167,700</b>	<b>1,592,459</b>	<b>803,400</b>	<b>442,042</b>	<b>81,000</b>	<b>81,000</b>	<b>-</b>

# FURA

FLORENCE URBAN  
RENEWAL AGENCY  
OREGON

# TAX LEVY INFORMATION

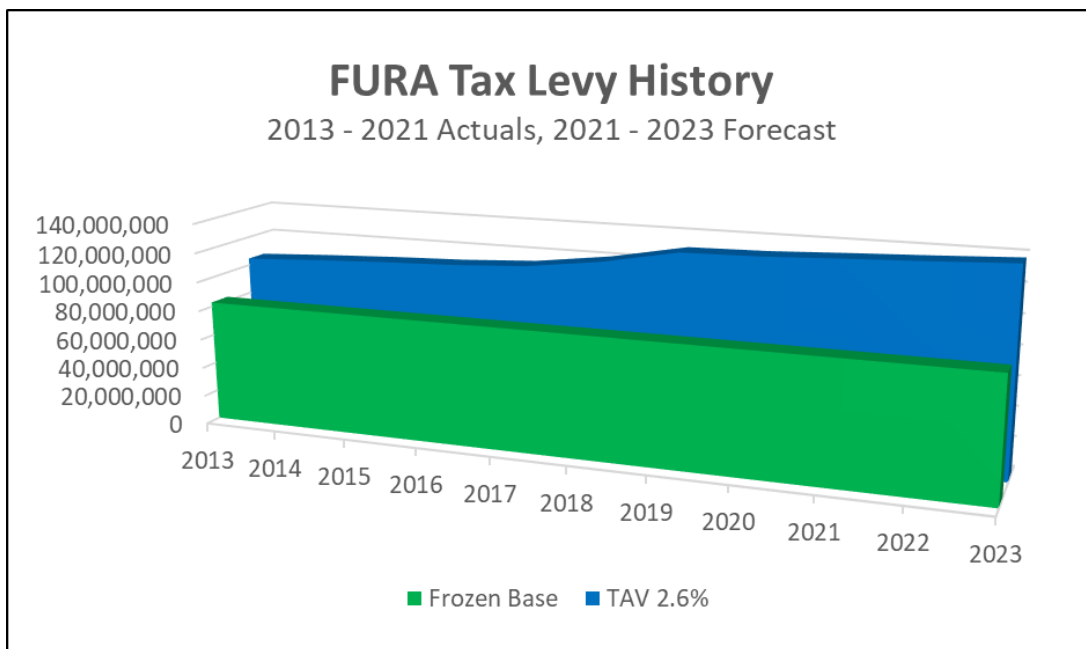
In 2006, with the formation of the urban renewal district, the tax base was frozen at \$82,903,810. As projects are completed, the assessed value of the district increases. The tax increment, or the increase in the total assessed value over the value of the frozen base (excess total assessed value), is used to calculate the amount of property tax due the district.

It is estimated that the excess total assessed value for the district will be \$52,646,000 and \$55,015,000 for fiscal years 2021-22 and 2022-23 respectively, yielding a total of \$1,170,000 in property taxes for the district for the biennium.

## Schedule of Taxable Assessed Value, Tax Rates, and Levies

Fiscal Years 2013 through 2023

(Actual through fiscal year 2020, forecasts fiscal years thereafter.)



Fiscal Year	Frozen Base	Excess TAV	TAV 2.6%	Dollar Change	Percentage Change			Consolidated Tax Rate
					Total AV	Excess AV	Levy Amount	
2013	82,903,810	21,796,071	104,699,881	(3,456,803)	(3.2%)	(13.7%)	256,769	11.7805
2014	82,903,810	24,385,105	107,288,915	2,589,034	2.5%	11.9%	297,691	12.2079
2015	82,903,810	26,557,328	109,461,138	2,172,223	2.0%	8.9%	325,784	12.2672
2016	82,903,810	28,220,985	111,124,795	1,663,657	1.5%	6.3%	343,379	12.1675
2017	82,903,810	31,068,716	113,972,526	2,847,731	2.6%	10.1%	375,444	12.0843
2018	82,903,810	37,714,545	120,618,355	6,645,829	5.8%	21.4%	455,226	12.0703
2019	82,903,810	47,473,393	130,377,203	9,758,848	8.1%	25.9%	531,898	11.2041
2020	82,903,810	48,395,956	131,299,766	922,563	0.7%	1.9%	559,631	11.5636
2021	82,903,810	50,620,781	133,524,591	2,224,825	1.7%	(0.4%)	585,065	11.5578
2022	82,903,810	52,646,000	135,549,810	2,025,219	1.5%	4.0%	572,000	10.8650
2023	82,903,810	55,015,000	137,918,810	2,369,000	1.7%	4.5%	598,000	10.8698

# FURA

FLORENCE URBAN  
RENEWAL AGENCY  
OREGON

# DEBT SCHEDULE

The debt schedules below reflect total outstanding debt of the Florence Urban Renewal Agency as of June 30, 2021 and projected through June 30, 2025.

The Florence Urban Renewal Agency has two debt obligations outstanding at the beginning of the 2021-23 fiscal biennium. In 2015, the Florence City Council agreed to use full faith and credit obligations of the City to take out debt and in turn loan to FURA. This policy decision increased the debt capacity of the Agency and reduced interest costs. The 2016 Banner Bank loan to the City was loaned to the Agency to refinance the existing 2010 loan for the Old Town Infrastructure Project and to enable the Agency to pay for the design concept and the architectural & engineering services for the ReVision Florence Streetscape Project. The 2019 Banner Bank loan to the City was loaned to the Agency to finance the purchase of the Quince Street Property and to fund the ReVision Florence Streetscape Project construction phase. This General Fund beginning with the 2021-2023 biennium now accounts for the repayment of City issued full faith and credit obligations issued to finance the Agency's projects and programs. The Agency's primary revenue sources to repay the obligation are property taxes and funding commitments from other agencies. Details of the 2016 and 2019 debt issuances are shared in the table below:

## Summary of Existing Debt Issued and Balance June 30, 2021

Description Existing Obligations	Original Amount	Payment FY 2022	Payment FY 2023	Interest Rate	Balance June 30, 2021
FFCO 2016 (20 yr) - Banner	3,700,000	246,200	246,200	2.92%	3,042,600
Banner Bank (20 yr) - Tax Exempt BQ	3,150,000	214,300	214,300	3.30%	2,890,800
Banner Bank (5 yr) - Taxable	150,000	8,000	8,000	5.30%	150,000
<b>Total FURA Debt</b>	<b>7,000,000</b>	<b>468,500</b>	<b>468,500</b>		<b>6,083,400</b>

## Summary of Existing Debt and Proposed Debt: Fiscal Years 2021-2025

Description Existing Obligations	Outstanding Balance June 30,				
	2021	2022	2023	2024	2025
FFCO 2016 (20 yr) - Banner	3,042,600	2,885,300	2,723,300	2,556,700	2,384,900
Banner Bank (20 yr) - Tax Exempt BQ	2,890,800	2,770,900	2,647,100	2,519,100	2,386,900
Banner Bank (5 yr) - Taxable	150,000	150,000	150,000	-	-
<b>Total FURA Debt</b>	<b>6,083,400</b>	<b>5,806,200</b>	<b>5,520,400</b>	<b>5,075,800</b>	<b>4,771,800</b>
Proposed Debt	-	-	-	-	-
<b>Total Debt Outstanding</b>	<b>6,083,400</b>	<b>5,806,200</b>	<b>5,520,400</b>	<b>5,075,800</b>	<b>4,771,800</b>

# FURA

FLORENCE URBAN  
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# FURA WORK PLAN

The following are focus areas and projects approved for inclusion in the biennial work plan by the Florence Urban Renewal Agency (FURA) Board at the March 31, 2021, FURA regular meeting. These items are primarily carryover items and expansions of current project areas from the previous biennium.

## Development and Redevelopment Opportunities



- Quince Street Property
  - ⇒ Continue to work with the selected developer on next steps of the property development.
  - ⇒ As the project progresses, the FURA Board may need to work with the City Council on any development opportunities and requests that are propose.
- Catalyst Sites and Other Properties
  - ⇒ Continued to look for opportunities to market and encourage redevelopment of the catalyst sites and other properties within the FURA district.

## ReVision Florence

- Streetscape – Work with ODOT on any items needed for project close out.
- Art Exposed – Work with the Public Art Program to install pieces on the constructed plinths to add to the Art Exposed Program rotating gallery.
- Laurel Street Plaza – The landscaped plaza at the southwest corner of Laurel Street and Hwy 101 (in front of the north Sportsman building) was removed from the main contract for budgetary reasons. We have plans for this plaza and have agreed to complete the landscaping here as funds are available. We will work with Public Works to complete this area during the biennium.
- Pedestrian Scale Lighting Arms – All street lights in the corridor were fabricated with the ability to add the pedestrian scale light arms as funding becomes available. This item is a carryover item.
- Quince Street Gateway – The gateway monument at Quince Street was removed due to cost. The ideas for this gateway have also evolved as the Quince Street property was purchased and potential need to incorporate lodging and other directional wayfinding on that gateway.



## FURA WORK PLAN

### Amenities

- ❑ Siuslaw Estuary Trail – Continue to work with the City as the Siuslaw Estuary Trail is developed and incorporate it into the development proposals for the Quince Street property. The FURA contribution towards the project is proposed to be carried over to the biennial budget.
- ❑ Gallagher Park Expansion – Support the City’s efforts in converting the old Public Works facility to the expansion of Gallagher Park.
- ❑ Old Town Amenities – Support the City’s efforts to improve Old Town amenities including restrooms at the west end of Bay Street, wayfinding signage, open space, and open space improvements.



### Grant Programs

- ❑ Façade Preservation and Rehabilitation Program – Staff proposes the development of a program for each fiscal year based on budget availability.
- ❑ Continued encouragement and support of efforts for redevelopment of areas within the District:
  - ⇒ Predevelopment Grant Program – Proposed continuation of the program as an ongoing program with review of applications as they are received and based on funding availability.
  - ⇒ Redevelopment Assistance Grant Program – Proposed continuation of the program as an ongoing program with review of applications as they are received and based on funding availability.

### Old Town Parking Assessment

- ❑ Continue to work with the City on the Transportation Systems Plan update and support the review of the Old Town transportation network, includes the flow of traffic and parking throughout.



# **RESOLUTION NO. X, SERIES 2021**

Place Holder for  
Adopting Budget &  
Declaring Tax Increment

# FURA

FLORENCE URBAN  
RENEWAL AGENCY  
OREGON

# BUDGET CALENDAR

# 2021 - 2023 Budget Calendar

Budget Committee meetings will be held via Zoom beginning at 5:30 pm on the dates indicated below in blue.

**City Budget Committee:** City Council (5) & City Budget Committee Members (5).

**FURABudget Committee:** FURA Board Members (9), Additional City Councilors (2), City Budget Committee Members (5), & FURA Budget Committee Members (2).

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

**JAN Work Plan Development**

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1/14 - City Council Advance/Goal Setting

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1/23 - City Council Work Plan Work Session

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Su	Mo	Tu	We	Th	Fr	Sa
					1	2
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

**APR Proposed Budget Finalization**

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4/12 - City Council Work Plan Work Session

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4/19 - City Council Work Plan Adoption

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4/26 - City & FURA Budget Committee Training, 5:30 pm

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Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

**FEB Work Plan Development**

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2/4 - City Council Work Plan Work Session

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2/10 - City Council Work Plan Work Session

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2/18 - City Council Work Plan Work Session

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*Staff will develop the proposed budget throughout the months of February, March, and April.*

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Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

**MAY Budget Committee Meetings**

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5/5 - City Budget Committee Meeting, 5:30 pm

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5/10 - City Budget Committee Meeting, 5:30 pm

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5/12 - City Budget Committee Meeting, 5:30 pm

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5/12 - FURA Budget Committee Meeting, 5:30 pm

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5/13 - City Budget Committee Meeting, 6:30 pm

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Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

**MAR Year End & Budget Preparation**

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3/4 - City Council Work Plan Work Session

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3/4 - FURA Board Meeting Work Plan Discussion

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Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

**JUN Budget Finalization & Adoption**

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6/7 - City Council Budget Public Hearing, 5:30 pm

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6/23 - FURA Board Budget Public Hearing, 5:30 pm

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*Adoption of FY 2021-23 Budgets due by June 30, 2021.*

# FURA

FLORENCE URBAN  
RENEWAL AGENCY  
OREGON

# FISCAL POLICIES

*The Florence Urban Renewal Agency (FURA) contracts with the City of Florence for professional staffing and fiscal management services. Through this partnership, the fiscal management of FURA follows the City of Florence Fiscal Policies presented below.*

## Purpose

The City of Florence is committed to responsible fiscal management through financial integrity, prudent stewardship of public assets, planning, accountability and full disclosure. The broad purpose of the Fiscal Policies is to enable the City to achieve and maintain a long-term stable and positive financial condition. These policies are adopted by the City Council as the basic framework for overall financial management of the City, to guide day-to-day and long-range fiscal planning and decision making, and to achieve the following general financial goals:

1. Provide an adequate financial base to sustain the desired level of municipal services to maintain the social wellbeing and physical conditions of the City.
2. Deliver cost effective and efficient services to citizens.
3. Provide and maintain essential public facilities, utilities, and capital equipment.
4. Protect and enhance the City's credit rating so as to obtain the lowest cost of borrowing and assure taxpayers and the financial community that the City is well managed and financially sound.
5. Provide the financial stability needed to navigate through economic downturns, adjust to changes in the service requirements of the community and respond to other changes as they affect the City's residents and businesses.
6. Adhere to the highest standards of financial management and reporting practices as set by the Government Finance Officers Association, the Governmental Accounting Standards Board and other professional standards.
7. Fully comply with finance related legal mandates, laws and regulations.

To achieve these goals, fiscal policies generally cover areas of revenue management, operating and capital budgeting, financial planning and forecasting, investment and asset management, debt management, pension funding, accounting and financial reporting, reserves and internal controls. These policies are reviewed annually by management, the Finance Committee, and City Council and amended as necessary, as part of the budget process.

Policies are addressed in ten areas:

- ⇒ **Revenue**, which deals with taxes, user fees and other revenues by which the city generates income to fund programs and services.
- ⇒ **Operating expenditures**, which relates to budgeting guidelines.
- ⇒ **Expenditure control**, which addresses the City's efforts to ensure spending is consistent with the City's fiscal plans.
- ⇒ **Capital equipment and improvements**, which relates to establishing a 5-year capital equipment and improvement plans for all major equipment and infrastructure systems provided and maintained by the City.

## FISCAL POLICIES

- ⇒ **Accounting and financial reporting**, which relates to accounting and reporting financial transactions and preparing financial reports.
- ⇒ **Financial planning**, addresses longer term financial forecasting to help inform decisions.
- ⇒ **Debt**, which addresses long-term financing of the city's capital needs and maintaining its bond rating.
- ⇒ **Pension funding**, addresses the funding policies of the City's pension obligations.
- ⇒ **Reserves**, establishes minimum working capital balances, required reserves and operating contingency as needed for routine cash flow and responding to unexpected expenditures or increases in service delivery costs.
- ⇒ **Management of fiscal policy**, sets forth the administration of fiscal policies on a continuing basis.

### 1. Revenue Policies

- 1.1 The City will strive for and maintain diversified and stable revenue sources to prevent undue or unbalanced reliance on any one source of funds. Revenue diversity will also reduce risk to the City from short-term fluctuations in any one revenue source.
- 1.2 Significant one-time and or temporary revenues will not be used to fund continuing programs and services, but rather to fund one-time expenditures or fund reserves.
- 1.3 The maximum allowable system development charges (SDCs), for each of the public infrastructure systems the City operates and is allowed by state law to impose, shall be determined on a periodic basis (approximately each five years).
  - 1.3.1. The Council will determine what amount of SDCs to impose.
- 1.4 The City will promote the use of users' charges in lieu of property taxes and subsidies from other non-obligated (i.e., generally available) City funds, for services that can be identified and where costs are directly related to the level of service provided.
  - 1.4.1. Charges for providing utility services shall be sufficient to finance all operating, capital outlay and debt service expenses of the City's utility funds, including operating contingency, reserve requirements, and capital replacement. Consideration will be given to return on investment and existing and or anticipated debt to insure debt coverage ratios are sufficient to meet or exceed requirements of lenders and rating agencies to maintain desired credit rating.
  - 1.4.2. It is the City's intent to recover a greater percentage of costs associated with performing building permit and inspection activities. As of fiscal year 2016, fees and charges for these services are insufficient to fully fund costs for these activities. City staff will evaluate the delivery of these services to identify cost savings. Results of these efforts will be presented to the City Council prior to consideration of potential fee and charge increases.

It is the City's intent to recover a greater percentage of costs associated with performing planning related activities. As of fiscal year 2016, the estimated cost recovery for planning related activities is approximately 19%. City staff will evaluate and implement changes to land use processes to gain efficiencies, measure results and report findings to the City Council prior to consideration of potential increases to fees and charges for planning related activities.



## FISCAL POLICIES

- 1.4.3. Other reimbursable work performed by the City (full labor costs, overhead, contracted services, equipment and other indirect expenses) shall be billed at total actual or estimated total actual cost.
- 1.4.4. Charges for services shall accurately reflect the total actual or estimated total cost of providing a specific service. The cost of providing specific services shall be recalculated periodically, and the fee adjusted accordingly. City staff shall create and maintain a schedule of current fees, indicating when the fees were last reviewed and/or recalculated.
- 1.5. The City shall diligently pursue collection of delinquent accounts. When necessary, discontinuing service, small claims court, collection agencies, foreclosure, liens and other methods of collection, such as imposing interest, penalties, collection and late charges, may be used.
- 1.6. All potential grants that require matching funds, on-going resource requirements, or include new or additional continuing compliance requirements shall be evaluated and considered before submittal of the application. Grant applications will be approved as follows prior to their submittal: a. By the City Manager for grants that require matching funds up to the amount of the City Manager's spending authority, and b. By the City Council for grants with matching requirements above the City Manager's spending authority. The City Council will be provided the evaluation with the request for their acceptance of the grant.
- 1.7. Revenues will be estimated realistically and prudently. Revenues of a volatile nature will be estimated conservatively. The City will estimate its revenues by an objective, analytical process using best practices as defined by the Government Finance Officers Association.

## 2. Operating Budget Policies

- 2.1. The City will prepare an annual budget guided by City Council goals and work plan to accomplish goals. Budget development will be coordinated with all departments and will incorporate Government Finance Officers Association (GFOA) recommendations relative to budgeting for results and outcomes..
  - 2.1.1. The amount of funding available will be determined for each fund. The budget will be built on expected revenues. This includes base revenues, any new revenue sources, and the potential use of existing resources.
  - 2.1.2. Conduct analysis to determine what strategies, programs, and activities will best achieve desired results.
  - 2.1.3. Budget available dollars to the most significant programs and activities. The objective is to maximize the benefit of the available resources.
  - 2.1.4. The City shall maintain an automated accounting system to monitor expenditures and revenues, relative to budget, on a monthly basis, with a thorough analysis and adjustment (if required) no less than quarterly.
- 2.2. All budgetary procedures will conform to existing state regulations. Oregon budget law requires each local government to prepare a balanced budget and Oregon Administrative Rules state: 1) the budget must be constructed in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund, and 2) the total of all resources of the entity must equal the total of all expenditures and all requirements for the entity.

## FISCAL POLICIES

- 2.3. The budget process will be coordinated so that major policy issues and department goals and objectives are identified and incorporated into the budget.
- 2.4. The cost allocation plan, previously developed, will be reviewed and updated annually and serve as the basis for distributing general government and internal service costs to other funds and capital projects.
- 2.5. The City Council shall adopt the budget at the fund, departmental or program level as a total dollar amount for all appropriations except contingency, unappropriated ending fund balance and reserves, which shall be stated separately.
- 2.6. Long-term debt or bond financing may be used for the acquisition of land, capital improvements, vehicles, and equipment with a cost greater than \$100,000, if current and or existing resources are insufficient. Long-term debt or bond financing shall not be used to finance current operating expenditures.
- 2.7. Every City fund, department, program or activity shall start each year's budget cycle with no predetermined appropriation amount. Budget appropriation decisions and the allocation of resources shall be based on direction provided by the City Council and implementation of that direction by the City Manager.
- 2.8. The City will submit the Adopted Budget Document to the Government Finance Officer's Association (GFOA) to obtain the Award for Distinguished Budget Presentation.
- 2.9. A budget calendar will be prepared detailing the key elements in the development of the budget.

### **3. Expenditure Control Policies**

- 3.1. Expenditures will be controlled through appropriate internal controls and procedures. Management must ensure expenditures comply with the legally adopted budget. Each Department or Division Manager or Director will be responsible for the administration of his/her department/program budget. This includes accomplishing the goals and objectives incorporated into the budget and monitoring each department/division budget for compliance with spending limitations.
- 3.2. The City Manager is to administer budgetary expenditure control at the appropriation level. Any increase in a budget appropriation requires City Council approval.
- 3.3. All purchases of goods and services must comply with the City's Purchasing Policies, guidelines and procedures and with State laws and regulations.
- 3.4. All compensation planning and collective bargaining will include analyses of total cost of compensation, which includes analysis of salary increases, health benefits, pension contributions, and other fringe benefits. City management will only propose operating personnel costs that can be supported by continuing operating revenues.
- 3.5. City staff shall make every effort to control expenditures to ensure City services and programs provided to its citizens and taxpayers are cost effective and efficient. Expenditures that will reduce future costs will be encouraged.

#### **4. Capital Improvement Policies**

- 4.1. Annually, the City will approve a 5-year Capital Improvement Plan (CIP), congruent with the adoption of its annual budget. The CIP shall provide details on each capital project: its estimated costs, sources of financing and a description, including a statement identifying: (a) the needs, conditions and circumstances that have caused the project's creation and (b) the expected results if the project is approved and implemented.

#### **5. Accounting and Financial Reporting Policies**

- 5.1. The City shall establish and maintain its accounting systems according to generally accepted accounting practices and shall adhere to generally accepted accounting principles and standards promulgated by the Government Finance Officers Association (GFOA) and Government Accounting Standards Board (GASB).
- 5.2. An annual audit shall be performed by an independent public accounting firm, which will issue an opinion on the annual financial statements, along with a management letter identifying areas needing improvement, if necessary.
- 5.3. Full disclosure shall be provided in the financial statements and bond representations.
  - 5.3.1. Upon request, all departments will provide notice of all significant events and financial and related matters to the Finance Director for the City's annual disclosures to the municipal markets as required by SEC Regulation 15-C-2-12. Full disclosure will be provided in the financial statements and bond representations. Significant events include delinquencies and defaults related to the City's bonds, adverse tax opinions or events affecting the tax exempt status of bonds, the release, substitutions or sale of property securing repayment of bonds and other events having a significant impact on the City's finances and outstanding bonds. The Finance Director will notify all Nationally Recognized Municipal Securities Information Repositories of these significant events.
  - 5.3.2. The City's asset capitalization policy is to capitalize and depreciate assets greater than \$10,000 with a useful life beyond one year. Capital assets costing less than \$10,000 or having a useful life of one year or less will be treated as operating expenditures.
- 5.4. Up-to-date accounting and budgeting information is available online to all management and authorized support staff. Quarterly actual-to-budget reports showing the current status of revenues and expenditures shall be prepared and distributed to appropriate legislative, staff and management personnel in a timely manner and made available for public inspection.

#### **6. Financial Planning Policies**

- 6.1. The Finance Department, collaborating with other departments, will prepare a long-term financial plan for each fund to promote responsible planning for the use of resources. The long-term financial plans will include projected revenues, expenditures and reserve balances for the next five years for all funds, except the water, wastewater and stormwater funds, which shall include twenty-year financial plans.
- 6.2. The City's financial plans should be strategic, reflecting the City Council and community priorities for service while providing resources that fund desired service levels.

## FISCAL POLICIES

- 6.3. Long-term projections of revenues and expenditures will be based upon disclosed assumptions, and prepared consistent with best practices established by the Government Finance Officers Association.
- 6.4. The long-term financial plans will be integral to the development of the annual budget.

### **7. Debt Policy**

- 7.1. The City may use debt proceeds to finance costs associated with capital infrastructure, equipment, vehicles and other purposes that provide long-term benefits to the community, i.e., benefits that extend more than one year.
- 7.2. Capital projects financed through the issuance of bonds shall not be financed for a period which (a) exceeds the expected useful life of the project or (b) is less than five years.
- 7.3. Financing for non-capital purposes shall not extend beyond the amortization period available for the respective type of obligation, e.g., retirement unfunded liabilities include an amortization period of twenty-five years.
- 7.4. The Finance Director will structure all debt issuances and oversee the on-going management of all City debt. Debt includes general obligation bonds, lease purchase obligations, revenue bonds, special assessment obligations, promissory notes, equipment financing agreements and any other contractual arrangements that obligate the City to make future principal and interest payments.
- 7.5. No debt shall be issued for which the City has not identified specific revenue sources sufficient for repayment. Such revenue sources can include internal sources, such as charges to personnel costs, that are transferred to a debt service fund for debt repayment. The Finance Director shall prepare an analysis of the source of repayment prior to issuance of any debt.
- 7.6. The City will not use long-term debt to fund current operations, to balance the budget or to fund projects that can be funded from current resources, unless the use of debt is otherwise determined to be in the best interest of the City.
- 7.7. The City may utilize short-term debt or inter-fund loans as permitted, to cover temporary cash flow deficiencies due to timing of cash flows, such as may result from delay in receipting grant proceeds or other revenues and delay in issuance of long-term debt.
- 7.8. When issuing long-term debt, the City will ensure that the debt is soundly financed by:
  - 7.8.1. Incurring debt only when necessary for capital improvements too large to be financed from current available resources,
  - 7.8.2. Insuring that capital projects financed through long-term debt shall be financed for a period not to exceed the useful life of the project,
  - 7.8.3. Determining that the benefits of the project financed exceed the cost of financing including interest costs,
  - 7.8.4. Analyzing the source of repayment, debt coverage ratios and the impact of debt service on annual fixed costs prior to issuance of long-term debt.
- 7.9. All bond issuances, promissory notes, and capital leases will be authorized by resolution of the City Council.

## FISCAL POLICIES

- 7.10. The City shall maintain its bond rating at the highest level fiscally prudent, so that future borrowing costs are minimized and access to the credit market is preserved.

### **8. Pension Funding Policies**

- 8.1. The City participates in the State of Oregon Public Employees Retirement System (PERS) and is a member of the State and Local Government Rate Pool. The City will fund its required pension contribution requirements timely.

### **9. Reserve Policies**

- 9.1. The City shall maintain adequate working capital reserves in all funds.
  - 9.1.1. The general fund shall maintain sufficient working capital to allow the City to adequately fund operations until property taxes are received in November of each year, without borrowing.
  - 9.1.2. The City's utility funds shall maintain at a minimum working capital balance sufficient for sixty days operating expenses, together with an adequate emergency repair reserve and required debt service reserves.
  - 9.1.3. The City's internal service funds shall maintain at a minimum working capital balance sufficient for thirty days operating expenses and any required debt service reserves.
  - 9.1.4. The City's debt service funds shall maintain adequate working capital to pay required debt service without borrowing and fund required debt service reserves.
  - 9.1.5. The City's other operating funds shall maintain a minimum working capital balance sufficient for sixty days operating expenses and any required debt service reserves.
  - 9.1.6. The City shall establish a contingency budget to provide for unanticipated expenditures of a nonrecurring nature. The contingency shall be a minimum of five percent (5%) of a fund's operating and capital expenditure estimates for the fiscal year. This policy does not apply to debt service, internal service, trust and agency, capital projects, serial levy, temporary or certain special purpose funds.
- 9.2. The City may use reserves on a one-time or temporary basis for purposes described above. In the event that reserve funds are presently or decrease to levels below the levels desired by this policy, City management will develop a plan to restore reserves to the desired levels.

### **10. Management of Fiscal Policy**

- 10.1. Fiscal policies and changes in policies shall be approved by the City Council and adopted by resolution after a public hearing is held (the approval may be inclusive of the annual budget adoption process and the associated resolutions to that process).
  - 10.1.1. The City Manager or designee shall prepare a report explaining the substantive impact of all recommendations and their impact on the City's operations, service levels and/or finances.
  - 10.1.2. The Audit Committee shall review the City's fiscal policies annually.



## FISCAL POLICIES

- 10.2. The City Manager shall implement fiscal policies and monitor compliance.
  - 10.2.1. If the City Manager discovers a material deviation from policy, he/she shall report it in writing to the City Council in a timely manner.
  - 10.2.2. As a part of the City's annual budget document, the City Manager's budget message shall identify: (a) all major changes in policy since the previous budget year and (b) any material variations from policy in the ensuing year's budget.

# GLOSSARY

## **Actual**

Actual, as used in the fund summaries, revenue summaries, and department and division summaries within the budget document, represents the actual costs results of operations. This category is presented on a budgetary basis, and thus excludes depreciation and amortization, and includes principal payments on debt.

## **Ad Valorem Tax**

A tax based on the assessed value of a property.

## **Adopted Budget**

Adopted, as used in the fund summaries and department and division summaries within the budget document, represents the final budget *adopted* by the Board of Directors. The adopted budget becomes effective July 1. Subsequent to adoption; the Board of Directors may make changes throughout the year.

## **Approved Budget**

Approved, as used in the fund summaries and revenue summaries, represents the proposed budget with changes made by the Budget Committee, if any.

## **Appropriations**

Legal authorization granted by the Board of Directors to spend public funds. Appropriations within each program may not be exceeded.

## **Assessed Valuation**

The value set on taxable property as a basis for levying property taxes. A tax initiative passed in 1997 that reduced assessed value (AV) below real market value and set a three percent maximum annual growth rate in the taxable assessed value (TAV), exclusive of certain improvements.

## **Assets**

Resources having a monetary value and that are owned or held by an entity.

## **Audit**

A report prepared by an external auditor. As a rule, the audit shall contain a statement of the scope of the audit, explanatory comments concerning exceptions of the auditor as to the applicant on generally accepted auditing standards, explanatory comments concerning verification procedures, financial statements and schedules, and sometime statistical tables, supplemental comments and recommendations.

## **Base Budget**

Cost of continuing the existing levels of service in the current budget year. Base budget is also referred to as a status quo budget.

## **Beginning Fund Balance**

The beginning balance is the residual non-restricted funds brought forward from the previous financial year (ending balance).

## **Biennial Budget**

A biennial budget is for a two-year period, commencing on July 1.

## **Bond or Bond Issue**

Bonds are debt instruments that require repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate or according to a formula for determining the interest rate.

## GLOSSARY

### **Bond Funds**

Established to account for bond proceeds to be used only for approved bond projects.

### **Budget**

A budget is a plan of financial operation embodying an estimate of proposed expenditures and the means of financing them. Used without any modifier, the term usually indicates a financial plan for a fiscal year. In practice, the term budget is used in two ways. Sometimes it designates the financial plan presented for adoption and other times it designates the plan finally approved. It is usually necessary to specify whether the budget under consideration is preliminary and tentative, or whether the appropriating body has approved it.

### **Budget Calendar**

A schedule of key dates followed by a government in the preparation and adoption of the budget.

### **Budget Committee**

A group comprised of the elected officials plus an equal number of concerned citizens for the purpose of reviewing the proposed budget and recommending changes leading to an approved budget.

### **Budget Document**

A written report that shows a government's comprehensive financial plan for a specified period, usually one year, that includes both the capital and the operating budgets.

### **Budget Message**

Written explanation of the budget and the Agency's financial priorities for the next fiscal year; prepared by the city manager.

### **Budgetary Basis**

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), with the exception that neither depreciation nor amortization are budgeted for proprietary funds, and bond principal in the enterprise funds is subject to appropriation.

### **Capital Budget**

The Agency's budget for projects, major repairs, improvements, and additions to the City's fixed assets (streets, sidewalks, roads, sewers, storm water, parks, and buildings).

### **Capital Improvement**

A term defined in the ORS 310.410 (10) to include land, structures, facilities, machinery, equipment, or furnishings having a useful life of longer than one year.

### **Capital Improvement Project**

Any project having assets of significant value and having a useful life of five years or more. Capital projects include the purchase of land, design, engineering and construction of buildings, and infrastructure items such as parks, streets, bridges, drainage, street lighting, water and sewer systems, and master planning.

### **Capital Outlay**

Includes the purchase of land, the purchase and/or construction of buildings, structures and facilities of all types, in addition to machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increase the capacity, efficiency, span of life, or economy of operating as an existing fixed asset. For an item to qualify as a capital outlay expenditure it must meet all of the following requirements: (1) have an estimated useful life of more than one year; (2) typically have a unit cost of \$5,000 or more; and (3) be a betterment or improvement. Replacement of a capital item is classified as capital outlay under the same code as the original purchase. Replacement or repair parts are classified under materials and services.

## GLOSSARY

### **Cash Management**

Management of cash necessary to pay for government services, while investing temporary cash excesses in order to earn interest income. Cash management refers to the activities of forecasting inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest return available for temporary cash balances.

### **Charges for Service**

Includes a wide variety of fees charged for services provided to the public and other agencies.

### **Comprehensive Annual Financial Report**

The annual audited results of the Agency's financial position and activity.

### **Comprehensive Plan**

An official statement of the goals, objectives and physical plan for the development of the city. Contains a narrative of goals, objectives, and policies that describe the desired form, nature, and rate of city development.

### **Consumer Price Index**

A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

### **Contingency**

A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted. Contingency may be appropriated for a specific purpose by the Board of Directors upon the approval of a resolution. The Agency separates contingencies into those that are designated for specific purposes and undesignated.

### **Cost Allocation**

Various administrative services including city management, finance, human resources, public works staffing, and their related costs are allocated to the various funds that receive the benefit of these services via a cost allocation methodology.

### **Cost Center**

An organizational budget/operating unit within each city division or department.

### **Debt Service**

Interest and principal on outstanding bonds due and payable during the fiscal year.

### **Debt Service Fund**

A fund established to account for the accumulation of resources and for the payment of general long-term debt principle and interest that are not services by the Enterprise Funds. It does not include contractual obligations accounted for in the individual funds.

### **Designated Contingency**

Amounts set aside for anticipated non-recurring cash flow needs. This includes items such as moving and remodeling, major building repairs, emergency management, and capital project or equipment purchases.

### **Encumbrance**

Amount of money committed and set aside, but not yet expended, for the purchases of specific goods or services.

### **Ending Fund Balance**

The residual, non-restricted funds that are spendable or available for appropriation at the end of the fiscal year.

## GLOSSARY

### **Estimated**

A projection of the revenue or expenditure, as appropriate, to be recognized during the current fiscal period.

### **Expenditures**

Represents decreases in net financial resources. They include current operating expenses, which require the current or future use of net current assets, debt services, and capital outlays.

### **Fees**

Charges for specific services levied by local government in connection with providing a service, permitting an activity, or imposing a fine or penalty.

### **Fiscal Management**

A government's directive with respect to revenues, spending, reserves, and debt management as these relate to governmental services, programs and capital investment. Financial policy provides an agreed upon set of principles for the planning and programming of governmental budgets and its funding.

### **Fiscal Year**

A 12-month period designated as the operating year for accounting and budgeting purposes in an organization. The City of Florence's fiscal year is July 1 through June 30.

### **Five-Year Financial Plan**

An estimation of revenues and expenses of the City's operations for the next five-year period.

### **Fixed Assets**

Includes equipment, vehicles, furniture and fixtures, and computer hardware and software with a cost basis in excess of \$5,000.

### **Full-Time Equivalent**

A calculation used to convert part-time hours to equivalent full-time positions. Full-time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing the number of hours budgeted by 2,080.

### **Fund**

A fiscal and accounting entity with a self-balancing set of accounts. Records cash and other financial resources together with all related liabilities and residual equities, or balances and changes therein. These are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

### **Fund Balance**

The balance of net financial resources that is spendable or available for appropriation.

### **General Fund**

This is the primary operating fund of the Agency. It exists to account for the resources devoted to finance the services traditionally associated with local government.

### **Goal**

The result or achievement toward which effort is directed; aim; end.

### **Grant**

A contribution that is made by one government unit to another. The contribution is usually made to aid in the support of a specified function (i.e., library, transit, or capital projects).



## GLOSSARY

### **Infrastructure**

Public domain fixed assets such as roads, bridges, streets, sidewalks, and similar assets that are immovable.

### **Intergovernmental Revenues**

Levied by one government, but shared on a predetermined basis with another government or class of governments.

### **Levy**

Gross amount of property taxes imposed on taxable property. The net amount received by a government will be less than the gross levy as a result of delinquent or uncollectible payments or early payment discounts. Budgets are developed on the basis of the projected amount of property taxes receivable.

### **Line Item Budget**

The traditional form of budget, where proposed appropriations are based on individual objects of expense within a department or program. Local Budget Law Oregon Revised Statutes (ORS) dictates local budgeting practices. ORS Chapter 294 contains Local Budget Law provisions.

### **Local Improvement District**

Consists of property owners desiring improvements to their property. Bonds are issued to finance these improvements, which are repaid by assessments on their property. Local Improvement District debt is paid for by a compulsory levy (special assessment) made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

### **Local Option Levy**

Under Measure 50, local governments and special districts were given the ability to ask voters for temporary authority to increase taxes through approval of a local option levy. The maximum length of time for a local option levy is 5 years, and up to 10 years, if the levy is for capital purposes. A local option levy must be approved by a majority of voters at a general election or an election with a 50 percent voter turnout.

### **Materials and Services**

Expendable items purchased for delivery and Agency services. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature.

### **Measure 5**

In November 1990, State of Oregon voters passed a constitutional limit on property taxes. The law sets a maximum \$10 tax rate on individual properties for the aggregate of all non-education taxing jurisdictions. The maximum tax rate for education jurisdictions is limited to \$5.

### **Measure 50**

A 1997 voter approved initiative which rolled back assessed values to 90 percent of their levels in fiscal year 1995-96 and limits future annual increases to three percent, except for major improvements. Tax rates are now fixed and not subject to change. Voters may approve local initiatives above the fixed rates provided a majority approves at either (1) a general election in an even numbered year; or (2) at any other election in which at least 50 percent of registered voters cast a ballot.

### **Mission**

Defines the primary purpose of the Agency and is intended to guide all organizational decisions, policies and activities (internal and external) on a daily basis.

## GLOSSARY

### **Non-Operating Budget**

Part of the budget composed of the following items: reserves, contingencies, capital projects, and debt service payments.

### **Objective**

A target to be accomplished in specific, well defined and measurable terms, and that is achievable within a specific time frame.

### **Operating Budget**

The plan for current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled.

### **Operating Revenue**

Funding received by the government as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services, capital outlay, and debt service.

### **Ordinance**

A formal legislative decree enacted by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute or a constitutional provision, it has the full force and effect of the law within the boundaries of the municipality to which it applies.

### **Outstanding Debt**

The balance due at any given time which resulted from the borrowing of money or from the purchase of goods and services.

### **Performance Measure**

Data collected to determine how effective or efficient a program is in achieving its objectives.

### **Permanent Tax Rate**

Under Measure 50, each school district, local government, and special district was assigned a permanent tax rate limit in fiscal year 1998. This permanent rate applies to property taxes for operations.

### **Personnel Services**

The salaries and wages paid to employees, in addition to the City's contribution for fringe benefits such as retirement, social security, and health and workers' compensation insurance.

### **Property Tax**

Based according to assessed value of property and is used as the source of monies to pay general obligation debt and to support the services provided by the City.

### **Project Manager**

An individual that is responsible for budgeting and managing projects to their completion.

### **Proposed Budget**

A financial document that combines operating, non-operating and resource estimates prepared by the Budget Officer, which is submitted to the public, Budget Committee, and Board of Directors for review and approval.

### **Resolution**

A special or temporary order of a legislative body requiring Board of Director action.

## GLOSSARY

### **Resources**

Includes revenue, inter-fund transfers, borrowing proceeds, and beginning fund balance.

### **Revenue**

Funds received by the Agency from either tax or non-tax sources.

### **Revenue Bonds**

Bonds payable from a specific source of revenue, which does not pledge the taxing authority of the issuer. Pledged revenues may be derived from operation of the financed project, grants, excise, or other specified non-property tax.

### **Special Assessment**

A compulsory levy made against certain properties to defray a part of the cost of a capital improvement or service deemed to be beneficial primarily to those properties. (Also see Local Improvement District.)

### **Special Assessment Bond**

A bond issue payable from the payments on special assessments imposed against properties that have been specially benefited by the construction of public improvements such as sidewalks, roads, or sewer systems.

### **Special Revenue Funds**

A fund established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

### **Supplemental Budget**

Appropriations established to meet needs not anticipated at the time the budget was originally adopted. A supplemental budget cannot increase the tax levy.

### **System Development Charges**

Charges paid by developers and builders to fund expansion of infrastructure systems necessary due to increased usage. Such charges are collected for water, sewer, storm drains, streets, and parks and are paid by developers and builders as part of the permit process.

### **Taxes**

Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges, such as water service.

### **Tax Levy**

The total amount of property taxes needed to pay for General Fund operations and for principal and interest on bonds.

### **Tax Rate**

The amount of tax levied for each \$1,000 of assessed valuation.

### **Tax Revenue**

Includes property taxes, hotel, and transient/motel/hotel room tax.

### **Tax Roll**

The official list showing the amount of taxes levied against each property.

## GLOSSARY

### **Transfers**

Appropriation category used in the Agency's budget, which includes amounts distributed from one fund to pay for services provided by another fund. The general fund may also transfer funds to any other fund if desired by the Board of Directors.

### **Trust Funds**

A fund established to administer resources received and held by the Agency as the trustee or agent for others. Uses of these funds facilitate the discharge of responsibility placed upon the Agency by virtue of law or other similar authority.

### **Unappropriated Ending Fund Balance**

An account which records a portion of the fund balance. It must be segregated for future use and is not available for current appropriation or expenditure.

### **Unreserved Fund Balance**

The portion of a fund's balance that is not restricted for a specific purpose. It is available for general appropriation.

### **User Fees**

The fee charged for services to the party or parties who directly benefits. They are also referred to as Charges for Service.

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# Florence Urban Renewal Agency

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## Memorandum

**To:** Florence Urban Renewal Board

**From:** Anne Baker, Administrative Services Director

**Date:** June 23, 2021

**Re:** Seventh Quarter, 2019-2021 Biennium Financial Report for Period Ending March 31, 2021

### **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:**

Quarter Seven, 2019-2021 Biennium Financial Report





Florence Urban Renewal Agency  
Financial Report  
Quarter Ended March 31, 2021

June 23, 2021

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 seventh quarter of the Biennium ended March 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, 2019 – June 30, 2021 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 concern with collection rates still remains. The Agency has collected \$1,110,340 in property tax as of March 31<sup>st</sup>, which is \$38,840 over the budget estimate for the biennium.

Operations:

- Continued coordination related to gateway monument construction corrections
- Continued coordination with ODOT on ReVision Florence warranty work and construction closeout
- Worked on development of FURA work plan
- Budget preparation

Notable Items:

- The General Fund began the quarter with an estimated fund balance of \$1.29 million. It ended the quarter with a fund balance of \$1.35 million.
- Debt payments were made as scheduled
- Continued with finalizing the construction of the ReVision Florence Streetscape Project

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

Sincerely,



Erin Reynolds  
City Manager



Anne Baker, CPFO, MAcc  
Administrative Services Director

## Agency-wide - All Funds

The Agency began the quarter with a combined \$1.4 million fund balance. During the quarter the Agency received \$130,446 in revenue, had operating expenditures of \$70,075, and invested \$1,396 in capital.

The Agency's ending combined fund balance totals \$1.4 million. Capital expenses are slowing as the ReVision Project nears its end.

### Quarter Ended March 31, 2021

*Information for the July 1– March 31, 2021 quarter only*

Fund	Beginning Fund Balance	Revenue	Debt Proceeds	Total Resources	Expenses	Capital Outlay	Debt Service	Total Expenditures	Ending Fund Balance
FURA General	1,292,942	130,446	-	1,423,388	70,075	1,396	-	71,471	1,351,917
FURA Debt Service	80,640	-	-	80,640	-	-	-	-	80,640
Agency Totals	1,373,582	130,446	-	1,504,028	70,075	1,396	-	71,471	1,432,557

## General Fund

The Agency's general fund accounts for all the Agency's operations, excluding 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 the ReVision Florence project. Fund Balance has stabilized as the ReVision Florence Project nears its end.

Property tax collections have netted the General Fund \$38,840 more than was budgeted for the biennium. The fund has also received more in interest revenue than was anticipated as fund balance remained higher longer than was anticipated.

Expenditures are below budget for the biennium and transfers have been made as budgeted.

	Quarter Ended March 31, 2021			Biennium-To-Date		
	Budget	Actual	Over(Under)	Budget	Actual	Over(Under)
<b>Current resources</b>						
Taxes	\$ 133,900	\$ 28,526	\$ (105,374)	\$ 1,071,500	\$ 1,110,340	\$ 38,840
Intergovernmental	205,000	100,000	(105,000)	1,639,700	540,036	(1,099,664)
Earnings & Contributions	2,000	1,920	(80)	16,000	52,435	36,435
Debt proceeds	50,000	-	(50,000)	400,000	-	(400,000)
<b>Total current resources</b>	<b>\$ 390,900</b>	<b>\$ 130,446</b>	<b>\$ (260,454)</b>	<b>\$ 3,127,200</b>	<b>\$ 1,702,811</b>	<b>\$ (1,424,389)</b>
<b>Expenditures</b>						
Materials and Services	83,800	70,075	(13,725)	670,100	513,826	(156,274)
Capital Purchases	435,300	1,396	(433,904)	3,482,500	2,957,328	(525,172)
Transfers	100,000	-	(100,000)	800,000	800,000	-
Total expenditures	619,100	71,471	(547,629)	4,952,600	4,271,154	(681,446)
<b>Other requirements</b>						
Contingency	19,800	-	(19,800)	158,700	-	(158,700)
Total other requirements	19,800	-	(19,800)	158,700	-	(158,700)
<b>Total expenditures and other requirements</b>	<b>638,900</b>	<b>71,471</b>	<b>(567,429)</b>	<b>5,111,300</b>	<b>4,271,154</b>	<b>(840,146)</b>
<b>Total resources over (under) requirements</b>						
Beginning balance	248,000	1,292,942	1,044,942	1,984,100	3,920,260	1,936,160
<b>Ending Balance</b>	<b>\$ -</b>	<b>\$ 1,351,917</b>	<b>\$ 1,351,917</b>	<b>\$ -</b>	<b>\$ 1,351,917</b>	<b>\$ 1,351,917</b>

## Debt Service Fund

This fund accounts for the Agency's debt payments. Current debt issues of the Agency are listed in detail in the Debt Summary. Funds for debt payments are transferred from the General Fund throughout the year. Since property taxes aren't received until November, the fund maintains a contingency to pay the first debt payment of the fiscal year.

The Agency secured \$3.3 million dollars to finance the ReVision Florence project. \$3,150,000 is a 20-year, non-taxable loan with principal and interest payments starting in the 2019-2021 biennium. The remaining \$150,000 is a five-year taxable loan with interest-only payments until the loan matures in its fifth year.

The fund ended the quarter with a balance of \$80,640. Activity in the fund for the 2020-21 fiscal year has been moved to the City's Debt Service Fund at the suggestion of its auditors to better reflect the nature of the debt. Going forward, the General Fund will make the Agency's portion of debt payments to the City and this fund will be closed. The fund balance of \$80,640 will be transferred to the General Fund on July 1, 2021.

	Quarter Ended March 31, 2021			Biennium-To-Date		
	Budget	Actual	Over(Under)	Budget	Actual	Over(Under)
<b>Current resources</b>						
Transfers in	\$ 100,000	\$ -	\$ (100,000)	\$ 800,000	\$ 647,100	\$ (152,900)
<b>Total current resources</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ (100,000)</b>	<b>\$ 800,000</b>	<b>\$ 647,100</b>	<b>\$ (152,900)</b>
<b>Expenditures</b>						
Debt service	90,400	-	(90,400)	722,800	219,817	(502,983)
Total expenditures	90,400	-	(90,400)	722,800	219,817	(502,983)
<b>Other requirements</b>						
Contingency	10,000	-	(10,000)	80,600	-	(80,600)
Total other requirements	10,000	-	(10,000)	80,600	-	(80,600)
<b>Total expenditures and other requirements</b>	<b>100,400</b>	<b>-</b>	<b>(100,400)</b>	<b>803,400</b>	<b>219,817</b>	<b>(583,583)</b>
<b>Total resources over (under) requirements</b>						
Beginning balance	400	80,640	80,240	3,400	(346,643)	(350,043)
<b>Ending Balance</b>	<b>\$ -</b>	<b>\$ 80,640</b>	<b>\$ 80,640</b>	<b>\$ -</b>	<b>\$ 80,640</b>	<b>\$ 80,640</b>

## Debt Summary

The following schedule provides information related to the Agency's outstanding debt during the 2019-2021 biennium through fiscal year 2025. The schedule includes:

- Debt issue
- Original amount of the loan
- The annual principal payment in fiscal year 2020
- Interest rate
- Maturity of the obligation
- Outstanding principal balance as of June 30, by fiscal year through 2026

Description	Original Amount	Annual Payment FY 2020	Interest Rate	Maturity	Outstanding balance fiscal year ending June 30,					
					2021	2022	2023	2024	2025	2026
<b>Existing Obligations</b>										
FFCO 2016 - FURA	3,700,000	246,229	2.92%	2036	3,042,633	2,885,328	2,723,332	2,556,718	2,384,921	2,208,000
Banner Bank - 20 yr Tax Exempt	3,150,000	214,274	3.50%	2040	2,890,772	2,770,912	2,647,065	2,519,096	2,386,870	2,250,245
Banner Bank - 5 yr Taxable	150,000	7,950	5.30%	2024	150,000	150,000	150,000	-	-	-
<b>Total City Debt</b>	<b>7,000,000</b>	<b>468,453</b>			<b>6,083,405</b>	<b>5,806,240</b>	<b>5,520,397</b>	<b>5,075,814</b>	<b>4,771,791</b>	<b>4,458,245</b>



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# Florence Urban Renewal Agency

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## Memorandum

**To:** Florence Urban Renewal Board

**From:** Anne Baker, Administrative Services Director

**Date:** June 23, 2021

**Re:** Fiscal Year 2019-20 Audited Financial Statements

### Background and Information:

The Agency received the audited financial statements for the fiscal year ended June 30, 2020 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 \$4,232,991 at June 30, 2020. 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 \$2,116,373 in fund balance. Loan proceeds for the ReVision Florence Project make up the majority of the fund balance and will decline in the next fiscal year as the project is completed. Budgeted contingency for the 2019-21 biennium represents the anticipated ending fund balance as of June 30, 2021. The chart below is for informational and comparison purposes only as the 2019-20 fiscal year is the first year of the biennium:

	2019-2020 Fiscal Year		
			Variance
	Budget	Actual	Over(Under)
General Fund	\$ 158,700	\$ 2,035,733	\$ 1,877,033
Debt Service Fund	80,600	80,640	40
	<b>\$ 239,300</b>	<b>\$ 2,116,373</b>	<b>\$ 1,877,073</b>

**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:

2019-20 Annual Audit Report, Communication from Auditors



Florence Urban Renewal Agency  
Annual Financial Report  
Fiscal Year Ended June 30, 2020

Florence Urban Renewal Agency  
**Annual Financial Report**  
**Year Ended June 30, 2020**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Board of Directors and Principal Appointed Officers.....	i
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements.....	7
Government-Wide Financial Statements:	
Statement of Net Position.....	8
Statement of Activities.....	9
Fund Financial Statements.....	10
Governmental Funds:	
Balance Sheet.....	11
Statement of Revenues, Expenditures, and Change in Fund Balance.....	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes Fund Balance of Governmental Funds to the Statement of Activities.....	13
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund.....	14
Notes to the Financial Statements.....	15
Other Supplementary Information.....	21
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Debt Service Fund.....	22
<b>AUDIT COMMENTS AND DISCLOSURES</b>	
Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting on an Audit of Financial Statements Performed in Accordance with <i>Oregon State Regulation</i> .....	23

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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, 2020**

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

**ADMINISTRATIVE OFFICIALS**

<b>Erin Reynolds</b>	<b>City of Florence City Manager</b>
<b>Anne Baker</b>	<b>City of Florence Administrative Services Director</b>

**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 Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Florence Urban Renewal Agency, a component unit of the City of Florence, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Florence Urban Renewal Agency's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

The Florence Urban Renewal Agency'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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Florence Urban Renewal Agency, as of June 30, 2020, 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.

## **Other Matters**

### *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, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplemental and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Florence Urban Renewal Agency's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

## **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 May 7, 2021, on our consideration of the Florence Urban Renewal 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 to provide an opinion on compliance.



For Merina+Co  
Tualatin, Oregon  
May 7, 2021

# **MANAGEMENT'S DISCUSSION AND ANALYSIS FLORENCE URBAN RENEWAL AGENCY**

Fiscal Year Ended June 30, 2020

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, 2020. 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 \$2,174,583 at June 30, 2020 and consisted mainly of cash and cash equivalents of \$2,135,915.
- The Agency's liabilities totaled \$6,407,574 at June 30, 2020, consisting mainly of long-term debt of \$6,352,154, net position (assets minus liabilities) is a negative \$4,232,991 at June 30, 2020.
- The deficit increased by \$1,169,306 to fund agency projects.
- At the end of the current fiscal year, the Agency's two funds reported a combined fund balance of \$2,116,373, a decrease of \$1,457,244.
- Revenues for the fiscal year ended June 30, 2020, totaled \$950,140 and consisted of \$562,634 in taxes and intergovernmental revenues of \$340,036.

## **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 \$4,232,991 million at June 30, 2020. The largest portions of its net position are debt payable and cash equivalents. A condensed version of the Statement of Net Position follows:

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>Assets</b>		
Cash and cash equivalents	\$2,135,915	\$3,586,125
Property taxes receivable	38,668	17,398
Accounts receivable	<u>-</u>	<u>100,000</u>
Total assets	2,174,583	3,703,523
<b>Liabilities</b>		
Note payable	6,352,154	6,643,405
Other liabilities	<u>55,420</u>	<u>123,803</u>
Total liabilities	6,407,574	6,767,208
<b>Net Position</b>		
Restricted for debt service	80,640	279,574
Unrestricted	<u>(4,313,631)</u>	<u>(3,343,259)</u>
Total net position	\$(4,232,991)	\$(3,063,685)

At the end of the current fiscal year, the Agency reports a negative balance in unrestricted net position of \$(4,232,991). Net position decreased by \$1,169,309 as the Agency borrowed additional dollars and 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, 2020 and June 30, 2019, follows:

	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
General Revenues:		
Intergovernmental	\$ 340,036	\$ 3,346,221
Property taxes	562,634	511,737
Miscellaneous	47,470	22,733
Total revenues	<u>950,140</u>	<u>3,880,691</u>
<b>Expenses</b>		
Economic development	1,919,094	3,285,838
Interest expense	200,352	86,545
Total expenses	<u>2,119,446</u>	<u>3,372,383</u>
Increase (decrease) in net position	(1,169,306)	508,308
Net position, beginning of the year	<u>(3,063,685)</u>	<u>(3,571,993)</u>
Net position, end of the year	<u><u>\$(4,232,991)</u></u>	<u><u>\$ (3,063,685)</u></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 \$1,919,094 for the year, a decrease of \$1,366,744 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 \$2,116,373 a decrease of \$1,457,244. 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 \$2,035,733, a decrease of \$1,884,527 during the current fiscal year. The Debt Service Fund realized an increase in fund balance of \$427,283 during the year, with an ending fund balance of \$80,640.

## **DEBT ADMINISTRATION**

As of June 30, 2020, the Agency had a long-term note payable to the City of Florence in the amount of \$6,352,154, a decrease of \$291,251 from 2019. 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 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 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 [anne.baker@ci.florence.or.us](mailto:anne.baker@ci.florence.or.us).

## **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, 2020**

---

	Governmental Activities
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 2,135,915
Property taxes receivable	<u>38,668</u>
Total assets	<u><u>\$ 2,174,583</u></u>
<b>LIABILITIES:</b>	
Current liabilities:	
Accounts payable	\$ 14,169
Retainage payable	5,843
Interest payable	35,408
Current portion of long-term debt	<u>268,747</u>
Total current liabilities	<u>324,167</u>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	<u>6,083,407</u>
Total liabilities	<u>6,407,574</u>
<b>NET POSITION:</b>	
Restricted for:	
Debt service	80,640
Unrestricted	<u>(4,313,631)</u>
Total net position	<u>(4,232,991)</u>
Total liabilities and net position	<u><u>\$ 2,174,583</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, 2020**

---

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net Revenue (Expenses) and Change in Net Position</u>
<b>EXPENSES:</b>			
Economic development	\$ 1,919,094	\$ 340,036	\$ (1,579,058)
Interest on long-term debt	200,352	-	(200,352)
	<hr/>	<hr/>	<hr/>
Total activities	<u>\$ 2,119,446</u>	<u>\$ 340,036</u>	<u>(1,779,410)</u>
<b>GENERAL REVENUES:</b>			
Property taxes			562,634
Other revenues			47,470
			<hr/>
Total general revenues			<u>610,104</u>
Change in net position			(1,169,306)
<b>NET POSITION, BEGINNING</b>			<hr/> <u>(3,063,685)</u>
<b>NET POSITION, ENDING</b>			<u>\$ (4,232,991)</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.

**Florence Urban Renewal Agency  
Balance Sheet- Governmental Fund  
June 30, 2020**

	General Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 2,055,745	\$ 80,170	\$ 2,135,915
Receivable, net:			
Taxes	-	38,668	38,668
Total assets	<u>\$ 2,055,745</u>	<u>\$ 118,838</u>	<u>\$ 2,174,583</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 14,169	\$ -	\$ 14,169
Retainage payable	5,843	-	5,843
Total liabilities	<u>20,012</u>	<u>-</u>	<u>20,012</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - property taxes	-	38,198	38,198
Total deferred inflows of resources	<u>-</u>	<u>38,198</u>	<u>38,198</u>
<b>FUND BALANCE:</b>			
Restricted for:			
Debt service	-	80,640	80,640
Restricted urban renewal improvements	2,035,733	-	2,035,733
Total fund balance	<u>2,035,733</u>	<u>80,640</u>	<u>2,116,373</u>
Total deferred inflows of resources and fund balance	<u>\$ 2,055,745</u>	<u>\$ 118,838</u>	<u>\$ 2,174,583</u>

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

Total fund balance	\$ 2,116,373
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	38,198
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	(6,352,154)
Interest payable	<u>(35,408)</u>
Net position	<u>\$ (4,232,991)</u>

*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, 2020**

	General Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>			
Taxes	\$ 540,348	\$ -	\$ 540,348
Intergovernmental	340,036	-	340,036
Miscellaneous	47,470	-	47,470
Total revenues	<u>927,854</u>	<u>-</u>	<u>927,854</u>
<b>EXPENDITURES:</b>			
Current:			
Economic development	2,165,281	-	2,165,281
Debt service:			
Principal	-	143,228	143,228
Interest	-	76,589	76,589
Total expenditures	<u>2,165,281</u>	<u>219,817</u>	<u>2,385,098</u>
Revenues over (under) expenditures	<u>(1,237,427)</u>	<u>(219,817)</u>	<u>(1,457,244)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	647,100	647,100
Transfers out	(647,100)	-	(647,100)
Total other financing sources (uses)	<u>(647,100)</u>	<u>647,100</u>	<u>-</u>
Net change in fund balance	(1,884,527)	427,283	(1,457,244)
<b>FUND BALANCE, BEGINNING</b>	<u>3,920,260</u>	<u>(346,643)</u>	<u>3,573,617</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,035,733</u>	<u>\$ 80,640</u>	<u>\$ 2,116,373</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, 2020**

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Amounts reported in the statement of activities are different because:

Net change in fund balance	\$ (1,457,244)
Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.	
Property taxes	22,286
Accrued interest payable	(25,599)
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>291,251</u>
Change in net position	<u><u>\$ (1,169,306)</u></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, 2020**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>REVENUES:</b>						
Taxes	\$ 1,071,500	\$ 1,071,500	\$ 540,348	\$ -	\$ 540,348	\$ (531,152)
Intergovernmental	1,639,700	1,639,700	340,036	-	340,036	(1,299,664)
Miscellaneous	16,000	16,000	47,470	-	47,470	31,470
Total revenues	<u>2,727,200</u>	<u>2,727,200</u>	<u>927,854</u>	<u>-</u>	<u>927,854</u>	<u>(1,799,346)</u>
<b>EXPENDITURES:</b>						
Materials and service	670,100	670,100	289,413	-	289,413	380,687
Capital outlay	3,482,500	3,482,500	1,875,868	-	1,875,868	1,606,632
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>-</u>	<u>2,165,281</u>	<u>2,146,019</u>
Revenues over (under) expenditures	(1,584,100)	(1,584,100)	(1,237,427)	-	(1,237,427)	346,673
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of debt	400,000	400,000	-	-	-	(400,000)
Transfers out	(800,000)	(800,000)	(647,100)	-	(647,100)	152,900
Total other financing sources (uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(647,100)</u>	<u>-</u>	<u>(647,100)</u>	<u>(247,100)</u>
Net change in fund balance	(1,984,100)	(1,984,100)	(1,884,527)	-	(1,884,527)	99,573
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>1,984,100</u>	<u>1,984,100</u>	<u>3,920,260</u>	<u>-</u>	<u>3,920,260</u>	<u>1,936,160</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,035,733</u>	<u>\$ -</u>	<u>\$ 2,035,733</u>	<u>\$ 2,035,733</u>

*The accompanying notes are an integral part of these financial statements*



# FLORENCE URBAN RENEWAL AGENCY

## Notes to the Financial Statements

June 30, 2020

### 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, 2020, copies of which can be obtained from the Finance Department of the City of Florence.

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, 2020, 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

## Notes to the Financial Statements

June 30, 2020

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.

## **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.

# FLORENCE URBAN RENEWAL AGENCY

## Notes to the Financial Statements

June 30, 2020

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.

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.

# FLORENCE URBAN RENEWAL AGENCY

## Notes to the Financial Statements

June 30, 2020

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.

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.

**FLORENCE URBAN RENEWAL AGENCY**

Notes to the Financial Statements

June 30, 2020

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.

**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.

The agency has no investments subject to custodial risk.

**B. Receivables**

Receivables for the Agency as of the fiscal year ended June 30, 2020 consists of tax increment revenues and miscellaneous receivables and are as follows:

<b>Receivables</b>		
Property taxes	\$ 38,668	

**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, 2020 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	<u>\$ 6,643,405</u>	<u>\$ -</u>	<u>\$ 291,251</u>	<u>\$ 6,352,154</u>	<u>\$ 268,747</u>

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

# FLORENCE URBAN RENEWAL AGENCY

## Notes to the Financial Statements

June 30, 2020

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 268,747	\$ 199,706
2022	277,163	191,292
2023	285,842	182,612
2024	444,579	173,874
2025	304,021	156,483
2026-2030	1,668,914	633,607
2031-2035	1,947,759	355,123
2036-2040	<u>1,155,129</u>	<u>71,352</u>
Total	<u>\$ 6,352,154</u>	<u>\$ 1,964,049</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 \$291,251. FURA levied the maximum levy amount allowed, which resulted in a levy of \$532,089 FURA received property tax revenue of \$540,348, which provides a debt coverage ratio of 2.01.

#### 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.

##### C. Accounting pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 95, Postponement of the Effective Date of Certain Authoritative Guidance to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of certain provisions and pronouncements have been postponed for either a twelve or eighteen month period, depending upon the statement or implementation guide.

##### D. Subsequent events

As stated above and in the Management Discussion and Analysis, the COVID-19 pandemic was declared by the World Health Organization in March 2020. The operational and financial impacts are far reaching and will not be fully assessed until sometime in 2021, when the anticipated vaccines are widely distributed. All cities have been affected, and Molalla has endeavored to monitor, plan and address issues on a proactive basis. As of release of this report, the current state of emergency declaration regarding COVID-19 extends through May 2, 2021.

**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



**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, 2020**

	Budget		Actual			Variance with Final Budget
	Original	Final	FY 2019-20	FY 2020-21	Biennium	
<b>EXPENDITURES:</b>						
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
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	<u>800,000</u>	<u>800,000</u>	<u>647,100</u>	<u>-</u>	<u>647,100</u>	<u>(152,900)</u>
Total other financing sources (uses)	<u>800,000</u>	<u>800,000</u>	<u>647,100</u>	<u>-</u>	<u>647,100</u>	<u>(152,900)</u>
Net changes in fund balances	(3,400)	(3,400)	427,283	-	427,283	430,683
<b>FUND BALANCES, BEGINNING</b>	<u>3,400</u>	<u>3,400</u>	<u>(346,643)</u>	<u>-</u>	<u>(346,643)</u>	<u>(350,043)</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,640</u>	<u>\$ -</u>	<u>\$ 80,640</u>	<u>\$ 80,640</u>

## **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, 2020 and have issued our report thereon dated May 7, 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.

**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 162-10-000 through 162-10-330 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*.

### **OAR 162-10-0230 Internal Control**

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  
May 7, 2021