

**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON**  
(A Component Unit of the City of Coburg, Oregon)  
**LANE COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2015**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON**

**FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2015**

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**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON**

**Board of Directors**

June 30, 2015

<u>Name</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Jae Pudewell	Mayor	December 31, 2016
Ray Smith	President	December 31, 2016
Sharyl Abbaspour	Director	December 31, 2016
Jerry Behney	Director	December 31, 2016
Patrick Kocurek	Director	December 31, 2018
Don Nelson	Director	December 31, 2018
Steve Stearns	Director	December 31, 2018

All Board members will receive mail at the following address:

Urban Renewal Agency of the City of Coburg  
P.O. Box 8316  
Coburg, Oregon 97408

ADMINISTRATION

Petra Schuetz, Administrator

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**PAULY, ROGERS, AND Co., P.C.**  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

September 10, 2016

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Coburg Urban Renewal Agency  
Lane County, Oregon

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of the governmental activities and major fund of the Urban Renewal Agency of the City of Coburg, Oregon (a component unit of the City of Coburg), as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic 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 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 basic 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Urban Renewal Agency of the City of Coburg, Oregon (a component unit of the City of Coburg) as of June 30, 2015, and the respective changes in financial position and budgetary comparison for the general fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Emphasis of Matter**

The Agency adopted the provisions of GASB Statement No. 68, *Accounting and Reporting for Pensions*, as well as the provisions of GASB Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

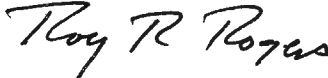
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

The listing of board members containing their term expiration dates, located before the table of contents, 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.

## **Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated September 10, 2016, on our consideration of 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.

  
ROY R ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.

**URBAN RENEWAL AGENCY  
OF THE CITY OF COBURG**  
*(A Component Unit of the City of Coburg)*

**Management's Discussion and Analysis**

**June 30, 2015**

The Urban Renewal Agency of the City of Coburg, Oregon (the agency), a component unit of the City of Coburg, Oregon (the City), was started in 2001 with the goals of (1) provision of adequate facilities, and (2) water quality. At that point in time, Coburg did not have a municipal sewer system. The City served by private on-site septic tanks and drain fields. This scenario contributed to ground water contamination. Development in the industrial area had occurred with the expectation that a sewer system would be forthcoming. The Agency Plan and Report explains the goals of the Agency.

Vacant and under developed properties in the Coburg Industrial Area were selected for inclusion in the Urban Renewal Area. This selection insured that any future development would be done with adequate sewer facilities to protect water quality. It also enabled safe and hygienic development of vacant and underdeveloped properties.

The governing Board is comprised of the members of the Coburg City Council.

**FY2014-15 Budget**

1. In FY2014-15 the Agency adopted a final budget as follows:

Material and Services	\$ 5,000
Debt Service to City of Coburg	\$ 219,511
Transfers to City Sewer Debt	\$1,530,000
Total Adopted Budget	<u>\$1,754,511</u>
Total Un-appropriated Funds	\$ 159,158
Total Requirements	<u>\$1,913,669</u>

This budget reflects the Agency's payments to the city for the purpose of the Waste Water debt service. This fulfills the mission of the Agency: Assist the City of Coburg with the financing of the wastewater system. A one-time budgeted transfer of \$1,530,000 was made to the Waste Water Debt Service after the completion of the project.

**Government Wide Financial Analysis**

The following table is a comparative summary of the Statement of Net Position for the current and prior years.

COMPARATIVE STATEMENT OF NET POSITION  
 JUNE 30, 2015 AND 2014

	<u>FY15</u>	<u>FY14</u>	<u>Var</u>
Cash and investments	\$ 206,845	\$ 163,036	\$ 43,809
Taxes Receivable	\$ 24,598	\$ 23,567	\$ 1,031
Loans Receivable	\$ -	\$ 1,495,955	\$(1,495,955)
<b>Total Assets</b>	<b>231,443</b>	<b>1,682,558</b>	<b>(1,451,115)</b>
Accounts payable	-	3,878	\$ (3,878)
<b>Total Liabilities</b>	<b>-</b>	<b>3,878</b>	<b>(3,878)</b>
Unearned Revenues	-1031		
<b>Total Net Position</b>	<b>\$ 230,412</b>	<b>\$ 1,678,680</b>	<b>\$(1,454,993)</b>

**Assets** –Cash increased due to the receipt of the pay-off of the Sewer Capital loan and an increase in property taxes received. The full Waste Water loan of \$1,495,955 was paid back at the close out of the construction project.

**Accounts payable** - There was no accounts payable at the end of fiscal year 2015.

**Net Position** – At June 30, 2015, the net position decreased by \$1,448,268. This change is due to the Urban Renewal Agency Board and Budget Committee's decision to make a one-time transfer \$1,530,000 to the City for Waste Water Debt Service. This transfer took place after the close out of the project, and after the full repayment of the Sewer Capital Loan.

	FY15	FY14	Var
Property Taxes	302,529	206,496	96,033
Interest	3,623	1,964	1,659
<b>Total Revenue</b>	<b>306,152</b>	<b>208,460</b>	<b>97,692</b>
Materials & Services	4,909	1,130	3,779
Transfer to City for Waste Water De	1,530,000	-	1,530,000
Debt Service to the City	219,511	-	219,511
<b>Total Expense</b>	<b>1,754,420</b>	<b>1,130</b>	<b>1,753,290</b>
Prior Period Adjustment	-	(195,597)	(195,597)
<b>Changes in Net Position</b>	<b>(1,448,268)</b>	<b>207,330</b>	<b>(1,240,938)</b>

Urban Renewal Agency of the City of Coburg  
*(a component unit of the City of Coburg)*  
Management's Discussion and Analysis

**Revenue** – Property tax revenue increased by \$96,033, or 33%, from the prior year. This is due to a recovery in the economy and property values, and the development of commercial properties that had received reductions in tax assessments in prior years. Interest income increased by \$1,659.

**Expenses** – Expenses represent the administrative costs of managing the Urban Renewal Agency.

**Information requests**

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Agency's activities and finances to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Anne Heath, Finance Manager, at 541-682-7870 in Coburg, Oregon.

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**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON**

**BASIC FINANCIAL STATEMENTS**

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**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON**

**Statement of Net Position  
June 30, 2015**

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ASSETS

Assets:

Cash and Investments	\$ 206,845
Taxes Receivable	<u>24,598</u>

TOTAL ASSETS	<u><u>231,443</u></u>
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LIABILITIES AND NET POSITION

Liabilities:

Unearned Revenue	<u>1,031</u>
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TOTAL LIABILITIES	1,031
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Net Position:

Unrestricted	<u>230,412</u>
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TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 231,443</u></u>
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See accompanying notes to basic financial statements.



URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON

Statement of Activities  
For the Year Ended June 30, 2015

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REVENUE:	
Taxes	\$ 302,529
Interest	<u>3,623</u>
Total General Revenue	306,152
EXPENSES:	
Materials and Services	4,909
Debt Service to City	<u>219,511</u>
Total Expenditures	<u>224,420</u>
Excess (deficiency) of revenues over expenditures	81,732
OTHER FINANCING SOURCES (uses):	
Transfer Out	<u>(1,530,000)</u>
Change in Net Position	(1,448,268)
NET POSITION - BEGINNING OF YEAR	<u>1,678,680</u>
NET POSITION - END OF YEAR	<u><u>\$ 230,412</u></u>

See accompanying notes to basic financial statements.

**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON**

**Balance Sheet - Governmental Fund  
June 30, 2015**

	General Fund
<u>ASSETS</u>	
Assets:	
Cash and Investments	\$ 206,845
Taxes Receivable	24,598
	24,598
TOTAL ASSETS	\$ 231,443
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY</u>	
Liabilities:	
Accounts Payable	\$ -
Total Liabilities	-
Deferred Inflows of Resources:	
Unavailable Revenue - Property Taxes	24,598
Fund Equity:	
Unassigned	206,845
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY	\$ 231,443
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position:	
Ending Fund Equity	\$ 206,845
Unearned Revenue related to Receivables	(1,031)
Unavailable Revenue related to Property Taxes	24,598
Net Position	\$ 230,412

See accompanying notes to basic financial statements.

**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund  
For the Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance To Final Budget Positive (Negative)
<b>REVENUE:</b>				
Property Taxes	\$ 895,300	\$ 1,595,353	\$ 302,529	\$ (1,292,824)
Interest Income	-	-	3,623	3,623
<b>Total Revenue</b>	<b>895,300</b>	<b>1,595,353</b>	<b>306,152</b>	<b>(1,289,201)</b>
<b>EXPENDITURES:</b>				
Materials and Services	5,000	5,000 (1)	4,909	91
Debt Service to City	219,511	219,511 (1)	219,511	-
<b>Total Expenditures</b>	<b>224,511</b>	<b>224,511</b>	<b>224,420</b>	<b>91</b>
Excess (deficiency) of revenues over expenditures	670,789	1,370,842	81,732	(1,289,110)
<b>Other Financing Sources (uses)</b>				
Loan Proceeds	1,495,955	1,495,955	1,495,955	-
Transfer Out	(1,530,000)	(1,530,000) (1)	(1,530,000)	-
<b>Total other financing sources and uses</b>	<b>(1,530,000)</b>	<b>(1,530,000)</b>	<b>(34,045)</b>	<b>(1,495,955)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(859,211)</b>	<b>(159,158)</b>	<b>47,687</b>	<b>206,845</b>
<b>UNRESERVED, UNDESIGNATED</b>				
FUND BALANCE - BEGINNING OF YEAR	859,211	159,158	159,158	-
UNRESERVED, UNDESIGNATED - FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,845</u>	<u>\$ 206,845</u>

(1) Appropriations Level

**Reconciliation of the Governmental Funds**

Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities

47,687

Loan proceeds in the Statement of Activities differ from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the Agency recognizes a deferred revenue for all loans receivable; however in the Statement of Activities, there is no deferred revenue and the full notes receivable is accrued.

(1,495,955)

Change in Net Position of Governmental Activities

\$ (1,448,268)

See accompanying notes to basic financial statements.

**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

**A. REPORTING ENTITY**

The Urban Renewal Agency was organized by the City Council of the City of Coburg, Oregon, in 2001 under the provisions of ORS chapter 457. The Agency is responsible for providing financing for sanitation systems for the City of Coburg, Oregon's Urban Renewal Area. Principle funding sources are property taxes. Personnel of the City of Coburg handle fiscal and accounting functions.

The "tax-increment financing" method is being used to provide funds for the Agency. Under this method, a base year value (2001 in this case) within the urban renewal area is established for the duration of the urban renewal program. Any increase in the assessed value over that base year cannot be used by the Assessor to compute tax rates for local taxing bodies. The Assessor computes the tax rate on the base year of the area and then applies that rate to the increase in assessed value. The tax on the increased value can only be used by the Agency to pay indebtedness incurred to finance the urban renewal projects.

The Agency's financial statements include all activities and organizations with which the Agency exercises oversight authority as demonstrated by financial interdependency and/or authoritative appointment of governing authority. The Agency has no component units, but is a component unit of the City of Coburg.

**B. BASIS OF PRESENTATION – FUND ACCOUNTING**

Financial operations of the Agency are accounted for in the following major fund:

**GENERAL FUND**

The General Fund is the only operating fund of the Agency. The General Fund accounts for all financial resources, excluding those required to be accounted for in another fund. Principal sources of revenues are taxes, interest and intergovernmental revenues. Expenditures from this fund are used for the construction of and debt service (if required) for the sewer project of the City of Coburg.

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and Statements of Activities display information about the Agency as a whole. The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Agency's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Agency's general revenues.

The Agency reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**FUND FINANCIAL STATEMENTS**

The accounts are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in consistency with legal and managerial requirements.

**GOVERNMENTAL FUND TYPES**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension costs, and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

**D. BUDGET**

The Agency is required by state law to budget its activity. The budget is prepared on the cash basis of accounting. The resolution authorizing appropriations sets the level by which expenditures cannot legally exceed appropriations. Personnel, materials and services, capital outlay, debt service and other expenditures are the levels of disbursement control in the budget. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned disbursement categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the Board of Directors. Expenditures of the general fund were within authorized appropriation levels for the year ended June 30, 2015.

**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
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LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**E. PROPERTY TAXES RECEIVABLE**

In the Government-Wide Financial Statements uncollected property taxes are recorded on the Statement of Net Position. In the Fund Financial Statements property taxes that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as unearned revenue because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary by management, as uncollectible taxes become a lien on the property. Property taxes are levied on all taxable property as of July 1, the beginning of the fiscal year, and become a lien on that date. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

**F. FUND EQUITY**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority is given to the finance director to assign fund balances.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There were no nonspendable, restricted, committed or assigned balances at year end.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

**URBAN RENEWAL AGENCY OF THE  
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LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**G. INVESTMENTS**

Investments are stated at cost which approximates fair value.

**H. NET POSITION**

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. There were no net capital assets at year end.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are no restricted assets.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use, it is the agency's policy to use restricted resources first, then unrestricted resources as they are needed.

**I. ESTIMATES**

The preparation of the basic 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**J. PAYROLL EXPENSES**

As a component unit of the City of Coburg, the Agency is administered by the City and so the Agency does not have payroll expenses. The expense of administration of the Agency is recorded only on the City of Coburg's Financial Statements.

**2. CASH AND INVESTMENTS**

State statutes govern the Agency's cash management policies. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2. CASH AND INVESTMENTS (CONTINUED)**

Investments

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments 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 Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appeared to be in compliance with all portfolio guidelines at June 30, 2015.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2015 the fair value of the position in the LGIP approximates the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Cash and investments were recorded at cost, which approximates fair market value, at June 30, 2015. Cash and Investments (recorded at fair value) consisted of:

Deposits with Financial Institutions:

Local Government Investment Pool	\$ 179,729
Demand Deposits	<u>27,116</u>
	<u>\$ 206,845</u>

There were the following investments and maturities at year end:

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	12-18 months
State Treasurer's Investment Pool	\$ 179,729	\$ 179,729	\$ -
Total	\$ 179,729	\$ 179,729	\$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB.

Credit Risk-Investment

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.



**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**2. CASH AND INVESTMENTS (CONTINUED)**

Concentration of Credit Risk

The cash management policies are governed by state statutes. Statutes authorize investing in banker's acceptances, time certificates of deposit, commercial paper, repurchase agreements, and obligations of the United States and its agencies and instrumentalities. Currently, the Agency only uses the Local Government Investment Pool for investments and a CD.

Deposit Risk

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. In the case of deposits, this is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk. As of June 30, 2015, the bank account balance was \$27,116. All of which was covered by federal depository insurance. Any remainder would be collateralized under the Oregon Public Funds Collateralization Program (PFCP).

**3. RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to torts; errors and omissions; and natural disasters. The Agency is covered by The City of Coburg's commercial insurance to minimize its exposure to these risks. Settled claims for the Agency have not exceeded this commercial coverage for the past three years.

**4. CONTINGENCIES**

Management and the Agency's Legal Counsel are not aware of any contingencies that would require disclosure under Statement of Financial Accounting Standards No. 5.

**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON**

**SUPPLEMENTARY INFORMATION**

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**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON**  
(A Component Unit of the City of Coburg, Oregon)  
**LANE COUNTY, OREGON**

**Schedule of Property Tax Transactions and Balances of Taxes Uncollected  
For the Year Ended June 30, 2015**

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT JULY 1, 2013	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT June 30, 2014
Current:						
2014-15	\$ 313,133	\$ 8,072	\$ (1,505)	\$ 120	\$ 295,117	\$ 8,559
Prior Years:						
2013-14	6,358	(12)	(673)	216	2,418	3,495
2012-13	5,782	(16)	(941)	366	1,404	3,819
2011-12	4,117	-	(507)	454	1,500	2,564
2010-11	2,668	-	(328)	285	767	1,858
2009-10 & Prior	4,642	(1)	(267)	159	232	4,303
Total	<u>\$ 336,700</u>	<u>\$ 8,043</u>	<u>\$ (4,221)</u>	<u>\$ 1,600</u>	<u>\$ 301,438</u>	<u>\$ 24,598</u>

RECONCILIATION TO REVENUE

Cash Collections by County Treasurer Above	\$ 301,438
Other Taxes in Lieu of Property Taxes	<u>1,091</u>
Total Revenue	<u>\$ 302,529</u>

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**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, OREGON  
(A Component Unit of the City of Coburg, Oregon)  
LANE COUNTY, OREGON**

**Independent Auditors' Report Required by Oregon State Regulations**

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September 10, 2016

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the City of Coburg Urban Renewal Agency as of and for the year ended June 30, 2015, and have issued our report thereon dated September 10, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### **Compliance**

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City of Coburg Urban Renewal Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

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

In planning and performing our audit, we considered the internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Coburg Urban Renewal Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.



We noted matters involving the internal control structure and its operation that we consider to be material weaknesses and significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated September 10, 2016.

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

  
ROY R ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.