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

FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2010
## URBAN RENEWAL AGENCY OF THE CITY OF COBURG, OREGON

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</table>
# Board of Directors

**June 30, 2010**

<table>
<thead>
<tr>
<th>Name</th>
<th>POSITION</th>
<th>TERM EXPIRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Judy Volta</td>
<td>Director (Chair)</td>
<td>December 31, 2010</td>
</tr>
<tr>
<td>Bill Judd</td>
<td>Director</td>
<td>December 31, 2010</td>
</tr>
<tr>
<td>John Fox</td>
<td>Director</td>
<td>December 31, 2012</td>
</tr>
<tr>
<td>Jae Pudewell</td>
<td>Director</td>
<td>December 31, 2012</td>
</tr>
<tr>
<td>John Thiel</td>
<td>Director</td>
<td>December 31, 2010</td>
</tr>
<tr>
<td>Brian Pech</td>
<td>Director</td>
<td>December 31, 2010</td>
</tr>
<tr>
<td>Jerry Belney</td>
<td>Director</td>
<td>December 31, 2012</td>
</tr>
</tbody>
</table>

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

Donald R. Schuessler, Administrator
February 25, 2011

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

INDEPENDENT AUDITORS’ REPORT

We have audited the accompanying 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, 2010 which collectively comprise the Agency’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency’s management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 each major fund of The Urban Renewal Agency of the City of Coburg, Oregon as of June 30, 2010, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management’s Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The Urban Renewal Agency of the City of Coburg, Oregon has not presented this information that the Governmental Accounting Standards Board has determined is necessary to supplement the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Urban Renewal Agency’s basic financial statements. The Supplementary Information, including budgetary comparison schedules (which are required supplementary information for major governmental funds) as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary Information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

[Signature]
PAULY, ROGERS AND CO., P.C.
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**URBAN RENEWAL AGENCY OF THE CITY OF COBURG, OREGON**

Statement of Net Assets

June 30, 2010

**ASSETS**

Assets:
- Cash and Investments $430,666
- Taxes Receivable 22,080
- Due From City of Coburg 823,951
- Capital Assets, Net 109,410

**TOTAL ASSETS** 1,386,107

**LIABILITIES AND NET ASSETS**

Liabilities:
- Accounts Payable -

**TOTAL LIABILITIES** -

Net Assets:
- Invested in Capital Assets 109,410
- Unrestricted 1,276,697

**TOTAL NET ASSETS** **$1,386,107**

The accompanying notes are an integral part of the financial statements.
URBAN RENEWAL AGENCY OF THE CITY OF
COBURG, OREGON
Statement of Activities
For the Year Ended June 30, 2010

REVENUE:
Taxes
Interest
Total General Revenue
EXPENSES:
Materials & Services
Total Expenditures
Changes in Net Assets

NET ASSETS - BEGINNING OF YEAR

NET ASSETS - END OF YEAR

$ 357,883
2,343
360,226
285,521
285,521

74,705

1,311,402

$ 1,386,107

The accompanying notes are an integral part of the financial statements.
URBAN RENEWAL AGENCY OF THE CITY OF
COBURG, OREGON
Balance Sheet - Governmental Fund
June 30, 2010

ASSETS

Assets:
Cash and Investments $ 430,666
Taxes Receivable 22,080
Due From City of Coburg 823,951

TOTAL ASSETS $ 1,276,697

LIABILITIES AND FUND EQUITY

Liabilities:
Accounts Payable $ -
Deferred Revenues 846,031

Total Liabilities 846,031

Fund Equity:
Unreserved, Undesignated 430,666

Total Fund Equity 430,666

TOTAL LIABILITIES AND FUND EQUITY $ 1,276,697

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Assets:

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed
is reported as an expenditure in governmental funds. The statement of Net Assets includes those
capital assets among the assets of the Agency as a whole.

Deferred Revenue related to Notes Receivable 846,031

Net Assets $ 1,386,107

The accompanying notes are an integral part of the financial statements.
<table>
<thead>
<tr>
<th>Revenue:</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance To Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>$345,500</td>
<td>$345,500</td>
<td>$355,685</td>
<td>$10,185</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>9,540</td>
<td>9,540</td>
<td>2,343</td>
<td>(7,197)</td>
</tr>
<tr>
<td>Miscellaneous Receipts</td>
<td>700,000</td>
<td>700,000</td>
<td>-</td>
<td>(700,000)</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$1,055,040</td>
<td>$1,055,040</td>
<td>$358,028</td>
<td>$(697,012)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials and Services</td>
<td>533,360</td>
<td>533,360</td>
<td>(1)</td>
<td>285,521</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>(1)</td>
<td>-</td>
</tr>
<tr>
<td>Contingency</td>
<td>700,000</td>
<td>700,000</td>
<td>(1)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>1,233,360</td>
<td>1,233,360</td>
<td>285,521</td>
<td>947,839</td>
</tr>
</tbody>
</table>

NET CHANGE IN FUND BALANCE

(178,320) (178,320) 72,507 250,827

UNRESERVED, UNDESIGNATED

FUND BALANCE - BEGINNING OF YEAR

636,697 636,697 358,159 (278,538)

UNRESERVED, UNDESIGNATED -
FUND BALANCE - END OF YEAR

$458,377 $458,377 $430,666 $27,711

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

72,507

Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeds depreciation.

Notes Receivable in the Statement of Activities differs 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 property taxes levied but not received, however in the Statement of Activities, there is no deferred revenue and the full notes receivable is accrued.

2,198

Change in Net Assets of Governmental Activities

$74,705

(1) Appropriations Level
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. Agency is responsible for providing financing for sanitation systems for the City of Coburg, Oregon. 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 potential 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 of the Agency, 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 Assets and Statements of Activities display information about the reporting government as a whole.

The Statement of Net Assets 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.”
C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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 of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as inter-fund activity and balances in the funds were eliminated or reclassified. Inter-fund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities.

FUND FINANCIAL STATEMENTS

The accounts of the Agency 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, the government considers revenues 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 and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be measurable to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

D. BUDGET

The Agency is required by state law to budget its activity. The Agency budgets its activities on the cash basis of accounting used in the financial statements. 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 various funds were within authorized appropriation levels.
E. PROPERTY TAXES RECEIVABLE

In the Government-Wide Financial Statements uncollected property taxes are recorded on the Statement of Net Assets. 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 deferred revenue because it is not deemed available to finance operation of the current period. An allowance for doubtful accounts is not deemed necessary, 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. INVESTMENTS

Investments are stated at cost which approximates fair value.

G. NET ASSETS

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net assets are classified in the following three categories:

Invested in capital assets, net of related debt – 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.

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 net assets – 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 government’s policy to use restricted resources first, then unrestricted resources as they are needed.

II. ESTIMATES

The preparation of 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.

2. CASH AND INVESTMENTS

State statutes govern the Agency’s cash management policies. Statutes authorize the Agency to invest 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.
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 was in compliance with all portfolio guidelines at June 30, 2010.

Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized. As of June 30, 2010 the fair value of the position in the LGIP is 99.56% of 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.

The Agency maintains a cash pool that is available for use. The pool is reported on the combined balance sheet as Cash and Investments or amounts Due to/from Other Funds. Cash and Investments (recorded at fair value) consisted of:

Deposits with Financial Institutions:
- Local Government Investment Pool $ 429,879
- Demand Deposits 787

$ 430,666

The Agency had the following investments and maturities:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>Investment Maturities (in months)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Less than 3</td>
</tr>
<tr>
<td>State Treasurer’s Investment Pool</td>
<td>$ 429,879</td>
<td>$ 429,879</td>
</tr>
<tr>
<td>Total</td>
<td>$ 429,879</td>
<td>$ 429,879</td>
</tr>
</tbody>
</table>

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. The Agency does not have any investments that have a maturity date.

Credit Risk
Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.
2. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk
The Agency's cash management policies are governed by state statutes. Statutes authorize the Agency to invest in banker's acceptances, time certificates of deposit, commercial paper, repurchase agreements, and obligations of the United States and its agencies and instrumentalities, Local Government Investment Pools and fixed or variable life insurance or annuity contracts for funding the deferred compensation plan. Currently, the Agency only uses the Local Government Investment Pool for investments.

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 government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2010, The Agency's cash is fully covered by FDIC.

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.

4. CONTINGENCIES

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

5. CAPITAL ASSETS

Capital assets are recorded at the original or estimated cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The Commission defines capital assets as assets with an initial cost of more than $5,000 and an estimated life in excess of three years. Interest incurred during construction, maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Capital assets are depreciated using the straight-line method over the life of the asset, however no depreciation timelines have been determined since the sewer system is in the build out stage and all assets are construction in process and not subject to depreciation yet.

At the beginning of 2009-10 the Agency had $109,410 in construction in progress, during the year there was no activity.
<table>
<thead>
<tr>
<th>TAX YEAR</th>
<th>ORIGINAL LEVY OR BALANCE UNCOLLECTED AT JULY 1, 2009</th>
<th>DEDUCT DISCOUNTS</th>
<th>ADJUSTMENTS TO ROLLS</th>
<th>ADD INTEREST</th>
<th>CASH COLLECTIONS BY COUNTY TREASURER</th>
<th>BALANCE UNCOLLECTED OR UNSEGREGATED AT JUNE 30, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>$ 368,299</td>
<td>$ 9,234</td>
<td>$ (1,890)</td>
<td>$ 142</td>
<td>$ 345,037</td>
<td>$ 12,280</td>
</tr>
<tr>
<td>Prior Years:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>11,943</td>
<td>(6)</td>
<td>(795)</td>
<td>424</td>
<td>5,969</td>
<td>5,609</td>
</tr>
<tr>
<td>2007-08</td>
<td>4,593</td>
<td>(1)</td>
<td>(449)</td>
<td>339</td>
<td>1,967</td>
<td>2,517</td>
</tr>
<tr>
<td>2006-07</td>
<td>1,855</td>
<td>(1)</td>
<td>(332)</td>
<td>276</td>
<td>1,019</td>
<td>781</td>
</tr>
<tr>
<td>2005-06</td>
<td>830</td>
<td>(1)</td>
<td>(198)</td>
<td>144</td>
<td>448</td>
<td>329</td>
</tr>
<tr>
<td>Prior</td>
<td>661</td>
<td>-</td>
<td>(91)</td>
<td>7</td>
<td>13</td>
<td>564</td>
</tr>
<tr>
<td>Total</td>
<td>$ 388,181</td>
<td>$ 9,225</td>
<td>$ (3,755)</td>
<td>$ 1,332</td>
<td>$ 354,453</td>
<td>$ 22,080</td>
</tr>
</tbody>
</table>

RECONCILIATION TO REVENUE

Cash Collections by County Treasurer Above $ 355,785
Other Taxes in Lieu of Property Taxes (100)

Total Revenue $ 355,685
URBAN RENEWAL AGENCY OF THE
CITY OF COBURG, OREGON

Independent Auditor’s Report Required by Oregon State Regulations
Independent Auditor's 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, 2010, and have issued our report thereon dated February 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Coburg 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 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.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe the 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, except as noted below:

1. We noted that the Agency’s second notice of the budget committee meeting was not published at least five days before the meeting.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City of Coburg Urban Renewal Agency’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Coburg Urban Renewal Agency’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Coburg Urban Renewal Agency’s internal control over financial reporting.
This report is intended solely for the information and use of the Board of Directors and management of 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.

[Signature]

PAULY, ROGERS AND CO., P.C.