

**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, 2012**

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

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

**Board of Directors**

June 30, 2012

<u>Name</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Jae Pudewell	President	December 31, 2012
Don Nelson	Director	December 31, 2014
John Fox	Director	December 31, 2012
John Thiel	Director	December 31, 2014
Brian Pech	Director	December 31, 2014
Jerry Behney	Director	December 31, 2012

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

**BASIC FINANCIAL STATEMENTS**

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**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

- 
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

April 4, 2013

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, 2012 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, each major fund and the respective budgetary comparison for the General Fund, of The Urban Renewal Agency of the City of Coburg, Oregon as of June 30, 2012, 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 has not presented the Management's Discussion and Analysis. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the The Urban Renewal Agency of the City of Talent's financial statements. The listing of board members containing their term expiration dates, located before the table of contents, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

  
PAULY, ROGERS AND CO., P.C.

**URBAN RENEWAL AGENCY OF THE CITY OF  
COBURG, OREGON  
Statement of Net Assets  
June 30, 2012**

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**ASSETS**

**Assets:**

Cash and Investments	\$ 656,469
Taxes Receivable	26,558
Loans Receivable	895,597
Capital Assets, Net	<u>109,410</u>

**TOTAL ASSETS** 1,688,034

**LIABILITIES AND NET ASSETS**

**Liabilities:**

Accounts Payable	<u>-</u>
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**TOTAL LIABILITIES** -

**Net Assets:**

Invested in Capital Assets	109,410
Unrestricted	<u>1,578,624</u>

**TOTAL NET ASSETS** \$ 1,688,034

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, 2012

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REVENUE:		
Taxes		\$ 331,093
Interest		2,334
		<hr/>
Total General Revenue		333,427
		<hr/>
EXPENSES:		
Materials & Services		3,737
		<hr/>
Total Expenditures		3,737
		<hr/>
Changes in Net Assets		329,690
NET ASSETS - BEGINNING OF YEAR		1,358,344
		<hr/>
NET ASSETS - END OF YEAR		\$ 1,688,034
		<hr/> <hr/>

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, 2012

	<u>General Fund</u>
<b><u>ASSETS</u></b>	
Assets:	
Cash and Investments	\$ 656,469
Taxes Receivable	26,558
Loans Receivable	<u>895,597</u>
TOTAL ASSETS	<u>\$ 1,578,624</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>	
Liabilities:	
Deferred Revenues	<u>\$ 726,558</u>
Total Liabilities	<u>726,558</u>
Fund Equity:	
Unassigned	<u>852,066</u>
Total Fund Equity	<u>852,066</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,578,624</u>
 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.	109,410
Deferred Revenue related to Receivables	<u>726,558</u>
Net Assets	<u>\$ 1,688,034</u>

The accompanying notes are an integral part of the financial statements.

**URBAN RENEWAL AGENCY OF THE CITY OF  
COBURG, OREGON**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance To Final Budget Positive (Negative)
<b>REVENUE:</b>				
Property Taxes	\$ 337,000	\$ 337,000	\$ 325,263	\$ (11,737)
Investment Earnings	3,000	3,000	2,334	(666)
<b>Total Revenue</b>	<b>\$ 340,000</b>	<b>\$ 340,000</b>	<b>\$ 327,597</b>	<b>\$ (12,403)</b>
<b>EXPENDITURES:</b>				
Current:				
Materials and Services	148,970	148,970 (1)	3,737	145,233
Contingency	191,030	191,030 (1)	-	191,030
<b>Total Expenditures</b>	<b>340,000</b>	<b>340,000</b>	<b>3,737</b>	<b>336,263</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>323,860</b>	<b>323,860</b>
<b>UNRESERVED, UNDESIGNATED FUND BALANCE - BEGINNING OF YEAR</b>	<b>1,140,752</b>	<b>1,140,752</b>	<b>528,206</b>	<b>(612,546)</b>
<b>UNRESERVED, UNDESIGNATED - FUND BALANCE - END OF YEAR</b>	<b>\$ 1,140,752</b>	<b>\$ 1,140,752</b>	<b>\$ 852,066</b>	<b>\$ (288,686)</b>

Reconciliation of the Governmental Funds

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

323,860

Receivables 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.

5,830

Change in Net Assets of Governmental Activities

\$ 329,690

(1) Appropriations Level

**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, 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. 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."

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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 on 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.

**URBAN RENEWAL AGENCY OF THE  
CITY OF COBURG, 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 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. FUND EQUITY**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. 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 of reserved, designated, and unreserved/undesignated were replaced with five new classifications – 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.

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  
CITY OF COBURG, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**H. 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.

**I. 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.

**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, 2012.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2012 the fair value of the position in the LGIP is 100% 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

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	\$	86,186
Demand Deposits		570,283
	\$	656,469

The Agency had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	12-18 months
State Treasurer's Investment Pool	\$ 86,186	\$ 86,186	\$ -
Total	\$ 86,186	\$ 86,186	\$ -

**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**

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.

**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 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 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, 2012, The Agency's bank account balance was \$570,325. Of this amount, \$250,000 was covered by federal depository insurance. The remainder is collateralized under the Oregon Public Funds Collateralization Program (PFCP).

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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 deprecation yet.

At the beginning of 2011-12 the Agency had \$109,410 in construction in progress, during the year there was no activity.

**6. LOANS RECEIVABLE**

The Agency's \$895,597 balance consists of the following loans to the City of Coburg:

Sewer Construction Loan – During the 2008-2009 fiscal year, the Agency loaned the City \$700,000 to begin implementation phase of the sewer construction project. No payback terms were stated on this loan.

Sewer Fund Cash Flow Loan – At the end of the 2011-2012 fiscal year, the URA loaned the City \$195,597 for cash flow purposes under a short term agreement. Once the City's cash flow needs were satisfied, the short term loan was paid back with interest, which was calculated at the same rate that the City was receiving from the Local Government Investment Pool. Interest was trivial to this transaction.

**URBAN RENEWAL AGENCY OF THE CITY OF  
COBURG, OREGON**  
**Schedule of Property Tax Transactions and Balances of Taxes Uncollected  
For the Year Ended June 30, 2012**

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT JULY 1, 2011	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT June 30, 2012
<b>Current:</b>						
2011-12	\$ 336,866	\$ 8,475	\$ (878)	\$ 147	\$ 316,638	\$ 11,022
<b>Prior Years:</b>						
2010-11	9,751	(64)	(452)	345	3,290	6,418
2009-10	5,587	(62)	(235)	435	1,076	4,773
2008-09	3,116	(2)	(122)	539	2,205	1,330
2007-08	1,087	(1)	(51)	238	854	421
Prior	3,018	(1)	(368)	103	160	2,594
<b>Total</b>	<b>\$ 359,425</b>	<b>\$ 8,345</b>	<b>\$ (2,106)</b>	<b>\$ 1,807</b>	<b>\$ 324,223</b>	<b>\$ 26,558</b>

**RECONCILIATION TO REVENUE**

Cash Collections by County Treasurer Above	\$ 324,223
Other Taxes in Lieu of Property Taxes	<u>1,040</u>
<b>Total Revenue</b>	<b><u>\$ 325,263</u></b>

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

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

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## PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

• 12700 SW 72ND AVENUE • TIGARD, OREGON 97223  
• (503) 620-2632 • FAX (503) 684-7523

April 4, 2013

### 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, 2012, and have issued our report thereon dated April 4, 2013. 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.

### 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.

PAULY, ROGERS AND CO., P.C.

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