

**NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013



**12700 SW 72nd Ave.
Tigard, OR 97223**

NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON

For the Year Ended June 30, 2013

COMPONENT UNIT

ANNUAL FINANCIAL REPORT

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**NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON**

ELECTED OFFICIALS

June 30, 2013

<u>NAME</u>	<u>TERM EXPIRES</u>
Sandra Roumagoux, Mayor	December 31, 2014
Dean Sawyer, Council President	December 31, 2016
David Allen	December 31, 2014
Richard Beemer	December 31, 2014
Laura Swanson	December 31, 2016
Ralph Busby	December 31, 2016
Mark Saelens	December 31, 2014

All Council Members receive mail at the address below.

AGENCY ADMINISTRATION

Spencer Nebel, City Manager (as of December 16, 2013)

169 SW Coast Hwy.
Newport, Oregon 97365

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**NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON**

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December 18, 2013

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Newport Urban Renewal Agency
Lincoln County, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Newport Urban Renewal Agency, a component unit of the City of Newport, as of and for the year ended June 30, 2013, and the related notes to the 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Newport Urban Renewal Agency, as of June 30, 2013, and the respective changes in financial position 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 GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013. 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 and required supplementary information, as listed in the table of contents, 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 Management's Discussion and Analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 is not a required part of the basic financial statements.

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

Other Information

The listing of council 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 December 18, 2013, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the Newport Urban Renewal Agency offers readers of the Agency's financial statements this discussion of the financial activities of the Newport Urban Renewal Agency for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

Financial Highlights

Net Position – The assets of the Newport Renewal Agency exceeded its liability at the close of the most recent fiscal year by \$13.17 million. Of this amount, \$2.71 million may be used to meet the government's ongoing obligations to citizens and creditors; the agency's total net position increased by \$0.463 million.

Governmental Funds – As of the close of the fiscal year, the Newport Urban Renewal Agency's governmental funds reported combined ending fund balances of \$1.95 million.

During the fiscal year, the Newport Urban Renewal Agency's total debt decreased by \$0.496 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Newport Urban Renewal Agency's basic financial statements. The statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. The report also contains other supplementary information, in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a summary of the Newport Urban Renewal Agency's finances in a manner similar to what they expect to see in the private-sector.

The Statement of Net Position presents information about all of the Newport Urban Renewal Agency's assets and liabilities; the difference between the two is reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Newport Urban Renewal Agency is improving or deteriorating.

The Statement of Activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (for example, uncollected taxes). The governmental activities of the Newport Urban Renewal Agency include activities in two urban renewal districts; the North Side Urban Renewal District ("Urban Renewal"), and the South

Beach Renewal District. Only the South Beach Renewal District is engaged in capital project construction and debt payment activities.

Fund Financial Statements. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Newport Urban Renewal Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with legal requirements. All of the funds of the Newport Urban Renewal Agency are governmental funds.

Governmental Funds. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statement, governmental fund financials statements focus on near term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financial requirements.

Because the focus of governmental funds are narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the Agency's near term financial decisions. Both the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures and Change in Fund Balances reconcile this comparison between governmental funds and governmental activities.

The Newport Urban Renewal Agency maintains two individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund State of Revenues, Expenditures and Change in Fund Balances for the North Side Urban Renewal District Fund and the South Beach Urban Renewal District Fund. The details of these two major funds are presented in the Basic Financial Statements section of these financial statements.

Notes to the Basic Financial Statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Government wide Financial Analysis

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of Newport Urban Renewal Agency, assets exceeded liabilities by \$13.17 million as of June 30, 2013.

The largest portion of the Newport Urban Renewal Agency's net position (79.4%) reflects its investment in capital assets (land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. Because, the Newport Urban Renewal Agency uses these capital assets to provide services to citizens, these assets are not available for future spending. Although the Newport Urban Renewal Agency's investment in its capital assets is reported net of related debt, note that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following summary is a comparison between the Agency's net position at the end of this fiscal year as compared to the end of the last fiscal year.

TABLE 1
SUMMARY OF NET POSITION

	Governmental Activities		
	2011	2012	2013
Cash and investments	\$ 1,234,816	\$ 1,560,868	\$ 1,907,880
Other assets	1,954,374	864,618	803,746
Capital assets	14,716,072	14,294,782	13,880,030
Total Assets	\$ 17,905,262	\$ 16,720,268	\$ 16,591,656
Other liabilities	\$ 2,207	\$ 38,650	\$ 3,120
Long term debt outstanding	4,390,978	3,911,562	3,415,964
Total Liabilities	\$ 4,393,185	\$ 3,950,212	\$ 3,419,084
Net Position			
Investment in Capital Assets,			
Net of related Debt	\$ 10,325,094	\$ 10,383,219	\$ 10,464,065
Restricted for Debt Service	1,233,781	1,053,223	1,216,336
Unrestricted	1,953,202	1,333,614	1,492,171
Total Net Position	\$ 13,512,077	\$ 12,770,056	\$ 13,172,572

Newport Urban Renewal Agency's net position represent resources that are invested in capital assets, net of related debt. The remaining balance \$2.71 million, may be used to meet the Agency's ongoing obligations to citizens and creditors.

TABLE 2
STATEMENT OF ACTIVITIES

	Governmental Activities		
	2011	2012	2013
REVENUES:			
General Revenue			
Taxes	\$ 2,553,202	\$ 1,934,549	\$ 1,874,465
Investment Earnings	11,787	15,715	17,602
Other Revenue	1,125,734	-	-
Total Revenues	\$ 3,690,723	\$ 1,950,264	\$ 1,892,067
EXPENSES:			
Public Improvement	\$ 2,195,560	\$ 2,319,684	\$ 1,083,936
Interest on Long Term Debt	389,568	372,601	345,146
Total Expenses	\$ 2,585,128	\$ 2,692,285	\$ 1,429,082
Transfer Out	(959,102)	-	-
Charges in Net Position	\$ 146,493	\$ (742,021)	\$ 462,985
Beginning Net Position	\$ 13,144,796	\$ 13,512,077	\$ 12,770,056
Prior Period Adjustment	220,788	-	(60,469)
Ending Net Position	\$ 13,512,077	\$ 12,770,056	\$ 13,172,572

Financial Analysis of the Agency's funds

Government funds. The purpose of the Newport Urban Renewal Agency's governmental funds is to provide information on near term inflow, outflows and balance of spendable resources. Such information is useful in assessing the Newport Urban Renewal Agency's financing requirements. In particular, the unreserved fund balance may serve as an useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Newport Urban Renewal Agency's governmental funds reported combined ending fund balances of \$1.95 million.

Budgetary Highlights

The Agency Board approved two budgetary appropriation transfers during the year totaling \$25,000.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2013, the Newport Urban Renewal Agency's investment in capital assets for its governmental activities was \$13.88 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, equipment and infrastructure.

Table 3

CAPITAL ASSETS AT YEAR END - Net of Depreciation

	2011	2012	2013
Land	\$ 6,426,163	\$ 6,426,163	\$ 6,426,163
Buildings & structures	8,242,540	8,242,540	8,389,660
Equipment	492,229	492,229	492,229
Infrastructure	2,812,414	5,851,503	5,378,711
Construction in progress	3,144,143	198,562	215,694
Less accumulated depreciation	(6,401,417)	(6,916,215)	(7,022,427)
Total Capital Assets	\$ 14,716,072	\$ 14,294,782	\$ 13,880,030

Table 4

Change in Capital Assets

	2011	2012	2013
Beginning Balance	\$ 11,446,395	\$ 14,716,072	\$ 14,294,782
Additions	3,315,614	93,508	-
Depreciation	(266,725)	(514,798)	(354,283)
Adjustments	220,788	-	(60,469)
Ending Balance	\$ 14,716,072	\$ 14,294,782	\$ 13,880,030

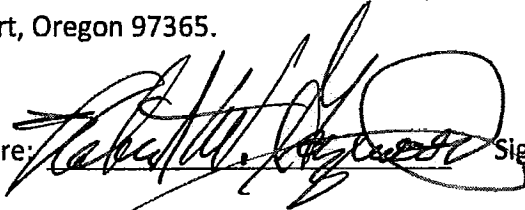
Long-Term Debt. At the end of the fiscal year, the Newport Renewal Agency had total long-term debt outstanding of \$3.42 million. In 2007, Bank of America loaned the Urban Renewal Agency \$900,000 to construct the 4B Storm Drain project in the South Beach Urban Renewal District. The amount outstanding is \$0.417 million. In 2008, the Agency issued \$2,530,000 of Urban Renewal bonds to Bank of America. The amount outstanding is \$1.4 million. In 2010, the Agency refunded several prior debts and borrowed an additional \$2,000,000 to help finance transportation improvements. Of that amount, \$1.549 million remains outstanding.

Table 5

OUTSTANDING DEBT AT YEAR END

GOVERNMENTAL FUNDS	2011	2012	2013
2010B Series, Full Faith & Refunding	\$ 1,854,696	\$ 1,702,304	\$ 1,548,730
2007 Series, Bank of America	596,000	509,000	417,000
2008 Series, Bank of America	1,880,000	1,645,000	1,400,000
URA Bond Premium	60,282	55,258	50,234
Total Governmental Debt	\$ 4,390,978	\$ 3,911,562	\$ 3,415,964

Request for information. The financial report is designed to provide a general overview of the Newport Urban Renewal Agency's financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Newport Urban Renewal Agency, 169 SW Coast Highway, Newport, Oregon 97365.

Signature: 

Title: INTERIM FINANCE DIRECTOR

Signature: Londa M Brown

Title: ASST. FINANCE DIRECTOR

**NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON**

COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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NEWPORT URBAN RENEWAL AGENCY

LINCOLN COUNTY, OREGON

STATEMENT OF NET POSITION

June 30, 2013

ASSETS:	
Cash and Cash Equivalents	\$ 1,907,880
Receivables, Net	258,325
Due from City of Newport	496,426
Bond Issue Costs	48,995
Capital Assets, not Depreciable	6,641,857
Capital Assets, Net of Accumulated Depreciation	<u>7,238,173</u>
Total Assets	<u>16,591,656</u>
LIABILITIES:	
Accounts Payable	3,120
Noncurrent Liabilities:	
Due within one year	524,955
Due in more than one year	<u>2,891,009</u>
Total Liabilities	<u>3,419,084</u>
NET POSITION:	
Net Investment in Capital Assets	10,464,065
Restricted for Debt Service	1,216,336
Unrestricted	<u>1,492,171</u>
Total Net Position	<u><u>\$ 13,172,572</u></u>

See accompanying notes to the basic financial statements

NEWPORT URBAN RENEWAL AGENCY

LINCOLN COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Governmental activities:				
Public improvement	\$ 1,083,936	\$ -	\$ -	\$ (1,083,936)
Interest on long-term debt	345,146	-	-	(345,146)
Total Governmental Activities	<u>\$ 1,429,082</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,429,082)</u>
General Revenues:				
				1,874,465
				17,602
				<u>1,892,067</u>
				462,985
				12,770,056
				<u>(60,469)</u>
				<u>\$ 13,172,572</u>

See accompanying notes to the basic financial statements

NEWPORT URBAN RENEWAL AGENCY

LINCOLN COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	NS URBAN RENEWAL DISTRICT	SB URBAN RENEWAL DISTRICT	TOTAL GOVERNMENTAL
ASSETS:			
Cash & Cash Equivalents	\$ 260,361	\$ 1,647,519	\$ 1,907,880
Accounts Receivable	6,184	17,200	23,384
Property Taxes Receivable	44,736	190,205	234,941
Total Assets	<u>\$ 311,281</u>	<u>\$ 1,854,924</u>	<u>\$ 2,166,205</u>
LIABILITIES AND FUND EQUITY:			
Liabilities:			
Accounts Payable	\$ -	\$ 3,120	\$ 3,120
Unearned Revenue	38,957	173,837	212,794
Total Liabilities	<u>38,957</u>	<u>176,957</u>	<u>215,914</u>
Fund Equity:			
Restricted for Debt Service	272,324	944,012	1,216,336
Assigned for Capital Projects	-	733,955	733,955
Total Fund Equity	<u>272,324</u>	<u>1,677,967</u>	<u>1,950,291</u>
Total Liabilities and Fund Equity	<u>\$ 311,281</u>	<u>\$ 1,854,924</u>	<u>\$ 2,166,205</u>

See accompanying notes to the basic financial statements

NEWPORT URBAN RENEWAL AGENCY

LINCOLN COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION

June 30, 2013

Explanations of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position.

Fund Balances \$ 1,950,291

The cost of governmental capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the Agency as a whole.

Net Capital Assets 13,880,030

Long-term liabilities applicable to the Agency's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Long-term Liabilities:

Bonds and Loans Payable	\$	(3,365,730)	
Bond Premium		(50,234)	
			(3,415,964)

Other Assets:

Interagency receivable - Due from City of Newport for Debt Principal Payments		496,426	
Bond Issuance Costs		48,995	

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Unearned Revenue 212,794

Total Net Position \$ 13,172,572

See accompanying notes to the basic financial statements

NEWPORT URBAN RENEWAL AGENCY

LINCOLN COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	NS URBAN RENEWAL DISTRICT	SB URBAN RENEWAL DISTRICT	TOTAL GOVERNMENTAL
REVENUES:			
Taxes	\$ 59,340	\$ 1,860,545	\$ 1,919,885
Interest on Investments	1,159	16,443	17,602
Total Revenues	<u>60,499</u>	<u>1,876,988</u>	<u>1,937,487</u>
EXPENDITURES:			
Current:			
Materials and Services	17,672	42,498	60,170
Capital Outlay	-	177,000	177,000
Debt Service	-	1,332,146	1,332,146
Total Expenditures	<u>17,672</u>	<u>1,551,644</u>	<u>1,569,316</u>
Net Change in Fund Balance	42,827	325,344	368,171
Beginning Fund Balance	<u>229,497</u>	<u>1,352,623</u>	<u>1,582,120</u>
Ending Fund Balance	<u>\$ 272,324</u>	<u>\$ 1,677,967</u>	<u>\$ 1,950,291</u>

See accompanying notes to the basic financial statements

NEWPORT URBAN RENEWAL AGENCY

LINCOLN COUNTY, OREGON

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Explanations of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide Statement of Activities

Excess of Revenues over Expenditures	\$	368,171
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation Expense		(354,283)
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes in liability balances between years.

Amortization of Bond Premium	\$	5,024	
Amortization of Issuance Costs		(4,899)	
Due from City of Newport for Debt Principal Payments		3,818	
Principal Payment of Long-Term Debt		<u>490,574</u>	
			494,517

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment combines the net changes in deferred taxes between years.

Property Taxes		<u>(45,420)</u>
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Change in Net Position	\$	<u><u>462,985</u></u>
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See accompanying notes to the basic financial statements

NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Newport Urban Renewal Agency of Newport, Oregon (Agency) financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

A. DESCRIPTION OF THE REPORTING ENTITY

The Agency was established by the City of Newport in accordance with Resolution #1647. The Council consists of six members appointed by the Mayor with the approval of the majority of the City Council. In April of 2007, Resolution #1910 was adopted whereby full authority of the Agency was transferred to the Mayor and City Council and the appointed board was named as an advisory committee. Although the Agency Board and the City Council are made up of the same members, each is a legally separate entity and conducts all business as such. Based on standards set forth in GASB Statement 61, the Agency is considered a component unit of the City as it is considered accountable to the City. Accordingly, the financial statements of the Agency are included in the City's basic financial statements.

There are many governmental agencies which provide services within the Newport Urban Renewal Agency. These agencies have independent governing boards and are not considered component units as the Agency does not have any oversight responsibility. Financial reporting information for these agencies is not included in these financial statements.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The government-wide statements report information irrespective of fund activity, and the fund financial statements report information using funds. The government-wide statements focus on the sustainability as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities. These statements were 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.

General receipts are from property and related taxes, and interest. All disbursements are categorized as public improvement and interest on long-term debt.

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. 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 consistent with legal and managerial requirements.

NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

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 agency 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 are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

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 period. All other revenue items are considered to be measurable and available only when cash is received.

There are the following major governmental funds:

South Beach Urban Renewal District Fund

This fund tracks the capital projects being built in the South Beach Urban Renewal District in conjunction with the City of Newport's capital projects fund. The fund pays for or makes special payments to the City's debt service funds to pay the principal and interest on outstanding debt utilized to finance the projects. The major sources of revenue are property taxes and state grants.

North Side Urban Renewal District Fund

This fund accounts for the cost of major projects in the North Side Urban Renewal District and pays for or makes special payments to the City of Newport's other funds to pay the principal and interest on outstanding debt utilized to finance the projects. The major source of revenue comes from property taxes.

C. BUDGETS

A budget is prepared for the governmental funds in accordance with the legal requirements set forth in the Oregon Local Budget Law. The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in early spring with a public hearing being held approximately three weeks later. The budget may be amended prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30.

While financial position, results of operations, and changes in fund balance/net position are reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting differs in that capital outlay expenditures, including items below the capitalization level, are expensed when purchased, debt, including debt issuance costs, are expensed when paid, property taxes are recorded when received instead of when levied, and depreciation is not recorded. Taxes receivable are not recorded as revenue until collected and inventories are budgeted as expenditures when purchased.

NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETS (CONTINUED)

The expenditure budgets are appropriated at the following levels:

LEVEL OF CONTROL

Personal Services
Materials and Services
Capital Outlay
Debt Service
Operating Contingency

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the financial statements reflect the original budget and the final budget amounts after two appropriation transfers. Expenditures in all funds were within authorized appropriations.

D. PROPERTY TAXES AND PROPERTY TAXES RECEIVABLE

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the City of Newport boundaries. Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

Taxes collected within approximately sixty days of the fiscal year end are recognized as revenue in the fund statements. The remaining balance of property taxes receivable is recorded as unearned revenue as it is not considered by management to be available to finance operations of the current period.

E. 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 reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. RECEIVABLES

Activities between funds that are representative of lending and borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to \ from other funds”. Receivables for federal and state grants, and state, county and local shared revenue are recorded as revenue in all funds as earned.

Investment earnings (e.g., accrued interest receivable) are recorded as revenue in all fund types as earned on investments.

G. CAPITAL ASSETS

Capital assets are recorded at the original or estimated historical cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are charged to expenditures as purchased in the governmental funds, and capitalized and depreciated in the government-wide-statements. Capital assets are defined as assets with an initial cost of more than \$5,000 and an estimated life equal to or greater than one year. 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.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Building & Improvements	10-40
Infrastructure	20-50
Machinery & Equipment	5-20
Vehicles	5-10

H. SUPPLY INVENTORY

Inventories purchased are expensed as purchased. Inventories are not recorded and are considered by management to be immaterial at year end.

I. LONG-TERM OBLIGATIONS

Long-term obligations are reported in the government-wide financial statements as liabilities. The governmental individual fund financial statements do not report long-term obligations because they do not require the use of current financial resources.

J. FUND BALANCE

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.

NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. FUND BALANCE (CONTINUED)

- 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. Both the Finance Director and Assistant Finance Director have been given the authority 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 are no nonspendable, committed, or unassigned fund 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.

K. NET POSITION

Net position is comprised of 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, net of accumulated depreciation and reduced by any 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.

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

NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

2. CASH AND INVESTMENTS

State statutes govern the cash management policies. Statutes authorize investment in bankers' 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.

DEPOSITS

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.

Cash is pooled with the City of Newport. Please refer to the City's basic financial statements, issued under separate cover, for additional information pertaining to the nature and collateralization of the City's cash and investments.

Cash at June 30, 2013 consisted of:

Pooled Cash	<u>\$ 1,907,880</u>
Total	<u>\$ 1,907,880</u>

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.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between the fair value of the District's position in the LGIP and the value of the pool shares at June 30, 2013. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

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. There are no investments that have a maturity date.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk.

Credit Risk – Investments

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.

Concentration of Credit Risk

At June 30, 2013, investments were comingled with the City of Newport investments. 100% of total City of Newport investments were in the State Treasurer’s Investment Pool. State statutes do not limit the percentage of investments in this instrument.

3. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Prior Period Adjustment	Additions	(Deletions)	Balance End of Year
Capital assets not being depreciated					
Land	\$ 6,426,163	\$ -	\$ -	\$ -	\$ 6,426,163
Construction in progress	198,562	17,132	-	-	215,694
Total capital assets not being depreciated	6,624,725	17,132	-	-	6,641,857
Capital assets being depreciated					
Buildings & Structures	8,242,540	147,120	-	-	8,389,660
Equipment	492,229	-	-	-	492,229
Infrastructure	5,851,503	(472,792)	-	-	5,378,711
Total capital assets being depreciated	14,586,272	(325,672)	-	-	14,260,600
Total capital assets	21,210,997	(325,672)	-	-	20,902,457
Accumulated Depreciation					
Buildings & Structures	(6,162,573)	212,398	(211,016)	-	(6,161,191)
Equipment	(527,902)	35,673	-	-	(492,229)
Infrastructure	(225,740)	-	(143,267)	-	(369,007)
Total accumulated depreciation	(6,916,215)	\$ 248,071	\$ (354,283)	\$ -	(7,022,427)
Governmental activities capital assets, net	<u>\$ 14,294,782</u>				<u>\$ 13,880,030</u>

NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS (CONTINUED)

Depreciation expense for governmental activities is charged to the functions as follows:

Public Improvement	\$ 354,283
Total depreciation for governmental activities	<u>\$ 354,283</u>

See page 24 for an explanation of the prior period adjustment made to capital assets.

4. INTERGOVERNMENTAL TRANSFERS

The only intergovernmental transfer made during the year as of June 30, 2013 was a debt service payment of \$496,426 due from the City.

5. LONG-TERM DEBT

Tax Exempt Series 2007 Bonds

In May 2007, Urban Renewal bonds were issued with an interest rate of 5.25% in the total amount of \$900,000. The purpose of the bonds was to finance the 4B Storm Drain Project in South Beach. The bonds mature June 2017, with the current balance outstanding at year-end of \$417,000.

Annual requirements to repay the loan are as follows:

Fiscal Year of Maturity	Principal	Interest	Total
2013-14	\$ 96,000	\$ 21,893	\$ 117,893
2014-15	102,000	16,853	118,853
2015-16	107,000	11,498	118,498
2016-17	112,000	5,880	117,880
	<u>417,000</u>	<u>56,124</u>	<u>473,124</u>
Total	<u>\$ 417,000</u>	<u>\$ 56,124</u>	<u>\$ 473,124</u>

Tax Exempt Series 2008 Bonds

In May 2008, bonds with an interest rate of 4.25% in the amount of \$2,530,000 were issued. The purpose of the bonds was to finance infrastructure improvements related to Oregon Coast Community College campus and various other infrastructure projects in South Beach. The bonds mature June 2018, with the current balance outstanding at year-end of \$1,400,000.

NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

5. LONG-TERM DEBT (CONTINUED)

Tax Exempt Series 2008 Bonds - Continued

Annual requirements to repay the loan are as follows:

Fiscal Year of Maturity	Principal	Interest	Total
2013-14	\$ 255,000	\$ 59,500	\$ 314,500
2014-15	270,000	48,663	318,663
2015-16	280,000	37,188	317,188
2016-17	290,000	25,288	315,288
2017-18	<u>305,000</u>	<u>12,963</u>	<u>317,963</u>
Total	<u>\$ 1,400,000</u>	<u>\$ 183,602</u>	<u>\$ 1,583,602</u>

Full Faith & Credit Refunding Obligations, Series 2010 B

As part of the City of Newport's \$8,465,000 refunding of several prior debts, the URA borrowed an additional \$2,000,000 to help finance transportation infrastructure improvements, which will enhance access to the Pacific Marine Operations Center. Interest rates on the debt range from .02-4.5%, with Maturity on June 15, 2023. The URA's allocation of the premium and bond issue costs is \$65,306 and \$63,693, respectively. As of June 30, 2013 the unamortized portion of the premium and bond issue costs is \$50,234 and \$48,995, respectively.

Fiscal Year of Maturity	Principal	Interest	Total
2013-14	\$ 168,931	\$ 54,108	\$ 223,039
2014-15	134,672	49,040	183,712
2015-16	140,579	45,000	185,579
2016-17	155,936	41,837	197,773
2017-18	183,107	35,600	218,707
2018-23	<u>765,505</u>	<u>81,595</u>	<u>847,100</u>
Total	<u>\$ 1,548,730</u>	<u>\$ 307,180</u>	<u>\$ 1,855,910</u>

NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

5. LONG-TERM DEBT (CONTINUED)

Changes in long-term obligations for the year ended June 30, 2013 are as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due within One Year
2007 Bond Payable	\$ 509,000	\$ -	\$ 92,000	\$ 417,000	\$ 96,000
2008 Bond Payable	1,645,000	-	245,000	1,400,000	255,000
2010 Bond Payable	1,702,304	-	153,574	1,548,730	168,931
2010 Bond Premium	55,258	-	5,024	50,234	5,024
Total	<u>\$ 3,911,562</u>	<u>\$ -</u>	<u>\$ 495,598</u>	<u>\$ 3,415,964</u>	<u>\$ 524,955</u>

Debt service payments are made out of the North Side Urban Renewal District Fund and the South Beach Urban Renewal District Fund.

6. RISK MANAGEMENT

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

7. PROPERTY TAX LIMITATION

The State of Oregon imposes a constitutional limit on property taxes for schools and non-school government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for non-school operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

8. COMMITMENTS AND CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes any disallowance would be immaterial. There were no state or federal grants received for the urban renewal agency during the 2012-13 year.

9. PRIOR PERIOD ADJUSTMENT

There was a prior period adjustment made of \$60,469 due to corrections of capital assets. There were some asset additions that were not recorded in the prior year as well as some assets that were over depreciated. The adjustment comes from a net of a \$308,540 decrease to fixed assets and a \$248,071 decrease to accumulated depreciation.

**NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

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NEWPORT URBAN RENEWAL AGENCY

LINCOLN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2013

NORTH SIDE URBAN RENEWAL DISTRICT

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Property Taxes	\$ -	\$ -	\$ 59,340	\$ 59,340
Interest on Investments	-	-	1,159	1,159
Total Revenues	-	-	60,499	60,499
EXPENDITURES:				
Materials and Services	-	20,000 (1)	17,672	2,328
Capital Outlay	120,900	100,900 (1)	-	100,900
Total Expenditures	120,900	120,900	17,672	103,228
Net Change in Fund Balance	(120,900)	(120,900)	42,827	163,727
Beginning Fund Balance	120,900	120,900	229,497	108,597
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,324</u>	<u>\$ 272,324</u>

(1) Appropriation Level

NEWPORT URBAN RENEWAL AGENCY

LINCOLN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND BUDGET
For the Year Ended June 30, 2013

SOUTH BEACH URBAN RENEWAL DISTRICT

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 2,750,964	\$ 2,750,964	\$ 1,860,545	\$ (890,419)
Interest on Investments	5,000	5,000	16,443	11,443
Total Revenues	<u>2,755,964</u>	<u>2,755,964</u>	<u>1,876,988</u>	<u>(878,976)</u>
EXPENDITURES:				
Material and Services	38,108	43,108 (1)	42,498	610
Capital Outlay	440,000	435,000 (1)	177,000	258,000
Debt Service	1,332,146	1,332,146 (1)	1,332,146	-
Contingency	780,388	780,388 (1)	-	780,388
Total Expenditures	<u>2,590,642</u>	<u>2,590,642</u>	<u>1,551,644</u>	<u>1,038,998</u>
Net Change in Fund Balance	165,322	165,322	325,344	160,022
Beginning Fund Balance	<u>778,690</u>	<u>778,690</u>	<u>1,352,623</u>	<u>573,933</u>
Ending Fund Balance	<u>\$ 944,012</u>	<u>\$ 944,012</u>	<u>\$ 1,677,967</u>	<u>\$ 733,955</u>

(1) Appropriation Level

**NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON**

SUPPLEMENTARY INFORMATION

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NEWPORT URBAN RENEWAL AGENCY

LINCOLN COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2013

URBAN RENEWAL DISTRICT - NORTH SIDE

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2012	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/13
Current: 2012-2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Years:						
2011-2012	15,303	(1)	(627)	579	7,457	7,799
2010-2011	43,819	-	(3,417)	3,278	16,915	26,765
2009-2010	16,109	-	(3,205)	3,113	9,921	6,096
2008-2009	2,137	-	(719)	684	1,815	287
Prior	5,991	-	(1,730)	1,043	1,515	3,789
Total Prior	83,359	(1)	(9,698)	8,697	37,623	44,736
Total	\$ 83,359	\$ (1)	\$ (9,698)	\$ 8,697	\$ 37,623	\$ 44,736

RECONCILIATION TO REVENUE:

	REVENUE
Cash Collections by County Treasurer Above	\$ 37,623
Add Additional Tax Payments by County	
Accrual of Receivables:	
June 30, 2012	(10,520)
June 30, 2013	5,779
Other Taxes	26,458
Total Revenue	\$ 59,340

NEWPORT URBAN RENEWAL AGENCY

LINCOLN COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2013

URBAN RENEWAL DISTRICT - SOUTH BEACH

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2012</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/13</u>
Current:						
2012-2013	\$ 1,883,485	\$ 45,931	\$ (3,884)	\$ 1,370	\$ 1,746,568	\$ 88,472
Prior Years:						
2011-2012	100,422	(4)	(4,113)	3,802	48,933	51,182
2010-2011	56,035	-	(4,370)	4,192	21,630	34,227
2009-2010	31,409	-	(6,250)	6,069	19,344	11,884
2008-2009	10,822	-	(3,638)	3,463	9,193	1,454
Prior	4,721	-	(1,362)	822	1,195	2,986
Total Prior	203,409	(4)	(19,733)	18,348	100,295	101,733
Total	\$ 2,086,894	\$ 45,927	\$ (23,617)	\$ 19,718	\$ 1,846,863	\$ 190,205

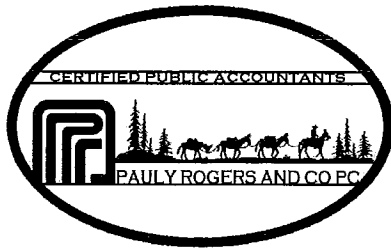
RECONCILIATION TO REVENUE:

	<u>REVENUE</u>
Cash Collections by County Treasurer Above	\$ 1,846,863
Add Additional Tax Payments by County	
Accrual of Receivables:	
June 30, 2012	(18,035)
June 30, 2013	16,368
Other Taxes	15,349
Total Revenue	\$ 1,860,545

**NEWPORT URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON**

Independent Auditors' Report Required by Oregon State Regulations

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December 18, 2013

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Newport Urban Renewal Agency as of and for the year ended June 30, 2013, and have issued our report thereon dated December 18, 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 basic financial statements are free of material misstatement, we performed tests of 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 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 follows:

1. Documentation of quotes was not retained for two purchases that exceeded \$5,000.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated December 18, 2013.

This report is intended solely for the information and use of the City Council, Management, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, stylized "R" and "R".

Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.