

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

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**



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

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

**For the Year Ended June 30, 2014**

**COMPONENT UNIT**

**ANNUAL FINANCIAL REPORT**

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**NEWPORT URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF NEWPORT)  
LINCOLN COUNTY, OREGON**

ELECTED OFFICIALS

June 30, 2014

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

All Council Members receive mail at the address below.

**AGENCY ADMINISTRATION**

Spencer Nebel, City Manager

169 SW Coast Hwy.  
Newport, Oregon 97365



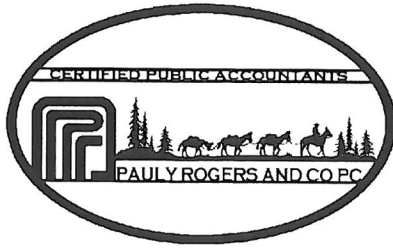
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**NEWPORT URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF NEWPORT)  
LINCOLN COUNTY, OREGON**

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**PAULY, ROGERS, AND CO., P.C.**  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
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www.paulyrogersandcocpas.com

December 26, 2014

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Newport Urban Renewal Agency  
Newport, 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 (Agency), a component unit of the City of Newport, as of and for the year ended June 30, 2014, 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, 2014, 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. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

The listing of 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 26, 2014 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, 2014. 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 \$14.5 million. Of this amount, \$2.89 million may be used to meet the government's ongoing obligations to citizens and creditors; the agency's total net position increased by \$1.344 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 \$2.160 million.

During the fiscal year, the Newport Urban Renewal Agency's total debt decreased by \$0.525 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 positions 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 South Beach Urban Renewal District ("Urban Renewal"), and the North Side Urban 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 statements, governmental fund financial 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 Statement 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 \$14.5 million as of June 30, 2014.

The largest portion of the Newport Urban Renewal Agency's net position (80.1%) reflects its investment in capital assets (land, buildings, machinery 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**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2014</b>
Cash and investments	\$1,907,880	\$2,131,599
Other assets	803,746	764,147
Capital Assets	13,880,030	14,520,678
<b>Total Assets</b>	16,591,656	17,416,424
Other liabilities	3,120	8,790
Non-current liabilities	3,415,964	2,891,009
<b>Total Liabilities</b>	3,419,084	2,899,799
Net position in capital assets	10,464,065	11,629,669
Restricted for Debt Service	1,216,336	1,471,188
Unrestricted	1,492,171	1,415,768
<b>Total Net Position</b>	<u>\$13,172,572</u>	<u>\$14,516,625</u>

Newport Urban Renewal Agency's net position represent resources that are invested in capital assets, net of related debt. The remaining balance \$2.89 million, may be used to meet the Agency's ongoing obligations to citizens and creditors.



**Table 2**

**Statement of Activities**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2014</b>
<b>REVENUES:</b>		
General Revenues		
Taxes	\$1,874,465	\$1,852,144
Investment earnings	17,602	17,782
Total Revenues	<u>1,892,067</u>	<u>1,869,926</u>
<b>EXPENSES:</b>		
Public Improvement	1,083,936	929,794
Interest on long-term debt	345,146	310,378
Total expenses	<u>1,429,082</u>	<u>1,240,172</u>
Changes in Net Position	462,985	629,754
Beginning Net Position	12,770,056	13,172,572
Prior period adjustment	(60,469)	714,299
<b>Ending New Position</b>	<u><u>13,172,572</u></u>	<u><u>14,516,625</u></u>

**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 a 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 \$2.160 million.

**Budgetary Highlights**

The Agency Board completed two resolutions which changed the adopted budget during the year. The first resolution changed the total requirements by \$281,000 and the second changed the requirements by \$450,000. Both resolutions were put together to close out the North Side Urban Renewal.

## Capital Asset and Debt Administration

**Capital Assets.** As of June 30, 2014, the Newport Urban Renewal Agency's investment in capital assets for its governmental activities was \$14.52 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**

	<u>2013</u>	<u>2014</u>
Land	\$ 6,426,163	\$ 6,426,163
Buildings & structures	8,389,660	8,389,660
Equipment	492,229	492,229
Infrastructure	5,378,711	6,117,044
Construction in progress	215,694	472,292
Less accumulated depreciation	(7,022,427)	(7,376,710)
<b>Total Capital Assets</b>	<u>\$ 13,880,030</u>	<u>\$ 14,520,678</u>

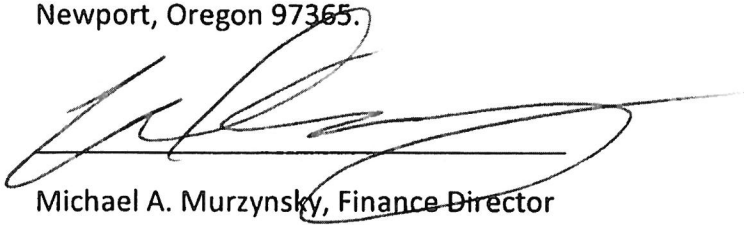
**Long-Term Debt.** At the end of the fiscal year, the Newport Renewal Agency had total long-term debt outstanding of \$2.891 million. In 2007, Bank of America loaned the Urban Renewal Agency \$900,000 to construct the 4B Storm Drain project in the South Beach Urban Renewal District. The amount outstanding is \$321,000. In 2008, the Agency issued \$2,530,000 of Urban Renewal bonds to Bank of America. The amount outstanding is \$1.145 million. In 2010, the Agency refunded several prior debts and borrowed an additional \$2,000,000 to help finance transportation improvements. Of that amount, \$1.380 million remains outstanding.

**Table 4**


### **OUTSTANDING DEBT AT YEAR-END**

<b>Governmental Funds</b>	<u>2013</u>	<u>2014</u>
2010B Series, Full Faith & Refunding	\$1,548,730	\$1,379,799
2007 Series, Bank of America	417,000	321,000
2008 Series, Bank of America	1,400,000	1,145,000
URA Bond Premium	50,234	45,210
<b>Total Governmental Debt</b>	<u>\$3,415,964</u>	<u>\$2,891,009</u>

**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.



Michael A. Murzynsky, Finance Director



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Linda Brown, Assistant Finance Director

**NEWPORT URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF NEWPORT)  
LINCOLN COUNTY, OREGON**

**COMPONENT UNIT BASIC FINANCIAL STATEMENTS**

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NEWPORT URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF NEWPORT)  
LINCOLN COUNTY, OREGON

STATEMENT OF NET POSITION  
June 30, 2014

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ASSETS:

Cash and Cash Equivalents	\$ 2,131,599
Accounts Receivable	21,661
Taxes Receivable	196,417
Due from City of Newport	546,069
Capital Assets, Not Depreciable	6,898,455
Capital Assets, Net of Accumulated Depreciation	<u>7,622,223</u>
 Total Assets	 <u>17,416,424</u>

LIABILITIES:

Current Liabilities:	
Accounts Payable	8,790
Long-Term Debt Due Within One Year	511,696
Noncurrent Liabilities:	
Long-Term Debt Due In More Than One Year	<u>2,379,313</u>
 Total Liabilities	 <u>2,899,799</u>

NET POSITION:

Net Investment in Capital Assets	11,629,669
Restricted for Debt Service	1,471,188
Unrestricted	<u>1,415,768</u>
 Total Net Position	 <u>\$ 14,516,625</u>

See accompanying notes to the basic financial statements

NEWPORT URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF NEWPORT)  
LINCOLN COUNTY, OREGON

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2014

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Governmental activities:				
Public improvement	\$ 929,794	\$ -	\$ -	\$ (929,794)
Interest on long-term debt	<u>310,378</u>	<u>-</u>	<u>-</u>	<u>(310,378)</u>
Total Governmental Activities	<u>\$ 1,240,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,240,172)</u>
General Revenues:				
				1,852,144
				<u>17,782</u>
				<u>1,869,926</u>
				629,754
				13,172,572
				<u>714,299</u>
				<u>\$ 14,516,625</u>

See accompanying notes to the basic financial statements

NEWPORT URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF NEWPORT)  
LINCOLN COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2014

	NS URBAN RENEWAL DISTRICT	SB URBAN RENEWAL DISTRICT	TOTAL GOVERNMENTAL
<b>ASSETS:</b>			
Cash & Cash Equivalents	\$ -	\$ 2,131,599	\$ 2,131,599
Accounts Receivable	-	21,661	21,661
Property Taxes Receivable	-	196,417	196,417
Total Assets	<u>\$ -</u>	<u>\$ 2,349,677</u>	<u>\$ 2,349,677</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY:</b>			
Liabilities:			
Accounts Payable	\$ -	\$ 8,790	\$ 8,790
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	-	180,616	180,616
Fund Equity:			
Restricted for Debt Service		1,471,188	1,471,188
Assigned for Capital Projects	-	689,083	689,083
Total Fund Equity	-	2,160,271	2,160,271
Total Liabilities, Deferred Inflows of Resources and Fund Equity	<u>\$ -</u>	<u>\$ 2,349,677</u>	<u>\$ 2,349,677</u>

See accompanying notes to the basic financial statements



NEWPORT URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF NEWPORT)  
LINCOLN COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
June 30, 2014

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

Fund Balances		\$	2,160,271
<p>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.</p>			
Net Capital Assets			14,520,678
<p>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.</p>			
<p>Long-term Liabilities:</p>			
Bonds and Loans Payable	\$	(2,845,799)	
Bond Premium		<u>(45,210)</u>	
			(2,891,009)
<p>Other Assets:</p>			
Interagency Receivable - Due from City of Newport for Debt Principal Payments			546,069
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.</p>			
Unavailable Revenue			<u>180,616</u>
Total Net Position		\$	<u><u>14,516,625</u></u>

See accompanying notes to the basic financial statements

NEWPORT URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF NEWPORT)  
LINCOLN COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2014

	NS URBAN RENEWAL DISTRICT	SB URBAN RENEWAL DISTRICT	TOTAL GOVERNMENTAL
<b>REVENUES:</b>			
Taxes	\$ 4,152	\$ 1,880,170	\$ 1,884,322
Interest on Investments	1,137	16,645	17,782
 Total Revenues	 5,289	 1,896,815	 1,902,104
<b>EXPENDITURES:</b>			
Current:			
Personnel Services	-	10	10
Materials and Services	465	57,601	58,066
Capital Outlay	-	9,128	9,128
Debt Service	-	1,376,378	1,376,378
 Total Expenditures	 465	 1,443,117	 1,443,582
 Excess of Revenues, Over (Under) Expenditures	 4,824	 453,698	 458,522
<b>OTHER FINANCING SOURCES (USES):</b>			
Intergovernmental Transfers In	-	450,000	450,000
Intergovernmental Transfers Out	(277,148)	(421,394)	(698,542)
 Total Other Financing Sources (Uses)	 (277,148)	 28,606	 (248,542)
 Net Change in Fund Balance	 (272,324)	 482,304	 209,980
 Beginning Fund Balance	 272,324	 1,677,967	 1,950,291
 Ending Fund Balance	 \$ -	 \$ 2,160,271	 \$ 2,160,271

See accompanying notes to the basic financial statements

NEWPORT URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF NEWPORT)  
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, 2014

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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 \$ 209,980

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.

Acquisition of Capital Assets (net)	\$ 280,632	
Depreciation Expense	(354,283)	
		(73,651)

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	
Expense of Bond Issuance Costs	(48,995)	
Due from City of Newport for Debt Principal Payments	49,643	
Principal Payment of Long-Term Debt	519,931	
		525,603

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 unavailable taxes between years.

Property Taxes		(32,178)
Change in Net Position	\$	629,754

See accompanying notes to the basic financial statements

NEWPORT URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF NEWPORT  
LINCOLN COUNTY, OREGON)  
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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**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. 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  
(A COMPONENT UNIT OF THE CITY OF NEWPORT  
LINCOLN COUNTY, OREGON)  
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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**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. This fund was closed during the 2013-2014 fiscal year.

**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.

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**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 Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council 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 two appropriation transfers. Expenditures in all funds were within authorized appropriations, except for Personnel Services in the South Beach Urban Renewal District Fund, which was over expended by \$10 and Materials and Services in the North Beach Urban Renewal District Fund by \$465.

**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 unavailable 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.

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---

**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 are – nonspendable, restricted, committed, assigned, and unassigned.



NEWPORT URBAN RENEWAL AGENCY  
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NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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**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.



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**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 positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has only one type of item which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**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, 2014 consisted of:

Pooled Cash	<u>\$ 2,131,599</u>
Total	<u><u>\$ 2,131,599</u></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 Agency's position in the LGIP and the value of the pool shares at June 30, 2014. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

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**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, 2014, 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, 2014 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	215,694	714,299	280,632	(738,333)	472,292
Total capital assets not being depreciated	6,641,857	714,299	280,632	(738,333)	6,898,455
Capital assets being depreciated					
Buildings & Structures	8,389,660	-	-	-	8,389,660
Equipment	492,229	-	-	-	492,229
Infrastructure	5,378,711	-	738,333	-	6,117,044
Total capital assets being depreciated	14,260,600	-	738,333	-	14,998,933
Total capital assets	20,902,457	-	1,018,965	(738,333)	21,897,388
Accumulated Depreciation					
Buildings & Structures	(6,161,191)	-	(211,017)	-	(6,372,208)
Equipment	(492,229)	-	-	-	(492,229)
Infrastructure	(369,007)	-	(143,266)	-	(512,273)
Total accumulated depreciation	(7,022,427)	\$ -	\$ (354,283)	\$ -	(7,376,710)
Governmental activities capital assets, net	<u>\$ 13,880,030</u>				<u>\$ 14,520,678</u>

NEWPORT URBAN RENEWAL AGENCY  
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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	<u>\$ 354,283</u>
Total depreciation for governmental activities	<u><u>\$ 354,283</u></u>

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

**4. INTERGOVERNMENTAL LOAN**

An intergovernmental loan was made during the year to the City of Newport in the amount of \$546,069.

**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 \$321,000.

Annual requirements to repay the loan are as follows:

Fiscal Year of Maturity	Principal	Interest	Total
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>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u><u>\$ 321,000</u></u>	<u><u>\$ 34,231</u></u>	<u><u>\$ 355,231</u></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 \$1,145,000.

NEWPORT URBAN RENEWAL AGENCY  
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**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
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>\$ 1,145,000</u>	<u>\$ 124,102</u>	<u>\$ 1,269,102</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 Agency 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 Agency's allocation of the premium is \$65,306. As of June 30, 2014 the unamortized portion of the premium is \$45,210.

Fiscal Year of Maturity	Principal	Interest	Total
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
2018-19	230,360	29,014	259,374
2019-23	<u>535,145</u>	<u>52,581</u>	<u>587,726</u>
Total	<u>\$ 1,379,799</u>	<u>\$ 253,072</u>	<u>\$ 1,632,871</u>

NEWPORT URBAN RENEWAL AGENCY  
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NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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**5. LONG-TERM DEBT (CONTINUED)**

Changes in long-term obligations for the year ended June 30, 2014 are as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year
2007 Bond Payable	\$ 417,000	\$ -	\$ 96,000	\$ 321,000	\$ 102,000
2008 Bond Payable	1,400,000	-	255,000	1,145,000	270,000
2010 Bond Payable	1,548,730	-	168,931	1,379,799	134,672
2010 Bond Premium	50,234	-	5,024	45,210	5,024
Total	<u>\$ 3,415,964</u>	<u>\$ -</u>	<u>\$ 524,955</u>	<u>\$ 2,891,009</u>	<u>\$ 511,696</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 by the Agency during the 2013-14 year.

**9. PRIOR PERIOD ADJUSTMENT**

There was a prior period adjustment made of \$714,299 due to corrections of capital assets. There were some asset additions that were not recorded as capital assets in the prior year. The adjustment increases net position by \$714,299.

**NEWPORT URBAN RENEWAL AGENCY  
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**REQUIRED SUPPLEMENTARY INFORMATION**

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NEWPORT URBAN RENEWAL AGENCY  
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2014

NORTH SIDE URBAN RENEWAL DISTRICT

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ -	\$ 51,113	\$ 4,152	\$ (46,961)
Interest on Investments	-	-	1,137	1,137
Total Revenues	-	51,113	5,289	(45,824)
EXPENDITURES:				
Materials and Services	-	- (1)	465	(465)
Capital Outlay	20,000	- (1)	-	-
Contingency	180,000	- (1)	-	-
Total Expenditures	200,000	-	465	(465)
Excess of Revenues, Over (Under) Expenditures	(200,000)	51,113	4,824	(46,289)
Other Financing Sources, (Uses)				
Intergovernmental Transfers Out	-	(280,610) (1)	(277,148)	3,462
Net Change in Fund Balance	(200,000)	(229,497)	(272,324)	(42,827)
Beginning Fund Balance	200,000	229,497	272,324	42,827
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level



NEWPORT URBAN RENEWAL AGENCY  
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2014

SOUTH BEACH URBAN RENEWAL DISTRICT

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Property Taxes	\$ 1,999,746	\$ 1,999,746	\$ 1,880,170	\$ (119,576)
Interest on Investments	-	-	16,645	16,645
<b>Total Revenues</b>	<b>1,999,746</b>	<b>1,999,746</b>	<b>1,896,815</b>	<b>(102,931)</b>
<b>EXPENDITURES:</b>				
Personnel Services	-	- (1)	10	(10)
Material and Services	61,251	61,251 (1)	57,601	3,650
Capital Outlay	110,000	110,000 (1)	9,128	100,872
Debt Service	1,376,406	1,376,406 (1)	1,376,378	28
Contingency	1,455,767	1,455,767 (1)	-	1,455,767
<b>Total Expenditures</b>	<b>3,003,424</b>	<b>3,003,424</b>	<b>1,443,117</b>	<b>1,560,307</b>
Excess of Revenues Over, (Under) Expenditures	(1,003,678)	(1,003,678)	453,698	1,457,376
<b>OTHER FINANCING SOURCES (USES):</b>				
Intergovernmental Transfers In	-	450,000	450,000	-
Intergovernmental Transfers Out	(421,394)	(421,394) (1)	(421,394)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(421,394)</b>	<b>28,606</b>	<b>28,606</b>	<b>-</b>
Net Change in Fund Balance	(1,425,072)	(975,072)	482,304	1,457,376
Beginning Fund Balance	2,202,635	2,202,635	1,677,967	(524,668)
Ending Fund Balance	<u>\$ 777,563</u>	<u>\$ 1,227,563</u>	<u>\$ 2,160,271</u>	<u>\$ 932,708</u>

(1) Appropriation Level

**NEWPORT URBAN RENEWAL AGENCY  
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**SUPPLEMENTARY INFORMATION**

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NEWPORT URBAN RENEWAL AGENCY  
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SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For the Year Ended June 30, 2014

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2013	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/14
Current:						
2013-14	\$ 1,901,836	\$ 47,272	\$ (3,910)	\$ 1,288	\$ 1,771,744	\$ 80,198
Prior Years:						
2012-13	88,472	(1)	(4,380)	3,134	42,472	44,755
2011-12	58,981	-	(4,513)	4,354	22,507	36,315
2010-11	60,993	-	(11,668)	11,467	36,931	23,861
2009-10	17,979	-	(4,840)	3,787	10,048	6,878
Prior	8,516	-	(3,814)	1,021	1,313	4,410
Total Prior	234,941	(1)	(29,215)	23,763	113,271	116,219
Total	<u>\$ 2,136,777</u>	<u>\$ 47,271</u>	<u>\$ (33,125)</u>	<u>\$ 25,051</u>	<u>\$ 1,885,015</u>	<u>\$ 196,417</u>

RECONCILIATION TO REVENUE:

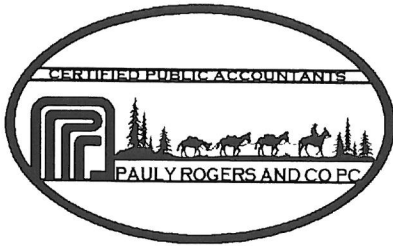
	REVENUE
Cash Collections by County Treasurer Above	\$ 1,885,015
Accrual of Receivables:	
June 30, 2013	(22,147)
June 30, 2014	15,801
Other Taxes	5,653
Total Revenue	<u>\$ 1,884,322</u>

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**NEWPORT URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF NEWPORT)  
LINCOLN COUNTY, OREGON**

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

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December 26, 2014

### **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, 2014, and have issued our report thereon dated December 26, 2014. 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.

#### **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 a matter involving the internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants, which is noted in our management letter dated December 26, 2014.

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" in the middle.

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