

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

Annual Financial Report

Year Ended June 30, 2014

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

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**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**AGENCY OFFICIALS**

**JUNE 30, 2014**

	<u>Term Expires</u>
Roger Sprague (Chair) PO Box 286 Lincoln City, Oregon 97367	December 31, 2016
Henry Quandt 2717 NW Jetty Ave Lincoln City, Oregon 97367	December 31, 2014
Gordon Eggleton 1225 NW 16 <sup>th</sup> St. Lincoln City, Oregon 97367	December 31, 2014
Dick Anderson 960 SW Hwy. 101, #347 Lincoln City, Oregon 97367	December 31, 2014
Gary Ellingson 3417 SW Anchor Ave. Lincoln City, Oregon 97367	December 31, 2014
Chester Noreikis 1421 NW 19 <sup>th</sup> Lincoln City, Oregon 97367	December 31, 2016
Wes Ryan 2820 NE 45 <sup>th</sup> St Lincoln City, Oregon 97367	December 31, 2016

**City Manager**

David Hawker

**Finance Director**

Debbie Mammone

**INDEPENDENT AUDITOR'S REPORT**



Talbot, Korvola  
& Warwick, LLP

Certified Public Accountants  
& Consultants

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## INDEPENDENT AUDITOR'S REPORT

Agency Officials  
Lincoln City Urban Renewal Agency  
(A component unit of the City of Lincoln City, Oregon)  
Lincoln City, Oregon

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Lincoln City Urban Renewal Agency (the Agency), a component unit of the City of Lincoln City, Oregon, as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the Agency's 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.

### AUDITOR'S 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 auditor's 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 entity's 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 entity's 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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

Lincoln City Urban Renewal Agency  
(A component unit of the City of Lincoln City, Oregon)  
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### 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 Agency as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### OTHER MATTERS

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, 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 Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The budgetary comparison information for the General Fund and the Property Rehabilitation Program Fund, listed in the Table of Contents as Required Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison 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 Required Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

Lincoln City Urban Renewal Agency  
(A component unit of the City of Lincoln City, Oregon)  
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**OTHER MATTERS (Continued)**

***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. Other 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 Other 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 Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

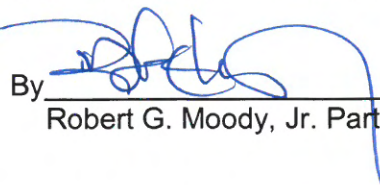
***Other Schedules***

The Other Schedules as listed in the Table of Contents have 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.

**OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS**

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 9, 2014, on our consideration of the City's 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.

**TALBOT, KORVOLA & WARWICK, LLP**

By  \_\_\_\_\_  
Robert G. Moody, Jr. Partner

Lake Oswego, Oregon  
December 9, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



# LINCOLN CITY URBAN RENEWAL AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Lincoln City Urban Renewal Agency (the Agency), we offer readers of the Lincoln City Urban Renewal Agency's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget. Please read this analysis in conjunction with the Agency's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

The net position of the Agency (total assets less total liabilities) at June 30, 2014 was \$23,960,253, an increase of \$1,319,690 in comparison with the prior year. Short-term liabilities increased by \$90,775 in comparison with the prior year. Long-term liabilities increased by \$2,580,101. Governmental expenses increased by \$174,637 primarily due to the loss on disposal of capital assets.

### REPORT LAYOUT

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the Agency. The components of the report include the following:

*Independent auditor's report*

*Management's discussion and analysis (this report)*

*Government-wide financial statements*

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private sector business.

- The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position.
- The Statement of Activities present revenue and expense information showing how the Agency's net position changed during the most recent fiscal year.

*Fund financial statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Governmental fund statements follow the more traditional presentation of financial statements. The Agency maintains three major governmental funds. These statements include balance sheets, statements of revenues, expenditures, and changes in fund balances, and reconciliations of fund statements to the Agency-wide statements.

*Notes to basic financial statements*

The notes provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Agency's financial condition.

*Required supplementary information*

Budget information for the general and major special revenue funds is included in this section. The schedules report revenues, expenditures, changes in fund balances, and budgetary information.

*Other supplementary information*

This section includes revenues, expenditures, changes in fund balance, and budgetary information for the Tax Increment Fund, a debt service fund, and a schedule of property tax transactions.

*Other schedules*

This section contains the annual report required by ORS. 457.460

*Reports by independent certified public accountants*

Supplemental communication on Agency compliance and internal controls as required by Oregon statutes and Governmental Auditing Standards.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

*Statement of Net Position*

Net position may serve as a useful indicator of a government's financial position. The Lincoln City Urban Renewal Agency's assets exceed liabilities by \$23,960,253 at the close of the fiscal year ended June 30, 2014. This is an increase of \$1,319,690 (or 5.8%).

**STATEMENT OF NET POSITION**

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
<b>Assets:</b>		
Cash and investments	\$ 9,611,621	\$ 5,027,013
Receivables	537,565	623,541
Capital Assets	<u>17,930,454</u>	<u>18,438,520</u>
Total Assets	<u>28,079,640</u>	<u>24,089,074</u>
<b>Liabilities:</b>		
Other liabilities	119,387	28,612
Long-term debt outstanding	<u>4,000,000</u>	<u>1,419,899</u>
Total Liabilities	<u>4,119,387</u>	<u>1,448,511</u>
<b>Net Position:</b>		
Invested in capital assets	17,930,454	17,018,621
Restricted for capital project	7,230,707	4,192,856
Restricted for debt service	2,261,527	805,545
Unrestricted	<u>(3,462,435)</u>	<u>623,541</u>
Total Net Position	<u>\$ 23,960,253</u>	<u>\$ 22,640,563</u>

*Statement of Activities*

Total expenses increased by \$174,637 (or 12.4%), primarily due to the loss on disposal of capital assets. Taxable assessed value increased 0.2 %.

**STATEMENT OF ACTIVITIES**

	<u>Years Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>		
General revenues:		
Property taxes levied for debt service	\$ 2,879,037	\$ 2,917,573
Interest	24,541	23,255
Other	<u>10</u>	<u>3,700</u>
Total Revenues	<u>2,903,588</u>	<u>2,944,528</u>
<b>Expenses:</b>		
General government	1,555,267	1,312,693
Interest on long-term obligations	<u>28,631</u>	<u>96,568</u>
Total expenses	<u>1,583,898</u>	<u>1,409,261</u>
Change in Net Position	1,319,690	1,535,267
Net Position - beginning	<u>22,640,563</u>	<u>21,105,296</u>
Net Position - ending	<u>\$ 23,960,253</u>	<u>\$ 22,640,563</u>

**BUDGET HIGHLIGHTS**

There were no changes made to the General Fund Budget during the year. The budgets for the years ended June 30, 2013 and 2014 were prepared and adopted in compliance with legal requirements.

## CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2014, the Agency had invested \$17,930,454 in a broad range of capital assets, including land, buildings and infrastructure improvements. This amount represents a net decrease (including additions and deductions) of \$508,066 over the prior year. Additions (net) include assets acquired or under construction at year-end, less assets that were disposed of during the fiscal year.

### CHANGE IN CAPITAL ASSETS

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Beginning balance	\$ 27,111,974	\$ 26,989,465
Less: accumulated depreciation	<u>(8,673,454)</u>	<u>(7,752,709)</u>
Net capital assets - beginning	18,438,520	19,236,756
Additions (net)	375,858	122,509
Depreciation - current year	<u>(883,924)</u>	<u>(920,745)</u>
Net capital assets - ending	<u>\$ 17,930,454</u>	<u>\$ 18,438,520</u>

For the fiscal year ending June 30, 2015, the City's Urban Renewal Agency has budgeted \$1,323,979 for capital reserves, and \$4,748,187 for capital projects, related primarily to:

- D River Undergrounding
- Traffic Signal
- West Devils Lake Road pump station and force main
- Sidewalk Construction
- Property Rehab and Economic Development Programs

### LONG-TERM DEBT

In 2014, the Agency entered into an intergovernmental agreement with Lincoln City (the City) to fund various URA projects. The City issued \$4,000,000 in full faith and credit notes, and the Agency has agreed to make the annual debt service payments under the same terms of the City's obligations. The Agency has recorded a note payable to the City for the \$4,000,000.

The Agency repaid \$1,419,899 in principal during the year. The Agency's outstanding obligations increased from \$1,419,899 to \$4,000,000. Additional information on long-term obligations may be found in Note 6 to the financial statements.

The Agency has not budgeted to issue any bonds during the fiscal year ending June 30, 2015.

## ECONOMIC FACTORS

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the total amount of \$43,000,000. As of June 30, 2014 there is \$2,975,000 remaining.

## REQUESTS FOR INFORMATION

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, please contact the City's Finance Director at 801 SW Hwy 101, Lincoln Square, Lincoln City, Oregon 97367. Copies of this report are available at the Driftwood Library and are also available on the City's website at [www.lincolncity.org](http://www.lincolncity.org).

**BASIC FINANCIAL STATEMENTS**

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**STATEMENT OF NET POSITION**

**JUNE 30, 2014**

**ASSETS**

Cash and investments	\$ 9,581,013
Cash with County Treasurer	30,608
Receivables	277,801
Notes receivable, long term	259,764
Land, improvements and construction in progress	6,324,479
Other capital assets, net	<u>11,605,975</u>
<b>TOTAL ASSETS</b>	<u><u>28,079,640</u></u>

**LIABILITIES**

Accounts payable	119,387
Notes Payable:	
Due within one year	975,575
Due in more than one year	<u>3,024,425</u>
<b>TOTAL LIABILITIES</b>	<u><u>4,119,387</u></u>

**NET POSITION**

Net investment in capital assets	17,930,454
Restricted for capital projects	7,230,707
Restricted for debt service	2,261,527
Unrestricted	<u>(3,462,435)</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 23,960,253</u></u>

See notes to basic financial statements.



**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2014**

	<u>Governmental Activities</u>
<b>PROGRAM EXPENSES:</b>	
General government	\$ 1,555,267
Interest on long-term obligations	<u>28,631</u>
<b>TOTAL PROGRAM EXPENSES</b>	<u>1,583,898</u>
<b>GENERAL REVENUES:</b>	
Property taxes levied for debt service	2,879,037
Unrestricted investment earnings	24,541
Miscellaneous	<u>10</u>
<b>TOTAL GENERAL REVENUES</b>	<u>2,903,588</u>
<b>CHANGE IN NET POSITION</b>	1,319,690
<b>NET POSITION, beginning of year</b>	<u>22,640,563</u>
<b>NET POSITION, end of year</b>	<u><u>\$ 23,960,253</u></u>

See notes to basic financial statements.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**JUNE 30, 2014**

	<u>General</u>	<u>Property Rehabilitation Program</u>	<u>Tax Increment</u>	<u>Totals</u>
<b>ASSETS:</b>				
Cash and investments	\$ 6,398,770	\$ 951,324	\$ 2,230,919	\$ 9,581,013
Cash with County Treasurer	-	-	30,608	30,608
Receivables	-	259,764	277,801	537,565
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b><u>\$ 6,398,770</u></b>	<b><u>\$ 1,211,088</u></b>	<b><u>\$ 2,539,328</u></b>	<b><u>\$ 10,149,186</u></b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 119,387	\$ -	\$ -	\$ 119,387
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue - property taxes	-	-	277,801	277,801
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE:</b>				
Nonspendable in form	-	259,764	-	259,764
Restricted for:				
Capital projects	6,279,383	951,324	-	7,230,707
Debt service	-	-	2,261,527	2,261,527
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUND BALANCE</b>	<b><u>6,279,383</u></b>	<b><u>1,211,088</u></b>	<b><u>2,261,527</u></b>	<b><u>9,751,998</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>				
	<b><u>\$ 6,398,770</u></b>	<b><u>\$ 1,211,088</u></b>	<b><u>\$ 2,539,328</u></b>	<b><u>\$ 10,149,186</u></b>
<b>RECONCILIATION OF FUND BALANCE TO NET POSITION:</b>				
Total fund balance				\$ 9,751,998
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds net of accumulated depreciation of \$9,491,326.				17,930,454
Property taxes are not available for current-period expenditures and therefore are in the funds as unavailable revenues.				277,801
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds.				<u>(4,000,000)</u>
<b>TOTAL NET POSITION</b>				<b><u>\$ 23,960,253</u></b>

See notes to basic financial statements.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Property Rehabilitation Program</u>	<u>Tax Increment</u>	<u>Totals</u>
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ 2,896,479	\$ 2,896,479
Interest on investments	13,407	3,101	8,033	24,541
Miscellaneous	10	-	-	10
<b>TOTAL REVENUES</b>	<u>13,417</u>	<u>3,101</u>	<u>2,904,512</u>	<u>2,921,030</u>
<b>EXPENDITURES:</b>				
Personal services	153,508	-	-	153,508
Materials and services	285,372	-	-	285,372
Debt service	-	-	1,448,530	1,448,530
Capital outlay	607,121	1,200	-	608,321
<b>TOTAL EXPENDITURES</b>	<u>1,046,001</u>	<u>1,200</u>	<u>1,448,530</u>	<u>2,495,731</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,032,584)</u>	<u>1,901</u>	<u>1,455,982</u>	<u>425,299</u>
<b>OTHER FINANCING SOURCE:</b>				
Proceeds from note payable	4,000,000	-	-	4,000,000
<b>NET CHANGE IN FUND BALANCE</b>	2,967,416	1,901	1,455,982	4,425,299
<b>FUND BALANCE, beginning of year</b>	<u>3,311,967</u>	<u>1,209,187</u>	<u>805,545</u>	<u>5,326,699</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 6,279,383</u>	<u>\$ 1,211,088</u>	<u>\$ 2,261,527</u>	<u>\$ 9,751,998</u>

See notes to basic financial statements.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

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

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

<b>CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 4,425,299
<i>Amounts reported for governmental activities in the Statement of Activities are different due to the following:</i>	
Governmental funds report capital outlays as expenditure while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:	
Expenditures for capital assets	607,121
Less current year depreciation	(883,924)
The net effect of transactions involving capital assets, i.e, gain/loss on sales, donations. These transactions are not reported in the governmental funds.	(231,263)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:	
Taxes	(17,442)
Proceeds from notes issued provide current financial resources to governmental funds, but increases long-term liabilities in the Statement of Net Position	(4,000,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>1,419,899</u>
<b>TOTAL CHANGE IN NET POSITION</b>	<b><u><u>\$ 1,319,690</u></u></b>

See notes to basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2014**

**1. ORGANIZATION**

The Agency was organized under ORS 457. It is a municipal corporation created by the City of Lincoln City to facilitate urban renewal within the boundaries of the City. The Agency is a component unit of the City of Lincoln City. The City Council (Council) serves as the governing body and is accountable for the fiscal matters of the Agency.

**Urban Renewal Areas**

Tax Increment Bonds for urban renewal plan areas are authorized by state law to “1) eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas”.

Projects are financed in urban renewal plan areas as follows:

- The Agency selects an urban renewal plan area and defines its boundaries.
- The County Assessor “freezes” the assessed value of property within the urban renewal area. This is referred to as the “frozen” value.
- Any increase in assessed value above the frozen value is called the “incremental value.” The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance the Urban Renewal projects.
- Urban Renewal Tax Increment revenues are used to repay the indebtedness of the Agency. The proceeds of the indebtedness finance the Agency’s activities.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$43,000,000.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the Agency, including all of its financial activities. Governmental activities are financed primarily through tax increment revenues (property taxes) and proceeds from borrowings.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

**Government-wide Financial Statements (Continued)**

The Statement of Activities presents a comparison between direct expenses and program revenues for the Agency's programs. The Agency does not allocate indirect expenses. Program revenues include any grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes, earnings on investments, and any gain on sale of property, are presented as general revenues.

**Fund Financial Statements**

The fund financial statements provide information about the Agency's funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. Each of the Agency's three funds are presented as major funds. They are as follows:

- General
- Property Rehabilitation Program
- Tax Increment

These funds account for the general administration of the Agency and for the acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas, as well as debt service related to the Agency's operations.

**Measurement Focus and Basis of Accounting**

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be available if they are collected within thirty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term obligations, and claims and judgments.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from debt and acquisitions under capital leases are reported as other financing sources and uses, respectively.

When both restricted and unrestricted resources are available, unrestricted resources are used only after the restricted resources are depleted.

**Use of 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 and expenses during the reporting period. Actual results may differ from those estimates.

**Cash and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All cash and investments are held by the City of Lincoln City on behalf of the Agency. The Agency considers these items as a demand deposit account, whereby funds may be deposited or withdrawn without prior notice or penalty. Interest earnings are allocated from the City based on the proportion of the Agency's funds to the total of the City of Lincoln City funds.

Reference should be made to the City of Lincoln City's Annual Financial Report for the year ended June 30, 2014, for compliance with Oregon Revised Statutes relating to the collateralization of deposits.

**Receivables**

Real and personal property taxes are levied and assessed and become a lien against the property as of July 1 each year. Property taxes are payable in three installments, following the lien date, on November 15, February 15 and May 15. Discounts are allowed if the amount is paid by November 15 or February 15. Taxes unpaid and outstanding on May 15 are considered delinquent.

The Agency makes loans to third parties for rehabilitation of properties consistent with the Agency's mission. Loans receivable are recorded when the borrower has signed a promissory note and disbursements are made in accordance with the loan agreement. As the Agency obtains liens against the properties, no allowance for uncollectible accounts is deemed necessary.



**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Purchased or constructed capital assets are recorded at estimated historical cost with subsequent additions at cost. Donated capital assets are recorded at their estimated fair value at the time of donation. Capital assets are assets with an initial cost of more than \$1,000 and an estimated life of one year or more. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated on a straight-line basis over the following estimated lives:

<u>Asset</u>	<u>Years</u>
Buildings	25-40
System improvements	25-40
Vehicles	5-10
Equipment and furniture	5-10

**Deferred Inflows of Resources**

The Agency reports a deferred inflow of resources in the fund statements related to unavailable revenues for property taxes that will be collected in future years.

**Long-term Obligations**

In the government-wide financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

**Fund Equity**

Fund balance is reported within classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to observe constraints imposed on the use of the resources reported in governmental funds. Those classifications are as follows:

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents the long-term portion of receivables.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements,

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Equity (Continued)**

or other governments) or are restricted by law (constitutionally or by enabling legislation).

- Committed fund balance represents funds formally set aside by the Agency's Board for a particular purpose. The Board may commit fund balance by resolution. The Board may also modify or rescind commitments 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 Board or by an official to whom that authority has been given by the governing body. Both the City Manager and the Finance Director have been given this authority by the Board.
- 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 residual fund deficit as unassigned.

The Agency Officials have 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 lastly, unassigned fund balance.

**Pension/Other Postemployment Benefits**

The Agency's employees are employees of the City. Employees of the City participate in the Oregon Public Employees Retirement Plan administered by the Oregon Public Employees Retirement System. Personnel costs including pension costs for the Agency employees are charged back to the Agency, and reflected in Urban Renewal expenditures/expenses.

**Risk Management**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Agency is covered under the City of Lincoln City's commercial insurance policies. The Agency does not engage in risk financing activities where risk is retained (self-insurance). There has been no significant reduction in insurance coverage from the prior year for any category of risk and settled claims from these risks have not exceeded commercial insurance limits in any of the past three fiscal years.

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2014**

**3. RECEIVABLES**

The Agency's receivables at June 30, 2014, are shown below:

	<u>Property Rehabilitation Program</u>	<u>Tax Increment</u>	<u>Totals</u>
Rehabilitation loans	\$ 259,764	\$ -	\$ 259,764
Property taxes	-	277,801	277,801
Totals	<u>\$ 259,764</u>	<u>\$ 277,801</u>	<u>\$ 537,565</u>

Rehabilitation loans receivable are comprised of loans to qualified borrowers for the rehabilitation and restoration of single-family and multi-family residences, collateralized by real property, and commercial loans to small business to promote economic development, which are collateralized by personal property. Net loans receivable are as follows:

<u>Fund and Program</u>	<u>Term</u>	<u>Rate</u>	<u>Receivable</u>
<b>Major funds:</b>			
Property Rehabilitation Fund:			
Urban development:			
Rehabilitation loans	10 years	0%	\$ 259,764

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Capital assets not being depreciated:				
Land	\$ 5,996,892	\$ -	\$ -	\$ 5,996,892
Construction in progress	131,212	598,321	(401,946)	327,587
Total capital assets not being depreciated	<u>\$ 6,128,104</u>	<u>\$ 598,321</u>	<u>\$ (401,946)</u>	<u>\$ 6,324,479</u>
Capital assets being depreciated:				
Buildings	\$ 1,768,964	\$ 8,800	\$ (297,316)	\$ 1,480,448
System improvements	19,145,225	401,946	-	19,547,171
Vehicles	19,581	-	-	19,581
Equipment and furniture	19,850	-	-	19,850
Books and art	30,250	-	-	30,250
Total capital assets being depreciated	20,983,870	410,746	(297,316)	21,097,300
Less accumulated depreciation	<u>(8,673,454)</u>	<u>(883,924)</u>	<u>66,053</u>	<u>(9,491,325)</u>
Total capital assets being depreciated, net	<u>\$ 12,310,416</u>	<u>\$ (473,178)</u>	<u>\$ (231,263)</u>	<u>\$ 11,605,975</u>

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2014**

**5. UNAVAILABLE REVENUE**

Resources of the Agency, which are measurable but not available, and are therefore reported as deferred inflow of resources in the funds, relate to property taxes receivable in the Tax Increment Fund of \$277,801.

**6. LONG-TERM OBLIGATIONS**

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2014</u>	<u>Due within</u> <u>one year</u>
<u>Tax Increment Bonds</u>					
Urban Renewal Bonds, Series 2004					
Original issue amount \$5 million, final maturity June 2014, interest at 4.0 percent					
Principal	\$ 594,199	\$ -	\$ 594,199	\$ -	\$ -
Urban Renewal Bonds, Series 2007					
Original issue amount \$5 million, final maturity June 2014, interest at 4.40 percent					
Principal	825,700	-	825,700	-	
<u>Notes payable</u>					
Payable to Lincoln City, 2014					
Original issue amount \$4 million, final maturity June 2018, interest at 1.64 percent					
Principal	-	4,000,000	-	4,000,000	975,575
	<u>\$ 1,419,899</u>	<u>\$ 4,000,000</u>	<u>\$ 1,419,899</u>	<u>\$ 4,000,000</u>	<u>\$ 975,575</u>

The future maturities of all obligations outstanding as of June 30, 2014, are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Note Payable</u> <u>Lincoln City</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 975,575	\$ 62,684
2016	990,703	49,601
2017	1,008,041	33,353
2018	1,025,681	16,821
	<u>\$ 4,000,000</u>	<u>\$ 162,459</u>

In 2014, the Agency entered into an intergovernmental agreement with Lincoln City (the City) to fund various URA projects. The City issued \$4,000,000 in full faith and credit notes and the Agency has agreed to make the annual debt service payments under the same terms of the City's obligations. The Agency has recorded a note payable to the City for the \$4,000,000.

## **7. RELATED PARTY TRANSACTIONS**

The Agency utilizes the City for staff support, accounting, information technology, human resources and other services. Total expenses/expenditures related to these services for the year ended June 30, 2014, were \$111,551.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**GENERAL FUND**

**YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original/Final</u>		
<b>REVENUES:</b>			
Interest on investments	\$ 8,000	\$ 13,407	\$ 5,407
Miscellaneous	-	10	10
	<u>8,000</u>	<u>13,417</u>	<u>5,417</u>
<b>TOTAL REVENUES</b>			
	<u>8,000</u>	<u>13,417</u>	<u>5,417</u>
<b>EXPENDITURES:</b>			
Personal services	160,634	153,508	7,126
Materials and services	374,327	285,372	88,955
Capital outlay	4,410,874	607,121	3,803,753
	<u>4,945,835</u>	<u>1,046,001</u>	<u>3,899,834</u>
<b>TOTAL EXPENDITURES</b>			
	<u>4,945,835</u>	<u>1,046,001</u>	<u>3,899,834</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	(4,937,835)	(1,032,584)	3,905,251
<b>OTHER FINANCING SOURCE:</b>			
Proceeds from note payable	<u>2,150,000</u>	<u>4,000,000</u>	<u>1,850,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(2,787,835)</u>	<u>2,967,416</u>	<u>5,755,251</u>
<b>FUND BALANCE, beginning of year</b>	<u>2,787,835</u>	<u>3,311,967</u>	<u>524,132</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 6,279,383</u>	<u>\$ 6,279,383</u>

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**PROPERTY REHABILITATION PROGRAM FUND**

**YEAR ENDED JUNE 30, 2014**

	Budget Original/Final	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Loan repayments	\$ 110,000	\$ 68,259	\$ (41,741)
Interest on investments	3,200	3,376	176
<b>TOTAL REVENUES</b>	<u>113,200</u>	<u>71,635</u>	<u>(41,565)</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>747,123</u>	<u>1,200</u>	<u>745,923</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND CHANGE IN FUND BALANCE</b>	(633,923)	70,435	704,358
<b>FUND BALANCE, beginning of year</b>	<u>633,923</u>	<u>880,889</u>	<u>246,966</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 951,324</u>	<u>\$ 951,324</u>
Fund balance - budgetary basis		\$ 951,324	
Balance of loans receivable		<u>259,764</u>	
Fund balance - GAAP		<u>\$ 1,211,088</u>	
Change in fund balance - budgetary basis		\$ 70,435	
Loan repayments reported as reduction in receivable		(68,259)	
Other		<u>(275)</u>	
Changes in fund balance - GAAP basis		<u>\$ 1,901</u>	



**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2014**

**BUDGETS**

Annual budgets are adopted on the modified accrual basis of accounting for all funds. The budgetary process begins by appointing Budget Committee members each year. Budget recommendations are developed by management and staff through early spring, with the Budget Committee approving the budget document in late spring. Public notices of the budget hearing are published prior to the public hearing held in June. The Agency Board adopts the budget and authorizes appropriations no later than June 30.

The ordinance authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. All funds establish the levels of budgetary control at the personal services, materials and services, capital outlay, debt service, and contingency category levels. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Agency Board at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Agency Board. Original and supplemental budgets may be modified by the use of appropriation transfers between category levels. Such transfers require approval by the Agency Board. All annual appropriations lapse at fiscal year end.

**OTHER SUPPLEMENTARY INFORMATION**

**LINCOLN CITY URBAN RENEWAL AGENCY**  
 (A Component Unit of the City of Lincoln City, Oregon)

**SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**TAX INCREMENT FUND**

**YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original/Final</u>		
<b>REVENUES:</b>			
Property taxes	\$ 2,898,927	\$ 2,896,479	\$ (2,448)
Interest on investments	8,500	8,033	(467)
<b>TOTAL REVENUES</b>	<u>2,907,427</u>	<u>2,904,512</u>	<u>(2,915)</u>
<b>EXPENDITURES:</b>			
Debt service	<u>3,666,162</u>	<u>1,448,530</u>	<u>2,217,632</u>
<b>NET CHANGE IN FUND BALANCE</b>	(758,735)	1,455,982	2,214,717
<b>FUND BALANCE</b> , beginning of year	<u>758,735</u>	<u>805,545</u>	<u>46,810</u>
<b>FUND BALANCE</b> , end of year	<u>\$ -</u>	<u>\$ 2,261,527</u>	<u>\$ 2,261,527</u>

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**PROPERTY TAX TRANSACTIONS**

**YEAR ENDED JUNE 30, 2014**

		<u>Balance</u> <u>July 1, 2013</u>	<u>Levy</u>	<u>Net Interest</u> <u>(Discount)</u> <u>and</u> <u>Adjustments</u>	<u>Collections</u>	<u>Balance</u> <u>June 30, 2014</u>
Current Prior	2013-14	\$ -	\$ 2,936,545	\$ (75,485)	\$ 2,737,230	\$ 123,830
	2012-13	139,656	-	3,363	70,781	72,238
	2011-12	80,487	-	4,297	35,229	49,555
	2010-11	51,422	-	7,173	38,478	20,117
	2009-10 Prior	18,016 5,663	- -	2,745 351	12,965 1,749	7,796 4,265
<b>Totals</b>		<b><u>\$ 295,244</u></b>	<b><u>\$ 2,936,545</u></b>	<b><u>\$ (57,556)</u></b>	<b><u>\$ 2,896,432</u></b>	<b><u>\$ 277,801</u></b>

**OTHER SCHEDULES**

# LINCOLN CITY URBAN RENEWAL AGENCY

## NOTICE OF PREPARATION AND FILING OF

### FINANCIAL STATEMENT

In accordance with ORS. 457.460, a Financial Statement for the Lincoln City Urban Renewal Agency has been prepared and is on file with the City of Lincoln City and the Lincoln City Urban Renewal Agency. The information contained in the statement is available to all interested persons. A summary of the Financial Statement and Budget follows:

## LINCOLN CITY URBAN RENEWAL AGENCY BUDGET

### FISCAL YEAR 2014-15

	GENERAL <u>FUND</u>	TAX INCREMENT <u>FUND</u>	PROPERTY REHABILITATION <u>FUND</u>
<b>REVENUE</b>			
Estimated Beginning Balance	\$ 5,523,649	\$ 2,241,635	\$ 948,887
Interest	10,000	15,100	3,300
Loan Repayments			50,000
Transfers In			
Tax Increment Proceeds		700,032	
Other Income			
Bond Sales			
<b>Total Revenue</b>	<b>\$ 5,533,649</b>	<b>\$ 2,956,767</b>	<b>\$ 1,002,187</b>
<b>EXPENDITURES</b>			
Personal Services	\$ 161,220		
Materials & Services	292,450		10,000
Capital Outlay	5,079,979		
Economic Development			450,000
Property Rehabilitation			542,187
Debt Service		2,956,767	
<b>Total Expenditures</b>	<b>\$ 5,533,649</b>	<b>\$ 2,956,767</b>	<b>\$ 1,002,187</b>

**LINCOLN CITY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of Lincoln City, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2014**

**LINCOLN CITY URBAN RENEWAL AGENCY**

**REVENUE AND EXPENDITURES**

**FISCAL YEAR 2013-14**

	<u>GENERAL FUND</u>	<u>TAX INCREMENT FUND</u>	<u>PROPERTY REHABILITATION FUND</u>
<b>REVENUE</b>			
Beginning Balance	\$ 3,311,967	\$ 805,545	\$ 880,889
Interest	13,407	8,033	3,376
Loan Repayments			68,259
Transfers In			
Tax Increment Proceeds		2,896,479	
Grants/Other Revenue	10		
Bond Sales	4,000,000		
<b>Total Revenue</b>	<b>\$ 7,325,384</b>	<b>\$ 3,710,057</b>	<b>\$ 952,524</b>
<b>EXPENDITURES</b>			
Personal Services	\$ 153,508		
Materials & Services	285,372		
Capital Outlay	607,121		
Transfers			
Property Rehabilitation			1,200
Debt Service		1,448,530	
<b>Total Expenditures</b>	<b>\$ 1,046,001</b>	<b>\$ 1,448,530</b>	<b>\$ 1,200</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 6,279,383</b>	<b>\$ 2,261,527</b>	<b>\$ 951,324</b>

The Tax Increment Proceeds (revenue) received by the Agency are used to pay for indebtedness incurred in carrying out the Urban Renewal Plan. The outstanding obligations of the Lincoln City Urban Renewal Agency as of June 30, 2014 amounted to \$ 4,000,000.

**IN CARRYING OUT THE URBAN RENEWAL PLAN,  
PROPERTY TAX COLLECTIONS  
OF THE OTHER TAXING DISTRICTS FOR 2013-14**

**ARE AFFECTED AS FOLLOWS:**

<u>TAXING DISTRICT</u>	<u>TAXES IMPOSED WITH URBAN RENEWAL</u>	<u>TAXES IMPOSED WITHOUT URBAN RENEWAL</u>	<u>URBAN RENEWAL TAXES IMPOSED</u>
Lincoln County School District	\$ 6,440,739	\$ 7,468,408	\$ 1,027,669
Linn-Benton-Lincoln ESD	400,021	463,847	63,826
Oregon Coast Community College	230,514	267,294	36,780
City of Lincoln City	5,068,665	5,926,855	858,190
North Lincoln Fire/Rescue	1,078,442	1,250,516	172,074
Lincoln County General	3,700,027	4,290,394	590,367
Lincoln County Animal Shelter	144,317	167,344	23,027
Lincoln County Extension	59,170	68,611	9,441
North Lincoln Health District	680,127	788,646	108,519
Lincoln County Transportation	127,786	148,175	20,389
Devils Lake Water - Inside	71,339	71,858	519
Devils Lake Water - Outside	99,256	125,785	26,529
<b>TOTALS</b>	<b>\$ 18,100,403</b>	<b>\$ 21,037,733</b>	<b>\$ 2,937,330</b>

(1) Note: Property Taxes for education are determined by a State Formula. The State reimburses education for the difference between the Formula and what is collected locally.



**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS**



Talbot, Korvola  
& Warwick, LLP

Certified Public Accountants  
& Consultants

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## **INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS**

Agency Officials  
Lincoln City Urban Renewal Agency  
(A component unit of the City of Lincoln City, Oregon)  
Lincoln City, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Lincoln City Urban Renewal Agency (the Agency) a component unit of the City of Lincoln City, Oregon, as of and for the year ended June 30, 2014, and have issued our report thereon dated December 9, 2014.

### **COMPLIANCE**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement 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*.

**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

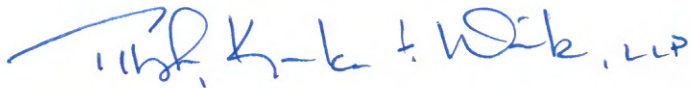
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**OAR 162-10-0230 INTERNAL CONTROL**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control. Deficiencies in internal control, if any, were communicated separately.

**RESTRICTIONS ON USE**

This report is intended solely for the information and use of the Agency Officials, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink, appearing to read "L. K. Wick, CPA".

Lake Oswego, Oregon  
December 9, 2014