

LA PINE URBAN RENEWAL AGENCY

(A Component Unit of the City of La Pine)

LA PINE, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

STEVE TUCHSCHERER
Certified Public Accountant
A Professional Corporation

LA PINE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Pine)

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P.O. Box 2460, La Pine, Oregon 97739	
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P.O. Box 2460, La Pine, Oregon 97739	
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P.O. Box 2460, La Pine, Oregon 97739	
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P.O. Box 2460, La Pine, Oregon 97739	

AGENCY ADMINISTRATION

CORY MISLEY	City Manager
BRENDA BARTLETT.	Finance Manager
SGA CPA'S & Consultants	
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LA PINE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Pine)
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Chairman and Members
of the La Pine Urban Renewal Agency,
City of La Pine, Oregon

I have audited the accompanying financial statements of the governmental activities and the general fund of the La Pine Urban Renewal Agency, (the Agency), a component unit of the City of La Pine, Oregon, as of and for the year ended June 30, 2017, and the related notes to the 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 standards 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Agency as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

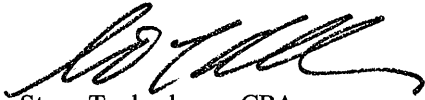
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 - 6 and 18 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. I have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, I have issued my report dated October 4, 2017, on my consideration of the Urban Renewal Agency of the City of La Pine'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 my testing of compliance and the results of that testing and not to provide an opinion on the Agency's compliance.



Steve Tuchscherer, CPA
October 4, 2017

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

LA PINE URBAN RENEWAL AGENCY
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

As management of the La Pine Urban Renewal Agency (Agency), we offer readers this discussion and analysis of the Agency's financial performance for the fiscal year ended June 30, 2017. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standard Board (GASB). This report should be read in conjunction with the basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- This was the first year of operation for the Agency, so prior year comparisons are not available. The Agency is a component unit of the City of La Pine; accordingly, the City of La Pine reports the Agency's activities in their financial statements as a blended component unit.
- The Agency's total net position was \$53,082 as of June 30, 2017, an increase of \$30,318 over the prior year net position.
- Property tax collections were \$35,902 during the fiscal year an increase of \$13,138 over prior year property taxes.
- As of the end of the fiscal year, total governmental funds had an ending fund balance of \$52,585.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's financial statements are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Measurement focus and basis of accounting

The government-wide statements focus on the changes in economic resources similar to private-sector businesses and are based on full accrual accounting.

Accrual accounting measures the effects of transactions, events, and inter-fund activities when they occur, regardless of the timing of the related cash flows. The measurement focus for governmental funds however, is to view changes in current financial resources. The objective is to answer the question, "*What are the transactions or events of the current period that have increased or decreased the resources available for spending in the near future?*"

Governmental funds use modified accrual accounting in which revenues are not recognized until they are measurable and available, and expenditures are recognized in the period in which the governments in general normally liquidate the related liability rather than when the liability is first incurred.

LA PINE URBAN RENEWAL AGENCY
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide the reader with a broad overview of the Agency's finances and are made up of the following two statements: the *Statement of Net Position* and the *Statement of Activities*. Both of these statements are prepared using accounting methods similar to those used by private-sector businesses, which use the economic resources measurement focus and the accrual basis of accounting.

- 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*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.
- The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused compensated absents).

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 functions. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements focus on individual parts of the Agency's government, reporting the Agency's operations in more detail than the government-wide statements.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. These statements tell how governmental services were financed in the short term as well as what remains for future spending. Unlike the government-wide financial statements, governmental funds 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 financing requirements. However, this information does not encompass the additional long-term focus of the government-wide statements. Therefore, both the governmental funds financial statements are followed by a reconciliation that explains the relationship or differences between governmental funds and the governmental-wide financial statements when such differences exist.

The Agency maintains one general fund which is reported as a major fund.

The financial statements include notes that provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 11 of this report.

In addition to the basic financial statements and the accompanying notes, additional pertinent information for the reader, referred to as *Required Supplementary Information* (RSI). The RSI can be found in this report following the notes to the basic financial statements. This section shows budgetary to actual financial results for the general fund.

LA PINE URBAN RENEWAL AGENCY
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) for the Agency's governmental and business-type activities. The Agency's net position is made up of three components: invested in capital assets, restricted net position, and unrestricted net position. Restricted net position is subject to constraints that are either externally imposed by outside agencies, for example banks or grant agencies, or imposed by law through constitutional provisions or enabling legislation. The capital assets reflected within Table 1 are stated net of accumulated depreciation. Net position for fiscal year ended June 30, 2017 was \$53,082, an increase of \$30,318 from June 30, 2016.

Table 1

STATEMENT OF NET POSITION

	Governmental Activities	Governmental Activities
	2017	2016
Assets:		
Current and other assets	\$ 53,082	\$ 22,764
Net Position:		
Restricted	\$ 53,082	\$ 22,764

During the fiscal year, the entirety of net position was restricted for Urban Renewal Activity.

Change in Net Position

Table 2

CHANGE IN NET POSITION

	Governmental Activities	Governmental Activities
	2017	2016
Revenue:		
Property taxes	\$ 35,902	\$ 22,764
Total Revenues	35,902	22,764
Expenses:		
General government	5,584	-
Total Expenses	5,584	-
Change in Net Position	30,318	22,764
Net position - beginning of year	22,764	-
Net position - end of year	\$ 53,082	\$ 22,764

LA PINE URBAN RENEWAL AGENCY
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balance spending recourses. Such information is useful in assessing the Agency's financing requirements. Because urban renewal agencies are restricted by law as to how funds can be spent, the entirety of the Agency's ending fund balance is restricted for urban renewal projects.

Table 3 shows the governmental fund balance for the years ending June 30, 2017 and 2016.

Table 3
SUMMARY STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND

Fiscal Year 2016-2017	General Fund
Total revenues	\$ 35,405
Total expenditures	5,584
Net change in fund balance	29,821
Fund balance - beginning	22,764
Fund balance (deficit) - ending	\$ 52,585

Fiscal Year 2015-2016	General Fund
Total revenues	\$ 22,764
Total expenditures	-
Net change in fund balance	22,764
Fund balance - beginning	-
Fund balance (deficit) - ending	\$ 22,764

ANALYSIS OF BUDGETARY VARIATIONS

The general fund budgetary comparisons can be found in the Required Supplementary Information section starting on page 18. Expenditures were under budget by \$1,916 for the fiscal year ended June 30, 2017.

CAPITAL ASSETS

The Agency had no capital assets as of June 30, 2017.

LA PINE URBAN RENEWAL AGENCY
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2017
Unaudited

DEBT ADMINISTRATION

The agency had no debt obligations as of June 30, 2017.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors considered for the next fiscal year (2017-18) include:

- The Urban Renewal District was established on June 16, 2014 with the first taxes levied during fiscal year 2015-16. Management expects an increase in property taxes in the upcoming year due to increased development in the urban renewal boundary and has conservatively budgeted \$45,000 for property tax revenue collections.
- A small appropriation is included for materials and service expenditures, however the bulk of budgeted ending fund balance has been reserved for future projects.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the La Pine Urban Renewal Agency finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be address to the La Pine Urban Renewal Agency, Attention: City of La Pine City Manager, PO Box 2460, La Pine, Oregon 97739, (541) 536-1432, or visit the City of La Pine's website at www.ci.lapine.or.us.

BASIC FINANCIAL
STATEMENTS

Government -Wide
Financial Statements

LA PINE URBAN RENEWAL AGENCY

(A Component Unit of the City of La Pine)

STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities
	<hr/>
<u>ASSETS:</u>	
Current Assets:	
Cash and Investments	\$ 52,361
Property Taxes Receivable	721
	<hr/>
Total Assets	53,082
<u>NET POSITION:</u>	
Restricted for:	
Urban Renewal Projects	53,082
	<hr/>
Total Net Position	\$ 53,082
	<hr/> <hr/>

The accompanying notes to the basic financial statements are an integral part of this statement.

LA PINE URBAN RENEWAL AGENCY

(A Component Unit of the City of La Pine)

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2017

Functions / Programs	(Expenses)	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
<u>GOVERNMENTAL ACTIVITIES:</u>				
General Government	\$ 5,584	\$ -	\$ -	\$ (5,584)
Total Governmental Activities	\$ 5,584	\$ -	\$ -	\$ (5,584)

GENERAL REVENUES:

Taxes	
Property Taxes, Levied for Debt Service	35,902
Subtotal - General Revenues	35,902
Change in Net Position	30,318
Net Position, July 1, 2016	22,764
Net Position, June 30, 2017	\$ 53,082

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Fund Financial Statements

LA PINE URBAN RENEWAL AGENCY

(A Component Unit of the City of La Pine)

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2017

	Urban Renewal General Fund
<u>ASSETS:</u>	
Cash and Investments	\$ 52,361
Property Taxes Receivable	721
Total Assets	\$ 53,082
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>	
Deferred Inflows of Resources:	
Deferred Property Tax Revenue	\$ 497
Total Deferred Inflows of Resources	497
Fund Balances:	
Restricted for:	
Urban Renewal Projects	52,585
Total Fund Balances	52,585
Total Deferred Inflows of Resources & Fund Balances	\$ 53,082

The accompanying notes to the basic financial statements are an integral part of this statement.

LA PINE URBAN RENEWAL AGENCY

(A Component Unit of the City of La Pine)

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE**

GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2017

	<u>Urban Renewal General Fund</u>
<u>REVENUES:</u>	
Taxes and Assessments	\$ 35,405
Total Revenues	35,405
<u>EXPENDITURES:</u>	
Current Operating:	
General Government	5,584
Total Expenditures	5,584
Excess (Deficiency) of Revenues Over Expenditures	29,821
Fund Balance - July 1, 2016	22,764
Fund Balance - June 30, 2017	\$ 52,585

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

LA PINE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Pine)
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

The La Pine Urban Renewal Agency, City of La Pine, Oregon (Agency) was established on June 16, 2014. The Agency is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The governing body is comprised of a seven member Board of Directors that includes two elected city council members.

The Agency is a separate legal entity, governed by the City of La Pine. The Agency Board has the ability to impose its will over the Agency as determined on the basis of budget adoption, taxing authority and funding for the Agency. Therefore, under the criteria set by the Governmental Accounting Standards Board, the Agency is considered a component unit of the City of La Pine and the Agency's financial activities are included as a blended component unit in the basic financial statements of the City of La Pine.

Although a component unit of the City of La Pine, the Agency exists and operates separately from the City of La Pine. Accordingly, the Agency's financial statements will also be included in the financial statements of the City of La Pine.

The Agency has no potential component units.

B. Basis of Presentation

The financial statements of the La Pine Urban Renewal Agency (Agency) have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basic financial statements are presented at both the government-wide and fund financial level. The Agency's activities are governmental and are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements display information about the reporting government as a whole. The effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the Agency 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. The Agency has only governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

LA PINE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Pine)
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

The financial transactions of the Agency are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Agency has elected to report its only fund, the General Fund, as a major fund in order to assist in compiling a complete and accurate picture of the financial position of the Agency.

General Fund - The General Fund is the general operating fund of the Agency. It is used to account for all the financial resources and expenditures. The principal sources of revenues may include tax increment revenues and interest on investments.

C. Measurement Focus/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. Non-exchange 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 property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the Agency funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Agency's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Agency considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. 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.

LA PINE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Pine)
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

C. Measurement Focus/Basis of Accounting (Cont.)

Similar to the way revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Agency's practice to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The Agency has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the Agency to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The Agency's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The Agency's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings.

E. Property Taxes

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15.

LA PINE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Pine)
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

F. Receivables

Receivables are recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently no allowance for uncollectible taxes has been established.

G. Deferred Inflows of Resources:

In governmental funds, property taxes which have not been collected within sixty days subsequent to year-end are not considered measurable and available and are therefore not recognized as revenue, but rather as deferred inflows of resources.

H. Equity Classifications

Government-Wide Statements - Equity is classified as net position, which represents the difference between assets and liabilities. Net position is displayed in two components:

1. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
2. Unrestricted net position - All other net position that do not meet the definition of "restricted".

The Agency's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The Agency did not have any nonspendable resources as of June 30, 2017.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Agency has restricted funds for capital projects.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the Agency Board, and does not lapse at year-end. The Agency does not have committed resources as of June 30, 2017.

LA PINE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Pine)
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

H. Equity Classifications (Cont.)

- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the Agency Board or through the Agency Board delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The Agency's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

I. Use of Estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 -Local Budget Law). The Agency is required to budget all funds. The budget is prepared for each fund on the modified accrual basis of accounting. For all fund types, inter-fund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund and object. Information on the past two years' actual receipts and expenditures and current-year estimates are included in the budget document. The process under which the budget is adopted is described in the following paragraphs.

In early spring a preliminary budget calendar, budget preparation manual and budget worksheets are distributed to appropriate department directors. The City Administrator (Agency Director) and the Finance Director develop a proposed budget, after which the Agency Director publishes two notices of Budget Committee meetings. No less than five days, or more than thirty days after the notices are published, the Budget Committee (consisting of the Agency Board and an equal number of citizens of the City of La Pine) meets to consider the proposed budget. The Budget Message is delivered, explaining the proposed budget and any significant changes in the Agency's financial position.

The Budget Committee conducts public meetings for the purpose of obtaining citizens' comments, deliberates on, and subsequently approves the proposed budget, which includes any additions or deletions from the one presented by the Agency Director originally. The Budget Committee then submits the approved budget to the Agency Board for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the board without returning to the Budget Committee for a second approval. After the board adopts the budget and certifies the total of ad valorem taxes to be levied, as approved by the budget committee, no additional tax levy may be made for that fiscal year.

LA PINE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Pine)
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2017

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT):

Budgetary Information (Cont.)

The Agency Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is the object group level (i.e. personal services, materials and services, capital outlay, and other expenditures). Appropriations lapse at the end of the year.

The Agency Board may change the budget throughout the year by resolution and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the board. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year.

3. CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Note 1.E.

The Agency follows the practice of aggregating the City of La Pine's cash assets to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note 1.E.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the Agency's deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk.

As of June 30, 2017, the reported amount of the Agency's deposits was \$52,361 and the bank balance was \$52,361. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

Investments - Oregon statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The Agency has no credit risk policy or investment policy that would further limit its investment choices.

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations.

At June 30, 2017, the Agency had no investments in any financial institutions.

LA PINE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Pine)
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2017

4. 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; and natural disasters for which the Agency carries commercial insurance. There has been no significant reduction in insurance coverage from the prior years and the Agency has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years. The Agency's insurance is provided in combination with the City of La Pine.

REQUIRED
SUPPLEMENTARY
INFORMATION

LA PINE URBAN RENEWAL AGENCY

(A Component Unit of the City of La Pine)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

GENERAL FUND

For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Property Taxes - Prior	\$ 23,500	\$ 23,500	\$ 35,200	\$ 11,700
Property Taxes - Current	-	-	205	205
Total Revenues	23,500	23,500	35,405	11,905
<u>EXPENDITURES:</u>				
Materials and Services	7,500	7,500	5,584	(1,916)
Total Expenditures	7,500	7,500	5,584	(1,916)
Excess (Deficiency) of Revenues Over Expenditures	16,000	16,000	29,821	13,821
Fund Balance - July 1, 2016	22,750	22,750	22,764	14
Fund Balance - June 30, 2017	\$ 38,750	\$ 38,750	\$ 52,585	\$ 13,835

ACCOMPANYING
INFORMATION

LA PINE URBAN RENEWAL AGENCY
(Component Unit of the City of La Pine)
INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

As of June 30, 2017

To the Governing Body of the La Pine Urban Renewal Agency
La Pine, Oregon

I have audited the basic financial statements of the La Pine Urban Renewal Agency (Agency) as of and for the year ended June 30, 2017, and have issued my report thereon dated October 4, 2017. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent I considered necessary to address the required comments and disclosures which included, but were not limited to the following:

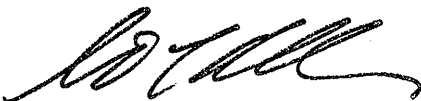
- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with my testing nothing came to my 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 my audit, I considered the Agency's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Agency internal control over financial reporting.

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



Steve Tuchscherer, CPA, PC
Roseburg, Oregon
October 4, 2017