

**LA PINE URBAN RENEWAL AGENCY**

**(A Component Unit of the City of La Pine)**

**LA PINE, OREGON**



**L A P I N E**

**O R E G O N**

**ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2019**

# **LA PINE URBAN RENEWAL AGENCY**

PO Box 2460  
La Pine, Oregon 97739  
(541) 536-1432

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## **AGENCY OFFICIALS**

|   |                   |
|---|-------------------|
| DON GREINER<br>PO Box 2460, La Pine, OR 97739         | Council President |
| VICKI RUSSELL<br>PO Box 2460, La Pine, OR 97739       | Chair             |
| MICHAEL HARPER<br>PO Box 2460, La Pine, OR 97739      | Vice Chair        |
| ANN GAWITH<br>PO Box 2460, La Pine, OR 97739          | Member            |
| ANDREA HINE<br>PO Box 2460, La Pine, OR 97739         | Member            |
| JEAN SPETTER SUTTON<br>PO Box 2460, La Pine, OR 97739 | Member            |
| DANIEL RICHER<br>PO Box 2460, La Pine, OR 97739       | Mayor             |

## **CITY ADMINISTRATION**

|  |                 |
|--|-----------------|
| BRENDA BARTLETT, SGA CPA & CONSULTANTS<br>499 SW Upper Terrace Drive, Bend, OR 97702 | Finance Manager |
| MELISSA BETHEL<br>PO Box 2460, La Pine, OR 97739                                     | City Manager    |

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

**June 30, 2019**

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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, 2019, 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 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**

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. Those standards require that I 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, 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 my 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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 the management's discussion and analysis and budgetary comparison information on pages 2 - 6 and 19 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 November 21, 2019, 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 Tuhscherer, CPA  
November 21, 2019

**MANAGEMENT'S**  
**DISCUSSION**  
**AND ANALYSIS**

**LA PINE URBAN RENEWAL AGENCY**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2019**  
**Unaudited**

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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, 2019. 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**

- 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 \$208,474 as of June 30, 2019, an increase of \$102,397 over the prior year net position. This increase is the result of the City's overall plan to build a reserve in the agency to fund future urban renewal projects.
- Property tax collections were \$108,772 during the fiscal year an increase of \$45,035 over prior year property taxes.
- As of the end of the fiscal year, total governmental funds had an ending fund balance of \$206,970, an increase of \$101,840 due to property tax collections and limited spending.

**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, 2019**  
**Unaudited**

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**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, 2019**  
**Unaudited**

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**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 increase in net position is due to higher collections of property taxes within the urban renewal district boundaries. The entirety of net position is legally restricted for future Urban Renewal projects.

**Table 1**

**STATEMENT OF NET POSITION**

|                          | Governmental<br>Activities | Governmental<br>Activities |
|--------------------------|----------------------------|----------------------------|
|                          | 2019                       | 2018                       |
| <b>Assets:</b>           |                            |                            |
| Current and other assets | \$ 208,694                 | \$ 106,077                 |
| <b>Liabilities:</b>      |                            |                            |
| Accounts payable         | 220                        |                            |
| <b>Net Position:</b>     |                            |                            |
| Restricted               | \$ 208,474                 | \$ 106,077                 |

*Change in Net Position*

**Table 2**

**CHANGE IN NET POSITION**

|                                   | Governmental<br>Activities | Governmental<br>Activities |
|-----------------------------------|----------------------------|----------------------------|
|                                   | 2019                       | 2018                       |
| <b>Revenue:</b>                   |                            |                            |
| Property taxes                    | \$ 108,772                 | \$ 63,737                  |
| <b>Total Revenues</b>             | 108,772                    | 63,737                     |
| <b>Expenses:</b>                  |                            |                            |
| Urban renewal                     | 6,375                      | 10,742                     |
| <b>Total Expenses</b>             | 6,375                      | 10,742                     |
| <b>Change in Net Position</b>     | 102,397                    | 52,995                     |
| Net position - beginning of year  | 106,077                    | 53,082                     |
| <b>Net position - end of year</b> | \$ 208,474                 | \$ 106,077                 |

**LA PINE URBAN RENEWAL AGENCY**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2019**  
**Unaudited**

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**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 future urban renewal projects.

Table 3 shows the governmental fund balance for the years ending June 30, 2019 and 2018.

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

| <b>Fiscal Year 2018-2019</b> | <b>General<br/>Fund</b> |
|------------------------------|-------------------------|
| Total revenues               | \$ 108,215              |
| Total expenditures           | 6,375                   |
| Net change in fund balance   | 101,840                 |
| <br>                         |                         |
| Fund balance - beginning     | 105,130                 |
| Fund balance - ending        | \$ 206,970              |

| <b>Fiscal Year 2017-2018</b> | <b>General<br/>Fund</b> |
|------------------------------|-------------------------|
| Total revenues               | \$ 63,288               |
| Total expenditures           | 10,743                  |
| Net change in fund balance   | 52,545                  |
| <br>                         |                         |
| Fund balance - beginning     | 52,585                  |
| Fund balance - ending        | \$ 105,130              |

**LA PINE URBAN RENEWAL AGENCY**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2019**  
**Unaudited**

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**ANALYSIS OF BUDGETARY VARIATIONS**

The general fund budgetary comparisons can be found in the Required Supplementary Information section starting on page 17. Expenditures were under budget by \$141,210 for the fiscal year ended June 30, 2019.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Economic Factors considered for the next fiscal year (2019-20) include:

- Since its inception in 2014, the Urban Renewal District has spent its revenues for only the required annual audit and supporting the Sustainable City Year Program. Most of the funds are set aside to allow the fund balance to grow 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](http://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, 2019**

|                                  | <b>Governmental<br/>Activities</b> |
|----------------------------------|------------------------------------|
| <b><u>ASSETS:</u></b>            |                                    |
| Current Assets:                  |                                    |
| Cash and Investments             | \$ 206,495                         |
| Property Taxes Receivable        | 2,199                              |
| <b>Total Assets</b>              | <b>208,694</b>                     |
| <b><u>LIABILITIES:</u></b>       |                                    |
| Current Liabilities:             |                                    |
| Accounts Payable                 | \$ 220                             |
| <b>Total Current Liabilities</b> | <b>220</b>                         |
| <b>Total Liabilities</b>         | <b>\$ 220</b>                      |
| <b><u>NET POSITION:</u></b>      |                                    |
| Restricted for:                  |                                    |
| Urban Renewal Projects           | 208,475                            |
| <b>Total Net Position</b>        | <b>\$ 208,475</b>                  |

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, 2019

| <u>Functions / Programs</u>            | <u>(Expenses)</u> | <u>Program Revenues</u>             |   | <u>Net<br/>(Expense)<br/>Revenue<br/>and<br/>Change in<br/>Net Position</u> |
|--|-------------------|-------------------------------------|---|---|
|  |                   | <u>Charges<br/>for<br/>Services</u> | <u>Operating<br/>Grants<br/>and<br/>Contributions</u> |   |
| <b><u>GOVERNMENTAL ACTIVITIES:</u></b> |                   |                                     |   |   |
| General Government                     | \$ 6,375          | \$ -                                | \$ -  | \$ (6,375)  |
| <b>Total Governmental Activities</b>   | <b>\$ 6,375</b>   | <b>\$ -</b>                         | <b>\$ -</b>   | <b>\$ (6,375)</b>   |

### **GENERAL REVENUES:**

Taxes

Property Taxes, Levied for Debt Service 108,773

Subtotal - General Revenues 108,773

Change in Net Position 102,398

Net Position, July 1, 2018 106,077

**Net Position, June 30, 2019** \$ 208,475

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, 2019**

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|  | <b><u>Urban Renewal<br/>General Fund</u></b> |
|--|--|
| <b><u>ASSETS:</u></b>  |  |
| Cash and Investments   | \$ 206,495                                   |
| Property Taxes Receivable  | <u>2,199</u>                                 |
| <b>Total Assets</b>  | <b><u>\$ 208,694</u></b>                     |
| <br><b><u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b> |  |
| Liabilities:   |  |
| Accounts Payable   | \$ 220                                       |
| <b>Total Liabilities</b>   | <b><u>220</u></b>                            |
| <br><b>Deferred Inflows of Resources:</b>                          |  |
| Deferred Property Tax Revenue                                      | <u>1,504</u>                                 |
| <b>Total Deferred Inflows of Resources</b>                         | <b><u>1,504</u></b>                          |
| <br><b>Fund Balances:</b>  |  |
| Restricted for:  |  |
| Urban Renewal Projects   | <u>206,970</u>                               |
| <b>Total Fund Balances</b>   | <b><u>206,970</u></b>                        |
| <b>Total Deferred Inflows of Resources<br/>&amp; Fund Balances</b> | <b><u>\$ 208,694</u></b>                     |

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)**

**RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

**June 30, 2019**

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**Total Fund Balances - Governmental Funds** **\$ 206,970**

**Amounts reported for governmental activities in the  
Statement of Net Position are different because:**

Property taxes receivables not collected within 60 days of the  
current period ending date are deferred in the governmental funds. 1,504

**Net Position of Governmental Activities** **\$ 208,474**

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, 2019**

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|                                     | <b><u>Urban Renewal<br/>General Fund</u></b> |
|-------------------------------------|--|
| <b><u>REVENUES:</u></b>             |  |
| Taxes and Assessments               | \$ 108,215                                   |
| <b>Total Revenues</b>               | <u>108,215</u>                               |
| <b><u>EXPENDITURES:</u></b>         |  |
| Current Operating:                  |  |
| General Government                  | 6,375  |
| <b>Total Expenditures</b>           | <u>6,375</u>                                 |
| Net Change in Fund Balance          | 101,840                                      |
| Fund Balance - July 1, 2018         | <u>105,130</u>                               |
| <b>Fund Balance - June 30, 2019</b> | <b><u><u>\$ 206,970</u></u></b>              |

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)**

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

**For The Fiscal Year Ended June 30, 2019**

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**Net changes in fund balances - total governmental funds** **\$ 101,840**

**Amounts reported for governmental activities in the Statement  
of Activities are different because:**

Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue.

However, these funds are recorded as revenue in the Statement of Activities.

The changes in amounts deferred are as follows:

Property Taxes 558

**Changes in net position of governmental activities** **\$ 102,398**

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, 2019**

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**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.

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

**June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):**

**B. Basis of Presentation (Cont.)**

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. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

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. Expenditures are recorded when the related fund liability is incurred. 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.

Similar to the way revenues are recorded, governmental funds only record those expenditures that affect current financial resources.

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.

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.

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

**June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):**

**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.

**F. Receivables**

Receivables are recognized for property taxes. 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.

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

**June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):**

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, 2019.
- 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 various urban renewal 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, 2019.
- 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.



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

**June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):**

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.

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.

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

**June 30, 2019**

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**3. CASH AND INVESTMENTS:**

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

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.

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, 2019, the reported amount of the Agency's deposits was \$206,495 and the bank balance was \$206,495. Of the bank balance, the entire amount was covered by federal depository insurance.

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, 2019, the Agency had no investments in any financial institutions.

**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)

## GENERAL FUND

For the Fiscal Year Ended June 30, 2019

|  | Budgeted Amounts |                  | Actual<br>Amounts<br>(Budgetary Basis) | Variance<br>with<br>Final Budget |
|--|------------------|------------------|--|----------------------------------|
|  | Original         | Final            | (See Note 1)                           | Over<br>(Under)                  |
| <b><u>REVENUES:</u></b>                              |                  |                  |  |                                  |
| Property Taxes - Prior                               | \$ 80,000        | \$ 80,000        | \$ 107,932                             | \$ 27,932                        |
| Property Taxes - Current                             | -                | -                | 283                                    | 283                              |
| <b>Total Revenues</b>                                | <b>80,000</b>    | <b>80,000</b>    | <b>108,215</b>                         | <b>28,215</b>                    |
| <b><u>EXPENDITURES:</u></b>                          |                  |                  |  |                                  |
| Materials and Services                               | 127,585          | 127,585          | 6,375                                  | (121,210)                        |
| Contingency  | 20,000           | 20,000           | -                                      | (20,000)                         |
| <b>Total Expenditures</b>                            | <b>147,585</b>   | <b>147,585</b>   | <b>6,375</b>                           | <b>(141,210)</b>                 |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (67,585)         | (67,585)         | 101,840                                | 169,425                          |
| Fund Balance - July 1, 2018                          | 104,585          | 104,585          | 105,130                                | 545                              |
| <b>Fund Balance - June 30, 2019</b>                  | <b>\$ 37,000</b> | <b>\$ 37,000</b> | <b>\$ 206,970</b>                      | <b>\$ 169,970</b>                |

**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, 2019**

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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, 2019, I have issued my report thereon dated November 21, 2019. 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  
Umpqua Valley Financial  
Roseburg, Oregon  
November 21, 2019