

URBAN RENEWAL AGENCY OF CITY OF ROSEBURG, OREGON



Sunshine Park

A COMPONENT UNIT OF THE CITY OF
ROSEBURG, OREGON ANNUAL
FINANCIAL REPORT

**URBAN RENEWAL AGENCY
OF THE CITY OF ROSEBURG
A Component Unit of the City of Roseburg, Oregon**

Annual Financial Report

For the Fiscal Year Ended June 30, 2021

Prepared by the Finance Department
of the City of Roseburg

**URBAN RENEWAL AGENCY
OF THE CITY OF ROSEBURG**
A component unit of the City of Roseburg, Oregon

**Annual Financial Report
For The Fiscal Year Ended June 30, 2021**

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INTRODUCTORY SECTION

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG

A component unit of the City of Roseburg, Oregon

June 30, 2021

ELECTED OFFICIALS

| <u>Name</u> | <u>Position</u> | <u>Term Expires</u> |
|------------------------|------------------------|----------------------------|
| Larry Rich | Mayor | December 31, 2022 |
| Sheri Moothart | Councilor, Ward I | December 31, 2024 |
| Alison Eggers | Councilor, Ward I | December 31, 2022 |
| Andrea Zielinski | Councilor, Ward II | December 31, 2024 |
| Shelley Briggs Loosley | Councilor, Ward II | December 31, 2022 |
| Brian Prawitz | Councilor, Ward III | December 31, 2024 |
| Bob Cotterell | Councilor, Ward III | December 31, 2022 |
| Beverly Cole | Councilor, Ward IV | December 31, 2022 |
| Patrice Sipos | Councilor, Ward IV | December 31, 2024 |

APPOINTED OFFICIALS

| <u>Name</u> | <u>Position</u> |
|----------------------|--------------------------------|
| Nicole A. Messenger | City Manager |
| Stuart I. Cowie | Community Development Director |
| Brice W. Perkins | Public Works Director |
| Monte J. Bryan | Fire Chief |
| Amy Sowa | City Recorder |
| John D. VanWinkle | Human Resources Director |
| D. Ron Harker | Finance Director |
| W. Jason Mahan | Municipal Judge |
| Gary L. Klopfenstein | Police Chief |
| Kris Wiley | Library Director |

**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council Members
City of Roseburg Urban Renewal Agency
Roseburg, OR 97470

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the ROSEBURG URBAN RENEWAL AGENCY and as of and for the year ended June 30, 2021, 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

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

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

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

**Roseburg Urban Renewal Agency
Independent Auditor's Report**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the ROSEBURG URBAN RENEWAL AGENCY (a component unit of the City of Roseburg, Oregon) as of June 30, 2021, and the respective changes in financial position, the respective budgetary comparison for the General Fund for the year 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 information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ROSEBURG URBAN RENEWAL AGENCY's basic financial statements. The accompanying supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The "budgeting comparisons" in the supplementary information section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The "other financial schedules" in the supplemental information has not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Roseburg Urban Renewal Agency
Independent Auditor's Report**

Other Reporting Required by Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 10, 2021, on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Neuner Davidson & Co.



By:

Jeffrey R. Cooley, CPA
Roseburg, Oregon
December 10, 2021

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A Component Unit of the City of Roseburg, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

The management of the Urban Renewal Agency of the City of Roseburg, Oregon (Agency) presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the Agency for the fiscal year ended June 30, 2021. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

FINANCIAL HIGHLIGHTS

- The Agency's total assets exceeded its liabilities at June 30, 2021 by \$706,348.
- The Agency's total net position increased \$422,002 over the prior year.
- The Agency's governmental funds reported a combined ending fund balance of \$684,717, an increase of \$410,027 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the Agency's basic financial statements. The agency-wide statements include the Statement of Net Assets and the Statement of Activities.

This report also contains supplementary information in addition to the basic financial statements themselves.

Statement of Net Position. The *Statement of Net Position* presents information on all of the assets and liabilities of the Agency at year-end. Net position is what remains after the liabilities have been recognized.

Statement of Activities. The *Statement of Activities* presents information showing how the net assets of the Agency changed over the year by tracking revenues, expenditures and other transactions that increase or reduce net assets.

Fund Statements. The fund financial statement section follows the agency-wide statements. The *fund financial statements* provide more detailed information about the Agency's funds. The Agency presents each of its two Governmental funds as major funds.

The Agency adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for each individual fund. Although the Debt Service Fund and the Capital Projects Fund are not required supplementary information, staff has determined inclusion is relevant to the overall presentation of the Agency's financial statements.

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

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A Component Unit of the City of Roseburg, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Agency's goal is to eliminate blight and improve economic viability of the Urban Renewal District. The Agency's assets consist of cash, investments, and receivables.

Liabilities consist of accounts payable. The Agency had no debt. Management is reviewing Agency debt issuance options at this time. Bonds or other instruments will be issued to provide financing and refinancing for authorized redevelopment projects consistent with accomplishing the objectives of the Agency and in concurrence with the remaining duration of the Agency.

Statement of Net Position
June 30, 2021 and 2020
(In dollars)

| | Governmental Activities | |
|--------------------------|-------------------------|------------|
| | 2021 | 2020 |
| Current and other assets | \$ 706,348 | \$ 284,346 |
| Total assets | 706,348 | 284,346 |
| Current liabilities | - | - |
| Total liabilities | - | - |
| Net position: | 706,348 | 284,346 |
| Unrestricted | 706,348 | 284,346 |
| Total net position | \$ 706,348 | \$ 284,346 |

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A Component Unit of the City of Roseburg, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Statement of Activities
For Fiscal Year Ending June 30, 2021 and 2020
(in dollars)

| | Governmental Activities | |
|-------------------------------------|-------------------------|-------------|
| | 2021 | 2020 |
| Revenues | | |
| Program revenues: | \$ 210,730 | \$ 81,830 |
| Total Program revenues | 210,730 | 81,830 |
| | | |
| General revenues: | | |
| Property taxes | 408,721 | (25,468) |
| Interest | 3,091 | 7,552 |
| Total general revenues | 411,812 | (17,916) |
| | | |
| Total revenues | 622,542 | 63,914 |
| | | |
| Expenses | | |
| Public works | 200,540 | 265,148 |
| Capital outlay | - | 920,354 |
| Total expenses | 200,540 | 1,185,502 |
| | | |
| Increase (decrease) in net position | 422,002 | (1,121,588) |
| | | |
| Net position, July 1 | 284,346 | 1,405,934 |
| Net position, June 30 | \$ 706,348 | \$ 284,346 |

The increase in net position for the year ended June 30, 2021 is attributed to the additional property taxes received and the lack of capital expenditures.

The key elements of the change in the Agency's Statement of Activities for the year ended June 30, 2021 are as follows:

- Property Taxes increased by \$434,189 from the prior year. Assessed valuations are constitutionally permitted to increase by 3 percent annually, the remaining 20.8 percent is a result of increased construction within the Urban Renewal District.
- Capital expenditures decreased by \$920,354 from the prior year as there weren't any capital projects undertaken.

Financial Analysis of the Agency's Funds

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A Component Unit of the City of Roseburg, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Agency's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the Agency's financing requirements.

At June 30, 2021, the Agency's governmental funds reported combined ending fund balances of \$684,717, all of which is committed for capital projects.

General Fund. The General Fund is the chief operating fund of the Agency. As of June 30, 2021, the ending fund balance was \$318,370, an increase of \$198,486 from the previous year. Property tax revenues of \$396,746 increased \$76,253 over the prior year due to increased construction and the annual constitutionally mandated increase to assessed values.

Capital Projects Diamond Lake Fund. The Capital Projects Diamond Lake Fund had an ending fund balance of \$366,347, an increase of \$211,541 over the prior year. This is the second year of the newly formed Diamond Lake Urban Renewal District. Funds transferred in remain available to complete construction projects in the future.

General Fund Budgetary Highlights

Resources in 2020-2021 were \$398,486; above budget by \$43,386. The increase was due primarily to property tax revenue coming in above projections by \$44,646.

DEBT ADMINISTRATION

At the end of the current fiscal year, the Agency had no bonded debt outstanding.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the Agency's finances and to demonstrate the Agency's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Agency's Finance Office at 900 SE Douglas, Roseburg, Oregon 97470.

**BASIC
FINANCIAL
STATEMENTS**

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG

A component Unit of the City of Roseburg, Oregon

Statement of Net Position

June 30, 2021

| | |
|--|-------------------|
| ASSETS | |
| Cash and investments | \$ 681,579 |
| Receivables (net of allowances for uncollectibles) | <u>24,769</u> |
| Total assets | <u>706,348</u> |
| LIABILITIES | |
| Accounts payable | <u>-</u> |
| Total liabilities | <u>-</u> |
| NET POSITION | |
| Unrestricted | <u>706,348</u> |
| Total net position | <u>\$ 706,348</u> |

See notes to the basic financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG

A component Unit of the City of Roseburg, Oregon

Statement of Activities

For the year ended June 30, 2021

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Capital Grants and Contributions</u> | <u>Total</u> |
|---|-----------------|---|-------------------|
| Governmental activities: | | | |
| Public works | \$ 200,540 | \$ 210,730 | \$ 10,190 |
| Total government | <u>200,540</u> | <u>210,730</u> | <u>10,190</u> |
| General revenues: | | | |
| Taxes | | | |
| Property taxes, levied for debt service | | | \$ 408,721 |
| Interest and investment earnings | | | 3,091 |
| Total general revenues | | | <u>411,812</u> |
| Change in net position | | | 422,002 |
| Net position--beginning | | | <u>284,346</u> |
| Net position--ending | | | <u>\$ 706,348</u> |

See notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

Accounts for all resources traditionally associated with governments that are not required to be accounted for in another Urban Renewal Agency Fund.

Capital Projects Fund Diamond Lake

Accounts for acquisition, construction and improvements within the Diamond Lake urban renewal district that are financed from issuance of debt and interest earnings.

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A component Unit of the City of Roseburg, Oregon
Governmental Funds
Balance Sheet
June 30, 2021

| | <u>General</u> | <u>Capital Project Diamond Lk</u> | <u>Total Governmental</u> |
|--------------------------------------|-------------------|---|-------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 315,232 | \$ 366,347 | \$ 681,579 |
| Property taxes receivable | 24,769 | - | 24,769 |
| Total assets | <u>\$ 340,001</u> | <u>\$ 366,347</u> | <u>\$ 706,348</u> |
| LIABILITIES | | | |
| Accounts payable | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue-property taxes | 21,631 | - | 21,631 |
| Total deferred inflows of resources | <u>21,631</u> | <u>-</u> | <u>21,631</u> |
| FUND BALANCES | | | |
| Committed for capital projects | 318,370 | 366,347 | 684,717 |
| Total fund balances | <u>318,370</u> | <u>366,347</u> | <u>684,717</u> |
| Total liabilities and fund balances | <u>\$ 340,001</u> | <u>\$ 366,347</u> | <u>\$ 706,348</u> |

See notes to the basic financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A component Unit of the City of Roseburg, Oregon
Reconciliation of Governmental Funds
Balance Sheet to
Statement of Net Position
June 30, 2021

| | |
|--|------------|
| Total Fund balances-Governmental Funds | \$ 684,717 |
|--|------------|

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

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

| | |
|---------------------------------------|---------------|
| Property taxes earned but unavailable | <u>21,631</u> |
|---------------------------------------|---------------|

| | |
|---|--------------------------|
| Net position of governmental activities | <u><u>\$ 706,348</u></u> |
|---|--------------------------|

See notes to the basic financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A component Unit of the City of Roseburg, Oregon
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2021

| | <u>General</u> | <u>Capital Project Diamond Lk</u> | <u>Total Governmental</u> |
|--|-------------------|---|-------------------------------|
| REVENUES | | | |
| Taxes | \$ 396,746 | \$ - | \$ 396,746 |
| Intergovernmental | - | 210,730 | 210,730 |
| Investment revenue | 1,740 | 1,351 | 3,091 |
| Other revenues | - | - | - |
| Total revenues | <u>398,486</u> | <u>212,081</u> | <u>610,567</u> |
| EXPENDITURES | | | |
| Current operating: | | | |
| Public works | - | 200,540 | 200,540 |
| Capital outlay | - | - | - |
| Total expenditures | <u>-</u> | <u>200,540</u> | <u>200,540</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>398,486</u> | <u>11,541</u> | <u>410,027</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from line of credit | - | - | - |
| Transfers in | - | 200,000 | 200,000 |
| Transfers out | <u>(200,000)</u> | <u>-</u> | <u>(200,000)</u> |
| Total other financing sources (uses) | <u>(200,000)</u> | <u>200,000</u> | <u>-</u> |
| Net change in fund balance | 198,486 | 211,541 | 410,027 |
| Fund balances--beginning | <u>119,884</u> | <u>154,806</u> | <u>274,690</u> |
| Fund balances--ending | <u>\$ 318,370</u> | <u>\$ 366,347</u> | <u>\$ 684,717</u> |

See notes to the basic financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A component Unit of the City of Roseburg, Oregon
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the year ended June 30, 2021

| | | |
|---|----|---------|
| Net change in fund balances--total governmental funds | \$ | 410,027 |
|---|----|---------|

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

| | | |
|----------------|--|--------|
| Property taxes | | 11,975 |
|----------------|--|--------|

| | | |
|---|----|----------------|
| Change in Net Position of Governmental Activities | \$ | <u>422,002</u> |
|---|----|----------------|

See notes to the basic financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A component Unit of the City of Roseburg, Oregon
Urban Renewal General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2021

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With</u> |
|---|-------------------------|------------------|--|---|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> <u>Budgetary</u> <u>Basis</u> | <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
| REVENUES | | | | |
| Taxes | \$ 352,100 | \$ 352,100 | \$ 396,746 | \$ 44,646 |
| Investment revenue | 3,000 | 3,000 | 1,740 | (1,260) |
| Total revenues | <u>355,100</u> | <u>355,100</u> | <u>398,486</u> | <u>43,386</u> |
| EXPENDITURES | | | | |
| Materials and services | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenues over expenditures | <u>355,100</u> | <u>355,100</u> | <u>398,486</u> | <u>43,386</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | (200,000) | (200,000) | (200,000) | - |
| Reserved for Future Expenditures | (274,109) | (274,109) | - | 274,109 |
| Total other financing uses | <u>(474,109)</u> | <u>(474,109)</u> | <u>(200,000)</u> | <u>274,109</u> |
| Net change in fund balances | (119,009) | (119,009) | 198,486 | 317,495 |
| Fund balances--beginning | 119,009 | 119,009 | 119,884 | 875 |
| Fund balances--ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 318,370</u> | <u>\$ 318,370</u> |

See notes to the basic financial statements.

**NOTES TO
BASIC FINANCIAL STATEMENTS**

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A Component Unit of the City of Roseburg, Oregon
Notes to Basic Financial Statements

June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Urban Renewal Agency of the City of Roseburg 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.

REPORTING ENTITY

The Urban Renewal Agency of the City of Roseburg, Oregon was established on August 30, 1989. It is a blended component unit of the City of Roseburg, Oregon. The Agency may remain in effect for a period not more than twenty-five years from its effective date of adoption. A major plan amendment in 2005 extended the duration of the agency an additional five years. The establishment of a new urban renewal district (East / Diamond Lake Urban Renewal District) in 2018 extended the duration of the agency an additional thirty years.

The Agency is a legally separate entity, which is governed by a board comprised of the members of the City Council as stipulated by the Agency's bylaws. The City Manager is the Agency Director. The City Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding for the Agency. The Agency's general and capital project funds are reported as major governmental funds and the debt service fund as a nonmajor debt service fund within the City's financial statements.

BASIC FINANCIAL STATEMENTS

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 is 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.

Basis of Presentation

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

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A Component Unit of the City of Roseburg, Oregon
Notes to Basic Financial Statements

June 30, 2021

determination of major funds. The Agency has elected to report two funds as major funds in order to assist in compiling a complete and accurate picture of the financial position of the Agency.

The Agency reports the following major governmental funds:

- *General Fund*

Accounts for all resources traditionally associated with the urban renewal district that are not required to be accounted for in another fund.

- *Capital Projects Fund Diamond Lake*

Accounts for acquisition, construction and improvements within the Diamond Lake urban renewal district that are financed from the issuance of debt.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus.

The Government-wide Financial Statements are presented on a *full accrual* basis of accounting with an *economic resource* measurement focus. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Governmental Funds Financial Statements are presented on a *modified accrual* basis of accounting with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenues susceptible to accrual in this manner are property taxes and intergovernmental revenues received within the 60-day period following the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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 funds 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.

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A Component Unit of the City of Roseburg, Oregon
Notes to Basic Financial Statements

June 30, 2021

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, short-term investments with original or remaining maturities of three months or less when purchased, and cash and investments in the City of Roseburg's (primary government) investment pool. Investments, including equity in pooled cash and investments are stated at fair value.

Restricted Assets

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the Government-wide Statement of Net Position.

Receivables and Payables

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

In the fund financial statements, property taxes receivable that have been collected within 60 days of fiscal year-end are considered measurable and available and are recognized as revenue. The remaining balance is recorded as a deferred inflow of resources as it is deemed unavailable to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. In the government-wide financial statements, property taxes receivable are recognized as revenue when earned.

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Receivables in governmental funds are stated net of any allowance for uncollectibles.

Capital Assets

All capital assets which include property and infrastructure assets (e.g. roads, bridges, sidewalks, etc.) become City of Roseburg (primary government) capital assets and therefore are not reported on the Agency's Statement of Net Assets.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows* of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency does not currently have anything that qualifies for reporting in this category.

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June 30, 2021

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the Agency will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions

Sometimes the Agency will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance

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 - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed - amounts that can be used only for specific purposes determined by a formal action of the Agency Board. The Urban Renewal Agency Board, comprised of the members of the City Council, is the highest level of decision-making authority for the Agency. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Agency Board.
- Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. City Council reserves the right to designate administrative staff to assign fund balances. The Finance Director has been designated oversight of this classification.
- Unassigned - amounts that constitute the residual classification for the General Fund. This classification represents fund balance that is not otherwise reported as nonspendable,

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
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Notes to Basic Financial Statements

June 30, 2021

restricted, or committed within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

Fund balance by classification for the year ended June 30, 2021 is as follows:

| Fund Balances | General | Debt Service | Capital Project | Total Governmental |
|--------------------|-------------------|--------------|-------------------|-----------------------|
| Committed | | | | |
| Capital Projects | 318,370 | - | 366,347 | 684,717 |
| Total Fund Balance | <u>\$ 318,370</u> | <u>\$ -</u> | <u>\$ 366,347</u> | <u>\$ 684,717</u> |

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.

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 Manager (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 Roseburg) 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 as of the year-end.

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

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Notes to Basic Financial Statements

June 30, 2021

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.

Deficit Fund Equity

The Agency has no instances whereby any of its individual major governmental funds had a deficit in fund equity as of June 30, 2021.

2. DETAILED NOTES ON ALL FUNDS

POOLED DEPOSITS AND INVESTMENTS

The Agency maintains a cash management pool for its cash and cash equivalents in which each fund participates. Interest earnings on pooled funds are distributed monthly based on average daily balances.

Cash and investments at June 30, 2021 are comprised of the following:

| | Carrying Value | Fair Value |
|--------------------------------------|-------------------|---------------|
| Deposits with financial institutions | \$ 40,706 | \$ 40,706 |
| Investments | 640,873 | 640,873 |
| | \$ 681,579 | \$ 681,579 |

DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. The total bank balance per the bank statements is \$40,706. Of these deposits, \$8,719 was covered by federal depository insurance. The balance of \$31,987 is collateralized per the Oregon Public Funds Collateralization Program (PFCP) per Oregon Revised Statutes, Chapter 295 which requires public funds in excess of insurance limits to be held at qualified depositories. The City is in full compliance with ORS Chapter 295.

INVESTMENTS

The City has invested funds in the State Treasurer’s Oregon Short-Term Fund Local Government Investment Pool during fiscal year 2021. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer’s office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants’ equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, that adjusted fair value would not represent an expendable increase in the City’s cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 294. These funds are held in the City’s name and are not subject to collateralization requirements or ORS 295.015.

Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. As required by Oregon Revised Statutes, Chapter 295, deposits in excess of FDIC

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
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Notes to Basic Financial Statements

June 30, 2021

coverage are held at qualified depositories for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the City has no exposure to custodial credit risk for deposits with financial institutions.

State statutes authorize the City to invest in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's investment pool, among others. The City's investment policy does not further restrict its investment choices.

The State of Oregon Local Government Pool (Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company. Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2021 was unqualified.

The LGIP's portfolio concentration of credit risk at June 30, 2021 included: Commercial Paper, 7.47%; Agency Securities, 24.01%; Certificates of Deposits, 1.56%; Corporate Notes, 38.56%; Municipal Government Securities, 6.04%; foreign government, 6.31%; Asset-Backed Securities, 15.07%; Commingled Investment Pool, 0.83%; and cash in various banks, 0.15%. The credit risk associated with the investments was: AAA rating, 17.86%; AA rating, 16.57%; A rating, 29.81%; A-1+, 2.4%; A-1, 5.74%; BBB(1) rating, 8.99%; FDIC covered, 0.15%; and not rated, 16.83%. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value for the LGIP entire portfolio.

Concentration of Credit Risk

100% of the Agency's investments are in the State of Oregon Local Government Pool.

As of June 30, 2021, the Agency had the following investments:

| INVESTMENT TYPE | Credit Risk | Maturities | % of Portfolio | Actual Amount |
|---|--------------------|-------------------|-----------------------|----------------------|
| Local Government Investment Pool | See Above | Avg 6-18 months | 100% | \$ 640,873 |
| Cash on Hand, Checking | | | | <u>40,706</u> |
| Total Cash and Investments, June 30, 2021 | | | | <u>\$ 681,579</u> |

Interest Rate Risk

The City of Roseburg's (the primary government) investment policy states that investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs and timed to comply with the following short-term investment guidelines. All funds will be considered short-term and limited to maturities not exceeding 18 months, except those reserved for capital projects which will be limited to maturities not exceeding 3 years.

Using the segmented time distribution method, investment maturities as of June 30, 2021 are as follows:

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A Component Unit of the City of Roseburg, Oregon
Notes to Basic Financial Statements

June 30, 2021

| | <u>Less than 6 Months</u> | <u>6-12 Months</u> | <u>12-18 Months</u> | <u>Total</u> |
|----------------------------------|---------------------------|--------------------|---------------------|-------------------|
| Local Government Investment Pool | \$ 640,873 | \$ - | \$ - | \$ 640,873 |
| | <u>\$ 640,873</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 640,873</u> |

Receivables

Total receivables as of June 30, 2021 were \$24,769. Property taxes of \$24,769 in the General Fund comprise 100 percent of the total receivables as of year-end for the Agency’s individual, major governmental funds.

LONG-TERM OBLIGATIONS

Currently the Urban Renewal agency has no long-term obligations.

Tax Increment Bonds

Currently the Urban Renewal agency has no tax increment bonds outstanding.

Full Faith and Credit Obligations

Currently the Urban Renewal agency has no full faith and credit obligations.

3. OTHER INFORMATION

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 City of Roseburg (the primary government) carries commercial insurance. Settled claims relating to these exposures have not exceeded insurance coverage’s in any of the past three years.

COMMITMENTS AND CONTINGENT LIABILITIES

The Agency has commitments under various contracts entered into during the normal course of its operations that were not material.

The Agency is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon the Agency’s financial position or results of operations.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 10, 2021, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION SECTION

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

Diamond Lake Capital Projects Fund

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures, and changes in fund balances, budget, and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement # 34 the Agency's General Fund is presented in the basic financial statements. All other fund budgetary comparisons are displayed in the following pages as other supplementary information

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A component Unit of the City of Roseburg, Oregon
Urban Renewal Diamond Lake Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2021

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|-------------------------|------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 160,000 | \$ 160,000 | \$ 210,730 | \$ 50,730 |
| Investment revenue | - | - | 1,351 | 1,351 |
| Total revenues | <u>160,000</u> | <u>160,000</u> | <u>212,081</u> | <u>52,081</u> |
| EXPENDITURES | | | | |
| Materials and services | 204,517 | 204,517 | 200,540 | 3,977 |
| Capital outlay | 100,000 | 100,000 | - | 100,000 |
| Total expenditures | <u>304,517</u> | <u>304,517</u> | <u>200,540</u> | <u>103,977</u> |
| Excess of revenues over expenditures | <u>(144,517)</u> | <u>(144,517)</u> | <u>11,541</u> | <u>156,058</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 200,000 | 200,000 | 200,000 | - |
| Reserved for future expenditures | (208,690) | (208,690) | - | 208,690 |
| Total other financing sources | <u>(8,690)</u> | <u>(8,690)</u> | <u>200,000</u> | <u>208,690</u> |
| Net change in fund balances | (153,207) | (153,207) | 211,541 | 364,748 |
| Fund balances--beginning | <u>153,207</u> | <u>153,207</u> | <u>154,806</u> | <u>1,599</u> |
| Fund balances--ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 366,347</u> | <u>\$ 366,347</u> |

**OTHER
FINANCIAL SCHEDULES**

URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG
A Component Unit of the City of Roseburg, Oregon
Schedule of Property Tax Transactions and Outstanding Balances
For the year ended June 30, 2021

| <u>Tax Year</u> | <u>Property Taxes Receivable June 30, 2020</u> | <u>Levy as Extended by Assessor</u> | <u>Discounts And Adjustments</u> | <u>Cash Collections</u> | <u>Property Taxes Receivable June 30, 2021</u> |
|-----------------|--|-------------------------------------|----------------------------------|-------------------------|--|
| 2020-21 | \$ - | \$ 416,401 | \$ (15,994) | \$ 388,108 | \$ 12,299 |
| 2019-20 | 12,571 | | 5,481 | 5,583 | 12,469 |
| | <u>\$ 12,571</u> | <u>\$ 416,401</u> | <u>\$ (10,513)</u> | <u>\$ 393,691</u> | <u>\$ 24,768</u> |

| | |
|---|-------------------|
| Cash Collections per above | 393,691 |
| Add Land Sales | 2,953 |
| Add Interest | <u>102</u> |
| Total taxes as reported in Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances | <u>\$ 396,746</u> |

AUDIT COMMENTS



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATION

The Honorable Mayor and City Council Members
City of Roseburg Urban Renewal Agency
900 SE Douglas Ave
Roseburg, OR 97470

We have audited the financial statements of the Roseburg Urban Renewal Agency for the year ended June 30, 2021 and have issued our report thereon dated December 10, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

COMPLIANCE

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

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- 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 our testing, nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Municipal Corporations, with the following exceptions:

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting

RESTRICTIONS ON USE

This report is intended solely for the information and use of the management and the council members 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 specified parties.

Neuner Davidson & Co.



By: _____
Jeffrey R. Cooley
Roseburg, Oregon
December 10, 2021