

**URBAN RENEWAL AGENCY OF THE CITY OF BANDON
(A Component Unit of the City of Bandon)**

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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(A Component Unit of the City of Bandon)

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For the Fiscal Year Ended June 30, 2009

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AGENCY OFFICIALS

URBAN RENEWAL AGENCY OF THE CITY OF BANDON
(A Component Unit of the City of Bandon)

AGENCY OFFICIALS
June 30, 2009

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Juana Bell, Finance Director

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Urban Renewal Agency of the City of Bandon
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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

December 2, 2009

To the Governing Body of the
Urban Renewal Agency of the City of Bandon:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Agency of the City of Bandon, a component unit of the City of Bandon, Oregon, as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Urban Renewal Agency of the City of Bandon's management. Our responsibility is to express opinions on these financial statements based on our audit.

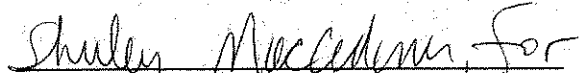
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Urban Renewal Agency of the City of Bandon as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and budgeting comparison information for the major funds as shown in the table of contents is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009, on our consideration of the Urban Renewal Agency of the City of Bandon's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urban Renewal Agency of the City of Bandon's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Hough MacAdam & Wartnik, LLC
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS
URBAN RENEWAL AGENCY OF CITY OF BANDON, OREGON
June 30, 2009

The management of the Urban Renewal Agency of the City of Bandon, Oregon (agency) presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. This Management's Discussion and Analysis is intended to be an easily readable analysis of the agency's financial activities based on currently known facts, decisions and conditions. It focuses on current year activities and should be read in conjunction with the financial statements that follow. The report consists of agency-wide statements, fund financial statements, notes to the basic financial statements, and supplementary information.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the agency's basic financial statements. The agency's basic financial statements include three components: (1) agency-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The focus is on both the agency as a whole (agency-wide) and the major individual funds. The dual perspectives allow the reader to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the agency's accountability.

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

The *Statement of Net Assets* presents information on all of the agency's assets and liabilities, with the difference between the two reported as net assets (or deficit net assets if liabilities exceed assets). Over time, increases or decreases in net assets 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 agency's net assets changed during the most recent fiscal year. All changes in net assets 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 expenditures are reported in this statement for some items that will result in cash flows in a future fiscal period (e.g., uncollected property taxes). The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type activities). This is intended to summarize and simplify the reader's analysis of the revenues and costs of various agency activities and the degree to which activities are subsidized by general revenues.

Both of the agency-wide financial statements distinguish functions of the agency that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the agency include debt service and various urban renewal projects. The agency has no business-type activities.

The agency-wide financial statements include the Urban Renewal District No. 1 and the Urban Renewal District No. 2.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the agency are considered governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the agency-wide financial statements. However, unlike the agency-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the agency-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the agency's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The agency maintains two individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the two 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 the two governmental funds as supplementary information. The governmental fund financial statements can be found in the basic financial statements.

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

Other required information. In addition to this discussion and analysis, this report also presents required supplementary information concerning budgetary comparison for the two funds of the agency.

Agency-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the Urban Renewal Agency, total liabilities exceeded total assets by \$38,162 (reported as *deficit net assets*). This deficit is primarily due to the Urban Renewal Agency incurring debt for the Fillmore Avenue Project. The Urban Renewal Agency and the City of Bandon agreed that the City of Bandon would receive a loan from the Oregon Economic and Community Development Department and the Urban Renewal Agency would make the payments on the loan.

The *Statement of Net Assets* provides a focus on the assets and liabilities related to the Agency's governmental activities.

Urban Renewal Agency of the City of Bandon Net Assets

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2009</u>
Current and other assets	<u>\$ 1,083,630</u>	<u>\$ 1,291,945</u>
Total Assets	<u>\$ 1,083,630</u>	<u>\$ 1,291,945</u>
Long-term liabilities outstanding	\$ 1,324,236	\$ 1,313,147
Other liabilities	<u>17,849</u>	<u>16,960</u>
Total liabilities	<u>1,342,085</u>	<u>1,330,107</u>
Net assets:		
Unrestricted (Deficit) net assets	<u>(258,455)</u>	<u>(38,162)</u>
Total net assets (deficit)	<u>\$ (258,455)</u>	<u>\$ (38,162)</u>

Current year revenues exceeded current year expenditures by \$220,293 (see the following schedule of the Agency's Changes in Net Assets). This resulted in a decrease in the prior year's deficit net assets balance of (\$258,455), bringing down the total deficit net assets for 2009 to (\$38,162). This deficit means that if the Urban Renewal Agency had to pay its obligations now rather than over the long-term loan schedule currently in effect, the agency would not have sufficient funds available to do so.

The *Statement of Activities* focuses on the program costs and their matching resources. To the extent a program's costs are not recovered by grants and direct charges, the costs are paid from general taxes and other resources.

Urban Renewal Agency of the City of Bandon's Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2009</u>
Revenues:		
General Revenues:		
Taxes	\$ 390,378	\$ 451,588
Payments in lieu of taxes	3,968	3,391
Unrestricted investment earnings	44,256	22,228
	<hr/>	<hr/>
Total revenues	438,602	477,207
	<hr/>	<hr/>
Expenses:		
General government	167,650	193,334
Interest expense	64,970	63,580
	<hr/>	<hr/>
Total expenses	232,620	256,914
	<hr/>	<hr/>
Increase (decrease) in net assets	205,982	220,293
Net assets, July 1	<u>(464,437)</u>	<u>(258,455)</u>
Net assets, June 30	<u>\$ (258,455)</u>	<u>\$ (38,162)</u>

The Agency's activities are governmental activities. The majority of support for governmental activities comes from taxes.

Financial Analysis of the Agency's Funds

As noted earlier, the agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund Financial Statements

Following the agency-wide financial statements is a section containing fund financial statements. The agency presents its two funds as major funds. For each fund, a Budgetary Comparison Statement is presented.

Budgetary Highlights

There were no changes made to the original budget for Urban Renewal District No. 2. However, a budget amendment was passed for Urban Renewal District No. 1 to transfer appropriations of \$175,000 from capital outlay to debt service in order to pay down the principal on an interfund loan. Actual revenues of the Urban Renewal District No. 1 were greater than budgeted by \$14,591. A higher than budgeted amount was received for current-year property taxes. Actual expenditures were less than budgeted by \$568,029 because less money was spent on capital projects than originally anticipated. Actual revenues for the Urban Renewal District No. 2 were greater than budgeted by \$561, primarily due to favorable current-year property tax collections. Expenditures were less than budgeted by \$112,815, since no new Urban Renewal District No. 2 capital projects were started during the year.

Capital Assets and Debt Administration

The Agency has no capital assets. The Agency has no bonded debt but does have loans from the City of Bandon for various projects during fiscal years 1992, 1993, 2003, 2004, and a new loan in 2009. In 2005, the agency assumed the debt for the Oregon Economic Development Department. In 2008, the agency assumed debt from the League of Oregon Cities. For more detailed information on the agency's debt, refer to the Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The combined fiscal year 2009-2010 Urban Renewal Budget for District No. 1 and District No. 2 is \$1,635,035. This budget is \$340,699 more than the fiscal year 2008-2009 budget of \$1,294,336. The difference is primarily attributable to a larger beginning balance resulting from the fact that revenues exceeded expenses in fiscal year 2008-2009 and due to increased assessed valuation within the Districts.

The Urban Renewal Budget for District No. 1 includes \$14,000 in materials and services for consulting services, \$186,528 for debt service payments and reserves. The proposed Capital budget is \$1,075,290, including \$165,000 for the Madison Avenue Pedestrian/Bicycle Pathway, \$200,000 for the 1st Street Sidewalk Project, \$133,851 for the proposed Old Town Restrooms, and \$576,439 for unspecified Urban Renewal Capital Projects.

The Urban Renewal Budget for District No. 2 includes \$4,000 for consulting services, debt service payments and reserves of \$191,548. Capital Projects budget includes \$144,669 for unspecified Urban Renewal Capital Projects.

For purposes of property tax revenue projections, it was assumed that assessed values, and the resulting ad valorem property tax share would increase 3% over the fiscal year 2008-2009 revenues as forecast by the Coos County Assessor and that the In-Lieu Tax payments from Heritage Place will remain the same as previously received unless there is a change in the assessed valuation of that facility. Since the Local Option Street Tax will continue to be imposed this year, the Urban Renewal Special Levy will not be imposed.

As required by Measure 50 implementing regulations, substantial amendments were made to both Urban Renewal Districts in 1998. Those amendments set the maximum amounts of indebtedness at \$5,375,225 for District No. 1, and \$7,314,821 for District No. 2. As of July 1, 2009, the remaining available indebtedness will be \$2,038,637 for District No. 1, and \$5,323,242 for District No. 2.

Requests for Information

This financial report is designed to provide a general overview of the agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Juana Bell, MBA
Finance Director
City of Bandon
PO Box 67
Bandon, OR 97411

BASIC FINANCIAL STATEMENTS

URBAN RENEWAL AGENCY
OF THE CITY OF BANDON
(A COMPONENT UNIT OF THE CITY OF BANDON)
STATEMENT OF NET ASSETS
June 30, 2009

ASSETS

Cash and cash equivalents	\$ 1,244,304
Taxes receivable	<u>47,641</u>
Total assets	<u>1,291,945</u>

LIABILITIES

Liabilities:

Accrued interest payable	16,960
Long-term liabilities:	
Amount due within one year	105,019
Amount due after one year	<u>1,208,128</u>
Total liabilities	<u>1,330,107</u>

NET ASSETS

Unrestricted net assets (deficit)	<u>\$ (38,162)</u>
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The notes to the basic financial statements are an integral part of this statement.

URBAN RENEWAL AGENCY
 OF THE CITY OF BANDON
 (A COMPONENT UNIT OF THE CITY OF BANDON)
 STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Expenditures:		
General government	\$	193,334
Interest expense		<u>63,580</u>
Total program expenses		<u>256,914</u>
General revenues:		
Tax increment revenues		451,588
Payments in lieu of taxes		3,391
Interest earnings		<u>22,228</u>
Total general revenues		<u>477,207</u>
Change in net assets		220,293
Net assets, beginning of year		<u>(258,455)</u>
Net assets, end of year	\$	<u><u>(38,162)</u></u>

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

**URBAN RENEWAL AGENCY
 OF THE CITY OF BANDON
 (A COMPONENT UNIT OF THE CITY OF BANDON)
 BALANCE SHEET
June 30, 2009**

	<u>Urban Renewal District No. 1</u>	<u>Urban Renewal District No. 2</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 847,744	\$ 396,560	\$ 1,244,304
Taxes receivable	<u>32,411</u>	<u>15,230</u>	<u>47,641</u>
Total assets	<u>\$ 880,155</u>	<u>\$ 411,790</u>	<u>\$ 1,291,945</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	\$ 32,411	\$ 15,230	\$ 47,641
Due to primary government	<u>38,962</u>	<u>537,246</u>	<u>576,208</u>
Total liabilities	71,373	552,476	623,849
Fund balance:			
Unreserved, undesignated	<u>808,782</u>	<u>(140,686)</u>	<u>668,096</u>
Total liabilities and fund balances	<u>\$ 880,155</u>	<u>\$ 411,790</u>	<u>\$ 1,291,945</u>
Fund balance at end of year - governmental funds			\$ 668,096
Amounts reported for <i>governmental activities</i> in the Statement of Net Assets are different because:			
Some liabilities, such as external loans payable and the related interest, are not due and payable in the current period and therefore are not reported in the fund financial statements:			
Long term debt		\$ (736,939)	
Accrued interest payable		<u>(16,960)</u>	(753,899)
Some revenues, such as taxes receivable, do not provide current financial resources and are not reported in the fund financials.			<u>47,641</u>
Net assets of governmental activities			<u>\$ (38,162)</u>

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

URBAN RENEWAL AGENCY
OF THE CITY OF BANDON
(A COMPONENT UNIT OF THE CITY OF BANDON)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2009

	Urban Renewal District No. 1	Urban Renewal District No. 2	Total
Revenues:			
Taxes	\$ 302,181	\$ 141,688	\$ 443,869
Interest	17,879	4,349	22,228
Payments in lieu of taxes	1,868	1,523	3,391
Total revenues	321,928	147,560	469,488
Expenditures:			
General government:			
Materials and services	15,929	9,255	25,184
Capital outlay	50,150	103,000	153,150
Debt service:			
Principal	18,294	15,000	33,294
Interest	37,892	26,577	64,469
Total expenditures	122,265	153,832	276,097
Net change in fund balances	199,663	(6,272)	193,391
Fund balances at beginning of year	609,119	(134,414)	474,705
Fund balances at end of year	<u>\$ 808,782</u>	<u>\$ (140,686)</u>	<u>\$ 668,096</u>

Net change in fund balance - governmental funds \$ 193,391

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

Governmental funds defer revenues that do not provide current financial resources, such as property taxes. However, the Statement of Activities recognizes such at their net realizable value when earned, regardless of when received. 7,719

In the Governmental funds, the issuance of debt and the repayment of long-term debt consumes current financial resources, however, it has no effect on the Statement of Activities

Repayment of debt	\$ 18,294	
Change in interest payable	<u>889</u>	<u>19,183</u>

Change in net assets of governmental activities \$ 220,293

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

URBAN RENEWAL AGENCY OF THE CITY OF BANDON
(A Component Unit of the City of Bandon)

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Urban Renewal Agency of the City of Bandon, Oregon (Agency) was created by adoption of Ordinance 1911 by the City of Bandon, Oregon, on August 5, 1986. The Agency is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The Agency was formed primarily to carry out the terms of the Urban Renewal Plan, which designates the Woolen Mill, Old Town and South Jetty areas of the City to be blighted and deteriorated and in need of redevelopment and rehabilitation. During the year ended June 30, 1991, the Urban Renewal Plan was amended to include a new area known as the Coquille Point Urban Renewal Area. The governing body is comprised of the Mayor and the City Council of the City of Bandon.

The Agency is a separate legal entity, governed by the City of Bandon. The City Council 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 Bandon and the Agency's financial activities are included as a blended component unit in the basic financial statements of the City of Bandon.

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

The Agency has no potential component units.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Agency's financial operations are presented at both the agency-wide and fund financial levels. All activities of the Agency are categorized as governmental activities.

Agency-wide Financial Statements. The agency-wide financial statements display information about the Agency as a whole. The focus is on its financial sustainability. As such, the reporting presents the change in the aggregate financial position of the Agency, resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

The Agency-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. 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 inflows and outflows.

The Statement of Net Assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Funds. The accounts of the Agency are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A minimum number of funds are maintained consistent with legal and managerial requirements. Funds are classified and summarized as governmental, proprietary and fiduciary activities. Currently the Agency has only governmental fund types.

The fund financial statements are presented on a modified accrual basis of accounting with a current financial resources measurement focus. This measurement focus concentrates on the fund's resources available for spending 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 the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and claims of judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

The Agency reports the following funds:

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The financial statements for the governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Property taxes, interest revenue and various intergovernmental revenues are susceptible to accrual if received within 30 days of fiscal year end. Other receipts become measurable and available when cash is received by the Agency and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Agency applies restricted resources first.

C. Assets, Liabilities and Equity

1. *Cash and Cash Equivalents*

The Agency maintains merged bank accounts and investments for its fund in a central pool of cash and investments that are commingled with the City of Bandon. This pool includes amounts in demand deposits and investments in the Oregon State Treasury Local Government Investment Pool (LGIP). The investment policy of the Agency is to invest in LGIP and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035 which specifies the types of investments authorized for municipal corporations. The Agency allocates earnings on investments to each fund based on monthly cash balances.

Investments are stated at amortized cost which approximates fair value.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables." All other outstanding balances between funds are reported as "due to/from other funds."

Other receivables including property taxes, accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Paragraph B above.

3. *Long-term Obligations*

The Agency reports long-term debt of governmental funds at face value in the Statement of Net Assets. These obligations will be met using receipts from property tax and other special levies.

4. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. *Deferred Revenues*

Deferred revenues represent uncollected property taxes deemed not available to finance operations of the current period.

6. *Fund Equity*

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. There were no reservations or designations of fund balance at June 30, 2009.

7. *Net Assets*

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except for interfund loan repayments. All annual appropriations lapse at fiscal year end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The Agency begins its budgeting process by appointing budget committee members in early fall of each year. Recommendations are developed through early spring and the Budget Committee usually approves the budget in late spring. Public notices of the budget hearing are generally published in early June, and the public hearing is held in late June. The budget is usually adopted, appropriations usually are made and the tax rate and levy are declared no later than June 30. The resolution authorizing appropriations for each fund, by function, sets the legal limit for expenditures. For all funds, materials and services, capital outlay, debt service, transfers and contingency are the levels of control.

Original appropriations may be increased through resolutions by transferring amounts between appropriations in the same fund or by transferring from an appropriation in the General Fund to an appropriation category in another fund. A supplemental budget is required if appropriations are expected to exceed authorized appropriation amounts. Budget amounts are as originally adopted, or as amended by the Agency's Board of Directors.

B. Deficit Fund Balances

The Urban Renewal District No. 2 Fund had a deficit balance of (\$140,686) as of June 30, 2009. The fund incurred expenditures in prior years which left the deficit balance. Management expects this deficit fund balance to be reversed in future years as tax increment revenues are received.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the Agency at June 30, 2009. If bank deposits at year end are not entirely insured or collateralized with securities held by the Agency or by its agent in the Agency's name, the Agency must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require the depository institution to participate in the Public Funds Collateralization Program. For the fiscal year ended June 30, 2009, the Agency had no deposits with financial institutions.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Agency does not have a formal deposit policy for custodial credit risk.

Investments. The Agency has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the fiscal year ending June 30, 2009. 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 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, the adjustment to fair value would not represent an expendable increase in the Agency's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the Agency's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximates fair value.

Credit Risk. State statutes authorize the Agency to invest primarily in general obligations of the U.S. 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 Agency has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The Agency is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The Agency has no such investments.

Interest Rate Risk. The Agency has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

A reconciliation of cash and cash equivalents as shown on the Statement of Net Assets follows:

Investments in LGIP	\$ 1,236,577
Cash with County	<u>7,727</u>
	<u>\$ 1,244,304</u>

As of June 30, 2009, the District had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>
Local Government Investment Pool	1 day	100%	<u>\$ 1,236,577</u>

B. Receivables

Tax increment revenues are received by the Agency in accordance with the provisions of ORS 457.440 which states that the portion of the taxes representing the levy against the increase, if any, in true cash value of property located in the urban renewal area shall, after collection by the tax collector, be paid into a special fund of the Agency and shall be used to pay the principal and interest on indebtedness incurred by the Agency to finance or refinance the implementation of the urban renewal plan.

Receivables as of fiscal year end are as follows:

	Receivable 7/1/2008	2008-2009 Net Levy	Collections and Adjustments	Receivable 6/30/2009
2008-09	\$ -	\$ 463,358	\$ 434,749	\$ 28,609
2007-08	23,902	-	12,829	11,073
2006-07	9,053	-	4,092	4,961
2005-06	4,400	-	2,389	2,011
2004-05	1,602	-	1,290	312
2003-04	229	-	115	114
2002-03	138	-	61	77
Prior years	598	-	114	484
Total	<u>\$ 39,922</u>	<u>\$ 463,358</u>	<u>\$ 455,639</u>	<u>\$ 47,641</u>

All non-current property taxes receivable are treated as deferred revenue. Other accounts and intergovernmental receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectibles has been established.

Property tax revenues are generated from increased assessed values within the area of the district. Property taxes are assessed July 1 and attached as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable in full on November 15, although installments, payable on November 15, February 15 and May 15, are allowed. Taxes are billed and collected by the County of Coos and remittance to the Agency is made at period intervals.

C. Long-Term Debt

Loans Payable – Urban Renewal Agency. The Agency secured loans from the City for various projects during fiscal years 1993, 2003, 2004, and 2009. The payments on these loans are due June 30th of each year except the 2009 loan which is due July 1st, if funds are available. These liabilities are also indicated as receivables on the City's basic financial statements. As required by the Governmental Accounting Standards Board, these liabilities are reported in the fund financial statements.

1. 1992 Loan for Capital Improvements: The original loan date with the City was November 11, 1992 for \$470,000. There is no reserve requirement. This debt may be paid prior to maturity without penalty. Interest is computed annually at a rate of 3.5% on the outstanding balance. Scheduled payment dates are due June 30th of each year through 2020. The payments on this loan vary from year to year. Annual debt requirements are shown below:

Loan November, 1992 Fiscal Year	Principal	Interest
2009-2010	\$ 12,206	\$ 5,614
2010-2011	12,633	5,187
2011-2012	13,075	4,745
2012-2013	13,533	4,287
2013-2014	14,007	3,814
2014-2015	14,497	3,324
2015-2016	15,004	2,816
2016-2017	15,530	2,297
2017-2018	16,073	1,747
2018-2019	16,636	1,185
2020-2021	17,218	603
	<u>160,412</u>	<u>\$ 35,619</u>
Less current portion	<u>(12,206)</u>	
Total	<u>\$ 148,206</u>	

2. 1993 Loan for Sewer Improvements: The original loan date with the City was in April 28, 1993 for \$630,000. There are no reserve requirements. This debt may be paid prior to maturity without penalty. Interest is computed annually on the outstanding balance at 3%. Scheduled payments are due June 30th of each year through 2013. Principal pay down was made during the year in the amount of \$162,443. The final annual debt requirement is shown below:

Loan April, 1993 Fiscal Year	Principal	Interest
2009-2010	\$ 38,962	\$ 1,166
	38,962	<u>\$ 1,166</u>
Less current portion	<u>(38,962)</u>	
Total	<u>\$ -</u>	

3. 1993 Loan for Sewer Improvements: The original loan date with the City was May 19, 1993 for \$198,000. There are no reserve requirements. This debt may be paid prior to maturity without penalty. Interest is computed annually on the outstanding balance at 3%. Scheduled payments are due June 30th of each year through 2013. Annual debt requirements are shown below:

Loan May, 1993 Fiscal year	Principal	Interest
2009-2010	\$ 12,282	\$ 1,542
2010-2011	12,650	1,173
2011-2012	13,030	793
2012-2013	13,412	403
	51,374	<u>\$ 3,911</u>
Less current portion	<u>(12,282)</u>	
Total	<u>\$ 39,092</u>	

4. 2003 Library Development Loan: The original loan date with the City was April 7, 2003 for \$100,000. There are no reserve requirements. This debt may be paid prior to maturity without penalty. Interest is completed annually on the outstanding balance at 3.5%. Scheduled payments are due June 30th of each year through 2023. Annual debt requirements are shown below:

Loan April, 2003 Fiscal Year	Principal	Interest
2009-2010	\$ 4,347	\$ 2,689
2010-2011	4,499	2,537
2011-2012	4,656	2,380
2012-2013	4,819	2,217
2013-2014	4,988	2,048
2014-2015	5,163	1,873
2015-2016	5,343	1,693
2016-2017	5,530	1,506
2017-2018	5,724	1,312
2018-2019	5,924	1,112
2019-2020	6,132	904
2020-2021	6,346	690
2021-2022	6,568	468
2022-2023	6,798	238
	76,837	<u>\$ 21,667</u>
Less current portion	<u>(4,347)</u>	
	<u>\$ 72,490</u>	

5. 2004 Library Development. The original issue date of this loan was June 30, 2004, in the amount of \$60,000 and is payable to the City of Bandon. There is no reserve requirement. Interest on the outstanding balance is computed annually at the rate of 3.5% over 20 years. The loan is payable from Urban Renewal revenues and payments are due in June of each year. There is no penalty for early payment. Annual debt service requirements are shown below:

Loan June, 2004 Fiscal Year	Principal	Interest
2009-2010	\$ 2,520	\$ 1,702
2010-2011	2,608	1,614
2011-2012	2,699	1,522
2012-2013	2,794	1,428
2013-2014	2,892	1,330
2014-2015	2,993	1,229
2015-2016	3,098	1,124
2016-2017	3,206	1,016
2017-2018	3,318	903
2018-2019	3,434	787
2019-2020	3,555	667
2020-2021	3,679	543
2021-2022	3,808	414
2022-2023	3,941	281
2023-2024	4,078	143
	<u>48,623</u>	<u>\$ 14,703</u>
Less current portion	<u>(2,520)</u>	
Total	<u>\$ 46,103</u>	

6. 2005 OECD Loan. In addition to the above debt, on July 15, 2005, the Agency entered into an agreement with the City of Bandon to pay principal and interest on a \$985,000 loan the City incurred with the Oregon Economic Development Department to finance improvements to Fillmore Avenue. As of June 30, 2007, the City had drawn down the remainder of the loan, made necessary adjustments and finalized the terms of the loan. The Urban Renewal Agency of the City of Bandon has agreed to make the annual debt service payments, but the City remains responsible. There are no reserve requirements. This debt may be paid prior to maturity without penalty. Interest is computed semi-annually on the outstanding balance at 4%. Principal and interest payments are required in December of each year through December 1, 2031. Annual debt requirements are shown below:

Loan July, 2005 Fiscal Year	Total	Principal	Interest
2009-2010	\$ 49,544	\$ 18,426	\$ 31,118
2010-2011	48,944	18,563	30,381
2011-2012	53,343	23,705	29,638
2012-2013	52,542	23,853	28,689
2014-2018	250,717	121,707	129,010
2019-2023	258,460	156,465	101,995
2024-2028	258,370	192,612	65,758
2029-2032	201,983	181,608	20,375
	<u>\$ 1,173,903</u>	736,939	<u>\$ 436,964</u>
		(18,426)	
		<u>\$ 718,513</u>	

7. 2009 Community Center Development. The original issue date of this loan was July 1, 2008 in the amount of \$200,000, payable to the City of Bandon. There is no reserve requirement. Interest on the outstanding balance is computed annually at the rate of 4.5% over 10 years. The loan is payable from Urban Renewal revenues and payments are due in July of each year. There is no penalty for early payment. Annual debt service requirements are shown below:

Loan July, 2008 Fiscal Year	Total	Principal	Interest
2009-2010	\$ 25,276	\$ 16,276	\$ 9,000
2010-2011	25,276	17,008	8,268
2011-2012	25,276	17,774	7,502
2012-2013	25,276	18,573	6,703
2013-2014	25,276	19,409	5,867
2014-2015	25,276	20,283	4,993
2015-2016	25,276	21,195	4,081
2016-2017	25,276	22,149	3,127
2017-2018	25,276	23,146	2,130
2018-2019	24,187	24,187	-
	<u>\$ 251,671</u>	200,000	<u>\$ 51,671</u>
Less current portion		(16,276)	
Total		<u>\$ 183,724</u>	

Changes in Long-Term Liabilities. During the fiscal year ended June 30, 2009, the following changes occurred in liabilities reported in the Statement of Net Assets:

Loans Payable	Balance 6/30/08	Additions	Reductions	Balance 6/30/09	Due within one year
1.	\$ 172,206	\$ -	\$ (11,794)	\$ 160,412	\$ 12,206
2.	201,405	-	(162,443)	38,962	38,962
3.	63,298	-	(11,924)	51,374	12,282
4.	81,037	-	(4,200)	76,837	4,347
5.	51,057	-	(2,434)	48,623	2,520
6.	755,233	-	(18,294)	736,939	18,426
7.	-	200,000	-	200,000	16,276
	<u>\$ 1,324,236</u>	<u>\$ 200,000</u>	<u>\$ (211,089)</u>	<u>\$ 1,313,147</u>	<u>\$ 105,019</u>

D. 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 Bandon.

**REQUIRED SUPPLEMENTAL
INFORMATION**

CITY OF BANDON
 URBAN RENEWAL DISTRICT NO. 1 FUND
 (A COMPONENT UNIT OF THE CITY OF BANDON)
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes:				
Property taxes - current year	\$ 255,600	\$ 255,600	\$ 286,960	\$ 31,360
Previously levied taxes	28,400	28,400	15,221	(13,179)
Interest	20,000	20,000	17,879	(2,121)
Payments in lieu of taxes	3,337	3,337	1,868	(1,469)
Total revenues	<u>307,337</u>	<u>307,337</u>	<u>321,928</u>	<u>14,591</u>
Expenditures:				
General government:				
Materials and services	24,500	24,500	15,929	8,571
Capital outlay	708,851	533,851	50,150	483,701
Debt service:				
Principal	56,500	231,500	180,737	50,763
Interest	38,100	38,100	37,892	208
Contingency	24,786	24,786	-	24,786
Total expenditures	<u>852,737</u>	<u>852,737</u>	<u>284,708</u>	<u>568,029</u>
Net change in fund balance	(545,400)	(545,400)	37,220	582,620
Fund balance at beginning of year	640,000	640,000	609,119	(30,881)
Fund balance at end of year	<u>\$ 94,600</u>	<u>\$ 94,600</u>	646,339	<u>\$ 551,739</u>
Budgetary adjustment for interfund loan principal			<u>162,443</u>	
Fund balance at end of year, GAAP basis			<u>\$ 808,782</u>	

See auditor's report.

SUPPLEMENTARY INFORMATION

CITY OF BANDON
URBAN RENEWAL DISTRICT NO. 2 FUND
(A COMPONENT UNIT OF THE CITY OF BANDON)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original and Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property taxes - current year	\$ 122,400	\$ 134,482	\$ 12,082
Previously levied taxes	13,600	7,206	(6,394)
Interest	10,000	4,349	(5,651)
Payments in lieu of taxes	999	1,523	524
	<u>146,999</u>	<u>147,560</u>	<u>561</u>
Total revenues			
Expenditures:			
General government:			
Materials and services	9,500	9,255	245
Capital outlay	203,000	103,000	100,000
Debt service:			
Principal	45,500	45,352	148
Interest	31,600	26,577	5,023
Contingency	7,399	-	7,399
	<u>296,999</u>	<u>184,184</u>	<u>112,815</u>
Total expenditures			
Net change in fund balance	(150,000)	(36,624)	113,376
Fund balance at beginning of year	200,000	(134,414)	(334,414)
Fund balance at end of year	<u>\$ 50,000</u>	<u>(171,038)</u>	<u>\$ (221,038)</u>
Budgetary adjustment for interfund loan principal		30,352	
Fund balance at end of year, GAAP basis		<u>\$ (140,686)</u>	

See auditor's report.

ACCOMPANYING INFORMATION



Hough, MacAdam & Wartnik, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

December 2, 2009

To the Governing Body of the
Urban Renewal Agency of the City of Bandon:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Agency of the City of Bandon, a component unit of the City of Bandon, Oregon, as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

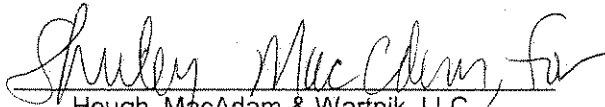
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management; the Agency's officials, the State of Oregon, Secretary of State, Division of Audits; and cognizant and other federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.


Hough, MacAdam & Wartnik, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S COMMENTS

June 30, 2009

Audit Report Requirements

Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required schedules, comments, and disclosures not included in the preceding section of this report are set forth as follows:

Accounting Systems and Internal Control

The Urban Renewal Agency of the City of Bandon's accounting systems are adequate and the accounting records are properly maintained. The internal controls for the Agency are operating as designed and no significant deficiencies or material weaknesses were noted.

Collateral

Based on the results of our tests, balances on deposit with financial institutions were collateralized in accordance with the requirements of ORS 295.015.

Indebtedness

Based on the results of our tests, the Agency has not exceeded its legal debt limitations as provided by ORS 440.275. The Agency was in compliance with all debt covenants and all payments were made on a timely basis.

Insurance and Fidelity Bonds

We examined insurance policies relating to insurance and fidelity bond coverage and ascertained that such policies appeared to be in force. We are not competent by training to state whether the insurance policies covering Agency owned property in force at June 30, 2009, are adequate.

Based on the results of our tests, the Agency has complied with the provisions of ORS 221.903 regarding the bonding of Agency personnel.

Investments

Based on the results of our tests, at fiscal year end, the Agency was in compliance with legal requirements of ORS 294 pertaining to investment of public funds.

Budget

We reviewed the preparation, adoption and execution of the budget for the current year, and the preparation and adoption of the budget for the ensuing fiscal year.

The resolution authorizing appropriations for each fund sets the levels by which expenditures cannot legally exceed appropriations. For all funds, materials and services, capital outlay, debt service, transfers and contingency are the levels of control.

The Agency has complied with statutory requirements for the current and ensuing year's budgets.

Public Contracts and Purchasing

Based on the results of our tests and our review of the minutes, the Agency appears to be in compliance with the provisions of ORS 279 pertaining to the awarding of public contracts and the construction of public improvements.

Programs Funded from Outside Sources

We selected and tested, to the extent deemed appropriate, transactions, records, and reports relative to programs funded wholly or partially by other governmental agencies.

The results of our tests indicate, for the items tested, the Agency complied with the laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies, and, for the items tested, financial reports and related data were in agreement with and supported by the accounting records.

The Agency expended less than \$500,000 in Federal Financial Assistance. Therefore, they are not subject to the requirements of Circular A-133.

Statement of Accountability for Independently Elected Officials

This statement is not applicable to the Agency.