

EUGENE URBAN RENEWAL AGENCY

AGENDA ITEM SUMMARY



Action: Adoption of Resolution 1070 Acknowledging Receipt of the Annual Financial Report of the Urban Renewal Agency of the City of Eugene for the Fiscal Year Ended June 30, 2013

Meeting Date: January 13, 2014
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 4
Staff Contact: Fionan Cronin
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ISSUE STATEMENT

This is a resolution acknowledging receipt of the Annual Financial Report (Report) of the Urban Renewal Agency (Agency) of the City of Eugene for the fiscal year ended June 30, 2013. This resolution demonstrates compliance with ORS 297.465(2), which requires that a copy of the Agency's financial report, containing a signed expression of opinion, be furnished to each member of the governing body. The resolution is included as Attachment A.

BACKGROUND

Under Oregon Municipal Audit Law, the Agency is required each fiscal year to contract with an authorized accounting firm for the audit of its accounts and fiscal affairs (ORS 297.425). The regional firm of Isler CPA (auditors) has completed the audit of the Agency's annual financial report for the fiscal year ended June 30, 2013, and issued an unqualified opinion on the basic financial statements. The Annual Financial Report is included as Attachment B.

The key portions of the report are the two auditors' reports on pages 3 - 4 and pages 45 - 46. In the first report, the auditors have issued a "clean opinion" on the Agency's basic financial statement, indicating that the Agency has prepared the statements in conformity with generally accepted accounting principles (GAAP). GAAP for state and local governments is promulgated by the Governmental Accounting Standards Board to ensure consistency in accounting and comparability in financial reporting among state and local governments. A clean opinion is a fundamental financial goal for every government, as it represents the highest level of opinion a government can receive from its independent auditors. A clean opinion is an important indicator of sound financial management and creditworthiness to the citizens, other governmental jurisdictions (state and federal), credit rating agencies, investment bankers, bond holders, and other private sector entities.

In the second report, the auditors address the Agency's compliance with applicable provisions of Oregon Revised Statutes including, requirements related to debt, deposit of public funds, preparation and adoption of the budget, accounting records and related internal control structure,

etc. The auditors noted that nothing came to their attention that caused them to believe that the Agency was not in compliance with state regulations. The auditors conduct the audit of the Agency's basic financial statements in accordance with generally accepted auditing standards and the Minimum Standards for Audits of Oregon Municipal Corporations.

Management is responsible for the information contained in, and the preparation of, the Agency's financial statements. To effectively fulfill this responsibility and to contain the cost of auditor services, staff devotes significant effort to the closing of accounting records, the preparation of schedules and audit work papers, and the production of the Annual Financial Report. This also results in staff expertise being developed on specific financial and service issues that can then be used to assist departments and other pertinent parties.

Prior Period Adjustment - In FY14, the Agency sold the majority of the Chiquita, Inc. and Autocraft, Inc. property to the federal government for a loss of \$99,284. During FY13, the Agency sold an additional portion of the property to the Northwest Community Credit Union. An evaluation of the remaining property was completed during the sale process and staff recognized that assets held for resale were overstated by \$826,000. This amount should have been written off and recognized as part of the original loss in FY14. In addition, the Riverfront Parkway and Franklin Boulevard vacant lot property, valued at \$166,000, was reclassified from land to assets held for resale since the Agency's intention is to eventually sell the property. Accounting rules require that these corrections be shown as an adjustment to beginning fund balance. Accordingly, the Balance Sheet shows a net correction of \$660,000, decreasing assets held for resale and fund balance. Additional information can be found in note 5C of the Report.

RELATED POLICY ISSUES

Policy B.1 of the City's Financial Management Goals and Policies states that "The City will maintain an accounting and financial reporting system that allows reporting in conformance with Generally Accepted Accounting Principles and Oregon Local Budget Law and will issue a Comprehensive Annual Financial Report each fiscal year." This action signifies formal completion of this process for the fiscal year ended June 30, 2013, and demonstrates the Agency's compliance with the Policy.

AGENCY OPTIONS

None.

AGENCY DIRECTOR'S RECOMMENDATION

The Agency Director recommends adoption of the Resolution.

SUGGESTED MOTION

Move to adopt Resolution 1070 acknowledging receipt of the Annual Financial Report for the Urban Renewal Agency of the City of Eugene for the fiscal year ended June 30, 2013.

ATTACHMENTS

- A. Resolution
- B. Annual Financial Report of the Urban Renewal Agency of the City of Eugene, Oregon for the Fiscal Year Ended June 30, 2013

FOR MORE INFORMATION

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