WOODBURN URBAN RENEWAL AGENCY

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2008

WOODBURN URBAN RENEWAL AGENCY

BOARD OF DIRECTORS
Year Ended June 30, 2008

	TERM EXPIRES
Kathryn Figley 601 S Settlemier Woodburn OR 97071	December 2008
Walter Nichols 413 Willow Street Woodburn OR 97071	December 2008
Richard Bjelland 888 Wilson Street Woodburn OR 97071	December 2008
Peter McCallum 370 Ironwood Terrace Woodburn OR 97071	December 2010
Jim Cox 1530 Ranier Way Woodburn OR 97071	December 2010
Frank Lonergan 245 N 2nd Street Woodburn OR 97071	December 2010
Elida Sifuentez 860 E Lincoln Street Woodburn OR 97071	December 2008

WOODBURN URBAN RENEWAL AGENCY

TABLE OF CONTENTS
Year Ended June 30, 2008

	Page
INDEPENDENT AUDITOR'S REPORT	A
MANAGEMENT'S DISCUSSION AND ANALYSIS	a – c
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balances	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General (Debt Service) Fund	6
Notes to Basic Financial Statements	7 – 13
DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS	14 – 16

BOLDT, CARLISLE & SMITH LLC
CERTIFIED PUBLIC ACCOUNTANTS
PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

Agency Officials
WOODBURN URBAN RENEWAL AGENCY
WOODBURN, Oregon

We have audited the accompanying financial statements of the governmental activities and the major fund of **WOODBURN URBAN RENEWAL AGENCY**, *a component unit of the City of WOODBURN*, as of and for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 the major fund of **WOODBURN URBAN RENEWAL AGENCY**, as of June 30, 2008, the respective changes in financial position and the budgetary comparison for the General (Debt Service) Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages a through c 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 have 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.

Boldt, Carlisle & Smith LLC
Certified Public Accountants
Salem, Oregon
December 26, 2008
By:

Douglas C. Parham, Member

www.bcsllc.com
Established - 1968
SALEM: 480 CHURCH STREET SE ■ SALEM, OR 97301 ■ PHONE: (503) 585-7751 ■ FAX: (503) 370-3781
STAYTON: 408 NORTH THIRD AVENUE ■ STAYTON, OR 97383 ■ PHONE: (503) 769-2186 ■ FAX: (503) 769-4312
ALBANY: 321 1st AVENUE E STE 2A ■ ALBANY, OR 97321 ■ PHONE: (541) 928-6500 ■ FAX: (541) 928-6501

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Woodburn Urban Renewal Agency (Agency), we offer readers of the Agency's basic financial statements this narrative overview and analysis of the financial activities of the Agency as of June 30, 2008 and for the fiscal year then ended. We encourage readers to consider the information presented here in conjunction with the Agency's basic financial statements in the financial section of this report.

FINANCIAL HIGHLIGHTS

The Agency's assets exceeded its liabilities at June 30, 2008 by $1,052,042 *(net assets)*. All of this amount is restricted for debt service.

The only assets of the Agency are Cash and Investments ($2,440,236) and Receivables ($28,436).

Liabilities include a bank-qualified loan in the amount of $1,416,016 and accrued interest payable of $614.

NET ASSETS

	June, 30,	
	2008	2007
Assets		
Cash and investments	$ 2,440,236	$ 2,073,934
Receivables	28,436	23,090
Total assets	2,468,672	2,097,024
Liabilities		
Long-term obligations	1,245,363	1,416,016
Other liabilities	171,267	164,323
Total liabilities	1,416,630	1,580,339
Net assets		
Restricted for debt service	$ 1,052,042	$ 516,685

Property Taxes ($503,154) comprise 84% of the Agency's revenue and are derived from the tax increment in the Agency's boundaries. The remaining revenue ($96,226) is investment earnings.

Expenditures for the year ended June 30, 2008 were $64,023 for the repayment of the bank loan.

The Agency's only fund is a governmental fund used to account for activities supported by the property tax increment.

	June, 30,	
	2008	2007
Revenues		
Property taxes levied for debt service	$ 503,154	$ 459,850
Unrestricted investment earning	96,226	96,937
Total revenues	599,380	556,787
Expenses		
General government	-	40,000
Interest on long-term obligations	64,023	68,453
Total expenses	64,023	108,453
Change in net assets	535,357	448,334
Net assets - beginning	516,685	68,351
Net assets - ending	$ 1,052,042	$ 516,685

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the Agency's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

The Statement of Net Assets presents information on all of the Agency's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency as a whole is improving or deteriorating.

The Statement of Activities presents information showing how the Agency's net assets changed during the most recent fiscal year.

Fund financial statements. The fund financial statements focus on current available resources and are organized on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Notes to the 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. The notes to the financial statements can be found on pages 7 -13.

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2008 the Agency's governmental fund reported a fund balance of $2,447,797, which is an increase of $367,249 from June 30, 2007. The increase is the result of tax receipts in excess of debt service requirements.

BUDGETARY HIGHLIGHTS

No changes were required to the adopted budget during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Agency had no capital assets. All assets constructed with urban renewal funds are the property of the City.

As of June 30, 2008, the Agency had long-term obligations outstanding of $1,416,016. Additional information on the Agency's long-term obligations may be found in Note 5 to the basic financial statements.

FINANCIAL CONTACT

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Agency's finances and to demonstrate the Agency's accountability.

If you have questions about the report or need additional financial information, please contact the Agency Finance Director at 270 Montgomery, Woodburn, Oregon.

BASIC FINANCIAL STATEMENTS

WOODBURN URBAN RENEWAL AGENCY

STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities
ASSETS	
Cash and investments	$ 2,440,236
Receivables	28,436
TOTAL ASSETS	2,468,672
LIABILITIES	
Accrued interest payable	614
Long-term obligations:	
Due within one year	170,653
Due in more than one year	1,245,363
TOTAL LIABILITIES	1,416,630
NET ASSETS	
Restricted for debt service	$ 1,052,042

See notes to basic financial statements

WOODBURN URBAN RENEWAL AGENCY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

Functions/Programs	Governmental Activities
Expenses	
Interest on long-term obligations	$ 64,023
General revenues	
Property taxes levied for debt service	503,154
Unrestricted investment earnings	96,226
TOTAL GENERAL REVENUES	599,380
Change in net assets	535,357
Net assets - beginning	516,685
Net assets - ending	$ 1,052,042

See notes to basic financial statements

WOODBURN URBAN RENEWAL AGENCY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General (Debt Service)
ASSETS	
Cash and investments	$ 2,440,236
Receivables	28,436
TOTAL ASSETS	$ 2,468,672
LIABILITIES	
Deferred revenue	$ 20,875
FUND BALANCE	
Reserved for debt service	2,447,797
TOTAL LIABILITIES AND FUND BALANCE	$ 2,468,672
FUND BALANCE - RESERVED FOR DEBT SERVICE	$ 2,447,797
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Deferred revenue represents assets that were not not available to pay for current-period expenditures and therefore were not reported in the governmental funds	20,875
Long-term obligations, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(1,416,630)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 1,052,042

See notes to basic financial statements

WOODBURN URBAN RENEWAL AGENCY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	General (Debt Service)
REVENUES	
Property taxes	$ 498,755
Interest	96,226
TOTAL REVENUES	594,981
EXPENDITURES	
Debt service	227,732
Net change in fund balance	367,249
Fund balance at beginning of year	2,080,548
Fund balance at end of year	$ 2,447,797

See notes to basic financial statements

WOODBURN URBAN RENEWAL AGENCY

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, 2008

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 367,249
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:	
Taxes	4,399
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net assets. This is the amount by which proceeds exceeded repayments:	163,638
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	71
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 535,357

See notes to basic financial statements

WOODBURN URBAN RENEWAL AGENCY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL (DEBT SERVICE) FUND
Year Ended June 30, 2008

	Original and Final Budget	Actual	Variance
REVENUES			
Property taxes	$ 493,000	$ 498,755	$ 5,755
Interest	55,000	96,226	41,226
TOTAL REVENUES	548,000	594,981	46,981
EXPENDITURES			
Debt service	1,999,500	227,732	1,771,768
Contingency	34,195	--	34,195
TOTAL EXPENDITURES	2,033,695	227,732	1,805,963
Net change in fund balance	(1,485,695)	367,249	1,852,944
Fund balance at beginning of year	1,827,695	2,080,548	252,853
Fund balance at end of year	$ 342,000	$ 2,447,797	$ 2,105,797

See notes to basic financial statements

WOODBURN URBAN RENEWAL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2008

1. Summary of Significant Accounting Policies

A. Organization

The Agency, a component unit of the City of Woodburn, was organized under ORS 457 and is a municipal corporation created by the City of Woodburn to facilitate urban renewal within the boundaries of the City. The city council serves as the governing body and is accountable for the fiscal matters of the Agency.

B. Urban Renewal Areas

Tax Allocation Bonds for urban renewal plan areas are authorized by state law to 1) "...eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas."

Projects are financed in urban renewal plan areas as follows:

- The Agency (City Council) selects an urban renewal plan area and defines its boundaries.
- The County Assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.
- Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance the Urban Renewal Project.
- Urban Renewal Tax Increment revenues are used to repay the indebtedness of the Agency. The proceeds of the indebtedness finance the Agency's activities.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of $29,300,000.

1. Summary of Significant Accounting Policies (continued)

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

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Agency, including all of its financial activities. Governmental activities are financed primarily through property taxes and proceeds from borrowings.

The Statement of Activities presents a comparison between direct expenses and program revenues for the Agency's program. The Agency does not allocate indirect expenses. Program revenues include grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes, earnings on investments and the gain on sale of property, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Agency's fund. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

The single major fund, General (Debt Service) Fund, accounts for general administration of the Agency's urban renewal areas, for acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas, and repayment of debt incurred for these activities.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The government-wide statements have applied all 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 Governmental Accounting Standards Board (GASB) pronouncements.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

C. Basis of Presentation, Measurement Focus, and Basis of Accounting (continued)

Governmental fund financial statements are reporting using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be available if they are collected within thirty days after year end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent they have been incurred. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt are reported as other financing sources.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

D. Budget Policies and Budgetary Control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The Agency begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The governing body adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally overexpended.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The governing body established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

Budget amounts shown in the financial statements have not been revised since the original budget amounts were adopted. The governing body must authorize all appropriation transfers and supplementary budgetary appropriations.

1. Summary of Significant Accounting Policies (continued)

E. Long-term Obligations

In the government-wide financial statements' long-term obligations are reported as liabilities in the governmental activities' Statement of Net Assets. 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 deferred and amortized over the life of the bond.

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.

F. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

2. Deposits and Investments

The Agency's deposits and investments are held by the City of Woodburn in pooled deposit and investment accounts that are available for use by all funds and the Agency. The Agency's portion of this pool is displayed on the financial statements as cash and investments. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the Agency's position in the LGIP is the same as the value of the pool shares.

2. Deposits and Investments (continued)

Credit risk: Oregon statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

As of June 30, 2008, investments were as follows:

Investment	Carrying Value	Fair Value
Oregon State Local Government Investment Pool	$ 27,299,813	$ 27,299,813
Amount allocable to Agency	$ 2,294,921	$ 2,294,921

Interest Rate Risk: The Agency's investment policy limits investment maturities to no more than 18 months as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Concentration of Credit Risk: The Agency's investment policy places a limit on the amount that can be invested in any one issuer as follows:

- U.S. Government Agencies – No more than 40% of the total portfolio in any one agency
- Banker's acceptances – No more than 25% of the total portfolio with any one institution
- Certificates of deposit with commercial banks and state and local government securities – No more than 15% of the total portfolio with any one financial institution or entity
- Commercial paper and repurchase agreements – No more than 10% of the total portfolio with any one entity or institution
- Certificates of deposit with savings and loan association – No more than 5% of the total portfolio with any one financial institution
- State of Oregon Investment Pool – Not to exceed $20 million ($10 million per account) with the exception of pass-through funds (in and out within 10 days)

One hundred percent of the Agency's investments are in the State Treasurer's Investment Pool.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. Investments, except those in the Local Investment Pool have custodial credit risk because the related securities are uninsured, unregistered and held by the City's brokerage firm, which is the counterparty to those securities. The Agency does not have a policy which limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits: This is the risk that, in the event of a bank failure, the City's deposits may not be returned. Oregon statute requires collateralization of deposits in excess of amounts insured by the Federal Depository Insurance Corporation. As of June 30, 2008, $755,936 of the City's bank balance of $1,107,914 was exposed to custodial credit risk because it was uninsured and uncollateralized.

2. Deposits and Investments

The City's deposits and investments and the amount allocable to the Agency as of June 30, 2008 are as follows:

	City of Woodburn	Allocable to Agency
Deposits	$ 1,728,630	$ 145,315
Investments	27,299,813	2,294,921
Total deposits and investments	$ 29,028,443	$ 2,440,236

3. Receivables

A. The Agency's receivables at June 30, 2008 are shown below:

Property taxes	$ 28,436

B. Property taxes

i. Collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15. Marion County bills and collects property taxes for the Agency.

ii. Transactions

	Balances July 1, 2007	2007-08 Levy	Adjust-ments	Net Interest (Discounts)	Collections	Balances June 30, 2008
Current	$ -	$ 512,925	$ (4,378)	$ (12,588)	$ 477,473	$ 18,486
Prior	23,090	-	(281)	1,395	14,254	9,950
	$ 23,090	$ 512,925	$ (4,659)	$ (11,193)	$ 491,727	$ 28,436

iii. Ensuing year's levy

The Agency will levy 100 percent of the amount of its authority under option one of ORS 457.435(2)(a) for the retirement of long-term obligations principal and interest without making a special levy in 2008-07.

The tax rate limit of $10 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect this levy.

4. Deferred Revenue

Resources owned by the Agency, which are measurable, but not available, and therefore, deferred in the funds, consist of the following:

Property taxes	$ 20,875

5. Long-term Obligations

A. Transactions for the governmental activities for the year ended June 30, 2008

Loan	Balances July 1, 2007	Additions	Reductions	Balances June 30, 2008	Due Within One Year
Bank of America					
Urban Renewal - due in quarterly installments of $56,933; interest at 4.22 percent					
Principal	$ 1,579,654	$ -	$ 163,638	$ 1,416,016	$ 170,653
Interest	685	64,023	64,094	614	
Total long-term obligations	1,580,339	64,023	227,732	1,416,630	
Interest	685	64,023	64,094	614	
Principal	$ 1,579,654	$ -	$ 163,638	$ 1,416,016	

B. The future maturities of obligations outstanding as of June 30, 2008 are as follows:

Fiscal Year	Loan: Bank of America Principal	Loan: Bank of America Interest
2009	$ 170,653	$ 57,079
2010	177,970	49,763
2011	185,600	42,133
2012	193,557	34,175
2013-17	688,236	51,893
	$ 1,416,016	$ 235,043

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in 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, and comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth in the following pages.

- *Accounting and Internal Controls*
- *Collateral*
- *Indebtedness*
- *Budget*
- *Insurance and Fidelity Bonds*
- *Programs Funded from Outside Sources*
- *Investments*
- *Public Contracts and Purchasing*

WOODBURN URBAN RENEWAL AGENCY

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS
Year Ended June 30, 2008

Accounting and Internal Controls

The broad objectives of internal accounting control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that financial records are reliable to permit the preparation of financial statements. The following operative objectives are necessary to achieve the broad objectives:

a. Transactions are executed in accordance with management's general or specific authorization.

b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.

c. Access to assets is permitted only in accordance with management's authorization.

d. The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. Any projection of a current evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with prescribed procedures may deteriorate.

The accounting records and internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Collateral

The Agency does not maintain separate cash accounts. Instead, the Agency's cash is pooled with the cash of the City of Woodburn. During the year, deposits of the City were adequately secured.

www.bcsllc.com
Established - 1968
SALEM: 480 CHURCH STREET SE ■ SALEM, OR 97301 ■ PHONE: (503) 585-7751 ■ FAX: (503) 370-3781
STAYTON: 408 NORTH THIRD AVENUE ■ STAYTON, OR 97383 ■ PHONE: (503) 769-2186 ■ FAX: (503) 769-4312
ALBANY: 321 1st AVENUE E STE 2A ■ ALBANY, OR 97321 ■ PHONE: (541) 928-6500 ■ FAX: (541) 928-6501

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Indebtedness

The Agency has complied with legal requirements relating to short-term and long-term debt including limitation on the amount of debt which may be incurred, liquidation of debt within prescribed period of time and compliance with provisions of bond indentures or other agreements.

Budget

1. Preparation and Adoption

   The budgets for the years ended June 30, 2009 and 2008 were prepared and adopted in compliance with legal requirements.

2. Execution

   The budget for the year ended June 30, 2008 was executed in compliance with legal requirements.

Insurance and Fidelity Bonds

The Agency does not have separate coverage. Instead the Agency's risks are insured by policies owned by the City of Woodburn. The City's insurance agent confirmed that the following policies were in force at June 30, 2008:

Company	Policy Number	Coverage	Limit	Term
City County Insurance	07LWDB	General and auto liability	$5,000,000 CSL	07-01-06/08
	07APDWBD	Auto physical damage	Per agreement	07-01-06/08
	07PWBD	Property/mobile equipment	$52,255,226	07-01-06/08
	07BWBD	Boiler and machinery	Per property schedule	07-01-06/08
NLC Mutual	07E	Excess earthquake	N/A	07-01-06/08
Fidelity and Deposit	07C	Excess crime	N/A	07-01-06/08

Insurance coverage appears to comply with legal requirements.

Programs Funded from Outside Sources

The Agency did not operate any programs funded wholly or partially by other governmental agencies.

Investments

Funds of the Agency were invested in compliance with ORS 294.035.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Public Contracts and Purchasing

1. Awarding of public contracts

   The Agency did not award any public contracts subject to ORS 279.

2. Construction of public improvements

   The Agency did not construct any public improvements subject to ORS 279.

Boldt, Carlisle & Smith LLC
Certified Public Accountants
Salem, Oregon
December 26, 2008