

**URBAN RENEWAL AGENCY OF THE CITY OF
TROUTDALE
(A Component Unit of The City of Troutdale, OR)
MULTNOMAH COUNTY, OREGON**

For the Year Ended June 30, 2022

ANNUAL FINANCIAL REPORT



12700 SW 72nd Ave.
Tigard, OR 97223

**URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of The City of Troutdale, OR)
MULTNOMAH COUNTY, OREGON**

For the Year Ended June 30, 2022

ANNUAL FINANCIAL REPORT

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of The City of Troutdale)
MULTNOMAH COUNTY, OREGON

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URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of The City of Troutdale)
MULTNOMAH COUNTY, OREGON

| BOARD OF DIRECTORS | TERM EXPIRES |
|---------------------------|---------------------|
| Randy Lauer, Mayor | December 31, 2024 |
| David Ripma | December 31, 2022 |
| Alison Caswell | December 31, 2024 |
| Jamie Kranz | December 31, 2022 |
| Glenn White | December 31, 2024 |
| Nick Moon | December 31, 2022 |
| Sandy Glantz | December 31, 2024 |

All directors receive mail at the address listed below.

ADMINISTRATION

219 E. Historic Columbia River Hwy
Troutdale, OR 97060-2078
503-665-5175



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 19, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Urban Renewal Agency of the City of Troutdale
Multnomah County, Oregon

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Agency of the City of Troutdale, a component unit of the City of Troutdale, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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 Troutdale, a component unit of the City of Troutdale, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Urban Renewal Agency of the City of Troutdale and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

The Agency adopted new accounting guidance, *GASB Statement No. 87- Leases* during the fiscal year under audit. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Urban Renewal Agency of the City of Troutdale's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Urban Renewal Agency of the City of Troutdale's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Urban Renewal Agency of the City of Troutdale's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed

in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 19, 2022 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of The City of Troutdale)
MULTNOMAH COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022

This discussion and analysis presents the highlights of the financial activities and resulting financial position for the Urban Renewal Agency of the City of Troutdale (Agency). It focuses on the significant issues and activities for the year under audit. Please read it in conjunction with the Agency's financial statements.

FINANCIAL HIGHLIGHTS

- Total assets increased by \$481,000 due to an increase in cash and implementation of GASB 87 recognition of Lease Receivables of \$362,000.
- Total liabilities increased by \$8,000 due to settlement of outstanding accounts payable.
- Total net position increased by \$117,600.
- Total revenues increased by \$26,000 from tax increment revenues and recovery of prior year expenses.
- Total expenses decreased by \$84,000 primarily due to professional services costs from completion of environmental remediation activities.

REPORT LAYOUT

The Management Discussion and Analysis (MD&A) is intended to serve as an introduction to the Urban Renewal Agency of the City of Troutdale's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The report also contains other supplementary data in addition to the basic financial statements themselves.

Government-Wide Financial Statements.

These two statements present an overview of the Agency's finances, in a manner similar to the private sector. Each statement presents highly condensed, entity-wide information and uses the full accrual basis of accounting.

- The Statement of Net Position presents information on the Agency's total assets and liabilities, with the resulting difference between the two presented as net position. Over time, increases or decreases to net position may serve as a useful indicator of whether the Agency's financial position is improving or deteriorating.
- The Statement of Activities focuses on the change in net position over the last year. The costs of the Agency's programs are presented and show to what extent governmental activities are subsidized by taxes and other general revenues.

Fund Financial Statements

Following the government-wide statements is a section containing fund financial statements. The Agency's funds are presented in their own columns. A "Budgetary Comparison Statement" for each fund is presented after the "Notes to the Basic Financial Statements."

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Completing the document is a schedule of property tax transactions and balances as well as reports by the independent certified public accountant, as required by statute.

AGENCY AS A WHOLE

Government-Wide Financial Statements

Statement of Net Position at June 30, 2022:

The Agency's net position increased by \$109,470 from \$358,068 to \$475,668. Assets increased by \$481,349, liabilities increased by \$8,049, and Deferred Inflow of Resources increased by \$355,701.

Table 1
Governmental
Activities

| ASSETS | 2021 | 2022 |
|--|-----------|-----------|
| Cash and investments | \$294,533 | \$360,660 |
| Property Taxes Receivable | 4,619 | 4,094 |
| Account Receivable | 569 | 632 |
| Lease Receivable | | 362,286 |
| Capital Assets | 6,884,445 | 6,937,844 |
| Total assets | 7,184,166 | 7,665,516 |
| LIABILITIES | | |
| Accounts Payable | 26,098 | 34,147 |
| Noncurrent Liabilities | | |
| Due within one year | | 159,492 |
| Due within more than one year | 6,800,000 | 6,640,508 |
| Total liabilities | 6,826,098 | 6,834,147 |
| DEFERRED INFLOW | | |
| Unavailable Revenue- Lease | | 355,701 |
| Net position: | | |
| Invested in capital assets, net of debt | 263,056 | 400,481 |
| Restricted for Debt Service | 90,810 | 71,447 |
| Unrestricted | 4,202 | 3,740 |
| Total net position | \$358,068 | \$475,668 |

Governmental Activities

The Agency negotiated and entered Consent Judgement Prospective Purchaser Agreement (PPA) with the Oregon Department of Environmental Quality (DEQ) to provide the Agency with environmental liability protection, which can also be transferred with the land providing future developers with continued environmental liability protection. The Agency completed the purchase of real property covered by the PPA from both the City and Eastwinds Development LLC in March 2018. The Agency completed the environmental remediation, demolition and site preparation fulfilling the obligations of the PPA and making the URA site shovel ready for redevelopment.

Statement of Activities for the Year Ended June 30, 2022:

Total government revenues are \$222,666 and total government expenses are \$105,066.

Table 2
Governmental
Activities

| REVENUES | 2021 | 2022 |
|----------------------------|-----------|-----------|
| Property Taxes | \$154,217 | \$171,934 |
| Grant Contributions | 0 | 0 |
| Interest on Investments | 12,675 | 14,785 |
| Lease Income | 30,010 | 23,430 |
| Miscellaneous Income | | 12,517 |
| Total revenues | 196,902 | 222,666 |
| EXPENSES | | |
| General Government | 186,899 | 103,419 |
| Interest on Long-Term Debt | 1,872 | 1,647 |
| Total expenses | 188,771 | 105,066 |
| Changes in Net Position | 8,131 | 117,600 |
| Net Position – Beginning | 349,937 | 358,068 |
| Net Position – Ending | \$358,068 | \$475,668 |

Governmental Activities

Total revenues increased by \$25,764 resulting from an increase of tax increment proceeds of \$17,718, a combined with investment income, lease income and prior year expense recovery as miscellaneous income. The UR Plan Area continues to have unpredictable changes in taxable assessed value.

Expenses decreased by \$83,705 primarily due to the conclusion of the environmental remediation project professional services and decline in debt service interest expense.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, all of the Agency capital assets are not subject to depreciation and are reflected in the following, Table 3, "Change in Capital Assets". Total Capital Assets increased \$53,400 with minor site preparation adding to Construction in progress.

Table 3
Capital Assets at Fiscal Year End
(Net of Depreciation)

| | Governmental Activities | |
|--------------------------|------------------------------------|--------------------|
| | <u>2021</u> | <u>2022</u> |
| Land | \$2,406,807 | \$2,406,807 |
| Land Improvements | 4,344,482 | 4,344,482 |
| Infrastructure | 0 | 0 |
| Construction in progress | 133,156 | 186,555 |
| Total | <u>\$6,884,445</u> | <u>\$6,937,844</u> |

Debt Outstanding

Debt remained unchanged as of June 30, 2022, the Agency had \$6,800,000 in debt outstanding in both the current and prior year. There is no outstanding debt due within one year.

Table 4
Outstanding Debt at Fiscal Year End

| | Totals | |
|---------------|--------------------|--------------------|
| | <u>2021</u> | <u>2022</u> |
| Governmental | | |
| Loans Payable | \$6,800,000 | \$6,800,000 |
| Total | <u>\$6,800,000</u> | <u>\$6,800,000</u> |

Both repayments to and an additional loan from the City of equal amounts resulted in no net change of Outstanding Debt. The Agency entered into an Intergovernmental Agreement (IGA) in March 2018 with the City of Troutdale for the City to loan the Agency \$5,000,000 to purchase real property and to conduct environmental remediation, demolition and site preparation making the URA site shovel ready for redevelopment. The Agency and City entered into an additional IGA of substantially similar terms for the additional \$1,500,000 loan from the City and funded by a loan from the Brownfields Redevelopment Fund through the Oregon Business Development Department to finance to completion of the environmental remediation at the URA site.. The IGAs provide for the Agency to repay to the City from the subsequent real property resale for private redevelopment, there is no schedule of future payments. Refer to page 18 of the notes for more detailed information on the Agency's debt.

URBAN RENEWAL AGENCY BUDGETARY HIGHLIGHTS

The Agency adopted budget was not modified during the reporting period. Site planning efforts represented Materials and Services expenditures for necessary professional services. Actions were largely delayed with trail grant application, and construction deferred to subsequent periods.

There were significant variations between the final budget and actual amounts occurred in state and federal grants revenue line, the capital outlay expenditure line and long-term debt proceeds line.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Tax increment revenue is the primary resource for the Urban Renewal Agency of the City of Troutdale. When an urban renewal district is formed, the existing tax base is frozen. The urban renewal plan then receives property taxes that are generated from the increase in assessed value over the frozen base. Urban renewal does not create an additional tax; rather property tax collections are "divided" among the affected taxing districts and the urban renewal plan. When the plan is completed, taxes are no longer divided, and taxing districts once again receive the full distribution of property tax collections.

Property tax collection rates remain strong, with nearly 95% of the current levy collected this year. Since a 3% discount is applied if the property tax bill is paid in full by November 15, property tax collections will never equal 100% of the original amount levied.

The Agency has prepared the approximately 20-acre site for commercial development by completing the cleanup of environmental contamination and required remediation. Certification of the satisfactory environmental clean-up was obtained in reporting period. The site remains subject to the DEQ approved contaminated media management plan (CMMP) requirements, and additional environmental requirements.

Once private investment is committed, and the real property is resold, funding for infrastructure such as access roads and pedestrian byways should be possible. The cost to complete these projects will be determined once a new development layout is established.

The Agency continues to borrow from the City of Troutdale and with the limited tax increment revenues make progress on repaying its debt. Next year's budget estimates tax increment revenues at \$170,000. The Agency has \$6,800,000 in outstanding debt which funded Agency operations in prior years and investment in capital assets. Available tax increment and real property sales proceeds will be used to repay outstanding loans.

REQUESTS FOR INFORMATION

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's Finance Director at 219 E. Historic Columbia River Hwy, Troutdale, Oregon 97060.

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of The City of Troutdale)
MULTNOMAH COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of the City of Troutdale, Oregon)
MULTNOMAH COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2022

ASSETS

| | |
|---------------------------|------------|
| Cash and Cash Equivalents | \$ 360,660 |
| Property Taxes Receivable | 4,094 |
| Accounts Receivable | 632 |
| Lease Receivable | 362,286 |
| Capital Assets: | |
| Land and Improvements | 6,751,289 |
| Construction In Progress | 186,555 |
| | <hr/> |
| Total Assets | 7,665,516 |
| | <hr/> |

LIABILITIES

Current:

| | |
|--------------------------------|--------|
| Accounts and Retainage Payable | 34,147 |
|--------------------------------|--------|

Long Term:

| | |
|--|-----------|
| Long Term Obligations, Due Within One Year | 159,492 |
| Long Term Obligations, Due In More Than One Year | 6,640,508 |
| | <hr/> |

| | |
|-------------------|-----------|
| Total Liabilities | 6,834,147 |
| | <hr/> |

DEFERRED INFLOW

| | |
|-----------------------------|---------|
| Unavailable Revenue - Lease | 355,701 |
| | <hr/> |

NET POSITION

| | |
|----------------------------------|-------------|
| Net Investment in Capital Assets | 400,481 |
| Restricted for Debt Service | 71,447 |
| Unrestricted | 3,740 |
| | <hr/> |
| Total Net Position | \$ 475,668 |
| | <hr/> <hr/> |

See accompanying notes to the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of the City of Troutdale, Oregon)
MULTNOMAH COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

| FUNCTIONS | EXPENSES | FUNCTION REVENUES | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION |
|-------------------------------|------------|----------------------------|--|--|
| | | CHARGES FOR SERVICES | CAPITAL GRANTS AND CONTRIBUTIONS | |
| Urban Renewal Improvements | \$ 103,419 | \$ - | \$ - | \$ (103,419) |
| Interest on Long-term debt | 1,647 | - | - | (1,647) |
| Total Governmental Activities | \$ 105,066 | \$ - | \$ - | (105,066) |
| General Revenues: | | | | |
| | | | | 171,934 |
| | | | | 14,785 |
| | | | | 23,430 |
| | | | | 12,517 |
| | | | | 222,666 |
| | | | | 117,600 |
| | | | | 358,068 |
| | | | | \$ 475,668 |

See accompanying notes to the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of the City of Troutdale, Oregon)
MULTNOMAH COUNTY, OREGON

BALANCE SHEET
Governmental Funds
June 30, 2022

| ASSETS | General Fund | Debt Service Fund | Total |
|--|---------------------|--------------------------|--------------|
| Cash and Investments | \$ 290,199 | \$ 70,461 | \$ 360,660 |
| Property Taxes Receivable | - | 4,094 | 4,094 |
| Accounts Receivable | - | 632 | 632 |
| Lease Receivable | 362,286 | - | 362,286 |
| | <hr/> | <hr/> | <hr/> |
| Total assets | \$ 652,485 | \$ 75,187 | \$ 727,672 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES: | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 34,147 | \$ - | \$ 34,147 |
| | <hr/> | <hr/> | <hr/> |
| Total Liabilities | 34,147 | - | 34,147 |
| | <hr/> | <hr/> | <hr/> |
| DEFERRED INFLOWS | | | |
| Unavailable Revenue - Property Tax | - | 3,740 | 3,740 |
| Unavailable Revenue - Lease | 355,701 | - | 355,701 |
| | <hr/> | <hr/> | <hr/> |
| Total Deferred Inflows | 355,701 | 3,740 | 359,441 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCES | | | |
| Restricted for Debt Service | - | 71,447 | 71,447 |
| Unassigned | 262,637 | - | 262,637 |
| | <hr/> | <hr/> | <hr/> |
| Total Fund Balance | 262,637 | 71,447 | 334,084 |
| | <hr/> | <hr/> | <hr/> |
| Total Liabilities, Deferred Inflows, and Fund Balances | \$ 652,485 | \$ 75,187 | \$ 727,672 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

See accompanying notes to the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of the City of Troutdale, Oregon)
MULTNOMAH COUNTY, OREGON

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

June 30, 2022

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

| | |
|--|-------------------|
| Fund Balance | \$ 334,084 |
| Long-term liabilities applicable to the Agency's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. | |
| Long-term debt | (6,800,000) |
| The cost of governmental capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the Agency as a whole. | |
| Net Capital Assets | 6,937,844 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds. | |
| Unavailable Revenue | <u>3,740</u> |
| Total Net Position | <u>\$ 475,668</u> |

See accompanying notes to the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of the City of Troutdale, Oregon)
MULTNOMAH COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

| REVENUES | General Fund | Debt Service Fund | Total |
|--|---------------------|--------------------------|-------------------|
| Property Taxes | \$ - | \$ 172,396 | \$ 172,396 |
| Interest Income | 4,897 | 9,888 | 14,785 |
| Lease Income | 23,430 | - | 23,430 |
| Miscellaneous | 12,517 | - | 12,517 |
| Total Revenues | <u>40,844</u> | <u>182,284</u> | <u>223,128</u> |
| EXPENDITURES | | | |
| Materials and Services | 156,818 | - | 156,818 |
| Debt Service | - | 201,647 | 201,647 |
| Total Expenditures | <u>156,818</u> | <u>201,647</u> | <u>358,465</u> |
| Excess of Revenues, Over (Under) Expenditures | (115,974) | (19,363) | (135,337) |
| OTHER FINANANCING SOURCES/(USES) | | | |
| Loan Proceeds | <u>200,000</u> | <u>-</u> | <u>200,000</u> |
| Total other financing sources/uses | <u>200,000</u> | <u>-</u> | <u>200,000</u> |
| Net Change in Fund Balance | 84,026 | (19,363) | 64,663 |
| Beginning Fund Balance | <u>178,611</u> | <u>90,810</u> | <u>269,421</u> |
| Ending Fund Balance | <u>\$ 262,637</u> | <u>\$ 71,447</u> | <u>\$ 334,084</u> |

See accompanying notes to the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of the City of Troutdale, Oregon)
MULTNOMAH COUNTY, OREGON

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2022

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

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

| | | |
|--|----|--------|
| Net change in fund balance - governmental fund | \$ | 64,663 |
|--|----|--------|

The issuance of long-term debt provides current financial resources to the governmental fund, while repayment of long-term debt principal consumes current financial resources of the governmental fund. However, neither transaction has any effect on net position. This amount is the net effect of these differences.

| | | |
|---------------------------------|--|-----------|
| Long-term debt principal repaid | | 200,000 |
| Long term debt proceeds | | (200,000) |

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

| | | |
|-------------------------|--|--------|
| Capital asset additions | | 53,399 |
|-------------------------|--|--------|

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund.

| | | |
|----------------|--|--------------|
| Property Taxes | | <u>(462)</u> |
|----------------|--|--------------|

| | | |
|------------------------|--|--------------------------|
| Change in Net Position | | <u><u>\$ 117,600</u></u> |
|------------------------|--|--------------------------|

See accompanying notes to the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of The City of Troutdale)

MULTNOMAH COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Urban Renewal Agency of the City of Troutdale, Oregon (Agency) financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

A. ORGANIZATION AND OPERATION

The Agency was organized under Chapter 457 of the Oregon Revised Statutes to assist in the development and redevelopment of the City's waterfront area, primarily through tax increment financing. The City Council of the City of Troutdale is the Board of Directors of the Agency.

B. DESCRIPTION OF THE REPORTING ENTITY

Financial accountability is determined in accordance with criteria set forth in generally accepted accounting principles (GAAP), primarily on the basis of authority to appoint voting majority of an organization's governing board, ability to impose its will on that organization, the potential for that organization to provide specific benefits or impose specific financial burdens and that organization's fiscal dependency. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement No. 61, are separate organizations that are included in the Agency's reporting entity because of the significance of their operational or financial relationships with the Agency. All significant activities and organizations with which the Agency exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units. However, the Agency is a blended component unit of the City of Troutdale. The Agency is a component unit of the City of Troutdale because the Troutdale City Council exercises oversight authority over the Agency as demonstrated by the designation of the Agency's Board Member and the existence of a financial benefit/burden relationship. The Agency is included in the financial statements of the City of Troutdale for the year ended June 30, 2022.

C. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The government-wide financial statements report information irrespective of fund activity, and the fund financial statements report information using funds. The government-wide statements focus on the sustainability and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities. These statements were prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. General revenues are from property and related taxes, and interest. All expenses are categorized either as program disbursements or interest on long-term debt.

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 that are clearly identifiable with a specific function. There are no program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of The City of Troutdale)

MULTNOMAH COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

The accounts 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. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available (“susceptible to accrual”). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period, except for property taxes which are accrued if collected within 30 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

There are two major governmental funds:

GENERAL FUND – RIVERFRONT DEVELOPMENT FUND

This is the primary operating fund. It accounts for all of the financial operations. The principal revenue sources are property taxes and interest revenue.

DEBT SERVICE FUND

This fund accounts for the debt service associated with the Agency. The principal revenue source is property taxes.

D. BUDGETS

A budget is prepared for the governmental fund in accordance with the legal requirements set forth in the Oregon Local Budget Law. The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in early spring with a public hearing being held approximately three weeks later. The budget may be amended prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30.

The expenditure budget is appropriated at the following levels:

LEVEL OF CONTROL

Materials and Services
Capital Outlay
Debt Service
Contingency

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
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MULTNOMAH COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BUDGETS (CONTINUED)

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original and final budget amounts. Expenditures were within authorized appropriations.

E. PROPERTY TAXES AND PROPERTY TAXES RECEIVABLE

Property taxes receivable are recorded to indicate the amount of uncollected taxes that can be expected to be received in the future. Such taxes are offset by a liability to indicate that these amounts have to been recorded as receipts. Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are levied on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Taxes are billed and collected by Multnomah County and remittance is made at periodic intervals.

F. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. CASH AND INVESTMENTS

For financial reporting purposes, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

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MULTNOMAH COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. CASH AND INVESTMENTS (CONTINUED)

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

H. RECEIVABLES AND PAYABLES

Receivables for federal and state grants, and state, county and local shared revenue are recorded as revenue is earned. The receivables for state, county and local shared revenue are recorded in accounts receivable. Investment earnings (e.g., accrued interest receivable) are recorded as revenue is earned on investments. Activity between funds that are representative of lending and borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to / from other funds.”

I. LEASE RECEIVABLE

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the government, reduced by principal payments received.

J. CAPITAL ASSETS

Capital assets are recorded at the original or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value on the date donated. Capital assets are charged to expenditures as purchased in the governmental funds, and capitalized and depreciated in the government-wide-statements. Capital assets are defined as assets with an initial cost of more than \$5,000 and an estimated life equal to or greater than one year. Interest incurred during construction, maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Capital assets are depreciated using the straight-line method and infrastructure capital assets are being depreciated over an estimated useful life of 30 years.

K. LONG-TERM OBLIGATIONS

Long-term obligations are reported in the government-wide financial statements as liabilities. The governmental individual fund financial statements do not report long-term obligations because they do not require the use of current financial resources.

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
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MULTNOMAH COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. NET POSITION (CONTINUED)

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

- Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – consists of all other assets that are not included in the other categories previously mentioned.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

L. FUND BALANCE

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority has been given by resolution to the City Manager and the Finance Director.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

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MULTNOMAH COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. FUND BALANCE (CONTINUED)

The following order of spending is used regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government has no items which qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government's deferred inflows are clearly labeled on the face of the financial statements.

2. CASH AND INVESTMENTS

State statutes govern the cash management policies. Statutes authorize investment in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

DEPOSITS

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there now may be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by the Federal Deposit Insurance Corporation.

Cash is pooled with the City of Troutdale. Please refer to the City's basic financial statements and footnotes, issued under separate cover, for additional information pertaining to the nature and collateralization of the City's cash and investments.

Cash at June 30, 2022 consisted of:

| | |
|-------------|--------------------------|
| Pooled Cash | <u>\$ 360,660</u> |
| Total | <u><u>\$ 360,660</u></u> |

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of The City of Troutdale)

MULTNOMAH COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

DEPOSITS (CONTINUED)

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of bank failure, the deposits may not be returned. There is no deposit policy for custodial risk. All deposits were at an approved depository. As of June 30, 2022, none of the bank balance was exposed to custodial credit risk because it was insured or collateralized.

INVESTMENTS

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. At June 20, 2022, the fair value of the position in the LGIP is 98.98%. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date that exceeds 18 months.

Credit Risk

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration Risk

Concentration risk is the risk of loss due to a large portion of investments with a single issuer. At June 30, 2022, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
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MULTNOMAH COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

3. LEASE RECEIVABLE

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

| GOVERNMENTAL ACTIVITIES: | Balance as of July 1, 2021 | Additions | Reductions | Balance as of June 30, 2022 |
|---|-------------------------------|-------------------|------------------|--------------------------------|
| Lease Receivable | | | | |
| Cellular Antenna Space, URA Water Tower, interest 1.29%, principal and interest of \$23,720 due annually, due 2036 | \$ - | \$ 381,108 | \$ 18,822 | \$ 362,286 |
| Total Lease Receivable | <u>\$ -</u> | <u>\$ 381,108</u> | <u>\$ 18,822</u> | <u>\$ 362,286</u> |
| Deferred Inflow of Resources | | | | |
| Cellular Antenna Space | \$ - | \$ 381,108 | \$ 25,407 | \$ 355,701 |
| Total Deferred Inflow of Resources | <u>\$ -</u> | <u>\$ 381,108</u> | <u>\$ 25,407</u> | <u>\$ 355,701</u> |

The deferred inflow is amortized on a straight line basis. Future maturities for the receivable are as follows:

| Fiscal Year | Governmental Activities | | |
|-------------|-------------------------|-------------------|-------------------|
| | Principal Payments | Interest Payments | Total Payments |
| 2023 | \$ 19,776 | \$ 4,655 | \$ 24,431 |
| 2024 | 20,763 | 4,401 | 25,164 |
| 2025 | 21,785 | 4,134 | 25,919 |
| 2026 | 22,843 | 3,855 | 26,698 |
| 2027 | 23,937 | 3,561 | 27,498 |
| 2028-2032 | 137,478 | 12,891 | 150,369 |
| 2033-2037 | <u>115,704</u> | <u>3,458</u> | <u>119,162</u> |
| Total | <u>\$ 362,286</u> | <u>\$ 36,955</u> | <u>\$ 399,241</u> |

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of The City of Troutdale)

MULTNOMAH COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS

| Description | 7/1/2021 Beginning Balance | Increases | Decreases | 6/30/2022 Ending Balance |
|---|----------------------------------|------------------|-------------|--------------------------------|
| Governmental Activities | | | | |
| Capital assets not depreciated | | | | |
| Land and improvements | \$ 6,751,289 | \$ - | \$ - | \$ 6,751,289 |
| Construction in Progress | 133,156 | 53,399 | - | 186,555 |
| Total Capital assets not depreciated | <u>6,884,445</u> | <u>53,399</u> | <u>-</u> | <u>6,937,844</u> |
| Governmental activities capital assets, net | <u>\$ 6,884,445</u> | <u>\$ 53,399</u> | <u>\$ -</u> | <u>\$ 6,937,844</u> |

4. LONG TERM OBLIGATIONS

There are a variety of debt types for the purpose of carrying out capital financing activities. The various types of debt are discussed below. Outstanding debt amounts are as of June 30, 2022.

The following table presents current year changes in long-term obligations outstanding, along with the current portions due for each issue.

| | Beginning Balance | Increase | Decrease | Ending Balance | Due in One Year |
|--------------------------------------|----------------------|-------------------|---------------------|---------------------|--------------------|
| Governmental Activities | | | | | |
| Direct Obligations | | | | | |
| City Loan | \$ 300,000 | \$ 200,000 | \$ (200,000) | \$ 300,000 | \$ - |
| 2018 Full Faith and Credit Loan City | 5,000,000 | - | - | 5,000,000 | - |
| 2020 Full Faith and Credit Loan City | <u>1,500,000</u> | <u>-</u> | <u>-</u> | <u>1,500,000</u> | <u>159,492</u> |
| Total Governmental Activities | <u>\$ 6,800,000</u> | <u>\$ 200,000</u> | <u>\$ (200,000)</u> | <u>\$ 6,800,000</u> | <u>\$ 159,492</u> |

City Loan

The Agency entered into an Intergovernmental agreement with the City of Troutdale in January of 2018 for the City to loan the Urban Renewal Agency funds as necessary to support urban renewal activities. The Agency shall repay the loan following receipt of tax increment collections or other revenue; however, repayment of the principal amount from the loan and any accrued interest, shall not exceed five years from the Agency's first receipt of the loan proceeds. As the Agency pays back the loan with tax increment collections, there is no schedule of future payments.

The loan shall bear interest at an annual rate which is equivalent to the rate at which the City borrowed the funds, or at the City's forgone investment rate, depending on the source of the funds.

2018 City Loan

Full faith and credit obligation bonds were issued in March of 2018 by the City in the amount of \$5,000,000, to assist the Agency in financing projects for the Troutdale Riverfront Renewal Plan. The Agency entered into an

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
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MULTNOMAH COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

4. LONG TERM OBLIGATIONS (CONTINUED)

Intergovernmental Agreement (IGA) in March 2018 with the City of Troutdale for the City to loan the Agency funds to purchase real property and to conduct environmental remediation, demolition and site preparation making the URA site shovel ready for redevelopment. The IGA provides for the Agency to repay the City from subsequent real property resale for private redevelopment, there is no schedule of future payments.

2020 City Loan

Full faith and credit obligation bonds were issued in June of 2020 by the City in the amount of \$1,500,000 of financing from the City through the loan from the Business Oregon Brownfields Redevelopment Fund. The Agency and City intend for the financing to be repaid from proceeds of the subsequent sale for private development for all or a portion of the Agency real property. The Agency will commit to pay the amounts due from the City under the financing agreement, and have entered into an Intergovernmental Agreement (IGA) with the City to pay those amounts, from subsequent real property resale for private redevelopment. The payment schedule is as follows:

| Year Ending | | |
|-----------------|---------------------|-------------------|
| <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> |
| 2023 | \$ 159,492 | \$ 43,700 |
| 2024 | 172,463 | 38,669 |
| 2025 | 177,886 | 33,246 |
| 2026 | 183,373 | 27,759 |
| 2027 | 189,029 | 22,103 |
| 2028-32 | 617,757 | 30,699 |
| Totals | <u>\$ 1,500,000</u> | <u>\$ 196,176</u> |

5. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; errors and omissions; and natural disasters. The Agency is covered by The City of Troutdale's commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for three years.

6. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions.

The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of The City of Troutdale)
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of the City of Troutdale, Oregon)
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND BUDGET
GENERAL FUND - RIVERFRONT DEVELOPMENT FUND
For the Year Ended June 30, 2022

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|--|--------------------|------------------|-------------------|----------------------------------|
| REVENUES | | | | |
| Intergovernmental - State and Federal Grants | \$ 550,000 | \$ 550,000 | \$ - | \$ (550,000) |
| Lease Income | 30,000 | 30,000 | 23,430 | (6,570) |
| Interest Income | 1,000 | 1,000 | 4,897 | 3,897 |
| Miscellaneous | - | - | 12,517 | 12,517 |
| Total Revenues | <u>581,000</u> | <u>581,000</u> | <u>40,844</u> | <u>(540,156)</u> |
| EXPENDITURES | | | | |
| Materials and Services | 520,200 | 520,200 (1) | 156,818 | 363,382 |
| Capital Outlay | 4,250,000 | 4,250,000 (1) | - | 4,250,000 |
| Contingency | 560,578 | 560,578 (1) | - | 560,578 |
| Total Expenditures | <u>5,330,778</u> | <u>5,330,778</u> | <u>156,818</u> | <u>5,173,960</u> |
| Excess of Revenues, Over (Under) Expenditures | (4,749,778) | (4,749,778) | (115,974) | 4,633,804 |
| OTHER FINANANCING SOURCES/(USES) | | | | |
| Loan Proceeds | 4,300,000 | 4,300,000 | 200,000 | (4,100,000) |
| Total other financing sources/uses | <u>4,300,000</u> | <u>4,300,000</u> | <u>200,000</u> | <u>(4,100,000)</u> |
| Net Change in Fund Balance | (449,778) | (449,778) | 84,026 | 533,804 |
| Beginning Fund Balance | <u>449,778</u> | <u>449,778</u> | <u>178,611</u> | <u>(271,167)</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 262,637</u> | <u>\$ 262,637</u> |

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of The City of Troutdale)
MULTNOMAH COUNTY, OREGON

SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of the City of Troutdale, Oregon)
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND BUDGET
DEBT SERVICE FUND
For the Year Ended June 30, 2022

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET</u> |
|----------------------------|----------------------------|-------------------------|------------------|---|
| REVENUES | | | | |
| Property Taxes | | | | |
| Current Year's Levy | \$ 170,106 | \$ 170,106 | \$ 169,999 | \$ (107) |
| Prior Years' Levies | 2,000 | 2,000 | 2,099 | 99 |
| Tax Penalties and Interest | - | - | 298 | 298 |
| | <u>172,106</u> | <u>172,106</u> | <u>172,396</u> | <u>290</u> |
| Interest Income | <u>5,000</u> | <u>5,000</u> | <u>9,888</u> | <u>4,888</u> |
| Total Revenues | <u>177,106</u> | <u>177,106</u> | <u>182,284</u> | <u>5,178</u> |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal | 200,000 | 200,000 | 200,000 | - |
| Interest | <u>10,000</u> | <u>10,000</u> | <u>1,647</u> | <u>8,353</u> |
| Total Expenditures | <u>210,000</u> | <u>210,000</u> (1) | <u>201,647</u> | <u>8,353</u> |
| Net Change in Fund Balance | (32,894) | (32,894) | (19,363) | 13,531 |
| Beginning Fund Balance | <u>81,466</u> | <u>81,466</u> | <u>90,810</u> | <u>9,344</u> |
| Ending Fund Balance | <u>\$ 48,572</u> | <u>\$ 48,572</u> | <u>\$ 71,447</u> | <u>\$ 22,875</u> |

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE
(A Component Unit of The City of Troutdale)
MULTNOMAH COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS



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December 19, 2022

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Urban Renewal Agency of the City of Troutdale as of and for the year ended June 30, 2022, and have issued our report thereon dated December 19, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Urban Renewal Agency of the City of Troutdale was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the Board and management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Tara M. Kamp, CPA". The signature is written in a cursive style with a loop at the end of the last name.

Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.