



URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE

BOARD OF DIRECTORS

Randy Lauer, *Chair*

David Ripma

Alison Caswell

Geoffrey Wunn

Glenn White

Jordan Wittren

Sandy Glantz

Agenda January 16, 2024

Joint Meeting with the Town Center Advisory Board | 7:00 p.m.

Troutdale Police Community Center – Kellogg Room

234 SW Kendall Ct, Troutdale, OR 97060

1. **Roll Call**
2. **Motion:** Election of the 2024 Agency Vice-Chair
3. **Public Comment:** Public Comment on non-agenda and consent agenda items is welcome at this time. *Public comment on agenda items will be taken at the time the item is considered. Public comments should be directed to the Presiding Officer and limited to matters of community interest or related to matters which may, or could, come before Council. Each speaker shall be limited to 5 minutes for each agenda item unless a different amount of time is allowed by the Presiding Officer, with consent of the Council.*
4. **Consent Agenda:**
 - 4.1. **Minutes:** June 20, 2023 Urban Renewal Agency Regular Meeting, and July 11, 2023 Urban Renewal Agency Special Meeting.
5. **Resolution:** A resolution approving the Urban Renewal Agency's Financial Statement for Fiscal Year ended June 30, 2023 and accepting the Independent Auditors' Reports. – *Erich Mueller, Finance Director*
6. **Resolution:** A resolution approving The Agency's Annual Financial Impact Report for the Fiscal Year ending June 30, 2023. - *Erich Mueller, Finance Director*
7. **Report:** Progress report on the Confluence Site development projects. – *Ray Young, Executive Director & Capstone Partners LLC*
8. **Adjourn**

Randy Lauer, Chair

Dated: January 10, 2024

Meeting Participation

The public may attend the meeting in person or via Zoom. Please email info@troutdaleoregon.gov by **5:00pm on Monday, January 15th** to request Zoom meeting access credentials. You may also submit written public comments via email to info@troutdaleoregon.gov no later than **5:00pm on Monday, January 15th**.

Further information and copies of agenda packets are available at: Troutdale City Hall, 219 E. Historic Columbia River Hwy. Monday through Friday, 8:00 a.m. - 5:00 p.m.; on our Web Page www.troutdaleoregon.gov/meetings or call Sarah Skroch, City Recorder at 503-674-7258.

The meeting location is wheelchair accessible. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to: Sarah Skroch, City Recorder 503-674-7258.

DRAFT

MINUTES
Urban Renewal Agency of the City of Troutdale
Regular Meeting
Troutdale City Hall – Council Chambers
219 E. Historic Columbia River Hwy.
Troutdale, OR 97060-2099

Tuesday, June 20, 2023 - 7:00pm

1. ROLL CALL

Chair Lauer called the meeting to order at 7:00pm.

PRESENT: Chair Lauer, Director Ripma, Director Caswell, Director Wunn, Director White, Director Wittren and Director Glantz.

ABSENT: None.

STAFF: Ray Young, City Manager; Kenda Schlaht, Deputy City Recorder and Erich Mueller, Finance Director.

GUESTS: None.

2. PUBLIC COMMENT: Public comment is limited to comments on non-agenda items.

None.

3. CONSENT AGENDA:

3.1 Minutes: January 17, 2023 Urban Renewal Agency Regular Meeting and March 21, 2023 Urban Renewal Agency Special Meeting.

MOTION: Director Ripma moved to accept the Consent Agenda. Seconded by Director Glantz. The motion passed unanimously.

4. REPORT: Progress report on the Confluence Site development projects.

Ray Young, City Manager, stated the report on the URA is always broken into two areas: the development side of it, and the trail side of it. On the development side, Capstone was selected by the Board as to engage in Exclusive Negotiations with them for development of the Urban Renewal Area. There are 2 agreements the City must work through to complete the work with Capstone. The first is called an ENA (Exclusive Negotiation Agreement). That is the one that says that the City agrees to work with Capstone and nobody else and officially designates them as the people the City can start working with. The second agreement is a DDA (Disposition and Development Agreement) which is the one that deals with details of the deal. At this point the ENA is just about done in the agreement. Staff thought they would have Capstone ready to come tonight to be put on the agenda but there were a couple of issues with people being available to review the ENA. Staff is planning on a Special URA meeting on July 11th to consider it then. Last

he heard it will probably not be ready for next Tuesday night to do a Special URA meeting. Capstone was pursuing that development under the hopes that Time Equities, the owner of the mall, would work with them on the access issue. Primarily, this ENA will essentially say to go and do good things in New York with Time Equities. With this agreement they will have the official right to do so. He's hopeful they will come back in early October and staff will know to go to step 2, which is the DDA. The DDA is the one where the community would be involved in the terms and what will be involved. The second area is the trail issue. The trail design is 90% designed from the Union Pacific Railroad bridge north. The Union Pacific Railroad is still reviewing the 60% submissions for the area of Depot Park underneath the bridge. They responded last week wanting an update. The 60% review should be done soon. The 90% design under the bridge won't be finished until the UPRR has caught up. Hopefully by the 1st of September UPRR will give their final approval on the 90% design. Metro is asking for a cultural survey of the property that will need to be done before an Intergovernmental Agreement is entered into with them. By the 1st of October we should be ready to put together a bid package for the trail.

Mayor Lauer opened public comment 7:10pm.

None.

Mayor Lauer closed public comment 7:10pm.

5. PUBLIC HEARING / RESOLUTIONS:

5.1 RESOLUTION: A resolution adopting the Urban Renewal Agency's Fiscal Year 2023-2024 annual budget and making appropriations.

5.2 RESOLUTION: A resolution imposing and the declaration of the tax increment for Fiscal Year 2023-2024.

Erich Mueller, Finance Director, gave a brief overview of the staff report for agenda item #5.1.

Mayor Lauer opened the public hearing at 7:12pm.

Paul Wilcox, Troutdale resident, stated on page 6 of the budget document at the very bottom in reference to the original \$7 million credit line, it says, to date, \$4.8 million of this borrowing capacity remains available. On page 14 of the line-item budget there's an item coded 33-007931 for \$4.1 million. He asked if the \$4.1 million applies to the \$4.8 million, leaving \$700,000 available.

Erich Mueller stated that that is the line-item under which the resources that are loaned historically from the City's General Fund to the Urban Renewal Agency and represents the TIF backed debt. Yes, that would be the same line-item as what the \$4.8 million would roll through on.

Mayor Lauer closed the public hearing at 7:14pm.

MOTION: Director Ripma moved to adopt the resolution adopting the Urban Renewal Agency's Fiscal Year 2023-2024 annual budget and making appropriations. Seconded by Director Glantz.

VOTE: Director Ripma – Yes; Director Caswell – Yes; Director Wunn – Yes; Chair Lauer – Yes; Director White- Yes; Director Wittren – Yes and Director Glantz – Yes.

Motion passes 7-0.

Erich Mueller gave a brief overview of the staff report for agenda item #5.2.

Mayor Lauer opened the public hearing at 7:16pm.

None.

Mayor Lauer closed the public hearing at 7:17pm.

MOTION: Director Wittren moved to adopt the resolution imposing and the declaration of the tax increment for Fiscal Year 2023-2024. Seconded by Director Ripma.

VOTE: Director Ripma – Yes; Director Caswell – Yes; Director Wunn – Yes; Chair Lauer – Yes; Director White- Yes; Director Wittren – Yes and Director Glantz – Yes.

Motion passes 7-0.

6. ADJOURN

MOTION: Director Ripma moved to adjourn. Seconded by Director Glantz. Motion passed unanimously.

Meeting adjourned at 7:18pm.

Randy Lauer, Chair

Dated: _____

DRAFT

ATTEST:

Kenda Schlaht, Deputy City Recorder

June 20, 2023 Urban Renewal Agency Meeting - Zoom Guests

Name (Original Name)	User Email	Join Time	Leave Time	Duration (Minutes)
Troutdale Conferencing	troutconf@troutdaleoregon.gov	6/20/2023 18:49	6/20/2023 19:18	30
Randy Lauer		6/20/2023 18:51	6/20/2023 19:18	27
Jordan Wittren		6/20/2023 18:53	6/20/2023 19:18	25
Testimony Table		6/20/2023 18:54	6/20/2023 19:18	25
Paul Wilcox		6/20/2023 18:55	6/20/2023 19:18	24
ray.young		6/20/2023 18:56	6/20/2023 19:18	23
Dave Ripma		6/20/2023 18:57	6/20/2023 19:18	22
Will Knight (Will)		6/20/2023 18:57	6/20/2023 19:18	21
Sandy Glantz		6/20/2023 18:57	6/20/2023 19:18	21
Geoffrey Wunn		6/20/2023 18:58	6/20/2023 19:18	20
Alison Caswell		6/20/2023 19:00	6/20/2023 19:18	19

DRAFT

MINUTES
Urban Renewal Agency of the City of Troutdale
Special Meeting
Troutdale Police Community Center – Kellogg Room
234 SW Kendall Court
Troutdale, OR 97060

Tuesday, July 11, 2023

1. ROLL CALL

Chair Lauer called the meeting to order at 10:10pm.

PRESENT: Chair Lauer, Director Ripma, Director Caswell, Director Wunn, Director White, Director Wittren and Director Glantz.

ABSENT: None.

STAFF: Ray Young, City Manager; Sarah Skroch, City Recorder; Ed Trompke, City Attorney and David Berniker, Community Development Director.

GUESTS: See Attached List.

2. PUBLIC COMMENT: Public comment is limited to comments on non-agenda items.

None.

3. PUBLIC HEARING / RESOLUTION: A resolution approving an Exclusive Negotiation Agreement between the City of Troutdale and through its Urban Renewal Agency and Capstone Partners LLC concerning the Confluence at Troutdale Project.

<0:01:42>

David Berniker, Community Development Director, gave a brief overview of the staff report.

Director Glantz asked who determines the extensions.

David Berniker stated it would be the URA Chair and Directors.

Director White stated in Section 2 it states that the City Manager and the Community Development Director will be authorized designees. He asked if this is just for this resolution.

Ray Young replied, yes.

Director Glantz asked who determines, in the negotiations, what our price would be. Capstone's model was to have the road through the outlet mall and that would come back with some costs to Troutdale or the URA. She asked how the costs get determined or negotiated.

Ed Trompke, City Attorney, replied that that's down the road a way. In the negotiating agreement it's really just to get Capstone talking to the neighboring property owner. After they get to that point then a phase II exclusive negotiating agreement that has a lot more detail in it about what is going to be planned for development. The third piece is a development agreement and that's where prices and numbers get built in.

Chair Lauer opened the public hearing at 10:20pm.

Shelby Staffenson, Troutdale resident, stated she is super excited about this project and hopeful that members from the Town Center Advisory Board (TCAB) will be very involved. She's not sure if staff and consultants are as excited as the TCAB members are. TCAB has spent so much time planning the TCP and she thinks they should have to have some skin in the game.

Sheri Winters, Troutdale resident, stated she agrees with Shelby. She appreciates staff; however, staff is not elected. She would like to see citizens being involved to make sure their voices are heard.

Taney Staffenson, Troutdale resident, stated in the resolution it talks about executing the resolution in the best interest of the City. He asked if that means financially. He wants to understand what is involved in that piece of it. The access is critical. He asked if there will be a group involved in the process at all.

Diane Castillo White, Troutdale resident, stated she is on TCAB. This is their second effort to try and do something awesome on that site. She would like a member from TCAB to be involved in all steps.

John Leamy, TCAB Member, stated that he thinks what Director Glantz might have been asking was in the negotiation with the property owner next door there'll be a cost to acquire this access. He think's that that is something that's probably going to come up earlier in the discussion than the next phase and who would be responsible.

Chair Lauer closed the public hearing at 10:26pm.

Director White asked if someone could answer Taney's questions.

Ray Young stated that the City is not committed financially to anything. The agreement gives Capstone authority to talk to the mall owners and do their due diligence work.

Director White asked about the 90% trail plan.

Ray Young stated this morning at 6:30, Terrell Anderson, said today they approved the 60% design included in the 90% and asked to have it sent to them for another review. It is in their queue. He expects the end of September or first of October for approval of the 90% and then it would be ready for bids. It's possible to be moving dirt for the waterfront park and trail this next spring.

Director Glantz asked if TCAB could be informed the same as the URA group is informed.

Ray Young stated he could CC the TCAB and Council if he has any reports.

MOTION: Director Ripma moved to approve a resolution approving an Exclusive Negotiation Agreement between the City of Troutdale and through its Urban Renewal Agency and Capstone Partners LLC concerning the Confluence at Troutdale Project. Seconded by Director Wittren.

VOTE: Chair Lauer – Yes; Director White – Yes; Director Wittren – Yes; Director Glantz – Yes; Director Ripma – Yes; Director Caswell – Yes and Director Wunn – Yes.

Motion passes 7-0.

4. ADJOURN

MOTION: Director Ripma moved to adjourn. Seconded by Director Glantz. Motion passed unanimously.

Meeting adjourned at 10:32pm.

Randy Lauer, Chair
Dated:

ATTEST:

Kenda Schlaht, Deputy City Recorder

July 11, 2023 City Council Meeting & URA Special Meeting Zoom Guests

Name (Original Name)	User Email	Join Time	Leave Time	Duration (Minutes)
Troutdale Conferencing	troutconf@troutdaleoregon.gov	7/11/2023 19:02	7/11/2023 22:33	211
Chris Hagerman (The Bookin Group)		7/11/2023 19:02	7/11/2023 19:39	38
MetroEast		7/11/2023 19:02	7/11/2023 22:12	191
ray.young		7/11/2023 19:02	7/11/2023 22:32	211
Sandy Glantz		7/11/2023 19:02	7/11/2023 22:32	211
Randy Lauer		7/11/2023 19:02	7/11/2023 22:32	211
Alison Caswell		7/11/2023 19:02	7/11/2023 22:32	210
Paul Wilcox		7/11/2023 19:03	7/11/2023 22:33	210
Taryn Wheeler		7/11/2023 19:03	7/11/2023 19:56	54
Travis Hultin		7/11/2023 19:03	7/11/2023 22:04	182
speaker table		7/11/2023 19:03	7/11/2023 22:33	210
Woodrow Terrell		7/11/2023 19:03	7/11/2023 22:26	204
Jordan Wittren		7/11/2023 19:03	7/11/2023 22:32	210
Chris Bell		7/11/2023 19:03	7/11/2023 20:03	61
Michael Fu		7/11/2023 19:03	7/11/2023 21:54	171
Dave Ripma		7/11/2023 19:04	7/11/2023 22:33	209
Kelley Graham		7/11/2023 19:07	7/11/2023 20:55	108
Sarah Skroch		7/11/2023 19:37	7/11/2023 22:33	176
Chris Hagerman (The Bookin Group)		7/11/2023 19:39	7/11/2023 21:54	136
Jonathan Trutt (he/him)		7/11/2023 19:42	7/11/2023 21:56	134
Will		7/11/2023 19:51	7/11/2023 22:32	162
Taryn Wheeler		7/11/2023 20:04	7/11/2023 21:41	98
Geoffrey Wunn		7/11/2023 20:31	7/11/2023 20:39	9
Geoffrey Wunn		7/11/2023 20:39	7/11/2023 20:40	1
Geoffrey Wunn		7/11/2023 20:40	7/11/2023 22:32	113
Taryn Wheeler		7/11/2023 21:42	7/11/2023 22:05	24



URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE

STAFF REPORT

SUBJECT: A Resolution Approving the Urban Renewal Agency's Financial Statements for Fiscal Year Ended June 30, 2023 and accepting and the Independent Auditors' Reports

MEETING TYPE: Urban Renewal Agency - Regular Meeting **MEETING DATE:** January 16, 2024

PRESENTER: Erich Mueller, Finance Director **DEPARTMENT / AFFILIATION:** Finance

ACTION REQUIRED: Resolution **PUBLIC HEARING:** No

COMMITTEE / COMMISSION RECOMMENDATION: N/A

STAFF RECOMMENDATION: Approval
A Resolution Approving The Agency's Financial Statements For The Fiscal Year Ended June 30, 2023 And Accepting the Independent Auditors' Reports

Exhibits:

- A. Financial Statements and Auditor Reports for Fiscal Year Ended June 30, 2023
- B. Auditors' letter, SAS No. 114 The Auditor's Communication to the Governing Body

Subject Relates to:

- Agency Goals Legislative Land Use / Development Other

Approving the financial statements and accepting the Audit reports documents compliance with ORS 297.425

Document financial oversight by the Agency Board

Discussion Points:

- Agency Management is primarily and ultimately responsible for the fairness of the presentation of the basic financial statements.
- The role and purpose of the independent auditor is to express an opinion on the fairness of the presentation of the financial statements.
- The ultimate responsibility for the monitoring, accountability and oversight of the Agency's fiscal affairs rests upon the Agency Board of Directors.

- The Agency financial statements are provided for external reporting purposes, and facilitates the monitoring and accountability responsibilities of the Agency Board for oversight of the Agency's fiscal affairs.
- The presentation of Agency financial statements are its official GAAP (Generally Accepted Accounting Principles) based financial statements, and external users desire independent assurance that the basic financial statements are reliable.
- SAS No. 114 requires auditors to communicate openly and candidly specifically with the Agency Board of Directors.
- OAR 162-10-000 specifies the Minimum Standards for Audits of Oregon Municipal Corporations and requires comments and disclosures from the auditors.
- The Board's approval of the financial statements will complete the audit for the fiscal year ended June 30, 2023.

Background:

The Urban Renewal Agency of the City of Troutdale (Agency), was created by City Council Ordinance No. 771 pursuant to Oregon Revised Statute (ORS) 457.035 in January of 2006. The Troutdale Riverfront Renewal Plan (Plan) obtained voter approval in May 2006, and the Plan was assigned to the Agency to implement. The goal of the Agency is to promote the optimum development of the urban renewal site.

The Agency is a legally separate entity, and financially is a component unit of the City of Troutdale, governed by a board comprised of the members of the City Council as stipulated by the Agency's bylaws, and operational management of the Agency's activities are performed by City Management.

As a separate legal entity, the Municipal Audit Law, ORS 297.425 requires an annual audit of the Agency's financial statements and report to the Audits Division of the Oregon Secretary of State.

However, as a component unit of the City, since the Agency's inception in 2006 the Agency's financial activity and results have been reported each year as part of the City's Annual Comprehensive Financial Report (ACFR).

Financial Reporting

The attached Exhibit A contains:

- Agency Financial Statements,
- Report of Independent Auditors, and
- OAR 162.10 Audits of Oregon Municipal Corporations Letters.

The attached Exhibit B is the Auditor's Communication to the Governing Body Letters (SAS No. 114).

The information is provided in a different format to comply with the requirements of Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB), Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR). The Agency's financial activity and results are unchanged from the amounts reported in the City's financial statements and Annual Comprehensive Financial Report (ACFR).

Audit Opinion Letter

The financial statements of the Urban Renewal Agency of the City of Troutdale for the fiscal year ended June 30, 2023 were audited by Pauly, Rogers and Co., P.C. The auditor issued an unmodified opinion, also known as a "clean" opinion with no reservations. The *Independent Auditors' Report*, is page 1, and is presented for your review and acceptance, as Exhibit A. The letter identifies the financial statements, management's responsibility, the auditor's scope and role, and importantly their resulting conclusion opinion of the financial statements. The opinion statement is at the bottom of the page.

The auditors' opinion letter states in the second paragraph: *"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, 2023 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."*

Management Letter

The Auditing Standards Board Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, is informally referred to as the "Management Letter". Again this year the Auditors found no basis to issue a Management Letter, as noted at the top of page 2 of their SAS 114 letter under Results of Audit.

SAS No. 115 requires auditors to evaluate and identify internal control deficiencies. There are 3 categories of internal control exceptions, in order of seriousness;

- lowest: "not significant deficiencies"
- intermediate: "significant deficiencies" and
- most serious: "material weaknesses"

No deficiencies were observed in any of these 3 categories of internal control exceptions.

Oregon Municipal Audit Law

The auditor's required letter under Oregon Administrative Rules 162-10-000 *Minimum Standards for Audits of Oregon Municipal Corporations*, is in the last page of Exhibit A.

This OAR requires comments and disclosures from the auditors related to their audit of the financial statements and certain schedules of the financial statements including but not limited to:

- *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.*
- *Highway revenues used for public highways, roads, and streets.*
- *Authorized investment of surplus funds (ORS Chapter 294).*
- *Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).*
- *Schedule of Accountability of Elected Officials*

There was one exception noted for Excess of Expenditures over Appropriations the categories reported on page 12 and 22 of the Audit Report (attached Exhibit A).

Budget amounts shown in the basic financial statements reflect the original and final budget amounts. Expenditures were within authorized appropriations, except for the Debt Service Fund which exceeded the authorized budget limits by \$1,546.

As discussed last week, the interest payments on the internal loan from the City General Fund to the URA which was greater than budgeted. The interest payments are internal only from one fund to another. Given the record setting increase in interest rates over the budget period interest expense was not surprisingly under budgeted. The Federal Reserve benchmark policy interest rate increased more than 10-fold during the budget period, from less than one half of one percent, to above five percent, the greatest increase in the shortest period on record.

The exception is just an internal accounting entry and only technical rather than a substantive exception to the Minimum Standards for Audits of Oregon Municipal Corporations. The Auditors have noted the exception for compliance but have not given it any greater weight as an audit finding or control deficiency.

There were no other exceptions noted.

Auditor Communication to the Governing Body - SAS No. 114

The auditor's required letter under the Auditing Standards Board Statement on Auditing Standards (SAS) No. 114, *The Auditor's Communication to the Governing Body*, is attached for your review and acceptance as Exhibit B.

SAS No. 114 requires auditors to communicate openly, candidly, and specifically with those charged with corporate governance, regarding significant findings and issues related to the audit. Their observations are described beginning at the top of page 2 of their SAS 114 letter, under Result of Audit:

- they report that a “clean” unmodified audit opinion was issued,
- the exceptions to State minimum standards was noted as described above, and
- that a separate Management Letter SAS 115 was *not* issued again this year.

Under Significant Audit Findings section, they report *no issues* with the areas of:

- *Qualitative Aspects of Accounting Practices*
- *Difficulties Encountered in Performing the Audit*
- *Corrected and Uncorrected Misstatements*
- *Disagreements with Management*
- *Management Representations*
- *Management Consultations with Other Independent Accountants*
- *Other Audit Findings or Issues*
- *Required Supplementary Information*
- *Supplementary Information accompanying the basic financial statements.*
- *Other Information accompanying the basic financial statements.*

No deficiencies were observed.

Under the Other Matters – **Future Accounting and Auditing Issues** section, they the upcoming GASB Standards 99, 100, and 101 which will impact the Agency’s financial reporting and auditing burden. The objectives of these Statements are to improve the consistency and enhance comparability in accounting and financial reporting.

GASB 99 – Omnibus 2022

GASB 100 – Accounting Changes And Error Corrections

GASB 101 – Compensated Absences

Each of these will impact the current and future reporting periods of the Agency.

Summary:

The proposed resolution approves the Agency’s financial statements for the fiscal year ended June 30, 2023, establishes the official record of the Agency financial statements and supports

transparency to the public, and to the City and Agency debt investors, of the Agency's sources and uses of funds.

However, the proposed resolution does not "approve" the audit opinion and auditor communication letters, but rather "accepts" these reports. These letters report the auditors' professional judgment and are not subject to client approval or disapproval.

Pros & Cons:

- Approving the Agency financial statements as prepared by staff and accepting the Auditors' report and the OAR and SAS letters of communication to complete the official record and demonstrate financial oversight by the Agency Board of Directors, and documents compliance with the Municipal Audit Law, ORS 297.425.
- Not approving the Agency financial statements financial statements and accepting the Auditors' report and the OAR and SAS letters of communication fails to comply with the Municipal Audit Law, ORS 297.425, creating negative consequences for both the City's and Agency's banking relationships and credit rating, and increased liability.

Oversight:

- *Budget Impact:* Yes, current year (describe) Yes, future (describe) N/A
- *Community Involvement Process:* Yes (describe) N/A
- *Approval by City Attorney:* Yes N/A

Reviewed and Approved by the Agency Executive Director: _____



THE CONFLUENCE
AT TROUTDALE

**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, 2023

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, 2023

ANNUAL FINANCIAL REPORT

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, 2026
Alison Caswell	December 31, 2024
Geoffrey Wunn	December 31, 2026
Glenn White	December 31, 2024
Jordan Wittren	December 31, 2024
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

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

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

December 21, 2023

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, 2023, 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, 2023, 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.

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 21, 2023 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, 2023

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 decreased by \$36,673 due to a decrease in cash and investments in capital assets.
- Total liabilities decreased by \$118,007 due to settlement of outstanding accounts payable and debt service payments.
- Total net position increased by \$106,741.
- Total revenues increased by \$13,594 from recovery of prior year taxes and lease revenue.
- Total expenses increased by \$24,453 primarily due to professional services costs for riverfront trail planning 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, 2023:

The Agency's net position increased by \$106,741 from \$475,668 to \$582,409. Assets decreased by \$36,673, liabilities decreased by \$118,007, and Deferred Inflow of Resources decreased by \$25,407.

Table 1
Governmental
Activities

ASSETS	2022	2023
Cash and investments	\$360,660	\$285,258
Property Taxes Receivable	4,094	4,386
Account Receivable	632	487
Lease Receivable	362,286	342,509
Capital Assets	6,937,844	6,996,203
Total assets	7,665,516	7,628,843
LIABILITIES		
Accounts Payable	34,147	16,140
Noncurrent Liabilities		
Due within one year	159,492	
Due within more than one year	6,640,508	6,700,000
Total liabilities	6,834,147	6,716,140
DEFERRED INFLOW		
Unavailable Revenue- Lease	355,701	330,294
Net position:		
Invested in capital assets, net of debt	400,481	553,986
Restricted for Debt Service	71,447	24,427
Unrestricted	3,740	3,996
Total net position	\$475,668	\$582,409

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, 2023:

Total government revenues are \$236,260 and total government expenses are \$129,518.

Table 2
Governmental
Activities

REVENUES	2022	2023
Property Taxes	\$171,934	\$158,761
Grant Contributions	0	0
Interest on Investments	14,785	18,958
Lease Income	23,430	58,541
Miscellaneous Income	12,517	
Total revenues	222,666	236,260
EXPENSES		
General Government	103,419	117,972
Interest on Long-Term Debt	1,647	11,546
Total expenses	105,066	129,518
Changes in Net Position	117,600	106,741
Net Position – Beginning	358,068	475,668
Net Position – Ending	\$475,668	\$582,409

Governmental Activities

Total revenues increased by \$13,594 resulting from an decrease of tax increment proceeds of \$17,563, offset by combined investment income, lease income and prior year taxes recovery. The UR Plan Area continues to have unpredictable changes in taxable assessed value.

Expenses increased by \$24,452 primarily due to an increase in debt service interest expense and professional design services for the riverfront trail project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, 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 \$58,359 with minor site preparation adding to Construction in progress.

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

	Governmental Activities	
	<u>2022</u>	<u>2023</u>
Land	\$2,406,807	\$2,406,807
Land Improvements	4,344,482	4,344,482
Infrastructure	0	0
Construction in progress	186,555	244,913
Total	<u>\$6,937,844</u>	<u>\$6,996,202</u>

Debt Outstanding

Debt outstanding decreased \$100,000 as of June 30, 2023, the Agency had \$6,700,000 in debt outstanding in the current and \$6,800,000 the prior year. There is no outstanding debt due within one year.

Table 4
Outstanding Debt at Fiscal Year End

	Totals	
	<u>2022</u>	<u>2023</u>
Governmental		
Loans Payable	\$6,800,000	\$6,700,000
Total	<u>\$6,800,000</u>	<u>\$6,700,000</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 \$177,000. The Agency has \$6,700,000 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, 2023

ASSETS

Cash and Cash Equivalents	\$ 285,259
Property Taxes Receivable	4,386
Accounts Receivable	487
Lease Receivable	342,509
Capital Assets:	
Land and Improvements	6,751,289
Construction In Progress	<u>244,913</u>
 Total Assets	 <u>7,628,843</u>

LIABILITIES

Current:	
Accounts and Retainage Payable	16,140
Long Term:	
Long Term Obligations, Due In More Than One Year	<u>6,700,000</u>
 Total Liabilities	 <u>6,716,140</u>

DEFERRED INFLOW

Unavailable Revenue - Lease	<u>330,294</u>
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NET POSITION

Net Investment in Capital Assets	553,986
Restricted for Debt Service	24,427
Unrestricted	<u>3,996</u>
 Total Net Position	 <u>\$ 582,409</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 ACTIVITIES
For the Year Ended June 30, 2023

FUNCTIONS	EXPENSES	FUNCTION REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	
Urban Renewal Improvements	\$ 117,973	\$ -	\$ -	\$ (117,973)
Interest on Long-term debt	11,546	-	-	(11,546)
Total Governmental Activities	\$ 129,519	\$ -	\$ -	(129,519)
General Revenues:				
				164,782
				12,937
				58,541
				236,260
				106,741
				475,668
				\$ 582,409

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, 2023

ASSETS	General Fund	Debt Service Fund	Total
Cash and Investments	\$ 261,709	\$ 23,550	\$ 285,259
Property Taxes Receivable	-	4,386	4,386
Accounts Receivable	-	487	487
Lease Receivable	342,509	-	342,509
	<hr/>	<hr/>	<hr/>
Total assets	\$ 604,218	\$ 28,423	\$ 632,641
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:			
LIABILITIES			
Accounts Payable	\$ 16,140	\$ -	\$ 16,140
	<hr/>	<hr/>	<hr/>
Total Liabilities	16,140	-	16,140
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS			
Unavailable Revenue - Property Tax	-	3,996	3,996
Unavailable Revenue - Lease	330,294	-	330,294
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows	330,294	3,996	334,290
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Restricted for Debt Service	-	24,427	24,427
Unassigned	257,784	-	257,784
	<hr/>	<hr/>	<hr/>
Total Fund Balance	257,784	24,427	282,211
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 604,218	\$ 28,423	\$ 632,641
	<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, 2023

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

Fund Balance	\$ 282,211
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	(6,700,000)
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	6,996,202
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	
Unavailable Revenue	<u>3,996</u>
Total Net Position	<u>\$ 582,409</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, 2023

REVENUES	General Fund	Debt Service Fund	Total
Property Taxes	\$ -	\$ 164,526	\$ 164,526
Interest Income	12,937	-	12,937
Lease Income	58,541	-	58,541
Total Revenues	<u>71,478</u>	<u>164,526</u>	<u>236,004</u>
EXPENDITURES			
Materials and Services	176,331	-	176,331
Debt Service	-	211,546	211,546
Total Expenditures	<u>176,331</u>	<u>211,546</u>	<u>387,877</u>
Excess of Revenues, Over (Under) Expenditures	(104,853)	(47,020)	(151,873)
OTHER FINANANCING SOURCES/(USES)			
Loan Proceeds	100,000	-	100,000
Total other financing sources/uses	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	(4,853)	(47,020)	(51,873)
Beginning Fund Balance	<u>262,637</u>	<u>71,447</u>	<u>334,084</u>
Ending Fund Balance	<u>\$ 257,784</u>	<u>\$ 24,427</u>	<u>\$ 282,211</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, 2023

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	\$ (51,873)
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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	(100,000)

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	58,358
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund.

Property Taxes	<u>256</u>
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Change in Net Position	<u><u>\$ 106,741</u></u>
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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, 2023.

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
(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)

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, except for the Debt Service Fund – debt service by \$1,546.

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

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)

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
(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)

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.

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)

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, 2023 consisted of:

Pooled Cash	<u>\$ 285,259</u>
Total	<u><u>\$ 285,259</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, 2023, 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, 2023, the fair value of the position in the LGIP is 99.63%. 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, 2023, 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
(A Component Unit of The City of Troutdale)

MULTNOMAH COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

3. LEASE RECEIVABLE

GOVERNMENTAL ACTIVITIES:	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Lease Receivable				
Cellular Antenna Space, URA Water Tower, interest 1.29%, principal and interest of \$23,720 due annually, due 2036	\$ 362,286	\$ -	\$ 19,777	\$ 342,509
Total Lease Receivable	<u>\$ 362,286</u>	<u>\$ -</u>	<u>\$ 19,777</u>	<u>\$ 342,509</u>
Deferred Inflow of Resources				
Cellular Antenna Space	\$ 355,701	\$ -	\$ 25,407	\$ 330,294
Total Deferred Inflow of Resources	<u>\$ 355,701</u>	<u>\$ -</u>	<u>\$ 25,407</u>	<u>\$ 330,294</u>

Governmental Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
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	25,070	3,253	28,323
2029-33	143,755	11,125	154,880
2034-38	84,356	1,971	86,327
Total	<u>\$ 342,509</u>	<u>\$ 32,300</u>	<u>\$ 374,809</u>

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

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	7/1/2022 Beginning Balance	Increases	Decreases	6/30/2023 Ending Balance
Governmental Activities				
Capital assets not depreciated				
Land and improvements	\$ 6,751,289	\$ -	\$ -	\$ 6,751,289
Construction in Progress	186,555	58,358	-	244,913
Total Capital assets not depreciated	<u>6,937,844</u>	<u>58,358</u>	<u>-</u>	<u>6,996,202</u>
Governmental activities capital assets, net	<u>\$ 6,937,844</u>	<u>\$ 58,358</u>	<u>\$ -</u>	<u>\$ 6,996,202</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, 2023.

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	\$ 100,000	\$ (200,000)	\$ 200,000	\$ -
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>-</u>
Total Governmental Activities	<u>\$ 6,800,000</u>	<u>\$ 100,000</u>	<u>\$ (200,000)</u>	<u>\$ 6,700,000</u>	<u>\$ -</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. 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
(A Component Unit of The City of Troutdale)

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 and there is no schedule of future payments. 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.

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, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Intergovernmental - State and Federal Grants	\$ 5,800,000	\$ 5,800,000	\$ -	\$ (5,800,000)
Lease Income	-	-	58,541	58,541
Interest Income	1,000	1,000	12,937	11,937
Miscellaneous	30,000	30,000	-	(30,000)
Total Revenues	<u>5,831,000</u>	<u>5,831,000</u>	<u>71,478</u>	<u>(5,759,522)</u>
EXPENDITURES				
Materials and Services	540,200	540,200 (1)	176,331	363,869
Capital Outlay	4,250,000	4,250,000 (1)	-	4,250,000
Contingency	1,212,112	1,212,112 (1)	-	1,212,112
Total Expenditures	<u>6,002,312</u>	<u>6,002,312</u>	<u>176,331</u>	<u>5,825,981</u>
Excess of Revenues, Over (Under) Expenditures	(171,312)	(171,312)	(104,853)	66,459
OTHER FINANANCING SOURCES/(USES)				
Loan Proceeds	-	-	100,000	100,000
Total other financing sources/uses	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net Change in Fund Balance	(171,312)	(171,312)	(4,853)	166,459
Beginning Fund Balance	<u>171,312</u>	<u>171,312</u>	<u>262,637</u>	<u>91,325</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,784</u>	<u>\$ 257,784</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, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Property Taxes				
Current Year's Levy	\$ -	\$ -	\$ 152,435	\$ 152,435
Prior Years' Levies	-	-	5,892	5,892
Tax Penalties and Interest	-	-	6,199	6,199
	<u>181,857</u>	<u>181,857</u>	<u>164,526</u>	<u>164,526</u>
Total Property Taxes	181,857	181,857	164,526	164,526
Interest Income	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total Revenues	<u>186,857</u>	<u>186,857</u>	<u>164,526</u>	<u>(22,331)</u>
EXPENDITURES				
Debt Service				
Principal	200,000	200,000	200,000	-
Interest	<u>10,000</u>	<u>10,000</u>	<u>11,546</u>	<u>(1,546)</u>
Total Expenditures	<u>210,000</u>	<u>210,000</u> (1)	<u>211,546</u>	<u>(1,546)</u>
Net Change in Fund Balance	(23,143)	(23,143)	(47,020)	(23,877)
Beginning Fund Balance	<u>47,449</u>	<u>47,449</u>	<u>71,447</u>	<u>23,998</u>
Ending Fund Balance	<u>\$ 24,306</u>	<u>\$ 24,306</u>	<u>\$ 24,427</u>	<u>\$ 121</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 21, 2023

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, 2023, and have issued our report thereon dated December 21, 2023. 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, except as follows:

1. A budget over-expenditure as noted on page 12.

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.

Tara M. Kamp, CPA

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, OR)
MULTNOMAH COUNTY, OREGON**

For the Year Ended June 30, 2023

Letter to Governing Body



12700 SW 72nd Ave.
Tigard, OR 97223



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December 21, 2023

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

We have audited the basic financial statements of the governmental activities, and each major fund of the Urban Renewal Agency of the City of Troutdale for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Purpose of the Audit

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the basic financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the basic financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas to be tested.

Our audit included obtaining an understanding of the Agency and its environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Agency or to acts by management or employees acting on behalf of the Agency. We also communicated any internal control related matters that are required to be communicated under professional standards.

Results of Audit

1. Audit opinion letter - an unmodified opinion on the basic financial statements has been issued. This means we have given a “clean” opinion with no reservations.
2. State minimum standards – We found no exceptions or issues requiring comment, except as noted on page 22 of the report.
3. No Management Letter was issued.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Sensitive estimates affecting the basic financial statements were Management’s estimate of Accounts Receivable and Capital Asset Depreciation, which are based on estimated collectability of receivables and useful lives of assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, taken as a whole. There were immaterial uncorrected misstatements noted during the audit which were discussed with management. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

Pauly, Rogers and Co., P.C.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the basic financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

We applied certain limited procedures to the required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on it.

Supplementary Information

We were engaged to report on the supplementary information, which accompany the basic financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Other Information

We were not engaged to report on the other information, which accompanies the basic financial statements but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matters – Future Accounting and Auditing Issues

In order to keep you aware of new auditing standards issued by the American Institute of Certified Public Accountants and accounting statements issued by the Governmental Accounting Standards Board (GASB), we have prepared the following summary of the more significant upcoming issues:

GASB 99 – OMNIBUS 2022

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

GASB 100 – ACCOUNTING CHANGES AND ERROR CORRECTIONS – an amendment of GASB 62

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information

presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB 101 – COMPENSATED ABSENCES

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

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



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

RESOLUTION NO.

A RESOLUTION APPROVING THE AGENCY'S FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED ON JUNE 30, 2023 AND ACCEPTING THE INDEPENDENT AUDITORS' REPORTS.

THE URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE FINDS AS FOLLOWS:

1. That the Municipal Audit Law, Oregon Revised Statute (ORS) 297 requires an annual audit of the Agency's financial statements and report to the Oregon Secretary of State's Office.
2. That the Governmental Accounting Standards Board (GASB) has identified accountability as the paramount objective of financial reporting, providing two essential components: fiscal accountability and operational accountability.
3. That to comply with the ORS requirement, and fully support the GASB accountability objectives, that the Agency has prepared the annual financial statement report.
4. That Agency Management is primarily and ultimately responsible for the fairness of the presentation of the basic financial statements.
5. That the Agency Board of Directors is ultimately responsible for the monitoring, accountability and oversight of the Agency's fiscal affairs.
6. That Independent Certified Public Accountants, Pauly, Rogers and Company, P.C., was previously engaged by the Agency to audit the financial statements and express an independent opinion on the fairness of the presentation of the Agency's financial statements.
7. That the presentation of the annual financial statements facilitates the monitoring and accountability responsibilities of the Agency Board of Directors for oversight of the Agency's fiscal affairs.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE:

Section 1: The Agency’s financial statements prepared by Agency Management for the Fiscal Year ended June 30, 2023, as Exhibit A of the Staff Report, are hereby approved as presented.

Section 2: The Report of Independent Certified Public Accountants on the Agency’s financial statements for the Fiscal Year ended June 30, 2023, as included within Exhibit A of the Staff Report, is hereby accepted as presented.

Section 3: The auditors’ letter required under Statement on Auditing Standards (SAS) No. 114; *The Auditor’s Communication to the Governing Body*, on the Agency’s financial statements for the Fiscal Year ended June 30, 2023, as contained in Exhibit B of the Staff Report, is hereby accepted as presented.

Section 4: The auditors’ letter required under Oregon Administrative Rules 162.10.000 *Minimum Standards for Audits of Oregon Municipal Corporations* for the Fiscal Year ended June 30, 2023, as included within Exhibit A of the Staff Report, is hereby accepted as presented.

Section 5: The Report of the Independent Auditors’ on *Communicating Internal Control Related Matters Identified in an Audit* Statement on Auditing Standards (SAS) No. 115; known as the “Management Letter” was not issued again this year as the Auditors found no conditions which required a Management Letter.

Section 6: This resolution is effective upon adoption.

YEAS:
NAYS:
ABSTAINED:

Randy Lauer, Chair
Date:

Sarah Skroch, City Recorder
Adopted:



URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE

STAFF REPORT

SUBJECT: A Resolution Approving The Agency’s Annual Financial Impact Report For The Fiscal Year Ending June 30, 2023.

MEETING TYPE: Urban Renewal Agency - Regular Meeting **MEETING DATE:** January 16, 2024

PRESENTER: Erich Mueller, Finance Director **DEPARTMENT / AFFILIATION:** Finance

ACTION REQUIRED: Resolution **PUBLIC HEARING:** No

COMMITTEE / COMMISSION RECOMMENDATION: N/A

STAFF RECOMMENDATION: Approval A Resolution Approving The Agency’s Annual Financial Impact Report For The Fiscal Year Ending June 30, 2023.

Exhibits:

- A. Annual Financial Impact Report for the Fiscal Year Ending June 30, 2023

Subject Relates to:

- Agency Goals
- Legislative
- Land Use / Development
- Other
- Approving the Annual Financial Impact Report documents compliance with the obligations of ORS 457.460

Discussion Points:

- The Agency is responsible for the implementation of the adopted Troutdale Riverfront Renewal Plan (“Plan”).
- The implementation of the Plan is financed primarily through the use of the Tax Increment Financing of Urban Renewal Indebtedness of Oregon Revised Statute (ORS) Chapter 457 Sections 420 to 460.
- The use of Tax Increment Financing has an impact upon the other overlapping local taxing districts of the urban renewal plan area.
- ORS 457.460 requires an annual financial report on the impact of carrying out the urban renewal plan.

Background:

The Urban Renewal Agency (Agency) of the City of Troutdale was created by City Council Ordinance No. 771 pursuant to Oregon Revised Statute (ORS) 457.035 in January of 2006. The Troutdale Riverfront Renewal Plan (Plan) obtained voter approval in May 2006, and the Plan was assigned to the Agency to implement. The goal of the Agency is to promote the optimum development of the urban renewal site.

Financial Impact Report

Pursuant to Oregon Laws 2019, Chapter 580, section 10, (enrolled HB 2174) the requirements of ORS 457.460 the annual financial impact report was expanded. The report attached as Exhibit A is in fulfillment of the expanded current law. The reporting focus is the financial impact resulting from ORS 457.420 to 457.460; *Tax Increment Financing of Urban Renewal Indebtedness*.

ORS 457.460 has several specific requirements to be included in the report, such as funds both received and spent in the prior fiscal year, and funds expected to be received and expenditures planned in current fiscal year. The report includes the required recap of maximum indebtedness authorized and used through the last fiscal year.

The report also includes the required analysis of the financial impact of carrying out the urban renewal plan on the tax collections for the overlapping taxing districts (county, city, port, school district). This analysis recaps tax revenue directed to the URA which would have otherwise gone to the other overlapping local taxing districts, a process which is known as Tax Increment Financing.

Tax Increment Financing

The Tax Increment Financing process is outline in the report.

The funds are frequently referred to as the "TIF" and are used for funding urban renewal projects that are to increase property values in the long term. The TIF funds come from property taxes which would already have been paid anyway to all the various overlapping taxing districts. A tiny portion of those taxes through the "division-of-taxes" method are sliced off and redirected to the URA instead.

Except for general obligation bonds issued prior to October 2001, property taxpayers do not pay any additional taxes because of an urban renewal agency. The Reynolds School District had one of these older series of general obligation bonds which has been paid off.

As shown in Table 6 of the report, in Fiscal Year 2022-2023 approximately \$163,000 of property tax revenue from the various other overlapping local taxing districts revenue was forgone and

URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE



ANNUAL FINANCIAL IMPACT REPORT

FOR THE FISCAL YEAR ENDING JUNE 30, 2023

This report fulfills the requirements, prescribed in Oregon Revised Statutes (ORS) 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.

ANNUAL FINANCIAL IMPACT REPORT

FOR THE FISCAL YEAR ENDING JUNE 30, 2023

Introduction

Urban Renewal Agencies (URAs) must prepare an annual financial impact report of carrying out the urban renewal plan for the governing body of the municipality by January 31st each year, for the preceding fiscal year, in accordance with Oregon Revised Statutes 457.460.

Background

Through significant public involvement, in order to protect the public health, safety, and welfare of the public, in 2006 the citizen committee created, and the City of Troutdale adopted, the Troutdale Riverfront Renewal Plan (Plan) to eliminate blight and foster development and redevelopment in the Plan Area.

The City also established the Urban Renewal Agency of the City of Troutdale (Agency) and assigned the Plan to the Agency to implement and manage. The Agency is a distinct legal entity that is separate from the municipality of the City of Troutdale. The Agency board is composed of the Troutdale City Council members, which is common among URAs throughout Oregon. The Agency and its activities are funded by tax increment financing. The staff and expenditures for the Agency are administered through an intergovernmental agreement with the City.

Goals

When developing the URA Plan and Report, formulated a series of Goals and Objectives to guide activities funded by, or related to the URA. The Goals and Objectives are listed in the Plan, and the goals are reiterated here:

- Promote the Redevelopment of the Area for a Mix of Retail, Office, Residential and Public Uses.
- Provide a Greater Level of Goods and Services for Troutdale.
- Increase the Awareness of the Development Community of the Opportunities Within the Area.
- Create Employment Opportunities for Troutdale Residents.
- Improve Transportation Linkages.
- Improve Access to and Enjoyment of the Sandy Riverfront.

- Provide Public Spaces for Events and Other Uses by Troutdale Residents, Patrons of Area Businesses and Tenants and Residents Within the Area.
- Preserve and Enhance Troutdale’s Natural, Cultural and Historic Resources.

Financial Impact Report

Pursuant to Oregon Laws 2019, Chapter 580, section 10, (enrolled HB 2174) the requirements of the ORS 457.460 annual financial impact report were expanded. This report is in fulfillment of the expanded current law. The reporting focus is the financial impact resulting from ORS 457.420 to 457.460: Tax Increment Financing of Urban Renewal Indebtedness. The report includes a financial summary of the preceding year and the budget for the current fiscal year. It also includes an analysis of the financial impact of carrying out the urban renewal plan on the tax collections for the overlapping taxing districts.

Tax Increment Financing

Funding for URA’s may come from a variety of sources, but the most common source is through tax increment financing. Tax increment financing is the basic means of financing urban renewal projects in the State of Oregon and becomes available when an urban renewal plan is adopted.

The funds are frequently referred to as the “TIF” the tax increment financing of urban renewal projects. The TIF funds come from property taxes which would already have been paid anyway to all the various overlapping taxing districts (county, city, port, school district). A tiny portion of those taxes through the “division-of-taxes” method are sliced off and redirected to the URA instead. The taxing districts forgo a share of the property tax income during the lifespan of an urban renewal plan so that the URAs can carry out activities that increase property values in the long term.

The tax increment process occurs:

- When a plan is adopted, a snapshot of the total assessed value in the renewal area is the starting value and becomes the “frozen base” of assessed value for the lifespan of the URA.
- Each subsequent year the renewal plan is in operation the County Assessor re-calculates the total assessed values in the renewal area.
- The difference between the current year assessed value, and the starting frozen base value, is the increase in assessed value, and is known as the “increment value” or excess value.
- Tax increment revenue is produced for the URA when total levy rate for each overlapping taxing district is applied to the increment value.
- The tax increment revenue produced is then distributed by the County Assessor directly

to URA, rather than to each overlapping taxing district, a process referred to as the division-of-taxes method as the provided in section 1c, Article IX of the Oregon Constitution.

Although Urban Renewal is a separate item on property tax statements, for URA's established after 1997 local property owners pay the same amount of tax whether or not an urban renewal district is established in their area, except for bonds issued prior to October 2001. The Reynolds School District has paid off the one older series of general obligation bonds outstanding which resulted in the URA collecting a small amount in addition to total amount of property taxes which would have been paid otherwise.

FINANCIAL REPORTING

The ORS 457.460 required annual financial impact report is to be filed with the governing body by January 31st each year for the preceding fiscal year and is to include a specific summary of the financial activity of the URA. The following financial information meets the requirements of this statute.

Money Received -- Past Fiscal Year

ORS 457.460 (1)(a) requires a reporting of "the amount of money received during the preceding fiscal year" and this information is shown in Table 1, below.

Table 1

Revenue - FY 2022-2023

Property Tax Increment Revenue	\$158,506
Revenue from Debt Issuance	100,000
Interest Income	18,958
All Other Program Revenue	58,541
Total:	<u>\$336,005</u>

Money Expended -- Past Fiscal Year

ORS 457.460 (1)(b) requires a reporting of the "purposes and amounts for which money received" that "were expended during the preceding fiscal year." This means any money received through urban renewal and spent on urban renewal activities, and this information is shown in Table 2, below.

Table 2

Expenditures - FY 2022-2023

Materials and Services	\$ 176,331
Capital Outlay	-
Debt Service	211,546
Total:	<u>\$ 387,877</u>

Money to be Received -- Current Fiscal Year

ORS 457.460 (1)(c) requires a reporting of an “estimate of moneys to be received during the current fiscal year.” This means an estimate of all income to be gained from urban renewal in the current fiscal year and this information is shown in Table 3, below.

Table 3

Revenue Expected - FY 2023-2024

Property Tax Increment Revenue	\$ 169,236
Revenue from Debt Issuance	4,100,000
Grants & Entitlements	2,700,000
Interest Income	6,000
All Other Program Revenue	30,000
Beginning Fund Balance	262,142
Total:	<u>\$ 7,267,378</u>

Money to be Expended -- Current Fiscal Year

ORS 457.460 (1)(d) requires a reporting of a “budget setting forth the purposes and estimated amounts” which “are to be expended during the current fiscal year.” This means a summarized budget listing the amount and types of expenses the money will fund, and this information is shown in Table 4, below.

Table 4

Budget - FY 2023-2024

Materials and Services	\$ 540,000
Capital Outlay	4,250,000
Debt Service	210,000
Contingency	2,254,637
Ending Fund Balance	12,741
Total:	<u>\$ 7,267,378</u>

Maximum Indebtedness

ORS 457.460 (1)(e) requires a reporting of “the maximum indebtedness including the amount of indebtedness incurred through the end of the immediately preceding fiscal year.” This information is shown in Table 5, below.

Table 5

<u>Maximum Indebtedness</u>	Total Authorized	Amt. Incurred Through FY 2021-2022	Amt. Remaining
Maximum amount of indebtedness; the amount of tax increment revenues which may be collected through the division-of-taxes method for financing of urban renewal projects and programs.	\$ 7,000,000	\$ 2,200,000	\$ 4,800,000
Full Faith & Credit Obligations; not supported tax increment revenues, subject to the State lending of credit prohibition, and repayment from program revenues	\$ 6,500,000	\$ 6,500,000	\$ 0

Impact on Taxing Districts

ORS 457.460 (1)(f) requires a reporting of an “analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts.” URA’s do not create an additional tax. Instead, during the agency’s lifespan, overlapping taxing districts “forego” a percent of their permanent rate. This information is shown in Table 6, below.

Table 6

Impact on Taxing Districts

<u>TAXING DISTRICT</u>	<u>Taxes Imposed</u>	<u>Taxes Forgone to URA</u>	<u>% taxes forgone</u>
PORT OF PORTLAND	\$6,056,864	\$692	0.011%
CITY OF TROUTDALE	6,471,672	41,168	0.632%
METRO	8,234,510	1,038	0.013%
EAST MULT. SOIL & WATER - GOV	5,849,971	1,038	0.018%
MULTNOMAH COUNTY	373,849,149	47,395	0.013%
MULTNOMAH COUNTY LIBRARY	105,031,968	13,319	0.013%
MULTNOMAH ESD	40,131,521	4,843	0.012%
MT HOOD COMM COLLEGE	12,543,734	5,362	0.043%
REYNOLDS SCHOOL DIST #7	32,302,877	48,774	0.151%
Totals:	\$590,472,266	\$163,629	0.028%

The Reynolds School District and the Multnomah Education Service District are not directly affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the above table. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone because of the use of Tax Increment

Financing are replaced, as determined by a funding formula at the State level with State School Fund revenues.

Report Distribution and Publication

ORS 457.460 (2)(a)&(b) requires the annual financial impact report to be distributed to each taxing district affected by the URA plan, to provide an agency representative to consult with and respond to district questions, and to publish a summary of the report in accordance with ORS 457.115.

The report is to be distributed to the following as taxing districts affected by the Troutdale Riverfront Renewal Plan:

- Multnomah County,
- Metro,
- Port of Portland,
- City of Troutdale,
- Multnomah County Library District,
- East Multnomah Soil and Water Conservation District,
- Multnomah Education Service District,
- Mt. Hood Community College, and the
- Reynolds School District.

The City of Troutdale Finance Director, Erich Mueller, is the representative of the agency which shall be available to consult with affected taxing districts and respond to questions. He may be reached at: (503) 665-5175, email erich.mueller@troutdaleoregon.gov, City of Troutdale, 219 E. Historic Columbia River Hwy, Troutdale, OR 97060.

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This report fulfills the requirements, prescribed in Oregon Revised Statutes (ORS) 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.



THE CONFLUENCE

AT TROUTDALE

This report fulfills the requirements, prescribed in Oregon Revised Statutes (ORS) 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.

RESOLUTION NO.

A RESOLUTION APPROVING THE AGENCY'S ANNUAL FINANCIAL IMPACT REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2023.

THE URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE FINDS AS FOLLOWS:

1. That in order to protect the public health, safety, and welfare the City of Troutdale adopted the Troutdale Riverfront Renewal Plan ("Plan") on February 14, 2006, by Ordinance No. 773 to provide urban renewal authority to eliminate blight and foster development and redevelopment within the Troutdale Riverfront Renewal Area.
2. That the Troutdale Riverfront Renewal Plan recognized areas of blight and that it serves the public interest to implement redevelopment projects which will reclaim a long-standing brownfield, support environmental and ecological restoration of the site and riverbank, all benefiting the public health, safety and welfare of the community.
3. That the Oregon Revised Statute (ORS) 457.460 requires an urban renewal agency to prepare an annual financial report on the impact of carrying out an urban renewal plan.
4. That the annual financial impact report is to be filed with the governing body of the municipality by January 31st each year, for the preceding fiscal year.
5. That the reporting focus is the financial impact resulting from Tax Increment Financing of Urban Renewal Indebtedness ORS 457.420 to 457.460.
6. That the annual financial impact report is to be distributed to each local taxing district affected by the tax increment financing for the approved urban renewal plan.
7. That a representative of the Agency shall be available to consult with affected local taxing districts and respond to questions.
8. That a summary of the annual financial impact report is to be published in a newspaper of general circulation within the jurisdictional boundaries in accordance with ORS 457.115.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE:

Section 1: The Agency's annual financial impact report for the Fiscal Year ended on June 30, 2023, as presented in Exhibit A of the Staff Report is hereby approved.

Section 2. The Agency hereby authorizes and directs the Agency Official to distribute the Agency's annual financial impact report for the Fiscal Year ended on June 30, 2023 to each local taxing district affected by the tax increment financing for the Troutdale Riverfront Renewal Plan, in accordance with ORS 457.460(2)(a).

Section 3. The Agency hereby authorizes and directs the Agency Official to publish a summary of the annual financial impact report in a newspaper of general circulation within the jurisdictional boundaries in accordance with ORS 457.115.

Section 4. The Agency hereby authorizes and directs the Agency Official to be available to consult with affected local taxing districts and respond to questions in accordance with ORS 457.460(2)(b).

Section 5. The City of Troutdale Finance Director Erich Mueller, as the designated "Agency Official" is hereby authorized empowered and directed to act on behalf of and in the best interest of the Agency, and without further action by the Agency Board, to take any action as may be advisable, convenient, necessary, or appropriate, to implement the intent of this resolution and fulfill the requirements of ORS 457.460, and the execution thereof by the Agency Official shall be conclusive as to such determination.

Section 6: This resolution is effective upon adoption.

**YEAS:
NAYS:
ABSTAINED:**

**Randy Lauer, Chair
Date:**

**Sarah Skroch, City Recorder
Adopted:**