

City of Astoria
URBAN RENEWAL AGENCY
(A Component Unit of the city of
Astoria, Oregon)

ANNUAL FINANCIAL REPORT

For The Year Ended June 30, 2019

**ASTORIA URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF ASTORIA, OREGON)**

**TABLE OF CONTENTS
For the Fiscal Year Ended June 30,
2019**

INTRODUCTORY SECTION

Agency Officialsi

FINANCIAL SECTION

Independent Auditors' Report 1
Management's Discussion and Analysis..... 3

BASIC FINANCIAL STATEMENTS

Agency-Wide Financial Statements:

Statement of Net Position 8
Statement of Activities 9

Fund Financial Statements:

Balance Sheet- Governmental Funds..... 11
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds..... 12
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities 13

Notes to Basic Financial Statements 14

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
Astor East Fund # 126 21
Astor West Fund # 127 22

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

Independent Auditors' Report on Compliance and on Internal Control
Over Financial Reporting on an Audit of Financial Statements Performed
in Accordance with *Oregon State Regulation*..... 23

INTRODUCTORY SECTION

**ASTORIA URBAN RENEWAL AGENCY
(A Component Unit of the City of Astoria, Oregon)**

Year Ending June 30, 2019

Astoria Development Commission

ELECTED OFFICIALS

Bruce Jones	Chair	Term Expires 12/31/22
Roger Rocka	Commissioner Ward 1	Term Expires 12/31/22
Tom Brownson	Commissioner Ward 2	Term Expires 12/31/20
Joan Herman	Commissioner Ward 3	Term Expires 12/31/22
Jessamyn Grace West	Commissioner Ward 4	Term Expires 12/31/20

ADMINISTRATIVE STAFF

Brett Estes	City Manager
Blair Henningsgaard	City Attorney
Kristopher A. Kaino	Municipal Judge
Susan Brooks	Director of Finance & Administrative Svcs
Brett Estes	Interim Community Development Director
Geoff Spalding	Police Chief
Dan Crutchfield	Fire Chief
Tim Williams	Interim Parks & Community Services Director
Jimmy Pearson	Library Director
Jeff Harrington	Public Works Director

Mailing Address:
1095 Duane Street
Astoria, Oregon 97103

www.astoria.or.us

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Agency Officials
Astoria Urban Renewal Agency
City of Astoria, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Astoria Urban Renewal Agency, a component unit of the City of Astoria, Oregon, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Astoria Urban Renewal Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Astoria Urban Renewal Agency's 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Astoria Urban Renewal Agency, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 management's discussion and analysis 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Astoria Urban Renewal Agency's basic financial statements. The introductory section and supplementary information 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section 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.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 30, 2019, on our consideration of the Astoria Urban Renewal Agency's 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.



For Merina+Co
Tualatin, Oregon
December 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) section for the City of Astoria Urban Renewal Agency (Agency) presents a narrative overview of the financial activities for the fiscal year ending June 30, 2019. Analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes, issues related to funds and the economic factors affecting the Agency.

OVERVIEW OF FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements which include three components:

1. Government-wide financial statements;
2. Fund Financial statements; and
3. Notes to the financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances; in a manner that is similar to a private-sector business. These statements are reported on the full accrual basis of accounting. Under the full accrual basis, revenues and expenses are reported in the year earned or obligated.

The Statement of Net Position presents information of the Agency's assets and liabilities, with the difference between the two reported as net position. Evaluation of increases or decreases in net position over time can serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Activities presents information on how the Agency's net position has changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in the statement for some items resulting in future period cash flows. An example of this is earned but uncollected property taxes.

Both of the government-wide statements indicate the functions of the Agency are principally supported by taxes and intergovernmental revenues, referred to as governmental activities. The Agency does not have business-type activities in which costs are recovered through user fees or charges.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or functions. The Agency, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are considered governmental funds.

Governmental Funds are used to account for Agency functions that are supported primarily by taxes and intergovernmental revenues. Governmental fund financial statements focus on the acquisition and use of spendable resources, as well as available resources at the end of the fiscal year. Such information is useful in evaluating a government's near-term requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund Balance Sheet

and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The agency adopts an annual appropriated budget for all governmental funds. A budgetary comparison has been provided for each fund to demonstrate compliance with the adopted budget.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents supplementary information including budgetary to actual comparisons for the Agency’s two funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position:

The following table reflects a summary of Net Position compared to Prior fiscal Year.

TABLE 1
Urban Renewal Agency – Net Position

	Governmental Activities		Change
	2019	2018	+ (-)
Cash and investments	\$ 6,295,396	\$ 5,875,664	\$ 419,732
Notes receivable	496,070	520,685	(24,615)
Property tax receivable	77,559	94,967	(17,408)
Other accounts receivable	10,623	-	10,623
Internal balances	50,000	-	50,000
Total Assets	6,929,648	6,491,316	438,332
Current and other liabilities	20,902	1,100	19,802
Total Liabilities	20,902	1,100	19,802
Net Position:			
Restricted for:			
Urban Renewal			
Improvements-expendable	6,302,406	5,903,820	398,586
Unrestricted	606,340	586,396	19,944
Total net position	\$ 6,908,746	\$ 6,490,216	\$ 418,530

Capital assets are recorded in the financial statements of the City of Astoria, since the Agency is a component unit of the City.

Statement of Activities:

The following table compares revenues and expenses for current year activities.

TABLE 2
Urban Renewal Agency – Changes in Net Position

	Governmental Activities		Change
	2019	2018	+ (-)
Revenues:			
General revenues:			
Property Taxes	\$ 1,223,548	\$ 1,174,714	\$ 48,834
Interest	166,029	101,339	64,690
Other Revenues	19,801	18,174	1,627
Total Revenues	1,409,378	1,294,227	115,151
Expenses:			
Community development	(990,848)	(232,243)	(758,605)
) Total expenses	(990,848)	(232,243)	(758,605)
Change in net position	418,530	1,061,984	(643,454)
Net position, July 1	6,490,216	5,428,232	1,061,984
Net position, June 30	\$ 6,908,746	\$ 6,490,216	\$ 418,530

FINANCIAL HIGHLIGHTS

Both Urban Renewal Funds account for the accumulation of resources and payments associated with plan expenses related to the adopted plans. Tax increment revenues are deposited to each fund. Consistent with state law, the tax revenues are used to pay for expenses for the identified projects or acquisitions identified in each urban renewal district.

The Agency’s net position increased by \$ 418,530 during the year and is due to accumulation of resources in excess of expenses.

As of the end of the current fiscal year, the Agency’s funds reported combined ending fund balance of \$ 6,908,746 which is restricted for urban renewal improvements as identified in Astor East and Astor West Urban Renewal Plan Documents.

BUDGETARY HIGHLIGHTS

The Astor East and Astor West Urban Renewal District fund budgets are developed based upon an effort by management to continue identified projects in the urban renewal plans and to have the available funding to work on other projects as opportunities arise.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Agency incurred capital outlay is capitalized as part of a larger expenditure in the City's Capital Improvement Fund. Capitalized amounts are presented in the financial statements for the City of Astoria and do not appear as an asset of the Agency. There were no expenditures capitalized during the current fiscal year.

Long-term debt. As of year-end, the Agency had no debt outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Urban Renewal Agency continues to be an important partner in economic development within the City of Astoria, providing necessary infrastructure improvements to support continued growth and quality of service to those within the Agency's boundaries. Agency expects property tax revenues to remain steady overall in FY 19/20 with taxes from Astor East Urban Renewal District declining as non-profit entities obtain properties in this district. Tax increment is utilized to fund projects and improvements within the Agency's boundaries.

REQUESTS FOR INFORMATION

The Agency's financial statements are designed to provide readers with a general overview of the Agency's finances. For questions about the report or additional financial information, contact the City of Astoria's Director of Finance and Administrative Services at 1095 Duane Street, Astoria, Oregon 97103 or visit the City's website at www.astoria.or.us.

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

Government-Wide Financial Statements

Fund Financial Statements

Governmental Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

ASTORIA DEVELOPMENT COMMISSION
(a component unit of the City of Astoria)

CLATSOP COUNTY, OREGON
STATEMENT OF NET POSITION
June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,295,396
Notes receivable	496,070
Property taxes receivable	77,559
Intergovernmental accounts receivable	50,000
Other Accounts Receivable	<u>10,623</u>
Total assets	<u><u>\$ 6,929,648</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	<u>\$ 20,902</u>
Total liabilities	<u>20,902</u>
NET POSITION	
Restricted for:	
Urban renewal improvements - expendable	6,302,406
Unrestricted	<u>606,340</u>
Total net position	<u>6,908,746</u>
Total liabilities and net position	<u><u>\$ 6,929,648</u></u>

ASTORIA DEVELOPMENT COMMISSION
(a component unit of the City of Astoria)

CLATSOP COUNTY, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Expense (Revenue) and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
General government	\$ 990,848	\$ -	\$ -	\$ -
Total government	<u>\$ 990,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (990,848)</u>
General revenues:				
Property taxes				1,223,548
Interest and investment earnings				166,029
Other revenues				14,105
Gain on sale of capital assets				<u>5,696</u>
Total general revenues				<u>1,409,378</u>
Change in net position				418,530
Net position - beginning				<u>6,490,216</u>
Net position - ending				<u>\$ 6,908,746</u>

FUND FINANCIAL STATEMENTS
Major Governmental Funds

Astor East #126

This fund is used to record expenditures related to capital improvement projects. Major sources of revenue and other financing sources are bond proceeds and interest earnings.

Astor West #127

This fund is used to record expenditures related to capital improvement projects. Major sources of revenue and other financing sources are bond proceeds and interest earnings.

ASTORIA DEVELOPMENT COMMISSION
(a component unit of the City of Astoria)

CLATSOP COUNTY, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	Astor East #126	Astor West #127	Total Governmental
ASSETS			
Cash and cash equivalents	\$ 1,110,605	\$ 5,184,791	\$ 6,295,396
Notes receivable	384,395	111,675	496,070
Property taxes receivable	24,173	53,386	77,559
Due from other funds	-	50,000	50,000
Other Accounts Receivable	6,987	3,636	10,623
 Total assets	 \$ 1,526,160	 \$ 5,403,488	 \$ 6,929,648
 LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and other current liabilities	\$ -	\$ 20,902	\$ 20,902
 Total liabilities	 -	 20,902	 20,902
Deferred inflows of resources:			
Unavailable revenue-property taxes	18,806	41,464	60,270
Unavailable revenue-Notes Receivable	384,397	161,673	546,070
 Total Deferred inflows	 403,203	 203,137	 606,340
Fund balances:			
Restricted for:			
Urban renewal improvements	1,122,957	5,179,449	6,302,406
 Total fund balances	 1,122,957	 5,179,449	 6,302,406
 Total liabilities, deferred inflows of resources and fund balances	 \$ 1,526,160	 \$ 5,403,488	 \$ 6,929,648

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

Amounts reported in the statement of net position are different because:

Total fund balances	\$ 6,302,406
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Unavailable revenue-property taxes & notes receivable	606,340
 Net position	 \$ 6,908,746

ASTORIA DEVELOPMENT COMMISSION
(a component unit of the City of Astoria)
CLATSOP COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	Astor East #126	Astor West #127	Total Governmental
REVENUES:			
Taxes	\$ 347,557	\$ 806,396	\$ 1,153,953
Sale of city property	1,742	3,954	5,696
Interest earnings	39,550	126,479	166,029
Miscellaneous	26,543	12,177	38,720
Delinquent ad valorem taxes	8,017	17,019	25,036
	<u>423,409</u>	<u>966,025</u>	<u>1,389,434</u>
EXPENDITURES:			
General government	95,430	109,909	205,339
Capital outlay	1,317	734,192	735,509
	<u>96,747</u>	<u>844,101</u>	<u>940,848</u>
Revenues over (under) expenditures	326,662	121,924	448,586
OTHER FINANCING SOURCES (USES):			
Interfund loan payments	-	(50,000)	(50,000)
	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Net changes in fund balances	326,662	71,924	398,586
FUND BALANCES, BEGINNING	<u>796,295</u>	<u>5,107,525</u>	<u>5,903,820</u>
FUND BALANCES, ENDING	<u><u>\$ 1,122,957</u></u>	<u><u>\$ 5,179,449</u></u>	<u><u>\$ 6,302,406</u></u>

ASTORIA DEVELOPMENT COMMISSION
(a component unit of the City of Astoria)
CLATSOP COUNTY, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Amounts reported in the Statement of Activities are different because:

Net change in fund balance - governmental funds	\$ 398,586
---	------------

Property tax in the Statement of Activities differs from the amount reported on the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes an unavailable revenue for all property taxes levied but not available to satisfy current obligations; however, in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued.

<u>19,944</u>

Change in net position of governmental activities	<u><u>\$ 418,530</u></u>
---	--------------------------

ASTORIA URBAN RENEWAL AGENCY
(A component unit of the City of Astoria)
CLATSOP COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The basic financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. 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. Description of Reporting Entity

The Urban Renewal Agency of the City of Astoria was established June 18, 1979, under the provisions of the Oregon Revised Statutes, Section 457. The City Council of the City of Astoria is the governing body of the Agency wherein any act of the Council in its capacity as the Agency shall be considered the act of the Agency only and not the City of Astoria. The Agency through the Astoria Development Commission outlined a plan for the rehabilitation, conservation, development or redevelopment of the Urban Renewal Area. This area was determined to be a blighted and deteriorated area which was detrimental to the safety, health and welfare of the inhabitants and users and which impaired the economic values and tax revenues, had harmful effects on rehabilitation, conservation, development and redevelopment of the area as a whole.

The Agency is a legally separate entity governed by the City Council. The Agency Board of Directors is not financially accountable for any other governmental entity. Financial accountability is determined in accordance with criteria set forth in accounting principles generally accepted in the United States of America, 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. The Agency is a component unit of the City of Astoria and, as such is included in the financial statements of the City of Astoria for the year ended June 30, 2019. The Agency has no component units.

B. Basic Financial Statements

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

Agency-wide financial statements

The Statement of Net Position and the Statement of Activities display information about the Agency as a whole. All activities of the Agency are categorized as governmental activities.

The Agency uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

ASTORIA URBAN RENEWAL AGENCY
(A component unit of the City of Astoria)
CLATSOP COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

Fund financial statements

These statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental or proprietary. Currently the Agency has only governmental fund types.

C. Basis of Presentation

The financial transactions of the Agency are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the assets liabilities, revenues or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. For purposes of presentation, all funds are presented as major funds.

Astor East and Astor West - These funds are considered the General Funds. The General Funds are used to record expenditures related to capital improvements projects. Major sources of revenue and other financing sources are bond proceeds and interest earnings.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded with the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

The Agency-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. 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, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term compensated absences are recorded only when payment is due.

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

E. Cash and Investments

The Agency considers cash equivalents as all highly liquid investments with maturity of three months or less. Investments included in cash and cash equivalents are reported at fair value.

ASTORIA URBAN RENEWAL AGENCY
(A component unit of the City of Astoria)
CLATSOP COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

F. Receivables and Property Tax Calendar

Uncollected property taxes receivable, which have been collected within sixty days following year-end are considered measurable and available and are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period. Real and personal property taxes are levied in July of each fiscal year. Property taxes attach as an enforceable lien on property as of July 1, and are payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Clatsop County and remitted to the Agency. Uncollected taxes, including delinquent amounts, are considered substantially collectible or recoverable through liens, and accordingly no allowance for uncollected taxes has been established.

G. Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financial uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financial sources while discounts on debt proceeds received are reported as debt service expenditures.

H. 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 represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. There are no deferred outflows.

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 represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has two qualifying deferred inflows as of June 30, 2019: Unavailable revenue for property taxes of \$ 60,270 and notes receivable not deemed available to finance operations of \$ 546,070. These amounts are deferred and recognized as an inflows of resources in the period that the amounts become available.

I. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

- Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.
- Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- Committed – Includes items committed by the Agency Board, by formal board action. Commitments of fund balance must be made prior to the end of the fiscal year.

ASTORIA URBAN RENEWAL AGENCY
(A component unit of the City of Astoria)
CLATSOP COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

I. Fund Balance (continued)

- Assigned – Includes items assigned for specific uses, authorized by the Agency. Assignments of fund balance can be done at any time, including after the fiscal year end date.
- Unassigned – This is the residual classification used for those balances not assigned to another category.

There were no non-spendable, committed, assigned or unassigned fund balances at June 30, 2019.

J. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources, as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use it is the Agency's policy to use committed resources first, then assigned, and then unassigned as they are needed.

K. Use of Estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Internal Activity

Internal activity is eliminated in the agency-wide Statement of Activities.

(2) Budgetary Information

On or before June 30 of each year, the Agency enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the Agency Board of Directors and a like number of interested citizens. The budget committee presents the budget to the Agency Board of Directors for budget hearings prior to enactment of the resolution. The Agency budgets all funds as required by Oregon Local Budget Law.

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Expenditure categories of personal services, materials and services, capital outlay, debt service transfers, and contingency are the legal level of control for all other funds. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the Agency's Commission. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the Agency Council. Management may not amend the budget without seeking the approval of the Commission. Appropriations lapse as of year-end.

ASTORIA URBAN RENEWAL AGENCY
 (A component unit of the City of Astoria)
CLATSOP COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

(3) Cash and Investments

At June 30, 2019 investments included in cash and cash equivalents consist of the following:

	Weighted Average Maturity (Years)	Fair Value
Investments in the State Treasurer's Local Government Investment Pool	0.00	\$ 6,295,396
Total cash equivalents	0.00	\$ 6,295,396

Interest rate risk

In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio to less than six months. The Agency does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

State statutes authorize the Agency to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurer's Oregon Local Government Investment Pool, among others. The Agency has no investment policy that would further limit its investment choices. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The State Treasurer's Oregon Local Government Investment Pool is not registered with the SEC as an investment company and is unrated.

Concentration of credit risk

The Agency does not currently have an investment policy for concentration of credit risk.

Custodial credit risk – deposits

This is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Agency's deposits with financial institutions up to \$250,000 each for aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2019, none of the Agency's bank balances were exposed to credit risk.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency did not have investments of this type during fiscal year 2018-19 nor did it have any investments of this type at June 30, 2019. The Agency maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and cash equivalents."

ASTORIA URBAN RENEWAL AGENCY
(A component unit of the City of Astoria)
CLATSOP COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

(4) Notes Receivable

As economic development activities, the Astor East (AEURD) and Astor West (AWURD) Urban Renewal Districts have entered into agreements to loan two entities amounts to upgrade their facilities. AEURD has loans receivable of \$ 384,397 from Astor Hotel, Inc. for improvements to the John Jacob Astor Hotel. AWURD has a loan receivable of \$ 111,673 from Mark Cary for improvements to the facility referred to as the "Red Building" and a \$ 50,000 interfund receivable from Maritime Memorial Fund of the City of Astoria. The Astor Hotel and Mark Cary loans are administered for the districts by Craft3. Loan payments are current.

(5) Long-term Debt

During the year ended June 30, 2019, the Agency did not have any long-term liability activity.

(6) Risk Management

The Agency is exposed to various risks of loss and insurance coverage is provided by the Agency of Astoria, which carries commercial insurance. Settled claims resulting from risks of loss have not exceeded commercial insurance coverage in any of the past three years.

(7) Property Tax Limitations

The voters of the State of Oregon imposed a constitutional limit on property taxes for schools and non-school government operations. School operations include community colleges, local school districts and education service districts. 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 voters 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, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

(8) Other Information

The City of Astoria invoices the Agency for services provided. This includes amounts associated with personnel costs in support of agency activities.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Budgetary Comparison Schedules Government-Wide Financial Statements

- Astor East #126
- Astor West #127

ASTORIA DEVELOPMENT COMMISSION
(a component unit of the City of Astoria)
CLATSOP COUNTY, OREGON
ASTOR EAST #126
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budget		Actual	Variance To Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 379,000	\$ 379,000	\$ 347,557	\$ (31,443)
Sale of city property	-	-	1,742	1,742
Interest earnings	8,200	8,200	39,550	31,350
Miscellaneous	27,600	27,600	26,543	(1,057)
Delinquent ad valorem taxes	12,500	12,500	8,017	(4,483)
Total revenues	427,300	427,300	423,409	(3,891)
EXPENDITURES:				
Materials and services	251,100	251,100 (1)	95,430	155,670
Capital outlay	540,000	540,000 (1)	1,317	538,683
Contingency	89,160	89,160 (1)	-	89,160
Total expenditures	880,260	880,260	96,747	783,513
Net change in fund balance	(452,960)	(452,960)	326,662	779,622
FUND BALANCE, BEGINNING	452,960	452,960	796,295	343,335
FUND BALANCE, ENDING	\$ -	\$ -	\$ 1,122,957	\$ 1,122,957

(1) Appropriation level

ASTORIA DEVELOPMENT COMMISSION
(a component unit of the City of Astoria)
CLATSOP COUNTY, OREGON
ASTOR WEST #127

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**
For the Fiscal Year Ended June 30, 2019

	Budget		Actual	Variance To Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 779,000	\$ 779,000	\$ 806,396	\$ 27,396
Sale of city property	-	-	3,954	3,954
Interest earnings	60,000	60,000	126,479	66,479
Miscellaneous	12,120	12,120	12,177	57
Delinquent ad valorem taxes	22,000	22,000	17,019	(4,981)
Total revenues	873,120	873,120	966,025	92,905
EXPENDITURES:				
Materials and services	235,430	235,430 (1)	109,909	125,521
Capital outlay	4,100,000	4,100,000 (1)	734,192	3,365,808
Contingency	250,000	200,000 (1)	-	200,000
Total expenditures	4,585,430	4,535,430	844,101	3,691,329
Revenues over (under) expenditures	(3,712,310)	(3,662,310)	121,924	3,784,234
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	-	(50,000)	(50,000)	-
Total other financing sources (uses)	-	(50,000)	(50,000)	-
Net change in fund balance	(3,712,310)	(3,712,310)	71,924	3,784,234
Prior period adjustment	-	-	-	-
FUND BALANCES, BEGINNING	4,256,000	4,256,000	5,107,525	851,525
FUND BALANCES, ENDING	\$ 543,690	\$ 543,690	\$ 5,179,449	\$ 4,635,759

(1) Appropriation level

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *OREGON STATE REGULATION***

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATION**

The Agency Officials
Astoria Urban Renewal Agency
City of Astoria, Oregon

We have audited the basic financial statements of the Astoria Urban Renewal Agency, a component unit of the City of Astoria, Oregon as of and for the year ended June 30, 2019 and have issued our report thereon dated December 30, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

Compliance

As part of obtaining reasonable assurance about whether the Astoria Urban Renewal Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162 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 statement amounts:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments. The Astoria Urban Renewal Agency did not have any debt at June 30, 2019.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets. The Astoria Urban Renewal Agency does not receive highway revenues.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The Astoria Urban Renewal Agency does not have any elected officials collecting or receiving money.

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. In connection with our testing, nothing came to our attention that caused us to believe the Astoria Urban Renewal Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the Astoria Urban Renewal Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Astoria Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Astoria Urban Renewal Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
December 30, 2019