

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

**ANNUAL FINANCIAL REPORT**

**For The Year Ended June 30, 2021**

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

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## **INTRODUCTORY SECTION**

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

**Year Ending June 30, 2021**

**Astoria Development Commission**

**ELECTED OFFICIALS**

<b>Bruce Jones</b>	<b>Chair</b>	<b>Term Expires 12/31/22</b>
<b>Roger Rocka</b>	<b>Commissioner Ward 1</b>	<b>Term Expires 12/31/22</b>
<b>Thomas Brownson</b>	<b>Commissioner Ward 2</b>	<b>Term Expires 12/31/24</b>
<b>Joan Herman</b>	<b>Commissioner Ward 3</b>	<b>Term Expires 12/31/22</b>
<b>Thomas Hilton</b>	<b>Commissioner Ward 4</b>	<b>Term Expires 12/31/24</b>

**ADMINISTRATIVE STAFF**

<b>Brett Estes</b>	<b>City Manager</b>
<b>Blair Henningsgaard</b>	<b>City Attorney</b>
<b>Kristopher A. Kaino</b>	<b>Municipal Judge</b>
<b>Susan Brooks</b>	<b>Director of Finance &amp; Administrative Svcs</b>
<b>Megan Leatherman</b>	<b>Community Development Director</b>
<b>Geoff Spalding</b>	<b>Police Chief</b>
<b>Dan Crutchfield</b>	<b>Fire Chief</b>
<b>Jonah Dart-Mclean</b>	<b>Parks &amp; Recreation Director</b>
<b>Jimmy Pearson</b>	<b>Library Director</b>
<b>Jeff Harrington</b>	<b>Public Works Director</b>

Mailing Address:  
1095 Duane Street  
Astoria, Oregon 97103

[www.astoria.or.us](http://www.astoria.or.us)



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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

The Agency Officials  
Astoria Urban Renewal Agency  
Astoria, Oregon

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the 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, 2021, 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.

In our opinion, the accompanying 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, 2021, 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 auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Astoria Urban Renewal Agency, 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***

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, 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 the Astoria Urban Renewal Agency'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.

#### ***Auditor's 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 auditor's 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 GAAS 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 GAAS, 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 Astoria Urban Renewal Agency'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 Astoria Urban Renewal Agency'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 required supplementary information, such as management's discussion and analysis, as listed in the table of contents under required supplementary 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 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 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 accompanying supplementary information, as listed in the table of contents including the schedules of revenues, expenditures, and changes in fund balances – budget and actual are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 introductory section but does not include the basic financial statements and our auditor's 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.

**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 January 28, 2022, 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  
January 28, 2022

## 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, 2020. 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 portion 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 2021	Activities 2020	Change + (-)
Cash and investments	\$ 8,230,993	\$ 7,317,875	\$ 913,118
Notes receivable	458,711	495,997	(37,286)
Property tax receivable	65,822	84,597	(18,775)
Other accounts receivable	11,760	11,760	-
Internal balances	30,000	40,000	(10,000)
<b>Total Assets</b>	<b>8,797,286</b>	<b>7,950,229</b>	<b>847,057</b>
Current and other liabilities	3,879	1,000	2,879
Due to Other Governments	1,329,112	-	1,329,112
<b>Total Liabilities</b>	<b>1,332,991</b>	<b>1,000</b>	<b>1,331,991</b>
Net Position:			
Restricted for:			
Urban Renewal			
Improvements-expendable	6,926,967	7,356,544	(429,577)
Unrestricted	537,328	592,685	(55,357)
<b>Total liabilities and net position</b>	<b>\$ 8,797,286</b>	<b>\$ 7,950,229</b>	<b>\$ 847,057</b>

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
	2021	2020	+ (-)
Revenues:			
General revenues:			
Property Taxes	\$ 307,504	\$ 1,150,761	(\$ 843,257)
Interest	20,754	155,253	(134,499)
Other Revenues	18,748	19,410	(662)
Total Revenues	347,006	1,325,424	(978,418)
Expenses:			
Community Development	(356,719)	(284,941)	(71,778)
Total expenses	(356,719)	(284,941)	(71,778)
Change in net position	(9,713)	1,040,483	(1,050,196)
Prior Period Adjustment	(495,221)	-	(495,221)
Net position, July 1	7,969,229	6,908,746	1,060,483
Net position, June 30	\$ 7,464,295	\$ 7,949,229	(\$ 484,934)

**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 decreased by \$ 504,934 during the year and is due to reduction of Astor West Urban Renewal Agency collection of tax increment. Overage of collections was determined in the current fiscal year. The Agency Commission did not seek to expand the boundaries nor increase the Maximum Indebtedness. As such the return of amount distributed plus accumulated interest was required from Astor West Urban Renewal District to Clatsop County for redistribution to overlapping agencies. The amounts are shown as Due to Other Governments in the Statement of Net Position.

As of the end of the current fiscal year, the Agency's funds reported combined ending fund balance of \$ 7,464,295 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 for 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 in Astor East in FY 20/21, no property tax revenues will be distributed in FY 20/21 for Astor West and Amount due to Other Governments will be returned to Clatsop County at the beginning of FY 20/21. 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](http://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, 2021**

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 8,230,993
Notes receivable	458,711
Property taxes receivable	65,822
Intergovernmental accounts receivable	30,000
Other accounts receivable	11,760
	<hr/>
Total assets	<u>\$ 8,797,286</u>
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 3,879
Due to other governments	1,329,112
	<hr/>
Total liabilities	<u>1,332,991</u>
 <b>NET POSITION</b>	
Restricted for:	
Urban renewal improvements - expendable	6,926,967
Unrestricted	537,328
	<hr/>
Total net position	<u>7,464,295</u>
	<hr/>
Total liabilities and net position	<u>\$ 8,797,286</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, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net Expense (Revenue) and Change in Net Position</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities:					
General government	\$ 356,719	\$ -	\$ -	\$ -	\$ (356,719)
Total government	<u>\$ 356,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(356,719)</u>
General revenues:					
Property taxes					307,504
Interest and investment earnings					20,754
Other revenues					16,861
Gain on sale of capital assets					<u>1,887</u>
Total general revenues					<u>347,006</u>
Change in net position					(9,713)
Prior period adjustment					(495,221)
Net position - beginning					<u>7,969,229</u>
Net position - ending					<u>\$ 7,464,295</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 property taxes 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 property taxes and interest earnings.

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

**CLATSOP COUNTY, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2021

	Astor East #126	Astor West #127	Total Governmental
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,630,294	\$ 6,600,699	\$ 8,230,993
Notes receivable	372,034	86,677	458,711
Property taxes receivable	18,897	46,925	65,822
Due from City of Astoria	-	30,000	30,000
Other accounts receivable	8,124	3,636	11,760
	<u>\$ 2,029,349</u>	<u>\$ 6,767,937</u>	<u>\$ 8,797,286</u>
<b>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other current liabilities	\$ 416	\$ 3,463	\$ 3,879
Due to other governments	-	1,329,112	1,329,112
	<u>416</u>	<u>1,332,575</u>	<u>1,332,991</u>
Deferred inflows of resources:			
Unavailable revenue-property taxes	12,396	36,220	48,616
Unavailable revenue-Notes Receivable	372,034	116,678	488,712
	<u>384,430</u>	<u>152,898</u>	<u>537,328</u>
Fund balances:			
Restricted for:			
Urban renewal improvements	1,644,503	5,282,464	6,926,967
	<u>1,644,503</u>	<u>5,282,464</u>	<u>6,926,967</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,029,349</u>	<u>\$ 6,767,937</u>	<u>\$ 8,797,286</u>

**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	\$ 6,926,967
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	537,328
 Net position	 \$ 7,464,295

**ASTORIA DEVELOPMENT COMMISSION**  
**(a component unit of the City of Astoria)**  
**CLATSOP COUNTY, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2021**

	Astor East #126	Astor West #127	Total Governmental
<b>REVENUES:</b>			
Taxes	\$ 327,173	\$ -	\$ 327,173
Sale of city property	562	1,325	1,887
Interest earnings	18,885	1,868	20,753
Miscellaneous	41,472	12,675	54,147
Delinquent ad valorem taxes	8,403	-	8,403
<b>Total revenues</b>	<b>396,495</b>	<b>15,868</b>	<b>412,363</b>
<b>EXPENDITURES:</b>			
General government	100,236	131,751	231,987
Capital outlay	1,676	123,056	124,732
<b>Total expenditures</b>	<b>101,912</b>	<b>254,807</b>	<b>356,719</b>
Revenues over (under) expenditures	294,583	(238,939)	55,644
<b>OTHER FINANCING SOURCES (USES):</b>			
Loan Proceeds	-	10,000	10,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>10,000</b>	<b>10,000</b>
Net changes in fund balances	294,583	(228,939)	65,644
<b>FUND BALANCES, BEGINNING</b>	<b>1,349,920</b>	<b>6,006,624</b>	<b>7,356,544</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>-</b>	<b>(495,221)</b>	<b>(495,221)</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 1,644,503</b>	<b>\$ 5,282,464</b>	<b>\$ 6,926,967</b>

**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, 2021**

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Amounts reported in the Statement of Activities are different because:

Net change in fund balance - governmental funds	\$ 65,644
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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.

(75,357)

Change in net position of governmental activities	\$ <u>(9,713)</u>
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(9,713)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**(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, 2021. 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

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**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

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**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, 2021: Unavailable revenue for property taxes of \$ 48,616 and notes receivable not deemed available to finance operations of \$ 488,712. 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  
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CLATSOP COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**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, 2021.

**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.

**(3) Cash and Investments**

At June 30, 2021 investments included in cash and cash equivalents consist of the following:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**(3) Cash and Investments (continued)**

	Weighted Average Maturity (Years)	Fair Value
Investments in the State Treasurer's Local Government Investment Pool	0.00	\$ 8,230,993
Total cash equivalents	0.00	\$ 8,230,993

**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, 2021, 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 2020-21 nor did it have any investments of this type at June 30, 2021. 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

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**(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 \$ 349,396 from Astor Hotel, Inc. for improvements to the John Jacob Astor Hotel and \$ 22,638 from Liberty Restoration, Inc. for improvement to the Liberty Theatre stage. AWURD has a loan receivable of \$ 86,677 from Mark Cary for improvements to the facility referred to as the "Red Building" and a \$ 30,000 interfund receivable from Maritime Memorial Fund of the City of Astoria. The Astor Hotel, Liberty Restoration, Inc. and Mark Cary loans are administered for the districts by Craft3. Loan payments are current AS OF June 30, 2021.

**(5) Long-term Debt**

During the year ended June 30, 2021, 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) Prior Period Adjustment**

Astor West Urban Renewal Agency tax increment collections exceeded the maximum indebtedness and were identified in the current year. The amount of collections in excess plus applicable interest were determined to return to Clatsop County in order to redistribute to overlapping agencies. The amount of excess distributions attributed to prior year collections is \$ 495,221 and is recorded as prior period adjustment in the Astor West Urban Renewal District.

**(9) Other Information**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**(10) Subsequent Events**

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S., accelerating during the first half of March, as federal, state and local governments react to the public health crisis, creating significant uncertainties in the U.S. economy. The situation continues to change and additional impacts may arise which are currently unknown. While the disruptions are anticipated to reduce and be temporary in nature, in the future there continues to be uncertainty around the full duration of this situation. The ultimate impact of the pandemic on the results of operations, financial position, liquidity or capital resources cannot be reasonably estimated at this time.

In September, 2021, Agency was notified by Craft3 The Astor Building, LLC loans would be paid in full and released. The loans were paid off and distributions were received by Agency on October 13, 2021.

**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 REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2021**

	Budget		Actual	Variance To Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 256,000	\$ 256,000	\$ 327,173	\$ 71,173
Sale of city property	-	-	562	562
Interest earnings	13,200	13,200	18,885	5,685
Miscellaneous	39,600	39,600	41,472	1,872
Delinquent ad valorem taxes	7,200	7,200	8,403	1,203
Total revenues	<u>316,000</u>	<u>316,000</u>	<u>396,495</u>	<u>80,495</u>
<b>EXPENDITURES:</b>				
Materials and services	302,320	302,320 (1)	100,236	202,084
Capital outlay	1,000,000	1,000,000 (1)	1,676	998,324
Contingency	200,000	200,000 (1)	-	200,000
Total expenditures	<u>1,502,320</u>	<u>1,502,320</u>	<u>101,912</u>	<u>1,400,408</u>
Net change in fund balance	(1,186,320)	(1,186,320)	294,583	1,480,903
<b>FUND BALANCE, BEGINNING</b>	<u>1,321,300</u>	<u>1,321,300</u>	<u>1,349,920</u>	<u>28,620</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 134,980</u>	<u>\$ 134,980</u>	<u>\$ 1,644,503</u>	<u>\$ 1,509,523</u>

(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, 2021**

	Budget		Actual	Variance To Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 742,000	\$ 742,000	\$ -	\$ (742,000)
Sale of city property	-	-	1,325	1,325
Interest earnings	57,500	57,500	1,868	(55,632)
Miscellaneous	12,120	12,120	12,675	555
Delinquent ad valorem taxes	20,000	20,000	-	(20,000)
<b>Total revenues</b>	<b>831,620</b>	<b>831,620</b>	<b>15,868</b>	<b>(815,752)</b>
<b>EXPENDITURES:</b>				
Materials and services	241,000	241,000 (1)	131,751	109,249
Capital outlay	5,000,000	5,000,000 (1)	123,056	4,876,944
Contingency	250,000	250,000 (1)	-	250,000
<b>Total expenditures</b>	<b>5,491,000</b>	<b>5,491,000</b>	<b>254,807</b>	<b>5,236,193</b>
Revenues over (under) expenditures	(4,659,380)	(4,659,380)	(238,939)	4,420,441
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan Proceeds	-	-	10,000	10,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>10,000</b>
Net change in fund balance	(4,659,380)	(4,659,380)	(228,939)	4,430,441
<b>FUND BALANCES, BEGINNING</b>	<b>5,914,200</b>	<b>5,914,200</b>	<b>6,006,624</b>	<b>92,424</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>-</b>	<b>-</b>	<b>(495,221)</b>	<b>495,221</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 1,254,820</b>	<b>\$ 1,254,820</b>	<b>\$ 5,282,464</b>	<b>\$ 4,027,644</b>

(1) Appropriation level



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**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  
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, 2021 and have issued our report thereon dated January 28, 2022. 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.

**Report on 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 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- 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, 2021.
- 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*.

**Internal Control Over OAR 162-10-0230**

In planning and performing our audit of the financial statements, we considered the Astoria Urban Renewal Agency’s internal control over financial reporting (internal control) as a basis for designing 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 a 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  
January 28, 2022