

| COLUMBIA GATEWAY
URBAN RENEWAL AGENCY
A BLENDED COMPONENT UNIT OF
THE CITY OF THE DALLES, OREGON
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023
WITH
INDEPENDENT AUDITOR'S REPORT



**Certified
Public
Accountants, LLP**

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COLUMBIA GATEWAY URBAN RENEWAL AGENCY
The Dalles, Oregon
Year Ended June 30, 2023

BOARD OF DIRECTORS

<u>Name and Address</u>	<u>Term Expires December 31</u>
Ben Wring 3443 Columbia View Drive The Dalles, Or 97058	2024
Shanon Saldivar 710 E 18 th St. The Dalles, OR 97058	2023
Darcy Long 313 Court Street The Dalles, OR 97058	as appointed
Dan Richardson 313 Court Street The Dalles, OR 97058	as appointed
Timothy McGlothlin 313 Court Street The Dalles, OR 97058	as appointed
Walter Denstedt 708 W 13th Street The Dalles, OR 97058	as appointed
Staci Coburn 460 E Knoll Drive The Dalles, OR 97058	as appointed
Scott Hege 511 Washington Street The Dalles, OR 97058	as appointed
Scott Baker 602 W 2nd Street The Dalles, OR 97058	as appointed

AGENCY ADDRESS

Administrative Offices
313 Court Street
The Dalles, OR 97058



Columbia Gateway Urban Renewal Agency

Year ended June 30, 2023

Independent Auditor's Report	A1-A3
Management's Discussion and Analysis	B1-B5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Notes to the Financial Statements	7-17
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual General Fund	18
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Debt Service Fund	19
Independent Auditor's Report Required by Oregon State Regulations	20-21



| Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

Agency Officials
Columbia Gateway Urban Renewal Agency
The Dalles, 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 Columbia Gateway Urban Renewal Agency (the Agency), a component unit of the City of The Dalles, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 Agency, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with 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 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.

Emphasis of Matter - Correction of Errors

As discussed in Note 1 to the financial statements, the Agency corrected accounting errors associated with amortization of bond premiums and a cash imbalance. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Agency's ability to continue as a going concern for 12 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:

- 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 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 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 management's discussion and analysis and General Fund budgetary comparison information as listed in the table of contents 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.

The General Fund budgetary comparison 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 General Fund budgetary comparison 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Debt Fund budgetary comparison information as listed in the table of contents is presented for purposes of additional analysis and is 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 Debt Fund budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with *Oregon State Regulations*, we have also issued our report dated December 15, 2023 on our consideration of the Agency's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.

A handwritten signature in black ink, appearing to read "Jeny Grupe". The signature is fluid and cursive, with the first name "Jeny" and last name "Grupe" clearly distinguishable.

Jeny L. Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 15, 2023



| Management's Discussion and Analysis

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2023**

This Management Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the Columbia Gateway Urban Renewal Agency (the Agency) for the fiscal year ended June 30, 2023. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

HIGHLIGHTS

- The assets of the Agency exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,396,400 (net position).
- The Agency's total net position increased by \$865,186. This increase is attributable to increasing property tax revenues, interest income, and includes a restatement of beginning net position resulting from a correction of an accounting errors outlined in Note 1 of \$103,753.
- The Agency's total liabilities decreased by \$780,992. This was primarily the result of debt service payments of \$575,000 but also included the effect of the correction described above.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's financial statements are comprised of three components:

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

1. Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Columbia Gateway Urban Renewal Agency's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on Agency's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the government's financial position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period (e.g., uncollected property taxes).

The government-wide financial statements can be found on pages 1 and 2 of this report.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Fiscal Year Ended June 30, 2023**

2. Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.

However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental 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 financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the two funds.

The Agency adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the General Fund and Debt Service Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 3 through 6 of this report.

3. Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 through 17 of this report.

4. Required Supplementary Information and Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Agency's General Fund budget to actual statement. Required supplementary information can be found on page 18 of this report. Supplementary information including the Agency's Debt Service Fund budget to actual statement can be found on page 19 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities and deferred inflows of resources by \$3,396,400 at the close of the most recent fiscal year. In fiscal 2022, the assets exceeded liabilities by \$2,531,214. The primary purpose of the Agency is to utilize tax increment financing to fund various improvement projects as identified in the revitalization plan of the City.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Fiscal Year Ended June 30, 2023**

Summary Statements of Net Position for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 6,512,557	\$ 6,026,383
Capital assets	<u>1,069,787</u>	<u>1,471,767</u>
Total assets	<u>7,582,344</u>	<u>7,498,150</u>
Liabilities		
Long-term liabilities	4,168,020	4,313,901
Other liabilities	<u>17,924</u>	<u>653,035</u>
Total liabilities	<u>4,185,944</u>	<u>4,966,936</u>
Net position		
Net investment in capital assets	(3,098,233)	(3,457,793)
Restricted	6,134,687	5,508,373
Unrestricted	<u>359,946</u>	<u>480,634</u>
Total net position	<u><u>\$ 3,396,400</u></u>	<u><u>\$ 2,531,214</u></u>

The deficit in net investment in capital assets is the result of the Agency's liabilities used to finance the construction of public infrastructure assets, which are contributed to the City of The Dalles.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Fiscal Year Ended June 30, 2023**

Summary Statements of Activities for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Revenues		
General revenues:		
Property taxes	\$ 1,673,417	\$ 1,569,114
Other	<u>(163,306)</u>	<u>87,969</u>
Total revenues	<u>1,510,111</u>	<u>1,657,083</u>
Expenses		
General government	554,000	245,590
Interest on long-term debt	<u>194,678</u>	<u>207,245</u>
Total expenses	<u>748,678</u>	<u>452,835</u>
Change in net position	<u>761,433</u>	<u>1,204,248</u>
Net position - beginning of year	2,531,214	1,326,966
Prior period adjustment	103,753	-
Net position - beginning of year, as restated	<u>2,634,967</u>	<u>1,326,966</u>
Net position - ending	<u><u>\$ 3,396,400</u></u>	<u><u>\$ 2,531,214</u></u>

Net position increased during the year by \$865,186 primarily due to property tax revenues exceeding expenses. Change in net position decreased from fiscal 2022 due to increased expenses and a loss on sale of property of \$361,980 associated with Agency urban renewal projects.

The Agency's tax levy totaled \$1,722,715 and is restricted to urban renewal projects and the repayment of debt. The debt was issued to finance a number of improvements within the Urban Renewal District. The Agency's projects are constructed and, upon completion, ownership is transferred to the City of The Dalles, except for capital assets that are purchased to be refurbished and sold.

BUDGETARY HIGHLIGHTS

The budget was based upon an effort by management to continue with projects identified in the urban renewal plan and with other projects as opportunities arise. The Agency's General Fund original legal appropriations totaled \$5,385,466. Expenditures in the General Fund were \$4,831,466 under budget, due to no capital outlay as budgeted projects were delayed to future years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023 the Agency had \$1,069,787 invested in capital assets. The Agency has no other capital assets since all of the projects become assets of the City of The Dalles. They have been transferred to the City and are no longer assets of the Agency. For further information regarding capital assets refer to Note 6.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Fiscal Year Ended June 30, 2023**

Debt Outstanding

As of June 30, 2023, the Agency had \$4,168,020 in debt outstanding compared to \$4,773,804, as restated, last year. The \$605,784 decrease resulted from the annual principal payment and amortization of the premium on debt. For further information regarding debt refer to Note 7.

ECONOMIC FACTORS

The Urban Renewal Agency continues to be an important partner in economic development within the City of The Dalles, providing necessary infrastructure improvements to support continued growth and quality of service to those within the Agency's boundaries. Urban Renewal projects that increase property values within the boundaries of the Agency result in greater tax increment resources. That tax increment is then used to pay debt service on bonds issued to fund projects and improvements.

FINANCIAL CONTACT

The Agency's financial statements are designed to present citizens, taxpayers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, please contact the Agency's Finance Director at 313 Court Street, The Dalles, Oregon 97058.



| Basic Financial Statements



| **Government-Wide Financial Statements**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS:	
Cash and cash equivalents	\$ 6,124,141
Property tax receivable	80,971
Notes receivable:	
Current	25,000
Noncurrent	282,445
Capital assets:	
Nondepreciable	1,069,787
Total assets	<u>7,582,344</u>
LIABILITIES:	
Accounts payable and accrued expenses	1,222
Accrued interest payable	16,702
Long-term debt, net of unamortized premium	
Due within one year	626,968
Due in more than one year	<u>3,541,052</u>
Total liabilities	<u>4,185,944</u>
NET POSITION:	
Net investment in capital assets	(3,098,233)
Restricted for:	
Debt Service	802,738
System development	5,331,949
Unrestricted	<u>359,946</u>
Total net position	<u>3,396,400</u>
Total liabilities and net position	<u><u>\$ 7,582,344</u></u>

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
					<u>Total Governmental Activities</u>
Governmental activities:					
General government	\$ 554,000	\$ -	\$ -	\$ -	\$ (554,000)
Interest on long-term obligations	194,678	-	-	-	(194,678)
Total government	<u>\$ 748,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(748,678)</u>
General revenues:					
Property taxes revenue					1,673,417
Interest and investment earnings					189,441
Miscellaneous					2,568
Loss on sale of capital assets					<u>(355,315)</u>
Total general revenues					<u>1,510,111</u>
Change in net position					<u>761,433</u>
Net position - beginning of year					2,531,214
Prior period adjustment					<u>103,753</u>
Net position - beginning of year, as restated					<u>2,634,967</u>
Net position - ending					<u>\$ 3,396,400</u>



| Fund Financial Statements

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ 5,321,403	\$ 802,738	\$ 6,124,141
Receivables:			
Property taxes	80,971	-	80,971
Notes	307,445	-	307,445
Total assets	<u>\$ 5,709,819</u>	<u>\$ 802,738</u>	<u>\$ 6,512,557</u>
LIABILITIES:			
Accounts payable and other current liabilities	\$ 1,222	\$ -	\$ 1,222
Total liabilities	<u>1,222</u>	<u>-</u>	<u>1,222</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - Property taxes	69,203	-	69,203
Unavailable revenue - Notes receivable	307,445	-	307,445
Total deferred inflows of resources	<u>376,648</u>	<u>-</u>	<u>376,648</u>
FUND BALANCES:			
Restricted for:			
Debt Service	-	802,738	802,738
System development	5,331,949	-	5,331,949
Total fund balance	<u>5,331,949</u>	<u>802,738</u>	<u>6,134,687</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 5,709,819</u>	<u>\$ 802,738</u>	<u>\$ 6,512,557</u>

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

TOTAL FUND BALANCE			\$ 6,134,687
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			1,069,787
Property tax receivable and notes receivable are not available to pay for current-period expenditures and, therefore, are not recognized in the governmental funds.			
Property tax receivable	\$ 69,203		
Notes receivable	<u>307,445</u>		
			376,648
Premium on long-term debt reported in the governmental activities is included in revenues in the fund financial statements on issuance of debt and therefore are not reported in the funds.			(98,020)
Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds.			
Long-term debt	\$ (4,070,000)		
Accrued interest	<u>(16,702)</u>		
			<u>(4,086,702)</u>
TOTAL NET POSITION			<u><u>\$ 3,396,400</u></u>

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES:			
Property taxes	\$ 873,399	\$ 800,938	\$ 1,674,337
Interest on investments	184,641	4,800	189,441
Miscellaneous	2,568	-	2,568
Total revenues	1,060,608	805,738	1,866,346
EXPENDITURES:			
Current:			
General government	263,648	-	263,648
Capital outlay	290,352	-	290,352
Debt service:			
Principal	-	575,000	575,000
Interest	-	227,738	227,738
Total expenditures	554,000	802,738	1,356,738
Revenues over (under) expenditures	506,608	3,000	509,608
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of property	128,709	-	128,709
Total other financing sources (uses)	128,709	-	128,709
Net changes in fund balances	635,317	3,000	638,317
FUND BALANCES, BEGINNING (as restated)	4,696,632	799,738	5,496,370
FUND BALANCES, ENDING	<u>\$ 5,331,949</u>	<u>\$ 802,738</u>	<u>\$ 6,134,687</u>

The notes to the financial statements are an integral part of this statement.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED 30, 2023**

Amounts reported in the statement of activities are different because:

Net change in fund balances - governmental funds		\$ 638,317
Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Property taxes	\$ (920)	
Notes receivable	<u>(122,044)</u>	(122,964)
Governmental funds report expenditures for capital outlay while governmental activities report the expenditures as an increase in capital assets.		(361,980)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest	\$ 2,276	
Amortization of bond premium	<u>30,784</u>	33,060
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.		<u>575,000</u>
Change in net position of governmental activities		<u><u>\$ 761,433</u></u>



| Notes to Basic Financial Statements

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Columbia Gateway Urban Renewal Agency (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 standards. The more significant of the Agency accounting policies are described below.

The Financial Reporting Entity

The Agency was created in 1990 by the City of the Dalles (the City) to assist in the redevelopment of blighted and deteriorated areas within the City through tax increment financing. The Agency is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The Agency was formed primarily to carry out the terms of the Urban Renewal Plan, which is to eliminate blighting influences found in the renewal area, implement certain goals and objectives of the City of The Dalles' Comprehensive Plan, and assist in meeting the City's economic development objectives through redevelopment of key sites, property rehabilitation, improving infrastructure in the renewal area, and assisting with the construction of needed public facilities.

The Agency's governing body is identical to that of the City, and because the services of the Agency are for the benefit of the City, a determination was made by using guidance provided for in generally accepted accounting principles (U.S. GAAP) that the Agency is a blended component unit of the City. As a result, the Agency's financial statements are blended with those of the City by including them in the appropriate statements and schedules of the City's Annual Financial Report. Copies of which may be obtained from the City Administrative Offices, 313 Court Street, The Dalles, OR 97058.

Financial Statement Presentation, Measurement Focus, and Basis of Accounting

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the activities of the Agency. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. In the case of the Agency, no business-type activities exist.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The Agency does not have *program revenues* and reports taxes and investment earnings as *general revenues*.

The government-wide financial statements are accounted for using an economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Nonexchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized when all eligibility requirements have been satisfied. The effect of interfund activity within governmental activities such as transfers, advances and loans are eliminated.

The Agency applies restricted resources when an expense is incurred for purpose for which both restricted and unrestricted assets are available.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

The Agency uses fund accounting 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 functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into two categories: governmental and proprietary. Each category, in turn is divided into separate funds. In the case of the Agency, fund financial statements are only presented using the governmental fund type, as no proprietary activity exist.

The governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resources measurement focus whereby only current assets (deferred outflows) and current liabilities (deferred inflows) generally are included in the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balance present increases and decreases in those current net fund balances. Governmental funds use the modified accrual basis of accounting where revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (1 month). Otherwise, they are reported as deferred inflow of resources (unavailable revenue). Property taxes, which are held at year end by the collecting agency, Wasco County, and are remitted to the Agency within the 1 month period, are reported as "Taxes Receivable."

Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Agency; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met.

Financial operations of the Agency are accounted for in the following governmental funds:

General Fund – This fund accounts for the acquisition and development of capital improvement projects for the Agency. Revenues and other financing sources consist of property taxes, operating transfers from the debt service fund, bond proceeds, investment earnings and other miscellaneous revenues.

Debt Service Fund - Includes tax revenue deposits and debt payments for long term and short-term borrowing, including intergovernmental agreements with the City and lines of credit.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

Cash and Investments

The Agency's cash and investments include cash on hand, demand deposits, and investments in the Oregon State Treasury Local Government Investment Pool (LGIP).

The Agency maintains merged bank accounts and investments for its funds in a central pool of cash and investments that are commingled with the City of The Dalles. The investment policy of the Agency is to invest in LGIP and interest-bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The Agency allocates earnings on investments to each fund based on average monthly cash balances throughout the year.

Investments are stated at amortized cost, which approximates market value.

Receivables

Non-current property taxes and special assessments receivable are treated as deferred inflows of resources as unavailable revenue in the governmental funds. Property tax receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectible balances has been established for those accounts.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

Property Taxes Receivable

The Agency receives a tax increment under Section 1c, Article XI of the Oregon Constitution, and ORS Chapter 457. It states that the portion of the taxes representing the levy against the increase, if any, in true cash value of property located in the urban renewal area shall, after collection by the tax collector, be paid into a special fund of the Agency and shall be used to pay the principal and interest on indebtedness incurred by the Agency to finance or refinance the implementation of the Urban Renewal Plan. Property taxes receivable that are collected within 1-month after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred inflow of resources because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary because uncollectable property taxes become a lien of the property. Ad valorem property taxes are a lien on all taxable property as of July 1. Property taxes are levied and payable on November 15. Taxes are administered by the County. Collection dates are November 15, February 15, and May 15. Taxes are billed and collected by Wasco County and remittance to the Agency is made at periodic intervals. The Agency levied taxes at its maximum taxing authority of \$1,722,715.

Uncollected property taxes are shown in the combined balance sheet. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. The remaining balance of taxes receivable is recorded as unavailable revenue because it is not deemed available to finance operations of the current period.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets include construction in progress and assets held for sale, and are reported in the governmental activities column of the statement of net position in the government-wide financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Agency maintains a capitalization threshold of \$5,000 and a useful life of over one year. The Agency has no depreciable capital assets.

Deferred Outflows/inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. There are no deferred outflows.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has property taxes and notes receivable that fit into this classification.

Long-term Obligations

The Agency reports long-term debt on the statement of net position. These obligations will be met using receipts from property tax and other special levies.

For governmental fund types, bond premiums and discounts are recognized during the current period. Bond proceeds and associated premiums or discounts are reported separately as another financing sources. Bonds payable are reported net of the applicable bond premiums or discounts, if any.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance

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

Net investments in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.

Restricted net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the bonds. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.

Unrestricted net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the Agency.

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 fund balance represents amounts not immediately converted to cash, such as prepaid items and inventory.

Restricted fund balance includes amounts that are restricted by external creditors, granters or contributors, or restricted by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed fund balance represents amounts that have been committed by resolution by the City Council which is the Agency's "highest level of decision-making authority." Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the City Council adopts another ordinance to remove or revise the limitation.

Assigned fund balance is also established by the Council through adoption or amendment of the budget as intended for specific purpose.

Unassigned fund balance represents the residual classification used for those balances not assigned to another category. Only the General Fund may have an unassigned balance.

There are no non-spendable, committed, assigned, or unassigned balances as of June 30, 2023.

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.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Restatements Due to Correction of Accounting Errors

For the year ended June 30, 2023, restatements of previously reported balances were identified as follows:

General Fund beginning fund balance was restated in to correct a prior period misallocation of cash between two funds with the City's General Fund and the Agency's General Fund. This adjustment resulted in an increase in the City's General Fund. The effect of this correction is as follows:

General Fund

Fund balance - beginning of year, as previously reported	\$	4,708,635
Correction of error - cash		(12,003)
Fund balance - beginning of year, as restated	\$	<u>4,696,632</u>

Governmental Activities beginning net position was restated due to amortization of bond premiums being done on the straight-line basis although the interest method is required. Also, to correct a prior period misallocation of cash between two funds with the City's General Fund and the Agency's General Fund. Last, to remove assets available for sale which were previously sold. The effect of this correction is as follows:

Governmental Activities

Net position - beginning of year, as previously reported	\$	2,531,214
Correction of error - premium amortization		155,756
Correction of error - cash		(12,003)
Correction of error - capital assets		(40,000)
Net position - beginning of year, as restated	\$	<u>2,634,967</u>

Adoption of New GASB Pronouncements

During the fiscal year ended June 30, 2023, the Agency implemented the following GASB Pronouncements:

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Implementation of this statement did not have a significant impact on the Agency's financial statements for the year ended June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. Implementation of this statement did not have a significant impact on the Agency's financial statements for the year ended June 30, 2023.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2023:

GASB Statement No. 100, *Accounting changes and error corrections – an amendment of GASB statement NO 62*. Issued June 2022, this statement updates accounting and financial reporting for (1) each type of accounting change and (2) error corrections made in fiscal years beginning after June 15, 2024.

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences and is effective for the School for the fiscal year ending June 30, 2025.

The Agency will implement new GASB pronouncements no later than the required effective date. The School is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the Agency's financial statements.

Note 2 – Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with U.S. GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. For all funds, materials and services, capital outlay, debt service, transfers and contingency are the levels of control.

Original appropriations may be changed through resolutions by transferring amounts between appropriations in the same fund or by transferring from an appropriation in the general fund to an appropriation category in another fund. A supplemental budget is required if appropriations are expected to exceed authorized appropriation amounts. Budget amounts are as originally adopted, or as amended by the City Council. Expenditures were within authorized appropriations levels for the year ended June 30, 2023.

The Board of Directors must authorize all appropriation transfers and supplementary budgetary appropriations.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following as of June 30, 2023:

Carrying amount of demand deposits	\$	228,951
Carrying amount of cash equivalents		<u>5,895,190</u>
	\$	<u><u>6,124,141</u></u>

The cash management policies are governed by state statutes. Statutes authorize investing in bankers acceptances, commercial paper, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities and the Oregon State Treasurer's Local Government Investment Pool.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 3 – Cash and Cash Equivalents (continued)

All deposits are held by the City of The Dalles on behalf of the Agency. The Agency considers these items as a demand deposit account, whereby funds may be deposited or withdrawn without prior notice or penalty.

Deposits – The GASB has adopted U.S. GAAP, which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the Agency at June 30, 2023. If bank deposits at year end are not entirely insured or collateralized with securities held by the Agency or by its agent in the Agency's name, the Agency must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. Any deposits with financial institutions will be covered up to \$250,000 by federal depository insurance, and the remaining deposited at an approved depository as prescribed by the Oregon State Treasurer.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295 .001 to 295 .108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by Federal Deposit Insurance Corporation. For the Fiscal Year ended June 30, 2022, the total carrying amount of the City's deposits, as pooled with the Agency, in various financial institutions was \$240,954 and the bank balance was \$520,121. All deposits are held in the name of the Agency. Of the bank balance, the entire amount was covered by federal depository insurance or collateralized.

Investments – The Agency has invested funds in the State Treasurer's Oregon Short-Term Fund LGIP during fiscal year 2023. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294 .895). LGIP is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the State to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the Agency's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximates fair value.

Credit risk – State statutes authorize the Agency to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The Agency has no formal investment policy that further restricts its investment choices.

Concentration of credit risk – The Agency is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5.00% or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The Agency has no such investments.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 3 – Cash and Cash Equivalents (continued)

Interest rate risk – The Agency has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Note 4 – Fair Value Measurements

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

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments reported as cash equivalents in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

LGIP balances are measured at amortized cost and are readily available to spend when needed. The balance in this pool is expected to stay fairly static as the interest rate in the pool is desirable. The risk associated with the LGIP is very low. The Agency only invests in the LGIP. The value of the Agency's investments as of June 30, 2023, was \$5,895,190.

Note 5 – Note Receivables

The Agency has an agreement for the sale of property. Monthly installments are to be paid over a period of 25 years with final payment in August 2044. The interest rate on the loan is 5% annually. The note is secured by real property and is considered fully collectible. During the year ended June 30, 2023, this note was repaid in full.

In April 2001, the Agency entered into a loan agreement to assist a borrower with an acquisition and rehabilitation project resulting in a note receivable. The principal on the note is due no later than December 31, 2026, and interest is payable at 1% annually. The note is secured by real property and is considered fully collectible. As of June 30, 2023, the outstanding principal balance is \$282,445. The agreement requires this amount to be paid on or before December 31, 2026.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 5 – Note Receivables (continued)

In January 2019, the Agency entered into an agreement for the sale of a property for redevelopment resulting in a note receivable. The purpose of the redevelopment is to support public objectives of the Agency's Urban Renewal Plan. The sixth addendum to the agreement revised the schedule of contract payments and closings which includes various principal payments through September 2023. The note is secured by real property and is considered fully collectible. As of June 30, 2023, the outstanding principal balance is \$25,000. This amount is anticipated to be paid in fiscal year 2024.

Note 6 – Capital Assets

The Agency constructs and refurbishes assets for the benefit of the City and local businesses, and any assets constructed or improved would become the property of the benefiting entity. The Agency also purchases property to be refurbished and sold. The 3rd Street Streetscape project is in the early stages of design and engineering and the project is waiting on final approval for construction. Costs incurred to date are \$52,668, with the estimated costs of \$3 million. The 1st Street Parking Lot project has started. Cost incurred to date are \$42,866.

At June 30, 2023, the capital assets of the agency consist of the following:

	Beginning Balance, as restated	Additions	Deletions	Ending Balance
Capital Assets, not being depreciated				
Construction in progress	\$ 95,534	\$ -	\$ -	\$ 95,534
Assets available for sale	1,336,233	-	361,980	974,253
Total Capital Assets	<u>\$ 1,471,767</u>	<u>\$ -</u>	<u>\$ 361,980</u>	<u>\$ 1,069,787</u>

Note 7 – Long-Term Debt

The City issued \$12,100,000 in 2009 Full Faith and Credit Obligations in October of 2009. \$10,205,000 of the bonds was for the benefit of the Columbia Gateway Urban Renewal Agency and will be repaid from tax increment revenues within the Urban Renewal area with interest rates ranging from 2% to 5%, within an assistance agreement between the City and Agency. The bonds were issued to finance construction of public infrastructure improvements, urban renewal projects, to refinance the Urban Renewal Bonds Series 2002, to fund an urban renewal debt reserve, and to pay the costs of issuance. The Agency has pledged its tax increment revenues and earnings for repayment of the Agency portion of the obligation. If the bond is defaulted by failure to make required principal or interest payments or other covenants, action to enforce the financing agreement may take place for the outstanding balance of the obligation.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 7 – Long-Term Debt (continued)

Future maturities are as follows:

Fiscal Year	Principal	Interest	Premium/ Discount	Total
2024	\$ 600,000	\$ 200,425	\$ 26,968	\$ 827,393
2025	630,000	171,925	22,983	824,908
2026	660,000	142,000	18,802	820,802
2027	695,000	109,000	14,424	818,424
2028	725,000	74,250	9,822	809,072
2029-2033	760,000	38,000	5,021	803,021
Total	<u>\$ 4,070,000</u>	<u>\$ 735,600</u>	<u>\$ 98,020</u>	<u>\$ 4,903,620</u>

The following is a summary of changes in long-term debt during the fiscal year ended June 30, 2023:

	6/30/2022 Balance (as restated)	Additions	Reductions	6/30/2023 Balance	Due Within One Year
Urban Renewal Portion					
Series 2009 FFCO	\$ 4,645,000	\$ -	\$ 575,000	\$ 4,070,000	\$ 600,000
Premium on Debt	128,804	-	30,784	98,020	26,968
	<u>\$ 4,773,804</u>	<u>\$ -</u>	<u>\$ 605,784</u>	<u>\$ 4,168,020</u>	<u>\$ 626,968</u>

Note 8 – Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year, and the Agency has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years.

Note 9 – Tax Abatements

The City has authorized tax-exempt status for five qualified firms within the City: Escape The Dalles, Hydro USA, Powder Pure, 15 Mile Ventures, LLC, and Design, LLC. All properties are required to meet State and Federal funding requirements which include annual physical inspections and an annual audit of financial activity and programmatic compliance. The property tax exemption may be removed if the property is no longer eligible under the stated provisions of ORS 307.540 to 307.548. Section E of the renewal application requires the applicant to acknowledge compliance with the requirements annually. For fiscal year ending June 30, 2023, the foregone property tax revenue is \$1,548,817.



| **Required Supplementary Information**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 791,018	\$ 791,018	\$ 873,399	\$ 82,381
Interest on investments	21,000	21,000	184,641	163,641
Miscellaneous	10	10	2,568	2,558
Total revenues	812,028	812,028	1,060,608	248,580
EXPENDITURES:				
Current:				
General Government:				
Materials and services	2,350,960	2,350,960	263,648	2,087,312
Capital outlay	3,034,506	3,034,506	290,352	2,744,154
Total expenditures	5,385,466	5,385,466	554,000	4,831,466
Revenues over (under) expenditures	(4,573,438)	(4,573,438)	506,608	5,080,046
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	36,824	36,824	128,709	91,885
Total other financing sources (uses)	36,824	36,824	128,709	91,885
Net changes in fund balance	(4,536,614)	(4,536,614)	635,317	5,171,931
FUND BALANCE, BEGINNING (as restated)	4,536,614	4,536,614	4,696,632	160,018
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,331,949</u>	<u>\$ 5,331,949</u>



| Supplementary Information

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2023**

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Property taxes	\$ 800,938	\$ 800,938	\$ 800,938	\$ -
Interest on investments	4,800	4,800	4,800	-
Total revenues	805,738	805,738	805,738	-
EXPENDITURES:				
Debt service:				
Principal	575,000	575,000	575,000	-
Interest	227,738	227,738	227,738	-
Contingency	802,738	802,738	-	802,738
Total expenditures	1,605,476	1,605,476	802,738	802,738
Net changes in fund balances	(799,738)	(799,738)	3,000	802,738
FUND BALANCES, BEGINNING	799,738	799,738	799,738	-
FUND BALANCES, ENDING	\$ -	\$ -	\$ 802,738	\$ 802,738

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Agency Officials
Columbia Gateway Urban Renewal Agency
The Dalles, Oregon

We have audited the basic financial statements of the Columbia Gateway Urban Renewal Agency (the Agency) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 15, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the 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* (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 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. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our audit testing, nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-000 through 162-010-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-010-0230 Internal Control

In planning and performing our audit of the General Statements, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 or significant deficiencies may exist that were not identified.

Restrictions on Use

This report is intended solely for the information and use of the governing body and management of the Agency and the State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jeny Grupe". The signature is fluid and cursive, with the first name "Jeny" and last name "Grupe" clearly distinguishable.

Jeny L. Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 15, 2023