

**COLUMBIA GATEWAY URBAN  
RENEWAL AGENCY**  
**(A Component Unit of the City of The Dalles, Oregon)**

**Annual Financial Report**

**For the Fiscal Year Ended June 30, 2009**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of The Dalles, Oregon)

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**For the Fiscal Year Ended June 30, 2009**

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**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of The Dalles, Oregon)**

**OFFICIALS OF THE AGENCY**  
**JUNE 30, 2009**

**BOARD OF DIRECTORS**

<b><u>Name</u></b>	<b><u>Address</u></b>	<b><u>Term Expires December 31,</u></b>
Nikki Lesich	1625 Montana Street The Dalles, Oregon 97058	2010
Carolyn Wood	1709 Liberty Street The Dalles, OR 97058	2010
Jim Wilcox	416 West 7 <sup>th</sup> Street The Dalles, OR 97058	2010
Dan Spatz	2506 Jordan Street The Dalles, OR 97058	2012
Bill Dick	2520 East 14 <sup>th</sup> Street The Dalles, OR 97058	2010
Brian Ahier	1126 East 8 <sup>th</sup> Street The Dalles, OR 97058	2012

**AGENCY ADDRESS**

Administrative Offices  
313 Court Street  
The Dalles, OR 97058



**Dickey and Tremper, LLP**  
Certified Public Accountants and Business Advisors

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P.O. Box 1533  
Pendleton, OR 97801  
Phone: (541) 276-6862  
Toll Free: 1-800-332-6862  
Fax: (541) 276-9040  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Columbia Gateway Urban Renewal Agency  
The Dalles, Oregon

We have audited the accompanying financial statements of the governmental activities and each major fund of Columbia Gateway Urban Renewal Agency (*a component unit of the City of The Dalles, Oregon*) as of and for the year ended, June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

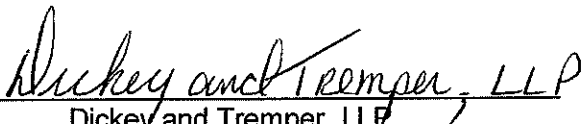
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Columbia Gateway Urban Renewal Agency, as of June 30, 2009, the respective changes in financial position, and the budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages a through c is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Columbia Gateway Urban Renewal Agency's basic financial statements. The supplemental 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 of the Columbia Gateway Urban Renewal Agency. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Dickey and Tremper, LLP  
Certified Public Accountants and Consultants

November 9, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion is intended to be an easily readable analysis of the Columbia Gateway Urban Renewal Agency's (Agency) financial activities based on currently known facts, decisions and conditions. It focuses on current year activities and should be read in conjunction with the financial statements that follow.

### **REPORT CONTENTS**

The report consists of agency-wide financial statements, fund financial statements, notes to the financial statements, and supplemental information. The agency-wide financial statements include the Statement of Net Assets and the Statement of Activities.

#### **STATEMENT OF NET ASSETS**

The Statement of Net Assets focuses on the unrestricted net assets of the Agency's governmental activities. The statement reflects all assets and liabilities of the Agency.

#### **STATEMENT OF ACTIVITIES**

The Statement of Activities focuses on the programs costs and their matching resources. To the extent a program's cost is not recovered by grants and direct charges, it is paid from general taxes and other resources. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

#### **FUND FINANCIAL STATEMENTS**

Following the agency-wide financial statements are the fund financial statements. The Agency presents each of its two funds as major funds. For each major fund a budgetary comparison statement/schedule is presented. The General Fund statement is included in the basic financial statements and the Debt Service Fund schedule is shown in the supplemental information section.

## AGENCY-WIDE FINANCIAL STATEMENTS

Summary Statements of Net Assets as of June 30, 2009 and 2008 are as follows:

	2009	2008
<b>Assets</b>		
Current and other assets	\$ 1,393,439	\$ 2,266,268
Capital assets	210,917	210,917
<b>Total assets</b>	<u>1,604,356</u>	<u>2,477,185</u>
<b>Liabilities</b>		
Long-term liabilities	2,400,000	2,745,000
Other liabilities	9,486	12,626
<b>Total liabilities</b>	<u>2,409,486</u>	<u>2,757,626</u>
<b>Net assets</b>		
Restricted	454,507	471,019
Unrestricted (deficit)	(1,259,637)	(751,460)
<b>Total net assets</b>	<u>\$ (805,130)</u>	<u>\$ (280,441)</u>

The deficit in unrestricted net assets is the result of the Agency carrying long-term liabilities used to finance the construction of public infrastructure assets, which are transferred to the City of The Dalles.

Summary Statements of Activities for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
<b>Revenues</b>		
Programs revenues:		
Capital grants and contributions	\$ -	\$ -
General revenues:		
Property taxes	1,217,187	1,122,402
Other	38,693	109,400
<b>Total revenues</b>	<u>1,255,880</u>	<u>1,231,802</u>
<b>Expenses</b>		
General Government	1,659,306	854,712
Interest on long-term debt	121,263	133,592
<b>Total expenses</b>	<u>1,780,569</u>	<u>988,304</u>
Change in net assets	(524,689)	243,498
Net assets - beginning	(280,441)	(523,939)
Prior period adjustment	-	-
<b>Total net assets</b>	<u>\$ (805,130)</u>	<u>\$ (280,441)</u>



## **AGENCY-WIDE FINANCIAL STATEMENTS (continued)**

Net assets decreased during the year by \$524,689 as the Agency increased funding for capital projects in FY08/09.

The Agency's tax levy totaled \$1,248,365, and is restricted to urban renewal projects and the repayment of debt. The debt has been 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. This transfer is the primary component of expenses for General Government Expenses in the Statement of Activities.

## **BUDGETARY HIGHLIGHTS**

The Agency's adopted budget was not amended during the year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### ***Capital Assets***

As of June 30, 2009 the Agency had \$210,917 invested in capital assets available for sale. 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 do not appear as assets of the Agency.

### ***Debt Outstanding***

As of June 30, 2009, the Agency had \$2,400,000 in debt outstanding compared to \$2,745,000 last year. The \$345,000 decrease results from the repayment of debt.

## **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. Increasing 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**

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**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of The Dalles, Oregon)

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,017,085
Receivables	373,344
Bond issuance costs	3,010
Capital assets	<u>210,917</u>
<b>Total assets</b>	<u><b>1,604,356</b></u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	450
Accrued interest payable	9,036
Long-term obligations	
Due within one year	360,000
Due in more than one year	<u>2,040,000</u>
<b>Total liabilities</b>	<u><b>2,409,486</b></u>
<b>NET ASSETS</b>	
Restricted for debt service	454,507
Unrestricted (deficit)	<u>(1,259,637)</u>
<b>Total net assets (deficit)</b>	<u><b>\$ (805,130)</b></u>

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

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of The Dalles, Oregon)

**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2009**

Function/Programs	Expenses	Program Revenues	Net (Expenses) and Changes in Net Assets
		Capital Grants and Contributions	
<b>Primary government:</b>			
Governmental activities:			
General government	\$ 1,659,306	\$ -	\$ (1,659,306)
Interest on long-term obligations	<u>121,263</u>	<u>-</u>	<u>(121,263)</u>
Total governmental activities	<u>1,780,569</u>	<u>-</u>	<u>(1,780,569)</u>
General revenues:			
Property taxes levied for debt service			1,217,187
Interest and investment earnings			29,923
Miscellaneous			<u>8,770</u>
Total general revenues			<u>1,255,880</u>
Change in net assets			(524,689)
Net assets (deficit) - beginning			<u>(280,441)</u>
Net assets (deficit) - ending			<u>\$ (805,130)</u>

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

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of The Dalles, Oregon)

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2009**

	General	Debt Service	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 562,578	\$ 454,507	\$ 1,017,085
Receivables	373,344	-	373,344
<b>Total assets</b>	<u>\$ 935,922</u>	<u>\$ 454,507</u>	<u>\$ 1,390,429</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 450	\$ -	\$ 450
Deferred revenue	372,640	-	372,640
<b>Total liabilities</b>	<u>373,090</u>	<u>-</u>	<u>373,090</u>
<b>Fund balances:</b>			
Reserved for debt service	-	454,507	454,507
Unreserved	562,832	-	562,832
<b>Total fund balances</b>	<u>562,832</u>	<u>454,507</u>	<u>1,017,339</u>
<b>Total liabilities and fund balances</b>	<u>\$ 935,922</u>	<u>\$ 454,507</u>	

**Amounts reported for governmental activities in the Statement of Net Assets  
are different because:**

Capital assets reported in the governmental activities are not financial resources, and, therefore, are not reported in the funds.	210,917
Bond issuance costs reported in the governmental activities are not financial resources, and, therefore, are not reported in the funds.	3,010
Long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	372,640
Long-term liabilities and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,409,036)</u>

**Net assets (deficit) of governmental activities** \$ (805,130)

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

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of The Dalles, Oregon)

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2009**

	General	Debt Service	Totals
<b>REVENUES</b>			
Property taxes	\$ 768,529	\$ 430,371	\$ 1,198,900
Interest on investments	9,923	20,000	29,923
Miscellaneous	8,770	-	8,770
<b>TOTAL REVENUES</b>	<u>787,222</u>	<u>450,371</u>	<u>1,237,593</u>
<b>EXPENDITURES</b>			
General government	220,030	-	220,030
Capital outlay	1,439,276	-	1,439,276
Debt service	-	466,883	466,883
<b>TOTAL EXPENDITURES</b>	<u>1,659,306</u>	<u>466,883</u>	<u>2,126,189</u>
<b>NET CHANGE IN FUND BALANCE</b>	(872,084)	(16,512)	(888,596)
<b>FUND BALANCE, Beginning</b>	<u>1,434,916</u>	<u>471,019</u>	<u>1,905,935</u>
<b>FUND BALANCE, Ending</b>	<u><u>\$ 562,832</u></u>	<u><u>\$ 454,507</u></u>	<u><u>\$ 1,017,339</u></u>

The notes to the basic 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  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2009**

<b>NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS</b>	<b>\$ (888,596)</b>
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

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	18,287
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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	1,121
Amortization of bond issuance costs	(501)

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 Assets.

	<u>345,000</u>
<b>CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (524,689)</u></b>

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

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of The Dalles, Oregon)

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 772,959	\$ 772,959	\$ 768,529	\$ (4,430)
Interest on investments	30,000	30,000	9,923	(20,077)
Miscellaneous	<u>2,824</u>	<u>2,824</u>	<u>8,770</u>	<u>5,946</u>
<b>TOTAL REVENUES</b>	<u>805,783</u>	<u>805,783</u>	<u>787,222</u>	<u>(18,561)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	378,298	378,298	220,030	158,268
Capital outlay	<u>1,432,564</u>	<u>1,432,564</u>	<u>1,439,276</u>	<u>(6,712)</u>
<b>TOTAL EXPENDITURES</b>	<u>1,810,862</u>	<u>1,810,862</u>	<u>1,659,306</u>	<u>151,556</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,005,079)	(1,005,079)	(872,084)	132,995
<b>FUND BALANCE, Beginning</b>	<u>1,005,079</u>	<u>1,005,079</u>	<u>1,434,916</u>	<u>429,837</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 562,832</u>	<u>\$ 562,832</u>

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



**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of The Dalles, Oregon)

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Columbia Gateway Urban Renewal Agency (the Agency), a component unit of the City of The Dalles, Oregon, is the urban renewal agency of, and controlled by, the City of The Dalles (the City). It was organized in 1990 to assist in the redevelopment of blighted and deteriorated areas within the City through tax increment financing. The governing body consists of a seven member advisory committee, which makes its recommendations to the Board of Directors. The Board of Directors is composed of the Mayor and City Council of the City of The Dalles.

**B. Inclusion of the Agency in The Dalles, Oregon, Comprehensive Annual Financial Report**

All significant activities and organizations for which the City exercises oversight responsibility have been included in the City's combined financial statements. The following criteria from Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", regarding manifestation of oversight were considered by the City in its evaluation of City organizations and activities:

- Financial interdependency – the City receives financial support or provides financial benefit to the organization.
- Authoritative appointment of governing authority – The Dalles City Council is the organization's governing authority.

City management has determined that the Agency meets the criteria set forth above, and, therefore, is a component unit of the City. This report is issued solely to meet a State of Oregon, Department of Revenue interpretation of Oregon Revised Statutes that requires a separate audit report.

**C. Agency-wide and Fund Financial Statements**

The agency-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **D. Measurement Focus, Basis of Accounting and Basis of Presentation**

The agency-wide financial statements are reported using the *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 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.

The agency-wide financial statements have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

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.

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 government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the Agency. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgment, are recorded only when payment is due.

The Agency reports the following major governmental funds:

The *General Fund* is the Agency's primary operation fund. It accounts for all financial resources of the Agency, except those required to be accounted for in another fund. Principal sources of revenue are property taxes and capital grants. Expenditures are primarily for the construction of public infrastructure assets for the City of The Dalles.

The *Debt Service* fund accounts for the repayment of principal and interest on long-term obligations used to finance the construction of public infrastructure assets for the City of The Dalles.

#### **E. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **F. Cash and Cash Equivalents**

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Agency's bank accounts and investments are maintained in a central pool of cash and investments. The investment policy of the Agency is to invest in the Local Government Investment Pool (LGIP), U.S. Government Obligations, 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 the average monthly balances throughout the year.

Investments in the LGIP are reported at amortized cost, which approximates fair value in accordance with GASB Statement Number 31, and are considered cash equivalents for financial reporting purposes. All other investments are reported at fair value.

## **G. Receivables and Payables**

Receivables including property taxes, accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in paragraph D above.

## **H. Fund Equity**

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for specific uses. Generally the purpose for each is indicated by the account title on the face of the balance sheet.

## **I. Long-Term Obligations**

In the agency-wide financial statements, long-term debt obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

## **A. Budgetary Information**

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The Agency begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The Board of Directors adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The Agency established the levels of budgetary control at the personal services, materials and services, capital outlay, debt service, and all other requirement levels for all funds.

Budget amounts shown in the basic financial statements have not been revised since the original budget amounts were adopted. The Board of Directors must authorize all appropriation transfers and supplementary budgetary appropriations.

#### **B. Excess of Expenditures over Appropriations**

Expenditures exceeded appropriations in the following amounts:

General Fund:	
Capital outlay	\$ 6,712

### **III. DETAILED NOTES ON ALL FUNDS**

#### **A. Deposits and Investments**

**Deposits.** The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the Agency at June 30, 2009. If bank deposits at year end are not entirely insured or collateralized by the Agency or by its agent in the Agency's name, the Agency must disclose the custodial credit risk that exists. The Agency's deposits with financial institutions are comprised entirely of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require that Public officials report to the Office of the State Treasurer (OST) all bank depositories in which they deposit public funds and bank depositories will then report financial information and total public funds deposits quarterly to OST. OST will then calculate the required collateral that must be pledged by the bank based on this information and the depository's FDIC assigned capitalization category. Bank depositories will then have a shared liability in the event of a bank loss. For the fiscal year ended June 30, 2009, the carrying amount of the Agency's deposits was \$478,729 and the bank balance was \$735,715. All deposits are held in the name of the Agency. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining \$485,715 was collateralized under ORS 295.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Agency does not have a formal policy for custodial credit risk.

**Investments.** The Agency has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. 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 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). Local Government Investment Pool (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 the participant's 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 Agency's cash position.

Investments in the Oregon State Treasury LGIP are made under the provision 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 US 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 represents 5 percent 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.

**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.

Investments held by the Agency at June 30, 2009 are as follows:

	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Carrying Amount/ Fair Value</u>
Local Government Investment Pool	1 day	100%	\$ 529,673
Less amounts classified as cash equivalents			<u>(529,673)</u>
Total Investments			<u>\$ -</u>

The Agency's cash and cash equivalents at June 30, 2009 are shown below:

Cash with County Treasurer	\$ 8,683
Carrying amount of deposits	478,729
Investments in LGIP	<u>529,673</u>
Total cash and cash equivalents	<u>\$ 1,017,085</u>

## B. Receivables

At June 30, 2009, the Agency's receivables are as follows:

Property taxes	\$ 90,195
Notes	282,445
Matured interest	<u>704</u>
Total receivables	<u>\$ 373,344</u>

The Agency has a note receivable for the refurbishment of property. The principal of 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.

Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due 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 \$1,277,453. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$1,248,365. Following is a summary of property tax transactions for the year ended June 30, 2009:

	Balances July 1, 2008	2008-09 Levy	Adjustments	Interest (Discounts)	Collections	Balances June 30, 2009
2008-09	\$ -	\$ 1,248,365	\$ (4,700)	\$ (30,007)	\$ (1,161,119)	\$ 52,539
2007-08	44,443	-	(377)	9	(19,888)	24,187
2006-07	15,995	-	(94)	1	(5,832)	10,070
2005-06	8,683	-	(15)	-	(5,643)	3,025
2004-05	2,494	-	(6)	-	(2,265)	223
2003-04	148	-	(6)	-	(99)	43
2002-03	84	-	(5)	-	(32)	47
Prior years	61	-	-	-	-	61
	<u>\$ 71,908</u>	<u>\$ 1,248,365</u>	<u>\$ (5,203)</u>	<u>\$ (29,997)</u>	<u>\$ (1,194,878)</u>	<u>\$ 90,195</u>

## C. Deferred Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The government-wide financial statements report *deferred revenue* only for amounts that have been received, but not earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds included \$90,195 in unavailable property taxes and \$282,445 of unavailable revenue from notes receivable.

#### **D. Capital Assets**

The Agency constructs and refurbishes assets for the benefit of the City and businesses in the local area, and any assets constructed or improved would be property of the benefiting entity. In addition, the Agency purchases property to be refurbished and sold. At June 30, 2009, the capital assets of the Agency consist of a non-depreciable property purchased to refurbish and sell, in the amount of \$210,917.

#### **E. Long – Term Obligations**

Urban Renewal Bonds Series 2002 were issued in September of 2002 to refund the Urban Renewal Bonds and to fund certain capital projects. The Urban Renewal Bonds are secured by a pledge of tax increment revenues within the Urban Renewal area with interest rates ranging from 2.65% to 4.85%. Limited tax improvement bonds are similar to general obligation bonds; however, the Agency's taxing authority is subject to constitutional limitation. Future maturities are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 360,000	\$ 108,428
2011	375,000	93,668
2012	390,000	77,542
2013	405,000	60,188
2014	425,000	41,558
2015	445,000	21,582
	<u>\$ 2,400,000</u>	<u>\$ 402,966</u>

Changes in long-term obligations for the fiscal year ended June 30, 2009, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Urban Renewal Bonds Series 2002	<u>\$ 2,745,000</u>	<u>\$ -</u>	<u>\$ 345,000</u>	<u>\$ 2,400,000</u>	<u>\$ 360,000</u>

#### **F. Risk Management**

The Agency is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance coverage in the name of the City. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years.

#### **G. Subsequent Events**

In September 2009, the Board authorized the acceptance of assistance from The City of the Dalles to finance projects and refund the Series 2002 bonds. They also authorized the execution of an assistance agreement and issuance of an Urban Renewal Note in an amount not to exceed \$11,500,000 payable from and secured by the tax increment revenues of the Columbia Gateway/Downtown Area.



## SUPPLEMENTAL INFORMATION

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**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of The Dalles, Oregon)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
DEBT SERVICE FUND  
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 430,371	\$ 430,371	\$ 430,371	\$ -
Interest on investments	20,000	20,000	20,000	-
<b>TOTAL REVENUES</b>	<u>450,371</u>	<u>450,371</u>	<u>450,371</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt service	<u>922,383</u>	<u>922,383</u>	<u>466,883</u>	<u>455,501</u>
<b>TOTAL EXPENDITURES</b>	<u>922,383</u>	<u>922,383</u>	<u>466,883</u>	<u>455,501</u>
<b>NET CHANGE IN FUND BALANCE</b>	(472,012)	(472,012)	(16,512)	455,501
<b>FUND BALANCE, Beginning</b>	<u>472,012</u>	<u>472,012</u>	<u>471,019</u>	<u>(994)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,507</u>	<u>\$ 454,507</u>

See auditor's report.

## AUDITOR'S COMMENTS AND REPORTS

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## INDEPENDENT AUDITOR'S COMMENTS

Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required schedules, comments, and disclosures not included in the preceding section of this report are set forth following:

### **Accounting Systems and Internal Controls**

We found that the accounting records of the Agency were generally well maintained and adequate for audit purposes. The internal controls for the Agency are operating as designed and no material weakness or significant deficiencies were noted.

### **Investments**

Our review of deposit and investment balances indicated that the Agency was in compliance with ORS 294, as it pertains to investment of public funds, during the year ended June 30, 2009.

### **Collateral**

Oregon Revised Statutes (ORS) Chapter 295 provides that public officials must ensure the banks they are doing business with are on the Office of the State Treasurer's (OST) list of qualified depositories. Public officials are also required to report to OST all bank depositories in which they deposit public funds.

Our review of the Agency's deposited funds did not disclose any instances where the Agency deposited funds with unapproved depositories or did not properly notify the OST of what depositories held their public funds, as required by ORS 295.

### **Indebtedness**

We reviewed compliance relating to short-term and long-term debt, including limitations on the amount of debt, which may be incurred, liquidation of debt within the prescribed period, and compliance with provisions of bond indentures or other agreements. We found no instances in which the Agency had not complied with these legal or contractual provisions relating to short-term and long-term debt.

### **Budget**

We reviewed the preparation, adoption and execution of the Agency's budget for 2008-09 and the preparation and adoption of the budget for 2009-10. The Agency has complied with statutory requirements in all material respects for the current and ensuing year's budget except for the following:

Expenditures exceeded appropriations for the 2008-09 budget in the following amounts:

General Fund:	
Capital Outlay	\$ 6,712

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The Agency established the levels of budgetary control at materials and services, capital outlay, operating contingencies, and debt service.

### **Insurance And Fidelity Bonds**

The Agency is covered by insurance and fidelity bonds under the City's policies. We reviewed the City's insurance and fidelity bond coverage at June 30, 2009, and ascertained that such policies appeared to be in force. We are not competent by training to comment whether the insurance policies of the City in force at June 30, 2009, are adequate. The City has complied with provisions of ORS 221.903 regarding bonding of City personnel.

### **Programs Funded From Outside Sources**

We selected and tested, to the extent deemed appropriate, transactions, records, and reports relative to programs funded wholly or partially by other governmental agencies.

The results of our tests indicate, for the items tested, the Agency complied with laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies, and, for the items tested, financial reports and related data were materially in agreement with and supported by accounting records.

### **Highway Funds**

The Agency does not receive Highway Funds.

### **Public Contracts And Purchasing**

We have reviewed the Agency's compliance with ORS 279, pertaining to the awarding of public contracts and the construction of public improvements. Our review disclosed no conditions, which we considered to be matters of noncompliance of the Agency's bidding procedures or quote procedures.

### **Statement of Accountability for Independently Elected Officials**

This statement is not applicable to the Columbia Gateway Urban Renewal Agency.