

**COLUMBIA GATEWAY URBAN RENEWAL  
AGENCY**

*(A Component Unit of the  
City of The Dalles, Oregon)*

**ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2004**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**

**BOARD OF DIRECTORS**

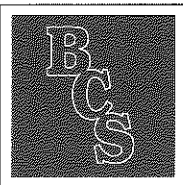
**Year Ended June 30, 2004**

	<u>Term Expires</u>
Robb Van Cleave 912 East 15 <sup>th</sup> Place The Dalles, Oregon 97058	December 31, 2004
Jim Broehl 318 West 12 <sup>th</sup> Street The Dalles, Oregon 97058	December 31, 2004
Chris Zukin 915 West 14 <sup>th</sup> Street The Dalles, Oregon 97058	December 31, 2006
Dorothy Davison 2500 East 12 <sup>th</sup> Street The Dalles, Oregon 97058	December 31, 2006
Mary Ann Davis 1814 East 14 <sup>th</sup> Street The Dalles, Oregon 97058	December 31, 2004
Mike Tenney 923 East 12 <sup>th</sup> Street The Dalles, Oregon 97058	December 31, 2004

# COLUMBIA GATEWAY URBAN RENEWAL AGENCY

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**BOLDT, CARLISLE & SMITH LLC**

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

## INDEPENDENT AUDITOR'S REPORT

### 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, 2004, 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 **COLUMBIA GATEWAY URBAN RENEWAL AGENCY**, as of June 30, 2004, the respective changes in financial position and the budgetary comparisons for the General Fund, thereof 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 presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **COLUMBIA GATEWAY URBAN RENEWAL AGENCY** basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the Debt Service Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Boldt, Carlisle & Smith, LLC**

Certified Public Accountants

Salem, Oregon

August 27, 2004

By:

Douglas C. Parham, Member

A

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Established - 1968

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

## 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 statements, and additional 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 to 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 program 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 additional information section.

## AGENCY-WIDE FINANCIAL STATEMENTS

Summary Statements of Net Assets as of June 30, 2004 and 2003 are as follows:

	2004	2003
<b>Assets</b>		
Current and other assets	\$ 1,990,611	\$ 2,029,067
<b>Liabilities</b>		
Long-term liabilities	4,020,000	4,315,000
Other liabilities	18,776	71,464
Total liabilities	4,038,776	4,386,464
<b>Net assets</b>		
Restricted	454,660	457,865
Unrestricted	(2,502,825)	(2,815,262)
Total net assets	\$ (2,048,165)	\$ (2,357,397)

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, 2004 and 2003 are as follows:

	2004	2003
<b>Revenues</b>		
Program revenues:		
Capital grants and contributions	\$ -	\$ 710,000
General revenues:		
Property taxes	939,399	831,335
Other	26,827	38,495
Total revenues	966,226	1,579,830
<b>Expenses</b>		
Highways and streets	488,378	1,757,328
Interest on long-term debt	168,616	231,911
Total expenses	656,994	1,989,239
Change in net assets	309,232	(409,409)
Net assets – beginning	(2,357,397)	(2,230,433)
Prior period adjustment	-	282,445
Net assets – ending	\$ (2,048,165)	\$ (2,357,397)

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

Net assets increased during the year by \$309,232 as the Agency provided a significant amount of resources for the construction of the downtown tunnel under the freeway which was completed during the year. This tunnel reconnects the central part of the City of The Dalles with its historic waterfront area.

The Agency's tax levy totaled \$967,249, 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. As mentioned above, the largest project of 2003-04 was the downtown tunnel. The Agency's projects are constructed and, upon completion, ownership is transferred to the City of The Dalles. This transfer is the primary component of expenses for Highways and streets in the Statement of Activities.

## **BUDGETARY HIGHLIGHTS**

The Agency's adopted budget was amended during the year to adjust beginning fund balance to a more accurate estimate and accordingly provide for additional expenditures.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### *Capital Assets*

As of June 30, 2004 the Agency had no investment in 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, 2004, the Agency had \$4,020,000 in debt outstanding compared to \$4,315,000 last year. The \$295,000 decrease results from the repayment of debt that was used to finance the construction of the downtown tunnel.

## **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, you should contact the Agency's Finance Director at 313 Court St. The Dalles, Oregon 97058.



## BASIC FINANCIAL STATEMENTS

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

STATEMENT OF NET ASSETS

June 30, 2004

	Governmental Activities
<b><u>ASSETS</u></b>	
Cash and investments	\$ 1,584,121
Receivables	400,977
Deferred charges	<u>5,513</u>
<b>TOTAL ASSETS</b>	<u>1,990,611</u>
<b><u>LIABILITIES</u></b>	
Accounts payable and accrued expenses	5,885
Accrued interest payable	12,891
Long-term obligations	
Due within one year	305,000
Due in more than one year	<u>3,715,000</u>
<b>TOTAL LIABILITIES</b>	<u>4,038,776</u>
<b><u>NET ASSETS</u></b>	
Restricted for debt service	454,660
Unrestricted	<u>(2,502,825)</u>
<b>TOTAL NET ASSETS</b>	<u>\$ (2,048,165)</u>

See notes to basic financial statements

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2004**

	<u>Governmental Activities</u>
<b>Expenses</b>	
Governmental activities	
Highways and streets	
Interest on long-term obligations	\$ 488,378
	<u>168,616</u>
Total expenses	<u>656,994</u>
 <b>General revenues</b>	
Property taxes, levied for debt service	
Unrestricted investment earnings	939,399
Miscellaneous	26,802
	<u>25</u>
Total general revenues	<u>966,226</u>
 Change in net assets	
Net assets - beginning	309,232
Prior period adjustment	(2,639,842)
	<u>282,445</u>
Net assets - ending	<u>\$ (2,048,165)</u>

*See notes to basic financial statements*

# COLUMBIA GATEWAY URBAN RENEWAL AGENCY

## BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2004

	General	Debt Service	Totals
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,129,461	\$ 454,660	\$ 1,584,121
Receivables	400,977	--	400,977
<b>TOTAL ASSETS</b>	<b>\$ 1,530,438</b>	<b>\$ 454,660</b>	<b>\$ 1,985,098</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 5,885	--	\$ 5,885
Deferred revenue	397,679	--	397,679
<b>TOTAL LIABILITIES</b>	<b>403,564</b>	<b>--</b>	<b>403,564</b>
<b><u>FUND BALANCE</u></b>			
Reserved for debt service	--	454,660	454,660
Unreserved	1,126,874	--	1,126,874
<b>TOTAL FUND BALANCE</b>	<b>1,126,874</b>	<b>454,660</b>	<b>1,581,534</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,530,438</b>	<b>\$ 454,660</b>	

*Amounts reported for governmental activities in the statement of net assets are different because:*

Long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds.	397,679
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(4,027,378)
Net assets of governmental activities	<u>\$ (2,048,165)</u>

*See notes to basic financial statements*

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**Year Ended June 30, 2004**

	<u>General</u>	<u>Debt Service</u>	<u>Totals</u>
<b>REVENUES</b>			
Property taxes	\$ 459,116	\$ 454,005	\$ 913,121
Interest	19,677	7,125	26,802
Miscellaneous	<u>25</u>	<u>--</u>	<u>25</u>
<b>TOTAL REVENUES</b>	<u>478,818</u>	<u>461,130</u>	<u>939,948</u>
<b>EXPENDITURES</b>			
General government	75,924	--	75,924
Capital outlay	412,454	--	412,454
Debt service	<u>--</u>	<u>464,335</u>	<u>464,335</u>
<b>TOTAL EXPENDITURES</b>	<u>488,378</u>	<u>464,335</u>	<u>952,713</u>
Net change in fund balances	(9,560)	(3,205)	(12,765)
Fund Balances at beginning of year	<u>1,136,434</u>	<u>457,865</u>	<u>1,594,299</u>
Fund Balances at end of year	<u>\$ 1,126,874</u>	<u>\$ 454,660</u>	<u>\$ 1,581,534</u>

*See notes to basic financial statements*

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS

TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2004

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (12,765)

*Amounts reported for governmental activities in the  
Statement of Activities are different because of the following:*

Revenues in the Statement of Activities that do not provide  
current financial resources are not reported as revenues  
in the funds as follows:

Taxes 26,278

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.

295,719

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 309,232

*See notes to basic financial statements*

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Property taxes	\$ 313,700	\$ 313,700	\$ 459,116	\$ 145,416
Interest	15,150	15,150	19,677	4,527
Other	--	--	25	25
<b>TOTAL REVENUES</b>	<u>328,850</u>	<u>328,850</u>	<u>478,818</u>	<u>149,968</u>
<b>EXPENDITURES</b>				
Materials and services	290,847	612,349	399,527	212,822
Capital outlay	679,203	853,331	88,851	764,480
<b>TOTAL EXPENDITURES</b>	<u>970,050</u>	<u>1,465,680</u>	<u>488,378</u>	<u>977,302</u>
Net change in fund balance	641,200	(1,136,830)	(9,560)	1,127,270
Fund balance at beginning of year	641,200	1,136,830	1,136,434	(396)
Fund balance at end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,126,874</u>	<u>\$ 1,126,874</u>

*See notes to basic financial statements*

# **COLUMBIA GATEWAY URBAN RENEWAL AGENCY**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**Year Ended June 30, 2004**

### **1. Summary of Significant Accounting Policies**

#### **A. Organization**

The **COLUMBIA GATEWAY URBAN RENEWAL AGENCY** (the Agency), a component unit of the City of The Dalles, 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 City of The Dalles 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 Statement No. 14, "The Financial Reporting Entity" 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.



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### 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. 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 the Agency's governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### D. Measurement focus, basis of accounting and financial statement 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### D. Measurement focus, basis of accounting and financial statement presentation (continued)

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 60 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 judgments, are recorded only when payment is due.

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The Agency reports the following major governmental funds:

The *General Fund* is the Agency's primary operating 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 and. 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.

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

### 1. Summary of Significant Accounting Policies (continued)

#### E. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency 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, operating contingencies, debt service, and all other requirement levels for all funds.

Budget amounts shown in the basic financial statements have been revised since the original budget amounts were adopted. The Board of Directors must authorize all appropriation transfers and supplementary budgetary appropriations.

#### F. Cash and investments

Investments are stated at cost, which approximates fair value.

#### G. Long-term obligations

Long-term obligations consist of credit facility notes and are accounted for in the general long-term debt account group.

#### H. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

### 2. Cash and Investments

At June 30, 2004, the carrying amount of the Agency's deposits was \$1,148,423, and the bank balance was \$1,155,852. Of the bank balance, \$100,000 was covered by federal depository insurance, \$263,963 was collateralized with securities held by the pledging financial institution's agent in the Agency's name and \$791,889 was uncollateralized.

Statutes authorize the City on behalf of the Agency to invest in obligations of the U.S. Treasury and U.S. Agencies, Bankers' Acceptances, Repurchase Agreements, Commercial Paper Rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, the State Treasurer's Investment Pool, and deposits with banks, mutual savings banks and savings and loan associations. During the fiscal year, the Agency's investments complied with the statutory requirements.

The Agency's investments are presented in three categories of credit risk as follows:

1. Insured or registered, or securities held by government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent, but not in the government's name.

Investment in the State Treasurer's pool is not required to be categorized.

The Agency invests in the State Treasurer's Investment Pool, which has regulatory oversight by the Oregon Short Term Fund Board and whose investments are approved by the Oregon Investment Council. The fair value of the Agency's position in the pool is the same as the value of the pool shares.

A. The Agency's cash and investments at June 30, 2004, are shown below:

*Deposits:*

County treasurer	\$ 9,668
Checking account	1,148,423

*Investments not categorized:*

State treasurer - local government investment pool	<u>426,030</u>
--	----------------

Total cash and investments	<u>\$ 1,584,121</u>
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B. Cash and investment by fund

*Governmental:*

General	\$ 1,129,461
Debt Service	<u>454,660</u>

Total cash and investments	<u>\$ 1,584,121</u>
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## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

### 3. Receivables

General Fund	
Property taxes	\$ 118,532
Loans	<u>282,445</u>
	<u>\$ 400,977</u>

#### A. Property taxes - collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15, and May 15. Wasco County bills and collects property taxes for the Agency.

#### B. Property taxes - transactions

	Balances July 1, 2003	2003-04 Levy	Adjust- ments	Net Interest (Discounts)	Collec- tions	Balances June 30, 2004
Current	\$ --	\$ 967,249	\$ (2,276)	\$ (21,614)	\$ 879,683	\$ 63,676
Prior	<u>88,955</u>	<u>--</u>	<u>(6,340)</u>	<u>5,379</u>	<u>33,138</u>	<u>54,856</u>
	<u>\$ 88,955</u>	<u>\$ 967,249</u>	<u>\$ (8,616)</u>	<u>\$ (16,235)</u>	<u>\$ 912,821</u>	<u>\$118,532</u>

#### C. Property taxes - ensuing year's levy

The Agency will levy 100 percent of the amount of its authority under option one of ORS 457.435(2)(a) for the retirement of long-term obligations principal and interest without making a special levy in 2004-05.

The tax rate limit of \$10 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect this levy.

### 4. Deferred Revenue

Resources owned by the Agency, which are measurable, but not available and therefore deferred in the fund based financial statements consist of the following:

General Fund	
Property taxes	\$ 115,234
Loans	<u>282,445</u>
	<u>\$ 397,679</u>

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

### 5. Long-Term Obligations

A. Transactions for the year ended June 30, 2004:

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004	Due Within One Year
Full Faith and Credit Financing Agreements					
Series 2002, interest at 1.85% to 4.85%					
Principal	\$ 4,315,000	\$ --	\$ 295,000	\$ 4,020,000	\$ 305,000
Interest	14,111	168,115	169,335	12,891	--
	<u>\$ 4,329,111</u>	<u>\$ 168,115</u>	<u>\$ 464,335</u>	<u>\$ 4,032,891</u>	<u>\$ 305,000</u>

B. The future maturities of the Full Faith and Credit Financing Agreement outstanding as of June 30, 2004, are as follows:

	Principal	Interest
2005-05	\$ 305,000	\$ 162,698
2005-06	310,000	154,611
2006-07	325,000	145,160
2007-08	335,000	134,110
2008-13	1,875,000	461,708
2013-15	<u>870,000</u>	<u>63,140</u>
	<u>\$ 4,020,000</u>	<u>\$ 1,121,427</u>

### 6. Prior Period Adjustment

The beginning net assets have been adjusted to report a loan receivable from the Commodore II Limited Partnership in the amount of \$282,445. This amount was loaned by the Agency on April 10, 2001. The loan provides for interest only payments of 1 percent per year until December 31, 2026, when all principal and interest are due.

ADDITIONAL INFORMATION

# COLUMBIA GATEWAY URBAN RENEWAL AGENCY

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND Year Ended June 30, 2004

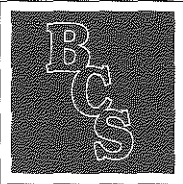
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Property taxes	\$ 454,005	\$ 454,005	\$ 454,005	\$ --
Interest	<u>6,830</u>	<u>6,830</u>	<u>7,125</u>	<u>295</u>
<b>TOTAL REVENUES</b>	460,835	460,835	461,130	295
<b>EXPENDITURES</b>				
Debt service	<u>454,005</u>	<u>464,335</u>	<u>464,335</u>	<u>--</u>
Net change in fund balance	(6,830)	(3,500)	(3,205)	295
Fund balances at beginning of year	<u>459,000</u>	<u>459,000</u>	<u>457,865</u>	<u>(1,135)</u>
Fund balances at end of year	<u>\$ 465,830</u>	<u>\$ 455,500</u>	<u>\$ 454,660</u>	<u>\$ (840)</u>



**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS  
REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF  
OREGON MUNICIPAL CORPORATIONS**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in 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, and comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth in the following pages.

- *Accounting and Internal Controls*
- *Collateral*
- *Indebtedness*
- *Budget*
- *Insurance and Fidelity Bonds*
- *Investments*
- *Public Contracts and Purchasing*



**BOLDT, CARLISLE & SMITH LLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
PARTNERSHIP ■ ASSURANCE ■ INNOVATION

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**

**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE  
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS  
Year Ended June 30, 2004**

Accounting and Internal Controls

The broad objectives of internal accounting control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that financial records are reliable to permit the preparation of financial statements. The following operative objectives are necessary to achieve the broad objectives:

- a. Transactions are executed in accordance with management's general or specific authorization.
- b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.
- c. Access to assets is permitted only in accordance with management's authorization.
- d. The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. Any projection of a current evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with prescribed procedures may deteriorate.

The accounting records and internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE  
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS  
(Continued)**

Collateral

ORS 295.015 requires collateral pool certificates of participation to be obtained from the pool manager of the depository in an amount equal to the funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Collateral pool certificates warrant that the pool manager holds custodian's receipts for eligible securities pledged by the depository bank to secure deposits of public funds of a value as of the last valuation date of not less than 25 percent of the aggregate amount of certificates outstanding. At June 30, 2004, the deposits of the Agency were covered by the following collateral pool certificates:

<u>Depository Bank</u>	<u>Pool Manager</u>	<u>Amount</u>
Columbia River Bank	Federal Home Loan Bank of Seattle	\$ 2,200,000

Deposits of the Agency were secured in accordance with ORS 295.015.

Indebtedness

The legal debt limitation has not been exceeded.

Budget

1. Preparation and Adoption

The budgets for the years ended June 30, 2004 and 2005 were prepared and adopted in compliance with legal requirements.

2. Execution

The budget for the year ended June 30, 2004, was executed in compliance with legal requirements.

Insurance and Fidelity Bonds

The Agency does not have separate coverage. Instead the Agency's risks are insured by policies owned by the City of The Dalles. The City of The Dalles' insurance agent has indicated that insurance coverage at June 30, 2004, was adequate.

**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE  
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS  
(Continued)**

Investments

Funds of the Agency were invested in compliance with ORS 294.035.

Public Contracts and Purchasing

1. Awarding of public contracts

The Agency did not award any public contracts subject to the requirements of ORS 279.

2. Construction of public improvements

The Agency did not construct any public improvements as defined by ORS 279.

**Boldt, Carlisle & Smith, LLC**  
Certified Public Accountants  
Salem, Oregon  
August 27, 2004