

**COLUMBIA GATEWAY URBAN RENEWAL  
AGENCY**

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

**ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2003**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**

**BOARD OF DIRECTORS**

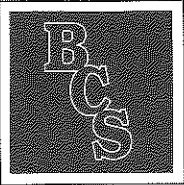
**Year Ended June 30, 2003**

	<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**

**TABLE OF CONTENTS  
Year Ended June 30, 2003**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	A, B
<b>MANAGEMENT DISCUSSION AND ANALYSIS</b> .....	a - c
<b>BASIC FINANCIAL STATEMENTS</b>	
Agency-wide Financial Statements	
Statement of Net Assets .....	1
Statement of Activities .....	2
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	3
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	5
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	6
Notes to Basic Financial Statements.....	7 - 13
<b>ADDITIONAL INFORMATION</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund.....	14
<b>DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS.</b>	15 - 17



**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, 2003, 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 an opinion 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, 2003, 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.

As described in Note 1, the Agency has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as of June 30, 2003.

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.

A

**MANAGEMENT DISCUSSION AND ANALYSIS**

## 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** 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.

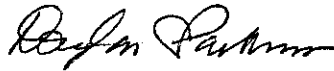
**Boldt, Carlisle & Smith, LLC**

Certified Public Accountants

Salem, Oregon

August 29, 2003

By:



Douglas C. Parham, Member

## MANAGEMENT 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 provides a focus on the unrestricted assets related to the Agency's governmental activities. The statements reflect all assets and liabilities for 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 is presented, with the General Fund included in the basic financial statements and the Debt Service Fund in the additional information section.

## AGENCY-WIDE FINANCIAL STATEMENTS

A summary version of the Statement of Net Assets at June 30, 2003 is as follows:

Current and other assets		\$ 1,746,622
Long-term liabilities		4,315,000
Other liabilities		71,464
		4,386,464
Total liabilities		4,386,464
Net assets		
Restricted		457,865
Unrestricted		(3,097,707)
		(2,639,842)
Total net assets		\$ (2,639,842)

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.

A summarized version of the Statement of Activities for the year ended June 30, 2003 is as follows:

<b>Revenues</b>		
Program revenues:		
Capital grants and contributions	\$	710,000
General revenues:		
Property taxes		831,335
Other		38,495
		1,579,830
Total revenues		1,579,830
<b>Expenses</b>		
Highways and streets		1,757,328
Interest on long-term debt		231,911
		1,989,239
Total expenses		1,989,239
Decrease in net assets		(409,409)
Net assets - beginning		(2,230,433)
		(2,639,842)
Net assets - ending		\$ (2,639,842)



Net assets decreased during the year by \$409,409 as the Agency provided a significant amount of resources for the construction of the downtown tunnel under the freeway. This tunnel will reconnect the central part of the City of The Dalles with its historic water front area.

The Agency's tax levy totaled \$865,080, and is restricted to 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 2002-03 was the downtown tunnel. The Agency's projects are constructed and the 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 for the proceeds from long-term obligations issued and capital grants received.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### ***Capital Assets***

As of June 30, 2003 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, 2003, the Agency had \$4,315,000 in debt outstanding compared to \$3,090,000 last year. The \$1,225,000 increase results from the issuance of additional debt that was in used in part to pay off the existing long-term obligations.

### **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, 2003

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 1,651,653
Receivables	88,955
Deferred charges	<u>6,014</u>
TOTAL ASSETS	<u>1,746,622</u>
<b><u>LIABILITIES</u></b>	
Accounts payable and accrued expenses	57,353
Accrued interest payable	14,111
Long-term obligations	
Due within one year	295,000
Due in more than one year	<u>4,020,000</u>
TOTAL LIABILITIES	<u>4,386,464</u>
<b><u>NET ASSETS</u></b>	
Restricted for debt service	457,865
Unrestricted	<u>(3,097,707)</u>
TOTAL NET ASSETS	<u>\$ (2,639,842)</u>

See notes to basic financial statements

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2003**

	<u>Expenses</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
<b><u>Functions/Programs</u></b>			<u>Governmental Activities</u>
Governmental activities			
Highways and streets	\$ 1,757,328	\$ 710,000	\$ (1,047,328)
Interest on long-term obligations	<u>231,911</u>	<u>--</u>	<u>(231,911)</u>
 Total governmental activities	 <u>\$ 1,989,239</u>	 <u>\$ 710,000</u>	 <u>(1,279,239)</u>
 General revenues			
Taxes:			
Property taxes, levied for general purposes			319,606
Property taxes, levied for debt service			511,729
Unrestricted investment earnings			34,745
Miscellaneous			<u>3,750</u>
 Total general revenues			<u>869,830</u>
 Change in net assets			(409,409)
Net assets - beginning			<u>(2,230,433)</u>
 Net assets - ending			<u>\$ (2,639,842)</u>

*See notes to basic financial statements*

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2003**

	<u>General</u>	<u>Debt Service</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,193,788	\$ 457,865	\$ 1,651,653
Receivables	<u>88,955</u>	<u>--</u>	<u>88,955</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,282,743</u></b>	<b><u>\$ 457,865</u></b>	<b><u>\$ 1,740,608</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 57,353	\$ --	\$ 57,353
Deferred revenue	<u>88,956</u>	<u>--</u>	<u>88,956</u>
<b>TOTAL LIABILITIES</b>	<b><u>146,309</u></b>	<b><u>--</u></b>	<b><u>146,309</u></b>
<b>FUND BALANCE</b>			
Reserved for debt service	--	457,865	457,865
Unreserved	<u>1,136,434</u>	<u>--</u>	<u>1,136,434</u>
<b>TOTAL FUND BALANCE</b>	<b><u>1,136,434</u></b>	<b><u>457,865</u></b>	<b><u>1,594,299</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 1,282,743</u></b>	<b><u>\$ 457,865</u></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.	88,956
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(4,323,097)</u>
Net assets of governmental activities	<u>\$ (2,639,842)</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, 2003**

	General	Debt Service	Totals
<b>REVENUES</b>			
Property taxes	\$ 319,606	\$ 487,572	\$ 807,178
Intergovernmental	20,000	--	20,000
Interest	25,723	9,022	34,745
Miscellaneous	3,750	--	3,750
<b>TOTAL REVENUES</b>	<u>369,079</u>	<u>496,594</u>	<u>865,673</u>
<b>EXPENDITURES</b>			
General government	187,633	--	187,633
Capital outlay	1,569,695	--	1,569,695
Debt service	38,054	433,927	471,981
<b>TOTAL EXPENDITURES</b>	<u>1,795,382</u>	<u>433,927</u>	<u>2,229,309</u>
Excess (deficiency) of revenues over expenditures	<u>(1,426,303)</u>	<u>62,667</u>	<u>(1,363,636)</u>
<b>OTHER FINANCING SOURCE (USES)</b>			
Proceeds from long-term obligations	2,073,948	3,164,698	5,238,646
Repayment of financing agreement	--	(3,090,000)	(3,090,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,073,948</u>	<u>74,698</u>	<u>2,148,646</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	647,645	137,365	785,010
Fund Balances at beginning of year	<u>488,789</u>	<u>320,500</u>	<u>809,289</u>
Fund Balances at end of year	<u>\$ 1,136,434</u>	<u>\$ 457,865</u>	<u>\$ 1,594,299</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, 2003**

Net change in fund balances - total governmental funds	\$	785,010
--	----	---------

*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		24,157
-------	--	--------

Bond proceeds provide current financial resources to governmental funds,  
but issuing debt increases long-term liabilities in the statement of net assets.  
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. This is amount by which proceeds exceeded  
repayments.

		<u>(1,218,576)</u>
--	--	--------------------

Change in net assets of governmental activities	\$	<u>(409,409)</u>
---	----	------------------

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**

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

**Year Ended June 30, 2003**

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Property taxes	\$ 267,565	\$ 267,315	\$ 319,606	\$ 52,291
Intergovernmental	--	20,000	20,000	--
Interest	15,000	15,250	25,723	10,473
Other	--	--	3,750	3,750
<b>TOTAL REVENUES</b>	<u>282,565</u>	<u>302,565</u>	<u>369,079</u>	<u>66,514</u>
<b>EXPENDITURES</b>				
Materials and services	918,660	1,027,749	646,952	380,797
Capital outlay	931,867	1,801,801	1,110,376	691,425
Debt service	27,700	39,050	38,054	996
<b>TOTAL EXPENDITURES</b>	<u>1,878,227</u>	<u>2,868,600</u>	<u>1,795,382</u>	<u>1,073,218</u>
Excess (deficiency) of revenues over expenditures	1,595,662	(2,566,035)	(1,426,303)	1,139,732
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term obligations	973,639	2,073,947	2,073,948	(1)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	622,023	(492,088)	647,645	1,139,733
Fund balances at beginning of year	622,023	492,088	488,789	(3,299)
Fund balances at end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,136,434</u>	<u>\$ 1,136,434</u>

*See notes to basic financial statements*



# COLUMBIA GATEWAY URBAN RENEWAL AGENCY

## NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2003

### 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 sends 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.

#### C. Agency-wide and fund financial statements

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This provides for significant changes in financial reporting including new requirements relating to the city's capital assets (reporting infrastructure and depreciation). The Agency has implemented these requirements as well as the related GASB 36, *Certain Financial Statement Note Disclosures* and the *Omnibus* GASB 37.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### C. Agency-wide and fund financial statements (continued)

The agency-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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)

#### C. 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)

#### D. 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.

#### E. Cash and Investments

Investments are stated at cost, which approximates fair value.

#### F. Long-term Obligations

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

#### G. 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, 2003, the carrying amount of the Agency's deposits was \$1,235,800, and the bank balance was \$1,308,468. Of the bank balance, \$100,000 was covered by federal depository insurance, \$302,117 was collateralized with securities held by the pledging financial institution's agent in the Agency's name and \$906,351 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 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, 2003, are shown below:

*Deposits:*

County treasurer	\$ 38,238
Checking account	1,235,800

*Investments:*

State treasurer - local government investment pool	<u>377,615</u>
--	----------------

Total cash and investments	<u>\$ 1,651,653</u>
----------------------------	---------------------

B. Cash and investment by fund

*Governmental:*

General	\$ 1,193,788
Debt Service	<u>457,865</u>

Total cash and investments	<u>\$ 1,651,653</u>
----------------------------	---------------------

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**

**3. Receivables**

General Fund	
Property taxes	<u>\$ 88,955</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, 2002	2002-03 Levy	Adjust- ments	Net Interest (Discounts)	Collec- tions	Balances June 30, 2003
Current	\$ --	\$ 865,080	\$(16,724)	\$ (16,271)	\$ 773,819	\$ 58,266
Prior	<u>64,800</u>	<u>--</u>	<u>(782)</u>	<u>5,241</u>	<u>38,570</u>	<u>30,689</u>
	<u>\$ 64,800</u>	<u>\$ 865,080</u>	<u>\$(17,506)</u>	<u>\$ (11,030)</u>	<u>\$ 812,389</u>	<u>\$ 88,955</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 2003-04

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, consist of the following:

General Fund	
Property taxes	<u>\$ 88,956</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

5. Long-Term Obligations

A. Transactions for the year ended June 30, 2003:

	Balance July 1, 2002	Additions	Reductions	Balance Due June 30, 2003	Within One Year
<u>Full Faith and Credit Financing Agreements</u>					
Series 2000, interest at 5.05% to 5.8%					
Principal	\$ 3,090,000	\$ --	\$ 3,090,000	\$ --	\$ --
Interest	14,521	60,177	74,698	--	--
	<u>3,104,521</u>	<u>60,177</u>	<u>3,164,698</u>	<u>--</u>	<u>--</u>
Series 2002, interest at 1.85% to 4.85%					
Principal	--	4,555,000	240,000	4,315,000	295,000
Interest	--	133,340	119,229	14,111	--
	<u>--</u>	<u>4,688,340</u>	<u>359,229</u>	<u>4,329,111</u>	<u>295,000</u>
Total long-term obligations	3,104,521	4,748,517	3,523,927	4,329,111	295,000
Accrued interest	14,521	193,517	193,927	14,111	--
Principal amounts	<u>\$ 3,090,000</u>	<u>\$ 4,555,000</u>	<u>\$ 3,330,000</u>	<u>\$ 4,315,000</u>	<u>\$ 295,000</u>

B. The future maturities of the Full Faith and Credit Financing Agreement outstanding as of June 30, 2003, are as follows:

	<u>Principal</u>	<u>Interest</u>
2003-04	\$ 295,000	\$ 169,335
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	870,000	63,140
	<u>\$ 4,315,000</u>	<u>\$ 1,290,762</u>

**ADDITIONAL INFORMATION**



**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**

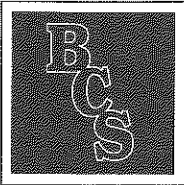
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
Year Ended June 30, 2003**

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Property taxes	\$ 482,006	\$ 487,572	\$ 487,572	\$ --
Interest	10,500	10,500	9,022	(1,478)
<b>TOTAL REVENUES</b>	<u>492,506</u>	<u>498,072</u>	<u>496,594</u>	<u>(1,478)</u>
<b>EXPENDITURES</b>				
Debt service	<u>492,506</u>	<u>363,072</u>	<u>433,927</u>	<u>(70,855)</u>
Excess (deficiency) of revenues over expenditures	<u>--</u>	<u>135,000</u>	<u>62,667</u>	<u>(72,333)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term obligations	--	--	3,164,698	3,164,698
Repayment of financing agreemet	<u>--</u>	<u>--</u>	<u>(3,090,000)</u>	<u>(3,090,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>--</u>	<u>74,698</u>	<u>74,698</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>--</u>	<u>135,000</u>	<u>137,365</u>	<u>2,365</u>
Fund balances at beginning of year	<u>350,000</u>	<u>320,500</u>	<u>320,500</u>	<u>--</u>
Fund balances at end of year	<u>\$ 350,000</u>	<u>\$ 455,500</u>	<u>\$ 457,865</u>	<u>\$ 2,365</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, 2003

#### 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, 2003, 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, 2003 and 2004 were prepared and adopted in compliance with legal requirements, except for minor clerical errors in the budget document.

2. Execution

The budget for the year ended June 30, 2003, was executed in compliance with legal requirements except that expenditures in excess of appropriations (which is prohibited by ORS 294.435) were made in the following categories:

<u>Fund/Appropriations Category</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Debt Service	\$ 363,072	\$ 433,927	\$ (70,855)

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, 2003 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 awarded public contracts in accordance with 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 29, 2003