

# AGENDA

## Warrenton Urban Renewal Agency

January 8, 2019 – 6:00 p.m.

Warrenton City Hall – Commission Chambers  
225 S. Main Ave.  
Warrenton, Or 97146

1. CALL TO ORDER
2. ROLL CALL
3. APPOINTMENT OF CHAIR AND VICE CHAIR FOR 2019
4. CONSENT CALENDAR
  - A. Urban Renewal Agency Meeting Minutes – 12.11.18
5. BUSINESS
  - A. Consideration of Urban Renewal Audit Report
  - B. Consideration of Resolution No. 19-01; Façade Improvement Grant Program
5. ADJOURN

**Warrenton City Hall is accessible to the disabled. An interpreter for the hearing impaired may be requested under the terms of ORS 192.630 by contacting Dawne Shaw, City Recorder, at 503-861-0823 at least 48 hours in advance of the meeting so appropriate assistance can be provided.**

4-A

MINUTES  
Warrenton Urban Renewal Agency  
December 11, 2018  
Warrenton City Hall - Commission Chambers  
225 S. Main  
Warrenton, Or 97146

Vice Chair Rick Newton convened the Urban Renewal Agency meeting at 7:14 p.m.

Commissioners Present: Vice Chair Rick Newton, Tom Dyer, Mark Baldwin, and Pam Ackley  
Excused: Chair Henry Balensifer

Staff Present: Executive Director Linda Engbretson, Legal Counsel Spencer Parsons via Skype, Finance Director April Clark, Public Works Director Collin Stelzig, Harbormaster Jane Sweet, Police Chief Mathew Workman, Fire Chief Tim Demers, and Secretary Dawne Shaw

CONSENT CALENDAR

- A. Urban Renewal Agency Meeting Minutes – 10.23.18
- B. Urban Renewal Agency Special Meeting Minutes – 10.31.18
- C. Urban Renewal Advisory Committee Meeting Minutes – 9.5.18

**Commissioner Ackley made the motion to approve the Consent Calendar as presented. Motion was seconded and passed unanimously.**

**Dyer – aye; Ackley – aye; Baldwin – aye; Newton – aye**

Public Works Director Collin Stelzig discussed the SE 14<sup>th</sup> Place waterline addition. He stated the waterline will provide needed fire flows to an area that is currently served by 500 feet of 2” waterline. This project will utilize a vacated portion of SE 14<sup>th</sup> Place and connect to an existing 18” main on S. Main Avenue, and a 2” main on SE Anchor Avenue. He noted the City received an easement from the appropriate land owners to construct and maintain this waterline. Mr. Stelzig stated the plans are done, and the project cost is approximately \$30,000. Vice Chair Rick Newton asked for clarification on the existing waterline for fighting fires. Fire Chief Tim Demers stated there is nothing currently there to fight fires.

**Commissioner Baldwin made the motion to authorize staff to advertise the final plans and specifications for SE 14<sup>th</sup> Place Waterline Addition Project. Motion was seconded and passed unanimously.**

**Baldwin – aye; Newton – aye; Ackley – aye; Dyer – aye**

Secretary Dawne Shaw stated there are 3 positions on the Urban Renewal Advisory Committee with terms ending December 31, 2018; Position 1 – Bob Bridgens, Position 2 – Gerald Poe, and Position 3 – Frida Fraunfelder. All have reapplied for reappointment. Mayor Balensifer has written a nomination letter for the record. Executive Director Linda Engbretson noted the advisory board just met last week, and they are excited to move forward with the substantial plan amendment.

**Commissioner Ackley made the motion to appoint Bob Bridgens to Position No. 1, Gerald Poe to Position No. 2, and Frida Fraunfelder to Position No. 3 on the Urban Renewal Advisory Board. Motion was seconded and passed unanimously.**

**Baldwin – aye; Newton – aye; Ackley – aye; Dyer – aye**

Ms. Engbretson noted the Resolution No. 18-05, stating it is a housekeeping measure, to confirm the appointments.

**Commissioner Ackley made the motion to adopt Resolution No. 18-05; Authorizing Appointments to Fill Positions on the Warrenton Urban Renewal Advisory Board and Setting Terms of Office. Motion was seconded and passed unanimously.**

**Baldwin – aye; Newton – aye; Ackley – aye; Dyer – aye**

Ms. Engbretson reminded everyone the next meeting will be after the New Year.

There being no further business Vice Chair Newton adjourned the URA meeting at 7:19 p.m.

APPROVED:

\_\_\_\_\_  
Henry A. Balensifer III, Chair

ATTEST:

\_\_\_\_\_  
Dawne Shaw, Secretary

5-A

## Warrenton Urban Renewal Agency Agenda Memorandum

To: The Honorable Chair and Members of the Warrenton Urban Renewal Agency  
From: April Clark  
Finance Director  
Date: January 8, 2019

### Regarding – Audit for Fiscal Year Ending June 30, 2018

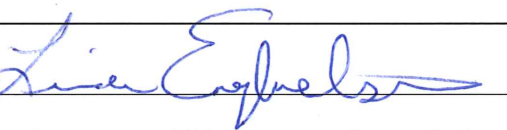
---

The financial Statements, for the Warrenton Urban Renewal Agency, for the period ending June 30, 2018 are attached.

Our auditor, Paul Nielson, of Isler, CPA will be here this evening to present the financial statements and the results of the audit.

The Agency was required to have an audit of its financial data along with prepared, stand alone, financial statements. You will also see data presented in our audited financial statements for the City, as it is a component unit of the City of Warrenton.

Approved by City Manager:



All supporting documentation, i.e., maps, exhibits, etc., must be attached to this memorandum.



**WARRENTON URBAN RENEWAL AGENCY**

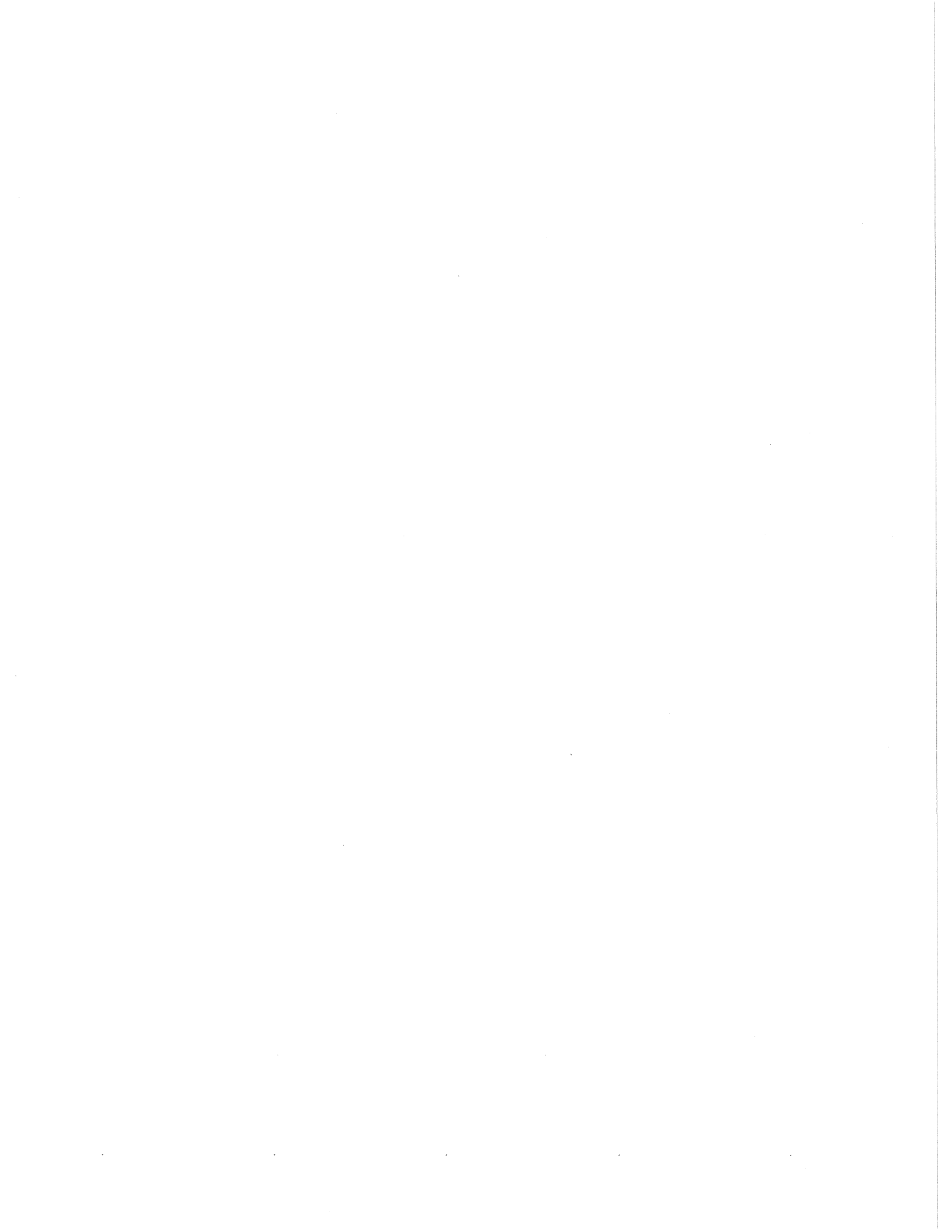
(A COMPONENT UNIT OF THE CITY OF  
WARRENTON, OREGON)

FINANCIAL STATEMENTS AND SUPPLEMENTAL  
INFORMATION

FOR THE YEAR ENDED JUNE 30, 2018

WITH

INDEPENDENT AUDITOR'S REPORT



**WARRENTON URBAN RENEWAL AGENCY**  
 Financial Statements and Supplemental Information  
 For the Year Ended June 30, 2018  
 Table of Contents

**INTRODUCTORY SECTION**

Governing Body and Appointed Officials	i
--	---

**FINANCIAL SECTION**

Independent Auditor's Report	1 - 2
------------------------------	-------

Management's Discussion and Analysis	3 - 7
--------------------------------------	-------

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	8
Statement of Activities	9

Fund Financial Statements:

Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Resources and Requirements Budget and Actual (Budgetary Basis):	
Capital Projects Fund	14
Notes to the Financial Statements	15 - 22

Other Supplemental Information:

Schedule of Resources and Requirements Budget and Actual (Budgetary Basis):	
Debt Service Fund	23
Debt Reserve Fund	24

**COMPLIANCE SECTION**

Comments and Disclosures of Independent Auditor Required by State Statue	25 - 26
--	---------

INTRODUCTORY SECTION

**WARRENTON URBAN RENEWAL AGENCY**

Governing Body and Appointed Officials

June 30, 2018

**GOVERNING BODY UNDER ORS 457**

Board Chair	Henry Balensifer III, Mayor
Board Member	Pam Ackley
Board Member	Mark Baldwin
Board Member	Tom M. Dyer
Board Member	Rick Newton

**Mailing Address**

PO Box 250  
Warrenton, Oregon 97146

**APPOINTED OFFICIALS**

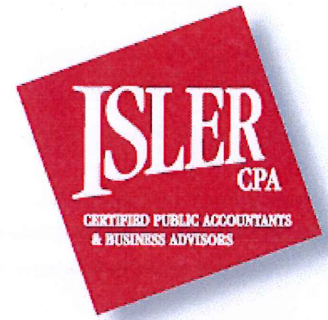
City Manager	Linda Engbretson
Deputy City Recorder	Dawne Shaw
City Attorney	Beery, Elsner & Hammond

**Mailing Address**

PO Box 250  
Warrenton, Oregon 97146

FINANCIAL SECTION





## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commission  
Warrenton Urban Renewal Agency  
Warrenton, Oregon

1976 Garden Ave.  
Eugene, OR 97403  
541.342.5161  
www.islercpa.com

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Warrenton Urban Renewal Agency, Oregon ("Agency") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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 Warrenton Urban Renewal Agency, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparisons for the capital projects fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The introductory section and schedules of resources and requirements budget and actual are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of resources and requirements budget and actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 28, 2018 on our consideration of the Warrenton Urban Renewal Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Isler CPA

By:



Paul R Nielson, CPA, a member of the firm

Eugene, Oregon

December 28, 2018

# **Warrenton Urban Renewal Agency**

*(a component unit of the City of Warrenton, Oregon)*

## **Management's Discussion and Analysis**

As management of the Warrenton Urban Renewal Agency, we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our annual financial report.

### **Financial Highlights**

- The assets of the Warrenton Urban Renewal Agency exceeded its liabilities at the close of the most recent fiscal year by \$3,298,483 (reported as net position).
- At June 30, 2018, the Agency's governmental funds reported combined ending fund balances of \$1,894,114.
- The Warrenton Urban Renewal Agency's total debt issued during the current fiscal year amounted to \$54,500 and debt paid during the year amounted to \$292,939, which leaves total debt outstanding at the end of the fiscal year at \$2,979,755.
- Net capital assets increased by \$78,451 from the prior year.

### **Overview of Financial Statements**

This discussion and analysis provided here are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes). The governmental activities of the Agency include a capital projects fund, a debt service fund, and a debt service reserve fund.

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Agency maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Capital Projects Fund, Debt Service Fund, and the Debt Service Reserve Fund, which are considered to be major funds.

The Warrenton Urban Renewal Agency adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget. To demonstrate compliance, budgetary comparison statements for all of the governmental funds have been prepared and can be found in the basic financial statements or other supplemental information.

**Notes to the basic financial statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

**Government-wide Overall Financial Analysis**

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$3,298,483 at the close of the most recent fiscal year.

Warrenton Urban Renewal Agency's Net Position		
	Governmental Activities	
	2018	2017
Current and other assets	\$ 1,951,353	\$ 1,864,532
Capital assets, net	4,355,195	4,276,744
Total assets	6,306,548	6,141,276
Noncurrent liabilities	2,979,755	3,218,194
Other liabilities	28,310	97,728
Total liabilities	3,008,065	3,315,922
Net position:		
Net investment in capital assets	1,673,210	1,464,348
Restricted	1,625,273	1,361,006
Total net position	\$ 3,298,483	\$ 2,825,354



The government's net position increased by \$473,129 during the current fiscal year.

Warrenton Urban Renewal Agency's Change in Net Position		
	Governmental Activities	
	2018	2017
Revenues:		
General revenues:		
Property taxes	\$ 609,234	\$ 577,206
Unrestricted investment earnings	<u>34,748</u>	<u>20,790</u>
Total revenues	<u>643,982</u>	<u>597,996</u>
Expenses:		
General government	89,507	74,473
Interest on long-term liabilities	<u>81,346</u>	<u>84,195</u>
Total expenses	<u>170,853</u>	<u>158,668</u>
Change in net position	473,129	439,328
Net position, July 1	<u>2,825,354</u>	<u>2,386,026</u>
Net position, June 30	<u>\$ 3,298,483</u>	<u>\$ 2,825,354</u>

**Governmental activities.** Governmental activities increased the Agency's net position by \$473,129. The primary elements of the change in total net position are as follows:

- Revenues overall increased \$45,986.
- The Agency's property tax revenues increased \$32,028.
- Unrestricted investment earnings (interest from bank accounts) increased by \$13,958 during the year.
- Interest expense on debt decreased \$2,849 from the prior year.
- Operational (general government) expenses increased by \$15,034.

#### Financial Analysis of the Agency's Funds

**Governmental funds.** The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements.

As of the end of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$1,894,114, an increase of \$155,472 in comparison with the prior year.

#### Budgetary Highlights

There were no changes to the adopted budgets during the fiscal year.

**Capital Asset and Debt Administration**

**Capital assets.** The Agency's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$4,355,195. Net capital assets increased by \$78,451 during the year because capital asset additions of \$120,325 less current year depreciation, in the amount of \$41,874, net to the overall increase of capital assets at the end of the year.

Capital Assets, Net of Accumulated Depreciation		
	Governmental Activities	
	2018	2017
Land	\$ 1,000,945	\$ 1,000,945
Buildings	556,904	571,955
Infrastructure	2,649,529	738,530
Construction in progress	147,817	1,965,314
Total	<u>\$ 4,355,195</u>	<u>\$ 4,276,744</u>

Major capital asset additions during the current fiscal year included the following:

- Completion of Infrastructure improvements at the Warrenton Marina on the Commercial F-Dock in the amount of \$69,458.
- Landscape improvements in the amount of \$42,275.
- SE 14th Waterline in the amount of \$3,420.

Additional information regarding the Agency's capital assets can be found at Note III B.

**Long-term Debt.** At the end of the current fiscal year, the Agency had total long-term debt of \$2,979,755. During the year, \$54,000 was drawn on the Columbia Bank credit line. The Agency repaid principal in the amount of \$292,939 on the credit line and the 2012 and 2016 outstanding bonds.

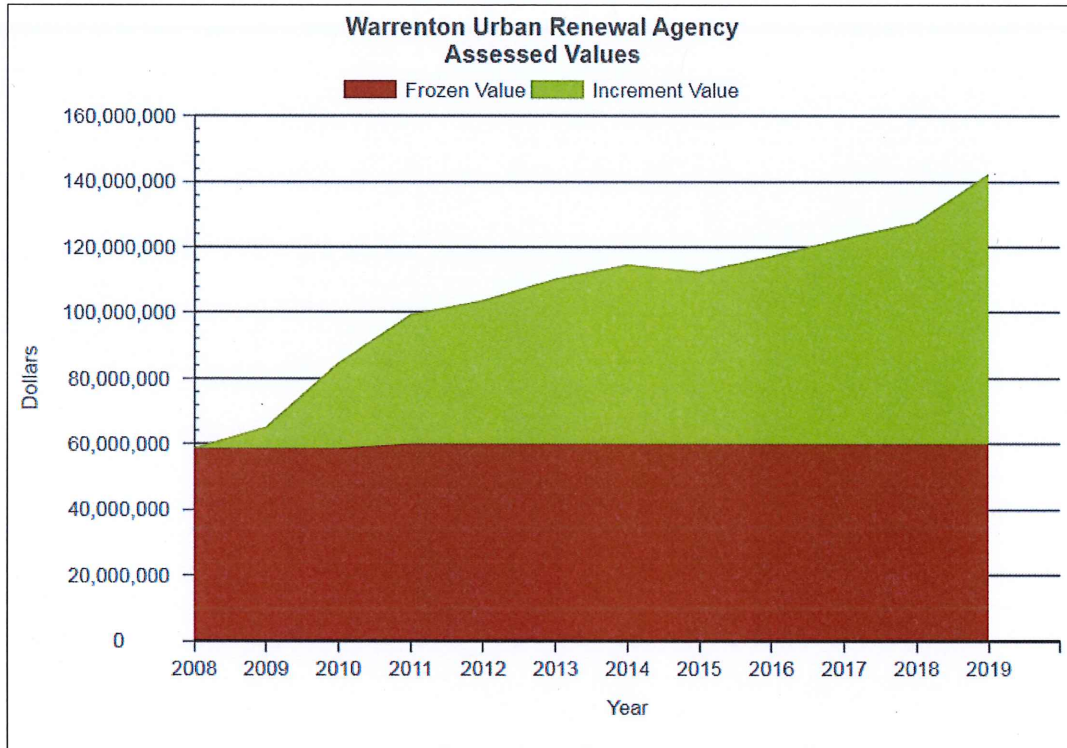
Outstanding Debt		
	Governmental Activities	
	2018	2017
Tax increment financial bonds	<u>\$ 2,979,755</u>	<u>\$ 3,218,194</u>

Additional information on the Agency's long-term debt can be found in Note III C.



### Economic Factors and Next Year's Budgets and Rates

The Agency's frozen value was set at \$58,745,500 in 2008 and then changed to \$60,136,994 in 2011 as a result of an amendment to the plan. Increasing property values within the boundaries of the Agency translate into increasing tax increment revenue available. That tax increment revenue is then used to pay debt service on debt that funds projects and improvements. The increment value increased \$14,656,415 from \$67,343,430 in 2018 to \$81,999,845 in 2019.



### Requests for Information

This financial report is designed to provide a general overview of Agency's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address:

City of Warrenton  
Attention: Finance Director  
P. O. Box 250  
Warrenton, OR 97146

BASIC FINANCIAL STATEMENTS

WARRENTON URBAN RENEWAL AGENCY

Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Equity in pooled cash and cash equivalents	\$ 1,908,227
Receivables	43,126
Capital assets:	
Nondepreciable assets	1,148,762
Depreciable assets, net of accumulated depreciation	<u>3,206,433</u>
Total assets	<u>6,306,548</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	23,724
Accrued interest payable	4,586
Noncurrent liabilities:	
Due within one year	275,342
Due in more than one year	<u>2,704,413</u>
Total liabilities	<u>3,008,065</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,673,210
Restricted for:	
Debt service	<u>1,625,273</u>
Total net position	<u>\$ 3,298,483</u>

The accompanying notes are an integral part of these financial statements.

**WARRENTON URBAN RENEWAL AGENCY**

Statement of Activities

For the Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Governmental Activities</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:				
General government	\$ 89,507	\$ -	\$ -	\$ (89,507)
Interest on long-term liabilities	<u>81,346</u>	<u>-</u>	<u>-</u>	<u>(81,346)</u>
Total governmental activities	<u>170,853</u>	<u>-</u>	<u>-</u>	<u>(170,853)</u>
General revenues:				
Property taxes levied for debt service				609,234
Unrestricted investment earnings				<u>34,748</u>
Total general revenues				<u>643,982</u>
Change in net position				473,129
Net position, beginning				<u>2,825,354</u>
Net position, ending				<u>\$ 3,298,483</u>

The accompanying notes are an integral part of these financial statements.

**WARRENTON URBAN RENEWAL AGENCY**

**GOVERNMENTAL FUNDS**

Balance Sheet

June 30, 2018

	Capital Projects (200)	Debt Service (300)	Debt Reserve (400)	Total
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	\$ 321,494	\$ 1,203,526	\$ 383,207	\$ 1,908,227
Receivables:				
Property taxes	<u>-</u>	<u>43,126</u>	<u>-</u>	<u>43,126</u>
Total assets	<u>\$ 321,494</u>	<u>\$ 1,246,652</u>	<u>\$ 383,207</u>	<u>\$ 1,951,353</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other current liabilities	<u>\$ 23,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,724</u>
Deferred Inflows of Resources:				
Unavailable revenues - property taxes	<u>-</u>	<u>33,515</u>	<u>-</u>	<u>33,515</u>
Fund Balances:				
Restricted for:				
Debt service	-	1,213,137	383,207	1,596,344
Community development	<u>297,770</u>	<u>-</u>	<u>-</u>	<u>297,770</u>
Total fund balances	<u>297,770</u>	<u>1,213,137</u>	<u>383,207</u>	<u>1,894,114</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 321,494</u>	<u>\$ 1,246,652</u>	<u>\$ 383,207</u>	<u>\$ 1,951,353</u>

The accompanying notes are an integral part of these financial statements.

**WARRENTON URBAN RENEWAL AGENCY**

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2018

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

Fund balances - governmental funds		\$ 1,894,114	
Receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.			33,515
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:			
Nondepreciable assets	\$ 1,148,762		
Depreciable assets	3,341,370		
Accumulated depreciation	<u>(134,937)</u>		
			4,355,195
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Accrued interest payable		(4,586)	
Long-term debt		<u>(2,979,755)</u>	
			<u>(2,984,341)</u>
Net position of governmental activities			<u>\$ 3,298,483</u>

The accompanying notes are an integral part of these financial statements.



**WARRENTON URBAN RENEWAL AGENCY**

**GOVERNMENTAL FUNDS**

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2018

	<u>Capital Projects (200)</u>	<u>Debt Service (300)</u>	<u>Debt Reserve (400)</u>	<u>Total</u>
Revenues:				
Taxes	\$ -	\$ 608,884	\$ -	\$ 608,884
Investment earnings	5,430	29,318	-	34,748
Total revenues	<u>5,430</u>	<u>638,202</u>	<u>-</u>	<u>643,632</u>
Expenditures:				
Current:				
General government	47,353	-	-	47,353
Debt service:				
Principal retirement	-	292,939	-	292,939
Interest	-	81,763	-	81,763
Capital outlay	<u>120,605</u>	<u>-</u>	<u>-</u>	<u>120,605</u>
Total expenditures	<u>167,958</u>	<u>374,702</u>	<u>-</u>	<u>542,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(162,528)</u>	<u>263,500</u>	<u>-</u>	<u>100,972</u>
Other Financing Sources (Uses):				
Transfers in	-	-	33,190	33,190
Transfers out	-	(33,190)	-	(33,190)
Loan proceeds	<u>54,500</u>	<u>-</u>	<u>-</u>	<u>54,500</u>
Total other financing sources (uses)	<u>54,500</u>	<u>(33,190)</u>	<u>33,190</u>	<u>54,500</u>
Net change in fund balances	(108,028)	230,310	33,190	155,472
Fund Balances:				
Beginning of year	<u>405,798</u>	<u>982,827</u>	<u>350,017</u>	<u>1,738,642</u>
End of year	<u>\$ 297,770</u>	<u>\$ 1,213,137</u>	<u>\$ 383,207</u>	<u>\$ 1,894,114</u>

The accompanying notes are an integral part of these financial statements.

**WARRENTON URBAN RENEWAL AGENCY**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

June 30, 2018

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

Net change in fund balances - governmental funds	\$	155,472
--	----	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenues		350
--------------------------------	--	-----

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense.

Expenditures for capital assets	\$ 120,325	
Current year depreciation	<u>(41,874)</u>	
		78,451

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 the governmental funds.

Change in:		
Accrued interest payable	<u>417</u>	
		417

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as other financing sources. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.

Proceeds from issuance of debt	(54,500)	
Repayment of long-term debt	<u>292,939</u>	
		<u>238,439</u>

Change in net position of governmental activities	\$	<u><u>473,129</u></u>
---	----	-----------------------

The accompanying notes are an integral part of these financial statements.

**WARRENTON URBAN RENEWAL AGENCY**

Capital Projects Fund

Statement of Resources and Requirements  
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 266,299	\$ 266,299	\$ 405,798	\$ 139,499
Investment earnings	-	-	5,430	5,430
Loan proceeds	<u>1,922,122</u>	<u>1,922,122</u>	<u>54,500</u>	<u>(1,867,622)</u>
Total resources	<u>\$ 2,188,421</u>	<u>\$ 2,188,421</u>	<u>\$ 465,728</u>	<u>\$ (1,722,693)</u>
Requirements:				
Materials and services	\$ 119,000	\$ 119,000	\$ 47,353	\$ 71,647
Capital outlay	<u>2,069,421</u>	<u>2,069,421</u>	<u>120,605</u>	<u>1,948,816</u>
Total expenditures	2,188,421	2,188,421	167,958	2,020,463
Ending fund balance	<u>-</u>	<u>-</u>	<u>297,770</u>	<u>(297,770)</u>
Total requirements	<u>\$ 2,188,421</u>	<u>\$ 2,188,421</u>	<u>\$ 465,728</u>	<u>\$ 1,722,693</u>

The accompanying notes are an integral part of these financial statements.

# WARRENTON URBAN RENEWAL AGENCY

## Notes to the Financial Statements

June 30, 2018

### **Note I - Summary of Significant Accounting Policies**

#### **A. Reporting Entity**

The Warrenton Urban Renewal Agency ("Agency") was organized on February 27, 2007 under the provisions of Oregon Revised Statutes, Chapter 457 ("ORS 457"), to provide for rehabilitation of blighted and deteriorated areas within the Agency's designated urban renewal area. As provided by ORS 457, the City Commission of the City of Warrenton ("City") is the governing body of the Agency.

The Agency is a legally separate entity governed by the City Commission. The City Commission has the ability to impose its will over the Agency as determined on the basis of budget adoption, taxing authority and funding for the Agency. The Agency is considered a component unit of the City of Warrenton, and is reported as a blended component unit in the basic financial statements of the City.

#### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the statement of net position and the statement of activities.

The statement of activities demonstrates the degree to which the direct and allocated indirect expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Indirect expenses* are those costs, usually administrative in nature, that support all Agency functions, programs, and enable direct services to be provided. *Program revenues* include 1) fees, fines, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

#### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and *available*. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Agency reports the following major governmental funds:

The *Capital Projects Fund* is the government's primary operating fund. It accounts for all the acquisition and construction of capital assets. The principal revenue source is loan proceeds.

The *Debt Service Fund* accounts for the servicing of general long-term debt. Revenue sources are property taxes and other general governmental revenues.

WARRENTON URBAN RENEWAL AGENCY

Notes to the Financial Statements

June 30, 2018

**Note I - Summary of Significant Accounting Policies, Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued**

The *Debt Reserve Fund* accounts for funds set aside in compliance with the Urban Renewal Bond Series 2012 agreement.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

**1. Equity in pooled cash and cash equivalents**

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments in the State of Oregon Local Government Investment Pool ("LGIP"). The Agency's cash and cash equivalents are pooled with the City of Warrenton's resources.

State statutes authorize the Agency to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

**2. Receivables and Payables**

Property taxes receivable that meet the measurable and available criteria for revenue recognition are accrued as revenue in the governmental funds financial statements. Receivables in the government-wide financial statements are accrued as revenue when earned. In governmental funds, any revenues not meeting the revenue recognition criteria are offset by unavailable revenue accounts.

Property taxes are levied and become a lien on July 1st. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial payment schedule, the first one-third of taxes are due November 15th of the same year, the second one-third on February 15th, and the remaining one-third on May 15th. A three percent discount is allowed if full payment is made by November 15th and a two percent discount is allowed if two-thirds payment is made by November 15th. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month. Property foreclosure proceedings are initiated four years after the due date.

**3. Capital Assets**

Capital assets, which include land, buildings, improvements, infrastructure, and other tangible assets, are reported in the government-wide financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$5,000 and an estimated useful life beyond a single reporting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

No depreciation is taken in the year the assets are acquired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Capital assets of the Agency are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 50
Infrastructure	20 - 25

# WARRENTON URBAN RENEWAL AGENCY

## Notes to the Financial Statements

June 30, 2018

### **Note I - Summary of Significant Accounting Policies, Continued**

#### **D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance, Continued**

##### **4. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

##### **5. *Long-Term Obligations***

In the government-wide financial statements long-term obligations are reported as liabilities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

##### **6. *Net Position Flow Assumptions***

Sometimes the Agency will fund outlays for a particular resource from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

##### **7. *Fund Balance Flow Assumptions***

Sometimes the Agency will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.



WARRENTON URBAN RENEWAL AGENCY

Notes to the Financial Statements

June 30, 2018

**Note I - Summary of Significant Accounting Policies, Continued**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance, Continued**

**8. Fund Balance Policies**

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund balance classifications are:

*Nonspendable* - resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for sale.

*Restricted* - constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - the Agency Board passes an ordinance that places specific constraints on how the resources may be used. The Agency Board can modify or rescind the ordinance at any time through passage of an additional ordinance.

*Assigned* - resources that are constrained by the Agency's intent to use them for a specific purpose, but are neither restricted, nor committed. Intent is expressed when the Agency Board approves which resources should be "reserved" during the adoption of the annual budget.

*Unassigned* - resources that have not been restricted, committed, or assigned within the general fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

**9. Use of Estimates**

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

## WARRENTON URBAN RENEWAL AGENCY

### Notes to the Financial Statements

June 30, 2018

#### **Note II - Stewardship, Compliance, and Accountability**

##### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law).

A budget is prepared by the City Manager in the early winter preceding the fiscal year the budget will be used. The Agency is required to budget for all funds. The Agency's budget is prepared for each fund on the modified accrual basis of accounting. The budget committee, with public input, deliberates and approves the budget for transmittal to the Agency Board in early spring. After public notices and a hearing, the final budget is adopted, appropriations made, and a tax levy declared no later than June 30.

The Agency Board resolution adopting the budget and authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriation. The level of control for all funds is the object group level of personal services, materials and services, capital outlay, debt service, and interfund transfers. Appropriations lapse as of year-end.

Expenditures cannot legally exceed appropriations except in the case of grants which could not be estimated at the time of budget adoption. Supplemental appropriations and appropriation transfers may occur with notice and Agency Board action.

#### **Note III - Detailed Notes On All Funds**

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

The Agency participates in the City of Warrenton's cash and investment pool. At June 30, 2018, the City's cash and investments were maintained in deposits at local financial institutions and the State of Oregon's Local Government Investment Pool ("LGIP"). The Agency's portion of this pool is displayed in the Statement of Net Position and the Balance Sheet as "Equity in pooled cash and cash equivalents." Detail information for the Agency's pooled cash and investments can be found in the City of Warrenton's ("City") June 30, 2018 Financial Statements notes to the financial statements.

**WARRENTON URBAN RENEWAL AGENCY**

Notes to the Financial Statements

June 30, 2018

**Note III - Detailed Notes On All Funds, Continued**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,000,945	\$ -	\$ -	\$ -	\$ 1,000,945
Construction in progress	<u>1,965,314</u>	<u>47,667</u>	<u>-</u>	<u>(1,865,164)</u>	<u>147,817</u>
Total capital assets, not being depreciated	<u>2,966,259</u>	<u>47,667</u>	<u>-</u>	<u>(1,865,164)</u>	<u>1,148,762</u>
Capital assets, being depreciated:					
Buildings	602,057	-	-	-	602,057
Infrastructure	<u>801,491</u>	<u>72,658</u>	<u>-</u>	<u>1,865,164</u>	<u>2,739,313</u>
Total capital assets, being depreciated	<u>1,403,548</u>	<u>72,658</u>	<u>-</u>	<u>1,865,164</u>	<u>3,341,370</u>
Less accumulated depreciation for:					
Buildings	(30,102)	(15,051)	-	-	(45,153)
Infrastructure	<u>(62,961)</u>	<u>(26,823)</u>	<u>-</u>	<u>-</u>	<u>(89,784)</u>
Total accumulated depreciation	<u>(93,063)</u>	<u>(41,874)</u>	<u>-</u>	<u>-</u>	<u>(134,937)</u>
Total capital assets, being depreciated, net	<u>1,310,485</u>	<u>30,784</u>	<u>-</u>	<u>1,865,164</u>	<u>3,206,433</u>
Governmental activities capital assets, net	<u>\$ 4,276,744</u>	<u>\$ 78,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,355,195</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	<u>\$ 41,874</u>

**WARRENTON URBAN RENEWAL AGENCY**

Notes to the Financial Statements

June 30, 2018

**Note III - Detailed Notes On All Funds, Continued**

**C. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Tax increment financial bonds	\$ 3,218,194	\$ 54,500	\$ (292,939)	\$ 2,979,755	\$ 275,342

Tax increment financial bonds outstanding at June 30, 2018 were as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Governmental Activities</u>
The urban renewal bond series 2012, in the original amount of \$1,640,000, was used to finance urban renewal projects. This tax increment financing is secured by assignment of incremental tax revenues. The bond matures on June 15, 2027.	3.75%	\$ 1,090,034
The urban renewal bond series 2016, in the original amount of \$2,200,000, was used to finance urban renewal projects. This tax increment financing is secured by assignment of incremental tax revenues. The bond matures on June 1, 2028.	1.86%	1,859,721
The urban renewal taxable revolving line of credit series 2018 note is used to finance urban renewal projects. The Agency may draw up to \$200,000 on the line. The note carries a variable interest rate defined as the Columbia Bank Base Rate plus 1% with a minimum rate of 5%. This tax increment financing is secured by assignment of incremental tax revenues. The line matures on March 8, 2020.	5.00%	30,000
Total debt outstanding		2,979,755
Less current portion		<u>(275,342)</u>
Long-term portion		<u>\$ 2,704,413</u>

Annual debt service requirements to maturity for long-term debt at June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 275,342	\$ 76,174
2020	312,445	70,761
2021	289,754	60,262
2022	297,276	52,741
2023	305,017	45,000
2024 - 2028	<u>1,499,921</u>	<u>100,681</u>
Total	<u>\$ 2,979,755</u>	<u>\$ 405,619</u>

## WARRENTON URBAN RENEWAL AGENCY

### Notes to the Financial Statements

June 30, 2018

#### **Note IV - Other Information**

##### **A. Risk Management**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. In 1981, the League of Oregon Cities joined together with the Association of Oregon Cities to form City County Insurance Services ("CCIS"), a public entity risk pool currently operating a common risk management and insurance program. The Agency pays an annual premium to CCIS for insurance coverage. Based on the experience of the Agency and CCIS, the Agency may be liable for an additional premium of up to 20% of its initial premium or it may receive a refund. The Agency has not had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

##### **B. Contingent Liabilities**

The Agency is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations and capital projects. Management intends to contest these matters and does not believe their ultimate resolution will have a material effect upon the Agency's financial position, results of operations, or cash flows.

OTHER SUPPLEMENTAL INFORMATION

**WARRENTON URBAN RENEWAL AGENCY**

Debt Service Fund

Schedule of Resources and Requirements  
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 966,810	\$ 966,810	\$ 982,827	\$ 16,017
Taxes	594,761	594,761	608,884	14,123
Investment earnings	15,000	15,000	29,318	14,318
Total resources	<u>\$ 1,576,571</u>	<u>\$ 1,576,571</u>	<u>\$ 1,621,029</u>	<u>\$ 44,458</u>
Requirements:				
Debt service	\$ 850,017	\$ 850,017	\$ 374,702	\$ 475,315
Transfers out	300,000	300,000	33,190	266,810
Total expenditures	1,150,017	1,150,017	407,892	742,125
Ending fund balance	426,554	426,554	1,213,137	(786,583)
Total requirements	<u>\$ 1,576,571</u>	<u>\$ 1,576,571</u>	<u>\$ 1,621,029</u>	<u>\$ (44,458)</u>

**WARRENTON URBAN RENEWAL AGENCY**

Debt Reserve Fund

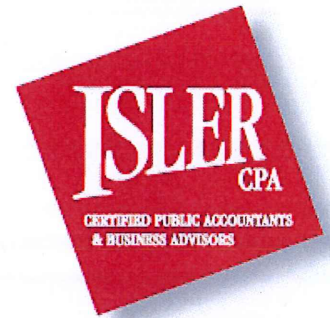
Schedule of Resources and Requirements  
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 350,017	\$ 350,017	\$ 350,017	\$ -
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>33,190</u>	<u>(266,810)</u>
Total resources	<u>\$ 650,017</u>	<u>\$ 650,017</u>	<u>\$ 383,207</u>	<u>\$ (266,810)</u>
Requirements:				
Debt service	\$ 650,017	\$ 650,017	\$ -	\$ 650,017
Ending fund balance	<u>-</u>	<u>-</u>	<u>383,207</u>	<u>(383,207)</u>
Total requirements	<u>\$ 650,017</u>	<u>\$ 650,017</u>	<u>\$ 383,207</u>	<u>\$ 266,810</u>



COMPLIANCE SECTION



COMMENTS AND DISCLOSURES OF INDEPENDENT  
AUDITOR REQUIRED BY STATE STATUE

Honorable Mayor and City Commission  
Warrenton Urban Renewal Agency  
Warrenton, Oregon

1976 Garden Ave.  
Eugene, OR 97403  
541.342.5161  
www.islercpa.com

We have audited the basic financial statements of the Warrenton Urban Renewal Agency, Oregon ("Agency") as of and for the year ended June 30, 2018, and have issued our report thereon dated December 28, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the Warrenton Urban Renewal Agency, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of the City Commission and the Secretary of State Division of Audits of the State of Oregon. However, this report is a matter of public record and is not intended to be and should not be used by anyone other than these parties.

Isler CPA

By:

A handwritten signature in cursive script that reads "Paul R. Nielson".

Paul R Nielson, CPA, a member of the firm

Eugene, Oregon

December 28, 2018

5-B

*"Making a difference through excellence of service"*



# CITY OF WARRENTON

## AGENDA MEMORANDUM

**TO:** The Warrenton Urban Renewal Agency  
**FROM:** Kevin A. Cronin, AICP, Community Development Director  
**DATE:** For the Agenda of January 8, 2019  
**SUBJ:** **Resolution 19-01: Adoption of Facade Improvement Grant Program**

The Warrenton Urban Renewal Agency created a facade improvement grant program and authorized funds by Resolution No. 14-03. Since 2014, the WURA has issued seven matching grants for eligible projects in the urban renewal district. On December 5, 2018, the Warrenton Urban Renewal Advisory Committee (WURAC) recommended a staff proposal to change the matching requirements to spur new interest in the program and achieve a primary goal of the URA Plan to revitalize downtown. Currently, the match requirement is 1:1 up to \$5,000. The proposal creates a \$5,000 outright grant and a 1:1 match up to \$10,000 for a \$15,000 project budget. There is \$25,000 in unspent funds in FY 2018-19 Budget.

Staff has discussed multiple opportunities with prospective property owners. Enclosed is revised grant application for reference.

### RECOMMENDATION/SUGGESTED MOTION


I move to approve Resolution 19-01 which authorizes changes to the facade improvement grant program.

### ALTERNATIVE

None recommended

### FISCAL IMPACT

It is expected budgeted funds will be expended to meet WURA goals for revitalization.

Approved by Executive  
 Director: 

RESOLUTION NO. 19-01

**APPROVING CHANGES TO FACADE IMPROVEMENT GRANT PROGRAM**

WHEREAS, the Urban Renewal Area Plan has stated goals for revitalizing downtown Warrenton to improve the appearance and business climate;

WHEREAS, the current program was authorized by Resolution No. 14-03 on July 14, 2014 and a review of the program was warranted;

WHEREAS, the Warrenton Urban Renewal Advisory Committee recommended program changes on December 5, 2018 to spur additional investment by property owners;

NOW, THEREFORE, The Warrenton Urban Renewal Agency of the City of Warrenton resolves as follows:

Section 1. The Guidelines and Application Packet for the Urban Renewal Façade Improvement Grant Program, as approved by the WURA Advisory Committee, attached as Exhibit A, are hereby adopted.

Section 2. This resolution shall be in full force and effect upon its adoption.

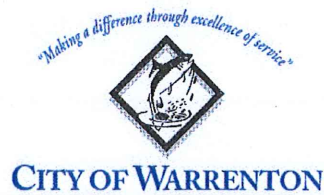
Adopted by the Warrenton Urban Renewal Agency this 8th day of January, 2019.

\_\_\_\_\_  
Henry Balensifer, Chair

Attest: \_\_\_\_\_  
Dawne Shaw, Executive Secretary



## EXHIBIT "A"



### Warrenton Urban Renewal Agency

### Grant Program Guidelines

#### Background:

The Facade Improvement Grant Program is a matching grant program of the City of Warrenton Urban Renewal Agency approved by the Urban Renewal Agency in 2014. Matching grants to qualified projects will generally be awarded on a first come, first served basis within the dollars allocated for the program per budget year. Since 2014, seven projects have been awarded grant funds to renovate eligible properties in the district. The program is targeted to commercial or mixed use properties within the downtown area on S Main Ave from E. Harbor Drive to 4<sup>th</sup> St.

#### Program Objectives

The purpose of the Facade Improvement Grant Program is:

- \* To improve the appearance of existing buildings and businesses in the downtown Urban Renewal District through Facade rehabilitation;
- \* To restore the unique historic character of buildings in the district as much as practicable;
- \* To encourage private investment in downtown properties and businesses; and
- \* Improve the business climate and increase business development opportunities.

Projects must achieve clear visible results that enhance Warrenton's downtown image, marketability, and economic vitality. Projects must be designed consistent with the Development Code and consult the "Main Street Design Guidelines Handbook."

#### Eligibility

The following entities are eligible to apply and receive grant funds:

- Property owners of commercial buildings within the Downtown Urban Renewal District.
- Business owners or tenants of commercial buildings within the Downtown Urban Renewal District with property owner consent.
- No persons may apply to receive funds if funds have been granted in any of the previous five fiscal years.

- Applicants must have a current business license and show proof that property and business taxes are current.

### **Eligible Improvements**

- Funds may be used for existing exterior facade improvements and permanent signs on commercial buildings in compliance with Warrenton ordinances. For purposes of this program, facade includes the exterior of any street facing building wall, but does not include interior, roofing, structural improvements, or other site improvements except as specified below.

The types of eligible projects include:

- Cleaning, preparation and painting exterior walls and trim in conformance of the approved color palette.
- Repair, replacement or installation of awnings, windows, exterior lighting, and doors
- Repair or reconstruction of entryways
- Repair, replacement or installation of exterior masonry or siding materials
- Removal, repair, or replacement of signs
- Work on cornices, gutters and downspouts
- Removal of barriers to access for people with disabilities

### **Ineligible Activities**

Examples of projects that are ineligible or activities for which use of funds is prohibited include:

- Refinancing of existing debt
- Interior improvements
- Roofs
- Structural foundations
- Financing of inventory
- Financing of building acquisition
- Working capital
- Landscaping

### **Timeline**

Project must be completed within six months from application approval/or issuance of building permit when required. Extensions may be granted but must be requested prior to expiration.

### **Financing**

A grant fund of up to \$10,000 per property will be available. The first \$5,000 will be an outright grant, the next \$5,000 will be a 1:1 match. This allows a property owner to budget a total of

\$15,000 for a project (WURA: \$10K \ Owner: \$5k). This grant will be provided as reimbursement upon completion of the project and submission of approved and paid invoices. Matching funds must be a cash contribution in either design, materials, labor or other hard construction costs.

### **Application Process**

Fill out the attached application and return to City Hall ([cityplanner@ci.warrenton.or.us](mailto:cityplanner@ci.warrenton.or.us)). If you have any questions, call Kevin A. Cronin, Community Development Director at (503) 861-0920. Applications will be reviewed with the assistance of the Urban Renewal Advisory Committee. City staff can also consult other partners including the Warrenton Business Association, Clatsop County Historical Society, Lower Columbia Preservation Society, and Astoria-Warrenton Chamber of Commerce.



**CITY OF WARRENTON  
 FACADE IMPROVEMENT GRANT PROGRAM  
 APPLICATION FORM**

Project Address:					
Applicant Name:					
Phone:		Fax:		Email:	

Property Owner Name: (if different)					
Phone:		Fax:		Email:	

Estimated Project Start Date:	
Estimated Project Completion Date:	

URA Grant Amount Requested <i>(no more than \$10,000)</i>	\$
Applicant Matching Funds	\$
Total Project Costs	\$

The statements made herein are true and represent an accurate and full disclosure of all appropriate information as of this date. Applicant understands that the City will retain this application and any other information the City receives, whether or not this loan request is approved. Applicant understands this loan application can become public information; however financial statements, tax returns, project forms and business information documents will be kept confidential. Applicant agrees to enter into an agreement with the City and to work cooperatively with the City and State officials on this project, if funded.

Applicant: \_\_\_\_\_  
 (Printed Name) (Signature)

Owner (if different): \_\_\_\_\_  
 (Printed Name) (Signature)

Submit to Warrenton Facade Improvement  
 Program PO Box 250  
 Warrenton, Oregon 97146  
 Email: [cityplanner@ci.warrenton.or.us](mailto:cityplanner@ci.warrenton.or.us)

**PROJECT COST ESTIMATE FORM**

Below is a list of activities that may be eligible for funding. Please enter cost estimates in the spaces below to generate a total cost estimate for your project.

- \$ \_\_\_\_\_ Awning
- \$ \_\_\_\_\_ Exterior Lighting
- \$ \_\_\_\_\_ Masonry
- \$ \_\_\_\_\_ Painting
- \$ \_\_\_\_\_ Cornice
- \$ \_\_\_\_\_ Signage
- \$ \_\_\_\_\_ Design (Architectural and Engineering)
- \$ \_\_\_\_\_ Storefront Windows (Transom and Display)
- \$ \_\_\_\_\_ Upper Façade Windows
- \$ \_\_\_\_\_ Entry Doors
- \$ \_\_\_\_\_ Structural Columns
- \$ \_\_\_\_\_ Storefront Foundation
- \$ \_\_\_\_\_ Demolition
- \$ \_\_\_\_\_ Other (Please specify: \_\_\_\_\_)
- \$ \_\_\_\_\_ Other (Please specify: \_\_\_\_\_)
- \$ \_\_\_\_\_ Other (Please specify: \_\_\_\_\_)
- \$ \_\_\_\_\_ Other (Please specify: \_\_\_\_\_)
- \$ \_\_\_\_\_ Other (Please specify: \_\_\_\_\_)
  
- \$ \_\_\_\_\_ **TOTAL PROJECT COST (Estimated)**

