

# AGENDA

## WARRENTON URBAN RENEWAL AGENCY

January 23, 2024 – 6:00 P.M.

Warrenton City Commission Chambers – 225 South Main Avenue  
Warrenton, OR 97146

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Public Meetings will also be audio and video live streamed. Go to <https://www.ci.warrenton.or.us/administration/page/live-stream-public-meetings> for connection instructions.

### **1. CALL TO ORDER**

### **2. ROLL CALL**

### **3. CONSENT CALENDAR**

- A. Urban Renewal Agency Meeting Minutes – 1.09.24
- B. Urban Renewal Agency Joint Work Session Minutes – 1.09.24

### **4. BUSINESS**

- A. Consideration of Urban Renewal Agency Audit Report - FYE June 2023
- B. Update on Fenton Building Purchase – Sollaccio

### **5. EXECUTIVE SESSION**

*Under the authority of ORS 192.660(2)(e); to conduct deliberations with persons designated by the governing body to negotiate real property transactions.*

### **6. 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.**

MINUTES  
 Warrenton Urban Renewal Agency  
 January 9, 2024  
 Warrenton City Hall - Commission Chambers  
 225 S. Main  
 Warrenton, Or 97146

Chair Balensifer convened the Urban Renewal Agency meeting at 6:00 p.m.

Commissioners Present: Chair Henry Balensifer, Mark Baldwin, Gerald Poe, and Paul Mitchell

Excused: Commissioner Tom Dyer

Staff Present: Executive Director Esther Moberg, Finance Director Jessica Barrett, Public Works Director Greg Shafer, Public Works Operations Manager Jim McCarthy, Fire Chief Brian Alsbury, Police Chief Mathew Workman, and Secretary Dawne Shaw

Chair Balensifer added item 4C Confirmation of Prioritization List to the consent calendar.

CONSENT CALENDAR

- A. Urban Renewal Agency Meeting Minutes – 12.12.2023
- B. Urban Renewal Advisory Committee Meeting Minutes – 9.06.2023

**Commissioner Mitchell made the motion to approve the consent calendar as presented. Motion was seconded and passed unanimously.**

**Baldwin – aye; Poe – aye; Mitchell – aye; Balensifer - aye**

PUBLIC HEARINGS - None

BUSINESS ITEMS

Executive Director Moberg discussed awarding the contract for the Parking Lot Reconfiguration. She noted Big River Construction was the only sealed bid received and that the bid is within the budget.

**Commissioner Poe made the motion to approve the Notice of Intent to Award contract to Big River Construction, Inc., for the Urban Renewal Parking Lot project. Motion was seconded and passed unanimously.**

**Baldwin – aye; Poe – aye; Mitchell – aye; Balensifer - aye**

Chair Balensifer noted his nomination of Mary Jo Gregoire to the Urban Renewal Advisory Committee.

**Commissioner Mitchell made the motion to appoint Mary Jo Gregoire to Position #5 on the Warrenton Urban Renewal Advisory Committee. Motion was seconded and passed unanimously.**

**Baldwin – aye; Poe – aye; Mitchell – aye; Balensifer – aye**

Chair Balensifer noted the amendment to Resolution No. 24-01, authorizing appointments and setting terms of office on the Warrenton Urban Renewal Advisory Committee. The amendment will show Position 5 being Mary Jo Gregoire.

**Commissioner Poe made the motion to adopt amended Resolution No. 24-01, authorizing appointments and setting terms of office on the Warrenton Urban Renewal Advisory Committee. Motion was seconded and passed unanimously.**

**Baldwin – aye; Poe – aye; Mitchell – aye; Balensifer – aye**

Chair Balensifer noted the property priorities 1. Post Office; 2. Mini storage; 3. C&S Builder Supply; 4. Bornstein; 5. Vitco; 6. 165 SE 2<sup>nd</sup>. He noted the properties were previously discussed in a joint work session.

**Commissioner Mitchell made the motion to confirm and approve the list of prioritizations for Urban Renewal. Motion was seconded and passed.**

**Baldwin – abstained; Poe – aye; Mitchell – aye; Balensifer – aye**

Commissioner Baldwin abstained due to a potential conflict of interest.

**Commissioner Baldwin nominated Henry Balensifer for Chair of the Urban Renewal Agency. Motion was seconded and passed unanimously.**

**Baldwin – aye; Poe – aye; Mitchell – aye; Balensifer - aye**

**Commissioner Baldwin nominated Poe for Vice Chair of the Urban Renewal Agency. Motion was seconded and passed unanimously.**

**Baldwin – aye; Poe – aye; Mitchell - aye; Balensifer - aye**

There being no further business Chair Balensifer adjourned the URA meeting at 6:05 p.m.

Respectfully prepared and submitted by Hanna Bentley, Deputy City Recorder.

APPROVED:

ATTEST:

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

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

DRAFT

MINUTES  
 Warrenton Urban Renewal Agency  
 Warrenton Urban Renewal Advisory Committee  
 Joint Work Session  
 January 9, 2024  
 Warrenton City Hall - Commission Chambers  
 225 S. Main  
 Warrenton, OR 97146

Chair Balensifer convened the Urban Renewal Agency joint work session at 5:00 p.m.

Commissioners Present: Chair Henry Balensifer, Paul Mitchell, and Gerald Poe

Excused: Commissioner Tom Dyer

Recused: Mark Baldwin

Warrenton Urban Renewal Advisory Committee Members Present: Karin Hopper, Tess Chedsey (via phone), Christy Coulombe, Cynthia O'Reilly and Dennis Faletti

Staff Present: Executive Director Esther Moberg, Finance Director Jessica Barrett, and Secretary Dawne Shaw

Chair Balensifer opened the work session, noting the purpose is to discuss the Urban Renewal significant buildings prioritization list. He noted the specific buildings/addresses as outlined in the meeting packet. Executive Director Esther Moberg clarified the address listed as 94 SE 3<sup>rd</sup> should actually be 165 SE 2<sup>nd</sup>; 49 SE 3<sup>rd</sup> was an error. Discussion continued to clarify the purpose and intent of the building prioritization list. The Advisory Committee members discussed the various buildings. They came to consensus on the top priorities - post office building; C&S/Builder's Supply building (1015 S. Main); old Bornstein buildings; taxi business (238 S. Main); Vitco building (368 S. Main); and 165 SE 2<sup>nd</sup>.

The Urban Renewal Agency members discussed their priorities – post office building; Bornstein buildings; mini storage; C&S/Builders Supply; and the Vitgo building. Discussion continued briefly on the Fishermen's Storage units on E. Harbor and the mini storage on the corner of E. Harbor and Main. After further discussion consensus on the priorities were: Post Office building; Mini storage at the 4-way stop; C&S Builder Supply; Bornstein; Vitco (tear down); 165 SE 2<sup>nd</sup> (tear down grant).

Discussion followed on whether to authorize reimbursement for previously completed renovation/improvement projects. It was noted that it has not been the policy to reimburse for

previously completed projects; the policy has been for new requests and new applications. Brief discussion followed. Commissioner Mitchell discussed the need to have clear criteria outlined to receive an investment of Urban Renewal revitalization funds; it was determined the city manager will develop an outline of the criteria.

There being no further business, Chair Balensifer adjourned the Joint Work Session at 5:48 p.m.

APPROVED:

Henry A. Balensifer III, Chair

ATTEST:

Dawne Shaw, Secretary

DRAFT

## Warrenton Urban Renewal Agency Agenda Memorandum

To: The Honorable Chair and Members of the Warrenton Urban Renewal Agency  
From: Jessica Barrett  
Finance Director  
Date: January 23, 2024

### Regarding – Audit for Fiscal Year Ending June 30, 2023

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The financial Statements, for the Warrenton Urban Renewal Agency, for the period ending June 30, 2023 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, 2023

WITH

INDEPENDENT AUDITOR'S REPORT



**WARRENTON URBAN RENEWAL AGENCY**

Financial Statements and Supplemental Information

For the Year Ended June 30, 2023

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INTRODUCTORY SECTION

**WARRENTON URBAN RENEWAL AGENCY**

Governing Body and Appointed Officials

June 30, 2023

**GOVERNING BODY UNDER ORS 457**

Board Chair	Henry Balensifer III, Mayor
Board Member	Gerald Poe
Board Member	Mark Baldwin
Board Member	Tom M. Dyer
Board Member	Paul Mitchell

**Mailing Address**

PO Box 250  
Warrenton, Oregon 97146

**APPOINTED OFFICIALS**

Executive Director	Esther Moberg
Secretary	Dawne Shaw
Attorney	Beery, Elsner & Hammond

**Mailing Address**

PO Box 250  
Warrenton, Oregon 97146

FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

Honorable Board Chair and Agency Board  
Warrenton Urban Renewal Agency  
Warrenton, Oregon

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

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Warrenton Urban Renewal Agency ("Agency") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the 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 City of Warrenton, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the capital projects fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise a substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a

reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The 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. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of resources and requirements budget and actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### *Other Information*

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 15, 2023 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:

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive, flowing style.

Paul R Nielson, CPA, a member of the firm

Eugene, Oregon

December 15, 2023

# **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, 2023. 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 \$6,560,583 (reported as net position).

At June 30, 2023, the Agency's governmental funds reported combined ending fund balances of \$2,680,938.

The Warrenton Urban Renewal Agency did not issue debt during the current fiscal year and debt paid during the year amounted to \$305,017, which leaves total debt outstanding at the end of the fiscal year at \$1,499,908.

Net capital assets increased by \$830,101 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. The statements can be found in the basic financial statements and 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 \$6,560,583 at the close of the most recent fiscal year.

Warrenton Urban Renewal Agency's Net Position		
	Governmental Activities	
	2023	2022
Current and other assets	\$ 2,774,565	\$ 3,089,971
Capital assets, net	5,347,404	4,517,303
Total assets	8,121,969	7,607,274
Noncurrent liabilities	1,499,908	1,804,925
Other liabilities	61,478	7,878
Total liabilities	1,561,386	1,812,803
Net position:		
Net investment in capital assets	3,847,496	2,712,378
Restricted	2,713,087	3,082,093
Total net position	\$ 6,560,583	\$ 5,794,471

The government's net position increased by \$766,112 during the current fiscal year.

Warrenton Urban Renewal Agency's Change in Net Position		
	Governmental Activities	
	2023	2022
Revenues:		
Charges for services	\$ 59	\$ 225
General revenues:		
Property taxes	876,642	918,087
Unrestricted investment earnings	96,105	16,769
Total revenues	<u>972,806</u>	<u>935,081</u>
Expenses:		
General government	162,168	160,149
Interest on long-term liabilities	44,526	52,277
Total expenses	<u>206,694</u>	<u>212,426</u>
Change in net position	766,112	722,655
Net position, July 1	<u>5,794,471</u>	<u>5,071,816</u>
Net position, June 30	<u>\$ 6,560,583</u>	<u>\$ 5,794,471</u>

**Governmental activities.** Governmental activities increased the Agency's net position by \$766,112. The primary elements of the change in total net position are as follows:

- Revenues overall increased \$37,725.
- The Agency's property tax revenues decreased \$41,445.
- Unrestricted investment earnings (interest from bank accounts) increased by \$79,336 during the year.
- Interest expense on debt decreased \$7,751 from the prior year.
- Operational (general government) expenses increased by \$2,019.

### **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 \$2,680,938, a decrease of \$373,923 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, 2023, amounts to \$5,347,404. Net capital assets increased by \$830,101 during the year because capital asset additions of \$979,728 less current year depreciation, in the amount of \$123,620, net to the overall increase of capital assets at the end of the year.

Capital Assets, Net of Accumulated Depreciation		
	Governmental Activities	
	2023	2022
Land	\$ 1,000,945	\$ 1,000,945
Buildings	481,649	496,700
Parking Areas and Land Improvements	314,656	326,306
Infrastructure	2,346,909	2,443,828
Construction in progress	1,203,245	249,524
Total	<u>\$ 5,347,404</u>	<u>\$ 4,517,303</u>

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

- Commercial Work Pier at the Warrenton Marina in the amount of \$921,178.
- Food Pod Improvements in the amount of \$58,550.

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

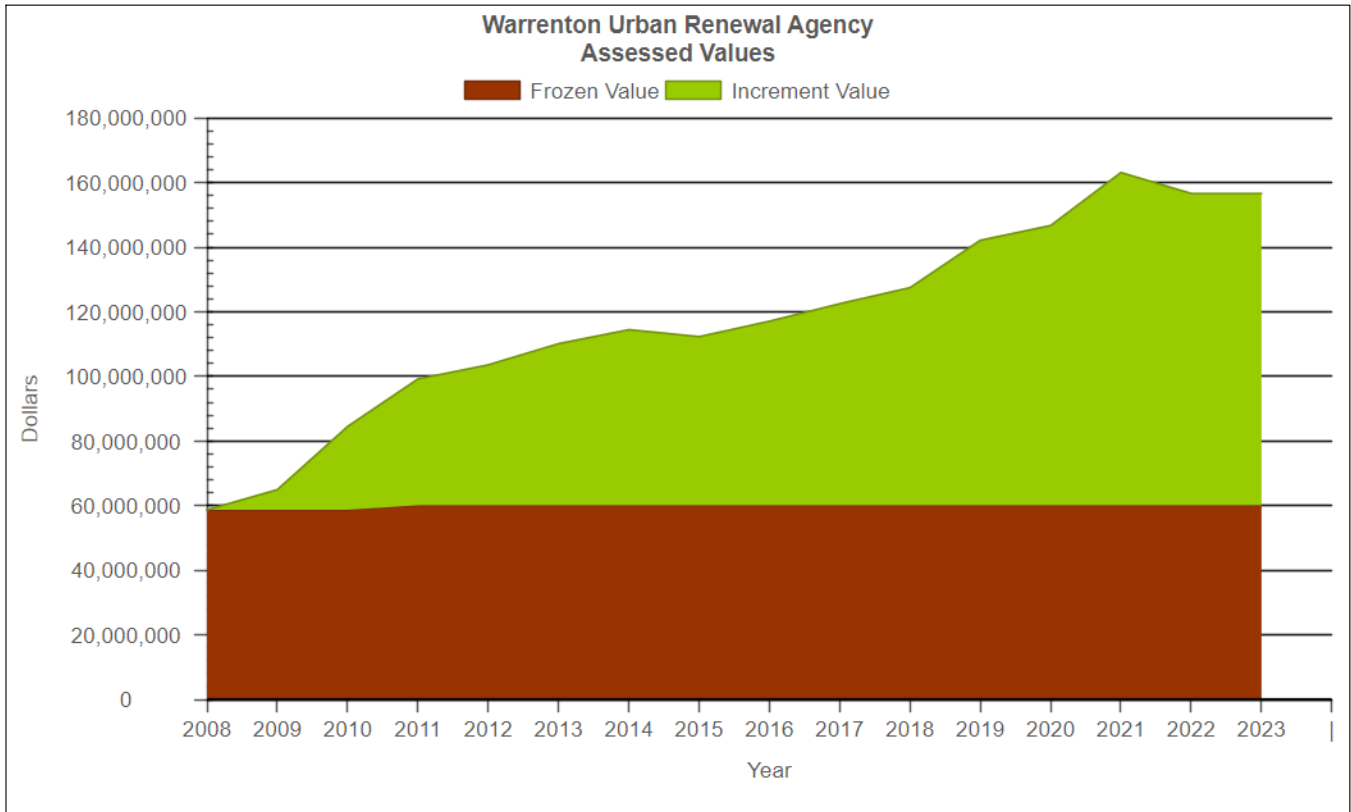
**Long-term Debt.** At the end of the current fiscal year, the Agency had total long-term debt of \$1,499,908. The Agency repaid principal in the amount of \$305,017 on the 2012 and 2016 outstanding bonds.

Outstanding Debt		
	Governmental Activities	
	2023	2022
Tax increment financial bonds	<u>\$ 1,499,908</u>	<u>\$ 1,804,925</u>

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

### 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 actual increment value increased \$4,994,089 from \$133,960,309 in 2023 to \$138,954,398 in 2024. The increment value used decreased \$300 from \$96,479,483 in 2023 to \$96,479,183 in 2024. As the Agency has outperformed the original estimates, a substantial amendment to the plan was passed in 2019. This amendment triggered revenue sharing requirements and limit the amount of tax increment that the agency can use to calculate the tax to an amount that would generate tax of 12.5% of the original maximum indebtedness. The increment value used will remain \$96,479,183 for the remainder of the life of the agency, generating approximately \$847,233 in tax revenue each year. The amendment also increased the maximum indebtedness of the plan by \$4,800,218, from \$7,134,597 to \$11,934,815 to allow for completion of additional projects.



### 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, 2023

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,725,890
Taxes receivable	48,675
Capital assets:	
Nondepreciable assets	2,204,190
Depreciable assets, net	<u>3,143,214</u>
Total assets	<u>8,121,969</u>
<b>LIABILITIES</b>	
Accounts payable	59,146
Accrued interest payable	2,332
Noncurrent liabilities:	
Loans payable - current	312,986
Loans payable	<u>1,186,922</u>
Total liabilities	<u>1,561,386</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,847,496
Restricted for:	
Debt service	2,705,117
Urban renewal improvements	<u>7,970</u>
Total net position	<u><u>\$ 6,560,583</u></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, 2023

	Expenses	Program Revenues Charges for Services	Governmental Activities
<b>Functions/Programs</b>			
Governmental activities:			
General government	\$ 162,168	\$ 59	\$ (162,109)
Interest on long-term liabilities	<u>44,526</u>	<u>-</u>	<u>(44,526)</u>
Total governmental activities	<u>206,694</u>	<u>59</u>	<u>(206,635)</u>
General revenues:			
Property taxes levied for debt service			876,642
Unrestricted investment earnings			<u>96,105</u>
Total general revenues			<u>972,747</u>
Change in net position			766,112
Net position, beginning			<u>5,794,471</u>
Net position, ending			<u><u>\$ 6,560,583</u></u>

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

**WARRENTON URBAN RENEWAL AGENCY**

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2023

	<u>General</u>	<u>Warrenton Urban Renewal Agency Debt Service Fund</u>	<u>Warrenton Urban Renewal Agency Debt Reserve Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 67,116	\$ 2,308,757	\$ 350,017	\$ 2,725,890
Property taxes receivable	-	48,675	-	48,675
Total assets	<u>\$ 67,116</u>	<u>\$ 2,357,432</u>	<u>\$ 350,017</u>	<u>\$ 2,774,565</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	<u>\$ 59,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,146</u>
Deferred Inflows of Resources:				
Unavailable revenue - Property Taxes	<u>-</u>	<u>34,481</u>	<u>-</u>	<u>34,481</u>
Fund Balances:				
Restricted for:				
Debt service	-	2,322,951	350,017	2,672,968
Urban renewal improvements	<u>7,970</u>	<u>-</u>	<u>-</u>	<u>7,970</u>
Total fund balances	<u>7,970</u>	<u>2,322,951</u>	<u>350,017</u>	<u>2,680,938</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 67,116</u>	<u>\$ 2,357,432</u>	<u>\$ 350,017</u>	<u>\$ 2,774,565</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, 2023

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

Fund balances - governmental funds		\$ 2,680,938	
Receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.			34,481
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:			
Nondepreciable assets	\$ 2,204,190		
Depreciable assets	<u>3,143,214</u>		
			5,347,404
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Accrued interest payable	(2,332)		
Long-term debt	<u>(1,499,908)</u>		
			<u>(1,502,240)</u>
Net position of governmental activities		\$ <u>6,560,583</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, 2023

	<u>General</u>	<u>Warrenton Urban Renewal Agency Debt Service Fund</u>	<u>Warrenton Urban Renewal Agency Debt Reserve Fund</u>	<u>Total</u>
Revenues:				
Taxes	\$ -	\$ 872,198	\$ -	\$ 872,198
Investment earnings	542	95,564	-	96,106
Other revenue	<u>59</u>	<u>-</u>	<u>-</u>	<u>59</u>
Total revenues	<u>601</u>	<u>967,762</u>	<u>-</u>	<u>968,363</u>
Expenditures:				
Current:				
General government	10,042	-	-	10,042
Debt service:				
Principal retirement	-	305,017	-	305,017
Interest expense	-	44,999	-	44,999
Capital outlay	<u>982,228</u>	<u>-</u>	<u>-</u>	<u>982,228</u>
Total expenditures	<u>992,270</u>	<u>350,016</u>	<u>-</u>	<u>1,342,286</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(991,669)</u>	<u>617,746</u>	<u>-</u>	<u>(373,923)</u>
Other Financing Sources (Uses):				
Net transfers within enterprise	990,628	-	-	990,628
Transfers out	<u>-</u>	<u>(990,628)</u>	<u>-</u>	<u>(990,628)</u>
Total other financing sources (uses)	<u>990,628</u>	<u>(990,628)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,041)	(372,882)	-	(373,923)
Fund Balances:				
Beginning of year	<u>9,011</u>	<u>2,695,833</u>	<u>350,017</u>	<u>3,054,861</u>
End of year	<u>\$ 7,970</u>	<u>\$ 2,322,951</u>	<u>\$ 350,017</u>	<u>\$ 2,680,938</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, 2023

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

Net change in fund balances - governmental funds	\$	(373,923)
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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	4,444
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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	\$ 953,721	
Current year depreciation	<u>(123,620)</u>	
		830,101

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>473</u>	473

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.

Repayment of long-term debt	<u>305,017</u>	
		<u>305,017</u>

Change in net position of governmental activities	\$	<u><u>766,112</u></u>
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The accompanying notes are an integral part of these financial statements.

**WARRENTON URBAN RENEWAL AGENCY**

General Fund

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

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 12,184	\$ 12,184	\$ 9,011	\$ (3,173)
Investment earnings	-	-	542	542
Other revenue	-	-	59	59
Net transfers within enterprise	2,450,000	2,450,000	990,628	(1,459,372)
Loan proceeds	<u>3,691,636</u>	<u>3,691,636</u>	<u>-</u>	<u>(3,691,636)</u>
Total resources	<u>\$ 6,153,820</u>	<u>\$ 6,153,820</u>	<u>\$ 1,000,240</u>	<u>\$ (5,153,580)</u>
Requirements:				
Materials and services	\$ 149,000	\$ 149,000	\$ 10,042	\$ 138,958
Capital outlay	<u>6,004,820</u>	<u>6,004,820</u>	<u>982,228</u>	<u>5,022,592</u>
Total expenditures	6,153,820	6,153,820	992,270	5,161,550
Ending fund balance	<u>-</u>	<u>-</u>	<u>7,970</u>	<u>(7,970)</u>
Total requirements	<u>\$ 6,153,820</u>	<u>\$ 6,153,820</u>	<u>\$ 1,000,240</u>	<u>\$ 5,153,580</u>

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

# WARRENTON URBAN RENEWAL AGENCY

## Notes to the Financial Statements

June 30, 2023

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

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

The City of Warrenton ("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 sources are loan proceeds and transfers from the debt service fund.

# WARRENTON URBAN RENEWAL AGENCY

## Notes to the Financial Statements

June 30, 2023

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

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

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

The *Debt Reserve Fund* accounts for funds set aside in compliance with the Urban Renewal Bond Series 2012 and 2016 agreements.

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 acquisition 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.

**WARRENTON URBAN RENEWAL AGENCY**

Notes to the Financial Statements

June 30, 2023

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

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

**3. Capital Assets, Continued**

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 - 30
Land Improvements	10 - 50

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

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

In addition to liabilities, the statement of net 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.

# WARRENTON URBAN RENEWAL AGENCY

## Notes to the Financial Statements

June 30, 2023

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

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

##### **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.

##### **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, 2023

### **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, 2023, 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, 2023 Financial Statements notes to the financial statements.

*Deposits.* All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program ("PFCP") of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

# WARRENTON URBAN RENEWAL AGENCY

## Notes to the Financial Statements

June 30, 2023

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

#### **A. Deposits and Investments, Continued**

The Oregon Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to any municipality, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any public funds. The Office of the State Treasurer (OST) manages the LGIP. The LGIP is commingled with other State funds in the Oregon Short-Term Fund (OSTF). The OSTF is not managed as a stable net asset value fund; therefore, the preservation of principal is not assured. Additional information about the OSTF can be obtained at [www.ost.state.or.us](http://www.ost.state.or.us) and [www.oregon.gov/treasury](http://www.oregon.gov/treasury).

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2023, the City's deposits were covered and collateralized by federal depository insurance and the PFCP.

*Credit Risk - Investments.* The City has no investment policy for credit risk, but in practice follows state statutes which authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers acceptances, certain commercial papers and the State Treasurer's Investment Pool, among others. The LGIP is not rated by a national rating service.

*Interest Rate Risk.* The City does not have a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates. The weighted-average maturity of LGIP is less than one year.

**WARRENTON URBAN RENEWAL AGENCY**

Notes to the Financial Statements

June 30, 2023

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

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2023 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>249,524</u>	<u>979,728</u>	<u>(26,007)</u>	<u>-</u>	<u>1,203,245</u>
Total capital assets, not being depreciated	<u>1,250,469</u>	<u>979,728</u>	<u>(26,007)</u>	<u>-</u>	<u>2,204,190</u>
Capital assets, being depreciated:					
Parking and land improvements	349,504	-	-	-	349,504
Buildings	602,057	-	-	-	602,057
Infrastructure	<u>2,907,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,907,563</u>
Total capital assets, being depreciated	<u>3,859,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,859,124</u>
Less accumulated depreciation for:					
Parking and land improvements	(23,198)	(11,650)	-	-	(34,848)
Buildings	(105,357)	(15,051)	-	-	(120,408)
Infrastructure	<u>(463,735)</u>	<u>(96,919)</u>	<u>-</u>	<u>-</u>	<u>(560,654)</u>
Total accumulated depreciation	<u>(592,290)</u>	<u>(123,620)</u>	<u>-</u>	<u>-</u>	<u>(715,910)</u>
Total capital assets, being depreciated, net	<u>3,266,834</u>	<u>(123,620)</u>	<u>-</u>	<u>-</u>	<u>3,143,214</u>
Governmental activities capital assets, net	<u>\$ 4,517,303</u>	<u>\$ 856,108</u>	<u>\$ (26,007)</u>	<u>\$ -</u>	<u>\$ 5,347,404</u>

All the depreciation expense was charged to the general government activity.

**C. Interfund Transfers**

During the year ended June 30, 2023 the debt service fund transferred \$990,628 to the capital projects fund. Interfund transfers were used to fund the cost of capital projects directly.

**WARRENTON URBAN RENEWAL AGENCY**

Notes to the Financial Statements

June 30, 2023

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

**D. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2023 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 - direct borrowings	\$ <u>1,804,925</u>	\$ <u>-</u>	\$ <u>(305,017)</u>	\$ <u>1,499,908</u>	\$ <u>312,986</u>

Tax increment financial bonds outstanding at June 30, 2023 were all direct borrowings from Columbia Bank. Terms of individual bonds 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%	\$ 529,219
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%	<u>970,689</u>
Total debt outstanding		1,499,908
Less current portion		<u>(312,986)</u>
Long-term portion		<u>\$ 1,186,922</u>

If an event of default occurs on any of the direct borrowings Columbia Bank (Bank) may exercise any remedy available at law or in equity under the provisions of the Master Resolution. If an event of default occurs due to nonpayment of principal, interest, fees or other amounts when due, or failure to maintain the tax-exempt status of the obligation, then the Bank may increase the interest rate to 8.75% on the series 2012 bonds, and 5% on the series 2016 bonds.

Annual debt service requirements to maturity for long-term debt at June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 312,986	\$ 37,031
2025	321,188	28,829
2026	329,630	20,385
2027	338,324	11,693
2028	<u>197,780</u>	<u>2,743</u>
Total	<u>\$ 1,499,908</u>	<u>\$ 100,681</u>

# WARRENTON URBAN RENEWAL AGENCY

## Notes to the Financial Statements

June 30, 2023

### **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.

SUPPLEMENTAL INFORMATION

**WARRENTON URBAN RENEWAL AGENCY**

Warrenton Urban Renewal Agency Debt Service Fund

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

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 2,659,510	\$ 2,659,510	\$ 2,695,833	\$ 36,323
Taxes	867,234	867,234	872,198	4,964
Investment earnings	<u>15,000</u>	<u>15,000</u>	<u>95,564</u>	<u>80,564</u>
Total resources	<u>\$ 3,541,744</u>	<u>\$ 3,541,744</u>	<u>\$ 3,663,595</u>	<u>\$ 121,851</u>
Requirements:				
Debt service	\$ 550,017	\$ 550,017	\$ 350,016	\$ 200,001
Transfers out	2,650,000	2,650,000	990,628	1,659,372
Ending fund balance	<u>341,727</u>	<u>341,727</u>	<u>2,322,951</u>	<u>(1,981,224)</u>
Total requirements	<u>\$ 3,541,744</u>	<u>\$ 3,541,744</u>	<u>\$ 3,663,595</u>	<u>\$ (121,851)</u>

**WARRENTON URBAN RENEWAL AGENCY**

Warrenton Urban Renewal Agency Debt Reserve Fund

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

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resources:				
Beginning fund balance	\$ 350,017	\$ 350,017	\$ 350,017	\$ -
Net transfers within enterprise	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Total resources	<u>\$ 550,017</u>	<u>\$ 550,017</u>	<u>\$ 350,017</u>	<u>\$ (200,000)</u>
Requirements:				
Debt service	\$ 550,017	\$ 550,017	\$ -	\$ 550,017
Ending fund balance	<u>-</u>	<u>-</u>	<u>350,017</u>	<u>(350,017)</u>
Total requirements	<u>\$ 550,017</u>	<u>\$ 550,017</u>	<u>\$ 350,017</u>	<u>\$ 200,000</u>



COMPLIANCE SECTION



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## COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITOR REQUIRED BY STATE STATUTE

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

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

### **Compliance**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 Agency Board 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 black ink that reads "Paul R. Nielson". The signature is written in a cursive, flowing style.

Paul R Nielson, CPA, a member of the firm

Eugene, Oregon

December 15, 2023