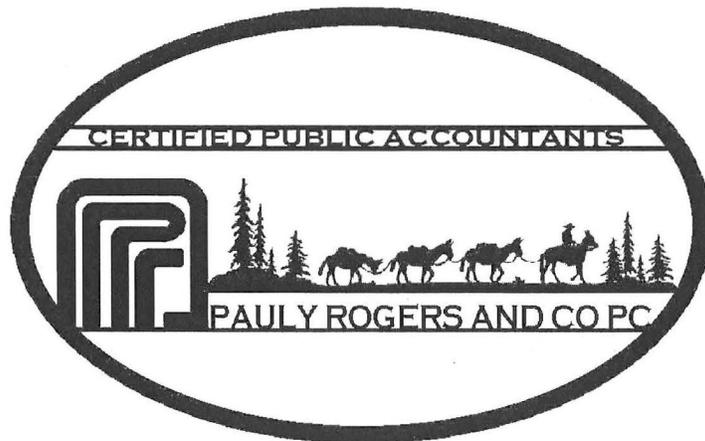


**URBAN RENEWAL AGENCY
OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River)
HOOD RIVER COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016



12700 SW 72nd Ave.
Tigard, OR 97223

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER

(A Component Unit of the City of Hood River)

HOOD RIVER COUNTY, OREGON

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2016

This Page Intentionally Left Blank

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River)

HOOD RIVER COUNTY, OREGON

AGENCY BOARD MEMBERS AS OF JUNE 30, 2016

<u>NAME</u>	<u>TERM EXPIRES</u>
Kate McBride, Chair	December 31, 2016
Jon Davies, Vice Chair	December 31, 2016
Paul Blackburn	December 31, 2016
Mark Zanmiller	December 31, 2016
Susan Johnson	December 31, 2018
Peter Cornelison	December 31, 2018
Becky Brun	December 31, 2018
Tim Counihan	December 31, 2016
Hoby Streich	December 31, 2017

Board Members receive mail at the address listed below.

BOARD ADDRESS

Steve Wheeler, Agency Administrator
Urban Renewal Agency of the City of Hood River
211 2nd St.
Hood River, Oregon 97031

This Page Intentionally Left Blank

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River)

HOOD RIVER COUNTY, OREGON

T A B L E O F C O N T E N T S

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
<u>BASIC FINANCIAL STATEMENTS:</u>	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	9
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to Statement of Activities	10
Notes to Basic Financial Statements	11
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Actual and Budget Major Funds	
General Fund	22
<u>SUPPLEMENTARY INFORMATION:</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Actual and Budget Major Funds	
Columbia Cascade District Fund	23
Waterfront District Fund	24
The Heights District Fund	25

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River)

HOOD RIVER COUNTY, OREGON

T A B L E O F C O N T E N T S

PAGE

SUPPLEMENTARY INFORMATION (CONTINUED):

Schedule of Property Tax Transactions and Balances of Taxes Uncollected:

Columbia Cascade District Fund	26
Waterfront District Fund	27
The Heights District Fund	28

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS 29



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

January 26, 2017

INDEPENDENT AUDITORS' REPORT

To the Agency Board
Urban Renewal Agency of the City of Hood River
Hood River, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Agency of the City of Hood River, a component unit of the City of Hood River, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' 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 auditors' 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 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 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 Urban Renewal Agency of the City of Hood River, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 72 – Fair Value Measurement and Application for the year ended June 30, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates 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 supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

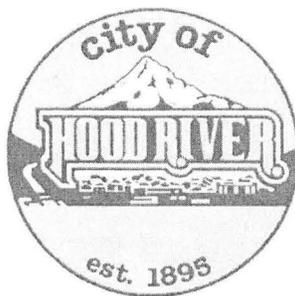
The listing of board members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 26, 2017, on our consideration of 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.


Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

This Page Intentionally Left Blank



MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2016

This discussion and analysis presents the highlights of the financial activities and resulting financial position for the Urban Renewal Agency of the City of Hood River (Agency). It focuses on the significant issues and activities for the year under audit. Please read it in conjunction with the Agency's financial statements.

FINANCIAL HIGHLIGHTS

- The Agency facilitated the development of a waterfront hotel through the purchase of a \$395 thousand parcel to be used as a passive park in the waterfront area.
- Property tax revenues increased approximately 16% directly related to the increase in property tax increment tied to the assessed value of properties located within the Urban Renewal plan areas.

BASIC FINANCIAL STATEMENTS

The Management Discussion and Analysis (MD&A) is intended to serve as an introduction to the Urban Renewal Agency of the City of Hood River's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The report also contains other supplementary data in addition to the basic financial statements themselves.

Government-Wide Financial Statements - These two statements present an overview of the Agency's finances, in a manner similar to the private sector. Each statement presents highly condensed, entity-wide information and uses the full accrual basis of accounting.

- The Statement of Net Position presents information on the City's total assets and liabilities, with the resulting difference between the two presented as net position. Over time, increases or decreases to net position may serve as a useful indicator of whether the Agency's financial position is improving or deteriorating.
- The Statement of Activities focuses on the change in net position over the last year. The costs of the Agency's programs are presented and show to what extent governmental activities are subsidized by taxes and other general revenues.

Fund Financial Statements - Following the government-wide statements is a section containing fund financial statements. The Agency’s funds are presented in their own columns. A “Budgetary Comparison Statement” for each fund is presented after the “Notes to the Basic Financial Statements.”

Notes to Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements.

Completing the document is a schedule of property tax transactions and balances as well as reports by the independent certified public accountant, as required by statute.

CONDENSED COMPARATIVE DATA AND FINANCIAL ANALYSIS

Government-Wide Financial Statements – Statement of Net Position

	Table 1	
	Government Activities	
	2016	2015
ASSETS		
Current Assets	\$ 1,299,770	\$ 1,569,627
Capital Assets, net	6,118,315	5,841,321
Total assets	<u>7,418,085</u>	<u>7,410,948</u>
LIABILITIES		
Current Liabilities	3,615	871,283
Noncurrent Liabilities		
Due within one year	700,645	628,140
Due within more than one year	1,499,343	1,866,617
Total liabilities	<u>2,203,603</u>	<u>3,366,040</u>
NET Position		
Net Investment in Capital Assets	4,506,221	3,988,096
Restricted	708,261	56,812
Unrestricted	-	-
Total net position	<u>\$ 5,214,482</u>	<u>\$ 4,044,908</u>

The Agency purchased a \$395 park parcel in the Waterfront Plan area.

Government-Wide Financial Statements – Statement of Activities

**Table 2
Government Activities**

REVENUES	2016	2015	Change	
Property Taxes	\$ 1,500,765	\$ 1,292,681	\$ 208,084	16%
Other Revenues	136,412	31,785	104,627	329%
Total revenues	1,637,177	1,324,466	\$ 312,711	24%
EXPENSES				
General Government	428,761	304,054	124,707	41%
Interest	38,842	58,624	(19,782)	-34%
Total expenses	467,603	362,678	104,925	29%
Changes in Net Position	1,169,574	961,788	207,786	
Net Position - Beginning	4,044,908	3,083,120	961,788	
Net Position - Ending	\$ 5,214,482	\$ 4,044,908	\$ 1,169,574	29%

Property tax revenues increased approximately 16% directly related to the increase in property tax increment tied to the assessed value of properties located within the Urban Renewal plan areas. The increase in other revenues primarily related to capital contribution from a recently formed Local Improvement District for improvements included in the Columbia Cascade Plan street improvement project. Total expenses increased primarily as a net result of the \$395 capital outlay for a Waterfront Plan area passive park parcel.

BUDGETARY VARIATIONS

Budgetary schedules by fund can be found on pages 22-25.

CAPITAL ASSET AND DEBT ACTIVITY

Capital Assets – The Statement of Activities discussion above includes a description of capital assets activity during the year.

Debt Outstanding – Loan balances decreased during the year due to payments made. \$395 thousand in new debt was issued to finance the purchase of a Waterfront Plan passive park. Refer to page 20 of the notes for more detailed information on the Agency’s debt and amortization terms.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

Tax increment revenue is the primary resource for the Urban Renewal Agency of the City of Hood River. When an urban renewal district is formed, the existing tax base is frozen. The urban renewal plan then receives property taxes that are generated from the increase in assessed value over the frozen base. Urban renewal does not create an additional tax; rather property tax collections are “divided” among the affected taxing districts and the urban renewal plan. When the plan is completed, taxes are no longer divided, and taxing districts once again receive the full distribution of property tax collections.

Each of the Agency's three plan areas is in a very different stage of development:

- The Columbia Cascade (Downtown) Plan, adopted in 1987, is a mature plan with steady, reliable increases in assessed value. There are no projects expected for the upcoming year. Healthy tax increment collections may allow the plan to close as early as 2018-19.
- The Waterfront Plan, adopted in 2008, is a relatively new plan that has experienced rapid growth. With the exception of the Nichols Basin and adjacent lots, the remaining Waterfront Plan area is rapidly approaching full build out. The Waterfront Plan continues to focus on repaying its debt. Next year's budget estimates tax increment revenues at \$346,500, of which will be used to repay outstanding loans.
- Finally, the Heights Plan, adopted in 2011 received its third year of tax increment revenue this fiscal year. Next year's budget anticipates approximately \$138,800 in tax increment. Receipts will be used to design the implementation of the Plan and to repay costs that were incurred in order to create the plan.

REQUESTS FOR INFORMATION

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, please contact the City of Hood River's Finance Director at 211 2nd Street, Hood River, Oregon 97031.

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER, OREGON

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2016

ASSETS:

Cash and Cash Equivalents	\$ 1,205,836
Cash Held at City of Hood River	6,940
Taxes Receivable	61,227
Assessment Receivable	25,767
Capital Assets, Net of Accumulated Depreciation	<u>6,118,315</u>

Total Assets 7,418,085

LIABILITIES:

Accounts Payable	219
Accrued Interest	3,396
Long Term Debt	
Due Within One Year	700,645
Due in More Than One Year	<u>1,499,343</u>

Total Liabilities 2,203,603

NET POSITION:

Net Investment in Capital Assets	4,506,221
Restricted for Urban Renewal	<u>708,261</u>

Total Net Position \$ 5,214,482

See accompanying notes to basic financial statements

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	
Economic and Physical Development	\$ 428,761	\$ -	\$ 129,099	\$ (299,662)
Interest Expense on Long-Term Debt	38,842	-	-	(38,842)
Total Governmental Activities	\$ 467,603	\$ -	\$ 129,099	(338,504)
General Revenues:				
Property Taxes				1,500,765
Income Not Restricted to Specific Programs:				
Investment earnings				7,313
Total General Revenues				1,508,078
Change in Net Position				1,169,574
Net Position - Beginning				4,044,908
Net Position - Ending				\$ 5,214,482

See accompanying notes to basic financial statements

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

GOVERNMENTAL FUND TYPES

	GENERAL FUND	COLUMBIA CASCADE DISTRICT FUND	WATERFRONT DISTRICT FUND	THE HEIGHTS DISTRICT FUND	TOTAL GOVERNMENTAL
ASSETS:					
Cash and Investments	\$ -	\$ 921,605	\$ 34,242	\$ 249,989	\$ 1,205,836
Cash Held at City of Hood River	6,940	-	-	-	6,940
Receivables					
Assessments	-	25,767	-	-	25,767
Taxes	-	44,717	12,362	4,148	61,227
Total Assets	<u>\$ 6,940</u>	<u>\$ 992,089</u>	<u>\$ 46,604</u>	<u>\$ 254,137</u>	<u>\$ 1,299,770</u>
LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCE:					
Liabilities:					
Accounts Payable	\$ 219	\$ -	\$ -	\$ -	\$ 219
Total Liabilities	<u>219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219</u>
Deferred Outflows of Resources:					
Unavailable Revenue - Taxes	-	37,326	11,505	3,844	52,675
Total Deferred Outflows of Resources	<u>-</u>	<u>37,326</u>	<u>11,505</u>	<u>3,844</u>	<u>52,675</u>
Fund Balance:					
Restricted for Urban Renewal	6,721	954,763	35,099	250,293	1,246,876
Total Fund Balance	<u>6,721</u>	<u>954,763</u>	<u>35,099</u>	<u>250,293</u>	<u>1,246,876</u>
Total Liabilities, Deferred Outflows of Resources, and Fund Equity	<u>\$ 6,940</u>	<u>\$ 992,089</u>	<u>\$ 46,604</u>	<u>\$ 254,137</u>	<u>\$ 1,299,770</u>

See accompanying notes to basic financial statements

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
June 30, 2016

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

Fund Balances	\$ 1,246,876
<p>The cost of governmental capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the Agency as a whole.</p>	
Net Capital Assets	6,118,315
<p>Long-term liabilities applicable to the Agency's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.</p>	
Long-term debt	(2,199,988)
Accrued interest Payable	(3,396)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>	
Deferred Revenue, Net	<u>52,675</u>
Net Position	<u>\$ 5,214,482</u>

See accompanying notes to basic financial statements

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	GENERAL FUND	COLUMBIA CASCADE DISTRICT FUND	WATERFRONT DISTRICT FUND	THE HEIGHTS DISTRICT FUND	TOTAL GOVERNMENTAL
REVENUES:					
Taxes	\$ -	\$ 1,034,090	\$ 347,816	\$ 126,587	\$ 1,508,493
Interest on Investments	13	4,989	1,004	1,307	7,313
Miscellaneous	-	129,099	-	-	129,099
Total Revenues	<u>13</u>	<u>1,168,178</u>	<u>348,820</u>	<u>127,894</u>	<u>1,644,905</u>
EXPENDITURES:					
Current:					
Materials and Services	14,240	64,685	68,282	30,412	177,619
Capital Outlay	-	-	395,000	-	395,000
Debt Service	-	420,365	307,976	-	728,341
Total Expenditures	<u>14,240</u>	<u>485,050</u>	<u>771,258</u>	<u>30,412</u>	<u>1,300,960</u>
Excess of Revenues, Over (Under) Expenditures	(14,227)	683,128	(422,438)	97,482	343,945
OTHER FINANCING SOURCES (USES)					
Loan Proceeds	-	-	395,000	-	395,000
Transfers In	10,600	-	-	-	10,600
Transfers Out	-	(4,240)	(4,240)	(2,120)	(10,600)
Total Other Financing Sources (Uses)	<u>10,600</u>	<u>(4,240)</u>	<u>390,760</u>	<u>(2,120)</u>	<u>395,000</u>
Net Change in Fund Balance	(3,627)	678,888	(31,678)	95,362	738,945
Beginning Fund Balance	<u>10,348</u>	<u>275,875</u>	<u>66,777</u>	<u>154,931</u>	<u>507,931</u>
Ending Fund Balance	<u>\$ 6,721</u>	<u>\$ 954,763</u>	<u>\$ 35,099</u>	<u>\$ 250,293</u>	<u>\$ 1,246,876</u>

See accompanying notes to basic financial statements

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

Net Change in Fund Balance	\$	738,945
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital Asset Additions		395,000
Depreciation Expense		(118,006)
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes in liability balances between years.</p>		
Long Term Debt Principal Payments		689,769
New Debt Issuance		(395,000)
Interest Payable		(270)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment combines the net changes in deferred taxes and revenues between years.</p>		
Property Taxes		(7,728)
Assessment Revenue		(133,136)
		(140,864)
Change in Net Position	\$	1,169,574

See accompanying notes to basic financial statements

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The Urban Renewal Agency of the City of Hood River (Agency) was formed September 22, 1986, under the provisions of the Oregon Revised Statutes (ORS). The Agency operates under a Board-Manager form of government and provides specific projects located in each Urban Renewal District.

The Agency is a blended component unit of the City of Hood River and is a municipal corporation governed by an elected nine member board composed of seven members concurrently serving on the Hood River City Council and two members concurrently serving on the Port of Hood River Board of Commissioners. Generally accepted accounting principles, in the United States of America, require that these basic financial statements present the Agency and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement No. 61, are separate organizations that are included in the Agency's reporting entity because of the significance of their operational or financial relationships with the Agency and the existence of a financial benefit/burden relationship. All significant activities and organizations with which the Agency exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units. The Urban Renewal Agency of the City of Hood River is a component unit of the City of Hood River because the Hood River City Council exercises oversight authority over the Agency as demonstrated by the make-up of the Agency's Board Members, and because of its economic dependency on the City of Hood River.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The government-wide statements report information irrespective of fund activity, and the fund financial statements report information using the funds. The government-wide 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. These statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

General receipts are from property and related taxes, assessments, and interest. All disbursements are categorized as program disbursements and interest on long-term debt.

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered 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.

While the financial position, results of operations, and changes in fund balance/net position is reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP basis are that capital outlay is expensed when purchased, depreciation and amortization expenses are not reported, property taxes and assessment revenue are recognized as revenue when received instead of when levied, proceeds of long-term borrowing are recognized as an "other financing source" when borrowed and principal paid is considered an expenditure when paid. Bond issue costs are recognized as expenditures when bonds are issued.

Financial operations are accounted for in the following major governmental funds:

General Fund

This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Columbia Cascade District Fund

This fund accounts for the payments of principal and interest on urban renewal debt and other costs specific to the Columbia Cascade Plan. The primary sources of revenue are tax increment revenues and interest income.

Waterfront District Fund

This fund accounts for the financial activities specific to the Waterfront Plan. The primary sources of revenue are tax increment revenues and interest income.

The Heights District Fund

This fund accounts for the financial activities specific to The Heights Plan. The primary sources of revenue are tax increment revenues and interest income.

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETS

A budget is prepared for each governmental fund type in accordance with the legal requirements set forth in the Oregon Local Budget Law. The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in early spring with a public hearing being held approximately three weeks later. The budget may be amended prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30.

The expenditure budgets are appropriated at the following levels:

LEVEL OF CONTROL

Materials and Services
Capital Outlay
Debt Service
Operating Contingency
Transfers

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original and final budget amounts. Expenditures in all funds were within authorized appropriations, except for capital outlay in the Waterfront Plan Fund by \$395,000.

D. PROPERTY TAXES AND PROPERTY TAXES RECEIVABLE

Property taxes receivable is recorded to indicate the amount of uncollected taxes that are expected to be received in the future. Such taxes are offset by a liability to indicate that these amounts have been recorded as receipts in the governmental statements. Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Taxes are billed and collected by Hood River County and remittance to the Agency is made at periodic intervals.

E. ESTIMATES

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

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. CASH AND INVESTMENTS

For financial reporting purposes, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

G. RECEIVABLES AND PAYABLES

Assessments are recognized as receivables at the time property owners are assessed on property improvements. These assessments are liens on the affected properties. These receivables are offset by unavailable revenue in the governmental funds, as assessment revenue is recognized upon collection.

Management has determined that no provision for uncollectible assessments is considered necessary. In the government-wide financial statements, assessment receivables are recognized as revenue when earned.

Investment earnings (e.g., accrued interest receivable) are recorded as revenue in all fund types as earned on investments.

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. CAPITAL ASSETS

Capital assets—which include property, plant, buildings and improvements, equipment, and infrastructure assets (e.g., streets, roads, bridges, sidewalks, and similar items)—are reported in the agency-wide financial statements. Capital assets are defined as tangible assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one operating cycle. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. No capital assets have been acquired with funding provided by federal assistance or from other agencies.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Depreciation on exhaustible assets is depreciated using the straight-line method. The Agency has not acquired any capital assets other than infrastructure and these assets are depreciated over an estimated useful life of forty years.

I. LONG-TERM OBLIGATIONS

Long-term obligations are reported in the government-wide financial statements as liabilities. The governmental individual fund financial statements do not report long-term obligations because they do not require the use of current financial resources.

J. NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other assets that are not included in the other categories previously mentioned.

K. FUND BALANCE

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. FUND BALANCE (CONTINUED)

of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. By resolution, the decision-making for assigning amounts are delegated to the Urban Renewal Administrator and the Finance Director.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There are no nonspendable, committed, assigned or unassigned fund balances.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

L. 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 government has no such items.

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 government has only one type of item, which arises only under a modified accrual basis of accounting, which 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.

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

The cash is pooled with the City of Hood River. Please refer to the City's basic financial statements, issued under separate cover, for additional information pertaining to the nature and collateralization of the City's cash and investments.

Cash and investments are comprised of the following at June 30, 2016:

Investments with Hood River County Investment Pool	\$ 1,212,776
Total	<u>\$ 1,212,776</u>

DEPOSITS

Deposits with financial institutions consist of bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

CUSTODIAL CREDIT RISK

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2016 the bank balance was \$727,011, none of which was exposed to custodial credit risk because it was insured by FDIC or collateralized by the Oregon Public Funds Collateralization Program.

INVESTMENTS

The investment balances at year end were as follows:

<u>Investment type</u>	<u>Fair Value</u>	<u>Percent of Investment Portfolio</u>	<u>Rating</u>
Hood River County Investment Pool	\$ 1,212,776	100.00%	Not Rated

The policy is to follow state statutes governing cash management. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Investments in the Hood River County pooled cash and investments include the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned.

The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016.

The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report.

As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. Other investments held by the County include municipal bonds, high level corporate bonds and US Agency securities in line with the State and County's investment policies. These investments are reported at fair value.

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates the investment policy limits investments as follows:

<u>Investment type</u>	<u>Maximum Percent of Portfolio</u>	<u>Maximum Length of Maturity</u>
United States Treasury Securities	100%	18 months
United States Agency Securities	75%	18 months
Oregon Local Government Investment Pool	100%	18 months
Hood River County Investment Pool	100%	18 months
Certificates of Deposit	75%	18 months

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated. No investments were made in the State Pool.

Concentration of Credit Risk

At June 30, 2016, 100% of total investments were in the Hood River County investment Pool. State statutes do not limit the percentage of investments in this instrument.

3. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions.

The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End Of Year</u>
Capital Assets not being depreciated				
Land	\$ -	\$ 395,000	\$ -	\$ 395,000
Capital Assets being depreciated				
Infrastructure	5,900,324	-	-	5,900,324
Accumulated Depreciation				
Infrastructure	59,003	118,006	-	177,009
Total Net Capital Assets	<u>\$ 5,841,321</u>	<u>\$ 276,994</u>	<u>\$ -</u>	<u>\$ 6,118,315</u>

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG-TERM DEBT

Several intergovernmental agreements were entered into between the Agency and the City of Hood River and the Port of Hood River to fund various projects. The agreements bear no interest until the debt becomes payable and will be paid by the Agency from incremental tax revenues when available; therefore there are no payment schedules.

On April 30, 2014 bonds were issued in the amount of \$2,000,000 for the Columbia Cascade Urban Renewal Area Plan. Principal is payable in annual installments of \$395,530 to \$415,111 on December 1st of each year. Interest is payable semi-annually on December 1 and June 1. The interest rate is 2.3%. Future payments are as follows:

Year	Principal	Interest
2016-17	\$ 396,332	\$ 23,774
2017-18	405,651	14,423
2018-19	415,111	4,853
Total	<u>\$ 1,217,094</u>	<u>\$ 43,050</u>

In February 2016, the Agency received loan proceeds related to the purchase of property referred to as the Upland Property. The agreement bears no interest until the debt becomes payable and will be paid by the Agency incremental tax revenues when available; therefore there are no payment schedules.

Changes in Long-term liabilities during the year are as follows:

	Interest Rate	Original Issue	Outstanding 7/1/2015	Issued	Matured and Redeemed	Outstanding 6/30/16	Due Within One year
Loans Payable:							
Consolidated IGA Loans	0%	\$ 582,949	\$ 582,949	\$ -	\$ -	\$ 582,949	\$ 299,368
WWTP	2%	750,000	307,338	-	302,393	4,945	4,945
Upland Property	0%	395,000	-	395,000	-	395,000	-
Bonds Payable:							
URA Bond	2.3%	2,000,000	1,604,470	-	387,376	1,217,094	396,332
Total			<u>\$ 2,494,757</u>	<u>\$ 395,000</u>	<u>\$ 689,769</u>	<u>\$ 2,199,988</u>	<u>\$ 700,645</u>

6. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; errors and omissions; and natural disasters. The Agency is covered by The City of Hood River's commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for three years.

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. INTERFUND TRANSFERS

The composition of interfund transfers as of June 30, 2016, is as follows:

	General Fund	Columbia Cascade Plan Fund	Waterfront Plan Fund	The Heights Plan Fund	Totals
Transfer Out	\$ -	\$ 4,240	\$ 4,240	\$ 2,120	\$ 10,600
Transfer In	10,600	-	-	-	10,600
Total Transfers	<u>\$ 10,600</u>	<u>\$ 4,240</u>	<u>\$ 4,240</u>	<u>\$ 2,120</u>	<u>\$ 21,200</u>

The interfund transfers are budgeted and recorded to show legal and operational commitments between funds. The debt service and waterfront plan funds transfers to the general fund are for shared operational costs common to both plan areas.

8. RELATED PARTY TRANSACTIONS

Administrative services are contracted with the City of Hood River, including general administration and project management. Administrative costs for the year ended June 30, 2015 and June 30, 2016 were \$135,577 and \$138,000 respectively. The Agency is an additional insured on the City of Hood River's commercial insurance policy and the City pays the premium on this policy.

This Page Intentionally Left Blank

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2016

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Interest on Investments	\$ 500	\$ 500	\$ 13	\$ (487)
Total Revenues	<u>500</u>	<u>500</u>	<u>13</u>	<u>(487)</u>
EXPENDITURES:				
Materials and Services	16,448	16,448 (1)	14,240	2,208
Contingency	<u>5,000</u>	<u>5,000 (1)</u>	<u>-</u>	<u>5,000</u>
Total Expenditures	<u>21,448</u>	<u>21,448</u>	<u>14,240</u>	<u>7,208</u>
Excess of Revenues, Over (Under) Expenditures	(20,948)	(20,948)	(14,227)	6,721
Other Financing Sources, (Uses)				
Transfers In	<u>10,600</u>	<u>10,600</u>	<u>10,600</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>10,600</u>	<u>10,600</u>	<u>10,600</u>	<u>-</u>
Net Change in Fund Balance	(10,348)	(10,348)	(3,627)	6,721
Beginning Fund Balance	<u>10,348</u>	<u>10,348</u>	<u>10,348</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,721</u>	<u>\$ 6,721</u>

(1) Appropriation Level

This Page Intentionally Left Blank

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2016

COLUMBIA CASCADE DISTRICT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Property Taxes	\$ 864,425	\$ 864,425	\$ 1,034,090	\$ 169,665
Interest on Investments	500	500	4,989	4,489
Assessments	10,100	10,100	-	(10,100)
Miscellaneous	196,420	196,420	129,099	(67,321)
Total Revenues	<u>1,071,445</u>	<u>1,071,445</u>	<u>1,168,178</u>	<u>96,733</u>
EXPENDITURES:				
Development Program	55,000	65,000 (1)	64,685	315
Materials and Services (unallocated)	5,000	5,000 (1)	-	5,000
Debt Service	546,875	546,875 (1)	420,365	126,510
Contingency	296,333	286,333 (1)	-	286,333
Total Expenditures	<u>903,208</u>	<u>903,208</u>	<u>485,050</u>	<u>418,158</u>
Excess of Revenues, Over (Under) Expenditures	168,237	168,237	683,128	514,891
Other Financing Sources, (Uses)				
Transfers In	250,000	250,000	-	(250,000)
Transfer out	(254,240)	(254,240) (1)	(4,240)	250,000
Total Other Financing Sources (Uses)	<u>(4,240)</u>	<u>(4,240)</u>	<u>(4,240)</u>	<u>-</u>
Net Change in Fund Balance	163,997	163,997	678,888	514,891
Beginning Fund Balance	<u>18,310</u>	<u>18,310</u>	<u>275,875</u>	<u>257,565</u>
Ending Fund Balance	<u>\$ 182,307</u>	<u>\$ 182,307</u>	<u>\$ 954,763</u>	<u>\$ 772,456</u>

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2016

WATERFRONT DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 320,000	\$ 320,000	\$ 347,816	\$ 27,816
Interest on Investments	150	150	1,004	854
Total Revenues	<u>320,150</u>	<u>320,150</u>	<u>348,820</u>	<u>28,670</u>
EXPENDITURES:				
Development Program	70,000	70,000	(1) 68,282	1,718
Materials and Services (unallocated)	500	500	(1) -	500
Capital Outlay	-	-	(1) 395,000	(395,000)
Debt Service	248,533	307,976	(1) 307,976	-
Contingency	23,365	23,365	(1) -	23,365
Total Expenditures	<u>342,398</u>	<u>401,841</u>	<u>771,258</u>	<u>(369,417)</u>
Excess of Revenues, Over (Under) Expenditures	(22,248)	(81,691)	(422,438)	(340,747)
Other Financing Sources, (Uses)				
Loan Proceeds	-	-	395,000	395,000
Transfers In	80,000	139,443	(1) -	(139,443)
Transfers Out	(84,240)	(143,683)	(1) (4,240)	139,443
Total Other Financing Sources, (Uses)	<u>(4,240)</u>	<u>(4,240)</u>	<u>390,760</u>	<u>395,000</u>
Net Change in Fund Balance	(26,488)	(85,931)	(31,678)	54,253
Beginning Fund Balance	<u>35,538</u>	<u>94,981</u>	<u>66,777</u>	<u>(28,204)</u>
Ending Fund Balance	<u>\$ 9,050</u>	<u>\$ 9,050</u>	<u>\$ 35,099</u>	<u>\$ 26,049</u>

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2016

HEIGHTS DISTRICT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Property Taxes	\$ 85,985	\$ 85,985	\$ 126,587	\$ 40,602
Interest on Investments	250	250	1,307	1,057
Total Revenues	<u>86,235</u>	<u>86,235</u>	<u>127,894</u>	<u>41,659</u>
EXPENDITURES:				
Development Program	73,500	73,500 (1)	30,412	43,088
Materials and Services (unallocated)	500	500 (1)	-	500
Contingency	38,322	38,322 (1)	-	38,322
Total Expenditures	<u>112,322</u>	<u>112,322</u>	<u>30,412</u>	<u>81,910</u>
Excess of Revenues, Over (Under) Expenditures	(26,087)	(26,087)	97,482	123,569
Other Financing Sources, (Uses)				
Transfers In	85,000	85,000	-	(85,000)
Transfers Out	(87,120)	(87,120) (1)	(2,120)	85,000
Total Other Financing Sources, (Uses)	<u>(2,120)</u>	<u>(2,120)</u>	<u>(2,120)</u>	<u>-</u>
Net Change in Fund Balance	(28,207)	(28,207)	95,362	123,569
Beginning Fund Balance	<u>141,901</u>	<u>141,901</u>	<u>154,931</u>	<u>13,030</u>
Ending Fund Balance	<u>\$ 113,694</u>	<u>\$ 113,694</u>	<u>\$ 250,293</u>	<u>\$ 136,599</u>

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2016

COLUMBIA CASCADE DISTRICT FUND:

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT 7/01/15	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/16
Current:						
2015-16	\$ 1,051,582	\$ 26,544	\$ (5,776)	\$ 500	\$ 999,941	\$ 19,821
Prior Years:						
2014-15	22,255	(1)	(3,653)	908	10,915	8,596
2013-14	10,775	-	(642)	1,159	5,498	5,794
2012-13	7,816	-	(1,113)	1,437	4,651	3,489
2011-12	3,867	-	(896)	772	1,936	1,807
2011 & Prior	5,861	-	(649)	27	29	5,210
Total Prior	50,574	(1)	(6,953)	4,303	23,029	24,896
Total	<u>\$ 1,102,156</u>	<u>\$ 26,543</u>	<u>\$ (12,729)</u>	<u>\$ 4,803</u>	<u>\$ 1,022,970</u>	<u>\$ 44,717</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 1,022,970
Amount Accrued as of 6/30/15	(4,178)
Amount Accrued as of 6/30/16	5,653
Taxes, (Adjustments) in Lieu	<u>9,645</u>
Total Revenue	<u>\$ 1,034,090</u>

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2016

WATERFRONT DISTRICT FUND:

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT 7/01/15	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/16
Current:						
2015-16	\$ 357,367	\$ 9,021	\$ (1,963)	\$ 170	\$ 339,817	\$ 6,736
Prior Years:						
2014-15	7,243	-	(577)	305	3,663	3,308
2013-14	2,672	-	(158)	287	1,364	1,437
2012-13	1,102	-	(157)	203	656	492
2011-12	531	-	(124)	106	265	248
2011 & Prior	168	-	(27)	1	1	141
Total Prior	11,716	-	(1,043)	902	5,949	5,626
Total	<u>\$ 369,083</u>	<u>\$ 9,021</u>	<u>\$ (3,006)</u>	<u>\$ 1,072</u>	<u>\$ 345,766</u>	<u>\$ 12,362</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 345,766
Amount Accrued as of 6/30/15	(969)
Amount Accrued as of 6/30/16	1,790
Taxes, (Adjustments) in Lieu	1,229
Total Revenue	<u>\$ 347,816</u>

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of the City of Hood River, Oregon)
HOOD RIVER COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2016

HEIGHTS DISTRICT FUND:

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT 7/01/15	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/16
Current:						
2015-16	\$ 130,253	\$ 3,288	\$ (716)	\$ 62	\$ 123,856	\$ 2,455
Prior Years:						
2014-15	2,052	-	(445)	93	1,114	586
2013-14	846	-	663	69	824	754
2012-13	657	-	(39)	71	336	353
2011-12	-	-	-	-	-	-
2011 & Prior	-	-	-	-	-	-
Total Prior	3,555	-	179	233	2,274	1,693
Total	<u>\$ 133,808</u>	<u>\$ 3,288</u>	<u>\$ (537)</u>	<u>\$ 295</u>	<u>\$ 126,130</u>	<u>\$ 4,148</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 126,130
Amount Accrued as of 6/30/15	(295)
Amount Accrued as of 6/30/16	634
Taxes, (Adjustments) in Lieu	118
Total Revenue	<u>\$ 126,587</u>

URBAN RENEWAL AGENCY OF THE CITY OF HOOD RIVER
(A Component Unit of The City of Hood River)

HOOD RIVER COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS

This Page Intentionally Left Blank



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

January 26, 2017

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Urban Renewal Agency of the City of Hood River as of and for the year ended June 30, 2016 and have issued our report thereon dated January 26, 2017. 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 financial statements are free of material misstatement, we performed tests of 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, noncompliance with which could have a direct and material effect on the 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:

- **Deposit 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 Urban Renewal Agency of the City of Hood River 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, except for the following:

1. We noted expenditures of the various funds were within authorized amounts, except as noted on page 13.

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the Board of Directors, management, the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.