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, 2024

HOOD RIVER
URBAN RENEWAL AGENCY

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, 2024

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, 2024

NAME	TERM EXPIRES
Mark Zanmiller, Chair	December 31, 2024
Megan Saunders, Vice Chair	December 31, 2024
Paul Blackburn	December 31, 2024
Heather Gehring – Port Appointed	December 31, 2024
Gladys Rivera	December 31, 2024
Ben Sheppard – Port Appointed	December 31, 2025
Ben Mitchell	December 31, 2026
Grant Polson	December 31, 2026
Doug Stepina	December 31, 2026

Board Members receive mail at the address listed below.

BOARD ADDRESS
Will Norris, Agency Administrator
Urban Renewal Agency of the City of Hood River
211 2nd St.
Hood River, Oregon 97031

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

HOOD RIVER COUNTY, OREGON

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	6
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	9
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	18
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to Statement of Activities	19
Notes to Basic Financial Statements	20
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Actual and Budget Major Funds	
General Fund	30
Columbia Cascade District Fund	31
Waterfront District Fund	32
The Heights District Fund	33
INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	35

INDEPENDENT AUDITORS' REPORT

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

December 31, 2024

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the 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 Urban Renewal Agency of the City of Hood River, as of June 30, 2024, and the respective changes in financial position 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 the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Urban Renewal Agency of the City of Hood River 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 Urban Renewal Agency of the City of Hood River's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 Urban Renewal Agency of the City of Hood River'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 Urban Renewal Agency of the City of Hood River'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.

Required Supplementary Information

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

The budgetary comparison information presented as required supplementary information, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 31, 2024 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

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

HOOD RIVER
URBAN RENEWAL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2024

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 earned property taxes of $1.24M. These taxes are directly related to the increase in property tax increment that is tied to the assessed value of properties located within the Urban Renewal plan areas.

The Agency will incur a small amount of debt associated with the creation of the new Westside Urban Renewal District. These expenses were paid by the City of Hood River in FY2023-24. The City will be repaid by the resulting Westside Urban Renewal District that will begin collecting tax increment in FY2024-25.

The Waterfront District has pledged to repay debt issued by the City of Hood River to finance the DEQ Storm Pipe Relocation Project in the amount of $1.28M. The outstanding balance is reported as a long-term obligation on the Statement of Net Position and as a correction of an error as the balance was omitted from the prior year's financial statements.

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 Agency'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.

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.

Required Supplementary Information - A "Budgetary Comparison Statement" for each fund is presented as required supplementary information.

CONDENSED COMPARATIVE DATA AND FINANCIAL ANALYSIS

Government-Wide Financial Statements – Statement of Net Position

Table 1
Government Activities

ASSETS	2024	2023 (restated)
Current Assets	$ 5,142,930	$ 5,665,633
Capital Assets, net	5,174,262	5,292,269
Total assets	10,317,192	10,957,902
LIABILITIES		
Current Liabilities	25,651	40,001
Noncurrent Liabilities	1,277,045	1,277,045
Total liabilities	1,302,696	1,317,046
NET POSITION		
Net Investment in Capital Assets	3,897,217	5,292,269
Restricted	5,117,279	4,348,587
Total net position	$ 9,014,496	$ 9,640,856

Government-Wide Financial Statements – Statement of Activities

Table 2
Government Activities

REVENUES	2024	2023 (restated)	Change	
Property Taxes	$ 1,238,897	$ 1,193,839	$ 45,058	3.8%
Other Revenues	299,671	179,740	119,931	66.7%
Total revenues	1,538,568	1,373,579	164,989	12.0%
EXPENSES				
General Government	900,799	633,242	267,557	42.3%
Contributions - City Projects	1,245,182	-	1,245,182	n.m.
Interest	18,947	6,623	12,324	186.1%
Total expenses	2,164,928	639,865	1,525,063	238.3%
Changes in Net Position	(626,360)	733,714	(1,360,074)	-185.4%
Net Position - Beginning	9,640,856	8,907,142	733,714	8.2%
Net Position - Ending	$ 9,014,496	$ 9,640,856	$ (626,360)	-6.5%

Property tax revenues are no longer levied for the Columbia Cascade District. Government expenditures were primarily cost for the signalization of 2nd and Oak Street, the Waterfront District stormwater line project, administrative costs, and consultant fees for Heights District planning activities.

BUDGETARY VARIATIONS

Budgetary schedules by fund can be found on pages 30-33.

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 – The Agency has $1.28M in outstanding long-term obligations associated with financing the Waterfront Storm Line Replacement project.

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 are:

- The Columbia Cascade (Downtown) Plan, adopted in 1987, no longer collects tax increment effective July 1, 2022. The district's full assessed value has been released to the general tax rolls, benefiting all overlapping taxing districts. The Columbia Cascade District still has some remaining funds to deploy on redevelopment projects. The FY2024-25 Proposed Budget includes the following projects:
    - Stormwater infrastructure.
    - Additional redevelopment projects if funds remain after the stormwater project is complete.

- The Waterfront Plan, adopted in 2008, is reserving all remaining spending authority to replace the primary stormwater line in the District that began to fail 2019. Two phases of the stormwater line project have been completed with two phases outstanding. The Authorized Maximum Indebtedness of the district was increased by $2.15 Million to $7.9 Million in FY2023-24 by Ordinance 2082 (2024).

- The Heights District completed a multiyear community planning process that resulted in the "Heights Streetscape Plan". This plan was formally incorporated into the Heights Urban Renewal Plan by Resolution 2024-URA-01. The Urban Renewal Agency is now working to secure a jurisdictional transfer from the Oregon Department of Transportation for the portion of OR-281 that runs through the Heights District. Engineering and construction of Heights Streetscape Plan identified projects will commence after a jurisdictional transfer is executed.

- The new Westside District will begin operation in FY2024-25. A planning process is underway to define the initial investment targets. The Westside District will assume debt to the City of Hood River for expenses incurred in that district's creation.

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 Hood River Urban Renewal Administrator at 211 2nd Street, Hood River, Oregon 97031 or w.norris@cityofhoodriver.gov.

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

HOOD RIVER, OREGON

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 NET POSITION
June 30, 2024

ASSETS:		
Funds Held at City of Hood River	$	5,110,166
Taxes Receivable		32,764
Capital Assets - Nondepreciable		395,000
Capital Assets, Decpreciable - Net of Accumulated Depreciation		4,779,262
Total Assets		10,317,192
LIABILITIES:		
Accounts Payable		6,704
Accrued Interest		18,947
Long Term Debt		
Due Within One Year		17,778
Due in More Than One Year		1,259,267
Total Liabilities		1,302,696
NET POSITION:		
Net Investment in Capital Assets		3,897,217
Restricted for Urban Renewal		5,117,279
Total Net Position	$	9,014,496

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, 2024

FUNCTIONS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
Economic and Physical Development	$ 900,799	$ -	$ -	$ (900,799)
Interest Expense on Long-Term Debt	18,947	-	-	(18,947)
Total Governmental Activities	$ 919,746	$ -	$ -	(919,746)
General Revenues:				
Property Taxes				1,238,897
Investment earnings (losses)				299,671
Contributions to City - Capital Projects				(1,245,182)
Total General Revenues				293,386
Change in Net Position				(626,360)
Net Position - Beginning, as reported				10,917,901
Correction of an error				(1,277,045)
Net Position - Beginning, as restated				9,640,856
Net Position - Ending				$ 9,014,496

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, 2024

	GOVERNMENTAL FUND TYPES				
	GENERAL FUND	COLUMBIA CASCADE DISTRICT FUND	WATERFRONT DISTRICT FUND	THE HEIGHTS DISTRICT FUND	TOTAL GOVERNMENTAL
ASSETS:					
Funds Held at City of Hood River	$ 88,487	$ 2,842,451	$ 1,323,376	$ 855,852	$ 5,110,166
Receivables:					
Taxes	-	-	24,292	8,472	32,764
Total Assets	$ 88,487	$ 2,842,451	$ 1,347,668	$ 864,324	$ 5,142,930
LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCE:					
Liabilities:					
Accounts Payable	$ 198	$ -	$ -	$ 6,506	$ 6,704
Accrued Interest Payable	-	-	18,947	-	18,947
Total Liabilities	198	-	18,947	6,506	25,651
Deferred Outflows of Resources:					
Unavailable Revenue - Taxes	-	-	20,196	7,008	27,204
Total Deferred Outflows of Resources	-	-	20,196	7,008	27,204
Fund Balance:					
Restricted for Urban Renewal	88,289	2,842,451	1,308,525	850,810	5,090,075
Total Fund Balance	88,289	2,842,451	1,308,525	850,810	5,090,075
Total Liabilities, Deferred Outflows of Resources, and Fund Equity	$ 88,487	$ 2,842,451	$ 1,347,668	$ 864,324	$ 5,142,930

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, 2024

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.		
Fund Balances	$	5,090,075
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.		
Net Capital Assets		5,174,262
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.		
Long-term debt		(1,277,045)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Deferred Revenue, Net		27,204
Net Position	$	9,014,496

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, 2024

	GENERAL FUND	COLUMBIA CASCADE DISTRICT FUND	WATERFRONT DISTRICT FUND	THE HEIGHTS DISTRICT FUND	TOTAL GOVERNMENTAL
REVENUES:					
Taxes	$ -	$ 2,773	$ 908,931	$ 328,875	$ 1,240,579
Interest on Investments	3,667	200,313	53,310	42,381	299,671
Total Revenues	3,667	203,086	962,241	371,256	1,540,250
EXPENDITURES:					
Current:					
Materials and Services	142,628	199,243	65,946	195,149	602,966
Debt Service	-	-	18,947	-	18,947
Special Payment	-	179,826	-	-	179,826
Total Expenditures	142,628	379,069	84,893	195,149	801,739
Excess of Revenues, Over (Under) Expenditures	(138,961)	(175,983)	877,348	176,107	738,511
OTHER FINANCING SOURCES (USES):					
Conribution to City of Hood River	-	(1,191,893)	(53,289)	-	(1,245,182)
Transfers In	172,575	-	-	-	172,575
Transfers Out	-	(57,525)	(57,525)	(57,525)	(172,575)
Total Other Financing Sources (Uses)	172,575	(1,249,418)	(110,814)	(57,525)	(1,245,182)
Net Change in Fund Balance	33,614	(1,425,401)	766,534	118,582	(506,671)
Beginning Fund Balance	54,675	4,267,852	541,991	732,228	5,596,746
Ending Fund Balance	$ 88,289	$ 2,842,451	$ 1,308,525	$ 850,810	$ 5,090,075

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, 2024

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	$	(506,671)
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.		
Depreciation Expense		(118,007)
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.		
Property Taxes		(1,682)
Change in Net Position	$	(626,360)

See accompanying 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

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.

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 one (1) month of the end of the current fiscal year. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

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.

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 is declared no later than June 30.

The expenditure budgets are appropriated at the following levels:

LEVEL OF CONTROL

Operations Program
Debt Service
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 for the year ended June 30, 2024, with the exception of the URA Waterfront District – debt service over budget by $18,947.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

F. FUNDS HELD AT CITY OF HOOD RIVER

The District's cash and cash equivalent balance are pooled with, and held at, the City of Hood River. The nature, fair value, collateralization, and other information related to cash and cash equivalents can be found in the City of Hood River's audited financial statements.

G. 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 $10,000 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 land and infrastructure, which is depreciated over an estimated useful life of fifty (50) years.

H. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. NET POSITION/FUND EQUITY

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.

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 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 is 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. NET POSITION/FUND EQUITY (CONTINUED)

It is the policy of the City that General Fund resources are to be expended – when multiple fund balance types are available for a specific purpose – in the following order: Restricted, Committed, Assigned, and Unassigned. All other funds are to expend fund balances in the following order: Assigned, Committed and Restricted.

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.

J. 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.

2. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school 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.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	GOVERNMENTAL ACTIVITIES CAPITAL ASSETS			
	June 30, 2023	Additions	Disposals	June 30, 2024
Capital Assets not being depreciated				
Land	$ 395,000	$ -	$ -	$ 395,000
Capital Assets being depreciated				
Infrastructure	5,900,324	-	-	5,900,324
Accumulated Depreciation				
Infrastructure	(1,003,055)	(118,007)	-	(1,121,062)
Total Capital Assets being Depreciated, Net	4,897,269	(118,007)	-	4,779,262
Total Net Capital Assets	$ 5,292,269	$ (118,007)	$ -	$ 5,174,262

4. LONG-TERM OBLIGATIONS

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

	GOVERNMENTAL ACTIVITES						
	Interest Rate	Original Issue	Beginning Balance	Error Correction	Additions	Deletions	Ending Balance
Direct Borrowings:							
City of Hood River DEQ Storm Loan	1.18%	1,277,045	-	1,277,045	-	-	1,277,045
Total Long-term Obligations			$ -	$ 1,277,045	$ -	$ -	$ 1,277,045

The Waterfront District has pledged repayment of debt issued by the City of Hood River to finance the DEQ Storm Pipe Relocation Project in the amount of $1,277,045. The full amount was disbursed as of the end of the prior fiscal year and the balance was omitted from the financial statements. The error correction adds the debt balance to the government-wide statements as a restatement of Beginning Net Position.

4. LONG-TERM OBLIGATIONS (CONTINUED)

Future repayments on City of Hood River loans will be as follows:

Fiscal Year	Principal	Interest	Total
2024-25	$ 17,778	$ 23,532	$ 41,310
2025-26	35,872	8,854	44,726
2026-27	36,297	8,429	44,726
2027-28	36,726	8,000	44,726
2028-29	37,161	7,565	44,726
2029-34	192,506	31,124	223,630
2034-39	204,171	19,459	223,630
2039-44	216,534	7,089	223,623
	777,045	$ 114,052	$ 891,097
DEQ Storm Pipe Relocation Proj. R45762 - forgiving FY25	500,000		
	$ 1,277,045		

5. 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.

6. INTERFUND TRANSFERS

Interfund transfers are budgeted and recorded to show legal and operational commitments between funds. Each of the three plans transfers its share of operational costs to the general fund.

7. 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, 2023, were $144,000 ($48,000 per District). Administrative costs for the year ended June 30, 2024, were $172,575 ($57,525 per District). 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.

8. CORRECTION OF AN ERROR

The Waterfront District has pledged repayment of debt issued by the City of Hood River to finance the DEQ Storm Pipe Relocation Project in the amount of $1,277,045. The full amount was disbursed as of the end of the prior fiscal year and the balance was omitted from the financial statements. The error correction adds the debt balance to the government-wide statements as a restatement of Beginning Net Position.

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

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, 2024

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Investment Earnings (Losses)	$ 370	$ 370	$ 3,667	$ 3,297
Total Revenues	370	370	3,667	3,297
EXPENDITURES:				
Operations	187,570	191,570 (1)	142,628	48,942
Expenditures Not Allocated:				
Contingency	4,500	500 (1)	-	500
Total Expenditures	192,070	192,070	142,628	49,442
Excess of Revenues, Over (Under) Expenditures	(191,700)	(191,700)	(138,961)	52,739
Other Financing Sources, (Uses)				
Transfers In	172,575	172,575	172,575	-
Total Other Financing Sources, (Uses)	172,575	172,575	172,575	-
Net Change in Fund Balance	(19,125)	(19,125)	33,614	52,739
Beginning Fund Balance	37,000	37,000	54,675	17,675
Ending Fund Balance	$ 17,875	$ 17,875	$ 88,289	$ 70,414

(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, 2024

COLUMBIA CASCADE DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Property Taxes	$ -	$ -		$ 2,773	$ 2,773
Investment Earnings (Losses)	40,429	40,429		200,313	159,884
Miscellaneous	14,070	14,070		-	-
Total Revenues	54,499	54,499		203,086	162,657
EXPENDITURES:					
Operations	4,039,935	4,039,935	(1)	1,391,136	2,648,799
Expenditures Not Allocated:					
Debt Service	-	-	(1)		-
Special Payments	-	179,827	(1)	179,826	1
Contingency	-	45,064	(1)	-	45,064
Total Expenditures	4,039,935	4,264,826		1,570,962	2,693,864
Excess of Revenues, Over (Under) Expenditures	(3,985,436)	(4,210,327)		(1,367,876)	2,842,451
Other Financing Sources, (Uses)					
Transfer out	(57,525)	(57,525)	(1)	(57,525)	-
Total Other Financing Sources (Uses)	(57,525)	(57,525)		(57,525)	-
Net Change in Fund Balance	(4,042,961)	(4,267,852)		(1,425,401)	2,842,451
Beginning Fund Balance	4,042,961	4,267,852		4,267,852	-
Ending Fund Balance	$ -	$ -		$ 2,842,451	$ 2,842,451

(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, 2024

WATERFRONT DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Property Taxes	$ 604,824	$ 604,824		$ 908,931	$ 304,107
Investment Earnings (Losses)	2,500	2,500		53,310	50,810
Total Revenues	607,324	607,324		962,241	354,917
EXPENDITURES:					
Operations	749,799	749,799	(1)	119,235	630,564
Expenditures Not Allocated:					
Debt Service	-	-	(1)	18,947	(18,947)
Contingency	50,000	50,000	(1)	-	50,000
Total Expenditures	799,799	799,799		138,182	661,617
Excess of Revenues, Over (Under) Expenditures	(192,475)	(192,475)		824,059	1,016,534
Other Financing Sources, (Uses)					
Transfers Out	(57,525)	(57,525)	(1)	(57,525)	-
Total Other Financing Sources, (Uses)	(57,525)	(57,525)		(57,525)	-
Net Change in Fund Balance	(250,000)	(250,000)		766,534	1,016,534
Beginning Fund Balance	250,000	250,000		541,991	291,991
Ending Fund Balance	$ -	$ -		$ 1,308,525	$ 1,308,525

(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, 2024

HEIGHTS DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Property Taxes	$ 301,684	$ 301,684		$ 328,875	$ 27,191
Investment Earnings (Losses)	-	-		42,381	42,381
Total Revenues	301,684	301,684		371,256	69,572
EXPENDITURES:					
Operations	238,980	288,980	(1)	195,149	93,831
Expenditures Not Allocated:					
Contingency	125,000	75,000	(1)	-	75,000
Total Expenditures	363,980	363,980		195,149	168,831
Excess of Revenues, Over (Under) Expenditures	(62,296)	(62,296)		176,107	238,403
Other Financing Sources, (Uses)					
Transfers Out	(57,525)	(57,525)	(1)	(57,525)	-
Total Other Financing Sources, (Uses)	(57,525)	(57,525)		(57,525)	-
Net Change in Fund Balance	(119,821)	(119,821)		118,582	238,403
Beginning Fund Balance	766,136	766,136		732,228	(33,908)
Ending Fund Balance	$ 646,315	$ 646,315		$ 850,810	$ 204,495

(1) Appropriation Level

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

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

December 31, 2024

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, 2024 and have issued our report thereon dated December 31, 2024. 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 Statues 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:

1. Budget over expenditure as noted on page 22.

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.