CITY OF OREGON CITY
URBAN RENEWAL COMMISSION - VIRTUAL ONLY
AGENDA

VIRTUAL ONLY via Zoom

Wednesday, January 17, 2024 at 6:00 PM

Ways to participate in this public meeting:

- *VIRTUAL ONLY due to Inclement Weather*

- *Register to provide electronic testimony (email recorderteam@orcity.org or call 503-496-1509 by 3:00 PM on the day of the meeting to register)*

- *Email recorderteam@orcity.org (deadline to submit written testimony via email is 3:00 PM on the day of the meeting)*

- *Mail to City of Oregon City, Attn: City Recorder, P.O. Box 3040, Oregon City, OR 97045*

CALL TO ORDER

ROLL CALL

CITIZEN COMMENTS

Citizens are allowed up to 3 minutes to present information relevant to the City but not listed as an item on the agenda. Prior to speaking, citizens shall complete a comment form and deliver it to the City Recorder. The Urban Renewal Commission does not generally engage in dialog with those making comments but may refer the issue to the City Manager. Complaints shall first be addressed at the department level prior to addressing the Urban Renewal Commission.

DISCUSSION ITEM

1. Election of Chair and Vice Chair for 2024

2. Information for discussion and direction related to Water Quality and Alternatives Evaluation of Clackamette Cove

3. Financial Report for the Fiscal Year Ended June 30, 2023

COMMUNICATIONS

ADJOURNMENT

PUBLIC COMMENT GUIDELINES

Complete a Comment Card prior to the meeting and submit it to the City Recorder. When the Mayor/Chair calls your name, proceed to the speaker table, and state your name and city of residence into the microphone. Each speaker is given three (3) minutes to speak. To assist in tracking your speaking time, refer to the timer on the table.

As a general practice, the City Commission does not engage in discussion with those making comments.

Electronic presentations are permitted but shall be delivered to the City Recorder 48 hours in advance of the meeting.

ADA NOTICE

The location is ADA accessible. Hearing devices may be requested from the City Recorder prior to the meeting. Individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-657-0891.

Agenda Posted at City Hall, Pioneer Community Center, Library, City Website.

Video Streaming & Broadcasts: The meeting is streamed live on the Oregon City's website at www.orcity.org and available on demand following the meeting. The meeting can be viewed on Willamette Falls Television channel 28 for Oregon City area residents as a rebroadcast. Please contact WFMC at 503-650-0275 for a programming schedule.

CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: Urban Renewal Commission **Agenda Date:** 01/17/2024

From: Executive Director, Tony Konkol

SUBJECT:

Information for discussion and direction related to Water Quality and Alternatives Evaluation of Clackamette Cove

STAFF RECOMMENDATION:

Provide staff direction

EXECUTIVE SUMMARY:

The Clackamette Cove (Cove) has experienced cyanobacteria algal blooms in the past, but little water quality data are available. Potential sources of chemical constituents to the Cove include stormwater runoff, the adjacent landfill (via groundwater), historical contamination (e.g., bottom sediments), and the Clackamas River.

On July 28, 2023, Commissioner Frank O'Donnell met with Jerry Herman, Richard Craven, John Borden, Doug Dehart, and James Graham to engage in a discussion on what the City or Urban Renewal Commission should consider mitigating water quality concerns in the Cove. A meeting summary was provided by Commissioner O'Donnell (attached) but in brief, the meeting was to kick off a plan to address concerns for seasonal blue-green algae blooms that could impact recreational and habitat uses of the Cove.

On September 12, 2023, as directed by the Urban Renewal Commission, City Staff, the July meeting representatives, and the Commission met in a work session to discuss the topic. In addition to the O'Donnell summary, the discussion covered an Oswego Lake site tour and the Lake Oswego Corporation's efforts to improve water quality and manage/address the lake's water quality issues including how they are addressing blue-green algae blooms. Staff also provided updates on meetings with representatives from the Portland Permits Section of the US Army Corps of Engineers.

The September meeting's conclusion was for staff to pursue an initial scope of work to study and better understand the existing conditions and evaluate opportunities for water quality improvement. Identify a plan to understand what may be impacting late-season water quality in the Cove to see if 1) there is a problem to solve, 2) whether it is feasible to solve, and 3) if so what might a project scope entail?

To progress in a more informed way Staff met with acknowledged Mike Milne, Clifton Bell, and Krista Reininga, all environmental services staff with Brown and Caldwell to discuss the development of a draft scope of work that the City could pursue to ensure any future analysis is properly informed. The draft scope of work includes data compilation and review, water quality monitor planning and the actual monitoring, data interpretation, alternatives evaluation, and stakeholder engagement. In general, it was agreed that the approach to the Cove water quality analysis and alternative analysis should be considered in phases and in a way that best informs regulatory permitting should a project solution become the recommended result. (See attached DRAFT scope-of-work).

Depending on how the project proceeds and what phases proceed the overall project is anticipated to fall within the following cost range:

Phase 1	$25K - $55K
Phase 2	$50K - $150K
Phase 3	$75K - $120K
Total	$150K - $325K

The Commission should note that factors affecting cost will be impacted by the complexity and logistics of sampling needs, use of City staff or volunteers, number of samples and analytes, number of alternatives being seriously considered, and how many meetings or how much public information is needed to produce.

OPTIONS:

1. Provide direction to staff

DRAFT SCOPE OF WORK

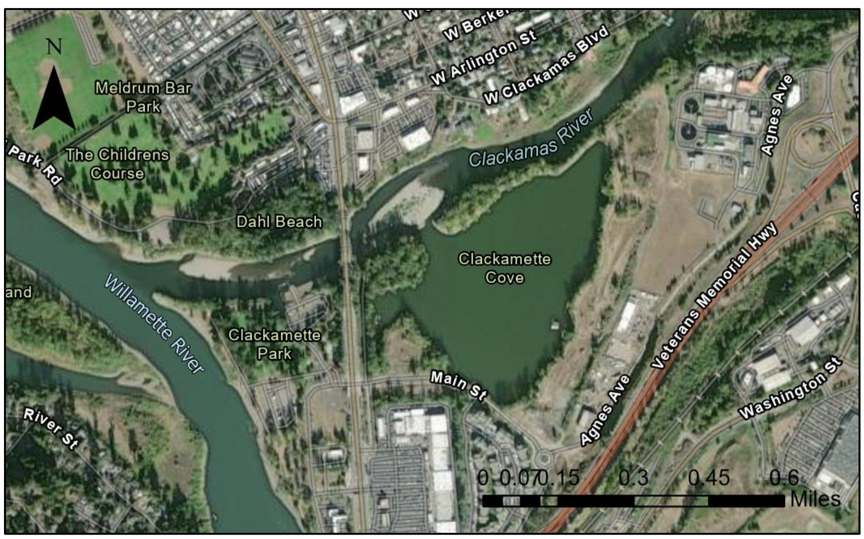
WATER QUALITY AND ALTERNATIVES EVALUATION OF CLACKAMETTE COVE

Oregon City (City) and the Oregon City Urban Renewal Agency (Agency) are requesting proposals from interested parties to perform a water quality study of Clackamette Cove and evaluate opportunities for water quality improvement.

BACKGROUND

Clackamette Cove is a ~38-acre waterbody connected to the Clackamas River in Oregon City, OR. The Cove was previously used for sand and gravel mining and is currently owned by the Agency. Adjacent land uses include commercial development, roads, the Tri-City Wastewater Treatment Plant, and a closed landfill. The Cove area also hosts recreational amenities including the Clackamette Cove Trail and River Access Trails, green spaces, benches, and picnic tables. As such, it is a popular area for walking/exercise and accessing the Clackamas River. The Cove is also sometimes used for swimming and boating. Although Clackamette Cove is hydraulically connected to the Clackamas River, the limited nature of the connection and high depth (up to 18 feet) of the Cove causes it to have a much longer hydraulic residence time than the adjoining river.

Given the characteristics and location of this water feature, the Agency is considering additional recreational residential, and commercial development to maximize the utility of Clackamette Cove to residents. As part of this pursuit, the City and Agency desire additional information on the water quality of Clackamette Cove, including suitability for recreation and aquatic life uses controls on water quality, and opportunities for improvement. The Cove has experienced cyanobacteria algal blooms in the past, but few water quality data are available. Potential sources of chemical constituents to the Cove include stormwater runoff, the adjacent landfill (via groundwater), historical contamination (e.g., bottom sediments), and the Clackamas River.



PHASES AND TASKS

This scope of work includes three phases of tasks. Under Phase 1, the selected Consultant will review available data and design a water quality monitoring study of Clackamette Cove. Under Phase 2, the Consultant will execute the monitoring. Under Phase 3, the Consultant will interpret the results to identify the status and controls on water quality in the Cove, potential pollution sources, and water quality improvement strategies. Specific tasks to be accomplished under these phases are described below.

PHASE 1

Task 1.1 – Data Compilation and Review

The Consultant will compile and review available information on Clackamette Cove to inform subsequent tasks. Examples of information to be included are water quality data from the Cove and river, groundwater monitoring data, land use/infrastructure maps, and previous reports on the Cove or similar water bodies (e.g., Ross Island Lagoon). This task is focused on water quality constituents of concern including cyanobacteria, pathogens, and any toxics of concern that could affect recreational uses of the Cove. This task should include a field visit of the Cove and its drainage area.

Task 1.2 – Water Quality Monitoring Plan

Based on Task 1.1, the Consultant will work with the City to clearly identify monitoring objectives and questions to be answered with monitoring. The Consultant will then prepare a draft water quality monitoring plan for Clackamette Cove, to cover a range of seasonal/hydrologic conditions and constituents of concern. The Consultant will recommend monitoring approaches based on the data review, and expert judgment of information needed to understand environmental controls (cause-and-effect) of water quality in the Cove. The monitoring plan should address monitoring constituents, locations, field/laboratory methods, frequencies, and quality assurance/control practices. The monitoring approach can include initial screening of a larger number of constituents, followed by continued monitoring of a smaller number of constituents. The monitoring plan can also include sediment sampling or flux measurements if recommended by the Consultant.

In designing the monitoring approach, the Consultant should consider opportunities to reduce monitoring labor costs by utilizing Oregon City staff or teaming with a university and/or Clackamas County, and this might affect the monitoring design. This task also includes the development of a health and safety plan for the monitoring effort. The Consultant will revise the draft monitoring plan based on up to two rounds of review by the City and the Agency.

PHASE 2

Task 2.1 – Water Quality Monitoring

Under this task, the Consultant will execute the water quality monitoring plan developed under Phase 1, in cooperation with City staff or other teaming partners. Deliverables of this task include electronic copies of all water quality or sediment data collected, electronic copies of field notes, and a brief data summary report that describes the data that were collected and associated QA/QC evaluations.

PHASE 3

Task 3.1 – Water Quality Data Interpretation

The Consultant will prepare a draft technical memorandum (TM) that summarizes the results of the historical data/report review and water quality monitoring tasks. The TM will include statistical and graphical summaries of water quality in Clackamette Cove. It will compare data to water quality standards and provide scientific interpretations of sources of water quality constituent loading (external and internal), controls on water quality in the Cove (e.g., hydraulic, hydrologic, seasonal controls), and suitability of the Cove's water quality for aquatic life and recreation. The evaluation can include simple water quality models (e.g., mass balance or empirical models) if the Consultant deems such models to be useful for interpretation. The Consultant will revise the draft TM based up to two rounds of review by the City and the Agency.

Task 3.2 – Alternatives Evaluation

Building on previous tasks, the Consultant will evaluate various strategies to improve water quality in Clackamette Cove. This is expected to include an initial screening of methods based on feasibility and applicability to the Cove, followed by a more detailed evaluation and costing of potentially beneficial methods. Categories of strategies to be evaluated can include both external pollutant reduction practices and in-Cove management practices. Strategies can include prevention, mitigation, and monitoring/communication. The evaluation should also include the Consultant's recommendation for any additional monitoring or studies needed to increase certainty in the efficacy of improvement measures.

The deliverable for Task 3.2 will be a TM that identifies all strategies considered and the basis of the initial screening. For strategies that pass the initial screening step, the TM will provide a conceptual design and planning-level capital and O&M cost estimates. The narrative of the TM will discuss the expected benefits of the method, the level of certainty of those benefits, potential drawbacks, and any other practical considerations deemed relevant (e.g., operational, permitting, public perception). The Consultant will revise the draft TM based on up to two rounds of review by the City and the Agency.

Task 3.3 – Stakeholder Engagement

Under Task 3.3, the Consultant will assist the City and the Agency in communicating the methods and results of the Clackamette Cove water quality and alternatives analysis. For budgeting purposes, the Consultant should assume preparation for and attendance at four public meetings, the creation of one informational brochure, and equivalent content for an informational web page.

July 28, 2023

SUBJECT: COVE WATER QUALITY, APPROACHES TO, MEETING SUMMARY

SUMMARY: On this date, met with the below listed individuals to engage in a discussion focused on potential approaches to mitigate water quality in the area commonly referred to as "THE COVE".

LIST OF ATTENDEES AND THEIR QUALIFICATIONS (and areas of expertise):

Jerry Hermann – President, Rivers of Life Center
- Organizer of this meeting
- Former Natural Resources Committee member

Richard Craven –
- Instrumental in obtaining Cove dredging permit (2x)
- Formerly with the Corps of Engineers
- Environmental Consultant
- Extensive managerial experience in Fisheries, Wildlife, bank stabilization (swales)
- Clackamas River Basin Council member
- Former Natural Resources Committee member

John Borden –
- 1 of 3 authors of the THREE BASIN RULE
- Work history with DEQ, State water resources, Department of Forestry
- Private consultant – Water Law and Water Resources

Doug DeHart –
- Oregon Department of Fish and Wildlife – head of Fisheries
- History includes National Marine Fisheries
- Expert in habitat restoration, salmon and andromedas species
- Former Natural Resources Committee member

James Graham -
- Oregon City Economic Development

Frank O'Donnell -
- Commissioner, Oregon City (recorder of this meeting – please forgive any errors!)

PROBLEM STATEMENT: Water quality in THE COVE is the single biggest obstacle to maximum utilization of this resource.

MEETING AND DISCUSSION GUIDELINE: All potential solutions and approaches are welcome and will be discussed.

MEETING GOAL: Improve water quality in THE COVE, avoiding a seasonal (June, July, August, September) hazard to health due to algae bloom and increase and stabilize water quality at a high level, thereby increasing recreational and community usage and increasing the asset value of THE COVE as Fishery and Wildlife habitat and as developable resource.

POTENTIAL SOLUTIONS AND METHODS DISCUSSION:

- Increase water exchange among thermoclines (temperature differentials) in the Cove water
  - Aeration
- Lower overall water temperature in the Cove by increasing water exchange in the Cove
  1. Dredging at mouth of Cove and downstream
  2. Introduce Water Environmental Services effluent
- Utilize free clean fill to entirely fill in existing body of water
  1. Problematical – balanced cut and fill? (waters are defined as "waters of the United States"
  2. Volume of material necessary

DISCUSSION (abridged meeting minutes, not attributed to individual participants):

- It was agreed that the focus should be on a cold water body of water
- Input on the dredging permit revealed the need to interface with The Corps of Engineers and Department of State Lands and usually involves a "start over" approach
- The THREE BASIN RULE basically states that there will be no flow increase greater than that established 15 – 20 years ago (please check with John Borden regarding the correctness of this summary)
- DEQ and the EPA are enforcers of the THREE BASIN RULE.
- Effluent discharge methods include via filtration ponds or direct discharge. (All agreed that only direct discharge would provide the necessary volumes and flow rates.)
- Perforated pipe installed in the (Weeping) peninsula was discussed but fears of destabilizing the peninsula minimized this discussion.
- Regardless of the approach, information to be gathered includes the volume of water in The Cove, seasonal temperatures of water in THE COVE, temperatures at different thermoclines in THE COVE (algae blooms at specific temperatures which will vary with depth of water), volume and temperature of water to be potentially introduced to THE COVE via the WES discharge.
- What historical data is available

SOLUTIONS LISTED IN INCREASING ORDER OF COST AND PERMIT NECESSITY:

1. **Aeration** – relatively inexpensive, exchange of water at different temperature levels may alleviate algae bloom
2. **Effluent introduction from Water Environmental Services** – establish compliance with Three Basin Rule, determine potential positive effect on decreasing water temperature, engage participants and governing agencies
3. **Dredging** – permit required, dredging will not be limited only to the mouth of THE COVE, but some distance downstream

ACTION ITEMS: (Although O.C. Staff is frequently identified, seeking the assistance of others is expected.

- Contact governing agencies regarding restoration/obtaining of dredging permit (Oregon City Staff)
- Determine scope and cost of pursuing AERATION SOLUTION (Oregon City Staff)
- Continue discussion with WES regarding introduction of WES effluent into Cove (Oregon City Staff)
- Compile a summary of "Beneficial Impacts" (future use in seeking governing agency approvals and sources of funding.
- Explore Federal Funding and Assistance – THE COVE being a Federal Body of Water (confirm) are monies available via The Clean Water Act?

Conclusion and Final Comments:

Summarizing the spirited and abundance of information being provided by the panel was/is challenging. Expect errors and omissions in this summary. Feel free to edit and improve this summary.
My thanks to Jerry Hermann for organizing this meeting and to each of the participants who provided their wealth of knowledge and experience.
We know this is a daunting task, Hopefully, this first meeting provides a framework for progress.

Respectfully,

Frank O'Donnell
Commissioner, Oregon City

625 Center Street
Oregon City, OR 97045
503-657-0891

CITY OF OREGON CITY

Staff Report

To: Urban Renewal Commission **Agenda Date:** 1/17/2024

From: City Manager Tony Konkol

SUBJECT:

Financial Report for the Fiscal Year Ended June 30, 2023

STAFF RECOMMENDATION:

Information Only

EXECUTIVE SUMMARY:

Urban Renewal Agency (URA) staff prepares the Annual Financial Report (AFR) each year and invites a qualified municipal audit firm to perform an annual audit of the financial report. Included with this staff report is the AFR for the fiscal year ended June 30, 2023. In addition, there is a letter from the audit firm, Aldrich CPAs + Advisors LLP, to the Commission that is required by the firm's auditing standards.

The auditors issued an unmodified or "clean" opinion, which means that the financial statements present fairly, in all material respects, the financial position and activities of the Agency for the year. The attached report was submitted to the Secretary of State in accordance with municipal audit law on December 15, 2023.

The Management's Discussion and Analysis on pages 4-6 of the attached AFR provides a brief, three-page summary of the financial status, activity, and highlights of the Urban Renewal Agency. In summary, the net financial position of the URA improved by nearly $2.4 million over the previous year, primarily due to property tax revenues in excess of program expenses and depreciation. The URA financial position is primarily comprised of three years of property tax receipts (cash on hand) and capital assets.

Aldrich

Aldrich CPAs + Advisors LLP
5665 SW Meadows Road, #200
Lake Oswego, Oregon 97035

December 12, 2023

Agency Officials
City of Oregon City Urban Renewal Agency
Oregon City, Oregon

We have audited the financial statements of the governmental activities and major fund of City of Oregon City Urban Renewal Agency (the Agency) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 19, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note A to the financial statements. As described in the notes to the financial statements, the Agency changed accounting policies related to public-private and public-public partnership and availability payment arrangements by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, and subscription based information technology arrangements by adopting GASB No. 96, Subscription Based Information Technology Arrangements (SBITAs) in 2023. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:

> Management's estimate of depreciation expense is based on the Agency's estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop the net pension liability and related deferred outflows and deferred inflows in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of cash and cash equivalents in Note B to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated December 12, 2023 and are attached to this letter for your reference.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We subjected the General Fund budgetary comparison schedule, as listed in the table of contents under required supplementary information, to 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Restriction on Use
This information is intended solely for the information and use of the Agency Officials and management of the City of Oregon City Urban Renewal Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Aldrich CPAs + Advisors LLP

OREGON CITY

Finance Department

625 Center Street | PO Box 3040 | Oregon City OR 97045
Ph (503) 657-0891 | Fax (503) 657-3339

December 12, 2023

Aldrich CPAs + Advisors, LLP
5665 Meadows Rd #200
Lake Oswego, OR 97035

This representation letter is provided in connection with your audit of the financial statements of the City of Oregon City Urban Renewal Agency (Agency), which comprise the respective financial position of the governmental activities and major fund as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 11, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3) We acknowledge our responsibility 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.
4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9) Guarantees, whether written or oral, under which the Agency is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10) We have provided you with:
   a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
   b) Additional information that you have requested from us for the purpose of the audit.
   c) Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.
   d) Minutes of the meetings of Agency or summaries of actions of recent meetings for which minutes have not yet been prepared.
11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13) We have no knowledge of any fraud or suspected fraud that affects the Agency and involves—
   - Management,
   - Employees who have significant roles in internal control, or
   - Others where the fraud could have a material effect on the financial statements.
14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements communicated by employees, former employees, regulators, or others.
15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
16) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements.
17) We have disclosed to you the names of the Agency's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19) We have a process to track the status of audit findings and recommendations.
20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
22) The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax

or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

26) The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27) The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

28) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

29) The financial statements include all fiduciary activities required by GASBS No. 84 , as amended.

30) The financial statements properly classify all funds and activities in accordance with GASBS No. 34 , as amended.

31) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

32) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

33) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.

34) Provisions for uncollectible receivables have been properly identified and recorded.

35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

38) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.

39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

40) We have appropriately disclosed the Agency's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

41) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

42) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

19) With respect to the schedule of property tax transactions:

   a) We acknowledge our responsibility for presenting the schedule of property tax transactions in accordance with accounting principles generally accepted in the United States of America, and we believe the schedule of property tax transactions, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the schedule of property tax transactions have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the schedule of property tax transactions is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Matthew R. Zook

Signature

Finance Director

Title

12/12/2023

Date

EWilkie

Signature

Deputy Finance Director

Title

12/12/2023

Date

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A component unit of the City of Oregon City, Oregon)
ANNUAL FINANCIAL REPORT

Year Ended June 30, 2023

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AGENCY OFFICIALS

(as of June 30, 2023)

Name	Term Expires
Shawn Cross	December 31, 2023
Michael Mitchell	December 31, 2024
Frank O'Donnell	December 31, 2024
Doug Neeley	December 31, 2025
Adam Marl	December 31, 2026
Denyse McGriff	December 31, 2026
Rocky Smith, Jr.	December 31, 2026

Agency members may be contacted at:
625 Center Street
Oregon City, Oregon 97045

Tony Konkol, City Manager
City Hall
625 Center Street
Oregon City, Oregon 97045

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CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
TABLE OF CONTENTS

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Aldrich CPAs + Advisors LLP
5665 SW Meadows Road, #200
Lake Oswego, OR 97035

INDEPENDENT AUDITOR'S REPORT

Agency Officials
City of Oregon City Urban Renewal Agency
Oregon City, Oregon

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Agency, as of June 30, 2023, 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 auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and General Fund schedule of revenues, expenditures and changes in fund balance – budget and actual 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 management's discussion and analysis 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 General Fund schedules of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The schedule of property tax transactions is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of property tax transactions is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 12, 2023, on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Aldrich CPAs + Advisors LLP

By: Andy Maffia

Andrew Maffia, CPA, Partner
Lake Oswego, Oregon
December 12, 2023

As management of the Oregon City Urban Renewal Agency (the Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial position and activities of the Agency for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the notes to the basic financial statements.

Overview of the Financial Statements

The Agency provides for rehabilitation of blighted and deteriorated areas within the City of Oregon City's designated urban renewal boundary. The Agency is a component unit of the City of Oregon City, Oregon. The governing body of the Agency is the Mayor and City Commission, plus two additional appointed members. The Agency's financial statements consist of agency-wide statements, fund financial statements, notes to the statements, and supplementary information. The agency-wide statements include the Statement of Net Position and the Statement of Activities.

Statement of Net Position – The Statement of Net Position presents all the Agency's assets and liabilities with the difference reported as net position. Unrestricted net position represents the Agency's resources that are generally available to finance operations.

Statement of Activities – The Statement of Activities focuses on program costs and matching resources. It provides information on the changes to net position. Property taxes are the primary resource for funding urban renewal programs.

Fund Statements – Following the agency-wide statements is a section containing fund financial statements (including the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance) for the Agency's sole fund.

Notes to the Statements – The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

Financial Highlights

	2023	2022	Change
Net position	$ 33,645,553	$ 31,215,808	$ 2,429,745
Change in net position	$ 2,429,745	$ 2,095,424	$ 334,321

- The Agency's assets exceeded its liabilities by $33.64 million (reported as net position). Within the net position, $24.29 million is invested in capital assets. The remaining balance, $9.35 million, is unrestricted net position and may be used to meet the Agency's obligations to citizens and creditors.
- Total assets increased by $2.46 million, while liabilities and deferred inflows of resources increased by $0.03 million; this results in an increase in net position of $2.43 million.

Financial Summary

The following table shows a summary of the statement of net position at fiscal year end and for the previous year end.

Statements of Net Position at June 30

	2023	2022
Assets:		
Current and other assets	$ 9,528,544	$ 6,179,903
Capital assets, net of depreciation	24,290,660	25,178,163
Total Assets	33,819,204	31,358,066
Liabilities:		
Current liabilities	22,217	9,042
Total Liabilities	22,217	9,042
Deferred inflows of Resources		
Deferred inflows of lease resources	151,434	133,216
Total Deferred Inflows of Resources	151,434	133,216
Net Position:		
Net investment in capital assets	24,290,660	25,178,163
Unrestricted	9,354,893	6,037,645
Total Net Position	$ 33,645,553	$ 31,215,808

- Net capital assets decreased by $887,503 due to depreciation.
- The Agency recognized deferred inflow of lease resources of $151,434 for properties the Agency owns. The $0.02 increase is due to remeasurement of lease for exercising a two-year lease extension offset by the annual receipts.

The following table presents a summary of revenues, expenses and changes in net position for the Agency during the current year and prior year.

Statements of Activities
For the Years Ended June 30

	2023	2022
Revenues:		
Property taxes	$ 3,214,966	$ 3,170,674
Charges for services	112,743	112,706
Interest income	274,379	(30,010)
Miscellaneous	19,305	10,391
Total Revenues	3,621,393	3,263,761
Expenses:		
Programs	1,191,648	1,168,337
Change in Net Position	2,429,745	2,095,424
Beginning Net Position	31,215,808	29,120,384
Ending Net Position	$ 33,645,553	$ 31,215,808

- The Agency generated approximately $3.21 million in tax increment property taxes. This was an increase of $44,292, or 1.40% more than the prior year. The increase was due to increases in assessed property tax valuations.
- The $0.30 million increase, or 1014%, in interest income was due to a rise in interest rates and a higher fair market value at the Local Government Investment Pool (LGIP).
- Expenses remained relatively flat with a slight increase of $0.02 million, or 2.00%. The Agency continues to identify projects to fund in the upcoming biennium. Further information on this is found below under Economic Factors and in the Notes to the Financial Statements.

Budget Variances

The budget for the Agency was adopted on a biennial basis for the period beginning July 1, 2021 and ending June 30, 2023. There were no budget amendments during the year. There are no significant budget variances.

Capital Assets

At June 30, 2023, the Agency had $24.29 million invested in capital assets including land, land improvements and street projects. There was no capital spending during the year. See notes to the financial statements for additional information on capital assets.

Economic Factors and Next Year's Budget and Rates

The Urban Renewal Agency's goals include the elimination of blight within the Area and implementation of the objectives of Oregon City's Comprehensive Plan, including designation of the City as a "Regional Center" within the State's largest metropolitan area. The Area continues to thrive with infrastructure and surface enhancements and community programs like farmers markets, special events, and holiday celebrations.

On November 8, 2016, voters approved Measure 3-514, which was intended to limit the use of urban renewal in Oregon City. On July 18, 2017, the Circuit Court determined that the measure is preempted by Oregon Revised Statutes Chapter 457. The Court found that the measure is inconsistent with State law and the Agency's expenditures are not restricted. This decision was appealed to the Oregon Court of Appeals. On November 15, 2022, the Court of Appeals declared that a portion of the measure, specifically part E of Section 59 in the Oregon City Municipal Code is unenforceable as preempted by state law.

The Urban Renewal Commission approved the 11th amendment to the Urban Renewal Plan on December 21, 2022. This amendment updated the project plan to three primary projects, which are the Rossman Landfill, Clackamette Cove, and the Stimson Property, and several secondary projects, including the County Courthouse on Main Street, Improvements to the End of the Oregon Trail Interpretive Center, and downtown railroad Quiet Zone, and development of the vacant 12th and Main Street property.

On May 16, 2023, voters rejected Measure 3-597, which requested the approval for the Urban Renewal Agency to borrow up to $44 million for projects in the Urban Renewal Plan. During the budget adoption process, the Urban Renewal Commission declared an Incremental Assessed Value of $0 for fiscal year 2023-24 with prior year collections as $46,000 and an Incremental Assessed Value of $55,165,000, which anticipates approximately $828,000 in fiscal year 2024-25 levy collections with prior year collections at $26,000.

Requests for Information

This financial report is designed to provide a general overview of the Oregon City Urban Renewal Agency's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Finance Director, P.O. Box 3040, Oregon City, Oregon 97045.

BASIC FINANCIAL STATEMENTS

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Cash and cash equivalents	$ 9,217,186
Accounts receivable	1,237
Property taxes receivable	130,964
Lease receivable	156,204
Lease interest receivable	357
Deposits & prepaids	22,596
Nondepreciable capital assets	5,084,459
Depreciable capital assets, net	19,206,201
TOTAL ASSETS	33,819,204
LIABILITIES	
Accounts payable	16,476
Deposits	1,800
Unearned revenue	3,941
TOTAL LIABILITIES	22,217
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of lease resources	151,434
TOTAL DEFERRED INFLOWS OF RESOURCES	151,434
NET POSITION	
Net investment in capital assets	24,290,660
Unrestricted	9,354,893
TOTAL NET POSITION	$ 33,645,553

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

PROGRAM EXPENSES	
General government	$ 304,145
Depreciation	887,503
TOTAL EXPENSES	1,191,648
PROGRAM REVENUES	
Charges for services	112,743
TOTAL PROGRAM REVENUE	112,743
NET PROGRAM REVENUE (EXPENSE)	(1,078,905)
GENERAL REVENUES	
Property taxes	3,214,966
Interest income	274,379
Miscellaneous	19,305
TOTAL GENERAL REVENUE	3,508,650
CHANGE IN NET POSITION	2,429,745
BEGINNING NET POSITION	31,215,808
NET POSITION, END OF YEAR	$ 33,645,553

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
BALANCE SHEET – URBAN RENEWAL AGENCY
JUNE 30, 2023

ASSETS		
Cash and cash equivalents	$	9,217,186
Accounts receivable		1,237
Property taxes receivable		130,964
Lease receivable		156,204
Lease interest receivable		357
Deposits & prepaids		22,596
TOTAL ASSETS	$	9,528,544
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND		
LIABILITIES		
Accounts payable	$	16,476
Unearned revenue		3,941
Deposits		1,800
TOTAL LIABILITIES		22,217
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue		82,446
Deferred inflows of lease resources		151,434
TOTAL DEFERRED INFLOW OF RESOURCES		233,880
FUND BALANCE		
Non-spendable		22,596
Unassigned		9,249,851
TOTAL FUND BALANCE		9,272,447
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$	9,528,544

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

FUND BALANCE	$ 9,272,447
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.	82,446
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	
Cost	40,584,568
Accumulated depreciation	(16,293,908)
NET POSITION	$ 33,645,553

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
URBAN RENEWAL AGENCY
YEAR ENDED JUNE 30, 2023

REVENUES	
Property taxes	$ 3,237,853
Charges for services	112,743
Interest income	274,379
Miscellaneous	19,305
TOTAL REVENUES	3,644,280
EXPENSES	
Current operating:	
General government	304,145
TOTAL EXPENDITURES	304,145
NET CHANGE IN FUND BALANCE	3,340,135
FUND BALANCE, BEGINNING OF YEAR	5,932,312
FUND BALANCE, END OF YEAR	$ 9,272,447

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

NET CHANGE IN FUND BALANCE	$ 3,340,135
Amounts reported in the Statement of Activities are different because:	
Governmental funds consider revenues that do not provide current financial resources to be unearned revenue. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	(22,887)
Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.	
Depreciation	(887,503)
CHANGE IN NET POSITION	$ 2,429,745

The notes to the financial statements are an integral part of this statement

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Urban Renewal Agency (Agency) of the City of Oregon City, Oregon (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of the Agency's accounting policies are described below.

Reporting Entity

The Agency, a component unit of the City of Oregon City, was created on October 5, 1983 to provide for rehabilitation of blighted and deteriorated areas within the City's designated urban renewal areas. The Agency is governed by a seven-member board of directors that include the City's mayor and other commission members.

The Agency is a legally separate entity governed by the Agency's Board. The City Commission has the ability to impose its will over the Agency as determined on the basis of budget adoption, taxing authority and funding for the Agency. Therefore, under the criteria of the Governmental Accounting Standards Board, the Agency is considered a component unit of the City and the Agency's financial activities are included as a blended component unit (a special revenue fund) in the financial statements of the City.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial levels. All of the Agency's activities are categorized as governmental activities.

Government-wide financial statements display information about the reporting government as a whole. These statements focus on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary or fiduciary. Currently, the Agency has one governmental fund.

Basis of Presentation

The financial transactions of the Agency are recorded in a single individual fund accounted for by providing a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenses.

GAAP set forth minimum criteria (percentage of the assets, liabilities, revenues or expenses of either fund category or the government and enterprise combined) for the determination of major funds. The Agency's sole fund is considered a major fund. The Downtown Urban Renewal Agency Fund accounts for property taxes collected to improve the Downtown District.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from long-term debt are reported as other financing sources.

The accounts of the Agency are organized and operated as a single fund. 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 are maintained consistent with legal and managerial requirements.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the agency-wide statements, reconciliations are provided to explain the differences between the fund financial statements and the agency-wide statements.

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

Cash, Cash Equivalents and Investments

The Agency maintains cash, cash equivalents and investments in a common pool, maintained by the City.

Oregon Revised Statutes authorize the Agency to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon Municipalities and the State Treasurer's Local Government Investment Pool, among other options. Investments are stated at fair value.

Receivables and Deferred Inflows/Outflows of Resources

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments of equal payments due November 15, February 15, and May 15. Uncollected property taxes levied for the current and prior years are recorded as a receivable at year-end. The Agency's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

In the fund financial statements, property taxes receivable that have been collected within 60 days of fiscal year-end are considered measurable and available and are recognized as revenue. The remaining balance is recorded as a deferred inflow of resources as it is deemed unavailable to finance operations of the current period. In the government-wide financial statements, property taxes receivable are recognized as revenue when earned.

Lease receivables are recognized at the net present value of the leased assets, reduced by principal payments received. The net present value is calculated using a borrowing rate either explicitly described in the agreement or implicitly determined by the Agency. The Agency also reports deferred inflows of resources for leases.

Capital Assets

Capital assets (items costing more than $5,000 and lasting more than one year) are valued at estimated historical cost or actual historical cost. Capital assets are recorded as expenditures in the fund financial statements and capitalized on the Statement of Net Position. Maintenance and repairs of fixed assets are charged to expenditures in the fund as incurred and are not capitalized. Upon disposal, the capital asset records are relieved of the related cost. Depreciation is computed on capital assets on the straight-line basis of their estimated useful lives up to 40 years. Interest is not capitalized as a cost of construction of capital assets.

Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental Fund type fund balances are required to be reported in the following classifications, when applicable.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the Agency takes formal action that places specific constraints on how the resources may be used. The Agency can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the Agency's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the Agency approves which resources should be "reserved" during the adoption of the annual budget. The Agency's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the Agency's Annual Financial Report.

Unassigned fund balance is the residual classification for the fund. This classification represents fund balance that has not been restricted, committed, or assigned within the fund.

Budget and Budgetary Accounting

A biennial budget is prepared for the Agency's fund in accordance with the modified accrual basis of accounting. Appropriations are made at the organizational unit and object levels (Oregon City Urban Renewal Agency, Debt Service and Contingency). Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each biennium. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the Agency. After budget approval, the Agency may approve supplemental appropriations through the use of appropriation resolutions and require supplemental budget procedures in some cases if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. A supplemental budget requires hearings before the public, publications in newspapers and approval by the Agency Board.

Use of Estimates

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

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2023:

Deposits with financial institutions	$ 110,540
Local Government Investment Pool	9,106,646
Total cash and cash equivalents	$ 9,217,186

Deposits

The book balance and bank balance of the Agency's bank deposits (checking accounts) was $110,540 at year end. Bank deposits are secured to legal limits by federal deposit insurance. Any remaining amount is secured in accordance with ORS 295 under the collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Agency's deposits with financial institutions for up to $250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each financial institution. Deposits in excess of FDIC coverage are held with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2023, none of the Agency's bank balances were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

The Agency invests in the Local Government Investment Pool (LGIP). The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. Oregon Revised Statutes 294.805 to 294.895 and the Oregon Investment Council govern the LGIP's investment policies. The State Treasurer is the investment officer responsible for the funds, and investments are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board. The fair value of pool shares is equal to the Agency's proportionate position in the pool.

Balances in the State of Oregon LGIP are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the Agency's position in the LGIP is the same as the value of the pool shares.

Interest Rate Risk

In accordance with its investment policy, the Agency manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments, specifically by maintaining funds in the Local Government Investment Pool.

Custodial Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the Agency will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. Currently the Agency's investments are limited to the LGIP.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Agency. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

C. LEASE RECEIVABLE

The Agency recognizes a lease receivable for the following contracts in which the Agency, acting as a lessor, grants a lessee the right to use an asset of the Agency.

The Agency has a five-year lease, expiring in fiscal year 2027, for the premises located at 1757 Washington Street, and a two-year lease, expiring in fiscal year 2025, for a portion of the real property located at 1799 Washington Street. Inflows of resources from these two leases are recorded in the Urban Renewal Fund.

Lease receivables at June 30, 2023, consisted of the following:

	Outstanding June 30, 2022	Additions	Decrease	Outstanding June 30, 2023
Facility Lease, issued June 1, 2021, interest rate at 2.96%, total annual principal and interest ranges from $27,600 to $30,000, due 2027	$ 109,743	$ -	$ (26,006)	$ 83,737
Facility Lease, issued January 1, 2021, interest rate at 2.50%, total annual principal and interest ranges from $46,100 to $47,300, due 2025	23,473	95,820	(46,826)	72,467
Total lease receivables	$ 133,216	$ 95,820	$ (72,832)	$ 156,204

Future maturities are as follows:

Fiscal Year Ending June 30,	Governmental Activities Principal	Governmental Activities Interest
2024	$ 75,708	$ 3,369
2025	53,398	1,443
2026	27,098	402
	$ 156,204	$ 5,214

D. CAPITAL ASSETS

The changes in the capital assets for governmental activities for the year ended June 30, 2023 are as follows:

	June 30, 2022	Additions	Retirements	Reclasses	June 30, 2023
Nondepreciable capital assets					
Land	$ 5,084,459	$ -	$ -	$ -	$ 5,084,459
Total non-depreciable	5,084,459	-	-	-	5,084,459
Depreciable capital assets					
General improvements	35,500,109	-	-	-	35,500,109
Total depreciable	35,500,109	-	-	-	35,500,109
Accumulated depreciation					
General improvements	(15,406,405)	(887,503)	-	-	(16,293,908)
Total accumulated depreciation	(15,406,405)	(887,503)	-	-	(16,293,908)
Depreciable capital assets, net	20,093,704	(887,503)	-	-	19,206,201
Total capital assets, net	$ 25,178,163	$ (887,503)	$ -	$ -	$ 24,290,660

E. TAX ABATEMENTS

The Agency enters into property tax abatement agreements with local businesses under the state Vertical Housing Program, authorized by ORS 307.841through ORS 307.867, administered by Oregon Housing and Community Services, authorized by ORS 456.555 and Oregon Administrative Rule (OAR) 813-013. The purpose of the Program is to encourage investment in and rehabilitation of properties in targeted areas of a city or community, to augment the availability of appropriate housing, and to revitalize communities. The program encourages mixed-use developments that contain both non-residential and residential uses in areas (zones) designated by local jurisdictions. Eligible projects receive a partial property tax exemption which varies with the number of "Equalized Floors" in a project, with a maximum property tax exemption of 80% over a 10-year term. The City has one project under this program. The exemption is 60% of the residential property taxes for 10 years. For the current year, the abatement is $12,296 for Urban Renewal.

Additionally, the State of Oregon under the Oregon Business Development Department offers an Enterprise Zone (EZ) Tax Abatement program, authorized by ORS 285C. Under this program, local governments are responsible for creating, managing and renewing enterprise zones. In exchange for locating or expanding into an enterprise zone, eligible (generally non-retail) businesses receive total exemption from the property taxes normally assessed on new plant and equipment for three to five years after the property is in service. Minimum eligibility requirements include an increase in full-time, permanent employment by 10%, maintaining minimum employment levels during the exemption period, and employee wages to exceed at least 150% of the State minimum wage. The Agency has one agreement under this program. For the current year, the abatement is approximately $1,171 for Urban Renewal.

F. NEW ACCOUNTING PRONOUNCEMENTS

The Agency will implement new GASB pronouncements no later than the required fiscal year. During the fiscal year ended June 30, 2023, the Agency implemented the following GASB pronouncements:

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability of Payment Arrangements. This statement enhances financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). Under this Statement, a transferor is required to recognize the receivables for installment payments to be submitted by the operator and a deferred inflow of resources, while an operator is required to recognize a liability for installment payments to be submitted and a deferred outflow of resources, which taken together enhance the relevance and consistency of information about governments' outsourcing functions to external operators. The Agency did not have any agreements covered by GASB Statement No. 94 in the fiscal year ending June 30, 2023. Therefore, there are no effects on the Agency's financial statements upon implementation.

GASB Statement No. 96, Subscription Based IT Arrangements (SBITAs). This statement requires recognition of subscription arrangements that do not transfer ownership of the information technology (IT) software or underlying IT assets are now classified as short-term or long-term SBITAs. For long-term SBITAs, subscribers are required to recognize an intangible right-to-use subscription asset and a subscription liability at the commencement of the subscription term. The subscription liability is measured as the net present value of future subscription payments. The subscription asset is measured as the sum of the subscription liability, payments mad at the commencement of the subscription term, and capitalizable implementation costs, less any incentives received prior to commencement of the subscription term. For short-term SBITAs, payments are considered outflows of resources and are classified as operating expenditures or expenses, as appropriate. The Agency did not have any agreements covered by GASB Statement No. 96 in the fiscal year ending June 30, 2023. Therefore, there are no effects on the Agency's financial statements upon implementation.

G. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 12, 2023, the date on which the financial statements were available to be issued. There were no significant subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - URBAN RENEWAL AGENCY
YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual			
	Original	Final	FY 2022	FY 2023	Biennial	Variance
REVENUES						
Property taxes	$ 6,287,500	$ 6,287,500	$ 3,147,348	$ 3,237,853	$ 6,385,201	$ 97,701
Charges for services	221,000	221,000	112,706	112,743	225,449	4,449
Interest income	90,000	90,000	(30,010)	274,379	244,369	154,369
Miscellaneous	30,000	30,000	10,391	19,305	29,696	(304)
Total Revenues	6,628,500	6,628,500	3,240,435	3,644,280	6,884,715	256,215
EXPENSES						
General government	792,000	792,000	280,834	304,145	584,979	207,021
Contingency	8,909,811	8,909,811	-	-	-	8,909,811
Total Expenditures	9,701,811	9,701,811	280,834	304,145	584,979	9,116,832
NET CHANGE IN FUND BALANCE	(3,073,311)	(3,073,311)	2,959,601	3,340,135	6,299,736	9,373,047
FUND BALANCE, BEGINNING OF YEAR	3,073,311	3,073,311	2,972,711	5,932,312	2,972,711	(100,600)
FUND BALANCE, END OF YEAR	$ -	$ -	$ 5,932,312	$ 9,272,447	$ 9,272,447	$ 9,272,447

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OTHER SUPPLEMENTARY INFORMATION

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2023

Tax Year	Uncollected Balances June 30, 2022	2022-2023 Levy	Interest, Discounts & Adjustments	Turnovers	Uncollected Balances June 30, 2023
2022-23	$ -	$ 3,308,517	$ (92,095)	$ (3,124,550)	$ 91,872
2021-22	72,411	-	(4,029)	(48,188)	20,194
2020-21	23,410	-	(1,018)	(12,596)	9,796
2019-20	13,601	-	445	(10,092)	3,954
2018-19	2,958	-	153	(1,916)	1,195
2017-18 and prior	5,239	-	(545)	(741)	3,953
Total	$ 117,619	$ 3,308,517	$ (97,089)	$ (3,198,083)	$ 130,964

Aldrich CPAs + Advisors LLP
5665 SW Meadows Road, #200
Lake Oswego, OR 97035

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Agency Officials
City of Oregon City Urban Renewal Agency
Oregon City, Oregon

We have audited the basic financial statements of the City of Oregon City Urban Renewal Agency (the Agency) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 12, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including 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.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

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

OAR 162-10-0230 Internal Control

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS, CONTINUED

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Restriction on Use

This report is intended solely for the information and use of the Agency Officials and management of the City of Oregon City Urban Renewal Agency and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Aldrich CPAs + Advisors LLP

By:

Andy Maffia

Andrew Maffia, CPA, Partner
Lake Oswego, Oregon
December 12, 2023