

**DALLAS COMMUNITY DEVELOPMENT COMMISSION
URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF DALLAS, OR)**

FINANCIAL STATEMENTS

For the Fiscal Year Ended
June 30, 2023

with

Independent Auditor's
Report

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INTRODUCTORY SECTION

DALLAS COMMUNITY DEVELOPMENT COMMISSION URBAN RENEWAL AGENCY
LIST OF PRINCIPAL OFFICIALS
June 30, 2023

<u>Officials</u>	<u>Term Expires</u>
Kenneth L Woods Jr 130 Main St Dallas, OR 97338	December 2024
Michael Schilling 860 SE LeCreole Dr Dallas, OR 97338	December 2026
Micah Jantz 785 SE Muir Ln Dallas, OR 97338	December 2026
Debbie Virden 571 SE Mifflin St Dallas, OR 97338	December 2024
David Shein 1680 SE Bridlewood Dr Dallas, OR 97338	December 2026
Nancy Adams 589 SE Cypress Ave Dallas, OR 97338	December 2024
Larry Briggs 1244 SE Academy St Dallas, OR 97338	December 2026
Kirsten Collins 1990 SE Gordon Ct Dallas, OR 97338	December 2024
Carlos Barrientos 1168 SE Barberry Ave Dallas, OR 97338	December 2024
Kim Fitzgerald 490 SE Fir Villa Rd Dallas, OR 97338	December 2024

City Officials

Brian Latta, City Manager
Cecilia Ward, Finance Director

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Agency Officials
Dallas Community Development Commission Urban Renewal Agency
Dallas, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Dallas Community Development Commission Urban Renewal Agency (the "Agency"), a blended component unit of the City of Dallas, Oregon (the "City"), 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 accompanying 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 Agency, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

Emphasis of Matter

As discussed in Note V to the financial statements, the Agency implemented GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, effective July 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Audit of 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 GAAS 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 GAAS, 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.

To the Agency Officials
Lebanon Urban Renewal Agency
Lebanon, Oregon
Independent Auditor's Report

Required Supplementary Information

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

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 February 29, 2024 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 provide an opinion on compliance.

Singer Lewak LLP

February 29, 2024

By:



Brad Bingenheimer, Partner

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

DALLAS COMMUNITY DEVELOPMENT COMMISSION URBAN RENEWAL AGENCY
STATEMENT OF NET POSITION
June 30, 2023

	<u>Governmental Activities</u>
ASSETS:	
Current assets:	
Cash and investments	\$ 386,597
Cash with county	1,689
Property taxes receivable	<u>6,986</u>
Total assets	<u><u>\$ 395,272</u></u>
LIABILITIES:	
Current liabilities:	
Accounts payable and other current liabilities:	\$ 4,000
Interest payable	2,997
Current portion of long-term debt	<u>124,160</u>
Total current liabilities	<u>131,157</u>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	<u>745,000</u>
Total noncurrent liabilities	<u>745,000</u>
Total liabilities	<u>876,157</u>
NET POSITION:	
Restricted for:	
Debt service	384,286
Unrestricted	<u>(865,171)</u>
Total net position	<u>(480,885)</u>
Total liabilities and net position	<u><u>\$ 395,272</u></u>

The accompanying notes are an integral part of these financial statements

DALLAS COMMUNITY DEVELOPMENT COMMISSION URBAN RENEWAL AGENCY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Charges for Services</u>	Net Revenue (Expenses) and Change in Net Position
EXPENSES:				
Community development	\$ 89,774	\$ -		\$ (89,774)
Interest on long-term debt	25,290	-		(25,290)
				<u> </u>
Total activities	<u>\$ 115,064</u>	<u>\$ -</u>		<u>(115,064)</u>
GENERAL REVENUES:				
Property taxes				232,075
Special assessments				-
Interest				13,767
Misc. revenue				19,743
				<u> </u>
Total general revenues				<u>265,585</u>
Change in net position				150,521
NET POSITION, BEGINNING				<u>(631,406)</u>
NET POSITION, ENDING				<u>\$ (480,885)</u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS
Major Governmental Funds

General Fund

This fund accounts for all financial resources of the Agency. Principal sources of revenue are property taxes. Expenditures are primarily for the construction of public infrastructure assets for the City of Dallas.

DALLAS COMMUNITY DEVELOPMENT COMMISSION URBAN RENEWAL AGENCY
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2023

ASSETS:

Cash and investments	\$ 386,597
Cash with county	1,689
Property taxes receivable	<u>6,986</u>
Total assets	<u><u>\$ 395,272</u></u>

LIABILITIES:

Accounts payable and other current liabilities	<u>\$ 4,000</u>
Total liabilities	<u>4,000</u>

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue - property taxes	<u>6,986</u>
Total deferred inflows of resources	<u>6,986</u>

FUND BALANCE:

Restricted for:	
Debt service	<u>384,286</u>
Total fund balance	<u>384,286</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 395,272</u></u>

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

Total fund balance	\$ 384,286
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.	
Unavailable revenues	6,986
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	(869,160)
Interest payable	<u>(2,997)</u>
Net position	<u><u>\$ (480,885)</u></u>

The accompanying notes are an integral part of these financial statements

**DALLAS COMMUNITY DEVELOPMENT COMMISSION URBAN RENEWAL AGENCY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
 IN FUND BALANCE - GOVERNMENTAL FUND
 For the Year Ended June 30, 2023**

REVENUES:	
Property taxes	\$ 231,132
Interest	13,767
Miscellaneous	<u>19,743</u>
Total revenues	<u>264,642</u>
EXPENDITURES:	
Current:	
Community development	79,851
Capital outlay	9,923
Debt service:	
Principal	120,725
Interest	<u>25,572</u>
Total expenditures	<u>236,071</u>
Net change in fund balance	28,571
FUND BALANCE, BEGINNING	<u>355,715</u>
FUND BALANCE, ENDING	<u><u>\$ 384,286</u></u>

The accompanying notes are an integral part of these financial statements

**DALLAS COMMUNITY DEVELOPMENT COMMISSION URBAN RENEWAL AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF
ACTIVITIES
For the Year Ended June 30, 2023**

Amounts reported in the statement of activities are different because:

Net change in fund balance	\$ 28,571
Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.	943
Accrued interest payable	282
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
Principal payments	<u>120,725</u>
Change in net position	<u><u>\$ 150,521</u></u>

The accompanying notes are an integral part of these financial statements

**DALLAS COMMUNITY DEVELOPMENT COMMISSION URBAN RENEWAL AGENCY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 239,000	\$ 239,000	\$ 231,132	\$ (7,868)
Interest	4,000	4,000	18,514	14,514
Miscellaneous	19,000	19,000	19,743	743
Total revenues	262,000	262,000	269,389	7,389
EXPENDITURES:				
Personnel service	17,000	17,000	16,542	458
Materials and service	141,250	141,250	63,309	77,941
Capital outlay	80,000	80,000	9,923	70,077
Debt service:				
Principal	123,483	123,483	120,725	2,758 *
Interest	25,572	25,572	25,572	- *
Contingency	60,640	60,640	-	60,640
Total expenditures	447,945	447,945	236,071	211,874
Net change in fund balance	(185,945)	(185,945)	33,318	219,263
FUND BALANCE, BEGINNING	185,945	185,945	355,715	169,770
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	\$ 389,033	<u>\$ 389,033</u>
Adjustment for unrealized gain (loss) on investments			(4,747)	
FUND BALANCES, ENDING			<u>\$ 384,286</u>	

* Budgetary appropriation includes debt service principal and interest.

The accompanying notes are an integral part of these financial statements

**Dallas Community Development Commission Urban Renewal Agency
The Urban Renewal Agency of the City of Dallas, Oregon
(a component unit of the City)**

**Notes to the Basic Financial Statements
June 30, 2023**

I. The reporting entity and summary of significant accounting policies

The financial statements of the Dallas Community Development Commission Urban Renewal Agency (the Agency) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and applies the provisions of all applicable Governmental Accounting Standards Board (GASB) Statements.

A. Reporting entity

The Agency is the urban renewal agency of the City of Dallas, Oregon (the City) and was organized on September 7, 2004 under the provisions of Oregon Revised Statutes, Chapter 457, to undertake urban renewal projects and activities for the revitalization of the downtown area.

The Agency's governing body is substantively the same as the City's governing body, therefore the Agency is presented as a blended component unit in the City's basic financial statements. All significant activities over which the Agency exercises oversight responsibility have been included in the component unit financial statements. This governing body has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding. The Agency has no component units.

B. Government-wide and fund financial statements

The Agency's financial operations are presented at both the government-wide and fund financial level. All activities of the Agency 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.

The *statement of net position* presents information on all of the Agency's assets and liabilities, with the difference reported as *net position*.

The *statement of activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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. The Agency's only fund, the General Fund, is classified as a governmental fund type.

**Dallas Community Development Commission Urban Renewal Agency
The Urban Renewal Agency of the City of Dallas, Oregon
(a component unit of the City)**

**Notes to the Basic Financial Statements (continued)
June 30, 2023**

C. Measurement focus, basis of accounting, and financial statement presentation

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded.

The government-wide financial statements are presented on a *full accrual basis of accounting* with an *economic resource measurement focus*. An economic resource focus concentrates on the Agency's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurements focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

The fund financial statements are presented on a *modified accrual basis of accounting* with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Agency considers tax increment revenues susceptible to this accrual.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the government-wide presentation. This reconciliation is part of the basic financial statements.

GASB Statement No. 34 sets forth criteria for the determination of major funds. For purposes of presentation, the Agency's fund is presented as major.

General Fund – This fund is the Agency's primary operation fund. It accounts for all financial resources of the Agency. Principal sources of revenue are property taxes. Expenditures are primarily for the construction of public infrastructure assets for the City of Dallas.

D. Assets, liabilities, deferred outflows/inflows of resources and net position or fund balance

1. Deposits and investments

Cash and investments, including restricted cash and investments, consist of cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of

**Dallas Community Development Commission Urban Renewal Agency
The Urban Renewal Agency of the City of Dallas, Oregon
(a component unit of the City)**

**Notes to the Basic Financial Statements (continued)
June 30, 2023**

acquisition, and the State of Oregon Local Government Investment Pool (LGIP) deposits. Investments in the LGIP are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn.

The LGIP is administered by the Oregon State Treasury. The LGIP is an 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 public funds. 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. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The Agency considers cash equivalents as all highly liquid investments with maturity of three months or less. Investments included in cash and cash equivalents are reported at fair value.

2. Receivables and payables

Tax increment revenues (property taxes) are levied on and become a lien against the property on July 1 in the year in which they are due. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Tax increment revenues that are unpaid and outstanding on May 16 are considered delinquent.

In the fund financial statements, tax increment revenues receivable that are collected within 60 days after the end of the fiscal year are considered measurable and available and, therefore are recognized as revenue. Any remaining balance is deferred and recorded as unavailable revenue.

In the government-wide financial statements, tax increment revenues receivable are recognized as revenue when earned.

3. Capital Assets

The Dallas Urban Renewal Agency has no capital assets. Upon completion of street improvements or building construction, the assets are transferred to the City of Dallas.

4. Long-term obligations

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts

Dallas Community Development Commission Urban Renewal Agency
The Urban Renewal Agency of the City of Dallas, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (continued)
June 30, 2023

on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

5. Net position and fund balance

Net position comprises the various net earnings from operations, non-operating 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 the 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 – consists of all other assets that are not included in the other categories previously mentioned.

In the fund financial statements, 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 purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable fund balance – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted fund balance – Includes amounts that are restricted by external creditors, grantors or contributors, or restricted by enabling legislation.

Committed fund balance – Includes amounts that have been committed to resolution by the Agency’s Board of Directors which is the Agency’s “highest level of decision-making authority.” Committed amounts may not be used for any other purpose unless the Board of Directors removes the constraint by similar board action. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned fund balance – Includes amounts assigned for specific purposes by board action. Assigned fund balance is established by the Agency through adoption or amendment of the budget as intended for specific purpose.

Unassigned fund balance – This is the residual classification used for those balances not assigned to another category.

**Dallas Community Development Commission Urban Renewal Agency
The Urban Renewal Agency of the City of Dallas, Oregon
(a component unit of the City)**

**Notes to the Basic Financial Statements (continued)
June 30, 2023**

The following order of spending regarding fund balance categories is followed: 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.

There were no nonspendable, committed, assigned, or unassigned fund balances at June 30, 2023.

6. Deferred outflows/inflows of resources

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

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

E. Use of estimates

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

II. Stewardship, compliance, and accountability

The Agency's budget is adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

The Budget Officer is responsible for submitting a proposed budget to the Budget Committee, which is comprised of the Agency Board and a like number of citizens of the District.

The Agency is required to prepare a balanced budget for all funds, subject to the budget requirements of state law. The Agency's budget is prepared on the modified accrual basis of accounting.

**Dallas Community Development Commission Urban Renewal Agency
The Urban Renewal Agency of the City of Dallas, Oregon
(a component unit of the City)**

**Notes to the Basic Financial Statements (continued)
June 30, 2023**

The budget document is required to contain specific detailed information for various revenue and expenditure categories. Information on the past two years' actual receipts and expenditures as well as current-year estimates is also included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the Board for final adoption. The approved expenditures for each fund may not be increased by more than 10 percent by the Board without returning to the Budget Committee for a second approval. After the Board adopts the budget and certifies the total of *ad valorem* taxes to be levied, no additional tax levy may be made for that budget period.

The Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level by which expenditures cannot legally exceed appropriations. For the Agency, the levels of budgetary control established by resolution are personal services, materials and services, debt service, capital outlay, transfers and operating contingency. Appropriations lapse as of the end of the fiscal year for goods not yet received or services not yet incurred.

The Board may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require hearings before the public, publications in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board.

III. Detailed notes on accounts

A. Cash and investments

The City pools its cash, including those of the Commission, for investment purposes. The Commission's portion is displayed on the balance sheet as "Pooled cash and investments with the City of Dallas." The total amount, \$386,597, is invested with the State of Oregon Local Government Investment Pool (LGIP), financial institutions, bonds, and US Government obligations.

**Dallas Community Development Commission Urban Renewal Agency
The Urban Renewal Agency of the City of Dallas, Oregon
(a component unit of the City)**

**Notes to the Basic Financial Statements (continued)
June 30, 2023**

Following is a summary of the City’s deposit and investment balances at June 30, 2023:

	2023
Cash Deposits:	
Cash on hand	\$ 745
Bank deposits	905,615
	906,360
Pooled cash and investments:	
State of Oregon LGIP	23,516,792
Other investments	13,527,147
Total cash and investments	\$ 37,950,299

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned. The City does not have a deposit policy for custodial credit risk. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City’s deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2023, the book value of the City’s deposits was \$905,615 and the bank balance was \$1,004,103. \$541,785 of the City’s bank balances were exposed to custodial credit risk as they were collateralized under PFCP.

Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2023, none of the bank balances were exposed to custodial credit risk.

Investments

State of Oregon statutes restrict the types of investments in which the City may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers’ acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Local Government Investment Pool (LGIP).

**Dallas Community Development Commission Urban Renewal Agency
The Urban Renewal Agency of the City of Dallas, Oregon
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**Notes to the Basic Financial Statements (continued)
June 30, 2023**

Investments held by the City at June 30, 2023, were amounts invested in obligations of the United States Government and amounts deposited with the LGIP. The government obligations are held in an investment custody account at Time Value Investments, a widely recognized provider of institutional fixed income investment services. The LGIP is one of five asset classes approved for the investment of State of Oregon (State) funds. A number of local governments in Oregon as well as all State agencies participate in the LGIP, thus it is an external investment pool as defined in Statement No. 31 of the Government Accounting Standards Board, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes and the Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill, and caution.

Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The LGIP was in compliance with all portfolio guidelines at June 30, 2023. The reported value of the LGIP approximates the fair value of the LGIP shares as determined by the financial statements of the Oregon Short-Term Fund. This included a fair value reduction of \$87,335 at June 30, 2023.

The Oregon Local Government Investment Pool issues monthly statements to participants. The Office of the State Treasurer issues publicly available financial reports on the Oregon Short-Term Fund. The reports can be obtained from the Office of the State Treasurer, 350 Winter Street NE, Suite 100, Salem, OR, 97301-3896, the Office of the State Treasurer's website, or by calling 1-503-378-4000.

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk that its fair value will decline if interest rates rise. The City invests in federal agency securities and the State of Oregon Local Government Investment Pool. The above chart shows the average number of days for the City's investments. The investment in the Local Government Investment Pool is included in the amount reported on the Statement of Net Position as cash and investments. That investment policy requires that at least 10% of the portfolio matures in less than 30 days, 25% matures in less than one year and 100% matures in less than five years.

Credit Risk – Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Oregon Revised Statutes, Chapter 294, authorizes the City to invest in obligations of the United States Treasury and United States Governments agencies and instrumentalities, certain bankers' acceptances, repurchase agreements, certain high-grade commercial paper and corporate bonds and obligations of states and

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**Notes to the Basic Financial Statements (continued)
June 30, 2023**

municipalities and the State external investment pool. The City adheres to the State Statute. The City investments are all rated AA+ or AAA by Standard & Poors and/or Moody. Investments in the LGIP are not required to be rated.

At June 30, 2023, the City's investments were rated as follows:

Investment Type	Moody's Rating or S&P	Fair Value	Weighed Average Maturity (yrs)	Percent of Total Portfolio
U.S. Government agency obligations:				
U.S. Treasury Bills	NR	\$ 1,986,320	0.13	5%
U.S. Treasury Note	AAA	1,960,625	0.42	5%
U.S. Treasury Note	AAA	1,379,297	1.84	4%
U.S. Treasury Note	AAA	902,148	2.34	2%
Federal Farm Credit Banks	AA+	1,993,144	0.07	5%
Federal Home Loan Banks	AA+	1,990,269	0.61	5%
Fannie Mae	AA+	988,610	1.14	3%
Federal Home Loan Mortgage Corporation	AA+	514,927	1.33	1%
Federal Farm Credit Banks	AA+	459,637	1.79	1%
Fannie Mae	AA+	1,352,170	2.33	4%
Oregon Short-term Fund	NR	<u>23,516,792</u>	<u>0.00</u>	<u>63%</u>
Totals		<u>\$ 37,043,939</u>		<u>100%</u>
Portfolio weighted average maturity			<u>0.98</u>	

Concentration of Credit Risk – Investments

The City of Dallas has an investment policy for concentration of credit risk.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the City will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The State's investment rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian and provide annual financial statements to the investment holders.

GASB Statement No. 72, Fair Value Measurement and Application, specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. These classifications are summarized in three broad levels listed below:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted

**Dallas Community Development Commission Urban Renewal Agency
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**Notes to the Basic Financial Statements (continued)
June 30, 2023**

prices that are observable for the assets or liabilities (such as exchange rates, financing terms, interest rates, yield curves, volatilities, prepayments speeds, loss severities, credit risk and default rates).

Level 3 – Valuations derived from valuation techniques in which significant inputs or significant valuation drivers are unobservable.

US Treasury bonds are categorized as Level 1 based upon readily available values in an active market.

Federal Agency Securities are categorized as Level 2 based upon matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

Commercial paper is valued using broker quotes with observable market inputs.

At June 30, 2023, the City had the following recurring fair value measurements:

<u>Investments by Fair Value Level</u>	<u>6/30/2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government agency obligations:				
U.S. Treasury Bills	\$ 1,986,320	\$ 1,986,320	\$ -	\$ -
U.S. Treasury Note	1,960,625	1,960,625	-	-
U.S. Treasury Note	1,379,297	1,379,297	-	-
U.S. Treasury Note	902,148	902,148	-	-
Federal Farm Credit Banks	1,993,144	-	1,993,144	-
Federal Home Loan Banks	1,990,269	-	1,990,269	-
Fannie Mae	988,610	-	988,610	-
Federal Home Loan Mortgage Corporation	514,927	-	514,927	-
Federal Farm Credit Banks	459,637	-	459,637	-
Fannie Mae	1,352,170	-	1,352,170	-
Totals	<u>\$ 13,527,147</u>	<u>\$ 6,228,390</u>	<u>\$ 7,298,757</u>	<u>\$ -</u>

B. Receivables

Receivables for the Agency as of the fiscal year ended June 30, 2023 consists of tax increment revenues. Uncollected taxes, including delinquent amounts, are considered substantially collectible or recoverable through liens, and accordingly no allowance for uncollected taxes has been established. Amounts were as follows:

Property Taxes	\$ 6,986
Cash with County Treasurer	<u>1,689</u>
Total	<u><u>\$ 8,675</u></u>

**Dallas Community Development Commission Urban Renewal Agency
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**Notes to the Basic Financial Statements (continued)
June 30, 2023**

C. Long-term debt

Long-term debt transactions for the year were as follows:

	June 30, 2022			June 30, 2023	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One year</u>
Governmental bonds:					
Governmental bonds	\$ 822,000	\$ -	\$ 38,000	\$ 784,000	\$ 39,000
Direct placements and borrowings:					
Governmental Loans	167,885	-	82,725	85,160	85,160
Total Debt	<u>\$ 989,885</u>	<u>\$ -</u>	<u>\$ 120,725</u>	<u>\$ 869,160</u>	<u>\$ 124,160</u>

The loan is secured by the Full Faith and Credit of the City of Dallas, subject to annual appropriation. The Credit Facility Bonds are payable from the following sources: a First Priority Pledge of all Tax Incremental Revenues, a Pledge of all funds in the Urban Renewal Project Fund, a Pledge of all funds in the Urban Renewal Debt Service Reserve Fund, and a Pledge of Loan Proceeds until spent. In addition to other legal remedies, if an event of default occurs, the Bank may increase the interest rate to an additional 55 over the then existing market rate.

The bond is secured by the Full Faith and Credit of the City of Dallas, not subject to annual appropriation. The total amount issued by the City was \$1,648,000, \$927,000 of which is attributed to the Urban Renewal Agency for the construction of the Dallas Senior Center and Main Street Improvements. The note bears an annual interest rate of 3%. The payments are payable from the general, non-restricted revenues of the City and other funds that may be available for that purpose, including taxes levied. In addition to other legal remedies, if an event of default occurs, the Bank may increase the interest rate to an additional 5% over the then existing market rate.

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**Notes to the Basic Financial Statements (continued)
June 30, 2023**

The following tables show the debt service schedules for the long-term debt:

	<u>2013 Loan - Urban Renewal</u>		<u>2019 Bond - Urban Renewal</u>		<u>Total</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 85,160	\$ 1,235	\$ 39,000	\$ 23,520	\$ 124,160	\$ 24,755
2025	-	-	40,000	22,350	40,000	22,350
2026	-	-	41,000	21,150	41,000	21,150
2027	-	-	43,000	19,920	43,000	19,920
2028	-	-	44,000	18,630	44,000	18,630
2029-2033	-	-	239,000	72,659	239,000	72,659
2034-2038	-	-	277,000	34,590	277,000	34,590
2039-2043	-	-	61,000	1,830	61,000	1,830
	<u>\$ 85,160</u>	<u>\$ 1,235</u>	<u>\$ 784,000</u>	<u>\$ 214,649</u>	<u>\$ 869,160</u>	<u>\$ 215,884</u>

IV. Other information

A. Risk management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The Agency is covered by the City of Dallas which purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this coverage during the past four fiscal years.

V. New accounting pronouncements

The City adopted the provision of GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

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AUDIT COMMENTS AND DISCLOSURES

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS**

Agency Officials
Dallas Community Development Commission Urban Renewal Agency
Dallas, Oregon

We have audited the basic financial statements of the Dallas Community Development Commission Urban Renewal Agency (the "Agency") as of and for the year ended June 30, 2023, and have issued our report thereon dated February 29, 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

Report on Compliance and Other Matters

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 162-010-000 through 162-010-0320 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
- 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 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 162-010-000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

Agency Officials
Dallas Community Development Commission Urban Renewal Agency
Independent Auditor's Report Required by Oregon State Regulations
February 29, 2024

Budgets legally required (ORS Chapter 294)

The Agency's published financial summary, Form UR-1, did not agree with the amounts on the detailed budget sheets as required by ORS 294.438 as follows:

<u>Fund/Appropriation Category</u>	<u>UR-1</u>	<u>Budget</u>	<u>Variance</u>
2022-2023 Adopted			
Resources	\$ 617,715	\$ 597,000	\$ 20,715
Requirements	617,715	597,000	20,715

OAR 162-010-0230 Internal Control

In planning and performing our audit of the financial statements, 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.

Restriction of Use

This report is intended solely for the information and use of the Agency Officials, management of the Dallas Community Development Commission 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.

Singer Lewak LLP

February 29, 2024

By:



Brad Bingenheimer, Partner