

# WOODBURN

O R E G O N  
Incorporated 1889



**Commercial**



**New Development Projects**



**Housing**

## Woodburn Urban Renewal Agency

(A Component Unit of the City of Woodburn, OR)

**Annual Comprehensive Financial Report**

**For the Year Ended June 30, 2024**

***WOODBURN URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE  
CITY OF WOODBURN, OREGON)  
ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2024***

**WOODBURN URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of Woodburn, Oregon)**  
**TABLE OF CONTENTS**  
**JUNE 30, 2024**

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	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
<i>FINANCIAL IMPACT REPORT</i>	<i>i-v</i>
<i>AGENCY OFFICIALS</i>	<i>vi</i>
<b>FINANCIAL SECTION</b>	
<i>INDEPENDENT AUDITOR'S REPORT</i>	1-3
<i>MANAGEMENT'S DISCUSSION AND ANALYSIS</i>	4-7
<i>BASIC FINANCIAL STATEMENTS</i>	
Government-wide Financial Statement	
Statement of Net Position – Governmental Activities	8
Statement of Activities – Governmental Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Fund	10
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	11
Notes to Basic Financial Statements	12-17
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Urban Renewal Fund	18
<i>COMPLIANCE SECTION</i>	
Independent Auditor's Report Required by Oregon State Regulations	19-20

***INTRODUCTORY SECTION***

## Introduction

Urban renewal agencies are required to prepare an annual report for the governing body and the public in accordance with Oregon Revised Statute 457.460 (ORS 457.460). The report includes a financial summary of the preceding year and the budget for the new fiscal year. It also includes an analysis of the financial impact of carrying out the urban plan on the tax collections for all taxing districts.

The following elements must be included as part of the financial summary:

- ♦ the amount of money received during the preceding fiscal year;
- ♦ the purposes and amounts for which any money received were expended during the preceding fiscal year;
- ♦ an estimate of moneys to be received during the current fiscal year;
- ♦ a budget setting forth the purposes and estimated amounts for moneys that are to be expended during the current fiscal year;
- ♦ an analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year.

## The Urban Renewal Concept

Urban renewal is a process authorized by Oregon law (ORS 457) to finance improvements in those neighborhoods and districts in need of revitalization with the intent to improve underdeveloped areas or areas that have declined resulting in stagnated private development or investment. More specifically, urban renewal is a funding method used to economically revitalize areas of “blight” through public investments that stimulate private development. Examples of blight include buildings that are unsafe or unfit for occupancy, inadequately maintained streets, or areas with environmental impacts. Due to these “blighted” conditions, private developers, property owners or business owners are unable to generate sufficient returns on potential development in the area. As a result, private investment stalls and the blighted conditions remain.

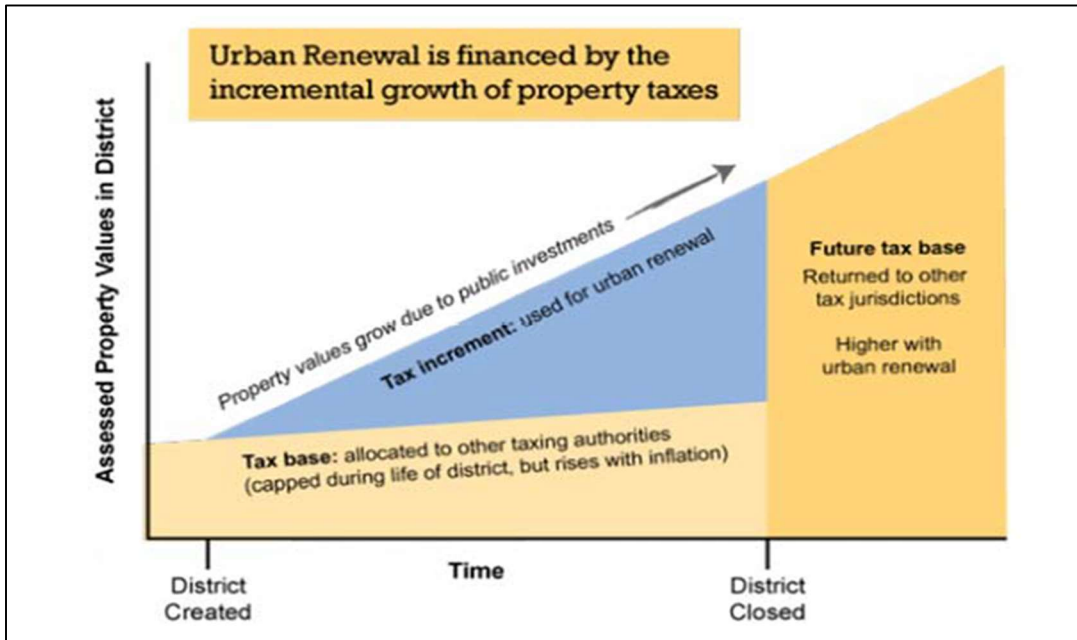
The types of urban renewal activities undertaken generally include development of infrastructure and public amenities (i.e., streetscape and infrastructure improvements, lighting, public open spaces, building improvements, parks, etc.) and with these publicly funded efforts, investment becomes achievable for private developers. Urban renewal allows a city to increase the level of public investment by providing funds that can be used to match regional, state or federal funds for specific projects.

The goal is encourage private sector investment for the majority of the redevelopment funding by selectively investing over a period of time. With the initial commitment of public funding the plan can achieve the goals to construct necessary streetscape infrastructure improvements and provide public amenities and to attract private investment.

## Tax Increment Financing

The major source of funding for urban renewal projects has been tax increment financing. Once an urban renewal district is established, the tax valuation for the district is “frozen”. As properties appreciate, the increase in taxes (the “increment”) generated above the frozen base are used to pay for the outlay or debt on specific projects within the urban renewal plan.

This tax increment financing identifies an area where property values are not rising as rapidly as the rest of the community; drawing a line around it; planning for major public improvements like roadways, street lighting, parks, and other amenities; securing funds to finance the public costs; implementing the plans for public improvement; and encouraging private investment in the area. Then, as property values rise and bring an increase in tax revenues, that increase sets the limit for the property taxes levied to pay off urban renewal bonds.



During the 1990's, three Ballot Measures: Measure 5 (1990), Measure 47 (1996), and Measure 50 (1997) made significant changes to Oregon's system of property taxation influencing urban renewal programs and tax increment revenue calculations. Those provisions provide the basic framework for revenue calculations in this report.

To determine the amount of the taxes levied, the total assessed value within each urban renewal area is segregated by the County Assessor into two parts: (a) the total taxable assessed value in the district at the time the Urban Renewal Plan was adopted (the base or “frozen” value); and (b) the difference between the frozen base value and the current total assessed value (the incremental value or “excess”). The urban renewal agency is entitled to the amount of property taxes levied on the increase in property values within the urban renewal area. This revenue is used to pay for the projects designated in the Urban Renewal Plan or to repay indebtedness incurred in carrying out the projects.

## Woodburn's Urban Renewal Plan

The City of Woodburn established the Woodburn Urban Renewal District pursuant to Oregon Revised Statutes (ORS) Chapter 457, the Oregon Constitution, and all applicable laws and ordinances on March 13, 2001, upon adoption of Ordinance 2283. On August 13, 2001, the City adopted Ordinance 2298 establishing the maximum indebtedness of the Plan of \$29.3 million. The City's urban renewal redevelopment area consists of approximately 260 acres, all within the Woodburn city limits. In general, the area includes the historic downtown, Front Street to Highway 214 and Highway 214 to redevelopment sites on Stacy Allison, Young Street to Highway 99 and Highway 99 to Highway 211. The Woodburn's urban renewal is governed by the Urban Renewal Agency, which consists of the City's Mayor and City Council members.

The Urban Renewal Plan states the following overall renewal goals:

- Public improvements
- Redevelopment through new construction
- Preservation, rehabilitation, development and redevelopment
- Property acquisition and disposition
- Plan administration

The Core Values created by the Urban Renewal Agency are as follows:

- Ensure positive return on investment
- Cultivate resources and investment in underutilized or blighted areas
- Job creation
- Economic vitality
- Establish downtown as a destination
- Historic preservation and cultural interpretation

## Urban Renewal Impact

The Woodburn Urban Renewal program has played a key role in revitalization. Through public investments and business development partnerships, urban renewal will continue to be a catalyst for making Woodburn a more economically vital, livable and sustainable place. The number of significant public investments include Downtown Plaza, Historic Locomotive, Front Street, Fire Station, First Street, Downtown Alleyways, Downtown Public Restroom, Bungalow Theater, and Building Improvement Grant/Loan Program.

<b>Major Project Costs by Year</b>				
<b>Capital Outlay Project Description</b>	<b>Actual 2021-22</b>	<b>Actual 2022-23</b>	<b>Actual 2023-24</b>	<b>Budget 2024-25</b>
Police Department Peace Pole		5,669	60,000	55,000
Fire Department Monument		2,165		
Library Mural		1,383	8,619	
Engineering Building Mural		614	65,998	
Alleyway Beautification	47,967			
Historic City Hall Building	171,797	70,585	50,000	
Historic Locomotive Shelter	99,043	353		
First & Cleveland Public Parking Lot			796	
Downtown Plaza Water Fountain Rehab		14,474		
Bungalow Theater/Museum Restoration	262,278	109,315		
Bison Art Project		8,164	2,632	55,000
Downtown Banners & Lighting		22,633	13,683	
Other Improvements	17,799	75,445	73,299	14,000
Library Park Stage Cover		28,440	1,500	
Public Arts and Mural Program	4,459			
	603,343	348,475	276,527	124,000

## Effect of Urban Renewal on Taxing Districts

Carrying out an urban renewal plan has an effect on the amount of property taxes received by the overlapping taxing districts of Woodburn’s urban renewal areas. A portion of property taxes that were to be received by the taxing bodies that levy property taxes within Woodburn’s urban renewal areas are redirected to Woodburn’s Urban Renewal Agency for the agency’s projects and programs.

Passage of Ballot Measure 50 (Article XI, Section 11 of the Oregon Constitution) resulted in converting most property taxes (i.e., tax bases) from a levy-based system to a rate-based system. Schedules provided later in this Report reflect the “post” Measure 50 financial impact by taxing district for Woodburn’s Urban Renewal. The following schedules show the impact of the division of taxes on the overlapping taxing jurisdictions for the prior fiscal year and the current fiscal year.

The schedules include each taxing entity’s:

- Permanent taxing rate is the levy imposed on every thousand dollars of assessed property value
- Adjusted district rate is the rate that the district will receive net of the URA calculation
- URA division of tax rate is the rate redirected from the taxing entity to the urban renewal agency
- Shared value is the common value of the underlying properties within the URA and the overlapping taxing entities
- Calculated property taxes from each taxing entity that is redirected to the urban renewal agency



Woodburn Urban Renewal Agency (URA)  
 Financial Impact of the Division of Taxes on Overlapping Taxing Jurisdictions  
 Fiscal Year Ended June 30, 2024

Taxing District	Permanent Rate	Adjusted District Rate	URA Division of Tax Rate	District Shared Value	Division of Tax
Marion County	\$ 3.025	2.919	0.106	2,052,674,056	\$ 218,309
City of Woodburn	6.053	5.841	0.213	2,052,674,056	436,834
Woodburn SD	4.525	4.366	0.159	2,052,674,056	326,517
Woodburn FD	1.601	1.545	0.056	2,051,348,386	115,526
Willamette Regional ESD	0.297	0.286	0.010	2,052,674,056	21,411
Chemeketa Community College	0.626	0.604	0.022	2,052,674,056	45,167
Regional Library	0.082	0.079	0.003	2,052,674,056	5,903
Marion Soil & Water	0.050	0.049	0.001	1,361,628,948	1,597
MC & 4-H Extension Service	0.050	0.048	0.002	2,052,674,056	3,608
<b>Totals</b>	<b>\$ 16.309</b>	<b>\$ 15.736</b>	<b>\$ 0.572</b>		<b>1,174,872</b>
<b>% of Total Permanent Rate</b>			<b>3.51%</b>		
<b>Less: Truncation Loss</b>					-
<b>Less: Compression Loss</b>					-
<b>Total URA Levy</b>					<b>\$ 1,174,872</b>

**WOODBURN URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of Woodburn, Oregon)**  
**AGENCY OFFICIALS**  
**JUNE 30, 2024**

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<u><i>Name</i></u>	<u><i>Term Expires</i></u>
<i>Mayor</i>	
Frank Lonergan	December 31, 2024
<i>Council Members</i>	
Debbie Cabrales	December 31, 2024
Robert Carney	December 31, 2026
Mary Beth Cornwell	December 31, 2026
Eric Morris	December 31, 2024
Sharon Schaub	December 31, 2026
Mark Wilk	December 31, 2024

The above individuals may be contacted at the address below.

*Staff*

Scott Derickson, City Administrator  
N. Robert Shields, City Attorney  
Anthony Turley, Finance Director

City of Woodburn, Oregon  
270 Montgomery Street  
Woodburn, Oregon 97071

***FINANCIAL SECTION***



GROVE, MUELLER & SWANK

redw  
Advisors & CPAs

***INDEPENDENT AUDITOR'S REPORT***

Board of Directors  
Woodburn Urban Renewal Agency  
Woodburn, 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 Woodburn Urban Renewal Agency (the Agency) (a component unit of the City of Woodburn, Oregon) as of and for the year ended June 30, 2024, 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 present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Woodburn Urban Renewal Agency, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with 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.

***Responsibilities of Management for the Financial Statements***

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A) and the schedule of revenues, expenditures and changes in fund balances - budget to actual (budgetary schedule) be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 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 (except as mentioned in the following paragraph) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The budgetary schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary schedule 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 budgetary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information. The other information includes the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Report on Other Legal and Regulatory Requirements***

*Other Reporting Required by Oregon Minimum Standards*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 30, 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 to provide an opinion on compliance.



Ryan T. Pasquarella, Principal  
For REDW LLC  
Salem, Oregon  
December 30, 2024

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

**WOODBURN URBAN RENEWAL AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Woodburn Urban Renewal Agency (the Agency), we offer readers of the Agency's basic financial statements this narrative overview and analysis of the financial activities of the Agency as of June 30, 2024 and for the fiscal year then ended. We encourage readers to consider the information presented here in conjunction with the Agency's basic financial statements in the financial section of this report.

**Financial Highlights**

Following are the financial highlights of the Agency for the year ended:

	<i>June 30,</i>		<i>Change</i>
	<i>2024</i>	<i>2023</i>	
Net position (deficit)	\$ (575,845)	\$ (689,369)	\$ 113,524
Change in net position	113,524	146,730	(33,206)

**Overview of the Basic Financial Statements**

The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the Agency's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event(s) giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (i.e. uncollected revenues and accrued but unpaid interest).

The Statement of Net Position presents information on all of the Agency's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency as a whole is improving or deteriorating.

The Statement of Activities presents information showing how the Agency's net position changed during the most recent fiscal year.

**Fund financial statements.** The fund financial statements focus on current available resources and are organized on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-17.



## Required Supplementary Information

The required supplementary information includes the schedule of revenues, expenditures, and changes in fund balances – budget and actual for the Urban Renewal fund.

### Statement of Net Position

The following table reflects the condensed statement of net position compared to the prior year.

	<i>June 30,</i>	
	<u>2024</u>	<u>2023</u>
<b><i>ASSETS</i></b>		
Cash and investments	\$ 1,034,346	\$ 1,222,057
Accounts receivable	1,336	24,374
Property taxes receivable	41,659	32,900
<i>Total Assets</i>	<u>1,077,341</u>	<u>1,279,331</u>
<b><i>LIABILITIES</i></b>		
Other liabilities	106,186	136,700
Long-term liabilities	1,547,000	1,832,000
<i>Total Liabilities</i>	<u>1,653,186</u>	<u>1,968,700</u>
<b><i>NET POSITION (DEFICIT)</i></b>		
Restricted for economic development	<u>\$ (575,845)</u>	<u>\$ (689,369)</u>

The Agency's liabilities exceeded assets by \$575,845.

The Agency has recorded the following assets as of June 30, 2024: Cash and investments of \$1,034,346, accounts receivable of \$1,336 and property taxes receivable of \$41,659.

Liabilities are comprised of accounts payable and amounts due to the City for personnel and other costs of \$106,186, and long-term debt of \$1,547,000 at June 30, 2024.

**Statement of Activities**

The following table reflects the condensed statement of net position compared to the prior year.

	<i>Year Ended June 30,</i>	
	<u>2024</u>	<u>2023</u>
<b><i>REVENUES</i></b>		
Property taxes	\$ 1,127,571	\$ 929,884
Intergovernmental	-	103,720
Miscellaneous	64,694	39,465
<i>Total Revenues</i>	<u>1,192,265</u>	<u>1,073,069</u>
<b><i>EXPENSES</i></b>		
Economic development	751,467	525,819
Interest on long-term debt	50,746	58,419
<i>Total Expenses</i>	<u>802,213</u>	<u>584,238</u>
<b><i>REVENUES OVER EXPENSES</i></b>	390,052	488,831
<b><i>TRANSFER TO CITY OF WOODBURN</i></b>	<u>(276,528)</u>	<u>(342,101)</u>
<b><i>CHANGE IN NET POSITION</i></b>	113,524	146,730
<b><i>NET POSITION (DEFICIT), beginning of year</i></b>	<u>(689,369)</u>	<u>(836,099)</u>
<b><i>NET POSITION (DEFICIT), end of year</i></b>	<u>\$ (575,845)</u>	<u>\$ (689,369)</u>

Property taxes totaling \$1,127,571 comprise 95% of the Agency’s revenue and are derived from the tax increment assessment within the Agency’s boundaries. The remaining revenue is comprised of \$64,694 in other miscellaneous earnings. Economic development expenses for the year ended June 30, 2024 consisted of \$751,467 in reimbursements for materials and services and \$50,746 in interest on long-term debt.

**Financial Analysis of the Fund**

The Agency maintains a single fund used to account for activities supported by the property tax increment.

As of June 30, 2024 the Agency’s governmental fund reported a fund balance of \$932,695 or a decrease of \$179,983 over the prior year. This is due mainly to an increase in spending on the Agency’s building improvement program.

**Budgetary Highlights**

There were no changes to the budget during the year.

**Capital Assets and Debt Administration**

The Agency has no capital assets. All assets constructed with urban renewal funds are property of the City (see the City of Woodburn financial statements).

At June 30, 2024, the Agency had \$1,547,000 in long-term debt outstanding compared with \$1,832,000 in the prior year. The decrease is due to scheduled debt repayment.

	<i>June 30,</i>	
	<u>2024</u>	<u>2023</u>
Note payable	<u>\$ 1,547,000</u>	<u>\$ 1,832,000</u>

Additional information about the Agency’s debt is presented on page 17 in the notes to the basic financial statements.

**Financial Contact**

The Agency’s financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Agency’s finances and to demonstrate the Agency’s accountability.

Any questions or request for additional information should be directed to the City of Woodburn at 270 Montgomery Street, Woodburn, Oregon.

***BASIC FINANCIAL STATEMENTS***

**WOODBURN URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of Woodburn, Oregon)**  
**STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2024**

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**ASSETS**

Current assets	
Cash and investments	\$ 1,034,346
Accounts receivable	1,336
Property taxes receivable	41,659
	<hr/>
<i>Total Assets</i>	1,077,341

**LIABILITIES**

Current liabilities	
Accounts payable	106,186
Noncurrent liabilities - long-term debt	
Due within one year	293,000
Due in more than one year	1,254,000
	<hr/>
<i>Total Liabilities</i>	1,653,186

**NET POSITION (DEFICIT)**

Restricted for economic development	\$ (575,845)
	<hr/> <hr/>

*The accompanying notes are an integral part of the financial statements.*

**WOODBURN URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of Woodburn, Oregon)**  
**STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES**  
**YEAR ENDED JUNE 30, 2024**

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**REVENUES**

Taxes and assessments	\$ 1,127,571
Miscellaneous	64,694

<i>Total Revenues</i>	1,192,265
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**EXPENSES**

Economic development	751,467
Interest on long-term debt	50,746

<i>Total Expenses</i>	802,213
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<b>REVENUES OVER EXPENSES</b>	390,052
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<b>TRANSFER TO CITY OF WOODBURN</b>	(276,528)
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<b>CHANGE IN NET POSITION</b>	113,524
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<b>NET POSITION, beginning of year</b>	(689,369)
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<b>NET POSITION (DEFICIT), end of year</b>	\$ (575,845)
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*The accompanying notes are an integral part of the financial statements.*

**WOODBURN URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of Woodburn, Oregon)**  
**BALANCE SHEET – GOVERNMENTAL FUND**  
**JUNE 30, 2024**

	<u><i>Urban Renewal Fund</i></u>
<b>ASSETS</b>	
Cash and investments	\$ 1,034,346
Accounts receivable	1,336
Property taxes receivable	41,659
	<hr/>
<i>Total Assets</i>	<u><u>\$ 1,077,341</u></u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	\$ 106,186
<b>Deferred Inflows</b>	
Unavailable revenue	38,460
<b>Fund Balance</b>	
Restricted for economic development	932,695
	<hr/>
<i>Total Liabilities, Deferred Inflows, and Fund Balance</i>	<u><u>\$ 1,077,341</u></u>
 <b>RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION</b>	
<i>Fund Balance</i>	\$ 932,695
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are reported as unavailable revenue in governmental funds.	38,460
All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.	
Long-term debt	<u>(1,547,000)</u>
<i>Net Position (Deficit) of Governmental Activities</i>	<u><u>\$ (575,845)</u></u>

*The accompanying notes are an integral part of the financial statements.*

**WOODBURN URBAN RENEWAL AGENCY**

**(A Component Unit of the City of Woodburn, Oregon)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**

**GOVERNMENTAL FUND**

**YEAR ENDED JUNE 30, 2024**

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	<u><i>Urban Renewal Fund</i></u>
<b>REVENUES</b>	
Taxes and assessments	\$ 1,119,066
Miscellaneous	64,694
<i>Total Revenues</i>	<u>1,183,760</u>
<b>EXPENDITURES</b>	
Current	
Community development	751,469
Debt service	
Principal	285,000
Interest	50,746
Capital outlay	276,528
<i>Total Expenditures</i>	<u>1,363,743</u>
<b>NET CHANGE IN FUND BALANCE</b>	(179,983)
<b>FUND BALANCE, Beginning of year</b>	<u>1,112,678</u>
<b>FUND BALANCE, End of year</b>	<u><u>\$ 932,695</u></u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

<i>Net Change in Fund Balance</i>	\$ (179,983)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.	
Property taxes	8,507
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position.	
Principal payments on long-term debt	<u>285,000</u>
<i>Change in Net Position</i>	<u><u>\$ 113,524</u></u>

*The accompanying notes are an integral part of the financial statements.*



**WOODBURN URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of Woodburn, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Reporting Entity*

The Woodburn Urban Renewal Agency (the Agency) was created to provide for rehabilitation of blighted and deteriorated areas within the City’s designated urban renewal areas. Through the Downtown Grant and Loan program the Agency enables property owners to rehabilitate properties. The Agency is governed by a seven-member board of directors that include the City’s mayor and other council members and is included as a component unit in the City’s financial statements.

*Urban Renewal Areas*

Tax Allocation bonds for urban renewal plan areas are authorized by state law to 1) “...eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas.”

Projects are financed in urban renewal plan areas as follows:

- The Agency (City Council) selects an urban renewal plan area and defines its boundaries.
- The County Assessor “freezes” the assessed value of property within the urban renewal area. This is referred to as the “frozen” value.
- Any increase in assessed value above the frozen value is called the “incremental value.” The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance the Urban Renewal project.
- Urban renewal tax increment revenues are used to repay the indebtedness of the Agency. The proceeds of the indebtedness finance the Agency’s activities.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$29,300,000.

*Measurement Focus and Basis of Accounting*

*Basic Financial Statements*

Basic financial statements are presented at both the government-wide and fund financial level. Governmental activities are normally supported by taxes and intergovernmental revenues.

*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 Assets and the Statement of Activities.

The Statement of Net Position presents all the assets and liabilities of the Agency, including related debt, if any. Net position, representing assets less liabilities, is shown as unrestricted.

**WOODBURN URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of Woodburn, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2024**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus and Basis of Accounting (Continued)*

*Basic Financial Statements (Continued)*

The Statement of Activities indicates how net position changed during the current period.

*Fund financial statements* display information about the Agency's fund. The single major fund, Urban Renewal fund, accounts for general administration of the Agency's urban renewal areas, for acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas, and repayment of debt incurred for these activities.

*Basis of Presentation*

The financial transactions of the Agency are recorded in a single fund. The fund's activity is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures.

Accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board, define principles that should be used to report financial transactions. The government-wide financial statements are reported using the economic resources and accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred.

*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. Although not a major impact on the financial statements, Governmental Fund type fund balances are now reported in the following classifications.

Fund balance is reported as non-spendable when the resources cannot be spent because they are either in a non-spendable form or legally or contractually required to be maintained intact. Resources in non-spendable form include inventories, prepaid amounts, deposits, and assets held for sale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as 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.

**WOODBURN URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of Woodburn, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2024**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus and Basis of Accounting (Continued)*

*Fund Balance (Continued)*

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

*Governmental Fund Financial Statements*

The governmental fund financial statements are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when they become both measurable and available, while expenditures are recorded when the related liability is incurred.

*Cash and Investments*

The City of Woodburn maintains the Agency's cash and investments in a common pool.

Oregon Revised Statutes and the City of Woodburn investment policy authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon Municipalities and the State Treasurer's Local Government Investment Pool, among others.

Investments are stated at cost, which approximates fair value.

*Receivables and Deferred Inflows*

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 payable in equal payments due November 15, February 15, and May 15. Uncollected property taxes levied for the current and prior years are recorded as 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.

Property tax receivables not available are recognized as deferred inflows in the governmental funds balance sheet.

*Long-term Debt*

Long-term debt is reported in the Statement of Net Position as noncurrent liabilities. The governmental fund financial statements do not report long-term debt because it does not require the use of current financial resources.

*Budget and Budgetary Accounting*

The Agency budgets in accordance with requirements of State law. Annual appropriated budgets are adopted in accordance with the modified accrual basis of accounting.

**WOODBURN URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of Woodburn, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2024**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Budget and Budgetary Accounting (Continued)*

The Agency begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the Budget Committee. The budget is then published in proposed form and is presented for public hearings to obtain taxpayer comments and approval from the Budget Committee. The budget is legally adopted by the Agency's Board by resolution prior to the beginning of the Agency's fiscal year.

The Board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations are made at the program level. Appropriations lapse at year end.

Appropriation authority may be transferred from one level of control to another by Board resolution. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

*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.

**CASH AND INVESTMENTS**

The Agency's deposits with financial institutions and investments are pooled with the City of Woodburn. Cash and investments for the City of Woodburn are disclosed in the City's financial statements. Other disclosures about the City's cash and investment that are applicable to the Agency are as follows.

*Deposits*

Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

*Investments*

The State Treasurer of the State of Oregon maintains the Oregon Short Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill, and caution. The Oregon Short Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The carrying value of the City's position in the pool is the same as the value of the pool shares; fair value was 99.63% of the value of the pool shares as of June 30, 2024. The investment in the Oregon Short Term Fund is not subject to classification. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

**WOODBURN URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of Woodburn, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2024**

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**CASH AND INVESTMENTS (Continued)**

*Interest Rate Risk*

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments.

*Custodial Credit Risk - Deposits*

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) provide insurance for the City's deposits up to \$250,000 for the aggregate of all demand deposits and the aggregate of time deposit and savings accounts at each financial institution and credit union. Deposits in excess of FDIC and NCUA coverage are 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. At June 30, 2024, none of the Agency's bank balances were exposed to custodial credit risk as part of the Public Funds Collateralization Program

*Custodial Risk - Investments*

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

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 Commission. 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. The LGIP is not rated for credit quality.

**WOODBURN URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of Woodburn, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2024**

**LONG-TERM DEBT**

Long-term debt transactions for the fiscal year ended June 30, 2024 were as follows:

	<i>Outstanding July 1, 2023</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2024</i>	<i>Due Within One Year</i>
Direct borrowing	\$ 1,832,000	\$ -	\$ (285,000)	\$ 1,547,000	\$ 293,000

2019 Urban Renewal Note Payable: In June 2019, the Agency entered into a note payable agreement in the amount of \$2,900,000 at 2.77% interest, to fund urban renewal projects. Interest is payable semiannually, while principal is due annually through June 2029. The loan is secured by the tax increment revenues and amounts due are not subject to acceleration in the event of default.

Future maturities of long-term debt are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Urban Renewal Agency Note, Series 2019</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2025	\$ 293,000	\$ 42,852	\$ 335,852
2026	301,000	34,736	335,736
2027	309,000	26,398	335,398
2028	318,000	17,839	335,839
2029	326,000	9,030	335,030
	<u>\$ 1,547,000</u>	<u>\$ 130,855</u>	<u>\$ 1,677,855</u>

**DEFICIT NET POSITION**

The Agency reported a deficit net position of \$575,845 at June 30, 2024 due to the note payable issued in 2019.

**CONTINGENCIES**

The Agency purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability, and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

***REQUIRED SUPPLEMENTARY INFORMATION***

**WOODBURN URBAN RENEWAL AGENCY**

*(A Component Unit of the City of Woodburn, Oregon)*

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –*

*BUDGET AND ACTUAL - URBAN RENEWAL FUND*

*YEAR ENDED JUNE 30, 2024*

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 1,104,000	\$ 1,104,000	\$ 1,119,066	\$ 15,066
Miscellaneous	20,000	20,000	64,694	44,694
<i>Total Revenues</i>	1,124,000	1,124,000	1,183,760	59,760
<b>EXPENDITURES</b>				
Administration				
Personnel services	292,200	292,200	291,343	857
Materials and services	553,550	553,550	460,126	93,424
Capital outlay	736,000	736,000	276,528	459,472
Debt service				
Principal	285,000	285,000	285,000	-
Interest	50,750	50,750	50,746	4
Contingency	60,000	60,000	-	60,000
<i>Total Expenditures</i>	1,977,500	1,977,500	1,363,743	613,757
<b>NET CHANGE IN FUND BALANCE</b>	(853,500)	(853,500)	(179,983)	673,517
<b>FUND BALANCE, Beginning of year</b>	1,187,230	1,187,230	1,112,678	(74,552)
<b>FUND BALANCE, End of year</b>	\$ 333,730	\$ 333,730	\$ 932,695	\$ 598,965



***COMPLIANCE SECTION***



GROVE, MUELLER & SWANK

redw  
Advisors & CPAs

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

Board of Directors  
Woodburn Urban Renewal Agency  
Woodburn, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Woodburn Urban Renewal Agency (the Agency) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 30, 2024.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Woodburn Urban Renewal 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.**
- **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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except a deficit net position as disclosed in the notes to the financial statements.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 on Use***

This report is intended solely for the information and use of the board of directors and management of the Woodburn 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.



Ryan T. Pasquarella, Principal  
For REDW LLC  
Salem, Oregon  
December 30, 2024