

TILLAMOOK URBAN RENEWAL AGENCY

FINANCIAL REPORT

Year Ended June 30, 2022

TILLAMOOK UBRAN RENEWAL AGENCY
OFFICERS AND MEMBERS OF THE GOVERNING BODY
Year Ended June 30, 2022

BOARD OF DIRECTORS

Ruth LaFrance
7730 Trask River Rd,
Tillamook, Oregon 97141

Logan Laity
310 Elm Ave,
Tillamook, Oregon 97141

Annesa Ayers
1303 1st St,
Tillamook, Oregon 97141

Jorge Rios
1207 2nd St,
Tillamook, Oregon 97141

Sierra Lauder
1970 Hallstrom Road,
Tillamook, Oregon 97141

Garrett Noffsinger
316 Birch Ave,
Tillamook, Oregon 97141

John Sandusky
308 Pine Ave,
Tillamook, Oregon 97141

REGISTERED ADDRESS

210 Laurel Avenue
Tillamook, Oregon 97141

AGENCY DIRECTOR

Jamy Christensen, Finance Office

TILLAMOOK UBRAN RENEWAL AGENCY

Contents

Page

INDEPENDENT AUDITOR'S REPORT

A – C

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position – Cash Basis

1

Statement of Activities – Cash Basis

2

Fund Financial Statements

Governmental Funds

Balance Sheet – Cash Basis

3

Statement of Revenues, Expenditures and Changes in Fund

Balance – Cash Basis

4

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget
and Actual – Cash Basis

General Fund

5

Notes to Basic Financial Statements

6 - 12

INDIVIDUAL FUND SCHEDULE

Schedule of Revenues, Expenditure and Changes in Fund Balance – Budget
and Actual – Cash Basis

Tax Increment Fund

13

COMPLIANCE SECTION

Independent Auditor's Report Required by Oregon State Regulations

14 - 15

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tillamook Urban Renewal Agency
Tillamook, Oregon

Report on the Audit of Financial Statements

Opinions

We have audited the cash basis financial statements of the governmental activities and each major fund of the Tillamook Urban Renewal Agency (the "Agency"), as of and for the year ended June 30, 2022, 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 cash basis financial position of the governmental activities and each major fund of the Tillamook Urban Renewal Agency, as of June 30, 2022, and the respective changes in cash basis financial position, and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with cash basis of accounting described in Note 2.

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 — Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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.

Board of Directors
Tillamook Urban Renewal Agency
Independent Auditor's Report
May 31, 2023

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The individual fund schedule of revenues, expenditures, and changes in fund balance - cash basis budget to actual for the Tax Increment Fund is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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 May 31, 2023, on our consideration of 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.

Singer Lewak LLP

May 31, 2023

By:



Bradley G. Bingenheimer, Partner

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

TILLAMOOK URBAN RENEWAL AGENCY

STATEMENT OF NET POSITION

CASH BASIS

June 30, 2022

	Governmental Activities
Assets	
Cash and investments	<u>\$ 2,496,854</u>
Total assets	<u>2,496,854</u>
Net position	
Restricted for:	
Capital projects	1,036,686
Debt service	841,146
Unrestricted	<u>619,022</u>
Total net position	<u>\$ 2,496,854</u>

See notes to financial statements

TILLAMOOK URBAN RENEWAL AGENCY

STATEMENT OF ACTIVITIES

CASH BASIS

Year Ended June 30, 2022

Functions/Programs	Expenses	Net (Disbursement) Receipt and Changes in Net Position
Governmental activities:		
General government	\$ 467,847	\$ (467,847)
Debt service	2,638,933	(2,638,933)
Total governmental activities	3,106,780	(3,106,780)
General revenues:		
Taxes levied for:		
Debt service		599,391
Interest		97,964
Issuance of long-term debt		4,210,000
Total general revenues		4,907,355
Change in net position		1,800,575
Net position - beginning of year		696,279
Net position - end of year		\$ 2,496,854

See notes to financial statements

TILLAMOOK URBAN RENEWAL AGENCY

BALANCE SHEET

CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2022

	<u>General Fund</u>	<u>Tax Incremental Fund</u>	<u>Total</u>
Assets			
Cash and investments	\$ 619,022	\$ 1,877,832	\$ 2,496,854
Total assets	<u>\$ 619,022</u>	<u>\$ 1,877,832</u>	<u>\$ 2,496,854</u>
 Fund balance			
Restricted:			
Capital projects	-	1,036,686	1,036,686
Debt service	-	841,146	841,146
Unassigned	<u>619,022</u>	<u>-</u>	<u>619,022</u>
 Total fund balances	<u>619,022</u>	<u>1,877,832</u>	<u>2,496,854</u>
Total liabilities and fund balances	<u>\$ 619,022</u>	<u>\$ 1,877,832</u>	<u>\$ 2,496,854</u>

See notes to financial statements

TILLAMOOK URBAN RENEWAL AGENCY**STATEMENT OF REVENUES, EXPENDITURES AND****CHANGES IN FUND BALANCES****CASH BASIS****GOVERNMENTAL FUNDS****Year Ended June 30, 2022**

	General Fund	Tax Increment Fund	Total
Revenues			
Taxes and assessments	\$ -	\$ 599,391	\$ 599,391
Loan repayments	93,552	-	93,552
Investment income	4,412	-	4,412
Total revenues	97,964	599,391	697,355
Expenditures			
Current			
General government	41,735	322,033	363,768
Debt service			
Principal	-	2,509,794	2,509,794
Interest	-	129,139	129,139
Capital outlay	104,079	-	104,079
Total expenditures	145,814	2,960,966	3,106,780
Excess of revenues over (under) expenditures	(47,850)	(2,361,575)	(2,409,425)
Other financing sources (uses)			
Issuance of refunding debt	-	4,210,000	4,210,000
Transfers in	94,000	-	94,000
Transfers out	-	(94,000)	(94,000)
Total other financing sources (uses)	94,000	4,116,000	4,210,000
Net change in fund balances	46,150	1,754,425	1,800,575
Fund balances at beginning of year	572,872	123,407	696,279
Fund balances at end of year	\$ 619,022	\$ 1,877,832	\$ 2,496,854

See notes to financial statements

TILLAMOOK URBAN RENEWAL AGENCY**GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL****CASH BASIS****Year Ended June 30, 2022**

	Budget		Actual	Variance
	Original	Final		
Revenues				
Loan repayments	1,330,000	1,330,000	93,552	(1,236,448)
Interest	7,000	7,000	4,412	(2,588)
Total revenues	1,337,000	1,337,000	97,964	(1,239,036)
Expenditures				
Materials and services	94,000	94,000	41,735	52,265
Capital outlay	1,765,072	1,765,072	104,079	1,660,993
Total expenditures	1,859,072	1,859,072	145,814	1,713,258
Excess of revenues over (under) expenditures	(522,072)	(522,072)	(47,850)	474,222
Other financing sources (uses)				
Transfers in	94,000	94,000	94,000	-
Total other financing sources (uses)	94,000	94,000	94,000	-
Net change in fund balance	(428,072)	(428,072)	46,150	474,222
Fund balance at beginning of year	578,050	578,050	572,872	(5,178)
Fund balance at end of year	\$ 149,978	\$ 149,978	\$ 619,022	\$ 469,044

See notes to financial statements

TILLAMOOK UBRAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – FINANCIAL REPORTING ENTITY

Organization

The Tillamook Urban Renewal Agency (the “Agency”) was organized on October 11, 2006 under ORS 457 and is a municipal corporation created by the City of Tillamook to facilitate urban renewal within the boundaries of the City. The Board of Directors serve as the governing body and is accountable for the fiscal matters of the Agency. Although the Agency Board and City Council share two members, each is a legally separate entity and conducts all business as such. Based on standards set forth in GASB Statement 61, the Agency is not considered a component unit of the City. Accordingly, the financial statements of the Agency are separate from those of the City.

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 the urban renewal plan area as follows:

- The Agency (Board of Directors) 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 Urban Renewal Projects.
- 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 \$15,132,606.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

TILLAMOOK UBRAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

As a result of the use of this modified cash basis of accounting, certain transactions are not recognized nor disclosed in the financial statements. For example, amounts for billed or provided services that have not been collected in cash are not accrued as receivables. Additionally, capital assets such as property, equipment, and infrastructure are not reported and long-term liabilities such as debt and compensated absences are also not reported.

The City's policy is to prepare its fund financial statements on the modified cash basis of accounting. Consequentially, revenues are recognized when received and expenditures when cash is disbursed. These are special purpose frameworks other than accounting principles generally accepted in the United States of America. The City's policy, although not in accordance with generally accepted accounting principles, is acceptable under Oregon law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

Government-wide financial statements

The statement of net position – cash basis and the statement of activities – cash basis display information about the Agency, including all of its financial activities. Governmental activities are financed primarily through property taxes and proceeds from borrowings.

The statement of activities – cash basis 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. Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements

The fund financial statements provide information about the Agency's fund. The emphasis of fund financial statements is on the major funds, which are displayed in separate columns.

TILLAMOOK UBRAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund financial statements (continued)

The Agency reports the following major governmental funds:

- *Urban Renewal General Fund* – The General Fund is the main operating fund of the Agency. All financial resources, except those required to be accounted for in another fund, are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- *Urban Renewal Tax Increment Fund* – This fund accounts for payments on debt obligations arising from Urban Renewal projects funded by property taxes.

If the Agency utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the government-wide financials would be presented on the accrual basis of accounting.

Net Position

Government-wide reporting

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in one of the following components:

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” are reported as “unrestricted net position.”

In the government-wide financial statements, when both restricted and unrestricted resources are available for use, it is the Agency’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Governmental fund type balance reporting

Governmental type fund balances are to be properly reported within one of the fund balance categories list below:

Non-spendable — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

TILLAMOOK UBRAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (continued)

Committed — Amounts that can be used only for specific purposes determined by a formal action of the Agency Council. The Agency Council is the highest level of decision-making authority for the Agency. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Agency Council.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Agency Council has granted authority to the Agency Manager to assign fund balance amounts.

Unassigned — The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The Agency adopts the budget on an object basis (personal services, materials and services, capital outlay, debt service). All annual appropriations lapse at fiscal year-end.

The Agency begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The Agency Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The governing body must authorize all appropriation transfers and supplementary budgetary appropriations.

Long-Term Obligations

Long-term debt is presented in the notes to the financial statements. In the government-wide financial statements, payments of principal and interest are recorded as disbursements when paid.

Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

TILLAMOOK UBRAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes (continued)

As the basic financial statements are presented on the cash basis, uncollected property taxes are not reported. Property taxes are recorded as revenues when received.

Risk management

The Agency is exposed to various risks of loss related to errors and omissions, automobile, damage to and destruction of assets, bodily injury, and worker's compensation for which the Agency carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2022, the Agency's cash, cash equivalents and investments are as follows:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 1,163,793
State of Oregon Local Government Investment Pool	786,460
Money markets	<u>546,601</u>
 Total cash and cash equivalents	 <u>\$ 2,496,854</u>

The Agency maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Federal Depositary Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each financial institution.

TILLAMOOK UBRAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits with financial institutions (continued)

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the Agency's deposits. As of June 30, 2022, none of the Agency's deposits with financial institutions were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool (LGIP)

Balances in the LGIP are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the Agency's position in the LGIP is the same as the value of the pool shares. The LGIP is not rated for credit quality.

Credit Risk: Oregon statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

Concentration of Credit Risk: The Agency is subject to ORS limitation on investments and required diversification within the statute.

Interest Rate Risk: The Agency does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Portfolio Credit Rating: The Agency is restricted by ORS to maintain a minimum average credit rating for its investment portfolio.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. The Agency does not have a policy which limits the amount of investments that can be held by counterparties.

TILLAMOOK UBRAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – LONG-TERM OBLIGATIONS

For the year ended June 30, 2022 changes in long-term obligations were as follows:

	Outstanding July 1, 2021	Additions	Reductions	Outstanding June 30, 2022	Balances Due Within One Year
<u>Governmental activities</u>					
Long-term debt					
General obligation bonds:					
2022 Urban Renewal & Refunding	\$ -	\$ 4,210,000	\$ -	\$ 4,210,000	\$ 275,000
Loans from direct borrowings:					
TLC Loan 158	19,744	-	19,744	-	-
TLC Loan 159	53,379	-	53,379	-	-
TLC Loan 160	185,374	-	185,374	-	-
TLC Loan 161	30,896	-	30,896	-	-
Oregon Coast Bank - Line of Credit #9405	597,177	-	597,177	-	-
Oregon Coast Bank - Line of Credit #5284	606,212	-	606,212	-	-
Oregon Coast Bank - Line of Credit #6747	<u>1,007,116</u>	<u>-</u>	<u>1,007,116</u>	<u>-</u>	<u>-</u>
Total long-term obligations	<u>\$ 2,499,898</u>	<u>\$ 4,210,000</u>	<u>\$ 2,499,898</u>	<u>\$ 4,210,000</u>	<u>\$ 275,000</u>

On June 29, 2022, the Agency issued Urban Renewal Bonds, Series 2022 in the amount of \$4,210,000, in part, to currently refund existing debt of \$2,266,666 and pay accrued interest of \$43,169. The bonds are required to pay interest semi-annually with interest at 4.58 percent. Future maturities as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest
2023	\$ 275,000	\$ 185,320
2024	290,000	180,223
2025	315,000	166,940
2026	340,000	152,514
2027	365,000	136,942
2028 - 2032	2,625,000	406,018

TILLAMOOK UBRAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – INTERFUND TRANSFERS

In conjunction with the preparation of the annual budget the Agency anticipates transferring amounts between funds. For the year ended June 30, 2022, the Agency transferred \$94,000 from the Tax Increment Fund to the General Fund.

NOTE 6 – RELATED PARTY TRANSACTIONS

On January 1, 2021, Tillamook Urban Renewal Agency entered into an intergovernmental agreement with the City of Tillamook. The City of Tillamook provides bookkeeping and financial services to the Agency, as well as administrative services for the Agency's contracts. In the year ended June 30, 2022 payments for these services totaled \$20,498.

THIS PAGE INTENTIONALLY LEFT BLANK

INDIVIDUAL FUND SCHEDULE

TILLAMOOK URBAN RENEWAL AGENCY

TAX INCREMENT FUND - DEBT SERVICE FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL CASH BASIS Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 552,000	\$ 552,000	\$ 599,391	\$ 47,391
Total revenues	552,000	552,000	599,391	47,391
Expenditures				
Materials and services	50,000	50,000	322,033	(272,033) *
Debt Service	413,000	413,000	2,638,933	(2,225,933) *
Total expenditures	463,000	463,000	2,960,966	(2,497,966)
Excess of revenues over (under) expenditures	89,000	89,000	(2,361,575)	(2,450,575)
Other financing sources (uses)				
Issuance of long-term obligations	-	-	4,210,000	4,210,000
Transfers out	(94,000)	(94,000)	(94,000)	-
Total other financing sources (uses)	(94,000)	(94,000)	4,116,000	4,210,000
Net change in fund balance	(5,000)	(5,000)	1,754,425	1,759,425
Fund balance at beginning of year	206,000	206,000	123,407	(82,593)
Fund balance at end of year	\$ 201,000	\$ 201,000	\$ 1,877,832	\$ 1,676,832

* ORS294.338(4)(c) exempts the expenditure of proceeds of bonds, as defined in ORS 287A.001, issued to refund previously issued bonds or obligations. The expenditures as a result of the issuance of refunding bonds is as follows:

Materials and services	\$ 322,033
Debt Service	2,309,835

COMPLIANCE SECTION

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

Board of Directors
Tillamook Urban Renewal Agency
Tillamook, Oregon

We have audited the basic financial statements of the Tillamook Urban Renewal Agency (the "Agency") as of and for the year ended June 30, 2022 and have issued our report thereon dated May 31, 2023. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

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 162-010-0230 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.
- 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 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

Deposit of public funds with financial institutions (ORS Chapter 295)

The Agency did not notify the State Treasurer of its use, or subsequent changes to its use, of approved depositories for its public funds.

Independent Auditor's Report Required by
Oregon State Regulations
May 31, 2023

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 to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control. We have separately communicated to the Agency deficiencies in internal control that that we consider to be material weaknesses.

Restriction of Use

This report is intended solely for the information and use of the Board of Directors and management of Tillamook 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

May 31, 2023

By:

A handwritten signature in black ink, appearing to read 'Brad Bingenheimer', written over a light blue horizontal line.

Brad Bingenheimer, Partner