LA GRANDE URBAN RENEWAL AGENCY

(A Component Unit of the City of La Grande, Oregon)

Annual Financial Report

For the Fiscal Year Ended June 30, 2021

LA GRANDE URBAN REWAL AGENCY
(A Component Unit of the City of La Grande, Oregon)

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LA GRANDE URBAN RENEWAL AGENCY

(A COMPONENT UNIT OF THE CITY OF LA GRANDE, OREGON)

OFFICIALS OF THE AGENCY
JUNE 30, 2021

AGENCY MEMBERS

Name	Position	Term Expires
Steve Clements	Mayor	December 31, 2022
Gary Lillard	Mayor Pro Tem	December 31, 2022
John Bozarth	Council Member	December 31, 2022
Nicole Howard	Council Member	December 31, 2024
Mary Ann Miesner	Council Member	December 31, 2024
Justin Rock	Council Member	December 31, 2022
David Glabe	Council Member	December 31, 2024

AGENCY ADDRESS
LA GRANDE URBAN RENEWAL AGENCY
1000 Adams Avenue
P.O. Box 670
La Grande, Oregon 97850

www.cityoflagrande.org

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Certified Public Accountants and Business Advisors

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Pendleton, OR 97801
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INDEPENDENT AUDITOR'S REPORT

To Agency Members
La Grande Urban Renewal Agency
La Grande, Oregon

We have audited the accompanying financial statements of the governmental activities and each major fund of La Grande Urban Renewal Agency *(a component unit of the City of La Grande, Oregon)* as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Members of: American Institute of Certified Public Accountants
National Association of Certified Valuation Analysts
Oregon Society of Certified Public Accountants

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of La Grande Urban Renewal Agency (a component unit of the City of La Grande, Oregon), as of June 30, 2021, and the respective changes in financial position, and the budgetary comparison for the Urban Renewal General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a to d and Disclosures for an Agency's Street System Based on a Condition Index be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

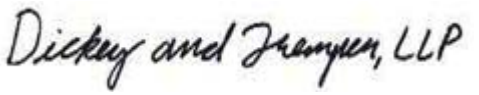
Other Information

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 31, 2021, on our consideration of the Agency's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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.



Dickey and Tremper, LLP
Certified Public Accountants and Consultants

December 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

URBAN RENEWAL AGENCY of the CITY OF LA GRANDE, OREGON
(A Component Unit of the City of La Grande, Oregon)

Management's Discussion and Analysis
June 30, 2021

This discussion and analysis of the La Grande Urban Renewal Agency (Agency) presents the highlights of financial activities and financial position for the Agency for the year ended June 30, 2021 (FY21). It has been prepared by management based on currently known facts, decisions and conditions that existed and should be read in conjunction with the financial statements and notes which follow this section.

Financial Highlights

- The Agency's net position (total assets less total liabilities) increased by approximately 23.7%, or $294,732 during the fiscal year ended June 30, 2021 from $1,243,180 to $1,537,912 primarily due to the decrease in expenditures.
- Overall, expenditures decreased by $123,412 to $732,218 due to decreased expenditures on capital projects.

Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements and other required supplementary information. The Agency's basic financial statements are comprised of three components:
(1) government-wide financial statements
(2) fund financial statements
(3) notes to the basic financial statements.

1. Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Agency's (a) assets, and deferred outflows and (b) liabilities and deferred inflows of resources. Net positions is the difference between (a) and (b). Over time, increases or decreases in net position may serve as a useful tool of whether the financial position of the Agency is improving or deteriorating.

The *Statement of Activities* presents information showing how the Agency's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples would include earned but uncollected property taxes (future inflow), and interest accrued but not paid for debt service (future outflow).

The governmental activities of the Agency include the following:

- Acquisition and construction of capital facilities and infrastructure
- Servicing long-term debt

The Agency has no business-type activities.

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Agency are governmental funds.

The Agency maintains two individual governmental funds, the General Fund and the Debt Fund.

Overview of the Financial Statements – (continued)

Governmental funds – Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the Agency-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Agency-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Agency-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

3. Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided. They are an integral part of the financial statements and should be read in conjunction with them (pages 7–15). In addition to this discussion and analysis, this report also presents required supplementary information concerning budgetary comparison for the two funds of the Agency.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, the total net position increased by $294,732 to $1,537,912 at the close of fiscal year 2021.

LA GRANDE URBAN RENEWAL AGENCY NET POSITION

	Governmental Activities	
	2020	2021
Cash and Investments	$ 1,006,628	$ 1,059,428
Other assets	$ 3,163,352	$ 3,121,692
Total Assets	**$ 4,169,980**	**$ 4,181,120**
Other liabilities	$ 148,425	$ 24,724
Long-Term liabilities	$ 2,778,375	$ 2,618,484
Total Liabilities	**$ 2,926,800**	**$ 2,643,208**
Net Position		
Restricted	$ 1,243,180	$ 1,537,912
Total Net Position	**$ 1,243,180**	**$ 1,537,912**

Total liabilities of $2,643,208 include current liabilities of $24,724 and noncurrent liabilities of $2,618,484.

The Statement of Activities presents the changes in net position by detailing revenues and expenses for the Fiscal Years 2020 and 2021.

LA GRANDE URBAN RENEWAL AGENCY SUMMARY OF CHANGES IN NET POSITION

	Governmental Activities	
	2020	2021
REVENUES		
Property taxes	$ 713,907	$ 1,014,406
Interest	$ 28,125	$ 10,739
Other	$ -	$ 1,805
Total Revenues	**$ 742,032**	**$ 1,026,950**
EXPENSES		
Community development	$ 761,333	$ 641,982
Interest on long-term debt	$ 94,297	$ 90,236
Total Expenses	**$ 855,630**	**$ 732,218**
INCREASE (DECREASE) IN NET POSITION	**$ (113,598)**	**$ 294,732**
PRIOR PERIOD ADJUSTMENT	**$ -**	**$ -**
BEGINNING NET POSITION	**$ 1,356,778**	**$ 1,243,180**
ENDING NET POSITION	**$ 1,243,180**	**$ 1,537,912**

The Agency's activities are governmental activities. The majority of support for governmental activities comes from property taxes.

Capital Assets and Debt Administration

The City of La Grande manages the City's roadway infrastructure using the modified approach. The Agency has one capital project fund (general). Capital projects funds are used to account for the accumulation of resources for, and expenditures of, the acquisition or construction of major capital facilities. The Agency investments include land and land improvements of public infrastructure.

The total long-term debt outstanding at June 30, 2021 is $2,618,484. This is a decrease of $159,891 from the prior fiscal year.

Obligations Outstanding

	Governmental Activities		Business-Type Activities		Total	
	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021
Oregon Economic Development	$ -	$ -	$ -	$ -	$ -	$ -
Oregon Infrastructure Financing Authority	$ 704,891	$ 668,403	$ -	$ -	$ 704,891	$ 668,403
Urban Renewal Bond 2012A	$ 730,000	$ 685,000	$ -	$ -	$ 730,000	$ 685,000
Urban Renewal Bond 2015A	$ 1,230,000	$ 1,160,000	$ -	$ -	$ 1,230,000	$ 1,160,000
Deferred Premium	$ 113,484	$ 105,081	$ -	$ -	$ 113,484	$ 105,081
Totals	$ 2,778,375	$ 2,618,484	$ -	$ -	$ 2,778,375	$ 2,618,484

Additional information on the Agency's bonded debt can be found in the notes to the basic financial statements.

Budgetary Highlights

No changes were made to the adopted budget during the year. Actual property tax revenues of the Agency were less than budgeted by $38,574. Actual expenditures were less than budgeted due in large part to not using the Traded Sector Business Attraction Incentive Program and fewer URA Plan Projects than planned were completed. The Agency is collecting sufficient tax revenue to cover all annual operational and debt service expenditures.

Requests for Information

The Agency's financial statements are designed to present Agency taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about this report or need additional financial information, please contact Robert Strope, District Manager at 1000 Adams Avenue, La Grande, OR 97850 or rstrope@cityoflagrande.org

BASIC FINANCIAL STATEMENTS

LA GRANDE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Grande, Oregon)

STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,059,428
Receivables:	
Property taxes	61,277
Notes	693,437
Capital Assets	
Land	139,110
Infrastructure on modified approach	1,872,218
Depreciable assets, net of depreciation	355,650
Total assets	4,181,120
LIABILITIES	
Accrued interest payable	24,724
Long-term liabilities:	
Due within one year	161,748
Due in more than one year	2,456,736
Total liabilities	2,643,208
NET POSITION	
Restricted for urban renewal	1,537,912
Total Net Position	$ 1,537,912

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

LA GRANDE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Grande, Oregon)

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) and Changes in Net Position
Governmental activities:					
Community development	$ 641,982	1,805	$ -	$ -	$ (640,177)
Interest on long-term obligations	90,236	-	-	-	(90,236)
Total governmental activities	$ 732,218	$ -	$ -	$ -	(730,413)
General revenues:					
Property taxes levied for:					
Debt service					1,014,406
Interest and investment earnings					10,739
Total general revenues					1,025,145
Change in net position					294,732
Net position, beginning					1,243,180
Net position, ending					$ 1,537,912

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

LA GRANDE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Grande, Oregon)

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Debt Fund	Totals
ASSETS			
Cash and cash equivalents	$ 69,227	$ 990,201	$ 1,059,428
Receivables:			
Property taxes	-	61,277	61,277
Notes	693,437	-	693,437
Total assets	$ 762,664	$ 1,051,478	$ 1,814,142
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	$ 693,437	$ 52,151	$ 745,588
FUND BALANCES			
Restricted for urban renewal	69,227	999,327	1,068,554
Total liabilities, deferred inflows of resources, and fund balances	$ 762,664	$ 1,051,478	$ 1,814,142
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Fund balance, restricted above			$ 1,068,554
Long-term assets that are not available to pay for current-period expenditures are deferred in the funds.			745,588
Capital assets purchased by governmental activities are not financial resources and are not reported in the fund.			2,366,978
Long-term liabilities, including notes payable, bonds payable, the related premium on bonds payable, and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.			
Accrued interest payable	$ (24,724)		
Bond premium, net	(105,081)		
Bonds payable	(1,845,000)		
Notes payable	(668,403)		(2,643,208)
Net position of governmental activities			$ 1,537,912

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

LA GRANDE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Grande, Oregon)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

	General Fund	Debt Fund	Totals
REVENUES			
Property taxes	$ -	$ 1,044,426	$ 1,044,426
Assessment Interest	7,802	-	7,802
Interest on investments	-	8,458	8,458
Miscellaneous	1,805	-	1,805
TOTAL REVENUES	9,607	1,052,884	1,062,491
EXPENDITURES			
Current:			
Community development	245,178	-	245,178
Capital Outlay	386,948	-	386,948
Debt service	-	251,243	251,243
TOTAL EXPENDITURES	632,126	251,243	883,369
REVENUES OVER (UNDER) EXPENDITURES	(622,519)	801,641	179,122
OTHER FINANCING SOURCES (USES)			
Transfers in	637,729	-	637,729
Transfers out	-	(637,729)	(637,729)
TOTAL OTHER FINANCING SOURCES (USES)	637,729	(637,729)	-
NET CHANGES IN FUND BALANCE	15,210	163,912	179,122
FUND BALANCE, Beginning	54,017	835,415	889,432
FUND BALANCE, Ending	$ 69,227	$ 999,327	$ 1,068,554

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

LA GRANDE URBAN RENEWAL AGENCY
(A Compnent Unit of the City of La Grande, Oregon)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Net change in fund balance - governmental funds	$	179,122
Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred inflows of resources		(35,541)
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.		151,488
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds.		
Change in accrued interest payable		1,116
Amortization of bond permium		8,403
Governmental funds report capital outlays as expenditures, However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense.		
Amount expended for capital assets		-
Depreciation		(9,856)
Change in net position - governmental activities	$	294,732

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

LA GRANDE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Grande, Oregon)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2021

	Budget Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive / (Negative)
REVENUES				
Assessment Interest	$ 7,535	$ 7,535	$ 7,802	$ 267
Miscellaneous	-	-	1,805	1,805
TOTAL REVENUES	7,535	7,535	9,607	2,072
EXPENDITURES				
Current:				
Community development:				
Materials and services	354,169	354,169	245,178	108,991
Capital Outlay	1,227,550	1,227,550	386,948	840,602
Contingency	150,000	150,000	-	150,000
TOTAL EXPENDITURES	1,731,719	1,731,719	632,126	1,099,593
REVENUES OVER (UNDER) EXPENDITURES	(1,724,184)	(1,724,184)	(622,519)	1,101,665
OTHER FINANCING SOURCES (USES)				
Transfers in	1,723,719	1,723,719	637,729	(1,085,990)
TOTAL OTHER FINANCING SOURCES (USES)	1,723,719	1,723,719	637,729	(1,085,990)
NET CHANGES IN FUND BALANCE	(465)	(465)	15,210	15,675
FUND BALANCE, Beginning	3,292	3,292	54,017	50,725
FUND BALANCE, Ending	$ 2,827	$ 2,827	$ 69,227	$ 66,400

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

LA GRANDE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Grande, Oregon)

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The accompanying financial statements present the activities of the La Grande Urban Renewal Agency. The agency was formed on November 17, 1999 for the purpose of assisting in the economic development of the City of La Grande and is responsible for the urban growth and development within its boundaries. The Agency is a component unit of the City of La Grande and is financially accountable to the City. In addition, the Agency's governing body is the same as that of the City of La Grande's governing body, giving the City the ability to significantly impose its will over the Agency. Management of the Agency consists of those individuals responsible for the day-to-day operations of the City of La Grande; and the Agency provides services wholly within the City boundaries with the intention of increasing tax revenues and employment.

The financial activities of the Agency are also presented as a blended component unit in the City of La Grande financial statements. Complete financial statements for the City of La Grande may be obtained at the City of La Grande's office located at 1000 Adams Avenue, La Grande, Oregon 97850.

B. Agency-wide and Fund Financial Statements

The agency-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues.

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. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The agency-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds are funded by a variety of resources, which include Restricted, Committed, Assigned, and Unassigned sources. Unless specifically tracked, expenditures are assumed to begin with Restricted, Committed, Assigned, and lastly, Unassigned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the Agency. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgment, are recorded only when payment is due.

The Agency reports the following major governmental funds:

The *General Fund* is the primary operating fund of the Agency and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

The *Debt Fund* is used to account for the accumulation of resources for, and the payment of, general and long term principal and interest.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Cash and Cash Equivalents

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Agency's bank accounts and investments are maintained in a central pool of cash and investments with the City of La Grande that is available for use by all funds. Each fund's portion of this pool is reported on the combined balance sheet as cash and cash equivalents.

The investment policy of the Agency is to invest in the Local Government Investment Pool (LGIP), U.S. Government Obligations, and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments, authorized for municipal corporations. The Agency allocates earnings on investments to each fund based on the year to date net income for each fund.

Investments in the LGIP are reported at amortized cost, which approximates fair value in accordance with GASB Statement Number 31, and are considered cash equivalents for financial reporting purposes.

F. Receivables and Payables

Receivables including property taxes, accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in paragraph C above.

G. Fund Equity

Restricted Fund Balance represents amounts that are constrained for Urban Renewal capital projects. Generally the purpose for each is indicated by the account title on the face of the balance sheet.

When the option is available to use restricted or unrestricted resources for any purpose, the Agency expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the Agency expends committed resources before assigned resources, and assigned resources before unassigned resources.

H. Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Agency reports all major general infrastructure assets constructed or acquired using the modified method. All other assets are depreciated using the straight-line basis over the following estimated useful lives:

Land Improvements	10 – 50 years
Equipment	5 – 30 years

I. Long-Term Obligation

In the agency-wide financial statements, long-term debt obligations are reported as liabilities in the Statement of Net Position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds. The modified accrual basis of accounting is used for all budgets. 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 Board of Directors 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 Agency established the levels of budgetary control at the materials and services, capital outlay, debt service, and all other requirement levels for all funds.

B. Excess of Expenditures over Appropriations

There were no expenditures that exceeded appropriations.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the Agency at June 30, 2021. If bank deposits at year end are not entirely insured or collateralized with securities held by the district or by its agent in the Agency's name, the Agency must disclose the custodial credit risk that exists.

The Agency maintains a cash pool with the City of La Grande that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as cash and cash equivalents. Please refer to the City's basic financial statements, issued under a separate cover, for additional information pertaining to the nature and collateralization of the City's deposits and investments.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Agency does not have a formal policy for custodial credit risk.

Investments. In connection with their shared funds with the City of La Grande, the Agency has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the 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). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the Agency's cash position.

Investments in the Oregon State Treasury LGIP are made under the provision of ORS 194.180. These funds are held in the Agency's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximates fair value.

Credit risk. State statutes authorize the Agency to invest primarily in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The Agency has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The Agency is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The Agency has no such investments.

Interest Rate Risk. The Agency has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

The Agency's cash and cash equivalents by fund at June 30, 2021 are shown below:

Governmental activities:	
General Fund	$ 69,227
Debt Fund	990,201
Total cash and cash equivalents	$ 1,059,428

B. Receivables

At June 30, 2021 the Agency's receivables are as follows:

Property taxes	$ 61,277
Notes	693,437
Total receivables	$ 754,714

Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by Union County and remittance to the Agency is made at periodic intervals. The Agency levied taxes at less than maximum taxing authority. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of $1,044,960.

The Urban Renewal Agency has a note receivable of $150,000 related to the funding provided towards the purchase of Liberty Theatre. The loan accrues interest at 5.5% but principal and interest can be forgiven if development requirements are met within 7 years of the initial loan disbursement in August of 2011. An amended loan agreement dated December 13, 2021 extends the maturity date to June 30, 2023. All other terms shall remain in full force and effect, which may not be extended for any reason.

The Urban Renewal Agency extended a loan agreement to establish a new grocery store for a maximum of $500,000. The loan accrues interest at 5% compound annually and is secured by real property. Loan principal and interest can be forgiven if the hours of operations and job creation/retention requirements are met over a maximum 10-year performance life.

The Urban Renewal Agency extended a loan agreement to Community Merchants for a maximum of $32,235. The Urban Renewal Agency disbursed $14,284 during the fiscal year of 2017 and the project is completed. The loan accrues interest at 5% compound annually. Payments for the first twelve months are interest only and starting with the 13th month included principal and interest based on a 15 year term. At the mid-point of the loan, (7.5 years), the remaining balance is eligible to be forgiven provided the criteria for loan forgiveness are met. The criteria for loan forgiveness includes: the company must remain in business at the time of forgiveness with a minimum of 1.5 full time equivalent employees who are employed for at least 36 months prior to the forgiveness, along with a positive cash flow for the 12 months prior to the forgiveness as demonstrated on the company income taxes, and all payments and late fees are paid and current.

The Urban Renewal Agency extended a loan agreement to Thai Fresh for a maximum amount of $27,515. The final $13,757 was disbursed during the fiscal year of 2018. The loan accrues interest at 5% compound annually. Payments for the first twelve months are interest only and starting with the 13th month included principal and interest based on a 15 year term. At the mid-point of the loan, (7.5 years), the remaining balance is eligible to be forgiven provided the criteria for loan forgiveness are met. The criteria for loan forgiveness includes: the company must remain in business at the time of forgiveness with a minimum of 3.0 full time equivalent employees who are employed for at least 36 months prior to the forgiveness, along with a positive cash flow for the 12 months prior to the forgiveness as demonstrated on the company income taxes, and all payments and late fees are paid and current.

The Urban Renewal Agency extended a loan agreement to Le Bebe Cakes for a maximum amount of $20,500, which was fully disbursed. The loan accrues interest at 5% compound annually. Payments for the first twelve months are interest only and starting with the 13th month included principal and interest based on a 10 year term. At the mid-point of the loan, (5 years), the remaining balance is eligible to be forgiven provided the criteria for loan forgiveness are met. The criteria for loan forgiveness includes: the company must remain in business at the time of forgiveness with a minimum of 3.0 full time equivalent employees who are employed for at least 24 months prior to the forgiveness, along with a positive cash flow for the 12 months prior to the forgiveness as demonstrated on the company income taxes, and all payments and late fees are paid and current. An agreement forebearance was signed on May 11, 2020 which allowed Le Bebe Cakes to not make any payments beginning March 1, 2020 and ending July 31, 2020 due to COVID 19. During this time, interest would not accrue on the loan. Le bebe Cakes caught up in April 2021 and their loan status is current.

Assessment liens receivable represent the uncollected amounts levied against benefited property for costs of local improvements. Since the assessements are liens against the benefited property, an allowance or uncollectible amounts is not necessary.

C. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item unavailable revenue is reported only in the governmental fund balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The unavailable revenues reported in the governmental funds included $52,121 in property taxes and $693,437 in notes receivable.

D. Capital Assets

Capital Assets activity for the Agency for the year ended June 30, 2021, was as follows:

Description	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets not being depreciated				
Land	$ 139,110	$ -	$ -	$ 139,110
Infrastructure	1,872,218	-	-	1,872,218
Total non-depreciable	2,011,328	-	-	2,011,328
Capital Assets being depreciated				
Land Improvements	2,331,605	-	-	2,331,605
Equipment	23,455	-	-	23,455
Total depreciable	2,355,060	-	-	2,355,060
Less: Accumulated Depreciation				
Land Improvements	(1,988,318)	(9,074)	-	(1,997,392)
Equipment	(1,236)	(782)	-	(2,018)
Total accumulated depreciation	(1,989,554)	(9,856)	-	(1,999,410)
Total capital assets being depreciated, net	365,506	(9,856)	-	355,650
Total Governmental Activities URA, net	$ 2,376,834	$ (9,856)	$ -	$ 2,366,978

E. Long – Term Liabilities from Direct Borrowings and Direct Placements

On June 8, 2006 the Agency entered into a loan contract with Oregon Economic Development. This loan was for the construction of the La Grande Business & Technology Park. The total loan contract was for $2,058,286. Principal and interest at 3.52% annually was due in one lump-sum payment 30 months after the first draw. The first draw was received on September 12, 2007, resulting in a maturity date of March 12, 2010. The final draw of $227,281 was received on February 26, 2008. A lump payment of $1,000,000 was made on April 23, 2009 that consisted of $905,793 of principal and

$94,207 of accrued interest. The remaining balance of $1,152,493 was refinanced on May 27, 2009. The loan is due in annual installments beginning on December 1, 2009 for 25 years at variable interest rates ranging from 3.00% to 5.25%. On April 10, 2018 the remaining balance of $867,702 was refunded and refinanced for $787,056. The loan repayment dates and payoff date remained the same. The refinance was issued with a bond premium of $107,943 and resulted in a total cash savings of $115,930 over the life of the loan.

Future annual requirements are as follows:

Year Ended June 30,	Principal	Interest
2022	$ 36,748	$ 33,205
2023	37,085	31,368
2024	42,440	29,514
2025	42,737	27,466
2026	48,124	25,329
2027-2031	267,196	89,321
2032-2034	194,073	19,538
	$ 668,403	$ 255,741

On February 21, 2012 the Agency issued bonds under the Local Oregon Capital Asset Program sponsored by the League of Oregon Cities. These bonds were used for the funding of the “Big H” streetscape project. The total certificates of participation issued were $1,035,000. Interest only payments were required until December 1, 2013, after which the loan is due in annual installments of principal and semi annual installments of interest for 20 years. Interest is at a fixed rate for each maturity ranging from 1% to a maximum average interest rate of 3.5%.

In February 2016 the Agency issued bonds under the Local Oregon Capital Asset Program sponsored by the League of Oregon Cities. These bonds were used for the funding of the Adams Avenue Streetscape Project. The total certificates of participation issued were $1,550,000. An interest only payment is due December 1, 2016, after which the loan is due in annual installments of principal and semiannual installments of interest for 19 years. Interest is at a fixed rate for each maturity ranging from 2% to a maximum average interest rate of 3.5%.

Future annual requirements are as follows:

Year Ended June 30,	Principal	Interest
2022	$ 125,000	$ 61,487
2023	125,000	57,875
2024	125,000	54,050
2025	130,000	49,675
2026	140,000	45,038
2027-2031	750,000	150,838
2032-2034	450,000	27,213
	$ 1,845,000	$ 446,176

Changes in long-term liabilities from direct borrowings and direct placement for the fiscal year ended June 30, 2021, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Oregon Infrastructure Financing Authority	$ 704,891	$ -	$ 36,488	668,403	$ 36,748
Urban Renewal Bonds	1,960,000	-	115,000	1,845,000	125,000
Deferred Premium	113,484	-	8,403	105,081	-
Total Long Term Obligations	$ 2,778,375	$ -	$ 159,891	$ 2,618,484	$ 161,748

F. Fund Balance Classification

Fund balance by classification for the year ended June 30, 2021 are as follows:

Fund Balance	URA General Fund	URA Debt Fund	Total
Restricted for:			
Urban Renewal	$ 69,227	$ 999,327	$ 1,068,554
Total Fund Balance	$ 69,227	$ 999,327	$ 1,068,554

G. Risk Management

The Agency is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance coverage in the name of the City. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years.

H. Commitments & Contingencies

The Agency committed to funding of $952,550 to plan projects, $200,000 to traded sector projects, $25,000 to the IOOF project, and $50,000 to the Adams Avenue Project for 2021 fiscal year along with the annual budget process.

I. Related Party Transactions

The Urban Renewal Agency paid the City of La Grande $83,606 for administration and overhead and $161,572 to reimburse costs reported in the economic development department during the year.

REQUIRED SUPPLEMENTARY INFORMATION

RSI Disclosures for The Agency's Street System Based on a Condition Index
La Grande Urban Renewal Agency
June 30, 2021

Pavement Condition Index of the City of La Grande Street System

	2021	2020	2019
Gravel	100	100	100
Oil Mat	69	74	73
Concrete	79	84	84
Major Asphalt	88	86	86
Minor Asphalt	72	74	73

Comparison of Needed-to-actual Maintenance/Preservation

	2021	2020	2019	2018	2017
Gravel					
Needed	-	-	-	-	-
Actual	-	-	-	-	-
Oil Mat					
Needed	353,002	93,782	163,091	223,469	-
Actual	353,002	93,782	163,091	223,469	-
Concrete					
Needed	-	-	-	-	-
Actual	-	-	-	-	-
Major Asphalt					
Needed	439,922	-	374,058	116,223	2,020,841
Actual	439,922	-	374,058	116,223	2,020,841
Minor Asphalt					
Needed	51,682	192,808	353,073	330,746	172,309
Actual	51,682	192,808	353,073	330,746	172,309

The condition of road pavement is measured using a pavement management system for the City as a whole. All of the streets maintained by the Agency are asphalt-surfaced and make up only a small portion of the total infrastructure system. The pavement management system uses a measurement scale that is based on a Pavement condition Index (PCI) ranging from zero for a failed pavement to 100 for pavement in perfect condition. The City's policy is to maintain an average PCI of at least 50 for Oil Mat, 60 for Minor Asphalt, and 70 for Gravel, Concrete, and Major Asphalt. Complete condition assessments are determined every three years.

SUPPLEMENTAL INFORMATION

LA GRANDE URBAN RENEWAL AGENCY
(A Component Unit of the City of La Grande, Oregon)

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT FUND
For the Fiscal Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	$ 1,083,000	$ 1,083,000	$ 1,044,426	$ (38,574)
Interest on investments	28,000	28,000	8,458	(19,542)
TOTAL REVENUES	1,111,000	1,111,000	1,052,884	(58,116)
EXPENDITURES				
Debt Service	251,243	251,243	251,243	-
TOTAL EXPENDITURES	251,243	251,243	251,243	-
REVENUES OVER (UNDER) EXPENDITURES	859,757	859,757	801,641	(58,116)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,723,719)	(1,723,719)	(637,729)	1,085,990
TOTAL OTHER FINANCING SOURCES (USES)	(1,723,719)	(1,723,719)	(637,729)	1,085,990
NET CHANGES IN FUND BALANCE	(863,962)	(863,962)	163,912	1,027,874
FUND BALANCE, Beginning	980,618	980,618	835,415	(145,203)
FUND BALANCE, Ending	$ 116,656	$ 116,656	$ 999,327	$ 882,671

See auditor's report.

AUDITOR'S COMMENTS AND REPORTS

Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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Independent Auditor's Report
Required by Oregon State Regulations

We have audited the basic financial statements of La Grande Urban Renewal Agency as of and for the year ended June 30, 2021, and have issued our report thereon dated December 31, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the La Grande Urban Renewal Agency 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.

Members of: American Institute of Certified Public Accountants
National Association of Certified Valuation Analysts
Oregon Society of Certified Public Accountants

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the Agency 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency internal control over financial reporting.

This report is intended solely for the information and use of the board of directors/council members/commissioners and management of the Agency and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Dickey and Tremper, LLP



December 31, 2021