



ALBANY REVITALIZATION AGENCY

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2021



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INTRODUCTORY SECTION





INTRODUCTORY

Albany Revitalization Agency

333 Broadalbin Street SW

Albany, OR 97321

www.cityofalbany.net

AGENCY MEMBERS

Chair Bessie Johnson
 Alex Johnson II
 Dick Olsen
 Matilda Novak
 Stacey Bartholomew
 Ray Kopczynski
 Marilyn Smith

ADVISORY BOARD MEMBERS

Chair Mark Spence
 Russ Allen
 Maura Wilson
 Bill Rya
 Lelonni Leeper
 Cye Larson
 Roosevelt Gray

CITY ADMINISTRATIVE STAFF

City Manager Peter Troedsson
Finance Director..... Jeanna Yeager
Economic Development Manager Seth Sherry





FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Agency Officials
Albany Revitalization Agency
Albany, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Albany Revitalization Agency (the "Agency") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity'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.

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 major fund of Albany Revitalization Agency as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 9 – 12 and the budgetary comparison schedule on page 32 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.

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

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated February 17, 2022, 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.

Singer Lewak LLP

February 17, 2022



By: Bradley G. Bingenheimer, CPA, Partner



MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion is intended to be an easily readable analysis of the Albany Revitalization Agency (the Agency) financial activities based on currently known facts, decisions, and conditions. It focuses on current year activities and should be read in conjunction with the financial statements that follow.

1. REPORT LAYOUT

The report consists of agency-wide financial statements, fund financial statements, notes to the financial statements, and required supplementary information. The agency-wide financial statements include the statement of net position and the statement of activities.

STATEMENT OF NET POSITION

The statement of net position provides a focus on the unrestricted net position related to the Agency's governmental activities. The statement reflects current assets and long-term liabilities of the Agency.

STATEMENT OF ACTIVITIES

The statement of activities focuses on program expenses and their matching revenues. To the extent a program's expense is not recovered by grants and direct charges, it is paid from general taxes and other resources. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

FUND STATEMENTS

Following the agency-wide statements is a section containing fund financial statements. The Agency presents its only fund as a major fund; for this major fund a budgetary comparison statement is presented.

FUND BALANCE

Governmental fund balance is reported using five defined fund balance categories: non-spendable, restricted, committed, assigned and unassigned. Below is a brief explanation of each of these fund balance categories:

Non-spendable – includes items not immediately converted to cash, such as prepaid items or inventories.

Restricted – includes items that are restricted by external creditors, grantors or contributors, or by legal provisions.

Committed – includes items committed by the agency members through formal resolution.

Assigned – includes items assigned for specific uses, authorized by the Finance Director of the City.

Unassigned – this is the residual classification used for those balances not assigned to another category or a negative balance.

2. AGENCY AS A WHOLE

FINANCIAL HIGHLIGHTS

The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$5,660,044 (net position). As of the close of the current fiscal year, the Agency reported an ending fund balance of \$11,378,294, an increase of \$2,080,160 in comparison with the previous year.

AGENCY-WIDE FINANCIAL STATEMENTS

A condensed version of the statement of net position at June 30, 2021 and 2020 follows.

TABLE 1
Net Position at Year End

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<u>Assets:</u>		
Cash and investments	\$ 11,467,089	\$ 9,443,730
Other assets	<u>1,727,475</u>	<u>1,031,548</u>
Total assets	<u>13,194,564</u>	<u>10,475,278</u>
<u>Liabilities</u>		
Other liabilities	264,856	309,367
Liabilities due in one year	948,831	915,228
Liabilities due in more than one year	<u>6,320,833</u>	<u>7,269,664</u>
Total liabilities	<u>7,534,520</u>	<u>8,494,259</u>
<u>Net Position</u>		
Unrestricted	<u>\$ 5,660,044</u>	<u>\$ 1,981,019</u>

STATEMENT OF NET POSITION AT JUNE 30, 2020:

Total net position increased by \$3,679,025 during the year ended June 30, 2021.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021:

A summary version of the statement of activities follows:

TABLE 2
Governmental Activities for the years ended June 30, 2021 and 2020

	June 30, 2021	June 30, 2020
REVENUES		
General revenues		
Taxes	\$ 4,218,911	\$ 3,838,047
Interest	60,784	293,317
Miscellaneous	784,789	29,673
Total revenues	5,064,484	4,161,037
EXPENSES		
General government	114,800	126,970
Assets acquired for benefit of the City of Albany	789,409	659,596
Debt service	218,209	253,926
Special payments	263,700	247,700
Total expenses	1,386,118	1,288,192
Change in net position	3,678,366	2,872,845
Beginning net position	1,981,019	(880,863)
Prior period adjustment	659	(10,963)
Ending net position	\$ 5,660,044	\$ 1,981,019

Governmental Activities

For the 2020-21 fiscal year, revenues increased \$903,447. Property taxes received increased, and proceeds from loans increased between years. Governmental activities expenses increased \$97,926 due to the starting of another large project, the CARA Waterfront Project.

3. BUDGETARY HIGHLIGHTS

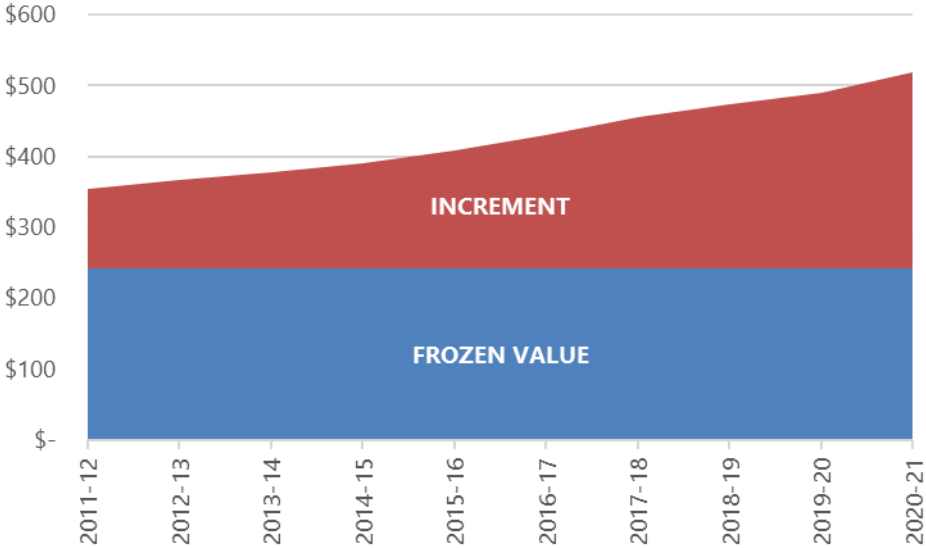
During the year, the Agency only transferred appropriations to coincide with Economic Development division moving from the City Manager's Office to Community Development department. Total budgeted resources available for appropriation were \$14,415,900. Actual resources available for appropriation were more than the amount budgeted by \$1,452,054 due to property tax receipts above budgeted amounts as well as no new debt was issued as contemplated in the adopted budget which left \$9,926,240 unspent appropriations.

4. CAPITAL ASSETS AND DEBT ADMINISTRATION**Debt Outstanding**

As of June 30, 2021, the Agency had \$7,279,664 of outstanding debt to be paid off over 12 years. For more detailed information on the Agency's debt refer to page 28 of the notes to the basic financial statements.

5. ECONOMIC FACTORS

The Albany Revitalization Agency is an important partner in economic development within the City of Albany, providing necessary infrastructure improvements to support continued growth and quality of service to those within the Agency's boundaries. Increasing property values within the boundaries of the Agency translate into increasing tax increment available. That tax increment is used to pay debt service on bonds issued to fund projects and improvements. The following table illustrates growth of assessed values within the Agency's area. Since inception, there has been steady growth of at least six percent.



The frozen value represents the assessed value at the time the district was created (and adjusted by Measure 50). As development occurs the increased assessed value is included as an increment value (above the frozen value). Taxes assessed on the increment flow to the Agency while taxes on the frozen value flow to the respective taxing jurisdictions.

6. 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. If you have questions about the report or need additional financial information, you should contact the City of Albany's Finance Department at 333 Broadalbin Street SW, Albany, Oregon 97321.



BASIC FINANCIAL STATEMENTS

ALBANY REVITALIZATION AGENCY STATEMENT OF NET POSITION

June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 11,467,089
Receivables:	
Property taxes	147,629
Accounts	29,588
Interest	25,517
Loans, net of allowance for uncollectable	<u>1,524,741</u>
Total assets	<u>13,194,564</u>
LIABILITIES	
Accounts payable	162,402
Accrued interest payable	102,454
Long-term obligations:	
Due within one year	948,831
Due in more than one year	<u>6,320,833</u>
Total liabilities	<u>7,534,520</u>
NET POSITION	
Unrestricted	<u>5,660,044</u>
Total net position	<u>\$ 5,660,044</u>

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

ALBANY REVITALIZATION AGENCY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	<u>Governmental Activities</u>
Program expenses:	
General government	\$ 114,800
Assets acquired for the benefit of the City of Albany	789,409
Debt service	<u>218,209</u>
Total program expenses	<u>1,122,418</u>
 General revenues:	
Property taxes	4,218,912
Unrestricted investment earnings	60,783
Miscellaneous	<u>784,789</u>
 Special payments out	 (263,700)
Total general revenues and special items	<u>4,800,784</u>
 Change in net position	 3,678,366
Net position - beginning	1,981,019
Prior period adjustments	<u>659</u>
 Net position - ending	 <u>\$ 5,660,044</u>

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

**ALBANY REVITALIZATION AGENCY
BALANCE SHEET
GOVERNMENTAL FUND**
June 30, 2021

	General
ASSETS	
Cash and investments	\$ 11,467,089
Receivables:	
Property taxes	147,629
Accounts	29,588
Interest	25,517
Loans, net of allowance for uncollectable	1,524,741
Total assets	\$ 13,194,564
 LIABILITIES	
Accounts payable	\$ 162,402
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	1,653,868
 FUND BALANCES	
Unrestricted	11,378,294
Total liabilities, deferred inflows of resources and fund balances	\$ 13,194,564

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

**ALBANY REVITALIZATION AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2021

Total fund balances per Governmental Funds Balance Sheet (page 15). \$ 11,378,294

Amounts reported for governmental activities in the Statement of Net Position are different because:

Other long-term assets are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Property Taxes	129,126
Loans	<u>1,524,742</u>

Total long-term asset adjustments	1,653,868
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Some liabilities, including loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Long-term obligations	(7,269,664)
Interest payable on long-term debt	<u>(102,454)</u>

Total long-term obligations adjustments	<u>(7,372,118)</u>
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Net Position of Governmental Activities (page 13)	<u>\$ 5,660,044</u>
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The notes to the basic financial statements are an integral part of this statement.

ALBANY REVITALIZATION AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2021

	General
REVENUES	
Taxes:	
Property	\$ 4,242,366
Investment Earnings	60,783
Miscellaneous	87,457
Total revenues	4,390,606
 EXPENDITURES	
Current:	
General government	114,800
Debt service:	
Principal	915,228
Interest	227,968
Capital outlay	789,409
Total expenditures	2,047,405
 Excess (deficiency) of revenues over expenditures	 2,343,201
 OTHER FINANCING SOURCES (USES)	
Special payments	(263,700)
 Net change in fund balances	 2,079,501
Fund balance - beginning	9,298,134
Prior period adjustment	659
 Fund balance - ending	 \$ 11,378,294

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

**ALBANY REVITALIZATION AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2021

Net change in fund balances - total Governmental funds (page 17). \$ 2,079,501

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and other revenues reported in the funds are not revenues reported in the Statement of Activities.

Property taxes	(23,455)	
Loans receivable	697,333	
Total revenue adjustments		673,878

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Long-term loans payable		915,228
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The change in accrued interest payable affect the interest expense reported in the statement of activities, but does not require the use of current financial resources and, therefore, not reported as expenditures in the governmental funds.

Interest payable		9,759
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Change in net position of Governmental Activities (page 14) \$ 3,678,366

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

**ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Albany Revitalization Agency (the Agency) have been prepared in accordance with generally accepted accounting principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

The Albany Revitalization Agency (a component unit of the City of Albany, Oregon) was organized on August 8, 2001, as the Central Albany Revitalization Area (CARA), and commenced operations during Fiscal Year 2001 under the provisions of Oregon Revised Statutes, Chapter 457, to provide for rehabilitation of blighted and deteriorated areas within the City's designated urban renewal area. As provided by ORS 457, the City Council of the City of Albany is the governing body of the Agency. The principal funding source is from bond sales, which will be repaid from property tax increment revenues and interest earnings. The personnel of the City of Albany provide project management and administration.

On July 18, 2007, CARA was renamed the Albany Revitalization Agency. The City of Albany may only have one governing agency over any and all Urban Renewal Districts and in an effort to resolve any confusion the agency was renamed.

The Agency is a legally separate entity for which the City Council serves as the governing body. The City Council can impose its will over the Agency as determined based on budget adoption, taxing authority, and funding for the Agency. Therefore, under the criteria of the GASB, the Agency is considered a component unit of the City of Albany and the Agency's financial activities are included as a blended component unit in the basic financial statements of the City.

The Agency has no potential component units.

Basic Financial Statements

Government-wide Financial Statements display information about the Agency as a whole. For the most part, the effect of inter-fund activity has been removed from these statements. The focus is on its financial sustainability. As such, the reporting presents the change in the aggregate financial position of the Agency, resulting from the activities of the fiscal period. These aggregated statements consist of the statement of net position and the statement of activities.

**ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements (continued)

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 included among program revenues are reported as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial transactions of the Agency are recorded in a single fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The fund is reported using generic classifications within the financial statements.

The GASB Statement No. 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

General Fund

A governmental fund type used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The principal sources of revenue are tax increment revenues and interest earnings.

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

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

**ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The fund financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. This measurement focus concentrates on the fund's resources available for spending in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual 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 Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

Cash and Investments

The Agency's pooled cash and investments include cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition. State statutes authorize the Agency to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, and the State of Oregon Local Government Investment Pool.

Investments are recorded at fair value in accordance with GASB Statement No. 72. Fair Value Measurement and Application. Accordingly, the change in fair value if investments is recognized as an increase or decrease to investment assets and investment income.

Receivables

Property taxes that have been collected within sixty days of fiscal year-end are considered measurable and available and are recognized as revenue. The remaining balance is recorded as unavailable revenue as it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. All property taxes receivable are due from property owners within the urban renewal area.

**ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unavailable Revenues

Unavailable revenues represent uncollected property taxes and loan balances not deemed available to finance operations of the current period.

Long-Term Obligations

In the agency-wide financial statements, long-term obligations are reported as a liability of the governmental activities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Equity

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

- 1) Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- 2) Restricted net position – Consists of net assets 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.
- 3) Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

**ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (continued)

Governmental fund balances are reported within one of the fund balance categories listed below:

- 1) 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.
- 2) 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.
- 3) Committed– Amounts that can be used only for specific purposes determined by a formal action of the City Council. The City 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 City Council.
- 4) 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 City Council has granted authority to the Finance Director to assign fund balance amounts.
- 5) 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.

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Agency considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Agency considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

The Agency has adopted this order of categories in Resolution 6015 on June 22, 2011 and has classified all funds in the proper category.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets for Agency funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 –Local Budget Law). The process under which the budget is adopted is described below. Each May, the proposed budget is submitted to the Budget Committee (consisting of the City Council and an equal number of citizens of the City). The Agency is required to budget all funds. The budget is prepared for each fund on the modified accrual basis of accounting in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund, program, and object. Information on the past two years’ actual receipts and expenditures and current-year estimates are included in the budget document.

**ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information (continued)

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

The Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at the object group level (i.e. personal services, materials and services, capital outlay, debt service, inter-fund transfers, and contingency). Appropriations lapse as of year-end.

The Board may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes.

Additional resources that are unexpected may be added to the budget through a supplemental budget, which requires publication in a local newspaper, a public hearing, and approval by the Board. Expenditure appropriations may not be legally over-expended except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the object group, but cannot make changes to the object groups themselves, which is the legal level of control.

Excess of Expenditures over Appropriations

The Agency operated within its adopted budget for the year ended June 30, 2021.

3. DETAILED NOTES

Cash and Investments

The City pools its cash, including those of the Agency, for investment purposes. The Agency's portion is displayed on the balance sheet as "Pooled cash and investments with the City of Albany." The total amount, \$11,467,089, is invested with the State of Oregon Local Government Investment Pool (LGIP), financial institutions, bonds, and US Government obligations.

**ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

3. DETAILED NOTES (CONTINUED)

Cash and Investments (continued)

The City has implemented GASB Statement No. 72, Fair Value Measurement and Application, as of June 30, 2016. This statement addresses accounting and financial reporting issues related to fair value measurement. It defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date,” and is determined using one of three valuation approaches: market, cost, or income. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement or other statement of activities, of the fund holding the underlying investments.

The equity position of the fund in the internal investment pool is reported as assets of that fund. The City reports all investments at fair market value.

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs.

The City’s US Treasury notes are classified as Level 1, and have values based on institutional bond quotes – evaluations based on various market and industry inputs.

Level 2 are valued using the following approaches: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable for an asset. The City’s US Government agency mortgage-backed pools are based on mortgage-backed securities pricing, with evaluations based on various market and industry inputs. Corporate bond values are based on institutional bond quotes, with evaluations based on various market and industry inputs.

Level 3 inputs are unobservable and should reflect the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. The City does not currently hold any Level 3 investments.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2021.

ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

3. DETAILED NOTES (CONTINUED)**Fair Value of Investments (continued)**

As of June 30, 2021, the City had the following investments:

Investment Type	Moody's Rating	Fair Value	Weighted Average Maturity (yrs)	Percent of Total Portfolio
U.S. Government agency obligations:				
U.S. Treasury Notes	AAA	\$ 16,265,815	0.51	16%
Federal Farm Credit Bank	AAA	10,943,340	0.11	11%
Federal Home Loan Mortgage Corporation	AAA	2,487,860	0.07	2%
Federal National Mortgage Association	AAA	2,984,550	0.09	3%
Federal Home Loan Banks	AAA	11,205,760	0.11	11%
Corporate Bonds				
Amazon	A1	1,000,200	0.05	1%
Apple	AA1	2,029,130	0.08	2%
Microsoft	AAA	2,023,620	0.01	2%
Municipal bonds - Oregon	AA1	250,813	0.00	0%
Municipal bonds - California	AA2	619,428	0.00	1%
Municipal bonds - Washington	AAA	350,574	0.01	0%
Foreign bonds - Canadian banks	AA2	1,068,580	0.02	1%
Foreign bonds - Canadian banks	AA3	1,007,200	0.04	1%
Oregon Short-term Fund	NR	47,293,735	0.00	48%
Totals		<u>\$ 99,530,604</u>		<u>100%</u>
Portfolio Weighted average maturity			<u>1.11</u>	

Interest Rate Risk

The City's investment policy does not allow investments of more than five and a quarter years. At least 25 percent of the total portfolio must mature in under one year. The weighted maturity of the total portfolio shall not exceed 1.75 years. The City's weighted average maturity as of June 30, 2021, was 1.11 years.

Credit and Concentration of Credit Risk

The City has adopted within its investment policy the State statutes which authorize the City to invest primarily in general obligations of the U. S. Government and its agencies; certain bonded obligations of Oregon, Washington, Idaho, and California municipalities; bank repurchase agreements; bankers' acceptances; certain commercial papers; and the Oregon Short-term Fund investment pool.

**ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

3. DETAILED NOTES (CONTINUED)**Credit and Concentration of Credit Risk (continued)**

Diversification constraints of the City's investment policy are:

<u>Issuer Type</u>	<u>Percent of Total Portfolio</u>
U. S. Treasury obligations	100%
U. S. Agency Primary Securities	100%
Per Issuer	35%
U. S. Agency Secondary Securities	10%
Municipal Bonds*	25%
Corporate Bonds*	35%
Commercial Paper*	35%
Bank Time Deposits/Savings Accounts	20%
Certificates of Deposit	10%
Banker's Acceptance*	35%
Oregon Intermediate Fund	10%

Custodial Risk – Investments

The laws of the State require that all purchased securities be bought on a delivery versus payment basis and be held in safekeeping by the City, an independent third-party financial institution, or in the City's designated depository. All safekeeping arrangements shall be designated by the Finance Director and an agreement of the terms executed in writing. The third-party custodian shall be required to issue original safekeeping receipts to the City listing each specific security, rate, description, maturity, and CUSIP number. Each safekeeping receipt will clearly state that the security is held for the City or pledged to the City. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

Custodial Risk – Deposits

This is the risk that in the event of a bank failure, the City of Albany's deposits might not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City of Albany'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 institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2021, none of the City's deposits were exposed to custodial credit risk.

Loans Receivable

The Agency has made loans to individuals or corporations to help offset costs of rebuilding blighted buildings in areas within the urban renewal district.

In fiscal year 2016, the ARA approved a zero-interest twenty-year loan of \$175,000, to Novak's Hungarian Restaurant, for further improvements to the property located at 208 Second Avenue. This loan is secured by a promissory note and trust deed. Monthly payments of \$729 began on January 15, 2016. Due to COVID-19 not all 12 payments were collected, as the City has deferred them for future consideration. The outstanding balance on June 30, 2021, totaled \$135,950.

**ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

3. DETAILED NOTES (CONTINUED)**Loans Receivable (continued)**

In fiscal year 2016, the ARA approved a twenty-year loan of \$500,000, to Rick Mikesell, for renovations to the 1st Avenue Century Building. This no-interest loan is secured by a promissory note and trust deed. Monthly payments of \$2,083 started in September 2016, resulting in an outstanding balance of \$379,167 on June 30, 2021.

ARA converted a \$200,000 forgivable loan to R3 Development to a repayable loan in July 2016. The twenty-year loan has zero interest and monthly payments of \$833. Payments began in August 2016, resulting in an ending balance of \$150,834 on June 30, 2021.

Signs of Victory received a five-year \$50,000 loan from the ARA on April 28, 2017, and another \$50,000 loan that was finalized July 13, 2017. This loan is secured by a promissory note and trust deed. Annual payments of \$25,000 plus interest began on December 31, 2018. A one-year forbearance was granted in December 2019, making the next payment due December 31, 2020; it was not received. The outstanding balance on June 30, 2021 is \$75,000.

Natural Sprinkles Bakery received a five-year \$50,000 loan from ARA on January 5, 2018. This loan is secured by a promissory note and all tangible and intangible assets of the business. Annual interest-only payments are due in January of each year. The full principal balance is due January 5, 2023.

In fiscal year 2021 the ARA approved a 20-year loan of \$744,000 to Van Vleet Properties, LLC, with an annual interest rate of 4.0 percent. This loan is secured by a promissory note and trust deed. Monthly payments of \$4,508 began on March 15, 2021. The outstanding balance on June 30, 2021 was \$733,790.

The following table outlines the loan receivable activity for the year ended June 30, 2021.

	July 1, 2020	Increases	Decreases	June 30, 2021
Total loans receivable	\$ 827,409	\$744,000	\$ (46,758)	\$ 1,524,651

The following table is a schedule of loans that the ARA has made which are forgivable if certain conditions are met. The ARA believes that these conditions will be met, and thus does not report them as loans receivable.

ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

3. DETAILED NOTES (CONTINUED)**Loans Receivable (continued)**

Borrower	Loan draws to date	Forgiven	Balance yet to be forgiven
CADD Connection - Yamamoto	\$ 97,500	\$ 13,929	\$ 83,571
Edgewater Village	1,820,000	244,800	1,575,200
Ameri-Tool	35,000	5,000	30,000
Novak's Hungarian Restaurant	200,000	-	200,000
C.H.A.N.C.E.	75,000	-	75,000
	<u>\$ 2,227,500</u>	<u>\$ 263,729</u>	<u>\$ 1,963,771</u>

Capital Assets

The ARA has begun the process of investing in repairs to the City of Albany's infrastructure. The project costs associated with this are accounted for as capital projects and once the projects are completed, they are transferred to the City of Albany. As of June 30, 2021, all projects have been completed and the assets were transferred to the City of Albany.

Long Term Obligations

The table below presents current year changes and amounts due within one year for each long-term debt issuance:

	Beginning Balance	Increase	Decrease	Ending Balance	Due within one year
Urban Renewal Bonds:					
2007 CARA Series A Tax-exempt	\$ 863,000	\$ -	\$ 421,000	\$ 442,000	\$ 442,000
Direct Borrowings and Placements:					
Oregon IFA	7,321,892	-	494,228	6,827,664	506,831
Total long-term debt obligations	<u>\$ 8,184,892</u>	<u>\$ -</u>	<u>\$ 915,228</u>	<u>\$ 7,269,664</u>	<u>\$ 948,831</u>

2007 CARA Series A Tax-Exempt

In October 2007, the Agency issued Urban Renewal Tax Increment bonds in the amount of \$4,687,000 to finance authorized projects in the renewal area. Debt service requirements are payable from tax increment revenues. The interest rates range from 4.85% to 6.25% for the 15-year bonds, and final maturity is June 15, 2022. The balance outstanding at June 30, 2021, is \$442,000. Annual debt service requirements to maturity for the urban renewal bonds are as follows:

	For the year ending June 30,	Principal	Interest	Total
2022		<u>\$ 442,000</u>	<u>\$ 21,437</u>	<u>\$ 463,437</u>

**ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

3. DETAILED NOTES (CONTINUED)**Long Term Obligations (Continued)***Oregon Infrastructure Authority (IFA) streetscape loan*

In October 2016, the Agency approved through resolution a \$8,400,000 loan from the Oregon Infrastructure Authority (IFA) for the financing of projects in the Central Albany Revitalization Area. The interest rate is 2.55 percent and payment is made from the transfer of ARA incremental tax receipts. Final maturity is December 1, 2032. The balance outstanding at June 30, 2021 is \$6,827,664. In the event of default, the IFA may declare all payments immediately due and payable. Annual debt service requirements to maturity are as follows:

For the year ending June 30,	Principal	Interest	Total
2022	\$ 506,831	\$ 174,105	\$ 680,936
2023	519,755	161,181	680,936
2024	533,009	147,927	680,936
2025	546,600	134,336	680,936
2026	560,539	134,336	694,875
2027-2031	3,024,530	380,152	3,404,682
2032-2033	1,136,400	41,332	1,177,732
	<u>\$ 6,827,664</u>	<u>\$ 1,173,369</u>	<u>\$ 8,001,033</u>

Prior Period Adjustment

After the previous year's financials were reported various expenditure adjustments were recorded to correct for software conversion errors. This resulted in a prior period adjustment of \$659.

4. OTHER INFORMATION**Property Tax Limitation**

The state of Oregon has a constitutional limit on property taxes for schools and non-school government operations. Under the provisions of the limitation, tax revenues are separated into those for the public-school system and those for local government operations. The limitation specifies \$10 as the maximum allowable tax for each \$1,000 of property real market value imposed by local governments other than schools. Urban renewal debt is not exempt from the limitation and must be levied within the \$10 cap. The local government rates are at or near the \$10 cap for this limitation, but it has not adversely affected the Agency.

In May 1997 Oregon voters approved a property tax measure that rolled back assessed values to 90% of the 1995-96 amounts and limits future years growth to 3% with exceptions for substantial improvements. The measure also fixed the property tax rate for each government's operating levies. Additionally, the measure states that the Legislative Assembly shall enact laws that allow collection of ad valorem property taxes sufficient to pay indebtedness incurred to carry out urban renewal plans. These collections shall cease when the indebtedness is paid.

**ALBANY REVITALIZATION AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

4. OTHER INFORMATION (CONTINUED)

Tax Abatements

Linn County has established a tax abatement program for nonprofit low-income rental housing under ORS 307.541. As a result, the property taxes that the Agency will receive for the 2020-21 levy year has been reduced by \$4,706.

Linn County has established an enterprise zone under ORS 285C.175 that abates property taxes on new business development within zone. As a result, the property taxes that the Agency will receive for the 2020-21 levy year has been reduced by \$44,890.

Linn County has established a construction in process in enterprise zone under ORS 285C.170 that abates property taxes on new business construction within zone. As a result, the property taxes that the ARA will receive for the 2020-21 levy year has been reduced by \$0.



REQUIRED SUPPLEMENTARY INFORMATION

ALBANY REVITALIZATION AGENCY GENERAL FUND BUDGETARY COMPARISON SCHEDULE For the Year Ended June 30, 2021

	Biennium		FY 2019-20 Actual	FY 2020-21 Actual	Total Actual Budget Basis	Over (Under)
	Original Budget	Final Budget				
REVENUES						
Taxes:						
Property	\$ 7,450,000	\$ 6,205,300	\$ 3,819,792	\$ 4,242,366	\$ 8,062,158	\$ 1,856,858
Intergovernmental	2,400	2,400	-	-	-	(2,400)
Investment earnings	50,000	50,000	293,317	60,784	354,101	304,101
Miscellaneous	143,500	143,500	71,235	87,456	158,691	15,191
Total revenues	7,645,900	6,401,200	4,184,344	4,390,606	8,574,950	2,173,750
Fund Balance, beginning						
Fund balance, beginning	6,770,000	8,014,700	7,303,308	9,298,134	7,303,308	(711,392)
Prior period adjustment	-	-	(10,963)	659	(10,304)	(10,304)
Total fund balance, beginning	6,770,000	8,014,700	7,292,345	9,298,793	7,293,004	(721,696)
Amount available for appropriation	\$ 14,415,900	\$ 14,415,900	\$ 11,476,689	\$ 13,689,399	\$ 15,867,954	\$ 1,452,054
EXPENDITURES						
CARA	\$ 13,904,500	\$ 1,930,900	\$ 1,930,855	\$ -	\$ 1,930,855	\$ 45
CARA	-	11,973,600	-	2,047,405	2,047,405	9,926,195
Total expenditures	13,904,500	13,904,500	1,930,855	2,047,405	3,978,260	9,926,240
Appropriated financing uses						
Special payments	511,400	511,400	247,700	263,700	511,400	-
Total expenditures, appropriated, and unappropriated financing uses						
	\$ 14,415,900	\$ 14,415,900	2,178,555	2,311,105	4,489,660	9,926,240
Fund balance, ending			\$ 9,298,134	\$ 11,378,294	\$ 11,378,294	\$ 11,378,294



COMPLIANCE SECTION



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

Agency Officials
Albany Revitalization Agency
Albany, Oregon

We have audited the basic financial statements of the Albany Revitalization Agency (the "Agency") as of and for the year ended June 30, 2021, and have issued our report thereon dated February 17, 2022. 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.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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.

Agency Officials
Albany Revitalization Agency
Albany, Oregon
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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.

Restriction of Use

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

Singer Lewak LLP

February 17, 2022



Brad Bingenheimer, CPA, Partner