GRESHAM
REDEVELOPMENT COMMISSION

CITY OF
GRESHAM
OREGON

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

ROCKWOOD-WEST GRESHAM URBAN RENEWAL AREA

About the cover images:
Kids at play and atrium at the new Open School in Rockwood
located at 16570 SE Oak Street, Gresham, Oregon 97233.

Cover photos by Andrew Pogue Photography

Rockwood-West Gresham Urban Renewal Area

(a component unit of the City of Gresham, Oregon)

Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Prepared by
Finance & Management Services Department

Rockwood-West Gresham Urban Renewal Area
(a component unit of the City of Gresham, Oregon)
For the Fiscal Year Ended June 30, 2016

Table of Contents

Page

Gresham Redevelopment Commission 1
Independent Auditor's Report 3
Management's Discussion and Analysis 6
Basic Financial Statements
- Statement of Net Position 12
- Statement of Activities 13
- Balance Sheet - Governmental Funds 14
- Reconciliation of the Balance Sheet of Governmental Funds to Governmental Activities on the Statement of Net Position 15
- Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 16
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Governmental Activities on the Statement of Activities 17
- Notes to the Basic Financial Statements 19

Required Supplementary Information:
- Schedule of Revenues, Expenditures, and Changes in Fund balances - Budget and Actual – Rockwood-West Gresham Urban Renewal Capital Projects Fund 28

Other Supplementary Information:
- Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Rockwood UR Debt Service Fund 30
- Schedule of Property Tax Transactions 31

Audit Comments and Disclosures Required by State Regulations 33

GRESHAM
REDEVELOPMENT COMMISSION

Rockwood-West Gresham Urban Renewal Area
Gresham City Hall
1333 NW Eastman Parkway
Gresham, Oregon 97030
www.greshamoregon.gov/city/city-departments/urban-renewal

As of June 30, 2016

Name	Term Expires
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Principal Officials:
Erik Kvarsten, City Manager
Dave Ris, City Attorney
Bernard Seeger, Finance and Management Services Director
Josh Fuhrer, GRDC Executive Director

The Commissioners and Principal Officials can be reached at the City Hall address above.

Independent Auditors Report

INDEPENDENT AUDITOR'S REPORT

Gresham Redevelopment Commissioners
Rockwood-West Gresham Urban Renewal Area
Gresham, Oregon

Report on the Financial Statements

We have audited the basic financial statements of the governmental activities and each major fund of the Rockwood-West Gresham Urban Renewal Area ("Area"), (a component unit of the City of Gresham, Oregon) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Area'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 each major fund of the Area as of June 30, 2016, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis ("MD&A") and the budgetary comparison information for the Area's Capital Projects Fund 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 MD&A 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 MD&A because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Capital Projects Fund budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Area's basic financial statements. The other schedules as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules are the responsibility of management and were derived from and relate 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 other schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 19, 2016 on our consideration of the Area'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.

ISLER CPA

Paul R Nielson

By: Paul R. Nielson, CPA, a member of the firm
Eugene, Oregon
December 19, 2016

Management's Discussion and Analysis

Rockwood—West Gresham Urban Renewal Area (a component unit of the City of Gresham, Oregon) Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2016

This discussion and analysis highlights the financial activities and financial position of the Rockwood-West Gresham Urban Renewal Area (Area) for the year ended June 30, 2016. The Area is a blended component unit of the City of Gresham, Oregon (City). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, variances from the budget, and specific issues related to individual funds.

FINANCIAL HIGHLIGHTS

- Property values continued to improve with the Area's property tax increment rising by 4.9% over the previous year, in this, the thirteenth year of the Area's existence.
- The Area's net position grew by $1.9 million primarily from increased tax increment revenue and improved investment earnings while expenses decreased by $0.1 million the majority of which can be attributed to higher interest expense from prior year issuances.
- The tax levy for FY2017 has been disclosed and the Area can expect robust tax-increment revenue growth in excess of $0.5 million for the next fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Report Layout

This discussion and analysis is intended to serve as an introduction to the Area's basic financial statements. The basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide statements report information about the Area as a whole in a manner similar to private-sector companies. The two government-wide statements are the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Area's assets, liabilities, deferred outflows and inflows with the difference reported as net position.

The Statement of Activities provides a focus on program costs and their matching resources. All of the current year's revenues and expenses are detailed in the statement of activities using the accrual basis of accounting (i.e. regardless of when cash is received or paid).

Program costs are paid from loan proceeds as required under Oregon law. The loans are repaid using property taxes levied for the area along with investment earnings and federal interest subsidies.

Fund Financial Statements

The fund financial statements are reported after the government-wide statements. The Area presents both of its funds as major funds. For each of these major funds, a budgetary comparison schedule is also presented.

Notes to the Financial Statements

The notes provide additional information that is critical to a full understanding of the data shown, and the accounting conventions used in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Financial Position

Net position serves as a useful indicator, over time, of a government's financial position. The following table shows a summary of the statement of net position at fiscal year-end and for the previous year end:

Rockwood-West Gresham Urban Renewal Area
Summary of Net Position

	Governmental Activities	
ASSETS	**2016**	**2015**
Current and other assets	$ 13,465,482	$ 13,986,420
Capital assets	17,296,709	17,571,179
Total assets	30,762,191	31,557,599
LIABILITIES		
Accrued Liabilities	104,884	107,329
Notes payable	22,576,502	25,241,026
Total liabilities	22,681,386	25,348,355
NET POSITION		
Restricted for debt service	1,800,000	1,800,000
Unrestricted (deficit)	6,280,805	4,409,244
Total net position	$ 8,080,805	$ 6,209,244

The Area ended the year with a net position of $8,050,805, an increase of $1,871,561 from the prior year. Current and other assets decreased by $520,938 almost entirely due to lower cash and investment balances as borrowings from the prior year were used to pay for project expenditures and interest on borrowings. The decrease of $274,470 in capital assets net, is accounted for by a sale of property and depreciation with minimal new additions during the year.

Results of Operations

As with the statement of net position, the Area reports governmental activities on a consolidated basis. A comparison of the statement of activities to the prior year is provided below:

Rockwood-West Gresham Urban Renewal Area
Summary of Changes in Net Position

	Governmental Activities	
REVENUES	2016	2015
Program Revenues		
Other revenues	$ 29,460	$ 58,291
Program Revenues	29,460	58,291
General Revenues		
Property taxes	3,842,042	3,661,270
Federal subsidy - Build America Bonds	77,878	86,058
Interest and investment earnings	246,263	117,476
General Revenues	4,166,183	3,864,804
Total revenues	4,195,643	3,923,095
EXPENSES		
Urban renewal	1,377,485	1,665,983
Interest on long-term debt	946,597	725,701
Total expenses	2,324,082	2,391,684
Change in net position	1,871,561	1,531,411
Net Position - Beginning	6,209,244	4,677,833
Net Position - Ending	$ 8,080,805	$ 6,209,244

Total revenues increased by $272,548 from the prior fiscal year. The increase largely consisted of a $180,772 increase in property tax increment an improvement of $128,787 in investment income. Investment income jumped during the year due to higher balances throughout most of the year. The proceeds from the issuances increased the cash and investment balances just prior to the previous year end. The investment rate of return also improved during 2016 compared to the prior year, along with some realized gains.

The Area's total revenues for the year were $4.2 million, a 6.9% increase from the prior year. The tax increment revenues are restricted to the repayment of debt that is used to finance improvements identified in the urban renewal plan.

The Area collected $77.9 thousand in direct interest payment subsidies from the federal government under the Build America Bonds section of the American Recovery and Reinvestment Act of 2009.

There was a $67,602 decrease in expenses from the prior year. The decrease was largely the result of containing operating costs while beginning work on a capital project.

Financial Analysis of the Government's Funds

The Area uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the Area's funds is to provide information on near-term inflows, outflows, and

ending balances of operating accounts. Such information is useful in assessing the Area's resources that are available for spending.

At the end of the fiscal year, the combined fund balance for the governmental funds was $13.2 million. Combined fund balance decreased by $0.6 million from the prior year.

The Rockwood UR Capital Projects Fund had an ending balance of $4.2 million, a reduction of $1.0 million from the prior year. The decrease reflects project expenditures during the year.

The Rockwood UR Debt Service Fund had an ending balance of $9.1 million, an increase of $0.5 million from the prior year. The growth from the prior year was due to higher levels of tax increment property tax collections and higher investments earnings. The ending fund balance is not available for future project spending because it is restricted for debt service on urban renewal borrowings.

BUDGETARY HIGHLIGHTS

There were no differences between the original budget and the final budget in the Area's funds; no appropriation changes were required during the year.

The final budget in the Rockwood UR Capital Projects Fund includes $7.2 million in appropriations, but only $1.4 million was used. The excess appropriations were intended for additional project related expenditures which have crossed into the next fiscal year.

The Rockwood UR Debt Service Fund very closely mirrored the budgeted revenues and fell short of budgeted expenditures. The higher variance was accounted for by pushing a projected debt issuance into the next fiscal year commensurate with the anticipated project expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Area had $17.3 million invested in capital assets, which reflected a decrease of $274,470 compared to the previous fiscal year.

- A sale of a portion of the Drake's site was negotiated with Open Meadow Alternative Schools Inc. for the development of a new facility that will serve the needs of Rockwood area youth. The sale was completed in FY2016. Further developments at this site are planned.
- A new development plan for the Rockwood Catalyst Site has been initiated., including review of options for the Rockwood Community Office building.

Additional information on the Area's capital assets can be found in the notes to the financial statements in the section titled Capital Assets.

Long-term Debt

No new debt was issued by the Area during fiscal year 2016. Depending on the success and needs of the Rockwood catalyst site, additional debt may be issued in fiscal 2017 or 2018.

Detailed information on the Area's long-term debt activity can be found in the notes to the financial statements in the section titled Long-term Debt.

Economic Factors and Next Year's Budget and Rates

- The Area's tax assessment was certified by Multnomah County on October 6, 2016, in the amount of $4,609,760 with estimated net proceeds of $4,333,174. The assessment is determined by using the incremental increase in tax assessed value from the base year of 2004 for properties within the Area's boundaries. The tax revenue will be used to pay for debt incurred to fund urban renewal projects and improvements.
- Capital project expenditures budgeted for FY 2016-17 include: $6.4 million for work at the catalyst site, $3.3 million for Sandy Boulevard improvements and $0.2 million for other miscellaneous projects. The $9.9 million capital project budget is part of the Adopted Budget for the Urban Renewal Area for fiscal year 2016-17.
- The Area continues to partner with private development by providing infrastructure improvements that support future growth to the west side of Gresham, which also includes the Rockwood neighborhood. Tax increment financing will be used to fund these infrastructure improvements.
- Since program inception, the Redevelopment Commission has awarded approximately $1,309,000 in New Industries grants, leveraging approximately $76.2 million in new investment in the industrial area along with the creation of nearly 402 new jobs. The Apartment Rehabilitation grants have awarded approximately $741.4 thousand to assist the rehabilitation of over 1,650 units, sparking private investment expenditures of almost $5.5 million. The Storefront Improvement Grant program has committed $253.7 thousand to applications which have seen approximately $1.0 million of matching investment expenditures for storefront improvements. The latest addition to the grant program is Predevelopment Services grants which will be used to assist developers initiate challenging projects in the Industrial and Town Center zones of the Urban Renewal Area. The grants awarded have totaled $118.6 thousand in anticipation of future meaningful growth and development in the Rockwood Town Center area.

Requests For Information

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Area's finances and to show the Area's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to the City of Gresham Finance & Management Services Department, Accounting Services Division at 1333 NW Eastman Parkway, Gresham, Oregon 97030-3813.

Basic Financial Statements

Rockwood-West Gresham Urban Renewal Area

(a component unit of the City of Gresham)
Statement of Net Position
June 30, 2016

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	3,300,415
Investments		8,034,201
Receivables, net		70,351
Property taxes receivable, net		231,789
Other assets		28,726
Restricted cash and cash equivalents		522,333
Restricted investments		1,277,667
Capital assets:		
Non-depreciable		9,012,057
Depreciable, net		8,284,652
Total assets		30,762,191
LIABILITIES		
Accrued interest payable		104,884
Long-term liabilities:		
Due within one year		2,905,461
Due in more than one year		19,671,041
Total liabilities		22,681,386
NET POSITION		
Restricted for Debt Service		1,800,000
Unrestricted		6,280,805
Total Net Position	$	8,080,805

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

Rockwood-West Gresham Urban Renewal Area

(a component unit of the City of Gresham)
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions	Direct Expenses	Program Revenue: Capital Grants and Other Revenue	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:			
Urban renewal	$ 1,377,485	$ 29,460	$ (1,348,025)
Interest on long-term debt	946,597	-	(946,597)
Total governmental activities	$ 2,324,082	$ 29,460	(2,294,622)
General Revenues:			
Property taxes for debt service			3,842,042
Federal subsidy - Build America Bonds			77,878
Interest and investment earnings			246,263
Total general revenues			4,166,183
Change in net position			1,871,561
Net position - beginning			6,209,244
Net position - ending			$ 8,080,805

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

Rockwood-West Gresham Urban Renewal Area
(a component unit of the City of Gresham)
Balance Sheet
Governmental Funds
June 30, 2016

	Rockwood UR Capital Projects Fund	Rockwood UR Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,189,193	$ 2,111,222	$ 3,300,415
Investments	2,919,135	5,115,066	8,034,201
Receivables, net	2,350	-	2,350
Property taxes receivable, net	-	231,789	231,789
Advance to City UR Capital Improvement Fund	68,001	-	68,001
Other assets	10,438	18,288	28,726
Restricted cash and cash equivalents	-	522,333	522,333
Restricted investments	-	1,277,667	1,277,667
Total assets	$ 4,189,117	$ 9,276,365	$ 13,465,482
LIABILITIES AND FUND BALANCES			
Liabilities:			
Total liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue -property taxes	$ -	$ 221,368	$ 221,368
Total deferred inflows of resources	-	221,368	221,368
Fund balance:			
Restricted for Debt Service	-	9,054,997	9,054,997
Unrestricted	4,189,117	-	4,189,117
Total fund balances	4,189,117	9,054,997	13,244,114
Total deferred inflows of resources and fund balances	$ 4,189,117	$ 9,276,365	$ 13,465,482

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

Rockwood-West Gresham Urban Renewal Area
(a component unit of the City of Gresham)
Reconciliation of the Balance Sheet of Governmental Funds to Governmental Activities on the Statement of Net Position

June 30, 2016

Total fund balances - governmental funds	$	13,244,114
Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds:		
Governmental capital assets		17,296,709
Assets not available to pay for current period expenditures are deferred in the governmental funds, but are susceptible to full accrual on the statement of net position.		
Unavailable revenue from taxes and assessments		221,368
Liabilities not due and payable in the current period are not reported in a government fund, but are reported on the statement of net position.		
Notes payable		(22,576,502)
Accrued interest		(104,884)
Total net position - governmental activities	$	8,080,805

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

Rockwood-West Gresham Urban Renewal Area
(a component unit of the City of Gresham)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Rockwood UR Capital Projects Fund	Rockwood UR Debt Service Fund	Total Governmental Funds
REVENUES			
Taxes	$ -	$ 3,821,910	$ 3,821,910
Federal Subsidy - Build America Bonds	-	77,878	77,878
Charges for services	29,460	-	29,460
Investment Earnings	79,858	166,405	246,263
Total revenues	109,318	4,066,193	4,175,511
EXPENDITURES			
Other materials and services	1,427,715	-	1,427,715
Debt service	-	3,613,866	3,613,866
Total expenditures	1,427,715	3,613,866	5,041,581
Excess (deficiency) of revenues over (under) expenditures	(1,318,397)	452,327	(866,070)
OTHER FINANCING SOURCES (USES)			
Sale of fixed assets	325,000	-	325,000
Total other financing sources (uses)	325,000	-	325,000
Net change in fund balances	(993,397)	452,327	(541,070)
Fund balances - beginning	5,182,514	8,602,670	13,785,184
Fund balances - ending	$ 4,189,117	$ 9,054,997	$ 13,244,114

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

Rockwood-West Gresham Urban Renewal Area
(a component unit of the City of Gresham)
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Governmental Activities on the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Net change in fund balances - governmental funds		$ (541,070)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures and do not report capital asset contributions. In the statement of activities, contributions are reported as revenues and the cost of capital assets is allocated as depreciation expense over the assets estimated useful lives:		
Less: Sale of fixed assets	(325,000)	
Less: Depreciation expense	(343,416)	(668,416)
Debt issuances increase long-term liabilities in the statement of net position:		
Debt principal repayments		2,570,546
Premium amortization		93,978
Some revenues reported in the statement of activities did not provide current financial resources and, therefore, are not reported in governmental funds. Revenues reported in governmental funds because they did not provide current financial resources in prior years are not reported in the statement of activities:		
Change in unavailable revenue - property taxes		20,132
Some expenses reported in the statement of activities did not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Change in accrued interest		2,445
Change in net position - governmental activities		$ 1,477,615

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

Notes to the Financial Statements

Rockwood-West Gresham Urban Renewal Area
(a component unit of the City of Gresham, Oregon)
Notes to the Basic Financial Statements
June 30, 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial statements of the Rockwood-West Gresham Urban Renewal Area (Area) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Area is the urban renewal agency of the City of Gresham, Oregon (City). The Area was created in the fall of 2003, when voters approved the creation of an urban renewal area for 20 years with maximum principal indebtedness of $92.0 million. The City's council members make up the governing body of the Area (known as the Gresham Redevelopment Commission).

The Area is a blended component unit of the City in its basic financial statements. All significant activities over which the Gresham Redevelopment Commission (GRDC) exercises oversight responsibility have been included in the component unit financial statements. This governing body has the ability to impose its will on the Area as determined on the basis of budget adoption, taxing authority, and funding.

An Intergovernmental Agreement (IGA) exists between the City and the Area for urban renewal project funding, internal service charges and debt issuance and repayment. The Area has remaining borrowing capacity of $54,409,323 at June 30, 2016. The Area's activities are reported in the Rockwood UR Capital Projects Fund and the Rockwood UR Debt Service Fund.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. All activities of the Area are categorized as governmental activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements portray information about the Area as a whole. These statements focus on the sustainability of the Area as an entity and the change in aggregate financial position resulting from the activities of the fiscal year. These aggregated statements consist of the statement of net position and the statement of activities.

The *Statement of Net Position* presents information on all of the Area's assets, liabilities, deferred inflows and deferred outflows with the difference reported as *net position*.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, interest subsidies and investment earnings are reported as general revenues.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds may be classified and summarized as governmental, proprietary, or fiduciary. Both of the Area's funds are classified as governmental funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the full-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.

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 become 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 Area considers revenues to be available if they are collected within 60 days of the end of the fiscal year. The major revenue source recognized under the Area's availability policy is property taxes. Expenditures generally are recorded when a liability is incurred.

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

GASB Statement No. 34 sets forth criteria for the determination of major funds. For the purposes of presentation, both of the Area's funds are presented as major funds, as follows:

- *Rockwood UR Capital Projects Fund*

  This fund accounts for the acquisition and development of capital improvements. Revenue and other financing sources consist of debt proceeds, investment earnings, and other miscellaneous revenues.

- *Rockwood UR Debt Service Fund*

  This fund accounts for payments of principal and interest on urban renewal debt. The primary sources of revenue are property tax increment, interest subsidy and investment earnings.

New accounting pronouncements

The Government Accounting Standards Board (GASB) issued several new pronouncements during the last year. Two standards are relevant to the Area.

GASB Statement No. 72 provides guidance for applying fair value to certain investments and liabilities. New disclosures illustrating the reliability of the measurement methodology are used.

GASB Statement No. 79 establishes criteria for the measurement of external investment pools. The statement identifies criteria that differentiate between reporting at fair value and amortized cost.

Both Standards are effective for the Area's fiscal year ended June 30, 2016.

Assets, Liabilities, and Net Position or Fund Balance

Cash and Cash Equivalents, and Investments

The Area's cash and cash equivalents are considered to be cash on hand, demand deposits and shares of the Oregon Local Government Investment Pool. The Area's investment securities, are reported at fair value based on quoted market prices as of year-end. Interest earned on cash and investments is allocated

monthly based on each fund's average cash balance as a proportion of the City's total cash and investments.

Restricted cash and investments total $1.8 million and are maintained as part of an Intergovernmental Agreement with the City. The funds provide a safeguard against an unexpected decline in tax increment revenues which might otherwise impair the ability of the Area to make required debt service payments.

Receivables

Property taxes are assessed on all taxable property as of July 1, the beginning of the fiscal year, and become a lien against the property on that date. Property taxes are levied in October. Collection dates for 2016 are November 15, February 15, and May 15. A 3% discount is allowed for full amount due by November 15th. A 2% discount is allowed for a 2/3 payment by November 15th and the remaining 1/3 payment by May 15th. A 1% discount is permitted for a 1/3 payment by November 15th another 1/3 payment by February 15th and a final 1/3 payment by May 15th. Taxes unpaid and outstanding on May 16 are considered delinquent, but are deemed to be substantially collectible or recoverable through liens.

Capital Assets

Capital assets, which include property, infrastructure assets and easements, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are expensed when incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The Area's capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	25
Transportation systems	20
Machinery and equipment	15

Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as material and service expenditures.

Net Position / Fund Balance

As required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Area's governmental fund balances are classified in one of five categories – non-spendable, restricted, committed, assigned, and unassigned. A summary of the categories are:

- Non-spendable: Items that cannot be spent because they are not in a spendable form.

- Restricted: Items that are restricted by external sources, such as creditors; grantors; contributors; or statutory requirements.

- Committed: Items that can only be used for specific purposes imposed by formal action of the entity's 'highest level of decision-making authority' which the Area considers to be a resolution by the Gresham Redevelopment Commission. Committed amounts may not be used for any other purpose unless the Commission removes the constraint by similar resolution.

- Assigned: Amounts that have been allocated by Commission action where the government's intent is to use the funds for a specific purpose. Assigned fund balance is established by the Commission through adoption or amendment of the budget as intended for specific purposed.

- Unassigned: This category includes any balances that have none of the characteristics noted above; also incorporating any deficit fund balance.

The Area reduces restricted amounts first when expenditures are incurred for purposes which are both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. The Area reduces committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The government-wide statements label the difference between assets, liabilities, deferred inflows and outflows as 'net position'. Components of net position are 'invested in capital assets, net of related debt', 'restricted', and 'unrestricted'.

Stewardship, Compliance and Accountability

Budgetary Information

The Area prepares its budget in accordance with the legal requirements in Oregon Local Budget Law. The Commission adopts the budget, makes appropriations, and declares the tax levy no later than July 1st of the fiscal year being budgeted.

In accordance with State law an annual budget is adopted. The budget is prepared in accordance with the modified accrual basis of accounting.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures (including personal services, material and services, and other expenditures) within each department are the levels of control for each fund established by the resolution. All changes and amendments to total department expenditures for each fund require the approval of the Commission.

Detailed Notes on All Activities and Funds

Cash and Cash Equivalents, and Investments

The City maintains a cash and investment pool for all cash and cash equivalents in which each fund participates, including the Area. Area investments with the State of Oregon Local Government Investment Pool (LGIP) are not held in separate Area accounts. The total restricted and unrestricted cash and cash equivalents balance for the Area at year-end was $3,822,748.

The Area's investment policy is the same as the City's. The City's investment policy is reviewed annually by the City's Finance and Management Services Department, the City's Finance Committee, and in the event of substantial changes, the Oregon Short-Term Fund Board. The Oregon Short-Term Fund Board consists of the State Treasurer and six members appointed by the Governor and State Treasurer. The investment policy is then presented to the City Council for final adoption.

State of Oregon statutes and the City's investment policies authorize the City to invest in general obligations of the U.S. Government, its Agencies and instrumentalities of the U. S. , Commercial Paper, Corporate Bonds, Bankers Acceptances, Oregon Short-Term Fund, Repurchase Agreements, municipal obligations of certain states, Time Deposits, Certificates of Deposit, and savings accounts.

The City invests in the LGIP which is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the LGIP's investment policies. The State Treasurer is the investment officer for the LGIP and is responsible for all funds in the LGIP. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill, and caution. Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division audits the LGIP annually. The Division's most recent reported audit opinion on the LGIP was unmodified. The fair value of pool shares is equal to the City's proportionate position in the pool.

Interest Rate Risk, Concentration Risk and Credit Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair value with established maturity limits and an ample reserve of liquid funds. To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. The weighted average maturity (WAM) of the City's portfolio shall not exceed three and one half years.

Concentration risk is the risk of loss attributed to the magnitude of a government's investment in any one issuer. Credit risk is the risk that an issuer of an investment will not fulfill its obligations. To limit the City's exposure to concentration risk, the investment policy restricts amounts that may be invested in any one issuer. At year-end, the Area's risk concentration in U.S. Instrumentalities was 42.3% of the portfolio (including cash and cash equivalents). The U.S. Instrumentalities holdings were divided evenly between Fannie Mae, Freddie Mac, Federal Farm Credit Bank and Federal Home Loan Board securities. To limit the City's exposure to credit risk, the investment policy outlines minimum allowable credit rating criteria.

Area investments held at year end are categorized by credit rating, maturity and fair value as follows:

	Credit Rating		Investment Maturity (Final)				
	S&P	Moody's	Under 30 days	30 Days to 1 Year	1 Year to 3 Years	Over 3 Years	June 30, 2016
Cash/LGIP	n/a	n/a	$3,822,748	$ -	$ -	$ -	$ 3,822,748
Investments: US Treasuries	AA+	Aaa	-	346,596	209,266	-	555,862
Investments: US Instrumentalities	AA+	Aaa	-	-	2,838,866	589,860	3,428,726
Investments: Corporates	A/AA+	A2/Aa1	-	1,387,493	2,734,307	-	4,121,800
Investments: Municipalities	AA-/AAA	A2/Aa1	-	95,641	697,700	412,139	1,205,480
							$ 13,134,616

Fair Value Measurements
Value as of June 30, 2016

	Level 1	Level 2	Level 3	Total
Investments:				
US Treasury	$ 555,862	$ -	$ -	$ 555,862
Agency Securities	-	3,428,726	-	3,428,726
Corporate Bonds	-	4,121,800	-	4,121,800
Municipal	-	793,341	412,139	1,205,480
LGIP	-	3,733,650	-	3,733,650
Total	$ 555,862	$ 12,077,517	$ 412,139	$ 13,045,518

The classification within the fair value echelon are as follows:

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Capital Assets

Capital asset activity during the fiscal year was as follows:

	Beginning Balance	**Additions (Deletions)**	**Reclass**	**Ending Balance**
Non-depreciated:				
Land	$ 8,933,054	$ (325,000)	$ -	$ 8,608,054
Construction in progress	-	393,946	-	393,946
Easements	10,057	-	-	10,057
Total non-depreciated	8,943,111	68,946	-	9,012,057
Depreciable:				
Buildings	4,794,193	-	-	4,794,193
Improvements	52,675	-	-	52,675
Machinery and equipment	71,731	-	-	71,731
Infrastructure	4,812,869	-	-	4,812,869
Total depreciable at historical cost	9,731,468	-	-	9,731,468
Less accumulated depreciation for:				
Buildings	(143,826)	(95,884)	-	(239,710)
Improvements	(9,183)	(2,107)	-	(11,290)
Machinery and equipment	(21,519)	(4,782)	-	(26,301)
Infrastructure	(928,872)	(240,643)	-	(1,169,515)
Total accumulated depreciation	(1,103,400)	(343,416)	-	(1,446,816)
Depreciable, net	8,628,068	(343,416)	-	8,284,652
Capital assets, net	$ **17,571,179**	$ **(274,470)**	$ **-**	$ **17,296,709**

Depreciation expense for the urban renewal governmental activity $ **343,416**

Long-term Debt

A summary of long-term debt activity during the year follows:

Governmental Activities	Rates	Outstanding 6/30/2015	Issued	Matured/ Redeemed	Outstanding 6/30/2016
2010 Fin Agmt - Series A	3.55%	$ 1,145,540	$ -	$ 126,188	$ 1,019,352
2010 Fin Agmt - Series B	5.25%	4,676,779	-	517,744	4,159,035
2010 Fin Agmt - Series C	5.25%	6,507,854	-	673,758	5,834,096
2015 Fin Agmt	4.39%	5,600,000	-	500,000	5,100,000
2015 GRDC Note	3.00%	6,700,000	-	752,856	5,947,144
		$24,630,173	$ -	$ 2,570,546	$22,059,627
Premium on 2015 Fin Agmt		610,853	-	93,978	516,875
Total		**$25,241,026**	**$ -**	**$ 2,664,524**	**$22,576,502**

On June 4, 2010 the Urban Renewal Area participated in a City of Gresham issuance of a Financing Agreement. The Urban Renewal portion was $18.1 million divided among three series.

- Series A 3.55% Notes, were a $1.7 million tax-exempt financing for repayment of previous project borrowings.
- Series B 5.25% Notes, were a $7.0 million taxable Build America Bond issuance to fund several urban renewal projects. The effective borrowing rate after federal subsidy is 3.41%.
- Series C 5.25% Notes, were a $9.4 million taxable financing for repayment of previous property acquisition borrowings.

On May 27, 2015 the Urban Renewal Area participated in a City of Gresham issuance of a Financing Agreement. The Urban Renewal portion was $5.6 million with a premium of $658 thousand for total proceeds of $6.3 million. The proceeds were used to refund approximately $5.8 million owing on the tax-exempt line of credit and $350 thousand for new projects and about $100 thousand for issuance costs.

On June 1, 2015 the Urban Renewal Area issued a note which was purchased by the City of Gresham. The proceeds from the issuance were $6.7 million. Approximately $1.6 million was used to pay-off the outstanding balance on the taxable line of credit with approximately $5.0 million dedicated to new projects and $50 thousand for issuance costs.

Line of credit balances of $7.5 million were paid off with the 2015 refunding in May and June. There were no draws on the line during the year and the line balances at fiscal year-end 2016 was $0.

The 2010 Series C Note and the 2015 GRDC Note are solely obligations of the Urban Renewal Area. The tax increment revenues are pledged to pay the debt service of these two obligations. The combined level debt service is just under $2.0 million each year until paid off in full in 2023. Both obligations are taxable and were used to purchase property that will be developed in a fashion to help grow and enhance the economic viability of the urban renewal district.

The anticipated tax increment for the Area for 2017 is approximately $4.8 million. The remaining half of tax increment collections will be used to pay debt service on other Area borrowings.

The future principal and interest payments are outlined in the following schedule:

Year Ending	2010 Financing Agreement		2015 Financing Agreement		2015 GRDC Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 1,375,873	$ 543,323	$ 660,000	$ 213,650	$ 775,612	$ 172,640
2018	1,436,737	472,533	680,000	193,850	799,054	149,198
2019	1,500,412	398,591	705,000	166,650	823,206	125,046
2020	1,567,032	321,351	670,000	138,450	848,087	100,165
2021	1,636,738	240,658	760,000	111,650	873,721	74,531
2022-2023	3,495,691	224,617	1,625,000	122,750	1,827,464	69,040
	$ 11,012,483	**$ 2,201,073**	**$ 5,100,000**	**$ 947,000**	**$ 5,947,144**	**$ 690,620**

Pledged Revenue

Revenues of the Area are pledged to debt service of the 2010 Series C Notes only and the 2015 GRDC Note. Other obligations are subject to an inter-governmental agreement promising the payment of debt service with all remaining revenues of the Area. During 2016 the Area recorded $4,166,183 of revenues that were pledged to debt service and debt service for the related instruments was $1,954,830. The obligations subject to the pledged revenue commitments are as follows:

	2010 Series C		2015 GRDC Note		Pledged
	Principal	Interest	Principal	Interest	Total
2017	$ 709,601	$ 296,977	$ 775,612	$ 172,640	$ 1,954,830
2018	747,351	259,227	799,054	149,198	1,954,830
2019	787,108	219,469	823,206	125,046	1,954,829
2020	828,981	177,597	848,087	100,165	1,954,830
2021	873,081	133,497	873,720	74,531	1,954,829
2022	919,528	87,050	900,129	48,123	1,954,830
2023	968,446	38,133	927,336	20,917	1,954,832
	$ 5,834,096	$ 1,211,950	$ 5,947,144	$ 690,620	$ 13,683,810

Risk Management

The Area is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Area carries commercial insurance.

The Area purchases commercial insurance for general liability and automobile claims through the City of Gresham. The operations of the self-insurance program are reported in the City's Liability Management Fund, an Internal Service Fund. Operating resources for the year consist mainly of charges to other funds and interest income. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

The Area and all funds of the City participate in the program and make payments to the internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for losses. Liabilities include an amount for claims that have been incurred but not reported (IBNR). IBNR claim liabilities are calculated considering the effects of inflation, recent claim settlement trends (including frequency and amount of payouts) and other economic and social factors.

The City currently provides for estimated losses to be incurred from pending claims and for IBNR claims. Changes in the claims liability amount during the current and two prior fiscal years for the Area are not available.

Related Party Transactions

The City provides services for the Area, including administration, program management, design, engineering, financial, legal, and clerical functions. The Area operates exclusively using contracted employees from the City. The Area paid $996,009 to the City for services, reimbursement for personnel, materials, supplies and a proportionate share of City internal services, during the year. No future commitments to the City have been agreed upon.

The Area issued $6.7 million of Notes Payable which were purchased by the City during fiscal 2015. During fiscal 2016, the Area repaid $752,856 in principal along with $195,396 in interest. The terms were a reasonable approximation of market conditions at the time of issuance. See the Long-Term Debt note referring to the June 1, 2015 issuance.

Subsequent Events

The Area closed the purchase of two parcels of land for just over $2.0 million on approximately September 28, 2016. The two parcels are adjacent to the catalyst site which will afford the Area great flexibility when developing its core location.

Required Supplementary Information

Rockwood-West Gresham Urban Renewal Area

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Rockwood UR Capital Projects Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget- Positive (Negative)
REVENUES				
Charges for services	$ 33,400	$ 33,400	$ 29,460	$ (3,940)
Miscellaneous	20,200	20,200	70,205	50,005
Total revenues	53,600	53,600	99,665	46,065
EXPENDITURES				
Other materials and services	6,963,630	6,963,630	1,427,715	5,535,915
Operating contingency	250,000	250,000	-	250,000
Total expenditures	7,213,630	7,213,630	1,427,715	5,785,915
Excess of expenditures over revenues	(7,160,030)	(7,160,030)	(1,328,050)	5,831,980
OTHER FINANCING SOURCES				
Issuance of debt	6,963,630	6,963,630	-	(6,963,630)
Sale of fixed assets	-	-	325,000	325,000
Total other financing sources	6,963,630	6,963,630	325,000	(6,638,630)
Net change in fund balances	(196,400)	(196,400)	(1,003,050)	(806,650)
Fund balances - beginning	1,011,900	1,011,900	5,170,831	4,158,931
Fund balances - ending	$ 815,500	$ 815,500	$ 4,167,781	$ 3,352,281
Unrealized gain (loss) on investments			21,336	
Fund balances - generally accepted accounting principles basis, ending			$ 4,189,117	

Budgetary Basis—The basis of budgeting for all funds is the modified accrual basis of accounting. The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department, as well as non-operating functions such as debt service and interfund transfers, are the legal level of control. The budgetary comparison schedules report Final Budget and Actual balances at the legal level of control to demonstrate compliance with Oregon budget law.

Other Supplementary Information

Rockwood-West Gresham Urban Renewal Area

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Rockwood UR Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget- Positive (Negative)
REVENUES				
Taxes	$ 4,019,700	$ 4,019,700	$ 3,821,910	$ (197,790)
Federal Subsidy - Build America Bonds	77,500	77,500	77,878	378
Miscellaneous	168,300	168,300	139,050	(29,250)
Total revenues	4,265,500	4,265,500	4,038,838	(226,662)
EXPENDITURES				
Debt service	8,172,200	8,172,200	3,613,866	4,558,334
Total expenditures	8,172,200	8,172,200	3,613,866	4,558,334
Excess (deficiency) of revenues over (under) expenditures	(3,906,700)	(3,906,700)	424,972	4,331,672
Net change in fund balances	(3,906,700)	(3,906,700)	424,972	4,331,672
Fund balances - beginning	8,413,800	8,413,800	8,583,325	169,525
Fund balances - ending	$ 4,507,100	$ 4,507,100	$ 9,008,297	$ 4,501,197
Unrealized gain (loss) on investments			46,700	
Fund balances - generally accepted accounting principles basis, ending			$ 9,054,997	

Audit Comments and Disclosures Required by State Regulations

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

Gresham Redevelopment Commissioners
Rockwood-West Gresham Urban Renewal Area
A component unit of the City of Gresham, Oregon
Gresham, Oregon

We have audited the basic financial statements of the Rockwood-West Gresham Urban Renewal Area ("Area"), (a component unit of the City of Gresham, Oregon) as of and for the year ended June 30, 2016, and have issued our report thereon dated December 19, 2016. 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 Area's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on 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 Area 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.

OAR 162-10-0230 Internal Control

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report is intended solely for the information and use of the Commissioners and management of the Rockwood-West Gresham Urban Renewal Area and the Secretary of State, Audits Division, of the State of Oregon and is not intended to be and should not be used by anyone other than those specified parties.

ISLER CPA

Paul R Nielson

By: Paul R. Nielson, CPA, a member of the firm

Eugene, Oregon
December 19, 2016