



# BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

## ROCKWOOD-WEST GRESHAM URBAN RENEWAL AREA

**GRESHAM**  
REDEVELOPMENT COMMISSION

CITY OF  
**GRESHAM**  
OREGON



**Rockwood-West Gresham**  
**Urban Renewal Area**  
(a component unit of the City of Gresham, Oregon)

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**Annual Financial Report**

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

**Prepared by**  
**Budget and Finance Department**



**Rockwood-West Gresham Urban Renewal Area  
(a component unit of the City of Gresham, Oregon)  
For the Fiscal Year Ended June 30, 2024**

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# GRESHAM

## REDEVELOPMENT COMMISSION

Rockwood-West Gresham Urban Renewal Area  
Gresham City Hall  
1333 NW Eastman Parkway  
Gresham, Oregon 97030

[GreshamOregon.gov/Urban-Renewal](http://GreshamOregon.gov/Urban-Renewal)

As of June 30, 2024

Name	Term Expires
Travis Stovall <a href="mailto:Travis.Stovall@GreshamOregon.gov">Travis.Stovall@GreshamOregon.gov</a>	December 2026
Dina DiNucci <a href="mailto:Dina.DiNucci@GreshamOregon.gov">Dina.DiNucci@GreshamOregon.gov</a>	December 2024
Eddy Morales <a href="mailto:Eddy.Morales@GreshamOregon.gov">Eddy.Morales@GreshamOregon.gov</a>	December 2026
Vincent Jones-Dixon <a href="mailto:Vincent.JonesDixon@GreshamOregon.gov">Vincent.JonesDixon@GreshamOregon.gov</a>	December 2024
Jerry Hinton <a href="mailto:Jerry.Hinton@GreshamOregon.gov">Jerry.Hinton@GreshamOregon.gov</a>	December 2026
Sue Piazza <a href="mailto:Sue.Piazza@GreshamOregon.gov">Sue.Piazza@GreshamOregon.gov</a>	December 2024
Janine Gladfelter <a href="mailto:Janine.Gladfelter@GreshamOregon.gov">Janine.Gladfelter@GreshamOregon.gov</a>	December 2026

**Principal Officials:**

Eric Schmidt, City Manager  
Ellen Van Riper, City Attorney  
Sharron Monohon, Director of Budget & Finance  
Brian Monberg, GRDC Executive Director

*Officials noted are as of June 30, 2024.*

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

# Independent Auditors Report

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INDEPENDENT AUDITOR'S REPORT



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

920 Country Club Road, Suite 200A  
Eugene, OR 97401  
541.342.5161  
www.islercpa.com

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Rockwood-West Gresham Urban Renewal Area, a component unit of the City of Gresham, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Rockwood-West Gresham Urban Renewal Area's basic financial statements as listed in the table of contents.

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 Rockwood-West Gresham Urban Renewal Area, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Rockwood-West Gresham Urban Renewal Area, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rockwood-West Gresham Urban Renewal Area's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rockwood-West Gresham Urban Renewal Area's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Capital Projects Fund budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Capital Projects Fund budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rockwood-West Gresham Urban Renewal Area's basic financial statements. The Debt Service Fund budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the Debt Service Fund budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Required Legal and Regulatory Reporting**

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 30, 2024 on our consideration of the Rockwood-West Gresham Urban Renewal 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**



By Gatlin Hawkins, CPA  
A member of the firm  
Eugene, Oregon  
December 30, 2024

## Management's Discussion and Analysis

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**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, 2024**

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, 2024. 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**

- In May, Gresham voters approved extending the Rockwood-West Gresham Urban Renewal District until 2029 (the Area was scheduled to sunset in 2023). This gives the City more time to spend approximately \$24 million over the next five years on new projects. This includes transportation upgrades; parks and recreation; more housing options; more job opportunities; and small business support.
- In recent years, the URA's property tax revenue growth has tended to moderate, in part due to the impact of various tax incentives, such as Enterprise Zone overlays, which previously had not applied to the URA. During 2023/24 property tax revenue increased as there was significant personal property investment within the URA and the completion of construction projects.
- The Area's net position increased significantly by \$6.7 million. This is largely due to the payoff of debt in 2022/23 and the increase in property tax turnover.

**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 total Area. This bears a similarity 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 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. 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).

## ROCKWOOD-WEST GRESHAM URBAN RENEWAL AREA

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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:

<b>Rockwood-West Gresham Urban Renewal Area</b>		
<b>Summary of Net Position</b>		
	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Current and other assets	\$ 8,238,802	\$3,938,033
Capital assets	24,325,623	21,892,488
Total assets	32,564,425	25,830,521
<b>LIABILITIES</b>		
Accrued liabilities	5,789	-
Total liabilities	5,789	-
<b>NET POSITION</b>		
Unrestricted (deficit)	32,558,636	25,830,521
Total net position	\$ 32,558,636	\$ 25,830,521

The Area ended the year with a net position of \$32,558,636 an increase of \$6,728,115 from the prior year. Current and other assets increased by \$4,300,769 largely because the Area's debt was paid off in the prior year. The increase of \$2,433,135 in capital assets net, is due to the purchase of two buildings offset by depreciation on other assets.

***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**

<b>REVENUES</b>	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
<b>Program Revenues</b>		
Charges for services	\$ 54,000	\$ 54,000
Program Revenues	54,000	54,000
<b>General Revenues</b>		
Property taxes	8,314,822	6,817,943
Federal interest subsidy	2,871	5,685
Interest and investment earnings	336,924	266,459
Miscellaneous	101,363	47,748
General Revenues	8,755,980	7,137,835
Total revenues	8,809,980	7,191,835
<b>EXPENSES</b>		
Urban renewal	2,081,865	1,759,671
Interest on long-term debt	-	345,173
Total expenses	2,081,865	2,104,844
Change in net position	6,728,115	5,086,991
Net Position - Beginning	25,830,521	20,743,530
Net Position - Ending	\$ 32,558,636	\$ 25,830,521

Total revenues increased by \$1,618,145 from the prior fiscal year primarily due to the increase in property tax increment and interest and investment earnings.

The Area’s total revenues for the year were \$8.8 million, a 22.5% 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 \$3 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 \$23 thousand decrease in project and program expenses from the prior year. The decrease is largely related to the debt payoff that occurred in prior year.

**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.

## ROCKWOOD-WEST GRESHAM URBAN RENEWAL AREA

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At the end of the fiscal year, the combined fund balance for the governmental funds was \$8.0 million. Combined fund balance increased by \$4.25 million from the prior year.

The Rockwood UR Capital Projects Fund had an ending balance of \$6.8 million, an increase of \$3.3 million from the prior year. The increase is primarily due to the near completion of ongoing capital project expenditures and an increase in issuance of debt.

The Rockwood UR Debt Service Fund had an ending balance of \$1.2 million, an increase of \$985 thousand from the prior year, due to the increase in tax turnover receipts. 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 \$7.6 million in appropriations, with \$4.5 million used. The excess appropriations were intended for additional project related expenditures which have crossed into future fiscal years.

The Rockwood UR Debt Service Fund exceeded budgeted revenues by \$776 thousand, primarily due to higher than anticipated tax turnovers.

### CAPITAL ASSETS

#### *Capital Assets*

As of year-end, the Area had \$24.3 million invested in capital assets, which reflected an increase of \$2.4 million compared to the previous fiscal year. Increase due to additions of \$3.1 million offset by approximately \$692 thousand of depreciation expense.

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

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Area's tax assessment was certified by Multnomah County on October 4, 2024, in the amount of \$8,632,000 with estimated net proceeds of \$8,114,000. 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 2024-25 include: \$2.7 million for work at the Catalyst site, \$414 thousand for the Sunrise site, \$3.4 million for property acquisition, \$492 thousand for the Yamhill Corridor improvement, and \$515 thousand for Fire Station 74. The \$7.5 million capital project budget is part of the Adopted Budget for the Urban Renewal Area for fiscal year 2024-25.
- 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.

### 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 Budget and Finance Department, Accounting Services Division at 1333 NW Eastman Parkway, Gresham, Oregon 97030-3813.



## Basic Financial Statements

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**Rockwood-West Gresham Urban Renewal Area**  
(a component unit of the City of Gresham)  
**Statement of Net Position**  
June 30, 2024

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 7,924,204
Property taxes receivable, net	223,460
Receivables	37,760
Other assets	53,378
Capital assets:	
Non-depreciable	9,754,472
Depreciable, net	14,571,151
Total assets	32,564,425
<b>LIABILITIES</b>	
Other accrued liabilities	5,789
Total liabilities	5,789
<b>NET POSITION</b>	
Unrestricted	32,558,636
Total net position	\$ 32,558,636

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, 2024

<u>Functions</u>	<u>Direct Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Urban renewal	\$ 2,081,865	\$ 54,000	\$ -	\$ (2,027,865)
Total governmental activities	<u>\$ 2,081,865</u>	<u>\$ 54,000</u>	<u>\$ -</u>	<u>(2,027,865)</u>
General Revenues:				
Taxes:				
Property taxes for debt service				8,314,822
Federal Interest Subsidy				2,871
Interest and investment earnings				336,924
Miscellaneous				<u>101,363</u>
Total general revenues				<u>8,755,980</u>
Change in net position				6,728,115
Net position - beginning				25,830,521
Net position - ending				<u>\$ 32,558,636</u>

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, 2024**

	<b>GRDC - Rockwood Capital Improvement Fund</b>	<b>GRDC - Rockwood Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 6,745,983	\$ 1,178,221	\$ 7,924,204
Property taxes receivable, net	-	223,460	223,460
Receivables	37,760	-	37,760
Other assets	43,587	9,791	53,378
Total assets	<u>\$ 6,827,330</u>	<u>\$ 1,411,472</u>	<u>\$ 8,238,802</u>
<b>LIABILITIES</b>			
Deposits	\$ 5,789	\$ -	\$ 5,789
Total liabilities	<u>5,789</u>	<u>-</u>	<u>5,789</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	-	202,784	202,784
Total deferred inflows of resources	<u>-</u>	<u>202,784</u>	<u>202,784</u>
<b>FUND BALANCES</b>			
Restricted for debt service	-	1,208,688	1,208,688
Unassigned	6,821,541	-	6,821,541
Total fund balances	<u>6,821,541</u>	<u>1,208,688</u>	<u>8,030,229</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,827,330</u>	<u>\$ 1,411,472</u>	<u>\$ 8,238,802</u>

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, 2024

Total fund balances - governmental funds	\$	8,030,229
<p>Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds:</p>		
Governmental capital assets		24,325,623
<p>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:</p>		
Unavailable revenue from taxes and assessments		<u>202,784</u>
Total net position - governmental activities	\$	<u><u>32,558,636</u></u>

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, 2024**

	<b>GRDC - Rockwood Capital Improvement Fund</b>	<b>GRDC - Rockwood Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ 8,270,102	\$ 8,270,102
Intergovernmental	-	2,871	2,871
Charges for services	54,000	-	54,000
Miscellaneous	101,363	-	101,363
Investment earnings	235,364	101,560	336,924
Total revenues	<u>390,727</u>	<u>8,374,533</u>	<u>8,765,260</u>
<b>EXPENDITURES</b>			
Other materials and services	4,515,000	-	4,515,000
Debt service	-	7,389,900	7,389,900
Total expenditures	<u>4,515,000</u>	<u>7,389,900</u>	<u>11,904,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,124,273)</u>	<u>984,633</u>	<u>(3,139,640)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	<u>7,389,900</u>	-	<u>7,389,900</u>
Total other financing sources (uses)	<u>7,389,900</u>	-	<u>7,389,900</u>
Net change in fund balances	<u>3,265,627</u>	<u>984,633</u>	<u>4,250,260</u>
Fund balances - beginning	<u>3,555,914</u>	<u>224,055</u>	<u>3,779,969</u>
Fund balances - ending	<u>\$ 6,821,541</u>	<u>\$ 1,208,688</u>	<u>\$ 8,030,229</u>

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, 2024**

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Net change in fund balances - governmental funds \$ 4,250,260

Amounts reported for governmental activities in the statement of activities

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:

Capital outlays	3,124,935	
Less: Depreciation expense	<u>(691,800)</u>	2,433,135

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	<u>44,720</u>
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Change in net position - governmental activities	<u><u>\$ 6,728,115</u></u>
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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, 2024**

**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. In May 2022, Gresham voters approved an extension of the Area through 2029. 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. The City 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 \$24,039,332 at June 30, 2024. The Area's activities are reported in the GRDC - Rockwood Capital Improvement Fund and the GRDC - Rockwood 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.

## ROCKWOOD-WEST GRESHAM URBAN RENEWAL AREA

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### ***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***

During the fiscal year ended June 30, 2024, the Area implemented the following GASB pronouncements:

#### **GASB Statement No. 100, Accounting Changes and Error Corrections**

This statement provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement has no impact on the Area's financial statements for the current fiscal year.

### ***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 cash and investments are included in the City's pooled cash and investments rather than specific, identifiable securities. The City's pooled 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2024 were November 15, February 15, and May 15. A 3% discount is allowed for full amount due by November 15<sup>th</sup>. A 2% discount is allowed for a 2/3 payment by November 15<sup>th</sup> and the remaining 1/3 payment by May 15<sup>th</sup>. A 1% discount is permitted for a 1/3 payment by November 15<sup>th</sup> another 1/3 payment by February 15<sup>th</sup> and a final 1/3 payment by May 15<sup>th</sup>. Taxes unpaid and outstanding on May 16 are considered delinquent. The unpaid taxes 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 acquisition 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:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Infrastructure	20-40
Improvements	10-50
Machinery and equipment	3-40

### 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 withheld or not from the actual debt proceeds received, are reported as materials and services expenditures.

### Deferred Inflows of Resources

In addition to liabilities, a separate section for deferred inflows of resources will sometimes be reported. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

## ROCKWOOD-WEST GRESHAM URBAN RENEWAL AREA

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### Net Position / Fund Balance

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 GRDC. 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 purposes.
- 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 for which 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 for all funds. Budgets are prepared similar to 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, cash equivalents and investments 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, cash equivalents and investments balance for the Area at year-end was \$7,924,204, representing the Area's share of the City's cash and investment pool.

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. The current WAM is approximately eight months.

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 fail to 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. To limit the City's exposure to credit risk, the investment policy outlines minimum allowable credit rating criteria.

## ROCKWOOD-WEST GRESHAM URBAN RENEWAL AREA

### *Capital Assets*

Capital asset activity during the fiscal year was as follows:

	<b>Beginning Balance</b>	<b>Additions (Deletions)</b>	<b>Reclass</b>	<b>Ending Balance</b>
Non-depreciated:				
Land	\$ 9,402,510	\$ -	-	\$ 9,402,510
Construction in progress	-	-	-	-
Easements	351,962	-	-	351,962
Total non-depreciated	<u>9,754,472</u>	<u>-</u>	<u>-</u>	<u>9,754,472</u>
Depreciable:				
Buildings	4,794,193	3,124,935	-	7,919,128
Improvements	418,425	-	-	418,425
Machinery and equipment	71,731	-	-	71,731
Infrastructure	10,862,966	-	-	10,862,966
Total depreciable at historical cost	<u>16,147,315</u>	<u>3,124,935</u>	<u>-</u>	<u>19,272,250</u>
Less accumulated depreciation for:				
Buildings	(910,897)	(127,133)	-	(1,038,030)
Improvements	(33,353)	(16,737)	-	(50,090)
Machinery and equipment	(59,776)	(4,782)	-	(64,558)
Infrastructure	(3,005,273)	(543,148)	-	(3,548,421)
Total accumulated depreciation	<u>(4,009,299)</u>	<u>(691,800)</u>	<u>-</u>	<u>(4,701,099)</u>
Depreciable, net	<u>12,138,016</u>	<u>2,433,135</u>	<u>-</u>	<u>14,571,151</u>
Capital assets, net	<u>\$ 21,892,488</u>	<u>\$ 2,433,135</u>	<u>-</u>	<u>\$ 24,325,623</u>
Depreciation expense for the urban renewal governmental activity				<u>\$ 691,800</u>

### *Long-term Debt*

- The Urban Renewal area has no long-term debt for the fiscal year.

### *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.

## NOTES TO THE FINANCIAL STATEMENTS

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### ***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 \$4,515,000 to the City for services, reimbursement for personnel, materials, supplies, construction and a proportionate share of City internal services, during the year. No future commitments to the City have been agreed upon.

In 2023 the Area entered into an intergovernmental loan agreement for the City to provide credit facility services. The agreement allows direct lending from the City to the Area with repayment occurring the following day from the Area's tax increment financing revenues. The 2024 borrowing and repayment amount was \$7,389,900. The anticipated tax increment for the Area for 2025 is approximately \$9.1 million.

### ***Subsequent Events***

In December of 2024, the Rockwood-West Gresham Urban Renewal Area approved and completed the purchase of a \$1.43 million piece of property.



## Required Supplementary Information

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**Rockwood-West Gresham Urban Renewal Area**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**GRDC - Rockwood Capital Improvement Fund**  
**For the Fiscal Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget- Positive (Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 120,000	\$ 120,000	\$ 54,000	\$ (66,000)
Miscellaneous	6,900	6,900	198,702	191,802
Total revenues	<u>126,900</u>	<u>126,900</u>	<u>252,702</u>	<u>125,802</u>
<b>EXPENDITURES</b>				
Other materials and services	<u>7,653,800</u>	<u>7,653,800</u>	<u>4,515,000</u>	<u>3,138,800</u>
Total expenditures	<u>7,653,800</u>	<u>7,653,800</u>	<u>4,515,000</u>	<u>3,138,800</u>
Excess of expenditures over revenues	<u>(7,526,900)</u>	<u>(7,526,900)</u>	<u>(4,262,298)</u>	<u>3,264,602</u>
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt	<u>7,389,900</u>	<u>7,389,900</u>	<u>7,389,900</u>	<u>-</u>
Total other financing sources	<u>7,389,900</u>	<u>7,389,900</u>	<u>7,389,900</u>	<u>-</u>
Net change in fund balances	(137,000)	(137,000)	3,127,602	3,264,602
Fund balances - beginning	<u>3,304,200</u>	<u>3,304,200</u>	<u>3,574,483</u>	<u>270,283</u>
Fund balances - ending	<u>\$ 3,167,200</u>	<u>\$ 3,167,200</u>	\$ 6,702,085	<u>\$ 3,534,885</u>
Unrealized gain (loss) on investments			<u>119,456</u>	
Fund balances - generally accepted accounting principles basis, ending			<u>\$ 6,821,541</u>	

## Other Supplementary Information

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**Rockwood-West Gresham Urban Renewal Area**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**GRDC - Rockwood Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget- Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 7,389,900	\$ 7,389,900	\$ 8,270,102	\$ 880,202
Intergovernmental	-	-	2,871	2,871
Miscellaneous	176,900	176,900	70,557	(106,343)
Total revenues	<u>7,566,800</u>	<u>7,566,800</u>	<u>8,343,530</u>	<u>776,730</u>
<b>EXPENDITURES</b>				
Debt service	<u>7,389,900</u>	<u>7,389,900</u>	<u>7,389,900</u>	-
Total expenditures	<u>7,389,900</u>	<u>7,389,900</u>	<u>7,389,900</u>	-
Excess of revenues ove expenditures	<u>176,900</u>	<u>176,900</u>	<u>953,630</u>	<u>776,730</u>
Net change in fund balances	176,900	176,900	953,630	776,730
Fund balances - beginning	-	-	590,660	590,660
Fund balances - ending	<u>\$ 176,900</u>	<u>\$ 176,900</u>	\$ 1,544,290	<u>\$ 1,367,390</u>
Unrealized gain (loss) on investments			<u>(335,602)</u>	
Fund balances - generally accepted accounting principles basis, ending			<u>\$ 1,208,688</u>	

## Audit Comments and Disclosures Required by State Regulations

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INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS



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To the 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, 2024, and have issued our report thereon dated December 30, 2024. 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 Area is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Area'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 Area's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Area'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



By: Gatlin Hawkins, CPA, a member of the firm  
Eugene, Oregon  
December 30, 2024