

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE
CITY OF SEASIDE, OREGON)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2022

KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2022

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**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2022

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**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

CITY HALL
989 Broadway
Seaside, Oregon 97138

SEASIDE IMPROVEMENT COMMISSION

June 30, 2022

Jay Barber
340 Avenue 'U'
Seaside, Oregon 97138
Term expires – December 31, 2022

Dana Phillips
1845 Broadway
Seaside, Oregon 97138
Term expires – December 31, 2022

Tita Montero
400 Necanicum #3
Seaside, Oregon 97138
Term expires – December 31, 2022

Steve Wright
1435 S. Franklin
Seaside, Oregon 97138
Term expires - December 31, 2022

David Posalski
P.O. Box 208
Seaside, Oregon 97138
Term expires – December 31, 2024

Randy Frank
454 Highland Drive
Seaside, Oregon 97138
Term expires – December 31, 2024

Tom Horning
808 26th Avenue
Seaside, Oregon 97138
Term expires – December 31, 2024

George Stacey
PO Box 372
Seaside, Oregon 97138
Term expires – December 31, 2022

Les McNary
1624 S. Franklin Street
Seaside, Oregon 97138
Term expires – December 31, 2022

No Representative Selected
Term expires – December 31, 2022

Joseph Gonzales
1580 S. Franklin
Seaside, Oregon 97138
Term expires - December 31, 2022

Sadie Mercer
1658 Whispering Pines Dr.
Seaside, Oregon 97138
Term expires – December 31, 2024

Mike Bates (Chair)
P.O. Box 26
Seaside, Oregon 97138
Term expires – December 31, 2024

Noble Hutchinson
2472 Pine Street
Seaside, Oregon 97138
Term expires – December 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Seaside Improvement Commission
Seaside Urban Renewal Agency
Seaside, Oregon

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 Seaside Urban Renewal Agency, a component unit of the City of Seaside, Oregon (the Agency), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the 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 Seaside Urban Renewal Agency as of June 30, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Seaside Urban Renewal Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, 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 Seaside Urban Renewal Agency'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.

To the Board of Directors of
Seaside Urban Renewal Agency

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 Seaside Urban Renewal Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seaside Urban Renewal Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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 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 management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information and the other financial schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Directors of
Seaside Urban Renewal Agency

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the Professional Liability Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Seaside Urban Renewal Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Seaside Urban Renewal Agency's internal control over financial reporting and compliance.

Other Report on State Legal and Regulatory Requirements

In accordance with the *Minimum Standards of Audits of Oregon Municipal Corporations*, we have issued our report dated December 20, 2022 on our consideration of Seaside Urban Renewal Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

KERN & THOMPSON, LLC
Certified Public Accountants



Richard V. Proulx, CPA
Partner

Portland, Oregon
December 20, 2022

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2022

The management of the Seaside Urban Renewal Agency (the Agency), a component unit of the City of Seaside, Oregon, presents this narrative overview and analysis to facilitate both a short and long-term analysis of the financial activities of the Agency for the fiscal year ended June 30, 2022. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditors' report.

FINANCIAL HIGHLIGHTS

- Governmental Activities net position as of June 30, 2022 increased \$427,879 from the prior year.
- Unrestricted cash and investments as of June 30, 2022 was \$935,806.
- The Agency's 2022 budget was \$1,086,687.
- The taxing authority for the Southeast Seaside Urban Renewal District began July 1, 2019; accordingly, taxes were levied beginning with fiscal 2021-22.
- The taxing authority for the Greater Seaside Urban Renewal District ended June 30, 2015; accordingly, no new taxes were levied for fiscal 2021-22.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements and other required supplementary information. The Agency's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. These statements include all assets of the Agency (including amortizable assets such as bond issuance costs) as well as all liabilities (including unamortized bond premiums and long-term debt). Additionally, certain eliminations have occurred as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 with regards to interfund activities.

The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

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

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (Continued)

The governmental activities of the Agency include the following:

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

The agency has no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Agency are governmental funds. The agency has no proprietary funds.

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

The Agency maintains three individual governmental funds with the information presented separately for capital projects and debt service. The notes to financial statements provide further explanation of each individual fund.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Agency adopts an annual appropriated budget for all governmental funds. For purposes of the Agency's governmental financial statements, all funds are considered to be major funds.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. To demonstrate compliance with the budget, budgetary comparison statements have been provided for each fund as Supplementary Information.

Other Financial Schedules

Following the Supplementary Information in this report is a schedule of property tax transactions and outstanding balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$949,913 at the close of fiscal year 2022.

	Governmental Activities	
	2022	2021
Cash and investments	\$ 935,806	\$ 513,075
Other assets	14,107	9,409
Total assets	949,913	522,484
Other liabilities	-	450
Total liabilities	-	450
Net position		
Unrestricted	949,913	522,034
Total net position	\$ 949,913	\$ 522,034

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Year Ended June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

No portion of the Agency's net position was subject to external restrictions for debt service. The Greater Seaside Construction Fund constructs facilities and infrastructure which are transferred to the primary government, the City of Seaside. Accordingly, the related assets are carried on the City's financial statements. However, the Agency's long-term debt is carried on the Statement of Net Assets.

Summary of Changes in Net Assets

	Governmental Activities	
	2022	2021
Revenues		
General revenues		
Taxes	\$ 428,765	\$ 283,369
Interest	5,365	3,753
Total revenues	<u>434,130</u>	<u>287,122</u>
Expenses		
Urban renewal	6,251	5,948
Interest on long-term debt	-	-
Total expenses	<u>6,251</u>	<u>5,948</u>
Other changes in net position		
Transfers, net	-	-
Change in net position	427,879	281,174
Beginning net position	<u>522,034</u>	<u>240,860</u>
Ending net position	<u>\$ 949,913</u>	<u>\$ 522,034</u>

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Year Ended June 30, 2022

FUND-BASED FINANCIAL STATEMENTS

Capital Projects Funds

The Agency's capital projects funds are used to account for the accumulation of resources for, and expenditures of, the acquisition or construction of major capital facilities.

Debt Service Funds

The Agency's debt service funds account for the accumulation of resources for, and the payment of, principal, interest, and related expenditures on general long-term debt. Its primary resources are property tax revenues. The debt consists of voter approved general obligation bonds of the City of Seaside which are paid by ad-valorem tax on all taxable property located within the City limits.

Additional information on the outstanding bonded debt can be found in the notes to City of Seaside's basic financial statements.

BUDGETARY HIGHLIGHTS

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the Agency. The Agency uses a conservative approach when preparing the budget each year.

REQUESTS FOR INFORMATION

The Agency's financial statements are designed to present users with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have any questions about this report, please contact the Seaside City Manager, Mark Winstanley, at 989 Broadway, Seaside, Oregon, 97138.

BASIC FINANCIAL STATEMENTS

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

STATEMENT OF NET POSITION

June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 935,806
Property taxes receivable	14,107
Total assets	<u>949,913</u>
Liabilities	
Accounts payable	-
Total liabilities	<u>-</u>
Net position	
Unrestricted	<u>949,913</u>
Total net position	<u>\$ 949,913</u>

The accompanying notes are an integral part of the financial statements.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Direct Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/programs					
Governmental activities					
Urban renewal	\$ 6,251	\$ -	\$ -	\$ -	(6,251)
Interest on long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total activities	<u>\$ 6,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,251)</u>
General revenues					
Taxes					
Property taxes, levied for debt service					428,765
Interest					<u>5,365</u>
Total general revenues					<u>434,130</u>
Other changes in net position					
Transfers, net					<u>-</u>
Change in net position					427,879
Net position - beginning of year					<u>522,034</u>
Net position - end of year					<u>\$ 949,913</u>

The accompanying notes are an integral part of the financial statements.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2022

	<u>Greater Seaside Construction Fund</u>	<u>Southeast Seaside Debt Service Fund</u>	<u>Southeast Seaside Construction Fund</u>	<u>Greater Seaside Debt Service Fund</u>	<u>Total</u>
Assets					
Cash and investments	\$ 75,618	\$ 845,646	\$ -	\$ 14,542	\$ 935,806
Property taxes receivable	<u>-</u>	<u>-</u>	<u>1,032</u>	<u>13,075</u>	<u>14,107</u>
Total assets	<u>\$ 75,618</u>	<u>\$ 845,646</u>	<u>\$ 1,032</u>	<u>\$ 27,617</u>	<u>\$ 949,913</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred inflows of resources					
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>934</u>	<u>\$ 11,762</u>	<u>12,696</u>
Total liabilities and deferred inflows	<u>-</u>	<u>-</u>	<u>934</u>	<u>11,762</u>	<u>12,696</u>
Fund balances					
Assigned	<u>75,618</u>	<u>845,646</u>	<u>98</u>	<u>15,855</u>	<u>937,217</u>
Total fund balances	<u>75,618</u>	<u>845,646</u>	<u>98</u>	<u>15,855</u>	<u>937,217</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 75,618</u>	<u>\$ 845,646</u>	<u>\$ 1,032</u>	<u>\$ 27,617</u>	<u>\$ 949,913</u>

The accompanying notes are an integral part of the financial statements.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

**RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION**

June 30, 2022

Total fund balances	\$ 937,217
Property taxes and assessments collected after year end but not available soon enough to pay for current obligations are deferred in governmental funds but are recognized as revenue in the Statement of Activities.	<u>12,696</u>
Total net position	<u><u>\$ 949,913</u></u>

The accompanying notes are an integral part of the financial statements.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS**

Year Ended June 30, 2022

	Greater Seaside Construction Fund	Southeast Seaside Construction Fund	Greater Seaside Debt Service Fund	Southeast Seaside Debt Service Fund	Total
Revenues					
Property taxes	\$ -	\$ -	\$ 73	\$ 424,048	\$ 424,121
Interest income	410	3,680	424	851	5,365
Total revenues	410	3,680	497	424,899	429,486
Expenditures					
Current					
Highways and streets	-	6,251	-	-	6,251
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	6,251	-	-	6,251
Excess (deficiency) of revenues over expenditures	410	(2,571)	497	424,899	423,235
Other financing sources (uses)					
Transfers in	675	425,785	-	-	426,460
Transfers out	-	-	(675)	(425,785)	(426,460)
Total other financing sources (uses)	675	425,785	(675)	(425,785)	-
Change in fund balance	1,085	423,214	(178)	(886)	423,235
Fund balance - beginning of year	74,533	422,432	276	16,741	513,982
Fund balance - end of year	\$ 75,618	\$ 845,646	\$ 98	\$ 15,855	\$ 937,217

The accompanying notes are an integral part of the financial statements.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES**

Year Ended June 30, 2022

Net change in fund balances	\$ 423,235
The change in net position reported in the Statement of Activities is different because:	
Property taxes and assessment revenues in the Statement of Activities are recognized as revenue when they are earned or levied, not when collected in the governmental funds.	<u>4,644</u>
Total change in net position	<u><u>\$ 427,879</u></u>

The accompanying notes are an integral part of the financial statements.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

NOTES TO BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Seaside Urban Renewal Agency (the Agency), a component unit of the City of Seaside, Oregon (the City) was established pursuant to ORS Chapter 457 on December 12, 1978, by resolutions approved by the Seaside City Council. The governing body of the Agency is known as the Seaside Improvement Commission. The governing body is comprised of fourteen commissioners. The Mayor and members of the City Council serve as Commissioners and each of them appoints one resident of the City of Seaside to serve as Commissioners. The terms of the Commissioners appointed by them are the same as the official who appointed them. The City Manager functions as the Administrative Officer and the financial records are maintained by the Finance Department of the City of Seaside.

The financial statements of the Agency are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Agency's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The Agency is currently comprised of two taxing districts. The Southeast Seaside Urban Renewal District was established effective July 1, 2020. The Greater Seaside Urban Renewal District ceased taxing authority June 30, 2015 and will be closed in the next fiscal year.

Financial Statement Presentation, Measurement Focus and Basis of Accounting

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as governmental.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities (the government-wide financial statements) report information on all activities of the Agency. Governmental activities are supported by taxes and intergovernmental revenues.

The Statement of Activities presents the direct expenses of a given function/program and the related program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses are those costs, usually administrative in nature, that support all Agency functions and enable direct services to be provided. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, investment income and other items not included among program revenues are reported as general revenues.

The government-wide financial statements are accounted for using an economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Non-exchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized when all eligibility requirements have been satisfied. The effect of interfund activity such as transfers, advances and loans is eliminated.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Year Ended June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

The Greater Seaside Construction Fund constructs facilities and infrastructure which are transferred to the primary government, the City of Seaside. Accordingly, the related assets are carried on the City's financial statements. Additionally, the Agency's long-term debt is carried in the Statement of Net Position.

Fund Financial Statements

The Agency uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate funds. Fund financial statements are provided for governmental funds. The Agency has no proprietary funds.

Governmental funds are used to account for the Agency's general activities, including the acquisition and construction of capital facilities and infrastructure (capital projects funds), and the servicing of general long-term debt (debt service funds).

The governmental fund financial statements are accounted for using a current financial resources measurement focus whereby only current assets and liabilities generally are included in the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balance present increases and decreases in those current net assets. Governmental funds use the modified accrual basis of accounting where revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount can be determined and "available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

The Agency considers property taxes available and susceptible to accrual if they are collected within sixty days after year end.

Intergovernmental revenues are recognized when all eligibility requirements are met. Eligibility requirements for intergovernmental revenues received on a reimbursement basis (i.e., where monies must be expended on specific projects or for a specific purpose before any amounts are paid to the Agency) are determined to be met when the underlying expenditures are recorded. Eligibility requirements for intergovernmental revenues which are unrestricted as to purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements are considered to be met at the time of receipt or when susceptible to accrual.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Year Ended June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Other revenues are recognized as revenues when received because they are generally not measurable until actually received.

The following are the Agency's major governmental funds:

➤ **Capital Projects Fund**

The Greater Seaside Construction Fund accounts for the accumulation of resources for, and expenditure of, the acquisition or construction of major capital facilities. Its primary resources are from grants, bond proceeds, and transfers from other funds of the City of Seaside.

➤ **Debt Service Fund**

The Greater Seaside Debt Service Fund accounts for the accumulation of resources for, and the payment of, principal, interest, and related expenditures on general long-term debt. Its primary resources are property tax revenues.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Pooled Cash and Investments

The City maintains common cash and investment pools for all of the Agency's funds. All short-term, highly-liquid investments, including investments in the State Treasurer's Local Government Investment Pool (LGIP) where the remaining maturity at the time of purchase is one year or less are stated at amortized cost, which approximates fair value. The LGIP's policies provide minimum weighted average credit ratings for the LGIP's holdings: AA and Aa2 for Standard and Poor's and Moody's, respectively. On June 30, 2022, the LGIP's weighted average rating was between AA+/Aa1 and AA/Aa2 ratings. Earnings on pooled cash investments are allocated to each fund based on the balance of each participating fund.

Pooled cash and investments have the general characteristics of a demand deposit account in that any participating fund may deposit additional cash at any time and may also withdraw cash at any time without prior notice or penalty.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Year Ended June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits, and deposits in the Oregon State Treasurer's Local Government Investment Pool.

Restricted Cash

Restricted cash consists of cash accounts whose use is restricted in accordance with the terms of the Agency's bond indenture agreements.

Receivables

The taxing authority of the Greater Seaside Urban Renewal District ended as of June 30, 2015. Accordingly, no new taxes were levied after that date. Prior to that date, property taxes were assessed on a July 1 - June 30 fiscal year basis. The taxes were levied July 1 and property owners had the option of paying the full amount November 15 or prior to February 15 and receiving a discount or paying in three installments, November 15, February 15 and May 15. Property taxes attach as an enforceable lien July 1 and were considered delinquent if not paid by the following May 15. The County Treasurer is the tax collection agent for all taxing entities within the County. Tax revenue is considered received when in the hands of the County as the intermediary collection agency. In the governmental funds, tax revenue is recognized when collected and available to the Agency. Taxes receivable at June 30, less tax collections received within sixty days subsequent to year end, are recorded as deferred revenue. Management has determined that an allowance for uncollectible accounts is not required for property taxes.

Long-Term Debt

Long-term debt is reported as a liability in the Statement of Net Position. Long-term debt was paid in full during the year ended June 30, 2017.

Fund Balances

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Year Ended June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Fund balance is reported as committed when the City Council passes an ordinance that places specific constraints on how the resources may be used. The City Council can modify or rescind the ordinance at any time through passage of an additional ordinance.

Resources that are constrained by the government’s intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the Seaside Improvement Commission approves which resources should be “reserved” during the adoption of the annual budget. The City Manager uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the financial statements.

Fund balances by classification for the year ended June 30, 2022 were as follows:

	Greater Seaside Construction Fund	Greater Seaside Debt Service Fund	Southeast Seaside Construction Fund	Southeast Seaside Debt Service Fund	Total
Fund balances					
Assigned					
Debt service	\$ -	\$ 98	\$ -	\$ 15,855	\$ 15,953
Capital projects	<u>75,618</u>	<u>-</u>	<u>845,646</u>	<u>-</u>	<u>921,264</u>
Total fund balances	<u>\$ 75,618</u>	<u>\$ 98</u>	<u>\$ 845,646</u>	<u>\$ 15,855</u>	<u>\$ 937,217</u>

Budget

In accordance with Oregon Local Budget Law (ORS 294.305 to 294.565) the Agency budgets all funds for each fiscal year. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures are appropriated by major categories under the appropriation resolution for each fund.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget requires hearings before the public, publications in newspapers and approval by the Agency Commissioners. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Agency Commissioners.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Year Ended June 30, 2022

NOTE B – CASH AND INVESTMENTS

The City maintains a common cash and investment pool for the Agency and all City funds. The types of investments in which the City may invest are restricted by State of Oregon statutes and a Council adopted investment policy. Authorized investments include U.S. Treasury obligations, including treasury notes, bonds and strips; Federal instrumentality securities from specific Federal Agencies; commercial paper rated at least A-1 or an equivalent rating; corporate bonds rated at least AA or an equivalent rating; bankers acceptances rated at least AA or an equivalent rating; the Oregon State Treasurer's Local Government Investment Pool limited by state statute; certificates of deposits; repurchase agreements and obligations of the states of Oregon, California, Idaho and Washington rated AA or better.

As of June 30, 2022, the Agency's portion of cash and investments pooled by the City were comprised of the following:

Cash held by fiscal agent	\$ 2,742
Demand deposits with financial institutions	508,683
Investments in Oregon State Treasury Local Government Investment Pool	<u>424,381</u>
Total cash and investments	\$ <u><u>935,806</u></u>

Cash and investments are reflected on the Government-Wide Statement of Net Assets as follows:

Cash and investments	\$ 921,264
Restricted cash	<u>14,542</u>
Total cash and investments	\$ <u><u>935,806</u></u>

Deposits

Deposits with financial institutions are comprised of bank demand deposits. The Agency's combined total bank balance is \$508,683. These deposits were held in non-interest-bearing accounts and are insured by federal depository insurance. As required by Oregon Revised Statutes, all deposits were held at qualified depositories for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the Agency has no exposure to custodial credit risk for deposits with financial institutions.

Interest Rate Risk

In accordance with its investment policy, on behalf of the Agency, the City manages its exposure to declines in fair value by limiting the individual maturities in its investment portfolio to eighteen months or less.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Year Ended June 30, 2022

NOTE B – CASH AND INVESTMENTS (CONTINUED)

Credit Risk

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Agency's policy to limit its investments in these investment types to the top two ratings issued by NRSROs where applicable. The State of Oregon Local Government Investment Pool (LGIP) is not rated by NRSROs.

Concentration of Credit Risk

The Agency's investment policy, as it relates to investing outside of the LGIP, does not allow for an investment in any one issuer that is in excess of 5% of the Agency's total investments (ORS 294.035).

Custodial Credit Risk

Custodial risk is the risk that, in the event of failure of the counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2022, all the Agency deposits are insured or collateralized and therefore, are not subject to custodial credit risk.

Through the City, the Agency participates in an external investment pool, the State of Oregon Treasury Local Government Investment Pool. The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by state statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds are invested 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 establishes diversification percentages and specifies the types and maturities of investments. That portion of the external investment pool which belongs to local government participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report. A copy of the State's Comprehensive Annual Financial Report may be obtained at the Oregon State Treasury, 350 Winter St. NE, Salem, Oregon 97310-0840.

The Agency's position in the LGIP at June 30, 2022 is stated at cost, which approximates fair value.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

Year Ended June 30, 2022

NOTE C – INTERFUND TRANSACTIONS

Interfund transfers for 2022 were as follows:

	Transfers In	Transfers Out
Southeast Seaside Construction Fund	\$ 425,785	\$ -
Southeast Seaside Debt Service Fund	-	425,785
Greater Seaside Construction Fund	675	-
Greater Seaside Debt Service Fund	-	675
	\$ 426,460	\$ 426,460

The Agency routinely transfers monies between funds to cover expenditures as provided in their annual adopted budget.

NOTE D – RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts, theft and property damage, errors and omissions, injuries to employees, and natural disasters. The Agency obtains insurance policies from commercial suppliers at varying coverages based on related risks. The Agency’s management believes insurance coverages are adequate and related deductibles are reasonable. Settled claims from these risks have not exceeded commercial insurance limits.

NOTE E – COMMITMENTS AND CONTINGENCIES

The Agency’s attorney is aware of no pending litigation or existing claims that will result in material liability to the Agency.

The Agency has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Based upon prior experience, Agency management believes such disallowances, if any, will be immaterial.

SUPPLEMENTARY INFORMATION

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

GREATER SEASIDE CONSTRUCTION FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Interest income	\$ 650	\$ 469	\$ 410	\$ (59)
Total revenues	<u>650</u>	<u>469</u>	<u>410</u>	<u>(59)</u>
Expenditures				
Materials and services	-	-	-	-
Capital Outlay	75,729	75,729	-	75,729
Total expenditures	<u>75,729</u>	<u>75,729</u>	<u>-</u>	<u>75,729</u>
Excess (deficiency) of revenues over expenditures	<u>(75,079)</u>	<u>(75,260)</u>	<u>410</u>	<u>75,670</u>
Other financing sources (uses)				
Transfers in	451	727	675	(52)
Advances from other funds	-	-	-	-
Total other financing sources (uses)	<u>451</u>	<u>727</u>	<u>675</u>	<u>(52)</u>
Change in fund balance	(74,628)	(74,533)	1,085	75,618
Fund balance - beginning of year	<u>74,628</u>	<u>74,533</u>	<u>74,533</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 75,618</u></u>	<u><u>\$ 75,618</u></u>

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

SOUTHEAST SEASIDE CONSTRUCTION

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Interest income	\$ 2,800	\$ 2,800	\$ 3,680	\$ 880
Total revenues	<u>2,800</u>	<u>2,800</u>	<u>3,680</u>	<u>880</u>
Expenditures				
Materials and services	32,500	32,500	6,251	26,249
Capital outlay	681,320	818,517	-	818,517
Contingency	-	-	-	-
Total expenditures	<u>713,820</u>	<u>851,017</u>	<u>6,251</u>	<u>844,766</u>
Excess (deficiency) of revenues over expenditures	<u>(711,020)</u>	<u>(848,217)</u>	<u>(2,571)</u>	<u>845,646</u>
Other financing sources (uses)				
Transfers in	<u>286,687</u>	<u>425,785</u>	<u>425,785</u>	<u>-</u>
Total other financing sources (uses)	<u>286,687</u>	<u>425,785</u>	<u>425,785</u>	<u>-</u>
Change in fund balance	(424,333)	(422,432)	423,214	845,646
Fund balance - beginning of year	<u>424,333</u>	<u>422,432</u>	<u>422,432</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 845,646</u></u>	<u><u>\$ 845,646</u></u>

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

GREATER SEASIDE DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Property taxes	\$ 200	\$ 200	\$ 73	\$ (127)
Interest	251	251	424	173
Total revenue	<u>451</u>	<u>451</u>	<u>497</u>	<u>46</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	451	451	497	46
Other financing sources (uses)				
Transfers out	<u>(451)</u>	<u>(727)</u>	<u>(675)</u>	<u>52</u>
Change in fund balance	-	(276)	(178)	98
Fund balance - beginning of year	<u>-</u>	<u>276</u>	<u>276</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 98</u></u>	<u><u>\$ 98</u></u>

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

SOUTHEAST SEASIDE DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Property taxes	\$ 286,462	\$ 418,819	\$ 424,048	\$ 5,229
Interest income	225	225	851	626
Total revenues	<u>286,687</u>	<u>419,044</u>	<u>424,899</u>	<u>5,855</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	286,687	419,044	424,899	5,855
Other financing sources (uses)				
Transfers out	<u>(286,687)</u>	<u>(425,785)</u>	<u>(425,785)</u>	<u>-</u>
Total other Financing sources	<u>(286,687)</u>	<u>(425,785)</u>	<u>(425,785)</u>	<u>-</u>
Change in fund balance	-	(6,741)	(886)	5,855
Fund balance - beginning of year	<u>10,000</u>	<u>16,741</u>	<u>16,741</u>	<u>-</u>
Fund balance - end of year	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 15,855</u>	<u>\$ 5,855</u>

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

OTHER FINANCIAL SCHEDULES

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

Year Ended June 30, 2022

Fiscal Year	Taxes Uncollected June 30, 2021	Add Levy as Extended by Assessor	Add Interest Received	Add (Deduct) Adjustments and Discounts	Taxes Uncollected June 30, 2022
2021-22	\$ -	\$ 445,719	\$ (18,784)	\$ (416,260)	\$ 10,675
2020-21	6,215	-	1,635	(5,317)	2,533
2019-20	1,629	-	769	(1,542)	856
2018-19	129	-	1,187	(1,273)	43
2017-18	329	-	266	(595)	-
2016-17 and prior	1,104	-	(852)	(252)	-
	\$ 9,406	\$ 445,719	\$ (15,779)	\$ (425,239)	\$ 14,107

<u>Summary:</u>	<u>Receivable June 30, 2022</u>
Greater Seaside Debt Service Fund	\$ 1,032
Southeast Seaside Debt Service Fund	13,075
	\$ 14,107

The accompanying notes and independent auditors' report should be read with the supplemental schedules.

**SEASIDE URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF SEASIDE, OREGON)**

SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS

Year Ended June 30, 2022

Oregon Revised Statutes (ORS) Section 297 requires a statement of accountability for each independently elected official collecting or receiving money in the municipal corporation. In compliance with ORS 297, there are no independently elected officials that collect or receive money on behalf of the Seaside Urban Renewal Agency.

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS AND
OREGON MINIMUM AUDIT STANDARDS**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS**

To the Seaside Improvement Commission
Seaside Urban Renewal Agency
City of Seaside, Oregon

We have audited the basic financial statements of the Seaside Urban Renewal Agency, a component unit of the City of Seaside, Oregon (the Agency) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 20, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).**
- Indebtedness limitations, restrictions and repayment.**
- Budgets legally required (ORS Chapter 294).**
- Insurance and fidelity bonds in force or required by law.**
- Programs funded from outside sources.**
- Highway revenues used for public highways, roads, and streets.**
- Authorized investment of surplus funds (ORS Chapter 294).**
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

Our report on internal control over financial reporting is presented separately under this cover.

To the Seaside Improvement Commission
Seaside Urban Renewal Agency
City of Seaside, Oregon

Restricted Use

This report is intended solely for the information and use of management, the Seaside Improvement Commission, the mayor and council members of the City of Seaside, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

KERN & THOMPSON, LLC
Certified Public Accountants



Richard V. Proulx, CPA
Partner

Portland, Oregon
December 20, 2022

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Seaside Improvement Commission
Seaside Urban Renewal Agency
Seaside, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Seaside Urban Renewal Agency, a component unit of the City of Seaside, Oregon (the Agency), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Seaside Urban Renewal Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors
Seaside Urban Renewal Agency

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KERN & THOMPSON, LLC

Portland, Oregon
December 20, 2022