



Town Center Development Agency
(A Component Unit of the City of Tigard, Oregon)

Annual Financial Report

FOR THE FISCAL YEAR ENDING JUNE, 30 2025



Prepared by: City of Tigard Finance Department

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**TOWN CENTER DEVELOPMENT AGENCY
(A Component Unit of the City of Tigard, Oregon)**

ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2025

Prepared by:

City of Tigard – Finance Department

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**Town Center Development Agency
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Town Center Development Agency

List of Officials

Fiscal Year 2024–2025

TOWN CENTER DEVELOPMENT AGENCY BUDGET COMMITTEE

Jake Schlack	Mayor Heidi Lueb
Timothy Cadman	Councilor Yi-Kang Hu
Leah Voit	Councilor Jeanette Shaw
Kelli Pement	Vacant
Clarissa Benfield	Councilor Maureen Wolf

TOWN CENTER DEVELOPMENT AGENCY BOARD

Heidi Lueb, Chair

Yi-Kang Hu	Maureen Wolf
Vacant	Jeanette Shaw

EXECUTIVE DIRECTOR

Brent Stockwell

COMMUNITY DEVELOPMENT DIRECTOR

Sambo Kirkman

REDEVELOPMENT MANAGER

Sean Farrelly

FINANCE DIRECTOR

Eric Kang

TOWN CENTER DEVELOPMENT AGENCY

City of Tigard | 13125 Hall Blvd. | Tigard, OR 97223 | 503-639-4171

INDEPENDENT AUDITOR'S REPORT

Report of Independent Auditors

Board Members

Town Center Development Agency (A component unit of the City of Tigard, Oregon)

Tigard, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Town Center Development Agency (the Agency), a component unit of City of Tigard, Oregon, as of and for the year ended June 30, 2025, 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 accompanying 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 Agency as of June 30, 2025, 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 (GAAS). 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 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 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.

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 GAAS 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 GAAS, 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 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.

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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Agency and do not purport to, and do not, present fairly the financial position of City of Tigard, Oregon, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 budgetary schedules on pages 21 through 24 are presented for purposes of additional analysis and are 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 budgetary schedules are 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 Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 18, 2025, on our consideration of the Agency's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. 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.



Keith Simovic, Principal
For Baker Tilly US, LLP
Portland, Oregon
December 18, 2025

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Town Center Development Agency Management's Discussion and Analysis

As part of this Annual Financial Report, the Town Center Development Agency (agency), a component unit of the City of Tigard, Oregon, offers readers this narrative overview and analysis of the financial activities of the agency for the fiscal year ended June 30, 2025. It focuses on significant financial issues, major financial activities, and resulting changes in financial position, as well as economic factors affecting the agency. 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 report.

Financial Highlights

- The assets of the agency exceeded its liabilities at the close of the most recent fiscal year by \$8,520,681. Of this amount, \$4,431,850 is restricted for the repayment of debt, and \$6,289,159 is for net investment in capital assets. The agency has an unrestricted deficit of \$2,200,328.
- The agency's net position (assets less liabilities) decreased \$825,845 over the course of the year, primarily due to budgeted expenditures in the community development program and a one-time charge for loan forgiveness of \$500,000.
- In the fund financial statements for fiscal year 2024-25, of the expenditures in the capital projects fund types (\$5,380,824), capital outlay accounted for \$1,626,035, most of which was earnest money for a future property purchase. The remaining expenditures of \$3,754,789 relate to payments for development assistance awards, improvement grants, and design and engineering of the Nick Wilson Plaza, and the Downtown Wayfinding Plan. The payments in the debt service fund types (\$1,294,823) were for principal and interest payments on commercial bank borrowings and to the City of Tigard.
- Also in the fund financial statements, the agency recognized \$2,697,440 in revenue from property taxes, \$323,878 from intergovernmental revenue and \$322,514 in interest earnings.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the agency's basic financial statements. The agency's basic financial statements include three components:

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

Government-wide financial statements

Government-wide financial statements are designed to provide readers with a broad overview of the agency's finances, in a manner that is similar to a private-sector business.

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 on 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 occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement

Town Center Development Agency Management's Discussion and Analysis

for some items that will result in cash flows in a future period such as earned, but uncollected, property taxes.

The government-wide financial statements indicate that the functions of the agency are principally supported by property taxes and are considered governmental activities. The agency does not have business-type activities in which costs are covered through user fees or charges.

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 functions. The agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the agency are considered governmental funds.

Governmental funds are used to account for agency functions that are supported primarily by taxes and intergovernmental revenues. These are essentially the same functions that are reported as governmental activities in the government-wide financial statements. Unlike government-wide financial statements, governmental fund financial statements focus on the acquisition and use of spendable resources, as well as balances of available spendable resources at the end of the fiscal year. Such information may be useful in evaluating the agency's near-term requirements.

The agency maintains four separate governmental funds consisting of the City Center Debt Service Fund, City Center Capital Improvements Fund, Tigard Triangle Debt Service Fund, and Tigard Triangle Capital Improvements Fund. The capital projects funds function as the agency's general operations funds for the separate urban renewal areas. Fund information is presented as combined amounts for capital projects funds and debt service funds in the governmental funds balance sheet and in the governmental funds statement of revenues and expenditures.

Notes to the basic 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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the agency's financial position. In the case of the agency, assets exceeded liabilities by \$8,520,681 in fiscal year 2025 compared to a net position of \$9,346,526 in fiscal year 2024.

A significant portion of the agency's net position (73.8 percent) reflects its net investment in capital assets, consisting of land, construction in progress, and infrastructure. The agency uses these capital assets in the redevelopment of the designated City Center Urban Renewal area and the Tigard Triangle Urban Renewal area and, as such, they are not available for future spending. In fiscal year 2025, capital assets increased by a net amount of \$1,528,856 as the agency contributed earnest money for a future property purchase intended as a community park. \$4,431,850 or 52.0 percent of net position is restricted for the payment of debt incurred by the agency. The agency has an unrestricted deficit of \$2,200,328 or -25.8 percent.

**Town Center Development Agency
Management's Discussion and Analysis**

Summary of Net Position

	June 30,	
	2025	2024
Assets		
Current and other assets	\$ 9,943,716	\$ 11,841,401
Capital assets	13,912,004	12,383,148
Total assets	23,855,720	24,224,549
Liabilities		
Current liabilities	2,710,664	1,262,053
Long-term liabilities	12,624,375	13,615,970
Total liabilities	15,335,039	14,878,023
Net position		
Net investment in capital assets	6,289,159	4,138,809
Restricted	4,431,850	4,848,241
Unrestricted	(2,200,328)	359,476
Total net position	\$ 8,520,681	\$ 9,346,526

Summary of Changes in Net Position

	Year Ended June 30,	
	2025	2024
Revenues		
Program revenues		
Operating grants and contributions	\$ 323,878	\$ -
General revenues		
Property taxes	2,701,548	2,585,748
Interest earnings	360,871	301,687
Total revenues	3,386,297	2,887,435
Expenses		
Community development	3,851,968	720,426
Interest on long-term debt	360,174	384,059
Total expenses	4,212,142	1,104,485
Change in net position	(825,845)	1,782,950
Net position - beginning	9,346,526	7,563,576
Net position - ending	\$ 8,520,681	\$ 9,346,526

**Town Center Development Agency
Management’s Discussion and Analysis**

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025, the agency had invested \$13,912,004 in capital assets as reflected in the following table:

Capital Assets, Net of Depreciation

	June 30,	
	2025	2024
Land	\$ 1,279,951	\$ 1,279,951
Construction in progress	10,353,447	8,767,016
Infrastructure	2,278,606	2,336,181
	<u>\$ 13,912,004</u>	<u>\$ 12,383,148</u>

Debt

Under the Intergovernmental Agreement (IGA) between the agency and the City of Tigard, loans from the city to the agency are repaid in ten equal payments on the principal starting ten years after the loan; however, interest payments start in the second year after the loan. At June 30, 2025, the agency had seven outstanding loan balances totaling \$1,719,770. Of this amount, \$880,059 was due to the general fund and \$839,711 was due to the sewer fund.

In fiscal year 2021-22, the agency issued \$4,687,800 in Urban Renewal and Redevelopment bonds solely backed by tax increment revenue generated from the Tigard Triangle Urban Renewal Plan. Additionally, the city issued \$4,624,600 in full faith and credit financing agreement (bonds). The bonds were issued to fund Urban Renewal projects within the agency. At June 30, 2025, the outstanding balance on this debt was \$7,241,200.

In fiscal year 2019-20, the city issued \$5,929,000 in full faith and credit financing agreement (bonds). The bonds were issued to fund Urban Renewal projects within the agency. At June 30, 2025, the outstanding balance on the bonds was \$4,655,000. Additional information on the agency’s debt can be found on pages 19-21 of this report.

Budgetary Highlights

The Town Center Development Agency budget consists of four funds: The City Center Capital Improvements Fund, which functions as the agency’s general operations fund for the Downtown Urban Renewal Area, and the Tigard Triangle Capital Improvements Fund, which functions as the agency’s general operations for the Triangle Urban Renewal Area. The agency also has a City Center Debt Service Fund and Tigard Triangle Debt Service Fund. The Capital Improvements Fund activity is supported by loans from the City of Tigard and the bond issuances. City loans will be repaid with interest once the agency begins generating enough tax increment revenue. The focus of the fiscal year 2024-25 City Center budget was primarily on a memorial plaza on the Fanno Creek Trail.

Town Center Development Agency Management's Discussion and Analysis

The budget for fiscal year 2025-26 will include funding to acquire park land in the Triangle and design and engineering for improvements on Main Street and the surrounding Fanno Creek area. The agency will also provide development assistance to support affordable and mixed-use housing in the tax increment financing (TIF) districts. The agency will further engage with property and business owners to improve properties with matching improvement grants in the districts.

Economic Factors

The Town Center Development Agency implements urban renewal plans that were approved by voters in 2006 and 2017 (and amended in 2021). The primary funding source for the agency is property tax increment financing (TIF), which generally means that the property taxes resulting from growth in property value within the Urban Renewal area can be used to finance improvement projects and programs. In order to facilitate the redevelopment of the downtown area, the agency adopted a City Center Urban Renewal Plan that allows the agency to incur a maximum amount of indebtedness (amount of tax increment financing for projects and programs) of \$22,000,000, for a duration of 20 years. In 2021, the voters approved an amendment to the plan extending the duration to 29 years and increasing the maximum indebtedness to \$42,800,000. As of June 30, 2025, the total debt issued is \$13.8 million. Current and proposed projects include additional property improvement grants for local businesses, street and trail improvements, and construction of a community park in the Tigard Triangle.

In May 2017 the voters approved the creation of a second urban renewal area, the Tigard Triangle Urban Renewal Area, for 35 years with maximum principal indebtedness of \$188 million. As of June 30, 2025, the total debt issued is \$10.5 million. No new debt will be incurred after the fiscal year 2052-53 as part of this plan. Current and proposed projects include acquisition and development of parks, street and trail improvements, and development assistance for affordable and mixed-use buildings.

Requests for Information

This financial report is designed to provide a general overview of the agency's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Tigard, 13125 SW Hall Blvd., Tigard, Oregon 97223.

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Basic Financial Statements

TOWN CENTER DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 9,542,754
Accounts receivable	57,500
Property taxes receivable	42,921
Restricted cash and investments	300,541
Capital assets, not being depreciated	11,633,398
Other capital assets, net of depreciation	2,278,606
Total assets	23,855,720
LIABILITIES	
Accounts payable and accrued liabilities	1,693,542
Interest payable	25,527
Due within one year	
Loans from the City of Tigard	130,195
Bonds payable	861,400
Due in more than one year	
Loans from the City of Tigard	1,589,575
Bonds payable	11,034,800
Total liabilities	15,335,039
NET POSITION	
Net investment in capital assets	6,289,159
Restricted for debt service	4,431,850
Unrestricted	(2,200,328)
Total net position	\$ 8,520,681

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

TOWN CENTER DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
For the year ended June 30, 2025

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense)/ Revenue and Change in Net Position Total Governmental Activities
Governmental activities:			
Community development	\$ 3,851,968	\$ 323,878	\$ (3,528,090)
Interest on long-term debt	360,174	-	(360,174)
Total governmental activities	<u>\$ 4,212,142</u>	<u>\$ 323,878</u>	<u>(3,888,264)</u>
General revenues:			
Property taxes			2,701,548
Interest and investment earnings			360,871
Total general revenues			<u>3,062,419</u>
Change in net position			(825,845)
Net position - beginning			<u>9,346,526</u>
Net position - ending			<u>\$ 8,520,681</u>

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

TOWN CENTER DEVELOPMENT AGENCY
GOVERNMENTAL FUNDS
BALANCE SHEET AND
RECONCILIATION TO STATEMENT OF NET POSITION
June 30, 2025

	City Center Capital Improvements Fund	Tigard Triangle Capital Improvements Fund	City Center Debt Service Fund	Tigard Triangle Debt Service Fund	Total
ASSETS					
Cash and investments	\$ 78,680	\$ 5,091,451	\$ 1,559,799	\$ 2,812,824	\$ 9,542,754
Accounts receivable	2,837	38,357	7,768	8,538	57,500
Property taxes receivable	-	-	16,151	26,770	42,921
Restricted cash and investments	300,541	-	-	-	300,541
Total assets	<u>\$ 382,058</u>	<u>\$ 5,129,808</u>	<u>\$ 1,583,718</u>	<u>\$ 2,848,132</u>	<u>\$ 9,943,716</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 381,547	\$ 1,311,995	\$ -	\$ -	\$ 1,693,542
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
Property taxes	-	-	12,561	21,524	34,085
Other revenues	-	38,357	-	-	38,357
Total deferred inflow of resources	<u>-</u>	<u>38,357</u>	<u>12,561</u>	<u>21,524</u>	<u>72,442</u>
FUND BALANCE					
Restricted for:					
Debt service	-	-	1,571,157	2,826,608	4,397,765
Urban development	511	3,779,456	-	-	3,779,967
Total fund balances	<u>511</u>	<u>3,779,456</u>	<u>1,571,157</u>	<u>2,826,608</u>	<u>8,177,732</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 382,058</u>	<u>\$ 5,129,808</u>	<u>\$ 1,583,718</u>	<u>\$ 2,848,132</u>	<u>\$ 9,943,716</u>

Reconciliation of fund balance to net position for governmental activities		
Fund balance for governmental funds		\$ 8,177,732
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds		13,912,004
Property taxes earned but not available		34,085
Other revenues earned but not available		38,357
Interest on long-term debt not accrued in the governmental funds		(25,527)
Long-term liabilities that are not due and payable in the current period and therefore, are not reported in the governmental funds		
Loans from the City of Tigard		(1,719,770)
Bonds payable		(11,896,200)
Net position for governmental activities		<u>\$ 8,520,681</u>

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

TOWN CENTER DEVELOPMENT AGENCY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND
RECONCILIATION TO STATEMENT OF ACTIVITIES
For the year ended June 30, 2025

	City Center Capital Improvements Fund	Tigard Triangle Capital Improvements Fund	City Center Debt Service Fund	Tigard Triangle Debt Service Fund	Total
REVENUES					
Property taxes	\$ -	\$ -	\$ 998,447	\$ 1,698,993	\$ 2,697,440
Intergovernmental revenues	-	323,878	-	-	323,878
Interest and investment earnings	77	14,251	106,490	201,696	322,514
Total revenues	77	338,129	1,104,937	1,900,689	3,343,832
EXPENDITURES					
Community development	581,328	3,173,461	-	-	3,754,789
Capital improvements	93,281	1,532,754	-	-	1,626,035
Debt Service	-	-	617,203	677,620	1,294,823
Total expenditures	674,609	4,706,215	617,203	677,620	6,675,647
Change in fund balance before other financing sources (uses)	(674,532)	(4,368,086)	487,734	1,223,069	(3,331,815)
OTHER FINANCING SOURCES (USES)					
Transfer in	531,302	1,600,000	-	-	2,131,302
Transfer out	-	-	(531,302)	(1,600,000)	(2,131,302)
Total other financing (uses)	531,302	1,600,000	(531,302)	(1,600,000)	-
Change in fund balance	(143,230)	(2,768,086)	(43,568)	(376,931)	(3,331,815)
Fund balance - beginning of the year	143,741	6,547,542	1,614,725	3,203,539	11,509,547
Fund balance - end of the year	\$ 511	\$ 3,779,456	\$ 1,571,157	\$ 2,826,608	\$ 8,177,732

Reconciliation of change in fund balance to change in net position for governmental activities		
Change in fund balance for governmental funds		\$ (3,331,815)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is depreciated over their estimated useful lives		
Expenditures for capital assets		1,586,431
Current year depreciation expense		(57,575)
Change in unavailable property taxes		4,108
Change in other unavailable revenues		38,357
Change in accrued interest payable		1,706
Principal payments expensed on the fund financial statements		932,943
Change in net position for governmental activities		<u>\$ (825,845)</u>

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

Notes to Basic Financial Statements

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**Town Center Development Agency
Notes to the Basic Financial Statements**

1. Summary of Significant Accounting Policies:

The financial statements of the Town Center Development Agency (Agency), previously Tigard City Center Development Agency (CCDA), have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The Agency

The Agency was formed under the provisions of Oregon Revised Statutes, Chapter 457 (ORS 457). The City Center Urban Renewal Plan was approved by voters on May 16, 2006, to provide improvements in the downtown area so that it will be economically healthy while maintaining its “uniquely Tigard” character. The plan’s original duration was 20 years with maximum indebtedness of \$22 million. In May 2021, the voters approved an amendment to the plan extending the duration to 29 years and increasing the maximum indebtedness to \$43 million.

In May 2017, the voters approved the creation of a second urban renewal area, the Tigard Triangle Urban Renewal Area, for 35 years with maximum indebtedness of \$188 million.

The Agency is a legally separate entity, which is governed by a board comprised of the City Council of the City of Tigard, Oregon (the City), as stipulated in the Tigard Municipal Code. The Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding. The purpose of the Agency is to undertake urban renewal projects and activities pursuant to the City’s urban renewal plans. The financial results of the Agency are reported herein as debt service funds and capital projects funds.

The Agency boundaries include primarily the City’s downtown and the Tigard Triangle (an area bordered roughly by I-5, Highway 217, and Highway 99 West). The Agency is a blended component unit of the City and its financial activities are included in the basic financial statements of the City, which can be viewed on the City’s website at <http://www.tigard-or.gov>.

Basic Financial Statements

The Agency’s financial operations are presented at both the government-wide and fund financial levels. All activities of the Agency are categorized as governmental activities.

Government-wide financial statements

The Statement of Net Position and the Statement of Activities display information about the Agency as a whole. These statements include all the financial activities of the Agency.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency’s governmental activities. Direct expenses are clearly identifiable with a specific function. All costs are supported by general revenues, which include property taxes and interest earnings.

**Town Center Development Agency
Notes to the Basic Financial Statements**

Fund financial statements

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

Basis of Presentation

The financial transactions of the Agency are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures.

GASB Statement No. 34 sets forth criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses or either fund category or the governmental and enterprise combined) for the determination of major funds. For purposes of presentation, each of the Agency's funds is presented as a major fund.

The City Center Debt Service Fund accounts for the accumulation of resources and payments for long-term borrowings related to the City Center Urban Renewal Area.

The Tigard Triangle Debt Service Fund accounts for the accumulation of resources and payments for long-term borrowings related to the Tigard Triangle Urban Renewal Area.

The City Center Capital Improvements Fund accounts for the acquisition and development of capital assets related to the City Center Urban Renewal Area.

The Tigard Triangle Capital Improvements accounts for the acquisition and development of capital assets related to the Tigard Triangle Urban Renewal Area.

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded as program revenues when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. The Agency considers property taxes subject to accrual.

Town Center Development Agency
Notes to the Basic Financial Statements

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, payment on long-term borrowing is recorded only when payment is due.

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

Cash and Investments

The City maintains a common cash and cash equivalents pool for all City funds, including funds of the Agency. Interest is earned and allocated monthly on pooled cash and cash equivalents based on each fund's cash balances as a proportion of the City's total pooled cash and cash equivalents. The Agency considers cash and cash equivalents to include the pooled cash, since the pool has the general characteristics of a demand deposit account, in that any participating fund may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty.

The Agency reports certain cash and cash equivalents as restricted because their use is limited by parties external to the Agency. Restrictions may be imposed by creditors, other governments, laws and/or enabling legislation.

Receivables and Payables

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

The majority of the Agency's receivables are property taxes, which are deemed to be substantially collectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, pathways, street lights, etc.) are reported in the government-wide financial statements.

Capital assets are charged to expenditures as purchased or constructed in the governmental fund statements, and capitalized in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost. Upon disposal of an asset, cost and accumulated depreciation (if applicable) is removed from the accounts and, if appropriate, a gain or loss on the disposal is recognized.

Capital assets are defined for the Agency as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Donated capital assets are recorded at their estimated acquisition value at the time of donation. Costs for repairs and maintenance are expensed as incurred.

**Town Center Development Agency
Notes to the Basic Financial Statements**

Depreciation on exhaustible assets is calculated on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	25-40
Improvements other than buildings	10-20
Infrastructure	20-40

Deferred Inflows of Resources

In addition to liabilities, the governmental fund balance sheet reports a separate section for deferred inflows of resources. Deferred inflows of resources represent unavailable revenue that will be recognized in a future period. The Agency reports delinquent property tax revenue in this section under the modified accrual basis of accounting. These revenues are deferred and recognized as an inflow of resources in the period that the revenues become available.

Net Position and Fund Balance

Net position is reported on the Statement of Net Position. Within net position, the net investment in capital assets represents total capital assets less accumulated depreciation, less any debt related to the acquisition of the assets. Of the total net position, the majority is net investment in capital assets and amounts restricted for debt service.

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 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.

Use of Estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

Budgets

The Agency's budget is prepared in accordance with Oregon local budget law. All annual appropriations lapse at fiscal year-end. During the month of February each year, the Agency submits requests for appropriations to the executive director so that a budget may be prepared. In June, the proposed budget is presented to the Agency's board of directors for approval. The board holds public hearings and a final budget must be prepared and adopted no later than June 30.

**Town Center Development Agency
Notes to the Basic Financial Statements**

The adopted budget is prepared by fund and function. The legal level of budgetary control, (i.e., the level at which expenditures may not legally exceed appropriations) is the fund and function level.

The Agency's actual expenditures were within budgeted amounts for the year ended June 30, 2025, with the exception of the Tigard Triangle Capital Improvements Fund, which reported an over expenditure of \$532,754. The majority of the overage represents the forgiven loan amount further discussed in Note 4 below.

3. Cash and Investments

The Agency's cash and investments reported on the Statement of Net Position and Balance Sheet represent the Agency's share of the City's cash and investment pool. The Agency's participation in the cash and investment pool is involuntary. Interest earnings from this pool are allocated to the Agency on a monthly basis based on the cash and investment balance of the Agency to the total investments in the pool. At June 30, 2025, the Agency's share of the City's cash and investment pool, including restricted and unrestricted, totaled \$9,843,295, all of which is restricted by the requirements of the Agency's property tax levy. It is not practical to determine the investment risk, collateral risk, or insurance coverage for the Agency's share of its pooled investments. Investments for the City as well as its component unit are reported at fair value.

Information about the pooled investments is included in the City's annual financial report and may be obtained by contacting the City's Finance Department at 13125 SW Hall Blvd., Tigard, OR 97223 or found online at: <https://www.tigard-or.gov/your-government/departments/finance>.

4. Receivables and Payables

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. The Agency's receivables, including property taxes and assessments are deemed to be substantially collectible. Tax and assessments receivable can be recovered through foreclosure on the subject property.

In October 2021, the Agency issued a promissory note to lend \$500,000 to Community Partners for Affordable Housing for affordable housing development assistance, with a term of five years at an interest rate of 2%. The repayment of principal and accrued interest are due at the end of the five year note term. The promissory note contained provisions for loan forgiveness if certain requirements are met. In November 2024, the City determined that all requirements had been met for forgiveness. As of June 30, 2025, the outstanding balance of the note receivable was \$0.

Accounts payable to vendors and contractors include general accounts payable not included in other short-term or long-term liabilities.

**Town Center Development Agency
Notes to the Basic Financial Statements**

5. Capital Assets

Capital assets include a property purchase for redevelopment projects on Main Street, construction of Universal Plaza, Main Street gateway improvements, and public artwork.

Governmental Activities	Balances				Balances
	June 30, 2024	Additions	Deletions	Transfers	June 30, 2025
Non-depreciable:					
Land	\$ 1,279,951	\$ -	\$ -	\$ -	\$ 1,279,951
Construction in progress	8,767,016	1,586,431	-	-	10,353,447
Total non-depreciable:	10,046,967	1,586,431	-	-	11,633,398
Depreciable:					
Infrastructure	2,774,748	-	-	-	2,774,748
Accumulated depreciation:					
Infrastructure	(438,567)	(57,575)	-	-	(496,142)
Net depreciable assets	2,336,181	(57,575)	-	-	2,278,606
Governmental activities capital assets, net	\$ 12,383,148	\$ 1,528,856	\$ -	\$ -	\$ 13,912,004

6. Long-term Borrowing

The Agency has two urban renewal district areas approved to finance improvement projects with property tax increment financing. The first area is the City Center Urban Renewal District (CCUR) with a maximum indebtedness of \$42.8 million for a duration of 29 years. As of fiscal year 2024-2025, the CCUR issued \$13.8 million in total debt against the maximum indebtedness. The second area is the Tigard Triangle Urban Renewal District (TTUR) with a maximum indebtedness of \$188 million for a duration of 35 years. As of fiscal year 2024-2025, the TTUR issued \$10.5 million in total debt against the maximum indebtedness.

In order to finance improvement projects, the Agency and the City entered into an intergovernmental agreement (IGA) that states the City will loan the Agency resources as needed to cover project costs related to the Town Center Urban Renewal Plan. All of the outstanding debt of the Agency is considered from direct borrowings and placements.

The terms of the IGA state that the Agency agrees to repay the principal and accrued interest on all loan amounts solely from tax increment revenues. The interest rate calculated for the loans is based on the same average rate as that earned on other funds invested by the City at the time of the loan, which currently ranges from 0.50% to 4.05%. Interest-only payments are scheduled to be paid to the City prior to July 1, each fiscal year.

During the fiscal year ending June 30, 2025, the Agency will begin making principal payments to the City on outstanding loans. Payments are to be made as tax increment revenue or other funding sources are available. In no case shall the repayment timeline exceed the life of the Agency. Under

Town Center Development Agency
Notes to the Basic Financial Statements

the terms of the IGA, the City may forgive or reduce the interest and/or principal due from the Agency. The Agency may also repay the debt early. The Agency received one loan in the amount of \$900,000 from the City for fiscal year 2022-2023. In fiscal year 2024-2025, the Agency elected to repay \$77,817 of the outstanding principal on the loans. As of June 30, 2025, the balance of this loan is \$747,395.

In fiscal year 2021-2022, the Agency issued Urban Renewal and Redevelopment bonds for \$4,687,800 in Series 2021 Federally Taxable bonds. The bonds were issued to fund Urban Renewal projects within the Tigard Triangle Urban Renewal Plan. The bond is backed solely by tax increment revenue generated from the Tigard Triangle Urban Renewal Area. At June 30, 2025, the outstanding balance on the bond was \$3,664,200.

In fiscal year 2021-2022, the City issued full faith and credit financing agreement (bonds) for \$3,604,900 in Series 2021A Tax-Exempt bonds, and \$1,019,700 Series 2021B Federally Taxable bonds. The bonds were issued to fund Urban Renewal projects within the CCUR and TTUR. In connection with the financing agreement, TCDA and the City executed an IGA for CCUR and TTUR to be obligated for the debt service payments on the bonds. The IGA constitutes indebtedness of the Agency in the amount of the financing of \$4,624,600. Pursuant to ORS 287A.310, the Agency pledges the tax increment revenues to pay the financing payments or debt service. The outstanding bonds carry an Event of Default clause which allows the lender to exercise any remedy available at law or in equity, with the exception of acceleration. At June 30, 2025, the outstanding balance on the bonds was \$2,783,700 for the Series 2021A and \$793,300 for the Series 2021B.

In fiscal year 2019-2020, the City issued full faith and credit financing agreement (bonds) for \$1,896,000 in Series 2019A Tax-Exempt bonds, and \$4,033,000 Series 2019B Federally Taxable bonds. The bonds were issued to fund Urban Renewal projects within TCDA. In connection with the financing agreement, TCDA and the City executed an IGA for TCDA to be obligated for the debt service payments on the bonds. The IGA constitutes indebtedness of the Agency in the amount of the financing of \$5,929,000. Pursuant to ORS 287A.310, the Agency pledges the tax increment revenues to pay the financing payments or debt service. The outstanding bonds carry an Event of Default clause which allows the lender to exercise any remedy available at law or in equity, with the exception of acceleration. At June 30, 2025, the outstanding balance on the bonds was \$1,476,000 for the Series 2019A and \$3,179,000 for the Series 2019B.

**Town Center Development Agency
Notes to the Basic Financial Statements**

Long-term debt activity for the year ended June 30, 2025, was as follows:

	Balances			Balances		Due in
	June 30, 2024	Additions	Retirements	June 30, 2025	one year	
Loans from City						
Loan #5 - 2013A	\$ 102,320	\$ -	\$ (10,004)	\$ 92,316	\$ 10,054	
Loan #5 - 2013B	40,112	-	(3,922)	36,190	3,941	
Loan #6 - 2014	361,000	-	-	361,000	35,231	
Loan #7 - 2015	254,000	-	-	254,000	-	
Loan #8 - 2019	183,273	-	-	183,273	-	
Loan #9 - 2020	45,596	-	-	45,596	-	
Loan #10 - 2023	825,212	-	(77,817)	747,395	80,969	
Total loans from City	<u>1,811,513</u>	<u>-</u>	<u>(91,743)</u>	<u>1,719,770</u>	<u>130,195</u>	
Direct placements bonds						
Series 2019A, Key Bank	1,564,000	-	(88,000)	1,476,000	90,000	
Series 2019B, Key Bank	3,360,000	-	(181,000)	3,179,000	186,000	
Series 2021, Zion Bank	3,944,500	-	(280,300)	3,664,200	288,300	
Series 2021A, Zion Bank	3,012,200	-	(228,500)	2,783,700	232,400	
Series 2021B, Zion Bank	856,700	-	(63,400)	793,300	64,700	
Total bonds	<u>12,737,400</u>	<u>-</u>	<u>(841,200)</u>	<u>11,896,200</u>	<u>861,400</u>	
Total long-term debt	<u>\$ 14,548,913</u>	<u>\$ -</u>	<u>\$ (932,943)</u>	<u>\$ 13,615,970</u>	<u>\$ 991,595</u>	

Future requirements related to long-term borrowing are as follows:

Fiscal Year	Loans from City		Key Bank Bonds		Zions Bank Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Ending June 30								
2026	130,195	39,627	276,000	129,886	585,400	168,451	991,595	337,964
2027	158,569	36,088	284,000	122,200	598,900	154,922	1,041,469	313,210
2028	162,366	32,290	293,000	114,288	612,800	141,064	1,068,166	287,642
2029	166,304	28,352	300,000	106,126	627,100	126,866	1,093,404	261,344
2030	170,388	24,268	308,000	97,767	641,500	112,318	1,119,888	234,353
2031-2035	780,234	54,230	3,194,000	302,668	2,719,100	296,562	6,693,334	653,460
2036-2040	146,948	9,286	-	-	1,456,400	51,299	1,603,348	60,585
2041	4,766	48	-	-	-	-	4,766	48
	<u>\$ 1,719,770</u>	<u>\$ 224,189</u>	<u>\$ 4,655,000</u>	<u>\$ 872,935</u>	<u>\$ 7,241,200</u>	<u>\$ 1,051,482</u>	<u>\$ 13,615,970</u>	<u>\$ 2,148,606</u>

7. Subsequent Events

In July of 2025, the Agency purchased the former Regal Cinemas theater site located at 11626 SW Pacific Highway in Tigard. The Agency has plans to build a community park and develop mixed use property in a continued effort to revitalize the Tigard Triangle area. In November 2025, the City leased one acre of the property to Costco for \$5,800 per month through January 31, 2027, totaling \$81,200.

**Town Center Development Agency
Notes to the Basic Financial Statements**

8. Risk Management

As a component unit of the City, the Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City has established risk management programs for liability insurance coverage. The Agency is covered under policies and programs insuring the City. There were no insurance claims attributable to the Agency as of June 30, 2025.

9. Commitments

The Agency has entered into a land purchase contract with PacTrust to purchase the Regal Cinemas site off SW Pacific Highway. See Note 7 above. The Agency has pledged \$1.5 million as earnest money towards the purchase as of June 30, 2025. The remaining \$11 million commitment will be financed with a bank loan and existing fund balance in FY 2026.

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Other Supplementary Information

TOWN CENTER DEVELOPMENT AGENCY
CITY CENTER CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Interest and investment earnings	\$ 450	\$ 450	\$ 77	\$ (373)
EXPENDITURES				
Community development	739,185	903,785	581,328	322,457
Capital improvements	200,000	247,000	93,281	153,719
Total expenditures	939,185	1,150,785	674,609	476,176
Change in fund balance before other financing sources (uses)	(938,735)	(1,150,335)	(674,532)	475,803
OTHER FINANCING SOURCES (USES)				
Transfer in	939,185	1,150,785	531,302	(619,483)
Change in fund balance	450	450	(143,230)	(143,680)
Fund balance - beginning of the year	179,843	143,741	143,741	-
Reserve for expenditures and fund balance - end of the year	\$ 180,293	\$ 144,191	\$ 511	\$ (143,680)

TOWN CENTER DEVELOPMENT AGENCY
TIGARD TRIANGLE CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the year ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ 323,878	\$ 323,878
Interest and investment earnings	-	-	14,251	14,251
Total revenues	-	-	338,129	338,129
EXPENDITURES				
Community development	3,579,674	4,144,674	3,173,461	971,213
Capital improvements	1,000,000	1,000,000	1,532,754	(532,754)
Total expenditures	4,579,674	5,144,674	4,706,215	438,459
Change in fund balance before other financing sources (uses)	(4,579,674)	(5,144,674)	(4,368,086)	776,588
OTHER FINANCING SOURCES (USES)				
Transfer in	1,600,000	1,600,000	1,600,000	-
Transfer out	(2,900,000)	(2,900,000)	-	2,900,000
Total other financing (uses)	(1,300,000)	(1,300,000)	1,600,000	2,900,000
Change in fund balance	(5,879,674)	(6,444,674)	(2,768,086)	3,676,588
Fund balance - beginning of the year	5,907,611	6,547,543	6,547,542	(1)
Reserve for expenditures and fund balance - end of the year	\$ 27,937	\$ 102,869	\$ 3,779,456	\$ 3,676,587

TOWN CENTER DEVELOPMENT AGENCY
CITY CENTER DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the year ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 944,812	\$ 944,812	\$ 998,447	\$ 53,635
Interest and investment earnings	2,265	2,265	106,490	104,225
Total revenues	<u>947,077</u>	<u>947,077</u>	<u>1,104,937</u>	<u>157,860</u>
EXPENDITURES				
Debt service	<u>679,000</u>	<u>679,000</u>	<u>617,203</u>	<u>61,797</u>
Change in fund balance before other financing sources (uses)	268,077	268,077	487,734	219,657
OTHER FINANCING SOURCES (USES)				
Transfer out	<u>(939,185)</u>	<u>(1,150,785)</u>	<u>(531,302)</u>	<u>619,483</u>
Change in fund balance	(671,108)	(882,708)	(43,568)	839,140
Fund balance - beginning of the year	<u>906,101</u>	<u>1,614,725</u>	<u>1,614,725</u>	<u>-</u>
Reserve for expenditures and fund balance - end of the year	<u>\$ 234,993</u>	<u>\$ 732,017</u>	<u>\$ 1,571,157</u>	<u>\$ 839,140</u>

TOWN CENTER DEVELOPMENT AGENCY
TIGARD TRIANGLE DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 1,738,619	\$ 1,738,619	\$ 1,698,993	\$ (39,626)
Interest and investment earnings	7,334	7,334	201,696	194,362
Total revenues	1,745,953	1,745,953	1,900,689	154,736
EXPENDITURES				
Debt service	746,000	746,000	677,620	68,380
Change in fund balance before other financing sources (uses)	999,953	999,953	1,223,069	223,116
OTHER FINANCING SOURCES (USES)				
Transfer out	(1,600,000)	(1,600,000)	(1,600,000)	-
Change in fund balance	(600,047)	(600,047)	(376,931)	223,116
Fund balance - beginning of the year	2,933,634	3,203,539	3,203,539	-
Reserve for expenditures and fund balance - end of the year	\$ 2,333,587	\$ 2,603,492	\$ 2,826,608	\$ 223,116

**Independent Auditor's Report Required
by Oregon State Regulations**

Report of Independent Auditors Required by Oregon State Regulations

Board Members

Town Center Development Agency (A component unit of the City of Tigard, Oregon)
Tigard, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the governmental activities and each major fund of the Town Center Development Agency (the Agency) a component unit of City of Tigard, Oregon, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Agency's basic financial statements, and have issued our report thereon dated December 18, 2025.

Compliance

As part of obtaining reasonable assurance about whether the Agency's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, 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.

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:

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Investments
- Public contracts and purchasing

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 grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, except those noted below:

- The City had over-expenditures of \$532,754 in the Tigard Triangle Capital Improvements Fund for the year ended June 30, 2025.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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 have not been identified.

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 entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

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



Keith Simovic, Principal
For Baker Tilly US, LLP
Portland, Oregon
December 18, 2025