

City of Wilsonville, Oregon
Urban Renewal Agency
(a component of the City of Wilsonville, Oregon)

Annual Financial Report

for the Fiscal Year Ended
June 30, 2016



URBAN RENEWAL AGENCY
OF THE
CITY OF WILSONVILLE

(A component unit of the City of Wilsonville, Oregon)

ANNUAL
FINANCIAL
REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

(A component unit of the City of Wilsonville, Oregon)

ANNUAL FINANCIAL REPORT FISCAL YEAR ENDING JUNE 30, 2016

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URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

(A component unit of the City of Wilsonville, Oregon)

Governing Body Under ORS 457

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Tim Knapp	Agency Chair	December 31, 2016
Scott Starr	Member	December 31, 2018
Julie Fitzgerald	Member	December 31, 2016
Susie Stevens	Member	December 31, 2016
Charolette Lehan	Member	December 31, 2018

Principal Officials

Bryan Cosgrove	Executive Director
Barbara Jacobson	City Attorney
Susan Cole	City Finance Director
Sandra C. King	City Recorder

Mailing Address

29799 SW Town Center Loop, East
Wilsonville, OR 97070-0220

www.ci.wilsonville.or.us



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Council, and the City Manager
City of Wilsonville Urban Renewal Agency
29799 SW Town Center Loop East
Wilsonville, Oregon 97070

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Agency of the City of Wilsonville, Oregon (a component unit of the City of Wilsonville, Oregon) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Urban Renewal Agency of the City of Wilsonville, Oregon, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis (MD&A) (pages 7 through 12) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The supplementary data is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary data is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 31, 2016, on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Ryan T. Pasquarella, A Shareholder
October 31, 2016

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component of the City of Wilsonville, Oregon)
Management's Discussion and Analysis
For the Year Ended June 30, 2016

As management of the City of Wilsonville's Urban Renewal Agency, we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. The focus is on current year activities and should be read in conjunction with the financial statements that follow.

REPORT LAYOUT

The report consists of agency-wide statements, fund financial statements, notes to the statements, and supplementary information. The agency-wide statements include the Statement of Net Position and the Statement of Activities.

Statements of Net Position - The Statement of Net Position provides a focus on the unrestricted assets related to the Agency's governmental activities. This statement reflects capital assets including infrastructure and long-term liabilities for the Agency.

Statements of Activities - The Statement of Activities focuses on the program costs and their matching resources. General taxes are the primary resource for funding urban renewal programs. This Statement provides information on the changes to net position.

Fund Statements - Following the agency-wide statements is a section containing fund financial statements. The Agency presents each of its five funds as major funds. For each fund a Budgetary Comparison Schedule is presented.

AGENCY AS A WHOLE

Statements of Net Position

TABLE 1
NET POSITION AT JUNE 30, 2016 AND 2015
(in thousands)

	Governmental Activities	
	2016	2015
Cash and investments	\$ 24,410	\$ 12,655
Other assets	582	502
Capital assets	14,849	17,321
Total assets	39,841	30,478
Other liabilities	188	1,075
Long-term debt	35,192	32,225
Total liabilities	35,380	33,300
Net position:		
Net investment in capital assets	(15,935)	(13,393)
Restricted for debt service	12,510	8,889
Unrestricted (deficit)	6,720	1,682
Total net position	\$ 3,295	\$ (2,822)

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component of the City of Wilsonville, Oregon)
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Highlights of Net Position

- During the fiscal year, the Westside Urban Renewal District issued \$5 million in bonded debt
- Capital assets decreased \$2.4 million. The net was due primarily to the sale of the Tooze Road surplus property which the Agency sold at a gain.

Statements of Activities

TABLE 2
FOR FISCAL YEARS ENDING JUNE 30, 2016 AND 2015
(in thousands)

	Governmental Activities	
	2016	2015
Program revenues		
Charges for services	\$ -	\$ -
General revenues		
Taxes	8,995	8,512
Interest	133	72
Other	879	399
Total revenues	<u>10,007</u>	<u>8,984</u>
Expenses		
General government	-	-
Community development	2,290	1,770
Interest on debt	1,431	1,403
Total expenses	<u>3,721</u>	<u>3,173</u>
Revenues over expenses	6,286	5,811
Transfer of capital assets		
to primary government	(169)	(665)
Change in net position	6,117	5,146
Beginning net position (deficit)	<u>(2,822)</u>	<u>(7,968)</u>
Ending net position (deficit)	<u>\$ 3,295</u>	<u>\$ (2,822)</u>

Highlights of Activities

In the Year 2000 Plan, the Agency issued and repaid \$2.0 million in short-term financing.

Tax increment revenue totaled \$8.9 million and is restricted to repayment of debt. This revenue is up 5.7% from the prior year, reflecting the 3% legislative cap in assessed value and increased valuation due to new development in the Districts. The primary area of growth was in the West Side Plan.

The Agency transferred \$169 thousand of capital improvements to the City. These assets consisted of capital improvement projects funded with urban renewal monies that are either completed or not capitalizable. Completed capitalized projects transferred include improvements to Murase Park.

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component of the City of Wilsonville, Oregon)
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Budgetary Highlights

The Agency's adopted budget was amended three times during the fiscal year. The first amendment was required to increase the West Side District budget by \$152,494 for the costs associated for Barber St- Kinsman and Villebois Park Improvements and the Year 2000 Plan \$161,700 for the Murase Mound Regrade project. The second amendment increased the Plan 2000 District budget by an additional \$35,000 for the Murase Mound Regrade and the Canyon Creek extension project. The Westside supplemental rolled forward \$770,000 unused budget for the Barber St-Kinsman project. The third amendment increased the Year 2000 Capital projects fund \$54,843 for Wilsonville Road improvements and the Westside District recorded the sale of Tooze Rd surplus property.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016 the Agency had invested \$14.8 million in capital assets as reflected in the following table.

TABLE 3
CAPITAL ASSETS AT JUNE 30, 2016 AND 2015
(in thousands)

	Governmental Activities	
	2016	2015
Land	\$ 7,163	\$ 11,320
Buildings & improvements	1,127	1,193
Construction in progress	6,559	4,808
Total	\$ 14,849	\$ 17,321

The Agency purchases land and constructs improvements in furtherance of its mission. Generally, at the completion of a project the capital assets are transferred to the City at cost. Property and buildings not open for general public use or held by the Agency for future development remain as assets of the Agency.

As of June 30, 2016, land held includes possible future park and recreation sites. The Year 2000 Plan District includes property acquired in a prior year from the Wesleyan Church and property north of City Hall which is held for future development. The West Side District includes property acquired in the Villebois area. Construction in progress is predominately related to improvements under construction on various road projects included in the Canyon Creek Extension project. Additional information about the Agency's capital assets and depreciation can be found beginning on page 25 in the Notes to the Basic Financial Statements.

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component of the City of Wilsonville, Oregon)
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Debt Outstanding

As of year-end, the Agency had \$35.2 million in debt outstanding, \$2.9 million more than the prior year. Of the outstanding debt, \$6.1 million is from the Year 2000 Plan District, and the remaining \$29.1 million is from the West Side District.

The table below presents outstanding debt by district. Approximately \$5 million in principal was issued during the fiscal year and an additional \$5.0 million was issued and retired as short-term debt.

TABLE 4
DEBT OUTSTANDING AT JUNE 30, 2016 AND 2015
(in thousands)

	Governmental Activities	
	2016	2015
West Side District:		
Series 2013 Credit Facility	\$ 6,255	\$ 6,520
Series 2012 Credit Facility	6,790	7,110
Series 2009 Bonds	7,370	7,785
Series 2011 Credit Facility	4,115	4,305
Series 2015 A- Taxable	3,864	-
Series 2016 B Non-Taxable	608	-
Year 2000 Plan District:		
Series 2009 Bonds	6,190	6,505
	\$ 35,192	\$ 32,225

For more detailed information on the Agency's debt and amortization terms refer to pages 31-33 of the Notes to the Basic Financial Statements.

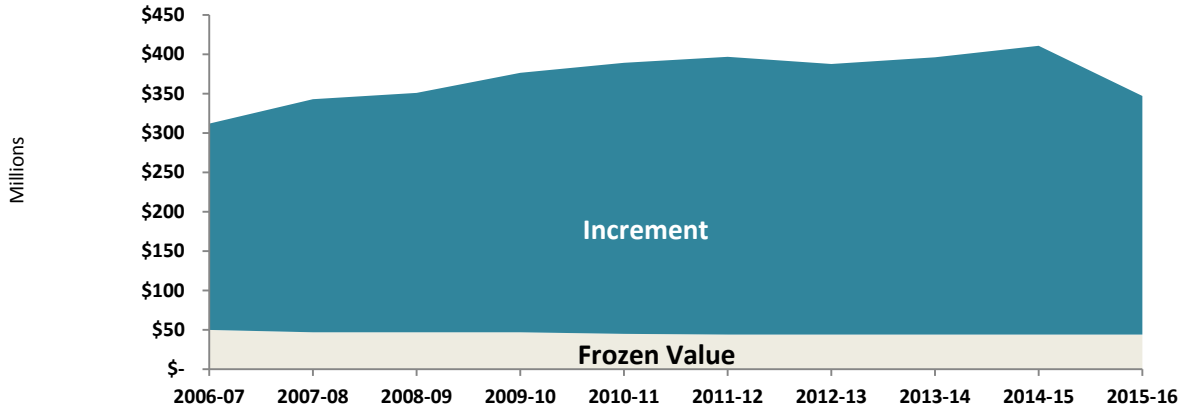
ECONOMIC FACTORS

The Urban Renewal Agency continues to be an important partner in economic development within the City of Wilsonville, providing necessary infrastructure improvements to support continued growth and quality of service to those within the Agency's boundaries. Increasing property values within the boundaries of the Agency translate into increasing tax increment revenue available. That tax increment revenue is then used to pay debt service on bonds issued to fund projects and improvements. The following tables illustrate the growth of assessed values within the Agency's two districts.

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component of the City of Wilsonville, Oregon)
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Year 2000 Plan District

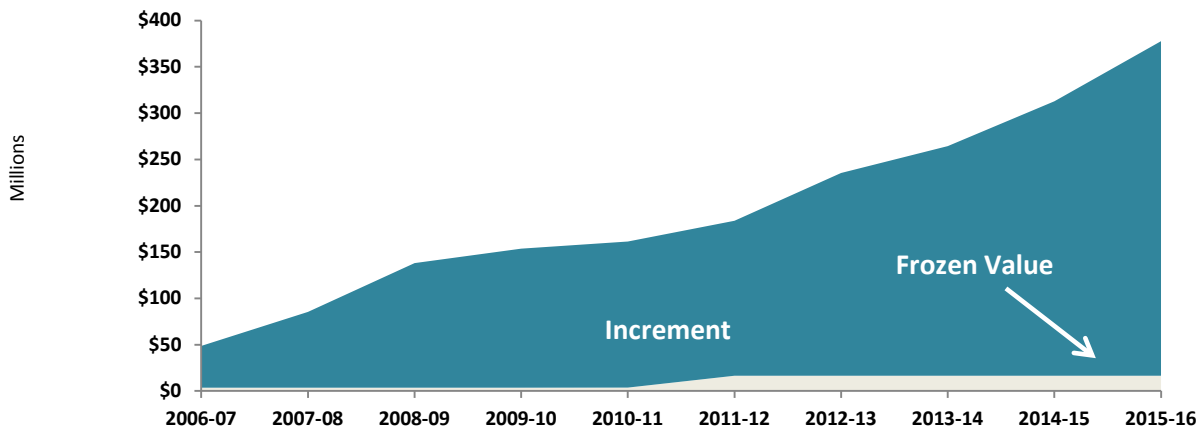
TABLE 5
YEAR 2000 PLAN ASSESSED VALUES
 (by component)



For many years the Year 2000 Plan District has enjoyed a continuous growth in its incremental value. In 2004-05 the Board approved the removal of certain taxable properties from the District. Since then other removals have occurred, each reduction with the intent to limit tax increment revenues to approximately \$4 million per year. Beginning in fiscal year 2010-11 the Agency chose to under levy to achieve the \$4 million level. This level is sufficient to cover debt service requirements for existing and planned future debt.

West Side District

TABLE 6
WEST SIDE DISTRICT ASSESSED VALUES
 (by component)



URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component of the City of Wilsonville, Oregon)
Management's Discussion and Analysis
For the Year Ended June 30, 2016

In October 2003, the Urban Renewal Board created a new district known as the West Side Urban Renewal Area. As the graph illustrates, the District has experienced rapid growth in assessed value. The tax from the new growth is used to pay the debt service of the District. The increase in the frozen value in 2009-10 is due to the addition of approximately 60 acres to the District including the property on which a Fred Meyer development is located.

FINANCIAL CONTACT

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, you should contact the Agency's Finance Director at 29799 SW Town Center Loop E, Wilsonville, Oregon 97070 or via email to cole@ci.wilsonville.or.us. Financial information for current and prior years is also available at www.ci.wilsonville.or.us.

**BASIC
FINANCIAL
STATEMENTS**

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URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

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

Statement of Net Position

June 30, 2016

	Governmental Activities
ASSETS	
Cash and investments	\$ 20,399,164
Receivables	581,783
Restricted cash and investments	4,011,760
Capital assets:	
Land, non-depreciable assets, and construction in progress	13,721,872
Other capital assets, net of depreciation	1,127,355
Total assets	<u>39,841,934</u>
LIABILITIES	
Accounts payable	32,330
Other accrued liabilities	37,825
Interest payable	118,455
Development charges payable	1,166,060
Noncurrent liabilities:	
Due within one year	2,095,794
Due in more than one year	33,096,674
Total liabilities	<u>36,547,138</u>
NET POSITION	
Net investment in capital assets	(15,934,936)
Restricted for debt service	12,510,223
Unrestricted	6,719,509
Total net position	<u>\$ 3,294,796</u>

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

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

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

Statement of Activities

For the fiscal year ended June 30, 2016

Functions/Programs	Expenses	Net (Expense) Revenue and Change in Net Position
Governmental activities:		
Community development	\$ 2,290,359	\$ (2,290,359)
Interest on long-term debt	1,430,578	(1,430,578)
Total governmental activities	<u>\$ 3,720,937</u>	<u>(3,720,937)</u>
General revenues:		
Property taxes, levied for debt service		8,994,867
Investment revenue		133,017
Other revenue		94,637
Gain on disposition of capital asset		784,330
Total general revenues		<u>10,006,851</u>
Transfer of capital assets to primary government		<u>(169,249)</u>
Total general revenues and transfers		<u>9,837,602</u>
Change in net position		6,116,665
Net position (deficit) - beginning		<u>(2,821,869)</u>
Net position (deficit) - ending		<u>\$ 3,294,796</u>

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

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

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

Balance Sheet

Governmental Funds

June 30, 2016

	West Side Plan			Year 2000 Plan			Total Governmental Funds
	Debt Service	Capital Projects	Program Income	Debt Service	Capital Projects	Program Income	
ASSETS							
Cash and investments	\$ 3,790,768	\$ 2,113,474	\$ 4,943,592	\$ 4,848,181	\$ 2,841,328	\$ 1,861,821	\$ 20,399,164
Interest receivable	4,154	-	4,537	3,488	-	2,244	14,423
Accounts receivable	-	-	-	-	-	39,360	39,360
Property taxes receivable	251,084	-	-	276,916	-	-	528,000
Cash and investments - restricted	2,732,607	672,613	-	603,025	3,515	-	4,011,760
Total assets	\$ 6,778,613	\$ 2,786,087	\$ 4,948,129	\$ 5,731,610	\$ 2,844,843	\$ 1,903,425	\$ 24,992,707
LIABILITIES							
Accounts payable	\$ -	\$ 2,800	\$ -	\$ -	\$ 15,940	\$ 13,590	\$ 32,330
Other accrued liabilities	-	37,825	-	-	-	-	37,825
Development charge payable	-	1,166,060	-	-	-	-	1,166,060
Total liabilities	-	1,206,685	-	-	15,940	13,590	1,236,215
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	226,196	-	-	253,407	-	-	479,603
FUND BALANCES							
Restricted	6,552,417	-	-	5,478,203	-	-	12,030,620
Assigned	-	1,579,402	4,948,129	-	2,828,903	1,889,835	11,246,269
Total fund balances	6,552,417	1,579,402	4,948,129	5,478,203	2,828,903	1,889,835	23,276,889
Total liabilities and fund balances	\$ 6,778,613	\$ 2,786,087	\$ 4,948,129	\$ 5,731,610	\$ 2,844,843	\$ 1,903,425	

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

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	14,849,227
Deferred inflows - property taxes earned but unavailable - are reported in the funds	479,603
Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the funds:	
Notes and bonds	(35,192,468)
Interest on long-term debt	(118,455)
Net Position of Governmental Activities	\$ 3,294,796

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

URBAN RENEWAL AGENCY OF WILSONVILLE
(a component unit of the City of Wilsonville, Oregon)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the fiscal year ended June 30, 2016

	West Side Plan			Year 2000 Plan			Total Governmental Funds
	Debt Service Fund	Capital Projects Fund	Program Income Fund	Debt Service Fund	Capital Projects Fund	Program Income Fund	
REVENUES							
Taxes	\$ 4,824,473	\$ -	\$ -	\$ 4,127,385	\$ -	\$ -	\$ 8,951,858
Investment revenue	47,790	21,562	6,964	32,457	12,681	11,563	133,017
Other revenues	-	-	-	-	73	94,564	94,637
Total revenues	<u>4,872,263</u>	<u>21,562</u>	<u>6,964</u>	<u>4,159,842</u>	<u>12,754</u>	<u>106,127</u>	<u>9,179,512</u>
EXPENDITURES							
Current operating:							
Community development	-	1,204,981	-	-	441,670	7,537	1,654,188
Debt service:							
Principal	1,717,532	-	-	315,000	-	-	2,032,532
Interest	1,144,759	-	-	276,545	-	-	1,421,304
Capital outlay	-	2,168,275	-	-	322,343	-	2,490,618
Total expenditures	<u>2,862,291</u>	<u>3,373,256</u>	<u>-</u>	<u>591,545</u>	<u>764,013</u>	<u>7,537</u>	<u>7,598,642</u>
Excess (deficiency) of revenues over (under) expenditures	2,009,972	(3,351,694)	6,964	3,568,297	(751,259)	98,590	1,580,870
OTHER FINANCING SOURCES							
Sale of capital assets			4,941,165				4,941,165
Issuance of debt	-	5,000,000	-	-	-	-	5,000,000
Transfers In	-	-	-	-	2,000,000	-	2,000,000
Transfers Out	-	-	-	(2,000,000)	-	-	(2,000,000)
Total other financing sources	<u>-</u>	<u>5,000,000</u>	<u>4,941,165</u>	<u>(2,000,000)</u>	<u>2,000,000</u>	<u>-</u>	<u>9,941,165</u>
Net change in fund balance	2,009,972	1,648,306	4,948,129	1,568,297	1,248,741	98,590	11,522,035
Fund balance--beginning	4,542,445	(68,904)	-	3,909,906	1,580,162	1,791,245	11,754,854
Fund balance--ending	<u>\$ 6,552,417</u>	<u>\$ 1,579,402</u>	<u>\$ 4,948,129</u>	<u>\$ 5,478,203</u>	<u>\$ 2,828,903</u>	<u>\$ 1,889,835</u>	<u>\$ 23,276,889</u>

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

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE
(a component unit of the City of Wilsonville, Oregon)
**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities**
For the fiscal year ended June 30, 2016

Net change in fund balances--total governmental funds \$ 11,522,035

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures
while governmental activities report additions to capital assets

Expenditures for capital assets	\$ 2,490,618	
Less current year depreciation	<u>(65,842)</u>	2,424,776

Various other transactions involving capital assets increase or
decrease net assets

Sold or disposed assets		(4,828,814)
Capitalized overhead costs		101,649
Transfer of completed capital assets to primary government		(169,249)

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

Property taxes		43,009
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Repayment of bond principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the Statement of Net Position.

Bond and loan proceeds		(7,000,000)
Principal payments		4,032,533

Some expenses reported in the Statement of Activities
do not require the use of current financial resources
and therefore are not reported as expenditures in
governmental funds.

Accrued interest		(9,274)
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Change in Net Position of Governmental Activities

		<u>\$ 6,116,665</u>
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The notes to the financial statements are an integral part of this statement.

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URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

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

Notes to the Basic Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the Urban Renewal Agency have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The Agency

The Urban Renewal Agency, a component unit of the City of Wilsonville, Oregon, was organized on June 4, 1990 and commenced operations during Fiscal Year 1993 under the provisions of Oregon Revised Statutes, Chapter 457 (ORS 457), to provide for rehabilitation of blighted and deteriorated areas within the City's designated urban renewal areas. As provided by ORS 457, the Wilsonville City Council comprises the Urban Renewal Agency's Board. The principal funding source is from bond sales, which are repaid from tax increment revenues and interest earnings. Project management and administration are performed by City personnel.

The Agency is a legally separate entity governed by the Agency's Board. The City Council has the ability to impose its will over the Agency as determined on the basis of budget adoption, taxing authority and funding for the Agency. Therefore, under the criteria of the Governmental Accounting Standards Board, the Agency is considered a component unit of the City of Wilsonville and the Agency's financial activities are included as a blended component unit in the basic financial statements of the City.

The Agency has no potential component units.

Basic Financial Statements

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

The agency-wide financial statements display information about the Urban Renewal Agency as a whole. The focus is on its sustainability. As such, the reporting presents the change in the aggregate financial position of the Agency, resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Net Position demonstrates the Agency's financial position by displaying the difference between its total assets and total liabilities. The net position is further subdivided into two categories: restricted for debt service and unrestricted.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses and revenues are clearly identifiable with a specific function. All costs are supported by general revenues which include property taxes and interest earnings.

Fund financial 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 activities. 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, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

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

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June 30, 2016

GAAP set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. For purposes of presentation, each of the Agency's funds is presented as a major fund.

Debt Service Funds - Account for the accumulation of resources and payment of principal and interest on the Urban Renewal Bonds. The principal sources of revenue are tax increment revenues and interest earnings.

Capital Projects Funds - Account for the acquisition and development of capital assets. The principal revenue sources are bond proceeds and interest earnings.

Program Income Fund - Accounts for Urban Renewal projects funded from program income.

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

The *Fund Financial Statements* are presented on a *modified accrual* basis of accounting with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under full accrual accounting.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the agency-wide statements, reconciliations are provided to explain the differences between the fund financial statements and the agency-wide statements.

Assets, Liabilities, deferred inflows or resources, and net position/fund balance

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, short-term investments with original or remaining maturities of three months or less when purchased, and cash and investments in the investment pool maintained by the Agency. Investments are stated at the mark to market rate.

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. All property taxes receivable are due from property owners within the urban renewal area.

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In the fund financial statements, property taxes receivable that have been collected within 60 days of fiscal year-end are considered measurable and available and are recognized as revenue. The remaining balance is recorded as a deferred inflow of resource as it is deemed unavailable to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. In the agency-wide financial statements, property taxes receivable are recognized as revenue when earned.

Capital Assets

Capital assets which include property and infrastructure (e.g. roads, pathways, street lights, parks, etc.) are reported in the Agency financial statements. Capital assets are defined by the Agency as assets with an initial individual cost of \$5,000 or more, and an estimated useful life of greater than five years. 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. Costs incurred for repairs and maintenance are expensed as incurred.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of donation. In the governmental fund statements, capital assets are charged to expenditures as purchased.

Generally, when construction projects are completed, the project's capital assets are transferred from the Agency to the City of Wilsonville at cost. Land and related improvements are transferred from the Agency to the City when the property has been developed and open for public use. Proceeds from the sale of capital assets held by the Agency are recognized as program income within the Agency. Once transferred to the City any subsequent sale is recognized and reported by the City.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position, and is provided 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

One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Long-Term Debt

In the agency-wide financial statements, long-term debt is reported as a liability of the governmental activities in the Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 during the reporting period. Actual results could differ from those estimates.

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June 30, 2016

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Net Position Flow Assumption

Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the agency-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the agency's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the agency's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance

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. These fund balances categories are:

- *Non-spendable*: Includes resources that are either in a non-spendable form or legally or contractually required to be maintained intact. Resources in non-spendable form include inventories, prepaids and deposits, and assets held for resale.
- *Restricted*: Includes resources that are restricted by external creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- *Committed*: Includes amounts that can only be used for the specific purposes determined by a resolution approved by the Agency governing body. Commitments may be established, modified, or rescinded only through an approved resolution by the Agency's governing body.
- *Assigned*: Represents amounts that reflect the Agency's intended use of resources. Authority to classify a portion of fund balance as assigned is explicitly granted to the Agency Board of Directors, City Manager, and the Finance Director as part of the yearly budget resolution passed and approved by the Urban Renewal Agency, Board of Directors.
- *Unassigned*: This classification is used to report any deficit fund balance amounts.

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Notes to the Basic Financial Statements

June 30, 2016

Fund balance by classification for the year ended June 30, 2016 is as follows:

Fund balances	West Side Plan			East Side Plan		
	Debt Service	Capital Projects	Program Income	Debt Service	Capital Projects	Program Income
Restricted:						
Bond covenants	\$ 2,714,528	\$ -	\$ -	\$ 591,463	\$ -	\$ -
Capital projects	-	-	-	-	-	-
Debt service	3,837,890	-	-	4,886,740	-	-
Assigned:						
Capital projects	-	1,579,402	4,948,129	-	2,828,903	-
Other purposes	-	-	-	-	-	1,889,835
Unassigned	-	-	-	-	-	-
	<u>\$ 6,552,417</u>	<u>\$ 1,579,402</u>	<u>\$ 4,948,129</u>	<u>\$ 5,478,203</u>	<u>\$ 2,828,903</u>	<u>\$ 1,889,835</u>

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets for Agency funds are adopted in accordance with Oregon Revised Statutes (ORS 294 – Local Budget Law). The process under which the budget is adopted is described below.

Each May, the proposed budget is submitted to the Budget Committee (consisting of the Agency Board members and an equal number of appointed citizens). The Agency is required to budget all funds. The budget is prepared for each fund on the modified accrual basis of accounting in accordance with state budget laws. Estimated revenues and expenditures are budgeted for by fund, program and object. Information on the past two years’ actual revenues, expenditures, and ending fund balances, as well as current year estimates, are included in the budget document.

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

The Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The budgets are adopted and monitored at the program level with the exception of contingency, debt service and transfers out. The exceptions are adopted and monitored at the object group level. Appropriations lapse as of year-end.

The Board may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Additional resources that are unexpected may be added to the budget through the use of a supplemental budget, which requires publication in a local newspaper, a public hearing and approval by the Board. Expenditure appropriations may not be legally exceeded except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. During the fiscal year ended June 30, 2016, the Urban Renewal Agency Board approved three supplemental resolutions. The supplementals included increases to various capital projects and the related project management fees. The additional increases to the budget were offset by a decrease in contingency.

Excess of Expenditures Over Appropriations

There were no excess of expenditures over appropriations for the fiscal year.

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June 30, 2016

3. DETAILED NOTES ON ALL FUNDS

Cash and Investments

Cash and investments are comprised of the following:

Deposits with financial institutions		\$ 53,072
Investments:		
Commercial paper and corporate bonds	\$ 8,161,956	
Local government investment pool	<u>16,195,895</u>	
Investments		<u>24,357,850</u>
Total pooled cash and investments		<u><u>\$ 24,410,924</u></u>

Cash and investments are reflected on the balance sheet as follows:

Cash and investments	\$ 19,399,164
Cash and investments - restricted assets	<u>4,011,760</u>
	<u><u>\$ 24,410,924</u></u>

The Agency participates in the State of Oregon Local Investment Pool (LGIP or Pool) which is an open-ended, no-load diversified portfolio created under ORS 294.805 to 294.895 and is not registered with the U.S. Securities and Exchange Commission as an investment company. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and managed, like that of a prudent investor, exercising reasonable care, skill, and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2016 was unqualified and may be obtained at the Oregon State Treasury, 350 Winter St. NE, Ste 100, Salem, OR 97310.

The Agency's position in the Pool at June 30, 2016 is stated at cost which approximates fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets and include the Municipal and US Agency Corporations investments. Level 2 inputs are quoted prices for similar assets in inactive markets and include the Commercial Paper and Corporate Bonds. Investments in the Local Government Investment Pool have also been categorized as Level 2.

US Agency Corporations (Level 1)	Commercial Paper And Corporate Bonds (Level 2)	Local Govt Investment Pool (Level 2)*
\$ 2,375,196	\$ 5,786,760	\$ 16,195,895

*Per the Local Government Investment Pool CAFR for year ending June 30, 2016

Deposits

The Agency's cash is pooled with the City's cash. For deposits in excess of federal depository insurance (currently limited to balances less than \$250,000) Oregon Revised Statute 295 requires a multiple financial institution collateral pool for balances in excess of FDIC insurance. As a result, all balances over the \$250,000 FDIC limit are collateralized. At June 30, 2016, the deposits with various financial institutions had a book value and bank value of \$53,072 resulting in all funds being covered by federal depository insurance.

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June 30, 2016

Cash and Investments

The Agency's investment policy specifies various goals and procedures that enhance opportunities for a prudent and systematic approach to investment-related activities. The Agency has delegated investment responsibilities to the Finance Director, who is primarily responsible for implementing the investment policy. The investment risk as outlined by the Agency's investment policy and Oregon Revised Statutes authorize the Finance Director to invest primarily in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high ranking corporate indebtedness, and the State of Oregon Local Government Investment Pool (LGIP).

Credit Risk

As required by the Agency's investment policy, which adheres to the State of Oregon statutes, all investments were rated Aa2 through AAA by the Moody's Investor Services or Standard and Poor's reporting agencies. The State of Oregon Local Government Investment Pool is not rated.

At June 30, 2016, the Agency's investments were rated as follows:

	Commercial Paper And Corporate Bonds	US Agency Corporations	Local Govt Investment Pool	Total
Aaa	\$ 667,799	\$ 2,375,196	\$ -	\$ 3,042,995
Aa3	2,859,398	-	-	2,859,398
Aa2	2,008,500	-	-	2,008,500
A2	251,063	-	-	251,063
Unrated	-	-	16,195,895	16,195,895
	<u>\$ 5,786,760</u>	<u>\$ 2,375,196</u>	<u>\$ 16,195,895</u>	<u>\$ 24,357,850</u>

Concentration of Risk

The City's investment policy, as it relates to investing outside of the LGIP, does not allow for an investment in any single corporate entity and its affiliates or subsidiaries that is in excess of five percent of the City's total investments (ORS 294.035). Additionally, the policy requires the maximum investments in aggregate for all commercial paper and corporate bonds to be limited to 35% of the total investment portfolio.

Interest Rate Risk

The Agency's investment policy explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates. For commercial paper and corporate bonds, the maximum maturity is 18 months. The Agency intends to hold all investment until maturity.

Maturities of investments as of June 30, 2016 are as follows:

	Less than 6 Months	6-12 Months	12-18 Months	Total
Commercial Paper and Corporate Bonds	\$ 251,063	\$ 1,001,430	\$ 4,534,267	\$ 5,786,760
US Agency Corporations	375,056	2,000,140	-	2,375,196
Local Govt Investment Pool	16,195,895	-	-	16,195,895
	<u>\$ 16,822,014</u>	<u>\$ 3,001,570</u>	<u>\$ 4,534,267</u>	<u>\$ 24,357,850</u>

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

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Notes to the Basic Financial Statements

June 30, 2016

Capital Assets

Capital assets for urban renewal activities, net of depreciation, consist of the items listed below.

	<u>Balance July 1, 2015</u>	<u>Disposals</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Transfers to City</u>	<u>Balance June 30, 2016</u>
Land	\$ 11,319,901	\$ (4,156,835)	\$ -	\$ -	\$ -	\$ 7,163,066
Building	1,193,197	-	-	(65,842)	-	1,127,355
Construction in progress	4,807,766	-	1,920,288	-	(169,249)	6,558,805
	<u>\$ 17,320,864</u>	<u>\$ (4,156,835)</u>	<u>\$ 1,920,288</u>	<u>\$ (65,842)</u>	<u>\$ (169,249)</u>	<u>\$ 14,849,226</u>

Debt

In the following paragraphs, long-term debt information is presented separately with respect to each debt obligation. The table below presents current year changes in those obligations, and the current portions due for each issue.

	<u>Balance July 1, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2016</u>	<u>Due In Subsequent Year</u>
Urban Renewal, Year 2000 District					
Series 2010 Bonds	\$ 6,505,000	\$ -	\$ (315,000)	\$ 6,190,000	\$ 330,000
Urban Renewal, West Side District					
Series 2009 Bonds	7,785,000	-	(415,000)	7,370,000	435,000
Series 2011 Long-Term	4,305,000	-	(190,000)	4,115,000	200,000
Series 2012 Long-Term	7,110,000	-	(320,000)	6,790,000	330,000
Series 2013 Long-Term	6,520,000	-	(265,000)	6,255,000	275,000
Series 2015A- Taxable	-	4,250,000	(386,158)	3,863,842	385,137
Series 2015-B Non-Taxable	-	750,000	(141,375)	608,626	143,857
	<u>\$ 32,225,000</u>	<u>\$ 5,000,000</u>	<u>\$ (2,032,533)</u>	<u>\$ 35,192,468</u>	<u>\$ 2,098,994</u>

Urban Renewal Tax Increment

Year 2000 Plan District, Series 2010

In December 2010, the City issued Urban Renewal revenue bonds with an interest rate of 4.35% in the total amount of \$8,000,000. The final maturity will be in June 2025. The principal balance outstanding on the bonds at June 30, 2016 is \$6,190,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 330,000	\$ 263,075
2018	345,000	249,050
2019	360,000	234,388
2020	370,000	219,088
2021	390,000	203,363
2022-2025	4,395,000	844,475
Totals	<u>\$ 6,190,000</u>	<u>\$ 1,810,075</u>

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

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

Notes to the Basic Financial Statements

June 30, 2016

West Side District-Series 2009

In February 2009, the City issued Urban Renewal revenue bonds for the Urban Renewal West Side District. The issue, in the amount of \$10,000,000, carries an interest rate of 4.9%. The final maturity will be December 2023. The balance outstanding as of June 30, 2016 is \$7,370,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 435,000	\$ 350,473
2018	455,000	326,668
2019	475,000	305,883
2020	500,000	281,996
2021	525,000	256,883
2022-2024	4,980,000	527,976
Totals	<u>\$ 7,370,000</u>	<u>\$ 2,049,879</u>

West Side District-Series 2011

In June 2011, the Agency converted a short-term, interest only line of credit to long-term debt. The issue, in the amount of \$5,000,000, carries an interest rate of 4.65%. The final maturity will be June 2026. The balance outstanding at June 30, 2016 is \$4,115,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 200,000	\$ 181,060
2018	210,000	172,260
2019	220,000	163,020
2020	225,000	153,340
2021	235,000	143,440
2022-2026	3,025,000	551,980
Totals	<u>\$ 4,115,000</u>	<u>\$ 1,365,100</u>

West Side District-Series 2012

In June 2012, the Agency converted a short-term, interest only line of credit to long-term debt. The issue, in the amount of \$8,000,000, carries an interest rate of 3.40%. The final maturity will be June 2027. The balance outstanding at June 30, 2016 is \$6,790,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 330,000	\$ 224,070
2018	340,000	213,180
2019	350,000	201,960
2020	360,000	190,410
2021	375,000	178,530
2022-2026	2,060,000	699,270
2027	2,975,000	98,175
Totals	<u>\$ 6,790,000</u>	<u>\$ 1,805,595</u>

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June 30, 2016

West Side District-Series 2013

In June 2013, the Agency converted a short-term, interest only line of credit to long-term debt. The issue, in the amount of \$7,000,000, carries an interest rate of 3.499%. The final maturity will be June 2028. The balance outstanding at June 30, 2016 is \$6,255,000.

Year Ending June 30,	Principal	Interest
2017	\$ 275,000	\$ 218,925
2018	285,000	209,300
2019	295,000	199,325
2020	305,000	189,000
2021	315,000	178,325
2022-2026	1,760,000	717,325
2027-2028	3,020,000	197,750
Totals	\$ 6,255,000	\$ 1,909,950

West Side District-Series 2015 A

In July 2015, the City issued Urban Renewal revenue bonds for the Urban Renewal West Side District. The issue, in the amount of \$4,250,000, carries an interest rate of 2.63%. The final maturity will be July 2025. The balance outstanding at June 30, 2016 is \$3,863,842.

Year Ending June 30,	Principal	Interest
2017	\$ 385,137	\$ 99,205
2018	395,510	88,832
2019	406,163	78,178
2020	416,920	67,422
2021	428,331	56,012
2022-2025	1,831,781	105,588
Totals	\$ 3,863,842	\$ 495,237

West Side District-Series 2015 B

In July 2015, the City issued Urban Renewal revenue bonds for the Urban Renewal West Side District. The issue, in the amount of \$750,000, carries an interest rate of 3.65%. The final maturity will be July 2020. The balance outstanding at June 30, 2016 is \$608,626.

Year Ending June 30,	Principal	Interest
2017	\$ 143,857	\$ 20,544
2018	149,255	15,146
2019	154,856	9,546
2020	160,658	3,743
Totals	\$ 608,626	\$ 48,979

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

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Notes to the Basic Financial Statements

June 30, 2016

Restricted Cash and Investments

The balances of the restricted asset accounts are for capital project reserve and debt service reserve requirements as noted in the chart below.

West Side Debt Service Reserve	\$ 2,732,607
West Side Capital Projects Reserve	672,613
Year 2000 Debt Service Reserve	603,025
Year 2000 Capital Projects Reserve	<u>3,515</u>
Total Restricted Assets	<u>\$ 4,011,760</u>

4. OTHER INFORMATION

Property Tax Limitation

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

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

Encumbrance Accounting

All outstanding encumbrances lapse at year-end and are reappropriated as required to the subsequent year.

GASB Pronouncements Implemented

GASB Statement 72, "Fair Value Measurement and Application". This Statement requires most investments be measured at fair value. The requirements of this statement are effective for financial statements for fiscal years beginning after June 15, 2015.

GASB Statement 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement replaces the current four-level GAAP hierarchy with a new two-level hierarchy of authoritative sources. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015.

Subsequent Events

None noted.

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SUPPLEMENTARY

DATA

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CITY OF WILSONVILLE, OREGON
Urban Renewal - West Side Plan Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,452,465	\$ 4,452,465	\$ 4,824,473	\$ 372,008
Investment revenue	21,000	21,000	47,790	26,790
Total revenues	<u>4,473,465</u>	<u>4,473,465</u>	<u>4,872,263</u>	<u>398,798</u>
EXPENDITURES				
Debt service:				
Principal	3,439,873	3,439,873	1,717,532	1,722,341
Interest	1,143,548	1,143,548	1,144,759	(1,211)
Contingency	1,835,947	1,835,947	-	1,835,947
Total expenditures	<u>6,419,368</u>	<u>6,419,368</u>	<u>2,862,291</u>	<u>3,557,077</u>
Excess (deficiency) of revenues over (under) expenditures	(1,945,903)	(1,945,903)	2,009,972	3,955,875
Fund balance--beginning	<u>4,529,324</u>	<u>4,529,324</u>	<u>4,542,445</u>	<u>13,121</u>
Fund balance--ending	<u>\$ 2,583,421</u>	<u>\$ 2,583,421</u>	<u>\$ 6,552,417</u>	<u>\$ 3,968,996</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - West Side Plan Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the year ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment revenue	\$ 8,500	\$ 8,500	\$ 21,562	\$ 13,062
EXPENDITURES				
Materials and services	1,407,035	1,432,035	966,448	465,587
Capital outlay	2,423,718	3,321,212	2,168,275	1,152,937
Contingency	1,207,387	284,893	-	284,893
Total expenditures	<u>5,038,140</u>	<u>5,038,140</u>	<u>3,134,723</u>	<u>1,903,417</u>
Deficiency of revenues under expenditures	(5,029,640)	(5,029,640)	(3,113,161)	1,916,479
OTHER FINANCING SOURCES (USES)				
Issuance of debt	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>
Net change in fund balance	(29,640)	(29,640)	1,886,839	1,916,479
Fund balance--beginning	<u>29,640</u>	<u>29,640</u>	<u>858,623</u>	<u>828,983</u>
Fund balance--ending	<u>\$ -</u>	<u>\$ -</u>	2,745,462	<u>\$ 2,745,462</u>
Adjustment from budgetary basis to generally accepted accounting basis:				
Development charge payable			<u>(1,166,060)</u>	
Fund balance - generally accepted accounting principles basis			<u>\$ 1,579,402</u>	

CITY OF WILSONVILLE, OREGON
Urban Renewal - Westside Plan Program Income Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the year ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment revenue	\$ -	\$ -	\$ 6,964	\$ 6,964
EXPENDITURES				
Materials and services	-	-	-	-
Contingency	-	4,941,165	-	4,941,165
Excess (deficiency) of revenues over (under) expenditures	-	(4,941,165)	6,964	4,948,129
SPECIAL ITEM				
Proceeds from sale of land	-	4,941,165	4,941,165	-
Net change in fund balances	-	-	4,948,129	4,948,129
Fund balance--beginning	-	-	-	-
Fund balance--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,948,129</u>	<u>\$ 4,948,129</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Year 2000 Plan Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,120,000	\$ 4,120,000	\$ 4,127,385	\$ 7,385
Investment revenue	20,000	20,000	32,457	12,457
Total revenues	<u>4,140,000</u>	<u>4,140,000</u>	<u>4,159,842</u>	<u>19,842</u>
EXPENDITURES				
Debt service:				
Principal	2,330,000	2,330,000	2,315,000	15,000
Interest	276,963	276,963	276,545	418
Contingency	<u>2,547,882</u>	<u>2,547,882</u>	<u>-</u>	<u>2,547,882</u>
Total expenditures	<u>5,154,845</u>	<u>5,154,845</u>	<u>2,591,545</u>	<u>2,563,300</u>
Excess (deficiency) of revenues over (under) expenditures	(1,014,845)	(1,014,845)	1,568,297	2,583,142
Fund balance--beginning	<u>3,714,845</u>	<u>3,714,845</u>	<u>3,909,906</u>	<u>195,061</u>
Fund balance--ending	<u>\$ 2,700,000</u>	<u>\$ 2,700,000</u>	<u>\$ 5,478,203</u>	<u>\$ 2,778,203</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Year 2000 Plan Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 7,200	\$ 7,200	\$ 12,681	\$ 5,481
Other revenues	-	-	73	73
Total revenues	<u>7,200</u>	<u>7,200</u>	<u>12,754</u>	<u>5,554</u>
EXPENDITURES				
Materials and services	593,790	598,790	441,670	157,120
Capital outlay	469,650	716,193	322,343	393,850
Contingency	2,369,735	2,118,192	-	2,118,192
Total expenditures	<u>3,433,175</u>	<u>3,433,175</u>	<u>764,013</u>	<u>2,669,162</u>
Deficiency of revenues under expenditures	(3,425,975)	(3,425,975)	(751,259)	2,674,716
OTHER FINANCING SOURCES				
Issuance of debt	2,000,000	2,000,000	2,000,000	-
Net change in fund balance	(1,425,975)	(1,425,975)	1,248,741	2,674,716
Fund balance--beginning	1,425,975	1,425,975	1,580,162	154,187
Fund balance--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,828,903</u>	<u>\$ 2,828,903</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Year 2000 Plan Program Income Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 15,000	\$ 15,000	\$ 11,563	\$ (3,437)
Other revenues	94,400	94,400	94,564	164
Total revenues	<u>109,400</u>	<u>109,400</u>	<u>106,127</u>	<u>(3,273)</u>
EXPENDITURES				
Materials and services	50,100	50,100	7,537	42,563
Contingency	<u>1,524,208</u>	<u>1,524,208</u>	<u>-</u>	<u>1,524,208</u>
Excess (deficiency) of revenues over (under) expenditures	(1,464,908)	(1,464,908)	98,590	1,563,498
Fund balance--beginning	<u>1,464,908</u>	<u>1,464,908</u>	<u>1,791,245</u>	<u>326,337</u>
Fund balance--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,889,835</u>	<u>\$ 1,889,835</u>

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

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor, Members of the City Council, and the City Manager
City of Wilsonville Urban Renewal Agency
29799 SW Town Center Loop East
Wilsonville, Oregon 97070

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Urban Renewal Agency of the City of Wilsonville, Oregon as of and for the year ended June 30, 2016, and have issued our report thereon dated October 31, 2016.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 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.**
- **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.

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 to determine the 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. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Restriction on Use

This report is intended solely for the information and use of the governing body and management of the Urban Renewal Agency of the City of Wilsonville, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS*

By: 

Ryan T. Pasquarella, A Shareholder
October 31, 2016