



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, 2015

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, 2015

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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, 2015

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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
Michael E. Kohlhoff	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 Governing Body
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, 2015, and the related notes to the financial statements, which collectively comprise the Agency'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, 2015, 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 management's discussion and analysis described in the previous paragraph 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 or 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 Data


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

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 30, 2015, 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
November 30, 2015

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, 2015

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, 2015. 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, 2015 AND 2014
(in thousands)

	Governmental Activities	
	2015	2014
Cash and investments	\$ 12,655	\$ 13,525
Other assets	502	516
Capital assets	17,321	13,562
Total assets	<u>30,478</u>	<u>27,603</u>
Other liabilities	1,075	671
Long-term debt	32,225	34,900
Total liabilities	<u>33,300</u>	<u>35,571</u>
Net position:		
Restricted	8,889	7,412
Unrestricted (deficit)	(11,711)	(15,380)
Total net position	<u>\$ (2,822)</u>	<u>\$ (7,968)</u>

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, 2015

Highlights of Net Position

- During the fiscal year, the Eastside Urban Renewal District retired the Series 2005 debt that was originally a \$10 million bond issue.
- Capital assets increased \$3.8 million. The net was due primarily to a \$4.5 million increase in projects currently in progress offset by transfer of completed projects to the City in the amount of \$.7 million.
- A deficit net position is common for urban renewal funds and is the result of transferring completed assets over to the City prior to the retirement of debt that financed the assets.

Statements of Activities

TABLE 2
FOR FISCAL YEARS ENDING JUNE 30, 2015 AND 2014
(in thousands)

	Governmental Activities	
	2015	2014
Program revenues		
Charges for services	\$ -	\$ 2
General revenues		
Taxes	8,513	7,570
Interest	72	88
Other	399	90
Total revenues	<u>8,984</u>	<u>7,750</u>
Expenses		
Community development	1,770	2,807
Interest on debt	1,403	1,530
Total expenses	<u>3,173</u>	<u>4,337</u>
Revenues over expenses	5,811	3,413
Transfer of capital assets to primary government	<u>(665)</u>	<u>(2,375)</u>
Change in net position	5,146	1,038
Beginning net position (deficit)	<u>(7,968)</u>	<u>(9,006)</u>
Ending net position (deficit)	<u>\$ (2,822)</u>	<u>\$ (7,968)</u>

Highlights of Activities

In the West Side Plan, the Agency issued and repaid \$1.0 million in short-term financing. In the Year 2000 Plan, the Agency issued and repaid \$2.0 million in short-term financing.

Tax increment revenue totaled \$8.5 million and is restricted to repayment of debt. This revenue is up 12.5% 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.

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, 2015

Program administration and non-capitalized project costs decreased \$1.0 million due primarily to no capital assets being expensed in FY2015.

The Agency transferred \$.7 million 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 land purchases for future parks and the retrofitting of playground equipment at Murase Park.

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 \$96,000 for the costs associated for Regional Park #4. The second amendment increased the Plan 2000 District budget by \$275,000 for land purchase of the Duckworth Property for future park usage. The third adjustment had a net zero impact on the Plan 2000 District budget as funding was moved from the Canyon Creek Road project to the I-5 Interchange project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015 the Agency had invested \$17.3 million in capital assets as reflected in the following table.

TABLE 3
CAPITAL ASSETS AT JUNE 30, 2015 AND 2014
(in thousands)

	Governmental Activities	
	2015	2014
Land	\$ 11,320	\$ 11,320
Buildings & improvements	1,193	1,246
Construction in progress	4,808	996
Total	<u>\$ 17,321</u>	<u>\$ 13,562</u>

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, 2015, 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 27 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, 2015

Debt Outstanding

As of year-end, the Agency had \$32.2 million in debt outstanding, \$2.7 million less than the prior year. Of the outstanding debt, \$6.5 million is from the Year 2000 Plan District, and the remaining \$25.7 million is from the West Side District.

The table below presents outstanding debt by district. Approximately \$5.7 million in principal was retired or refinanced during the fiscal year and an additional \$3.0 million was issued and retired as short-term debt.

TABLE 4
DEBT OUTSTANDING AT JUNE 30, 2015 AND 2014
(in thousands)

	Governmental Activities	
	2015	2014
West Side District:		
Series 2013 Credit Facility	\$ 6,520	\$ 6,775
Series 2012 Credit Facility	7,110	7,415
Series 2009 Bonds	7,785	8,180
Series 2011 Credit Facility	4,305	4,490
Year 2000 Plan District:		
Series 2005 Bonds	-	1,230
Series 2009 Bonds	6,505	6,810
	\$ 32,225	\$ 34,900

For more detailed information on the Agency's debt and amortization terms refer to pages 28-29 of the Notes to the Basic Financial Statements.

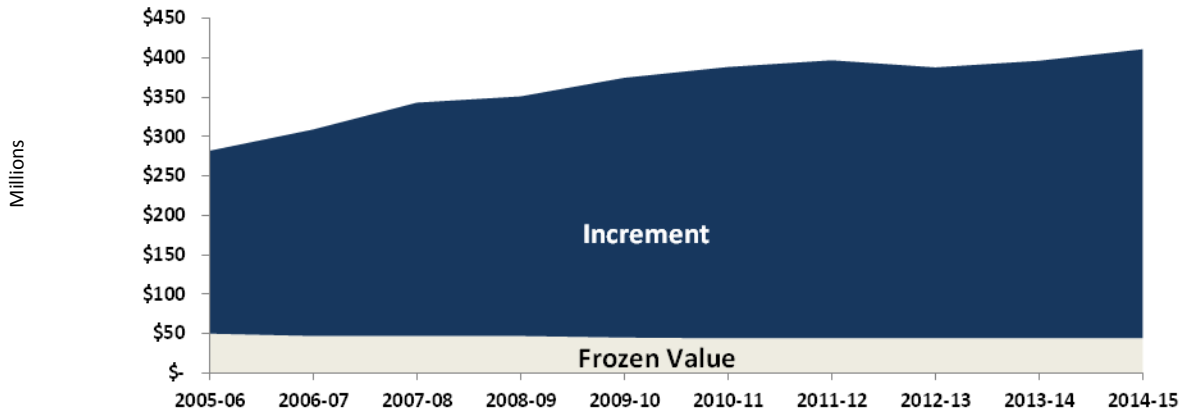
ECONOMIC FACTORS

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, 2015

Year 2000 Plan District

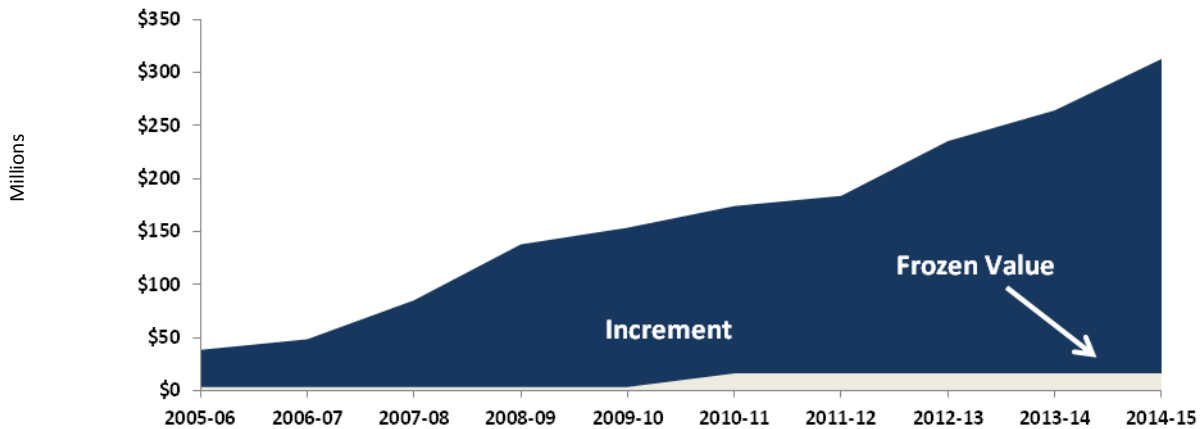
TABLE 5
YEAR 2000 PLAN ASSESSED VALUES
 (by component)



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, 2015

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, 2015

	Governmental Activities
ASSETS	
Cash and investments	\$ 6,273,099
Receivables	501,728
Restricted cash and investments	6,382,727
Capital assets:	
Land, non-depreciable assets, and construction in progress	16,127,667
Other capital assets, net of depreciation	1,193,197
Total assets	<u>30,478,418</u>
LIABILITIES	
Accounts payable	38,580
Other accrued liabilities	927,526
Interest payable	109,181
Noncurrent liabilities:	
Due within one year	1,505,000
Due in more than one year	30,720,000
Total liabilities	<u>33,300,287</u>
NET POSITION	
Restricted for debt service	8,888,945
Unrestricted (deficit)	(11,710,814)
Total net position	<u>\$ (2,821,869)</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, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
Governmental activities:		
Community development	\$ 1,770,111	\$ (1,770,111)
Interest on debt	1,402,953	(1,402,953)
Total governmental activities	<u>\$ 3,173,064</u>	<u>(3,173,064)</u>
General revenues:		
Property taxes, levied for debt service		8,512,449
Investment revenue		72,281
Other revenue		399,295
Gain (loss) on disposition of capital assets		
Total general revenues		8,984,025
Transfer of capital assets to primary government		(664,832)
Total general revenues and transfers		<u>8,319,193</u>
Change in net position		5,146,129
Net position (deficit) - beginning		<u>(7,967,998)</u>
Net position (deficit) - ending		<u>\$ (2,821,869)</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, 2015

	West Side Plan		Year 2000 Plan			Total Governmental Funds
	Debt Service	Capital Projects	Debt Service	Capital Projects	Program Income	
ASSETS						
Cash and investments	\$ -	\$ 650,659	\$ 2,271,768	\$ 1,538,270	\$ 1,812,402	\$ 6,273,099
Interest receivable	1,880	-	2,964	-	566	5,410
Property taxes receivable	219,125	-	277,193	-	-	496,318
Cash and investments - restricted	4,512,990	221,328	1,603,025	45,384	-	6,382,727
Total assets	<u>\$ 4,733,995</u>	<u>\$ 871,987</u>	<u>\$ 4,154,950</u>	<u>\$ 1,583,654</u>	<u>\$ 1,812,968</u>	<u>\$ 13,157,554</u>
LIABILITIES						
Accounts payable	\$ -	\$ 13,364	\$ -	\$ 3,492	\$ 21,724	\$ 38,580
Development charge payable	-	927,526	-	-	-	927,526
Total liabilities	<u>-</u>	<u>940,890</u>	<u>-</u>	<u>3,492</u>	<u>21,724</u>	<u>966,106</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	191,550	-	245,044	-	-	436,594
FUND BALANCES						
Restricted	4,542,445	-	3,909,906	-	-	8,452,351
Assigned	-	-	-	1,580,162	1,791,245	3,371,406
Unassigned (deficit)	-	(68,903)	-	-	-	(68,903)
Total fund balances	<u>4,542,445</u>	<u>(68,903)</u>	<u>3,909,906</u>	<u>1,580,162</u>	<u>1,791,245</u>	<u>11,754,854</u>
Total liabilities and fund balances	<u>\$ 4,733,995</u>	<u>\$ 871,987</u>	<u>\$ 4,154,950</u>	<u>\$ 1,583,654</u>	<u>\$ 1,812,969</u>	

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	17,320,864
Deferred inflows - property taxes earned but unavailable - are reported in the funds	436,594
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	(32,225,000)
Interest on long-term debt	(109,181)
Net Position (Deficit) of Governmental Activities	<u>\$ (2,821,869)</u>

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, 2015

	West Side Plan		Year 2000 Plan			Total Governmental Funds
	Debt Service Fund	Capital Projects Fund	Debt Service Fund	Capital Projects Fund	Program Income Fund	
REVENUES						
Taxes	\$ 4,168,142	\$ -	\$ 4,316,798	\$ -	\$ -	\$ 8,484,940
Investment revenue	22,488	3,733	28,662	7,911	9,487	72,281
Other revenues	-	-	101	-	399,194	399,295
Total revenues	<u>4,190,630</u>	<u>3,733</u>	<u>4,345,561</u>	<u>7,911</u>	<u>408,681</u>	<u>8,956,516</u>
EXPENDITURES						
Current operating:						
Community development	-	1,345,522	-	365,293	6,144	1,716,959
Debt service:						
Principal	1,140,000	-	1,535,000	-	-	2,675,000
Interest	1,070,564	-	341,700	-	-	1,412,264
Capital outlay	-	565,741	-	3,635,883	275,000	4,476,624
Total expenditures	<u>2,210,564</u>	<u>1,911,263</u>	<u>1,876,700</u>	<u>4,001,176</u>	<u>281,144</u>	<u>10,280,847</u>
Excess (deficiency) of revenues over (under) expenditures	1,980,066	(1,907,530)	2,468,861	(3,993,265)	127,537	(1,324,331)
OTHER FINANCING SOURCES						
Transfers In	-	1,000,000	-	2,000,000	-	3,000,000
Transfers Out	(1,000,000)	-	(2,000,000)	-	-	(3,000,000)
Total other financing sources	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>(2,000,000)</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	980,066	(907,530)	468,861	(1,993,265)	127,537	(1,324,331)
Fund balance--beginning	<u>3,562,379</u>	<u>838,626</u>	<u>3,441,045</u>	<u>3,573,427</u>	<u>1,663,708</u>	<u>13,079,185</u>
Fund balance--ending	<u>\$ 4,542,445</u>	<u>\$ (68,904)</u>	<u>\$ 3,909,906</u>	<u>\$ 1,580,162</u>	<u>\$ 1,791,245</u>	<u>\$ 11,754,854</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, 2015

Net change in fund balances--total governmental funds	\$	(1,324,331)
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
 Governmental funds report capital outlays as expenditures while governmental activities report additions to capital assets		
Expenditures for capital assets	\$ 4,476,624	
Less current year depreciation	<u>(53,152)</u>	4,423,472
 Various other transactions involving capital assets increase or decrease net assets		
Transfer of completed capital assets to primary government		(664,832)
 Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		27,509
 Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal payments		2,675,000
 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		9,311
Change in Net Position of Governmental Activities	\$	5,146,129

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, 2015

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.

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.

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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.

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

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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:

ASSET	YEARS
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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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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Fund balance by classification for the year ended June 30, 2015 is as follows:

Fund balances	West Side Plan		Easst Side Plan		
	Debt Service	Capital Projects	Debt Service	Capital Projects	Project Income
Restricted:					
Bond covenants	\$ 2,221,248	\$ -	\$ 1,873,738	\$ -	\$ -
Debt service	2,321,197	-	2,036,168	-	-
Assigned:					
Capital projects	-	-	-	1,580,162	-
Other purposes	-	-	-	-	1,791,245
Unassigned	-	(68,903)	-	-	-
	<u>\$ 4,542,445</u>	<u>\$ (68,903)</u>	<u>\$ 3,909,906</u>	<u>\$ 1,580,162</u>	<u>\$ 1,791,245</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 returning to the Budget Committee for a second approval. 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, 2015, 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.

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Excess of Expenditures Over Appropriations

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

Deficit Fund Equity

The Urban Renewal West Side Plan Capital Projects Fund had a deficit fund balance of \$68,903 as of June 30, 2015. The deficit is primarily due to a liability owed the City's Water Development Charges Fund. It arises out of an agreement between the City and the Urban Renewal District to promote fire safety with the installation of fire sprinkler systems within all residential units in the Villebois sub-division. To mitigate some of the cost on developers, the Urban Renewal District subsidizes a portion of the water system development charge. The credit will eventually be paid by the West Side District to the Water Development Charges fund once urban renewal funds are available.

3. DETAILED NOTES ON ALL FUNDS

Cash and Investments

Cash and investments are comprised of the following:

Deposits with financial institutions		\$	201,336
Investments:			
Commercial paper and corporate bonds	\$	625,174	
Local government investment pool		<u>11,829,316</u>	
Investments			<u>12,454,490</u>
Total pooled cash and investments			<u>\$ 12,655,826</u>

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

Cash and investments	\$	6,273,099
Cash and investments - restricted assets		<u>6,382,727</u>
	\$	<u>12,655,826</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, 2015 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 pool at June 30, 2015 is stated at cost which approximates fair value.

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, 2015, the deposits with various financial institutions had a book value and bank value of \$201,336 resulting in all funds being covered by federal depository insurance.

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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, 2015, the Agency's investments were rated as follows:

	Commercial Paper And Corporate Bonds	US Agency Corporations	Local Govt Investment Pool	Total
AAA	\$ -	\$ 375,004	\$ -	\$ 375,004
Aa2	250,170	-	-	250,170
Unrated	-	-	11,829,316	11,829,316
	<u>\$ 250,170</u>	<u>\$ 375,004</u>	<u>\$ 11,829,316</u>	<u>\$ 12,454,490</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, 2015 are as follows:

	Less than 6 Months	6-12 Months	Total
Commercial Paper and Corporate Bonds	\$ -	\$ 250,170	\$ 250,170
US Agency Corporations	375,004	-	375,004
Local Govt Investment Pool	11,829,316	-	11,829,316
	<u>\$ 12,204,320</u>	<u>\$ 250,170</u>	<u>\$ 12,454,490</u>

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June 30, 2015

Capital Assets

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

	Balance July 1, 2014	Additions	Depreciation	Transfers to City	Balance June 30, 2015
Land	\$ 11,319,901	\$ -	\$ -	\$ -	\$ 11,319,901
Building	1,246,349	-	(53,152)	-	1,193,197
Construction in progress	995,974	4,476,624	-	(664,832)	4,807,766
	<u>\$ 13,562,224</u>	<u>\$ 4,476,624</u>	<u>\$ (53,152)</u>	<u>\$ (664,832)</u>	<u>\$ 17,320,864</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.

	Balance July 1, 2014	Increase	Decrease	Balance June 30, 2015	Due In Subsequent Year
Urban Renewal, Year 2000 District					
Series 2005 Bonds	\$ 1,230,000	\$ -	\$ (1,230,000)	\$ -	\$ -
Series 2010 Bonds	6,810,000	-	(305,000)	6,505,000	315,000
Urban Renewal, West Side District					
Series 2009 Bonds	8,180,000	-	(395,000)	7,785,000	415,000
Series 2011 Long-Term	4,490,000	-	(185,000)	4,305,000	190,000
Series 2012 Long-Term	7,415,000	-	(305,000)	7,110,000	320,000
Series 2013 Long-Term	6,775,000	-	(255,000)	6,520,000	265,000
	<u>\$ 34,900,000</u>	<u>\$ -</u>	<u>\$ (2,675,000)</u>	<u>\$ 32,225,000</u>	<u>\$ 1,505,000</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, 2015 is \$6,505,000.

Year Ending June 30,	Principal	Interest
2016	\$ 315,000	\$ 276,463
2017	330,000	263,075
2018	345,000	249,050
2019	360,000	234,388
2020	370,000	219,088
2021-2025	4,785,000	844,475
Totals	<u>\$ 6,505,000</u>	<u>\$ 2,086,538</u>

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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, 2015 is \$7,785,000.

Year Ending June 30,	Principal	Interest
2016	\$ 415,000	\$ 371,298
2017	435,000	350,473
2018	455,000	326,668
2019	475,000	305,883
2020	500,000	281,996
2020-2024	5,505,000	784,859
Totals	<u>\$ 7,785,000</u>	<u>\$ 2,421,177</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, 2015 is \$4,305,000.

Year Ending June 30,	Principal	Interest
2016	\$ 190,000	\$ 189,420
2017	200,000	181,060
2018	210,000	172,260
2019	220,000	163,020
2020	225,000	153,340
2021-2025	1,290,000	608,740
2026	1,970,000	86,680
Totals	<u>\$ 4,305,000</u>	<u>\$ 1,554,520</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, 2015 is \$7,110,000.

Year Ending June 30,	Principal	Interest
2016	\$ 320,000	\$ 234,630
2017	330,000	224,070
2018	340,000	213,180
2019	350,000	201,960
2020	360,000	190,410
2021-2025	1,995,000	765,105
2026-2027	3,415,000	210,870
Totals	<u>\$ 7,110,000</u>	<u>\$ 2,040,225</u>

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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, 2014 is \$6,775,000.

Year Ending June 30,	Principal	Interest
2016	\$ 265,000	\$ 228,200
2017	275,000	218,925
2018	285,000	209,300
2019	295,000	199,325
2020	305,000	189,000
2021-2025	1,700,000	776,825
2025-2028	3,395,000	316,575
Totals	<u>\$ 6,520,000</u>	<u>\$ 2,138,150</u>

Restricted Assets

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	\$ 4,512,990
West Side Capital Projects Reserve	221,328
Year 2000 Debt Service Reserve	1,603,025
Year 2000 Capital Projects Reserve	45,384
Total Restricted Assets	<u>\$ 6,382,727</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.

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GASB Pronouncements Implemented

GASB Statement No. 68 “Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement is effective for fiscal years beginning after June 15, 2015. However, with no wages directly recorded to the Agency, this statement will not have an impact on statements.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date

This statement amends transition provisions of GASB Statement No. 68, establishes accounting and financial reporting standards for recognition of contributions made between the measurement date of the net pension liability and implementation of GASB Statement No. 68. The statement is effective for fiscal years beginning after June 15, 2014. However, with no wages directly recorded to the Agency, this statement will not have an impact on statements.

Subsequent Events

Management has evaluated subsequent events through November 15, 2015, the date on which the financial statements were available to be issued. In July 2015, the Westside Urban Renewal District issued \$5,000,000 in long-term debt for the construction of capital projects.

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**SUPPLEMENTARY
DATA**

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, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,680,100	\$ 3,680,100	\$ 4,168,142	\$ 488,042
Investment revenue	23,550	23,550	22,488	(1,062)
Total revenues	<u>3,703,650</u>	<u>3,703,650</u>	<u>4,190,630</u>	<u>486,980</u>
EXPENDITURES				
Debt service:				
Principal	2,415,000	2,415,000	2,140,000	275,000
Interest	<u>1,275,523</u>	<u>1,275,523</u>	<u>1,070,564</u>	<u>204,959</u>
Total expenditures	<u>3,690,523</u>	<u>3,690,523</u>	<u>3,210,564</u>	<u>479,959</u>
Excess (deficiency) of revenues over (under) expenditures	13,127	13,127	980,066	966,939
Fund balance--beginning	<u>2,897,847</u>	<u>2,897,847</u>	<u>3,562,379</u>	<u>664,532</u>
Fund balance--ending	<u><u>\$ 2,910,974</u></u>	<u><u>\$ 2,910,974</u></u>	<u><u>\$ 4,542,445</u></u>	<u><u>\$ 1,631,471</u></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, 2015

	<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	\$ 3,100	\$ 3,100	\$ 3,733	\$ 633
EXPENDITURES				
Materials and services	961,109	961,109	837,036	124,073
Capital outlay	3,355,726	3,611,726	565,741	3,045,985
Contingency	2,997,177	2,741,177	-	2,741,177
Total expenditures	<u>7,314,012</u>	<u>7,314,012</u>	<u>1,402,777</u>	<u>5,911,235</u>
Deficiency of revenues under expenditures	(7,310,912)	(7,310,912)	(1,399,044)	5,911,868
OTHER FINANCING SOURCES (USES)				
Issuance of debt	6,000,000	6,000,000	1,000,000	(5,000,000)
Net change in fund balance	<u>(1,310,912)</u>	<u>(1,310,912)</u>	<u>(399,044)</u>	<u>911,868</u>
Fund balance--beginning	<u>1,310,912</u>	<u>1,310,912</u>	<u>1,257,667</u>	<u>(53,245)</u>
Fund balance--ending	<u>\$ -</u>	<u>\$ -</u>	858,623	<u>\$ 858,623</u>
Adjustment from budgetary basis to generally accepted accounting basis:				
Development charge payable			(927,526)	
Fund balance - generally accepted accounting principles basis			<u>\$ (68,903)</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, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,120,000	\$ 4,120,000	\$ 4,316,798	\$ 196,798
Investment revenue	35,900	35,900	28,663	(7,237)
Other revenues	-	-	100	100
Total revenues	<u>4,155,900</u>	<u>4,155,900</u>	<u>4,345,561</u>	<u>189,661</u>
EXPENDITURES				
Debt service:				
Principal	4,535,000	4,535,000	3,535,000	1,000,000
Interest	341,700	341,700	341,700	-
Total expenditures	<u>4,876,700</u>	<u>4,876,700</u>	<u>3,876,700</u>	<u>1,000,000</u>
Excess (deficiency) of revenues over (under) expenditures	(720,800)	(720,800)	468,861	1,189,661
Fund balance--beginning	<u>3,362,364</u>	<u>3,362,364</u>	<u>3,441,045</u>	<u>78,681</u>
Fund balance--ending	<u>\$ 2,641,564</u>	<u>\$ 2,641,564</u>	<u>\$ 3,909,906</u>	<u>\$ 1,268,342</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, 2015

	<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	\$ 17,300	\$ 17,300	\$ 7,911	\$ (9,389)
EXPENDITURES				
Materials and services	520,825	580,825	580,738	87
Capital outlay	4,920,000	5,011,506	3,420,438	1,591,068
Contingency	856,559	705,053	-	705,053
Total expenditures	<u>6,297,384</u>	<u>6,297,384</u>	<u>4,001,176</u>	<u>2,296,208</u>
Deficiency of revenues under expenditures	(6,280,084)	(6,280,084)	(3,993,265)	2,286,819
OTHER FINANCING SOURCES				
Issuance of debt	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,000,000</u>	<u>(1,000,000)</u>
Net change in fund balance	(3,280,084)	(3,280,084)	(1,993,265)	1,286,819
Fund balance--beginning	<u>3,280,084</u>	<u>3,280,084</u>	<u>3,573,427</u>	<u>293,343</u>
Fund balance--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,580,162</u>	<u>\$ 1,580,162</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, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 21,000	\$ 21,000	\$ 9,487	\$ (11,513)
Other revenues	92,700	92,700	399,194	306,494
Total revenues	<u>113,700</u>	<u>113,700</u>	<u>408,681</u>	<u>294,981</u>
EXPENDITURES				
Materials and services	40,300	40,300	6,144	34,156
Capital outlay	-	275,000	275,000	-
Contingency	<u>1,671,505</u>	<u>1,396,505</u>	<u>-</u>	<u>1,396,505</u>
Excess (deficiency) of revenues over (under) expenditures	(1,598,105)	(1,598,105)	127,537	1,725,642
Fund balance--beginning	<u>1,598,105</u>	<u>1,598,105</u>	<u>1,663,708</u>	<u>65,603</u>
Fund balance--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,791,245</u>	<u>\$ 1,791,245</u>

Urban Renewal Debt Service Funds
Schedule of Property Tax Transactions and Outstanding Balances
For the fiscal year ended June 30, 2015

Tax Year	Property Taxes Receivable July 1, 2014	Levy as Extended by Assessor	Discounts and Adjustments	Cash Collections	Property Taxes Receivable June 30, 2015	Interest Received
2014-15	\$ -	\$ 8,756,242	\$ (237,137)	\$ (8,293,431)	\$ 225,673	\$ 1,932
2013-14	193,291	-	(3,395)	(90,377)	99,518	5,187
2012-13	105,499	-	(680)	(35,670)	69,148	5,069
2011-12	66,929	-	(856)	(23,875)	42,199	5,485
2010-11	38,802	-	(856)	(11,448)	26,497	3,623
and prior	41,217	-	(1,869)	(6,066)	33,282	2,140
	<u>\$ 445,738</u>	<u>\$ 8,756,242</u>	<u>\$ (244,794)</u>	<u>\$ (8,460,868)</u>	<u>\$ 496,317</u>	<u>\$ 23,436</u>

Summary of property taxes receivable by fund:

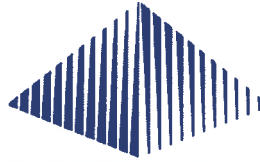
Year 2000 Plan	\$ 277,193
West Side District	219,125
Total property taxes receivable	<u>\$ 496,317</u>

	<u>Year 2000 Plan</u>	<u>West Side District</u>	<u>Total</u>
Cash collections	\$ 4,305,678	\$ 4,155,190	\$ 8,460,868
Other discounts and adjustments	11,120	12,954	24,073
Total tax revenue	<u>\$ 4,316,798</u>	<u>\$ 4,168,143</u>	<u>\$ 8,484,941</u>

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

Honorable Mayor, Members of the Governing Body
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, 2015, and have issued our report thereon dated November 30, 2015.

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.

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
November 30, 2015