

City of Wilsonville, Oregon

Urban Renewal Agency

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

Annual Financial Report

for the Fiscal Year Ended June 30, 2020

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, 2020

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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, 2020

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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, 2020
Kristin Akervall	Member	December 31, 2020
Joann Linville	Member	December 31, 2020
Charlotte Lehan	Member	December 31, 2022
Ben West	Member	December 31, 2022

Principal Officials

Bryan Cosgrove	Executive Director
Barbara Jacobson	City Attorney
Cathy Rodocker	City Finance Director
Kimberly Veliz	City Recorder

Mailing Address

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

www.ci.wilsonville.or.us

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INDEPENDENT AUDITOR'S REPORT

The Agency Officials
Urban Renewal Agency of the City of Wilsonville
Wilsonville, Oregon

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, a component unit of the City of Wilsonville, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Wilsonville's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Urban Renewal Agency of the City of Wilsonville's 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 entity'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 entity'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, as of June 30, 2020, 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 required supplementary information, such as management’s discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management’s discussion and analysis, as listed in the table of contents 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 and Other Information

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

The supplementary data, as listed in the table of contents, 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 22, 2021, on our consideration of The Urban Renewal Agency of the City of Wilsonville’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.

For Merina+Co
Tualatin, Oregon
January 22, 2021

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, 2020

As management of the City of Wilsonville's Urban Renewal Agency (the "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, 2020. 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.

Statement 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.

Statement 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 seven funds as major funds.

Notes and Supplementary Information – The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. For each fund a Budgetary Comparison Schedule is presented.

AGENCY AS A WHOLE

Statements of Net Position

TABLE 1
NET POSITION AT JUNE 30, 2020 AND 2019
(in thousands)

	Governmental Activities	
	2020	2019
Assets:		
Cash and investments	\$ 38,234	\$ 34,390
Other assets	390	350
Capital assets	12,974	17,374
Total assets	51,599	52,113
Liabilities:		
Other liabilities	833	1,424
Long-term debt	29,978	32,454
Total liabilities	30,811	33,878
Net position:		
Net investment in capital assets	(14,519)	(11,302)
Restricted for debt service	22,514	25,404
Unrestricted (deficit)	12,792	4,134
Total net position	\$ 20,788	\$ 18,236

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, 2020

Highlights of Net Position

- Capital assets decreased \$4.4 million. The decrease was due primarily to the completion of the construction project on Tooze Road (110th to Grahams Fry), which was transferred to the City. The change in capital assets is also reflected in the change of net investment in capital assets.
- Long-term debt decreased \$2.5 million. The increase was due to the regularly scheduled repayment of debt in accordance with the established bond amortization schedules.

Statements of Activities

TABLE 2
FOR FISCAL YEARS ENDING JUNE 30, 2020 AND 2019
(in thousands)

	Governmental Activities	
	2020	2019
General revenues		
Taxes	\$ 9,429	\$ 9,331
Intergovernmental	200	-
Interest	832	803
Other	152	149
Total revenues	<u>10,614</u>	<u>10,284</u>
Expenses		
Community development	1,260	2,942
Interest on debt	1,238	1,189
Total expenses	<u>2,498</u>	<u>4,131</u>
Revenues over expenses	8,116	6,153
Transfer of assets		
to primary government	(5,564)	-
Change in net position	2,552	6,153
Beginning net position (deficit)	18,236	12,083
Ending net position (deficit)	<u>\$ 20,788</u>	<u>\$ 18,236</u>

Highlights of Activities

- Tax increment revenue totaled \$9.4 million and is restricted to repayment of debt. This revenue is up 1.0% from the prior year.
- There were \$5.6 million in transfers of completed urban renewal improvement projects to the City.

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, 2020

Budgetary Highlights

The Agency's adopted budget was amended three times during the fiscal year. The first amendment increased the West Side Plan Capital Projects Fund budget by \$177,087 with \$171,993 for materials and services and \$5,085 for capital outlay costs related to the Tooze Road 110th to Grahams Ferry Road project. The second amendment increased the West Side Program Income Fund's budgeted beginning fund balance by \$183,496 to recognize additional funding available. The second amendment also increased the budget of the Year 2000 Program Income Fund's materials and services by \$35,000 as well as the West Side Program Income Fund's materials and services by \$165,000 and contingency by \$18,496 to provide funding for the COVID-19 economic response program. The third amendment increased the West Side Program Income Fund's budget for capital outlay by \$16,000 and materials and services by \$1,800 to provide funding for the Tooze Road 110th to Grahams Ferry Road project.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

The West Side Plan Debt Service Fund ending fund balance increased by \$2.5 million to \$14 million at year end. Revenues are primarily from property taxes and expenditures consist of debt service (principal and interest) payments.

The West Side Plan Capital Projects Fund ending fund balance decreased by \$.2 million to \$.6 million at year end. There are no significant revenue resources for this fund and expenditures primarily consist of materials and services and capital outlay designed to consume this fund balance.

The West Side Plan Program Income Fund ending fund balance remained consistent with \$.2 million at year end. There are no significant revenue resources for this fund and expenditures primarily consist of materials and services and capital outlay designed to consume this fund balance.

The Year 2000 Plan Debt Service Fund ending fund balance decreased by \$5.4 million to \$7.8 million at year end. Revenues are primarily from property taxes and expenditures consist of debt service (principal and interest) payments.

The Year 2000 Plan Capital Projects Fund ending fund balance increased by \$8.7 million to \$11.3 million at year end. The fund was issued \$9.0 million of short term debt during the year to complete capital projects, which was repaid by the Year 2000 Plan Debt Service Fund. Expenditures primarily consist of materials and services and capital outlay designed to consume this fund balance.

The Year 2000 Plan Program Income Fund ending fund balance increased by \$.1 million to \$.9 million at year end. Revenues are primarily from property taxes and expenditures consist of debt service (principal and interest) payments.

The Coffee Creek Debt Service Fund ending fund balance remained consistent with \$.5 million at year end. Revenues are primarily from property taxes, there were no expenditures in the current year.

The Coffee Creek Capital Projects Fund ending fund balance decreased by \$1.3 million to \$2.5 million at year end. There are no significant revenue resources for this fund and expenditures primarily consist of materials and services and capital outlay designed to consume this fund balance.

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, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020 the Agency had invested \$13 million in capital assets as reflected in the following table.

TABLE 3
CAPITAL ASSETS AT JUNE 30, 2020 AND 2019
(in thousands)

	Governmental Activities	
	2020	2019
Land	\$ 7,163	\$ 7,163
Buildings & improvements	928	981
Construction in progress	4,883	9,229
Total	<u>\$ 12,974</u>	<u>\$ 17,374</u>

As of June 30, 2020, 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. The increase in construction in progress is predominately related to improvements on projects including the Tooze Road project as well as the I-5 Pedestrian Bridge. Generally, at the completion of a project the capital assets are transferred to the City at cost. Additional information about the Agency's capital assets and depreciation can be found beginning on page 32 in the Notes to the Basic Financial Statements.

Debt Outstanding

As of year-end, the Agency had \$30 million in debt outstanding, \$2.5 million less than the prior year. Of the outstanding debt, \$3.7 million is from the Coffee Creek District, \$4.8 million is from the Year 2000 Plan District, and the remaining \$21.5 million is from the West Side District. Additional information about the Agency's debt and amortization terms can be found beginning on page 32 of the Notes to the Basic Financial Statements.

TABLE 4
DEBT OUTSTANDING AT JUNE 30, 2020 AND 2019
(in thousands)

	Governmental Activities	
	2020	2019
Coffee Creek District:		
Series 2019 Bonds	\$ 3,663	\$ 3,800
Year 2000 Plan District:		
Series 2010 Bonds	4,785	5,155
West Side District:		
Series 2009 Bonds	5,505	6,005
Series 2011 Credit Facility	3,260	3,485
Series 2012 Credit Facility	5,410	5,770
Series 2013 Credit Facility	5,095	5,400
Series 2015 A- Taxable	2,261	2,678
Series 2016 B Non-Taxable	-	161
	<u>\$ 29,978</u>	<u>\$ 32,454</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, 2020

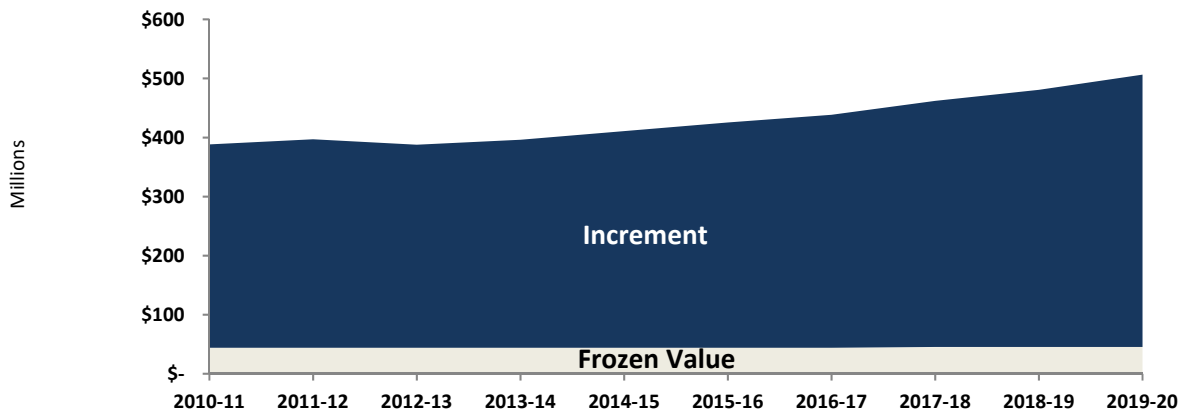
ECONOMIC FACTORS

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 three established districts.

Year 2000 Plan District

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.

TABLE 5
YEAR 2000 PLAN ASSESSED VALUES
 (by component)

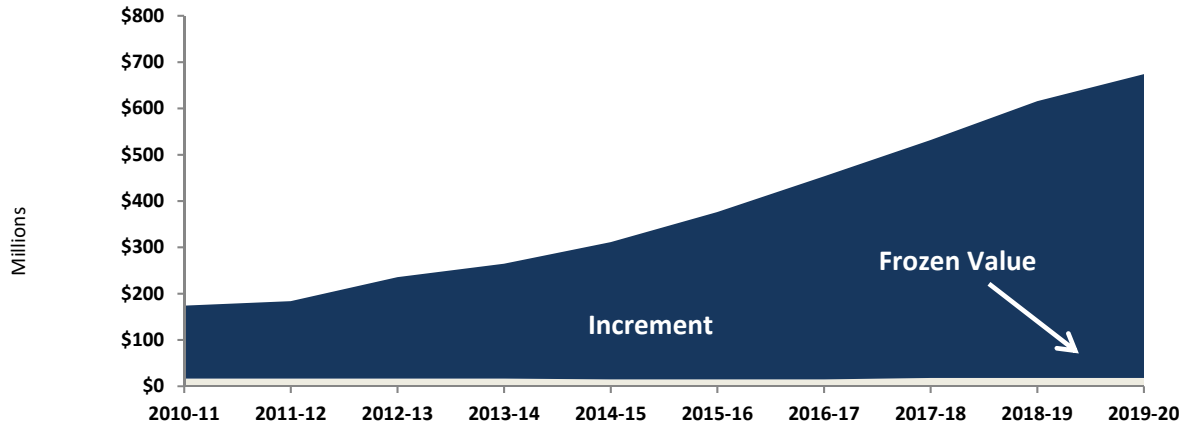


West Side District

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.

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, 2020

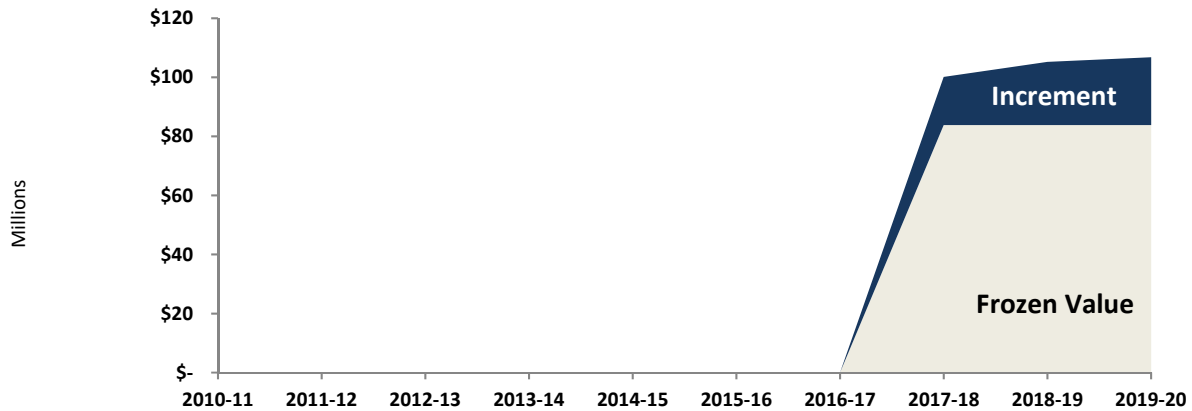
TABLE 6
WEST SIDE DISTRICT ASSESSED VALUES
(by component)



Coffee Creek District

In October 2016, the Urban Renewal Board created a new district known as the Coffee Creek Urban Renewal Area. This new district encompasses approximately 216 acres within the City's municipal boundaries to foster economic development within this area, primarily focusing on light industrial opportunities.

TABLE 7
COFFEE CREEK DISTRICT ASSESSED VALUES
(by component)



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 rodocker@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, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 16,061,668
Restricted cash and investments	22,172,637
Receivables	390,090
Capital assets:	
Land, non-depreciable assets, and construction in progress	12,046,219
Other capital assets, net of depreciation	928,133
Total assets	<u>51,598,747</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	183,299
Other accrued liabilities	563,395
Interest payable	86,036
Long-term debt due within one year	2,429,575
Noncurrent liabilities:	
Long-term debt due after one year	<u>27,548,854</u>
Total liabilities	<u>30,811,159</u>
NET POSITION	
Net investment in capital assets	(14,519,205)
Restricted for debt service	22,514,488
Unrestricted	<u>12,792,305</u>
Total net position	<u>\$ 20,787,588</u>

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)

Statement of Activities

For the year ended June 30, 2020

Functions/Programs	Direct Expenses	Net (Expense) Revenue and Change in Net Position
Governmental activities:		
Community development	\$ 1,259,829	\$ (1,259,829)
Interest on long-term debt	1,237,965	(1,237,965)
Total governmental activities	<u>2,497,794</u>	<u>(2,497,794)</u>
General revenues:		
Property taxes, levied for debt service		9,428,957
Intergovernmental		200,000
Investment revenue		832,283
Other revenue		152,445
Total general revenues		<u>10,613,685</u>
Transfer of capital assets to primary government		<u>(5,563,910)</u>
Total general revenues and transfers		<u>5,049,775</u>
Change in net position		2,551,981
Net position (deficit) - beginning		<u>18,235,607</u>
Net position (deficit) - ending		<u>\$ 20,787,588</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, 2020

	West Side Plan		
	Debt Service Fund	Capital Projects Fund	Program Income Fund
ASSETS			
Cash and investments	\$ -	\$ 1,109,854	\$ 175,151
Restricted cash and investments	13,945,209	-	-
Interest receivable	41,166	5,271	-
Accounts receivable	-	6,330	-
Taxes receivable	170,887	-	-
Total assets	<u>\$ 14,157,262</u>	<u>\$ 1,121,455</u>	<u>\$ 175,151</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Development charge payable	-	563,395	-
Total liabilities	<u>-</u>	<u>563,395</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	133,436	-	-
FUND BALANCES			
Restricted	14,023,826	-	-
Assigned	-	558,060	175,151
Total fund balances	<u>14,023,826</u>	<u>558,060</u>	<u>175,151</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 14,157,262</u>	 <u>\$ 1,121,455</u>	 <u>\$ 175,151</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 (continued)

Governmental Funds

June 30, 2020

Year 2000 Plan			Coffee Creek		Total Governmental Funds
Debt Service Fund	Capital Projects Fund	Program Income Fund	Debt Service Fund	Capital Projects Fund	
\$ -	\$ 11,265,578	\$ 859,605	\$ -	\$ 2,651,480	\$ 16,061,668
7,748,998	-	-	478,430	-	22,172,637
14,280	32,525	-	23	4,113	97,378
-	-	-	-	-	6,330
110,101	-	-	5,394	-	286,382
<u>\$ 7,873,379</u>	<u>\$ 11,298,103</u>	<u>\$ 859,605</u>	<u>\$ 483,847</u>	<u>\$ 2,655,593</u>	<u>\$ 38,624,395</u>
\$ -	\$ 12,578	\$ -	\$ -	\$ 170,721	\$ 183,299
-	-	-	-	-	563,395
-	12,578	-	-	170,721	746,694
80,544	-	-	3,686	-	217,666
7,792,835	-	-	480,161	-	22,296,822
-	11,285,525	859,605	-	2,484,872	15,363,213
<u>7,792,835</u>	<u>11,285,525</u>	<u>859,605</u>	<u>480,161</u>	<u>2,484,872</u>	<u>37,660,035</u>
<u>\$ 7,873,379</u>	<u>\$ 11,298,103</u>	<u>\$ 859,605</u>	<u>\$ 483,847</u>	<u>\$ 2,655,593</u>	<u>\$ 38,624,395</u>

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)

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position**

For the year ended June 30, 2020

Total fund balances - governmental funds	\$ 37,660,035
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	12,974,352
Deferred inflows of resources, including property taxes earned but unavailable, are reported in the funds	217,666
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 payable	(29,978,429)
Interest payable on long-term debt	(86,036)
Total Net Position	<u>\$ 20,787,588</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 year ended June 30, 2020

	West Side Plan		
	Debt Service Fund	Capital Projects Fund	Program Income Fund
REVENUES			
Taxes	\$ 5,077,166	\$ -	\$ -
Intergovernmental	-	-	165,000
Investment revenue	302,995	32,086	4,054
Other revenues	-	10,671	-
Total revenues	<u>5,380,161</u>	<u>42,757</u>	<u>169,054</u>
EXPENDITURES			
Current operating:			
Community development	-	268,933	166,784
Debt service:			
Principal	1,967,965	-	-
Interest	885,508	-	-
Capital outlay	-	-	15,966
Total expenditures	<u>2,853,473</u>	<u>268,933</u>	<u>182,750</u>
Excess (deficiency) of revenues over (under) expenditures	2,526,688	(226,176)	(13,696)
OTHER FINANCING SOURCES			
Issuance of debt	-	-	-
Net change in fund balance	2,526,688	(226,176)	(13,696)
Fund balances - beginning	<u>11,497,138</u>	<u>784,236</u>	<u>188,847</u>
Fund balances - ending	<u>\$ 14,023,826</u>	<u>\$ 558,060</u>	<u>\$ 175,151</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 year ended June 30, 2020

Year 2000 Plan			Coffee Creek		Total Governmental Funds
Debt Service Fund	Capital Projects Fund	Program Income Fund	Debt Service Fund	Capital Projects Fund	
\$ 4,073,472	\$ -	\$ -	\$ 287,840	\$ -	\$ 9,438,478
-	-	35,000	-	-	200,000
89,482	331,864	18,513	11,621	41,668	832,283
-	-	141,774	-	-	152,445
<u>4,162,954</u>	<u>331,864</u>	<u>195,287</u>	<u>299,461</u>	<u>41,668</u>	<u>10,623,206</u>
-	533,884	49,948	-	187,245	1,206,794
9,370,000	-	-	137,329	-	11,475,294
219,766	-	-	141,813	-	1,247,087
-	54,098	-	-	1,147,671	1,217,735
<u>9,589,766</u>	<u>587,982</u>	<u>49,948</u>	<u>279,142</u>	<u>1,334,916</u>	<u>15,146,910</u>
(5,426,812)	(256,118)	145,339	20,319	(1,293,248)	(4,523,704)
-	9,000,000	-	-	-	9,000,000
(5,426,812)	8,743,882	145,339	20,319	(1,293,248)	4,476,296
<u>13,219,647</u>	<u>2,541,643</u>	<u>714,266</u>	<u>459,842</u>	<u>3,778,120</u>	<u>33,183,739</u>
<u>\$ 7,792,835</u>	<u>\$ 11,285,525</u>	<u>\$ 859,605</u>	<u>\$ 480,161</u>	<u>\$ 2,484,872</u>	<u>\$ 37,660,035</u>

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)
**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities**
For the year ended June 30, 2020

Net change in fund balances - governmental funds \$ 4,476,296

*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	\$ 1,217,736	
Transfer of capital assets to the City	(5,563,910)	
Less current year depreciation	<u>(53,036)</u>	(4,399,210)

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

Property taxes	(9,521)
----------------	---------

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	(9,000,000)
Principal payments	11,475,294

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	9,122
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Change in Net Position	\$ 2,551,981
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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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the Urban Renewal Agency (the “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 three categories: net investment in capital assets, 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.

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, 2020

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 balance, 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.

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 Funds - 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 Outflows/Inflows of 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.

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, 2020

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 deemed necessary, as uncollectible taxes become a lien on the property. In the agency-wide financial statements, property taxes receivable is 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-wide 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 one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. 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.

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, 2020

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 net 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.

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, 2020

Fund balance by classification for the year ended June 30, 2020 is as follows:

Fund balances	West Side Plan			Year 2000 Plan			Coffee Creek	
	Debt Service	Capital Projects	Program Income	Debt Service	Capital Projects	Program Income	Debt Service	Capital Projects
Restricted:								
Bond covenants	\$ 2,221,248	\$ -	\$ -	\$ 2,603,025	\$ -	\$ -	\$ -	\$ -
Debt service	11,802,578	-	-	5,189,810	-	-	480,161	-
Assigned:								
Capital projects	-	558,060	-	-	11,285,525	-	-	2,484,872
Other purposes	-	-	175,151	-	-	859,605	-	-
	<u>\$ 14,023,826</u>	<u>\$ 558,060</u>	<u>\$ 175,151</u>	<u>\$ 7,792,835</u>	<u>\$ 11,285,525</u>	<u>\$ 859,605</u>	<u>\$ 480,161</u>	<u>\$ 2,484,872</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, 2020, the Urban Renewal Agency Board approved three supplemental resolutions. The supplementals included increases to various capital projects and the related project management fees. Most of 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.

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, 2020

3. DETAILED NOTES ON ALL FUNDS

Cash and Investments

Cash and investments are comprised of the following:

Deposits with financial institutions		\$ 1,375,327
Investments:		
Commercial paper and corporate bonds	\$ 8,248,769	
US Agency obligations	11,680,139	
Local government investment pool	<u>16,930,070</u>	
Total investments		<u>36,858,978</u>
Total pooled cash and investments		<u><u>\$ 38,234,305</u></u>

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

Cash and investments	\$ 16,061,668
Restricted cash and investments	<u>22,172,637</u>
	<u><u>\$ 38,234,305</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 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, 2020 is stated at cost which approximates fair value. The Agency 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 fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets. All investments are valued using quoted market prices (Level 1 inputs).

<u>US Agency Corporations (Level 1)</u>	<u>Commercial Paper And Corporate Bonds (Level 2)</u>	<u>Local Government Investment Pool (Level 2)*</u>
\$ 11,680,139	\$ 8,248,769	\$ 16,930,070

Reference should be made to the City of Wilsonville’s Comprehensive Annual Financial Report for the year ended June 30, 2020 for further information on compliance with Oregon Revised Statutes relating to the collateralization of deposits and categorization of investments.

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, 2020

Credit Risk

As required by the Agency's investment policy, which adheres to the State of Oregon statutes, all investments were rated A1 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, 2020, the Agency's investments were rated as follows:

	Commercial Paper and Corporate Bonds	US Agency Corporations	Local Government Investment Pool
Aaa	\$ -	\$ 10,681,029	\$ -
Aa3	4,580,278	-	-
Aa2	510,920	-	-
Aa	-	-	-
A2	3,157,571	-	-
A1	-	-	-
Not Rated	-	999,110	16,930,070
	<u>\$ 8,248,769</u>	<u>\$ 11,680,139</u>	<u>\$ 16,930,070</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, 2020 are as follows:

	Less than 6	6-12 Months	12-18 Months	Total
Commercial Paper and Corporate Bonds	\$ 2,384,365	\$ 5,353,484	\$ 510,920	\$ 8,248,769
US Agency Corporations	1,550,722	10,129,417	-	11,680,139
Local Government Investment Pool	16,930,070	-	-	16,930,070
	<u>\$ 20,865,157</u>	<u>\$ 15,482,901</u>	<u>\$ 510,920</u>	<u>\$ 36,858,978</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, 2020

Capital Assets

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>Transfers</u> <u>to City</u>	<u>Balance</u> <u>June 30, 2020</u>
Land	\$ 7,163,066	\$ -	\$ -	\$ -	\$ -	\$ 7,163,066
Building	981,169	-	-	(53,036)	-	928,133
Construction in progress	9,229,327	1,217,736	-	-	(5,563,910)	4,883,153
	<u>\$ 17,373,562</u>	<u>\$ 1,217,736</u>	<u>\$ -</u>	<u>\$ (53,036)</u>	<u>\$ (5,563,910)</u>	<u>\$ 12,974,352</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</u> <u>July 1, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due In</u> <u>Subsequent Year</u>
Urban Renewal, Coffee Creek District					
Series 2019 Bonds	\$ 3,800,000	\$ -	\$ (137,329)	\$ 3,662,671	\$ 161,244
Urban Renewal, Year 2000 District					
Series 2010 Bonds	5,155,000	-	(370,000)	4,785,000	390,000
Urban Renewal, West Side District					
Series 2009 Bonds	6,005,000	-	(500,000)	5,505,000	525,000
Series 2011 Long-Term	3,485,000	-	(225,000)	3,260,000	235,000
Series 2012 Long-Term	5,770,000	-	(360,000)	5,410,000	375,000
Series 2013 Long-Term	5,400,000	-	(305,000)	5,095,000	315,000
Series 2015A- Taxable	2,677,709	-	(416,951)	2,260,758	428,331
Series 2015-B Non-Taxable	161,014	-	(161,014)	-	-
	<u>\$ 32,453,723</u>	<u>\$ -</u>	<u>\$ (2,475,294)</u>	<u>\$ 29,978,429</u>	<u>\$ 2,429,575</u>

Urban Renewal Tax Increment

Coffee Creek District, Series 2019

In April 2019, the City issued Urban Renewal revenue bonds with an interest rate of 3.19% in the total amount of \$3,800,000. The final maturity will be in June 2029. The principal balance outstanding on the bonds at June 30, 2020 is \$3,662,671.

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 161,244	\$ 115,564
2022	166,429	110,379
2023	171,781	105,027
2024	177,304	99,504
2025	183,006	93,802
2026-2029	2,802,907	314,444
	<u>\$ 3,662,671</u>	<u>\$ 838,720</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, 2020

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, 2020 is \$4,785,000.

Year Ending June 30,	Principal	Interest
2021	\$ 390,000	\$ 203,363
2022	405,000	186,788
2023	420,000	169,575
2024	440,000	151,725
2025	3,130,000	133,025
	<u>\$ 4,785,000</u>	<u>\$ 844,476</u>

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, 2020 is \$5,505,000.

Year Ending June 30,	Principal	Interest
2021	\$ 525,000	\$ 256,883
2022	550,000	230,545
2023	575,000	202,983
2024	3,855,000	94,448
	<u>\$ 5,505,000</u>	<u>\$ 784,859</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, 2020 is \$3,260,000.

Year Ending June 30,	Principal	Interest
2021	\$ 235,000	\$ 143,440
2022	245,000	133,100
2023	260,000	122,320
2024	270,000	110,880
2025	280,000	99,000
2026	1,970,000	86,680
	<u>\$ 3,260,000</u>	<u>\$ 695,420</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, 2020

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, 2020 is \$5,410,000.

Year Ending June 30,	Principal	Interest
2021	\$ 375,000	\$ 178,530
2022	385,000	166,155
2023	400,000	153,450
2024	410,000	140,250
2025	425,000	126,720
2026 - 2027	<u>3,415,000</u>	<u>210,870</u>
	<u>\$ 5,410,000</u>	<u>\$ 975,975</u>

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, 2020 is \$5,095,000.

Year Ending June 30,	Principal	Interest
2021	\$ 315,000	\$ 178,325
2022	330,000	167,300
2023	340,000	155,750
2024	350,000	143,850
2025	365,000	131,600
2026 - 2028	<u>3,395,000</u>	<u>316,575</u>
	<u>\$ 5,095,000</u>	<u>\$ 1,093,400</u>

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, 2020 is \$2,260,789.

Year Ending June 30,	Principal	Interest
2021	\$ 428,331	\$ 56,012
2022	439,867	44,475
2023	451,714	32,628
2024	463,828	20,515
2025	<u>477,018</u>	<u>7,970</u>
	<u>\$ 2,260,758</u>	<u>\$ 161,600</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, 2020

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.

Tax Abatement

The Agency has authorized tax exempt status for five low income apartment complexes: Autumn Park Apartments, Charleston Apartments, Creekside Woods, Rain Garden Apartments and Wiedemann Apartments. All properties are required to meet State and Federal funding requirements which include annual physical inspections and an annual audit of financial activity and programmatic compliance. The property tax exemption may be removed if the property is being used for any purpose other than the provision of low income housing, or if the property is no longer eligible under the stated provisions of ORS 307.540 to 307.548. Section E of the renewal application requires the applicant to acknowledge compliance with the requirements annually. For fiscal year ending June 30, 2020 the Agency's forgone property tax revenue is \$41,130.

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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 Balances -
Budget and Actual
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,980,000	\$ 4,980,000	\$ 5,077,166	\$ 97,166
Investment revenue	165,000	165,000	302,995	137,995
Total revenues	<u>5,145,000</u>	<u>5,145,000</u>	<u>5,380,161</u>	<u>235,161</u>
EXPENDITURES				
Debt service:				
Principal	1,925,000	1,925,000	1,967,965	(42,965)
Interest	975,000	975,000	885,508	89,492
Contingency	<u>10,558,232</u>	<u>10,558,232</u>	-	<u>10,558,232</u>
Total expenditures	<u>13,458,232</u>	<u>13,458,232</u>	<u>2,853,473</u>	<u>10,604,759</u>
Net change in fund balances	(8,313,232)	(8,313,232)	2,526,688	(10,369,598)
Fund balances - beginning	<u>11,213,232</u>	<u>11,213,232</u>	<u>11,497,138</u>	<u>283,906</u>
Fund balances - ending	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>	<u>\$ 14,023,826</u>	<u>\$ (10,085,692)</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - West Side Plan Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2020

	<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	\$ 25,000	\$ 25,000	\$ 32,086	\$ 7,086
Other revenues	-	-	10,671	10,671
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>42,757</u>	<u>17,757</u>
EXPENDITURES				
Materials and services	977,670	1,149,663	968,933	180,730
Capital outlay	-	5,085	-	5,085
Contingency	1,073,738	896,660	-	896,660
Total expenditures	<u>2,051,408</u>	<u>2,051,408</u>	<u>968,933</u>	<u>1,082,475</u>
Net change in fund balances	(2,026,408)	(2,026,408)	(926,176)	1,100,232
Fund balances - beginning	<u>2,026,408</u>	<u>2,026,408</u>	<u>2,047,631</u>	<u>21,223</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	1,121,455	<u>\$ 1,121,455</u>
Adjustment from budgetary basis to generally accepted accounting basis:				
Development charge payable			(563,395)	
Fund balances - generally accepted accounting principles basis			<u>\$ 558,060</u>	

CITY OF WILSONVILLE, OREGON
Urban Renewal - West Side Plan Program Income Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 165,000	\$ 165,000
Investment revenue	80	80	4,054	3,974
Total revenues	<u>80</u>	<u>80</u>	<u>169,054</u>	<u>168,974</u>
EXPENDITURES				
Materials and services	-	166,800	166,784	16
Capital outlay	-	16,000	15,966	34
Contingency	5,431	6,127	-	6,127
Total expenditures	<u>5,431</u>	<u>188,927</u>	<u>182,750</u>	<u>6,177</u>
Net change in fund balances	(5,351)	(188,847)	(13,696)	175,151
Fund balances - beginning	<u>5,351</u>	<u>188,847</u>	<u>188,847</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 175,151</u></u>	<u><u>\$ 175,151</u></u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Year 2000 Plan Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2020

	<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				
Taxes	\$ 4,075,000	\$ 4,075,000	\$ 4,073,472	\$ (1,528)
Investment revenue	135,405	135,405	89,482	(45,923)
Total revenues	<u>4,210,405</u>	<u>4,210,405</u>	<u>4,162,954</u>	<u>(47,451)</u>
EXPENDITURES				
Debt service:				
Principal	9,380,000	9,380,000	9,370,000	10,000
Interest	900,000	900,000	219,766	680,234
Contingency	<u>2,500,000</u>	<u>2,500,000</u>	-	<u>2,500,000</u>
Total expenditures	<u>12,780,000</u>	<u>12,780,000</u>	<u>9,589,766</u>	<u>3,190,234</u>
Net change in fund balances	(8,569,595)	(8,569,595)	(5,426,812)	(3,237,685)
Fund balances - beginning	<u>10,366,877</u>	<u>10,366,877</u>	<u>13,219,647</u>	<u>2,852,770</u>
Fund balances - ending	<u>\$ 1,797,282</u>	<u>\$ 1,797,282</u>	<u>\$ 7,792,835</u>	<u>\$ (384,915)</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Year 2000 Plan Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 55,165	\$ 55,165	\$ 331,864	\$ 276,699
EXPENDITURES				
Materials and services	798,531	798,531	533,884	264,647
Capital outlay	7,208,000	7,208,000	54,098	7,153,902
Contingency	1,160,891	1,160,891	-	1,160,891
Total expenditures	<u>9,167,422</u>	<u>9,167,422</u>	<u>587,982</u>	<u>8,579,440</u>
Excess (deficiency) of revenues over (under) expenditures	(9,112,257)	(9,112,257)	(256,118)	8,856,139
OTHER FINANCING SOURCES (USES)				
Issuance of debt	<u>9,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>	<u>-</u>
Net change in fund balances	(112,257)	(112,257)	8,743,882	8,856,139
Fund balances - beginning	<u>112,257</u>	<u>112,257</u>	<u>2,541,643</u>	<u>2,429,386</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,285,525</u></u>	<u><u>\$ 11,285,525</u></u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Year 2000 Plan Program Income Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 35,000	\$ 35,000
Investment revenue	10,000	10,000	18,513	8,513
Other revenues	135,000	135,000	141,774	6,774
Total revenues	<u>145,000</u>	<u>145,000</u>	<u>195,287</u>	<u>50,287</u>
EXPENDITURES				
Materials and services	50,000	85,000	49,948	35,052
Contingency	761,554	726,554	-	726,554
Total expenditures	<u>811,554</u>	<u>811,554</u>	<u>49,948</u>	<u>761,606</u>
Net change in fund balances	(666,554)	(666,554)	145,339	811,893
Fund balances - beginning	<u>666,554</u>	<u>666,554</u>	<u>714,266</u>	<u>47,712</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 859,605</u></u>	<u><u>\$ 859,605</u></u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Coffee Creek Plan Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 291,000	\$ 291,000	\$ 287,840	\$ (3,160)
Investment revenue	265	265	11,621	11,356
Total revenues	<u>291,265</u>	<u>291,265</u>	<u>299,461</u>	<u>8,196</u>
EXPENDITURES				
Debt service:				
Principal	280,000	280,000	137,329	142,671
Interest	140,000	140,000	141,813	(1,813)
Contingency	361,634	361,634	-	361,634
Total expenditures	<u>781,634</u>	<u>781,634</u>	<u>279,142</u>	<u>502,492</u>
Net change in fund balances	(490,369)	(490,369)	20,319	(494,296)
Fund balances - beginning	<u>490,369</u>	<u>490,369</u>	<u>459,842</u>	<u>(30,527)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 480,161</u>	<u>\$ (524,823)</u>

CITY OF WILSONVILLE, OREGON
Urban Renewal - Coffee Creek Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2020

	<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	\$ 25,000	\$ 25,000	\$ 41,668	\$ 16,668
EXPENDITURES				
Materials and services	224,040	224,040	187,245	36,795
Capital outlay	1,745,238	1,745,238	1,147,671	597,567
Contingency	1,843,722	1,843,722	-	1,843,722
Total expenditures	<u>3,813,000</u>	<u>3,813,000</u>	<u>1,334,916</u>	<u>2,478,084</u>
Net change in fund balances	(3,788,000)	(3,788,000)	(1,293,248)	2,494,752
Fund balances - beginning	<u>3,788,000</u>	<u>3,788,000</u>	<u>3,778,120</u>	<u>(9,880)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,484,872</u>	<u>\$ 2,484,872</u>

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

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATION**

The Agency Officials
Urban Renewal Agency of the City of Wilsonville
Wilsonville, Oregon

We have audited the basic financial statements of the Urban Renewal Agency of the City of Wilsonville, a component unit of the City of Wilsonville, Oregon, as of and for the year ended June 30, 2020 and have issued our report thereon dated January 22, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

Compliance

As part of obtaining reasonable assurance about whether City of Wilsonville, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets. The Agency does not receive highway funds.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The Agency does not have any elected officials collecting or receiving money.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

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

City of Wilsonville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Urban Renewal Agency of the City of Wilsonville's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
January 22, 2021