TALENT URBAN RENEWAL AGENCY
CITY OF TALENT, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

CERTIFIED PUBLIC ACCOUNTANTS

PAULY ROGERS AND CO PC

12700 SW 72nd Ave.
Tigard, OR 97223

URBAN RENEWAL AGENCY OF THE CITY OF TALENT, OREGON

FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

This Page Intentionally Left Blank

URBAN RENEWAL AGENCY OF THE
CITY OF TALENT, OREGON

TABLE OF CONTENTS

******

	PAGE NUMBER
BASIC FINANCIAL STATEMENTS:	
Independent Auditors' Report	1
Government-wide Statement of Cash Balances	3
Government-wide Statement of Cash Receipt and Disbursement Activities	4
Governmental Funds Balance Sheet – Cash Basis	5
Governmental Funds Statement of Receipts, Disbursements and Changes in Cash Balances	6
Notes to Basic Financial Statements	7
SUPPLEMENTARY INFORMATION:	
Cash Basis Schedule of Receipts, Disbursements and Changes in Fund Balance – Budget And Actual – Capital Projects Fund	15
Cash Basis Schedule of Receipts, Disbursements and Changes in Fund Balance – Budget And Actual – Debt Service Fund	16
Schedule of Property Tax Transactions	17
Independent Auditors' Report Required by Oregon State Regulations	18

This Page Intentionally Left Blank

URBAN RENEWAL AGENCY OF THE
CITY OF TALENT, OREGON

PRINCIPAL OFFICIALS
As of June 30, 2016

BOARD OF DIRECTORS	TERM EXPIRES
Darby Stricker, Chair	December 31, 2018
Ryan Pederson, Vice-Chair/Secretary	December 31, 2018
EJ McManus	December 31, 2016
Teresa Cooke	December 31, 2016
Anthony Abshire	December 31, 2016
Daniel Wise	December 31, 2018
Christina Collins	December 31, 2016

All board members will receive mail at the following address:

Urban Renewal Agency of the City Talent
P.O. Box 445
102 Home Street
Talent, Oregon 97540

ADMINISTRATION

Tom Corrigan, Executive Director

This Page Intentionally Left Blank

PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

September 6, 2016

To the Board of Directors
Talent Urban Renewal Agency

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying combined cash basis financial statements of the governmental activities and each major fund of The Urban Renewal Agency of the City of Talent, Oregon, as of and for the year ended June 30, 2016 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 of 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 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 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 – cash basis of the governmental activities and each major fund of The Urban Renewal Agency of the City of Talent, Oregon at June 30, 2016, and the respective changes in financial position for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

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 Talent's financial statements. The supplementary and other information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements.

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

The listing of board members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financials statements, and accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated September 6, 2016, on our consideration of 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.

Kenneth Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C.

URBAN RENEWAL AGENCY OF THE
CITY OF TALENT, OREGON

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

URBAN RENEWAL AGENCY OF THE CITY OF
TALENT, OREGON
Government-Wide Statement of Cash Balances
June 30 , 2016

ASSETS		
Assets:		
Cash and Investments	$	719,633
TOTAL ASSETS	$	719,633
CASH BASIS NET POSITION		
Cash Basis Net Position:		
Restricted for Debt Service	$	564,274
Unrestricted		155,359
TOTAL NET POSITION	$	719,633

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

URBAN RENEWAL AGENCY OF THE CITY OF
TALENT, OREGON
Government-Wide Statement of Cash Receipt and Disbursement Activities
For the Year Ended June 30 , 2016

RECEIPTS:	
Taxes	$ 1,324,329
Interest	5,622
Miscellaneous & Reimbursements	44,190
Proceeds on Short Term Borrowing	350,000
Total General Receipts	1,724,140
DISBURSEMENTS:	
Personnel	32,662
Materials & Services	50,111
Capital Outlay	572,649
Debt Service:	
Principal	955,000
Interest	29,954
Total Disbursements	1,640,376
Net Change in Cash Basis Net Position	83,765
CASH BASIS NET POSITION - BEGINNING OF YEAR	635,868
CASH BASIS NET POSITION - END OF YEAR	$ 719,633

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

URBAN RENEWAL AGENCY OF THE CITY OF
TALENT, OREGON
Governmental Funds Balance Sheet - Cash Basis
June 30 , 2016

	Capital Projects Fund	Debt Service Fund	Totals Governmental Funds
ASSETS			
Assets:			
Cash and Investments	$ 155,359	$ 564,274	$ 719,633
TOTAL ASSETS	$ 155,359	$ 564,274	$ 719,633
FUND EQUITY			
Cash Basis Fund Equity:			
Restricted for:			
Debt Covenants	-	343,500	343,500
Future Debt Service Payments	-	220,774	220,774
Assigned for:			
Future Capital Projects	155,359	-	155,359
TOTAL CASH BASIS FUND EQUITY	$ 155,359	$ 564,274	$ 719,633

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

URBAN RENEWAL AGENCY OF THE CITY OF
TALENT, OREGON
Governmental Funds Statement of Receipts, Disbursements and Changes in Cash Balances
For the Year Ended June 30 , 2016

	Capital Projects Fund	Debt Service Fund	Totals Governmental Funds
RECEIPTS:			
Taxes	$ -	$ 1,324,329	$ 1,324,329
Interest	-	5,622	5,622
Miscellaneous & Reimbursements	44,190	-	44,190
Total revenues	44,190	1,329,951	1,374,140
DISBURSEMENTS:			
Personnel	32,662	-	32,662
Materials & Services	50,111	-	50,111
Capital Outlay	572,649	-	572,649
Debt Service:			
Principal	-	955,000	955,000
Interest	-	29,954	29,954
Total disbursements	655,422	984,954	1,640,376
RECEIPTS OVER, (UNDER) DISBURSEMENTS	(611,232)	344,997	(266,235)
OTHER FINANCING SOURCES (USES)			
Proceeds of Short Term Borrowing	350,000	-	350,000
Transfers In	225,000	-	225,000
Transfers Out	-	(225,000)	(225,000)
Total other financing sources (uses)	575,000	(225,000)	350,000
NET CHANGE IN FUND BALANCE	(36,232)	119,997	83,765
CASH BASIS FUND BALANCE - BEGINNING OF YEAR	191,591	444,277	635,868
CASH BASIS FUND BALANCE - END OF YEAR	$ 155,359	$ 564,274	$ 719,633

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Agency have been prepared in conformity with the cash basis of accounting as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

A. REPORTING ENTITY

The Urban Renewal Agency was organized by the City Council of the City of Talent, Oregon, on March 20, 1991, by Ordinance Number 539, under the provisions of ORS chapter 457. The mission of the Urban Renewal Agency is to eliminate blight and, in the process, improve the safety and quality of life of those who live, work, own property, and visit the Talent area. Further, it is the mission of the Agency to improve the area's public infrastructure, to rehabilitate and redevelop the City's core area in a manner which respects its historic past but recognizes the need for improved buildings, a greater mix of businesses and services, and the development of amenities.

The Agency's area covers 122 acres in the City of Talent, Jackson County, Oregon (expanded in 2005-06 from 121.17 acres). The urban renewal area when formed in 1990-1991 had an assessed value of $8,359,724.The "tax-increment financing" method is being used to provide funds for the Agency. Under this method, a base year value (1990-91 in this case) within the urban renewal area is established for the duration of the urban renewal program. Any increase in the assessed value over that base year cannot be used by the Assessor to compute tax rates for local taxing bodies. The Assessor computes the tax rate on the base year of the area, and then applies that rate to the increase in assessed value. The tax on the increased value can only be used by the Agency to pay indebtedness incurred to finance the urban renewal projects.

The Agency's financial statements include all activities and organizations with which the Agency exercises oversight authority as demonstrated by financial interdependency and/or authoritative appointment of governing authority. The Agency has no potential component units.

B. BASIS OF PRESENTATION – FUND ACCOUNTING

Financial operations of the Agency are accounted for in the following major funds:

CAPITAL PROJECTS FUND

This fund includes all expenditures associated with the operation of the Agency, including administration and project construction. There are three categories within this Fund: Personnel Service, Materials & Services, and Capital Outlay.

DEBT SERVICE FUND

This fund includes tax revenue deposits and debt payments for the bond series and short term borrowing. All long term bonds must be paid off in the year 2019. However, the Agency plans to sunset early in 2016, and will structure its borrowing and debt payments accordingly.

B. BASIS OF PRESENTATION – FUND ACCOUNTING

The Agency follows the cash basis of accounting with certain minor modifications. Under the cash basis of accounting, receipts are recorded when received and disbursements are recorded as paid by check or electronic transaction. Exceptions to the cash basis are any payroll advances that are considered to be cash equivalents and are displayed as a receivable. This basis of accounting is applied to both the government-wide financial statements and the fund financial statements uniformly.

This basis of accounting is not equivalent to the generally accepted accounting principles (GAAP) basis of accounting. Under GAAP the fund financial statements require that revenues be recorded as they become susceptible to accrual (i.e. when they become measurable and available) and expenditures recorded as goods and services received. For the government-wide statements GAAP requires that the accrual basis of accounting be applied. Under the accrual basis of accounting the cost of capital assets is capitalized and depreciated over their estimated useful lives, debt is recorded as incurred, revenues are recorded when earned irrespective of the collection of cash, and expenses, including depreciation, are recorded when incurred. Management believes the cash basis of accounting is preferable for the Agency due to the Agency's small size and the necessity of assessing available cash resources. The cash basis of accounting is allowed under Oregon Local Budget Law (ORS 294.445).

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Agency has adopted, at July 1, 2003, the principles of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34), as they are applicable to cash basis financial statements. The Statement requires that the Agency present both government-wide and fund financial statements, and reconcile the two types of statements, if necessary.

The government-wide statements report information on the Agency irrespective of fund activity, and the fund financial statements report information using the Agency's funds. In total, the results presented using both of these methods are the same. Additionally, each of the Agency's funds is considered a "major fund" in accordance with GASB 34.

The primary funding sources for the Agency are from the sale of urban renewal bonds, and short term borrowing against property taxes to be received, and interest on investments. Some of the Agency's projects are partially reimbursed by grants or contributions from other agencies. In prior years, the Agency used the General Fund to account for the general administration of the Agency and for the acquisition and rehabilitation activities of various properties, including improvements and debt activities. In 2001, the Agency created the Debt Service Fund. The payment of principal and interest on bonded or borrowed debt is accounted for in this fund. During 2002-03, the Agency issued Urban Renewal Series bonds. In accordance with bonding requirements, they created a new Capital Projects Fund and closed all General Fund carry forward amounts into this fund. The Capital Projects Fund now accounts for all general administration and improvement transactions.

D. BUDGET

The Agency is required by state law to budget its activity. The Agency budgets its activities on the cash basis of accounting used in the financial statements. The resolution authorizing appropriations sets the level by which disbursements cannot legally exceed appropriations. Personnel, materials and services, capital outlay, debt service, contingency and debt reserve are the levels of disbursement control in the budget. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned disbursement categories. Unexpected additional expenditures may be added to the budget through the use of a supplemental budget. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the Board of Directors. Expenditures of the various funds were within authorized appropriation levels.

E. PROPERTY TAXES RECEIVABLE

Although the cash basis of accounting does not require that property taxes receivable be displayed, the Agency believes that presentation of this information is important. Accordingly, the detail of property taxes receivable are presented on page 17 of these financial statements. Real and personal property are assessed and property taxes become a lien against the property as of July 1 of each year. Property taxes are payable in three installments, following the lien date on November 15, February 15, and May 15. Taxes not received by May 15th are considered delinquent. Substantially all taxes receivable are considered collectible through liens on the underlying property.

F. CAPITAL ASSETS

Non-expendable equipment purchased is usually recorded as a disbursement in the Capital Projects Fund. The original historical cost of such assets has been estimated or tracked and is recorded by the Agency, but, under the cash basis of accounting the cost of capital assets of the Agency are not required to be displayed in the financial statements. Depreciation is not recorded. Normal repairs and maintenance are charged to disbursements as capital outlay or as materials and services. When property is retired or sold, any related proceeds are recorded in the Capital Projects Fund. The Agency tracks all additions to capital assets over $5,000, and within one year of completion on the asset, transfers the asset to the City of Talent.

G. INVESTMENTS

Investments are stated at fair value.

H. LONG-TERM OBLIGATIONS

Although the cash basis of accounting does not require that debt be displayed, the Agency believes that presentation of this information is important. Accordingly, the details of debt are presented in these notes to the financial statements.

I. NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. The Agency's net position is classified in the following two categories:

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

J. FUND EQUITY

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The Executive Director is given the right to assign fund balances.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: The revenues and ending balance for the Capital Projects Fund is classified as "Assigned" meaning the use is established by the governing body, its official, or officers. The ending balance for the Debt Service Fund is classified as "Restricted" meaning use of revenue and ending fund amounts are restricted to paying off debt offerings and are subject to externally enforceable legal restrictions imposed by governmental regulations and bond covenants. No minimum fund balances shall be adopted for Capital Projects or Debt Service funds. Under the terms of bond covenants, the Agency maintains an annual debt reserve amount as part of the Debt Service Fund. When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

2. CASH AND INVESTMENTS

State statutes govern the Agency's cash management policies, because the Agency does not have an official investment policy. Statutes authorize the Agency to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at $1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at $1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value, and since the entity uses the cash basis of accounting. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized

The Agency maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments. Cash and Investments (recorded at fair value) consisted of:

Deposits with Financial Institutions:		
Local Government Investment Pool	$	668,057
Demand Deposits		51,576
	$	719,633

The Agency had the following investments and maturities:

		Investment Maturities (in months)	
Investment Type	Fair Value	Less than 3	More than 3
State Treasurer's Investment Pool	$ 668,057	$ 668,057	$ -
Total	$ 668,057	$ 668,057	$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The Agency does not have any investments that have a maturity date

2. CASH AND INVESTMENTS

Credit Risk

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk

The Agency's cash management policies are governed by state statutes. Statutes authorize the Agency to invest in banker's acceptances, time certificates of deposit, commercial paper, repurchase agreements, and obligations of the United States and its agencies and instrumentalities, Local Government Investment Pools and fixed or variable life insurance or annuity contracts for funding the deferred compensation plan. Currently, the Agency only uses the Local Government Investment Pool for investments.

Deposit Risk

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2016, The Agency's cash is fully covered by FDIC.

3. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2016 are as follows:

	Balance Beginning of Year	Additions	Deletions & Adjustments	Balance End of Year
Fixed Assets				
Land	$ 1,560,072	$ -	$ -	$ 1,560,072
Construction in Progress	2,881,197	545,917	-	3,427,114
Total	$ 4,441,269	$545,917	$ -	$ 4,987,186

4. LONG-TERM OBLIGATIONS

The Agency periodically issues long term bonds to finance publicly owned and operated projects within the urban renewal area. The Agency irrevocably pledges the tax increment revenues to pay the bonds. Annual debt service on the bonds is as follows:

Issue Date	Interest Rates	Original Issue	Outstanding 7/1/2015	Issued	Matured and Redeemed	Outstanding 6/30/16
April 11, 2012	2.54%	$3,435,000	$ 1,425,000	$ -	$ 705,000	$ 720,000
	Total Bonds Payable		$ 1,425,000	$ -	$ 705,000	$ 720,000

4. LONG-TERM OBLIGATIONS

In addition to these payments, bond covenants require a Reserve to be held in the Debt Service Fund of $343,500.

Future maturities of bonds are payable as follows:

Fiscal Year Ending June 30,	2012 Bonds	
	Principal	Interest
2017	$ 720,000	$ 9,144
Total	$ 720,000	$ 9,144

5. SHORT-TERM OBLIGATIOINS

The Agency entered into an Intergovernmental Agreement with the City of Talent in July to borrow $250,000 at 2% interest for the West Valley View Project. The entire balance of loan was repaid in 2015 using tax increment revenues. The Agency also entered into a similar agreement with the City of Talent in May of 2016 for $100,000. The balance of the loan will be repaid in the following year using tax increment revenues.

6. PROPERTY TAX LIMITATIONS

Real property taxes are assessed and become a lien against the property as of July 1 each year, and are payable in three installments on November 15, February 15, and May 15, Agency management believes that the amount of any uncollectable accounts included in receivables is not significant. Therefore, no provision for uncollectable accounts has been made. 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 operations other than the public school system. The limitation specifies $10 is the maximum allowable tax for each $1,000 of property real market value imposed on by local governments other than the public school system. This limitation may affect the availability of future tax revenues for the Agency, as taxes levied for urban renewal debt services are subject to the $10 limitation.

7. RISK MANAGEMENT

The Agency is exposed to risks of loss related to general and auto liability. The Agency has purchased general and auto liability insurance to cover any claims that may arise due to activities of the Agency from City/County Insurance Services. The coverage limit for the year ended June 30, 2016 is $5,000,000. This amount is unchanged from the prior year.

8. CONTRACTUAL COMMITMENTS OVER $5,000

In Fiscal Year 15-16, there were no new project-related contracts executed. There were four prior contracts that have had activity this fiscal year or are anticipated to have activity in the future.

Occasionally, contracts with vendors are made for multi-year, phased services, with original scopes of work and contract amounts for each phase included under one master contract. In order to simplify reporting, original contract values for each phase are combined into a single figure. Values do not include any contract amendments subsequently authorized.

Original contract amounts issued by the Agency, contract dates, total payments made by the close of FY 15-16 and balances remaining on original contracts are as follows:

		Original Contract Amount s over $5,000 *NTE = Not to Exceed*		Payments Made this Fiscal Year on Original Contract	Balance remaining on Original Contract
PREVIOUS CONTRACTS:	**Project**	**Original Amount**	**Contract Date**	**Payments this Fiscal Year**	**Balance as of July 1**
Seattle-Northwest Securities (now Piper Jafray)	Miscellaneous financial analysis	$ 15,000	May 2013	$ -0-	$ 9,908
RH2 Engineering	Design services for Civic Center Alley	$ 6,583	March 2015	$ 10,862	$ -0-
Ashland Nursery & Greenhouses	West Valley View – Landscape 1C	$ 34,984	April 2015	$ -0-	$ 608
Roxy Ann Rock	Civic Center Alley construction	$ 102,399	May 2015	$ 93,956	$ 8,443
TOTAL				$ 104,818	$ 18,959

URBAN RENEWAL AGENCY OF THE
CITY OF TALENT, OREGON

SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

URBAN RENEWAL AGENCY OF THE CITY OF
TALENT, OREGON
Cash Basis Schedule of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Capital Projects Fund
For the Year Ended June 30 , 2016

	Original Budget	Final Budget		Actual	Variance To Final Budget Positive (Negative)
RECEIPTS:					
Donations / Grants / Reimbursements	$ 30,000	$ 30,000		$ 44,138	$ 14,138
Miscellaneous & Reimbursements	-	-		52	52
Total receipts	30,000	30,000		44,190	14,190
DISBURSEMENTS:					
Personnel	52,900	32,662	(1)	32,662	-
Materials & Services	40,000	60,238	(1)	50,111	10,127
Capital Outlay	497,600	612,600	(1)	572,649	39,951
Contingency	15,000	-	(1)	-	-
Total Disbursements	605,500	705,500		655,422	50,078
RECEIPTS OVER, (UNDER) DISBURSEMENTS	(575,500)	(675,500)		(611,232)	64,268
OTHER FINANCING SOURCES					
Proceeds of Short Term Borrowing	350,000	350,000		350,000	-
Transfers In	225,000	225,000		225,000	-
Total Other Financing Sources	575,000	575,000		575,000	-
NET CHANGE IN FUND BALANCE	(500)	(100,500)		(36,232)	64,268
CASH BASIS FUND BALANCE - BEGINNING OF YEAR	120,312	120,312		191,591	71,279
CASH BASIS FUND BALANCE - END OF YEAR	$ 119,812	$ 19,812		$ 155,359	$ 135,547

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF
TALENT, OREGON
Cash Basis Schedule of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Debt Service Fund
For the Year Ended June 30 , 2016

	Original Budget	Final Budget		Actual	Variance To Final Budget Positive (Negative)
RECEIPTS:					
Taxes	$ 1,238,000	$ 1,238,000		$ 1,324,329	$ 86,329
Interest and Miscellaneous	6,955	6,955		5,622	(1,333)
Total receipts	1,244,955	1,244,955		1,329,951	84,996
DISBURSEMENTS:					
Debt Service:					
Principal	955,000	955,000		955,000	-
Interest and Other Borrowing Costs	29,792	30,292		29,954	339
Total Disbursements	984,792	985,292	(1)	984,954	339
RECEIPTS OVER, (UNDER) DISBURSEMENT	260,163	259,663		344,997	85,334
OTHER FINANCING SOURCES					
Transfers Out	(225,000)	(225,000)	(1)	(225,000)	-
NET CHANGE IN FUND BALANCE	35,163	34,663		119,997	85,334
CASH BASIS FUND BALANCE - BEGINNING OF YEAR	413,579	413,579		444,277	30,698
CASH BASIS FUND BALANCE - END OF YEAR	$ 448,742	$ 448,242		$ 564,274	$ 116,032

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF
TALENT, OREGON
Schedule of Property Tax Transactions
For the Year Ended June 30 , 2016

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT JULY 1, 2015	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT JUNE 30, 2016
Current:						
2015-16	$ 1,364,700	$ 34,390	$ (2,823)	$ 325	$ 1,282,625	$ 45,187
Prior Years:						
2014-15	43,796	(16)	(442)	1,063	23,297	21,136
2013-14	13,152	(1)	6,504	875	7,225	13,307
2012-13	18,159	-	1,059	998	5,497	14,719
2011-12	6,211	-	944	882	4,044	3,993
Prior	13,728	-	(9,150)	537	1,581	3,534
Total	$ 1,459,746	$ 34,373	$ (3,908)	$ 4,680	$ 1,324,269	$ 101,876

RECONCILIATION TO REVENUE

Cash Collections by County Treasurer Above	$ 1,324,269
Other Taxes	60
Total Revenue	$ 1,324,329

This Page Intentionally Left Blank

URBAN RENEWAL AGENCY OF THE
CITY OF TALENT, OREGON

Independent Auditors' Report Required by Oregon State Regulations

This Page Intentionally Left Blank

PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

September 6, 2016

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Talent Urban Renewal Agency as of and for the year ended June 30, 2016, and have issued our report thereon dated September 6, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Talent Urban Renewal 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 Statues 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 Talent Urban Renewal Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures 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 internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

Kenneth Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C