

**CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON**

For the Year Ended June 30, 2015

COMPONENT UNIT

ANNUAL FINANCIAL REPORT

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CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON

ELECTED OFFICIALS

June 30, 2015

<u>NAME</u>	<u>TERM EXPIRES</u>
Rocky Sloan, Mayor	December 31, 2016
Doug Edmonds	December 31, 2016
Angie Baca	December 31, 2016
Charla Koeppe	December 31, 2016
Sean Manning	December 31, 2016
Eric Niemann	December 31, 2016
Jason Leonard	December 31, 2016

Chris Workman, City Manager

Joan Swanson, Finance Director

All Board members receive mail at the address listed below:

P.O. Box 400
Philomath, Oregon 97370

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CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON

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October 19, 2015

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board Members
City of Philomath Urban Renewal Agency
Benton County, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Philomath Urban Renewal Agency, a component unit of the City of Philomath, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 of the governmental activities and the major fund of the City of Philomath Urban Renewal Agency, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

The budgetary comparison schedule presented as Required Supplementary Information, as listed in the table of contents, 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 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, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, 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 supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic 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 financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 19, 2015, 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.



MATTHEW GRAVES, CPA
PAULY, ROGERS AND CO., P.C.

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**CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON**

COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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PHILOMATH URBAN RENEWAL AGENCY
A Component Unit of the City of Philomath
BENTON COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2015

ASSETS

Cash and Investments	\$ 1,489,609
Property Taxes Receivable	<u>42,121</u>
Total Assets	1,531,730

LIABILITIES

Accounts Payable	4,137
------------------	-------

NET POSITION

Restricted	-
Unrestricted	<u>1,527,593</u>
TOTAL NET POSITION	<u><u>\$ 1,527,593</u></u>

See accompanying notes to the basic financial statements

PHILOMATH URBAN RENEWAL AGENCY
A Component Unit of the City of Philomath
BENTON COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Expenses:	
General Government	\$ <u>50,248</u>
Total Expenses	<u>50,248</u>
General Revenues:	
Property Taxes	482,448
Miscellaneous	<u>7,971</u>
Total General Revenues	<u>490,419</u>
Change in Net Position	440,171
Beginning Net Position	<u>1,087,422</u>
Ending Net Position	<u><u>\$ 1,527,593</u></u>

See accompanying notes to the basic financial statements

PHILOMATH URBAN RENEWAL AGENCY
A Component Unit of the City of Philomath
BENTON COUNTY, OREGON

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	<u>GENERAL</u>
ASSETS	
Cash and Investments	\$ 1,489,609
Property Taxes Receivable	<u>42,121</u>
Total Assets	<u><u>\$ 1,531,730</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities	\$ 4,137
Deferred Inflows of Resources:	
Unavailable Revenue - Property Taxes	<u>42,121</u>
Total Deferred Inflows of Resources	\$ 42,121
Fund Balances	
Restricted For Debt Service	-
Unassigned	<u>1,485,472</u>
Total Fund Balances	<u>1,485,472</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 1,531,730</u></u>

See accompanying notes to the basic financial statements

PHILOMATH URBAN RENEWAL AGENCY
A Component Unit of the City of Philomath
BENTON COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
June 30, 2015

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

Fund Balances	\$ 1,485,472
The statement of net assets reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds.	42,121
	<hr/>
Total Net Position	<u><u>\$ 1,527,593</u></u>

See accompanying notes to the basic financial statements

PHILOMATH URBAN RENEWAL AGENCY
A Component Unit of the City of Philomath
BENTON COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

Revenue		
Property Taxes	\$	475,686
Interest and Miscellaneous		<u>7,971</u>
Total Revenue		<u>483,657</u>
Expenditures		
General Government		<u>50,248</u>
Total Expenditures		<u>50,248</u>
Excess Revenue Over/Under Expenditures		433,409
Net Change in Fund Balance		433,409
Beginning Fund Balance		<u>1,052,063</u>
Ending Fund Balance	\$	<u><u>1,485,472</u></u>

See accompanying notes to the basic financial statements

PHILOMATH URBAN RENEWAL AGENCY
A Component Unit of the City of Philomath
BENTON COUNTY, OREGON

**RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - TO STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2015

Explanation of certain differences between the governmental fund statement of revenue, expenditures, and changes in fund balance and the government-wide statement of activities

Excess of Revenue over Expenditures	\$ 433,409
Governmental funds defer revenues that do not provide current financial resources However, the statement of activities recognizes such revenues at their net realizable value when earned, regardless of when received.	6,762
	<hr/>
Change in Net Position	\$ <u>440,171</u>

See accompanying notes to the basic financial statements

CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Philomath Urban Renewal Agency of Philomath, Oregon (Agency) financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

THE FINANCIAL REPORTING ENTITY

The City of Philomath Urban Renewal Agency was created on September 10, 1990 to promote the economic welfare and prosperity of the City's inhabitants. The Agency is governed by a seven-member board of directors that are the City's mayor and council members and is included as a blended component unit in the City's financial statements as a special revenue fund. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate entities that are included in the reporting entity because of the significance of their operational or financial relationships with the City. All significant activities with which the City exercises oversight responsibility have been considered for inclusion in the basic financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements (the statement of Net Position and the statement of activities) report information about activities as a whole. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities reports activities by function. The major function is urban renewal. The statement of activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available (i.e. susceptible to accrual). 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 revenues are considered to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

There is the following *major governmental fund*:

General Fund - This fund accounts for the activities of the Urban Renewal Agency.

BUDGETS

A budget is prepared for each fund in accordance with the modified accrual basis of accounting. Appropriations are made at the program/function level for all funds. Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each fiscal year. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the City Council. After budget approval, the City Council may approve supplemental appropriations if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. Management may not amend the budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council if it exceeds 10% of a fund's expenditures. For GAAP purposes, borrowings are recorded as increases in liabilities, and repayments are recorded as decreases in liabilities.

The General Fund is appropriated at the department level along with transfers and contingencies. Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original budget amount and appropriation transfers. All expenditures were within appropriations for year ended.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Cash and Investments

The Agency maintains its cash balance at the State Treasurer's Investments Pool (LGIP). Expenditures by the City for the Agency are reimbursed by the Agency. State statutes authorize the Agency to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper and the state treasurer's investment pool, among others.

Receivables

Receivables for state, county and local shared revenues, included in accounts receivable, are recorded as revenue in the governmental funds as earned.

Property taxes receivable for the governmental fund types, which have been collected within 30 days subsequent to year end, are considered measurable and available and are recognized as revenues. All other property taxes are offset by deferred property tax revenues and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied upon all taxable property within the City and become liens against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable by the Agency represent the Agency's allocated share of delinquent property taxes and other amounts to be collected from property owners.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in the category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term obligations

In the government-wide financial statements, long-term obligations are reported as liabilities on the Statement of Net Assets. Premiums and discounts are amortized over the life of the bonds.

In the fund financial statements bond premiums, discounts, and issuance costs are recognized at the time of issuance. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance

Net Position is comprised of the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net Position is classified in the following two categories.

Restricted – consists of external constraints placed on net 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 Net Position – consists of all other assets that are not included in the other categories previously mentioned.

For Net Position, when both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

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.
- 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 City Manager and Finance Director have the authority to classify portions of ending fund balances as Assigned.
- 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.

There are no nonspendable, restricted, committed, or assigned fund balances reported.

The following order of spending regarding fund balance categories is used: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

State statutes govern cash management policies. Statutes authorize investing in bankers' 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

State statutes authorize investment in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's Investment Pool, among others. As of June 30, 2015 the fair value of the position in the LGIP approximates fair value of the Pool shares as reported in the Oregon Short Term Fund audited financial statements.

As of June 30, 2015, the Agency had the following investments and maturities:

Investment Type	<u>Fair Value</u>	<u>Less than 3 Months</u>	<u>3-17 Months</u>	<u>18-19 Months</u>
State Treasurer's Investment Pool	<u>\$ 1,489,609</u>	<u>\$ 1,489,609</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 1,489,609</u>	<u>\$ 1,489,609</u>	<u>\$ -</u>	<u>\$ -</u>

The State Treasurer's Local Government Investment Pool (LGIP) is a cash and investment pool available for use by all state funds and local governments and is maintained by the State Treasurer. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. Local government pooled assets are reported as an Investment Trust Fund in Oregon's Comprehensive Annual Financial Report.

The Oregon Short-Term Fund Board, established by the Oregon Legislature, advises the Oregon Investment Council and the Oregon State Treasury in the management and investments of the LGIP.

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. There are no investments that have a maturity beyond three years.

Custodial 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.

3. PROPERTY TAXES RECEIVABLE

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes unpaid and outstanding on May 16 are considered delinquent. No allowance for uncollectible accounts has been recorded because all receivables are considered to be collectible.

CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

4. DEFERRED INFLOWS OF RESOURCES

At June 30, 2015, deferred inflow of resources on the balance sheet - governmental funds consisted of the following:

Property Taxes	<u>\$ 42,121</u>
Total Deferred Inflows of Resources	<u>\$ 42,121</u>

5. PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for schools and nonschool government operations. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

An additional limit reduces the amount of operating property tax revenues available. This reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

6. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize its exposure to these risks.

Settled claims have not exceeded this commercial coverage for any of the past three years.

7. CONTINGENCIES

The Agency is covered by the City's commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

From time to time, the Agency is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the Agency's financial position.

CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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PHILOMATH URBAN RENEWAL AGENCY
A Component Unit of the City of Philomath
BENTON COUNTY, OREGON

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2015

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Revenue				
Property Taxes	\$ 481,000	\$ 481,000	\$ 475,686	\$ (5,314)
Interest and Miscellaneous	7,151	7,151	7,971	820
Total Revenue	<u>488,151</u>	<u>488,151</u>	<u>483,657</u>	<u>(4,494)</u>
Expenditures				
Materials and Services	118,151	118,151 (1)	50,248	67,903
Capital Outlay	3,000,000	3,000,000 (1)	-	3,000,000
Total Expenditures	<u>3,118,151</u>	<u>3,118,151</u>	<u>50,248</u>	<u>3,067,903</u>
Excess of Revenue Over, -Under Expenditures	(2,630,000)	(2,630,000)	433,409	3,063,409
Other Financing Sources, -Uses				
Loan Proceeds	4,000,000	4,000,000	-	(4,000,000)
Total Other Financing Sources, -Uses	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>	<u>(4,000,000)</u>
Net Change in Fund Balance	1,370,000	1,370,000	433,409	(936,591)
Beginning Fund Balance	<u>1,080,000</u>	<u>1,080,000</u>	<u>1,052,063</u>	<u>(27,937)</u>
Ending Fund Balance	<u>\$ 2,450,000</u>	<u>\$ 2,450,000</u>	<u>\$ 1,485,472</u>	<u>\$ (964,528)</u>

(1) Appropriation Level

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CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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PHILOMATH URBAN RENEWAL AGENCY
A Component Unit of the City of Philomath
BENTON COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2015

<u>TAX YEAR</u>	<u>IMPOSED LEVY OR UNCOLLECTED AT 7-1-14</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6-30-15</u>
CURRENT:						
2014-15	\$ 496,071	\$ 13,426	\$ -	\$ -	\$ 465,973	\$ 16,672
PRIOR YEARS:						
2013-14	\$ 15,460	\$ -	\$ (47)	\$ -	\$ 5,636	\$ 9,777
2012-13	10,390	-	(38)	-	2,034	8,318
2011-12	4,084	-	(25)	-	1,323	2,736
2010-11	780	-	(38)	-	556	186
Prior	4,645	-	(49)	-	164	4,432
Total	<u>\$ 531,430</u>	<u>\$ 13,426</u>	<u>\$ (197)</u>	<u>\$ -</u>	<u>\$ 475,686</u>	<u>\$ 42,121</u>

RECONCILIATION TO REVENUE

Cash Collections by County Treasurer Above	\$ 475,686
Refunded prior years tax	<u>-</u>
Total Revenue	<u>\$ 475,686</u>

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**CITY OF PHILOMATH URBAN RENEWAL AGENCY
BENTON COUNTY, OREGON**

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Philomath Urban Renewal Agency as of and for the year ended June 30, 2015, and have issued our report thereon dated October 19, 2015. 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 basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **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 City of Philomath 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control 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 council members 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.

MATTHEW GRAVES, CPA
PAULY, ROGERS AND CO., P.C.

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