

CITY OF PHOENIX
JACKSON COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013



12760 SW 72nd Ave.
Tigard, OR 97223

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

FINANCIAL REPORT

2012-2013

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CITY OF PHOENIX
JACKSON COUNTY, OREGON

MAYOR AND CITY COUNCIL MEMBERS AS OF JUNE 30, 2013

<u>NAME</u>	<u>TERM EXPIRES</u>
Jeff Bellah – Mayor	December 31, 2014
Bruce Sophie	December 31, 2014
Karen Jones	December 31, 2014
Chris Luz	December 31, 2014
Carolyn Bartell	December 31, 2016
Stan Bartell	December 31, 2016
Terry Helfrich	December 31, 2016

All the Council members will receive mail at the following address:

ADMINISTRATIVE

Steve Dahl, City Manager
112 W 2nd Street
P.O. Box 330
Phoenix, Oregon 97535

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CITY OF PHOENIX
JACKSON COUNTY, OREGON

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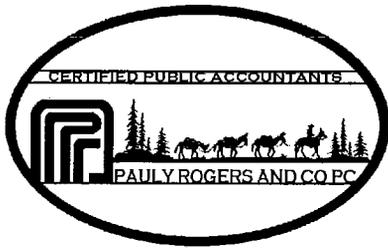
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JACKSON COUNTY, OREGON

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FINANCIAL
SECTION

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PAULY, ROGERS, AND Co., P.C.
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December 30, 2013

To the Honorable Mayor and Members of the City Council
City of Phoenix
Jackson County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Phoenix as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Phoenix, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statement Nos. 14 and 34*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* for the year ended June 30, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

The listing of council 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 December 30, 2013, 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

This Management Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the City of Phoenix (the City) for the fiscal year ended June 30, 2013. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The City's government-wide assets totaled \$10.49 million at June 30, 2013 consisting of \$6.04 million in capital assets, net of accumulated depreciation, \$4.09 million in cash and \$352 thousand in other receivables. Capital assets, net of accumulated depreciation decreased by \$148 thousand in the current year. Cash and investment balances increased by \$275 thousand from the prior year.
- The City's government-wide liabilities totaled \$2.44 million at June 30, 2013 consisting of \$2.22 million in short and long-term debt and \$222 thousand in accounts payable and other current liabilities. The City issued no additional long-term debt in the current year, with the exception of a capital lease that was signed to purchase two police cars.
- Net position (total of assets and deferred outflows minus total of liabilities and deferred inflows), totaled \$8.05 million at June 30, 2013 of which \$3.82 million was invested in capital assets net of related debt, \$299 thousand was restricted for debt service, \$2.07 million was restricted for interchange and system development charges. From this amount, approximately \$829 thousand was Interchange development charges and \$1.24 million was system development charges. \$114 thousand was restricted for highway 99 maintenance, \$34 thousand for the Skyline Water Pump and \$1.3 thousand for K-9 Contributions. The remaining \$1.7 million was unrestricted.
- The City generated program revenues of \$1.397 million which is primarily Charges for Services. General revenues which include taxes, licenses and permits, intergovernmental, franchise fees, fines and forfeitures and earnings on investments totaled \$1.80 million. The Government-Wide expenses were \$1.94 million for governmental activities and \$1.08 million for business-type activities. Total government-wide expenses were \$3.01 million.

OVERVIEW OF FINANCIAL STATEMENTS

The Basic Financial Statements and supplementary information are presented using the integrated approach as prescribed by GASB Statement No. 34. The Basic Financial Statements are comprised of three Components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

The Basic Financial Statements present financial information about the City as a whole and about its activities. Following the Basic Financial Statements are the Required Supplementary Information and Supplementary Information which provide budgetary comparisons for each fund. Finally, completing the document is a series of other financial schedules, and the report by the independent certified public accountants, as required by statute.

Government-wide Financial Statements

The government-wide financial statements are designed to present the financial picture of the City in a manner similar to a private-sector business, i.e. from the economic resources measurement focus using The Statement of Net Position includes all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Net position is the difference between the total of assets and deferred outflows, and the total of liabilities and deferred inflows, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position may be an indicator of whether its financial health is improving or deteriorating.

The Statement of Activities reports all revenues when earned and expenses when incurred regardless of the timing of related cash flows. The focus of the Statement of Activities is to present the major program costs, matching major resources with each. To the extent a program's costs are not recovered by grants and direct charges, it is paid from general taxes and other general revenues. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The government-wide financial statements distinguish programs/functions of the City that are governmental (principally supported by taxes and intergovernmental revenues) to those that are business-type (intended to recover all or a significant portion of their costs through user fees and charges).

Governmental activities of the City are categorized as follows:

- Executive—includes the City Manager function and administration oversight.
- Administrative—includes centralized services such as public works administration and support, information technology, administration, financial services and other general functions not separately identified as a program.
- Public safety—includes police.
- Parks department—includes maintenance of the City's parks and playgrounds.

- Building department—includes the City’s building inspection function.
- Planning department—includes the City’s community development function.
- Highways and streets—includes the City’s street maintenance operations, street and local improvement construction and the City’s engineering activities.
- Non-Departmental—includes all activities not specific to individual departments.

Business-type activities include the following:

- Water—includes all costs for the maintenance, operations, and construction of the City’s water delivery system.

2. Fund Financial Statements

Following the government-wide statements is a section containing fund financial statements. The fund financial statements include statements for governmental funds and proprietary funds. Funds are used to segregate resources for specific activities or objectives.

Governmental Funds. The governmental fund statements emphasize available financial resources rather than net-income. They are prepared using the current financial resources measurement focus and modified accrual basis of accounting. A reconciliation of the fund balance reported in the governmental funds Balance Sheet to the net position reported on the government-wide Statement of Net Position and a reconciliation of the change in fund balances reported in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances to the change in net position reported in the government-wide Statement of Activities are provided to facilitate a comparison between governmental funds and governmental activities.

The City has nine governmental funds. The governmental fund statements present the three major funds separately; General Fund, Street Fund, and the Street Improvement Fund. There are three funds that are combined with the General Fund for GAAP reporting. They are the Greenway Maintenance Reserve Fund, the City Hall Debt Reserve Fund and the Intertie Debt Reserve Fund. The other three nonmajor funds (Advertising Promotion, Tourist Usage and Parks and Recreation SDC) are combined and presented in a single column as other governmental funds.

Proprietary Funds. Proprietary funds are used to account for activities supported by user charges and where the emphasis is on net income. The City has three enterprise funds to account for its water operations. The Water Fund is the major enterprise fund. The Water SDC Fund and Stormwater SDC Fund are budgeted separately, but are subsidiary to the Water Fund and are combined with that fund in the proprietary fund financial statements. If there were two or more nonmajor funds that accounted for separate and unique activities, they would be combined and presented in a single column as other enterprise funds.

3. Notes to the Basic Financial Statements

The notes provide information that is essential for a full understanding of the data presented in the government-wide and fund financial statements (the basic financial statements). Information such as

significant accounting policies and detail of certain assets and liabilities are included in the notes which should be read in conjunction with the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

The City's assets exceeded liabilities by \$8.05 million at June 30, 2013. Net position for governmental activities totaled \$6.26 million while net position for business-type activities totaled \$1.79 million.

	June 30, 2013		June 30, 2012	
	Governmental Activities	Business Type Activities	Governmental Activities	Business Type Activities
Capital Assets, net	\$ 2,962,939	\$ 3,078,676	\$ 2,997,663	\$ 3,192,297
Current & Other Assets	3,584,285	863,295	3,517,477	678,900
Total Assets	6,547,224	3,941,971	6,515,140	3,871,197
Long Term Debt	178,458	2,040,019	232,779	2,077,864
Other Liabilities	110,462	112,647	118,676	97,171
Total Liabilities	288,920	2,152,666	351,455	2,175,035
Invested in Capital Assets Net of Related Debt	2,784,481	1,038,657	2,764,884	1,268,728
Restricted	2,178,100	342,003	2,175,648	346,360
Unrestricted	1,295,723	408,645	1,223,153	81,074
Total Net Position	\$ 6,258,304	\$ 1,789,305	\$ 6,163,685	\$ 1,696,162

As mentioned earlier, net position may be an indicator of the City's financial health. At the end of the current year, the City has a positive net position. Net position increased by over \$187 thousand from the prior year as revenues exceeded expenses. This increase was largely due to the governmental activities increasing by more than \$94 thousand whereas the business type activities increased by more than \$93 thousand. The largest portion of the City's net position (47.5 percent) is its investment in capital assets, net of related debt. In the prior year, this portion of net position was 51.3 percent of total net position. The increase for the governmental activities is due primarily to reduction in outstanding debt during the year while the total depreciation expense for both activities was \$268 thousand.

Analysis of Changes in Net Position

The City's Statement of Activities for fiscal years ended June 30, 2013 and 2012 are as follows:

	June 30, 2013		June 30, 2012	
	Governmental Activities	Business Type Activities	Governmental Activities	Business Type Activities
Revenues				
Program Revenues:				
Charges for Services	\$ 248,510	\$ 1,148,137	\$ 256,027	\$ 1,118,448
Operating Grants	375	-	2,826	-
Capital Grants/Contributions	-	-	25,164	-
General Revenues:				
Property Taxes	895,167	-	930,654	-
Other Taxes	24,100	-	10,575	-
Licenses & Permits	55,937	-	56,962	-
Intergovernmental	364,621	-	542,011	-
Franchise Fees	323,757	18,237	302,263	17,017
Fines & Forfeitures	90,434	-	94,741	-
Earnings On Investments	15,468	787	17,750	2,992
Other	12,758	2,317	7,056	708
Total Revenues	2,031,127	1,169,478	2,246,029	1,139,165
Expenses				
Executive	79,616	-	173,914	-
Administrative	146,090	-	171,349	-
Public Safety	1,069,921	-	1,086,829	-
Parks	69,603	-	84,761	-
Building	82,888	-	85,253	-
Planning	86,576	-	84,292	-
Highways and Streets	277,509	-	297,517	-
Non-Departmental	96,524	-	60,198	-
Interest on Long-Term Debt	27,781	95,369	33,756	120,057
Water	-	980,966	-	931,884
Total Expenses	1,936,508	1,076,335	2,077,869	1,051,941
Excess Before Transfers	94,619	93,143	168,160	87,224
Transfers	-	-	(64,054)	64,054
Change in Net Position	94,619	93,143	104,106	151,278
Beginning Net Position	6,163,685	1,696,162	6,059,579	1,544,884
Ending Net Position	\$ 6,258,304	\$ 1,789,305	\$ 6,163,685	\$ 1,696,162

Governmental Activities

Governmental activities increased the City's net position by \$95 thousand, which is a slight increase of 1.5 percent. The increase can be attributed primarily to the decrease in expenditures of \$205 thousand with revenues decreasing by \$215 thousand from the prior year. The major change in revenues was Intergovernmental where the final distribution of funds on the Intergovernmental Note Payable of \$158 thousand occurred in the prior year. The expenditure decreases from the prior year where in the Executive and Administrative departments due to the prior year contract settlements with the former City Manager and Finance Director; \$94 thousand in the Executive Department and \$25 thousand in the Administrative Department. Also, with the anticipated reduction in revenues in the fiscal year, City Management and Budget Committee made a concerted effort to reduce all expenditures wherever possible. The General revenues that seem to be improving consistently, and are anticipated to do so for the next year are; Other Taxes at \$14 thousand (primarily transient occupancy taxes) and Franchise Fees at \$21 thousand (7.1 percent). Although Property Taxes had a decrease of \$35 thousand, it is not expected to continue into the next year as assessed value of property within the City is starting to recover. The continued scrutiny over expenditures will help but declining revenue is still a concern as to the overall financial situation for the governmental activities continuing into the next year.

As discussed earlier, the City's governmental activities are categorized into the following programs: Administrative, Public Safety, Parks department, Planning department, Building department, and Highways and Streets. Administrative activities are activities not categorized in any of the programs and include central services such as governmental, building, planning, and police receipts, public works administration and support, and administration and financial services.

Business-Type Activities

Business-type activities are self-supporting where revenues are expected to cover expenses. Business-type activities increased the City's net position by over \$93 thousand. The increase can be attributable primarily to the increase in revenues of \$30 thousand with expenditures increasing by only \$25 thousand from the prior year. The discontinuance in the prior year of the Franchise Fee paid to the General Fund will continue to help the business-type activities as well. By examining the operating cash flow activities of the business-type funds, it is worth noting the operating activities generated positive cash flow of \$342 thousand, overall, business-type cash flows increased by \$177 thousand. For comparative purposes, charges for services in the business-type funds increased \$30 thousand (2.6 percent) which is a slight increase from the prior year. This points to a better financial situation for the business-type activities from that of the prior year.

FUND ANALYSIS

The city uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund and Special Revenue Funds.

At the end of the current year, the City's governmental funds had combined ending fund balances of \$3.48 million, an increase of \$72 thousand (2.1 percent) from the prior year's fund balances of \$3.40 million. Fines and Forfeitures, Intergovernmental, and Earnings on Investments all have decreased. The areas that have increased are Other Taxes. Total expenditures decreased from the prior year, from \$2.14 million to \$1.96 million, a slight decline of 10.1 percent.

The ending fund balances comprised of \$3.48 million, \$628 thousand was unassigned and available for spending by the City within the purposes specified for the City's funds. Of the \$2.85 million difference, \$2.18 Million is restricted for K-9 program, Debt Services, Street SDC's, IDC's, Hwy 99 repairs, and Park and Recreation SDC's. \$11 thousand is committed for Traffic Court Equipment, Jackson County Fine Share, Advertising Promotions and Tourist Usage. \$659 thousand is assigned for Police Equipment Replacement and Street repairs.

The General Fund is a primary operating fund of the City. At the end of the fiscal year, the fund balance of the general fund was \$804 thousand down from \$913 thousand in the previous year, a decrease of \$109 thousand. Although expenditures decreased by \$92 thousand and revenues decreased by only \$18 thousand, expenditures continue to out-pace revenues. Unassigned fund balance represents 37 percent of total General Fund expenditures. Although this is a good measure of the General Fund's liquidity as it is common for governmental agencies to require either their first quarter of expenses or a 25 percent minimum fund balance policy; this is down from 42 percent in the prior year. The trend of shrinking revenues over the past couple of years is a concern of the City Council moving forward.

Other major governmental funds include the Street Fund and the Street Improvement Fund. Fund balances increased by \$208 thousand in the Street Fund, and increased in the Street Improvement Fund by \$11 thousand.

Proprietary Fund

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The Water Fund is primarily used to account for the daily operations of the City's water services. The net position of the Water Fund increased by \$93 thousand (5.0 percent) during the year. This increase is primarily due to an increase in operating revenue of \$33 thousand with an increase in operating expenses of \$49 thousand. The non-major proprietary funds, which are combined with the Water Fund for financial reporting,

contribute to this change since they are primarily used as support for the City's water operations through debt payments as well as constructing and acquiring capital assets. The activities of these other proprietary funds decreased the net position of the business-type activities by approximately \$13 thousand.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were changes to the General Fund budget during the 2012/13 fiscal year. These changes affected different areas. Typically transfers move appropriation authority within the different Funds to avoid over-expenditures of the City's budgeted appropriations. During the year, the City did not over-expend its appropriation authority.

CAPITAL ASSETS

As of June 30, 2013 the City had invested \$6.04 million in capital assets, net of depreciation as reflected in the following table, which represents a net decrease (additions, deductions, and depreciation) of \$148 thousand, or 2.4 percent.

	Governmental Activities	Business Type Activities	Total
Land	\$ 278,276	\$ 21,731	\$ 300,007
Buildings and Improvements	706,353	995,224	1,701,577
Machinery and Equipment	254,334	141,798	396,132
Infrastructure	823,976	1,842,142	2,666,118
Construction in Progress	900,000	77,781	977,781
Total	\$ 2,962,939	\$ 3,078,676	\$ 6,041,615

Major events affecting capital assets for the 2012/13 fiscal year are as follows:

- There were over \$119 thousand in new additions during the 2012/13 fiscal year. These consisted of:
 - Police Dept. – 2 new patrol vehicles for \$80 thousand
 - Parks Dept. – Community stage at Blue Heron Park for \$7 thousand
 - Water Fund – Charlotte Ann Water District water line acquisition \$6 thousand
 - Water Fund – New water meters for \$11 thousand
 - Water Fund – Fern Valley Interchange waterline redesign \$14 thousand

Please refer to the notes to the basic financial statements for further detailed information.

DEBT ADMINISTRATION

As of year-end, the City had \$2.22 million in long-term debt outstanding compared to \$2.31 million in the previous year. The \$92 thousand net decrease is a result of principal payments during the year. Debt outstanding by type at year-end is comprised of the following:

	Governmental Activities	Business Type Activities	Total
Rural Development Loan	\$ 120,877	\$ -	\$ 120,877
Auto Leasing Specialists	57,581	-	57,581
Water Revenue Bonds-Phase I	-	952,355	952,355
Water Revenue Bonds-Phase II	-	938,646	938,646
Lost Creek Water Storage Contract #1	-	149,018	149,018
Total	<u>\$ 178,458</u>	<u>\$ 2,040,019</u>	<u>\$ 2,218,477</u>

The City issued \$2.1 million of water revenue bonds on November 16, 2000 for construction of a new reservoir and Phoenix's portion of the water intertie from Medford to Talent, and then to Ashland. The bonds are actually two issues, Phase I and Phase II. The water revenue bonds are repaid from special assessments on property owners who benefitted from certain public improvements, with an additional pledge of ad valorem taxes to fund any deficiencies.

During the 07/08 fiscal year, the City of Phoenix received \$350,000 payable to the United States Department of Agriculture through Rural Development. The loan was to pay for the renovation of the City Hall, Police Station and Fire Hall Dormitory buildings. The loan will be paid off in fiscal year 13/14

During the 12/13 fiscal year, the City of Phoenix received \$78,723 payable to Auto Leasing Specialists. The lease was used to purchase two (2) patrol vehicles for the Police Department.

Debt Limitation and Ratings

The City is well within its debt limitation with no amounts of outstanding debt subject to this limitation. Please refer to the notes to the basic financial statements for further detailed information.

CHANGES AND IMPROVEMENTS THAT HAVE IMPACT ON ECONOMIC FACTORS DURING THE YEAR

Highlight for the fiscal year 2012/2013 budget are as follows:

- The City appears to have had a slight overall increase of revenues when comparing to prior years for consistent budgeted revenue sources such as Taxes, Franchise Fees, Fines and Forfeitures, and State revenues. Due to the past economic decline, growth is starting to slowly increase instead of remaining status quo.

- The City continued its partnership with Southern Oregon Credit to assist in the collections process for Transient Taxes. As of a year ago we were owed about \$60 thousand with fees and penalties. They are working on the litigation and liens currently.
- The process of collecting information and updating records in order to align the Street User Fees based on how the ordinance was written was completed. This review resulted in an increase of revenues for the Street Fund for the last quarter of the year.
- Through a leadership program by the Ford Family Foundation, the City was able to install a community stage at Blue Heron Park.
- Due to litigations and contract negotiations for the City Manager and Finance Director unexpected expenditures increased by \$110 thousand. This does not include the cost of any related expenses incurred in hiring the new positions, training, or contracted employees.
- The City reduced its outstanding long-term debt by \$92 thousand. The City entered into a lease for the purchase of two (2) patrol vehicles and designated funds were used to make an additional principal payment of \$112 thousand on another note.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES

Highlights for the fiscal year 2014 budget are as follows:

- A recovery in assessed property values within the City will bring an increase in property tax receipts.
- Continued scrutiny over expenditures within the General Fund will continue to help against only slight increases in revenues. The inability of revenues keeping pace with expenditures is still a concern as to the overall financial situation for the governmental activities continuing into the next year.
- With the change in water rates that were put into place during the 2011/12 fiscal year, we should continue to see much improvement for business-type activities.
- The City assessed a franchise fee for Rogue Valley Sewer Services (RVS), however no revenue has come in as they appealed the court's decision. This legal process can take up to two years therefore those monies cannot be relied on. When the City is able to start collecting a fee, this will help the Street Fund in repairing areas where RVS has made a negative impact.
- Designated funds will be used to pay off the Rural Development Loan which will help reduce the future debt service burden on the General Fund.
- The process of reviewing City ordinances to ensure revenue is being collected properly continues to be looked into. The area of interest still is Transient Taxes. If these changes are implemented they could help the General substantially.
 - Adding recreational vehicles (RV) parks to the definition of hotel/motel as it relates to Transient Taxes is being considered.

The City is continuing to make changes to ensure that the financial situation stays stable for the governmental funds and improvements are being made for the business type funds.

REQUEST FOR INFORMATION

The City's financial statements are designed to present users with a general overview of the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to City Hall at 112 West 2nd Street, Phoenix, Oregon 97535. The City's telephone number is 541-535-1955.

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**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

BASIC FINANCIAL STATEMENTS

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**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**STATEMENT OF NET POSITION
June 30, 2013**

	GOVERNMENTAL	BUSINESS TYPE	GOVERNMENT- WIDE TOTAL
ASSETS			
Current:			
Cash and Investments	\$ 3,368,051	\$ 726,497	\$ 4,094,548
Receivables	216,234	136,121	352,355
Total Current Assets	<u>3,584,285</u>	<u>862,618</u>	<u>4,446,903</u>
Capital Assets, net:			
Land	278,276	21,731	300,007
Buildings and Improvements	706,353	995,224	1,701,577
Machinery and Equipment	254,334	141,798	396,132
Infrastructure	823,976	1,842,142	2,666,118
Construction in Progress	900,000	77,781	977,781
Total Capital Assets, net	<u>2,962,939</u>	<u>3,078,676</u>	<u>6,041,615</u>
Total Assets	<u>6,547,224</u>	<u>3,941,294</u>	<u>10,488,518</u>
LIABILITIES			
Current:			
Accounts Payable	33,138	39,673	72,811
Accrued Interest Payable	11,701	55,617	67,318
Customer Deposits	7,710	6,280	13,990
Accrued Compensated Absences	57,913	10,400	68,313
Long-term Debt:			
Due Within One Year	138,701	39,487	178,188
Due In More Than One Year	39,757	2,000,532	2,040,289
Total Liabilities	<u>288,920</u>	<u>2,151,989</u>	<u>2,440,909</u>
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	2,784,481	1,038,657	3,823,138
Restricted for:			
Debt Service	164,850	134,160	299,010
SDC's	1,068,906	173,657	1,242,563
Interchange Development	829,435	-	829,435
Highway 99 Maintenance	113,574	-	113,574
K-9 Contributions	1,335	-	1,335
Skyline Water Pump	-	34,186	34,186
Unrestricted	1,295,723	408,645	1,704,368
Total Net Position	<u>\$ 6,258,304</u>	<u>\$ 1,789,305</u>	<u>\$ 8,047,609</u>

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

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

Functions/Programs	Program Revenues			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Executive	\$ 79,616	\$ -	\$ -	\$ -
Administrative	146,090	-	-	-
Public Safety	1,069,921	-	375	-
Parks Department	69,603	4,427	-	-
Building Department	82,888	21,970	-	-
Planning Department	86,576	-	-	-
Highways and Streets	277,509	222,113	-	-
Non-Departmental	96,524	-	-	-
Interest on Long-term Debt	27,781	-	-	-
Total Governmental Activities	1,936,508	248,510	375	-
Business-Type Activities				
Water	1,076,335	1,148,137	-	-
Total Business Activities	1,076,335	1,148,137	-	-
Total Government-Wide	\$ 3,012,843	\$ 1,396,647	\$ 375	\$ -

General Revenues:
Property Taxes
Other Taxes
Licenses and Permits
Intergovernmental
Franchise Fees
Fines and Forfeitures
Earnings and Investments
Miscellaneous

Total General Revenues

Change in Net Position

Beginning Net Position

Ending Net Position

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

Net Revenues (Expenses) and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (79,616)	\$ -	\$ (79,616)
(146,090)	-	(146,090)
(1,069,546)	-	(1,069,546)
(65,176)	-	(65,176)
(60,918)	-	(60,918)
(86,576)	-	(86,576)
(55,396)	-	(55,396)
(96,524)	-	(96,524)
(27,781)	-	(27,781)
<u>(1,687,623)</u>	<u>-</u>	<u>(1,687,623)</u>
-	71,802	71,802
-	71,802	71,802
<u>(1,687,623)</u>	<u>71,802</u>	<u>(1,615,821)</u>
895,167	-	895,167
24,100	-	24,100
55,937	-	55,937
364,621	-	364,621
323,757	18,237	341,994
90,434	-	90,434
15,468	787	16,255
12,758	2,317	15,075
<u>1,782,242</u>	<u>21,341</u>	<u>1,803,583</u>
94,619	93,143	187,762
<u>6,163,685</u>	<u>1,696,162</u>	<u>7,859,847</u>
<u>\$ 6,258,304</u>	<u>\$ 1,789,305</u>	<u>\$ 8,047,609</u>

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

	GENERAL FUND	STREET FUND	STREET IMPROVEMENT FUND
ASSETS			
Cash and Cash Equivalents	\$ 734,586	\$ 733,761	\$ 1,802,151
Due From Other Funds	-	-	-
Accounts Receivable	97,161	43,490	-
Property Taxes Receivable	74,906	-	-
Total Assets	\$ 906,653	\$ 777,251	\$ 1,802,151
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 23,135	\$ 10,003	\$ -
Due to Other Funds	4,233	467	-
Customer Deposits	7,710	-	-
Deferred Revenue	67,569	-	-
Total Liabilities	102,647	10,470	-
Fund Balances:			
Restricted For:			
Debt Service	164,850	-	-
Interchange Development	-	-	829,435
Highway 99 Maintenance	-	113,574	-
Street SDC's	-	-	972,716
Parks and Recreation SDC's	-	-	-
K-9 Contributions	1,335	-	-
Committed For:			
Debt Service	-	-	-
Traffic Court Equipment	1,509	-	-
Jackson County Fine Share	2,992	-	-
Advertising Promotion	-	-	-
Tourist Usage	-	-	-
Assigned For:			
Police Equipment Replacement	5,655	-	-
Streets	-	653,207	-
Unassigned	627,665	-	-
Total Fund Balances	804,006	766,781	1,802,151
Total Liabilities and Fund Balances	\$ 906,653	\$ 777,251	\$ 1,802,151

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

OTHER GOVERNMENTAL FUNDS		TOTAL
\$	97,553	\$ 3,368,051
	5,377	5,377
	-	140,651
	-	74,906
<hr/>		
\$	102,930	\$ 3,588,985
<hr/>		
\$	-	\$ 33,138
	-	4,700
	-	7,710
	-	67,569
<hr/>		
	-	113,117
<hr/>		
	-	164,850
	-	829,435
	-	113,574
	-	972,716
	96,190	96,190
	-	1,335
	-	1,509
	-	2,992
	1,178	1,178
	5,562	5,562
	-	5,655
	-	653,207
	-	627,665
<hr/>		
	102,930	3,475,868
<hr/>		
\$	102,930	\$ 3,588,985
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CITY OF PHOENIX
JACKSON COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
June 30, 2013

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

Fund Balances	\$ 3,475,868
The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the City as a whole.	
Net Capital Assets	2,962,939
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	
Loans	(178,458)
Accrued Interest on Long Term Debt	(11,701)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	
Accrued Vacation and Comp Time	(57,913)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Deferred Revenue	<u>67,569</u>
Total Net Position	<u>\$ 6,258,304</u>

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

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013**

	GENERAL FUND	STREET FUND	STREET IMPROVEMENT FUND
REVENUES			
Taxes	\$ 913,999	\$ -	\$ -
Charges for Services	21,970	213,777	8,336
Licenses and Permits	55,937	-	-
Earnings on Investments	9,586	3,086	2,645
Intergovernmental	115,162	249,459	-
Grants	375	-	-
Franchise Fees Revenue	323,757	-	-
Fines and Forfeitures	90,434	-	-
Miscellaneous	10,441	2,317	-
Total Revenues	<u>1,541,661</u>	<u>468,639</u>	<u>10,981</u>
EXPENDITURES			
Current:			
Executive	74,833	-	-
Administrative	137,314	-	-
Planning Department	81,375	-	-
Parks Department	65,422	-	-
Building Department	77,909	-	-
Police Department	1,004,283	-	-
Highways and Streets	-	260,839	-
Non-Departmental	73,027	-	-
Debt Service:			
Principal	134,044	-	-
Interest	28,113	-	-
Capital Outlay	80,325	-	-
Total Expenditures	<u>1,756,645</u>	<u>260,839</u>	<u>-</u>
Excess of Revenues Over, (Under) Expenditures	(214,984)	207,800	10,981
OTHER FINANCING SOURCES, (USES)			
Loan Proceeds	79,723	-	-
Transfers In	30,678	-	-
Transfers Out	(4,718)	-	-
Total Other Financing Sources, (Uses)	<u>105,683</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(109,301)	207,800	10,981
Beginning Fund Balance	<u>913,307</u>	<u>558,981</u>	<u>1,791,170</u>
Ending Fund Balance	<u>\$ 804,006</u>	<u>\$ 766,781</u>	<u>\$ 1,802,151</u>

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

OTHER GOVERNMENTAL FUNDS		TOTAL	
\$	8,814	\$	922,813
	4,427		248,510
	-		55,937
	151		15,468
	-		364,621
	-		375
	-		323,757
	-		90,434
	-		12,758
	<u>13,392</u>		<u>2,034,673</u>
	-		74,833
	-		137,314
	-		81,375
	-		65,422
	-		77,909
	-		1,004,283
	-		260,839
	17,699		90,726
	-		134,044
	-		28,113
	<u>7,000</u>		<u>87,325</u>
	<u>24,699</u>		<u>2,042,183</u>
	(11,307)		(7,510)
			79,723
	2,000		32,678
	<u>(27,960)</u>		<u>(32,678)</u>
	<u>(25,960)</u>		<u>79,723</u>
	(37,267)		72,213
	<u>140,197</u>		<u>3,403,655</u>
\$	<u>102,930</u>	\$	<u>3,475,868</u>

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS - TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

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

Excess of Revenues over Expenditures \$ 72,213

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Additions to Capital Assets	87,325	
Depreciation Expense	<u>(122,049)</u>	(34,724)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes in liability balances.

Compensated Absences	6,023	
Loan Payments	134,044	
Accrued Interest	<u>332</u>	140,399

When cash or other assets are received in exchange for long term debt, the governmental funds report the proceeds as revenue. The government-wide statements, however, do not report revenue but instead add the amount of the proceeds to the liability balance

Loan Proceeds		(79,723)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred Revenues		<u>(3,546)</u>
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Change in Net Position		<u><u>\$ 94,619</u></u>
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The accompanying notes are an integral part of the basic financial statements.

CITY OF PHOENIX
JACKSON COUNTY, OREGON

STATEMENT OF PROPRIETARY NET POSITION
June 30, 2013

	<u>WATER FUND</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 726,497
Accounts Receivable, net	<u>136,798</u>
Total Current Assets	<u>863,295</u>
Noncurrent Assets	
Capital Assets, Net	<u>3,078,676</u>
Total Assets	<u><u>\$ 3,941,971</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 39,673
Due to Other Funds	677
Accrued Compensated Absences	10,400
Accrued Interest Payable	55,617
Customer Deposits	6,280
Long Term Debt, Current Portion	<u>39,487</u>
Total Current Liabilities	<u>152,134</u>
Long-term Liabilities	
Long Term Debt, Net of Current Portion	<u>2,000,532</u>
Total Liabilities	<u>2,152,666</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	1,038,657
Restricted for:	
Debt Services	134,160
Skyline Water Pump	34,186
SDC's	173,657
Unrestricted	<u>408,645</u>
Total Net Position	<u>1,789,305</u>
Total Liabilities and Net Position	<u><u>\$ 3,941,971</u></u>

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

CITY OF PHOENIX
JACKSON COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2013

	<u>WATER FUND</u>
OPERATING REVENUES	
Charges for Services	\$ 1,135,250
Franchise Fees	18,237
Miscellaneous	<u>2,317</u>
Total Operating Revenues	<u>1,155,804</u>
OPERATING EXPENSES	
Personal Service	322,545
Materials and Services	512,600
Depreciation	<u>145,821</u>
Total Operating Expenses	<u>980,966</u>
Operating Income -Loss	<u>174,838</u>
NONOPERATING REVENUES, (EXPENSES)	
Earnings on Investments	787
System Development Charges	12,887
Interest Expense	<u>(95,369)</u>
Total Nonoperating Revenues (Expenses)	<u>(81,695)</u>
Change in Net Position	93,143
Net Position, Beginning of Year	<u>1,696,162</u>
Net Position, end of year	<u>\$ 1,789,305</u>

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

CITY OF PHOENIX
JACKSON COUNTY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2013

	WATER FUND
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,292,987
Cash Paid to Suppliers	(678,754)
Cash Paid to Employees	(285,534)
	328,699
Cash Flows from Capital and Related Financing Activities:	
Cash Received for SDC's	12,887
Payment of Principal of Bonds and Notes	(37,844)
Payment of Interest on Bonds and Notes	(95,370)
Purchase of Capital Assets	(32,200)
	(152,527)
Cash Flows from Investing Activities:	
Earnings on Investments	787
	176,959
Net Increase (Decrease) in Cash and Cash Equivalents	176,959
Cash and Investments at Beginning of Year	549,538
Cash and Investments at End of Year	\$ 726,497
Reconciliation of Operating Income to	
Net Cash Provided by Operating Activities	
Operating Income, (Loss)	\$ 174,838
Noncash Items Included in Income:	
Depreciation	145,821
Decrease (Increase) in Accounts Receivable	(7,436)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	14,916
Increase (Decrease) in Customer Deposits	560
	560
Net Cash Provided (Used) by Operating Activities	\$ 328,699

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

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CITY OF PHOENIX
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting policies. The more significant of the accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The City of Phoenix is a municipal corporation governed by a mayor and an elected council. Accounting principles generally accepted in the United States of America require that these financial statements present the City (the primary government) and all component units, if any. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The City does not have any component units.

B. BASIS OF PRESENTATION – FUND ACCOUNTING

Financial operations are accounted for in the following major funds:

GENERAL FUND

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. The principal revenue sources are property taxes, building permits, utility franchise fees, fines and forfeitures.

SPECIAL REVENUE FUNDS

These funds account for revenue derived from specific taxes or other earmarked revenue sources, including federal and state grant awards, which are legally restricted to finance particular functions or activities. The following funds are included in this category:

Street Fund

This fund accounts for services and debt principal and interest payments made related to street rehabilitation. Principal sources of revenues are intergovernmental revenues, grant awards, and charges for services.

Street Improvement Fund

This fund accounts for capital improvement projects which increase capacity for the city. Principal sources of revenue are charges for services.

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

B. BASIS OF PRESENTATION – FUND ACCOUNTING (continued)

ENTERPRISE FUNDS

These funds account for the acquisition, operation and maintenance of facilities and services, which are entirely or predominantly self-supporting through service charges to customers. The following funds are included in this category:

WATER FUND

This fund accounts for the maintenance, operation, and construction of the City's water intake, purification, and delivery systems, as well as the City's wastewater collection and treatment system. Principal sources of revenue are user fees, franchise fees, and systems development charges.

The following funds are budgeted separately, but their activity rolls in to the Water Fund in the Proprietary Fund Statements:

WATER SYSTEM DEVELOPMENT CHARGES FUND

This fund accounts for water system expansion and improvement, including the construction of a new water reservoir on the east side of Interstate 5 for future development in that area. Principal sources of revenue are system development charges and earnings on investments.

STORMWATER SYSTEM DEVELOPMENT CHARGES FUND

Payments from customers are received as a reimbursement for prior and future improvements to the stormwater system.

C. GOVERNMENT WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. 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.

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. 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 government 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 accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be measurable to accrue as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

E. GRANTS

Unreimbursed grant expenditures due from grantor agencies are recorded in the basic financial statements as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures is recorded as Deferred Revenue in the combined balance sheet.

F. PROPERTY TAXES RECEIVABLE

Ad valorem property taxes are a lien on all taxable property as of July 1. Property taxes are levied and payable on November 15. Taxes are administrated by the County. Collection dates are 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.

Uncollected property taxes are shown in the combined balance sheet. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Property taxes collected within approximately sixty days of fiscal year-end are recognized as revenue. The remaining balance of taxes receivable is recorded as deferred revenue because it is not deemed available to finance operations of the current period.

G. BUDGETS

A budget is prepared for all funds in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. For governmental fund types, the budgetary basis of accounting is the same as generally accepted accounting principles. The budget process begins early in each fiscal year with the establishment of the Budget Committee. Recommendations are developed through late winter with the Budget Committee approving the budget in early spring. Public notices of the budget hearing

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

G. BUDGETS (continued)

are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption, however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

General Fund expenditures are appropriated by department. Expenditure budgets for all other funds are appropriated at the following levels:

LEVEL OF CONTROL

Personal Services	Contingencies and Transfers
Materials and Services	Debt Service
Capital Outlay	

Expenditures cannot legally exceed the above appropriation levels except in the case of restricted revenues which could not be estimated at the time of budget adoption. Appropriation authority may be transferred from one level of control to another by Council resolution. Appropriations lapse at the fiscal year end. 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 amounts and two appropriations transfers. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2013.

H. CAPITAL ASSETS, INCLUDING EQUIPMENT LEASED UNDER CAPITAL LEASE

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets in the proprietary fund types are stated at cost, or the estimated fair market value at the date of receipt for gifts or projects constructed by others and accepted for ownership and maintenance by the City. Maintenance and repairs are expensed as incurred. Replacements which improve or extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related Assets. Upon disposal of the assets, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in operations. Estimated useful lives used in computing depreciation are:

Buildings and Improvements	10 to 50 years
Machinery and Equipment	3 to 25 years
Infrastructure	15 to 40 years

CITY OF PHOENIX
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

I. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. Premiums received on debt issuances are 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.

J. VESTED COMPENSATED ABSENCES

Vested or accumulated vacation leave, including comp time, that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. No expenditure is reported for these amounts. Vacation leave is reported as an expense of the Enterprise Funds when earned. In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Unpaid sick pay lapses upon termination of employment.

K. RETIREMENT PLANS

All eligible employees may participate in the Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

L. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Operating interfund transactions are reported as transfers.

M. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Proprietary Funds consider cash to include their proportional share of the cash and investment common pool since it has the general characteristics of demand deposit accounts in that the Proprietary Funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

N. 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.

O. FUND BALANCE

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 City does not have any fund balance items in this category.
- 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). Restricted fund balances for the City include the ending fund balances of the City Hall Debt Reserve Fund, Intertie Debt Reserve Fund, Street Systems Development Charges, Parks and Recreation Systems Development Charges, and any unspent State Gas Taxes in the Street Fund.
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds is approved by resolution. The City has Committed fund balances for Greenway Maintenance, Advertising Promotion, and Tourist Usage.
- 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. Management has been granted authority to assign fund balance in the Street Fund.
- 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: 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.

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy. In accordance with the policy, the City has determined that the minimum fund balance for the General Fund should be equal to four months of General Fund expenditures.

CITY OF PHOENIX
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

P. NET POSITION

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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 three categories:

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Q. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. As a 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 City does not have any items classified in this category.

Deferred inflows of resources represent 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 City does not have any items classified in this category.

2. CASH AND INVESTMENTS

Cash management policies are governed by state statutes. Statutes authorized 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.

A cash pool is maintained 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. In addition, cash is separately held by some of the funds.

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (continued)

Cash and Investments (recorded at cost) consisted of:

Deposits With Financial Institutions:

Petty Cash	\$	310
Demand Deposits		170,389
Certificate of Deposit		121,633
Investments		3,802,216
		3,802,216
	\$	4,094,548

Investments

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by 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.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The fair value of the City's position in the State Treasurer's Local Government Investment Pool was equal to 100.65% of the value of the pool shares at June 30, 2013. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

There were the following investments and maturities:

Investment Type	Fair Value	Less than 3	More than 3
Umpqua Bank Sweep Account	\$ 963,639	\$ 963,639	\$ -
State Treasurer's Investment Pool	2,838,577	2,838,577	-
	2,838,577	2,838,577	-
Total	\$ 3,802,216	\$ 3,802,216	\$ -

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 were no investments that have a maturity date.

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.

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (continued)

Concentration of Credit Risk/Deposit Risk

At June 30, 2013, 75% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument. Oregon revised statutes require no more than 25 percent of the monies of local governments to be invested in bankers' acceptances of any qualified financial institution.

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. The total balance per the bank statements at June 30, 2013 was \$330,903. Of these deposits, the entire amount was covered by federal depository insurance. If any balances were uninsured by the FDIC, they would be collateralized by the State of Oregon.

3. CAPITAL ASSETS

Changes in Governmental capital assets for the year ended June 30, 2013 are as follows:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land	\$ 278,276	\$ -	\$ -	\$ 278,276
Construction in Process	900,000	-	-	900,000
Total Capital Assets Not Being Depreciated	1,178,276	-	-	1,178,276
Capital Assets Being Depreciated:				
Buildings and Improvements	1,186,769	7,000	-	1,193,769
Machinery and Equipment	388,056	80,325	-	468,381
Infrastructure	1,044,587	-	-	1,044,587
Total Capital Assets Being Depreciated	2,619,412	87,325	-	2,706,737
Total Capital Assets	\$ 3,797,688	\$ 87,325	\$ -	\$ 3,885,013
Less: Accumulated Depreciation				
Buildings and Improvements	\$ (438,776)	\$ (48,640)	\$ -	\$ (487,416)
Machinery and Equipment	(182,512)	(31,535)	-	(214,047)
Infrastructure	(178,737)	(41,874)	-	(220,611)
Total Accumulated Depreciation	(800,025)	(122,049)	-	(922,074)
Total Net Capital Assets	\$ 2,997,663			\$ 2,962,939

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS (continued)

Changes in Business – Type capital assets for the year ended June 30, 2013 are as follows:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land	\$ 21,731	\$ -	\$ -	\$ 21,731
Construction in Process	63,333	14,448	-	77,781
 Total Capital Assets Not Being Depreciated	 85,064	 14,448	 -	 99,512
Capital Assets Being Depreciated:				
Buildings and Improvements	1,754,602	-	-	1,754,602
Machinery and Equipment	629,913	11,415	-	641,328
Infrastructure	2,563,064	6,337	-	2,569,401
 Total Capital Assets Being Depreciated	 4,947,579	 17,752	 -	 4,965,331
 Total Capital Assets	 \$ 5,032,643	 \$ 32,200	 \$ -	 \$ 5,064,843
Less: Accumulated Depreciation				
Buildings and Improvements	\$ (710,253)	\$ (49,125)	\$ -	\$ (759,378)
Machinery and Equipment	(472,324)	(27,206)	-	(499,530)
Infrastructure	(657,769)	(69,490)	-	(727,259)
 Total Accumulated Depreciation	 (1,840,346)	 \$ (145,821)	 \$ -	 (1,986,167)
 Total Net Capital Assets	 \$ 3,192,297			 \$ 3,078,676

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS (continued)

Governmental depreciation was allocated to the functions as follows:

<u>Program</u>		
Executive	\$	6,834
Administrative		10,374
Planning Department		6,713
Parks Department		4,882
Building Department		5,126
Public Safety		64,076
Highways and Streets		19,650
Non-Departmental		4,394
		<hr/>
Total Governmental Activities	\$	<u>122,049</u>

Business – Type depreciation was allocated to the functions as follows:

<u>Program</u>		
Water Department	\$	<u>145,821</u>

4. INTERFUND ACTIVITY

Interfund activity during the year ended June 30, 2013 was as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Due From</u>	<u>Due To</u>
Water	\$ 25,725	\$ -	\$ -	\$ 677
Tourist Usage Fund	2,000	-	-	-
City Hall Debt Reserve	2,718	-	-	-
General	27,960	4,718	-	4,233
Street	-	-	-	467
Park SDC	-	27,960	5,377	-
Water SDC	-	25,725	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 58,403	\$ 58,403	\$ 5,377	\$ 5,377
	<hr/>	<hr/>	<hr/>	<hr/>

Transfers and interfund balances are used to fund operations between funds.

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLANS

Plan Description and Provisions:

The City is a participating employer in the State of Oregon Public Employees Retirement System Plan. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (“OPSRP”) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who returned to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the Individual Account Program or “IAP”). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general verses police or fire).

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board (“OPERB”). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at www.oregon.gov/PERS.

Description of Funding Policy:

Covered employees are required by state statute to contribute 6 percent of their salary to the plan. The City is required to contribute at actuarially determined rates, as adopted by the PERS Board. The OPERB and the OPSRP rates in effect for the year ending June 30, 2013 for General Services were 7.78% and 2.76%, respectively, and the OPSRP rate for the Police Department was 5.47%. Contributions to the plan for the years ending June 30, 2013, 2012, and 2011 were \$108,370, \$119,152, and \$125,324, respectively.

6. ACCRUED COMPENSATED ABSENCES

At June 30, 2013, the outstanding balance is comprised of accrued vacation time of \$58,958 and accrued compensated time of \$9,357. The changes in accrued compensated absences for the year ended June 30, 2013 are as follows:

Fund	Accrued July 1, 2012	Earned	Taken	Accrued June 30, 2013
General	\$ 63,938	\$ 62,827	\$ (68,852)	\$ 57,913
Water	13,251	15,715	(18,566)	10,400
Total	<u>\$ 77,189</u>	<u>\$ 78,542</u>	<u>\$ (87,418)</u>	<u>\$ 68,313</u>

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG TERM DEBT

Long-term obligations for the City changed as follows for the year ended June 30, 2013:

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013	Due in 1 year
<u>Governmental</u>					
Rural Development	\$ 232,779	\$ -	\$ (111,902)	\$ 120,877	\$ 120,877
Auto Leasing Specialists	-	79,723	(22,142)	57,581	17,824
Total	232,779	79,723	(134,044)	178,458	138,701
<u>Business - Type</u>					
Water Revenue Bond - Phase I	968,555	-	(16,200)	952,355	16,969
Water Revenue Bond - Phase II	954,613	-	(15,967)	938,646	16,725
Lost Creek Water Storage #1	154,695	-	(5,677)	149,018	5,793
Total	2,077,863	-	(37,844)	2,040,019	39,487
Total Long-term Debt	<u>\$ 2,310,642</u>	<u>\$ 79,723</u>	<u>\$ (171,888)</u>	<u>\$ 2,218,477</u>	<u>\$ 178,188</u>

The City's Governmental Long-term Debt consisted of the following:

Rural Development Loan

This loan is payable over 40 years at an interest rate of 4.125%. The loan was to pay for the renovation of the City Hall, Police Station, and Fire Hall Dormitory buildings. Annual payments of \$18,015 are payable each August 13th through 2031. Principal and interest payments are made from the General Fund. The City is required to set aside \$2,718 annually into a Reserve Account until there is accumulated in that account the sum of \$27,175 after which deposits may be suspended, except to replace withdrawals. Subsequent to the end of the year, this loan was paid in full at direction of the budget committee through the 2013-14 fiscal year budget process.

Year	Principal	Interest	Total
2013-2014	\$ 120,877	\$ 697	\$ 121,574
Total	<u>\$ 120,877</u>	<u>\$ 697</u>	<u>\$ 121,574</u>

Auto Leasing Specialists

This lease is payable over 4 years at an interest rate of 4%. The lease was to pay for the purchase of two (2) police patrol vehicles. The amount capitalized was \$80,325. Current year depreciation was \$675. Annual payments of \$22,142 are payable each September 7th through 2015. Principal and interest payments are made from the General Fund.

Year	Principal	Interest	Total
2013-2014	\$ 17,824	\$ 4,318	\$ 22,142
2014-2015	19,160	2,982	22,142
2015-2016	20,597	1,545	22,142
Total	<u>\$ 57,581</u>	<u>\$ 8,845</u>	<u>\$ 66,426</u>

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (continued)

The City's Business Type Long Term Debt consisted of the following:

Water Revenue Bonds (Phases 1 & 2)

\$2,193,900 was issued on November 16, 2000 for construction of a new reservoir and the City of Phoenix's portion of the water intertie from Medford to Talent, and then to Ashland. The bonds are actually two issues, with combined annual payments of \$123,517, including principal and interest of 4.75%, due November 16th each year through 2040. Principal and interest payments are made from the Water Fund.

Phase I

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013-2014	\$ 16,969	\$ 45,237	\$ 62,206
2014-2015	17,775	44,431	62,206
2015-2016	18,620	43,586	62,206
2016-2017	19,504	42,702	62,206
2017-2018	20,430	41,776	62,206
2018-2023	121,986	189,044	311,030
2023-2028	148,393	162,637	311,030
2028-2033	187,147	123,883	311,030
2033-2038	236,022	75,008	311,030
2038-2041	165,509	15,158	180,667
Total	<u>\$ 952,355</u>	<u>\$ 783,462</u>	<u>\$ 1,735,817</u>

Phase II

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013-2014	\$ 16,725	\$ 44,586	\$ 61,311
2014-2015	17,520	43,791	61,311
2015-2016	18,352	42,959	61,311
2016-2017	19,224	42,087	61,311
2017-2018	20,137	41,174	61,311
2018-2023	115,973	190,582	306,555
2023-2028	146,262	160,293	306,555
2028-2033	184,460	122,095	306,555
2033-2038	232,634	73,921	306,555
2038-2041	167,359	16,123	183,482
Total	<u>\$ 938,646</u>	<u>\$ 777,611</u>	<u>\$ 1,716,257</u>

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (continued)

Water Contract:

Storage #1 – \$269,950 payable to the United States of America, for water storage in Lost Creek Lake, a U.S. Army Corps. Of Engineers’ owned facility. Annual payments of \$10,643, including interest of 3.253% are payable each July 25th through 2031. Principal and interest payments are made from the Water Fund.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013-2014	\$ 5,793	\$ 4,850	\$ 10,643
2014-2015	5,981	4,661	10,642
2015-2016	6,176	4,467	10,643
2016-2017	6,377	4,266	10,643
2017-2018	6,584	4,058	10,642
2018-2023	36,278	16,936	53,214
2023-2028	42,575	10,640	53,215
2029-2032	39,254	3,317	42,571
Total	<u>\$ 149,018</u>	<u>\$ 53,195</u>	<u>\$ 202,213</u>

The City is in compliance with the limitations and restrictions contained in the bond indentures.

8. 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 to the City for its 1997-98 fiscal year, and thereafter. This reduction was accomplished by rolling property values 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.

9. RISK MANAGEMENT

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

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CITY OF PHOENIX
JACKSON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Taxes	\$ 957,550	\$ 957,550	\$ 913,999	\$ (43,551)
Charges for Services	15,140	15,140	21,970	6,830
Licenses and Permits	51,410	51,410	55,937	4,527
Earnings on Investments	9,000	9,000	9,519	519
Intergovernmental	147,633	147,633	115,162	(32,471)
Grants	7,300	7,300	375	(6,925)
Franchise Fees	278,650	278,650	323,757	45,107
Fines and Forfeitures	98,460	98,460	90,434	(8,026)
Miscellaneous	700	700	10,441	9,741
Total Revenues	<u>1,565,843</u>	<u>1,565,843</u>	<u>1,541,594</u>	<u>(24,249)</u>
EXPENDITURES				
Current:				
Executive	90,215	79,215	(1) 74,833	4,382
Administrative	135,290	142,290	(1) 137,314	4,976
Planning Department	89,740	83,740	(1) 81,375	2,365
Parks Department	83,010	78,010	(1) 65,422	12,588
Building Department	79,110	78,110	(1) 77,909	201
Police Department	1,024,080	1,034,180	(1) 1,027,027	7,153
Non-Departmental	67,343	75,343	(1a) 70,427	4,916
Debt Service	140,015	140,015	(1a) 140,015	-
Contingency	150,000	147,900	(1) -	147,900
Total Expenditures	<u>1,858,803</u>	<u>1,858,803</u>	<u>1,674,322</u>	<u>184,481</u>
Excess of Revenues Over, (Under) Expenditures	(292,960)	(292,960)	(132,728)	160,232
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(4,718)	(4,718)	(1) (4,718)	-
Transfers In	27,960	27,960	27,960	-
Net Change in Fund Balance	(269,718)	(269,718)	(109,486)	160,232
Beginning Fund Balance	<u>748,579</u>	<u>748,579</u>	<u>742,729</u>	<u>(5,850)</u>
Ending Fund Balance	<u>\$ 478,861</u>	<u>\$ 478,861</u>	<u>\$ 633,243</u>	<u>\$ 154,382</u>
Reconciliation to GAAP Fund Balance:				
Ending Fund Balances				
Greenway Maintenance Reserve Fund			5,913	
City Hall Debt Reserve Fund			16,492	
Intertie Debt Reserve Fund			148,358	
			<u>\$ 804,006</u>	

(1) Appropriation Level

(1a) Debt Service is added together with Non-Departmental for appropriation purposes

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

<u>STREET FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 213,500	\$ 213,500	\$ 213,777	\$ 277
Earnings on Investments	1,500	1,500	3,086	1,586
Intergovernmental	255,346	255,346	249,459	(5,887)
Miscellaneous	200	200	2,317	2,117
Total Revenues	<u>470,546</u>	<u>470,546</u>	<u>468,639</u>	<u>(1,907)</u>
EXPENDITURES				
Current				
Highways and Streets				
Personal Services	138,975	138,975 (1)	94,575	44,400
Materials and Services	193,610	193,610 (1)	166,264	27,346
Capital Outlay	200,000	200,000 (1)	-	200,000
Contingency	85,190	85,190 (1)	-	85,190
Total Expenditures	<u>617,775</u>	<u>617,775</u>	<u>260,839</u>	<u>356,936</u>
Net Change in Fund Balance	(147,229)	(147,229)	207,800	355,029
Beginning Fund Balance	<u>497,667</u>	<u>497,667</u>	<u>558,981</u>	<u>61,314</u>
Ending Fund Balance	<u>\$ 350,438</u>	<u>\$ 350,438</u>	<u>\$ 766,781</u>	<u>\$ 416,343</u>

(1) Appropriation Level

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

<u>STREET IMPROVEMENT FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 21,000	\$ 21,000	\$ 8,336	\$ (12,664)
Earnings on Investments	10,000	10,000	2,645	(7,355)
Total Revenues	<u>31,000</u>	<u>31,000</u>	<u>10,981</u>	<u>(20,019)</u>
EXPENDITURES				
Current				
Highways and Streets				
Materials and Services	21,500	21,500 (1)	-	21,500
Capital Outlay	<u>200,000</u>	<u>200,000 (1)</u>	<u>-</u>	<u>200,000</u>
Total Expenditures	<u>221,500</u>	<u>221,500</u>	<u>-</u>	<u>221,500</u>
Net Change in Fund Balance	(190,500)	(190,500)	10,981	201,481
Beginning Fund Balance	<u>1,791,874</u>	<u>1,791,874</u>	<u>1,791,170</u>	<u>(704)</u>
Ending Fund Balance	<u>\$ 1,601,374</u>	<u>\$ 1,601,374</u>	<u>\$ 1,802,151</u>	<u>\$ 200,777</u>

(1) Appropriation Level

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CITY OF PHOENIX
JACKSON COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013**

<u>WATER FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 1,105,160	\$ 1,105,160	\$ 1,135,250	\$ 30,090
Franchise Fees	16,600	16,600	18,237	1,637
Earnings on Investments	1,500	1,500	511	(989)
Miscellaneous	43,500	43,500	2,317	(41,183)
Total Revenues	<u>1,166,760</u>	<u>1,166,760</u>	<u>1,156,315</u>	<u>(10,445)</u>
EXPENDITURES				
Current				
Utility Services				
Personal Services	299,995	326,995 (1)	325,396	1,599
Materials and Services	480,225	512,600 (1)	512,600	-
Capital Outlay	250,000	233,000 (1)	32,199	200,801
Debt Service	160,196	160,196 (1)	134,160	26,036
Contingency	125,275	82,900 (1)	-	82,900
Total Expenditures	<u>1,315,691</u>	<u>1,315,691</u>	<u>1,004,355</u>	<u>311,336</u>
Excess of Revenues Over, -Under Expenditures	(148,931)	(148,931)	151,960	300,891
OTHER FINANCING SOURCES, (USES)				
Transfers In	25,725	25,725	25,725	-
Net Change in Fund Balance	(123,206)	(123,206)	177,685	300,891
Beginning Fund Balance	442,956	442,956	465,323	22,367
Ending Fund Balance	<u>\$ 319,750</u>	<u>\$ 319,750</u>	<u>643,008</u>	<u>\$ 323,258</u>
Reconciliation to the Statement of Proprietary Net Position:				
Water SDC Fund			150,592	
Stormwater SDC Fund			23,065	
Capital Assets, Net			3,078,676	
Accrued Compensated Absences			(10,400)	
Accrued Interest			(55,617)	
Bonds and Notes Payable			<u>(2,040,019)</u>	
Net Position			<u>\$ 1,789,305</u>	

(1) Appropriation Level

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

WATER SYSTEM DEVELOPMENT CHARGES FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
System Development Charges	\$ 25,725	\$ 25,725	\$ 10,393	\$ (15,332)
Earnings on Investments	900	900	245	(655)
Total Revenues	<u>26,625</u>	<u>26,625</u>	<u>10,638</u>	<u>(15,987)</u>
EXPENDITURES				
Capital Outlay	35,000	35,000 (1)	-	35,000
Contingency	-	- (1)	-	-
Total Expenditures	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Excess of Revenues Over, (Under) Expenditures	(8,375)	(8,375)	10,638	19,013
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(25,725)	(25,725) (1)	(25,725)	-
Net Change in Fund Balance	(34,100)	(34,100)	(15,087)	19,013
Beginning Fund Balance	<u>138,488</u>	<u>138,488</u>	<u>165,679</u>	<u>27,191</u>
Ending Fund Balance	<u>\$ 104,388</u>	<u>\$ 104,388</u>	<u>\$ 150,592</u>	<u>\$ 46,204</u>

(1) Appropriation Level

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

STORMWATER SDC FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 6,000	\$ 6,000	\$ 2,494	\$ (3,506)
Earnings on Investments	190	190	31	(159)
Total Revenues	<u>6,190</u>	<u>6,190</u>	<u>2,525</u>	<u>(3,665)</u>
Change in Fund Balance	6,190	6,190	2,525	(3,665)
Beginning Fund Balance	<u>20,960</u>	<u>20,960</u>	<u>20,540</u>	<u>(420)</u>
Ending Fund Balance	<u>\$ 27,150</u>	<u>\$ 27,150</u>	<u>\$ 23,065</u>	<u>\$ (4,085)</u>

CITY OF PHOENIX
JACKSON COUNTY, OREGON

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	ADVERTISING PROMOTION FUND	TOURIST USAGE FUND	PARKS AND RECREATION SDC FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 1,178	\$ 5,562	\$ 90,813	\$ 97,553
Due From Other Funds	-	-	5,377	5,377
Total Assets	\$ 1,178	\$ 5,562	\$ 96,190	\$ 102,930
FUND BALANCES				
Committed For:				
Advertising Promotion	1,178	-	-	1,178
Tourist Usage	-	5,562	-	5,562
Restricted For:				
Parks and Recreation SDC's	-	-	96,190	96,190
Total Fund Balances	1,178	5,562	96,190	102,930
Total Liabilities and Fund Balances	\$ 1,178	\$ 5,562	\$ 96,190	\$ 102,930

CITY OF PHOENIX
JACKSON COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	ADVERTISING PROMOTION FUND	TOURIST USAGE FUND	PARKS AND RECREATION SDC FUND	TOTAL
REVENUES				
Taxes	\$ 2,129	\$ 6,685	\$ -	\$ 8,814
Charges for Services	-	-	4,427	4,427
Earnings on Investments	1	7	143	151
Total Revenues	<u>2,130</u>	<u>6,692</u>	<u>4,570</u>	<u>13,392</u>
EXPENDITURES				
Current				
Parks Department	-	-	14,000	14,000
Non-Departmental	1,199	9,500	-	10,699
Total Expenditures	<u>1,199</u>	<u>9,500</u>	<u>14,000</u>	<u>24,699</u>
Excess of Revenues Over, (Under) Expenditures	931	(2,808)	(9,430)	(11,307)
OTHER FINANCING SOURCES, (USES)				
Transfers In	-	2,000	-	2,000
Transfers Out	-	-	(27,960)	(27,960)
Total Other Financing Sources, (Uses)	<u>-</u>	<u>2,000</u>	<u>(27,960)</u>	<u>(25,960)</u>
Net Change in Fund Balance	931	(808)	(37,390)	(37,267)
BEGINNING FUND BALANCES	<u>247</u>	<u>6,370</u>	<u>133,580</u>	<u>140,197</u>
ENDING FUND BALANCES	<u>\$ 1,178</u>	<u>\$ 5,562</u>	<u>\$ 96,190</u>	<u>\$ 102,930</u>

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

<u>ADVERTISING PROMOTION FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes	\$ 1,000	\$ 1,000	\$ 2,129	\$ 1,129
Earnings on Investments	-	-	1	1
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>2,130</u>	<u>1,130</u>
EXPENDITURES				
Current				
Non-Departmental				
Materials and Services	<u>1,200</u>	<u>1,200</u> (1)	<u>1,199</u>	<u>1</u>
Total Expenditures	<u>1,200</u>	<u>1,200</u>	<u>1,199</u>	<u>1</u>
Net Change in Fund Balance	(200)	(200)	931	1,131
Beginning Fund Balance	<u>250</u>	<u>250</u>	<u>247</u>	<u>(3)</u>
Ending Fund Balance	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 1,178</u>	<u>\$ 1,128</u>

(1) Appropriation Level

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

<u>TOURIST USAGE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes	\$ 2,900	\$ 2,900	\$ 6,685	\$ 3,785
Earnings on Investments	40	40	7	(33)
Total Revenues	<u>2,940</u>	<u>2,940</u>	<u>6,692</u>	<u>3,752</u>
EXPENDITURES				
Current				
Non-Departmental				
Materials and Services	<u>9,500</u>	<u>9,500</u> (1)	<u>9,500</u>	<u>-</u>
Total Expenditures	<u>9,500</u>	<u>9,500</u>	<u>9,500</u>	<u>-</u>
Excess of Revenues Over, (Under) Expenditures	(6,560)	(6,560)	(2,808)	3,752
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Net Change in Fund Balance	(4,560)	(4,560)	(808)	3,752
Beginning Fund Balance	<u>5,298</u>	<u>5,298</u>	<u>6,370</u>	<u>1,072</u>
Ending Fund Balance	<u>\$ 738</u>	<u>\$ 738</u>	<u>\$ 5,562</u>	<u>\$ 4,824</u>

(1) Appropriation Level

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

<u>PARKS AND RECREATION SDC FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 8,000	\$ 8,000	\$ 4,427	\$ (3,573)
Earnings on Investments	<u>575</u>	<u>575</u>	<u>143</u>	<u>(432)</u>
Total Revenues	<u>8,575</u>	<u>8,575</u>	<u>4,570</u>	<u>(4,005)</u>
EXPENDITURES				
Current				
Parks Department				
Materials and Services	7,000	7,000 (1)	7,000	-
Capital Outlay	<u>7,000</u>	<u>7,000 (1)</u>	<u>7,000</u>	<u>-</u>
Total Expenditures	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
Excess of Revenues Over, (Under) Expenditures	(5,425)	(5,425)	(9,430)	(4,005)
OTHER FINANCING SOURCES, (USES)				
Transfers Out	<u>(27,960)</u>	<u>(27,960) (1)</u>	<u>(27,960)</u>	<u>-</u>
Net Change in Fund Balance	(33,385)	(33,385)	(37,390)	(4,005)
Beginning Fund Balance	<u>105,755</u>	<u>105,755</u>	<u>133,580</u>	<u>27,825</u>
Ending Fund Balance	<u>\$ 72,370</u>	<u>\$ 72,370</u>	<u>\$ 96,190</u>	<u>\$ 23,820</u>

(1) Appropriation Level

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

GREENWAY MAINTENANCE RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Earnings on Investments	\$ 50	\$ 50	\$ 10	\$ (40)
Total Revenues	<u>50</u>	<u>50</u>	<u>10</u>	<u>(40)</u>
EXPENDITURES				
Materials and Services	<u>2,600</u>	<u>2,600 (1)</u>	<u>2,600</u>	<u>-</u>
Total Expenditures	<u>2,600</u>	<u>2,600</u>	<u>2,600</u>	<u>-</u>
Net Change in Fund Balance	(2,550)	(2,550)	(2,590)	(40)
Beginning Fund Balance	<u>8,505</u>	<u>8,505</u>	<u>8,503</u>	<u>(2)</u>
Ending Fund Balance	<u>\$ 5,955</u>	<u>\$ 5,955</u>	<u>\$ 5,913</u>	<u>\$ (42)</u>

(1) Appropriation Level

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

CITY HALL DEBT RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Earnings on Investments	\$ 63	\$ 63	\$ 18	\$ (45)
Total Revenues	<u>63</u>	<u>63</u>	<u>18</u>	<u>(45)</u>
OTHER FINANCING SOURCES, (USES)				
Transfers In	<u>2,718</u>	<u>2,718</u>	<u>2,718</u>	<u>-</u>
Net Change in Fund Balance	2,781	2,781	2,736	(45)
Beginning Fund Balance	<u>13,760</u>	<u>13,760</u>	<u>13,756</u>	<u>(4)</u>
Ending Fund Balance	<u>\$ 16,541</u>	<u>\$ 16,541</u>	<u>\$ 16,492</u>	<u>\$ (49)</u>

CITY OF PHOENIX
JACKSON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

INTERTIE DEBT RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Earnings on Investments	\$ 140	\$ 140	\$ 39	\$ (101)
Total Revenues	<u>140</u>	<u>140</u>	<u>39</u>	<u>(101)</u>
Net Change in Fund Balance	140	140	39	(101)
Beginning Fund Balance	<u>148,317</u>	<u>148,317</u>	<u>148,319</u>	<u>2</u>
Ending Fund Balance	<u>\$ 148,457</u>	<u>\$ 148,457</u>	<u>\$ 148,358</u>	<u>\$ (99)</u>

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED - GENERAL FUND
For the Year Ended June 30, 2013**

TAX YEAR	IMPOSED LEVY OR UNCOL- LECTED AT 7-1-12	DEDUCT DISCOUNTS	ADJUST- MENTS TO ROLLS	INTEREST	CASH COLLEC- TIONS BY COUNTY TREAS- URER	BALANCE UNCOL- LECTED OR UNSEG- REGATED AT 6-30-13
CURRENT:						
2012-2013	\$ 914,866	\$ 22,167	\$ (3,674)	\$ 111	\$ 853,206	\$ 35,930
PRIOR YEARS:						
2011-2012	37,040	(16)	(822)	993	18,199	19,028
2010-2011	17,458	-	(132)	1,147	8,845	9,628
2009-2010	10,476	-	(139)	1,427	7,460	4,304
2008-2009	4,083	-	(161)	678	3,004	1,596
2007-2008 & Prior	6,087	-	(850)	418	1,235	4,420
Total Prior	75,144	(16)	(2,104)	4,663	38,743	38,976
Total	<u>\$ 990,010</u>	<u>\$ 22,151</u>	<u>\$ (5,778)</u>	<u>\$ 4,774</u>	<u>\$ 891,949</u>	<u>\$ 74,906</u>

RECONCILIATION OF REVENUE:

	GENERAL FUND
Cash Collections by County Treasurer Above	\$ 891,949
Corrections by County Treasurer	(90)
Accrual of Receivables:	
June 30, 2012	(4,029)
June 30, 2013	7,337
Total Revenue	<u>\$ 895,167</u>

CITY OF PHOENIX
JACKSON COUNTY, OREGON

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

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December 30, 2013

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Phoenix as of and for the year ended June 30, 2013, and have issued our report thereon dated December 30, 2013. 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 City of Phoenix's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Highway revenues used for public highways, roads, and streets.**
- **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 Phoenix 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.

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter.

This report is intended solely for the information and use of the City Council, 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.