

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014



12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

2013-2014
ANNUAL FINANCIAL REPORT

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CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

CITY COUNCIL

TERM EXPIRES

Bob Russell, Mayor	December 31, 2014
Bill Fierke, Council President	December 31, 2016
Jonathan Bilden	December 31, 2014
Ruth Jenks	December 31, 2014
Kathy Sell	December 31, 2014
Aaron Prunty	December 31, 2016
Wayne Brown	December 31, 2016

All council members receive mail at the address listed below.

ADMINISTRATIVE

Henry Lawrence, City Administrator
Melissa Owens, Finance Officer

City of Eagle Point
17 Buchanan Avenue South, PO Box 779
Eagle Point, Oregon 97524

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**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

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**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

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

November 26, 2014

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Eagle Point
Jackson County, Oregon

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eagle Point, as of and for the year ended June 30, 2014, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic 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 basic 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 Eagle Point, as of June 30, 2014, 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. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014. Our opinion is 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 and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Management's Discussion and Analysis or Schedule of Funding Progress and Employer Contributions 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 basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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.

Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2014 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 26, 2014, 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.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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City of Eagle Point

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following narrative is an overview and analysis of the financial activities of the City of Eagle Point for the fiscal year ending June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal and the basic financial statements included in this report. The Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditors' report.

Financial Highlights

City's total net position increased from \$21,615,775 to \$22,037,366 as a result of this year's operations

Combined governmental funds net position increased by \$256,422

Combined business-type funds net position increased by \$165,169

Total revenue from all sources was \$6,527,390, an increase of \$549,213

Total expenses were \$6,010,066, an increase of \$392,548

The unassigned ending fund balance for General Fund was \$2,665,298

Overview of the Financial Statements

This overview and analysis is intended to explain the changes in the financial positions of the City of Eagle Point and why they occurred. The City's detailed information is provided throughout the remainder of the *annual financial report*.

The *Statement of Net Position* presents information on all the City's assets (what an entity owns or is owed) and liabilities (what an entity owes) with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, accounts receivable, grants receivable, deferred revenue, accounts payable, and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes, fees, licenses, franchises and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Another function of the City is supported by special revenue activities that are legally restricted to expenditures for specified purposes such as street maintenance and housing authority funds. The governmental activities of the City include General Government, Municipal Court, Public Safety, Building, Planning, Park Maintenance,

Recreation, Billing and Non Departmental. The business-type activities of the City include water, storm water, and sewer.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into: the general, special revenue, capital project, debt service and proprietary funds types.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In our case, assets exceeded liabilities by \$22,037,366 at the close of the most recent fiscal year. This was an increase of \$421,591 over the previous fiscal year.

58% of the City's net position reflects its investments in capital assets (e.g. land, buildings, roads, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending unless those capital assets are sold. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position as of Fiscal Year Ending June 30

	2014	2013	Change
Assets			
Cash and investments	\$9,001,097	\$8,563,342	\$437,755
Other assets	1,249,326	1,464,197	(214,871)
Capital assets	17,771,821	17,727,349	44,472
Total assets	<u>28,022,244</u>	<u>27,754,888</u>	<u>267,356</u>
Liabilities			
Current and other liabilities	817,085	680,739	136,346
Long-term liabilities	5,167,793	5,458,374	(290,581)
Total liabilities	<u>5,984,878</u>	<u>6,139,113</u>	<u>(154,235)</u>
Net Position			
Invested in capital assets, Net of related debt	12,792,838	12,621,366	171,472
Restricted/Reserved	3,913,505	4,064,120	(150,615)
Unrestricted	<u>5,331,023</u>	<u>4,930,289</u>	<u>400,734</u>
Total Net Position	<u>\$22,037,366</u>	<u>\$21,615,775</u>	<u>\$421,591</u>

The long-term liabilities are the water bonds, sewer notes, and general obligation bonds.

The Restricted Net position represents funds that are a requirement of the Water Revenue Bond and General Obligation Bonds to set aside funds for debt payment. SDC funds are also listed as restricted assets because they can only be used for capacity improving capital projects.

**Governmental Activities
For Fiscal Year Ending June 30
Governmental Activities**

	2014	2013	Change
Revenues			
<i>Program Revenues:</i>			
Charges for service	\$1,322,998	\$1,320,981	\$2,017
<i>General Revenues:</i>			
Property taxes	1,402,497	1,354,583	47,914
Intergovernmental	662,819	466,887	195,932
Licenses, Permits & Misc. Taxes	168,522	121,191	47,331
State revenue sharing	78,655	75,298	3,357
Miscellaneous and Interest	42,546	64,166	(21,620)
Transfers	180,493	152,192	28,301
Total Revenues	<u>3,858,530</u>	<u>3,555,298</u>	<u>303,232</u>
Expenses			
<i>Current:</i>			
General Government	789,854	570,617	219,237
Public Safety	1,643,957	1,436,013	207,944
Public Works	590,577	625,999	(35,422)
Planning	108,190	67,483	40,707
Recreation	192,519	193,840	(1,321)
Billing Service	56,261	47,309	8,952
Interest on Long Term Debt	125,016	131,534	(6,518)
Total Expenses	<u>3,506,375</u>	<u>3,072,794</u>	<u>433,580</u>
Increase (decrease) in net position	352,155	482,504	(130,348)
Beginning net position	9,726,784	9,244,280	482,504
Prior Period Adjustment	<u>(95,733)</u>	<u>0</u>	<u>(95,733)</u>
Ending net position	<u>\$9,983,206</u>	<u>\$9,726,784</u>	<u>\$256,422</u>

**Proprietary Activities
For Fiscal Year Ending June 30
Business-Type Activities**

	2014	2013	Change
Revenues			
<i>Program Revenues:</i>			
Charges for service	\$2,744,480	\$2,462,683	\$281,797
<i>General Revenues:</i>			
Property taxes	70,000	70,000	0
Licenses, Permits, & Misc Taxes	0	31,030	(31,030)
Intergovernmental	24,368	0	24,368
Miscellaneous and Interest	10,505	11,358	(853)
Transfers	(180,493)	(152,192)	(28,301)
Total Revenues	<u>2,668,860</u>	<u>2,422,879</u>	<u>245,981</u>
Expenses			
Water	1,570,141	1,624,645	(54,504)
Storm Water	186,293	170,020	16,273
Sewer	747,257	750,059	(2,802)
Total Expenses	<u>2,503,691</u>	<u>2,544,724</u>	<u>(41,033)</u>
Increase (decrease) in net position	165,169	(121,845)	287,014
Beginning net assets	11,888,991	12,010,836	(121,845)
Ending net position	<u>\$12,054,160</u>	<u>\$11,888,991</u>	<u>\$165,169</u>

Governmental and Proprietary Activities
For Fiscal Year Ending June 30
Total City

	2014	2013	Change
Revenues			
<i>Program Revenues:</i>			
Charges for service	\$4,067,478	\$3,783,664	\$283,814
<i>General Revenues:</i>			
Property taxes	1,472,497	1,424,583	47,914
Intergovernmental	687,187	466,887	195,932
Licenses, permits, & misc. taxes	168,522	152,221	16,301
State Revenue Sharing	78,655	75,298	3,357
Miscellaneous and Interest	53,051	75,524	(22,473)
Transfers	0	0	0
Total Revenues	<u>6,527,390</u>	<u>5,978,177</u>	<u>549,213</u>
Expenses			
<i>Current:</i>			
General Government	789,854	570,617	219,237
Public Safety	1,643,957	1,436,013	207,944
Public Works	590,577	625,999	(35,422)
Planning	108,190	67,483	40,707
Recreation	192,519	193,840	(1,321)
Billing	56,261	47,309	8,952
Interest on Long Term Debt	125,016	131,534	(6,518)
Water	1,570,141	1,624,645	(54,504)
Storm Water	186,293	170,020	16,273
Sewer	747,257	750,059	(2,802)
Total Expenses	<u>6,010,066</u>	<u>5,617,518</u>	<u>392,548</u>
Increase (decrease) in net position	517,324	360,659	156,665
Beginning net assets	21,615,775	21,255,116	360,659
Prior Period Adjustment	(95,733)	0	(95,733)
Ending net position	<u>\$22,037,366</u>	<u>\$21,615,775</u>	<u>\$421,591</u>

The City's total revenues were \$6,527,390, of this 62.3% or \$4,067,478 is from Charges for Services and \$818,893 is from grants, interest earnings, and other non-tax sources. Only 25% or \$1,641,019 comes from the various sources of property taxes and intergovernmental taxes.

The total cost of all programs and services was \$6,010,066; \$2,503,691 (41.6%) are for utilities and the remainder is for General Government, Municipal Court, Planning, Building, Public Safety, Parks, Recreation, Billing and Non Departmental.

GOVERNMENTAL ACTIVITIES

The cost for total governmental activities this year was \$3,506,375. This is up from \$3,072,794 last year.

Revenue from total governmental activities totaled \$3,858,530 which is up from \$3,555,298 received last year. This is an increase of \$303,232. There were two primary areas where additional funds were received. One was a one-time allocation from Surface Transportation Fees in the amount of \$174,000. These funds were used by the Street Fund as part of the street improvement and maintenance program. Other increases in revenues were in General Fund. There were small increases in property taxes, franchise fees and building permit fees.

The amount that our taxpayers paid for all governmental activities through property taxes was only \$1,402,497 or 36%.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual expenditures were 49% of the budgeted amount or \$2,336,250 below budget amounts. The unexpended balance includes \$1,907,634 in reserves, contingencies and carry over balances. These are budgeted amounts but they are not intended to be spent. They are typically funds being held for a future date or future project. The Contingency is budgeted and can be used for unexpected events.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide City of Eagle Point citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Eagle Point Finance Department at 17 Buchanan Ave, Eagle Point, Oregon, 97524, (541) 826-4212.

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

BASIC FINANCIAL STATEMENTS

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**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**STATEMENT OF NET POSITION
June 30, 2014**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Assets:			
Cash and Cash Equivalents	\$ 7,182,244	\$ 1,818,853	\$ 9,001,097
Prepaid	-	-	-
Receivables:			
Taxes	116,417	-	116,417
Accounts	288,126	359,223	647,349
Notes and Interest from RVSS	-	485,560	485,560
Capital Assets:			
Non-depreciable Assets	1,010,327	68,462	1,078,789
Other Capital Assets, net	4,931,300	11,761,732	16,693,032
Total Assets	13,528,414	14,493,830	28,022,244
LIABILITIES AND NET POSITION			
Liabilities:			
Accounts Payable	175,368	86,486	261,854
Accrued Interest	5,799	73,905	79,704
Accrued Compensated Absences	107,409	48,969	156,378
Customer Deposits	-	30,799	30,799
Noncurrent Liabilities: Due in Less than One Year	79,080	209,270	288,350
Noncurrent Liabilities: Due in More than One Year	3,177,552	1,990,241	5,167,793
Total Liabilities	3,545,208	2,439,670	5,984,878
Net Position:			
Net Investment in Capital Assets	2,684,995	10,107,843	12,792,838
Restricted for Capital Projects	489,356	-	489,356
Restricted for Debt Service	439,196	-	439,196
Restricted for System Development Charge	2,664,439	320,514	2,984,953
Unrestricted	3,705,220	1,625,803	5,331,023
Total Net Position	\$ 9,983,206	\$ 12,054,160	\$ 22,037,366

See accompanying notes to the basic financial statements.

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 789,854	\$ 740,329	\$ -	\$ -
Public Safety	1,643,957	102,353	-	-
Public Works	590,577	308,768	-	-
Planning	108,190	118,089	-	-
Culture and Recreations	192,519	53,459	-	-
Billing Service	56,261	-	-	-
Interest on Long-term Debt	125,016	-	-	-
Total Governmental Activities	3,506,375	1,322,998	-	-
Business-type Activities				
Water	1,570,141	1,763,832	-	-
Storm Water	186,293	320,083	-	-
Sewer	747,257	660,565	-	-
Total Business-type Activities	2,503,691	2,744,480	-	-
Total Primary Government	\$ 6,010,066	\$ 4,067,478	\$ -	\$ -

See accompanying notes to the basic financial statements.

Net Revenue (Expenses)	Governmental Activities	Business-type Activities	Total
\$ (49,525)	\$ (49,525)	\$ 2,744,480	\$ 2,694,955
(1,541,604)	(1,541,604)	-	(1,541,604)
(281,809)	(281,809)	-	(281,809)
9,899	9,899	-	9,899
(139,060)	(139,060)	-	(139,060)
(56,261)	(56,261)	-	(56,261)
(125,016)	(125,016)	-	(125,016)
<u>(2,183,377)</u>	<u>(2,183,377)</u>	<u>2,744,480</u>	<u>561,103</u>
193,691	-	193,691	193,691
133,790	-	133,790	133,790
(86,692)	-	(86,692)	(86,692)
<u>240,789</u>	<u>-</u>	<u>240,789</u>	<u>240,789</u>
<u>\$ (1,942,588)</u>	<u>(2,183,377)</u>	<u>2,985,269</u>	<u>801,892</u>
Property Taxes	1,402,497	70,000	1,472,497
Intergovernmental	662,819	24,368	687,187
Licenses, Permits and Misc. Taxes	168,522	-	168,522
State Revenue Sharing	78,655	-	78,655
Grants	-	-	-
Interest and Miscellaneous	42,546	10,505	53,051
Transfers	180,493	(180,493)	-
	<u>2,535,532</u>	<u>(75,620)</u>	<u>2,459,912</u>
Change in Net Position	352,155	165,169	517,324
Beginning Net Position	9,726,784	11,888,991	21,615,775
Prior Period Adjustment	<u>(95,733)</u>	<u>-</u>	<u>(95,733)</u>
Ending Net Position	<u>\$ 9,983,206</u>	<u>\$ 12,054,160</u>	<u>\$ 22,037,366</u>

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	GENERAL FUND	STREET FUND	STREET SYSTEM DEVELOPMENT CHARGE FUND	PARK SYSTEM DEVELOPMENT CHARGE FUND	JACKSON COUNTY HOUSING AUTHORITY	NON-MAJOR FUNDS	TOTAL
ASSETS:							
Cash and Investments	\$ 2,538,940	\$ 989,567	\$ 2,118,627	\$ 561,917	\$ -	\$ 973,193	\$ 7,182,244
Receivables:							
Accounts	216,696	71,430	-	-	-	-	288,126
Taxes	116,417	-	-	-	-	-	116,417
Total Assets	\$ 2,872,053	\$ 1,060,997	\$ 2,118,627	\$ 561,917	\$ -	\$ 973,193	\$ 7,586,787
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 62,838	\$ 96,425	\$ 11,605	\$ 4,500	\$ -	\$ -	\$ 175,368
Unearned Revenue	-	-	-	-	-	-	-
Total Liabilities	62,838	96,425	11,605	4,500	-	-	175,368
Deferred Inflow of Resources:							
Unavailable Revenue-Property Taxes	109,082	-	-	-	-	-	109,082
Fund Balances:							
Restricted	-	489,356	2,107,022	557,417	-	439,196	3,592,991
Committed	-	-	-	-	-	533,997	533,997
Assigned	34,835	475,216	-	-	-	-	510,051
Unassigned	2,665,298	-	-	-	-	-	2,665,298
Total Fund Balances	2,700,133	964,572	2,107,022	557,417	-	973,193	7,302,337
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,872,053	\$ 1,060,997	\$ 2,118,627	\$ 561,917	\$ -	\$ 973,193	\$ 7,586,787

See accompanying notes to the basic financial statements.

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
June 30, 2014**

Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position.

Fund Balances	\$	7,302,337
<p>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.</p>		
Net Capital Assets		5,941,627
<p>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.</p>		
Bonds Payable	\$	(3,256,632)
Accrued Interest		(5,799)
Net Adjustment		<u>(3,262,431)</u>
<p>Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated Absences		(107,409)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are unearned in the funds.</p>		
Unavailable Revenue		<u>109,082</u>
Total Net Position	\$	<u><u>9,983,206</u></u>

See accompanying notes to the basic financial statements.

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

	GENERAL FUND	STREET FUND	STREET SYSTEM DEVELOPMENT CHARGE FUND	PARK SYSTEM DEVELOPMENT CHARGE FUND	JACKSON COUNTY HOUSING AUTHORITY	NON-MAJOR FUNDS	TOTAL
REVENUES:							
Property Taxes	\$ 1,339,917	\$ -	\$ -	\$ -	\$ -	\$ 54,370	\$ 1,394,287
Franchise Fees	508,327	-	-	-	-	-	508,327
Licenses and Permits, Misc. Taxes and Fees	286,611	-	-	-	-	-	286,611
Intergovernmental	78,655	662,819	-	-	-	-	741,474
Charges for Services	114,644	308,768	117,358	52,992	-	-	593,762
Fines and Forfeitures	101,853	-	-	-	-	-	101,853
Grants	967	-	-	-	-	-	967
Interest and Miscellaneous	22,854	5,012	11,217	3,463	-	-	42,546
Total Revenues	2,453,828	976,599	128,575	56,455	-	54,370	3,669,827
EXPENDITURES:							
Current:							
General Government	643,452	-	-	-	-	-	643,452
Public Safety	1,339,245	-	-	-	-	-	1,339,245
Public Works	-	481,112	-	-	-	-	481,112
Planning	88,137	-	-	-	-	-	88,137
Culture and Recreation	156,835	-	-	-	-	-	156,835
Billing Service	45,833	-	-	-	-	-	45,833
Capital Outlay	701	391,328	16,412	356,371	131,970	3,985	900,767
Debt Service							
Principal	-	-	-	-	-	84,263	84,263
Interest	-	-	-	-	-	121,751	121,751
Total Expenditures	2,274,203	872,440	16,412	356,371	131,970	209,999	3,861,395
Excess of Revenues Over, (Under) Expenditures	179,625	104,159	112,163	(299,916)	(131,970)	(155,629)	(191,568)
Other Financing Sources, (Uses)							
Repayment from Storm Water Fund	-	-	-	-	-	-	-
Transfers In	144,361	-	-	-	-	219,928	364,289
Transfers Out	(117,396)	(66,400)	-	-	-	-	(183,796)
Total Other Financing Sources (Uses)	26,965	(66,400)	-	-	-	219,928	180,493
Net Change in Fund Balance	206,590	37,759	112,163	(299,916)	(131,970)	64,299	(11,075)
Fund Balance – Beginning	2,493,543	926,813	1,994,859	857,333	131,970	908,894	7,313,412
Fund Balance – End of Year	<u>\$ 2,700,133</u>	<u>\$ 964,572</u>	<u>\$ 2,107,022</u>	<u>\$ 557,417</u>	<u>\$ -</u>	<u>\$ 973,193</u>	<u>\$ 7,302,337</u>

See accompanying notes to the basic financial statements.

**CITY OF EAGLE POINT
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, 2014**

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

Net Change in Fund Balance	\$	(11,075)
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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.

Capitalized Additions	\$	636,204	
Depreciation Expense		(356,773)	
Net Adjustment			279,431

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	\$	(5,409)	
Accrued Interest		1,090	
GO Bonds, Notes and Contracts Payable		79,908	
Net Adjustment			75,589

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

Property Taxes		8,210
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Change in Net Position	\$	352,155
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See accompanying notes to the basic financial statements.

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**COMBINING STATEMENT OF PROPRIETARY NET POSITION
BUSINESS-TYPE FUNDS
June 30, 2014**

	WATER FUND	WATER SDC FUND	SEWER FUND	STORM WATER FUND	STORM WATER SDC FUND	TOTAL
ASSETS:						
Cash and Investments	\$ 886,591	\$ 72,060	\$ 293,877	\$ 316,024	\$ 250,301	\$ 1,818,853
Accounts Receivable, net	252,960	-	73,651	32,612	-	359,223
Interest Receivable	-	-	8,400	-	-	8,400
Notes Receivable	-	-	477,160	-	-	477,160
Capital Assets, net	11,582,083	-	48,542	199,569	-	11,830,194
Total Assets	\$ 12,721,634	\$ 72,060	\$ 901,630	\$ 548,205	\$ 250,301	\$ 14,493,830
LIABILITIES AND NET POSITION:						
Current Liabilities:						
Accounts Payable	\$ 66,816	\$ 1,587	\$ -	\$ 17,823	\$ 260	\$ 86,486
Accrued Interest	65,505	-	8,400	-	-	73,905
Compensated Absences	43,286	-	-	5,683	-	48,969
Deposits	30,799	-	-	-	-	30,799
Bonds Payable - current	30,727	-	-	-	-	30,727
Notes/Contracts Payable – current	17,945	-	160,598	-	-	178,543
Total Current Liabilities	255,078	1,587	168,998	23,506	260	449,429
Long Term Liabilities						
Bonds Payable	1,336,270	-	-	-	-	1,336,270
Notes/Contracts Payable	337,409	-	316,562	-	-	653,971
Total Long Term Liabilities	1,673,679	-	316,562	-	-	1,990,241
Total Liabilities	1,928,757	1,587	485,560	23,506	260	2,439,670
Net Position						
Net Investment in Capital Assets	9,859,732	-	48,542	199,569	-	10,107,843
Restricted for System Development Charge	-	70,473	-	-	250,041	320,514
Unrestricted	933,145	-	367,528	325,130	-	1,625,803
Total Net Position	10,792,877	70,473	416,070	524,699	250,041	12,054,160
Total Liabilities and Net Position	\$ 12,721,634	\$ 72,060	\$ 901,630	\$ 548,205	\$ 250,301	\$ 14,493,830

See accompanying notes to the basic financial statements.

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUSINESS-TYPE FUNDS
For the Year Ended June 30, 2014**

	WATER FUND	WATER SDC FUND	SEWER FUND	STORM WATER FUND	STORM WATER SDC FUND	TOTAL
OPERATING REVENUES:						
Charges for Services	\$ 1,628,296	\$ 135,536	\$ 660,565	\$ 262,176	\$ 57,907	\$ 2,744,480
Intergovernmental	-	-	24,368	-	-	24,368
Total Operating Revenues	<u>1,628,296</u>	<u>135,536</u>	<u>684,933</u>	<u>262,176</u>	<u>57,907</u>	<u>2,768,848</u>
OPERATING EXPENSES:						
Personal Services	564,941	44,510	-	93,638	-	703,089
Materials & Services	608,085	-	722,889	74,130	5,333	1,410,437
Depreciation/Amortization	267,797	-	-	13,192	-	280,989
Total Operating Expenses	<u>1,440,823</u>	<u>44,510</u>	<u>722,889</u>	<u>180,960</u>	<u>5,333</u>	<u>2,394,515</u>
Income, (Loss) From Operations	187,473	91,026	(37,956)	81,216	52,574	374,333
NON-OPERATING REVENUES AND (EXPENSES):						
Interest Expense	(67,613)	(17,195)	(24,368)	-	-	(109,176)
Property Taxes	-	-	70,000	-	-	70,000
Interest and Miscellaneous Revenues	7,259	519	-	1,483	1,244	10,505
Income (Loss) Before Transfers	127,119	74,350	7,676	82,699	53,818	345,662
Transfers In	-	-	-	-	-	-
Transfers Out	(126,493)	(50,000)	-	(4,000)	-	(180,493)
Total Operating Transfers	<u>(126,493)</u>	<u>(50,000)</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>	<u>(180,493)</u>
Change in Net Position	626	24,350	7,676	78,699	53,818	165,169
Beginning Net Position	10,792,251	46,123	408,394	446,000	196,223	11,888,991
Ending Net Position	<u>\$ 10,792,877</u>	<u>\$ 70,473</u>	<u>\$ 416,070</u>	<u>\$ 524,699</u>	<u>\$ 250,041</u>	<u>\$ 12,054,160</u>

See accompanying notes to the basic financial statements.

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**COMBINING STATEMENT OF CASH FLOWS - ALL ENTERPRISE FUNDS
For the Year Ended June 30, 2014**

	WATER FUND	WATER SDC FUND	SEWER FUND	STORM WATER FUND	STORM WATER SDC FUND	TOTAL
Cash Flows from Operating Activities:						
Cash Received from Customers	\$ 1,585,811	\$ 135,536	\$ 693,684	\$ 265,529	\$ 57,907	\$ 2,738,467
Cash Payments to Suppliers	(586,794)	(42,923)	(723,864)	(58,575)	(5,073)	(1,417,229)
Cash Payments to Employees	(560,221)	-	-	(92,629)	-	(652,850)
Net Cash Flows from Operations	<u>438,796</u>	<u>92,613</u>	<u>(30,180)</u>	<u>114,325</u>	<u>52,834</u>	<u>668,388</u>
Cash Flows from Capital and Related Financing Activities:						
Payment of Principal of Bonds, Contracts Payable	(47,091)	-	(155,498)	-	-	(202,589)
Interfund Transfers	(126,493)	(50,000)	-	(4,000)	-	(180,493)
Property Taxes	-	-	70,000	-	-	70,000
Purchase of Capital Assets	(34,030)	-	-	(12,000)	-	(46,030)
Note Receivable Payments	-	-	155,497	-	-	155,497
Interest Expense	(69,181)	(17,195)	(24,368)	-	-	(110,744)
Net Cash Flows from Capital and Related Financing Activities	<u>(276,795)</u>	<u>(67,195)</u>	<u>45,631</u>	<u>(16,000)</u>	<u>-</u>	<u>(314,359)</u>
Cash Flows from Investing Activities						
Interest and Miscellaneous	<u>7,259</u>	<u>519</u>	<u>-</u>	<u>1,483</u>	<u>1,244</u>	<u>10,505</u>
Net Cash Flows from Investing Activities	<u>7,259</u>	<u>519</u>	<u>-</u>	<u>1,483</u>	<u>1,244</u>	<u>10,505</u>
Net Change in Cash and Investments	169,260	25,937	15,451	99,808	54,078	364,534
Cash and Investments at Beginning of Year	<u>717,331</u>	<u>46,123</u>	<u>278,426</u>	<u>216,216</u>	<u>196,223</u>	<u>1,454,319</u>
Cash and Investments at End of Year	<u>\$ 886,591</u>	<u>\$ 72,060</u>	<u>\$ 293,877</u>	<u>\$ 316,024</u>	<u>\$ 250,301</u>	<u>\$ 1,818,853</u>
Reconciliation of Cash Flows from Operating Activities to Operating Income						
Operating Income	\$ 187,473	\$ 91,026	\$ (37,956)	\$ 81,216	\$ 52,574	\$ 374,333
Adjustments						
Depreciation/Amortization	267,797	-	-	13,192	-	280,989
(Increase), Decrease in Accounts Receivable	(43,929)	-	8,751	3,353	-	(31,825)
Increase, (Decrease) in Deposits	1,444	-	-	-	-	1,444
Increase, (Decrease) in Accounts Payable	21,291	1,587	(975)	15,555	260	37,718
Increase, (Decrease) in Compensated Absences	4,720	-	-	1,009	-	5,729
Net Cash from Operations	<u>\$ 438,796</u>	<u>\$ 92,613</u>	<u>\$ (30,180)</u>	<u>\$ 114,325</u>	<u>\$ 52,834</u>	<u>\$ 668,388</u>

See accompanying notes to the basic financial statements.

**CITY OF EAGLE POINT
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 State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

THE FINANCIAL REPORTING ENTITY

The City is a municipal corporation, organized under the authority of Oregon Revised Statutes Section 221, and is governed by a mayor and an elected seven member council. Accounting principles generally accepted in the United States of America require that these basic financial statements present the City (the primary government) and all component units, if any. Component units, as defined by the Governmental Accounting Standards Board (GASB) Statement No. 61, are separate organizations that are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. There are no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities. 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 segment is 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 proprietary funds. Major individual enterprise funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIC 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 fund financial statements. 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.

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when 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, revenues are considered to be available if they are collected within sixty 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 if received within sixty days. Only the portion of special assessments receivable due within the current fiscal period is considered to be measurable and accrued as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

There are the following major governmental 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, franchise fees, fines and forfeitures, planning fees, charges for services and interest on investments.

Street Fund – This fund accounts for the building and maintaining of streets and related infrastructure within the City. The primary revenue sources are Oregon gasoline tax apportionment and City transportation utility fees.

Street System Development Charge Fund – This fund accounts for the activities of the street system development. This fund accounts for the revenues brought in from Street System Development Charges.

Park System Development Charge Fund – This fund accounts for the revenues brought in from Park System Development Charges to be used for park improvements.

Jackson County Housing Authority Fund – This fund was established for the repayment of 0.00% interest loans made to low income home owners for the purpose of home repairs. This was a one-time loan program funded by a Community Block Grant. The only revenue source for this fund is the repayment of the loans.

The following major proprietary funds are reported:

Water Fund – This fund accounts for the revenues and expenses of the water utility. The primary revenue source is fees for services.

Water System Development Charges Fund – This fund accounts for the collection and expenditure of water development charges. Revenues are derived primarily from system development charges.

Sewer Fund – This fund accounts for the operations of the Sewer Fund which is financed primarily through user charges. In 1998 the City annexed to the Rogue Valley Sewer Services (RVSS). RVSS now maintains the sewer system. The City bills for sewer services for RVSS. As fees are collected they are transferred to RVSS. The City receives an annual fee for billing services.

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Storm Water Fund – This fund accounts for the operations of the storm water department. The primary revenue source is charges for services.

Storm Water System Development Charge Fund – This fund accounts for the collection and expenditure of storm water development charges. Revenues are derived primarily from system development charges.

There is also the following fund type:

Other Governmental Funds – The Other Governmental Funds account for the aggregate of all non-major governmental funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the water and sewer functions and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

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. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the exceptions that capital outlay expenditures are expensed when purchased, depreciation is not calculated, inventories of supplies are budgeted as expenditures when purchased, debt is recorded as revenue when received and an expenditure when paid, compensated absences and accrued interest is expensed when paid, and tax revenues are only recorded as revenue if received within sixty days of year end. The City Council begins its budget process 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 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.

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS (CONTINUED)

Expenditure budgets are appropriated at the following levels for each fund other than the General Fund:

LEVEL OF CONTROL

Personal Services	Interfund Transactions
Materials and Services	Debt Service
Capital Outlay	Operating Contingency

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

Budget amounts shown in the basic financial statements reflect the original final budget amounts and appropriation transfers. During the year ended June 30, 2014, expenditures were within appropriation levels.

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.

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Cash and cash equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter fund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

Receivables and payables (continued)

Receivables of the enterprise funds are recognized as revenue when earned, including services provided but not billed. The only major outstanding receivables which might be considered appropriate to have an allowance for uncollectible accounts are those from developers and are not treated as such. The developers have continuing projects with the City and are not allowed to begin any additional projects prior to paying off outstanding accounts.

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 administered 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. Management considers taxes unpaid and outstanding at May 16 to be delinquent.

Uncollected property taxes are shown in the combined balance sheet. Uncollected taxes are deemed by management 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 unavailable revenue because it is not deemed available to finance operations of the current period.

Inventories and prepaid items

Detailed supply inventory records are not maintained. Management considers supply inventories to be immaterial at year end.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets

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 one year. Such assets are recorded at historical cost if purchased, or estimated historical cost if constructed. Donated or contributed capital assets are recorded at estimated fair market value at the date of donation or contribution.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	40-50 years
Distribution and collection systems	20-40 years
Equipment and vehicles	5-10 years

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and statement of net position.

Compensated absences

Employees are permitted to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is not reported in governmental funds in accordance with Governmental Accounting Standards Board Statement No. 16 *Accounting for Compensated Absences*.

Long-term obligations

In the government-wide financial statements and business-type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Net Position

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

- Net investment in capital assets – 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.

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

Net Position (continued)

- Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – consists of all other assets that are not included in the other categories previously mentioned.

Fund Balances

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 are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The authority to classify portions of ending fund balance as Assigned is granted to the City Administrator and/or Finance Officer.
- 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. The City wants to maintain a minimum general fund ending fund balance equal to four months' worth of general fund expenditures.

There are no nonspendable fund balances at June 30, 2014.

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods, and so will not be recognized as an outflow of resources (expenditure) until then. There were no deferred outflows of resources at year end.

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

Contributed Capital

In accordance with GASB 33 and GASB 34, contributed capital has been eliminated as a separate component of equity. Contributions of contributed capital are included in non-operating income.

2. CASH AND INVESTMENTS

The cash management policies are governed by state statutes. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

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.

Cash and investments as of June 30, 2014 consisted of:

Deposits with Financial Institutions	
Demand Deposits and Cash on Hand	\$ 89,165
Local Government Investment Pool	<u>8,911,932</u>
Total Cash and Investments	<u>\$ 9,001,097</u>

Deposits

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Credit Risk

In the case of deposits, there is the risk that in the event of a bank failure, the deposits may not be returned. There is no policy for custodial credit risk. As of June 30, 2014, all of the bank balance of \$150,513 was insured by FDIC. There were no known violations of legal or contractual provisions for investments.

As of June 30, 2014, the investments and maturities were as follows:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurer's Investment Pool	\$ 8,911,932	\$ 8,911,932	\$ -	\$ -
Total	<u>\$ 8,911,932</u>	<u>\$ 8,911,932</u>	<u>\$ -</u>	<u>\$ -</u>

The State Treasurer's Local Government Investment Pool (LGIP) is a cash and investment pool available for use by all state funds and local governments and is maintained by the State Treasurer. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. Currently, there are more than 1,500 participants in the Pool. Local government pooled assets are reported as an Investment Trust Fund in Oregon's Comprehensive Annual Financial Report.

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

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

Investments are valued at fair value as required by GASB 31. There is no material difference between fair value of the City's position in the State Treasurer's Local Governmental Investment Pool and the value of the pool shares at June 30, 2014.

Concentration Risk

Concentration risk is the risk of loss due to a large portion of investments with a single issuer. To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2014, all percentage restrictions were complied with. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. Amounts in the State Treasurer's Local Government Investment Pool are not required by law to be collateralized. State statutes do not limit the percentage of investments in this instrument.

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. At June 30, 2014 there were no investments with maturity dates beyond three months.

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2014 are as follows:

	<u>GOVERNMENTAL</u>			
	<u>JUNE 30, 2013</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>JUNE 30, 2014</u>
Capital Assets				
Non-depreciable:				
Land and Land Improvements	\$ 468,730	\$ 307,073	\$ -	\$ 775,803
Construction in Progress	27,364	207,160	-	234,524
Depreciable:				
Buildings and Improvements	1,874,759	-	-	1,874,759
Furniture, Fixtures, and Equipment	1,036,067	121,971	-	1,158,038
Infrastructure	5,562,208	-	-	5,562,208
Total Capital Assets	<u>8,969,128</u>	<u>636,204</u>	<u>-</u>	<u>9,605,332</u>
Accumulated Depreciation				
Buildings and Improvements	611,129	47,289	-	658,418
Furniture, Fixtures, and Equipment	784,046	84,023	-	868,069
Infrastructure	1,911,757	225,461	-	2,137,218
Total Accumulated Depreciation	<u>3,306,932</u>	<u>356,773</u>	<u>-</u>	<u>3,663,705</u>
Total Net Capital Assets	<u><u>\$ 5,662,196</u></u>			<u><u>\$ 5,941,627</u></u>

Depreciation expense was charged to the functions as follows:

Governmental Activities:	
General Government	\$ 83,339
Public Safety	173,457
Planning	11,415
Public Works	62,313
Billing Service	5,936
Culture and Recreation	<u>20,313</u>
Total depreciation expense, governmental activities	<u><u>\$ 356,773</u></u>

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS (CONTINUED)

	<u>BUSINESS-TYPE</u>			
	JUNE 30, 2013	ADDITIONS	DELETIONS	JUNE 30, 2014
Capital Assets				
Non-depreciable:				
Land and Land Improvements	\$ 56,462	\$ -	\$ -	\$ 56,462
Construction in Progress	-	12,000	-	12,000
Depreciable:				
Buildings and Improvements	140,357	-	-	140,357
Furniture, Fixtures, and Equipment	428,107	34,030	-	462,137
Infrastructure	14,445,027	-	-	14,445,027
Total Capital Assets	15,069,953	46,030	-	15,115,983
 Accumulated Depreciation				
Buildings and Improvements	22,430	3,509	-	25,939
Furniture, Fixtures, and Equipment	328,898	36,096	-	364,994
Infrastructure	2,653,472	241,384	-	2,894,856
Total Accumulated Depreciation	3,004,800	280,989	-	3,285,789
Total Net Capital Assets	\$ 12,065,153			\$ 11,830,194

4. NOTE RECEIVABLE

In May of 1998, the sanitary sewer system of the City was annexed into Rogue Valley Sanitary Service (RVSS) system by a vote of City residents. As a result, the sewer system assets were transferred to RVSS in consideration for a note receivable for the balance of the loans owed to the state, less the amount of taxes levied by the City for the purpose of paying on the loans, and an intergovernmental operating agreement between RVSS and the City.

The note receivable is the combined balance of the following:

June 30, 1998, \$1,800,000, Oregon Department of Environmental Quality Revolving Loan Fund, semi-annual interest payments at 3.98 percent and annual principal payments of \$66.793 through September 2016. Amount includes accrued interest of \$11,031.	\$	328,832
November 1, 1996, \$550,000 Oregon Economic Development Department loan, at an annual interest rate of 5.01 percent, maturing in		156,728
Total notes receivable	\$	485,560

5. BONDS PAYABLE

General obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are recorded in the proprietary funds since they are expected to be repaid from proprietary fund revenues.

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. BONDS PAYABLE (CONTINUED)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 35 to 40 year serial bonds with equal amounts of principal maturing each year.

Ordinances for the water revenue bonds require the City to charge rates and fees in connection with the operation of the water system which, when combined with the other gross revenues, are adequate to generate operating revenues in each fiscal year of at least 1.25 times bond principal and interest due in that fiscal year. There was compliance with bond covenants as of and for the year ended June 30, 2014.

General obligation bonds and water revenue bonds currently outstanding are as follows:

	Issued to	Issue Date	Maturity Date	Interest Rate	Amount
Governmental Bonds:					
GO Bonds	Wells Fargo	May 1998	July 2018	4.1 - 5.6%	\$ 230,000
Water Revenue Bonds	USDA	December 2010	2051	3.75%	\$3,026,632
Business Type Revenue Bond:					
Proprietary (Water Fund)	USDA	July 1997	March 2037	5%	\$1,366,997

Future maturities of unmatured bond principal and interest at June 30, 2014 are as follows:

YEAR	1998 GO BONDS		Water Revenue Bonds		Business-type Revenue Bond		Total	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2014-15	\$ 40,000	\$ 11,760	\$ 39,080	\$ 113,499	\$ 30,727	\$ 68,349	\$ 109,807	\$ 193,608
2015-16	45,000	9,380	40,546	112,033	32,264	66,812	117,810	188,225
2016-17	45,000	6,860	42,066	110,513	33,877	65,199	120,943	182,572
2017-18	50,000	4,200	43,643	108,935	35,571	63,505	129,214	176,640
2019-23	50,000	1,400	244,030	518,865	206,377	289,003	500,407	809,268
2024-28	-	-	293,347	469,547	263,396	231,984	556,743	701,531
2029-33	-	-	352,633	410,260	336,168	159,212	688,801	569,472
2034-38	-	-	423,900	338,994	428,617	66,773	852,517	405,767
2039-43	-	-	509,570	253,323	-	-	509,570	253,323
2044-48	-	-	612,555	150,340	-	-	612,555	150,340
2049-51	-	-	425,262	32,277	-	-	425,262	32,277
	<u>\$ 230,000</u>	<u>\$ 33,600</u>	<u>\$ 3,026,632</u>	<u>\$ 2,618,586</u>	<u>\$ 1,366,997</u>	<u>\$ 1,010,837</u>	<u>\$ 4,623,629</u>	<u>\$ 3,663,023</u>

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER LONG-TERM DEBT

Notes/Contract Payable:

	June 30, 2013	(Payments) Additions	June 30, 2014
Oregon Department of Environmental Quality Loan: In October of 1995, the City received a \$1,800,000 loan for City sewer transport improvements. The loan matures in September of 2016, has a 3.98% interest rate, and has a reserve requirement of \$132,038. The is recorded in	\$440,025	\$ (119,593)	\$320,432
Oregon Economic Development Department (OEDD) Wastewater Financing Program Loan: In October of 1997, the City received a loan for improvements in the sewer system. The loan matures in 2017, has a 5.01% interest rate, and is recorded in the	192,633	(35,905)	156,728
Oregon Economic and Community Development Department (OECDD) Wastemeter Replacement Loan: In Octoer of 2003, the City entered this financial assistance award contract for Water Meter Replacement with Electronic Read. The total estimated construction project cost is \$500,000, matures on February 14, 2030,	373,191	(17,837)	355,354
Total Notes/Contracts	<u>\$ 1,005,849</u>	<u>\$ (173,335)</u>	<u>\$ 832,514</u>
	Allocated:		
	Business-type		\$ 832,514
	Governmental		\$ -

Principal and interest on notes/contracts payable are due as follows:

Fiscal Year	Notes/Contracts	
	Principal	Interest
2014-15	\$ 178,543	\$ 35,324
2015-16	183,971	27,795
2016-17	126,657	20,046
2017-18	60,499	15,841
2018-23	113,865	55,086
2023-28	138,588	27,048
2028-33	30,391	1,406
	<u>\$ 832,514</u>	<u>\$ 182,546</u>

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER LONG-TERM DEBT (CONTINUED)

Long-term Debt activity for the year ended June 30, 2014 is as follows:

	June 30, 2013	Additions	Reductions	June 30, 2014	Due Within One Year
Governmental Activities:					
Bonds Payable	\$270,000	\$ -	\$40,000	\$230,000	\$40,000
Notes Payable	3,066,540	-	39,908	3,026,632	39,080
Total Governmental Activities					
Long-term Debt	<u>\$3,336,540</u>	<u>\$ -</u>	<u>\$79,908</u>	<u>\$3,256,632</u>	<u>\$79,080</u>
Business-type Activities:					
Bonds Payable	\$1,396,251	\$ -	\$29,254	\$1,366,997	\$30,727
Notes Payable	1,005,849	-	173,335	832,514	178,543
Total Business-type Activities					
Long-term Debt	<u>\$2,402,100</u>	<u>\$ -</u>	<u>\$202,589</u>	<u>\$2,199,511</u>	<u>\$209,270</u>
Total Long-term Debt	<u>\$5,738,640</u>	<u>-</u>	<u>\$282,497</u>	<u>\$5,456,143</u>	<u>\$288,350</u>
Compensated Absences:					
Governmental	\$102,000	\$107,409	\$102,000	\$107,409	\$107,409
Business-type	43,240	48,969	43,240	48,969	48,969
Total Compensated Absences	<u>\$145,240</u>	<u>\$156,378</u>	<u>\$145,240</u>	<u>\$156,378</u>	<u>\$156,378</u>

7. PENSION PLAN

Plan Description:

There is participation in the State of Oregon Public Employees Retirement System (PERS); an agent multiple-employer defined benefit pension plan, and Oregon Public Service Retirement Plan (OPSRP), a hybrid pension plan with two components: the Pension Program (defined benefit) and the Individual Account Program (defined contribution). OPSRP is administered by PERS, the agency. Public employees hired on or after August 29, 2003 become part of OPSRP, unless membership was previously established in PERS, a cost sharing, multiple-employer defined benefit pension plan, which is administered by the Public Employees Retirement Board. All full-time police officers are covered by the plan after six months of employment. Benefits generally vest after five years of service. Retirement is allowed at age 58 with unreduced benefits for those hired before January, 1, 1996 and at age 60 for those hired after, but retirement is generally allowed at age 55 with reduced benefits.

Retirement benefits are based on salary and length of service calculated using a formula and are payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by statute.

PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Oregon Public Employees Retirement System, Post Office Box 23700, Tigard, Oregon, 97281-3700.

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. PENSION PLAN (CONTINUED)

The most recent actuarial valuation was performed as of December 31, 2012. The aggregate entry age normal cost method was used. Significant actuarial assumptions used to compute the pension benefit obligation include a rate of return on investment of present and future assets of 8% and projected annual salary increases of 3.75% and projected post-retirement benefit increases of 2% per year.

Funding Policy:

Covered employees are required by State statute to contribute 6% of their salary to the plan. The City is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the PERS plan, and a general service rate for the qualifying employees under the OPSRP plan. The PERS and the OPSRP rates in effect for the year ended June 30, 2014 were 11.60% and 7.57%, respectively for police employees. General services employees are not covered under PERS; rather, they are covered under a 401(k) plan as discussed in Note 9. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Six Year Trend Information is located on page 35.

8. OTHER POST EMPLOYMENT BENEFITS (OPEB)

There is participation in the health insurance pool of the Oregon Teamster Employers Trust, which is an agent multiple employer plan.

The actuary has determined that there is no implicit liability for health insurance subsidies in accordance with GASB Statement No. 45, *Accounting for Other Post-employment Benefits*.

9. OTHER RETIREMENT PLAN

Contributions are made to employee retirement plans (401(k)) managed by ICMA Retirement Corporation for all full-time employees other than police officers. Employees are eligible after six months of service and become fully vested after three years. The contribution rate is 9% of eligible employee compensation.

10. INTERFUND RECEIVABLE/ PAYABLE AND TRANSFERS

Interfund receivables and payables are used to fund current operations and long term projects. There were no interfund receivables and payables at June 30, 2014.

Interfund transfers between governmental and business-type activities are reported as net transfers in the Statement of Activities. Transfers between funds provide support for various programs in accordance with budgetary authorizations.

Interfund transfers are used to pay administrative services, provide funds for debt service, contribute toward the cost of capital projects, and provide operational resources.

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. INTERFUND RECEIVABLE/ PAYABLE AND TRANSFERS (CONTINUED)

Transfers were made to fund operations. Amounts are comprised of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 144,361	\$ 117,396
Street Fund	-	66,400
Storm Water Fund	-	4,000
Water System Development	-	50,000
Water Fund	-	126,493
Non-Major Funds	219,928	-
	<u>\$ 364,289</u>	<u>\$ 364,289</u>

11. PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school 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. This reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

12. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

13. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$95,733 was made to beginning fund balance. The adjustment was necessary to remove the existing assets of the Jackson County Housing Authority Fund which is closing.

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

14. FUND BALANCE REPORTING

The General Fund amounts reported in the Combined Balance Sheet and the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance include those amounts from the General Fund, the Vending Machine Fund, and the Museum Fund. The funds are reported in this manner because the Vending Machine Fund and the Museum Fund receive substantially all of their revenues as transfers from the General Fund. This reporting method is in accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

REQUIRED SUPPLEMENTARY DATA

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**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Property Taxes	\$ 1,285,230	\$ 1,285,230	1,339,917	54,687
Franchise Fees	500,000	500,000	508,327	8,327
Licenses, Permits, Miscellaneous Taxes and Fees	260,133	260,133	286,611	26,478
Intergovernmental Revenues	75,000	75,000	78,655	3,655
Planning Fees and Reimbursements	101,000	101,000	93,704	(7,296)
Fines and Forfeitures	120,000	120,000	101,853	(18,147)
Interest	17,300	17,300	16,672	(628)
Grants	-	-	500	500
Rentals and Leases	30,000	30,000	20,781	(9,219)
Miscellaneous	4,500	4,500	5,432	932
Total Revenue	2,393,163	2,393,163	2,452,452	59,289
EXPENDITURES:				
Administration	296,250	296,250 (1)	254,979	41,271
Municipal Court	51,990	51,990 (1)	49,529	2,461
Building Department	123,570	153,570 (1)	147,805	5,765
Planning Department	134,800	134,800 (1)	88,137	46,663
Police Department	1,442,200	1,442,200 (1)	1,339,245	102,955
Parks Department	154,350	172,350 (1)	134,801	37,549
Recreation Department	2,250	2,250 (1)	1,652	598
RVSS Billing Department	49,950	49,950 (1)	45,833	4,117
911 Tax Department	-	-	-	-
Non-departmental	1,203,349	1,185,349 (1)	190,478	994,871
Contingency	1,100,000	1,100,000 (1)	-	1,100,000
Total Expenditures	4,558,709	4,588,709	2,252,459	2,336,250
Excess of Revenues Over (Under) Expenditures	(2,165,546)	(2,165,546)	199,993	2,395,539
Other Financing Sources (Uses)				
Transfers In	106,000	106,000	130,608	24,608
Transfers Out	(118,900)	(118,900) (1)	(117,396)	1,504
Total Other Financing Sources (Uses)	(12,900)	(12,900)	13,212	26,112
Net Change in Fund Balance	(2,178,446)	(2,178,446)	213,205	2,421,651
Beginning Fund Balance	2,178,446	2,178,446	2,452,093	273,647
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	2,665,298	<u>2,695,298</u>
Reconciliation to Governmental Fund Balance as required by GASB 54:				
Ending Fund Balance				
Vending Machine Fund			1,623	
Museum Fund			33,212	
			<u>\$ 2,700,133</u>	

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

	<u>STREET FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Gas Taxes	\$ 490,000	490,000	489,356	(644)
Transportation Utility Fees	306,000	306,000	308,768	2,768
Grants	250,000	250,000	173,463	(76,537)
Interest	4,500	4,500	5,012	512
	<u>1,050,500</u>	<u>1,050,500</u>	<u>976,599</u>	<u>(73,901)</u>
EXPENDITURES:				
Personal Services	271,700	271,700 (1)	266,227	5,473
Materials and Services	283,172	283,172 (1)	214,885	68,287
Capital Outlay	1,102,386	1,092,386 (1)	391,328	701,058
Contingency	150,000	150,000 (1)	-	150,000
	<u>1,807,258</u>	<u>1,797,258</u>	<u>872,440</u>	<u>924,818</u>
Excess of Revenues Over (Under) Expenditures	(756,758)	(746,758)	104,159	850,917
Other Financing Sources (Uses):				
Transfer Out	(57,570)	(67,570) (1)	(66,400)	1,170
	<u>(57,570)</u>	<u>(67,570)</u>	<u>(66,400)</u>	<u>1,170</u>
Net Change in Fund Balance	(814,328)	(814,328)	37,759	852,087
Beginning Fund Balance	814,328	814,328	926,813	112,485
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>964,572</u>	<u>964,572</u>

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

<u>STREET SYSTEM DEVELOPMENT CHARGE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
System Development Charges	\$ 60,000	60,000	117,358	57,358
Interest and Miscellaneous	12,000	12,000	11,217	(783)
Total Revenues	<u>72,000</u>	<u>72,000</u>	<u>128,575</u>	<u>56,575</u>
EXPENDITURES:				
Capital Outlay	<u>2,058,030</u>	<u>2,058,030</u> (1)	<u>16,412</u>	<u>2,041,618</u>
Total Expenditures	<u>2,058,030</u>	<u>2,058,030</u>	<u>16,412</u>	<u>2,041,618</u>
Net Change in Fund Balance	(1,986,030)	(1,986,030)	112,163	2,098,193
Beginning Fund Balance	<u>1,986,030</u>	<u>1,986,030</u>	<u>1,994,859</u>	<u>8,829</u>
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>2,107,022</u>	<u>2,107,022</u>

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

PARK SYSTEM DEVELOPMENT CHARGE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
System Development Charges	\$ 46,080	46,080	52,992	6,912
Grant	283,298	283,298	-	(283,298)
Interest and Miscellaneous	5,000	5,000	3,463	(1,537)
Total Revenues	<u>334,378</u>	<u>334,378</u>	<u>56,455</u>	<u>(277,923)</u>
EXPENDITURES:				
Capital Outlay	1,259,479	1,259,479 (1)	356,371	903,108
Total Expenditures	<u>1,259,479</u>	<u>1,259,479</u>	<u>356,371</u>	<u>903,108</u>
Net Change in Fund Balance	(925,101)	(925,101)	(299,916)	625,185
Beginning Fund Balance	925,101	925,101	857,333	(67,768)
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>557,417</u>	<u>557,417</u>

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

<u>JACKSON COUNTY HOUSING AUTHORITY</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
EXPENDITURES:				
Materials and Services	-	131,980 (1)	131,970	10
Capital Outlay	131,970	- (1)	-	-
Total Expenditures	131,970	131,980	131,970	10
Net Change in Fund Balance	(131,970)	(131,980)	(131,970)	10
Beginning Fund Balance	131,970	131,980	131,970	(10)
Ending Fund Balance	\$ -	-	-	-

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS – PERS
For the Year Ended June 30, 2014**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
12/31/2013	\$ 2,361,983	\$ 2,848,056	\$ 486,073	82.9%	\$ 634,485	76.6%
12/31/2012	2,240,662	2,683,723	443,061	83.5%	732,095	60.5%
12/31/2011	2,019,516	2,540,783	521,267	79.5%	689,745	75.6%
12/31/2010	2,057,505	2,442,645	385,140	84.2%	614,657	62.7%
12/31/2009	2,041,520	2,211,444	169,924	92.3%	663,580	25.6%
12/31/2008	1,747,730	1,982,202	234,472	88.2%	783,617	29.9%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2014	\$ 59,118	100%
2013	65,489	100%
2012	68,582	100%
2011	81,244	100%
2010	95,648	100%
2009	102,603	100%

The above table presents the most recent actuarial valuations for the City's participation in PERS and it provides information that approximates the funding progress of the plan.

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2014

	WATER DEBT FUND	STREET CAPITAL PROJECT FUND	98 GO BOND FUND	CAPITAL PURCHASE RESERVE FUND	TOTAL
ASSETS:					
Cash and Investments	\$ 425,988	30,127	13,208	503,870	973,193
Prepays	-	-	-	-	-
Total Assets	<u>\$ 425,988</u>	<u>30,127</u>	<u>13,208</u>	<u>503,870</u>	<u>973,193</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable					
Due to Other Funds	\$ -	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	425,988	-	13,208	-	439,196
Committed	-	30,127	-	503,870	533,997
Total Fund Balances	<u>425,988</u>	<u>30,127</u>	<u>13,208</u>	<u>503,870</u>	<u>973,193</u>
Total Liabilities and Fund Balances	<u>\$ 425,988</u>	<u>30,127</u>	<u>13,208</u>	<u>503,870</u>	<u>973,193</u>

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

	WATER DEBT FUND 40	STREET CAPITAL PROJECT FUND 31	98 GO BOND FUND 45	CAPITAL PURCHASE RESERVE FUND 57	TOTAL
REVENUES:					
Taxes	\$ -	\$ -	\$ 54,370	\$ -	\$ 54,370
Total Revenues	-	-	54,370	-	54,370
EXPENDITURES:					
Capital Outlay	-	-	-	3,985	3,985
Materials and Services	-	-	-	-	-
Debt Service:					
Principal	152,579	-	46,595	-	199,174
Interest	-	-	6,840	-	6,840
Total Expenditures	152,579	-	53,435	3,985	209,999
Excess of Revenues Over, (Under) Expenditures	(152,579)	-	935	(3,985)	(155,629)
Other Financing Sources, (Uses):					
Transfers In	88,145	-	-	131,783	219,928
Total Other Financing Sources, (Uses)	88,145	-	-	131,783	219,928
Net Change in Fund Balance	(64,434)	-	935	127,798	64,299
Beginning Fund Balance	490,422	30,127	12,273	376,072	908,894
Ending Fund Balance	\$ 425,988	\$ 30,127	\$ 13,208	\$ 503,870	\$ 973,193

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

<u>WATER DEBT SERVICE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
Debt Service	\$ 152,599	152,599 (1)	152,579	20
Reserves	425,969	425,969 (1)	-	425,969
Total Expenditures	<u>578,568</u>	<u>578,568</u>	<u>152,579</u>	<u>425,989</u>
Other Financing (Uses):				
Transfer In	<u>88,145</u>	<u>88,145</u>	<u>88,145</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>88,145</u>	<u>88,145</u>	<u>88,145</u>	<u>-</u>
Net Change in Fund Balance	(490,423)	(490,423)	(64,434)	425,989
Beginning Fund Balance	<u>490,423</u>	<u>490,423</u>	<u>490,422</u>	<u>(1)</u>
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>425,988</u>	<u>425,988</u>

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

<u>STREET CAPITAL PROJECTS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
Capital Outlay	\$ 30,127	30,127 (1)	-	30,127
Net Change in Fund Balance	(30,127)	(30,127)	-	30,127
Beginning Fund Balance	30,127	30,127	30,127	-
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>30,127</u>	<u>30,127</u>

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

	<u>98 GO BOND FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Property Taxes	\$ 54,370	54,370	54,370	-
Total Revenues	<u>54,370</u>	<u>54,370</u>	<u>54,370</u>	<u>-</u>
EXPENDITURES:				
Materials and Service	200	200 (1)	-	200
Debt Service	54,370	54,370 (1)	53,435	935
Reserves	10,887	10,887 (1)	-	10,887
Total Expenditures	<u>65,457</u>	<u>65,457</u>	<u>53,435</u>	<u>12,022</u>
Net Change in Fund Balance	(11,087)	(11,087)	935	12,022
Beginning Fund Balance	<u>11,087</u>	<u>11,087</u>	<u>12,273</u>	<u>1,186</u>
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>13,208</u>	<u>13,208</u>

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

<u>CAPITAL PURCHASE RESERVE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
EXPENDITURES:				
Capital Outlay	509,462	509,462 (1)	3,985	505,477
Total Expenditures	<u>509,462</u>	<u>509,462</u>	<u>3,985</u>	<u>505,477</u>
Other Financing Sources (Uses):				
Transfers In	134,390	134,390	131,783	2,607
Total Other Financing Sources (Uses)	<u>134,390</u>	<u>134,390</u>	<u>131,783</u>	<u>2,607</u>
Net Change in Fund Balance	(375,072)	(375,072)	127,798	502,870
Beginning Fund Balance	<u>375,072</u>	<u>375,072</u>	<u>376,072</u>	<u>1,000</u>
Ending Fund Balance	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>503,870</u></u>	<u><u>503,870</u></u>

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

	<u>VENDING MACHINE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Vending Machine Revenue	\$ 900	900	750	(150)
Total Revenues	<u>900</u>	<u>900</u>	<u>750</u>	<u>(150)</u>
EXPENDITURES:				
Materials and Services	3,077	2,367 (1)	661	1,706
Capital Outlay	<u>-</u>	<u>710 (1)</u>	<u>701</u>	<u>9</u>
Total Expenditures	<u>3,077</u>	<u>3,077</u>	<u>1,362</u>	<u>1,715</u>
Net Change in Fund Balance	(2,177)	(2,177)	(612)	1,565
Beginning Fund Balance	<u>2,177</u>	<u>2,177</u>	<u>2,235</u>	<u>58</u>
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>1,623</u>	<u>1,623</u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 because there were no substantial restricted or committed revenues.

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

	<u>MUSEUM FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$ 250	250	159	(91)
Donations	300	300	467	167
Total Revenues	<u>550</u>	<u>550</u>	<u>626</u>	<u>76</u>
EXPENDITURES:				
Materials and Services	<u>54,124</u>	<u>54,124 (1)</u>	<u>20,382</u>	<u>33,742</u>
Total Expenditures	<u>54,124</u>	<u>54,124</u>	<u>20,382</u>	<u>33,742</u>
Excess of Revenues Over (Under) Expenditures	(53,574)	(53,574)	(19,756)	33,818
Other Financing (Uses): Transfer In	<u>12,650</u>	<u>12,650</u>	<u>13,753</u>	<u>1,103</u>
Total Other Financing Sources (Uses)	<u>12,650</u>	<u>12,650</u>	<u>13,753</u>	<u>1,103</u>
Net Change in Fund Balance	(40,924)	(40,924)	(6,003)	34,921
Beginning Fund Balance	<u>40,924</u>	<u>40,924</u>	<u>39,215</u>	<u>(1,709)</u>
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>33,212</u>	<u>33,212</u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 because there were no substantial restricted or committed revenues.

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

	<u>WATER FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Utility Sales	\$ 1,567,500	1,567,500	1,628,296	60,796
Interest	8,500	8,500	7,259	(1,241)
Miscellaneous	35,000	35,000	-	(35,000)
Total Revenues	<u>1,611,000</u>	<u>1,611,000</u>	<u>1,635,555</u>	<u>24,555</u>
EXPENDITURES:				
Personal Services	578,100	578,100 (1)	560,221	17,879
Materials and Services	659,870	659,870 (1)	579,233	80,637
Capital Outlay	376,861	356,861 (1)	62,882	293,979
Debt Service	116,272	116,272 (1)	116,272	-
Contingencies	250,000	250,000 (1)	-	250,000
Reserves	199,076	199,076 (1)	-	199,076
Total Expenditures	<u>2,180,179</u>	<u>2,160,179</u>	<u>1,318,608</u>	<u>841,571</u>
Excess of Revenues Over (Under) Expenditures	(569,179)	(549,179)	316,947	866,126
Other Financing (Uses):				
Transfers Out	(110,715)	(130,715) (1)	(126,493)	4,222
Total Other Financing Sources (Uses)	<u>(110,715)</u>	<u>(130,715)</u>	<u>(126,493)</u>	<u>4,222</u>
Net Change in Fund Balance	(679,894)	(679,894)	190,454	870,348
Beginning Fund Balance	<u>679,894</u>	<u>679,894</u>	<u>851,482</u>	<u>171,588</u>
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>1,041,936</u>	<u>1,041,936</u>
Reserved Fund Balance				
Reconciliation to GAAP Basis:				
Compensated Absences			\$ (43,286)	
Accrued Interest			(65,505)	
Long-term Debt			(1,722,351)	
Capital Assets, Net			11,582,083	
GAAP Basis Fund Balance			<u>\$ 10,792,877</u>	

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

WATER SYSTEM DEVELOPMENT CHARGE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Charges for Services	\$ 86,760	126,760	135,536	8,776
Interest	450	450	519	69
Total Revenues	<u>87,210</u>	<u>127,210</u>	<u>136,055</u>	<u>8,845</u>
EXPENDITURES:				
Materials and Services	29,540	69,540 (1)	44,510	25,030
Capital Outlay	23,094	23,094 (1)	-	23,094
Debt Service	17,196	17,196 (1)	17,195	1
Total Expenditures	<u>69,830</u>	<u>109,830</u>	<u>61,705</u>	<u>48,125</u>
Excess of Revenues Over (Under) Expenditures	17,380	17,380	74,350	56,970
Other Financing (Uses)				
Transfers Out	(50,000)	(50,000) (1)	(50,000)	-
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balance	(32,620)	(32,620)	24,350	56,970
Beginning Fund Balance	<u>32,620</u>	<u>32,620</u>	<u>46,123</u>	<u>13,503</u>
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>70,473</u>	<u>70,473</u>

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

<u>SEWER FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Utility Sales	\$ 675,000	675,000	660,565	(14,435)
Property Taxes	70,000	70,000	70,000	-
Payment from RVSS	<u>182,625</u>	<u>182,625</u>	<u>182,499</u>	<u>(126)</u>
Total Revenues	<u>927,625</u>	<u>927,625</u>	<u>913,064</u>	<u>(14,561)</u>
EXPENDITURES:				
Materials and Services	745,000	745,000 (1)	722,891	22,109
Debt Service	182,625	182,625 (1)	182,498	127
Reserves	<u>132,038</u>	<u>132,038 (1)</u>	<u>-</u>	<u>132,038</u>
Total Expenditures	<u>1,059,663</u>	<u>1,059,663</u>	<u>905,389</u>	<u>(154,274)</u>
Net Change in Fund Balance	(132,038)	(132,038)	7,675	139,713
Beginning Fund Balance	<u>132,038</u>	<u>132,038</u>	<u>359,853</u>	<u>227,815</u>
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>367,528</u>	<u>367,528</u>
Reconciliation to GAAP Basis:				
Long-term Debt			\$ (477,160)	
Accrued Interest Payable			(8,400)	
Notes Receivable			477,160	
Interest Receivable			8,400	
Capital Assets, net			<u>48,542</u>	
GAAP Basis Fund Balance			<u>\$ 416,070</u>	

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

<u>STORM WATER FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Utility Charges	\$ 260,000	260,000	262,176	2,176
Interest Income	1,000	1,000	1,483	483
Total Revenues	<u>261,000</u>	<u>261,000</u>	<u>263,659</u>	<u>2,659</u>
EXPENDITURES:				
Personal Services	97,850	97,850 (1)	92,629	5,221
Materials and Services	48,400	54,400 (1)	39,945	14,455
Capital Outlay	276,330	270,330 (1)	46,185	224,145
Contingencies	50,000	50,000 (1)	-	50,000
Total Expenditures	<u>472,580</u>	<u>472,580</u>	<u>178,759</u>	<u>(293,821)</u>
Excess of Revenues Over Expenditures	(211,580)	(211,580)	84,900	296,480
Other Financing Sources (Uses):				
Transfers Out	(4,000)	(4,000) (1)	(4,000)	-
Total Other Financing Sources (Uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
Net Change in Fund Balance	(215,580)	(215,580)	80,900	296,480
Beginning Fund Balance	<u>215,580</u>	<u>215,580</u>	<u>249,913</u>	<u>34,333</u>
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>330,813</u>	<u>330,813</u>
Reconciliation to GAAP Basis:				
Compensated Absences			\$ (5,683)	
Capital Assets, net			<u>199,569</u>	
GAAP Basis Fund Balance			<u>\$ 524,699</u>	

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS
For the Year Ended June 30, 2014**

STORM WATER SYSTEM DEVELOPMENT CHARGE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Charges for Services	\$ 36,200	36,200	57,907	21,707
Interest Income	1,200	1,200	1,244	44
Total Revenues	<u>37,400</u>	<u>37,400</u>	<u>59,151</u>	<u>21,751</u>
EXPENDITURES:				
Capital Outlay	<u>227,597</u>	<u>227,597</u> (1)	<u>5,333</u>	<u>222,264</u>
Total Expenditures	<u>227,597</u>	<u>227,597</u>	<u>5,333</u>	<u>222,264</u>
Net Change in Fund Balance	(190,197)	(190,197)	53,818	136,379
Beginning Fund Balance	<u>190,197</u>	<u>190,197</u>	<u>196,223</u>	<u>6,026</u>
Ending Fund Balance	<u>\$ -</u>	<u>-</u>	<u>250,041</u>	<u>250,041</u>

(1) Appropriation Level

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2014**

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED AT 07/01/13	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/14
Current:						
2013-14	\$ 1,494,514	\$ 37,009	\$ 5,796	\$ 761	\$ 1,406,660	\$ 57,402
Prior Years:						
2012-13	53,851	(34)	(2,287)	2,071	26,751	26,918
2011-12	29,429	(3)	(1,286)	2,705	13,828	17,023
2010-11	15,110	(0)	(198)	3,034	9,634	8,312
2009-10	6,675	(0)	(1,691)	1,745	4,429	2,300
2008-09	2,447	(1)	(645)	475	797	1,480
2007-08 & Prior	4,957	1	(1,722)	822	1,076	2,980
Total Prior	112,469	(37)	(7,829)	10,852	56,514	59,015
Total All Funds	<u>\$ 1,606,983</u>	<u>\$ 36,972</u>	<u>\$ (2,033)</u>	<u>\$ 11,613</u>	<u>\$ 1,463,174</u>	<u>\$ 116,417</u>

RECONCILIATION TO REVENUE:

	ALL FUNDS
Cash Collections by County Treasurer Above	\$ 1,463,174
Accrual of Receivables:	
June 30, 2013	(11,597)
June 30, 2014	7,335
Other	5,375
Total Revenue	<u>\$ 1,464,287</u>

FUND DISTRIBUTION:

General Fund	\$ 1,339,917
Sewer Fund	70,000
98 GO Bond	54,370
	<u>\$ 1,464,287</u>

**CITY OF EAGLE POINT
JACKSON COUNTY, OREGON**

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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

November 26, 2014

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Eagle Point as of and for the year ended June 30, 2014, and have issued our report thereon dated November 26, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Programs funded from outside sources.**

In connection with our testing nothing came to our attention that caused us to believe the City of Eagle Point was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

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

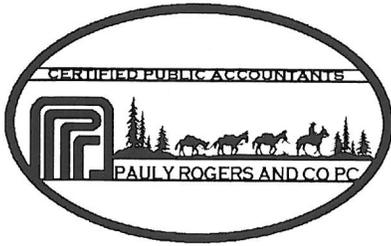
A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, stylized "R" at the beginning.

Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

CITY OF EAGLE POINT
JACKSON COUNTY, OREGON

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government
Auditing Standards* as Required by the Oregon Department of Environmental Quality and the United
States Department of Agriculture**

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November 26, 2014

To the Honorable Mayor and
Members of the City Council
City of Eagle Point, Oregon

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eagle Point as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 26, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.