

Serving THE CITIZENS OF CENTRAL POINT



Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

CITY OF CENTRAL POINT, OREGON
The Fair City

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2011

Prepared by:

Bev Adams, Finance Director

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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JACKSON COUNTY, OREGON**

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City of Central Point, Oregon
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www.centralpointoregon.gov



Finance Department
Bev Adams, Finance Director

November 24, 2011

Honorable Mayor,
Members of the City Council,
And Citizens of the City of Central Point

Oregon statutes require that all general purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby submit the comprehensive annual financial report of the City of Central Point, Oregon for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the City of Central Point. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented here. To provide a reasonable basis for making these representations, management of the City of Central Point has established and maintains an internal control framework that is designed to protect the government's assets from loss, theft, or misuse; and to compile sufficient reliable information for the preparation of financial statements. Because the cost of internal controls should not outweigh their benefits, the City of Central Point's framework of internal controls has been designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The enclosed financial statements have been audited by Johannsen, Dye & Purkeypile, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Central Point for the fiscal year ending June 30, 2011, are free from material misstatement. The audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditor concluded based on the audit performed, that there was a reasonable basis for rendering an unqualified opinion that the City of Central Point's financial statements are fairly presented in conformance with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

For financial reporting purposes, the City of Central Point is a primary government. The City is governed by a City Council that is elected by the voters at each general election. The financial statement includes all organizations and activities for which the elected officials exercise financial control, except for the Parks and Recreation Foundation. This component unit has not been included in the CAFR because it is not material to the overall financial statements of the City, nor is it a significant activity of the City. The City interacts and contracts with various other governmental entities but is not financially accountable to or for those entities.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Management Discussion and Analysis can be found immediately following the report of the independent auditors.

The City

The City of Central Point was incorporated in 1889. It currently encompasses an area of 3.52 square miles and has a population of over 17,000. The City is located in the northwestern part of Jackson County; bisected by Interstate 5. Approximately one-third of the city lies to the east of Interstate 5. Central Point borders Medford, the largest incorporated city in the county on the eastern and southern boundaries.

In terms of its physical development, the City of Central Point has been a relatively slow developing community, for many years retaining a rural community atmosphere. Only in recent past did the building boom of southern Oregon significantly alter the landscape of this small community with housing and commercial projects spurring population growth and impacting the need for services that accompany growth. Typically, the City's infrastructure serves a stable and slightly increasing population and requires expenditures primarily for maintenance and modernization of facilities rather than rapid growth. However, the impact of the nationwide economic recession has resulted in no significant growth in either population or residential or commercial projects.

City government provides a range of services, including police protection, construction and maintenance of streets, storm drains, water, building inspection, planning, economic development, parks and recreation. Fire protection, sanitary sewer services, public transportation, and public education services are provided by separate districts and are not a part of this financial report.

The City operates under a manager form of government. The council consists of a mayor and six councilors. Two council members are elected from the city at large, while the other four are elected from wards that divide the city into four sections. While the mayor serves as the ceremonial head of the city and as presiding officer of the meetings, he is also a voting part of the Council and has no veto authority. The mayor has the authority to preserve order, enforce the rules and determine the order of business at the council

meetings. With consent of council, the mayor appoints members of commissions and committees established by ordinance or resolution. The City council is the legislative branch of Central Point's municipal government and the people's elected representatives. Council meetings are open public meetings where the council makes local laws, policies and basic decisions for the municipality. The position of mayor and council members are elected for four year terms on alternating years in a general election of the State of Oregon.

Accounting System and Budgetary Control

Accounting records for General, Special Revenue, Debt Service and Capital Project Funds are maintained on a modified accrual basis. Revenues are recognized when they become measurable and available, while expenditures are recorded at the time the liabilities are incurred. The accounting records for Internal Service and the Enterprise Funds are maintained on a full accrual basis.

In developing, maintaining and upgrading the City's accounting system, ongoing consideration is given to the adequacy of internal accounting control. We believe the city's internal accounting controls adequately safeguard assets.

The annual budget serves as the foundation for the City of Central Point's financial planning and control. All departments of the City submit a budget to the city manager who then oversees the preparation of a proposed budget. The budget is presented to a budget committee for review and approval and then submitted to city council for adoption prior to July 1 of each year. Budgetary control is maintained through constant review by the city's finance director. Detailed monthly budget reports are prepared for the city manager and each department, with quarterly statements and presentation given to the Mayor and Council.

Oregon budget law allows for amendments to the budget for reasons unforeseen at the time the budget is adopted. Certain changes less than 10 percent require a council resolution. Changes in excess of 10 percent require a supplemental budget similar to the adoption requiring a public hearing. Budget-to-actual comparisons are provided in this report for each expenditure category in which an appropriated annual budget was adopted, thus illustrating budget compliance.

Factors Affecting Financial Condition – Local Economy

The regional economic base is tied to agriculture, tourism, higher education, health care, transportation and manufacturing. There is an increasing population of retirees moving into the area, a factor that requires new and expanded health care resources, and additional demands for retirement, assisted living and nursing home facilities. In the past year, the City of Central Point and all cities within the Rogue Valley have experienced an ever increasing number of lost jobs and one of the higher

unemployment rates in the nation. Housing prices have plummeted along with construction in the area, all of which have had a negative effect on the City's building permit revenues and planning actions. Although it is too early to know the full extent that tax collections have been affected by the local economy, we anticipate reduced collections as a result of the substantial amount of foreclosures in the area.

Financial Policies

It has been a policy of the City's governing body and management to budget, plan and spend conservatively, and to make adjustments as early as possible when the need for change is identified. This unwritten policy of conservatism was beneficial and helped to stabilize and conserve the City and its services during the downward spiral of the local and national economy. No one could foresee just how dramatic the changes to the economy would affect local construction, businesses and families. However, the City has been fortunate that with the slowing of construction, timely decisions were made and actions taken to re-adjust staffing and prioritize projects to respond to the decline and the slowing of revenues.

Additionally, the Mayor and Council adopted a formal "Financial Policy" that documents the procedures and standards that will guide the City as it continues to monitor and preserve its assets.

Long-term Financial Planning

The City continues to prepare long-term financial plans on a fund basis. In recent years the City secured long-term funding sources through System Development Charges (SDC's) and street and storm water fees to support infrastructure and capital improvements. The City updates the capital improvement plan and related system development plans annually. Included in these plans are water, transportation, storm water, parks and recreation projects.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for excellence in financial reporting to the City of Central Point for its comprehensive annual financial report for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government must publish a comprehensive annual financial report in accordance with GFOA standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The timely preparation of this report would not have been possible without the efficient and dedicated service of the entire finance staff. We would like to express our appreciation for their contributions to its preparation.

We would especially like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectively submitted,



Phil Messina
City Manager



Bev Adams
Finance Director



CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

ELECTED OFFICIALS

June 30, 2011

CITY COUNCIL

TERM EXPIRES

Hank Williams, Mayor	December 31, 2012
Bruce Dingler, Ward I	December 31, 2012
Kelly Geiger, Ward II	December 31, 2012
Ellie George, Ward III	December 31, 2014
Allen Broderick, Ward IV	December 31, 2012
Carol Fischer, At Large	December 31, 2012
Kay Harrison, At Large	December 31, 2012

All council members receive mail at the address listed below.

CITY ADMINISTRATOR

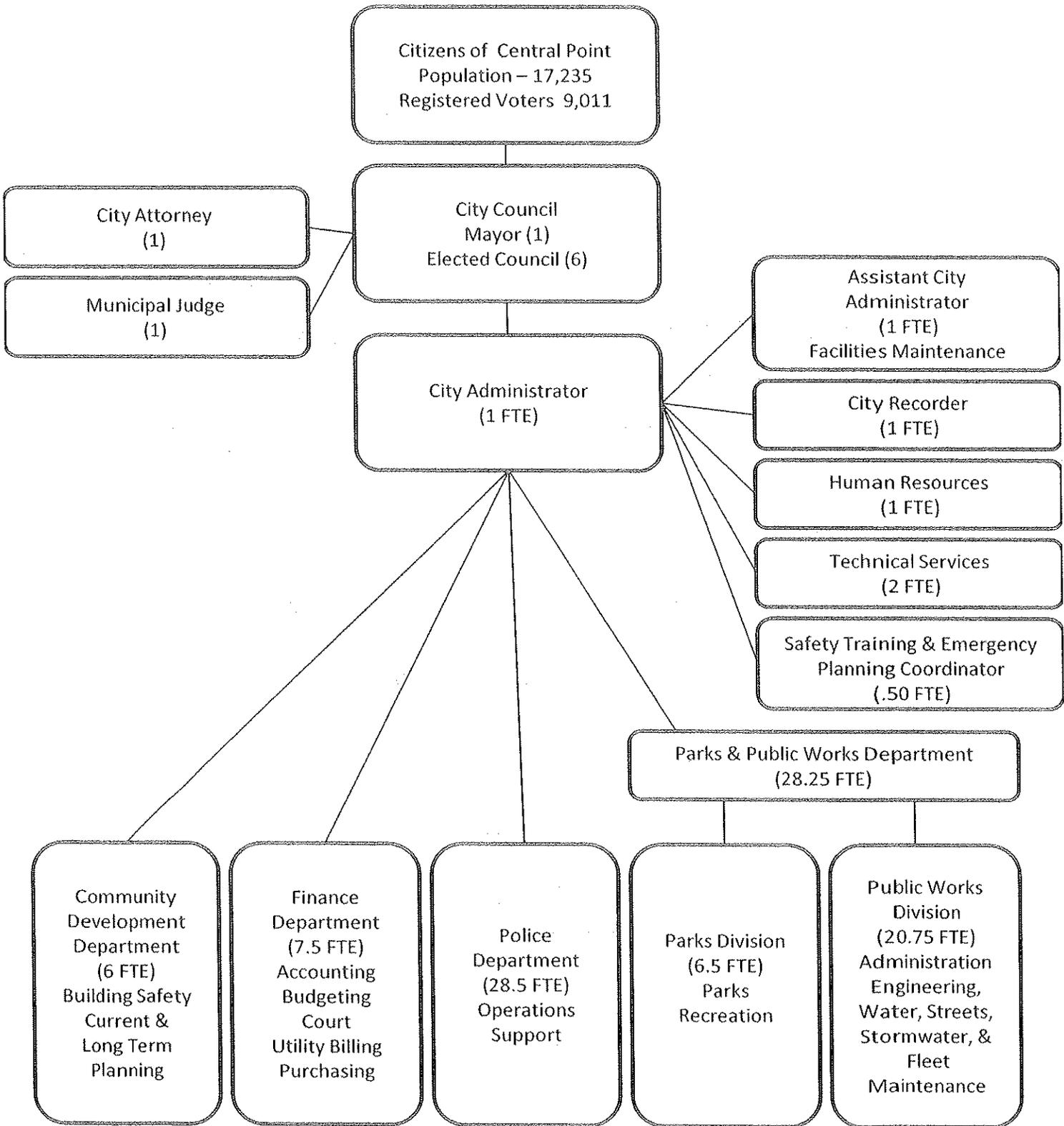
Phil Messina

FINANCE DIRECTOR

Bev Adams

City of Central Point
140 South Third Street
Central Point, OR 97502

City of Central Point
75.75 FTE
For The Fiscal Year Ended June 30, 2011



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Central Point
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



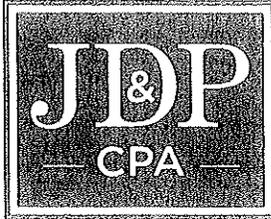
A stylized, handwritten signature in black ink.

President

A stylized, handwritten signature in black ink.

Executive Director





JOHANNSEN,
DYE &
PURKEYPILE
Certified Public Accountants, LLP

Frederic C. Johannsen, CPA
Christopher V. Dye, CPA

Jason R. Hansen, CPA
Robert W. Purkeypile, CPA
Trudy J. Brown

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Central Point, Oregon, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Central Point, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Central Point, Oregon, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2011, on our consideration of the City of Central Point, Oregon's internal control over financial reporting and on our tests of its 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 information

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Central Point, Oregon's basic financial statements as a whole. The introductory section, supplementary information, and statistical section, 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have 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 them.

Johannsen, Dye & Purkeypile CPAs, LLP



By Christopher V. Dye, CPA
Partner

Medford, Oregon
November 23, 2011

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Central Point, we offer readers of the City of Central Point's financial statements this narrative overview and analysis of the activities of the City of Central Point for the fiscal year ended June 30, 2011. Please read it in conjunction with the City's transmittal letter in the introductory section, and the City's financial statements following the MD&A.

Financial highlights (*In Thousands of Dollars*)

- Total assets of the City, including both governmental and business-type activities, exceeded its total liabilities at June 30, 2011, the close of the most recent fiscal year, by approximately \$77,921 (net assets). Of this amount, \$5,110 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Unrestricted net assets for governmental activities increased \$1,713 to \$4,617. This overall increase is attributed to the application of GASB Statement No. 54 in the current year that changed the definitions of governmental fund balances.
- Unrestricted net assets for business-type activities increased \$48 to \$493 for the business-type activities. This overall increase is attributed to increased utility service revenues due to the implementation of a new water rate structure with prices increasing as water use increases and effective expense management efforts. However, we again experienced a very wet spring and early summer resulting in lowered water usage and ultimately "dampened" income. In addition, there were about 200 vacant homes not using water. These vacant homes were abandoned or in foreclosure - another sign of the affects of the Great Recession.
- There are no restrictions, commitments, or other limitations on net assets, fund equities or fund balances at June 30, 2011 that significantly affect the availability of fund resources for future use.
- The City's total current and other liabilities decreased \$256 - approximately 22% from last year end. This decrease is favorable and attributed to management gaining experience in cost control.
- The City's total long-term debt increased \$51 to \$6,378. The reason for the increase is primarily due to increases in the City's long-term portion of compensated absences earned by employees where in prior years this liability was considered to be current. The increase in new long-term debt relating to the construction of the new water reservoir was \$601, while the scheduled debt payments on existing long-term debt during the year totaled \$602.
- The City Council, through the adoption of the annual budget has established a conservative financial policy for dealing with the unfavorable economic and financial affects of the current recession, and a stated policy of not wanting to reduce the level of City services provided to the community. In response to these policies, the City staff continues to reevaluate and reassign staff in an effort to maintain the current level of City services, even though staff vacancies due to attrition and retirement have occurred. Currently, in keeping with City budget and Council policies, there are no plans for filling any staff vacancies. Since 2008, the City has eliminated 7.75 positions overall with 75.75 employees at June 30, 2011. This year end employee count compares to 76.25 at June 2010, 80 at 2009, and 79 at 2008, 79 at 2007 and 84 at 2006.

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the financial statements

This discussion and analysis is intended to serve as an introduction to the financial section of the City of Central Point's comprehensive annual financial report (CAFR). The financial section consists of three parts: 1) management's discussion and analysis (this section), 2) basic financial statements, and 3) supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements show how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information, some required by GASB and some thought to be meaningful to readers by further explaining the information presented in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and content of each of the statements.

Government-wide financial statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the city's net assets and how they have changed. Net assets - the difference between the City's assets and liabilities - are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the city's tax base.

The government-wide financial statements include both governmental and business-type activities. The City's governmental activities include general government, public safety, highways and streets, parks and recreation, and interest on long-term debt. General government activities include legislative, administration, finance, planning and economic development. Property taxes, franchise

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide financial statements (continued)

taxes, permits and fees, and intergovernmental revenues finance most of these activities. The City's business-type activities include water and storm water utilities and building services. These services are primarily financed by charges for services.

Fund financial statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has the following kinds of funds:

- Governmental funds - Governmental funds focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, that explain the relationship (or differences) between them.
- Proprietary funds: The City maintains two different types of proprietary funds. The *enterprise fund* is used to report the same functions presented as *business-type activities* in the government wide financial statements. The City uses enterprise funds to account for building department, water and storm water functions. The *internal service fund* is an accounting device used to allocate costs internally among the City's various functions. The City of Central Point uses an internal service fund to report activities that provide services for other programs such as facility maintenance, fleet maintenance and public works administration and engineering.

Government-wide financial analysis (In Thousands of Dollars)

Over time, net assets may serve as a useful indicator of a government's financial position.

By far the largest portion of the City's assets (87.5%) are invested in capital assets (land, buildings, equipment and infrastructure improvements) These assets are used to deliver services to citizens and are not available for future spending.

A significant portion (5.9%) of net assets is titled restricted net assets. These net assets are subject to external restrictions on how they can be used.

The final portion (6.6%) is unrestricted net assets. This represents resources that may be used to meet the ongoing obligations to citizens and creditors. The unrestricted net assets increased by \$1,761 (thousands); largely due to effective expenditure management in the business type activities and a fresh look at makeup of the governmental fund balances resulting from the implementation of GASB Statement No. 54.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Central Point

Net Assets (In Thousands of Dollars)

	Governmental		Business Type		Total	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
ASSETS						
Current and Other Assets	\$ 8,428	\$ 3,455	\$ 2,596	\$ 2,611	\$ 11,024	\$ 6,066
Capital Assets	52,210	49,681	24,274	24,459	76,484	74,140
Total Assets	<u>60,638</u>	<u>53,136</u>	<u>26,870</u>	<u>27,070</u>	<u>87,508</u>	<u>80,206</u>
LIABILITIES						
Current and Other Liabilities	857	615	306	292	1,163	907
Long-Term Liabilities	5,980	5,595	347	783	6,327	6,378
Total Liabilities	<u>6,837</u>	<u>6,210</u>	<u>653</u>	<u>1,075</u>	<u>7,490</u>	<u>7,285</u>
NET ASSETS						
Capital Assets Net of Related Debt	46,595	44,501	23,956	23,706	70,551	68,207
Restricted Assets	4,302	2,807	1,817	1,797	6,119	4,604
Unrestricted Assets	2,904	4,617	445	493	3,349	5,110
Total Net Assets	<u>\$ 53,801</u>	<u>\$ 51,925</u>	<u>\$ 26,218</u>	<u>\$ 25,996</u>	<u>\$ 80,019</u>	<u>\$ 77,921</u>

**City of Central Point
Net Assets (In Thousands of Dollars)**

	Governmental		Business Type		Total	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
REVENUES						
Program Revenues:						
Charges For Services	\$ 4,427	\$ 4,349	\$ 2,748	\$ 3,157	\$ 7,175	\$ 7,506
Grants and Contributions	176	201	10	96	186	297
General Revenues:						
Property Taxes	4,274	4,450	-	-	4,274	4,450
Franchise Taxes	943	965	-	-	943	965
Hotel/Motel Taxes	298	304	-	-	298	304
Interest	43	25	15	8	58	33
Miscellaneous	278	397	24	49	302	446
Total Revenues	<u>10,439</u>	<u>10,691</u>	<u>2,797</u>	<u>3,310</u>	<u>13,236</u>	<u>14,001</u>
EXPENSES						
Functions:						
General Government	3,818	6,409	-	-	3,818	6,409
Public Safety	3,547	3,651	-	-	3,547	3,651
Highways and Streets	3,560	1,224	-	-	3,560	1,224
Parks and Recreation	1,204	1,071	-	-	1,204	1,071
Interest	228	370	-	-	228	370
Water Services	-	-	2,637	2,438	2,637	2,438
Stormwater Services	-	-	676	788	676	788
Building Services	-	-	154	148	154	148
Total Expenses	<u>12,357</u>	<u>12,725</u>	<u>3,467</u>	<u>3,374</u>	<u>15,824</u>	<u>16,099</u>
Excess (deficiency) before transfers	(1,918)	(2,034)	(670)	(64)	(2,588)	(2,098)
Transfers	42	158	(42)	(158)	-	-
INCREASE (DECREASE) IN NET ASSETS	(1,876)	(1,876)	(712)	(222)	(2,588)	(2,098)
BEGINNING NET ASSETS	55,677	53,801	26,930	26,218	82,607	80,019
ENDING NET ASSETS	\$ 53,801	\$ 51,925	\$ 26,218	\$ 25,996	\$ 80,019	\$ 77,921

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial analysis of the City (*In Thousands of Dollars*)

The following discussion recaps each of the City's major funds, significant changes within the fund, and the underlying reason for the change. This narrative is based on the fund statement basis for all the funds regardless of fund type since this is the form for which the public, Council and staff are given financial information throughout the year and will best relate to it here.

- **General Fund:** At June 30, 2011, the fund balance (budget basis) for the General Fund was \$3,344, an increase of \$190 from the previous year. Fund balance components include \$2,825 committed to the 2011-12 budget and \$520 that is unassigned. In total, fund balance represents approximately 46.0% of the 2010-11 total general fund expenditures including transfers out. The increase in General Fund carryover is primarily due to increases in tax and miscellaneous revenues offset by reductions in charges for services. Although expenditures and transfers out increased \$83 (1.2% over the previous year) the increases were within the budget and moderated by the concerted efforts of management to examine all expenditures to determine if they are unavoidable. Early in the 2008-09 fiscal year, as compelling evidence of local and regional economic challenges became more evident, the City Manager requested a "call to action" for every department to conserve in whatever manner possible while still preserving services. This trend of conservation is still ongoing and was reflected in the 2010-11 budget and will continue throughout the 2011-12 budget year.
- **Street Fund:** At June 30, 2011, the committed fund balance (budget basis) for the Street Fund was \$1,963, a increase of \$256 from the previous year. State gas tax revenues of \$840 are up by \$127 from the previous year, the street franchise fee of \$79 paid by the Water Fund declined \$3 from the prior year, but charges for services from systems development charges of \$53 increased about \$30 due to a slight increase in construction activity. Charges for services relating to the monthly street utility fee increased \$113 to \$564. Ongoing street maintenance efforts continued with no significant changes in street projects or expenditures, however overall expenditures dropped by \$40 as a result of ongoing cost management. The changes described, plus a transfer from the General Fund of \$75, resulted in an increase in fund balance from the prior fiscal year of almost \$256. The fund balance is attributed to unspent street utility fees and is committed to ongoing street maintenance.
- **Capital Improvement Fund:** At June 30, 2011, the restricted fund balance (budget basis) for the Capital Improvement Fund was \$68, a decrease of approximately \$5 from the 2009-10 fiscal year. Current year revenues included a \$25 state grant for park improvements, and increases in systems development charges of \$32 due to a slight increase in construction activity. This fund is used to budget and record activity dealing with capital projects; therefore large fluctuations naturally occur depending on capital projects in process. This year only \$43 was spent on improvements to Forest Glen Park. The remaining balance of \$68 is to be used for a minor resurfacing project, debt service relating to the Don Jones Park financing and to reimburse a systems development charge for park improvements that will not be made by the City.

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

- **Reserve Fund:** During the 2010-11 fiscal year, this fund was established by Council Resolution No. 1257 for the purpose of setting aside funds for future city hall improvements, equipment and vehicles. The initial funding was a transfer from \$300 from the Internal Service Fund. No expenditures were made during the year but some interest earnings were recorded. At June 30, 2011, the committed fund balance was \$301. No expenditures are budgeted for in the fund for 2011-12 and more interest earnings and transfers from other funds are planned to increase the committed fund balance approximately \$180 to \$482.
- **Water Fund:** At June 30, 2011, the unreserved fund balance (budget basis) for the Water Fund was \$1,722 - an increase of \$3 from the 2009-10 fiscal year. Charges for services increased \$203 due to the impact of a new water rate schedule, despite another wet spring and late summer, and about 200 foreclosure homes not using water. Interest earnings dropped \$6. Almost \$629 was spent on the water reservoir capital project engineering that was budgeted for. Actual construction will begin during 2011-12. In addition, operating expenses decreased about \$313 due to on-going cost management. City Council and staff are aware that the results of Water Fund operations remain unfavorable - but the excess of expenditures over revenues has been reduced \$525 from the prior year. To continue this financial improvement requires an increase in water rates or less rain during the spring and summer. The current rate schedule was devised to provide for revenue increases by using water rates that vary with the rate of water usage. As water usage increases a higher rate is charged, and when water usage decreases a lower rate is charged. The new rate structure is expected to provide sufficient resources to maintain the City's water distribution system. However, a year's experience has shown that this water rate structure results in revenue declines during wet weather conditions in spring and summer - which is what the City experienced again this year.
- **Stormwater Fund:** At June 30, 2011, the unreserved fund balance (budget basis) for the Stormwater Fund was \$381, an increase of \$75 from the 2009-10 fiscal year. Stormwater utility revenues are up about \$165, and attributed to the new water rates. Operating expenses increased about \$240 due to completing various stormwater projects during the 2010-11 year. These changes resulted in a net increase of \$21 in excess of revenue over expenditures to \$93. However, the fund contributed \$18 to the City's debt service payments leaving a \$75 increase to fund balance.
- **Building Fund:** At June 30, 2011, the unreserved fund balance (budget basis) for the Building Fund was \$187, a decrease of \$49 from the 2009-10 fiscal year. Management efforts reduced expenditures by \$6 compared to the previous year. In addition, revenues increased \$44. Under current City budget and operating policies, the ongoing deterioration of the Building Fund balance due to the downturn in the economy will continue despite an overall reduction in staffing to just a 1 FTE building inspector/official. During the 2011-12 fiscal year, total expenditures are budgeted to decline about \$48 resulting in an anticipated an additional \$3 decline in fund balance.

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

- **Internal Services Fund:** At June 30, 2011, the unreserved fund balance (budget basis) for the Internal Services Fund was \$386, a decrease of \$244 from the 2009-10 fiscal year. As an internal service fund, revenues consist primarily of rental and overhead fees charged to City departments. Fluctuations in revenues and expenses over the years in this fund are generally caused either by fleet or facility projects requiring capital asset purchases. During the year, the fund paid for improvements to City Hall of \$46 and also purchased \$28 of new equipment. Also during the year, \$300,000 was transferred to the new Reserve Fund by Council resolution. The remaining ending fund balance is intended to serve as a working capital fund and approximates 35% of current expenditures.

General Fund budgetary highlights

The expenditures and revenues of the General Fund are well matched and there are no significant variances from the budget. More information about the City's budget process, legal requirements, and results for the year is presented in Note 1 to the financial statements.

Other funds budgetary highlights

The City is required by Oregon law to budget all funds and did so. No significant variances from budget occurred in any fund. More information about the City's budget process, legal requirements, and results for the year is presented in Note 1 to the financial statements.

Capital assets

The City of Central Point's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$74,139,683 (net of accumulated depreciation). This investment covers a broad range of capital assets, including land, buildings, storm water system improvements, vehicles, equipment, and water utility system. A new water reservoir will be built to provide water storage capacity to the eastside of the City. The engineering phase of the project began during the 2010-11 year with approximately \$601,000 being spent. More detailed information about the city's capital assets is presented in Note 5 to the financial statements.

Long term debt

At June 30, 2011, the City had \$6,377,582 of long-term debt compared to \$6,326,968 the previous year end. This amount includes \$5,933,120 of bonds and notes payable and \$444,462 of compensated absences payable. The City's bonds and notes payable debt was reduced by \$601,984 as result of making the maturing bond and note debt service payments, and increased \$601,015 relating to the new water reservoir construction draws. The City's compensated absences increased \$234,524 by employee service and declined \$182,941 as employees took time off. More detailed information about the City's long-term debt is presented in the Notes 6 and 8 to the financial statements.

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic factors and the new year budget

The City of Central Point experienced large increases in housing starts over the years ending with June 30, 2007. By mid 2008, construction of homes dramatically declined and at present is almost at a standstill. This continued economic decline has sent a ripple effect throughout the City, decreasing revenues and significantly limiting projects citywide. This economic situation was a major concern in preparing, approving and executing the 2010-11 operating and long-term budget. The 2011-12 operating budget remains about the same when compared to the 2010-11 operating and long-term budget. The economic situation remains a major concern to the City leadership and that concern is reflected in the 2011-12 budget. However, as noted in the 2011-12 budget message, "the City's basic operational needs are met; the budget is balanced - there is no reduction in services to the community, and no increases in property taxes".

As of June 30, 2011 and looking at the upcoming 2011-12 fiscal year, the City's overall financial condition is stable, however the business-type activities of utility and building services are seriously deteriorating because of the declining economy caused by the Great Recession. While the City currently has resources and reserves to support this deterioration it cannot continue to do so indefinitely.

Six years ago 251 building permits were issued providing \$267,852 in building related fees. For 2010-11, the number of residential permits increased over 2009-10 and related fees increased from \$90,000 to \$190,000. There has yet been no improvement in the commercial real estate market. The City's low income utility discount program which grants a 50% assistance to economically challenged citizens increased from \$4,582 in the 2009-10 fiscal year to \$25,511 this year. These are but a few of the statistics that indicate that the City's financial condition is deteriorating. In addition there are about 200 homes in foreclosure that are not currently paying for City utility services. The estimated utility service revenue associated with the 200 foreclosure homes is about \$10,000 per month and \$120,000 on an annualized basis.

In the budget process and throughout the year, City staff carefully considered many options and made appropriate financial and operating decisions in an effort to retain sufficient carryover to continue current service levels as long as possible. No new services are planned, and only replacement hires are being considered. City Council and staff are in the process of exploring new revenue streams as a way to improve and stabilize the City's economic health and provide for needed maintenance and capital project funding.

Contacting the City's financial management

Our financial report is designed to provide our taxpayers, ratepayers, investors and creditors with an overview of the City's finances. If you have any questions about this report or need any clarification of information please contact the Finance department at the City of Central Point, or visit our website at www.centralpointoregon.gov. Our address is: 140 South Third St, Central Point, Oregon 97502.

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON
BASIC FINANCIAL STATEMENTS

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Assets:			
Cash and cash equivalents	\$ 6,349,172	\$ 1,930,884	\$ 8,280,056
Current receivables, net allowances for uncollectibles	946,745	522,976	1,469,721
Prepaid expenses	8,784	336	9,120
Supply inventory	-	157,091	157,091
Noncurrent receivables:			
Due within one year	170,597	-	170,597
Due in more than one year	921,325	-	921,325
Bond issue costs	58,379	-	58,379
Capital assets, net of allowances for depreciation			
Governmental	49,260,967	-	49,260,967
Business-type	-	24,459,077	24,459,077
Internal service	419,639	-	419,639
Total Assets	58,135,608	27,070,364	85,205,972
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable	282,131	282,408	564,539
Accrued payroll	329,529	-	329,529
Unearned revenue			
Due within one year	3,410	-	3,410
Deposits	-	9,663	9,663
Noncurrent liabilities			
Compensated absences			
Due within one year	204,188	14,397	218,585
Due in more than one year	211,479	14,398	225,877
Long-term debt			
Due within one year	516,568	21,132	537,700
Due in more than one year	4,663,075	732,345	5,395,420
Total Liabilities	6,210,380	1,074,343	7,284,723
Net Assets:			
Invested in capital assets, net of related debt	44,500,963	23,705,600	68,206,563
Restricted for:			
Debt service	1,095,383	-	1,095,383
Housing	102,248	-	102,248
Utility systems enhancements (SDCs)	1,609,546	1,796,843	3,406,389
Unrestricted	4,617,088	493,578	5,110,666
Total Net Assets	\$ 51,925,228	\$ 25,996,021	\$ 77,921,249

See accompanying notes to basic financial statements

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Program Revenue				Net Revenue (Expenses) and Changes in Net Assets		
	Expenses	Charges for Services	Contributions	Capital Grants	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 6,408,877	\$ 2,229,797	\$ -	\$ 25,000	\$ (4,154,080)	\$ -	\$ (4,154,080)
Public safety	3,650,777	202,034	5,578	-	(3,443,165)	-	(3,443,165)
Highways and streets	1,223,667	1,556,713	-	170,000	503,046	-	503,046
Parks and recreation	1,071,328	147,207	-	-	(924,121)	-	(924,121)
Interest on long-term debt	370,303	213,010	-	-	(157,293)	-	(157,293)
Total Governmental Activities	12,724,952	4,348,761	5,578	195,000	(8,175,613)	-	(8,175,613)
Business-Type Activities							
Water services	2,438,327	2,353,000	-	-	-	(85,327)	(85,327)
Stormwater services	787,799	708,031	-	95,914	-	16,146	16,146
Building services	148,381	96,372	-	-	-	(52,009)	(52,009)
Total Business-Type Activities	3,374,507	3,157,403	-	95,914	-	(121,190)	(121,190)
Total Primary Government	\$ 16,099,459	\$ 7,506,164	\$ 5,578	\$ 290,914	(8,175,613)	(121,190)	(8,296,803)
General Revenues							
Property taxes					4,450,453	-	4,450,453
Franchise taxes					964,808	-	964,808
Hotel/Motel taxes					304,366	-	304,366
Interest					25,126	7,721	32,847
Miscellaneous					397,464	49,366	446,830
Total General Revenues					6,142,217	57,087	6,199,304
Other							
Transfers					157,700	(157,700)	-
Change in Net Assets					(1,875,696)	(221,803)	(2,097,499)
Beginning Net Assets					53,800,924	26,217,824	80,018,748
Ending Net Assets					\$ 51,925,228	\$ 25,996,021	\$ 77,921,249

See accompanying notes to basic financial statements

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011**

	SPECIAL REVENUE				CAPITAL PROJECTS		TOTAL
	GENERAL	STREET FUND	HOUSING FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	RESERVE FUND	
ASSETS:							
Assets:							
Cash and investments	\$ 3,739,975	\$ 1,742,875	\$ 45,145	\$ 3,461	\$ 68,167	\$ 300,613	\$ 5,900,236
Receivables:							
Taxes	404,564	-	-	-	-	-	404,564
Accounts, net of allowances	222,732	262,346	57,103	-	-	-	542,181
State of Oregon	-	-	-	843,135	-	-	843,135
Special assessments	-	-	-	248,787	-	-	248,787
Prepaid items	8,424	325	-	-	-	-	8,749
Total Assets	\$ 4,375,695	\$ 2,005,546	\$ 102,248	\$ 1,095,383	\$ 68,167	\$ 300,613	\$ 7,947,652
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts payable	218,948	33,008	-	-	-	-	251,956
Payroll taxes and salaries	329,529	-	-	-	-	-	329,529
Comp absences payable	116,277	2,081	-	-	-	-	118,358
Deferred revenue	3,410	6,984	57,103	1,088,289	-	-	1,155,786
Deferred property taxes	363,400	-	-	-	-	-	363,400
Total Liabilities	1,031,564	42,073	57,103	1,088,289	-	-	2,219,029
Fund Balances:							
Restricted	-	1,599,656	45,145	7,094	68,167	-	1,720,062
Committed	-	363,817	-	-	-	-	363,817
Assigned	2,824,550	-	-	-	-	300,613	2,824,550
Unassigned	519,581	-	-	-	-	-	519,581
Total Fund Balances	3,344,131	1,963,473	45,145	7,094	68,167	300,613	5,728,623
Total Liabilities and Fund Balances	\$ 4,375,695	\$ 2,005,546	\$ 102,248	\$ 1,095,383	\$ 68,167	\$ 300,613	\$ 7,947,652

See accompanying notes to basic financial statements

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO STATEMENT OF NET ASSETS
 June 30, 2011

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

Total Fund Balances - Governmental Funds		\$ 5,728,623
<p>The cost of governmental capital assets (land, buildings, improvements, machinery and equipment, infrastructure, intangibles, and construction in progress) is reported as an expenditure in governmental funds. The statement of net assets includes those capital assets among the assets of the City as a whole.</p>		
Capital assets		49,260,967
<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 assets.</p>		
Long-term debt	\$ (5,179,643)	
Bond discount and issuance costs	<u>58,379</u>	(5,121,264)
<p>Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.</p>		
Accrued vacation and sick leave	(415,667)	
Accrued in governmental funds	118,358	
Accrued in Internal Service Fund	<u>32,423</u>	(264,886)
<p>Unearned revenues are not earned in the current period and therefore are not reported as revenues in the funds</p>		
Unearned Revenue		
Special assessments made but not collected	1,152,376	
Property taxes levied but not collected	<u>363,400</u>	
		<u>1,515,776</u>
Governmental Funds Net Assets		51,119,216
<p>An internal service fund is used by the City and its assets and liabilities are included with the City's governmental activities in the Statement of Net Assets.</p>		
Internal Service Fund Net Assets		<u>806,012</u>
Total Net Assets - Governmental Activities		<u>\$ 51,925,228</u>

See accompanying notes to basic financial statements

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	SPECIAL REVENUE				CAPITAL PROJECTS		TOTAL
	GENERAL	STREET FUND	HOUSING FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	RESERVE FUND	
REVENUES:							
Taxes	\$ 5,678,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,678,570
Licenses and permits	52,468	-	-	-	-	-	52,468
Intergovernmental	359,298	1,089,764	-	162,864	25,000	-	1,636,926
Charges for services	859,393	629,965	-	190,000	58,482	-	1,737,840
Assessments	-	-	-	31,709	-	-	31,709
Fines and forfeitures	202,034	-	-	-	-	-	202,034
Investment earnings	15,549	6,257	202	197	306	613	23,124
Miscellaneous	278,769	16,710	7,847	-	-	-	303,326
Total Revenues	7,446,081	1,742,696	8,049	384,770	83,788	613	9,665,997
EXPENDITURES:							
Current:							
General government	2,428,392	-	5,000	-	-	-	2,433,392
Public safety	3,635,189	-	-	-	-	-	3,635,189
Highways and streets	-	1,486,442	-	-	-	-	1,486,442
Parks and recreation	1,100,584	-	-	-	43,000	-	1,143,584
Debt service:							
Principal	-	14,806	-	578,896	-	-	593,702
Interest	-	-	-	205,009	-	-	205,009
Total Expenditures	7,164,165	1,501,248	5,000	783,905	43,000	-	9,497,318
Excess of Revenues Over (Under) Expenditures	281,916	241,448	3,049	(399,135)	40,788	613	168,679
Other Financing Sources, (Uses)							
Transfers in	7,846	75,000	-	288,900	-	300,000	671,746
Transfers out	(100,000)	(60,200)	(7,846)	-	(46,000)	-	(214,046)
Total Transfers	(92,154)	14,800	(7,846)	288,900	(46,000)	300,000	457,700
Net Change in Fund Balance	189,762	256,248	(4,797)	(110,235)	(5,212)	300,613	626,379
Beginning Fund Balance	3,154,369	1,707,225	49,942	117,329	73,379	-	5,102,244
Ending Fund Balance	\$ 3,344,131	\$ 1,963,473	\$ 45,145	\$ 7,094	\$ 68,167	\$ 300,613	\$ 5,728,623

See accompanying notes to basic financial statements

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

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS - TO
STATEMENT OF ACTIVITIES
June 30, 2011**

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 Balances - Governmental Funds	\$	626,379
<p>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.</p>		
Capitalized expenditures	\$ 365,286	
Depreciation expense	(2,866,518)	
Net adjustment		(2,501,232)
<p>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.</p>		
Compensated absences		(27,883)
<p>Funds received from sale of bonds is reported as debt proceeds in governmental funds. The Statement of Activities reports these funds as local revenue. Bond issuance costs are recorded as expenditures in the fund financial statements, but accrued and amortized over the life of the loan in the government-wide statements.</p>		
Amortization of bond discounts and bond issuance costs	(4,725)	
Bonds and notes payable principal	428,334	
		423,609
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Special assessments	(164,711)	
Property taxes	41,057	
		(123,654)
Governmental Funds Change in Net Assets		(1,602,781)
<p>Internal service funds are used by the City to account for the fleet operations, public works administration and engineering services that are provided to the other departments on a cost reimbursement basis. The revenues and expenses of the internal service funds are included in governmental activities in the statement of activities.</p>		
Internal Service Fund Change in Net Assets		(272,915)
Change in Net Assets - Governmental Activities	\$	<u>(1,875,696)</u>

See accompanying notes to basic financial statements

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

BALANCE SHEET
PROPRIETARY FUNDS

June 30, 2011

	WATER FUND	STORM WATER FUND	BUILDING FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
ASSETS:					
Current Assets					
Cash and investments	\$ 1,380,122	\$ 338,389	\$ 212,373	\$ 1,930,884	\$ 448,936
Prepaid expenses	230	-	106	336	35
Supply inventory	157,091	-	-	157,091	-
Accounts receivable, net	468,057	54,919	-	522,976	-
Total Current Assets	2,005,500	393,308	212,479	2,611,287	448,971
Noncurrent Assets					
Capital assets not being depreciated	2,892,675	336,837	-	3,229,512	-
Capital assets being depreciated, net	13,349,091	7,878,253	2,221	21,229,565	419,639
Total Noncurrent Assets	16,241,766	8,215,090	2,221	24,459,077	419,639
Total Assets	\$ 18,247,266	\$ 8,608,398	\$ 214,700	\$ 27,070,364	\$ 868,610
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 266,993	\$ 6,685	\$ 8,730	\$ 282,408	\$ 30,175
Developer and customer deposits	50	-	9,613	9,663	-
Total Current Liabilities	267,043	6,685	18,343	292,071	30,175
Long-term Liabilities					
SDC obligations	3,339	13,976	-	17,315	-
Financing agreement	37,079	98,068	-	135,147	-
Comp absences payable	15,573	6,117	7,105	28,795	32,423
Notes payable	601,015	-	-	601,015	-
Total Long-Term Liabilities	657,006	118,161	7,105	782,272	32,423
Total Liabilities	924,049	124,846	25,448	1,074,343	62,598
NET ASSETS					
Invested in capital assets, net of related debt	15,584,760	8,096,929	2,221	23,683,910	419,639
Restricted for:					
Utility Systems Enhancements (SDCs)	1,709,591	87,252	-	1,796,843	-
Unrestricted	28,866	299,371	187,031	515,268	386,373
Total Net Assets	17,323,217	8,483,552	189,252	25,996,021	806,012
Total Liabilities and Net Assets	\$ 18,247,266	\$ 8,608,398	\$ 214,700	\$ 27,070,364	\$ 868,610

See accompanying notes to basic financial statements

CITY OF CENTRAL POINT
 JACKSON COUNTY, OREGON
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2011

	WATER FUND	STORM WATER FUND	BUILDING FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
OPERATING REVENUES					
Licenses and fees	\$ -	\$ -	\$ 96,372	\$ 96,372	\$ -
Charges for services	2,353,000	708,031	-	3,061,031	1,140,120
Miscellaneous	26,466	22,674	225	49,365	7,092
Total Operating Revenue	2,379,466	730,705	96,597	3,206,768	1,147,212
OPERATING EXPENSES					
Public works equipment rental operations	-	-	-	-	1,019,612
Utility operations	2,037,940	568,352	-	2,606,292	-
Building inspection services	-	-	146,709	146,709	-
Depreciation	400,387	219,447	1,671	621,505	83,485
Total Operating Expenses	2,438,327	787,799	148,380	3,374,506	1,103,097
Total Operating Income (Loss)	(58,861)	(57,094)	(51,783)	(167,738)	44,115
NONOPERATING INCOME (LOSS)					
Capital grant proceeds	-	95,914	-	95,914	-
Loss on disposal of fixed assets	-	-	-	-	(19,032)
Investment earnings	5,714	1,093	914	7,721	2,002
Nonoperating Income (Loss)	5,714	97,007	914	103,635	(17,030)
INCOME BEFORE TRANSFERS	(53,147)	39,913	(50,869)	(64,103)	27,085
Transfers out	(139,700)	(18,000)	-	(157,700)	(300,000)
Change in Net Assets	(192,847)	21,913	(50,869)	(221,803)	(272,915)
Beginning Net Assets	17,516,064	8,461,639	240,121	26,217,824	1,078,927
Ending Net Assets	\$ 17,323,217	\$ 8,483,552	\$ 189,252	\$ 25,996,021	\$ 806,012

See accompanying notes to basic financial statements

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

	WATER FUND	STORMWATER FUND	BUILDING FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
Cash Flows from Operating Activities:					
Received from customers	\$ 2,230,072	\$ 713,259	\$ 90,485	\$ 3,033,816	\$ 20,711
Received from interfund svcs provided	-	-	-	-	1,126,501
Paid for interfund services provided	(338,500)	(142,200)	(2,200)	(482,900)	-
Paid to suppliers	(1,360,058)	(286,491)	(26,850)	(1,673,399)	(458,799)
Paid to employees	(373,973)	(162,611)	(133,098)	(669,682)	(556,997)
Net cash provided (used)	<u>157,541</u>	<u>121,957</u>	<u>(71,663)</u>	<u>207,835</u>	<u>131,416</u>
Cash Flows from Noncapital Financing Activities:					
Transfers (to) other funds	<u>(139,700)</u>	<u>(18,000)</u>	<u>-</u>	<u>(157,700)</u>	<u>(300,000)</u>
Cash Flows from Capital and Related Financing Activities					
Grant proceeds	-	95,914	-	95,914	-
Purchase of fixed assets	(668,353)	(137,746)	-	(806,099)	(73,978)
Long-term debt borrowings	601,015	-	-	601,015	-
Long-term debt payments	(137,096)	(22,441)	-	(159,537)	-
Net cash (used)	<u>(204,434)</u>	<u>(64,273)</u>	<u>-</u>	<u>(268,707)</u>	<u>(73,978)</u>
Cash Flows from Investing Activities					
Interest on investments	<u>5,714</u>	<u>1,093</u>	<u>914</u>	<u>7,721</u>	<u>2,002</u>
Net (decrease) increase in cash and investments	(180,879)	40,777	(70,749)	(210,851)	(240,560)
Cash and Investments:					
Beginning of year	<u>1,561,001</u>	<u>297,612</u>	<u>283,122</u>	<u>2,141,735</u>	<u>689,496</u>
End of year	<u>\$ 1,380,122</u>	<u>\$ 338,389</u>	<u>\$ 212,373</u>	<u>\$ 1,930,884</u>	<u>\$ 448,936</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ (58,861)	\$ (57,094)	\$ (51,783)	\$ (167,738)	\$ 44,115
Depreciation and amortization	400,388	219,448	1,671	621,507	83,485
(Increase) Decrease in prepaid exp.	(167)	-	2,674	2,507	176
(Increase) Decrease in cust. deposits	-	-	(6,112)	(6,112)	-
(Increase) Decrease in inventory	(61,847)	-	-	(61,847)	-
(Increase) Decrease in receivables	(149,395)	(17,446)	-	(166,841)	-
Increase (Decrease) in accrued vacation	448	408	(256)	600	6,317
Increase (Decrease) in payables	26,975	(23,359)	(17,857)	(14,241)	(2,677)
Net Cash Provided by Operating Activities	<u>\$ 157,541</u>	<u>\$ 121,957</u>	<u>\$ (71,663)</u>	<u>\$ 207,835</u>	<u>\$ 131,416</u>

See accompanying notes to basic financial statements

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

THE FINANCIAL REPORTING ENTITY

The City of Central Point is a municipal corporation governed by an elected mayor and six-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable, as defined under GASB Statement 39. The City has no component units with significant financial impact in the current year.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the primary government and its component units. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available, and susceptible to accrual, when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 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, except in the water fund, building fund and internal service fund where expenses are accrued as they are incurred.

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

The government reports the following major governmental funds:

General Fund - This fund accounts for all financial resources and expenditures of the City, except those required to be accounted for in another fund. The principal revenue source is property taxes.

Street Fund - This special revenue fund accounts for the City's share of State of Oregon gasoline taxes. The state gasoline taxes are restricted for expenditures under Article XI, Section 3 of the Oregon Constitution for construction, maintenance and repair of streets, roads and bike and foot paths. Street utility fees set by Council resolution also fund street repairs and maintenance.

Housing Fund - This special revenue fund accounts for the repayment of loans made to City residents under a wood stove removal and weatherization program. Program income may be recycled into another eligible housing program.

Debt Service Fund - This fund accounts for all debt service of the City, with the exception of water line and SDC obligation debt.

Capital Improvement Fund - This capital projects fund accounts for the receipt and expenditure of Parks systems development charges for major parks and recreation facilities and related debt service.

Reserve Fund - This capital projects fund was established by resolution in accordance with Oregon Local Budget Law to provide long term funding of future purchases of equipment and vehicles, and improvements to city hall.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government reports the following major proprietary and internal service funds:

Water Fund – This proprietary fund accounts for the activities of the City's water utility operation.

Stormwater Fund – This proprietary fund accounts for the activities of the City's stormwater utility operation.

Building Fund – This proprietary fund administers the State of Oregon Building and Safety Codes.

Internal Service Fund – This fund accounts for the fleet operations, facilities maintenance and public works administration services that are provided to the other departments on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following private-sector guidance issued subsequent to December 1, 1989 for their business-type activities and enterprise funds, subject to the same limitations relating to conflicts and contradictions. The City has elected not to follow any private-sector guidance issued subsequent to December 1, 1989.

Interfund services provided and used are not eliminated in the process of consolidation of the government-wide financial statements.

Amounts reported as program revenues include – if received during the year: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants. Internally dedicated resources and all taxes are reported as general revenues rather than as program revenues.

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 City's internal service fund is charges to other departments for sales and services. Operating expenses for the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. In addition, when committed, assigned and unassigned resources are available for use, it is the City's policy to use committed resources first, assigned resources second and then unassigned resources as they are needed.

BUDGETS

The City budgets all funds as required by Oregon State Budget Law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Expenditure budgets for the Housing Fund, Reserve Fund, Debt Service Fund and Building Fund are

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

appropriated at object levels of personal services, materials and services, capital outlay, interfund transactions and contingency. All other funds, including the General, Street, Capital Improvement, Water, Stormwater and Internal Service funds are appropriated by total budget at the division level. Unexpected additional resources or appropriations may be added to the budget through the use of a supplemental budget. Original and supplemental budgets require hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by passing a Council resolution authorizing the transfer. All budget amendments are subject to the limitations put forth in the Oregon Revised Statutes, Chapters 294.305 through 294.565 (Oregon Budget Law). Transfers of appropriations, permitted by Oregon Budget Law, were authorized by the City Council during the fiscal year.

Budget amounts presented herein are as originally adopted and amended by the City Council. There was one amendment resolution, one resolution to transfer appropriations and one resolution to balance the interfund transfers. Budget appropriations lapse at year end.

The City budgets all funds on the modified accrual basis of accounting – which is consistent with generally accepted accounting principles.

Expenditures in all funds were within authorized appropriations for the year ended June 30, 2011.

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 ASSETS OR EQUITY

Cash and Investments

The City maintains a demand deposit cash and investment pool as well as a certificate of deposit cash pool. While both demand cash and investment pools are available to both governmental funds and proprietary funds and activities the certificate of deposit cash pool is only available to the governmental funds and activities. Each fund's portion of the pools is displayed on the balance sheet as "cash and investments" on the fund financial statements and as "cash and cash equivalents" on the government wide financial statements.

Receivables and Payables

Property taxes are levied as of July 1 on property assessed as of January 1. The tax levy is due November 15, with an optional payment method of 1/3 due November 15, 1/3 due February 15, and 1/3 due May 15. Taxes paid in full November 15 are provided a 3% discount. The billings are considered delinquent after the appropriate due date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables are assessed for collectability and allowances for doubtful collection are recorded as necessary.

Receivables for federal and state grants, and state, county and local shared revenue are recorded as revenue in all funds as earned. The receivables for state, county and local shared revenue are recorded in accounts receivable.

Investment earnings (e.g., accrued interest receivable) are recorded as revenue in all fund types as earned on investments.

Interfund Activities

Interfund activities include charges for services and operating transfers.

Capital assets

Capital assets, which include property, plant, equipment, intangible assets (e.g., software, land use rights, patents), 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 by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized when 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. Depreciable capital assets are depreciated using the straight-line method over the asset's estimated useful life as follows:

Buildings:	20-50 years
Supply and distribution systems, including utility plant:	20-50 years
Equipment:	5-20 years
Software:	5 years

Capitalized Interest

Interest is capitalized on capital assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For the year ended June 30, 2011, and for prior years as well, no interest was capitalized on capital assets.

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 assets.

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

It is the City's policy to permit employees to accumulate up to one year's earned but unused vacation benefits. The City pays all vacation but no sick leave when an employee terminates. A portion of vacation earned is accrued when incurred within 60 days of year-end in the governmental funds and the remainder of the maximum allowed is accrued in the government-wide financial statement. In the proprietary financial statements the maximum allowed is accrued. No sick leave is accrued. A liability for a portion of these amounts is reported in the governmental funds, and the remainder in the government-wide statements in accordance with GASB No. 16 *Accounting for Compensated Absences*.

Deferred/unearned revenue

Deferred revenues are resource inflows that do not yet meet the criteria for revenue recognition. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period. Unearned revenue is a specific type of deferred revenue that does not involve the application of the availability criterion, and, therefore is reported as deferred revenue in both accrual and modified accrual financial statements.

Long-term obligations

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

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. Principal and interest payments on long-term debt are reported as debt service expenditures.

Net assets

Net assets comprise the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three categories.

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

Restricted net assets – net assets with external constraints placed on their 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 assets – all other net assets.

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance - inherently nonspendable resources that, because of their form, they cannot be spent, or because they must remain intact.

Restricted fund balance - externally enforceable limitations on resource use have been imposed by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

Committed fund balance - self-imposed limitations on spending set by the City Council prior to the end of the fiscal year by formal action - such as a resolution or ordinance - that requires formal action to remove such self-imposed spending limitations.

Assigned fund balance - self-imposed limitation resulting from intended use established by the City Council such as through the adoption of the City budget. No other body or official can assigned fund balance.

Unassigned fund balance - residual net resources the expenditure of which has not been limited in any way.

Proprietary fund balances are reported as invested, restricted or unrestricted net assets.

Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary funds deposit monies into the common demand cash and investment pool of the City. The proprietary funds use this pool as a demand deposit account and, accordingly, all amounts in the pool are considered cash and cash equivalents. Cash and cash equivalents include investments with an original maturity date of three months or less at date of purchase. In addition, all proprietary funds unrestricted cash and cash equivalents and restricted cash and cash equivalents are grouped together for purposes of the statement of cash flows.

Supply Inventory

Inventories are stated at the lower of cost or market, using the first-in, first-out method and are recognized as expenses in Proprietary Fund types as consumed.

2. CASH AND INVESTMENTS

The City is restricted by Oregon Revised Statutes as to the types of investments in which it may invest its cash balances. Statutes authorize the City to invest in obligations of the U.S. Treasury and other U.S. Government agencies, certain commercial paper, bankers' acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool. Cash and investments reported on the fund financial statements are considered to be cash and cash equivalents, except for restricted cash and investments.

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

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (Continued)

Cash and Investments, unrestricted and restricted, at June 30, 2011 consisted of:

	<u>Total</u>
Petty Cash	\$ 1,450
Demand Deposits	488,582
Certificates of Deposit	4,001,861
Investments	<u>3,788,163</u>
Total at fair value	\$ <u>8,280,056</u>

The City has selected banks that are approved depositories identified in Oregon statutes. In accordance with Oregon law, deposits of municipal funds can only be deposited in approved financial institutions identified by the state of Oregon Treasurer that participate in the Public Funds Collateralization Program. In addition, Oregon law requires that all deposits be covered by federal depository insurance. All deposits in excess of federal depository insurance are secured by Public Funds Collateralization Program. The Treasurer of the state of Oregon and is the responsible official concerning all matters relating to collateral coverage.

Deposits consist of bank demand accounts and certificates of deposits. The carrying amount of demand account deposits is \$488,582. The total bank balance at June 30, 2011, per the bank statement, is \$522,330. The carrying amount and bank balance of the certificates of deposits is \$4,001,861. All deposits are covered by federal depository insurance and the Public Funds Collateralization Program.

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer's investment pool. The City's investments at June 30, 2011, as listed above were invested in the state treasurer's investment pool.

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2011.

The City's cash and investments balances are exposed to the following risks:

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. While the City does not have a formal deposit policy for custodial credit risk, in practice it deposits funds only in depository banks approved by the State

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

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (Continued)

Treasurer. The City is in the process of developing a formal policy to address custodial credit risk. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized and may be subject to credit risk. There is no material difference between the fair value of the City's position in the State Treasurer's Local Government Investment Pool and the value of the pool shares at June 30, 2011. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Interest Rate Risk - The risk that changes in interest rates will adversely affect the fair value of an investment. 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 year end, the City was not exposed to interest rate risk.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk - This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City had 100% of total investments in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument. It also had 100% of its certificates of deposit with Umpqua Bank.

The Umpqua Bank certificates of deposits and the investments in the State Treasurer's Investment Pool maturities are as follows:

<u>Deposit/Investment</u>	<u>Fair Value/ Carrying Value</u>	<u>Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3 to 5</u>	<u>6 to 8</u>
State Treasurer's Investment Pool	\$ 3,788,163	\$ 3,788,163	\$ -	\$ -
Umpqua Bank Certificates of Deposit	4,001,861	1,000,000	1,001,861	2,000,000

3. RECEIVABLES

Receivables as of the year ended June 30, 2011, for all the City's funds are as follows:

The special assessments are due from property owners benefited by various infrastructure improvements. The cost of those improvements, plus interest ranging from 4.0% to 6.5%, is being recovered from the benefited property owners. The special assessments recorded in the Debt Service Fund are pledged for the payment of a bond purchase agreement further described in Note 4. Should these special assessment payments prove insufficient to cover the scheduled debt repayment, the City's full faith and credit and taxing power has been committed to do so. At year end, delinquent principal and interest of \$46,578 related to special assessments was due the City. However, the special assessment payments have proved sufficient to cover the scheduled debt repayment to date and the City expects to collect the entire amount.

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

NOTES TO BASIC FINANCIAL STATEMENTS

3. RECEIVABLES (Continued)

The receivable from the state of Oregon relates to a street construction project undertaken by the state and the City where the state was the lead agency. As a condition of the project, the City assigned a federal grant to the state and also obtained long term financing under a \$2,000,000 financing agreement further described in Note 4. The state of Oregon agreed to contribute \$1,628,636 to the City to assist with repayment of the maturing long term financing in equal payments spread over ten years. Since the the agreement provides for no interest, it was discounted when recorded by the City \$267,292 to reflect a 4.3% annual interest rate.

The City uses the direct write-off method for bad debt. Receivables are written off when reasonable attempts to secure payment have failed, and the account is sent to collections. Accordingly, no allowance for doubtful accounts is reflected in the financial statements.

These receivables are presented in the Statement of Net Assets as follows:

	<u>Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
<u>Governmental Activities</u>					
Current:					
Accounts, net	\$ 542,181	\$ -	\$ 542,181	\$ 542,181	\$ -
Property taxes	404,564	-	404,564	404,564	-
Total current	<u>946,745</u>	<u>-</u>	<u>946,745</u>	<u>946,745</u>	<u>-</u>
Long-term					
Special assessments	243,720	-	243,720	50,000	193,720
State of Oregon	848,202	-	848,202	120,597	727,605
Total long-term	<u>1,091,922</u>	<u>-</u>	<u>1,091,922</u>	<u>170,597</u>	<u>921,325</u>
 Total	 <u>\$ 2,038,667</u>	 <u>\$ -</u>	 <u>\$ 2,038,667</u>	 <u>\$ 1,117,342</u>	 <u>\$ 921,325</u>
			<u>Proprietary Fund</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
<u>Business-type Activities</u>					
Current:					
Accounts, net			\$ 522,976	\$ 522,976	\$ -

4. UNEARNED REVENUE

Unearned revenue of governmental activities is as follows at June 30, 2011.

	<u>Governmental Funds</u>	<u>Earned Within One Year</u>	<u>Earned After One Year</u>
<u>Governmental Activities</u>			
Current:			
Services	\$ 3,410	\$ 3,410	\$ -

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2011 are as follows:

	Balance Beginning Of Year	Additions	Deletions	Balance End Of Year
Governmental Activities:				
Not being depreciated				
Land	\$ 5,145,122	\$ 25,830	\$ -	\$ 5,170,952
Work in process	543,937	38,781	308,185	274,533
Land use rights	42,815	-	-	42,815
Total	<u>5,731,874</u>	<u>64,611</u>	<u>308,185</u>	<u>5,488,300</u>
Being depreciated				
Buildings	4,976,095	44,737	-	5,020,832
Computers	168,296	33,351	-	201,647
Equipment and vehicles	533,639	-	-	533,639
Infrastructure	83,362,887	530,870	-	83,893,757
Total	<u>89,040,917</u>	<u>608,958</u>	<u>-</u>	<u>89,649,875</u>
Accumulated Depreciation				
Buildings	1,179,954	118,139	-	1,298,093
Computers	106,273	19,624	-	125,897
Equipment and vehicles	328,047	66,203	-	394,250
Infrastructure	41,396,416	2,662,552	-	44,058,968
Total	<u>43,010,690</u>	<u>2,866,518</u>	<u>-</u>	<u>45,877,208</u>
Governmental Capital Assets, Net				
	<u>\$ 51,762,101</u>			<u>\$ 49,260,967</u>
Internal Service Fund:				
Being depreciated				
Buildings	\$ 193,646	\$ 46,023	\$ -	\$ 239,669
Equipment and vehicles	892,604	27,955	56,505	864,054
Infrastructure	18,000	-	-	18,000
Total	<u>1,104,250</u>	<u>73,978</u>	<u>56,505</u>	<u>1,121,723</u>
Accumulated Depreciation				
Buildings	69,910	6,297	-	76,207
Equipment and vehicles	584,722	76,287	37,472	623,537
Infrastructure	1,440	900	-	2,340
Total	<u>656,072</u>	<u>83,484</u>	<u>37,472</u>	<u>702,084</u>
Internal Service Fund Capital Assets, Net				
	<u>\$ 448,178</u>			<u>\$ 419,639</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

	Balance Beginning Of Year	Additions	Deletions	Balance End Of Year
Business-Type Activities:				
Not being depreciated				
Land	\$ 1,943,024	\$ -	\$ -	\$ 1,943,024
Work in process	356,659	629,163	-	985,822
Land use rights	300,666	-	-	300,666
Total	<u>2,600,349</u>	<u>629,163</u>	<u>-</u>	<u>3,229,512</u>
Being depreciated				
Software	30,600	-	-	30,600
Computers	72,300	-	-	72,300
Equipment and vehicles	23,734	17,300	-	41,034
Infrastructure	29,396,328	159,634	-	29,555,962
Total	<u>29,522,962</u>	<u>176,934</u>	<u>-</u>	<u>29,699,896</u>
Accumulated Depreciation				
Software	-	9,180	-	9,180
Computers	72,300	-	-	72,300
Equipment and vehicles	8,456	3,950	-	12,406
Infrastructure	7,768,070	608,375	-	8,376,445
Total	<u>7,848,826</u>	<u>621,505</u>	<u>-</u>	<u>8,470,331</u>
Business-type Capital Assets, Net	<u>\$ 24,274,485</u>			<u>\$ 24,459,077</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Function/Activities	Governmental Activities	Business-type Activities
General Government	\$ 102,212	\$ -
Public Safety	53,535	-
Highways and Streets	2,356,257	-
Parks and Recreation	354,154	-
Internal Service Fund - charged to various functions based on usage	83,845	-
Water	-	400,387
Storm Water	-	219,447
Building	-	1,671
Total	<u>\$ 2,950,003</u>	<u>\$ 621,505</u>

At June 30, 2011, the City was involved in the engineering phase of Water Reservoir Project. The engineering contract and remaining amounts are shown below:

	<u>Total</u>	<u>Remaining</u>
Water Fund		
Water Reservoir Project	\$798,929	\$197,914

The construction phase is not scheduled to begin until after September 2011.

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT

At June 30, 2011, the City's long-term financed debt consists of the following:

During 2010-11, the City entered into an agreement with the state of Oregon Safe Drinking Water Revolving Loan Fund to provide financing of up to \$5,600,000 to engineer and construct a new City reservoir. To date \$601,015 had been used for engineering. At the completion of the project the outstanding balance will be repaid in yet-to-be-determined annual level payments plus interest at 3.4% for approximately 20 years. Repayment is guaranteed by the United States government.

During 2009-10, the City entered into an agreement to purchase an easement for \$44,419. The agreement is secured by the full faith and credit of the City and is payable from all legally available funds of the City. The agreement does not contain a provision for interest. Interest was imputed at 4.3% on the agreement, resulting in a \$1,604 discount. The final payment is scheduled for November 2011.

During 2008-09, the City entered into a purchase agreement to obtain funding in the amount of \$1,200,000 for the construction of Don Jones Memorial Park. The tax exempt financing note is secured by the full faith and credit of the City and is payable from all legally available funds of the City. Interest at 4.05% is paid semi-annually, and principal is paid annually, with the final payment in September 2018. Issuance costs of \$11,100 are amortized over the 10 year life of the note at \$1,110 per year, and, at June 30, 2010 and 2011, the unamortized balance is \$8,880 and \$7,770, respectively.

During 2007-08, the City entered into a bond purchase agreement to obtain funding in the amount of \$500,000 for water line improvement projects on behalf of certain City residents. The bond purchase agreement is secured by the assessment payments of the benefited property owners. In addition, should these payments be insufficient, the City's full faith and credit and taxing power has been committed. Interest at 4.62% and principal is paid semiannually. The final payment is scheduled for 2017.

During 2006-07 the City entered into a financing note agreement to obtain funding in the amount of \$2,000,000 to undertake various transportation and other projects. The financing note is secured by the full faith and credit of the City and is payable from all legally available funds of the City. Interest at 4.3% is paid semi-annually and principal is paid annually. The final payment is scheduled for 2017.

On September 29, 2004, the City entered into an agreement to obtain funding in the amount of \$2,700,000 to construct, furnish, and equip new City Council Chambers, new City Hall Offices, and pay bond issuance costs. These certificates of participation are payable from all legally available funds of the City. Interest at 3.5% to 4.3% is paid semi-annually, and principal is paid annually, with the final payment in December 2025. Bond issuance costs of \$72,299 are amortized over the 20 year life of the bonds at \$3,615 per year, and, at June 30, 2010 and 2011, the unamortized balance is \$54,224 and \$50,609, respectively.

During 1997-98, the City received a \$152,415 special public works fund loan from the State of Oregon Economic Development Department. The loan was used to extend a water line to an industrial user outside the City limits. Annual payments of interest only at 4.86% are required on December 1 of each

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM DEBT (Continued)

year through 2007, from the Water Fund. Beginning on December 1, 2009, annual principal and interest payments are required until December 1, 2018.

The City has entered into agreements with various developers to provide water line, stormwater line, parks, streets and sidewalk infrastructure relating to the developers construction projects. These improvements are in addition to the requirements placed on them by the planning and approval process. The agreements require that the City reimburse the developer's costs, without interest, for the enhanced improvements at the time the developer undertakes the site development and pays the various permit fees and systems development charges ("SDCs"). The source of payment to the developers is the SDCs actually paid.

Changes in the City's long-term debt during the fiscal year ending June 30, 2011:

	Balance 7/1/2010	Additions	Deletions	Balance 6/30/2011	Due Within One Year	Long-Term Portion
Governmental Activities						
Limited tax bond	\$ 352,491	\$ -	\$ 50,000	\$ 302,491	\$ 40,897	\$ 261,594
Financing agreement	1,315,937	-	150,084	1,165,853	174,600	991,253
Notes payable	27,815	-	13,991	13,824	13,824	-
Certificates of participation	2,190,000	-	110,000	2,080,000	115,000	1,965,000
SDC obligations	629,347	-	6,872	622,475	62,247	560,228
Tax exempt financing note	1,100,000	-	105,000	995,000	110,000	885,000
Total	\$ 5,615,590	\$ -	\$ 435,947	\$ 5,179,643	\$ 516,568	\$ 4,663,075
Business-Type Activities						
Financing agreement	\$ 171,063	\$ -	\$ 35,916	\$ 135,147	\$ 19,400	\$ 115,747
Notes payable	127,896	601,015	127,896	601,015	-	601,015
SDC obligations	19,540	-	2,225	17,315	1,732	15,583
Total	\$ 318,499	\$ 601,015	\$ 166,037	\$ 753,477	\$ 21,132	\$ 732,345



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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM DEBT (Continued)

Future debt service payments to be made in governmental activities by the Capital Improvement and Debt Service funds are as follows:

	<u>Limited Tax Bond</u>		<u>Financing Agreement</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011-12	\$ 40,897	\$ 13,508	\$ 174,600	\$ 46,595	\$ 13,824	\$ 595
2012-13	42,808	11,597	182,700	38,913	-	-
2013-14	44,809	9,596	190,800	30,883	-	-
2014-15	46,903	7,502	198,900	22,505	-	-
2015-16	49,095	5,310	207,000	18,441	-	-
2016 to 2020	77,979	3,631	211,853	-	-	-
2021 to 2023	-	-	-	-	-	-
Total	\$ 302,491	\$ 51,144	\$ 1,165,853	\$ 157,336	\$ 13,824	\$ 595

	<u>Certificates of Participation</u>		<u>Tax Exempt Financing Note</u>		<u>SDC Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011-12	\$ 115,000	\$ 77,263	\$ 110,000	\$ 37,600	\$ 62,247	\$ -
2012-13	120,000	73,618	115,000	33,100	62,247	-
2013-14	120,000	69,718	115,000	28,500	62,247	-
2014-15	125,000	65,613	120,000	23,800	62,247	-
2015-16	130,000	61,213	125,000	18,900	62,247	-
2016 to 2020	745,000	227,521	410,000	25,200	311,240	-
2021 to 2023	725,000	63,510	-	-	-	-
Total	\$ 2,080,000	\$ 638,456	\$ 995,000	\$ 167,100	\$ 622,475	\$ -

	<u>Total Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011-12	\$ 516,568	\$ 175,561
2012-13	522,755	157,228
2013-14	532,856	138,697
2014-15	553,050	119,420
2015-16	573,342	103,864
2016 to 2020	1,756,072	256,352
2021 to 2023	725,000	63,510
Total	\$ 5,179,643	\$ 1,014,631

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM DEBT (Continued)

Future debt service payments to be made in business-type activities by the Water and Stormwater funds are as follows:

	Financing Agreement		Note Payable		SDC Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2011-12	\$ 19,400	\$ 5,177	\$ -	\$ -	\$ 1,732	\$ -
2012-13	20,300	4,324	3,005	20,434	1,732	-
2013-14	21,200	3,431	3,005	20,332	1,732	-
2014-15	22,100	2,501	3,005	20,230	1,732	-
2015-16	23,000	2,049	3,005	20,128	1,732	-
2016 to 2019	29,147	-	588,995	150,195	8,655	-
Total	\$ 135,147	\$ 17,482	\$ 601,015	\$ 231,319	\$ 17,315	\$ -

	Total Business-Type Activities	
	Principal	Interest
2011-12	\$ 21,132	\$ 5,177
2012-13	25,037	24,758
2013-14	25,937	23,763
2014-15	26,837	22,731
2015-16	27,737	22,177
2016 to 2019	626,797	150,195
Total	\$ 753,477	\$ 248,801

7. OPERATING LEASE COMMITMENTS

The City entered into a lease for three Crown Victoria police vehicles on September 9, 2009 with a term of three years. Total lease expense for the year ended June 30, 2011, was \$42,705. Future minimum lease payments under noncancelable operating leases are as follows:

Years Ending June 30,	Amounts
2012	\$ 42,705
2013	-
2014	-
2015	-
2016	-
Total	\$ 42,705

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

NOTES TO BASIC FINANCIAL STATEMENTS

8. COMPENSATED ABSENCES

During the year ended June 30, 2011, the changes in the City's vested compensated absences obligation to employees were as follows:

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2011</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
Governmental Activities						
Governmental Funds	\$ 332,005	\$ 198,913	\$ 147,674	\$ 383,244	\$ 187,977	\$ 195,267
Internal Service Funds	32,676	16,211	16,464	32,423	16,211	16,212
Total	<u>\$ 364,681</u>	<u>\$ 215,124</u>	<u>\$ 164,138</u>	<u>\$ 415,667</u>	<u>\$ 204,188</u>	<u>\$ 211,479</u>
Business-Type Activities						
Proprietary Funds	\$ 28,198	\$ 19,400	\$ 18,803	\$ 28,795	\$ 14,397	\$ 14,398
Combined Total	<u>\$ 392,879</u>	<u>\$ 234,524</u>	<u>\$ 182,941</u>	<u>\$ 444,462</u>	<u>\$ 218,585</u>	<u>\$ 225,877</u>

City personnel policies limit the vested amount of compensated-absence hours an employee may accrue as unpaid in a year, and also limit the total amount of accrued vested unpaid compensated-absence hours to no more than two years of accrual. Any additional compensated absence-hours earned will be paid for when earned.

9. INTERFUND ACTIVITY

Interfund activity includes services, equipment rental and interest and approximates \$1,815,000, including activities accounted for in the Internal Service Fund. Interfund activity also includes transfers, unrelated to interfund services, as follows:

	<u>Transfer In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Street Fund</u>	<u>Reserve Fund</u>	<u>Debt Service Fund</u>	
Transfer Out					
General Fund	\$ -	\$ 75,000	\$ -	\$ 25,000	\$ 100,000
Street Fund				60,200	60,200
Housing Fund	7,846				7,846
Capital Improvements Fund				46,000	46,000
Water Fund				139,700	139,700
Stormwater Fund				18,000	18,000
Internal Service Fund			300,000		300,000
Total	<u>\$ 7,846</u>	<u>\$ 75,000</u>	<u>\$ 300,000</u>	<u>\$ 288,900</u>	<u>\$ 671,746</u>

The transfers from the General Fund, Street Fund, Capital Improvements Fund, Water Fund, and Stormwater Fund to the Debt Service Fund were made to facilitate the payment of principal and interest on long-term debt. The transfer from the Housing Fund to the General Fund was made to offset the low income utility discounts with the CDBG grant received in the Housing Fund. The transfer from the General Fund to the Street Fund was to pay for street lighting electric service. The transfer from the Internal Service Fund to the Reserve Fund was for the future replacement of equipment and vehicles. There are no outstanding interfund balances.

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

NOTES TO BASIC FINANCIAL STATEMENTS

10. GOVERNMENTAL FUND BALANCES

Governmental fund balance components at June 30, 2011 are:

<u>Fund Balance Components</u>	<u>General Fund</u>	<u>Street Fund</u>	<u>Housing Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvement Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:							
Loan agreements	-	-	45,145	7,094	-	-	52,239
State law - SDCs	-	1,599,656	-	-	68,167	-	1,667,823
Total	-	1,599,656	45,145	7,094	68,167	-	1,720,062
Committed:							
Council resolution/ordinances:							
Street maintenance	-	363,817	-	-	-	-	363,817
Future capital assets	-	-	-	-	-	300,613	300,613
Total	-	363,817	-	-	-	300,613	664,430
Assigned:							
2011-12 Budget	2,824,550	-	-	-	-	-	2,824,550
Unassigned	519,581	-	-	-	-	-	519,581
Total fund balance components	<u>\$ 3,344,131</u>	<u>\$ 1,963,473</u>	<u>\$ 45,145</u>	<u>\$ 7,094</u>	<u>\$ 68,167</u>	<u>\$ 300,613</u>	<u>\$ 5,728,623</u>

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for general, auto and property liability. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The City has not elected to self-insure for any of these risks, except for unemployment claims, vehicle collision and the deductible portions of the commercial insurance policies. There are no unpaid claims outstanding at June 30, 2011 nor were there any unpaid claims outstanding at June 30, 2010.

12. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

Plan Description – The City is a participating employer in the State of Oregon Public Employees Retirement System (OPERS), which provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges and school districts. OPERS is administered under the Oregon Revised Statutes (ORS) Chapter 238, and the Internal Revenue Code Section 401(a) by the Oregon Public Employees Retirement Board (OPERB). The authority to change Plan provisions concerning funding and benefits rests with OPERS and the Oregon Legislature.

Cities, counties and special districts that participate in OPERS may choose to join the State and Local Government Rate Pool (SLGRP). State agencies, community colleges and public institutions of higher education are required by law to be part of the pool. All Oregon school districts are required by law to be part of a separate school district pool. Pooling allows separate employers to be part of one group for

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

NOTES TO BASIC FINANCIAL STATEMENTS

12. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (Continued)

the purpose of determining employer pension costs and contributions rates. Pool participants share pension assets and future pension liabilities and surpluses. Employers in the pool jointly fund the future pension costs of all the pooled participants. The City has elected to join the SLGRP, a cost-sharing multiple-employer defined benefit pension plan.

City employees participate in one or more OPERS retirement plans that provide pension, death, disability, and post-employment healthcare benefits to members and their beneficiaries. Benefits generally vest after five years of continuous service. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally available after age 55 with reduced benefits.

Compulsory retirement age is 70. Retirement benefits are payable in lump sum or monthly amounts using several payment options.

OPERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. The stand-alone report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

PERS is a defined benefit pension plan provided to members or their beneficiaries who were hired prior to August 29, 2003. In 1995, the Legislature enacted a second level or "tier" of PERS benefits for persons who established PERS membership on or after January 1, 1996. These Tier Two members do not have the Tier One assumed earnings rate guarantee, and have a higher normal retirement age of 60, compared to 58 for Tier One. OPSRP, is a hybrid retirement plan with two components: a defined benefit pension plan and a defined contribution pension plan. OPSRP is provided to members or their beneficiaries who were hired on or after August 29, 2003. Employer contributions to PERS and OPSRP are required by state statute and are made at actuarially determined rates as adopted by the OPERB.

Funding Policy – Plan members are required to contribute 6% of their annual covered salary but the City has elected to pay this contribution on their behalf. The City is required by ORS 238.225 to contribute at an actuarially determined rate; the current rate (as of July 1, 2009) is 5.77% for Tier I and Tier II employees, 4.08% for OPSRP general services, and 6.79% for OPSRP police. The contribution requirement of plan members and their employers are established under ORS Chapter 238, and may be amended by an act of the Oregon legislature.

The December 31, 2009 actuarial valuation was released by PERS on October 22, 2009. It was a complete valuation designed to provide certain information that may be of interest. Several changes were made in actuarial methods and allocation procedures as well as to assumptions relating to mortality, salary increases, disability, retirement and termination events, and healthcare costs. GASB 27 disclosures were included in the actuarial valuation of December 31, 2008. The December 31, 2008 Actuarial Valuation Report set contribution rates effective for the period July 1, 2011 to June 30, 2013 at 10.11% for Tier I and Tier II employees, 13.69% for OPSRP general service employees, and 12.82% for OPSRP police and fire employees.

Annual Pension Cost – For the fiscal years ending June 30, 2011, 2010, and 2009 the City's annual pension costs of \$533,758, \$518,060, and \$598,527 were equal to the City's required and actual

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

NOTES TO BASIC FINANCIAL STATEMENTS

12. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (Continued)

contributions. The required contributions and liabilities were determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. Because all OPERS employers are required by law to submit the contributions adopted by the Retirement Board, and the employer contributions are calculated in conformance with the standards of Statement No. 27, there is no net pension obligation. The contributions actually made are equivalent to 100% of the required annual pension contribution.

13. PROPERTY TAX LIMITATIONS

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

An additional limit reduces the amount of operating property tax revenues available to the City. 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 property taxes and new bond issues.

14. RECENT ACCOUNTING PRONOUNCEMENTS

As described in Note 1 to these financial statements, generally accepted principles (GAAP) include pronouncements of the Governmental Accounting Standards Board (GASB), and the City applies GASB pronouncements to both financial statement presentation and disclosure to the extent they are applicable to City's activities. During 2010-11 several new GASB pronouncements became effective, but only one (GASB 54) was applicable to the City's presentations and disclosures contained in the City's financial statements. That standard is titled "Fund Balance Reporting and Governmental Fund Type Definitions" and was effective for the current fiscal year. The City was not required to retroactively report the changes resulting from applying the new standard for periods ending prior to July 1, 2010.

15. SUBSEQUENT EVENTS

The City awarded the Water Reservoir construction contract on September 8, 2011. The current construction estimate is \$4,867,700 with possible savings of approximately \$115,000 if an alternative pumping system is used.

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Information (GAAP Basis)
General and Major Special Revenue Funds

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 For the Fiscal Year Ended June 30, 2011

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Taxes	\$ 5,538,000	\$ 5,538,000	\$ 5,678,570	\$ 140,570
Licenses and fees	56,750	51,750	52,468	718
Intergovernmental	390,000	390,000	359,298	(30,702)
Charges for services	981,500	986,500	859,393	(127,107)
Fines and forfeitures	165,500	165,500	202,034	36,534
Investment earnings	30,000	30,000	15,549	(14,451)
Miscellaneous	103,500	103,500	278,769	175,269
Total Revenues	<u>\$ 7,265,250</u>	<u>\$ 7,265,250</u>	<u>\$ 7,446,081</u>	<u>\$ 180,831</u>

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 For the Fiscal Year Ended June 30, 2011

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES:				
Mayor and Council Administration	\$ 72,000	\$ 72,000	\$ 47,674	\$ 24,326
Technical services	706,650	706,650	659,981	46,669
City enhancement	350,500	350,500	268,689	81,811
Finance	167,000	167,000	119,184	47,816
Interdepartmental	789,450	789,450	778,424	11,026
Parks and recreation - parks	120,000	120,000	67,394	52,606
Parks and recreation - recreation	653,300	653,300	646,028	7,272
Planning	604,250	604,250	454,556	149,694
Police	511,600	511,600	487,046	24,554
	<u>3,692,050</u>	<u>3,697,050</u>	<u>3,635,189</u>	<u>61,861</u>
Total Expenditures	<u>7,666,800</u>	<u>7,671,800</u>	<u>7,164,165</u>	<u>507,635</u>
Excess of Revenues Over (Under) Expenditures	<u>(401,550)</u>	<u>(406,550)</u>	<u>281,916</u>	<u>688,466</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	25,000	25,000	7,846	(17,154)
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Transfers	(75,000)	(75,000)	(92,154)	(17,154)
Contingency	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>
Net Change in Fund Balance	(626,550)	(631,550)	189,762	821,312
Beginning Fund Balance	<u>2,610,830</u>	<u>2,610,830</u>	<u>3,154,369</u>	<u>543,539</u>
Ending Fund Balance	<u>\$ 1,984,280</u>	<u>\$ 1,979,280</u>	<u>\$ 3,344,131</u>	<u>\$ 1,364,851</u>
Current:				
General government			\$ 2,428,392	
Public safety			3,635,189	
Parks and recreation			<u>1,100,584</u>	
Total			<u>\$ 7,164,165</u>	

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 For the Fiscal Year Ended June 30, 2011

STREET FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	\$ 1,977,500	\$ 1,977,500	\$ 1,089,764	\$ (887,736)
Charges for services	800,000	800,000	629,965	(170,035)
Investment earnings	13,000	13,000	6,257	(6,743)
Miscellaneous	1,000	1,000	16,710	15,710
Total Revenues	2,791,500	2,791,500	1,742,696	(1,048,804)
EXPENDITURES:				
Street operations	2,381,400	2,381,400	1,446,614	934,786
SDC streets	340,000	340,000	39,828	300,172
Debt Service	45,000	45,000	14,806	30,194
Total Expenditures	2,766,400	2,766,400	1,501,248	1,265,152
Excess of Revenues Over (Under) Expenditures	25,100	25,100	241,448	216,348
OTHER FINANCING SOURCES (USES):				
Transfers in	75,000	75,000	75,000	-
Transfers out	(60,200)	(60,200)	(60,200)	-
Net Transfers	14,800	14,800	14,800	-
Contingency	(145,000)	(145,000)	-	145,000
Net Change in Fund Balance	(105,100)	(105,100)	256,248	361,348
Beginning Fund Balance	1,165,100	1,165,100	1,707,225	542,125
Ending Fund Balance	\$ 1,060,000	\$ 1,060,000	\$ 1,963,473	\$ 903,473
Current:				
Highways and streets			\$ 1,486,441	
Debt service:				
Principal			13,991	
Interest			816	
			<u>\$ 1,501,248</u>	

CITY OF CENTRAL POINT
 JACKSON COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 For the Fiscal Year Ended June 30, 2011

HOUSING FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Investment earnings	\$ 300	\$ 300	\$ 202	\$ (98)
Miscellaneous	25,000	25,000	7,847	(17,153)
Total Revenues	<u>25,300</u>	<u>25,300</u>	<u>8,049</u>	<u>(17,251)</u>
EXPENDITURES:				
Materials and services	5,000	5,000	5,000	-
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>20,300</u>	<u>20,300</u>	<u>3,049</u>	<u>(17,251)</u>
OTHER FINANCING SOURCES (USES)				
Transfer out	(25,000)	(25,000)	(7,846)	17,154
Net Change in Fund Balance	(4,700)	(4,700)	(4,797)	(97)
Beginning Fund Balance	54,000	54,000	49,942	(4,058)
Ending Fund Balance	<u>\$ 49,300</u>	<u>\$ 49,300</u>	<u>\$ 45,145</u>	<u>\$ (4,155)</u>
Current:				
General government			<u>\$ 5,000</u>	



CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

SUPPLEMENTARY INFORMATION

Budgetary Comparison Information (GAAP Basis)
Debt Service, Capital Projects, Enterprise and Internal Service Funds
and
Other Financial Schedules

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 For the Fiscal Year Ended June 30, 2011

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	\$ 162,900	\$ 162,900	\$ 162,864	\$ (36)
Charges for services	190,000	190,000	190,000	-
Assessments	67,000	67,000	31,709	(35,291)
Investment earnings	800	800	197	(603)
Total Revenues	<u>420,700</u>	<u>420,700</u>	<u>384,770</u>	<u>(35,930)</u>
EXPENDITURES:				
Debt Service	<u>787,500</u>	<u>787,500</u>	<u>783,905</u>	<u>3,595</u>
Total Expenditures	<u>787,500</u>	<u>787,500</u>	<u>783,905</u>	<u>3,595</u>
Excess of Revenues Over (Under) Expenditures	(366,800)	(366,800)	(399,135)	(32,335)
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>288,900</u>	<u>288,900</u>	<u>288,900</u>	<u>-</u>
Net Change in Fund Balance	(77,900)	(77,900)	(110,235)	(32,335)
Beginning Fund Balance	<u>100,400</u>	<u>100,400</u>	<u>117,329</u>	<u>16,929</u>
Ending Fund Balance	<u>\$ 22,500</u>	<u>\$ 22,500</u>	<u>\$ 7,094</u>	<u>\$ (15,406)</u>
Debt service:				
Principal			\$ 578,896	
Interest			205,009	
Total			<u>\$ 783,905</u>	

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 For the Fiscal Year Ended June 30, 2011

<u>CAPITAL IMPROVEMENT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Charges for services	\$ 60,000	\$ 60,000	\$ 58,482	\$ (1,518)
Investment earnings	700	700	306	(394)
	<u>85,700</u>	<u>85,700</u>	<u>83,788</u>	<u>(1,912)</u>
Total Revenues				
EXPENDITURES:				
Capital outlay:				
Recreation center	43,000	43,000	43,000	-
Debt service	50,000	4,000	-	4,000
	<u>93,000</u>	<u>47,000</u>	<u>43,000</u>	<u>4,000</u>
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	<u>(7,300)</u>	<u>38,700</u>	<u>40,788</u>	<u>2,088</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(46,000)	(46,000)	-
Net Transfers	-	(46,000)	(46,000)	-
Net Change in Fund Balance	(7,300)	(7,300)	(5,212)	2,088
Beginning Fund Balance	<u>59,450</u>	<u>59,450</u>	<u>73,379</u>	<u>13,929</u>
Ending Fund Balance	<u>\$ 52,150</u>	<u>\$ 52,150</u>	<u>\$ 68,167</u>	<u>\$ 16,017</u>
Current:				
Parks and recreation			\$ 43,000	
Debt service:				
Principal			-	
Interest			-	
Total			<u>\$ 43,000</u>	

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 For the Fiscal Year Ended June 30, 2011

RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 613	\$ 613
Total Revenues	-	-	613	613
EXPENDITURES:				
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	613	613
OTHER FINANCING SOURCES (USES):				
Transfers in	300,000	300,000	300,000	-
Net Change in Fund Balance	300,000	300,000	300,613	613
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,613</u>	<u>\$ 613</u>

CITY OF CENTRAL POINT
 JACKSON COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 For the Fiscal Year Ended June 30, 2011

<u>WATER FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for services	\$ 2,827,500	\$ 2,827,500	\$ 2,353,000	\$ (474,500)
Intergovernmental	-	-	-	
Investment earnings	20,000	20,000	5,714	(14,286)
Miscellaneous	1,000	1,000	26,466	25,466
Total Revenues	<u>2,848,500</u>	<u>2,848,500</u>	<u>2,385,180</u>	<u>(463,320)</u>
EXPENDITURES:				
Operations	7,542,450	7,542,450	2,831,201	4,711,249
SDC water improvements	110,000	110,000	12,185	97,815
Total Expenditures	<u>7,652,450</u>	<u>7,652,450</u>	<u>2,843,386</u>	<u>4,809,064</u>
Excess of Revenue Over (Under) Expenditures	<u>(4,803,950)</u>	<u>(4,803,950)</u>	<u>(458,206)</u>	<u>4,345,744</u>
OTHER FINANCING SOURCES AND (USES):				
Financing proceeds	5,000,000	5,000,000	601,015	(4,398,985)
Transfers in	-	-	-	
Transfers out	(349,700)	(349,700)	(139,700)	210,000
Net Transfers	<u>4,650,300</u>	<u>4,650,300</u>	<u>461,315</u>	<u>(4,188,985)</u>
Contingency	(145,000)	(145,000)	-	145,000
Net Change in Fund Balance	<u>(298,650)</u>	<u>(298,650)</u>	<u>3,109</u>	<u>301,759</u>
Beginning Fund Balance	<u>2,352,200</u>	<u>2,352,200</u>	<u>1,719,771</u>	<u>(632,429)</u>
Ending Fund Balance	<u>\$ 2,053,550</u>	<u>\$ 2,053,550</u>	<u>1,722,880</u>	<u>\$ (330,670)</u>

Reconciliation to Proprietary Net Assets:

Capital Assets, net	16,241,766
Comp absenses payable	15,573
Long term debt	(657,006)
Rounding	<u>4</u>
Total Net Assets	<u>\$ 17,323,217</u>

CITY OF CENTRAL POINT
 JACKSON COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 For the Fiscal Year Ended June 30, 2011

<u>STORMWATER FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Intergovernmental	\$ 96,000	\$ 96,000	\$ 95,914	\$ (86)
Charges for services	672,250	672,250	708,031	35,781
Investment earnings	2,000	2,000	1,093	(907)
Miscellaneous	-	-	22,674	22,674
Total Revenues	<u>770,250</u>	<u>770,250</u>	<u>827,712</u>	<u>57,462</u>
EXPENDITURES:				
Operations	684,250	684,250	684,038	212
SDC stormwater improvements	51,000	51,000	51,000	-
Total Expenditures	<u>735,250</u>	<u>735,250</u>	<u>735,038</u>	<u>212</u>
Excess of Revenues Over (Under) Expenditures	<u>35,000</u>	<u>35,000</u>	<u>92,674</u>	<u>57,674</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(18,000)	(18,000)	(18,000)	-
Net Transfers	<u>(18,000)</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>-</u>
Contingency	(38,000)	(38,000)	-	38,000
Net Change in Fund Balance	<u>(21,000)</u>	<u>(21,000)</u>	<u>74,674</u>	<u>95,674</u>
Beginning Fund Balance	<u>233,900</u>	<u>233,900</u>	<u>305,831</u>	<u>71,931</u>
Ending Fund Balance	<u>\$ 212,900</u>	<u>\$ 212,900</u>	<u>380,505</u>	<u>\$ 167,605</u>

Reconciliation to Proprietary Net Assets:

Capital Assets, net	8,215,090
Comp absenses payable	6,117
Long term debt	(118,161)
Rounding	1
Total Net Assets	<u>\$ 8,483,552</u>

CITY OF CENTRAL POINT
 JACKSON COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 For the Fiscal Year Ended June 30, 2011

BUILDING FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Licenses and fees	\$ 170,400	\$ 170,400	\$ 96,372	\$ (74,028)
Investment earnings	2,500	2,500	914	(1,586)
Miscellaneous	500	500	225	(275)
Total Revenues	<u>173,400</u>	<u>173,400</u>	<u>97,511</u>	<u>(75,889)</u>
EXPENDITURES:				
Personal services	157,300	157,300	132,842	24,458
Materials and services	21,600	21,600	13,867	7,733
Total Expenditures	<u>178,900</u>	<u>178,900</u>	<u>146,709</u>	<u>32,191</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,500)</u>	<u>(5,500)</u>	<u>(49,198)</u>	<u>(43,698)</u>
Net Change in Fund Balance	(40,500)	(40,500)	(49,198)	(8,698)
Beginning Fund Balance	<u>255,950</u>	<u>255,950</u>	<u>236,229</u>	<u>(19,721)</u>
Ending Fund Balance	<u>\$ 215,450</u>	<u>\$ 215,450</u>	<u>187,031</u>	<u>\$ (28,419)</u>

Reconciliation to Proprietary Net Assets:

Capital Assets, net	<u>2,221</u>
Total Net Assets	<u>\$ 189,252</u>

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BUDGETARY BASIS
 For the Fiscal Year Ended June 30, 2011

INTERNAL SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Charges for services	\$ 1,135,500	\$ 1,135,500	\$ 1,140,120	\$ 4,620
Investment earnings	3,500	3,500	2,002	(1,498)
Miscellaneous	2,600	2,600	7,092	4,492
Total revenues	<u>1,141,600</u>	<u>1,141,600</u>	<u>1,149,214</u>	<u>7,614</u>
EXPENDITURES:				
Public works administration	556,700	556,700	540,322	16,378
Facilities maintenance	270,000	270,000	269,282	718
Fleet maintenance	293,000	293,000	283,986	9,014
Total expenditures	<u>1,119,700</u>	<u>1,119,700</u>	<u>1,093,590</u>	<u>26,110</u>
Excess of Revenues Over (Under) Expenditures	<u>21,900</u>	<u>21,900</u>	<u>55,624</u>	<u>33,724</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(300,000)	(300,000)	(300,000)	-
Contingency	(25,000)	(25,000)	-	25,000
Net Change in Fund Balance	<u>(303,100)</u>	<u>(303,100)</u>	<u>(244,376)</u>	<u>58,724</u>
Beginning Fund Balance	543,790	543,790	630,749	86,959
Ending Fund Balance	<u>\$ 240,690</u>	<u>\$ 240,690</u>	<u>\$ 386,373</u>	<u>\$ 145,683</u>

Reconciliation to Proprietary Net Assets:

Capital Assets, net	<u>419,639</u>
Total Net Assets	<u>\$ 806,012</u>

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Fiscal Year Ended June 30, 2011

GENERAL FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/1/010	DISCOUNTS ALLOWED	ADJUSTMENTS TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/011
Current:					
2010-11	\$ 4,566,195	\$ (107,838)	\$ (18,833)	\$ (4,211,350)	\$ 228,174
Prior Years:					
2009-10	185,361	-	1,108	(94,651)	91,818
2008-09	81,615	-	4,697	(35,291)	51,021
2007-08	36,652	-	3,901	(19,076)	21,477
2006-07	10,393	-	2,203	(8,005)	4,591
2005-06	3,482	-	(96)	(317)	3,069
2004-05	(57)	-	69	(170)	(158)
2003-04 & Prior	4,897	-	312	(637)	4,572
Total Prior	322,343	-	12,194	(158,147)	176,390
Total All Funds	\$ 4,888,538	\$ (107,838)	\$ (6,639)	\$ (4,369,497)	\$ 404,564



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

STATISTICAL SECTION

This part of the City of Central Point, Oregon's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.
- Schedules 1, 2, 3, 4, 5 and 6

Revenue Capacity

- These schedules contain information to help the reader assess the City's most significant local revenue source – the property tax.
- Schedules 7, 8, 9 and 10

Debt Capacity

- These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.
- Schedules 11, 12, 13, 14 and 15

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.
- Schedules 16 and 17

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.
- Schedules 18, 19 and 20

Sources of Information

- Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years. The City implemented GASB Statement 34 with the year ended June 30, 2004; schedules presenting government-wide information include information beginning with that year.

Schedule 1
City of Central Point, Oregon
Net Assets By Component
(accrual basis of accounting)
Last Seven Fiscal Years

	Fiscal Year Ended June 30,	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$	18,366,890	\$ 14,274,528	\$ 49,168,194	\$ 48,838,382	\$ 48,417,254	\$ 46,594,689	\$ 44,500,963
Restricted		2,708,036	78,455	1,614,643	1,851,088	4,751,603	4,302,082	2,807,177
Unrestricted		8,154,412	5,003,468	4,721,419	3,599,064	2,507,938	2,904,153	4,617,088
Total governmental activities net assets	\$	29,229,338	19,356,451	55,504,256	54,288,534	55,676,795	53,800,924	51,925,228
Business-type activities								
Invested in capital assets, net of related debt		-	2,105,398	22,994,016	23,251,411	23,619,580	23,955,986	23,705,600
Restricted		-	-	2,645,236	2,357,084	2,354,177	1,816,743	1,796,843
Unrestricted		-	4,331,735	1,429,915	1,378,880	956,608	445,095	493,578
Total business-type activities net assets	-	6,437,133	27,069,167	26,987,375	26,930,365	26,217,824	26,217,824	25,996,021
Primary government								
Invested in capital assets, net of related debt		18,366,890	16,379,926	72,162,210	72,089,793	72,036,834	70,550,675	68,206,563
Restricted		2,708,036	78,455	4,259,879	4,208,172	7,105,780	6,118,825	4,604,020
Unrestricted		8,154,412	9,335,203	6,151,334	4,977,944	3,464,546	3,349,248	5,110,666
Total primary government	\$	29,229,338	25,793,584	82,573,423	81,275,909	82,607,160	80,018,748	77,921,249

Note: The City implemented GASB Statement 34 with the year ended June 30, 2004. Data not available for years prior to 2003-04

Schedule 2
City of Central Point, Oregon
Changes in Net Assets
(accrual basis of accounting)
Last Seven Fiscal Years

Fiscal Years Ended June 30,	2005	2006	2007	2008	2009	2010	2011
Expenses							
Governmental activities:							
General government	\$ 4,576,469	\$ 5,050,809	\$ 3,951,952	\$ 3,938,907	\$ 3,867,997	\$ 3,818,268	\$ 6,408,877
Public safety	1,652,909	3,747,234	3,635,878	3,406,746	3,432,492	3,546,951	3,650,777
Highways and streets	2,459,870	2,397,249	4,831,908	3,897,122	2,759,920	3,559,735	1,223,667
Parks and recreation	912,296	1,266,213	1,192,426	1,051,386	1,104,629	1,204,106	1,071,328
Interest on long term debt	63,399	195,475	108,068	169,560	174,600	228,488	370,303
Total governmental activities net assets	\$ 9,564,943	\$ 12,656,980	\$ 13,720,232	\$ 12,463,721	\$ 11,339,638	\$ 12,357,558	\$ 12,724,952
Business-type activities							
Water services	\$ -	\$ 2,731,567	\$ 2,057,023	\$ 2,290,365	\$ 2,395,403	\$ 2,638,608	\$ 2,438,327
Stormwater services	-	-	541,127	790,686	613,308	675,609	787,799
Building services	-	905,181	788,895	504,341	209,814	153,638	148,381
Total business-type activities net assets	\$ -	\$ 3,636,748	\$ 3,386,845	\$ 3,585,392	\$ 3,218,585	\$ 3,467,855	\$ 3,374,507
Program revenues							
Governmental activities:							
Charges for services							
General Government	\$ 3,177,416	\$ 666,746	\$ 4,296,043	\$ 2,315,278	\$ 2,649,709	\$ 2,499,067	\$ 2,229,797
Public safety	163,356	203,062	175,303	169,673	156,336	204,673	202,034
Highways and streets	35,978	215,034	1,432,101	3,209,889	1,442,138	1,243,122	1,556,713
Parks and recreation	171,042	144,919	688,663	376,309	329,248	219,162	147,207
Interest on long term debt	-	-	-	530,515	326,743	260,654	213,010
Operating grants and contributions	2,576,483	859,084	24,084	58,459	14,141	5,691	5,578
Capital grants	-	-	935,561	-	257,900	170,000	195,000
Total governmental activities program revenues	\$ 6,124,275	\$ 2,088,845	\$ 7,551,755	\$ 6,660,224	\$ 5,176,215	\$ 4,602,369	\$ 4,549,339
Business-type activities:							
Charges for services							
Water services	\$ -	\$ 2,536,710	\$ 2,523,892	\$ 2,313,551	\$ 2,303,604	\$ 2,149,693	\$ 2,353,000
Stormwater services	-	658,051	569,363	577,362	588,752	543,537	708,031
Building services	-	-	399,758	412,585	180,107	54,418	96,372
Capital grants	-	-	-	-	-	9,905	95,914
Total business-type activities program revenues	\$ -	\$ 3,194,761	\$ 3,493,013	\$ 3,303,498	\$ 3,072,463	\$ 2,757,553	\$ 3,253,317
Net (expense)/revenue							
Governmental activities:	\$ (3,540,668)	\$ (10,568,135)	\$ (6,168,477)	\$ (5,803,497)	\$ (6,163,423)	\$ (7,756,189)	\$ (8,175,613)
Business-type activities:	-	(441,987)	106,168	(281,894)	(146,122)	(710,302)	(121,199)
Total primary government net expense	\$ (3,540,668)	\$ (11,010,122)	\$ (6,062,309)	\$ (6,085,391)	\$ (6,309,545)	\$ (8,465,491)	\$ (8,296,803)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property	\$ 3,118,666	\$ 3,347,470	\$ 3,758,727	\$ 4,088,601	\$ 4,359,832	\$ 4,274,310	\$ 4,450,453
Other	1,460,452	1,897,786	778,941	855,575	911,080	942,997	964,808
Hotel/Motel	-	-	293,468	343,237	299,009	297,808	304,366
Intergovernmental	516,456	-	-	-	-	-	-
Interest	270,858	205,453	288,082	287,039	122,221	42,876	25,126
Miscellaneous	475,007	1,924,816	67,364	61,084	156,261	279,427	397,464
Transfers	-	(2,894,093)	(235,000)	-	-	41,900	157,700
Total governmental activities	\$ 5,841,439	\$ 4,381,432	\$ 4,951,582	\$ 5,615,536	\$ 5,848,403	\$ 5,879,318	\$ 6,299,917
Business-type activities							
Interest	\$ -	\$ 178,540	\$ 215,268	\$ 181,545	\$ 82,411	\$ 15,409	\$ 7,721
Miscellaneous	-	20,303	50,856	18,556	6,702	24,252	48,368
Transfers	-	2,994,093	235,000	-	-	(41,900)	(157,700)
Total Business-type activities	\$ -	\$ 3,192,936	\$ 501,124	\$ 200,101	\$ 89,113	\$ (2,239)	\$ (100,611)
Change in Net Assets							
Governmental activities	\$ 2,300,771	\$ (6,186,703)	\$ (1,216,895)	\$ (187,961)	\$ (315,020)	\$ (1,875,871)	\$ (1,875,696)
Business-type activities	-	2,750,949	607,292	(81,793)	(57,008)	(712,541)	(221,801)
Total primary government	\$ 2,300,771	\$ (3,435,754)	\$ (609,603)	\$ (269,754)	\$ (372,029)	\$ (2,588,412)	\$ (2,097,497)

Note: The City implemented GASB Statement 34 with the year ended June 30, 2004. Data not available for years prior to 2003-04

Schedule 3
City of Central Point, Oregon
Governmental Activities Tax Revenues By Source
(accrual basis of accounting)
Last Seven Fiscal Years

	Fiscal Years Ended June 30,	2005	2006	2007	2008	2009	2010	2011
Property taxes	\$	3,118,666	3,347,470	3,758,727	4,068,601	4,359,832	4,274,310	4,450,453
Franchise taxes		-	-	778,941	855,575	911,080	942,997	964,808
Hotel/Motel taxes		-	-	283,468	343,237	299,009	297,808	304,366
Other taxes		1,460,452	1,897,786	-	-	-	-	-
Total	\$	4,579,118	5,245,256	4,831,136	5,267,413	5,569,921	5,515,115	5,719,627

Note: The City implemented GASB Statement 34 with the year ended June 30, 2004. Data not available for years prior to 2003-04

Schedule 4
City of Central Point, Oregon
Fund Balances, Governmental Funds
(modified accrual basis of accounting)
Last Seven Fiscal Years

	2005	2006	2007	2008	2009	2010	2011
<u>Using GASB Statement 34 Definitions</u>							
<u>General Fund</u>							
Reserved	\$ 2,620,358	2,209,720	2,448,843	2,613,391	2,916,709	3,154,369	
Unreserved		<u>2,209,720</u>	<u>2,448,843</u>	<u>2,613,391</u>	<u>2,916,709</u>	<u>3,154,369</u>	
Total General Fund	<u>2,620,358</u>						
All other governmental funds							
Reserved, reported in:							
Debt service fund	2,835	78,455	87,591	39,619	98,807	117,329	
Capital projects fund	61,945	-	-	-	-	-	
Unreserved, reported in:							
Special revenue fund	5,281,808	2,120,243	3,139,464	1,688,137	1,871,334	1,757,167	
Capital projects fund	2,445,135	177,638	128,915	566,497	161,166	73,379	
Total all other governmental funds	<u>7,791,723</u>	<u>2,376,336</u>	<u>3,355,970</u>	<u>2,294,253</u>	<u>2,131,307</u>	<u>1,947,875</u>	
Total Fund Balances, Governmental Funds	\$ <u>10,412,081</u>	\$ <u>4,586,056</u>	\$ <u>5,804,813</u>	\$ <u>4,907,644</u>	\$ <u>5,048,016</u>	\$ <u>5,102,244</u>	

Note: The City implemented GASB Statement 34 with the year ended June 30, 2004. Data not available for years prior to 2003-04.

Using GASB Statement 54 Definitions

<u>General Fund</u>	
Assigned	\$ 2,824,550
Unassigned	519,581
Total General Fund	<u>3,344,131</u>
All other governmental funds	
Restricted	
Special revenue funds	1,644,801
Debt service fund	7,094
Capital projects funds	68,167
Total restricted	<u>1,720,062</u>
Committed	
Special revenue funds	363,817
Capital projects funds	300,613
Total committed	<u>664,430</u>
Total all other governmental funds	<u>2,384,492</u>
Total Fund Balances, Governmental Funds	\$ <u>5,728,623</u>

Note: The City implemented GASB Statement 54 with the year ended June 30, 2011 and previous years were not restated.

Schedule 5
City of Central Plant, Oregon
Changes in Fund Balances, Governmental Funds
(modified accrual basis of accounting)
Last Seven Fiscal Years

Fiscal Years Ended June 30,	2005	2006	2007	2008	2009	2010	2011
REVENUES:							
Taxes	\$ 4,563,177	\$ 5,283,064	\$ 4,655,097	\$ 5,033,472	\$ 5,270,507	\$ 5,492,186	\$ 5,678,570
Licenses and permits	597,762	496,318	59,485	57,915	58,990	53,128	52,468
Intergovernmental	516,456	859,084	2,138,190	1,516,709	1,523,005	1,585,932	1,636,926
Charges for services	3,932,428	244,375	2,783,099	2,320,486	2,194,384	1,697,673	1,737,840
Assessments	-	-	239,995	185,231	82,874	83,145	31,709
Fines and forfeitures	163,356	203,062	175,303	169,674	156,336	204,673	202,034
Investment earnings	270,858	205,452	265,232	264,844	109,949	38,568	23,124
Miscellaneous	435,450	2,337,826	85,783	60,567	106,849	197,012	303,326
Total Revenues	10,479,487	9,629,181	10,402,184	9,608,898	9,502,894	9,352,317	9,665,997
EXPENDITURES:							
Current							
General government	-	-	2,104,782	1,076,877	1,772,998	1,426,625	2,433,392
Public Safety	-	-	3,326,099	3,228,420	3,275,760	3,485,011	3,635,189
Highways and streets	-	-	3,660,993	1,152,794	1,135,045	1,220,863	1,486,442
Parks and recreation	-	-	1,115,899	1,351,709	1,029,186	1,191,358	1,143,584
Personal services	4,714,032	4,538,070	-	-	-	-	-
Materials and services	3,244,676	2,996,267	-	-	-	-	-
Debt service	70,773	207,813	-	-	-	-	-
Principal	-	-	173,615	468,792	499,342	488,355	593,702
Interest	-	-	108,068	154,171	180,764	223,265	205,009
Capital outlay	5,406,222	2,954,046	1,011,428	3,712,192	2,878,934	1,332,325	-
Total Expenditures	13,435,703	10,696,196	11,500,884	11,144,955	10,772,019	9,367,803	9,497,318
Excess of revenues over (under) expenditures	(2,956,216)	(1,067,015)	(1,098,700)	(1,536,057)	(1,269,125)	(15,486)	168,679
OTHER FINANCING SOURCES (USES)							
Transfers in	45,000	1,269,941	50,000	30,000	62,500	274,639	671,746
Transfers out	(45,000)	(4,264,034)	(285,000)	(30,000)	(62,500)	(232,739)	(214,046)
State capital grants	1,470,286	-	-	-	-	-	-
Long term debt proceeds	2,657,351	-	2,552,457	638,889	1,409,496	27,815	-
Total other financings sources (uses)	4,127,637	(2,994,093)	2,317,457	638,889	1,409,496	69,715	457,700
Net Change in Fund Balance	1,171,421	(4,061,108)	1,218,757	(897,168)	140,371	54,229	626,379
Beginning fund balance	9,178,715	8,647,167	4,586,056	5,804,813	4,907,645	5,048,015	5,102,244
Ending fund balance	\$ 10,350,136	\$ 4,586,059	\$ 5,804,813	\$ 4,907,645	\$ 5,048,016	\$ 5,102,244	\$ 5,728,623
Debt service as a percentage of non-capital expenditures	0.89%	2.76%	2.76%	9.15%	9.43%	9.72%	9.18%

Note: The City implemented GASB Statement 34 with the year ended June 30, 2004. Data not available for years prior to 2003-04.

Schedule 6
City of Central Point, Oregon
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Years Ended June, 30	Property Taxes	Franchise Taxes	Hotel/Motel Taxes	Other Taxes	Total
2002	\$ 2,403,915	\$ -	\$ -	\$ 574,499	\$ 2,978,414
2003	2,576,658	-	-	578,796	3,155,454
2004	2,888,788	-	-	864,601	3,753,389
2005	3,102,725	-	-	1,460,452	4,563,177
2006	3,385,278	-	-	1,897,786	5,283,064
2007	3,582,688	778,941	293,468	-	4,655,097
2008	3,834,660	855,575	343,237	-	5,033,472
2009	4,060,418	911,080	299,009	-	5,270,507
2010	4,251,381	942,997	297,808	-	5,492,186
2011	4,450,453	964,808	304,366	-	5,719,627

Schedule 7
 City of Central Point, Oregon
 Assessed and Estimated Real Market Value of Taxable Property
 Last Ten Fiscal Years
 (in thousands of dollars)

Fiscal Year Ended	Taxable Assessed Value					Total Direct Tax Rate (1) (2)	Real Market Value (5)
	Real Property	Mobile Homes	Personal Property	Utilities	Non-Profit Housing		
2002	\$ 497,859	\$ 25,159	\$ 11,970	\$ 9,050	\$ -	\$ 4.00	\$ 709,399
2003	548,866	26,813	12,177	7,916	-	4.47	756,827
2004	605,693	28,372	12,426	7,096	-	4.47	855,645
2005	684,225	9,596	13,028	8,322	-	4.47	1,012,062
2006	740,622	10,456	12,683	7,344	-	4.47	1,341,053
2007	804,660	11,407	15,157	7,957	-	4.47	1,589,797
2008	863,168	10,879	15,637	7,759	2,036	4.47	1,714,248
2009	914,230	10,091	14,757	8,049	2,097	4.47	1,621,274
2010	950,387	9,395	14,133	11,924	2,160	4.47	1,428,667
2011	979,262	8,071	16,915	14,639	2,224	4.47	1,259,362

Source: Jackson County Assessment Records

Notes:

- (1) For 2001 this tax rate is determined by the City Charter.
- (2) For years after 2001 this rate was set by a statewide voter initiative and is referred to as the "maximum tax rate".
- (3) Any property taxes levied in excess than that derived through maximum tax rate requires local voter approval.
- (4) The City of Central Point does not levy the maximum approved tax rate per \$1,000 of Taxable Assessed Value.
- (5) "Real Market Value" is the descriptive term contained in Oregon law that means "Estimated Actual Value of Taxable Property".

Schedule 8
 City of Central Point, Oregon
 Property Tax Rates
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Year Ended	Direct			Overlapping							Total	Combined
	Central Point	Jackson County	Transit District	Vector Control District	Rogue Comm. College	Educ. Service District	Fire District #3	School District #6/549C				
2002	4.47	2.66	0.18	0.04	0.51	0.35	2.69	6.13	12.56	12.56		
2003	4.47	4.53	0.17	0.04	0.50	0.34	2.53	4.54	12.65	17.12		
2004	4.47	4.08	0.17	0.04	0.50	0.34	2.68	5.20	13.01	17.48		
2005	4.47	3.94	0.17	0.04	0.50	0.34	2.69	5.06	12.74	17.21		
2006	4.47	3.94	0.17	0.04	0.50	0.34	2.71	5.02	12.72	17.19		
2007	4.47	3.60	0.17	0.04	0.62	0.34	2.72	5.09	12.58	17.05		
2008	4.47	3.80	0.17	0.04	0.62	0.34	2.67	4.99	12.63	17.05		
2009	4.47	3.61	0.17	0.04	0.61	0.34	2.67	5.00	12.44	17.10		
2010	4.47	2.37	0.18	0.04	0.63	0.35	3.12	5.57	12.25	16.72		
2011	4.47	2.33	0.18	0.04	0.63	0.35	3.12	5.60	12.25	16.72		

Source: Jackson County Tax Assessor for Tax Area 0602.

Schedule 9
 City of Central Point, Oregon
 Principal Property Taxpayers
 Fiscal Years Ending June 30

Taxpayers	Type of Business	2011 Assessed Valuation	Percentage of Total Assessed Valuation	2002 Assessed Valuation	Percentage of Total Assessed Valuation
ACG Properties LLC	Builder/Developer	\$ 7,157,056	0.72%	\$	0.47%
USF Reddaway Inc	Distribution	7,046,420	0.71%	\$4,604,940	
Berdan Federal Way LLC		6,080,290	0.62%		
Twin Creeks Development	Builder/Developer	6,173,830	0.62%		
Investors II LLC	Builder/Developer	5,793,180	0.59%		
STJ I LLC Et Al	Shopping Center	4,978,930	0.50%	3,687,950	
New Albertsons Inc	Shopping Center	4,811,870	0.49%		
Twin Creeks Retirement	Retirement Living Community	4,742,130	0.48%		
Travel Center Development	Truck Stop/Store	4,153,060	0.42%	3,155,530	0.32%
Charter Communications	Cable Utility	3,703,800	0.37%		0.52%
Maiot Enterprises LLC	Builder/Developer			3,546,970	0.36%
Qwest Corp	Utility			3,588,850	0.36%
Central Point Lumber	Industrial			2,897,670	0.29%
Avista Corp	Gas Utility			2,830,600	0.29%
Walnut Grove LLC	Builder/Developer			2,630,060	0.48%
Grange Co-op	Supply Association			2,262,510	0.42%
Pacificorp	Electric Utility			2,083,400	0.38%
Total Value Principal Taxpayers		\$ 54,640,566	5.53%	\$ 31,288,480	5.75%
Total Assessed Value all Taxable Property		\$ 1,021,196,693		\$ 544,037,650	

Total 2010 Assessed Value = \$987,997,881
 Total 2001 Assessed Value+ \$544,037,650

Source: Jackson County Assessor's Office.

Schedule 10
City of Central Point, Oregon
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended	Total Tax Levy	Current Tax Collections	% of Levy Collected	Delinq. Tax Collections	Total Tax Collections	Percent of Total Tax Collect. to Tax Levy	Out-standing Delinq. Taxes	Percent of Delinq. Tax to Tax Levy
2002	\$ 2,438,822	\$ 2,258,577	92.6%	\$ 145,338	\$ 2,403,915	98.6%	\$ 258,832	10.6%
2003	2,654,758	2,436,255	91.8%	140,403	2,576,658	97.1%	256,975	9.7%
2004	2,912,038	2,747,523	94.4%	142,466	2,889,989	99.2%	192,613	6.6%
2005	3,184,363	3,012,368	94.6%	117,628	3,129,996	98.3%	198,099	6.2%
2006	3,737,802	3,238,731	86.6%	147,842	3,386,573	90.6%	158,995	4.3%
2007	3,902,856	3,491,251	89.5%	90,465	3,581,716	91.8%	256,846	6.6%
2008	4,017,179	3,799,328	94.6%	79,166	3,878,494	96.5%	271,213	6.8%
2009	4,244,501	3,943,985	92.9%	151,074	4,095,059	96.5%	336,457	7.9%
2010	4,425,222	4,082,008	92.2%	207,045	4,289,053	96.9%	322,343	7.3%
2011	4,566,195	4,338,021	95.0%	145,953	4,483,974	98.2%	404,564	8.9%

Source: City of Central Point Financial Records and Jackson County Assessor's Office

Note: Collections reflect cash transactions as presented on the Schedule of Property Tax Transactions.

Schedule 11
City of Central Point, Oregon
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities								Total
	SDC Obligations	Financing Agreement	Capital Leases	Note Payable	Limited Tax Improvement Bonds	Tax Exempt Financing Note	Certificates of Participation		
2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2003	-	-	-	-	-	-	-	-	-
2004	-	-	180,812	-	-	-	-	-	180,812
2005	-	-	182,734	-	-	-	-	2,700,000	2,882,734
2006	-	-	134,897	114,662	-	-	-	2,600,000	2,849,559
2007	470,829	1,769,557	88,185	166,145	-	-	-	2,500,000	4,994,716
2008	551,078	1,624,453	38,762	93,306	457,214	-	-	2,400,000	5,164,813
2009	703,446	1,473,974	-	19,087	401,491	1,200,000	-	2,295,000	6,092,998
2010	629,347	1,315,937	-	27,815	352,491	1,100,000	-	2,190,000	5,615,590
2011	622,475	1,165,853	-	13,824	302,491	995,000	-	2,080,000	5,179,643

Notes

- (1) Details of the City's outstanding debt can be found in the notes to the financial statements.
- (2) *Data not available as of 11/10/11

Schedule 11
City of Central Point, Oregon
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

Business-type Activities									
SDC Obligations	Financing Agreement	Note Payable	Total	Total Primary Government	Personal Income	% Personal Income	Debt Per Capita		
\$ -	\$ -	\$ 152,415	\$ 152,415	\$ 152,415	\$ 373,855,240	0.04%	\$ 11		
-	-	152,415	152,415	152,415	392,600,750	0.04%	11		
-	-	152,415	152,415	333,227	426,538,450	0.08%	23		
-	-	152,415	152,415	3,035,149	471,280,120	0.64%	203		
-	-	152,415	152,415	3,001,974	526,041,750	0.57%	192		
37,349	230,443	152,415	420,207	5,414,923	578,151,000	0.94%	327		
25,707	211,547	152,415	389,669	5,554,482	587,464,650	0.95%	322		
20,637	191,711	140,206	352,554	6,445,552	*N/A	*N/A	379		
19,540	171,063	127,896	318,499	5,934,089	*N/A	*N/A	346		
17,315	135,147	601,015	753,477	5,933,120	*N/A	*N/A	344		

Schedule 12
 City of Central Point, Oregon
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year Ended	Limited Tax Bonds	Estimated Real Market Value (RMV) Of Taxable Property	% of RMV	Population	Debt Per Capita
2002	\$ -	709,399,000	0.00%	14,120	\$ -
2003	-	756,827,000	0.00%	14,750	-
2004	-	855,645,000	0.00%	14,950	-
2005	-	1,012,062,000	0.00%	15,640	-
2006	-	1,341,053,000	0.00%	16,550	-
2007	500,000	1,589,797,000	0.03%	17,250	28.99
2008	457,214	1,714,248,000	0.03%	17,025	26.86
2009	401,491	1,621,273,750	0.02%	17,160	23.40
2010	352,491	1,428,666,739	0.02%	17,165	20.54
2011	302,491	1,259,361,862	0.02%	17,235	17.55

Source: City of Central Point Financial Records.

Notes:

- (1) Limited tax bonds were issued to finance improvement projects benefited specific property owners who repay the bonds by special assessments. Should the special assessments be insufficient to meet the debt service obligation the full faith, credit and taxing power of the City is committed to repay the debt.
- (2) There are no amounts available in the Debt Service Fund because all amounts are comingled and not separately identified to specific outstanding debt.
- (3) The City has no other long term debt outstanding that the City's full faith, credit and taxing power has been pledged for repayment.

Schedule 13
City of Central Point, Oregon
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Direct Debt and Overlapping Debt Applicable within City of Central Point (2)</u>	<u>Amount Applicable Within City of Central Point</u>
City of Central Point	\$ 5,933,120	100.00%	\$ 5,933,120
Jackson County School District 6			
General Obligation Bonds	\$ 21,075,000	41.37%	8,719,738
Jackson County School District 549C			
General Obligation Bonds	\$ 185,125,000	0.98%	1,814,225
Limited Tax Pension Obligation Bonds	39,305,000	0.98%	385,189
Total	\$ 224,430,000	0.98%	2,199,414
Grand Total	\$ 251,438,120		\$ 16,852,272

Notes: (1) Source: Individual District's Financial Records
(Amount includes all long term debt presented on Statistical Schedule 11.)
(2) Source: Jackson County Tax Assessor.
(The percentage is based on the ratio
of Central Point Assessed Value within each School
District to the total Assessed Value of each School District.)

Schedule 14
 Legal Debt Margin Information
 Last Ten Fiscal Years

v

Fiscal Years Ended June 30,	2002	2003	2004	2005	2006
Debt limit	\$ 17,873,161	\$ 19,607,517	\$ 21,455,138	\$ 30,361,830	\$ 40,231,590
Total net debt applicable to debt limit	-	-	-	-	-
Total net debt applicable to debt limit as a percentage of debt limit	<u>\$ 17,873,161</u>	<u>\$ 19,607,517</u>	<u>\$ 21,455,138</u>	<u>\$ 30,361,830</u>	<u>\$ 40,231,590</u>

	2007	2008	2009	2010	2011
Debt limit	\$ 47,693,913	\$ 57,427,438	\$ 48,638,213	\$ 42,860,002	\$ 37,780,856
Total net debt applicable to debt limit	-	-	-	-	-
Total net debt applicable to debt limit as a percentage of debt limit	<u>\$ 47,693,913</u>	<u>\$ 57,427,438</u>	<u>\$ 48,638,213</u>	<u>\$ 42,860,002</u>	<u>\$ 37,780,856</u>

Legal Debt Margin Calculation for Fiscal Year

2011

True Cash Value	\$ 1,259,361,862
Debt Limit at 3% of True Cash Value	37,780,856
Amount of Debt Applicable to Debt Limit:	
Total bonded debt	
Tax Obligation Bonds	\$ 302,491
Less: Deductions allowed by law	
Tax Obligation Bonds	<u>\$ 302,491</u>
Legal Debt Margin	<u>\$ 37,780,856</u>

Schedule 15
 City of Central Point, Oregon
 Pledged Revenue Coverage
 Last Ten Fiscal Years
 (budgetary basis of accounting)

Utility System Revenue Notes (1)

Fiscal Year	Gross Revenues	Less: Operating Expenses	Plus: Interest Expenses	Net Available For Debt Service	Debt Service Requirements		Coverage (3)
					Principal	Interest	
2002	\$ 1,680,834	\$ 1,855,566	7,374	\$ (167,358)	\$ -	7,374	228
2003	1,712,617	1,820,927	7,374	(100,936)	-	7,374	232
2004	2,068,715	1,854,352	7,374	221,737	-	7,374	281
2005	2,020,840	1,702,884	7,374	325,330	-	7,374	274
2006	2,698,419	2,947,621	7,374	(241,828)	-	7,374	366
2007	2,694,693	2,796,492	7,374	(94,425)	-	7,374	365
2008	2,480,736	2,654,720	7,374	(166,610)	-	7,374	336
2009	2,377,591	2,850,993	7,374	(466,028)	-	7,374	322
2010	2,173,483	3,156,349	6,824	(976,042)	-	6,824	319
2011	2,129,049	2,438,327	6,824	(302,454)	127,896	6,824	16

Notes:

- (1) Includes Erickson Waterline note payable only
- (2) To be paid from gross water revenue
- (3) Based on gross water revenue

Schedule 16
 City of Central Point, Oregon
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year Ended	Population (1)	Per Capita Income (\$) (2)	Personal Income	Median Age (4)	Education Level in		School Enrollment Average Daily Members (3)	Unemployment Rate (%) (Jackson Co.) (2)
					Formal Schooling	High School/College		
2002	14,120	\$ 26,477	\$ 373,855,240	34	86%	14%	4,620	7.4
2003	14,750	26,617	392,600,750	34	86%	14%	4,651	6.9
2004	14,950	28,531	426,538,450	34	86%	14%	4,624	7.1
2005	15,640	30,133	471,280,120	34	86%	14%	4,545	6.7
2006	16,550	31,785	526,041,750	34	86%	14%	4,647	6.0
2007	17,250	33,516	578,151,000	34	86%	14%	4,575	6.1
2008	17,025	34,506	587,464,650	34	86%	14%	4,668	6.7
2009	17,160	34,314	588,828,240	34	86%	14%	4,664	13.4
2010	17,165	*N/A	*N/A	38	86%	14%	4,579	12.0
2011	17,235	*N/A	*N/A	38	86%	14%	4,434	12.8

Source:

- (1) Certified by the Center for Population Research and Census, Portland State University
- (2) State of Oregon Employment Division; average for 12 months ended June 30th of each year.
- (3) School District # 6; using May of each year.
- (4) U.S. Census of 2000

Note:

- (1) *N/A Data not available at November 10, 2010

Schedule 17
City of Central Point, Oregon
Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2010/11			Fiscal Year 2007/08 (1)		
	Employees	Percent of Total City Population	Rank	Employees	Percent of Total City Employment	Rank
School Dist 6	458	2.67%	1	600	3.52%	1
Albertsons	86	0.50%	2	80	0.47%	4
USF Reddaway	76	0.44%	3	120	0.70%	2
City of Central Point	73	0.43%	4	110	0.65%	3
Grange Co-op	61	0.36%	5	70	0.41%	6
Providence Medical Group	60	0.35%	6	46	0.27%	8
Rays Food Place	57	0.33%	7	53	0.31%	7
McDonalds	45	0.26%	8	-	-	-
Quality Fence	40	0.23%	9	45	0.26%	9
Shari's	35	0.20%	10	44	0.26%	10
Pilot Travel Center	28	0.16%	11	75	0.44%	5
Total	1,019	5.94%		1,243	7.29%	

Source: City of Central Point Finance Department

Note: (1) Accurate data was not readily available for the 10 year look back period of fiscal year 2000/2001.
(2) Information first presented in the 2007-08 CAFR

Schedule 18
 City of Central Point, Oregon
 Full-Time Equivalent City Government Employees by Function
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Administration	2.00	2.00	2.00	2.00	4.00	4.00	3.25	3.25	4.00	5.50
Finance	5.00	5.00	5.00	6.00	7.00	7.00	7.00	8.00	7.50	7.50
Human Resources	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Community Development	3.00	5.00	5.00	6.00	6.00	4.50	5.50	5.50	4.50	4.50
Public Safety										
Police	25.00	25.00	26.00	27.00	27.50	28.50	28.25	28.25	28.50	28.50
Physical Environment										
Building	5.00	6.00	6.00	6.00	6.00	6.00	4.50	2.50	1.50	1.50
Public Works	17.00	12.00	13.00	14.00	17.50	18.69	18.86	18.50	17.25	12.75
Transportation										
Streets & Fleet	7.00	6.00	6.00	6.00	8.00	7.31	6.64	6.00	6.00	8.00
Culture/Recreation										
Parks	-	-	-	-	4.00	4.00	3.00	5.00	3.50	3.75
Recreation	-	-	-	-	4.00	4.50	4.50	2.00	2.50	2.75
Total	64.00	61.00	63.00	67.00	85.00	85.50	82.50	80.00	76.25	75.75

Source: City of Central Point Finance Department payroll records

Schedule 19
 City of Central Point, Oregon
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Building Inspections										
Building Permits Issued	351	306	311	326	251	179	97	57	28	30
Finance										
Accounts Payable Checks Processed	4,515	4,765	5,169	5,334	5,519	4,105	5,030	3,548	1,513	1,604
Business Licenses				999	1,056	1,000	1,003	882	913	978
Average Number Utility Accounts	4,391	4,640	4,978	5,145	5,209	5,907	6,030	6,044	6,128	6,079
Public Works - Street Division										
Streets Cleaned (Miles)							800	800	800	800
Man Holes Inspected							198	198	198	198
Curb Inlets & Catch Basins Inspected							583	583	583	583
Water/Storm										
Fire Hydrants Flushed & Serviced							215	215	215	215
Water Valve Actuations							620	620	620	620
Water Meters Read							67,968	67,968	67,848	67,848
Blow-off Valves Flushed							18	18	18	18
Stormdrains Flushed & Cleaned (Miles)							16	16	16	16

Source: City of Central Point Records

Note: This is a new schedule; much of the information for prior years has not been kept and is therefore not available.

Schedule 20
 City of Central Point, Oregon
 Capital Asset Statistics By Function/Program
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Sub Station	0	0	0	0	1	1	1	1	2	2
Other Public Works										
Miles of Streets	68.33	70	71	71	71	71	71	71	71	71
Parks and Recreation										
Park acreage	28.56	31.49	31.49	41.92	71.87	134.87	135.12	186.48	187.93	189.73
Number of community parks	8	11	11	13	14	15	16	16	17	17
Number of neighborhood parks	3	3	3	3	4	5	5	5	5	6
Water										
Water Mains (miles)	63	73	73	73	77	77	77	86	89.7	89.7
Maximum Plant Capacity (MPG)										
Fire Hydrants								904	913	913

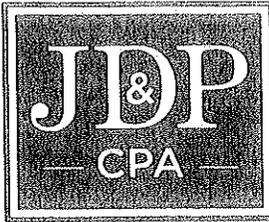
Source: City of Central Point Finance Department

Note: This is a new schedule; much of the information has not been kept and is therefore not available.

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

2010 – 2011 INDEPENDENT AUDITOR'S COMPLIANCE REPORTS





JOHANNSEN,
DYE &
PURKEYPILE
Certified Public Accountants, LLP

Frederic C. Johannsen, CPA
Christopher V. Dye, CPA

Jason R. Hansen, CPA
Robert W. Purkeypile, CPA
Trudy J. Brown

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of the City of Central Point as of and for the year ended June 30, 2011, and have issued our report thereon dated November 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

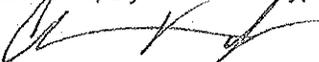
In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000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

OAR 162-10-0230 Internal Control

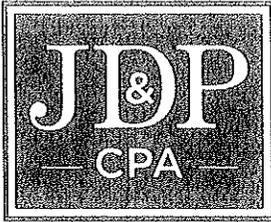
In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the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

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

Johannsen, Dye and Purkeypile CPAs LLP


By Christopher V. Dye, CPA
Partner

Medford, Oregon
November 23, 2011



JOHANNSEN,
DYE &
PURKEYPILE
Certified Public Accountants, LLP

Frederic C. Johannsen, CPA
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**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**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Central Point, Oregon, as of and for the year ended June 30, 2011, which collectively comprise the City of Central Point, Oregon's basic financial statements and have issued our report thereon dated November 23, 2011. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Central Point, Oregon's internal control 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 City of Central Point, Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Central Point, Oregon's internal control over financial reporting.

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

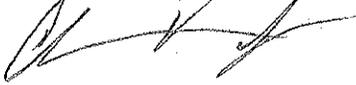
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Central Point, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

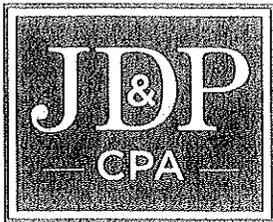
This report is intended solely for the information and use of management, the City Council, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Johannsen, Dye and Purkeypile CPAs LLP



By Christopher V. Dye, CPA
Partner

Medford, Oregon
November 23, 2011



JOHANNSEN,
DYE &
PURKEYPILE
Certified Public Accountants, LLP

Frederic C. Johannsen, CPA
Christopher V. Dye, CPA

Jason R. Hansen, CPA
Robert W. Purkeypile, CPA
Trudy J. Brown

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

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

Compliance

We have audited the City of Central Point, Oregon's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Central Point, Oregon's major federal programs for the year ended June 30, 2011. The City of Central Point, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Central Point, Oregon's management. Our responsibility is to express an opinion on the City of Central Point, Oregon's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Central Point, Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Central Point, Oregon's compliance with those requirements.

In our opinion, the City of Central Point, Oregon, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the City of Central Point, Oregon is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Central Point, Oregon's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Central Point, Oregon's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance

requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City Council, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Johannsen, Dye and Purkeypile CPAs LLP



By Christopher V. Dye, CPA
Partner

Medford, Oregon
November 23, 2011

City of Central Point, Oregon
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal Control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes X none reported
- Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes X none reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133

___ yes X no

Identification of Major Programs:

Name of Federal Program or Cluster

CFDA Number

U.S. Environmental Protection Agency:
 Capitalization Grants for Drinking Water
 State Revolving Funds

66.468

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

___ yes X no

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS

None

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None

CITY OF CENTRAL POINT
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Program or award amount</u>	<u>Federal Expenditures</u>
U.S Environmental Protection Agency:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	5,600,000	601,014
Total U.S. Environmental Protection		<u>5,600,000</u>	<u>601,014</u>
U.S. Department of Homeland Security:			
Flood Mitigation Assistance	97.029	105,819	95,914
Security:		<u>105,819</u>	<u>95,914</u>
Total Expenditures of federal awards			<u><u>696,928</u></u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Central Point and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

