

CITY OF CENTRAL POINT, OREGON Comprehensive Annual Financial Report

For the Year Ended June 30, 2012



Serving THE CITIZENS OF CENTRAL POINT

The Fair City

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2012

Prepared by:

Bev Adams, Finance Director

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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November 8, 2012

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, 2012.

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 determine that the financial statements of the City of Central Point for the fiscal year ending June 30, 2012, 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. During the past years, 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. During the same period of time, housing prices plummeted along with construction in the area, all of which had a negative effect on the City's building permit revenues and planning actions. However, during the past year,

we have seen indications that the local economy is stabilizing with the lowering of the unemployment rate and increasing home sale prices. It remains too early to know the extent to which the prolonged recession will have on property tax assessments and collections. Although we anticipated reduced property tax collections as a result of the recession and substantial number of foreclosures in the area, our actual experience has been that property tax collections increased as the foreclosing banks paid delinquent property taxes upon foreclosure.

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. As a result, the City is currently maintaining financial and operating stability. The notion of sustainability has become an important consideration as we manage through adversity.

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, 2011. 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

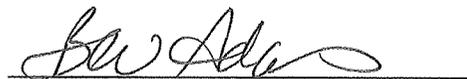
The timely preparation of this report would not have been possible without the efficient and dedicated service of the entire finance staff. We would like to express our appreciation for their contributions to its preparation.

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,



Chris Clayton
Interim City Manager



Bev Adams
Finance Director



CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

ELECTED OFFICIALS

June 30, 2012

CITY COUNCIL

TERM EXPIRES

Hank Williams, Mayor

December 31, 2012

Bruce Dinger, Ward I

December 31, 2014

Kelly Geiger, Ward II

December 31, 2014

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 MANAGER

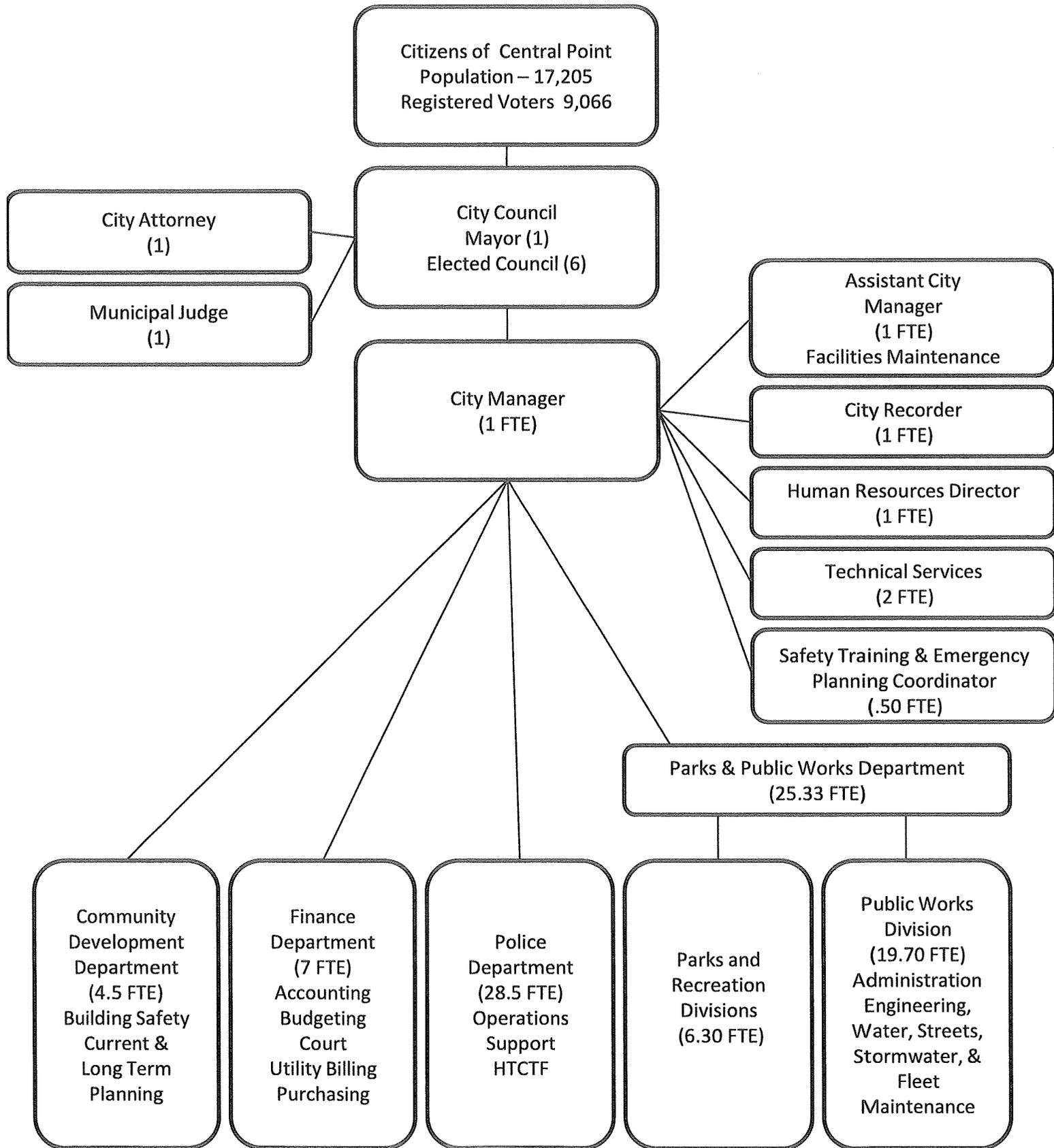
Phil Messina

FINANCE DIRECTOR

Bev Adams

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

City of Central Point
72.50 FTE
For The Fiscal Year Ended June 30, 2012



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, 2011

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.



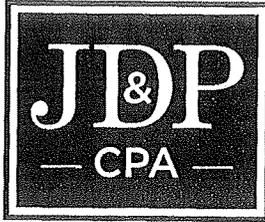
Linda C. Davidson

President

Jeffrey R. Egan

Executive Director





JOHANNSEN,
DYE &
PURKEYPILE
Certified Public Accountants, LLP

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

Tina M. Lenker, 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, 2012, 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, 2012, 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.

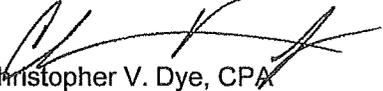
In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2012, on our consideration of the City of Central Point, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis 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, are 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 & Purkepile CPAs, LLP



By Christopher V. Dye, CPA
Partner

Medford, Oregon
November 8, 2012

**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, 2012. 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, 2012, the close of the most recent fiscal year, by approximately \$76,301 (net assets). Of this amount, \$5,375 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Unrestricted net assets for governmental activities increased \$296 to \$4,913. This overall increase is attributed receiving more new resources than were spent during the year.
- Unrestricted net assets for business-type activities decreased \$32 to \$462. This overall decrease is attributed to operating losses incurred by the business-type activities. Overall operating revenues of the business-type activities were flat compared to last year. Operating expenses increased \$101 over the previous year. In addition, there were over 100 vacant homes either abandoned or in foreclosure and therefore not using utilities over the course of the year – another ongoing effect of the Great Recession.
- There are no restrictions, commitments, or other limitations on net assets, fund equities or fund balances at June 30, 2012 that significantly affect the availability of fund resources for future use.
- The City's total current and other liabilities remain unchanged from last year end. This condition is favorable and attributed to management gaining experience in cost control and cash management.
- The City's total long-term debt increased a net of \$2,709 to \$8,331. The reason for the increase is primarily due to \$3,101 in new water reservoir constructions borrowings, reduced by \$469 in scheduled payments on existing long term debt, and a net increase of \$92 in the City's long-term portion of compensated absences earned by employees.
- 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 10.70 positions overall with 71.80 employees at June 30, 2012. This year end employee count compares to 75.75 at June 30, 2011, 76.25 at June 2010, 80 at 2009, and 79 at 2008, 79 at 2007 and 84 at 2006.

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:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

- 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 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 explains the relationship (or differences) between them.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

- 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 net assets (89.2%) 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. Capital assets increased \$880 (thousands) due to \$3,512 (thousands) of depreciation expense offset by \$4,392 (thousands) of new capital asset costs that included \$3,262 relating to the new water reservoir.

A significant portion (3.7%) of net assets is titled restricted net assets. These net assets are subject to external restrictions on how they can be used. Restricted net assets declined \$1,749 (thousands) during the year as accumulated systems development charges were spent on the water reservoir construction project and other qualifying expenses.

The final portion (7.1%) 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 \$264 (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.

Overall, the City's financial condition deteriorated during the 2011-12 fiscal year as evidenced by the decline in total net assets of \$1,620. The governmental activities net assets decreased by \$1,414 while the business-type net assets decreased by \$206. This amount of net asset decrease is similar to the previous year. The rate of decrease is about 2.7% for the governmental activities and about 7.9% for the business-type activities. The rate of decrease is considered reasonable given the prolonged recession of the past four years, and - to some extent - is considered to be the "new" stability. The City has the capacity and resources to continue to weather the ongoing economic recession, particularly as signs of stability and improvement in the community begin to be seen.

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

	Governmental		Business Type		Total	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
ASSETS						
Current and Other Assets	\$ 8,455	\$ 8,695	\$ 2,611	\$ 2,580	\$ 11,066	\$ 11,275
Capital Assets	49,681	47,678	24,459	27,342	74,140	75,020
Total Assets	<u>58,136</u>	<u>56,373</u>	<u>27,070</u>	<u>29,922</u>	<u>85,206</u>	<u>86,295</u>
LIABILITIES						
Current and Other Liabilities	1,335	1,357	327	305	1,662	1,662
Long-Term Liabilities	4,875	4,505	747	3,826	5,622	8,331
Total Liabilities	<u>6,210</u>	<u>5,862</u>	<u>1,074</u>	<u>4,131</u>	<u>7,284</u>	<u>9,993</u>
NET ASSETS						
Capital Assets Net of Related Debt	44,501	42,944	23,705	25,127	68,206	68,071
Restricted Assets	2,807	2,654	1,795	201	4,602	2,855
Unrestricted Assets	4,617	4,913	494	462	5,111	5,375
Total Net Assets	<u>\$ 51,925</u>	<u>\$ 50,511</u>	<u>\$ 25,994</u>	<u>\$ 25,790</u>	<u>\$ 77,919</u>	<u>\$ 76,301</u>

**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	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
REVENUES						
Program Revenues:						
Charges For Services	\$ 4,349	\$ 4,364	\$ 3,157	\$ 3,233	\$ 7,506	\$ 7,597
Grants and Contributions					-	-
Operating	6	707	-	-	6	707
Capital	195	-	96	-	291	-
General Revenues:						
Property Taxes	4,450	4,510	-	-	4,450	4,510
Franchise Taxes	965	1,148	-	-	965	1,148
Hotel/Motel Taxes	304	362	-	-	304	362
Interest	25	47	8	11	33	58
Miscellaneous	397	235	49	25	446	260
Total Revenues	<u>10,691</u>	<u>11,373</u>	<u>3,310</u>	<u>3,269</u>	<u>14,001</u>	<u>14,642</u>
EXPENSES						
Functions:						
General Government	6,409	3,741	-	-	6,409	3,741
Public Safety	3,651	3,831	-	-	3,651	3,831
Highways and Streets	1,224	3,644	-	-	1,224	3,644
Parks and Recreation	1,071	1,368	-	-	1,071	1,368
Interest	370	203	-	-	370	203
Water Services	-	-	2,438	2,639	2,438	2,639
Stormwater Services	-	-	788	713	788	713
Building Services	-	-	148	123	148	123
Total Expenses	<u>12,725</u>	<u>12,787</u>	<u>3,374</u>	<u>3,475</u>	<u>16,099</u>	<u>16,262</u>
Excess (deficiency) before transfers	(2,034)	(1,414)	(64)	(206)	(2,098)	(1,620)
Transfers	<u>158</u>	<u>-</u>	<u>(158)</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	(1,876)	(1,414)	(222)	(206)	(2,098)	(1,620)
BEGINNING 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>
ENDING NET ASSETS	<u>\$ 51,925</u>	<u>\$ 50,511</u>	<u>\$ 25,996</u>	<u>\$ 25,790</u>	<u>\$ 77,921</u>	<u>\$ 76,301</u>

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

- **General Fund:** At June 30, 2012, the fund balance for the General Fund was \$3,202, a decline of \$142 from the previous year. Fund balance components include \$25 nonspendable relating to prepaid items, \$2,989 assigned to the 2012-13 budget and \$188 that is unassigned. In total, fund balance represents approximately 41.2% of the 2011-12 total general fund expenditures including transfers out. Both revenues and expenditures were comparable to the prior year and as expected. The decrease in General Fund carryover is primarily due to increases in transfers out to other funds. Expenditures and transfers out increased \$505 (6.9% over the previous year). The increases were planned for in the budget and were related to increased investment in crime detection equipment, debt service and reserves for future capital asset purchases. Also, since the 2008-09 fiscal year, as compelling evidence of local and regional economic challenges became more evident, the management of every department has been focused on conserving resources in whatever manner possible while still preserving services. This trend of conservation is still ongoing and was reflected in the 2011-12 budget and will continue throughout the 2012-13 budget year.
- **Street Fund:** At June 30, 2012, the fund balance of the Street Fund primarily consisted of a restricted amount of \$1,563 from state shared gas taxes and a committed amount of \$740 from the street franchise fees. There is also a nonspendable fund balance \$672 relating to prepaid items. Ongoing street maintenance efforts continued with no significant changes in street projects or expenditures, however overall expenditures increased by \$55 as a result of price increases. The changes described, increased resources and moderate spending increases, resulted in an increase in fund balance from the prior fiscal year of almost \$340. The fund balance is attributed to unspent state shared gas tax (restricted) and street utility fees (committed) and is available and budgeted for ongoing street maintenance, and a new electric service franchise agreement that provides additional resources to the Street Fund assigned by the City Council to the City's street light program.
- **High Tech Crime Unit Fund:** The City established this fund during the current budget year for the purpose of receiving and spending a federal grant to acquire high tech crime detection and analysis equipment and to assist in detecting, identifying, and prosecuting those who perpetrate high tech crimes against the community and children. Operations during the year went as planned and budgeted. The grant was received, equipment acquired, and the unit became operational. At June 30, 2012 there is restricted fund balance of \$87 that will be spent on additional equipment acquisitions.
- **Housing Fund:** The Housing Fund has been in operation for many years and was the outgrowth of a grant funded program that made loans to City residents to remove wood stoves and weatherize their homes to reduce air pollution and reduce the cost of heating and cooling homes. Loan repayments are the source of program income and can potentially be used for additional loans if sufficient collections are received and for paying ongoing administrative expenses. During the year repayments were insufficient to fund new loans and the restricted fund balance declined by \$5 due to administrative expenses leaving a \$40 restricted fund balance at June 30, 2012.
- **Debt Service Fund:** The Debt Service Fund accounts all debt relating to and paid by governmental activities. Annual debt service is funded by a recurring state payment relating to a prior joint city/state construction project, a share of the City's monthly utility fees, assessments received from special assessment payments of property owners benefited by past street construction projects and transfers from the General, Street and Capital Improvement funds. The financial activities for the year were as planned and budgeted and resulted in an increase to ending fund balance of \$18 that is restricted to future debt service payments.
- **Capital Improvement Fund:** At June 30, 2012, the restricted fund balance (budget basis) for the Capital Improvement Fund was \$78, an increase of approximately \$10 from the 2010-11 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 no expenditures were made, however a \$10

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

transfer was made to the General Fund to pay for the resurfacing of a part tennis court and \$25 was transferred to the Debt Service Fund to assist with the debt service payment relating to Don Jones Park. The remaining fund balance of \$78 are SDCs restricted to future park improvements and debt service relating to past park improvements in the City.

- **Reserve Fund:** 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 2010-11 transfer of \$300 from the Internal Service Fund. No expenditures have yet been made from the fund. Additional resources to the fund have included some interest earnings and transfers from the General and Street funds. At June 30, 2012, the committed fund balance increased by \$183 during year to \$484. This increase was as planned and budgeted.
- **Water Fund:** At June 30, 2012, the unrestricted net assets of the Water Fund reports a deficit of \$85— a decrease from the previous year of \$114. Operating revenue increased \$75 due to the impact of a new water rate schedule, despite another wet spring and late summer, and about 150 foreclosed or abandoned homes not using water. A nonoperating income(loss) for the year was a loss of \$14 and consisted of a \$21 loss on the disposal of a capital asset with interest earnings of \$8. This compares to only \$6 of nonoperating income from interest earnings in 2011-12. Operating expenses increased \$179 over the previous year. These changes resulted in a \$176 decrease in unrestricted net assets at year end. To reverse this negative trend it will be necessary to increase rates once again. In addition, approximately \$3,262 was spent on the water reservoir capital project engineering and construction during 2011-12 with about 50% paid for by accumulated SDCs and about 50% paid for by a loan.
- **Stormwater Fund:** At June 30, 2012, the unrestricted net asset of the Stormwater Fund was \$402, an increase of \$102 from the 2011-12 fiscal year. Stormwater utility operations were as planned and budgeted. Operating revenue declined \$7 and operating expenses decreased \$75 for a combined increase in operating income of \$68 over the previous year. However, this increase was offset by a reduction in nonoperating income relating to the nonrecurrence of a capital grant and not making a transfer to the Debt Service Fund during the year leaving only a \$14 increase to fund balance at year end. In addition, \$26 of restricted SDCs were used for capital assets during the year leaving \$61 restricted for funding future systems improvements. Net assets invested in capital assets, net of related debt decreased \$62 due depreciation expense exceeding the cost of new capital assets.
- **Building Fund:** At June 30, 2012, the unrestricted net assets of the Building Fund were \$145, a decrease of \$43 from the 2011-12 fiscal year. Although management efforts reduced expenditures by \$25 compared to the previous year, revenues decreased by \$18. Under current City budget and operating policies, the ongoing deterioration of the Building Fund net assets reflects the continuing downturn in local construction activity. It is anticipated that the construction downturn will continue during 2012-13, despite some signs of economic recovery, and the adopted budget reflects this anticipation.
- **Internal Services Fund:** At June 30, 2012, the unrestricted net asset of the Internal Services Fund was \$228, a decrease of \$158 from the 2010-11 fiscal year. At the same time net assets invested in capital assets, net of related debt increased \$44 to \$464. 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 fleet or facility projects requiring capital asset purchases. The major reason for the decrease in unrestricted net assets was a \$180 transfer to the Reserve Fund by Council resolution. The remaining ending balance is intended to serve as an working capital for fund and approximates 14% of current operating expenses.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Capital assets

The City of Central Point's investment in capital assets for its governmental and business type activities as of June 30, 2012, amounts to \$75,020 (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 to provide water storage capacity to the eastside of the City under construction and will be completed during 2012-13. The engineering phase of the project began during the 2010-11 with construction beginning during 2011-12. A total engineering and construction cost is estimated at \$5,600. At June 30, 2012, \$3,702 had been spent and \$1,897 remained to complete the project. More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

Long term debt

At June 30, 2012, the City had \$9,038 of long-term debt compared to \$6,377 the previous year end. This amount includes \$8,566 of bonds and notes payable and \$472 of compensated absences payable. The City's bonds and notes payable debt was reduced by \$469 as result of making the maturing bond and note debt service payments, and increased \$3,102 relating to the new water reservoir construction draws of which \$1,161 remains unspent at year end. The City's compensated absences increased \$315 by employee service and declined \$287 as employees took time off. More detailed information about the City's long-term debt is presented in the Notes 5 and 7 to the financial statements.

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 2011-12 operating and long-term budget. The 2012-13 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 2012-13 budget. However, as noted in the 2012-13 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. In this budget there are several significant and innovative projects".

As of June 30, 2012 and looking at the upcoming 2012-13 fiscal year, the City's overall financial condition will continue to deteriorate but a reducing rate. Given the severity of the economic recession this is considered stability. However the business-type activities of utility and building services are deteriorating at a faster rate 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 \$268 in building related fees. For 2010-11 and 2011-12, the number of residential permits increased over 2009-10 and related fees are moderately increasing. However, there has yet to be sustained improvement in the commercial real estate market, but there are some specific signs of improvement with new construction activity. The City's low income utility discount program which grants a 50% assistance to economically challenged citizens continues to be necessary as families struggle through the recession. These are but a few of the statistics that indicate that the City's financial condition has deteriorated, at the same time there are signs of increased economic activity. In addition there are about 150 homes in foreclosure that are not currently paying for City utility services. The estimated utility service revenue associated with the 150 foreclosure homes is about \$8 per month and \$96 on an annualized basis.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Assets:			
Cash and cash equivalents	\$ 6,738,514	\$ 1,771,113	\$ 8,509,627
Current receivables, net allowances for uncollectibles	953,502	633,619	1,587,121
Prepaid expenses	29,083	3,595	32,678
Supply inventory	-	171,265	171,265
Noncurrent receivables:			
Due within one year	175,886	-	175,886
Due in more than one year	744,788	-	744,788
Bond issue costs	53,654	-	53,654
Capital assets, net of allowances for depreciation			
Governmental	47,213,658	-	47,213,658
Business-type	-	27,342,197	27,342,197
Internal service	464,304	-	464,304
Total Assets	56,373,389	29,921,789	86,295,178
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable	280,479	256,957	537,436
Accrued payroll	347,483	-	347,483
Unearned revenue			
Due within one year	62,295	-	62,295
Deposits	-	8,588	8,588
Noncurrent liabilities			
Compensated absences			
Due within one year	137,738	17,216	154,954
Due in more than one year	300,068	17,214	317,282
Long-term debt			
Due within one year	529,295	22,572	551,867
Due in more than one year	4,205,049	3,808,932	8,013,981
Total Liabilities	5,862,407	4,131,479	9,993,886
Net Assets:			
Invested in capital assets, net of related debt	42,943,618	25,126,897	68,070,515
Restricted for:			
Debt service	938,714	-	938,714
Housing	97,504	-	97,504
Utility systems enhancements (SDCs)	1,617,527	201,433	1,818,960
Unrestricted	4,913,618	461,982	5,375,600
Total Net Assets	\$ 50,510,981	\$ 25,790,312	\$ 76,301,293

See accompanying notes to basic financial statements

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

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenue		Net Revenue (Expenses) and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government						
Governmental Activities						
General government	\$ 3,741,404	\$ 2,405,632	\$ -	\$ (1,335,772)	\$ -	\$ (1,335,772)
Public safety	3,831,436	263,232	284,576	(3,283,628)	-	(3,283,628)
Highways and streets	3,644,229	1,325,656	422,875	(1,895,698)	-	(1,895,698)
Parks and recreation	1,368,369	117,524	-	(1,250,845)	-	(1,250,845)
Interest on long-term debt	203,134	252,253	-	49,119	-	49,119
Total Governmental Activities	12,788,572	4,364,297	707,451	(7,716,824)	-	(7,716,824)
Business-Type Activities						
Water services	2,638,689	2,434,016	-	-	(204,673)	(204,673)
Stormwater services	712,514	720,597	-	-	8,083	8,083
Building services	123,545	77,892	-	-	(45,653)	(45,653)
Total Business-Type Activities	3,474,748	3,232,505	-	-	(242,243)	(242,243)
Total Primary Government	\$ 16,263,320	\$ 7,596,802	\$ 707,451	(7,716,824)	(242,243)	(7,959,067)
General Revenues						
Property taxes				4,510,443	-	4,510,443
Franchise taxes				1,148,367	-	1,148,367
Hotel/Motel taxes				362,446	-	362,446
Interest				46,674	11,116	57,790
Miscellaneous				234,647	25,418	260,065
Total General Revenues				6,302,577	36,534	6,339,111
Change in Net Assets				(1,414,247)	(205,709)	(1,619,956)
Beginning Net Assets				51,925,228	25,996,021	77,921,249
Ending Net Assets				\$ 50,510,981	\$ 25,790,312	\$ 76,301,293

See accompanying notes to basic financial statements

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

	SPECIAL REVENUE				CAPITAL PROJECTS			TOTAL
	GENERAL	STREET FUND	HIGH TECH CRIME UNIT FUND	HOUSING FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	RESERVE FUND	
ASSETS:								
Assets:								
Cash and investments	\$ 3,561,092	\$ 2,172,036	\$ 99,010	\$ 40,401	\$ 18,040	\$ 78,238	\$ 483,463	\$ 6,452,280
Receivables:								
Taxes	396,297	-	-	-	-	-	-	396,297
Accounts, net of allowances	317,962	182,140	-	57,103	-	-	-	557,205
State of Oregon	-	-	-	-	717,249	-	-	717,249
Special assessments	-	-	-	-	203,425	-	-	203,425
Prepaid items	25,249	672	-	-	-	-	-	25,921
Total Assets	\$ 4,300,600	\$ 2,354,848	\$ 99,010	\$ 97,504	\$ 938,714	\$ 78,238	\$ 483,463	\$ 8,352,377
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts payable	220,739	28,362	2,576	-	-	-	-	251,677
Payroll taxes and salaries	347,483	-	-	-	-	-	-	347,483
Comp absences payable	121,068	3,156	5,158	-	-	-	-	129,382
Deferred revenue	57,920	20,124	4,376	57,103	920,674	-	-	1,060,197
Deferred property taxes	351,475	-	-	-	-	-	-	351,475
Total Liabilities	1,098,685	51,642	12,110	57,103	920,674	-	-	2,140,214
Fund Balances:								
Nonspendable	25,249	672	-	-	-	-	-	25,921
Restricted	-	1,562,961	86,900	40,401	18,040	78,238	-	1,786,540
Committed	-	739,573	-	-	-	-	483,463	1,223,036
Assigned	2,988,602	-	-	-	-	-	-	2,988,602
Unassigned	188,064	-	-	-	-	-	-	188,064
Total Fund Balances	3,201,915	2,303,206	86,900	40,401	18,040	78,238	483,463	6,212,163
Total Liabilities and Fund Balances	\$ 4,300,600	\$ 2,354,848	\$ 99,010	\$ 97,504	\$ 938,714	\$ 78,238	\$ 483,463	\$ 8,352,377

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, 2012**

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

Total Fund Balances - Governmental Funds		\$	6,212,163
<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			47,213,658
<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	\$ (4,734,344)		
Bond discount and issuance costs	<u>53,654</u>		(4,680,690)
<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	(437,806)		
Accrued in governmental funds	129,382		
Accrued in Internal Service Fund	<u>31,983</u>		(276,441)
<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	997,901		
Property taxes levied but not collected	<u>351,475</u>		<u>1,349,376</u>
Governmental Funds Net Assets			49,818,066
<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>692,915</u>
Total Net Assets - Governmental Activities		\$	<u><u>50,510,981</u></u>

See accompanying notes to basic financial statements

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012**

	GENERAL	SPECIAL REVENUE			CAPITAL PROJECTS			TOTAL
		STREET FUND	HIGH TECH CRIME UNIT FUND	HOUSING FUND	DEBT SERVICE FUND	CAPITAL IMPROVEMENT FUND	RESERVE FUND	
REVENUES:								
Taxes	\$ 5,879,598	\$ 20,348	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,899,946
Licenses and permits	52,726	-	-	-	-	-	-	52,726
Intergovernmental	472,072	1,435,577	354,958	-	162,864	-	-	2,425,471
Charges for services	832,633	418,145	5,672	-	197,149	44,716	-	1,498,315
Assessments	-	-	-	-	59,855	-	-	59,855
Fines and forfeitures	180,330	-	-	-	-	-	-	180,330
Investment earnings	29,034	11,962	-	256	488	355	2,850	44,945
Miscellaneous	170,478	62,485	-	-	-	-	-	232,963
Total Revenues	7,616,871	1,948,517	360,630	256	420,356	45,071	2,850	10,394,551
EXPENDITURES:								
Current:								
General government	2,789,613	-	-	5,000	-	-	-	2,794,613
Public safety	3,467,493	-	511,630	-	-	-	-	3,979,123
Highways and streets	-	1,598,584	-	-	-	-	-	1,598,584
Parks and recreation	1,084,081	-	-	-	-	-	-	1,084,081
Debt service:								
Principal	-	-	-	-	454,000	-	-	454,000
Interest	-	-	-	-	180,610	-	-	180,610
Total Expenditures	7,341,187	1,598,584	511,630	5,000	634,610	-	-	10,091,011
Excess of Revenues Over (Under) Expenditures	275,684	349,933	(151,000)	(4,744)	(214,254)	45,071	2,850	303,540
Other Financing Sources, (Uses)								
Transfers in	10,000	50,000	237,900	-	225,200	-	180,000	703,100
Transfers out	(427,900)	(60,200)	-	-	-	(35,000)	-	(523,100)
Total Transfers	(417,900)	(10,200)	237,900	-	225,200	(35,000)	180,000	180,000
Net Change in Fund Balance	(142,216)	339,733	86,900	(4,744)	10,946	10,071	182,850	483,540
Beginning Fund Balance	3,344,131	1,963,473	-	45,145	7,094	68,167	300,613	5,728,623
Ending Fund Balance	\$ 3,201,915	\$ 2,303,206	\$ 86,900	\$ 40,401	\$ 18,040	\$ 78,238	\$ 483,463	\$ 6,212,163

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, 2012**

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 \$ 483,540

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

Capitalized expenditures	\$ 782,987	
Depreciation expense	(2,817,742)	
Net adjustment		(2,034,755)

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

Compensated absences (23,590)

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.

Amortization of bond discounts and bond issuance costs	(4,725)	
Bonds and notes payable principal	431,476	
		426,751

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

Special assessments	(141,171)	
Property taxes	(11,925)	
		(153,096)

Governmental Funds Change in Net Assets (1,301,150)

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.

Internal Service Fund Change in Net Assets (113,097)

Change in Net Assets - Governmental Activities \$ (1,414,247)

See accompanying notes to basic financial statements

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON
BALANCE SHEET
PROPRIETARY FUNDS
June 30, 2012

	WATER FUND	STORM WATER FUND	BUILDING FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
ASSETS:					
Current Assets					
Cash and investments	\$ 1,071,813	\$ 514,589	\$ 184,711	\$ 1,771,113	\$ 286,234
Accounts receivable, net	573,268	60,351	-	633,619	-
Prepaid expenses	3,412	183	-	3,595	3,162
Supply inventory	171,265	-	-	171,265	-
Total Current Assets	1,819,758	575,123	184,711	2,579,592	289,396
Noncurrent Assets					
Capital assets not being depreciated	6,148,113	343,691	-	6,491,804	-
Capital assets being depreciated, net	13,076,591	7,772,693	1,109	20,850,393	464,304
Total Noncurrent Assets	19,224,704	8,116,384	1,109	27,342,197	464,304
Total Assets	\$ 21,044,462	\$ 8,691,507	\$ 185,820	\$ 29,921,789	\$ 753,700
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 144,489	\$ 92,251	\$ 20,217	\$ 256,957	\$ 28,802
Developer and customer deposits	-	-	8,588	8,588	-
Current Portion Long-Term Debt					
SDC obligations	227	1,393	-	1,620	-
Financing agreement	5,657	15,295	-	20,952	-
Comp absences payable	8,724	3,059	5,433	17,216	15,991
Total Current Portion Long-Term Debt	14,608	19,747	5,433	39,788	15,991
Total Current Liabilities	159,097	111,998	34,238	305,333	44,793
Long-term Liabilities					
SDC obligations	1,999	12,583	-	14,582	-
Financing agreement	25,241	66,429	-	91,670	-
Comp absences payable	8,724	3,058	5,432	17,214	15,992
Notes payable	3,702,678	-	-	3,702,678	-
Total Long-Term Liabilities	3,738,642	82,070	5,432	3,826,144	15,992
Total Liabilities	3,897,739	194,068	39,670	4,131,477	60,785
NET ASSETS					
Invested in capital assets, net of related debt	17,091,128	8,034,660	1,109	25,126,897	464,304
Restricted for:					
Utility Systems Enhancements (SDCs)	140,682	60,751	-	201,433	-
Unrestricted	(85,087)	402,028	145,041	461,982	228,611
Total Net Assets	17,146,723	8,497,439	146,150	25,790,312	692,915
Total Liabilities and Net Assets	\$ 21,044,462	\$ 8,691,507	\$ 185,820	\$ 29,921,789	\$ 753,700

See accompanying notes to basic financial statements

**CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012**

	<u>WATER FUND</u>	<u>STORM WATER FUND</u>	<u>BUILDING FUND</u>	<u>TOTAL</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
OPERATING REVENUES					
Licenses and fees	\$ -	\$ -	\$ 77,892	\$ 77,892	\$ -
Charges for services	2,434,016	720,597	-	3,154,613	1,121,012
Miscellaneous	20,543	3,408	1,467	25,418	10,129
Total Operating Revenue	<u>2,454,559</u>	<u>724,005</u>	<u>79,359</u>	<u>3,257,923</u>	<u>1,131,141</u>
OPERATING EXPENSES					
Public works equipment rental operations	-	-	-	-	991,299
Utility operations	2,221,930	489,212	-	2,711,142	-
Building inspection services	-	-	122,433	122,433	-
Depreciation	395,339	223,302	1,112	619,753	74,668
Total Operating Expenses	<u>2,617,269</u>	<u>712,514</u>	<u>123,545</u>	<u>3,453,328</u>	<u>1,065,967</u>
Total Operating Income (Loss)	<u>(162,710)</u>	<u>11,491</u>	<u>(44,186)</u>	<u>(195,405)</u>	<u>65,174</u>
NONOPERATING INCOME (LOSS)					
Loss on disposal of capital assets	(21,420)	-	-	(21,420)	-
Investment earnings	7,636	2,396	1,084	11,116	1,729
Nonoperating Income (Loss)	<u>(13,784)</u>	<u>2,396</u>	<u>1,084</u>	<u>(10,304)</u>	<u>1,729</u>
INCOME BEFORE TRANSFERS	<u>(176,494)</u>	<u>13,887</u>	<u>(43,102)</u>	<u>(205,709)</u>	<u>66,903</u>
Transfers out	-	-	-	-	(180,000)
Change in Net Assets	<u>(176,494)</u>	<u>13,887</u>	<u>(43,102)</u>	<u>(205,709)</u>	<u>(113,097)</u>
Beginning Net Assets	<u>17,323,217</u>	<u>8,483,552</u>	<u>189,252</u>	<u>25,996,021</u>	<u>806,012</u>
Ending Net Assets	<u>\$ 17,146,723</u>	<u>\$ 8,497,439</u>	<u>\$ 146,150</u>	<u>\$ 25,790,312</u>	<u>\$ 692,915</u>

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, 2012**

	WATER FUND	STORMWATER FUND	BUILDING FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
Cash Flows from Operating Activities:					
Received from customers	\$ 2,349,298	\$ 718,573	\$ 78,334	\$ 3,146,205	\$ 24,640
Received from interfund svcs provided	-	-	-	-	1,106,501
Paid for interfund services provided	(340,000)	(144,000)	(2,200)	(486,200)	-
Paid to suppliers	(1,514,382)	(88,774)	2,351	(1,600,805)	(484,527)
Paid to employees	(505,534)	(171,054)	(107,231)	(783,819)	(511,712)
Net cash provided (used)	<u>(10,618)</u>	<u>314,745</u>	<u>(28,746)</u>	<u>275,381</u>	<u>134,902</u>
Cash Flows from Noncapital Financing Activities:					
Transfers (to) other funds	-	-	-	-	(180,000)
Cash Flows from Capital and Related Financing Activities					
Purchase of fixed assets	(3,399,697)	(124,596)	-	(3,524,293)	(119,334)
Long-term debt borrowings	3,101,662	-	-	3,101,662	-
Long-term debt payments	(7,292)	(16,344)	-	(23,636)	-
Net cash (used)	<u>(305,327)</u>	<u>(140,940)</u>	<u>-</u>	<u>(446,267)</u>	<u>(119,334)</u>
Cash Flows from Investing Activities					
Interest on investments	7,636	2,396	1,084	11,116	1,729
Net (decrease) increase in cash and investments	(308,309)	176,201	(27,662)	(159,770)	(162,703)
Cash and Investments:					
Beginning of year	1,380,122	338,389	212,373	1,930,884	448,936
End of year	<u>\$ 1,071,813</u>	<u>\$ 514,590</u>	<u>\$ 184,711</u>	<u>\$ 1,771,114</u>	<u>\$ 286,233</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ (162,710)	\$ 11,491	\$ (44,186)	\$ (195,405)	\$ 65,174
Depreciation and amortization	395,340	223,301	1,112	619,753	74,668
(Increase) Decrease in prepaid exp.	(3,182)	(183)	106	(3,259)	(3,127)
(Increase) Decrease in cust. deposits	(50)	-	(1,025)	(1,075)	-
(Increase) Decrease in inventory	(14,174)	-	-	(14,174)	-
(Increase) Decrease in receivables	(105,212)	(5,432)	-	(110,644)	-
Increase (Decrease) in accrued vacation	1,874	1	3,760	5,635	(440)
Increase (Decrease) in payables	(122,504)	85,567	11,487	(25,450)	(1,373)
Net Cash (Used) Provided by Operating Activities	<u>\$ (10,618)</u>	<u>\$ 314,745</u>	<u>\$ (28,746)</u>	<u>\$ 275,381</u>	<u>\$ 134,902</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 for services that includes charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges, fines and forfeitures assessed as penalties for code violations, and state shared revenues received for support of various programs - all of which are related to 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.

High Tech Crime Unit Fund – This special revenue fund accounts for a federal grant received for the specific purpose of detecting, investigating and prosecuting crimes involving the use of high tech equipment and the internet. Additional local resources used in this crime fighting effort include charges for services to other police agencies and a transfer from the General Fund assigned by the City Council through the adopting and appropriating budget resolution for expenditure on this activity.

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.

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 appropriated at object levels of personal services, materials and services, capital outlay, debt service, interfund transactions and contingency. All other funds, including the General, Street, High Tech Crime Unit Fund, 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 to account for unanticipated grant funding for equipment for the High Tech Crime Task Force. 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, 2012.

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.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2012, 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.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, nonoperating 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

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. Nonspendable items are not expected to be converted to cash and include prepaid amounts.

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 through the adoption of a resolution. Only a similar formal action of adopting a resolution can remove or modify such self-imposed spending limitations. Resolutions are the highest form of Council policy expression with respect to the City's budget and financial policies.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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.

Cash and Investments, unrestricted and restricted, at June 30, 2012 consisted of:

		Total
Petty Cash	\$	<u>1,450</u>
Demand Deposits		165,345
Certificates of Deposit		1,507,481
Investments		<u>6,835,351</u>
Total at fair value	\$	<u><u>8,509,627</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (Continued)

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 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 \$165,345. The total bank balance at June 30, 2012, per the bank statement, is \$217,609. The carrying amount and bank balance of the certificates of deposits is \$1,507,481. 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, 2012, 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, 2012.

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 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, 2012. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

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

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (Continued)

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	\$ 6,835,351	\$ 6,835,351	\$ -	\$ -
Umpqua Bank Certificates of Deposit	1,507,841	-	-	1,507,841

3. RECEIVABLES

Receivables as of the year ended June 30, 2012, 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 5. 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 \$75,551 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.

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 5. 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 agreement provides for no interest, it was discounted when recorded by the City \$267,292 to reflect a 4.3% annual interest rate.

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

NOTES TO BASIC FINANCIAL STATEMENTS

3. RECEIVABLES (Continued)

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:

	Governmental Funds	Internal Service Fund	Total	Due Within One Year	Long-Term Portion
<u>Governmental Activities</u>					
Current:					
Accounts, net	\$ 557,205	\$ -	\$ 557,205	\$ 557,205	\$ -
Property taxes	396,297	-	396,297	396,297	-
Total current	953,502	-	953,502	953,502	-
Long-term					
Special assessments	203,425	-	203,425	50,000	153,425
State of Oregon	717,249	-	717,249	125,886	591,363
Total long-term	920,674	-	920,674	175,886	744,788
 Total	\$ 1,874,176	\$ -	\$ 1,874,176	\$ 1,129,388	\$ 744,788
			Proprietary Fund	Due Within One Year	Long-Term Portion
<u>Business-type Activities</u>					
Current:					
Accounts, net			\$ 633,619	\$ 633,619	\$ -



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

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2012 are as follows:

	Balance Beginning Of Year	Additions	Deletions	Balance End Of Year
Governmental Activities:				
Not being depreciated				
Land	\$ 5,170,952	\$ 174,750	\$ -	\$ 5,345,702
Work in process	274,533	117,388	-	391,921
Land use rights	42,815	-	-	42,815
Total	<u>5,488,300</u>	<u>292,138</u>	<u>-</u>	<u>5,780,438</u>
Being depreciated				
Buildings	5,020,832	-	-	5,020,832
Software	-	59,255	-	59,255
Computers	201,647	191,748	89,023	304,372
Equipment and vehicles	533,639	44,643	101,601	476,681
Infrastructure	83,893,757	195,204	-	84,088,961
Total	<u>89,649,875</u>	<u>490,850</u>	<u>190,624</u>	<u>89,950,101</u>
Accumulated Depreciation				
Buildings	1,298,093	116,475	-	1,414,568
Computers	125,897	24,835	76,468	74,264
Equipment and vehicles	394,250	61,484	101,601	354,133
Infrastructure	44,058,968	2,614,948	-	46,673,916
Total	<u>45,877,208</u>	<u>2,817,742</u>	<u>178,069</u>	<u>48,516,881</u>
Governmental Capital Assets, Net	<u><u>\$ 49,260,967</u></u>			<u><u>\$ 47,213,658</u></u>
Internal Service Fund:				
Being depreciated				
Buildings	\$ 239,669	\$ 19,453	\$ -	\$ 259,122
Equipment and vehicles	864,054	99,880	6,780	957,154
Infrastructure	18,000	-	-	18,000
Total	<u>1,121,723</u>	<u>119,333</u>	<u>6,780</u>	<u>1,234,276</u>
Accumulated Depreciation				
Buildings	76,207	6,746	-	82,953
Equipment and vehicles	623,537	67,562	6,780	684,319
Infrastructure	2,340	360	-	2,700
Total	<u>702,084</u>	<u>74,668</u>	<u>6,780</u>	<u>769,972</u>
Internal Service Fund Capital Assets, Net	<u><u>\$ 419,639</u></u>			<u><u>\$ 464,304</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS (Continued)

	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	985,824	3,262,289	-	4,248,113
Land use rights	300,666	-	-	300,666
Total	<u>3,229,514</u>	<u>3,262,289</u>	<u>-</u>	<u>6,491,803</u>
Being depreciated				
Software	30,600	-	30,600	-
Computers	72,300	-	-	72,300
Equipment and vehicles	41,034	39,926	-	80,960
Infrastructure	29,555,960	222,078	-	29,778,038
Total	<u>29,699,894</u>	<u>262,004</u>	<u>30,600</u>	<u>29,931,298</u>
Accumulated Depreciation				
Software	9,180	-	9,180	-
Computers	72,300	-	-	72,300
Equipment and vehicles	12,406	6,851	-	19,257
Infrastructure	8,376,445	612,902	-	8,989,347
Total	<u>8,470,331</u>	<u>619,753</u>	<u>-</u>	<u>9,080,904</u>
Business-type Capital Assets, Net	<u><u>\$ 24,459,077</u></u>			<u><u>\$ 27,342,197</u></u>

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

Function/Activities	Governmental Activities	Business-type Activities
General Government	\$ 104,186	\$ -
Public Safety	44,252	-
Highways and Streets	2,387,885	-
Parks and Recreation	281,419	-
Internal Service Fund - charged to various functions based on usage	74,668	-
Water	-	395,339
Storm Water	-	223,302
Building	-	1,112
Total	<u><u>\$ 2,892,410</u></u>	<u><u>\$ 619,753</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS (Continued)

At June 30, 2012, the City had entered the construction phase of Water Reservoir Project. The remaining contract amounts are shown below:

	<u>Total</u>	<u>Remaining</u>
Water Fund		
Engineering	\$ 805,400	\$ 74,557
Construction	\$4,794,600	\$1,822,765

5. LONG-TERM DEBT

At June 30, 2012, 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 \$3,702,678 had been used for engineering and construction. 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 first principal payment of \$15,000 was made in December 2009. 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 was paid in 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, 2011 and 2012, the unamortized balance is \$7,770 and \$6,660, 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG TERM DEBT (Continued)

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, 2011 and 2012, the unamortized balance is \$50,609 and \$46,994, respectively.

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, 2012:

	Balance 7/1/2011	Additions	Deletions	Balance 6/30/2012	Due Within One Year	Long-Term Portion
Governmental Activities						
Limited tax bond	\$ 302,491	\$ -	\$ 35,000	\$ 267,491	\$ 50,000	\$ 217,491
Financing agreement	1,165,853	-	171,475	994,378	182,048	812,330
Notes payable	13,824	-	13,824	-	-	-
Certificates of participation	2,080,000	-	115,000	1,965,000	120,000	1,845,000
SDC obligations	622,475	-	-	622,475	62,247	560,228
Tax exempt financing note	995,000	-	110,000	885,000	115,000	770,000
Total	\$ 5,179,643	\$ -	\$ 445,299	\$ 4,734,344	\$ 529,295	\$ 4,205,049
Business-Type Activities						
Financing agreement	\$ 135,148	\$ -	\$ 22,525	\$ 112,623	\$ 20,952	\$ 91,671
Notes payable	601,015	3,101,663	-	3,702,678	-	3,702,678
SDC obligations	17,316	-	1,113	16,203	1,620	14,583
Total	\$ 753,479	\$ 3,101,663	\$ 23,638	\$ 3,831,504	\$ 22,572	\$ 3,808,932

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. 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>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012-13	\$ 50,000	\$ 12,358	\$ 182,048	\$ 38,999	\$ 120,000	\$ 73,618
2013-14	50,000	10,048	190,524	30,601	120,000	69,718
2014-15	50,000	7,738	198,590	22,225	125,000	65,613
2015-16	50,000	5,428	206,616	13,502	130,000	61,213
2016-17	50,000	3,118	216,600	4,392	135,000	56,508
2017 to 2021	17,491	1,559	-	-	780,000	198,094
2022 to 2024	-	-	-	-	555,000	36,429
Total	\$ 267,491	\$ 40,249	\$ 994,378	\$ 109,719	\$ 1,965,000	\$ 561,193

	<u>Tax Exempt Financing Note</u>		<u>SDC Obligations</u>		<u>Total Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012-13	\$ 115,000	\$ 33,100	\$ 62,247	\$ -	\$ 529,295	\$ 158,075
2013-14	115,000	28,500	62,247	-	\$ 537,771	\$ 138,867
2014-15	120,000	23,800	62,247	-	\$ 555,837	\$ 119,376
2015-16	125,000	18,900	62,247	-	\$ 573,863	\$ 99,043
2016-17	130,000	13,800	62,247	-	\$ 593,847	\$ 77,818
2017 to 2021	280,000	8,700	311,240	-	\$ 1,388,731	\$ 208,353
2022 to 2024	-	-	-	-	\$ 555,000	\$ 36,429
Total	\$ 885,000	\$ 126,800	\$ 622,475	\$ -	\$ 4,734,344	\$ 837,961

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. 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
2012-13	\$ 20,952	\$ 4,238	\$ -	\$ -	\$ 1,620	\$ -
2013-14	21,476	3,713	65,389	62,946	1,620	-
2014-15	22,411	2,780	134,133	122,537	1,620	-
2015-16	23,385	1,806	138,732	117,938	1,620	-
2016-17	24,400	790	143,488	113,181	1,620	-
2017 to 2033	-	-	3,220,938	1,014,110	8,100	-
Total	\$ 112,624	\$ 13,327	\$ 3,702,680	\$ 1,430,712	\$ 16,200	\$ -

	Total Business-Type Activities	
	Principal	Interest
2012-13	\$ 22,572	\$ 4,238
2013-14	88,485	66,659
2014-15	158,164	125,317
2015-16	163,737	119,744
2016-17	169,508	113,971
2017 to 2033	3,229,038	1,014,110
Total	\$ 3,831,504	\$ 1,444,039

6. OPERATING LEASE COMMITMENTS

The City entered into a lease for one Chevy Tahoe police vehicle on December 15, 2011 with a term of three years. The first lease payment \$18,479 for the Chevy Tahoe and the final lease payment of \$42,705 on three Crown Victoria police cars were made during the year. Total lease expense for the year ended June 30, 2012, was \$61,184. Future minimum lease payments under non-cancelable operating leases are as follows:

Years Ending June 30,	Amounts
2013	\$ 18,479
2014	18,479
2015	-
2016	-
2017	-
Total	\$ 36,958

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

NOTES TO BASIC FINANCIAL STATEMENTS

7. COMPENSATED ABSENCES

During the year ended June 30, 2012, the changes in the City's vested compensated absences obligation to employees were as follows:

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2012</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
Governmental Activities						
Governmental Funds	\$ 383,244	\$ 246,302	\$ 223,723	\$ 405,823	\$ 121,747	\$ 284,077
Internal Service Fund	32,423	28,753	26,234	34,942	15,991	15,991
Total	<u>\$ 415,667</u>	<u>\$ 275,055</u>	<u>\$ 249,957</u>	<u>\$ 440,765</u>	<u>\$ 137,738</u>	<u>\$ 300,068</u>
Business-Type Activities						
Proprietary Funds	\$ 28,795	\$ 40,014	\$ 37,337	\$ 31,472	\$ 17,216	\$ 17,214
Combined Total	<u>\$ 444,462</u>	<u>\$ 315,069</u>	<u>\$ 287,294</u>	<u>\$ 472,237</u>	<u>\$ 154,954</u>	<u>\$ 317,282</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. The governmental General Fund, Street Fund and High Tech Crime Unit Fund have been used to liquidate the liability for compensated absences.

8. INTERFUND ACTIVITY

Interfund activity includes services, equipment rental and interest and approximates \$1,806,500, 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>High Tech Crime Unit Fund</u>	<u>Reserve Fund</u>	<u>Debt Service Fund</u>	
<u>Transfer Out</u>						
General Fund	\$ -	\$ 50,000	\$ 237,900	\$ -	\$ 140,000	\$ 427,900
Street Fund	-	-	-	-	60,200	60,200
Housing Fund	-	-	-	-	-	-
Capital Improvements Fund	10,000	-	-	-	25,000	35,000
Water Fund	-	-	-	-	-	-
Stormwater Fund	-	-	-	-	-	-
Internal Service Fund	-	-	-	180,000	-	180,000
Total	<u>\$ 10,000</u>	<u>\$ 50,000</u>	<u>\$ 237,900</u>	<u>\$ 180,000</u>	<u>\$ 225,200</u>	<u>\$ 703,100</u>

The transfers from the General Fund, Street Fund and Capital Improvements Funds were made to facilitate the payment of principal and interest on long-term debt. The transfer from the General Fund to the Street Fund was to pay for street lighting electrical service. The transfer from the Internal Service Fund to the Reserve Fund was for the future replacement of equipment and vehicles. The transfer from the Capital Improvements Fund to the General Fund was for the repaving of tennis courts. The transfer from the General Fund to the High Tech Crime Unit Fund was for operating expenses.

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

NOTES TO BASIC FINANCIAL STATEMENTS

8. INTERFUND ACTIVITY (Continued)

There are no outstanding interfund balances.

9. GOVERNMENTAL FUND BALANCES

Governmental fund balance components at June 30, 2012 are:

<u>Fund Balance Components</u>	<u>General Fund</u>	<u>Street Fund</u>	<u>High Tech Crime Unit Fund</u>	<u>Housing Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvement Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
Nonspendable	\$ 25,249	\$ 672	\$ -	\$ -	\$ -	\$ -	\$ -	25,921
Restricted:								
Loan agreements	-	-	-	40,401	18,040	-	-	58,441
State law - SDCs	-	1,562,961	-	-	-	78,238	-	1,641,199
Grant Funds	-	-	86,900	-	-	-	-	86,900
Total	-	1,562,961	86,900	40,401	18,040	78,238	-	1,786,540
Committed:								
Council resolution/ordinances:								
Street maintenance	-	739,573	-	-	-	-	-	739,573
Future capital assets	-	-	-	-	-	-	483,463	483,463
Total	-	739,573	-	-	-	-	483,463	1,223,036
Assigned:								
2012-13 Budget	2,988,602	-	-	-	-	-	-	2,988,602
Unassigned	188,064	-	-	-	-	-	-	188,064
Total fund balance components	\$ 3,201,915	\$ 2,303,206	\$ 86,900	\$ 40,401	\$ 18,040	\$ 78,238	\$ 483,463	\$ 6,212,163

10. 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, 2012 nor were there any unpaid claims outstanding at June 30, 2011.

11. 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

11. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (Continued)

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 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

11. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (Continued)

Annual Pension Cost – For the fiscal years ending June 30, 2012, 2011, and 2010 the City's annual pension costs of \$824,702, \$533,758, and \$518,060 were equal to the City's required and actual 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.

12. 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.

13. 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 2011-12 several new GASB pronouncements were issued and became effective, but none were currently applicable to the City's presentations and disclosures contained in the City's financial statements. However, several of these new GASB pronouncements will be applicable beginning in the 2012-13 fiscal year.

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, 2012

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Taxes	\$ 5,616,000	\$ 5,616,000	\$ 5,879,598	\$ 263,598
Licenses and fees	52,100	52,100	52,726	626
Intergovernmental	466,000	466,000	472,072	6,072
Charges for services	809,500	809,500	832,633	23,133
Fines and forfeitures	171,000	171,000	180,330	9,330
Investment earnings	20,000	20,000	29,034	9,034
Miscellaneous	157,000	157,000	170,478	13,478
Total Revenues	<u>\$ 7,291,600</u>	<u>\$ 7,291,600</u>	<u>\$ 7,616,871</u>	<u>\$ 325,271</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, 2012**

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
Mayor and Council Administration	\$ 70,050	\$ 70,050	\$ 54,664	\$ 15,386
Technical services	729,500	729,500	723,496	6,004
City enhancement	479,200	479,200	468,473	10,727
Finance	218,000	218,000	167,817	50,183
Interdepartmental	750,700	750,700	736,887	13,813
Parks and recreation - parks	200,000	200,000	199,871	129
Parks and recreation - recreation	706,600	706,600	668,369	38,231
Planning	485,150	485,150	415,712	69,438
Police	475,500	475,500	438,405	37,095
	<u>3,442,000</u>	<u>3,512,000</u>	<u>3,467,493</u>	<u>44,507</u>
Total Expenditures	<u>7,556,700</u>	<u>7,626,700</u>	<u>7,341,187</u>	<u>285,513</u>
Excess of Revenues Over (Under) Expenditures	<u>(265,100)</u>	<u>(335,100)</u>	<u>275,684</u>	<u>610,784</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	35,000	35,000	10,000	(25,000)
Transfers out	<u>(427,900)</u>	<u>(427,900)</u>	<u>(427,900)</u>	<u>-</u>
Net Transfers	<u>(392,900)</u>	<u>(392,900)</u>	<u>(417,900)</u>	<u>(25,000)</u>
Contingency	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>
Net Change in Fund Balance	<u>(808,000)</u>	<u>(878,000)</u>	<u>(142,216)</u>	<u>735,784</u>
Beginning Fund Balance	<u>2,754,550</u>	<u>2,754,550</u>	<u>3,344,131</u>	<u>589,581</u>
Ending Fund Balance	<u>\$ 1,946,550</u>	<u>\$ 1,876,550</u>	<u>\$ 3,201,915</u>	<u>\$ 1,325,365</u>
Current:				
General government			\$ 2,789,613	
Public safety			3,467,493	
Parks and recreation			<u>1,084,081</u>	
Total			<u>\$ 7,341,187</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, 2012**

	<u>STREET FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Taxes	\$ -	\$ -	\$ 20,348	\$ 20,348
Intergovernmental	2,546,860	2,546,860	1,435,577	(1,111,283)
Charges for services	482,500	482,500	418,145	(64,355)
Investment earnings	8,000	8,000	11,962	3,962
Miscellaneous	-	-	62,485	62,485
Total Revenues	<u>3,037,360</u>	<u>3,037,360</u>	<u>1,948,517</u>	<u>(1,088,843)</u>
EXPENDITURES:				
Street operations	2,708,650	2,708,650	1,542,923	1,165,727
SDC streets	340,000	340,000	55,661	284,339
Debt Service	30,000	30,000	-	30,000
Total Expenditures	<u>3,078,650</u>	<u>3,078,650</u>	<u>1,598,584</u>	<u>1,480,066</u>
Excess of Revenues Over (Under) Expenditures	<u>(41,290)</u>	<u>(41,290)</u>	<u>349,933</u>	<u>391,223</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	50,000	50,000	50,000	-
Transfers out	(60,200)	(60,200)	(60,200)	-
Net Transfers	(10,200)	(10,200)	(10,200)	-
Contingency	(100,000)	(100,000)	-	100,000
Net Change in Fund Balance	(151,490)	(151,490)	339,733	491,223
Beginning Fund Balance	<u>2,045,760</u>	<u>2,045,760</u>	<u>1,963,473</u>	<u>(82,287)</u>
Ending Fund Balance	<u>\$ 1,894,270</u>	<u>\$ 1,894,270</u>	<u>\$ 2,303,206</u>	<u>\$ 408,936</u>
Current:				
Highways and streets			<u>\$ 1,598,584</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, 2012**

<u>HIGH TECH CRIME UNIT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Intergovernmental	\$ 368,000	\$ 530,500	\$ 354,958	\$ (175,542)
Charges for services	50,000	50,000	5,672	(44,328)
Total Revenues	<u>418,000</u>	<u>580,500</u>	<u>360,630</u>	<u>(219,870)</u>
EXPENDITURES:				
Public Safety	501,350	547,850	511,630	36,220
Total Expenditures	<u>501,350</u>	<u>547,850</u>	<u>511,630</u>	<u>36,220</u>
Excess of Revenues Over (Under) Expenditures	<u>(83,350)</u>	<u>32,650</u>	<u>(151,000)</u>	<u>(183,650)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	237,900	237,900	237,900	-
Net Transfers	237,900	237,900	237,900	-
Net Change in Fund Balance	154,550	270,550	86,900	(183,650)
Beginning Fund Balance	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Ending Fund Balance	<u>\$ 164,550</u>	<u>\$ 280,550</u>	<u>\$ 86,900</u>	<u>\$ (193,650)</u>
Current:				
Public safety			<u>\$ 511,630</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, 2012**

	<u>HOUSING FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Investment earnings	\$ 250	\$ 250	\$ 256	\$ 6
Miscellaneous	25,000	25,000	-	(25,000)
Total Revenues	<u>25,250</u>	<u>25,250</u>	<u>256</u>	<u>(24,994)</u>
EXPENDITURES:				
Materials and services	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>20,250</u>	<u>20,250</u>	<u>(4,744)</u>	<u>(24,994)</u>
OTHER FINANCING SOURCES (USES)				
Transfer out	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>
Net Change in Fund Balance	(4,750)	(4,750)	(4,744)	6
Beginning Fund Balance	<u>45,190</u>	<u>45,190</u>	<u>45,145</u>	<u>(45)</u>
Ending Fund Balance	<u>\$ 40,440</u>	<u>\$ 40,440</u>	<u>\$ 40,401</u>	<u>\$ (39)</u>
Current:				
General government			<u>\$ 5,000</u>	

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

SUPPLEMENTARY INFORMATION

Budgetary Comparison Information
Debt Service and Capital Projects Funds (GAAP Basis)
Enterprise and Internal Service Funds (Non-GAAP Basis)
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, 2012**

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	217,700	217,700	197,149	(20,551)
Assessments	70,000	70,000	59,855	(10,145)
Investment earnings	500	500	488	(12)
Total Revenues	<u>451,100</u>	<u>451,100</u>	<u>420,356</u>	<u>(30,744)</u>
EXPENDITURES:				
Debt Service	<u>651,970</u>	<u>651,970</u>	<u>634,610</u>	<u>17,360</u>
Total Expenditures	<u>651,970</u>	<u>651,970</u>	<u>634,610</u>	<u>17,360</u>
Excess of Revenues Over (Under) Expenditures	(200,870)	(200,870)	(214,254)	(13,384)
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>225,200</u>	<u>225,200</u>	<u>225,200</u>	<u>-</u>
Net Change in Fund Balance	24,330	24,330	10,946	(13,384)
Beginning Fund Balance	<u>23,000</u>	<u>23,000</u>	<u>7,094</u>	<u>(15,906)</u>
Ending Fund Balance	<u>\$ 47,330</u>	<u>\$ 47,330</u>	<u>\$ 18,040</u>	<u>\$ (29,290)</u>
Debt service:				
Principal			\$ 454,000	
Interest			<u>180,610</u>	
Total			<u>\$ 634,610</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, 2012**

<u>CAPITAL IMPROVEMENT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for services	\$ 60,000	\$ 60,000	\$ 44,716	\$ (15,284)
Investment earnings	500	500	355	(145)
Total Revenues	<u>60,500</u>	<u>60,500</u>	<u>45,071</u>	<u>(15,429)</u>
EXPENDITURES:				
Debt service	<u>60,000</u>	<u>60,000</u>	-	<u>60,000</u>
Total Expenditures	<u>60,000</u>	<u>60,000</u>	-	<u>60,000</u>
Excess of Revenues Over (Under) Expenditures	<u>500</u>	<u>500</u>	<u>45,071</u>	<u>44,571</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	-
Net Transfers	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	-
Net Change in Fund Balance	<u>(34,500)</u>	<u>(34,500)</u>	<u>10,071</u>	<u>44,571</u>
Beginning Fund Balance	<u>63,000</u>	<u>63,000</u>	<u>68,167</u>	<u>5,167</u>
Ending Fund Balance	<u>\$ 28,500</u>	<u>\$ 28,500</u>	<u>\$ 78,238</u>	<u>\$ 49,738</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, 2012**

	<u>RESERVE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Investment earnings	\$ 2,000	\$ 2,000	\$ 2,850	\$ 850
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,850</u>	<u>850</u>
EXPENDITURES:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	2,000	2,000	2,850	850
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>
Net Change in Fund Balance	182,000	182,000	182,850	850
Beginning Fund Balance	<u>300,300</u>	<u>300,300</u>	<u>300,613</u>	<u>313</u>
Ending Fund Balance	<u>\$ 482,300</u>	<u>\$ 482,300</u>	<u>\$ 483,463</u>	<u>\$ 1,163</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, 2012**

	<u>WATER FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for services	\$ 2,677,500	\$ 2,677,500	\$ 2,434,016	\$ (243,484)
Intergovernmental	-	-	-	-
Investment earnings	10,000	10,000	7,636	(2,364)
Miscellaneous	-	-	20,543	20,543
Total Revenues	<u>2,687,500</u>	<u>2,687,500</u>	<u>2,462,195</u>	<u>(225,305)</u>
EXPENDITURES:				
Operations	6,105,340	6,105,340	4,028,917	2,076,423
SDC water improvements	1,675,000	1,675,000	1,600,000	75,000
Total Expenditures	<u>7,780,340</u>	<u>7,780,340</u>	<u>5,628,917</u>	<u>2,151,423</u>
Excess of Revenue Over (Under) Expenditures	<u>(5,092,840)</u>	<u>(5,092,840)</u>	<u>(3,166,722)</u>	<u>1,926,118</u>
OTHER FINANCING SOURCES AND (USES):				
Financing proceeds	5,000,000	5,000,000	3,101,662	(1,898,338)
Net Transfers	5,000,000	5,000,000	3,101,662	(1,898,338)
Contingency	(145,000)	(145,000)	-	145,000
Net Change in Fund Balance	(237,840)	(237,840)	(65,060)	172,780
Beginning Fund Balance	1,751,390	1,751,390	1,722,880	(28,510)
Ending Fund Balance	<u>\$ 1,513,550</u>	<u>\$ 1,513,550</u>	1,657,820	<u>\$ 144,270</u>

Reconciliation to Proprietary Net Assets:

Capital Assets, net	19,224,704
Comp absenses payable	17,448
Current portion long term debt	(14,608)
Long term debt	(3,738,642)
Rounding	1
Total Net Assets	<u>\$ 17,146,723</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, 2012**

<u>STORMWATER FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	697,250	697,250	720,597	23,347
Investment earnings	2,000	2,000	2,396	396
Miscellaneous	-	-	3,408	3,408
Total Revenues	699,250	699,250	726,401	27,151
EXPENDITURES:				
Operations	625,650	625,650	591,049	34,601
SDC stormwater improvements	51,000	51,000	39,104	11,896
Total Expenditures	676,650	676,650	630,153	46,497
Excess of Revenues Over (Under) Expenditures	22,600	22,600	96,248	73,648
OTHER FINANCING SOURCES (USES):				
Contingency	(35,000)	(35,000)	-	35,000
Net Change in Fund Balance	(12,400)	(12,400)	96,248	108,648
Beginning Fund Balance	316,550	316,550	380,505	63,955
Ending Fund Balance	\$ 304,150	\$ 304,150	476,753	\$ 172,603

Reconciliation to Proprietary Net Assets:

Capital Assets, net	8,116,384
Comp absenses payable	6,117
Current portion long term debt	(19,747)
Long term debt	(82,070)
Rounding	2
Total Net Assets	\$ 8,497,439

**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, 2012**

	<u>BUILDING FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Licenses and fees	\$ 177,300	\$ 177,300	\$ 77,892	\$ (99,408)
Investment earnings	1,000	1,000	1,084	84
Miscellaneous	-	-	1,467	1,467
Total Revenues	<u>178,300</u>	<u>178,300</u>	<u>80,443</u>	<u>(97,857)</u>
EXPENDITURES:				
Personal services	118,750	118,750	110,991	7,759
Materials and services	<u>12,200</u>	<u>12,200</u>	<u>11,442</u>	<u>758</u>
Total Expenditures	<u>130,950</u>	<u>130,950</u>	<u>122,433</u>	<u>8,517</u>
Excess of Revenues Over (Under) Expenditures	<u>47,350</u>	<u>47,350</u>	<u>(41,990)</u>	<u>(89,340)</u>
Net Change in Fund Balance	42,350	42,350	(41,990)	(84,340)
Beginning Fund Balance	<u>139,550</u>	<u>139,550</u>	<u>187,031</u>	<u>47,481</u>
Ending Fund Balance	<u>\$ 181,900</u>	<u>\$ 181,900</u>	145,041	<u>\$ (36,859)</u>

Reconciliation to Proprietary Net Assets:

Capital Assets, net	<u>1,109</u>
Total Net Assets	<u>\$ 146,150</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, 2012

<u>INTERNAL SERVICE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for services	\$ 1,136,500	\$ 1,136,500	\$ 1,121,012	\$ (15,488)
Investment earnings	3,000	3,000	1,729	(1,271)
Miscellaneous	15,000	15,000	10,129	(4,871)
Total revenues	<u>1,154,500</u>	<u>1,154,500</u>	<u>1,132,870</u>	<u>(21,630)</u>
EXPENDITURES:				
Public works administration	567,250	567,250	543,579	23,671
Facilities maintenance	270,000	270,000	265,039	4,961
Fleet maintenance	437,200	437,200	302,015	135,185
Total expenditures	<u>1,274,450</u>	<u>1,274,450</u>	<u>1,110,633</u>	<u>163,817</u>
Excess of Revenues Over (Under) Expenditures	<u>(119,950)</u>	<u>(119,950)</u>	<u>22,237</u>	<u>142,187</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(180,000)</u>	<u>(180,000)</u>	<u>(180,000)</u>	<u>-</u>
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(299,950)	(299,950)	(157,763)	142,187
Beginning Fund Balance	<u>(415,535)</u>	<u>(415,535)</u>	<u>386,373</u>	<u>801,908</u>
Ending Fund Balance	<u>\$ (715,485)</u>	<u>\$ (715,485)</u>	<u>\$ 228,610</u>	<u>\$ 944,095</u>

Reconciliation to Proprietary Net Assets:

Capital Assets, net	464,304
Rounding	<u>1</u>
Total Net Assets	<u>\$ 692,915</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, 2012

GENERAL FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/1/011	DISCOUNTS ALLOWED	ADJUSTMENTS TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/012
Current:					
2011-12	\$ 4,630,906	\$ (110,136)	\$ (77,922)	\$ (4,232,768)	\$ 210,080
Prior Years:					
2010-11	228,174	-	41,878	(176,594)	93,458
2009-10	91,818	-	11,224	(49,784)	53,258
2008-09	51,021	-	7,764	(35,344)	23,441
2007-08	21,477	-	5,267	(19,473)	7,271
2006-07	4,591	-	684	(1,740)	3,535
2005-06	3,069	-	291	(1,027)	2,333
2004-05 & Prior	4,414	-	(300)	(1,193)	2,921
Total Prior	404,564	-	66,808	(285,155)	186,217
Total All Funds	\$ 5,035,470	\$ (110,136)	\$ (11,114)	\$ (4,517,923)	\$ 396,297



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 Nine Fiscal Years

Fiscal Year Ended June 30,	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	\$ 6,776,253	\$ 18,366,890	\$ 14,274,528	\$ 49,168,194	\$ 48,838,382	\$ 48,417,254	\$ 46,594,669	\$ 44,500,963	\$ 42,943,618
Restricted	4,151,878	2,708,036	78,455	1,614,643	1,851,088	4,751,603	4,302,082	1,197,631	2,653,745
	5,470,692	8,154,412	5,003,468	4,721,419	3,599,064	2,507,938	2,904,153	6,226,634	4,913,618
Total governmental activities net assets	\$ 16,398,823	\$ 29,229,338	\$ 19,356,451	\$ 55,504,256	\$ 54,288,534	\$ 55,676,795	\$ 53,800,924	\$ 51,925,228	\$ 50,510,981
Business-type activities									
Invested in capital assets, net of related debt	-	-	-	22,994,016	23,251,411	23,619,580	23,955,986	23,676,805	23,526,895
Restricted	-	-	-	2,645,236	2,357,084	2,354,177	1,816,743	1,816,743	201,433
Unrestricted	-	-	-	1,429,915	1,378,880	956,608	445,095	502,475	2,061,984
Total business-type activities net assets	-	-	-	\$ 27,069,167	\$ 26,987,375	\$ 26,930,365	\$ 26,217,824	\$ 25,996,023	\$ 25,790,312
Primary government									
Invested in capital assets, net of related debt	6,776,253	18,366,890	14,274,528	72,162,210	72,069,793	72,036,834	70,550,675	68,177,768	66,470,513
Restricted	4,151,878	2,708,036	78,455	4,259,879	4,208,172	7,105,780	6,118,825	3,014,374	2,855,178
Unrestricted	5,470,692	8,154,412	5,003,468	6,151,334	4,977,944	3,464,546	3,349,248	6,729,109	6,975,602
Total primary government	\$ 16,398,823	\$ 29,229,338	\$ 19,356,451	\$ 82,573,423	\$ 81,275,909	\$ 82,607,160	\$ 80,018,748	\$ 77,921,251	\$ 76,301,293

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 Nine Fiscal Years

Fiscal Years Ended June 30,	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
General government	\$ 3,089,851	\$ 4,576,469	\$ 5,050,809	\$ 3,951,952	\$ 3,938,907	\$ 3,867,997	\$ 3,818,268	\$ 6,408,877	\$ 3,741,404
Public safety	1,680,363	1,652,909	3,747,234	3,635,878	3,406,746	3,432,492	3,546,951	3,650,777	3,831,436
Highways and streets	1,899,179	2,459,870	2,397,249	4,831,908	3,897,122	2,759,920	3,559,735	1,223,667	3,644,229
Parks and recreation	517,400	912,296	1,266,213	1,192,426	1,051,386	1,104,629	1,204,106	1,071,328	1,368,369
Interest on long term debt	21,712	63,399	195,475	108,068	169,560	174,600	228,498	370,303	203,134
Total governmental activities net assets	\$ 7,208,505	\$ 9,664,943	\$ 12,656,980	\$ 13,720,232	\$ 12,463,721	\$ 11,339,638	\$ 12,357,558	\$ 12,724,952	\$ 12,788,572
Business-type activities									
Water services	\$ -	\$ -	\$ 2,731,567	\$ 2,057,023	\$ 2,290,365	\$ 2,395,403	\$ 2,638,608	\$ 2,438,327	\$ 2,638,689
Stormwater services	-	-	-	541,127	790,686	613,368	675,609	787,799	712,514
Building services	-	-	905,181	788,695	504,341	209,814	153,638	148,381	123,545
Total business-type activities net assets	\$ -	\$ -	\$ 3,636,748	\$ 3,386,845	\$ 3,585,392	\$ 3,218,585	\$ 3,467,855	\$ 3,374,507	\$ 3,474,748
Program revenues									
Governmental activities:									
Charges for services									
General Government	\$ 3,458,165	\$ 3,177,416	\$ 666,746	\$ 4,296,043	\$ 2,315,279	\$ 2,649,709	\$ 2,499,067	\$ 2,229,797	\$ 1,933,561
Public safety	-	163,356	203,062	175,303	169,673	156,336	204,673	202,034	263,232
Highways and streets	627,263	35,978	215,034	1,432,101	3,209,989	1,442,138	1,243,122	1,556,713	1,325,656
Parks and recreation	222,210	171,042	144,919	688,663	376,309	329,248	219,162	147,207	117,524
Interest on long term debt	-	-	-	-	530,515	326,743	260,654	370,303	252,253
Operating grants and contributions	-	2,576,483	859,084	24,084	58,459	14,141	5,691	5,578	707,451
Capital grants	-	-	-	935,561	-	257,900	170,000	-	-
Total governmental activities program revenues	\$ 4,307,638	\$ 6,124,275	\$ 2,088,845	\$ 7,551,755	\$ 6,660,224	\$ 5,176,215	\$ 4,602,369	\$ 4,511,632	\$ 4,599,677
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	\$ 2,434,016
Stormwater services	-	-	658,051	569,363	577,362	588,752	543,537	708,031	720,597
Building services	-	-	-	399,758	412,585	180,107	54,418	96,372	77,892
Capital grants	-	-	-	-	-	-	9,905	-	-
Total business-type activities program revenues	\$ -	\$ -	\$ 3,194,761	\$ 3,493,013	\$ 3,303,498	\$ 3,072,463	\$ 2,757,553	\$ 3,157,403	\$ 3,232,505
Net (expense)/revenue									
Governmental activities:	\$ (2,900,867)	\$ (3,540,668)	\$ (10,568,135)	\$ (6,168,477)	\$ (5,803,497)	\$ (6,163,423)	\$ (7,755,189)	\$ (8,213,320)	\$ (8,188,895)
Business-type activities:	-	-	(441,987)	106,168	(281,894)	(146,122)	(710,302)	(217,104)	(242,243)
Total primary government net expense	\$ (2,900,867)	\$ (3,540,668)	\$ (11,010,122)	\$ (6,062,309)	\$ (6,085,391)	\$ (6,309,545)	\$ (8,465,491)	\$ (8,430,424)	\$ (8,431,138)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property	\$ 2,825,627	\$ 3,118,666	\$ 3,347,470	\$ 3,758,727	\$ 4,068,601	\$ 4,359,832	\$ 4,274,310	\$ 4,450,453	\$ 4,510,443
Franchise	-	-	-	778,941	855,575	911,080	942,997	964,808	1,148,367
Hotel/Motel	-	-	-	293,468	343,237	299,009	297,808	304,366	362,446
911	-	-	-	-	-	-	-	-	90,000
Other	864,601	1,460,452	1,897,786	-	-	-	-	-	-
Intergovernmental	972,701	516,456	-	-	-	-	-	-	382,071
Interest	129,763	270,858	205,453	288,082	287,039	122,221	42,876	25,126	46,674
Miscellaneous	550,130	475,007	1,924,816	67,364	61,084	156,261	279,427	397,464	234,647
Transfers	-	-	(2,994,093)	(235,000)	-	-	41,900	157,700	-
Total governmental activities	\$ 5,342,822	\$ 5,841,439	\$ 4,381,432	\$ 4,951,582	\$ 5,615,536	\$ 5,848,403	\$ 5,879,318	\$ 6,299,917	\$ 6,774,648
Business-type activities									
Interest	\$ -	\$ -	\$ 178,540	\$ 215,268	\$ 181,545	\$ 82,411	\$ 15,409	\$ 7,721	\$ 11,116
Miscellaneous	-	-	20,303	50,856	18,556	6,702	24,252	49,368	25,418
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)	\$ 36,534
Change in Net Assets									
Governmental activities	\$ 2,441,955	\$ 2,300,771	\$ (6,186,703)	\$ (1,216,895)	\$ (187,961)	\$ (315,020)	\$ (1,875,871)	\$ (1,913,403)	\$ (1,414,247)
Business-type activities	-	-	2,750,949	607,292	(81,793)	(57,009)	(712,541)	(317,715)	(205,709)
Total primary government	\$ 2,441,955	\$ 2,300,771	\$ (3,435,754)	\$ (609,603)	\$ (269,754)	\$ (372,029)	\$ (2,588,412)	\$ (2,231,118)	\$ (1,619,956)

Notes: (1) The City implemented GASB Statement 34 with the year ended June 30, 2004.
(2) 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 Nine Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Property taxes	\$ 2,825,627	\$ 3,118,666	\$ 3,347,470	\$ 3,758,727	\$ 4,068,601	\$ 4,359,832	\$ 4,274,310	\$ 4,450,453	\$ 4,510,443
Franchise taxes	-	-	-	778,941	865,575	911,080	942,997	964,808	1,148,367
911 Taxes	-	-	-	293,468	343,237	299,009	297,808	304,366	362,446
Other taxes	864,601	1,460,452	1,897,786	-	-	-	-	-	90,000
Total	\$ 3,690,228	\$ 4,579,118	\$ 5,245,256	\$ 4,831,136	\$ 5,267,413	\$ 5,569,921	\$ 5,515,115	\$ 5,719,627	\$ 6,111,256

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



Schedule 4.1
City of Central Point, Oregon
Fund Balances, Governmental Funds
(modified accrual basis of accounting)
Last Nine Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,489,537	2,620,358	2,209,720	2,448,843	2,613,391	2,916,709	3,154,369		
Total general funds	\$ 2,489,537	\$ 2,620,358	\$ 2,209,720	\$ 2,448,843	\$ 2,613,391	\$ 2,916,709	\$ 3,154,369	\$ -	\$ -
All other governmental funds									
Reserved, reported in:									
Debt service fund	\$ 9,507	\$ 2,835	\$ 78,455	\$ 87,591	\$ 39,619	\$ 98,807	\$ 117,329	\$ -	\$ -
Capital projects fund	-	61,945	-	-	-	-	-	-	-
Unreserved, reported in:									
Special revenue fund	1,256,820	5,281,808	2,120,243	3,139,464	1,688,137	1,871,334	1,757,167		
Capital projects fund	5,422,851	2,445,135	177,638	128,915	566,497	161,166	73,379		
Total all other governmental funds	\$ 6,689,178	\$ 7,791,723	\$ 2,376,336	\$ 3,355,970	\$ 2,294,253	\$ 2,131,307	\$ 1,947,875	\$ -	\$ -

Notes: (1) The City implemented GASB Statement 34 with the year ended June 30, 2004. Data not available for years prior to 2003-04.
(2) The City implemented GASB Statement 54 with the year ended June 30, 2011 and previous years were not restated.

Schedule 4.2
City of Central Point, Oregon
Fund Balances, Governmental Funds
(modified accrual basis of accounting)
Last Two Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Using GASB Statement 54 Definitions</u>									
<u>General Fund</u>									
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,824,550	\$ 25,249
Unassigned								519,581	2,988,602
Total General Fund								3,344,131	3,201,915
<u>All other governmental funds</u>									
Nonspendable									672
Special revenue fund									
Restricted									
Special revenue funds								1,644,801	1,690,262
Debt service fund								7,094	18,040
Capital projects fund								68,167	78,238
Total Restricted								1,720,062	1,786,540
Committed									
Special revenue funds								363,817	739,573
Capital projects funds								300,613	483,463
Total Committed								664,430	1,223,036
Total all other governmental funds								2,384,492	3,010,248
Total Fund Balances, Governmental Funds	\$ -	\$ 5,728,623	\$ 6,212,163						

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

Schedule 5.1
City of Central Point, Oregon
Changes in Fund Balances, Governmental Funds
(modified accrual basis of accounting)
Last Nine Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES:									
Taxes	\$ 3,753,389	\$ 4,563,177	\$ 5,283,064	\$ 4,655,097	\$ 5,033,472	\$ 5,270,507	\$ 5,492,186	\$ 5,678,570	\$ 5,895,946
Licenses and permits	561,713	597,762	496,318	59,485	57,915	56,990	53,128	52,468	52,726
Intergovernmental	972,701	516,456	859,084	2,138,190	1,516,709	1,523,005	1,636,926	1,636,926	2,425,471
Charges for services	3,402,472	3,932,428	244,375	2,783,089	2,320,486	2,194,384	1,697,673	1,737,840	1,498,315
Assessments	-	-	-	239,895	185,231	82,875	83,145	31,709	59,855
Fines and forfeitures	320,037	163,366	203,062	175,303	169,674	156,336	204,673	202,034	180,330
Investment earnings	129,763	270,858	205,452	265,232	264,844	109,949	38,568	23,124	44,945
Miscellaneous	573,546	435,450	2,337,826	85,783	60,567	106,849	197,012	303,326	232,963
Total Revenues	9,713,621	10,479,487	9,629,181	10,402,184	9,608,898	9,502,895	9,352,317	9,665,997	10,394,551
EXPENDITURES:									
Current									
General government	-	-	-	2,104,782	1,076,877	1,772,998	1,426,625	2,433,392	2,794,613
Public Safety	-	-	-	3,326,099	3,228,420	3,275,750	3,485,011	3,636,189	3,979,123
Highways and streets	-	-	-	3,660,893	1,152,794	1,135,045	1,220,863	1,486,442	1,598,584
Parks and recreation	-	-	-	1,115,899	1,351,709	1,029,186	1,191,358	1,143,584	1,084,081
Personal services	4,385,505	4,714,032	4,538,070	-	-	-	-	-	-
Materials and services	2,918,101	3,244,676	2,996,267	-	-	-	-	-	-
Debt service	-	70,773	207,813	-	-	-	-	-	-
Principal	207,943	-	-	173,615	468,792	499,342	488,355	593,702	454,000
Interest	21,712	-	-	108,068	154,171	180,764	223,265	205,009	180,610
Capital outlay	2,074,928	5,406,222	2,954,046	1,011,428	3,712,192	2,878,934	1,332,325	-	-
Total Expenditures	9,608,189	13,435,703	10,696,196	11,500,884	11,144,955	10,772,019	9,367,802	9,497,318	10,091,011
Excess of revenues over (under) expenditures	105,432	(2,956,216)	(1,067,015)	(1,098,700)	(1,536,057)	(1,269,124)	(15,485)	168,679	303,540
OTHER FINANCING SOURCES (USES)									
Transfers in	1,244,175	45,000	1,269,941	50,000	30,000	62,500	274,639	671,746	703,100
Transfers out	(1,244,175)	(45,000)	(4,264,034)	(286,000)	(30,000)	(62,500)	(232,739)	(214,046)	(523,100)
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	180,000
Net Change in Fund Balance	105,432	1,171,421	(4,061,108)	1,218,757	(897,168)	140,372	54,230	626,379	483,540
Beginning fund balance	9,073,283	9,178,715	8,647,167	4,586,056	5,804,813	4,907,645	5,048,015	5,102,244	5,728,623
Ending fund balance	\$ 9,178,715	\$ 10,350,136	\$ 4,586,056	\$ 5,804,813	\$ 4,907,645	\$ 5,048,016	\$ 5,102,245	\$ 5,728,623	\$ 6,212,163

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

Schedule 5.2
City of Central Point, Oregon
Governmental Funds Debt Service as a Percentage of Non-capital Expenditures
 (modified accrual basis of accounting)
 Last Nine Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENDITURES:									
Current									
General government	\$ -	\$ -	\$ -	\$ 2,104,782	\$ 1,076,877	\$ 1,772,998	\$ 1,426,625	\$ 2,433,392	\$ 2,794,613
Public Safety	-	-	-	3,326,099	3,228,420	3,275,750	3,485,011	3,635,189	3,979,123
Highways and streets	-	-	-	3,660,993	1,152,794	1,135,045	1,220,863	1,486,442	1,598,584
Parks and recreation	-	-	-	1,115,899	1,351,709	1,029,186	1,191,358	1,143,564	1,084,081
Personal services	4,385,505	4,714,032	4,538,070	-	-	-	-	-	-
Materials and services	2,918,101	3,244,676	2,996,267	-	-	-	-	-	-
Debt service	-	70,773	207,813	-	-	-	-	-	-
Principal	207,943	-	-	173,615	468,792	499,342	488,355	593,702	454,000
Interest	21,712	-	-	108,068	154,171	180,764	223,265	205,009	180,610
Capital outlay	2,074,928	5,406,222	2,954,046	1,011,428	3,712,192	2,878,934	1,332,325	205,009	180,610
Total Expenditures	\$ 9,608,189	\$ 13,435,703	\$ 10,696,196	\$ 11,500,884	\$ 11,144,955	\$ 10,772,019	\$ 9,367,802	\$ 9,497,318	\$ 10,091,011

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

Debt service as a percentage of non-capital expenditures									
Debt Service Calculations									
Total Expenditures	\$ 9,608,189	\$ 13,435,703	\$ 10,696,196	\$ 11,144,955	\$ 11,144,955	\$ 10,772,019	\$ 9,367,803	\$ 9,497,318	\$ 10,091,011
Less capitalized expenditures	2,139,312	4,216,529	5,485,339	2,912,850	6,926,889	2,303,916	397,024	365,286	782,987
Non-capital expenditures	\$ 7,468,877	\$ 9,219,174	\$ 5,210,857	\$ 8,232,105	\$ 4,218,066	\$ 8,468,103	\$ 8,970,779	\$ 9,132,032	\$ 9,308,024
Debt service	\$ -	\$ 70,773	\$ 207,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal	207,943	-	-	173,615	468,792	499,342	488,355	593,702	454,000
Interest	21,712	-	-	108,068	154,171	180,764	223,265	205,009	180,610
Total debt service	\$ 229,655	\$ 70,773	\$ 207,813	\$ 281,683	\$ 622,963	\$ 680,106	\$ 711,620	\$ 798,711	\$ 634,610
Debt service as a percentage of non-capital expenditures	3.07%	0.77%	3.99%	3.42%	14.77%	8.03%	7.93%	8.75%	6.82%

(Total debt service/total non-capital expenditures)

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	911 Taxes	Other Taxes	Total
2003	\$ 2,576,658	-	-	-	\$ 578,796	\$ 3,155,454
2004	2,825,627	-	-	-	864,601	3,690,228
2005	3,118,666	-	-	-	1,460,452	4,579,118
2006	3,347,470	-	-	-	1,897,786	5,245,256
2007	3,758,727	778,941	293,468	-	-	4,831,136
2008	4,068,601	855,575	343,237	-	-	5,267,413
2009	4,359,832	911,080	299,009	-	-	5,569,921
2010	4,274,310	942,997	297,808	-	-	5,515,115
2011	4,450,453	964,808	304,366	-	-	5,719,627
2012	4,510,443	1,148,367	362,446	90,000	-	6,111,256

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	Total		
2003	\$ 548,866	\$ 26,813	\$ 12,177	\$ 7,916	\$ -	\$ 595,772	\$ 4.47	\$ 756,827
2004	605,693	28,372	12,426	7,096	-	653,587	4.47	855,645
2005	684,225	9,596	13,028	8,322	-	715,171	4.47	1,012,062
2006	740,622	10,456	12,683	7,344	-	771,105	4.47	1,341,053
2007	804,660	11,407	15,157	7,957	-	839,181	4.47	1,589,797
2008	863,168	10,879	15,637	7,759	2,036	899,479	4.47	1,714,248
2009	914,230	10,091	14,757	8,049	2,097	949,224	4.47	1,621,274
2010	950,387	9,395	14,133	11,924	2,160	987,999	4.47	1,428,667
2011	979,262	8,071	16,915	14,639	2,224	1,021,111	4.47	1,259,362
2012	992,547	8,663	15,965	16,485	2,291	1,035,951	4.47	1,196,041

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
	City of Central Point	Jackson County	Transit District	Vector Control District	Rogue Comm. College	Educ. Service District	Fire District #3	School District #6/549C			
2003	\$ 4.47	\$ 4.53	\$ 0.17	\$ 0.04	\$ 0.50	\$ 0.34	\$ 2.53	\$ 4.54	12.65	\$	
2004	4.47	4.08	0.17	0.04	0.50	0.34	2.68	5.20	13.01		
2005	4.47	3.94	0.17	0.04	0.50	0.34	2.69	5.06	12.74		
2006	4.47	3.94	0.17	0.04	0.50	0.34	2.71	5.02	12.72		
2007	4.47	3.60	0.17	0.04	0.62	0.34	2.72	5.09	12.58		
2008	4.47	3.80	0.17	0.04	0.62	0.34	2.67	4.99	12.63		
2009	4.47	3.80	0.17	0.04	0.62	0.34	2.67	4.99	12.63		
2010	4.47	2.37	0.17	0.04	0.63	0.35	3.12	5.57	12.25		
2011	4.47	2.33	0.18	0.04	0.63	0.35	3.12	5.60	12.25		
2012	4.47	2.03	0.18	0.04	0.62	0.35	3.12	5.67	12.02		

Source: Jackson County Tax Assessor for Tax Area 0602.

- Notes:
- (1) The direct property tax rate of the City of Central is for an operating levy.
 - (2) The City has not levied for debt service during the past ten fiscal years.

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

Taxpayers	Type of Business	2012		2002		Percentage of Total Assessed Valuation
		Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation	
ACG Properties LLC	Builder/Developer	\$ 7,424,420	0.72%	\$		
USF Reddaway Inc	Distribution	7,183,030	0.69%	\$4,604,940		0.65%
Twin Creeks Development	Builder/Developer	6,063,110	0.59%			
Investors II LLC	Builder/Developer	5,834,390	0.56%			
Berdan Federal Way LLC		5,215,810	0.50%			
STJ 1 LLC Et Al	Shopping Center	4,959,300	0.48%			
Twin Creeks Retirement	Retirement Living Community	4,884,390	0.47%			
New Albertsons Inc	Shopping Center	4,578,660	0.44%	3,687,950		0.68%
Travel Center Development	Truck Stop/Store	4,190,380	0.41%	3,155,530		0.58%
Avista Corp	Gas Utility	4,083,700	0.40%	2,830,800		0.52%
Charter Communications	Cable Utility					
Malet Enterprises LLC	Builder/Developer			3,546,970		0.65%
Qwest Corp	Utility			3,588,850		0.66%
Central Point Lumber	Industrial			2,897,870		0.53%
Walnut Grove LLC	Builder/Developer			2,630,060		0.48%
Grange Co-op	Supply Association			2,262,510		0.42%
PacificCorp	Electric Utility			2,083,400		0.39%
Total Value Principal Taxpayers		\$ 54,417,190	5.26%	\$ 31,288,480		5.75%
Total Assessed Value all Taxable Property		\$ 1,033,743,056		\$ 544,037,650		

Total 2011 Assessed Value = \$1,033,743,056
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
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%	145,943	4,483,794	98.2%	404,564	8.9%
2012	4,630,906	4,420,826	95.5%	218,347	4,639,173	100.2%	396,297	8.6%

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

- Notes: (1) Collections reflect cash transactions as presented on the Schedule of Property Tax Transactions.
(2) Collections include discounts allowed and adjustments to the rolls.



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	Notes Payable	Limited Tax Improvement Bonds	Tax Exempt Financing Note	Certificates of Participation	
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
2012	622,475	994,378	-	-	267,491	885,000	1,965,000	4,734,344

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 11/06/12

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

Business-type Activities									
SDC Obligations	Financing Agreement	Notes Payable	Total	Total Primary Government	Personal Income	% Personal Income	Debt Per Capita		
\$ -	\$ -	\$ 152,415	\$ 152,415	\$ 152,415	\$ 392,600,750	0.04%	\$ 10		
-	-	152,415	152,415	333,227	426,538,450	0.08%	23		
-	-	152,415	152,415	3,035,149	471,280,120	0.64%	206		
-	-	152,415	152,415	3,001,974	526,041,750	0.57%	201		
37,349	230,443	152,415	420,207	5,414,923	578,151,000	0.94%	346		
25,707	211,547	152,415	389,669	5,554,482	587,464,650	0.95%	336		
20,637	191,711	140,206	352,554	6,445,552	*N/A	*N/A	374		
19,540	171,063	127,896	318,499	5,934,089	*N/A	*N/A	349		
17,315	135,147	601,015	753,477	5,933,120	*N/A	*N/A	346		
16,202	112,622	3,702,678	3,831,502	8,565,846	*N/A	*N/A	497		

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
2003	\$ -	755,827,000	0.00%	14,750	\$ -
2005	-	855,645,000	0.00%	14,950	-
2006	-	1,012,062,000	0.00%	15,640	-
2007	-	1,341,053,000	0.00%	16,550	-
2008	500,000	1,589,797,000	0.03%	17,250	28.99
2009	457,214	1,714,248,000	0.03%	17,025	26.86
2010	401,491	1,621,273,750	0.02%	17,160	23.40
2011	352,491	1,428,666,739	0.02%	17,165	20.54
2012	302,491	1,259,361,862	0.02%	17,235	17.55
	267,491	1,196,041,552	0.02%	17,235	15.52

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

Jurisdiction	Net Debt Outstanding (1)	Direct Debt and Overlapping Debt Applicable within City of Central Point (2)	Amount Applicable Within City of Central Point
City of Central Point	\$ <u>4,743,344</u>	<u>100.00%</u>	\$ <u>4,743,344</u>
Jackson County School District 6			
General Obligation Bonds	\$ <u>19,420,000</u>	<u>53.24%</u>	<u>10,339,491</u>
Jackson County School District 549C			
General Obligation Bonds	\$ 179,550,000	0.98%	1,759,590
Limited Tax Pension Obligation Bonds	<u>38,720,000</u>	<u>0.98%</u>	<u>379,456</u>
Total	\$ <u>218,270,000</u>	<u>0.98%</u>	<u>2,139,046</u>
Grand Total	\$ <u><u>242,433,344</u></u>		\$ <u><u>17,221,881</u></u>

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
City of Central Point, Oregon
Legal Debt Margin
Last Ten Fiscal Years

<u>Fiscal Years Ended June 30,</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 19,607,517	\$ 21,455,138	\$ 30,361,830	\$ 40,231,590	\$ 47,693,913
Total net debt applicable to debt limit	-	-	-	-	-
Total net debt applicable to debt limit as a percentage of debt limit	<u>\$ 19,607,517</u>	<u>\$ 21,455,138</u>	<u>\$ 30,361,830</u>	<u>\$ 40,231,590</u>	<u>\$ 47,693,913</u>
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 57,427,438	\$ 48,638,213	\$ 42,860,002	\$ 37,780,856	\$ 35,881,230
Total net debt applicable to debt limit	-	-	-	-	-
Total net debt applicable to debt limit as a percentage of debt limit	<u>\$ 57,427,438</u>	<u>\$ 48,638,213</u>	<u>\$ 42,860,002</u>	<u>\$ 37,780,856</u>	<u>\$ 35,881,230</u>

Legal Debt Margin Calculation for Fiscal Year

	<u>2012</u>
True Cash Value	\$ 1,196,041,000
Debt Limit at 3% of True Cash Value	35,881,230
Amount of Debt Applicable to Debt Limit:	
Total bonded debt	
Tax Obligation Bonds	\$ <u>302,491</u>
Less: Deductions allowed by law	
Tax Obligation Bonds	\$ <u>302,491</u> <u>-</u>
Legal Debt Margin	\$ <u>35,881,230</u>

Note: "True Cash Value" in Oregon law means "Real Market Value"

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					
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				
	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	2,353,000	2,438,327	6,824	(78,503)	127,896	6,824	345				
2012	2,434,016	2,617,269	-	(183,253)	-	-	-				

- 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 (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
	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	17,169	34,168	586,630,392	37	86%	14%	4,567	12.0
2011	17,235	*N/A	*N/A	38	86%	14%	4,434	12.8
2012	17,235	*N/A	*N/A	38	86%	14%	4,468	10.7

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 6, 2012

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

<u>Employer</u>	<u>Fiscal Year 2011/12</u>			<u>Fiscal Year 2007/08 (1)</u>		
	<u>Employees</u>	<u>Percent of Total City Population</u>	<u>Rank</u>	<u>Employees</u>	<u>Percent of Total City Employment</u>	<u>Rank</u>
	458	2.67%	1	600	3.52%	1
USF Reddaway	76	0.44%	3	120	0.70%	2
City of Central Point	72	0.42%	4	110	0.65%	3
Albertsons	70	0.41%	2	80	0.47%	4
Grange Co-op	67	0.39%	5	70	0.41%	6
Rays Food Place	57	0.33%	7	53	0.31%	7
Providence Medical Group	55	0.32%	6	46	0.27%	8
McDonalds	51	0.30%	8	-	-	-
Shari's	39	0.23%	10	44	0.26%	10
Pilot Travel Center	39	0.23%	11	75	0.44%	5
Quality Fence	30	0.17%	9	45	0.26%	9
Total	<u>1,014</u>	<u>5.91%</u>		<u>1,243</u>	<u>7.29%</u>	

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 2001/2002.
(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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
<i>Administration</i>	2.00	2.00	2.00	4.00	4.00	3.25	3.25	4.00	5.50	5.50
<i>Finance</i>	5.00	5.00	6.00	7.00	7.00	7.00	8.00	7.50	7.50	7.00
<i>Human Resources</i>	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<i>Community Development</i>	5.00	5.00	6.00	6.00	4.50	5.50	5.50	4.50	4.50	3.00
<i>Police</i>	25.00	26.00	27.00	27.50	28.50	28.25	28.25	28.50	28.50	28.50
Physical Environment										
<i>Building</i>	6.00	6.00	6.00	6.00	6.00	4.50	2.50	1.50	1.50	1.50
<i>Public Works</i>	12.00	13.00	14.00	17.50	18.69	18.86	18.50	17.25	12.75	12.00
Transportation										
<i>Streets & Fleet</i>	6.00	6.00	6.00	8.00	7.31	6.64	6.00	6.00	8.00	7.00
Culture/Recreation										
<i>Parks</i>	-	-	-	4.00	4.00	3.00	5.00	3.50	3.75	2.65
<i>Recreation</i>	-	-	-	4.00	4.50	4.50	2.00	2.50	2.75	3.65
Total	61.00	63.00	67.00	85.00	85.50	82.50	80.00	76.25	75.75	71.80

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Building Inspections										
Building Permits Issued	306	311	326	251	179	97	57	28	30	45
Finance										
Accounts Payable Checks Processed	4,765	5,169	5,334	5,519	4,105	5,030	3,548	1,513	1,604	1,366
Business Licenses			999	1,056	1,000	1,003	882	913	978	972
Average Number Utility Accounts	4,640	4,978	5,145	5,209	5,907	6,030	6,044	6,128	6,079	6,100
Public Works - Street Division										
Streets Cleaned (Miles)						800	800	800	800	800
Man Holes Inspected						198	198	198	198	198
Curb Inlets & Catch Basins Inspected						583	583	583	583	583
Water/Storm										
Fire Hydrants Flushed & Serviced						215	215	215	215	218
Water Valve Actuators						620	620	620	620	620
Water Meters Read						72,824	73,049	73,279	73,512	73,764
Blow-off Valves Flushed						18	18	18	18	18
Stormdrains Flushed & Cleaned (Miles)						16	16	16	16	16

Source: City of Central Point Records

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Sub Station	0	0	0	1	1	1	1	2	2	2
Other Public Works										
Miles of Streets	70	71	71	71	71	71	71	71	71	71
Parks and Recreation										
Park acreage	31.49	31.49	41.92	71.87	134.87	135.12	186.48	187.93	189.73	192.73
Number of community parks	11	11	13	14	15	16	16	17	17	17
Number of neighborhood parks	3	3	3	4	5	5	5	5	6	6
Water										
Water Mains (miles)	73	73	73	77	77	77	86	89.7	89.7	90
Maximum Plant Capacity (MPG)										
Fire Hydrants							904	913	913	913

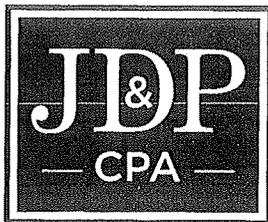
Source: City of Central Point Finance Department

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

CITY OF CENTRAL POINT
JACKSON COUNTY, OREGON

2011 – 2012 INDEPENDENT AUDITOR'S COMPLIANCE REPORTS





JOHANNSEN,
DYE &
PURKEYPILE
Certified Public Accountants, LLP

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

Tina M. Lenker, 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, 2012, and have issued our report thereon dated November 8, 2012. 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).**

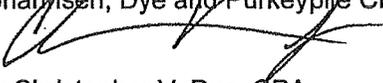
In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000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

OAR 162-10-0230 Internal Control

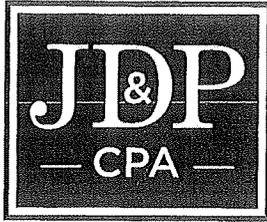
In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 8, 2012



JOHANNSEN,
DYE &
PURKEYPILE
Certified Public Accountants, LLP

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

Tina M. Lenker, CPA
Robert W. Purkeypile, CPA
Trudy J. Brown

**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, 2012, which collectively comprise the City of Central Point, Oregon's basic financial statements and have issued our report thereon dated November 8, 2012. 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

Management of the City of Central Point, Oregon is responsible for establishing and maintaining effective 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.

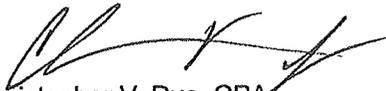
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material 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*.

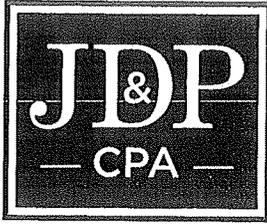
This report is intended solely for the information and use of management, the City Council, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Johannsen, Dye and Purkeypile CPAs LLP

A handwritten signature in black ink, appearing to read 'C. V. Dye', written over a horizontal line.

By Christopher V. Dye, CPA
Partner

Medford, Oregon
November 8, 2012



JOHANNSEN,
DYE &
PURKEYPILE
Certified Public Accountants, LLP

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

Tina M. Lenker, 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, 2012. 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, 2012.

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 8, 2012

**City of Central Point, Oregon
Schedule of Findings and Questioned Costs
June 30, 2012**

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes 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 no

Identification of Major Programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
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:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> 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, 2012

<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	3,101,662
Total U.S. Environmental Protection Agency:		<u>5,600,000</u>	<u>3,101,662</u>
U.S. Department of Justice:			
Economic High-Tech and Cyber Crime Prevention	16.752	196,000	94,049
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	166,500	138,160
Total U.S. Department of Justice:		<u>362,500</u>	<u>232,209</u>
Total Expenditures of Federal Awards			<u><u>3,333,871</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.

