



City of Central Point  
**Development Commission**  
Agenda

Members: Hank Williams  
Tanea Browning  
Neil Olsen  
Kelley Johnson  
Melody Thueson  
Michael Parsons  
Rob Hernandez

**January 9, 2020**  
**6:30 p.m.**

Central Point  
Central Point City Hall  
140 South 3rd Street  
Central Point, Oregon

Staff Liaison: Chris Clayton

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Meeting time, date, or location may be subject to change. Please contact the City Recorder at 541-423-1026 for additional information.

**I. MEETING CALLED TO ORDER**

**II. ROLL CALL**

**III. APPROVAL OF MINUTES**

- A. Community Development Commission - Regular Meeting - Nov 14, 2019 6:15 PM

**IV. DISCUSSION ITEMS**

- A. Accept Audit Report for Fiscal Year 2018-19(Presented by Weber)

**V. ADJOURNMENT**

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Si necesita traductor en español o servicios de discapacidades (ADA) para asistir a una junta publica de la ciudad por favor llame con 72 horas de anticipación al 541-664-3321 ext. 201

# CITY OF CENTRAL POINT

*Oregon*

## Community Development Commission

Regular Meeting Minutes  
Thursday, November 14, 2019

### I. MEETING CALLED TO ORDER

### II. ROLL CALL

Attendee Name	Title	Status	Arrived
Hank Williams	Mayor	Present	
Neil Olsen	Ward I	Present	
Kelley Johnson	Ward II	Present	
Tanea Browning	Ward IV	Present	
Rob Hernandez	At Large	Present	
Michael Parsons	At Large	Present	

Staff in attendance: City Manager Chris Clayton; City Recorder Deanna Casey; Community Development Director Tom Humphrey; Finance Director Steven Weber; and Police Lt. Greg Bruce.

### III. APPROVAL OF MINUTES

- A. Community Development Commission - Regular Meeting - Jun 13, 2019 6:30 PM

**Michael Parsons moved to approve the June 13, 2019 Development Commission minutes.**

<b>RESULT:</b>	<b>ACCEPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Rob Hernandez, At Large
<b>SECONDER:</b>	Tanea Browning, Ward IV
<b>AYES:</b>	Williams, Olsen, Johnson, Browning, Hernandez, Parsons

### IV. DISCUSSION ITEMS

- A. Building Facade Grant Program Update(Presented by Humphrey)

Community Development Director Tom Humphrey presented a report on the building façade improvement program. He highlighted the amount of money that has been reimbursed for each application that was submitted. This is a grant only program as per the Community Development Commission request in 2017.

Projects approved in 2017 were Converse Carpet, Table Rock Dentistry, and

Minutes Acceptance: Minutes of Nov 14, 2019 6:15 PM (APPROVAL OF MINUTES)

Mellelo Coffee. Projects in 2018 were Fidelity Quick Print, Crater Café and Betty Barss on Front Street. In 2019 the city processed applications from Fidelity Quick Print, Ravassipour Orthodontics, Ryan Kantor (Pfaff Building), Brodiart, LLC., and the Knight Building.

There has been a positive response and consistent number of applications for grant assistance. It is recommended that the Development Commission continue to set aside Urban Renewal money to promote the Façade Grant Program. Staff has been approached by Grange Co-op for fence improvements along Hwy 99. Several businesses are interested in the ability to improve their property and have a little of the funds reimbursed.

The Development Commission budgets \$35,000 per year for the grant program and there has been discussion about expanding the boundaries to include Manzanita and Oak Streets. The Commission members indicated that they are in favor of expanding and would like to see how many buildings could be considered for the program.

**RESULT: FOR DISCUSSION ONLY**

B. Urban Renewal Funding - Highway 99 Corridor Discussion(Presented by Clayton)

City Manager Chris Clayton stated that staff would like to recommend creating a Highway 99 Commercial Corridor/Artisian Corridor master plan. The Commission approved \$100,000 for an economic incentive for housing and those funds are programmed in the 2019/2020 Development Commission Budget. There have been several projects geared towards affordable housing in the area, but no one has taken advantage of the program.

Staff is interested in creating a vision for the Highway 99 Corridor and create an Urban Renewal economic incentive to help spur private property redevelopment and attract unique businesses that fit the vision. We would like to use some of the funds to hire a consultant to master plan the area and the possibility of altering existing zoning and development requirements and allow flexibility for potential developers. The ultimate goal of the master planning initiative would be to generate economic market forces that attract and retain the business type that the Development Commission desires throughout the Highway 99 Corridor. We would like to focus our attention between the Twin Creeks Rail Crossing and Cup Drive.

If we can master plan the area it could give current and future property owners a vision with what could happen with their properties. By encouraging new businesses and redevelopment it will improve the blighted areas along Hwy 99. We would encourage sidewalks and street trees to match the already improved area.

Minutes Acceptance: Minutes of Nov 14, 2019 6:15 PM (APPROVAL OF MINUTES)

Mr. Clayton updated the Commission on the old Walmart property; developers are considering rezoning part of the property to include affordable housing and businesses towards Pine Street. We have met with developers interested in doing this, but they have to get approval from the current property owners. Staff is recommending to master plan this site to encourage developers. Walmart would have to be onboard with the Masterplan idea.

**Michael Parsons moved to direct staff to prepare a request for proposal for master planning the Highway 99 Corridor.**

<b>RESULT:</b>	<b>APPROVED [UNANIMOUS]</b>
<b>MOVER:</b>	Michael Parsons, At Large
<b>SECONDER:</b>	Tanea Browning, Ward IV
<b>AYES:</b>	Williams, Olsen, Johnson, Browning, Hernandez, Parsons

**V. ADJOURNMENT**

**Michael Parsons moved to adjourn.** Neil Olsen seconded and the meeting was adjourned at 6:45 p.m.

The foregoing minutes of the November 14, 2019, Development Commission meeting were approved by the Development Commission at its meeting of \_\_\_\_\_.

Dated:

\_\_\_\_\_  
Chair Hank Williams

ATTEST:

\_\_\_\_\_  
City Recorder

Minutes Acceptance: Minutes of Nov 14, 2019 6:15 PM (APPROVAL OF MINUTES)



## City of Central Point Staff Report

### ISSUE SUMMARY

**TO:** Community Development Commission      **DEPARTMENT:**  
Finance

**FROM:** Steven Weber,

**MEETING DATE:** January 9, 2020

**SUBJECT:** Accept Audit Report for Fiscal Year 2018-19

**ACTION REQUIRED:** Motion      **RECOMMENDATION:**  
Approval

**BACKGROUND INFORMATION:** In accordance with Oregon Revised Statutes 297.425 as specified in Oregon Administrative Rules 162-10-000 through 162-010-320 of the Minimum Standards for Audits of Municipal Corporations, an audit of the financial records of the Central point Development Commission for the fiscal year 2018-19 was required.

The accounting firm of Isler CPAs from Eugene performed the audit for the 2018-19 fiscal year and rendered the opinion that the financial statements present fairly, in all material aspects, the respective financial position, changes in financial position, and respective budgetary comparison of the central point Development Commission.

**FINANCIAL ANALYSIS:** N/A

**LEGAL ANALYSIS:** N/A

**COUNCIL GOALS/STRATEGIC PLAN ANALYSIS:** N/A

**STAFF RECOMMENDATION:** Accept the fiscal year 2018-19 audit report as presented.

**RECOMMENDED MOTION:** Move to accept the annual audit report for fiscal year 2018-19 as presented.

**ATTACHMENTS:**

1. 2018-19 Central Point Economic Development Commission Audit Report

**CENTRAL POINT DEVELOPMENT COMMISSION**  
(A Component Unit of the City of Central Point, Oregon)

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION  
with Independent Auditor's Report

Year Ended June 30, 2019

**CENTRAL POINT DEVELOPMENT COMMISSION**  
 (A Component Unit of the City of Central Point, Oregon)

June 30, 2019

**BOARD OF DIRECTORS**

	<u>Term Expires December 31,</u>
Hank Williams	2020
Neil Olsen	2022
Kelley Johnson	2022
Taneea Browning	2020
Michael Parsons	2022
Rob Hernandez	2020

**CITY MANAGER /EXECUTIVE DIRECTOR**

Chris Clayton

**FINANCE DIRECTOR**

Steven Weber  
 Central Point Development Commission  
 140 South Third Street  
 Central Point, OR 97502

## CENTRAL POINT DEVELOPMENT COMMISSION

Fiscal Year Ended June 30, 2019

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1976 Garden Ave.  
Eugene, OR 97403  
541.342.5161  
www.islercpa.com

## Independent Auditors' Report

Board of Directors  
Central Point Development Commission  
Central Point, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Central Point Development Commission (the Commission), a component unit of the City of Central Point, Oregon, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Central Point Development Commission as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Report on Other Legal and Regulatory Requirements*

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 20, 2019 on our consideration of the Commission's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Isler CPA



By Gatlin C. Hawkins, CPA, a member of the firm  
Eugene, Oregon  
December 20, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS CENTRAL POINT DEVELOPMENT COMMISSION

Fiscal Year Ended June 30, 2019

This Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the Central Point Development Commission (the Commission) for the fiscal year ended June 30, 2019. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

### FINANCIAL HIGHLIGHTS

- The Commission's assets totaled \$502 thousand at June 30, 2019, and consisted mainly of cash and cash equivalents of \$485 thousand.
- The Commission's liabilities totaled \$3,425 thousand at June 30, 2019, which consisted mainly of an advance from the City of Central Point of \$3,417 thousand.
- Net position (assets minus liabilities) was negative \$2,923 thousand at June 30, 2019. Net position increased by \$315 thousand.
- As of the end of the current fiscal year, the Commission's general fund reported a fund balance surplus of \$489 thousand.
- Governmental fund revenues exceeded expenditures by \$198 thousand.
- Revenues for the fiscal year ended June 30, 2019 totaled \$445 thousand and consisted mainly of property taxes of \$435 thousand.

### FINANCIAL STATEMENTS

The Commission's basic financial statements are presented using the integrated approach as prescribed by GASB Statement No. 34. The basic financial statements are comprised of the following components:

1. Government-wide financial statements
2. Fund financial statements
3. General Fund Budget to Actual Statements
4. Notes to the basic financial statements

The Commission has combined the government-wide and fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column.

The basic financial statements present financial information about the Commission as a whole and about its activities. Following the basic financial statements is the report by the independent certified public accountants, as required by statute.

#### Government-wide Financial Statements

The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities and are designed to present the financial picture of the Commission in a manner similar to a private-sector business (i.e. from the economic resources measurement focus using the accrual basis of accounting).

The Statement of Net Position includes all assets of the Commission as well as all liabilities (including long-term debt). Net position is the difference between assets and liabilities, which is one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net position may be an indicator of whether its financial health is improving or deteriorating.

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

#### Fund Financial Statements

Funds are used to segregate resources for specific activities or objectives. The Commission has one governmental fund; the Development Commission's General Fund.

The Governmental Fund statements emphasize available current financial resources rather than change in net position. They are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

### Notes to the Basic Financial Statements

The notes provide information that is essential for a full understanding of the data presented in the government-wide and fund financial statements (the basic financial statements). Information such as significant accounting policies and detail of certain assets and liabilities are included in the notes that should be read in conjunction with the basic financial statements.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### Statements of Net Position

The Commission's liabilities exceeded assets by \$2,923 thousand at June 30, 2019. Its net proceeds were primarily made up of cash and cash equivalents and advances from the City of Central Point. A condensed version of the Statement of Net Position follows:

Amounts in thousands	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 485	\$ 287
Other current assets	<u>17</u>	<u>16</u>
Total assets	<u>502</u>	<u>303</u>
<b>Liabilities</b>		
Advance from the City of Central Point	3,417	3,532
Other liabilities	<u>8</u>	<u>10</u>
Total liabilities	<u>3,425</u>	<u>3,542</u>
<b>Net Position</b>		
Unrestricted	<u>(2,923)</u>	<u>(3,238)</u>
Total net position	<u>\$ (2,923)</u>	<u>\$ (3,238)</u>

At the end of the current fiscal year, the Commission reports a negative net position. There was an increase in total net position of \$315 thousand. The increase in net position is primarily due to payments made on the advance from the City of Central Point.

#### Statements of Activities

The Commission's Statements of Activities for fiscal years ended June 30, 2019 and June 30, 2018, follows:

Amounts in thousands	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Property taxes	\$ 435	\$ 334
Investment earnings	<u>10</u>	<u>31</u>
Total Revenue	<u>445</u>	<u>365</u>
<b>Expenses</b>		
Community Development	40	3,557
Interest	<u>90</u>	<u>99</u>
Total Expenditures	<u>130</u>	<u>3,656</u>
Increase (decrease) in net position	315	(3,291)
Net position, beginning of the year	<u>(3,238)</u>	<u>53</u>
Net position, end of the year	<u>\$ (2,923)</u>	<u>\$ (3,238)</u>

The cost of the Commission's community development activities totaled \$40 thousand for the year, a decrease of \$3,517 thousand from the prior year.

**Financial Analysis of the Government's Funds**

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund.** The focus of the Commission's General Fund is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund and the only fund of the Commission. At the end of the current fiscal year, the fund balance of the General Fund was \$489 thousand, an increase of 198 thousand during the fiscal year.

**DEBT ADMINISTRATION**

At June 30, 2019, the Commission had a \$3,417 advance from the City of Central Point. The advance was issued to finance improvements in the East Pine Streetscaping project. In accordance with the Downtown and East Pine Street Corridor Revitalization Plan adopted by the Commission, the maximum amount of indebtedness that the Commission can issue or incur is \$43,178. This amount was based upon good faith estimates of the scope and costs of projects in the Downtown and East Pine Street Corridor Revitalization Plan.

Amounts in thousands	Beginning of year	Additions	Payments	End of year	Current portion
Advance from City of Central Point	\$ 3,532	\$ -	\$ (115)	\$ 3,417	\$ 145

For more detailed information on the Commission's long-term debt, refer to Note III. B. of the financial statements.

**ECONOMIC FACTORS**

It is the primary mission of the Central Point Development Commission's Board to eliminate blight and depreciating property values within the urban renewal district. This mission will be accomplished through the strategic implementation of projects and activities that consciously maximize both public and private investments within the Urban Renewal Area, investments that are designed to target, facilitate and strengthen the economic and aesthetic vitality of the urban renewal district as the City's traditional mixed-use urban core. The end result is both the physical and economic revitalization of the urban renewal area with public assets, new private sector jobs, and revitalized neighborhoods providing for a full range of housing opportunities.

The current *Downtown and East Pine Street Corridor Revitalization Plan* was completed in 2012. This Plan was intended to further the objectives of the City's strategic planning goals, strategies and actions as set forth in *Central Point Forward, Fair City Vision 2020*, as adopted by the City and Commission.

Commission expenditures are based on the *Downtown and East Pine Street Corridor Revitalization Plan*, which defines the Commission's mission, and identifies fourteen goals and objectives to be accomplished by the Plan.

The "tax increment financing" method is being used to provide funds for the Commission. Under this method, a base year value within the urban renewal area was established 2011. Any increase in the assessed value over that base year cannot be used by the assessor to compute tax rates for local taxing bodies. The assessor computes the tax rate on the base year value of the area, then applies that rate to the increase in assessed value. The tax on the increased value can be used by the Commission only to pay indebtedness incurred to finance the urban renewal projects.

**REQUEST FOR INFORMATION**

The Commission's financial statements are designed to present users with a general overview of the Commission's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Commission's Executive Director, at 140 South Third Street, Central Point, OR, 97502.

## CENTRAL POINT DEVELOPMENT COMMISSION

## Governmental Funds Balance Sheet / Statement of Net Position

June 30, 2019

	<u>General Fund</u>	<u>Adjustments (Note II A)</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash and investments	\$ 484,791	\$ -	\$ 484,791
Property taxes receivable	<u>17,120</u>	<u>-</u>	<u>17,120</u>
Total assets	<u>\$ 501,911</u>	<u>-</u>	<u>501,911</u>
<b>LIABILITIES</b>			
Accrued Interest	\$ -	7,517	7,517
Long-term debt:			
Advance from the City of Central Point			
Due within one year	-	145,000	145,000
Due in more than one year	<u>-</u>	<u>3,272,000</u>	<u>3,272,000</u>
Total liabilities	<u>-</u>	<u>3,424,517</u>	<u>3,424,517</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	<u>13,139</u>	<u>(13,139)</u>	<u>-</u>
<b>FUND BALANCES / NET POSITION</b>			
Fund balances:			
Unassigned	<u>488,772</u>	<u>(488,772)</u>	-
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 501,911</u>	<u>(303,413)</u>	<u>-</u>
Net position:			
Unrestricted		<u>\$ (2,922,606)</u>	<u>\$ (2,922,606)</u>

See accompanying notes to financial statements.

**CENTRAL POINT DEVELOPMENT COMMISSION**

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund  
Balance / Statement of Activities

For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Adjustments (Note II B)</u>	<u>Statement of Activities</u>
<b>GENERAL REVENUES</b>			
Taxes	\$ 434,398	\$ 476	\$ 434,874
Investment earnings	<u>10,249</u>	<u>-</u>	<u>10,249</u>
Total general revenues	<u>444,647</u>	<u>476</u>	<u>445,123</u>
<b>URBAN RENEWAL EXPENDITURES/ EXPENSES</b>			
Current:			
Community development	39,644	-	39,644
Debt service	<u>206,981</u>	<u>(117,213)</u>	<u>89,768</u>
Total expenditures / expenses	<u>246,625</u>	<u>(117,213)</u>	<u>129,412</u>
Change in fund balance/net position	198,022	117,689	315,711
Fund balance / net position:			
Beginning of year	<u>290,750</u>	<u>(3,529,067)</u>	<u>(3,238,317)</u>
End of year	<u>\$ 488,772</u>	<u>\$ (3,411,378)</u>	<u>\$ (2,922,606)</u>

See accompanying notes to financial statements.

**CENTRAL POINT DEVELOPMENT COMMISSION**  
**General Fund**

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis  
Budget and Actual  
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
<b>Revenues:</b>				
Taxes	\$ 400,000	\$ 400,000	\$ 434,398	\$ 34,398
Investment earnings	12,000	12,000	10,249	(1,751)
Total revenues	<u>412,000</u>	<u>412,000</u>	<u>444,647</u>	<u>32,647</u>
<b>Expenditures:</b>				
Capital outlay	235,000	235,000	31,751	203,249
Materials and services	57,500	57,500	7,893	49,607
Debt service	248,000	248,000	206,981	41,019
Contingency	45,500	45,500	-	45,500
Total expenditures	<u>586,000</u>	<u>586,000</u>	<u>246,625</u>	<u>339,375</u>
Net change in fund balance	(174,000)	(174,000)	198,022	372,022
<b>Fund balance:</b>				
Beginning of year	174,000	174,000	290,750	116,750
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,772</u>	<u>\$ 488,772</u>

See accompanying notes to financial statements.



**CENTRAL POINT DEVELOPMENT COMMISSION**

Notes to Financial Statements

June 30, 2019

**Note I - Summary of significant accounting policies**

**A. Organization**

Central Point Development Commission (the Commission) was organized in 2011 under the provisions of ORS Chapter 457 as the urban renewal Commission in the City of Central Point, Oregon ("City"), responsible for implementing various public improvement programs as identified in the Downtown and East Pine Street Corridor Revitalization Plan. The Commission's Board of Directors consists of the City of Central Point City Council.

The "tax increment financing" method is being used to provide funds for the Commission. Under this method, a base year value within the urban renewal area is established (2011, in this case). Any increase in the assessed value over that base year cannot be used by the assessor to compute tax rates for local taxing bodies. The assessor computes the tax rate on the base year value of the area, then applies that rate to the increase in assessed value. The tax on the increased value can be used by the Commission only to pay indebtedness incurred to finance the urban renewal projects.

The East Pine Streetscape Construction Plan will remain in force until fall of 2037, or until the maximum amount of indebtedness permitted under the Plan (\$43,177,530) has been reached and all related debt service retired, whichever comes first.

The Commission's financial statements include all activities and organizations with which the Commission exercises authoritative appointment of governing authority or where financial dependency on the Commission exists. The Commission has no potential component units but, as determined under generally accepted accounting principles, is considered to be a component unit of the City of Central Point, Oregon, and, as such, is included in the basic financial statements of the City for the year ended June 30, 2019, copies of which can be obtained from the Finance Department of the City of Central Point Oregon, which is located at 140 S Third Street, Central Point, 97502.

**B. Measurement focus, basis of accounting, and financial presentation**

The Statement of Net Position and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances display information about the Commission, including all of its financial activities. The Commission's activities are financed primarily through property taxes.

The basic financial statements listed in the table of contents provide information about the Commission's funds. These funds account for the general administration of the Commission's urban renewal areas and for the acquisition and rehabilitation of property within the designated urban renewal areas. The financial statements are initially (left-most columns) reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 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 are recorded only when payment is due.

Property taxes receivable which have been collected and received within 30 days subsequent to year end are considered measurable and available, and are recognized as revenues in the governmental fund financial statements. All other property taxes receivable are offset by deferred inflow of resources because they are not deemed available to finance operations of the current period. Property tax receivables are deemed to be substantially collectable or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**CENTRAL POINT DEVELOPMENT COMMISSION**

Notes to Financial Statements

June 30, 2019

**Note I - Summary of significant accounting policies (continued)**

**B. Measurement focus, basis of accounting, and financial presentation (continued)**

The government reports the following major governmental fund:

- The *General Fund* is the Commission's primary operating fund. It accounts for all financial resources of the general government.

On the same basic financial statements as listed in the table of contents, the balances are reported (right-most columns) using the *economic resources measurement focus* and the *accrual basis of accounting* using an "adjustments" column. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Commission receives value without giving equal value in exchange, include property taxes. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year in which the taxes are levied.

**C. Use of 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/expenditures during the reporting period. Actual results may differ from those estimates.

**D. Assets, liabilities, deferred inflows of resources, and net position/fund balance**

**1. Cash and cash equivalents**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, and deposits in the State of Oregon's Treasurer's Local Government Investment Pool (LGIP).

**2. Property taxes receivable**

Real and personal property taxes are assessed and become a lien against the property as of July 1 each year, and are payable in three installments on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding are considered delinquent on May 16. Management has determined that an allowance for uncollectible accounts is not required for property taxes.

**3. Long-term liabilities**

In the basic financial statements, under the current financial resources measurement focus and the modified accrual basis of accounting, the face amount of debt issued is reported as other financing sources.

In the basic financial statements under the economic resources measurement focus and accrual basis of accounting, long-term debt and other long-term obligations are reported as liabilities.

**CENTRAL POINT DEVELOPMENT COMMISSION**

Notes to Financial Statements

June 30, 2019

**Note I - Summary of significant accounting policies (continued)**

**D. Assets, liabilities, deferred inflows of resources, and net position/fund balance (continued)**

**4. Fund balance**

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund balance classifications are:

*Nonspendable* - resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for sale.

*Restricted* - constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - the City Council passes an ordinance that places specific constraints on how the resources may be used. The City Council can modify or rescind the ordinance at any time through passage of an additional ordinance.

*Assigned* - resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget.

*Unassigned* - resources that have not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

All of the Commission's fund balance is reported as unassigned fund balance.

**E. Budget**

An annual budget is prepared and legally adopted for the General Fund in accordance with state statutes. The budget is adopted by the Board, appropriations made, and the tax levy is declared no later than June 30. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations at the principal object levels - personnel, materials and services (including contractual payments), capital outlay, debt service, and operating contingency - are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Management may make transfers of appropriations within object levels. However, transfers of appropriations between object levels require the approval of the Board. Unexpected additional resources may be added to the budget through the use of a supplemental budget. The Board, at a regular Board meeting, may adopt supplemental budgets of less than 10% of the fund's original budget. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers, and approval by the Board.

**CENTRAL POINT DEVELOPMENT COMMISSION**

Notes to Financial Statements

June 30, 2019

**Note II - Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of differences between the Government-wide Statement of Net Position and the Governmental Fund Balance Sheet.**

Reconciliation of total fund balances of the Commission's governmental funds to total net position.

Fund balances - governmental funds	\$	488,772
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Because the focus of governmental funds is on short-term financing, some assets, such as receivables, will not be available to pay for current-period expenditures. Receivables are offset by unavailable revenue in the governmental funds, and thus are not included in the fund balance.

Adjustment of unavailable revenue		13,139
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Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at June 30, 2019 were:

Advance from the City of Central Point	(3,417,000)	
Accrued Interest Payable	<u>(7,517)</u>	<u>(3,424,517)</u>

Net position of governmental activities		<u>\$ (2,922,606)</u>
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**B. Explanation of differences between the Government-wide Statement of Activities and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance.**

Reconciliation of total fund balances of the Commission's governmental funds to total net position.

Net change in fund balance - governmental funds	\$	198,022
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Change in unavailable revenue		476
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Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at June 30, 2019 were:

Payment on advance from the City of Central Point	115,000	
Change in accrued interest	<u>2,213</u>	<u>117,213</u>

Change in net position of governmental activities		<u>\$ 315,711</u>
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**CENTRAL POINT DEVELOPMENT COMMISSION**

Notes to Financial Statements

June 30, 2019

**Note III - Detailed notes on all funds**

**A. Cash and cash equivalents**

The Commission participates in the City of Central Point's cash and investment pool. At June 30, 2019, the City's cash and investments were maintained in deposits at a local financial institution and the State of Oregon's Local Government Investment Pool ("LGIP"). The Commission's portion of this pool is displayed in the Statement of Net Position and the Balance Sheet as "Cash and cash equivalents." Detail information for the Commission's pooled cash and investments can be found in the City of Central Point's June 30, 2019 Financial Statements and notes to the financial statements.

**B. Advance from the City of Central Point.**

On May 4, 2017, the City of Central Point issued a \$9,766,000 Full Faith and Credit Financing Agreement 2017. A portion of the proceeds of this note were loaned to the Commission. The City of Central Point loaned 3,634,000 to the Commission for the East Pine street and downtown core area projects. The payable to the City is due in annual installments. Interest payments are due semi-annually. The interest rate is 2.64% for the entirety of the loan. The loan is secured by tax increment revenues. This loan is a direct borrowing.

Loan activity and balances for the year ended June 30, 2019 was as follows:

	<u>Beginning of year</u>	<u>Additions</u>	<u>Payments</u>	<u>End of year</u>	<u>Current portion</u>
Long-term loan from City of Central Point	\$ 3,532,000	\$ -	\$ (115,000)	\$ 3,417,000	\$ 145,000

Annual debt service requirements to maturity at year end are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 145,000	\$ 88,295
2021	180,000	84,005
2022	210,000	78,857
2023	240,000	72,917
2024	275,000	66,119
2025 - 2029	1,662,000	204,468
2030 - 2031	<u>705,000</u>	<u>18,731</u>
Total	<u>\$ 3,417,000</u>	<u>\$ 613,392</u>

**Note IV - Other information**

**A. Risk management**

The Commission is exposed to various risks of loss related to torts; theft; errors and omissions; injuries to employees; and natural disasters. The Commission purchases commercial insurance for general and property liability. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.



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

To the Board of Directors  
Central Point Development Commission  
Central Point, Oregon

We have audited the basic financial statements of Central Point Development Commission (the Commission), as of and for the year ended June 30, 2019, and have issued our report thereon dated December 20, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

### Compliance

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment**
- **Budgets legally required (ORS Chapter 294)**
- **Insurance and fidelity bonds in force or required by law**
- **Authorized investment of surplus funds (ORS Chapter 294)**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**

In connection with our testing nothing came to our attention that caused us to believe the Commission 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 Commission'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 Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission'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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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.

This report is intended for the information of management, the Board of Directors and the Secretary of State, Audits Division, of the State of Oregon. However, this report is a matter of public record and its distribution is not limited.

Isler CPA



By Gatlin C. Hawkins, CPA, a member of the firm  
Eugene, Oregon  
December 20, 2019