

City of Central Point, Oregon  
Annual Financial Report  
For the Year Ended June 30, 2021



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

**ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2021

Prepared by:

Steven Weber, Finance Director

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

**ANNUAL FINANCIAL REPORT**

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JACKSON COUNTY, OREGON**

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March 2, 2023

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 under the direction of a licensed municipal auditor. Pursuant to that requirement, we hereby submit the annual financial report of the City of Central Point, Oregon for the fiscal year ended June 30, 2021.

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 Isler CPA, LLC; a firm of licensed certified public accountants. The engagement partner is Gatlin Hawkins, CPA and Licensed Municipal Auditor. 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, 2021, 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 financial statements 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 18,000. 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. The impact of the recent nationwide economic recession resulted in no significant growth in either population or residential or commercial projects; however, in recent months the City has had an encouraging increase in both interest in large commercial projects and actual commercial and residential building permit activity.

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, library, 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 biennial budget serves as the foundation for the City of Central Point's financial planning and control. All departments of the City submit a two-year budget to the city manager who then oversees the preparation of a proposed biennial budget. The biennial budget is presented to a budget committee for review and approval and then submitted to city council for adoption prior to July 1 of the budget period.

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. The global coronavirus pandemic has already had an impact on the City's operating revenues due to the travel restrictions put in place on both a State and Federal level. As a result transient lodging and state gas tax revenues have experienced a sharp decline in a short period of time. This will be closely monitored in the upcoming fiscal year as the travel restrictions continue. Also, to help offset the economic impact to the citizens of Central Point as a result of the pandemic, the City Council approved the staying of fees associated with delinquent utility accounts.

## **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**

Although not all future financial uncertainty can be eliminated, the City’s adherence to the tools and techniques common to short-term reduced revenue situations as we recovered from the recent recession did offer certain advantages that have not been historically accessible. First, having nearly completed our first biennial budget, the City’s management team is now comfortable with developing, implementing and managing a two-year budget. Second, we continue to update our long-term financial plan forecast, which allows for both short and long-term course correction. The most current rendition of the City’s long-range financial plan offers important feedback on recently invoked austerity measures, the introduction of new utility fee-based revenue streams (public safety, parks maintenance and new franchise fees), and policies of restrained spending/conservative budgeting practices—all of which have resulted in ending fund balances, revenues and expenditures trending towards desirable outcomes. The City’s continued economic recovery during the coronavirus pandemic will be monitored closely in the next fiscal year. Although several revenue areas have recovered, there is still some instability in the national economy that could be felt in Central Point. The threat of a recession in the coming years is of particular interest in the City’s economic monitoring efforts.

### **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, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. 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 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  
City Manager



Steve Weber  
Finance Director

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

ELECTED OFFICIALS

June 30, 2021

<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
Hank Williams, Mayor	December 31, 2024
Niel Olsen, Ward I	December 31, 2022
Kelley Johnson, Ward II	December 31, 2022
Melody Thueson, Ward III	December 31, 2022
Taneea Browning, Ward IV	December 31, 2024
Michael Parsons, At Large	December 31, 2024
Rob Hernandez, At Large	December 31, 2024

All council members receive mail at the address listed below.

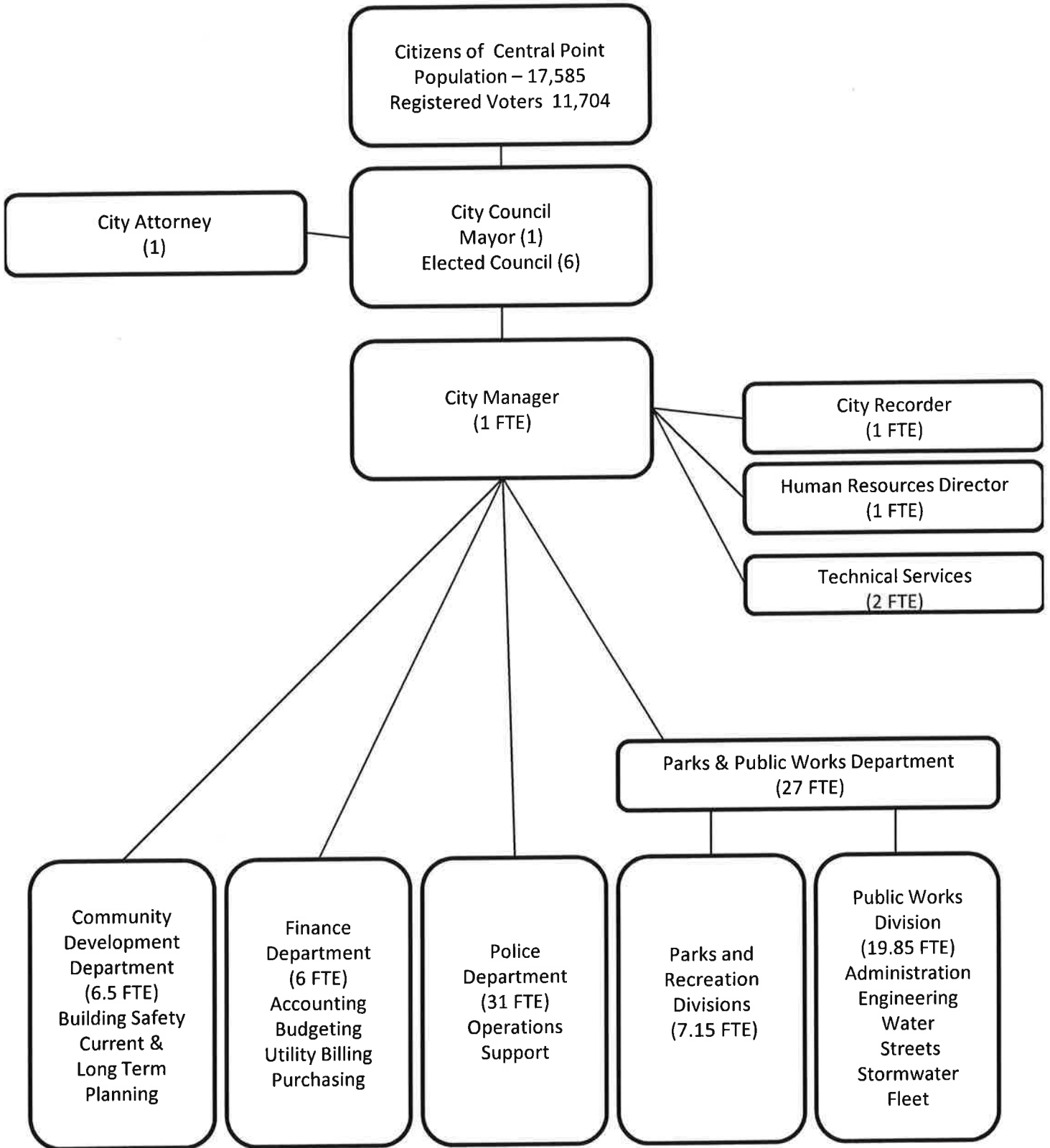
CITY MANAGER

Chris Clayton

FINANCE DIRECTOR

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

**City of Central Point**  
**75.5 FTE**  
**For The Biennial Budget 2017/2019**





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Eugene, OR 97403  
541.342.5161  
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## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Central Point, Oregon ("City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **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 from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021 and the respective changes in net position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the required supplementary schedules of the City's Proportionate Share of Net Pension Liability and the City's Pension Contributions; and the general fund, street fund and Economic Development Commission budgetary comparison information 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 as listed in the table of contents in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The required supplementary schedules of the City's Proportionate Share of Net Pension Liability and the City's Pension Contributions and the budgetary comparison information for the General Fund, Street Fund, and Economic Development Commission have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparisons and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparisons are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparisons are fairly stated, in all material respects, in relation to the basic 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.

*Report on Other Legal and Regulatory Requirements*

In accordance with Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated March 8, 2023, on our consideration of the City's compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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 Hawkins, CPA, a member of the firm

Eugene, Oregon

March 8, 2023

**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, 2021. 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)**

These highlights have been identified from the financial results of the 2020-21 fiscal year as reported on the government-wide statements - the Statement of Net Position and the Statement of Activities:

- Total assets of the City, including both governmental and business-type activities exceeded its total liabilities at June 30, 2021, the close of the most recent fiscal year, by approximately \$58,864 (net position).
- Total current and other assets, including both governmental and business-type activities, increased \$3,541 to \$12,970 while total current and other liabilities due with one year, including both governmental and business-type activities, increased \$1,549 to \$2,694.
- Total capital assets decreased \$1,189 due to capital asset purchases and disposals as well as depreciation expense in the current year. This decrease consisted of a \$1,789 decrease in governmental activities capital assets and a \$600 increase in business-type capital assets. Capital asset additions during the current year consisted of \$648 in government activities, including internal services, and \$1,425 in business-type activities. Depreciation expense consisted of \$3,149 in governmental activities, including internal services, and \$825 in business-type activities.
- The City's total current portion of noncurrent liabilities increased \$191 to \$1,044. This increase consists of a \$4 increase in the current portion of compensated absences and a \$187 increase in current maturities of long-term debt.
- The City's total deferred outflows, including both governmental and business-type activities, increased \$715 to \$4,114 while total deferred inflows, including both governmental and business-type activities, decreased \$300 to \$363.
- The City's noncurrent portion of long-term liabilities increased \$1,983 to \$21,698. This increase is due primarily to a \$2,504 increase to the net pension liability and a \$530 reduction in existing long-term debt. The final component of the change is an increase of \$9 to the long-term portion of compensated absences.
- A significant impact in the City's change in net position from year to year is the continued impact of GASB Statement No. 68 relating to pension reporting. The effects of the Moro decision as ruled by the Oregon Supreme Court on April 30, 2015 as well as the OPERS investment performance as measured on December 31, 2019 and rolled forward has led to large swings in net pension liability from year to year. For June 30, 2021 the City's net pension liability increased from \$9,728 to \$12,232.
- Overall net position for governmental activities decreased \$1,166 to \$32,121. The decrease consisted of a \$1,262 decrease from operations, a \$3,149 decrease due to depreciation expense, an increase of \$712 from a prior period restatement and an increase of \$2,204 due to the GASB Statement No. 68 pension reporting. Expenses of governmental activities decreased \$1,362 to \$16,455. Revenue increased \$1,145 to \$15,289.
- Overall, the net position for business-type activities increased \$288 to \$26,743. Expenses of the business type activities increased \$383 to \$5,237. Overall revenues of the business-type activities increased \$720 to \$5,525. Overall program revenues increased \$664 to \$5,213.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

- Except as noted on the statement of net position, there are no restrictions, commitments, or other limitations on net position, fund equities or fund balances at June 30, 2021 that significantly affect the availability of fund resources for future use.
- The City Council, through the adoption of the biennial budget, has established a conservative financial policy as the economy continues to recover from the financial effects of the most recent 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. In 2007 the number of City FTE employees peaked at 85.5; since then the City has reduced staffing by 4.0 positions ending with 81.5 employees at June 30, 2021. This current year end employee count compares to 75.0 at June 30, 2019; 73.5 at June 30, 2014, up to 85.5 at 2007.

**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 Annual Financial Report (AFR). The financial section consists of three parts:

1) management's discussion and analysis (this section); 2) basic financial statements, and 3) supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

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

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

**Government-wide financial statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets deferred outflows, liabilities and deferred inflows. 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 position and how it has changed since the previous year end. Net position - the difference between the City's assets, deferred outflows, deferred inflows and liabilities - are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position is 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.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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.
- 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 functions of the building department and the water and storm water utilities. 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 position may serve as a useful indicator of a government's financial position.

By far the largest portion of the City's net position (94%) is the net investment in capital assets (land, buildings, equipment and infrastructure improvements). These capital assets are used to deliver governmental and business-type services to citizens and are not available for future spending. Net investment in capital assets decreased \$1,286 during the year.

The next portion (6%) of net position is noted as restricted. This net position is subject to external restrictions on how the related assets can be used. Restricted net position increased \$1,074 during the year due to scheduled debt payments and the completion of a major streets project.

The final portion (-6%) of net position is noted as unrestricted. This represents resources that may be used to meet the ongoing obligations to citizens and creditors. The unrestricted net position increased by \$3.

Overall, the City's financial condition deteriorated during the 2020-21 fiscal year as evidenced by the decline in total net position of \$878. However, the majority of the governmental activities net position decrease of \$1,166 consisted of \$3,188 depreciation expense, \$934 in operations, and a \$1,184 increase in net pension expenses. The business-type net position increase of \$288 includes a combination of \$720 increase in program revenues and an increase of \$383 in operation expenses. Changes in net position from operations in both governmental activities and business-type activities are as expected and planned for in the budget. The City has the capacity and resources to continue to weather the residual effects of the economic recession, particularly as signs of

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

stability and improvement in the community begin to be seen. However, the impact of GASB Statement No. 68 going forward appears to be outside the control of City management.

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

	Governmental		Business Type		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>ASSETS</b>						
Current and Other Assets	\$ 8,936	\$ 6,264	\$ 4,034	\$ 3,165	\$ 12,970	\$ 9,429
Capital Assets	36,795	38,584	29,740	29,140	66,535	67,724
Total Assets	<u>45,731</u>	<u>44,848</u>	<u>33,774</u>	<u>32,305</u>	<u>79,505</u>	<u>77,153</u>
Deferred Outflows	<u>3,682</u>	<u>3,055</u>	<u>432</u>	<u>344</u>	<u>4,114</u>	<u>3,399</u>
<b>LIABILITIES</b>						
Current and Due Within One Year	1,748	734	946	411	2,694	1,145
Long-Term Liabilities	4,272	5,255	5,194	4,732	9,466	9,987
Net Pension Liability	10,947	8,743	1,285	985	12,232	9,728
Total Liabilities	<u>16,967</u>	<u>14,732</u>	<u>7,425</u>	<u>6,128</u>	<u>24,392</u>	<u>20,860</u>
Deferred Inflows	<u>325</u>	<u>596</u>	<u>38</u>	<u>67</u>	<u>363</u>	<u>663</u>
<b>NET POSITION</b>						
Net Investment in						
Capital Assets	32,522	33,885	24,546	24,469	57,068	58,354
Restricted Assets	2,035	961	-	-	2,035	961
Unrestricted Assets	(2,436)	(2,271)	2,197	1,985	(239)	(286)
Total Net Position	<u>\$ 32,121</u>	<u>\$ 32,575</u>	<u>\$ 26,743</u>	<u>\$ 26,454</u>	<u>\$ 58,864</u>	<u>\$ 59,029</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
City of Central Point  
Change in Net Position  
(In Thousands of Dollars)**

	Governmental		Business Type		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>REVENUES</b>						
Program Revenues:						
Charges For Services	\$ 3,038	\$ 2,353	\$ 5,213	\$ 4,549	\$ 8,251	\$ 6,902
Grants and Contributions						
Operating	2,736	1,951	-	-	2,736	1,951
Capital	-	939	292	157	292	1,096
General Revenues:						
Property Taxes	6,672	6,332	-	-	6,672	6,332
Franchise Taxes	1,420	1,272	-	-	1,420	1,272
Hotel/Motel Taxes	502	370	-	-	502	370
Interest	57	152	20	60	77	212
Miscellaneous	864	775	-	39	864	814
Total Revenues	<u>15,289</u>	<u>14,144</u>	<u>5,525</u>	<u>4,805</u>	<u>20,814</u>	<u>18,949</u>
<b>EXPENSES</b>						
Functions:						
General Government	4,995	5,117	-	-	4,995	5,117
Public Safety	7,213	7,068	-	-	7,213	7,068
Highways and Streets	2,304	3,260	-	-	2,304	3,260
Parks and Recreation	26	40	-	-	26	40
Community development	1,708	1,996	-	-	1,708	1,996
Interest	209	336	-	-	209	336
Water Services	-	-	3,914	3,607	3,914	3,607
Stormwater Services	-	-	979	918	979	918
Building Services	-	-	344	329	344	329
Total Expenses	<u>16,455</u>	<u>17,817</u>	<u>5,237</u>	<u>4,854</u>	<u>21,692</u>	<u>22,671</u>
Excess (deficiency) before transfers	(1,166)	(3,673)	288	(49)	(878)	(3,722)
Transfers	-	-	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<u>(1,166)</u>	<u>(3,673)</u>	<u>288</u>	<u>(49)</u>	<u>(878)</u>	<u>(3,722)</u>
<b>BEGINNING NET POSITION</b>	32,575	36,248	26,454	26,503	59,029	62,751
<b>RESTATEMENT</b>	712	-	-	-	712	-
<b>AS RESTATED</b>	<u>33,287</u>	<u>36,248</u>	<u>26,454</u>	<u>26,503</u>	<u>59,741</u>	<u>62,751</u>
<b>ENDING NET POSITION</b>	<u>\$ 32,121</u>	<u>\$ 32,575</u>	<u>\$ 26,742</u>	<u>\$ 26,454</u>	<u>\$ 58,863</u>	<u>\$ 59,029</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

- **General Fund:** At June 30, 2021, the fund balance for the General Fund was \$3,900, an increase of \$639 from the previous year. Fund balance components include \$3,900 that is unassigned. In total, fund balance represents approximately 39% of the 2020-21 total general fund expenditures. While revenues increased \$524 - about 5.1%, expenditures decreased \$802 - about 7.4%. 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 is reflected in the 2021-23 biennial budget.
- **Street Fund:** At June 30, 2021, the fund balance of the Street Fund consisted of a restricted amount of \$1,319 from state shared gas taxes and system development charges. Compared to last year, revenues increased \$885 due to state gas tax revenues increasing (\$100) and a refund on a major infrastructure project completed in the prior year (\$647). Expenditures decreased by \$2,438 primarily due to Crater Rail Crossing infrastructure project being completed in the prior year. These changes caused fund balance to increase by \$997 to \$1,319. The fund balance is attributed to unspent state shared gas tax and system development charges (restricted) and is available and budgeted for ongoing street maintenance.
- **Economic Development Fund:** At June 30, 2021, the fund balance of the Economic Development Fund primarily consisted of a restricted deficit amount of \$2,161. Compared to last year, revenues increased \$78. Expenditures decreased by \$128.
- **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 water construction projects and transfers from the General, Street and Capital Improvement funds. These activities resulted in a decrease to ending fund balance of \$63 to \$3,164. The ending fund balance is restricted to future debt service payments.

**Water Fund:** At June 30, 2021, the net position of the Water Fund reports an increase of \$172 resulting in an ending net position of \$17,202. Operating revenue decreased \$573 to \$3,894. Operating expenses of \$3,694 reflected an increase of \$209 over the prior year as the City continued work on integrating to an automated metering system. Operating income was \$200 compared to \$164 operating loss for the prior year. Non-operating activity for the year consisted of interest expense of \$220. Last year's non-operating activity included investment earnings of \$9 and interest expense of \$122. SDCs were \$192 in the current year compared to \$113 in the previous year - an increase of \$79. These changes resulted in a \$172 increase in net position at year end.

**Stormwater Fund:** At June 30, 2021, the net position of the Stormwater Fund reports a decrease of \$57 from operations and an increase of \$102 from other operating areas, resulting in an ending net position of \$8,904. Stormwater utility operations were as planned and budgeted. Operating revenue increased \$26 to \$912. Operating expenses increased \$62 to \$969. Operating loss of \$57 was realized compared to an operating loss of \$22 in the previous year. Non-operating income from investment earnings decreased \$21 to \$12 and system development charges increased \$56 to \$100. These changes resulted in a \$45 increase in net position at year end.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

- **Internal Services Fund:** At June 30, 2021, the net deficit of the Internal Services Fund was \$80 having declined \$92 from the restated amount for the 2019-20 fiscal year. This decline was caused by a new fleet lease and facility improvements. Interfund revenues increased \$34 to \$1,482 and operating expenses decreased \$165 to \$1,573. Operating loss was \$91. The 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 by either fleet or facility projects requiring capital asset purchases.

**General Fund budgetary highlights**

The expenditures and revenues of the General Fund are well matched and there were only two significant variances from the original 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, 2021, amounts to \$66,535 (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. During 2020-21, approximately \$2,163 of capital asset additions relating to the City's buildings, equipment, computers and software, and streets and utility infrastructure were added, \$174 were deleted, and depreciation expense totaled \$4,148. More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

**Long term debt**

At June 30, 2021, the City had \$10,086 of long-term debt compared to \$9,987 the previous year end. This amount includes \$9,467 of bonds and notes payable and \$619 of compensated absences payable. Principal debt repayment of the City's bonds and notes payable during the year totaled \$754 while new debt was issued in the amount of \$851. The City's compensated absences increased \$208 by employee service and declined \$206 as employees took time off for a net increase of \$2. More detailed information about the City's long-term debt is presented in the Notes 5 and 6 to the financial statements.

**Economic factors and the new year budget**

The governmental funds' largest revenue sources are property taxes, franchise fees, fees for charges and services, and state shared revenues. The State does not have a sales tax, resulting in local government's heavy reliance on property taxes and other self-generated revenues including franchise fees, business licenses, permits, etc. The State of Oregon moved from a tax base system to a tax rate system in the 1990's. In 2019, the City's assessed value increased by 3.33%, which shows a stabilizing housing market within the City compared with much higher increases in assessed values in recent years.

The City, along with other local governments across the State, continues to pay a larger portion of employee retirement costs of the State-run pension fund. The Oregon Public Employees Retirement System (PERS) sets the contribution rates biannually. Fiscal year 2018-19 was the last year of the new biennium rates. In September 2018, the PERS Board released fiscal year 2019-20 and 2020-21 rates. The rates for the current biennium and following biennium are as follows, respectively: Tier I/II employee at 20.60% (increasing to 24.86% on July 1, 2019), Oregon Public Service Retirement Plan (OPSRP) general employees at 13.01% (increasing to 17.54% on July 1, 2019) and OPSRP Police/Fire employees at 17.78% (increasing to 22.17% on July 1, 2019). Lastly, just last month the PERS Board released potential new rates for the 2021-23 biennium which shows Tier I/II employee increasing to 27.20%, OPSRP general employee increasing to 21.79% and OPSRP Police/Fire employees to 26.16%. Final contribution rates for the 2021-23 biennium will not be voted on by the PERS Board until November 2020 but the City will continue to monitor any interim information released by the PERS Board to determine the exact impact on the City's budget moving forward.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Business-type activities are funded through water, Stormwater rates and system development charges. The City has the ability to increase rates to keep pace with growing costs as well as increasing demands on the City's systems. The City generally increases water and Stormwater rates annually in the spring.

The impact of the global coronavirus pandemic continues to be felt by the Operations City although there has been an increase in transient lodging taxes and state gas taxes. The impact from the pandemic will continue to be closely monitored in the upcoming year.

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. City Council and staff are always evaluating 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](http://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 POSITION  
June 30, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 7,277,298	\$ 3,332,034	\$ 10,609,332
Receivables			
Taxes	227,438	-	227,438
Accounts	1,371,594	700,395	2,071,989
Prepaid expenses	60,052	1,495	61,547
Supply inventory	-	-	-
Capital assets			
Capital assets not being depreciated	7,496,930	4,739,321	12,236,251
Capital assets, net of accumulated depreciation	<u>29,297,856</u>	<u>25,000,444</u>	<u>54,298,300</u>
Total Assets	<u>45,731,168</u>	<u>33,773,689</u>	<u>79,504,857</u>
<b>Deferred outflows of resources:</b>			
Deferred outflow of resources related to pensions	<u>3,681,614</u>	<u>432,233</u>	<u>4,113,847</u>
<b>Liabilities:</b>			
Accounts payable	641,930	631,604	1,273,534
Accrued payroll	507,498	-	507,498
Unearned revenue	18,314	231,839	250,153
Accrued interest	8,281	23,080	31,361
Deposits	-	-	-
Noncurrent liabilities			
Compensated absences			
Due within one year	180,929	29,750	210,679
Due in more than one year	390,486	29,749	420,235
Long-term debt			
Due within one year	415,443	423,101	838,544
Due in more than one year	3,857,255	4,771,059	8,628,314
Net pension liability	<u>10,946,668</u>	<u>1,285,175</u>	<u>12,231,843</u>
Total liabilities	<u>16,966,804</u>	<u>7,425,357</u>	<u>24,392,161</u>
<b>Deferred inflows of resources:</b>			
Deferred inflow of resources related to pensions	<u>325,073</u>	<u>38,164</u>	<u>363,237</u>
<b>Net position:</b>			
Net investment in capital assets	32,522,088	24,545,605	57,067,693
Restricted for:			
Debt service	72,775	-	72,775
Utility systems enhancements (Gas tax and SDCs)	1,962,091	-	1,962,091
Unrestricted	<u>(2,436,049)</u>	<u>2,196,796</u>	<u>(239,253)</u>
Total net position	<u>\$ 32,120,905</u>	<u>\$ 26,742,401</u>	<u>\$ 58,863,306</u>

See accompanying notes to the basic financial statements



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

**STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expenses) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 4,995,213	\$ 1,777,677	\$ 1,286,469	\$ -	\$ (1,931,067)	\$ -	\$ (1,931,067)
Public safety	7,212,645	-	-	-	(7,212,645)	-	(7,212,645)
Highways and streets	2,303,744	1,260,350	1,449,196	-	405,802	-	405,802
Parks and recreation	25,951	-	-	-	(25,951)	-	(25,951)
Community development	1,707,680	-	-	-	(1,707,680)	-	(1,707,680)
Interest on long-term debt	208,776	-	-	-	(208,776)	-	(208,776)
Total governmental activities	<u>16,454,009</u>	<u>3,038,027</u>	<u>2,735,665</u>	<u>-</u>	<u>(10,680,317)</u>	<u>-</u>	<u>(10,680,317)</u>
Business-type activities							
Water services	3,914,344	3,894,030	-	192,455	-	172,141	172,141
Stormwater services	979,122	911,509	-	99,694	-	32,081	32,081
Building services	343,738	407,921	-	-	-	64,183	64,183
Total business-type activities	<u>5,237,204</u>	<u>5,213,460</u>	<u>-</u>	<u>292,149</u>	<u>-</u>	<u>268,405</u>	<u>268,405</u>
Total primary government	<u>\$ 21,691,213</u>	<u>\$ 8,251,487</u>	<u>\$ 2,735,665</u>	<u>\$ 292,149</u>	<u>(10,680,317)</u>	<u>268,405</u>	<u>(10,411,912)</u>
		<b>General revenues</b>					
					6,671,625	-	6,671,625
					1,420,329	-	1,420,329
					501,644	-	501,644
					56,957	19,804	76,761
					863,504	-	863,504
					<u>9,514,059</u>	<u>19,804</u>	<u>9,533,863</u>
					<b>Change in net position</b>		
					(1,166,258)	288,209	(878,049)
					<b>Beginning net position</b>		
					<u>32,574,825</u>	<u>26,454,192</u>	<u>59,029,017</u>
					<b>Prior period restatement (see Note 12)</b>		
					<u>712,338</u>	<u>-</u>	<u>712,338</u>
					<b>Beginning net position, as restated</b>		
					<u>33,287,163</u>	<u>26,454,192</u>	<u>59,741,355</u>
					<b>Ending net position</b>		
					<u>\$ 32,120,905</u>	<u>\$ 26,742,401</u>	<u>\$ 58,863,306</u>

See accompanying notes to the basic financial statements

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021**

	GENERAL FUND	STREET FUND	ECONOMIC DEVELOPMENT COMMISSION	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 4,106,183	\$ 755,626	\$ 926,875	\$ 72,775	\$ 1,292,196	\$ 7,153,655
Receivables:						
Property Taxes Receivable	211,140	-	16,298	-	-	227,438
Accounts receivable	426,532	944,062	-	-	-	1,370,594
Prepaid Expenses	60,052	-	-	-	-	60,052
Advance to other funds	-	-	-	3,092,000	-	3,092,000
<b>Total assets</b>	<b><u>\$ 4,803,907</u></b>	<b><u>\$ 1,699,688</u></b>	<b><u>\$ 943,173</u></b>	<b><u>\$ 3,164,775</u></b>	<b><u>\$ 1,292,196</u></b>	<b><u>\$ 11,903,739</u></b>
<b>LIABILITIES</b>						
Accounts Payable	230,805	380,560	-	-	-	611,365
Accrued Expenses and Liabilities, Current	507,498	-	-	-	-	507,498
Unearned Revenue	18,314	-	-	-	-	18,314
Advance from other funds	-	-	3,092,000	-	-	3,092,000
<b>Total liabilities</b>	<b><u>756,617</u></b>	<b><u>380,560</u></b>	<b><u>3,092,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>4,229,177</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	146,529	-	12,663	-	-	159,192
Unavailable notes and accounts receivable	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b><u>146,529</u></b>	<b><u>-</u></b>	<b><u>12,663</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>159,192</u></b>
<b>FUND BALANCE</b>						
Nonspendable	-	-	-	3,092,000	-	3,092,000
Restricted	-	1,319,128	-	72,775	642,963	2,034,866
Committed	-	-	-	-	649,233	649,233
Unassigned	3,900,761	-	(2,161,490)	-	-	1,739,271
<b>Total fund balances</b>	<b><u>3,900,761</u></b>	<b><u>1,319,128</u></b>	<b><u>(2,161,490)</u></b>	<b><u>3,164,775</u></b>	<b><u>1,292,196</u></b>	<b><u>7,515,370</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 4,803,907</u></b>	<b><u>\$ 1,699,688</u></b>	<b><u>\$ 943,173</u></b>	<b><u>\$ 3,164,775</u></b>	<b><u>\$ 1,292,196</u></b>	<b><u>\$ 11,903,739</u></b>

See accompanying notes to the basic financial statements

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

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
June 30, 2021**

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

<b>Total fund balances - governmental funds</b>	\$	7,515,370
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.		36,245,965
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.		
Accrued interest	\$ (8,281)	
Long-term debt	<u>(4,272,698)</u>	(4,280,979)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(523,894)
Assets, liabilities, deferred inflows and outflows related to the City's portion of the State-wide pension plan are not current resources or requirements and therefore are not reported in the funds.		
Net pension liability	(9,972,732)	
Deferred outflow of resources related to pensions	3,354,057	
Deferred inflow of resources related to pensions	<u>(296,151)</u>	(6,914,826)
Unavailable revenues are not earned in the current period and therefore are not reported as revenues in the funds		
Property taxes levied but not collected		159,192
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 Position.		<u>(79,923)</u>
<b>Total net position - governmental activities</b>	<b>\$</b>	<b><u>32,120,905</u></b>

See accompanying notes to the basic financial statements

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2021**

	GENERAL FUND	STREET FUND	ECONOMIC DEVELOPMENT COMMISSION	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES</b>						
Taxes	\$ 7,959,648	\$ 177,000	\$ 605,511	\$ -	\$ -	\$ 8,742,159
Intergovernmental	1,286,469	1,449,196	-	-	-	2,735,665
Fines and forfeitures	63,960	-	-	-	-	63,960
Licenses and permits	36,071	-	-	-	-	36,071
Charges for services	1,127,479	1,260,350	-	276,005	274,163	2,937,997
Investment earnings	38,191	3,407	6,340	126	8,052	56,116
Miscellaneous	202,433	652,939	-	-	-	855,372
Total revenues	<u>10,714,251</u>	<u>3,542,892</u>	<u>611,851</u>	<u>276,131</u>	<u>282,215</u>	<u>15,427,340</u>
<b>EXPENDITURES</b>						
Current:						
General Government	3,418,277	-	-	-	-	3,418,277
Public Safety	5,193,288	-	-	-	-	5,193,288
Highways and streets	-	1,822,206	-	-	-	1,822,206
Parks and recreation	-	-	25,951	-	-	25,951
Community development	1,263,405	-	-	-	-	1,263,405
Capital Outlay	35,536	724,177	15,056	-	286	775,055
Debt service:						
Interest	24,043	-	84,005	102,498	-	210,546
Principal	140,957	-	-	237,000	-	377,957
Total expenditures	<u>10,075,506</u>	<u>2,546,383</u>	<u>125,012</u>	<u>339,498</u>	<u>286</u>	<u>13,086,685</u>
Net change in fund balance	638,745	996,509	486,839	(63,367)	281,929	2,340,655
Beginning fund balance	<u>3,262,016</u>	<u>322,619</u>	<u>(2,648,329)</u>	<u>3,228,142</u>	<u>1,010,267</u>	<u>5,174,715</u>
Ending fund balance	<u>\$ 3,900,761</u>	<u>\$ 1,319,128</u>	<u>\$ (2,161,490)</u>	<u>\$ 3,164,775</u>	<u>\$ 1,292,196</u>	<u>\$ 7,515,370</u>

See accompanying notes to the 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**

**For the Fiscal Year Ended June 30, 2021**

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

**Total net change in fund balances - governmental funds** \$ 2,340,655

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	\$ 737,732	
Depreciation expense	<u>(3,188,454)</u>	
Net adjustment		(2,450,722)

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.

Accrued interest	2,962	
Compensated absences	<u>(12,812)</u>	(9,850)

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This is the amount by which bond proceeds exceeded principal retirement in the current period.

Bond and notes payable principal payments	<u>377,958</u>	377,958
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Expenses related to pension obligations not using current resources		(1,184,159)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		(148,561)
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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 position		<u>(91,579)</u>
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**Change in net position - governmental activities** **\$ (1,166,258)**

See accompanying notes to the basic financial statements

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

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2021**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	WATER FUND	STORMWATER FUND	NONMAJOR BUILDING FUND	TOTAL	INTERNAL SERVICES FUND
<b>ASSETS</b>					
Current assets					
Cash and Cash Equivalents	\$ 153,295	\$ 1,979,663	\$ 1,199,076	\$ 3,332,034	\$ 123,643
Accounts receivable	631,702	68,693	-	700,395	1,000
Prepaid Expenses	745	-	750	1,495	-
Total current assets	<u>785,742</u>	<u>2,048,356</u>	<u>1,199,826</u>	<u>4,033,924</u>	<u>124,643</u>
Noncurrent assets					
Capital assets not being depreciated	3,747,398	991,923	-	4,739,321	6,430
Capital assets being depreciated, net	18,209,055	6,791,389	-	25,000,444	542,391
Total noncurrent assets	<u>21,956,453</u>	<u>7,783,312</u>	<u>-</u>	<u>29,739,765</u>	<u>548,821</u>
Total assets	<u>22,742,195</u>	<u>9,831,668</u>	<u>1,199,826</u>	<u>33,773,689</u>	<u>673,464</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources related to pensions	<u>272,972</u>	<u>56,572</u>	<u>102,689</u>	<u>432,233</u>	<u>327,557</u>
<b>LIABILITIES</b>					
Current liabilities					
Trade Accounts Payable	336,370	188,073	107,161	631,604	30,565
Unearned Revenue	-	-	231,839	231,839	-
Accrued interest	12,899	10,181	-	23,080	-
Current portion of long-term debt					
Financing agreements	-	86,101	-	86,101	-
Notes payable	337,000	-	-	337,000	-
Compensated absences	17,566	5,489	6,695	29,750	23,761
Total current portion of long-term debt	<u>354,566</u>	<u>91,590</u>	<u>6,695</u>	<u>452,851</u>	<u>23,761</u>
Total current liabilities	<u>703,835</u>	<u>289,844</u>	<u>345,695</u>	<u>1,339,374</u>	<u>54,326</u>
Noncurrent liabilities					
Notes payable	4,255,650	425,650	-	4,681,300	-
Financing agreements	-	89,759	-	89,759	-
Compensated absences	17,565	5,489	6,695	29,749	23,760
Net pension liability	811,638	168,207	305,330	1,285,175	973,936
Total long-term liabilities	<u>5,084,853</u>	<u>689,105</u>	<u>312,025</u>	<u>6,085,983</u>	<u>997,696</u>
Total liabilities	<u>5,788,688</u>	<u>978,949</u>	<u>657,720</u>	<u>7,425,357</u>	<u>1,052,022</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources related to pensions	<u>24,102</u>	<u>4,995</u>	<u>9,067</u>	<u>38,164</u>	<u>28,922</u>
<b>NET POSITION</b>					
Net investment in capital assets	17,363,803	7,181,802	-	24,545,605	548,821
Unrestricted	(161,426)	1,722,494	635,728	2,196,796	(628,744)
Total net position	<u>\$17,202,377</u>	<u>\$ 8,904,296</u>	<u>\$ 635,728</u>	<u>\$ 26,742,401</u>	<u>\$ (79,923)</u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2021**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	WATER FUND	STORMWATER FUND	NONMAJOR BUILDING FUND	TOTAL	INTERNAL SERVICES FUND
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 3,793,816	\$ 891,709	\$ 407,555	\$ 5,093,080	\$ 1,473,935
Other Revenue	100,214	19,800	366	120,380	8,131
Total operating revenues	<u>3,894,030</u>	<u>911,509</u>	<u>407,921</u>	<u>5,213,460</u>	<u>1,482,066</u>
<b>OPERATING EXPENSES</b>					
Public works equipment rental operations	-	-	-	-	1,438,249
Utility operations	3,149,373	688,946	-	3,838,319	-
Building inspection services	-	-	343,738	343,738	-
Depreciation	545,125	279,766	-	824,891	135,045
Total operating expenses	<u>3,694,498</u>	<u>968,712</u>	<u>343,738</u>	<u>5,006,948</u>	<u>1,573,294</u>
Operating income (loss)	<u>199,532</u>	<u>(57,203)</u>	<u>64,183</u>	<u>206,512</u>	<u>(91,228)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest expense	(219,846)	(10,410)	-	(230,256)	(1,192)
Investment Earnings	467	12,440	6,897	19,804	841
Total nonoperating revenues (expenses)	<u>(219,379)</u>	<u>2,030</u>	<u>6,897</u>	<u>(210,452)</u>	<u>(351)</u>
Income (loss) before contributions and transfers	(19,847)	(55,173)	71,080	(3,940)	(91,579)
System development charges capital contributions	192,455	99,694	-	292,149	-
Change in net position	172,608	44,521	71,080	288,209	(91,579)
Beginning net position	17,029,769	8,859,775	564,648	26,454,192	(105,111)
Prior period restatement - see Note 12	-	-	-	-	116,767
Beginning net position, as restated	<u>17,029,769</u>	<u>8,859,775</u>	<u>564,648</u>	<u>26,454,192</u>	<u>11,656</u>
Ending net position	<u>\$ 17,202,377</u>	<u>\$ 8,904,296</u>	<u>\$ 635,728</u>	<u>\$ 26,742,401</u>	<u>\$ (79,923)</u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2021**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	WATER FUND	STORMWATER FUND	NONMAJOR BUILDING FUND	TOTAL	INTERNAL SERVICE FUND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 3,703,847	\$ 923,295	\$ 535,227	\$ 5,162,369	\$ -
Received from interfund services provided	-	-	-	-	1,481,066
Paid for interfund services provided	(814,501)	(354,003)	-	(1,168,504)	-
Paid to suppliers	(1,099,335)	(19,975)	(53,115)	(1,172,425)	(673,768)
Paid to employees	(956,422)	(133,617)	(224,913)	(1,314,952)	(629,072)
Net cash provided by operating activities	<u>833,589</u>	<u>415,700</u>	<u>257,199</u>	<u>1,506,488</u>	<u>178,226</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
SDC fees received	192,455	99,694	-	292,149	-
Purchase of capital assets	(780,095)	(644,784)	-	(1,424,879)	(84,381)
Proceeds from issuance of long-term debt	425,650	425,650	-	851,300	-
Interest paid on capital debt	(216,836)	(10,982)	-	(227,818)	(1,853)
Long-term debt principal payments	(328,000)	-	-	(328,000)	(47,841)
Net cash provided (used) by capital and related financing activities	<u>(706,826)</u>	<u>(130,422)</u>	<u>-</u>	<u>(837,248)</u>	<u>(134,075)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	467	12,440	6,897	19,804	841
<b>Net increase in cash and investments</b>	127,230	297,718	264,096	689,044	44,992
<b>Cash and investments</b>					
Beginning of year	26,065	1,681,945	934,980	2,642,990	78,651
End of Year	<u>\$ 153,295</u>	<u>\$ 1,979,663</u>	<u>\$ 1,199,076</u>	<u>\$ 3,332,034</u>	<u>\$ 123,643</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>					
Operating income (loss)	\$ 199,532	\$ (57,203)	\$ 64,183	\$ 206,512	\$ (91,228)
Depreciation and amortization	545,125	279,766	-	824,891	135,045
Net change in expense under GASB 68	119,084	14,706	49,322	183,112	122,751
(Increase) decrease in prepaid expenses	(745)	-	(750)	(1,495)	-
(Increase) decrease in customer deposits	-	-	-	-	-
(Increase) decrease in inventory	-	-	-	-	-
(Increase) decrease in receivables	(190,183)	11,786	-	(178,397)	(1,000)
Increase (decrease) in unearned revenue	-	-	127,306	127,306	-
Increase (decrease) in payables	158,356	167,324	20,050	345,730	10,385
Increase (decrease) in compensated absences	2,420	(679)	(2,912)	(1,171)	2,273
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 833,589</u>	<u>\$ 415,700</u>	<u>\$ 257,199</u>	<u>\$ 1,506,488</u>	<u>\$ 178,226</u>

See accompanying notes to the 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.

Central Point Economic Development Commission (the Commission) was organized in 2011 under the provisions of ORS Chapter 457 as the urban renewal agency in the City of Central Point, Oregon ("City"), and is responsible for implementing various public improvement programs as identified in the Downtown and East Pine Street Corridor Revitalization Plan. Upon completion, all projects constructed become assets of the City of Central Point. The Commission's Board of Directors consists of the City of Central Point City Council. The Commission is considered to be a component unit of the City of Central Point, Oregon, and is reported as a blended component unit.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government and its component units. For the most part, interfund services provided and used are 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. *Indirect expenses* are those costs, usually administrative in nature, that support all City functions and programs and enable direct services to be provided. Program revenues include 1) charges for services that include 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. Basis of accounting refers to when revenues, expenditures, expenses, transfers, assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recognized in the accounts and reported in the financial statements.

Exchange transactions are recognized when the exchange takes place. Nonexchange transactions are recognized in accordance with the nature of the nonexchange transaction. 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.

**Economic Development Commission** - This fund is responsible for implementing various public improvement programs as identified in the Downtown and East Pine Street Corridor Revitalization Plan.

**Debt Service Fund** - This fund accounts for the City's governmental activities debt service. The City's business-type activities debt service is accounted for in the proprietary funds.

The government reports the following nonmajor governmental funds:

**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.

**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.

The government reports the following major proprietary funds:

**Water Fund** - This enterprise fund accounts for the activities of the City's water utility operation.

**Stormwater Fund** - This enterprise fund accounts for the activities of the City's stormwater utility operation.

The government also reports the following proprietary funds:

**Building Fund** - This enterprise fund administers the State of Oregon Building and Safety Codes.

**Internal Service Fund** - This internal service 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.

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

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

Amounts reported as *program revenues* on the statement of activities include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources and all taxes are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from non-operating 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. All systems development charges (SDC's) are considered to be capital contributions and reported as nonoperating revenue.

**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 Reserve Fund, Debt Service Fund, Building Fund, and Economic Development Commission 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, Capital Improvement, Water, Stormwater and Internal Service funds are appropriated by total budget at the division level. Unexpected additional resources or appropriations may be added to the budget through the use of a supplemental budget. Original and supplemental budgets require hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by passing a Council resolution authorizing the transfer.

All budget amendments are subject to the limitations put forth in the Oregon Revised Statutes, Chapters 294.305 through 294.565 (Oregon Budget Law). Transfers of appropriations, permitted by Oregon Budget Law, were authorized by the City Council during the fiscal year.

**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.

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**ASSETS, LIABILITIES, AND NET POSITION 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, 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.

**Interfund Activities**

Interfund activities include charges for services and operating transfers.

**Prepaid Expenses**

These balances arise from paying invoices in the current fiscal year that are included in the budget of the next fiscal year at which time the expenditure/expense will be recognized as consumed.

**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 the cost of the developer donating the asset. 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

**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 on the balance sheet and statement of net position.

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Compensated Absences**

It is the City's policy to permit employees to accumulate up to one year's earned but unused vacation benefits. The City pays all vacation but no sick leave when an employee terminates. A liability for these amounts is reported in the in the government-wide statements in accordance with GASB No. 16 *Accounting for Compensated Absences*.

**Deferred Outflow / Inflow of Resources**

The statements of net position and balance sheets report separate sections for deferred outflows and deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period or periods. Deferred outflows of resources represent a use of net position that applies to a future period or periods. In that future period a deferred inflow will be recognized as revenue and a deferred outflow will be recognized as an expense.

**Long-term Obligations**

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

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 Position**

Net position is defined as the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the City's financial statements.

Government-wide and proprietary fund net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

**Net investment in capital assets** - 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 position** - 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 position** - all other net position.

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Fund Balances**

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

**Nonspendable fund balance** - inherently nonspendable resources that, because of their form, cannot be spent, or 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.

**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 assign fund balance.

**Unassigned fund balance** - residual net resources, the expenditure of which has not been limited in any way. Only the General Fund may report a positive unassigned fund balance amount. Other governmental funds may report a negative unassigned fund balance amount if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned for that purpose.

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.

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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.

Cash and cash equivalents, unrestricted and restricted, at June 30 consisted of:

	<b>2021</b>
Petty cash	\$ 1,150
Demand deposits	1,272,843
Deposits - FSA	5,000
LGIP	9,330,339
Total	\$ 10,609,332

All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for custodial officer), ORS 294.805 to 294.895 (Local Government Investment Pool). Any revisions or extensions of these sections of the ORS shall be assumed to be part of this investment policy immediately upon being enacted.

The Oregon Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to any municipality, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any public funds. The Office of the State Treasurer (OST) manages the LGIP. The LGIP is commingled with other State funds in the Oregon Short-Term Fund (OSTF). The OSTF is not managed as a stable net asset value fund; therefore, the preservation of principal is not assured. The LGIP is not rated by a national rating service. Additional information about the OSTF can be obtained at [www.ost.state.or.us](http://www.ost.state.or.us) and [www.oregon.gov/treasury](http://www.oregon.gov/treasury). The weighted-average maturity of LGIP is less than one year. The investment in LGIP is stated at the value of the City's share in the pool, which approximates fair value.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage are held with institutions participating in the Oregon Public Funds Collateralization Program. In the event of bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposit of public funds of government entities. As of June 30, 2021, none of the City's bank balances were exposed to 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.

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**3. RECEIVABLES**

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.

**4. CAPITAL ASSETS**

The changes in capital assets for the fiscal year ended June 30, 2021 are as follows:

	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance End of Year</b>
<b>Governmental Activities:</b>				
<b>Not being depreciated</b>				
Land	\$ 6,252,144	\$ -	\$ -	\$ 6,252,144
Work in process	4,256,201	735,230	(3,795,890)	1,195,541
Land use rights	42,815	-	-	42,815
Total	<u>10,551,160</u>	<u>735,230</u>	<u>(3,795,890)</u>	<u>7,490,500</u>
<b>Being depreciated</b>				
Buildings	5,222,293	-	-	5,222,293
Computers	552,093	-	-	552,093
Equipment	1,771,391	-	(174,020)	1,597,371
Infrastructure	91,872,652	3,798,393	-	95,671,045
Total	<u>99,418,429</u>	<u>3,798,393</u>	<u>(174,020)</u>	<u>103,042,802</u>
<b>Accumulated depreciation</b>				
Buildings	(2,373,284)	(121,128)	-	(2,494,412)
Computers	(478,539)	(30,981)	-	(509,520)
Equipment	(563,583)	(114,839)	174,020	(504,402)
Infrastructure	(67,857,497)	(2,921,506)	-	(70,779,003)
Total	<u>(71,272,903)</u>	<u>(3,188,454)</u>	<u>174,020</u>	<u>(74,287,337)</u>
<b>Governmental capital assets, net</b>	<u>\$ 38,696,686</u>	<u>\$ 1,345,169</u>	<u>\$ (3,795,890)</u>	<u>\$ 36,245,965</u>
	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance End of Year</b>
<b>Internal Service Fund:</b>				
<b>Not being depreciated</b>				
Work in process	\$ 6,430	\$ -	\$ -	\$ 6,430
<b>Being depreciated</b>				
Buildings	267,912	-	-	267,912
Computers	7,033	-	-	7,033
Equipment and vehicles	1,725,978	84,381	-	1,810,359
Infrastructure	18,000	-	-	18,000
Total	<u>2,018,923</u>	<u>84,381</u>	<u>-</u>	<u>2,103,304</u>
<b>Accumulated depreciation</b>				
Buildings	(154,063)	(7,245)	-	(161,308)
Computers	(5,580)	(360)	-	(5,940)
Equipment and vehicles	(1,259,192)	(127,440)	-	(1,386,632)
Infrastructure	(7,033)	-	-	(7,033)
Total	<u>(1,425,868)</u>	<u>(135,045)</u>	<u>-</u>	<u>(1,560,913)</u>
<b>Internal service fund capital assets, net</b>	<u>\$ 599,485</u>	<u>\$ (50,664)</u>	<u>\$ -</u>	<u>\$ 548,821</u>



**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS, continued**

	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance End of Year</b>
<b>Business-type Activities:</b>				
<b>Not being depreciated</b>				
Land	\$ 2,370,454	\$ -	\$ -	\$ 2,370,454
Work in process	1,097,937	1,300,541	(330,277)	2,068,201
Land use rights	300,666	-	-	300,666
Total	<u>3,769,057</u>	<u>1,300,541</u>	<u>(330,277)</u>	<u>4,739,321</u>
<b>Being depreciated</b>				
Equipment and vehicles	656,878	124,337	-	781,215
Infrastructure	<u>39,557,695</u>	<u>330,277</u>	-	<u>39,887,972</u>
Total	<u>40,214,573</u>	<u>454,614</u>	-	<u>40,669,187</u>
<b>Accumulated depreciation</b>				
Equipment and vehicles	(165,256)	(67,945)	-	(233,201)
Infrastructure	<u>(14,678,596)</u>	<u>(756,946)</u>	-	<u>(15,435,542)</u>
Total	<u>(14,843,852)</u>	<u>(824,891)</u>	-	<u>(15,668,743)</u>
<b>Business-type capital assets, net</b>	<u>\$ 29,139,778</u>	<u>\$ 930,264</u>	<u>\$ (330,277)</u>	<u>\$ 29,739,765</u>

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

<b>Function/Activities</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
General Government	\$ 1,133,486	\$ -
Public Safety	1,290,980	-
Highways and Streets	411,100	-
Parks and Recreation	352,888	-
Internal Service Fund - charged to various functions based on usage	135,045	-
Water	-	545,125
Stormwater	-	<u>279,766</u>
Total	<u>\$ 3,323,499</u>	<u>\$ 824,891</u>

**5. LONG-TERM DEBT**

At June 30, 2021, the City's long-term financed debt consists of the following:

System Development Credits: The City entered into agreements with various developers to provide water line, stormwater line, parks, streets and sidewalk infrastructure relating to developers providing enhanced improvements at the time of site development and construction. These credits are classified as direct borrowings. These improvements are in addition to the requirements placed on them by the planning and approval process. A few agreements required that the City reimburse the developer's costs (without interest); with most agreements providing a credit issued towards the various permit fees and systems development charges ("SDCs") to be used within ten (10) years. No specific provisions exist.

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**5. LONG-TERM DEBT, continued**

Full Faith and Credit Financing Agreement 2017: During the 2016-17 fiscal year, the City entered into a Full Faith and Credit Financing Agreement (Agreement) in the amount of \$9,766,000. This agreement is classified as a direct borrowing. The Agreement was entered into to fund refinancing of the 2010 State of Oregon Revolving loan, waterline improvements, and a streetscape project. The tax exempt financing note was secured by the full faith and credit of the City and was payable from all legally available funds of the City. Interest at 2.64% was paid semi-annually, and principal was paid annually. Final payment was scheduled for 2030. The City advance refunded the aforementioned loan to reduce its total debt service payments over the next 13 years by \$800,768 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$750,303. As part of this loan an Intergovernmental Agreement (Agreement) was made between the City and the Economic Development Commission (Commission) in which the City advanced a portion of the loan to the Commission, see note 7. The Agreement calls for the tax increment revenue of the Commission be pledged as security for the loan. In the event that the City is determined to be in default, the Lender may elect to increase the interest rate by 3%.

Full Faith and Credit Financing Agreement 2021: During the 2020-21 fiscal year, the City entered into a Full Faith and Credit Financing Agreement (Agreement) with a maximum amount of \$5,351,300. This agreement is classified as a direct borrowing. The purpose of the borrowing was to provide additional funding for increased costs related to the City's public works corporation yard project. This tax-exempt debt is secured by the full faith and credit of the City and is payable from all legally available funds. The City is allowed to draw down on the amount once per month up to the authorized total. Interest of 2.5% on the outstanding amount is due semiannually June 1 and December 1 of each year. Principal payments are due annually each year on December 1, beginning in December 2023. The City is subject to certain covenants on the debt in relation to the tax exempt status of the borrowing. In the event of default, the Lender may elect to increase the interest rate to 3.19% annually, but the principal of the debt is not subject to accelerated payment. As of June 30, 2021, the total amount drawn by the City was \$851,300.

Financing Agreements: The City has entered into several financing agreements, all classified as direct borrowings, to purchase police and street maintenance vehicles.

In the 2018-2019 fiscal year, the City entered into a 5 year financing agreement in the amount of \$431,249 to purchase a vacuum truck used for storm drain maintenance. This financing agreement has an interest rate of 8.49% and payments of principal and interest are made annually.

In the 2019-2020 fiscal year, the City entered into a 5 year financing agreement in the amount of \$617,739 to purchase police vehicles. This financing agreement has an interest rate of 8.49% and payments of principal and interest are made annually.

Vehicles acquired through the leases described above have been capitalized as equipment at a historical cost of \$1,048,988 in governmental activities; at June 30, 2021 accumulated depreciation on leased vehicles was \$474,958. Depreciation expense on leased assets is reported with depreciation expense for other capital assets.

For all leases described above, in the event of default the lender has the option to declare all amounts outstanding as immediately due and payable, and may also repossess the financed equipment, using any proceeds from sale to satisfy all or a portion of the the liability. The City would continue to be liable for any remaining balance owed.

All outstanding long-term debt at June 30, 2021 is related to capital assets.

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**5. LONG-TERM DEBT, continued**

Changes in the City's long-term debt during the fiscal year ending June 30, 2021:

	<u>Balance 7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2021</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
<b>Governmental Activities</b>						
Financing agreements	\$ 665,579	\$ -	\$ (188,798)	\$ 476,781	\$ 146,443	\$ 330,338
Series 2017	4,001,000	-	(237,000)	3,764,000	269,000	3,495,000
SDC obligations	31,917	-	-	31,917	-	31,917
<b>Total</b>	<u>\$ 4,698,496</u>	<u>\$ -</u>	<u>\$ (425,798)</u>	<u>\$ 4,272,698</u>	<u>\$ 415,443</u>	<u>\$ 3,857,255</u>
<b>Business-type Activities</b>						
Financing agreements	\$ 175,860	\$ -	\$ -	\$ 175,860	\$ 86,101	\$ 89,759
Series 2017	4,495,000	-	(328,000)	4,167,000	337,000	3,830,000
Series 2021	-	851,300	-	851,300	-	851,300
<b>Total</b>	<u>\$ 4,670,860</u>	<u>\$ 851,300</u>	<u>\$ (328,000)</u>	<u>\$ 5,194,160</u>	<u>\$ 423,101</u>	<u>\$ 4,771,059</u>

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

<b>Years Ending June 30,</b>	<b>Financing Agreements</b>		<b>Series 2017 Agreement</b>		<b>SDC Obligations</b>		<b>Total Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 146,443	\$ 18,557	\$ 269,000	\$ 95,819	\$ 3,192	\$ -	\$ 418,635	\$ 114,376
2023	152,143	12,857	300,000	88,308	3,192	-	455,335	101,165
2024	93,064	6,936	336,000	79,913	3,192	-	432,256	86,849
2025	85,131	3,314	367,000	70,633	3,192	-	455,323	73,947
2026	-	-	397,000	60,548	3,192	-	400,192	60,548
2027-2031	-	-	2,072,000	140,818	15,957	-	2,087,957	140,818
2032-2036	-	-	23,000	304	-	-	23,000	304
<b>Total</b>	<u>\$ 476,781</u>	<u>\$ 41,664</u>	<u>\$ 3,764,000</u>	<u>\$ 536,343</u>	<u>\$ 31,917</u>	<u>\$ -</u>	<u>\$ 4,272,698</u>	<u>\$ 578,007</u>

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

<b>Years Ending June 30,</b>	<b>Financing Agreement</b>		<b>Series 2021 Agreement</b>		<b>Series 2017 Agreement</b>		<b>Total Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 86,101	\$ 7,472	\$ -	\$ 25,523	\$ 337,000	\$ 201,379	\$ 423,101	\$ 234,374
2023	89,759	3,814	-	21,394	346,000	184,853	435,759	210,061
2024	-	-	60,807	20,630	355,000	167,204	415,807	187,834
2025	-	-	60,807	19,101	364,000	148,434	424,807	167,535
2026	-	-	60,807	17,573	372,000	128,634	432,807	146,207
2027-2031	-	-	304,036	64,945	2,002,000	326,753	2,306,036	391,698
2032-2036	-	-	364,843	27,506	391,000	10,930	755,843	38,436
<b>Total</b>	<u>\$ 175,860</u>	<u>\$ 11,286</u>	<u>\$ 851,300</u>	<u>\$ 196,672</u>	<u>\$ 4,167,000</u>	<u>\$ 1,168,187</u>	<u>\$ 5,194,160</u>	<u>\$ 1,376,145</u>

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**6. COMPENSATED ABSENCES**

During the year ended June 30, 2021 the changes in the City's vested compensated absences obligation to employees were as follows:

	<u>Balance 7/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 7/1/21</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
<b>Governmental Activities</b>						
Governmental Funds	\$ 511,081	\$ 166,137	\$ (153,324)	\$ 523,894	\$ 157,168	\$ 366,726
Internal Service Fund	<u>45,248</u>	<u>24,897</u>	<u>(22,624)</u>	<u>47,521</u>	<u>23,761</u>	<u>23,760</u>
<b>Total</b>	<u>\$ 556,329</u>	<u>\$ 191,034</u>	<u>\$ (175,948)</u>	<u>\$ 571,415</u>	<u>\$ 180,929</u>	<u>\$ 390,486</u>
<b>Business-Type Activities</b>						
Proprietary Funds	<u>\$ 60,670</u>	<u>\$ 22,590</u>	<u>\$ (23,761)</u>	<u>\$ 59,499</u>	<u>\$ 29,750</u>	<u>\$ 29,749</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. Each fund has been used to liquidate the liability for compensated absences attributed to that fund.

**7. INTERFUND ACTIVITY**

Interfund activity includes services, equipment rental, and interest, including activities accounted for in the Internal Service Fund.

As part of the Full Faith and Credit Financing Agreement of 2017, the Debt Service fund advanced \$3,634,000 to the Economic Development Commission.

Interfund advance activity and balances for the year ended June 30, 2021 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
Advance to Economic Development Commission from Debt Service Fund	<u>\$ 3,272,000</u>	<u>\$ -</u>	<u>\$ (180,000)</u>	<u>\$ 3,092,000</u>

**8. GOVERNMENTAL FUND BALANCES**

Governmental fund balance components at June 30, 2021 are:

<u>Fund Balance Components</u>	<u>General Fund</u>	<u>Street Fund</u>	<u>Economic Development Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable						
Advance to other funds	-	-	-	3,092,000	-	3,092,000
Restricted:						
Debt Service	-	-	-	72,775	-	72,775
State Law - Gas Tax and SDCs	-	1,319,128	-	-	642,963	1,962,091
Total	-	1,319,128	-	72,775	642,963	2,034,866
Committed:						
Council resolution/ordinances:						
Future capital assets	-	-	-	-	649,233	649,233
Unassigned	3,900,761	-	(2,161,490)	-	-	1,739,271
Total fund balance	<u>\$ 3,900,761</u>	<u>\$ 1,319,128</u>	<u>\$ (2,161,490)</u>	<u>\$ 3,164,775</u>	<u>\$ 1,292,196</u>	<u>\$ 7,515,370</u>

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**9. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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.

**10. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM**

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit and defined contribution pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

**Benefits Provided**

**1. Tier One/Tier Two Retirement Benefit ORS (Chapter 238).**

*Pension Benefits*

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees, 2.0 percent for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire employees). General service employees are eligible to retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

*Death Benefits*

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

*Disability Benefits*

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**10. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM, continued**

qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit

*Benefit Changes After Retirement*

Retired members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**2. OPSRP Pension Program (OPSRP DB)**

*Pension Benefits.*

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Police and fire employees: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

*Death Benefits*

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

*Disability Benefits*

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

*Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**3. OPSRP Individual Account Program (OPSRP IAP)**

*Pension Benefits*

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service

**CITY OF CENTRAL POINT  
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**10. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM, continued**

in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

*Death Benefits*

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

*Recordkeeping*

OPERS contracts with VOYA Financial to maintain IAP participant records.

**Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2021 were \$1,189,584 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2021 were 20.60 percent for Tier One/Tier Two Members, 13.01 percent for OPSRP Pension Program General Service Members, 17.78 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for OPSRP Individual Account Program.

**Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2021, the City's proportionate share of the net pension liability is \$12,231,843. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the City's proportion was 0.05604911 percent, which changed from its proportion of 0.05623697 measured as of June 30, 2020.

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**10. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM, continued**

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 538,349	\$ -
Change in assumptions	656,444	23,000
Net difference between projected and actual earnings on pension plan investments	1,438,306	-
Changes in proportionate share	188,455	160,339
Differences between City contributions and proportionate share of contributions	<u>63,806</u>	<u>179,898</u>
Subtotal before post-measurement date contributions	2,885,360	363,237
City contributions subsequent to the measurement date	<u>1,228,487</u>	-
Total	<u>\$ 4,113,847</u>	<u>\$ 363,237</u>

Deferred outflows of resources related to pensions of \$1,228,487 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2022. Net deferred outflows (inflows) of resources of \$2,522,123 will be recognized in pension expense as follows:

Year Ended June 30,		
2022	\$	526,032
2023		784,074
2024		729,569
2025		480,938
2026		<u>1,510</u>
Total	\$	<u>2,522,123</u>



**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**10. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM, continued**

**Actuarial Methods and Assumptions Used in Developing Total Pension Liability:**

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization based over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Investment Rate of return	7.2 percent
Projected Salary Increases	3.5%
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Date Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

**Long-term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**10. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM, continued**

**Depletion Date Projection**

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

- The following circumstances justify an alternative evaluation of sufficiency for PERS:
- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.

GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.2 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.2 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
Proportionate share of net pension liability (asset) \$	9,727,649	12,231,844	18,163,278

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

**CITY OF CENTRAL POINT  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**11. 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

**12. RESTATEMENT OF NET POSITION**

In prior years the City has not reported assets acquired under capital leases and the associated depreciation as assets in the audited financial statements. The effect of recording these assets in the beginning net position of Internal Service Funds and Governmental Activities is as follows:

	Internal Services Fund	Total Governmental Activities
Ending net position, July 1, 2020:		
As previously reported	\$ (105,111)	\$ 32,574,825
Assets not previously capitalized, net of accumulated depreciation	116,767	712,338
Ending net position, July 1, 2021 as restated	\$ 11,656	\$ 33,287,163

This restatement does not affect the net position of business-type activities, enterprise funds, or the fund balance of governmental funds.

**13. BUDGETARY NONCOMPLIANCE**

For the two years ended ended June 30, 2021, the Capital Improvement fund's actual expenditures of \$620,851 for SDC capital projects on a budgetary basis exceeded the authorized appropriations of \$510,500. The Internal Service fund's actual expenditures of \$1,630,134 for administrative expenses on a budgetary basis exceeded the authorized appropriations of \$1,512,840. The Street fund's actual expenditures of \$7,046,525 for street operations on a budgetary basis exceeded the authorized appropriations of \$6,710,470.

**14. SUBSEQUENT EVENT**

In November 2022, the Downtown & East Pine Street Corridor Revitalization Plan was amended to allow the relocation of the planned community center and to allow the community center to be a joint center with Jackson County. This amendment does not change the maximum indebtedness of the City and has no impact on the taxing jurisdictions as compared to the plan prior to amendment.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of the Proportionate Share of the Net Pension Liability  
Schedule of Pension Contributions  
Budgetary Comparison Information (GAAP Basis)  
General Fund and Major Special Revenue Funds

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

**REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2021**

**Schedule of the Proportionate Share of the Net Pension Liability**

Oregon Public Employees Retirement System <sup>(1)(2)</sup>

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.056049 %	0.056237 %	0.053935 %	0.053437 %	0.059213 %	0.064537 %	0.058290 %
Proportionate share of the net pension liability (asset)	\$ 12,231,844	\$ 9,727,649	\$ 8,170,507	\$ 7,203,390	\$ 8,889,239	\$ 3,705,167	\$ (1,321,278)
Covered payroll	\$ 5,539,283	\$ 5,178,366	\$ 4,771,542	\$ 4,719,630	\$ 3,926,697	\$ 3,889,464	\$ 3,883,345
Proportionate share of the pension liability (asset) as a percentage of its covered payroll	220.82 %	187.85 %	171.23 %	152.63 %	226.38 %	95.26 %	(33.65)%
Plan net position as a percentage of the total pension liability	75.80 %	80.23 %	82.07 %	83.10 %	80.50 %	91.88 %	103.59 %

**Schedule of Pension Contributions**

Oregon Public Employees Retirement System <sup>(1)</sup>

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,228,487	\$ 1,524,978	\$ 1,189,584	\$ 1,122,600	\$ 952,125	\$ 930,357	\$ 851,622
Contributions in relation to the contractually required contribution	<u>1,228,487</u>	<u>1,524,978</u>	<u>1,189,584</u>	<u>1,122,600</u>	<u>952,125</u>	<u>930,357</u>	<u>851,622</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,775,496	\$ 5,539,283	\$ 5,178,366	\$ 4,771,542	\$ 4,719,630	\$ 3,926,697	\$ 3,889,464
Contributions as a percentage of covered payroll	21.27 %	27.53 %	22.97 %	23.53 %	20.17 %	23.69 %	21.90 %

**Notes to Required Supplementary Information**

(1) 10-year trend information required by GASB Statement 68 will be presented prospectively

(2) Amounts presented are for the measurement period reported during the fiscal year, which for FY 2021 is July 1, 2019- June 30, 2020.

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

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2021**

	<u>BIENNIUM BUDGET</u>				TOTAL ACTUAL FOR BUDGET PERIOD	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	FIRST YEAR ACTUAL	SECOND YEAR ACTUAL		
<b>Revenues:</b>						
Taxes	\$ 15,864,500	\$ 15,864,500	\$ 7,379,276	\$ 7,959,648	\$ 15,338,924	\$ (525,576)
Licenses and Permits	160,020	160,020	95,456	36,071	131,527	(28,493)
Intergovernmental Revenues	1,378,920	1,958,195	642,632	1,286,469	1,929,101	(29,094)
Charges for Services	2,491,600	2,491,600	1,159,266	1,127,479	2,286,745	(204,855)
Fines and Fees	172,000	172,000	69,814	63,960	133,774	(38,226)
Investment Earnings	174,500	174,500	84,976	38,191	123,167	(51,333)
Other Revenue	425,000	444,270	249,322	202,433	451,755	7,485
<b>Total revenues</b>	<u>20,666,540</u>	<u>21,265,085</u>	<u>9,680,742</u>	<u>10,714,251</u>	<u>20,394,993</u>	<u>(870,092)</u>
<b>Expenditures:</b>						
Mayor & Council	183,780	183,780	67,071	58,786	125,857	57,923
Administration	1,728,290	1,745,390	820,079	827,620	1,647,699	97,691
Technical Services	1,279,910	1,351,645	693,666	622,456	1,316,122	35,523
City Enhancement	422,000	687,410	221,065	381,834	602,899	84,511
Finance	1,733,050	1,737,250	859,563	859,982	1,719,545	17,705
Interdepartmental	4,408,000	4,408,000	273,901	182,076	455,977	3,952,023
Parks	2,109,300	2,118,300	1,048,188	901,406	1,949,594	168,706
Recreation	1,066,140	1,085,265	482,578	393,110	875,688	209,577
Planning	1,395,060	1,395,060	619,181	489,948	1,109,129	285,931
Police	10,614,360	10,826,335	5,171,152	5,358,288	10,529,440	296,895
Contingency	4,180,000	4,180,000	-	-	-	4,180,000
<b>Total expenditures</b>	<u>29,119,890</u>	<u>29,718,435</u>	<u>10,256,444</u>	<u>10,075,506</u>	<u>20,331,950</u>	<u>9,386,485</u>
Excess of revenues over (under) expenditures	(8,453,350)	(8,453,350)	(575,702)	638,745	63,043	8,516,393
<b>Other financing sources (uses):</b>						
Debt Issuance Proceeds	8,000,000	8,000,000	-	-	-	(8,000,000)
Proceeds for Sale of Capital Assets	-	-	505,535	-	505,535	505,535
Transfers Out	(671,485)	(671,485)	(671,485)	-	(671,485)	-
<b>Net change in fund balance</b>	<u>(1,124,835)</u>	<u>(1,124,835)</u>	<u>(741,652)</u>	<u>638,745</u>	<u>(102,907)</u>	<u>1,021,928</u>
<b>Beginning fund balance</b>	<u>4,001,755</u>	<u>4,001,755</u>	<u>4,003,668</u>	<u>3,262,016</u>	<u>4,003,668</u>	<u>1,913</u>
<b>Ending fund balance</b>	<u>\$ 2,876,920</u>	<u>\$ 2,876,920</u>	<u>\$ 3,262,016</u>	<u>\$ 3,900,761</u>	<u>\$ 3,900,761</u>	<u>\$ 1,023,841</u>

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

**STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2021**

	<u>BIENNIUM BUDGET</u>		<u>FIRST YEAR ACTUAL</u>	<u>SECOND YEAR ACTUAL</u>	<u>TOTAL ACTUAL FOR BUDGET PERIOD</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>				
Revenues:						
Taxes	\$ 486,000	\$ 354,000	\$ 177,000	\$ 177,000	\$ 354,000	\$ -
Intergovernmental Revenues	2,966,640	3,098,640	1,308,227	1,449,196	2,757,423	(341,217)
Charges for Services	1,593,000	1,662,200	1,135,104	1,260,350	2,395,454	733,254
Investment Earnings	135,000	135,000	27,797	3,407	31,204	(103,796)
Other Revenue	<u>1,002,000</u>	<u>1,002,000</u>	<u>10,051</u>	<u>652,939</u>	<u>662,990</u>	<u>(339,010)</u>
Total revenues	<u>6,182,640</u>	<u>6,251,840</u>	<u>2,658,179</u>	<u>3,542,892</u>	<u>6,201,071</u>	<u>(50,769)</u>
Expenditures:						
Street operations	5,193,470	6,710,470	4,502,554	2,545,621	7,048,175	(337,705)
SDC streets	767,000	867,200	481,393	761	482,154	385,046
Contingency	<u>700,000</u>	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,000</u>
Total expenditures	<u>6,660,470</u>	<u>8,277,670</u>	<u>4,983,947</u>	<u>2,546,382</u>	<u>7,530,329</u>	<u>747,341</u>
Excess of revenues over (under) expenditures	<u>(477,830)</u>	<u>(2,025,830)</u>	<u>(2,325,768)</u>	<u>996,510</u>	<u>(1,329,258)</u>	<u>696,572</u>
Other financing sources (uses):						
Transfers In	-	(100,000)	-	-	-	100,000
Transfers Out	<u>(92,000)</u>	<u>(152,000)</u>	<u>(76,000)</u>	<u>-</u>	<u>(76,000)</u>	<u>76,000</u>
Total other financing sources (uses)	<u>(92,000)</u>	<u>(252,000)</u>	<u>(76,000)</u>	<u>-</u>	<u>(76,000)</u>	<u>(176,000)</u>
Net change in fund balance	<u>(569,830)</u>	<u>(2,277,830)</u>	<u>(2,401,768)</u>	<u>996,510</u>	<u>(1,405,258)</u>	<u>872,572</u>
Beginning fund balance	<u>3,050,000</u>	<u>4,650,000</u>	<u>2,724,387</u>	<u>322,619</u>	<u>2,724,387</u>	<u>(1,925,613)</u>
Ending fund balance	<u>\$ 2,480,170</u>	<u>\$ 2,372,170</u>	<u>\$ 322,619</u>	<u>\$ 1,319,129</u>	<u>\$ 1,319,129</u>	<u>\$ (1,053,041)</u>

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

**ECONOMIC DEVELOPMENT COMMISSION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2021**

	<u>ORIGINAL Budget</u>	<u>FINAL Budget</u>	<u>TOTAL ACTUAL FOR BUDGET PERIOD</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues:				
Taxes	\$ 522,900	\$ 587,500	\$ 605,511	\$ 18,011
Investment Earnings	<u>7,500</u>	<u>5,000</u>	<u>6,340</u>	<u>1,340</u>
Total revenues	<u>530,400</u>	<u>592,500</u>	<u>611,851</u>	<u>19,351</u>
Expenditures:				
Capital outlay	185,000	85,000	15,054	69,946
Materials and services	58,150	57,150	25,952	31,198
Debt service	358,295	514,005	264,005	250,000
Contingency	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>651,445</u>	<u>706,155</u>	<u>305,011</u>	<u>401,144</u>
Net change in fund balance	(121,045)	(113,655)	306,840	420,495
Beginning fund balance	<u>413,460</u>	<u>582,900</u>	<u>623,670</u>	<u>40,770</u>
Ending fund balance	<u>\$ 292,415</u>	<u>\$ 469,245</u>	<u>\$ 930,510</u>	<u>\$ 461,265</u>
Reconciliation to fund balance:				
Advance from City			<u>(3,092,000)</u>	
Total			<u>\$ (2,161,490)</u>	



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

**SUPPLEMENTARY INFORMATION**

Budgetary Comparison Information  
Debt Service, Nonmajor Special Revenue 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**

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2021**

	<u>BIENNIUM BUDGET</u>		FIRST YEAR ACTUAL	SECOND YEAR ACTUAL	TOTAL ACTUAL FOR BUDGET PERIOD	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>				
Revenues:						
Charges for Services	\$ 881,300	\$ 881,300	\$ 425,295	\$ 456,005	\$ 881,300	\$ -
Investment Earnings	<u>2,600</u>	<u>2,600</u>	<u>667</u>	<u>126</u>	<u>793</u>	<u>(1,807)</u>
Total revenues	<u>883,900</u>	<u>883,900</u>	<u>425,962</u>	<u>456,131</u>	<u>882,093</u>	<u>(1,807)</u>
Expenditures:						
Debt service						
Principal	1,453,235	1,453,235	1,215,662	237,000	1,452,662	573
Interest	<u>223,420</u>	<u>223,420</u>	<u>121,008</u>	<u>102,498</u>	<u>223,506</u>	<u>(86)</u>
Total expenditures	<u>1,676,655</u>	<u>1,676,655</u>	<u>1,336,670</u>	<u>339,498</u>	<u>1,676,168</u>	<u>487</u>
Excess of revenues over (under) expenditures	(792,755)	(792,755)	(910,708)	116,633	(794,075)	(1,320)
Other financing sources (uses):						
Transfers In	<u>966,985</u>	<u>966,985</u>	<u>819,235</u>	<u>-</u>	<u>819,235</u>	<u>147,750</u>
Net change in fund balance	174,230	174,230	(91,473)	116,633	25,160	149,070
Beginning fund balance	<u>-</u>	<u>-</u>	<u>47,615</u>	<u>(43,858)</u>	<u>47,615</u>	<u>47,615</u>
Ending fund balance	<u>\$ 174,230</u>	<u>\$ 174,230</u>	<u>\$ (43,858)</u>	72,775	<u>\$ 72,775</u>	<u>\$ 196,685</u>
GAAP Basis Presentation						
Advance to Economic Development Commission				<u>3,092,000</u>		
Ending fund balance GAAP basis				<u>\$ 3,164,775</u>		

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

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2021**

	Reserve Fund	Capital Improvement Fund	Total
<b>Assets:</b>			
Cash and Cash Equivalents	\$ <u>642,963</u>	\$ <u>649,233</u>	\$ <u>1,292,196</u>
 <b>Liabilities and Fund Balances:</b>			
Fund balances:			
Restricted	642,963	-	642,963
Committed	-	649,233	649,233
Total fund balances:	642,963	649,233	1,292,196
Total liabilities and fund balances	\$ 642,963	\$ 649,233	\$ 1,292,196

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

**NONMAJOR GOVERNMENTAL FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2021**

	Reserve Fund	Capital Improvement Fund	Total
<b>REVENUES:</b>			
Charges for Services	\$ -	\$ 274,163	\$ 274,163
Investment Earnings	4,530	3,522	8,052
	-	-	-
	-	-	-
Total revenues:	4,530	277,685	282,215
<b>EXPENDITURES:</b>			
Capital outlay	-	286	286
Excess of revenues over (under) expenditures	4,530	277,399	281,929
Net change in fund balance	4,530	277,399	281,929
Beginning fund balance	638,433	371,834	1,010,267
Ending fund balance	\$ 642,963	\$ 649,233	\$ 1,292,196

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

**RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2021**

	<u>BIENNIUM BUDGET</u>		<u>FIRST YEAR ACTUAL</u>	<u>SECOND YEAR ACTUAL</u>	<u>TOTAL ACTUAL FOR BUDGET PERIOD</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>				
Revenues:						
Investment Earnings	\$ 29,000	\$ 29,000	\$ 14,591	\$ 4,530	\$ 19,121	\$ (9,879)
Expenditures:						
Interdepartmental	417,560	417,560	250,466	-	250,466	167,094
Other financing sources (uses):						
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Net change in fund balance	(338,560)	(338,560)	(210,875)	4,530	(206,345)	132,215
Beginning fund balance	<u>846,725</u>	<u>846,725</u>	<u>849,308</u>	<u>638,433</u>	<u>849,308</u>	<u>2,583</u>
Ending fund balance	<u>\$ 508,165</u>	<u>\$ 508,165</u>	<u>\$ 638,433</u>	<u>\$ 642,963</u>	<u>\$ 642,963</u>	<u>\$ 134,798</u>

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

**CAPITAL IMPROVEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2021**

	<u>BIENNIUM BUDGET</u>		<u>FIRST YEAR ACTUAL</u>	<u>SECOND YEAR ACTUAL</u>	<u>TOTAL ACTUAL FOR BUDGET PERIOD</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>				
Revenues:						
Intergovernmental Revenues	\$ 150,000	\$ 150,000	\$ 168,000	\$ -	\$ 168,000	\$ 18,000
Charges for Services	312,500	312,500	285,403	274,163	559,566	247,066
Investment Earnings	21,000	21,000	7,495	3,522	11,017	(9,983)
Other Revenue	-	-	9,985	-	9,985	9,985
<b>Total revenues</b>	<b>483,500</b>	<b>483,500</b>	<b>470,883</b>	<b>277,685</b>	<b>748,568</b>	<b>265,068</b>
Expenditures:						
Capital Projects	150,000	150,000	-	-	-	150,000
SDC Capital Projects	335,000	510,500	620,565	286	620,851	(110,351)
Debt service	32,000	-	-	-	-	-
<b>Excess of revenues over (under) expenditures</b>	<b>(33,500)</b>	<b>(177,000)</b>	<b>(149,682)</b>	<b>277,399</b>	<b>127,717</b>	<b>304,717</b>
Other financing sources (uses):						
Transfers Out	(143,500)	(43,500)	(71,750)	-	(71,750)	28,250
<b>Net Change in fund balance</b>	<b>(177,000)</b>	<b>(220,500)</b>	<b>(221,432)</b>	<b>277,399</b>	<b>55,967</b>	<b>276,467</b>
<b>Beginning fund balance</b>	<b>634,150</b>	<b>634,150</b>	<b>593,266</b>	<b>371,834</b>	<b>593,266</b>	<b>(40,884)</b>
<b>Ending fund balance</b>	<b>\$ 457,150</b>	<b>\$ 413,650</b>	<b>\$ 371,834</b>	<b>\$ 649,233</b>	<b>\$ 649,233</b>	<b>\$ 235,583</b>

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

**WATER FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2021**

	<u>BIENNIUM BUDGET</u>		FIRST YEAR ACTUAL	SECOND YEAR ACTUAL	TOTAL ACTUAL FOR BUDGET PERIOD	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>				
<b>Revenues:</b>						
Charges for Services	\$ 8,516,500	\$ 8,527,600	\$ 3,397,062	\$ 3,986,271	\$ 7,383,333	\$ (1,144,267)
Investment Earnings	55,000	55,000	9,306	467	9,773	(45,227)
Other Revenue	<u>-</u>	<u>82,340</u>	<u>37,041</u>	<u>100,214</u>	<u>137,255</u>	<u>54,915</u>
Total revenues	<u>8,571,500</u>	<u>8,664,940</u>	<u>3,443,409</u>	<u>4,086,952</u>	<u>7,530,361</u>	<u>(1,134,579)</u>
<b>Expenditures:</b>						
Operations	8,421,565	8,368,905	4,068,996	4,271,445	8,340,441	28,464
SDC water improvements	400,000	511,100	382,998	81,355	464,353	46,747
Contingency	<u>651,100</u>	<u>651,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>651,100</u>
Total expenditures	<u>9,472,665</u>	<u>9,531,105</u>	<u>4,451,994</u>	<u>4,352,800</u>	<u>8,804,794</u>	<u>726,311</u>
Excess of revenues over (under) expenditures	<u>(901,165)</u>	<u>(866,165)</u>	<u>(1,008,585)</u>	<u>(265,848)</u>	<u>(1,274,433)</u>	<u>(408,268)</u>
Debt Issuance Proceeds	1,000,000	1,000,000	-	425,650	425,650	(574,350)
Net change in fund balance	(901,165)	(866,165)	(1,008,585)	159,802	(848,783)	(17,382)
Beginning fund balance	<u>2,607,325</u>	<u>2,707,325</u>	<u>1,298,155</u>	<u>289,570</u>	<u>1,298,155</u>	<u>(1,409,170)</u>
Ending fund balance	<u>\$ 1,706,160</u>	<u>\$ 1,841,160</u>	<u>\$ 289,570</u>	449,372	<u>\$ 449,372</u>	<u>\$ (1,426,552)</u>
<b>Reconciliation to Proprietary Net Position:</b>						
Capital assets, net of depreciation				21,956,453		
Deferred outflow of resources				272,972		
Accrued interest				(12,898)		
Net pension liability				(811,638)		
Compensated absences						
Current portion				(17,566)		
Noncurrent portion				(17,565)		
Long-term debt:						
Current portion				(337,000)		
Noncurrent portion				(4,255,650)		
Deferred inflow of resources				<u>(24,102)</u>		
Total				<u>\$ 17,202,378</u>		

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

**STORMWATER FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2021**

	<u>BIENNIUM BUDGET</u>		FIRST YEAR ACTUAL	SECOND YEAR ACTUAL	TOTAL ACTUAL FOR BUDGET PERIOD	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>				
Revenues:						
Charges for Services	\$ 1,915,315	\$ 1,915,315	\$ 928,197	\$ 991,403	\$ 1,919,600	\$ 4,285
Investment Earnings	40,000	40,000	32,963	12,440	45,403	5,403
Other Revenue	<u>-</u>	<u>-</u>	<u>1,479</u>	<u>19,800</u>	<u>21,279</u>	<u>21,279</u>
Total revenues	<u>1,955,315</u>	<u>1,955,315</u>	<u>962,639</u>	<u>1,023,643</u>	<u>1,986,282</u>	<u>30,967</u>
Expenditures:						
Operations	1,995,670	2,447,670	969,529	1,330,685	2,300,214	147,456
Contingency	<u>546,500</u>	<u>546,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>546,500</u>
Total expenditures	<u>2,542,170</u>	<u>2,994,170</u>	<u>969,529</u>	<u>1,330,685</u>	<u>2,300,214</u>	<u>693,956</u>
Excess of revenues over (under) expenditures	<u>(586,855)</u>	<u>(1,038,855)</u>	<u>(6,890)</u>	<u>(307,042)</u>	<u>(313,932)</u>	<u>724,923</u>
Debt Issuance Proceeds	1,000,000	1,000,000	-	425,650	425,650	574,350
Net change in fund balance	413,145	(38,855)	(6,890)	118,608	111,718	(150,573)
Beginning fund balance	<u>1,524,729</u>	<u>1,524,729</u>	<u>1,748,565</u>	<u>1,741,675</u>	<u>1,748,565</u>	<u>(223,836)</u>
Ending fund balance	<u>\$ 1,937,874</u>	<u>\$ 1,485,874</u>	<u>\$ 1,741,675</u>	1,860,283	<u>\$ 1,860,283</u>	<u>\$ (374,409)</u>

Reconciliation to Proprietary Net Position:

Capital assets, net of depreciation	7,783,312
Deferred outflow of resources	56,572
Net pension liability	(168,207)
Financing agreement	
Current portion	(86,101)
Noncurrent portion	(89,759)
Compensated absences	
Current portion	(5,489)
Noncurrent portion	(5,489)
Long-term debt	(425,650)
Accrued interest	(10,180)
Deferred inflow of resources	<u>(4,995)</u>
Total	<u>\$ 8,904,297</u>



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

**NONMAJOR BUILDING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2021**

	<u>BIENNIUM BUDGET</u>		FIRST YEAR ACTUAL	SECOND YEAR ACTUAL	TOTAL ACTUAL FOR BUDGET PERIOD	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>				
Revenues:						
Charges for Services	\$ 523,000	\$ 523,000	\$ 380,716	\$ 407,555	\$ 788,271	\$ 265,271
Investment Earnings	25,000	25,000	18,321	6,897	25,218	218
Other Revenue	-	-	375	366	741	741
Total revenues	<u>548,000</u>	<u>548,000</u>	<u>399,412</u>	<u>414,818</u>	<u>814,230</u>	<u>266,230</u>
Expenditures:						
Personal Services	475,390	450,390	201,745	225,697	427,442	22,948
Materials and Services	127,600	152,600	78,559	71,631	150,190	2,410
Contingency	6,000	6,000	-	-	-	6,000
Total expenditures	<u>608,990</u>	<u>608,990</u>	<u>280,304</u>	<u>297,328</u>	<u>577,632</u>	<u>31,358</u>
Net change in fund balance	(60,990)	(60,990)	119,108	117,490	236,598	297,588
Beginning fund balance	<u>881,550</u>	<u>881,550</u>	<u>624,230</u>	<u>743,338</u>	<u>624,230</u>	<u>(257,320)</u>
Ending fund balance	<u>\$ 820,560</u>	<u>\$ 820,560</u>	<u>\$ 743,338</u>	860,828	<u>\$ 860,828</u>	<u>\$ 40,268</u>
Reconciliation to proprietary net position:						
Deferred outflow of resources				102,689		
Net pension liability				(305,332)		
Compensated absences				(13,390)		
Deferred inflow of resources				<u>(9,067)</u>		
Total				<u>\$ 635,728</u>		

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

**INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2021**

	<u>BIENNIUM BUDGET</u>		FIRST YEAR ACTUAL	SECOND YEAR ACTUAL	TOTAL ACTUAL FOR BUDGET PERIOD	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>				
<b>Revenues:</b>						
Charges for Services	\$ 2,989,600	\$ 2,905,600	\$ 1,446,815	\$ 1,473,935	\$ 2,920,750	\$ 15,150
Investment Earnings	12,000	12,000	4,669	841	5,510	(6,490)
Other Revenue	5,000	241,740	915	8,131	9,046	(232,694)
Gain/loss on assets	-	-	15,420	-	15,420	15,420
<b>Total revenues</b>	<b><u>3,006,600</u></b>	<b><u>3,159,340</u></b>	<b><u>1,467,819</u></b>	<b><u>1,482,907</u></b>	<b><u>2,950,726</u></b>	<b><u>(208,614)</u></b>
<b>Expenditures:</b>						
Administration	1,677,840	1,512,840	801,410	830,927	1,632,337	(119,497)
Facilities Maintenance	537,350	605,709	246,476	293,450	539,926	65,783
Fleet Maintenance	980,710	1,065,091	570,046	322,923	892,969	172,122
<b>Total expenditures</b>	<b><u>3,195,900</u></b>	<b><u>3,183,640</u></b>	<b><u>1,617,932</u></b>	<b><u>1,447,300</u></b>	<b><u>3,065,232</u></b>	<b><u>118,408</u></b>
Excess of revenues over (under) expenditures	(189,300)	(24,300)	(150,113)	35,607	(114,506)	(90,206)
<b>Other financing sources (uses):</b>						
Transfers Out	<u>(50,000)</u>	<u>(215,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>	<u>190,000</u>
<b>Net change in fund balance</b>	<b>(239,300)</b>	<b>(239,300)</b>	<b>(175,113)</b>	<b>35,607</b>	<b>(139,506)</b>	<b>99,794</b>
<b>Beginning fund balance</b>	<b><u>293,645</u></b>	<b><u>293,645</u></b>	<b><u>233,584</u></b>	<b><u>58,471</u></b>	<b><u>233,584</u></b>	<b><u>(60,061)</u></b>
<b>Ending fund balance</b>	<b><u>\$ 54,345</u></b>	<b><u>\$ 54,345</u></b>	<b><u>\$ 58,471</u></b>	<b>94,078</b>	<b><u>\$ 94,078</u></b>	<b><u>\$ 39,733</u></b>

Reconciliation to proprietary net position:

Capital assets, net of depreciation	548,821
Deferred outflow of resources	327,557
Net pension liability	(973,936)
Compensated absences	(47,521)
Deferred inflow of resources	<u>(28,922)</u>
<b>Total</b>	<b><u>\$ (79,923)</u></b>

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

**INDEPENDENT AUDITOR'S COMPLIANCE REPORT**



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS***

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

We have audited the basic financial statements of the City of Central Point, Oregon ("City") as of and for the year ended June 30, 2021, and have issued our report thereon dated March 8, 2023. 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'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 except as noted below.

1. As described in Note 13 of the City's financial statements, the results of testing indicated three instances of non-compliance related to excess expenditures over appropriations.
2. A significant deficiency in internal controls was noted as a result of audit procedures performed.

## OAR 162-10-0230 Internal Control

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We noted one material weakness and one significant deficiency as a result of our testing. Additional information regarding this matter will be communicated to the management of the City and the Mayor and City Council in a management letter issued in accordance with AU-C 265 *Communicating Internal Control Related Matters Identified in an Audit*.

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

This report is intended solely for the information and use of management, the Honorable Mayor and Council, 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 Hawkins, CPA, a member of the firm

Eugene, Oregon  
March 8, 2023