



CITY OF COTTAGE GROVE, OREGON
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

CITY OF COTTAGE GROVE, OREGON
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

FISCAL YEAR ENDED JUNE 30, 2019

WITH

INDEPENDENT AUDITOR'S REPORT

REPORT PREPARED BY
CITY OF COTTAGE GROVE, FINANCE DEPARTMENT

CITY OF COTTAGE GROVE, OREGON
 Financial Statements and Supplemental Information
 For the Fiscal Year Ended June 30, 2019
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INTRODUCTORY SECTION

CITY OF COTTAGE GROVE, OREGON

Principal City Officials

June 30, 2019

ELECTED OFFICIALS

Mayor

Jeff Gowing
337 N. 9th Street
Cottage Grove, OR 97424

Term Expiration

December 31, 2020

Council Members

Jake Boone
823 Birch Avenue
Cottage Grove, OR 97424

Ward 1

December 31, 2022

Bob Ehler
235 S. 11th Street
Cottage Grove, OR 97424

Ward 2

December 31, 2020

Candace Solesbee
15 South 6th Street
Cottage Grove, OR 97424

Ward 3

December 31, 2022

Greg Ervin
1140 E. Van Buren Avenue
Cottage Grove, OR 97424

Ward 4

December 31, 2020

Kenneth Michael Roberts
731 Main Street, #6
Cottage Grove, OR 97424

At-Large

December 31, 2020

Mike Fleck
1125 E. Harrison
Cottage Grove, OR 97424

At-Large

December 31, 2022

ADMINISTRATIVE OFFICIALS

Richard Meyers

City Manager

Roberta Likens

Finance Director

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Cottage Grove, 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 Cottage Grove, Oregon ("City") as of and for the year ended June 30, 2019, 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 City'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 City'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 of Cottage Grove as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgeted comparison schedules for the General Fund and Street Fund, the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Pension Contributions 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, the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Pension Contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules for the General and Street funds are the responsibility of management and were derived from and relate directly to the underlying accounting 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 budgetary comparison schedules are 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 fund financial statements, and budget and actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and budget and actual schedules 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 fund financial statements and budget and actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 30, 2019, on our consideration of the City's compliance with certain provisions of laws and regulations including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-10-0320. 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, a member of the firm
Eugene, Oregon
December 30, 2019



City of Cottage Grove

400 E. Main Street, Cottage Grove, OR 97424

Ph (541) 942-3346 Fax (541) 942-5125

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

This discussion and analysis presents the highlights of financial activities and the financial position of the City of Cottage Grove (City). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, debt administration, capital assets, budget changes, and variances from the budget, specific issues related to funds and the economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current-year activities and the resulting changes. Please read it in conjunction with the City's financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

Government-Wide

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$59,222,307 (reported as net position). Of this amount, \$3,169,667 represents unrestricted net position, which may be used to meet the City's obligations to citizens and creditors
- The City's net position increased \$109,832 in governmental activities and increased \$1,704,647 in business type activities resulting in a total increase of \$1,814,479.
- The City's total debt outstanding decreased \$753,813 or 4% this year by scheduled principal payments. One additional loan, in the amount of \$725,000 was added in Governmental Activities for the purchase of property.
- The City's overall net pension liability increased from \$8.2 million to \$8.9 million.

Fund Level

- The City's governmental funds reported a combined fund balance of \$5.3 million, which is \$164,000 under the prior fiscal year. Of the fund balance reported, \$2.5 million is considered non-spendable, restricted, or committed. The remaining \$2.8 is available for spending at the government's discretion.
- The proprietary funds – those used to account for programs which the City charges for the services it provides, reported a combined net position of \$21.8 million, an increase of \$1.7 million over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Cottage Grove's basic financial statements. The basic financial statements, combined with the supplementary information and other financial schedules provide both a government-wide view of the City's financial condition over time as well as detailed information relating to how the City's net position changed during the current fiscal year.

The change in net position over time is one indicator of whether the City's financial health is improving or deteriorating. However, other non-financial factors influence the City's fiscal health. These factors may include changes in the economy, in the City's taxable assessed value, in population, etcetera. This report includes a comparison to the prior year, in order to assist the reader in determining the status of the City's fiscal standing over time.

Basic financial statements include a Statement of Net Position, Statement of Activities, Fund Financial Statements and the notes to the financial statements. Statements of Net Position and Activities focus on a government-wide presentation, while Fund Financial Statements provide detailed information about the City's major governmental and proprietary funds.

Government-wide Financial Statements

- The Statement of Net position presents information on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the City owns; the liabilities it owes, the net difference (net position) and deferred outflows and inflows related to pensions. The net position is further separated into amounts restricted for specific purposes and unrestricted. This statement can serve as a useful indicator of whether the financial position of the City is improving or deteriorating over time.
- The Statement of Activities presents information on gross and net costs of City programs. This statement reflects how the City's net position changed during the most recent fiscal year, and summarizes the extent to which programs are self-supporting and/or subsidized by general tax or other revenues.
- Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, (business-type activities).

Fund Financial Statements

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements focus separately on the City's major governmental and proprietary funds.

- Governmental funds are reported using the modified accrual basis of accounting, which measures amounts using only cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid out with cash. The government fund statements provide a detailed short-term view of the governmental fund operations and the basic services it provides. These statements may be useful in assessing a government's near-term financing requirements.
- Major funds are defined as the General Fund and any other fund where the assets, liabilities, revenues, or expenditures/expenses exceed 10% of total governmental or total enterprise fund amounts and 5% of total government and enterprise fund amounts combined. Generally accepted accounting principles require that detailed information about major funds be separately disclosed. The General Fund and the Street Fund are major governmental funds.
- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements and are reported using the full accrual basis of accounting, which measures amounts using cash, all assets and liabilities (receivable and payables) regardless of when they will be converted to cash or paid out with cash. The City's enterprise funds primarily charge user fees to customers to cover the costs of providing the services on a continual basis. These funds represent three segments of operations: Water, Wastewater, and Storm Drainage.

Notes to the Basic Financial Statements

- Accompanying notes are an integral part of the financial statements. Notes provide additional details and statistical information about the figures represented, accounting basis, policies and procedures as well as compliance, stewardship and accountability.

Net Position as of June 30th

The table below reflects a summary of net position compared to the prior fiscal year; the following notes summarize the major changes to net position.

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Current & Other Investments	\$6,401,411	\$6,542,364	\$7,098,862	\$6,523,033	\$13,500,273	\$13,065,397
Capital assets, net	40,035,128	38,480,619	31,389,111	31,202,839	71,424,239	69,683,458
Total assets	<u>46,436,539</u>	<u>45,022,983</u>	<u>38,487,973</u>	<u>37,725,872</u>	<u>84,924,512</u>	<u>82,748,855</u>
Total deferred outflows of resources	<u>2,366,305</u>	<u>2,074,691</u>	<u>1,028,336</u>	<u>945,271</u>	<u>3,394,641</u>	<u>3,019,962</u>
Current liabilities	1,194,905	1,061,029	554,974	590,415	1,749,879	1,651,444
Long term liabilities	9,673,166	8,685,138	16,914,542	17,916,677	26,587,708	26,601,815
Total liabilities	<u>\$10,868,071</u>	<u>\$9,746,167</u>	<u>\$17,469,516</u>	<u>\$18,507,092</u>	<u>\$28,337,587</u>	<u>\$28,253,259</u>
Total deferred inflows of resources	<u>553,290</u>	<u>79,859</u>	<u>205,969</u>	<u>27,873</u>	<u>759,259</u>	<u>107,732</u>
Net position:						
Net Investment in capital assets	\$36,816,321	\$35,720,441	\$16,921,238	\$15,946,460	\$53,737,559	\$51,666,901
Restricted	627,288	1,170,542	1,754,367	1,542,694	2,381,655	2,713,235
Unrestricted	(62,126)	380,665	3,165,219	2,647,024	3,103,093	3,027,689
Total Net Position	<u>\$37,381,483</u>	<u>\$37,271,648</u>	<u>\$21,840,824</u>	<u>\$20,136,178</u>	<u>\$59,222,307</u>	<u>\$57,407,824</u>

The largest portion of the City's net position (91% percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt. Total Government Restricted net position includes \$1,754,367 for system development, \$113,390 for road maintenance and \$513,898 for other purposes. The remaining balance is unrestricted net position in the amount of \$3,103,093 and may be used to meet the City's ongoing obligations to citizens and creditors.

Statement of Activities as of June 30th

As with the Statement of Net Position, the Statement of Activities reports activities on a consolidated basis. A summary of significant activities follows the table below.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues						
Charges for services	\$ 1,769,409	\$ 1,467,639	\$ 7,687,821	\$ 7,328,775	\$ 9,457,230	\$ 8,796,414
Operating grants and contributions	1,615,783	1,460,155			1,615,783	1,460,155
Capital grants and contributions	29,615	27,079			29,615	27,079
General revenues						
Property taxes	4,729,399	4,455,279			4,729,399	4,455,279
Franchise fees	836,753	619,491			836,753	619,491
Alcoholic Beverage Taxes	177,580	170,209			177,580	170,209
Motor Fuel Taxes	417,126	405,419			417,126	405,419
Taxes and Other Revenues not restricted to specific programs	266,578	250,172	7,089		273,667	250,172
Gain (loss) on disposition of Capital Assets	87,319	(2,911)			87,319	(2,911)
Interest	151,685	101,673	136,094	77,392	287,779	179,065
Total revenues	\$ 10,081,247	\$ 8,954,205	\$ 7,831,004	\$ 7,406,167	\$ 17,912,251	\$ 16,360,372
EXPENSES						
Governmental activities:						
General government	\$ 4,419,131	\$ 2,980,437			\$ 4,419,131	\$ 3,287,897
Public safety	3,380,322	3,455,840			3,380,322	3,455,840
Highways and streets	524,345	1,208,005			524,345	900,545
Culture and recreation	618,368	923,553			618,368	923,553
Community development	757,611	693,475			757,611	693,475
Interest on long-term debt	271,638	200,046			271,638	200,046
Business- type activities:						
Water			\$ 2,755,906	\$ 2,809,454	2,755,906	2,809,454
Wastewater			2,767,564	2,958,077	2,767,564	2,958,077
Storm drainage			602,887	663,601	602,887	663,601
Total Expenses	9,971,415	9,461,356	6,126,357	6,431,132	16,097,772	15,892,488
Change in Net Position before transfers	109,832	(507,151)	1,704,647	975,035	1,814,479	467,884
Transfers in (out)	0	240,169	0	(240,169)	0	0
Change in Net Position	109,832	(266,982)	1,704,647	734,866	1,814,479	467,882
*Beginning Net Position	37,271,651	37,538,633	20,136,177	19,401,311	57,407,828	56,939,944
Ending Net Position	\$37,381,483	\$ 37,271,651	\$ 21,840,824	\$ 20,136,177	\$ 59,222,307	\$ 57,407,828

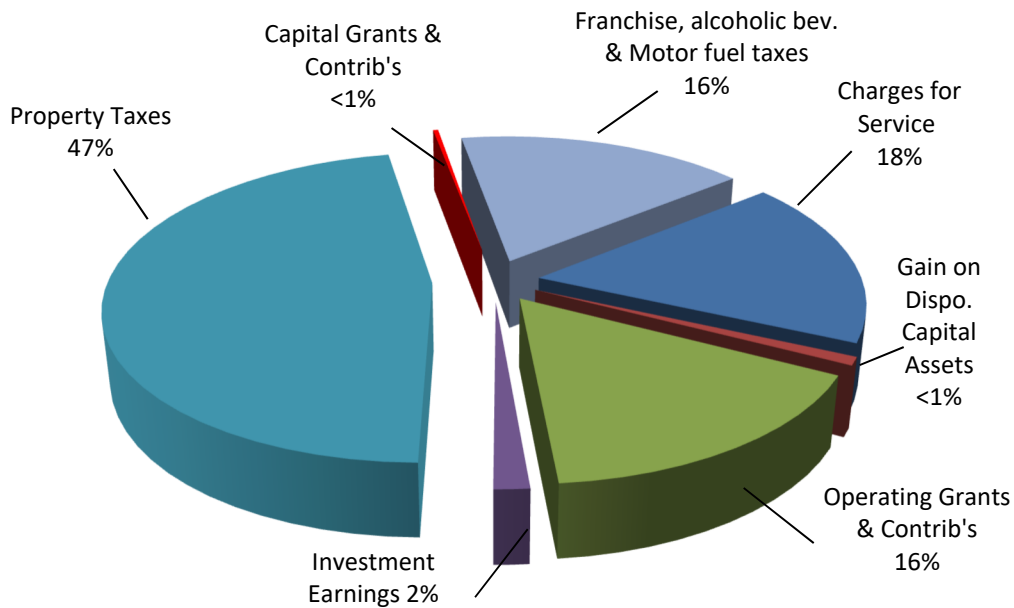
Governmental Activities

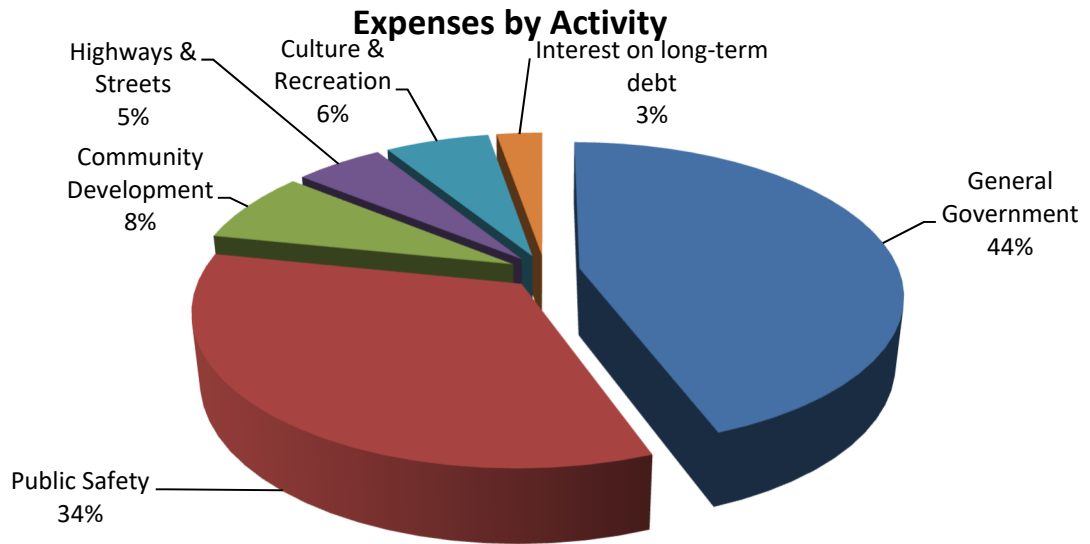
The net position for governmental activities increased \$109,455 from the prior year. Key factors include:

- Total governmental activity revenues increased \$1,126,668 approximately 11% more than the previous year. The most significant increase in revenue was in Charges for Service. There was also an additional \$510,059 in expenditures, compared to the prior year.
- Property taxes comprise approximately 47% of governmental operating revenue. For operating purposes, property tax revenues increased \$274,123. Property tax increases are controlled by state statute and allowed to increase by up to 3% per year, as well as taxes on new construction.
- Operating grants and contributions increased \$10,972. The City is a pass-through agency for Transportation Grants for South Lane Wheels.
- Capital Grants and contributions increased \$2,536.
- Overall, expenditures increased, and revenue has increased, however revenues are greater than expenditures which is a change (addition) in Net Position of \$109,832.

Governmental Activities as of June 30, 2019

Resources by Type



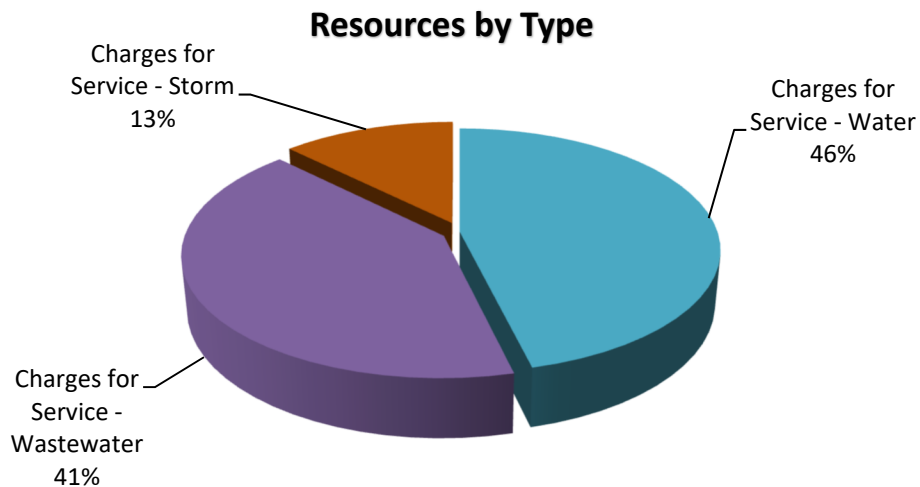


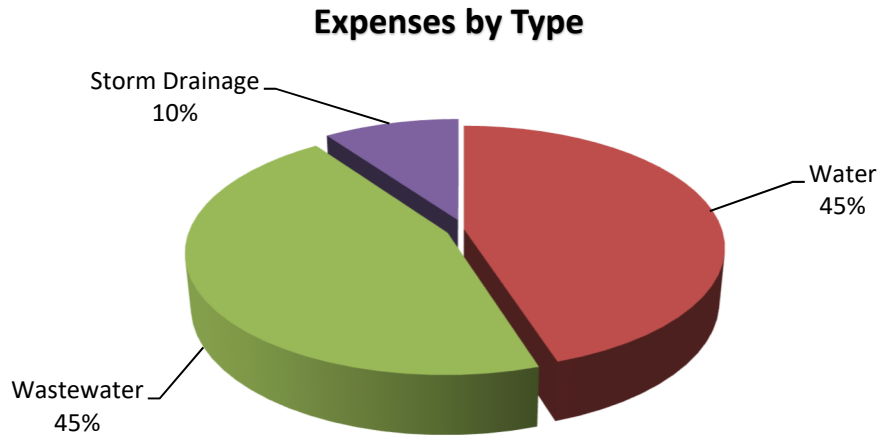
Business Activities

Business-type activities generated an increase to net position in the amount of \$1,704,650 from the prior year. Key activities during the fiscal year included:

- Charges for Water, Wastewater, and Storm drain were increased in conjunction with a five-year plan developed by FCS Group and implemented by the City Council to meet the City’s ongoing infrastructure demands. Charges for services increased by \$359,046.
- Expenses decreased \$304,775 compared to last year. This is partially attributed to decreased costs for materials and services. Transfers to the respective reserve funds in the water and wastewater operations remained nearly the same as last year.

Business Activities as of June 30, 2019





FUND FINANCIAL ANALYSIS

Governmental Funds

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

At the end of the fiscal year, the City of Cottage Grove's governmental funds reported combined ending fund balances of \$5,345,618. Approximately 53% of this total amount (\$2,826,318) constitutes unassigned fund balance. The remainder of the fund balance is non-spendable (\$3,000), restricted (\$626,707), or committed (\$1,889,593).

The main operating fund for the City is the General Fund. At the end of fiscal year 2019 the unassigned fund balance was \$2,826,318. It may be useful to compare the fund balance to the total fund expenditures as a measure of the General Fund's liquidity. The unassigned fund balance represents approximately 46% of the total General Fund operating expenditures.

The general fund had an increase in total fund balance of \$403,959 during fiscal year 2019. Transfers to other funds were a total of \$1,238,434. Of that amount, \$484,190 was for operations of the Police Communications Fund, \$193,000 to the General Reserve Fund, \$125,000 to the Armory Trust Fund, and \$436,244 to the Debt Service Fund. Actual revenue received compared to budget estimates increased 12%, which was more in 2019 compared to 2018 and expenditures as a percent of budget remained at 86% which is the same as the previous year.

In the Street Fund, the fund balance decreased by \$657,334 during fiscal year 2019. Beginning fund balance was approximately \$204,276 less than anticipated. State highway taxes exceeded budgeted amounts by approximately 4% and local fuel taxes exceeded budget estimations by approximately

4%; no Federal Urban Aid money was received but was anticipated. Expenditures were 72% of the budgeted amount, an increase of 10% over the previous year.

The Industrial Park Fund ending fund balance was \$220,534; this is an increase of \$104,324. One lot in the industrial park was sold in fiscal year 18-19, making it possible to continue to meet debt obligations. Outstanding debt will continue to be addressed and paid as required. Additional property was purchased with a loan in the amount of \$725,000. The purchase will allow the extension of 'R' Street into the Industrial Park. Once constructed, the remaining purchased property will be sold, including a residence. Currently the City receives a monthly rental payment for the residence.

Proprietary Funds

The City's proprietary funds are comprised of the enterprise funds. An enterprise fund is used to account for activities for which a fee is charged to external users for services. These funds provide the same type of information found in the government-wide financial statements, but in more detail.

The combined water operations had an increase in total net position of \$858,335. The combined wastewater operations had an increase in total net position of \$431,196. The operating revenues increased by \$105,917 over the prior year in water operations. Wastewater operations revenue increased over the prior year \$187,404. Utility rates for both the water and wastewater funds were increased. Sales in the water fund were \$135,291 more than anticipated and charges for service in the wastewater fund were \$154,767 more than anticipated and of that amount the Charges for Services from the operation of the golf course exceeded budget estimates by \$63,559.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budgetary statement for the General Fund shows the original budget, final budget, actual revenues, expenditures, and transfers for the fiscal year ended June 30, 2019. By resolution of the City Council, funds in the amount of \$177,850 were transferred from the Non-departmental Contingency line item, to various departments within the General Fund to meet expenditure requirements, leaving a balance of \$151,170 in the Contingency line item. The majority of the transfer, \$125,000, was transferred to the Armory Trust Fund in order to accurately account for all previous monies allocated for the rehabilitation of the Armory.

Significant variances between budget and actual activity can be summarized as follows:

- The General Fund revenues exceeded projections by approximately 14% (\$954,617), not including cash carryover.
- The Police Department under expended its budget by \$223,301. This can be contributed partly to personnel expense for wages for Police Officers with 90% of budgeted funds spent, and capital outlay for computer and radio equipment only 47% spent.

- General Fund department expenditures ranged from a low of 78% spent (Youth Peer Court) to a high of 99% spent (Library and Community Development). The average spent was 90% of budgeted funds. Staffing expense in the Youth Peer Court fund remained low in conjunction with the number of cases referred to Peer Court decreasing. This created significant cost reduction for the department.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets Net of Depreciation

The City of Cottage Grove’s investment in capital assets for its governmental and business type activities as of June 30, 2019 amounts to \$71,380,199 (net of accumulated depreciation). This investment in capital assets includes land, buildings, motor vehicles and equipment, office furniture and equipment, infrastructure and construction in progress.

Governmental activities and business type activities capital assets at June 30th were as follows:

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Land	\$27,357,592	\$26,646,479	\$ 2,134,988	\$ 2,134,988	\$29,492,580	\$28,781,467
Buildings	3,380,323	3,388,923	2,230,159	1,452,903	5,610,482	4,841,826
Land improvements			209,874	293,876	209,874	293,876
Motor vehicles and equipment	524,813	486,326	968,670	866,180	1,493,483	1,352,506
Office furniture and equipment	104,358	16,058	24,749	1,993	129,107	18,051
Infrastructure	7,223,674	7,643,218	24,924,338	24,953,433	32,148,012	32,596,651
Construction in progress	1,419,628	320,217	877,033	1,460,866	2,296,661	1,781,083
Utility Systems						
Total	\$40,010,388	\$38,501,221	\$31,369,811	\$31,164,239	\$71,380,199	\$69,665,460

Major capital asset events during the current fiscal year included the following:

Governmental Activities-

- Land was acquired for developing additional access to the Industrial Park from ‘R’ Street.
- Building Improvements recognized include a heat pump at the Armory, roof and heat pump improvements at the Museum, a lighting project at the Library, and construction of a wall in the Finance Department to enclose an office space.
- Equipment purchases included a 2018 Titan Striper, 2014 International Dump Truck, 2018 Flail Mower, 2008 Interstate Box Trailer, and other miscellaneous equipment, costs partially allocated to governmental activities; Stencil logging equipment, and an Executive Information Services CAD System for the Police Department.

- Infrastructure Improvements included Phase I of the bike trail lighting project; ADA ramps on Row River Road at Great Days Preschool; Gateway Boulevard street improvements, 6th Street Waterline project, and improvements to the railroad crossing at Harrison Avenue

Business Type Activities-

- Infrastructure includes improvements to Gateway Boulevard near the intersection of Highway 99 and Gateway Boulevard; waterline projects at various locations; various sanitary sewer line projects, and rehabilitation to the generator at the Wastewater Treatment Plant.
- Equipment purchases include, 2014 International Dump Truck, 2018 Flail Mower, 2019 Ditch Witch HX 50 Vacuum Trailer, Meyer V-Plow, of which its costs are partially allocated to business type activities; 2012 Reelmaster Fairway Mower, 2018 Dakota Top Dresser, 2018 Smithco Spraystar, 2018 XPR-9S Lift, 2008 Turf Sweeper, and a SCADA System at the Wastewater Treatment Plant, all of which are solely allocated to business type activities.
- Building Improvements recognized includes the Taylor Avenue Pump Station, Knox Hill Pump Station, Holly Avenue Pump Station, Ash Avenue Waterline Project, and bridge maintenance on Main Street and Harrison Avenue, all of which were work in progress during the prior fiscal year.
- Work in Progress includes Fillmore Street Stormwater Project, Riverview Terrace Water Project, City Shop building, and other smaller projects.

Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	\$38,501,221	\$38,299,298	\$31,164,239	\$32,045,429	\$69,665,460	\$70,344,727
Additions & Reclas.	2,541,787	1,559,990	3,065,751	514,784	5,607,538	2,074,774
Depreciation	(819,576)	(797,168)	(1,411,509)	(1,393,765)	(2,231,085)	(2,190,933)
Deletions & Reclas.	<u>(213,044)</u>	<u>(560,899)</u>	<u>(1,448,670)</u>	<u>(2,209)</u>	<u>(1,661,714)</u>	<u>(563,108)</u>
Ending balance	<u>\$40,010,388</u>	<u>\$38,501,221</u>	<u>\$31,369,811</u>	<u>\$31,164,239</u>	<u>\$71,380,199</u>	<u>\$69,665,460</u>

Further information may be found in Note 5 of the Notes to the Basic Financial Statements.

Debt Administration

At the end of the fiscal year, the City of Cottage Grove had total long-term debt outstanding of \$17,642,641. Of that amount, \$1,510,315 is a general obligation bond to pay the City's unfunded actuarial liability in the Public Employees Retirement System. New direct borrowing was incurred during the fiscal year for the purchase of property to create additional access into the Industrial Park in the amount of \$725,000. Uncompensated absences also increased \$14,686. Further information may be found in Note 8 of the Notes to the Basic Financial Statements.

Outstanding Debt at Year-end

	<u>2019</u>	<u>2018</u>
Governmental Activities		
PERS UAL refinancing	\$ 1,262,623	\$ 1,287,990
2013 LOCAP -Industrial Park	118,944	153,944
Bond Series 2017 – Industrial Park	215,040	215,040
2013 LOCAP -Fiber	68,592	83,592
Bond Series 2017 - Fiber	224,477	224,477
Bond Series 2017 – Premium	69,298	72,945
Optical/Wireless Equipment	366,172	437,330
Police Vehicle	0	30,893
Police Vehicles - 2018	44,120	72,758
Armory Building	50,785	101,570
Street Sweeper	58,448	96,391
Tiger Mower	2,335	3,850
Property Purchase – Industrial Park	713,234	0
Sub-total	<u>\$ 3,194,068</u>	<u>\$ 2,780,780</u>
	<u>2019</u>	<u>2018</u>
Business-type Activities		
PERS UAL refinancing	\$ 247,692	\$ 252,668
Water system improvement	741,166	809,096
LOCAP -Water	1,334,648	1,644,648
Bond Series 2017 – Water	4,808,756	4,863,756
LOCAP -Wastewater	2,080,915	2,570,915
Bond Series 2017 – Wastewater	2,318,404	2,318,404
LOCAP -Storm	220,775	270,775
Bond Series 2017 - Storm	720,945	720,945
LOCAP –Golf Course	196,127	241,127
Bond Series 2017 – Golf Course	202,378	202,378
Bond Series 2017 – Premium	1,276,290	1,343,463
Middlefield Golf Course/ Residence	205,452	224,385
Water/Wastewater Equipment	95,025	153,113
Sub-total	<u>14,448,573</u>	<u>15,615,673</u>
Total	<u><u>17,642,641</u></u>	<u><u>18,396,453</u></u>

State statutes limit the amount of general obligation debt an Oregon city may issue to 3% of total real market value of all taxable property within its boundary. The current debt limitation for the City of Cottage Grove is \$34,249,528. The outstanding debt of \$1,958,975 is counted within the statutory limitation, as the remaining debt, is either wholly or partially financed by revenues other than a general tax levy.

BASIC FINANCIAL STATEMENTS

CITY OF COTTAGE GROVE, OREGON

Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 5,743,145	\$ 6,236,641	\$ 11,979,786
Accounts, net	658,266	709,827	1,368,093
Inventories	<u>-</u>	<u>152,394</u>	<u>152,394</u>
Total current assets	<u>6,401,411</u>	<u>7,098,862</u>	<u>13,500,273</u>
Noncurrent assets:			
Internal balances	(19,300)	19,300	-
Net OPEB/RHIA asset	44,040	-	44,040
Capital assets not being depreciated	28,777,220	3,012,021	31,789,241
Capital assets, net of accumulated depreciation	<u>11,233,168</u>	<u>28,357,790</u>	<u>39,590,958</u>
Total noncurrent assets	<u>40,035,128</u>	<u>31,389,111</u>	<u>71,424,239</u>
Total Assets	<u>46,436,539</u>	<u>38,487,973</u>	<u>84,924,512</u>
Deferred Outflow of Resources	<u>2,366,305</u>	<u>1,028,336</u>	<u>3,394,641</u>
Liabilities			
Current Liabilities:			
Accounts payable	431,994	95,187	527,181
Payroll and related accruals	400,470	87,827	488,297
Deposits	8,075	41,890	49,965
Unearned revenue	-	51,502	51,502
Accrued interest payable	31,338	148,835	180,173
Compensated absences	<u>323,028</u>	<u>129,733</u>	<u>452,761</u>
Total current liabilities	<u>1,194,905</u>	<u>554,974</u>	<u>1,749,879</u>
Noncurrent liabilities:			
Net pension liability	6,479,099	2,465,969	8,945,068
Due within one year	273,449	1,135,575	1,409,024
Due in more than one year	<u>2,920,618</u>	<u>13,312,998</u>	<u>16,233,616</u>
Total noncurrent liabilities	<u>9,673,166</u>	<u>16,914,542</u>	<u>26,587,708</u>
Total liabilities	<u>10,868,071</u>	<u>17,469,516</u>	<u>28,337,587</u>
Deferred Inflow of Resources	<u>553,290</u>	<u>205,969</u>	<u>759,259</u>
Net Position			
Net investment in capital assets	36,816,321	16,921,238	53,737,559
Restricted for:			
Law enforcement	207,005	-	207,005
System development	-	1,754,367	1,754,367
Road maintenance	113,390	-	113,390
Permanent trust funds	85,776	-	85,776
Bicycle and Footpath	583	-	583
Industrial park	220,534	-	220,534
Unrestricted	<u>(62,126)</u>	<u>3,165,219</u>	<u>3,103,093</u>
Total Net Position	<u>\$ 37,381,483</u>	<u>\$ 21,840,824</u>	<u>\$ 59,222,307</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Statement of Activities

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 4,419,131	\$ 824,010	\$ 666,682	\$ 29,615	\$ (2,898,824)	\$ -	\$ (2,898,824)
Public Safety	3,380,322	312,471	-	-	(3,067,851)	-	(3,067,851)
Highways and Streets	524,345	11,018	904,330	-	391,003	-	391,003
Culture and Recreation	618,368	-	44,771	-	(573,597)	-	(573,597)
Community Development	757,611	621,910	-	-	(135,701)	-	(135,701)
Debt Service - Interest	271,638	-	-	-	(271,638)	-	(271,638)
Total Governmental Activities	<u>9,971,415</u>	<u>1,769,409</u>	<u>1,615,783</u>	<u>29,615</u>	<u>(6,556,608)</u>	<u>-</u>	<u>(6,556,608)</u>
Business-type Activities							
Water Operations	2,755,906	3,547,853	-	-	-	791,947	791,947
Wastewater Operations	2,767,564	3,175,348	-	-	-	407,784	407,784
Storm Drainage Operations	602,887	964,620	-	-	-	361,733	361,733
Total Business-type Activities	<u>6,126,357</u>	<u>7,687,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,561,464</u>	<u>1,561,464</u>
Total Activities	<u>\$ 16,097,772</u>	<u>\$ 9,457,230</u>	<u>\$ 1,615,783</u>	<u>\$ 29,615</u>	<u>(6,556,608)</u>	<u>1,561,464</u>	<u>(4,995,144)</u>
General revenues:							
					4,729,399	-	4,729,399
					836,753	-	836,753
					177,580	-	177,580
					417,126	-	417,126
					245,393	-	245,393
					6,978	-	6,978
					87,319	-	87,319
					14,207	7,089	21,296
					151,685	136,094	287,779
					<u>6,666,440</u>	<u>143,183</u>	<u>6,809,623</u>
					109,832	1,704,647	1,814,479
					<u>37,271,651</u>	<u>20,136,177</u>	<u>57,407,828</u>
					<u>\$ 37,381,483</u>	<u>\$ 21,840,824</u>	<u>\$ 59,222,307</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Governmental Funds

Balance Sheet

June 30, 2019

	General Fund (001)	Street Fund (004)	Debt Service Fund (817)	Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 3,118,071	\$ 90,471	\$ -	\$ 2,534,607	\$ 5,743,149
Accounts	210,072	138,303	-	25,224	373,599
Property taxes	177,215	-	-	-	177,215
Grants/contracts	12,500	76,208	-	-	88,708
Loan	-	-	-	18,744	18,744
Total Assets	<u>\$ 3,517,858</u>	<u>\$ 304,982</u>	<u>\$ -</u>	<u>\$ 2,578,575</u>	<u>\$ 6,401,415</u>
Liabilities					
Accounts payable	\$ 158,810	\$ 177,498	\$ -	\$ 95,685	\$ 431,993
Payroll and related accruals	347,440	14,094	-	38,936	400,470
Deposits	8,075	-	-	-	8,075
Advance from other fund	-	-	-	19,300	19,300
Total Liabilities	<u>514,325</u>	<u>191,592</u>	<u>-</u>	<u>153,921</u>	<u>859,838</u>
Deferred Inflows of Resources					
Unavailable revenues	<u>177,215</u>	<u>-</u>	<u>-</u>	<u>18,744</u>	<u>195,959</u>
Fund Balance					
Nonspendable	-	-	-	3,000	3,000
Restricted	-	113,390	-	513,317	626,707
Committed	-	-	-	1,889,593	1,889,593
Unassigned	<u>2,826,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,826,318</u>
Total Fund Balances	<u>2,826,318</u>	<u>113,390</u>	<u>-</u>	<u>2,405,910</u>	<u>5,345,618</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,517,858</u>	<u>\$ 304,982</u>	<u>\$ -</u>	<u>\$ 2,578,575</u>	<u>\$ 6,401,415</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2019

Total Government Fund Balances		\$ 5,345,618
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources in governmental funds but are reported in the statement of net position at their net depreciated value:		
Capital assets not being depreciated	28,777,220	
Capital assets being depreciated	34,460,039	
Accumulated depreciation	<u>(23,226,871)</u>	40,010,388
Other resources are not available to pay for current-period expenditures and therefore are recognized in the governmental funds:		
Deferred inflow related to property taxes and loans receivable	195,959	
Deferred inflow related to pensions	(541,164)	
Deferred inflow related to OPEB/RHIA	(12,131)	
Deferred outflow related to pensions	2,346,597	
Deferred outflow related to OPEB/RHIA	19,708	
Net OPEB obligation/asset	44,040	
Net pension asset/liability	<u>(6,479,099)</u>	(4,426,090)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds:		
Accrued interest payable	(31,338)	
Compensated absences	(323,028)	
Long-term debt	<u>(3,194,067)</u>	<u>(3,548,433)</u>
Net Position of Governmental Activities in the Statement of Net Position		<u>\$ 37,381,483</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2019

	<u>General Fund (001)</u>	<u>Street Fund (004)</u>	<u>Debt Service Fund (817)</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Property taxes	\$ 4,810,334	\$ -	\$ -	\$ -	\$ 4,810,334
Franchise taxes	836,753	-	-	-	836,753
Local fuels tax	-	417,126	-	-	417,126
Alcohol taxes	166,126	-	-	-	166,126
Room tax	132,588	-	-	-	132,588
Other taxes	12,633	-	-	-	12,633
Marijuana Tax	112,805	-	-	-	112,805
Licenses and permits	26,964	-	-	-	26,964
Intergovernmental revenues	226,296	723,280	-	156,504	1,106,080
Charges for services	39,135	-	-	517,779	556,914
Administration and engineering fees	582,709	-	-	-	582,709
Fines and forfeitures	133,403	-	-	14,000	147,403
Investment earnings	78,413	16,133	-	57,140	151,686
Contributions and donations	19,858	-	-	194,565	214,423
Miscellaneous	168,617	11,013	-	29,778	209,408
Special assessments	-	-	-	107,307	107,307
Grants and contracts	<u>346,685</u>	<u>76,208</u>	<u>-</u>	<u>46,500</u>	<u>469,393</u>
Total Revenues	<u>7,693,319</u>	<u>1,243,760</u>	<u>-</u>	<u>1,123,573</u>	<u>10,060,652</u>
Expenditures					
Current:					
General Government	2,009,073	-	754	790,772	2,800,599
Public Safety	2,701,412	-	-	755,212	3,456,624
Highways and streets	-	1,796,415	-	100,759	1,897,174
Culture and recreation	720,099	-	-	20,012	740,111
Community Development	643,549	-	-	1,042,202	1,685,751
Debt service:					
Debt Service - Principal	-	-	384,221	(19,300)	364,921
Debt Service - Interest	<u>-</u>	<u>-</u>	<u>214,783</u>	<u>-</u>	<u>214,783</u>
Total Expenditures	<u>6,074,133</u>	<u>1,796,415</u>	<u>599,758</u>	<u>2,689,657</u>	<u>11,159,963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,619,186</u>	<u>(552,655)</u>	<u>(599,758)</u>	<u>(1,566,084)</u>	<u>(1,099,311)</u>
Other Financing Sources (uses)					
Proceeds from sale of capital assets	-	-	-	196,056	196,056
Proceeds from loans	-	-	-	725,000	725,000
Insurance proceeds	14,207	-	-	-	14,207
Transfers in	9,000	-	599,758	876,490	1,485,248
Transfers out	<u>(1,238,434)</u>	<u>(104,679)</u>	<u>-</u>	<u>(142,135)</u>	<u>(1,485,248)</u>
Total Other Financing Source (Uses)	<u>(1,215,227)</u>	<u>(104,679)</u>	<u>599,758</u>	<u>1,655,411</u>	<u>935,263</u>
Net Change in Fund Balances	403,959	(657,334)	-	89,327	(164,048)
Beginning Fund Balance	<u>2,422,359</u>	<u>770,724</u>	<u>-</u>	<u>2,316,583</u>	<u>5,509,666</u>
Ending Fund Balance	<u>\$ 2,826,318</u>	<u>\$ 113,390</u>	<u>\$ -</u>	<u>\$ 2,405,910</u>	<u>\$ 5,345,618</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Governmental Funds

Reconciliation of Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (164,048)

Amounts reported for governmental activities in the statement of activities are different because of the following:

The statement of revenues, expenditures, and changes in fund balances reports 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 depreciation exceeded capital outlay in the current period.

Current year depreciation	\$ (819,575)	
Expenditures for capital assets	2,441,127	
Net book value of capital assets sold/disposal	<u>(108,737)</u>	1,512,815

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

Change in unavailable revenue - property taxes	(80,935)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued compensated absences	(10,546)
Change in net pension and OPEB assets/liabilities/deferred inflows and deferred outflowsC	(730,519)

The issuance of long-term debt (e.g., bonds, leases) 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, however, has any effect on net position.

Issuance of debt	(725,000)	
Debt service principal payments	<u>308,065</u>	<u>(416,935)</u>

Change in Net Position of Governmental Activities \$ 109,832

CITY OF COTTAGE GROVE, OREGON

Proprietary Funds

Balance Sheet

June 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Storm Drainage Operations</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,108,778	\$ 604,841	\$ 2,523,021	\$ 6,236,640
Receivables - net	323,335	293,228	93,264	709,827
Inventories	<u>123,386</u>	<u>29,008</u>	<u>-</u>	<u>152,394</u>
Total current assets	<u>3,555,499</u>	<u>927,077</u>	<u>2,616,285</u>	<u>7,098,861</u>
Noncurrent assets:				
Interfund loan receivable	-	-	19,300	19,300
Capital assets	<u>14,164,619</u>	<u>14,473,106</u>	<u>2,732,086</u>	<u>31,369,811</u>
Total noncurrent assets	<u>14,164,619</u>	<u>14,473,106</u>	<u>2,751,386</u>	<u>31,389,111</u>
Total assets	<u>17,720,118</u>	<u>15,400,183</u>	<u>5,367,671</u>	<u>38,487,972</u>
Deferred outflow				
Related to pensions	463,529	358,097	71,498	893,124
Deferred outflow related to bond refunding	<u>83,700</u>	<u>39,600</u>	<u>11,912</u>	<u>135,212</u>
Total assets and deferred outflows	<u>\$ 18,267,347</u>	<u>\$ 15,797,880</u>	<u>\$ 5,451,081</u>	<u>\$ 39,516,308</u>
Liabilities and Net Position				
Liabilities				
Current liabilities:				
Accounts payable	\$ 67,781	\$ 25,182	\$ 2,224	\$ 95,187
Payroll and related accruals	44,453	35,533	7,840	87,826
Accrued interest payable	84,258	53,371	11,206	148,835
Deposits	40,390	1,500	-	41,890
Compensated absences payable	64,168	55,530	10,035	129,733
Unearned revenue	-	51,502	-	51,502
Current portion of long-term debt	<u>435,003</u>	<u>630,070</u>	<u>70,502</u>	<u>1,135,575</u>
Total current liabilities	<u>736,053</u>	<u>852,688</u>	<u>101,807</u>	<u>1,690,548</u>
Noncurrent liabilities:				
Long-term debt, net of current portion	7,351,187	4,935,746	1,026,065	13,312,998
Net pension liability	<u>1,279,831</u>	<u>988,728</u>	<u>197,410</u>	<u>2,465,969</u>
Total noncurrent liabilities	<u>8,631,018</u>	<u>5,924,474</u>	<u>1,223,475</u>	<u>15,778,967</u>
Total Liabilities	<u>9,367,071</u>	<u>6,777,162</u>	<u>1,325,282</u>	<u>17,469,515</u>
Deferred inflow				
Deferred inflow related to pensions	<u>106,897</u>	<u>82,583</u>	<u>16,489</u>	<u>205,969</u>
Net Position				
Net investment in capital assets	6,378,429	8,907,290	1,635,519	16,921,238
Restricted for system development	1,081,870	205,717	466,780	1,754,367
Unrestricted	<u>1,333,080</u>	<u>(174,872)</u>	<u>2,007,011</u>	<u>3,165,219</u>
Total Net Position	<u>8,793,379</u>	<u>8,938,135</u>	<u>4,109,310</u>	<u>21,840,824</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 18,267,347</u>	<u>\$ 15,797,880</u>	<u>\$ 5,451,081</u>	<u>\$ 39,516,308</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Storm Drainage Operations</u>	<u>Total</u>
Operating Revenues				
Charges for services	\$ 3,538,559	\$ 3,130,828	\$ 960,019	\$ 7,629,406
Miscellaneous	9,294	44,520	4,601	58,415
Total Operating Revenues	<u>3,547,853</u>	<u>3,175,348</u>	<u>964,620</u>	<u>7,687,821</u>
Operating Expenses				
Personal Services	1,225,988	1,047,347	213,015	2,486,350
Materials and Services	678,792	891,795	101,070	1,671,657
Depreciation expense	550,034	612,766	248,708	1,411,508
Total Operating Expenses	<u>2,454,814</u>	<u>2,551,908</u>	<u>562,793</u>	<u>5,569,515</u>
Operating Income (Loss)	<u>1,093,039</u>	<u>623,440</u>	<u>401,827</u>	<u>2,118,306</u>
Non-operating revenues (expenses)				
Interest expense	(301,092)	(215,656)	(40,094)	(556,842)
Investment earnings	66,388	16,323	53,383	136,094
Insurance proceeds	-	7,089	-	7,089
Total non-operating revenues (expenses)	<u>(234,704)</u>	<u>(192,244)</u>	<u>13,289</u>	<u>(413,659)</u>
Change in Net Position	858,335	431,196	415,116	1,704,647
Beginning Net Position	<u>7,935,044</u>	<u>8,506,939</u>	<u>3,694,194</u>	<u>20,136,177</u>
Ending Net Position	<u>\$ 8,793,379</u>	<u>\$ 8,938,135</u>	<u>\$ 4,109,310</u>	<u>\$ 21,840,824</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds			
	Water Operations	Wastewater Operations	Storm Drain Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,527,873	\$ 3,181,688	\$ 955,882	\$ 7,665,443
Cash payments to employees	(1,064,016)	(976,846)	(208,481)	(2,249,343)
Cash payments to suppliers for goods and services	<u>(671,038)</u>	<u>(917,541)</u>	<u>(84,049)</u>	<u>(1,672,628)</u>
Net cash provided (used) by operating activities	<u>1,792,819</u>	<u>1,287,301</u>	<u>663,352</u>	<u>3,743,472</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of interfund loan	<u>-</u>	<u>-</u>	<u>19,300</u>	<u>19,300</u>
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>19,300</u>	<u>19,300</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Insurance proceeds	-	7,089	-	7,089
Acquisition of capital assets	(572,705)	(880,848)	(163,527)	(1,617,080)
Principal paid on capital debt	(437,127)	(601,427)	(61,373)	(1,099,927)
Interest paid on capital debt	<u>(332,209)</u>	<u>(245,526)</u>	<u>(44,729)</u>	<u>(622,464)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,342,041)</u>	<u>(1,720,712)</u>	<u>(269,629)</u>	<u>(3,332,382)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>66,388</u>	<u>16,323</u>	<u>53,383</u>	<u>136,094</u>
Net change in cash and cash equivalents	517,166	(417,088)	466,406	566,484
Cash and cash equivalents at beginning of year	<u>2,591,612</u>	<u>1,021,929</u>	<u>2,056,615</u>	<u>5,670,156</u>
Cash and cash equivalents at end of year	<u>\$ 3,108,778</u>	<u>\$ 604,841</u>	<u>\$ 2,523,021</u>	<u>\$ 6,236,640</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Proprietary Funds

Statement of Cash Flows, continued

For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds			
	Water Operations	Wastewater Operations	Storm Drain Operations	Total
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 1,093,039	\$ 623,440	\$ 401,827	\$ 2,118,306
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	550,034	612,766	248,708	1,411,508
(Increase) decrease in current assets:				
Receivables - net	(19,980)	2,744	(8,738)	(25,974)
Inventories	11,828	4,801	-	16,629
Net pension asset/liability	110,815	30,524	23,626	164,965
Deferred outflows related to pensions	(57,070)	(24,936)	(11,074)	(93,080)
Increase (decrease) in current liabilities:				
Accounts payable	(1,384)	(30,547)	(6,335)	(38,266)
Other liabilities	(2,690)	3,596	-	906
Payroll and related	4,332	964	946	6,242
Compensated absences	11,159	(7,027)	8	4,140
Deferred inflows related to pensions	92,736	70,976	14,384	178,096
Net cash provided (used) by operating activities	<u>\$ 1,792,819</u>	<u>\$ 1,287,301</u>	<u>\$ 663,352</u>	<u>\$ 3,743,472</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 1 - Summary of Significant Accounting Policies

A. Description of Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member council.

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally 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.

Government-wide statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include all the financial activities of the City. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements - These statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental and proprietary. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column in the financial section of the basic financial statements and are detailed in the supplemental information.

C. Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows, deferred outflows, reserves, fund equity, revenues and expenditures/expenses.

The City reports the following major governmental funds:

- *General Fund*. This is the City's primary operating fund. It accounts for all of the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise taxes, and state shared revenues. Primary expenditures are for police protection, maintenance of parks, operation of the library and community center, and general administration.
- *Street Fund*. This fund was established as a requirement of ORS 366.815. Monies received from the State of Oregon (gasoline tax apportionment) and Lane County are major sources of revenue. These monies are to be used exclusively for the construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets, and roadside rest areas in this state.
- *Debt Service Fund*. This fund is used to accumulate resources via transfers from other funds in order to make debt service principal and interest payments for all debt obligations of the City.

Additionally, the City reports the following nonmajor governmental funds within the governmental fund types:

- *Special Revenue Funds*. These funds account for revenues derived from specific taxes or other earmarked revenue sources, including state revenue sharing entitlements, which are restricted or committed to expenditures for specified purposes.
- *Capital Project Funds*. These funds are used to account for financial resources to be used for the acquisition or construction of major capital items and facilities not financed in the proprietary funds.
- *Permanent Fund*. This fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 1 - Summary of Significant Accounting Policies, continued

C. Basis of Presentation, continued

The City reports each of its three proprietary funds as major funds. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent three segments of operations – Water, Wastewater, and Storm Drain. The City reports the following proprietary funds:

- *Water Operations*

Water Fund. This fund accounts for the financial activities of the city-owned water utility operations. Sales of water and related charges are the major revenue sources.

Water Systems Development Fund. This fund accounts for monies accumulated from water systems development charges for facility expansion or improvement. The use of these funds is restricted by City ordinance.

Water Reserve Fund. This fund accounts for monies accumulated for capital improvements to the City's water system as well as for the purchase of capital equipment. Transfers are the major source of financing.

- *Wastewater Operations*

Wastewater Fund. This fund accounts for the financial activities of the city-owned sewer service. Wastewater charges are the major revenue sources.

Wastewater Systems Development Fund. This fund accounts for monies accumulated from wastewater systems development charges for facility expansion or improvement. The use of these funds is restricted by City ordinance.

Wastewater Reserve Fund. This fund accounts for monies accumulated for capital improvements to the City's wastewater system as well as for the purchase of capital equipment. Transfers as well as surcharges assessed to all wastewater customers are the major source of financing.

- *Storm Drain Operations*

Storm Drainage Utility Fund. This fund accounts for the financial activities of the city-owned storm drainage system. Revenues consist primarily of storm drain charges.

Storm Drainage Systems Development Fund. This fund accounts for monies accumulated from storm drainage systems development charges for facility expansion or improvement. The use of these funds is restricted by City ordinance.

Storm Drainage Reserve Fund. This fund accounts for monies accumulated for capital improvements to the City's storm drainage system as well as for the purchase of capital equipment. A surcharge assessed to all utility customers is the major source of financing.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded with the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

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

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 when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected before the end of the fiscal period. Federal and state grants (to the extent that eligible expenditures are incurred), licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues within the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded only when payment is due.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 1 - Summary of Significant Accounting Policies, continued

D. Measurement Focus and Basis of Accounting, continued

A deferred inflow of resources arises in the governmental funds balance sheet when the potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes and assessments not deemed available to financial operation of the current period. In the government-wide statement of net position, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability.

Unearned revenues arise outside the scope of measurement focus and basis of accounting, such as when the City receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures. These amounts are reported as unearned revenue on the statement of net position.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is necessary to explain the adjustments needed to transform the governmental fund financial statements into the governmental activities column of the government-wide presentation. This reconciliation is part of the financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water, Wastewater, and Storm Drain are charges to customers for sales and services. The Water, Wastewater, and Storm Drain Funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses / expenditures during the reporting period. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the statements of cash flows, the City considers cash equivalents as all highly liquid debt instruments purchased with maturity of three months or less.

Investments included in cash and cash equivalents are reported at fair value. The City invests in the State of Oregon Local Government Investment Pool, which is authorized by Oregon Revised Statutes. Interest earned from pooled investments is allocated based on a fund's portion of the total investment balance. The City maintains depository insurance under Federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool, which is exempt from statutes requiring such insurance.

G. Receivables and Payables

Real and personal property taxes are levied in July of each fiscal year. Property taxes attach as an enforceable lien on property as of July 1, and are payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Lane County and remitted to the City. Uncollected taxes, including delinquent amounts, are considered substantially collectible or recoverable through liens, and accordingly no allowance for uncollected taxes has been established.

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

Receivables of the proprietary funds are recognized as revenue when earned, including services provided but not billed. Management believes that any uncollectible accounts included in the governmental fund receivable balances are not significant. Receivables in proprietary funds are stated net of an allowance for uncollectible accounts.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 1 - Summary of Significant Accounting Policy, continued

H. Inventories

Inventories in the Water and Wastewater Funds consist of expendable supplies held for maintenance and improvements. Inventories are stated at cost on a first-in/first-out basis and charged to operations as used.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, street lights, etc.) are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Infrastructure acquired prior to July 1, 1980 is not reported in capital assets. Donated capital assets are recorded at their estimated fair market value at the time received.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Building	50
Land Improvements	15
Improvements	20
Utility Systems & Infrastructure	20 - 50
Vehicles	5 - 10
Furniture & Equipment	5 - 10

Gains or losses from sales or retirements of capital assets are included in nonoperating expenses of the current period.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as a an outflow of resources (expense/ expenditure) until then. The City reports deferred outflows relating to pensions, other post employment benefits (OPEB) and bond refundings.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City reports unavailable revenue from property taxes and loans receivable as deferred inflows on the governmental funds balance sheet. The City also reports deferred amounts related to pensions and OPEB.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 1 - Summary of Significant Accounting Policy, continued

L. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. Accumulated sick leave lapses when employees leave the employment of the City and, upon separation from service, no monetary obligation exists.

Funds used to liquidate accrued compensated absences include the General Fund, Street fund, Fire Service fund, Narcotics Forfeiture fund, Building Inspection fund, Water fund, Wastewater fund, and Storm Drainage fund.

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts are recognized in the statement of revenue, expenditures, and changes in fund balance during the current period. The face amount of debt issued is reported as other financial sources while discounts or premiums on debt proceeds received are reported separately.

N. Net Position and Fund Equity

In the government-wide financial statements and proprietary funds financial statements, net position is reported in three categories: net position invested in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal of related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent funds is reported as a component of restricted net position.

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

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

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

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

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

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

O. Use of Restricted Assets

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed. When an expenditure is incurred, where an unrestricted fund balance classification could be used, it is the City's policy to use committed resources first, assigned resources second, and then unassigned amounts as they are needed.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 1 - Summary of Significant Accounting Policy, continued

P. Interfund Services Provided and Used

Sales and purchases of goods and services between funds are reported at a price approximating their external exchange value. Engineering and administrative services are reported between functions and are included within materials and services.

Note 2 - Stewardship, Compliance, and Accountability

A - Budgetary Information

Budgets are prepared and adopted, and expenditures are appropriated, in accordance with Oregon Local Budget Law. The budgetary level of control is appropriated by fund and department for the General Fund and Street Fund. All other funds are appropriated by object (i.e. personal services, materials and services, capital outlay, debt service, interfund transfers, and contingency) or by a mix of object (for non-departmental expenditures) and department. Appropriations lapse as of the year end.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require hearings before the public, publication in newspapers, and adoption by the City Council. Expenditure appropriations may not be legally over-expended except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the object group, but cannot make changes to the object groups themselves, which is the legal level of control. During the year, the City modified its adopted budget with two transfer resolutions.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 3 - Cash and Cash Equivalents

A - Deposits and investments

The City combines virtually all financial resources for investment purposes. Interest earned on investments is allocated to funds based on the amounts contributed by each fund. Each fund's portion is displayed in the basic financial statements as "Cash and cash equivalents."

Oregon Revised Statutes, Chapter 294, authorizes the City to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by a qualified financial institution, commercial paper, corporate bonds, repurchase agreements, State of Oregon Local Government Investment Pool ("LGIP"), and various interest bearing bonds of Oregon municipalities.

The City is authorized to invest in the LGIP, an external investment pool, within prescribed limits. The 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 and www.oregon.gov/treasury.

At June 30, 2019 cash and cash equivalents consisted of the following:

	<u>Fair Value</u>
Investments in the State Treasurer's Local Government Investment Fund (LGIP)	\$ 10,744,839
Deposits in financial institutions	1,232,882
Cash on hand	<u>2,065</u>
Total cash and cash equivalents	<u>\$ 11,979,786</u>

B - Interest rate risk

While the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, it has historically invested only in the LGIP. The weighted-average maturity of LGIP is less than one year.

C - Credit risk

The City has no investment policy for credit risk but follows State law. In practice, the City limits investments to the LGIP, which is not rated by any national rating service.

D - Custodial credit risk – deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk, but follows the requirements of ORS 295. Insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Where interest-bearing balances exceed the Federal Deposit Insurance amount of \$250,000, the balances are covered by collateral held in a multiple financial institution collateral pool (ORS 2295.015) administered by the Oregon Office of the State Treasurer in the Public Funds Collateralization Program (PFCP)

The City's total bank balance, at June 30, 2019, was \$1,193,484. Of this amount, \$500,000 was covered by federal depository insurance. The remaining balance was covered by the PFCP. The financial institutions with which the City deposits funds participate in the PFCP.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 4 - Receivables

Receivables of the enterprise funds are reported net of an allowance for doubtful accounts as follows:

	Business-Type Activities		
	Receivable	Allowance	Net
Water sales	\$ 327,632	\$ (4,297)	\$ 323,335
Wastewater charges	295,715	(2,487)	293,228
Storm drain charges	94,262	(997)	93,265
Total	\$ 717,609	\$ (7,781)	\$ 709,828

Receivables of governmental funds are considered fully collectible; accordingly, no allowance for credit losses is recognized. Receivables include the following:

	Governmental Activities		
	Receivable	Allowance	Net
Accounts	\$ 373,600	\$ -	\$ 373,600
Property taxes	177,215	-	177,215
Grants/contracts	88,708	-	88,708
Loan	18,744	-	18,744
Total	\$ 658,267	\$ -	\$ 658,267

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Governmental Activities:			
	2018	Additions and Reclassifications	Deletions and Reclassifications	2019
Capital assets, not being depreciated:				
Land	\$ 26,646,479	\$ 823,497	\$ (112,384)	\$ 27,357,592
Construction in progress	320,217	1,200,071	(100,660)	1,419,628
Total capital assets, not being depreciated	26,966,696	2,023,568	(213,044)	28,777,220
Capital assets being depreciated:				
Buildings and improvements	5,548,744	161,754	-	5,710,498
Motor vehicles and equipment	1,986,292	141,541	-	2,127,833
Office furniture and equipment	348,524	93,498	-	442,022
Infrastructure	26,058,260	121,426	-	26,179,686
Total capital assets being depreciated	33,941,820	518,219	-	34,460,039
Less accumulated depreciation for:				
Buildings and improvements	2,159,821	170,354	-	2,330,175
Motor vehicles and equipment	1,499,966	103,054	-	1,603,020
Office furniture and equipment	332,466	5,198	-	337,664
Infrastructure	18,415,042	540,970	-	18,956,012
Total accumulated depreciation	22,407,295	819,576	-	23,226,871
Total capital assets, being depreciated, net	11,534,525	(301,357)	-	11,233,168
Governmental activities capital assets, net	\$ 38,501,221	\$ 1,722,211	\$ (213,044)	\$ 40,010,388

Depreciation expense was charged to governmental activities as follows:

General government	\$ 298,769
Highways and streets	357,875
Public safety	57,530
Culture and recreation	105,402
Total depreciation expense -governmental activities	\$ 819,576

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 5 - Capital Assets, continued

	Business-type Activities:			2019
	2018	Additions and Reclassifications	Deletions and Reclassifications	
Capital assets, not being depreciated:				
Land	\$ 2,134,988	\$ -	\$ -	\$ 2,134,988
Construction in progress	1,460,865	864,838	(1,448,670)	877,033
Total capital assets, not being depreciated	3,595,853	864,838	(1,448,670)	3,012,021
Capital assets being depreciated:				
Land improvements	1,260,000	-	-	1,260,000
Infrastructure	41,424,861	1,107,403	-	42,532,264
Building and improvements	2,271,414	849,507	-	3,120,921
Equipment	1,910,913	173,099	-	2,084,012
Motor vehicles	718,558	43,500	-	762,058
Office furniture and equipment	21,149	27,404	-	48,553
Total capital assets being depreciated	47,606,895	2,200,913	-	49,807,808
Less accumulated depreciation for:				
Land improvements	966,124	84,002	-	1,050,126
Infrastructure	16,471,427	1,136,499	-	17,607,926
Building and improvements	818,511	72,251	-	890,762
Equipment	1,203,063	90,243	-	1,293,306
Motor vehicles	560,228	23,866	-	584,094
Office furniture and equipment	19,156	4,648	-	23,804
Total accumulated depreciation	20,038,509	1,411,509	-	21,450,018
Total capital assets, being depreciated, net	27,568,386	789,404	-	28,357,790
Business-type activities capital assets, net	\$ 31,164,239	\$ 1,654,242	\$ (1,448,670)	\$ 31,369,811

Depreciation expense was charged to business-type activities as follows:

Water	\$ 550,034
Wastewater	612,766
Storm drain	248,708
Total depreciation expense -business-type activities	\$ 1,411,508

Note 6 - Deferred Inflows and Deferred Outflows

Deferred inflows and deferred outflows include the following in the Statement of Net Position:

	Deferred Outflows		Deferred Inflows	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Related to pensions	\$ 2,346,597	\$ 893,124	\$ 541,163	\$ 205,968
Related to OPEB/RHIA	19,708	-	12,131	-
Related to bond refunding	-	135,212	-	-
Total	\$ 2,366,305	\$ 1,028,336	\$ 553,294	\$ 205,968

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 7 - Fund Balances

On the Balance Sheet - Governmental Funds, balances were reported in the aggregate in the classifications defined by GASB Statement No. 54, Fund Balance Reporting and Governmental fund type definitions. Fund balances by classification for year-ended June 30, 2019 were as follows:

	<u>General</u>	<u>Street</u>	<u>Other Funds</u>	<u>Total</u>
Nonspendable:				
Permanent fund principal	\$ -	\$ -	\$ 3,000	\$ 3,000
Restricted:				
Street improvements	-	113,390	-	113,390
Police communications	-	-	96,991	96,991
Narcotics forfeitures	-	-	110,015	110,015
Industrial park	-	-	220,535	220,535
Special trust	-	-	19,202	19,202
Amory trust	-	-	66,574	66,574
Total restricted	<u>-</u>	<u>113,390</u>	<u>513,317</u>	<u>626,707</u>
Committed:				
Assessments	-	-	161,363	161,363
Rehabilitation loan funds	-	-	584	584
Rehabilitation loan funds	-	-	9,699	9,699
Building inspection	-	-	136,545	136,545
Streets system development	-	-	1,173,028	1,173,028
Parks system development	-	-	294,935	294,935
General reserves	-	-	93,334	93,334
	<u>-</u>	<u>-</u>	<u>20,105</u>	<u>20,105</u>
Total committed	<u>-</u>	<u>-</u>	<u>1,889,593</u>	<u>1,889,593</u>
Unassigned	<u>2,826,318</u>	<u>-</u>	<u>-</u>	<u>2,826,318</u>
Total fund balances	<u>\$ 2,826,318</u>	<u>\$ 113,390</u>	<u>\$ 2,405,910</u>	<u>\$ 5,345,618</u>

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 8 - Interfund Receivables, Payables and Transfers

A - Interfund loan

Interfund loan receivable and payable is as follows:

Receivable Fund	Payable Fund	Amount
Storm Drain	Bicycle and Footpath	<u>\$ 19,300</u>

In May 2010, the City Council authorized a zero interest interfund loan to the Bicycle and Footpath Fund (Nonmajor special revenue fund) from the Storm Drain System Development Charges Fund (Enterprise fund), in the amount of \$193,000. The loan was made for the purpose of an emergency dismantling and storage of the Chamber's Railroad Bridge. The loan is to be paid at \$19,300 annually over a ten-year period.

B - Interfund transfers

Interfund transfers between governmental and business-type activities are reported as net transfers in the statement of activities. Details of the transfers between governmental and business-type activities are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund (001)	\$ 9,000	\$ 1,238,434
Street Fund (004)	-	104,679
Debt Service Fund (817)	<u>599,758</u>	-
Total Major Governmental Funds:	<u>608,758</u>	<u>1,343,113</u>
Nonmajor Governmental Funds:		
Industrial Park Fund (502)	-	77,457
Police Communication Fund (006)	484,190	13,044
Bicycle and Footpath Fund (011)	54,300	28,300
Narcotics Forfeiture (007)	-	1,719
Building Inspection Program (013)	-	21,615
General Reserve Fund (731)	193,000	-
Bldg Inspection Reserve Fund (738)	20,000	-
Armory Trust Fund (827)	<u>125,000</u>	-
Total Nonmajor Governmental Funds	<u>876,490</u>	<u>142,135</u>
Proprietary Funds:		
Water Fund (202)	2,645,443	100,000
Water Systems Development Fund (602)	-	100,000
Water Reserve Fund (732)	100,000	2,545,443
Eliminate water operations sub-fund transfers	<u>(2,745,443)</u>	<u>(2,745,443)</u>
Total water operations major fund transfers	-	-
Wastewater Fund (302)	880,848	93,393
Wastewater Reserve Fund (735)	93,393	880,848
Eliminate wastewater operations sub-fund transfers	<u>(974,241)</u>	<u>(974,241)</u>
Total wastewater operations major fund transfers	-	-
Storm Drainage Utility Fund (402)	163,527	70,000
Storm Drainage Reserve Fund (736)	70,000	163,527
Eliminate storm drain operations sub-fund transfers	<u>(233,527)</u>	<u>(233,527)</u>
Total storm drain operations major fund transfers	-	-
Total All Funds	<u>\$ 1,485,248</u>	<u>\$ 1,485,248</u>

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

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 9 - Long-Term Liabilities

A - Changes in Long-Term Liabilities

Transactions for the year ended June 30, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments / Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
General obligation bonds:					
LOCAP - 2013	\$ 237,536	\$ -	\$ (50,000)	\$ 187,536	\$ 50,000
Refunding Obligations 2017	439,518	-	-	439,518	-
PERS bond	1,287,990	-	(25,367)	1,262,623	37,885
Premium	72,945	-	(3,647)	69,298	-
Notes payable - direct borrowings	<u>742,792</u>	<u>725,000</u>	<u>(232,699)</u>	<u>1,235,093</u>	<u>185,564</u>
Total bonds and notes payable	2,780,781	725,000	(311,713)	3,194,068	273,449
Compensated absences	<u>312,482</u>	<u>323,028</u>	<u>(312,482)</u>	<u>323,028</u>	<u>-</u>
Total Governmental Activities	<u>\$ 3,093,263</u>	<u>\$ 1,048,028</u>	<u>\$ (624,195)</u>	<u>\$ 3,517,096</u>	<u>\$ 273,449</u>
Business-type Activities					
General obligation bonds::					
LOCAP 2013	\$ 4,727,465	\$ -	\$ (895,000)	\$ 3,832,465	\$ 925,000
Refunding Obligations 2017	8,105,482	-	(55,000)	8,050,482	60,000
PERS bond	252,668	-	(4,976)	247,692	7,432
Premium	1,343,462	-	(67,172)	1,276,290	-
Notes payable - direct borrowings	<u>1,186,596</u>	<u>-</u>	<u>(144,952)</u>	<u>1,041,644</u>	<u>143,143</u>
Total bonds and notes payable	15,615,673	-	(1,167,100)	14,448,573	1,135,575
Compensated Absences	<u>125,593</u>	<u>129,733</u>	<u>(125,593)</u>	<u>129,733</u>	<u>-</u>
Total Business-type Activities	<u>\$ 15,741,266</u>	<u>\$ 129,733</u>	<u>\$ (1,292,693)</u>	<u>\$ 14,578,306</u>	<u>\$ 1,135,575</u>

All bonds and notes issued by the City are classified as direct borrowings.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 9 - Long-Term Liabilities, continued

B - LOCAP and Pension Obligations

Governmental Activities

During fiscal year 2012-13, the City of Cottage Grove issued, through the Local Oregon Capital Assets Program, certificates of participation of \$16,705,000 with an aggregate true interest rate of 3.59%. Interest is payable semi-annually on September 15 and March 15 of each year. Final maturity is March 15, 2033. In the event of default, the lender may declare all outstanding balances, including accrued interest and fees as due and payable. \$ 187,536

Full faith and credit refunding obligations series 2017. On December 13, 2017, the City advance refunded \$7,265,000 of the LOCAP 2013 financing agreement and current refunded the \$1,968,522 Business Oregon loan (2009). The refunding obligation of \$8,545,000 (par value) of full faith and credit refunding obligations, series 2017 have interest rates ranging between 3.00% and 5.00%. The refunding obligations were issued at a premium of \$1,451,818; issuance costs and underwriter discount and contingency was \$113,765 resulting in net proceeds of \$9,883,053. In addition, the City provided \$84,000 toward the closing of the transaction. A portion of the proceeds was used to provide funds to establish an irrevocable escrow deposit between the City and The Bank of New York Mellow Trust Company (escrow agent) to refund the Business Oregon loan and defease the 2013 LOCAP financing agreement. The advance refunding met the requirements of an in-substance debt defeasance and the refunded portion of the LOCAP financing agreement were removed from the City's financial statements during the year ending June 30, 2018. Governmental activities reports \$439,518 of the par value while enterprise funds report the remaining \$8,105,482. 439,518

During fiscal year 2001-02, the City issued \$1,860,891 of Limited Tax Pension Obligations, Series 2002A and Series 2002B. The Series 2002A are deferred interest obligations, while the Series 2002B are current interest obligations. The proceeds from these limited tax bonds were used to finance the estimated unfunded actuarial liability with the Oregon Public Employees Retirement System (PERS). The 2002A Obligations were issued as deferred interest obligations, with interest payable only at maturity, and compounded semiannually at June 1 and December 1. The 2002B obligations were issued as current interest obligations, with interest payable on June 1 and December 1 of each year until maturity or earlier prepayment. The bonds carry interest rates varying from 2.0 to 7.41%, with an average yield of about 7%. 1,262,623

Total LOCAP and pension obligations - Governmental activities \$ 1,889,677

Business-type Activities

During fiscal year 2012-13, the City of Cottage Grove issued, through the Local Oregon Capital Assets Program, certificates of participation of \$16,705,000 with an aggregate true interest rate of 3.59%. Interest is payable semi-annually on September 15 and March 15 of each year. Final maturity is March 15, 2033. Of this amount, \$15,405,000 is allocated to business-type activities to finance certain water, wastewater and storm drainage projects, as well as refund loans. In the event of default, the lender may declare all outstanding balances, including accrued interest and fees as due and payable. \$ 3,832,465

Full faith and credit refunding obligations series 2017 as described above. Of the total refunding, \$8,105,482 was allocated to enterprise funds (see description of terms above) 8,050,482

Limited Tax Pension Obligations, Series 2002A and Series 2002B. (See description of terms above). 247,692

Total LOCAP and pension obligations - Business-type activities \$ 12,130,639

Governmental activities bonded debt requirements are summarized below:

Year Ending June 30,	Governmental Activities					
	LOCAP 2013		2017 Full Faith and Credit Refunding		PERS Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 50,000	\$ 6,501	\$ -	\$ 19,579	\$ 37,885	\$ 147,014
2021	50,000	4,501	-	19,579	104,500	142,856
2022	55,000	2,401	-	19,579	121,220	83,456
2023	32,536	651	1,315	19,553	137,940	76,298
2024	-	-	38,914	18,554	154,660	67,994
2025-2029	-	-	204,498	63,219	706,418	173,497
2030-2034	-	-	194,791	16,197	-	-
Total	<u>\$ 187,536</u>	<u>\$ 14,054</u>	<u>\$ 439,518</u>	<u>\$ 176,260</u>	<u>\$ 1,262,623</u>	<u>\$ 691,115</u>

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 9 - Long-Term Liabilities, continued

Enterprise fund bonded debt requirements are summarized below:

Year Ending June 30,	LOCAP 2013		2017 Full Faith and Credit Refunding		PERS Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 925,000	\$ 134,798	\$ 60,000	\$ 373,071	\$ 7,432	\$ 28,024
2021	955,000	97,199	60,000	370,671	20,500	16,372
2022	995,000	58,199	65,000	368,171	23,780	14,967
2023	957,465	19,149	138,685	364,097	27,060	13,339
2024	-	-	1,141,086	332,796	30,340	11,485
2025-2029	-	-	4,780,502	847,106	138,580	22,550
2030-2034	-	-	1,805,209	136,803	-	-
Total	<u>\$ 3,832,465</u>	<u>\$ 309,345</u>	<u>\$ 8,050,482</u>	<u>\$ 2,792,715</u>	<u>\$ 247,692</u>	<u>\$ 106,737</u>

C - Notes and Loans Payable - Governmental Activities

Note payable obligation for optical and wireless networking equipment, secured by the asset, payable in semi-annual installments of \$31,523 including interest at an effective rate of 4.8% per annum, maturing in fiscal year 2029. Upon default, the interest rate shall be increased to 20% or the maximum amount allowed by law. \$ 366,173

On June 26, 2015, the City entered into a lease/purchase agreement with U.S. Bancorp Government Leasing and Finance, Inc. The agreement requires quarterly payments of \$7,829 including 2.19% interest beginning September 26, 2015, due June 29, 2019. The financing agreement is for the acquisition of vehicles and equipment. In the event of default, the lender may declare all amounts due that budget year due and payable and those amounts shall begin accruing interest at 12% or the maximum allowed by law. Lender may repossess the property and require payment from City to cover any deficit after the sale of the property and administrative costs. 44,119

On September 30, 2015, the City entered into a second lease/purchase agreement with U.S. Bancorp Government Leasing and Finance, Inc. The agreement requires semi-annual payments of \$28,736 including 2.139% interest beginning March 30, 2016, due September 30, 2020. The financing agreement is for the acquisition of vehicles and equipment. In the event of default, the lender may declare all amounts due that budget year due and payable and those amounts shall begin accruing interest at 12% or the maximum allowed by law. Lender may repossess the property and require payment from City to cover any deficit after the sale of the property and administrative costs. 60,783

In September 2010, the City entered into a \$394,999 zero interest note with the Oregon Military Department ("OMD") to purchase the Armory building. This is a nine-year loan being repaid by the General Fund. In the event of default, lender may declare total outstanding as immediately due and payable. Lender may revoke the City's right to collect income from the property and begin collecting all revenue themselves; revenues collected will be used to reduce the balance owed by the City after all operating expenses for the property are paid. 50,785

The City entered into a business loan agreement with Banner Bank dated November 7, 2018 for \$725,000 due in 80 quarterly payments of \$13,872 including 4.5% interest due November 9, 2038. If the City fails to make any payment when due or if any other event of default occurs, all commitments and obligations of lender under the loan agreement immediately will terminate (including any obligation to make further loan advances or disbursements), and, at lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to borrower, except that in the case of an event of default of the type described in the "Insolvency", such acceleration shall be automatic and not optional. 713,233

Total notes and loans payable - Governmental Activities \$ 1,235,093

Annual debt service requirements to maturity for the above notes and loans are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 185,564	\$ 57,551	\$ 243,115
2021	98,942	52,936	151,878
2022	69,179	49,358	118,537
2023	72,514	46,023	118,537
2024	75,936	42,601	118,537
2025-2029	307,776	147,412	455,188
2030-2034	201,188	76,261	277,449
2035-2039	223,994	25,165	249,159
Total	<u>\$ 1,235,093</u>	<u>\$ 497,307</u>	<u>\$ 1,732,400</u>

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 9 - Long-Term Liabilities, continued

D - Notes and Loans Payable - Business-type activities

In June of 2007, the City received a \$375,000 loan for the purchase of a property adjacent to the Middlefield Golf Course and the residence thereon. This loan is repayable over 20 years in semiannual payments of approximately \$15,007, including interest at 4.975%. In the event of default, the lender may declare all outstanding balances, including accrued interest and fees as due and payable. The loan is unsecured.	\$ 205,452
Note payable to Banner Bank dated July 18, 2016; original amount of \$60,000, payable in 10 semi-annual installments beginning February 1, 2017 of \$6,427.47 including 2.47% interest, due August 1, 2021 for the acquisition of mowers. In the event of default, the lender may declare all outstanding balances, including accrued interest and fees as due and payable.	30,961
In September 2007, the City received a \$1,350,000, 5.16%, Long-term Limited Obligation Revenue Note, Series 2007, from Wells Fargo Brokerage Services, LLC for the financing of payments to former, extraterritorial water customers disconnected from City water service. This is a 20-year note being re-paid from water and sewer surcharges. The City pledged for payment of the note, a pledge of surcharge revenues of the Water System and the full faith and credit of the City, not subject to annual appropriation.	741,166
Note payable to Banner Bank dated March 11, 2016; original amount of \$78,900; semi-annual payments of \$8,427.09 including 2.42% interest, beginning September 1, 2016, due March 1, 2021. The loan is for the purchase of equipment. In the event of default, the lender may declare all outstanding balances, including accrued interest and fees as due and payable.	32,664
In August 2014 the City received a \$72,460 loan from Umpqua Bank for the purchase of a loader. The loan is payable semi-annually payments of \$7,859.71 beginning May 21, 2015 including 2.971% interest, due November 21, 2019. In the event of default, the lender may declare all outstanding balances, including accrued interest and fees as due and payable.	7,787
On September 30, 2015, the City entered into a lease/purchase agreement with U.S. Bancorp Government Leasing and Finance, Inc. The agreement requires semi-annual payments of \$28,736.36 including 2.139% interest beginning March 30, 2016, due September 30, 2020. The financing agreement is for the acquisition of vehicles and equipment. In the event of default, the lender may declare all outstanding balances, including accrued interest and fees as due and payable. Lender may also repossess the property and require payment from City to cover any deficit after the sale of the property and administrative costs.	<u>23,614</u>
Total loans payable - Business - type activities	<u>\$ 1,041,644</u>

Annual debt service requirements to maturity for the above notes and loans are as follows:

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2020	\$ 143,143	\$ 49,379	\$ 192,522
2021	133,022	44,498	177,520
2022	107,480	37,771	145,251
2023	106,395	32,432	138,827
2024	111,928	26,899	138,827
2025-2029	<u>439,676</u>	<u>46,292</u>	<u>485,968</u>
Total	<u>\$ 1,041,644</u>	<u>\$ 237,271</u>	<u>\$ 1,278,915</u>

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 10 - Employee Retirement Systems and Pension Plans

State of Oregon Employees Retirement System

Plan Description. Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit 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 Oregon PERS website.

Benefits provided under ORS 238 - Tier One / Tier Two

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 (2.0 percent for police and fire employees, 1.67 percent for general service 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 members). General service employees may 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 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 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. All monthly pension and annuity benefits except unit purchases are eligible for post-retirement adjustments. As a result of the Senate Bills 822 and 861 and the Oregon Supreme Court Decision in *Moro v. State of Oregon*, automatic post-retirement adjustments are based on a blended COLA rate.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 10 - Employee Retirement Systems and Pension Plans, continued

Benefits provided under Chapter 238A - 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:

Police and Fire: 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.

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.

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.

Defined Contribution Plan - 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 is 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 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, 2016 actuarial valuation which became effective July 1, 2017. The contribution rates in effect for the fiscal year ended June 30, 2019 were 21.57% for Tier One/Tier Two covered members, 11.10% for OPSRP Pension Program General Service Members, and 15.87% for OPSRP Pension Program Police and Fire Members. Employer contributions for the year ended June 30, 2019 were \$655,161, excluding amounts to fund employer specific liabilities.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 10 - Employee Retirement Systems and Pension Plans, continued

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

At June 30, 2019, the City reported a liability of \$8,945,068 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. 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, 2019, the City's proportion was 0.05904849 percent, which was decreased from its proportion of 0.06087047 percent measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$1,000,671. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 304,284	\$ -
Changes of assumptions	2,079,711	-
Net difference between projected and actual earnings on investments	-	397,212
Changes in proportionate share	152,374	150,576
Differences between employer contributions and employer's proportionate share of system contributions	<u>3,404</u>	<u>199,342</u>
Total (prior to post-MD contributions)	2,539,773	747,130
Contributions subsequent to MD	<u>699,947</u>	-
Total	<u>\$ 3,239,720</u>	<u>\$ 747,130</u>

Deferred outflows of resources related to pensions of \$699,947 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, 2020. Net deferred outflows (inflows) of resources of \$1,792,643 will be recognized in pension expense as follows:

Amortization Period	
2020	\$ 1,080,408
2021	750,237
2022	(128,074)
2023	51,052
2024	<u>39,020</u>
Total	<u>\$ 1,792,643</u>

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 10 - Employee Retirement Systems and Pension Plans, continued

Actuarial Assumptions. The employer contribution rates effective July 1, 2017, through June 30, 2019, 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 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 16 years.

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age normal
Actuarial Assumptions:	
Inflation Rate	2.5%
Long-Term Expected Rate of Return	7.2%
Discount Rate	7.2%
Project Salary Increases	3.5%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: PR-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 10 - Employee Retirement Systems and Pension Plans, continued

Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 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. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. 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.

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0 %	25.0 %	20.0 %
Public Equity	32.5 %	42.5 %	37.5 %
Private Equity	13.5 %	21.5 %	17.5 %
Real Estate	9.5 %	15.5 %	12.5 %
Alternative Equity	0.0 %	12.5 %	12.5 %
Opportunity Portfolio	0.0 %	3.0 %	0.0 %
Total			<u>100.0 %</u>

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00 %	3.38 %
Bank/Leveraged loans	3.00 %	5.09 %
High Yield Bonds	1.00 %	6.45 %
Large/Mid Cap US Equities	15.75 %	6.30 %
Small Cap US Equities	1.30 %	6.69 %
Micro Cap US Equities	1.30 %	6.80 %
Developed Foreign Equities	13.13 %	6.71 %
Emerging Foreign Equities	4.12 %	7.45 %
No-US Small Cap Equities	1.88 %	7.01 %
Private Equities	17.50 %	7.82 %
Real Estate (Property)	10.00 %	5.51 %
Real Estate (REITS)	2.50 %	6.37 %
Hedge Fund of Funds - Diversified	2.50 %	4.09 %
Hedge Fund - Event-driven	0.63 %	5.86 %
Timber	1.88 %	5.62 %
Farmland	1.88 %	6.15 %
Infrastructure	3.75 %	6.60 %
Commodities	1.88 %	3.84 %
Total	<u>100.00 %</u>	
Assumed Inflation - mean		2.50 %

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 10 - Employee Retirement Systems and Pension Plans, 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 7.20 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 City's Proportionate Share 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 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.20 percent) or one percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate Share of Net Pension Liability (Asset)	\$ 14,948,899	\$ 8,945,068	\$ 3,989,397

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

Changes in Plan Assumptions and Other Inputs. Changes in actuarial methods and assumptions implemented since the December 31, 2016 valuation are described in the 2016 experience Study (study) for the System, which was published on September 23, 2017, and can be found at <http://www.oregon.gov/PERS/Pages/Financials/Actuarial-Presentations-and-Reports.aspx>.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 11 - Other Post - Employment Benefits (OPEB) - Retirement Health Insurance Account Plan

Plan Description. The City contribute to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer other post-employment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

Benefits Provided. Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 38.410. To be eligible to receive this monthly payment toward the premium cost, the member must: 1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, 2) receive both Medicare Parts A and B coverage, and 3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she 1) is receiving a retirement benefit or allowance from PERS or 2) was insured at the time the member died and the member retired before May1, 1991.

Contributions. PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2016 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total contributions for the year ended June 30, 2019 was \$18,936.

OPEB Assets, Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the City reported \$44,040 for its proportionate share of the net OPEB asset (liability). The net OPEB asset (liability) was measured as of June 30, 2018, and the total OPEB asset used to calculated the net OPEB asset (liability) was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The City's proportion of the net OPEB asset (liability) was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the City's proportion was 0.03945254 percent, which was a decrease from its proportion measured as of June 30, 2018. The OPEB asset is reported in Governmental Activities.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 11 - Other Post - Employment Benefits (OPEB) - Retirement Health Insurance Account Plan, continued

For the year ended June 30, 2019, the City recognized OPEB expense (income) of (\$20,171). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	Deferred outflows of resources	Deferred inflows of resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 2,496
Changes of assumptions	-	140
Net difference between projected and actual earnings on investment	-	9,495
Changes in proportionate shares	<u>772</u>	<u>-</u>
Total (prior to post-MD contributions)	772	12,131
Contributions subsequent to the MD	<u>18,936</u>	<u>-</u>
	<u>\$ 19,708</u>	<u>\$ 12,131</u>

The \$18,936 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense (income) as follows:

<u>Fiscal year ending June 30</u>	Deferred outflows and (inflows) of resources
2019	\$ (3,631)
2020	(3,665)
2021	(3,118)
2022	<u>(945)</u>
Total	<u>\$ (11,359)</u>

Actuarial assumptions. See actuarial valuations included in Note 8 E. Pension plans except adding healthy retirees participation at 38% and disabled retirees participation at 20%.

Long-term expected rate of return. See long-term expected rate of return included in Note 8 F. Pension plans.

Depletion date projection. GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB 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 (fair market value of assets) 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 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) 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.

Discount rate. The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 11 - Other Post - Employment Benefits (OPEB) - Retirement Health Insurance Account Plan, continued

Sensitivity of the City of Cottage Grove's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of Net OPEB liability (asset)	\$ (25,642)	\$ (44,040)	\$ (59,700)

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

Changes in Assumption and Other inputs. Changes in actuarial methods and assumptions implemented since the December 31, 2016 valuation are described in the 2016 Experience Study (Study), published September 2017. Changes in assumptions from that Study are reported in the table of actuarial methods and assumptions on page 71. Modifications to the allocation of actuarial accrued liabilities, administrative expense assumptions, healthcare cost inflation, and mortality tables can be found in the Study at: <http://www.oregon.gov/PERS/Pages/Financials/Actuarial-Presentations-and-Reports.aspx>.

Note 12 - 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 carries commercial insurance for risks of loss including workers' compensation, property damage, general liability, automobile liability, boiler and machinery, inland marine, public official bond, and employee dishonesty coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 13 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed costs may constitute a liability to the City. Such amounts, if any, cannot be determined at this time and, accordingly, no liability is reflected in these financial statements.

Management of the City believes that total amount of liability, if any, which may arise from claims and lawsuits pending against the City beyond that which is covered by insurance would not have a material effect on the City's financial condition.

Note 14 Tax Abatements

The City of Cottage Grove enters into property tax abatement agreements with local businesses under the Oregon Enterprise Zone Act. Under the Act, localities may grant property tax abatements of up to 50 percent of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City.

For the fiscal year ended June 30, 2019, the City abated property taxes totaling \$5,777 under this program, for the benefit of King Estate Winery Limited Partnership. Taxes without the exemption would have amounted to \$15,394.

Note 15 - Subsequent events

The City entered into a \$6,765,000 Full Faith and Credit Agreement, Series 2019 with The Bank of New York Mellon Trust Company, N.A., as escrow agent, dated as of October 17, 2019. Annual debt service payments begin June 1, 2020 with principal of \$150,000 plus 3% interest graduating to the final principal payment of \$485,000 due June 1, 2039 with the interest increasing to 4% effective June 1 2023. The agreement includes remedies in the event of a financing default. The escrow agent shall have the right, at its sole option without any further demand or notice, to exercise any remedy available at law or in equity; however, the financing amount and the financing payments shall not be subject to acceleration. Any one or more of the following events shall constitute financing defaults: 1) failure by the City to pay any financing payments required to be paid in the amount and at the time specified in the agreement; 2) failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the agreement, but only if the failure continues for a period of 60 days after written notice to the City by the Escrow Agent, specifying such failure and requesting that it be remedied; and, 3) The commencement by the City of a voluntary case under any applicable bankruptcy, insolvency or other similar law.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2019

Note 16 - Future adoption of GASB pronouncements

The City will implement new GASB pronouncements no later than the required effective date. The City is currently evaluating whether or not the following new GASB pronouncements will have a significant impact to the City's financial statements.

GASB Statement No. 84, *Fiduciary Activities*. This statement was issued January 2017 to establish criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the City, fiscal year ending June 30, 2020.

GASB Statement No. 87, *Leases*. This Statement was Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the City for fiscal year ending June 30, 2021.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. This statement was issued June 2018 to establish accounting requirements for interest cost incurred before the end of a construction period. The objectives of the Statement are 1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and 2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for the City for fiscal year ending June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COTTAGE GROVE, OREGON

Required Supplementary Information

Year Ended June 30, 2019

Schedule of the Proportionate Share of the Net Pension Liability
Oregon Public Employees Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.059 %	0.060 %	0.059 %	0.058 %	0.054 %
Proportionate share of the net pension liability (asset)	\$ 8,945,068	\$ 8,205,352	\$ 8,789,141	\$ 3,341,340	\$ (1,229,962)
Covered payroll	\$ 4,857,657	\$ 4,457,525	\$ 4,198,300	\$ 4,038,370	\$ 3,949,874
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	184.14 %	184.08 %	209.35 %	82.74 %	(31.14)%
Plan net position as a percentage of the total pension liability	82.07 %	83.10 %	80.50 %	91.90 %	103.60 %

Schedule of Pension Contributions
Oregon Public Employees Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 869,177	\$ 658,122	\$ 566,535	\$ 553,803	\$ 590,234
Contributions in relation to the contractually required contribution	<u>(869,177)</u>	<u>(658,122)</u>	<u>(566,535)</u>	<u>(553,803)</u>	<u>(590,234)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,857,657	\$ 4,457,525	\$ 4,198,300	\$ 4,038,370	\$ 3,948,874
Contributions as a percentage of covered employee payroll	17.89 %	14.76 %	13.49 %	13.71 %	14.95 %

Schedule of Proportionate Share of the Net OPEB RHIA (Asset) Liability
Oregon Public Employee Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the net OPEB (asset) liability	0.04 %	0.04 %	0.04 %
Proportionate share of the net OPEB liability (asset)	\$ 44,040	\$ (17,998)	\$ 11,281
Covered payroll	\$ 4,857,657	\$ 4,457,525	\$ 4,198,300
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	0.91 %	(0.40)%	0.27 %
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	123.99 %	94.20 %	94.20 %

Schedule of OPEB Contributions
Oregon Public Employee Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractual required contribution	\$ 21,188	\$ 21,470	\$ 18,523
Contributions in relation to the contractually required contribution	<u>(21,188)</u>	<u>(21,470)</u>	<u>(18,523)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	4,857,657	4,457,525	4,198,300
Contributions as a percentage of covered payroll	0.44 %	0.48 %	0.44 %

Note: Only the information for the years available is presented in the above schedules.

CITY OF COTTAGE GROVE, OREGON

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 4,530,000	\$ 4,530,000	\$ 4,810,334	\$ 280,334
Franchise taxes	604,500	604,500	836,753	232,253
Alcohol taxes	135,000	135,000	166,126	31,126
Room tax	130,000	130,000	132,588	2,588
Other taxes	12,000	12,000	12,633	633
Marijuana Tax	45,000	45,000	112,805	67,805
Licenses and permits	23,000	23,000	26,964	3,964
Intergovernmental revenues	217,425	217,425	226,296	8,871
Charges for services	538,070	538,070	621,844	83,774
Fines and forfeitures	88,400	88,400	133,403	45,003
Investment earnings	30,000	30,000	78,413	48,413
Contributions and donations	119,200	132,700	188,475	55,775
Grants and contracts	265,735	280,883	346,685	65,802
Total revenues	<u>6,738,330</u>	<u>6,766,978</u>	<u>7,693,319</u>	<u>926,341</u>
Expenditures:				
General Government:				
City Council	38,500	43,150	40,556	2,594
City Manager	390,600	407,100	395,765	11,335
Finance	380,470	380,470	359,075	21,395
Public Safety:				
Police Operations	2,728,740	2,752,940	2,529,639	223,301
Municipal Court	85,735	88,235	85,319	2,916
Court Support Services	76,150	76,150	64,643	11,507
Youth Peer Court	28,005	28,005	21,812	6,193
Maintenance	407,105	410,753	379,517	31,236
Culture and Recreation:				
Engineering	369,560	369,560	310,413	59,147
Broadband Services	344,165	344,165	302,912	41,253
Community Development:				
Community Development	618,980	640,480	639,098	1,382
Library	483,475	486,975	478,571	8,404
Community Center	145,975	145,975	128,612	17,363
Community Promotions	127,200	132,200	117,368	14,832
Non-Departmental	252,600	252,600	220,833	31,767
Contingency	329,020	151,170	-	151,170
Total expenditures	<u>6,806,280</u>	<u>6,709,928</u>	<u>6,074,133</u>	<u>635,795</u>
Excess revenues over (under) expenditures	<u>(67,950)</u>	<u>57,050</u>	<u>1,619,186</u>	<u>1,562,136</u>
Other financing sources (uses):				
Transfers in	9,000	9,000	9,000	-
Transfers out	(1,113,580)	(1,238,580)	(1,238,434)	146
Insurance proceeds	-	-	14,207	14,207
Total other financing sources (uses)	<u>(1,104,580)</u>	<u>(1,229,580)</u>	<u>(1,215,227)</u>	<u>14,353</u>
Net change in fund balances	<u>(1,172,530)</u>	<u>(1,172,530)</u>	<u>403,959</u>	<u>1,576,489</u>
Fund Balance:				
Beginning of year	<u>1,750,000</u>	<u>1,750,000</u>	<u>2,422,359</u>	<u>672,359</u>
End of year	<u>\$ 577,470</u>	<u>\$ 577,470</u>	<u>\$ 2,826,318</u>	<u>\$ 2,248,848</u>

CITY OF COTTAGE GROVE, OREGON

Street Fund (004)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Local fuels tax	\$ 400,000	\$ 400,000	\$ 417,126	\$ 17,126
Intergovernmental revenues	1,258,000	1,258,000	723,280	(534,720)
Miscellaneous	1,000	1,000	11,013	10,013
Investment earnings	8,000	8,000	16,133	8,133
State grants	-	-	76,208	76,208
Total revenues	<u>1,667,000</u>	<u>1,667,000</u>	<u>1,243,760</u>	<u>(423,240)</u>
Expenditures:				
Street Maintenance	608,860	608,860	504,026	104,834
Street Sweeping	109,405	109,405	77,884	31,521
Streets capital improvements	1,408,355	1,408,355	1,099,670	308,685
Non-departmental:				
Materials and Services	121,850	121,850	114,835	7,015
Contingency	288,840	288,840	-	288,840
Total expenditures	<u>2,537,310</u>	<u>2,537,310</u>	<u>1,796,415</u>	<u>740,895</u>
Excess of revenues over (under) expenditures	(870,310)	(870,310)	(552,655)	317,655
Other financing sources (uses):				
Transfers out	<u>(104,690)</u>	<u>(104,690)</u>	<u>(104,679)</u>	<u>11</u>
Net change in fund balance	(975,000)	(975,000)	(657,334)	317,666
Beginning fund balance	<u>975,000</u>	<u>975,000</u>	<u>770,724</u>	<u>(204,276)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,390</u>	<u>\$ 113,390</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF COTTAGE GROVE, OREGON

Debt Service Fund (817)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:				
Non-departmental:				
Debt Service - Principal	\$ 1,690,290	\$ 1,690,290	\$ 1,484,378	\$ 205,912
Debt Service - Interest	<u>1,037,275</u>	<u>1,037,275</u>	<u>837,772</u>	<u>199,503</u>
Total expenditures	<u>2,727,565</u>	<u>2,727,565</u>	<u>2,322,150</u>	<u>405,415</u>
Excess of revenues over (under) expenditures	(2,727,565)	(2,727,565)	(2,322,150)	405,415
Other financing sources (uses):				
Transfers in	<u>2,727,565</u>	<u>2,727,565</u>	<u>2,322,150</u>	<u>(405,415)</u>
Net change in fund balance	-	-	-	-
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciliation to GAAP basis:			-	
Principal			(1,100,157)	
Interest expense			(621,340)	
Materials and Services			(896)	
Transfers in			<u>1,722,393</u>	
GAAP fund balance - end of year			<u>\$ -</u>	

For budgetary basis, all debt service principal and interest payments are recognized as expenditures in the Debt Service Fund. For GAAP, the amounts relating to enterprise funds are reclassified to the enterprise fund with a corresponding decrease in transfers in from the enterprise funds.

CITY OF COTTAGE GROVE, OREGON

Other Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

These funds account for revenue derived from specific tax or other earmarked revenue sources, including federal and state grant awards, which are restricted to finance particular functions or activities.

- **Assessment Fund** – This fund accounts for the receipts and expenditures for all local improvement districts of the City. The major revenue sources are proceeds from unbonded assessment principal and interest payments received.
- **Police Communication Fund** – This fund accounts for revenues received from the Oregon telephone excise tax, which is used for operation of the South Lane emergency phone system. Additionally, the City has consolidated its police support services with 911 operations and is funding police support services with a transfer from the General Fund.
- **Bicycle and Footpath Fund** – This fund was established to provide for the operational and capital improvement needs of the City's bike paths. Revenues and other financing sources consist primarily of 1% of the City's state gasoline tax and transfers from the Street Fund.
- **Rehabilitation Loan Fund** – This fund accounts for monies received from Community Development Block Grant. These monies are to provide assistance to homeowners that are disadvantaged by age, handicap, or income, to correct health, safety and/or structural hazards.
- **Narcotics Forfeiture** – This fund accounts for monies received from forfeitures. The monies must be used for drug enforcement activities and other drug enforcement programs.
- **Building Inspection Program** – This fund accounts for building permit revenues and the activities of the City's Building Permit Program. It was established because of State legislation mandating that building permit revenues not be used for any purpose other than building permit programs.
- **Industrial Park Operations Fund** – This fund was established to provide operations, maintenance and management services for the South Hwy 99 Industrial Park. Revenues and other financing sources are expected to consist primarily of lease revenues and transfers from the Industrial Development Fund.

Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital items and facilities. Funds included in this category are:

- **Street Systems Development Fund** – This fund was established to accumulate monies derived from street systems development charges for facility expansion or improvement. The use of these funds is restricted by City ordinance.
- **Park Systems Development Fund** – This fund was established to accumulate monies derived from parks systems development charges for facility expansion or improvement. The use of these funds is restricted by City ordinance.
- **General Reserve Fund** – This fund was established for the purpose of accumulating monies to acquire equipment or vehicles, to make major emergency repairs and/or to contract for services related to General Fund activities or programs. Transfers are the major source of financing.

Permanent Funds

This fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

- **Ed Jenks and Memorial Tree Fund** – This fund was established to account for interest earnings on a fixed principal donation by a private individual. Disbursements are restricted to purchases of nonfiction books for the library and the purchases and maintenance of trees.
- **Armory Trust Fund** - This fund was established to account for donations, grants and proceeds to cover expenditures for renovation, maintenance, operation, equipment and supplies for the Cottage Grove Armory.

CITY OF COTTAGE GROVE, OREGON

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2019

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 792,772	\$ 1,581,402	\$ 160,433	\$ 2,534,607
Accounts	25,111	-	113	25,224
Loan	<u>18,744</u>	<u>-</u>	<u>-</u>	<u>18,744</u>
Total assets	<u><u>\$ 836,627</u></u>	<u><u>\$ 1,581,402</u></u>	<u><u>\$ 160,546</u></u>	<u><u>\$ 2,578,575</u></u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 23,915	\$ -	\$ 71,770	\$ 95,685
Payroll and related accruals	38,936	-	-	38,936
Advance from other fund	<u>19,300</u>	<u>-</u>	<u>-</u>	<u>19,300</u>
Total liabilities	<u>82,151</u>	<u>-</u>	<u>71,770</u>	<u>153,921</u>
Deferred inflow related to pensions	<u>18,744</u>	<u>-</u>	<u>-</u>	<u>18,744</u>
Total deferred inflows of resources	<u>18,744</u>	<u>-</u>	<u>-</u>	<u>18,744</u>
Fund Balances				
Nonspendable	-	-	3,000	3,000
Restricted	427,541	-	85,776	513,317
Committed	<u>308,191</u>	<u>1,581,402</u>	<u>-</u>	<u>1,889,593</u>
Total fund balances	<u>735,732</u>	<u>1,581,402</u>	<u>88,776</u>	<u>2,405,910</u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 836,627</u></u>	<u><u>\$ 1,581,402</u></u>	<u><u>\$ 160,546</u></u>	<u><u>\$ 2,578,575</u></u>

CITY OF COTTAGE GROVE, OREGON

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year ended June 30, 2019

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Grants and contracts	\$ 35,000	\$ -	\$ 11,500	\$ 46,500
Intergovernmental revenues	156,504	-	-	156,504
Charges for services	517,779	-	-	517,779
Fines and forfeitures	14,000	-	-	14,000
Investment earnings	18,796	35,814	2,530	57,140
Contributions and donations	-	-	194,565	194,565
Miscellaneous	16,270	6,963	6,545	29,778
Special assessments	-	107,307	-	107,307
Total Revenues	<u>758,349</u>	<u>150,084</u>	<u>215,140</u>	<u>1,123,573</u>
Expenditures:				
Current:				
General Government	491,536	298,083	1,153	790,772
Public Safety	755,212	-	-	755,212
Highways and streets	37,677	63,082	-	100,759
Culture and recreation	-	20,012	-	20,012
Community Development	743,965	19,669	278,568	1,042,202
Debt service:				
Principal	<u>(19,300)</u>	<u>-</u>	<u>-</u>	<u>(19,300)</u>
Total Expenditures	<u>2,009,090</u>	<u>400,846</u>	<u>279,721</u>	<u>2,689,657</u>
Excess of revenues over (under) expenditures	<u>(1,250,741)</u>	<u>(250,762)</u>	<u>(64,581)</u>	<u>(1,566,084)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	196,056	-	-	196,056
Transfers in	538,490	213,000	125,000	876,490
Transfers out	(142,135)	-	-	(142,135)
Proceeds from loans	<u>725,000</u>	<u>-</u>	<u>-</u>	<u>725,000</u>
Total other financing sources (uses)	<u>1,317,411</u>	<u>213,000</u>	<u>125,000</u>	<u>1,655,411</u>
Net change in fund balance	66,670	(37,762)	60,419	89,327
Fund balance at beginning of year	<u>669,062</u>	<u>1,619,164</u>	<u>28,357</u>	<u>2,316,583</u>
Fund balance at end of year	<u>\$ 735,732</u>	<u>\$ 1,581,402</u>	<u>\$ 88,776</u>	<u>\$ 2,405,910</u>

CITY OF COTTAGE GROVE, OREGON

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2019

	Assessment Fund (005)	Police Communication Fund (006)	Bicycle and Footpath Fund (011)	Rehabilitation Loan Fund (020)	Narcotics Forfeiture (007)	Building Inspection Program (013)	Industrial Park Fund (502)	Total Nonmajor Special Revenue Funds
Assets								
Cash and cash equivalents	\$ 161,363	\$ 96,654	\$ 20,429	\$ 9,699	\$ 110,015	\$ 174,077	\$ 220,535	\$ 792,772
Accounts	-	24,448	663	-	-	-	-	25,111
Loan	-	-	-	18,744	-	-	-	18,744
Total assets	\$ 161,363	\$ 121,102	\$ 21,092	\$ 28,443	\$ 110,015	\$ 174,077	\$ 220,535	\$ 836,627
Liabilities								
Accounts payable	\$ -	\$ 494	\$ 1,208	\$ -	\$ -	\$ 22,213	\$ -	\$ 23,915
Payroll and related accruals	-	23,617	-	-	-	15,319	-	38,936
Advance from other fund	-	-	19,300	-	-	-	-	19,300
Total liabilities	-	24,111	20,508	-	-	37,532	-	82,151
Deferred Inflows of Resources								
Unavailable revenues	-	-	-	18,744	-	-	-	18,744
Fund Balance								
Restricted	-	96,991	-	-	110,015	-	220,535	427,541
Committed	161,363	-	584	9,699	-	136,545	-	308,191
Total Fund Balances	161,363	96,991	584	9,699	110,015	136,545	220,535	735,732
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 161,363	\$ 121,102	\$ 21,092	\$ 28,443	\$ 110,015	\$ 174,077	\$ 220,535	\$ 836,627

CITY OF COTTAGE GROVE, OREGON

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year ended June 30, 2019

	Assessment Fund (005)	Police Communication Fund (006)	Bicycle and Footpath Fund (011)	Rehabilitation Loan Fund (020)	Narcotics Forfeiture (007)	Building Inspection Program (013)	Industrial Park Fund (502)	Total
Revenues:								
Intergovernmental revenues	\$ -	\$ 149,198	\$ 7,306	\$ -	\$ -	\$ -	\$ -	\$ 156,504
Charges for services	-	-	-	-	-	517,779	-	517,779
Investment earnings	3,767	1,705	12	222	4,370	4,045	4,675	18,796
Miscellaneous	-	718	-	-	15,193	344	15	16,270
Fines and forfeitures	-	-	-	-	14,000	-	-	14,000
Grants and contracts	-	-	35,000	-	-	-	-	35,000
Total Revenues	3,767	151,621	42,318	222	33,563	522,168	4,690	758,349
Expenditures:								
Current:								
General Government	-	-	-	-	-	491,536	-	491,536
Public Safety	-	644,423	-	-	110,789	-	-	755,212
Highways and streets	-	-	37,677	-	-	-	-	37,677
Community Development	-	-	-	-	-	-	743,965	743,965
Debt service: Principal	-	-	(19,300)	-	-	-	-	(19,300)
Total Expenditures	-	644,423	18,377	-	110,789	491,536	743,965	2,009,090
Revenues over (under) expenditures	3,767	(492,802)	23,941	222	(77,226)	30,632	(739,275)	(1,250,741)
Other financing sources (uses):								
Transfers in	-	484,190	54,300	-	-	-	-	538,490
Transfers out	-	(13,044)	(28,300)	-	(1,719)	(21,615)	(77,457)	(142,135)
Proceeds from sale of capital assets	-	-	-	-	-	-	196,056	196,056
Proceeds from loans	-	-	-	-	-	-	725,000	725,000
Total other financing sources (uses)	-	471,146	26,000	-	(1,719)	(21,615)	843,599	1,317,411
Net change in fund balance	3,767	(21,656)	49,941	222	(78,945)	9,017	104,324	66,670
Beginning fund balance	157,596	118,647	(49,357)	9,477	188,960	127,528	116,211	669,062
Ending fund balance	\$ 161,363	\$ 96,991	\$ 584	\$ 9,699	\$ 110,015	\$ 136,545	\$ 220,535	\$ 735,732

CITY OF COTTAGE GROVE, OREGON

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2019

	Street Systems Development Fund (608)	Parks Systems Development Fund (610)	General Reserve Fund (731)	Bldg Inspection Reserve Fund (738)	Total Nonmajor Capital Projects Funds
Assets					
Cash and cash equivalents	\$ 1,173,028	\$ 294,935	\$ 93,334	\$ 20,105	\$ 1,581,402
Total assets	<u>\$ 1,173,028</u>	<u>\$ 294,935</u>	<u>\$ 93,334</u>	<u>\$ 20,105</u>	<u>\$ 1,581,402</u>
Liabilities					
Fund Balance					
Committed	1,173,028	294,935	93,334	20,105	1,581,402
Total Liabilities and Fund Balances	<u>\$ 1,173,028</u>	<u>\$ 294,935</u>	<u>\$ 93,334</u>	<u>\$ 20,105</u>	<u>\$ 1,581,402</u>

CITY OF COTTAGE GROVE, OREGON

Nonmajor Capital Project Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year ended June 30, 2019

	Street Systems Development Fund (608)	Parks Systems Development Fund (610)	General Reserve Fund (731)	Bldg Inspection Reserve Fund (738)	Total Nonmajor Capital Projects Funds
Revenues:					
Investment earnings	\$ 26,664	\$ 6,426	\$ 2,619	\$ 105	\$ 35,814
Special assessments	62,536	44,771	-	-	107,307
Miscellaneous	6,963	-	-	-	6,963
Total Revenues	96,163	51,197	2,619	105	150,084
Expenditures:					
Current:					
General Government	-	-	298,083	-	298,083
Highways and streets	63,082	-	-	-	63,082
Culture and recreation	-	20,012	-	-	20,012
Community Development	-	-	19,669	-	19,669
Total Expenditures	63,082	20,012	317,752	-	400,846
Excess of revenues over (under) expenditures	33,081	31,185	(315,133)	105	(250,762)
Other financing sources (uses):					
Transfers in	-	-	193,000	20,000	213,000
Net change in fund balance	33,081	31,185	(122,133)	20,105	(37,762)
Beginning fund balance	1,139,947	263,750	215,467	-	1,619,164
Ending fund balance	\$ 1,173,028	\$ 294,935	\$ 93,334	\$ 20,105	\$ 1,581,402

CITY OF COTTAGE GROVE, OREGON

Nonmajor Permanent Funds

Combining Balance Sheet

June 30, 2019

	<u>Special Trust Fund (825)</u>	<u>Armory Trust Fund (827)</u>	<u>Total Nonmajor Permanent Funds</u>
Assets			
Cash and cash equivalents	\$ 23,429	\$ 137,004	\$ 160,433
Accounts	<u>13</u>	<u>100</u>	<u>113</u>
Total assets	<u>\$ 23,442</u>	<u>\$ 137,104</u>	<u>\$ 160,546</u>
Liabilities			
Accounts payable	<u>\$ 1,240</u>	<u>\$ 70,530</u>	<u>\$ 71,770</u>
Fund Balance			
Nonspendable	3,000	-	3,000
Restricted	<u>19,202</u>	<u>66,574</u>	<u>85,776</u>
Total Liabilities and Fund Balances	<u>\$ 23,442</u>	<u>\$ 137,104</u>	<u>\$ 160,546</u>

CITY OF COTTAGE GROVE, OREGON

Nonmajor Permanent Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year ended June 30, 2019

	<u>Special Trust Fund (825)</u>	<u>Armory Trust Fund (827)</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
State grants	\$ -	\$ 11,500	\$ 11,500
Investment earnings	596	1,934	2,530
Contributions and donations	19,488	175,077	194,565
Miscellaneous	<u>-</u>	<u>6,545</u>	<u>6,545</u>
Total Revenues	<u>20,084</u>	<u>195,056</u>	<u>215,140</u>
Expenditures:			
Current:			
General Government	1,153	-	1,153
Community Development	<u>25,086</u>	<u>253,482</u>	<u>278,568</u>
Total Expenditures	<u>26,239</u>	<u>253,482</u>	<u>279,721</u>
Excess of revenues over (under) expenditures	<u>(6,155)</u>	<u>(58,426)</u>	<u>(64,581)</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>125,000</u>	<u>125,000</u>
Net change in fund balance	(6,155)	66,574	60,419
Beginning fund balance	<u>28,357</u>	<u>-</u>	<u>28,357</u>
Ending fund balance	<u><u>\$ 22,202</u></u>	<u><u>\$ 66,574</u></u>	<u><u>\$ 88,776</u></u>

CITY OF COTTAGE GROVE, OREGON

Assessment Fund (005)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 2,000	\$ 2,000	\$ 3,767	\$ 1,767
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>3,767</u>	<u>1,767</u>
Expenditures:				
Materials and Services	211,160	211,160	-	211,160
Capital Outlay	<u>1,108,610</u>	<u>1,108,610</u>	<u>-</u>	<u>1,108,610</u>
Total expenditures	<u>1,319,770</u>	<u>1,319,770</u>	<u>-</u>	<u>1,319,770</u>
Excess of revenues over (under) expenditures	(1,317,770)	(1,317,770)	3,767	1,321,537
Other financing sources (uses):				
Proceeds from loans	<u>1,160,670</u>	<u>1,160,670</u>	<u>-</u>	<u>(1,160,670)</u>
Net change in fund balance	(157,100)	(157,100)	3,767	160,867
Beginning fund balance	<u>157,100</u>	<u>157,100</u>	<u>157,596</u>	<u>496</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,363</u>	<u>\$ 161,363</u>

CITY OF COTTAGE GROVE, OREGON

Police Communication Fund (006)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 146,805	\$ 146,805	\$ 149,198	\$ 2,393
Investment earnings	1,000	1,000	1,705	705
Miscellaneous	-	-	718	718
Total revenues	<u>147,805</u>	<u>147,805</u>	<u>151,621</u>	<u>3,816</u>
Expenditures:				
Police Support Services	443,340	443,340	397,546	45,794
911 Services	267,865	267,865	246,877	20,988
Contingency	7,745	7,745	-	7,745
Total expenditures	<u>718,950</u>	<u>718,950</u>	<u>644,423</u>	<u>74,527</u>
Excess of revenues over (under) expenditures	(571,145)	(571,145)	(492,802)	78,343
Other financing sources (uses):				
Transfers in	484,190	484,190	484,190	-
Transfers out	(13,045)	(13,045)	(13,044)	1
Net change in fund balance	(100,000)	(100,000)	(21,656)	78,344
Beginning fund balance	<u>100,000</u>	<u>100,000</u>	<u>118,647</u>	<u>18,647</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,991</u>	<u>\$ 96,991</u>

CITY OF COTTAGE GROVE, OREGON

Bicycle and Footpath Fund (011)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Grants and contracts	\$ -	\$ -	\$ 35,000	\$ 35,000
Intergovernmental revenues	7,000	7,000	7,306	306
Investment earnings	<u>500</u>	<u>500</u>	<u>12</u>	<u>(488)</u>
Total revenues	<u>7,500</u>	<u>7,500</u>	<u>42,318</u>	<u>34,818</u>
Expenditures:				
Material and Services	28,150	28,150	11,333	16,817
Capital Outlay	<u>60,350</u>	<u>60,350</u>	<u>26,344</u>	<u>34,006</u>
Total expenditures	<u>88,500</u>	<u>88,500</u>	<u>37,677</u>	<u>50,823</u>
Excess of revenues over (under) expenditures	(81,000)	(81,000)	4,641	85,641
Other financing sources (uses):				
Transfers in	54,300	54,300	54,300	-
Transfers out	<u>(28,300)</u>	<u>(28,300)</u>	<u>(28,300)</u>	<u>-</u>
Net change in fund balance	(55,000)	(55,000)	30,641	85,641
Beginning fund balance	<u>55,000</u>	<u>55,000</u>	<u>(10,757)</u>	<u>(65,757)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	19,884	<u>\$ 19,884</u>
Reconciliation to GAAP basis:				
Due to other funds			<u>(19,300)</u>	
GAAP fund balance - end of year			<u>\$ 584</u>	

CITY OF COTTAGE GROVE, OREGON

Rehabilitation Loan Fund (020)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 100	\$ 100	\$ 222	\$ 122
Total revenues	<u>100</u>	<u>100</u>	<u>222</u>	<u>122</u>
Expenditures:				
Materials and Services	<u>9,545</u>	<u>9,545</u>	<u>-</u>	<u>9,545</u>
Total expenditures	<u>9,545</u>	<u>9,545</u>	<u>-</u>	<u>9,545</u>
Excess of revenues over (under) expenditures	<u>(9,445)</u>	<u>(9,445)</u>	<u>222</u>	<u>9,667</u>
Other financing sources (uses):				
Net change in fund balance	(9,445)	(9,445)	222	9,667
Beginning fund balance	<u>9,445</u>	<u>9,445</u>	<u>9,477</u>	<u>32</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,699</u>	<u>\$ 9,699</u>

CITY OF COTTAGE GROVE, OREGON

Narcotics Forfeiture (007)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 2,200	\$ 2,200	\$ 4,370	\$ 2,170
Miscellaneous	-	-	15,193	15,193
Fines and forfeitures	<u>43,480</u>	<u>43,480</u>	<u>14,000</u>	<u>(29,480)</u>
Total revenues	<u>45,680</u>	<u>45,680</u>	<u>33,563</u>	<u>(12,117)</u>
Expenditures:				
Personnel Services	16,175	16,175	-	16,175
Materials and Services	45,000	45,000	200	44,800
Capital Outlay	131,195	131,195	110,589	20,606
Contingency	<u>43,390</u>	<u>43,390</u>	<u>-</u>	<u>43,390</u>
Total expenditures	<u>235,760</u>	<u>235,760</u>	<u>110,789</u>	<u>124,971</u>
Excess of revenues over (under) expenditures	(190,080)	(190,080)	(77,226)	112,854
Other financing sources (uses):				
Transfers out	<u>(1,720)</u>	<u>(1,720)</u>	<u>(1,719)</u>	<u>1</u>
Net change in fund balance	(191,800)	(191,800)	(78,945)	112,855
Beginning fund balance	<u>191,800</u>	<u>191,800</u>	<u>188,960</u>	<u>(2,840)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,015</u>	<u>\$ 110,015</u>

CITY OF COTTAGE GROVE, OREGON

Building Inspection Program (013)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 619,375	\$ 619,375	\$ 517,779	\$ (101,596)
Investment earnings	500	500	4,045	3,545
Miscellaneous	<u>50</u>	<u>50</u>	<u>344</u>	<u>294</u>
Total revenues	<u>619,925</u>	<u>619,925</u>	<u>522,168</u>	<u>(97,757)</u>
Expenditures:				
Salaries and wages	384,175	384,175	348,597	35,578
Materials and Services	221,675	221,675	142,939	78,736
Contingency	<u>57,455</u>	<u>57,455</u>	<u>-</u>	<u>57,455</u>
Total expenditures	<u>663,305</u>	<u>663,305</u>	<u>491,536</u>	<u>171,769</u>
Excess of revenues over (under) expenditures	(43,380)	(43,380)	30,632	74,012
Other financing sources (uses):				
Transfers out	<u>(21,620)</u>	<u>(21,620)</u>	<u>(21,615)</u>	<u>5</u>
Net change in fund balance	(65,000)	(65,000)	9,017	74,017
Beginning fund balance	<u>65,000</u>	<u>65,000</u>	<u>127,528</u>	<u>62,528</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,545</u>	<u>\$ 136,545</u>

CITY OF COTTAGE GROVE, OREGON

Industrial Park Fund (502)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 100	\$ 100	\$ 4,675	\$ 4,575
Miscellaneous	-	-	15	15
Total revenues	<u>100</u>	<u>100</u>	<u>4,690</u>	<u>4,590</u>
Expenditures:				
Materials and Services	610	610	35	575
Capital Outlay	-	743,950	743,930	20
Contingency	<u>344,775</u>	<u>325,825</u>	-	<u>325,825</u>
Total expenditures	<u>345,385</u>	<u>1,070,385</u>	<u>743,965</u>	<u>326,420</u>
Excess of revenues over (under) expenditures	(345,285)	(1,070,285)	(739,275)	331,010
Other financing sources (uses):				
Transfers out	(49,715)	(49,715)	(77,457)	(27,742)
Proceeds from sale of capital assets	285,000	285,000	196,056	(88,944)
Proceeds from loans	-	<u>725,000</u>	<u>725,000</u>	-
Net change in fund balance	(110,000)	(110,000)	104,324	214,324
Beginning fund balance	<u>110,000</u>	<u>110,000</u>	<u>116,210</u>	<u>6,210</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,534</u>	<u>\$ 220,534</u>

CITY OF COTTAGE GROVE, OREGON

Street Systems Development Fund (608)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Special assessments	\$ 60,000	\$ 60,000	\$ 62,536	\$ 2,536
Investment earnings	15,000	15,000	26,664	11,664
Miscellaneous	-	-	6,963	6,963
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>96,163</u>	<u>21,163</u>
Expenditures:				
Materials and Services	250,580	250,580	1,957	248,623
Capital Outlay	795,420	795,420	-	795,420
Land Acquisition	85,000	85,000	61,125	23,875
Total expenditures	<u>1,131,000</u>	<u>1,131,000</u>	<u>63,082</u>	<u>1,067,918</u>
Net change in fund balance	(1,056,000)	(1,056,000)	33,081	1,089,081
Beginning fund balance	<u>1,056,000</u>	<u>1,056,000</u>	<u>1,139,947</u>	<u>83,947</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,173,028</u>	<u>\$ 1,173,028</u>

CITY OF COTTAGE GROVE, OREGON
Parks Systems Development Fund (610)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Special assessments	\$ 40,000	\$ 40,000	\$ 44,771	\$ 4,771
Investment earnings	<u>4,000</u>	<u>4,000</u>	<u>6,426</u>	<u>2,426</u>
Total revenues	<u>44,000</u>	<u>44,000</u>	<u>51,197</u>	<u>7,197</u>
Expenditures:				
Materials and Services	64,465	64,465	3,670	60,795
Capital Outlay	<u>252,535</u>	<u>252,535</u>	<u>16,342</u>	<u>236,193</u>
Total expenditures	<u>317,000</u>	<u>317,000</u>	<u>20,012</u>	<u>296,988</u>
Net change in fund balance	(273,000)	(273,000)	31,185	304,185
Beginning fund balance	<u>273,000</u>	<u>273,000</u>	<u>263,750</u>	<u>(9,250)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,935</u>	<u>\$ 294,935</u>

CITY OF COTTAGE GROVE, OREGON

General Reserve Fund (731)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 200	\$ 200	\$ 2,619	\$ 2,419
Total revenues	<u>200</u>	<u>200</u>	<u>2,619</u>	<u>2,419</u>
Expenditures:				
Materials and Services	87,770	33,270	19,669	13,601
Capital Outlay	<u>243,000</u>	<u>297,500</u>	<u>298,083</u>	<u>(583)</u>
Total expenditures	<u>330,770</u>	<u>330,770</u>	<u>317,752</u>	<u>13,018</u>
Excess of revenues over (under) expenditures	(330,570)	(330,570)	(315,133)	15,437
Other financing sources (uses):				
Transfers in	<u>193,000</u>	<u>193,000</u>	<u>193,000</u>	<u>-</u>
Net change in fund balance	(137,570)	(137,570)	(122,133)	15,437
Beginning fund balance	<u>137,570</u>	<u>137,570</u>	<u>215,467</u>	<u>77,897</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,334</u>	<u>\$ 93,334</u>

CITY OF COTTAGE GROVE, OREGON

Bldg Inspection Reserve Fund (738)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	<u>-</u>	<u>-</u>	<u>\$ 105</u>	<u>\$ 105</u>
Total revenues	<u>-</u>	<u>-</u>	<u>105</u>	<u>105</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>105</u>	<u>105</u>
Other financing sources (uses):				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>20,000</u>	<u>(10,000)</u>
Net change in fund balance	<u>30,000</u>	<u>30,000</u>	<u>20,105</u>	<u>(9,895)</u>
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 20,105</u>	<u>\$ (9,895)</u>

CITY OF COTTAGE GROVE, OREGON

Special Trust Fund (825)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 250	\$ 250	\$ 596	\$ 346
Contributions and donations	<u>36,910</u>	<u>36,910</u>	<u>19,488</u>	<u>(17,422)</u>
Total revenues	<u>37,160</u>	<u>37,160</u>	<u>20,084</u>	<u>(17,076)</u>
Expenditures:				
Materials and Services	-	44,805	26,238	18,567
Capital Outlay	<u>11,270</u>	<u>11,270</u>	<u>-</u>	<u>11,270</u>
Total expenditures	<u>11,270</u>	<u>56,075</u>	<u>26,238</u>	<u>29,837</u>
Net change in fund balance	25,890	(18,915)	(6,154)	12,761
Beginning fund balance	<u>18,915</u>	<u>18,915</u>	<u>28,356</u>	<u>9,441</u>
Ending fund balance	<u>\$ 44,805</u>	<u>\$ -</u>	<u>\$ 22,202</u>	<u>\$ 22,202</u>

CITY OF COTTAGE GROVE, OREGON

Armory Trust Fund (827)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Grants and contracts	\$ 210,000	\$ 210,000	\$ 11,500	\$ (198,500)
Investment earnings	-	-	1,934	1,934
Contributions and donations	73,000	73,000	175,077	102,077
Miscellaneous	4,500	4,500	6,545	2,045
Total revenues	<u>287,500</u>	<u>287,500</u>	<u>195,056</u>	<u>(92,444)</u>
Expenditures:				
Materials and Services	95,500	95,500	61,764	33,736
Capital Outlay	180,000	305,000	191,718	113,282
	12,000	12,000	-	12,000
Total expenditures	<u>287,500</u>	<u>412,500</u>	<u>253,482</u>	<u>159,018</u>
Excess of revenues over (under) expenditures	-	(125,000)	(58,426)	66,574
Other financing sources (uses):				
Transfers in	-	125,000	125,000	-
Net change in fund balance	-	-	66,574	66,574
Beginning fund balance	-	-	-	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,574</u>	<u>\$ 66,574</u>

CITY OF COTTAGE GROVE, OREGON

Proprietary Funds

Budgetary Comparison Schedules

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent three segments of operations - Water, Wastewater, and Storm Drain.

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual is displayed for each fund where legally adopted budgets are required.

Proprietary Budgetary Comparison schedules include the following:

Water Operations

Water Fund accounts for the financial activities of the city-owned water utility operations. Sales of water and related charges are the major revenue sources.

Water Systems Development Fund accounts for monies accumulated from water systems development charges for facility expansion or improvement. The use of these funds is restricted by City ordinance.

Water Reserve Fund accounts for monies accumulated for capital improvements to the City's water system as well as for the purchase of capital equipment. Transfers are the major source of financing.

Wastewater Operations

Wastewater Fund accounts for the financial activities of the city-owned sewer service. Wastewater charges are the major revenue sources.

Wastewater Systems Development Charge Fund accounts for monies accumulated from wastewater systems development charges for facility expansion or improvement. The use of these funds is restricted by City ordinance.

Wastewater Reserve Fund accounts for monies accumulated for capital improvements to the City's wastewater system as well as for the purchase of capital equipment. Transfers as well as surcharges assessed to all wastewater customers are the major source of financing.

Storm Drain Operations

Storm Drainage Utility Fund accounts for the financial activities of the city-owned storm drainage system. Revenues consist primarily of storm drain charges.

Storm Drainage Systems Development Fund accounts for monies accumulated from storm drainage systems development charges for facility expansion or improvement. The use of these funds is restricted by City ordinance.

Storm Drainage Reserve Fund accounts for monies accumulated for capital improvements to the City's storm drainage system as well as for the purchase of capital equipment. A surcharge assessed to all utility customers is the major source of financing.

For Generally Accepted Accounting Principles purposes, these aforementioned funds are consolidated and included as three separate Enterprise funds.

CITY OF COTTAGE GROVE, OREGON

Water Operations Combined

Combining Balance Sheet

June 30, 2019

	Water Fund (202)	Water Systems Development Fund (602)	Water Reserve Fund (732)	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 742,161	\$ 1,081,870	\$ 1,284,747	\$ 3,108,778
Receivables - net	169,189	-	154,146	323,335
Inventories	<u>123,386</u>	<u>-</u>	<u>-</u>	<u>123,386</u>
Total current assets	<u>1,034,736</u>	<u>1,081,870</u>	<u>1,438,893</u>	<u>3,555,499</u>
Noncurrent assets:				
Capital assets	<u>14,164,619</u>	<u>-</u>	<u>-</u>	<u>14,164,619</u>
Total noncurrent assets	<u>14,164,619</u>	<u>-</u>	<u>-</u>	<u>14,164,619</u>
Total assets	<u>15,199,355</u>	<u>1,081,870</u>	<u>1,438,893</u>	<u>17,720,118</u>
Deferred outflows				
Related to pensions	463,529	-	-	463,529
Deferred outflow related to bond refunding	<u>-</u>	<u>-</u>	<u>83,700</u>	<u>83,700</u>
Total deferred outflows	<u>463,529</u>	<u>-</u>	<u>83,700</u>	<u>547,229</u>
Total assets and deferred outflows	<u>\$ 15,662,884</u>	<u>\$ 1,081,870</u>	<u>\$ 1,522,593</u>	<u>\$ 18,267,347</u>
Liabilities and Net Position				
Liabilities				
Current liabilities:				
Accounts payable	\$ 36,762	\$ -	\$ 31,019	\$ 67,781
Payroll and related accruals	44,453	-	-	44,453
Accrued interest payable	84,258	-	-	84,258
Deposits	40,390	-	-	40,390
Compensated absences payable	64,168	-	-	64,168
Current portion of long-term debt	<u>75,486</u>	<u>-</u>	<u>359,517</u>	<u>435,003</u>
Total current liabilities	<u>345,517</u>	<u>-</u>	<u>390,536</u>	<u>736,053</u>
Noncurrent liabilities:				
Long-term debt, net of current portion	799,192	-	6,551,995	7,351,187
Net pension liability	<u>1,279,831</u>	<u>-</u>	<u>-</u>	<u>1,279,831</u>
Total noncurrent liabilities	<u>2,079,023</u>	<u>-</u>	<u>6,551,995</u>	<u>8,631,018</u>
Total Liabilities	<u>2,424,540</u>	<u>-</u>	<u>6,942,531</u>	<u>9,367,071</u>
Deferred inflows				
Related to pensions	<u>106,897</u>	<u>-</u>	<u>-</u>	<u>106,897</u>
Net Position				
Net investment in capital assets	13,289,941	-	(6,911,512)	6,378,429
Restricted for system development	-	1,081,870	-	1,081,870
Unrestricted	<u>(158,494)</u>	<u>-</u>	<u>1,491,574</u>	<u>1,333,080</u>
Total Net Position	<u>13,131,447</u>	<u>1,081,870</u>	<u>(5,419,938)</u>	<u>8,793,379</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 15,662,884</u>	<u>\$ 1,081,870</u>	<u>\$ 1,522,593</u>	<u>\$ 18,267,347</u>

CITY OF COTTAGE GROVE, OREGON

Water Operations Combined

Combining Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2019

	<u>Water Fund (202)</u>	<u>Water Systems Development Fund (602)</u>	<u>Water Reserve Fund (732)</u>	<u>Total</u>
Operating Revenues				
Charges for services	\$ 1,875,791	\$ 213,085	\$ 1,449,683	\$ 3,538,559
Miscellaneous	<u>9,294</u>	<u>-</u>	<u>-</u>	<u>9,294</u>
Total Operating Revenues	<u>1,885,085</u>	<u>213,085</u>	<u>1,449,683</u>	<u>3,547,853</u>
Operating Expenses				
Personal Services	1,225,988	-	-	1,225,988
Materials and Services	609,375	10	69,407	678,792
Depreciation expense	<u>550,034</u>	<u>-</u>	<u>-</u>	<u>550,034</u>
Total Operating Expenses	<u>2,385,397</u>	<u>10</u>	<u>69,407</u>	<u>2,454,814</u>
Operating Income (Loss)	<u>(500,312)</u>	<u>213,075</u>	<u>1,380,276</u>	<u>1,093,039</u>
Nonoperating revenues (expenses)				
Interest expense	(59,492)	-	(241,600)	(301,092)
Investment earnings	<u>17,371</u>	<u>24,486</u>	<u>24,531</u>	<u>66,388</u>
Total non-operating revenues (expenses)	<u>(42,121)</u>	<u>24,486</u>	<u>(217,069)</u>	<u>(234,704)</u>
Income (loss) before transfers	(542,433)	237,561	1,163,207	858,335
Transfers in	2,645,443	-	100,000	2,745,443
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(2,545,443)</u>	<u>(2,745,443)</u>
Change in Net Position	2,003,010	137,561	(1,282,236)	858,335
Beginning Net Position	<u>11,128,437</u>	<u>944,309</u>	<u>(4,137,702)</u>	<u>7,935,044</u>
Ending Net Position	<u>\$ 13,131,447</u>	<u>\$ 1,081,870</u>	<u>\$ (5,419,938)</u>	<u>\$ 8,793,379</u>

CITY OF COTTAGE GROVE, OREGON

Water Operations Combined

Combining Statement of Cash Flows

For the Year Ended June 30, 2019

	<u>Water Fund (202)</u>	<u>Water Systems Development Fund (602)</u>	<u>Water Reserve Fund (732)</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,871,301	\$ 213,085	\$ 1,443,487	\$ 3,527,873
Cash payments to employees	(1,064,016)	-	-	(1,064,016)
Cash payments to suppliers for goods and services	<u>(620,077)</u>	<u>(10)</u>	<u>(50,951)</u>	<u>(671,038)</u>
Net cash provided (used) by operating activities	<u>187,208</u>	<u>213,075</u>	<u>1,392,536</u>	<u>1,792,819</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	108,815	-	100,000	208,815
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>(108,815)</u>	<u>(208,815)</u>
Net cash provided (used) by noncapital financing activities	<u>8,815</u>	<u>-</u>	<u>(8,815)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(572,705)	-	-	(572,705)
Principal paid on capital debt	(70,612)	-	(366,515)	(437,127)
Interest paid on capital debt	(56,505)	-	(275,704)	(332,209)
Transfers related to capital outlay	<u>572,705</u>	<u>(100,000)</u>	<u>(472,705)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(127,117)</u>	<u>(100,000)</u>	<u>(1,114,924)</u>	<u>(1,342,041)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>17,371</u>	<u>24,486</u>	<u>24,531</u>	<u>66,388</u>
Net change in cash and cash equivalents	86,277	137,561	293,328	517,166
Cash and cash equivalents:				
Beginning of year	<u>655,884</u>	<u>944,309</u>	<u>991,419</u>	<u>2,591,612</u>
End of year	<u>\$ 742,161</u>	<u>\$ 1,081,870</u>	<u>\$ 1,284,747</u>	<u>\$ 3,108,778</u>

CITY OF COTTAGE GROVE, OREGON

Water Operations Combined

Combining Statement of Cash Flows, continued

For the Year Ended June 30, 2019

	<u>Water Fund (202)</u>	<u>Water Systems Development Fund (602)</u>	<u>Water Reserve Fund (732)</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (500,312)	\$ 213,075	\$ 1,380,276	\$ 1,093,039
Adjustments:				
Depreciation	550,034	-	-	550,034
Change in operating accounts:				
Receivables - net	(13,784)	-	(6,196)	(19,980)
Inventories	11,828	-	-	11,828
Net pension asset/liability	110,815	-	-	110,815
Deferred outflow related to pensions	(57,070)	-	-	(57,070)
Accounts payable	(19,840)	-	18,456	(1,384)
Other liabilities	(2,690)	-	-	(2,690)
Payroll and related	4,332	-	-	4,332
Compensated absences	11,159	-	-	11,159
Deferred inflow related to pensions	<u>92,736</u>	<u>-</u>	<u>-</u>	<u>92,736</u>
 Net cash provided (used) by operating activities	 <u>\$ 187,208</u>	 <u>\$ 213,075</u>	 <u>\$ 1,392,536</u>	 <u>\$ 1,792,819</u>

CITY OF COTTAGE GROVE, OREGON

Wastewater Operations Combined

Combining Balance Sheet

June 30, 2019

	Wastewater Fund (302)	Wastewater Systems Development Charge Fund (604)	Wastewater Reserve Fund (735)	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 399,124	\$ 205,717	\$ -	\$ 604,841
Receivables - net	287,317	-	5,911	293,228
Inventories	29,008	-	-	29,008
Total current assets	<u>715,449</u>	<u>205,717</u>	<u>5,911</u>	<u>927,077</u>
Noncurrent assets:				
Capital assets	<u>14,473,106</u>	<u>-</u>	<u>-</u>	<u>14,473,106</u>
Total noncurrent assets	<u>14,473,106</u>	<u>-</u>	<u>-</u>	<u>14,473,106</u>
Total assets	<u>15,188,555</u>	<u>205,717</u>	<u>5,911</u>	<u>15,400,183</u>
Deferred outflows				
Related to pensions	358,097	-	-	358,097
Deferred outflow related to bond refunding	-	-	39,600	39,600
Total deferred outflows	<u>358,097</u>	<u>-</u>	<u>39,600</u>	<u>397,697</u>
Total assets and deferred outflows	<u>\$ 15,546,652</u>	<u>\$ 205,717</u>	<u>\$ 45,511</u>	<u>\$ 15,797,880</u>
Liabilities and Net Position				
Liabilities				
Current liabilities:				
Accounts payable	\$ 20,193	\$ -	\$ 4,989	\$ 25,182
Payroll and related accruals	35,533	-	-	35,533
Accrued interest payable	53,371	-	-	53,371
Deposits	1,500	-	-	1,500
Unearned revenue	51,502	-	-	51,502
Compensated absences payable	55,530	-	-	55,530
Current portion of long-term debt	22,673	-	607,397	630,070
Total current liabilities	<u>240,302</u>	<u>-</u>	<u>612,386</u>	<u>852,688</u>
Noncurrent liabilities:				
Long-term debt, net of current portion	275,059	-	4,660,687	4,935,746
Net pension liability	988,728	-	-	988,728
Total noncurrent liabilities	<u>1,263,787</u>	<u>-</u>	<u>4,660,687</u>	<u>5,924,474</u>
Total Liabilities	<u>1,504,089</u>	<u>-</u>	<u>5,273,073</u>	<u>6,777,162</u>
Deferred inflows				
Related to pensions	<u>82,583</u>	<u>-</u>	<u>-</u>	<u>82,583</u>
Net Position				
Net investment in capital assets	14,175,374	-	(5,268,084)	8,907,290
Restricted for system development	-	205,717	-	205,717
Unrestricted	<u>(215,394)</u>	<u>-</u>	<u>40,522</u>	<u>(174,872)</u>
Total Net Position	<u>13,959,980</u>	<u>205,717</u>	<u>(5,227,562)</u>	<u>8,938,135</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 15,546,652</u>	<u>\$ 205,717</u>	<u>\$ 45,511</u>	<u>\$ 15,797,880</u>

CITY OF COTTAGE GROVE, OREGON

Wastewater Operations Combined

Combining Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2019

	Wastewater Fund (302)	Wastewater Systems Development Charge Fund (604)	Wastewater Reserve Fund (735)	Total
Operating Revenues				
Charges for services	\$ 1,991,712	\$ 36,720	\$ 1,102,396	\$ 3,130,828
Miscellaneous	44,520	-	-	44,520
Total Operating Revenues	<u>2,036,232</u>	<u>36,720</u>	<u>1,102,396</u>	<u>3,175,348</u>
Operating Expenses				
Personal Services	1,047,347	-	-	1,047,347
Materials and Services	809,956	375	81,464	891,795
Depreciation expense	612,766	-	-	612,766
Total Operating Expenses	<u>2,470,069</u>	<u>375</u>	<u>81,464</u>	<u>2,551,908</u>
Operating Income (Loss)	<u>(433,837)</u>	<u>36,345</u>	<u>1,020,932</u>	<u>623,440</u>
Nonoperating revenues (expenses)				
Interest expense	(9,999)	-	(205,657)	(215,656)
Investment earnings	10,580	4,312	1,431	16,323
Insurance proceeds	7,089	-	-	7,089
Total non-operating revenues (expenses)	<u>7,670</u>	<u>4,312</u>	<u>(204,226)</u>	<u>(192,244)</u>
Income (loss) before transfers	(426,167)	40,657	816,706	431,196
Transfers in	880,848	-	93,393	974,241
Transfers out	<u>(93,393)</u>	<u>-</u>	<u>(880,848)</u>	<u>(974,241)</u>
Change in Net Position	361,288	40,657	29,251	431,196
Beginning Net Position	<u>13,598,692</u>	<u>165,060</u>	<u>(5,256,813)</u>	<u>8,506,939</u>
Ending Net Position	<u>\$ 13,959,980</u>	<u>\$ 205,717</u>	<u>\$ (5,227,562)</u>	<u>\$ 8,938,135</u>

CITY OF COTTAGE GROVE, OREGON

Wastewater Operations Combined

Combining Statement of Cash Flows

For the Year Ended June 30, 2019

	<u>Wastewater Fund (302)</u>	<u>Wastewater Systems Development Charge Fund (604)</u>	<u>Wastewater Reserve Fund (735)</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,935,374	\$ 36,720	\$ 1,209,594	\$ 3,181,688
Cash payments to employees	(976,846)	-	-	(976,846)
Cash payments to suppliers for goods and services	<u>(809,057)</u>	<u>(375)</u>	<u>(108,109)</u>	<u>(917,541)</u>
Net cash provided (used) by operating activities	<u>149,471</u>	<u>36,345</u>	<u>1,101,485</u>	<u>1,287,301</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	93,393	93,393
Transfers out	<u>(93,393)</u>	<u>-</u>	<u>-</u>	<u>(93,393)</u>
Net cash provided (used) by noncapital financing activities	<u>(93,393)</u>	<u>-</u>	<u>93,393</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Insurance proceeds	7,089	-	-	7,089
Acquisition of capital assets	(880,848)	-	-	(880,848)
Principal paid on capital debt	(20,788)	-	(580,639)	(601,427)
Interest paid on capital debt	(21,911)	-	(223,615)	(245,526)
Transfers related to capital outlay	<u>880,848</u>	<u>-</u>	<u>(880,848)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(35,610)</u>	<u>-</u>	<u>(1,685,102)</u>	<u>(1,720,712)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>10,580</u>	<u>4,312</u>	<u>1,431</u>	<u>16,323</u>
Net change in cash and cash equivalents	31,048	40,657	(488,793)	(417,088)
Cash and cash equivalents:				
Beginning of year	<u>368,076</u>	<u>165,060</u>	<u>488,793</u>	<u>1,021,929</u>
End of year	<u>\$ 399,124</u>	<u>\$ 205,717</u>	<u>\$ -</u>	<u>\$ 604,841</u>

CITY OF COTTAGE GROVE, OREGON

Wastewater Operations Combined

Combining Statement of Cash Flows, continued

For the Year Ended June 30, 2019

	<u>Wastewater Fund (302)</u>	<u>Wastewater Systems Development Charge Fund (604)</u>	<u>Wastewater Reserve Fund (735)</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (433,837)	\$ 36,345	\$ 1,020,932	\$ 623,440
Adjustments:				
Depreciation	612,766	-	-	612,766
Change in operating accounts:				
Receivables - net	(104,454)	-	107,198	2,744
Deferred outflow	(24,936)	-	-	(24,936)
Inventories	4,801	-	-	4,801
Net pension asset/liability	30,524	-	-	30,524
Accounts payable	(3,902)	-	(26,645)	(30,547)
Other liabilities	3,596	-	-	3,596
Deferred inflow	70,976	-	-	70,976
Compensated absences	(7,027)	-	-	(7,027)
Payroll and related accruals	<u>964</u>	<u>-</u>	<u>-</u>	<u>964</u>
 Net cash provided (used) by operating activities	 <u>\$ 149,471</u>	 <u>\$ 36,345</u>	 <u>\$ 1,101,485</u>	 <u>\$ 1,287,301</u>

CITY OF COTTAGE GROVE, OREGON

Storm Drain Operations Combined

Combining Balance Sheet

June 30, 2019

	Storm Drainage Utility Fund (402)	Storm Drainage Systems Development Charge Fund (606)	Storm Drainage Reserve Fund (736)	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 123,362	\$ 447,480	\$ 1,952,179	\$ 2,523,021
Receivables - net	36,773	-	56,491	93,264
Total current assets	<u>160,135</u>	<u>447,480</u>	<u>2,008,670</u>	<u>2,616,285</u>
Noncurrent assets:				
Internal balances	-	19,300	-	19,300
Capital assets	2,732,086	-	-	2,732,086
Total noncurrent assets	<u>2,732,086</u>	<u>19,300</u>	<u>-</u>	<u>2,751,386</u>
Total assets	<u>2,892,221</u>	<u>466,780</u>	<u>2,008,670</u>	<u>5,367,671</u>
Deferred outflows				
Related to pensions	71,498	-	-	71,498
Deferred outflow related to bond refunding	-	-	11,912	11,912
Total deferred outflows	<u>71,498</u>	<u>-</u>	<u>11,912</u>	<u>83,410</u>
Total assets and deferred outflows	<u>\$ 2,963,719</u>	<u>\$ 466,780</u>	<u>\$ 2,020,582</u>	<u>\$ 5,451,081</u>
Liabilities and Net Position				
Liabilities				
Current liabilities:				
Accounts payable	\$ 2,193	\$ -	\$ 31	\$ 2,224
Payroll and related accruals	7,840	-	-	7,840
Accrued interest payable	11,206	-	-	11,206
Compensated absences payable	10,035	-	-	10,035
Current portion of long-term debt	657	-	69,845	70,502
Total current liabilities	<u>31,931</u>	<u>-</u>	<u>69,876</u>	<u>101,807</u>
Noncurrent liabilities:				
Long-term debt, net of current portion	21,243	-	1,004,822	1,026,065
Net pension liability	197,410	-	-	197,410
Total noncurrent liabilities	<u>218,653</u>	<u>-</u>	<u>1,004,822</u>	<u>1,223,475</u>
Total Liabilities	<u>250,584</u>	<u>-</u>	<u>1,074,698</u>	<u>1,325,282</u>
Deferred inflows				
Related to pensions	16,489	-	-	16,489
Net Position				
Net investment in capital assets	2,710,186	-	(1,074,667)	1,635,519
Restricted for system development	-	466,780	-	466,780
Unrestricted	(13,540)	-	2,020,551	2,007,011
Total Net Position	<u>2,696,646</u>	<u>466,780</u>	<u>945,884</u>	<u>4,109,310</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 2,963,719</u>	<u>\$ 466,780</u>	<u>\$ 2,020,582</u>	<u>\$ 5,451,081</u>

CITY OF COTTAGE GROVE, OREGON

Storm Drain Operations Combined

Combining Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2019

	<u>Storm Drainage Utility Fund (402)</u>	<u>Storm Drainage Systems Development Charge Fund (606)</u>	<u>Storm Drainage Reserve Fund (736)</u>	<u>Total</u>
Operating Revenues				
Charges for services	\$ 371,596	\$ 24,189	\$ 564,234	\$ 960,019
Miscellaneous	4,601	-	-	4,601
Total Operating Revenues	<u>376,197</u>	<u>24,189</u>	<u>564,234</u>	<u>964,620</u>
Operating Expenses				
Personal Services	213,015	-	-	213,015
Materials and Services	81,943	400	18,727	101,070
Depreciation expense	248,708	-	-	248,708
Total Operating Expenses	<u>543,666</u>	<u>400</u>	<u>18,727</u>	<u>562,793</u>
Operating Income (Loss)	<u>(167,469)</u>	<u>23,789</u>	<u>545,507</u>	<u>401,827</u>
Nonoperating revenues (expenses)				
Interest expense	(3,023)	-	(37,071)	(40,094)
Investment earnings	3,283	9,667	40,433	53,383
Total non-operating revenues (expenses)	<u>260</u>	<u>9,667</u>	<u>3,362</u>	<u>13,289</u>
Income (loss) before transfers	(167,209)	33,456	548,869	415,116
Transfers in	163,527	-	70,000	233,527
Transfers out	<u>(70,000)</u>	<u>-</u>	<u>(163,527)</u>	<u>(233,527)</u>
Change in Net Position	(73,682)	33,456	455,342	415,116
Beginning Net Position	<u>2,770,328</u>	<u>433,324</u>	<u>490,542</u>	<u>3,694,194</u>
Ending Net Position	<u>\$ 2,696,646</u>	<u>\$ 466,780</u>	<u>\$ 945,884</u>	<u>\$ 4,109,310</u>

CITY OF COTTAGE GROVE, OREGON

Storm Drain Operations Combined

Combining Statement of Cash Flows

For the Year Ended June 30, 2019

	Storm Drainage Utility Fund (402)	Storm Drainage Systems Development Charge Fund (606)	Storm Drainage Reserve Fund (736)	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 372,742	\$ 24,189	\$ 558,951	\$ 955,882
Cash payments to employees	(185,125)	-	(23,356)	(208,481)
Cash payments to suppliers for goods and services	<u>(83,649)</u>	<u>(400)</u>	<u>-</u>	<u>(84,049)</u>
Net cash provided (used) by operating activities	<u>103,968</u>	<u>23,789</u>	<u>535,595</u>	<u>663,352</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	70,000	70,000
Transfers out	(70,000)	-	-	(70,000)
Interfund loan activity	<u>-</u>	<u>19,300</u>	<u>-</u>	<u>19,300</u>
Net cash provided (used) by noncapital financing activities	<u>(70,000)</u>	<u>19,300</u>	<u>70,000</u>	<u>19,300</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(163,527)	-	-	(163,527)
Principal paid on capital debt	(440)	-	(60,933)	(61,373)
Interest paid on capital debt	(2,562)	-	(42,167)	(44,729)
Transfer related to capital outlay	<u>163,527</u>	<u>-</u>	<u>(163,527)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(3,002)</u>	<u>-</u>	<u>(266,627)</u>	<u>(269,629)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>3,283</u>	<u>9,667</u>	<u>40,433</u>	<u>53,383</u>
Net change in cash and cash equivalents	34,249	52,756	379,401	466,406
Cash and cash equivalents:				
Beginning of year	<u>89,113</u>	<u>394,724</u>	<u>1,572,778</u>	<u>2,056,615</u>
End of year	<u>\$ 123,362</u>	<u>\$ 447,480</u>	<u>\$ 1,952,179</u>	<u>\$ 2,523,021</u>

CITY OF COTTAGE GROVE, OREGON

Storm Drain Operations Combined

Combining Statement of Cash Flows, continued

For the Year Ended June 30, 2019

	Storm Drainage Utility Fund (402)	Storm Drainage Systems Development Charge Fund (606)	Storm Drainage Reserve Fund (736)	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (167,469)	\$ 23,789	\$ 545,507	\$ 401,827
Adjustments:				
Depreciation	248,708	-	-	248,708
(Increase) decrease in current assets:				
Receivables - net	(3,455)	-	(5,283)	(8,738)
Net pension asset/liability	23,626	-	-	23,626
Deferred outflow	(11,074)	-	-	(11,074)
Increase (decrease) in current liabilities:				
Accounts payable	(1,706)	-	(4,629)	(6,335)
Payroll and related accruals	946	-	-	946
Deferred inflow	14,384	-	-	14,384
Compensated absences	8	-	-	8
 Net cash provided (used) by operating activities	 <u>\$ 103,968</u>	 <u>\$ 23,789</u>	 <u>\$ 535,595</u>	 <u>\$ 663,352</u>

CITY OF COTTAGE GROVE, OREGON

Water Fund (202)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 1,740,500	\$ 1,740,500	\$ 1,875,791	\$ 135,291
Investment earnings	6,000	6,000	17,371	11,371
Miscellaneous	<u>1,400</u>	<u>1,400</u>	<u>9,296</u>	<u>7,896</u>
Total revenues	<u>1,747,900</u>	<u>1,747,900</u>	<u>1,902,458</u>	<u>154,558</u>
Expenditures:				
Water Distribution	979,350	979,350	865,995	113,355
Water Production	674,140	674,140	625,048	49,092
Non-departmental:				
Materials and Services	181,900	181,900	174,853	7,047
Contingency	<u>344,200</u>	<u>344,200</u>	<u>-</u>	<u>344,200</u>
Total expenditures	<u>2,179,590</u>	<u>2,179,590</u>	<u>1,665,896</u>	<u>513,694</u>
Excess of revenues over (under) expenditures	(431,690)	(431,690)	236,562	668,252
Other financing sources (uses):				
Transfers out	<u>(118,310)</u>	<u>(118,310)</u>	<u>(118,303)</u>	<u>7</u>
Net change in fund balance	(550,000)	(550,000)	118,259	668,259
Beginning fund balance	<u>550,000</u>	<u>550,000</u>	<u>671,486</u>	<u>121,486</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	789,745	<u>\$ 789,745</u>
Reconciliation to GAAP basis:				
Inventories			123,386	
Capital assets			14,164,619	
Deferred outflow related to pensions			463,529	
Accrued interest payable			(84,258)	
Net pension liability			(1,279,831)	
Long-term debt			(874,678)	
Compensated absences payable			(64,168)	
Deferred inflow related to pensions			<u>(106,897)</u>	
GAAP fund balance - end of year			<u>\$ 13,131,447</u>	

CITY OF COTTAGE GROVE, OREGON
Water Systems Development Fund (602)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 150,000	\$ 150,000	\$ 213,085	\$ 63,085
Investment earnings	<u>10,000</u>	<u>10,000</u>	<u>24,486</u>	<u>14,486</u>
Total revenues	<u>160,000</u>	<u>160,000</u>	<u>237,571</u>	<u>77,571</u>
Expenditures:				
Materials and Services	438,135	438,135	10	438,125
Capital Outlay	<u>621,865</u>	<u>621,865</u>	<u>100,000</u>	<u>521,865</u>
Total expenditures	<u>1,060,000</u>	<u>1,060,000</u>	<u>100,010</u>	<u>959,990</u>
Net change in fund balance	(900,000)	(900,000)	137,561	1,037,561
Beginning fund balance	<u>900,000</u>	<u>900,000</u>	<u>944,309</u>	<u>44,309</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,081,870</u>	<u>\$ 1,081,870</u>

CITY OF COTTAGE GROVE, OREGON

Water Reserve Fund (732)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 1,410,000	\$ 1,410,000	\$ 1,449,683	\$ 39,683
Investment earnings	<u>10,000</u>	<u>10,000</u>	<u>24,531</u>	<u>14,531</u>
Total revenues	<u>1,420,000</u>	<u>1,420,000</u>	<u>1,474,214</u>	<u>54,214</u>
Expenditures:				
Materials and Services	388,785	388,785	323,349	65,436
Capital Outlay	1,312,340	1,312,340	218,765	1,093,575
Contingency	<u>250,000</u>	<u>249,800</u>	<u>-</u>	<u>249,800</u>
Total expenditures	<u>1,951,125</u>	<u>1,950,925</u>	<u>542,114</u>	<u>1,408,811</u>
Excess of revenues over (under) expenditures	(531,125)	(530,925)	932,100	1,463,025
Other financing sources (uses):				
Transfers in	100,000	100,000	100,000	-
Transfers out	<u>(750,875)</u>	<u>(751,075)</u>	<u>(751,034)</u>	<u>41</u>
Net change in fund balance	(1,182,000)	(1,182,000)	281,066	1,463,066
Beginning fund balance	<u>1,182,000</u>	<u>1,182,000</u>	<u>1,126,808</u>	<u>(55,192)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	1,407,874	<u>\$ 1,407,874</u>
Reconciliation to GAAP basis:				
Deferred outflow related to bond refunding			83,700	
Long-term debt			<u>(6,911,512)</u>	
GAAP fund balance - end of year			<u>\$ (5,419,938)</u>	

CITY OF COTTAGE GROVE, OREGON

Wastewater Fund (302)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 1,836,945	\$ 1,836,945	\$ 1,991,712	\$ 154,767
Investment earnings	2,500	2,500	10,580	8,080
Miscellaneous	<u>15,740</u>	<u>15,740</u>	<u>44,522</u>	<u>28,782</u>
Total revenues	<u>1,855,185</u>	<u>1,855,185</u>	<u>2,046,814</u>	<u>191,629</u>
Expenditures:				
Wastewater Collections	376,990	398,490	377,550	20,940
Wastewater Treatment Plant	774,430	799,430	740,097	59,333
Middlefield Golf Course	511,170	511,170	481,206	29,964
Non-departmental:				
Materials and Services	191,300	191,300	184,112	7,188
Contingency	<u>180,220</u>	<u>133,700</u>	<u>-</u>	<u>133,700</u>
Total expenditures	<u>2,034,110</u>	<u>2,034,090</u>	<u>1,782,965</u>	<u>251,125</u>
Excess of revenues over (under) expenditures	(178,925)	(178,905)	263,849	442,754
Other financing sources (uses):				
Transfers out	(136,075)	(136,095)	(136,093)	2
Insurance proceeds	<u>-</u>	<u>-</u>	<u>7,089</u>	<u>7,089</u>
Net change in fund balance	(315,000)	(315,000)	134,845	449,845
Beginning fund balance	<u>315,000</u>	<u>315,000</u>	<u>442,868</u>	<u>127,868</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>577,713</u>	<u>\$ 577,713</u>
Reconciliation to GAAP basis:				
Inventories			29,008	
Capital assets			14,473,106	
Deferred outflow related to pensions			358,097	
Accrued interest payable			(53,371)	
Net pension liability			(988,728)	
Long-term debt			(297,732)	
Compensated absences payable			(55,530)	
Deferred inflow related to pensions			<u>(82,583)</u>	
GAAP fund balance - end of year			<u>\$ 13,959,980</u>	

CITY OF COTTAGE GROVE, OREGON

Wastewater Systems Development Charge Fund (604)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 30,000	\$ 30,000	\$ 36,720	\$ 6,720
Investment earnings	<u>3,400</u>	<u>3,400</u>	<u>4,312</u>	<u>912</u>
Total revenues	<u>33,400</u>	<u>33,400</u>	<u>41,032</u>	<u>7,632</u>
Expenditures:				
Materials and Services	95,865	95,865	375	95,490
Capital Outlay	<u>97,535</u>	<u>97,535</u>	<u>-</u>	<u>97,535</u>
Total expenditures	<u>193,400</u>	<u>193,400</u>	<u>375</u>	<u>193,025</u>
Net change in fund balance	(160,000)	(160,000)	40,657	200,657
Beginning fund balance	<u>160,000</u>	<u>160,000</u>	<u>165,060</u>	<u>5,060</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,717</u>	<u>\$ 205,717</u>

CITY OF COTTAGE GROVE, OREGON

Wastewater Reserve Fund (735)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 1,115,000	\$ 1,115,000	\$ 1,102,396	\$ (12,604)
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>1,431</u>	<u>(569)</u>
Total revenues	<u>1,117,000</u>	<u>1,117,000</u>	<u>1,103,827</u>	<u>(13,173)</u>
Expenditures:				
Materials and Services	478,300	478,300	326,560	151,740
Capital Outlay	3,924,455	3,924,455	635,752	3,288,703
Contingency	<u>219,600</u>	<u>219,600</u>	<u>-</u>	<u>219,600</u>
Total expenditures	<u>4,622,355</u>	<u>4,622,355</u>	<u>962,312</u>	<u>3,660,043</u>
Excess of revenues over (under) expenditures	(3,505,355)	(3,505,355)	141,515	3,646,870
Other financing sources (uses):				
Transfers in	-	-	30,000	30,000
Transfers out	(1,042,645)	(1,042,645)	(740,861)	301,784
Proceeds from loans	<u>4,225,000</u>	<u>4,225,000</u>	<u>-</u>	<u>4,225,000</u>
Net change in fund balance	(323,000)	(323,000)	(569,346)	(246,346)
Beginning fund balance	<u>323,000</u>	<u>323,000</u>	<u>570,268</u>	<u>247,268</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	922	<u>\$ 922</u>
Reconciliation to GAAP basis:				
Deferred outflow related to bond refunding			39,600	
Long-term debt			<u>(5,268,084)</u>	
GAAP fund balance - end of year			<u>\$ (5,227,562)</u>	

CITY OF COTTAGE GROVE, OREGON

Storm Drainage Utility Fund (402)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 360,000	\$ 360,000	\$ 371,596	\$ 11,596
Investment earnings	1,000	1,000	3,283	2,283
Miscellaneous	300	300	4,601	4,301
Total revenues	<u>361,300</u>	<u>361,300</u>	<u>379,480</u>	<u>18,180</u>
Expenditures:				
Materials and Services	94,000	94,000	81,943	12,057
Personnel Services	196,275	196,275	186,072	10,203
Contingency	82,020	82,020	-	82,020
Total expenditures	<u>372,295</u>	<u>372,295</u>	<u>268,015</u>	<u>104,280</u>
Excess of revenues over (under) expenditures	(10,995)	(10,995)	111,465	122,460
Other financing sources (uses):				
Transfers out	<u>(73,005)</u>	<u>(73,005)</u>	<u>(73,002)</u>	<u>3</u>
Net change in fund balance	<u>(84,000)</u>	<u>(84,000)</u>	<u>38,463</u>	<u>122,463</u>
Beginning fund balance	<u>84,000</u>	<u>84,000</u>	<u>111,639</u>	<u>27,639</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>150,102</u>	<u>\$ 150,102</u>

Reconciliation to GAAP basis:

Capital assets	2,732,086
Deferred outflow related to pensions	71,498
Accrued interest payable	(11,206)
Net pension liability	(197,410)
Long-term debt	(21,900)
Compensated absences payable	(10,035)
Deferred inflow related to pensions	<u>(16,489)</u>
GAAP fund balance - end of year	<u>\$ 2,696,646</u>

CITY OF COTTAGE GROVE, OREGON

Storm Drainage Systems Development Charge Fund (606)
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 15,000	\$ 15,000	\$ 24,189	\$ 9,189
Investment earnings	<u>4,000</u>	<u>4,000</u>	<u>9,666</u>	<u>5,666</u>
Total revenues	<u>19,000</u>	<u>19,000</u>	<u>33,855</u>	<u>14,855</u>
Expenditures:				
Materials and Services	100,150	100,150	400	99,750
Capital Outlay	<u>328,785</u>	<u>328,785</u>	<u>-</u>	<u>328,785</u>
Total expenditures	<u>428,935</u>	<u>428,935</u>	<u>400</u>	<u>428,535</u>
Excess of revenues over (under) expenditures	(409,935)	(409,935)	33,455	443,390
Other financing sources (uses):				
Interfund loan collection	<u>19,300</u>	<u>19,300</u>	<u>19,300</u>	<u>-</u>
Net change in fund balance	(390,635)	(390,635)	52,755	443,390
Beginning fund balance	<u>390,635</u>	<u>390,635</u>	<u>394,725</u>	<u>4,090</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	447,480	<u>\$ 447,480</u>
Reconciliation to GAAP basis:				
Internal balances			<u>19,300</u>	
GAAP fund balance - end of year			<u>\$ 466,780</u>	

CITY OF COTTAGE GROVE, OREGON

Storm Drainage Reserve Fund (736)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 550,000	\$ 550,000	\$ 564,235	\$ 14,235
Investment earnings	12,500	12,500	40,433	27,933
Miscellaneous	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Total revenues	<u>562,600</u>	<u>562,600</u>	<u>604,668</u>	<u>42,068</u>
Expenditures:				
Materials and Services	689,705	689,705	59,489	630,216
Capital Outlay	2,638,420	2,638,420	122,766	2,515,654
Contingency	<u>270,000</u>	<u>270,000</u>	<u>-</u>	<u>270,000</u>
Total expenditures	<u>3,598,125</u>	<u>3,598,125</u>	<u>182,255</u>	<u>3,415,870</u>
Excess of revenues over (under) expenditures	(3,035,525)	(3,035,525)	422,413	3,457,938
Other financing sources (uses):				
Transfers in	70,000	70,000	70,000	-
Transfers out	(234,475)	(234,475)	(103,100)	131,375
Proceeds from loans	<u>1,800,000</u>	<u>1,800,000</u>	<u>-</u>	<u>1,800,000</u>
Net change in fund balance	(1,400,000)	(1,400,000)	389,313	1,789,313
Beginning fund balance	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,619,326</u>	<u>219,326</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	2,008,639	<u>\$ 2,008,639</u>
Reconciliation to GAAP basis:				
Deferred outflow related to bond refunding			11,912	
Long-term debt			<u>(1,074,667)</u>	
GAAP fund balance - end of year			<u>\$ 945,884</u>	

STATISTICAL SECTION

CITY OF COTTAGE GROVE, OREGON
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Invested in capital assets, net of related debt	\$ 35,457,421	\$ 35,675,794	\$ 35,973,257	\$ 35,599,103
Restricted	658,157	626,395	805,891	766,498
Other Purposes	3,893	7,199	4,949	14,667
Unrestricted	5,777,021	5,658,773	4,836,062	3,997,853
Total governmental activities net position	\$ 41,896,492	\$ 41,968,161	\$ 41,620,159	\$ 40,378,121
Business-type activities				
Invested in capital assets, net of related debt	\$ 13,058,044	\$ 13,188,813	\$ 14,444,336	\$ 13,312,344
Restricted	755,414	987,389	710,379	829,834
Unrestricted	1,624,311	1,772,245	1,872,314	3,780,807
Total business-type activities net position	\$ 15,437,769	\$ 15,948,447	\$ 17,027,029	\$ 17,922,985
Primary government				
Invested in capital assets, net of related debt	\$ 48,515,465	\$ 48,864,607	\$ 50,417,593	\$ 48,911,447
Restricted	1,413,571	1,613,784	1,516,270	1,596,332
Other Purposes	3,893	7,199	4,949	14,667
Unrestricted	7,401,332	7,431,018	6,708,376	7,778,660
Total primary government net position	\$ 57,334,261	\$ 57,916,608	\$ 58,647,188	\$ 58,301,106

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 35,425,482	\$ 35,229,350	\$ 36,817,152	\$ 35,086,905	\$ 35,720,441	\$ 36,816,321	
1,584,366	1,838,990	1,372,398	1,614,882	1,078,331	320,395	
19,659		184,448	79,811	141,568	306,893	
3,465,695	2,633,406	(309,129)	757,030	331,308	(62,126)	
<u>\$ 40,495,202</u>	<u>\$ 39,701,746</u>	<u>\$ 38,064,869</u>	<u>\$ 37,538,628</u>	<u>\$ 37,271,648</u>	<u>\$ 37,381,483</u>	
\$ 14,708,476	\$ 14,618,868	\$ 14,447,980	\$ 15,683,125	\$ 15,946,460	\$ 16,921,238	
764,561	733,569	862,302	1,204,780	1,542,694	1,754,367	
2,827,641	3,077,375	3,060,286	2,513,405	2,647,024	3,165,219	
<u>\$ 18,300,678</u>	<u>\$ 18,429,812</u>	<u>\$ 18,370,568</u>	<u>\$ 19,401,310</u>	<u>\$ 20,136,178</u>	<u>\$ 21,840,824</u>	
\$ 50,133,958	\$ 49,848,218	\$ 51,265,132	\$ 50,770,030	\$ 51,666,901	\$ 53,737,559	
2,348,927	2,572,559	2,234,700	2,819,662	2,621,025	2,074,762	
19,659	-	184,448	79,811	141,568	306,893	
6,293,336	5,710,781	2,751,157	3,270,435	2,978,332	3,103,093	
<u>\$ 58,795,880</u>	<u>\$ 58,131,558</u>	<u>\$ 56,435,437</u>	<u>\$ 56,939,938</u>	<u>\$ 57,407,826</u>	<u>\$ 59,222,307</u>	

CITY OF COTTAGE GROVE, OREGON
CHANGES IN NET POSITION
Last Ten Fiscal Years *
(accrual basis of accounting)

Expenses	Fiscal Year			
	2010	2011	2012	2013
Governmental activities:				
General government	\$ 1,497,736	\$ 1,554,300	\$ 1,772,391	\$ 1,834,455
Public safety	2,767,500	2,697,310	2,979,798	3,782,641
Highways and streets	1,229,574	1,231,363	1,277,414	1,275,209
Community development	2,039,720	847,335	1,325,868	620,952
Culture and recreation	745,106	711,944	757,802	648,486
Interest on long-term debt	224,149	156,947	137,821	137,568
Total governmental activities expenses	8,503,785	7,199,199	8,251,094	8,299,311
Business-type activities:				
Water	2,348,936	2,280,278	2,312,176	2,558,125
Wastewater	2,301,446	2,353,304	2,550,110	2,294,964
Storm drainage	263,584	431,166	362,008	418,119
Total business-type activities expenses	4,913,966	5,064,748	5,224,294	5,271,208
Total primary government expenses	\$ 13,417,751	\$ 12,263,947	\$ 13,475,388	\$ 13,570,519
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 368,734	\$ 304,616	\$ 344,564	\$ 296,898
Public safety	38,424	60,435	49,748	80,337
Highways and streets	19,303	74,266	53,407	43,864
Culture and recreation	11,796	9,271	10,736	41,003
Community development	1,379	13,379	17,351	16,156
Operating grants and contributions	29,292	-	-	-
Capital grants and contributions	831,834	48,474	1,067,423	190,470
Total governmental activities program revenues	\$ 1,300,762	\$ 510,441	\$ 1,543,229	\$ 668,728
Business-type activities:				
Charges for services:				
Water	\$ 2,348,922	\$ 2,605,654	\$ 2,564,014	\$ 2,840,960
Wastewater	2,262,398	2,397,602	2,676,021	2,451,418
Storm drainage	331,592	353,475	346,029	542,107
Operating grants and contributions	15,057	4,467	-	-
Capital grants and contributions	-	-	991,403	317,118
Total business-type activities program revenues	4,957,969	5,361,198	6,577,467	6,151,603
Total primary government program revenues	\$ 6,258,731	\$ 5,871,639	\$ 8,120,696	\$ 6,820,331
Net(expense)/revenue				
Governmental activities	\$ (7,203,023)	\$ (6,688,758)	\$ (6,707,865)	\$ (7,630,583)
Business-type activities	44,003	296,450	1,353,173	880,395
Total primary government net expense	\$ (7,159,020)	\$ (6,392,308)	\$ (5,354,692)	\$ (6,750,188)

		Fiscal Year									
		2014	2015	2016	2017	2018	2019				
\$	1,810,323	\$	1,524,403	\$	3,489,638	\$	3,082,853	\$	2,980,437	\$	4,419,131
	3,070,327		2,479,277		3,271,855		3,384,138		3,455,840		3,380,322
	989,497		920,968		1,140,654		1,133,836		1,208,005		524,345
	769,788		488,539		930,662		607,323		693,475		757,611
	790,727		612,112		825,482		877,160		923,553		618,368
	148,221		199,442		204,197		204,315		200,046		271,638
	7,578,883		6,224,741		9,862,488		9,289,625		9,461,356		9,971,415
	2,548,815		2,301,645		3,088,737		2,853,816		2,809,454		2,755,906
	2,512,944		2,351,358		2,904,620		2,498,603		2,958,077		2,767,564
	672,082		580,226		681,966		672,598		663,601		602,887
	5,733,841		5,233,229		6,675,323		6,025,017		6,431,132		6,126,357
\$	13,312,724	\$	11,457,970	\$	16,537,811	\$	15,314,642	\$	15,892,488	\$	16,097,772
\$	966,751	\$	776,566	\$	681,206	\$	787,310	\$	823,378	\$	824,010
	320,898		240,333		279,168		296,693		287,265		312,471
	4,333		1,712		4,894		24,376		6,183		11,018
	-		-		-		-		-		-
	226,347		143,617		180,924		551,762		350,810		621,910
	1,105,422		1,159,534		1,213,917		1,296,836		1,460,155		1,615,783
	-		-		218,374		21,931		27,079		29,615
\$	2,623,751	\$	2,321,762	\$	2,578,483	\$	2,978,908	\$	2,954,870	\$	3,414,807
\$	3,011,946	\$	3,009,353	\$	3,105,868	\$	3,364,986	\$	3,441,936	\$	3,547,853
	2,471,466		2,562,466		2,746,677		2,806,561		2,987,944		3,175,348
	607,599		690,106		742,924		842,313		898,895		964,620
	-		-		-		-		-		-
	-		-		-		-		-		-
	6,091,011		6,261,925		6,595,469		7,013,860		7,328,775		7,687,821
\$	8,714,762	\$	8,583,687	\$	9,173,952	\$	9,992,768	\$	10,283,645	\$	11,102,628
\$	(4,955,132)	\$	(3,902,979)	\$	(7,284,005)	\$	(6,310,717)	\$	(6,506,486)	\$	(6,556,608)
	357,170		1,028,696		(79,854)		988,843		897,643		1,561,464
\$	(4,597,962)	\$	(2,874,283)	\$	(7,363,859)	\$	(5,321,874)	\$	(5,608,843)	\$	(4,995,144)

CITY OF COTTAGE GROVE, OREGON
CHANGES IN NET POSITION - CONTINUED
Last Ten Fiscal Years *
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 3,900,441	\$ 3,886,067	\$ 3,891,324	\$ 3,819,989
Franchise fees	410,375	423,445	437,997	421,508
Alcoholic Beverage Taxes **	106,839	111,254	124,249	130,042
Motor Fuel Taxes**	340,204	353,988	344,222	343,817
Unrestricted grants and contributions	-	-	-	-
Taxes & Other Revenues not restricted to specific programs **	1,429,404	1,817,513	1,540,749	1,636,307
Donations	-	301,315	-	-
Interest and investment earnings	48,307	59,846	38,982	36,882
Miscellaneous	-	-	-	-
Gain(loss) on sale of capital assets	-	-	(17,660)	-
Insurance Proceeds	-	-	-	-
Transfers	207,014	-	-	-
Total governmental activities	\$ 6,442,584	\$ 6,953,428	\$ 6,359,863	\$ 6,388,545
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	59,979	21,228	12,889	15,561
Gain on sale of capital assets	-	-	(287,480)	-
Insurance Proceeds	-	-	-	-
Transfers	(207,014)	-	-	-
Total business-type activities	(147,035)	21,228	(274,591)	15,561
Total primary government	\$ 6,295,549	\$ 6,974,656	\$ 6,085,272	\$ 6,404,106
Change in Net Position				
Governmental activities	\$ (760,439)	\$ 264,670	\$ (348,002)	\$ (1,242,038)
Business-type activities	(103,032)	317,678	1,078,582	895,956
Total primary government	\$ (863,471)	\$ 582,348	\$ 730,580	\$ (346,082)

* Information is presented for years ended subsequent to the implementation of GASB 33

** Classified separately for 2009-10 fiscal year.

		Fiscal Year									
		2014	2015	2016	2017	2018	2019				
\$	3,903,846	\$	4,082,673	\$	4,205,016	\$	4,371,032	\$	4,455,279	\$	4,729,399
	529,161		560,874		594,996		613,890		619,491		836,753
	150,146		154,582		154,675		164,010		170,209		177,580
	353,461		336,873		412,476		424,795		405,419		417,126
	-		-		-		-		-		-
	103,775		111,681		119,708		142,378		238,699		245,393
	-		-		-		-		-		-
	31,824		33,646		39,091		65,434		101,673		151,685
	-		0		-		-		74		6,978
	-		(16,534)		117,916		2,937		(2,911)		87,319
	-		-		-		-		11,399		14,207
	-		0		3,250		-		240,169		-
\$	5,072,213	\$	5,263,795	\$	5,647,128	\$	5,784,476	\$	6,239,501	\$	6,666,440
	-		-		-		-		-		-
	20,523		16,680		23,860		41,899		77,393		136,094
	-		-		-		-		-		-
	-		-		-		-		-		7,089
	-		-		(3,250)		-		(240,169)		-
	20,523		16,680		20,610		41,899		(162,776)		143,183
\$	5,092,736	\$	5,280,475	\$	5,667,738	\$	5,826,375	\$	6,076,725	\$	6,809,623
\$	117,081	\$	1,360,816	\$	(1,636,877)	\$	(526,241)	\$	(266,985)	\$	109,832
	377,693		1,045,376		(59,244)		1,030,742		734,867		1,704,647
\$	494,774	\$	2,406,192	\$	(1,696,121)	\$	504,501	\$	467,882	\$	1,814,479

CITY OF COTTAGE GROVE, OREGON
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Franchise Tax	Motor Fuel Taxes (State and Local)	Alcoholic Beverage Tax	Total
2010	\$ 3,900,441	\$ 410,375	\$ 804,261	\$ 106,839	\$ 5,221,916
2011	\$ 4,002,666	\$ 423,445	\$ 825,073	\$ 111,254	\$ 5,702,642
2012	\$ 3,837,013	\$ 437,997	\$ 868,617	\$ 124,249	\$ 5,267,876
2013	\$ 3,815,122	\$ 421,508	\$ 872,206	\$ 130,042	\$ 5,238,878
2014	\$ 3,903,442	\$ 529,161	\$ 906,617	\$ 136,989	\$ 5,476,209
2015	\$ 4,084,937	\$ 560,874	\$ 898,156	\$ 154,582	\$ 5,698,549
2016	\$ 4,199,845	\$ 594,996	\$ 989,947	\$ 154,675	\$ 5,939,463
2017	\$ 4,346,087	\$ 613,890	\$ 1,010,183	\$ 164,010	\$ 6,134,170
2018	\$ 4,515,181	\$ 619,491	\$ 1,038,078	\$ 170,209	\$ 6,342,959
2019	\$ 4,729,399	\$ 836,753	\$ 1,140,406	\$ 177,580	\$ 6,884,138

CITY OF COTTAGE GROVE, OREGON
FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years *
(modified accrual basis of accounting)

	2010	2011**	2012	2013	2014	2015
General Fund						
Reserved	40,796	n/a	n/a	n/a	n/a	n/a
Unreserved	1,526,740	n/a	n/a	n/a	n/a	n/a
Nonspendable	n/a	8,562	-	-	-	-
Unassigned	n/a	1,713,931	1,514,668	1,514,936	1,690,104	2,083,278
Total General Fund	\$ 1,567,536	\$ 1,722,493	\$ 1,514,668	\$ 1,514,936	\$ 1,690,104	\$ 2,083,278
Street Fund						
Restricted for:						
Road Maintenance	n/a	\$ 404,376	\$ 524,948	\$ 607,075	\$ 714,240	\$ 881,073
City Debt Service Fund						
Assigned to:						
Debt Service	n/a	\$ 3,337	\$ 3,352	\$ 2,859	\$ -	\$ -
All Other Governmental Funds						
Reserved	2,737	n/a	n/a	n/a	n/a	n/a
Unreserved, reported in:						
Special revenue funds	1,752,806	n/a	n/a	n/a	n/a	n/a
Capital project funds	1,340,536	n/a	n/a	n/a	n/a	n/a
Trust funds	3,000	n/a	n/a	n/a	n/a	n/a
Permanent funds	3,893	n/a	n/a	n/a	n/a	n/a
Nonspendable						
Prepays and deposits	n/a	13,519	3,289	22,310	3,952	-
Permanent balance	n/a	3,000	3,000	3,000	3,000	3,000
Restricted for:						
Emergency phone system	n/a	12,185	47,887	74	1,067	21,275
Drug Enforcement training	n/a	181,580	185,022	155,293	215,076	196,096
Building Permit programs	n/a	4,426	573	6,139	215	-
Industrial park management	n/a	459,464	347,816	241,103	139,689	93,536
Urban Renewal debt service	n/a	87,665	88,110	-	-	-
Bicycle and Footpath	n/a	-	-	-	-	-
Special Trust	n/a	-	-	-	-	-
Amory Trust	n/a	-	-	-	-	-
Committed to:						
Local improvement districts	n/a	150,138	150,901	151,690	152,311	152,866
Small business loans	n/a	9,569	-	-	-	-
Construction rehabilitation loans	n/a	444,531	446,789	430,382	450,966	375,591
Building Inspection Program	n/a	-	-	-	-	7,727
Capital projects	n/a	1,335,473	1,396,850	766,498	870,156	1,019,546
Assigned to:						
Library books and trees	n/a	4,199	1,949	11,667	16,659	-
Unassigned	n/a	(149,849)	(129,123)	(108,744)	(94,782)	16,079
Total all other governmental funds	\$ 3,102,972	\$ 2,555,900	\$ 2,543,063	\$ 1,679,412	\$ 1,758,309	\$ 1,885,716

* Information is presented for years ended subsequent to the implementation of GASB 34

** As of fiscal year 2010-11, the City implemented GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions.

Fiscal Year			
2016	2017	2018	2019
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
-	-	-	-
1,921,803	2,073,846	2,422,358	2,826,318
<u>\$ 1,921,803</u>	<u>\$ 2,073,846</u>	<u>\$ 2,422,358</u>	<u>\$ 2,826,318</u>

\$ 1,114,462 \$ 1,295,566 \$ 770,723 \$ 113,390

\$ - \$ - \$ - \$ -

n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
-	-	-	-
3,000	3,000	3,000	3,000
69,304	137,720	118,647	96,991
188,632	181,596	188,961	110,015
-	-	-	-
129,701	36,724	116,209	220,535
-	-	-	-
-	20,720	-	584
54,747	22,367	25,357	19,202
-	-	-	66,574
153,696	155,180	157,596	161,363
-	-	-	-
9,355	9,331	9,477	9,699
95	91,356	127,528	136,545
1,240,125	1,490,546	1,619,164	1,581,402
-	-	-	-
(14,876)	-	(49,358)	-
<u>\$ 1,833,779</u>	<u>\$ 2,148,540</u>	<u>\$ 2,316,581</u>	<u>\$ 2,405,910</u>

CITY OF COTTAGE GROVE, OREGON
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years *
(modified accrual basis of accounting)

	Fiscal year		
	2011	2012	2013
Revenues			
Taxes	\$ 4,861,685	\$ 4,709,821	\$ 4,666,685
Licenses and permits	6,119	3,941	6,232
Intergovernmental	1,242,193	1,229,343	1,208,297
Charges for services	242,765	294,462	285,412
Fines	134,522	117,659	106,373
Special assessments	78,561	59,744	80,244
Miscellaneous	693,106	615,411	695,288
Total revenues	7,258,951	7,030,381	7,048,531
Expenditures			
General government	1,218,620	1,356,810	1,472,582
Public safety	2,653,317	2,921,818	3,712,699
Highways and streets	565,995	611,648	634,986
Community development	847,335	823,465	803,295
Culture and recreation	669,558	696,155	717,527
Capital outlay	1,207,117	418,580	411,039
Debt service			
Principal	453,705	430,698	469,883
Interest	163,719	137,791	133,722
Loan Fee	-	-	750
Total expenditures	7,779,366	7,396,965	8,356,483
Excess of revenues over (under) expenditures	(520,415)	(366,584)	(1,307,952)
Other financing sources (uses)			
Donations	301,315	266,509	15,398
Sale of capital assets	-	-	-
Transfers in	764,850	1,014,533	748,029
Transfers out	(764,850)	(1,014,533)	(748,029)
Issuance of Debt/Refunding of Debt	427,699	-	506,605
Loan/Insurance Proceeds	-	-	4,200
Total other financing sources (uses)	729,014	266,509	526,203
Net change in fund balances	\$ 208,599	\$ (100,075)	\$ (781,749)
Debt service as a percentage of noncapital expenditures	10.4%	8.9%	8.2%

* Information is presented for years ended subsequent to the implementation of GASB 34

Fiscal year						
2014	2015	2016	2017	2018	2019	
\$ 4,889,839	\$ 5,250,189	\$ 5,482,881	\$ 5,692,324	\$ 5,950,209	\$ 6,488,365	
24,541	23,386	15,270	34,343	25,576	26,964	
1,234,722	909,739	922,756	975,104	990,378	1,106,080	
258,174	164,973	203,728	613,914	347,495	556,914	
115,733	107,735	138,197	133,769	140,171	147,403	
152,723	84,631	174,494	157,847	130,396	107,307	
1,013,939	1,063,699	943,573	1,128,202	1,421,394	1,627,247	
7,689,671	7,604,352	7,880,899	8,735,503	9,005,619	10,060,280	
1,455,898	1,467,192	1,638,610	2,176,101	2,346,479	2,800,599	
3,005,086	3,148,926	3,080,866	3,170,257	3,350,426	3,456,624	
758,244	695,238	919,789	800,573	1,638,241	1,897,174	
769,788	555,109	916,587	668,444	690,276	1,685,751	
725,677	677,298	745,302	781,300	722,009	740,111	
198,904	95,480	476,744	-	-	-	
275,371	181,948	259,308	286,605	276,471	364,921	
148,221	199,441	204,198	204,315	200,046	214,783	
-	-	-	-	-	-	
7,337,189	7,020,632	8,241,404	8,087,595	9,223,948	11,159,963	
352,482	583,720	(360,505)	647,908	(218,329)	(1,099,683)	
5,889	-	-	-	-	-	
-	42,334	126,925	-	111,786	196,056	
697,499	810,450	721,478	730,305	1,251,422	1,485,248	
(697,499)	(810,450)	(721,478)	(730,305)	(1,251,423)	(1,485,248)	
-	61,359	253,557	-	(1)	-	
-	-	-	-	98,249	739,207	
5,889	103,693	380,482	-	210,033	935,263	
\$ 358,371	\$ 687,413	\$ 19,977	\$ 647,908	\$ (8,296)	\$ (164,420)	
6.3%	5.8%	6.3%	6.5%	5.4%	5.5%	

CITY OF COTTAGE GROVE, OREGON
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years *
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Local Fuel Tax</u>	<u>Room Tax</u>	<u>Total</u>
2010	\$ 3,873,900.00	\$ 410,375.00	\$ 340,204.00	\$ 89,775.00	4,714,254
2011	\$ 4,002,666.00	\$ 423,445.00	\$ 353,988.00	\$ 81,586.00	4,861,685
2012	\$ 3,837,013.00	\$ 437,997.00	\$ 344,222.00	\$ 90,589.00	\$ 4,709,821
2013	\$ 3,815,122.00	\$ 421,507.88	\$ 343,817.00	\$ 86,238.00	\$ 4,666,685
2014	\$ 3,903,442.00	\$ 529,161.00	\$ 353,461.00	\$ 103,775.00	\$ 4,889,839
2015	\$ 4,084,937.00	\$ 560,874.00	\$ 336,873.00	\$ 111,681.00	\$ 5,094,365
2016	\$ 4,199,845.00	\$ 594,996.00	\$ 412,476.00	\$ 119,708.00	\$ 5,327,025
2017	\$ 4,346,087.00	\$ 613,890.00	\$ 424,795.00	\$ 130,894.00	\$ 5,515,666
2018	\$ 4,515,181.00	\$ 619,491.00	\$ 405,419.00	\$ 124,683.00	\$ 5,664,774
2019	\$ 4,810,334.00	\$ 836,753.00	\$ 417,126.00	\$ 132,588.00	\$ 6,196,801

*Information is presented for years ended subsequent to the implementation of GASB 34

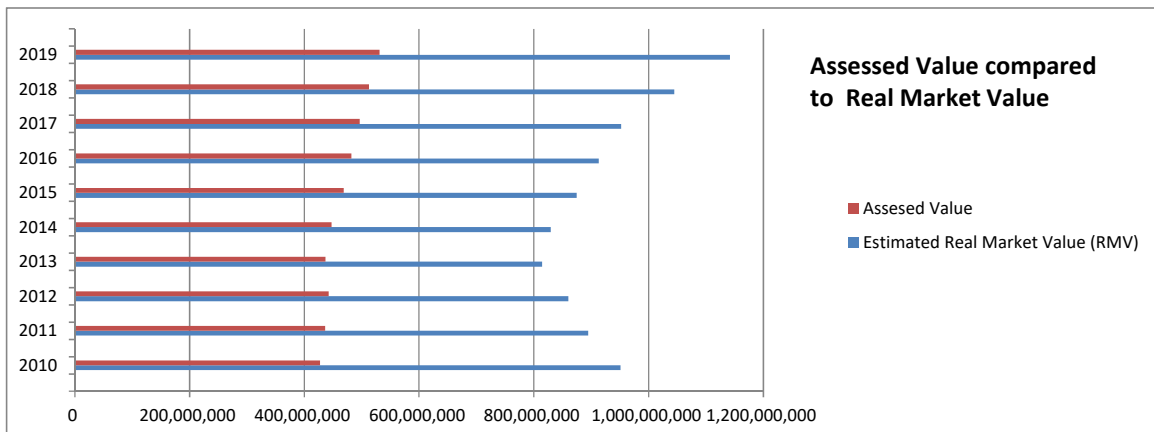
CITY OF COTTAGE GROVE, OREGON
ASSESSED VALUES AND ESTIMATED REAL MARKET VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Assessed Value					Total	Total Direct Tax Rate	Estimated Real Market Value (RMV)	Assessed Value as a Percentage of RMV
	Real Property	Personal Property	Manufactured Structures	Utilities					
2010 (1)	400,341,261	10,427,167	3,505,056	13,054,600	427,328,084	7.2087	951,337,243	44.9%	
2011 (1)	410,684,161	10,438,531	2,626,260	12,395,500	436,144,452	7.2087	894,526,836	48.8%	
2012 (1)	417,306,658	9,963,424	2,709,457	12,784,650	442,764,189	7.2087	860,172,306	51.5%	
2013 (1)	414,068,539	9,915,797	2,401,682	10,766,400	437,152,418	7.2087	814,720,984	53.7%	
2014 (1)	424,158,044	9,801,473	2,098,380	11,401,830	447,459,727	7.2087	829,729,611	53.9%	
2015 (1)	442,102,755	12,186,239	2,253,173	11,978,200	468,520,367	7.2087	874,926,818	53.5%	
2016 (1)	453,292,219	12,747,431	2,399,642	13,786,300	482,225,592	7.2087	913,338,883	52.8%	
2017 (1)	468,174,832	12,567,997	2,524,669	13,372,100	496,639,598	7.2087	952,300,790	52.2%	
2018 (1)	481,830,413	12,046,375	2,816,110	15,956,015	512,648,913	7.2087	1,044,878,838	49.1%	
2019 (1)	497,827,262	12,415,209	2,882,335	17,927,000	531,051,806	7.2087	1,141,650,948	46.5%	

(1) Includes values of Row River Road Urban Renewal District

Note: Property in Oregon is assessed annually within the 3 percent limits of Measure 50. Counties assess new property at approximately 67 percent of estimated real market value for all types of real and personal property. Tax rates are per \$1,000 of assessed value. The City's full tax rate was not levied in 2003, 2004, and 2005.

Source: Lane County Department of Assessment and Taxation



CITY OF COTTAGE GROVE, OREGON
PROPERTY TAX RATES
Last Ten Fiscal Years

Fiscal Year Ended June 30,	City of Cottage Grove Direct Rates		Overlapping Rates***				Total Rate	
	Permanent Rate	Total Direct	South Lane School District 45J3	Lane County Education Service District	Lane Community College	Lane County	South Lane County Fire & Rescue	Total Direct and Overlapping
2010	7.21	7.21	6.40	0.22	0.85	1.40	1.03	17.11
2011	7.21	7.21	6.45	0.22	0.86	1.39	1.03	17.16
2012	7.21	7.21	6.39	0.22	0.88	1.39	1.03	17.12
2013	7.21	7.21	6.35	0.22	0.86	1.39	1.03	17.06
2014	7.21	7.21	6.50	0.22	0.86	1.94	1.50	18.23
2015	7.21	7.21	6.29	0.22	0.86	1.93	1.50	18.01
2016	7.21	7.21	6.19	0.22	0.82	1.83	1.50	17.77
2017	7.21	7.21	6.89	0.22	0.84	1.68	1.80	18.64
2018	7.21	7.21	6.62	0.22	0.85	1.67	1.80	18.37
2019	7.21	7.21	6.48	0.22	0.85	1.81	1.78	18.35

Tax rates expressed in dollars and cents per \$1,000 of assessed value of taxable property

Source: Lane County Department of Assessment and Taxation, Tax Rate Comparisons

*** Overlapping rates are those of local and county governments that apply to property owners within the City of Cottage Grove.

All overlapping rates apply to Cottage Grove property owners.

Note: Two initiatives approved by Oregon voters have imposed constitutional limitations on property tax rates and assessed values of property. Measure 5 (1990) places a maximum tax rate for non-school governments of \$10 per \$1,000 of real market value on each parcel of property. Measure 50 (1997) put into place different values for real market value and assessed value and set permanent tax rates for each unit of local government. Assessed value for each parcel is limited to an annual 3% increase. Total assessed value can also increase by an amount for new development and can decrease based on reductions in real market value to below assessed value, including reductions due to depreciation on industrial property. Local governments may temporarily increase their tax rate with voter approval of a local option levy. In addition, levies for voter approved general obligation debt are not subject to any constitutional limits on taxes. The City's permanent tax rate is \$7.21 per \$1,000 of assessed value.

CITY OF COTTAGE GROVE, OREGON
PRINCIPAL PROPERTY TAXPAYERS
Last Ten Fiscal Years *

Taxpayer:	2019			2018			2017		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-mart Real Estate Business Trust	10,512,872	1	20.64%	10,206,672	1	21.47%	9,909,390	1	22.22%
Safeway Stores, Inc.	5,393,489	3	10.59%	5,236,397	3	11.02%	5,083,880	2	11.40%
Centurylink	4,427,000	7	8.69%						
Northwest Natural Gas	3,653,000	10	7.17%	3,494,000	10	7.35%	3,248,000	10	7.28%
Magnolia Gardens Assisted Living	4,350,302	5	8.54%	4,223,594	5	8.88%	4,100,877	4	9.20%
Charter Communications	5,902,900	2	11.59%	5,399,500	2	11.36%	3,900,700	5	8.75%
Whittaker-Northwest Partners	3,822,999	8	7.50%	3,711,650	6	7.81%	3,603,543	6	8.08%
Borg Commercial Properties LLC							3,455,042	8	7.75%
Pacificorp (PP&L)				3,533,000	9	7.43%	3,366,000	9	7.55%
Starfire Lumber Co	4,465,144	6	8.77%	3,566,851	8	7.50%			
Hone Investments LLC	3,640,764	9	7.15%	3,534,722	7	7.44%	3,431,769	7	7.70%
Gregory Falk LLC	4,770,983	4	9.37%	4,632,022	4	9.74%	4,497,109	3	10.08%
Totals	\$ 50,939,453		7.57%	\$ 47,538,408		7.37%	\$ 44,596,310		7.13%
Total for City of Cottage Grove	\$ 673,134,127			\$ 645,351,175			\$ 625,835,385		

Taxpayer:	2016			2015			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-mart Real Estate Business Trust	9,620,767	1	21.58%	9,340,550	1	18.64%	8,434,643	1	21.60%
Safeway Stores, Inc.	5,023,597	3	11.27%	5,008,961	3	10.00%	4,863,073	4	12.45%
Village Green Resort, LLC				5,841,658	2	11.66%	5,680,006	2	14.54%
Spring Investments, LLC							5,481,837	3	14.04%
Magnolia Gardens Assisted Living	3,981,143	5	8.93%	3,865,187	5	7.72%	3,752,608	7	9.61%
Sunrise Ridge LLC							4,454,123	5	11.41%
Charter Communications	5,031,700	2	11.29%	3,647,100	6	7.28%	3,242,500	9	8.30%
Gann Family Ventures LLC							3,140,555	10	8.04%
Whittaker-Northwest Partners	3,577,356	6	8.02%	3,473,161	7	6.93%	3,372,001	8	8.63%
Gregory Falk LLC	4,366,125	4	9.79%	9,238,956	4	18.44%	4,115,491	6	10.54%
Hone Investments LLC	3,331,815	7	7.47%	3,234,772	8	6.46%			
Wal-mart Stores Inc				3,250,996	9	6.49%			
GE Business Loan Pass Through Cert	3,447,441	8	7.73%						
Pacificorp (PP&L)	3,121,000	9	7.00%						
Starfire Lumber Co	3,077,816	10	6.90%						
K & M Holdings, LLC				3,194,061	10	6.38%			
Totals	\$ 44,580,776		7.36%	\$ 50,097,417		8.55%	\$ 39,051,359		6.98%
Total for City of Cottage Grove	\$ 605,342,912			\$ 585,890,795			\$ 559,169,501		

Source: Lane County Department of Assessment and Taxation

**CITY OF COTTAGE GROVE, OREGON
PRINCIPAL PROPERTY TAXPAYERS**

Last Ten Fiscal Years *

Taxpayer:	2013				2012				2011			
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Wal-mart Stores, Inc.	6,340,355	1	14.43%		6,155,684	1	14.29%		5,976,392	1	13.77%	
Safeway Stores, Inc.	4,896,072	4	11.14%		4,753,468	3	11.04%		4,615,017	3	10.63%	
Village Green Resort, LLC	5,525,855	2	12.57%		5,376,008	2	12.48%		5,232,096	2	12.05%	
Spring Investments, LLC	5,322,172	3	12.11%		5,234,808	4	12.15%		5,082,338	5	11.71%	
Northwest Natural Gas					4,041,000	7	9.38%		4,056,000	6	9.34%	
Magnolia Gardens Assisted Living	3,643,309	7	8.29%		3,537,193	9	8.21%		3,434,168	8	7.91%	
K & M Holdings, LLC	3,260,325	9	7.42%				0.00%		3,073,169	10	7.08%	
Sunrise Ridge LLC	4,637,574	5	10.55%		4,514,943	5	10.48%		5,082,338	4	11.71%	
Charter Communications					3,340,800	10	7.76%		-	-	-	
Engineered Solutions LP					2,241,914	6	5.20%		-	-	-	
Whittaker-Northwest Partners	3,273,787	8	7.45%				0.00%		3,085,858	9	7.11%	
Gregory Falk LLC	3,995,622	6	9.09%		3,879,245	8	9.01%		3,766,257	7	8.68%	
Gann Family Ventures LLC	3,049,083	10	6.94%									
Totals	\$ 43,944,154		8.04%		\$ 43,075,063		7.82%		\$ 43,403,633		8.07%	
Total for City of Cottage Grove	546,268,728				\$ 551,007,682				\$ 537,670,091			

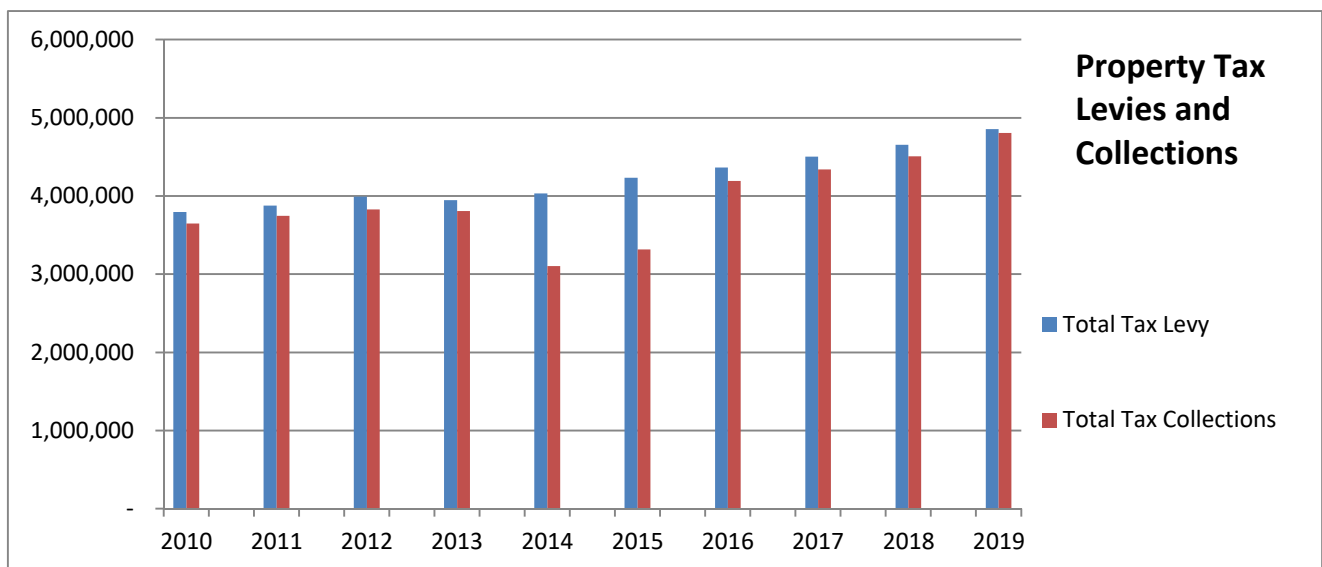
Taxpayer:	2010			
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Wal-mart Stores, Inc.	5,802,322	1	13.49%	
Safeway Stores, Inc.	4,480,599	4	10.42%	
Village Green Resort, LLC	5,093,242	2	11.84%	
Spring Investments, LLC	4,934,309	5	11.47%	
Northwest Natural Gas	4,336,000	6	10.08%	
Magnolia Gardens Assisted Living	3,334,144	9	7.75%	
Sunrise Ridge LLC	4,531,594	3	10.54%	
Charter Communications	3,093,300	10	7.19%	
Gregory Falk LLC	3,656,560	8	8.50%	
Totals	\$ 43,005,334		8.18%	
Total for City of Cottage Grove	\$ 525,779,935			

Source: Lane County Department of Assessment and Taxation

CITY OF COTTAGE GROVE, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total Tax Levy	Current Tax Collections	Percent of Levy Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2010	3,795,627	3,381,874	89.1	264,656	3,646,530	96.1	220,100	5.8
2011	3,878,859	3,643,842	93.9	101,086	3,744,928	96.5	216,678	5.6
2012	3,991,237	3,768,954	94.4	60,769	3,829,723	96.0	273,075	6.8
2013	3,946,045	3,716,503	94.2	92,548	3,809,051	96.5	279,455	7.1
2014	4,031,471	3,798,211	94.2	99,510	3,102,344	77.0	279,859	6.9
2015	4,232,747	3,871,293	91.5	208,489	3,316,060	78.3	277,595	6.6
2016	4,365,156	4,108,070	94.1	86,355	4,194,425	96.1	293,106	6.7
2017	4,502,699	4,257,817	94.6	82,664	4,340,481	96.4	318,051	7.1
2018	4,654,870	4,437,518	95.3	72,182	4,509,700	96.9	258,149	5.5
2019	4,855,296	4,622,704	95.2	183,989	4,806,693	99.0	177,215	3.6

Source: Lane County Department of Assessment and Taxation



CITY OF COTTAGE GROVE, OREGON
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years *

Governmental Activities

Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value**	Notes and Contracts		
			Loans	Capital Leases	Per Capita ***
2010	2,395,345	0.46%	2,174,631	-	229
2011	2,361,927	0.44%	2,182,042	-	225
2012	2,327,366	0.42%	1,785,935	-	183
2013	3,042,792	0.56%	1,138,155	-	116
2014	2,931,730	0.52%	973,846	-	99
2015	2,564,029	0.44%	946,449	-	96
2016	2,461,721	0.41%	1,040,214	-	105
2017	2,354,845	0.38%	857,549	-	86
2018	2,037,989	0.32%	742,792	-	74
2019	1,958,975	0.29%	1,235,093	-	122

Business-Type Activities

Fiscal Year Ended June 30,	Revenue Bonds and Notes	Per Capita ***
2010	19,872,976	2,093
2011	18,797,098	1,941
2012	17,989,813	1,846
2013	19,971,567	2,041
2014	18,916,405	1,922
2015	18,251,651	1,848
2016	17,389,335	1,758
2017	16,362,302	1,649
2018	15,615,673	1,561
2019	14,448,573	1,425

* Information is presented for years ended subsequent to the implementation of GASB 34

** Percent of Assessed Value is calculated using the using the General Obligation Bond divided by the total assessed value shown on Ratios of General Bonded Debt Outstanding Schedule

*** Per Capita is calculated using the total debt for the category divided by population shown on Ratios of General Bonded Debt Outstanding Schedule

CITY OF COTTAGE GROVE, OREGON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years *

Fiscal Year Ended June 30,	(1) Population	(2) Assessed Value	(3) Estimated Actual Value	(4) Gross General Obligation Bonded Debt	(5) Less Debt Service Fund	(6) Debt Payable from Other Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita
2010	9,495	525,779,935	951,337,243	2,395,345	-	636,107	1,759,238	0.33%	0.18%	185.28
2011	9,686	537,670,091	894,526,836	2,361,927	-	627,118	1,734,809	0.32%	0.19%	179.10
2012	9,745	551,007,682	860,172,306	2,327,366	-	617,679	1,709,687	0.31%	0.20%	175.44
2013	9,785	546,268,728	814,720,984	3,042,792	-	1,300,000	1,742,792	0.32%	0.21%	178.11
2014	9,840	559,169,501	829,729,611	2,931,730	-	1,220,000	1,711,730	0.31%	0.21%	173.96
2015	9,875	585,890,795	874,926,818	2,564,029	-	1,150,000	1,414,029	0.24%	0.16%	143.19
2016	9,890	605,342,912	913,338,883	2,461,721	-	1,075,000	1,386,721	0.23%	0.15%	140.21
2017	9,920	623,835,385	925,300,790	2,354,845	-	995,000	1,359,845	0.22%	0.15%	137.08
2018	10,005	645,351,175	1,044,878,838	2,037,989	-	677,054	1,360,935	0.21%	0.13%	136.03
2019	10,140	673,134,127	1,141,650,948	1,958,975	-	627,053	1,331,922	0.20%	0.12%	131.35

(1) Source: Portland State University

(2) and (3) Source: Lane County Department of Assessment and Taxation

(4) Amount does not include bancroft bonds

(5) Amount available for repayment of general obligation bonds

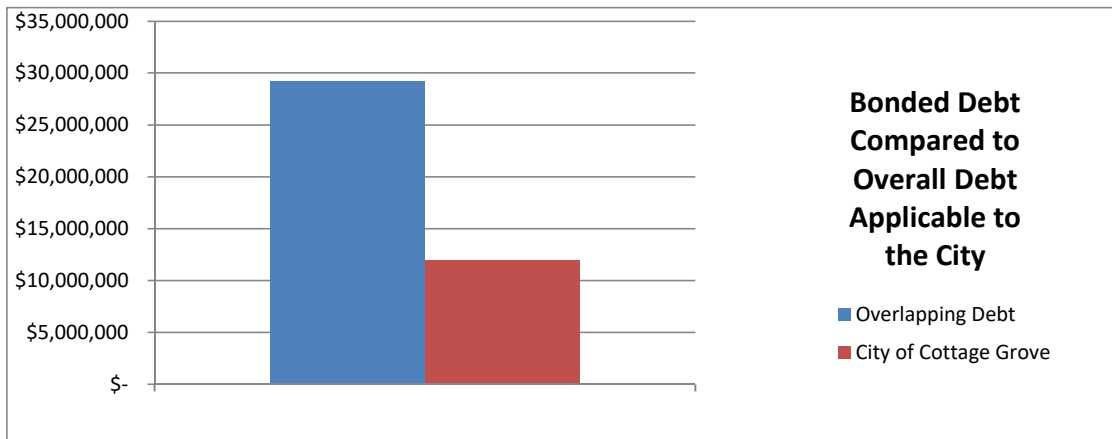
(6) These amounts include the general obligation bonds that are being repaid from water revenues, lease revenues from the Industrial Park, donations, and proceeds from the sale of property.

CITY OF COTTAGE GROVE, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2012

Jurisdiction	Total Net Debt	Percent Within City	City's Pro Rata Share
Direct:			
City of Cottage Grove	\$ 2,710,438	100%	\$ 2,710,438
Overlapping:			
Lane County School District 45J3	27,234,290	43.42%	11,825,129
Lane County	554,250	3.64%	20,175
Lane Community College	951,733	1.79%	17,036
Lane Education Service District	112,006	1.82%	2,039
South Lane County Fire & Rescue	364,552	32.26%	117,604
Totals	\$ 29,216,831		\$ 11,981,983

Source: Oregon State Treasury - Overlapping Debt Schedule

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.



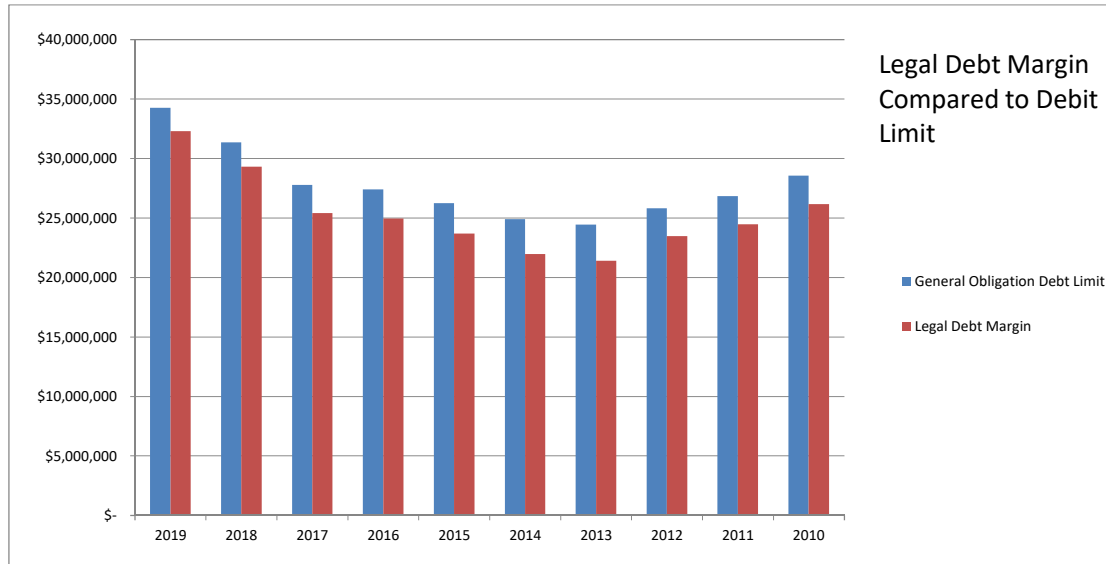
**CITY OF COTTAGE GROVE, OREGON
 LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years ***

ORS 287.004 provides a debt limit of 3 percent of the real market value of all taxable property within City boundaries

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Real Market Value (1)	\$ 1,141,650,948	\$ 1,044,878,838	\$ 925,300,790	\$ 913,338,883	\$ 874,926,818	\$ 829,729,611	\$ 814,720,984	\$ 860,172,306	\$ 894,526,836	\$ 951,337,243
Debt Limit of Real Market Value	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
General obligation debt limit	\$ 34,249,528	\$ 31,346,365	\$ 27,759,024	\$ 27,400,166	\$ 26,247,805	\$ 24,891,888	\$ 24,441,630	\$ 25,805,169	\$ 26,835,805	\$ 28,540,117
Gross bonded debt	1,958,975	2,037,989	2,354,845	2,461,721	2,564,029	2,931,730	3,042,792	2,327,366	2,361,927	2,395,345
Legal debt margin (amount for future indebtedness)	\$ 32,290,553	\$ 29,308,376	\$ 25,404,179	\$ 24,938,445	\$ 23,683,776	\$ 21,960,158	\$ 21,398,838	\$ 23,477,803	\$ 24,473,878	\$ 26,144,772

(1) Source: Lane County Department of Assessment Taxation

* Information is presented for years ended subsequent to the implementation of GASB 34



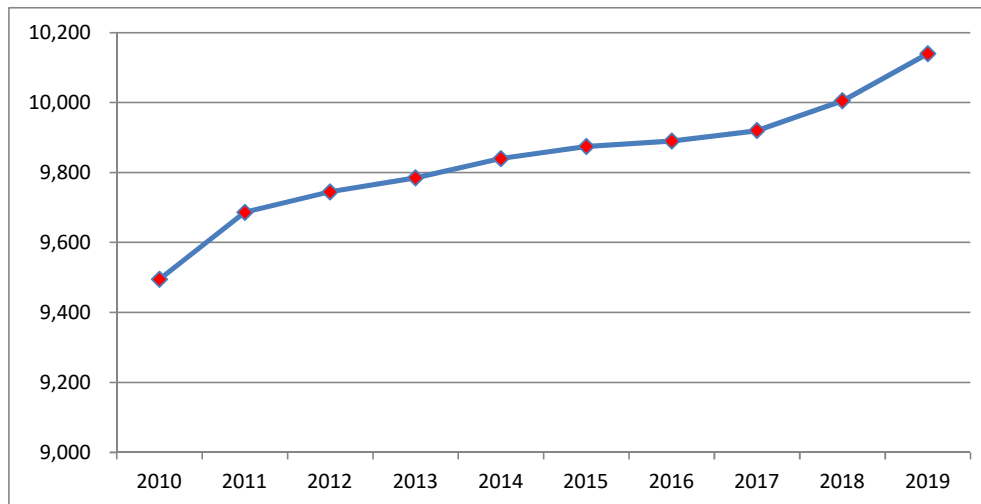
CITY OF COTTAGE GROVE, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	City of Cottage Grove Population	Lane County Population	Personal Income (amounts expressed in thousands)**	Per Capita Personal Income **	School Enrollment	Unemployment Rate
2010	9,495	347,690	11,655,264	33,552	2,635	10.6%
2011	9,686	347,690	11,655,264	33,277	2,635	10.6%
2012	9,745	353,416	12,214,410	34,561	2,718	8.9%
2013	9,785	356,125	12,760,064	35,878	2,639	8.5%
2014	9,840	358,076	13,867,878	38,729	2,732	7.2%
2015	9,875	362,047	14,909,371	41,181	2,613	5.8%
2016	9,890	369,061	15,594,472	42,254	2,743	5.0%
2017	9,920	375,617	16,512,047	43,960	2,514	4.3%
2018	10,005	379,611	17,431,415	45,919	2,495	4.1%
2019	10,140	378,880	17,996,042	47,498	2,559	4.2%

* Information not available

** Metropolitan Statistical Area - Eugene-Springfield

Sources: Portland State University Center for Population Research and Census
Oregon Employment Department
South Lane School District 45J3
Bureau of Labor and Statistics, U.S. Department of Labor
Bureau of Economic Analysis - U.S. Department of Commerce



CITY OF COTTAGE GROVE, OREGON
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION
Last Ten Fiscal Years *

Function	Full-time Equivalent Employees as of June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Employees (excluding police)										
Full-time	45	43	42	37	36	39	37	39	45	47
Part-time	5.81	5.72	10.99	23.00	21.00	23.00	20	18	21	20
Public Safety										
Police	22	23	25	31	29	27	26	27	25	28
Total	72.81	71.72	77.99	91.00	86.00	89.00	83.00	84	91	95

* Information is presented for years ended subsequent to the implementation of GASB 34

CITY OF COTTAGE GROVE, OREGON
OPERATING INDICATORS BY FUNCTION
EMPLOYEES BY FUNCTION
Last Ten Fiscal Years *

Function	Fiscal Year				
	2010	2011	2012	2013	2014
Police:					
Number of law violations:					
Arrests	1,209	913	527	913	527
Traffic violations	721	376	369	376	369
Parking violations	357	433	296	310	296
Wastewater System:					
Number of service connections	3673 **	3685**	3644**	3,685	3,644
Daily average treatment in gallons:					
Summer: May - October	1,420,000	1,520,000	1,223,000	1,500,000	1,200,000
Winter: November - April	2,960,000	3,420,000	3,343,000	3,400,000	3,300,000
Water System:					
Number of service connections	3852 **	3910**	3983**	3,910	3,983
Number of fire hydrants	401	401	401	401	401
Daily average consumption in gallons:					
Summer: July - September	2,512,000	2,202,333*	1,837,000	1,700,000	1,840,000
Winter: December - February	1,299,667	960,000*	871,667	1,100,000	871,000
Design capacity of plant in gallons	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

* Information is presented for years ended subsequent to the implementation of GASB 34

** Includes both active and idle connections

***Correction made from last years totals.

CITY OF COTTAGE GROVE, OREGON
OPERATING INDICATORS BY FUNCTION
EMPLOYEES BY FUNCTION, continued
Last Ten Fiscal Years *

Function	Fiscal Year				
	2015	2016	2017	2018	2019
Police:					
Number of law violations:					
Arrests	527	957	957	750	993
Traffic violations	369	396	396	318	412
Parking violations	296	192	192	99	184
Wastewater System:					
Number of service connections	3,499	3,584	3,584	3,611	3,693
Daily average treatment in gallons:					
Summer: May - October	1,200,000	1,000,000	1,000,000	1,230,000	1,230,000
Winter: November - April	3,300,000	3,300,000	3,300,000	3,611,000	3,340,000
Water System:					
Number of service connections	3,616	3,721	3,721	3,897	3,844
Number of fire hydrants	401	539	539	456	460
Daily average consumption in gallons:					
Summer: July - September	1,840,000	1,600,000	1,600,000	1,600,000	1,900,000
Winter: December - February	871,000	1,000,000	1,000,000	1,000,000	1,000,000
Design capacity of plant in gallons	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

CITY OF COTTAGE GROVE, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
EMPLOYEES BY FUNCTION
Last Ten Fiscal Years *

Function	Fiscal Year								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Area - square miles	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98
City of Cottage Grove facilities and services:									
Miles of streets	43.57	43.57	45.66	45.66	45.66	45.66	45.66	45.66	45.66
Number of street lights	508	508	490	490	490	494	495	492	493
Parks (developed)	22	22	22	22	22	32	32	32	32
Park acreage (developed)	243.58	243.58	243.58	243.58	243.58	243.58	243.58	243.58	243.58
Willamette Greenway (miles along river)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Library:									
Value of collection	\$813,378	\$836,115	\$ 850,240	\$ 865,000	\$ 936,404	\$950,960	\$933,883	\$936,401	\$937,275
Books circulated	77,157	69,406	84,615	61,865	94,253	112,364	80,805	48,416	65,645
Police protection:									
Number of stations	1	1	1	1	1	1	1	1	1
Wastewater System:									
Miles of sanitary sewers	45.72	45.72	45.72	45.72	45.72	45.72	45.72	45.72	45.72
Miles of storm sewers	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85
Design capacity of treatment plant in gallons	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000
Water System:									
Miles of water mains	49.05	49.05	49.05	49.05	49.05	49.05	49.05	49.2	49.2

* Information is presented for years ended subsequent to the implementation of GASB 34

CITY OF COTTAGE GROVE, OREGON
PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago

Employer	2019		2009	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
PeaceHealth Corp	5,855	3.77%	4,893	3.77%
Univeristy of Oregon	5,573	3.57%	4,038	3.57%
Eugene 4J School District	2,283	1.46%	2,794	1.46%
City of Eugene	1,866	1.20%	1,547	1.20%
U.S. Government	1,747	1.12%	1,800	1.12%
Oregon State Government	1,715	1.10%	-	1.10%
Lane County Government	1,678	1.07%	-	1.07%
Springfield School District	1,670	1.07%	1,500	1.07%
Lane Community College	1,500	0.96%	1,118	0.96%
McKenzie Willamette Medical	1,066	0.68%	-	0.68%
Monaco Coach Corp			2,400	1.46%
Total	<u>24,953</u>		<u>20,090</u>	

Sources:

Eugene Chamber of Commerce

State of Oregon Employment Department

COMPLIANCE SECTION



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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and City Council
City of Cottage Grove, Oregon

We have audited the basic financial statements of the City of Cottage Grove, Oregon ("City") as of and for the year ended June 30, 2019, and have issued our report thereon dated December 30, 2019. 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 162-010-0000 through 162-010-0320 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 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

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.

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

This report is intended solely for the information and use of management, the audit committee, and 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

A handwritten signature in black ink that reads "Gatlin C. Hawkins". The signature is written in a cursive style with a large, prominent "G" and "H".

By: Gatlin Hawkins, CPA, a member of the firm
Eugene, Oregon
December 30, 2019