



CITY OF COTTAGE GROVE, OREGON
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

CITY OF COTTAGE GROVE, OREGON
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2020
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, 2020
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INTRODUCTORY SECTION

CITY OF COTTAGE GROVE, OREGON

Principal City Officials

June 30, 2020

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

Vacant

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, 2020, 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, 2020, 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 29, 2020, 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, CPA, a member of the firm
Eugene, Oregon
December 29, 2020



City of Cottage Grove

400 E. Main Street, Cottage Grove, OR 97424

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

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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 \$60,160,143 (reported as net position). Of this amount, \$5,309,571 represents unrestricted net position, which may be used to meet the City's obligations to citizens and creditors.
- The City's net position decreased \$583,818 in governmental activities and increased \$1,521,654 in business type activities resulting in a total increase of \$937,836.
- The City's total debt outstanding increased \$6,263,575 or 35.5% this year. The City issued bonded debt in both the Governmental and Business Type Activities for various infrastructure projects in the amount of \$7,809,107 (including Bond Premium) and recognition in Governmental Activities of a lease in the amount of \$208,933 for police communication equipment.
- The City's overall net pension liability increased from \$8.9 million to \$10.7 million.

Fund Level

- The City's governmental funds reported a combined fund balance of \$5.4 million, which is an increase of \$90,429 over the prior fiscal year. Of the fund balance reported, \$2.9 million is considered non-spendable, restricted, or committed. The remaining \$2.5 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 \$23.4 million, an increase of \$1.6 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, and this year specifically, the Coronavirus Pandemic, as well as other events. 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, Street Fund, and Debt Service 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	
	2020	2019	2020	2019	2020	2019
Current & other assets	\$6,137,666	\$6,426,151	\$12,451,791	\$7,118,162	\$18,589,457	\$13,544,313
Capital assets, net	41,531,499	40,010,388	33,972,139	31,369,811	75,503,638	71,380,199
Total assets	<u>47,669,165</u>	<u>46,436,539</u>	<u>46,423,930</u>	<u>38,487,973</u>	<u>94,093,095</u>	<u>84,924,512</u>
Total deferred outflows of resources	<u>2,438,675</u>	<u>2,366,305</u>	<u>997,142</u>	<u>1,028,336</u>	<u>3,435,817</u>	<u>3,394,641</u>
Current liabilities	793,142	1,194,905	1,132,010	554,974	1,925,152	1,749,879
Long term liabilities	11,883,873	9,673,166	22,704,585	16,914,542	34,588,458	26,587,708
Total liabilities	<u>\$12,677,015</u>	<u>\$10,868,071</u>	<u>\$23,836,595</u>	<u>\$17,469,516</u>	<u>\$36,513,610</u>	<u>\$28,337,587</u>
Total deferred inflows of resources	<u>633,160</u>	<u>553,290</u>	<u>221,999</u>	<u>205,969</u>	<u>855,159</u>	<u>759,259</u>
Net position:						
Net Investment in capital assets	\$37,497,971	\$36,816,321	\$14,099,451	\$16,921,238	\$51,597,422	\$53,737,559
Restricted	1,002,254	627,288	2,250,896	1,754,367	3,253,150	2,381,655
Unrestricted	(1,702,560)	(62,126)	7,012,131	3,165,219	5,309,571	3,103,093
Total Net Position	<u>\$36,797,665</u>	<u>\$37,381,483</u>	<u>\$23,362,478</u>	<u>\$21,840,824</u>	<u>\$60,160,143</u>	<u>\$59,222,307</u>

The largest portion of the City's net position (85.7% 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 \$2,250,896 for system development, \$53,601 for road maintenance and \$948,653 for other purposes. The remaining balance is unrestricted net position in the amount of \$5,309,571 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	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program revenues						
Charges for services	\$ 1,937,968	\$ 1,769,409	\$ 8,072,268	\$ 7,687,821	\$ 10,010,236	\$ 9,457,230
Operating grants and contributions	3,220,534	1,615,783			3,220,534	1,615,783
Capital grants and contributions	151,486	29,615			151,486	29,615
General revenues						
Property taxes	4,898,499	4,729,399			4,898,499	4,729,399
Franchise fees	674,996	836,753			674,996	836,753
Alcoholic Beverage Taxes	190,311	177,580			190,311	177,580
Motor Fuel Taxes*	0	417,126			0	417,126
Taxes and Other Revenues not restricted to specific programs	292,003	266,578	39,745	7,089	331,748	273,667
Gain (loss) on disposition of Capital Assets	8,732	87,319			8,732	87,319
Interest	124,277	151,685	216,709	136,094	340,986	287,779
Total revenues	\$ 11,498,806	\$ 10,081,247	\$ 8,328,722	\$ 7,831,004	\$ 19,827,528	\$ 17,912,251
EXPENSES						
Governmental activities:						
General government	\$ 4,152,084	\$ 4,419,131			\$ 4,152,084	\$ 4,419,131
Public safety	3,962,770	3,380,322			3,962,770	3,380,322
Highways and streets	1,480,977	524,345			1,480,977	524,345
Culture and recreation	979,883	618,368			979,883	618,368
Community development	1,258,245	757,611			1,258,245	757,611
Interest on long-term debt	248,665	271,638			248,665	271,638
Business-type activities:						
Water			\$ 3,185,813	\$ 2,755,906	3,185,813	2,755,906
Wastewater			2,970,036	2,767,564	2,970,036	2,767,564
Storm drainage			651,219	602,887	651,219	602,887
Total Expenses	12,082,624	9,971,415	6,807,068	6,126,357	18,889,692	16,097,772
Change in Net Position before transfers	(583,818)	109,832	1,521,654	1,704,647	937,836	1,814,479
Transfers in (out)	0	0	0	0	0	0
Change in Net Position	(583,818)	109,832	1,521,654	1,704,647	937,836	1,814,479
Beginning Net Position	37,381,483	37,271,651	21,840,824	20,136,177	59,222,307	57,407,828
Ending Net Position	\$36,797,665	\$ 37,381,483	\$ 23,362,478	\$ 21,840,824	\$ 60,160,143	\$ 59,222,307

* For Fiscal Year 2020 Motor Fuel Taxes are included in Operating Grants and Contributions

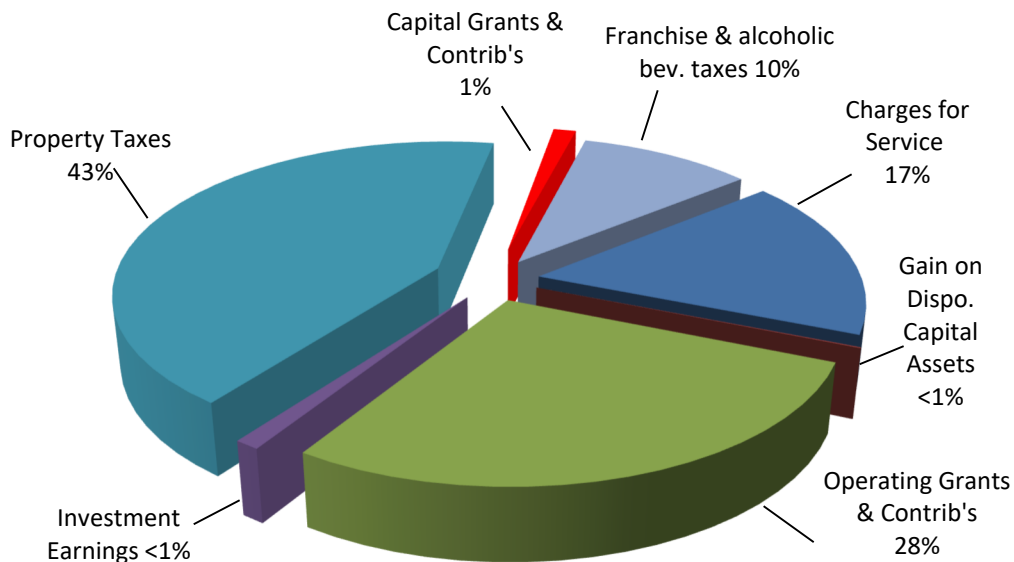
Governmental Activities

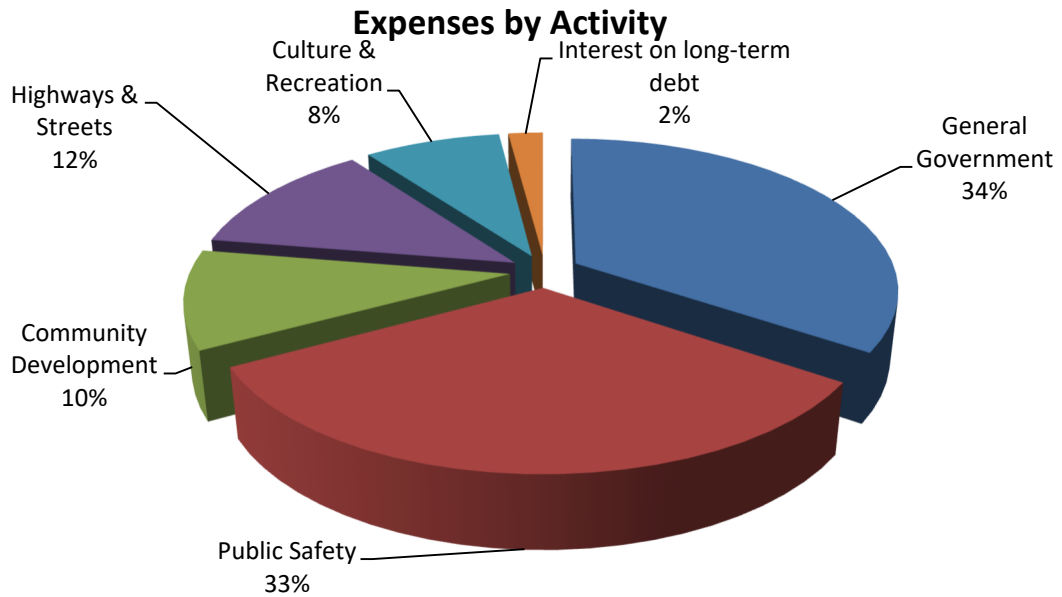
The net position for governmental activities decreased \$583,818 from the prior year. Key factors include:

- Total governmental activity revenues increased \$1,417,559 approximately 14% more than the previous year. The most significant increase in revenue was in Operating Grants and Contributions. There was also an additional \$2,111,209 in expenditures, compared to the prior year, creating the decrease in net position.
- Property taxes comprise approximately 43% of governmental operating revenue. For operating purposes, property tax revenues increased \$169,100. 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 \$1,187,625 not including the Motor Fuel Taxes. The City is a pass-through agency for Transportation Grants for South Lane Wheels.
- Capital Grants and contributions increased \$121,871.
- Overall, expenditures increased, and revenue has increased, however revenues are less than expenditures which is a change (decrease) in Net Position of \$583,818.

Governmental Activities as of June 30, 2020

Resources by Type



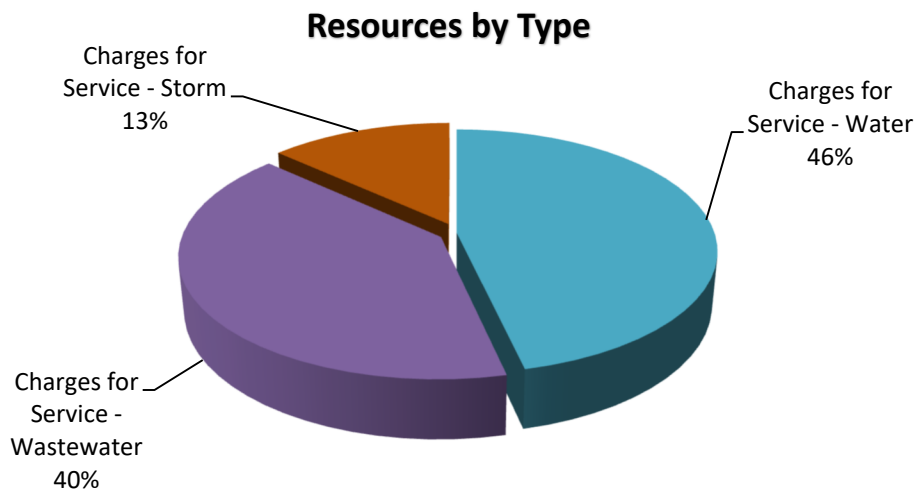


Business Activities

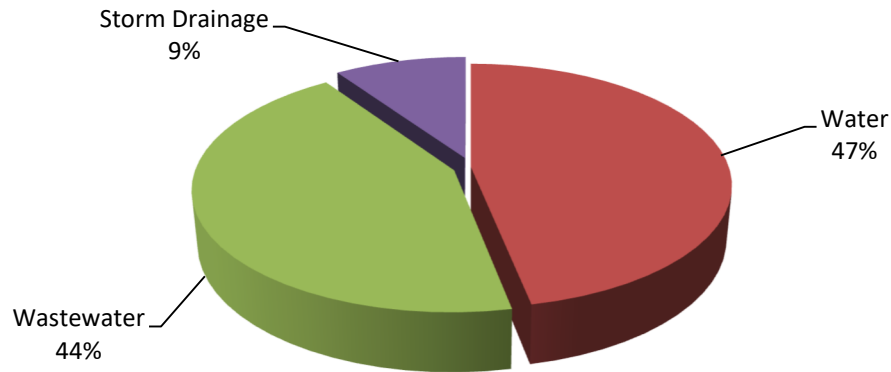
Business-type activities generated an increase to net position in the amount of \$1,521,654 from the prior year. Key activities during the fiscal year included:

- 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 \$384,447.
- Expenses increased \$680,531 compared to last year. This is partially attributed to increased costs for personal services and materials and services.

Business Activities as of June 30, 2020



Expenses by Type



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 \$5,346,047. Approximately 48% of this total amount (\$2,553,484) constitutes unassigned fund balance. The remainder of the fund balance is non-spendable (\$3,000), restricted (\$1,002,255), or committed (\$1,877,308).

The main operating fund for the City is the General Fund. At the end of fiscal year 2020 the unassigned fund balance was \$2,553,484. 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 37% of the total General Fund operating expenditures.

The general fund had a decrease in total fund balance of \$272,834 during fiscal year 2020. Transfers to other funds were a total of \$1,306,264. Of that amount, \$574,065 was for operations of the Police Communications Fund, \$190,000 to the General Reserve Fund, \$90,000 to the Housing Assistance Trust Fund, and \$452,199 to the Debt Service Fund. Actual revenue received compared to budget estimates was 6.4% more than anticipated. Expenditures as a percent of budget were 81%, a 5% decrease compared to 2019.

In the Street Fund, the fund balance decreased by \$59,789 during fiscal year 2020. Beginning fund balance was approximately \$886,610 less than budgeted, however, projects were completed in fiscal year 2019 that were not anticipated to be completed when the budget was developed. State highway taxes were less than budgeted amounts by approximately 8% and local fuel taxes were less than budget estimations by approximately 5%; Federal Urban Aid money was received in a much

larger amount than anticipated as projects were able to be completed. Expenditures were 53% of the budgeted amount, a decrease of 19% over the previous year.

The Industrial Park Fund ending fund balance was \$118,645; this is a decrease of \$101,890. No lots in the industrial park were sold in fiscal year 2019-2020. Outstanding debt will continue to be addressed and paid as required. This year property was purchased to 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 \$650,162. The combined wastewater operations had an increase in total net position of \$398,732. The operating revenues increased by \$196,661 over the prior year in water operations. Wastewater operations revenue increased over the prior year \$83,566. Utility rates for both the water and wastewater funds were increased. Sales in the water fund were \$34,158 more than anticipated and charges for service in the wastewater fund were \$101,208 more than anticipated. Of that amount, the Charges for Services from the operation of the golf course exceeded budget estimates by \$49,012.

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, 2020. By resolution of the City Council, funds in the amount of \$179,870 were transferred from the Non-Departmental Contingency line item, to various departments within the General Fund to meet expenditure requirements, leaving a balance of \$209,625 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 were less than projected by approximately 1% (\$132,104), not including cash carryover. General Fund Expenditures overall were 86% of the budgeted amount, not including the budgeted contingency and unappropriated ending fund balance.
- The Police Department under expended its budget by \$212,050. This can be attributed to personnel expense, with 90% of budgeted funds spent.
- General Fund department expenditures ranged from a low of 70% spent (Community Development) to a high of 97% spent (Maintenance Department). The average spent was

86% of budgeted funds. In the Community Development Department, funding for transportation grants was less than anticipated, specifically the 5311 Transit grant, the MOD transportation grant, and the Special Transportation fund grant. This created a significant reduction in spending 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, 2020 amounts to \$75,503,638 (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	
	2020	2019	2020	2019	2020	2019
Land	\$27,568,638	\$27,357,592	\$ 2,134,988	\$ 2,134,988	\$29,703,626	\$29,492,580
Buildings	4,546,649	3,380,323	2,425,599	2,230,159	6,972,248	5,610,482
Land improvements			125,875	209,874	125,875	209,874
Motor vehicles and equipment	522,058	524,813	1,134,728	968,670	1,656,786	1,493,483
Office furniture and equipment	122,218	104,358	18,869	24,749	141,087	129,107
Infrastructure	7,367,753	7,223,674	23,917,538	24,924,338	31,285,291	32,148,012
Construction in progress	1,404,183	1,419,628	4,214,542	877,033	5,618,725	2,296,661
Total	\$41,531,499	\$40,010,388	\$33,972,139	\$31,369,811	\$75,503,638	\$71,380,199

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 Sweet Lane.
- Building Improvements recognized include the finalization of the Swinging Bridge project; the Armory restroom remodel, kitchen project, lighting project, and flag pole installation; completion of the City Shop project; and City Hall remodel.
- Equipment purchases included a portion of the purchase of eight used vehicles for various departments; a Skid Steer; camera system at City Hall, a portion of a CAT, 3-yard loader in the Street Department; live scan finger printing equipment, and the 9-1-1 Backup Center relocation.
- Infrastructure Improvements included the Bridge Repair project and several railroad crossing improvements.

Business Type Activities-

- Infrastructure includes improvements at 1402 E. Madison with the installation of water and wastewater mains for the Tiny Homes project; repair of tanks at the Water Treatment Plant, and Gateway Boulevard improvements near the Vintage Inn.
- Equipment purchases include a portion of the CAT, 3-yard loader; 43 used golf carts; Kubota mower for Middlefield Golf Course; and a leaf vacuum.
- Building Improvements recognized include the City Shop project; improvements to the Taylor Pump Station; and a handicap ramp at Middlefield Golf Course.
- Motor vehicles purchased include a portion of eight used vehicles for various departments and a Kenworth T300.
- Work in Progress includes the AMI Water Meter Replacement project, Safe Routes to School project; Water Reservoir project; Wastewater Treatment Plant Effluent Use Expansion project; Water Treatment Plant Expansion project; Manhole Lining project - Phase I; Golf Cart Storage Barn project; and Golf Simulator Booth construction.

Change in Capital Assets

	Governmental Activities		Business-Type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Beginning balance	\$40,010,388	\$38,501,221	\$31,369,811	\$31,164,239	\$71,380,199	\$69,665,460
Additions & Reclas.	3,416,964	2,541,787	4,210,508	3,065,751	7,627,471	5,607,538
Depreciation	(791,958)	(819,576)	(1,414,642)	(1,411,509)	(2,206,599)	(2,231,085)
Deletions & Reclas.	(1,103,895)	(213,044)	(193,538)	(1,448,670)	(1,297,433)	(1,661,714)
Ending balance	<u>\$41,531,499</u>	<u>\$40,010,388</u>	<u>\$33,972,139</u>	<u>\$31,164,239</u>	<u>\$75,503,638</u>	<u>\$71,380,199</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 \$23,906,216. Of that amount, \$1,464,998 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 to fund the following improvement projects; various Armory Construction projects, Water Treatment Plant expansion project, AMI Water meter project, Wastewater Treatment plant expansion and Effluent infrastructure upgrade. Uncompensated absences also increased \$26,481. Further information may be found in Note 9 of the Notes to the Basic Financial Statements.

Outstanding Debt at Year-End

	<u>2020</u>	<u>2019</u>
Governmental Activities		
PERS UAL refinancing	\$ 1,224,738	\$1,262,623
2013 LOCAP -Industrial Park	83,944	118,944
Bond Series 2017 – Industrial Park	215,040	215,040
2013 LOCAP -Fiber	53,592	68,592
Bond Series 2017 - Fiber	224,478	224,477
Bond Series 2017 – Premium	65,650	69,298
Bond Series 2019 - Armory	859,090	0
Bond Series 2019 - Premium	130,513	0
Optical/Wireless Equipment	291,505	366,172
Police Vehicles - 2018	14,864	44,120
Armory Building	0	50,785
Street Sweeper	19,689	58,448
Tiger Mower	787	2,335
PD Radios	159,473	0
Property Purchase – Industrial Park	690,165	713,234
	<hr/>	<hr/>
Sub-total	\$ 4,033,528	\$ 3,194,068
	<hr/>	<hr/>
	<u>2020</u>	<u>2019</u>
Business-Type Activities		
PERS UAL refinancing	\$ 240,260	\$ 247,692
Water system improvement	669,686	741,166
LOCAP -Water	1,014,648	1,334,648
Bond Series 2017 – Water	4,748,756	4,808,756
LOCAP -Wastewater	1,575,915	2,080,915
Bond Series 2017 – Wastewater	2,318,403	2,318,404
LOCAP -Storm	165,775	220,775
Bond Series 2017 - Storm	720,945	720,945
LOCAP –Golf Course	151,127	196,127
Bond Series 2017 – Golf Course	202,378	202,378
Bond Series 2017 – Premium	1,209,117	1,276,290
Bond Series 2019 – Water	1,804,090	0
Bond Series 2019 - Wastewater	3,951,818	0
Bond Series 2019 - Premium	870,948	0
Middlefield Golf Course/ Residence	185,548	205,452
Water/Wastewater Equipment	43,274	95,025
	<hr/>	<hr/>
Sub-total	19,872,688	14,448,573
	<hr/>	<hr/>
Total	<u>23,906,216</u>	<u>17,642,641</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 \$37,033,257. The outstanding debt of \$2,857,046 is counted within the

statutory limitation, as the remaining debt, is either wholly or partially financed by revenues other than a general tax levy.

Key Economic Factors and Budget Information for the Future

As of June 30, 2020, Oregon's and Lane County's unemployment rates were 11.2 percent and 11.7 percent respectively. The unemployment rates were significantly greater due to the Coronavirus Pandemic and the temporary closure of business operations. In January of 2020, Oregon's unemployment rate was at a record low of 3.3%, in April it reached a high of 14.3%, and by June was at 11.2%. Tax collections in 2019-20 totaled \$ 4,883,715. The City's permanent tax rate remains at \$7.2087 per \$1,000 of valuation. The City's assessed value increased \$5,513,442 above the assessed property value cap of 3% due to new development and construction.

The governmental funds largest revenue sources are property taxes, franchise fees, state shared revenues, and charges for services. The State does not have a sales tax, resulting in local government's significant reliance on property taxes and other self-generated revenues. Assessed value growth for the 2020-21 budget preparation was projected at 2%, and anticipates an annexation value increase of \$100,755.

In all funds, personnel costs continue to rise due to cost of living wage increases and increased costs for medical and retirement benefits for employees. The City continues to pay a share of the employee retirements costs of the Oregon Public Employees Retirement System (PERS). Contribution rates are set by PERS for the biennium, with the next rate increase to be effective July 2021. We are anticipating a significant increase with the next actuarial performed by PERS. With these factors known, it is anticipated there will be a net pension liability increase in future fiscal years.

The Water, Wastewater, and Storm Drain Funds rely on user fees and system development charges. The City has contracted with FCS Group to develop a new 5-year financial plan for each utility in fiscal years 2021 through 2025. There were no rate increases budgeted for the 2020-21 fiscal year. The plan is a continuation from the last five-year plan, which has been followed during that time with rates adjusted accordingly. The water and wastewater rates are based on classifications. For water there are classifications for Residential, Industrial, Commercial and Irrigation users. The wastewater user classifications are Residential, Commercial, Industrial, and Schools. Storm Drain fees are the same rate for every customer, based upon the area of impervious surface. The financial plan increased the ability to upgrade utility infrastructure. Projects as recommend in the plan have been and will continue to be funded either with City funds or with the acquisition of debt. It is noted that the financial plan can be impacted by any major emergency that is encountered.

System Development Charges are adjusted annually using the construction cost index of the previous 12-month period. Residential construction has increased significantly over the past year and is expected to continue to increase.

All of these factors were considered when preparing the budget for fiscal year 2020-21.

Requests for Information

This financial report is designed to provide a general overview of the City of Cottage Grove's financial condition and to demonstrate the City's accountability for the money it receives. If you have questions concerning any of the information provided in this report or requests for additional financial information, contact the Finance Director at 400 E. Main Street, Cottage Grove, OR 97424, telephone (541) 942-3346.

BASIC FINANCIAL STATEMENTS

CITY OF COTTAGE GROVE, OREGON

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 5,478,897	\$ 11,562,070	\$ 17,040,967
Accounts, net	576,443	737,341	1,313,784
Inventories	-	152,380	152,380
	<u>6,055,340</u>	<u>12,451,791</u>	<u>18,507,131</u>
Total current assets			
Noncurrent assets:			
Net OPEB/RHIA asset	82,326	-	82,326
Capital assets not being depreciated	28,972,821	6,349,530	35,322,351
Capital assets, net of accumulated depreciation	12,558,678	27,622,609	40,181,287
	<u>41,613,825</u>	<u>33,972,139</u>	<u>75,585,964</u>
Total noncurrent assets			
	<u>47,669,165</u>	<u>46,423,930</u>	<u>94,093,095</u>
Total Assets			
	<u>2,438,675</u>	<u>997,142</u>	<u>3,435,817</u>
Deferred Outflow of Resources			
Liabilities			
Current Liabilities:			
Accounts payable	341,313	718,620	1,059,933
Payroll and related accruals	66,668	30,881	97,549
Deposits	575	42,850	43,425
Unearned revenue	-	54,828	54,828
Accrued interest payable	31,338	158,837	190,175
Compensated absences	353,248	125,994	479,242
	<u>793,142</u>	<u>1,132,010</u>	<u>1,925,152</u>
Total current liabilities			
Noncurrent liabilities:			
Net pension liability	7,850,345	2,831,897	10,682,242
Due within one year	370,508	1,381,719	1,752,227
Due in more than one year	3,663,020	18,490,969	22,153,989
	<u>11,883,873</u>	<u>22,704,585</u>	<u>34,588,458</u>
Total noncurrent liabilities			
	<u>12,677,015</u>	<u>23,836,595</u>	<u>36,513,610</u>
Total liabilities			
Deferred Inflow of Resources			
	<u>633,160</u>	<u>221,999</u>	<u>855,159</u>
Net Position			
Net investment in capital assets	37,497,971	14,099,451	51,597,422
Restricted for:			
Law enforcement	293,078	-	293,078
System development	-	2,250,896	2,250,896
Road maintenance	53,601	-	53,601
Permanent trust funds	493,039	-	493,039
Bicycle and Footpath	43,892	-	43,892
Industrial park	118,644	-	118,644
Unrestricted	(1,702,560)	7,012,131	5,309,571
	<u>\$ 36,797,665</u>	<u>\$ 23,362,478</u>	<u>\$ 60,160,143</u>
Total Net Position			

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Statement of Activities

For the Year Ended June 30, 2020

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	\$ 4,152,084	\$ 857,843	\$ 977,869	\$ 151,486	\$ (2,164,886)	\$ -	\$ (2,164,886)
Public Safety	3,962,770	317,632	-	-	(3,645,138)	-	(3,645,138)
Highways and Streets	1,480,977	56,580	2,159,043	-	734,646	-	734,646
Culture and Recreation	979,883	-	83,622	-	(896,261)	-	(896,261)
Community Development	1,258,245	705,913	-	-	(552,332)	-	(552,332)
Debt Service - Interest	248,665	-	-	-	(248,665)	-	(248,665)
Total Governmental Activities	<u>12,082,624</u>	<u>1,937,968</u>	<u>3,220,534</u>	<u>151,486</u>	<u>(6,772,636)</u>	<u>-</u>	<u>(6,772,636)</u>
Business-type Activities							
Water Operations	3,185,813	3,744,514	-	-	-	558,701	558,701
Wastewater Operations	2,970,036	3,258,904	-	-	-	288,868	288,868
Storm Drainage Operations	651,219	1,068,850	-	-	-	417,631	417,631
Total Business-type Activities	<u>6,807,068</u>	<u>8,072,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,265,200</u>	<u>1,265,200</u>
Total Activities	<u>\$ 18,889,692</u>	<u>\$ 10,010,236</u>	<u>\$ 3,220,534</u>	<u>\$ 151,486</u>	<u>(6,772,636)</u>	<u>1,265,200</u>	<u>(5,507,436)</u>
General revenues:							
Property taxes					4,898,499	-	4,898,499
Franchise fees					674,996	-	674,996
Alcoholic beverage taxes					190,311	-	190,311
Other taxes					270,011	-	270,011
Miscellaneous					8,250	-	8,250
Gain (loss) on disposition of capital assets					8,732	-	8,732
Insurance proceeds					13,742	39,745	53,487
Interest and investment earnings					124,277	216,709	340,986
Total general revenues and transfers					<u>6,188,818</u>	<u>256,454</u>	<u>6,445,272</u>
Change in net position					(583,818)	1,521,654	937,836
Net position, beginning					<u>37,381,483</u>	<u>21,840,824</u>	<u>59,222,307</u>
Net position, ending					<u>\$ 36,797,665</u>	<u>\$ 23,362,478</u>	<u>\$ 60,160,143</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Governmental Funds

Balance Sheet

June 30, 2020

	General Fund (001)	Street Fund (004)	Debt Service Fund (817)	Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 2,537,190	\$ 99,396	\$ -	\$ 2,842,314	\$ 5,478,900
Accounts receivable	204,730	108,883	-	35,218	348,831
Property taxes receivable	191,999	-	-	-	191,999
Grants/contracts receivable	16,869	-	-	-	16,869
Loan	-	-	-	18,744	18,744
Total Assets	<u>\$ 2,950,788</u>	<u>\$ 208,279</u>	<u>\$ -</u>	<u>\$ 2,896,276</u>	<u>\$ 6,055,343</u>
Liabilities					
Accounts payable	\$ 152,608	\$ 151,095	\$ -	\$ 37,606	\$ 341,309
Payroll and related accruals	52,122	3,583	-	10,964	66,669
Deposits	575	-	-	-	575
Total Liabilities	<u>205,305</u>	<u>154,678</u>	<u>-</u>	<u>48,570</u>	<u>408,553</u>
Deferred Inflows of Resources					
Unavailable revenues	<u>191,999</u>	<u>-</u>	<u>-</u>	<u>18,744</u>	<u>210,743</u>
Fund Balance					
Nonspendable	-	-	-	3,000	3,000
Restricted	-	53,601	-	948,654	1,002,255
Committed	-	-	-	1,877,308	1,877,308
Unassigned	<u>2,553,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,553,484</u>
Total Fund Balances	<u>2,553,484</u>	<u>53,601</u>	<u>-</u>	<u>2,828,962</u>	<u>5,436,047</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,950,788</u>	<u>\$ 208,279</u>	<u>\$ -</u>	<u>\$ 2,896,276</u>	<u>\$ 6,055,343</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, 2020

Total Government Fund Balances		\$ 5,436,047
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	28,972,821	
Capital assets being depreciated	36,332,123	
Accumulated depreciation	<u>(23,773,445)</u>	41,531,499
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	210,743	
Deferred inflow related to pensions	(615,410)	
Deferred inflow related to OPEB/RHIA	(17,750)	
Deferred outflow related to pensions	2,417,130	
Deferred outflow related to OPEB/RHIA	21,545	
Net OPEB obligation/asset	82,326	
Net pension asset/liability	<u>(7,850,345)</u>	(5,751,761)
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	(31,344)	
Compensated absences	(353,248)	
Long-term debt	<u>(4,033,528)</u>	<u>(4,418,120)</u>
Net Position of Governmental Activities in the Statement of Net Position		<u>\$ 36,797,665</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, 2020

	General Fund (001)	Street Fund (004)	Debt Service Fund (817)	Nonmajor Governmental Funds	Total
Revenues					
Property taxes	\$ 4,883,715	\$ -	\$ -	\$ -	\$ 4,883,715
Franchise taxes	674,996	-	-	-	674,996
Local fuels tax	-	378,689	-	-	378,689
Alcohol taxes	179,338	-	-	-	179,338
Room tax	112,372	-	-	-	112,372
Other taxes	12,207	-	-	-	12,207
Marijuana Tax	157,639	-	-	-	157,639
Licenses and permits	25,877	-	-	-	25,877
Intergovernmental revenues	400,973	1,442,515	-	164,467	2,007,955
Charges for services	33,959	-	-	639,410	673,369
Administration and engineering fees	606,479	-	-	-	606,479
Fines and forfeitures	152,766	-	-	6,396	159,162
Investment earnings	64,631	1,564	-	58,081	124,276
Contributions and donations	8,169	-	-	141,210	149,379
Miscellaneous	182,335	62,413	-	18,524	263,272
Special assessments	-	-	-	290,773	290,773
Grants and contracts	505,091	123,792	-	139,000	767,883
Total Revenues	8,000,547	2,008,973	-	1,457,861	11,467,381
Expenditures					
Current:					
General Government	1,035,836	-	758	703,254	1,739,848
Public Safety	3,362,693	-	-	642,439	4,005,132
Highways and Streets	-	1,960,649	-	394,214	2,354,863
Culture and Recreation	700,628	-	-	37,882	738,510
Community Development	1,875,869	-	-	1,061,235	2,937,104
Debt service:					
Debt Service - Principal	-	-	394,209	(19,300)	374,909
Debt Service - Interest	-	-	248,665	-	248,665
Total Expenditures	6,975,026	1,960,649	643,632	2,819,724	12,399,031
Excess (deficiency) of revenues over (under) expenditures	1,025,521	48,324	(643,632)	(1,361,863)	(931,650)
Other Financing Sources (uses)					
Proceeds from loans	-	-	-	1,014,170	1,014,170
Insurance proceeds	7,909	-	-	-	7,909
Transfers in	-	-	643,632	956,365	1,599,997
Transfers out	(1,306,264)	(108,113)	-	(185,620)	(1,599,997)
Total Other Financing Source (Uses)	(1,298,355)	(108,113)	643,632	1,784,915	1,022,079
Net Change in Fund Balances	(272,834)	(59,789)	-	423,052	90,429
Beginning Fund Balance	2,826,318	113,390	-	2,405,910	5,345,618
Ending Fund Balance	<u>\$ 2,553,484</u>	<u>\$ 53,601</u>	<u>\$ -</u>	<u>\$ 2,828,962</u>	<u>\$ 5,436,047</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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 90,429

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	\$ (791,958)	
Expenditures for capital assets	2,313,066	
Net book value of capital assets sold/disposal	<u>8,732</u>	1,529,840

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		14,784
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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		(30,220)
Change in net pension and OPEB assets/liabilities/deferred inflows and deferred outflows		(1,340,457)

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	(1,223,103)	
Debt service principal payments	<u>374,909</u>	<u>(848,194)</u>

Change in Net Position of Governmental Activities \$ (583,818)

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Proprietary Funds

Balance Sheet

June 30, 2020

	<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	\$ 4,023,233	\$ 4,620,112	\$ 2,918,726	\$ 11,562,071
Receivables - net	322,210	312,332	102,798	737,340
Inventories	<u>119,729</u>	<u>32,650</u>	<u>-</u>	<u>152,379</u>
Total current assets	<u>4,465,172</u>	<u>4,965,094</u>	<u>3,021,524</u>	<u>12,451,790</u>
Noncurrent assets:				
Capital assets	<u>15,911,380</u>	<u>14,898,499</u>	<u>3,162,260</u>	<u>33,972,139</u>
Total noncurrent assets	<u>15,911,380</u>	<u>14,898,499</u>	<u>3,162,260</u>	<u>33,972,139</u>
Total assets	<u>20,376,552</u>	<u>19,863,593</u>	<u>6,183,784</u>	<u>46,423,929</u>
Deferred outflow				
Related to pensions	482,625	318,116	71,204	871,945
Deferred outflow related to bond refunding	<u>77,500</u>	<u>36,667</u>	<u>11,030</u>	<u>125,197</u>
Total assets and deferred outflows	<u>\$ 20,936,677</u>	<u>\$ 20,218,376</u>	<u>\$ 6,266,018</u>	<u>\$ 47,421,071</u>
Liabilities and Net Position				
Liabilities				
Current liabilities:				
Accounts payable	\$ 234,829	\$ 97,666	\$ 386,123	\$ 718,618
Payroll and related accruals	17,338	11,472	2,072	30,882
Accrued interest payable	85,965	62,135	10,737	158,837
Deposits	41,350	1,500	-	42,850
Compensated absences payable	56,289	57,819	11,885	125,993
Unearned revenue	-	54,828	-	54,828
Current portion of long-term debt	<u>593,871</u>	<u>722,133</u>	<u>65,715</u>	<u>1,381,719</u>
Total current liabilities	<u>1,029,642</u>	<u>1,007,553</u>	<u>476,532</u>	<u>2,513,727</u>
Noncurrent liabilities:				
Long-term debt, net of current portion	8,773,149	8,759,788	958,032	18,490,969
Net pension liability	<u>1,567,467</u>	<u>1,033,175</u>	<u>231,255</u>	<u>2,831,897</u>
Total noncurrent liabilities	<u>10,340,616</u>	<u>9,792,963</u>	<u>1,189,287</u>	<u>21,322,866</u>
Total Liabilities	<u>11,370,258</u>	<u>10,800,516</u>	<u>1,665,819</u>	<u>23,836,593</u>
Deferred inflow				
Deferred inflow related to pensions	<u>122,878</u>	<u>80,993</u>	<u>18,129</u>	<u>222,000</u>
Net Position				
Net investment in capital assets	6,544,360	5,416,578	2,138,513	14,099,451
Restricted for system development	1,472,345	273,282	505,269	2,250,896
Unrestricted	<u>1,426,836</u>	<u>3,647,007</u>	<u>1,938,288</u>	<u>7,012,131</u>
Total Net Position	<u>9,443,541</u>	<u>9,336,867</u>	<u>4,582,070</u>	<u>23,362,478</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 20,936,677</u>	<u>\$ 20,218,376</u>	<u>\$ 6,266,018</u>	<u>\$ 47,421,071</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, 2020

	<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	\$ 3,743,913	\$ 3,184,316	\$ 1,056,109	\$ 7,984,338
Miscellaneous	601	74,588	12,742	87,931
Total Operating Revenues	<u>3,744,514</u>	<u>3,258,904</u>	<u>1,068,851</u>	<u>8,072,269</u>
Operating Expenses				
Personal Services	1,500,476	1,125,022	243,202	2,868,700
Materials and Services	752,863	894,743	138,638	1,786,244
Depreciation expense	584,734	597,787	232,121	1,414,642
Total Operating Expenses	<u>2,838,073</u>	<u>2,617,552</u>	<u>613,961</u>	<u>6,069,586</u>
Operating Income (Loss)	<u>906,441</u>	<u>641,352</u>	<u>454,890</u>	<u>2,002,683</u>
Non-operating revenues (expenses)				
Interest expense	(318,001)	(287,335)	(37,257)	(642,593)
Investment earnings	89,121	72,461	55,127	216,709
Insurance proceeds	2,343	37,402	-	39,745
Debt issuance costs	(29,742)	(65,148)	-	(94,890)
Total non-operating revenues (expenses)	<u>(256,279)</u>	<u>(242,620)</u>	<u>17,870</u>	<u>(481,029)</u>
Change in Net Position	650,162	398,732	472,760	1,521,654
Beginning Net Position	<u>8,793,379</u>	<u>8,938,135</u>	<u>4,109,310</u>	<u>21,840,824</u>
Ending Net Position	<u>\$ 9,443,541</u>	<u>\$ 9,336,867</u>	<u>\$ 4,582,070</u>	<u>\$ 23,362,478</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds			
	Water Operations	Wastewater Operations	Storm Drain Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,745,639	\$ 3,243,126	\$ 1,059,317	\$ 8,048,082
Cash payments to employees	(1,268,287)	(1,075,428)	(213,413)	(2,557,128)
Cash payments to suppliers for goods and services	<u>(760,272)</u>	<u>(871,672)</u>	<u>(137,837)</u>	<u>(1,769,781)</u>
Net cash provided (used) by operating activities	<u>1,717,080</u>	<u>1,296,026</u>	<u>708,067</u>	<u>3,721,173</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	196,480	95,000	120,333	411,813
Transfers out	(196,480)	(95,000)	(120,333)	(411,813)
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	2,343	37,402	-	39,745
Acquisition of capital assets	(2,135,084)	(945,262)	(277,126)	(3,357,472)
Principal paid on capital debt	(497,944)	(701,303)	(66,842)	(1,266,089)
Interest paid on capital debt	(361,076)	(344,087)	(42,821)	(747,984)
Issuance of debt	2,129,757	4,665,181	-	6,794,938
Debt issuance costs paid	<u>(29,742)</u>	<u>(65,148)</u>	<u>-</u>	<u>(94,890)</u>
Net cash provided (used) by capital and related financing activities	<u>(891,746)</u>	<u>2,646,783</u>	<u>(386,789)</u>	<u>1,368,248</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>89,121</u>	<u>72,462</u>	<u>55,127</u>	<u>216,710</u>
Net change in cash and cash equivalents	914,455	4,015,271	395,705	5,325,431
Cash and cash equivalents at beginning of year	<u>3,108,778</u>	<u>604,841</u>	<u>2,523,021</u>	<u>6,236,640</u>
Cash and cash equivalents at end of year	<u>\$ 4,023,233</u>	<u>\$ 4,620,112</u>	<u>\$ 2,918,726</u>	<u>\$ 11,562,071</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, 2020

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Storm Drain Operations</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 906,441	\$ 641,352	\$ 454,890	\$ 2,002,683
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	584,734	-	232,121	816,855
(Increase) decrease in current assets:				
Receivables - net	1,125	-	(9,534)	(8,409)
Inventories	3,657	-	-	3,657
Increase (decrease) in current liabilities:				
Accounts payable	184,385	-	801	185,186
Other liabilities	960	-	26,005	26,965
Payroll and related	(44,453)	-	-	(44,453)
Compensated absences	(7,879)	-	1,850	(6,029)
Deferred inflows related to pensions	<u>284,521</u>	<u>-</u>	<u>1,934</u>	<u>286,455</u>
 Net cash provided (used) by operating activities	 <u>\$ 1,913,491</u>	 <u>\$ 641,352</u>	 <u>\$ 708,067</u>	 <u>\$ 3,262,910</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2020

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 Funds*. These funds are 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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020 cash and cash equivalents consisted of the following:

	<u>Fair Value</u>
Investments in the State Treasurer's Local Government Investment Fund (LGIP)	\$ 16,858,942
Deposits in financial institutions	179,960
Cash on hand	<u>2,065</u>
Total cash and cash equivalents	<u>\$ 17,040,967</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, 2020, was \$179,960, all of which was covered by federal depository insurance.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2020

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	\$ 326,507	\$ (4,297)	\$ 322,210
Wastewater charges	314,819	(2,487)	312,332
Storm drain charges	103,796	(997)	102,799
Total	\$ 745,122	\$ (7,781)	\$ 737,341

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	\$ 348,831	\$ -	\$ 348,831
Property taxes	191,999	-	191,999
Grants/contracts	16,869	-	16,869
Loan	18,744	-	18,744
Total	\$ 576,443	\$ -	\$ 576,443

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Governmental Activities:			
	2019	Additions and Reclassifications	Deletions and Reclassifications	2020
Capital assets, not being depreciated:				
Land	\$ 27,357,592	\$ 211,046	\$ -	\$ 27,568,638
Construction in progress	1,419,628	1,088,450	(1,103,895)	1,404,183
Total capital assets, not being depreciated	28,777,220	1,299,496	(1,103,895)	28,972,821
Capital assets being depreciated:				
Buildings and improvements	5,710,498	1,342,328	(23,085)	7,029,741
Motor vehicles and equipment	2,127,833	101,546	-	2,229,379
Office furniture and equipment	442,022	32,014	(222,299)	251,737
Infrastructure	26,179,686	641,580	-	26,821,266
Total capital assets being depreciated	34,460,039	2,117,468	(245,384)	36,332,123
Less accumulated depreciation for:				
Buildings and improvements	2,330,175	176,002	(23,085)	2,483,092
Motor vehicles and equipment	1,603,020	104,301	-	1,707,321
Office furniture and equipment	337,664	14,154	(222,299)	129,519
Infrastructure	18,956,012	497,501	-	19,453,513
Total accumulated depreciation	23,226,871	791,958	(245,384)	23,773,445
Total capital assets, being depreciated, net	11,233,168	1,325,510	-	12,558,678
Governmental activities capital assets, net	\$ 40,010,388	\$ 2,625,006	\$ (1,103,895)	\$ 41,531,499

Depreciation expense was charged to governmental activities as follows:

General government	\$ (302,645)
Highways and streets	(330,218)
Public safety	(55,272)
Culture and recreation	(103,823)
Total depreciation expense -governmental activities	\$ (791,958)

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2020

Note 5 - Capital Assets, continued

	Business-type Activities:			2020
	2019	Additions and Reclassifications	Deletions and Reclassifications	
Capital assets, not being depreciated:				
Land	\$ 2,134,988	\$ -	\$ -	\$ 2,134,988
Construction in progress	877,033	3,531,047	(193,538)	4,214,542
Total capital assets, not being depreciated	3,012,021	3,531,047	(193,538)	6,349,530
Capital assets being depreciated:				
Land improvements	1,260,000	-	-	1,260,000
Infrastructure	42,532,264	101,023	-	42,633,287
Building and improvements	3,120,921	289,057	-	3,409,978
Equipment	2,084,012	231,506	-	2,315,518
Motor vehicles	762,058	57,875	-	819,933
Office furniture and equipment	48,553	-	(17,159)	31,394
Total capital assets being depreciated	49,807,808	679,461	(17,159)	50,470,110
Less accumulated depreciation for:				
Land improvements	1,050,126	83,999	-	1,134,125
Infrastructure	17,607,926	1,107,823	-	18,715,749
Building and improvements	890,762	93,617	-	984,379
Equipment	1,293,306	96,511	-	1,389,817
Motor vehicles	584,094	26,812	-	610,906
Office furniture and equipment	23,804	5,880	(17,159)	12,525
Total accumulated depreciation	21,450,018	1,414,642	(17,159)	22,847,501
Total capital assets, being depreciated, net	28,357,790	(735,181)	-	27,622,609
Business-type activities capital assets, net	\$ 31,369,811	\$ 2,795,866	\$ (193,538)	\$ 33,972,139

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

Water	\$ 584,734
Wastewater	597,787
Storm drain	232,121
Total depreciation expense -business-type activities	\$ 1,414,642

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	\$ 2,417,130	\$ 871,945	\$ 615,410	\$ 221,999
Related to OPEB/RHIA	21,545	-	17,750	-
Related to bond refunding	-	125,197	-	-
Total	\$ 2,438,675	\$ 997,142	\$ 633,160	\$ 221,999

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2020

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 the year ended June 30, 2020 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	-	53,601	-	53,601
Police communications	-	-	189,707	189,707
Narcotics forfeitures	-	-	103,371	103,371
Bicycle path improvements	-	-	43,892	43,892
Industrial park	-	-	118,644	118,644
Housing trust	-	-	219	219
Special trust	-	-	10,676	10,676
Armory trust	-	-	482,144	482,144
Total restricted	<u>-</u>	<u>53,601</u>	<u>948,653</u>	<u>1,002,254</u>
Committed:				
Assessments	-	-	164,780	164,780
Rehabilitation loan funds	-	-	9,898	9,898
Building inspection	-	-	162,299	162,299
Streets system development	-	-	1,036,662	1,036,662
Parks system development	-	-	347,230	347,230
General reserves	-	-	127,911	127,911
Building inspection reserves	-	-	28,539	28,539
Total committed	<u>-</u>	<u>-</u>	<u>1,877,319</u>	<u>1,877,319</u>
Unassigned	<u>2,553,484</u>	<u>-</u>	<u>-</u>	<u>2,553,484</u>
Total fund balances	<u>\$ 2,553,484</u>	<u>\$ 53,601</u>	<u>\$ 2,828,972</u>	<u>\$ 5,436,057</u>

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2020

Note 8 - 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)	\$ -	\$ 1,306,264
Street Fund (004)	-	108,113
Debt Service Fund (817)	<u>643,632</u>	<u>-</u>
Total Major Governmental Funds:	<u>643,632</u>	<u>1,414,377</u>
Nonmajor Governmental Funds:		
Industrial Park Fund (502)	-	104,151
Police Communication Fund (006)	574,065	13,674
Bicycle and Footpath Fund (011)	57,300	19,300
Narcotics Forfeiture (007)	-	1,802
Building Inspection Program (013)	-	46,693
General Reserve Fund (731)	190,000	-
Bldg Inspection Reserve Fund (738)	20,000	-
Housing Development Cost Assistance Trust Fund (823)	<u>115,000</u>	<u>-</u>
Total Nonmajor Governmental Funds	<u>956,365</u>	<u>185,620</u>
Proprietary Funds:		
Water Fund (202)	2,402,975	125,000
Water Reserve Fund (732)	125,000	2,402,975
Eliminate water operations sub-fund transfers	<u>(2,527,975)</u>	<u>(2,527,975)</u>
Total water operations major fund transfers	-	-
Wastewater Fund (302)	1,023,180	95,000
Wastewater Reserve Fund (735)	95,000	1,023,180
Eliminate wastewater operations sub-fund transfers	<u>(1,118,180)</u>	<u>(1,118,180)</u>
Total wastewater operations major fund transfers	-	-
Storm Drainage Utility Fund (402)	662,294	80,000
Storm Drainage Reserve Fund (736)	120,333	702,627
Eliminate storm drain operations sub-fund transfers	<u>(782,627)</u>	<u>(782,627)</u>
Total storm drain operations major fund transfers	<u>-</u>	<u>-</u>
Total All Funds	<u>\$ 1,599,997</u>	<u>\$ 1,599,997</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, 2020

Note 9 - Long-Term Liabilities

A - Changes in Long-Term Liabilities

Transactions for the year ended June 30, 2020 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	\$ 187,536	\$ -	\$ (50,000)	\$ 137,536	\$ 50,000
Refunding Obligations 2017	439,518	-	-	439,518	-
PERS bond	1,262,623	-	(37,885)	1,224,738	37,885
Bond Series 2019	-	878,571	(19,481)	859,090	-
Premium	69,298	135,599	(8,733)	196,164	-
Notes payable - direct borrowings	<u>1,235,093</u>	<u>208,933</u>	<u>(267,544)</u>	<u>1,176,482</u>	<u>185,564</u>
Total bonds and notes payable	3,194,068	1,223,103	(383,643)	4,033,528	273,449
Compensated absences	<u>323,028</u>	<u>353,248</u>	<u>(323,028)</u>	<u>353,248</u>	<u>353,248</u>
Total Governmental Activities	<u>\$ 3,517,096</u>	<u>\$ 1,576,351</u>	<u>\$ (706,671)</u>	<u>\$ 4,386,776</u>	<u>\$ 626,697</u>
Business-type Activities					
General obligation bonds::					
LOCAP 2013	\$ 3,832,465	\$ -	\$ (925,000)	\$ 2,907,465	\$ 925,000
Refunding Obligations 2017	8,050,482	-	(60,000)	7,990,482	60,000
PERS bond	247,692	-	(7,432)	240,260	7,432
Bond Series 2019	-	5,886,429	(130,521)	5,755,908	-
Premium	1,276,290	908,508	(104,733)	2,080,065	-
Notes payable - direct borrowings	<u>1,041,644</u>	<u>-</u>	<u>(143,136)</u>	<u>898,508</u>	<u>143,143</u>
Total bonds and notes payable	14,448,573	6,794,937	(1,370,822)	19,872,688	1,135,575
Compensated Absences	<u>129,733</u>	<u>125,994</u>	<u>(129,733)</u>	<u>125,994</u>	<u>-</u>
Total Business-type Activities	<u>\$ 14,578,306</u>	<u>\$ 6,920,931</u>	<u>\$ (1,500,555)</u>	<u>\$ 19,998,682</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, 2020

Note 9 - Long-Term Liabilities, continued

B - Bond 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. \$ 137,536

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%. 1,224,738

Full Faith And Credit Obligations, Series 2019. On October 17, 2019, the city issued \$6,765,000 in bonds. Issuance costs related to the obligation were \$109,107, and the bonds were issued with a total premium of \$1,044,107, resulting in net proceeds of \$7,700,000. The proceeds from this issues are to be used to finance improvements to the city's armory, water system, and wastewater system. Payments are due semiannually on December 1 and June 1 of each year. The interest rate is 3.00% on origination, increasing to 4.00% as of the June 1, 2024 payment. Governmental activities report \$878,571 of the par value while enterprise funds report the remaining \$5,886,429. 859,090

Total Bond Obligations - Governmental activities \$ 2,660,882

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. \$ 2,907,465

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) 7,990,482

Limited Tax Pension Obligations, Series 2002A and Series 2002B. (See description of terms above). 240,260

Full Faith And Credit Obligations, Series 2019. (See description of terms above). 5,755,908

Total Bond Obligations - Business-type activities \$ 16,894,115

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2020

Note 9 - Long-Term Liabilities, continued

Governmental activities bonded debt requirements are summarized below:

Year Ending June 30,	Governmental Activities							
	LOCAP 2013		2017 Full Faith and Credit Refunding		PERS Bond		2019 Full Faith and Credit	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 50,000	\$ 4,501	\$ -	\$ 19,675	\$ 104,500	\$ 83,456	\$ 31,818	\$ 33,377
2022	55,000	2,401	-	19,675	121,220	76,297	33,117	32,422
2023	32,536	651	1,315	19,622	137,940	67,993	33,766	31,429
2024	-	-	38,914	17,746	154,660	58,545	35,065	30,416
2025	-	-	39,138	13,965	175,560	47,951	36,364	29,013
2026-2030	-	-	213,822	29,790	530,858	67,001	203,896	122,130
2031-2035	-	-	146,329	4,808	-	-	248,052	77,948
2036-2040	-	-	-	-	-	-	237,012	24,182
Total	\$ 137,536	\$ 7,553	\$ 439,518	\$ 125,281	\$ 1,224,738	\$ 401,243	\$ 859,090	\$ 380,917

Enterprise fund bonded debt requirements are summarized below:

Year Ending June 30,	Governmental Activities							
	LOCAP 2013		2017 Full Faith and Credit Refunding		PERS Bond		2019 Full Faith and Credit	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 955,000	\$ 97,199	\$ 60,000	\$ 370,671	\$ 20,500	\$ 16,372	\$ 213,182	\$ 223,623
2022	995,000	58,199	65,000	368,170	23,780	14,967	221,183	217,228
2023	957,465	19,149	138,685	364,098	27,060	13,339	226,234	210,571
2024	-	-	1,141,086	332,796	30,340	11,485	234,935	203,784
2025	-	-	1,200,863	274,248	34,440	9,407	243,636	194,387
2026-2030	-	-	4,296,178	630,736	104,140	13,144	1,366,104	818,270
2031-2035	-	-	1,088,670	78,926	-	-	1,661,948	522,252
2036-2040	-	-	-	-	-	-	1,588,686	162,018
Total	\$ 2,907,465	\$ 174,547	\$ 7,990,482	\$ 2,419,645	\$ 240,260	\$ 78,714	\$ 5,755,908	\$ 2,552,133

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. \$ 291,504

Capital lease obligation for radio equipment, secured by the asset, payable in annual installments of \$57,085 including interest at 3.65% per year, ending in fiscal year 2023. \$ 159,475

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. 14,864

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. 20,476

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. 690,165

Total notes and loans payable - Governmental Activities \$ 1,176,484

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2020

Note 9 - Long-Term Liabilities, continued

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

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 184,190	\$ 50,356	\$ 234,546
2022	157,859	43,346	201,205
2023	164,831	36,375	201,206
2024	81,587	29,165	110,752
2025	29,238	26,252	55,490
2026-2030	167,786	109,663	277,449
2031-2035	210,526	66,923	277,449
2036-2040	180,467	15,693	196,160
Total	<u>\$ 1,176,484</u>	<u>\$ 377,773</u>	<u>\$ 1,554,257</u>

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.	\$	185,548
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.		7,956
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.		669,686
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.		16,510
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.		18,808
Total loans payable - Business - type activities	\$	<u>898,508</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
2021	\$ 133,037	\$ 44,297	\$ 177,334
2022	107,483	37,771	145,254
2023	106,395	32,432	138,827
2024	111,928	26,899	138,827
2025	117,736	21,091	138,827
2026-2030	321,929	25,201	347,130
Total	<u>\$ 898,508</u>	<u>\$ 187,691</u>	<u>\$ 1,086,199</u>

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2020

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, 2020

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, 2017 actuarial valuation which became effective July 1, 2018. The contribution rates in effect for the fiscal year ended June 30, 2020 were 25.27% for Tier One/Tier Two covered members, 13.87% for OPSRP Pension Program General Service Members, and 18.50% for OPSRP Pension Program Police and Fire Members. Employer contributions for the year ended June 30, 2020 were \$707,911, excluding amounts to fund employer specific liabilities.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2020

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, 2020, the City reported a liability of \$10,682,242 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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, 2020, the City's proportion was 0.06175561 percent, which was an increase from its proportion of 0.05904849 percent measured as of June 30, 2019.

For the year ended June 30, 2020, the City recognized pension expense of \$1,778,098. At June 30, 2020, 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	\$ 589,094	\$ -
Changes of assumptions	1,449,168	-
Net difference between projected and actual earnings on investments	-	302,831
Changes in proportionate share	353,694	114,725
Differences between employer contributions and employer's proportionate share of system contributions	-	<u>419,853</u>
Total (prior to post-MD contributions)	<u>2,391,956</u>	837,409
Contributions subsequent to MD	<u>897,118</u>	-
Total	<u>\$ 3,289,074</u>	<u>\$ 837,409</u>

Deferred outflows of resources related to pensions of \$897,118 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, 2021. Net deferred outflows (inflows) of resources of \$1,554,547 will be recognized in pension expense as follows:

Amortization Period	
2021	\$ 982,723
2022	64,074
2023	252,346
2024	237,666
2025	<u>17,738</u>
Total	<u>\$ 1,554,547</u>

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2020

Note 10 - Employee Retirement Systems and Pension Plans, continued

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

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
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.

Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2017 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			100.0 %

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2020

Note 10 - Employee Retirement Systems and Pension Plans, continued

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)	\$ 17,106,662	\$ 10,682,242	\$ 5,305,887

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, 2020

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, 2020 were \$21,138.

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

At June 30, 2020, the City reported \$82,326 for its proportionate share of the net OPEB asset (liability). The net OPEB asset (liability) was measured as of June 30, 2019, and the total OPEB asset used to calculated the net OPEB asset (liability) was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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, 2020, the City's proportion was 0.04260408 percent, which was an increase from its proportion of 0.03945254 percent measured as of June 30, 2019. The OPEB asset is reported in Governmental Activities.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2020

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

For the year ended June 30, 2020, the City recognized OPEB expense (income) of (\$34,504). At June 30, 2020, 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	\$ -	\$ 10,856
Changes of assumptions	-	85
Net difference between projected and actual earnings on investment	-	5,082
Changes in proportionate shares	<u>407</u>	<u>1,727</u>
Total (prior to post-MD contributions)	407	17,750
Contributions subsequent to the MD	<u>21,138</u>	<u>-</u>
	<u>\$ 21,545</u>	<u>\$ 17,750</u>

The \$21,138 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, 2021. 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:

Fiscal year ending June 30	Deferred outflows and (inflows) of resources
<u> </u>	<u> </u>
2019	\$ (8,727)
2020	(8,116)
2021	(1,023)
2022	<u>523</u>
Total	<u>\$ (17,343)</u>

Actuarial assumptions. See actuarial valuations included in Note 8 E. Pension plans except adding healthy retirees participation at 35% 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, 2020

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 <u>(6.20%)</u>	Discount Rate <u>(7.20%)</u>	1% Increase <u>(8.20%)</u>
City's proportionate share of Net OPEB liability (asset)	\$ <u>(63,824)</u>	\$ <u>(82,326)</u>	\$ <u>(98,092)</u>

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, 2020, the City abated property taxes totaling \$74,826 under this program, for the benefit of King Estate Winery Limited Partnership. Taxes without the exemption would have amounted to \$92,897.

Note 15 - 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. 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, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.062 %	0.059 %	0.060 %	0.059 %	0.058 %
Proportionate share of the net pension liability (asset)	\$ 10,682,242	\$ 8,945,068	\$ 8,205,352	\$ 8,789,141	\$ 3,341,340
Covered payroll	\$ 4,857,657	\$ 4,457,525	\$ 4,198,300	\$ 4,038,370	\$ 4,080,744
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	219.91 %	200.67 %	195.44 %	217.64 %	81.88 %
Plan net position as a percentage of the total pension liability	80.20 %	82.07 %	83.10 %	80.50 %	91.90 %

Schedule of Pension Contributions
Oregon Public Employees Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,077,256	\$ 869,177	\$ 658,122	\$ 566,535	\$ 553,803
Contributions in relation to the contractually required contribution	<u>(1,077,256)</u>	<u>(869,177)</u>	<u>(658,122)</u>	<u>(566,535)</u>	<u>(553,803)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,253,433	\$ 4,857,657	\$ 4,457,525	\$ 4,198,300	\$ 4,038,370
Contributions as a percentage of covered employee payroll	20.51 %	17.89 %	14.76 %	13.49 %	13.71 %

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB (asset) liability	0.04 %	0.04 %	0.04 %
Proportionate share of the net OPEB liability (asset)	\$ 82,326	\$ 44,040	\$ (17,998)
Covered payroll	\$ 5,253,433	\$ 4,857,657	\$ 4,457,525
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	1.57 %	0.91 %	(0.40)%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	144.40 %	123.99 %	94.20 %

Schedule of OPEB Contributions
Oregon Public Employee Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractual required contribution	\$ 776	\$ 21,188	\$ 21,470
Contributions in relation to the contractually required contribution	<u>(776)</u>	<u>(21,188)</u>	<u>(21,470)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	5,253,433	4,857,657	4,457,525
Contributions as a percentage of covered payroll	0.01 %	0.44 %	0.48 %

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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 4,743,850	\$ 4,743,850	\$ 4,883,715	\$ 139,865
Franchise taxes	614,500	614,500	674,996	60,496
Alcohol taxes	165,000	165,000	179,338	14,338
Room tax	132,000	132,000	112,372	(19,628)
Other taxes	12,500	12,500	12,207	(293)
Marijuana Tax	80,000	80,000	157,639	77,639
Licenses and permits	24,300	24,300	25,877	1,577
Intergovernmental revenues	452,795	452,795	400,973	(51,822)
Charges for services	741,715	741,715	640,438	(101,277)
Fines and forfeitures	96,200	96,200	152,766	56,566
Investment earnings	46,000	46,000	64,631	18,631
Miscellaneous	117,200	117,200	190,504	73,304
Grants and contracts	906,591	906,591	505,091	(401,500)
Total revenues	<u>8,132,651</u>	<u>8,132,651</u>	<u>8,000,547</u>	<u>(132,104)</u>
Expenditures:				
General Government:				
City Council	51,000	51,000	47,870	3,130
City Manager	539,555	539,555	414,172	125,383
Finance	423,230	423,230	377,767	45,463
Public Safety:				
Police Operations	2,915,760	2,915,760	2,703,710	212,050
Municipal Court	92,620	92,620	83,680	8,940
Court Support Services	78,700	78,700	65,551	13,149
Youth Peer Court	30,415	30,415	22,154	8,261
Maintenance	503,305	503,305	487,598	15,707
Culture and Recreation:				
Engineering	378,540	378,540	330,388	48,152
Broadband Services	402,440	402,440	370,240	32,200
Community Development:				
Community Development	1,418,481	1,418,481	1,000,969	417,512
Library	538,185	538,185	466,169	72,016
Community Center	201,865	201,865	186,015	15,850
Community Promotions	241,400	241,400	222,716	18,684
Non-Departmental	274,050	274,050	196,027	78,023
Contingency	209,625	209,625	-	209,625
Total expenditures	<u>8,299,171</u>	<u>8,299,171</u>	<u>6,975,026</u>	<u>1,324,145</u>
Excess revenues over (under) expenditures	<u>(166,520)</u>	<u>(166,520)</u>	<u>1,025,521</u>	<u>1,192,041</u>
Other financing sources (uses):				
Transfers out	(1,306,480)	(1,306,480)	(1,306,264)	216
Insurance proceeds	-	-	7,909	7,909
Total other financing sources (uses)	<u>(1,306,480)</u>	<u>(1,306,480)</u>	<u>(1,298,355)</u>	<u>8,125</u>
Net change in fund balances	(1,473,000)	(1,473,000)	(272,834)	1,200,166
Fund Balance:				
Beginning of year	<u>2,050,000</u>	<u>2,050,000</u>	<u>2,826,318</u>	<u>776,318</u>
End of year	<u>\$ 577,000</u>	<u>\$ 577,000</u>	<u>\$ 2,553,484</u>	<u>\$ 1,976,484</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Local fuels tax	\$ 400,000	\$ 400,000	\$ 378,689	\$ (21,311)
Intergovernmental revenues	1,020,725	1,020,725	1,442,515	421,790
Miscellaneous	6,000	6,000	62,413	56,413
Investment earnings	12,000	12,000	1,564	(10,436)
State grants	<u>1,472,145</u>	<u>1,472,145</u>	<u>123,792</u>	<u>(1,348,353)</u>
Total revenues	<u>2,910,870</u>	<u>2,910,870</u>	<u>2,008,973</u>	<u>(901,897)</u>
Expenditures:				
Street Maintenance	637,610	637,610	570,132	67,478
Street Sweeping	101,265	101,265	85,315	15,950
Streets capital improvements	2,795,735	2,795,735	1,185,999	1,609,736
Non-departmental:				
Materials and Services	131,335	131,335	119,203	12,132
Contingency	<u>136,795</u>	<u>136,795</u>	<u>-</u>	<u>136,795</u>
Total expenditures	<u>3,802,740</u>	<u>3,802,740</u>	<u>1,960,649</u>	<u>1,842,091</u>
Excess of revenues over (under) expenditures	(891,870)	(891,870)	48,324	940,194
Other financing sources (uses):				
Transfers out	<u>(108,130)</u>	<u>(108,130)</u>	<u>(108,113)</u>	<u>17</u>
Net change in fund balance	(1,000,000)	(1,000,000)	(59,789)	940,211
Beginning fund balance	<u>1,000,000</u>	<u>1,000,000</u>	<u>113,390</u>	<u>(886,610)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,601</u>	<u>\$ 53,601</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:				
Non-departmental:				
Debt Service - Principal	\$ 1,807,880	\$ 1,807,880	\$ 1,659,866	\$ 148,014
Debt Service - Interest	<u>1,028,150</u>	<u>1,028,150</u>	<u>977,166</u>	<u>50,984</u>
Total expenditures	<u>2,836,030</u>	<u>2,836,030</u>	<u>2,637,032</u>	<u>198,998</u>
Excess of revenues over (under) expenditures	(2,836,030)	(2,836,030)	(2,637,032)	198,998
Other financing sources (uses):				
Transfers in	<u>2,836,030</u>	<u>2,836,030</u>	<u>2,637,032</u>	<u>(198,998)</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			(1,265,657)	
Interest expense			(726,850)	
Materials and Services			(892)	
Transfers in			<u>1,993,399</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.

- **Housing Development Cost Assistance Trust Fund** -- This fund was established to assist non-profit and government agencies in developing new housing opportunities within the City. The money in this fund is used to pay a portion of the building permit fees and system development charges for eligible projects.
- **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, 2020

	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	\$ 788,256	\$ 1,554,712	\$ 499,346	\$ 2,842,314
Accounts	35,174	-	44	35,218
Loan	18,744	-	-	18,744
Total assets	<u>\$ 842,174</u>	<u>\$ 1,554,712</u>	<u>\$ 499,390</u>	<u>\$ 2,896,276</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 19,884	\$ 14,370	\$ 3,352	\$ 37,606
Payroll and related accruals	10,964	-	-	10,964
Total liabilities	<u>30,848</u>	<u>14,370</u>	<u>3,352</u>	<u>48,570</u>
Deferred inflow related to pensions	18,744	-	-	18,744
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	455,616	-	493,038	948,654
Committed	336,966	1,540,342	-	1,877,308
Total fund balances	<u>792,582</u>	<u>1,540,342</u>	<u>496,038</u>	<u>2,828,962</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 842,174</u>	<u>\$ 1,554,712</u>	<u>\$ 499,390</u>	<u>\$ 2,896,276</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, 2020

	<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	\$ -	\$ -	\$ 139,000	\$ 139,000
Intergovernmental revenues	164,467	-	-	164,467
Charges for services	639,410	-	-	639,410
Fines and forfeitures	6,396	-	-	6,396
Investment earnings	17,398	29,751	10,932	58,081
Contributions and donations	-	-	141,210	141,210
Miscellaneous	1,081	8,100	9,343	18,524
Special assessments	-	290,773	-	290,773
Total Revenues	<u>828,752</u>	<u>328,624</u>	<u>300,485</u>	<u>1,457,861</u>
Expenditures:				
Current:				
General Government	572,133	131,070	51	703,254
Public Safety	642,439	-	-	642,439
Highways and streets	21,417	372,797	-	394,214
Culture and recreation	-	37,882	-	37,882
Community Development	958	37,935	1,022,342	1,061,235
Debt service:				
Principal	<u>(19,300)</u>	<u>-</u>	<u>-</u>	<u>(19,300)</u>
Total Expenditures	<u>1,217,647</u>	<u>579,684</u>	<u>1,022,393</u>	<u>2,819,724</u>
Excess of revenues over (under) expenditures	<u>(388,895)</u>	<u>(251,060)</u>	<u>(721,908)</u>	<u>(1,361,863)</u>
Other financing sources (uses)				
Transfers in	631,365	210,000	115,000	956,365
Transfers out	(185,620)	-	-	(185,620)
Proceeds from bond sales	-	-	1,014,170	1,014,170
Total other financing sources (uses)	<u>445,745</u>	<u>210,000</u>	<u>1,129,170</u>	<u>1,784,915</u>
Net change in fund balance	56,850	(41,060)	407,262	423,052
Fund balance at beginning of year	<u>735,732</u>	<u>1,581,402</u>	<u>88,776</u>	<u>2,405,910</u>
Fund balance at end of year	<u>\$ 792,582</u>	<u>\$ 1,540,342</u>	<u>\$ 496,038</u>	<u>\$ 2,828,962</u>

CITY OF COTTAGE GROVE, OREGON

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2020

	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	\$ 164,780	\$ 162,892	\$ 44,674	\$ 9,898	\$ 103,371	\$ 183,996	\$ 118,645	\$ 788,256
Accounts	-	33,952	427	-	-	795	-	35,174
Loan	-	-	-	18,744	-	-	-	18,744
Total assets	<u>\$ 164,780</u>	<u>\$ 196,844</u>	<u>\$ 45,101</u>	<u>\$ 28,642</u>	<u>\$ 103,371</u>	<u>\$ 184,791</u>	<u>\$ 118,645</u>	<u>\$ 842,174</u>
Liabilities								
Accounts payable	\$ -	\$ 265	\$ 1,208	\$ -	\$ -	\$ 18,411	\$ -	\$ 19,884
Payroll and related accruals	-	6,872	-	-	-	4,092	-	10,964
Total liabilities	-	7,137	1,208	-	-	22,503	-	30,848
Deferred Inflows of Resources								
Unavailable revenues	-	-	-	18,744	-	-	-	18,744
Fund Balance								
Restricted	-	189,707	43,893	-	103,371	-	118,645	455,616
Committed	164,779	-	-	9,898	-	162,289	-	336,966
Total Fund Balances	<u>164,779</u>	<u>189,707</u>	<u>43,893</u>	<u>9,898</u>	<u>103,371</u>	<u>162,289</u>	<u>118,645</u>	<u>792,582</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 164,779</u>	<u>\$ 196,844</u>	<u>\$ 45,101</u>	<u>\$ 28,642</u>	<u>\$ 103,371</u>	<u>\$ 184,792</u>	<u>\$ 118,645</u>	<u>\$ 842,174</u>

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, 2020

	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	\$ -	\$ 157,571	\$ 6,896	\$ -	\$ -	\$ -	\$ -	\$ 164,467
Charges for services	-	-	-	-	-	639,410	-	639,410
Investment earnings	3,416	3,227	530	199	1,829	4,978	3,219	17,398
Miscellaneous	-	899	-	-	-	182	-	1,081
Fines and forfeitures	-	-	-	-	6,396	-	-	6,396
Total Revenues	3,416	161,697	7,426	199	8,225	644,570	3,219	828,752
Expenditures:								
Current:								
General Government	-	-	-	-	-	572,133	-	572,133
Public Safety	-	629,372	-	-	13,067	-	-	642,439
Highways and streets	-	-	21,417	-	-	-	-	21,417
Community Development	-	-	-	-	-	-	958	958
Debt service:								
Principal	-	-	(19,300)	-	-	-	-	(19,300)
Total Expenditures	-	629,372	2,117	-	13,067	572,133	958	1,217,647
Revenues over (under) expenditures	3,416	(467,675)	5,309	199	(4,842)	72,437	2,261	(388,895)
Other financing sources (uses):								
Transfers in	-	574,065	57,300	-	-	-	-	631,365
Transfers out	-	(13,674)	(19,300)	-	(1,802)	(46,693)	(104,151)	(185,620)
Total other financing sources (uses)	-	560,391	38,000	-	(1,802)	(46,693)	(104,151)	445,745
Net change in fund balance	3,416	92,716	43,309	199	(6,644)	25,744	(101,890)	56,850
Beginning fund balance	161,363	96,991	584	9,699	110,015	136,545	220,535	735,732
Ending fund balance	\$ 164,779	\$ 189,707	\$ 43,893	\$ 9,898	\$ 103,371	\$ 162,289	\$ 118,645	\$ 792,582

CITY OF COTTAGE GROVE, OREGON

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2020

	<u>Street Systems Development Fund (608)</u>	<u>Parks Systems Development Fund (610)</u>	<u>General Reserve Fund (731)</u>	<u>Bldg Inspection Reserve Fund (738)</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets					
Cash and cash equivalents	\$ <u>1,036,661</u>	\$ <u>356,394</u>	\$ <u>133,118</u>	\$ <u>28,539</u>	\$ <u>1,554,712</u>
Liabilities					
Accounts payable	\$ <u>-</u>	\$ <u>9,165</u>	\$ <u>5,205</u>	\$ <u>-</u>	\$ <u>14,370</u>
Fund Balance					
Committed	<u>1,036,661</u>	<u>347,229</u>	<u>127,913</u>	<u>28,539</u>	<u>1,540,342</u>
Total Liabilities and Fund Balances	\$ <u><u>1,036,661</u></u>	\$ <u><u>356,394</u></u>	\$ <u><u>133,118</u></u>	\$ <u><u>28,539</u></u>	\$ <u><u>1,554,712</u></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, 2020

	<u>Street Systems Development Fund (608)</u>	<u>Parks Systems Development Fund (610)</u>	<u>General Reserve Fund (731)</u>	<u>Bldg Inspection Reserve Fund (738)</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:					
Investment earnings	\$ 21,179	\$ 6,554	\$ 1,684	\$ 334	\$ 29,751
Special assessments	207,151	83,622	-	-	290,773
Miscellaneous	8,100	-	-	-	8,100
Total Revenues	<u>236,430</u>	<u>90,176</u>	<u>1,684</u>	<u>334</u>	<u>328,624</u>
Expenditures:					
Current:					
General Government	-	-	119,170	11,900	131,070
Highways and streets	372,797	-	-	-	372,797
Culture and recreation	-	37,882	-	-	37,882
Community Development	-	-	37,935	-	37,935
Total Expenditures	<u>372,797</u>	<u>37,882</u>	<u>157,105</u>	<u>11,900</u>	<u>579,684</u>
Excess of revenues over (under) expenditures	<u>(136,367)</u>	<u>52,294</u>	<u>(155,421)</u>	<u>(11,566)</u>	<u>(251,060)</u>
Other financing sources (uses):					
Transfers in	-	-	190,000	20,000	210,000
Net change in fund balance	<u>(136,367)</u>	<u>52,294</u>	<u>34,579</u>	<u>8,434</u>	<u>(41,060)</u>
Beginning fund balance	<u>1,173,028</u>	<u>294,935</u>	<u>93,334</u>	<u>20,105</u>	<u>1,581,402</u>
Ending fund balance	<u><u>\$ 1,036,661</u></u>	<u><u>\$ 347,229</u></u>	<u><u>\$ 127,913</u></u>	<u><u>\$ 28,539</u></u>	<u><u>\$ 1,540,342</u></u>

CITY OF COTTAGE GROVE, OREGON

Nonmajor Permanent Funds

Combining Balance Sheet

June 30, 2020

	Housing Development Cost Assistance Trust Fund (823)	Special Trust Fund (825)	Armory Trust Fund (827)	Total Nonmajor Permanent Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and cash equivalents	\$ 219	\$ 13,893	\$ 485,234	\$ 499,346
Accounts receivable	-	44	-	44
Total assets	<u>\$ 219</u>	<u>\$ 13,937</u>	<u>\$ 485,234</u>	<u>\$ 499,390</u>
Liabilities				
Accounts payable	<u>\$ -</u>	<u>\$ 262</u>	<u>\$ 3,090</u>	<u>\$ 3,352</u>
Fund Balance				
Nonspendable	-	3,000	-	3,000
Restricted	219	10,675	482,144	493,038
Total Fund Balance	<u>219</u>	<u>13,675</u>	<u>482,144</u>	<u>496,038</u>
Total Liabilities and Fund Balances	<u>\$ 219</u>	<u>\$ 13,937</u>	<u>\$ 485,234</u>	<u>\$ 499,390</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, 2020

	Housing Development Cost Assistance Trust Fund (823)	Special Trust Fund (825)	Armory Trust Fund (827)	Total Nonmajor Capital Projects Funds
Revenues:				
State grants	\$ -	\$ 3,000	\$ 136,000	\$ 139,000
Investment earnings	219	250	10,463	10,932
Contributions and donations	-	21,803	119,407	141,210
Miscellaneous	-	-	9,343	9,343
Total Revenues	<u>219</u>	<u>25,053</u>	<u>275,213</u>	<u>300,485</u>
Expenditures:				
Current:				
General Government	-	51	-	51
Community Development	115,000	33,529	873,813	1,022,342
Total Expenditures	<u>115,000</u>	<u>33,580</u>	<u>873,813</u>	<u>1,022,393</u>
Excess of revenues over (under) expenditures	<u>(114,781)</u>	<u>(8,527)</u>	<u>(598,600)</u>	<u>(721,908)</u>
Other financing sources (uses):				
Transfers in	115,000	-	-	115,000
Proceeds from bond sales	-	-	1,014,170	1,014,170
Net change in fund balance	219	(8,527)	415,570	407,262
Beginning fund balance	-	22,202	66,574	88,776
Ending fund balance	<u>\$ 219</u>	<u>\$ 13,675</u>	<u>\$ 482,144</u>	<u>\$ 496,038</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 2,500	\$ 2,500	\$ 3,416	\$ 916
Expenditures:				
Materials and Services	211,160	211,160	-	211,160
Capital Outlay	<u>1,111,980</u>	<u>1,111,980</u>	<u>-</u>	<u>1,111,980</u>
Total expenditures	<u>1,323,140</u>	<u>1,323,140</u>	<u>-</u>	<u>1,323,140</u>
Excess of revenues over (under) expenditures	(1,320,640)	(1,320,640)	3,416	1,324,056
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	(159,970)	(159,970)	3,416	163,386
Beginning fund balance	<u>159,970</u>	<u>159,970</u>	<u>161,363</u>	<u>1,393</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,779</u>	<u>\$ 164,779</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 146,950	\$ 146,950	\$ 157,571	\$ 10,621
Investment earnings	1,000	1,000	3,227	2,227
Miscellaneous	<u>-</u>	<u>-</u>	<u>899</u>	<u>899</u>
Total revenues	<u>147,950</u>	<u>147,950</u>	<u>161,697</u>	<u>13,747</u>
Expenditures:				
Police Support Services	459,110	459,110	387,777	71,333
911 Services	<u>279,225</u>	<u>279,225</u>	<u>241,595</u>	<u>37,630</u>
Total expenditures	<u>738,335</u>	<u>738,335</u>	<u>629,372</u>	<u>108,963</u>
Excess of revenues over (under) expenditures	(590,385)	(590,385)	(467,675)	122,710
Other financing sources (uses):				
Transfers in	574,065	574,065	574,065	-
Transfers out	<u>(13,680)</u>	<u>(13,680)</u>	<u>(13,674)</u>	<u>6</u>
Net change in fund balance	(30,000)	(30,000)	92,716	122,716
Beginning fund balance	<u>30,000</u>	<u>30,000</u>	<u>96,991</u>	<u>66,991</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,707</u>	<u>\$ 189,707</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 7,460	\$ 7,460	\$ 6,896	\$ (564)
Investment earnings	<u>250</u>	<u>250</u>	<u>530</u>	<u>280</u>
Total revenues	<u>7,710</u>	<u>7,710</u>	<u>7,426</u>	<u>(284)</u>
Expenditures:				
Material and Services	32,515	32,515	21,417	11,098
Capital Outlay	<u>53,195</u>	<u>53,195</u>	<u>-</u>	<u>53,195</u>
Total expenditures	<u>85,710</u>	<u>85,710</u>	<u>21,417</u>	<u>64,293</u>
Excess of revenues over (under) expenditures	(78,000)	(78,000)	(13,991)	64,009
Other financing sources (uses):				
Transfers in	57,300	57,300	57,300	-
Transfers out	<u>(19,300)</u>	<u>(19,300)</u>	<u>(19,300)</u>	<u>-</u>
Net change in fund balance	(40,000)	(40,000)	24,009	64,009
Beginning fund balance	<u>40,000</u>	<u>40,000</u>	<u>19,884</u>	<u>(20,116)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	43,893	<u>\$ 43,893</u>
Reconciliation to GAAP basis:				
GAAP fund balance - end of year			<u>\$ 43,893</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 199</u>	<u>\$ 99</u>
Expenditures:				
Materials and Services	<u> 9,700</u>	<u> 9,700</u>	<u> -</u>	<u> 9,700</u>
Excess of revenues over (under) expenditures	<u> (9,600)</u>	<u> (9,600)</u>	<u> 199</u>	<u> 9,799</u>
Other financing sources (uses):				
Net change in fund balance	(9,600)	(9,600)	199	9,799
Beginning fund balance	<u> 9,600</u>	<u> 9,600</u>	<u> 9,699</u>	<u> 99</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,898</u>	<u>\$ 9,898</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 3,000	\$ 3,000	\$ 1,829	\$ (1,171)
Fines and forfeitures	<u>29,480</u>	<u>29,480</u>	<u>6,396</u>	<u>(23,084)</u>
Total revenues	<u>32,480</u>	<u>32,480</u>	<u>8,225</u>	<u>(24,255)</u>
Expenditures:				
Personnel Services	16,175	16,175	-	16,175
Materials and Services	36,605	36,605	1,605	35,000
Capital Outlay	75,000	75,000	11,462	63,538
Contingency	<u>52,890</u>	<u>52,890</u>	<u>-</u>	<u>52,890</u>
Total expenditures	<u>180,670</u>	<u>180,670</u>	<u>13,067</u>	<u>167,603</u>
Excess of revenues over (under) expenditures	(148,190)	(148,190)	(4,842)	143,348
Other financing sources (uses):				
Transfers out	<u>(1,810)</u>	<u>(1,810)</u>	<u>(1,802)</u>	<u>8</u>
Net change in fund balance	(150,000)	(150,000)	(6,644)	143,356
Beginning fund balance	<u>150,000</u>	<u>150,000</u>	<u>110,015</u>	<u>(39,985)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,371</u>	<u>\$ 103,371</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 603,000	\$ 603,000	\$ 639,410	\$ 36,410
Investment earnings	2,000	2,000	4,978	2,978
Miscellaneous	500	500	182	(318)
Total revenues	<u>605,500</u>	<u>605,500</u>	<u>644,570</u>	<u>39,070</u>
Expenditures:				
Personnel Services	397,660	397,660	391,511	6,149
Materials and Services	216,065	216,065	180,622	35,443
Contingency	75,075	75,075	-	75,075
Total expenditures	<u>688,800</u>	<u>688,800</u>	<u>572,133</u>	<u>116,667</u>
Excess of revenues over (under) expenditures	(83,300)	(83,300)	72,437	155,737
Other financing sources (uses):				
Transfers out	<u>(46,700)</u>	<u>(46,700)</u>	<u>(46,693)</u>	<u>7</u>
Net change in fund balance	(130,000)	(130,000)	25,744	155,744
Beginning fund balance	<u>130,000</u>	<u>130,000</u>	<u>136,545</u>	<u>6,545</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,289</u>	<u>\$ 162,289</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 2,000	\$ 2,000	\$ 3,219	\$ 1,219
Expenditures:				
Materials and Services	50,010	50,010	958	49,052
Contingency	<u>262,225</u>	<u>262,225</u>	<u>-</u>	<u>262,225</u>
Total expenditures	<u>312,235</u>	<u>312,235</u>	<u>958</u>	<u>311,277</u>
Excess of revenues over (under) expenditures	(310,235)	(310,235)	2,261	312,496
Other financing sources (uses):				
Transfers out	(104,765)	(104,765)	(104,151)	614
Proceeds from sale of capital assets	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Net change in fund balance	(215,000)	(215,000)	(101,890)	513,110
Beginning fund balance	<u>215,000</u>	<u>215,000</u>	<u>220,535</u>	<u>5,535</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,645</u>	<u>\$ 518,645</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Special assessments	\$ 60,000	\$ 60,000	\$ 207,151	\$ 147,151
Investment earnings	18,000	18,000	21,179	3,179
Miscellaneous	<u>-</u>	<u>-</u>	<u>8,100</u>	<u>8,100</u>
Total revenues	<u>78,000</u>	<u>78,000</u>	<u>236,430</u>	<u>158,430</u>
Expenditures:				
Materials and Services	248,850	248,850	161,196	87,654
Capital Outlay	804,150	804,150	555	803,595
Land Acquisition	<u>110,000</u>	<u>110,000</u>	<u>211,046</u>	<u>(101,046)</u>
Total expenditures	<u>1,163,000</u>	<u>1,163,000</u>	<u>372,797</u>	<u>790,203</u>
Net change in fund balance	(1,085,000)	(1,085,000)	(136,367)	948,633
Beginning fund balance	<u>1,085,000</u>	<u>1,085,000</u>	<u>1,173,028</u>	<u>88,028</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,036,661</u>	<u>\$ 1,036,661</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Special assessments	\$ 40,000	\$ 40,000	\$ 83,622	\$ 43,622
Investment earnings	<u>4,500</u>	<u>4,500</u>	<u>6,554</u>	<u>2,054</u>
Total revenues	<u>44,500</u>	<u>44,500</u>	<u>90,176</u>	<u>45,676</u>
Expenditures:				
Materials and Services	33,980	33,980	8,443	25,537
Capital Outlay	<u>290,520</u>	<u>290,520</u>	<u>29,439</u>	<u>261,081</u>
Total expenditures	<u>324,500</u>	<u>324,500</u>	<u>37,882</u>	<u>286,618</u>
Net change in fund balance	(280,000)	(280,000)	52,294	332,294
Beginning fund balance	<u>280,000</u>	<u>280,000</u>	<u>294,935</u>	<u>14,935</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,229</u>	<u>\$ 347,229</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 1,684</u>	<u>\$ 1,584</u>
Expenditures:				
Materials and Services	40,500	40,500	37,935	2,565
Capital Outlay	<u>152,100</u>	<u>152,100</u>	<u>119,170</u>	<u>32,930</u>
Total expenditures	<u>192,600</u>	<u>192,600</u>	<u>157,105</u>	<u>35,495</u>
Excess of revenues over (under) expenditures	(192,500)	(192,500)	(155,421)	37,079
Other financing sources (uses):				
Transfers in	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Net change in fund balance	(2,500)	(2,500)	34,579	37,079
Beginning fund balance	<u>2,500</u>	<u>2,500</u>	<u>93,334</u>	<u>90,834</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,913</u>	<u>\$ 127,913</u>

CITY OF COTTAGE GROVE, OREGON
 Building Inspection Reserve Fund (738)
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 1,200	\$ 1,200	\$ 334	\$ (866)
Expenditures:				
Capital Outlay	41,200	41,200	11,900	29,300
Excess of revenues over (under) expenditures	(40,000)	(40,000)	(11,566)	28,434
Other financing sources (uses):				
Transfers in	20,000	20,000	20,000	-
Net change in fund balance	(20,000)	(20,000)	8,434	28,434
Beginning fund balance	20,000	20,000	20,105	105
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,539</u>	<u>\$ 28,539</u>

CITY OF COTTAGE GROVE, OREGON
Housing Development Cost Assistance Trust Fund (823)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	-	-	\$ 219	\$ 219
Expenditures:				
Materials and Services	115,000	115,000	115,000	-
Excess of revenues over (under) expenditures	(115,000)	(115,000)	(114,781)	219
Other financing sources (uses):				
Transfers in	115,000	115,000	115,000	-
Net change in fund balance	-	-	219	219
Beginning fund balance	-	-	-	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219</u>	<u>\$ 219</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Grants and contracts	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Investment earnings	500	500	250	\$ (250)
Contributions and donations	<u>44,000</u>	<u>44,000</u>	<u>21,803</u>	<u>(22,197)</u>
Total revenues	<u>47,500</u>	<u>47,500</u>	<u>25,053</u>	<u>(22,447)</u>
Expenditures:				
Materials and Services	-	58,200	15,570	42,630
Capital Outlay	<u>18,850</u>	<u>18,850</u>	<u>18,010</u>	<u>840</u>
Total expenditures	<u>18,850</u>	<u>77,050</u>	<u>33,580</u>	<u>43,470</u>
Net change in fund balance	28,650	(29,550)	(8,527)	21,023
Beginning fund balance	<u>32,550</u>	<u>32,550</u>	<u>22,202</u>	<u>(10,348)</u>
Ending fund balance	<u>\$ 61,200</u>	<u>\$ 3,000</u>	<u>\$ 13,675</u>	<u>\$ 10,675</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Grants and contracts	\$ 155,000	\$ 155,000	\$ 136,000	\$ (19,000)
Investment earnings	1,500	1,500	10,463	8,963
Contributions and donations	110,000	110,000	119,407	9,407
Miscellaneous	<u>8,000</u>	<u>8,000</u>	<u>9,343</u>	<u>1,343</u>
Total revenues	<u>274,500</u>	<u>274,500</u>	<u>275,213</u>	<u>713</u>
Expenditures:				
Materials and Services	71,500	71,500	52,670	18,830
Capital Outlay	<u>1,353,007</u>	<u>1,353,007</u>	<u>806,980</u>	<u>546,027</u>
Total expenditures	<u>1,424,507</u>	<u>1,424,507</u>	<u>859,650</u>	<u>564,857</u>
Excess of revenues over (under) expenditures	(1,150,007)	(1,150,007)	(584,437)	565,570
Other financing sources (uses):				
Debt issuance costs	(14,163)	(14,163)	(14,163)	-
Proceeds from bond sales	<u>1,014,170</u>	<u>1,014,170</u>	<u>1,014,170</u>	<u>-</u>
Net change in fund balance	(150,000)	(150,000)	415,570	565,570
Beginning fund balance	<u>150,000</u>	<u>150,000</u>	<u>66,574</u>	<u>(83,426)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 482,144</u>	<u>\$ 482,144</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, 2020

	<u>Water Fund (202)</u>	<u>Water Systems Development Fund (602)</u>	<u>Water Reserve Fund (732)</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 645,952	\$ 1,472,345	\$ 1,904,936	\$ 4,023,233
Receivables - net	166,664	-	155,546	322,210
Inventories	<u>119,729</u>	<u>-</u>	<u>-</u>	<u>119,729</u>
Total current assets	<u>932,345</u>	<u>1,472,345</u>	<u>2,060,482</u>	<u>4,465,172</u>
Noncurrent assets:				
Capital assets	<u>15,911,380</u>	<u>-</u>	<u>-</u>	<u>15,911,380</u>
Total noncurrent assets	<u>15,911,380</u>	<u>-</u>	<u>-</u>	<u>15,911,380</u>
Total assets	<u>16,843,725</u>	<u>1,472,345</u>	<u>2,060,482</u>	<u>20,376,552</u>
Deferred outflows				
Related to pensions	482,625	-	-	482,625
Deferred outflow related to bond refunding	<u>-</u>	<u>-</u>	<u>77,500</u>	<u>77,500</u>
Total deferred outflows	<u>482,625</u>	<u>-</u>	<u>77,500</u>	<u>560,125</u>
Total assets and deferred outflows	<u>\$ 17,326,350</u>	<u>\$ 1,472,345</u>	<u>\$ 2,137,982</u>	<u>\$ 20,936,677</u>
Liabilities and Net Position				
Liabilities				
Current liabilities:				
Accounts payable	\$ 38,417	\$ -	\$ 196,411	\$ 234,828
Payroll and related accruals	17,338	-	-	17,338
Accrued interest payable	85,965	-	-	85,965
Deposits	41,350	-	-	41,350
Compensated absences payable	56,289	-	-	56,289
Current portion of long-term debt	<u>86,266</u>	<u>-</u>	<u>507,605</u>	<u>593,871</u>
Total current liabilities	<u>325,625</u>	<u>-</u>	<u>704,016</u>	<u>1,029,641</u>
Noncurrent liabilities:				
Long-term debt, net of current portion	712,926	-	8,060,224	8,773,150
Net pension liability	<u>1,567,467</u>	<u>-</u>	<u>-</u>	<u>1,567,467</u>
Total noncurrent liabilities	<u>2,280,393</u>	<u>-</u>	<u>8,060,224</u>	<u>10,340,617</u>
Total Liabilities	<u>2,606,018</u>	<u>-</u>	<u>8,764,240</u>	<u>11,370,258</u>
Deferred inflows				
Related to pensions	<u>122,878</u>	<u>-</u>	<u>-</u>	<u>122,878</u>
Net Position				
Net investment in capital assets	15,112,188	-	(8,567,829)	6,544,359
Restricted for system development	-	1,472,345	-	1,472,345
Unrestricted	<u>(514,734)</u>	<u>-</u>	<u>1,941,571</u>	<u>1,426,837</u>
Total Net Position	<u>14,597,454</u>	<u>1,472,345</u>	<u>(6,626,258)</u>	<u>9,443,541</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 17,326,350</u>	<u>\$ 1,472,345</u>	<u>\$ 2,137,982</u>	<u>\$ 20,936,677</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, 2020

	<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	\$ 1,900,747	\$ 365,494	\$ 1,477,672	\$ 3,743,913
Miscellaneous	601	-	-	601
Total Operating Revenues	<u>1,901,348</u>	<u>365,494</u>	<u>1,477,672</u>	<u>3,744,514</u>
Operating Expenses				
Personal Services	1,500,476	-	-	1,500,476
Materials and Services	630,562	451	121,850	752,863
Depreciation expense	584,734	-	-	584,734
Total Operating Expenses	<u>2,715,772</u>	<u>451</u>	<u>121,850</u>	<u>2,838,073</u>
Operating Income (Loss)	<u>(814,424)</u>	<u>365,043</u>	<u>1,355,822</u>	<u>906,441</u>
Nonoperating revenues (expenses)				
Interest expense	(16,888)	-	(301,113)	(318,001)
Investment earnings	17,001	25,432	46,688	89,121
Debt issuance costs	-	-	(29,742)	(29,742)
Insurance proceeds	2,343	-	-	2,343
Total non-operating revenues (expenses)	<u>2,456</u>	<u>25,432</u>	<u>(284,167)</u>	<u>(256,279)</u>
Income (loss) before transfers	(811,968)	390,475	1,071,655	650,162
Transfers in	2,402,975	-	125,000	2,527,975
Transfers out	<u>(125,000)</u>	<u>-</u>	<u>(2,402,975)</u>	<u>(2,527,975)</u>
Change in Net Position	1,466,007	390,475	(1,206,320)	650,162
Beginning Net Position	<u>13,131,447</u>	<u>1,081,870</u>	<u>(5,419,938)</u>	<u>8,793,379</u>
Ending Net Position	<u>\$ 14,597,454</u>	<u>\$ 1,472,345</u>	<u>\$ (6,626,258)</u>	<u>\$ 9,443,541</u>

CITY OF COTTAGE GROVE, OREGON

Water Operations Combined

Combining Statement of Cash Flows

For the Year Ended June 30, 2020

	<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	\$ 1,903,873	\$ 365,494	\$ 1,476,272	\$ 3,745,639
Cash payments to employees	(1,268,287)	-	-	(1,268,287)
Cash payments to suppliers for goods and services	<u>(606,952)</u>	<u>(451)</u>	<u>(152,869)</u>	<u>(760,272)</u>
Net cash provided (used) by operating activities	<u>28,634</u>	<u>365,043</u>	<u>1,323,403</u>	<u>1,717,080</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	71,480	-	125,000	196,480
Transfers out	<u>(125,000)</u>	<u>-</u>	<u>(71,480)</u>	<u>(196,480)</u>
Net cash provided (used) by noncapital financing activities	<u>(53,520)</u>	<u>-</u>	<u>53,520</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(2,331,495)	-	196,411	(2,135,084)
Principal paid on capital debt	(75,486)	-	(422,458)	(497,944)
Interest paid on capital debt	(15,181)	-	(345,895)	(361,076)
Transfers related to capital outlay	2,331,495	-	(2,331,495)	-
Bond proceeds	-	-	2,129,757	2,129,757
Bond issuance expenses	-	-	(29,742)	(29,742)
Insurance proceeds	<u>2,343</u>	<u>-</u>	<u>-</u>	<u>2,343</u>
Net cash provided (used) by capital and related financing activities	<u>(88,324)</u>	<u>-</u>	<u>(803,422)</u>	<u>(891,746)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>17,001</u>	<u>25,432</u>	<u>46,688</u>	<u>89,121</u>
Net change in cash and cash equivalents	(96,209)	390,475	620,189	914,455
Cash and cash equivalents:				
Beginning of year	<u>742,161</u>	<u>1,081,870</u>	<u>1,284,747</u>	<u>3,108,778</u>
End of year	<u>\$ 645,952</u>	<u>\$ 1,472,345</u>	<u>\$ 1,904,936</u>	<u>\$ 4,023,233</u>

CITY OF COTTAGE GROVE, OREGON

Water Operations Combined

Combining Statement of Cash Flows, continued

For the Year Ended June 30, 2020

	<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)	\$ (814,424)	\$ 365,043	\$ 1,355,822	\$ 906,441
Adjustments:				
Depreciation	584,734	-	-	584,734
Change in operating accounts:				
Receivables - net	2,525	-	(1,400)	1,125
Inventories	3,657	-	-	3,657
Accounts payable	18,993	-	165,392	184,385
Other liabilities	960	-	-	960
Payroll and related	(44,453)	-	-	(44,453)
Compensated absences	(7,879)	-	-	(7,879)
Pension liability	<u>284,521</u>	<u>-</u>	<u>-</u>	<u>284,521</u>
 Net cash provided (used) by operating activities	 <u>\$ 28,634</u>	 <u>\$ 365,043</u>	 <u>\$ 1,519,814</u>	 <u>\$ 1,913,491</u>

CITY OF COTTAGE GROVE, OREGON

Wastewater Operations Combined

Combining Balance Sheet

June 30, 2020

	Wastewater Fund (302)	Wastewater Systems Development Charge Fund (604)	Wastewater Reserve Fund (735)	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 567,492	\$ 273,282	\$ 3,779,338	\$ 4,620,112
Receivables - net	190,737	-	121,595	312,332
Inventories	32,650	-	-	32,650
Total current assets	<u>790,879</u>	<u>273,282</u>	<u>3,900,933</u>	<u>4,965,094</u>
Noncurrent assets:				
Capital assets	<u>14,898,499</u>	-	-	<u>14,898,499</u>
Total noncurrent assets	<u>14,898,499</u>	-	-	<u>14,898,499</u>
Total assets	<u>15,689,378</u>	<u>273,282</u>	<u>3,900,933</u>	<u>19,863,593</u>
Deferred outflows				
Related to pensions	318,116	-	-	318,116
Deferred outflow related to bond refunding	-	-	36,667	36,667
Total deferred outflows	<u>318,116</u>	<u>-</u>	<u>36,667</u>	<u>354,783</u>
Total assets and deferred outflows	<u>\$ 16,007,494</u>	<u>\$ 273,282</u>	<u>\$ 3,937,600</u>	<u>\$ 20,218,376</u>
Liabilities and Net Position				
Liabilities				
Current liabilities:				
Accounts payable	\$ 19,748	\$ -	\$ 77,918	\$ 97,666
Payroll and related accruals	11,472	-	-	11,472
Accrued interest payable	62,135	-	-	62,135
Deposits	1,500	-	-	1,500
Unearned revenue	54,828	-	-	54,828
Compensated absences payable	57,819	-	-	57,819
Current portion of long-term debt	174,895	-	547,238	722,133
Total current liabilities	<u>382,397</u>	<u>-</u>	<u>625,156</u>	<u>1,007,553</u>
Noncurrent liabilities:				
Long-term debt, net of current portion	100,165	-	8,659,623	8,759,788
Net pension liability	1,033,175	-	-	1,033,175
Total noncurrent liabilities	<u>1,133,340</u>	<u>-</u>	<u>8,659,623</u>	<u>9,792,963</u>
Total Liabilities	<u>1,515,737</u>	<u>-</u>	<u>9,284,779</u>	<u>10,800,516</u>
Deferred inflows				
Related to pensions	<u>80,993</u>	-	-	<u>80,993</u>
Net Position				
Net investment in capital assets	14,623,439	-	(9,206,861)	5,416,578
Restricted for system development	-	273,282	-	273,282
Unrestricted	<u>(212,675)</u>	<u>-</u>	<u>3,859,682</u>	<u>3,647,007</u>
Total Net Position	<u>14,410,764</u>	<u>273,282</u>	<u>(5,347,179)</u>	<u>9,336,867</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 16,007,494</u>	<u>\$ 273,282</u>	<u>\$ 3,937,600</u>	<u>\$ 20,218,376</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, 2020

	Wastewater Fund (302)	Wastewater Systems Development Charge Fund (604)	Wastewater Reserve Fund (735)	Total
Operating Revenues				
Charges for services	\$ 1,983,153	\$ 62,417	\$ 1,138,746	\$ 3,184,316
Miscellaneous	74,288	-	300	74,588
Total Operating Revenues	2,057,441	62,417	1,139,046	3,258,904
Operating Expenses				
Personal Services	1,125,022	-	-	1,125,022
Materials and Services	815,211	20	79,512	894,743
Depreciation expense	597,787	-	-	597,787
Total Operating Expenses	2,538,020	20	79,512	2,617,552
Operating Income (Loss)	(480,579)	62,397	1,059,534	641,352
Nonoperating revenues (expenses)				
Interest expense	(46,440)	-	(240,895)	(287,335)
Investment earnings	12,221	5,168	55,072	72,461
Debt issuance costs	-	-	(65,148)	(65,148)
Insurance proceeds	37,402	-	-	37,402
Total non-operating revenues (expenses)	3,183	5,168	(250,971)	(242,620)
Income (loss) before transfers	(477,396)	67,565	808,563	398,732
Transfers in	1,023,180	-	95,000	1,118,180
Transfers out	(95,000)	-	(1,023,180)	(1,118,180)
Change in Net Position	450,784	67,565	(119,617)	398,732
Beginning Net Position	13,959,980	205,717	(5,227,562)	8,938,135
Ending Net Position	\$ 14,410,764	\$ 273,282	\$ (5,347,179)	\$ 9,336,867

CITY OF COTTAGE GROVE, OREGON

Wastewater Operations Combined

Combining Statement of Cash Flows

For the Year Ended June 30, 2020

	<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	\$ 2,157,347	\$ 62,417	\$ 1,023,362	\$ 3,243,126
Cash payments to employees	(1,075,428)	-	-	(1,075,428)
Cash payments to suppliers for goods and services	<u>(787,151)</u>	<u>(20)</u>	<u>(84,501)</u>	<u>(871,672)</u>
Net cash provided (used) by operating activities	<u>294,768</u>	<u>62,397</u>	<u>938,861</u>	<u>1,296,026</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	95,000	95,000
Transfers out	<u>(95,000)</u>	<u>-</u>	<u>-</u>	<u>(95,000)</u>
Net cash provided (used) by noncapital financing activities	<u>(95,000)</u>	<u>-</u>	<u>95,000</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issuance proceeds	-	-	4,665,181	4,665,181
Acquisition of capital assets	(1,023,180)	-	77,918	(945,262)
Principal paid on capital debt	(22,672)	-	(678,631)	(701,303)
Interest paid on capital debt	(58,352)	-	(285,735)	(344,087)
Transfers related to capital outlay	1,023,180	-	(1,023,180)	-
Debt issuance costs paid	-	-	(65,148)	(65,148)
Insurance proceeds	<u>37,402</u>	<u>-</u>	<u>-</u>	<u>37,402</u>
Net cash provided (used) by capital and related financing activities	<u>(43,622)</u>	<u>-</u>	<u>2,690,405</u>	<u>2,646,783</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>12,222</u>	<u>5,168</u>	<u>55,072</u>	<u>72,462</u>
Net change in cash and cash equivalents	168,368	67,565	3,779,338	4,015,271
Cash and cash equivalents:				
Beginning of year	<u>399,124</u>	<u>205,717</u>	<u>-</u>	<u>604,841</u>
End of year	<u>\$ 567,492</u>	<u>\$ 273,282</u>	<u>\$ 3,779,338</u>	<u>\$ 4,620,112</u>

CITY OF COTTAGE GROVE, OREGON

Wastewater Operations Combined

Combining Statement of Cash Flows, continued

For the Year Ended June 30, 2020

	<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)	\$ (480,579)	\$ 62,397	\$ 1,059,534	\$ 641,352
Adjustments:				
Depreciation	597,787	-	-	597,787
Change in operating accounts:				
Receivables - net	96,580	-	(115,684)	(19,104)
Deferred revenue	3,326	-	-	3,326
Inventories	(3,642)	-	-	(3,642)
Net pension asset/liability	82,838	-	-	82,838
Accounts payable	11,027	-	(4,989)	6,038
Other liabilities	20,676	-	-	20,676
Compensated absences	2,289	-	-	2,289
Payroll and related accruals	<u>(35,533)</u>	<u>-</u>	<u>-</u>	<u>(35,533)</u>
 Net cash provided (used) by operating activities	 <u>\$ 294,769</u>	 <u>\$ 62,397</u>	 <u>\$ 938,861</u>	 <u>\$ 1,296,027</u>

CITY OF COTTAGE GROVE, OREGON

Storm Drain Operations Combined

Combining Balance Sheet

June 30, 2020

	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	\$ 154,146	\$ 505,269	\$ 2,259,311	\$ 2,918,726
Receivables - net	40,763	-	62,035	102,798
Total current assets	<u>194,909</u>	<u>505,269</u>	<u>2,321,346</u>	<u>3,021,524</u>
Noncurrent assets:				
Capital assets	<u>3,162,260</u>	-	-	<u>3,162,260</u>
Total noncurrent assets	<u>3,162,260</u>	-	-	<u>3,162,260</u>
Total assets	<u>3,357,169</u>	<u>505,269</u>	<u>2,321,346</u>	<u>6,183,784</u>
Deferred outflows				
Related to pensions	71,204	-	-	71,204
Deferred outflow related to bond refunding	-	-	11,030	11,030
Total deferred outflows	<u>71,204</u>	-	<u>11,030</u>	<u>82,234</u>
Total assets and deferred outflows	<u>\$ 3,428,373</u>	<u>\$ 505,269</u>	<u>\$ 2,332,376</u>	<u>\$ 6,266,018</u>
Liabilities and Net Position				
Liabilities				
Current liabilities:				
Accounts payable	\$ 952	\$ -	\$ 385,171	\$ 386,123
Payroll and related accruals	2,072	-	-	2,072
Accrued interest payable	10,737	-	-	10,737
Compensated absences payable	11,885	-	-	11,885
Current portion of long-term debt	1,813	-	63,902	65,715
Total current liabilities	<u>27,459</u>	-	<u>449,073</u>	<u>476,532</u>
Noncurrent liabilities:				
Long-term debt, net of current portion	19,430	-	938,602	958,032
Net pension liability	231,255	-	-	231,255
Total noncurrent liabilities	<u>250,685</u>	-	<u>938,602</u>	<u>1,189,287</u>
Total Liabilities	<u>278,144</u>	-	<u>1,387,675</u>	<u>1,665,819</u>
Deferred inflows				
Related to pensions	<u>18,129</u>	-	-	<u>18,129</u>
Net Position				
Net investment in capital assets	3,141,017	-	(1,002,504)	2,138,513
Restricted for system development	-	505,269	-	505,269
Unrestricted	<u>(8,917)</u>	-	<u>1,947,205</u>	<u>1,938,288</u>
Total Net Position	<u>3,132,100</u>	<u>505,269</u>	<u>944,701</u>	<u>4,582,070</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 3,428,373</u>	<u>\$ 505,269</u>	<u>\$ 2,332,376</u>	<u>\$ 6,266,018</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, 2020

	<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	\$ 400,735	\$ 43,684	\$ 611,690	\$ 1,056,109
Miscellaneous	<u>12,742</u>	<u>-</u>	<u>-</u>	<u>12,742</u>
Total Operating Revenues	<u>413,477</u>	<u>43,684</u>	<u>611,690</u>	<u>1,068,851</u>
Operating Expenses				
Personal Services	243,202	-	-	243,202
Materials and Services	86,549	14,865	37,224	138,638
Depreciation expense	<u>232,121</u>	<u>-</u>	<u>-</u>	<u>232,121</u>
Total Operating Expenses	<u>561,872</u>	<u>14,865</u>	<u>37,224</u>	<u>613,961</u>
Operating Income (Loss)	<u>(148,395)</u>	<u>28,819</u>	<u>574,466</u>	<u>454,890</u>
Nonoperating revenues (expenses)				
Interest expense	(2,020)	-	(35,237)	(37,257)
Investment earnings	<u>3,575</u>	<u>9,670</u>	<u>41,882</u>	<u>55,127</u>
Total non-operating revenues (expenses)	<u>1,555</u>	<u>9,670</u>	<u>6,645</u>	<u>17,870</u>
Income (loss) before transfers	(146,840)	38,489	581,111	472,760
Transfers in	662,294	-	120,333	782,627
Transfers out	<u>(80,000)</u>	<u>-</u>	<u>(702,627)</u>	<u>(782,627)</u>
Change in Net Position	435,454	38,489	(1,183)	472,760
Beginning Net Position	<u>2,696,646</u>	<u>466,780</u>	<u>945,884</u>	<u>4,109,310</u>
Ending Net Position	<u>\$ 3,132,100</u>	<u>\$ 505,269</u>	<u>\$ 944,701</u>	<u>\$ 4,582,070</u>

CITY OF COTTAGE GROVE, OREGON

Storm Drain Operations Combined

Combining Statement of Cash Flows

For the Year Ended June 30, 2020

	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	\$ 409,487	\$ 43,684	\$ 606,146	\$ 1,059,317
Cash payments to employees	(213,413)	-	-	(213,413)
Cash payments to suppliers for goods and services	<u>(85,718)</u>	<u>(14,865)</u>	<u>(37,254)</u>	<u>(137,837)</u>
Net cash provided (used) by operating activities	<u>110,356</u>	<u>28,819</u>	<u>568,892</u>	<u>708,067</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	120,333	120,333
Transfers out	(80,000)	-	(40,333)	(120,333)
Interfund loan activity	<u>-</u>	<u>19,300</u>	<u>-</u>	<u>19,300</u>
Net cash provided (used) by noncapital financing activities	<u>(80,000)</u>	<u>19,300</u>	<u>80,000</u>	<u>19,300</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(662,295)	-	385,169	(277,126)
Principal paid on capital debt	(657)	-	(66,185)	(66,842)
Interest paid on capital debt	(2,489)	-	(40,332)	(42,821)
Transfer related to capital outlay	<u>662,294</u>	<u>-</u>	<u>(662,294)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(3,147)</u>	<u>-</u>	<u>(383,642)</u>	<u>(386,789)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>3,575</u>	<u>9,670</u>	<u>41,882</u>	<u>55,127</u>
Net change in cash and cash equivalents	30,784	57,789	307,132	395,705
Cash and cash equivalents:				
Beginning of year	<u>123,362</u>	<u>447,480</u>	<u>1,952,179</u>	<u>2,523,021</u>
End of year	<u>\$ 154,146</u>	<u>\$ 505,269</u>	<u>\$ 2,259,311</u>	<u>\$ 2,918,726</u>

CITY OF COTTAGE GROVE, OREGON

Storm Drain Operations Combined

Combining Statement of Cash Flows, continued

For the Year Ended June 30, 2020

	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)	\$ (148,395)	\$ 28,819	\$ 574,466	\$ 454,890
Adjustments:				
Depreciation	232,121	-	-	232,121
(Increase) decrease in current assets:				
Receivables - net	(3,990)	-	(5,544)	(9,534)
Increase (decrease) in current liabilities:				
Accounts payable	831	-	(30)	801
Payroll and related accruals	26,005	-	-	26,005
Deferred inflow	1,934	-	-	1,934
Compensated absences	1,850	-	-	1,850
 Net cash provided (used) by operating activities	 <u>\$ 110,356</u>	 <u>\$ 28,819</u>	 <u>\$ 568,892</u>	 <u>\$ 708,067</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 1,800,500	\$ 1,800,500	\$ 1,900,747	\$ 100,247
Investment earnings	12,000	12,000	17,001	5,001
Miscellaneous	<u>1,200</u>	<u>1,200</u>	<u>601</u>	<u>(599)</u>
Total revenues	<u>1,813,700</u>	<u>1,813,700</u>	<u>1,918,349</u>	<u>104,649</u>
Expenditures:				
Water Distribution	1,061,940	1,061,940	985,739	76,201
Water Production	761,255	761,255	693,279	67,976
Non-departmental:				
Materials and Services	185,720	185,720	171,721	13,999
Contingency	<u>360,585</u>	<u>360,585</u>	<u>-</u>	<u>360,585</u>
Total expenditures	<u>2,369,500</u>	<u>2,369,500</u>	<u>1,850,739</u>	<u>518,761</u>
Excess of revenues over (under) expenditures	(555,800)	(555,800)	67,610	623,410
Other financing sources (uses):				
Transfers out	(144,200)	(144,200)	(144,187)	13
Insurance proceeds	<u>-</u>	<u>-</u>	<u>2,343</u>	<u>2,343</u>
Net change in fund balance	(700,000)	(700,000)	(74,234)	625,766
Beginning fund balance	<u>700,000</u>	<u>700,000</u>	<u>789,745</u>	<u>89,745</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	715,511	<u>\$ 715,511</u>
Reconciliation to GAAP basis:				
Inventories			119,729	
Capital assets			15,911,380	
Deferred outflow related to pensions			482,625	
Accrued interest payable			(85,965)	
Net pension liability			(1,567,467)	
Long-term debt			(799,192)	
Compensated absences payable			(56,289)	
Deferred inflow related to pensions			<u>(122,878)</u>	
GAAP net position - end of year			<u>\$ 14,597,454</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 150,000	\$ 150,000	\$ 365,494	\$ 215,494
Investment earnings	<u>15,500</u>	<u>15,500</u>	<u>25,432</u>	<u>9,932</u>
Total revenues	<u>165,500</u>	<u>165,500</u>	<u>390,926</u>	<u>225,426</u>
Expenditures:				
Materials and Services	314,250	314,250	451	313,799
Capital Outlay	<u>877,250</u>	<u>877,250</u>	<u>-</u>	<u>877,250</u>
Total expenditures	<u>1,191,500</u>	<u>1,191,500</u>	<u>451</u>	<u>1,191,049</u>
Net change in fund balance	(1,026,000)	(1,026,000)	390,475	1,416,475
Beginning fund balance	<u>1,026,000</u>	<u>1,026,000</u>	<u>1,081,870</u>	<u>55,870</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,472,345</u>	<u>\$ 1,472,345</u>
Reconciliation to GAAP basis:				
GAAP net position - end of year			<u>\$ 1,472,345</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 1,435,380	\$ 1,435,380	\$ 1,477,672	\$ 42,292
Investment earnings	<u>15,000</u>	<u>15,000</u>	<u>46,688</u>	<u>31,688</u>
Total revenues	<u>1,450,380</u>	<u>1,450,380</u>	<u>1,524,360</u>	<u>73,980</u>
Expenditures:				
Materials and Services	366,335	366,335	118,618	247,717
Capital Outlay	3,206,900	3,206,900	2,334,728	872,172
Contingency	<u>274,795</u>	<u>274,795</u>	<u>-</u>	<u>274,795</u>
Total expenditures	<u>3,848,030</u>	<u>3,848,030</u>	<u>2,453,346</u>	<u>1,394,684</u>
Excess of revenues over (under) expenditures	(2,397,650)	(2,397,650)	(928,986)	1,468,664
Other financing sources (uses):				
Transfers in	125,000	125,000	125,000	-
Transfers out	(877,365)	(877,365)	(839,833)	37,532
Proceeds from loans	2,129,760	2,129,760	2,129,756	4
Debt issuance costs	<u>(29,745)</u>	<u>(29,745)</u>	<u>(29,742)</u>	<u>3</u>
Net change in fund balance	(1,050,000)	(1,050,000)	456,195	1,506,203
Beginning fund balance	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,407,876</u>	<u>357,876</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	1,864,071	<u>\$ 1,864,079</u>
Reconciliation to GAAP basis:				
Deferred outflow related to bond refunding			77,500	
Long-term debt			<u>(8,567,829)</u>	
GAAP net position - end of year			<u>\$ (6,626,258)</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 1,881,945	\$ 1,881,945	\$ 1,983,153	\$ 101,208
Investment earnings	5,000	5,000	12,222	7,222
Miscellaneous	<u>15,540</u>	<u>15,540</u>	<u>74,288</u>	<u>58,748</u>
Total revenues	<u>1,902,485</u>	<u>1,902,485</u>	<u>2,069,663</u>	<u>167,178</u>
Expenditures:				
Wastewater Collections	450,600	450,600	423,601	26,999
Wastewater Treatment Plant	824,580	824,580	762,647	61,933
Middlefield Golf Course	530,930	530,930	477,315	53,615
Non-departmental:				
Materials and Services	207,595	207,595	195,185	12,410
Contingency	<u>218,615</u>	<u>218,615</u>	<u>-</u>	<u>218,615</u>
Total expenditures	<u>2,232,320</u>	<u>2,232,320</u>	<u>1,858,748</u>	<u>373,572</u>
Excess of revenues over (under) expenditures	(329,835)	(329,835)	210,915	540,750
Other financing sources (uses):				
Transfers out	(155,380)	(155,380)	(155,348)	32
Insurance proceeds	<u>35,215</u>	<u>35,215</u>	<u>37,402</u>	<u>2,187</u>
Net change in fund balance	(450,000)	(450,000)	92,969	542,969
Beginning fund balance	<u>450,000</u>	<u>450,000</u>	<u>577,712</u>	<u>127,712</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	670,681	<u>\$ 670,681</u>
Reconciliation to GAAP basis:				
Inventories			32,650	
Capital assets			14,898,499	
Deferred outflow related to pensions			318,116	
Accrued interest payable			(62,135)	
Net pension liability			(1,033,175)	
Long-term debt			(275,060)	
Compensated absences payable			(57,819)	
Deferred inflow related to pensions			<u>(80,993)</u>	
GAAP net position - end of year			<u>\$ 14,410,764</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 30,000	\$ 30,000	\$ 62,417	\$ 32,417
Investment earnings	<u>3,000</u>	<u>3,000</u>	<u>5,168</u>	<u>2,168</u>
Total revenues	<u>33,000</u>	<u>33,000</u>	<u>67,585</u>	<u>34,585</u>
Expenditures:				
Materials and Services	131,245	131,245	20	131,225
Capital Outlay	<u>101,755</u>	<u>101,755</u>	<u>-</u>	<u>101,755</u>
Total expenditures	<u>233,000</u>	<u>233,000</u>	<u>20</u>	<u>232,980</u>
Net change in fund balance	(200,000)	(200,000)	67,565	267,565
Beginning fund balance	<u>200,000</u>	<u>200,000</u>	<u>205,717</u>	<u>5,717</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	\$ 273,282	<u>\$ 273,282</u>
Reconciliation to GAAP basis:	-	-		-
GAAP net position - end of year	-	-	<u>\$ 273,282</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 1,130,000	\$ 1,130,000	\$ 1,138,746	\$ 8,746
Investment earnings	1,500	1,500	55,072	53,572
Miscellaneous	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
Total revenues	<u>1,131,500</u>	<u>1,131,500</u>	<u>1,194,118</u>	<u>62,618</u>
Expenditures:				
Materials and Services	388,445	388,445	79,512	308,933
Capital Outlay	4,370,000	4,370,000	1,023,180	3,346,820
Contingency	<u>188,170</u>	<u>188,170</u>	<u>-</u>	<u>188,170</u>
Total expenditures	<u>4,946,615</u>	<u>4,946,615</u>	<u>1,102,692</u>	<u>3,843,923</u>
Excess of revenues over (under) expenditures	(3,815,115)	(3,815,115)	91,426	3,906,541
Other financing sources (uses):				
Transfers in	50,000	50,000	50,000	-
Transfers out	(1,079,885)	(1,079,885)	(919,365)	160,520
Debt issuance costs	(65,150)	(65,150)	(65,148)	2
Proceeds from loans	<u>4,840,150</u>	<u>4,840,150</u>	<u>4,665,181</u>	<u>(174,969)</u>
Net change in fund balance	(70,000)	(70,000)	3,822,094	(3,892,094)
Beginning fund balance	<u>70,000</u>	<u>70,000</u>	<u>921</u>	<u>(69,079)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	3,823,015	<u>\$ (3,961,173)</u>
Reconciliation to GAAP basis:				
Deferred outflow related to bond refunding			36,667	
Long-term debt			<u>(9,206,861)</u>	
GAAP net position - end of year			<u>\$ (5,347,179)</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 388,400	\$ 388,400	\$ 400,735	\$ 12,335
Investment earnings	2,000	2,000	3,575	1,575
Miscellaneous	400	400	12,742	12,342
Total revenues	<u>390,800</u>	<u>390,800</u>	<u>417,052</u>	<u>26,252</u>
Expenditures:				
Materials and Services	103,405	103,405	86,549	16,856
Personnel Services	236,130	236,130	205,573	30,557
Contingency	98,110	98,110	-	98,110
Total expenditures	<u>437,645</u>	<u>437,645</u>	<u>292,122</u>	<u>145,523</u>
Excess of revenues over (under) expenditures	(46,845)	(46,845)	124,930	171,775
Other financing sources (uses):				
Transfers out	<u>(83,155)</u>	<u>(83,155)</u>	<u>(83,147)</u>	<u>8</u>
Net change in fund balance	(130,000)	(130,000)	41,783	171,783
Beginning fund balance	<u>130,000</u>	<u>130,000</u>	<u>150,102</u>	<u>20,102</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>191,885</u>	<u>\$ 191,885</u>

Reconciliation to GAAP basis:

Capital assets	3,162,260
Deferred outflow related to pensions	71,204
Accrued interest payable	(10,737)
Net pension liability	(231,255)
Long-term debt	(21,243)
Compensated absences payable	(11,885)
Deferred inflow related to pensions	<u>(18,129)</u>
GAAP net position - end of year	<u>\$ 3,132,100</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 15,000	\$ 15,000	\$ 43,684	\$ 28,684
Investment earnings	<u>7,500</u>	<u>7,500</u>	<u>9,670</u>	<u>2,170</u>
Total revenues	<u>22,500</u>	<u>22,500</u>	<u>53,354</u>	<u>30,854</u>
Expenditures:				
Materials and Services	310,550	310,550	14,867	295,683
Capital Outlay	<u>156,250</u>	<u>156,250</u>	<u>-</u>	<u>156,250</u>
Total expenditures	<u>466,800</u>	<u>466,800</u>	<u>14,867</u>	<u>451,933</u>
Excess of revenues over (under) expenditures	(444,300)	(444,300)	38,487	482,787
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	(425,000)	(425,000)	57,787	482,787
Beginning fund balance	<u>425,000</u>	<u>425,000</u>	<u>447,482</u>	<u>22,482</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	505,269	<u>\$ 505,269</u>
Reconciliation to GAAP basis:				
GAAP net position - end of year			<u>\$ 505,269</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 590,000	\$ 590,000	\$ 611,690	\$ 21,690
Investment earnings	20,000	20,000	41,882	21,882
Miscellaneous	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Total revenues	<u>610,100</u>	<u>610,100</u>	<u>653,572</u>	<u>43,472</u>
Expenditures:				
Materials and Services	455,030	455,030	37,224	417,806
Capital Outlay	1,768,570	1,768,570	662,294	1,106,276
Contingency	<u>269,955</u>	<u>269,955</u>	<u>-</u>	<u>269,955</u>
Total expenditures	<u>2,493,555</u>	<u>2,493,555</u>	<u>699,518</u>	<u>1,794,037</u>
Excess of revenues over (under) expenditures	(1,883,455)	(1,883,455)	(45,946)	1,837,509
Other financing sources (uses):				
Transfers in	80,000	80,000	80,000	-
Transfers out	<u>(106,545)</u>	<u>(106,545)</u>	<u>(106,518)</u>	<u>27</u>
Net change in fund balance	(1,910,000)	(1,910,000)	(72,464)	(1,837,536)
Beginning fund balance	<u>1,910,000</u>	<u>1,910,000</u>	<u>2,008,639</u>	<u>98,639</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	1,936,175	<u>\$ 1,936,175</u>
Reconciliation to GAAP basis:				
Deferred outflow related to bond refunding			11,030	
Long-term debt			<u>(1,002,504)</u>	
GAAP net position - end of year			<u>\$ 944,701</u>	

STATISTICAL SECTION

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Invested in capital assets, net of related debt	\$ 35,675,794	\$ 35,973,257	\$ 35,599,103	\$ 35,425,482
Restricted	626,395	805,891	766,498	1,584,366
Other Purposes	7,199	4,949	14,667	19,659
Unrestricted	5,658,773	4,836,062	3,997,853	3,465,695
Total governmental activities net position	\$ 41,968,161	\$ 41,620,159	\$ 40,378,121	\$ 40,495,202
Business-type activities				
Invested in capital assets, net of related debt	\$ 13,188,813	\$ 14,444,336	\$ 13,312,344	\$ 14,708,476
Restricted	987,389	710,379	829,834	764,561
Unrestricted	1,772,245	1,872,314	3,780,807	2,827,641
Total business-type activities net position	\$ 15,948,447	\$ 17,027,029	\$ 17,922,985	\$ 18,300,678
Primary government				
Invested in capital assets, net of related debt	\$ 48,864,607	\$ 50,417,593	\$ 48,911,447	\$ 50,133,958
Restricted	1,613,784	1,516,270	1,596,332	2,348,927
Other Purposes	7,199	4,949	14,667	19,659
Unrestricted	7,431,018	6,708,376	7,778,660	6,293,336
Total primary government net position	\$ 57,916,608	\$ 58,647,188	\$ 58,301,106	\$ 58,795,880

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 35,229,350	\$ 36,817,152	\$ 35,086,905	\$ 35,720,441	\$ 36,816,321	\$ 37,497,971	
1,838,990	1,372,398	1,614,882	1,078,331	320,395	346,679	
	184,448	79,811	141,568	306,893	655,575	
2,633,406	(309,129)	757,030	331,308	(62,126)	(1,702,560)	
<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>	<u>\$ 36,797,665</u>	
\$ 14,618,868	\$ 14,447,980	\$ 15,683,125	\$ 15,946,460	\$ 16,921,238	\$ 14,099,451	
733,569	862,302	1,204,780	1,542,694	1,754,367	2,250,896	
3,077,375	3,060,286	2,513,405	2,647,024	3,165,219	7,012,131	
<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>	<u>\$ 23,362,478</u>	
\$ 49,848,218	\$ 51,265,132	\$ 50,770,030	\$ 51,666,901	\$ 53,737,559	\$ 51,597,422	
2,572,559	2,234,700	2,819,662	2,621,025	2,074,762	2,597,575	
-	184,448	79,811	141,568	306,893	655,575	
5,710,781	2,751,157	3,270,435	2,978,332	3,103,093	5,309,571	
<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>	<u>\$ 60,160,143</u>	

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

Expenses	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
General government	\$ 1,554,300	\$ 1,772,391	\$ 1,834,455	\$ 1,810,323
Public safety	2,697,310	2,979,798	3,782,641	3,070,327
Highways and streets	1,231,363	1,277,414	1,275,209	989,497
Community development	847,335	1,325,868	620,952	769,788
Culture and recreation	711,944	757,802	648,486	790,727
Interest on long-term debt	156,947	137,821	137,568	148,221
Total governmental activities expenses	7,199,199	8,251,094	8,299,311	7,578,883
Business-type activities:				
Water	2,280,278	2,312,176	2,558,125	2,548,815
Wastewater	2,353,304	2,550,110	2,294,964	2,512,944
Storm drainage	431,166	362,008	418,119	672,082
Total business-type activities expenses	5,064,748	5,224,294	5,271,208	5,733,841
Total primary government expenses	\$ 12,263,947	\$ 13,475,388	\$ 13,570,519	\$ 13,312,724
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 304,616	\$ 344,564	\$ 296,898	\$ 966,751
Public safety	60,435	49,748	80,337	320,898
Highways and streets	74,266	53,407	43,864	4,333
Culture and recreation	9,271	10,736	41,003	-
Community development	13,379	17,351	16,156	226,347
Operating grants and contributions	-	-	-	1,105,422
Capital grants and contributions	48,474	1,067,423	190,470	-
Total governmental activities program revenues	\$ 510,441	\$ 1,543,229	\$ 668,728	\$ 2,623,751
Business-type activities:				
Charges for services:				
Water	\$ 2,605,654	\$ 2,564,014	\$ 2,840,960	\$ 3,011,946
Wastewater	2,397,602	2,676,021	2,451,418	2,471,466
Storm drainage	353,475	346,029	542,107	607,599
Operating grants and contributions	4,467	-	-	-
Capital grants and contributions	-	991,403	317,118	-
Total business-type activities program revenues	5,361,198	6,577,467	6,151,603	6,091,011
Total primary government program revenues	\$ 5,871,639	\$ 8,120,696	\$ 6,820,331	\$ 8,714,762
Net(expense)/revenue				
Governmental activities	\$ (6,688,758)	\$ (6,707,865)	\$ (7,630,583)	\$ (4,955,132)
Business-type activities	296,450	1,353,173	880,395	357,170
Total primary government net expense	\$ (6,392,308)	\$ (5,354,692)	\$ (6,750,188)	\$ (4,597,962)

		Fiscal Year									
		2015	2016	2017	2018	2019	2020				
\$	1,524,403	\$	3,489,638	\$	3,082,853	\$	2,980,437	\$	4,419,131	\$	4,152,084
	2,479,277		3,271,855		3,384,138		3,455,840		3,380,322		3,962,770
	920,968		1,140,654		1,133,836		1,208,005		524,345		1,480,977
	488,539		930,662		607,323		693,475		757,611		1,258,245
	612,112		825,482		877,160		923,553		618,368		979,883
	199,442		204,197		204,315		200,046		271,638		248,665
	6,224,741		9,862,488		9,289,625		9,461,356		9,971,415		12,082,624
	2,301,645		3,088,737		2,853,816		2,809,454		2,755,906		3,185,813
	2,351,358		2,904,620		2,498,603		2,958,077		2,767,564		2,970,036
	580,226		681,966		672,598		663,601		602,887		651,219
	5,233,229		6,675,323		6,025,017		6,431,132		6,126,357		6,807,068
\$	11,457,970	\$	16,537,811	\$	15,314,642	\$	15,892,488	\$	16,097,772	\$	18,889,692
\$	776,566	\$	681,206	\$	787,310	\$	823,378	\$	824,010	\$	857,843
	240,333		279,168		296,693		287,265		312,471		317,632
	1,712		4,894		24,376		6,183		11,018		56,580
	-		-		-		-		-		-
	143,617		180,924		551,762		350,810		621,910		705,913
	1,159,534		1,213,917		1,296,836		1,460,155		1,615,783		3,220,534
	-		218,374		21,931		27,079		29,615		151,486
\$	2,321,762	\$	2,578,483	\$	2,978,908	\$	2,954,870	\$	3,414,807	\$	5,309,988
\$	3,009,353	\$	3,105,868	\$	3,364,986	\$	3,441,936	\$	3,547,853	\$	3,744,514
	2,562,466		2,746,677		2,806,561		2,987,944		3,175,348		3,258,904
	690,106		742,924		842,313		898,895		964,620		1,068,850
	-		-		-		-		-		-
	-		-		-		-		-		-
	6,261,925		6,595,469		7,013,860		7,328,775		7,687,821		8,072,268
\$	8,583,687	\$	9,173,952	\$	9,992,768	\$	10,283,645	\$	11,102,628	\$	13,382,256
\$	(3,902,979)	\$	(7,284,005)	\$	(6,310,717)	\$	(6,506,486)	\$	(6,556,608)	\$	(6,772,636)
	1,028,696		(79,854)		988,843		897,643		1,561,464		1,265,200
\$	(2,874,283)	\$	(7,363,859)	\$	(5,321,874)	\$	(5,608,843)	\$	(4,995,144)	\$	(5,507,436)

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

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 3,886,067	\$ 3,891,324	\$ 3,819,989	\$ 3,903,846
Franchise fees	423,445	437,997	421,508	529,161
Alcoholic Beverage Taxes	111,254	124,249	130,042	150,146
Motor Fuel Taxes**	353,988	344,222	343,817	353,461
Unrestricted grants and contributions	-	-	-	-
Taxes & Other Revenues not restricted to specific programs	1,817,513	1,540,749	1,636,307	103,775
Donations	301,315	-	-	-
Interest and investment earnings	59,846	38,982	36,882	31,824
Miscellaneous	-	-	-	-
Gain(loss) on sale of capital assets	-	(17,660)	-	-
Insurance Proceeds	-	-	-	-
Transfers	-	-	-	-
Total governmental activities	\$ 6,953,428	\$ 6,359,863	\$ 6,388,545	\$ 5,072,213
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	21,228	12,889	15,561	20,523
Gain on sale of capital assets	-	(287,480)	-	-
Insurance Proceeds	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	21,228	(274,591)	15,561	20,523
Total primary government	\$ 6,974,656	\$ 6,085,272	\$ 6,404,106	\$ 5,092,736
Change in Net Position				
Governmental activities	\$ 264,670	\$ (348,002)	\$ (1,242,038)	\$ 117,081
Business-type activities	317,678	1,078,582	895,956	377,693
Total primary government	\$ 582,348	\$ 730,580	\$ (346,082)	\$ 494,774

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

**Motor fuel taxes was reclassified and is included in Highways & Streets Program Revenues

		Fiscal Year									
		2015	2016	2017	2018	2019	2020				
\$	4,082,673	\$	4,205,016	\$	4,371,032	\$	4,455,279	\$	4,729,399	\$	4,898,499
	560,874		594,996		613,890		619,491		836,753		674,996
	154,582		154,675		164,010		170,209		177,580		190,311
	336,873		412,476		424,795		405,419		417,126		***
	-		-		-		-		-		-
	111,681		119,708		142,378		238,699		245,393		270,011
	-		-		-		-		-		-
	33,646		39,091		65,434		101,673		151,685		124,277
	0		-		-		74		6,978		8,250
	(16,534)		117,916		2,937		(2,911)		87,319		8,732
	-		-		-		11,399		14,207		13,742
	0		3,250		-		240,169		-		-
\$	5,263,795	\$	5,647,128	\$	5,784,476	\$	6,239,501	\$	6,666,440	\$	6,188,818
			-								
	16,680		23,860		41,899		77,393		136,094		216,709
	-		-		-		-		-		-
	-		-		-		-		7,089		39,745
	-		(3,250)		-		(240,169)		-		-
	16,680		20,610		41,899		(162,776)		143,183		256,454
\$	5,280,475	\$	5,667,738	\$	5,826,375	\$	6,076,725	\$	6,809,623	\$	6,445,272
\$	1,360,816	\$	(1,636,877)	\$	(526,241)	\$	(266,985)	\$	109,832	\$	(583,818)
	1,045,376		(59,244)		1,030,742		734,867		1,704,647		1,521,654
\$	2,406,192	\$	(1,696,121)	\$	504,501	\$	467,882	\$	1,814,479	\$	937,836

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
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
2020	\$ 4,883,715	\$ 674,996	\$ 1,821,204	\$ 179,338	\$ 7,559,253

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

	Fiscal Year					
	2011**	2012	2013	2014	2015	2016
General Fund						
Reserved	n/a	n/a	n/a	n/a	n/a	n/a
Unreserved	n/a	n/a	n/a	n/a	n/a	n/a
Nonspendable	8,562	-	-	-	-	-
Unassigned	1,713,931	1,514,668	1,514,936	1,690,104	2,083,278	1,921,803
Total General Fund	\$ 1,722,493	\$ 1,514,668	\$ 1,514,936	\$ 1,690,104	\$ 2,083,278	\$ 1,921,803
Street Fund						
Restricted for:						
Road Maintenance	\$ 404,376	\$ 524,948	\$ 607,075	\$ 714,240	\$ 881,073	\$ 1,114,462
City Debt Service Fund						
Assigned to:						
Debt Service	\$ 3,337	\$ 3,352	\$ 2,859	\$ -	\$ -	\$ -
All Other Governmental Funds						
Reserved	n/a	n/a	n/a	n/a	n/a	n/a
Unreserved, reported in:						
Special revenue funds	n/a	n/a	n/a	n/a	n/a	n/a
Capital project funds	n/a	n/a	n/a	n/a	n/a	n/a
Trust funds	n/a	n/a	n/a	n/a	n/a	n/a
Permanent funds	n/a	n/a	n/a	n/a	n/a	n/a
Nonspendable						
Prepays and deposits	13,519	3,289	22,310	3,952	-	-
Permanent balance	3,000	3,000	3,000	3,000	3,000	3,000
Restricted for:						
Emergency phone system	12,185	47,887	74	1,067	21,275	69,304
Drug Enforcement training	181,580	185,022	155,293	215,076	196,096	188,632
Building Permit programs	4,426	573	6,139	215	-	-
Industrial park management	459,464	347,816	241,103	139,689	93,536	129,701
Urban Renewal debt service	87,665	88,110	-	-	-	-
Bicycle and Footpath	-	-	-	-	-	-
Special Trust	-	-	-	-	-	54,747
Armory Trust	-	-	-	-	-	-
Housing Trust	-	-	-	-	-	-
Committed to:						
Local improvement districts	150,138	150,901	151,690	152,311	152,866	153,696
Small business loans	9,569	-	-	-	-	-
Construction rehabilitation loans	444,531	446,789	430,382	450,966	375,591	9,355
Building Inspection Program	-	-	-	-	7,727	95
Capital projects	1,335,473	1,396,850	766,498	870,156	1,019,546	1,240,125
Assigned to:						
Library books and trees	4,199	1,949	11,667	16,659	-	-
Unassigned	(149,849)	(129,123)	(108,744)	(94,782)	16,079	(14,876)
Total all other governmental funds	\$ 2,555,900	\$ 2,543,063	\$ 1,679,412	\$ 1,758,309	\$ 1,885,716	\$ 1,833,779

* 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			
2017	2018	2019	2020
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
-	-	-	-
2,073,846	2,422,358	2,826,318	2,553,484
<u>\$ 2,073,846</u>	<u>\$ 2,422,358</u>	<u>\$ 2,826,318</u>	<u>\$ 2,553,484</u>

\$ 1,295,566 \$ 770,723 \$ 113,390 \$ 53,601

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

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
137,720	118,647	96,991	189,707
181,596	188,961	110,015	103,371
-	-	-	-
36,724	116,209	220,535	118,644
-	-	-	-
20,720	-	584	43,893
22,367	25,357	19,202	10,676
-	-	66,574	482,144
-	-	-	219
155,180	157,596	161,363	164,780
-	-	-	-
9,331	9,477	9,699	9,898
91,356	127,528	136,545	162,288
1,490,546	1,619,164	1,581,402	1,540,342
-	-	-	-
-	(49,358)	-	-
<u>\$ 2,148,540</u>	<u>\$ 2,316,581</u>	<u>\$ 2,405,910</u>	<u>\$ 2,828,962</u>

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

	Fiscal year			
	2012	2013	2014	2015
Revenues				
Taxes	\$ 4,709,821	\$ 4,666,685	\$ 4,889,839	\$ 5,250,189
Licenses and permits	3,941	6,232	24,541	23,386
Intergovernmental	1,229,343	1,208,297	1,234,722	909,739
Charges for services	294,462	285,412	258,174	164,973
Fines	117,659	106,373	115,733	107,735
Special assessments	59,744	80,244	152,723	84,631
Miscellaneous	615,411	695,288	1,013,939	1,063,699
Total revenues	7,030,381	7,048,531	7,689,671	7,604,352
Expenditures				
General government	1,356,810	1,472,582	1,455,898	1,467,192
Public safety	2,921,818	3,712,699	3,005,086	3,148,926
Highways and streets	611,648	634,986	758,244	695,238
Community development	823,465	803,295	769,788	555,109
Culture and recreation	696,155	717,527	725,677	677,298
Capital outlay	418,580	411,039	198,904	95,480
Debt service				
Principal	430,698	469,883	275,371	181,948
Interest	137,791	133,722	148,221	199,441
Loan Fee	-	750	-	-
Total expenditures	7,396,965	8,356,483	7,337,189	7,020,632
Excess of revenues over (under) expenditures	(366,584)	(1,307,952)	352,482	583,720
Other financing sources (uses)				
Donations	266,509	15,398	5,889	-
Sale of capital assets	-	-	-	42,334
Transfers in	1,014,533	748,029	697,499	810,450
Transfers out	(1,014,533)	(748,029)	(697,499)	(810,450)
Issuance of Debt/Refunding of Debt	-	506,605	-	61,359
Loan/Insurance Proceeds	-	4,200	-	-
Total other financing sources (uses)	266,509	526,203	5,889	103,693
Net change in fund balances	\$ (100,075)	\$ (781,749)	\$ 358,371	\$ 687,413
Debt service as a percentage of noncapital expenditures	8.9%	8.2%	6.3%	5.8%

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

		Fiscal year							
		2016	2017	2018	2019	2020			
\$	5,482,881	\$	5,692,324	\$	5,950,209	\$	6,488,365	\$	6,398,956
	15,270		34,343		25,576		26,964		25,877
	922,756		975,104		990,378		1,106,080		2,007,955
	203,728		613,914		347,495		556,914		673,369
	138,197		133,769		140,171		147,403		159,162
	174,494		157,847		130,396		107,307		290,773
	943,573		1,128,202		1,421,394		1,627,247		1,911,289
	7,880,899		8,735,503		9,005,619		10,060,280		11,467,381
	1,638,610		2,176,101		2,346,479		2,800,599		1,739,848
	3,080,866		3,170,257		3,350,426		3,456,624		4,005,132
	919,789		800,573		1,638,241		1,897,174		2,354,863
	916,587		668,444		690,276		1,685,751		2,937,104
	745,302		781,300		722,009		740,111		738,510
	476,744		-		-		-		-
	259,308		286,605		276,471		364,921		374,909
	204,198		204,315		200,046		214,783		248,665
	-		-		-		-		-
	8,241,404		8,087,595		9,223,948		11,159,963		12,399,031
	(360,505)		647,908		(218,329)		(1,099,683)		(931,650)
	-		-		-		-		-
	126,925		-		111,786		196,056		-
	721,478		730,305		1,251,422		1,485,248		1,599,997
	(721,478)		(730,305)		(1,251,423)		(1,485,248)		(1,599,997)
	253,557		-		(1)		-		-
	-		-		98,249		739,207		1,022,079
	380,482		-		210,033		935,263		1,022,079
\$	19,977	\$	647,908	\$	(8,296)	\$	(164,420)	\$	90,429
	6.3%		6.5%		5.4%		5.5%		5.3%

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

Fiscal Year	Property Tax	Franchise Tax	Local Fuel Tax	Room Tax	Marijuana Tax	Other Taxes	Total
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	\$ -	\$ 14,329.00	\$ 4,904,168
2015	\$ 4,084,937.00	\$ 560,874.00	\$ 336,873.00	\$ 111,681.00	\$ -	\$ 14,340.00	\$ 5,108,705
2016	\$ 4,199,845.00	\$ 594,996.00	\$ 412,476.00	\$ 119,708.00	\$ -	\$ 14,187.00	\$ 5,341,212
2017	\$ 4,346,087.00	\$ 613,890.00	\$ 424,795.00	\$ 130,894.00	\$ 11,484.00	\$ 13,722.00	\$ 5,540,872
2018	\$ 4,515,181.00	\$ 619,491.00	\$ 405,419.00	\$ 124,683.00	\$ 114,016.00	\$ 13,436.00	\$ 5,792,226
2019	\$ 4,810,334.00	\$ 836,753.00	\$ 417,126.00	\$ 132,588.00	\$ 112,805.00	\$ 12,633.00	\$ 6,322,239
2020	\$ 4,883,715.00	\$ 674,996.00	\$ 378,689.00	\$ 112,372.00	\$ 157,639.00	\$ 12,207.00	\$ 6,219,618

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

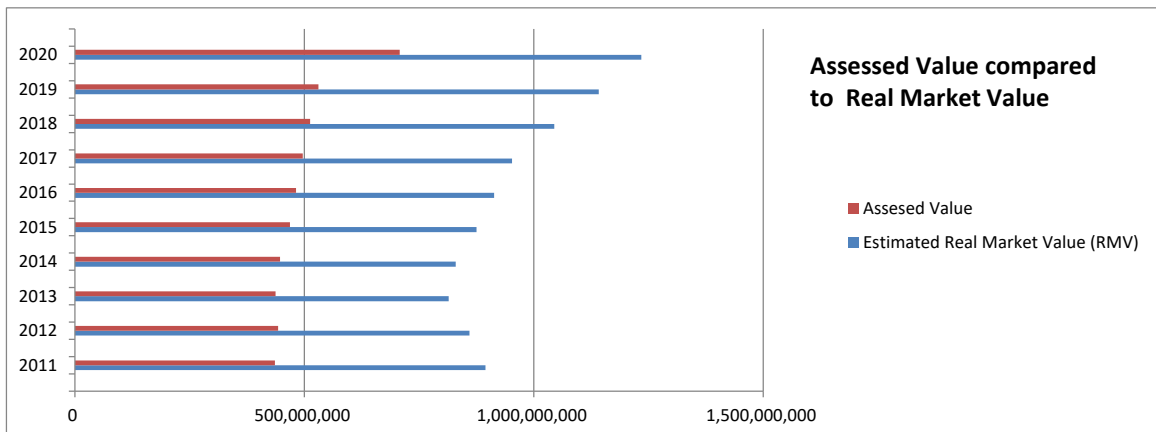
CITY OF COTTAGE GROVE, OREGON
ASSESSED VALUES AND ESTIMATED REAL MARKET VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Assessed Value					Total Direct Tax Rate	Estimated Real Market Value (RMV)	Assessed Value as a Percentage of RMV
	Real Property	Personal Property	Manufactured Structures	Utilities	Total			
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%
2020 (1)	514,692,604	12,275,719	2,921,295	178,133,300	708,022,918	7.2087	1,234,441,910	57.4%

(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***			South Lane County Fire & Rescue	Total Direct and Overlapping
	Permanent Rate	Total Direct	South Lane School District 45J3	Lane County Education Service District	Lane Community College	Lane County		
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
2020	7.21	7.21	6.16	0.22	0.84	1.85	1.76	18.04

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:	2020			2019			2018		
	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	10,828,258	1	20.14%	10,512,872	1	20.64%	10,206,672	1	21.47%
Safeway Stores, Inc.	5,555,293	4	10.33%	5,393,489	3	10.59%	5,236,397	3	11.02%
Centurylink	3,651,000	10	6.79%	4,427,000	7	8.69%			
Northwest Natural Gas	-	-	0.00%	3,653,000	10	7.17%	3,494,000	10	7.35%
Magnolia Gardens Assisted Living	5,682,517	3	10.57%	4,350,302	5	8.54%	4,223,594	5	8.88%
Charter Communications	6,149,900	2	11.44%	5,902,900	2	11.59%	5,399,500	2	11.36%
Whittaker-Northwest Partners	3,937,687	7	7.32%	3,822,999	8	7.50%	3,711,650	6	7.81%
Borg Commercial Properties LLC									
Pacificorp (PP&L)	3,859,000	9					3,533,000	9	7.43%
Starfire Lumber Co	5,433,755	5	10.11%	4,465,144	6	8.77%	3,566,851	8	7.50%
Hone Investments LLC	-	-	0.00%	3,640,764	9	7.15%	3,534,722	7	7.44%
Hillsboro West Plaza LLC	3,749,986	8							
Gregory Falk LLC	4,914,112	6	9.14%	4,770,983	4	9.37%	4,632,022	4	9.74%
Totals	\$ 53,761,508		7.69%	\$ 50,939,453		7.57%	\$ 47,538,408		7.37%
Total for City of Cottage Grove	\$ 698,841,593			\$ 673,134,127			\$ 645,351,175		

Taxpayer:	2017			2016			2015		
	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	9,909,390	1	20.43%	9,620,767	1	21.58%	9,340,550	1	18.64%
Safeway Stores, Inc.	5,083,880	2	10.48%	5,023,597	3	11.27%	5,008,961	3	10.00%
Village Green Resort, LLC							5,841,658	2	11.66%
Spring Investments, LLC	-								
Magnolia Gardens Assisted Living	4,100,877	4	8.46%	3,981,143	5	8.93%	3,865,187	5	7.72%
Sunrise Ridge LLC	-								
Charter Communications	3,900,700	5	8.04%	5,031,700	2	11.29%	3,647,100	6	7.28%
Gann Family Ventures LLC	-								
Whittaker-Northwest Partners	3,603,543	6	7.43%	3,577,356	6	8.02%	3,473,161	7	6.93%
Gregory Falk LLC	4,497,109	3	9.27%	4,366,125	4	9.79%	9,238,956	4	18.44%
Hone Investments LLC	3,431,769	7	7.08%	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)	3,366,000	9	6.94%	3,121,000	9	7.00%			
Starfire Lumber Co	\$ -			3,077,816	10	6.90%			
Borg Commercial Properties LLC	\$ 3,455,042	8	7.12%						
Northwest Natural Gas	\$ 3,248,000	10	6.70%						
K & M Holdings, LLC							3,194,061	10	6.38%
Totals	\$ 48,499,027		7.75%	\$ 44,580,776		7.36%	\$ 50,097,417		8.55%
Total for City of Cottage Grove	\$ 625,835,385			\$ 605,342,912			\$ 585,890,795		

Source: Lane County Department of Assessment and Taxation

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

Last Ten Fiscal Years *

Taxpayer:	2014				2013				2012			
	Taxable Assessed		Percentage of Total		Taxable Assessed		Percentage of Total		Taxable Assessed		Percentage of Total	
	Value	Rank	Value		Value	Rank	Value		Value	Rank	Value	
Wal-mart Stores, Inc.	8,434,643	1	419425.31%		6,340,355	1	14.43%		6,155,684	1	14.29%	
Safeway Stores, Inc.	4,863,073	4	241823.62%		4,896,072	4	11.14%		4,753,468	3	11.04%	
Village Green Resort, LLC	5,680,006	2	282446.84%		5,525,855	2	12.57%		5,376,008	2	12.48%	
Spring Investments, LLC	5,481,837	3	272592.59%		5,322,172	3	12.11%		5,234,808	4	12.15%	
Northwest Natural Gas	-	-	0.00%		-	-			4,041,000	7	9.38%	
Magnolia Gardens Assisted Living	3,752,608	7	73.84%		3,643,309	7	8.29%		3,537,193	9	8.21%	
K & M Holdings, LLC	-	-	0.00%		3,260,325	9	7.42%		-	-	0.00%	
Sunrise Ridge LLC	4,454,123	5	221487.97%		4,637,574	5	10.55%		4,514,943	5	10.48%	
Charter Communications	3,242,500	9	161238.19%		-	-			3,340,800	10	7.76%	
Engineered Solutions LP	-	8	0.00%		-	-			2,241,914	6	5.20%	
Whittaker-Northwest Partners	3,372,001	8	167677.82%		3,273,787	8	7.45%		-	-	0.00%	
Gregory Falk LLC	4,115,491	6	8.84%		3,995,622	6	9.09%		3,879,245	8	9.01%	
Gann Family Ventures LLC	3,140,555	10	6.75%		3,049,083	10	6.94%		-	-		
Totals	\$ 46,536,837		8.32%		\$ 43,944,154		8.04%		\$ 43,075,063		7.82%	
Total for City of Cottage Grove	559,169,501				546,268,728				\$ 551,007,682			

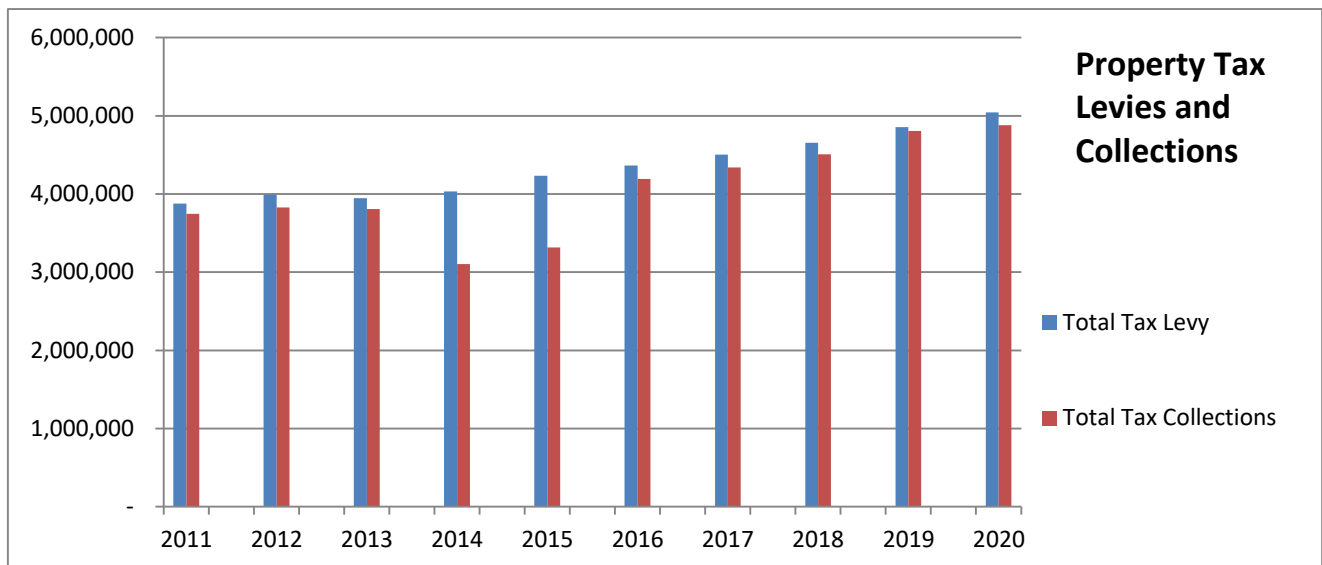
Taxpayer:	2011			
	Taxable Assessed		Percentage of Total	
	Value	Rank	Value	
Wal-mart Stores, Inc.	5,976,392	1	13.77%	
Safeway Stores, Inc.	4,615,017	3	10.63%	
Village Green Resort, LLC	5,232,096	2	12.05%	
Spring Investments, LLC	5,082,338	5	11.71%	
Northwest Natural Gas	4,056,000	6	9.34%	
Magnolia Gardens Assisted Living	3,434,168	8	7.91%	
Sunrise Ridge LLC	5,082,338	4	11.71%	
Charter Communications	-	-	-	
Engineered Solutions LP	-	-	-	
Whittaker-Northwest Partners	3,085,858	9	7.11%	
Gregory Falk LLC	3,766,257	7	8.68%	
Gann Family Ventures LLC	-	-	-	
Total for City of Cottage Grove	\$ 43,403,633		8.07%	

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
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
2020	5,044,856	4,801,741	95.2	77,732	4,879,473	96.7	191,999	3.8

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 ***
2011	2,361,927	0.43%	2,182,042	-	224
2012	2,327,366	0.43%	1,785,935	-	183
2013	3,042,792	0.54%	1,138,155	-	116
2014	2,931,730	0.50%	973,846	-	99
2015	2,564,029	0.42%	946,449	-	96
2016	2,461,721	0.39%	1,040,214	-	105
2017	2,354,845	0.36%	857,549	-	86
2018	2,037,989	0.30%	742,792	-	73
2019	1,958,975	0.28%	1,444,027	-	142
2020	2,857,046	0.41%	1,176,484	-	116

Business-Type Activities

Fiscal Year Ended June 30,	Revenue Bonds and Notes	Per Capita ***
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
2020	19,872,688	1,957

* 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
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
2020	10,155	698,841,593	1,234,441,910	2,857,046	-	577,053	2,279,993	0.33%	0.18%	224.52

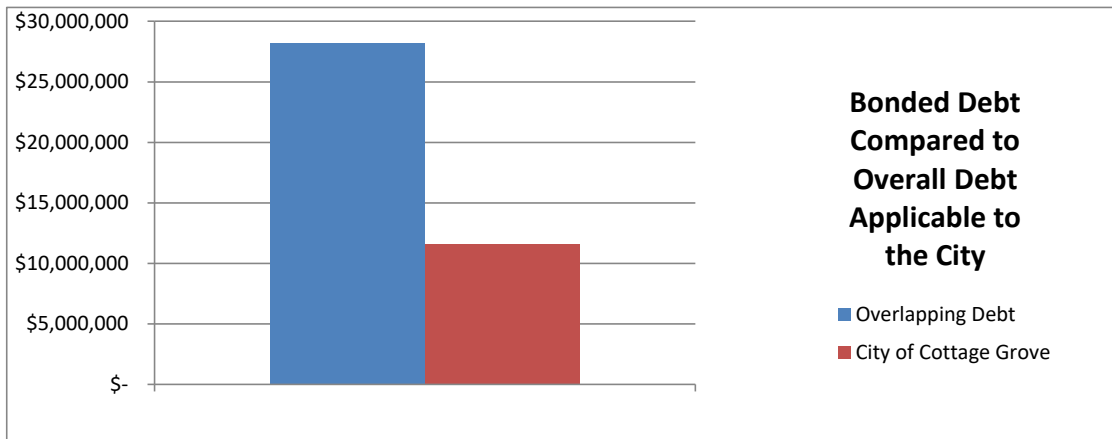
- (1) Source: Portland State University
- (2) and (3) Source: Lane County Department of Assessment and Taxation
- (4) Amount does not include bancroft bonds
- (5) Amount available for repayment of general obligation bonds
- (6) These amounts include the general obligation bonds that are being repaid 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, 2019

Jurisdiction	Total Net Debt	Percent Within City	City's Pro Rata Share
Direct:			
City of Cottage Grove	\$ 996,898	100%	\$ 996,898
Overlapping:			
Lane County School District 45J3	26,467,744	43.42%	11,492,294
Lane County	516,586	3.64%	18,804
Lane Community College	855,109	1.79%	15,306
Lane Education Service District	122,206	1.82%	2,224
South Lane County Fire & Rescue	288,936	32.26%	93,211
Totals	\$ 28,250,581		\$ 11,621,839

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.



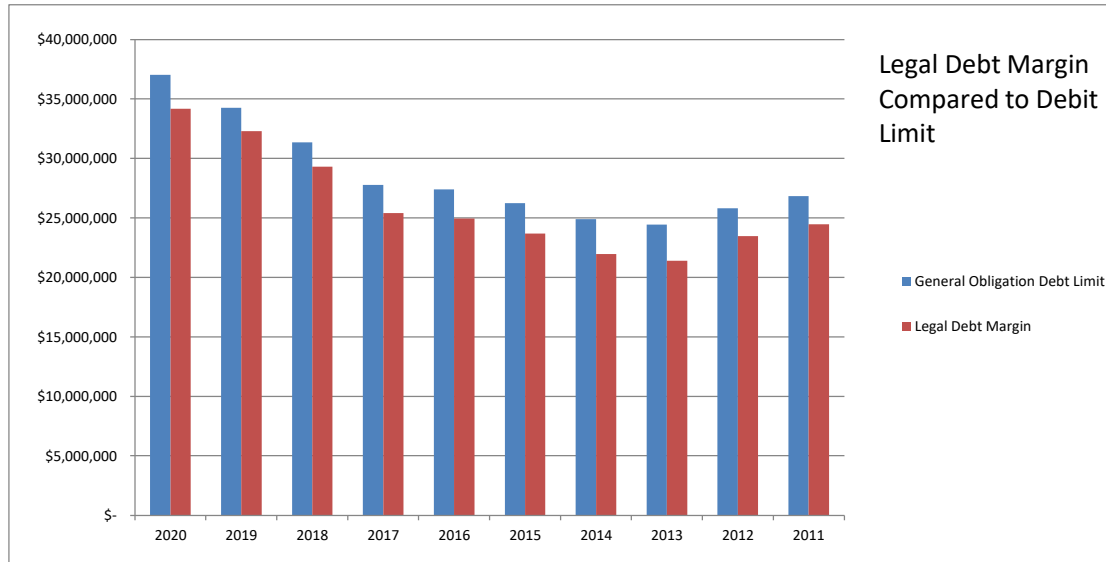
**CITY OF COTTAGE GROVE, OREGON
 LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years ***

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Real Market Value (1)	\$ 1,234,441,910	\$ 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
Debt Limit of Real Market Value	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
General obligation debt limit	\$ 37,033,257	\$ 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
Gross bonded debt	2,857,046	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
Legal debt margin (amount for future indebtedness)	\$ 34,176,211	\$ 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

(1) Source: Lane County Department of Assessment Taxation

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



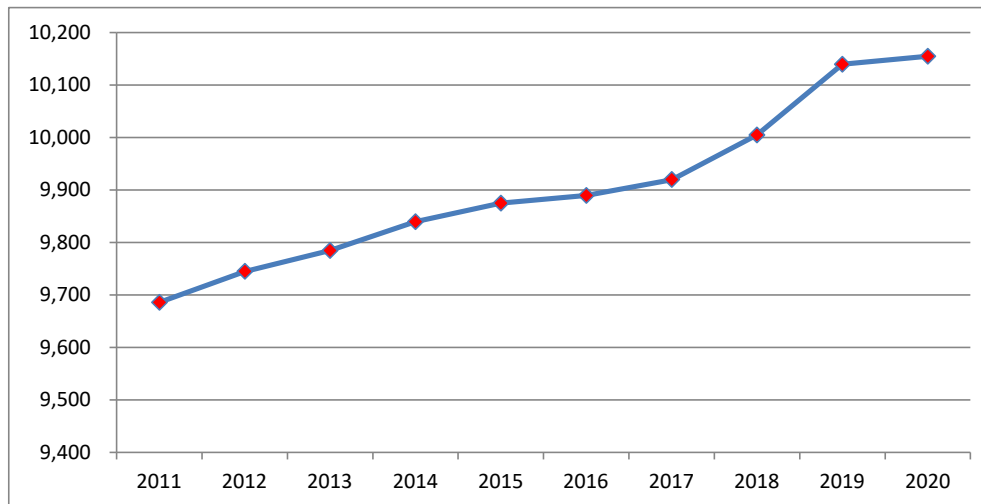
CITY OF COTTAGE GROVE, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	City of Cottage Grove Population	Lane County Population	Personal Income (amounts expressed in thousands)**	Per Capita Personal Income **	School Enrollment	Unemployment Rate
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%
2020	10,155	381,365	18,053,819	47,340	2,542	7.5%

* 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Employees (excluding police)										
Full-time	43	42	37	36	39	37	39	45	47	47
Part-time	5.72	10.99	23.00	21.00	23.00	20	18	21	20	13
Public Safety										
Police	23	25	31	29	27	26	27	25	28	28
Total	71.72	77.99	91.00	86.00	89.00	83.00	84	91	95	88

* 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				
	2011	2012	2013	2014	2015
Police:					
Number of law violations:					
Arrests	913	527	913	527	527
Traffic violations	376	369	376	369	369
Parking violations	433	296	310	296	296
Wastewater System:					
Number of service connections	3685**	3644**	3,685	3,644	3,644
Daily average treatment in gallons:					
Summer: May - October	1,520,000	1,223,000	1,500,000	1,200,000	1,200,000
Winter: November - April	3,420,000	3,343,000	3,400,000	3,300,000	3,300,000
Water System:					
Number of service connections	3910**	3983**	3,910	3,983	3,983
Number of fire hydrants	401	401	401	401	401
Daily average consumption in gallons:					
Summer: July - September	2,202,333 [‡]	1,837,000	1,700,000	1,840,000	1,840,000
Winter: December - February	960,000 [‡]	871,667	1,100,000	871,000	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				
	2016	2017	2018	2019	2020
Police:					
Number of law violations:					
Arrests	957	957	750	993	457
Traffic violations	396	396	318	412	346
Parking violations	192	192	99	184	154
Wastewater System:					
Number of service connections	3,584	3,584	3,611	3,693	3,693
Daily average treatment in gallons:					
Summer: May - October	1,000,000	1,000,000	1,230,000	1,230,000	1,220,000
Winter: November - April	3,300,000	3,300,000	3,611,000	3,340,000	2,300,000
Water System:					
Number of service connections	3,721	3,721	3,897	3,844	3,844
Number of fire hydrants	539	539	456	460	460
Daily average consumption in gallons:					
Summer: July - September	1,600,000	1,600,000	1,600,000	1,900,000	1,600,000
Winter: December - February	1,000,000	1,000,000	1,000,000	1,000,000	1,100,000
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									
	2012	2013	2014	2012	2016	2017	2018	2019	2020	
Area - square miles	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	45.66	45.66	45.66	45.66	45.66	45.66	45.66	45.66	
Number of street lights	508	490	490		494	495	492	493		
Parks (developed)	22	22	22		32	32	32	32	34	
Park acreage (developed)	243.58	243.58	243.58		243.58	243.58	243.58	243.58	245.72	
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	\$836,115	\$ 850,240	\$ 865,000		\$950,960	\$933,883	\$936,401	\$937,275	\$940,000	
Books circulated	69,406	84,615	61,865		112,364	80,805	48,416	65,645	49,750	
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	45.95	
Miles of storm sewers	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.89	
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	49.2	49.2	49.4	

* 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	2020		2009	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
PeaceHealth Corp	5,762	3.77%	4,893	3.77%
University of Oregon	5,597	3.57%	4,038	3.57%
Eugene 4J School District	2,248	1.46%	2,794	1.46%
City of Eugene	1,536	1.07%	1,547	1.20%
U.S. Government	1,885	1.20%	1,800	1.12%
Oregon State Government	1,745	1.12%	-	1.10%
Lane County Government	1,693	1.07%	-	1.07%
Springfield School District	1,545	1.07%	1,500	1.07%
Lane Community College	1,076	0.96%	1,118	0.96%
McKenzie Willamette Medical	1,066	0.68%	-	0.68%
Monaco Coach Corp			2,400	1.46%
Total	<u>24,153</u>		<u>20,090</u>	

Sources:

Eugene Chamber of Commerce

State of Oregon Employment Department

COMPLIANCE SECTION



1976 Garden Ave.
Eugene, OR 97403
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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, 2020, and have issued our report thereon dated December 29, 2020. 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 cursive script that reads "Gatlin C. Hawkins".

By: Gatlin Hawkins, CPA, a member of the firm
Eugene, Oregon
December 29, 2020