

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF COTTAGE GROVE, OREGON**

FISCAL YEAR ENDED JUNE 30, 2012

WITH

INDEPENDENT AUDITORS' 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, 2012  
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**INTRODUCTORY SECTION**





December 21, 2012

Re: City of Cottage Grove Comprehensive Annual Financial Report

To the Citizens of Cottage Grove, Oregon:

The Comprehensive Annual Financial Report (CAFR) of the City of Cottage Grove (City) for the fiscal year ended June 30, 2012 is hereby submitted as required by state statutes. These statutes require that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. In addition, this report must be audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

Responsibility for both the accuracy of the data, the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, this financial report is complete and reliable in all material respect and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain understanding of the City's financial activities have been included.

Isler CPA, a firm of licensed certified public accountants, have audited the City's financial statements and have given an unqualified ("clean") opinion. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found in the financial section.

## **City Profile**

The City of Cottage Grove, Oregon, incorporated February 11, 1887, is located on Interstate 5 (which is the region's major north-south interstate highway) in the middle of western Oregon and in the southern part of Lane County. Cottage Grove is approximately 20 miles from the major population center of the area (Eugene-Springfield) and serves an immediate labor market of approximately 35,000 people. Cottage Grove is considered to be the "Covered Bridge Capital of Oregon". Six of the covered bridges in Lane County and the only remaining covered railroad bridge west of the Mississippi River, are located in or around the City of Cottage Grove. The small town atmosphere and convenient location make the community attractive to many who work in the Eugene/Springfield area.

The City has a council-manager form of government. The seven-member City Council sets overall City policy and goals, enacting laws that govern the City. Councilors are nominated from one of four wards and two seats at-large. The positions are elected for four-year staggered terms. The Mayor, elected at large to a two-year term, is the chief elected officer of the City and is responsible for providing political and policy leadership for the community. The Council appoints the government's manager, who in turn appoints the heads of the various departments.

The City provides a full range of municipal services, including police protection, 911-Dispatching, municipal court, community planning and development, community library, golf course, general public works including water production and wastewater treatment, broadband/wifi, park maintenance, community center, and administration.

The Cottage Grove Urban Renewal Agency, formed to manage and direct projects within an Urban Renewal District established in the City, is a separate governmental agency under Oregon statutes. However, it is included in this financial report. The Agency has not levied taxes for eight fiscal years anticipating completion of projects with funds available to it which are currently underway.

The City prepares and adopts an annual budget in accordance with Oregon law. The law essentially establishes standard procedures for preparing, presenting and administering the budget. It requires citizen involvement in the preparation of the budget and public disclosure before final adoption of the budget. The activities of all the funds of the City are included in the annual budget. The City prepares its budget using the modified accrual basis method of accounting. The City is operating under the rate-based system established for Oregon's municipalities. The City's permanent rate continues to be \$7.2087/\$1,000 of assessed value.

## **Economic Conditions and Outlook**

Major industries located within the City's boundaries or in close proximity include Weyerhaeuser, Kimwood, and Starfire, all of which manufacture wood products; and the Cottage Grove Community Hospital.

In the past year no new major employers have located in the area. Land use approvals continue to be stalled as a result of the economy. Seven building permits were issued for single-family homes as compared to eighteen the previous fiscal year. Non-residential activity included the construction of Jack In the Box, the expansion of Wal\*Mart, and the construction of a cell tower at the City Shop by American Tower.

The unemployment rate for Lane County decreased to 8.9% in June 2012 from 10.6% in June 2011. Lane County is consistent with the statewide unemployment rate. It is slightly higher than the United States seasonally adjusted rate of 8.2% for the same time period.

Significant events of the past year include:

- There were no annexations to the city or any subdivisions created.
- The City expanded the Urban Growth Boundary by 231 acres for Employment Lands.
- A wetland inventory was completed City-wide.
- A new Natural Resources Section was adopted in the Comprehensive Plan.
- The planning phase was completed for the expansion of Wal\*Mart.
- With the acquisition of the Oregon National Guard Armory the City applied and received recognition on the National Historic Registry which will facilitate applying for grant funds to restore the building.
- The National Historic Covered Bridge Preservation project for the restoration of the Chambers Railroad Bridge was completed.
- The Building Inspection Fund received significantly less revenue than budgeted resulting in a very modest cash carryover for fiscal year 12-13.
- The Small Business Loan Fund was closed.
- A new, larger, back-up generator was installed at City Hall.
- The parapet wall cap on the Community Center building was replaced.
- A new roof was installed on the Vealy House.
- Window restoration was begun at the Armory.
- Roof repairs were made at the City Shop.
- The waterline in Sweet Lane was replaced from Highway 99 to "R" Street, approximately 850'.
- Completed the wastewater digester aeration retrofit project.
- Replaced sewer services on S. 3<sup>rd</sup>, Madison to Adams.
- Increased the size of the storm drain line in Quincy Avenue, S. 7<sup>th</sup> to S. 10<sup>th</sup>.
- Continued the City's partnership with the Stewart Foundation in the construction of Bohemia Park.
- The City foreclosed upon one lot in the Industrial Park due to the inability to repay outstanding debt.

### **Long-term Financial Planning**

The City's current and on-going planning efforts include Master Plans for the Water, Wastewater, Storm Drainage, and Park operations, which include capital improvement projects and their estimated costs for construction. The Transportation System Plan identifies street projects. System Development Charges (SDC's) are collected to support infrastructure and capital improvements as well. The City updates the capital improvement plan and related system development plans annually. Some of the significant capital improvements that are planned in the upcoming year include:

- Storm Drain Projects: Beginning at South 10<sup>th</sup> and Quincy and ending at Trail Head Park and South 3<sup>rd</sup> Street, Quincy to Madison Avenue.
- Sanitary Sewer projects South 3<sup>rd</sup> Street, Madison Avenue to Harrison Avenue and on South 8<sup>th</sup> Street.
- Taylor Avenue Pump Station Replacement and Repairs to Knox Hill Reservoir.
- Reconstruction of the intersection of Highway 99 and Main Street.

Development and utilization of these plans enhances the City's ability to address future fiscal needs in a measured approach.

The City continues to budget transfers to the Debt Service Fund for the payment of principal and interest on the various loans from annual operating revenues in the Water and Wastewater Funds. Debt associated with water/wastewater plant improvements is reviewed annually, assessing the need to raise utility rates and surcharge fees to meet both operational and long-term debt requirements.

There were no changes to the City's financial policies having a significant impact on the financial statements.

### **Internal Controls**

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accounting principles.

The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Internal control evaluations occur within the above framework. It is our belief that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Budgetary Controls**

The objective of budgeting controls is to ensure compliance with legal provisions embodied in the City's appropriated budget. The City's 11-12 budget was prepared for a 12-month period beginning July 1, 2011 and ending June 30, 2012. The City's annual budget serves as the foundation for the City's financial planning and control. All departments of the city submit a budget to the City Manager who oversees the preparation of the budget and presents it to the Budget Committee and City Council for adoption prior to July 1 of each year. The City maintains budgetary control through constant review.

### **Cash Management**

During 2011-12 the City invested its cash in the State of Oregon Local Government Investment Pool and in a money market account.

### **Risk Management**

The City is responsible for the protection of its capital assets, property and employees. The City annually reviews its insurance needs to maintain adequate protection at the least possible cost. The City relies upon its insurance provider and agent for assistance in providing risk management and risk prevention training to minimize accident related losses and potential liability claims. During fiscal year 2011-12 the City had comprehensive liability and property coverage, auto liability coverage, and workers' compensation coverage with City County Insurance Services.

### **Pension Benefits**

The City employees are participants in the State of Oregon Public Employees Retirement System, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for government units in the State of Oregon. The City does not provide post retirement benefits. Future rates for pension contributions are expected to significantly increase with the next actuarial to be effective July, 2013, because of the current economic conditions and a downturn in investment returns.

### **Independent Audit**

State statutes require an annual audit by an independent certified public accountant. The accounting firm of Isler CPA, performed the City annual audit for the fiscal year ended June 30, 2012. The auditor's report on the financial statements and required supplementary information is included in the Financial Section of this report.

## ACKNOWLEDGMENTS

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report.

In closing, we would also like to acknowledge the Mayor and City Council for their continuous support for maintaining the highest standards of professionalism in the management of the City's finances.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Meyers". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Richard Meyers  
City Manager

A handwritten signature in black ink, appearing to read "Roberta L. Olsen". The signature is cursive and elegant, with a long horizontal stroke extending to the right.

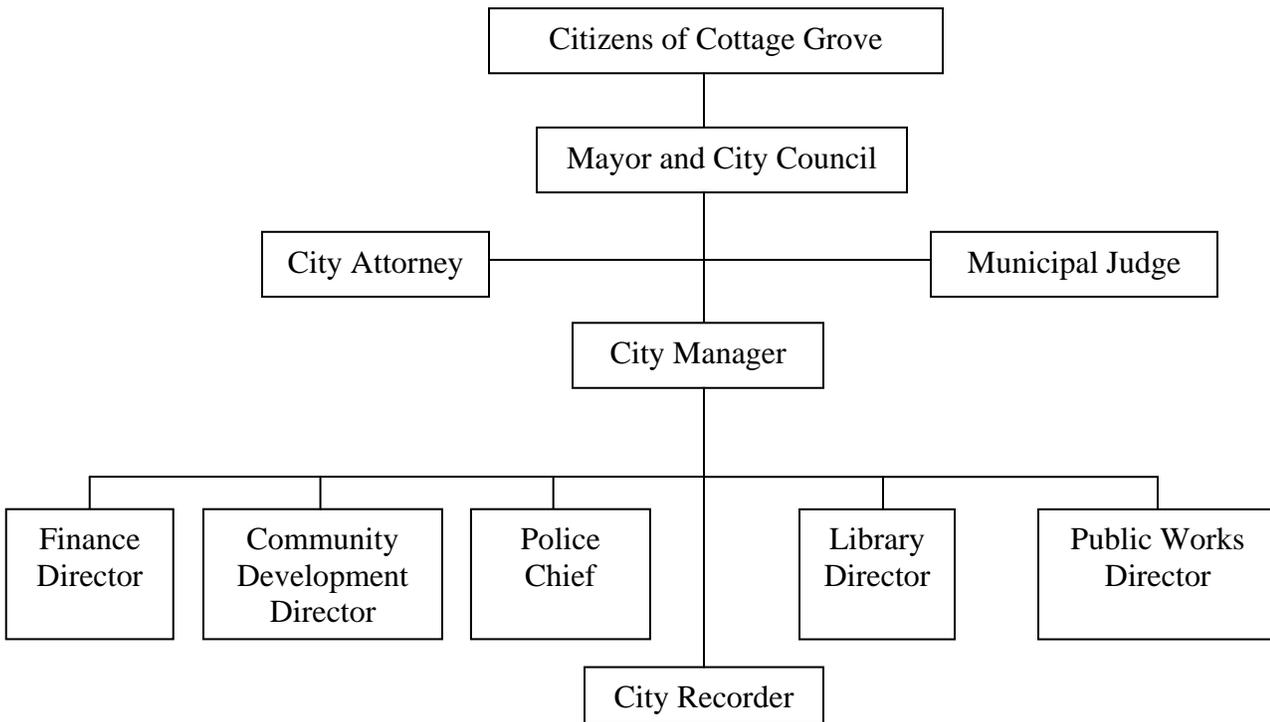
Roberta L. Olsen  
Finance Director



**CITY OF COTTAGE GROVE, OREGON**

**ORGANIZATIONAL CHART**

**JUNE 30, 2012**





**CITY OF COTTAGE GROVE, OREGON**

Principal City Officials

June 30, 2012

**ELECTED OFFICIALS**

**Mayor**

Gary Williams  
443 So. 10th Street  
Cottage Grove, OR 97424

**Term Expiration**

December 31, 2012

**Council Members**

Jake Boone  
823 Birch Avenue  
Cottage Grove, OR 97424

Ward 1

December 31, 2014

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

Ward 2

December 31, 2012

Garland Burbach  
461 S. 1st Street  
Cottage Grove, OR 97424

Ward 3

December 31, 2014

Michael Fleck  
1125 E. Harrison  
Cottage Grove, OR 97424

Ward 4

December 31, 2012

Heather Murphy  
1042 Chestnut Avenue  
Cottage Grove, OR 97424

At-Large

December 31, 2012

Victoria Doyle  
440 Kalapuya Court  
Cottage Grove, OR 97424

At-Large

December 31, 2014

**ADMINISTRATIVE OFFICIALS**

Richard Meyers

City Manager

Roberta Olsen

Finance Director



**FINANCIAL SECTION**





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McGLADREY ALLIANCE |  McGladrey

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Cottage Grove, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cottage Grove, Oregon ("City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

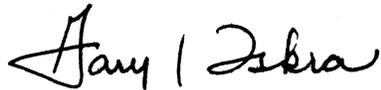
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012, on our consideration of City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the budgetary comparison schedules for the general fund and street fund listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A in accordance with auditing standards generally accepted in the United States of America, which consisted principally 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 MD&A because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules have been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements, other supplemental information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

**Isler CPA**

A handwritten signature in black ink that reads "Gary Iskra". The signature is written in a cursive style with a large, stylized initial "G".

By: Gary Iskra, CPA, a member of the firm

Eugene, Oregon  
December 21, 2012

## CITY OF COTTAGE GROVE, OREGON

### Management's Discussion and Analysis

As management of the City of Cottage Grove, Oregon, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

#### FINANCIAL HIGHLIGHTS

**Net Assets** - The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$58,647,188 (net assets). Of this amount, \$6,708,376 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

**Change in Net Assets** - The City's total net assets increased this year by \$730,580, or 1.26%.

The City's governmental activities reported total net assets of \$41,620,159 which is a decrease of \$348,002 or .83%. The decrease of net assets is mostly attributable to a decrease in accounts receivable and an increase in accounts payable and other current liabilities. The City's business-type activities reported total net assets of \$17,027,029 which is an increase of \$1,078,582, or 6.76%.

The unrestricted net assets decreased. Governmental Activities unrestricted net assets were decreased from \$5,658,773 in fiscal year 2011 to \$4,836,062 in fiscal year 2012, approximately 14.5% of the total unrestricted net assets. Business-type activities were increased from \$1,772,245 in fiscal year 2011 to \$1,872,314, approximately 5.64% of total unrestricted net assets. Unrestricted net assets are available for spending at the City's discretion.

During the fiscal year, the City's long-term liabilities decreased by \$1,199,291. The decrease is attributable to the amount of long-term liabilities incurred during the fiscal year (\$428,101), including compensated absences, while reducing existing long-term liabilities with scheduled loan payments and vacation benefits used (\$1,627,392).

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector companies.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Cottage Grove is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). The governmental activities of the City include general government, public safety, highways and streets, culture and recreation, and community development. The business-type activities include water, wastewater (including the golf course) and storm drainage. The government-wide financial statements can be found starting on page 12.

**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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## CITY OF COTTAGE GROVE, OREGON

### Management's Discussion and Analysis

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the city's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Street, and City Debt Service Funds. All of these funds are considered to be major governmental funds. Financial information from the other eleven non-major governmental funds is combined into a single aggregated presentation. Combining statements and budgetary comparisons for governmental and business-type funds can be found starting on page 43.

**Proprietary Funds.** Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent 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 Drainage. The basic proprietary fund financial statements can be found starting on page 66.

**Fiduciary Funds.** Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations. The City has no fiduciary funds currently.

**Notes to the Basic Financial Statements.** The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 22.

**Required Supplementary Information.** Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board (GASB) but are not considered a part of the basic financial statements. Budgetary comparison schedules for major governmental funds are presented immediately following the notes to the basic financial statements, starting on page 41.

**Other Supplementary Information.** The combining statements for the non-major governmental funds and budgetary comparison schedules for both the non-major governmental funds and the proprietary funds are presented immediately following the required supplementary information, starting on page 43.

**Statistical Information.** The Statistical Section, starting on page 88, contains additional information including tables, graphs, and analysis of current and historical information.

**CITY OF COTTAGE GROVE, OREGON**

Management's Discussion and Analysis

**Government-wide Financial Analysis**

**Net assets.** The City's combined net assets were \$58,647,188 at June 30, 2012. The following table reflects a Summary of Net Assets for fiscal years 2010-11 and 2011-12:

**Table 1  
Summary of Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and Other investments	\$ 6,584,937	\$ 7,051,229	\$ 3,270,473	\$ 3,661,133	\$ 9,855,410	\$ 10,712,362
Capital assets	40,086,558	40,219,763	32,434,161	31,783,086	72,520,719	72,002,849
<b>Total assets</b>	<b>\$ 46,671,495</b>	<b>\$ 47,270,992</b>	<b>\$ 35,704,634</b>	<b>\$ 35,444,219</b>	<b>\$ 82,376,129</b>	<b>\$ 82,715,211</b>
Current liabilities	\$ 656,782	\$ 505,518	\$ 595,817	\$ 617,466	\$ 1,252,599	\$ 1,122,984
Long-term liabilities	4,394,554	4,797,313	18,081,788	18,878,306	22,476,342	23,675,619
<b>Total liabilities</b>	<b>\$ 5,051,336</b>	<b>\$ 5,302,831</b>	<b>\$ 18,677,605</b>	<b>\$ 19,495,772</b>	<b>\$ 23,728,941</b>	<b>\$ 24,798,603</b>
Net assets:						
Invested in capital assets, net of related debt	\$ 35,973,257	\$ 35,675,794	\$ 14,444,336	\$ 13,188,813	\$ 50,417,593	\$ 48,864,607
Restricted	810,840	633,594	710,379	987,389	1,521,219	1,620,983
Unrestricted	4,836,062	5,658,773	1,872,314	1,772,245	6,708,376	7,431,018
<b>Total net assets</b>	<b>\$ 41,620,159</b>	<b>\$ 41,968,161</b>	<b>\$ 17,027,029</b>	<b>\$ 15,948,447</b>	<b>\$ 58,647,188</b>	<b>\$ 57,916,608</b>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Cottage Grove's net assets exceeded liabilities by \$58,647,188 at the close of the fiscal year, an increase of approximately 1.27% from the previous year. The largest portion of the City's net assets (86% 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. The remaining balance is unrestricted net assets in the amount of \$6,708,376 and may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF COTTAGE GROVE, OREGON**

Management's Discussion and Analysis

The following table summarizes revenues and expenses for fiscal years 2010-11 and 2011-12:

**Table 2**

**Governmental and Proprietary Activities**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 475,806	\$ 461,967	\$ 5,586,064	\$ 5,356,731	\$ 6,061,870	\$ 5,818,698
Operating grants and contributions				4,467		4,467
Capital grants and contributions	1,067,423	48,474	991,403		2,058,826	48,474
General revenues						
Property taxes	3,891,324	3,886,067			3,891,324	3,886,067
Franchise fees	437,997	423,445			437,997	423,445
Alcoholic beverage taxes	124,249	111,254			124,249	111,254
Motor fuel taxes	344,222	353,988			344,222	353,988
Taxes and other revenues not restricted to specific programs	1,540,749	1,817,513			1,540,749	1,817,513
Gain (loss) on disposition of capital assets	(17,660)		(287,480)		(305,140)	
Donations		301,315				301,315
Interest	38,982	59,846	12,889	21,228	51,871	81,074
<b>Total revenues</b>	<b>7,903,092</b>	<b>7,463,869</b>	<b>6,302,876</b>	<b>5,382,426</b>	<b>14,205,968</b>	<b>12,846,295</b>
<b>EXPENSES</b>						
Governmental activities:						
General government	1,772,391	\$ 1,554,300			1,772,391	\$ 1,554,300
Public safety	2,979,798	2,697,310			2,979,798	2,697,310
Highways and streets	1,277,414	1,231,363			1,277,414	1,231,363
Culture and recreation	757,802	711,944			757,802	711,944
Community development	1,325,868	847,335			1,325,868	847,335
Interest on long-term debt	137,821	156,947			137,821	156,947
Business-type activities:						
Water			2,312,176	2,280,278	2,312,176	2,280,278
Wastewater			2,550,110	2,353,304	2,550,110	2,353,304
Storm drainage			362,008	431,166	362,008	431,166
<b>Total expenses</b>	<b>8,251,094</b>	<b>7,199,199</b>	<b>5,224,294</b>	<b>5,064,748</b>	<b>13,475,388</b>	<b>12,263,947</b>
Change in net assets	(348,002)	264,669	1,078,582	317,678	730,580	582,347
Beginning net assets	41,968,161	41,703,492	15,948,447	15,630,769	57,916,608	57,334,261
Ending net assets	<u>\$41,620,159</u>	<u>\$ 41,968,161</u>	<u>\$ 17,027,029</u>	<u>\$ 15,948,447</u>	<u>\$ 58,647,188</u>	<u>\$ 57,916,608</u>

## CITY OF COTTAGE GROVE, OREGON

### Management's Discussion and Analysis

**Governmental activities.** Governmental activities reduced the City's net assets by \$348,002. The majority of this decrease is due to a reduction in accounts receivable and an increase in accounts payable and other current liabilities.

**Business-type activities.** Business-type activities increased the City's net assets by \$1,078,582. Capital grants and contributions contributed to the majority of the increase.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable 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 \$4,586,031. Approximately 30.2% of this total amount (\$1,385,545) constitutes unassigned fund balance. The remainder of the fund balance is either non spendable (\$6,289) restricted, (\$1,194,356) committed, (\$1,994,540) or assigned (\$5,301).

The main operating fund for the City is the General Fund. At the end of fiscal year 2012 the unassigned fund balance was \$1,514,668. 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 28.8% of the total General Fund operating expenditures.

The general fund had a decrease in total fund balance of \$207,825 during fiscal year 2012. Key factors in this decrease are:

- Transfers made from the General Fund to the General Reserve, Debt Service, and South Lane Communications were increased from a total of \$483,758 for 2010-11 to a total of \$623,416 for 2011-12. This contributed to the reduced fund balance in the General Fund.

In the Street Fund, the fund balance increased by \$120,572 during fiscal year 2012. Beginning fund balance was approximately \$55,000 more than anticipated. State highway taxes exceeded budgeted amounts by approximately 13% and local fuel taxes exceeded budget estimations by approximately 5%.

The Industrial Park Fund ending fund balance was \$347,816; this is a decrease of \$111,648. A number of lots have been either foreclosed upon or returned to the City. The City is marketing the lots for sale. Outstanding debt will continue to be addressed and paid as required.

**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 assets of \$134,581. The combined wastewater operations had an increase in total net assets of \$758,797. The operating income of the water operations decreased by \$41,640 and wastewater operations increased over the prior year \$273,952. Utility rates for both the water and wastewater funds were raised. Sales in the water fund were approximately \$17,000 less than expected; however charges for service in the wastewater fund were \$30,000 more than expected. Operational costs for staff, fuel, materials and purchased services also increased.

## CITY OF COTTAGE GROVE, OREGON

### Management's Discussion and Analysis

#### GENERAL FUND BUDGETARY HIGHLIGHTS

There was a \$77,515 difference between the original budget and final amended budget. The City Council adopted various resolutions totaling this amount to recognize three special purpose grants and a donation. The donation in the amount of \$11,900 from the Friends of the Library was received to pay for a part-time Teen Librarian position. The City also received a special purpose grant from City/County Insurance Services to purchase a policy manual for the police department; a special purpose grant from the Community Development Corporation for expansion of the fiber network to Territorial Seed Co. and the building known as the Kwikkee Building; and a special purpose grant from an anonymous donor to be used for Community Events.

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

- The General Fund revenues were less than projections by 10% (\$586,612). Current year property taxes exceeded estimates by 1.6% (43,013) however delinquent property taxes received were lower than anticipated due to the continued difficulties in the local economy; 76% of what was estimated was received. Franchise fees were, on average, 9.8% higher than budgeted. Actual administrative fees collected from both the Building Inspection Fund and the Wastewater Fund were less than budgeted.
- The Parks Department under expended its budget by \$576,492. This was due to Bohemia Park improvements not being completed during the fiscal year. The Intergovernmental revenues was less than budgeted by \$724,209. General Fund department expenditures ranged from 31.8% (Parks) spent to a high of 98.3% spent (Community Center). The average percent spent was 95.
- The Non-Departmental department budget at the beginning of FY 11-12 had a budgeted contingency of \$328,629. During the course of the year, the City Council adopted various resolutions to reappropriate the contingency line item to different departments within the General Fund and General Reserve Fund. The balance at year-end in the contingency line item had been reduced to \$172,214.

**CITY OF COTTAGE GROVE, OREGON**

Management's Discussion and Analysis

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The City of Cottage Grove's investment in capital assets for its governmental and business type activities as of June 30, 2012 amounts to \$72,520,719 (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.

The following table summarizes capital assets for fiscal years 2010-11 and 2011-12:

**Table 3**  
**Capital Assets at Year-end (Net of Depreciation)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 26,550,930	\$ 26,438,798	\$ 2,094,788	\$ 2,113,002	\$ 28,645,718	\$ 28,551,800
Buildings	3,085,055	2,812,735	1,654,081	1,362,383	4,739,136	4,175,118
Land improvements			798,000	882,000	798,000	882,000
Motor vehicles and equipment	359,962	333,572	456,621	413,091	816,583	746,663
Office furniture and equipment	131,837	24,003			131,837	24,003
Infrastructure	9,165,264	9,395,997	2,131,452	1,343,569	11,296,716	10,739,566
Construction in progress	793,510	1,214,658	40,668		834,178	1,214,658
Utility systems			25,258,551	25,669,041	25,258,551	25,669,041
<b>Total</b>	<b>\$ 40,086,558</b>	<b>\$ 40,219,763</b>	<b>\$ 32,434,161</b>	<b>\$ 31,783,086</b>	<b>\$ 72,520,719</b>	<b>\$ 72,002,849</b>

Major capital asset events during the current fiscal year included the following: The recognition of the Vealy House donation, the return of property in the Industrial park, and the completion of renovation to the Chambers Railroad Bridge; construction of infrastructure in the Riverwalk Subdivision; Sweet Lane Waterline Extension; improvements to the Storm Drain System; installation of a generator at City Hall; and repairs to the Wastewater Treatment Plant Digester. The police department received from the military three Humvee Military trucks as a donation, upgraded the computer system, and installed new evidence lockers. Middlefield Field Golf Course added two greens mowers. The construction in progress includes the Armory, Trailhead Park, Phase II, and Bohemia Park.

**Table 4**  
**Change in Capital Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Beginning balance	\$ 40,219,763	\$ 40,027,396	\$ 31,783,086	\$ 32,659,036	\$ 72,002,849	\$ 72,686,432
Additions & reclasses	1,666,443	1,319,134	1,983,577	116,410	3,650,020	1,435,544
Depreciation	(1,103,677)	(984,112)	(1,045,022)	(991,760)	(2,148,699)	(1,975,872)
Deletions	(695,971)	(142,655)	(287,480)	(600)	(983,451)	(143,255)
<b>Ending balance</b>	<b>\$ 40,086,558</b>	<b>\$ 40,219,763</b>	<b>\$ 32,434,161</b>	<b>\$ 31,783,086</b>	<b>\$ 72,520,719</b>	<b>\$ 72,002,849</b>

Additional information on the City's capital assets can be found in the notes to the basic financial statements – Note 5, pages 31-32.

**CITY OF COTTAGE GROVE, OREGON**

Management's Discussion and Analysis

**Long-term debt.** At the end of the fiscal year, the City of Cottage Grove had total long-term debt outstanding of \$23,341,069. \$1,734,809 was a general obligation debt to pay the City's unfunded actuarial liability in the Public Employees Retirement System. A total of \$316,035 was owed on a lease purchase agreement for improvements at the Public Works shop facility. Additional Long-term debt totaling \$423,875 was incurred. Included in the debt was the purchase of the Armory building from the Oregon Military Department. The loan is interest free and is being repaid by the General Fund over the next nine years. The City also received a loan to finance the purchase of a 2010 police vehicle.

The following table summarizes outstanding debt for fiscal years 2010-11 and 2011-12:

**Table 5**  
**Outstanding Debt at Year-end**

	<u>2012</u>	<u>2011</u>
<b>Governmental Activities</b>		
PERS bonds	\$ 1,709,687	\$ 1,734,809
Industrial Park	951,554	998,324
City shop remodel	193,519	316,035
Trail Head Park	0	37,882
Street Sweeper	18,259	56,765
Optical/Wireless Equipment	822,982	946,354
Vactor and Greens Roller	21,037	29,925
Police Vehicle	21,014	28,876
Armory Building	<u>375,249</u>	<u>394,999</u>
Sub-total	<u>\$ 4,113,301</u>	<u>\$ 4,543,969</u>
 <b>Business-type Activities</b>		
Water system improvement	\$ 9,414,239	\$ 9,747,131
Wastewater improvement	7,387,741	7,785,875
Middlefield Golf Course	692,190	723,962
Middlefield Golf Course/ Residence	320,045	333,410
Middlefield – Golf Carts	0	3,894
Water/wastewater Equipment	<u>175,598</u>	<u>202,828</u>
Sub-total	<u>17,989,813</u>	<u>18,797,100</u>
 <b>Total</b>	 <u>\$ 22,103,114</u>	 <u>\$ 23,341,069</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 \$23,477,803. Only \$2,327,366 of the outstanding debt is counted within the statutory limitation as the remaining debt is either wholly or partially financed by revenues other than a general tax levy.

Additional information on the City's long-term debt can be found in the notes to the basic financial statements – Note 7, pages 34 through 38.

## CITY OF COTTAGE GROVE, OREGON

### Management's Discussion and Analysis

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The General Fund budget decreases spending for the 2012-13 budget by \$246,664. This is approximately a 3.5% decrease. This decrease is directly related to the reduction in the transfers to other funds including the General Reserve Fund, Debt Service Fund, and Police Communications Fund. The Parks Department budget was also significantly reduced due to one-time capital expenditures for constructing Bohemia Park being made in 2010-11.

Assessed value growth for the 2012 budget preparation was projected at 2%, and anticipates there will not be any annexations of property to the city. An uncollectible allowance of 6.5% was used.

The amounts available for appropriation in the General Fund budget were estimated to be \$7,366,405 in resources and a carryover of \$1,720,000. The actual carryover for the General Fund budget is \$1,514,668, a shortfall of \$205,332. Additional expenditures were made at the end of the fiscal year that will not be necessary to be spent in 2012-13.

General Fund property tax revenues are expected to be \$3,780,000, approximately \$11,045 more than actual for 2011. Franchise fees are expected to be \$17,500 more than budgeted in 2011, however franchise revenues were in excess of budgeted amounts in 2011 by 13%, approximately \$50,375.

The City's water/wastewater rates were studied with the assistance of an outside consulting firm, FCS Group. The City Council adopted a 5-year financial plan for each utility in fiscal year 2010-11. 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. The financial plan increases the ability to begin upgrading the utility infrastructure. It is noted that the financial plan can be impacted by any major emergency that is encountered during this five-year period.

The System Development Charges are adjusted annually using the construction cost index of the previous 12-month period. However, residential construction is continuing at a rate on average of one permit per month. It is difficult to predict when the residential market will return to its previous levels. System Development Charge Fees, as well as Water, Wastewater, and Storm Drainage Utility rates were studied and adjustments were made based upon the recommendation of an outside consulting firm.

All of these factors were considered when preparing the budget for the 2012-13 fiscal year.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

**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 Main Street, Cottage Grove, OR 97424, (541) 942-3346.



**BASIC FINANCIAL STATEMENTS**



**CITY OF COTTAGE GROVE, OREGON**

Statement of Net Assets

June 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 4,957,234	\$ 2,482,879	\$ 7,440,113
Due from other governments	7,191	-	7,191
Accounts receivable, net	354,056	446,259	800,315
Property taxes receivable	272,871	-	272,871
Inventories	-	185,375	185,375
Internal balances	(154,400)	154,400	-
Other current assets	3,289	-	3,289
Notes receivable	18,744	-	18,744
Net pension asset	1,110,236	-	1,110,236
Bond costs and loan fees	15,716	1,560	17,276
Capital assets not being depreciated	27,344,440	2,135,456	29,479,896
Capital assets net of accumulated depreciation	<u>12,742,118</u>	<u>30,298,705</u>	<u>43,040,823</u>
Total Assets	<u>46,671,495</u>	<u>35,704,634</u>	<u>82,376,129</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other current liabilities	592,105	232,465	824,570
Deposits	6,261	43,328	49,589
Unearned revenues	-	7,396	7,396
Accrued interest payable	58,416	312,628	371,044
Compensated absences	281,253	91,963	373,216
Noncurrent liabilities:			
Due within one year	392,840	875,535	1,268,375
Due in more than one year	<u>3,720,461</u>	<u>17,114,290</u>	<u>20,834,751</u>
Total Liabilities	<u>5,051,336</u>	<u>18,677,605</u>	<u>23,728,941</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	35,973,257	14,444,336	50,417,593
Restricted for:			
Debt service	40,796	-	40,796
System development	-	710,379	710,379
Road maintenance	709,477	-	709,477
Culture and recreation	55,618	-	55,618
Ed Jenks and Memorial Tree	4,949	-	4,949
Unrestricted	<u>4,836,062</u>	<u>1,872,314</u>	<u>6,708,376</u>
Total Net Assets	<u>\$ 41,620,159</u>	<u>\$ 17,027,029</u>	<u>\$ 58,647,188</u>

See accompanying notes to financial statements.

**CITY OF COTTAGE GROVE, OREGON**

Statement of Activities

Year ended June 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
General government	\$ 1,772,391	\$ -	\$ 754,505	\$ (673,322)	\$ -	\$ (673,322)
Public safety	2,979,798	-	162,623	(2,767,427)	-	(2,767,427)
Highways and streets	1,277,414	-	150,295	(1,073,712)	-	(1,073,712)
Culture and recreation	757,802	-	-	(747,066)	-	(747,066)
Community development	1,325,868	-	-	(1,308,517)	-	(1,308,517)
Interest on long-term debt	137,821	-	-	(137,821)	-	(137,821)
<b>Total Governmental Activities</b>	<b>8,251,094</b>	<b>-</b>	<b>1,067,423</b>	<b>(6,707,865)</b>	<b>-</b>	<b>(6,707,865)</b>
<b>Business-Type Activities</b>						
Water	2,312,176	-	164,838	416,676	416,676	416,676
Wastewater	2,550,110	-	630,870	756,781	756,781	756,781
Storm drainage	362,008	-	195,695	179,716	179,716	179,716
<b>Total Business-Type Activities</b>	<b>5,224,294</b>	<b>-</b>	<b>991,403</b>	<b>1,353,173</b>	<b>1,353,173</b>	<b>1,353,173</b>
<b>Total Activities</b>	<b>\$ 13,475,388</b>	<b>\$ -</b>	<b>\$ 2,058,826</b>	<b>(6,707,865)</b>	<b>1,353,173</b>	<b>(5,354,692)</b>
<b>General revenues:</b>						
Property taxes				3,891,324	-	3,891,324
Franchise taxes				437,997	-	437,997
Alcoholic beverage taxes				124,249	-	124,249
Motor fuel taxes				344,222	-	344,222
Taxes and other revenues not restricted to specific programs				1,540,749	-	1,540,749
Gain (loss) on disposition of capital assets				(17,660)	(287,480)	(305,140)
Interest and investment earnings				38,982	12,889	51,871
<b>Total general revenues and transfers</b>				<b>6,359,863</b>	<b>(274,591)</b>	<b>6,085,272</b>
<b>Change in net assets</b>				<b>(348,002)</b>	<b>1,078,582</b>	<b>730,580</b>
<b>Net assets, beginning</b>				<b>41,968,161</b>	<b>15,948,447</b>	<b>57,916,608</b>
<b>Net assets, ending</b>				<b>\$ 41,620,159</b>	<b>\$ 17,027,029</b>	<b>\$ 58,647,188</b>

See accompanying notes to financial statements.

**CITY OF COTTAGE GROVE, OREGON**

Governmental Funds

Balance Sheet

June 30, 2012

	General Fund	Street Fund	City Debt Service Fund	Other Governmental Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,713,258	\$ 467,695	\$ 3,352	\$ 2,772,929	\$ 4,957,234
Due from other governments	7,191	-	-	-	7,191
Accounts receivable	264,521	106,140	-	461	371,122
Property taxes receivable	272,871	-	-	-	272,871
Notes receivable	-	-	-	18,744	18,744
Other current assets	-	-	-	3,289	3,289
<b>Total Assets</b>	<b>\$ 2,257,841</b>	<b>\$ 573,835</b>	<b>\$ 3,352</b>	<b>\$ 2,795,423</b>	<b>\$ 5,630,451</b>
<b>Liabilities</b>					
Accounts payable and other current liabilities	\$ 464,002	\$ 48,887	\$ -	\$ 79,216	\$ 592,105
Deposits	6,261	-	-	-	6,261
Interfund loan payable	-	-	-	154,400	154,400
Deferred revenue	272,910	-	-	18,744	291,654
<b>Total Liabilities</b>	<b>743,173</b>	<b>48,887</b>	<b>-</b>	<b>252,360</b>	<b>1,044,420</b>
<b>Fund Balance</b>					
Nonspendable	-	-	-	6,289	6,289
Restricted	-	524,948	-	669,408	1,194,356
Committed	-	-	-	1,994,540	1,994,540
Assigned	-	-	3,352	1,949	5,301
Unassigned	1,514,668	-	-	(129,123)	1,385,545
<b>Total Fund Balances</b>	<b>1,514,668</b>	<b>524,948</b>	<b>3,352</b>	<b>2,543,063</b>	<b>4,586,031</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,257,841</b>	<b>\$ 573,835</b>	<b>\$ 3,352</b>	<b>\$ 2,795,423</b>	<b>\$ 5,630,451</b>

**CITY OF COTTAGE GROVE, OREGON**

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2012

Total Government Fund Balances \$ 4,586,031

*Amounts reported for governmental activities in the Statement of Net Assets are different because:*

Capital assets used in governmental activities are not financial resources in governmental funds but are reported in the statement of net assets at their net depreciated value:

Capital assets not being depreciated	27,344,440	
Capital assets being depreciated	30,392,689	
Accumulated depreciation	<u>(17,650,571)</u>	40,086,558

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds:

Deferred revenue	274,588	
Bond cost	15,716	
Net pension asset	<u>1,110,236</u>	1,400,540

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	(58,416)	
Compensated absences	(281,253)	
Long-term debt	<u>(4,113,301)</u>	<u>(4,452,970)</u>

Net Assets of Governmental Activities in the Statement of Net Assets \$ 41,620,159

**CITY OF COTTAGE GROVE, OREGON**

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2012

	General Fund	Street Fund	City Debt Service Fund	Other Governmental Funds	Total
<b>Revenues</b>					
Intergovernmental revenues	\$ 563,559	\$ 524,395	-	\$ 141,389	\$ 1,229,343
Charges for services	30,265	-	-	264,197	294,462
Property taxes	3,837,013	-	-	-	3,837,013
Franchise taxes	437,997	-	-	-	437,997
Licenses and permits	3,941	-	-	-	3,941
Fines and forfeitures	117,659	-	-	-	117,659
Special assessments	-	-	-	59,744	59,744
Local fuels tax	-	344,222	-	-	344,222
Interest	23,322	2,060	3	13,597	38,982
Miscellaneous	122,813	3,960	-	32,182	158,955
Room tax	90,589	-	-	-	90,589
Administration and engineering fees	417,474	-	-	-	417,474
<b>Total Revenue</b>	<b>5,644,632</b>	<b>874,637</b>	<b>3</b>	<b>511,109</b>	<b>7,030,381</b>
<b>Expenditures</b>					
Current:					
General government	1,352,470	-	-	4,340	1,356,810
Public safety	2,264,678	-	-	657,140	2,921,818
Highways and streets	-	594,505	-	17,143	611,648
Culture and recreation	683,635	-	-	12,520	696,155
Community development	526,639	-	-	296,826	823,465
Debt service:					
Principal	188,877	-	195,051	46,770	430,698
Interest	48,903	-	36,172	52,716	137,791
Capital outlay	197,909	36,454	-	184,217	418,580
<b>Total Expenditures</b>	<b>5,263,111</b>	<b>630,959</b>	<b>231,223</b>	<b>1,271,672</b>	<b>7,396,965</b>
Excess (deficiency) of revenues over (under) expenditures	381,521	243,678	(231,220)	(760,563)	(366,584)
Other Financing Sources (uses)					
Donations	263,138	-	-	3,371	266,509
Transfers in	-	-	231,235	783,298	1,014,533
Transfers out	(852,484)	(123,106)	-	(38,943)	(1,014,533)
<b>Total Other Financing Source (Uses)</b>	<b>(589,346)</b>	<b>(123,106)</b>	<b>231,235</b>	<b>747,726</b>	<b>266,509</b>
Net Change in Fund Balances	(207,825)	120,572	15	(12,837)	(100,075)
Beginning Fund Balance	1,722,493	404,376	3,337	2,555,900	4,686,106
Ending Fund Balance	1,514,668	524,948	3,352	2,543,063	4,586,031

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, 2012

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

Net Change in Fund Balances - Total Governmental Funds

\$ (100,075)

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

Current year depreciation	\$ (1,103,677)	
Expenditures for capital assets	418,581	
Donated capital assets	569,551	
Loss on disposal of capital assets	<u>(17,660)</u>	(133,205)

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 deferred revenue (448,092)

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 absences (27,909)

Contributions to pension plans use current financial resources from governmental funds, but created a net pension asset in governmental activities (69,389)

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 assets. This is the amount by which proceeds exceeds repayments.

Debt service principal payments 430,668

Change in Net Assets of Governmental Activities \$ (348,002)

**CITY OF COTTAGE GROVE, OREGON**

Proprietary Funds

Balance Sheet

June 30, 2012

Business-Type Activities - Enterprise Fund

	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Storm Drainage Operations</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,159,385	\$ 354,052	\$ 969,442	\$ 2,482,879
Receivables - net	223,720	186,764	35,775	446,259
Inventories	<u>145,238</u>	<u>40,137</u>	<u>-</u>	<u>185,375</u>
Total current assets	<u>1,528,343</u>	<u>580,953</u>	<u>1,005,217</u>	<u>3,114,513</u>
Noncurrent assets:				
Interfund loan receivable	-	-	154,400	154,400
Loan fees, net of amortization	-	1,560	-	1,560
Capital assets not being depreciated	157,984	1,945,481	31,991	2,135,456
Capital assets net of accumulated depreciation	<u>13,995,150</u>	<u>14,612,311</u>	<u>1,691,244</u>	<u>30,298,705</u>
Total noncurrent assets	<u>14,153,134</u>	<u>16,559,352</u>	<u>1,877,635</u>	<u>32,590,121</u>
Total assets	<u>\$ 15,681,477</u>	<u>\$ 17,140,305</u>	<u>\$ 2,882,852</u>	<u>\$ 35,704,634</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and other current liabilities	\$ 107,330	\$ 113,895	\$ 11,240	\$ 232,465
Deposits	41,828	1,500	-	43,328
Deferred revenue	-	7,396	-	7,396
Accrued interest payable	217,711	94,917	-	312,628
Compensated absences	47,084	38,138	6,741	91,963
Current portion of long-term debt	<u>350,556</u>	<u>498,195</u>	<u>26,784</u>	<u>875,535</u>
Total current liabilities	764,509	754,041	44,765	1,563,315
Noncurrent liabilities:				
Noncurrent portion of long-term debt	<u>9,069,757</u>	<u>8,009,616</u>	<u>34,917</u>	<u>17,114,290</u>
Total Liabilities	<u>9,834,266</u>	<u>8,763,657</u>	<u>79,682</u>	<u>18,677,605</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	4,732,821	8,049,981	1,661,534	14,444,336
Restricted for:				
System development	56,816	164,861	488,702	710,379
Unrestricted	<u>1,057,574</u>	<u>161,806</u>	<u>652,934</u>	<u>1,872,314</u>
Total Net Assets	<u>5,847,211</u>	<u>8,376,648</u>	<u>2,803,170</u>	<u>17,027,029</u>
Total Liabilities and Net Assets	<u>\$ 15,681,477</u>	<u>\$ 17,140,305</u>	<u>\$ 2,882,852</u>	<u>\$ 35,704,634</u>

See accompanying notes to financial statements.

**CITY OF COTTAGE GROVE, OREGON**

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Assets

For the Year Ended June 30, 2012

Business-Type Activities - Enterprise Fund

	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Storm Drainage Operations</u>	<u>Total</u>
<b>Operating Revenues</b>				
Charges for Services	\$ 2,539,587	\$ 2,322,762	\$ 344,599	\$ 5,206,948
Miscellaneous	24,427	349,813	1,430	375,670
Grants and contracts	-	3,446	-	3,446
Total Operating Revenues	<u>2,564,014</u>	<u>2,676,021</u>	<u>346,029</u>	<u>5,586,064</u>
<b>Operating Expenses</b>				
Cost of sales and services	561,505	758,538	74,642	1,394,685
Administration	869,585	897,971	159,702	1,927,258
Depreciation	430,892	518,605	95,525	1,045,022
Amortization	-	120	-	120
Total Operating Expenses	<u>1,861,982</u>	<u>2,175,234</u>	<u>329,869</u>	<u>4,367,085</u>
Operating Income (Loss)	<u>702,032</u>	<u>500,787</u>	<u>16,160</u>	<u>1,218,979</u>
<b>Non-operating revenues (expenses)</b>				
Loss on disposal of capital assets	(287,480)	-	-	(287,480)
Investment earnings	5,385	2,016	5,488	12,889
Interest income(expense)	<u>(450,194)</u>	<u>(374,876)</u>	<u>(32,139)</u>	<u>(857,209)</u>
Total non-operating revenues (expenses)	<u>(732,289)</u>	<u>(372,860)</u>	<u>(26,651)</u>	<u>(1,131,800)</u>
Income (loss) before capital contributions	(30,257)	127,927	(10,491)	87,179
Capital contributions:				
Developer Donations (capitalized)	101,888	617,740	169,457	889,085
System development charges	<u>62,950</u>	<u>13,130</u>	<u>26,238</u>	<u>102,318</u>
Change in Net Assets	134,581	758,797	185,204	1,078,582
Beginning Net Assets	<u>5,712,630</u>	<u>7,617,851</u>	<u>2,617,966</u>	<u>15,948,447</u>
Ending Net Assets	<u>\$ 5,847,211</u>	<u>\$ 8,376,648</u>	<u>\$ 2,803,170</u>	<u>\$ 17,027,029</u>

See accompanying notes to financial statements.

**CITY OF COTTAGE GROVE, OREGON**

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Storm Drain Operations</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 2,554,744	\$ 2,668,076	\$ 343,582	\$ 5,566,402
Cash payments to employees	(851,482)	(887,164)	(163,677)	(1,902,323)
Cash payments to suppliers for good and services	<u>(552,810)</u>	<u>(747,791)</u>	<u>(119,057)</u>	<u>(1,419,658)</u>
Net cash provided (used) by operating activities	<u>1,150,452</u>	<u>1,033,121</u>	<u>60,848</u>	<u>2,244,421</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
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>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
System development charges	62,950	13,130	26,238	102,318
Acquisition of capital assets	(380,158)	(411,668)	(302,665)	(1,094,491)
Principal paid on capital debt	(340,209)	(488,215)	(33,732)	(862,156)
Interest paid on capital debt	(457,597)	(370,226)	(32,139)	(859,962)
Issuance of debt	<u>-</u>	<u>54,885</u>	<u>-</u>	<u>54,885</u>
Net cash provided (used) by capital and related financing activities	<u>(1,115,014)</u>	<u>(1,202,094)</u>	<u>(342,298)</u>	<u>(2,659,406)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	<u>5,385</u>	<u>2,016</u>	<u>5,488</u>	<u>12,889</u>
Net change in cash and cash equivalents	40,823	(166,957)	(256,662)	(382,796)
Cash and cash equivalents:				
Cash and cash equivalents at beginning of year	<u>1,118,562</u>	<u>521,009</u>	<u>1,226,104</u>	<u>2,865,675</u>
Cash and cash equivalents at end of year	<u>\$ 1,159,385</u>	<u>\$ 354,052</u>	<u>\$ 969,442</u>	<u>\$ 2,482,879</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, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Storm Drain Operations</u>	<u>Total</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 702,032	\$ 500,787	\$ 16,160	\$ 1,218,979
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	430,892	518,725	95,525	1,045,142
(Increase) decrease in assets:				
Receivables - net	(9,269)	(15,341)	(2,447)	(27,057)
Inventories	17,707	(2,205)	-	15,502
Increase (decrease) in liabilities:				
Deposits	(150)	7,396	-	7,246
Accounts payable and other current liabilities	9,240	23,759	(48,390)	(15,391)
	<u>9,240</u>	<u>23,759</u>	<u>(48,390)</u>	<u>(15,391)</u>
Net cash provided (used) by operating activities	<u>\$ 1,150,452</u>	<u>\$ 1,033,121</u>	<u>\$ 60,848</u>	<u>\$ 2,244,421</u>

See accompanying notes to financial statements.

# CITY OF COTTAGE GROVE, OREGON

## Notes to Financial Statements

June 30, 2012

### **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. As required by generally accepted accounting principles (GAAP), these financial statements present the primary government and its component unit, Cottage Grove Urban Renewal Agency, a separate legal entity for which the City is considered to be financially accountable.

The Cottage Grove Urban Renewal Agency (Agency) was formed to plan, direct, and manage certain projects within Cottage Grove. Pursuant to ORS 457.055 and under Lane County's order no. 86-8-27-1H, the City Council has been appointed governing body of the Agency. The Urban Renewal Agency Capital Projects Fund and Urban Renewal Agency Debt Service Fund are blended component units, reported as nonmajor governmental funds. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The Cottage Grove Urban Renewal Agency has a June 30 year-end.

#### **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 assets and the statement of activities display information about the City as a whole. These statements include all the financial activities of the City, except for fiduciary activities, if any. 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 (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) 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, proprietary, and fiduciary, even though the latter are excluded from government-wide financial statements. 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, reserves, fund equity, revenues and expenditures/expenses.

## CITY OF COTTAGE GROVE, OREGON

### Notes to Financial Statements

June 30, 2012

#### **Note 1. - Summary of Significant Accounting Policies, continued**

##### C. Basis of Presentation, continued

The City reports the following major governmental funds:

- *General Fund.* This is the government'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, state shared revenues. Primary expenditures are for police protection, fire 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.
- *City Debt Service Fund.* This fund is used to accumulate monies derived from monthly water surcharges, which are used for the retirement of principal and interest on the water system improvement loan. Operating transfers are used to accumulate monies for the retirement of principal and interest on the city shop remodel loan and the pension obligation bonds.

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

- *Special Revenue Funds.* These funds account for revenues derived from specific taxes or other earmarked revenue sources, including state gas tax and state revenue sharing entitlements, which are legally restricted 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.
- *Debt Service Fund.* This fund is used to retire urban renewal bond principal and interest from property taxes.
- *Permanent Fund.* This fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

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.

# CITY OF COTTAGE GROVE, OREGON

## Notes to Financial Statements

June 30, 2012

### **Note 1. - Summary of Significant Accounting Policies, continued**

#### C. Basis of Presentation, continued

- *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 revenues to be available if they are collected within 60 days of the end of the current 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, long-term compensated absences are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

A deferred revenue liability 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 deferred 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 assets, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability.

Deferred revenues also 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 deferred revenue on the statement of net assets.

## CITY OF COTTAGE GROVE, OREGON

### Notes to Financial Statements

June 30, 2012

#### **Note 1. - Summary of Significant Accounting Policies, continued**

##### D. Measurement Focus and Basis of Accounting, continued

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expended to be liquidated with expendable financial resources such as any unused reimbursable leave outstanding at the time of an employee's resignation or retirement. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the City must be recognized.

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 fund based 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 non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's 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 non-operating 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.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2012

**Note 1.- Summary of Significant Accounting Policy, continued**

**G. Receivables and Payables**

Property taxes receivable in the governmental fund types, which have been collected within 60 days following year end, are considered measurable and available and are recognized as revenues in governmental funds.

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.

**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 expenses 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 assets and is provided on the straight-line basis over the following estimated useful lives:

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

Monthly depreciation is taken from the month of the fiscal year the assets are acquired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

**J. Deferred Revenue**

Deferred revenues represent uncollected property taxes and other revenues not deemed available to finance operations of the current period.

## CITY OF COTTAGE GROVE, OREGON

### Notes to Financial Statements

June 30, 2012

#### **Note 1.- Summary of Significant Accounting Policy, continued**

##### **K. 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 included the general fund, street fund, fire service fund, narcotics forfeiture fund, building inspection fund, water fund, ambulance fund, wastewater fund, and storm drainage fund.

##### **L. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. 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. Bond issuance costs are capitalized and amortized over the term of the bond.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs 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.

##### **M. Net Assets and Fund Equity**

In the government-wide financial statements and proprietary funds financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal of related debt. Net assets invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and include 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 assets. All other net assets are considered unrestricted.

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

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

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

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

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

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

**CITY OF COTTAGE GROVE, OREGON**

Notes to Financial Statements

June 30, 2012

**Note 1.- Summary of Significant Accounting Policy, continued**

**M. Net Assets and Fund Equity, continued**

Fund balances by classification for the year ended June 30, 2012 are as follows:

	<u>General Fund</u>	<u>Street Fund</u>	<u>City Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>					
Prepays and deposits	\$ -	\$ -	\$ -	\$ 3,289	\$ 3,289
Permanent balance	-	-	-	3,000	3,000
<b>Restricted for:</b>					
Road maintenance	-	524,948	-	-	524,948
Emergency phone system	-	-	-	47,886	47,886
Drug enforcement training	-	-	-	185,022	185,022
Building permit programs	-	-	-	574	574
Industrial park management	-	-	-	347,816	347,816
Urban renewal debt service	-	-	-	88,110	88,110
<b>Committed to:</b>					
Local improvement districts	-	-	-	150,901	150,901
Construction rehabilitation loans	-	-	-	446,789	446,789
Capital projects	-	-	-	1,396,850	1,396,850
<b>Assigned to:</b>					
Library books and trees	-	-	-	1,949	1,949
Debt service	-	-	3,352	-	3,352
<b>Unassigned</b>	<u>1,514,668</u>	<u>-</u>	<u>-</u>	<u>(129,123)</u>	<u>1,385,545</u>
Total fund balances	<u>\$ 1,514,668</u>	<u>\$ 524,948</u>	<u>\$ 3,352</u>	<u>\$ 2,543,063</u>	<u>\$ 4,586,031</u>

**N. 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, 2012

**Note 1.- Summary of Significant Accounting Policy, continued**

**O. 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. These services are reported as internal charges on the government-wide financial statements.

**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). Appropriations lapse as of the year end. The City does not use encumbrance accounting.

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 a number of transfer resolutions and supplemental budgets.

**B. Bicycle Footpath Deficit Fund Equity.**

The City's Bicycle and Footpath fund had a negative fund balance of \$129,123 as of June 30, 2012. This fund accounts for revenue received from the City's state gasoline tax. In May 2010, the City made an emergency interfund loan between the Storm Drainage System Development fund and the Bicycle and Footpath fund to provide resources to complete the covered bridge project. Consequently, as a result of the use of the modified accrual basis of accounting, the Bicycle and Footpath fund continues to have a negative equity. The loan is further disclosed in note 6. A.

CITY OF COTTAGE GROVE, OREGON

Notes to Financial Statements

June 30, 2012

**Note 3. - Cash and Cash Equivalents**

At June 30, 2012 investments included in cash and cash equivalents consist of the following:

	<u>Fair Value</u>
Investments in the State Treasurer's Local Government Investment Fund	\$ 6,489,367
Deposits in financial institutions	948,781
Cash on hand	1,965
Total cash and cash equivalents	<u>\$ 7,440,113</u>

A. Interest rate risk

The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio in accordance with ORS 294.035. As of June 30, 2012, 62.81% of the investments in the LGIP mature within 93 days, 16.88% mature from 94 days to one year, and 20.31% mature from one year to three years.

B. Credit risk

State statutes authorize the City to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurer's Oregon Local Government Investment Pool, among others. The City has no investment policy that would further limit its investment choices.

C. Concentration of credit risk

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

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2012, the fair value of the City's deposits with the LGIP approximates cost. The OSTF financial statements are available at <http://www.ost.state.or.us/>.

The LGIP's portfolio concentration of credit risk at June 30, 2012 included: Corporate Notes (46.9%), U.S. Treasury and Agency Securities (41.1%), Non-US Governmental Debt (.9%), Commercial Paper (3.3%), Certificates of Deposits (.9%), Municipal Bonds (1.3%) and Temporary Liquidity Guarantee (5.7%). The credit risk associated with the investments was: AA rating (36.3%), A rating (33.9%), BBB rating (7.1%), and not rated (22.7%).

D. Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program ("PFCP"). The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian and public official compliance with ORS 295. Bank depositors, which are part of a shared liability pool, are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the type of collateral that are acceptable. Oregon Revised Statutes require the depository institution to pledge collateral against any public funds deposits in excess of deposit insurance amounts. Depositories are required to pledge collateral valued from 10% to 110% of their quarter-end public fund deposits.

The City's total bank balance, at June 30, 2012, was \$1,007,635. Of this amount, \$548,653 was covered by federal depository insurance. The remaining balance of \$458,982 was covered by the PFCP.

**CITY OF COTTAGE GROVE, OREGON**

Notes to Financial Statements

June 30, 2012

**Note 4 -Receivables**

Revenues of Water, Wastewater, and Storm Drain Funds are reported net of allowance for doubtful accounts. Total allowance amounts are as follows:

Allowance related to water sales	\$	4,310
Allowance related to wastewater charges		2,500
Allowance related to storm drain charges		<u>1,000</u>
Total allowance of the current fiscal year	\$	<u><u>7,810</u></u>

**Note 5 - Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Governmental Activities:</u>			
	<u>2011</u>	<u>Additions and Reclassifications</u>	<u>Deletions and Reclassifications</u>	<u>2012</u>
Capital assets, not being depreciated:				
Land	\$ 26,438,798	\$ 112,132	\$ -	\$ 26,550,930
Construction in progress	<u>1,214,658</u>	<u>257,163</u>	<u>(678,311)</u>	<u>793,510</u>
Total capital assets, not being depreciated	<u>27,653,456</u>	<u>369,295</u>	<u>(678,311)</u>	<u>27,344,440</u>
Capital assets being depreciated:				
Buildings and improvements	3,926,125	452,049	-	4,378,174
Motor vehicles and equipment	1,268,999	125,497	(43,029)	1,351,467
Office furniture and equipment	297,570	116,860	(9,316)	405,114
Infrastructure	<u>23,655,193</u>	<u>602,742</u>	<u>-</u>	<u>24,257,935</u>
Total capital assets being depreciated	<u>29,147,887</u>	<u>1,297,148</u>	<u>(52,345)</u>	<u>30,392,690</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,113,390)	(179,729)	-	(1,293,119)
Motor vehicles and equipment	(935,427)	(81,447)	25,369	(991,505)
Office furniture and equipment	(273,567)	(9,026)	9,316	(273,277)
Infrastructure	<u>(14,259,196)</u>	<u>(833,475)</u>	<u>-</u>	<u>(15,092,671)</u>
Total accumulated depreciation	<u>(16,581,580)</u>	<u>(1,103,677)</u>	<u>34,685</u>	<u>(17,650,572)</u>
Total capital assets, being depreciated, net	<u>12,566,307</u>	<u>193,471</u>	<u>(17,660)</u>	<u>12,742,118</u>
Governmental activities capital assets, net	\$ <u>40,219,763</u>	\$ <u>562,766</u>	\$ <u>(695,971)</u>	\$ <u>40,086,558</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$	318,283
Highways and streets		665,766
Public safety		57,981
Culture and recreation		<u>61,647</u>
Total depreciation expense -governmental activities	\$	<u><u>1,103,677</u></u>

**CITY OF COTTAGE GROVE, OREGON**

Notes to Financial Statements

June 30, 2012

**Note 5. - Capital Assets, continued**

	<u>Business-type Activities:</u>			
	<u>2011</u>	<u>Additions and Reclassifications</u>	<u>Deletions and Reclassifications</u>	<u>2012</u>
Capital assets, not being depreciated:				
Land	\$ 2,113,002	\$ -	\$ (18,214)	\$ 2,094,788
Construction in progress	-	40,668	-	40,668
Total capital assets, not being depreciated	<u>2,113,002</u>	<u>40,668</u>	<u>(18,214)</u>	<u>2,135,456</u>
Capital assets being depreciated:				
Land improvements	1,260,000	-	-	1,260,000
Infrastructure	1,614,936	929,053	-	2,543,989
Utility systems	34,864,544	552,546	(526,079)	34,891,011
Buildings and improvements	1,665,970	348,781	-	2,014,751
Equipment	1,192,857	112,529	-	1,305,386
Motor vehicles	592,441	-	(18,500)	573,941
Office furniture	8,867	-	-	8,867
Total capital assets being depreciated	<u>41,199,615</u>	<u>1,942,909</u>	<u>(544,579)</u>	<u>42,597,945</u>
Less accumulated depreciation for:				
Land improvements	(378,000)	(84,000)	-	(462,000)
Infrastructure	(271,367)	(141,170)	-	(412,537)
Utility systems	(9,195,503)	(693,770)	256,813	(9,632,460)
Buildings and improvements	(303,587)	(57,083)	-	(360,670)
Equipment	(816,568)	(55,131)	-	(871,699)
Motor vehicles	(555,639)	(13,868)	18,500	(551,007)
Office furniture	(8,867)	-	-	(8,867)
Total accumulated depreciation	<u>(11,529,531)</u>	<u>(1,045,022)</u>	<u>275,313</u>	<u>(12,299,240)</u>
Total capital assets, being depreciated, net	<u>29,670,084</u>	<u>897,887</u>	<u>(269,266)</u>	<u>30,298,705</u>
Business-type activities capital assets, net	<u>\$ 31,783,086</u>	<u>\$ 938,555</u>	<u>\$ (287,480)</u>	<u>\$ 32,434,161</u>

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

Water	\$ 430,892
Wastewater	518,605
Storm Drain	95,525
Total depreciation expense -business-type activities	<u>\$ 1,045,022</u>

**CITY OF COTTAGE GROVE, OREGON**

Notes to Financial Statements

June 30, 2012

**Note 6. - Interfund Receivables, Payables, and Transfers**

**A. Interfund loans receivable**

Interfund loans receivable and payable are as follows:

Receivable Fund	Payable Fund	Amount
Storm Drain	Bicycle and Footpath	<u>\$ 154,400</u>

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

**B. Interfund transfers**

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ -	\$ 852,484
Street Fund	-	123,106
City Debt Service Fund	<u>231,235</u>	<u>-</u>
Total Major Governmental Funds:	<u>231,235</u>	<u>975,590</u>
Nonmajor Governmental Funds:		
Police Communication Fund	493,998	9,579
Bicycle and Footpath Fund	39,300	-
General Reserve Fund	250,000	26,916
Narcotics Forfeiture Fund	-	1,262
Building Inspection Program Fund	<u>-</u>	<u>1,186</u>
Total Nonmajor Governmental Funds	<u>783,298</u>	<u>38,943</u>
Total All Funds	<u>\$ 1,014,533</u>	<u>\$ 1,014,533</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, 2012

**Note 7. - Long-Term Obligations**

**A. Changes in General Long-Term Liabilities**

Transactions for the year ended June 30, 2012 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
Bonds	\$ 2,361,927	\$ -	\$ (34,561)	\$ 2,327,366	\$ 35,543
Loans	<u>2,182,042</u>	<u>-</u>	<u>(396,107)</u>	<u>1,785,935</u>	<u>357,297</u>
Total bonds and notes payable	4,543,969	-	(430,668)	4,113,301	392,840
Compensated absences	<u>253,344</u>	<u>281,253</u>	<u>(253,344)</u>	<u>281,253</u>	<u>281,253</u>
Total Governmental Activities	<u>\$ 4,797,313</u>	<u>\$ 281,253</u>	<u>\$ (684,012)</u>	<u>\$ 4,394,554</u>	<u>\$ 674,093</u>
<b>Business-type Activities</b>					
Loans	\$ 18,797,100	\$ 54,885	\$ (862,172)	\$ 17,989,813	\$ 875,535
Compensated Absences	<u>81,208</u>	<u>91,963</u>	<u>(81,208)</u>	<u>91,963</u>	<u>91,963</u>
Total Business-type Activities	<u>\$ 18,878,308</u>	<u>\$ 146,848</u>	<u>\$ (943,380)</u>	<u>\$ 18,081,776</u>	<u>\$ 967,498</u>

**B. Bonds Payable**

Governmental Activities

During 2000-2001, the City of Cottage Grove issued \$700,000 of Rural Development Revenue Bonds, to finance Industrial Park Construction. The bonds are being repaid from revenues from the Industrial Park. In accordance with the loan conditions with the United States Department of Agriculture, Rural Development Department, the City is to establish a reserve account for future loan payments in the event that the City were to become delinquent or unable to make the required loan payment from the Industrial Park Operations Fund. The reserve account is to be accumulated to a minimum of \$40,796. The 40-year 5% bond is being paid by the Industrial Park fund.

\$ 617,679

During 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%.

1,709,687

Total bonds payable

\$ 2,327,366

**CITY OF COTTAGE GROVE, OREGON**

Notes to Financial Statements

June 30, 2012

**Note 7. - Long-Term Obligations, continued**

**B. Bonds Payable, continued**

General obligation bonded debt requirements are summarized below:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 35,543	\$ 161,450	\$ 196,993
2014	38,532	168,461	206,993
2015	38,667	173,327	211,994
2016	40,625	181,369	221,994
2017	40,681	186,313	226,994
2018-2022	445,294	838,371	1,283,665
2023-2027	1,149,204	394,394	1,543,598
2028-2032	248,851	99,377	348,228
2033-2037	145,308	58,672	203,980
2038-2042	144,661	18,524	163,185
Total	\$ 2,327,366	\$ 2,280,258	\$ 4,607,624

**C. Notes and Loans Payable - Governmental Activities**

In July 1996, the City entered into a loan agreement with the State of Oregon Economic Development Department for a portion of the financing for the development of an industrial park. This loan was for the principal amount of \$663,922. Under the loan agreement, the state holds and invests all amounts not required by the City of construction and is to remit to the City the entire principal amount and all accumulated interest earnings accruing on the loan principal balance. The City received loan advances totaling \$455,394 in prior years and withdrew the remaining balance of the loan in 2001-02 as construction on the industrial park concluded. This 25-year 5.33% loan is being paid by the Industrial Park fund. \$ 333,875

During 1998-99 the City received a 15-year \$1,585,000 loan to remodel the City Shop. The loan is payable in semiannual installments of \$67,289, including interest at 4.22% per annum. The loan is secured by a City owned parcel of undeveloped land and proceeds from the sale of the old city shop. 193,519

In October 2007, the City received a \$172,368, 4.57% loan from US Bank for the purchase of a 2007 Elgin Eagle Street Sweeper. This is a 5-year loan being repaid 90% from street fund revenues and 10% being paid from the Storm Reserve Fund. 18,259

In January 2008, the City received a \$529,540 equipment lease/purchase funding from Key Government Finance for optical and wireless networking equipment in conjunction with the development of the high-speed broadband services to the community for use by South Lane School District, Public Safety services, business/commercial, and other public users. The lease/purchase loan is being repaid over a 5-year period from the General Fund. 102,443

Note payable obligation for optical and wireless networking equipment, secured by the asset, payable in monthly installments of \$63,046 including interest at an effective rate of 4.8% per annum, maturing in fiscal year 2023. 720,539

In September 2009, the City received a \$299,188, 3.71% loan from US Bank for the purchase of a vactor and greens roller. This is a 5-year loan being repaid equally from the Street Fund, Water Reserve Fund, Wastewater Reserve Fund and Storm Reserve Funds. 21,037

In December 2010, the City received a \$32,700 loan, at an interest rate of 3.75%, from Siuslaw Bank for the purchase of a 2010 Chevrolet Tahoe Police Vehicle. This is a four year loan being repaid from the General Fund – Police Department. 21,014

In September 2010, the City entered into a \$394,999 zero interest note with the Oregon Military Department ("OMD") to purchase the Armory building. This is a nine-year loan being repaid by the General Fund. 375,249

Total notes and loans payable \$ 1,785,935

**CITY OF COTTAGE GROVE, OREGON**

Notes to Financial Statements

June 30, 2012

**Note 7. - Long-Term Obligations, continued**

C. Notes and Loans Payable - Governmental Activities, 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
2013	\$ 357,297	\$ 67,183	\$ 424,480
2014	208,909	51,984	260,893
2015	134,397	46,029	180,426
2016	130,472	41,825	172,297
2017	290,647	37,632	328,279
2018-2022	300,612	134,190	434,802
2023-2027	254,227	61,007	315,234
2028-2032	109,374	5,999	115,373
Total	\$ 1,785,935	\$ 445,849	\$ 2,231,784

**CITY OF COTTAGE GROVE, OREGON**

Notes to Financial Statements

June 30, 2012

**Note 7. - Long-Term Obligations, continued**

**D. Notes and Loans Payable - Business-type Activities**

On January 21, 2004, the City and the Oregon Department of Environmental Quality executed a \$9 million loan agreement to upgrade the City's wastewater treatment plant. Beginning fiscal year 2006, \$887,718 was disbursed. The loan was amended on June 30, 2007 to increase the loan amount to \$9,261,399. The City is required to repay the loan in semiannual installments of \$318,217, including interest at 3.60% and annual payments of fees of 0.5% beginning in fiscal year 2007. \$ 7,387,741

In December of 2006, the City received an \$850,000 loan for the purchase of the Middlefield Golf Course. This loan is repayable over 20 years in semiannual payments of approximately \$33,964, including interest at 4.975% per annum. However, the entire balance is payable on demand at the creditor's option. Accordingly, the entire principal balance has been classified as current in the financial statements even though liquidation of the entire balance is not expected in one year. The loan is secured by the assignment of all rents from the Middlefield Golf Course. 692,190

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%. The loan is unsecured. 320,045

During fiscal year 2006, \$1,515,345 was disbursed on State of Oregon Economic Development Department loan G05001; the City received additional disbursements in the amount of \$964,655 and \$135,644 during fiscal years 2008 and 2009, respectively. Note is payable in monthly installments of approximately \$180,000, including interest at an effective rate ranging between 3% - 5.25% per annum, maturing in fiscal year 2033. Funding is for construction of improvements to the City Water Treatment facilities and replacement of 7.5 miles of transmission lines from one of the City's facilities to its reservoirs 2,421,950

During fiscal year 2008, \$5,202,423 was disbursed on State of Oregon Economic Development Department Loan S05001; the City received additional disbursements in the amount of \$1,067,577 during fiscal year 2009. Note is payable in monthly installments of approximately \$462,000, including interest at an effective rate of 4.01% per annum, maturing in fiscal year 2028. Funding is for construction of improvements to the City Water Treatment facilities and replacement of 7.5 miles of transmission lines from one of the City's facilities to its reservoirs. 5,840,887

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 surcharges. 1,151,402

In August 2007, the City received a \$99,268, 4.55% loan from US Bank for the purchase of a 2007 Caterpillar 430 E Backhoe. This is a 5-year loan being repaid equally from the Street Fund, Water Reserve Fund, Wastewater Reserve Fund and Storm Reserve Funds. 6,037

In September 2009, the City received a \$299,188, 3.71% loan from US Bank for the purchase of a vactor and greens roller. This is a 5-year loan being repaid equally from the Street Fund, Water Reserve Fund, Wastewater Reserve Fund and Storm Reserve Funds. 124,832

In November 2011, City received a \$54,885, 2.50% loan from Umpqua Bank for the purchase of mowers. This is a 5-year loan being repaid from the Wastewater Reserve Fund. 44,729

Total loans payable \$ 17,989,813

**CITY OF COTTAGE GROVE, OREGON**

Notes to Financial Statements

June 30, 2012

**Note 7. - Long-Term Obligations, continued**

D. Notes and Loans Payable - Business-type Activities, continued

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
2013	\$ 875,535	\$ 685,049	\$ 1,560,584
2014	905,033	653,130	1,558,163
2015	891,887	620,628	1,512,515
2016	901,309	588,334	1,489,643
2017	928,697	554,949	1,483,646
2018-2022	5,192,580	2,228,776	7,421,356
2023-2027	5,897,974	1,166,457	7,064,431
2028-2032	2,062,899	290,069	2,352,968
2033-2037	333,899	23,895	357,794
Total	<u>\$ 17,989,813</u>	<u>\$ 6,811,287</u>	<u>\$ 24,801,100</u>

**Note 8. - Pension Plan**

A. Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System ("PERS"), an agent multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, or by accessing the PERS web site at [www.pers.state.or.us](http://www.pers.state.or.us).

B. Funding Policy

Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the OPERB. Covered employees are required by state statute to contribute 6.0% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The annual pension cost was \$752,377 which included the union employee's portion for the year ended June 30, 2012. The City contributed 15.95% of covered payroll to PERS for the fiscal year ended June 30, 2012. For employees hired on or after August 29, 2003, the City's contribution rate was 14.77% for police and fire employees and 12.06% for all other employees.

Oregon General Obligation Pension Bonds were issued to fund the City's share of the Unfunded Actuarial Liability and \$2 billion was delivered directly to PERS. Over the next 23 years the state will be obligated to make the principal and interest payments on the pension obligation bonds. All benefiting agencies are charged the same rate to pay this debt service.

**CITY OF COTTAGE GROVE, OREGON**

Notes to Financial Statements

June 30, 2012

**Note 8. - Pension Plan, continued**

**C. Annual Pension Cost**

All participating employers are required by law to submit the contributions as adopted by OPERB. For the fiscal year ended June 30, 2012, the City's annual pension payment was \$752,377. This was comprised of \$634,268 in employer contributions and \$118,109 of employee contributions. The 6% employee contribution was paid by the City for unionized employees in accordance with collective bargaining agreements. In addition to the required contribution, the City contributed the proceeds of the Limited Tax Pension bonds Series 2002, and recognized a pension asset of \$1,110,236 at June 30, 2012. The City is amortizing the pension asset over the life of the bonds, or 26 years. The pension asset for the year ended June 30, 2012 is as follows:

Pension asset at June 30, 2011	\$ 1,179,625
Annual amortization	<u>(69,389)</u>
Pension asset at June 30, 2012	<u>\$ 1,110,236</u>

The City's pension liability and the annual required contribution rate were determined using the Projected Unit Credit cost method.

The Tier 1 and Tier II regular Unfunded Accrued Liability (UAL) is currently amortized as a level percentage of combined valuation payroll over a closed 20 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized. The change in the unfunded actuarial accrued liability due to the change to the projected unit credit cost method is amortized over a rolling three-year period and is also expressed as a percentage of combined valuation payroll. For the OPSRP Unfunded Accrued Liability (UAL), gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the odd-year valuation in which they are first recognized.

The actuarial assumptions include an investment return of 8.0% per year, projected salary increase of 3.75%, health cost inflation graded from 6.9% in 2012, to 4.5% in 2029, and a consumer price inflation component of 2.75%. This information is from the most current Actuarial Valuation Report dated December 31, 2011.

The OPERB utilizes a technique called asset smoothing to determine the actuarial value of assets. The actuarial value of assets are reported at fair market value, less a reserve equal to a pro-rata portion of the investment gains (losses) over the four-year period ending on the valuation date. Investment gains (losses), effective from January 1, 2000, are recognized at the rate of 25% per year. The actuarial value of assets is limited to a 10% corridor above and below the fair market value.

The Oregon Legislative Assembly created a second level or "Tier" of OPERS benefits that modified service and disability retirement allowances payable to persons who established PERS membership on or after January 1, 1996 ("Tier Two" members). Future interest credits are assumed at 8.0% compounded annually on members' regular account balances and 8.25% compounded annually on members' variable account balances for Tier One and there is no guaranty of future interest credits for Tier Two members.

The following table presents three-year trend information for the City's employee pension plan:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Asset</u>
6/30/2012	\$752,377	100 %	\$1,110,236
6/30/2011	\$625,719	100 %	\$1,179,625
6/30/2010	\$620,595	100 %	\$1,249,014

**D. Funding Status**

The information presented below is the schedule of funding progress. In addition, interim valuation does not take into account investment performance since that date. In March 2002, the City issued bonds to finance its unfunded Actuarial Liability. The proceeds of \$1,810,926 were applied toward the City's UAL.

<u>December 31 Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities</u>	<u>Actuarial Assets in Excess of (Less than) Accrued Liability</u>	<u>Funded %</u>	<u>Covered Payroll</u>	<u>Overfunded, (Underfunded) Actuarial Liability as a % of Payroll</u>
2011	\$ 31,039,561	\$ 35,814,645	\$(4,775,084)	87 %	\$3,832,180	(125) %
2010	\$ 31,425,921	\$ 34,333,400	\$(2,907,479)	92 %	\$3,750,985	(78) %
2009	\$ 29,216,208	\$ 32,864,480	\$(3,648,272)	89 %	\$3,747,512	(97) %

**CITY OF COTTAGE GROVE, OREGON**

Notes to Financial Statements

June 30, 2012

**Note 9. - Risk Management**

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City 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 10.- 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 11. - Recently Issued Accounting Guidance**

Management is determining the effect on its financial statements of the following recently issued accounting standards.

The GASB issued statement number 65, *Items Previously Reported as Assets and Liabilities*, which is effective for financial statements for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Among other things, this statement requires that debt issuance costs be expensed. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively by restating financial statements, if practical, for all periods presented.

The GASB issued statement number 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. The statement requires additional footnote disclosures and expanded supplemental information about the pension plan liability. This Statement is effective for fiscal years beginning after June 15, 2014.



**REQUIRED SUPPLEMENTARY INFORMATION**



**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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues	\$ 1,227,293	\$ 1,287,768	\$ 563,559	\$ (724,209)
Charges for services	17,500	17,500	30,265	12,765
Property taxes	3,794,000	3,794,000	3,837,013	43,013
Franchise taxes	387,500	387,500	437,997	50,497
Licenses and permits	4,775	4,775	3,941	(834)
Fines and forfeitures	109,000	109,000	117,659	8,659
Investment earnings	14,500	14,500	23,322	8,822
Miscellaneous	117,500	117,500	122,813	5,313
Room tax	80,000	80,000	90,589	10,589
Administration and engineering fees	<u>418,701</u>	<u>418,701</u>	<u>417,474</u>	<u>(1,227)</u>
Total revenues	<u>6,170,769</u>	<u>6,231,244</u>	<u>5,644,632</u>	<u>(586,612)</u>
Expenditures:				
City Manager	259,685	278,585	262,389	16,196
City Attorney	60,000	60,000	53,517	6,483
Community development	544,002	544,002	529,638	14,364
City Council	29,600	29,600	28,393	1,207
Community center	143,635	143,635	141,142	2,493
Municipal court	95,500	95,500	86,571	8,929
Police operations	2,277,040	2,280,015	2,139,281	140,734
Municipal court support services	53,965	53,965	52,483	1,482
Youth peer court	24,765	24,765	22,127	2,638
Parks	845,915	845,915	269,423	576,492
Building maintenance	152,875	152,875	147,517	5,358
Community promotions	101,636	111,636	109,378	2,258
Engineering department	253,980	253,980	248,438	5,542
Finance	301,140	301,140	284,421	16,719
Library	336,465	348,365	331,663	16,702
Broadband services	345,730	441,330	426,609	14,721
Non-departmental	<u>480,799</u>	<u>324,384</u>	<u>130,121</u>	<u>194,263</u>
Total expenditures	<u>6,306,732</u>	<u>6,289,692</u>	<u>5,263,111</u>	<u>1,026,581</u>
Excess revenues over (under) expenditures	<u>(135,963)</u>	<u>(58,448)</u>	<u>381,521</u>	<u>439,969</u>
Other financing sources (uses):				
Donations	100	12,000	263,138	251,138
Transfers out	<u>(804,137)</u>	<u>(893,552)</u>	<u>(852,484)</u>	<u>41,068</u>
Total other financing sources (uses)	<u>(804,037)</u>	<u>(881,552)</u>	<u>(589,346)</u>	<u>292,206</u>
Net change in fund balances	(940,000)	(940,000)	(207,825)	732,175
Fund Balance:				
Beginning of year	<u>940,000</u>	<u>940,000</u>	<u>1,722,493</u>	<u>782,493</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,514,668</u>	<u>\$ 1,514,668</u>

**CITY OF COTTAGE GROVE, OREGON**

Street Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental revenues:				
State highway taxes	\$ 850,575	\$ 850,575	\$ 524,395	\$ (326,180)
Local fuels tax	325,000	325,000	344,222	19,222
Investment earnings	1,000	1,000	2,060	1,060
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>3,960</u>	<u>2,460</u>
Total revenues	<u>1,178,075</u>	<u>1,178,075</u>	<u>874,637</u>	<u>(303,438)</u>
Expenditures:				
Street maintenance	436,980	436,980	409,218	27,762
Street sweeping	123,185	123,185	72,702	50,483
Non-departmental	97,410	97,410	93,751	3,659
Street Impr./Capital Purch.	520,940	520,940	55,288	465,652
Contingency	<u>225,475</u>	<u>225,475</u>	<u>-</u>	<u>225,475</u>
Total expenditures	<u>1,403,990</u>	<u>1,403,990</u>	<u>630,959</u>	<u>773,031</u>
Excess revenues over (under) expenditures	<u>(225,915)</u>	<u>(225,915)</u>	<u>243,678</u>	<u>469,593</u>
Other financing sources (uses):				
Transfers out	<u>(123,110)</u>	<u>(123,110)</u>	<u>(123,106)</u>	<u>4</u>
Total other financing sources (uses)	<u>(123,110)</u>	<u>(123,110)</u>	<u>(123,106)</u>	<u>4</u>
Net change in fund balances	(349,025)	(349,025)	120,572	469,597
Fund Balance:				
Beginning of year	<u>349,025</u>	<u>349,025</u>	<u>404,376</u>	<u>55,351</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,948</u>	<u>\$ 524,948</u>

**OTHER SUPPLEMENTARY INFORMATION**



## 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.
- **Small Business Loan Fund** – This fund accounts for monies originally received from a Community Development Block Grant. These monies are loaned to qualified small businesses.
- **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.

### Debt Service Fund

This fund accounts for the accumulation of resources for and payment of long-term debt principal and interest.

- **Urban Renewal Agency Debt Service Fund** – This fund is used to retire urban renewal bond principal and interest from property taxes.

## CITY OF COTTAGE GROVE, OREGON

### Other Governmental Funds

#### Nonmajor Governmental Funds (continued)

#### **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.
- **Urban Renewal Agency Capital Projects Fund** – This fund was established to administer the Cottage Grove Redevelopment Project. Major sources of revenue and other financing sources are bond proceeds and interest earnings. The Urban Renewal Agency is a component unit of the City of Cottage Grove.
- **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 Fund**

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

- **Ed Jenks and Memorial Tree Fund** – This fund was established to account for interest earnings on a fixed principal donation by a private individual. Disbursements are restricted to purchases of nonfiction books for the library and the purchases and maintenance of trees.

**CITY OF COTTAGE GROVE, OREGON**

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2012

	Total Nonmajor Special Revenue Funds	Urban Renewal Agency Debt Service Fund	Total Nonmajor Capital Projects Funds	Ed Jenks and Memorial Trees Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 1,279,246	\$ 88,110	\$ 1,400,573	\$ 5,000	\$ 2,772,929
Accounts receivable	461	-	-	-	461
Notes receivable	18,744	-	-	-	18,744
Other current assets	3,289	-	-	-	3,289
Total assets	<u>\$ 1,301,740</u>	<u>\$ 88,110</u>	<u>\$ 1,400,573</u>	<u>\$ 5,000</u>	<u>\$ 2,795,423</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and other current liabilities	\$ 75,442	\$ -	\$ 3,723	\$ 51	\$ 79,216
Interfund loan payable	154,400	-	-	-	154,400
Deferred revenue	18,744	-	-	-	18,744
Total liabilities	<u>248,586</u>	<u>-</u>	<u>3,723</u>	<u>51</u>	<u>252,360</u>
<b>Fund Balances</b>					
Nonspendable	3,289	-	-	3,000	6,289
Restricted	581,298	88,110	-	-	669,408
Committed	597,690	-	1,396,850	-	1,994,540
Assigned	-	-	-	1,949	1,949
Unassigned	(129,123)	-	-	-	(129,123)
Total fund balances	<u>1,053,154</u>	<u>88,110</u>	<u>1,396,850</u>	<u>4,949</u>	<u>2,543,063</u>
Total liabilities and fund balances	<u>\$ 1,301,740</u>	<u>\$ 88,110</u>	<u>\$ 1,400,573</u>	<u>\$ 5,000</u>	<u>\$ 2,795,423</u>

**CITY OF COTTAGE GROVE, OREGON**

Nonmajor Governmental Funds

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

Year ended June 30, 2012

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Urban Renewal Agency Debt Service Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Ed Jenks and Memorial Trees Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>					
Intergovernmental revenues	\$ 141,389	\$ -	\$ -	\$ -	\$ 141,389
Charges for services	264,197	-	-	-	264,197
Special assessments	-	-	59,744	-	59,744
Interest	6,301	445	6,818	33	13,597
Miscellaneous	<u>32,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,182</u>
Total Revenues	<u>444,069</u>	<u>445</u>	<u>66,562</u>	<u>33</u>	<u>511,109</u>
<b>Expenditures:</b>					
Current:					
General government	-	-	4,340	-	4,340
Public safety	594,863	-	62,277	-	657,140
Highways and streets	16,455	-	688	-	17,143
Culture and recreation	-	-	12,520	-	12,520
Community development	294,975	-	-	1,851	296,826
Capital outlay	31,970	-	148,444	3,803	184,217
Debt service					
Principal payments	46,770	-	-	-	46,770
Interest	<u>52,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,716</u>
Total Expenditures	<u>1,037,749</u>	<u>-</u>	<u>228,269</u>	<u>5,654</u>	<u>1,271,672</u>
Revenues over (under) expenditures	<u>(593,680)</u>	<u>445</u>	<u>(161,707)</u>	<u>(5,621)</u>	<u>(760,563)</u>
<b>Other financing sources (uses)</b>					
Donations	-	-	-	3,371	3,371
Transfers in	533,298	-	250,000	-	783,298
Transfers out	<u>(12,027)</u>	<u>-</u>	<u>(26,916)</u>	<u>-</u>	<u>(38,943)</u>
Total other financing sources (uses)	<u>521,271</u>	<u>-</u>	<u>223,084</u>	<u>3,371</u>	<u>747,726</u>
Net change in fund balance	(72,409)	445	61,377	(2,250)	(12,837)
Fund balance at beginning of year	<u>1,125,563</u>	<u>87,665</u>	<u>1,335,473</u>	<u>7,199</u>	<u>2,555,900</u>
Fund balance at end of year	<u>\$ 1,053,154</u>	<u>\$ 88,110</u>	<u>\$ 1,396,850</u>	<u>\$ 4,949</u>	<u>\$ 2,543,063</u>

**CITY OF COTTAGE GROVE, OREGON**

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2012

	Assessment Fund	Police Communication Fund	Bicycle and Footpath Fund	Small Business Loan Fund	Rehabilitation Loan Fund	Narcotics Forfeiture	Building Inspection Program	Industrial Park Fund	Total Nonmajor Special Revenue Funds
<b>Assets</b>									
Cash and cash equivalents	\$ 150,901	\$ 94,408	\$ 24,925	\$ -	\$ 446,789	\$ 186,154	\$ 27,901	\$ 348,168	\$ 1,279,246
Accounts receivable	-	-	461	-	-	-	-	-	461
Notes receivable	-	-	-	-	18,744	-	-	-	18,744
Other current assets	-	-	-	-	-	3,289	-	-	3,289
<b>Total assets</b>	<b>\$ 150,901</b>	<b>\$ 94,408</b>	<b>\$ 25,386</b>	<b>\$ -</b>	<b>\$ 465,533</b>	<b>\$ 189,443</b>	<b>\$ 27,901</b>	<b>\$ 348,168</b>	<b>\$ 1,301,740</b>
<b>Liabilities</b>									
Accounts payable and other current liabilities	\$ -	\$ 46,522	\$ 109	\$ -	\$ -	\$ 1,132	\$ 27,327	\$ 352	\$ 75,442
Due to other funds	-	-	154,400	-	-	-	-	-	154,400
Deferred revenue	-	-	-	-	18,744	-	-	-	18,744
<b>Total liabilities</b>	<b>-</b>	<b>\$ 46,522</b>	<b>\$ 154,509</b>	<b>-</b>	<b>\$ 18,744</b>	<b>\$ 1,132</b>	<b>\$ 27,327</b>	<b>\$ 352</b>	<b>\$ 248,586</b>
<b>Fund Balance</b>									
Nonspendable	-	-	-	-	-	3,289	-	-	3,289
Restricted	-	47,886	-	-	-	185,022	574	347,816	581,298
Committed	150,901	-	-	-	446,789	-	-	-	597,690
Unassigned	-	-	(129,123)	-	-	-	-	-	(129,123)
<b>Total Fund Balances</b>	<b>\$ 150,901</b>	<b>\$ 47,886</b>	<b>\$ (129,123)</b>	<b>\$ -</b>	<b>\$ 446,789</b>	<b>\$ 188,311</b>	<b>\$ 574</b>	<b>\$ 347,816</b>	<b>\$ 1,053,154</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 150,901</b>	<b>\$ 94,408</b>	<b>\$ 25,386</b>	<b>\$ -</b>	<b>\$ 465,533</b>	<b>\$ 189,443</b>	<b>\$ 27,901</b>	<b>\$ 348,168</b>	<b>\$ 1,301,740</b>

**CITY OF COTTAGE GROVE, OREGON**

Nonmajor Special Revenue Funds

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

Year ended June 30, 2012

	Assessment Fund	Police Communication Fund	Bicycle and Footpath Fund	Small Business Loan Fund	Rehabilitation Loan Fund	Narcotics Forfeiture	Building Inspection Program	Industrial Park Fund	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>									
Intergovernmental revenues	\$ -	\$ 136,092	\$ 5,297	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,389
Charges for services	-	-	-	-	-	-	264,197	-	264,197
Interest	763	25	88	16	2,258	911	174	2,066	6,301
Miscellaneous	-	770	-	-	-	27,287	-	4,125	32,182
<b>Total Revenues</b>	<b>763</b>	<b>136,887</b>	<b>5,385</b>	<b>16</b>	<b>2,258</b>	<b>28,198</b>	<b>264,371</b>	<b>6,191</b>	<b>444,069</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Public safety	-	585,605	-	-	-	9,258	-	-	594,863
Highways and streets	-	-	16,455	-	-	-	-	-	16,455
Community development	-	-	-	9,585	-	-	267,037	18,353	294,975
Debt Service	-	-	-	-	-	-	-	-	-
Principal payments	-	-	-	-	-	-	-	46,770	46,770
Interest	-	-	-	-	-	-	-	52,716	52,716
Capital outlay	-	-	7,504	-	-	24,466	-	-	31,970
<b>Total Expenditures</b>	<b>-</b>	<b>585,605</b>	<b>23,959</b>	<b>9,585</b>	<b>-</b>	<b>33,724</b>	<b>267,037</b>	<b>117,839</b>	<b>1,037,749</b>
Revenues over (under) expenditures	763	(448,718)	(18,574)	(9,569)	2,258	(5,526)	(2,666)	(111,648)	(593,680)
<b>Transfers:</b>									
Transfers in	-	493,998	39,300	-	-	-	-	-	533,298
Transfers out	-	(9,579)	-	-	-	(1,262)	(1,186)	-	(12,027)
<b>Net Transfers</b>	<b>-</b>	<b>484,419</b>	<b>39,300</b>	<b>-</b>	<b>-</b>	<b>(1,262)</b>	<b>(1,186)</b>	<b>-</b>	<b>521,271</b>
Net change in fund balance	763	35,701	20,726	(9,569)	2,258	(6,788)	(3,852)	(111,648)	(72,409)
Beginning fund balance	150,138	12,185	(149,849)	9,569	444,531	195,099	4,426	459,464	1,125,563
<b>Ending fund balance</b>	<b>\$ 150,901</b>	<b>\$ 47,886</b>	<b>\$ (129,123)</b>	<b>\$ -</b>	<b>\$ 446,789</b>	<b>\$ 188,311</b>	<b>\$ 574</b>	<b>\$ 347,816</b>	<b>\$ 1,053,154</b>

**CITY OF COTTAGE GROVE, OREGON**

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2012

	<u>Street Systems Development Fund</u>	<u>Parks Systems Development Fund</u>	<u>Urban Renewal Agency Capital Projects Fund</u>	<u>General Reserve Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 579,606	\$ 55,789	\$ 636,267	\$ 128,911	\$ 1,400,573
Total assets	<u>\$ 579,606</u>	<u>\$ 55,789</u>	<u>\$ 636,267</u>	<u>\$ 128,911</u>	<u>\$ 1,400,573</u>
<b>Liabilities</b>					
Accounts payable and other current liabilities	\$ 1	\$ 171	\$ 3,551	\$ -	\$ 3,723
Total liabilities	<u>1</u>	<u>171</u>	<u>3,551</u>	<u>-</u>	<u>3,723</u>
<b>Fund Balance</b>					
Committed	<u>579,605</u>	<u>55,618</u>	<u>632,716</u>	<u>128,911</u>	<u>1,396,850</u>
Total Fund Balance	<u>579,605</u>	<u>55,618</u>	<u>632,716</u>	<u>128,911</u>	<u>1,396,850</u>
Total Liabilities and Fund Balances	<u>\$ 579,606</u>	<u>\$ 55,789</u>	<u>\$ 636,267</u>	<u>\$ 128,911</u>	<u>\$ 1,400,573</u>

**CITY OF COTTAGE GROVE, OREGON**

Nonmajor Capital Project Funds

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

Year ended June 30, 2012

	<u>Street Systems Development Fund</u>	<u>Parks Systems Development Fund</u>	<u>Urban Renewal Agency Capital Projects Fund</u>	<u>General Reserve Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues:</b>					
Special assessments	\$ 53,407	\$ 6,337	\$ -	\$ -	\$ 59,744
Investment earnings	2,771	317	3,404	326	6,818
Total Revenues	<u>56,178</u>	<u>6,654</u>	<u>3,404</u>	<u>326</u>	<u>66,562</u>
<b>Expenditures:</b>					
General government	-	-	-	4,340	4,340
Public safety	-	-	62,277	-	62,277
Highways and streets	688	-	-	-	688
Culture and recreation	-	12,520	-	-	12,520
Capital outlay	-	-	-	148,444	148,444
Total Expenditures	<u>688</u>	<u>12,520</u>	<u>62,277</u>	<u>152,784</u>	<u>228,269</u>
Revenues over (under) expenditures	55,490	(5,866)	(58,873)	(152,458)	(161,707)
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	250,000	250,000
Transfers out	-	-	-	(26,916)	(26,916)
Net change in fund balance	55,490	(5,866)	(58,873)	70,626	61,377
Beginning fund balance	<u>524,115</u>	<u>61,484</u>	<u>691,589</u>	<u>58,285</u>	<u>1,335,473</u>
Ending fund balance	<u>\$ 579,605</u>	<u>\$ 55,618</u>	<u>\$ 632,716</u>	<u>\$ 128,911</u>	<u>\$ 1,396,850</u>

**CITY OF COTTAGE GROVE, OREGON**

General Fund

Schedule of Expenditures

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
City Manager:				
Personal services	\$ 234,060	\$ 234,060	\$ 231,260	\$ 2,800
Materials and services	<u>25,625</u>	<u>44,525</u>	<u>31,129</u>	<u>13,396</u>
Subtotal***	<u>259,685</u>	<u>278,585</u>	<u>262,389</u>	<u>16,196</u>
City Attorney:				
Materials and services	<u>60,000</u>	<u>60,000</u>	<u>53,517</u>	<u>6,483</u>
Subtotal***	<u>60,000</u>	<u>60,000</u>	<u>53,517</u>	<u>6,483</u>
Community development:				
Personal services	283,590	283,590	286,794	(3,204)
Materials and services	250,412	250,412	239,844	10,568
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>3,000</u>	<u>7,000</u>
Subtotal***	<u>544,002</u>	<u>544,002</u>	<u>529,638</u>	<u>14,364</u>
City Council:				
Materials and services	<u>29,600</u>	<u>29,600</u>	<u>28,393</u>	<u>1,207</u>
Subtotal***	<u>29,600</u>	<u>29,600</u>	<u>28,393</u>	<u>1,207</u>
Community center:				
Personal services	119,410	119,410	116,897	2,513
Materials and services	<u>24,225</u>	<u>24,225</u>	<u>24,245</u>	<u>(20)</u>
Subtotal***	<u>143,635</u>	<u>143,635</u>	<u>141,142</u>	<u>2,493</u>
Municipal court:				
Personal services	76,670	76,670	74,135	2,535
Materials and services	<u>18,830</u>	<u>18,830</u>	<u>12,436</u>	<u>6,394</u>
Subtotal***	<u>95,500</u>	<u>95,500</u>	<u>86,571</u>	<u>8,929</u>
Police operations:				
Personal services	1,902,460	1,902,460	1,814,156	88,304
Materials and services	322,975	325,950	289,342	36,608
Capital outlay	42,750	42,750	26,932	15,818
Principal payments	7,865	7,865	7,862	3
Interest	<u>990</u>	<u>990</u>	<u>989</u>	<u>1</u>
Subtotal***	<u>2,277,040</u>	<u>2,280,015</u>	<u>2,139,281</u>	<u>140,734</u>
Municipal court support services:				
Material and services	<u>53,965</u>	<u>53,965</u>	<u>52,483</u>	<u>1,482</u>
Subtotal***	<u>53,965</u>	<u>53,965</u>	<u>52,483</u>	<u>1,482</u>
Youth peer court:				
Personal services	22,065	22,065	19,397	2,668
Materials and services	<u>2,700</u>	<u>2,700</u>	<u>2,730</u>	<u>(30)</u>
Subtotal***	<u>24,765</u>	<u>24,765</u>	<u>22,127</u>	<u>2,638</u>

\*\*\* Legal budget authority level

Continued on next page.

**CITY OF COTTAGE GROVE, OREGON**  
 General Fund  
 Schedule of Expenditures  
 Budget and Actual (Budgetary Basis) - continued  
 For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Parks:				
Personal services	69,790	69,790	75,287	(5,497)
Materials and services	26,125	26,125	26,165	(40)
Capital outlay	<u>750,000</u>	<u>750,000</u>	<u>167,971</u>	<u>582,029</u>
Subtotal***	<u>845,915</u>	<u>845,915</u>	<u>269,423</u>	<u>576,492</u>
Building maintenance:				
Personal services	89,775	89,775	91,368	(1,593)
Materials and services	<u>63,100</u>	<u>63,100</u>	<u>56,149</u>	<u>6,951</u>
Subtotal***	<u>152,875</u>	<u>152,875</u>	<u>147,517</u>	<u>5,358</u>
Community promotions:				
Materials and services	<u>101,636</u>	<u>111,636</u>	<u>109,378</u>	<u>2,258</u>
Subtotal***	<u>101,636</u>	<u>111,636</u>	<u>109,378</u>	<u>2,258</u>
Engineering department:				
Personal services	225,530	225,530	227,450	(1,920)
Materials and services	<u>28,450</u>	<u>28,450</u>	<u>20,988</u>	<u>7,462</u>
Subtotal***	<u>253,980</u>	<u>253,980</u>	<u>248,438</u>	<u>5,542</u>
Finance:				
Personal services	250,600	250,600	241,853	8,747
Materials and services	<u>50,540</u>	<u>50,540</u>	<u>42,568</u>	<u>7,972</u>
Subtotal***	<u>301,140</u>	<u>301,140</u>	<u>284,421</u>	<u>16,719</u>
Library:				
Personal services	276,715	288,615	278,816	9,799
Materials and services	<u>59,750</u>	<u>59,750</u>	<u>52,847</u>	<u>6,903</u>
Subtotal***	<u>336,465</u>	<u>348,365</u>	<u>331,663</u>	<u>16,702</u>
Broadband services:				
Personal services	6,365	6,365	4,189	2,176
Material and services	165,500	261,100	252,053	9,047
Capital outlay	3,500	3,500	6	3,494
Principal payments	123,440	123,440	123,372	68
Interest	<u>46,925</u>	<u>46,925</u>	<u>46,989</u>	<u>(64)</u>
Subtotal***	<u>345,730</u>	<u>441,330</u>	<u>426,609</u>	<u>14,721</u>
Non-departmental:				
Materials and services	93,600	93,600	71,554	22,046
Debt service				
Principal payments	57,620	57,620	57,643	(23)
Interest	950	950	924	26
Contingency	<u>328,629</u>	<u>172,214</u>	<u>-</u>	<u>172,214</u>
Subtotal***	<u>480,799</u>	<u>324,384</u>	<u>130,121</u>	<u>194,263</u>
Total expenditures	<u>6,306,732</u>	<u>6,289,692</u>	<u>5,263,111</u>	<u>(1,026,581)</u>

**CITY OF COTTAGE GROVE, OREGON**

City Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Interest	\$ 15	\$ 15	\$ 3	\$ (12)
Expenditures:				
Debt service				
Principal payments	1,059,915	1,059,915	1,057,207	2,708
Interest	901,850	901,850	896,329	5,521
Contingency	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total expenditures	<u>1,964,265</u>	<u>1,964,265</u>	<u>1,953,536</u>	<u>10,729</u>
Excess revenues under expenditures	(1,964,250)	(1,964,250)	(1,953,533)	10,717
Other financing sources (uses):				
Transfers	<u>1,961,765</u>	<u>1,961,765</u>	<u>1,953,548</u>	<u>(8,217)</u>
Net change in fund balances	(2,485)	(2,485)	15	2,500
Fund Balance:				
Beginning of year	<u>2,485</u>	<u>2,485</u>	<u>3,337</u>	<u>852</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,352</u>	<u>\$ 3,352</u>

**CITY OF COTTAGE GROVE, OREGON**

Assessment Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Interest	\$ 750	\$ 750	\$ 763	\$ 13
Expenditures:				
Materials and services	153,600	153,600	-	153,600
Capital outlay	<u>960,825</u>	<u>960,825</u>	<u>-</u>	<u>960,825</u>
Total expenditures	<u>1,114,425</u>	<u>1,114,425</u>	<u>-</u>	<u>1,114,425</u>
Excess revenues over (under) expenditures	<u>(1,113,675)</u>	<u>(1,113,675)</u>	<u>763</u>	<u>1,114,438</u>
Other financing sources (uses):				
Loan proceeds	<u>963,600</u>	<u>963,600</u>	<u>-</u>	<u>(963,600)</u>
Net change in fund balances	(150,075)	(150,075)	763	(150,838)
Fund Balance:				
Beginning of year	<u>150,075</u>	<u>150,075</u>	<u>150,138</u>	<u>63</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,901</u>	<u>\$ 150,901</u>

**CITY OF COTTAGE GROVE, OREGON**

Police Communication Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental:				
State of Oregon - 911 telephone tax	\$ 89,855	\$ 89,855	\$ 87,908	\$ (1,947)
911 service contract	48,184	48,184	48,184	-
Interest	50	50	25	(25)
Miscellaneous	-	-	770	770
Total revenues	<u>138,089</u>	<u>138,089</u>	<u>136,887</u>	<u>(1,202)</u>
Expenditures:				
Police support services	389,818	389,818	360,986	28,832
911 services	242,874	242,874	224,619	18,255
Contingency	2,000	2,000	-	2,000
Total expenditures	<u>634,692</u>	<u>634,692</u>	<u>585,605</u>	<u>49,087</u>
Excess revenues under expenditures	<u>(496,603)</u>	<u>(496,603)</u>	<u>(448,718)</u>	<u>47,885</u>
Other financing sources (uses):				
Transfers in	429,583	429,583	493,998	64,415
Transfers out	<u>(9,580)</u>	<u>(9,580)</u>	<u>(9,579)</u>	<u>1</u>
Total other financing sources (uses)	<u>420,003</u>	<u>420,003</u>	<u>484,419</u>	<u>64,416</u>
Net change in fund balances	(76,600)	(76,600)	35,701	112,301
Fund Balance:				
Beginning of year	<u>76,600</u>	<u>76,600</u>	<u>12,185</u>	<u>(64,415)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,886</u>	<u>\$ 47,886</u>

**CITY OF COTTAGE GROVE, OREGON**

Bicycle and Footpath Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Intergovernmental:				
State highway apportionment	\$ 4,680	\$ 4,680	\$ 5,297	\$ 617
Interest	<u>75</u>	<u>75</u>	<u>88</u>	<u>13</u>
Total revenues	<u>4,755</u>	<u>4,755</u>	<u>5,385</u>	<u>630</u>
Expenditures:				
Materials and services	19,655	19,655	16,455	3,200
Capital outlay	8,000	8,000	7,504	496
Contingency	<u>6,120</u>	<u>6,120</u>	<u>-</u>	<u>6,120</u>
Total expenditures	<u>33,775</u>	<u>33,775</u>	<u>23,959</u>	<u>9,816</u>
Excess revenues under expenditures	<u>(29,020)</u>	<u>(29,020)</u>	<u>(18,574)</u>	<u>10,446</u>
Other financing sources (uses):				
Transfers in	39,300	39,300	39,300	-
Interfund loan payment	<u>(19,300)</u>	<u>(19,300)</u>	<u>(19,300)</u>	<u>-</u>
Net change in fund balances	(9,020)	(9,020)	1,426	10,446
Fund Balance:				
Beginning of year	<u>9,020</u>	<u>9,020</u>	<u>23,851</u>	<u>14,831</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	25,277	<u>\$ 25,277</u>
Reconciliation to GAAP Basis:				
Interfund loan			<u>(154,400)</u>	
GAAP Fund Balance - end of year			<u>\$ (129,123)</u>	

**CITY OF COTTAGE GROVE, OREGON**

Small Business Loan Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Interest	<u>\$          55</u>	<u>\$          55</u>	<u>\$          16</u>	<u>\$          (39)</u>
Total revenues	<u>          55</u>	<u>          55</u>	<u>          16</u>	<u>          (39)</u>
Expenditures:				
Materials and services	<u>          9,620</u>	<u>          9,620</u>	<u>          9,585</u>	<u>              35</u>
Net change in fund balances	<u>         (9,565)</u>	<u>         (9,565)</u>	<u>         (9,569)</u>	<u>              (4)</u>
Fund Balance:				
Beginning of year	<u>          9,565</u>	<u>          9,565</u>	<u>          9,569</u>	<u>              4</u>
End of year	<u>\$          -</u>	<u>\$          -</u>	<u>\$          -</u>	<u>\$          -</u>

**CITY OF COTTAGE GROVE, OREGON**

Rehabilitation Loan Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Interest	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 2,258</u>	<u>\$ (742)</u>
Expenditures:				
Materials and services	<u>446,835</u>	<u>446,835</u>	<u>-</u>	<u>446,835</u>
Total expenditures	<u>446,835</u>	<u>446,835</u>	<u>-</u>	<u>446,835</u>
Net change in fund balances	<u>(443,835)</u>	<u>(443,835)</u>	<u>2,258</u>	<u>446,093</u>
Fund Balance:				
Beginning of year	<u>443,835</u>	<u>443,835</u>	<u>444,531</u>	<u>696</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,789</u>	<u>\$ 446,789</u>

**CITY OF COTTAGE GROVE, OREGON**

Narcotics Forfeiture Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Interest	\$ 920	\$ 920	\$ 911	\$ (9)
Miscellaneous	-	30,135	27,287	(2,848)
Total revenues	<u>920</u>	<u>31,055</u>	<u>28,198</u>	<u>(2,857)</u>
Expenditures:				
Personal services	16,065	16,065	-	16,065
Materials and services	42,935	42,935	9,258	33,677
Capital outlay	37,500	67,635	24,466	43,169
Contingency	<u>87,155</u>	<u>87,155</u>	<u>-</u>	<u>87,155</u>
Total expenditures	<u>183,655</u>	<u>213,790</u>	<u>33,724</u>	<u>180,066</u>
Excess revenues under expenditures	<u>(182,735)</u>	<u>(182,735)</u>	<u>(5,526)</u>	<u>177,209</u>
Other financing sources (uses):				
Transfers out	<u>(1,265)</u>	<u>(1,265)</u>	<u>(1,262)</u>	<u>3</u>
Net change in fund balances	(184,000)	(184,000)	(6,788)	177,212
Fund Balance:				
Beginning of year	<u>184,000</u>	<u>184,000</u>	<u>195,099</u>	<u>11,099</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,311</u>	<u>\$ 188,311</u>

**CITY OF COTTAGE GROVE, OREGON**

Building Inspection Program Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services	\$ 296,200	\$ 296,200	\$ 264,197	\$ (32,003)
Interest	400	400	174	(226)
Total revenues	<u>296,600</u>	<u>296,600</u>	<u>264,371</u>	<u>(32,229)</u>
Expenditures:				
Personal services	52,950	52,950	52,021	929
Materials and services	<u>271,629</u>	<u>271,629</u>	<u>215,017</u>	<u>56,612</u>
Total expenditures	<u>324,579</u>	<u>324,579</u>	<u>267,038</u>	<u>57,541</u>
Excess revenues under expenditures	<u>(27,979)</u>	<u>(27,979)</u>	<u>(2,667)</u>	<u>25,312</u>
Other financing sources (uses):				
Transfers out	<u>(1,186)</u>	<u>(1,186)</u>	<u>(1,186)</u>	<u>-</u>
Net change in fund balances	(29,165)	(29,165)	(3,853)	25,312
Fund Balance:				
Beginning of year	<u>29,165</u>	<u>29,165</u>	<u>4,426</u>	<u>(24,739)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 573</u>	<u>\$ 573</u>

**CITY OF COTTAGE GROVE, OREGON**

Industrial Park Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Investment earnings	\$ 4,000	\$ 4,000	\$ 2,066	\$ (1,934)
Taxes and land sales	-	-	4,125	4,125
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>6,191</u>	<u>2,191</u>
Expenditures:				
Materials and services	102,170	102,170	18,353	83,817
Debt service:				
Principal payments	52,050	52,050	46,770	5,280
Interest	51,370	51,370	52,716	(1,346)
Contingency	<u>259,410</u>	<u>259,410</u>	-	<u>259,410</u>
Total expenditures	<u>465,000</u>	<u>465,000</u>	<u>117,839</u>	<u>347,161</u>
Net change in fund balances	(461,000)	(461,000)	(111,648)	349,352
Fund Balance:				
Beginning of year	<u>461,000</u>	<u>461,000</u>	<u>459,464</u>	<u>(1,536)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,816</u>	<u>\$ 347,816</u>

**CITY OF COTTAGE GROVE, OREGON**  
Urban Renewal Agency Debt Service Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Interest	\$ 200	\$ 200	\$ 445	\$ 245
Expenditures:				
Debt service				
Principal payments	86,470	86,470	-	86,470
Interest	<u>80</u>	<u>80</u>	<u>-</u>	<u>80</u>
Total expenditures	<u>86,550</u>	<u>86,550</u>	<u>-</u>	<u>86,550</u>
Excess revenues over (under) expenditures	(86,350)	(86,350)	445	86,795
Other financing sources (uses):				
Bond issuance costs	<u>(1,250)</u>	<u>(1,250)</u>	<u>-</u>	<u>1,250</u>
Net change in fund balances	(87,600)	(87,600)	445	(88,045)
Fund Balance:				
Beginning of year	<u>87,600</u>	<u>87,600</u>	<u>87,665</u>	<u>65</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,110</u>	<u>\$ 88,110</u>

**CITY OF COTTAGE GROVE, OREGON**

Street Systems Development Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Special assessments	\$ 12,500	\$ 12,500	\$ 53,407	\$ 40,907
Interest	2,000	2,000	2,771	771
Total revenues	<u>14,500</u>	<u>14,500</u>	<u>56,178</u>	<u>41,678</u>
Expenditures:				
Materials and services	171,210	171,210	688	170,522
Capital outlay	<u>305,585</u>	<u>305,585</u>	-	<u>305,585</u>
Total expenditures	<u>476,795</u>	<u>476,795</u>	<u>688</u>	<u>476,107</u>
Net change in fund balances	(462,295)	(462,295)	55,490	517,785
Fund Balance:				
Beginning of year	<u>462,295</u>	<u>462,295</u>	<u>524,115</u>	<u>61,820</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 579,605</u>	<u>\$ 579,605</u>

**CITY OF COTTAGE GROVE, OREGON**

Parks Systems Development Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Special assessments	\$ 4,500	\$ 4,500	\$ 6,337	\$ 1,837
Interest	325	325	317	(8)
Total revenues	<u>4,825</u>	<u>4,825</u>	<u>6,654</u>	<u>1,829</u>
Expenditures:				
Materials and services	2,375	2,375	2,374	1
Capital outlay	<u>56,765</u>	<u>56,765</u>	<u>10,146</u>	<u>46,619</u>
Total expenditures	<u>59,140</u>	<u>59,140</u>	<u>12,520</u>	<u>46,620</u>
Net change in fund balances	(54,315)	(54,315)	(5,866)	48,449
Fund Balance:				
Beginning of year	<u>54,315</u>	<u>54,315</u>	<u>61,484</u>	<u>7,169</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,618</u>	<u>\$ 55,618</u>

**CITY OF COTTAGE GROVE, OREGON**

Urban Renewal Agency Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Interest	\$ 900	\$ 900	\$ 3,404	\$ 2,504
Expenditures:				
Materials and services	112,980	112,980	12,716	100,264
Capital outlay	<u>665,490</u>	<u>665,490</u>	<u>49,561</u>	<u>615,929</u>
Total expenditures	<u>778,470</u>	<u>778,470</u>	<u>62,277</u>	<u>716,193</u>
Excess revenues under expenditures	(777,570)	(777,570)	(58,873)	718,697
Other financing sources (uses):				
Issuance of debt	<u>86,470</u>	<u>86,470</u>	<u>-</u>	<u>(86,470)</u>
Net change in fund balances	(691,100)	(691,100)	(58,873)	632,227
Fund Balance:				
Beginning of year	<u>691,100</u>	<u>691,100</u>	<u>691,589</u>	<u>489</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632,716</u>	<u>\$ 632,716</u>

**CITY OF COTTAGE GROVE, OREGON**

General Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Interest	\$ 500	\$ 500	\$ 326	\$ (174)
Expenditures:				
Materials and services	104,500	104,500	4,340	100,160
Capital outlay	<u>194,080</u>	<u>219,080</u>	<u>148,444</u>	<u>70,636</u>
Total expenditures	<u>298,580</u>	<u>323,580</u>	<u>152,784</u>	<u>170,796</u>
Excess revenues under expenditures	<u>(298,080)</u>	<u>(323,080)</u>	<u>(152,458)</u>	<u>170,622</u>
Other financing sources (uses):				
Transfers in	225,000	250,000	250,000	-
Transfers out	<u>(26,920)</u>	<u>(26,920)</u>	<u>(26,916)</u>	<u>4</u>
Total other financing sources (uses)	<u>198,080</u>	<u>223,080</u>	<u>223,084</u>	<u>4</u>
Net change in fund balances	(100,000)	(100,000)	70,626	170,626
Fund Balance:				
Beginning of year	<u>100,000</u>	<u>100,000</u>	<u>58,285</u>	<u>(41,715)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,911</u>	<u>\$ 128,911</u>

**CITY OF COTTAGE GROVE, OREGON**

Ed Jenks and Memorial Tree Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Interest	\$ 15	\$ 15	\$ 33	\$ 18
Expenditures:				
Materials and services	6,046	9,046	1,851	7,195
Capital outlay	<u>8,415</u>	<u>8,415</u>	<u>3,803</u>	<u>4,612</u>
Total expenditures	<u>14,461</u>	<u>17,461</u>	<u>5,654</u>	<u>11,807</u>
Excess revenues under expenditures	<u>(14,446)</u>	<u>(17,446)</u>	<u>(5,621)</u>	<u>11,825</u>
Other financing sources (uses):				
Donations	<u>10,500</u>	<u>13,500</u>	<u>3,371</u>	<u>(10,129)</u>
Net change in fund balances	(3,946)	(3,946)	(2,250)	1,696
Fund Balance:				
Beginning of year	<u>3,946</u>	<u>3,946</u>	<u>7,199</u>	<u>3,253</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,949</u>	<u>\$ 4,949</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 be 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, 2012

	<u>Water Fund</u>	<u>Water Systems Development Fund</u>	<u>Water Reserve Fund</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 428,979	\$ 56,816	\$ 673,590	\$ 1,159,385
Receivables - net	149,121	-	74,599	223,720
Inventories	<u>145,238</u>	<u>-</u>	<u>-</u>	<u>145,238</u>
 Total current assets	 <u>723,338</u>	 <u>56,816</u>	 <u>748,189</u>	 <u>1,528,343</u>
Noncurrent assets:				
Capital assets not being depreciated	157,984	-	-	157,984
Capital assets net of accumulated depreciation	<u>13,995,150</u>	<u>-</u>	<u>-</u>	<u>13,995,150</u>
 Total noncurrent assets	 <u>14,153,134</u>	 <u>-</u>	 <u>-</u>	 <u>14,153,134</u>
 Total assets	 <u>\$ 14,876,472</u>	 <u>\$ 56,816</u>	 <u>\$ 748,189</u>	 <u>\$ 15,681,477</u>
 <b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and other current liabilities	\$ 106,139	\$ -	\$ 1,191	\$ 107,330
Deposits	41,828	-	-	41,828
Accrued interest payable	217,711	-	-	217,711
Compensated absences	47,084	-	-	47,084
Current portion of long-term debt	<u>344,498</u>	<u>-</u>	<u>6,058</u>	<u>350,556</u>
 Total current liabilities	 757,260	 -	 7,249	 764,509
Noncurrent liabilities				
Noncurrent portion of long-term debt	<u>9,069,757</u>	<u>-</u>	<u>-</u>	<u>9,069,757</u>
 Total Liabilities	 <u>9,827,017</u>	 <u>-</u>	 <u>7,249</u>	 <u>9,834,266</u>
 <b>Net Assets</b>				
Invested in capital assets, net of related debt	4,738,879	-	-	4,738,879
Restricted for:				
System development	-	56,816	-	56,816
Unrestricted	<u>310,576</u>	<u>-</u>	<u>740,940</u>	<u>1,051,516</u>
 Total Net Assets	 <u>5,049,455</u>	 <u>56,816</u>	 <u>740,940</u>	 <u>5,847,211</u>
 Total Liabilities and Net Assets	 <u>\$ 14,876,472</u>	 <u>\$ 56,816</u>	 <u>\$ 748,189</u>	 <u>\$ 15,681,477</u>

**CITY OF COTTAGE GROVE, OREGON**

Water Operations Combined

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

For the Year Ended June 30, 2012

	<u>Water Fund</u>	<u>Water Systems Development Fund</u>	<u>Water Reserve Fund</u>	<u>Total</u>
<b>Operating Revenues</b>				
Charges for Services	\$ 1,401,933	\$ -	\$ 1,137,654	\$ 2,539,587
Miscellaneous	<u>21,178</u>	<u>-</u>	<u>3,249</u>	<u>24,427</u>
Total Operating Revenues	<u>1,423,111</u>	<u>-</u>	<u>1,140,903</u>	<u>2,564,014</u>
<b>Operating Expenses</b>				
Cost of sales and services	471,900	5,638	83,967	561,505
Administration	869,585	-	-	869,585
Depreciation	<u>430,892</u>	<u>-</u>	<u>-</u>	<u>430,892</u>
Total Operating Expenses	<u>1,772,377</u>	<u>5,638</u>	<u>83,967</u>	<u>1,861,982</u>
Operating Income (Loss)	<u>(349,266)</u>	<u>(5,638)</u>	<u>1,056,936</u>	<u>702,032</u>
<b>Non-operating revenues (expenses)</b>				
Loss on disposal of capital assets	(287,480)	-	-	(287,480)
Investment earnings	2,369	285	2,731	5,385
Interest expense	<u>(450,194)</u>	<u>-</u>	<u>-</u>	<u>(450,194)</u>
Total non-operating revenues (expenses)	<u>(735,305)</u>	<u>285</u>	<u>2,731</u>	<u>(732,289)</u>
Income (loss) before capital contributions and transfers	(1,084,571)	(5,353)	1,059,667	(30,257)
<b>Capital contributions</b>				
Developer donations (capitalized)	101,888	-	-	101,888
System development charges	-	62,950	-	62,950
Transfers in (out)	<u>1,057,384</u>	<u>(36,520)</u>	<u>(1,020,864)</u>	<u>-</u>
Change in Net Assets	74,701	21,077	38,803	134,581
Beginning Net Assets	<u>4,974,754</u>	<u>35,739</u>	<u>702,137</u>	<u>5,712,630</u>
Ending Net Assets	<u>\$ 5,049,455</u>	<u>\$ 56,816</u>	<u>\$ 740,940</u>	<u>\$ 5,847,211</u>

**CITY OF COTTAGE GROVE, OREGON**

Water Operations Combined

Combining Statement of Cash Flows

For the Year Ended June 30, 2012

	<u>Water Fund</u>	<u>Water Systems Development Fund</u>	<u>Water Reserve Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,413,417	\$ -	\$ 1,141,327	\$ 2,554,744
Cash payments to employees	(851,482)	-	-	(851,482)
Cash payments to suppliers for good and services	<u>(458,264)</u>	<u>(5,638)</u>	<u>(88,908)</u>	<u>(552,810)</u>
Net cash provided (used) by operating activities	<u>103,671</u>	<u>(5,638)</u>	<u>1,052,419</u>	<u>1,150,452</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	1,057,383	-	-	1,057,383
Transfers out	<u>-</u>	<u>(36,520)</u>	<u>(1,020,863)</u>	<u>(1,057,383)</u>
Net cash provided (used) by noncapital financing activities	<u>1,057,383</u>	<u>(36,520)</u>	<u>(1,020,863)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(380,158)	-	-	(380,158)
Principal paid on capital debt	(332,877)	-	(7,332)	(340,209)
Interest paid on capital debt	(457,597)	-	-	(457,597)
Capital contributions	<u>-</u>	<u>62,950</u>	<u>-</u>	<u>62,950</u>
Net cash provided (used) by capital and related financing activities	<u>(1,170,632)</u>	<u>62,950</u>	<u>(7,332)</u>	<u>(1,115,014)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	<u>2,369</u>	<u>285</u>	<u>2,731</u>	<u>5,385</u>
Net change in cash and investments	(7,209)	21,077	26,955	40,823
Cash and investments:				
Cash at beginning of year	<u>436,188</u>	<u>35,739</u>	<u>646,635</u>	<u>1,118,562</u>
Cash at end of year	<u>\$ 428,979</u>	<u>\$ 56,816</u>	<u>\$ 673,590</u>	<u>\$ 1,159,385</u>

**CITY OF COTTAGE GROVE, OREGON**

Water Operations Combined

Combining Statement of Cash Flows, continued

For the Year Ended June 30, 2012

	<u>Water Fund</u>	<u>Water Systems Development Fund</u>	<u>Water Reserve Fund</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (349,266)	\$ (5,638)	\$ 1,056,936	\$ 702,032
Adjustments:				
Depreciation	430,892	-	-	430,892
(Increase) decrease in assets:				
Receivables - net	(9,694)	-	425	(9,269)
Inventories	17,707	-	-	17,707
Increase (decrease) in liabilities:				
Deposits	(150)	-	-	(150)
Accounts payable and other current liabilities	14,182	-	(4,942)	9,240
	<u>14,182</u>	<u>-</u>	<u>(4,942)</u>	<u>9,240</u>
Net cash provided (used) by operating activities	<u>\$ 103,671</u>	<u>\$ (5,638)</u>	<u>\$ 1,052,419</u>	<u>\$ 1,150,452</u>

**CITY OF COTTAGE GROVE, OREGON**

Wastewater Operations Combined

Combining Balance Sheet

June 30, 2012

	<u>Wastewater Fund</u>	<u>Wastewater Systems Development Charge Fund</u>	<u>Wastewater Reserve Fund</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 46,389	\$ 164,861	\$ 142,802	\$ 354,052
Receivables - net	111,552	-	75,212	186,764
Inventories	<u>40,137</u>	<u>-</u>	<u>-</u>	<u>40,137</u>
 Total current assets	 <u>198,078</u>	 <u>164,861</u>	 <u>218,014</u>	 <u>580,953</u>
Noncurrent assets:				
Loan fees, net of amortization	1,560	-	-	1,560
Capital assets not being depreciated	1,945,481	-	-	1,945,481
Capital assets net of accumulated depreciation	<u>14,612,311</u>	<u>-</u>	<u>-</u>	<u>14,612,311</u>
 Total noncurrent assets	 <u>16,559,352</u>	 <u>-</u>	 <u>-</u>	 <u>16,559,352</u>
 Total assets	 <u>\$ 16,757,430</u>	 <u>\$ 164,861</u>	 <u>\$ 218,014</u>	 <u>\$ 17,140,305</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and other current liabilities	\$ 113,895	\$ -	\$ -	\$ 113,895
Deposits	1,500	-	-	1,500
Deferred revenue	7,396	-	-	7,396
Accrued interest payable	94,917	-	-	94,917
Compensated absences	38,138	-	-	38,138
Current portion of long-term debt	<u>470,801</u>	<u>-</u>	<u>27,394</u>	<u>498,195</u>
 Total current liabilities	 726,647	 -	 27,394	 754,041
Noncurrent liabilities				
Noncurrent portion of long-term debt	<u>7,973,903</u>	<u>-</u>	<u>35,713</u>	<u>8,009,616</u>
 Total Liabilities	 <u>8,700,550</u>	 <u>-</u>	 <u>63,107</u>	 <u>8,763,657</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	8,113,088	-	-	8,113,088
Restricted for:				
System development	-	164,861	-	164,861
Unrestricted	<u>(56,208)</u>	<u>-</u>	<u>154,907</u>	<u>98,699</u>
 Total Net Assets	 <u>8,056,880</u>	 <u>164,861</u>	 <u>154,907</u>	 <u>8,376,648</u>
 Total Liabilities and Net Assets	 <u>\$ 16,757,430</u>	 <u>\$ 164,861</u>	 <u>\$ 218,014</u>	 <u>\$ 17,140,305</u>

**CITY OF COTTAGE GROVE, OREGON**

Wastewater Operations Combined

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

For the Year Ended June 30, 2012

	<u>Wastewater Fund</u>	<u>Wastewater Systems Development Charge Fund</u>	<u>Wastewater Reserve Fund</u>	<u>Total</u>
<b>Operating Revenues</b>				
Charges for Services	\$ 1,504,402	\$ -	\$ 818,360	\$ 2,322,762
Miscellaneous	20,679	-	329,134	349,813
Grants and contracts	<u>3,446</u>	<u>-</u>	<u>-</u>	<u>3,446</u>
Total Operating Revenues	<u>1,528,527</u>	<u>-</u>	<u>1,147,494</u>	<u>2,676,021</u>
<b>Operating Expenses</b>				
Cost of sales and services	621,533	2,787	134,218	758,538
Administration	885,043	-	12,928	897,971
Depreciation	518,605	-	-	518,605
Amortization	<u>120</u>	<u>-</u>	<u>-</u>	<u>120</u>
Total Operating Expenses	<u>2,025,301</u>	<u>2,787</u>	<u>147,146</u>	<u>2,175,234</u>
Operating Income (Loss)	<u>(496,774)</u>	<u>(2,787)</u>	<u>1,000,348</u>	<u>500,787</u>
<b>Non-operating revenues (expenses)</b>				
Investment earnings	503	987	526	2,016
Interest expense	<u>(374,876)</u>	<u>-</u>	<u>-</u>	<u>(374,876)</u>
Total non-operating revenues (expenses)	<u>(374,373)</u>	<u>987</u>	<u>526</u>	<u>(372,860)</u>
Income (loss) before capital contributions and transfers	(871,147)	(1,800)	1,000,874	127,927
<b>Capital contributions</b>				
Developer donations (capitalized)	617,740	-	-	617,740
System development charges	-	13,130	-	13,130
Transfers in (out)	<u>1,073,056</u>	<u>(95,458)</u>	<u>(977,598)</u>	<u>-</u>
Change in Net Assets	819,649	(84,128)	23,276	758,797
Beginning Net Assets, as restated	<u>7,237,231</u>	<u>248,989</u>	<u>131,631</u>	<u>7,617,851</u>
Ending Net Assets	<u>\$ 8,056,880</u>	<u>\$ 164,861</u>	<u>\$ 154,907</u>	<u>\$ 8,376,648</u>

**CITY OF COTTAGE GROVE, OREGON**

Wastewater Operations Combined

Combining Statement of Cash Flows

For the Year Ended June 30, 2012

	<u>Wastewater Fund</u>	<u>Wastewater Systems Development Charge Fund</u>	<u>Wastewater Reserve Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,519,800	\$ -	\$ 1,148,276	\$ 2,668,076
Cash payments to employees	(874,236)	-	(12,928)	(887,164)
Cash payments to suppliers for good and services	<u>(609,391)</u>	<u>(2,787)</u>	<u>(135,613)</u>	<u>(747,791)</u>
Net cash provided (used) by operating activities	<u>36,173</u>	<u>(2,787)</u>	<u>999,735</u>	<u>1,033,121</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	1,073,056	-	-	1,073,056
Transfers out	<u>-</u>	<u>(95,458)</u>	<u>(977,598)</u>	<u>(1,073,056)</u>
Net cash provided (used) by noncapital financing activities	<u>1,073,056</u>	<u>(95,458)</u>	<u>(977,598)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(411,668)	-	-	(411,668)
Principal paid on capital debt	(457,320)	-	(30,895)	(488,215)
Interest paid on capital debt	(370,226)	-	-	(370,226)
Issuance of debt	54,885	-	-	54,885
Capital contributions	<u>-</u>	<u>13,130</u>	<u>-</u>	<u>13,130</u>
Net cash provided (used) by capital and related financing activities	<u>(1,184,329)</u>	<u>13,130</u>	<u>(30,895)</u>	<u>(1,202,094)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	<u>503</u>	<u>987</u>	<u>526</u>	<u>2,016</u>
Net change in cash and investments	(74,597)	(84,128)	(8,232)	(166,957)
Cash and investments:				
Cash at beginning of year	<u>120,986</u>	<u>248,989</u>	<u>151,034</u>	<u>521,009</u>
Cash at end of year	<u>\$ 46,389</u>	<u>\$ 164,861</u>	<u>\$ 142,802</u>	<u>\$ 354,052</u>

**CITY OF COTTAGE GROVE, OREGON**

Wastewater Operations Combined

Combining Statement of Cash Flows, continued

For the Year Ended June 30, 2012

	<u>Wastewater Fund</u>	<u>Wastewater Systems Development Charge Fund</u>	<u>Wastewater Reserve Fund</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (496,774)	\$ (2,787)	\$ 1,000,348	\$ 500,787
Adjustments:				
Depreciation	518,725	-	-	518,725
(Increase) decrease in assets:				
Receivables - net	(16,123)	-	782	(15,341)
Inventories	(2,205)	-	-	(2,205)
Increase (decrease) in liabilities:				
Deposits	7,396	-	-	7,396
Accounts payable and other current liabilities	25,154	-	(1,395)	23,759
	<u>25,154</u>	<u>-</u>	<u>(1,395)</u>	<u>23,759</u>
Net cash provided (used) by operating activities	<u>\$ 36,173</u>	<u>\$ (2,787)</u>	<u>\$ 999,735</u>	<u>\$ 1,033,121</u>

**CITY OF COTTAGE GROVE, OREGON**

Storm Drain Operations Combined

Combining Balance Sheet

June 30, 2012

	<u>Storm Drainage Utility Fund</u>	<u>Storm Drainage Systems Development Fund</u>	<u>Storm Drainage Reserve Fund</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 31,257	\$ 334,302	\$ 603,883	\$ 969,442
Receivables - net	<u>15,932</u>	<u>-</u>	<u>19,843</u>	<u>35,775</u>
Total current assets	<u>47,189</u>	<u>334,302</u>	<u>623,726</u>	<u>1,005,217</u>
Noncurrent assets:				
Interfund loan receivable	-	154,400	-	154,400
Capital assets not being depreciated	31,991	-	-	31,991
Capital assets net of accumulated depreciation	<u>1,691,244</u>	<u>-</u>	<u>-</u>	<u>1,691,244</u>
Total noncurrent assets	<u>1,723,235</u>	<u>154,400</u>	<u>-</u>	<u>1,877,635</u>
Total assets	<u>\$ 1,770,424</u>	<u>\$ 488,702</u>	<u>\$ 623,726</u>	<u>\$ 2,882,852</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and other current liabilities	\$ 11,240	\$ -	\$ -	\$ 11,240
Compensated absences	6,741	-	-	6,741
Current portion of long-term debt	<u>-</u>	<u>-</u>	<u>26,784</u>	<u>26,784</u>
Total current liabilities	17,981	-	26,784	44,765
Noncurrent liabilities				
Noncurrent portion of long-term debt	<u>-</u>	<u>-</u>	<u>34,917</u>	<u>34,917</u>
Total Liabilities	<u>17,981</u>	<u>-</u>	<u>61,701</u>	<u>79,682</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	1,723,235	-	(61,701)	1,661,534
Restricted for:				
System development	-	488,702	-	488,702
Unrestricted	<u>29,208</u>	<u>-</u>	<u>623,726</u>	<u>652,934</u>
Total Net Assets	<u>1,752,443</u>	<u>488,702</u>	<u>562,025</u>	<u>2,803,170</u>
Total Liabilities and Net Assets	<u>\$ 1,770,424</u>	<u>\$ 488,702</u>	<u>\$ 623,726</u>	<u>\$ 2,882,852</u>

**CITY OF COTTAGE GROVE, OREGON**

Storm Drain Operations Combined

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

For the Year Ended June 30, 2012

	Storm Drainage Utility Fund	Storm Drainage Systems Development Fund	Storm Drainage Reserve Fund	Total
<b>Operating Revenues</b>				
Charges for Services	\$ 171,350	\$ -	\$ 173,249	\$ 344,599
Miscellaneous	<u>1,115</u>	<u>-</u>	<u>315</u>	<u>1,430</u>
Total Operating Revenues	<u>172,465</u>	<u>-</u>	<u>173,564</u>	<u>346,029</u>
<b>Operating Expenses</b>				
Cost of sales and services	16,916	2,540	55,186	74,642
Administration	159,702	-	-	159,702
Depreciation	<u>95,525</u>	<u>-</u>	<u>-</u>	<u>95,525</u>
Total Operating Expenses	<u>272,143</u>	<u>2,540</u>	<u>55,186</u>	<u>329,869</u>
Operating Income (Loss)	<u>(99,678)</u>	<u>(2,540)</u>	<u>118,378</u>	<u>16,160</u>
<b>Non-operating revenues (expenses)</b>				
Investment earnings	121	2,450	2,917	5,488
Interest expense	<u>(2,205)</u>	<u>-</u>	<u>(29,934)</u>	<u>(32,139)</u>
Total non-operating revenues (expenses)	<u>(2,084)</u>	<u>2,450</u>	<u>(27,017)</u>	<u>(26,651)</u>
Income (loss) before capital contributions and transfers	(101,762)	(90)	91,361	(10,491)
<b>Capital contributions</b>				
Developer donations (capitalized)	169,457	-	-	169,457
System development charges	-	26,238	-	26,238
Transfers in (out)	<u>302,665</u>	<u>(240,107)</u>	<u>(62,558)</u>	<u>-</u>
Change in Net Assets	370,360	(213,959)	28,803	185,204
Beginning Net Assets	<u>1,382,083</u>	<u>702,661</u>	<u>533,222</u>	<u>2,617,966</u>
Ending Net Assets	<u>\$ 1,752,443</u>	<u>\$ 488,702</u>	<u>\$ 562,025</u>	<u>\$ 2,803,170</u>

**CITY OF COTTAGE GROVE, OREGON**

Storm Drain Operations Combined

Combining Statement of Cash Flows

For the Year Ended June 30, 2012

	Storm Drainage Utility Fund	Storm Drainage Systems Development Fund	Storm Drainage Reserve Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 174,086	\$ -	\$ 169,496	\$ 343,582
Cash payments to employees	(163,677)	-	-	(163,677)
Cash payments to suppliers for good and services	<u>(17,216)</u>	<u>(2,540)</u>	<u>(99,301)</u>	<u>(119,057)</u>
Net cash provided (used) by operating activities	<u>(6,807)</u>	<u>(2,540)</u>	<u>70,195</u>	<u>60,848</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	302,665	-	-	302,665
Transfers out	-	(240,107)	(62,558)	(302,665)
Repayment of interfund loan	<u>-</u>	<u>19,300</u>	<u>-</u>	<u>19,300</u>
Net cash provided (used) by noncapital financing activities	<u>302,665</u>	<u>(220,807)</u>	<u>(62,558)</u>	<u>19,300</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(302,665)	-	-	(302,665)
Principal paid on capital debt	-	-	(33,732)	(33,732)
Interest paid on capital debt	(2,205)	-	(29,934)	(32,139)
Capital contributions	<u>-</u>	<u>26,238</u>	<u>-</u>	<u>26,238</u>
Net cash provided (used) by capital and related financing activities	<u>(304,870)</u>	<u>26,238</u>	<u>(63,666)</u>	<u>(342,298)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	<u>121</u>	<u>2,450</u>	<u>2,917</u>	<u>5,488</u>
Net change in cash and investments	(8,891)	(194,659)	(53,112)	(256,662)
Cash and investments:				
Cash at beginning of year	<u>40,148</u>	<u>528,961</u>	<u>656,995</u>	<u>1,226,104</u>
Cash at end of year	<u>\$ 31,257</u>	<u>\$ 334,302</u>	<u>\$ 603,883</u>	<u>\$ 969,442</u>

**CITY OF COTTAGE GROVE, OREGON**

Storm Drain Operations Combined

Combining Statement of Cash Flows, continued

For the Year Ended June 30, 2012

	Storm Drainage Utility Fund	Storm Drainage Systems Development Fund	Storm Drainage Reserve Fund	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (99,678)	\$ (2,540)	\$ 118,378	\$ 16,160
Adjustments:				
Depreciation	95,525	-	-	95,525
(Increase) decrease in assets:				
Receivables - net	1,621	-	(4,068)	(2,447)
Increase (decrease) in liabilities:				
Accounts payable and other current liabilities	<u>(4,275)</u>	<u>-</u>	<u>(44,115)</u>	<u>(48,390)</u>
Net cash provided (used) by operating activities	<u>\$ (6,807)</u>	<u>\$ (2,540)</u>	<u>\$ 70,195</u>	<u>\$ 60,848</u>

**CITY OF COTTAGE GROVE, OREGON**

Water Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services:				
Sale of water	\$ 1,376,140	\$ 1,376,140	\$ 1,359,025	\$ (17,115)
Turn on fees	24,000	24,000	38,879	14,879
Other reimbursements	10,000	10,000	4,030	(5,970)
Interest	1,500	1,500	2,369	869
Miscellaneous	<u>17,500</u>	<u>17,500</u>	<u>21,178</u>	<u>3,678</u>
Total revenues	<u>1,429,140</u>	<u>1,429,140</u>	<u>1,425,481</u>	<u>(3,659)</u>
Expenditures:				
Water distribution	760,140	760,140	691,310	68,830
Water production	522,025	522,025	487,269	34,756
Non-departmental	150,795	150,795	139,928	10,867
Contingency	<u>192,435</u>	<u>192,435</u>	<u>-</u>	<u>192,435</u>
Total expenditures	<u>1,625,395</u>	<u>1,625,395</u>	<u>1,318,507</u>	<u>306,888</u>
Excess revenues over (under) expenditures	<u>(196,255)</u>	<u>(196,255)</u>	<u>106,974</u>	<u>303,229</u>
Other financing sources (uses):				
Transfers out	<u>(213,445)</u>	<u>(213,445)</u>	<u>(113,441)</u>	<u>100,004</u>
Net change in fund balances	(409,700)	(409,700)	(6,467)	403,233
Fund Balance:				
Beginning of year	<u>409,700</u>	<u>409,700</u>	<u>436,586</u>	<u>26,886</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	430,119	<u>\$ 430,119</u>
Reconciliation to GAAP Basis:				
Inventories			145,238	
Capital assets			14,153,134	
Accrued interest payable			(217,697)	
Compensated absences			(47,084)	
Noncurrent liabilities			<u>(9,414,255)</u>	
GAAP Fund Balance - end of year			<u>\$ 5,049,455</u>	

**CITY OF COTTAGE GROVE, OREGON**

Water Systems Development Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services:				
SDC charges	\$ 10,000	\$ 10,000	\$ 62,950	\$ 52,950
Interest	<u>100</u>	<u>100</u>	<u>285</u>	<u>185</u>
Total revenues	<u>10,100</u>	<u>10,100</u>	<u>63,235</u>	<u>53,135</u>
Expenditures:				
Materials and services	5,640	5,640	5,638	2
Capital outlay	<u>36,520</u>	<u>36,520</u>	<u>36,520</u>	<u>-</u>
Total expenditures	<u>42,160</u>	<u>42,160</u>	<u>42,158</u>	<u>2</u>
Net change in fund balances	(32,060)	(32,060)	21,077	53,137
Fund Balance:				
Beginning of year	<u>32,060</u>	<u>32,060</u>	<u>35,739</u>	<u>3,679</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,816</u>	<u>\$ 56,816</u>

**CITY OF COTTAGE GROVE, OREGON**

Water Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services:				
Water surcharge	\$ 1,173,920	\$ 1,173,920	\$ 1,137,654	\$ (36,266)
Interest	2,500	2,500	2,731	231
Miscellaneous	<u>-</u>	<u>-</u>	<u>3,248</u>	<u>3,248</u>
Total revenues	<u>1,176,420</u>	<u>1,176,420</u>	<u>1,143,633</u>	<u>(32,787)</u>
Expenditures:				
Materials and services	299,500	299,500	77,892	221,608
Capital outlay	711,000	711,000	349,714	361,286
Contingency	<u>359,875</u>	<u>359,875</u>	<u>-</u>	<u>359,875</u>
Total expenditures	<u>1,370,375</u>	<u>1,370,375</u>	<u>427,606</u>	<u>942,769</u>
Excess revenues over (under) expenditures	<u>(193,955)</u>	<u>(193,955)</u>	<u>716,027</u>	<u>909,982</u>
Other financing sources (uses):				
Transfers in	200,000	200,000	100,000	(100,000)
Transfers out	<u>(784,560)</u>	<u>(784,560)</u>	<u>(784,557)</u>	<u>3</u>
Total other financing sources (uses)	<u>(584,560)</u>	<u>(584,560)</u>	<u>(684,557)</u>	<u>(99,997)</u>
Net change in fund balances	<u>(778,515)</u>	<u>(778,515)</u>	31,470	809,985
Fund Balance:				
Beginning of year	<u>778,515</u>	<u>778,515</u>	<u>715,527</u>	<u>(62,988)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	746,997	<u>\$ 746,997</u>
Reconciliation to GAAP Basis:				
Noncurrent liabilities			<u>(6,057)</u>	
GAAP Fund Balance - end of year			<u>\$ 740,940</u>	

**CITY OF COTTAGE GROVE, OREGON**

Wastewater Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services:				
Wastewater charges	\$ 1,091,910	\$ 1,091,910	\$ 1,121,777	\$ 29,867
Golf Course fees	298,500	298,500	237,506	(60,994)
Pro Shop sales/rentals	162,745	162,745	145,119	(17,626)
State grants	-	6,127	3,446	(2,681)
Interest	750	750	503	(247)
Miscellaneous	<u>15,700</u>	<u>15,700</u>	<u>20,679</u>	<u>4,979</u>
Total revenues	<u>1,569,605</u>	<u>1,575,732</u>	<u>1,529,030</u>	<u>(46,702)</u>
Expenditures:				
Wastewater collection	357,060	357,060	353,515	3,545
Wastewater treatment plant	550,375	585,002	568,551	16,451
Golf Course operations	484,435	484,435	439,469	44,966
Non-departmental	165,120	165,120	143,777	21,343
Contingency	<u>53,550</u>	<u>25,050</u>	<u>-</u>	<u>25,050</u>
Total expenditures	<u>1,610,540</u>	<u>1,616,667</u>	<u>1,505,312</u>	<u>111,355</u>
Excess revenues over (under) expenditures	(40,935)	(40,935)	23,718	64,653
Other financing sources (uses):				
Transfers out				
Non-departmental	<u>(111,280)</u>	<u>(111,280)</u>	<u>(111,276)</u>	<u>4</u>
Net change in fund balances	(152,215)	(152,215)	(87,558)	64,657
Fund Balance:				
Beginning of year	<u>152,215</u>	<u>152,215</u>	<u>122,707</u>	<u>(29,508)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	35,149	<u>\$ 35,149</u>
Reconciliation to GAAP Basis:				
Inventories			40,137	
Prepays			1,560	
Capital assets			16,557,793	
Accrued interest			(94,917)	
Compensated absences			(38,138)	
Noncurrent liabilities			<u>(8,444,704)</u>	
GAAP Fund Balance - end of year			<u>\$ 8,056,880</u>	

**CITY OF COTTAGE GROVE, OREGON**

Wastewater Systems Development Charge Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services:				
SDC Charges	\$ 21,250	\$ 21,250	\$ 13,130	\$ (8,120)
Interest	<u>1,100</u>	<u>1,100</u>	<u>987</u>	<u>(113)</u>
Total revenues	<u>22,350</u>	<u>22,350</u>	<u>14,117</u>	<u>(8,233)</u>
Expenditures:				
Materials and services	11,780	11,780	2,787	8,993
Capital outlay	<u>257,105</u>	<u>257,105</u>	<u>95,458</u>	<u>161,647</u>
Total expenditures	<u>268,885</u>	<u>268,885</u>	<u>98,245</u>	<u>170,640</u>
Excess revenues under expenditures	(246,535)	(246,535)	(84,128)	162,407
Fund Balance:				
Beginning of year	<u>246,535</u>	<u>246,535</u>	<u>248,989</u>	<u>2,454</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,861</u>	<u>\$ 164,861</u>

**CITY OF COTTAGE GROVE, OREGON**

Wastewater Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services:				
Surcharges	\$ 820,355	\$ 820,355	\$ 818,360	\$ (1,995)
Grants and contracts	1,457,740	1,457,740	328,684	(1,129,056)
Interest	50	50	526	476
Miscellaneous	<u>100</u>	<u>100</u>	<u>450</u>	<u>350</u>
Total revenues	<u>2,278,245</u>	<u>2,278,245</u>	<u>1,148,020</u>	<u>(1,130,225)</u>
Expenditures:				
Materials and services	71,130	71,130	44,728	26,402
Capital outlay	1,524,735	1,524,735	418,629	1,106,106
Contingency	<u>270,185</u>	<u>270,185</u>	<u>-</u>	<u>270,185</u>
Total expenditures	<u>1,866,050</u>	<u>1,866,050</u>	<u>463,357</u>	<u>1,402,693</u>
Excess revenues over expenditures	<u>412,195</u>	<u>412,195</u>	<u>684,663</u>	<u>272,468</u>
Other financing sources (uses):				
Loan proceeds	80,000	80,000	54,885	(25,115)
Transfers out	<u>(755,365)</u>	<u>(755,365)</u>	<u>(747,167)</u>	<u>8,198</u>
Total other financing sources (uses)	<u>(675,365)</u>	<u>(675,365)</u>	<u>(692,282)</u>	<u>(16,917)</u>
Net change in fund balances	(263,170)	(263,170)	(7,619)	255,551
Fund Balance:				
Beginning of year	<u>263,170</u>	<u>263,170</u>	<u>225,633</u>	<u>(37,537)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	218,014	<u>\$ 218,014</u>
Reconciliation to GAAP Basis:				
Noncurrent liabilities			<u>(63,107)</u>	
GAAP Fund Balance - end of year			<u>\$ 154,907</u>	

**CITY OF COTTAGE GROVE, OREGON**

Storm Drainage Utility Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services:				
Storm drainage charges	\$ 179,975	\$ 179,975	\$ 171,350	\$ (8,625)
Interest	350	350	121	(229)
Miscellaneous	<u>400</u>	<u>400</u>	<u>1,116</u>	<u>716</u>
Total revenues	<u>180,725</u>	<u>180,725</u>	<u>172,587</u>	<u>(8,138)</u>
Expenditures:				
Personal services	211,740	211,740	157,395	54,345
Materials and services	38,115	38,115	16,916	21,199
Contingency	<u>39,865</u>	<u>39,865</u>	<u>-</u>	<u>39,865</u>
Total expenditures	<u>289,720</u>	<u>289,720</u>	<u>174,311</u>	<u>115,409</u>
Excess revenues under expenditures	(108,995)	(108,995)	(1,724)	107,271
Other financing sources (uses):				
Transfers out	<u>(2,205)</u>	<u>(2,205)</u>	<u>(2,205)</u>	<u>-</u>
Net change in fund balances	(111,200)	(111,200)	(3,929)	107,271
Fund Balance:				
Beginning of year	<u>111,200</u>	<u>111,200</u>	<u>39,878</u>	<u>(71,322)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	35,949	<u>\$ 35,949</u>
Reconciliation to GAAP Basis:				
Capital assets			1,723,235	
Noncurrent liabilities			<u>(6,741)</u>	
GAAP Fund Balance - end of year			<u>\$ 1,752,443</u>	

**CITY OF COTTAGE GROVE, OREGON**  
Storm Drainage Systems Development Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services:				
Storm drainage charges	\$ 7,500	\$ 7,500	\$ 26,238	\$ 18,738
Interest	<u>1,850</u>	<u>1,850</u>	<u>2,450</u>	<u>600</u>
Total revenues	<u>9,350</u>	<u>9,350</u>	<u>28,688</u>	<u>19,338</u>
Expenditures:				
Materials and services	45,445	45,445	2,540	42,905
Capital outlay	<u>508,745</u>	<u>508,745</u>	<u>240,107</u>	<u>268,638</u>
Total expenditures	<u>554,190</u>	<u>554,190</u>	<u>242,647</u>	<u>311,543</u>
Other financing sources (uses):				
Interfund loan proceeds	<u>19,300</u>	<u>19,300</u>	<u>19,300</u>	<u>-</u>
Total other financing sources (uses)	<u>19,300</u>	<u>19,300</u>	<u>19,300</u>	<u>-</u>
Net change in fund balances	(525,540)	(525,540)	(194,659)	330,881
Fund Balance:				
Beginning of year	<u>525,540</u>	<u>525,540</u>	<u>528,961</u>	<u>3,421</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	334,302	<u>\$ 334,302</u>
Reconciliation to GAAP Basis:				
Interfund loan receivable			<u>154,400</u>	
GAAP Fund Balance - end of year			<u>\$ 488,702</u>	

**CITY OF COTTAGE GROVE, OREGON**

Storm Drainage Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Charges for services:				
Surcharges	\$ 222,790	\$ 222,790	\$ 173,249	\$ (49,541)
Interest	3,000	3,000	2,917	(83)
Miscellaneous	<u>-</u>	<u>-</u>	<u>315</u>	<u>315</u>
Total revenues	<u>225,790</u>	<u>225,790</u>	<u>176,481</u>	<u>(49,309)</u>
Expenditures:				
Materials and services	87,860	87,860	50,959	36,901
Capital outlay	426,850	426,850	66,785	360,065
Contingency	<u>320,245</u>	<u>320,245</u>	<u>-</u>	<u>320,245</u>
Total expenditures	<u>834,955</u>	<u>834,955</u>	<u>117,744</u>	<u>717,211</u>
Excess revenues over (under) expenditures	<u>(609,165)</u>	<u>(609,165)</u>	<u>58,737</u>	<u>667,902</u>
Other financing sources (uses):				
Transfers out	<u>(63,670)</u>	<u>(63,670)</u>	<u>(63,666)</u>	<u>4</u>
Total other financing sources (uses)	<u>(63,670)</u>	<u>(63,670)</u>	<u>(63,666)</u>	<u>4</u>
Net change in fund balances	(672,835)	(672,835)	(4,929)	667,906
Fund Balance:				
Beginning of year	<u>672,835</u>	<u>672,835</u>	<u>628,655</u>	<u>(44,180)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	623,726	<u>\$ 623,726</u>
Reconciliation to GAAP Basis:				
Noncurrent liabilities			<u>(61,701)</u>	
GAAP Fund Balance - end of year			<u>\$ 562,025</u>	

**CITY OF COTTAGE GROVE, OREGON**  
Schedule of Property Tax Transactions and Outstanding Balances  
For the Year Ended June 30, 2012

Fiscal Year	Uncollected Balances July 02, 2011	2011-2012 Levy	Discount	Adjustment and Corrections	Collections	Uncollected Balances June 30, 2012
2011-12	\$ -	\$ 3,991,236	\$ (100,415)	\$ (10,524)	\$ (3,749,818)	\$ 130,479
2010-11	111,753	-	755	(5,184)	(33,803)	73,521
2009-10	54,428	-	741	(2,421)	(6,601)	46,147
2008-09	15,293	-	637	(1,170)	(16,245)	(1,485)
2007-08	5,430	-	20	(487)	(5,707)	(744)
2006-07	3,353	-	5	(487)	(475)	2,396
2005-06	2,323	-	9	(495)	(450)	1,387
Prior	24,098	-	-	(2,840)	(88)	21,170
<b>Totals</b>	<u><u>\$ 216,678</u></u>	<u><u>\$ 3,991,236</u></u>	<u><u>\$ (98,248)</u></u>	<u><u>\$ (23,608)</u></u>	<u><u>\$ (3,813,187)</u></u>	<u><u>\$ 272,871</u></u>

**STATISTICAL SECTION**

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 34,365,891	\$ 37,372,770	\$ 35,890,501	\$ 23,634,334
Restricted	-	20,390	24,468	28,115
Other Purposes	-	-	-	5,857
Unrestricted	5,105,238	3,363,376	5,886,927	19,005,392
<b>Total governmental activities net assets</b>	<b>\$ 39,471,129</b>	<b>\$ 40,756,536</b>	<b>\$ 41,801,896</b>	<b>\$ 42,673,698</b>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 8,681,123	\$ 9,821,118	\$ 10,475,378	\$ 8,884,480
Restricted	-	-	-	308,765
Unrestricted	3,615,383	3,392,980	3,191,692	6,784,047
<b>Total business-type activities net assets</b>	<b>\$ 12,296,506</b>	<b>\$ 13,214,098</b>	<b>\$ 13,667,070</b>	<b>\$ 15,977,292</b>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 43,047,014	\$ 47,193,888	\$ 46,365,879	\$ 32,518,814
Restricted	-	20,390	24,468	336,880
Other Purposes	-	-	-	5,857
Unrestricted	8,720,621	6,756,356	9,078,619	25,789,439
<b>Total primary government net assets</b>	<b>\$ 51,767,635</b>	<b>\$ 53,970,634</b>	<b>\$ 55,468,966</b>	<b>\$ 58,650,990</b>

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

Fiscal Year									
2008		2009		2010		2011		2012	
\$	35,558,598	\$	37,197,493	\$	35,457,421	\$	35,675,794	\$	35,973,257
	4,005		43,260		658,157		626,395		805,891
	10,395		9,810		3,893		7,199		4,949
	7,400,808		5,366,369		5,777,021		5,658,773		4,836,062
<hr/>									
\$	42,973,806	\$	42,616,932	\$	41,896,492	\$	41,968,161	\$	41,620,159
<hr/>									
\$	11,854,457	\$	14,370,516	\$	13,058,044	\$	13,188,813	\$	14,444,336
	354,018		321,394		755,414		987,389		710,379
	3,068,871		1,013,032		1,624,311		1,772,245		1,872,314
<hr/>									
\$	15,277,346	\$	15,704,942	\$	15,437,769	\$	15,948,447	\$	17,027,029
<hr/>									
\$	47,413,055	\$	51,568,009	\$	48,515,465	\$	48,864,607	\$	50,417,593
	358,023		364,654		1,413,571		1,613,784		1,516,270
	10,395		9,810		3,893		7,199		4,949
	10,469,679		6,419,401		7,401,332		7,431,018		6,708,376
<hr/>									
\$	58,251,152	\$	58,361,874	\$	57,334,261	\$	57,916,608	\$	58,647,188
<hr/>									

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

Expenses	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
General government	\$ 823,379	\$ 662,864	\$ 611,590	\$ 617,944
Public safety	1,948,821	2,176,643	2,296,399	2,429,095
Highways and streets	999,199	1,007,134	1,029,142	1,181,565
Community development	564,341	394,637	701,484	548,724
Culture and recreation	435,581	513,044	506,820	547,533
Interest on long-term debt	239,647	211,609	185,128	199,686
Total governmental activities expenses	5,010,968	4,965,931	5,330,563	5,524,547
Business-type activities:				
Water	\$ 1,244,597	\$ 1,354,118	\$ 1,716,958	\$ 1,720,035
Wastewater	674,257	1,211,166	1,330,472	1,968,202
Storm drainage	130,837	199,774	217,342	221,022
Ambulance	-	-	-	-
Total business-type activities expenses	2,049,691	2,765,058	3,264,772	3,909,259
Total primary government expenses	\$ 7,060,659	\$ 7,730,989	\$ 8,595,335	\$ 9,433,806
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 279,436	\$ 136,803	\$ 237,097	\$ 276,696
Public safety	85,810	35,168	25,257	29,944
Highways and streets	-	39,464	134,272	648,584
Culture and recreation	27,863	19,828	17,716	13,214
Community development	33,645	327,439	293,705	54,424
Operating grants and contributions	251,026	131,004	211,897	69,791
Capital grants and contributions	-	508,441	150,318	76,227
Total governmental activities program revenues	\$ 677,780	\$ 1,198,147	\$ 1,070,262	\$ 1,168,880
Business-type activities:				
Charges for services:				
Water	\$ 1,465,846	\$ 1,786,936	\$ 1,885,132	\$ 1,928,405
Wastewater	1,012,862	1,402,872	1,489,678	1,742,487
Storm drainage	297,483	326,942	321,837	313,618
Ambulance	-	-	-	-
Operating grants and contributions	4,110	-	-	-
Capital grants and contributions	336,707	-	-	2,170,000
Total business-type activities program revenues	3,117,008	3,516,750	3,696,647	6,154,510
Total primary government program revenues	\$ 3,794,788	\$ 4,714,897	\$ 4,766,909	\$ 7,323,390
Net(expense)/revenue				
Governmental activities	\$ (4,333,188)	\$ (3,767,784)	\$ (5,330,563)	\$ (5,524,547)
Business-type activities	1,067,317	751,692	431,875	2,245,251
Total primary government net expense	\$ (3,265,871)	\$ (3,016,092)	\$ (4,898,688)	\$ (3,279,296)

		Fiscal Year							
		2008	2009	2010	2011	2012			
\$	881,891	\$	678,782	\$	1,497,736	\$	1,554,300	\$	1,772,391
	3,176,091		3,294,236		2,767,500		2,697,310		2,979,798
	608,934		1,150,457		1,229,574		1,231,363		1,277,414
	623,302		1,229,430		2,039,720		847,335		1,325,868
	472,110		645,002		745,106		711,944		757,802
	297,431		298,195		224,149		156,947		137,821
	6,059,759		7,296,102		8,503,785		7,199,199		8,251,094
\$	2,987,190	\$	2,101,331	\$	2,348,936	\$	2,280,278	\$	2,312,176
	2,100,708		2,283,340		2,301,446		2,353,304		2,550,110
	252,863		240,293		263,584		431,166		362,008
	-		-		-		-		-
	5,340,761		4,624,964		4,913,966		5,064,748		5,224,294
\$	11,400,520	\$	11,921,066	\$	13,417,751	\$	12,263,947	\$	13,475,388
\$	342,346	\$	375,914	\$	368,734	\$	304,616	\$	344,564
	30,407		29,589		38,424		60,435		49,748
	92,898		6,872		19,303		74,266		53,407
	19,747		10,798		11,796		9,271		10,736
	133,494		13,014		1,379		13,379		17,351
	-		77,747		29,292		-		-
	34,316		614,298		831,834		48,474		1,067,423
\$	653,208	\$	1,128,232	\$	1,300,762	\$	510,441	\$	1,543,229
\$	2,253,267	\$	2,316,801	\$	2,348,922	\$	2,605,654	\$	2,564,014
	2,058,577		2,184,918		2,262,398		2,397,602		2,676,021
	333,650		290,784		331,592		353,475		346,029
	-		-		-		-		-
	-		24,784		15,057		4,467		-
	-		-		-		-		991,403
	4,645,494		4,817,287		4,957,969		5,361,198		6,577,467
\$	5,298,702	\$	5,945,519	\$	6,258,731	\$	5,871,639	\$	8,120,696
\$	(5,406,551)	\$	(6,167,870)	\$	(7,203,023)	\$	(6,688,758)	\$	(6,707,865)
	(695,267)		192,323		44,003		296,450		1,353,173
\$	(6,101,818)	\$	(5,975,547)	\$	(7,159,020)	\$	(6,392,308)	\$	(5,354,692)

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

	Fiscal Year			
	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Property taxes	\$ 2,708,743	\$ 2,515,674	\$ 2,963,021	\$ 3,110,573
Public service taxes	902,263	2,014,334	1,248,038	1,253,126
Franchise fees	360,642	357,363	392,717	416,424
Alcoholic Beverage Taxes **	-	-	-	-
Motor Fuel Taxes**	-	-	-	-
Unrestricted grants and contributions	63,901	96,451	239,621	303,434
Taxes & Other Revenues not restricted to specific programs **	-	-	-	-
Donations	-	-	-	-
Interest and investment earnings	106,761	143,067	263,860	352,281
Miscellaneous	221,947	103,108	100,267	104,413
Gain(loss) on sale of capital assets	4,151	124,488	(1,639)	(413,545)
Internal balances	372,021	-	-	-
Transfers	89,553	102,423	99,776	100,763
Total governmental activities	\$ 4,829,982	\$ 5,456,908	\$ 5,305,661	\$ 5,227,469
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	43,134	69,261	125,069	165,734
Miscellaneous	-	-	-	-
Gain on sale of capital assets	-	-	(4,196)	-
Internal balances	(372,021)	-	-	-
Transfers	(89,553)	(102,423)	(99,776)	(100,763)
Total business-type activities	(418,440)	(33,162)	21,097	64,971
Total primary government	\$ 4,411,542	\$ 5,423,746	\$ 5,326,758	\$ 5,292,440
Special items				
Governmental activities:	(932,475)	(403,717)	-	-
Business-type activities:	(472,723)	-	-	-
<b>Change in Net Assets</b>				
Governmental activities	\$ (435,681)	\$ 1,285,407	\$ 1,045,360	\$ 871,802
Business-type activities	191,681	917,633	452,972	2,310,222
Total primary government	\$ (244,000)	\$ 2,203,040	\$ 1,498,332	\$ 3,182,024

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

\*\* Classified separately for 2009-10 fiscal year.

Fiscal Year					
2008	2009	2010	2011	2012	
\$ 3,339,463	\$ 3,505,745	\$ 3,900,441	\$ 3,886,067	\$ 3,891,324	
1,143,177	1,092,117	-	-	-	
433,911	427,472	410,375	423,445	437,997	
-	-	106,839	111,254	124,249	
-	-	340,204	353,988	344,222	
149,329	103,039	-	-	-	
-	-	1,429,404	1,817,513	1,540,749	
-	-	-	301,315	-	
365,322	153,517	48,307	59,846	38,982	
127,288	329,123	-	-	-	
-	-	-	-	(17,660)	
-	-	-	-	-	
148,169	146,729	207,014	-	-	
<u>\$ 5,706,659</u>	<u>\$ 5,757,742</u>	<u>\$ 6,442,584</u>	<u>\$ 6,953,428</u>	<u>\$ 6,359,863</u>	
-	70,703	-	-	-	
143,490	54,637	59,979	21,228	12,889	
-	-	-	-	-	
-	-	-	-	(287,480)	
-	-	-	-	-	
(148,169)	(146,729)	(207,014)	-	-	
<u>(4,679)</u>	<u>(21,389)</u>	<u>(147,035)</u>	<u>21,228</u>	<u>(274,591)</u>	
<u>\$ 5,701,980</u>	<u>\$ 5,736,353</u>	<u>\$ 6,295,549</u>	<u>\$ 6,974,656</u>	<u>\$ 6,085,272</u>	
-	-	-	-	-	
-	-	-	-	-	
\$ 300,108	\$ (410,128)	\$ (760,439)	\$ 264,670	\$ (348,002)	
(699,946)	170,934	(103,032)	317,678	1,078,582	
<u>\$ (399,838)</u>	<u>\$ (239,194)</u>	<u>\$ (863,471)</u>	<u>\$ 582,348</u>	<u>\$ 730,580</u>	

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

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<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Motor Fuel Taxes (State and Local)</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2004	2,708,743	360,642	690,136	76,928	3,836,449
2005	2,515,674	357,363	795,478	90,600	3,759,115
2006	2,963,021	392,717	775,400	88,744	4,219,882
2007	3,110,573	416,424	750,155	97,399	4,374,551
2008	3,339,463	433,911	727,835	106,127	4,607,336
2009	3,505,745	427,472	677,372	113,380	4,723,969
2010	3,900,441	410,375	804,261	106,839	5,221,916
2011	4,002,666	423,445	825,073	111,254	5,362,438
2012	3,837,013	437,997	868,617	124,249	5,267,876

\*Only includes State Fuel Tax as Local Fuel Tax was nonexistent at this time.



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

	2004	2005	2006	2007
General Fund				
Reserved	\$ -	\$ 20,390	\$ 24,468	\$ 24,468
Unreserved	830,682	1,139,556	1,879,387	2,539,927
Nonspendable	n/a	n/a	n/a	n/a
Unassigned	n/a	n/a	n/a	n/a
Total General Fund	\$ 830,682	\$ 1,159,946	\$ 1,903,855	\$ 2,564,395
Street Fund				
Restricted for:				
Road Maintenance	n/a	n/a	n/a	n/a
Total Street Fund				
City Debt Service Fund				
Assigned to:				
Debt Service	n/a	n/a	n/a	n/a
Total City Debt Service Fund				
All Other Governmental Funds				
Reserved	\$ 1,021,619	\$ 8,001	\$ 7,446	\$ 9,504
Unreserved, reported in:				
Special revenue funds	1,555,548	1,922,371	1,667,194	2,130,845
Capital project funds	1,675,089	2,744,037	2,679,625	2,599,944
Trust funds	-	-	-	-
Permanent funds	-	-	-	-
Nonspendable				
Prepays and deposits	n/a	n/a	n/a	n/a
Permanent balance	n/a	n/a	n/a	n/a
Restricted for:				
Emergency phone system	n/a	n/a	n/a	n/a
Drug Enforcement training	n/a	n/a	n/a	n/a
Building Permit programs	n/a	n/a	n/a	n/a
Industrial park management	n/a	n/a	n/a	n/a
Urban Renewal debt service	n/a	n/a	n/a	n/a
Committed to:				
Local improvement districts	n/a	n/a	n/a	n/a
Small business loans	n/a	n/a	n/a	n/a
Construction rehabilitation loans	n/a	n/a	n/a	n/a
Capital projects	n/a	n/a	n/a	n/a
Assigned to:				
Library books and trees	n/a	n/a	n/a	n/a
Unassigned	n/a	n/a	n/a	n/a
Total all other governmental funds	\$ 4,252,256	\$ 4,674,409	\$ 4,354,265	\$ 4,740,293

\* 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					
2008	2009	2010	2011**	2012	
\$ -	\$ 36,702	\$ 40,796	n/a	n/a	
1,785,417	951,929	1,526,740	n/a	n/a	
n/a	n/a	n/a	8,562	-	
n/a	n/a	n/a	1,713,931	1,514,668	
<u>\$ 1,785,417</u>	<u>\$ 988,631</u>	<u>\$ 1,567,536</u>	<u>\$ 1,722,493</u>	<u>\$ 1,514,668</u>	
n/a	n/a	n/a	404,376	524,948	
			404,376	524,948	
n/a	n/a	n/a	3,337	3,352	
			3,337	3,352	
\$ 14,400	\$ 6,558	\$ 2,737	n/a	n/a	
2,637,995	2,007,839	1,752,806	n/a	n/a	
2,759,794	2,001,444	1,340,536	n/a	n/a	
-	-	3,000	n/a	n/a	
-	9,810	3,893	n/a	n/a	
n/a	n/a	n/a	13,519	3,289	
n/a	n/a	n/a	3,000	3,000	
n/a	n/a	n/a	12,185	47,887	
n/a	n/a	n/a	181,580	185,022	
n/a	n/a	n/a	4,426	573	
n/a	n/a	n/a	459,464	347,816	
n/a	n/a	n/a	87,665	88,110	
n/a	n/a	n/a	150,138	150,901	
n/a	n/a	n/a	9,569	-	
n/a	n/a	n/a	444,531	446,789	
n/a	n/a	n/a	1,335,473	1,396,850	
n/a	n/a	n/a	4,199	1,949	
n/a	n/a	n/a	(149,849)	(129,123)	
<u>\$ 5,412,189</u>	<u>\$ 4,025,651</u>	<u>\$ 3,102,972</u>	<u>\$ 2,555,900</u>	<u>\$ 2,543,063</u>	

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

	Fiscal year	
	2006	2007
<b>Revenues</b>		
Taxes	\$ 3,804,725	\$ 3,939,154
Licenses and permits	27,713	9,412
Intergovernmental	1,429,296	1,282,192
Charges for services	426,467	249,001
Fines	119,595	115,865
Special assessments	165,440	62,267
Miscellaneous	1,016,781	2,316,810
<b>Total revenues</b>	<b>6,990,017</b>	<b>7,974,701</b>
<b>Expenditures</b>		
General government	\$ 923,553	\$ 965,253
Public safety	2,263,600	2,378,722
Highways and streets	558,760	637,970
Community development	689,753	540,000
Culture and recreation	475,874	512,198
Capital outlay	1,378,062	1,970,124
Debt service	-	-
Principal	179,708	172,020
Interest	196,718	199,555
<b>Total expenditures</b>	<b>6,666,028</b>	<b>7,375,842</b>
Excess of revenues over (under) expenditures	323,989	598,859
<b>Other financing sources (uses)</b>		
Donations	\$ -	\$ -
Tax increment refund		
Transfers in	712,691	660,883
Transfers out	(612,915)	(560,120)
Issuance of Debt	-	346,946
<b>Total other financing sources (uses)</b>	<b>99,776</b>	<b>447,709</b>
<b>Net change in fund balances</b>	<b>\$ 423,765</b>	<b>\$ 1,046,568</b>
Debt service as a percentage of noncapital expenditures	7.7%	7.4%

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

		Fiscal year							
		2008	2009	2010	2011	2012			
\$	4,176,080	\$	4,336,304	\$	4,714,254	\$	4,861,685	\$	4,709,821
	45,342		6,459		7,431		6,119		3,941
	900,713		889,901		1,667,420		1,242,193		1,229,343
	255,627		244,576		333,196		242,765		294,462
	122,857		173,747		115,720		134,522		117,659
	98,000		11,405		25,984		78,561		59,744
	891,957		1,321,428		1,025,608		693,106		615,411
	6,490,576		6,983,820		7,889,613		7,258,951		7,030,381
\$	1,109,415	\$	1,843,193	\$	1,229,830	\$	1,218,620	\$	1,356,810
	2,537,027		3,229,142		2,706,683		2,653,317		2,921,818
	537,635		518,765		564,787		565,995		611,648
	601,050		1,218,877		1,380,055		847,335		823,465
	435,191		596,492		680,256		669,558		696,155
	1,722,565		1,575,896		619,850		1,207,117		418,580
	-		-		-		-		-
	244,402		374,989		426,523		453,705	\$	430,698
	268,030		303,519		217,406		163,719		137,791
	7,455,315		9,660,873		7,825,390		7,779,366		7,396,965
	(964,739)		(2,677,053)		64,223		(520,415)		(366,584)
\$	-	\$	-	\$	-	\$	301,315	\$	266,509
					(659,665)				
	1,443,377		747,117		1,283,359		764,850		1,014,533
	(1,295,208)		(600,388)		(1,076,346)		(764,850)		(1,014,533)
	709,488		800,000		44,654		427,699		
	857,657		946,729		(407,998)		729,014		266,509
\$	(107,082)	\$	(1,730,324)	\$	(343,775)	\$	208,599	\$	(100,075)
	9.8%		9.2%		9.8%		10.4%		8.9%

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

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<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Local Fuel Tax</u>	<u>Room Tax</u>	<u>Total</u>
2004	\$ 2,737,523	\$ 360,642	\$ 295,384	\$ 63,715	\$ 3,457,264
2005	2,524,916	357,363	367,906	73,418	3,323,603
2006	2,991,430	392,717	340,979	79,599	3,804,725
2007	3,102,344	416,424	326,942	93,444	3,939,154
2008	3,316,060	433,911	327,698	98,411	4,176,080
2009	3,490,164	427,472	319,128	99,540	4,336,304
2010	3,873,900	410,375	340,204	89,775	4,714,254
2011	4,002,666	423,445	353,988	81,586	4,861,685
2012	3,837,013	437,997	344,222	90,589	4,709,821

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

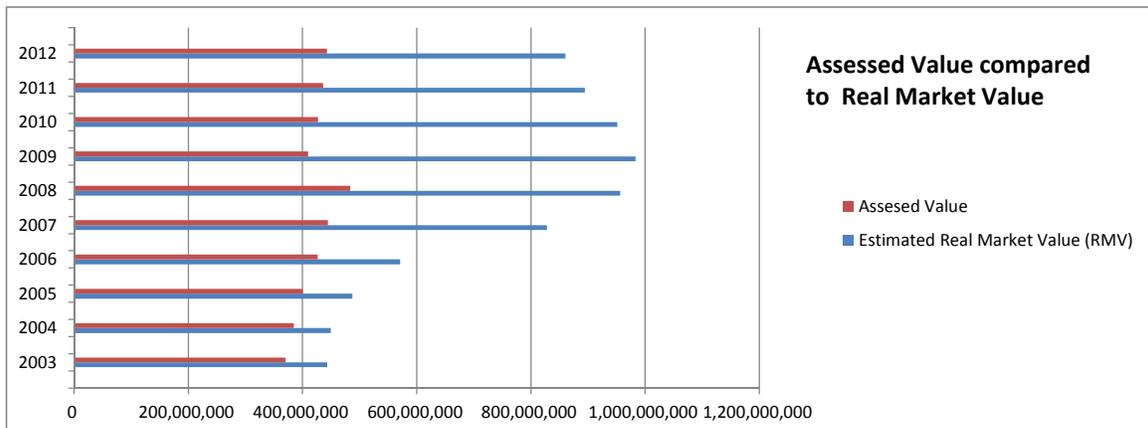
**CITY OF COTTAGE GROVE, OREGON**  
**ASSESSED VALUES AND ESTIMATED REAL MARKET VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Assessed Value					Total	Total Direct Tax Rate	Estimated Real Market Value (RMV)	Assessed Value as a Percentage of RMV
	Real Property	Personal Property	Manufactured Structures	Utilities					
2003 (1)	338,752,106	13,098,565	5,820,649	12,388,859	370,060,179	6.5907	443,327,603	83.5%	
2004 (1)	354,745,231	13,964,381	4,443,871	11,330,062	384,483,545	6.1867	449,169,109	85.6%	
2005 (1)	369,423,666	12,619,767	4,950,901	13,241,803	400,236,137	6.4687	487,289,006	82.1%	
2006 (1)	390,618,127	20,206,602	5,376,176	10,488,260	426,689,165	7.2087	570,949,638	74.7%	
2007 (1)	419,556,724	10,953,394	3,786,942	9,953,394	444,250,454	7.2087	828,315,133	53.6%	
2008 (1)	447,929,534	11,868,611	5,005,488	18,365,300	483,168,933	7.2087	956,161,508	50.5%	
2009 (1)	386,688,175	10,275,254	3,620,468	9,001,230	409,585,127	7.2087	983,381,511	41.7%	
2010 (1)	400,341,261	10,427,167	3,505,056	13,054,600	427,328,084	7.2087	951,337,243	44.9%	
2011 (1)	410,684,161	10,438,531	2,626,260	12,395,500	436,144,452	7.2087	894,526,836	48.8%	
2012 (1)	417,306,658	9,963,424	2,709,457	12,784,650	442,764,189	7.2087	860,172,306	51.5%	

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

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

Source: Lane County Department of Assessment and Taxation



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

Fiscal Year Ended June 30,	City of Cottage Grove Direct Rates			Overlapping Rates***				Total Rate	
	Permanent Rate	General Obligation Debt Service	Total Direct	South Lane School District 45J3	Lane County Education Service District	Lane Community College	Lane County	South Lane County Fire & Rescue	Total Direct and Overlapping
2003*	6.59	0.00	6.59	6.27	0.20	0.81	1.31	N/A	15.18
2004**	5.61	0.00	5.61	6.04	0.20	0.80	1.30	0.94	14.89
2005	6.47	0.00	6.47	6.55	0.22	0.89	1.41	1.03	16.57
2006	7.21	0.00	7.21	6.47	0.22	0.88	1.41	1.03	17.22
2007	7.21	0.00	7.21	6.42	0.22	0.85	1.41	1.03	17.14
2008	7.21	0.00	7.21	6.36	0.22	0.83	1.40	1.03	17.05
2009	7.21	0.00	7.21	6.35	0.22	0.87	1.40	1.03	17.08
2010	7.21	0.00	7.21	6.40	0.22	0.85	1.40	1.03	17.11
2011	7.21	0.00	7.21	6.45	0.22	0.86	1.39	1.03	17.16
2012	7.21	0.00	7.21	6.39	0.22	0.88	1.39	1.03	17.12

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

\*Lane County started reporting rates reduced by the impacts of Urban Renewal Agencies.

\*\* SLCFR annexed the City and began levying taxes.

\*\*\* 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:	2012			2011			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-mart Stores, Inc.	6,155,684	1	1.12%	5,976,392	1	1.11%	5,802,322	1	1.10%
Safeway Stores, Inc.	4,753,468	3	0.86%	4,615,017	3	0.86%	4,480,599	4	0.85%
Village Green Resort, LLC	5,376,008	2	0.98%	5,232,096	2	0.97%	5,093,242	2	0.97%
Spring Investments, LLC	5,234,808	4	0.95%	5,082,338	5	0.95%	4,934,309	5	0.94%
Northwest Natural Gas	4,041,000	7	0.73%	4,056,000	6	0.75%	4,336,000	6	0.82%
Magnolia Gardens Assisted Living	3,537,193	9	0.64%	3,434,168	8	0.64%	3,334,144	9	0.63%
K & M Holdings, LLC				3,073,169	10	0.57%	3,743,264	7	0.71%
Sunrise Ridge LLC	4,514,943	5	0.82%	5,082,338	4	0.95%	4,531,594	3	0.86%
Charter Communications	3,340,800	10	0.61%				3,093,300	10	0.59%
Engineered Solutions LP	2,241,914	6	0.41%						
Whittaker-Northwest Partners				3,085,858	9	0.57%			
Gregory Falk LLC	3,879,245	8	0.70%	3,766,257	7	0.70%	3,656,560	8	0.70%
<b>Totals</b>	<b>\$ 43,075,063</b>		<b>7.82%</b>	<b>\$ 43,403,633</b>		<b>8.07%</b>	<b>\$ 43,005,334</b>		<b>8.17%</b>
Total for City of Cottage Grove	\$ 551,007,682			\$ 537,670,091			\$ 525,779,935		

Taxpayer:	2009			2008			2007		
	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
Qwest Corporation	\$ 3,523,500	9	0.70%	3,756,000	8	0.78%	3,717,700	4	0.84%
Wal-mart Stores, Inc.	5,633,322	2	1.13%	5,469,245	2	1.13%	5,309,947	1	1.20%
Safeway Stores, Inc.	4,350,096	5	0.87%	4,223,394	4	0.87%	4,204,163	3	0.95%
Village Green Resort, LLC	4,950,137	3	0.99%	4,515,089	3	0.93%	4,309,691	2	0.97%
Spring Investments, LLC	4,790,591	6	0.96%	4,651,059	5	0.96%	3,601,971	5	0.81%
Northwest Natural Gas	3,745,000	8	0.75%	11,546,000	1	2.39%	3,359,000	6	0.76%
Magnolia Gardens	3,237,033	10	0.65%	3,142,750	9	0.65%	3,051,214	7	0.69%
K & M Holdings, LLC	3,634,237	1	0.73%	3,528,385	6	0.73%			
Whittaker-Northwest Partners							2,651,232	9	0.60%
Sunrise Ridge LLC	4,578,851	4	0.91%				2,788,587	8	0.63%
United Star Holding LLC							2,381,791	10	0.54%
Middlefield Oaks Assisted Living LLC	3,892,617	7	0.78%	3,763,991	7	0.78%			
Starfire Lumber Company				3,089,344	10	0.64%			
<b>Totals</b>	<b>\$ 42,335,384</b>		<b>8.47%</b>	<b>\$ 47,685,257</b>		<b>9.86%</b>	<b>\$ 35,375,296</b>		<b>7.99%</b>
Total for City of Cottage Grove	\$ 500,539,978			\$ 483,168,933			\$ 444,250,454		

Source: Lane County Department of Assessment and Taxation

\*Information is not available for years prior to 2005

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

Taxpayer:	2006			2005		
	Taxable Assessed Value	Rank	Rank	Taxable Assessed Value	Rank	Rank
Advance America CAC of OR, Inc.	\$ 6,680,101	1	1.57%	-	-	0.00%
Walmart Stores	5,155,288	2	1.21%	5,005,134	2	1.25%
Qwest Corporation	4,375,800	3	1.03%	7,030,800	1	1.76%
Safeway Stores	4,081,711	4	0.96%	4,273,995	3	1.07%
Village Green Resort, LLC	3,856,857	5	0.90%	3,702,808	4	0.93%
Spring Investments, LLC	3,497,059	6	0.82%	3,395,203	5	0.85%
Northwest Natural Gas	3,411,000	7	0.80%	3,198,000	6	0.80%
Magnolia Gardens	2,962,344	8	0.69%	2,876,062	8	0.72%
Kwikee Products Co, Inc.	2,623,392	9	0.61%	2,586,410	7	0.65%
K & M Holdings, LLC	2,598,458	10	0.61%	2,522,775	9	0.63%
Whittaker-Northwest Partners				2,546,983	10	0.64%
<b>Totals</b>	<b>\$ 39,242,010</b>		<b>9.20%</b>	<b>\$ 37,138,170</b>		<b>9.30%</b>
<b>Total for City of Cottage Grove</b>	<b>\$ 426,789,165</b>			<b>\$ 400,236,137</b>		

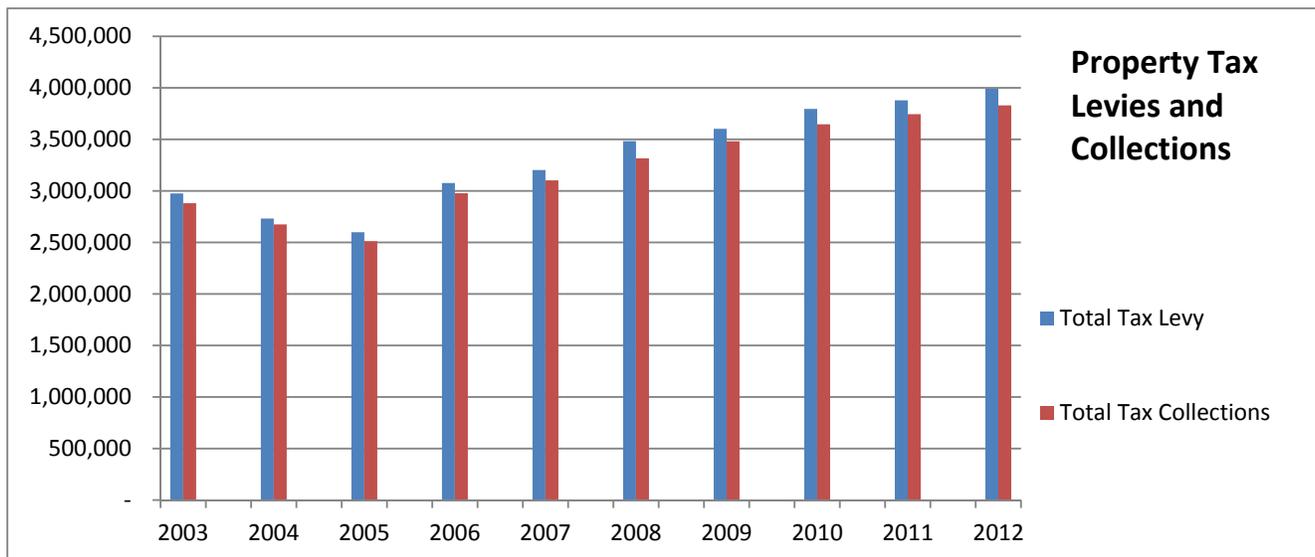
Source: Lane County Department of Assessment and Taxation

\*Information is not available for years prior to 2005

**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
2003	2,975,664	2,773,665	93.2	106,775	2,880,440	96.8	212,777	7.2
2004	2,732,038	2,575,121	94.3	99,968	2,675,089	97.9	183,997	6.7
2005	2,599,041	2,446,954	94.1	64,717	2,511,671	96.6	174,755	6.7
2006	3,076,575	2,911,638	94.6	65,670	2,977,308	96.8	146,346	4.8
2007	3,202,445	3,036,157	94.8	66,187	3,102,344	96.9	154,575	4.8
2008	3,483,020	3,257,128	93.5	58,932	3,316,060	95.2	177,979	5.1
2009	3,602,537	3,373,649	93.6	107,875	3,481,524	96.6	193,559	5.4
2010	3,795,627	3,381,874	89.1	264,656	3,646,530	96.1	220,100	5.8
2011	3,878,859	3,643,842	93.9	101,086	3,744,928	96.5	216,678	5.6
2012	3,991,237	3,768,954	94.4	60,769	3,829,723	96.0	272,871	6.8

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 ***
2003	\$ 2,830,441	0.76%	\$ 2,360,492	\$ 21,760	\$ 267
2004	2,533,082	0.69%	1,820,755	15,121	204
2005	2,517,839	0.63%	1,540,466	7,886	170
2006	2,498,806	0.59%	1,387,695	-	150
2007	2,476,580	0.56%	1,584,856	-	170
2008	2,451,698	0.51%	2,075,131	-	220
2009	2,424,441	0.48%	2,527,399	-	266
2010	2,395,345	0.46%	2,174,631	-	229
2011	2,361,927	0.44%	2,182,042	-	225
2012	2,327,366	0.43%	1,785,935	-	183

Business-Type Activities

Fiscal Year Ended June 30,	Revenue Bonds and Notes	Per Capita ***
2003	\$ 1,632,008	\$ 183
2004	1,470,052	163
2005	6,302,834	692
2006	9,487,555	1,023
2007	12,906,543	1,381
2008	19,905,767	2,108
2009	20,423,165	2,153
2010	19,872,976	2,093
2011	18,797,098	1,941
2012	17,989,813	1,846

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

\*\* Percent of Assessed Value is calculated 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 Payable from 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
2003	8,910	338,331,809	443,327,603	2,830,441	-	974,532	1,855,908	0.55%	0.42%	208.29
2004	9,010	349,406,767	449,169,109	2,533,082	-	681,733	1,851,349	0.53%	0.41%	205.48
2005	9,110	400,236,137	487,289,006	2,517,839	-	657,018	1,842,821	0.46%	0.38%	202.29
2006	9,275	426,789,165	570,949,638	2,498,806	-	667,973	1,830,833	0.43%	0.32%	197.39
2007	9,345	444,250,454	828,315,133	2,476,580	-	660,587	1,815,993	0.41%	0.22%	194.33
2008	9,445	483,168,933	956,161,508	2,451,698	-	652,822	1,798,876	0.37%	0.19%	190.46
2009	9,485	500,539,978	983,381,511	2,424,441	-	644,668	1,779,773	0.36%	0.18%	187.64
2010	9,495	525,779,935	951,337,243	2,395,345	-	636,107	1,759,238	0.33%	0.18%	185.28
2011	9,686	537,670,091	894,526,836	2,361,927	-	627,118	1,734,809	0.32%	0.19%	179.10
2012	9,745	551,007,682	860,172,306	2,327,366	-	617,679	1,709,687	0.31%	0.20%	175.44

(1) Source: Portland State University

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

(4) Amount does not include bancroft bonds

(5) Amount available for repayment of general obligation bonds

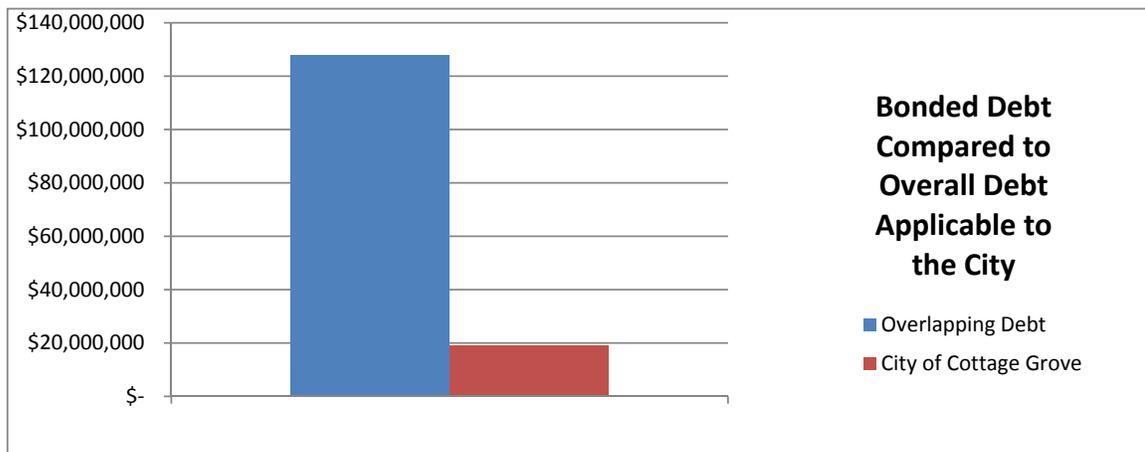
(6) These amounts include the general obligation bonds that are being repaid from water revenues, lease revenues from the Industrial Park, donations, and proceeds from the sale of property.

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

Jurisdiction	Total Net Debt	Percent Within City	City's Pro Rata Share
Direct:			
City of Cottage Grove	\$ 1,709,686	100%	\$ 1,709,686
Overlapping:			
Lane County School District 45J3	39,444,007	44.40%	17,512,863
Lane County	48,960,000	1.86%	908,208
Lane Community College	31,910,000	1.83%	583,889
Lane Education Service District	7,645,000	1.86%	142,189
Totals	\$ 127,959,007		\$ 19,147,149

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.



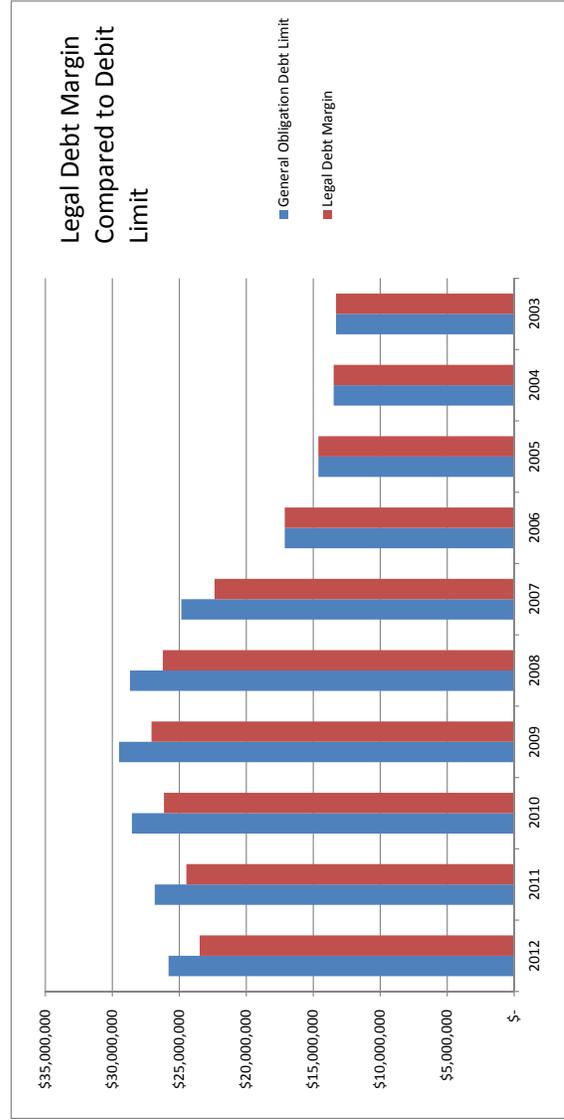
**CITY OF COTTAGE GROVE, OREGON**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years \***

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Real Market Value (1)	\$ 860,172,306	\$ 894,526,836	\$ 951,337,243	\$ 983,381,511	\$ 956,161,508	\$ 828,315,133	\$ 570,949,638	\$ 487,289,006	\$ 449,169,109	\$ 443,327,603
Debt Limit of Real Market Value	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
General obligation debt limit	\$ 25,805,169	\$ 26,835,805	\$ 28,540,117	\$ 29,501,445	\$ 28,684,845	\$ 24,849,454	\$ 17,128,489	\$ 14,618,670	\$ 13,475,073	\$ 13,299,828
Gross bonded debt	2,327,366	2,361,927	2,395,345	2,424,441	2,451,698	2,476,580	-	-	-	-
Legal debt margin (amount for future indebtedness)	\$ 23,477,803	\$ 24,473,878	\$ 26,144,772	\$ 27,077,004	\$ 26,233,147	\$ 22,372,874	\$ 17,128,489	\$ 14,618,670	\$ 13,475,073	\$ 13,299,828

(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**

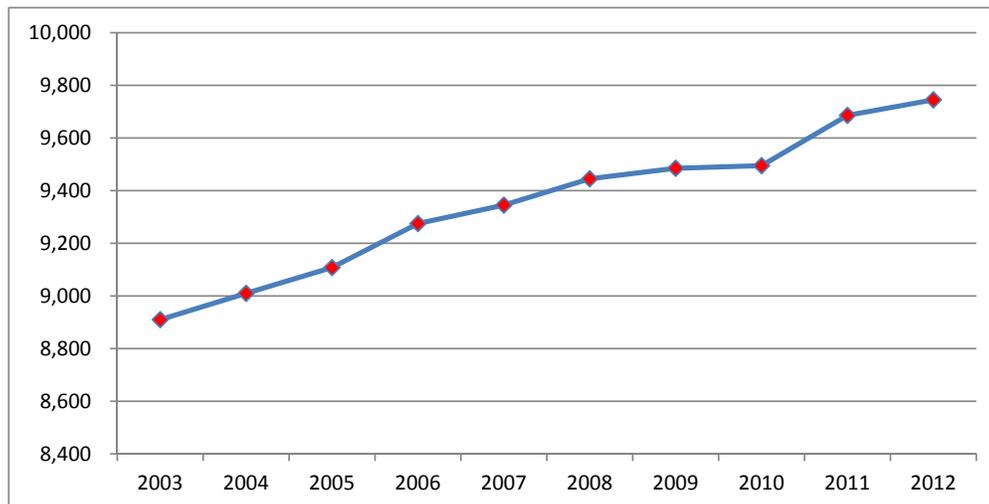
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Fiscal Year	City of Cottage Grove Population	Lane County Population	Personal Income (amounts expressed in thousands)**	Per Capita Personal Income **	School Enrollment	Unemployment Rate
2003	8,910	328,150	8,846,999	26,744	2,803	8.0%
2004	9,010	329,400	9,288,680	27,943	2,827	6.6%
2005	9,108	333,350	9,752,030	29,074	2,714	6.4%
2006	9,275	336,085	10,645,689	31,364	2,724	5.6%
2007	9,345	339,740	11,269,508	32,877	2,716	5.1%
2008	9,445	343,140	11,679,994	33,522	2,835	5.4%
2009	9,485	345,880	11,594,589	33,552	2,807	12.9%
2010	9,495	347,690	11,655,264	33,552	2,635	10.6%
2011	9,686	347,690	11,655,264	33,277	2,635	10.6%
2012	9,745	353,416	12,214,410	34,561	2,718	8.9%

\* 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 \***

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Function	Full-time Equivalent Employees as of June 30								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Employees (excluding police)									
Full-time	37	40	40	44	45	44	45	43	42
Part-time	7.04	9.32	8.79	12.11	9.86	11.15	5.81	5.72	10.99
Public Safety									
Police	24	26	27	24	23	22	22	23	25
Total	68.04	75.32	75.79	80.11	77.86	77.15	72.81	71.72	77.99

\* 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**

---

2012

Employer	Employees	Percentage of Total City Employment
South Lane School District	309	12.17%
Cottage Grove Community Hospital	200	7.88%
Safeway	148	5.83%
Walmart	139	5.48%
City of Cottage Grove	86	3.39%
Middle Field Oaks Assisted Living	65	2.56%
Coast Fork Nursing Center, Inc.	64	2.52%
McDonalds	60	2.36%
Starfire	58	2.29%
Brads Cottage Grove Chevrolet	57	2.25%
Total	1,186	
Estimated Total City Employment	2,538	

2002

Statistical info not collected in 2002 due to availability, therefore it is not available for this comparison.

Sources:  
 LCOG  
 State of Oregon Employment Department

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

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Function	Fiscal Year				
	2004	2005	2006	2007	2008
Police:					
Number of law violations:					
Arrests	620	776	683	778	573
Traffic violations	333	416	451	335	740
Parking violations	36	516	233	752	148
Wastewater System:					
Number of service connections	3,603	3,299	3,718	3,453	3,456
Daily average treatment in gallons:					
Summer: May - October	1,070,000	1,076,000	1,150,000	1,350,000	1,280,000
Winter: November - April	2,970,000	2,141,600	3,900,000	2,680,000	3,700,000
Water System:					
Number of service connections	3,296	3,642	3,772	3,755	3,776
Number of fire hydrants	357	357	359	387	390
Daily average consumption in gallons:					
Summer: July - September	2,183,000	1,931,000	2,148,000	2,259,000	2,314,000
Winter: December - February	1,360,000	1,002,667	1,142,000	1,167,000	1,171,000
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**  
**Last Ten Fiscal Years \***

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<b>Function</b>	Fiscal Year			
	2009	2010	2011	2012
<b>Police:</b>				
Number of law violations:				
Arrests	426	1,209	913	527
Traffic violations	217	721	376	369
Parking violations	242	357	433	296
<b>Wastewater System:</b>				
Number of service connections	3629 **	3673 **	3685**	3644**
Daily average treatment in gallons:				
Summer: May - October	1,020,000	1,420,000	1,520,000	1,223,000
Winter: November - April	2,420,000	2,960,000	3,420,000	3,343,000
<b>Water System:</b>				
Number of service connections	3861 **	3852 **	3910**	3983**
Number of fire hydrants	398	401	401	401
Daily average consumption in gallons:				
Summer: July - September	2,335,000	2,512,000	2,202,333***	1,837,000
Winter: December - February	1,206,000	1,299,667	960,000***	871,667
Design capacity of plant in gallons	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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Area - square miles	3.44	3.44	3.85	3.85	3.91	3.91	3.98	3.98	3.98	
City of Cottage Grove facilities and services:										
Miles of streets	40.19	40.19	40.71	40.71	42.97	43.57	43.57	43.57	43.57	
Number of street lights	483	483	486	486	498	507	508	508	508	
Parks (developed)	20	20	20	20	21	22	22	22	22	
Park acreage (developed)	147.0	147.0	147.0	147.0	189.73	243.58	243.58	243.58	243.58	
Willamette Greenway (miles along river)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	
Library:										
Value of collection	\$ 625,328	\$ 657,908	\$ 694,751	\$ 694,751	\$ 766,403	\$ 805,361	\$838,681	\$813,378	\$836,115	
Books circulated	79,813	80,345	81,521	81,521	80,517	84,854	86,363	77,157	69,406	
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	
Wastewater System:										
Miles of sanitary sewers	42.56	42.56	43.04	43.04	45.06	45.66	45.72	45.72	45.72	
Miles of storm sewers	28.44	28.44	28.79	28.79	30.45	30.85	30.85	30.85	30.85	
Design capacity of treatment plant in gallons	2,000,000	2,000,000	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	64.86	64.90	65.23	65.23	68.38	48.98	49.05	49.05	49.05	

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



**COMPLIANCE SECTION**





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

Honorable Mayor and City Council  
City of Cottage Grove, Oregon

We have audited the financial statements and schedules of the City of Cottage Grove, Oregon ("City") as of and for the year ended June 30, 2012, and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grants including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

- Accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the City's budget for the current fiscal year and the next succeeding fiscal year ending June 30, 2013.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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 over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of management, the audit committee, and the Honorable Mayor and Council and the Secretary of State, Audits Division, of the State of Oregon. However, this report is a matter of public record and its distribution is not limited.

**ISLER CPA**

A handwritten signature in black ink that reads "Gary Iskra". The signature is written in a cursive style with a large, stylized initial "G".

by: Gary Iskra, CPA, a member of the firm

Eugene, Oregon  
December 21, 2012



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council  
City of Cottage Grove, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Cottage Grove, Oregon ("City") as of and for the year ended June 30, 2012, which collectively comprise City's basic financial statements and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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 over financial reporting.

A *deficiency in internal controls* 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 misstatements on a timely basis. A *material weakness* is a significant 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, and the Honorable Mayor and Council and is not intended to be and should not be used by anyone other than these specified parties.

**ISLER CPA**

by: Gary Iskra, CPA, a member of the firm

Eugene, Oregon  
December 21, 2012

