

BASIC FINANCIAL STATEMENTS

CITY OF COTTAGE GROVE, OREGON

Statement of Net Assets

June 30, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,604,904	\$ 2,658,377	\$ 8,263,281
Due from other governments	6,900	-	6,900
Accounts receivable, net	319,368	401,238	720,606
Property taxes receivable	220,100	-	220,100
Inventories	-	190,961	190,961
Internal balances	(60,000)	60,000	-
Other current assets	3,432	-	3,432
Assessments receivable	467,056	-	467,056
Notes receivable	18,744	-	18,744
Net pension asset	1,249,014	-	1,249,014
Bond costs and loan fees	15,716	1,800	17,516
Capital assets not being depreciated	26,849,936	2,113,002	28,962,938
Capital assets net of accumulated depreciation	<u>13,177,460</u>	<u>30,546,034</u>	<u>43,723,494</u>
Total Assets	<u>47,872,630</u>	<u>35,971,412</u>	<u>83,844,042</u>
Liabilities			
Current liabilities:			
Accounts payable and other current liabilities	1,050,934	206,800	1,257,734
Deposits	11,298	38,318	49,616
Accrued interest payable	65,188	336,701	401,889
Unearned revenues	28,688	-	28,688
Compensated absences	250,055	78,849	328,904
Noncurrent liabilities:			
Due within one year	453,697	1,074,854	1,528,551
Due in more than one year	<u>4,116,278</u>	<u>18,798,121</u>	<u>22,914,399</u>
Total Liabilities	<u>5,976,138</u>	<u>20,533,643</u>	<u>26,509,781</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	35,457,421	13,058,044	48,515,465
Restricted for:			
Debt service	43,533	-	43,533
System development	-	755,414	755,414
Road maintenance	530,931	-	530,931
Culture and recreation	80,693	-	80,693
Ed Jenks and Memorial Tree:			
Expendable	3,893	-	3,893
Nonexpendable	3,000	-	3,000
Unrestricted	<u>5,777,021</u>	<u>1,624,311</u>	<u>7,401,332</u>
Total Net Assets	<u>\$ 41,896,492</u>	<u>\$ 15,437,769</u>	<u>\$ 57,334,261</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Governmental Funds

Balance Sheet

June 30, 2010

	General Fund	Street Fund	Industrial Park Fund	City Debt Service Fund	Urban Renewal Agency Debt Service Fund	Other Governmental Funds	Total
Assets							
Cash and cash equivalents	\$ 1,781,962	\$ 219,879	\$ 625,706	\$ 2,737	\$ 746,136	\$ 2,228,484	\$ 5,604,904
Due from other governments	6,900	-	-	-	-	-	6,900
Accounts receivable	226,259	92,778	-	-	-	331	319,368
Property taxes receivable	220,100	-	-	-	-	-	220,100
Assessments receivable	-	-	467,056	-	-	-	467,056
Notes receivable	-	-	-	-	-	18,744	18,744
Other current assets	-	-	-	-	-	3,432	3,432
Total Assets	\$ 2,235,221	\$ 312,657	\$ 1,092,762	\$ 2,737	\$ 746,136	\$ 2,250,991	\$ 6,640,504
Liabilities							
Accounts payable and other current liabilities	\$ 295,454	\$ 36,898	\$ -	\$ -	\$ 659,665	\$ 58,917	\$ 1,050,934
Deposits	10,266	-	-	-	-	1,032	11,298
Interfund loan payable	-	-	60,000	-	-	-	60,000
Deferred revenue	333,277	-	467,056	-	-	18,744	819,077
Unearned Revenue	28,688	-	-	-	-	-	28,688
Total Liabilities	667,685	36,898	527,056	-	659,665	78,693	1,969,997
Fund Balance							
Reserved for:							
Debt service	40,796	-	-	2,737	-	-	43,533
Public library	-	-	-	-	-	3,000	3,000
Unreserved reported in:							
General fund	1,526,740	-	-	-	-	-	1,526,740
Special revenue fund	-	275,759	565,706	-	-	911,340	1,752,805
Capital projects fund	-	-	-	-	86,471	1,254,065	1,340,536
Permanent funds	-	-	-	-	-	3,893	3,893
Total Fund Balances	1,567,536	275,759	565,706	2,737	86,471	2,172,298	4,670,507
Total Liabilities and Fund Balances	\$ 2,235,221	\$ 312,657	\$ 1,092,762	\$ 2,737	\$ 746,136	\$ 2,250,991	\$ 6,640,504

CITY OF COTTAGE GROVE, OREGON

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets
For the Year Ended June 30, 2010

Total Government Fund Balances		\$ 4,670,507
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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	26,849,936	
Capital assets being depreciated	28,797,760	
Accumulated depreciation	<u>(15,620,300)</u>	40,027,396

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

Deferred revenue	819,077	
Bond cost	15,716	
Net pension asset	<u>1,249,014</u>	2,083,807

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	(65,188)	
Compensated absences	(250,055)	
Long-term debt	<u>(4,569,975)</u>	<u>(4,885,218)</u>

Net Assets of Governmental Activities in the Statement of Net Assets		<u>\$ 41,896,492</u>
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CITY OF COTTAGE GROVE, OREGON

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2010

	General Fund	Street Fund	Industrial Park Fund	City Debt Service Fund	Urban Renewal Agency Debt Service Fund	Other Governmental Funds	Total
Revenues							
Intergovernmental revenues	\$ 1,050,033	\$ 464,057	\$ -	\$ -	\$ -	\$ 153,330	\$ 1,667,420
Matching funds	424,312	-	-	-	-	-	424,312
Charges for services	18,889	-	-	-	-	314,307	333,196
Property taxes	3,873,900	-	-	-	-	-	3,873,900
Franchise taxes	410,375	-	-	-	-	-	410,375
Licenses and permits	7,431	-	-	-	-	-	7,431
Fines and forfeitures	115,720	-	-	-	-	-	115,720
Property sales	-	-	887	-	-	-	887
Special assessments	-	-	-	-	-	25,984	25,984
Local fuels tax	-	340,204	-	-	-	-	340,204
Interest	21,833	1,187	6,428	15	7,423	11,421	48,307
Miscellaneous	126,029	4,363	31	-	-	26,019	156,442
Room tax	89,775	-	-	-	-	-	89,775
Administration and engineering fees	395,660	-	-	-	-	-	395,660
Total Revenue	6,533,957	809,811	7,346	15	7,423	531,061	7,889,613
Expenditures							
Current:							
General government	1,220,412	-	-	-	-	9,418	1,229,830
Public safety	2,138,665	-	-	-	-	568,018	2,706,683
Highways and streets	-	555,463	-	-	-	9,324	564,787
Culture and recreation	650,592	-	-	-	-	29,664	680,256
Community development	1,087,599	-	62,021	-	-	230,435	1,380,055
Debt service:							
Principal	209,304	-	44,035	173,184	-	-	426,523
Interest	58,739	-	101,395	57,193	79	-	217,406
Capital outlay	105,983	200,547	-	-	-	313,320	619,850
Total Expenditures	5,471,294	756,010	207,451	230,377	79	1,160,179	7,825,390
Excess (deficiency) of revenues over (under) expenditures	1,062,663	53,801	(200,105)	(230,362)	7,344	(629,118)	64,223
Other Financing Sources (uses)							
Issuance of debt	-	44,654	-	-	-	-	44,654
Tax increment refund	-	-	-	-	(659,665)	-	(659,665)
Transfers in	-	-	-	229,541	-	1,053,818	1,283,359
Transfers out	(483,758)	(80,661)	-	-	(474,238)	(37,689)	(1,076,346)
Total Other Financing Source (Uses)	(483,758)	(36,007)	-	229,541	(1,133,903)	1,016,129	(407,998)
Net Change in Fund Balances	578,905	17,794	(200,105)	(821)	(1,126,559)	387,011	(343,775)
Beginning Fund Balance	988,631	257,965	765,811	3,558	1,213,030	1,785,287	5,014,282
Ending Fund Balance	\$ 1,567,536	\$ 275,759	\$ 565,706	\$ 2,737	\$ 86,471	\$ 2,172,298	\$ 4,670,507

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, 2010

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

Net Change in Fund Balances - Total Governmental Funds

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.

\$ (343,775)

Current year depreciation \$ (882,503)

Expenditures for capital assets 540,339 (342,164)

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 (353,281)

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 interest (6,746)

Change in accrued absences (26,952)

Contributions to pension plans use current financial resources from governmental funds, but created a net pension asset.

(69,390)

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 426,523

Issuance of debt (44,654) 381,869

Change in Net Assets of Governmental Activities

\$ (760,439)

CITY OF COTTAGE GROVE, OREGON

Proprietary Funds

Balance Sheet

June 30, 2010

Business-Type Activities - Enterprise Fund

	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Storm Drainage Operations</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,010,389	\$ 460,444	\$ 1,187,544	\$ 2,658,377
Receivables - net	194,293	178,029	28,916	401,238
Inventories	158,052	32,909	-	190,961
Due from other funds	-	-	60,000	60,000
	<u>1,362,734</u>	<u>671,382</u>	<u>1,276,460</u>	<u>3,310,576</u>
Total current assets				
Noncurrent assets:				
Loan fees, net of amortization	-	1,800	-	1,800
Capital assets not being depreciated	135,530	1,945,481	31,991	2,113,002
Capital assets net of accumulated depreciation	<u>14,637,230</u>	<u>14,585,486</u>	<u>1,323,318</u>	<u>30,546,034</u>
	<u>14,772,760</u>	<u>16,532,767</u>	<u>1,355,309</u>	<u>32,660,836</u>
Total noncurrent assets				
	<u>14,772,760</u>	<u>16,532,767</u>	<u>1,355,309</u>	<u>32,660,836</u>
Total assets	<u>\$ 16,135,494</u>	<u>\$ 17,204,149</u>	<u>\$ 2,631,769</u>	<u>\$ 35,971,412</u>
Liabilities and Net Assets				
Liabilities				
Current liabilities:				
Accounts payable and other current liabilities	\$ 92,915	\$ 103,304	\$ 10,581	\$ 206,800
Deposits	38,318	-	-	38,318
Accrued interest payable	241,995	94,706	-	336,701
Compensated absences	39,149	35,060	4,640	78,849
Current portion of long-term debt	<u>578,560</u>	<u>464,196</u>	<u>32,098</u>	<u>1,074,854</u>
	990,937	697,266	47,319	1,735,522
Total current liabilities				
	990,937	697,266	47,319	1,735,522
Noncurrent liabilities				
Noncurrent portion of long-term debt	<u>9,762,416</u>	<u>8,939,948</u>	<u>95,757</u>	<u>18,798,121</u>
	<u>9,762,416</u>	<u>8,939,948</u>	<u>95,757</u>	<u>18,798,121</u>
Total Liabilities	<u>10,753,353</u>	<u>9,637,214</u>	<u>143,076</u>	<u>20,533,643</u>
Net Assets				
Invested in capital assets, net of related debt	4,452,195	7,250,540	1,355,309	13,058,044
Restricted for:				
System development	27,197	233,271	494,946	755,414
Unrestricted	<u>902,749</u>	<u>83,124</u>	<u>638,438</u>	<u>1,624,311</u>
	5,382,141	7,566,935	2,488,693	15,437,769
Total Net Assets	<u>5,382,141</u>	<u>7,566,935</u>	<u>2,488,693</u>	<u>15,437,769</u>
Total Liabilities and Net Assets	<u>\$ 16,135,494</u>	<u>\$ 17,204,149</u>	<u>\$ 2,631,769</u>	<u>\$ 35,971,412</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, 2010

Business-Type Activities - Enterprise Fund

	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Storm Drainage Operations</u>	<u>Total</u>
Operating Revenues				
Charges for Services	\$ 2,241,628	\$ 2,204,003	\$ 330,354	\$ 4,775,985
Special assessments	9,770	29,236	-	39,006
Miscellaneous	97,524	29,159	1,238	127,921
Grants and contracts	-	15,057	-	15,057
Total Operating Revenues	<u>2,348,922</u>	<u>2,277,455</u>	<u>331,592</u>	<u>4,957,969</u>
Operating Expenses				
Cost of sales and services	668,981	639,506	53,680	1,362,167
Administration	795,182	775,850	102,556	1,673,588
Depreciation	<u>435,248</u>	<u>502,916</u>	<u>75,889</u>	<u>1,014,053</u>
Total Operating Expenses	<u>1,899,411</u>	<u>1,918,272</u>	<u>232,125</u>	<u>4,049,808</u>
Operating Income (Loss)	<u>449,511</u>	<u>359,183</u>	<u>99,467</u>	<u>908,161</u>
Non-operating income (expenses)				
Investment earnings	6,477	3,091	50,411	59,979
Interest expense	<u>(449,525)</u>	<u>(383,174)</u>	<u>(31,459)</u>	<u>(864,158)</u>
Total non-operating income (expenses)	<u>(443,048)</u>	<u>(380,083)</u>	<u>18,952</u>	<u>(804,179)</u>
Income (loss) before transfers	6,463	(20,900)	118,419	103,982
Transfers in (out)	<u>(12,040)</u>	<u>-</u>	<u>(194,974)</u>	<u>(207,014)</u>
Change in Net Assets	(5,577)	(20,900)	(76,555)	(103,032)
Beginning Net Assets, as restated	<u>5,387,718</u>	<u>7,587,835</u>	<u>2,565,248</u>	<u>15,540,801</u>
Ending Net Assets	<u>\$ 5,382,141</u>	<u>\$ 7,566,935</u>	<u>\$ 2,488,693</u>	<u>\$ 15,437,769</u>

See accompanying notes to financial statements.

CITY OF COTTAGE GROVE, OREGON

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds			
	Water Operations	Wastewater Operations	Storm Drain Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 2,358,202	\$ 2,269,466	\$ 326,841	\$ 4,954,509
Cash payments to employees	(440,289)	(447,446)	(55,511)	(943,246)
Cash payments to suppliers for good and services	<u>(1,274,922)</u>	<u>(965,036)</u>	<u>(103,431)</u>	<u>(2,343,389)</u>
Net cash provided (used) by operating activities	<u>642,991</u>	<u>856,984</u>	<u>167,899</u>	<u>1,667,874</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	976,975	844,318	122,359	1,943,652
Transfers out	(989,015)	(844,318)	(317,333)	(2,150,666)
Repayment of interfund loan	<u>-</u>	<u>-</u>	<u>252,000</u>	<u>252,000</u>
Net cash provided (used) by noncapital financing activities	<u>(12,040)</u>	<u>-</u>	<u>57,026</u>	<u>44,986</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(72,310)	(133,882)	(124,333)	(330,525)
Principal paid on capital debt	(346,416)	(460,536)	(25,384)	(832,336)
Interest paid on capital debt	(600,100)	(383,172)	(31,459)	(1,014,731)
Loan proceeds	<u>9,913</u>	<u>129,572</u>	<u>124,049</u>	<u>263,534</u>
Net cash provided (used) by capital and related financing activities	<u>(1,008,913)</u>	<u>(848,018)</u>	<u>(57,127)</u>	<u>(1,914,058)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>6,477</u>	<u>3,091</u>	<u>50,410</u>	<u>59,978</u>
Net change in cash and cash equivalents	(371,485)	12,057	218,208	(141,220)
Cash and cash equivalents:				
Cash and cash equivalents at beginning of year	<u>1,381,874</u>	<u>448,387</u>	<u>969,336</u>	<u>2,799,597</u>
Cash and cash equivalents at end of year	<u>\$ 1,010,389</u>	<u>\$ 460,444</u>	<u>\$ 1,187,544</u>	<u>\$ 2,658,377</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, 2010

	Business-Type Activities - Enterprise Funds			
	Water Operations	Wastewater Operations	Storm Drain Operations	Total
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 449,511	\$ 359,183	\$ 99,467	\$ 908,161
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	435,248	502,916	75,889	1,014,053
(Increase) decrease in assets:				
Receivables - net	8,844	(7,989)	(4,751)	(3,896)
Prepays	(2,012)	-	-	(2,012)
Inventories	13,010	714	-	13,724
Increase (decrease) in liabilities:				
Deposits	4,967	-	-	4,967
Accounts payable and other current liabilities	(266,577)	2,160	(2,706)	(267,123)
Net cash provided (used) by operating activities	<u>\$ 642,991</u>	<u>\$ 856,984</u>	<u>\$ 167,899</u>	<u>\$ 1,667,874</u>