

## Analysis of Changes in Net Position

The City's Statement of Activities for fiscal year ended June 30, 2020 follows:

	June 30, 2020		June 30, 2019	
	Governmental Activities	Business Type Activities	Governmental Activities	Business Type Activities
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 541,755	\$ 52,500	\$ 384,953	\$ 1,017,840
Operating Grants	11,001	39,776	320	-
General revenues:				
Property taxes for General	158,189	-	146,689	-
Property taxes for Debt	-	-	-	71,929
State revenue sharing	96,366	-	89,396	-
Intergovernmental	213,755	-	227,753	-
Franchise fees	311,836	-	247,290	-
Earnings on investments	18,148	20,660	6,224	60,701
Gain on sale of capital assets	-	-	505	186
Other	2,472	127,173	96,559	-
<b>Total revenues</b>	<b>1,353,522</b>	<b>240,109</b>	<b>1,199,689</b>	<b>1,150,656</b>
<b>Expenses</b>				
Administrative	603,099	-	472,281	-
Public Safety	480,127	-	443,437	-
Highways and streets	171,720	-	178,541	-
Wastewater	-	1,245,860	-	1,218,724
<b>Total expenses</b>	<b>1,254,946</b>	<b>1,245,860</b>	<b>1,094,259</b>	<b>1,218,724</b>
<b>Other</b>				
Loss on disposal of operations	-	(4,508,208)	-	-
Transfers	(1,753,961)	1,753,961	-	-
<b>Total Other</b>	<b>(1,753,961)</b>	<b>(2,754,247)</b>	<b>-</b>	<b>-</b>
Change in net position	(1,655,385)	(3,759,998)	105,430	(68,068)
Beginning net position, as restated	906,109	4,899,726	800,679	4,994,999
Ending net position	\$ (749,276)	\$ 1,139,728	\$ 906,109	\$ 4,926,931

### **Governmental Activities**

Governmental activities decreased the City's net position by approximately \$1.7 million. Governmental revenues totaled \$1.35 million and consisted primarily of property taxes of approximately \$158 thousand, charges for services of approximately \$542 thousand, intergovernmental revenue of approximately \$214 thousand, and franchise fees of approximately \$312 thousand. The City also recorded a capital transfer of approximately \$1.75 million due to transactions related to the RVSS annexation and closure of the Sewer Operations Fund.

**CITY OF SHADY COVE, OREGON  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fines, Fees, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>						
General government						
Administrative	\$ 603,099	\$ 157,445	\$ 11,001	\$ (434,653)	\$ -	\$ (434,653)
Public safety	480,127	384,310	-	(95,817)	-	(95,817)
Highways and streets	171,720	-	-	(171,720)	-	(171,720)
Total government activities	<u>1,254,946</u>	<u>541,755</u>	<u>11,001</u>	<u>(702,190)</u>	<u>-</u>	<u>(702,190)</u>
<b>Business-type activities:</b>						
System development charges	110,636	52,500	39,776	-	(18,360)	(18,360)
Wastewater	1,135,224	-	-	-	(1,135,224)	(1,135,224)
Total business-type activities	<u>1,245,860</u>	<u>52,500</u>	<u>39,776</u>	<u>-</u>	<u>(1,153,584)</u>	<u>(1,153,584)</u>
Total Common City	<u>\$ 2,500,806</u>	<u>\$ 594,255</u>	<u>\$ 50,777</u>	<u>(702,190)</u>	<u>(1,153,584)</u>	<u>(1,855,774)</u>
General revenues:						
Property taxes levied for general purposes				158,189	-	158,189
State subventions				96,366	-	96,366
Intergovernmental				213,755	-	213,755
Franchise taxes				311,836	-	311,836
Earnings on investments				18,148	20,660	38,808
Loss on disposal of operations				-	(4,508,208)	(4,508,208)
Other				2,472	127,173	129,645
Transfers				<u>(1,753,961)</u>	<u>1,753,961</u>	<u>-</u>
Total general revenues and transfers				<u>(953,195)</u>	<u>(2,606,414)</u>	<u>(3,559,609)</u>
<b>CHANGE IN NET POSITION</b>				<u>(1,655,385)</u>	<u>(3,759,998)</u>	<u>(5,415,383)</u>
<b>Net position - Beginning of Year, as restated</b>				<u>906,109</u>	<u>4,899,726</u>	<u>5,805,835</u>
<b>Net position - End of Year</b>				<u>\$ (749,276)</u>	<u>\$ 1,139,728</u>	<u>\$ 390,452</u>

**CITY OF SHADY COVE, OREGON  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
JUNE 30, 2020**

	<b>Sewer Operations Fund</b>	<b>Sewer Bonded Debt Fund</b>	<b>SDC Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 367,550	\$ -	\$ -	\$ 367,550
Special payments receivable	116,463	-	-	116,463
Receivable	-	-	39,776	39,776
<b>Total current assets</b>	<b>484,013</b>	<b>-</b>	<b>39,776</b>	<b>523,789</b>
Noncurrent assets:				
Restricted cash and investments	-	-	402,983	402,983
Construction in progress	-	-	120,513	120,513
Infrastructure, net	-	-	577,328	577,328
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>1,100,824</b>	<b>1,100,824</b>
<b>TOTAL ASSETS</b>	<b>484,013</b>	<b>-</b>	<b>1,140,600</b>	<b>1,624,613</b>
<b>LIABILITIES AND NET POSITION</b>				
Current liabilities:				
Accounts payable	-	-	872	872
Special payments payable - sewer	76,721	-	-	76,721
Special payments payable - sewer uncollected	34,650	-	-	34,650
Special payments payable - deferred revenue	5,092	-	-	5,092
Interfund payable	4,538	-	-	4,538
Payable to RVSS	363,012	-	-	363,012
<b>Total current liabilities</b>	<b>484,013</b>	<b>-</b>	<b>872</b>	<b>484,885</b>
<b>TOTAL LIABILITIES</b>	<b>484,013</b>	<b>-</b>	<b>872</b>	<b>484,885</b>
Net Position:				
Net investment in capital assets	-	-	697,841	697,841
Restricted	-	-	441,887	441,887
Unrestricted	-	-	-	-
<b>TOTAL NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,139,728</b>	<b>\$ 1,139,728</b>

**CITY OF SHADY COVE, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9 – OPERATING LEASES**

On June 11, 2020 the City traded-in their previously leased office equipment, terminating the previous agreement, and entered into a new operating lease agreement with Canon Financial Services, Inc. Total rental fees incurred on operating leases during the year ended June 30, 2020 were \$3,036. The future payments for the current Canon operating lease are as follows:

Year ending June 30:	Canon Financial Lease Payments
2021	\$ 2,448
2022	2,448
2023	2,448
2024	2,448
2025	2,448
	\$ 12,240

**NOTE 10 – INTERFUND TRANSACTIONS**

**Interfund Transfers**

Interfund transfers during the year ended June 30, 2020 were as follows:

<u>Operating Transfers</u>	<u>In</u>	<u>Out</u>
General Fund	\$ 74,351	\$ 20,000
Capital Purchase Reserve Fund	20,000	-
Sewer Operations Fund	328,632	69,853
Sewer Bonded Debt Fund	123,191	-
Sewer Operations Replacement Fund	710	457,031
	\$ 546,884	\$ 546,884

The interfund transfer from the General Fund to the Capital Purchase Reserve Fund was to build a capital reserve for the purchase of vehicles or equipment. The remaining interfund transfers were for the purpose of paying off debt and closing funds due to the annexation agreement with RVSS. These transfers have been netted in the General Fund on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.

<u>Capital Transfers</u>	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 1,828,312
Sewer Operations Fund	1,828,312	-
	\$ 1,828,312	\$ 1,828,312

The capital transfer from the Sewer Operations Fund to the General Fund was to record the transfer of the long-term debt as a result of the annexation agreement with RVSS and closing of the Sewer Operations Fund. This transfer appears on the Statement of Activities.

**CITY OF SHADY COVE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 19 – SEWER SERVICES ANNEXATION**

The City Council and voters of the City of Shady Cove approved annexation of the City of Shady Cove sewer system to Rogue Valley Sewer Services (RVSS) effective July 1, 2019. On October 18, 2018, the City entered into a franchise agreement with RVSS, also effective July 1, 2019. The terms of the annexation and the franchise agreement include the following:

- Fixed assets related to the annexation have been transferred to RVSS and recorded as disposals as described in *Note 6*. The net book value of these assets is recorded as a loss on disposal of operations on the Statement of Activities.
- The City used available reserve funds to pay the balance of the General Obligation Bond and the Clean Water State Revolving Fund Note. Annual debt service payments on the remaining long term debt (Sewer Bond) are to be made by RVSS to the City and the City will hold in reserve one year's debt service, as described in *Note 8*. This amount has been recorded as restricted cash in the General Fund.
- RVSS will pay the City 7% of sewer revenues received.
- The City will continue to provide sewer related billing services. RVSS will pay an annual administrative fee to the City for these services.
- Any funds remaining in the Sewer Operations, Sewer Bonded Debt, Sewer Operations Reserve, Sewer Operations Replacement, and the Wastewater account within the System Development Charges Fund as of June 30, 2019 were transferred to RVSS to be deposited into a capital reserve fund dedicated for capital improvements at the Shady Cove Wastewater Treatment Plant.

**NOTE 20 – UNCERTAINTIES**

On March 13, 2020, the President of the United States declared a State of Emergency associated with the COVID-19 global pandemic. The impact of the State of Emergency and full ramifications to the economy and the City is not determinable at this time.

**NOTE 21 – SUBSEQUENT EVENTS**

Management of the City has evaluated events and transactions occurring after June 30, 2020 through the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.

**CITY OF SHADY COVE, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN NET POSITION - BUDGET AND ACTUAL**  
**SDC FUND**  
**YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
<b>REVENUES</b>				
System development charges	\$ 73,500	\$ 73,500	\$ 52,500	\$ (21,000)
Miscellaneous Income	-	-	1,551	1,551
Earnings on investments	3,000	3,000	20,660	17,660
<b>TOTAL REVENUES</b>	<u>76,500</u>	<u>76,500</u>	<u>74,711</u>	<u>(1,789)</u>
<b>EXPENDITURES</b>				
Capital Outlay				
Transportation SDC	216,500	216,500	89,283	127,217
Stormwater SDC	148,800	148,800	162,198	(13,398)
Parks SDC	140,000	140,000	90,259	49,741
Total Capital Outlay	<u>505,300</u>	<u>505,300</u>	<u>341,740</u>	<u>163,560</u>
Operating Contingency	64,455	27,967	-	27,967
<b>TOTAL EXPENDITURES</b>	<u>569,755</u>	<u>533,267</u>	<u>341,740</u>	<u>355,087</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(493,255)</u>	<u>(456,767)</u>	<u>(267,029)</u>	<u>189,738</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Special payments	(205,000)	(241,488)	(241,207)	281
Grants	100,000	100,000	39,776	(60,224)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(105,000)</u>	<u>(141,488)</u>	<u>(201,431)</u>	<u>(59,943)</u>
<b>NET CHANGE IN NET WORKING CAPITAL</b>	<u>(598,255)</u>	<u>(598,255)</u>	<u>(468,460)</u>	<u>129,795</u>
<b>NET WORKING CAPITAL, Beginning of Year</b>	<u>810,000</u>	<u>810,000</u>	<u>910,347</u>	<u>100,347</u>
<b>NET WORKING CAPITAL, End of Year</b>	<u>\$ 211,745</u>	<u>\$ 211,745</u>	<u>441,887</u>	<u>\$ 290,085</u>
Add (deduct) adjustments to net working capital to reconcile ending net position:				
Capital assets, net			<u>697,841</u>	
<b>ENDING NET POSITION</b>			<u>\$ 1,139,728</u>	