

**Agenda**  
Shady Cove Regular City Council Meeting  
Thursday, March 6, 2025  
6 PM

Join Zoom Meeting <https://zoom.us/j/9722923260?omn=93948141758>  
Meeting ID: 972 292 3260

- 1. Call to Order**
- 2. Roll Call**
- 3. Pledge of Allegiance**
- 4. Announcements/Proclamations by Presiding Officer**
  - A. This meeting is being digitally recorded.
  - B. **Next City Council:** March 20, 2025 at 6 PM (Council Chambers and Zoom).
  - C. **City Council and Recreation & Tourism Workshop** March 18, 2025 at 6 PM (Council Chambers and Zoom).
  - D. **Next Planning Commission:** March 13, 2025 at 6 PM, (Council Chambers and Zoom).
  - E. **Next Recreation & Tourism Commission:** March 12, 2025 at 5:00 PM (Library).
  - F. **Next Emergency Management Commission:** March 10, 2025 at 6 PM (City Hall & Zoom).
  - G. **Oregon's Wildfire Hazard Map Public Town Hall:** Saturday, March 8, 2025 from 2:00 pm - 4:00 pm at White Mountain Middle School in White City. (550 Wilson Way, White City).
  - H. These meeting dates and times are subject to change.
  - I. Anyone wishing to address the City Council concerning items of interest may do so. The person addressing the Council must complete a Public Comment Card and submit it to the City Administrator prior to the meeting. All remarks will be addressed to the whole City Council and limited to 3 minutes per person. Public Comments may also be submitted by email to the City Administrator, at [mparry@shadycove.org](mailto:mparry@shadycove.org), no later than 4:00 PM the day of the meeting. The Council reserves the right to delay any action, if required, until such time as they are fully informed on the matter.
- 5. Public Hearing**
- 6. Public Comment on items on the agenda (other than public hearings)**
- 7. Consent Agenda**
  - A. Bills Paid 1/22/2025 – 2/26/2025 total amount \$314,854.96.
- 8. Items removed from the consent agenda**
- 9. Staff Reports**
  - A. Commission/Committee Reports
  - B. City Administrator
- 10. New Business**
  - A. **Rights of Way Ordinance**

**11. Old Business**

A. **FY2021-2022 Final Audit**

**12. Written Comments on items not on the agenda**

**13. Council comments and Liaison report**

**14. Adjournment**

Approved

Attest

\_\_\_\_\_  
Mayor Ball

\_\_\_\_\_  
Michele Parry, City Administrator

**Council Vote:**

Mayor Ball

Councilor Nuckles

Councilor Winfrey

Councilor Mitchell

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Report Criteria:  
 Detail report type printed

Vendor Number	Name	Invoice Number	Description	Seq	Invoice Date	Invoice Amount	Discount Amount	Check Amount	Check Number	Check Issue Date
12	ASCAP	56688 2/202	License Fees 01/01/2025-1	1	01/23/2025	440.00	.00	440.00	51546	02/19/2025
Total 12:						440.00	.00	440.00		
13	Avista Corporation	4941620000	Natural Gas 01/2025	1	01/24/2025	299.27	.00	299.27	953	01/28/2025
		4941620000	Natural Gas 02/2025	1	02/24/2025	254.60	.00	254.60	961	02/26/2025
Total 13:						553.87	.00	553.87		
24	Canon Financial Services, I	37028902	Contract charge 12/01/202	1	12/13/2024	203.82	.00	203.82	51529	01/22/2025
		37700222	Contract charge 01/01/202	1	01/12/2025	203.82	.00	203.82	51547	02/19/2025
		38529123	Contract charge 02/01/202	1	02/09/2025	203.82	.00	203.82	51547	02/19/2025
Total 24:						611.46	.00	611.46		
25	Canon Solutions America, I	6010692802	Copier	1	01/25/2025	79.08	.00	79.08	51567	02/26/2025
Total 25:						79.08	.00	79.08		
42	Department of Administrati	ARQ27376	ORCPP Procurement Mem	1	10/30/2024	500.00	.00	500.00	51534	01/22/2025
Total 42:						500.00	.00	500.00		
43	Christian, David	01062025	Radio 1/6/2025 -1/10/2025	1	01/10/2025	90.00	.00	90.00	51530	01/22/2025
		01062025	Radio 1/13/2025 -1/17/202	2	01/10/2025	90.00	.00	90.00	51530	01/22/2025
		01242025	Radio 1/20/2025 -1/24/202	1	01/24/2025	90.00	.00	90.00	51542	01/28/2025
		02072025	Radio 2/3/2025 -2/7/2025	1	02/07/2025	90.00	.00	90.00	51548	02/19/2025
		02102025	Radio 2/9/2025 -2/14/2025	1	02/14/2025	105.00	.00	105.00	51568	02/26/2025
		02172025	Radio 2/17/2025 -2/21/202	1	02/21/2025	90.00	.00	90.00	51568	02/26/2025
Total 43:						555.00	.00	555.00		
49	Eagle Point Hardware	1040139	Screw lid, roof patch, buildi	1	01/31/2025	134.96	.00	134.96	51551	02/19/2025
Total 49:						134.96	.00	134.96		
61	Hornecker Cowling, LLP	142666	General Advice File 32076-	1	01/27/2025	67.50	.00	67.50	51554	02/19/2025
		143193	General - Acct 32076-001	1	02/19/2025	625.00	.00	625.00	51570	02/26/2025
Total 61:						692.50	.00	692.50		
74	Jackson County Sheriff	117571	Quarterly billing for Law En	1	01/30/2025	159,149.75	.00	159,149.75	51555	02/19/2025
Total 74:						159,149.75	.00	159,149.75		
83	KAS & Associates, Inc.	22534	Proposal-Welcome Sign, P	1	01/25/2025	377.10	.00	377.10	51556	02/19/2025
Total 83:						377.10	.00	377.10		
104	OMA	02192025	2025 OMA Membership Du	1	02/19/2025	160.00	.00	160.00	51558	02/19/2025
Total 104:						160.00	.00	160.00		
114	Pacific Power	3284764100	Aunt Carolines Park	1	01/27/2025	28.63	.00	28.63	51559	02/19/2025

Vendor Number	Name	Invoice Number	Description	Seq	Invoice Date	Invoice Amount	Discount Amount	Check Amount	Check Number	Check Issue Date
		3284764100	Reader Board	2	01/27/2025	136.28	.00	136.28	51559	02/19/2025
		3284764100	Street lights	3	01/27/2025	725.99	.00	725.99	51559	02/19/2025
		3284764100	City Hall	1	01/28/2025	325.94	.00	325.94	51572	02/26/2025
		3284764100	Nork Lane	2	01/28/2025	368.91	.00	368.91	51572	02/26/2025
		Total 114:				1,585.75	.00	1,585.75		
119	Perfection Cleaning	924145	City Hall office cleaning 01/	1	02/01/2025	360.00	.00	360.00	51560	02/19/2025
		Total 119:				360.00	.00	360.00		
122	Pitney Bowes Purchase Po	8000909000	meter postage	1	01/15/2025	502.25	.00	502.25	949	01/22/2025
		Total 122:				502.25	.00	502.25		
131	Richard W Brewster CPA P	32662	Preparation of 2024 1099s	1	02/14/2025	350.00	.00	350.00	51573	02/26/2025
		Total 131:				350.00	.00	350.00		
135	RVCOG	254575	Technical Services B Bento	1	12/10/2024	933.37	.00	933.37	51538	01/22/2025
		25-4612	RVCOG Membership dues	1	01/09/2025	477.00	.00	477.00	51538	01/22/2025
		25-4654	Sr Accountant V Robinson	1	01/29/2025	300.93	.00	300.93	51561	02/19/2025
		Total 135:				1,711.30	.00	1,711.30		
138	SESAC, Inc.	66951 72110	Music Performance Licens	1	12/31/2024	198.00	.00	198.00	51544	01/28/2025
		Total 138:				198.00	.00	198.00		
139	Shady Cove Hardware, LL	459867,4608	weed killer, tire valve repair	1	01/31/2025	85.96	.00	85.96	51562	02/19/2025
		Total 139:				85.96	.00	85.96		
149	SOS Alarm	7957077	City Hall and Public Works	1	02/01/2025	331.20	.00	331.20	51563	02/19/2025
		Total 149:				331.20	.00	331.20		
151	Southern Oregon Sanitatio	0124202588	22451 Hwy 62	1	01/24/2025	47.49	.00	47.49	51545	01/28/2025
		0124202588	1008 Celtic Circle	2	01/24/2025	47.49	.00	47.49	51545	01/28/2025
		0124202588	2501 Indian Cr Rd	3	01/24/2025	69.08	.00	69.08	51545	01/28/2025
		Total 151:				164.06	.00	164.06		
160	Teamster Local 223	03012025	Monthly dues	1	02/10/2025	248.00	.00	248.00	51564	02/19/2025
		12012024	Monthly dues	1	12/01/2024	248.00	.00	248.00	51539	01/22/2025
		Total 160:				496.00	.00	496.00		
168	URCC	0007 22025	Rental of Main Hall 2/11/25	1	02/12/2025	67.50	.00	67.50	51574	02/26/2025
		0009 1-2025	office space rent 1-1-2025 t	1	01/13/2025	840.00	.00	840.00	51540	01/22/2025
		Total 168:				907.50	.00	907.50		
221	Hunter Communications	748248	phone/internet	1	11/06/2024	699.98	.00	699.98	Multiple	Multiple
		810402	phone/internet	1	01/15/2025	748.04	.00	748.04	952	01/27/2025
		829099	phone/internet	1	02/07/2025	702.35	.00	702.35	956	02/07/2025

Vendor Number	Name	Invoice Number	Description	Seq	Invoice Date	Invoice Amount	Discount Amount	Check Amount	Check Number	Check Issue Date
Total 221:						2,150.37	.00	2,150.37		
255	TouchPoint Networks, LLC	INV-8610	WatchGuard T40 Firebox	1	01/01/2025	136.95	.00	136.95	954	01/29/2025
Total 255:						136.95	.00	136.95		
257	AT&T Mobility	2872860888	Cell phones	1	01/05/2025	393.17	.00	393.17	51527	01/22/2025
		2872860888	Cell phones	1	02/05/2025	390.92	.00	390.92	51566	02/26/2025
Total 257:						784.09	.00	784.09		
258	WECO - Carson	CP-0029498	Gas/Diesel 01/2025	1	01/16/2025	76.57	.00	76.57	955	01/30/2025
		CP-0029657	Gas/Diesel 01/2025	1	01/31/2025	148.83	.00	148.83	958	02/18/2025
		CP-0029890	Gas/Diesel 02/2025	1	02/17/2025	100.85	.00	100.85	959	02/18/2025
Total 258:						326.25	.00	326.25		
264	Upper Rogue Independent	3034	Gouvernement public notice	1	01/30/2025	90.00	.00	90.00	51565	02/19/2025
Total 264:						90.00	.00	90.00		
286	City of Shady Cove - Utilitie	02012025	1008 Celtic Cir	1	01/31/2025	51.50	.00	51.50	51549	02/19/2025
		02012025	22023 Hwy 62-park	2	01/31/2025	206.00	.00	206.00	51549	02/19/2025
		02012025	22451 Hwy 62	3	01/31/2025	51.50	.00	51.50	51549	02/19/2025
		02012025	2501 Indian Creek Rd	4	01/31/2025	51.50	.00	51.50	51549	02/19/2025
Total 286:						360.50	.00	360.50		
430020	Confident Staffing, Inc.	50763	P. Lybarger, M. Smith seas	1	01/05/2025	1,005.90	.00	1,005.90	51531	01/22/2025
		50763	P. Lybarger, M. Smith seas	2	01/05/2025	1,701.72	.00	1,701.72	51531	01/22/2025
		50793	P. Lybarger, M. Smith seas	1	01/19/2025	1,583.48	.00	1,583.48	51543	01/28/2025
		50810	P. Lybarger, M. Smith week	1	01/26/2025	1,376.09	.00	1,376.09	51550	02/19/2025
		50823	P. Lybarger, M. Smith week	1	02/02/2025	1,317.28	.00	1,317.28	51550	02/19/2025
		50836	P. Lybarger, M. Smith week	1	02/09/2025	813.93	.00	813.93	51550	02/19/2025
		50852	P. Lybarger, M. Smith seas	1	02/16/2025	1,524.22	.00	1,524.22	51550	02/19/2025
		50865	P. Lybarger, M. Smith week	1	02/23/2025	1,509.26	.00	1,509.26	51569	02/26/2025
Total 430020:						10,831.88	.00	10,831.88		
430074	Isler CPA	239847	Progress billing for financia	1	01/30/2025	8,000.00	.00	8,000.00	51571	02/26/2025
Total 430074:						8,000.00	.00	8,000.00		
430100	Bullee Dog Signs	000172	Engraving on plaque for Cit	1	01/13/2025	31.05	.00	31.05	51528	01/22/2025
Total 430100:						31.05	.00	31.05		
430121	Kelley Create	CW61143	KelleyM365 & Security ser	1	12/01/2024	451.52	.00	451.52	51536	01/22/2025
		CW62043	IT SAAS IT Security & Cont	1	01/01/2025	451.52	.00	451.52	51536	01/22/2025
		CW62739	IT SAAS IT Security & Cont	1	02/01/2025	451.52	.00	451.52	51557	02/19/2025
Total 430121:						1,354.56	.00	1,354.56		
430129	Custom Creations by Raft	TGRPYFW	Shady Cove appreciation n	1	01/16/2025	338.50	.00	338.50	51533	01/22/2025

Vendor Number	Name	Invoice Number	Description	Seq	Invoice Date	Invoice Amount	Discount Amount	Check Amount	Check Number	Check Issue Date
Total 430129:						338.50	.00	338.50		
430130	McGregor, Richard	01222025	Refund for customer overp	1	01/22/2025	1,649.75	.00	1,649.75	51537	01/22/2025
Total 430130:						1,649.75	.00	1,649.75		
430131	Global Pacific Environment	10292	Asbestos Survey at 22023	1	01/10/2025	27,492.00	.00	27,492.00	51535	01/22/2025
Total 430131:						27,492.00	.00	27,492.00		
430132	CSA Planning Ltd.	12592	Project manage, communic	1	01/02/2025	631.25	.00	631.25	51532	01/22/2025
Total 430132:						631.25	.00	631.25		
430133	Christian Massey Construc	1273	Shady Cove Demo Phase	1	01/23/2025	43,000.00	.00	43,000.00	51541	01/28/2025
		1273	Shady Cove Demo Phase	2	01/23/2025	36,000.00	.00	36,000.00	51541	01/28/2025
Total 430133:						79,000.00	.00	79,000.00		
430134	Evolve Vacation Rental Net	02192025	Refunding payment for VR	1	02/19/2025	147.32	.00	147.32	51553	02/19/2025
Total 430134:						147.32	.00	147.32		
430135	Enrich Oregon LLC	249	Water project SB1530	1	02/03/2025	11,407.50	.00	11,407.50	51552	02/19/2025
Total 430135:						11,407.50	.00	11,407.50		
430136	Minuteman Press	111534	1100 single sided statemen	1	02/26/2025	177.25	.00	177.25	960	02/26/2025
Total 430136:						177.25	.00	177.25		
Grand Totals:						314,854.96	.00	314,854.96		

Report Criteria:  
 Detail report type printed

Several years ago, the City Attorney drafted a Rights of Way (ROW) Ordinance to serve as a common baseline from which all companies providing utilities within Shady Cove would operate. At present, custom Franchise Agreements exist for each utility, all of which differ from one another, making management of utilities extremely difficult. A common ROW Ordinance would establish consistency across all utilities, and streamline City management of these utilities.

Eagle Point adopted this ROW Ordinance with changes. As a courtesy, Mr. John Edwards (Chair of the Planning Commission) offered to look at this document and offer his personal opinion based on his years of public works experience. His comments have been provided for consideration immediately following this introduction.

Following Mr. Edwards' comments, you will find a redlined version of the ROW Ordinance drafted by our Attorney. The redlines are the changes that Eagle Point made. These changes are included so that we can determine if those changes should also apply to Shady Cove.

>>>>> Comments from Mr. John Edwards >>>>>>>>>>>>>>>>>>>>>>>>>

I recently reviewed the proposed ordinance # 298 to establish Right Of Way procedure and replacing New Franchise Fee Agreements.

The material I was provided was the red-line copy of our ordinance edited by the City of Eagle Point. I also reviewed LOC documents pertaining to franchise fee surveys as well as a ROW agreement literature.

While the majority of the Eagle Point edited text are format related, I do not agree with the changes regarding the removal of capitalized official titles, referenced chapters, sections, department names, city references etc.

In regards to the text of an ordinance the use of first letter capitals highlight important information, and provide clarity of defined terms within the ordinance structure therefore, I recommend that the original format remain intact.

Concerning the remainder of the ordinance there were a few things I found worth reviewing:

Page one describing the ordinance including the Purpose and Intent index should remain as in the original draft.

In the Purpose and Intent section in subsection H the language regarding small wireless facilities was added and council along with perhaps the city attorney might want to decide on weather to include that in Shady Cove's ordinance or not.

In the section titled Construction and Restoration, subsection E paragraph 1; The redlined text in respect to utility operators providing a schedule of known proposed projects within the city right-of-way prior to January 1 of each year should be retained within our ordinance as written.

This is important in several ways in that the city can insure ample notification to residents and businesses of upcoming work and it will give the city an opportunity to complete its own projects that might be within the scope of the job and perhaps come to an agreement with the utility to perform a task on behalf of the city during the project.

As the City of Shady Cove moves forward to secure funding for future street capital improvement projects it would be beneficial to implement a five year moratorium on construction within the city right-of-way following a significant investment by the city for road, storm drainage, sidewalk, curb and gutter improvements etc. Utilities would be provided ample notice of the city's proposed project timeline so they can perform any infrastructure work prior to the start date of the City project.

In the section titled Privilege Tax(Franchise Fee) the rate table in A-1 should be updated as needed to reflect any rate changes and to remove any outdated franchise utility agreements.

Currently (as provided by staff) Shady Cove has ten franchise agreements in place. They are listed here including the current franchise fees for each;

- Avista - 5%
- Pacific Power - 5%
- Hunter - 5%
- Spectrum - 5%
- Southern Oregon Sanitation - 7%
- Hiland Water - 7%
- Rogue Valley Sewer Service - 7%
- Sprint - 5%
- Vonage - 5%
- Almega Cable - 5%

My research revealed that the federal government has capped cable television utilities at 5% of gross revenues however, utilities that offer only broadband services are not included in that cap limit.

Telecommunications fees are capped at 7% of the base amount by the state of Oregon.

Currently there are no federal or state caps on electric or natural gas franchise fees.

There is room for revenue opportunities for the city by increasing the franchise fees for Pacific Power and Avista from 5% to 7%

Privilege Tax subsection D, the red lined and added text should be reviewed by council and the city attorney.

In the section titled Insurance and Indemnification, my opinion is the 5% numerical dollar amounts should remain with the written amounts as originally drafted.

As for the remainder of the draft including changes made by Eagle Point, I found no other items of concern.



~~An Ordinance of the City of Shady Cove, Oregon~~

~~ORDINANCE # 298~~

~~AN ORDINANCE ESTABLISHING A RIGHT OF WAY PROCEDURE AND REPLACING NEW FRANCHISE  
FEE AGREEMENTS~~

**3.40.010 Purpose and Intent:**

~~Jurisdiction and Management of the Public Rights-of-way  
Regulatory Fees and Compensation Not a Tax Definitions~~

~~Business Licenses  
Licenses~~

~~Construction and Restoration Location of  
Facilities~~

~~Leased Capacity~~

~~City's Use of Operator Facilities  
Maintenance~~

~~Vacation Privilege  
Tax Audits~~

~~Insurance and Indemnification  
Compliance Confidential/Proprietary  
Information Penalties~~

~~Severability and Preemption Application  
to Existing Agreements~~

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Purpose and Intent

The purpose and intent of this ~~Chapter~~chapter is to:

- ~~A.~~ A. Permit and manage reasonable access to the public rights-of-way of the ~~City~~city for utility purposes and conserve the limited physical capacity of those public rights-of-way held in trust by the ~~City~~city consistent with applicable state and federal law;
- ~~B.~~ B. Assure that the ~~City's~~city's current and ongoing costs of granting and regulating access to and the use of the public rights-of-way are fully compensated by the persons seeking such access and ~~causing~~creating such costs;
- ~~C.~~ C. Secure fair and reasonable compensation to the ~~City~~city and its residents for permitting use of the public rights-of-way;
- ~~D.~~ D. Assure that all utility companies, persons and other entities owning or operating facilities and/or providing services within the ~~City~~city register and comply with the ordinances, rules and regulations of the ~~City~~city;
- ~~E.~~ E. Assure that the ~~City~~city can continue to fairly and responsibly protect the public health, safety and welfare of its citizens;
- ~~F.~~ F. Encourage the provision of advanced and competitive utility services on the widest possible basis to businesses and residents of the ~~City~~city on a competitively neutral basis; and
- ~~G.~~ G. Comply with applicable provisions of state and federal law.

H. This chapter shall not apply to small wireless facilities, defined in Chapter 3.44 EPMC, Small Wireless Facilities. [Ord. 2023-01 § 2; Ord. 2018-01 § 1 (Exh. A)].

**3.40.020 Jurisdiction and ~~Management~~management of the ~~Public Rights of Way~~public rights-of-way.**

- ~~A.~~ A. The ~~City~~city has jurisdiction and exercises regulatory management over all public rights-of-way within the ~~City~~city under authority of the ~~City~~city Charter, its ~~Municipal Code~~municipal code, and state law.
- ~~B.~~ B. The ~~City~~city has jurisdiction and exercises regulatory management over each public right-of-way whether the ~~City~~city has a fee, easement, or other legal interest in the right-of-way, and whether the legal

interest in the right-of-way was obtained by grant, dedication, prescription, reservation, condemnation, annexation, foreclosure or other means.

~~C.~~ C. The exercise of jurisdiction and regulatory management of a public right-of-way by the Citycity is not official acceptance of the right-of-way, and does not

obligate the ~~City~~city to maintain or repair any part of the right-of-way.

~~D.~~ D. The provisions of this ~~Chapter~~chapter are subject to and will be applied consistent with applicable state and federal laws, rules and regulations, and, ~~to the extent possible,~~ shall be ~~interpreted to be~~ consistent with such laws, rules and regulations. [Ord. 2018-01 § 1 (Exh. A)].

#### 3.40.030 Regulatory Fees and Compensation Not a Tax.

~~A.~~ A. The fees and costs provided for in this ~~Chapter~~chapter, and any compensation charged and paid for use of the public rights-of-way provided for in this ~~Chapter~~chapter, are separate from, and in addition to, any and all federal, state, local, and ~~City~~city charges as may be levied, imposed, or due from a utility operator, its customers or subscribers, or on account of the lease, sale, delivery, or transmission of utility services.

~~B.~~ B. The ~~City~~city has determined that any fee provided for by this ~~Chapter~~chapter is not subject to the property tax limitations of Article XI, Sections 11 and 11b of the Oregon Constitution. These fees are not imposed on property or property owners.

~~C.~~ C. The fees and costs provided for in this ~~Chapter~~chapter are subject to applicable federal and state laws. [Ord. 2018-01 § 1 (Exh. A)].

#### 3.40.040 Definitions.

For the purpose of this ~~Chapter~~chapter the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number and words in the singular number include the plural number. The words “shall” and “will” are mandatory and “may” is permissive.

~~A.~~ A. “Cable ~~Services~~service” is to be defined consistent with federal laws and means the one-way transmission to subscribers of ~~(#1)~~ video programming, or ~~(#2)~~ other programming service; and subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service.

~~B.~~ B. “City” means the ~~City~~city of ~~Shady Cove~~Eagle Point, an Oregon municipal corporation, and individuals authorized to act on the ~~City’s~~city’s behalf.

~~C.~~ C. “City ~~Council~~council” is the elected governing body of the ~~City~~city of ~~Shady Cove~~Eagle Point, Oregon.

~~D.~~ D. “City ~~Facilities~~facilities” means ~~City~~city or publicly owned structures or equipment located within the right-of-way or public easement used for governmental purposes.

~~E.~~ E. "License" means the authorization granted by the ~~City~~city to a utility operator pursuant to this ~~Chapter~~chapter.

~~F.~~ F. "Person" includes any individual, firm, sole proprietorship, corporation, company, partnership, co-partnership, joint stock company, trust, limited liability company, association or other organization, including any natural person or any other legal entity.

~~G.~~ G. "Private ~~Communications System~~communications system" means a system, including the construction, maintenance or operation of the system, for the provision of a service or any portion of a service which is owned or operated exclusively by a person for their use and not for resale, directly or indirectly. "Private communications system" includes services provided by the ~~State of Oregon pursuant to ORS 190.240 and 283.140~~state of Oregon pursuant to ORS 190.240 and 283.140.

~~H.~~ H. "Public ~~Utility Easement~~utility easement" means the space in, upon, above, along, across, over or under an easement for the constructing, reconstructing, operating, maintaining, inspecting, and repairing of utilities facilities. "Public utility easement" does not include an easement solely for the constructing, reconstructing, operating, maintaining, inspecting, and repairing of ~~City~~city facilities. "Public ~~Utility Easement~~utility easement" includes ~~City utility easements described in Shady Cove Municipal Code Chapter 9.01~~city utility easement. This definition only applies to the extent of the ~~City's~~city's right, title and interest in said easement.

~~I.~~ I. "Right-of-way" for purposes of this ~~ordinance~~chapter, means any land or interest therein by deed, conveyance, agreement, dedication, usage or other process of law has been reserved or dedicated to the ~~City~~city for use of the general public and which includes, but is not limited to, the space in, upon, above, along, across, over or under the public streets, roads, highways, lanes, courts, ways, alleys, boulevards, bridges, trails, paths, sidewalks, bicycle lanes, and all other public ways or areas, including the subsurface under and air space over these areas, but does not include parks or parkland. This definition applies only to the extent of the ~~City's~~city's right, title, interest and authority to grant a license to occupy and use such areas for utility facilities.

~~J.~~ J. "State" means the ~~State~~state of Oregon.

~~K.~~ K. "Telecommunications ~~Services~~services" means the transmission for hire, of information in electromagnetic frequency, electronic or optical form, including, but not limited to, voice, video or data, whether or not the transmission medium is owned by the provider itself and whether or not the transmission medium is wireline. Telecommunications service includes all forms of telephone services ~~and~~and, voice, data and video transport, and broadband internet service, but does not include: (1) cable service; (2) open video system service, as

defined in ~~47 C.F.R. 76; 47 CFR 76~~; (3) private communications system services; (4) over-the-air radio or television broadcasting to the public ~~at~~ large from facilities licensed by the Federal Communications Commission or any successor thereto; and (5) direct-to-home satellite service within the meaning of Section 602 of the Telecommunications Act of 1996.

~~L.~~ L. "Utility ~~Facility~~facility or ~~Facility~~facility" means any physical component of a system, including but not limited to the poles, pipes, mains, conduits, ducts, cables, wires, transmitters, plant, equipment and other facilities, located within, upon, under or above the rights-of-way, any portion of which is used or designed to be used to deliver, transmit or otherwise provide utility service.

~~M.~~ M. "Utility ~~Services~~service" is the provision, by means of utility facilities permanently located within, under or above the rights-of-way, whether or not such facilities are owned by the service provider, of electricity, natural gas, telecommunications services, cable services, water, sewer, and/or transportation utility to or from customers within the corporate boundaries of the City, and/or the transmission of any of these services through the City whether or not customers within the City are served by those transmissions.

~~N.~~ N. "Utility ~~Operator~~operator or ~~Operator~~operator" means any person who owns, places, operates or maintains a utility facility within the rights ~~of~~ way of the City.

~~O.~~ O. "Work" means the construction, demolition, installation, replacement, repair, maintenance or relocation of any utility facility, including but not limited to any excavation and restoration required in association with such construction, demolition, installation, replacement, repair, maintenance or relocation.

[Ord. 2018-01 § 1 (Exh. A)].

#### ~~Business-3.40.050 Licenses~~

~~A. Business License Required. Except as provided in Subsection (B) of this Section, every person providing utility services to customers within the City shall be considered a "business" as defined in Shady Cove City Code and shall be subject to the requirements set forth therein.~~

~~B. Exceptions. Utility operators that have a valid franchise from the City or that obtain a license pursuant to the Licenses section of this Chapter are exempt from the business license requirement of this with respect to the services provided over the facilities subject to the franchise or license.~~

## Licenses

### ~~A.~~ License Required.

#### A. License Required.

- ~~1.~~ 1. Except those utility operators with a valid franchise agreement from the Citycity, every utility operator shall obtain a license from the Citycity prior to constructing, placing or locating any utility facilities in the right-of-way.
- ~~2.~~ 2. Every person that owns or controls utility facilities in the right-of-way as of the effective date of this ~~Chapterchapter~~ shall apply for a license from the Citycity within 45 days of the later of (~~1a~~) the effective date of this ~~Chapterchapter~~, or (~~2b~~) the expiration of a valid franchise from the Citycity, unless a new franchise is granted by the Citycity prior to the expiration date or other date agreed to in writing by the Citycity.

~~B.~~ B. License Application. The license application shall be on a form provided by the Citycity, and shall be accompanied by any additional documents required by the application to identify the applicant, its legal status, including its authorization to do business in Oregon, a description of the type of utility service provided or to be provided by the applicant, and the facilities over which the utility service will be provided, and other information reasonably necessary to determine the applicant's ability to comply with the terms of this ~~Chapterchapter~~.

~~C.~~ C. License Application Fee. The application shall be accompanied by a nonrefundable application fee or deposit set by resolution of the ~~City Councilcity council~~ in an amount sufficient to fully recover all of the ~~City'scity's~~ costs related to processing the application for the license.

~~D.~~ D. Determination by City. The Citycity shall issue, within a reasonable period of time, a written determination granting or denying the license in whole or in part. If the license is denied, the written determination shall include the reasons for denial. The license shall be evaluated based upon the provisions of this ~~Chapterchapter~~, the continuing capacity of the right-of-way to accommodate the applicant's proposed utility facilities and the applicable federal, state and local laws, rules, regulations and policies.

~~E.~~ E. Franchise Agreements. If the public interest warrants, the Citycity and utility operator may enter into a written franchise agreement that includes terms that clarify, enhance, expand, waive or vary the provisions of this ~~Chapterchapter~~, consistent with applicable state and federal law. The franchise may conflict with the terms of this ~~Chapterchapter~~ with the review and approval of ~~City Councilcity council~~. The franchisee shall be subject to the provisions of this ~~Chapterchapter~~ to the extent such provisions are not in conflict with the franchise.

~~F.~~ F. Rights Granted.

~~1.~~ 1. The license granted hereunder shall authorize and permit the licensee, subject to the provisions of the ~~Municipal Code~~municipal code and other applicable provisions of state or federal law, to construct, place, maintain and operate utility facilities in the rights-of-way for the term of the license.

~~2.~~ 2. The license granted pursuant to this ~~Chapter~~chapter shall not convey equitable or legal title in the rights-of-way, and may not be assigned or transferred except as permitted in ~~the License portion~~subsection K of this ~~Chapter~~section.

~~3.~~ 3. Neither the issuance of the license nor any provisions contained therein shall constitute a waiver or bar to the exercise of any governmental right or power, police power or regulatory power of the ~~City~~city as may exist at the time the license is issued or thereafter obtained.

~~G.~~ G. Term. Subject to the termination provisions in ~~the License~~subsection M of this ~~Chapter~~section, the license granted pursuant to this ~~Chapter~~chapter will remain in effect for a term of five ~~(5)~~ years.

~~H.~~ H. License ~~Non-Exclusive~~Nonexclusive. No license granted pursuant to this section shall confer any exclusive right, privilege, license or franchise to occupy or use the rights-of-way for delivery of utility services or any other purpose. The ~~City~~city expressly reserves the right to grant licenses, franchises or other rights to other persons, as well as the ~~City's~~city's right to use the rights-of-way, for similar or different purposes. The license is subject to all recorded deeds, easements, dedications, conditions, covenants, restrictions, encumbrances, and claims of title of record that may affect the rights-of-way. Nothing in the license shall be deemed to grant, convey, create, or vest in licensee a real property interest in land, including any fee, leasehold interest or easement.

~~I.~~ I. Reservation of City Rights. Nothing in the license shall be construed to prevent the ~~City~~city from grading, paving, repairing and/or altering any right-of-way, constructing, laying down, repairing, relocating or removing ~~City~~city water, transportation or sewer facilities or establishing any other public work, utility or improvement of any kind, including repairs, replacement or removal of any ~~City~~city facilities. If any of licensee's utility facilities interfere with the construction, repair, replacement, alteration or removal of any right-of-way, public work, city utility, city improvement or city facility, except those providing utility services in competition with a licensee, licensee's facilities shall be removed or relocated as provided in ~~Sections (EPMC 3.40.070)(C), (D) and (E) of this Chapter,~~ in a manner acceptable to the ~~City~~city, and subject to industry standard engineering and safety codes.



~~subject to industry standard engineering and safety codes.~~

~~J.~~ J. Multiple Services.

~~1.~~ 1. A utility operator that provides or transmits or allows the provision or transmission of utility services and other services over its facilities is subject to the license and privilege tax requirements of this ~~Chapter~~chapter for the portion of the facilities and extent of services delivered over those facilities.

~~2.~~ 2. A utility operator that provides or transmits more than one utility service over its facilities is not required to obtain a separate license for each utility service; ~~2.~~ provided that it gives notice to the ~~City~~city of each utility service provided or transmitted and pays the applicable privilege tax for each utility service.

~~K.~~ K. Transfer or Assignment. To the extent permitted by applicable state and federal laws, the licensee shall obtain the written consent of the ~~City~~city prior to the transfer or assignment of the license. The license shall not be transferred or assigned unless the proposed transferee or assignee is authorized under all applicable laws to own or operate the utility system and the transfer or assignment is approved by all agencies or organizations required or authorized under federal and state laws to approve such transfer or assignment. If a license is transferred or assigned, the transferee or assignee shall become responsible for all facilities of the licensee at the time of transfer or assignment. A transfer or assignment of a license does not extend the term of the license.

~~L.~~ L. Renewal. At least 90, but no more than 180, days prior to the expiration of a license granted pursuant to this ~~Section~~section, a licensee seeking renewal of its license shall submit a license application to the ~~City~~city, including all information required in ~~Section (subsection B) of this section~~ and the application fee required in ~~(subsection C) of this section~~. The ~~City~~city shall review the application as required by ~~(subsection D) of this section~~ and grant or deny the license within 90 days of submission of the application. If the ~~City~~city determines that the licensee is in violation of the terms of this ~~Chapter~~chapter at the time it submits ~~its application~~its application, the ~~City~~city may require that the licensee cure the violation or submit a detailed plan to cure the violation within a reasonable period of time, as determined by the ~~City~~city, before the ~~City~~city will consider the application and/or grant the license. If the ~~City~~city requires the licensee to cure or submit a plan to cure a violation, the ~~City~~city will grant or deny the license application within 90 days of confirming that the violation has ~~been cured~~been cured or of accepting the licensee's plan to cure the violation.

~~M.~~ M. Termination.

~~1.~~ 1. Revocation or Termination of a License. The ~~City Council~~city council may terminate or revoke the license granted pursuant to this ~~Chapter~~chapter for any of the following reasons:

- ~~(a)~~ a. Violation of any of the provisions of this ~~Chapter~~chapter;
- ~~(b)~~ b. Violation of any provision of the license;
- ~~(c)~~ c. Misrepresentation in a license application;
- ~~(d)~~ d. Abandonment of facilities without approval to abandon in place as described in ~~Section EPMC 3.40.070(D-)(2-4)~~Section EPMC 3.40.070(D-)(2-4)(b);
- ~~(e)~~ e. Failure to pay taxes, compensation, fees or costs due the ~~City~~city after final determination of the taxes, compensation, fees or costs;
- ~~(f)~~ f. Failure to restore rights-of-way after construction as required by this ~~Chapter~~chapter or other applicable state and local laws, ordinances, rules and regulations;
- ~~(g)~~ g. Failure to comply with technical, safety and engineering standards related to work in the rights-of-way; or
- ~~(h)~~ h. Failure to obtain or maintain any and all licenses, permits, certifications and other authorizations required by state or federal law for the placement, maintenance and/or operation of the utility facilities.

~~2.~~ 2. Standards for Revocation or Termination. In determining whether termination, revocation or some other sanction is appropriate, the following factors shall be considered:

- ~~(a)~~ a. The egregiousness of the misconduct;
- ~~(b)~~ b. The harm that resulted;
- ~~(c)~~ c. Whether the violation was intentional;
- ~~(d)~~ d. The utility operator's history of compliance; and/or
- ~~(e)~~ e. The utility operator's cooperation in discovering, admitting and/or curing the violation.

~~3.~~ 3. Notice and Cure. The ~~City~~city shall give the utility operator written notice of any apparent violations before terminating a license. The notice shall include a short and concise statement of the nature and general facts of the violation or noncompliance and provide a reasonable time (no less than 20 and no more than 40 days) for the utility operator to demonstrate that the utility operator has remained in compliance, that the utility operator has cured or is in the process of curing any violation or noncompliance, or that it would be in the public interest to impose a penalty or sanction less than termination or revocation. If the utility operator is in the process of curing a

violation or noncompliance, the utility operator must demonstrate that it acted promptly and continues to actively work on compliance. If the utility operator does not respond or if the ~~City Administrator~~city administrator or designee, acting reasonably, determines that the utility operator's response is inadequate, the ~~City Administrator~~city administrator or designee shall refer the matter to the ~~City Council~~city council, which shall provide a duly noticed public hearing to determine whether the license shall be terminated or revoked. [Ord. 2018-01 § 1 (Exh. A)].

### **3.40.060 Construction and ~~Restoration~~restoration.**

~~A.~~ A. Utility facilities shall be constructed, installed, operated and maintained in accordance with all applicable federal, state and local codes, rules and regulations, including the National Electrical Code and the National Electrical Safety Code, and shall comply with the encroachment provisions set forth in ~~the Shady Cove Municipal Code~~Chapter 12.16 EPMC.

No person shall construct, install, or perform any work on utility facilities within the rights-of-way without first obtaining all required permits in accordance with ~~Municipal Code. The City~~Chapter 12.16 EPMC. The city shall not issue a permit for the construction, installation, maintenance or repair of utility facilities unless the utility operator of the facilities has applied for and received the license required by this ~~Chapter~~chapter, or has a current franchise with the ~~City~~city, and all applicable fees have been paid.

In the event that an emergency impacts public health or safety or an unplanned interruption in utility service requires repairs, the utility operator shall immediately notify the ~~City~~city of the need for such repair. The utility operator may immediately initiate such immediate repairs and shall apply for appropriate permits within ~~three~~five business days following discovery of the emergency.

~~B.~~ B. Unless otherwise provided in a franchise agreement or as set forth in ~~subparagraph subsection~~(B)(3-below) of this section, a performance bond or other form of surety acceptable to the ~~City~~city equal to at least 100% percent of the estimated cost of the work within the right-of-way of the ~~City~~city shall be provided before construction is commenced.

~~4.~~ 1. The performance bond or other form of surety acceptable to the ~~City~~city shall remain in force until 60 days after substantial completion of the work, as determined in writing by the ~~City~~city, including restoration of rights-of-way and other property affected by the construction.

~~2.~~ 2. The performance bond or other form of surety acceptable to the ~~City~~city shall guarantee, to the satisfaction of the ~~City~~city:

- ~~(a)~~ a. Timely completion of the work;
- ~~(b)~~ b. That the work is performed in compliance with applicable plans, permits, technical codes and standards;
- ~~(c)~~ c. Proper location of the facilities as specified by the ~~City~~city;
- ~~(d)~~ d. Restoration of the rights-of-way and other property affected by the work; and
- ~~(e)~~ e. Timely payment and satisfaction of all claims, demands or liens for labor, material, or services provided in connection with the work.

~~3.~~ 3. Upon request by a utility operator, the ~~City Administrator~~city administrator may waive the bonding requirement for work performed in the right-of-way by

- ~~(i)~~ (i) utility operators regulated by the Oregon Public Utilities Commission;

or

- ~~(ii)~~ (ii) contractors on such utility's behalf and under the utility's control, when the utility has adequately performed to the ~~City's~~city's satisfaction its obligations under prior franchises or licenses with the ~~City~~city for the immediately preceding three ~~(3)~~ years prior to the request. In the event the ~~City~~city determines that measures are required to repair the rights-of-way as a result of work performed by a contractor on behalf of a utility operator, the utility operator shall take necessary corrective measures on behalf of the independent contractor and satisfactory to the ~~City~~city, within 60 days following notice from the ~~City~~city, except in situations where corrective measures are in order to protect public health or safety, in which case corrective measures will be made immediately following notice from the ~~City~~city. Any waiver granted shall be effective for the duration of the license issued pursuant to ~~Section 4-18-060~~this section or at such time as the utility or its contractors ~~ceases~~cease to adequately perform to the ~~City's~~city's satisfaction the utility's obligations under its license, whichever first occurs. In the event of inadequate performance, the ~~City~~city shall notify the utility in writing describing the inadequate performance and specifying a date certain (not less than 30 days) by which the inadequate performance will be remedied to the ~~City's~~city's satisfaction or a bond or other form of surety described in ~~Section B~~this subsection shall be provided.

~~C.~~ C. A utility operator shall preserve and protect from injury other utility operators' facilities in the rights-of-way, the public using the rights-of-way and any adjoining property, and take other necessary measures to protect life and property, including but not limited to buildings, walls, fences, trees or utilities that may be subject to damage from the permitted work. A utility operator shall be responsible for all damage to public or private property resulting from its failure to properly protect people and property and to carry out the work.

~~D.~~ D. Inspection. Every utility operator's facilities shall be subject to the right of periodic inspection ~~and testing~~ by the City to determine compliance with the provisions of this ~~Chapter~~ chapter and all other applicable state and City codes, ordinances, rules and regulations. Every utility operator shall cooperate with the City in permitting the inspection of utility facilities upon request of the City.

~~E.~~ E. Coordination of Construction. All utility operators are required to make a good faith effort to both cooperate with and coordinate their construction schedules with those of the City and other users of the rights-of-way.

~~1.~~ 1. Prior to January 1 of each year, utility operators shall provide the City with a schedule of known proposed large capital construction and/or facility maintenance for that year in, around or that may affect the rights-of-way.

~~2.~~ 2. Utility operators shall meet with the City annually, or as determined by the City, to schedule and coordinate construction in rights-of-way to minimize public inconvenience or disruption.

~~3.~~ 2. All construction locations, activities and schedules within rights-of-way shall be coordinated as ordered by the ~~City Administrator~~ city administrator or designee, to minimize public inconvenience, disruption, or damages. [Ord. 2018-01 § 1 (Exh. A)].

#### 3.40.070 Location of Facilities

~~A.~~ A. Location of Facilities. Unless otherwise agreed to in writing by the City, whenever ~~any~~ all existing electric utilities, cable facilities or telecommunications facilities are located underground within a right-of-way of the City, any other utility operator with permission to occupy the same right-of-way shall locate its facilities underground. This requirement shall not apply to:

~~1.~~ 1. Facilities used for transmission of electric energy at nominal voltages in excess of 35,000 volts;

~~\_or to~~

~~2.~~ 2. To pedestals, cabinets or other above-ground equipment; and

~~3.~~ ~~to~~3. To other new facilities; provided, that the City grants prior written approval for overhead placement. The City reserves the right to require written approval of the location of any such ~~above-ground~~aboveground equipment.

~~B.~~ B. Interference with ~~rights-Rights-of-way-Way~~. No utility operator or other person may locate or maintain its facilities so as to unreasonably interfere with the use of the ~~rights-of-way~~ by the City, by the general public or by other persons authorized to use or be present in or upon the ~~rights-of-way~~. All use of the ~~rights-of-way~~ shall be consistent with City codes, ordinances and regulations.

~~C.~~ C. Relocation of Utility Facilities.

1. 1. A utility operator shall, at no cost to the City, relocate its aerial utility facilities underground when requested to do so in writing by the City, consistent with applicable state and federal laws, regulations and tariffs.

2. 2. A utility operator shall, at no cost to the City, temporarily or permanently remove, relocate, change or alter the position of any utility facility within a ~~right-of-way~~ when requested to do so in writing by the City. Nothing herein shall be deemed to preclude the utility operator from requiring or requesting reimbursement or compensation from a ~~third-party-initiated project~~, pursuant to applicable laws, regulations, tariffs, and agreements; ~~or otherwise provided, that such reimbursement or compensation shall not delay the utility operator's obligation to comply with this section in a timely manner.~~ If such project would not occur but for the third-party project, then the third party shall reimburse the utility operator the total costs of the utility operator's temporary or permanent relocation.

3. 3. Except in the case of an emergency impacting public health or safety or an unplanned interruption of ~~Utility Service~~utility service, the City shall provide at least 120 ~~days~~days' prior written notice of the amount of time for removal, relocation, change, alteration or undergrounding- or as otherwise agreed upon by the city and utility operator. If a utility operator fails to remove, relocate, alter or underground any utility facility as requested by the City and by the date established by the City, the City may cause the utility facility to be removed, relocated, altered or undergrounded at the utility operator's sole expense. Upon receipt of a detailed invoice from the City, the utility operator shall reimburse the City for the costs the City incurred within 120 days.

~~D.~~ D. Removal of Unauthorized Facilities.

~~1.~~ 1. Except in the case of an emergency impacting public health or safety or an unplanned interruption of ~~Utility Service~~utility service and/or unless otherwise agreed to in writing by the ~~City Administrator~~city administrator or designee, within 120 days following written notice from the ~~City~~city, a utility operator and any other person that owns, controls, or maintains any abandoned or unauthorized utility facility within a right-of-way shall, at its own expense, remove the facility and restore the right-of-way.

~~2.~~ 2. A utility system or facility is unauthorized under any of the following circumstances:

~~(a)~~ a. The utility facility is outside the scope of authority granted by the ~~City~~city under the license, franchise or other written agreement. This includes facilities that were never licensed or franchised and facilities that were once licensed or franchised but for which the license or franchise has expired or been terminated. This does not include any facility for which the ~~City~~city has provided written authorization for abandonment in place.

~~(b)~~ b. The facility has been abandoned and the ~~City~~city has not been provided prior written notice of such abandonment in place. A facility is abandoned if it is not in use and is not planned for further use, excluding spare capacity reserved for future, repair, or third-party use. A facility will be presumed abandoned if it is not used for a period of 15 months. A utility operator may overcome this presumption by presenting plans for future use of the facility.

~~(c)~~ c. The utility facility is improperly constructed or installed or is in a location not permitted by the license, franchise or this ~~Chapter~~chapter.

~~(d)~~ d. The utility operator is in violation of a material provision of this ~~Chapter~~chapter and fails to cure such violation within 30 days of the ~~City~~city sending written notice of such violation, unless the ~~City~~city extends such time period in writing.



~~E.~~ E. Removal by City.

~~1.~~ 1. The Citycity retains the right and privilege to cut or move the facilities of any utility operator or similar entity located within the public rights-of-way of the Citycity, without notice, as the Citycity may determine to be necessary, appropriate or useful in response to a public health or safety emergency. Before taking such action, the city will make every reasonable effort to notify a utility operator and try to coordinate such emergency action.

~~2.~~ 2. If the utility operator fails to remove any facility when required to do so under this ~~Chapter~~chapter, the Citycity may remove the facility using qualified personnel or contractors consistent with applicable state and federal safety laws and regulations and the utility operator shall be responsible for paying the full cost of the removal and any administrative costs incurred by the Citycity in removing the facility and obtaining reimbursement. Upon receipt of a detailed invoice from the Citycity, the utility operator shall reimburse the Citycity for the costs the Citycity incurred within 30 days. The obligation to remove shall survive the termination of the license or franchise.

~~3.~~ 3. The Citycity shall not be liable to any utility operator for any damage to utility facilities by the Citycity or its contractor in removing, relocating or altering the facilities pursuant to ~~paragraphs (subsection B), (C) or (D)~~ of this ~~Section 4.18.080~~section or undergrounding its facilities as required by ~~paragraph (subsection A)~~ of this ~~Section 4.18.080~~section, or resulting from the utility operator's failure to remove, relocate, alter or underground its facilities as required by those paragraphs except for any gross negligence or intentional misconduct of the city's agent or contractor.

~~F.~~ F. As-Built Drawings. The utility operator shall provide the Citycity with two updated complete sets of as-built plans annually, upon request of the Citycity. [Ord. 2018-01 § 1 (Exh. A)].

**3.40.080 Leased Capacitycapacity.**

A utility operator may lease capacity on or in its systems to others; provided, that, upon request, the utility operator provides the Citycity with the name and business address of any lessee. [Ord. 2018-01 § 1 (Exh. A)].

**3.40.090 City's Useuse of Operator Facilitiesoperator facilities.**

~~A.~~ A. The Citycity shall have the right, at the City'scity's sole expense with prior written notice to and approval of the utility operator, to suspend and maintain alarms, wires, control boxes and such other equipment as the Citycity may require for fire, police, emergency or other municipal purposes on poles placed by the utility within the right-of-way. All Citycity installed overhead and/or underground equipment shall be installed by qualified personnel and shall be in compliance with Oregon State Electrical Codes and the National ~~Electric~~Electrical Safety Code at all times.



~~B.~~ B. The ~~City~~city shall install such equipment so as not to interfere with the electric power and light service of the utility operator or pose a danger to the public utility's facilities, employees, customers or ~~customers~~customers' property. The ~~City~~city shall not sell or lease space on the utility operator's poles, conduits, or other equipment to other entities. The ~~City~~city shall indemnify, defend and save the operator harmless from any and all loss sustained by the utility operator on account of any suit, judgment, execution, claim, or demand whatsoever arising out of the ~~City's~~city's installation, operation and maintenance of such equipment. [Ord. 2018-01 § 1 (Exh. A)].

### 3.40.100 Maintenance.

~~A.~~ A. Every utility operator shall install and maintain all facilities in a manner that prevents injury to the right-of-way ~~or~~, public utility easements, or the ~~City's~~city's property ~~or the property belonging to another person~~. The utility operator shall, at its own expense, repair and maintain facilities from time to time as may be necessary to accomplish this purpose.

~~B.~~ B. When an underground excavation or construction and installation of facilities has been completed, the utility operator shall remove all debris from the project site and restore the portion of the right-of-way, property or place to the same condition or as near as practicable to its previous condition prior to such construction work in accordance with restoration standards established by the ~~City Administrator~~city public works director. If the utility operator fails to do so within a reasonable time, the ~~City~~city may restore the site at the utility operator's expense.

~~C.~~ C. The ~~City~~city shall provide written notice to the utility operator of any facility that requires maintenance and repair. Unless an emergency condition exists, the maintenance and repair shall be completed within 120 days following notice. If the utility operator fails to provide necessary maintenance or repair as requested by the ~~City~~city and by the date set by the ~~City~~city, the ~~City~~city may perform such maintenance or repair at the utility operator's sole expense. Upon a detailed invoice from the city, the utility operator shall reimburse the city for the costs the city incurred within 120 days. [Ord. 2018-01 § 1 (Exh. A)].

~~operator's sole expense. Upon a detailed invoice from the City, the utility operator shall reimburse the City for the costs the City incurred within 120 days.~~

**3.40.110 Vacation.**

If the Citycity vacates any right-of-way, or portion thereof, that a utility operator uses, the utility operator shall, at its own expense, remove its facilities from the right-of-way unless the Citycity reserves a public utility easement, which the Citycity shall make a reasonable effort to do, provided, that there is no cost or expense to the Citycity that the utility operator is not willing to reimburse, or the utility operator obtains an easement for its facilities. If the utility operator fails to remove its facilities within 120 days after a right-of-way is vacated, or as otherwise directed or agreed to in writing by the Citycity, the Citycity may remove the facilities at the utility operator's sole expense. Upon receipt of an invoice from the Citycity, the utility operator shall reimburse the Citycity for the costs the Citycity incurred within 30 days. [Ord. 2018-01 § 1 (Exh. A)].

**3.40.120 Privilege Tax.**

**A. Privilege Tax.**

~~1.~~ 1. Except as set forth in previous sections subsections B and C of this section, and except for cable franchises that are required per applicable law, every utility operator shall pay the privilege tax calculated as a percentage of gross revenues earned from the provision of utility service to customers within the Citycity at the following rates for each service each service provided during the term of the license:

Electric	7%
Natural Gas	7%
Telecommunications	7%
Cable	<del>75%</del>
Water	<del>75%</del>
Sanitary Sewer	7%

~~2.~~ 2. Unless otherwise agreed to in writing by the Citycity, the privilege tax shall be paid quarterly, in arrears, for each quarter during the term of the license, within 30 days after the end of each calendar quarter. Each payment shall be accompanied by an accounting of gross revenues, if applicable, and a calculation of the amount payable.

~~3.~~ 3. Except as set forth in previous chapters subsection (A)(4) of this section, for purposes of this subsection A, "gross revenues" means any and all revenue, of any kind, nature or form, derived from the provision of retail utility services utility services to customers within the Citycity, less net uncollectibles.

4. For purposes of this ~~section, subsection A,~~ “gross revenues” for a telecommunications utility, as defined in ORS ~~759.005, 759.005,~~ shall be limited to the revenues defined in ORS ~~221.515, 221.515.~~

B. Transmission Line Fee. A utility operator that does not earn gross revenues from the provision of utility service to customers within the City shall pay the transmission line fee set by Council resolution or set forth in the license granted by the City. The fee may be a flat fee per lineal foot of utility facilities in the City or such other fee determined by the Council after consideration of the utility operator's use or proposed use of the right-of-way. Unless otherwise agreed to in writing by the city, the fee shall be paid annually, in arrears, for each year during the term of this license within 30 days after the end of each calendar year, and shall be accompanied by information sufficient to illustrate the calculation of the amount payable.

~~B.~~ C. Attachment Fee. City A utility operator whose only facilities in the right-of-way are facilities mounted on structures within the right-of-way, which structures are owned by another person, and with no facilities strung between such structures or otherwise within, under or above the right-of-way, shall pay the attachment fee set by council resolution or set forth in the license granted by the city. The fee may be a flat fee per structure or such other fee determined by the council after consideration of the utility operator's use or proposed use of the right-of-way. Unless otherwise agreed to in writing by the city, the fee shall be paid annually, in arrears, for each year during the term of this license within 30 days after the end of each calendar year, and shall be accompanied by information sufficient to illustrate the calculation of the amount payable.

~~C. — D. Attachment Fee. A utility operator whose only facilities in the right of way are facilities mounted on structures within the right of way, which structures are owned by another person, and with no facilities strung between such structures or otherwise within, under or above the right of way, shall pay the attachment fee set by Council resolution or set forth in the license granted by the City. The fee may be a flat fee per structure, or such other fee determined by the Council after consideration of the utility operator's use or proposed use of the right of way. Unless otherwise agreed to in writing by the City, the fee shall be paid annually, in arrears, for each year during the term of this license within 30 days after the end of each calendar year, and shall be accompanied by information sufficient to illustrate the calculation of the amount payable.~~

~~D.~~ Privilege tax payments required by this section shall be reduced by not be payable in the event a utility operator and the city are within the term of a franchise agreement. Upon expiration of any franchise fee agreement, the utility operator shall make privilege tax payments received by the City, but in no case will be less than \$0 as required herein.

~~E.~~ E. The utility operator shall pay interest at the rate of nine percent ~~(9%)~~ per year for any payment due pursuant to this section made after the due date.

~~F.~~ F. The calculation of the privilege tax or other fees required by this section shall be subject to all applicable limitations imposed by federal or state law. The City reserves the right to enact any and all other taxes and fees applicable to the utilities subject to the Chapter. chapter. [Ord. 2018-01 § 1 (Exh. A)].

### 3.40.130 Audits.

~~A.~~ A. Within ~~30~~60 days of a written request from the ~~City~~city, or as otherwise agreed to in writing by the ~~City~~city, the provider of utility service shall:

~~4.~~ 1. Furnish the ~~City~~city with information sufficient to demonstrate that the utility operator is in compliance with all the requirements of this ~~Chapter~~chapter and its franchise agreement, if any, including but not limited to the privilege tax payments required by ~~this Ordinance~~EPMC 3.40.120 and the franchise fee required in any franchise.

~~2.~~ 2. Make available for inspection by the ~~City~~city at reasonable times and intervals all maps, records, books, diagrams, plans and other documents, maintained by the utility operator with respect to its facilities within the public rights-of-way or public utility easements. Access shall be provided within the ~~City~~city, unless prior arrangement for access elsewhere has been made with the ~~City~~city.

~~B.~~ B. If the ~~City's~~city's audit of the books, records and other documents or information of the utility operator ~~demonstrated~~demonstrates that the utility operator has underpaid the privilege tax or franchise fee by five percent (~~5%~~) or more in any one year, the utility operator shall reimburse the ~~City~~city for the cost of the audit, in addition to any interest owed pursuant to ~~this Ordinance~~EPMC 3.40.120(E) or as specified in a franchise.

~~C.~~ C. Any underpayment, including any interest or audit cost reimbursement, shall be paid within 30 days of the ~~City's~~city's notice to the utility service provider of such underpayment.

~~D.~~ D. In the event that the ~~City~~city reasonably estimates that the cost of the audit will exceed \$10,000, the utility operator shall have the option to select a neutral and qualified auditor mutually acceptable to the ~~City~~city and the utility operator to perform the audit. [Ord. 2018-01 § 1 (Exh. A)].

#### 3.40.140 Insurance and ~~Indemnification~~indemnification.

~~A.~~ A. Insurance.

~~4.~~ 1. All utility operators shall maintain in full force and ~~affect~~effect the following liability insurance policies that protect the utility operator and the ~~City~~city, as well as the ~~City's~~city's officers, agents, and employees:

~~(a)~~ a. Comprehensive general liability insurance with limits not less than:

~~(i)~~ i. Three million dollars (~~\$3,000,000~~) for bodily injury or death to each person;

~~(ii)~~ ii. Three million dollars (~~\$3,000,000~~) for property damage resulting from any one accident; and

~~(iii)~~ iii. Three million dollars (~~\$3,000,000~~) for all other types of liability.

~~(b)~~ b. Motor vehicle liability insurance for owned, ~~non-owned~~nonowned and hired vehicles with a limit of ~~one million dollars (\$1,000,000)~~ for each person and ~~three million dollars (\$3,000,000)~~ for each accident.

~~(c)~~ c. Worker's compensation within statutory limits and employer's liability with limits of not less than ~~one million dollars (\$1,000,000)~~.

~~(d)~~ d. Comprehensive form premises-operations, explosions and collapse hazard, underground hazard and products completed hazard with limits of not less than ~~three million dollars (\$3,000,000)~~.

~~2.~~ 2. The limits of the insurance shall be subject to statutory changes as to maximum limits of liability imposed on municipalities of the ~~State~~state of Oregon. The insurance shall be without prejudice to coverage otherwise existing and shall name as additional insureds the ~~City~~city and its officers, agents, and employees. The coverage must apply as to claims between insureds on the policy. The ~~Certificate~~certificate of ~~Insurance~~insurance shall provide that the insurance shall not be canceled or materially altered without 30 ~~days~~days' prior written notice first being given to the ~~City~~city. If the insurance is canceled or materially altered, the utility operator shall provide a replacement policy with the terms as outlined in this section. The utility operator shall maintain continuous uninterrupted coverage, in the terms and amounts required. The utility operator may self-insure any or all of the above coverage.

~~3.~~ 3. The utility operator shall maintain on file with the ~~City~~city a ~~Certificate~~certificate of ~~Insurance~~insurance, or proof of self-insurance acceptable to the ~~City~~city, certifying the coverage required above.

~~B.~~ B. Financial Assurance. The utility operator shall provide a performance bond or other financial security, in a form acceptable to the ~~City~~city, as security for the full and complete performance of the franchise or license, if applicable, and compliance with the terms of this ~~Chapter~~chapter, including any costs, expenses, damages or loss the ~~City~~city pays or incurs because of any failure attributable to the utility operator to comply with the codes, ordinances, rules, regulations or permits of the ~~City~~city. This obligation is in addition to the performance surety required by ~~Section 4.18.070 (B) of this Chapter~~EPMC 3.40.060(B) for construction of facilities. The provisions of this ~~Subsection~~subsection B shall not apply to utility operators who, in the ~~City's~~city's sole discretion, have adequately performed to the ~~City's~~city's satisfaction their obligations under prior franchises or licenses with the ~~City~~city for the immediately preceding three ~~(3)~~ years prior to application for a new franchise or license.

C. Indemnification.

1. Each utility operator shall defend, indemnify and hold the Citycity and its officers, employees, agents and representatives harmless from and against any and all liability, causes of action, claims, damages, losses, judgments and other costs and expenses, including reasonable attorney fees and costs of suit or defense (at both the trial and appeal level, whether or not a trial or appeal ever takes place) that may be asserted by any person or entity in any way arising out of, resulting from, during or in connection with, or alleged to arise out of or result from the negligent, careless, or wrongful acts, omissions, failure to act, or other misconduct of the utility operator or its affiliates, officers, employees, agents, contractors, subcontractors, or lessees in the construction, operation, maintenance, repair, or removal of its facilities, and in providing or offering utility services over the facilities, whether such acts or omissions are authorized, allowed, or prohibited by this Chapterchapter or by a franchise agreement. The acceptance of a license under Section 4.18.060-EPMC 3.40.050 shall constitute such an agreement by the applicant whether the same is expressed or not. Upon notification of any such claim the Citycity shall notify the utility operator and provide the utility operator with an opportunity to provide defense regarding any such claim.

2. Every utility operator shall also indemnify the Citycity for any damages, claims, additional costs or expenses assessed against or payable by the Citycity arising out of or resulting, directly or indirectly, from the utility operator's failure to remove or relocate any of its facilities in the rights-of-way or easements in a timely manner, unless the utility operator's failure arises directly from the City'scity's negligence or willful misconduct. [Ord. 2018-01 § 1 (Exh. A)].

**3.40.150 Compliance.**

Every utility operator shall comply with all federal and state laws and regulations, including regulations of any administrative agency thereof, as well as all applicable ordinances, resolutions, rules and regulations of the Citycity, heretofore or hereafter adopted or established during the entire term of any license granted under this Chapterchapter. [Ord. 2018-01 § 1 (Exh. A)].



**3.40.160 Confidential/~~Proprietary Information~~proprietary information.**

If any utility operator is required by this ~~Chapter~~chapter to provide books, records or information to the ~~City~~city that utility operator reasonably believes to be confidential or proprietary, the ~~City~~city shall take reasonable steps to protect the confidential or proprietary nature of the books, records or information, to the extent permitted by Oregon public records laws; provided, that they are clearly designated as such by the utility operator at the time of disclosure to the ~~City~~city. The ~~City~~city shall not be required to incur any costs to protect such ~~document~~documents, except as to the ~~City's~~city's routine internal procedures for complying with Oregon public records law. City will advise the utility operator of any public records request relating to the operator's confidential or proprietary information. [Ord. 2018-01 § 1 (Exh. A)].

**3.40.170 Penalties.**

~~A.~~ A. Any person found guilty of violating, disobeying, omitting, neglecting or refusing to comply with any of the provisions of this ~~Chapter~~chapter shall be fined not less than \$100.00 nor more than \$1,000 for each offense. A separate and distinct offense shall be deemed committed each day on which a violation occurs. ~~Fine~~Fines shall be due and payable no later than 30 days from receipt of the ~~City's~~city's notification of the offense. Interest on unpaid fines shall accrue at the rate of nine percent (~~9%~~) per annum from the due date.

~~B.~~ B. Nothing in this ~~Chapter~~chapter shall be construed as limiting any judicial or other remedies the ~~City~~city may have at law or in equity, for enforcement of this ~~Chapter~~chapter. [Ord. 2018-01 § 1 (Exh. A)].

**3.40.180 Severability and ~~Preemption~~preemption.**

~~A.~~ A. The provisions of this ~~Chapter~~chapter shall be interpreted to be consistent with applicable federal and state law, and shall be interpreted, to the extent possible, to cover only matters not preempted by federal or state law.

~~B.~~ B. If any article, section, subsection, sentence, clause, phrase, term, provision, condition or portion of this ~~Chapter~~chapter is for any reason declared or held to be invalid or unenforceable by any court of competent jurisdiction or superseded by state or federal legislation, rules, regulations or decision, the remainder of this ~~Chapter~~chapter shall not be affected thereby but shall be deemed as a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions hereof, and each remaining section, subsection, clause, phrase, term, provision, condition, covenant and portion of this ~~Chapter~~chapter shall be valid and enforceable to the fullest extent permitted by law. In the event any provision is preempted by federal or state laws, rules or regulations, the provision shall be preempted only to the extent required by law and any portion not preempted shall survive. If any federal or state law resulting in preemption is later repealed, rescinded, amended or otherwise changed to

end the preemption, such provision shall thereupon return to full force and effect and shall thereafter be binding without further action by the ~~City~~city.

*Application to Existing Agreements*

~~To the extent that this Chapter is not in conflict with and can be implemented consistent with existing franchise agreements, this Chapter shall apply to all existing franchise agreements granted to utility operators by the City.~~

DRAFT

**CITY OF SHADY COVE  
ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2022

**CITY OF SHADY COVE  
ANNUAL FINANCIAL REPORT**

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**CITY OF SHADY COVE**  
**JACKSON COUNTY, OREGON**

ELECTED OFFICIALS

June 30, 2022

CITY COUNCIL

Mayor Mayor Shari Tarvin  
Councilor Richard McGregor  
Councilor Kathy Nuckles  
Councilor Tim Evertt  
Unfilled position

TERM EXPIRES

December 31, 2022  
December 31, 2022  
December 31, 2024  
December 31, 2024  
December 31, 2024

All council members receive mail at the address listed below.

CITY ADMINISTRATOR

Thomas Corrigan  
City of Shady Cove  
22451 Highway 62  
Shady Cove, OR 97539



## **INDEPENDENT AUDITOR'S REPORT**

920 Country Club Road, Suite 200A  
Eugene, OR 97401  
541.342.5161  
[www.islercpa.com](http://www.islercpa.com)

Honorable Mayor and Members of the City Council  
City of Shady Cove, Oregon

### **Disclaimer of Opinions**

We were engaged to audit the accompanying financial statements of the governmental activities and each major fund of the City of Shady Cove, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Shady Cove's basic financial statements as listed in the table of contents.

We do not express an opinion on the financial statements of the governmental activities and each major fund of the City of Shady Cove. Because of the significance of the matter described in the Basis for Disclaimer of Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities and each major fund.

### **Basis for Disclaimer of Opinions**

Due to significant levels of turnover in the management and personnel employed by the City of Shady Cove, financial records and documents were not available for our review and we were unable to gain an understanding of the processes and procedures in place during the 2022 fiscal year. As such, we were unable to determine the accuracy of the financial statements.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Shady Cove's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the City of Shady Cove's financial statements in accordance with generally accepted auditing standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities and each major fund of the City of Shady Cove.

We are required to be independent of the City of Shady Cove and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Shady Cove's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Shady Cove's ability to continue as a going concern for a reasonable period of time.

We were unable to perform many of the procedures described above due to the factors described in the Basis for Disclaimer of Opinion section of this report. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedules of proportionate share of the net pension liability, the schedule of pension contributions, and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 were unable to apply procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which would consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

For the budgetary schedules, we were also engaged to perform the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Due to the matters described in the basis for disclaimer of opinion section of this report, we are unable to provide an opinion on whether the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Isler CPA**



By: Gatlin C. Hawkins, CPA, a member of the firm  
Eugene, Oregon  
February 28, 2025



**CITY OF SHADY COVE**  
JACKSON COUNTY, OREGON  
BASIC FINANCIAL STATEMENTS

**CITY OF SHADY COVE**  
**JACKSON COUNTY, OREGON**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 2,659,730
Accounts receivable, net	75,030
Prepaid expenses	759
Restricted cash	123,994
Noncurrent receivables:	
Due within one year	65,000
Due in more than one year	1,625,000
Capital assets	
Capital assets not being depreciated	34,542
Capital assets, net of accumulated depreciation	840,819
Total Assets	5,424,874
<b>Deferred outflows of resources:</b>	
Deferred outflow of resources related to pensions	133,865
<b>Liabilities:</b>	
Accounts payable	90,565
Accrued payroll	65,877
Unearned revenue	367,751
Payable to RVSS	65,725
Noncurrent liabilities	
Long-term debt	
Due within one year	65,000
Due in more than one year	1,625,000
Unamortized bond premium	11,982
Net pension liability	162,778
Total liabilities	2,454,678
<b>Deferred inflows of resources:</b>	
Deferred inflow related to pensions	230,316
Deferred inflow related to RVSS receivable	1,690,000
Total deferred inflows	1,920,316
<b>Net position:</b>	
Net investment in capital assets	875,361
Restricted for:	
Debt service	123,994
System development charges	417,780
Roads	424,733
Unrestricted	(658,123)
Total net position	\$ 1,183,745

See accompanying notes to the basic financial statements

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2022**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>			<b>Net Revenue (Expenses) and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Primary government</b>					
Governmental activities					
General government	\$ 931,889	\$ 587,470	\$ 49,129	\$ -	\$ (295,290)
Public safety	377,896	395,419	267,226	-	284,749
Public works	617,419	752,782	-	-	135,363
Parks and recreation	5,758	-	-	-	(5,758)
Interest on long-term debt	60,194	-	-	-	(60,194)
Total governmental activities	<u>1,993,156</u>	<u>1,735,671</u>	<u>316,355</u>	<u>-</u>	<u>58,870</u>
		<b>General revenues</b>			
					227,931
					110,356
					10,426
					-
					<u>348,713</u>
					407,583
					<u>776,162</u>
					<u>\$ 1,183,745</u>

See accompanying notes to the basic financial statements

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022**

	GENERAL FUND	STREET FUND	SDC FUND	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,842,824	\$ 408,901	\$ 408,004	\$ 2,659,729
Receivables:				
Accounts receivable, net	13,957	21,297	39,776	75,030
RVSS receivable	1,690,000	-	-	1,690,000
Prepaid Expenses	759	-	-	759
Restricted Cash	123,994	-	-	123,994
	<u>3,671,534</u>	<u>430,198</u>	<u>447,780</u>	<u>4,549,512</u>
Total assets	<u>\$ 3,671,534</u>	<u>\$ 430,198</u>	<u>\$ 447,780</u>	<u>\$ 4,549,512</u>
<b>LIABILITIES</b>				
Accounts Payable	120,825	5,465	30,000	156,290
Payroll Taxes and Benefits Payable	65,877	-	-	65,877
Deferred Revenue	367,751	-	-	367,751
	<u>554,453</u>	<u>5,465</u>	<u>30,000</u>	<u>589,918</u>
Total liabilities	<u>554,453</u>	<u>5,465</u>	<u>30,000</u>	<u>589,918</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - RVSS	1,690,000	-	-	1,690,000
Unavailable revenue - property taxes	11,286	-	-	11,286
	<u>1,701,286</u>	<u>-</u>	<u>-</u>	<u>1,701,286</u>
Total deferred inflows of resources	<u>1,701,286</u>	<u>-</u>	<u>-</u>	<u>1,701,286</u>
<b>FUND BALANCE</b>				
Nonspendable	759	-	-	759
Restricted	123,994	424,733	417,780	966,507
Unassigned	1,291,042	-	-	1,291,042
	<u>1,415,795</u>	<u>424,733</u>	<u>417,780</u>	<u>2,258,308</u>
Total fund balances	<u>1,415,795</u>	<u>424,733</u>	<u>417,780</u>	<u>2,258,308</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,671,534</u>	<u>\$ 430,198</u>	<u>\$ 447,780</u>	<u>\$ 4,549,512</u>

See accompanying notes to the basic financial statements

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
June 30, 2022**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

<b>Total fund balances - governmental funds</b>	\$	2,258,308
The cost of governmental capital assets (land, buildings, improvements, machinery and equipment, infrastructure, intangibles, and construction in progress) is reported as an expenditure in governmental funds. The statement of net assets includes those capital assets among the assets of the City as a whole.		875,361
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.		
Long-term debt	<u>(1,701,982)</u>	(1,701,982)
Assets, liabilities, deferred inflows and outflows related to the City's portion of the State-wide pension plan are not current resources or requirements and therefore are not reported in the funds.		
Net pension liability	(162,778)	
Deferred outflow of resources related to pensions	133,865	
Deferred inflow of resources related to pensions	<u>(230,316)</u>	(259,229)
Unavailable revenues are not earned in the current period and therefore are not reported as revenues in the funds		
Unavailable revenue		
Property taxes levied but not collected		<u>11,287</u>
<b>Total net position - governmental activities</b>	<b>\$</b>	<b><u>1,183,745</u></b>

See accompanying notes to the basic financial statements

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2022**

	<u>GENERAL FUND</u>	<u>STREET FUND</u>	<u>SDC FUND</u>	<u>TOTAL</u>
<b>REVENUES</b>				
Taxes	\$ 338,286	\$ -	\$ -	\$ 338,286
Intergovernmental Revenues	49,129	267,226	-	316,355
Fines and Fees	418,873	-	-	418,873
Licenses and Permits	505,579	-	-	505,579
Administrative fees	135,785	-	-	135,785
System Development Charges	-	-	84,000	84,000
Investment Earnings	1,675	-	8,751	10,426
Other Revenue	29,897	28,540	-	58,437
	<u>1,479,224</u>	<u>295,766</u>	<u>92,751</u>	<u>1,867,741</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
General Government	834,452	-	-	834,452
Public Safety	377,896	-	-	377,896
Public Works	-	189,632	-	189,632
Culture and Recreation	5,758	-	-	5,758
Capital Outlay	-	-	30,622	30,622
Debt service:				
Principal Retirement	65,000	-	-	65,000
Interest Expense and Fiscal Charges	60,194	-	-	60,194
	<u>1,343,300</u>	<u>189,632</u>	<u>30,622</u>	<u>1,563,554</u>
Total expenditures				
Excess of revenues over (under) expenditures	<u>135,924</u>	<u>106,134</u>	<u>62,129</u>	<u>304,187</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sewer service collections on behalf of RVSS	668,782	-	-	668,782
Payments to RVSS	(563,572)	-	-	(563,572)
	<u>105,210</u>	<u>-</u>	<u>-</u>	<u>105,210</u>
Total				
Net change in fund balance	241,134	106,134	62,129	409,397
Beginning fund balance	<u>1,174,661</u>	<u>318,599</u>	<u>355,651</u>	<u>1,848,911</u>
Ending fund balance	<u>\$ 1,415,795</u>	<u>\$ 424,733</u>	<u>\$ 417,780</u>	<u>\$ 2,258,308</u>

See accompanying notes to the basic financial statements

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - TO  
STATEMENT OF ACTIVITIES**

**For the Fiscal Year Ended June 30, 2022**

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

<b>Total net change in fund balances - governmental funds</b>	\$	409,397
<p>Governmental funds 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 capital outlays exceeded depreciation in the current period.</p>		
Capitalized expenditures	\$	-
Depreciation expense		<u>(51,139)</u>
Net adjustment		(51,139)
<p>The issuance of long-term debt 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 has any effect on net position. This is the amount by which bond proceeds exceeded principal retirement in the current period.</p>		
Bond premium amortization		666
Bond principal payments		<u>65,000</u>
		65,666
Expenses related to pension obligations not using current resources		<u>(16,341)</u>
<b>Change in net position - governmental activities</b>	<b>\$</b>	<b><u>407,583</u></b>

See accompanying notes to the basic financial statements

**CITY OF SHADY COVE**  
**JACKSON COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Shady Cove, Oregon, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**THE FINANCIAL REPORTING ENTITY**

The City of Shady Cove is a municipal corporation governed by an elected mayor and four member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable, as defined under GASB Statement 39.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government and its component units. For the most part, interfund services provided and used are eliminated in the process of consolidation. Governmental activities, which normally are 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. As of June 30, 2022, all activities are considered to be governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect expenses* are those costs, usually administrative in nature, that support all City functions and programs and enable direct services to be provided. Program revenues include 1) charges for services that include charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges, fines and forfeitures assessed as penalties for code violations, and state shared revenues received for support of various programs - all of which are related to a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Basis of accounting refers to when revenues, expenditures, expenses, transfers, assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recognized in the accounts and reported in the financial statements.

Exchange transactions are recognized when the exchange takes place. Nonexchange transactions are recognized in accordance with the nature of the nonexchange transaction. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.



**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

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, and susceptible to accrual, when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

**General Fund** - This fund accounts for all financial resources and expenditures of the City, except those required to be accounted for in another fund. The principal revenue source is property taxes. The Sewer fund is included in the General fund since, as of July 1, 2019, Rogue Valley Sewer System annexed the wastewater infrastructure of the city and took over wastewater operations. The fund currently accounts for the collections made by the City on behalf of Rogue Valley Sewer System as well as the debt payments for the full faith and credit debt City originally associated with improvements made to the wastewater system by the City.

**Street Fund** - This special revenue fund accounts for the City's share of State of Oregon gasoline taxes. The state gasoline taxes are restricted for expenditures under Article XI, Section 3 of the Oregon Constitution for construction, maintenance and repair of streets, roads and bike and foot paths. Street utility fees set by Council resolution also fund street repairs and maintenance.

**SDC Fund** - This fund is responsible for collection of system development charges and related capital improvements

Amounts reported as program *revenues* on the statement of activities include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources and all taxes are reported as general revenues rather than as program revenues.

**BUDGETS**

The City budgets all funds as required by Oregon State Budget Law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Expenditure budgets for the General Fund are established by department, while budgets for the Street Fund, System Development Fund, and Sewer Fund are appropriated at object levels of personal services, materials and services, capital outlay, debt service, interfund transactions and contingency. Unexpected additional resources or appropriations may be added to the budget through the use of a supplemental budget. Original and supplemental budgets require hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by passing a Council resolution authorizing the transfer.

All budget amendments are subject to the limitations put forth in the Oregon Revised Statutes, Chapters 294.305 through 294.565 (Oregon Budget Law). Transfers of appropriations, permitted by Oregon Budget Law, were authorized by the City Council during the fiscal year.

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 during the reporting period. Actual results could differ from those estimates.

**ASSETS, LIABILITIES, AND NET POSITION OR EQUITY**

**Cash and Investments**

The City maintains a cash pool. Each fund's portion of the pools is displayed on the balance sheet as "cash and investments" on the fund financial statements and as "cash and cash equivalents" on the government wide financial statements.

**Receivables and Payables**

Property taxes are levied as of July 1 on property assessed as of January 1. The tax levy is due November 15, with an optional payment method of 1/3 due November, 1/3 due February 15, and 1/3 due May 15. Taxes paid in full November 15 are provided a 3% discount. The billings are considered delinquent after the appropriate due date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Receivables are assessed for collectability and allowances for doubtful collection are recorded as necessary. Receivables for federal and state grants, and state, county and local shared revenue are recorded as revenue in all funds as earned. The receivables for state, county and local shared revenue are recorded in accounts receivable.

Investment earnings (e.g., accrued interest receivable) are recorded as revenue in all fund types as earned on investments.

**Interfund Activities**

Interfund activities include charges for services and operating transfers.

**Capital Assets**

Capital assets, which include property, plant, equipment, intangible assets (e.g., software, land use rights, patents), and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the cost of the developer donating the asset. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized when projects are constructed. 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. Depreciable capital assets are depreciated using the straight-line method over the asset's estimated useful life as follows:

Buildings and improvements:	5-50 years
SDC improvements:	Up to 20 years
Machinery and equipment:	5-40 years
Infrastructure:	5-50 years

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Grants**

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability on the balance sheet and statement of net position.

**Compensated Absences**

Liabilities for vacation pay and sick pay are recorded in the Statement of Net Position when vested or earned by employees. Vacation pay is accrued as an expenditure in the governmental fund financial statements when the amounts are expected to be liquidated with expendable available resources. Sick leave pay does not vest and is recorded as leave when taken.

**Deferred Outflow / Inflow of Resources**

The statements of net position and balance sheets report separate sections for deferred outflows and deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period or periods. Deferred outflows of resources represent a use of net position that applies to a future period or periods. In that future period a deferred inflow will be recognized as revenue and a deferred outflow will be recognized as an expense.

**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 applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. Principal and interest payments on long-term debt are reported as debt service expenditures.

**Net Position**

Net position is defined as the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the City's financial statements.

Government-wide and proprietary fund net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

**Net investment in capital assets** - all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** - assets with external constraints placed on their use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** - all other net position.

**Fund Balances**

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned or unassigned.

**Nonspendable fund balance** - inherently nonspendable resources that, because of their form, cannot be spent, or must remain intact. Nonspendable items are not expected to be converted to cash and include prepaid amounts.

**Restricted fund balance** - externally enforceable limitations on resource use have been imposed by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Committed fund balance** - self-imposed limitations on spending set by the City Council prior to the end of the fiscal year by formal action through the adoption of a resolution. Only a similar formal action of adopting a resolution can remove or modify such self-imposed spending limitations. Resolutions are the highest form of Council policy expression with respect to the City's budget and financial policies.

**Assigned fund balance** - self-imposed limitation resulting from intended use established by the City Council such as through the adoption of the City budget. No other body or official can assign fund balance.

**Unassigned fund balance** - residual net resources, the expenditure of which has not been limited in any way. Only the General Fund may report a positive unassigned fund balance amount. Other governmental funds may report a negative unassigned fund balance amount if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned for that purpose.

When both restricted and unrestricted resources and fund balances are available for use in proprietary funds, it is the City's policy to use restricted resources and fund balances first, then unrestricted resources and fund balances as they are needed. In the governmental funds, when committed, assigned and unassigned resources and fund balances are available for use, it is the City's policy to use committed resources and fund balances first, assigned resources and fund balances second and then unassigned resources and fund balances as they are needed.

**2. CASH AND INVESTMENTS**

The City is restricted by Oregon Revised Statutes as to the types of investments in which it may invest its cash balances. Statutes authorize the City to invest in obligations of the U.S. Treasury and other U.S. Government agencies, certain commercial paper, bankers' acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool. Cash and investments reported on the fund financial statements are considered to be cash and cash equivalents.

Cash and cash equivalents, unrestricted and restricted, at June 30 consisted of:

	<b>2022</b>
Cash on hand	\$ 1,100
Cash in bank	1,162,572
LGIP	1,620,052
Total	\$ 2,783,724

Cash is reported on the Statement of Net Position as follows:

	<b>2022</b>
Cash and cash equivalents	\$ 2,659,730
Restricted cash	123,994
Total	\$ 2,783,724

Restricted cash represents a loan reserve balance held in accordance with the annexation agreement with Rogue Valley Sewer Services.

All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds 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 Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to any municipality, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any public funds. The Office of the State Treasurer (OST) manages the LGIP. The LGIP is commingled with other State funds in the Oregon Short-Term Fund (OSTF). The OSTF is not managed as a stable net asset value fund; therefore, the preservation of principal is not assured. The LGIP is not rated by a national rating

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**2. CASH AND INVESTMENTS, continued**

service. Additional information about the OSTF can be obtained at [www.ost.state.or.us](http://www.ost.state.or.us) and [www.oregon.gov/treasury](http://www.oregon.gov/treasury). The weighted-average maturity of LGIP is less than one year. The investment in LGIP is stated at the value of the City's share in the pool, which approximates fair value.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage are held with institutions participating in the Oregon Public Funds Collateralization Program. In the event of bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposit of public funds of government entities. As of June 30, 2022, none of the City's bank balances were exposed to credit risk.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized and may be subject to credit risk.

**3. RECEIVABLES**

Receivables as of the year ended June 30, 2022, for all the City's funds are as follows:

<b><u>Governmental Activities</u></b>	<b><u>Governmental Funds</u></b>	<b><u>Due Within One Year</u></b>	<b><u>Long-Term Portion</u></b>
Current:			
Accounts receivable	\$ 73,642	\$ 73,642	\$ -
Property taxes receivable	10,137	10,137	-
Allowance for doubtful accounts	<u>(8,749)</u>	<u>(8,749)</u>	<u>-</u>
Total current	<u>75,030</u>	<u>75,030</u>	<u>-</u>
Long-term:			
RVSS receivable (see Note 5)	<u>1,690,000</u>	<u>65,000</u>	<u>1,625,000</u>
Total	<u>\$ 1,765,030</u>	<u>\$ 140,030</u>	<u>\$ 1,625,000</u>

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS**

The changes in capital assets for the fiscal year ended June 30, 2022 are as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>Governmental Activities:</b>				
<b>Not being depreciated</b>				
Land	\$ 34,542	\$ -	\$ -	\$ 34,542
Total	<u>34,542</u>	<u>-</u>	<u>-</u>	<u>34,542</u>
<b>Being depreciated</b>				
Buildings and improvements	343,278	-	-	343,278
Machinery and equipment	79,799	-	-	79,799
Infrastructure	1,315,212	-	-	1,315,212
Total	<u>1,738,289</u>	<u>-</u>	<u>-</u>	<u>1,738,289</u>
<b>Accumulated depreciation</b>				
Buildings and improvements	(274,060)	(13,492)	-	(287,552)
Machinery and equipment	(79,799)	-	-	(79,799)
Infrastructure	(492,472)	(37,647)	-	(530,119)
Total	<u>(846,331)</u>	<u>(51,139)</u>	<u>-</u>	<u>(897,470)</u>
<b>Governmental capital assets, net</b>	<u>\$ 926,500</u>	<u>\$ (51,139)</u>	<u>\$ -</u>	<u>\$ 875,361</u>

Depreciation expense of \$51,139 was charged to general governmental expense on the statement of activities.

**5. LONG-TERM DEBT**

At June 30, 2022, the City's long-term financed debt consists of the following:

Sewer Bond: On March 30, 2018, the City issued \$1,930,000 in bonds to refinance existing debt for wastewater construction and improvements. Under the annexation agreement with Rogue Valley Sewer Services, the City continues to hold the bond, and Rogue Valley Sewer Services will pay to the City a sum equal to the amount of the debt service principal and interest payments due. Each payment will be made to the City a minimum of 30 days in advance of the payment due date. As a result, the City has recorded a receivable that is equal to the long-term debt, net of the bond premium. In addition, the City retains one year of principal and interest payments on hand as noted under restricted cash in Note 2.

Changes in the City's long-term debt during the fiscal year ending June 30, 2022:

	<u>Balance 7/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2022</u>	<u>Due Within One Year</u>	<u>Long-Term Portion</u>
<b>Governmental Activities</b>						
Sewer bond	\$ 1,755,000	\$ -	\$ (65,000)	\$ 1,690,000	\$ 65,000	\$ 1,625,000
Bond premiums	12,647	-	(665)	11,982	665	11,317
<b>Total</b>	<u>\$ 1,767,647</u>	<u>\$ -</u>	<u>\$ (65,665)</u>	<u>\$ 1,701,982</u>	<u>\$ 65,665</u>	<u>\$ 1,636,317</u>

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**5. LONG-TERM DEBT, continued**

Future debt service payments to be made in governmental activities by the General Fund are as follows:

<b>Years Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 65,000	\$ 58,944
2024	70,000	56,294
2025	70,000	53,494
2026	75,000	50,594
2027	80,000	47,494
2028 to 2032	430,000	193,921
2033 to 2037	510,000	116,291
2038 to 2042	390,000	24,287
<b>Total</b>	<b>\$ 1,690,000</b>	<b>\$ 601,319</b>

**6. 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 purchases commercial insurance for general, auto and property liability. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**7. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM**

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit and defined contribution pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**7. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM, continued**

**Benefits Provided**

*1. Tier One/Tier Two Retirement Benefit ORS (Chapter 238).*

*Pension Benefits*

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees, 2.0 percent for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire employees). General service employees are eligible to retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

*Death Benefits*

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

*Disability Benefits*

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit

*Benefit Changes After Retirement*

Retired members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.



**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**7. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM, continued**

*2. OPSRP Pension Program (OPSRP DB)*

*Pension Benefits.*

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Police and fire employees: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

*Death Benefits*

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

*Disability Benefits*

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

*Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

*3. OPSRP Individual Account Program (OPSRP IAP)*

*Pension Benefits*

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**7. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM, continued**

*Death Benefits*

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

*Recordkeeping*

OPERS contracts with VOYA Financial to maintain IAP participant records.

**Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2022 were \$1,116 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2022 were 9.59 percent for Tier One/Tier Two Members, 4.52 percent for OPSRP Pension Program General Service Members, 8.88 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2021, the City's proportionate share of the net pension liability is \$162,778. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the City's proportion was 0.00136028 percent, which changed from its proportion of 0.00175058 percent measured as of June 30, 2021.

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 15,237	\$ -
Change in assumptions	40,748	428
Net difference between projected and actual earnings on pension plan investments	-	120,503
Changes in proportionate share	64,925	59,427
Differences between City contributions and proportionate share of contributions	<u>2,705</u>	<u>49,958</u>
Subtotal before post-measurement date contributions	123,615	230,316
City contributions subsequent to the measurement date	<u>10,250</u>	-
Total	<u>\$ 133,865</u>	<u>\$ 230,316</u>

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**7. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM, continued**

Deferred outflows of resources related to pensions of \$10,250 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2023. Net deferred outflows (inflows) of resources of \$(106,701) will be recognized in pension expense as follows:

Year Ended June 30,		
2023	\$	(15,437)
2024		(18,193)
2025		(26,066)
2026		(43,902)
2027		(3,103)
Total	\$	<u>(106,701)</u>

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization based over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Investment Rate of return	7.2 percent
Projected Salary Increases	3.5 percent
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 sex-distinct, generational with unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 sex-distinct, generational with unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 sex-distinct, generational with unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

**Long-term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at: <http://www.oregon.gov/PERS/Pages/Financials/Actuarial-Financial-Information.aspx>.

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS**

**7. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM, continued**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.2 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.2 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
Proportionate share of net pension liability (asset) \$	319,656	\$ 162,778	\$ 31,527

**Changes in Assumptions and Other Inputs**

Changes in actuarial methods and assumptions since the December 31, 2018 valuation are described in the 2018 Experience Study at <https://www.oregon.gov/pers/Documents/2018ExpStudy.pdf>

Changes in assumptions from that Study are reported in the table of actuarial methods and assumptions, modifications to the allocation of actuarial accrued liabilities, administrative expense assumptions, healthcare cost inflation, and mortality tables can be found at:

<http://www.oregon.gov/PERS/Pages/Financials/Actuarial-Financial-Information.aspx>

**8. BUDGETARY NONCOMPLIANCE**

For the year ended June 30, 2022, the General Fund's actual expenditures of \$5,758 for Culture and Recreation on a budgetary basis exceeded the authorized appropriations of \$5,700. The General Fund's actual expenditures of \$125,194 for debt service on a budgetary basis exceeded the authorized appropriations of \$124,044. The SDC Fund's actual expenditures of \$622 for parks on a budgetary basis exceeded the authorized appropriations of \$0.

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2022**

**Schedule of the Proportionate Share of the Net Pension Liability**

	Oregon Public Employees Retirement System <sup>(1) (2)</sup>								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.001360 %	0.001751 %	0.001246 %	0.000923 %	0.001128 %	0.000423 %	0.000423 %	0.000796 %	0.000796 %
Proportionate share of the net pension liability (asset)	\$ 162,778	\$ 382,037	\$ 215,561	\$ 139,865	\$ 152,048	\$ 63,531	\$ 63,531	\$ (18,032)	\$ 40,597
Covered payroll	239,129	242,277	259,450	226,466	205,008	294,646	262,751	291,363	269,381
Proportionate share of the pension liability (asset) as a percentage of its covered payroll	68.07 %	157.69 %	83.08 %	61.76 %	74.17 %	21.56 %	24.18 %	6.19 %	15.07 %
Plan net position as a percentage of the total pension liability	84.50 %	75.79 %	80.23 %	82.07 %	83.10 %	80.50 %	91.88 %	103.59 %	91.97 %

**Schedule of Pension Contributions**

	Oregon Public Employees Retirement System <sup>(1)</sup>								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 10,250	\$ 5,268	\$ 6,081	\$ 1,116	\$ 960	\$ 850	\$ 926	\$ 925	\$ 1,165
Contributions in relation to the contractually required contribution	<u>10,250</u>	<u>5,268</u>	<u>6,081</u>	<u>1,116</u>	<u>960</u>	<u>850</u>	<u>926</u>	<u>925</u>	<u>1,165</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 279,634	\$ 239,129	\$ 242,277	\$ 254,450	\$ 223,342	\$ 199,749	\$ 197,686	\$ 262,751	\$ 291,363
Contributions as a percentage of covered payroll	3.67 %	2.20 %	2.51 %	0.44 %	0.43 %	0.43 %	0.47 %	0.35 %	0.40 %

**Notes to Required Supplementary Information**

(1) 10-year trend information required by GASB Statement 68 will be presented prospectively

(2) Amounts presented are for the measurement period reported during the fiscal year, which for FY 2022 is July 1, 2020- June 30, 2021.

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**GENERAL FUND  
COMBINING BALANCE SHEET  
June 30, 2022**

	General Fund	Capital Improvement Fund	Capital Purchase Reserve Fund	Total
<b>Assets:</b>				
Cash	\$ 1,692,824	\$ -	\$ 150,000	\$ 1,842,824
Accounts Receivable, net	13,957	-	-	13,957
Prepaid Expenses	759	-	-	759
RVSS Receivable	1,690,000	-	-	1,690,000
Restricted Cash	123,994	-	-	123,994
<b>Total Assets:</b>	<b>\$ 3,521,534</b>	<b>\$ -</b>	<b>\$ 150,000</b>	<b>\$ 3,671,534</b>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Trade Accounts Payable	\$ 55,100	\$ -	\$ -	\$ 55,100
Payable to RVSS	65,725	-	-	65,725
Payroll payable	65,877	-	-	65,877
Deferred revenue	367,751	-	-	367,751
Total liabilities	554,453	-	-	554,453
Deferred inflows of resources:				
Unavailable revenue - RVSS	1,690,000	-	-	1,690,000
Unavailable revenue - property taxes	11,286	-	-	11,286
Total deferred inflows	1,701,286	-	-	1,701,286
Fund balances:				
Nonspendable	759	-	-	759
Restricted	123,994	-	-	123,994
Unassigned	1,141,042	-	150,000	1,291,042
Total fund balances:	1,265,795	-	150,000	1,415,795
Total liabilities, deferred inflows, and fund balances	<b>\$ 3,521,534</b>	<b>\$ -</b>	<b>\$ 150,000</b>	<b>\$ 3,671,534</b>

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**GENERAL FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2022**

	General Fund	Capital Improvement Fund	Capital Purchase Reserve Fund	Total
<b>REVENUES:</b>				
Property Taxes	\$ 227,931	\$ -	\$ -	\$ 227,931
Other Taxes	110,355	-	-	110,355
Intergovernmental				
Revenues	49,129	-	-	49,129
Fines and Fees	418,873	-	-	418,873
Licenses and Permits	505,579	-	-	505,579
Administrative fees	135,785	-	-	135,785
	-	-	-	-
Investment Earnings	1,675	-	-	1,675
Other Revenue	29,897	-	-	29,897
	<u>1,479,224</u>	<u>-</u>	<u>-</u>	<u>1,479,224</u>
Total revenues:	1,479,224	-	-	1,479,224
<b>EXPENDITURES:</b>				
Current:				
Personal Services	363,054	-	-	363,054
Materials and Services	855,052	-	-	855,052
Debt service	125,194	-	-	125,194
	<u>1,343,300</u>	<u>-</u>	<u>-</u>	<u>1,343,300</u>
Total expenditures:	1,343,300	-	-	1,343,300
Excess of revenues over (under) expenditures	<u>135,924</u>	<u>-</u>	<u>-</u>	<u>135,924</u>
<b>Other Financing Sources (Uses)</b>				
Sewer service collections on behalf of RVSS	668,782	-	-	668,782
Special payments - RVSS	<u>(563,572)</u>	<u>-</u>	<u>-</u>	<u>(563,572)</u>
Total other financing sources	<u>105,210</u>	<u>-</u>	<u>-</u>	<u>105,210</u>
Net change in fund balance	241,134	-	-	241,134
Beginning fund balance	<u>1,024,661</u>	<u>-</u>	<u>150,000</u>	<u>1,174,661</u>
Ending fund balance	<u>\$ 1,265,795</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 1,415,795</u>



**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2022**

	<u>BUDGET</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Taxes	\$ 252,431	\$ 252,431	\$ 338,286	\$ 85,855
Intergovernmental Revenues	699,500	699,500	49,129	(650,371)
Fines and Fees	403,000	403,000	418,873	15,873
Licenses and Permits	369,000	369,000	505,579	136,579
Administrative fees	135,785	135,785	135,785	-
Auxiliary Services Revenue	50,000	50,000	-	(50,000)
Investment Earnings	12,000	12,000	1,675	(10,325)
Payments from RVSS	1,175,744	1,175,744	668,782	(506,962)
Other Revenue	500	500	29,897	29,397
Total revenues	<u>3,097,960</u>	<u>3,097,960</u>	<u>2,148,006</u>	<u>(949,954)</u>
Expenditures:				
General Government	1,004,980	1,004,980	834,452	170,528
Public Safety	538,815	538,815	377,896	160,919
Culture and Recreation	5,700	5,700	5,758	(58)
Payments to RVSS	1,050,000	1,050,000	563,572	486,428
Debt and notes payable	124,044	124,044	125,194	(1,150)
Contingency	50,000	50,000	-	50,000
Total expenditures	<u>2,773,539</u>	<u>2,773,539</u>	<u>1,906,872</u>	<u>866,667</u>
Net change in fund balance	324,421	324,421	241,134	(83,287)
Beginning fund balance	<u>221,112</u>	<u>221,112</u>	<u>1,024,661</u>	<u>382,968</u>
Ending fund balance	<u>\$ 545,533</u>	<u>\$ 545,533</u>	<u>\$ 1,265,795</u>	<u>\$ 720,262</u>

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**CAPITAL IMPROVEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2022**

	<u>BUDGET</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Grants	<u>\$ 2,651,000</u>	<u>\$ 2,651,000</u>	<u>\$ -</u>	<u>\$ (2,651,000)</u>
Expenditures:				
Capital outlay	<u>2,651,000</u>	<u>2,651,000</u>	<u>-</u>	<u>2,651,000</u>
Net change in fund balance	-	-	-	-
Beginning fund balance	-	-	-	-
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**CAPITAL PURCHASE RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2022**

	<u>BUDGET</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Beginning fund balance	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>-</u>
Ending fund balance	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2022**

	<u>BUDGET</u>		<u>FIRST YEAR ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Revenues:				
Intergovernmental Revenues	\$ 243,432	\$ 243,432	\$ 267,226	\$ (23,794)
Other Revenue	-	-	28,540	28,540
Expenditures:				
Materials and services	281,500	281,500	189,632	91,868
Capital outlay	2,000	2,000	-	2,000
Contingency	5,000	5,000	-	5,000
Total expenditures	<u>288,500</u>	<u>288,500</u>	<u>189,632</u>	<u>98,868</u>
Net change in fund balance	(45,068)	(45,068)	106,134	151,202
Beginning fund balance	<u>130,243</u>	<u>130,243</u>	<u>318,599</u>	<u>133,729</u>
Ending fund balance	<u>\$ 85,175</u>	<u>\$ 85,175</u>	<u>\$ 424,733</u>	<u>\$ 284,931</u>

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**SDC FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
For the Fiscal Year Ended June 30, 2022**

	BUDGET		FIRST YEAR ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
System Development Charges	84,000	84,000	84,000	-
Investment Earnings	<u>3,200</u>	<u>3,200</u>	<u>8,751</u>	<u>5,551</u>
Total revenues	287,200	287,200	92,751	(194,449)
<b>Expenditures:</b>				
Capital Outlay				
Transportation	215,000	215,000	30,000	185,000
Stormwater	16,000	16,000	-	16,000
Parks	-	-	622	(622)
Contingency	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total expenditures	<u>234,000</u>	<u>234,000</u>	<u>30,622</u>	<u>203,378</u>
Net Change in fund balance	53,200	53,200	62,129	8,929
Beginning fund balance	<u>135,276</u>	<u>135,276</u>	<u>355,651</u>	<u>457,990</u>
Ending fund balance	<u>\$ 188,476</u>	<u>\$ 188,476</u>	<u>\$ 417,780</u>	<u>\$ 466,919</u>

**CITY OF SHADY COVE  
JACKSON COUNTY, OREGON**

**INDEPENDENT AUDITOR'S COMPLIANCE REPORT**



920 Country Club Road, Suite 200A  
Eugene, OR 97401  
541.342.5161  
www.islercpa.com

**INDEPENDENT AUDITOR'S 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 Members of the City Council  
City of Shady Cove, Oregon

We have audited the basic financial statements of the City of Shady Cove, Oregon ("City") as of and for the year ended June 30, 2022, and have issued our report thereon dated February 28, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as noted below.

1. As described in Note 8 of the City's financial statements, the results of testing indicated three instances of non-compliance related to excess expenditures over appropriations.
2. We could not verify that the budget was properly published.
3. We could not verify that budget officials were appointed or elected.
4. Budgeted resources did not equal requirements in the published budget for the Systems Development Charges Fund.
5. We could not confirm that fuel tax funds were used for allowable costs.
6. We could not confirm that procurements were in compliance with Oregon Revised Statutes.
7. A material weakness in internal controls was noted as a result of audit procedures performed.

## OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted one material weakness as a result of our testing. Additional information regarding this matter will be communicated to the management of the City and the Mayor and City Council in a management letter issued in accordance with AU-C 265 *Communicating Internal Control Related Matters Identified in an Audit*. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, material weaknesses or significant deficiencies may exist that have not been identified.

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



by: Gatlín C. Hawkins CPA, a member of the firm

Eugene, Oregon  
February 28, 2025