

CITY OF COBURG



COBURG, OREGON

Annual Financial Report

June 30, 2021

CITY OF COBURG

P.O. Box 8316
Coburg, OR 97408
(541) 682-7870

MAYOR AND CITY COUNCIL

RAY SMITH PO Box 8316, Coburg, OR 97408	Mayor
NANCY BELL PO Box 8316, Coburg, OR 97408	Council President
JOHN LEHMAN PO Box 8316, Coburg, OR 97408	Councilor
MARK ALEXANDER PO Box 8316, Coburg, OR 97408	Councilor
JOHN FOX PO Box 8316, Coburg, OR 97408	Councilor
KYLE BLAIN PO Box 8316, Coburg, OR 97408	Councilor
PATRICIA McCONNELL PO Box 8316, Coburg, OR 97408	Councilor

ADMINISTRATION

ANNE HEATH PO Box 8316, Coburg, OR 97408	City Administrator
TIM GAINES PO Box 8316, Coburg, OR 97408	Finance Director

CITY OF COBURG

AUDIT REPORT

JUNE 30, 2021

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AUDIT REPORT

JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Coburg, Oregon

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund information of the City Of Coburg as of and for the year ended June 30, 2021 which collectively comprise the City Of Coburg's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund information of as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 2-13, the schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 61-63, the pension schedules on pages 64-65, and pension and OPEB schedules on pages 66-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the management's discussion and analysis and the pension and OPEB-schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coburg's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 61-63 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Of Coburg's basic financial statements. The other supplementary data on pages 69-83 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City Of Coburg.

The other supplementary data on pages 69-83 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, other supplementary data is fairly stated in all material respects in relation to the financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, I have issued my report dated January 12, 2022, on my consideration of the City Of Coburg's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on the City Of Coburg's compliance.



Steve Tuchscherer, CPA
January 12, 2022

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

Unaudited

The management discussion and analysis of the City of Coburg, Oregon (the City) financial performance provides an overview of the City's financial activities for the fiscal year that ended June 30, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2021 are as follows:

- The City's net position, increased by \$463,924 which represents a 2.7% increase from the previous year. This small increase is a result of nearly balanced increased in assets, deferred accounts, and liabilities.
- Total revenue for the City was \$5,015,359. That is a \$401,763 or 8.7% increase from the previous year. This increase is primarily a result an overall increase of roughly 10% in various program revenues.
- The City refinanced essentially all of it's long-term debt through a process called refunding. Eight different notes and bonds payable were consolidated. The results are a single debt with Oregon Department of Environmental Quality (consolidating three existing loans) and a bond issuance that is to be repaid by the General Fund, Sewer Fund, and Water Fund in amounts similar to what was previously owed by each. The proceeds from the bond issuance allowed for the refinance of five separate debts. The City will save roughly \$1,000,000 over the course of the next 30 plus years as a result of this activity.
- The City's overall long-term liabilities increased during the fiscal year by \$275,223. This is a result of a loan arrangement that is still in the drawdown phase, for improving and increasing capacity of the City's water system. Roughly \$840,000 was borrowed during the year for that activity. Amounts to pay for the issuance of the refunding bonds added roughly \$145,000. The bonds were sold at a premium of \$711,203 which was available to refund existing debt. However, the premium is recorded on the books as a net increase in the debt which will be amortized to reduce the net interest expense each year until the bonds are fully retired.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. To supplement the basic financial statements, this report also includes required supplementary information, other supplementary data, and accompanying information.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position that presents information including all the City's assets, deferred inflows, deferred outflows, and liabilities, and the resulting net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as the condition of buildings, and water and sewer systems facilities.

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

Unaudited

The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the City's distinct activities or functions of the City that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues. The governmental activities of the City include general government activities, street construction and maintenance, police services, and providing resources for library, culture and recreation. The proprietary activities of the City include water and sewer utilities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining and individual fund statements in a later section of this report. The City reports three types of funds:

Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Proprietary funds are used to report the functions presented as business-type activities in the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund - enterprise funds. The City uses enterprise funds to account for water and sewer operations. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Fiduciary Funds such a custodial fund are reported in the fiduciary fund financial statements, but are excluded from government-wide reporting. Fiduciary fund financial statements report only net assets and net liabilities.

Notes to the Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements, budgetary comparison schedules are included as Required Supplementary Information for the General Fund, the Street Fund, and the Coburg Urban Renewal Agency Fund. The Required Supplementary Information section immediately follows the Notes to the Financial Statements.

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

Unaudited

Budgetary comparison schedules for the City's funds that are not included in the Required Supplementary Information section can be found in the Other Supplementary Data section along with combining statements, and additional supporting schedules. These statements and schedules immediately follow the Required Supplementary Information section of this report. The budgetary comparison schedules demonstrate compliance with the City's adopted and final revised budget.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the City as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The City's net position at fiscal year-end is \$17,433,248 compared to \$16,969,323 at the prior year end. This is an increase of \$463,924 or 2.7%. Impacting factors include a 1.2% increase in the assets.

A significant portion of the City's net position (75%) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, and machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the City's net position for the current and prior year.

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$ 1,925,321	\$ 2,032,356	\$ 3,884,415	\$ 4,012,537	\$ 5,809,736	\$ 6,044,893
Capital Assets	2,772,326	2,320,116	26,646,836	26,458,603	29,419,162	28,778,719
Total Assets	4,697,647	4,352,472	30,531,251	30,471,140	35,228,898	34,823,612
Deferred Outflow of Resources	603,795	302,040	52,502	26,264	656,297	328,304
Liabilities						
Current Liabilities	207,720	228,407	836,215	988,944	1,043,935	1,217,351
Long-Term Liabilities	1,819,057	1,354,494	15,226,727	14,891,338	17,045,784	16,245,832
Total Liabilities	2,026,777	1,582,901	16,062,942	15,880,282	18,089,719	17,463,183
Deferred Inflow of Resources	131,039	125,786	231,190	593,623	362,229	719,409
Net Position						
Net Investment in Capital Assets	2,248,876	1,750,260	10,763,151	10,896,547	13,012,027	12,646,807
Restricted	872,574	885,040	1,525,337	603,263	2,397,911	1,488,303
Unrestricted	22,177	310,524	2,001,133	2,523,689	2,023,310	2,834,213
Total Net Position	\$ 3,143,627	\$ 2,945,824	\$ 14,289,621	\$ 14,023,499	\$ 17,433,248	\$ 16,969,323

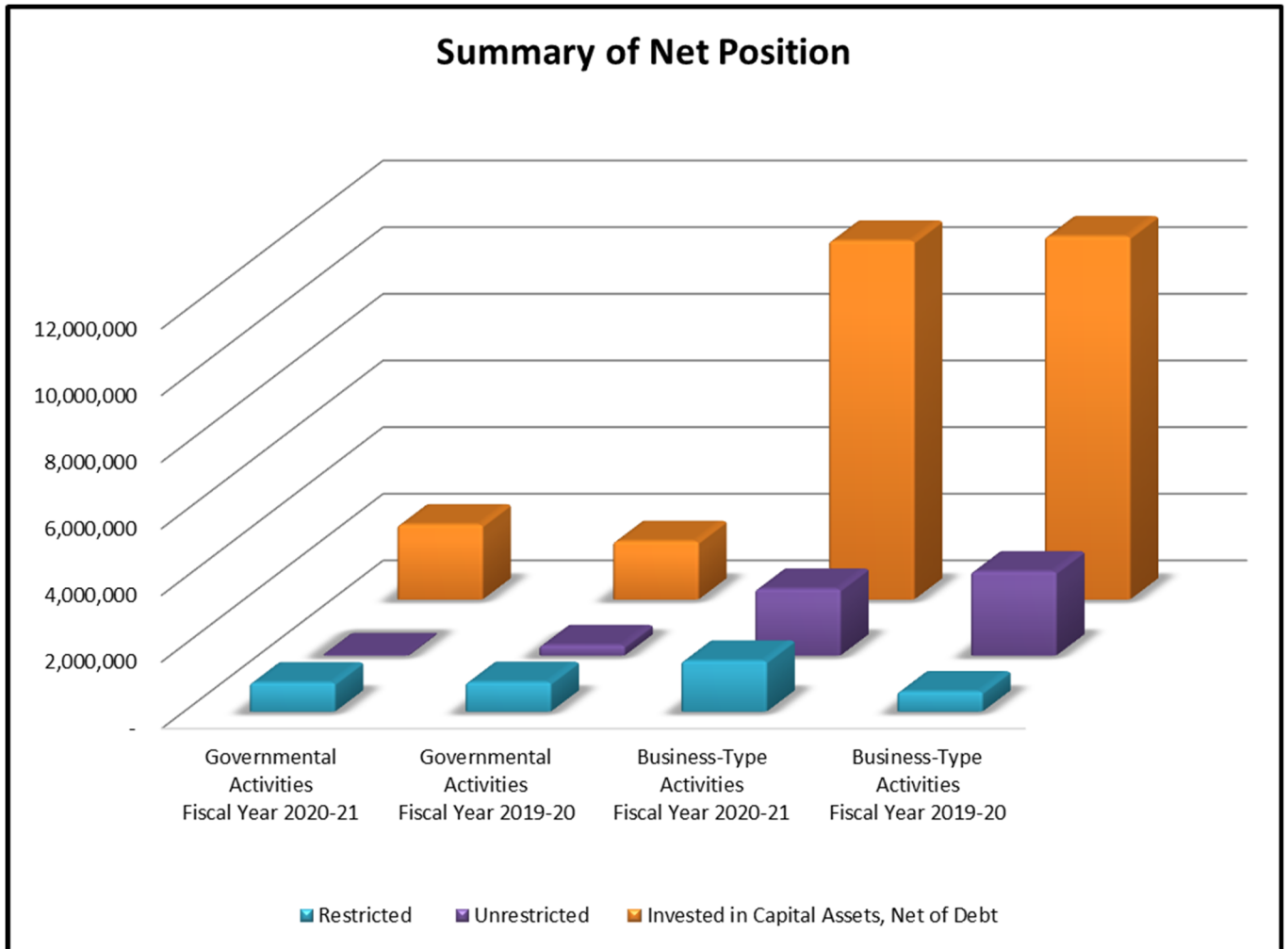
CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

Unaudited

See the chart below to gain an understanding of the City's actual financial position and how each component relates to the activities performed.



CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

Unaudited

Changes in net position - The City's total revenues for the fiscal year ended June 30, 2021 were \$5,015,359. The total cost of all programs and services was \$4,551,435. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Revenues						
Program Revenues						
Charges for Services	\$ 1,010,671	\$ 807,565	\$ 1,946,123	\$ 1,865,611	\$ 2,956,794	\$ 2,673,176
Operating Grants and Contributions	161,744	100,445	-	-	161,744	100,445
Total Program Revenues	1,172,415	908,010	1,946,123	1,865,611	3,118,538	2,773,621
General Revenues						
Local Sources						
Property Taxes, Franchise Fees, & Public Service Taxes	1,802,068	1,723,784	-	-	1,802,068	1,723,784
Interest & Investment Earnings	16,959	44,792	10,978	16,661	27,937	61,453
Other Revenues	66,816	54,738	-	-	66,816	54,738
Total General Revenues	1,885,843	1,823,314	10,978	16,661	1,896,821	1,839,975
Total Revenues	3,058,258	2,731,324	1,957,101	1,882,272	5,015,359	4,613,596
Program Expenses						
General Government	687,244	783,155	-	-	687,244	783,155
Public Safety	821,203	699,921	-	-	821,203	699,921
Public Works	843,377	572,156	-	-	843,377	572,156
Culture and Recreation	128,936	279,193	-	-	128,936	279,193
Urban Renewal Projects	5,869	4,974	-	-	5,869	4,974
Interest on Long-Term Debt	19,292	26,336	-	-	19,292	26,336
Utility Services						
Water Utilities	-	-	531,005	454,571	531,005	454,571
Sewer Utilities	-	-	1,514,509	1,524,227	1,514,509	1,524,227
Total Program Expenses	2,505,921	2,365,735	2,045,514	1,978,798	4,551,435	4,344,533
Transfers	(354,535)	(480,000)	354,535	480,000	-	-
Change in Net Position	\$ 197,802	\$ (114,411)	\$ 266,122	\$ 383,474	\$ 463,924	\$ 269,063

CITY OF COBURG

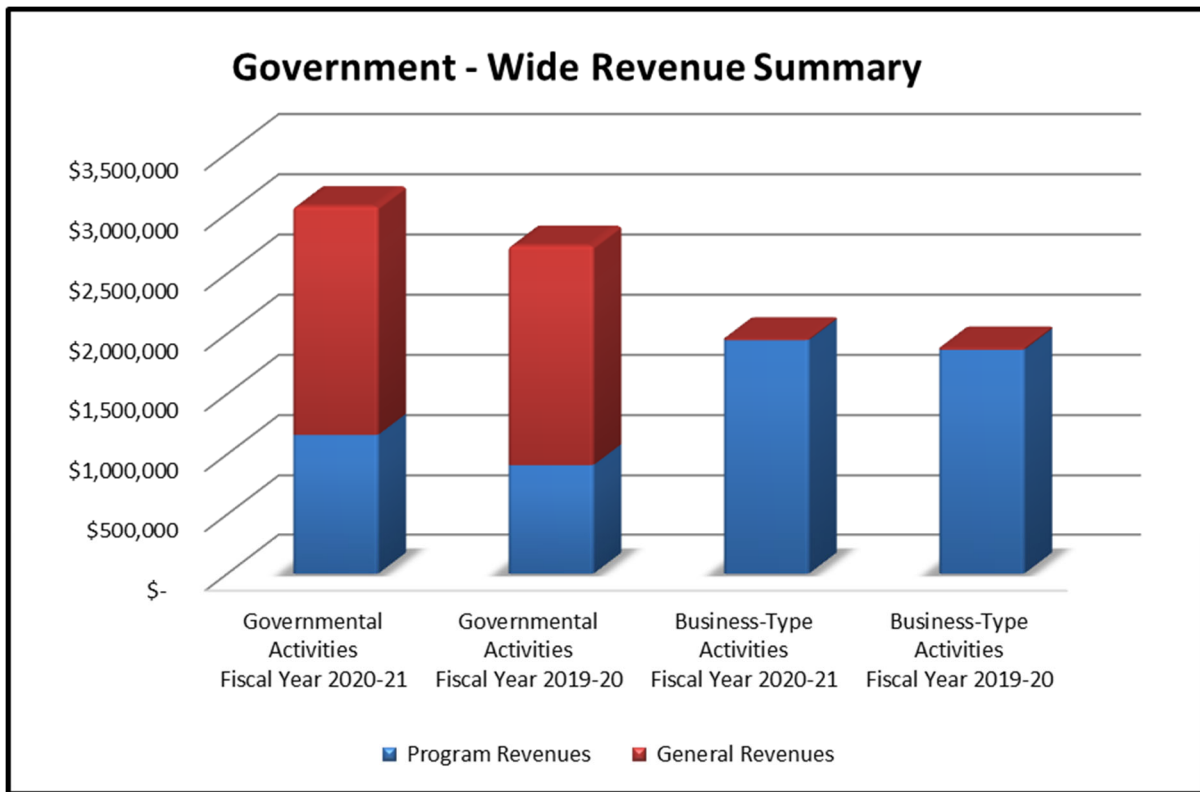
Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

Unaudited

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the City. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

The following chart analyzes the revenue between governmental activities and business-type activities from prior to current year.



Governmental Activities

	Total Cost of Services		Net (Cost) Profit of Services	
	2020-21	2019-20	2020-21	2019-20
General Government	\$ 687,244	\$ 783,155	\$ (625,479)	\$ (682,710)
Public Safety	821,203	699,921	(686,472)	(558,828)
Public Works	843,377	572,156	94,893	46,668
Culture and Recreation	128,936	279,193	(91,288)	(231,545)
Urban Renewal Projects	5,869	4,974	(5,869)	(4,974)
Interest Expense	19,292	26,336	(19,292)	(26,336)
Total Program Expenses	\$ 2,505,921	\$ 2,365,735	\$ (1,333,506)	\$ (1,457,725)

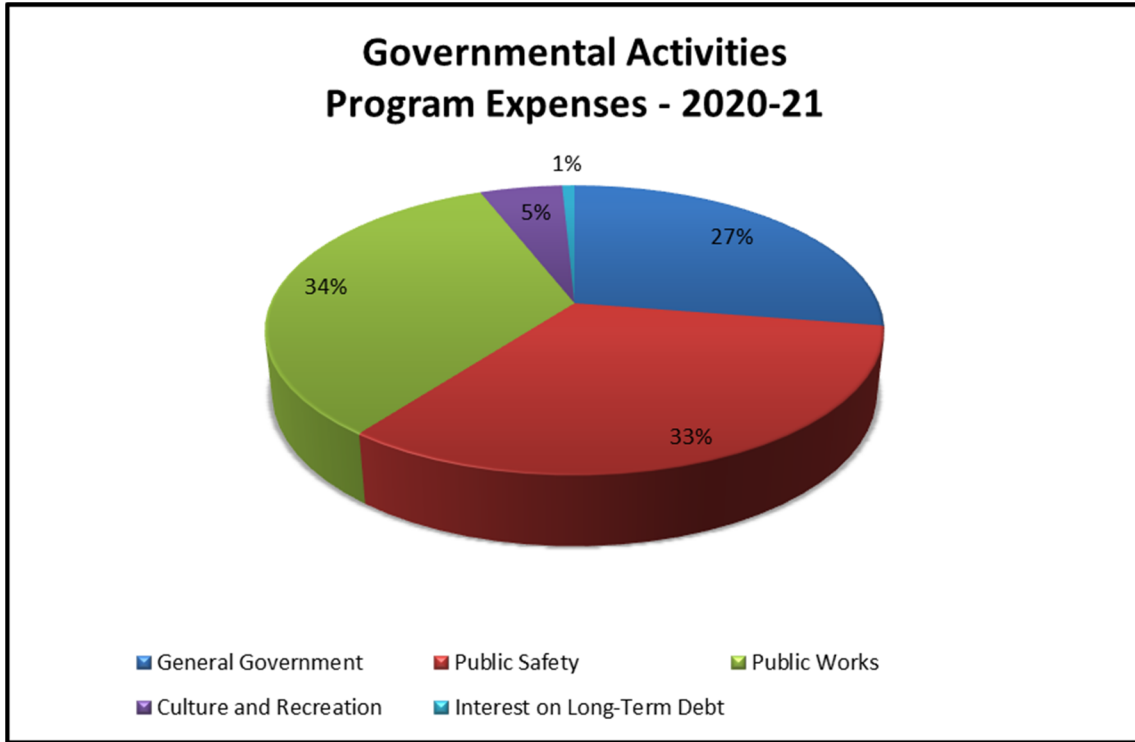
CITY OF COBURG

Management’s Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

Unaudited

This Chart represents the cost of the City’s Program expenses by governmental activities.



Business type activities increased the City’s net position by \$266,122. Of the business-type activities, the Water and Sewer funds accounted for approximately 47% and 53% of revenues, respectively and 26% and 74%. This is primarily attributed to debt service payments made on the sewer system.

Business-Type Activities

	Total Cost of Services		Net (Cost) Profit of Services	
	2020-21	2019-20	2020-21	2019-20
Water Utilities	\$ 531,005	\$ 454,571	\$ 341,885	\$ 424,620
Sewer Utilities	1,514,509	1,524,227	(441,276)	(537,807)
Total Program Expenses	\$ 2,045,514	\$ 1,978,798	\$ (99,391)	\$ (113,187)

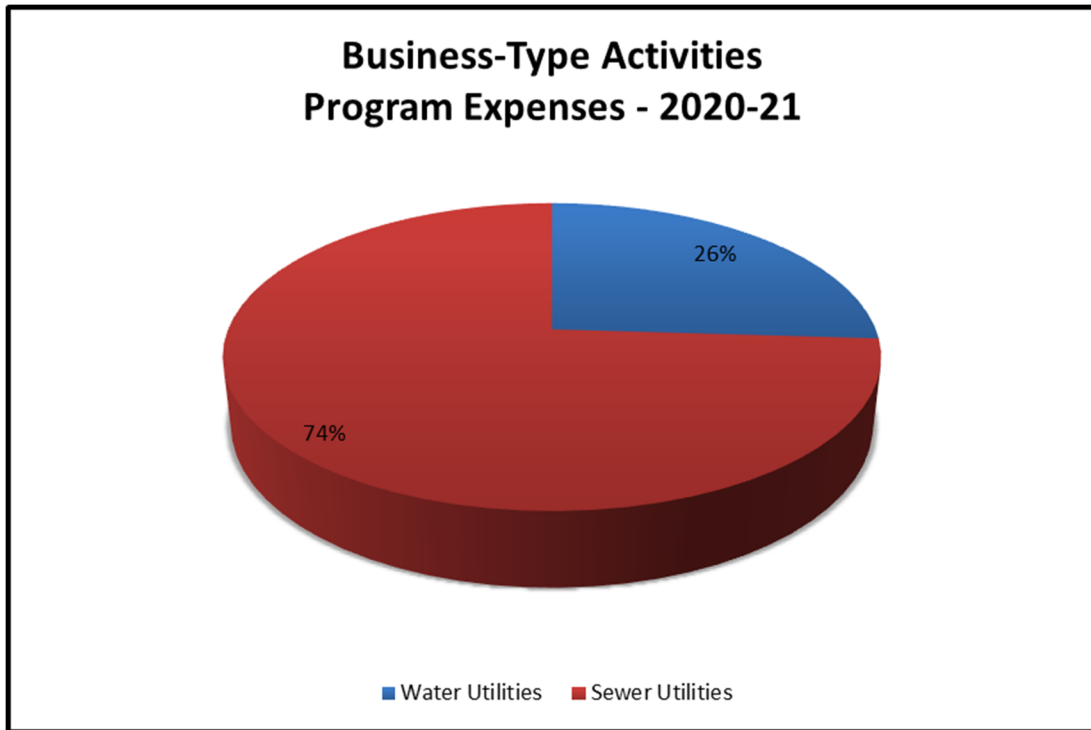
CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

Unaudited

This graph represents the cost of the City's Program expenses by business-type activities.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

Governmental Funds

As the City completed the year, its governmental funds reported a combined fund balance of \$1,599,457, a decrease of \$101,539, from prior year. The fund balance constitutes restricted, committed, and unassigned amounts. Of the current fund balances, a total of \$859,723 is restricted funds including, \$815,277 for Public Works Projects, \$6,843 for Systems Development and \$37,603 for Urban Renewal Projects. The remaining balance of \$737,501 is considered unassigned funds

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$737,501 and restricted fund balance was \$6,843 a total decrease of \$113,700 from prior year.

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

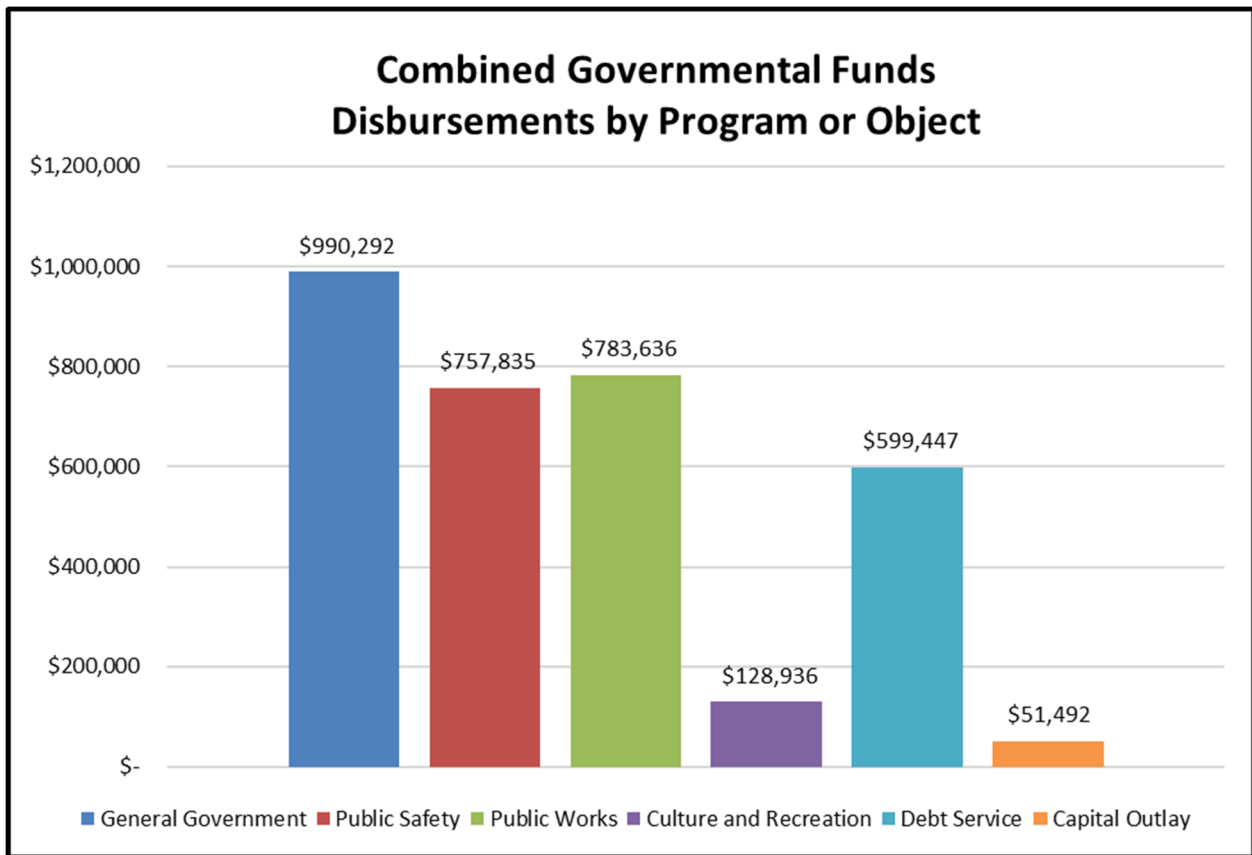
For the Fiscal Year Ended June 30, 2021

Unaudited

At the end of the current fiscal year, restricted fund balance of the Street Fund was \$815,277, an increase of \$10,281.

At the end of the current fiscal year, fund balance of the Coburg Urban Renewal Agency Fund was \$37,603 an increase of \$1,880 from the prior year.

Following is a comparison of current expenditures by program of the governmental funds.



CITY OF COBURG

Management's Discussion and Analysis (MD&A)

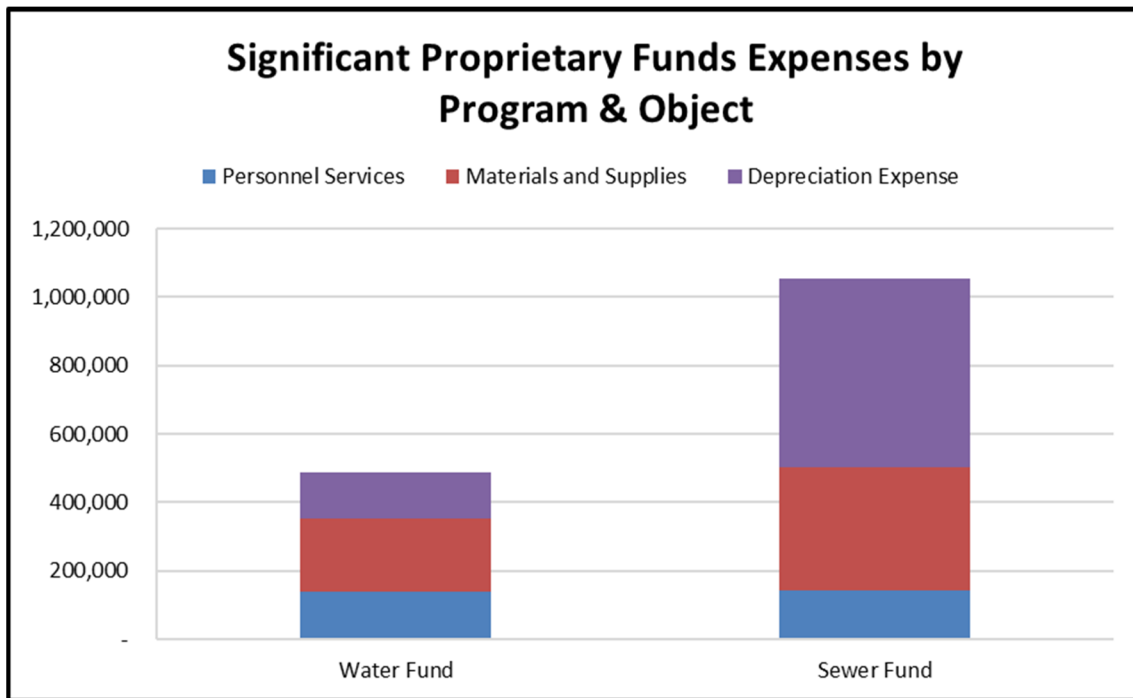
For the Fiscal Year Ended June 30, 2021

Unaudited

Proprietary Funds

The City's enterprise funds reported total net position of \$14,289,621 an increase of \$266,122. This is primarily attributed to a reduction in long-term liabilities. The enterprise funds also report \$1,525,337 in restricted net position which includes \$555,111 for debt service \$969,109 for systems development and \$1,117 for OPEB restricted assets. Capital Assets net of related debt was \$10,763,151 which includes sewer and water infrastructure, buildings and equipment.

Following is a comparison of current expenses by program of the proprietary funds.



Personnel expenses are minimal in the enterprise funds as all personnel costs are absorbed in the general fund and reimbursed by the utility funds according to hours charged to each department.

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

Unaudited

Budgetary Highlights

General Fund revenues were budgeted and anticipated to be collected in the amount of \$2,439,238 during the fiscal year. Actual revenues of \$2,245,864 were available which was \$193,374 less than budgeted. This is attributed to budgeted licenses, permits, & miscellaneous fees and other charges for services being less than anticipated. General Fund expenditures budget was over-spent by \$108,542 as a result of the activities related to the bond refunding. The over-expenditure did not result in a matter of noncompliance since Oregon Budget Law allows for this when related to bond refunding. The ending fund balance was more than what was budgeted by \$170,702 and less than the prior year by \$113,700.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021 the City had invested, before net reduction for accumulated depreciation, \$35,578,187 in capital assets, including buildings, land, vehicles, water and sewer utility systems, construction in progress and other equipment. This amount represents a net increase of \$1,417,388 from the prior year due to the addition and deletions of capital assets in fiscal year 2021.

Total depreciation expense for the year was \$776,946; of which \$93,972 is associated with governmental activities with the remainder of \$682,973 associated with the water and sewer funds. Additional information on the City's capital assets can be found in the Capital Asset Note of the Notes to the Basic Financial Statements section of this report.

Long-Term Debt

At June 30, 2021, the City had total long-term debt outstanding of \$16,407,135 including unamortized bond premiums of \$691,688, compared to \$16,131,912 in the prior year, a net difference of \$275,223. Principal paid on long-term debt including amounts refunded and amounts paid as part of a debt consolidation during the year was \$16,047,598, offset by draws for new long-term debt of \$840,866 and amounts received from the debt consolidation and refunding proceeds of \$16,388,088. Additional information on the City's long-term debt can be found in the Long-Term Debt Note of the Notes to the Basic Financial Statements.

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2021

Unaudited

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

A number of factors were considered by the City's officials during the process of developing the fiscal year 2021-22 budget. The City's budget for the fiscal year ending June 30, 2022, represents an overall increase of 22% when compared with the fiscal year 2021. The increases in budget mainly represents planned capital projects in the general, street and water funds. The City continues to maintain a staffing level that directly addresses capacity requirements. In addition, in fiscal year 2022, the City continues the commitment to budgeted reserves in most funds.

The City continues to experience growth in both residential and commercial property. Over the last two years the city has experienced an increase in overall value of 10%. Continued increases in development of both commercial and residential housing are anticipated to continue. It is anticipated that a similar growth of value and development will be experienced in 2022 and for several years after. Therefore, the City Planning budget reflects both revenues and expenditures that anticipate the increase of development activity.

Amounts for appropriations in the General Fund are \$3,922,634 for the fiscal year 2021-22, an increase of \$579,168 or 14% percent. The increase is primarily attributable to an increase in personnel services in the amount of \$187,755, and increases in materials and services in the amount of \$233,422. In addition, there is budgeted contingency of \$250,000.

The Street Fund Budget for 2021-22 will increase by \$1,726,451. This reflects a slight increase in operating expenses of the street fund and street improvements to be completed during the fiscal year. In addition, there is a budgeted contingency of \$200,000.

In 2021-22, the City increased the budget of the Water department by \$1,005,719. The budget includes the City's continued work on the planned Water infrastructure project. The water project is a funded project with 5.5 million dollars committed by Business Oregon.

With the exceptions noted above, overall increases to the operating costs of both governmental activities and business-type activities are budgeted to rise by 3-4% over the next few years. However, the volatility of the cost of capital projects is hard to predict given the current state of the nation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives.

If you have any questions about this report or need additional information, contact the City of Coburg at (541) 682-7870. The office is located inside City Hall at 91136 N. Willamette Street, Coburg, Oregon 97408

BASIC FINANCIAL
STATEMENTS

Government -Wide
Financial Statements

CITY OF COBURG
STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current Assets:			
Cash and Investments	\$ 1,670,890	\$ 2,712,760	\$ 4,383,650
Accounts Receivable	63,246	290,961	354,207
LID Liens Receivable	-	154,979	154,979
SDCs Receivable	128,864	169,487	298,351
Property Taxes Receivable	49,470	-	49,470
Total Current Assets	<u>1,912,470</u>	<u>3,328,187</u>	<u>5,240,657</u>
Restricted Assets:			
Sinking Funds for Debt Service	-	555,111	555,111
Net OPEB Asset (RHIA)	12,851	1,117	13,968
Total Restricted Assets	<u>12,851</u>	<u>556,228</u>	<u>569,079</u>
Capital Assets, Net of Accumulated Depreciation	<u>2,772,326</u>	<u>26,646,836</u>	<u>29,419,162</u>
Total Assets	<u>4,697,647</u>	<u>30,531,251</u>	<u>35,228,898</u>
DEFERRED OUTFLOW OF RESOURCES:			
Pension Related Deferrals	601,165	52,274	653,439
OPEB Related Deferrals - RHIA	1,578	137	1,715
OPEB Related Deferrals - CIS	1,052	91	1,143
Total Deferred Outflow of Resources	<u>603,795</u>	<u>52,502</u>	<u>656,297</u>
LIABILITIES:			
Current Liabilities:			
Due to Component Unit			
Accounts Payable	58,357	17,541	75,898
Payroll Payable	83,175	-	83,175
Accrued Compensated Absences	49,767	-	49,767
Interest Payable	1,421	45,442	46,863
Customer Deposits	-	2,308	2,308
Current Portion of Long-Term Liabilities:			
Notes Payable	-	535,924	535,924
Bonds Payable	15,000	235,000	250,000
Total Current Liabilities	<u>207,720</u>	<u>836,215</u>	<u>1,043,935</u>
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	-	8,969,523	8,969,523
Bonds Payable, Net of Premium	508,450	6,143,238	6,651,688
Net OPEB Obligation - RHIA	-	-	-
Net OPEB Obligation - CIS	31,829	2,768	34,597
Net Pension Liability	1,278,778	111,198	1,389,976
Total Long-Term Liabilities	<u>1,819,057</u>	<u>15,226,727</u>	<u>17,045,784</u>
Total Liabilities	<u>2,026,777</u>	<u>16,062,942</u>	<u>18,089,719</u>
DEFERRED INFLOW OF RESOURCES:			
Receivables Currently not Collectable	-	219,795	219,795
Deferred Earnings on Pension Assets	110,812	9,636	120,448
OPEB Related Deferrals - RHIA	2,025	176	2,201
OPEB Related Deferrals - CIS	18,202	1,583	19,785
Total Deferred Inflow of Resources	<u>131,039</u>	<u>231,190</u>	<u>362,229</u>
NET POSITION:			
Net Investment in Capital Assets	2,248,876	10,763,151	13,012,027
Restricted for:			
Systems Development	6,843	969,109	975,952
Debt Service	-	555,111	555,111
Public Works	815,277	-	815,277
Urban Renewal Projects	37,603	-	37,603
Net OPEB Asset	12,851	1,117	13,968
Unrestricted	<u>22,177</u>	<u>2,001,133</u>	<u>2,023,310</u>
Total Net Position	<u>\$ 3,143,627</u>	<u>\$ 14,289,621</u>	<u>\$ 17,433,248</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF COBURG

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Government	\$ 687,244	\$ -	\$ 61,765	\$ -	\$ (625,479)
Public Safety	821,203	134,731	-	-	(686,472)
Public Works	843,377	838,292	99,979	-	94,893
Culture and Recreation	128,936	37,648	-	-	(91,288)
Urban Renewal Projects	5,869	-	-	-	(5,869)
Interest Expense	19,292	-	-	-	(19,292)
Total Governmental Activities	2,505,921	1,010,671	161,744	-	(1,333,506)
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Utilities	531,005	872,890	-	-	341,885
Sewer Utilities	1,514,509	1,073,233	-	-	(441,276)
Total Business-type Activities	2,045,514	1,946,123	-	-	(99,391)
Total Primary Government	\$ 4,551,435	\$ 2,956,794	\$ 161,744	\$ -	\$ (1,432,897)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>CHANGES IN NET POSITION:</u>			
Net (expense) revenue	\$ (1,333,506)	\$ (99,391)	\$ (1,432,897)
General Revenues:			
Property Taxes, levied for general purposes	847,795	-	847,795
Property Taxes, levied for urban renewal programs	406,118	-	406,118
Intergovernmental Tax Turnovers	310,486	-	310,486
Franchise Taxes	237,669	-	237,669
Interest and Investment Earnings	16,959	10,978	27,937
Other Revenue	66,816	-	66,816
Subtotal - General Revenues	1,885,843	10,978	1,896,821
Interfund Transfers	(354,535)	354,535	-
Total general revenues, special items, and transfers	1,531,308	365,513	1,896,821
Change in Net Position	197,802	266,122	463,924
Net Position, July 1, 2020	2,945,824	14,023,499	16,969,323
Net Position, June 30, 2021	\$ 3,143,627	\$ 14,289,621	\$ 17,433,248

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Governmental Fund
Financial Statements

CITY OF COBURG
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2021

	<u>Component Unit</u>			
	<u>General Fund</u>	<u>Street Fund</u>	<u>Urban Renewal Agency Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>				
Cash and Investments	\$ 822,909	\$ 811,538	\$ 36,443	\$ 1,670,890
Receivables:				
Accounts, net	53,360	9,886	-	63,246
System Development Charges	57,289	71,575	-	128,864
Property Tax	33,955	-	15,515	49,470
Total Assets	<u>\$ 967,513</u>	<u>\$ 892,999</u>	<u>\$ 51,958</u>	<u>\$ 1,912,470</u>
<u>DEFERRED OUTFLOW OF RESOURCES:</u>				
Pension Related Deferrals				-
Total Deferred Outflow of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>				
LIABILITIES:				
Accounts Payable	\$ 51,656	\$ 6,147	\$ 554	\$ 58,357
Payroll Payable	83,175	-	-	83,175
Total Liabilities	<u>134,831</u>	<u>6,147</u>	<u>554</u>	<u>141,532</u>
DEFERRED INFLOWS OF RESOURCES:				
Delinquent Property Tax Revenue Not Available	28,816	-	13,801	42,617
Uncollected SDC Revenue	57,289	71,575	-	128,864
Total Deferred Inflows of Resources	<u>86,105</u>	<u>71,575</u>	<u>13,801</u>	<u>171,481</u>
FUND BALANCES:				
Restricted for:				
Public Works	-	815,277	-	815,277
Systems Development	6,843	-	-	6,843
Urban Renewal Projects	-	-	37,603	37,603
Committed for:				
Community Development Projects	2,233	-	-	2,233
Unassigned	737,501	-	-	737,501
Total Fund Balances	<u>746,577</u>	<u>815,277</u>	<u>37,603</u>	<u>1,599,457</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 967,513</u>	<u>\$ 892,999</u>	<u>\$ 51,958</u>	<u>\$ 1,912,470</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF COBURG

RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2021

Total Fund Balances - Governmental Funds	\$ 1,599,457
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

The cost of the assets is -	\$ 3,701,372	
The accumulated depreciation is -	<u>(929,046)</u>	
Net Value of Assets		2,772,326

Net pension assets reported in governmental activities are not financial resources and therefore are not reported in the governmental funds.	12,851
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Certain receivables that will not be available to pay for current-period expenditures are deferred in the governmental funds:

Property Taxes	42,617	
Assessments	<u>128,864</u>	
		171,481

Deferred inflows and outflows of pension and opeb contributions and earnings are not reported in the governmental funds

Pension and OPEB Related Deferrals	472,756
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Accrued Compensated Absences are not recorded in the governmental funds:	(49,767)
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Interest Payable is not recorded in the governmental funds:	(1,421)
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Long-term liabilities, including notes payable and net pension liability, are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(1,834,057)</u>
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Net Position of Governmental Activities	<u><u>\$ 3,143,626</u></u>
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CITY OF COBURG
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2021

	<u>Component Unit</u>			
	<u>General</u> <u>Fund</u>	<u>Street</u> <u>Fund</u>	<u>Urban</u> <u>Renewal</u> <u>Agency</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>REVENUES:</u>				
Taxes and Assessments	\$ 844,534	\$ -	\$ 406,118	\$ 1,250,652
Intergovernmental	85,392	225,094	-	310,486
Franchise Taxes	237,669	-	-	237,669
Licenses & Permits	131,290	-	-	131,290
Charges for Service	37,648	48,704	-	86,352
Fines and Forfeitures	134,731	-	-	134,731
Investment Revenue	7,223	8,105	1,631	16,959
Grants and Donations	61,765	99,979	-	161,744
Interdepartmental Charges	639,700	-	-	639,700
Other Revenue	65,912	904	-	66,816
Total Revenues	2,245,864	382,786	407,749	3,036,399
<u>EXPENDITURES:</u>				
Current Operating:				
General Government	990,292	-	-	990,292
Public Safety	757,835	-	-	757,835
Public Works	417,003	366,633	-	783,636
Culture and Recreation	128,936	-	-	128,936
Urban Renewal Projects	-	-	5,869	5,869
Debt Service:				
Principal	579,856	-	-	579,856
Interest	19,591	-	-	19,591
Capital Outlay	45,620	5,872	-	51,492
Total Expenditures	2,939,133	372,505	5,869	3,317,507
Excess (Deficiency) of Revenues Over Expenditures	(693,269)	10,281	401,880	(281,108)
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers (Out)	-	-	(400,000)	(400,000)
Refunding Bonds	579,569	-	-	579,569
Total Other Financing Sources (Uses)	579,569	-	(400,000)	179,569
Net Change in Fund Balances	(113,700)	10,281	1,880	(101,539)
Fund Balances - July 1, 2020	860,277	804,996	35,723	1,700,996
Fund Balances - June 30, 2021	\$ 746,577	\$ 815,277	\$ 37,603	\$ 1,599,457

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF COBURG

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

For the Fiscal Year Ended June 30, 2021

Net Changes in Fund Balances - Total Governmental Funds \$ (101,539)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 546,182	
Less current year depreciation	<u>(93,972)</u>	
		452,210

Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds. Instead these funds are reported as deferred revenue. However, some of these amounts are recorded as revenue in the Statement of Activities.

The changes in amounts deferred are as follows:

Property Taxes	3,261	
System Development Charges	<u>18,598</u>	
		21,859

Expense accruals in the governmental funds do not include accrued interest expense payable. The change in payables from the prior year to the current year is as follows -

Changes to certain accruals are reflected in expenses in the Statement of Activities as follows:

Employee benefits amounts	(14,048)
Interest Payable	(355)
Amortization of Bond Premium	654

Long term debt proceeds are included as revenue in governmental funds, but the proceeds increase long-term debt balances in the Statement of Net Position. This amount is adjusted for the bond received by the City at the time the bonds were sold. (534,104)

Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.

Retirement of debt principal is as follows:

Notes Payable	569,856	
General Obligations Bonds	<u>10,000</u>	
		579,856

Adjustment for pension costs not reported on the governmental fund financial statements on a modified accrual basis are included as adjustments to expenses on an accrued basis are as follows: (206,731)

Change in Net Position of Governmental Activities **\$ 197,802**

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Proprietary Fund
Financial Statements

CITY OF COBURG
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	<u>Enterprise Funds</u>		<u>Total Proprietary Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 1,149,470	\$ 1,563,290	\$ 2,712,760
Accounts Receivable, Net	244,654	46,307	290,961
LID Liens Receivable	-	154,979	154,979
SDCs Receivable	61,924	107,563	169,487
Total Current Assets	<u>1,456,048</u>	<u>1,872,139</u>	<u>3,328,187</u>
Restricted Assets:			
Sinking Funds for Debt Service	31,960	523,151	555,111
Net OPEB Asset (RHIA)	287	830	1,117
Total Restricted Assets	<u>32,247</u>	<u>523,981</u>	<u>556,228</u>
Capital Assets:			
Land	-	217,293	217,293
Depreciable Assets, Net of Depreciation	4,388,919	22,040,624	26,429,543
Total Capital Assets	<u>4,388,919</u>	<u>22,257,917</u>	<u>26,646,836</u>
Total Assets	<u>5,877,214</u>	<u>24,654,037</u>	<u>30,531,251</u>
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Pension Related Deferrals	13,442	38,832	52,274
OPEB Related Deferrals - RHIA	35	102	137
OPEB Related Deferrals - CIS	23	68	91
Total Deferred Outflow of Resources	<u>13,500</u>	<u>39,002</u>	<u>52,502</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	8,924	8,617	17,541
Interest Payable	1,517	43,925	45,442
Customer Deposits	2,308	-	2,308
Current Portion of Long-Term Liabilities:			
Notes Payable	-	535,924	535,924
Bonds Payable	150,000	85,000	235,000
Total Current Liabilities	<u>162,749</u>	<u>673,466</u>	<u>836,215</u>
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	991,458	7,978,065	8,969,523
Bonds Payable, Net of Premium	405,671	5,737,567	6,143,238
Net OPEB Obligation - CIS	712	2,056	2,768
Net Pension Liability	28,593	82,605	111,198
Total Long-Term Liabilities	<u>1,426,434</u>	<u>13,800,293</u>	<u>15,226,727</u>
Total Liabilities	<u>1,589,183</u>	<u>14,473,759</u>	<u>16,062,942</u>
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Receivables Currently not Collectable	61,924	157,871	219,795
Pension Related Deferrals	2,478	7,158	9,636
OPEB Related Deferrals - RHIA	45	131	176
OPEB Related Deferrals - CIS	407	1,176	1,583
Total Deferred Inflow of Resources	<u>64,854</u>	<u>166,336</u>	<u>231,190</u>
<u>NET POSITION:</u>			
Net Investment in Capital Assets	2,841,790	7,921,361	10,763,151
Restricted for Debt Service	31,960	523,151	555,111
Restricted for Systems Development	22,179	946,930	969,109
Restricted for Net OPEB Asset	287	830	1,117
Unrestricted	1,340,461	660,672	2,001,133
Total Net Position	<u>\$ 4,236,677</u>	<u>\$ 10,052,944</u>	<u>\$ 14,289,621</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF COBURG

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2021

	<u>Enterprise Funds</u>		<u>Total Proprietary Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	
<u>OPERATING REVENUES:</u>			
Charges for Services & Fees	\$ 818,071	\$ 1,072,425	\$ 1,890,496
Systems Development Charges	53,568	-	53,568
Other Revenue	1,251	808	2,059
Total Revenues	872,890	1,073,233	1,946,123
<u>OPERATING EXPENSES:</u>			
Personnel Services	138,042	142,471	280,513
Materials and Supplies	215,406	359,844	575,250
Depreciation Expense	133,521	549,452	682,973
Total Operating Expenses	486,969	1,051,767	1,538,736
Operating Income (Loss)	385,921	21,466	407,387
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Loan Fees	(16,100)	(157,602)	(173,702)
Investment Revenue	4,651	6,327	10,978
Interest Expense	(27,936)	(305,140)	(333,076)
Total Non-Operating Revenues (Expenses)	(39,385)	(456,415)	(495,800)
Income Before Other Revenues, Expenses, and Transfers	346,536	(434,949)	(88,413)
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Transfers to Other Funds	-	(86,995)	(86,995)
Transfers from Other Funds	41,530	400,000	441,530
Total Capital Contributions and Transfers	41,530	313,005	354,535
Changes in Net Position	388,066	(121,944)	266,122
Net Position, July 1, 2020	3,848,611	10,174,888	14,023,499
Net Position, June 30, 2021	\$ 4,236,677	\$ 10,052,944	\$ 14,289,621

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF COBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

	Enterprise Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash Received from User Charges	\$ 837,365	\$ 763,299	\$ 1,600,664
Cash Payments for Employee Services	(133,419)	(129,115)	(262,534)
Cash Payments to Suppliers & Service Providers	(219,090)	(355,904)	(574,994)
Net Cash Provided (Used) by Operating Activities	484,856	278,280	763,136
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>			
Refund of Deposits & Non-Operating Payments	104	-	104
Non-Operating Receipts	-	290,466	290,466
Transfer from Other Funds	-	400,000	400,000
Net Cash Provided (Used) by Non-capital Financing Activities	104	690,466	690,570
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Proceeds from Long-Term Debt	1,608,962	14,733,661	16,342,623
Acquisition of Capital Assets	(871,206)	-	(871,206)
Loan Fees Paid	(16,100)	(157,602)	(173,702)
Principal Paid on Long Term Debt	(884,012)	(15,163,586)	(16,047,598)
Interest Paid on Long Term Debt	(49,584)	(485,496)	(535,080)
Net Cash Provided (Used) by Capital and Related Financing Activities	(211,940)	(1,073,023)	(1,284,963)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Investment Income	4,651	6,327	10,978
Net Cash Provided (Used) by Investing Activities	4,651	6,327	10,978
Cash and Cash Equivalents at July 1, 2020	903,759	2,184,391	3,088,150
Cash and Cash Equivalents at June 30, 2021	\$ 1,181,430	\$ 2,086,441	\$ 3,267,871
<u>Reconciliation of Income (Loss) From Operations to Net Cash Provided (Used) by Operating Activities:</u>			
Income (Loss) from Operations	\$ 385,921	\$ 21,466	\$ 407,387
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:			
Depreciation	133,521	549,452	682,973
Change in Assets, Liabilities and Deferred Amounts:			
Decrease (Increase) in Operating Receivables	(4,866)	22,297	17,431
Decrease (Increase) in Restricted Assets	(14)	(40)	(54)
Increase (decrease) in Payables	7,583	36,487	44,070
Increase (decrease) in Deferred Inflows	(30,542)	(331,891)	(362,433)
(Increase) decrease in Deferred Outflows	(6,747)	(19,491)	(26,238)
Net Cash Provided (Used) by Operating Activities	\$ 484,856	\$ 278,280	\$ 763,136

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Fiduciary Fund

CITY OF COBURG
STATEMENT OF NET POSITION
FIDUCIARY FUND (CUSTODIAL FUND)
For the Fiscal Year Ended June 30, 2021

	Fiduciary Fund
	Cash Evidence Held Fund
<u>ASSETS:</u>	
Current Assets	
Cash & Investments	\$ 100
Total Assets	\$ 100
<u>LIABILITIES:</u>	
Current Liabilities	
Refund Payables and Other	\$ 100
Total Liabilities	\$ 100

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Coburg, Oregon (City) is a municipal corporation incorporated under the laws of the State of Oregon. The City is governed by an elected Mayor and an elected eight-member council. Administration officials are appointed by the council and are responsible for the day-to-day operations of the City.

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP Statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The following is a summary of the more significant policies of the City:

Reporting Entity

In determining the financial reporting entity, the City of Coburg complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the City's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their own name); 2) the City holds the corporate powers of the organization; 3) the City appoints a voting majority of the organization's council; 4) the City is able to impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the City; and 6) there is fiscal dependency by the organization on the City. Based on the aforementioned criteria, the City of Coburg has one component unit, the Urban Renewal Agency.

Blended Component Unit- The City has included the financial operations of its Urban Renewal Agency as a blended component unit in the basic financial statements. The Agency is a legally separate entity, which is governed by a council comprised of the members of the City Council as stipulated in the Agency's bylaws. The City Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding for the Agency. Complete financial statements for the Agency can be obtained from the Finance Department of the City.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the overall City. Eliminations have been made to minimize the double counting of internal activities. 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. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Net position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Basis of Presentation (Cont.)

Fund Financial Statements: The fund financial statements provide information about the city's funds including those of a fiduciary nature, if applicable. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Street Fund - This fund accounts for activities related to the construction and maintenance of City streets, including major infrastructure construction and repairs. Revenues for this fund come from state highway taxes, grants, and system development charges.

Coburg Urban Renewal Agency Fund – This fund accounts for the General Fund revenues and expenditures of the Urban Renewal Agency. This fund is reported as a blended component unit of the City.

The City does not report any non-major funds within the governmental fund type.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Water Funds - The Water Fund is used to account for the provision of water services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water system, water capital improvements and billing and collection activities.

Sewer Funds - The Sewer Fund is used to account for the provision of sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the sewer system, sewer capital improvements, debt payments and billing and collection activities.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Basis of Presentation (Cont.)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organization, other governmental units or other funds. Fiduciary funds are custodial in nature and do not involve measurement of the results of operations.

Evidence Fund –The Evidence Fund is a holding fund for cash that has been confiscated by the Police Department in the investigation of crimes. Upon judicial dispensation of the crime, the cash taken as evidence is returned to the citizen from whom it was confiscated.

Measurement Focus/Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the city receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The city considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Measurement Focus/Basis of Accounting (Cont.)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the city's Sewer and Water Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the city's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgeting

A budget is prepared for each city fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, interfund transfers, contingencies, and debt service by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse at June 30. Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the city council. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the city council. The city does not utilize encumbrance accounting for budgeted funds.

Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The City has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the City to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The City's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The City's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the City's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer.

In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Accumulated Compensated Absences

Accumulated vested vacation and compensatory pay is accrued as it is earned. For governmental funds, compensation not expected to be liquidated with the current resources are reported as liabilities in the government-wide statements and represent a reconciling item between the fund level and government-wide presentations. In business-type funds both the current and long-term liabilities are recorded. Sick pay, which does not vest, is recognized in applicable funds when leave is taken.

Receivables

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the City. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently, no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources. (See the note Restricted Assets and Liabilities in the Summary of Significant Accounting Policies).

Deferred Inflows/Outflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has only one item that qualifies for reporting in this category, deferred pension contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category, deferred earnings on pension assets. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased. The costs of proprietary fund type inventories are also recorded as expenditures when purchased.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Restricted Assets and Liabilities

Certain resources are set aside and restricted for future bond payments and the related liability; these resources are segregated in the statement of net position and are classified as restricted assets on the Statement of Net Position because their use is limited.

Long-Term Debt

All bonds and capital leases to be paid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets that do not significantly extend the useful life of an asset are not capitalized, but rather are charged to expenditures in the funds.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.

The estimated useful lives are as follows:

Buildings and Improvements	10-50 years
Machinery and Equipment	3-20 years
Vehicles	5-10 years
Water and Sewer Systems	20-50 years
Infrastructure	25-35 years

Use of 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 amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Equity Classifications:

Government-wide Statements and Proprietary Fund Financial Statements

Equity is classified as net position, which represents the difference between assets and liabilities, and deferred accounts. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The City’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Governmental Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City did not have any nonspendable resources as of the fiscal year end.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has restricted funds for systems development, public works projects, urban renewal projects, Net OPEB assets, and debt service.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the City Council, and does not lapse at year-end. The City has committed resources as of the end of the fiscal year.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The City’s policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Property Taxes

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15.

Inter-Fund Transactions

Internal service charges are reported as interdepartmental charges in the general fund, and as part of operational expenditures in the funds charged for those services. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement Fund (OPERF) and the Oregon Public Service Retirement Plan (OPSRP) and additions to/deductions from OPERF's and OPSRP's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see the Cash and Investments note in the Summary of Significant Accounting Policies.

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized in the Cash and Investments note in the Summary of Significant Accounting Policies.

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

CASH AND INVESTMENTS (Cont.):

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk.

As of June 30, 2021, the reported amount of the City's deposits was \$1,645,602 the bank balance was \$1,742,005 and \$550 in petty cash. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

Investments - Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The City has no credit risk policy or investment policy that would further limit its investment choices

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2020, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2021, the City's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 3,292,608	N/A
Total Investments	<u>\$ 3,292,608</u>	

Investments in the LGIP and federal agency notes do not require disclosure credit rating quality.

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the City's total investments.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2021:

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Assets Not Being Depreciated:				
Land	\$ 317,231	\$ -	\$ -	\$ 317,231
Construction in Progress	50,625	45,407	27,385	68,648
Total of Capital Assets Not Being Depreciated	367,856	45,407	27,385	385,879
Assets Being Depreciated:				
Land Improvement	-	-	-	-
Building and Building Improvement	795,648	-	-	795,648
Machinery and Equipment	519,015	61,778	-	580,793
Infrastructure	1,472,670	466,382	-	1,939,052
Total Depreciable Assets	2,787,333	528,160	-	3,315,493
Less: Accumulated Depreciation				
Land Improvement	-	-	-	-
Building and Building Improvement	103,156	22,478	-	125,634
Machinery and Equipment	361,839	24,368	-	386,207
Infrastructure	370,079	47,127	-	417,206
Total Accumulated Depreciation	835,073	93,972	-	929,046
Net Value of Capital Assets Being Depreciated	1,952,260	434,188	-	2,386,447
Total Governmental Activities				
-- Net Value of Capital Assets	<u>\$ 2,320,116</u>	<u>\$ 479,595</u>	<u>\$ 27,385</u>	<u>\$ 2,772,326</u>

Depreciation expense was charged to the functions of governmental activities as follows:

General Government	\$ 29,586
Public Safety	8,473
Public Works	25,589
Culture and Recreation	30,325
Total Depreciation Expense	<u>\$ 93,972</u>

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

CAPITAL ASSETS (Cont.):

<u>Business-Type Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Assets Not Being Depreciated:				
Land	\$ 217,293	\$ -	\$ -	\$ 217,293
Construction in Progress	696,168	824,053	-	1,520,221
Total	913,461	824,053	-	1,737,514
Assets Being Depreciated:				
Utility Systems	27,079,231	10,215	-	27,089,446
Building and Building Improvement	2,482,914	-	-	2,482,914
Machinery and Equipment	530,003	36,938	-	566,941
Total Depreciable Assets	30,092,148	47,153	-	30,139,301
Less: Accumulated Depreciation				
Utility Systems	4,166,045	592,767	-	4,758,812
Building and Building Improvement	248,291	49,658	-	297,950
Machinery and Equipment	132,670	40,548	-	173,218
Total Accumulated Depreciation	4,547,007	682,973	-	5,229,980
Net Value of Capital Assets Being Depreciated	25,545,141	(635,820)	-	24,909,321
Total Business-Type Activities				
-- Net Value of Capital Assets	<u>\$ 26,458,602</u>	<u>\$ 188,233</u>	<u>\$ -</u>	<u>\$ 26,646,835</u>

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

LONG-TERM DEBT:

Long-term debt information, presented separately with respect to governmental and business-type activities, is as follows.

Governmental Activities:

Summit Bank Mortgage loan dated January 16, 2014 for the purchase of City Hall. Original balance \$685,000. Interest rate is 3.59%. This loan was paid in full during the fiscal year as part of a refunding bond sale transaction.

Business-Type Activities:

Department of Environmental Quality #R23041 note payable for new wastewater system. Original balance \$789,320. Interest rate 3.51% Service fee of .5%. Dated March 20, 2002 Reserve \$57,039. The outstanding balance of this loan was refinanced into a new loan with a lower interest rate during the fiscal year

Department of Environmental Quality #R23042 note payable for new wastewater system. Original balance \$9,209,228. Interest rate 2.81% Service fee of .5%. Dated October 20, 2005 Reserve \$314,514. The outstanding balance of this loan was refinanced into a new loan with a lower interest rate during the fiscal year

Department of Environmental Quality note payable #R23044 for new wastewater system. Original balance \$2,000,000. Interest rate 1.85% Service fee of .5%. Dated March 12, 2014 Reserve \$64,494. The outstanding balance of this loan was refinanced into a new loan with a lower interest rate during the fiscal year

USDA Rural Development revenue bond #39009 for the construction of wastewater system. Original balance \$3,000,000. Interest rate 3.75%. Dated January 27, 2015. This loan was placed into a refunding account during the current fiscal year. The outstanding balance was refinanced into a new bond this fiscal year.

USDA Rural Development revenue bond #39010 for the construction of wastewater system. Original balance \$3,000,000. Interest rate 3.75%. Dated January 27, 2015. This loan was placed into a refunding account during the current fiscal year. The outstanding balance was refinanced into a new bond this fiscal year.

IFA Loan with Business Oregon loan #B01003 for Water System Improvements. Original balance \$1,596,800. Interest rate varies. Dated December 01, 2001. This loan was paid in full in the current fiscal year. The outstanding balance was refinanced into a new bond this fiscal year.

IFA Loan with Business Oregon loan #G01001 for Pioneer Valley Estates Water System. Original balance \$1,251,270. Interest rate 5.37%. Dated December 01, 2001. This loan was paid in full in the current fiscal year. The outstanding balance was refinanced into a new bond this fiscal year.

IFA Loan with Oregon Business Development Department loan #S19007 Safe Drinking Water Revolving Loan Fund for Water System Improvements. Original balance \$6,530,000 with forgivable amount of \$780,000. Interest rate 1.00%. Dated December 27, 2018. As of June 30, 2021, the loan is in drawdown and therefore not included in the future debt service requirements tables below.

Full Faith & Credit Refunding Obligation Bonds, Series 2020 held by US Bank for refinancing and consolidation of debt. The amount of the bonds is \$6,565,000 and carries an interest rate between 3.0 and 4.0 %. Bonds are dated November 19, 2020. This bond is reported below as three separate amounts because it is reported by three different activities, governmental activities, water activities, and sewer activities.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

LONG-TERM DEBT (Cont.):

Note payable to Department of Environmental Quality to refinance outstanding debt with DEQ. Note is dated December 1, 2020 for a total amount of \$8,805,123 and carries an interest rate of .86%. Principal and interest payments are due the first day of August and February until paid off with payment of February 1, 2036.

The following tables present current year changes in those debt obligations and the current portions due for each debt.

Governmental Long-Term Debt	Outstanding Balance July 1, 2020	New Issues	Principal Paid	Interest Paid	Outstanding Balance June 30, 2021	Due Within One Year
Bonds Payable:						
US Bank Global Corp. Trust Services - Govmntl. Portion	\$ -	\$ 530,000	\$ 10,000	\$ 8,480	\$ 520,000	\$ 15,000
Total Bonds Payable	-	530,000	10,000	8,480	520,000	15,000
Notes from Direct Borrowing:						
Summit Bank Mortgage Loan	569,856	-	569,856	11,111	-	-
Total Notes Payable	569,856	-	569,856	11,111	-	-
	Unamortized Beginning	New Premiums		Current Amortization	Unamortized Ending	
Bond Premium	-	4,104		(654)	3,450	
Total Governmental Long-Term Debt, Net	\$ 569,856	\$ 534,104	\$ 579,856	\$ 18,937	\$ 523,450	\$ 15,000
Business-Type Long-Term Debt	Outstanding Balance July 1, 2020	New Issues	Principal Paid	Interest Paid	Outstanding Balance June 30, 2021	Due Within One Year
Bonds Payable:						
USDA Revenue Bonds #39009	\$ 2,819,565	\$ -	2,819,565	\$ 85,746	\$ -	\$ -
USDA Revenue Bonds #39010	2,819,565	-	2,819,565	85,746	-	-
US Bank Global Corp. Trust Services - Sewer Portion	-	5,310,000	175,000	96,373	5,135,000	85,000
US Bank Global Corp. Trust Services - Water Portion	-	725,000	170,000	11,600	555,000	150,000
Total Bonds Payable	5,639,130	6,035,000	5,984,130	279,465	5,690,000	235,000
Notes from Direct Borrowing :						
Oregon DEQ #R23041	634,833	-	634,833	11,141	-	-
Oregon DEQ #R23042	7,302,429	-	7,302,429	102,599	-	-
Oregon DEQ #R23044	1,121,060	-	1,121,060	10,370	-	-
IFA Business Oregon #B01003	254,455	-	254,455	13,537	-	-
IFA Business Oregon #G01001	459,557	-	459,557	24,447	-	-
IFA Business Oregon #S19007 - In Drawdown	150,592	840,866	-	-	991,458	-
DEQ #R23045 Refinance Note	-	8,805,123	291,134	93,521	8,513,989	535,924
Total Notes from Direct Borrowing	9,922,926	9,645,989	10,063,468	255,615	9,505,447	535,924
	Unamortized Beginning	New Premiums		Current Amortization	Unamortized Ending	
Bond Premium	-	707,099		(18,861)	688,238	
Total Business-Type Long-Term Debt, Net	\$15,562,056	\$16,388,088	\$ 16,047,598	\$ 516,219	\$ 15,883,685	\$770,924

Bond Refunding – The City issued refunding bonds during the fiscal year in the amount of \$6,565,000 resulting in early repayment of debt reported by both the governmental and business-type activities, and the proprietary funds. No existing resources of the City were used in the refunding. The purpose for the debt refunding is to obtain approximately \$830,000 in present value savings. There was no effect on net cash flows of the City.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

LONG-TERM DEBT (Cont.):

The debt service requirements* on the above debt is as follows:

Bonds Payable:

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 250,000	\$ 207,700	\$ 457,700
2023	275,000	200,200	475,200
2024	185,000	191,950	376,950
2025	190,000	186,400	376,400
2026	195,000	180,700	375,700
2027 - 2031	635,000	837,500	1,472,500
2032 - 2036	720,000	737,000	1,457,000
2037 - 2041	850,000	621,500	1,471,500
2042 - 2046	950,000	486,650	1,436,650
2047 - 2051	1,000,000	315,200	1,315,200
2052 - 2056	960,000	98,000	1,058,000
2057 - 2061	-	-	-
Total	<u>\$ 6,210,000</u>	<u>\$ 4,062,800</u>	<u>\$ 10,272,800</u>

Notes from Direct Borrowing:

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 535,924	\$ 72,070	\$ 607,994
2023	540,542	67,452	607,994
2024	545,201	62,793	607,994
2025	549,900	58,094	607,994
2026	554,640	53,354	607,994
2027 - 2031	2,845,728	194,242	3,039,970
2032 - 2036	2,942,054	69,483	3,011,537
2037 - 2041	-	-	-
Total	<u>\$ 8,513,989</u>	<u>\$ 577,488</u>	<u>\$ 9,091,477</u>

* IFA OBDD Loan #S19007 in drawdown is not included in the above debt service requirements.

The City has no unused lines of credit.

The City has no assets that are specifically pledged as collateral for any of the debt.

For further detail on debt service, see the 'Schedule of Long-Term Debt Transactions' in the Other Supplementary Data section of this report.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN:

Name of Pension Plan

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing multiple-employer defined benefit pension plan.

Description of Benefit Terms

Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

1. Tier One/Tier Two Retirement Benefit (Chapter 238). OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

Pension Benefits

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

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

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project (effective January 1, 2020): A new \$195,000 limitation on subject salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods. This amount will be indexed annually to the Consumer Price Index (CPI).

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$2,500/month or more, a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
 - Tier One/Tier Two members: 2.5 percent of each member's salary, currently contributed to the IAP, (whether paid by the member or employer) will start going into an Employee Pension Stability Account (EPSA). The remaining 3.5 percent of salary will continue to go to the member's existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.
5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.
6. Additionally, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

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 an OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in an OPERS-covered job, or
- the member was on an official leave of absence from an OPERS-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 OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable 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 (COLA). The COLA is capped at 2.0 percent.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

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

Pension Benefits

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

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

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

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

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project (effective January 1, 2020): A new \$195,000 limitation on subject salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods. This amount will be indexed annually to the Consumer Price Index (CPI).
3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$2,500/month or more, a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
 - OPSRP members: 0.75 percent of each member's salary, currently contributed to the IAP, (whether paid by the member or employer) will start going into their EPSA. The remaining 5.25 percent of salary will continue to go to the member's existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.

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.

3. Individual Account Program (IAP).

Benefit Terms

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400.

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 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.

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.

4. Postemployment Healthcare Benefits.

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing, multiple-employer OPEB plan for 901 participating employers. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium costs, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Description of Funding and Contributions for PERS Benefit Plans

OPERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary.

The City's employer contributions for the year ended June 30, 2021 were \$118,118 excluding amounts to fund employer specific liabilities. The contribution rates in effect for the period July 1, 2019 to June 30, 2021 were: Tier1/Tier2 – 16.49%, OPSRP General Service – 9.16%, and OPSRP Police and Fire – 13.79%,

Member Contributions

Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf.

During FY 2020-2021, approximately \$43,343 in employee IAP contributions were paid or picked up by the City.

Employer 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 OPEB (Other Post Employment Benefit) Plans. Employer contribution rates during the period were based on the December 31, 2017, actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions.

For **Oregon PERS Defined Benefit Plans**, based on the actuarial valuation as of December 31, 2017, the state agencies, the judiciary, schools, and political subdivisions all had increases in employer contribution rates on July 1, 2019. These rate changes are measured against the actual average rates paid since the last rate-setting valuation. Every two years, the PERS Board adjusts contributions so that, over time, those contributions will be sufficient to fund the benefits earned, if earnings follow assumptions.

For **Oregon PERS OPSRP Benefit Plans**, all PERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate.

Members of OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. For employees in Tier One / Tier two, the Employer makes this contribution on behalf of its members.

For **Oregon PERS Postemployment Benefit Plans**, for the fiscal year ended June 30, 2020, PERS employers contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No UAL rate was assigned for the RHIA program as it was funded at 126.4 percent as of December 31, 2017. These rates were based on the December 31, 2017, actuarial valuation.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

ORS 238.415 established the Retiree Health Insurance Premium Account (RHIPA) and requires the Board on or before January 1 of each year to calculate the average difference between the health insurance premiums paid by retired state employees under contracts entered into by the Board and health insurance premiums paid by active state employees.

For **OPSRP Pension Program**, all OPERS employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

Pension Plan CAFR

Oregon PERS produces an independently audited CAFR which can be found at:
<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the Entry Age Normal actuarial cost method.

For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years by ongoing Board policy. However, upon passage of Senate Bill 1049, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

For the Postemployment Healthcare component, the RHIA plan fiduciary net position balance represents the program's accumulation of employer contributions and investment earnings less premium subsidies and administrative expenses. No UAL rate was assigned for the RHIA program as it was funded at 126.4 percent as of December 31, 2017. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro decision</i> , blend based on service.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active Members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

OIC Target and Actual Investment Allocation as of June 30, 2020

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation³</u>
Debt Securities	15.0% - 25.0%	20.0%	Debt Securities	20.0%
Public Equity	27.5% - 37.5%	32.5%	Public Equity	31.8%
Real estate	9.5% - 15.5%	12.5%	Real estate	11.4%
Private Equity	14.0% - 21.0%	17.5%	Private Equity	22.9%
Alternative Equity	7.5% - 17.5%	15.0%	Alternative Equity	10.5%
Opportunity Portfolio ¹	0.0% - 3.0%	0.0%	Opportunity Portfolio	2.1%
Risk Parity ²	0.0% - 2.5%	2.5%	Risk Parity	1.3%
Total		<u>100%</u>	Total	<u>100%</u>

¹Opportunity Portfolio is an investment strategy and it may be invested up to 3% of total plan net position.

²Risk Parity is a new investment strategy added to the asset allocation mix in 2019.

³Based on the actual investment value at 6/30/2021.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the Oregon 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. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below.

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Mean</u>	<u>20-Year Annualized Geometric Mean</u>	<u>Annual Standard Deviation</u>
Core Fixed Income	9.60%	4.14%	4.07%	3.90%
Short-Term Bonds	9.60%	3.70%	3.68%	2.10%
Bank/Leveraged Loans	3.60%	5.40%	5.19%	6.85%
High Yield Bonds	1.20%	6.13%	5.74%	9.35%
Large/Mid Cap US Equities	16.17%	7.35%	6.30%	15.50%
Small Cap US Equities	1.35%	8.35%	6.68%	19.75%
Micro Cap US Equities	1.35%	8.86%	6.79%	22.10%
Developed Foreign Equities	13.48%	8.30%	6.91%	17.95%
Emerging Foreign Equities	4.24%	10.35%	7.69%	25.35%
Non-US Small Cap Equities	1.93%	8.81%	7.25%	19.10%
Private Equity	17.50%	11.95%	8.33%	30%
Real Estate (Property)	10%	6.19%	5.55%	12%
Real Estate (REITS)	2.50%	8.29%	6.69%	21%
Hedge Fund of Funds - Diversified	1.50%	4.28%	4.06%	6.90%
Hedge Fund - Event-driven	0.38%	5.89%	5.59%	8.10%
Timber	1.13%	6.36%	5.61%	13%
Farmland	1.13%	6.87%	6.12%	13%
Infrastructure	2.25%	7.51%	6.67%	13.85%
Commodities	1.13%	5.34%	3.79%	18.70%
Assumed Inflation - Mean			2.50%	1.65%

*Based on the Oregon Investment Council's (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund as most recently revised on April 24, 2019

Sensitivity Analysis

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease 6.20%	Discount Rate 7.20%	1% Increase 8.20%
Employer's proportionate share of the net pension liability	\$ 2,064,000	\$ 1,389,976	\$ 824,776

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Changes in Assumptions

A summary of key changes implemented after the December 31, 2018 valuation, which was used in the 2020 PERS CAFR. Changes are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the System, which was published on July 20, 2021, which can be found at: <https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

During the 2019 Legislative session, Senate Bill 1049 was approved and signed into law by the governor. Under Senate Bill 1049, several components of the bill have significantly impacted the System, and the bill continues to be implemented.

1. Employer Programs Project (effective July 1, 2019): established the Employer Incentive Fund (EIF) Program, which allows eligible employers to receive matching funds if they apply and make a qualifying deposit into a side account.
2. Salary Limit Project (effective January 1, 2020): A new \$195,000 limitation on subject salary used for PERS benefit calculations and contributions is used to determine member IAP contributions, employer contributions to fund the pension program, and the Final Average Salary (FAS) used in calculating retirement benefits under formula methods. This amount will be indexed annually to the Consumer Price Index (CPI).
3. Work After Retirement Project (effective January 1, 2020): The 1,039-hour Work After Retirement limit for all PERS retirees is removed for calendar years 2020 through 2024. If a member retires on or after normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations. If a member retires earlier than normal retirement age, starting in 2020, they can work for a PERS-covered employer and continue receiving their pension benefit (without accruing any new benefits) with no hour limitations if the date of their employment is more than six months after their retirement date.
4. Member Redirect Project (effective July 1, 2020): For all currently employed Tier One/Tier Two and OPSRP members earning \$2,500/month or more, a portion of their 6 percent monthly IAP contributions will be redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account will be used to pay for part of the member's future pension benefit.
 - Tier One/Tier Two members: 2.5 percent of each member's salary, currently contributed to the IAP, (whether paid by the member or employer) will start going into an Employee Pension Stability Account (EPSA). The remaining 3.5 percent of salary will continue to go to the member's existing IAP account.
 - OPSRP members: 0.75 percent of each member's salary, currently contributed to the IAP, (whether paid by the member or employer) will start going into their EPSA. The remaining 5.25 percent of salary will continue to go to the member's existing IAP account.
 - Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full, 6 percent contribution to the IAP.
5. Member Choice Project (effective January 1, 2021): IAP accounts are currently invested in Target-Date Funds based on a member's birth year. Beginning in 2021, members may choose to invest their IAP balance in a fund that is more reflective of their risk tolerance than the default based on their age.
6. Additionally, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Mortality Rates

A summary of the current assumed mortality rates and recommended changes is shown below:

Assumption	Recommended December 31, 2018 and 2019 Valuations	Recommended December 31, 2020 and 2021 Valuations
Healthy Annuitant Mortality	Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	Teachers, no set back	Blend 80% Teachers and 20% General Employees, no set back
beneficiary)	General Employees, set back 12 months	No change
Police & Fire male	Public Safety, no set back	No change
School District female	Teachers, no set back	No change
Other female (and female beneficiary)	General Employees, no set back	No change
Police & Fire female	Public Safety, set back 12 months	No change
Disabled Retiree Mortality	Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
Police & Fire male	Blended 50% Public Safety, 50% Non- Safety, no set back	No change
Other General Service male	Non-Safety, set forward 24 months	No change
Police & Fire female	Blended 50% Public Safety, 50% Non- Safety, no set back	No change
Other General Service female	Non-Safety, set forward 12 months	No change
Non-Annuitant Mortality	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	120% of same table and set back as Healthy Annuitant assumption	125% of same table and set back as Healthy Annuitant assumption
Other General Service male	115% of same table and set back as Healthy Annuitant assumption	No change
Police & Fire male	100% of same table and set back as Healthy Annuitant assumption	No change
School District female	100% of same table and set back as Healthy Annuitant assumption	No change
Other General Service female	125% of same table and set back as Healthy Annuitant assumption	No change
Police & Fire female	100% of same table and set back as Healthy Annuitant assumption	No change

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

Changes Subsequent to the Measurement Date

There were no changes subsequent to the measurement date, other than Senate Bill 1049 which was incorporated into the 2020 CAFR Measurement, that we are aware of.

Deferred Items

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ending June 30, 2020, employers will report the following deferred items:

- A difference between expected and actual experience, which is being amortized over the remaining service lives of all plan participants, including retirees. One year of this amortization is included in the employer's total pension expense for the measurement period.

Employer Contributions

OPERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position.

Beginning with fiscal year 2016, OPERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the OPERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 76, of the June 30, 2020 Oregon PERS CAFR.

Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2021, the employer reported a liability of \$1,389,976 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

PENSION PLAN (Cont.):

At June 30, 2020, the employer's proportion was 0.00636919%.

For the year ended June 30, 2021, the employer recognized pension expense of \$331,671. On June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 61,176	\$ -
Changes of assumptions	74,596	2,614
Net difference between projected and actual earnings on investments	163,443	-
Changes in proportionate share	192,764	55,416
Differences between employer contributions and employer's proportionate share of system contributions	-	62,418
Total Deferred Outflows/Inflows	<u>\$ 491,979</u>	<u>\$ 120,448</u>
Post-measurement date contributions	118,118	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 610,097</u>	<u>\$ 120,448</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>371,531</u>

Contributions of \$118,118, for PERS defined benefits, were made subsequent to the measurement date, but prior to the end of the City's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in next fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ 77,969
2nd Fiscal Year	96,717
3rd Fiscal Year	98,150
4th Fiscal Year	87,533
5th Fiscal Year	11,162
Thereafter	-
Total	<u>\$ 371,531</u>

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA)

Plan Description

The City contributes to the Oregon Public Employees Retirement Systems' (OPERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible OPERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs.

A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at <https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>.

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB. For the fiscal year ended June 30, 2020, state agencies contributed 0.06 and 0.18 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA and RHIPA benefits. No UAL rate was assigned for the RHIA program as it was funded at 126.4 percent as of December 31, 2017. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

Contributions

The City's contributions to OPERS' RHIA for the years ended June 30, 2021, 2020, and 2019 were \$141, \$490, and \$3,408 respectively, which equaled the required contributions for the year.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost Sharing Multiple Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2019. That independently audited report was dated February 20, 2020 and can be found at:

<https://www.oregon.gov/PERS/EMP/Documents/GASB/2019/PERS%20GASB%2075%20RHIA%20Report%20FY%206.30.19.pdf>

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Healthcare cost trend rate	Not applicable
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts 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 method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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. Table 31 on page 74 shows Milliman's assumptions for each of the asset classes in which the plans were invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown on page 74. 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 class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

Sensitivity Analysis

The following presents the employer's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20 percent, as well as what the employer's proportionate share of the OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	6.20%	7.20%	8.20%
Employer's proportionate share of the net OPEB liability	\$ (11,277)	\$ (13,968)	\$ (16,269)

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

At June 30, 2021, the City reported a net OPEB RHIA liability/(asset) of \$(13,968) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB RHIA liability/(asset) used to calculate the net OPEB RHIA liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), The City's proportion of the net OPEB RHIA liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2020, the City's proportion was 0.00685514 percent. OPEB RHIA expense/(income) for the year ended June 30, 2021 was \$(2,320).

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,428
Changes of assumptions	-	742
Net difference between projected and actual earnings on investments	1,553	-
Changes in proportionate share	21	31
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Total Deferred Outflows/Inflows	<u>\$ 1,574</u>	<u>\$ 2,201</u>
Post-measurement date contributions	141	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 1,715</u>	<u>\$ 2,201</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>(627)</u>

Contributions of \$141 were made subsequent to the measurement date, but prior to the end of the City's reporting period. These contributions, which are reported as deferred outflows of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense/(income) as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (1,411)
2nd Fiscal Year	(280)
3rd Fiscal Year	574
4th Fiscal Year	490
5th Fiscal Year	-
Thereafter	-
Total	<u>\$ (627)</u>

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS:

Retiree Healthcare Insurance Premiums Subsidy

Plan Description

The City operates a single employer retiree benefit plan through the City-County Insurance Services that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The City is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare. GASB Statement 75 is applicable to the City due only to this implicit rate subsidy. This “plan” is not a stand-alone plan, and therefore, does not issue its own financial statements.

Funding Policy

When the City has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The City will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

At June 30, 2021, the City reported a net OPEB IRSP liability/(asset) of \$34,597 for its proportionate share of the net OPEB IRSP liability/(asset). The OPEB IRSP liability/(asset) was last measured as of June 30, 2020, and the total OPEB IRSP liability/(asset) used to calculate the net OPEB IRSP liability/(asset) was determined by an actuarial valuation as of July 1, 2020. Consistent with GASB Statement No. 75, paragraph 59(a), The City’s proportion of the net OPEB IRSP liability/(asset) is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2020 the City’s OPEB IRSP expense/(income) for the year ended June 30, 2021 was \$4,001.

Actuarial Methods and Assumptions

The City engaged an actuary to perform an evaluation as of September 17, 2021 using entry age normal Actuarial Cost Method. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

Discount Rate	3.50%	2.21%	2.16%
Other Key Actuarial Assumptions and Methods			
Valuation date	July 1, 2018	July 1, 2020	July 1, 2020
Measurement date	June 30, 2019	June 30, 2020	June 30, 2021
Inflation	2.50%	2.50%	2.50%
Salary increases	3.50%	3.50%	3.50%
Withdrawal, retirement, and mortality rates	December 31, 2019 Oregon PERS valuation	December 31, 2019 Oregon PERS valuation	December 31, 2019 Oregon PERS valuation
Election and Lapse Rates	40% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage.	40% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage.	40% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage.
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS:

Discount Rate

Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The assumptions in this report reflect the Bond Buyer 20-Year General Obligation Bond Index. The discount rate in effect for the June 30, 2021 reporting date is 2.21%, and the discount rate in effect for the June 30, 2022 reporting date is 2.16%.

Health Care Cost Trend

The assumed medical and vision costs will increase 5.75% in the first year (July 1, 2021 premiums compared with July 1, 2020 premiums). In future years, the medical and vision cost trend varies between 5.75% and 4.00% due to the timing of the excise tax scheduled to affect health care benefits. The trend then settles to an ultimate rate of 4.00%.

Withdrawal, Retirement and Mortality Rates

They are generally using the rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2019 actuarial valuation of retirement benefits.

Election and Lapse Rates

They have assumed that a portion of future retirees and their spouses elect benefits, and that some of those later lapse (drop) from those benefits. The assumptions are based on historical data for similar benefits for other public employers in Oregon. For larger employers, they also consider specific historical experience; and for unique arrangements they consider the incentives provided by those arrangements.

The CIS net OPEB liability is reported only as an estimate for the current year financial reporting. No actuarial report was obtained for the current fiscal year. Therefore, the amounts reported on the Statement of Net Position for deferred items and the liability are estimated based on a similar-sized City for the current fiscal year.

Sensitivity Analysis

The following presents the total OPEB liability of the Plan, calculated using the disclosure discount rate as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1% Decrease	Discount Rate	1% Increase
	1.21%	2.21%	3.21%
Total OPEB liability from Implicit Rate Subsidy	\$ 38,357	\$ 34,597	\$ 31,125

	1% Decrease	Trend Rate	1% Increase
Total OPEB liability from Implicit Rate Subsidy	\$ 28,911	\$ 34,597	\$ 41,585

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS (Cont.):

Participation

The following table represents the number of the City's covered participants at the time of the actuarial study:

<u>July 1, 2020</u>	<u>PERS Police & Fire</u>	<u>PERS General Service</u>	<u>Total</u>
Number of Members			
Active	3	11	14
Retired Members	0	0	0
Spouses of Ineligible Retirees	<u>0</u>	<u>0</u>	<u>0</u>
Total Participants	3	11	14
Spouses of Eligible Retirees	0	0	0

Changes in Net OPEB CIS IRSP Liability

Changes in Total OPEB Liability	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2020	\$ 45,807
Changes for the year:	
Service Cost	5,227
Interest	1,343
Effect of changes to benefit terms	-
Effect of economic/ demographic gains or losses	(15,152)
Effect of assumptions or other inputs	(2,450)
Employer Contributions	
Benefit payments	<u>(178)</u>
Net OPEB Liability at June 30, 2021	<u>\$ 34,597</u>

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS (Cont.)

Components of OPEB CIS IRSP Expense

OPEB Expense	July 1, 2020 to June 30, 2021
Service cost	\$ 5,227
Interest on total OPEB liability	1,343
Effect of plan changes	-
Recognition of Deferred (Inflows)/Outflow	-
Recognition of economic/demographic	(1,890)
Recognition of assumption changes	(679)
Administrative Expense	<u>n/a*</u>
 OPEB Expense	 <u>\$ 4,001</u>

Schedule of Deferred Inflows and Outflows of Resources for OPEB CIS IRSP

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 14,641
Changes of assumptions or inputs	-	5,144
Benefit Payments	1,143	-
Changes in proportionate share	-	-
Differences between employer contributions and employer's proportionate share of system contributions	<u>-</u>	<u>-</u>
(prior to post-measurement date contributions)	<u>\$ 1,143</u>	<u>\$ 19,785</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>(18,642)</u>

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB CIS IRSP expense as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (2,569)
2nd Fiscal Year	(2,569)
3rd Fiscal Year	(2,569)
4th Fiscal Year	(2,569)
5th Fiscal Year	(2,569)
Thereafter	<u>(5,797)</u>
Total	<u>\$ (18,642)</u>

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to review and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amount, if any, to be immaterial.

The City of Coburg has elected the "reimbursement" basis for unemployment claims to the State of Oregon Department of Human Resources Employment Division. If a terminated employee collects unemployment compensation based upon earnings from the City, the City will be required to reimburse the State of Oregon for the amount of unemployment compensation paid. Amounts billed by the State of Oregon are charged to expenditures but amounts for which the City is potentially liable as a result of claims not yet filed are unknown.

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 is a member of City-County Insurance Services (CIS), a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CIS for insurance coverage.

Based on the experience of the City and pool, the City may be liable for an additional premium of up to approximately 20% of its initial premium or it may receive a refund. The City has never had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy. There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund transfers for the year ended June 30, 2021 were as follows:

	Transfers Out	Transfers In
	<u> </u>	<u> </u>
Coburg Urban Renewal Agency Fund	\$ 400,000	\$ -
Sewer Fund	<u> -</u>	<u>400,000</u>
Total	<u>\$ 400,000</u>	<u>\$ 400,000</u>

The City makes various interfund transfers to move resources between funds to provide resources for expenditures that are not supported by other revenues. The transfers are part of the City's budget preparation and adoption. The Coburg Urban Renewal Agency Fund transferred funds to the Sewer Fund for the purpose of debt payments.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

OVER-EXPENDITURE OF APPROPRIATIONS:

Expenditures in excess of appropriation in individual funds for the year ended June 30, 2021 occurred as follows:

<u>Fund / Department</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
Sewer Fund Operations	\$ 563,350	\$ 643,093	\$ 79,743
Sewer Fund Debt	1,091,117	15,649,082	14,557,965
Water Fund Debt	190,338	933,596	743,258
General Fund Debt	\$ 41,925	\$ 599,447	\$ 557,522

Each of the over-expenditures noted above are a result of the debt refunding activity that occurred during the fiscal year. Oregon Budget Law allows for such over-expenditures in ORS 294.338(4)(c). Accordingly, the City was fully compliant with Oregon Budget Law during the fiscal year/

REQUIRED
SUPPLEMENTARY
INFORMATION

CITY OF COBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

GENERAL FUND

For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 774,225	\$ 774,225	\$ 844,534	\$ 70,309
Intergovernmental	68,590	68,590	85,392	16,802
Franchise Fees	277,500	277,500	237,669	(39,831)
Licenses, Permits, & Misc Fees	260,577	260,577	131,290	(129,287)
Fines and Forfeitures	125,860	125,860	134,731	8,871
Investment Revenue	19,300	19,300	7,223	(12,077)
Grants and Donations	11,000	11,000	61,765	50,765
Charges for Services	165,480	165,480	37,648	(127,832)
Interdepartmental Charges	694,742	694,742	639,700	(55,042)
Other Revenue	41,964	41,964	65,912	23,948
Total Revenues	2,439,238	2,439,238	2,245,864	(193,374)
<u>EXPENDITURES:</u>				
Administration Department	744,251	744,251	692,238	(52,013)
Facility Management Department	98,285	98,285	85,675	(12,610)
Planning Department	253,970	253,970	213,770	(40,200)
Police Department	686,595	749,945	631,379	(118,566)
Municipal Court	151,939	153,939	137,306	(16,633)
Economic Development	21,600	21,600	17,673	(3,927)
Park	43,650	43,650	42,458	(1,192)
Park Capital	53,800	104,800	102,184	(2,616)
Public Works Administration	412,576	436,576	417,003	(19,573)
Not Allocated to an Organizational Unit:				
Debt Service				
Principal	16,275	16,275	579,856	563,581
Interest	25,650	25,650	19,591	(6,059)
Contingency	250,000	109,650	-	(109,650)
Total Expenditures	2,758,591	2,758,591	2,939,133	180,542
Excess (Deficiency) of Revenues Over Expenditures	(319,353)	(319,353)	(693,269)	(373,916)
<u>OTHER FINANCING SOURCES / (USES):</u>				
Loan Proceeds	-	-	579,569	579,569
Total Other Financing Sources (Uses)	-	-	579,569	579,569
Net Change in Fund Balance	(319,353)	(319,353)	(113,700)	205,653
Fund Balance - July 1, 2020	895,228	895,228	860,277	(34,951)
Fund Balance - June 30, 2021	\$ 575,875	\$ 575,875	\$ 746,577	\$ 170,702

CITY OF COBURG
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
STREET FUND
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Intergovernmental	\$ 232,500	\$ 232,500	\$ 225,094	\$ (7,406)
Grants	-	-	99,979	99,979
Investment Revenue	7,750	7,750	8,105	355
Charges for Services	324,572	324,572	48,704	(275,868)
Miscellaneous Revenue	-	-	904	904
Total Revenues	<u>564,822</u>	<u>564,822</u>	<u>382,786</u>	<u>(182,036)</u>
<u>EXPENDITURES:</u>				
Street	303,481	400,801	366,633	(34,168)
Street Capital	205,752	205,752	5,872	(199,880)
Contingency	200,000	102,680	-	(102,680)
Total Expenditures	<u>709,233</u>	<u>709,233</u>	<u>372,505</u>	<u>(336,728)</u>
Net Change In Fund Balance	(144,411)	(144,411)	10,281	154,692
Fund Balance - July 1, 2020	689,490	689,490	804,996	115,506
Fund Balance - June 30, 2021	<u>\$ 545,079</u>	<u>\$ 545,079</u>	<u>\$ 815,277</u>	<u>\$ 270,198</u>

CITY OF COBURG

Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

URBAN RENEWAL AGENCY FUND (A Component Unit of the City of Coburg)

For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 410,000	\$ 410,000	\$ 406,118	\$ (3,882)
Investment Revenue	7,000	7,000	1,631	(5,369)
Total Revenues	417,000	417,000	407,749	(9,251)
<u>EXPENDITURES:</u>				
Materials and Supplies	8,025	8,025	5,869	(2,156)
Total Expenditures	8,025	8,025	5,869	(2,156)
Excess (Deficiency) of Revenues Over Expenditures	408,975	408,975	401,880	(7,095)
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer (Out)	(400,000)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	(400,000)	(400,000)	(400,000)	-
Net Change In Fund Balance	8,975	8,975	1,880	(7,095)
Fund Balance - July 1, 2020	35,000	35,000	35,723	723
Fund Balance - June 30, 2021	\$ 43,975	\$ 43,975	\$ 37,603	\$ (6,372)

CITY OF COBURG
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
PERS
Last 10 Fiscal Years*

Measurement Date June 30,	(a) Employer's proportion of the net pension liability (asset)	(b) Employer's proportionate share of the net pension liability (asset)	(c) Employer's covered payroll	(b/c) Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.00636919%	\$ 1,389,976	\$ 722,383	192.42%	75.8%
2020	0.00480466%	831,091	811,306	102.44%	80.2%
2019	0.00534755%	810,083	746,600	108.50%	82.1%
2018	0.00571827%	770,825	768,473	100.31%	81.3%
2017	0.00542243%	814,033	680,984	119.54%	80.5%
2016	0.00467319%	268,309	675,338	39.73%	91.9%
2015	0.00517355%	\$ (117,270)	\$ 416,570	-28.15%	103.6%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

CITY OF COBURG
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERS
Last 10 Fiscal Years*

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 161,461	\$ 161,461	\$ -	\$ 722,383	22.35%
2020	145,514	145,514	-	811,306	17.94%
2019	112,389	112,389	-	746,600	15.05%
2018	104,054	104,054	-	768,473	13.54%
2017	83,006	83,006	-	680,984	12.19%
2016	82,856	82,856	-	675,338	12.27%
2015	45,190	45,190	-	416,570	10.85%
2014	\$ 45,098	\$ 45,098	\$ -	\$ 577,960	7.80%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

CITY OF COBURG
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY
OPEB RHIA
Last 10 Fiscal Years*

Measurement Date June 30,	(a) Employer's proportion of the net OPEB liability (asset)	(b) Employer's proportionate share of the net OPEB liability (asset)	(c) Employer's covered payroll	(b/c) Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.00685514%	\$ (13,968)	\$ 722,383	-1.93%	150.1%
2020	0.00687559%	(13,286)	811,306	-1.64%	144.4%
2019	0.00679127%	(7,581)	746,600	-1.02%	124.0%
2018	0.00646188%	(2,697)	768,473	-0.35%	108.9%
2017	0.00724014%	\$ 1,966	\$ 680,984	0.29%	94.2%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

CITY OF COBURG
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB RHIA
Last 10 Fiscal Years*

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered employee payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 141	\$ 141	\$ -	\$ 722,383	0.02%
2020	490	490	-	811,306	0.06%
2019	3,408	3,408	-	746,600	0.46%
2018	3,288	3,288	-	768,473	0.43%
2017	3,031	3,031	-	680,984	0.45%
2016	\$ 3,257	\$ 3,257	\$ -	\$ 675,338	0.48%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS**

Last 10 Fiscal Years*

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 5,894	\$ 5,724	\$ 5,558	\$ 5,243
Interest on total OPEB liability	1,493	1,277	1,178	1,174
Effect of assumption changes or inputs	(2,450)	(2,559)	(2,777)	(2,995)
Benefit payments	(1,909)	(1,202)	(680)	(143)
Total OPEB liability, beginning	45,807	42,567	39,288	36,009
Total OPEB liability, ending (a) **	48,835	45,807	42,567	39,288
Covered payroll	\$ 722,383	\$ 811,306	\$ 746,600	\$ 768,473
Total OPEB liability as a % of covered payroll **	6.8%	5.6%	5.7%	5.1%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

** Totals may not agree due to rounding.

OTHER
SUPPLEMENTARY
DATA

Proprietary Funds

CITY OF COBURG

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual**

WATER FUND

For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
	REVENUES:			
Charges for Services	\$ 1,071,360	\$ 1,071,360	\$ 871,639	\$ (199,721)
Investment Revenue	6,000	6,000	4,651	(1,349)
Other Revenue	1,000	1,000	1,251	251
Total Revenues	1,078,360	1,078,360	877,541	(200,819)
EXPENDITURES:				
Water	393,746	401,186	364,925	(36,261)
Contingency	100,000	92,560	-	(92,560)
Water Capital Outlay	2,500,000	2,500,000	871,206	(1,628,794)
Debt Service				
Principal	151,066	151,066	884,012	732,946
Interest	39,272	39,272	49,584	10,312
Total Expenditures	3,184,084	3,184,084	2,169,727	(1,014,357)
Excess (Deficiency) of Revenues Over Expenditures	(2,105,724)	(2,105,724)	(1,292,186)	813,538
OTHER FINANCING SOURCES / (USES):				
Loan Proceeds	1,400,000	1,400,000	1,608,962	208,962
Total Other Financing Sources (Uses)	1,400,000	1,400,000	1,608,962	208,962
Net Change In Fund Balance	(705,724)	(705,724)	316,776	1,022,500
Fund Balance - July 1, 2020	980,891	980,891	1,098,076	117,185
Fund Balance - June 30, 2021	\$ 275,167	\$ 275,167	\$ 1,414,852	\$ 1,139,685

Reconciliation to generally accepted accounting principles basis

Net Change in Fund Balance - from above	\$ 316,776
Change in Accrued Interest	21,648
Debt Principal Payments	884,012
Capital outlay that is capitalized	871,206
Change in Pension and Employee Benefit Expenses	(4,623)
Loan Proceeds	(1,608,962)
Equity Transfer related to debt	41,530
Depreciation Expense	(133,521)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenditures, and Changes in Net Position	<u>\$ 388,066</u>

CITY OF COBURG

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual**

SEWER FUND

For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Taxes & Assessments	\$ 82,736	\$ 82,736	\$ 186,964	\$ 104,228
Charges for Services	1,094,663	1,094,663	886,269	(208,394)
Investment Revenue	5,204	5,204	6,327	1,123
Other Revenue	-	-	-	-
Total Revenues	1,182,603	1,182,603	1,079,560	(103,043)
<u>EXPENDITURES:</u>				
Sewer	556,150	563,350	643,093	79,743
Sewer Capital	2,540	6,540	3,468	(3,072)
Contingency	350,000	338,800	-	(338,800)
Sewer Debt Service	5,000	5,000	-	(5,000)
Debt Service:				
Principal	556,543	556,543	15,163,586	14,607,043
Interest	534,574	534,574	485,496	(49,078)
Total Expenditures	2,004,807	2,004,807	16,295,643	14,290,836
Excess (Deficiency) of Revenues Over Expenditures	(822,204)	(822,204)	(15,216,083)	(14,393,879)
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	400,000	400,000	400,000	-
Loan Proceeds	-	-	14,733,661	14,733,661
Total Other Financing Sources (Uses)	400,000	400,000	15,133,661	(14,733,661)
Net Change In Fund Balance	(422,204)	(422,204)	(82,422)	339,782
Fund Balance - July 1, 2020	2,297,083	2,297,083	2,311,224	14,141
Fund Balance - June 30, 2021	\$ 1,874,879	\$ 1,874,879	\$ 2,228,802	\$ 353,923

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	\$ (82,422)
Change in Inventory	
Change in Accrued Interest	180,356
Change in Pension and Employee Benefit Expenses	(13,356)
Debt Principal Payments	15,163,586
Loan Proceeds	(14,733,661)
Equity transfer related to debt refinancing	(86,995)
Depreciation Expense	(549,452)
Change in Net Position as Reported in Combining Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ (121,944)</u>

OTHER
SUPPLEMENTARY
DATA

Additional
Supporting Schedules

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

Summit Bank Mortgage Loan

Mortgage loan dated January 16, 2014 with Summit Bank for the purchase of City Hall. Original balance \$685,000. Interest rate is 4.55%.

Current Year Activity:

	Outstanding Balance <u>July 1, 2020</u>	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance <u>June 30, 2021</u>	Due Within One Year
Principal	\$ 569,856	\$ -	\$ 569,856	\$ -	\$ -
Interest	-	11,111	11,111	-	-
Total	<u>\$ 569,856</u>	<u>\$ 11,111</u>	<u>\$ 580,967</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

Oregon DEQ #R23041

Note payable to Department of Environmental Quality #R23041 for new wastewater system. Original balance \$789,320. Interest rate 3.51% Service fee of .5%. Dated March 20, 2002 Reserve \$57,039.

Current Year Activity:

	Outstanding Balance <u>July 1, 2020</u>	New Issues and Interest <u>Matured</u>	Principal and Interest <u>Retired</u>	Outstanding Balance <u>June 30, 2021</u>	Due Within <u>One Year</u>
Principal	\$ 634,833	\$ -	\$ 634,833	\$ -	\$ -
Interest	-	11,141	11,141	-	-
Total	<u>\$ 634,833</u>	<u>\$ 11,141</u>	<u>\$ 645,974</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

Oregon DEQ #R23042

Note payable to Department of Environmental Quality #R23042 for new wastewater system. Original balance \$9,209,228. Interest rate 2.81% Service fee of .5%. Dated October 20, 2005 Reserve \$314,514.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 7,302,429	\$ -	\$ 7,302,429	\$ -	\$ -
Interest	-	102,599	102,599	-	-
Total	<u>\$ 7,302,429</u>	<u>\$ 102,599</u>	<u>\$ 7,405,028</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

Oregon DEQ #R23044

Note payable to Department of Environmental Quality #R23044 for new wastewater system. Original balance \$2,000,000. Interest rate 1.85% Service fee of .5%. Dated March 12, 2014 Reserve \$64,494.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 1,121,060	\$ -	\$ 1,121,060	\$ -	\$ -
Interest	-	10,370	10,370	-	-
Total	\$ 1,121,060	\$ 10,370	\$ 1,131,430	\$ -	\$ -

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

USDA Revenue Bonds #39009

Revenue Bonds held by USDA Rural Development for the construction of wastewater system. Loan #39009, Bond #1.
Original balance \$3,000,000. Interest rate 3.75%. Dated January 27, 2015.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 2,819,565	\$ -	\$ 2,819,565	\$ -	\$ -
Interest	-	85,746	85,746	-	-
Total	\$ 2,819,565	\$ 85,746	\$ 2,905,311	\$ -	\$ -

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

USDA Revenue Bonds #39010

Revenue Bonds held by USDA Rural Development for the construction of wastewater system. Loan #39010, Bond #2. Original balance \$3,000,000. Interest rate 3.75%. Dated January 27, 2015.

Current Year Activity:

	Outstanding Balance <u>July 1, 2020</u>	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance <u>June 30, 2021</u>	Due Within <u>One Year</u>
Principal	\$ 2,819,565	\$ -	\$ 2,819,565	\$ -	\$ -
Interest	-	85,746	85,746	-	-
Total	<u>\$ 2,819,565</u>	<u>\$ 85,746</u>	<u>\$ 2,905,311</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

IFA Business Oregon #B01003

IFA Loan with Business Oregon for Water System Improvements. Loan #B01003. Original balance \$1,596,800. Interest rate varies. Dated December 01, 2001.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 254,455	\$ -	\$ 254,455	\$ -	\$ -
Interest	-	13,537	13,537	-	-
Total	\$ 254,455	\$ 13,537	\$ 267,992	\$ -	\$ -

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

IFA Business Oregon #G01001

IFA Loan with Business Oregon for Pioneer Valley Estates Water System. Loan #G01001. Original balance \$1,251,270. Interest rate 5.37%. Dated December 01, 2001.

Current Year Activity:

	Outstanding Balance <u>July 1, 2020</u>	New Issues and Interest <u>Matured</u>	Principal and Interest <u>Retired</u>	Outstanding Balance <u>June 30, 2021</u>	Due Within <u>One Year</u>
Principal	\$ 459,557	\$ -	\$ 459,557	\$ -	\$ -
Interest	-	24,447	24,447	-	-
Total	<u>\$ 459,557</u>	<u>\$ 24,447</u>	<u>\$ 484,004</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

IFA Business Oregon #S19007 - In Drawdown

IFA Loan with Oregon Business Development Department loan #S19007 Safe Drinking Water Revolving Loan Fund for Water System Improvements in drawdown. Original balance \$6,530,000 with forgivable amount of \$780,000. Interest rate 1.00%. Dated December 27, 2018. As of June 30, 2021, the loan is in drawdown and therefore an amortization schedule has not been established.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ 150,592	\$ 840,866	\$ -	\$ 991,458	\$ -
Interest	-	-	-	-	-
Total	\$ 150,592	\$ 840,866	\$ -	\$ 991,458	\$ -

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

US Bank Global Corp. Trust Services - Sewer Portion

Full Faith & Credit Refunding Obligation Bonds, Series 2020 held by US Bank for refinancing and consolidation of debt. The amount of the bonds is \$6,565,000 and carries an interest rate between 3.0 and 4.0 %. Bonds are dated November 19, 2020. Liability and repayment of the debt is allocated between governmental activities, water activities, and sewer activities. This is the sewer activities portion. This portion will be fully retired in 2055.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ -	\$ 5,310,000	\$ 175,000	\$ 5,135,000	\$ 85,000
Interest	-	96,373	96,373	-	175,450
Total	<u>\$ -</u>	<u>\$ 5,406,373</u>	<u>\$ 271,373</u>	<u>\$ 5,135,000</u>	<u>\$ 260,450</u>

Future Requirements:

Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2022	\$ 85,000	\$ 175,450	\$ 260,450	3.00%
2023	90,000	172,900	262,900	3.00%
2024	95,000	170,200	265,200	3.00%
2025	95,000	167,350	262,350	3.00%
2026	100,000	164,500	264,500	3.00%
2027	100,000	161,500	261,500	3.00%
2028	105,000	158,500	263,500	3.00%
2029	110,000	155,350	265,350	3.00%
2030	110,000	152,050	262,050	3.00%
2031	115,000	148,750	263,750	3.00%
2032	115,000	145,300	260,300	3.00%
2033	120,000	141,850	261,850	3.00%
2034	125,000	138,250	263,250	3.00%
2035	130,000	134,500	264,500	3.00%
2036	130,000	130,600	260,600	3.00%
2037	135,000	126,700	261,700	3.00%
2038	140,000	122,650	262,650	3.00%
2039	145,000	118,450	263,450	3.00%
2040	150,000	114,100	264,100	3.00%
2041	155,000	109,600	264,600	3.00%
2042	160,000	104,950	264,950	3.00%
2043	160,000	100,150	260,150	3.00%
2044	160,000	95,350	255,350	3.00%
2045	165,000	90,550	255,550	3.00%
2046	180,000	85,600	265,600	4.00%
2047	185,000	78,400	263,400	4.00%
2048	190,000	71,000	261,000	4.00%
2049	200,000	63,400	263,400	4.00%
2050	210,000	55,400	265,400	4.00%
2051	215,000	47,000	262,000	4.00%
2052	225,000	38,400	263,400	4.00%
2053	235,000	29,400	264,400	4.00%
2054	245,000	20,000	265,000	4.00%
2055	255,000	10,200	265,200	4.00%
Total	<u>\$ 5,135,000</u>	<u>\$ 3,798,350</u>	<u>\$ 8,933,350</u>	

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

DEQ #R23045 Refinance Note

Note payable to Department of Environmental Quality to refinance outstanding debt with DEQ. Note is dated December 1, 2020 for a total amount of \$8,805,123 and carries an interest rate of .86%. Principal and interest payments are due the first day of August and February until paid off with payment of February 1, 2036.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ -	\$ 8,805,123	\$ 291,134	\$ 8,513,989	\$ 535,924
Interest	-	93,521	93,521	-	72,070
Total	\$ -	\$ 8,898,644	\$ 384,655	\$ 8,513,989	\$ 607,994

Future Requirements:

Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2022	\$ 535,924	\$ 72,070	\$ 607,994	0.86%
2023	540,542	67,452	607,994	0.86%
2024	545,201	62,793	607,994	0.86%
2025	549,900	58,094	607,994	0.86%
2026	554,640	53,354	607,994	0.86%
2027	559,420	48,574	607,994	0.86%
2028	564,241	43,753	607,994	0.86%
2029	569,103	38,891	607,994	0.86%
2030	574,008	33,986	607,994	0.86%
2031	578,956	29,038	607,994	0.86%
2032	583,945	24,049	607,994	0.86%
2033	588,978	19,018	607,996	0.86%
2034	594,054	13,940	607,994	0.86%
2035	599,174	8,820	607,994	0.86%
2036	575,903	3,656	579,559	0.86%
Total	\$ 8,513,989	\$ 577,488	\$ 9,091,477	

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

US Bank Global Corp. Trust Services - Water Portion

Full Faith & Credit Refunding Obligation Bonds, Series 2020 held by US Bank for refinancing and consolidation of debt. The amount of the bonds is \$6,565,000 and carries an interest rate between 3.0 and 4.0 %. Bonds are dated November 19, 2020. Liability and repayment of the debt is allocated between governmental activities, water activities, and sewer activities. This is the water activities portion. This portion will be fully retired in 2026.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ -	\$ 725,000	\$ 170,000	\$ 555,000	\$ 150,000
Interest	-	11,600	11,600	-	16,650
Total	<u>\$ -</u>	<u>\$ 736,600</u>	<u>\$ 181,600</u>	<u>\$ 555,000</u>	<u>\$ 166,650</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2022		\$ 150,000	\$ 16,650	\$ 166,650	3.00%
2023		170,000	12,150	182,150	3.00%
2024		75,000	7,050	82,050	3.00%
2025		80,000	4,800	84,800	3.00%
2026		80,000	2,400	82,400	3.00%
Total		<u>\$ 555,000</u>	<u>\$ 43,050</u>	<u>\$ 598,050</u>	

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2021

US Bank Global Corp. Trust Services - Govmntl. Portion

Full Faith & Credit Refunding Obligation Bonds, Series 2020 held by US Bank for refinancing and consolidation of debt. The amount of the bonds is \$6,565,000 and carries an interest rate between 3.0 and 4.0 %. Bonds are dated November 19, 2020. Liability and repayment of the debt is allocated between governmental activities, water activities, and sewer activities. This is the governmental activities portion. This portion will be fully retired in 2045.

Current Year Activity:

	Outstanding Balance July 1, 2020	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2021	Due Within One Year
Principal	\$ -	\$ 530,000	\$ 10,000	\$ 520,000	\$ 15,000
Interest	-	8,480	8,480	-	15,600
Total	<u>\$ -</u>	<u>\$ 538,480</u>	<u>\$ 18,480</u>	<u>\$ 520,000</u>	<u>\$ 30,600</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2022	\$ 15,000	\$ 15,600	\$ 30,600	3.00%
	2023	15,000	15,150	30,150	3.00%
	2024	15,000	14,700	29,700	3.00%
	2025	15,000	14,250	29,250	3.00%
	2026	15,000	13,800	28,800	3.00%
	2027	15,000	13,350	28,350	3.00%
	2028	20,000	12,900	32,900	3.00%
	2029	20,000	12,300	32,300	3.00%
	2030	20,000	11,700	31,700	3.00%
	2031	20,000	11,100	31,100	3.00%
	2032	20,000	10,500	30,500	3.00%
	2033	20,000	9,900	29,900	3.00%
	2034	20,000	9,300	29,300	3.00%
	2035	20,000	8,700	28,700	3.00%
	2036	20,000	8,100	28,100	3.00%
	2037	25,000	7,500	32,500	3.00%
	2038	25,000	6,750	31,750	3.00%
	2039	25,000	6,000	31,000	3.00%
	2040	25,000	5,250	30,250	3.00%
	2041	25,000	4,500	29,500	3.00%
	2042	25,000	3,750	28,750	3.00%
	2043	25,000	3,000	28,000	3.00%
	2044	40,000	2,250	42,250	3.00%
	2045	35,000	1,050	36,050	3.00%
Total		<u>\$ 520,000</u>	<u>\$ 221,400</u>	<u>\$ 741,400</u>	

ACCOMPANYING
INFORMATION

CITY OF COBURG
INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

As of June 30, 2021

To the Governing Body of the City of Coburg
Coburg, Oregon

I have audited the basic financial statements of the City of Coburg as of and for the year ended June 30, 2021, and have issued my report thereon dated January 12, 2022. I conducted my 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 of Coburg's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent I 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 and roads (ORS Chapters 294, 368 & 373).**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**


In connection with my testing nothing came to my 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, with the following exceptions:

- Over-expenditure in General Fund, Water Fund, and Sewer Fund Debt Service expenditures for refunding debt obligations are NOT in violation of Oregon Budget Law per ORS 294.338(4)(c). See the over expenditure note disclosure on page 60 for details.
- We detected that the City had not registered with Oregon State Treasurer as of December 15, 2021 as required by ORS 295.

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the City Council and management of City of Coburg and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steven L. Tuchscherer, CPA
Umpqua Valley Financial
Roseburg, Oregon
January 12, 2022