

CITY OF COBURG



COBURG, OREGON

Audit Report

June 30, 2016

STEVE TUCHSCHERER
Certified Public Accountant
A Professional Corporation

CITY OF COBURG

91136 N. Willamette Street
P.O. Box 8316
Coburg, Oregon 97408
(541) 682-7850

CITY OFFICIALS

- RAY SMITH Mayor
P.O. Box 8316, Coburg, Oregon 97408
- JAE PUDEWELL Ex- Mayor
P.O. Box 8316, Coburg, Oregon 97408
- SHARYL ABBASPOUR Council President
P.O. Box 8316, Coburg, Oregon 97408
- JERRY BEHNEY Councilor
P.O. Box 8316, Coburg, Oregon 97408
- PATRICK KOCUREK Councilor
P.O. Box 8316, Coburg, Oregon 97408
- STEVE STEARNS Councilor
P.O. Box 8316, Coburg, Oregon 97408
- CHRIS PAGE Councilor
P.O. Box 8316, Coburg, Oregon 97408
- DON NELSON Ex-Councilor
P.O. Box 8316, Coburg, Oregon 97408

CITY ADMINISTRATION

- PETRA SCHUETZ City Administrator
P.O. Box 8316, Coburg, Oregon 97408
- ANNE HEATH Finance Director
P.O. Box 8316, Coburg, Oregon 97408

CITY OF COBURG

AUDIT REPORT

JUNE 30, 2016

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1a - 1b
MANAGEMENT’S DISCUSSION AND ANALYSIS.	2 - 15
BASIC FINANCIAL STATEMENTS:	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	16
Statement of Activities	17
<u>Governmental Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	21
<u>Proprietary Fund Financial Statements:</u>	
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
<u>Fiduciary Fund</u>	
Statement of Fiduciary Net Position	25
<u>Notes to the Basic Financial Statements</u>	26 - 54

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	55
Street Fund	56
Street Capital Improvement Fund	57
Coburg Urban Renewal Agency	58
Schedule of Proportionate Share of the Net Pension Liability	59
Schedule of Employer Contributions.	60

CITY OF COBURG

AUDIT REPORT

JUNE 30, 2016

TABLE OF CONTENTS (CONT.)

PAGE

OTHER SUPPLEMENTARY INFORMATION:

Proprietary Funds:

Water Funds:

Combining Statement of Net Position	61
Combining Statement of Revenues, Expenses and Changes in Net Position	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Water Fund	63
Water Capital Improvement Fund	64

Sewer Funds:

Combining Statement of Net Position	65
Combining Statement of Revenues, Expenses and Changes in Net Position	66
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Sewer Fund	67
Sewer Capital Improvement Fund	68
Sewer Debt Fund	69

Non-Major Special Revenue Funds:

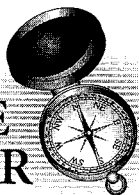
Combining Balance Sheet	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Parks Fund	72
Building Development Fund	73
Parks CIP Fund	74

Additional Supporting Schedules:

Schedule of Property Taxes	75 - 76
Schedule of Long Term Debt Transactions	77 - 78
Schedule of Future Requirements for Retirement of Long Term Debt	79 - 83

ACCOMPANYING INFORMATION:

Independent Auditor’s Report Required by Oregon State Regulations	84
---	----



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, each major fund, and the aggregate remaining fund information of the City of Coburg as of and for the year ended June 30, 2016 which collectively comprise the City'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 our 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, each major fund, and the aggregate remaining fund information of City of Coburg as of June 30, 2016, 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 and analysis on pages 2-13, the schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 50-54, and the pension schedules on pages 55-56 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 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's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 50-54 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.

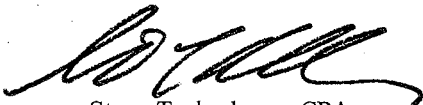
Other Information

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 information on pages 61-83 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 information on pages 61-83 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, the other supplementary information 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*, we have issued our report dated January 10, 2017, on our 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 our testing of compliance and the results of that testing and not to provide an opinion on the City's compliance.



Steve Tuchscherer, CPA

January 10, 2017

MANAGEMENT'S

DISCUSSION

AND ANALYSIS

CITY OF COBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016

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, 2016. 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, 2016 are as follows:

- The City determined that the Water Capital Improvement Fund, Sewer Capital Improvement Fund, and Sewer Debt Fund, which were reported as part of the governmental activities and government fund types in the previous year should instead be reported as part of the business-type proprietary enterprise funds. The Urban Renewal Agency (URA) was reported as a discretely reported entity for the fiscal year ended June 30, 2015. For the current year, the URA is reported as a blended component unit of the City. These changes are reflected in the financial statements as restated amounts on the total beginning fund balance for governmental funds or total beginning net position for proprietary funds, governmental activities and business-type activities. For more information regarding this change see Note 10 in the Notes to the Financial Statements.
- Various amounts reported in the financial statements for the fiscal year ended June 30, 2015 were incorrect. Therefore, prior period adjustments are reported in the financial statements for Fiscal Year 2016. For more information regarding this change see Note 11 in the Notes to the Financial Statements.
- The City budgeted certain inter-fund transfers identified as prior period adjustments. These adjustments were a result of calculated changes to inter-departmental overhead for prior years 2008-2014. For more information regarding this change see Note 11 in the Notes to the Financial Statements.
- The City implemented a Local Improvement District in the Sewer Department in Fiscal Year 2015. It was billed and collected in that fiscal year with the exception of property owners who elected to finance their assessment over 10 years. Therefore, revenues are significantly lower in Fiscal Year 2016 when no assessment was made.
- Inter-fund loans between various departments existed at the end of Fiscal Year 2015. All inter-fund loans were paid back in Fiscal Year 2016. Therefore, some fund balances experienced a large change from the previous year.
- The City's net position, decreased by \$1,643,904 which represents a 11 percent decrease from the previous year. The decrease reflects the change in net position from the restated beginning net position to the ending net position. The decrease also reflects prior period adjustment amounts of \$1,766,619 as reported in the Statement of Activities. The change in net position without the prior period adjustment is an increase of \$122,715, which is a 0.8 percent increase.
- Total revenue for the City was \$3,843,916. That is a 36.29 percent decrease from the previous year. This decrease is primarily a result of the above noted Local Improvement District revenues reported in the prior year and the incorrect methodology used in reporting transfers in the prior year.
- The City's long-term liabilities actually decreased \$619,001, a 3 percent decrease from the previous year. Long term debt reported in the prior year report was over-stated by \$7,703,710. This over-statement is identified in Note 11 in the Notes to the Financial Statements.

CITY OF COBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016

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 information, 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 position presenting information that includes all of the City's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole 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.

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 two 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. Combined with the Water Fund for the Proprietary Statements on pages 20-22 is one budgetary fund, the Water Capital Improvement Fund. Included in the Sewer Fund are two budgetary funds, the Sewer Capital Improvement Fund and the Sewer Debt Fund. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

CITY OF COBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016

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, the Street Capital Improvement Fund, and the Coburg Urban Renewal Agency Fund. The Required Supplementary Information section immediately follows the Notes to the Financial Statements.

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 Information 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 \$13,552,253 this is a decrease of \$1,643,904 (including prior period adjustments) or 11%. Without the prior period adjustments, the change in net position for the governmental and business-type activities combined is less than a 1% change. For a discussion on prior period adjustments see Note 11.

A significant portion of the City's net position (73.5 percent) 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.

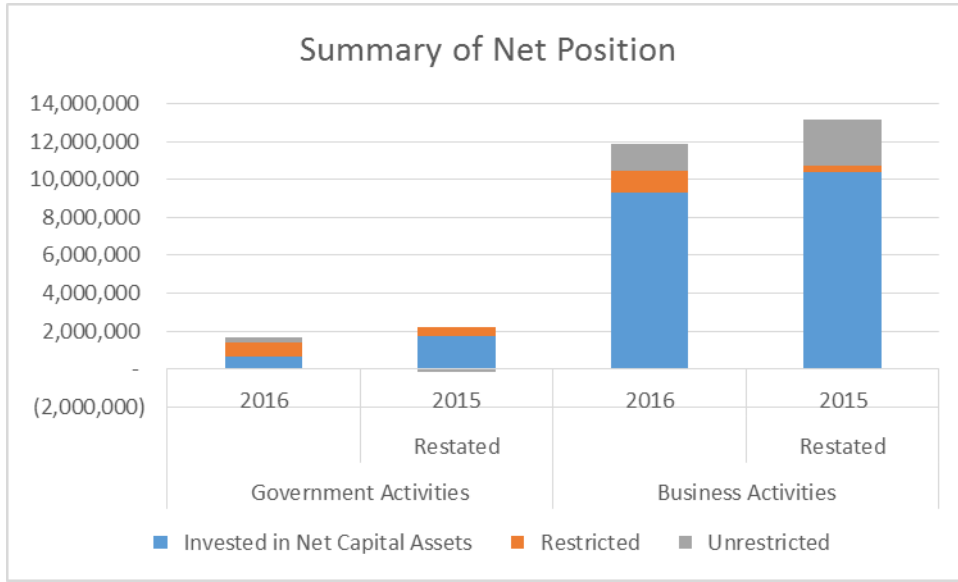
CITY OF COBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016

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

Summary of Net Position						
	Government Activities		Business Activities		Total	
	2016	Restated 2015	2016	Restated 2015	2016	Restated 2015
Assets						
Current and Other Assets	1,456,535	685,548	4,148,575	3,290,596	5,605,110	3,976,144
Capital Assets	1,320,272	10,095,554	28,149,355	27,737,334	29,469,627	37,832,888
Total Assets	2,776,807	10,781,102	32,297,930	31,027,930	35,074,737	41,809,032
Deferred Outflow of Resources						
Pension Related Deferrals	13,322	-	1,149	-	14,471	-
Liabilities						
Current Liabilities	192,012	179,652	972,386	3,027,099	1,164,398	3,206,751
Long-term Liabilities	870,763	8,364,107	18,238,872	14,856,877	19,109,635	23,220,984
Total Liabilities	1,062,775	8,543,759	19,211,258	17,883,976	20,274,033	26,427,735
Deferred Inflows of Resources						
Invested in Net Capital Assets	68,901	170,443	1,194,022	14,697	1,262,923	185,140
Restricted	677,688	1,731,447	9,281,343	10,380,373	9,959,031	12,111,820
Unrestricted	738,297	474,920	1,176,439	314,341	1,914,736	789,261
	242,469	(139,467)	1,436,017	2,434,543	1,678,486	2,295,076
Total Net Position	\$ 1,658,454	\$ 2,066,900	\$11,893,799	\$13,129,257	\$ 13,552,253	\$ 15,196,157

CITY OF COBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016

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, 2016

Changes in net position - The City's total revenues for the fiscal year ended June 30, 2016 were \$3,843,916. The total cost of all programs and services was \$3,721,209. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

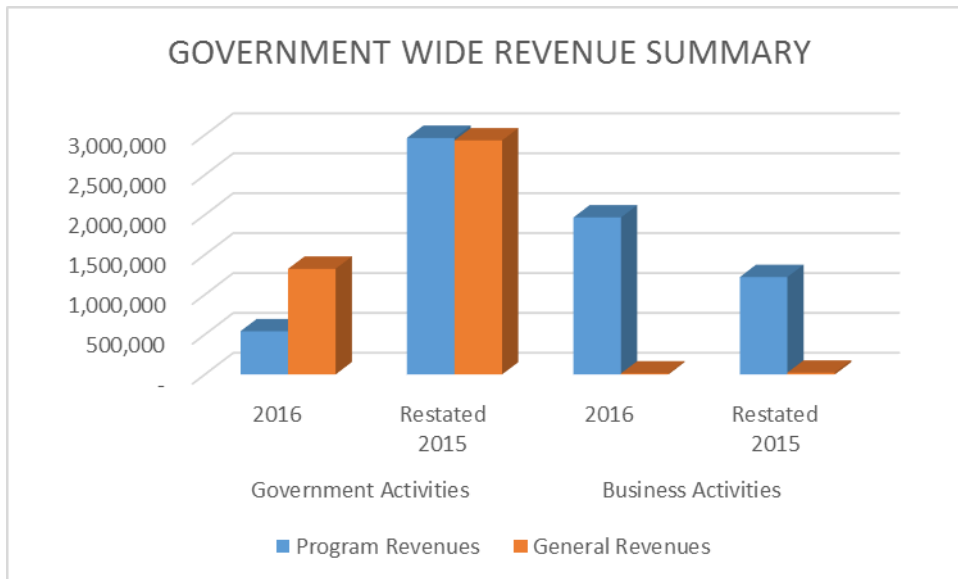
Summary of Changes in Net Position						
	Government Activities		Business Activities		Total	
	2016	Restated 2015	2016	Restated 2015	2016	Restated 2015
Revenues						
Program Revenues						
Charges for Services	401,916	2,956,134	1,966,794	1,220,976	2,368,710	4,177,110
Operating Grants and Contributions	64,208	7,137	-	-	64,208	7,137
Capital Grants and Contributions	75,000	-	-	-	75,000	-
Total Program Revenues	541,124	2,963,271	1,966,794	1,220,976	2,507,918	4,184,247
General Revenues						
Property Taxes, Franchise Fees, & Public Service Taxes	1,285,116	2,845,563	-	-	1,285,116	2,845,563
Interest and Investment Earnings	10,299	86,022	12,504	70,802	22,803	156,824
Other Revenue	28,079	-	-	(47,659)	28,079	(47,659)
Total General Revenues	1,323,494	2,931,585	12,504	23,143	1,335,998	2,954,728
Total Revenues	1,864,618	5,894,856	1,979,298	1,244,119	3,843,916	7,138,975
Program Expenses						
General Government	850,610	1,118,597	-	-	850,610	1,118,597
Public Safety	562,731	508,428	-	-	562,731	508,428
Public Works	479,945	209,057	-	-	479,945	209,057
Culture and Recreation	19,819	162,104	-	-	19,819	162,104
Urban Renewal Projects	2,300	224,420	-	-	2,300	224,420
Interest Expense	24,678	8,352,591	-	-	24,678	8,352,591
Utility Services						
Water Utilities	-	-	275,959	185,385	275,959	185,385
Sewer Utilities	-	-	1,505,159	259,432	1,505,159	259,432
Total Program Expenses	1,940,083	10,575,197	1,781,118	444,817	3,721,201	11,020,014
Transfers	156,480	(1,971,351)	(156,480)	(358,217)	-	(2,329,568)
Prior Period Adjustment	-489,461	8,684,686	-1,277,158	0	-1,766,619	8,684,686
Change in Net Position	\$ (408,446)	\$ 2,032,994	\$ (1,235,458)	\$ 441,085	\$ (1,643,904)	\$ 2,474,079

*Restated amounts for 2015 Government Activities includes only prior year Urban Renewal Agency amounts that were discretely presented in the prior year.

CITY OF COBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016

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.

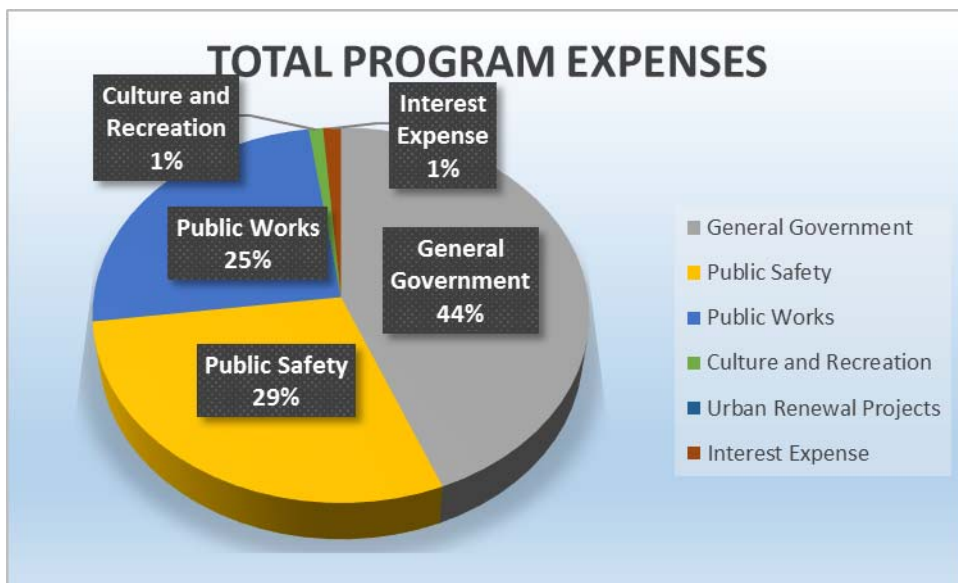


CITY OF COBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016

	<u>Governmental Activities</u>			
	Total Cost of Services		Net (Cost) Profit of Services	
	2015-16	2014-15	2015-16	2014-15
General Government	\$ 850,610	\$ 882,200	\$ (670,824)	\$ (827,876)
Public Safety	562,731	267,094	(434,951)	(242,853)
Public Works	479,945	202,498	(327,624)	(8,190)
Culture and Recreation	19,819	70,878	61,418	(9,611)
Urban Renewal Projects				
Interest Expense	24,678	56,404	(24,678)	(56,404)
Total Program Expenses	\$ 1,937,783	\$1,479,074	\$ (1,396,659)	\$(1,144,934)

The dependence on general revenues for general government activities is apparent. For 2015-16, 64 percent of general government activities are supported through general revenues.

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

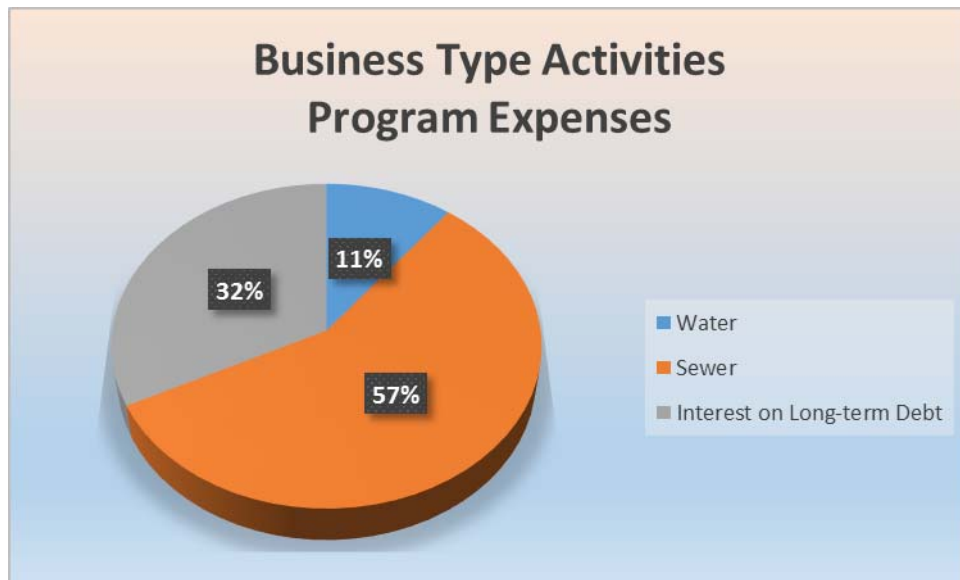


CITY OF COBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016

<u>Business-Type Activities</u>				
	Total Cost of Services		Net (Cost) Profit of Services	
	2015-16	2014-15	2015-16	2014-15
Utility Services	\$1,781,118	\$ 1,152,886	\$185,676	\$ 152,244
Interest on Long-Term Debt	-	88,716	-	(88,716)
Total Program Expenses	\$1,781,118	\$ 1,241,602	\$185,676	\$ 63,528

Business type activities decreased the City's net position by approximately \$1,235,458. Of the business-type activities, the Water and Sewer funds accounted for approximately 39% and 61% of revenues, respectively.

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



CITY OF COBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016

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, unreserved 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 \$1,105,948, an increase of \$696,320, including prior period adjustments. The fund balance constitutes restricted, committed, and unassigned amounts. Of the current fund balances, \$109,300 is restricted for Street projects, \$404,320 is restricted for capital projects, \$224,677 is restricted for Urban Renewal Projects, \$2,866 was committed to Public Works projects, and \$364,785 is unassigned and available for spending at the City's discretion.

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 \$392,361, an increase of \$758,285, including prior period adjustments.

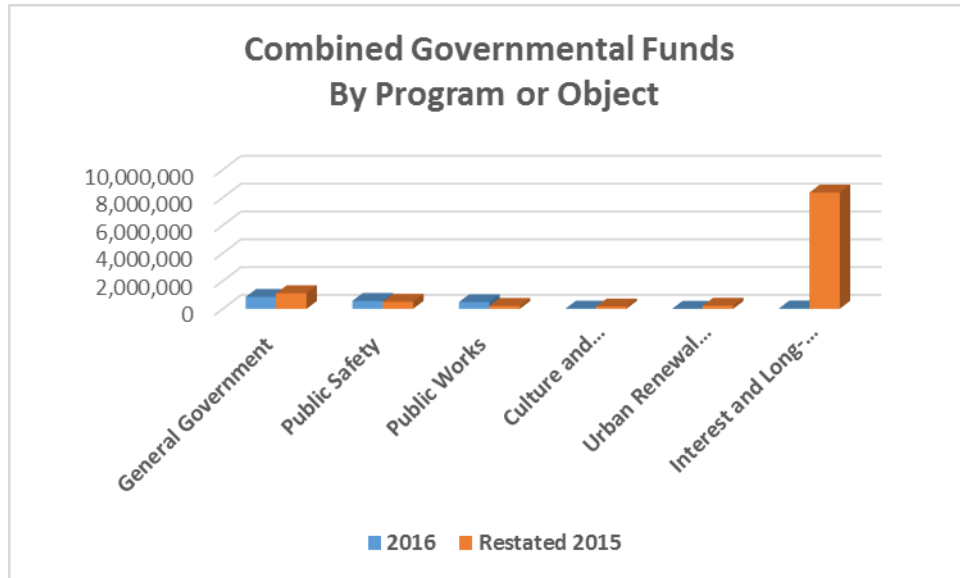
At the end of the current fiscal year, restricted fund balance of the Street Fund was \$109,300, a decrease of \$7,203, including prior period adjustments. The fund balance of the Street Capital Fund was \$328,894 an increase of \$11,133, including prior period adjustments.

At the end of the current fiscal year, unassigned fund balance of Other Governmental Funds (Park, Park Capital, and Building Development) was \$50,716, a decrease of \$83,727, including prior period adjustments.

At the end of the current fiscal year, unassigned fund balance of the Coburg Urban Renewal Agency Fund was \$224,677, an increase of \$17,832, including prior period adjustments.

CITY OF COBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016

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

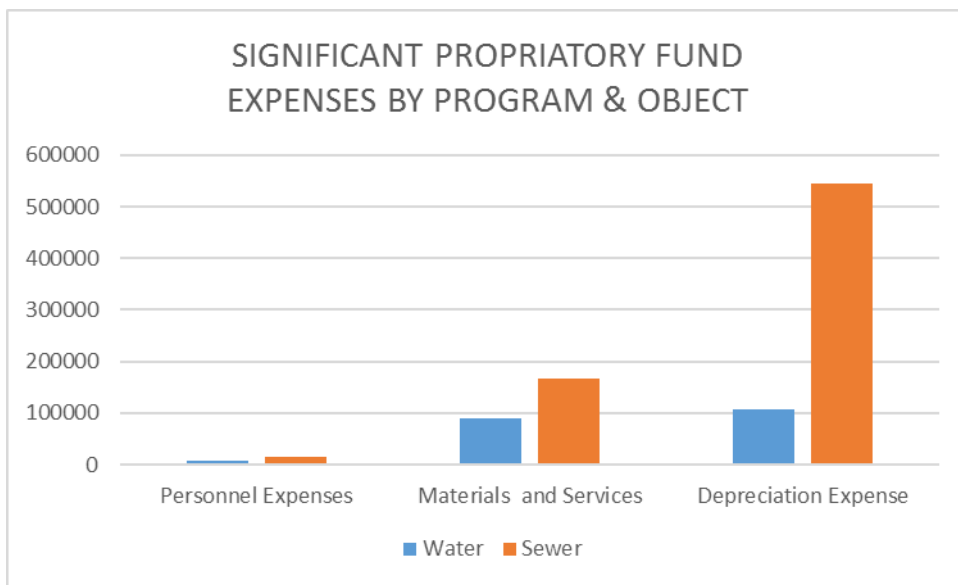


CITY OF COBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016

Proprietary Funds

The City's enterprise funds reported total net position of \$11,893,799, a decrease of \$1,235,458, including prior period adjustments. The enterprise funds also report \$468,007 in restricted net position for debt service, \$708,432 in restricted net position for public works projects, \$9,281,343 in net position invested in capital assets, net of related debt and \$1,436,017 is unrestricted.

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



CITY OF COBURG
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2016

Budgetary Highlights

General Fund revenues were budgeted and anticipated to be collected in the amount of \$1,106,275 during the fiscal year. Actual revenues of \$1,114,800 were available which was \$8,525 more than budgeted. General Fund expenditures budget was over-spent by \$15,896 or 1.2%. The ending fund balance was greater than what was budgeted by \$622,340 and greater than the prior year by \$758,285, including prior period adjustments.

There were significant changes from the original to the final budget for prior period overhead allocation adjustments (reported as an Other Financing Source) and operating transfers out (reported as an Other Financing Use).

There was a significant variance between final budget and actual amount of the operating transfers out. The change in the amount budgeted was for clearing a "due to" other fund balance from the prior year. However, governmental accounting standards and Oregon Budget Law do not require reporting a "due to" transaction as an expenditure.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, the City had invested, before net reduction for accumulated depreciation, \$31,950,910 in capital assets, including buildings, land, vehicles, water and sewer utility systems, construction in progress and other equipment. This amount represents an increase of \$575,596 from the prior year due to additions in the governmental funds of \$231,473 and in the enterprise funds of \$344,123. \$25,118,150 was added to depreciable assets upon completion of the Sewer Project, \$24,989,000 of which was reported as construction in progress in the prior year.

Total depreciation expense for the year was \$701,007; of which \$49,130 is associated with general government activities, \$107,027 from water utilities, and \$544,850 from sewer utilities. Additional information on the City's capital assets can be found in Note 3 of the Notes to the Basic Financial Statements section of this report.

Long-Term Debt

At June 30, 2016, the City had total long-term debt outstanding of \$19,510,593. The City had no new debt during the fiscal year. Existing debt was reduced by \$619,001. Interest paid on the debt amounted was \$662,187. Additional information on the City's long-term debt can be found in Note 4 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, 2016

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 2016-17 budget. The City's budget for the fiscal year ending June 30, 2017 represents an overall decrease of 11 percent when compared with the fiscal year 2016. The City considered the current economic environment, an increase in property tax revenues as a result of an increase in assessed property values, and an increase in development of residential and business properties.

Amounts available for appropriation in the General Fund are \$2,821,714 the fiscal year 2016-17, an increase of \$448,776 or 15.9% percent. The increase is primarily attributable to an improvement in beginning fund balance as well as a property tax revenue increase from the prior fiscal year. The City has increased the work in the planning department in response to the upturn in development. In addition, the City has committed additional funds for Economic Development.

The City is budgeting a \$100,000 or 11.8 percent increase in total Water Fund revenues. This is largely the result of anticipation of increased water consumption by increased development. The City is budgeting a \$125,000 or 21.9 percent increase in Sewer Fund Revenue. This is again the anticipation of increased users due to development.

With the exceptions noted above, operating costs of both governmental activities and business-type activities are expected to be similar to those of the 2015-16 period.

In Fiscal Year 2017 funds will be collapsed. The Park, Park Capital, and Business Development funds will be included in the general fund. The Street Capital fund will be included in the Street Fund. The Water Capital Fund will be included in the Water Fund. The Sewer Capital and the Sewer Debt Fund will be included in the Sewer Fund.

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, 2016

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 1,157,176	\$ 2,307,063	\$ 3,464,239
Accounts Receivable	87,091	57,425	144,516
LID Liens Receivable	-	974,565	974,565
SDCs Receivable	144,500	341,515	486,015
Property Taxes Receivable	67,768	-	67,768
Total Current Assets	1,456,535	3,680,568	5,137,103
Restricted Assets:			
Sinking Funds for Debt Service	-	468,007	468,007
Total Restricted Assets	-	468,007	468,007
Capital Assets, Net of Accumulated Depreciation	1,320,272	28,149,355	29,469,627
Total Assets	2,776,807	32,297,930	35,074,737
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Pension Related Deferrals	13,322	1,149	14,471
Total Deferred Outflow of Resources	13,322	1,149	14,471
<u>LIABILITIES:</u>			
Current Liabilities:			
Due to Component Unit			
Accounts Payable	46,127	45,956	92,083
Payroll Payable	44,312	-	44,312
Accrued Compensated Absences	32,657	10,287	42,944
Liens Payable	47,189	-	47,189
Interest Payable	2,895	263,884	266,779
Customer Deposits	-	1,820	1,820
Current Portion of Long-Term Liabilities:			
Notes Payable	18,832	556,555	575,387
Bonds Payable	-	93,884	93,884
Total Current Liabilities	192,012	972,386	1,164,398
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	623,753	12,298,417	12,922,170
Bonds Payable	-	5,919,156	5,919,156
Net Pension Liability	247,010	21,299	268,309
Total Long-Term Liabilities	870,763	18,238,872	19,109,635
Total Liabilities	1,062,774	19,211,258	20,274,032
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Receivables Currently not Collectable	-	1,188,081	1,188,081
Deferred Earnings on Pension Assets	68,901	5,941	74,842
Total Deferred Inflow of Resources	68,901	1,194,022	1,262,923
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	677,688	9,281,343	9,959,031
Restricted for:			
Debt Service	-	468,007	468,007
Public Works	109,300	708,432	817,732
Capital Projects	404,320	-	404,320
Urban Renewal Projects	224,677	-	224,677
Unrestricted	242,469	1,436,017	1,678,486
Total Net Position	\$ 1,658,454	\$ 11,893,799	\$ 13,552,253

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, 2016

	<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	\$ 850,610	\$ 166,582	\$ 13,204	\$ -	\$ (670,824)
Public Safety	562,731	127,780	-	-	(434,951)
Public Works	479,945	102,326	49,995	-	(327,624)
Culture and Recreation	19,819	5,228	1,009	75,000	61,418
Urban Renewal Projects	2,300	-	-	-	(2,300)
Interest Expense	24,678	-	-	-	(24,678)
Total Governmental Activities	1,940,083	401,916	64,208	75,000	(1,398,959)
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Utilities	275,959	757,372	-	-	481,413
Sewer Utilities	1,505,159	1,209,422	-	-	(295,737)
Total Business-type Activities	1,781,118	1,966,794	-	-	185,676
Total Primary Government	\$ 3,721,201	\$ 2,368,710	\$ 64,208	\$ 75,000	\$ (1,213,283)
<u>CHANGES IN NET POSITION:</u>					
Net (expense) revenue			Governmental Activities	Business-type Activities	Total
			\$ (1,398,959)	\$ 185,676	\$ (1,213,283)
General Revenues:					
Property Taxes, levied for general purposes			589,191	-	589,191
Property Taxes, levied for urban renewal programs			247,544	-	247,544
Intergovernmental Tax Turnovers			203,917	-	203,917
Franchise Taxes			244,464	-	244,464
Interest and Investment Earnings			10,299	12,504	22,803
Other Revenue			28,079	-	28,079
Subtotal - General Revenues			1,323,494	12,504	1,335,998
Interfund Transfers			156,480	(156,480)	-
Total general revenues, special items, and transfers			1,479,974	(143,976)	1,335,998
Change in Net Position			81,015	41,700	122,715
Net Position, July 1, 2015 - Restated (see Note 10)			2,066,900	13,129,257	15,196,157
Prior Period Adjustment			(489,461)	(1,277,158)	(1,766,619)
Net Position, June 30, 2016			\$ 1,658,454	\$ 11,893,799	\$ 13,552,253

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, 2016

	<u>Component Unit</u>					
	<u>General Fund</u>	<u>Street Fund</u>	<u>Street Capital Improvement Fund</u>	<u>Urban Renewal Agency Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>						
Cash and Investments	\$ 426,699	\$ 95,216	\$ 328,894	\$ 224,422	\$ 81,945	\$ 1,157,176
Receivables:						
Accounts, net	42,182	19,860	-	-	18,422	80,464
System Development Charges	-	-	82,879	-	61,621	144,500
Grants	6,627	-	-	-	-	6,627
Property Tax	43,899	-	-	23,869	-	67,768
Total Assets	\$ 519,407	\$ 115,076	\$ 411,773	\$ 248,291	\$ 161,988	\$ 1,456,535
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>						
LIABILITIES:						
Accounts Payable	\$ 35,172	\$ 5,776	\$ -	\$ 160	\$ 5,019	\$ 46,127
Interest Payable	224	-	-	-	1,726	1,950
Payroll Payable	44,312	-	-	-	-	44,312
Liens Payable	4,283	-	-	-	42,906	47,189
Total Liabilities	83,991	5,776	-	160	49,651	139,578
DEFERRED INFLOWS OF RESOURCES:						
Deferred Property Tax Revenue	43,055	-	-	23,454	-	66,509
Uncollected SDC Revenue	-	-	82,879	-	61,621	144,500
Total Deferred Inflows of Resources	43,055	-	82,879	23,454	61,621	211,009
FUND BALANCES:						
Restricted for:						
Public Works	-	109,300	-	-	-	109,300
Capital Projects	-	-	328,894	-	75,426	404,320
Urban Renewal Projects	-	-	-	224,677	-	224,677
Committed for:						
Public Works	-	-	-	-	2,866	2,866
Unassigned	392,361	-	-	-	(27,576)	364,785
Total Fund Balances	392,361	109,300	328,894	224,677	50,716	1,105,948
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 519,407	\$ 115,076	\$ 411,773	\$ 248,291	\$ 161,988	\$ 1,456,535

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, 2016

Total Fund Balances - Governmental Funds \$ 1,105,948

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 -	\$ 1,925,665	
The accumulated depreciation is -	<u>(605,393)</u>	
Net Value of Assets		1,320,272

Certain receivables that will not be available to pay for current-period expenditures are deferred in the governmental funds:

Property Taxes	66,509	
Assessments	<u>144,500</u>	
		211,009

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

Pension Related Deferrals		(55,579)
---------------------------	--	----------

Accrued Compensated Absences are not recorded in the governmental funds: (32,657)

Interest Payable is not recorded in the governmental funds: (945)

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. (889,594)

Net Position of Governmental Activities **\$ 1,658,454**

CITY OF COBURG
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	<u>Component Unit</u>					
	<u>General Fund</u>	<u>Street Fund</u>	<u>Street Capital Improvement Fund</u>	<u>Urban Renewal Agency Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>						
Taxes and Assessments	\$ 583,595	\$ -	\$ -	\$ 248,078	\$ -	\$ 831,673
Intergovernmental	59,156	144,761	-	-	-	203,917
Franchise Taxes	244,464	-	-	-	-	244,464
Licenses & Permits	56,250	-	-	-	166,582	222,832
Charges for Service	-	-	41,802	-	30,766	72,568
Fines and Forfeitures	127,780	-	-	-	-	127,780
Investment Revenue	2,662	657	2,981	1,313	2,686	10,299
Grants and Donations	13,204	49,995	-	-	76,009	139,208
Other Revenue	27,689	390	-	-	-	28,079
Total Revenues	1,114,800	195,803	44,783	249,391	276,043	1,880,820
<u>EXPENDITURES:</u>						
Current Operating:						
General Government	593,216	-	-	-	111,732	704,948
Public Safety	485,696	-	-	-	-	485,696
Public Works	319,131	93,085	2,043	-	-	414,259
Culture and Recreation	-	-	-	-	19,819	19,819
Urban Renewal Projects	-	-	-	2,300	-	2,300
Debt Service:						
Principal	17,813	-	-	-	-	17,813
Interest	23,733	-	-	-	-	23,733
Capital Outlay	37,840	-	-	-	193,633	231,473
Total Expenditures	1,477,429	93,085	2,043	2,300	325,184	1,900,041
Excess (Deficiency) of Revenues Over Expenditures	(362,629)	102,718	42,740	247,091	(49,141)	(19,221)
<u>OTHER FINANCING SOURCES (USES):</u>						
Interfund Transfers In	698,085	-	-	-	98,024	796,109
Interfund Transfers (Out)	(203,801)	(80,134)	(1,820)	(230,000)	(123,874)	(639,629)
Total Other Financing Sources (Uses)	494,284	(80,134)	(1,820)	(230,000)	(25,850)	156,480
Net Change in Fund Balances	131,655	22,584	40,920	17,091	(74,991)	137,259
Fund Balances - July 1, 2015 - Restated (see Note 10)	(365,924)	116,503	317,761	206,845	134,443	409,628
Prior Period Adjustment	626,630	(29,787)	(29,787)	741	(8,736)	559,061
Fund Balances - June 30, 2016	\$ 392,361	\$ 109,300	\$ 328,894	\$ 224,677	\$ 50,716	\$ 1,105,948

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, 2016

Net Changes in Fund Balances - Total Governmental Funds			\$ 137,259
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	\$ 231,473	
	Less current year depreciation	<u>(49,130)</u>	
			182,343
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 shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.			
The changes in amounts deferred are as follows:			
	Property Taxes	5,062	
	System Development Charges	<u>(21,264)</u>	
			(16,202)
Additions to certain liabilities are reported as an expense in the Statement of Activities.			
	Vacation Payable		854
	Interest Payable		(945)
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		17,813
	Adjustment for pension costs on accrued basis		<u>(240,107)</u>
Change in Net Position of Governmental Activities			<u>\$ 81,015</u>

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, 2016

	Enterprise Funds		Total Proprietary Funds
	Water Funds	Sewer Funds	
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 580,012	\$ 1,727,051	\$ 2,307,063
Accounts Receivable	23,925	33,500	57,425
LID Liens Receivable	-	974,565	974,565
SDCs Receivable	160,706	180,809	341,515
Total Current Assets	<u>764,643</u>	<u>2,915,925</u>	<u>3,680,568</u>
Restricted Assets:			
Sinking Funds for Debt Service	31,960	436,047	468,007
Total Restricted Assets	<u>31,960</u>	<u>436,047</u>	<u>468,007</u>
Capital Assets:			
Land	-	217,293	217,293
Depreciable Assets, Net of Depreciation	3,163,750	24,768,312	27,932,062
Total Capital Assets	<u>3,163,750</u>	<u>24,985,605</u>	<u>28,149,355</u>
Total Assets	<u>3,960,353</u>	<u>28,337,577</u>	<u>32,297,930</u>
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Pension Related Deferrals	295	854	1,149
Total Deferred Outflow of Resources	<u>295</u>	<u>854</u>	<u>1,149</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	43,246	2,710	45,956
LID Assessment Payable	10,287	-	10,287
Interest Payable	42,365	221,519	263,884
Customer Deposits	1,820	-	1,820
Current Portion of Long-Term Liabilities:			
Notes Payable	121,130	435,425	556,555
Bonds Payable	25,000	68,884	93,884
Total Current Liabilities	<u>243,848</u>	<u>728,538</u>	<u>972,386</u>
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	1,124,466	11,173,951	12,298,417
Bonds Payable	55,000	5,864,156	5,919,156
Net Pension Liability	5,477	15,822	21,299
Total Long-Term Liabilities	<u>1,184,943</u>	<u>17,053,929</u>	<u>18,238,872</u>
Total Liabilities	<u>1,428,791</u>	<u>17,782,467</u>	<u>19,211,258</u>
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Receivables Currently not Collectable	160,706	1,027,375	1,188,081
Pension Related Deferrals	1,528	4,413	5,941
Total Deferred Inflow of Resources	<u>162,234</u>	<u>1,031,788</u>	<u>1,194,022</u>
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	1,838,154	7,443,189	9,281,343
Restricted for Debt Service	31,960	436,047	468,007
Restricted for Public Works	240,927	467,505	708,432
Unrestricted	258,582	1,177,435	1,436,017
Total Net Position	<u>\$ 2,369,623</u>	<u>\$ 9,524,176</u>	<u>\$ 11,893,799</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, 2016

	Enterprise Funds		Total Proprietary Funds
	Water Fund	Sewer Fund	
<u>OPERATING REVENUES:</u>			
Charges for Services & Fees	\$ 755,978	\$ 1,209,422	\$ 1,965,400
Other Revenue	1,394	-	1,394
Total Revenues	757,372	1,209,422	1,966,794
<u>OPERATING EXPENSES:</u>			
Personnel Services	6,710	13,993	20,703
Materials and Supplies	89,314	166,084	255,398
Depreciation Expense	107,027	544,850	651,877
Total Operating Expenses	203,051	724,927	927,978
Operating Income (Loss)	554,321	484,495	1,038,816
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Investment Revenue	7,495	5,009	12,504
Interest Expense	(72,908)	(780,232)	(853,140)
Total Non-Operating Revenues (Expenses)	(65,413)	(775,223)	(840,636)
Income Before Other Revenues, Expenses, and Transfers	488,908	(290,728)	198,180
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Transfers to Other Funds	(252,501)	(365,382)	(617,883)
Transfers from Other Funds	186,903	274,500	461,403
Total Capital Contributions and Transfers	(65,598)	(90,882)	(156,480)
Changes in Net Position	423,310	(381,610)	41,700
Net Position, July 1, 2015 - Restated (see Note 10)	1,980,258	11,148,999	13,129,257
Prior Period Adjustment	(33,945)	(1,243,213)	(1,277,158)
Net Position, June 30, 2016	\$ 2,369,623	\$ 9,524,176	\$ 11,893,799

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, 2016

	Enterprise Funds		Total Proprietary Funds
	Water Funds	Sewer Funds	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash Received from User Charges	\$ 761,199	\$ 1,374,977	\$ 2,136,176
Cash Payments to Suppliers & Service Providers	(49,669)	(171,386)	(221,055)
Net Cash Provided (Used) by Operating Activities	711,530	1,203,591	1,915,121
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>			
Deposits & Non-Operating Payables	(3,808)	-	(3,808)
Non-Operating Receivables	-	(127,999)	(127,999)
Transfer to Other Funds	(252,501)	(365,382)	(617,883)
Transfer from Other Funds	186,903	274,500	461,403
Prior Periods Interfund Charges Payments	(151,122)	(61,313)	(212,435)
Interfund Loan Repayment	(123,712)	-	(123,712)
Net Cash Provided (Used) by Non-capital Financing Activities	(344,240)	(280,194)	(624,434)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Proceeds from Internal Balances	-	710,809	710,809
Acquisition of Capital Assets	(19,961)	(324,162)	(344,123)
Principal Paid on Long Term Debt	(145,066)	(454,958)	(600,024)
Interest Paid on Long Term Debt	(79,741)	(558,713)	(638,454)
Net Cash Provided (Used) by Capital and Related Financing Activities	(244,768)	(627,024)	(871,792)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Investment Income	7,495	5,009	12,504
Net Cash Provided (Used) by Investing Activities	7,495	5,009	12,504
Cash and Cash Equivalents at July 1, 2015	481,955	1,861,716	2,343,671
Cash and Cash Equivalents at June 30, 2016	\$ 611,972	\$ 2,163,098	\$ 2,775,070

Reconciliation of income (loss) from operations

<u>to net cash provided (used) by operating activities:</u>			
Income (loss) from operations	\$ 554,321	\$ 484,495	\$ 1,038,816
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	107,027	544,850	651,877
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	3,827	165,555	169,382
Increase (decrease) in payables	39,645	(5,302)	34,343
Increase (decrease) in pension related accounts	6,710	13,993	20,703
Net cash provided (used) by operating activities	\$ 711,530	\$ 1,203,591	\$ 1,915,121

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 (AGENCY FUND)
June 30, 2016

	Fund
	Cash Evidence Held Fund
<u>ASSETS:</u>	
Current Assets	
Cash & Investments	\$ 22,422
Total Assets	\$ 22,422
<u>LIABILITIES:</u>	
Current Liabilities	
Refund Payables and Other	\$ 22,422
Total Liabilities	\$ 22,422

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, 2016

1. 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 six 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:

A. 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 board; 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 board 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.

B. 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 are 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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. 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. Revenues for this fund come from state highway taxes and grants.

Street Capital Improvement Fund – This fund accounts for activities related to major infrastructure construction and repairs. Revenues for this fund come from grants, system development charges and transfers from other funds.

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.

Additionally the City also reports non-major funds within the governmental fund type.

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Non-major special revenue funds include the Park Fund, Building Development Fund and the Park Capital Improvement Fund.

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 and billing and collection activities. Included in the Water Funds is the Water Capital Improvement Fund.

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 and billing and collection activities. Included in the Sewer Funds is the Sewer Capital Improvement Fund and the Sewer Debt Fund.

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

B. 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.

C. 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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

C. 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.

D. 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.

E. 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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

G. 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.

H. 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 note 1.J.)

I. 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.

J. 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 recorded as expenditures when consumed rather than when purchased.

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

K. 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. For the fiscal year ended June 30, 2016 the City had sinking funds for debt service of \$468,007 in restricted assets.

L. 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 principle 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.

M. 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

N. 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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

O. 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. Invested in capital assets, net of related debt - 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 June 30, 2016.
- 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 public works projects, capital projects, urban renewal projects 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 June 30, 2016.
- 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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

F. 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.

P. Inter-Fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. 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.

P. 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.

2. CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Note 1.E.

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 at Note 1.E.

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, 2016

2. 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, 2016, the reported amount of the City's deposits was \$3,162,489; the bank balance was \$3,184,125 and \$300 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, 2016, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2016, 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)	<u>\$ 769,457</u>	N/A
Total Investments	<u><u>\$ 769,457</u></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, 2016

3. CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2016:

Governmental Activities	June 30, 2015	Additions	Deletions	June 30, 2016
Assets not being depreciated:				
Land	\$ 317,231	\$ -	\$ -	\$ 317,231
Assets being depreciated:				
Buildings and Infrastructure	1,038,742	213,177	-	1,251,919
Equipment and Vehicles	338,219	18,296	-	356,515
Total Depreciable Assets	1,376,961	231,473	-	1,608,434
Less: Accumulated Depreciation				
Buildings and Infrastructure	251,158	33,850	-	285,008
Equipment and Vehicles	305,105	15,280	-	320,385
Total Accumulated Depreciation	556,263	49,130	-	605,393
Net Value of Capital Assets Being Depreciated	820,698	182,343	-	1,003,041
Total Governmental Activities--Net Value of Capital Assets	<u>\$ 1,137,929</u>	<u>\$ 182,343</u>	<u>\$ -</u>	<u>\$ 1,320,272</u>
Business-type Activities				
Assets not being depreciated:				
Land	\$ 217,293	\$ -	\$ -	\$ 217,293
Construction In Progress	24,989,000	19,961	(24,989,000)	19,961
Assets being depreciated:				
Utility Plant	4,443,995	25,118,150	-	29,562,145
Equipment and Vehicles	30,834	195,012	-	225,846
Total Depreciable Assets	4,474,829	25,313,162	-	29,787,991
Less: Accumulated Depreciation				
Utility Plant	1,193,179	641,276	-	1,834,455
Equipment and Vehicles	30,834	10,601	-	41,435
Total Accumulated Depreciation	1,224,013	651,877	-	1,875,890
Net Value of Capital Assets Being Depreciated	3,250,816	24,661,285	-	27,912,101
Total Business-type Activities--Net Value of Capital Assets	<u>\$ 28,457,109</u>	<u>\$ 24,681,246</u>	<u>\$ (24,989,000)</u>	<u>\$ 28,149,355</u>
Total Net Value of Capital Assets of Primary Government	<u>\$ 29,595,038</u>	<u>\$ 24,863,589</u>	<u>\$ (24,989,000)</u>	<u>\$ 29,469,627</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:		Business-Type Activities:	
General Government	\$ 49,130	Water Utilities	\$ 107,027
	-	Sewer Utilities	544,850
Total depreciation expense - governmental activities	<u>\$ 49,130</u>		<u>\$ 651,877</u>

*With the implementation of GASB #34, the City elected the prospective reporting approach for infrastructure assets. Accordingly, only infrastructure assets acquired on July 1, 2003 and thereafter will be presented in the financial statements.

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

4. LONG-TERM DEBT:

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue.

	Outstanding Balance July 1, 2015	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2016	Due within One Year
--	--	---------------------------------------	--------------------------------------	---	------------------------

GOVERNMENTAL ACTIVITIES:

Mortgage loan dated January 16, 2014 with Summit Bank for the purchase of City Hall. Original balance \$685,000. Interest rate is 3.59%.

Principal	\$ 660,397	\$ -	\$ 17,813	\$ 642,584	\$ 18,832
Interest	-	23,733	23,733	-	22,715
Totals	\$ 660,397	\$ 23,733	\$ 41,546	\$ 642,584	\$ 41,546

TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:

Principal	\$ 660,397	\$ -	\$ 17,813	\$ 642,584	\$ 18,832
Interest	-	23,733	23,733	-	22,715
Totals	\$ 660,397	\$ 23,733	\$ 41,546	\$ 642,584	\$ 41,546

BUSINESS-TYPE ACTIVITIES:

Note payable to Department of Environmental Quality #R23041 for new wastewater system. Original balance \$789,310. Interest rate 3.51%. Service fee of .5%. Dated March 20, 2002. Reserve of \$57,039.

Principal	\$ 789,310	\$ -	\$ 28,784	\$ 760,526	\$ 29,803
Interest	-	31,401	31,401	-	30,238
Totals	\$ 789,310	\$ 31,401	\$ 60,185	\$ 760,526	\$ 60,041

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 of \$314,514.

Principal	\$ 9,209,228	\$ -	\$ 360,378	\$ 8,848,850	\$ 370,577
Interest	-	302,312	302,312	-	290,311
Totals	\$ 9,209,228	\$ 302,312	\$ 662,690	\$ 8,848,850	\$ 660,888

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

Principal	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ 35,045
Interest	-	-	-	-	75,985
Totals	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ 111,030

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

4. LONG-TERM DEBT (CONT.):

	Outstanding Balance July 1, 2015	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2016	Due within One Year
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.					
Principal	\$ 3,000,000	\$ -	\$ 33,480	\$ 2,966,520	\$ 34,442
Interest	-	112,500	112,500	-	111,538
Totals	\$ 3,000,000	\$ 112,500	\$ 145,980	\$ 2,966,520	\$ 145,980

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.					
Principal	\$ 3,000,000	\$ -	\$ 33,480	\$ 2,966,520	\$ 34,442
Interest	-	112,500	112,500	-	111,538
Totals	\$ 3,000,000	\$ 112,500	\$ 145,980	\$ 2,966,520	\$ 145,980

IFA Loan with Business Oregon for Water System Improvements. Loan #B01003. Original balance \$1,596,800. Interest rate varies. Dated December 01, 2001.					
Principal	\$ 616,633	\$ -	\$ 66,174	\$ 550,459	\$ 66,767
Interest	-	33,455	33,455	-	29,947
Totals	\$ 616,633	\$ 33,455	\$ 99,629	\$ 550,459	\$ 96,714

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.					
Principal	\$ 749,029	\$ -	\$ 53,892	\$ 695,137	\$ 54,363
Interest	-	40,826	40,826	-	37,970
Totals	\$ 749,029	\$ 40,826	\$ 94,718	\$ 695,137	\$ 92,333

City of Coburg Water Revenue Bonds, Series 1999 held by Wells Fargo Corporate Trust Services. Original balance \$375,000. Dated September 1998. Variable interest rate of 3.6% to 5.2%.					
Principal	\$ 105,000	\$ -	\$ 25,000	\$ 80,000	\$ 25,000
Interest	-	5,460	5,460	-	4,160
Totals	\$ 105,000	\$ 5,460	\$ 30,460	\$ 80,000	\$ 29,160

TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:

Principal	\$ 19,469,200	\$ -	\$ 601,188	\$ 18,868,012	\$ 650,439
Interest	-	638,454	638,454	-	691,687
Totals	\$ 19,469,200	\$ 638,454	\$ 1,239,642	\$ 18,868,012	\$ 1,342,126

TOTAL DEBT AGREEMENTS:

Principal	\$ 20,129,597	\$ -	\$ 619,001	\$ 19,510,596	\$ 669,271
Interest	-	662,187	662,187	-	714,402
Totals	<u>\$ 20,129,597</u>	<u>\$ 662,187</u>	<u>\$ 1,281,188</u>	<u>\$ 19,510,596</u>	<u>\$ 1,383,672</u>

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

4. LONG-TERM DEBT (CONT.):

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

	<u>Due Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Governmental Activities:</u>				
Mortgage Loan for purchase of City Hall	2017	18,832	22,715	41,546
	2018	19,487	22,062	41,549
	2019	20,104	21,595	41,699
	2020	20,687	21,227	41,914
	2021	21,526	20,388	41,914
	2022-2024	541,948	48,991	590,939
	Total	\$ 642,584	\$ 156,978	\$ 799,562
<u>Business-Type Activities:</u>				
Water Funds Bonds and Notes Payable	2017	146,130	72,077	218,207
	2018	152,260	64,297	216,557
	2019	168,463	56,125	224,588
	2020	144,731	47,088	191,819
	2021	151,066	39,272	190,338
	2022-2026	562,946	81,533	644,479
	Total	\$ 1,325,596	\$ 360,391	\$ 1,685,987
Sewer Funds Bonds and Notes Payable	2017	504,309	619,610	1,123,919
	2018	541,984	556,986	1,098,970
	2019	557,638	538,979	1,096,617
	2020	574,350	519,851	1,094,201
	2021	589,804	501,913	1,091,717
	2022-2026	3,218,687	2,200,179	5,418,866
	2027-2031	3,714,593	1,631,043	5,345,636
	2032-2036	3,257,220	988,193	4,245,413
	2037-2041	781,502	678,298	1,459,800
	2042-2046	939,912	519,888	1,459,800
	2047-2051	1,129,870	329,932	1,459,802
	2052-2055	1,065,860	101,622	1,167,482
	Total	<u>\$ 16,875,729</u>	<u>\$ 9,186,494</u>	<u>\$ 26,062,223</u>

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

5. PENSION PLAN:

A. Name of Pension Plan

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

B. 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). Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (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.

Death Benefits

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

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

Disability Benefits

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

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

5. PENSION PLAN (Cont.):

Benefit Changes After Retirement

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

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.

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. IAP Plan Description:

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

5. PENSION PLAN (Cont.):

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

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

PERS contracts with VOYA Financial to maintain IAP participant records.

C. Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2016 were \$82,856, excluding amounts to fund employer specific liabilities.

D. Pension Plan CAFR

Oregon PERS produces an independently audited CAFR which can be found at:
http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

E. Actuarial Valuations

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS 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. For the OPSRP Pension Program component of the PERS 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.

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

5. PENSION PLAN (Cont.):

F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study	2014, published September 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.75 percent
Long-term expected rate of return	7.75 percent
Discount rate	7.75 percent
Projected salary increases	3.75 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.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.75 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, 2016

5. PENSION PLAN (Cont.):

Depletion Date Projection

GASB 68 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 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) 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 PERS:

- PERS 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 68 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 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real estate	9.4%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100%</u>

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

5. 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 July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. 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.

Asset Class	Target	Annual Arithmetic Mean	20-Year Annualized Geometric Mean	Annual Standard Deviation
Core Fixed Income	8.00%	4.10%	4.00%	4.68%
Short-Term Bonds	8.00%	3.65%	3.61%	2.74%
Bank/Leveraged Loans	3.00%	5.69%	5.42%	7.82%
High Yield Bonds	1.00%	6.67%	6.20%	10.28%
Large/Mid Cap US Equities	15.75%	7.96%	6.70%	17.07%
Small Cap US Equities	1.31%	8.93%	6.99%	21.35%
Micro Cap US Equities	1.31%	9.37%	7.01%	23.72%
Developed Foreign Equities	13.13%	8.34%	6.73%	19.40%
Emerging Foreign Equities	4.13%	10.56%	7.25%	28.45%
Non-US Small Cap Equities	1.88%	9.01%	7.22%	20.55%
Private Equity	17.50%	11.60%	7.97%	30.00%
Real Estate (Property)	10.00%	6.48%	5.84%	12.00%
Real Estate (REITS)	2.50%	8.74%	6.69%	22.02%
Hedge Fund of Funds - Diversified	2.50%	4.94%	4.64%	8.09%
Hedge Fund - Event-driven	0.63%	7.07%	6.72%	8.90%
Timber	1.88%	6.60%	5.85%	13.00%
Farmland	1.88%	7.11%	6.37%	13.00%
Infrastructure	3.75%	8.31%	7.13%	16.50%
Commodities	1.88%	6.07%	4.58%	18.40%
Portfolio - Net of Investment Expenses	100%	7.80%	7.03%	13.27%

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

5. PENSION PLAN (Cont.):

G. Sensitivity Analysis

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Employer's proportionate share of the net pension liability	\$ 647,555	\$ 268,309	\$ (51,295)

H. Summary of Significant Accounting Policies

Reporting Entity

PERS' financial statements are prepared on the basis of a fiscal year ended June 30. The Oregon State Treasurer has statutory responsibility for custody and investment of PERS assets. As a result of this fiduciary responsibility, PERS is included as part of the primary government in the State of Oregon Comprehensive Annual Financial Report.

Basis of Presentation

The accompanying financial statements are prepared in accordance with Governmental Accounting Standards Board Statements and generally accepted accounting principles that apply to governmental accounting for fiduciary funds.

Basis of Accounting

The accrual basis of accounting is used. Revenues are recognized when earned. Contributions are recognized when due, pursuant to formal commitments, as well as statutory and Board requirements. Expenses are recognized when incurred. Benefits are recognized when currently due and payable. Withdrawals are recognized in the month they are due and payable.

Investments

Oregon Revised Statute (ORS) 293.706 established the Oregon Investment Council (OIC), which consists of five voting members. Four members of the council, who are qualified by training and experience in the field of investment or finance, are appointed by the governor subject to state Senate confirmation. The state treasurer serves as the council's remaining voting member. In addition, the director of the Public Employees Retirement System serves as a non-voting OIC member.

OIC ensures moneys in the investment funds are invested and reinvested to achieve the investment objective of making the moneys as productive as possible. Furthermore, the investments of those funds are managed as a prudent investor would do under the prevailing circumstances and in light of the purposes, terms, distribution requirements, and laws governing each investment fund. This standard requires the exercise of reasonable care, skill, and caution and is applied to investments not in isolation, but in the context of each fund's portfolio as part of an overall investment strategy. The strategy should incorporate risk and return objectives reasonably suitable to the particular investment fund.

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

5. PENSION PLAN (Cont.):

When implementing investment decisions, OIC has a duty to diversify the investments of the investment funds unless, under the circumstances, it is not prudent to do so. In addition, OIC must act with prudence when selecting agents and delegating authority.

Investments are recognized at fair value, the amount at which financial instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The fair value of publicly traded debt and equity securities in active markets is determined by the custodian's pricing agent using nationally recognized pricing services. The custodian's pricing agent values equity securities traded on a national or international exchange at the last reported sales price, and generally values debt securities by using evaluated bid prices. For securities that do not have an active market, such as private placements or commingled investment vehicles, a market price is calculated by either the custodian's pricing agent or the investment manager. For example, a similar benchmark security may be used to derive the fair value. The benchmark will typically have a coupon rate and maturity date comparable to the debt security being valued, and its market risk will be similar, considering current market conditions. The fair value of real estate investment trust (REIT) securities is determined by the custodian's pricing agent using recognized pricing services.

Investments in private equities are recorded at fair value, as of June 30, 2015, as determined by management based on valuation information provided by the general partner. Investments in private equities representing publicly traded securities are stated at quoted market price. Where observable market inputs are not available, valuation models are applied. The general partner determines fair value based on the best information available and by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public and private transactions, valuations for publicly traded comparable companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and the general partner's own assumptions regarding the investment. The methods used to determine the fair value of these investments typically include: (1) the market approach (whereby fair value is derived by reference to observable valuation measures for comparable companies or assets) and (2) the income approach (e.g., the discounted cash flow method).

Investments in real estate, with the exception of publicly traded REITS, for which observable market prices in active markets do not exist, are reported at fair value as of June 30, 2014, as determined by management based on valuation information provided in good faith by the general partner. Direct investments in real estate are appraised every two to three years, and between appraisals, investment managers adjust values to reflect current and projected operating performance and financial transactions. In the absence of observable market prices, general partners determine the fair value of real estate partnerships using valuation methods considered most appropriate. A variety of factors are considered, including the nature of the investment, local market conditions, trading values on public exchanges for comparable investments, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment.

Investments in the opportunity and alternatives portfolios are recorded at fair value as of June 30, 2015 by the respective general partner or account manager. Investments in the opportunity and alternatives portfolios representing publicly traded securities are stated at quoted market price. Where observable market inputs are not available, valuation models are applied. The general partner or account manager determines fair value based on the best information available and by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation, and amortization, balance sheets, public and private transactions, valuations for publicly traded comparable companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and the general partner's own assumptions regarding the investment. The methods used to determine the fair value of these investments typically include: (1) the market approach (whereby fair value is derived by reference to observable valuation measures for comparable companies or assets); (2) the income approach (e.g. the discounted cash flow method).

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

5. PENSION PLAN (Cont.):

Due to the inherent uncertainty and the degree of judgment involved in determining private equity, opportunity, alternatives, and real estate portfolio investment valuations, the fair values reflected in the accompanying financial statements may differ significantly from values that would have been used had a readily determinable market value for the investments existed and the difference could be material. In addition, these investments are generally considered to be illiquid long-term investments, and the recorded fair values may materially differ from the amounts that eventually may be realized from the sale or other disposition of these investments.

OIC has approved the following asset classes for the PERF: Short-Term Investing, Fixed Income, Real Estate, Public and Private Equities, and Alternative Investments. In addition, PERF invests in the Opportunity Portfolio which may be populated with investment approaches across a wide range of investment opportunities with no limitation as to asset classes or strategies. OIC must approve, in advance, the purchase of investments in a new asset class not described above.

As of June 30, 2015, PERS did not hold investments in any one organization that represent 5 percent or more of PERS' fiduciary net position.

I. Changes in Assumptions

A summary of key changes implemented since the December 31, 2013 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at:

https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.pdf

Changes in Actuarial Methods and Allocation Procedures

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2012 and December 31, 2013 valuations, the Money Match was weighted 70 percent for General Service members and 5 percent for Police & Fire members. For the December 31, 2014 and December 31, 2015 valuations, this weighting has been adjusted to 25 percent for General Service members and 0 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions

Inflation - The inflation assumption was lowered from 2.75% to 2.50%.

Payroll Growth - Due to the lowered inflation assumption, the payroll growth assumption will be reduced from 3.75% to 3.50%.

Regular Investment Return - The assumed investment return was reduced to 7.50% from 7.75%.

Tier 1/Tier 2 Administrative Expenses - Assumed administrative expenses for tier 1/tier 2 were valued at \$33 million per year.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

5. PENSION PLAN (Cont.):

Changes in Demographic Assumptions

A summary of the changes recommended to the Board are as follows:

- Adjust the healthy mortality assumption to reflect an updated mortality improvement scale for all groups.
- Adjust retirement rates for most groups modestly to more closely align with recent and expected future experience.
- Increase the merit component of the salary increase assumption for all members based on observations of the last eight years of experience.
- Update pre-retirement termination of employment assumptions for two member categories.
- Slightly lower assumed rates of duty disability for general service members.
- Update the Tier 1 unused vacation cash out assumption for most categories. The recommendations increase the Tier 1 unused vacation cash out assumption based on recent experience.
- Adjust the Tier 1/Tier 2 unused sick leave assumption for three groups to more closely reflect recently observed experience.
- Decrease the healthy participation assumption for the RHIA retiree healthcare programs from 45% to 38%.
- Increase the participation assumption for the RHIPA retiree healthcare program for longer-service members.

Mortality Rates

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

Assumption	December 31, 2013 Valuation	Recommended December 31, 2014 and 2015 Valuations
Healthy Annuitant Mortality	RP2000 Generational with Scale AA, Combined Active/Healthy Annuitant, Sex Distinct	RP2000 Generational with Scale BB, Combined Active/Healthy Annuitant, Sex Distinct
School District male	No collar, set back 24 months	No change to collar adjustment or set back
Other General Service male (and male beneficiary)	Blended 25% blue collar/75% white collar, set back 12 months	No change to collar adjustment or set back
Police & Fire male	Blended 25% blue collar/75% white collar, set back 12 months	No change to collar adjustment or set back
School District female	White collar, set back 24 months	No collar, set back 24 months
Other female (and female beneficiary)	White collar, no setback	Blended 25% blue collar/75% white collar, no setback
Disabled Retiree Mortality	RP 2000 Static, Disabled, No Collar, Sex distinct	RP 2000 Generational with Scale BB, Disabled, No Collar, Sex distinct
Male	65% of Disabled table, but not less than corresponding healthy annuitant rates	70% of Disabled table, but not less than corresponding healthy annuitant rates
Female	90% of Disabled table, but not less than corresponding healthy annuitant rates	95% of Disabled table, but not less than corresponding healthy annuitant rates
Non-Annuitant Mortality	Fixed Percentage of Healthy Annuitant Mortality	No change
School District male	70%	60%
Other General Service male	85%	75%
Police & Fire male	95%	75%
School District female	60%	55%
Other female	55%	60%

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

5. PENSION PLAN (Cont.):

Change in Proportionate Share

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016.

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, 2015, employers will report the following deferred items:

- A difference between expected and actual experience, which is being amortized over 5.4 years, 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.
- Changes in employer proportion since the prior measurement date, which is being amortized over 5.4 years, 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.
- A Net difference between projected and actual earnings which is being amortized over a closed five year period. One year's amortization is being recognized in the employer's total pension expense for the measurement period.

I. Employer Contributions

PERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position. These are normally included in the employer statements cut off as of the fifth of the following month. PERS does not try to accrue contributions based on paydate.

Beginning with fiscal year 2016, PERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the PERS 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.

J. Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 61, of the June 30, 2015 PERS CAFR.

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

At June 30, 2016, the employer reported a liability of \$268,309 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2015, 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, 2016

5. PENSION PLAN (Cont.):

At June 30, 2015, the employer's proportion was 0.00467319 percent.

For the year ended June 30, 2016, the employer recognized pension expense of \$259,719. At June 30, 2016, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,469	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	56,244
Changes in proportionate share	-	8,591
Differences between employer contributions and employer's proportionate share of system contributions	-	10,007
Total Deferred Outflows/Inflows	\$ 14,469	\$ 74,842
Post-measurement date contributions	82,856	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 97,325	\$ 74,842
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		(60,373)

\$60,373 reported as deferred inflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (27,934)
2nd Fiscal Year	(27,934)
3rd Fiscal Year	(27,934)
4th Fiscal Year	23,518
5th Fiscal Year	(88)
Thereafter	-
Total	\$ (60,373)

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

6. 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.

7. 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.

8. OVER-EXPENDITURE OF APPROPRIATIONS:

Expenditures in excess of appropriation in individual funds for the year ended June 30, 2016 occurred as follows:

<u>Fund / Category</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General Fund / Personnel Services	\$ 993,639	\$ 1,024,427	\$ 30,788
General Fund / Capital Outlay	31,300	37,840	6,540
Street Fund / Transfers	79,358	80,134	776
Sewer CIP Fund / Materials & Services	3,105	7,809	4,704
Sewer Debt Service Fund / Debt Service	964,872	1,014,835	49,963
Parks Fund / Transfers	59,849	62,770	2,921
Building Development Fund / Transfers	24,820	53,907	29,087
Parks CIP Fund / Transfers	1,820	7,197	5,377

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund transfers for the year ended June 30, 2016 were as follows:

	Transfers <u>Out</u>	Transfers <u>In</u>
General Fund	\$ 203,801	\$ 698,085
Park Fund	62,770	97,000
Street Fund	80,134	-
Building Development Fund	53,907	-
Parks Capital Improvement Fund	7,197	1,024
Street Capital Improvement Fund	1,820	-
Coburg Urban Renewal Agency Fund	230,000	-
Water Fund	250,681	-
Sewer Fund	363,563	-
Water Capital Improvement Fund	1,820	186,903
Sewer Capital Improvement Fund	1,819	-
Sewer Debt Service Fund	-	274,500
	<u> </u>	<u> </u>
Total	<u>\$ 1,257,512</u>	<u>\$ 1,257,512</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 Debt Fund for the purpose of debt payments.

Beginning with the fiscal year ending June 30, 2016, the City budgets and reports as interfund transfers overhead administration and payroll reimbursement allocations. Overhead administration and payroll reimbursement allocations for prior years were included in the budget and reported as described in Note 11, below.

10. RESTATEMENT OF BEGINNING FUND BALANCE AND NET POSITION:

The City has determined that Water Capital Improvement Fund, Sewer Capital Improvement Fund, and Sewer Debt Fund, which were reported as part of governmental activities and governmental fund-types for the fiscal year ended June 30, 2015, should instead be reported as part of the business-type, proprietary enterprise funds. Starting with the 2015-16 fiscal year financial report, the budgetary fund Water Capital Improvement Fund is combined with the Water Fund and the budgetary funds Sewer Capital Improvement Fund and Sewer Debt Fund are combined with the Sewer Fund for the proprietary fund financial statements. They are also included in the amounts reported as business-type activities in the government-wide statements.

The total beginning fund balance for governmental funds on page 20 is restated. It does not include the June 30, 2015 fund balance amounts for the three funds noted above. The beginning net positions for proprietary funds on page 23 now include the beginning net positions of the three funds. On page 17, the Statement of Activities, beginning net positions are restated for both governmental and business-type activities, reflecting the shift of the three funds net positions at June 30, 2015.

Additionally, for both the governmental fund financial statements and government-wide governmental activities, the Urban Renewal Agency of the City of Coburg is blended with the City's other funds for financial reporting beginning with the fiscal year ended June 30, 2016. The inclusion of the \$230, 412 beginning fund balance for the URA is also included as a part of the restated value of beginning fund balance and beginning net position.

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

11. PRIOR PERIOD ADJUSTMENTS:

Various amounts reported in the financial statements of City of Coburg for the fiscal year ended June 30, 2015 were incorrect. The correction of the ending fund balances of various funds and fund-types, and ending net positions of proprietary funds, governmental activities and business-type activities are reported as Prior Period Adjustments in these financial statements for the fiscal year ended June 30, 2016.

Additionally, The City budgeted certain interfund transfers identified as “Prior Period Allocation Adjustments.” These amounts were calculated amounts for interfund and inter-departmental overhead and service changes for prior years that had not been recorded in those prior years. Those transactions are reported in the budgetary schedules as current year interfund transfers, but for the fund financial statements and government-wide statements are reported as part of the prior period adjustments.

The following table identifies the various Prior Period Adjustments and the reason for each amount:

	Budgetary Schedules	Fund Financial Statements	Government- Wide Activities
GOVERNMENTAL ACTIVITIES			
General Fund			
Overhead and Inter-Departmental Service Allocation		\$ 588,992	\$ 588,992
Various Payroll Liabilities and Other Payables	\$ 35,766	35,766	
Deferred Inflows - Property Taxes	1,872	1,872	
Total General Fund Prior Period Adjustment	\$ 37,638	\$ 626,630	
Park Fund			
LID Assesment Payable	\$ (8,736)	\$ (8,736)	\$ (8,736)
Total Park Fund Prior Period Adjustment	\$ (8,736)	\$ (8,736)	
Street Fund			
Overhead and Inter-Departmental Service Allocation		\$ (29,787)	\$ (29,787)
SDC Receivables Deferred			165,764
Total Street Fund Prior Period Adjustment	\$ -	\$ (29,787)	
Street Capital Improvement Fund			
Overhead and Inter-Departmental Service Allocation		\$ (29,787)	\$ (29,787)
Total Street Capital Improvement Fund Prior Period Adjustment	\$ -	\$ (29,787)	
Urban Renewal Fund			
Property Taxes - Deferred	\$ 741	\$ 741	\$ 1,031
Total URA Fund Prior Period Adjustment	\$ 741	\$ 741	
Non-Fund Specific			
Capital Assets Overstated			\$ (8,957,625)
Long-Term Debt Overstated			7,703,710
Other Payable			67,085
Vacation Payable			7,650
Other Accruals			2,242
TOTAL GOVERNMENTAL ACTIVITIES			\$ (489,461)

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

11. PRIOR PERIOD ADJUSTMENTS (Cont.):

	Budgetary Schedules	Fund Financial Statements	Government- Wide Activities
BUSINESS-TYPE ACTIVITIES			
Water Fund			
Overhead and Inter-Departmental Service Allocation		\$ (151,122)	\$ (151,122)
Accrued Interest	\$ 34,129	(14,650)	(14,650)
Other Accruals	(753)	(753)	(753)
Long Term Debt		234,608	234,608
Capital Assets, Net		(107,028)	(107,028)
Interfund Loan Balances	89,514		
Removal GO Bond		5,000	5,000
Total Water Fund Prior Period Adjustment	\$ 122,890	\$ (33,945)	
Sewer Capital Improvement Fund			
Overhead and Inter-Departmental Service Allocation			
Retainage Payable	\$ 326,215	\$ 326,215	326,215
Interfund Loan Balances	(40,187)		
DEQ Loan	1,164	1,164	1,164
Total Sewer Capital Improvement Fund Prior Period Adjustment	\$ 287,192	\$ 327,379	
Sewer Fund			
Overhead and Inter-Departmental Service Allocation		\$ (61,313)	(61,313)
Capital Assets, Net		826,800	826,800
Long Term Debt		(2,351,865)	(2,351,865)
Accrued Interest		15,765	15,765
Interfund Loan Balances	49,327		
Other Accruals		21	21
Total Sewer Fund Prior Period Adjustment	\$ 49,327	\$ (1,570,592)	
Sewer Funds		\$ (1,243,213)	
TOTAL PROPRIETARY ACTIVITIES			\$ (1,277,158)

12. SUBSEQUENT EVENTS:

On October 11, 2016, the Coburg City Council agreed to a loan modification with DEQ Loan R23044. The modification includes agreement of \$666,687 in loan forgiveness if the project is completed by the estimated completion date identified in the original loan agreement. The modified loan repayment schedule is presented in the long-term debt section of the notes to the financial statements on page 36 and on the future long term debt schedule presented on page 80 in the Other Supplementary Information section of this annual report.

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, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 530,500	\$ 581,000	\$ 583,595	\$ 2,595
Intergovernmental	53,200	53,200	59,156	5,956
Franchise Fees	199,200	249,200	244,464	(4,736)
Licenses, Permits, & Misc Fees	51,900	53,075	56,250	3,175
Fines and Forfeitures	113,800	114,700	127,780	13,080
Investment Revenue	1,500	1,500	2,662	1,162
Grants	43,000	43,000	13,204	(29,796)
Other Revenue	10,600	10,600	27,689	17,089
Total Revenues	1,003,700	1,106,275	1,114,800	8,525
<u>EXPENDITURES:</u>				
Administration Department	437,158	429,788	433,199	3,411
Facility Management	57,700	57,700	54,699	(3,001)
Planning Department	44,800	91,200	93,431	2,231
Police Department	380,378	380,379	381,098	719
Municipal Court	141,434	114,022	104,598	(9,424)
Economic Development	10,650	10,650	11,887	1,237
Public Works Administration	303,376	303,376	319,131	15,755
Not Allocated to an Organizational Unit:				
Capital Outlay	35,500	31,300	37,840	6,540
Debt Service				
Principal	19,706	19,706	17,813	(1,893)
Interest	23,412	23,412	23,733	321
Total Expenditures	1,454,114	1,461,533	1,477,429	15,896
Excess (Deficiency) of Revenues Over Expenditures	(450,414)	(355,258)	(362,629)	(7,371)
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	688,019	727,217	698,085	(29,132)
Operating Transfer (Out)	(177,398)	(825,006)	(203,801)	(621,205)
Prior period adj/overhead allocation	-	588,992	588,992	-
Total Other Financing Sources (Uses)	510,621	491,203	1,083,276	592,073
Net Change in Fund Balance	60,207	135,945	720,647	584,702
Fund Balance - July 1, 2015	(239,264)	(365,924)	(365,924)	-
Prior Period Adjustment	-	-	37,638	37,638
Fund Balance - June 30, 2016	\$ (179,057)	\$ (229,979)	\$ 392,361	\$ 622,340

CITY OF COBURG

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

STREET FUND

For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ 115,000	\$ 115,000	\$ 144,761	\$ 29,761
Grants	50,000	50,000	49,995	(5)
Investment Revenue	-	-	657	657
Miscellaneous Revenue	-	-	390	390
Total Revenues	165,000	165,000	195,803	30,803
<u>EXPENDITURES:</u>				
Materials and Services	111,570	111,570	93,085	(18,485)
Capital Outlay	-	1,897	-	(1,897)
Contingency	100,000	-	-	-
Total Expenditures	211,570	113,467	93,085	(20,382)
Excess (Deficiency) of Revenues Over Expenditures	(46,570)	51,533	102,718	51,185
<u>OTHER FINANCING SOURCES / (USES):</u>				
Prior period adj/overhead allocation	-	(29,787)	(29,787)	-
Operating Transfer (Out)	(79,358)	(79,358)	(80,134)	776
Total Other Financing Sources (Uses)	(79,358)	(109,145)	(109,921)	776
Net Change In Fund Balance	(125,928)	(57,612)	(7,203)	51,961
Fund Balance - July 1, 2015	160,019	116,504	116,503	(1)
Fund Balance - June 30, 2016	\$ 34,091	\$ 58,892	\$ 109,300	\$ 51,960

CITY OF COBURG

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

STREET CAPITAL IMPROVEMENT FUND

For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Charges for Services	\$ 19,800	\$ 19,800	\$ 41,802	\$ 22,002
Investment Revenue	2,850	2,850	2,981	131
Total Revenues	22,650	22,650	44,783	22,133
EXPENDITURES:				
Materials and Services	1,195	3,065	2,043	(1,022)
Contingency	200,000	158,183	-	(158,183)
Total Expenditures	201,195	161,248	2,043	(159,205)
Excess (Deficiency) of Revenues Over Expenditures	(178,545)	(138,598)	42,740	181,338
OTHER FINANCING SOURCES / (USES):				
Prior period adj/overhead allocation	-	(29,787)	(29,787)	-
Operating Transfer (Out)	(1,820)	(1,820)	(1,820)	-
Total Other Financing Sources (Uses)	(1,820)	(31,607)	(31,607)	-
Net Change in Fund Balance	(180,365)	(170,205)	11,133	181,338
Fund Balance - July 1, 2015	232,545	317,761	317,761	-
Fund Balance - June 30, 2016	\$ 52,180	\$ 147,556	\$ 328,894	\$ 181,338

CITY OF COBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual URBAN RENEWAL AGENCY FUND - A COMPONENT UNIT For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 306,500	\$ 306,500	\$ 248,078	\$ (58,422)
Investment Revenue	500	500	1,313	813
Total Revenues	307,000	307,000	249,391	(57,609)
<u>EXPENDITURES:</u>				
Materials and supplies	7,250	7,250	2,300	(4,950)
Total Expenditures	7,250	7,250	2,300	(4,950)
Excess (Deficiency) of Revenues Over Expenditures	299,750	299,750	247,091	(52,659)
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer (Out)	(230,000)	(230,000)	(230,000)	-
Total Other Financing Sources (Uses)	(230,000)	(230,000)	(230,000)	-
Net Change In Fund Balance	69,750	69,750	17,091	(52,659)
Fund Balance - July 1, 2015	159,158	159,158	206,845	47,687
Prior Period Adjustment	-	-	741	741
Fund Balance - June 30, 2016	\$ 228,908	\$ 228,908	\$ 224,677	\$ (4,231)

CITY OF COBURG

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERS

Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability (asset)	0.00467319%	0.00517355%	
Employer's proportionate share of the net pension liability (asset)	\$ 268,309	\$ (117,270)	
Employer's covered - employee payroll	\$ 675,338	\$ 416,570	\$ 577,960
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	39.73%	-28.15%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	91.9%	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*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 82,856	\$ 45,190	\$ 45,098
Contributions in relation to the contractually required contribution	<u>82,856</u>	<u>45,190</u>	<u>45,098</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Employer's covered - employee payroll	\$ 675,338	\$ 416,570	\$ 577,960
Contributions as a percentage of covered - employee payroll	12.27%	10.85%	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

OTHER
SUPPLEMENTARY
INFORMATION

Proprietary Funds

Water Funds

CITY OF COBURG

COMBINING STATEMENT OF NET POSITION

WATER FUNDS

June 30, 2016

	Water Fund	Water Capital Improvement Fund	Total Water Utility
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 315,364	\$ 264,648	\$ 580,012
Accounts Receivable - Net	23,925	-	23,925
SDC Receivables	-	160,706	160,706
Total Current Assets	339,289	425,354	764,643
Non-Current Assets:			
Restricted Cash	31,960	-	31,960
Capital Assets:			
Capital Assets, Net of Depreciation	3,163,750	-	3,163,750
Total Capital Assets	3,163,750	-	3,163,750
Total Assets	3,534,999	425,354	3,960,353
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Pension Related Deferrals	295	-	295
Total Deferred Outflow of Resources	295	-	295
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	19,525	23,721	43,246
LID Assessment Payable	10,287	-	10,287
Accrued Interest Payable	42,365	-	42,365
Customer Deposits	1,820	-	1,820
Current Portion of Long-Term Liabilities:			
Notes Payable	121,130	-	121,130
Bonds Payable	25,000	-	25,000
Total Current Liabilities	220,127	23,721	243,848
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	1,124,466	-	1,124,466
Bonds Payable	55,000	-	55,000
Net Pension Liability	5,477	-	5,477
Total Long-Term Liabilities	1,184,943	-	1,184,943
Total Liabilities	1,405,070	23,721	1,428,791
<u>DEFERRED INFLOW OF RESOURCES:</u>			
SDCs Receivable not Currently Collectable	-	160,706	160,706
Pension Related Deferrals	1,528	-	1,528
Total Deferred Inflow of Resources	1,528	160,706	162,234
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	1,838,154	-	1,838,154
Restricted for:			
Debt Service	31,960	-	31,960
Capital Projects	-	240,927	240,927
Unrestricted	258,582	-	258,582
Total Net Position	\$ 2,128,696	\$ 240,927	\$ 2,369,623

CITY OF COBURG

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

WATER FUNDS

For the Fiscal Year Ended June 30, 2016

	<u>Water Fund</u>	<u>Water Capital Improvement Fund</u>	<u>Total Water Utility</u>
<u>OPERATING REVENUES:</u>			
Charges for Services:			
Water Charges	\$ 715,326	\$ 40,652	\$ 755,978
Other Revenue	1,394	-	1,394
Total Operating Revenues	716,720	40,652	757,372
<u>OPERATING EXPENSES:</u>			
Personnel Services	6,710	-	6,710
Materials and Supplies	57,432	31,882	89,314
Depreciation	107,027	-	107,027
Total Operating Expenses	171,169	31,882	203,051
Operating Income (Loss)	545,551	8,770	554,321
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Interest Income	-	7,495	7,495
Interest Expense	(72,908)	-	(72,908)
Total Non-Operating Revenues (Expenses)	(72,908)	7,495	(65,413)
Income Before Other Revenues, Expenses, and Transfers	472,643	16,265	488,908
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Interfund Transfers In	-	186,903	186,903
Interfund Transfers (Out)	(250,681)	(1,820)	(252,501)
Total Capital Contributions and Transfers	(250,681)	185,083	(65,598)
Change in Net Position	221,962	201,348	423,310
Net Position, July 1, 2015 - Restated (see Note 10)	1,940,679	39,579	1,980,258
Prior Period Adjustment	(33,945)	-	(33,945)
Net Position, June 30, 2016	\$ 2,128,696	\$ 240,927	\$ 2,369,623

CITY OF COBURG
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
WATER FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Charges for Services	\$ 626,500	\$ 751,500	\$ 715,326	\$ (36,174)
Other Revenue	1,500	1,500	1,394	(106)
Total Revenues	628,000	753,000	716,720	(36,280)
<u>EXPENDITURES:</u>				
Materials and supplies	96,900	96,900	57,432	(39,468)
Capital Outlay	20,000	21,897	19,961	(1,936)
Debt Service				
Principal	145,998	145,998	145,066	(932)
Interest	(5,896)	98,468	79,741	(18,727)
Contingency	100,000	100,000	-	(100,000)
Total Expenditures	357,002	463,263	302,200	(161,063)
Excess (Deficiency) of Revenues Over Expenditures	270,998	289,737	414,520	124,783
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer (Out)	(282,639)	(282,639)	(250,681)	(31,958)
Prior period adj/overhead allocation	-	(151,122)	(151,122)	-
Interfund Loan In (Out)	-	(89,514)	(89,514)	-
Total Other Financing Sources (Uses)	(282,639)	(523,275)	(491,317)	31,958
Net Change In Fund Balance	(11,641)	(233,538)	(76,797)	156,741
Fund Balance - July 1, 2015	146,406	340,969	293,105	(47,864)
Prior Period Adjustment	-	-	122,890	122,890
Fund Balance - June 30, 2016	\$ 134,765	\$ 107,431	\$ 339,198	\$ 231,767

Reconciliation to generally accepted accounting principles basis

Net Change in Fund Balance - from above	\$ (76,797)
Debt Principal Payments	145,066
Capital outlay that is capitalized	19,961
Change in Pension Expense	(6,710)
Interfund loan repayment	89,514
Prior period adj/overhead allocation non-GAAP expenditure	151,122
Depreciation Expense	(107,027)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenditures, and Changes in Net Position	<u>\$ 215,129</u>

CITY OF COBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual WATER CAPITAL IMPROVEMENT FUND For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for Services	\$ 51,400	\$ 51,400	\$ 40,652	(10,748)
Investment Revenue	7,550	7,550	7,495	(55)
Total Revenues	58,950	58,950	48,147	(10,803)
EXPENDITURES:				
Materials and Services	33,130	33,130	31,882	(1,248)
Total Expenditures	33,130	33,130	31,882	(1,248)
Excess (Deficiency) of Revenues Over Expenditures	25,820	25,820	16,265	(9,555)
OTHER FINANCING SOURCES / (USES):				
Operating Transfer In	102,500	186,903	186,903	-
Operating Transfer (Out)	(1,820)	(1,820)	(1,820)	-
Total Other Financing Sources (Uses)	100,680	185,083	185,083	-
Net Change In Fund Balance	126,500	210,903	201,348	(9,555)
Fund Balance - July 1, 2015	(2,386)	39,579	39,579	-
Fund Balance - June 30, 2016	\$ 124,114	\$ 250,482	\$ 240,927	\$ (9,555)

OTHER
SUPPLEMENTARY
INFORMATION

Proprietary Funds

Sewer Funds

CITY OF COBURG

COMBINING STATEMENT OF NET POSITION

SEWER FUNDS

June 30, 2016

	Sewer Fund	Sewer Capital Improvement Fund	Sewer Debt Fund	Total Sewer Utility
<u>ASSETS:</u>				
Current Assets:				
Cash and Investments	\$ 329,491	\$ 467,505	\$ 930,055	\$ 1,727,051
Accounts Receivable - Net	33,500	-	-	33,500
LID Liens Receivable	-	-	974,565	974,565
SDCs Receivable	-	180,809	-	180,809
Total Current Assets	362,991	648,314	1,904,620	2,915,925
Non-Current Assets:				
Restricted Cash - Debt Sinking Fund	-	-	436,047	436,047
Total Non-Current Assets	-	-	436,047	436,047
Capital Assets:				
Land	217,293	-	-	217,293
Depreciable Assets, Net of Depreciation	24,768,312	-	-	24,768,312
Total Capital Assets	24,985,605	-	-	24,985,605
Total Assets	25,348,596	648,314	2,340,667	28,337,577
<u>DEFERRED OUTFLOW OF RESOURCES:</u>				
Pension Related Deferrals	854	-	-	854
Total Deferred Outflow of Resources	854	-	-	854
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	2,710	-	-	2,710
Interest Payable	221,519	-	-	221,519
Current Portion of Long-Term Liabilities:				
Notes Payable	435,425	-	-	435,425
Bonds Payable	68,884	-	-	68,884
Total Current Liabilities	728,538	-	-	728,538
Long-Term Liabilities:				
Noncurrent Portion of Long-Term Liabilities:				
Notes Payable	11,173,951	-	-	11,173,951
Bonds Payable	5,864,156	-	-	5,864,156
Net Pension Liability	15,822	-	-	15,822
Total Long-Term Liabilities	17,053,929	-	-	17,053,929
Total Liabilities	17,782,467	-	-	17,782,467
<u>DEFERRED INFLOW OF RESOURCES:</u>				
Liens Receivable not Currently Collectable	-	-	846,566	846,566
SDCs not Currently Collectable	-	180,809	-	180,809
Pension Related Deferrals	4,413	-	-	4,413
Total Deferred Inflows of Resources	4,413	180,809	846,566	1,031,788
<u>NET POSITION:</u>				
Invested in capital assets, net of related debt	7,443,189	-	-	7,443,189
Restricted for:				
Debt Service	-	-	436,047	436,047
Capital Projects	-	467,505	-	467,505
Unrestricted	119,381	-	1,058,054	1,177,435
Total Net Position	\$ 7,562,570	\$ 467,505	\$ 1,494,101	\$ 9,524,176

CITY OF COBURG

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

SEWER FUNDS

For the Fiscal Year Ended June 30, 2016

	Sewer Fund	Sewer Capital Improvement Fund	Sewer Debt Fund	Total Sewer Utility
<u>OPERATING REVENUES:</u>				
Charges for Services:				
Sewer Charges	\$ 668,434	\$ 53,347	\$ 487,641	\$ 1,209,422
Total Operating Revenues	668,434	53,347	487,641	1,209,422
<u>OPERATING EXPENSES:</u>				
Personnel Services	13,993	-	-	13,993
Materials and Supplies	162,746	630	2,708	166,084
Depreciation	544,850	-	-	544,850
Total Operating Expenses	721,589	630	2,708	724,927
Operating Income (Loss)	(53,155)	52,717	484,933	484,495
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
Interest Income	152	4,743	114	5,009
Interest Expense	(221,519)	-	(558,713)	(780,232)
Total Non-Operating Revenues (Expenses)	(221,367)	4,743	(558,599)	(775,223)
Income Before Other Revenues, Expenses, and Transfers	(274,522)	57,460	(73,666)	(290,728)
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>				
Interfund Transfers In	-	-	274,500	274,500
Interfund Transfers (Out)	(363,563)	(1,819)	-	(365,382)
Capital Asset Transfers In	780,284	-	-	780,284
Capital Asset Transfers (Out)	-	(324,162)	(456,122)	(780,284)
Total Capital Contributions and Transfers	416,721	(325,981)	(181,622)	(90,882)
Change In Net Position	142,199	(268,521)	(255,288)	(381,610)
Net Position, July 1, 2015 - Restated (see Note 10)	8,990,963	408,647	1,749,389	11,148,999
Prior Period Adjustment	(1,570,592)	327,379	-	(1,243,213)
Net Position, June 30, 2016	\$ 7,562,570	\$ 467,505	\$ 1,494,101	\$ 9,524,176

CITY OF COBURG

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

SEWER FUND

For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Charges for Services	\$ 625,000	\$ 645,000	\$ 668,434	\$ 23,434
Investment Revenue	-	-	152	152
Total Revenues	625,000	645,000	668,586	23,586
<u>EXPENDITURES:</u>				
Materials and Services	176,750	192,405	162,746	(29,659)
Capital Outlay	-	1,897	-	(1,897)
Total Expenditures	176,750	194,302	162,746	(31,556)
Excess (Deficiency) of Revenues Over Expenditures	448,250	450,698	505,840	55,142
<u>OTHER FINANCING SOURCES / (USES):</u>				
Prior period adj/overhead allocation	-	(61,313)	(61,313)	-
Operating Transfer (Out)	(312,721)	(363,676)	(363,563)	(113)
Interfund Loan In	-	89,514	89,514	-
Interfund Loan (Out)	-	(40,187)	(40,187)	-
Total Other Financing Sources (Uses)	(312,721)	(375,662)	(375,549)	(113)
Net Change In Fund Balance	135,529	75,036	130,291	55,255
Fund Balance - July 1, 2015	(78,243)	130,326	279,317	148,991
Prior Period Adjustment	-	-	(49,327)	(49,327)
Fund Balance - June 30, 2016	\$ 57,286	\$ 205,362	\$ 360,281	\$ 154,919

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	\$ 130,291
Change in Accrued Interest	(221,519)
Change in Pension Expense	(13,993)
Prior period adj/overhead allocation non-GAAP expenditure	61,313
Interfund loan repayments (net)	(49,327)
Contributed Capital	780,284
Depreciation Expense	(544,850)
Change in Net Position as Reported in Combining Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 142,199</u>

CITY OF COBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual SEWER CAPITAL IMPROVEMENT FUND For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for Services	\$ 53,600	\$ 53,600	\$ 53,347	\$ (253)
Investment Revenue	4,830	4,830	4,743	(87)
Total Revenues	58,430	58,430	58,090	(340)
EXPENDITURES:				
Materials and Services	3,105	3,105	7,809	4,704
Total Expenditures	3,105	3,105	7,809	4,704
Excess (Deficiency) of Revenues Over Expenditures	55,325	55,325	50,281	(5,044)
OTHER FINANCING SOURCES / (USES):				
Operating Transfer In	50,000	621,205	-	(621,205)
Operating Transfer (Out)	(1,819)	(1,819)	(1,819)	-
Prior period adj/overhead allocation	-	(316,983)	(316,983)	-
Interfund Loan Repayment - Principal	-	40,187	40,187	-
Total Other Financing Sources	48,181	342,590	(278,615)	(621,205)
Net Change In Fund Balance	103,506	397,915	(228,334)	(626,249)
Fund Balance - July 1, 2015	45,980	96,847	408,647	311,800
Prior Period Adjustment	-	-	287,192	287,192
Fund Balance - June 30, 2016	\$ 149,486	\$ 494,762	\$ 467,505	\$ (27,257)

Reconciliation to Generally Accepted Accounting Principal Basis (GAAP):

Net change in fund balance from above	\$ (228,334)
Interfund loan repayment	(40,187)
Expenditures that are capitalized	324,162
Change in Net Position as Reported in Combining Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 55,641</u>

CITY OF COBURG

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

SEWER DEBT SERVICE FUND

For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final	(See Note 1)	Positive (Negative)
<u>REVENUES:</u>				
Taxes and Assessments	\$ 175,000	\$ 175,000	\$ 487,641	\$ 312,641
Investment Revenue	-	-	114	114
Total Revenues	175,000	175,000	487,755	312,755
<u>EXPENDITURES:</u>				
Materials & Services	5,000	5,000	2,708	(2,292)
Debt Service				
Principal	467,956	467,956	456,122	(11,834)
Interest	496,916	496,916	558,713	61,797
Total Expenditures	969,872	969,872	1,017,543	49,963
Excess (Deficiency) of Revenues Over Expenditures	(794,872)	(794,872)	(529,788)	262,792
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	274,500	274,500	274,500	-
Operating Transfer (Out)	(50,955)	-	-	-
Total Other Financing Sources (Uses)	223,545	274,500	274,500	-
Net Change In Fund Balance	(571,327)	(520,372)	(255,288)	262,792
Fund Balance - July 1, 2015	2,062,591	1,749,389	1,749,389	-
Fund Balance - June 30, 2016	\$ 1,491,264	\$ 1,229,017	\$ 1,494,101	\$ 262,792

Reconciliation to Generally Accepted Accounting Principal Basis (GAAP):

Net change in fund balance from above	\$ (255,288)
Debt principal payments	456,122
Change in Net Position as Reported in Combining Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 200,834</u>

OTHER
SUPPLEMENTARY
INFORMATION

Non – Major
Special Revenue Funds

CITY OF COBURG
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2016

	Parks Fund	Building Development Fund	Parks CIP Fund	Total
<u>ASSETS:</u>				
Cash & Investments	\$ 17,638	\$ 5,128	\$ 59,179	\$ 81,945
Accounts Receivable	-	-	18,422	18,422
SDC Receivable	-	-	61,621	61,621
Total Assets	\$ 17,638	\$ 5,128	\$139,222	\$ 161,988
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>				
LIABILITIES:				
Accounts Payable	\$ 582	\$ 2,262	\$ 2,175	\$ 5,019
Liens Payable	42,906	-	-	42,906
Interest Payable	1,726	-	-	1,726
Total Liabilities	45,214	2,262	2,175	49,651
DEFERRED INFLOW OF RESOURCES:				
Uncollected SDC's	-	-	61,621	61,621
Total Deferred Inflows of Resources	-	-	61,621	61,621
FUND BALANCES:				
Restricted for:				
Capital Projects	-	-	75,426	75,426
Committed for:				
Public Works	-	2,866	-	2,866
Unassigned	(27,576)	-	-	(27,576)
Total Fund Balances	(27,576)	2,866	75,426	50,716
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 17,638	\$ 5,128	\$139,222	\$ 161,988

CITY OF COBURG

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

NON-MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2016

	Parks Fund	Building Development Fund	Parks Capital Improvement Fund	Total
REVENUES:				
Licenses and Permits	\$ -	\$ 166,582	\$ -	\$ 166,582
Charges for Services	795	-	29,971	30,766
Grants	1,009	-	75,000	76,009
Investment Revenue	-	-	2,686	2,686
Total Revenues	1,804	166,582	107,657	276,043
EXPENDITURES:				
General Government	-	111,732	-	111,732
Culture and Recreation	18,355	-	1,464	19,819
Capital Outlay	7,606	-	186,027	193,633
Total Expenditures	25,961	111,732	187,491	325,184
Excess (Deficiency) of Revenues Over Expenditures	(24,157)	54,850	(79,834)	(49,141)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	97,000	-	1,024	98,024
Operating Transfers (Out)	(62,770)	(53,907)	(7,197)	(123,874)
Total Other Financing Sources (Uses)	34,230	(53,907)	(6,173)	(25,850)
Net Change in Fund Balances	10,073	943	(86,007)	(74,991)
Fund Balances - July 1, 2015	(28,913)	1,923	161,433	134,443
Prior Period Adjustment	(8,736)	-	-	(8,736)
Fund Balances - June 30, 2016	\$ (27,576)	\$ 2,866	\$ 75,426	\$ 50,716

CITY OF COBURG

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

PARKS FUND

For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive</u>
			<u>(See Note 1)</u>	<u>(Negative)</u>
<u>REVENUES:</u>				
Donations	\$ -	\$ -	\$ 1,009	\$ 1,009
Charges for Service	50	50	795	745
Total Revenues	50	50	1,804	1,754
<u>EXPENDITURES:</u>				
Materials and Services	26,370	26,370	18,355	(8,015)
Capital Outlay	10,000	11,897	7,606	(4,291)
Debt Service	14,094	14,094	-	(14,094)
Total Expenditures	50,464	52,361	25,961	(26,400)
Excess (Deficiency) of Revenues Over Expenditures	(50,414)	(52,311)	(24,157)	28,154
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	105,000	97,000	97,000	-
Operating Transfer (Out)	(59,849)	(59,849)	(62,770)	2,921
Total Other Financing Sources (Uses)	45,151	37,151	34,230	(2,921)
Net Change In Fund Balance	(5,263)	(15,160)	10,073	25,233
Fund Balance - July 1, 2015	5,263	16,074	(28,913)	(44,987)
Prior Period Adjustment	-	-	(8,736)	(8,736)
Fund Balance - June 30, 2016	\$ -	\$ 914	\$ (27,576)	\$ (28,490)

CITY OF COBURG

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

BUILDING DEVELOPMENT FUND

For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, Permits & Fees	\$ 70,116	\$ 157,000	\$ 166,582	\$ 9,582
Total Revenues	70,116	157,000	166,582	9,582
EXPENDITURES:				
Materials and Services	50,050	120,700	111,732	(8,968)
Total Expenditures	50,050	120,700	111,732	(8,968)
Excess (Deficiency) of Revenues Over Expenditures	20,066	36,300	54,850	18,550
OTHER FINANCING SOURCES / (USES):				
Operating Transfer (Out)	(19,820)	(24,820)	(53,907)	29,087
Total Other Financing Sources (Uses)	(19,820)	(24,820)	(53,907)	29,087
Net Change in Fund Balance	246	11,480	943	(10,537)
Fund Balance - July 1, 2015	6,285	1,923	1,923	-
Fund Balance - June 30, 2016	\$ 6,531	\$ 13,403	\$ 2,866	\$ (10,537)

CITY OF COBURG

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual PARKS CAPITAL IMPROVEMENT FUND For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Charges for Services	\$ 50,800	\$ 50,800	\$ 29,971	\$ (20,829)
Investment Revenue	4,950	4,950	2,686	(2,264)
Grants	541,000	541,000	75,000	(466,000)
Total Revenues	596,750	596,750	107,657	(489,093)
<u>EXPENDITURES:</u>				
Materials and Services	6,165	6,165	1,464	(4,701)
Capital Outlay	582,000	582,000	186,027	(395,973)
Contingency	100,000	100,000	-	(100,000)
Total Expenditures	688,165	688,165	187,491	(500,674)
Excess (Deficiency) of Revenues Over Expenditures	(91,415)	(91,415)	(79,834)	11,581
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	-	-	1,024	1,024
Operating Transfer (Out)	(1,820)	(1,820)	(7,197)	5,377
Total Other Financing Sources (Uses)	(1,820)	(1,820)	(6,173)	4,353
Net Change In Fund Balance	(93,235)	(93,235)	(86,007)	(7,228)
Fund Balance - July 1, 2015	168,074	168,074	161,433	(6,641)
Fund Balance - June 30, 2016	\$ 74,839	\$ 74,839	\$ 75,426	\$ 587

OTHER
SUPPLEMENTARY
INFORMATION

Additional
Supporting Schedules

CITY OF COBURG

SCHEDULE OF PROPERTY TAXES

For the Fiscal Year Ended June 30, 2016

	General Fund Permanent Rate Tax, Subject to Measure 5
Assessed Valuation, 2015-16 Tax Roll	\$ 162,153,690
General Fund Permanent Rate Levy, Per \$1,000	0.0037506
Amount Levy Rates Will Raise	608,174
Gain From UR Division of Tax Rate Truncation	4
Roll Corrections & Omitted Property	20
Net Tax Levy Imposed	\$ 608,198

	Uncollected Balance July 1, 2015	Collector's Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2016
2015-16	\$ 608,198	\$ (19,891)	\$ 571,890	\$ 16,417
2014-15	13,004	928	6,076	7,856
2013-14	7,751	(66)	2,258	5,427
2012-13	6,113	(56)	2,004	4,053
2011-12	3,990	197	1,238	2,949
2010-11	2,906	(207)	81	2,618
2009-10 & Prior	4,675	88	184	4,579
Total Cash Collections	\$ 646,637	\$ (19,007)	\$ 583,731	\$ 43,899

Less Accrued Revenue - June 30, 2015 (980)

Add Accrued Revenue - June 30, 2016 844

Total Property Tax Revenue **\$ 583,595**

	Current	Prior	Total	Property Taxes Receivable
Current Year Collections:				
General Fund	\$ 574,996	\$ 8,599	\$ 583,595	\$ 43,899
TOTALS	\$ 574,996	\$ 8,599	\$ 583,595	\$ 43,899

CITY OF COBURG

SCHEDULE OF PROPERTY TAXES URBAN RENEWAL AGENCY

(A Component Unit of the City of Coburg)

For the Fiscal Year Ended June 30, 2016

	Uncollected Balance July 1, 2015	Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2016
2015-16	\$ 294,115	\$ (46,374)	\$ 240,827	\$ 6,914
2014-15	8,559	339	3,728	5,170
2013-14	3,495	66	1,114	2,447
2012-13	3,819	104	1,394	2,529
2011-12	2,564	239	912	1,891
2010-11	1,858	(73)	109	1,676
2009-10 & Prior	4,303	(872)	189	3,242
Total Property Taxes	\$ 318,713	\$ (46,571)	\$ 248,273	\$ 23,869
Less Accrued Revenue - June 30, 2015			(610)	
Add Accrued Revenue - June 30, 2016			415	
Total Property Tax Revenue			\$ 248,078	
Current Year Collections:	Current	Prior	Total	Property Taxes Receivable
Coburg Urban Renewal Agency	\$ 242,736	\$ 5,342	\$ 248,078	\$ 23,869
TOTALS	\$ 242,736	\$ 5,342	\$ 248,078	\$ 23,869

CITY OF COBURG

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2016

	<u>Outstanding Balance July 1, 2015</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2016</u>	<u>Due within One Year</u>
--	---	--	---	--	--------------------------------

GOVERNMENTAL ACTIVITIES:

Mortgage loan dated January 16, 2014 with Summit Bank for the purchase of City Hall. Original balance \$685,000. Interest rate is 3.59%.

Principal	\$ 660,397	\$ -	\$ 17,813	\$ 642,584	\$ 18,832
Interest	-	23,733	23,733	-	22,715
Totals	\$ 660,397	\$ 23,733	\$ 41,546	\$ 642,584	\$ 41,546

TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:

Principal	\$ 660,397	\$ -	\$ 17,813	\$ 642,584	\$ 18,832
Interest	-	23,733	23,733	-	22,715
Totals	<u>\$ 660,397</u>	<u>\$ 23,733</u>	<u>\$ 41,546</u>	<u>\$ 642,584</u>	<u>\$ 41,546</u>

BUSINESS-TYPE ACTIVITIES:

Note payable to Department of Environmental Quality #R23041 for new wastewater system. Original balance \$789,310. Interest rate 3.51%. Service fee of .5%. Dated March 20, 2002. Reserve of \$57,039.

Principal	\$ 789,310	\$ -	\$ 28,784	\$ 760,526	\$ 29,803
Interest	-	31,401	31,401	-	30,238
Totals	\$ 789,310	\$ 31,401	\$ 60,185	\$ 760,526	\$ 60,041

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 of \$314,514.

Principal	\$ 9,209,228	\$ -	\$ 360,378	\$ 8,848,850	\$ 370,577
Interest	-	302,312	302,312	-	290,311
Totals	\$ 9,209,228	\$ 302,312	\$ 662,690	\$ 8,848,850	\$ 660,888

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

Principal	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ 35,045
Interest	-	-	-	-	75,985
Totals	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ 111,030

Continued

CITY OF COBURG

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS (Continued)

For the Fiscal Year Ended June 30, 2016

BUSINESS-TYPE ACTIVITIES (CONT.):

	Outstanding Balance July 1, 2015	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2016	Due within One Year
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.					
Principal	\$ 3,000,000	\$ -	\$ 33,480	\$ 2,966,520	\$ 34,442
Interest	-	112,500	112,500	-	111,538
Totals	\$ 3,000,000	\$ 112,500	\$ 145,980	\$ 2,966,520	\$ 145,980
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.					
Principal	\$ 3,000,000	\$ -	\$ 33,480	\$ 2,966,520	\$ 34,442
Interest	-	112,500	112,500	-	111,538
Totals	\$ 3,000,000	\$ 112,500	\$ 145,980	\$ 2,966,520	\$ 145,980
IFA Loan with Business Oregon for Water System Improvements. Loan #B01003. Original balance \$1,596,800. Interest rate varies. Dated December 01, 2001.					
Principal	\$ 616,633	\$ -	\$ 66,174	\$ 550,459	\$ 66,767
Interest	-	33,455	33,455	-	29,947
Totals	\$ 616,633	\$ 33,455	\$ 99,629	\$ 550,459	\$ 96,714
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.					
Principal	\$ 749,029	\$ -	\$ 53,892	\$ 695,137	\$ 54,363
Interest	-	40,826	40,826	-	37,970
Totals	\$ 749,029	\$ 40,826	\$ 94,718	\$ 695,137	\$ 92,333
City of Coburg Water Revenue Bonds, Series 1999 held by Wells Fargo Corporate Trust Services. Original balance \$375,000. Dated September 1998. Variable interest rate of 3.6% to 5.2%.					
Principal	\$ 105,000	\$ -	\$ 25,000	\$ 80,000	\$ 25,000
Interest	-	5,460	5,460	-	4,160
Totals	\$ 105,000	\$ 5,460	\$ 30,460	\$ 80,000	\$ 29,160
TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 19,469,200	\$ -	\$ 601,188	\$ 18,868,012	\$ 650,439
Interest	-	638,454	638,454	-	691,687
Totals	\$ 19,469,200	\$ 638,454	\$ 1,239,642	\$ 18,868,012	\$ 1,342,126
TOTAL DEBT AGREEMENTS:					
Principal	\$ 20,129,597	\$ -	\$ 619,001	\$ 19,510,596	\$ 669,271
Interest	-	662,187	662,187	-	714,402
Totals	\$ 20,129,597	\$ 662,187	\$ 1,281,188	\$ 19,510,596	\$ 1,383,672

CITY OF COBURG

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT

For the Fiscal Year Ended June 30, 2016

Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fees	Fiscal Year-end Balance
<u>GOVERNMENTAL ACTIVITIES:</u>					
Mortgage loan dated January 16, 2014 with Summit Bank for the purchase of City Hall. Original balance \$685,000. Interest rate is 3.59%.					
2017	\$ 41,546	\$ 18,832	\$ 22,715	\$ -	\$ 623,753
2018	41,549	19,487	22,062	-	604,266
2019	41,699	20,104	21,595	-	584,162
2020	41,914	20,687	21,227	-	563,475
2021	41,914	21,526	20,388	-	541,949
2022	41,914	22,303	19,611	-	519,646
2023	41,916	23,140	18,776	-	496,506
2024	507,110	496,506	10,604	-	-
Totals	\$ 799,562	\$ 642,584	\$ 156,978	\$ -	

BUSINESS-TYPE ACTIVITIES:

Note payable to Department of Environmental Quality #R23041 for new wastewater system. Original balance \$789,310. Interest rate 3.51%. Service fee of .5%. Dated March 20, 2002. Reserve of \$57,039.

2017	\$ 60,041	\$ 29,803	\$ 26,435	\$ 3,803	\$ 730,723
2018	59,892	30,858	25,380	3,654	699,865
2019	59,737	31,950	24,288	3,499	667,915
2020	59,578	33,082	23,156	3,340	634,833
2021	59,412	34,254	21,984	3,174	600,579
2022	59,241	35,466	20,772	3,003	565,113
2023	59,064	36,722	19,516	2,826	528,391
2024	58,880	38,022	18,216	2,642	490,369
2025	58,690	39,368	16,870	2,452	451,001
2026	58,493	40,763	15,475	2,255	410,238
2027	58,289	42,205	14,033	2,051	368,033
2028	58,078	43,700	12,538	1,840	324,333
2029	57,860	45,248	10,990	1,622	279,085
2030	57,633	46,850	9,388	1,395	232,235
2031	57,399	48,508	7,730	1,161	183,727
2032	57,157	50,226	6,012	919	133,501
2033	56,906	52,004	4,234	668	81,497
2034	56,645	53,846	2,392	407	27,651
2035	28,274	27,651	485	138	-
Totals	\$ 1,081,269	\$ 760,526	\$ 279,894	\$ 40,849	

Continued

CITY OF COBURG

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT (Continued)

For the Fiscal Year Ended June 30, 2016

Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fees	Fiscal Year-end Balance
<u>BUSINESS-TYPE ACTIVITIES (Cont.):</u>					
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 of \$314,514.					
2017	\$ 660,888	\$ 370,577	\$ 246,067	\$ 44,244	8,478,273
2018	659,035	381,063	235,581	42,391	8,097,210
2019	657,130	391,846	224,798	40,486	7,705,364
2020	655,171	402,935	213,709	38,527	7,302,429
2021	653,156	414,336	202,308	36,512	6,888,093
2022	651,084	426,060	190,584	34,440	6,462,033
2023	648,954	438,117	178,527	32,310	6,023,916
2024	646,764	450,515	166,129	30,120	5,573,401
2025	644,511	463,263	153,381	27,867	5,110,138
2026	642,195	476,373	140,271	25,551	4,633,765
2027	639,813	489,853	126,791	23,169	4,143,912
2028	637,364	503,714	112,930	20,720	3,640,198
2029	634,845	517,968	98,676	18,201	3,122,230
2030	632,255	532,625	84,019	15,611	2,589,605
2031	629,592	547,697	68,947	12,948	2,041,908
2032	626,854	563,195	53,449	10,210	1,478,713
2033	624,038	579,132	37,512	7,394	899,581
2034	621,142	595,520	21,124	4,498	304,061
2035	309,853	304,061	4,272	1,520	-
Totals	\$ 11,874,644	\$ 8,848,850	\$ 2,559,075	\$ 466,719	

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

2017	\$ 111,030	\$ 35,045	\$ 65,987	\$ 9,998	1,298,268
2018	88,083	57,985	23,751	6,347	1,240,283
2019	87,790	59,062	22,674	6,054	1,181,221
2020	87,492	60,161	21,575	5,756	1,121,060
2021	87,189	61,278	20,458	5,453	1,059,782
2022	86,880	62,417	19,319	5,144	997,365
2023	86,565	63,577	18,159	4,829	933,788
2024	86,244	64,759	16,977	4,508	869,029
2025	85,917	65,962	15,774	4,181	803,067
2026	85,584	67,189	14,547	3,848	735,878
2027	85,245	68,437	13,299	3,509	667,441
2028	84,900	69,709	12,027	3,164	597,732
2029	84,548	71,005	10,731	2,812	526,727
2030	84,190	72,325	9,411	2,454	454,402
2031	83,825	73,669	8,067	2,089	380,733
2032	83,453	75,038	6,698	1,717	305,695
2033	83,074	76,432	5,304	1,338	229,263
2034	82,689	77,853	3,883	953	151,410
2035	82,296	79,300	2,436	560	72,110
2036	73,232	72,110	962	160	-
Totals	\$ 1,720,226	\$ 1,333,313	\$ 312,039	\$ 74,874	

Continued

CITY OF COBURG

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT (Continued)

For the Fiscal Year Ended June 30, 2016

Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fiscal Year-end Balance
<u>BUSINESS-TYPE ACTIVITIES (Cont.):</u>				
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.				
2017	\$ 145,980	\$ 34,442	\$ 111,538	2,932,078
2018	145,980	36,039	109,941	2,896,039
2019	145,980	37,390	108,590	2,858,649
2020	145,980	39,086	106,894	2,819,563
2021	145,980	39,968	106,012	2,779,595
2022	145,980	41,757	104,223	2,737,838
2023	145,980	43,323	102,657	2,694,515
2024	145,980	45,224	100,756	2,649,291
2025	145,980	46,371	99,609	2,602,920
2026	145,980	48,382	97,598	2,554,538
2027	145,980	50,196	95,784	2,504,342
2028	145,980	52,336	93,644	2,452,006
2029	145,980	53,789	92,191	2,398,217
2030	145,980	56,058	89,922	2,342,159
2031	145,980	58,161	87,819	2,283,998
2032	145,980	60,576	85,404	2,223,422
2033	145,980	62,385	83,595	2,161,037
2034	145,980	64,953	81,027	2,096,084
2035	145,980	67,388	78,592	2,028,696
2036	145,980	70,124	75,856	1,958,572
2037	145,980	72,344	73,636	1,886,228
2038	145,980	75,258	70,722	1,810,970
2039	145,980	78,080	67,900	1,732,890
2040	145,980	81,186	64,794	1,651,704
2041	145,980	83,883	62,097	1,567,821
2042	145,980	87,198	58,782	1,480,623
2043	145,980	90,468	55,512	1,390,155
2044	145,980	94,004	51,976	1,296,151
2045	145,980	97,253	48,727	1,198,898
2046	145,980	101,033	44,947	1,097,865
2047	145,981	104,823	41,158	993,042
2048	145,980	108,854	37,126	884,188
2049	145,980	112,744	33,236	771,444
2050	145,980	117,062	28,918	654,382
2051	145,980	121,452	24,528	532,930
2052	145,980	126,061	19,919	406,869
2053	145,981	130,693	15,288	276,176
2054	145,980	135,635	10,345	140,541
2055	145,800	140,541	5,259	-
Totals	\$ 5,693,042	\$ 2,966,520	\$ 2,726,522	

Continued

CITY OF COBURG

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT (Continued)

For the Fiscal Year Ended June 30, 2016

Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fiscal Year-end Balance
<u>BUSINESS-TYPE ACTIVITIES (Cont.):</u>				
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.				
2017	\$ 145,980	\$ 34,442	\$ 111,538	2,932,078
2018	145,980	36,039	109,941	2,896,039
2019	145,980	37,390	108,590	2,858,649
2020	145,980	39,086	106,894	2,819,563
2021	145,980	39,968	106,012	2,779,595
2022	145,980	41,757	104,223	2,737,838
2023	145,980	43,323	102,657	2,694,515
2024	145,980	45,224	100,756	2,649,291
2025	145,980	46,371	99,609	2,602,920
2026	145,980	48,382	97,598	2,554,538
2027	145,980	50,196	95,784	2,504,342
2028	145,980	52,336	93,644	2,452,006
2029	145,980	53,789	92,191	2,398,217
2030	145,980	56,058	89,922	2,342,159
2031	145,980	58,161	87,819	2,283,998
2032	145,980	60,576	85,404	2,223,422
2033	145,980	62,385	83,595	2,161,037
2034	145,980	64,953	81,027	2,096,084
2035	145,980	67,388	78,592	2,028,696
2036	145,980	70,124	75,856	1,958,572
2037	145,980	72,344	73,636	1,886,228
2038	145,980	75,258	70,722	1,810,970
2039	145,980	78,080	67,900	1,732,890
2040	145,980	81,186	64,794	1,651,704
2041	145,980	83,883	62,097	1,567,821
2042	145,980	87,198	58,782	1,480,623
2043	145,980	90,468	55,512	1,390,155
2044	145,980	94,004	51,976	1,296,151
2045	145,980	97,253	48,727	1,198,898
2046	145,980	101,033	44,947	1,097,865
2047	145,981	104,823	41,158	993,042
2048	145,980	108,854	37,126	884,188
2049	145,980	112,744	33,236	771,444
2050	145,980	117,062	28,918	654,382
2051	145,980	121,452	24,528	532,930
2052	145,980	126,061	19,919	406,869
2053	145,981	130,693	15,288	276,176
2054	145,980	135,635	10,345	140,541
2055	145,800	140,541	5,259	-
Totals	\$ 5,693,042	\$ 2,966,520	\$ 2,726,522	

Continued

CITY OF COBURG

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT (Continued) For the Fiscal Year Ended June 30, 2016

Fiscal Year Ended June 30,	Total Payment	Principal	Interest	Fiscal Year-end Balance
-------------------------------------	---------------	-----------	----------	-------------------------------

BUSINESS-TYPE ACTIVITIES (Cont.):

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

2017	\$ 96,714	\$ 66,767	\$ 29,947	483,692
2018	98,772	72,397	26,375	411,295
2019	100,533	78,067	22,466	333,228
2020	97,023	78,773	18,250	254,455
2021	98,513	84,516	13,997	169,939
2022	83,159	73,811	9,348	96,128
2023	101,416	96,128	5,289	-
Totals	\$ 676,131	\$ 550,459	\$ 125,672	

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.

2017	\$ 92,333	\$ 54,363	\$ 37,970	640,774
2018	89,924	54,863	35,061	585,911
2019	92,495	60,396	32,099	525,515
2020	94,795	65,958	28,837	459,557
2021	91,826	66,550	25,276	393,007
2022	93,800	72,185	21,615	320,822
2023	90,501	72,856	17,645	247,966
2024	92,201	78,563	13,638	169,403
2025	93,625	84,308	9,317	85,095
2026	89,775	85,095	4,680	-
Totals	\$ 921,276	\$ 695,137	\$ 226,139	

City of Coburg Water Revenue Bonds, Series 1999 held by Wells Fargo Corporate Trust Services. Original balance \$375,000. Dated September 1998. Variable interest rate of 3.6% to 5.2%.

2017	\$ 29,160	\$ 25,000	\$ 4,160	55,000
2018	27,860	25,000	2,860	30,000
2019	31,560	30,000	1,560	-
Totals	\$ 88,580	\$ 80,000	\$ 8,580	

ACCOMPANYING
INFORMATION

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

As of June 30, 2016

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

We have audited the basic financial statements of the City of Coburg as of and for the year ended June 30, 2016, and have issued our report thereon dated January 10, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways and roads (ORS Chapters 294, 368 & 373).**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

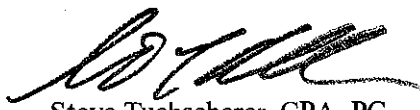
In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000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

For the fiscal year ended June 30, 2016, over-expenditure of appropriations occurred in seven funds, as noted on page 51 of the audit report.

OAR 162-10-0230 Internal Control

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



Steve Tuchscherer, CPA, PC
Roseburg, Oregon
January 10, 2017