

**CITY OF COBURG  
LANE COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

**CITY OF COBURG  
COBURG, OREGON**

**FINANCIAL STATEMENTS**

**WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**

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**CITY OF COBURG**  
**COBURG, OREGON**

**Mayor & City Council**

June 30, 2010

<b><u>Name</u></b>	<b><u>POSITION</u></b>	<b><u>TERM EXPIRES</u></b>
Judy Volta	Mayor	December 31, 2010
Bill Judd	City Councilor	December 31, 2010
John Fox	City Councilor	December 31, 2012
Jae Pudewell	City Councilor	December 31, 2012
John Thiel	City Councilor	December 31, 2010
Brian Pech	City Councilor	December 31, 2010
Jerry Behney	City Councilor	December 31, 2012

All City Council members will receive mail at the following address:

City of Coburg  
P.O. Box 8316  
Coburg, Oregon 97408

**ADMINISTRATION**

Donald R. Schuessler, City Administrator

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**CITY OF COBURG**  
**COBURG, OREGON**

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# PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
- (503) 620-2632 • FAX (503) 684-7523

February 25, 2010

To the Honorable Mayor and Members of the City Council  
City of Coburg  
Lane County, Oregon

## INDEPENDENT AUDITORS' REPORT

We 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, Lane County, Oregon, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously 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 the City of Coburg, Lane County, Oregon, at June 30, 2010, and the respective changes in financial position, and, where applicable, the cash flows thereof and the respective budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, which includes individual fund statements and other financial schedules, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The City of Coburg has not presented this information that the Governmental Accounting Standards Board has determined is necessary to supplement the basic financial statements.

  
PAULY, ROGERS AND CO., P.C.



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**CITY OF COBURG  
LANE COUNTY, OREGON**

**BASIC FINANCIAL STATEMENTS**

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**CITY OF COBURG**  
**LANE COUNTY, OREGON**

**STATEMENT OF NET ASSETS**  
**June 30, 2010**

ASSETS	PRIMARY GOVERNMENT		TOTAL	URBAN RENEWAL AGENCY
	GOVERNMENTAL	BUSINESS TYPE		
Current:				
Cash and Investments	\$ 16,068	\$ 330,809	\$ 346,877	\$ 430,666
Internal Balances	-	-	-	823,951
Accounts Receivable	231,506	35,438	266,944	-
Property Taxes Receivable	34,261	-	34,261	22,080
Total Current Assets	<u>281,835</u>	<u>366,247</u>	<u>648,082</u>	<u>1,276,697</u>
Non-Current:				
Capital Assets (Net of Accumulated Depreciation)	<u>498,875</u>	<u>8,257,562</u>	<u>8,756,437</u>	<u>109,410</u>
Total Assets	<u>780,710</u>	<u>8,623,809</u>	<u>9,404,519</u>	<u>1,386,107</u>
LIABILITIES				
Current:				
Due to Component Unit	823,951	-	823,951	-
Accounts Payable	202,182	4,448	206,630	-
Payroll Liabilities	12,721	-	12,721	-
Accrued Compensated Absences	27,104	-	27,104	-
Accrued Interest	-	72,111	72,111	-
Bonds and Loans Payable - Current	-	307,389	307,389	-
Total Current Liabilities	<u>1,065,958</u>	<u>383,948</u>	<u>1,449,906</u>	<u>-</u>
Long Term:				
Bonds and Loans Payable	-	5,041,731	5,041,731	-
Total Long Term Liabilities	<u>-</u>	<u>5,041,731</u>	<u>5,041,731</u>	<u>-</u>
Total Liabilities	<u>1,065,958</u>	<u>5,425,679</u>	<u>6,491,637</u>	<u>-</u>
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	498,875	2,908,442	3,407,317	109,410
Restricted for:				
Library	12,738	-	12,738	-
Economic Development	83,826	-	83,826	-
DARE Program	15,270	-	15,270	-
Debt Service Loan Covenant	-	152,429	152,429	-
Street Trees	2,072	-	2,072	-
Parks SDC	80,215	-	80,215	-
Transportation SDC	148,361	-	148,361	-
Water SDC	148,306	-	148,306	-
Capital Projects	75,210	-	75,210	-
Unrestricted	<u>(1,350,121)</u>	<u>137,259</u>	<u>(1,212,862)</u>	<u>1,276,697</u>
TOTAL NET ASSETS	<u>\$ (285,248)</u>	<u>\$ 3,198,130</u>	<u>\$ 2,912,882</u>	<u>\$ 1,386,107</u>

See accompanying notes to the basic financial statements

**CITY OF COBURG  
LANE COUNTY, OREGON**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2010**

Functions/Programs	Program Revenues			Net Revenues (Expenses) and Changes in Net Assets		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
<b>Governmental Activities</b>						
General Government	\$ 450,628	\$ 31,679	\$ 114,695	-	\$ (304,254)	\$ -
Public Safety	359,956	140,850	885	-	(218,221)	-
Highways and streets	112,664	9,867	-	-	(102,797)	-
Culture and Recreation	22,370	2,526	-	-	(19,844)	-
<b>Total Governmental Activities</b>	<u>945,618</u>	<u>184,922</u>	<u>115,580</u>	<u>-</u>	<u>(645,116)</u>	<u>-</u>
<b>Business-Type Activities</b>						
Water	342,733	395,634	-	-	-	52,901
Sewer	11,054	-	-	-	-	(11,054)
<b>Total Business-Type Activities</b>	<u>353,787</u>	<u>395,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,847</u>
<b>Total Primary Government</b>	<u>\$ 1,299,405</u>	<u>\$ 580,556</u>	<u>\$ 115,580</u>	<u>-</u>	<u>\$ (645,116)</u>	<u>\$ 41,847</u>
<b>Component Unit</b>						
Agency	<u>\$ 285,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
	<b>General Revenues</b>					
					504,987	-
					41,362	-
					72,971	-
					336,901	130,353
					13,991	1,659
					28,000	(28,000)
					(338,100)	338,100
					<u>660,112</u>	<u>442,112</u>
					14,996	483,959
					<u>350,187</u>	<u>2,063,740</u>
					(650,431)	650,431
					<u>\$ (285,248)</u>	<u>\$ 3,198,130</u>

See accompanying notes to the basic financial statements

<u>Total</u>	<u>Component Unit</u>
\$ (304,254)	\$ -
(218,221)	-
(102,797)	-
(19,844)	-
<u>(645,116)</u>	<u>-</u>
52,901	-
<u>(11,054)</u>	<u>-</u>
41,847	-
<u>\$ (603,269)</u>	<u>\$ -</u>
	<u>(285,521)</u>
504,987	357,883
41,362	-
72,971	-
467,254	-
15,650	2,343
-	-
<u>1,102,224</u>	<u>360,226</u>
498,955	74,705
<u>2,413,927</u>	<u>1,311,402</u>
-	-
<u>\$ 2,912,882</u>	<u>\$ 1,386,107</u>

**CITY OF COBURG**  
**LANE COUNTY, OREGON**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2010**

	GENERAL FUND	PARK FUND	STREET FUND
<b>ASSETS</b>			
Cash and Investments	\$ (562,461)	\$ 24,018	\$ 126,568
Due from Other Funds	80,907	-	-
Accounts Receivable	20,344	-	9,828
Taxes Receivable, Net	34,261	-	-
<b>Total Assets</b>	<b>\$ (426,949)</b>	<b>\$ 24,018</b>	<b>\$ 136,396</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Due to URA	\$ 123,951	\$ -	\$ -
Due to Other Funds	-	-	-
Deferred Revenue	46,169	-	-
Accounts Payable	15,471	243	1,464
Other Payables	12,721	-	-
<b>Total Liabilities</b>	<b>198,312</b>	<b>243</b>	<b>1,464</b>
<b>Fund Balances:</b>			
Reserved for:			
Library	12,738	-	-
Economic Development	83,826	-	-
DARE Program	15,270	-	-
Street Trees	-	-	2,072
Parks SDC	-	-	-
Transportation SDC	-	-	-
Water SDC	-	-	-
Capital Projects	-	-	-
Unreserved and Undesignated	(737,095)	23,775	132,860
<b>Total Fund Balances</b>	<b>(625,261)</b>	<b>23,775</b>	<b>134,932</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ (426,949)</b>	<b>\$ 24,018</b>	<b>\$ 136,396</b>

See accompanying notes to the basic financial statements

<u>PARK CAPITAL IMPROVEMENT FUND</u>	<u>STREET CAPITAL IMPROVEMENT FUND</u>	<u>WATER CAPITAL IMPROVEMENT FUND</u>	<u>SEWER CAPITAL IMPROVEMENT FUND</u>	<u>TOTAL</u>
\$ 88,405	\$ 215,381	\$ 124,157	\$ -	\$ 16,068
-	-	-	-	80,907
-	-	467	200,867	231,506
-	-	-	-	34,261
<u>\$ 88,405</u>	<u>\$ 215,381</u>	<u>\$ 124,624</u>	<u>\$ 200,867</u>	<u>\$ 362,742</u>
\$ -	\$ -	\$ -	\$ 700,000	\$ 823,951
-	-	-	80,907	80,907
-	-	-	-	46,169
-	-	5,601	179,403	202,182
-	-	-	-	12,721
-	-	5,601	960,310	1,165,930
-	-	-	-	12,738
-	-	-	-	83,826
-	-	-	-	15,270
-	-	-	-	2,072
80,215	-	-	-	80,215
-	148,361	-	-	148,361
-	-	148,306	-	148,306
8,190	67,020	-	-	75,210
-	-	(29,283)	(759,443)	(1,369,186)
<u>88,405</u>	<u>215,381</u>	<u>119,023</u>	<u>(759,443)</u>	<u>(803,188)</u>
<u>\$ 88,405</u>	<u>\$ 215,381</u>	<u>\$ 124,624</u>	<u>\$ 200,867</u>	<u>\$ 362,742</u>



**CITY OF COBURG**  
**LANE COUNTY, OREGON**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO STATEMENT OF NET ASSETS**  
**June 30, 2010**

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

Fund Balances	\$ (803,188)
<p>The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net assets includes those capital assets among the assets of the City as a whole.</p>	
Net Capital Assets	498,875
<p>Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.</p>	
Accrued Compensated Absences	(27,104)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>	
Deferred Revenue	<u>46,169</u>
Total Net Assets	<u>\$ (285,248)</u>

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

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CITY OF COBURG  
LANE COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010

	GENERAL FUND	PARK FUND	STREET FUND	PARK CAPITAL IMPROVEMENT FUND
<b>Revenues</b>				
Property Taxes	\$ 502,359	\$ -	\$ -	\$ -
Fines & Forfeits	138,574	-	-	-
Licenses, Permits & Fees	156,987	-	9,097	-
Intergovernmental	126,616	-	109,516	-
Grants	1,885	-	-	-
Interest and Miscellaneous	5,081	513	-	2,515
<b>Total Revenues</b>	<b>931,502</b>	<b>513</b>	<b>118,613</b>	<b>2,515</b>
<b>Expenditures</b>				
Municipal Department	149,677	-	-	-
Facilities Management	38,534	-	-	-
Planning Department	48,653	-	-	-
UGB Project	50,869	-	-	-
Economic Development	17,166	-	-	-
Police Department	349,099	-	-	-
Municipal Court	97,419	-	-	-
Water and Sewer	-	-	-	-
Highways and Streets	-	-	103,414	-
Parks and Recreation	-	22,370	-	-
<b>Total Expenditures</b>	<b>751,417</b>	<b>22,370</b>	<b>103,414</b>	<b>-</b>
<b>Excess of Revenues Over, -Under Expenditures</b>	<b>180,085</b>	<b>(21,857)</b>	<b>15,199</b>	<b>2,515</b>
<b>Other Financing Sources, -Uses</b>				
Loan Proceeds	-	-	-	-
Transfers In	-	15,000	-	-
Transfers Out	(15,000)	-	-	-
<b>Total Other Financing Sources, -Uses</b>	<b>(15,000)</b>	<b>15,000</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>165,085</b>	<b>(6,857)</b>	<b>15,199</b>	<b>2,515</b>
<b>Beginning Fund Balance</b>	<b>(790,346)</b>	<b>30,632</b>	<b>119,733</b>	<b>85,890</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>\$ (625,261)</b>	<b>\$ 23,775</b>	<b>\$ 134,932</b>	<b>\$ 88,405</b>

See accompanying notes to the basic financial statements

<u>STREET CAPITAL IMPROVEMENT FUND</u>	<u>WATER CAPITAL IMPROVEMENT FUND</u>	<u>SEWER CAPITAL IMPROVEMENT FUND</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ 502,359
-	-	-	138,574
-	-	-	166,084
769	-	100,000	336,901
-	20,000	93,695	115,580
49	2,626	3,207	13,991
<u>818</u>	<u>22,626</u>	<u>196,902</u>	<u>1,273,489</u>
-	-	-	149,677
-	-	-	38,534
-	-	-	48,653
-	-	-	50,869
-	-	-	17,166
-	-	-	349,099
-	-	-	97,419
-	139,675	964,467	1,104,142
6,727	-	-	110,141
-	-	-	22,370
<u>6,727</u>	<u>139,675</u>	<u>964,467</u>	<u>1,988,070</u>
(5,909)	(117,049)	(767,565)	(714,581)
-	178,252	587,790	766,042
-	28,000	-	43,000
-	-	-	(15,000)
-	<u>206,252</u>	<u>587,790</u>	<u>794,042</u>
(5,909)	89,203	(179,775)	79,461
<u>221,290</u>	<u>29,820</u>	<u>70,763</u>	<u>(232,218)</u>
-	-	(650,431)	(650,431)
<u>\$ 215,381</u>	<u>\$ 119,023</u>	<u>\$ (759,443)</u>	<u>\$ (803,188)</u>

**CITY OF COBURG  
LANE COUNTY, OREGON**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS - TO STATEMENT OF ACTIVITIES  
For the year ended June 30, 2010**

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

Excess of Revenues over Expenditures \$ 79,461

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation Expense (68,907)

Changes in Accrued Compensated Absences have an effect on net income in the governmental funds. On the government wide statements, however, changes are posted to the liability account on the balance sheet.

7,217

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred Revenues

(2,775)

Change in Net Assets

\$ 14,996

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

**CITY OF COBURG**  
**LANE COUNTY, OREGON**

**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2010**

	<b>ENTERPRISE FUNDS</b>		
	Water Fund	Sewer Fund	Total
<b>ASSETS:</b>			
Current Assets			
Cash and Investments	\$ 206,526	\$ 124,283	\$ 330,809
Accounts Receivable	35,438	-	35,438
<b>Total Current Assets</b>	<b>241,964</b>	<b>124,283</b>	<b>366,247</b>
Capital Assets, Net	3,204,458	5,053,104	8,257,562
<b>Total Assets</b>	<b>3,446,422</b>	<b>5,177,387</b>	<b>8,623,809</b>
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	4,448	-	4,448
Accrued Interest	66,923	5,188	72,111
Long Term Debt - Current Portion	110,552	196,837	307,389
<b>Total Current Liabilities</b>	<b>181,923</b>	<b>202,025</b>	<b>383,948</b>
Long Term Liabilities			
Long Term Debt	1,806,349	3,235,382	5,041,731
<b>Total Liabilities</b>	<b>1,988,272</b>	<b>3,437,407</b>	<b>5,425,679</b>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	1,287,557	1,620,885	2,908,442
Reserved for Debt Service Loan Covenant	31,960	120,469	152,429
Unreserved	138,633	(1,374)	137,259
<b>Total Net Assets</b>	<b>\$ 1,458,150</b>	<b>\$ 1,739,980</b>	<b>\$ 3,198,130</b>

See accompanying notes to the basic financial statements

**CITY OF COBURG**  
**LANE COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2010**

	<b>ENTERPRISE FUNDS</b>		
	Water Fund	Sewer Fund	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 395,634	\$ -	\$ 395,634
Water Deposits	52	-	52
Intergovernmental	-	130,353	130,353
<b>Total Operating Revenues</b>	<b>395,686</b>	<b>130,353</b>	<b>526,039</b>
<b>OPERATING EXPENDITURES</b>			
Personal Service	103,891	-	103,891
Materials and Services	78,446	-	78,446
Depreciation	24,370	-	24,370
<b>Total Operating Expenditures</b>	<b>206,707</b>	<b>-</b>	<b>206,707</b>
<b>Operating Income/(Loss)</b>	<b>188,979</b>	<b>130,353</b>	<b>319,332</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>			
Capital Contribution	(38,577)	376,677	338,100
Transfers Out	(28,000)	-	(28,000)
Interest on Investments	835	772	1,607
Interest on Long Term Loans	(136,026)	(11,054)	(147,080)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>(201,768)</b>	<b>366,395</b>	<b>164,627</b>
<b>Change in Net Assets</b>	<b>(12,789)</b>	<b>496,748</b>	<b>483,959</b>
<b>Beginning Net Assets</b>	<b>1,470,939</b>	<b>592,801</b>	<b>2,063,740</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>650,431</b>	<b>650,431</b>
<b>Ending Net Assets</b>	<b>\$ 1,458,150</b>	<b>\$ 1,739,980</b>	<b>\$ 3,198,130</b>

See accompanying notes to the basic financial statements

**CITY OF COBURG**  
**LANE COUNTY, OREGON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2010**

	WATER FUND	SEWER FUND	TOTAL
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 392,313	\$ -	\$ 392,313
Intergovernmental	-	130,353	130,353
Cash Paid to Suppliers	(78,715)	-	(78,715)
Cash Paid to Employees	(103,891)	-	(103,891)
<b>Net Cash Provided -Used by Operating Activities</b>	<b>209,707</b>	<b>130,353</b>	<b>340,060</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Transfers Out	(28,000)	-	(28,000)
Payment of Principal of Bonds Payable	(104,811)	(119,784)	(224,595)
Interest Expense	(135,813)	(10,614)	(146,427)
<b>Net Cash Provided -Used by Capital and Related Financing Activities</b>	<b>(268,624)</b>	<b>(130,398)</b>	<b>(399,022)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	835	772	1,607
<b>Net Increase -Decrease in Cash and Cash Equivalents</b>	<b>(58,082)</b>	<b>727</b>	<b>(57,355)</b>
Cash and Investments at Beginning of Year	264,608	123,556	388,164
<b>Cash and Investments at End of Year</b>	<b>\$ 206,526</b>	<b>\$ 124,283</b>	<b>\$ 330,809</b>
<b>Reconciliation of Operating Income to</b>			
<b>Net Cash Provided by Operating Activities</b>			
Operating Income, -Loss	\$ 188,979	\$ 130,353	\$ 319,332
<b>Noncash Items Included in Income:</b>			
Depreciation	24,370	-	24,370
Decrease -Increase in Accounts Receivable and Accrued Liabilities	(3,642)	-	(3,642)
<b>Net Cash Provided -Used by Operating Activities</b>	<b>\$ 209,707</b>	<b>\$ 130,353</b>	<b>\$ 340,060</b>

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



CITY OF COBURG  
LANE COUNTY, OREGON

STATEMENT OF NET ASSETS  
FIDUCIARY FUND (AGENCY FUND)  
June 30, 2010

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

See accompanying notes to the basic financial statements

**CITY OF COBURG**  
**LANE COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2010**

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues				
Taxes	\$ 483,000	\$ 483,000	\$ 502,359	\$ 19,359
Licenses, Permits & Fees	148,300	148,300	156,987	8,687
Intergovernmental	243,760	243,760	126,616	(117,144)
Grants	-	-	1,885	1,885
Fines & Forfeits	98,000	98,000	138,574	40,574
Interest and Miscellaneous	7,500	7,500	5,081	(2,419)
Total Revenues	<u>\$ 980,560</u>	<u>\$ 980,560</u>	<u>\$ 931,502</u>	<u>\$ (49,058)</u>
Expenditures				
Municipal Department	140,400	140,400 (1)	149,677	(9,277)
Facilities Management	43,100	43,100 (1)	38,534	4,566
Planning Department	54,600	54,600 (1)	48,653	5,947
UGB Project	195,560	195,560 (1)	50,869	144,691
Economic Development	23,000	23,000 (1)	17,166	5,834
Police Department	357,700	357,700 (1)	349,099	8,601
Municipal Court	105,200	105,200 (1)	97,419	7,781
Contingency	41,000	41,000 (1)	-	41,000
Total Expenditures	<u>960,560</u>	<u>960,560</u>	<u>751,417</u>	<u>209,143</u>
Excess of Revenues Over, -Under Expenditures	20,000	20,000	180,085	160,085
Other Financing Sources, -Uses				
Transfers Out	(15,000)	(15,000) (1)	(15,000)	-
Total Other Financing Sources, -Uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net Change in Fund Balance	5,000	5,000	165,085	160,085
Beginning Fund Balance	(774,742)	(774,742)	(790,346)	(15,604)
Ending Fund Balance	<u>\$ (769,742)</u>	<u>\$ (769,742)</u>	<u>\$ (625,261)</u>	<u>\$ 144,481</u>

(1) Appropriation Level

See accompanying notes to the basic financial statements

**CITY OF COBURG  
LANE COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

PARK FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues				
Interest and Miscellaneous	\$ 250	\$ 250	\$ 513	\$ 263
Total Revenues	250	250	513	263
Expenditures				
Personal Services	11,500	11,500 (1)	9,728	1,772
Materials and Services	15,950	15,950 (1)	12,642	3,308
Contingency	9,400	9,400 (1)	-	9,400
Total Expenditures	36,850	36,850	22,370	14,480
Excess of Revenues Over -Under Expenditures	(36,600)	(36,600)	(21,857)	14,743
OTHER FINANCING SOURCES				
Transfers In	15,000	15,000	15,000	-
Net Change in Fund Balance	(21,600)	(21,600)	(6,857)	14,743
Beginning Fund Balance	30,180	30,180	30,632	452
Ending Fund Balance	\$ 8,580	\$ 8,580	\$ 23,775	\$ 15,195

(1) Appropriation Level

See accompanying notes to the basic financial statements

**CITY OF COBURG  
LANE COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

	<u>STREET FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues				
Intergovernmental	\$ 91,000	\$ 91,000	\$ 109,516	\$ 18,516
Fees	8,500	8,500	9,097	597
Interest and Miscellaneous	-	-	-	-
Total Revenues	<u>99,500</u>	<u>99,500</u>	<u>118,613</u>	<u>19,113</u>
Expenditures				
Street Maintenance and Repair				
Personal Services	57,700	54,700 (1)	54,206	494
Materials and Services	45,100	48,100 (1)	49,208	(1,108)
Total Street Maintenance and Repair	<u>102,800</u>	<u>102,800</u>	<u>103,414</u>	<u>(614)</u>
Contingency	15,800	15,800 (1)	-	15,800
Total Expenditures	<u>118,600</u>	<u>118,600</u>	<u>103,414</u>	<u>15,186</u>
Net Change in Fund Balance	(19,100)	(19,100)	15,199	34,299
Beginning Fund Balance	110,693	110,693	119,733	9,040
Ending Fund Balance	<u>\$ 91,593</u>	<u>\$ 91,593</u>	<u>\$ 134,932</u>	<u>\$ 43,339</u>

(1) Appropriation Level

See accompanying notes to the basic financial statements

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**CITY OF COBURG  
LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. THE FINANCIAL REPORTING ENTITY**

The City of Coburg operates under a City Charter, last updated in 1992. The Charter provides for the City to be governed by the City Council, consisting of six elected at-large City Councilors and an elected Mayor. The Council is responsible for rule making, budget preparation and enforcement, expenditure approval, and hiring the City Administrator. The Mayor and the Councilors are elected by a vote of the general public and the councilors serve staggered four-year terms and the mayor serves a two year term. Administrative functions are delegated to the City Administrator, whom the Mayor appoints, with the consent of the Council. The Mayor, with the consent of the Council, also appoints other City Officers as listed in the Charter, while the City Administrator appoints all employees.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable, as defined under GASB Statement 39. Based upon the application of the criteria, the Urban Renewal Agency was included within the City of Coburg's reporting entity, because the City is financially accountable for the Agency. Separate financial statements for Urban Renewal Agency may be obtained from the City Recorder at Coburg's City Hall.

**B. BASIS OF PRESENTATION - FUND ACCOUNTING**

Financial operations of the City are accounted for in the following major funds:

**GENERAL FUND**

The General Fund is the primary operating fund of the City. This fund is used to track revenues and expenditures that support Administration, Planning, Police, and Municipal Court. Principal sources of resource are property taxes, franchise fees from utilities using the City right of way, intergovernmental taxes such as cigarette and alcohol taxes collected by the state, and fines and bails assessed by the Coburg Municipal Court.

**PARK FUND**

The Park Fund is used to document revenues and expenditures for maintenance of the City's parks and recreational facilities. This Fund's major source of revenue is an annual transfer from the General Fund.

**STREET FUND**

The Street Fund is used to document revenues and expenditures for maintenance of the City's roads and storm drain system. The primary resources are a City fuel tax of three cents per gallon and a fuel tax collected and allocated to the City by the State of Oregon.

**WATER FUND**

The Water Fund is used to document revenues and expenditures for the maintenance, operations, and debt service of the City's water utility. The primary revenue source is water rate revenue paid by the City's water customers.

**CITY OF COBURG  
LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**B. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)**

**SEWER FUND**

The Sewer Fund was initiated in the 2009 fiscal year and is used to pay debt service on sewer project loans. When the wastewater treatment system is constructed the operational revenues and costs will be tracked in this fund. Currently, the only revenue for this fund is an annual cash transfer from the Urban Renewal Agency specifically for the debt service payments.

**CAPITAL IMPROVEMENT PROJECT FUNDS**

In addition to the Parks, Streets, Water and Sewer Operation Funds, each of these functional areas also has a Capital Improvement Projects Fund. Major infrastructure construction and repairs are tracked in these funds. Revenues for the funds are from grants, reserves, and Systems Development Charges.

**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. GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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.

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

Separate financial statements are provided for governmental funds and the proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF COBURG  
LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be measurable to accrue as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

**E. BUDGET**

A budget is prepared for all funds in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. For governmental fund types, the budgetary basis of accounting is the same as generally-accepted accounting principles. The budget process begins early in each fiscal year with the establishment of the Budget Committee. Recommendations are developed through late winter with the Budget Committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption, however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the function level in the General Fund and the following levels for all other funds: Personal Services, Materials and Services, Capital Outlay, Interfund Transactions, Debt Service, and Operating Contingency. Expenditures can not legally exceed the above appropriations levels. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur if the City Council approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original appropriations, and several appropriation transfers. Expenditures of the various funds were within authorized appropriation levels for fiscal year 2009-2010, except for the Municipal Department in the General Fund and Materials and Services in the Street Fund, which were overexpended by \$9,277 and \$1,108 respectively.



**CITY OF COBURG  
LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**F. DEFICIT FUND BALANCES**

As of June 30, 2010, the following fund had budgetary basis deficits in fund balance:

General Fund	\$ (625,261)
Sewer Capital Improvement Fund	\$ (759,443)

On July 1, 2007 the City adopted a new fund structure. The number of funds was decreased from 23 to 10. Several of the original funds had negative fund balances and, as part of this consolidation of funds, all negative fund balances were moved to the General Fund. The balance effectively represents cash owed to the other funds. The City Council has instituted several new revenue sources and expenditure reductions to address this negative fund balance. The Sewer Capital Improvement Fund had a negative fund balance due to a prior period adjustment (See Note 11 for more information). The City anticipates that future grants and loan proceeds will increase the fund balance in this fund.

Also in July 2007, the Urban Renewal Agency accounting was removed from the City accounting system and established in a separate accounting system of its own.

**G. PROPERTY TAXES RECEIVABLE**

Property taxes receivable is recorded in the General Fund to indicate the amount of uncollected taxes that the City can expect to receive in the future. Such taxes are offset by a liability to indicate that these amounts have not been recorded as revenues. Real and personal property are assessed and property taxes become a lien against the property as of July 1 of each year. Property taxes are payable in three installments, following the lien date on November 15, February 15, and May 15. Taxes not received by May 15<sup>th</sup> are considered delinquent. As required by law, Lane County manages tax collections for the City. Substantially all taxes receivable are considered collectible through liens on the underlying property.

**H. CAPITAL ASSETS**

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

Capital assets in the proprietary fund types are stated at cost, or the estimated fair market value at the date of receipt for gifts or projects constructed by others and accepted for ownership and maintenance by the City. Maintenance and repairs are expensed as incurred. Replacements which improve or extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in operations. Estimated useful lives used in computing depreciation are:

Buildings and improvements	40 to 50 years
Equipment and machinery	10 to 15 years
Computers and portable electronic equipment	1 to 3 years
Vehicles and rolling stock	5 to 10 years

**CITY OF COBURG**  
**LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**I. LONG-TERM DEBT**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. RETIREMENT PLANS**

City employees are participants in Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

**K. FUND EQUITY**

Fund Equity is the individual fund balance adjusted for inventory. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

**L. INTERFUND TRANSACTIONS**

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. Operating interfund transactions are reported as transfers.

**K. CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, the Proprietary Funds consider cash to include their proportional share of the cash and investment common pool since it has the general characteristics of demand deposit accounts in that the Proprietary Funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

**K. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF COBURG**  
**LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**2. CASH AND INVESTMENTS**

State statutes govern the City's cash management policies. Statutes authorize the City to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

**Investments**

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2010.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2010 the fair value of the position in the Local Government Investment Pool is 99.56% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

The City maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments or amounts Due to/from Other Funds. The Component Unit's money, however, is not available for use by the City's funds. Cash and Investments (recorded at fair value) at June 30, 2010 consisted of:

	<u>2010</u>
Petty Cash	\$ 300
Demand Deposits	3,437
Investments	<u>365,562</u>
Total	<u>\$ 369,299</u>

Reported In:

Governmental	\$ 16,068
Business Type	330,809
Fiduciary Funds	<u>22,422</u>
	<u>\$ 369,299</u>

**CITY OF COBURG  
LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2. CASH AND INVESTMENTS (CONTINUED)**

The City had the following investment and maturities:

Interest Rate Risk

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	More than 3
State Treasurer's Investment Pool	\$ 365,562	\$ 365,562	\$ -
Total	<u>\$ 365,562</u>	<u>\$ 365,562</u>	<u>\$ -</u>

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The City does not have any investments that have a maturity date.

Credit Risk

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Custodial Credit Risk

At year end, the City's net carrying amount of deposits was \$3,437 and the bank balance was \$91,664. Of these deposits, the entire amount was covered by federal depository insurance.

**3. CAPITAL ASSETS**

The changes in capital assets for the fiscal year ended June 30, 2010 are as follows:

	GOVERNMENTAL FUNDS			Balance End Of Year
	Balance Beginning of Year	Additions	(Deletions)	
<b>Cost</b>				
Land	\$ 92,166	\$ -	\$ -	\$ 92,166
Buildings & Improvements	637,347	-	-	637,347
Equipment	433,448	-	-	433,448
Total	<u>1,162,961</u>	<u>-</u>	<u>-</u>	<u>1,162,961</u>
<b>Accumulated Depreciation</b>				
Buildings & Improvements	338,882	26,414	-	365,296
Equipment	256,297	42,493	-	298,790
Total	<u>595,179</u>	<u>68,907</u>	<u>-</u>	<u>664,086</u>
Total Net Capital Assets	<u>\$ 567,782</u>			<u>\$ 498,875</u>

**CITY OF COBURG  
LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**3. CAPITAL ASSETS (CONTINUED)**

**PROPRIETARY FUNDS**

**WATER FUND**

	Balance Beginning of Year	Additions	(Deletions)	Balance End Of Year
<b>Cost</b>				
Utility System	\$ 1,175,821	\$ -	\$ -	\$ 1,175,821
Construction in Process	2,558,433	139,675	-	2,698,108
Equipment	30,833	-	-	30,833
<b>Total</b>	<u>3,205,295</u>	<u>139,675</u>	<u>-</u>	<u>3,904,762</u>
<b>Accumulated Depreciation</b>				
Utility System	645,101	24,370	-	669,471
Equipment	30,833	-	-	30,833
<b>Total</b>	<u>650,979</u>	<u>\$ 24,370</u>	<u>\$ -</u>	<u>700,304</u>
<b>Total Net Capital Assets</b>	<u>\$ 2,554,316</u>			<u>\$ 3,204,458</u>

**SEWER FUND**

	Balance End Of Year	Additions	(Deletions)	Balance End Of Year
<b>Cost</b>				
Construction in process	\$ 4,088,637	\$ 964,467	\$ -	\$ 5,053,104
<b>Total</b>	<u>2,388,818</u>	<u>964,467</u>	<u>-</u>	<u>5,053,104</u>
<b>Total Net Capital Assets</b>	<u>\$ 2,388,818</u>			<u>\$ 5,053,104</u>
<b>Total Net Capital Assets, All Proprietary Funds</b>	<u>\$ 4,943,134</u>			<u>\$ 8,257,562</u>

Governmental Depreciation was allocated to the functions as follows:

General Government	\$ 51,681
Public Safety	13,781
Highways and Streets	3,445
<b>Total Governmental Activities</b>	<u>\$ 68,907</u>

**CITY OF COBURG**  
**LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**4. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM**

**Plan Description and Provisions:**

All of the City's employees participate in the State of Oregon Public Employees Retirement System (PERS), an agent multiple-employer defined benefit, public employee pension plan. All City full-time employees become members of PERS after six months of service in any one year. Part-time and temporary employees are covered by the plan after 600 hours of employment. Generally, employees who retire at or after age 50 with 25 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.67 percent of their final average monthly salary for each year of credited service. Final average monthly salary is based upon either the three calendar years out of the last ten calendar years of employment during which the highest salaries were earned or the last 36 calendar months of membership, whichever is larger. Benefits fully vest on reaching 5 years of service. Vested employees with fewer than 25 years of service will receive reduced benefits if retirement occurs prior to age 55. PERS also provides death and disability benefits. Benefits are established by state statute.

The Oregon Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

**Description of Funding Policy:**

Covered employees are required by State statute to contribute 6% of their salary to the plan. The City is required to contribute at actuarially determined rates, as adopted by the PERS Board. The net PERS rate effective July 1, 2009 is 10.01% of covered payroll. The City's contribution to the plan for the years ending June 30, 2010, 2009, and 2008 were \$61,110, \$95,792 and \$101,816, respectively, and were equal to the required contributions for each year.

**5. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

**CITY OF COBURG  
LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT**

The changes in long-term debt for the year ended June 30, 2010 is comprised of the following:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2010</u>
\$225,000 was issued in 1973 of General Obligation bonds which bears The Interest rate is 5.25% to 5.40%. The Bond Matured at June 30, 1999, with one \$5000 bond outstandingand that bond remains outstanding at June 30, 2008.	\$ 5,000	\$ -	\$ -	\$ 5,000
\$375,000 was issued in September 1998 of Water Revenue Bonds which bear an interest rate of 5.044% for the purpose of financing the costs of water facility improvements. The loan matures in February 2019.	\$ 230,000	\$ -	\$ 20,000	\$ 210,000
\$1,251,270 was issued on October 11, 2000 of General Obligation notes payable (loan number GO1001) obtained from the Special Public Works Fund of the Oregon Economic and Community Development Department for system improvements. The interest rate is 5.368	\$ 1,008,828	\$ -	\$ 36,563	\$ 972,265
\$1,596,800 was issued on October 11, 2000 of General Obligation notes payable (loan number BO1003) obtained from the Special Public Works Fund of the Oregon Economic and Community Development Department for system improvements. The interest rate is 5.369	\$ 599,632	\$ 178,252	\$ 48,248	\$ 729,636
\$550,000 was issued on August 31, 2007 of General Obligation notes payable (loan number R23040) obtained from the Clean Water State Revolving Fund of the Department of Environmental Quality for Planning improvements. The interest rate is 2.630% and the	\$ 433,305	\$ -	\$ 119,784	\$ 313,521
\$789,310 was issued on June 30, 2006 of General Obligation notes payable (loan number R23041) obtained from the Clean Water State Revolving Fund of the Department of Environmental Quality. The interest rate is 2.630% and the loan matures in February 202	\$ 789,310	\$ -	\$ -	\$ 789,310
\$2,710,690 was issued on August 31, 2005 of General Obligation notes payable (loan number R23042) obtained from the Clean Water State Revolving Fund of the Department of Environmental Quality for System improvements. The interest rate is 3.510% and the	\$ 2,392,029	\$ 587,790	\$ 650,431	\$ 2,329,388
<b>Total Long Term Debt</b>	<u>\$ 5,458,104</u>	<u>\$ 766,042</u>	<u>\$ 875,026</u>	<u>\$ 5,349,120</u>

**CITY OF COBURG**  
**LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT (CONTINUED)**

Future maturities of long term debt are as follows:

Total Business Type Bonds Payable:

	Principal	Interest Due
Amounts Payable in Fiscal Year:		
2010-2011	20,000	10,920
2011-2012	20,000	9,880
2012-2013	20,000	8,840
2013-2014	20,000	7,800
2014-2015	25,000	6,760
2015-2020	105,000	14,040
2020-2023	5,000	-
	\$ 215,000	\$ 58,240

Total Business Type Notes and Contracts Payable:

	Principal	Interest Due
Amounts Payable in Fiscal Year:		
2010-2011	287,389	334,583
2011-2012	253,958	147,098
2012-2013	194,075	137,427
2013-2014	141,776	130,159
2014-2015	143,920	123,121
2015-2020	845,331	498,659
2020-2025	1,085,961	259,066
2025-2028	2,181,710	26,740
	\$ 5,134,120	\$ 1,656,853

**7. PROPERTY TAX LIMITATIONS**

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.



**CITY OF COBURG  
LANE COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**8. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of June 30, 2010, the City had committed to receive three new loans. They are as follows:

Loan B08004, Special Public Works Fund through OECDD for \$1,000,000 for construction of a city wide wastewater treatment system. Interim funding is provided a 1.67% interest, with permanent funding to be provided through future Oregon Bond Bank Bond Sales. Repayment will not begin until after the project is completed or 2.5 years after loan closing.

Loan USDA 1 for \$3,000,000 for construction of a wastewater system. This is a 40-year loan at an interest rate of 4.25%. Repayment will not begin until after project completion. Interim construction financing is required but not yet secured.

Loan USDA 2 for \$3,000,000 for construction of a wastewater system. This is a 40-year loan at an interest rate of 4.50%. Repayment will not begin until after project completion. Interim construction financing is required but not yet secured.

**9. NET ASSET RESTRICTIONS**

The Net Assets are restricted to show DEQ imposed loan covenants of \$152,429. Net Assets are also restricted for all SDC monies that are unspent as of the year-end. State law states that SDC monies must be spent for the specific purpose for which they were charged.

**10. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment to reduce beginning fund balance by \$650,431 was posted in the Sewer Capital Improvement Fund. This adjustment was necessary because the City amended two reimbursement requests for a construction loan, which were accrued as Accounts Receivable and Loan Proceeds in the prior year. The amount of the adjustment is the difference between the initial requests and the amended requests.

**CITY OF COBURG  
LANE COUNTY, OREGON**

**SUPPLEMENTARY INFORMATION**

**Combining, Individual Fund, and  
Other Financial Schedules**

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**CITY OF COBURG  
LANE COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

WATER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>Revenues</b>				
Water Service	\$ 424,600	\$ 424,600	\$ 395,634	\$ (28,966)
Water Deposits	-	-	52	52
Interest and Miscellaneous	2,300	2,300	835	(1,465)
<b>Total Revenues</b>	<u>426,900</u>	<u>426,900</u>	<u>396,521</u>	<u>(30,379)</u>
<b>Expenditures</b>				
Personal Services	107,400	107,400 (1)	103,891	3,509
Materials and Services	86,375	86,375 (1)	78,446	7,929
Debt Service	242,225	242,225 (1)	240,624	1,601
Contingency	25,100	25,100 (1)	-	25,100
<b>Total Expenditures</b>	<u>461,100</u>	<u>461,100</u>	<u>422,961</u>	<u>38,139</u>
<b>Excess of Revenues Over, -Under Expenditures</b>	(34,200)	(34,200)	(26,440)	7,760
<b>Other Financing Sources, -Uses</b>				
Transfers Out	(28,000)	(28,000) (1)	(28,000)	-
<b>Total Other Financing Sources, -Uses</b>	<u>(28,000)</u>	<u>(28,000)</u>	<u>(28,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(62,200)	(62,200)	(54,440)	7,760
<b>Beginning Fund Balance</b>	<u>264,099</u>	<u>264,099</u>	<u>291,956</u>	<u>27,857</u>
<b>Ending Fund Balance</b>	<u>\$ 201,899</u>	<u>\$ 201,899</u>	<u>\$ 237,516</u>	<u>\$ 35,617</u>

Reconciliation to the Statement of Proprietary Net Assets:

Net Capital Assets	3,204,458
Long Term Debt	(1,916,901)
Accrued Interest	(66,923)
<b>Net Assets</b>	<u>\$ 1,458,150</u>

(1) Appropriation Level

**CITY OF COBURG  
LANE COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

SEWER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues				
Intergovernmental	\$ 131,000	\$ 131,000	\$ 130,353	\$ (647)
Interest and Miscellaneous	1,800	1,800	772	(1,028)
Total Revenues	<u>132,800</u>	<u>132,800</u>	<u>131,125</u>	<u>(1,675)</u>
Expenditures				
Debt Service	130,398	130,398 (1)	130,398	-
Total Expenditures	<u>130,398</u>	<u>130,398</u>	<u>130,398</u>	<u>-</u>
Net Change in Fund Balance	2,402	2,402	727	(1,675)
Beginning Fund Balance	<u>124,127</u>	<u>124,127</u>	<u>123,556</u>	<u>(571)</u>
Ending Fund Balance	<u>\$ 126,529</u>	<u>\$ 126,529</u>	<u>\$ 124,283</u>	<u>\$ (2,246)</u>
Reconciliation to the Statement of Proprietary Net Assets:				
Net Capital Assets			5,053,104	
Long Term Debt			(3,432,219)	
Accrued Interest			<u>(5,188)</u>	
Net Assets			<u>\$ 1,739,980</u>	

(1) Appropriation Level

**CITY OF COBURG**  
**LANE COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2010**

PARK CAPITAL IMPROVEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues				
Interest and Miscellaneous	\$ 50	\$ 50	\$ 2,515	\$ 2,465
Total Revenues	<u>50</u>	<u>50</u>	<u>2,515</u>	<u>2,465</u>
Expenditures				
Contingency	-	- (1)	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	50	50	2,515	2,465
Beginning Fund Balance	<u>83,917</u>	<u>83,917</u>	<u>85,890</u>	<u>1,973</u>
Ending Fund Balance	<u>\$ 83,967</u>	<u>\$ 83,967</u>	<u>\$ 88,405</u>	<u>\$ 4,438</u>

(1) Appropriation Level

**CITY OF COBURG  
LANE COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

STREET CAPITAL IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenues				
Intergovernmental	\$ 170,000	\$ 170,000	\$ 769	\$ (169,231)
Interest and Miscellaneous	150	150	49	(101)
<b>Total Revenues</b>	<u>170,150</u>	<u>170,150</u>	<u>818</u>	<u>(169,332)</u>
Expenditures				
Capital Outlay	170,000	170,000 (1)	6,727	163,273
Contingency	-	- (1)	-	-
<b>Total Expenditures</b>	<u>170,000</u>	<u>170,000</u>	<u>6,727</u>	<u>163,273</u>
<b>Net Change in Fund Balance</b>	<b>150</b>	<b>150</b>	<b>(5,909)</b>	<b>(6,059)</b>
<b>Beginning Fund Balance</b>	<u>220,721</u>	<u>220,721</u>	<u>221,290</u>	<u>569</u>
<b>Ending Fund Balance</b>	<u><u>\$ 220,871</u></u>	<u><u>\$ 220,871</u></u>	<u><u>\$ 215,381</u></u>	<u><u>\$ (5,490)</u></u>

(1) Appropriation Level

**CITY OF COBURG  
LANE COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

WATER CAPITAL IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>Revenues</b>				
Grants	\$ -	\$ 20,000	\$ 20,000	\$ -
Interest and Miscellaneous	-	-	2,626	2,626
<b>Total Revenues</b>	<u>-</u>	<u>20,000</u>	<u>22,626</u>	<u>2,626</u>
<b>Expenditures</b>				
Personal Services	37,700	37,700 (1)	33,070	4,630
Materials and Services	-	20,000 (1)	5,338	14,662
Capital Outlay	571,700	571,700 (1)	101,267	470,433
Contingency	200,000	200,000 (1)	-	200,000
<b>Total Expenditures</b>	<u>809,400</u>	<u>829,400</u>	<u>139,675</u>	<u>689,725</u>
<b>Excess of Revenues Over -Under Expenditures</b>	<b>(809,400)</b>	<b>(809,400)</b>	<b>(117,049)</b>	<b>692,351</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	28,000	28,000	28,000	-
Loan Proceeds	771,700	771,700	178,252	(593,448)
<b>Total Other Financing Sources, -Uses</b>	<u>799,700</u>	<u>799,700</u>	<u>206,252</u>	<u>(593,448)</u>
<b>Net Change in Fund Balance</b>	<b>(9,700)</b>	<b>(9,700)</b>	<b>89,203</b>	<b>98,903</b>
<b>Beginning Fund Balance</b>	<u>147,389</u>	<u>147,389</u>	<u>29,820</u>	<u>(117,569)</u>
<b>Ending Fund Balance</b>	<u>\$ 137,689</u>	<u>\$ 137,689</u>	<u>\$ 119,023</u>	<u>\$ (18,666)</u>

(1) Appropriation Level



**CITY OF COBURG  
LANE COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

SEWER CAPITAL IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
<b>Revenues</b>				
Intergovernmental	\$ 143,850	\$ 143,850	\$ 100,000	\$ (43,850)
Grants	2,450,000	2,450,000	93,695	(2,356,305)
Interest and Miscellaneous	6,200	6,200	3,207	(2,993)
Total Revenues	2,600,050	2,600,050	196,902	(2,403,148)
<b>Expenditures</b>				
Personal Services	75,700	75,700 (1)	58,049	17,651
Materials and Services	68,150	68,150 (1)	26,349	41,801
Capital Outlay	5,936,000	5,936,000 (1)	880,069	5,055,931
Contingency	1,000,000	1,000,000 (1)	-	1,000,000
Total Expenditures	7,079,850	7,079,850	964,467	6,115,383
Excess of Revenues Over, -Under Expenditures	(4,479,800)	(4,479,800)	(767,565)	3,712,235
<b>OTHER FINANCING SOURCES, -USES</b>				
Proceeds from Loans	4,476,000	4,476,000	587,790	(3,888,210)
Total Other Financing Sources, -Uses	4,476,000	4,476,000	587,790	(3,888,210)
Net Change in Fund Balance	(3,800)	(3,800)	(179,775)	(175,975)
Beginning Fund Balance	66,378	66,378	70,763	4,385
Prior Period Adjustment			(650,431)	
Ending Fund Balance	\$ 62,578	\$ 62,578	\$ (759,443)	\$ (822,021)

(1) Appropriation Level

**CITY OF COBURG  
LANE COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED - GENERAL FUND  
For the Year Ended June 30, 2010**

TAX YEAR	IMPOSED LEVY OR UNCOLLECTED AT 7-1-09	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6-30-10
<b>CURRENT:</b>						
2009-10	\$ 520,167	\$ 13,042	\$ (2,669)	\$ 200	\$ 487,313	\$ 17,343
<b>PRIOR YEARS:</b>						
2008-09	\$ 16,684	\$ (8)	\$ (1,111)	\$ 593	\$ 8,339	\$ 7,835
2007-08	6,377	(2)	(623)	470	2,732	3,494
2006-07	2,813	(2)	(503)	419	1,546	1,185
2005-06	1,125	(1)	(269)	196	605	448
Prior	4,634	(2)	(637)	49	92	3,956
<b>Total</b>	<b>\$ 551,800</b>	<b>\$ 13,027</b>	<b>\$ (5,812)</b>	<b>\$ 1,927</b>	<b>\$ 500,627</b>	<b>\$ 34,261</b>

**RECONCILIATION TO REVENUE**

Cash Collections by County Treasurer Above	\$ 500,627
Other Taxes in Lieu of Property Taxes	1,732
<b>Total Revenue</b>	<b>\$ 502,359</b>

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**CITY OF COBURG**  
**LANE COUNTY, OREGON**

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS**

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# PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

- 
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

February 25, 2011

## Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Coburg as of and for the year ended June 30, 2010, and have issued our report thereon dated February 25, 2011. 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's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, 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.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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

1. We noted that the City's budgeted ending fund balance in the General Fund was negative. Oregon budget law requires that budgeted ending fund balances not be negative.
2. We noted that the City only published one notice of the budget committee meeting for the 2010-2011 budget. Oregon budget law requires that two notices be published.
3. There were two instances where actual expenditures exceeded appropriations as noted on page 17.

**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the City of Coburg'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 of Coburg's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Coburg's internal control over financial reporting.

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter.

This report is intended solely for the information and use of the council members 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.

  
PAULY, ROGERS AND CO., P.C.