

CITY OF COBURG
LANE COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015



12700 SW 72nd Ave.
Tigard, OR 97223



**CITY OF COBURG
LANE COUNTY, OREGON**

FINANCIAL STATEMENTS

**WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2015

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CITY OF COBURG
LANE COUNTY, OREGON

Mayor & City Council

June 30, 2015

<u>Name</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Jae Pudewell	Mayor	December 31, 2016
Jerry Behney	City Councilor	December 31, 2016
Don Nelson	City Councilor	December 31, 2018
Steve Stearns	City Councilor	December 31, 2018
Patrick Kocurek	City Councilor	December 31, 2018
Sharyl Abasapour	City Councilor	December 31, 2016
Ray Smith	Council President	December 31, 2016

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

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

ADMINISTRATION

Petra Schuetz, City Administrator

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**CITY OF COBURG
LANE COUNTY, OREGON**

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LANE COUNTY, OREGON**

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July 25, 2016

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City of Coburg (the City), as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the 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 basic financial statements in accordance with accounting principles 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 the basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic 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 internal control. Accordingly, we 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 basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City of Coburg, as of June 30, 2015, and the respective changes in financial position and budgetary comparisons for the general, park, and street funds, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, except as Modified for Capital Assets. Our opinion was modified for Capital Assets due to Management's use of current fair market value as a valuation basis for the majority of their governmental capital assets, instead of the GAAP-required use of historical cost.

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 68, *Accounting and Reporting for Pensions*, as well as the provisions of GASB Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements. The supplementary information, 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. The supplementary information is the responsibility of management and was derived from and relates 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 additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of council members containing their term expiration dates located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated July 25, 2016, on our consideration of 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 compliance.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

**CITY OF COBURG
FISCAL YEAR 2015
ANNUAL FINANCIAL REPORT**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Coburg, Oregon offers readers of the Annual Financial Report, this narrative overview and analysis of the financial activities of the City of Coburg for the fiscal year ended June 30, 2015. This analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances, and specific issues related to funds, and the economic factors affecting the City. Readers are encouraged to consider the information in this analysis in conjunction with all information provided in this report

FINANCIAL HIGHLIGHTS

- City total assets in all funds were \$41,577,589 at June 30, 2015 and consisted of \$3,268,655 in cash, \$271,010 in receivables, \$49,327 due from other funds, and \$38,439 in taxes receivable, \$117,270 in net pension assets; and \$37,832,888 in capital assets.
- The net position of the City (assets minus liabilities) as of June 30, 2015 was \$14,965,745 at June 30, 2015 compared to \$9,939,722 at June 30, 2014 year end, primarily due to the increase in development, conservative spending, pay off of the URA construction loan, and the Local Improvement District Sewer Assessment which exceeded expectations for the forecasted first year.
- The General Fund reported an ending fund balance this year of \$(365,924). This is a \$148,350 increase from the previous year's fund balance of \$(514,274). This is the result of conservative spending, increased development, and a focused effort on the whole City to work toward the elimination of the negative fund balance.

PERFORMANCE HIGHLIGHTS

Development increased in the City in Fiscal Year 2015 both in permits sold for residential homes, and for retail and service businesses. This increased revenues both in the Building Development Fund, Land Use Fees and in System Development Charges collected.

The City completed the Sewer project with full operations of the plant and the collection system getting off to a very successful start. However, the financial closeout of the project crossed over the fiscal year-end and is therefore listed as in process at June 30, 2015.

The City successfully implemented a Local Improvement District Assessment (LID) for the Sewer and assessed all City properties within the Local Improvement District. Property owners were billed and collections of fully paid LID Assessments was much higher than expected.

The Council requested the preparation of resolutions for the full payback of all inter-fund loans. These loans will all be fully repaid in early Fiscal Year 2016.

ODOT completed eleven hundred feet of new roadway on a City street known as the Roberts Road Realignment Project improving the safety and access to the I-5 Corridor commercial area thus improving the attraction of new business and industry to the area.

Report Format

This Management's Discussion and Analysis (MD & A) provides users of the basic financial statement's a narrative introduction, overview, and analysis of the statements. The report also includes government-wide financial statements, fund financial statements, notes to the financial statements and required supplementary information. The first several statements are highly condensed and present a government-wide view of the financial statements. Within this view all City operations are categorized and reported as either governmental, business, or fiduciary type activities.

Management Discussion and Analysis

This section of the report provides financial highlights, overview and economic factors effecting the city.

Government-Wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies using accrual-basis accounting. The statement of net assets presents information on all of the City's cash assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net assets are reported as the associated cash transaction is recorded on the City's books.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include:

- General Government
- Police
- Municipal Court
- Planning
- Public Works
- Capital Project Construction

The City has two proprietary (business-type) activities.

- Water Utility
- Sewer Utility

The City provides all administrative duties for the Coburg Urban Renewal Agency (CURA), a legally separate entity, in accordance with intergovernmental agreements. Therefore, management believes it would be misleading to exclude this entity from the government-wide financial statements. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Detailed information about this component unit is the subject of a separate audit report.

The government-wide financial statements can be found on pages 2 and 3 of the basic financial statements.

Fund Financial Statements

The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Much of the revenue the City receives is restricted by either the provider of the revenue or by decision of the City Council. All of the funds of the City can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements (page 2). However, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund Balance Sheet (page 4A & 4B) and in the governmental fund Statement of Receipts, Disbursements, and Changes in Fund Balances (page 6A). Explanations of differences between the Government Fund Balance Sheet and the Government-Wide Statement of Net Position can be found on page 5.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General, Park, and Street Funds beginning on page 12, and the remaining funds beginning on page 37.

Proprietary funds. The City maintains two proprietary funds – the Water Fund and the Sewer Fund and they are both enterprise funds. These are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses these enterprise funds to account for its Water Utility and Sewer Utility.

The proprietary fund financial statements can be found on pages 8, 9 and 10 in the basic financial statements.

Fiduciary funds. The City is the trustee, or *fiduciary*, for certain funds. The City is responsible for ensuring that the assets reported in a fiduciary fund are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary fund balance. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The City has one Fiduciary Fund: Cash Evidence Held. The fiduciary fund financial statements can be found on page 11 in the basic financial statements.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15- 33 of this report. The schedule of bonded debt and loan transactions and future debt service requirements are included in this section on pages 30 and 31.

Supplementary information. The enterprise funds and non major governmental funds are detailed in this section beginning on page 35. The schedule of property tax transactions is on page 43.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial analysis presented in this section of a municipal audit is based on the change in net position over the subject year. In it, the change is identified, as are the causes of that change, and the benefit of the change to the City. Table 1 presents a summary of the change in Coburg's net position between June 30, 2015 and June 30, 2014.

Total Assets increased by \$10,182,714 between June 30, 2015 and June 30, 2014 due to increases in most Governmental Funds due to increased development, and the completion of the Sewer Project and Local Improvement Assessment.

TABLE 1			
CHANGE IN NET ASSETS			
	June 30, 2015	June 30, 2014	Change
ASSETS			
Cash and Investments	3,268,655	1,527,181	1,741,474
Accounts Receivable	271,010	902,604	-631,594
Internal Balances	49,327	40,187	9,140
Property Taxes Receivable	38,439	38,268	171
Total Current Assets	3,627,431	2,508,240	1,119,191
NON CURRENT ASSETS			
Net Pension Asset	117,270	45,098	72,172
Capital Assets	37,832,888	28,841,537	8,991,351
	37,950,158	28,886,635	9,063,523
TOTAL ASSETS	41,577,589	31,394,875	10,182,714

As of June 30, 2015 short term liabilities decreased by \$154,277. This can be attributed to the pay-off of the URA construction loan, and a decrease in accounts payable, offset by an increase in current portion of bonds and loans payable. Non-current or Long-term Liabilities increased by \$5,376,109. This is a result of increased loans for the Sewer Capital Project

TABLE 2			
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
	June 30, 2015	June 30, 2014	Change
CURRENT LIABILITIES			
Due to Component Unit	89,514	1,495,955	-1,406,441
Due to Other Fund		40,187	-40,187
Accounts Payable	61,983	1,025,309	-963,326
Deposits Payable	2,182	0	2,182
Retainage Payable	326,215	326,214	1
Other Payables	68,250	0	68,249
Accrued Payroll	50,065	34,348	15,717
Accrued Compensated Absences	33,511	48,023	-14,512
Unearned Revenue	10,289	0	10,289
Accrued Interest	49,894	195,883	-145,989
Bonds and Loans Payable-Current	2,500,084	180,345	2,319,739
Total Current Liabilities	3,191,987	3,346,264	-154,277
NON-CURRENT LIABILITIES			
Bonds and Loans Payable	23,220,984	17,844,875	5,376,109
	23,220,984	17,844,875	5,376,109
TOTAL LIABILITIES	26,426,704	21,191,139	5,235,565
Deferred Inflows of Resources:			
Net Pension Related Deferrals	185,140	264,014	140,042

As of June 30, 2015, the portion of restricted net assets was \$789,261. This amount is subject to internal and external restrictions as shown in Table 3.

TABLE 3			
CHANGE IN NET POSITION			
	June 30, 2015	June 30, 2014	Change
NET POSITION			
Net Investment in Capital Assets	12,111,820	10,816,317	1,295,503
Restricted For			
Debt Service Loan Covenants	314,341	314,341	0
System Development Charges	474,920	215,360	259,560
Unrestricted	2,064,664	-1,187,380	3,252,044
	<u>2,853,925</u>	<u>-657,679</u>	<u>3,351,604</u>
Net Position	<u>14,965,745</u>	<u>9,939,722</u>	<u>5,026,023</u>

The Net Position of the City increased by \$5,026,023 as of June 30, 2015. This can be attributed to an increase in revenues, conservative spending, the completion of the Sewer Project, and the implementation of the Local Improvement District Assessment.

The beginning net position at July 1, 2014 does not equal the ending net position at June 30, 2014 (as reported in 2014 statement). Due to the implementation of GASB Statements 68 and 71, a restatement of the prior year net required to record the net pension liability at the prior measurement date and reclassify prior year pension contributions from expenses to deferred outflows.

Comparing Table 1 with Table 3 shows that assets are sufficient to cover restricted account requirements.

Financial Analysis of the Government Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-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 a government's net resources available for spending at the end of the fiscal year

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,400,398 compared to \$(778,319) at June 30, 2014 (Table 4), an increase of \$3,178,717 from the previous year-end fund balance total.

TABLE 4				
CHANGE IN ENDING FUND BALANCES				
GOVERNMENTAL FUNDS				
FUND #	FUND NAME	June 30, 2015	June 30, 2014	CHANGE
001	General Fund	-365,925	-514,274	148,349
002	Park Fund	-28,913	4,038	-32,951
003	Street Fund	116,503	122,840	-6,337
009	Building Fund	1,923	0	1,923
022	Park Capital Fund	161,433	135,575	25,858
023	Street Capital Fund	317,761	303,064	14,697
024	Water Capital Fund	39,579	-19,276	58,855
025	Sewer Capital Fund	408,647	-810,286	1,218,933
026	Sewer Debt Fund	1,749,389	0	1,749,389
	TOTAL	2,400,397	-778,319	3,178,716

The General Fund. The General Fund is the chief operating fund of the City. At the end of FY15 the Fund's balance was \$(365,925), an increase from last year's ending fund balance of \$(514,274). The increase/decrease reflects the Council and Staff's effort to reduced expenses, and pursue a positive fund balance in fiscal year 2016-17

The negative fund balance in the Park Fund is a result of the Local Improvement Assessment on properties defined as park land. As the Park Fund has a limited revenue resource available and is mainly funded by the general fund, an adjustment in 2016 will be made to bring the fund to a positive balance.

For a discussion of the negative fund balance see the interfund debt issue discussion in the FY07 Management Analysis and Discussion and on Page 18 Notes to the Basic Financial Statements.

General Fund program expenditures exceeded budgeted appropriations by \$47,439 or 3.7%. This excess is a result of assessment of LID on the General Fund for properties owned by the City which will be reclassified in 2016.

Other Governmental Funds. The changes in Governmental Funds as demonstrated in Table 4 reflects an overall increase in fund balance in the amount of \$3,178,716. As previously stated, this increase can be attributed to the pay-off off URA Construction Loan, implementation of the LID Assessment, conservative budgeting and spending, and increased development fees and revenues.

Enterprise Funds. The City's enterprise funds, the Water and Sewer Funds, had fund balances of \$293,105 and \$263,552 for FY15. This was is a total gain of \$242,845. This gain can be attributed to higher than expected revenues in the Water Fund and Sewer Fund as a result of increased development and new industrial businesses, as well as conservative spending.

TABLE 5				
CHANGE IN ENDING FUND BALANCES				
ENTERPRISE FUNDS				
FUND #	FUND NAME	June 30, 2015	June 30, 2014	CHANGE
4	Water Fund	293,105	217,484	75,621
5	Sewer Fund	263,552	96,328	167,224
	TOTAL	556,657	313,812	242,845

All Funds Combined: Gain or Loss by Fund. In the year ended June 30, 2015, the City had revenues in excess of expenses in the amount of \$3,472,386 as shown in Table 6. This is compared to an excess of expenses over revenues in 2014 in the amount of \$1,361,593. This change can mostly be attributed to the collection of the Local Improvement District Assessment, conservative budgeting of expenses, and increased development fees and revenues.

FUND	NAME OF FUND	BEGINNING	REVENUES AND TRANSFERS	EXPENSES AND TRANSFERS	ENDING	CHANGE IN
		FUND BALANCES			FUND BALANCE	FUND BALANCE
		7/1/2014			6/30/2015	
001	General Fund	-514,274	1,523,482	1,375,133	(365,925)	148,350
002	Park Fund	4,038	82,427	115,378	(28,913)	(32,951)
003	Street Fund	122,840	137,351	92,863	116,503	-6337
004	Water Fund	217,484	641,062	565,441	293,105	60,971
005	Sewer Fund	96,328	606,066	438,842	263,552	182,989
009	Building Fund	0	224,443	222,520	1,923	1,923
022	Parks CIP Fund	135,575	29,088	3,230	161,433	25,858
023	Street CIP Fund	303,064	15,635	938	317,761	14,697
024	Water CIP Fund	-19,276	59,384	529	39,579	58,855
025	Sewer CIP Fund	-810,286	2,081,936	863,003	408,647	1,218,933
026	Sewer Debt Fund	0	10,460,210	8,400,821	1,749,389	1,749,389
	Total	-464,507	15,861,084	12,388,698	3,007,879	3,472,386

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's net investment in capital assets for its governmental type activities as of June 30, 2015, was \$10,095,554. Business type activities net investment in capital assets was \$27,737,334 which included \$3,357,842 in the Water Fund and \$24,379,492 in the Sewer Fund.

Debt Administration. At the end of FY15, the City had total bonded debt outstanding of \$6,110,000, and total loans of \$19,611,068 for a total long-term debt of \$25,721,068. This debt was backed by water revenues, general fund revenues, future sewer revenues, a local improvement district, system development charges, and the property tax receipts of the Coburg Urban Renewal Agency.

The City's total debt increased by \$7,695,848 in FY15. The increase in debt can be attributed to the funding and completion of the Sewer Project.

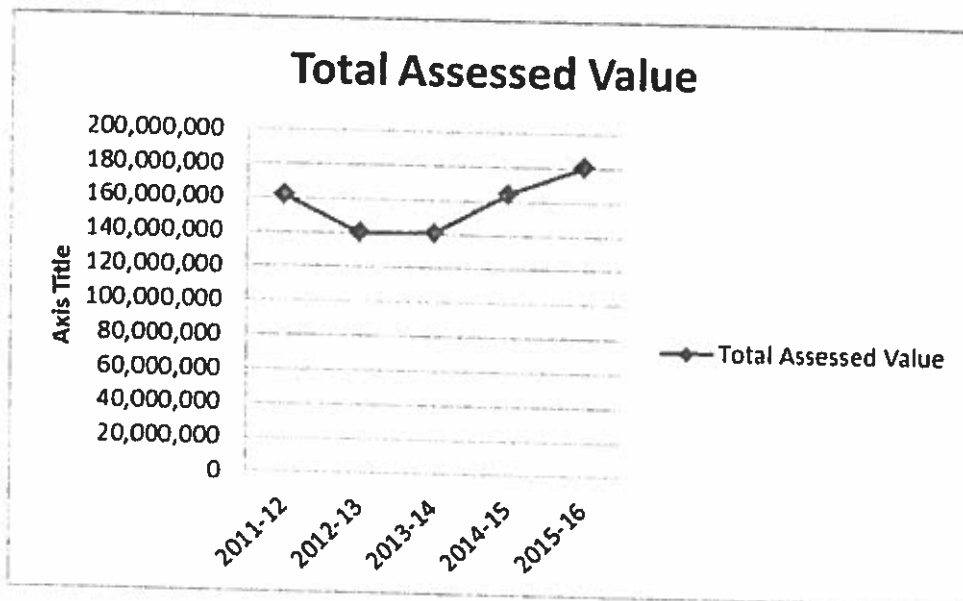
For more detailed information on the City's long-term debt, see Note 7 on pages 30 and 31 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

As this document is being prepared, the national economy has experienced a recovery. The local economy has improved and is reflected in steady growth and current development. Development growth opportunities for the City of Coburg continue to be optimistic.

The governmental funds largest revenue sources are property taxes, franchise fees, fees for services and state shared revenues. The State of Oregon does not have a sales tax; resulting in local government's heavy reliance on property taxes and other self-generated revenues including franchise fees, business licenses, etc.

In 2015 the City's assessed value increased by 8% from \$164,685,580 in 2014 to \$180,634,268. The following graph depicts the five year trend for the assessed value of the City. The improved economy and steady growth in development will continue to increase the tax receipts received into 2016.



Along with the increase in property tax revenues, the increase in development of the business district has resulted in increased franchise fees, business license fees and other development based revenues.

Personnel costs continue to rise due to increasing healthcare and retirement costs. Currently the City pays 95% of an employee's healthcare plan, with the employee paying the other 5%. Savings have only been reflected in the reduction of staffing at the City. However, with the increase in development of both residential and business areas, the City staff is working at capacity, and staff increases will be essential as the current growth trend continues.

The City has continued to improve the financial reporting systems. In FY 2015 the City hired an outside consultant to review monthly financial reporting. This allows for better separation of duties and over-site of accounting transactions. It is anticipated that this will continue to be part of the City budget until such time the City can hire additional accounting staff.

REQUESTS FOR INFORMATION

This financial report was prepared by Anne Heath, City of Coburg Finance Director in June of 2016. It is designed to provide a general overview of the City's finances for those with an interest in the City. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director
City of Coburg
91136 N. Willamette Street
PO Box 8316
Coburg, OR 97408
541-682-7870

CITY OF COBURG
LANE COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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**CITY OF COBURG
LANE COUNTY, OREGON**

**STATEMENT OF NET POSITION
June 30, 2015**

ASSETS	PRIMARY GOVERNMENT		TOTAL	URBAN RENEWAL AGENCY
	GOVERNMENTAL	BUSINESS TYPE		
Current				
Cash and Investments	\$ 2,659,235	609,420	3,268,655	206,845
Internal Balances	-	49,327	49,327	-
Accounts Receivable	208,876	62,134	271,010	-
Property Taxes Receivable	38,439	-	38,439	24,598
Total Current Assets	2,906,550	720,881	3,627,431	231,443
Non-Current				
Net Pension Asset	107,961	9,309	117,270	-
Capital Assets (Net of Accumulated Depreciation)	10,095,554	27,737,334	37,832,888	-
Total Assets	\$ 13,110,065	28,467,524	41,577,589	231,443
LIABILITIES				
Current				
Due to Component Unit	\$ -	89,514	89,514	-
Accounts Payable	53,082	8,901	61,983	-
Deposits Payable	-	2,182	2,182	-
Retainage Payable	326,215	-	326,215	-
Other Payable	68,250	-	68,250	-
Accrued Payroll	50,065	-	50,065	-
Accrued Compensated Absences	33,511	-	33,511	-
Unearned Revenue	10,289	-	10,289	-
Accrued Interest	-	49,894	49,894	1,031
Bonds and Loans Payable - Current	-	2,500,084	2,500,084	-
Total Current Liabilities	541,412	2,650,575	3,191,987	1,031
Non-Current				
Bonds and Loans Payable	8,364,107	14,856,877	23,220,984	-
Total Non-Current Liabilities	8,364,107	14,856,877	23,220,984	-
Total Liabilities	8,905,519	17,521,185	26,426,704	1,031
Deferred Inflows of Resources:				
Net Pension Related Deferrals	170,443	14,697	185,140	-
NET POSITION				
Net Investment in Capital Assets	1,731,447	10,380,373	12,111,820	-
Restricted for				
System Development Charges	474,920	-	474,920	-
Debt Service Loan Covenants	-	314,341	314,341	-
Unrestricted	1,827,736	236,928	2,064,664	230,412
TOTAL NET POSITION	\$ 4,034,103	10,931,642	14,965,745	230,412

See accompanying notes to the basic financial statements

**CITY OF COBURG
LANE COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

Functions/Programs	Program Revenues				Net Revenues (Expenses) and Changes in Net Position		Total	Component Unit
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
Governmental Activities								
Municipal Department	\$ 487,005	\$ 28,208	\$ 6,157	\$ -	\$ (452,640)	\$ -	\$ (452,640)	\$ -
Facilities Management	71,855	-	-	-	(71,855)	-	(71,855)	-
Planning Department	76,309	-	980	-	(75,329)	-	(75,329)	-
Economic Development	21,155	-	-	-	(21,155)	-	(21,155)	-
Public Safety	508,428	120,350	-	-	(388,078)	-	(388,078)	-
Municipal Court	148,798	-	-	-	(148,798)	-	(148,798)	-
Highways and Streets	118,455	23,216	-	-	(95,239)	-	(95,239)	-
Parks and Recreation	162,104	25,633	-	-	(136,471)	-	(136,471)	-
Public Works	209,057	-	-	-	(209,057)	-	(209,057)	-
Building Development	195,020	-	-	-	(195,020)	-	(195,020)	-
LID Assessment	-	2,710,699	-	-	2,710,699	-	2,710,699	-
Infrastructure	-	48,028	-	-	48,028	-	48,028	(224,420)
Interest on Debt Service	8,352,591	-	-	-	(8,352,591)	-	(8,352,591)	-
Total Governmental Activities	10,350,777	2,956,134	7,137	-	(7,387,506)	-	(7,387,506)	(224,420)
Business-Type Activities								
Water	183,385	614,910	-	-	-	429,525	429,525	-
Sewer	259,432	606,066	-	-	-	346,634	346,634	-
Total Business-Type Activities	444,817	1,220,976	-	-	-	776,159	776,159	-
Total Primary Government	\$ 10,795,594	\$ 4,177,110	\$ 7,137	-	(7,387,506)	776,159	(6,611,347)	(224,420)
Component Unit								
Coburg Urban Renewal Agency	\$ -	\$ -	\$ -	\$ -	-	-	-	-
	General Revenues							
					Property Taxes	449,685	449,685	302,529
					Licenses, Permits and Fees	558,471	558,471	-
					Intergovernmental	1,715,407	1,715,407	-
					Gain/Loss on Sale of Capital Assets	(180,529)	(180,529)	-
					Interest and Miscellaneous	82,399	82,399	-
					Transfers	(441,351)	(441,351)	3,623
					Capital Contribution	-	(47,659)	(1,530,000)
					Total General Revenues	2,184,082	(335,074)	1,849,008
					Change in Net Position	(5,203,424)	441,085	(4,762,339)
					Beginning Net Position as restated for GASB 68	552,841	10,490,557	11,043,398
					Prior Period Adjustment	8,684,686	-	8,684,686
					Ending Net Position	\$ 4,034,103	\$ 10,931,642	\$ 14,965,745
								\$ 230,412

See accompanying notes to the basic financial statements

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**CITY OF COBURG
LANE COUNTY, OREGON**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	GENERAL FUND	PARK FUND	STREET FUND	BUILDING DEVELOPMENT FUND	PARK CAPITAL IMPROVEMENT FUND
ASSETS					
Cash and Investments	\$ 323,442	\$ 20,208	\$ 99,532	\$ 2,608	\$ 161,433
Due from Other Funds	34,198	-	-	-	-
Accounts Receivable	25,339	-	18,864	-	-
Taxes Receivable, Net	38,439	-	-	-	-
Total Assets	\$ 421,418	20,208	118,396	2,608	161,433
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Due to URA	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	621,295	-	-	-	-
Deferred Revenue	10,289	-	-	-	-
Accounts Payable	48,404	887	1,893	685	-
Retainage Payable	-	-	-	-	-
Accrued Payroll	50,065	-	-	-	-
Other Payables	18,851	48,234	-	-	-
Total Liabilities	748,904	49,121	1,893	685	-
Deferred Inflows of Resources					
Unavailable revenue - property taxes	38,439	-	-	-	-
Total Deferred Inflows of Resources	38,439	-	-	-	-
Fund Balances					
Restricted for					
System Development Charges	-	-	-	-	140,865
Assigned for					
Parks	-	-	-	-	20,568
Streets	-	-	116,503	-	-
Unassigned	(365,925)	(28,913)	-	1,923	-
Total Fund Balances	(365,925)	(28,913)	116,503	1,923	161,433
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 421,418	\$ 20,208	\$ 118,396	\$ 2,608	\$ 161,433

See accompanying notes to the basic financial statements

STREET CAPITAL IMPROVEMENT FUND	WATER CAPITAL IMPROVEMENT FUND	SEWER CAPITAL IMPROVEMENT FUND	SEWER DEBT FUND	TOTAL
\$ 317,761	\$ 73,777	\$ 23,235	\$ 1,637,239	\$ 2,659,235
-	-	661,482	-	695,680
-	-	52,523	112,150	208,876
-	-	-	-	38,439
<u>317,761</u>	<u>73,777</u>	<u>737,240</u>	<u>1,749,389</u>	<u>\$ 3,602,230</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	34,198	-	-	655,493
-	-	-	-	10,289
-	-	1,213	-	53,082
-	-	326,215	-	326,215
-	-	-	-	50,065
-	-	1,165	-	68,250
-	<u>34,198</u>	<u>328,593</u>	-	<u>1,163,394</u>
-	-	-	-	38,439
-	-	-	-	38,439
246,976	59,361	27,718	-	474,920
-	-	-	-	20,568
-	-	-	-	116,503
<u>70,785</u>	<u>(19,782)</u>	<u>380,929</u>	<u>1,749,389</u>	<u>1,788,406</u>
<u>317,761</u>	<u>39,579</u>	<u>408,647</u>	<u>1,749,389</u>	<u>2,400,397</u>
<u>\$ 317,761</u>	<u>\$ 73,777</u>	<u>\$ 737,240</u>	<u>\$ 1,749,389</u>	<u>\$ 3,602,230</u>

See accompanying notes to the basic financial statements

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CITY OF COBURG
LANE COUNTY, OREGON

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION**
June 30, 2015

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

Fund Balances	\$ 2,400,397
The net pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.	107,961
Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.	(170,443)
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 position includes those capital assets among the assets of the City as a whole.	
Net Capital Assets	10,095,554
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 noncurrent, are reported in the statement of net position.	
GO Bonds	(8,364,107)
Accrued Compensated Absences	(33,511)
Net Change in Interfund Balance	(40,187)
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	
Unavailable Revenue (taxes receivable)	<u>38,439</u>
Total Net Position	<u>\$ 4,034,103</u>

See accompanying notes to the basic financial statements

**CITY OF COBURG
LANE COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

	GENERAL FUND	PARK FUND	STREET FUND	BUILDING DEVELOPMENT FUND	PARK CAPITAL IMPROVEMENT FUND
Revenues					
Property Taxes	\$ 459,974	\$ -	\$ -	\$ -	\$ -
Fines & Forfeits	135,452	-	-	-	-
Licenses, Permits & Fees	277,605	85	9,759	224,443	25,548
Intergovernmental	57,815	-	127,592	-	-
Charges for Services	-	-	-	-	-
Grants	7,137	-	-	-	-
LID Assessment	-	-	-	-	-
URA-Debt Service	-	-	-	-	-
Interest and Miscellaneous	37,286	-	-	-	3,540
Total Revenues	975,269	85	137,351	224,443	29,088
Expenditures					
Administration Department	456,271	-	-	-	-
Municipal Department	-	-	-	-	-
Facilities Management	58,217	-	-	-	-
Planning Department	61,342	-	-	-	-
Economic Development	16,793	-	-	-	-
Police Department	356,707	-	-	-	-
Public Works	209,057	-	-	-	-
Municipal Court	120,980	-	-	-	-
Highways and Streets	-	-	92,863	-	-
Parks and Recreation	-	115,378	-	-	3,230
Building Development Fund	-	-	-	195,020	-
Debt Service	-	-	-	-	-
Capital Outlay	13,424	-	-	-	-
Total Expenditures	1,292,791	115,378	92,863	195,020	3,230
Excess of Revenues Over, (Under) Expenditures	(317,522)	(115,293)	44,488	29,423	25,858
Other Financing Sources, (Uses)					
Loan Proceeds	-	-	-	-	-
Transfers In	548,213	82,342	-	-	-
Transfers Out	(82,342)	-	(50,825)	(27,500)	-
Total Other Financing Sources, (Uses)	465,871	82,342	(50,825)	(27,500)	-
Net Change in Fund Balance	148,349	(32,951)	(6,337)	1,923	25,858
Beginning Fund Balance	(514,274)	4,038	122,840	-	135,575
Ending Fund Balance	\$ (365,925)	(28,913)	116,503	1,923	161,433

See accompanying notes to the basic financial statements

STREET CAPITAL IMPROVEMENT FUND	WATER CAPITAL IMPROVEMENT FUND	SEWER CAPITAL IMPROVEMENT FUND	SEWER DEBT FUND	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 459,974
13,457	47,342	686	-	135,452
-	-	-	-	598,925
-	-	-	-	185,407
-	-	-	-	-
-	-	-	-	7,137
-	-	-	2,710,699	2,710,699
2,178	12,042	-	1,530,000	1,530,000
<u>15,635</u>	<u>59,384</u>	<u>27,353</u>	<u>-</u>	<u>82,399</u>
-	-	-	30,734	487,005
-	-	-	-	-
-	-	-	-	58,217
-	-	-	-	61,342
-	-	-	-	16,793
-	-	-	-	356,707
-	-	-	-	209,057
-	-	-	-	120,980
-	-	-	-	92,863
-	-	-	-	118,608
-	-	-	-	195,020
20	70	839,313	8,370,087	8,370,087
<u>20</u>	<u>70</u>	<u>839,313</u>	<u>-</u>	<u>852,827</u>
<u>15,615</u>	<u>59,314</u>	<u>(811,274)</u>	<u>(4,160,122)</u>	<u>(5,229,513)</u>
-	-	1,743,897	6,000,000	7,743,897
-	-	310,000	219,511	1,160,066
(918)	(459)	(23,690)	(310,000)	(495,734)
<u>(918)</u>	<u>(459)</u>	<u>2,030,207</u>	<u>5,909,511</u>	<u>8,408,229</u>
14,697	58,855	1,218,933	1,749,389	3,178,716
303,064	(19,276)	(810,286)	-	(778,319)
<u>317,761</u>	<u>39,579</u>	<u>408,647</u>	<u>1,749,389</u>	<u>\$ 2,400,397</u>

See accompanying notes to the basic financial statements

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**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, 2015**

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	\$	3,178,716
<p>The pension expense represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital Asset Additions		852,827
Capital Asset Deletions		(180,529)
Depreciation Expense		(365,633)
<p>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.</p>		
		(14,512)
<p>The issuance of long-term debt provides current financial resources to governmental funds; the repayment of long-term debt consumes current financial resources:</p>		
Issuance of Long-term Debt		(8,702,078)
Principle Reductions on Long-term Debt		17,496
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Unearned Revenues		10,289
Change in Net Position	\$	<u>(5,203,424)</u>

See accompanying notes to the basic financial statements

**CITY OF COBURG
LANE COUNTY, OREGON**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015**

	<u>ENTERPRISE FUNDS</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Investments	\$ 408,178	\$ 201,242	\$ 609,420
Due From Other Funds	-	49,327	49,327
Accounts Receivable, Net	27,752	34,382	62,134
Total Current Assets	<u>435,930</u>	<u>284,951</u>	<u>720,881</u>
Net Pension Asset	-	9,309	9,309
Capital Assets, Net	3,357,842	24,379,492	27,737,334
Total Assets	<u>\$ 3,793,772</u>	<u>\$ 24,673,752</u>	<u>\$ 28,467,524</u>
LIABILITIES, DEFERRED INFLOWS AND NET ASSETS			
Current Liabilities			
Accounts Payable	\$ 3,267	\$ 5,634	\$ 8,901
Deposits Payable	2,182	-	2,182
Due to Other Funds	89,514	-	89,514
Accrued Interest	34,129	15,765	49,894
LID Assessment (including interest)	13,733	-	13,733
Long Term Debt - Current Portion	148,239	2,351,845	2,500,084
Total Current Liabilities	<u>291,064</u>	<u>2,373,244</u>	<u>2,664,308</u>
Non-Current Liabilities			
Long Term Debt	1,562,029	13,294,848	14,856,877
Total Liabilities	<u>1,853,093</u>	<u>15,668,092</u>	<u>17,521,185</u>
Deferred Inflows of Resources:			
Net Pension Related Deferrals	-	14,697	14,697
NET POSITION			
Net Investment in Capital Assets	1,647,574	8,732,799	10,380,373
Restricted for Debt Service Loan Covenant	31,960	282,381	314,341
Unrestricted	261,145	(24,217)	236,928
Total Net Position	<u>1,940,679</u>	<u>8,990,963</u>	<u>10,931,642</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 3,793,772</u>	<u>\$ 24,673,752</u>	<u>\$ 28,467,524</u>

See accompanying notes to the basic financial statements

**CITY OF COBURG
LANE COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015**

	<u>ENTERPRISE FUNDS</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 614,910	\$ 606,066	\$ 1,220,976
OPERATING EXPENDITURES			
Cost of Sales	165,802	259,432	425,234
Depreciation	19,583	-	19,583
Total Operating Expenditures	185,385	259,432	444,817
Operating Income, (Loss)	429,525	346,634	776,159
NONOPERATING REVENUES (EXPENDITURES)			
Capital Contribution	(15,000)	(32,659)	(47,659)
Transfers Out	(178,807)	(179,410)	(358,217)
Interest on Investments	26,152	44,650	70,802
Total Nonoperating Revenues (Expenditures)	(167,655)	(167,419)	(335,074)
Change in Net Position	261,870	179,215	441,085
Beginning Net Position - as retated for GASB 68	1,678,809	8,811,748	10,490,557
Ending Net Position	<u>\$ 1,940,679</u>	<u>\$ 8,990,963</u>	<u>\$ 10,931,642</u>

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, 2015

	WATER FUND	SEWER FUND	TOTAL
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 659,184	\$ 613,747	\$ 1,272,931
Cash Paid to Suppliers	(106,456)	(183,043)	(289,499)
Cash Paid to Employees	(59,988)	(76,389)	(136,377)
Net Cash Provided (Used) by Operating Activities	<u>492,740</u>	<u>354,315</u>	<u>847,055</u>
Cash Flows from Capital and Related Financing Activities			
Transfers Out	(178,807)	(179,410)	(358,217)
Due to/Due From	-	130,446	130,446
Payment of Principal of Long Term Debt	(138,631)	(69,562)	(208,193)
Interest Expense	(18,055)	(51,476)	(69,531)
Capital Outlay	(15,000)	(32,659)	(47,659)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(350,493)</u>	<u>(202,661)</u>	<u>(553,154)</u>
Cash Flows from Investing Activities			
Interest on Investments	26,152	44,650	70,802
Net Increase (Decrease) in Cash and Cash Equivalents	168,399	196,304	364,703
Cash and Investments at Beginning of Year	<u>239,779</u>	<u>4,938</u>	<u>244,717</u>
Cash and Investments at End of Year	<u>\$ 408,178</u>	<u>\$ 201,242</u>	<u>\$ 609,420</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income, (Loss)	\$ 429,525	\$ 346,634	\$ 776,159
Noncash Items Included in Income:			
Depreciation	19,583	-	19,583
Decrease (Increase) in Accounts Receivable	44,274	7,681	51,955
Increase (Decrease) in Accounts Payable and Deposits Payable	1,540		1,540
	<u>(2,182)</u>		<u>(2,182)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 492,740</u>	<u>\$ 354,315</u>	<u>\$ 847,055</u>

See accompanying notes to the basic financial statements

**CITY OF COBURG
LANE COUNTY, OREGON**

**STATEMENT OF NET POSITION
FIDUCIARY FUND (AGENCY FUND)
June 30, 2015**

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

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, 2015**

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
Revenues				
Property Taxes	\$ 687,865	\$ 687,865	\$ 459,974	\$ (227,891)
Licenses, Permits & Fees	299,225	236,825	277,605	40,780
Intergovernmental	93,133	101,825	57,815	(44,010)
Grants	16,766	16,766	7,137	(9,629)
Fines & Forfeits	151,589	158,589	135,452	(23,137)
Interest and Miscellaneous	33,880	33,880	37,286	3,406
Total Revenues	<u>1,282,458</u>	<u>1,235,750</u>	<u>975,269</u>	<u>(260,481)</u>
Expenditures				
Personal Services	842,674	844,324 (1)	849,924	(5,600)
Materials and Services	360,840	371,532 (1)	429,443	(57,911)
Capital Outlay	12,000	12,000 (1)	13,424	(1,424)
Debt Service	41,546	17,496 (1)	-	17,496
Total Expenditures	<u>1,257,060</u>	<u>1,245,352</u>	<u>1,292,791</u>	<u>(47,439)</u>
Excess of Revenues Over, (Under) Expenditures	25,398	(9,602)	(317,522)	(213,042)
Other Financing Sources, (Uses)				
Loan Proceeds	-	-	-	-
Sale of Capital Assets	-	-	-	-
Transfers In	534,765	569,765	548,213	(21,552)
Transfers Out	(132,342)	(132,342) (1)	(82,342)	50,000
Total Other Financing Sources, (Uses)	<u>402,423</u>	<u>437,423</u>	<u>465,871</u>	<u>28,448</u>
Net Change in Fund Balance	427,821	427,821	148,349	(279,472)
Beginning Fund Balance	<u>(427,821)</u>	<u>(427,821)</u>	<u>(514,274)</u>	<u>(86,453)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (365,925)</u>	<u>\$ (365,925)</u>

(1) Appropriation Level

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, 2015**

<u>PARK FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
Revenues				
Licenses, Permits & Fees	\$ -	\$ -	\$ 85	\$ 85
Grant	64,000	34,700	-	(34,700)
Total Revenues	<u>64,000</u>	<u>34,700</u>	<u>85</u>	<u>(34,615)</u>
Expenditures				
Personal Services	39,992	39,992 (1)	39,992	-
Materials and Services	106,350	60,500 (1)	60,386	114
Debt Service	-	- (1)	-	-
Capital Outlay	-	15,000	15,000	-
Contingency	6,000	6,000 (1)	-	6,000
Total Expenditures	<u>152,342</u>	<u>121,492</u>	<u>115,378</u>	<u>6,114</u>
Excess of Revenues Over (Under) Expenditures	(88,342)	(86,792)	(115,293)	(40,729)
Other Financing Sources, (Uses)				
Transfers In	82,342	82,342	82,342	-
Transfers Out	-	- (1)	-	-
Total Other Financing Sources, (Uses)	<u>82,342</u>	<u>82,342</u>	<u>82,342</u>	<u>-</u>
Net Change in Fund Balance	(6,000)	(4,450)	(32,951)	(28,501)
Beginning Fund Balance	<u>6,613</u>	<u>6,613</u>	<u>4,038</u>	<u>(2,575)</u>
Ending Fund Balance	<u>\$ 613</u>	<u>\$ 2,163</u>	<u>\$ (28,913)</u>	<u>\$ (31,076)</u>

(1) Appropriation Level

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, 2015**

STREET FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
Revenues				
Intergovernmental	\$ 132,000	\$ 132,000	\$ 127,592	\$ (4,408)
Licenses, Permits & Fees	9,700	9,700	9,759	59
Grant	50,000	50,000	-	(50,000)
Total Revenues	<u>191,700</u>	<u>191,700</u>	<u>137,351</u>	<u>(54,349)</u>
Expenditures				
Personal Services	19,996	19,996 (1)	19,996	-
Materials and Services	85,200	70,200 (1)	57,867	12,333
Capital Outlay	150,000	165,000 (1)	15,000	150,000
Contingency	-	- (1)	-	-
Total Expenditures	<u>235,200</u>	<u>235,200</u>	<u>92,863</u>	<u>162,333</u>
Excess of Revenues Over, (Under) Expenditures	(43,500)	(43,500)	44,488	107,984
OTHER FINANCING SOURCES				
Transfers Out	(50,825)	(50,825) (1)	(50,825)	-
Net Change in Fund Balance	(94,325)	(94,325)	(6,337)	(87,988)
Beginning Fund Balance	<u>121,075</u>	<u>121,075</u>	<u>122,840</u>	<u>1,765</u>
Ending Fund Balance	<u>\$ 26,750</u>	<u>\$ 26,750</u>	<u>\$ 116,503</u>	<u>\$ 89,753</u>

(1) Appropriation Level

See accompanying notes to the basic financial statements

CITY OF COBURG
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

I. 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 61. 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 charges for park services.

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.

BUILDING DEVELOPMENT FUND

The Building Development Fund is used to document fees and expenses directly related to development, such as building and electrical permits. The City contracts with a third party to manage the permit process and pays surcharges on all permit revenue collected. The Fund's major source of revenue is permits for development.

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

B. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

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.

SEWER FUND

The Sewer Fund was initiated in the 2009 fiscal year and is used to pay debt service on sewer project loans. As the wastewater treatment system is constructed the operational revenues and costs are being tracked in this fund.

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 (FIDUCIARY)

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 position and the statement of changes in net position) report information on all of the nonfiduciary activities of the City 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 segments 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.

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

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

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 City 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. 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 cannot 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 the fiscal year ended June 30, 2015 except for over expenditures in the following funds: General Fund: Personal Services by \$5,600, Materials and Services by \$57,911, and Capital Outlay by \$1,424. Water Fund: Materials and Services by \$7,114. Park Capital Improvement Fund: Materials and Services by \$3,230. Street Capital Improvement Fund: Materials and Services by \$20. Water Capital Improvement Fund: Materials and Services by \$70.

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

F. DEFICIT FUND BALANCES

As of June 30, 2015, the following funds had budgetary basis deficits in fund balance: General Fund: \$365,925, Park Fund: \$28,913.

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.

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 15th 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 one year. 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

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 position. Bond premiums and discounts 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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. DEFERRED OUTFLOWS/INFLOWS 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. There are no deferred outflows.

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has a deferred amount related to pension items of \$185,140 listed in the Statement of Net Position. The City has \$38,439, which qualifies for reporting in this category in the fund statements. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

L. FUND BALANCE

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. This authority was given to the Finance Director.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There were no nonspendable or committed fund balances at year end.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

M. 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.

N. 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.

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

O. ESTIMATES

The preparation of basic 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.

2. CASH AND INVESTMENTS

State statutes govern the cash management policies. Statutes authorize investing 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 appears to be in compliance with all portfolio guidelines at June 30, 2015.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2015 the fair value of the position in the Local Government Investment Pool approximates 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, 2015 consisted of:

	<u>2015</u>
Petty Cash	\$ 300
Demand Deposits	2,761,671
Investments	529,106
Total	<u>\$ 3,291,077</u>

Reported In:

Governmental	\$ 2,659,235
Business Type	609,420
Fiduciary Funds	22,422
	<u>\$ 3,291,077</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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>	
		<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 529,106	\$ 529,106	\$ -
Total	\$ 529,106	\$ 529,106	\$ -

Interest Rate Risk

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 - Investment

Oregon Revised Statutes do 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 net carrying amount of deposits was \$3,268,655 and the bank balance was \$2,799,327. Of these deposits, \$250,437 was covered by federal depository insurance. The remainder is collateralized by the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes and City policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they were all capitalized, 25% of their quarter end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2015 are as follows:

	GOVERNMENTAL FUNDS				Balance End Of Year
	Balance Beginning of Year	Prior Period Adjustment	Additions	(Deletions)	
Cost					
Land	\$ 92,166	\$ 2,100,000	\$ 426,772	\$ -	\$ 2,618,938
Buildings & Improvements	1,191,280	6,764,686	234,055	(7,788)	8,182,233
Equipment	353,282	-	12,000	(172,741)	192,541
Total	<u>1,636,728</u>	<u>8,864,686</u>	<u>672,827</u>	<u>(180,529)</u>	<u>10,993,712</u>
Accumulated Depreciation					
Buildings & Improvements	228,134	-	352,637	-	580,771
Equipment	304,391	-	12,996	-	317,387
Total	<u>532,525</u>	<u>-</u>	<u>365,633</u>	<u>-</u>	<u>898,158</u>
Total Net Capital Assets	<u>\$ 1,104,203</u>				<u>\$10,095,554</u>

The total balance of governmental fund capital assets for the fiscal year ended June 30, 2015 does not match the Statement of Net Position. A difference of \$40,187 is due to errors discovered in the prior year, which management plans to correct in the future.

Governmental Depreciation was allocated to the function as follows:

Facilities	\$ 25,785
Planning	27,169
Economic Development	7,438
Public Safety	157,992
Municipal Court	53,584
Highways and Streets	41,131
Parks and Recreation	<u>52,534</u>
Total Governmental Activities	<u>\$365,633</u>

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS (CONTINUED)

		PROPRIETARY FUNDS				
WATER FUND		Balance Beginning of Year	Prior Period Adjustments	Additions	(Deletions)	Balance End Of Year
Cost						
Land		\$ -	\$ 237,577	\$ -	\$ -	\$ 237,577
Utility System		4,460,596	-	-	(143,563)	4,317,033
Equipment		30,833	-	157,372	(12,483)	175,722
Total		<u>4,491,429</u>	<u>-</u>	<u>157,372</u>	<u>(156,046)</u>	<u>4,730,332</u>
Accumulated Depreciation						
Utility System		1,102,754	-	107,027	-	1,209,781
Equipment		30,833	-	144,359	(12,483)	162,709
Total		<u>1,133,587</u>	<u>-</u>	<u>251,386</u>	<u>(12,483)</u>	<u>1,372,490</u>
Total Net Capital Assets		<u>\$ 3,357,842</u>				<u>\$ 3,357,842</u>
SEWER FUND						
		Balance Beginning Of Year	Prior Period Adjustments	Additions	(Deletions)	Balance End Of Year
Cost						
Land		\$ -	\$ 217,293	\$ -	\$ -	\$ 217,293
Buildings & Infrastructure		-	21,332,582	728,652	-	22,061,234
Construction in process		24,379,492	(24,379,492)	-	-	-
Equipment		-	2,829,617	-	-	2,829,617
Total		<u>24,379,492</u>	<u>-</u>	<u>728,652</u>	<u>-</u>	<u>25,108,144</u>
Accumulated Depreciation						
Buildings & Infrastructure		-	-	443,707	-	443,707
Equipment		-	-	284,945	-	284,945
Total		<u>-</u>	<u>-</u>	<u>728,652</u>	<u>-</u>	<u>728,652</u>
Total Net Capital Assets		<u>\$24,379,492</u>				<u>\$24,379,492</u>
Total Net Capital Assets, All Proprietary Funds		<u>\$27,737,334</u>				<u>\$27,737,334</u>

During the fiscal year ended June 30, 2015, the City completed construction in process of a major Sewer infrastructure project, and the capital assets were reclassified from Construction in Process to Buildings, Infrastructure, and Equipment.

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables for the year ended are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 34,198	\$ 621,295
Water Fund	-	89,514
Sewer Fund	49,327	-
Water Capital Improvement Fund	-	34,198
Sewer Capital Improvement Fund	661,482	-
	<u>\$ 745,007</u>	<u>\$ 745,007</u>

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.

6. PENSION PLAN

PLAN DESCRIPTION

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

- a. PERS Pension (Chapter 238). The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i) 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, and 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 benefits results.
- ii) 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 on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
- iii) 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-

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. PENSION PLAN (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

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.

- iv) **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 equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

- b) **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
 - i) **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 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.
 - ii) **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.
 - iii) **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.
 - iv) **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

FUNDING POLICY

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. The 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, 2011 actuarial valuation, which became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2015, were \$45,190, excluding amounts to fund employer specific liabilities.

At June 30, 2015, the City reported a net pension asset of \$117,270 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2012, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2012, the City's proportion was .01 percent.

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. PENSION PLAN (CONTINUED)

FUNDING POLICY (CONTINUED)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(226,283)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(4,047)
	<u>-</u>	<u>(4,047)</u>
Subtotal - Amortized deferrals (below)		<u>(230,330)</u>
City contributions subsequent to measurement date	<u>45,190</u>	<u>-</u>
Net deferred outflow (inflow) of resources		<u>\$ (185,140)</u>

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ (57,451)
2017	(57,451)
2018	(57,451)
2019	(57,451)
2020	(526)
Thereafter	-
Total	<u>\$ (230,330)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated July 29, 2015. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx.

ACTUARIAL VALUATIONS

The employer contribution rates effective July 1, 2013 through June 30, 2015, were set using the entry age normal 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 (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. PENSION PLAN (CONTINUED)

ACTUARIAL VALUATIONS (CONTINUED)

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer 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 actuarially determined amount for funding a disability benefit component, and (c) 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.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, Published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2012 Experience Study which is reviewed for the four-year period ending December 31, 2012.

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 the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. PENSION PLAN (CONTINUED)

ACTUARIAL VALUATIONS (CONTINUED)

	<u>Decrease (6.75%)</u>	<u>Rate (7.75%)</u>	<u>Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 248,335	\$ (117,270)	\$ (426,485)

Changes in Plan Provisions Subsequent to Measurement Date: The Oregon Supreme Court on April 30, 2015, ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. Oregon Public Employees Retirement System Notes to the Schedules of Employer Allocations and Pension Amounts by Employer As of and for the Fiscal Year Ended June 30, 2014. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest \$10 million.

	<u>June 30, 2014 Measurement Date for all PERS Employers (in millions)</u>	
	<u>Pre-Moro</u>	<u>Post-Moro</u>
Net pension liability	\$ 63,135	\$ 68,050
Total pension liability	65,402	65,400
Fiduciary net position	<u>\$ (2,267)</u>	<u>\$ 2,650</u>
Net pension liability (asset)		

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700,

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

6. PROPERTY TAX LIMITATIONS

The State of Oregon voters imposed 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

7. LONG-TERM DEBT

The changes in long-term debt for the year ended June 30, 2015 is comprised of the following:

	July 1, 2014	Adjustments	Additions	Reductions	June 30, 2015
Governmental Funds:					
\$685,000 was issued on January 16, 2014 of General Obligation notes payable for the purpose of purchasing the city hall building. The interest rate is 3.59-3.69%.	\$ 677,893	\$ -	\$ -	\$ 17,496	\$ 660,397
\$6,000,000 was issued on March 9, 2016 (loan number R23044) obtained from Hawkins Delafield & Wood LLP. The interest rate is 4%.	-	-	6,000,000	-	6,000,000
\$2,000,000 was issued on March 9, 2016 (loan number R23044) obtained from Hawkins Delafield & Wood LLP. The interest rate is 1.85%	-	-	2,000,000	-	2,000,000
Total Governmental Funds	677,893	-	8,000,000	17,496	8,660,397
Proprietary Funds:					
\$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 outstanding and that bond remains outstanding.	\$ 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.	130,000	-	-	25,000	105,000
\$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 5.37%	797,477	-	-	48,448	749,029
\$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 5.37%	911,856	45,305	-	-	957,161
\$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 2.63%	789,310	-	-	28,784	760,526
\$9,209,228 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 3.51%	8,725,054	725,744	-	-	9,450,798
\$6,000,000 was issued on July 1, 2011 (loan number R23043. Same source as above). The interest rate is 1.28%.	4,988,630	44,527	-	-	5,033,157
\$1,000,000 was issued on July 1, 2012 of OECD loans. The interest rate is 3.92%	1,000,000	-	-	1,000,000	-
Total Proprietary Funds	17,347,327	815,576	-	1,102,232	17,060,671
Total Long Term Debt	\$ 18,025,220	\$ 815,576	\$ 8,000,000	\$ 1,119,728	\$ 25,721,068

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (CONTINUED)

The individual and ending balances of governmental and proprietary long-term debt on June 30, 2014 do not match beginning balances on July 1, 2015 due to errors discovered in the prior year. In the current year, the governmental and proprietary totals of long-term debt as presented on the Statement of Net Position do not match the individual totals shown in the table on page 30. The long-term debt totals on page 30 as of June 30, 2016 do share a government-wide total of \$27,721,068, which matches the Statement of Net Position's total. Management plans on presenting long-term debt consistently in the future.

Future maturities of significant long term debt items are as follows:

Governmental Type Notes Payable:

Amounts Payable	2015 Mortgage Loan		2015 Waste Water Bonds		2015 Clean Water Loan	
	Principal	Interest Due	Principal	Interest Due	Principal	Interest Due
2015-2016	\$ 18,134	\$ 23,412	\$ 74,266	\$ 508,455	\$ -	\$ -
2016-2017	18,796	22,750	39,517	251,844	42,821	69,339
2017-2018	19,482	22,064	41,196	250,164	86,834	35,808
2018-2019	20,347	21,352	42,947	248,413	88,447	34,195
2019-2020	21,310	20,604	44,772	246,588	90,091	32,551
2020-2025	562,328	68,676	254,073	1,202,729	476,206	137,004
2025-2030			312,851	1,143,950	522,134	91,076
2030-2035			385,228	1,071,573	572,490	40,720
2035-2040			474,350	982,452	120,977	1,681
2040-2045			584,089	872,712		
2045-2050			719,216	737,585		
2050-2055			885,604	571,197		
2055-2060			1,090,486	366,316		
2060-2065			1,051,405	114,035		
	<u>\$ 660,397</u>	<u>\$ 178,858</u>	<u>\$ 6,000,000</u>	<u>\$ 8,568,014</u>	<u>\$ 2,000,000</u>	<u>\$ 442,374</u>

Business Type Bonds Payable:

Amounts Payable	1999 Water Revenue Bond		1973 Water Matured Bonds	
	Principal	Interest	Principal	Interest Due
2015-2016	25,000	5,460	-	-
2016-2017	25,000	4,160	-	-
2017-2018	25,000	2,860	-	-
2018-2019	30,000	1,560	-	-
2019-2020				
2020-2025	-	-	5,000	-
	<u>\$ 105,000</u>	<u>\$ 14,040</u>	<u>\$ 5,000</u>	<u>\$ -</u>

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (CONTINUED)

Business Type Notes and Contracts Payable:

Amounts Payable	<u>Water Project Loan G01001</u>		<u>Water Project Loan B01003</u>		<u>Clean Water Loan R23041</u>	
	<u>Principal</u>	<u>Interest Due</u>	<u>Principal</u>	<u>Interest Due</u>	<u>Principal</u>	<u>Interest Due</u>
2015-2016	53,892	40,826	66,174	52,182	29,803	26,435
2016-2017	54,363	37,970	66,767	48,675	30,858	25,380
2017-2018	54,863	35,061	72,397	45,103	31,950	24,288
2018-2019	60,396	32,099	78,067	41,193	33,082	23,156
2019-2020	65,958	28,837	78,773	36,978	34,254	21,984
2020-2025	374,462	87,491	481,012	113,935	190,341	90,849
2025-2030	85,095	4,680	113,971	6,269	226,511	54,679
2030-2035			-	-	183,727	13,123
	<u>\$749,029</u>	<u>\$266,964</u>	<u>\$957,161</u>	<u>\$ 344,335</u>	<u>\$760,526</u>	<u>\$279,894</u>

Note: Payments on loans R23042, R23043, and USDA do not commence until after the final draw. The final amortization schedule will be provided at that time.

8. NET POSITION RESTRICTIONS

The Net Position is restricted to show loan covenants of \$314,341. Net Position is also restricted for all SDC monies that are unspent as of the year-end (if any). State law states that SDC monies must be spent for the specific purpose for which they were charged.

9. PRIOR PERIOD ADJUSTMENTS

A prior period adjustment was made to include Capital Assets of \$8,684,686. These Capital Assets were previously unrecorded and became known to the city during a comprehensive review of the City's assets in 2015, and are shown in more detail in Note 3.

**CITY OF COBURG
LANE COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. RESTATEMENT OF NET POSITION

Due to the implementation of GASB Statements 68 and 71, a restatement of the prior year net position was required to record the net pension liability at the prior measurement date and reclassify prior year pension contributions from expenses to deferred outflows.

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CITY OF COBURG
LANE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
At June 30, 2015

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) City's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.01 %	\$ (117,270)	\$ 416,570	(28.2) %	0.0 %
2014	0.01	264,014	577,960	45.7	0.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2015	\$ 45,190	\$ 45,190	\$ -	\$ 416,570	10.8 %
2014	45,098	45,098	-	577,960	7.8

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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**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, 2015**

WATER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
Revenues				
Licenses, Permits & Fees	\$ 576,200	\$ 576,200	\$ 614,910	\$ 38,710
Interest and Miscellaneous	1,500	12,000	26,152	14,152
Total Revenues	<u>577,700</u>	<u>588,200</u>	<u>641,062</u>	<u>52,862</u>
Expenditures				
Personal Services	59,988	59,988 (1)	59,988	-
Materials and Services	88,200	83,700 (1)	90,814	(7,114)
Capital Outlay	-	15,000 (1)	15,000	-
Debt Service	220,832	220,832 (1)	220,832	-
Contingency	40,000	40,000 (1)	-	40,000
Total Expenditures	<u>409,020</u>	<u>419,520</u>	<u>386,634</u>	<u>32,886</u>
Excess of Revenues Over, (Under) Expenditures	168,680	168,680	254,428	85,748
Other Financing Sources, (Uses)				
Transfers Out	(126,623)	(126,623) (1)	(178,807)	(52,184)
Net Change in Fund Balance	42,057	42,057	75,621	33,564
Beginning Fund Balance	<u>(38,915)</u>	<u>(38,915)</u>	<u>217,484</u>	<u>256,399</u>
Ending Fund Balance	<u>\$ 3,142</u>	<u>\$ 3,142</u>	<u>293,105</u>	<u>\$ 289,963</u>

Reconciliation to the Statement of Proprietary Net Position:

Net Capital Assets	3,357,842
Long Term Debt	<u>(1,710,268)</u>
Net Position	<u>\$ 1,940,679</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, 2015**

SEWER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
Revenues				
Licenses, Permits & Fees	\$ 500,000	\$ 500,000	\$ 606,066	\$ 106,066
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>606,066</u>	<u>106,066</u>
Expenditures				
Personal Services	79,982	79,982 (1)	76,389	3,593
Materials & Services	192,350	177,070 (1)	150,384	26,686
Debt Service	-	-	-	
Capital Outlay	25,000	40,280 (1)	32,659	7,621
Total Expenditures	<u>297,332</u>	<u>297,332</u>	<u>259,432</u>	<u>37,900</u>
Excess of Revenues Over, (Under) Expenditures	202,668	202,668	346,634	143,966
Other Financing Sources, (Uses)				
Transfers Out	(61,335)	(61,335) (1)	(179,410)	(118,075)
Net Change in Fund Balance	141,333	141,333	167,224	25,891
Beginning Fund Balance	(141,333)	(141,333)	96,328	237,661
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	263,552	<u>\$ 263,552</u>

Reconciliation to the Statement of Proprietary Net Position:

Net Capital Assets	24,379,492
Long Term Debt	(15,646,693)
Net Pension Asset	9,309
Net Pension Related Deferrals	<u>(14,697)</u>
Net Position	<u>\$ 8,990,963</u>

**CITY OF COBURG
LANE COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2015**

PARK CAPITAL IMPROVEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
Revenues				
Licenses, Permits & Fees	\$ -	\$ 32,500	\$ 25,548	\$ (6,952)
Interest and Miscellaneous	-	-	3,540	3,540
Total Revenues	<u>-</u>	<u>32,500</u>	<u>29,088</u>	<u>(3,412)</u>
Expenditures				
Materials and Services	-	- (1)	3,230	(3,230)
Contingency	<u>80,000</u>	<u>102,500 (1)</u>	<u>-</u>	<u>102,500</u>
Total Expenditures	<u>80,000</u>	<u>102,500</u>	<u>3,230</u>	<u>99,270</u>
Excess of Revenues Over, (Under) Expenditures	(80,000)	(70,000)	25,858	(102,682)
Beginning Fund Balance	<u>89,014</u>	<u>89,014</u>	<u>135,575</u>	<u>46,561</u>
Ending Fund Balance	<u>\$ 9,014</u>	<u>\$ 19,014</u>	<u>\$ 161,433</u>	<u>\$ 142,419</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, 2015**

STREET CAPITAL IMPROVEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
Revenues				
Licenses, Permits & Fees	\$ -	\$ 10,400	\$ 13,457	\$ 3,057
Interest and Miscellaneous	5,000	5,000	2,178	2,822
Total Revenues	<u>5,000</u>	<u>15,400</u>	<u>15,635</u>	<u>5,879</u>
Expenditures				
Materials and Services	-	- (1)	20	(20)
Contingency	200,000	215,400 (1)	-	215,400
Total Expenditures	<u>200,000</u>	<u>215,400</u>	<u>20</u>	<u>215,380</u>
Excess of Revenues Over, (Under) Expenditures	(195,000)	(200,000)	15,615	(209,501)
Other Financing Sources, (Uses)				
Transfers Out	(918)	(918) (1)	(918)	-
Net Change in Fund Balance	(195,918)	(200,918)	14,697	215,615
Beginning Fund Balance	<u>218,063</u>	<u>218,063</u>	<u>303,064</u>	<u>85,001</u>
Ending Fund Balance	<u>\$ 22,145</u>	<u>\$ 17,145</u>	<u>\$ 317,761</u>	<u>\$ 300,616</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, 2015**

WATER CAPITAL IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
Revenues				
Licenses, Permits & Fees	\$ 10,460	\$ 75,360	\$ 47,342	\$ (28,018)
Interest and Miscellaneous	-	-	12,042	12,042
Total Revenues	<u>10,460</u>	<u>75,360</u>	<u>59,384</u>	<u>(15,976)</u>
Expenditures				
Materials and Services	-	- (1)	70	(70)
Capital Outlay	-	- (1)	-	-
Contingency	-	50,000	-	-
Total Expenditures	<u>-</u>	<u>50,000</u>	<u>70</u>	<u>49,930</u>
Excess of Revenues Over (Under) Expenditures	10,460	25,360	59,314	33,954
Other Financing Sources, (Uses)				
Transfers Out	(459)	(459) (1)	(459)	-
Transfers In	-	-	-	-
Total Other Financing Sources, (Uses)	<u>(459)</u>	<u>(459)</u>	<u>(459)</u>	<u>-</u>
Net Change in Fund Balance	10,001	24,901	58,855	33,954
Beginning Fund Balance	<u>(10,001)</u>	<u>(10,001)</u>	<u>(19,276)</u>	<u>(9,275)</u>
Ending Fund Balance	<u>\$ -</u>	<u>14,900</u>	<u>39,579</u>	<u>24,679</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, 2015**

SEWER CAPITAL IMPROVEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
Revenues				
Licenses, Permits & Fees	\$ -	\$ 15,000	\$ 686	\$ (14,314)
Interest and Miscellaneous	317,291	4,600	27,353	22,753
Total Revenues	<u>317,291</u>	<u>19,600</u>	<u>28,039</u>	<u>8,439</u>
Expenditures				
Materials and Services	163,094	1,185,955 (1)	7,572	1,178,383
Capital Outlay	2,436,849	1,130,938 (1)	831,741	299,197
Debt Service	-	- (1)	-	-
Contingency	1,600,000	1,600,000 (1)	-	1,600,000
Total Expenditures	<u>4,199,943</u>	<u>3,916,893</u>	<u>839,313</u>	<u>3,077,580</u>
Excess of Revenues Over, (Under) Expenditures	(3,882,652)	(3,897,293)	(811,274)	3,086,019
Other Financing Sources, (Uses)				
Loan Proceeds	1,025,466	2,697,081	1,743,897	(953,184)
Transfers In	50,000	50,000	310,000	260,000
Transfers Out	(23,690)	(23,690) (1)	(23,690)	-
Total Other Financing Sources, (Uses)	<u>1,051,776</u>	<u>2,723,391</u>	<u>2,030,207</u>	<u>(693,184)</u>
Net Change in Fund Balance	(2,830,876)	(1,173,902)	1,218,933	2,392,835
Beginning Fund Balance	<u>2,915,628</u>	<u>2,915,628</u>	<u>(810,286)</u>	<u>(3,725,914)</u>
Ending Fund Balance	<u>\$ 84,752</u>	<u>\$ 1,741,726</u>	<u>\$ 408,647</u>	<u>\$ (1,333,079)</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, 2015**

BUILDING DEVELOPMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
Revenues				
Licenses, Permits & Fees	\$ 25,000	\$ 288,000	\$ 224,443	\$ (63,557)
Interest and Miscellaneous	9,600	9,600	-	(9,600)
Total Revenues	<u>34,600</u>	<u>297,600</u>	<u>224,443</u>	<u>(73,157)</u>
Expenditures				
Materials & Services	16,000	237,715 (1)	195,020	42,695
Excess of Revenues Over, (Under) Expenditures	18,600	59,885	29,423	(30,462)
Other Financing Sources, (Uses)				
Transfers Out	-	(35,000) (1)	(27,500)	7,500
Net Change in Fund Balance	18,600	24,885	1,923	(22,962)
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ 18,600</u>	<u>\$ 24,885</u>	<u>1,923</u>	<u>\$ (22,962)</u>

**CITY OF COBURG
LANE COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2015**

SEWER DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
Revenues				
LID Assessment	\$ 2,000,000	\$ 2,700,000	\$ 2,710,699	\$ 10,699
Licenses, Permits & Fees	367,000	-	-	-
URA-Debt Service		1,530,000	1,530,000	
Total Revenues	<u>2,367,000</u>	<u>4,230,000</u>	<u>4,240,699</u>	<u>10,699</u>
Expenditures				
Personal Services	-	-	30,734	30,734
Debt Service	1,773,795	8,386,920 (1)	8,370,087	16,833
Total Expenditures	<u>1,773,795</u>	<u>8,386,920</u>	<u>8,400,821</u>	<u>(13,901)</u>
Excess of Revenues Over, (Under) Expenditures	593,205	(4,156,920)	(4,160,122)	10,699
Other Financing Sources, (Uses)				
Loan Proceeds	-	6,000,000	6,000,000	-
Transfers In	219,511	-	219,511	219,511
Transfers Out			(310,000)	(310,000)
Total Other Financing Sources, (Uses)	219,511	6,000,000	5,909,511	(90,489)
Net Change in Fund Balance	812,716	1,843,080	1,749,389	(93,691)
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ 812,716</u>	<u>\$ 1,843,080</u>	<u>\$ 1,749,389</u>	<u>\$ (93,691)</u>

(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, 2015**

TAX YEAR	IMPOSED LEVY OR UNCOLLECTED AT 07/01/14	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 06/30/15
CURRENT:						
2014-15	\$ 475,859	\$ 12,267	\$ (2,288)	\$ 183	\$ 448,480	\$ 13,000
PRIOR YEARS:						
2013-14	14,100	(27)	(1,492)	479	5,362	7,750
2012-13	9,263	(25)	(1,507)	586	2,249	6,111
2011-12	6,420	(1)	(792)	709	2,339	3,995
2010-11	4,169	-	(513)	446	1,198	2,900
Prior	4,316	(1)	490	198	346	4,650
Total	<u>\$ 514,127</u>	<u>\$ 12,213</u>	<u>\$ -6,102</u>	<u>\$ 2,601</u>	<u>\$ 459,974</u>	<u>\$ 38,430</u>

RECONCILIATION TO REVENUE

Cash Collections by County Treasurer Above	\$ 459,974
Other Taxes in Lieu of Property Taxes	-
Total Revenue	<u>\$ 459,974</u>

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CITY OF COBURG
LANE COUNTY, OREGON

**INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS**

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July 25, 2016

Independent Auditors' 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, 2015, and have issued our report thereon dated July 25, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the City of Coburg's basic 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 basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the City 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. There were instances where actual expenditures exceeded appropriations as noted on page 17.
2. During our testing of Highway Funds, we noted \$315 of expenditures which appeared not directly related to highway funds expenditures as defined in ORS 373

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 material weaknesses and significant deficiencies under standards established by the American Institute of Certified Public Accountants, which were communicated to those charged with governance on July 25, 2016 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.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.