

CITY OF COBURG



COBURG, OREGON

Annual Financial Report

June 30, 2025

CITY OF COBURG

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

MAYOR AND CITY COUNCIL

NANCY BELL PO Box 8316, Coburg, OR 97408	Mayor
ALAN WELLS PO Box 8316, Coburg, OR 97408	Position #1
CATHY ENGBRETSON PO Box 8316, Coburg, OR 97408	Position #2
JOHN LEHMAN PO Box 8316, Coburg, OR 97408	Position #3
CLAIRE SMITH PO Box 8316, Coburg, OR 97408	Position #4
JOHN FOX PO Box 8316, Coburg, OR 97408	Position #6

ADMINISTRATION

ADAM HANKS PO Box 8316, Coburg, OR 97408	City Administrator
GREGORY PECK PO Box 8316, Coburg, OR 97408	Finance Director

CITY OF COBURG

AUDIT REPORT

JUNE 30, 2025

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CITY OF COBURG

AUDIT REPORT

JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Coburg as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Coburg's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coburg as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures, and changes in fund balances – budget and actuals, and the pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, which 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 management's discussion and analysis and the pension and OPEB schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coburg's basic financial statements. The supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the City of Coburg.

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 other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Information

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

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

Reports on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated January 21, 2026, on our consideration of the City of Coburg's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of this report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the City's compliance.



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial, LLC
Roseburg, Oregon
January 21, 2026

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2025

The management discussion and analysis of the City of Coburg, Oregon (the City) financial performance provides an overview of the City's financial activities for the fiscal year that ended June 30, 2025. This discussion and analysis evaluate the City's financial performance. Readers should also review the basic financial statements and notes to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2025, are as follows:

- In the government-wide statements, the assets and deferred outflow of City resources exceeded its liabilities and deferred inflows of resources at June 30, 2025, by \$20,369,145. Of this amount, \$16,126,982 represents the City's net investment in capital assets, \$2,458,966 is restricted for special programs, and \$1,783,196 is unrestricted.
- The City's net position started the fiscal year at \$19,767,637 and grew by \$601,507, ending at \$20,369,145 — an increase of 3% compared to the prior year
- Total liabilities declined by \$801,325, from \$19,765,950, in fiscal year 2024 to \$18,964,625 in fiscal year 2025. The decrease was mainly attributable to reductions in both current liabilities (\$510,268) and long-term liabilities (\$291,057).
- Total assets decreased slightly by \$241,508, from \$38,867,090 in fiscal year 2024 to \$38,625,582 in fiscal year 2025. Current and other assets declined by \$929,035, primarily due to lower cash and receivables, while capital assets increased by \$687,528, reflecting continued investment in infrastructure and utility assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the City's distinct activities or functions that are principally supported by user fee revenues, intergovernmental revenues from

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

grants, and property tax revenues. The city's governmental activities include general government activities, street construction and maintenance, police services, and providing resources for libraries, culture, and recreation. The proprietary activities of the City include water and sewer utilities.

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

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

Budgetary comparison schedules for the City's funds not included in the Required Supplementary Information section can be found in the Supplementary Information section, combining statements and additional supporting schedules. These statements and schedules immediately follow this report's Required Supplementary Information section.

The budgetary comparison schedules demonstrate compliance with the City's adopted and final budget.

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position provides the perspective of the City as a whole and may serve over time as a useful indicator of a government's financial position. In the case of the city, its assets exceeded its liabilities at June 30, 2025, by \$20,369,145. This represents an increase of \$601,507 (3.04%). Contributing factors include increased capital assets, along with a decrease in total liabilities.

The table below presents a summary of the City's net position, including comparative data from the preceding year

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and Other Assets	\$ 1,589,338	\$ 2,415,107	\$ 4,246,256	\$ 4,349,522	\$ 5,835,594	\$ 6,764,629
Capital Assets	4,889,399	4,065,875	27,900,589	28,036,585	32,789,988	32,102,460
Total Assets	6,478,737	6,480,982	32,146,845	32,386,107	38,625,582	38,867,090
Deferred Outflow of Resources	953,021	903,057	82,871	71,690	1,035,892	974,747
Liabilities						
Current Liabilities	283,797	465,377	858,977	1,187,665	1,142,774	1,653,042
Long-Term Liabilities	3,010,734	2,923,140	14,811,117	15,189,768	17,821,851	18,112,908
Total Liabilities	3,294,531	3,388,517	15,670,094	16,377,433	18,964,625	19,765,950
Deferred Inflow of Resources	178,790	160,890	148,915	147,358	327,705	308,248
Net Position						
Net Investment in Capital Assets	3,611,962	2,680,693	12,515,020	12,157,418	16,126,982	14,838,111
Restricted	1,761,676	1,671,532	697,290	1,944,344	2,458,966	3,615,876
Unrestricted	(1,415,203)	(517,593)	3,198,399	1,831,244	1,783,196	1,313,651
Total Net Position	\$ 3,958,435	\$ 3,834,632	\$ 16,410,709	\$ 15,933,006	\$ 20,369,145	\$ 19,767,639

Capital assets, which consist of the City's land, buildings, building improvements, and equipment, net of accumulated depreciation, represent about 85 percent of total assets. The remaining assets consist mainly of investments, cash, grants, and property taxes receivable. Of these assets, 15 percent are current assets.

The City's largest liabilities, which represent 83 percent of total liabilities, are notes and bonds payable. Other liabilities consist primarily of payables on accounts, salaries, and benefits as of June 30, 2025.

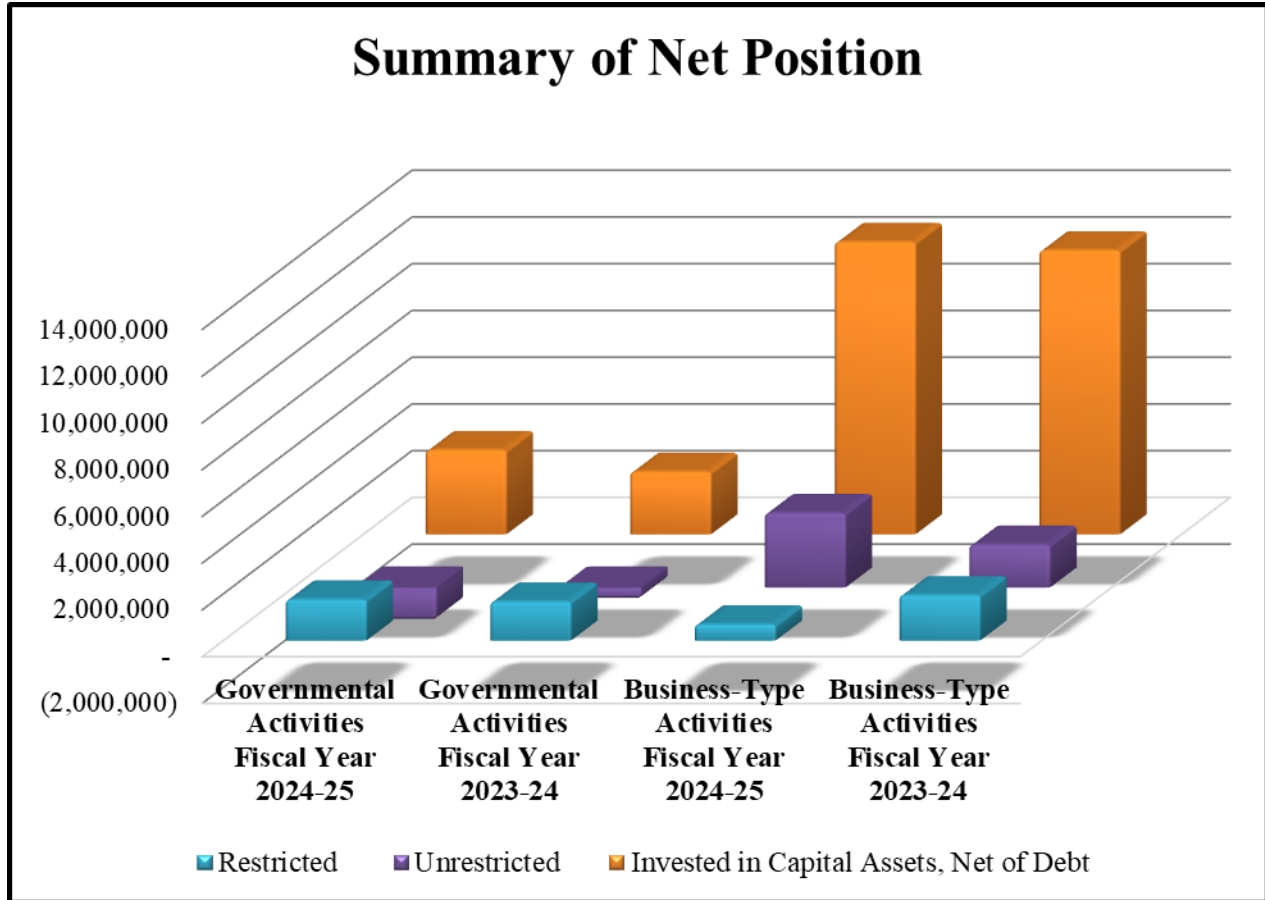
The City's unrestricted balance increased by 35%, from \$1,313,651 in the prior year to \$1,783,196. These funds are intended to support day-to-day operations, respond to emergencies, cover unexpected costs, and provide financial flexibility for priorities not eligible for restricted funding.

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2025

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



CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2025

The following table shows a comparative analysis of government-wide revenues, expenses, and changes in net position.

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Revenues						
Program Revenues						
Charges for Services	\$ 285,474	\$ 1,358,604	\$ 2,606,240	\$ 2,499,635	\$ 2,891,714	\$ 3,858,239
Operating Grants and Contributions	208,995	287,808	-	-	208,995	287,808
Total Program Revenues	494,469	1,646,412	2,606,240	2,499,635	3,100,709	4,146,047
General Revenues						
Local Sources						
Property Taxes, Franchise Fees, & Public Service Taxes	2,540,438	2,217,490	-	-	2,540,438	2,217,490
Interest & Investment Earnings	176,779	1,018,497	78,472	141,736	255,251	1,160,233
Other Revenues	31,138	53,958	-	-	31,138	53,958
Total General Revenues	2,748,355	3,289,945	78,472	141,736	2,826,827	3,431,681
Total Revenues	3,242,824	4,936,357	2,684,712	2,641,371	5,927,536	7,577,728
Program Expenses						
General Government	980,136	1,250,002	-	-	980,136	1,250,002
Public Safety	1,029,976	994,431	-	-	1,029,976	994,431
Public Works	704,308	1,610,565	-	-	704,308	1,610,565
Culture and Recreation	63,473	48,066	-	-	63,473	48,066
Urban Renewal Projects	406,617	381,434	-	-	406,617	381,434
Interest on Long-Term Debt	34,510	55,726	-	-	34,510	55,726
Utility Services						
Water Utilities	-	-	603,993	1,736,677	603,993	1,736,677
Sewer Utilities	-	-	1,503,015	1,493,849	1,503,015	1,493,849
Total Program Expenses	3,219,020	4,340,224	2,107,008	3,230,526	5,326,028	7,570,750
Transfers and Special Items	100,000	(212,645)	(100,000)	212,645	-	-
Change in Net Position	123,805	383,488	477,704	391,923	601,508	775,411
Beginning Net Position	3,834,632	3,451,145	15,933,005	15,541,083	19,767,637	18,992,228
Ending Net Position	\$ 3,958,437	\$ 3,834,633	\$ 16,410,709	\$ 15,933,006	\$ 20,369,145	\$ 19,767,639

Governmental Activities: Governmental activities increased the City's net position by \$123,805. The key elements of the change in the City's net position for the year ended June 30, 2025, compared to the prior year are:

- Total revenue decreased by \$1,650,192 compared to the prior year.
- Charges for Services decreased by \$966,525.
- Property Taxes, Franchise Taxes, & Public Service Taxes increased by \$322,948.
- Total expenses decreased by \$1,123,518 compared to the prior year.
- Public works decreased by \$906,257.
- General government decreased by \$269,866
- Culture and Recreation increased by \$15,407.

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

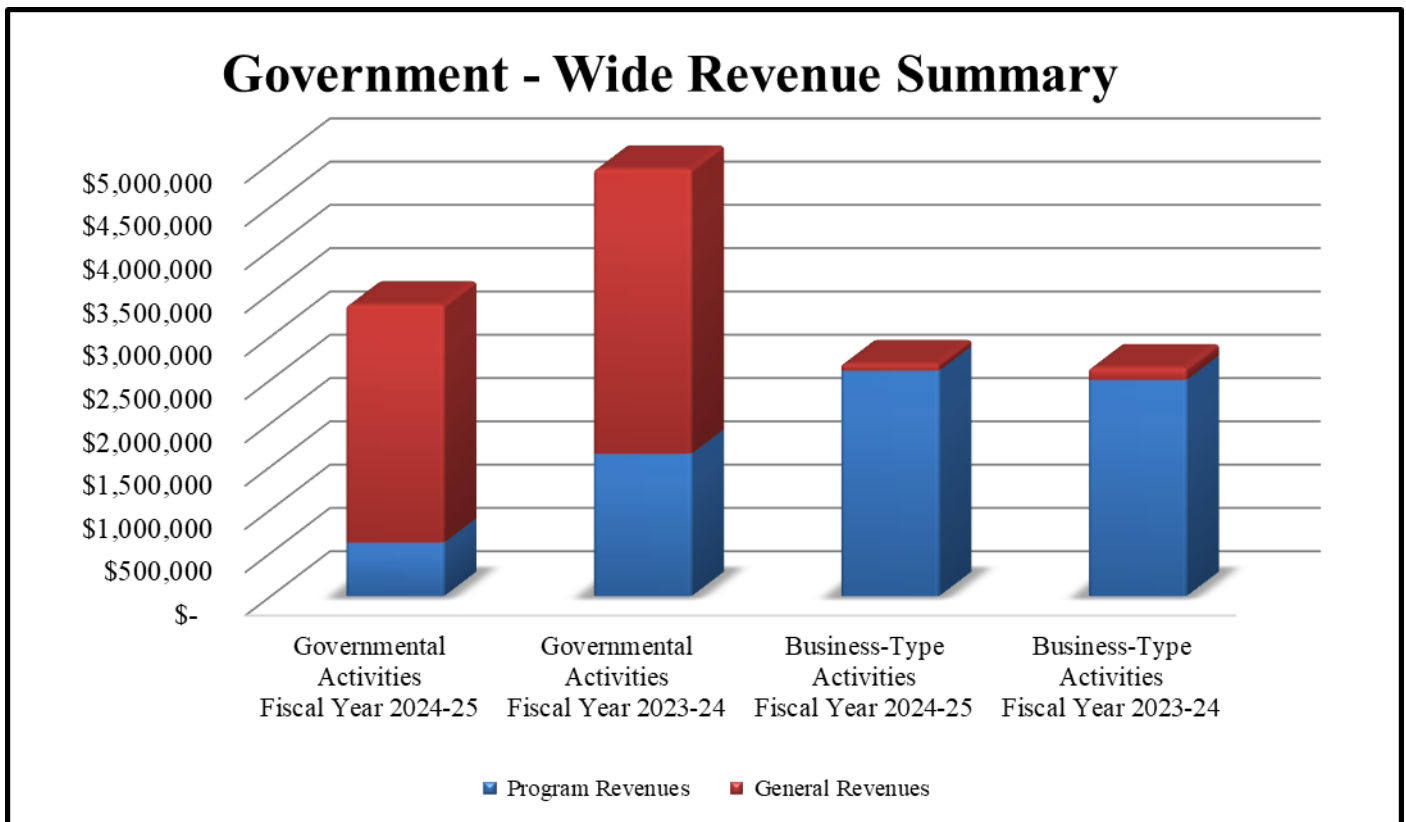
For the Fiscal Year Ended June 30, 2025

Business-type Activities: Business-type activities increased the City's net position by \$477,704. The key elements of the change in the City's net position for the year ended June 30, 2025, compared to the prior year are:

- Total revenue increased by \$43,341 compared to the prior year.
- Charges for services increased by \$106,605.
- Interest & Investment Earnings decreased by \$63,264.
- Total expenses decreased by \$1,123,518 compared to the prior year.
-

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

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



CITY OF COBURG

Management’s Discussion and Analysis (MD&A)

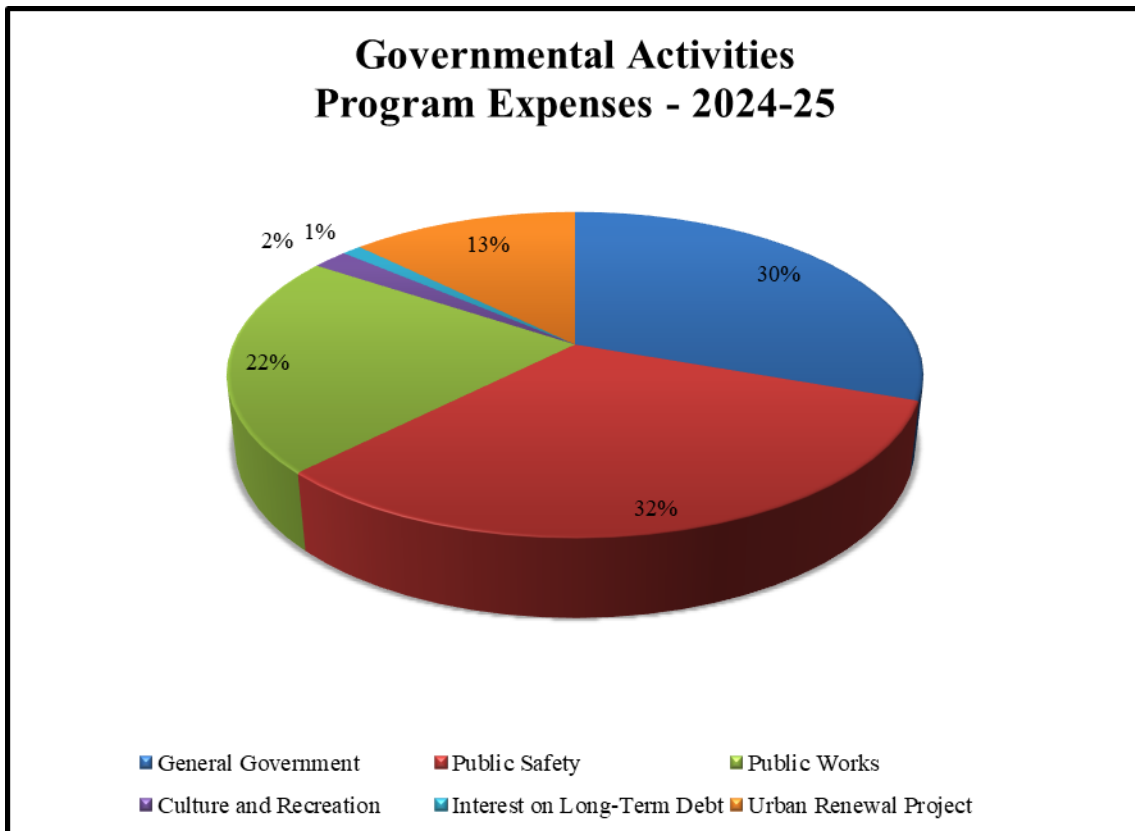
For the Fiscal Year Ended June 30, 2025

The table below shows the Total Cost of Services and Net Cost (Profit) for programs associated with Governmental Activities. Total program expenses for Governmental Activities for the 2024-2025 were \$3,219,020, versus \$4,340,224 in the prior year.

Governmental Activities

	Total Cost of Services		Net (Cost) Profit of Services	
	2024-25	2023-24	2024-25	2023-24
General Government	\$ 980,136	\$ 1,250,002	\$ (841,271)	\$ (1,083,929)
Public Safety	1,029,976	994,431	(1,029,976)	(994,431)
Public Works	704,308	1,610,565	(453,171)	(213,148)
Culture and Recreation	63,473	48,066	40,994	34,856
Urban Renewal Projects	406,617	381,434	(406,617)	(381,434)
Interest Expense	34,510	55,726	(34,510)	(55,726)
Total Program Expenses	<u>\$ 3,219,020</u>	<u>\$ 4,340,224</u>	<u>\$ (2,724,551)</u>	<u>\$ (2,693,812)</u>

This graph illustrates the expenses of the City’s programs by governmental activities. Public Safety has the highest expenses, totaling \$1,029,976, compared to Public Works and Culture and Recreation, which account for \$704,308 and \$63,473. Urban Renewal and Interest on Lon term debt \$406,617 and \$34,510 In The remaining amount is General Government expenses totaling \$980,136.



CITY OF COBURG

Management’s Discussion and Analysis (MD&A)

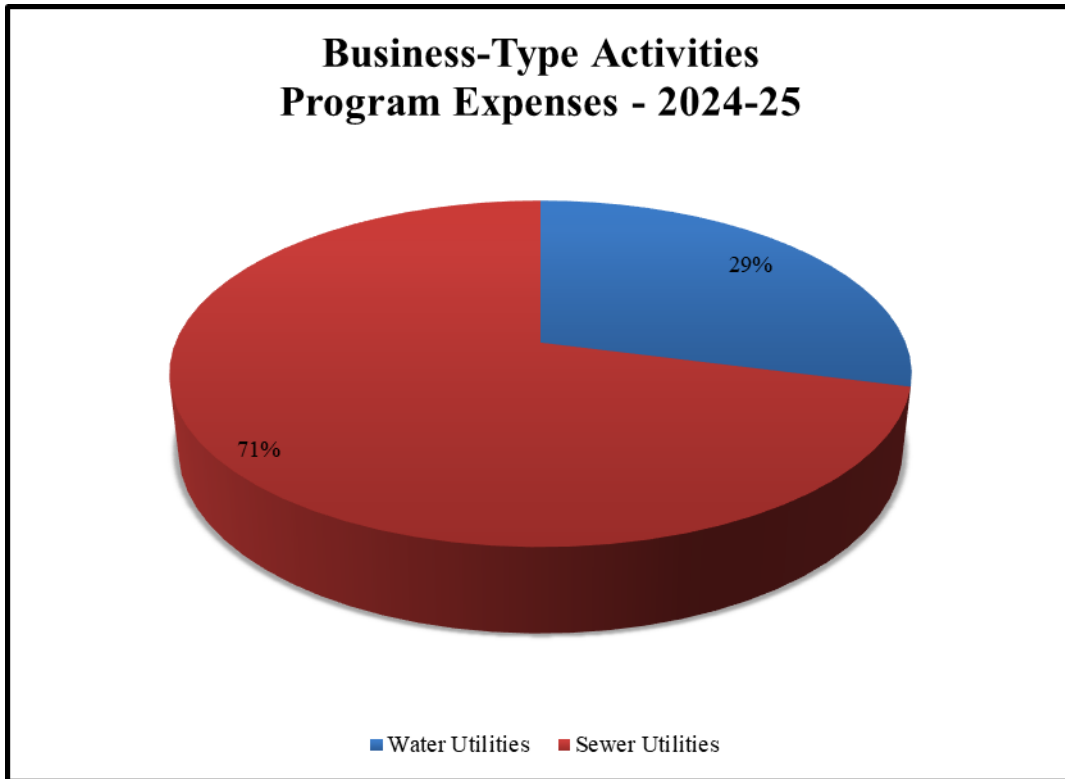
For the Fiscal Year Ended June 30, 2025

The table below shows the Total Cost of Services and Net Cost (Profit) for programs associated with Business-Type Activities. Total program expenses for Business-Type Activities for the 2024-2025 were \$2,107,008 versus \$3,230,526 in the prior year.

Business-Type Activities

	Total Cost of Services		Net (Cost) Profit of Services	
	2024-25	2023-24	2024-25	2023-24
Water Utilities	\$ 603,993	\$ 1,736,677	\$ 593,991	\$ (680,967)
Sewer Utilities	1,503,015	1,493,849	(94,759)	(49,924)
Total Program Expenses	<u>\$ 2,107,008</u>	<u>\$ 3,230,526</u>	<u>\$ 499,232</u>	<u>\$ (730,891)</u>

This graph illustrates the expenses of the City’s programs by business-type activities. Sewer Utilities have the highest expenses, totaling \$1,503,015, compared to Water Utilities, which account for \$603,993.



CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

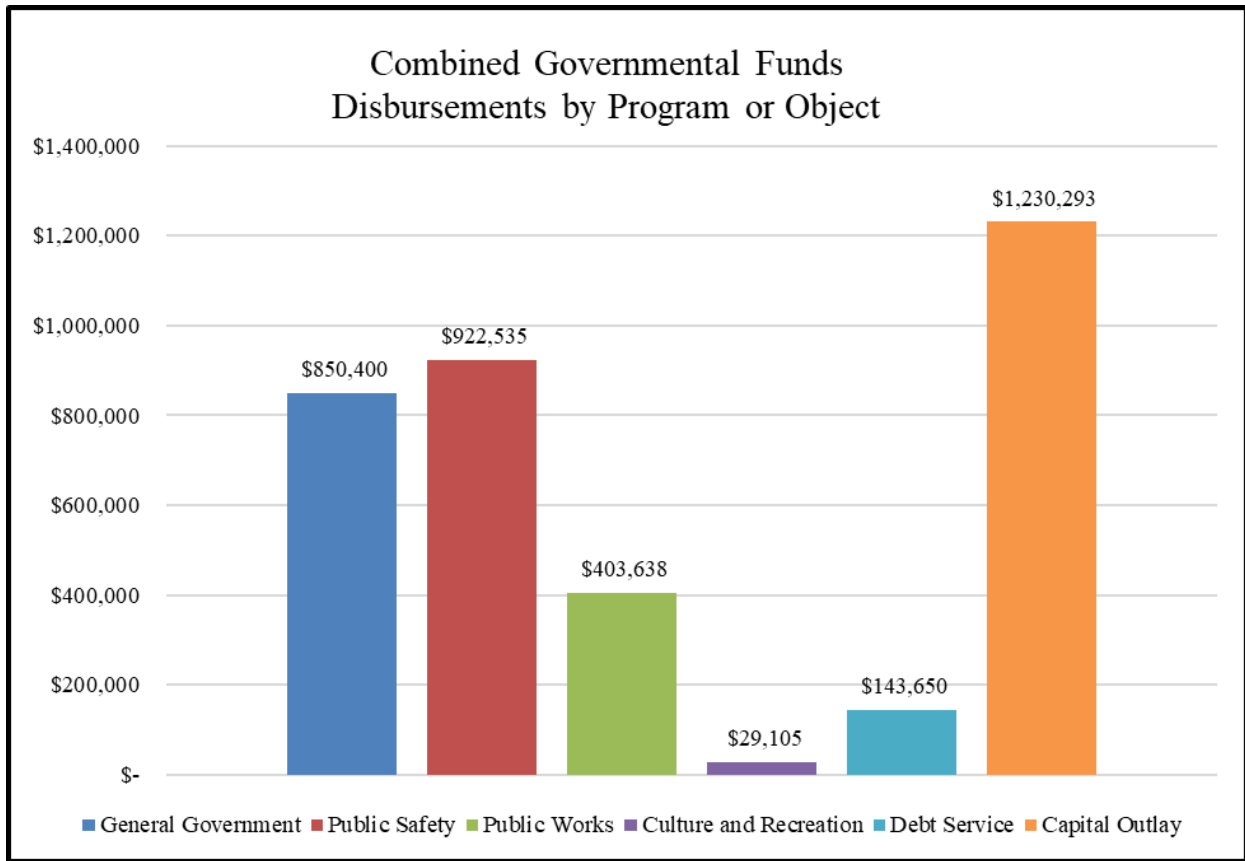
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's governmental funds focus on providing information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the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

Governmental Funds

As the City completed the year, its governmental funds reported a combined ending fund balance of \$1,374,917. The fund balance constitutes restricted, committed, and unrestricted amounts. Of the current fund balances, a total of \$1,733,336 is restricted funds, including \$1,443,653 for Public Works, and \$289,683 for Urban Renewal Projects. The unrestricted total is \$(358,419).

The General Fund is the principal operating fund of the City. The decrease in fund balance in the General Fund for the fiscal year was \$210,195 for a total of \$193,524.

The following is a comparison of current expenditures by program of government funds.



CITY OF COBURG

Management's Discussion and Analysis (MD&A)

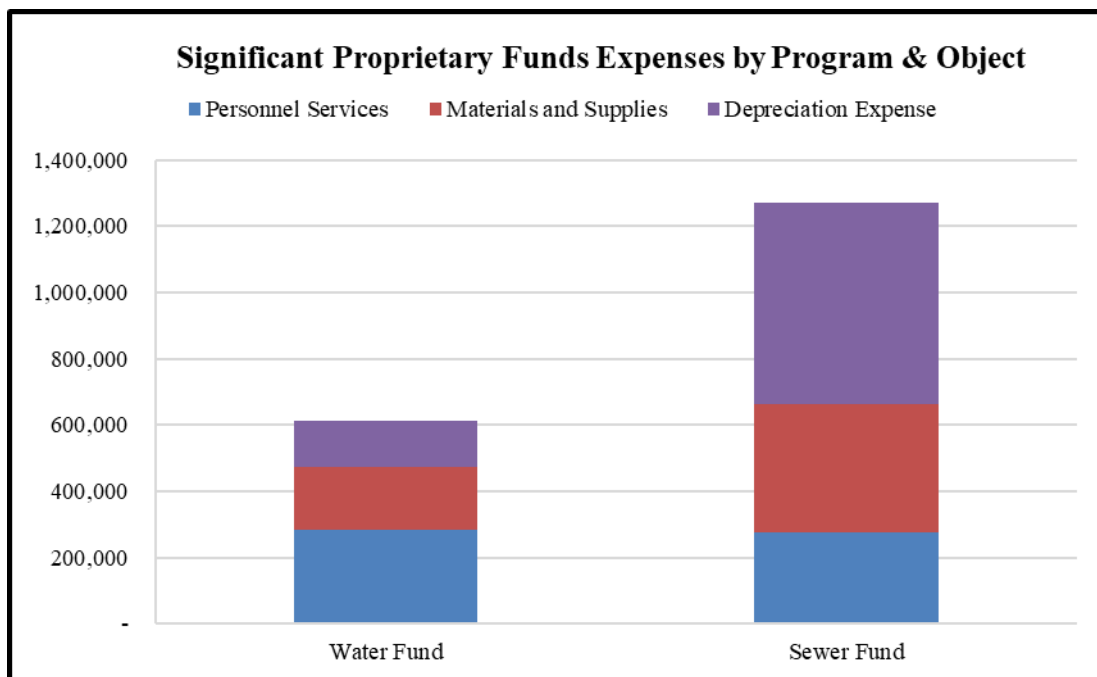
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Cont.)

Proprietary Funds

The City's enterprise funds reported a total net position of \$16,410,709, an increase of \$477,703. This is primarily attributed to a decrease in total liabilities. The enterprise funds also report \$697,290 in restricted net position, which includes \$654,640 for debt service, \$40,186 for Systems Development, and \$2,464 for Net OPEB Asset. Capital Assets' net of related debt was \$12,515,020, which includes sewer and water infrastructure, buildings, and equipment. City also has Unrestricted amount of \$3,198,399.

The following is a comparison of current expenses by program of proprietary funds.



Budgetary Highlights

For the fiscal year ended June 30, 2025, General Fund revenues totaled \$1,922,003, coming in \$232,897 under the final budget, primarily due to lower-than-expected grants and donations, licenses and permits, and charges for services, partially offset by higher intergovernmental and interdepartmental revenues. Total expenditures were \$2,257,198, or \$96,532 below budget. As a result, the General Fund reported a net decrease in fund balance of \$210,195, exceeding the budgeted decrease, and ended the year with a fund balance of \$193,524.

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2025

Water Fund revenues exceeded the final budget by \$165,573, primarily due to higher charges for services, despite lower-than-anticipated investment revenue. Total expenditure was \$1,062,734, finishing \$1,731,766 under budget as a result of delayed or reduced capital outlay and unused contingency funds. Combined with loan proceeds of \$255,052, the fund realized a positive net change in fund balance of \$345,391 and closed the year with a balance of \$2,584,284.

The Sewer Fund generated total revenues of \$1,481,639, surpassing the final budget by \$107,639, supported by unbudgeted other revenue and higher investment earnings, which offset lower charges for services. Expenditures were \$1,654,550, coming in \$59,860 under budget due to operating cost savings. The fund's net decrease in fund balance was \$222,911, which was better than budgeted, resulting in a year-end fund balance of \$1,445,497.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the City had invested, before net reduction for accumulated depreciation, \$42,674,657 in capital assets, including buildings, land, vehicles, water and sewer utility systems, construction in progress, and other equipment. This amount represents a net increase of \$1,764,339 from the prior year due to the addition of capital assets in fiscal year 2025. Deletions for the fiscal year totaled \$1,374,189.

Total depreciation expense for the year was \$1,076,811. Additional information on the City's capital assets can be found in this report's Capital Asset Note in the Notes to the Basic Financial Statements section.

Long-Term Debt

By June 30, 2025, the City had total long-term debt outstanding of \$16,663,006, a decrease of \$601,343. The principal paid on long-term debt was \$832,423, while interest paid was \$242,399. Issuance of new long-term debt of \$255,052. Additional information on the City's long-term debt can be found in the Long-Term Debt Note of the Notes to the Basic Financial Statements.

CITY OF COBURG

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors

The City's financial condition entering the upcoming fiscal year remains stable, with current staffing levels sufficient to maintain required service and regulatory functions; however, this stability is not expected to continue without securing additional ongoing revenues to support general operations and address rising personnel and infrastructure costs.

Budget

The City has approved a budget of \$12,112,045 for the fiscal year concluding on June 30, 2026. This budget slightly increase of \$42,109 relative to the prior year. The total budget allocation has been apportioned across various funds, which encompass \$1,987,110 for the General Fund, \$1,394,015 for the Street Fund, \$2,579,660 for the Water Fund, and \$1,816,126 for the Sewer Fund. The remaining amount of \$4,335,134 remains unappropriated and is available for allocation at the discretion of the City.

City of Powers hereby imposes property taxes at the tax rate of \$3.7506 per \$1,000 of assessed value

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

BASIC FINANCIAL
STATEMENTS

Government-Wide
Financial Statements

CITY OF COBURG
STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 1,258,099	\$ 2,846,256	\$ 4,104,356
Accounts Receivable	194,845	314,424	509,269
LID Liens Receivable	-	39,402	39,402
SDCs Receivable	54,587	134,018	188,605
Property Taxes Receivable	51,869	-	51,869
Grants Receivable	-	255,052	255,052
Deposits	1,598	-	1,598
Total Current Assets	1,560,998	3,589,152	5,150,151
Restricted Assets:			
Sinking Funds for Debt Service	-	654,640	654,640
Net OPEB Asset (RHIA)	28,340	2,464	30,804
Total Restricted Assets	28,340	657,104	685,444
Capital Assets, Net of Accumulated Depreciation	4,889,399	27,900,589	32,789,988
Total Assets	6,478,737	32,146,845	38,625,582
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Pension Related Deferrals	931,423	80,993	1,012,416
OPEB Related Deferrals - RHIA	2,562	592	3,154
OPEB Related Deferrals - CIS	19,036	1,286	20,322
Total Deferred Outflow of Resources	953,021	82,871	1,035,892
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	19,395	77,626	97,021
Payroll Payable	69,543	-	69,543
Accrued Compensated Absences	66,215	-	66,215
Interest Payable	19,780	43,692	63,472
Customer Deposits	-	3,019	3,019
Notes Payable	93,864	554,640	648,504
Bonds Payable	15,000	180,000	195,000
Total Current Liabilities	283,797	858,977	1,142,774
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	721,053	9,388,284	10,109,337
Bonds Payable, Net of Premium	447,520	5,262,645	5,710,165
Net OPEB Obligation - CIS	62,220	5,410	67,630
Net Pension Liability	1,779,941	154,778	1,934,719
Total Long-Term Liabilities	3,010,734	14,811,117	17,821,851
Total Liabilities	3,294,531	15,670,094	18,964,625
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Receivables Currently not Collectable	-	133,368	133,368
Deferred Earnings on Pension Assets	152,787	13,286	166,073
OPEB Related Deferrals - RHIA	1,502	131	1,633
OPEB Related Deferrals - CIS	24,501	2,130	26,631
Total Deferred Inflow of Resources	178,790	148,915	327,705
<u>NET POSITION:</u>			
Net Investment in Capital Assets	3,611,962	12,515,020	16,126,982
Restricted for:			
Systems Development	-	40,186	40,187
Debt Service	-	654,640	654,640
Public Works	1,443,653	-	1,443,653
Urban Renewal Projects	289,683	-	289,683
Net OPEB Asset	28,340	2,464	30,804
Unrestricted	(1,415,203)	3,198,399	1,783,196
Total Net Position	\$ 3,958,435	\$ 16,410,709	\$ 20,369,145

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

CITY OF COBURG

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2025

	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Government	\$ 980,136	\$ -	\$ 138,865	\$ -	\$ (841,271)
Public Safety	1,029,976	-	-	-	(1,029,976)
Public Works	704,308	181,007	70,130	-	(453,171)
Culture and Recreation	63,473	104,467	-	-	40,994
Urban Renewal Projects	406,617	-	-	-	(406,617)
Interest Expense	34,510	-	-	-	(34,510)
Total Governmental Activities	3,219,020	285,474	208,995	-	(2,724,551)
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Utilities	603,993	1,197,984	-	-	593,991
Sewer Utilities	1,503,015	1,408,256	-	-	(94,759)
Total Business-type Activities	2,107,008	2,606,240	-	-	499,232
Total Primary Government	\$ 5,326,028	\$ 2,891,714	\$ 208,995	\$ -	\$ (2,225,319)
			Governmental	Business-type	
			Activities	Activities	Total
<u>CHANGES IN NET POSITION:</u>					
Net (expense) revenue			\$ (2,724,551)	\$ 499,232	\$ (2,225,319)
General Revenues:					
Property Taxes, levied for general purposes			985,547	-	985,547
Property Taxes, levied for urban renewal programs			486,441	-	486,441
Intergovernmental Tax Turnovers			793,456	-	793,456
Franchise Taxes			274,994	-	274,994
Interest and Investment Earnings			176,779	78,472	255,251
Other Revenue			31,138	-	31,138
Subtotal - General Revenues			2,748,355	78,472	2,826,827
Interfund Transfers			100,000	(100,000)	-
Total general revenues, special items, and transfers			2,848,355	(21,528)	2,826,827
Change in Net Position			123,804	477,705	601,510
Net Position, July 1, 2024			3,834,632	15,933,005	19,767,637
Net Position, June 30, 2025			\$ 3,958,435	\$ 16,410,709	\$ 20,369,145

BASIC FINANCIAL
STATEMENTS

Governmental Fund
Financial Statements

CITY OF COBURG
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	<u>Component Unit</u>			
	General Fund	Street Fund	Urban Renewal Agency Fund	Total Governmental Funds
<u>ASSETS:</u>				
Cash and Investments	\$ 90,420	\$ 879,706	\$ 287,973	\$ 1,258,099
Receivables:				
Accounts, net	6,285	17,369	-	23,654
System Development Charges	29,997	24,590	-	54,587
Grants	147,216	-	-	147,216
Property Tax	45,467	-	6,402	51,869
Other	23,976	-	-	23,976
Prepaid Expenses	1,598	-	-	1,598
Total Assets	\$ 344,959	\$ 921,665	\$ 294,375	\$ 1,560,999
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>				
<u>LIABILITIES:</u>				
Accounts Payable	\$ 12,056	\$ 7,005	\$ 334	\$ 19,395
Payroll Liabilities	69,543	-	-	69,543
Total Liabilities	81,599	7,005	334	88,938
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Delinquent Property Tax Revenue Not Available	39,839	-	4,358	44,197
Uncollected SDC Revenue	29,997	22,950	-	52,947
Total Deferred Inflows of Resources	69,836	22,950	4,358	97,144
<u>FUND BALANCES:</u>				
Restricted for:				
Public Works	-	1,443,653	-	1,443,653
Urban Renewal Projects	-	-	289,683	289,683
Unassigned	193,524	(551,943)	-	(358,419)
Total Fund Balances	193,524	891,710	289,683	1,374,917
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 344,959	\$ 921,665	\$ 294,375	\$ 1,560,999

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

CITY OF COBURG

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

June 30, 2025

Total Fund Balances - Governmental Funds		\$ 1,374,917
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
The cost of the assets is -	\$ 6,753,166	
The accumulated depreciation is -	<u>(1,863,767)</u>	
Net Value of Assets		4,889,399
Net pension assets reported in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
		28,340
Certain receivables that will not be available to pay for current-period expenditures are deferred in the governmental funds:		
Property Taxes	44,197	
Assessments	<u>52,948</u>	
		97,145
Deferred inflows and outflows of pension and opeb contributions and earnings are not reported in the governmental funds		
Pension and OPEB Related Deferrals		774,228
Accrued Compensated Absences are not recorded in the governmental funds:		
		(66,215)
Interest Payable is not recorded in the governmental funds:		
		(19,781)
Long-term liabilities, including notes payable and net pension liability, are not due and payable in the current period and therefore are not reported in the governmental funds.		
		<u>(3,119,598)</u>
Net Position of Governmental Activities		<u><u>\$ 3,958,435</u></u>

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

CITY OF COBURG
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2025

	<u>Component Unit</u>			Total Governmental Funds
	<u>General Fund</u>	<u>Street Fund</u>	<u>Urban Renewal Agency Fund</u>	
<u>REVENUES:</u>				
Taxes and Assessments	\$ 986,108	\$ -	\$ 486,441	\$ 1,472,549
Intergovernmental	103,809	689,647	-	793,456
Franchise Taxes	274,994	-	-	274,994
Licenses & Permits	95,058	-	-	95,058
Charges for Service	104,467	-	-	104,467
Fines and Forfeitures	11,847	34,641	15,398	61,886
Investment Revenue	176,779	-	-	176,779
Grants and Donations	138,865	70,130	-	208,995
Other Revenue	30,076	1,062	-	31,138
Total Revenues	<u>1,922,003</u>	<u>795,480</u>	<u>501,839</u>	<u>3,219,322</u>
<u>EXPENDITURES:</u>				
Current Operating:				
General Government	850,400	-	-	850,400
Public Safety	922,535	-	-	922,535
Public Works	96,732	306,906	-	403,638
Culture and Recreation	29,105	-	-	29,105
Urban Renewal Projects	-	-	406,617	406,617
Debt Service:				
Principal	15,000	92,523	-	107,523
Interest	14,250	21,877	-	36,127
Capital Outlay	329,176	901,117	-	1,230,293
Total Expenditures	<u>2,257,198</u>	<u>1,322,423</u>	<u>406,617</u>	<u>3,986,238</u>
Excess (Deficiency) of Revenues Over Expenditures	(335,195)	(526,943)	95,222	(766,916)
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers In	125,000	-	-	125,000
Interfund Transfers (Out)	-	(25,000)	-	(25,000)
Total Other Financing Sources (Uses)	<u>125,000</u>	<u>(25,000)</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balances	(210,195)	(551,943)	95,222	(666,916)
Fund Balances - July 1, 2024	403,719	1,443,653	194,461	2,041,833
Fund Balances - June 30, 2025	<u>\$ 193,524</u>	<u>\$ 891,710</u>	<u>\$ 289,683</u>	<u>\$ 1,374,917</u>

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

CITY OF COBURG
RECONCILIATION OF THE STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2025

Net Changes in Fund Balances - Total Governmental Funds \$ (666,916)

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

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

Expenditures for capitalized assets	\$ 1,152,512	
Less current year depreciation	<u>(328,989)</u>	
		823,523

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

The changes in amounts deferred are as follows:

Property Taxes	(561)	
System Development Charges	<u>24,063</u>	
		23,502

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

Interest Payable		1,395
Amortization of Bond Premium		222

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

Retirement of debt principal is as follows:

Notes Payable	92,523	
General Obligations Bonds	<u>15,000</u>	
		107,523

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

(165,445)

Change in Net Position of Governmental Activities	\$ 123,804
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BASIC FINANCIAL
STATEMENTS

Proprietary Fund
Financial Statements

CITY OF COBURG
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Enterprise Funds		Total Proprietary Funds
	Water Fund	Sewer Fund	
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 2,165,835	\$ 680,421	\$ 2,846,256
Accounts Receivable, Net	225,897	88,527	314,424
LID Liens Receivable	-	39,402	39,402
SDCs Receivable	40,186	93,832	134,018
Loan Proceeds Receivable	255,052	-	255,052
Total Current Assets	2,686,970	902,182	3,589,152
Restricted Assets:			
Sinking Funds for Debt Service	-	654,640	654,640
Net OPEB Asset (RHIA)	634	1,830	2,464
Total Restricted Assets	634	656,470	657,104
Capital Assets:			
Land	-	217,293	217,293
Depreciable Assets, Net of Depreciation	6,719,831	20,963,465	27,683,296
Total Capital Assets	6,719,831	21,180,758	27,900,589
Total Assets	9,407,435	22,739,410	32,146,845
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Pension Related Deferrals	37,176	43,817	80,993
OPEB Related Deferrals - RHIA	426	166	592
OPEB Related Deferrals - CIS	57	1,229	1,286
Total Deferred Outflow of Resources	37,659	45,212	82,871
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	69,452	8,174	77,626
Interest Payable	309	43,383	43,692
Customer Deposits	3,019	-	3,019
Current Portion of Long-Term Liabilities:			
Notes Payable	-	554,640	554,640
Bonds Payable	80,000	100,000	180,000
Total Current Liabilities	152,780	706,197	858,977
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	3,600,502	5,787,782	9,388,284
Bonds Payable, Net of Premium	37	5,262,608	5,262,645
Net OPEB Obligation - CIS	1,391	4,019	5,410
Net Pension Liability	71,043	83,735	154,778
Total Long-Term Liabilities	3,672,973	11,138,144	14,811,117
Total Liabilities	3,825,753	11,844,341	15,670,094
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Receivables Currently not Collectable	30,216	103,152	133,368
Pension Related Deferrals	6,098	7,188	13,286
OPEB Related Deferrals - RHIA	34	97	131
OPEB Related Deferrals - CIS	548	1,582	2,130
Total Deferred Inflow of Resources	36,896	112,019	148,915
<u>NET POSITION:</u>			
Net Investment in Capital Assets	3,039,292	9,475,728	12,515,020
Restricted for Debt Service	-	654,640	654,640
Restricted for Systems Development	40,186	-	40,186
Restricted for Net OPEB Asset	634	1,830	2,464
Unrestricted	2,502,334	696,065	3,198,399
Total Net Position	\$ 5,582,446	\$ 10,828,263	\$ 16,410,709

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

CITY OF COBURG

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

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2025

	<u>Enterprise Funds</u>		<u>Total Proprietary Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	
<u>OPERATING REVENUES:</u>			
Charges for Services & Fees	\$ 1,180,211	\$ 1,008,256	\$ 2,188,467
Total Revenues	1,180,211	1,008,256	2,188,467
<u>OPERATING EXPENSES:</u>			
Personnel Services	271,137	276,060	547,197
Materials and Supplies	189,179	387,025	576,204
Depreciation Expense	139,382	608,441	747,823
Total Operating Expenses	599,698	1,271,526	1,871,224
Operating Income (Loss)	580,513	(263,270)	317,243
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
Loan Fees	-	(34,462)	(34,462)
Other Revenue	17,773	400,000	417,773
Investment Revenue	5,089	73,383	78,472
Interest Expense	(4,295)	(197,027)	(201,322)
Total Non-Operating Revenues (Expenses)	18,567	241,894	260,461
Income Before Other Revenues, Expenses, and Transfers	599,080	(21,376)	577,704
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>			
Transfers to Other Funds	(50,000)	(50,000)	(100,000)
Total Capital Contributions and Transfers	(50,000)	(50,000)	(100,000)
Changes in Net Position	549,080	(71,376)	477,704
Net Position, July 1, 2024	5,033,366	10,899,639	15,933,005
Net Position, June 30, 2025	\$ 5,582,446	\$ 10,828,263	\$ 16,410,709

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

CITY OF COBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2025

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Water</u>	<u>Sewer</u>	<u>Proprietary</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash Received from User Charges	\$ 1,368,135	\$ 1,034,646	\$ 2,402,781
Cash Payments for Employee Services	(256,698)	(282,949)	(539,647)
Cash Payments to Suppliers & Service Providers	(280,915)	(521,324)	(802,239)
Net Cash Provided (Used) by Operating Activities	830,522	230,373	1,060,895
<u>CASH FLOWS FROM NON-CAPITAL</u>			
<u>FINANCING ACTIVITIES:</u>			
Change in Customer Deposits	364	-	364
Non-Operating Receipts	17,773	400,000	417,773
Transfer to Other Funds	(50,000)	(50,000)	(100,000)
Net Cash Provided (Used) by Non-capital Financing Activities	(31,863)	350,000	318,137
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>			
<u>FINANCING ACTIVITIES:</u>			
Proceeds from Long-Term Debt	255,052	-	255,052
Proceeds from Collection of Capital Grants	(255,052)	-	(255,052)
Acquisition of Capital Assets	(532,057)	(79,770)	(611,827)
Loan Fees Paid	-	(34,462)	(34,462)
Principal Paid on Long Term Debt	(80,000)	(644,900)	(724,900)
Interest Paid on Long Term Debt	(4,800)	(225,444)	(230,244)
Net Cash Provided (Used) by Capital and Related Financing Activities	(616,857)	(984,576)	(1,601,433)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Investment Income	5,089	73,383	78,472
Net Cash Provided (Used) by Investing Activities	5,089	73,383	78,472
Cash and Cash Equivalents at July 1, 2024	1,978,945	1,665,882	3,644,827
Cash and Cash Equivalents at June 30, 2025	\$ 2,165,836	\$ 1,335,062	\$ 3,500,898
<u>Reconciliation of Income (Loss) From Operations</u>			
<u>to Net Cash Provided (Used) by Operating Activities:</u>			
Income (Loss) from Operations	\$ 580,513	\$ (263,270)	\$ 317,243
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:			
Depreciation	139,382	608,441	747,823
Change in Assets, Liabilities and Deferred Amounts:			
Decrease (Increase) in Operating Receivables	187,924	26,390	214,314
Increase (decrease) in Payables	(91,736)	(134,299)	(226,035)
Increase (decrease) in Pension and OPEB Liabilities and Assets	35,659	(18,485)	17,174
Increase (decrease) in Pension and OPEB			
Deferred Inflows	3,083	(1,526)	1,557
(Increase) decrease in Deferred Outflows	(24,303)	13,122	(11,181)
Net Cash Provided (Used) by Operating Activities	\$ 830,522	\$ 230,373	\$ 1,060,895

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

BASIC FINANCIAL
STATEMENTS

Fiduciary Fund

CITY OF COBURG
STATEMENT OF NET POSITION
FIDUCIARY FUND

June 30, 2025

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

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

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

Reporting Entity

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

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

Basis of Presentation

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

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

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

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Basis of Presentation (Cont.)

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

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

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

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

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

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

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

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

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

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Basis of Presentation (Cont.)

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

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

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

Measurement Focus/Basis of Accounting

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

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

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Measurement Focus/Basis of Accounting (Cont.)

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

Budgeting

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

Cash and Investments

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

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

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

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

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

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Accumulated Compensated Absences

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

Receivables

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

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

Deferred Inflows/Outflows of Resources:

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

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

Inventory

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

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Restricted Assets and Liabilities

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

Long-Term Debt

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

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

Capital Assets

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

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

The estimated useful lives are as follows:

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

Use of Estimates

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

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Equity Classifications:

Government-wide Statements and Proprietary Fund Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

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

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):

Property Taxes

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

Inter-Fund Transactions

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

Pensions

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

CASH AND INVESTMENTS:

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

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

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

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CASH AND INVESTMENTS (Cont.):

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

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

As of June 30, 2025, the City's reported deposits were \$1,231,609; the bank balance was \$1,321,760, and \$438 in petty cash. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer.

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

Credit Risk - Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2025, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

As of June 30, 2025, the City's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	<u>\$ 3,512,905</u>	N/A
Total Investments	<u><u>\$ 3,512,905</u></u>	

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

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

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CAPITAL ASSETS:

The following is a summary of capital assets for governmental activity for the fiscal year ended June 30, 2025:

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Assets Not Being Depreciated:				
Land	\$ 317,231	\$ -	\$ -	\$ 317,231
Construction in Progress	217,531	488,758	186,579	519,710
Total of Capital Assets Not Being Depreciated	534,762	488,758	186,579	836,941
Assets Being Depreciated:				
Building and Building Improvement	888,150	12,435	-	900,585
Machinery and Equipment	855,601	20,141	-	875,742
Infrastructure	3,322,141	817,757	-	4,139,898
Total Depreciable Assets	5,065,892	850,333	-	5,916,225
Less: Accumulated Depreciation				
Building and Building Improvement	205,836	27,742	-	233,578
Machinery and Equipment	516,670	53,562	-	570,233
Infrastructure	812,272	247,684	-	1,059,956
Total Accumulated Depreciation	1,534,779	328,989	-	1,863,767
Net Value of Capital Assets Being Depreciated	3,531,114	521,344	-	4,052,458
Total Governmental Activities				
-- Net Value of Capital Assets	<u>\$ 4,065,875</u>	<u>\$ 1,010,102</u>	<u>\$ 186,579</u>	<u>\$ 4,889,399</u>

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

General Government	\$ 34,124
Public Safety	14,472
Public Works	246,026
Culture and Recreation	34,367
Total Depreciation Expense	<u>\$ 328,989</u>

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

CAPITAL ASSETS (Cont.):

The following is a summary of capital assets for business-type activity for the fiscal year ended June 30, 2025:

<u>Business-Type Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Assets Not Being Depreciated:				
Land	\$ 217,293	\$ -	\$ -	217,293
Construction in Progress	4,953,070	273,423	1,187,610	4,038,883
Total	5,170,363	273,423	1,187,610	4,256,176
Assets Being Depreciated:				
Utility Systems	27,089,446	-	-	27,089,446
Building and Building Improvement	2,482,914	1,526,014	-	4,008,928
Machinery and Equipment	566,941	-	-	566,941
Total Depreciable Assets	30,139,301	1,526,014	-	31,665,315
Less: Accumulated Depreciation				
Utility Systems	6,531,294	581,315	-	7,112,609
Building and Building Improvement	446,925	125,959	-	572,884
Machinery and Equipment	294,861	40,548	-	335,409
Total Accumulated Depreciation	7,273,079	747,822	-	8,020,902
Net Value of Capital Assets Being Depreciated	22,866,221	778,192	-	23,644,413
Total Business-Type Activities				
-- Net Value of Capital Assets	<u>\$28,036,584</u>	<u>\$ 1,051,615</u>	<u>\$ 1,187,610</u>	<u>\$ 27,900,589</u>
Total Net Value of Capital Assets of Primary Government	<u>\$32,102,460</u>	<u>\$ 2,061,717</u>	<u>\$ 1,374,189</u>	<u>\$ 32,789,988</u>

Depreciation expense was charged to the functions of business-type activities as follows:

Water	\$ 139,381
Sewer	608,441
Total Depreciation Expense	<u>\$ 747,822</u>

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

LONG-TERM DEBT:

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

Governmental Activities:

Full Faith & Credit Refunding Obligation Bonds, Series 2020, held by US Bank for refinancing and consolidation of debt. The bonds are \$6,565,000 and carry an interest rate between 3.0 and 4.0 %. The bonds are dated November 19, 2020. Liability and repayment of the debt are allocated between governmental activities, water activities, and sewer activities. The original balance of \$520,000 is the governmental activities portion. This portion will be fully retired in 2045. This bond is reported on the schedule as three separate amounts because it is reported by three different activities: governmental, water, and sewer.

On August 23, 2022, the City entered into a promissory note payable agreement with the Oregon Department of Transportation for financing street repair and maintenance projects. The promissory note amount is \$999,500 and carries an interest rate of 2.52 %. The first payment of \$114,400 is due September 1, 2025. Annual payments of \$114,400 are due every September. The final payment is due September 1, 2032.

Business-Type Activities:

Full Faith & Credit Refunding Obligation Bonds, Series 2020, held by US Bank for refinancing and consolidation of debt. The bonds are \$6,565,000 and carry an interest rate between 3.0 and 4.0 %. The bonds are dated November 19, 2020. Liability and repayment of the debt are allocated between governmental activities, water activities, and sewer activities. The original balance of \$5,135,000 is the sewer activities portion. This portion will be fully retired in 2055. This bond is reported on the schedule as three separate amounts because it is reported by three different activities: governmental, water, and sewer.

Full Faith & Credit Refunding Obligation Bonds, Series 2020, held by US Bank for refinancing and consolidation of debt. The bonds are \$6,565,000 and carry an interest rate between 3.0 and 4.0 %. The bonds are dated November 19, 2020. Liability and repayment of the debt are allocated between governmental activities, water activities, and sewer activities. The original balance of \$555,000 is the water activities portion. This portion will be fully retired in 2026. This bond is reported on the schedule as three separate amounts because it is reported by three different activities: governmental, water, and sewer.

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

IFA Loan with Oregon Business Development Department loan #S19007 Safe Drinking Water Revolving Loan Fund for Water System Improvements. Original balance \$5,530,000 with forgivable amount of \$780,000. Interest rate 1.00%. Dated December 27, 2018. As of June 30, 2025, the loan is in drawdown and therefore not included in the future debt service requirements tables.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

LONG-TERM DEBT (Cont.):

The following table presents the current changes in governmental long-term debt obligations and portions due for each debt.

Governmental Long-Term Debt	Outstanding Balance July 1, 2024	New Issues	Principal Reductions	Interest Paid	Outstanding Balance June 30, 2025	Due Within One Year
Bonds Payable:						
US Bank Global Corp. Trust Services - Govnmtl. Portion	\$ 475,000	\$ -	\$ 15,000	\$ 14,250	\$ 460,000	\$ 15,000
Total Bonds Payable	475,000	-	15,000	14,250	460,000	15,000
Notes from Direct Borrowing:						
Oregon Department of Transportation	\$ 907,440	\$ -	\$ 92,523	\$ 21,877	\$ 814,917	\$ 93,864
Total Notes Payable	907,440	-	92,523	21,877	814,917	93,864
	Unamortized Beginning	New Premiums		Current Amortization	Unamortized Ending	
Bond Premium	2,742	-		(222)	2,520	
Total Governmental Long-Term Debt, Net	\$ 1,385,182	\$ -	\$ 107,523	\$ 35,905	\$ 1,277,437	\$ 108,864

The following table presents the current changes in business-type long-term debt obligations and portions due for each debt.

Business-Type Long-Term Debt	Outstanding Balance July 1, 2024	New Issues	Principal Reductions	Interest Paid	Outstanding Balance June 30, 2025	Due Within One Year
Bonds Payable:						
US Bank Global Corp. Trust Services - Sewer Portion	\$ 4,865,000	\$ -	95,000	\$ 167,350	\$ 4,770,000	\$ 100,000
US Bank Global Corp. Trust Services - Water Portion	160,000	-	80,000	4,800	80,000	80,000
Total Bonds Payable	5,025,000	-	175,000	172,150	4,850,000	180,000
Notes from Direct Borrowing :						
IFA Business Oregon #S19007 - In Drawdown	3,345,450	255,052	-	-	3,600,502	108,663
DEQ #R23045 Refinance Note	6,892,322	-	549,900	58,094	6,342,422	554,640
Total Notes from Direct Borrowing	10,237,772	255,052	549,900	58,094	9,942,924	663,303
	Unamortized Beginning	New Premiums		Current Amortization	Unamortized Ending	
Bond Premium	616,395	-		(23,750)	592,645	
Total Business-Type Long-Term Debt, Net	\$ 15,879,167	\$ 255,052	\$ 724,900	\$ 206,494	\$ 15,385,569	\$ 843,303

The reduction in principal for the IFA Business Oregon #s19007 note payable in drawdown is the portion of the loan proceeds over the last three years that have been identified as qualifying for the debt forgiveness portion of the proceeds, which are recognized during the current fiscal year as likely to be forgiven.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

LONG-TERM DEBT (Cont.):

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

Bonds Payable:

Due Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 195,000	\$ 180,700	\$ 375,700
2027	115,000	174,850	289,850
2028	125,000	171,400	296,400
2029	130,000	167,650	297,650
2030	130,000	163,750	293,750
2031 - 2035	705,000	758,150	1,463,150
2036 - 2040	820,000	646,100	1,466,100
2041 - 2045	950,000	515,150	1,465,150
2046 - 2050	965,000	353,800	1,318,800
2051 - 2055	1,175,000	145,000	1,320,000
Total	<u>\$ 5,310,000</u>	<u>\$ 3,276,550</u>	<u>\$ 8,586,550</u>

Notes from Direct Borrowing:

Due Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 648,504	\$ 73,890	\$ 722,394
2027	655,649	66,745	722,394
2028	662,895	59,499	722,394
2029	670,244	52,150	722,394
2030	677,697	44,697	722,394
2031 - 2035	3,266,447	111,054	3,377,501
2036 - 2040	575,903	3,656	579,559
Total	<u>\$ 7,157,340</u>	<u>\$ 411,691</u>	<u>\$ 7,569,030</u>

The City has no unused lines of credit.

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

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

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN:

The City of Coburg offers various retirement plans to qualified employees as described below.

Cost-sharing Multiple-employer Defined Benefit Pension Plan - The Oregon Public Employees Retirement System (PERS)

Name of Pension Plan

The City of Coburg participates with other state agencies in the Oregon Public Employees Retirement System (OPERS) which is a cost-sharing multiple-employer defined benefit pension plan.

Organization

OPERS administers a cost-sharing, multiple-employer defined benefit pension plan (Plan) for units of state government, political subdivisions (including community colleges and school Cities), and public universities. The Plan contains multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2024, there were 904 participating employers and more than 415,000 active, inactive, and retired members and beneficiaries.

OPERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Oregon Public Employees Retirement Board (OPERB) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the State Senate. Oregon PERS produces an independently audited comprehensive annual financial report (ACFR) for the funds administered by OPERB. The OPERS ACFR can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Plan Membership

The 1995 Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This legislation created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to age 58 for Tier One.

As of June 30, 2024, Tier One was comprised of 7,928 active plan members, 127,957 retired plan members or their beneficiaries currently receiving benefits, and 6,927 inactive plan members entitled to but not yet receiving benefits for a total of 142,812 members. For Tier Two, as of June 30, 2024, there were 23,549 active plan members, 24,248 retired plan members or their beneficiaries currently receiving benefits, and 12,332 inactive plan members entitled to but not yet receiving benefits for a total of 60,129.

The 2003 Legislature enacted House Bill 2021, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program and the Individual Account Program. Membership for the OPSRP Pension Program includes public employees hired on or after August 29, 2003. OPSRP is part of PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

As of June 30, 2024, there were 163,367 active OPSRP Pension plan members, 13,931 retired plan members or their beneficiaries currently receiving benefits, 10,596 inactive plan members entitled to but not yet receiving benefits, and 24,658 inactive plan members not eligible for refund or retirement for a total of 212,552 OPSRP Pension Program members.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Plan Benefits

1. OPERS Pension (Chapter 238) – Tier One/Tier Two

a. Pension Benefits

The PERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit.

These options include survivorship benefits and lump-sum refunds. The basic benefit is most commonly based on years of service and final average salary. A percentage (2.0% for Police and Fire employees, 1.67% for General Service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which they are entitled.

Under Senate Bill (SB) 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary is limited for all members beginning in 2021. The limit was equal to \$232,976 as of January 1, 2024, and it is indexed with inflation every year.

Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have contributions in each of five calendar years or have reached at least 50 years of age before ceasing employment with a participating employer (age 45 for Police and Fire members). General Service employees may retire after reaching age 55. Police and Fire members are eligible after reaching age 50. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and Fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The plans are closed to new members hired on or after August 29, 2003.

b. Death Benefits

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

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

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lumpsum and monthly payments, if eligible. The monthly payment must be a minimum of \$200 per month for deaths that occur after July 30, 2003.

In 2019 the Legislature introduced an Optional Spouse Death Benefit (OSDB) that may provide a higher survivor benefit than the standard pre-retirement death benefit described above. To be eligible for the OSDB, the member must have died before retiring, named their spouse or other person who is constitutionally required to be treated in the same manner as the spouse as their pre-retirement beneficiary, and met the following conditions:

- Member's date of death must be on or after January 1, 2020.
- Member's account must be eligible for the employer-matching death benefit (as described above).
- Member must have a surviving spouse.
- The surviving spouse must be the member's sole beneficiary as determined by a valid Tier One/Tier Two Preretirement Beneficiary Designation form on file with PERS.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

As of January 1, 2024, the Legislature modified the rules such that, in order to be eligible for the Optional Spouse Death Benefit, a surviving spouse must make a written election no later than 60 days after the date of the estimate that PERS provides to a member's spouse. For members who die before their earliest retirement date, the OSDB is the actuarial equivalent of 50% of the service retirement that would have been paid to the member, calculated as if the member became inactive on their date of death and retired at their earliest retirement date. For members who die after their earliest retirement date but before normal retirement age, the OSDB is the actuarial equivalent of the service retirement that would have been paid to the member calculated as if they retired on the first day of the month following their death. For members who die after their normal retirement age, the OSDB is the actuarial equivalent of the benefit that would have been paid to the member, calculated as if the member retired on the first day of the month following their date of death.

The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached the age of their federally required minimum distribution.

c. Disability Benefits

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

d. Benefit Changes After Retirement

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

2. OPSRP Pension Program

a. Pension Benefits

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

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

Police and Fire: 1.8% 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 retire under the Police and Fire classification, the individual's last 60 months of retirement credit preceding retirement eligibility must be classified as retirement credit for service as a police officer or a firefighter. Under House Bill (HB) 2283, passed during the 2023 legislative session and effective January 1, 2024, if a member has established retirement eligibility under the Police and Fire classification as indicated above, they retain that eligibility even if they perform service thereafter as other than Police and Fire. Under HB 4045, passed during the 2024 legislative session and effective January 1, 2025, normal retirement age for Police and Fire members will be lowered to age 55 or age 53 with 25 years of retirement credit.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary is limited for all members beginning in 2020. The limit was equal to \$232,976 as of January 1, 2024 and is indexed with inflation every year.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

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, or, if the pension program is terminated, the date on which termination becomes effective.

b. Death Benefits

Upon the death of a nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached the age of their federally required minimum distribution.

c. 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 from a job-related injury may receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred. Disability benefits continue until the member is no longer disabled or otherwise no longer qualifies for benefits, reaches normal retirement age, or dies.

d. Benefit Changes After Retirement

Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

3. Individual Account Program (IAP)

a. Benefit Terms

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established.

Employers have the option to make employer contributions for a member under ORS 238A.340. Contributions for these accounts are deposited into a separate employer-funded account. The member becomes vested in this optional employer-funded account on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 414(k).

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer-funded account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, or 20-year period or an anticipated life-span option. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

b. Death Benefits

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

c. Recordkeeping

PERS contracts with Voya Financial to maintain IAP participant records.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

4. Postemployment Healthcare Benefits

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing, multiple-employer OPEB plan for 904 participating employers. The plan was closed to new entrants hired on or after August 29, 2003.

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

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

For the fiscal year ended June 30, 2024, PERS employers contributed 0.04% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. A (0.04)% unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Consequently, PERS employers had an effective contribution rate of 0.00% for the RHIA program. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. These rates were based on the December 31, 2021, actuarial valuation.

Contributions

Description of Funding and Contributions for PERS Benefit Plans

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

Member Contributions

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

The Member Reserve represents accumulated member contributions and earnings allocations made prior to January 1, 2004, and subsequent earnings allocations less refunds and amounts transferred to reserves for retirements and disabilities (ORS 238.515). The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

Starting July 1, 2020, Senate Bill 1049 (2019) required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. In 2024, if the member earns more than \$3,688 per month, 0.75% (if OPSRP member) or 2.5% (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the member's Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

a. Employee Pension Stability Accounts (EPSA)

EPSA was created by the Oregon Legislature through Senate Bill 1049 (2019) to address the increasing cost of funding pension benefits. EPSA's function is to help pay for part of an applicable member's lifetime monthly pension benefit when they retire.

EPSA rules apply to most PERS members, but the EPSA redirect is only triggered when the member's gross pay in a month exceeds the monthly salary threshold, which is tied to the annual Consumer Price Index (All Urban Consumers, West Region). EPSA accounts are credited with investment earnings and losses annually and have no guaranteed rate of return.

b. Target-Date Funds

The Oregon Investment Council, responsible for all PERS fund investments, approved the transition to a target-date fund (TDF) investment methodology for all IAP accounts beginning January 1, 2018. This change in investment methodology reflects an investment best practice that will better protect participants from potential losses as they approach and enter retirement by gradually reducing investment risk as participants age.

Effective January 1, 2021, Senate Bill 1049 (2019) allowed members to elect investment of their IAP account in a TDF other than the default TDF based on their year of birth. PERS now provides members the opportunity to make elections once a year during the month of September, with the change effective the following calendar year.

Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and OPEB plans. Employer contribution rates during fiscal year 2024 were based on the December 31, 2021, actuarial valuation, which became effective July 1, 2023. The state of Oregon and certain schools, community colleges, public universities, and political subdivisions have made supplemental unfunded actuarial liability payments, and their rates have been reduced.

PERS Defined Benefit Plan (ORS 238)

Effective July 1, 2025, the contribution rate for state agencies was 28.88%, the State and Local Government Rate Pool was 29.03%, the School District Pool was 28.58%, and the judiciary was 29.01% of PERS-covered salaries. Political subdivisions that have not joined the State and Local Government Rate Pool had an average pension contribution rate of 29.81%.

OPSRP Pension Program (ORS 238A)

All PERS-participating employers with OPSRP Pension Program members are actuarially pooled and share the same contribution rate. The OPSRP Pension Program employer rates effective July 1, 2023, through June 30, 2025, are 11.58% of covered salaries for General Service employees and 16.37% of covered salaries for Police and Fire employees. These rates increased from 10.33% of covered salaries for General Service and 14.69% of covered salaries for Police and Fire employees for the period July 1, 2023, through June 30, 2025. Each of these rates includes a component related to disability benefits for General Service and Police and Fire members.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

City Employer Contributions

The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The City's employer required contributions for the year ended in June 30, 2025 were \$308,014 for Defined Benefits and contributions for employees IAPexcluding amounts to fund employer specific liabilities.

The contribution rates in effect for the period July 1, 2023, to June 30, 2025, are: Tier1/Tier2 – 20.34%, OPSRP General Service – 18.32%, and OPSRP Fire and Police – 23.11%.

City Member Contributions

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

During FY 2024-2025, approximately \$59,772 in employee IAP contributions were paid or picked up by the City.

Pension Plan ACFR

Oregon PERS produces an independently audited ACFR which can be found at:
<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Actuarial Valuations

The employer contribution rates effective July 1, 2023, through June 30, 2025, were set using the Entry Age Normal actuarial cost method.

For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years by ongoing Board policy. However, upon passage of Senate Bill 1049, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2022 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll.

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

For the Postemployment Healthcare component, the RHIA plan fiduciary net position balance represents the program's accumulation of employer contributions and investment earnings less premium subsidies and administrative expenses

No UAL rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years.

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:	
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2023
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on July 20, 2021.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Depletion Date Projection

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

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

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

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

OIC Target and Actual Investment Allocation as of June 30, 2024

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation²</u>
Debt Securities	20.0% - 30.0%	25.0%	Debt Securities	19.1%
Public Equity	22.5% - 32.5%	27.5%	Public Equity	23.0%
Real Estate	7.5% - 17.5%	12.5%	Real estate	13.2%
Private Equity	15.0% - 27.5%	20.0%	Private Equity	26.9%
Real Assets	2.5% - 10.0%	7.5%	Real Assets	10.1%
Diversifying Strategies	2.5% - 10.0%	7.5%	Diversifying Strategies	5.0%
Opportunity Portfolio ¹	0.0% - 5.0%	0.0%	Opportunity Portfolio	2.7%
Total		<u>100%</u>	Total	<u>100%</u>

¹Opportunity Portfolio is an investment strategy. Up to 5% of total Fund assets may be invested in it.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the Oregon PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below.

<u>Long Term Expected Rate of Return¹</u>	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation	
Asset Class	Target Allocation			
Global Equity	27.50%	8.57%	7.07%	17.99%
Private Equity	25.50%	12.89%	8.83%	30.00%
Core Fixed Income	25.00%	4.59%	4.50%	4.22%
Real Estate	12.25%	6.90%	5.83%	15.13%
Master Limited Partnerships	0.75%	9.41%	6.02%	27.04%
Infrastructure	1.50%	7.88%	6.51%	17.11%
Hedge Fund of Funds - Multistrategy	1.25%	6.81%	6.27%	9.04%
Hedge Fund Equity - Hedge	0.63%	7.39%	6.48%	12.04%
Hedge Fund - Macro	5.62%	5.44%	4.83%	7.49%
Assumed Inflation - Mean		2.35%	1.41%	

¹Based on the Oregon Investment Council’s (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.

²The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

Sensitivity Analysis

The following presents the employer’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Employer's proportionate share of the net pension liability	\$ 3,051,941	\$ 1,934,719	\$ 998,991

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Changes Since Last Valuation

A summary of key changes implemented after the December 31, 2024 valuation, which was used in the 2024 PERS ACFR. Changes are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2024 Experience Study for the System, which was published on July 22, 2025, which can be found at: https://www.oregon.gov/pers/Documents/Financials/Actuarial/2025/2024_Exp_Study.pdf

Changes in Actuarial Methods and Allocation Procedures

As of June 30, 2024, PERS fully finished and closed the Employer Programs, Salary Limit, Member Choice, Technical Debt, and Work After Retirement projects. House Bill 2296 (2023) extended the sunset of the work after retirement provisions until 2034. The Member Redirect project has an expected completion date of June 2025. PERS received funding for these projects for the 2023-25 biennium.

The timing of the amortization period for Pre-SLGRP liabilities and surpluses for SLGRP employers was revised to align the biennial rate-setting cycle.

Changes in Assumptions

- Adjust mortality assumptions to use the new “Pub-2016” base tables, matched to observed PERS-specific experience.
- Increase the individual member salary increase assumption’s merit/longevity component for one member category based on observations of the last 12 years of experience. The individual member salary increase assumption consists of the sum of inflation, real wage growth, and merit/longevity components, with the latter varying by member. We also recommend maintaining an assumed additional 2% annual increase specifically for calendar year 2025 above the long-term assumptions, which was first adopted in the 2022 Experience Study to reflect significant bargained increases already known at that time.
- Adjust retirement rates for certain member categories and service bands to more closely align with recent and expected future experience.
- Lower assumed rates of ordinary (non-duty) disability incidence to more closely match recent experience.
- Adjust the Tier One/Tier Two unused sick leave assumption for one member category to reflect recently observed experience.
- Decrease the likelihood of program participation for non-disabled and disabled retirees in the RHIA retiree healthcare program.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Mortality Rates

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

Assumption	Used for December 31, 2022 and 2023 Valuations	Recommended December 31, 2024 and 2025 Valuations
Healthy Annuitant Mortality	Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	Blend 80% Teachers and 20% General Employees, no set back	No change
Other General Service male (and male beneficiary)	General Employees, set back 12 months	No change
Police & Fire male	Public Safety, no set back	No change
School District female	Teachers, no set back	No change
Other female (and female beneficiary)	General Employees, no set back	No change
Police & Fire female	Public Safety, set back 12 months	No change
Disabled Retiree Mortality	Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
Police & Fire male	Blended 50% Public Safety, 50% Non-Safety, no set back	Blended 20% Public Safety, 80% Non-Safety, no set back
Other General Service male	Non-Safety, set forward 24 months	120% of Non-Safety, no set back
Police & Fire female	Blended 50% Public Safety, 50% Non-Safety, no set back	Blended 20% Public Safety, 80% Non-Safety, no set back
Other General Service female	Non-Safety, set forward 12 months	120% of Non-Safety, no set back
Non-Annuitant Mortality	Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Other General Service male	115% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Police & Fire male	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
School District female	100% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Other General Service female	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Police & Fire female	100% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption

CITY OF COBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

Changes Subsequent to the Measurement Date

There were no changes subsequent to the measurement date, that we are aware of.

Deferred Items

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ending June 30, 2025, employers will report the following deferred items:

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

Employer Contributions

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

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

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 96, of the June 30, 2024 Oregon PERS ACFR. <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

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

At June 30, 2025, the employer reported a liability of \$1,934,719 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2024, the employer's proportion was 0.00870427%.

For the year ended June 30, 2025, the employer recognized pension expense of \$416,304.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

PENSION PLAN (Cont.):

As of June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 114,614	\$ 4,618
Changes of assumptions	194,517	249
Net difference between projected and actual earnings on investments	122,909	-
Changes in proportionate share	238,654	81,996
Differences between employer contributions and employer's proportionate share of system contributions	<u>33,708</u>	<u>79,210</u>
(prior to post-measurement date contributions)	\$ 704,402	\$ 166,073
Post-measurement date contributions	308,014	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 1,012,416</u>	<u>\$ 166,073</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ 538,329</u>

Contributions of \$308,014 were made subsequent to the measurement date, for Pension plan and IAP contributions, but prior to the end of the City's reporting period. These contributions, which are reported as deferred outflows of resources related to pensions, will be included as a reduction of the net pension liability in next fiscal year.

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

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ 70,288
2nd Fiscal Year	252,159
3rd Fiscal Year	139,740
4th Fiscal Year	66,888
5th Fiscal Year	<u>9,254</u>
Total	<u>\$ 538,329</u>

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

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

Plan Description

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

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

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

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

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB. For the fiscal year ended June 30, 2023, PERS employers contributed 0.05% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2019. Typically, PERS employers contribute an actuarially determined percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. These rates were based on the December 31, 2019, actuarial valuation.

Contributions

The City's contributions to OPERS' RHIA for the years ended June 30, 2025, 2024, and 2023 were \$0, \$13 and \$171 respectively, which equaled the required contributions for the year.

Actuarial Methods and Assumptions Used in Developing Total (OPEB) RHIA Liability

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost Sharing Multiple Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2024. That independently audited report was dated November 27, 2024 and can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	RHIA
Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2023
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 25.0% Disabled retirees: 15%
Healthcare cost trend rate	Not applicable
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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 2022 Experience Study which is reviewed for the four-year period ending July 20, 2025.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Table 31 on page 92 shows Milliman's assumptions for each of the asset classes in which the plans were invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown on page 74. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Sensitivity Analysis

The following presents the employer's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent, as well as what the employer's proportionate share of the OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Employer's proportionate share of the net OPEB liability	\$ (28,515)	\$ (30,804)	\$ (32,775)

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

At June 30, 2025, the City reported a net OPEB RHIA liability/(asset) of \$(30,804) for its proportionate share of the net OPEB RHIA liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB RHIA liability/(asset) used to calculate the net OPEB RHIA liability/(asset) was determined by an actuarial valuation as of December 31, 2023. Consistent with GASB Statement No. 75, paragraph 59(a), The City's proportion of the net OPEB RHIA liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2024, the City's proportion was 0.00762651 percent. OPEB RHIA expense/(income) recorded for the year ended June 30, 2025 was \$(4,972).

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 602
Changes of assumptions	-	390
Net difference between projected and actual earnings on investments	870	-
Changes in proportionate share	1,915	641
(prior to post-measurement date contributions)	\$ 2,785	\$ 1,633
Post-measurement date contributions	-	N/A
Total Deferred Outflow/(Inflow) of Resources	\$ 2,785	\$ 1,633
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		\$ 1,152

Contributions of \$0 were made subsequent to the measurement date, but prior to the end of the City’s reporting period. These contributions, which are reported as deferred outflows of resources related to OPEB, will be included as a reduction of the net OPEB liability in the next fiscal year.

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (647)
2nd Fiscal Year	1,228
3rd Fiscal Year	471
4th Fiscal Year	100
Total	\$ 1,152

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2024 Measurement Date that meet this requirement and thus require a brief description under the GASB standard

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

OTHER POST-EMPLOYMENT BENEFITS (OPEB) CIS (IRSP):

Retiree Healthcare Insurance Premiums Subsidy

Plan Description

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

Funding Policy

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

At June 30, 2025, the City reported a net OPEB IRSP liability/(asset) of \$67,630 for its proportionate share of the net OPEB IRSP liability/(asset). The OPEB IRSP liability/(asset) was measured as of June 30, 2024, and the total OPEB IRSP liability/(asset) used to calculate the net OPEB IRSP liability/(asset) was determined by an actuarial valuation as of July 1, 2024. Consistent with GASB Statement No. 75, paragraph 59(a), The City’s proportion of the net OPEB IRSP liability/(asset) is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2024, the City’s OPEB IRSP expense/(income) for the year ended June 30, 2025 was \$6,398.

Actuarial Methods and Assumptions - The City engaged an actuary to perform an evaluation as of July 1, 2024, using entry age normal Actuarial Cost Method. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

Fiscal Year Ending	June 30, 2024	June 30, 2025	June 30, 2026
Discount Rate	3.65%	3.93%	5.20%
Other Key Actuarial Assumptions and Methods			
Valuation date	July 1, 2022	July 1, 2024	July 1, 2024
Measurement date	June 30, 2023	June 30, 2024	June 30, 2025
Inflation	2.40%	2.40%	2.40%
Salary increases	3.40%	3.40%	3.40%
Withdrawal, retirement, and mortality rates	December 31, 2021 Oregon PERS valuation	December 31, 2023 Oregon PERS valuation	December 31, 2023 Oregon PERS valuation
Election and Lapse Rates	35% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate	30% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate	30% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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

Discount Rate

Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The assumptions in this report reflect the Bond Buyer 20-Year General Obligation Bond Index. The discount rate in effect for the June 30, 2025 reporting date 3.93%, and the discount rate in effect for the June 30, 2026 reporting date is 5.20%.

Health Care Cost Trend

The assumed medical and vision costs will increase 6.90% in the first year (July 1, 2024 premiums compared with July 1, 2023 premiums). In future years, the medical and vision cost trend varies between 6.00% and 3.75%.

Withdrawal, Retirement and Mortality Rates

They are generally using the rates adopted by the Oregon Public Employees Retirement System (OPERS) for its December 31, 2021 actuarial valuation of retirement benefits.

Election and Lapse Rates

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

Sensitivity Analysis

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

	1% Decrease 2.93%	Discount Rate 3.93%	1% Increase 4.93%
Total OPEB liability from Implicit Rate Subsidy	\$ 74,886	\$ 67,630	\$ 60,976
	<hr/>		
	1% Decrease	Trend Rate	1% Increase
Total OPEB liability from Implicit Rate Subsidy	\$ 58,047	\$ 67,630	\$ 79,193

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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

Participation

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

Members as of Valuation Date July 1, 2024	PERS Police & Fire	PERS General Service	Total
Number of Members			
Active	5	12	17
Total Participants	5	12	17

Changes in Net OPEB CIS IRSP Liability

Changes in Total OPEB Implicit Subsidy Plan Liability	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2024	\$ 54,072
Changes for the year:	
Service Cost	6,603
Interest	2,198
Effect of economic/ demographic gains or losses	14,369
Effect of assumptions or other inputs	(8,710)
Benefit payments	(902)
Net OPEB Liability at June 30, 2025	\$ 67,630

Components of OPEB IRSP Expense

OPEB Implicit Subsidy Plan Expense	July 1, 2024 to June 30, 2025
Service cost	\$ 6,603
Interest on total OPEB liability	2,198
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	277
Recognition of assumption changes	(2,680)
OPEB Expense	\$ 6,398

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,984	\$ 6,885
Changes of assumptions or inputs	707	19,746
(prior to post-measurement date contributions)	<u>\$ 20,691</u>	<u>\$ 26,631</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ (5,940)</u>

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

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (2,403)
2nd Fiscal Year	(2,277)
3rd Fiscal Year	(2,090)
4th Fiscal Year	(171)
5th Fiscal Year	(309)
Thereafter	1,310
Total	<u>\$ (5,940)</u>

CONTINGENT LIABILITIES:

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

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

CITY OF COBURG

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

RISK MANAGEMENT:

To reduce the risk of loss from liability, fire, theft, accident, medical costs, and errors and omissions, the City maintains various commercial insurance policies.

The City came under the State Unemployment Act as of July 1, 1974. The City has elected to pay State Unemployment Insurance to the State to pay for any claims paid to former employees. Any reimbursements are paid by the fund, incurring the liability to the Employment Division of the State of Oregon. The estimated liability for unpaid claims is calculated as the present value of expected unpaid claims based on historical experience and ongoing concern assessments. The City's estimated liability for unpaid unemployment claims is immaterial. Therefore, no liability amount appears on the City's statement of net position or balance sheet.

Certain employees have health care coverage provided by a third-party insurance company. Premiums to the insurance company are paid by employer contributions for eligible employees. There have been no significant reductions in coverage from the prior years, and settlements have not exceeded insurance coverage in the past three years.

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

During certain years, the City may budget for interfund transfers, allowing resources to be moved between funds to support expenditures not covered by other revenues. The interfund transfers are scheduled as part of the City's budget preparation and adoption process.

For the fiscal year ending June 30, 2024, the interfund budgetary transfers were made as follows:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ -	\$ 125,000
Street Fund	25,000	-
Water Fund	50,000	-
Sewer Fund	50,000	-
Total	<u>\$ 125,000</u>	<u>\$ 125,000</u>

SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 21, 2026, the date on which the financial statements were available to be issued.

REQUIRED
SUPPLEMENTARY
INFORMATION

CITY OF COBURG
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
GENERAL FUND
For the Fiscal Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 996,000	\$ 996,000	\$ 986,108	\$ (9,892)
Intergovernmental	61,000	61,000	103,809	42,809
Franchise Fees	279,300	279,300	274,994	(4,306)
Licenses, Permits, & Misc Fees	141,000	141,000	95,058	(45,942)
Fines and Forfeitures	100,500	100,500	104,467	3,967
Investment Revenue	15,000	15,000	11,847	(3,153)
Grants and Donations	355,000	355,000	176,779	(178,221)
Charges for Services	191,600	191,600	138,865	(52,735)
Other Revenue	15,500	15,500	30,076	14,576
Total Revenues	<u>2,154,900</u>	<u>2,154,900</u>	<u>1,922,003</u>	<u>(232,897)</u>
<u>EXPENDITURES:</u>				
Administration Department	531,790	531,790	518,170	(13,620)
Facility Management Department	99,500	114,500	104,923	(9,577)
Planning Department	213,870	213,870	182,681	(31,189)
Police Department	866,650	766,650	764,683	(1,967)
Municipal Court	171,290	171,290	157,852	(13,438)
Economic Development	47,000	47,000	44,626	(2,374)
Park	237,400	372,400	358,281	(14,119)
Public Works Administration	106,980	106,980	96,732	(10,248)
Not Allocated to an Organizational Unit:				
Debt Service	29,250	29,250	29,250	-
Contingency	50,000	-	-	-
Total Expenditures	<u>2,353,730</u>	<u>2,353,730</u>	<u>2,257,198</u>	<u>(96,532)</u>
Excess (Deficiency) of Revenues Over Expenditures	(198,830)	(198,830)	(335,195)	(136,365)
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer In	125,000	125,000	125,000	-
Total Other Financing Sources (Uses)	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Net Change in Fund Balance	(73,830)	(73,830)	(210,195)	(136,365)
Fund Balance - July 1, 2024	512,034	512,034	403,719	(108,315)
Fund Balance - June 30, 2025	<u>\$ 438,204</u>	<u>\$ 438,204</u>	<u>\$ 193,524</u>	<u>\$ (244,680)</u>

CITY OF COBURG
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
STREET FUND
For the Fiscal Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Intergovernmental	\$ 423,500	\$ 423,500	\$ 689,647	\$ 266,147
Investment Revenue	10,000	10,000	34,641	24,641
Charges for Services	80,000	80,000	70,130	(9,870)
Miscellaneous Revenue	15,000	15,000	1,062	(13,938)
Total Revenues	<u>528,500</u>	<u>528,500</u>	<u>795,480</u>	<u>266,980</u>
<u>EXPENDITURES:</u>				
Street	1,376,360	1,391,360	1,208,023	(183,337)
Not Allocated to an Organizational Unit:				
Debt Service	114,430	114,430	114,400	(30)
Contingency	50,000	35,000	-	(35,000)
Total Expenditures	<u>1,540,790</u>	<u>1,540,790</u>	<u>1,322,423</u>	<u>(218,367)</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,012,290)	(1,012,290)	(526,943)	485,347
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer (Out)	(25,000)	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net Change In Fund Balance	(1,037,290)	(1,037,290)	(551,943)	485,347
Fund Balance - July 1, 2024	1,441,367	1,441,367	1,443,653	2,286
Fund Balance - June 30, 2025	<u>\$ 404,077</u>	<u>\$ 404,077</u>	<u>\$ 891,710</u>	<u>\$ 487,633</u>

CITY OF COBURG

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

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

For the Fiscal Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget
				Over
				(Under)
<u>REVENUES:</u>				
Taxes and Assessments	\$ 466,075	\$ 466,075	\$ 486,441	\$ 20,366
Investment Revenue	15,000	15,000	15,398	398
Total Revenues	<u>481,075</u>	<u>481,075</u>	<u>501,839</u>	<u>20,764</u>
<u>EXPENDITURES:</u>				
Materials and Supplies	411,000	411,000	406,617	(4,383)
Total Expenditures	<u>411,000</u>	<u>411,000</u>	<u>406,617</u>	<u>(4,383)</u>
Net Change In Fund Balance	70,075	70,075	95,222	25,147
Fund Balance - July 1, 2024	183,280	183,280	194,461	11,181
Fund Balance - June 30, 2025	<u><u>\$ 253,355</u></u>	<u><u>\$ 253,355</u></u>	<u><u>\$ 289,683</u></u>	<u><u>\$ 36,328</u></u>

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

Fiscal Year Ended June 30, ¹	Measurement Date	(a) Employer's proportion of the net pension liability (asset)	(b) Employer's proportionate share of the net pension liability (asset)	(c) Employer's covered payroll as of Measurement Date	(b/c) Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	June 30, 2024	0.00870427%	\$ 1,934,719	\$ 1,104,424	175.18%	79.3%
2024	June 30, 2023	0.00926018%	1,734,495	1,072,660	161.70%	81.7%
2023	June 30, 2022	0.00743990%	1,139,198	987,310	115.38%	84.5%
2022	June 30, 2021	0.00757498%	906,458	722,383	125.48%	87.6%
2021	June 30, 2020	0.00636919%	1,389,976	811,306	171.33%	75.8%
2020	June 30, 2019	0.00480466%	831,091	746,600	111.32%	80.2%
2019	June 30, 2018	0.00534755%	810,083	768,473	105.41%	82.1%
2018	June 30, 2017	0.00571827%	770,825	680,984	113.19%	81.3%
2017	June 30, 2016	0.00542243%	814,033	675,338	120.54%	80.5%
2016	June 30, 2015	0.00467319%	268,309	416,570	64.41%	91.9%

¹Measurement date is one year in arrears.

*This schedule is presented to illustrate the requirement to show information for 10 years.

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

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ 308,014	\$ 308,014	\$ -	\$ 993,474	31.00%
2024	332,312	332,312	-	1,104,424	30.09%
2023	266,822	266,822	-	1,072,660	24.87%
2022	240,630	240,630	-	987,310	24.37%
2021	161,461	161,461	-	722,383	22.35%
2020	145,514	145,514	-	811,306	17.94%
2019	112,389	112,389	-	746,600	15.05%
2018	104,054	104,054	-	768,473	13.54%
2017	83,006	83,006	-	680,984	12.19%
2016	82,856	82,856	-	675,338	12.27%

*This schedule is presented to illustrate the requirement to show information for 10 years.

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

Fiscal Year Ended June 30, ¹	Measurement Date	(a) Employer's proportion of the net OPEB liability (asset)	(b) Employer's proportionate share of the net OPEB liability (asset)	(c) Employer's covered payroll as of Measurement Date	(b/c) Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	June 30, 2024	0.00762651%	\$ (30,804)	\$ 1,104,424	-2.79%	220.6%
2024	June 30, 2023	0.00865879%	(31,706)	1,072,660	-2.96%	201.6%
2023	June 30, 2022	0.00707009%	(25,123)	987,310	-2.54%	194.6%
2022	June 30, 2021	0.00527308%	(18,108)	722,383	-2.51%	183.9%
2021	June 30, 2020	0.00687514%	(13,968)	811,306	-1.72%	150.1%
2020	June 30, 2019	0.00687559%	(13,286)	746,600	-1.78%	144.4%
2019	June 30, 2018	0.00679127%	(7,581)	768,473	-0.99%	124.0%
2018	June 30, 2017	0.00646188%	(2,697)	680,984	-0.40%	108.9%
2017	June 30, 2016	0.00724014%	1,966	675,338	0.29%	94.2%

¹Measurement date is one year in arrears.

*This schedule is presented to illustrate the requirement to show information for 10 years.

The full 10-year trend will be presented for those years for which information is available

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

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Employer's covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ -	\$ -	\$ -	\$ 993,474	0.00%
2024	13	13		1,104,424	0.00%
2023	171	171	-	1,072,660	0.02%
2022	174	174	-	987,310	0.02%
2021	141	141	-	722,383	0.02%
2020	490	490	-	811,306	0.06%
2019	3,408	3,408	-	746,600	0.46%
2018	3,288	3,288	-	768,473	0.43%
2017	3,031	3,031	-	680,984	0.45%
2016	3,257	3,257	-	675,338	0.48%

*This schedule is presented to illustrate the requirement to show information for 10 years.

CITY OF COBURG

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost	\$ 6,603	\$ 6,486	\$ 6,876	\$ 6,677	\$ 5,227
Interest on total OPEB liability	2,198	1,874	1,059	911	1,343
Effect of changes to benefit terms	-	-	-	-	-
Effect of economic/demographic gains or (losses)	14,369	-	9,651		(4,357)
Effect of assumption changes or inputs	(8,710)	(604)	(12,952)	220	(679)
Benefit payments	(902)	(274)	(363)	(86)	(178)
Net change in total OPEB liability **	13,558	7,482	4,271	7,722	1,356
Total OPEB liability, beginning	54,072	46,590	42,319	34,597	33,241
Total OPEB liability, ending (a) **	<u>67,630</u>	<u>54,072</u>	<u>46,590</u>	<u>42,319</u>	<u>34,597</u>
Covered payroll	\$ 1,104,424	\$ 1,072,660	\$ 987,310	\$ 722,383	\$ 811,306
Total OPEB liability as a % of covered payroll **	6.1%	5.0%	4.7%	5.9%	4.3%
	2020	2019	2018		
Total OPEB Liability					
Service cost	\$ 5,724	\$ 5,558	\$ 5,243		
Interest on total OPEB liability	1,277	1,178	1,174		
Effect of changes to benefit terms	-	-	-		
Effect of economic/demographic gains or (losses)	-	(15,480)	-		
Effect of assumption changes or inputs	980	(3,777)	(2,995)		
Benefit payments	(827)	(680)	(143)		
Net change in total OPEB liability **	7,154	(13,201)	3,279		
Total OPEB liability, beginning	26,087	39,288	36,009		
Total OPEB liability, ending (a) **	<u>33,241</u>	<u>26,087</u>	<u>39,288</u>		
Covered payroll	\$ 746,600	\$ 768,473	\$ 680,984		
Total OPEB liability as a % of covered payroll **	4.5%	3.4%	5.8%		

¹Measurement date is one year in arrears.

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

** Totals may not agree due to rounding.

SUPPLEMENTARY

INFORMATION

Proprietary Funds

CITY OF COBURG
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
WATER FUND

For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over
	Original	Final	(See Note 1)	(Under)
<u>REVENUES:</u>				
Charges for Services	\$ 971,000	\$ 971,000	\$ 1,180,211	\$ 209,211
Investment Revenue	66,500	66,500	5,089	(61,411)
Other Revenue	-	-	17,773	17,773
Total Revenues	1,037,500	1,037,500	1,203,073	165,573
<u>EXPENDITURES:</u>				
Water	369,700	469,700	452,170	(17,530)
Water Capital Outlay	2,140,000	2,080,000	525,764	(1,554,236)
Not Allocated to an Organizational Unit:				
Debt Service	84,800	84,800	84,800	
Contingency	200,000	160,000	-	(160,000)
Total Expenditures	2,794,500	2,794,500	1,062,734	(1,731,766)
Excess (Deficiency) of Revenues Over Expenditures	(1,757,000)	(1,757,000)	140,339	1,897,339
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer (Out)	(50,000)	(50,000)	(50,000)	-
Loan Proceeds	1,200,000	1,200,000	255,052	(944,948)
Total Other Financing Sources (Uses)	1,150,000	1,150,000	205,052	(944,948)
Net Change In Fund Balance	(607,000)	(607,000)	345,391	952,391
Fund Balance - July 1,2024	2,110,020	2,110,020	2,238,893	128,873
Fund Balance - June 30,2025	\$ 1,503,020	\$ 1,503,020	\$ 2,584,284	\$ 1,081,264

Reconciliation to generally accepted accounting principles basis

Net Change in Fund Balance - from above	\$ 345,391
Change in personnel expense due to pension and OPEB accrual changes	(14,439)
Debt Principal Payments	80,000
Capital outlay that is capitalized	532,057
Loan Proceeds	(255,052)
Change in interest expense due to bond premium amortization and interest payable change	505
Depreciation Expense	(139,382)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenditures, and Changes in Net Position	<u>\$ 549,080</u>

CITY OF COBURG
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
SEWER FUND
For the Fiscal Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Charges for Services	\$ 1,327,000	\$ 1,327,000	\$ 1,008,256	\$ (318,744)
Investment Revenue	47,000	47,000	73,383	26,383
Other Revenue	-	-	400,000	400,000
Total Revenues	<u>1,374,000</u>	<u>1,374,000</u>	<u>1,481,639</u>	<u>107,639</u>
<u>EXPENDITURES:</u>				
Sewer	769,560	809,560	749,744	(59,816)
Not Allocated to Organizational Unit:				
Debt Service	904,850	904,850	904,806	(44)
Total Expenditures	<u>1,674,410</u>	<u>1,714,410</u>	<u>1,654,550</u>	<u>(59,860)</u>
Excess (Deficiency) of Revenues Over Expenditures	(300,410)	(340,410)	(172,911)	167,499
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer Out	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net Change In Fund Balance	(350,410)	(390,410)	(222,911)	167,499
Fund Balance - July 1, 2024	1,670,833	1,670,833	1,668,408	(2,425)
Fund Balance - June 30, 2025	<u>\$ 1,320,423</u>	<u>\$ 1,280,423</u>	<u>\$ 1,445,497</u>	<u>\$ 165,074</u>

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	\$ (222,911)
Change in Inventory	
Change in Accrued Interest	4,742
Change in Pension and Employee Benefit Expenses	6,889
Debt Principal Payments	644,900
Amortization of Bond Premium	23,675
Capital outlay that is capitalized	79,770
Depreciation Expense	<u>(608,441)</u>
Change in Net Position as Reported in Combining Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ (71,376)</u>

OTHER INFORMATION

Additional Supporting Schedules

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2025

IFA Business Oregon #S19007 - In Drawdown

IFA Loan with Oregon Business Development Department (OBDD) loan #S19007 Safe Drinking Water Revolving Loan Fund for Water System Improvements in drawdown. Original balance \$5,530,000 with forgivable amount of \$780,000. Interest rate 1.00%. Dated December 27, 2018. As of June 30, 2021, the loan is in drawdown and therefore an amortization schedule has not been established. As of June 30, 2025 the forgivable loan balance is \$768,436 and the non-forgivable balance is \$3,344,198. An additional \$1,000,000 in principal has been requested by the City, but has not been approved by OBDD as of June 30, 2025.

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 3,345,450	\$ 255,052	\$ -	\$ 3,600,502	\$ -
Total	\$ 3,345,450	\$ 255,052	\$ -	\$ 3,600,502	\$ -

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2025

US Bank Global Corp. Trust Services - Sewer Portion

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

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 4,865,000	\$ -	\$ 95,000	\$ 4,770,000	\$ 100,000
Interest	-	167,350	167,350	-	164,500
Total	\$ 4,865,000	\$ 167,350	\$ 262,350	\$ 4,770,000	\$ 264,500

Future Requirements:

Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2026	\$ 100,000	\$ 164,500	\$ 264,500	3.00%
2027	100,000	161,500	261,500	3.00%
2028	105,000	158,500	263,500	3.00%
2029	110,000	155,350	265,350	3.00%
2030	110,000	152,050	262,050	3.00%
2031	115,000	148,750	263,750	3.00%
2032	115,000	145,300	260,300	3.00%
2033	120,000	141,850	261,850	3.00%
2034	125,000	138,250	263,250	3.00%
2035	130,000	134,500	264,500	3.00%
2036	130,000	130,600	260,600	3.00%
2037	135,000	126,700	261,700	3.00%
2038	140,000	122,650	262,650	3.00%
2039	145,000	118,450	263,450	3.00%
2040	150,000	114,100	264,100	3.00%
2041	155,000	109,600	264,600	3.00%
2042	160,000	104,950	264,950	3.00%
2043	160,000	100,150	260,150	3.00%
2044	160,000	95,350	255,350	3.00%
2045	165,000	90,550	255,550	3.00%
2046	180,000	85,600	265,600	4.00%
2047	185,000	78,400	263,400	4.00%
2048	190,000	71,000	261,000	4.00%
2049	200,000	63,400	263,400	4.00%
2050	210,000	55,400	265,400	4.00%
2051	215,000	47,000	262,000	4.00%
2052	225,000	38,400	263,400	4.00%
2053	235,000	29,400	264,400	4.00%
2054	245,000	20,000	265,000	4.00%
2055	255,000	10,200	265,200	4.00%
Total	\$ 4,770,000	\$ 3,112,450	\$ 7,882,450	

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2025

DEQ #R23045 Refinance Note

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

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 6,892,322	\$ -	\$ 549,900	\$ 6,342,422	\$ 554,640
Interest	-	58,094	58,094	-	53,354
Total	\$ 6,892,322	\$ 58,094	\$ 607,994	\$ 6,342,422	\$ 607,994

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	\$ 554,640	\$ 53,354	\$ 607,994	0.86%
	2027	559,420	48,574	607,994	0.86%
	2028	564,241	43,753	607,994	0.86%
	2029	569,103	38,891	607,994	0.86%
	2030	574,008	33,986	607,994	0.86%
	2031	578,956	29,038	607,994	0.86%
	2032	583,945	24,049	607,994	0.86%
	2033	588,978	19,018	607,996	0.86%
	2034	594,054	13,940	607,994	0.86%
	2035	599,174	8,820	607,994	0.86%
	2036	575,903	3,656	579,559	0.86%
Total		\$ 6,342,422	\$ 317,079	\$ 6,659,501	

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2025

US Bank Global Corp. Trust Services - Water Portion

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

Current Year Activity:

	Outstanding Balance <u>July 1, 2024</u>	New Issues and Interest <u>Matured</u>	Principal and Interest <u>Retired</u>	Outstanding Balance <u>June 30, 2025</u>	Due Within <u>One Year</u>
Principal	\$ 160,000	\$ -	\$ 80,000	\$ 80,000	\$ 80,000
Interest	-	4,800	4,800	-	2,400
Total	<u>\$ 160,000</u>	<u>\$ 4,800</u>	<u>\$ 84,800</u>	<u>\$ 80,000</u>	<u>\$ 82,400</u>

Future Requirements:

	Fiscal Year <u>Ended June 30,</u> 2026	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	Interest Rate
Total		<u>\$ 80,000</u>	<u>\$ 2,400</u>	<u>\$ 82,400</u>	3.00%

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2025

US Bank Global Corp. Trust Services - Govnmtl. Portion

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

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 475,000	\$ -	\$ 15,000	\$ 460,000	\$ 15,000
Interest	-	14,250	14,250	-	13,800
Total	\$ 475,000	\$ 14,250	\$ 29,250	\$ 460,000	\$ 28,800

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	\$ 15,000	\$ 13,800	\$ 28,800	3.00%
	2027	15,000	13,350	28,350	3.00%
	2028	20,000	12,900	32,900	3.00%
	2029	20,000	12,300	32,300	3.00%
	2030	20,000	11,700	31,700	3.00%
	2031	20,000	11,100	31,100	3.00%
	2032	20,000	10,500	30,500	3.00%
	2033	20,000	9,900	29,900	3.00%
	2034	20,000	9,300	29,300	3.00%
	2035	20,000	8,700	28,700	3.00%
	2036	20,000	8,100	28,100	3.00%
	2037	25,000	7,500	32,500	3.00%
	2038	25,000	6,750	31,750	3.00%
	2039	25,000	6,000	31,000	3.00%
	2040	25,000	5,250	30,250	3.00%
	2041	25,000	4,500	29,500	3.00%
	2042	25,000	3,750	28,750	3.00%
	2043	25,000	3,000	28,000	3.00%
	2044	40,000	2,250	42,250	3.00%
	2045	35,000	1,050	36,050	3.00%
Total		\$ 460,000	\$ 161,700	\$ 621,700	

CITY OF COBURG
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2025

Oregon Department of Transportation

On August 23, 2022, the City entered into a promissory note payable agreement with the Oregon Department of Transportation for financing street repair and maintenance projects. The promissory note amount is \$999,500 and carries an interest rate of 2.52 %. The first payment of \$114,400 is due September 1, 2023. Annual payments of \$114,400 are due every September. The final payment is due September 1, 2032.

Current Year Activity:

	Outstanding Balance July 1, 2024	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2025	Due Within One Year
Principal	\$ 907,440	\$ -	\$ 92,523	\$ 814,917	\$ 93,864
Interest	-	21,877	21,877	-	20,536
Total	<u>\$ 907,440</u>	<u>\$ 21,877</u>	<u>\$ 114,400</u>	<u>\$ 814,917</u>	<u>\$ 114,400</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2026	\$ 93,864	\$ 20,536	\$ 114,400	2.52%
	2027	96,229	18,171	114,400	2.52%
	2028	98,654	15,746	114,400	2.52%
	2029	101,141	13,259	114,400	2.52%
	2030	103,689	10,711	114,400	2.52%
	2031	106,302	8,098	114,400	2.52%
	2032	108,981	5,419	114,400	2.52%
	2033	106,057	2,673	108,729	2.52%
Total		<u>\$ 814,918</u>	<u>\$ 94,612</u>	<u>\$ 909,529</u>	

REPORTS ON LEGAL
AND
REGULATORY REQUIREMENTS

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

As of June 30, 2025

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

We have audited the basic financial statements of the City of Coburg as of and for the year ended June 30, 2025, and have issued our report thereon dated January 21, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the City Council and management of the 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.



Ashraf Lakhani Farishta, CPA
Umpqua Valley Financial
Roseburg, Oregon
January 21, 2026