

**URBAN RENEWAL AGENCY OF THE  
CITY OF COOS BAY  
COOS COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**



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

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

(A Component Unit of the City of Coos Bay)

COOS COUNTY, OREGON

\*\*\*\*\*

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

AGENCY BOARD MEMBERS AS OF JUNE 30, 2018

<u>NAME</u>	<u>TERM EXPIRES</u>
Joe Benetti, Mayor	November, 2018
Jennifer Groth	November, 2018
Lucinda DiNovo	November, 2020
Stephanie Kramer	November, 2018
Drew Farmer	November, 2020
Stephanie Kilmer	November, 2020
Philip Marler	November, 2018

Board Members receive mail at the address listed below.

ADMINISTRATION  
Rodger Craddock, Agency Manager

BOARD ADDRESS  
Urban Renewal Agency of the City of Coos Bay  
500 Central Avenue  
Coos Bay, OR 97420

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

TABLE OF CONTENTS

	<u>PAGE</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b><u>REQUIRED SUPPLEMENTAL INFORMATION</u></b>	
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	15
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to Statement of Activities	17
Notes to Basic Financial Statements	18
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Actual and Budget Major Funds:	
Downtown Special Revenue Fund	30
Empire Special Revenue Fund	31
<b><u>SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Actual and Budget Major Funds:	
Empire Program Fund	32
Downtown Bond Fund	33
Downtown Capital Projects Fund	34
Downtown Bond Reserve Fund	35
Empire Bond Fund	36
Empire Capital Projects Fund	37
Combining Balance Sheet – Non Major Governmental Funds	38

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

T A B L E O F C O N T E N T S

**SUPPLEMENTARY INFORMATION (CONTINUED)**

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Non Major Governmental Funds	39
Schedule of Revenue, Expenditures and Changes in Fund Balances – Actual and Budget Non Major Governmental Funds	
Downtown Program Fund	40
Empire Bond Reserve Fund	41
Schedule of Property Tax Transactions and Balances of Taxes Uncollected	42
<b>INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS</b>	<b>43</b>



**PAULY, ROGERS, AND CO., P.C.**  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 6, 2018

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Urban Renewal Agency of the City of Coos Bay  
Coos County, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Coos Bay as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Coos Bay, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, 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 records used to prepare the 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as

listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 6, 2018 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Tara M. Kamp, CPA  
PAULY, ROGERS AND CO., P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
(Unaudited)

As management of Coos Bay's Urban Renewal Agency (the Agency) which has two separate districts, Downtown and Empire, we offer the following narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2018. Readers are encouraged to consider this overview and analysis in combination with the basic financial statements and accompanying notes to the financial statements.

The Agency is considered a blended component unit of the City of Coos Bay and maintains a separate legal status from the City.

**FINANCIAL HIGHLIGHTS**

- The assets of the Agency exceed the liabilities for the current fiscal year ended June 30, 2018 by \$11,315,369 (net position).
- The Agency's total net position increased by \$874,407 or 8.4% when compared to the financial statements at June 30, 2017. The increase in net position is attributable to the full year effect of the special levy tax which was implemented effective July 1, 2017 for the Downtown District (only). Other factors for the increase included completion of du jour financing to convert tax increment revenue into debt to provide resources for capital projects; carryover balance; Highway 101 corridor beautification project, and the Empire Boulevard multi-modal infrastructure project.
- As of June 30, 2018 the Agency's governmental activities reported a combined ending fund balance of \$3,458,748, an increase of \$243,294 from the prior year.
- At the end of the current fiscal year, unrestricted net position was \$3,823,877, approximately 34% of total net position.
- On the government-wide financial statement, the Agency's total cash and investments of \$2,003,540 at June 30, 2018 may be used to meet the Agency's ongoing obligations to citizens and creditors.
- The Agency's total outstanding long-term debt increased by \$353,039 or 107%, due issuance of \$684,000 new debt for the Empire District and payoff of the Downtown District's bonds used for construction of the Visitor Information Center.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The basic financial statements are comprised of the following components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements.

**Government-wide Financial Statements.** These statements are designed to provide readers with a broad overview of the Agency finances, in a manner similar to private-sector business. They are represented beginning on page 10 of this report. Summarized versions of these statements are included in this MD&A and can be found on pages 5 and 6.

The *Statement of Net Position*, page 10 of this report, presents information on all of the Agency's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the components as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the Agency's financial position.

The *Statement of Activities*, page 11 of this report, presents information showing how the Agency net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the statement of net position and the statement of activities divide the functions of the Agency that are primarily supported by tax-increment debt proceeds (in lieu of tax-increment revenue) and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The Agency's government-wide financial statements only reveal governmental activities.

**Fund Financial Statements.** The Fund Financial Statements are presented beginning on page 12 of this report. A *fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal activities. The Agency uses only one fund type; all funds are categorized as governmental funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the Basic Financial Statements can be found beginning on page 18 of this report.

### GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

The following tables, graphs, and analysis discuss the financial position and changes to the financial position for the Agency as a whole, as of and for the year ended June 30, 2018.

**Net Position.** As previously noted, net position may serve over time as a useful indicator of a government's financial position. The Agency's net position, the amount by which assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources, was \$11,315,369 at close of this fiscal year.

The largest portion of the Agency's net position, \$7,491,492, reflects its net investment in capital assets. The Agency's asset category, investment in capital assets net of related debt, was used to acquire assets. This represents investment in land, infrastructure, and construction in progress, less accumulated depreciation and debt used to purchase these capital assets and 66% of the total net position. The following table summarizes page 10, the detailed Statement of Net Position.

#### Net Position as of June 30

	Governmental Activities	
	2017	2018
Current assets	\$ 3,809,429	\$ 3,877,905
Capital assets, net of depreciation	7,131,949	8,175,492
Total Assets	10,941,379	12,053,397
Other liabilities	331,455	191,028
Long term debt	168,961	547,000
Total Liabilities	500,416	738,028
Net Position:		
Net investment in capital assets	6,800,988	7,491,492
Restricted	173,600	-
Unrestricted	3,466,374	3,823,877
Total Net Position	\$ 10,440,962	\$ 11,315,369

At fiscal year end the Agency's *unrestricted* balance was 34% of total net position or \$3,823,878. As shown on page 10, the *unrestricted* balance may be used to meet current and ongoing obligations. No restricted balances were reported for fiscal year ended 2018. The *restricted* portion of net position represents resources subject to external restrictions on how they may be used. Such restrictions may include debt service payments, other capital projects, and required reserves. At the end of the fiscal year,

the Agency reported positive or no balance in all three categories of net position.

**Changes in Net Position.** Detail of the following summarized information can be found on page 11, the Statement of Activities.

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2018</b>
<b>Revenues</b>		
Program Revenues		
Capital Grants & Contributions	\$ 10,000	\$ -
General Revenues		
Taxes	1,451,172	1,919,212
Investment Earnings	35,010	58,361
Intergovernmental	-	-
Miscellaneous	3,750	25,967
Total Revenues	<u>1,499,932</u>	<u>2,003,540</u>
<b>Expenses</b>		
Program Expenses		
Public Works	967,509	1,122,551
Interest on Long Term Debt	33,242	6,582
Total Expenses	<u>1,000,751</u>	<u>1,129,133</u>
Increase in Net Assets	499,181	874,407
Beginning Net Assets	9,941,781	10,440,962
Ending Net Assets	<u>\$ 10,440,962</u>	<u>\$ 11,315,369</u>

The Agency's net position increased \$874,407 during the fiscal year ended June 30, 2018 to the degree to which revenues exceeded ongoing expenses. The increase was primarily due to the full year effect of the special levy tax which was implemented effective July 1, 2017 for the Downtown District (only). Other factors for the increase included completion of du jour financing to convert tax increment revenue into debt to provide resources for capital projects; carryover balance; Highway 101 corridor beautification project, and the Empire Boulevard multi-modal infrastructure project.

#### **FUND FINANCIAL STATEMENT ANALYSIS**

*Governmental funds* are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, which are on full accrual basis, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year, which is the modified accrual basis of accounting. Both the governmental funds balance sheet (page 12) and the governmental funds statement of revenues, expenditures and changes in fund balances (page 15) provide a reconciliation to the governmental activities portion of the government-wide financial statements.

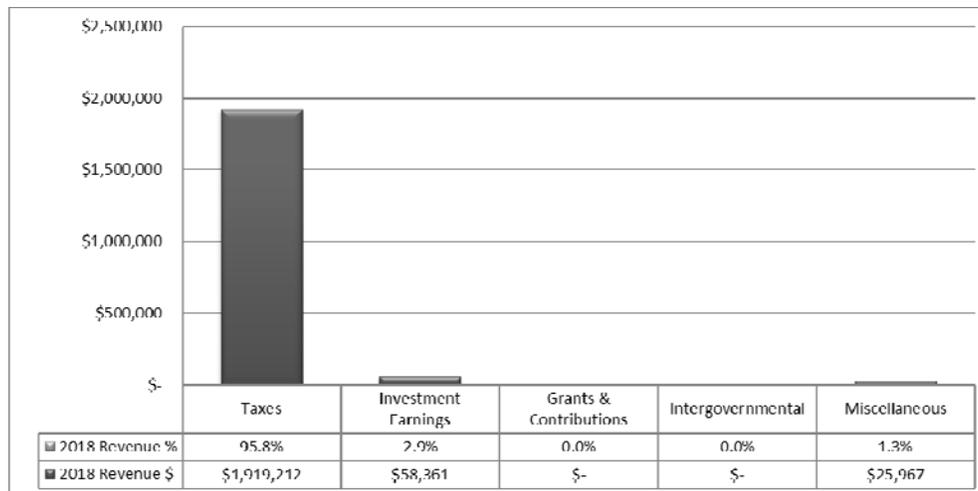
The accounting for each of the two districts is organized into five basic funds: Special Revenue, Program, Bond, Bond Reserve, and Capital Project. The difference in the measurement focus of the governmental fund financial statements and the government-wide financial statements calls for reconciliations between the two types of statements to fully explain the specific differences. These reconciliations between governmental funds to governmental activities illuminate the long-term impact of the Agency's short-term financial decisions. Such information may be useful in assessing a government's near-term financing requirements.

The following is a brief discussion on financial highlights from the Fund Financial Statements.

**Changes in Fund Balance  
Fiscal Year Ended June 30**

<b>Major Funds</b>	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2018</b>
Downtown Special Revenue	\$ 488,061	\$ 418,378
Empire Special Revenue	430,530	372,447
Empire Program	447,238	454,963
Downtown Bond	-	-
Downtown Capital Projects	1,349,673	1,429,541
Downtown Bond Reserve	173,600	-
Empire Bond	-	-
Empire Capital Project	303,902	760,582
Total Major Funds	3,193,004	3,435,911
Non Major Funds	22,450	22,837
Total Fund Balance	\$ 3,215,454	\$ 3,458,748

**Revenues by Source - Governmental Activities  
Fiscal Year Ended June 30, 2018**



As shown above, tax-increment funding (TIF) proceeds are the largest source of revenue for the Agency's Governmental Activities, comprising of 95.8% of the total. Additional information about tax revenues is presented on page 42 of the Supplementary Information Section.

**Summarized History of TIF Proceeds Received by District  
For Fiscal Years Ended June 30**

<u>Year</u>	<u>Downtown District</u>	<u>Empire District</u>	<u>Total TIF</u>
2014	\$ 1,011,295	\$ 646,564	\$ 1,657,859
2015	1,011,480	672,699	1,684,180
2016	911,097	659,067	1,570,165
2017	792,093	660,701	1,452,794
2018	1,185,532	733,680	1,919,212
	<u>\$ 4,911,498</u>	<u>\$ 3,372,712</u>	<u>\$ 8,284,209</u>

**Capital Assets.** The Agency's capital assets for the fiscal year ended June 30, 2018 totaled \$8,175,492, net of accumulated depreciation. This represents an increase from the prior fiscal year of 13% or \$1,043,543. Major additions to capital assets during the fiscal year included the following:

Downtown District

- Continuation of the Highway 101 Broadway/Bayshore beautification project to improve the entrances to the City.
- Pedway Prefontaine mural project.
- Egyptian Theater fire doors.

Empire District

- Completion of the infrastructure upgrades to South Empire Blvd from Newmark to the southern City limits at Wisconsin Street.
- Purchase of Wallace Street property for future relocation of Empire Fire Station.
- Purchase of Ocean Boulevard property for future relocation of Coos Bay Public Library.

The following table provides a listing of the capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2018</b>
Land and Improvements	\$ 1,309,721	\$ 1,921,430
Construction in Progress	1,605,202	484,502
Machinery and Equipment, net	1	-
Building and Improvements, net	4,217,025	4,234,070
Infrastructure, net	-	1,535,489
	<u>\$ 7,131,949</u>	<u>\$ 8,175,492</u>

Additional information regarding the Agency's capital assets can be found in Note 4 of the financial statements.

**Long-term Liabilities.** The Agency's total outstanding long-term debt outstanding increased by \$353,039 or 107%, due issuance of the \$684,000 2018 Empire District debt and payoff of Downtown District bonds used to construct the Visitor Information Center. On June 26, 2018, a \$1,435,000 urban renewal serial bond was issued to the Empire District of which only \$684,000 was dispersed as June 30, 2018. The Agency has until November 15, 2019 to draw down the remaining loan balance of \$751,000. The debt was comprised of one loan for the purpose of providing funds for capital projects in the Empire District to finance acquisition of real property for the potential library site and repair of the seawall contained within and located at the western terminus of the Newmark Avenue right-of-way. Additional information regarding long-term debt can be found in Note 5 of the financial statements.

**BUDGETARY HIGHLIGHTS**

During the fiscal year 2018 budget process, the Budget Committee along with the Agency Board elected to impose a "Special Levy Option" for the Downtown District only. The special levy option was limited to 28% or \$.30 per \$1,000 assessed valuation. The additional resources collected through the special levy option were dedicated for street improvements. Taxes collected from the special levy in fiscal year ended 2018 totaled \$310,445. The Downtown District tax revenues for the year were budgeted at \$1,120,205 with actual receipts totaling \$1,185,532 (105.8% of budget), which included the special levy option. The Empire District tax revenues for the year were budgeted at \$663,070 with actual receipts totaling \$733,680 (110.7% of budget).

The most significant budget appropriation change was for the Empire Capital Project Fund which allowed for the receipt of the Empire District bond proceeds and appropriation of proceeds for purchase of potential future Library site and Seawall project located at the end of Newmark Avenue in the right-of-way.

**Changes in Budget Appropriation  
For the Fiscal Year Ended June 30, 2018**

	<b>Governmental Activities</b>	
	<b>Original</b>	<b>Final</b>
<b>Major Funds</b>		
Downtown Special Revenue	\$ 1,455,333	\$ 1,475,401
Empire Special Revenue	964,070	964,070
Empire Program	446,000	446,000
Downtown Bond	1,437,555	1,457,624
Downtown Capital Projects	1,749,336	1,769,003
Downtown Bond Reserve	173,600	173,600
Empire Bond	800,000	800,000
Empire Capital Project	1,135,000	2,585,000
Total Major Funds	<u>8,160,894</u>	<u>9,670,698</u>
Non Major Funds	18,646	163,646
Total Fund Balance	<u>\$ 8,179,540</u>	<u>\$ 9,834,344</u>

**ECONOMIC FACTORS**

- The Downtown Urban Renewal District was formed in 1988 and is 1,298.3 acres in size. Total maximum indebtedness is \$45,055,764 of which \$32,479,093 capacity to incur remained as of current fiscal year end.
- The Empire Urban Renewal District was formed in 1995 and is 271.3 acres in size. As of close of current fiscal year, a substantial plan amendment was in process for the Empire District. The substantial plan amendment would increase current maximum indebtedness of \$12,550,011 by \$6,340,000 for total of \$18,890,011, and would extend the sunset date for the plan an additional six years to fiscal year end 2031.
- Both districts will appropriate funds for du jour financing in anticipation of available tax-increment funding and will continue to review district goals and update plans to prioritize future capital projects.
- The fiscal year 2018-19 assessed valuation for the Downtown District increased 3% to \$61,300,201 and the Empire District increased 4% to \$52,031,667.
- Negotiations with the Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians, a federally-recognized Indian tribe, for an agreement for disposition of property for development of the Hollering Place in the Empire District continues.

**REQUESTS FOR FINANCIAL INFORMATION**

This financial report is designed to provide a general overview of the Agency's finances and to demonstrate the Agency's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Coos Bay Finance Director at 500 Central Avenue, Coos Bay, Oregon, 97420. Financial Statements for the Agency and the City of Coos Bay are available online at <http://coosbay.org/departments/finance>.

  
\_\_\_\_\_  
Amy Kinnaman  
City of Coos Bay  
Acting Finance Director

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

**BASIC FINANCIAL STATEMENTS**

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

STATEMENT OF NET POSITION

June 30, 2018

ASSETS:

Cash and Cash Equivalents	\$ 3,479,590
Taxes Receivable	158,315
Note Receivable	240,000
Capital Assets Not Being Depreciated	2,182,391
Capital Assets, Net of Accumulated Depreciation	<u>5,993,101</u>
 Total Assets	 <u>12,053,397</u>

LIABILITIES:

Accounts Payable	53,746
Interest Payable	282
Noncurrent Liabilities	
Due Within One Year	
Bonds Payable	137,000
Due in More Than One Year	
Bonds Payable	<u>547,000</u>
 Total Liabilities	 <u>738,028</u>

NET POSITION:

Net Investment in Capital Assets	7,491,492
Unrestricted	<u>3,823,877</u>
 Total Net Position	 <u>\$ 11,315,369</u>

See accompanying notes to basic financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

FUNCTIONS	EXPENSES	FUNCTION REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN
		CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	
Public Works	\$ 1,122,550	\$ -	\$ -	\$ (1,122,550)
Interest on Long-Term Debt	6,582	-	-	(6,582)
Total Governmental Activities	<u>\$ 1,129,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,129,132)</u>
General Revenues:				
Property Taxes				1,919,212
Income Not Restricted to Specific Programs:				
Investment Earnings				58,360
Miscellaneous				<u>25,967</u>
Total General Revenues				<u>2,003,539</u>
Changes in Net Position				874,407
Net Position - Beginning				<u>10,440,962</u>
Net Position - Ending				<u>\$ 11,315,369</u>

See accompanying notes to basic financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2018

	<u>DOWNTOWN SPECIAL REVENUE</u>	<u>EMPIRE SPECIAL REVENUE</u>	<u>EMPIRE PROGRAM</u>	<u>DOWNTOWN BOND</u>	<u>DOWNTOWN CAPITAL PROJECTS</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>					
Assets:					
Cash and Investments	\$ 399,150	\$ 358,771	\$ 454,963	\$ -	\$ 1,477,689
Propety Taxes Receivables	<u>90,618</u>	<u>67,697</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 489,768</u>	<u>\$ 426,468</u>	<u>\$ 454,963</u>	<u>\$ -</u>	<u>\$ 1,477,689</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:</b>					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 48,148
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,148</u>
Deferred Inflows of Resources:					
Unavailable Revenue-Property Taxes	<u>71,390</u>	<u>54,021</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>71,390</u>	<u>54,021</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Assigned	<u>418,378</u>	<u>372,447</u>	<u>454,963</u>	<u>-</u>	<u>1,429,541</u>
Total Fund Balance	<u>418,378</u>	<u>372,447</u>	<u>454,963</u>	<u>-</u>	<u>1,429,541</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 489,768</u>	<u>\$ 426,468</u>	<u>\$ 454,963</u>	<u>\$ -</u>	<u>\$ 1,477,689</u>

See accompanying notes to basic financial statements.

---



---

<u>DOWNTOWN BOND RESERVE</u>	<u>EMPIRE BOND</u>	<u>EMPIRE CAPITAL PROJECT</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL GOVERNMENTAL</u>
\$ -	\$ -	\$ 766,180	\$ 22,837	\$ 3,479,590
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,315</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766,180</u>	<u>\$ 22,837</u>	<u>\$ 3,637,905</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,598</u>	<u>\$ -</u>	<u>\$ 53,746</u>
<u>-</u>	<u>-</u>	<u>5,598</u>	<u>-</u>	<u>53,746</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,411</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,411</u>
<u>-</u>	<u>-</u>	<u>760,582</u>	<u>22,837</u>	<u>3,458,748</u>
<u>-</u>	<u>-</u>	<u>760,582</u>	<u>22,837</u>	<u>3,458,748</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766,180</u>	<u>\$ 22,837</u>	<u>\$ 3,637,905</u>

See accompanying notes to basic financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

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

June 30, 2018

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

Fund Balances	\$ 3,458,748
<p>The cost of governmental capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the Agency as a whole.</p>	
Net Capital Assets	8,175,492
<p>Long-term liabilities applicable to the Agency's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.</p>	
Long-term debt	(684,000)
Interest Payable	(282)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are considered unavailable in the funds.</p>	
Long term Intergovernmental Note Receivable	240,000
Unavailable Property Taxes	<u>125,411</u>
Total Net Position	<u>\$ 11,315,369</u>

See accompanying notes to basic financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

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

For the Year Ended June 30, 2018

	<u>DOWNTOWN SPECIAL REVENUE</u>	<u>EMPIRE SPECIAL REVENUE</u>	<u>EMPIRE PROGRAM</u>	<u>DOWNTOWN BOND</u>	<u>DOWNTOWN CAPITAL PROJECTS</u>
REVENUES:					
Taxes	\$ 1,185,532	\$ 733,680	\$ -	\$ -	\$ -
Interest on Investments	9,752	8,237	7,725	-	23,573
Seismic Project Loan - City of Coos Bay	-	-	-	-	63,000
Miscellaneous	-	-	-	-	22,967
Total Revenues	<u>1,195,284</u>	<u>741,917</u>	<u>7,725</u>	<u>-</u>	<u>109,540</u>
EXPENDITURES:					
Current:					
Material and Services	-	-	-	-	581,815
Capital Outlay	-	-	-	-	527,261
Debt Service	-	-	-	337,543	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,543</u>	<u>1,109,076</u>
Excess of Revenues, Over (Under) Expenditures	1,195,284	741,917	7,725	(337,543)	(999,536)
OTHER FINANCING SOURCES (USES):					
Bond Proceeds	-	-	-	-	-
Du Jour Financing	-	-	-	(1,101,024)	1,079,404
Transfers In	-	-	-	1,438,567	-
Transfers Out	<u>(1,264,967)</u>	<u>(800,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,264,967)</u>	<u>(800,000)</u>	<u>-</u>	<u>337,543</u>	<u>1,079,404</u>
Net Change in Fund Balance	(69,683)	(58,083)	7,725	-	79,868
Beginning Fund Balance	<u>488,061</u>	<u>430,530</u>	<u>447,238</u>	<u>-</u>	<u>1,349,673</u>
Ending Fund Balance	<u>\$ 418,378</u>	<u>\$ 372,447</u>	<u>\$ 454,963</u>	<u>\$ -</u>	<u>\$ 1,429,541</u>

See accompanying notes to basic financial statements.

DOWNTOWN BOND RESERVE	EMPIRE BOND	EMPIRE CAPITAL PROJECT	OTHER GOVERNMENTAL	TOTAL GOVERNMENTAL
\$ -	\$ -	\$ -	\$ -	\$ 1,919,212
-	-	8,686	387	58,360
-	-	-	-	63,000
-	-	-	-	22,967
-	-	8,686	387	2,063,539
-	-	335,224	-	917,039
-	-	684,782	-	1,212,043
-	-	-	-	337,543
-	-	1,020,006	-	2,466,625
-	-	(1,011,320)	387	(403,086)
-	-	684,000	-	684,000
-	(800,000)	784,000	-	(37,620)
-	800,000	-	-	2,238,567
(173,600)	-	-	-	(2,238,567)
(173,600)	-	1,468,000	-	646,380
(173,600)	-	456,680	387	243,294
173,600	-	303,902	22,450	3,215,454
\$ -	\$ -	\$ 760,582	\$ 22,837	\$ 3,458,748

See accompanying notes to basic financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2018

---

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

Excess of Revenues over Expenditures \$ 243,294

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

Capital Asset Additions, Net	\$	1,211,751	
Depreciation Expense		<u>(168,208)</u>	
Net Adjustment			1,043,543

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes in liability balances between years.

Long term debt principal payments		330,961	
Interest payable		609	
Debt Issuance			(684,000)

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

Revenue on long term receivable		<u>(60,000)</u>	
Change in Net Position			<u><u>\$ 874,407</u></u>

See accompanying notes to basic financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Urban Renewal Agency of Coos Bay, Oregon (Agency) financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The Urban Renewal Agency of the City of Coos Bay (Agency) was formed December 1966, under the provisions of the Oregon Revised Statutes (ORS) and operates under a Board-Manager form of government providing specific projects located in the Urban Renewal District.

The Agency is a municipal corporation governed by an appointed seven-member board. Generally accepted accounting principles in the United States of America require that these basic financial statements present the Agency and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement No. 61, are separate organizations that are included in the reporting entity because of the significance of their operational or financial relationships with the Agency. All significant activities and organizations with which the Agency exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units. The Agency is a blended component unit of the City of Coos Bay because the Coos Bay City Council exercises oversight authority over the Agency as demonstrated by the designation of the Agency's Board Members and economic dependency.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The government-wide statements report information irrespective of fund activity, and the fund financial statements report information using the funds. The government-wide statements focus on sustainability as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities. These statements were prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. General receipts are from property and related taxes, and interest. All disbursements are categorized either as program disbursements or interest on long-term debt.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. There is no program revenue. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

Financial operations are accounted for in the following major governmental funds:

DOWNTOWN SPECIAL REVENUE

This fund is used to account for the Downtown Area of the urban renewal area. Property tax increment revenues and earnings on investments are the main sources of receipts, some of which is transferred to the Downtown Debt Service Fund for bonded debt retirement.

EMPIRE SPECIAL REVENUE

This fund is used to account for the Empire Area of the urban renewal area. Property tax increment revenues and earnings on investments are the main sources of receipts, some of which is transferred to the Empire Debt Service Fund for bonded debt retirement.

EMPIRE PROGRAM

This fund is used to account for program activity in the Empire Area of the urban renewal area.

DOWNTOWN BOND

This fund is used to accumulate monies transferred in from the Downtown Special Revenue Fund to service the downtown area's urban renewal debt.

DOWNTOWN CAPITAL PROJECTS

This fund is used to account for capital projects within the Downtown Area and is financed by proceeds from the issuance of the Downtown Urban Renewal Bonds.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

DOWNTOWN BOND RESERVE

This fund is used to account for designated funds earmarked from a portion of proceeds from the urban renewal bond issuance that are restricted to satisfy future urban renewal debt obligation requirements in accordance with bond covenants.

EMPIRE BOND

This fund is used to account for debt service issued and du jour financing.

EMPIRE CAPITAL PROJECTS

This fund is used to account for capital projects within the Empire Area financed by proceeds from the issuance of the Empire Urban Renewal Bonds.

Additionally, there are two non-major funds within the governmental fund type.

C. BUDGETS

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

The expenditure budgets are appropriated at the following levels:

LEVEL OF CONTROL

Materials and Services  
Capital Outlay  
Debt Service  
Operating Contingency  
Transfers

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETS (CONTINUED)

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists that was not known at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original and final budget amounts. Expenditures in all funds were within authorized appropriations.

D. CASH AND INVESTMENTS

Cash and cash equivalents

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. PROPERTY TAXES AND PROPERTY TAXES RECEIVABLE

Property taxes receivable is recorded in the government-wide financial statements to indicate the amount of uncollected taxes that can be expected to be received in the future. Such taxes are offset by a liability to indicate that these amounts have been recorded as receipts. Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are levied on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Taxes are billed and collected by Coos County and remittance is made at periodic intervals.

F. 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 certain reported amounts and disclosures. These can include the amounts of assets, liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expense/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

G. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending and borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to / from other funds.” Receivables from federal and state grants, and state, county and local shared revenue are recorded as revenue in all funds as earned. The receivables for state, county and local shared revenue are recorded in accounts receivable. Uncollected property taxes are shown in the government-wide balance sheet. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Investment earnings (e.g., accrued interest receivable) are recorded as revenue in all fund types as earned on investments.

H. CAPITAL ASSETS

Capital assets are recorded at the original or estimated historical cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are charged to expenditures as purchased in the governmental funds, and capitalized and depreciated in the government-wide financial statements. Capital assets are defined as assets with an initial cost of more than \$10,000 and an estimated life equal to or greater than one year.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. CAPITAL ASSETS (CONTINUED)

Interest incurred during construction, and maintenance and repairs that do not add to the value of the asset or materially extend assets' lives, are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Building and Improvements	10 – 50 years
Improvements Other Than Buildings	10 – 50 years
Machinery and Equipment	5 – 20 years
Infrastructure	20 – 40 years

J. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item unavailable revenues from two property tax levies. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

K. LONG-TERM OBLIGATIONS

Long-term obligations are reported in the government-wide financial statements as liabilities. The governmental individual fund financial statements do not report long-term obligations because they do not require the use of current financial resources.

L. DU JOUR FINANCING

The Agency has entered into intergovernmental agreements with the City of Coos Bay for the purposes of providing short term financing for certain capital projects. The loans are repaid with tax increment revenue.

M. NET POSITION

Net position comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position are classified in the following three categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. NET POSITION (CONTINUED)

Restricted – consists of external constraints by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of remaining that are not included in the other categories previously mentioned.

N. FUND BALANCE

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

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

There are no nonspendable, committed and unassigned fund balances.

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

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. SUPPLY INVENTORY

Purchased inventories are stated at cost (first-in, first-out method). On a generally accepted accounting principles (GAAP) basis, inventory items are charged to expenditures at the time of withdrawal from inventory (consumption method). On a budgetary basis, the cost of inventory items is recognized as an expenditure when purchased (purchase method). Management believes there were no material inventories on hand at June 30, 2018.

2. CASH AND INVESTMENTS

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

DEPOSITS

The cash is pooled with the City of Coos Bay. Please refer to the City's basic financial statements, issued under separate cover, for additional information pertaining to the nature and collateralization of the City's cash and investments.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by the Federal Deposit Insurance Corporation.

Cash at June 30, 2018 consisted of:

Pooled Cash	\$	<u>3,479,590</u>
Total	\$	<u><u>3,479,590</u></u>

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of bank failure, the deposits may not be returned. There is no deposit policy for custodial risk. As of June 30, 2018, none of the bank balance was exposed to custodial credit risk because it was either insured or collateralized.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

---

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond 18 months.

Credit Risk

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

Concentration Risk

Concentration risk is the risk of loss due to a large portion of investments with a single issuer. At June 30, 2018, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

3. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. PROPERTY TAX LIMITATIONS (CONTINUED)

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions.

The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

4. CAPITAL ASSETS

Description	7/1/2017 Beginning Balance	Increases	Decreases	6/30/2018 Ending Balance
Governmental Activities				
Capital assets not depreciated				
Land and improvements	\$ 1,309,721	\$ 676,346	\$ (288,178)	\$ 1,697,889
Construction in Progress	<u>1,605,203</u>	<u>438,769</u>	<u>(1,559,470)</u>	<u>484,502</u>
Total Capital assets not depreciated	2,914,924	1,115,115	(1,847,648)	2,182,391
Other capital assets at historical cost				
Land and Improvements	-	288,178	-	288,178
Buildings and improvements	4,896,856	91,249	-	4,988,105
Machinery and equipment	45,978	-	-	45,978
Infrastructure	<u>-</u>	<u>1,564,857</u>	<u>-</u>	<u>1,564,857</u>
Total other capital assets at historical cost	4,942,834	1,944,284	-	6,887,118
Less Accumulated Depreciation				
Land and Improvements	(50,932)	(13,705)	-	(64,637)
Buildings and improvements	(628,900)	(125,135)	-	(754,035)
Machinery and equipment	(45,977)	-	-	(45,977)
Infrastructure	<u>-</u>	<u>(29,368)</u>	<u>-</u>	<u>(29,368)</u>
Total accumulated depreciation	(725,809)	(168,208)	-	(894,017)
Other capital assets, net	<u>4,217,025</u>	<u>1,776,076</u>	<u>-</u>	<u>5,993,101</u>
Governmental activities capital assets, net	<u>\$ 7,131,949</u>	<u>\$ 2,891,191</u>	<u>\$ (1,847,648)</u>	<u>\$ 8,175,492</u>

Depreciation expense for governmental activities is charged to function as follows:

Public Works	<u>\$ 168,208</u>
Total depreciation for governmental activities	<u>\$ 168,208</u>

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

---

5. LONG-TERM DEBT

All of the long term debt is associated with governmental activities.

\$1,402,000 of urban renewal debt service bonds was issued on August 28, 2009, which were payable from the tax increment revenues from the Downtown Urban Renewal Area. This bond was paid off in the current fiscal year.

\$1,435,000 of the urban renewal serial bond was issued on June 26, 2018 of which \$684,000 was drawn down as of 6/30/2018, which are payable from the tax increment revenues from the Downtown Urban Renewal Area. The future requirements for amortization of these outstanding urban renewal bonds as of June 30, 2018, are as follows:

The Downtown Bond and Empire Bond funds have been used to liquidate long-term liabilities.

<u>Fiscal Year</u>	<u>Issue of June 26, 2018 (Series 2018)</u>		
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018-19	\$ 155,563	\$ 137,000	\$ 18,563
2019-20	144,315	130,000	14,315
2020-21	58,687	47,000	11,687
2021-22	58,276	48,000	10,276
2022-23	58,821	50,000	8,821
2023-28	<u>292,701</u>	<u>272,000</u>	<u>20,701</u>
Total	<u>\$ 768,363</u>	<u>\$ 684,000</u>	<u>\$ 84,363</u>

Interest Rate: Fixed annual rate of 2.97%

Changes in long-term liabilities during the year are as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
	<u>7/1/2017</u>			<u>6/30/2018</u>	<u>One Year</u>
Downtown (Series 08/28/09)	\$ 330,961	\$ -	\$ (330,961)	\$ -	\$ -
Empire (6/26/18)	<u>-</u>	<u>684,000</u>	<u>-</u>	<u>684,000</u>	<u>137,000</u>
Total	<u>\$ 330,961</u>	<u>\$ 684,000</u>	<u>\$ (330,961)</u>	<u>\$ 684,000</u>	<u>\$ 137,000</u>

6. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

---

7. INTERNAL TRANSFERS

The composition of interfund transfers as of June 30, 2018, is as follows:

The internal transfers are budgeted and recorded to show legal and operational commitments between funds. The Special Revenue Funds transfers to the Bond Funds are for debt service payments.

<u>Transfers Out:</u>	
Downtown Speical Revenue	\$ 1,264,967
Empire Special Revenue	800,000
Downtown Bond Reserve	173,600
Total	<u>\$ 2,238,567</u>
<u>Transfers In</u>	
Downtown Bond Fund	\$ 1,438,567
Empire Bond	800,000
Total	<u>\$ 2,238,567</u>

8. INTERGOVERNMENTAL LOAN RECEIVABLE

A \$600,000 intergovernmental loan was made July of 2011 to the City of Coos Bay. The loan is receivable over 10 years beginning in 2012 at an interest rate of 1%. The future requirements for amortization of the loan receivable are as follows:

Financing	\$600,000	1.00%	
<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018-19	\$ 62,400	\$ 60,000	\$ 2,400
2019-20	61,800	60,000	1,800
2020-21	61,200	60,000	1,200
2021-22	60,600	60,000	600
Total	<u>\$ 246,000</u>	<u>\$ 240,000</u>	<u>\$ 6,000</u>

9. FINANCIAL GUARANTEES

The Urban Renewal Bonds, (note 5), are guaranteed with the full faith and credit of the City of Coos Bay. No amounts have been paid on the bonds by the City of Coos Bay.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2018

DOWNTOWN SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 1,100,137	\$ 1,120,205	\$ 1,185,532	\$ 65,327
Interest on Investments	1,000	1,000	9,752	8,752
Total Revenues	<u>1,101,137</u>	<u>1,121,205</u>	<u>1,195,284</u>	<u>74,079</u>
EXPENDITURES:				
Contingency	<u>191,378</u>	<u>191,378</u> (1)	-	<u>191,378</u>
Total Expenditures	<u>191,378</u>	<u>191,378</u>	-	<u>191,378</u>
Excess of Revenues, Over (Under) Expenditures	909,759	929,827	1,195,284	265,457
Other Financing Sources (Uses):				
Transfers Out	<u>(1,263,955)</u>	<u>(1,284,023)</u> (1)	<u>(1,264,967)</u>	<u>19,056</u>
Total Other Financing Sources (Uses)	<u>(1,263,955)</u>	<u>(1,284,023)</u>	<u>(1,264,967)</u>	<u>19,056</u>
Net Change in Fund Balance	(354,196)	(354,196)	(69,683)	284,513
Beginning Fund Balance	<u>354,196</u>	<u>354,196</u>	<u>488,061</u>	<u>133,865</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,378</u>	<u>\$ 418,378</u>

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2018

EMPIRE SPECIAL REVENUE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<b>REVENUES:</b>				
Property Taxes	\$ 663,070	\$ 663,070	\$ 733,680	\$ 70,610
Interest on Investments	1,000	1,000	8,237	7,237
Total Revenues	<u>664,070</u>	<u>664,070</u>	<u>741,917</u>	<u>77,847</u>
<b>EXPENDITURES:</b>				
Contingency	<u>164,070</u>	<u>164,070</u> (1)	<u>-</u>	<u>164,070</u>
Total Expenditures	<u>164,070</u>	<u>164,070</u>	<u>-</u>	<u>164,070</u>
Excess of Revenues Over, (Under) Expenditures	500,000	500,000	741,917	241,917
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(800,000)</u>	<u>(800,000)</u> (1)	<u>(800,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(800,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>
Net Change in Fund Balance	(300,000)	(300,000)	(58,083)	241,917
Beginning Fund Balance	<u>300,000</u>	<u>300,000</u>	<u>430,530</u>	<u>130,530</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,447</u>	<u>\$ 372,447</u>

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2018

EMPIRE PROGRAM FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Interest on Investments	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 7,725</u>	<u>\$ 6,725</u>
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>7,725</u>	<u>6,725</u>
EXPENDITURES:				
Materials and Services	<u>50,000</u>	<u>50,000 (1)</u>	<u>-</u>	<u>50,000</u>
Capital Outlay	<u>146,000</u>	<u>146,000 (1)</u>	<u>-</u>	<u>146,000</u>
Total Expenditures	<u>196,000</u>	<u>196,000</u>	<u>-</u>	<u>196,000</u>
Excess of Revenues Over, (Under) Expenditures	<u>(195,000)</u>	<u>(195,000)</u>	<u>7,725</u>	<u>202,725</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>
Net Change in Fund Balance	<u>(445,000)</u>	<u>(445,000)</u>	<u>7,725</u>	<u>202,725</u>
Beginning Fund Balance	<u>445,000</u>	<u>445,000</u>	<u>447,238</u>	<u>2,238</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,963</u>	<u>\$ 454,963</u>

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2018

DOWNTOWN BOND FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<b>EXPENDITURES:</b>				
Debt Service				
Principal	\$ 332,000	\$ 332,000	\$ 329,751	\$ 2,249
Interest	24,600	24,600	7,792	16,808
Total Expenditures	<u>356,600</u>	<u>356,600</u> (2)	<u>337,543</u>	<u>19,057</u>
Excess of Revenues Over, (Under) Expenditures	(356,600)	(356,600)	(337,543)	19,057
<b>Other Financing Sources (Uses):</b>				
Du Jour Financing	(1,080,955)	(1,101,024) (2)	(1,101,024)	-
Transfers In	1,437,555	1,457,623	1,438,567	(19,056)
Total Other Financing Sources (Uses)	<u>356,600</u>	<u>356,599</u>	<u>337,543</u>	<u>(19,056)</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) The sum totals the appropriation level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2018

DOWNTOWN CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Grants	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Interest on Investments	2,000	2,000	23,573	21,573
Seismic Project Loan - City of Coos Bay	63,000	63,000	63,000	-
Miscellaneous	-	-	22,967	22,967
Total Revenues	90,000	90,000	109,540	19,540
<b>EXPENDITURES:</b>				
Materials and Services	445,030	645,030 (1)	581,815	63,215
Capital Outlay	904,306	923,973 (1)	527,261	396,712
Contingency	400,000	200,000 (1)	-	200,000
Total Expenditures	1,749,336	1,769,003	1,109,076	659,927
Excess of Revenues Over, (Under) Expenditures	(1,659,336)	(1,679,003)	(999,536)	679,467
<b>Other Financing Sources (Uses):</b>				
Du Jour Financing	1,059,336	1,079,003	1,079,404	401
Total Other Financing Sources (Uses)	1,059,336	1,079,003	1,079,404	401
Net Change in Fund Balance	(600,000)	(600,000)	79,868	679,868
Beginning Fund Balance	600,000	600,000	1,349,673	749,673
Ending Fund Balance	\$ -	\$ -	\$ 1,429,541	\$ 1,429,541

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2018

DOWNTOWN BOND RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(173,600)</u>	<u>(173,600) (1)</u>	<u>(173,600)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(173,600)</u>	<u>(173,600)</u>	<u>(173,600)</u>	<u>-</u>
Net Change in Fund Balance	(173,600)	(173,600)	(173,600)	-
Beginning Fund Balance	<u>173,600</u>	<u>173,600</u>	<u>173,600</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) - Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ACTUAL AND BUDGET

For the Year Ended June 30, 2018

	<u>EMPIRE BOND FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
Other Financing Sources (Uses):				
Du Jour Financing	\$ (800,000)	\$ (800,000) (1)	\$ (800,000)	\$ -
Transfers In	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(1) Appropriation level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

ACTUAL AND BUDGET

For the Year Ended June 30, 2018

EMPIRE CAPITAL PROJECTS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
<b>REVENUES:</b>				
Interest on Investments	\$ 1,000	\$ 1,000	\$ 8,686	\$ 7,686
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>8,686</u>	<u>7,686</u>
<b>EXPENDITURES:</b>				
Materials and Services	430,044	430,044 (1)	335,224	94,820
Capital Outlay	629,956	2,079,956 (1)	684,782	1,395,174
Contingency	75,000	75,000 (1)	-	75,000
Total Expenditures	<u>1,135,000</u>	<u>2,585,000</u>	<u>1,020,006</u>	<u>1,564,994</u>
Excess of Revenues Over, (Under) Expenditures	(1,134,000)	(2,584,000)	(1,011,320)	1,572,680
<b>Other Financing Sources (Uses):</b>				
Bond Proceeds	-	1,450,000	684,000	(766,000)
Du Jour Financing	784,000	784,000	784,000	-
Transfers In	250,000	250,000	-	(250,000)
Total Other Financing Sources (Uses)	<u>1,034,000</u>	<u>2,484,000</u>	<u>1,468,000</u>	<u>(1,016,000)</u>
Net Change in Fund Balance	(100,000)	(100,000)	456,680	556,680
Beginning Fund Balance	<u>100,000</u>	<u>100,000</u>	<u>303,902</u>	<u>203,902</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 760,582</u>	<u>\$ 760,582</u>

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS

June 30, 2018

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	
	<u>DOWNTOWN PROGRAM</u>	<u>EMPIRE BOND RESERVE</u>	<u>TOTAL NONMAJOR GOVERNMENTAL</u>
<b>ASSETS:</b>			
Cash and Investments	\$ 22,837	\$ -	\$ 22,837
Total Assets	<u>\$ 22,837</u>	<u>\$ -</u>	<u>\$ 22,837</u>
<b>LIABILITIES AND FUND BALANCE:</b>			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Assigned	<u>22,837</u>	<u>-</u>	<u>22,837</u>
Total Fund Balance	<u>22,837</u>	<u>-</u>	<u>22,837</u>
Total Liabilities and Fund Balance	<u>\$ 22,837</u>	<u>\$ -</u>	<u>\$ 22,837</u>

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	
	<u>DOWNTOWN PROGRAM</u>	<u>EMPIRE BOND RESERVE</u>	<u>TOTAL NONMAJOR GOVERNMENTAL</u>
REVENUES:			
Interest on Investments	\$ 387	\$ -	\$ 387
Total Revenues	<u>387</u>	<u>-</u>	<u>387</u>
EXPENDITURES:			
Materials and Services	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	387	-	387
Beginning Fund Balance	<u>22,450</u>	<u>-</u>	<u>22,450</u>
Ending Fund Balance	<u>\$ 22,837</u>	<u>\$ -</u>	<u>\$ 22,837</u>

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2018

DOWNTOWN PROGRAM FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Interest on Investments	\$ 100	\$ 100	\$ 387	\$ 287
Total Revenues	<u>100</u>	<u>100</u>	<u>387</u>	<u>287</u>
EXPENDITURES:				
Materials and Services	100	100 (1)	-	100
Capital Outlay	<u>18,546</u>	<u>18,546 (1)</u>	<u>-</u>	<u>18,546</u>
Total Expenditures	<u>18,646</u>	<u>18,646</u>	<u>-</u>	<u>18,646</u>
Net Change in Fund Balance	(18,546)	(18,546)	387	18,933
Beginning Fund Balance	<u>18,546</u>	<u>18,546</u>	<u>22,450</u>	<u>3,904</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,837</u>	<u>\$ 22,837</u>

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2018

EMPIRE BOND RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
EXPENDITURES:				
Contingency	-	145,000	-	145,000
Total Expenditures	-	145,000	-	145,000
Excess of Revenues Over, (Under) Expenditures	-	(145,000)	-	145,000
Other Financing Sources (Uses):				
Transfers In	-	145,000	-	(145,000)
Total Other Financing Sources (Uses)	-	145,000	-	(145,000)
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) - Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For the Year Ended June 30, 2018

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/17	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/18
Current:						
2017-18	\$ 1,973,191	\$ 50,041	\$ (14,748)	\$ 1,130	\$ 1,837,336	\$ 72,196
Prior Years:						
2016-17	63,269	-	(4,325)	1,848	25,798	34,994
2015-16	43,929	1	(2,148)	2,448	13,667	30,561
2014-15	27,555	-	(4,487)	4,786	16,705	11,149
2013-14	12,068	-	(3,113)	3,113	9,112	2,956
2012-13 & Prior	7,849	-	(920)	1,223	1,693	6,459
Total Prior	154,670	1	(14,993)	13,418	66,975	86,119
Total	\$ 2,127,861	\$ 50,042	\$ (29,741)	\$ 14,548	\$ 1,904,311	\$ 158,315

BALANCE UNCOLLECTED OR UNSEGREGATED

Downtown Special Revenue Fund	\$ 90,618
Empire Special Revenue Fund	67,697
Total Balance Uncollected or Unsegregated - All Funds	\$ 158,315

RECONCILIATION TO REVENUE:

	DOWNTOWN SPECIAL REVENUE	EMPIRE SPECIAL REVENUE
Cash Collections by County Treasurer Above	\$ 1,179,324	\$ 724,987
Add Additional Tax Payments by County		
Accrual of Receivables:		
June 30, 2017	(16,540)	(12,719)
June 30, 2018	20,221	14,237
Taxes, (Adjustments) in Lieu	2,527	7,175
Total Revenue	\$ 1,185,532	\$ 733,680

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED  
BY OREGON STATE REGULATIONS



**PAULY, ROGERS, AND CO., P.C.**  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 6, 2018

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the Urban Renewal Agency of the City of Coos Bay as of and for the year ended June 30, 2018, and have issued our report thereon dated November 6, 2018. 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 Urban Renewal Agency of the City of Coos Bay'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 162-10-0000 through 162-10-0320 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.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Urban Renewal Agency of the City of Coos Bay 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 162-10-0000 through 162-10-0320 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 internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

*Tara M. Kamp, CPA*

Tara M. Kamp, CPA  
PAULY, ROGERS AND CO., P.C.