

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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016



12700 SW 72nd 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, 2016

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URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

AGENCY BOARD MEMBERS AS OF JUNE 30, 2016

<u>NAME</u>	<u>TERM EXPIRES</u>
Jennifer Groth - Chair	November, 2018
Mark Daily - Vice Chair	November, 2016
Fred Brick	November, 2016
Stephanie Kramer	November, 2018
Thomas Leahy	November, 2018
Crystal Shoji	November, 2016
Mike Vaughan - Secretary	November, 2016

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

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URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

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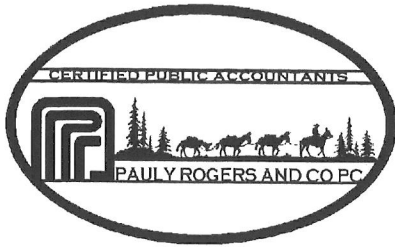
URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

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October 6, 2016

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, 2016 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, 2016, 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 October 6, 2016 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

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City of Coos Bay

Finance Dept.

500 Central Ave., Coos Bay, Oregon 97420

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MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2016

As management of the Coos Bay Urban Renewal Agency (the Agency), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ending June 30, 2016. The information presented here is to be read in conjunction with the basic financial statements and accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The Agency's assets totaled \$11,195,858 at June 30, 2016, consisting of \$3,363,129 in unrestricted cash and cash equivalents, \$586,704 in taxes and other receivables, and \$6,973,025 in capital assets. Total assets decreased \$1,573 from the previous fiscal year.
- The Agency's liabilities totaled \$1,254,077 at June 30, 2016, consisting of \$644,818 in noncurrent liabilities due within one year, \$25,366 in accounts payable, \$2,681 in accrued interest, and \$581,212 in noncurrent liabilities due in more than one year. Total liabilities decreased \$1,152,703 from the previous fiscal year.
- The assets of the Agency exceeded its liabilities at June 30, 2016 by \$9,941,781 (net position), consisting of \$5,746,995 net investment in capital assets, \$682,250 restricted, and the remainder of \$3,512,536 unrestricted. The unrestricted fund balance (the total of the committed, assigned, and unassigned components of the fund balance) represents the amount that may be used to meet the Agency's ongoing obligations to citizens and creditors.
- The Agency's total net position increased \$1,151,130 from the previous fiscal year. This represents an increase of \$2,524,847 in net investment in capital assets, a decrease of \$225,829 in restricted fund balance, and an increase of \$1,147,888 in unrestricted. The primary source of this change was Egyptian Theatre project and Agency's participation in the ODOT Empire Sidewalk project.
- The Agency's ten governmental funds had an assigned fund balance at June 30, 2016 of \$3,028,184 a decrease of \$1,094,609 from the June 30, 2015 and a restricted fund balance of \$682,250, a decrease of \$225,829.
- The Agency's total debt decreased by \$1,171,516 during the year resulting in a June 30, 2016 balance of \$1,226,030.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is written for the purpose of introducing 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

The government-wide financial statements present information about the Agency using the method of accounting similar to that used by private-sector companies, referred to as the full-accrual basis of accounting. This provides a broad view of the financial picture of the Agency. The full-accrual basis differs from the modified-accrual basis of accounting used by the fund financial statements of the Agency, which focus on the use of spendable resources and the balance of such resources in the short-term period of one fiscal year.

The Statement of Net Position reveals the total assets and liabilities of the Agency, with the difference between being the *net position*. Net position may serve as one of the key performance measurements over time to gauge whether the financial position of the Agency is improving or deteriorating.

The Statement of Activities reveals the detail of the change in the Agency's net position as of the end of the fiscal year. All activities affecting net assets are included, regardless of the timing of cash flow, which may be in future fiscal periods.

Both of the government-wide financial statements are designed to present information by function of the government. *Governmental activities* are primarily supported by tax revenue and intergovernmental revenue for the purpose of identification, planning, and execution of urban renewal strategies to improve the livability of the City of Coos Bay. These activities are separated from *business-type activities*, which are supported primarily from user fees and charges directly linked to the services provided. The Agency's government-wide financial statements only reveal governmental activities.

The Agency is considered a blended component unit of the City of Coos Bay and maintains a separate legal status from the City. Financial statements of the City of Coos Bay can be obtained from the City of Coos Bay's Finance Director at 500 Central Avenue, Coos Bay, Oregon, 97420, (541) 269-8915, or via the web at www.coosbay.org.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts used for the purpose of maintaining control over resources segregated for specific activities or objectives. The Agency uses fund accounting to ensure compliance with legal requirements for financial activities. As mentioned above, the Agency uses only one fund, which is categorized as a governmental fund. A *governmental fund* accounts for generally the same types of activities as *governmental activities*, with the primary difference being the measurement focus. Governmental funds focus on *current financial resources*, which include the measurement of inflows and outflows of spendable resources within a fiscal year as well as the balances of resources at the end of the fiscal year. In contrast, governmental activities in the government-wide financial statements focus on *total economic resources* during the fiscal year, encompassing a longer-term view.

Fund financial statements include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. The reader will notice an important component of these statements. 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 in order 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. Additionally, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements are an essential part of a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located before the Required Supplementary Information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as one of the key performance measurements over time to gauge whether the financial position of the Agency is improving or deteriorating. In the case of the Agency, the net position increased by \$1,151,130 at the close of the fiscal year.

The largest portion of the Agency's net position is reflected in 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 58% of the total net position. The Agency uses these assets to provide services to citizens; thus, capital assets are not available for future spending. It should also be noted these assets do not generate revenue to service the associated debt. Resources to pay the debt must come from other sources, specifically *unrestricted*, which was 35% of the total for the year ended June 30, 2016. The *restricted* category was 7% of the year-end total which is restricted for specific purposes based upon legal or contractual limitations. Within the governmental activities category are bond proceeds limited for capital projects and taxes limited for repayment of debt. The Agency was able to maintain positive balances in all categories in the current fiscal year, which was an improvement of the net investment in capital assets.

Coos Bay Urban Renewal Agency's Net Position

Table 1
For Fiscal Year Ending June 30, 2015 and 2016

Statement of Net Position	Governmental Activities	
	2015	2016
Current assets	\$ 5,577,737	\$ 4,222,833
Capital assets, net of depreciation	\$ 5,619,694	\$ 6,973,025
Total Assets	\$ 11,197,431	\$ 11,195,858
Other liabilities	\$ 849,190	\$ 672,865
Long term debt	\$ 1,557,590	\$ 581,212
Total Liabilities	\$ 2,406,780	\$ 1,254,077
Net Position:		
Net investment in capital assets	\$ 3,222,148	\$ 5,746,995
Restricted	\$ 908,079	\$ 682,250
Unrestricted	\$ 4,660,424	\$ 3,512,536
Total Net Position	\$ 8,790,651	\$ 9,941,781

The Agency's net position increased \$1,151,130 during the fiscal year ending June 30, 2016 to the degree to which revenues exceeded ongoing expenses. The primary factor for this increase was the completion of du jour financing to convert tax increment revenue into debt to provide resources for capital projects; a carryover balance; and multiple grant awards and capital donated to restore the Egyptian Theatre.

Coos Bay Urban Renewal Agency's Changes in Net Position

Table 2
For Fiscal Year Ending June 30, 2015 and 2016

Changes in Net Assets	Governmental Activities	
	2015	2016
Revenues		
Taxes	\$ 1,661,662	\$ 1,571,626
Investment Earnings	32,546	22,000
Capital Grants and Contributions	52,211	128,049
Intergovernmental	-	-
Miscellaneous	20,124	93,393
Total Revenues	1,766,543	1,815,068
Expenses		
Public Works	507,477	598,800
Interest on Long Term Debt	91,286	65,138
Total Expenses	598,763	663,938
Increase in Net Assets	1,167,780	1,151,130
Beginning Net Assets	7,622,871	8,790,651
Ending Net Assets	\$ 8,790,651	\$ 9,941,781

In Figure 1 below, the Statement of Activities highlights the current fiscal year ended June 30, 2016 Program Expenses for Governmental Activities with the \$598,800 Public Works expense for general Agency projects. Most significant was the Agency's partnership with the Oregon Department of Transportation for the Empire Boulevard multi-modal infrastructure improvements as well as with the Egyptian Theatre Preservation Association to restore the Egyptian Theatre.

Program Expenses for Governmental Activities

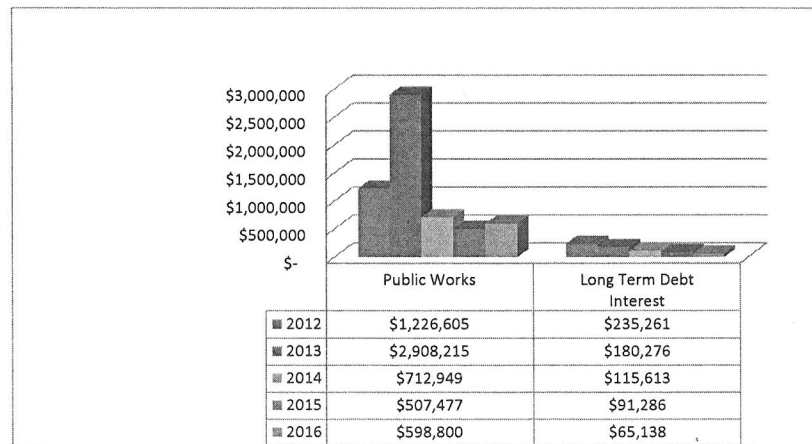


Figure 1

In the Revenue by Source for Governmental Activities, Figure 2, in FYE 16 the majority of the Capital Grants and Contributions function revenue of \$128,049 consisted of grants and donations for the

Egyptian Theatre. In FYE 12 the Intergovernmental revenue was the Agency's long term receivable from the City of Coos Bay for the City Hall Seismic capital project.

Revenues by Source for Governmental Activities

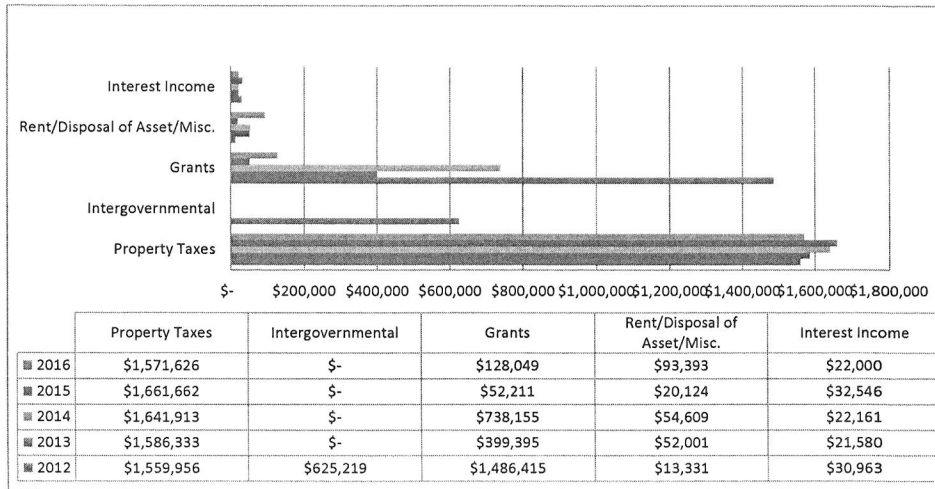


Figure 2

URBAN RENEWAL AGENCY BUDGETARY HIGHLIGHTS

The Downtown District's major capital project was the continuation of the Egyptian Theatre restoration project and grand opening to the public with management of operations continued by the Egyptian Theatre Preservation Association. The Empire District's major capital project, infrastructure upgrades to South Empire Blvd from Newmark to the southern city limits at Wisconsin Street was in full construction as of June 30, 2016. The City of Coos Bay was awarded a second phase grant for this project with the Agency paying the grant match as a capital contribution. Both phases of this project were contracted through Oregon Department of Transportation (ODOT) and neither the City nor the Agency received funding directly. The construction phase will be completed in FYE 17.

The Downtown District tax revenues for the year were budgeted at \$972,494, with actual receipts totaling \$911,097 (93.7% of budget). The Empire District tax revenues for the year were budgeted at \$710,507, with actual receipts totaling \$659,067 (92.8% of budget).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The Agency's investment in capital assets for its governmental-type activities as of June 30, 2016 totaled to \$6,973,025 (net of accumulated depreciation). This investment in capital assets includes land and improvements, building and improvements, equipment and machinery, and construction in progress. The Agency's total net investment in capital assets increased 24% due to the Oregon Department of Transportation Empire Boulevard multi-modal infrastructure improvements entering the construction phase and the continued construction for the Egyptian Theatre.

Coos Bay Urban Renewal Agency's Capital Assets

Table 3
For Fiscal Year Ending June 30, 2015 and 2016

Capital Assets	Governmental Activities	
	2015	2016
	Land and Improvements	\$ 1,157,325
Construction in Progress	\$ 1,729,797	\$ 3,018,499
Building and Improvements, net	\$ 2,732,470	\$ 2,644,704
Equipment and Machinery, net	\$ 102	\$ 102
	\$ 5,619,694	\$ 6,973,025

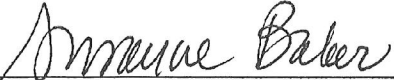
Debt Administration - The Agency's long-term debt as of June 30, 2016 was \$1,226,030. The debt was comprised of two loans of which both were obligations of the Downtown District: a 2003 financing for Downtown District projects and the other for the construction of the Visitor Information Center. During FYE 2016 the 2003 financing for Empire District projects was paid off. The Agency's total long-term debt decreased by \$1,171,516 or 49%, due to the annual principal payments and retiring the Empire debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2016-2017 fiscal year budget continued in a similar direction as fiscal year 2015-2016. The Agency Downtown Capital Projects budget included improvements for Hwy 101 Broadway/Bayshore beautification project, residual appropriation authority for completion of the Egyptian Theatre in conjunction with grants and donations obtained through the Egyptian Theatre Preservation Association and review of the Downtown Urban Renewal Plan in anticipation of new projects once the current debt is retired. The Downtown District budgeted funds to pay the balance of the 2003 bond, pending tax receipts. The Agency Empire Capital Projects budget included funds for the Agency's portion of the Oregon Department of Transportation Empire Blvd project to construct bicycle and sidewalk improvements from the intersection of Newmark and Cape Arago Highway south to the city limits. 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 continue. Both districts will appropriate funds for du jour financing in anticipation of available tax revenue. The Agency will continue to review district goals and update both district's plans and prioritize future capital projects.

REQUESTS FOR INFORMATION

The Agency's financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Agency's finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Department, City of Coos Bay, 500 Central Avenue, Coos Bay, Oregon, 97420, (541) 269-8915, or via the web at www.coosbay.org.



 Susanne Baker
 City of Coos Bay
 Finance Director

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

STATEMENT OF NET POSITION

June 30, 2016

ASSETS:

Cash and Cash Equivalents	\$	3,636,129
Taxes Receivable		158,162
Note Receivable		360,000
Other Receivables		68,542
Capital Assets Not Being Depreciated		4,328,220
Capital Assets, Net of Accumulated Depreciation		<u>2,644,805</u>
 Total Assets		 <u>11,195,858</u>

LIABILITIES:

Accounts Payable		25,366
Interest Payable		2,681
Noncurrent Liabilities		
Due Within One Year		
Bonds Payable		644,818
Due in More Than One Year		
Bonds Payable		<u>581,212</u>
 Total Liabilities		 <u>1,254,077</u>

NET POSITION:

Net Investment in Capital Assets		5,746,995
Restricted		682,250
Unrestricted		<u>3,512,536</u>
 Total Net Position	<u>\$</u>	 <u>9,941,781</u>

See accompanying notes to basic financial statements.

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URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

<u>FUNCTIONS</u>	<u>EXPENSES</u>	<u>FUNCTION REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
		<u>CHARGES FOR SERVICES</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
Public Works	\$ 598,800	\$ -	\$ 128,049	\$ (470,751)
Interest on Long-Term Debt	<u>65,138</u>	<u>-</u>	<u>-</u>	<u>(65,138)</u>
Total Governmental Activities	<u>\$ 663,938</u>	<u>\$ -</u>	<u>\$ 128,049</u>	<u>(535,889)</u>
General Revenues:				
Property Taxes				1,571,626
Income Not Restricted to Specific Programs:				
Investment Earnings				22,000
Miscellaneous				<u>93,393</u>
Total General Revenues				<u>1,687,019</u>
Changes in Net Position				1,151,130
Net Position - Beginning				<u>8,790,651</u>
Net Position - Ending				<u>\$ 9,941,781</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, 2016

	<u>DOWNTOWN SPECIAL REVENUE</u>	<u>EMPIRE SPECIAL REVENUE</u>	<u>EMPIRE PROGRAM</u>	<u>DOWNTOWN BOND</u>	<u>DOWNTOWN CAPITAL PROJECTS</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:					
Assets:					
Cash and Investments	\$ 835,924	\$ 477,182	\$ 442,344	\$ -	\$ 947,456
Accounts Receivable	-	-	-	-	58,364
Property Taxes Receivables	93,262	64,900	-	-	-
Total Assets	<u>\$ 929,186</u>	<u>\$ 542,082</u>	<u>\$ 442,344</u>	<u>\$ -</u>	<u>\$ 1,005,820</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 9,863
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,863</u>
Deferred Inflows of Resources:					
Unavailable Revenue-Property Taxes	74,990	52,043	-	-	-
Total Deferred Inflows of Resources	<u>74,990</u>	<u>52,043</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Restricted	-	-	-	-	-
Assigned	854,196	490,039	442,344	-	995,957
Total Fund Balance	<u>854,196</u>	<u>490,039</u>	<u>442,344</u>	<u>-</u>	<u>995,957</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 929,186</u>	<u>\$ 542,082</u>	<u>\$ 442,344</u>	<u>\$ -</u>	<u>\$ 1,005,820</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>
\$ 682,250	\$ -	\$ 208,525	\$ 42,448	\$ 3,636,129
-	-	10,178	-	68,542
-	-	-	-	158,162
<u>\$ 682,250</u>	<u>\$ -</u>	<u>\$ 218,703</u>	<u>\$ 42,448</u>	<u>\$ 3,862,833</u>
\$ -	\$ -	\$ 440	\$ 15,063	\$ 25,366
-	-	440	15,063	25,366
-	-	-	-	127,033
-	-	-	-	127,033
682,250	-	-	-	682,250
-	-	218,263	27,385	3,028,184
682,250	-	218,263	27,385	3,710,434
<u>\$ 682,250</u>	<u>\$ -</u>	<u>\$ 218,703</u>	<u>\$ 42,448</u>	<u>\$ 3,862,833</u>

See accompanying notes to basic financial statements.

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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, 2016

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

Fund Balances	\$ 3,710,434
<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 City as a whole.</p>	
Net Capital Assets	6,973,025
<p>Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.</p>	
Long-term debt	(1,226,030)
Interest Payable	(2,681)
<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	360,000
Unavailable Property Taxes	127,033
	<hr/>
Total Net Position	<u>\$ 9,941,781</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, 2016

	<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	\$ 911,097	\$ 659,067	\$ -	\$ -	\$ -
Interest on Investments	4,583	2,559	2,855	-	6,974
Grants	-	-	-	-	128,049
Seismic Project Loan - City of Coos Bay	-	-	-	-	64,200
Miscellaneous	-	-	-	-	675
Total Revenues	<u>915,680</u>	<u>661,626</u>	<u>2,855</u>	<u>-</u>	<u>199,898</u>
EXPENDITURES:					
Current:					
Material and Services	-	-	-	-	225,161
Capital Outlay	-	-	-	-	307,218
Debt Service	-	-	-	681,234	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>681,234</u>	<u>532,379</u>
Excess of Revenues, Over (Under) Expenditures	915,680	661,626	2,855	(681,234)	(332,481)
OTHER FINANCING SOURCES (USES)					
Du Jour Financing	-	-	-	(137,770)	136,392
Transfers In	-	-	-	819,004	-
Transfers Out	<u>(819,004)</u>	<u>(530,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(819,004)</u>	<u>(530,098)</u>	<u>-</u>	<u>681,234</u>	<u>136,392</u>
Net Change in Fund Balance	96,676	131,528	2,855	-	(196,089)
Beginning Fund Balance	<u>757,520</u>	<u>358,511</u>	<u>439,489</u>	<u>-</u>	<u>1,192,046</u>
Ending Fund Balance	<u>\$ 854,196</u>	<u>\$ 490,039</u>	<u>\$ 442,344</u>	<u>\$ -</u>	<u>\$ 995,957</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>
\$ -	\$ -	\$ -	\$ -	\$ 1,570,164
-	-	4,755	274	22,000
-	-	-	-	128,049
-	-	-	-	64,200
-	-	88,518	-	89,193
-	-	93,273	274	1,873,606
-	-	274,188	15,063	514,412
-	-	1,131,237	-	1,438,455
-	555,420	-	-	1,236,654
-	555,420	1,405,425	15,063	3,189,521
-	(555,420)	(1,312,152)	(14,789)	(1,315,915)
-	(314,507)	311,362	-	(4,523)
-	869,927	-	-	1,688,931
-	-	(114,000)	(225,829)	(1,688,931)
-	555,420	197,362	(225,829)	(4,523)
-	-	(1,114,790)	(240,618)	(1,320,438)
682,250	-	1,333,053	268,003	5,030,872
<u>\$ 682,250</u>	<u>\$ -</u>	<u>\$ 218,263</u>	<u>\$ 27,385</u>	<u>\$ 3,710,434</u>

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, 2016

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 \$ (1,320,438)

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	\$	1,441,098	
Depreciation Expense		<u>(87,767)</u>	
Net Adjustment			1,353,331

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			1,171,516
Interest payable			5,259

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			(60,000)
Property Taxes			<u>1,462</u>
Change in Net Position			<u>\$ 1,151,130</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 \$5,000 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:

Land Improvements	10 – 50 years
Buildings	25 – 50 years
Building Improvements	20 – 40 years
Equipment and machinery	5 – 15 years
Infrastructure	25 – 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 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications 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, 2016.

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.

DEPOSITS (CONTINUED)

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, 2016 consisted of:

Pooled Cash	\$	<u>3,636,129</u>
Total	\$	<u>3,636,129</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, 2016, 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 appears to be in compliance with all portfolio guidelines at June 30, 2016. 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. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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, 2016, 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

<u>Description</u>	<u>7/1/2015 Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2016 Ending Balance</u>
Governmental Activities				
Capital assets not depreciated				
Land and improvements	\$ 1,157,325	\$ 152,396	\$ -	\$ 1,309,721
Construction in Progress	<u>1,729,797</u>	<u>1,441,098</u>	<u>(152,396)</u>	<u>3,018,499</u>
Total Capital assets not depreciated	2,887,122	1,593,494	(152,396)	4,328,220
Other capital assets at historical cost				
Buildings and improvements	3,191,951	-	-	3,191,951
Equipment and machinery	<u>45,978</u>	<u>-</u>	<u>-</u>	<u>45,978</u>
Total other capital assets at historical cost	3,237,929	-	-	3,237,929
Less Accumulated Depreciation				
Buildings and improvements	(459,481)	(87,767)	-	(547,248)
Equipment and machinery	<u>(45,876)</u>	<u>-</u>	<u>-</u>	<u>(45,876)</u>
Total accumulated depreciation	(505,357)	(87,767)	-	(593,124)
Other capital assets, net	<u>2,732,572</u>	<u>(87,767)</u>	<u>-</u>	<u>2,644,805</u>
Governmental activities capital assets, net	<u>\$ 5,619,694</u>	<u>\$ 1,505,727</u>	<u>\$ (152,396)</u>	<u>\$ 6,973,025</u>

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

Public Works	<u>\$ 87,767</u>
Total depreciation for governmental activities	<u>\$ 87,767</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.

\$5,700,000 of urban renewal current refunding bonds were issued on January 24, 2003, which are payable from the tax increment revenues of the Downtown Urban Renewal Area. The future requirements for amortization of these outstanding urban renewal bonds as of June 30, 2016, are as follows:

<u>Fiscal Year</u>	<u>Issue of January 24, 2003 (Series 2003 A)</u>		
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2016-17	\$ 508,650	\$ 489,818	\$ 18,832
2017-18	254,325	250,505	3,820
Total	<u>\$ 762,975</u>	<u>\$ 740,323</u>	<u>\$ 22,652</u>

Interest Rate: Fixed annual rate of 3.0%

\$2,600,000 of urban renewal current refunding bonds were issued on January 24, 2003, which are payable from the tax increment revenues of the Empire Urban Renewal Area. This bond was paid off during the current fiscal year.

\$1,402,000 of urban renewal debt service bonds were issued on August 28, 2009, 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, 2016, 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 August 28, 2009 (Series 2009)</u>		
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2016-17	\$ 173,307	\$ 155,000	\$ 18,307
2017-18	173,890	162,000	11,890
2018-19	173,894	168,707	5,187
Total	<u>\$ 521,091</u>	<u>\$ 485,707</u>	<u>\$ 35,384</u>

Interest Rate: Fixed annual rate of 4.1%

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG-TERM DEBT (CONTINUED)

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

	Balance	Additions	Reductions	Balance	Due Within
	7/1/2015			6/30/2016	One Year
	<u>7/1/2015</u>	<u></u>	<u></u>	<u>6/30/2016</u>	<u></u>
Urban Renewal Bonds					
Downtown (Series 1/23/03 A)	\$ 1,215,496	\$ -	\$ (475,173)	\$ 740,323	\$ 489,818
Empire (Series 1/24/03 A)	547,767	-	(547,767)	-	-
Downtown (Series 08/28/09)	<u>634,283</u>	<u>-</u>	<u>(148,576)</u>	<u>485,707</u>	<u>155,000</u>
Total	<u>\$ 2,397,546</u>	<u>\$ -</u>	<u>\$ (1,171,516)</u>	<u>\$ 1,226,030</u>	<u>\$ 644,818</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.

7. INTERNAL TRANSFERS

The composition of interfund transfers as of June 30, 2016, 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	\$ 819,004
Empire Special Revenue	530,098
Empire Capital Project	114,000
Other Governmental	<u>225,829</u>
Total	<u>\$ 1,688,931</u>
 <u>Transfers In</u>	
Downtown Bond Fund	\$ 819,004
Empire Bond Fund	<u>869,927</u>
Total	<u>\$ 1,688,931</u>

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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>
2016-17	\$ 63,600	\$ 60,000	\$ 3,600
2017-18	63,000	60,000	3,000
2018-19	62,400	60,000	2,400
2019-20	61,800	60,000	1,800
2020-21	61,200	60,000	1,200
2021-26	<u>60,600</u>	<u>60,000</u>	<u>600</u>
Total	<u>\$ 372,600</u>	<u>\$ 360,000</u>	<u>\$ 12,600</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.

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URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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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, 2016

DOWNTOWN SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 972,494	\$ 972,494	\$ 911,097	\$ (61,397)
Interest on Investments	1,000	1,000	4,583	3,583
Total Revenues	973,494	973,494	915,680	(57,814)
EXPENDITURES:				
Contingency	202,624	202,624 (1)	-	202,624
Total Expenditures	202,624	202,624	-	202,624
Excess of Revenues, Over (Under) Expenditures	770,870	770,870	915,680	144,810
Other Financing Sources, (Uses)				
Transfers Out	(820,870)	(820,870) (1)	(819,004)	1,866
Total Other Financing Sources, (Uses)	(820,870)	(820,870)	(819,004)	1,866
Net Change in Fund Balance	(50,000)	(50,000)	96,676	146,676
Beginning Fund Balance	50,000	50,000	757,520	707,520
Ending Fund Balance	\$ -	\$ -	\$ 854,196	\$ 854,196

(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, 2016

EMPIRE SPECIAL REVENUE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Property Taxes	\$ 710,507	\$ 710,507	\$ 659,067	\$ (51,440)
Interest on Investments	<u>500</u>	<u>500</u>	<u>2,559</u>	<u>2,059</u>
Total Revenues	<u>711,007</u>	<u>711,007</u>	<u>661,626</u>	<u>(49,381)</u>
EXPENDITURES:				
Contingency	<u>200,000</u>	<u>200,000</u> (1)	<u>-</u>	<u>200,000</u>
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Excess of Revenues Over, (Under) Expenditures	511,007	511,007	661,626	150,619
Other Financing Sources, (Uses)				
Transfers Out	<u>(541,007)</u>	<u>(541,007)</u> (1)	<u>(530,098)</u>	<u>10,909</u>
Total Other Financing Sources, (Uses)	<u>(541,007)</u>	<u>(541,007)</u>	<u>(530,098)</u>	<u>10,909</u>
Net Change in Fund Balance	(30,000)	(30,000)	131,528	161,528
Beginning Fund Balance	<u>30,000</u>	<u>30,000</u>	<u>358,511</u>	<u>328,511</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,039</u>	<u>\$ 490,039</u>

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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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, 2016

EMPIRE PROGRAM FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Interest on Investments	\$ 200	\$ 200	\$ 2,855	\$ 2,655
Total Revenues	<u>200</u>	<u>200</u>	<u>2,855</u>	<u>2,655</u>
EXPENDITURES:				
Materials and Services	50,000	50,000 (1)	-	50,000
Capital Outlay	<u>152,370</u>	<u>152,370 (1)</u>	<u>-</u>	<u>152,370</u>
Total Expenditures	<u>202,370</u>	<u>202,370</u>	<u>-</u>	<u>202,370</u>
Net Change in Fund Balance	(202,170)	(202,170)	2,855	205,025
Beginning Fund Balance	<u>437,170</u>	<u>437,170</u>	<u>439,489</u>	<u>2,319</u>
Ending Fund Balance	<u>\$ 235,000</u>	<u>\$ 235,000</u>	<u>\$ 442,344</u>	<u>\$ 207,344</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, 2016

DOWNTOWN BOND FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
EXPENDITURES:				
Debt Service				
Principal	\$ 624,500	\$ 624,500	\$ 623,749	\$ 751
Interest	58,600	58,600	57,485	1,115
Total Expenditures	<u>683,100</u>	<u>683,100</u> (2)	<u>681,234</u>	<u>1,866</u>
Excess of Revenues Over, (Under) Expenditures	(683,100)	(683,100)	(681,234)	1,866
Other Financing Sources, (Uses)				
Du Jour Financing	(137,770)	(137,770) (2)	(137,770)	-
Transfers In	820,870	820,870	819,004	(1,866)
Total Other Financing Sources, (Uses)	<u>683,100</u>	<u>683,100</u>	<u>681,234</u>	<u>(1,866)</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>1,034</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ 1,034</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, 2016

DOWNTOWN CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Grants	\$ 824,460	\$ 824,460	\$ 128,049	\$ (696,411)
Interest on Investments	3,000	3,000	6,974	3,974
Seismic Project Loan - City of Coos Bay	64,200	64,200	64,200	-
Miscellaneous	-	-	675	675
Total Revenues	891,660	891,660	199,898	(691,762)
EXPENDITURES:				
Materials and Services	346,301	346,301 (1)	225,161	121,140
Capital Outlay	1,242,107	1,242,107 (1)	307,218	934,889
Contingency	100,000	100,000 (1)	-	100,000
Total Expenditures	1,688,408	1,688,408	532,379	1,156,029
Excess of Revenues Over, -Under Expenditures	(796,748)	(796,748)	(332,481)	464,267
Other Financing Sources, (Uses)				
Du Jour Financing	136,392	136,392	136,392	-
Total Other Financing Sources, (Uses)	136,392	136,392	136,392	-
Net Change in Fund Balance	(660,356)	(660,356)	(196,089)	464,267
Beginning Fund Balance	850,000	850,000	1,192,046	342,046
Ending Fund Balance	\$ 189,644	\$ 189,644	\$ 995,957	\$ 806,313

(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, 2016

DOWNTOWN BOND RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
EXPENDITURES:				
Contingency	\$ 682,250	\$ 682,250 (1)	\$ -	\$ 682,250
Total Expenditures	<u>682,250</u>	<u>682,250</u>	<u>-</u>	<u>682,250</u>
Net Change in Fund Balance	(682,250)	(682,250)	-	682,250
Beginning Fund Balance	<u>682,250</u>	<u>682,250</u>	<u>682,250</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682,250</u>	<u>\$ 682,250</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, 2016

EMPIRE BOND FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
EXPENDITURES:				
Debt Service:				
Principal	\$ 555,829	\$ 555,829	\$ 547,767	\$ 8,062
Interest	10,500	10,500	7,653	2,847
Total Expenditures	566,329	566,329 (2)	555,420	10,909
Excess of Revenues Over, (Under) Expenditures	(566,329)	(566,329)	(555,420)	10,909
Other Financing Sources, (Uses)				
Du Jour Financing	(314,507)	(314,507) (2)	(314,507)	-
Transfers In	880,836	880,836	869,927	(10,909)
Total Other Financing Sources, (Uses)	566,329	566,329	555,420	(10,909)
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(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, 2016

EMPIRE CAPITAL PROJECTS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Interest on Investments	\$ 2,000	\$ 2,000	\$ 4,755	\$ 2,755
Miscellaneous Revenue	1,500,000	1,500,000	88,518	(1,411,482)
Total Revenues	<u>1,502,000</u>	<u>1,502,000</u>	<u>93,273</u>	<u>(1,408,727)</u>
EXPENDITURES:				
Materials and Services	420,229	420,229 (1)	274,188	146,041
Capital Outlay	2,143,133	2,612,186 (1)	1,131,237	1,480,949
Total Expenditures	<u>2,563,362</u>	<u>3,032,415</u>	<u>1,405,425</u>	<u>1,626,990</u>
Excess of Revenues Over, (Under) Expenditures	(1,061,362)	(1,530,415)	(1,312,152)	218,263
Other Financing Sources, (Uses)				
Du Jour Financing	311,362	311,362	311,362	-
Transfers Out	(114,000)	(114,000) (1)	(114,000)	-
Total Other Financing Sources, (Uses)	<u>197,362</u>	<u>197,362</u>	<u>197,362</u>	<u>-</u>
Net Change in Fund Balance	(864,000)	(1,333,053)	(1,114,790)	218,263
Beginning Fund Balance	<u>864,000</u>	<u>1,333,053</u>	<u>1,333,053</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,263</u>	<u>\$ 218,263</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, 2016

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	
	<u>DOWNTOWN PROGRAM</u>	<u>EMPIRE BOND RESERVE</u>	<u>TOTAL NONMAJOR GOVERNMENTAL</u>
ASSETS:			
Assets:			
Cash and Investments	\$ 42,448	\$ -	\$ 42,448
Total Assets	<u>\$ 42,448</u>	<u>\$ -</u>	<u>\$ 42,448</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 15,063	\$ -	\$ 15,063
Total Liabilities	<u>15,063</u>	<u>-</u>	<u>15,063</u>
Fund Balance:			
Assigned	<u>27,385</u>	<u>-</u>	<u>27,385</u>
Total Fund Balance	<u>27,385</u>	<u>-</u>	<u>27,385</u>
Total Liabilities and Fund Balance	<u>\$ 42,448</u>	<u>\$ -</u>	<u>\$ 42,448</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, 2016

	<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	\$ 274	\$ -	\$ 274
Total Revenues	<u>274</u>	<u>-</u>	<u>274</u>
EXPENDITURES:			
Materials and Services	<u>15,063</u>	<u>-</u>	<u>15,063</u>
Total Expenditures	<u>15,063</u>	<u>-</u>	<u>15,063</u>
Excess of Revenues Over, -Under Expenditures	(14,789)	-	(14,789)
Other Financing Sources, (Uses)			
Transfers Out	<u>-</u>	<u>(225,829)</u>	<u>(225,829)</u>
Total Other Financing Sources, (Uses)	<u>-</u>	<u>(225,829)</u>	<u>(225,829)</u>
Net Change in Fund Balance	(14,789)	(225,829)	(240,618)
Beginning Fund Balance	<u>42,174</u>	<u>225,829</u>	<u>268,003</u>
Ending Fund Balance	<u>\$ 27,385</u>	<u>\$ -</u>	<u>\$ 27,385</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, 2016

DOWNTOWN PROGRAM FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Interest on Investments	\$ 50	\$ 50	\$ 274	\$ 224
Total Revenues	<u>50</u>	<u>50</u>	<u>274</u>	<u>224</u>
EXPENDITURES:				
Materials and Services	50,000	50,000 (1)	15,063	34,937
Capital Outlay	<u>142,001</u>	<u>142,001 (1)</u>	<u>-</u>	<u>142,001</u>
Total Expenditures	<u>192,001</u>	<u>192,001</u>	<u>15,063</u>	<u>176,938</u>
Excess of Revenues Over, -Under Expenditures	(191,951)	(191,951)	(14,789)	177,162
Other Financing Sources, (Uses)				
Sale of Capital Assets	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Total Other Financing Sources, (Uses)	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Net Change in Fund Balance	(41,951)	(41,951)	(14,789)	27,162
Beginning Fund Balance	<u>41,951</u>	<u>41,951</u>	<u>42,174</u>	<u>223</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,385</u>	<u>\$ 27,385</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, 2016

EMPIRE BOND RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
EXPENDITURES:				
Contingency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over, -Under Expenditures	-	-	-	-
Other Financing Sources, (Uses)				
Transfers Out	<u>(225,829)</u>	<u>(225,829) (1)</u>	<u>(225,829)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>(225,829)</u>	<u>(225,829)</u>	<u>(225,829)</u>	<u>-</u>
Net Change in Fund Balance	(225,829)	(225,829)	(225,829)	-
Beginning Fund Balance	<u>225,829</u>	<u>225,829</u>	<u>225,829</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 PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2016

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/15	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/16
Current:						
2015-16	\$ 1,599,606	\$ 40,241	\$ (4,258)	\$ 997	\$ 1,482,596	\$ 73,508
Prior Years:						
2014-15	75,360	(6)	(2,517)	2,439	31,660	43,628
2013-14	41,685	1	(4,051)	2,690	14,347	25,976
2012-13	24,967	(1)	(4,360)	4,654	15,000	10,262
2011-12	9,832	-	(3,994)	2,886	7,783	941
2010-11 & Prior	8,674	-	6,310	1,438	12,575	3,847
Total Prior	160,518	(6)	(8,612)	14,107	81,365	84,654
Total	\$ 1,760,124	\$ 40,235	\$ (12,870)	\$ 15,104	\$ 1,563,961	\$ 158,162

BALANCE UNCOLLECTED OR UNSEGREGATED

Downtown Special Revenue Fund	\$ 93,262
Empire Special Revenue Fund	64,900
Total Balance Uncollected or Unsegregated - All Funds	\$ 158,162

RECONCILIATION TO REVENUE:

	DOWNTOWN SPECIAL REVENUE	EMPIRE SPECIAL REVENUE
Cash Collections by County Treasurer Above	\$ 911,097	\$ 659,067
Add Additional Tax Payments by County		
Accrual of Receivables:		
June 30, 2015	(21,170)	(13,777)
June 30, 2016	18,272	12,857
Taxes, (Adjustments) in Lieu	2,898	920
Total Revenue	\$ 911,097	\$ 659,067

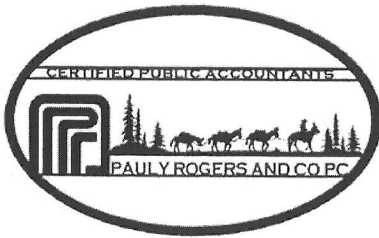
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URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS

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October 6, 2016

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, 2016, and have issued our report thereon dated October 6, 2016. 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 162-10-000 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.**
- **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 162-10-000 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 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

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