

**URBAN RENEWAL AGENCY
OF THE CITY OF COOS BAY
(A COMPONENT UNIT OF THE CITY OF COOS BAY)
COOS COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010



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, 2010

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URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

AGENCY BOARD MEMBERS AS OF JUNE 30, 2010

| <u>NAME</u> | <u>TERM EXPIRES</u> |
|-------------------------------|---------------------|
| Jeff McKeown, Mayor | November, 2010 |
| Gene Melton - Chair | November, 2012 |
| Stephanie Kramer - Vice Chair | November, 2010 |
| Mark Daily - Secretary | November, 2010 |
| Joanie Johnson | November, 2012 |
| Jon Eck | November, 2012 |
| John Pundt | November, 2010 |

Board Members receive mail at the address listed below.

BOARD ADDRESS

Rae Lea Cousens
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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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

October 10, 2010

Agency Board
Urban Renewal Agency of the City of Coos Bay
Coos Bay, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information Urban Renewal Agency of the City of Coos Bay, as of and for the year ended June 30, 2010 which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

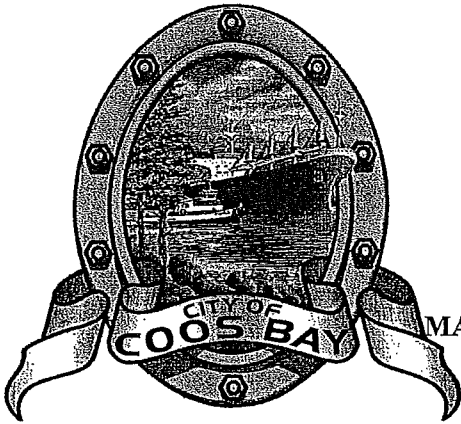
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Coos Bay, as of June 30, 2010, and the results of its operations for the year then ended.

The Management's Discussion and Analysis beginning on page 2 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted primarily of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of expressing opinions on the financial statements that collectively comprise the Urban Renewal Agency of the City of Coos Bay's basic financial statements. The required supplementary and supplementary data, including combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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City of Coos Bay

Finance Department

500 Central Avenue, Coos Bay, Oregon 97420 • Phone 541-269-8915

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MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2010

This discussion and analysis presents the highlights of financial activities and financial position for the Urban Renewal Agency of the Agency of Coos Bay (Agency). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Agency.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please read it in conjunction with the Agency's financial statements (beginning on page 8).

FINANCIAL HIGHLIGHTS

The Agency's net assets increased by \$625,541 from \$4,103,929 in FYE09 to \$4,729,470 in FYE10 (or 15.24%) primarily due to current revenues exceeding current expenditures on capital projects. Capital assets increased \$1,601,786 from \$2,762,385 in FYE09 to \$4,364,171 in FYE10 (or 57.98%) primarily due to the Visitors' Center Construction Project. Long-term debt increased \$766,535 from \$5,341,156 in FYE09 to \$6,107,691 in FYE10 (or 14.3%) due to the Visitors' Center long term debt (maturity 2019).

Governmental activities revenue increased \$52,375 from \$1,466,061 in FYE09 to \$1,518,436 in FYE10 (or 3.5%) primarily due to \$141,059 (or 10.7%) increase in tax increment revenue from \$1,316,106 (FYE09) to \$1,457,165 (FYE10) offset by a \$91,652 (or 62.4%) decrease in investment earnings from \$146,923 (FYE09) to \$55,271 (FYE10). Expenditures increased \$122,347 from \$469,920 (FYE09) to \$592,267 (FYE10) (or 26.1%) and for interest on long-term debt increased \$44,734 (or 17.5%) from \$255,894 (FYE09) to \$300,628 (FYE10) primarily due to the Visitors' Center Construction Project.

Overall Agency expenditures for capital projects increased \$167,081 from \$725,814 (FYE09) to \$892,895 (FYE10) (or 23.1%) due to an increase in both capital project expenditures and long-term debt. Major expenditures for 2009-2010 include the Visitors' Center Construction Project; Mutual Incubator and Façade Programs; Empire Restroom Project; Hollering Point Wayside; Fiber Project; and Economic Development including Boat Building Center, Traffic Circulation Study, Egyptian Theatre Structural Report and Pedestrian Way Plan.

REPORT LAYOUT

The Agency's annual financial report consists of several sections. Taken together they provide a comprehensive look at the Agency. The components of the report include the following:

Management's Discussion and Analysis. This section of the report provides financial highlights, overview and economic factors affecting the Agency.

Basic Financial Statements. Includes Statement of Net Assets, Statement of Activities, fund financial statements and the notes to the financial statements. Statements of Net Assets and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Agency.

- The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the Agency owns (excluding infrastructure), the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
- The Statement of Activities focuses on gross and net costs of the Agency programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Agency's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." Budgetary comparison statements are presented here for the five major funds; the Downtown Special Revenue Fund, the Empire Special Revenue Fund, the Downtown Bond Fund, the Downtown Capital Projects Fund, and the Empire Capital Projects Fund. The Agency had no proprietary funds or business-type activity.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Agency's financial condition.

Other Supplementary Information. Readers desiring additional information on non-major funds can find it in the Combining Statements of Non-major Funds and/or the Supplementary Information-Budgetary Comparison sections of this report. Components within this section include:

- Combining Statements. Major funds are included within the Basic Financial Statements, whereas non-major funds are presented here. These statements include balance sheets and statements of revenues, expenditures and changes in fund balances.
- Budgetary Comparisons. Budgetary information for all funds, except for the five major funds, which are presented in the Basic Financial Statements, is presented here.
- Other Financial Schedules complete the Financial Section of the report.

Reports by independent certified public accountants. Supplemental communication on Agency compliance and internal controls as required by Oregon statutes.

AGENCY AS A WHOLE

Government-Wide Financial Statements

Table 1
Net Assets at Fiscal Year-End
(In millions)

| | Governmental Activities | |
|----------------------------|------------------------------------|---------------|
| | <u>2010</u> | <u>2009</u> |
| Cash and investments | \$6.50 | \$6.68 |
| Capital assets | 4.37 | 2.76 |
| Long term receivables | 0.16 | 0.14 |
| Total assets | <u>11.03</u> | <u>9.58</u> |
| Other liabilities | 0.87 | 0.68 |
| Long term debt outstanding | 5.43 | 4.80 |
| Total liabilities | <u>6.30</u> | <u>5.48</u> |
| Reserved/Invested | 1.13 | 0.50 |
| Unrestricted | 3.60 | 3.60 |
| Total net assets | <u>\$4.73</u> | <u>\$4.10</u> |

Statement of Net Assets at June 30, 2010:

During fiscal year 2009-2010 several events changed the balance of net assets. An explanation of each follows.

The Agency's net assets increased by \$625,541 from \$4,103,929 in FYE09 to \$4,729,470 in FYE10 (or 15.24%) primarily due to current revenues exceeding current expenditures on capital projects. Capital assets increased \$1,601,786 from \$2,762,385 in FYE09 to \$4,364,171 in FYE10 (or 57.98%) primarily due to the Visitors' Center Construction Project. Long-term debt increased \$766,535 from \$5,341,156 in FYE09 to \$6,107,691 in FYE10 (or 14.3%) due to the Visitors' Center long term debt (maturity 2019).

Governmental Activities

The Agency transfers most assets to the City of Coos Bay as a contribution, while the Agency retains the long-term debt not scheduled to be fully retired until fiscal year 2019 .

Business-type Activities

There were no business-type activities during the year.

A portion of the year-end net assets is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expended. Within the governmental activities category are bond proceeds limited for capital projects and taxes limited to repayment of debt.

Statement of Activities for the Year Ended June 30, 2009:

**Table 2
Governmental Activities
For Fiscal Year Ending June 30, 2010
(in millions)**

| | Governmental Activities | |
|-------------------------|------------------------------------|---------------|
| | <u>2010</u> | <u>2009</u> |
| REVENUES | | |
| General revenues | | |
| Taxes | 1.46 | 1.31 |
| Interest | 0.01 | 0.16 |
| Contributions/transfers | 0.00 | 0.00 |
| Other | 0.06 | 0.01 |
| Total revenues | <u>1.52</u> | <u>1.47</u> |
| EXPENSES | | |
| Governmental activities | <u>0.90</u> | <u>0.73</u> |
| Total expenses | <u>0.90</u> | <u>0.73</u> |
| Increase in net assets | 0.63 | 0.74 |
| Beginning net assets | <u>4.10</u> | <u>3.36</u> |
| Ending net assets | <u>4.73</u> | <u>\$4.10</u> |

Governmental Activities

Governmental activities revenue increased \$52,375 from \$1,466,061 in FYE09 to \$1,518,436 in FYE10 (or 3.5%) primarily due to \$141,059 (or 10.7%) increase in tax increment revenue from \$1,316,106 (FYE09) to \$1,457,165 (FYE10) offset by a \$91,652 (or 62.4%) decrease in investment earnings from \$146,923 (FYE09) to \$55,271 (FYE10). Expenditures increased \$122,347 from \$469,920 (FYE09) to \$592,267 (FYE10) (or 26.1%) and for interest on long-term debt increased \$44,734 (or 17.5%) from \$255,894 (FYE09) to \$300,628 (FYE10) primarily due to the Visitors' Center Construction.

Overall Agency expenditures for capital projects increased \$167,081 from \$725,814 (FYE09) to \$892,895 (FYE10) (or 23.1%) due to an increase in both capital project expenditures and long-term debt. Major expenditures for 2009-2010 include the Visitors' Center Construction Project; Virtual Incubator and Façade Programs; Empire Restroom Project; Hollering Point Wayside; Fiber Project; and Economic Development including Boat Building Center, Traffic Circulation Study, Egyptian Theatre Structural Report and Pedestrian Way Plan.

BUDGETARY HIGHLIGHTS

The Agency's total appropriations increased \$1,618,793 (or 17.7%) primarily due to properly appropriating the Downtown Visitors' Center Capital Project Bond Proceeds, the Empire Capital Projects Du Jour Financing and related contractual costs. Actual operating costs in all funds were \$3,113,955 (or 29.0%) of the final total Agency budget of \$10,729,100.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2010 the Agency had invested \$4.36 million in capital assets as reflected in the following table, which represents a net increase (additions, retirements, and depreciation) of \$1.6 million.

Table 3
Capital Assets at Fiscal Year-End
(Net of Depreciation)
(in millions)

| | Governmental | |
|--------------------------|----------------------|-----------------------|
| | Activities | |
| | <u>2010</u> | <u>2009</u> |
| Land & improvements | 1.52 | \$ 1.52 |
| Buildings & improvements | 1.04 | 1.01 |
| Equipment | 0.02 | 0.01 |
| Construction in Progress | 1.78 | 0.22 |
| Total | <u><u>\$4.36</u></u> | <u><u>\$ 2.76</u></u> |

The following table reconciles the change in capital assets. Additions include assets acquired during the fiscal year. Reductions are for depreciation.

Table 4
Change in Capital Assets
(in millions)

| | Governmental |
|--------------------------|---------------------------|
| | Activities |
| Beginning balance | \$2,762,385 |
| Additions | 66,932 |
| Construction in Progress | 1,577,574 |
| Capitalized CIP | (13,233) |
| Depreciation | <u>(29,487)</u> |
| Ending balance | <u><u>\$4,364,171</u></u> |

Assets from governmental activities increased a net of \$1,601,786. Offsetting decrease was capitalized construction in progress and depreciation.

Debt Outstanding

As of year-end, the Agency had \$6.1 million in debt outstanding compared to \$5.3 million last year. \$670,806 of the debt outstanding at June 30, 2010 is due within one year.

Table 5
Outstanding Debt at Fiscal Year End
(in millions)

| | Totals | |
|-----------------------------|----------------------|---------------------|
| | <u>2010</u> | <u>2009</u> |
| Governmental: | | |
| Tax increment bonds payable | <u>\$ 6.1</u> | <u>\$5.3</u> |
| Total | <u><u>\$ 6.1</u></u> | <u><u>\$5.3</u></u> |

Debt of the Agency has not been rated.

For more detailed information on the Agency's debt and amortization terms refer to pages 22 and 23 of the notes.

ECONOMIC FACTORS

Like all municipalities in Oregon, the Agency is indirectly operating under Measure 50, the ad valorem tax limitation measure approved by voters on May 20, 1997. This measure rolled back assessed values to 1995-96 levels and effectively limited increased property tax revenues in future years to a maximum of 3 percent, with permitted allowances for increasing valuations based on new construction. No substantive changes to the basic provisions of Measure 50 have been enacted during subsequent Oregon Legislative sessions. However, as an urban renewal agency, the Agency receives tax increment revenues; calculated on the assessed value over the frozen base, which was set at the time the urban renewal district was formed.

The economic conditions nationwide have little impact on the Agency's primary source of revenue, property taxes, because of the above mentioned tax limitations. Tax increment revenues continue to increase over 3% per year.

FINANCIAL CONTACT

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, please contact the City of Coos Bay's Finance Director at 500 Central Avenue, Coos Bay, Oregon 97420.



Rae Lea Cousens
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 ASSETS
June 30, 2010

| | |
|---|---------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 6,499,622 |
| Taxes Receivable | 162,525 |
| Accounts Receivable | 499 |
| Capital Assets, Net of Accumulated Depreciation | <u>4,364,171</u> |
| Total Assets | <u>11,026,817</u> |
| LIABILITIES:: | |
| Accounts Payable | 172,205 |
| Interest Payable | 17,451 |
| Noncurrent Liabilities | |
| Due within one year | |
| Bonds Payable | 670,806 |
| Due in more than one year | |
| Bonds Payable | <u>5,436,885</u> |
| Total Liabilities | <u>6,297,347</u> |
| NET ASSETS: | |
| Invested in Capital Assets, Net of Related Debt | (1,743,520) |
| Reserved for Capital Projects | 1,987,764 |
| Reserved for Debt Service | 905,431 |
| Unrestricted | <u>3,579,795</u> |
| Total Net Assets | <u>\$ 4,729,470</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, 2010

| FUNCTIONS | EXPENSES | FUNCTION REVENUES | | NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS |
|---|-------------------|----------------------------|--|--|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | |
| Public Works | \$ 592,267 | \$ - | \$ - | \$ (592,267) |
| Interest on Long-term debt | 300,628 | - | - | (300,628) |
| Total Governmental Activities | <u>\$ 892,895</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(892,895)</u> |
| General Revenues: | | | | |
| Property Taxes | | | | 1,457,165 |
| Income Not Restricted to Specific Programs: | | | | |
| Rent Income | | | | 6,000 |
| Investment earnings | | | | <u>55,271</u> |
| Total General Revenues | | | | <u>1,518,436</u> |
| Changes in Net Assets | | | | 625,541 |
| Net Assets - Beginning | | | | <u>4,103,929</u> |
| Net Assets - Ending | | | | <u>\$ 4,729,470</u> |

See accompanying notes to basic financial statements

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URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2010

| | DOWNTOWN SPECIAL REVENUE | EMPIRE SPECIAL REVENUE | DOWNTOWN BOND |
|-------------------------------------|--------------------------------|------------------------------|------------------|
| ASSETS: | | | |
| Cash and Investments | \$ 2,094,596 | \$ 892,489 | \$ - |
| Accounts Receivable | - | - | - |
| Property Taxes Receivables | 105,713 | 56,812 | - |
| Total Assets | <u>\$ 2,200,309</u> | <u>\$ 949,301</u> | <u>\$ -</u> |
| LIABILITIES AND FUND EQUITY: | | | |
| Liabilities: | | | |
| Accounts Payable | \$ - | \$ - | \$ - |
| Deferred Revenue | 97,441 | 52,738 | - |
| Total Liabilities | <u>97,441</u> | <u>52,738</u> | <u>-</u> |
| Fund Balance: | | | |
| Reserved for Capital Projects | - | - | - |
| Reserved for Debt Service | - | - | - |
| Unreserved | 2,102,868 | 896,563 | - |
| Total Fund Balance | <u>2,102,868</u> | <u>896,563</u> | <u>-</u> |
| Total Liabilities and Fund Balance | <u>\$ 2,200,309</u> | <u>\$ 949,301</u> | <u>\$ -</u> |

See accompanying notes to basic financial statements

| <u>DOWNTOWN CAPITAL PROJECTS</u> | <u>EMPIRE BOND</u> | <u>OTHER GOVERNMENTAL</u> | <u>TOTAL GOVERNMENTAL</u> |
|--|------------------------|-------------------------------|-------------------------------|
| \$ 1,823,456 | \$ - | \$ 1,689,081 | \$ 6,499,622 |
| - | - | 499 | 499 |
| - | - | - | 162,525 |
| <u>\$ 1,823,456</u> | <u>\$ -</u> | <u>\$ 1,689,580</u> | <u>\$ 6,662,646</u> |
| | | | |
| \$ 155,298 | \$ - | \$ 16,907 | \$ 172,205 |
| - | - | - | 150,179 |
| <u>155,298</u> | <u>-</u> | <u>16,907</u> | <u>322,384</u> |
| | | | |
| 1,668,158 | - | 319,606 | 1,987,764 |
| - | - | 905,431 | 905,431 |
| - | - | 447,636 | 3,447,067 |
| <u>1,668,158</u> | <u>-</u> | <u>1,672,673</u> | <u>6,340,262</u> |
| <u>\$ 1,823,456</u> | <u>\$ -</u> | <u>\$ 1,689,580</u> | <u>\$ 6,662,646</u> |

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

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

June 30, 2010

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

| | | |
|--|----|-------------------------|
| Fund Balances | \$ | 6,340,262 |
| 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 assets includes those capital assets among the assets of the City as a whole. | | |
| Net Capital Assets | | 4,364,171 |
| Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. | | |
| Long-term debt | | (6,107,691) |
| Interest Payable | | (17,451) |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. | | |
| Deferred Property Taxes | | <u>150,179</u> |
| Total Net Assets | \$ | <u><u>4,729,470</u></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 REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2010

| | DOWNTOWN SPECIAL REVENUE | EMPIRE SPECIAL REVENUE | DOWNTOWN BOND |
|---|--------------------------------|------------------------------|------------------|
| REVENUES: | | | |
| Taxes | \$ 913,377 | \$ 515,695 | \$ - |
| Interest on Investments | 16,991 | 8,426 | - |
| Lease Revenue | - | - | - |
| Total Revenues | <u>930,368</u> | <u>524,121</u> | <u>-</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Material and Services | - | - | - |
| Capital Outlay | - | - | - |
| Debt Service | - | - | 678,280 |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>678,280</u> |
| Excess of Revenues, Over (Under) Expenditures | 930,368 | 524,121 | (678,280) |
| OTHER FINANCING SOURCES (USES) | | | |
| Bond Proceeds | - | - | - |
| Bond Issue Costs | - | - | - |
| Du Jour Financing | - | - | - |
| Transfers In | - | - | 678,280 |
| Transfers Out | (818,480) | (739,711) | - |
| Total Other Financing Sources (Uses) | <u>(818,480)</u> | <u>(739,711)</u> | <u>678,280</u> |
| Net Change in Fund Balance | 111,888 | (215,590) | - |
| Beginning Fund Balance | <u>1,990,980</u> | <u>1,112,153</u> | <u>-</u> |
| Ending Fund Balance | <u>\$ 2,102,868</u> | <u>\$ 896,563</u> | <u>\$ -</u> |

See accompanying notes to basic financial statements.

| <u>DOWNTOWN CAPITAL PROJECTS</u> | <u>EMPIRE BOND</u> | <u>OTHER GOVERNMENTAL</u> | <u>TOTAL GOVERNMENTAL</u> |
|--|------------------------|-------------------------------|-------------------------------|
| \$ - | \$ - | \$ - | \$ 1,429,072 |
| 25,356 | - | 4,498 | 55,271 |
| - | - | 6,000 | 6,000 |
| <u>25,356</u> | <u>-</u> | <u>10,498</u> | <u>1,490,343</u> |
| 174,288 | - | 68,835 | 243,123 |
| 1,830,104 | - | 122,737 | 1,952,841 |
| - | 239,711 | - | 917,991 |
| <u>2,004,392</u> | <u>239,711</u> | <u>191,572</u> | <u>3,113,955</u> |
| (1,979,036) | (239,711) | (181,074) | (1,623,612) |
| 1,402,000 | - | - | 1,402,000 |
| (18,103) | - | - | (18,103) |
| - | (500,000) | 500,000 | - |
| - | 739,711 | 140,200 | 1,558,191 |
| - | - | - | (1,558,191) |
| <u>1,383,897</u> | <u>239,711</u> | <u>640,200</u> | <u>1,383,897</u> |
| (595,139) | - | 459,126 | (239,715) |
| <u>2,263,297</u> | <u>-</u> | <u>1,213,547</u> | <u>6,579,977</u> |
| <u>\$ 1,668,158</u> | <u>\$ -</u> | <u>\$ 1,672,673</u> | <u>\$ 6,340,262</u> |

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, 2010

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 \$ (239,715)

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 | \$ | 1,631,273 | |
| Depreciation Expense | | (29,487) | |
| Net Adjustment | | 1,601,786 | 1,601,786 |

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 | | 635,465 | |
| Bond Proceeds | | (1,402,000) | |
| Interest payable | | 1,912 | |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment combines the net changes in deferred taxes between years.

| | | | |
|----------------------|----|---------|--|
| Property Taxes | | 28,093 | |
| Change in Net Assets | \$ | 625,541 | |

The accompanying notes are an integral part of the 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. 39, are separate organizations that are included in the Agency's 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 such component units of the Agency. The Agency is a 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 Assets 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

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, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to 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.

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 the 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)

EMPIRE PROGRAM

This fund is used to account for lease revenue from real property owned in the empire district. These monies are to be utilized to benefit the Empire Renewal District.

EMPIRE BOND

This fund is used to accumulate monies transferred in from the Empire Special Revenue Fund to service the urban renewal debt.

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

DOWNTOWN PROGRAM

This fund is used to account for lease revenue from real property owned in the downtown district. These monies are to be utilized to benefit the Downtown Renewal District.

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 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 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.

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.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETS (CONTINUED)

The expenditure budgets are appropriated at the following levels:

LEVEL OF CONTROL

Materials and Services
Capital Outlay
Debt Service
Operating Contingency
Transfers

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 budget amounts. Expenditures in all funds were within authorized appropriations.

D. 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.

E. 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. Accordingly, actual results could differ from those estimates.

F. 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 for 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

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. RECEIVABLES AND PAYABLES (CONTINUED)

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.

G. 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 five years. 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 |

H. 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.

I. NET ASSETS

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

Invested in capital assets, net of related debt – 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.

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

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

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. 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, 2010.

2. CASH AND INVESTMENTS

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

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, 2010 consisted of:

| | |
|-------------|---------------------|
| Pooled Cash | <u>\$ 6,499,622</u> |
| Total | <u>\$ 6,499,622</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, 2010, none of the bank balance was exposed to custodial credit risk because it was either insured or collateralized.

INVESTMENTS

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

the State's investment policies. The State Treasurer is the investment officer for the Oregon Investment Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. Investments are stated at fair value.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2010 the fair value of the position in the LGIP is 99.56% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements.

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, 2010, 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.

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.

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

| Description | 7/1/2009 Beginning Balance | Increases | Decreases | 6/30/2010 Ending Balance |
|---|----------------------------------|---------------------|--------------------|--------------------------------|
| Governmental Activities | | | | |
| Capital assets not depreciated | | | | |
| Land and improvements | \$ 1,518,194 | \$ - | \$ - | \$ 1,518,194 |
| Construction in Progress | 220,093 | 1,577,574 | (13,233) | 1,784,434 |
| Total Capital assets not depreciated | 1,738,287 | 1,577,574 | (13,233) | 3,302,628 |
| Other capital assets at historical cost | | | | |
| Buildings and improvements | 1,059,656 | 53,920 | - | 1,113,576 |
| Equipment and machinery | 32,966 | 13,012 | - | 45,978 |
| Total other capital assets at historical cost | 1,092,622 | 66,932 | - | 1,159,554 |
| Less Accumulated Depreciation | | | | |
| Buildings and improvements | (47,772) | (23,377) | - | (71,149) |
| Equipment and machinery | (20,752) | (6,110) | - | (26,862) |
| Total accumulated depreciation | (68,524) | (29,487) | - | (98,011) |
| Other capital assets, net | 1,024,098 | - | - | 1,061,543 |
| Governmental activities capital assets, net | <u>\$ 2,762,385</u> | <u>\$ 1,615,019</u> | <u>\$ (13,233)</u> | <u>\$ 4,364,171</u> |

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

| | |
|--|------------------|
| Public Works | <u>\$ 29,487</u> |
| Total depreciation for governmental activities | <u>\$ 29,487</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, as there are no business-type activities in the current operations.

\$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, 2010, 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> |
| 2010-11 | 525,520 | 378,951 | 146,569 |
| 2011-12 | 525,520 | 396,097 | 129,423 |
| 2012-13 | 525,520 | 414,715 | 110,805 |
| 2013-14 | 525,520 | 433,853 | 91,667 |
| 2014-15 | 525,520 | 453,873 | 71,647 |
| 2016-19 | <u>1,313,800</u> | <u>1,228,299</u> | <u>85,501</u> |
| Total | <u>\$ 3,941,400</u> | <u>\$ 3,305,788</u> | <u>\$ 635,612</u> |

Interest Rate: Fixed annual rate of 4.5%

\$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. The future requirements for amortization of these outstanding urban renewal bonds as of June 30, 2010, 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> |
| 2010-11 | 239,711 | 170,855 | 68,856 |
| 2011-12 | 239,711 | 180,675 | 59,036 |
| 2012-13 | 239,711 | 189,168 | 50,543 |
| 2013-14 | 239,711 | 197,897 | 41,814 |
| 2014-15 | 239,711 | 207,030 | 32,681 |
| 2016-19 | <u>599,278</u> | <u>562,278</u> | <u>37,000</u> |
| Total | <u>\$ 1,797,833</u> | <u>\$1,507,903</u> | <u>\$ 289,930</u> |

Interest Rate: Fixed annual rate of 4.5%

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG-TERM DEBT (CONTINUED)

\$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, 2010, are as follows:

| <u>Fiscal Year</u> | <u>Issue of August, 28, 2009 (Series 2009)</u> | | |
|--------------------|--|---------------------|-------------------|
| | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
| 2010-11 | 172,824 | 121,000 | 51,824 |
| 2011-12 | 173,802 | 127,000 | 46,802 |
| 2012-13 | 173,554 | 132,000 | 41,554 |
| 2013-14 | 173,080 | 137,000 | 36,080 |
| 2014-15 | 173,402 | 143,000 | 30,402 |
| 2016-19 | <u>693,860</u> | <u>634,000</u> | <u>59,860</u> |
| Total | <u>\$ 1,560,522</u> | <u>\$ 1,294,000</u> | <u>\$ 266,522</u> |

Interest Rate: Fixed annual rate of 4.1%

In prior years, the Downtown Bond and Empire Bond funds have been used to liquidate long-term liabilities.

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>7/1/2009</u> | | | <u>6/30/2010</u> | <u>One Year</u> |
| Urban Renewal Bonds | | | | | |
| Downtown (Series 1/23/03 A) | \$ 3,668,023 | \$ - | \$ (362,235) | \$ 3,305,788 | \$ 378,951 |
| Empire (Series 1/24/03 A) | 1,673,133 | - | (165,230) | 1,507,903 | 170,855 |
| Downtown (Series 08/28/09) | <u>-</u> | <u>1,402,000</u> | <u>(108,000)</u> | <u>1,294,000</u> | <u>121,000</u> |
| Total | <u>\$ 5,341,156</u> | <u>\$ 1,402,000</u> | <u>\$ (635,465)</u> | <u>\$ 6,107,691</u> | <u>\$ 670,806</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, 2010, is as follows:

| | |
|--------------------------|---------------------|
| <u>Transfers Out:</u> | |
| Downtown Speical Revenue | \$ 818,480 |
| Empire Special Revenue | <u>739,711</u> |
| Total | <u>\$ 1,558,191</u> |

| | |
|---------------------|---------------------|
| <u>Transfers In</u> | |
| Downtown Bond Fund | \$ 678,280 |
| Empire Bond Fund | 739,711 |
| Other Governmental | <u>140,200</u> |
| Total | <u>\$ 1,558,191</u> |

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.

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URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

REQUIRED SUPPLEMENTARY DATA

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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, 2010

DOWNTOWN SPECIAL REVENUE FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET</u> |
|---|----------------------------|-------------------------|---------------------|---|
| REVENUES: | | | | |
| Property Taxes | \$ 882,658 | \$ 882,658 | \$ 913,377 | \$ 30,719 |
| Interest on Investments | 16,514 | 16,514 | 16,991 | 477 |
| Total Revenues | <u>899,172</u> | <u>899,172</u> | <u>930,368</u> | <u>31,196</u> |
| EXPENDITURES: | | | | |
| Debt Service | <u>1,796,238</u> | <u>1,796,238</u> (1) | - | <u>1,796,238</u> |
| Total Expenditures | <u>1,796,238</u> | <u>1,796,238</u> | - | <u>1,796,238</u> |
| Excess of Revenues, Over (Under) Expenditures | (897,066) | (897,066) | 930,368 | 1,827,434 |
| Other Financing Sources, (Uses) | | | | |
| Transfers Out | <u>(836,330)</u> | <u>(836,330)</u> (1) | <u>(818,480)</u> | <u>17,850</u> |
| Net Change in Fund Balance | (1,733,396) | (1,733,396) | 111,888 | 1,845,284 |
| Beginning Fund Balance | <u>1,733,396</u> | <u>1,733,396</u> | <u>1,990,980</u> | <u>257,584</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,102,868</u> | <u>\$ 2,102,868</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, 2010

EMPIRE SPECIAL REVENUE FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET</u> |
|---|----------------------------|-------------------------|-------------------|---|
| REVENUES: | | | | |
| Property Taxes | \$ 437,997 | \$ 437,997 | \$ 515,695 | \$ 77,698 |
| Interest on Investments | 9,174 | 9,174 | 8,426 | (748) |
| Total Revenues | <u>447,171</u> | <u>447,171</u> | <u>524,121</u> | <u>76,950</u> |
| EXPENDITURES: | | | | |
| Debt Service | <u>999,076</u> | <u>659,076</u> (1) | <u>-</u> | <u>659,076</u> |
| Total Expenditures | <u>999,076</u> | <u>659,076</u> | <u>-</u> | <u>659,076</u> |
| Excess of Revenues Over, (Under) Expenditures | (551,905) | (211,905) | 524,121 | 736,026 |
| Other Financing Sources, (Uses) | | | | |
| Transfers Out | <u>(399,711)</u> | <u>(739,711)</u> (1) | <u>(739,711)</u> | <u>-</u> |
| Total Other Financing Sources, (Uses) | <u>(399,711)</u> | <u>(739,711)</u> | <u>(739,711)</u> | <u>-</u> |
| Net Change in Fund Balance | (951,616) | (951,616) | (215,590) | 736,026 |
| Beginning Fund Balance | <u>951,616</u> | <u>951,616</u> | <u>1,112,153</u> | <u>160,537</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 896,563</u> | <u>\$ 896,563</u> |

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SUPPLEMENTARY DATA

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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, 2010

DOWNTOWN BOND FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET</u> |
|---|----------------------------|-------------------------|---------------|---|
| REVENUES: | | | | |
| Interest on Investments | \$ - | \$ - | \$ - | \$ - |
| Total Revenues | - | - | - | - |
| EXPENDITURES: | | | | |
| Debt Service | | | | |
| Principal | 457,640 | 457,640 | 470,235 | (12,595) |
| Interest | 223,285 | 223,285 | 208,045 | 15,240 |
| Total Expenditures | 680,925 | 680,925 (1) | 678,280 | 2,645 |
| Excess of Revenues Over, (Under) Expenditures | (680,925) | (680,925) | (678,280) | 2,645 |
| Other Financing Sources, (Uses) | | | | |
| Transfers In | 680,925 | 680,925 | 678,280 | (2,645) |
| Total Other Financing Sources, (Uses) | 680,925 | 680,925 | 678,280 | (2,645) |
| Net Change in Fund Balance | - | - | - | - |
| Beginning Fund Balance | - | - | - | - |
| Ending Fund Balance | \$ - | \$ - | \$ - | \$ - |

(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, 2010

DOWNTOWN CAPITAL PROJECTS FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET</u> |
|--|----------------------------|-------------------------|---------------------|---|
| REVENUES: | | | | |
| Interest on Investments | \$ 25,500 | \$ 25,500 | \$ 25,356 | \$ (144) |
| Total Revenues | <u>25,500</u> | <u>25,500</u> | <u>25,356</u> | <u>(144)</u> |
| EXPENDITURES: | | | | |
| Materials and Services | 192,391 | 192,391 (1) | 174,288 | 18,103 |
| Capital Outlay | <u>2,387,086</u> | <u>3,498,405 (1)</u> | <u>1,830,104</u> | <u>1,668,301</u> |
| Total Expenditures | <u>2,579,477</u> | <u>3,690,796</u> | <u>2,004,392</u> | <u>1,686,404</u> |
| Excess of Revenues Over, -Under Expenditures | (2,553,977) | (3,665,296) | (1,979,036) | (1,686,548) |
| Other Financing Sources, (Uses) | | | | |
| Bond Proceeds | - | 1,111,319 | 1,402,000 | 290,681 |
| Bond Issuance Costs | <u>-</u> | <u>-</u> | <u>(18,103)</u> | <u>18,103</u> |
| Total Other Financing Sources, (Uses) | <u>-</u> | <u>1,111,319</u> | <u>1,383,897</u> | <u>308,784</u> |
| Net Change in Fund Balance | (2,553,977) | (2,553,977) | (595,139) | (1,377,764) |
| Beginning Fund Balance | <u>2,553,977</u> | <u>2,553,977</u> | <u>2,263,297</u> | <u>(290,680)</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,668,158</u> | <u>\$ 1,668,158</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, 2010

| <u>EMPIRE BOND FUND</u> | | | | |
|--|----------------------------|-------------------------|----------------|---|
| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET</u> |
| EXPENDITURES: | | | | |
| Debt Service | | | | |
| Principal | \$ 165,230 | \$ 165,230 | \$ 165,230 | \$ - |
| Interest | 74,481 | 74,481 | 74,481 | - |
| Total Expenditures | <u>239,711</u> | <u>239,711 (1)</u> | <u>239,711</u> | <u>-</u> |
| Excess of Revenues Over, -Under Expenditures | (239,711) | (239,711) | (239,711) | - |
| Other Financing Sources, (Uses) | | | | |
| Transfers In | 239,711 | 739,711 | 739,711 | - |
| Du Jour Financing | - | (500,000) (1) | (500,000) | - |
| Total Other Financing Sources, (Uses) | <u>239,711</u> | <u>239,711</u> | <u>239,711</u> | <u>-</u> |
| 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

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
June 30, 2010

| | <u>SPECIAL REVENUE</u> | |
|---|---------------------------|-----------------------------|
| | <u>EMPIRE PROGRAM</u> | <u>DOWNTOWN PROGRAM</u> |
| ASSETS: | | |
| Cash and Investments | \$ 426,720 | \$ 20,417 |
| Accounts Receivable | - | 499 |
| Total Assets | <u>\$ 426,720</u> | <u>\$ 20,916</u> |
| LIABILITIES: | | |
| Accounts Payable | \$ - | \$ - |
| Total Liabilities | <u>-</u> | <u>-</u> |
| FUND EQUITY: | | |
| Fund Equity: | | |
| Reserve for Debt Service | - | - |
| Reserve for Capital Projects | - | - |
| Unreserved, reported in special revenue funds | 426,720 | 20,916 |
| Total Fund Equity | <u>426,720</u> | <u>20,916</u> |
| Total Liabilities and Fund Equity | <u>\$ 426,720</u> | <u>\$ 20,916</u> |

| <u>DEBT SERVICE</u> | | <u>CAPITAL PROJECT</u> | |
|--------------------------------------|------------------------------------|--|--|
| <u>DOWNTOWN BOND RESERVE</u> | <u>EMPIRE BOND RESERVE</u> | <u>EMPIRE CAPITAL PROJECTS</u> | <u>TOTAL NONMAJOR GOVERNMENTAL</u> |
| \$ 665,720 | \$ 239,711 | \$ 336,513 | \$ 1,689,081 |
| - | - | - | 499 |
| <u>\$ 665,720</u> | <u>\$ 239,711</u> | <u>\$ 336,513</u> | <u>\$ 1,689,580</u> |
| \$ - | \$ - | \$ 16,907 | \$ 16,907 |
| - | - | 16,907 | 16,907 |
| 665,720 | 239,711 | - | 905,431 |
| - | - | 319,606 | 319,606 |
| - | - | - | 447,636 |
| <u>665,720</u> | <u>239,711</u> | <u>319,606</u> | <u>1,672,673</u> |
| <u>\$ 665,720</u> | <u>\$ 239,711</u> | <u>\$ 336,513</u> | <u>\$ 1,689,580</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, 2010

| | <u>SPECIAL REVENUE</u> | |
|---|---------------------------|-----------------------------|
| | <u>EMPIRE PROGRAM</u> | <u>DOWNTOWN PROGRAM</u> |
| REVENUES: | | |
| Lease Revenue | \$ - | \$ 6,000 |
| Interest on Investments | 3,264 | 133 |
| Total Revenues | <u>3,264</u> | <u>6,133</u> |
| EXPENDITURES: | | |
| Materials and Services | - | - |
| Capital Outlay | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> |
| Excess of Revenues Over, (Under) Expenditures | 3,264 | 6,133 |
| OTHER FINANCING SOURCES (USES) | | |
| Du Jour Financing | - | - |
| Transfers In | - | - |
| Transfers Out | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | 3,264 | 6,133 |
| Beginning Fund Balance | <u>423,456</u> | <u>14,783</u> |
| Ending Fund Balance | <u>\$ 426,720</u> | <u>\$ 20,916</u> |

| <u>DEBT SERVICE</u> | | <u>CAPITAL PROJECT</u> | |
|--------------------------------------|------------------------------------|--|--|
| <u>DOWNTOWN BOND RESERVE</u> | <u>EMPIRE BOND RESERVE</u> | <u>EMPIRE CAPITAL PROJECTS</u> | <u>TOTAL NONMAJOR GOVERNMENTAL</u> |
| \$ - | \$ - | \$ - | \$ 6,000 |
| - | - | 1,101 | 4,498 |
| - | - | 1,101 | 10,498 |
| - | - | 68,835 | 68,835 |
| - | - | 122,737 | 122,737 |
| - | - | 191,572 | 191,572 |
| - | - | (190,471) | (181,074) |
| - | - | 500,000 | 500,000 |
| 140,200 | - | - | 140,200 |
| - | - | - | - |
| 140,200 | - | 500,000 | 640,200 |
| 140,200 | - | 309,529 | 459,126 |
| 525,520 | 239,711 | 10,077 | 1,213,547 |
| <u>\$ 665,720</u> | <u>\$ 239,711</u> | <u>\$ 319,606</u> | <u>\$ 1,672,673</u> |

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, 2010

EMPIRE PROGRAM FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|----------------------------|----------------------------|-------------------------|-------------------|---|
| REVENUES: | | | | |
| Interest on Investments | \$ 4,300 | \$ 4,300 | \$ 3,264 | \$ (1,036) |
| Total Revenues | <u>4,300</u> | <u>4,300</u> | <u>3,264</u> | <u>(1,036)</u> |
| EXPENDITURES: | | | | |
| Materials and Services | 20,000 | 20,000 (1) | - | 20,000 |
| Capital Outlay | <u>414,412</u> | <u>414,412 (1)</u> | <u>-</u> | <u>414,412</u> |
| Total Expenditures | <u>434,412</u> | <u>434,412</u> | <u>-</u> | <u>434,412</u> |
| Net Change in Fund Balance | (430,112) | (430,112) | 3,264 | 433,376 |
| Beginning Fund Balance | <u>430,112</u> | <u>430,112</u> | <u>423,456</u> | <u>(6,656)</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 426,720</u> | <u>\$ 426,720</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, 2010

DOWNTOWN PROGRAM FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET</u> |
|----------------------------|----------------------------|-------------------------|------------------|---|
| REVENUES: | | | | |
| Lease Revenue | \$ 2,400 | \$ 2,400 | \$ 6,000 | \$ (3,600) |
| Interest on Investments | 150 | 150 | 133 | (17) |
| Total Revenues | <u>2,550</u> | <u>2,550</u> | <u>6,133</u> | <u>(3,617)</u> |
| EXPENDITURES: | | | | |
| Materials and Services | 2,000 | 2,000 (1) | - | 2,000 |
| Capital Outlay | 14,430 | 14,430 (1) | - | 14,430 |
| Total Expenditures | <u>16,430</u> | <u>16,430</u> | <u>-</u> | <u>16,430</u> |
| Net Change in Fund Balance | (13,880) | (13,880) | 6,133 | 20,013 |
| Beginning Fund Balance | <u>13,880</u> | <u>13,880</u> | <u>14,783</u> | <u>903</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 20,916</u> | <u>\$ 20,916</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, 2010

DOWNTOWN BOND RESERVE FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET</u> |
|---------------------------------|----------------------------|-------------------------|-------------------|---|
| EXPENDITURES: | | | | |
| Contingency | \$ 680,925 | \$ 680,925 | (1) \$ - | \$ 680,925 |
| Total Expenditures | <u>680,925</u> | <u>680,925</u> | <u>-</u> | <u>680,925</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer In | <u>155,405</u> | <u>155,405</u> | <u>140,200</u> | <u>(15,205)</u> |
| Net Change in Fund Balance | 836,330 | 836,330 | 140,200 | 696,130 |
| Beginning Fund Balance | <u>525,520</u> | <u>525,520</u> | <u>525,520</u> | <u>-</u> |
| Ending Fund Balance | <u>\$ 1,361,850</u> | <u>\$ 1,361,850</u> | <u>\$ 665,720</u> | <u>\$ (696,130)</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, 2010

EMPIRE BOND RESERVE FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET</u> |
|------------------------|----------------------------|-------------------------|-------------------|---|
| EXPENDITURES: | | | | |
| Contingency | \$ 239,711 | \$ 239,711 | (1) \$ - | \$ 239,711 |
| Total Expenditures | <u>239,711</u> | <u>239,711</u> | <u>-</u> | <u>239,711</u> |
| Beginning Fund Balance | <u>239,711</u> | <u>239,711</u> | <u>239,711</u> | <u>-</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 239,711</u> | <u>\$ 239,711</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, 2010

EMPIRE CAPITAL PROJECTS FUND

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|---|--------------------|-----------------|-------------|----------------------------------|
| REVENUES: | | | | |
| Interest on Investments | \$ 1,612 | \$ 1,612 | \$ 1,101 | \$ (511) |
| Total Revenues | 1,612 | 1,612 | 1,101 | (511) |
| EXPENDITURES: | | | | |
| Materials and Services | 61,361 | 68,836 | (1) 68,835 | 1 |
| Capital Outlay | 145,000 | 637,525 | (1) 122,737 | 514,788 |
| Total Expenditures | 206,361 | 706,361 | 191,572 | 514,789 |
| Excess of Revenues Over, (Under) Expenditures | (204,749) | (704,749) | (190,471) | 514,278 |
| Other Financing Sources, (Uses) | | | | |
| Du Jour Financing | - | 500,000 | 500,000 | - |
| Transfers In | 160,000 | 160,000 | - | (160,000) |
| Total Other Financing Sources, (Uses) | 160,000 | 660,000 | 500,000 | (160,000) |
| Net Change in Fund Balance | (44,749) | (44,749) | 309,529 | 354,278 |
| Beginning Fund Balance | 44,749 | 44,749 | 10,077 | (34,672) |
| Ending Fund Balance | \$ - | \$ - | \$ 319,606 | \$ 319,606 |

(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, 2010

| TAX YEAR | ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/09 | DEDUCT DISCOUNTS | ADJUSTMENTS TO ROLLS | INTEREST | CASH COLLECTIONS BY COUNTY TREASURER | BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/10 |
|-----------------|---|------------------|----------------------|----------|--------------------------------------|--|
| Current: | | | | | | |
| 2009-10 | \$ 1,498,039 | \$ 35,921 | \$ (2,605) | \$ 219 | \$ 1,365,771 | \$ 93,742 |
| Prior Years: | | | | | | |
| 2008-09 | 83,823 | (19) | (8) | 2,717 | 41,645 | 42,189 |
| 2007-08 | 33,572 | (7) | (2,796) | 2,027 | 14,154 | 16,629 |
| 2006-07 | 17,103 | (18) | (222) | 2,301 | 10,465 | 6,434 |
| 2005-06 | 7,096 | (3) | 511 | 1,557 | 6,279 | 1,331 |
| 2004-05 & Prior | 3,465 | (1) | (772) | 179 | 494 | 2,200 |
| Total Prior | 145,059 | (48) | (3,287) | 8,781 | 73,037 | 68,783 |
| Total | \$ 1,643,098 | \$ 35,873 | \$ (5,892) | \$ 9,000 | \$ 1,438,808 | \$ 162,525 |

BALANCE UNCOLLECTED OR UNSEGREGATED

| | |
|---|-------------------|
| Downtown Special Revenue Fund | \$ 105,713 |
| Empire Special Revenue Fund | 56,812 |
| Total Balance Uncollected or Unsegregated - All Funds | <u>\$ 162,525</u> |

RECONCILIATION TO REVENUE:

| | DOWNTOWN SPECIAL REVENUE | EMPIRE SPECIAL REVENUE |
|--|--------------------------|------------------------|
| Cash Collections by County Treasurer Above | \$ 918,852 | \$ 519,956 |
| Add Additional Tax Payments by County | | |
| Accrual of Receivables: | | |
| June 30, 2009 | (15,405) | (7,570) |
| June 30, 2010 | 8,272 | 4,074 |
| Taxes, (Adjustments) in Lieu | 1,658 | (765) |
| Total Revenue | <u>\$ 913,377</u> | <u>\$ 515,695</u> |

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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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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

October 10, 2010

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, 2010, and have issued our report thereon dated October 10, 2010. 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.

Pauly, Rogers and Co. P.C.
PAULY, ROGERS AND CO., P.C.