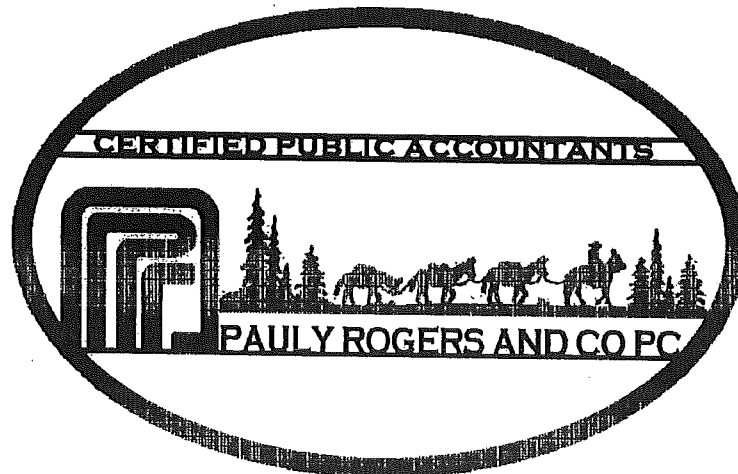


**URBAN RENEWAL AGENCY
OF THE CITY OF COOS BAY
(A component unit of the City of Coos Bay)
COOS COUNTY, OREGON**

**FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009**



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, 2009

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URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

AGENCY BOARD MEMBERS AS OF JUNE 30, 2009

<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
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

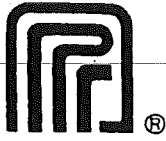
COOS COUNTY, OREGON

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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

November 9, 2009

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, 2009 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, 2009, and the results of its operations for the year then ended.

The Management's Discussion and Analysis on page 2 and the major fund budgetary schedules on pages 24-25 are not required parts of the basic financial statements but are 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 supplementary data, including combining and individual nonmajor fund financial statements 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.

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

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City of Coos Bay

Office of the City Manager

500 Central Avenue, Coos Bay, Oregon 97420 • Phone 541-269-8912

Fax 541-267-5912 • <http://www.coosbay.org>

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2009

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 \$740,247 from \$3,363,682 to \$4,103,929 (or 18.04% of FYE09 total net assets) primarily due to current revenues exceeding current expenditures for capital projects. Capital assets increased \$427,825 from \$2,334,560 to \$2,762,385 (or 15.58% of FYE09 total capital assets). Long-term debt decreased \$504,200 from \$5,845,356 to \$5,341,156 (or 8.63% of FYE08 total long-term debt).

Governmental activities revenue decreased \$202,825 from \$1,668,886 to 1,466,061 (or 12.15% of FYE09 total general revenues) primarily due to the previous year's one-time \$100,000 donation received for the Mabel Hansen Gallery Project and a decline in interest earnings of \$173,002 from \$319,925 to \$146,923 (or approximately 54.1% of FYE08 total interest). Tax revenues increased \$69,545 from \$1,246,561 to \$1,316,106 (or 5.28% of FYE09 total tax revenue) while expenditures increased \$276,322 from \$193,598 to \$469,920 (or 58.8% of total public works for FYE09).

Overall Agency expenditures increased \$248,216 from \$477,598 to 725,814 (or 34.2% of total FYE09 government activities) primarily due to an increase in capital project expenditures and a decrease in long-term interest debt interest of \$28,106 from \$284,000 to \$255,894 (or 9.9% of FYE08 interest on long-term debt). Major expenditures for 2008-2009 included the Virtual Incubator, Façade Program, Economic Development and Retention, Hollering Point, Visitor Center, Central Dock, Art Museum, Library, Traffic Circulation and Debt Service.

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>2009</u>	<u>2008</u>
Cash and investments	\$6.68	\$6.82
Capital assets	2.76	2.33
Long term receivables	.14	0.13
Total assets	<u>9.58</u>	<u>9.28</u>
Other liabilities	0.14	0.58
Long term debt outstanding	5.34	5.34
Total liabilities	<u>5.48</u>	<u>6.36</u>
Net assets:		
Unrestricted	<u>4.10</u>	<u>3.36</u>
Total net assets	<u>\$4.10</u>	<u>\$3.36</u>

Statement of Net Assets at June 30, 2009:

During fiscal year 2008-09 several events changed the balance of net assets. An explanation of each is on page 2.

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 December 2018.

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, 2009
(in millions)

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
REVENUES		
General revenues		
Taxes	1.31	1.25
Interest	.15	0.32
Contributions/transfers	0.00	0.10
Other	.01	.00
Total revenues	<u>1.47</u>	<u>1.67</u>
EXPENSES		
Governmental activities	<u>.73</u>	<u>0.48</u>
Total expenses	<u>.73</u>	<u>0.48</u>
Increase in net assets	.74	1.19
Beginning net assets	<u>3.36</u>	<u>2.17</u>
Ending net assets	<u>\$4.10</u>	<u>\$3.36</u>

BUDGETARY HIGHLIGHTS

The Agency's total appropriations remained unchanged at \$9,866,662. Actual operating costs in all funds were 16.8% of the final budget.

Debt Outstanding

As of year-end, the Agency had \$5.3 million in debt outstanding compared to \$5.8 million last year. \$527,464 of the debt outstanding at June 30, 2009 is due within one year.

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

	Totals	
	<u>2009</u>	<u>2008</u>
Governmental:		
Tax increment bonds payable	\$5.3	\$5.8
Total	<u>\$5.3</u>	<u>\$5.8</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, Finance Director

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2009 the Agency had invested \$2.8 million in capital assets as reflected in the following table, which represents a net increase (additions, retirements, and depreciation) of \$191,500.

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

	Governmental Activities	
	2009	2008
Land & improvements	\$1.52	\$1.31
Buildings & improvements	1.01	0.92
Equipment	.01	0.01
Construction in Progress	.22	0.09
Total	<u>\$2.76</u>	<u>\$2.33</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

	Governmental Activities
Beginning balance	\$2,334,560
Additions	325,477
Construction in Progress	220,093
Capitalized CIP	(93,638)
Depreciation	<u>(24,107)</u>
Ending balance	<u>2,762,385</u>

Assets from governmental activities increased a net of \$427,825. Offsetting decrease was capitalized construction in progress and depreciation.

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, 2009

ASSETS	
Cash and cash equivalents	\$ 6,676,476
Taxes Receivable	145,059
Capital Assets, net of accumulated depreciation	<u>2,762,385</u>
Total Assets	<u>9,583,920</u>
LIABILITIES::	
Accounts Payable	119,473
Interest Payable	19,362
Noncurrent Liabilities	
Due within one year	
Bonds payable	527,464
Due in more than one year	
Bonds payable	<u>4,813,692</u>
Total Liabilities	<u>5,479,991</u>
NET ASSETS:	
Invested in Capital Assets, Net	(2,578,771)
Reserved for Capital Projects	2,273,374
Reserved for Debt Service	765,231
Unrestricted	<u>3,644,095</u>
Total Net Assets	<u>\$ 4,103,929</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, 2009

FUNCTIONS	EXPENSES	FUNCTION REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Public Works	\$ 469,920	\$ -	\$ -	\$ (469,920)
Interest on Long-term debt	255,894	-	-	(255,894)
Total Governmental Activities	<u>\$ 725,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(725,814)</u>
General Revenues:				
Property Taxes				1,316,106
Income Not Restricted to Specific Programs:				
Rent Income				3,032
Investment earnings				146,923
Donations				-
Total General Revenues				<u>1,466,061</u>
Changes in Net Assets				740,247
Net Assets - Beginning				<u>3,363,682</u>
Net Assets - Ending				<u>\$ 4,103,929</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, 2009

	DOWNTOWN SPECIAL REVENUE	EMPIRE SPECIAL REVENUE	DOWNTOWN BOND
ASSETS:			
Cash and Investments	\$ 1,975,576	\$ 1,104,583	\$ -
Property Taxes Receivables, net	97,071	47,988	-
Total Assets	<u>\$ 2,072,647</u>	<u>\$ 1,152,571</u>	<u>\$ -</u>
LIABILITIES AND FUND EQUITY:			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Deferred Revenue	81,667	40,418	-
Total Liabilities	<u>81,667</u>	<u>40,418</u>	<u>-</u>
Fund Balance:			
Reserved for Capital Projects	-	-	-
Reserved for Debt Service	-	-	-
Unreserved	1,990,980	1,112,153	-
Total Fund Balance	<u>1,990,980</u>	<u>1,112,153</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 2,072,647</u>	<u>\$ 1,152,571</u>	<u>\$ -</u>

See accompanying notes to basic financial statements

<u>DOWNTOWN CAPITAL PROJECT</u>	<u>EMPIRE BOND</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL GOVERNMENTAL</u>
\$ 2,375,340	\$ -	\$ 1,220,977	\$ 6,676,476
-	-	-	145,059
<u>\$ 2,375,340</u>	<u>\$ -</u>	<u>\$ 1,220,977</u>	<u>\$ 6,821,535</u>
\$ 112,043	\$ -	\$ 7,430	\$ 119,473
-	-	-	122,085
<u>112,043</u>	<u>-</u>	<u>7,430</u>	<u>241,558</u>
2,263,297	-	10,077	2,273,374
-	-	765,231	765,231
-	-	438,239	3,541,372
<u>2,263,297</u>	<u>-</u>	<u>1,213,547</u>	<u>6,579,977</u>
<u>\$ 2,375,340</u>	<u>\$ -</u>	<u>\$ 1,220,977</u>	<u>\$ 6,821,535</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, 2009

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

Fund Balances	\$	6,579,977
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		2,762,385
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		(5,341,156)
Interest Payable		(19,362)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Deferred Property Taxes		<u>122,085</u>
Total Net Assets	\$	<u><u>4,103,929</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, 2009

	DOWNTOWN SPECIAL REVENUE	EMPIRE SPECIAL REVENUE	DOWNTOWN BOND
REVENUES:			
Taxes	\$ 877,360	\$ 434,508	\$ -
Interest on Investments	38,738	20,513	25
Lease Revenue	-	-	-
Total Revenues	<u>916,098</u>	<u>455,021</u>	<u>25</u>
EXPENDITURES:			
Current:			
Material and Services	-	-	-
Capital Outlay	-	-	-
Debt Service	<u>12,356</u>	<u>-</u>	<u>525,244</u>
Total Expenditures	<u>12,356</u>	<u>-</u>	<u>525,244</u>
Excess of Revenues, Over (Under) Expenditures	903,742	455,021	(525,219)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	525,219
Transfers Out	<u>(525,219)</u>	<u>(236,676)</u>	<u>-</u>
Total other financing sources (uses)	<u>(525,219)</u>	<u>(236,676)</u>	<u>525,219</u>
Net Change in Fund Balance	378,523	218,345	-
Beginning Fund Balance	<u>1,612,457</u>	<u>893,808</u>	<u>-</u>
Ending Fund Balance	<u>\$ 1,990,980</u>	<u>\$ 1,112,153</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

<u>DOWNTOWN CAPITAL PROJECT</u>	<u>EMPIRE BOND</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL GOVERNMENTAL</u>
\$ -	\$ -	\$ -	\$ 1,311,868
62,120	-	25,527	146,923
-	-	3,032	3,032
<u>62,120</u>	<u>-</u>	<u>28,559</u>	<u>1,461,823</u>
144,508	-	84,632	229,140
533,018	-	123,232	656,250
-	236,676	-	774,276
<u>677,526</u>	<u>236,676</u>	<u>207,864</u>	<u>1,659,666</u>
(615,406)	(236,676)	(179,305)	(197,843)
-	236,676	-	761,895
-	-	-	(761,895)
<u>-</u>	<u>236,676</u>	<u>-</u>	<u>-</u>
(615,406)	-	(179,305)	(197,843)
<u>2,878,703</u>	<u>-</u>	<u>1,392,852</u>	<u>6,777,820</u>
<u>\$ 2,263,297</u>	<u>\$ -</u>	<u>\$ 1,213,547</u>	<u>\$ 6,579,977</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, 2009

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 \$ (197,843)

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	\$ 451,933	
Depreciation Expense	<u>(24,107)</u>	
Net Adjustment		427,826

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		504,200
Interest payable		1,826

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		<u>4,238</u>
----------------	--	--------------

Change in Net Assets	\$	<u><u>740,247</u></u>
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The accompanying notes are an integral part of the basic financial statements.

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 component unit of the City of Coos Bay. 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 the sustainability of the Agency 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 the sale of bonds, 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.

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, the government 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.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

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. For governmental fund types, the budgetary basis of accounting is the same as generally accepted accounting principles. 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.

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. 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 and local shared revenue are recorded in accounts receivable. Uncollected property taxes are shown in the government-wide balance sheet. Uncollected taxes are deemed 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.

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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). There were no material inventories on hand at June 30, 2009.

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, 2009 consisted of:

Pooled Cash	<u>\$ 6,676,476</u>
Total	<u><u>\$ 6,676,476</u></u>

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of bank failure, the deposits may not be returned. There is no deposit policy for custodial risk. As of June 30, 2009, 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 the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. Investments are stated at fair value.

COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2009 the fair value of the position in the LGIP is 99.11% 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, 2009, 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 governmental activities for the year ended June 30, 2009 were as follows:

Description	7/1/2008 Beginning Balance	Increases	Decreases	6/30/2009 Ending Balance
Governmental Activities				
Capital assets not depreciated				
Land and improvements	\$ 1,315,976	\$ 202,218	\$ -	\$ 1,518,194
Construction in Progress	93,638	220,093	(93,638)	220,093
Total Capital assets not depreciated	1,409,614	422,311	(93,638)	1,738,287
Other capital assets at historical cost				
Buildings and improvements	942,141	117,515	-	1,059,656
Equipment and machinery	27,222	5,744	-	32,966
Total other capital assets at historical cost	969,363	123,259	-	1,092,622
Less Accumulated Depreciation				
Buildings and improvements	(26,724)	(21,048)	-	(47,772)
Equipment and machinery	(17,693)	(3,059)	-	(20,752)
Total accumulated depreciation	(44,417)	(24,107)	-	(68,524)
Other capital assets, net	924,946	-	-	1,024,098
Governmental activities capital assets, net	\$ 2,334,560	\$ 521,463	\$ (93,638)	\$ 2,762,385

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

Public Works	\$ 24,107
Total depreciation for governmental activities	\$ 24,107

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, 2009, are as follows:

Fiscal Year	Issue of January 24, 2003 (Series 2003 A)		
	Total	Principal	Interest
2009-10	\$ 525,520	\$ 362,234	\$ 163,286
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
2015-19	1,839,319	1,682,173	157,146
Total	<u>\$ 4,466,919</u>	<u>\$ 3,668,023</u>	<u>\$ 798,896</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, 2009, are as follows:

Fiscal Year	Issue of January 24, 2003 (Series 2003 A)		
	Total	Principal	Interest
2009-10	\$ 239,711	\$ 165,230	\$ 74,481
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
2015-19	838,989	769,308	69,681
Total	<u>\$ 2,037,544</u>	<u>\$ 1,673,133</u>	<u>\$ 364,411</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)

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:

	Balance 7/1/2008	Reductions	Balance 6/30/2009	Due Within One Year
Urban Renewal Bonds				
Downtown (Series 1/23/03 A)	\$ 4,014,281	\$ (346,258)	\$ 3,668,023	\$ 362,234
Empire (Series 1/24/03 A)	1,831,075	(157,942)	1,673,133	165,230
Total	<u>\$ 5,845,356</u>	<u>\$ (504,200)</u>	<u>\$ 5,341,156</u>	<u>\$ 527,464</u>

6. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; errors and omissions; and natural disasters. The Agency is covered by The City of Coos Bay's commercial insurance 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, 2009, is as follows:

Transfer Out from:	Transfer In to:		Total
	Downtown Bond	Empire Bond	
Downtown Special Revenue	\$ 525,219	\$ -	\$ 525,219
Empire Special Revenue	-	236,676	236,676
Total Transfers	<u>\$ 525,219</u>	<u>\$ 236,676</u>	<u>\$ 761,895</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.

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, 2009

DOWNTOWN SPECIAL REVENUE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Property Taxes	\$ 939,000	\$ 939,000	\$ 877,360	\$ (61,640)
Interest on Investments	60,000	60,000	38,738	(21,262)
Total Revenues	<u>999,000</u>	<u>999,000</u>	<u>916,098</u>	<u>(82,902)</u>
EXPENDITURES:				
Debt Service	<u>2,088,480</u>	<u>2,088,480 (1)</u>	<u>12,356</u>	<u>2,076,124</u>
Total Expenditures	<u>2,088,480</u>	<u>2,088,480</u>	<u>12,356</u>	<u>2,076,124</u>
Excess of Revenues, Over (Under) Expenditures	(1,089,480)	(1,089,480)	903,742	1,993,222
Other Financing Sources, (Uses)				
Transfers Out	<u>(525,520)</u>	<u>(525,520) (1)</u>	<u>(525,219)</u>	<u>301</u>
Net Change in Fund Balance	(1,615,000)	(1,615,000)	378,523	1,993,523
Beginning Fund Balance	<u>1,615,000</u>	<u>1,615,000</u>	<u>1,612,457</u>	<u>(2,543)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,990,980</u>	<u>\$ 1,990,980</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, 2009

EMPIRE SPECIAL REVENUE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Property Taxes	\$ 483,000	\$ 483,000	\$ 434,508	\$ (48,492)
Interest on Investments	8,000	8,000	20,513	12,513
Total Revenues	<u>491,000</u>	<u>491,000</u>	<u>455,021</u>	<u>(35,979)</u>
EXPENDITURES:				
Debt Service	<u>1,146,289</u>	<u>1,146,289</u> (1)	<u>-</u>	<u>1,146,289</u>
Total Expenditures	<u>1,146,289</u>	<u>1,146,289</u>	<u>-</u>	<u>1,146,289</u>
Excess of Revenues Over, (Under) Expenditures	(655,289)	(655,289)	455,021	1,110,310
Other Financing Sources, (Uses)				
Transfers Out	<u>(239,711)</u>	<u>(239,711)</u> (1)	<u>(236,676)</u>	<u>3,035</u>
Total Other Financing Sources, (Uses)	<u>(239,711)</u>	<u>(239,711)</u>	<u>(236,676)</u>	<u>3,035</u>
Net Change in Fund Balance	(895,000)	(895,000)	218,345	1,113,345
Beginning Fund Balance	<u>895,000</u>	<u>895,000</u>	<u>893,808</u>	<u>(1,192)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,112,153</u>	<u>\$ 1,112,153</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, 2009

DOWNTOWN BOND FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Interest on Investments	\$ -	\$ -	\$ 25	\$ 25
Total Revenues	<u>-</u>	<u>-</u>	<u>25</u>	<u>25</u>
EXPENDITURES:				
Debt Service				
Principal	346,257	346,257	346,257	-
Interest	<u>179,263</u>	<u>179,263</u>	<u>178,987</u>	<u>276</u>
Total Expenditures	<u>525,520</u>	<u>525,520 (1)</u>	<u>525,244</u>	<u>276</u>
Excess of Revenues Over, (Under) Expenditures	(525,520)	(525,520)	(525,219)	301
Other Financing Sources, (Uses)				
Transfers In	<u>525,520</u>	<u>525,520</u>	<u>525,219</u>	<u>(301)</u>
Total Other Financing Sources, (Uses)	<u>525,520</u>	<u>525,520</u>	<u>525,219</u>	<u>(301)</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(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, 2009

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	<u>100,000</u>	<u>100,000</u>	<u>62,120</u>	<u>(37,880)</u>
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>62,120</u>	<u>(37,880)</u>
EXPENDITURES:				
Materials and Services	157,000	157,000 (1)	144,508	12,492
Capital Outlay	<u>2,743,000</u>	<u>2,743,000 (1)</u>	<u>533,018</u>	<u>2,209,982</u>
Total Expenditures	<u>2,900,000</u>	<u>2,900,000</u>	<u>677,526</u>	<u>2,222,474</u>
Net Change in Fund Balance	(2,800,000)	(2,800,000)	(615,406)	2,184,594
Beginning Fund Balance	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,878,703</u>	<u>78,703</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,263,297</u>	<u>\$ 2,263,297</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, 2009

EMPIRE BOND FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
EXPENDITURES:				
Debt Service				
Principal	\$ 157,942	\$ 157,942	\$ 157,942	\$ -
Interest	81,769	81,769	78,734	3,035
Total Expenditures	<u>239,711</u>	<u>239,711 (1)</u>	<u>236,676</u>	<u>3,035</u>
Other Financing Sources, (Uses)				
Transfers In	<u>239,711</u>	<u>239,711</u>	<u>236,676</u>	<u>(3,035)</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
June 30, 2009

	<u>SPECIAL REVENUE</u>	
	<u>EMPIRE PROGRAM</u>	<u>DOWNTOWN PROGRAM</u>
ASSETS:		
Cash and Investments	\$ 425,208	\$ 14,783
Total Assets	<u>\$ 425,208</u>	<u>\$ 14,783</u>
LIABILITIES:		
Accounts Payable	\$ 1,752	\$ -
Total Liabilities	<u>1,752</u>	<u>-</u>
FUND EQUITY:		
Fund Equity:		
Reserve for Debt Service	-	-
Reserve for Capital Projects	-	-
Unreserved, reported in special revenue funds	<u>423,456</u>	<u>14,783</u>
Total Fund Equity	<u>423,456</u>	<u>14,783</u>
Total Liabilities and Fund Equity	<u>\$ 425,208</u>	<u>\$ 14,783</u>

<u>DEBT SERVICE</u>		<u>CAPITAL PROJECT</u>	
<u>DOWNTOWN BOND RESERVE</u>	<u>EMPIRE BOND RESERVE</u>	<u>EMPIRE CAPITAL PROJECT</u>	<u>TOTAL NONMAJOR GOVERNMENTAL</u>
<u>\$ 525,520</u>	<u>\$ 239,711</u>	<u>\$ 15,755</u>	<u>\$ 1,220,977</u>
<u>\$ 525,520</u>	<u>\$ 239,711</u>	<u>\$ 15,755</u>	<u>\$ 1,220,977</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,678</u>	<u>\$ 7,430</u>
<u>-</u>	<u>-</u>	<u>5,678</u>	<u>7,430</u>
525,520	239,711	-	765,231
-	-	10,077	10,077
-	-	-	438,239
<u>525,520</u>	<u>239,711</u>	<u>10,077</u>	<u>1,213,547</u>
<u>\$ 525,520</u>	<u>\$ 239,711</u>	<u>\$ 15,755</u>	<u>\$ 1,220,977</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, 2009

	SPECIAL REVENUE	
	EMPIRE PROGRAM	DOWNTOWN PROGRAM
REVENUES:		
Lease Revenue	\$ -	\$ 3,032
Interest on Investments	8,070	234
Total Revenues	8,070	3,266
EXPENDITURES:		
Materials and Services	12,420	149
Capital Outlay	31	-
Total Expenditures	12,451	149
Net Change in Fund Balance	(4,381)	3,117
Beginning Fund Balance	427,837	11,666
Ending Fund Balance	\$ 423,456	\$ 14,783

<u>DEBT SERVICE</u>		<u>CAPITAL PROJECT</u>	
<u>DOWNTOWN BOND RESERVE</u>	<u>EMPIRE BOND RESERVE</u>	<u>EMPIRE CAPITAL PROJECT</u>	<u>TOTAL NONMAJOR GOVERNMENTAL</u>
\$ -	\$ -	\$ -	\$ 3,032
-	-	17,223	25,527
-	-	17,223	28,559
-	-	72,063	84,632
-	-	123,201	123,232
-	-	195,264	207,864
-	-	(178,041)	(179,305)
525,520	239,711	188,118	1,392,852
<u>\$ 525,520</u>	<u>\$ 239,711</u>	<u>\$ 10,077</u>	<u>\$ 1,213,547</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, 2009

	<u>EMPIRE PROGRAM FUND</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Interest on Investments	\$ 17,000	\$ 17,000	\$ 8,070	\$ (8,930)
Total Revenues	<u>17,000</u>	<u>17,000</u>	<u>8,070</u>	<u>(8,930)</u>
EXPENDITURES:				
Materials and Services	20,000	20,000 (1)	12,420	7,580
Capital Outlay	<u>422,000</u>	<u>422,000 (1)</u>	<u>31</u>	<u>421,969</u>
Total Expenditures	<u>442,000</u>	<u>442,000</u>	<u>12,451</u>	<u>429,549</u>
Net Change in Fund Balance	(425,000)	(425,000)	(4,381)	420,619
Beginning Fund Balance	<u>425,000</u>	<u>425,000</u>	<u>427,837</u>	<u>2,837</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,456</u>	<u>\$ 423,456</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, 2009

DOWNTOWN PROGRAM FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Lease Revenue	\$ 2,400	\$ 2,400	\$ 3,032	\$ (632)
Interest on Investments	400	400	234	(166)
Total Revenues	<u>2,800</u>	<u>2,800</u>	<u>3,266</u>	<u>(798)</u>
EXPENDITURES:				
Materials and Services	2,000	2,000 (1)	149	1,851
Capital Outlay	12,200	12,200 (1)	-	12,200
Total Expenditures	<u>14,200</u>	<u>14,200</u>	<u>149</u>	<u>14,051</u>
Net Change in Fund Balance	(11,400)	(11,400)	3,117	14,517
Beginning Fund Balance	<u>11,400</u>	<u>11,400</u>	<u>11,666</u>	<u>266</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,783</u>	<u>\$ 14,783</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, 2009

DOWNTOWN BOND RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
EXPENDITURES:				
Contingency	\$ 525,520	\$ 525,520	(1) \$ -	\$ 525,520
Total Expenditures	<u>525,520</u>	<u>525,520</u>	<u>-</u>	<u>525,520</u>
Beginning Fund Balance	<u>525,520</u>	<u>525,520</u>	<u>525,520</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,520</u>	<u>\$ 525,520</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, 2009

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><u>\$ -</u></u>	<u><u>\$ 239,711</u></u>	<u><u>\$ 239,711</u></u>

(1) - Appropriation Level

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2009

EMPIRE CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Interest on Investments	\$ 30,000	\$ 30,000	\$ 17,223	\$ (12,777)
Total Revenues	30,000	30,000	17,223	(12,777)
EXPENDITURES:				
Materials and Services	75,000	75,000 (1)	72,063	2,937
Capital Outlay	905,000	905,000 (1)	123,201	781,799
Total Expenditures	980,000	980,000	195,264	784,736
Excess of Revenues Over, (Under) Expenditures	(950,000)	(950,000)	(178,041)	771,959
Other Financing Sources, (Uses)				
Transfers In	900,000	900,000	-	(900,000)
Net Change in Fund Balance	(50,000)	(50,000)	(178,041)	(128,041)
Beginning Fund Balance	50,000	50,000	188,118	138,118
Ending Fund Balance	\$ -	\$ -	\$ 10,077	\$ 10,077

(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, 2009

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/08	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/09
Current:						
2008-09	\$ 1,357,630	\$ 32,242	\$ (4,352)	\$ 979	\$ 1,238,192	\$ 83,823
Prior Years:						
2007-08	72,469	(75)	(2,964)	2,696	38,704	33,572
2006-07	31,212	(4)	(365)	2,178	15,926	17,103
2005-06	15,526	(2)	(281)	2,046	10,197	7,096
2004-05	5,318	(1)	(88)	1,228	5,423	1,036
2003-04 & Prior	3,428	-	(488)	203	714	2,429
Total Prior	127,953	(82)	(4,186)	8,351	70,964	61,236
Total	\$ 1,485,583	\$ 32,160	\$ (8,538)	\$ 9,330	\$ 1,309,156	\$ 145,059

BALANCE UNCOLLECTED OR UNSEGREGATED

Downtown Special Revenue Fund	\$ 97,071
Empire Special Revenue Fund	47,988
Total Balance Uncollected or Unsegregated - All Funds	<u>\$ 145,059</u>

RECONCILIATION TO REVENUE:

	DOWNTOWN SPECIAL REVENUE	EMPIRE SPECIAL REVENUE
Cash Collections by County Treasurer Above	\$ 875,516	\$ 433,640
Add Additional Tax Payments by County		
Accrual of Receivables:		
June 30, 2008	(6,747)	(3,358)
June 30, 2009	15,405	7,570
Taxes, (Adjustments) in Lieu	(6,814)	(3,344)
Total Revenue	<u>\$ 877,360</u>	<u>\$ 434,508</u>

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URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY

COOS COUNTY, OREGON

2008-09 AUDITORS' COMMENTS AND DISCLOSURES

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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

November 9, 2009

2008-09 AUDITORS' COMMENTS AND DISCLOSURES

Oregon Administrative Rules 162-10-000 through 162-16-000 of the Minimum Standards for Audits of Oregon Municipal Corporations, enumerate the basic financial statements, schedules, comments and disclosures required in audit reports. Certain required disclosures, statements and schedules are set forth in preceding pages of this report. Additional required comments and disclosures related to our audit of such statements and schedules are set forth as follows:

REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the basic financial statements of the Urban Renewal Agency of the City of Coos Bay, for the year ended June 30, 2009, and have issued our report thereon dated November 9, 2009.

We conducted our audit in accordance with generally accepted auditing standards 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 misstatements.

In planning and performing our audit of the basic financial statements of the Urban Renewal Agency of the City of Coos Bay, for the year ended June 30, 2009, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Management is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the basic financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Because of a limited number of available personnel, it is not always possible to adequately segregate certain duties so that no one individual has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

REPORT ON INTERNAL ACCOUNTING CONTROL (CONTINUED)

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal controls.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal controls. We noted no significant deficiencies that we consider to be material weaknesses.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses as defined above.

This report is intended solely for the information and use of management and the State of Oregon, Secretary of State, Division of Audits and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

ACCOUNTING RECORDS

The accounting records are adequate for audit.

BUDGET TRANSACTIONS

There were no expenditures which exceeded authorized appropriation levels.

2008-09 and 209-2010 BUDGETS

The budgets adopted for the current and ensuing fiscal year were examined during the audit. Based on our testing we are not aware of any budget preparation and adoption procedures followed that were not in compliance with the Oregon Local Budget Law.

COLLATERAL SECURING BANK DEPOSITS

Deposits appeared to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury throughout the year based upon our testing. Deposits in the State Local Government Investment Pool are not required to be collateralized.

PUBLIC CONTRACTS AND PURCHASING

The procedures for awarding public contracts were reviewed and based on our testing appeared to be in compliance with ORS Chapter 279.

INSURANCE AND FIDELITY BONDS

The insurance coverage provided appears to meet legal requirements. We do not have the professional expertise to state whether the insurance coverage is adequate.

STATUTORY BONDED DEBT LIMITATION

The bonded debt outstanding appeared to be within the limitation established by Oregon Law.

STATE HIGHWAY FUNDS

There were no programs funded by State Highway Funds for the year ended June 30, 2009.

INDEPENDENT ELECTED OFFICIALS

No elected official collected or received funds on behalf of the Agency.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. Since there were no expenditures of federal financial awards for the year ended June 30, 2009, it was not necessary to perform, nor did we perform, tests in accordance with the Federal Single Audit Act, as amended (U.S. Office of Management and Budget Circular A-133).

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

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