

**CITY OF COOS BAY
COOS COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012



**12700 SW 72nd Ave.
Tigard, OR 97223**

CITY OF COOS BAY
COOS COUNTY, OREGON

For the Year Ended June 30, 2012

ANNUAL FINANCIAL REPORT

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CITY OF COOS BAY
COOS COUNTY, OREGON

CITY COUNCIL

TERM EXPIRES

Crystal Shoji, Mayor

November 2012

Stephanie Kramer, President

November 2014

Jennifer Groth

November 2014

Gene Melton

November 2012

Dr. John Muenchrath

November 2014

Jon Hanson

November 2012

Mike Vaughan

November 2012

All council members receive mail at the address listed below.

ADMINISTRATION
Rodger Craddock, City Manager
City Hall
500 Central Avenue
Coos Bay, OR 97420

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COOS COUNTY, OREGON
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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 19, 2012

To the Honorable Mayor and
Members of the City Council
City of Coos Bay, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of the City of Coos Bay Oregon, as of and for the year ended June 30, 2012 which collectively comprise the basic financial statements as listed in the table of contents. The basic financial statements are the responsibility of the 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 and Government Auditing Standards issued by the Comptroller General of the United States. 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 overall 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, the business type-activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the City of Coos Bay, Oregon, at June 30, 2012, and the respective changes in financial position and, where applicable, the cash flows thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 19, 2012 on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis and the Schedule of Funding Progress, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about

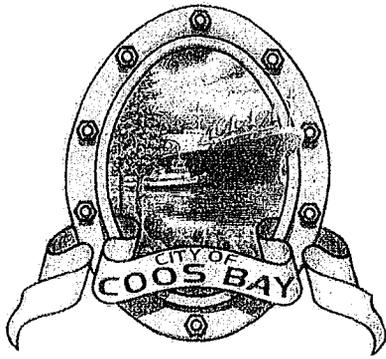
the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis and the Schedule of Funding Progress, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules presented as required supplemental information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The listing of board members containing their term expiration dates, located before the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financials statements, and accordingly, we do not express an opinion or provide any assurance on it.

Pauly, Rogers and Co., P.C.

PAULY, ROGERS AND CO., P.C.



City of Coos Bay

Finance Dept.

500 Central Ave., Coos Bay, Oregon 97420 • Phone (541) 269-8915
Fax (541) 267-5912

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2012

As management of the City of Coos Bay (the City), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ending June 30, 2012. We request readers to consider the information presented here in conjunction with the accompanying basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City's assets totaled \$160,225,319 at June 30, 2012, consisting of \$13,556,372 in unrestricted cash and cash equivalents; \$109,917,000 in capital assets; \$23,958,336 in investment in joint venture; and \$3,951,043 in receivables, prepaids, and unamortized debt issuance costs. Total assets increased by \$2,900,700 from the previous fiscal year.
- The City's liabilities totaled \$17,746,932 at June 30, 2012, consisting of \$16,301,308 in noncurrent liabilities, \$37,436 in accrued interest, and \$1,408,188 in accounts payable and other liabilities. Total liabilities increased by \$4,280,742 from the previous fiscal year.
- The assets of the City exceeded its liabilities at June 30, 2012 by \$142,478,387 (net assets), consisting of \$11,741,670 in unrestricted net assets; \$128,190,336 invested in capital assets, net of related debt; and the remainder of \$2,546,381 restricted for capital projects, other external requirements, and debt service. Unrestricted net assets represent the amount that may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$1,380,042 from the previous fiscal year. This represents a decrease of \$2,068,468 in the combination of unrestricted net assets and net assets invested in capital assets, net of related debt, an increase of \$1,110,419 restricted for debt service, and a decrease of \$537,302 restricted for capital projects and other external requirements.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,284,691, an increase of \$735,929 over the prior fiscal year. The total combined fund balances are composed of \$2,421,983 (20%) in restricted funds, \$4,802,419 (39%) in nonspendable funds, \$1,535,974 (12%) in assigned funds, and \$3,524,315 (29%) in unassigned funds.
- The City's unassigned fund balance for the general fund was \$3,524,315 at June 30, 2012, down by \$342,911 from the June 30, 2011 unassigned general fund balance of \$3,867,226. The unassigned general fund balance represents 29% of general fund expenditures.
- The City's total long term liabilities increased by \$4,490,251 during the current fiscal year to an ending balance of \$16,301,308, primarily due to additional long-term debt for the Safe Water loan incurred for the joint venture capital project in process between 2009 and 2012, the City Hall Seismic loan from the Urban Renewal Agency, and a loan for the purchase of land for the wastewater upgrades at Plant No. 2.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are written for the purpose of introducing the City's basic financial statements. The basic financial statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements present information about the City using the method of accounting similar to that used by private-sector companies, called the full-accrual basis of accounting. This basis of accounting reveals all assets and liabilities as well as revenue and expenses regardless of when cash is received or paid. This provides a broad view of the financial picture of the City. The full-accrual basis differs from the modified-accrual basis of accounting used by the governmental fund financial statements of the City, which focus on the use of spendable resources and the balance of such resources in the short-term period of one fiscal year.

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

The Statement of Activities reveals the detail of the change in the City's net assets for the year ending June 30, 2012. All activities affecting net assets are included, regardless of the timing of cash flow, which may be in future fiscal periods.

City of Coos Bay's Net Assets at June 30

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 23,008,540	\$ 18,181,692	\$ 3,341,443	\$ 3,042,996	\$ 26,349,983	\$ 21,224,688
Investment in Coos Bay-North Bend Water Board	23,958,336	23,083,811	0	0	23,958,336	23,083,811
Capital Assets, net	93,390,452	97,260,124	16,526,548	15,755,996	109,917,000	113,016,120
Total Assets	140,357,328	138,525,627	19,867,991	18,798,992	160,225,319	157,324,619
Long-term Liabilities Outstanding	15,540,374	11,189,695	0	0	15,540,374	11,189,695
Other Liabilities	2,089,091	1,811,579	117,467	464,916	2,206,558	2,276,495
Total Liabilities	17,629,465	13,001,274	117,467	464,916	17,746,932	13,466,190
Net Assets:						
Invested in Capital Assets, net of related debt	87,705,452	68,231,313	16,526,548	15,755,996	104,232,000	83,987,309
Joint Venture	23,958,336	23,083,811	0	0	23,958,336	23,083,811
Restricted for debt service	1,216,932	106,513	0	0	1,216,932	106,513
Restricted for capital projects	376,947	510,884	124,398	527,763	501,345	1,038,647
Restricted for other	828,104	712,795	0	0	828,104	712,795
Unrestricted	8,642,092	32,879,037	3,099,578	2,050,317	11,741,670	34,929,354
Total Net Assets	\$ 122,727,863	\$ 125,524,353	\$ 19,750,524	\$ 18,334,076	\$ 142,478,387	\$ 143,858,429

Both of the government-wide financial statements are designed to present information by function of the government. *Governmental activities* are primarily supported by taxes and intergovernmental revenue for the purpose of identification, planning, and execution of urban renewal strategies to improve the livability of the City of Coos Bay. These activities are separated from *business-type activities*, which are supported primarily from user fees

and charges directly linked to the services provided. The City's governmental activities include general government, public safety, highways and streets, culture and recreation, and community promotion. The business-type activities of the City are comprised of sewage-disposal operations and building permits.

The government-wide financial statements of the City of Coos Bay do not include the legally separate governmental unit named Coos Bay Urban Renewal Agency, which is considered a component unit of the City of Coos Bay. Financial statements of the Coos Bay Urban Renewal Agency can be obtained from the Finance Department at 500 Central Avenue, Coos Bay, Oregon, 97420, (541) 269-8915, or via the web at www.coosbay.org.

City of Coos Bay's Changes in Net Assets at June 30

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for Services	\$ 967,735	\$ 1,263,871	\$ 4,845,801	\$ 4,664,507	\$ 5,813,536	\$ 5,928,378
Operating Grants & Contributions	504,792	200,526	0	0	504,792	200,526
Capital Grants & Contributions	1,408,349	0	0	0	1,408,349	0
General Revenues						
Property Taxes	5,844,412	5,713,297	0	0	5,844,412	5,713,297
Other Taxes	3,934,888	3,123,307	0	0	3,934,888	3,123,307
Intergovernmental	333,062	1,104,885	361,631	356,645	694,693	1,461,530
Gain (loss) on disposal of assets	0	(28,054)	0	0	0	(28,054)
Income from Investment in Coos Bay-North Bend Water Board	874,525	864,540	0	0	874,525	864,540
Transfer	708,694	90,798	(708,694)	(90,798)	0	0
Interest Income	115,647	196,195	16,786	17,395	132,433	213,590
Miscellaneous Income	753,257	871,861	630,524	98,306	1,383,781	970,167
Total Revenues	15,445,361	13,401,226	5,146,048	5,046,055	20,591,409	18,447,281
Expenses						
General Government	1,374,077	1,236,856	0	0	1,374,077	1,236,856
Public Safety	6,831,027	6,651,906	0	0	6,831,027	6,651,906
Public Works	8,473,728	6,134,863	0	0	8,473,728	6,134,863
Culture & Recreation	1,052,226	1,334,175	0	0	1,052,226	1,334,175
Building Codes	0	0	314,484	333,163	314,484	333,163
Interest on Long-term Debt	510,793	489,526	0	0	510,793	489,526
Wastewater	0	0	3,415,116	3,282,569	3,415,116	3,282,569
Total Expenses	18,241,851	15,847,326	3,729,600	3,615,732	21,971,451	19,463,058
Change in Net Assets	(2,796,490)	(2,446,100)	1,416,448	1,430,323	(1,380,042)	(1,015,777)
Net Assets- Beginning	125,524,353	127,970,453	18,334,076	16,903,753	143,858,429	144,874,206
Prior Period Adjustment	0	0	0	0	0	0
Net Assets- Ending	\$ 122,727,863	\$ 125,524,353	\$ 19,750,524	\$ 18,334,076	\$ 142,478,387	\$ 143,858,429

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts used for the purpose of maintaining control over resources segregated for specific activities or objectives. The City uses fund accounting to ensure compliance with legal requirements for financial activities. All of the funds of the City can be divided between two categories: governmental and proprietary.

Governmental funds. A *governmental fund* accounts for generally the same types of activities as *governmental activities*, with the primary difference being the measurement focus. Governmental funds focus on *current financial resources*, which include the measurement of inflows and outflows of spendable resources within a fiscal year as well as the balances of resources at the end of the fiscal year. In contrast, governmental activities in the government-wide financial statements focus on *total economic resources* during the fiscal year, encompassing a longer-term view.

Fund financial statements include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. The difference in the measurement focus of the governmental-fund financial statements and the government-wide financial statements calls for reconciliations between the two types of statements in order to fully explain the specific differences. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. These reconciliations between governmental funds to governmental activities illuminate the long-term impact of the City's short-term financial decisions.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund, jurisdictional exchange fund, and major capital reserve fund of which are all considered major funds. The City began implementing GASB 54 and has reduced the number of budgetary funds without a dedicated source of revenue. Data from the other 17 non-major governmental funds are combined into a single, aggregated presentation of each of these statements. In addition, the City is required to report separate schedules of revenues, expenditures and changes in fund balance for the three major funds that incorporate both the original and final budgets. Supplementary data provides schedules of revenues, expenditures and changes in fund balances for the non-major funds. The budgetary comparison at the fund level reinforces the *current financial resources* focus as described above, demonstrating actual results and variances to the annual appropriated budget as adopted by the City's governing body.

Proprietary funds. The City maintains only three enterprise-type proprietary funds. These funds are used to report the same functions presented as *business-type* activities in the government-wide financial statements. Proprietary fund financial statements provide the same information in greater detail than the government-wide financial statements. The City uses enterprise funds to account for its wastewater operations, wastewater capital improvements, and building permit operations.

NOTES TO THE FINANCIAL STATEMENTS

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

SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents combining financial statements and budgetary comparison schedules for the 14 non-major governmental funds. This information can be found on pages Combining Statements and/or Supplementary Information sections of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As mentioned earlier, net assets may serve as one of the key performance measurements over time to gauge whether the financial position of the City is improving or deteriorating. In the case of the City, assets exceeded liabilities by \$142,478,387 at the close of the most recent fiscal year.

Net assets for the City are divided into several categories. The largest category is invested in capital assets, net of related debt and invested in joint venture at \$128,190,336 (90%). This represents investment in land, infrastructure, and construction in progress, less accumulated depreciation and debt used to purchase these capital assets. The City uses these assets to provide services to citizens; thus, capital assets are not available for future spending. It should also be noted that these assets do not generate revenue to service the associated debt. Thus, resources to pay the debt must come from other sources, specifically *unrestricted* net assets. The invested in capital assets, net of related debt amount includes the net investment in the Coos Bay-North Bend Water Board (which represents 50/50 ownership with the City of North Bend).

The second largest category is unrestricted of \$11,741,670 (8%). The unrestricted net assets that may be used to meet the ongoing obligations to the City's citizens and creditors. The next three categories are the City's net assets externally restricted for capital projects of \$501,345, restricted for debt service of \$1,216,932, and restricted for other external purposes \$828,104. The City was able to maintain positive balances in all categories of net assets in both the current fiscal year and the prior fiscal year. The City's net assets decreased by \$1,380,042 during the fiscal year.

Governmental activities. Governmental activities decreased the City's net assets by \$2,796,490, which comprised 86% of the total increase in the net assets of the City. The primary factor for the increase in expenses was the Public Works capital project and related grant for the City Hall Seismic project. Expenses generally increased over the prior year as well as increases due to labor contracts.

Expenses and Program Revenues – Governmental Activities

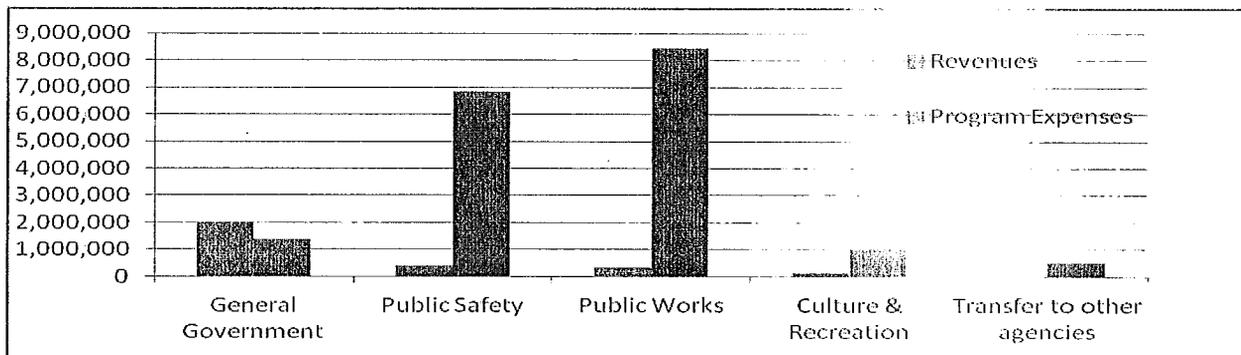


Figure 1

Revenues by Source – Governmental Activities

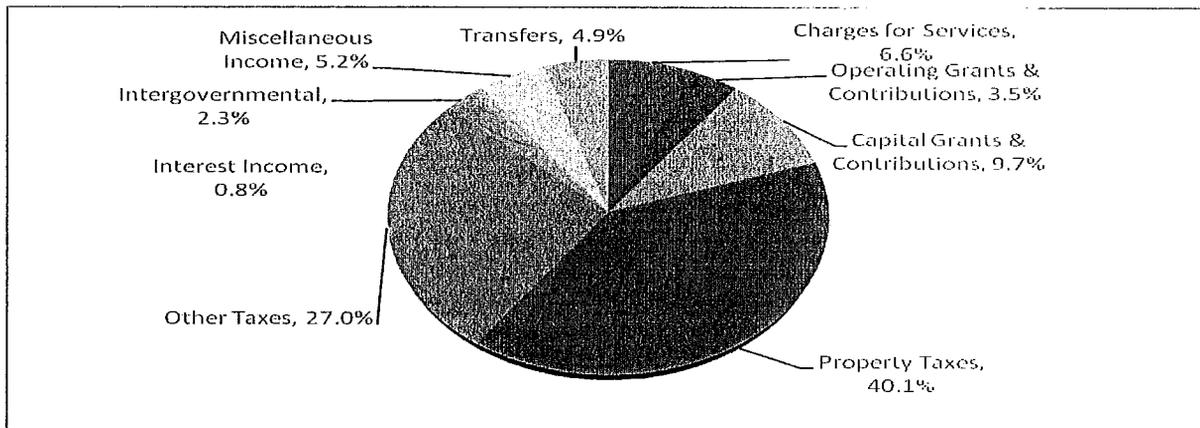
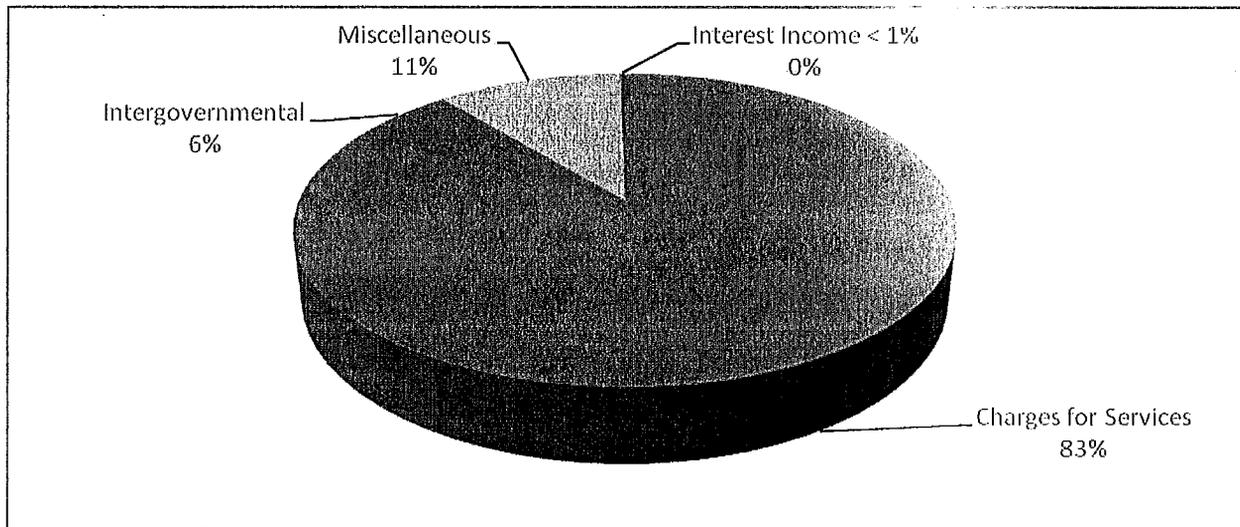


Figure 2

Business-type activities. Business-type activities increased the City’s net assets by \$1,416,448, which comprised 100% of the total growth in the net assets of the City, however, the growth was offset by a 3% decrease in governmental activities. Both revenues and expenses increased by small amounts from the prior year, and the overall change in business-type net assets was positive due to an ongoing accumulation of resources and capital improvement projects to the wastewater infrastructure. The two business-type activities are wastewater and building codes. The primary source of revenue for wastewater operations is charges for services based on sewer user fees with the expenditures comprised of the daily operations and capital improvement projects of the wastewater system. The only revenue source for the building codes division is charges for services based upon permit fees with the expenditures comprised of the daily operations of the permit center.

Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

As mentioned earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. This information can be used to evaluate the City’s ability to meet its financing requirements. Unassigned fund balances may serve as a useful measure of a government’s net resources that are available for spending at the end of the fiscal year. A full explanation of the fund balance classifications can be found within the Notes to the Basic Financial Statements.

As of June 30, 2012, the City’s governmental funds reported combined ending fund balances of \$12,284,691, an increase of \$735,929 over the prior fiscal year. The composition of total governmental fund balances indicated \$4,802,419 (39%) as nonspendable, \$2,421,983 (20%) as restricted, \$1,535,974 (13%) as assigned, and \$3,524,315 (29%) as unassigned. Of the \$12,284,691 ending fund balance the General Fund contributed \$3,848,942, the Jurisdictional Exchange Fund contributed \$4,802,760, the Major Capital Reserve Fund contributed \$691,526, and the other governmental funds contributed \$2,941,463. Of the \$735,929 increase in combined ending fund balances, the General Fund contributed (\$258,140) or (35%), Jurisdictional Exchange Fund contributed (\$55,832) or (8%), Major Capital Reserve Fund contributed \$93,932 or 13%, and the non-major governmental funds contributed \$955,969 or 130%.

The primary operating fund of the City is the General Fund. At June 30, 2012, the General Fund balance had \$1,670 (<1%) in nonspendable funds, \$4,632 (<1%) in restricted funds, \$318,325 (8%) in assigned funds, and \$3,524,315 in unassigned funds. One way to measure liquidity for the General Fund is with the ratio of unassigned fund balance to total fund expenditures, which is 29%. This ratio is down 18% from June 30, 2011.

The General Fund balance for GASB 54 purposes for June 30, 2012 decreased by \$258,140 in the current fiscal year. This represents a 6% decrease over the June 30, 2011 General Fund balance. The key factor is the increased expenditures in the major capital improvements for the City Hall Seismic project and a general increase in operational expenditures.

The Jurisdictional Exchange Fund was formed when the City received ownership of over 23 lane miles from the State of Oregon in exchange for \$4.8 million. The corpus of this fund, \$4.8 million, is restricted from expenditure by City Charter and allows only the amount over the \$4.8 million for maintenance. During 2011-2012, this fund earned \$62,262 in interest revenue.

The Major Capital Reserve Fund was created to account for major capital purchases with a cost of \$5,000 or more. The primary source of revenue is from the sale of timber, sale of surplus vehicles, and transfers from other funds. The fund balance at June 30, 2012 was \$691,526.

Proprietary funds. The City's three proprietary funds provide the same type of information found in the government-wide financial statements in greater detail. The Wastewater Fund is utilized for the daily operations of the wastewater treatment plants, pump stations, and sanitary and storm water collection lines; the Wastewater Improvement Fund is used for capital improvements to the wastewater system; and the Building Codes Fund is for the daily operations of administering permit issuance and inspections. Unrestricted net assets of the combined enterprise funds as of June 30, 2012 were \$3,099,578. The combined increase in net assets for the current fiscal year was \$1,416,448.

GENERAL FUND BUDGETARY HIGHLIGHTS

The total appropriated budget of the general fund for fiscal year 2011-12 was \$16,264,832, which was comprised of general government (\$1,432,560 or 8%), public safety (\$6,616,996 or 40%), public works (\$4,876,234 or 30%), operating contingency (\$192,576 or <1%), and transfers to other funds (\$3,146,466 or 22%). There were amendments to the adopted budget during the year to appropriate insurance proceeds, grant funds, GASB 54 transferring funds upon closing the Building Codes Reserve Fund, and transferring the Urban Renewal Agency loan to the Major Capital Projects fund. It should be noted that the budgetary general fund differs from the general fund required by GASB 54. The City's budget can be found on the website coosbay.org or by contacting the Finance Department.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounted to \$109,917,000 (net of accumulated depreciation). This investment in capital assets includes land, improvements and buildings, machinery and equipment, vehicles, infrastructure - streets, plant and systems, intangibles, and construction in progress. The City's total overall investment in capital assets decreased 2.7% comprised of a decrease in governmental activities due to depreciation and less construction in progress offset by an increase in business-type activities, where asset additions outpaced depreciation with the purchase of land for the expansion of Wastewater Treatment Plant No. 2 and completion of wastewater projects and less construction in progress.

City of Coos Bay's Capital Assets at June 30

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Land & assets not depreciated	\$2,842,931	\$2,829,557	0	0	\$2,842,931	\$2,829,557
Land improvements	453,512	491,398	689,509	95,308	1,143,021	586,706
Buildings & improvements	9,390,022	9,601,724	0	0	9,390,022	9,601,724
Machinery & equipment	564,278	661,008	1,085,905	1,191,571	1,650,183	1,852,579
Vehicles	1,297,868	1,184,611	465,634	515,992	1,763,502	1,700,603
Infrastructure - streets	78,817,296	82,418,651	0	0	78,817,296	82,418,651
Plant & systems	0	0	13,172,848	12,358,432	13,172,848	12,358,432
Intangibles	15,884	17,058	0	0	15,884	17,058
Construction in progress	8,661	56,117	1,112,652	1,594,693	1,121,313	1,650,810
Total	\$93,390,452	\$97,260,124	\$16,526,548	\$15,755,996	\$109,917,000	\$113,016,120

Debt Administration - The City's long-term debt as of June 30, 2012 is \$16,301,308, an increase of \$4,490,251 from June 30, 2011. The Governmental Activities June 30, 2012 long-term debt totals \$16,524,881 and includes \$100,985, \$4,510,000, and \$4,231,583 to be paid from the Coos Bay-Coos Bay Water Board; \$5,685,000 in the form of a General Obligation Bond for the construction of a new Fire Station in 2008 which will be paid for with property tax General Fund revenue; \$169,550 is a loan from the General Fund to the Jurisdictional Exchange Fund to make the loan payment (matures August 15, 2013) with Umpqua Bank; a new \$600,000 loan from the Coos Bay Downtown Urban Renewal Agency to fund a seismic retrofit of City Hall; \$297,423 in OPEB liability; \$121,767 in bond premium; and a new \$650,000 loan from US Bank to fund the purchase of property for the expansion of Wastewater Treatment Plant No. 2, which after the first payment left a year-end balance of \$585,000.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The 2011-12 total tax assessed value from the Coos County Summary of Assessment and Tax Roll Table 4a, Line 17 Value to Compute the Tax Rate was \$849,998,409, which would establish this limit to approximately \$25,499,952. The City continues to operate significantly below this amount.

Also in 2011-12, the City was approved a loan from the Oregon Infrastructure Financing Authority for \$4,303,213 at an interest rate of 1.94% for a maximum term of 20 years. The approval included a maximum grant of \$500,000 to be received at the end of the disbursement of the loan proceeds for wastewater construction. No loan or grant proceeds were disbursed or requested in 2011-12.

City of Coos Bay's Outstanding Debts at June 30

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
OPEB Liability	\$ 297,423	\$ 239,498	\$ -	\$ -	\$ 297,423	\$ 239,498
General Obligations	5,685,000	5,945,000	-	-	5,685,000	5,945,000
Revenue Bonds	4,510,000	4,760,000	-	-	4,510,000	4,760,000
Revenue Secured Loans	100,985	104,413	-	-	100,985	104,413
Business Loans	5,586,133	632,061	-	-	5,586,133	632,061
Total	\$ 16,179,541	\$ 11,680,972	\$ -	\$ -	\$ 16,179,541	\$ 11,680,972

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate its accountability for the resources it receives. If you have any questions about this report or need additional financial information, contact the City's Finance Department at 500 Central Avenue, Coos Bay, Oregon, 97420, (541) 269-88915, or via the web at www.coosbay.org.



Susanne Baker
City of Coos Bay
Finance Director

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CITY OF COOS BAY
COOS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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**CITY OF COOS BAY
COOS COUNTY, OREGON**

**STATEMENT OF NET ASSETS
June 30, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Coos Bay Urban Renewal Agency
ASSETS				
Cash and Investments	\$ 10,834,882	\$ 2,721,490	\$ 13,556,372	\$ 5,405,525
Receivables (Net of Allowance For Uncollectibles)	3,109,756	619,953	3,729,709	787,414
Prepays	2,419	-	2,419	-
Supply Inventory	282	-	282	-
Investment in Joint Venture	23,958,336	-	23,958,336	-
Unamortized Debt Issuance Difference	218,633	-	218,633	-
Capital Assets:				
Capital Assets, Non-Depreciable	2,851,592	1,112,652	3,964,244	3,615,637
Capital Assets, Net of Depreciation	90,538,860	15,413,896	105,952,756	2,967,324
Noncurrent Assets:				
Note Receivable - Due Within One Year	258,601	-	258,601	-
Note Receivable - Due in More Than One Year	8,583,967	-	8,583,967	-
Total Assets	140,357,328	19,867,991	160,225,319	12,775,900
LIABILITIES				
Accounts Payable	194,647	26,912	221,559	999,737
Payroll and Payroll Taxes Payable	165,734	-	165,734	-
Deposits Payable	-	709	709	-
Interest Payable	37,436	-	37,436	15,606
Accrued Vacation	930,340	89,846	1,020,186	-
Unearned Revenue	-	-	-	5,667
Noncurrent Liabilities:				
Due Within One Year:				
Revenue Secured Loans Payable	258,601	-	258,601	-
Bonds Payable	265,000	-	265,000	735,883
Note Payable	237,333	-	237,333	-
Due in More Than One Year:				
Revenue Secured Loans Payable	4,352,384	-	4,352,384	-
Bonds Payable	5,420,000	-	5,420,000	3,995,230
Note Payable	5,348,800	-	5,348,800	-
OPEB Obligation	297,423	-	297,423	-
Bond Premium	121,767	-	121,767	-
Total Liabilities	17,629,465	117,467	17,746,932	5,752,123
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	87,705,452	16,526,548	104,232,000	1,851,848
Invested in Joint Venture	23,958,336	-	23,958,336	-
Restricted for:				
Capital Projects	376,947	124,398	501,345	-
Debt Services	1,216,932	-	1,216,932	906,465
Services and Contributions	828,104	-	828,104	-
Unrestricted	8,642,092	3,099,578	11,741,670	4,265,464
Total Net Assets	\$ 122,727,863	\$ 19,750,524	\$ 142,478,387	\$ 7,023,777

See accompanying notes to basic financial statements

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government				
Governmental Activities				
General Government	\$ 1,374,077	\$ 352,433	\$ 404,874	\$ 1,259,169
Public Safety	6,831,027	384,873	41,587	-
Public Works	8,473,728	137,971	29,862	149,180
Culture and Recreation	1,052,226	92,458	28,469	-
Interest on Long-term Debt	510,793	-	-	-
Total Governmental Activities	18,241,851	967,735	504,792	1,408,349
Business- Type Activities				
Wastewater	3,415,116	4,433,591	-	-
Building Codes	314,484	412,210	-	-
Total Business-Type Activities	3,729,600	4,845,801	-	-
Total Primary Government	\$ 21,971,451	\$ 5,813,536	\$ 504,792	\$ 1,408,349
Component Unit				
Coos Bay Urban Renewal Agency	\$ 1,461,866	\$ -	\$ -	\$ 1,486,415

General Revenues

Taxes:

- Property
- Transient Occupancy
- Other Taxes
- Intergovernmental
- Franchise Fees
- Gain (Loss) on Joint Venture
- Investment Earnings
- Miscellaneous
- Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - beginning of year

Net Assets - end of year

See accompanying notes to basic financial statements

Net Revenue (Expenses) and Changes in Net Assets			Component Unit
Governmental Activities	Business-Type Activities	Total	Coos Bay Urban Renewal Agency
\$ 642,399	\$ -	\$ 642,399	\$ -
(6,404,567)	-	(6,404,567)	-
(8,156,715)	-	(8,156,715)	-
(931,299)	-	(931,299)	-
(510,793)	-	(510,793)	-
<u>(15,360,975)</u>	<u>-</u>	<u>(15,360,975)</u>	<u>-</u>
-	1,018,475	1,018,475	-
-	97,726	97,726	-
-	1,116,201	1,116,201	-
<u>(15,360,975)</u>	<u>1,116,201</u>	<u>(14,244,774)</u>	<u>-</u>
-	-	-	24,549
5,844,412	-	5,844,412	1,559,956
483,515	-	483,515	-
1,832,365	-	1,832,365	-
333,062	361,631	694,693	625,219
1,619,008	-	1,619,008	-
874,525	-	874,525	-
115,647	16,786	132,433	30,963
753,257	630,524	1,383,781	13,331
708,694	(708,694)	-	-
<u>12,564,485</u>	<u>300,247</u>	<u>12,864,732</u>	<u>2,229,469</u>
(2,796,490)	1,416,448	(1,380,042)	2,254,018
<u>125,524,353</u>	<u>18,334,076</u>	<u>143,858,429</u>	<u>4,769,759</u>
<u>\$ 122,727,863</u>	<u>\$ 19,750,524</u>	<u>\$ 142,478,387</u>	<u>\$ 7,023,777</u>

See accompanying notes to basic financial statements

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

	GENERAL FUND	JURISDICTIONAL EXCHANGE RESERVE	MAJOR CAPITAL RESERVE	OTHER GOVERNMENTAL	TOTAL
ASSETS:					
Cash and Investments	\$ 3,076,466	\$ 4,802,760	\$ 243,205	\$ 2,712,451	\$ 10,834,882
Inventory	282	-	-	-	282
Receivables, Net					
Taxes	624,734	-	-	62,006	686,740
Accounts	942,136	-	452,823	312,598	1,707,557
Assessments	676,894	-	-	38,565	715,459
Prepaid Expenses	1,670	-	-	749	2,419
Total Assets	\$ 5,322,182	\$ 4,802,760	\$ 696,028	\$ 3,126,369	\$ 13,947,339
LIABILITIES AND FUND EQUITY:					
Liabilities:					
Accounts Payable	\$ 96,633	\$ -	\$ 4,502	\$ 93,512	\$ 194,647
Payroll and Payroll Taxes Payable	165,734	-	-	-	165,734
Deferred Revenues	676,894	-	-	38,565	715,459
Deferred Taxes	533,979	-	-	52,829	586,808
Total Liabilities	1,473,240	-	4,502	184,906	1,662,648
Fund Equity:					
Fund Balances:					
Nonspendable	1,670	4,800,000	-	749	4,802,419
Restricted	4,632	-	-	2,417,351	2,421,983
Assigned	318,325	2,760	691,526	523,363	1,535,974
Unassigned	3,524,315	-	-	-	3,524,315
Total Fund Balance	3,848,942	4,802,760	691,526	2,941,463	12,284,691
Total Liabilities and Fund Balance	\$ 5,322,182	\$ 4,802,760	\$ 696,028	\$ 3,126,369	\$ 13,947,339

See accompanying notes to basic financial statements

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS
June 30, 2012**

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

Fund Balances		\$ 12,284,691
<p>The cost of 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.</p>		
Net Capital Assets		93,390,452
<p>Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.</p>		
General Obligation Bonds	\$ (5,685,000)	
Revenue Bonds	(4,610,985)	
Bond Premium	(121,767)	
Notes and Contracts Payable	(5,586,133)	
Debt Issuance Difference	218,633	
Accrued Interest	(37,436)	
Net Adjustment		(15,822,688)
<p>Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.</p>		
Accrued Vacation		(930,340)
Net OPEB Obligation is not reported as a liability in the Governmental Funds Balance Sheet		(297,423)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>		
Deferred Revenue		1,302,267
Joint Venture Note Receivable		8,842,568
Joint Venture Equity Investment		<u>23,958,336</u>
Total Net Assets		<u>\$ 122,727,863</u>

See accompanying notes to basic financial statements

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012**

	GENERAL FUND	JURISDICTIONAL EXCHANGE RESERVE	MAJOR CAPITAL RESERVE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property Taxes	\$ 5,256,752	\$ -	\$ -	\$ 530,740	\$ 5,787,492
Other Taxes	-	-	-	2,315,880	2,315,880
Franchise Fees	1,619,008	-	-	-	1,619,008
Licenses and Permits	140,705	-	-	-	140,705
Intergovernmental	364,191	-	-	825,599	1,189,790
Grants	76,196	-	1,259,169	58,026	1,393,391
Other-Timber Sales	-	-	150,000	-	150,000
Charges for Services	489,660	-	-	86,673	576,333
Charges for Use of Money and Property	104,668	62,262	1,781	26,808	195,519
Fines and Forfeitures	76,354	-	-	-	76,354
Miscellaneous	54,290	-	2,939	87,430	144,659
Total Revenues	8,181,824	62,262	1,413,889	3,931,156	13,589,131
EXPENDITURES					
Current:					
General Government	1,119,796	-	-	36,405	1,156,201
Public Safety	6,248,921	-	-	140,795	6,389,716
Public Works	4,581,464	-	39,970	1,583,952	6,205,386
Culture and Recreation	-	-	-	996,572	996,572
Capital Outlay	106,493	-	1,768,864	335,483	2,210,840
Debt Service:					
Principal Retirement	-	107,934	-	578,429	686,363
Interest and Fiscal Charges	-	10,160	-	494,074	504,234
Total Expenditures	12,056,674	118,094	1,808,834	4,165,710	18,149,312
Excess of Revenues Over (Under) Expenditures	(3,874,850)	(55,832)	(394,945)	(234,554)	(4,560,181)
Other Financing Sources, (Uses)					
Sale of Capital Assets	-	-	3,712	-	3,712
Transfers In	554,808	-	600,000	1,602,766	2,757,574
Transfers Out	(1,521,802)	-	(114,835)	(412,243)	(2,048,880)
Insurance Recovery	106,493	-	-	-	106,493
CBNBWB Water Project Loan	3,877,081	-	-	-	3,877,081
City Hall Seismic Project Loan - URA	600,000	-	-	-	600,000
Du Jour Financing - URA	1,557,794	-	-	-	1,557,794
Du Jour Financing - URA	(1,557,664)	-	-	-	(1,557,664)
Total Other Financing Sources, (Uses)	3,616,710	-	488,877	1,190,523	5,296,110
Net Change in Fund Balance	(258,140)	(55,832)	93,932	955,969	735,929
FUND BALANCE - BEGINNING OF YEAR	4,107,082	4,858,592	597,594	1,985,494	11,548,762
FUND BALANCE - END OF YEAR	\$ 3,848,942	\$ 4,802,760	\$ 691,526	\$ 2,941,463	\$ 12,284,691

See accompanying notes to basic financial statements

**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, 2012**

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 \$ 735,929

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.

Capitalized Additions	\$	586,222	
Depreciation Expense		<u>(4,455,894)</u>	
Net Adjustment			(3,869,672)

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.

Amortization of Bond Issue Difference	\$	(16,818)	
Amortization of Bond Premium/Discount		8,318	
Debt Issuance		(1,250,000)	
GO Bonds, Notes and Contracts Payable		686,437	
Accrued Vacation		(75,538)	
OPEB Obligation		<u>(57,925)</u>	
Net Adjustment			(705,526)

Under the accrual basis of accounting, interest on long-term debt is accrued when payments are not due until after year end.

Accrued Interest			1,867
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes			56,919
Assessments Receivable			362,897

The payments from joint ventures are recorded in the governmental funds as revenue because they provide current financial resources. In the Statement of Activities, the payments reduce the receivable from the joint venture.

Decrease in Joint Venture Receivable			(253,429)
Gain (Loss) from Joint Venture			<u>874,525</u>
Change in Net Assets			<u>\$ (2,796,490)</u>

See accompanying notes to basic financial statements

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012**

	Business-type Activities			TOTAL PROPRIETARY FUNDS
	MAJOR WASTEWATER FUND	WASTEWATER IMPROVEMENT FUND	BUILDING CODES FUND	
ASSETS				
Current Assets				
Cash and Investments	\$ 2,081,623	\$ 142,314	\$ 497,553	\$ 2,721,490
Receivables				
Accounts Receivable, Net	619,953	-	-	619,953
Capital Assets, Non-Depreciable	1,112,652	-	-	1,112,652
Capital Assets, Net of Depreciation	15,413,896	-	-	15,413,896
Total Assets	19,228,124	142,314	497,553	19,867,991
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	6,690	17,916	2,306	26,912
Deposits Payable	-	-	709	709
Accrued Vacation	62,233	-	27,613	89,846
Total Liabilities	68,923	17,916	30,628	117,467
Net Assets				
Invested in Capital Assets	16,526,548	-	-	16,526,548
Restricted for				
Capital Projects	-	124,398	-	124,398
Unrestricted	2,632,653	-	466,925	3,099,578
Total Net Assets	\$ 19,159,201	\$ 124,398	\$ 466,925	\$ 19,750,524

See accompanying notes to basic financial statements

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2012

	Business-type Activities			TOTAL PROPRIETARY FUNDS
	MAJOR WASTEWATER FUND	WASTEWATER IMPROVEMENT FUND	BUILDING CODES FUND	
OPERATING REVENUES				
Licenses and Permits	\$ 6,265	\$ -	\$ 405,945	\$ 412,210
Intergovernmental	361,631	-	-	361,631
Charges for Services	4,433,591	-	-	4,433,591
Total Operating Revenues	4,801,487	-	405,945	5,207,432
OPERATING EXPENSES				
Personal Services	619,773	-	266,203	885,976
Materials and Services	1,617,416	585,927	48,281	2,251,624
Depreciation Expense	592,000	-	-	592,000
Total Operating Expenses	2,829,189	585,927	314,484	3,729,600
Income, (Loss) From Operations	1,972,298	(585,927)	91,461	1,477,832
NON-OPERATING REVENUES (EXPENSES)				
Interest on Investments	10,332	3,217	3,237	16,786
Lease Revenue	3,180	-	-	3,180
Other Revenue (Expenses)	(22,788)	650,000	132	627,344
Total Non-Operating Revenues	(9,276)	653,217	3,369	647,310
Income, (Loss) Before Contributions and Transfers	1,963,022	67,290	94,830	2,125,142
CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	594,571	(594,571)	-	-
Transfers In	298,808	643,916	64,298	1,007,022
Transfers Out	(1,190,416)	(520,000)	(5,300)	(1,715,716)
Total Contributions and Transfers	(297,037)	(470,655)	58,998	(708,694)
Change in Net Assets	1,665,985	(403,365)	153,828	1,416,448
Beginning Net Assets	17,493,216	527,763	313,097	18,334,076
Ending Net Assets	\$ 19,159,201	\$ 124,398	\$ 466,925	\$ 19,750,524

See accompanying notes to basic financial statements

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2012**

	Business-type Activities			TOTAL PROPRIETARY FUNDS
	MAJOR WASTEWATER FUND	WASTEWATER IMPROVEMENT FUND	BUILDING CODES FUND	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 4,823,659	\$ -	\$ 405,945	\$ 5,229,604
Payments to Suppliers	(1,630,180)	(922,856)	(56,347)	(2,609,383)
Payments to Employees	(604,607)	-	(271,059)	(875,666)
Net Cash Provided by Operating Activities	<u>2,588,872</u>	<u>(922,856)</u>	<u>78,539</u>	<u>1,744,555</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	298,808	643,916	64,298	1,007,022
Transfers to Other Funds	(1,190,416)	(520,000)	(5,300)	(1,715,716)
Net Cash Provided by Noncapital Financing Activities	<u>(891,608)</u>	<u>123,916</u>	<u>58,998</u>	<u>(708,694)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	(1,362,552)	-	-	(1,362,552)
Capital Contributions	594,571	(594,571)	-	-
Other Revenue (Expenses)	(9,276)	653,217	3,369	647,310
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(777,257)</u>	<u>58,646</u>	<u>3,369</u>	<u>(715,242)</u>
Net Increase, (Decrease) in Cash and Cash Equivalents	920,007	(740,294)	140,906	320,619
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,161,616</u>	<u>882,608</u>	<u>356,647</u>	<u>2,400,871</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,081,623</u>	<u>\$ 142,314</u>	<u>\$ 497,553</u>	<u>\$ 2,721,490</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 1,972,298	\$ (585,927)	\$ 91,461	\$ 1,477,832
Adjustments				
Depreciation/Amortization	592,000	-	-	592,000
(Increase), Decrease in Accounts Receivable	22,172	-	-	22,172
Increase (Decrease) in Accrued Vacation	15,166	-	(4,856)	10,310
Increase, (Decrease) in Accounts Payable/Accrued Liabilities	(12,764)	(336,929)	(8,066)	(357,759)
Net Cash From Operations	<u>\$ 2,588,872</u>	<u>\$ (922,856)</u>	<u>\$ 78,539</u>	<u>\$ 1,744,555</u>

See accompanying notes to basic financial statements

CITY OF COOS BAY
COOS COUNTY, OREGON

STATEMENT OF FIDUCIARY FUNDS - NET ASSETS
AGENCY FUND
June 30, 2012

	AGENCY FUND VISITORS CONVENTION BUREAU
ASSETS:	
Cash and Investments	\$ 129,061
Total Assets	<u>129,061</u>
LIABILITIES:	
Due to Other Agency	<u>129,061</u>
NET ASSETS:	
Total Net Assets	
Unrestricted	<u><u>\$ -</u></u>

See accompanying notes to basic financial statements

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Coos Bay, Oregon, have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to government units. 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.

THE FINANCIAL REPORTING ENTITY

The City of Coos Bay is a municipal corporation, incorporated in 1874 under the name of Marshfield. In 1944, the residents voted to change the name to Coos Bay. The City presently operates under a charter, which was approved by the voters. The Charter provides for a Council-Manager form of government and provides such services as are authorized by the Charter. The City is governed by a mayor and an elected six member council. Appointed officers provided by the Charter are the City Manager, Finance Director/Recorder and City Attorney.

Accounting principles generally accepted in the United States of America require that these financial statements represent the City (the primary government) and all component units, if any. Component units, as defined by the Governmental Accounting Standards Board (GASB) Statement No. 39, are separate organizations that are included in the City of Coos Bay's reporting entity because of the significance of their operational or financial relationships with the City.

Based on the above criteria, the following is a brief description of the component unit included in the City's reporting entity:

The Urban Renewal Agency of the City of Coos Bay was formed in December, 1966 to have urban renewal authority under Oregon law. Urban Renewal Agency of the City of Coos Bay has planning and economic development programs that focus on a downtown section of the City, and an Empire Section of the City. The primary purpose of the Coos Bay Urban Renewal Agency is to revitalize the commercial area of the City and to attract new businesses and jobs. Receipts are primarily from property taxes. Disbursements are made for planning, economic development, and capital projects.

Although it is legally separate from the City, because of the significance of its financial relationship with the City, the Urban Renewal Agency of the City of Coos Bay is reported as if it were part of the reporting entity. Separate financial statements for the Urban Renewal Agency of the City of Coos Bay may be obtained from the City administrative offices at Coos Bay City Hall. The City believes the financial data of the component unit included in the financial reporting entity meets the criteria for discrete presentation and is presented in the component unit column in the basic financial statements.

The Coos Bay-North Bend Water Board (Note 11) was established by an intergovernmental agreement, authorized by State statutes, to operate a water board for the mutual advantage of the City of Coos Bay and the City of North Bend. The City of Coos Bay has a 50% equity interest in the Water Board and appoints 2 of its council members to the Board. The Water Board is presented as a Joint Venture Investment in the Government-Wide Financial Statements.

Entity excluded from the reporting entity:

The Coos Bay / North Bend Visitors Convention Bureau is not a component unit of the City of Coos Bay because it is a separate legal entity and does not have a significant financial relationship with the City. Cash and investments are commingled with City accounts for bookkeeping purposes only.

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities and component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. 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 sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Separate financial statements are provided for governmental funds and proprietary funds. Each fund is considered to be a separate accounting entity. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Remaining governmental funds are aggregated and reported as non-major funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 (i.e. susceptible to accrual). 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 revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual if collected within 60 days of fiscal year end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

There are the following *major governmental funds*:

General Fund – This is the primary operating fund. It accounts for all the financial operations except those required to be accounted for in another fund. Principal sources of revenue are property taxes, licenses and permits, state shared revenues and charges for administrative services from other funds. Primary expenditures are for general government, police and fire protection and culture and recreation.

Jurisdictional Exchange Reserve Fund – This fund is used to accumulate resources from an intergovernmental agreement, along with interest earned thereon, with the Oregon Department of Transportation for the City's authority to regulate and maintain certain highways within its jurisdiction.

Major Capital Reserve Fund – This fund accounts for capital projects.

There are the following *non-major governmental funds*:

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – These funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Debt Service Funds – These funds account for principal and interest payments on general obligation bonds. The primary sources of revenue are property taxes and intergovernmental revenues.

There are the following *major proprietary funds*:

Wastewater Fund – This fund is used to account for the operations of the wastewater treatment facilities. The principle revenue is charges for services.

Wastewater Improvement Fund– This fund is used to accumulate resources of major wastewater equipment purchases. The primary sources of revenue are earnings on investments, operating transfers, and loan proceeds.

Building Codes Fund – This fund is used to account for building and mechanical permits along with plan check fees.

Agency Fund – This fund is used to accumulate and hold monies for the Coos Bay / North Bend Visitors Convention Bureau.

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation.

For net assets, when both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

BUDGETS

A budget is prepared for all funds, in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the exceptions that capital outlay expenditures are expensed when purchased, depreciation is not calculated, inventories of supplies are budgeted as expenditures when purchased, debt is recorded as revenue when received and an expenditure when paid, bond issuance costs are expensed instead of amortized, OPEB obligation are recorded when paid instead of when incurred, and tax revenues are not recorded as revenue until received. The Council begins its budget process 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 published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget 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 30th.

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS (CONTINUED)

Expenditure budgets are appropriated at the following levels for each fund other than the General Fund:

LEVEL OF CONTROL

Personal Services	Interfund Transfers
Materials and Services	Debt Service
Capital Outlay	Operating Contingency
Du Jour Financing	

The General Fund is appropriated at the department level along with transfers and contingencies. 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 Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original budget amount and appropriation transfers. All expenditures were within appropriations for year ended.

ESTIMATES

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

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Deposits and investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, and cash and investments in the Local Governmental Investment Pool. Investments, including equity in pooled cash and investments, are stated at fair value.

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/ from other funds” (i.e., the current portion of inter fund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are shown in the government-wide statement of net assets. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Receivables of the enterprise funds are recognized as revenue when earned, including services provided but not billed. Receivables in governmental and enterprise funds are stated net of an allowance for uncollectibles.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	10-50 years
Improvements other than buildings	10-50 years
Machinery and equipment	5-20 years
Vehicles	5-20 years
Utility systems	10-40 years
Infrastructure – streets	20-40 years
Intangible assets	15-20 years

One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Supply Inventories

Inventories purchased are valued at cost (first-in, first-out method). Inventory is recorded as expenditures when consumed in the government-wide statements and expensed when purchased in the fund statements.

Compensated Absences

It is the policy to permit employees to accumulate earned but unused vacation, compensatory, and sick leave benefits. Vacation accrual is limited based on the nonrepresented employees' personnel directives and the various union contracts. Any vacation accrual balances in excess of these limits will be forfeited. Accumulated vested vacation, compensatory, and sick pay is accrued as it is earned in the proprietary fund financial statements and the government-wide financial statements. Both the current and long-term liabilities are recorded. Government fund types recognize the expenditure when benefits are paid. Upon retirement an employee with ten or more years of service in a specific department shall be paid a percentage of their unused sick leave into a deferred compensation plan. The percentage shall be equal to the completed years of service.

Long-term obligations

In the government-wide financial statements, and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund-type financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets/Fund equity

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 the 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 net 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 net assets that are not included in the other categories previously mentioned.

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

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories, prepaid items and a nonspendable jurisdictional exchange deposit.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets/Fund equity (Continued)

- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The City Manager and Finance Director have the authority to classify portions of ending fund balances as Assigned.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There are no committed fund balances reported.

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

2. CASH AND INVESTMENTS

The cash management policies are governed by state statutes. Statutes authorize investment in banker's 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.

A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments.

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Cash and Investments (recorded at cost) consisted of:

Deposits with Financial Institutions:	
Petty Cash	\$ 1,000
Demand Deposits	18,512,450
Investments	<u>577,535</u>
Total Cash and Investments	<u>\$ 19,090,985</u>
Reconciliation of Cash Reported in:	
Governmental	\$ 10,834,882
Business Type	2,721,490
Component Unit	5,405,525
Visitors Convention Bureau	<u>129,061</u>
Total Cash and Investments	<u>\$ 19,090,958</u>

Deposits

Deposits with financial institutions consist of bank demand deposits. The total bank balance per the bank statements for all pooled cash is \$18,694,222. This balance includes cash belonging to the Urban Renewal Agency and the Visitors Convention Bureau that is all held in the City's name for collateral purposes. Of these deposits, \$400,000 was covered by Federal Depository Insurance, and the remaining was deposited at an approved depository as prescribed by the Oregon State Treasurer.

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.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2012, none of the bank balance was exposed to custodial credit risk because it was insured or collateralized.

Investments

State statutes authorize investment in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's Investment Pool, among others. As of June 30, 2012 the fair value of the position in the LGIP approximates fair value of the Pool shares as reported in the Oregon Short Term Fund audited financial statements.

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2012, the City had the following investments and maturities:

Investment Type	<u>Fair Value</u>	<u>Less than 3</u>	<u>3-17</u>	<u>18-19</u>
State Treasurer's Investment Pool	\$ 517,647	\$ 517,647	\$ -	\$ -
Certificate of Deposits	59,888	59,888	-	-
 Total	 <u>\$ 577,535</u>	 <u>\$ 577,535</u>	 <u>\$ -</u>	 <u>\$ -</u>

The State Treasurer's Local Government Investment Pool (LGIP) is a cash and investment pool available for use by all state funds and local governments and is maintained by the State Treasurer. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. Local government pooled assets are reported as an Investment Trust Fund in Oregon's Comprehensive Annual Financial Report.

The Oregon Short-Term Fund Board, established by the Oregon Legislature, advises the Oregon Investment Council and the Oregon State Treasury in the management and investments of the LGIP.

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 beyond three months.

Custodial 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. To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2012, all percentage restrictions were complied with. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. Amounts in the State Treasurer's Local Government Investment Pool are not required by law to be collateralized. State statutes do not limit the percentage of investments in this instrument.

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. ACCRUED VACATION

The governmental funds compensated absences balances at June 30, 2012 and 2011 are \$930,340, and \$854,802. The business type funds compensated absences balances at June 30, 2012 and 2011 are \$89,846, and \$79,536.

Compensated Absences	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental	\$ 854,802	\$ 75,538	\$ -	\$ 930,340
Business Type	79,536	10,310	-	89,846
	<u>\$ 934,338</u>			<u>\$ 1,020,186</u>

4. CAPITAL ASSETS

Capital asset activity for governmental activities of the primary government for the year ended June 30, 2012 was as follows:

Description	GOVERNMENTAL ACTIVITIES CAPITAL ASSETS			
	June 30, 2011	Additions	Disposals	June 30, 2012
Capital assets not being depreciated				
Land	\$ 2,069,163	\$ -	\$ -	\$ 2,069,163
Museum art works collection	760,395	13,373	-	773,768
Construction In Progress	56,117	8,661	(56,117)	8,661
Total Capital Assets not being depreciated	<u>2,885,675</u>	<u>22,034</u>	<u>(56,117)</u>	<u>2,851,592</u>
Other Capital Assets				
Land and Improvements	1,991,916	-	-	1,991,916
Buildings and Improvements	12,101,944	66,740	(33,148)	12,135,536
Machinery and Equipment	2,049,272	78,546	(6,077)	2,121,741
Vehicles	3,299,860	326,747	(249,304)	3,377,303
Intangibles	18,862	-	-	18,862
Infrastructure - streets	151,703,868	179,623	-	151,883,491
Total other Capital Assets	<u>171,165,722</u>	<u>651,656</u>	<u>(288,529)</u>	<u>171,528,849</u>
Less Accumulated Depreciation				
Land Improvements	1,500,518	37,886	-	1,538,404
Buildings and Improvements	2,500,220	278,442	(33,148)	2,745,514
Machinery & Equipment	1,388,264	175,276	(6,077)	1,557,463
Vehicles	2,115,249	205,325	(241,139)	2,079,435
Intangibles	1,804	1,174	-	2,978
Infrastructure - streets	69,285,217	3,780,977	-	73,066,194
Total Accumulated Depreciation	<u>76,791,272</u>	<u>4,479,080</u>	<u>(280,364)</u>	<u>80,989,988</u>
Total Governmental Activities	<u>\$ 97,260,124</u>	<u>\$ (3,805,390)</u>	<u>\$ (64,282)</u>	<u>\$ 93,390,452</u>

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS (CONTINUED)

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

<u>Function</u>	<u>Governmental Funds</u>
General Government	\$ 72,976
Public Safety	383,521
Public Works	3,976,005
Culture and Recreation	<u>46,578</u>
 Total	 <u>\$ 4,479,080</u>

Capital asset activity for business type activities for the year ended June 30, 2012 was as follows:

<u>Description</u>	<u>BUSINESS TYPE ACTIVITIES</u>			
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2012</u>
Capital assets not being depreciated				
Construction in Progress	\$ 1,594,693	\$ 242,086	\$ (724,127)	\$ 1,112,652
Total Capital Assets not being depreciated	<u>1,594,693</u>	<u>242,086</u>	<u>(724,127)</u>	<u>1,112,652</u>
Other Capital Assets - Wastewater				
Land and Improvements	1,982,091	594,571	-	2,576,662
Machinery & Equipment	3,898,500	-	(101,672)	3,796,828
Vehicles	1,053,399	-	-	1,053,399
Plant and System	20,060,679	1,273,577	(31,885)	21,302,371
Total other Capital Assets	<u>26,994,669</u>	<u>1,868,148</u>	<u>(133,557)</u>	<u>28,729,260</u>
Less Accumulated Depreciation				
Land and Improvements	1,886,783	370	-	1,887,153
Machinery & Equipment	2,706,929	96,455	(92,461)	2,710,923
Vehicles	537,407	50,358	-	587,765
Plant and System	7,702,247	444,817	(17,541)	8,129,523
Total Accumulated Depreciation	<u>12,833,366</u>	<u>592,000</u>	<u>(110,002)</u>	<u>13,315,364</u>
Total Business Type Activities	<u>\$ 15,755,996</u>	<u>\$ 1,518,234</u>	<u>\$ (747,682)</u>	<u>\$ 16,526,548</u>

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS (CONTINUED)

Depreciation expense for business type activities is charged to functions as follows:

<u>Function</u>	<u>Business Type Funds</u>
Wastewater	<u>\$ 592,000</u>
Total	<u><u>\$ 592,000</u></u>

5. EMPLOYEE RETIREMENT PLAN

Plan Description

The State of Oregon Public Employees Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (OPERS) is participated in. Retirement is allowed at age 58 with full benefits, but retirement is generally available after age 55 with reduced benefits. Police and Fire Department employees may retire with full benefits at the age of 55 with 30 years of service. Compulsory retirement is age 70. Retirement benefits are payable in lump sum or monthly amounts using several payment options. PERS also provides death and disability benefits. Benefits are established by State statute.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered under Oregon Revised Statute (ORS) Chapter 238. ORS 238.620 establishes the Public Employees Retirement Board as the governing body of PERS. The Oregon Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information.

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Funding Policy

Covered employees are required by State statute to contribute 6% of their salary to the plan, which the City has elected to pay for the employee. The City is required to contribute at actuarially determined rates, as adopted by the PERS Board. The current rate is 13.64% of covered payroll for Tier One/Two employees and 8.61% for general OPSRP employees and 11.32% for public safety. The contribution to the plan for the years ending June 30, 2012, 2011, and 2010 were as follows:

For the Year Ended June 30, 2012	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 1,114,668	100%	\$ -
2011	\$ 934,284	100%	\$ -
2010	\$ 878,113	100%	\$ -

Annual Pension Costs

For the year ended June 30, 2012, the annual pension cost (APC) for PERS was equal to the required and actual contributions (ARC). The required contribution was determined as part of December 31, 2010, actuarial valuation using the projected unit credit. The actuarial assumptions included (a) 8.00% investment rate of return (net of administrative expenses), (b) projected salary increases was 3.75% per year, and (c) 2.75% per year post-retirement cost-of-living increases. The underlying long-term assumed rate of inflation is 3.75% per year. The actuarial value of PERS assets are valued on the market value of asset method.

6. DEFERRED COMPENSATION

Four deferred compensation trust plans are offered to employees and were created in accordance with Internal Revenue Code Section 457. The trusts hold the assets for the exclusive benefits of plan participants and their beneficiaries.

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description. A program is provided for the availability for retirees and their spouses to purchase healthcare insurance at the same group rates as the City pays for its active employees'. No plan has been established to account for this activity. Since the former employees' service has caused this benefit to be available, generally accepted accounting principles requires that the costs of these services be calculated and shown as a cost of operations and/or as a liability for providing a future benefit in the financial statements. Disclosure of the liability is mandatory.

Funding Policy. There is no plan to fund these benefits, but an actuary has calculated that the implied subsidy included in healthcare costs for the year ended June 30, 2012, was approximately \$297,423.

Annual OPEB Cost and Net OPEB Obligation. The annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount implicitly contributed to the "plan" through the normal payments to healthcare insurance providers and changes to the OPEB obligation.

	6/30/2010	6/30/2011	6/30/2012
Annual Required Contribution (ARC)	\$ 197,070	\$ 208,427	\$ 111,165
Interest on Net Pension Obligation	-	5,399	9,580
Adjustment to Annual Required Contribution	-	(8,468)	(16,276)
	<u>197,070</u>	<u>205,358</u>	<u>104,469</u>
Annual OPEB Cost	197,070	205,358	104,469
Contributions Made	(77,099)	(85,831)	(46,544)
	<u>119,971</u>	<u>119,527</u>	<u>57,925</u>
Increase in Net Pension Obligation	119,971	119,527	57,925
Net OPEB Obligation (Asset) at Beginning of the Year	-	119,971	239,498
Net OPEB Obligation (Asset) at End of the Year	<u>\$ 119,971</u>	<u>\$ 239,498</u>	<u>\$ 297,423</u>
Percentage of APC Contributed	42%	42%	45%

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2012, along with preceding fiscal years, were as follows:

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>OPEB Obligation</u>
6/30/2010	\$ 197,070	39.00%	\$ 119,971
6/30/2011	205,358	42.00%	239,498
6/30/2012	104,469	45.00%	297,423

Funding status and funding progress. As of August 1, 2010 the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$732,571 all of which was unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the plan and the annual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and assumptions. Projections of benefits for financial reporting purposes are based on the substitutive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of the benefit costs, if any, to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

- Discount rate: 4.0% for unfunded liabilities.
- Health Cost Trend for medical and vision: increases of 8.5% for the first year, 7.5% in the second year, 6.5% in the third year, 6.0% in the fourth year through the 23rd year, 5.5% for the 24th through the 47th year, and 5.0% thereafter.
- Health Cost Trend for dental: 5.0% per year increase.
- Annual Payroll Increase: 3.75% compounded annually.
- Disability: Not used.
- Retirement: Based on the Oregon PERS assumptions.
- Withdrawal: Based on the Oregon PERS assumptions.
- Mortality: Generally, the RP-2000 healthy combined male and female mortality tables set back two years.
- Excluded employees: Temporary and part-time employees, elected officials and volunteers.
- PERS service: Estimated based on elapsed time from date of hire to the most recent valuation.
- Future retiree coverage: 65% of active members upon retirement.
- Spousal age: Females spouses are assumed to be two years younger than male spouses.

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG TERM DEBT

The long term debt is associated with *governmental activities* only. There are no long term liabilities associated with the *business-type activities*.

Revenue Secured Bond: In April 2006, \$5,645,000 in Refunding Bonds were issued, the proceeds of which were utilized to refund the 2000 water secured bonds. These water bonds, although general obligation bonds of the City, are a primary obligation of the Coos Bay-North Bend Water Board, and are being retired from revenues turned over by that agency. The refunding reduced total debt payments by \$433,251. The Water Board, by resolution, is pledged to establish, maintain and collect rates and charges for water service that will produce sufficient revenue, after deducting the expenses for operation and maintenance, to meet principal and interest payments when due.

The future requirements for amortization of this April 2006 Revenue Secured Bond debt are as follows:

Fiscal Year	Issue of April 2006		
	Principal	Interest	Total
2012-2013	\$ 255,000	\$ 195,217	\$ 450,217
2013-2014	275,000	181,967	456,967
2014-2015	285,000	167,967	452,967
2015-2016	300,000	153,344	453,344
2016-2017	315,000	137,967	452,967
2017-2022	1,800,000	465,783	2,265,783
2022-2027	1,280,000	82,666	1,362,666
Total	<u>\$ 4,510,000</u>	<u>\$ 1,384,911</u>	<u>\$ 5,894,911</u>

Interest rate: 4.25%-5.0%

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG TERM DEBT (CONTINUED)

Revenue Secured Loan: On June 14, 2005, the Water Board secured a revenue loan with O.E.C.D.D. in the amount of \$125,000. The loan is a primary obligation of the City, for its portion of the water line Bay Crossing Project construction to be paid over 25 years at 4.97% annual interest. The Water Board, by resolution, is pledged to establish, maintain, and collect rates and charges for water service that will produce sufficient revenue to meet principal and interest payments when due. The future requirements for amortization of this revenue secured loan are as follows:

Fiscal Year	Issue of June 14, 2005		
	Principal	Interest	Total
2012-2013	\$ 3,601	\$ 5,019	\$ 8,620
2013-2014	3,780	4,840	8,620
2014-2015	3,968	4,652	8,620
2015-2016	4,165	4,455	8,620
2016-2017	4,372	4,247	8,619
2017-2022	25,345	17,756	43,101
2022-2027	32,301	10,799	43,100
2027-2032	23,453	2,368	25,821
Total	<u>\$ 100,985</u>	<u>\$ 54,136</u>	<u>\$ 155,121</u>

Interest rate: 4.97% fixed annual rate.

Business Loan Agreement: In August 2005, a Business Loan Agreement was executed with a local bank for an \$800,000 loan, to be paid over 8 years at 4% annual interest. This loan is for a major arterial (Ocean Blvd) overlay and construction of a street that was received from the State in the Jurisdictional Exchange program several years ago. The loan amortization is as follows:

Fiscal Year	Issue of August 17, 2005		
	Principal	Interest	Total
2012-13	\$ 112,333	\$ 5,761	\$ 118,094
2013-14	57,217	1,153	58,370
Total	<u>\$ 169,550</u>	<u>\$ 6,914</u>	<u>\$ 176,464</u>

Interest rate: 4% fixed annual rate.

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG TERM DEBT (CONTINUED)

General Obligation 2009 Fire Station Bond: In April 2009, \$6,900,000 in general obligation bonds were issued which will be used to finance the building of the new fire station.

Fiscal Year	Issue of April 15, 2009		
	Principal	Interest	Total
2012-13	\$ 265,000	\$ 223,300	\$ 488,300
2013-14	275,000	215,350	490,350
2014-15	285,000	207,100	492,100
2015-16	290,000	198,550	488,550
2016-2017	305,000	186,950	491,950
2017-2022	1,710,000	742,350	2,452,350
2022-2027	2,085,000	369,369	2,454,369
2027-2032	470,000	20,563	490,563
Total	<u>\$ 5,685,000</u>	<u>\$ 2,163,532</u>	<u>\$ 7,848,532</u>

Interest rate: 3.0 - 4.375% fixed annual rate.

Economic Development Loan: During 2009-10, the Water Board, a City of Coos Bay Joint Venture, began a project to increase the capacity of the Pony Creek water treatment plant from 8 MGD to 12 MGD. Engineering began in 2009-10 and construction began in 2010-11, continuing into 2011-12. The cities of Coos Bay and North Bend each borrowed approximately \$5 million dollars on the Water Board's behalf to finance the project. The Water Board will pledge its revenue stream to the two cities for repayment of the debt when it is due. Debt repayment will begin on December 1st of the year in which the project is completed. Payment terms are not yet available. The amount of the loan drawn at June 30, 2012 was \$4,231,583 from each city.

Intergovernmental Loan

A \$600,000 intergovernmental loan was issued in June of 2012 to the City of Coos Bay from the Urban Renewal Agency of the City of Coos Bay. The loan is payable over 10 years beginning in 2013 at an interest rate of 1%. The future requirements for amortization of the debt service payments are as follows

Fiscal Year	Issue of July, 2011		
	Principal	Interest	Total
2012-13	\$ 60,000	\$ 6,000	\$ 66,000
2013-14	60,000	5,400	65,400
2014-15	60,000	4,800	64,800
2015-16	60,000	4,200	64,200
2016-17	60,000	3,600	63,600
2017-22	300,000	9,000	309,000
Total	<u>\$ 600,000</u>	<u>\$ 33,000</u>	<u>\$ 633,000</u>

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG TERM DEBT (CONTINUED)

Land purchase loan

At October 31, 2011, a \$650,000 loan was received for the purchase of land. The loan is payable over ten years at a fixed interest rate of 3.12%. The future requirements for amortization of the debt service payments are as follows:

Fiscal Year	Issue of July, 2011		
	Principal	Interest	Total
2012-13	\$ 65,000	\$ 17,238	\$ 82,238
2013-14	65,000	15,910	80,910
2014-15	65,000	13,182	78,182
2015-16	65,000	11,154	76,154
2016-17	65,000	9,126	74,126
2017-22	260,000	16,224	276,224
Total	<u>\$ 585,000</u>	<u>\$ 82,834</u>	<u>\$ 667,834</u>

Changes in Long-Term Liabilities: During the year ended June 30, 2012, the following changes occurred in long-term liabilities:

	Balance 7/1/2011	Additions	Reductions	Balance 6/30/2012	Due in One Year
General Obligation:					
Revenue Bonds:					
Water Bonds					
June 14, 2005 (refunding)	\$ 104,414	\$ -	\$ (3,429)	\$ 100,985	\$ 3,601
GO Fire Station					
April 15, 2009	5,945,000	-	(260,000)	5,685,000	265,000
Revenue Secured Bond:					
April, 2006 (refunding)	4,760,000	-	(250,000)	4,510,000	255,000
Business Loan:					
August 17, 2005	277,558	-	(108,008)	169,550	112,333
Economic Development Loan					
June 30, 2011	354,502	3,877,081	-	4,231,583	-
Intergovernmental loan	-	600,000	-	600,000	60,000
Land purchase loan	-	650,000	(65,000)	585,000	65,000
OPEB Obligation	239,498	57,925	-	297,423	-
Bond Premium	130,085	-	(8,318)	121,767	-
Total	<u>\$ 11,811,057</u>	<u>\$ 5,185,006</u>	<u>\$ (694,755)</u>	<u>\$ 16,301,308</u>	<u>\$ 760,934</u>

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PROPERTY TAX LIMITATIONS

The State of Oregon has 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.

An additional limit reduces the amount of operating property tax revenues available. This reduction was accomplished by rolling property values for 1997-98 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 Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

10. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; 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 for any of the past three years.

11. INVESTMENT IN JOINT VENTURE

Pursuant to an intergovernmental agreement authorized by state statutes, the City of Coos Bay joined with the City of North Bend to establish and operate a Water Board for the mutual advantage of the two governments. The City of Coos Bay's share of assets, liabilities, and fund equity is 50 percent. Following is a summary of the most recent audited financial information as of, and for the year ended June 30, 2012:

Cash and investments	\$ 5,690,343
Other assets	<u>60,346,684</u>
Total assets	<u><u>\$ 66,037,027</u></u>
Total liabilities	\$ 18,120,354
Total equity	<u>47,916,673</u>
Total liabilities and equity	<u><u>\$ 66,037,027</u></u>

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. INVESTMENT IN JOINT VENTURE (CONTINUED)

Changes in the investment in the joint venture are as follows:

<u>Balance</u> <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2012</u>
\$ 23,083,811	\$ 874,525	\$ -	\$ 23,958,336

An investment in joint venture in the amount of \$23,958,336 million was booked as an asset (Investment in Joint Venture) in Fiscal Year 2011-2012, for the 50% equity interest that the City of Coos Bay has in the Coos Bay/North Bend Water Board. The Coos Bay/North Bend Water Board issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Coos Bay/North Bend Water Board, P.O. Box 539, Coos Bay, OR 97420 or by calling (541) 267-3128.

12. RELATED PARTY TRANSACTIONS

All sewer service charges are billed by the Water Board as an accommodation for the Cities of Coos Bay and North Bend, Oregon, and collections thereon are remitted to the cities, less a handling fee, for providing these services. During the year ended June 30, 2012, the Water Board remitted \$4,422,658 to the City of Coos Bay, Oregon, which included sewer user fee revenues, alum sludge disposal fees, and interest earnings, net of the handling fee of \$62,634.

13. NOTES RECEIVABLE

There is a note receivable carried on the statement of net assets. The note is the result of an agreement between the City and the Water Board wherein the City obtained a loan on behalf of the Water Board. The amount receivable by the City as of June 30, 2012 is \$8,842,568. This includes the 2005 and 2006 refunding issues, as well as the 2011 Economic Development Loan. The Water Board also pays the interest on these issues (see footnote 8).

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

14. TRANSFERS

Transfers made during the year are summarized as follows:

Fund:	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General	\$ 554,808	\$ 1,521,802
Major Capital	600,000	114,835
Other Governmental	1,602,766	412,243
	<u>\$ 2,757,574</u>	<u>\$ 2,048,880</u>
Business Type Funds	<u>\$ 1,007,022</u>	<u>\$ 1,715,716</u>
Total Transfers	<u>\$ 3,764,596</u>	<u>\$ 3,764,596</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF COOS BAY
COOS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 15 - FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2012 are as follows:

Fund Balances:	General Fund	Jurisdictional Exchange Reserve	Major Capital Reserve	Non Major Funds	Total
<u>Nonspendable:</u>					
Prepaid Expenses	\$ 1,670	\$ -	\$ -	\$ 749	\$ 2,419
Jurisdictional Exchange	-	4,800,000	-	-	4,800,000
Total	1,670	4,800,000	-	749	4,802,419
<u>Restricted</u>					
Memorial Bricks	100	-	-	-	100
Fire - BAH - Carseat	4,532	-	-	-	4,532
Legislation	-	-	-	372,714	372,714
Library Operations	-	-	-	450,758	450,758
Debt Service	-	-	-	1,216,932	1,216,932
Capital Projects	-	-	-	376,947	376,947
Total	4,632	-	-	2,417,351	2,421,983
<u>Assigned</u>					
DUII Impact Panel	17,016	-	-	-	17,016
Range	2,499	-	-	-	2,499
Crime Prevention	3,562	-	-	-	3,562
Hotel/Motel Tax Fund	-	-	-	88,028	88,028
Tech Fund	-	-	-	162,407	162,407
Unclaimed Property Liability	30	-	-	-	30
Rainy Day Reserve Fund	295,218	-	-	-	295,218
Jurisdictional Exchange	-	2,760	-	-	2,760
Capital Projects	-	-	691,526	272,928	964,454
Total	318,325	2,760	691,526	523,363	1,535,974
Unassigned:	3,524,315	-	-	-	3,524,315
Total Fund Balances	\$ 3,848,942	\$ 4,802,760	\$ 691,526	\$ 2,941,463	\$ 12,284,691

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 16 – CONTINGENCIES

A number of federal and state assisted programs are participated in. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. Management believes that such disallowance, if any, will be immaterial.

NOTE 17 – SUBSEQUENT EVENT

A \$2.1 million dollar TIGER III grant was awarded to the City of Coos Bay in March of 2012 for its "Empire Pedestrian and Bicycle Access Project." The grant will allow phase one of the project to move forward. The total cost of phase one is \$2.7 million dollars, which will require a City's match of \$600,000. The City has also submitted a TIGER IV grant application to help with funding phase two of the project. The total cost of the project is projected to be \$3,809,621. Construction work for phase one could commence as early as the fall of 2012, however weather could delay the start of construction until the spring of 2013. No funds were received from the TIGER III grant in fiscal year 2011-12.

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CITY OF COOS BAY
COOS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF COOS BAY
COOS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2012

OTHER POST EMPLOYEMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered payroll ((b-a/c)
8/1/2006	\$0	\$1,364,923	\$1,364,923	0%	N/A	N/A
8/1/2008	0	1,310,923	1,310,923	0%	N/A	N/A
8/1/2010	0	732,571	732,571	0%	N/A	N/A

RETIREMENT PLAN - PERS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered payroll ((b-a/c)
12/31/2010	\$35,757,810	\$40,041,572	\$4,283,742	89%	5,849,235	73%
12/31/2009	33,985,858	38,913,223	4,927,365	87%	5,474,299	90%
12/31/2008	29,981,209	37,359,256	7,378,047	80%	5,072,888	145%

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2012**

	<u>GENERAL FUND</u>			VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Property Taxes	\$ 5,169,475	\$ 5,169,475	\$ 5,256,752	\$ 87,277
Franchise Fees	1,430,000	1,430,000	1,619,008	189,008
Licenses and Permits	130,000	130,000	140,705	10,705
Intergovernmental	355,200	355,200	364,191	8,991
Grants	129,000	150,000	76,196	(73,804)
Charges For Services	470,864	490,864	489,660	(1,204)
Charges for Use of Money and Property	97,500	97,500	103,275	5,775
Fines and Forfeitures	97,000	97,000	76,354	(20,646)
Miscellaneous	10,720	10,720	54,290	43,570
Total Revenue	<u>7,889,759</u>	<u>7,930,759</u>	<u>8,180,431</u>	<u>249,672</u>
EXPENDITURES				
General Government	1,192,560	1,432,560 (1)	1,226,289	206,271
Public Safety	6,595,996	6,616,996 (1)	6,248,921	368,075
Public Works	4,376,234	4,876,234 (1)	4,581,464	294,770
Contingency	192,576	192,576 (1)	-	192,576
Total Expenditures	<u>12,357,366</u>	<u>13,118,366</u>	<u>12,056,674</u>	<u>1,061,692</u>
Excess of Revenues Over (Under) Expenditures	(4,467,607)	(5,187,607)	(3,876,243)	1,311,364
OTHER FINANCING SOURCES (USES)				
Transfers In	138,500	138,500	399,808	261,308
Transfers Out	(558,696)	(1,521,802) (1)	(1,521,802)	-
Insurance Recovery	-	200,000	106,493	(93,507)
CBNBWB Water Project Loan	3,600,000	4,100,000	3,877,081	(222,919)
City Hall Seismic Project Loan - URA	-	600,000	600,000	-
Du Jour Financing - URA In	1,557,664	1,557,664	1,557,794	130
Du Jour Financing - URA Out	(1,624,664)	(1,624,664) (1)	(1,557,664)	67,000
Total Other Financing Sources (Uses)	<u>3,112,804</u>	<u>3,449,698</u>	<u>3,461,710</u>	<u>12,012</u>
Net Change in Fund Balance	(1,354,803)	(1,737,909)	(414,533)	1,323,376
FUND BALANCE - BEGINNING OF YEAR	<u>3,237,500</u>	<u>3,237,500</u>	<u>3,968,257</u>	<u>730,757</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,882,697</u>	<u>\$ 1,499,591</u>	<u>\$ 3,553,724</u>	<u>\$ 2,054,133</u>

(1) Appropriation Level

Reconciliation of Governmental Fund Balance as Required by GASB #54

Ending Fund Balance:

Rainy Day Reserve Fund

295,218

GAAP General Fund Balance \$ 3,848,942

CITY OF COOS BAY
COOS COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

JURISDICTIONAL EXCHANGE RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 59,501	\$ 59,501	\$ 62,262	\$ 2,761
Total Revenues	<u>59,501</u>	<u>59,501</u>	<u>62,262</u>	<u>2,761</u>
EXPENDITURES				
Public Works				
Debt Service				
Principal Retirement	107,935	107,935	107,934	1
Interest and Fiscal Charges	10,161	10,161	10,160	1
Total Expenditures	<u>118,096</u>	<u>118,096 (1)</u>	<u>118,094</u>	<u>2</u>
Excess of Revenues Over (Under) Expenditures	(58,595)	(58,595)	(55,832)	2,763
Other Financing Sources (Uses)				
Loan Proceeds	67,000	67,000	-	(67,000)
Net Change in Fund Balance	8,405	8,405	(55,832)	(64,237)
FUND BALANCE - BEGINNING OF YEAR	<u>4,859,109</u>	<u>4,858,592</u>	<u>4,858,592</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,867,514</u>	<u>\$ 4,866,997</u>	<u>\$ 4,802,760</u>	<u>\$ (64,237)</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

MAJOR CAPITAL RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 4,000	\$ 4,000	\$ 1,781	\$ (2,219)
Grants	1,500,000	1,409,169	1,259,169	(150,000)
Other-Timber Sales	300,000	300,000	150,000	(150,000)
Miscellaneous	-	-	2,939	2,939
Total Revenues	<u>1,804,000</u>	<u>1,713,169</u>	<u>1,413,889</u>	<u>(299,280)</u>
EXPENDITURES				
General Government				
Materials and Services	40,000	40,000 (1)	39,970	30
Capital Outlay	1,996,800	2,505,969 (1)	1,768,864	737,105
Total Expenditures	<u>2,036,800</u>	<u>2,545,969</u>	<u>1,808,834</u>	<u>737,135</u>
Excess of Revenues Over (Under) Expenditures	(232,800)	(832,800)	(394,945)	437,855
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	3,712	3,712
Transfers In	-	600,000	600,000	-
Transfers Out	(114,835)	(114,835) (1)	(114,835)	-
Total Other Financing Sources (Uses)	<u>(114,835)</u>	<u>485,165</u>	<u>488,877</u>	<u>3,712</u>
Net Change in Fund Balance	(347,635)	(347,635)	93,932	441,567
FUND BALANCE - BEGINNING OF YEAR	<u>756,385</u>	<u>597,594</u>	<u>597,594</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 408,750</u>	<u>\$ 249,959</u>	<u>\$ 691,526</u>	<u>\$ 441,567</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

	<u>WASTEWATER FUND</u>			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Intergovernmental				
Charleston	\$ 120,000	\$ 120,000	\$ 297,273	\$ 177,273
Bunker Hill	55,000	55,000	64,358	9,358
Total Intergovernmental	<u>175,000</u>	<u>175,000</u>	<u>361,631</u>	<u>186,631</u>
Charges for Services				
Sewer Permits	5,000	5,000	6,265	1,265
Sewer Use Fees	4,544,600	4,544,600	4,389,373	(155,227)
Recreational Vehicle Dump Fees	2,500	2,500	2,131	(369)
Alum Sludge Disposal Fees	80,000	80,000	103,086	23,086
Total Charges for Services	<u>4,632,100</u>	<u>4,632,100</u>	<u>4,500,855</u>	<u>(131,245)</u>
Charges for Use of Money and Property				
Interest on Investments	13,000	13,000	10,332	(2,668)
Lease Revenue	-	-	3,180	3,180
Total Charges for Use of Money and Property	<u>13,000</u>	<u>13,000</u>	<u>13,512</u>	<u>512</u>
Miscellaneous	-	-	767	767
Total Revenues	<u>4,820,100</u>	<u>4,820,100</u>	<u>4,876,765</u>	<u>56,665</u>
EXPENDITURES				
Wastewater Collection and Treatment				
Personal Services	668,650	668,650	604,607	64,043
Materials and Services	3,162,508	3,162,508	2,408,952	753,556
Total Wastewater Collection and Treatment	<u>3,831,158</u>	<u>3,831,158</u> (1)	<u>3,013,559</u>	<u>817,599</u>
Contingency	638,526	638,526 (1)	-	(638,526)
Total Expenditures	<u>4,469,684</u>	<u>4,469,684</u>	<u>3,013,559</u>	<u>1,456,125</u>
Excess of Revenues Over (Under) Expenditures	350,416	350,416	1,863,206	1,512,790
Other Financing Sources (Uses)				
Transfers In	-	-	298,808	298,808
Transfers Out	(1,190,416)	(1,190,416) (1)	(1,190,416)	-
Total Other Financing Sources (Uses)	<u>(1,190,416)</u>	<u>(1,190,416)</u>	<u>(891,608)</u>	<u>298,808</u>
Net Change in Fund Balance	(840,000)	(840,000)	971,598	1,811,598
FUND BALANCE - BEGINNING OF YEAR	<u>840,000</u>	<u>840,000</u>	<u>1,533,394</u>	<u>693,394</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,504,992</u>	<u>\$ 2,504,992</u>
Reconciliation to Net Assets:				
Capital Assets, Net			16,526,548	
Deferred Revenue			189,894	
Accrued Vacation			(62,233)	
Total Net Assets			<u>\$ 19,159,201</u>	

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2012**

WASTEWATER IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 3,000	\$ 3,000	\$ 3,217	\$ 217
Total Revenues	3,000	3,000	3,217	217
EXPENDITURES				
Capital Outlay	5,666,916	5,854,679 (1)	1,180,498	4,674,181
Total Expenditures	5,666,916	5,854,679	1,180,498	4,674,181
Excess of Revenues Over (Under) Expenditures	(5,663,916)	(5,851,679)	(1,177,281)	4,674,398
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	5,200,000	5,200,000	650,000	(4,550,000)
Transfers In	643,916	643,916	643,916	-
Transfers Out	(520,000)	(520,000) (1)	(520,000)	-
Total Other Financing Sources (Uses)	5,323,916	5,323,916	773,916	(4,550,000)
Net Change in Fund Balance	(340,000)	(527,763)	(403,365)	124,398
FUND BALANCE - BEGINNING OF YEAR	340,000	527,763	527,763	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,398</u>	<u>\$ 124,398</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2012**

BUILDING CODES FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Licenses and Permits	\$ 417,450	\$ 417,450	\$ 405,945	\$ (11,505)
Charges for Use of Money and Property				
Interest on Investments	2,000	2,000	3,237	1,237
Miscellaneous	100	100	132	32
Total Revenues	419,550	419,550	409,314	(10,236)
EXPENDITURES				
Public Works				
Personal Services	259,280	259,280	271,059	(11,779)
Materials and Services	310,267	369,265	48,281	320,984
Total Building Codes Operations	569,547	628,545 (1)	319,340	309,205
Excess of Revenues Over (Under) Expenditures	(149,997)	(208,995)	89,974	298,969
OTHER FINANCING SOURCES (USES)				
Transfers In	53,997	118,295	64,298	53,997
Transfers Out	-	(5,300) (1)	(5,300)	-
Total Other Financing Sources (Uses)	53,997	112,995	58,998	53,997
Net Change in Fund Balance	(96,000)	(96,000)	148,972	244,972
FUND BALANCE - BEGINNING OF YEAR	96,000	96,000	313,097	217,097
Prior Period Adjustment	-	-	32,469	32,469
FUND BALANCE - END OF YEAR	\$ -	\$ -	494,538	\$ 494,538
			Reconciliation to Net Assets:	
			Accrued Vacation	(27,613)
			Total Net Assets	\$ 466,925

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2012**

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	COMBINED NONMAJOR DEBT SERVICE FUNDS	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 707,923	\$ 1,207,755	\$ 796,773	\$ 2,712,451
Receivables				
Taxes	-	62,006	-	62,006
Accounts	250,381	40,324	21,893	312,598
Assessments	-	-	38,565	38,565
Prepaid Expenses	749	-	-	749
Total Assets	<u>\$ 959,053</u>	<u>\$ 1,310,085</u>	<u>\$ 857,231</u>	<u>\$ 3,126,369</u>
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts Payable	\$ 46,804	\$ 40,324	\$ 6,384	\$ 93,512
Deferred Revenues	-	-	38,565	38,565
Deferred Taxes	-	52,829	-	52,829
Total Liabilities	<u>46,804</u>	<u>93,153</u>	<u>44,949</u>	<u>184,906</u>
FUND BALANCES				
Nonspendable	749	-	-	749
Restricted	823,472	1,216,932	376,947	2,417,351
Assigned	88,028	-	435,335	523,363
Unassigned	-	-	-	-
Total Fund Balances	<u>912,249</u>	<u>1,216,932</u>	<u>812,282</u>	<u>2,941,463</u>
Total Liabilities and Fund Balances	<u>\$ 959,053</u>	<u>\$ 1,310,085</u>	<u>\$ 857,231</u>	<u>\$ 3,126,369</u>

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2012**

	STATE GAS TAX	HOTEL/ MOTEL TAX	LIBRARY	911 TAX	TOTAL
ASSETS					
Cash and Investments	\$ 178,549	\$ (24,068)	\$ 433,623	\$ 119,819	\$ 707,923
Receivables					
Accounts	82,396	122,229	21,350	24,406	250,381
Prepaid Expenses	-	-	749	-	749
Total Assets	<u>\$ 260,945</u>	<u>\$ 98,161</u>	<u>\$ 455,722</u>	<u>\$ 144,225</u>	<u>\$ 959,053</u>
LIABILITIES AND FUND BALANCES:					
LIABILITIES					
Accounts Payable	\$ 32,341	\$ 10,133	\$ 4,215	\$ 115	\$ 46,804
Total Liabilities	<u>32,341</u>	<u>10,133</u>	<u>4,215</u>	<u>115</u>	<u>46,804</u>
FUND BALANCES					
Nonspendable	-	-	749	-	749
Restricted	228,604	-	450,758	144,110	823,472
Assigned	-	88,028	-	-	88,028
Total Fund Balances	<u>228,604</u>	<u>88,028</u>	<u>451,507</u>	<u>144,110</u>	<u>912,249</u>
Total Liabilities and Fund Balances	<u>\$ 260,945</u>	<u>\$ 98,161</u>	<u>\$ 455,722</u>	<u>\$ 144,225</u>	<u>\$ 959,053</u>

CITY OF COOS BAY
COOS COUNTY, OREGON

COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2012

	<u>GO BOND</u> <u>REDEMPTION</u>	<u>REVENUE</u> <u>BOND</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 239,870	\$ 967,885	\$ 1,207,755
Receivables			
Accounts	-	40,324	40,324
Taxes	62,006	-	62,006
Total Assets	<u>\$ 301,876</u>	<u>\$ 1,008,209</u>	<u>\$ 1,310,085</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES			
Deferred Taxes	\$ 52,829	\$ -	\$ 52,829
Accounts Payable	-	40,324	40,324
Total Liabilities	<u>52,829</u>	<u>40,324</u>	<u>93,153</u>
FUND BALANCES			
Restricted	<u>249,047</u>	<u>967,885</u>	<u>1,216,932</u>
Total Fund Balances	<u>249,047</u>	<u>967,885</u>	<u>1,216,932</u>
Total Liabilities and Fund Balances	<u>\$ 301,876</u>	<u>\$ 1,008,209</u>	<u>\$ 1,310,085</u>

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**CITY OF COOS BAY
COOS COUNTY, OREGON**

**COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2012**

	STREET IMPROVEMENT	PARKS IMPROVEMENT	BIKE/ PEDESTRIAN IMPROVEMENT	SPECIAL IMPROVEMENT
ASSETS				
Cash and Investments	\$ 267	\$ 109,685	\$ 14,425	\$ 142,928
Prepaid Expense	-	-	-	-
Receivables				
Accounts	-	6,804	-	-
Assessments	-	-	-	38,565
Total Assets	<u>\$ 267</u>	<u>\$ 116,489</u>	<u>\$ 14,425</u>	<u>\$ 181,493</u>
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenues	-	-	-	38,565
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,565</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	1,181	-	-
Assigned	267	115,308	14,425	142,928
Unassigned	-	-	-	-
Total Fund Balances	<u>267</u>	<u>116,489</u>	<u>14,425</u>	<u>142,928</u>
Total Liabilities and Fund Balances	<u>\$ 267</u>	<u>\$ 116,489</u>	<u>\$ 14,425</u>	<u>\$ 181,493</u>

INSURANCE RESERVE	TECHNOLOGY RESERVE	TRANSPORTATION SDC	WASTEWATER SDC	STORMWATER SDC
\$ -	\$ 153,702	\$ 14,416	\$ 243,242	\$ 18,732
-	-	-	-	-
-	15,089	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 168,791</u>	<u>\$ 14,416</u>	<u>\$ 243,242</u>	<u>\$ 18,732</u>
\$ -	\$ 6,384	\$ -	\$ -	\$ -
-	-	-	-	-
-	6,384	-	-	-
-	-	-	-	-
-	-	14,416	243,242	18,732
-	162,407	-	-	-
-	-	-	-	-
-	162,407	14,416	243,242	18,732
<u>\$ -</u>	<u>\$ 168,791</u>	<u>\$ 14,416</u>	<u>\$ 243,242</u>	<u>\$ 18,732</u>

COUNTY-WIDE CAD RESERVE	FIRE STATION FUND	TOTAL
\$ 22,645	\$ 76,731	\$ 796,773
-	-	-
-	-	21,893
-	-	38,565
<u>\$ 22,645</u>	<u>\$ 76,731</u>	<u>\$ 857,231</u>
\$ -	\$ -	\$ 6,384
-	-	38,565
-	-	44,949
-	-	-
22,645	76,731	376,947
-	-	435,335
-	-	-
<u>22,645</u>	<u>76,731</u>	<u>812,282</u>
<u>\$ 22,645</u>	<u>\$ 76,731</u>	<u>\$ 857,231</u>

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, 2012

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	COMBINED MAJOR DEBT SERVICE FUNDS	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Property Taxes	\$ -	\$ 530,740	\$ -	\$ 530,740
Other Taxes	2,315,880	-	-	2,315,880
Intergovernmental Revenues	174,296	508,905	142,398	825,599
Grants	2,460	-	55,566	58,026
Charges for Services	86,673	-	-	86,673
Charge for Use of Money and Property	16,609	2,277	7,922	26,808
Miscellaneous	77,706	-	9,724	87,430
Total Revenues	<u>2,673,624</u>	<u>1,041,922</u>	<u>215,610</u>	<u>3,931,156</u>
EXPENDITURES				
Current				
General Government	-	-	36,405	36,405
Public Safety	126,936	-	13,859	140,795
Public Works	1,581,523	-	2,429	1,583,952
Culture and Recreation	996,572	-	-	996,572
Capital Outlay	5,605	-	329,878	335,483
Debt Service:				
Principal Retirement	-	578,429	-	578,429
Interest and Fiscal Charges	-	494,074	-	494,074
Total Expenditures	<u>2,710,636</u>	<u>1,072,503</u>	<u>382,571</u>	<u>4,165,710</u>
Excess of Revenues Over (Under) Expenditures	(37,012)	(30,581)	(166,961)	(234,554)
OTHER FINANCING SOURCES (USES)				
Transfers In	302,696	1,141,000	159,070	1,602,766
Transfers Out	(8,000)	-	(404,243)	(412,243)
Total Other Financing Sources, (Uses)	<u>294,696</u>	<u>1,141,000</u>	<u>(245,173)</u>	<u>1,190,523</u>
Net Change in Fund Balance	257,684	1,110,419	(412,134)	955,969
FUND BALANCES - BEGINNING OF YEAR	<u>654,565</u>	<u>106,513</u>	<u>1,224,416</u>	<u>1,985,494</u>
FUND BALANCES - END OF YEAR	<u>\$ 912,249</u>	<u>\$ 1,216,932</u>	<u>\$ 812,282</u>	<u>\$ 2,941,463</u>

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2012**

	STATE GAS TAX	HOTEL/ MOTEL TAX	LIBRARY	911 TAX	TOTAL
REVENUES					
Other Taxes	\$ 870,942	\$ 483,515	\$ 961,423	\$ -	\$ 2,315,880
Charges for Use of Money and Property	730	10,919	4,322	638	16,609
Intergovernmental Revenues	-	-	-	174,296	174,296
Grants	-	-	2,460	-	2,460
Charges for Services	-	-	86,673	-	86,673
Miscellaneous	38,998	8,696	30,012	-	77,706
Total Revenues	910,670	503,130	1,084,890	174,934	2,673,624
EXPENDITURES					
Current					
Public Safety	-	-	-	126,936	126,936
Public Works	937,881	643,642	-	-	1,581,523
Culture and Recreation	-	-	996,572	-	996,572
Capital Outlay	-	-	5,605	-	5,605
Total Expenditures	937,881	643,642	1,002,177	126,936	2,710,636
Excess of Revenues Over (Under) Expenditures	(27,211)	(140,512)	82,713	47,998	(37,012)
OTHER FINANCING SOURCES (USES)					
Transfer In	175,000	127,696	-	-	302,696
Transfer Out	(8,000)	-	-	-	(8,000)
Total Other Financing Sources (Uses)	167,000	127,696	-	-	294,696
Net Change in Fund Balance	139,789	(12,816)	82,713	47,998	257,684
FUND BALANCES - BEGINNING OF YEAR	88,815	100,844	368,794	96,112	654,565
FUND BALANCES - END OF YEAR	\$ 228,604	\$ 88,028	\$ 451,507	\$ 144,110	\$ 912,249

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
For the Year Ended June 30, 2012**

	GO BOND REDEMPTION	REVENUE BOND	TOTAL
REVENUES			
Property Taxes	\$ 530,740	\$ -	\$ 530,740
Intergovernmental	-	508,905	508,905
Charges for Use of Money and Property	2,277	-	2,277
Total Revenues	533,017	508,905	1,041,922
EXPENDITURES			
Debt Services			
Principal Retirement	260,000	318,429	578,429
Interest and Fiscal Charges	230,886	263,188	494,074
Total Expenditures	490,886	581,617	1,072,503
Excess of Revenues Over (Under) Expenditures	42,131	(72,712)	(30,581)
OTHER FINANCING SOURCES (USES)			
Transfer In	101,000	1,040,000	1,141,000
Total Other Financing Sources (Uses)	101,000	1,040,000	1,141,000
Net Change in Fund Balance	143,131	967,288	1,110,419
FUND BALANCES - BEGINNING OF YEAR	105,916	597	106,513
FUND BALANCES - END OF YEAR	\$ 249,047	\$ 967,885	\$ 1,216,932

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2012**

	STREET IMPROVEMENT	PARKS IMPROVEMENT	BIKE/ PEDESTRIAN IMPROVEMENT	SPECIAL IMPROVEMENT
REVENUES				
Intergovernmental Revenues	\$ 125,436	\$ -	\$ -	\$ -
Grants	-	23,744	-	-
Charges for Use of Money and Property	1	798	73	926
Miscellaneous	-	9,166	-	558
Total Revenues	125,437	33,708	73	1,484
EXPENDITURES				
Materials and Services	-	2,429	-	-
Capital Outlay	125,436	66,740	-	-
Total Expenditures	125,436	69,169	-	-
Excess of Revenues Over (Under) Expenditures	1	(35,461)	73	1,484
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	8,000	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	8,000	-
Net Changes in Fund Balance	1	(35,461)	8,073	1,484
FUND BALANCES - BEGINNING OF YEAR	266	151,950	6,352	141,444
FUND BALANCES - END OF YEAR	\$ 267	\$ 116,489	\$ 14,425	\$ 142,928

<u>INSURANCE RESERVE</u>	<u>TECHNOLOGY RESERVE</u>	<u>TRANSPORTATION SDC</u>	<u>WASTEWATER SDC</u>	<u>STORMWATER SDC</u>	<u>COUNTY-WIDE CAD RESERVE</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,962
-	31,822	-	-	-	-
1,894	1,519	97	1,577	121	139
-	-	-	-	-	-
<u>1,894</u>	<u>33,341</u>	<u>97</u>	<u>1,577</u>	<u>121</u>	<u>17,101</u>
-	36,405	-	-	-	13,859
-	93,335	-	-	-	4,191
-	129,740	-	-	-	18,050
1,894	(96,399)	97	1,577	121	(949)
20,000	126,635	-	-	-	4,435
(298,808)	(4,435)	-	-	-	-
<u>(278,808)</u>	<u>122,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,435</u>
(276,914)	25,801	97	1,577	121	3,486
<u>276,914</u>	<u>136,606</u>	<u>14,319</u>	<u>241,665</u>	<u>18,611</u>	<u>19,159</u>
<u>\$ -</u>	<u>\$ 162,407</u>	<u>\$ 14,416</u>	<u>\$ 243,242</u>	<u>\$ 18,732</u>	<u>\$ 22,645</u>

FIRE STATION FUND	TOTAL
\$ -	\$ 142,398
-	55,566
777	7,922
-	9,724
<u>777</u>	<u>215,610</u>
-	52,693
<u>40,176</u>	<u>329,878</u>
<u>40,176</u>	<u>382,571</u>
(39,399)	(166,961)
-	159,070
<u>(101,000)</u>	<u>(404,243)</u>
<u>(101,000)</u>	<u>(245,173)</u>
(140,399)	(412,134)
<u>217,130</u>	<u>1,224,416</u>
<u>\$ 76,731</u>	<u>\$ 812,282</u>

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

<u>STATE GAS TAX FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Intergovernmental				
State Gas Tax	\$ 800,000	\$ 800,000	\$ 870,942	\$ 70,942
Charges for use of money and property				
Interest on Investments	250	250	730	480
Miscellaneous	30,750	30,750	38,998	8,248
Total Revenues	<u>831,000</u>	<u>831,000</u>	<u>910,670</u>	<u>79,670</u>
EXPENDITURES				
Public Works				
Personal Services	401,588	401,588	358,730	42,858
Materials and Services	685,412	685,227	579,151	106,076
Total Public Works	<u>1,087,000</u>	<u>1,086,815</u> (1)	<u>937,881</u>	<u>148,934</u>
Excess of Revenues Over (Under) Expenditures	(256,000)	(255,815)	(27,211)	228,604
OTHER FINANCING SOURCES (USES)				
Transfers Out	(8,000)	(8,000) (1)	(8,000)	-
Transfers In	175,000	175,000	175,000	-
Total Transfers	<u>167,000</u>	<u>167,000</u>	<u>167,000</u>	<u>-</u>
Net Change in Fund Balance	(89,000)	(88,815)	139,789	228,604
FUND BALANCE - BEGINNING OF YEAR	<u>89,000</u>	<u>88,815</u>	<u>88,815</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,604</u>	<u>\$ 228,604</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

<u>HOTEL/MOTEL TAX FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Taxes				
Hotel/Motel Tax	\$ 465,517	\$ 465,517	\$ 483,515	\$ 17,998
Charges for Use of Money and Property				
Interest on Investments	500	500	465	(35)
Visitors Center Revenue	-	-	9,734	9,734
Property Rentals	720	720	720	-
Total Charges for Use of Money and Property	1,220	1,220	10,919	9,699
Miscellaneous Income	-	-	8,696	8,696
Total Revenues	466,737	466,737	503,130	36,393
EXPENDITURES				
Public Works				
Personal Services	265,660	265,660	235,938	29,722
Materials and Services	394,840	394,840	407,704	(12,864)
Total Operations	660,500	660,500 (1)	643,642	16,858
Contingency	296	296 (1)	-	(296)
Total Expenditures	660,796	660,796	643,642	17,154
Excess of Revenues Over (Under) Expenditures	(194,059)	(194,059)	(140,512)	19,239
OTHER FINANCING SOURCES (USES)				
Transfer In	127,696	127,696	127,696	-
Total Other Financing Sources, (Uses)	127,696	127,696	127,696	-
Net Change in Fund Balance	(66,363)	(66,363)	(12,816)	53,547
FUND BALANCE - BEGINNING OF YEAR	66,363	66,363	100,844	34,481
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 88,028	\$ 88,028

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

LIBRARY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Taxes				
County Serial Levy	\$ 927,000	\$ 927,000	\$ 961,423	\$ 34,423
Intergovernmental				
State Library Grant	2,400	2,400	2,460	60
Total Intergovernmental	2,400	2,400	2,460	60
Charges for Services				
Copies	3,900	3,900	3,994	94
Database Specialist Fees	64,126	64,126	62,628	(1,498)
Library Fees	24,000	24,000	20,051	(3,949)
Total Charge for Services	92,026	92,026	86,673	(5,353)
Charges for Use of Money and Property				
Interest on Investments	2,000	2,000	2,287	287
Property Rentals	2,500	2,500	2,035	(465)
Total Charges for Use of Money and Property	4,500	4,500	4,322	(178)
Miscellaneous				
Donations	30,000	30,000	28,469	(1,531)
Other	-	-	1,543	1,543
Total Miscellaneous	30,000	30,000	30,012	12
Total Revenues	1,055,926	1,055,926	1,084,890	28,964
EXPENDITURES				
Cultural and Recreation				
Personal Services	786,628	786,628	760,804	25,824
Materials and Services	232,200	252,200	235,768	16,432
Total Library Operations	1,018,828	1,038,828 (1)	996,572	42,256
Capital Outlay	10,000	10,000 (1)	5,605	4,395
Contingency	316,786	296,786 (1)	-	296,786
Total Expenditures	1,345,614	1,345,614	1,002,177	343,437
Net Change in Fund Balance	(289,688)	(289,688)	82,713	372,401
FUND BALANCE - BEGINNING OF YEAR	289,688	289,688	368,794	79,106
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 451,507	\$ 451,507

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

<u>911 TAX FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
911 Revenue	\$ 170,250	\$ 170,250	\$ 174,296	\$ 4,046
Charges for Use of Money and Property				
Interest on Investments	-	-	638	638
Total Revenues	<u>170,250</u>	<u>170,250</u>	<u>174,934</u>	<u>4,684</u>
EXPENDITURES				
Public Safety				
Personal Services	179,977	179,977	112,607	67,370
Materials and Services	22,500	22,500	14,329	8,171
Total Operations	<u>202,477</u>	<u>202,477</u> (1)	<u>126,936</u>	<u>75,541</u>
Total Expenditures	<u>202,477</u>	<u>202,477</u>	<u>126,936</u>	<u>75,541</u>
Net Change in Fund Balance	(32,227)	(32,227)	47,998	80,225
FUND BALANCE - BEGINNING OF YEAR	<u>32,227</u>	<u>32,227</u>	<u>96,112</u>	<u>63,885</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,110</u>	<u>\$ 144,110</u>

(1) Appropriation Level

CITY OF COOS BAY
COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012

GENERAL OBLIGATION BOND REDEMPTION FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Taxes	\$ 491,100	\$ 491,100	\$ 530,740	\$ 39,640
Charges for Use of Money and Property				
Interest on Investments	-	-	2,277	2,277
Total Revenues	<u>491,100</u>	<u>491,100</u>	<u>533,017</u>	<u>41,917</u>
EXPENDITURES				
Debt Service				
Principal	260,000	260,000	260,000	-
Interest	<u>231,100</u>	<u>231,100</u>	<u>230,886</u>	<u>214</u>
Total Expenditures	<u>491,100</u>	<u>491,100 (1)</u>	<u>490,886</u>	<u>214</u>
Excess of Revenues Over (Under) Expenditures	-	-	42,131	42,131
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>101,000</u>	<u>101,000</u>	<u>101,000</u>	-
Net Change in Fund Balance	101,000	101,000	143,131	42,131
FUND BALANCE - BEGINNING OF YEAR	<u>90,000</u>	<u>90,000</u>	<u>105,916</u>	<u>15,916</u>
FUND BALANCE - END OF YEAR	<u>\$ 191,000</u>	<u>\$ 191,000</u>	<u>\$ 249,047</u>	<u>\$ 58,047</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

<u>REVENUE BOND FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Intergovernmental				
CB-NB Water Board	\$ 465,526	\$ 635,526	\$ 505,847	\$ (129,679)
Interest on Investments	-	-	3,058	3,058
Total Revenues	<u>465,526</u>	<u>635,526</u>	<u>508,905</u>	<u>(126,621)</u>
EXPENDITURES				
Debt Service				
Principal	487,431	487,431	318,429	169,002
Interest	498,095	668,095	263,188	404,907
Total Expenditures	<u>985,526</u>	<u>1,155,526 (1)</u>	<u>581,617</u>	<u>573,909</u>
Excess of Revenues Over (Under) Expenditures	(520,000)	(520,000)	(72,712)	447,288
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>1,040,000</u>	<u>1,040,000</u>	<u>1,040,000</u>	<u>-</u>
Net Change in Fund Balance	520,000	520,000	967,288	447,288
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>597</u>	<u>597</u>
FUND BALANCE - END OF YEAR	<u>\$ 520,000</u>	<u>\$ 520,000</u>	<u>\$ 967,885</u>	<u>\$ 447,885</u>

(1) Appropriation Level

CITY OF COOS BAY
COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012

STREET IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Intergovernmental				
State	\$ 353,755	\$ 353,755	\$ 125,436	\$ (228,319)
Charges for Use of Money and Property				
Interest on Investments	100	100	1	(99)
Total Revenues	<u>353,855</u>	<u>353,855</u>	<u>125,437</u>	<u>(228,418)</u>
EXPENDITURES				
Public Works				
Capital Outlay	363,855	354,121 (1)	125,436	228,685
Total Expenditures	<u>363,855</u>	<u>354,121</u>	<u>125,436</u>	<u>228,685</u>
Net Change in Fund Balance	(10,000)	(266)	1	267
FUND BALANCE - BEGINNING OF YEAR	<u>10,000</u>	<u>266</u>	<u>266</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ 267</u>

(1) Appropriation Level

CITY OF COOS BAY
COOS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012

PARKS IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 400	\$ 400	\$ 798	\$ 398
Grants	113,100	113,100	23,744	(89,356)
Donations	130,000	130,000	2,362	(127,638)
Miscellaneous	-	-	6,804	6,804
Total Revenues	<u>243,500</u>	<u>243,500</u>	<u>33,708</u>	<u>(209,792)</u>
EXPENDITURES				
Culture and Recreation				
Materials and Services	3,000	3,000 (1)	2,429	571
Capital Outlay	360,000	360,000 (1)	66,740	293,260
Total Expenditures	<u>363,000</u>	<u>363,000</u>	<u>69,169</u>	<u>293,831</u>
Net Change in Fund Balance	(119,500)	(119,500)	(35,461)	84,039
FUND BALANCE - BEGINNING OF YEAR	<u>119,500</u>	<u>119,500</u>	<u>151,950</u>	<u>32,450</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,489</u>	<u>\$ 116,489</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

BIKE/PEDESTRIAN PATH CONSTRUCTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 150	\$ 150	\$ 73	\$ (77)
Total Revenues	150	150	73	(77)
EXPENDITURES				
Culture and Recreation				
Capital Outlay	37,250	14,502 (1)	-	14,502
Total Expenditures	37,250	14,502	-	14,502
Excess of Revenues Over (Under)				
Expenditures	(37,100)	(14,352)	73	14,425
OTHER FINANCING SOURCES (USES)				
Transfers In	8,000	8,000	8,000	-
Total Other Financing Sources (Uses)	8,000	8,000	8,000	-
Net Change in Fund Balance	(29,100)	(6,352)	8,073	14,425
FUND BALANCE - BEGINNING OF YEAR	29,100	6,352	6,352	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 14,425	\$ 14,425

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

SPECIAL IMPROVEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 850	\$ 850	\$ 926	\$ 76
Miscellaneous				
Principal	2,930	2,930	369	(2,561)
Interest	2,320	2,320	189	(2,131)
Total Miscellaneous	5,250	5,250	558	(4,692)
Total Revenues	6,100	6,100	1,484	(4,616)
EXPENDITURES				
Culture and Recreation				
Materials and Services	15,000	15,000 (1)	-	15,000
Capital Outlay	129,376	129,376 (1)	-	129,376
Total Expenditures	144,376	144,376	-	144,376
Net Change in Fund Balance	(138,276)	(138,276)	1,484	139,760
FUND BALANCE - BEGINNING OF YEAR	138,276	138,276	141,444	3,168
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,928</u>	<u>\$ 142,928</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

INSURANCE RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ -	\$ -	\$ 1,894	\$ 1,894
Total Revenues	-	-	1,894	1,894
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under)				
Expenditures	-	-	1,894	1,894
OTHER FINANCING SOURCES (USES)				
Transfers In	20,000	20,000	20,000	-
Transfer Out	-	-	(298,808) (2)	(298,808)
Total Other Financing Sources (Uses)	20,000	20,000	(278,808)	(298,808)
Net Change in Fund Balance	20,000	20,000	(276,914)	(296,914)
FUND BALANCE - BEGINNING OF YEAR	<u>276,928</u>	<u>276,914</u>	<u>276,914</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 296,928</u>	<u>\$ 296,914</u>	<u>\$ -</u>	<u>\$ (296,914)</u>

(1) Appropriation Level

(2) Fund closed by resolution

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2012**

TECHNOLOGY RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ -	\$ -	\$ 1,519	\$ 1,519
Grants	40,000	47,503	31,822	(15,681)
Total Revenues	<u>40,000</u>	<u>47,503</u>	<u>33,341</u>	<u>(14,162)</u>
EXPENDITURES				
General Government				
Materials and Services	44,200	44,200	(1) 36,405	7,795
Capital Outlay	126,000	267,409	(1) 93,335	174,074
Total Expenditures	<u>170,200</u>	<u>311,609</u>	<u>129,740</u>	<u>181,869</u>
Excess of Revenues Over (Under) Expenditures	(130,200)	(264,106)	(96,399)	167,707
OTHER FINANCING SOURCES (USES)				
Transfers In	126,635	131,935	126,635	(5,300)
Transfers Out	(4,435)	(4,435)	(1) (4,435)	-
Total Other Financing Sources (Uses)	<u>122,200</u>	<u>127,500</u>	<u>122,200</u>	<u>(5,300)</u>
Net Change in Fund Balance	(8,000)	(136,606)	25,801	162,407
FUND BALANCE - BEGINNING OF YEAR	<u>8,000</u>	<u>136,606</u>	<u>136,606</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,407</u>	<u>\$ 162,407</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

TRANSPORTATION SDC FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ -	\$ -	\$ 97	\$ 97
Total Revenues	-	-	97	97
EXPENDITURES				
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	97	97
FUND BALANCE - BEGINNING OF YEAR	<u>850</u>	<u>850</u>	<u>14,319</u>	<u>13,469</u>
FUND BALANCE - END OF YEAR	<u>\$ 850</u>	<u>\$ 850</u>	<u>\$ 14,416</u>	<u>\$ 13,566</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

	<u>WASTEWATER SDC FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 1,935	\$ 1,935	\$ 1,577	\$ (358)
Total Revenues	<u>1,935</u>	<u>1,935</u>	<u>1,577</u>	<u>(358)</u>
EXPENDITURES				
Wastewater Collection and Treatment				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,935	1,935	1,577	(358)
FUND BALANCE - BEGINNING OF YEAR	<u>241,865</u>	<u>241,865</u>	<u>241,665</u>	<u>(200)</u>
FUND BALANCE - END OF YEAR	<u>\$ 243,800</u>	<u>\$ 243,800</u>	<u>\$ 243,242</u>	<u>\$ (558)</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

<u>STORMWATER SDC FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 110	\$ 110	\$ 121	\$ 11
Total Revenues	<u>110</u>	<u>110</u>	<u>121</u>	<u>11</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	110	110	121	11
FUND BALANCE - BEGINNING OF YEAR	<u>22,143</u>	<u>22,143</u>	<u>18,611</u>	<u>(3,532)</u>
FUND BALANCE - END OF YEAR	<u>\$ 22,253</u>	<u>\$ 22,253</u>	<u>\$ 18,732</u>	<u>\$ (3,521)</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

COUNTY-WIDE CAD CORE RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 150	\$ 150	\$ 139	\$ (11)
Intergovernmental				
Revenue from Other Agencies	16,961	16,961	16,962	1
Total Revenues	17,111	17,111	17,101	(10)
EXPENDITURES				
General Government				
Materials and Services	9,000	16,567 (1)	13,859	2,708
Capital Outlay	31,823	24,138 (1)	4,191	19,947
Total Expenditures	40,823	40,705	18,050	22,655
Excess of Revenues Over (Under)				
Expenditures	(23,712)	(23,594)	(949)	22,645
OTHER FINANCING SOURCES (USES)				
Transfers In	4,435	4,435	4,435	-
Net Change in Fund Balance	(19,277)	(19,159)	3,486	22,645
FUND BALANCE - BEGINNING OF YEAR	19,277	19,159	19,159	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 22,645	\$ 22,645

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

<u>FIRE STATION RESERVE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 1,000	\$ 1,000	\$ 777	\$ (223)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>777</u>	<u>(223)</u>
EXPENDITURES				
Capital Outlay				
Fire Station	45,000	45,000	(1) 40,176	4,824
Total Expenditures	<u>45,000</u>	<u>45,000</u>	<u>40,176</u>	<u>4,824</u>
Excess of Revenues Over (Under)				
Expenditures	(44,000)	(44,000)	(39,399)	4,601
OTHER FINANCING SOURCES (USES)				
Transfers Out	(101,000)	(101,000)	(1) (101,000)	-
Net Change in Fund Balance	(145,000)	(145,000)	(140,399)	4,601
FUND BALANCE - BEGINNING OF YEAR	<u>145,000</u>	<u>145,000</u>	<u>217,130</u>	<u>72,130</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,731</u>	<u>\$ 76,731</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

RAINY DAY RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ -	\$ -	\$ 1,393	\$ 1,393
Total Revenues	-	-	1,393	1,393
EXPENDITURES				
Contingency	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	1,393	1,393
OTHER FINANCING SOURCES (USES)				
Transfer In	155,000	155,000	155,000	-
Total Other Financing Sources, (Uses)	155,000	155,000	155,000	-
Net Change in Fund Balance	155,000	155,000	156,393	1,393
FUND BALANCE - BEGINNING OF YEAR	<u>140,000</u>	<u>138,825</u>	<u>138,825</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 295,000</u>	<u>\$ 293,825</u>	<u>\$ 295,218</u>	<u>\$ 1,393</u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB #54 due to its financing resources being derived primarily from General Fund transfers.

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

POLICE PUBLIC SAFETY

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Contingency	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfer Out	(37,500)	-	(1) -	-
Total Other Financing Sources, (Uses)	(37,500)	-	-	-
Net Change in Fund Balance	(37,500)	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY BASIS
For the Year Ended June 30, 2012**

<u>BUILDING CODES RESERVE</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Contingency	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfer In	297	-	-	-
Transfer Out	(59,297)	-	(1) -	-
Total Other Financing Sources, (Uses)	(59,000)	-	-	-
Net Change in Fund Balance	(59,000)	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>59,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

CITY OF COOS BAY
COOS COUNTY, OREGON

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND

For the Year Ended June 30, 2012

	<u>BALANCE</u> <u>JUNE 30, 2011</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2012</u>
ASSETS				
Cash and Investments	\$ 87,916	\$ 245,582	\$ 204,437	\$ 129,061
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Due to Agency	\$ 87,916	\$ 245,582	\$ 204,437	\$ 129,061
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CITY OF COOS BAY

SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES
For the Year Ended June 30, 2012

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	TOTAL AWARDS EXPENDED
DEPARTMENT OF HOMELAND SECURITY		
Federal Emergency Management Agency - Public Infrastructure	97.036	\$ 31,352
Safer Grant	97.083	8,127
DEPARTMENT OF THE INTERIOR		
Maintenance Assistance Program	15.616	11,500
U.S. DEPARTMENT OF JUSTICE		
Bullet Proof Vest Partnership Grant Program	16.607	1,188
South Coast Interagency Narcotics Team	16.710	5,094
South Coast Interagency Narcotics Team	16.738	1,000
Byrne Grant	16.804	24,319
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION		
Coastal Management Grant	11.419	16,000
DEPARTMENT OF TRANSPORTATION		
DUII Taskforce OT Reimbursement	20.601	17,160
Three Flags / Safety Belt OT Reimbursement	20.602	3,200
ENVIRONMENTAL PROTECTION AGENCY		
Capitalization Grants for Drinking Water	66.468	3,877,081 (1)
Total Expenditures		<u>\$ 3,996,021</u>

(1) Major Program

**CITY OF COOS BAY
COOS COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2012**

General Fund:						
TAX YEAR	IMPOSED LEVY OR OR BALANCE UNCOLLECTED AT 7/1/11	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS		CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/12
				INTEREST		
Current:						
2011-12	\$ 5,412,035	\$ 130,348	\$ (62,018)	\$ 3,530	\$ 4,915,927	\$ 307,272
Prior Years:						
2010-11	301,734	(4)	(2,616)	9,777	143,478	165,421
2009-10	144,174	-	(801)	10,073	63,224	90,222
2008-09	86,022	-	(535)	15,557	66,598	34,446
2007-08	31,406	-	(673)	7,456	28,063	10,126
2006-07 & Prior	21,445	-	(1,494)	1,817	4,521	17,247
Total Prior	<u>584,781</u>	<u>(4)</u>	<u>(6,119)</u>	<u>44,680</u>	<u>305,884</u>	<u>317,462</u>
Total All Funds	<u>\$ 5,996,816</u>	<u>\$ 130,344</u>	<u>\$ (68,137)</u>	<u>\$ 48,210</u>	<u>\$ 5,221,811</u>	<u>\$ 624,734</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 5,221,811
Accrual of Receivables:	
June 30, 2011	(101,357)
June 30, 2012	90,754
Taxes in Lieu of Property Taxes	<u>45,544</u>
Total Revenue	<u>\$ 5,256,752</u>

Debt Service Fund:

2011-12	\$ 545,857	13,147	(6,256)	356	495,819	30,991
Prior Years:						
2010-11	30,814		(265)	998	14,653	16,894
2009-10	16,351	-	(94)	1,142	7,169	10,230
2008-09	9,718	-	(61)	1,757	7,523	3,891
2007-08	-	-	-	-	-	-
2006-07 & Prior	-	-	-	-	-	-
Total Prior	<u>56,883</u>	<u>-</u>	<u>(420)</u>	<u>3,897</u>	<u>29,345</u>	<u>31,015</u>
Total All Funds	<u>\$ 602,740</u>	<u>\$ 13,147</u>	<u>\$ (6,676)</u>	<u>\$ 4,253</u>	<u>\$ 525,164</u>	<u>\$ 62,006</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 525,164
Accrual of Receivables:	
June 30, 2011	(10,419)
June 30, 2012	9,177
Taxes in Lieu of Property Taxes	<u>6,818</u>
Total Revenue	<u>\$ 530,740</u>

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**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 19, 2012

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Coos Bay, Oregon as of and for the year ended June 30, 2012, and have issued our report thereon dated October 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Governmental Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of 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.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Programs funded from outside sources.**

In connection with our testing nothing came to our attention that caused us to believe the City of Coos Bay, Oregon 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 control 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 Council 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.

GRANT COMPLIANCE REVIEW

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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 - (503) 620-2632 • FAX (503) 684-7523

October 19, 2012

**To the City Council
Coos Bay, Oregon**

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

We have audited the financial statements of the City of Coos Bay as of and for the year ended June 30, 2012, and have issued our report thereon dated October 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered internal control 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 internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

October 19, 2012

**To the City Council
Coos Bay, Oregon**

**Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Compliance

We have audited the compliance of the City of Coos Bay with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The major federal programs are identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of compliance with those requirements.

In our opinion, City of Coos Bay complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

CITY OF COOS BAY
COOS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Any GAGAS audit findings disclosed that are required to be reporting in accordance with section 505(d)(2) of OMB Circular A-133? yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, section 510(a)? yes no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER **NAME OF FEDERAL PROGRAM CLUSTER**

66.468 Capitalization Grants for Drinking Water State Revolving Fund

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

CITY OF COOS BAY
COOS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE NOTED

SECTION III – FEDERAL AWARD FINDINGS

NONE NOTED

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.