

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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011



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

CITY OF COOS BAY
COOS COUNTY, OREGON

For the Year Ended June 30, 2011

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

Joanie Johnson

November 2012

Mike Vaughan

November 2012

All council members receive mail at the address listed below.

ADMINISTRATION
Rodger Cradock, 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

November 4, 2011

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, 2011 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.

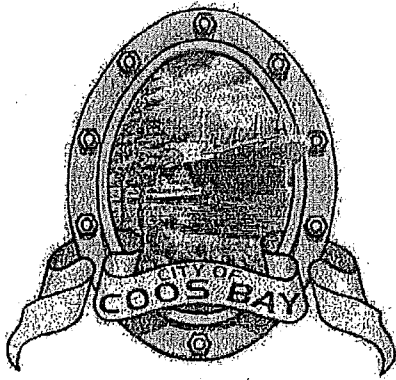
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type-activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the City of Coos Bay, Oregon, at June 30, 2011, and the results of its operations 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 November 4, 2011, on our consideration of internal control over financial reporting and our tests of the compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Required Supplementary Information and the Supplementary Information, including budgetary comparison schedules as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The Required Supplementary Information and the Supplementary Information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



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, 2011

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

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

FINANCIAL HIGHLIGHTS

The City's total net assets decreased approximately \$1.0 million (or less than 1.0%) from \$144.9 million in FYE10 to \$143.8 million in FYE11. Capital Assets decreased approximately \$1.6 million (or 1.4%) from \$114.6 million in FYE10 to \$113.0 million in FYE11. Governmental assets decreased \$3.6 million from approximately \$100.9 million in FYE10 to \$97.3 million in FYE11 primarily due to completion of the new Fire Station, 10th Street Overlay, and Ocean Boulevard Sidewalk projects; and City Hall Seismic Rehabilitation and Ocean Boulevard/Central Avenue Traffic Improvements Construction in Progress offset by infrastructure depreciation. Business type assets increased \$2.1 million (or 14.6%) from approximately \$13.7 million in FYE10 to \$15.8 million in FYE11 primarily due to the replacement of the Pump Station No. 4 and 5; Isthmus Slough wastewater pressure line crossing; various collection lines in Empire, 8th & Vine, and construction at Wastewater Treatment Plants 1 and 2 offset by plant and systems depreciation. Investment in Joint Venture increased \$.86 million (or 3.9%) from approximately \$22.2 million in FYE10 to \$23.0 million in FYE11.

Governmental net assets decreased \$2.4 million (or 1.9%) from \$127.9 million in FYE10 to \$125.5 million in FYE11 primarily due to the decrease in net capital assets as detailed in the Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Assets. Governmental fund revenue increased \$1.2 million (or 10.1%) from approximately \$12.2 million in FYE10 to \$13.4 million in FYE11. Governmental fund expenses (including transfers) increased \$.97 million (or 6.5%) from \$14.8 million in FYE10 to \$15.8 million in FYE11 primarily due to increased 5% contracted and 1.8% non-represented wages, compensated absences, OPEB liability, Joint Venture note receivable, and increased fuel and operational costs.

Business type net assets increased \$1.4 million (or 8.4%) from \$16.9 million in FYE10 to \$18.3 million in FYE11. Business revenue increased approximately \$.45 million (or 9.8%) from \$4.6 million in FYE 10 to

\$5.0 million in FYE 11. Wastewater fund revenue increased \$.22 million (or 5.5%) in from \$4.0 million in FYE10 to \$4.3 million in FYE11 primarily due to the City's implementation of a 6.5% rate increase in 2010 and 2011. Wastewater fund expenses decreased \$.12 million (or 3.7%) from \$3.4 million in FYE10 to \$3.3 million in FYE11. Building codes fund revenues increased \$184,368 from (or 97.0%) \$190,015 in FYE10 to \$374,383 in FYE11 primarily due to construction activity at the Bay Area Hospital. Building codes expenses decreased \$137 (or less than 1.0%) from \$333,300 in FYE10 to \$333,163 in FYE11.

REPORT LAYOUT

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

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

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

- The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns (excluding infrastructure), the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
- The Statement of Activities focuses on gross and net costs of the city programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." Budgetary comparison statements are presented for the General Fund and the Jurisdictional Exchange Reserve Fund. Statements for the City's proprietary funds follow the governmental funds and include net assets, revenue, expenses, and changes in fund net assets, and cash flows. Budgetary comparisons are presented for the Wastewater Fund.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

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

- Combining Statements. Major funds are included within the Basic Financial Statements, whereas non-major funds are presented here. These statements include balance sheets and statements of revenues, expenditures and changes in fund balances.
- Capital Assets and Other Financial Schedules complete the Financial Section of the report.

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

CITY AS A WHOLE

Government-Wide Financial Statements

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

	Governmental Activities		Business-type Activities		Total Government
	2011	2010	2011	2010	2011
Cash and investments	\$10.9	\$11.5	\$2.4	\$3.1	\$13.3
Other assets	25.4	24.1	0.6	0.4	26.0
Capital assets	97.2	100.9	15.8	13.7	113.0
Long term receivables	5.0	5.0	0.0	0.0	5.0
Total assets	138.5	141.5	18.8	17.2	157.3
Other liabilities	1.2	1.7	0.4	0.3	1.6
Long term debt outstanding	11.8	11.8	0.0	0.0	11.8
Total liabilities	\$13.0	\$13.5	\$0.4	\$0.3	\$13.4
Net assets:					
Invested in capital assets, net of debt	91.3	89.7	14.2	13.8	102.6
Invested in Joint Venture	23.1	22.2	0.0	0.0	23.1
Restricted	1.3	0.4	0.5	0.9	1.8
Unrestricted	9.8	15.6	3.6	2.2	16.3
Total net assets	\$125.5	\$127.9	\$18.3	\$16.9	\$143.8

Statement of Net Assets at June 30, 2011:

The City's total net assets decreased approximately \$1.0 million (or less than 1.0%) from \$144.9 million in FYE10 to \$143.8 million in FYE11. Capital Assets decreased approximately \$1.6 million (or 1.4%) from \$114.6 million in FYE10 to \$113.0 million in FYE11. Governmental capital assets decreased \$3.6 million from approximately \$100.9 million in FYE10 to \$97.3 million in FYE11. Governmental net assets decreased \$2.4 million (or 1.9%) from \$127.9 million in FYE10 to \$125.5 million in FYE11.

Business Activities:

Business type net assets increased \$1.4 million (or 8.4%) from \$16.9 million in FYE10 to \$18.3 million in FYE11. Business type capital assets increased \$2.1 million (or 14.6%) from approximately \$13.7 million in FYE10 to \$15.8 million in FYE11 primarily due to the replacement of the Pump Station No. 4 and 5; Isthmus Slough wastewater pressure line crossing; various collection lines in Empire, 8th & Vine, and construction at Wastewater Treatment Plants 1 and 2 offset by plant and systems depreciation. Investment in Joint Venture increased \$.86 million (or 3.9%) from approximately \$22.2 million in FYE10 to \$23.1 million in FYE11.

Joint Venture

In 2006-2007 the City's agreement and participation with the Water Board was reviewed. At that time Coos Bay's 50% equity interest in the Coos Bay North Bend Water Board Investment in the Joint Venture was determined to be best reflected as a joint venture relationship in the Statement of Net Assets and Statement of Activities.

Business-type Activities

Business type net assets increased primarily due to ongoing increased wastewater revenues pursuant to the planned wastewater rate study and increased building permit activity.

A portion of the year-end net assets is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be used. Within the governmental activities category are bond proceeds and taxes limited to repayment of debt, and the corpus of the jurisdictional exchange proceeds that are restricted from expenditure by City charter. Within the business-type activities are monies restricted for capital projects and building codes revenues are restricted to the building codes program by City Charter.

Statement of Activities:

Table 2
Governmental and Proprietary Activities
For Fiscal Year Ending June 30, 2011
(in millions)

	Governmental Activities		Business-type Activities		Total Government
	2011	2010	2011	2010	2011
REVENUES					
Program revenues					
Charges for services	\$1.26	\$0.88	\$4.66	\$4.26	\$5.92
Grants and contributions	0.21	0.13	0.00	0.00	0.21
Capital contributions	0.00	0.00	0.00	0.00	0.00
General revenues:					
Taxes	7.32	6.93	0.00	0.00	7.32
Interest	0.20	0.20	0.02	0.02	0.22
Other	4.49	4.03	0.27	0.32	4.76
Total revenues	<u>\$13.48</u>	<u>\$12.17</u>	<u>\$4.95</u>	<u>\$4.60</u>	<u>\$18.43</u>
EXPENSES					
Governmental activities	\$15.84	\$14.87	0.00	0.00	\$15.84
Business-type activities	0.00	0.00	3.61	3.81	3.61
Total expenses	<u>15.84</u>	<u>14.87</u>	<u>3.61</u>	<u>3.81</u>	<u>\$19.45</u>
Transfers	<u>.09</u>	<u>0.01</u>	<u>(.09)</u>	<u>(0.01)</u>	<u>0.00</u>
Increase in net assets	(2.45)	(2.71)	1.43	0.80	(1.02)
Prior Period Adjustment	0.00	0.00	0.00	0.00	0.00
Beginning net assets	<u>127.97</u>	<u>130.68</u>	<u>16.90</u>	<u>16.10</u>	<u>144.87</u>
Ending net assets	<u>\$125.52</u>	<u>\$127.97</u>	<u>\$18.33</u>	<u>\$16.90</u>	<u>\$143.85</u>

Governmental Activities

General revenues (including transfers) increased \$.75 million (or 6.76%) from approximately \$11.2 million in FYE10 to approximately \$11.95 million in FYE11. Governmental expenses (including transfers) increased approximately \$.97 million (or 6.5%) from \$14.8 million in FYE 10 to \$15.8 in FYE 11 primarily due to 5% contracted and 1.8% non-represented wage increases, compensated absences, OPEB liability, Joint Venture note receivable, and increased fuel and operational costs.

Business-type Activities:

Business revenues (including transfers) increased approximately \$.4 million (or 8.0%) from \$4.6 million in FYE 10 to \$5.0 million in FYE 11. Wastewater fund revenue increased \$221,877 (or 5.45%) from \$4.0 million in FYE 10 to \$4.3 in FYE11 primarily due to the City implementing a 6.5% increase in 2010 and 2011. Wastewater fund expenses decreased \$125,588 (or 3.68%) from \$3.4 million in FYE10 to \$3.2

million in FYE11. Building codes fund revenues increased \$184,368 from (or 97.0%) \$190,015 in FYE10 to \$374,383 in FYE11 primarily due to construction activity at the Bay Area Hospital. Building codes expenses decreased \$137 (less than 1.0%) from \$333,300 in FYE10 to \$333,163 in FYE11 primarily due to decreases in operational expenses.

BUDGETARY HIGHLIGHTS

The General fund appropriations (less transfers and debt service) decreased approximately \$2.0 million (or 16%) from \$13.4 million in FYE10 to \$11.3 million in FYE11. General fund actual costs in FYE 11 were approximately \$7.9 million (or 70%) of the final budget.

The Wastewater operating and construction fund appropriations (less transfers) increased approximately \$1.9 million (or 15%) from \$10.7 million in FYE10 to \$12.6 million in FYE11. Wastewater fund actual operating and construction costs in FYE 11 were approximately \$5.2 million (or 42%) of final budget. Major capital improvements were in the engineering design phase in FYE 11 with the completion of the replacement of the Pump Station No. 4 and 5; Isthmus Slough wastewater pressure line crossing; various collection lines in Empire, 8th & Vine; and construction at Wastewater Treatment Plants 1 and 2 in FYE 11.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011 the City had invested \$97.2 million in capital assets as reflected in the following table. This represents a \$3.7 million net decrease for current year activity (additions, deductions and depreciation).

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

	Governmental		Business-type		Totals	
	Activities	Activities	Activities	Activities	Activities	Activities
	2011	2010	2011	2010	2011	2010
Land & assets not depreciated	\$2.8	\$1.8	\$0	\$0.0	\$2.8	\$1.8
Land improvements	0.5	0.5	0.1	0.1	0.5	0.6
Buildings & improvements	9.6	4.4	0.0	0.0	0.6	4.4
Machinery & equipment	0.6	0.7	1.2	1.3	1.8	2.0
Vehicles	1.2	1.3	0.6	0.6	1.8	1.9
Infrastructure - streets	82.4	85.8	0.0	0.0	82.4	85.8
Plant and systems	0.0	0.0	12.3	10.5	12.3	10.5
Intangibles	0.02	0.0	0.0	0.0	0.02	0.0
Work in progress	0.06	6.4	1.5	1.2	1.56	7.6
Total	<u>\$97.2</u>	<u>\$100.9</u>	<u>\$15.7</u>	<u>\$13.7</u>	<u>\$112.9</u>	<u>\$114.60</u>

The following table reconciles the change in capital assets. Additions include assets acquired or under construction at year-end. Reductions are for disposition of assets and depreciation.

Table 4
Change in Capital Assets
(in millions)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Beginning balance	\$100.9	\$13.7	\$114.6
Additions	7.1	3.1	10.2
Retirement	(6.8)	(0.6)	(7.4)
Retroactive adjustment	0.0	0.0	0.0
Depreciation	(3.9)	(0.5)	(4.4)
Ending balance	<u>\$97.3</u>	<u>\$15.7</u>	<u>\$113.0</u>

Capital Assets from governmental activities decreased \$3.6 million primarily due to \$2.8 million Construction in Progress (CIP) offset by the disposals and ongoing infrastructure depreciation.

Business-type activities' capital assets increased \$2.1 million primarily due to \$2.1 million in additions primarily due to rehabilitation of aged infrastructure offset by disposals and depreciation.

Debt Outstanding

As of year-end, the City had approximately \$12.7 million in debt outstanding compared to \$12.6 million last year, including compensated absences and OPEB liability. Debt outstanding at June 30, 2011 due within one year totals \$1,074,719 (\$621,362 principle and \$453,357 interest).

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

	Totals	
	2011	2010
Governmental:		
Compensated absences	\$0.9	\$0.7
OPEB liability	0.2	0.1
General obligations	6.1	6.3
Revenue bonds	4.8	5.0
Loan Payable	0.6	0.4
Revenue secured loans	0.1	0.1
Sub-total	12.7	12.6
Business-type	0.0	0.0
Total	\$12.7	\$12.6

The City's water bonds and loans are paid from water revenues passed through from the Coos Bay-North Bend Water Board, Joint Venture. Standard & Poor's Rating Services has rated the City's water obligations A+. Standards & Poor's Rating Service has rated the City's General Obligation Bond Series 2009 AAA based upon insurance provided by Assured Guarantee. On October 25, 2010, Standard & Poor's downgraded its ratings on Assured Guaranty Corp. and Assured Guaranty Municipal Corp. from AAA (negative outlook) to AA+ (stable outlook). These downgrades impact transactions insured by Assured Guaranty and transactions originally insured by FSA, whose municipal portfolio was acquired by Assured Guaranty in 2009. For more detailed information on the City's debt and amortization terms refer to the notes.

FUND-BASED FINANCIAL ANALYSIS

Governmental funds. The **General Fund** is the chief operating fund of the City. At June 30, 2011 the fund balance was approximately \$4.1 million, which is categorized pursuant to implementation of GASB 54 categories as restricted, nonspendable, assigned, and unassigned. The fund balance represents 49% of the revenues for 2010-2011, which is adequate to cover expenditures prior to November when a significant portion of property tax revenues are received.

The **Jurisdictional Exchange Fund** was formed when the City took over 23 lane miles from the State of Oregon in exchange for \$4.8 million. The corpus of these monies is restricted from expenditure by City Charter. Fund balance at June 30, 2011 was \$4.8 million. During 2010-2011, this money earned \$62,659 in interest revenue. All amounts over the \$4.8 can be used to maintain and improve the 23 lane miles.

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. Fund balance at June 30, 2011 was \$597,594.

Business-type funds. The Wastewater Fund is used to account for the operations of the wastewater treatment facilities, and sanitary sewer, and storm water systems. The primary source of revenue is charges for service. The City implemented a 17% increase to user rates in June 2006, a 25% increase in June 2007, a 5% increase in 2008, a 6.5% increase in 2009, a 6.5% increase June 2010, and a 6.5% increase in May of 2011. The Wastewater Fund balance June 30, 2011 was \$1,533,394.

The **Wastewater Improvement Fund** is used to account for the capital expenditures of the wastewater treatment facilities, and sanitary sewer, and storm water systems. The primary source of revenue is the transfer of charges for services collected in the Wastewater Fund. The Wastewater Improvement Fund balance June 30, 2011 was \$527,763. Capital projects earmarked include Oregon Dept. of Environmental Quality mandated upgrades to the wastewater treatment facilities and ongoing rehabilitation of pump stations and collection lines.

ECONOMIC FACTORS


Like all cities in Oregon, the City is operating under Measure 50, the ad valorem tax limitation measure approved by voters on May 20, 1997. This measure rolled back assessed values to 1995-96 levels and effectively limited increased property tax revenues the City could anticipate in future years to a maximum of 3 percent, with permitted allowances for increasing valuations based on new construction. No substantive changes to the basic provisions of Measure 50 have been enacted during subsequent Oregon Legislative sessions.

In 2002 and 2003, some City programs were reduced, and a number of positions were eliminated in order for the City to downsize its budget to meet the limited revenues resulting from Measure 50 and the general downturn in economic conditions. In recent years, some of those positions were reinstated and other new positions have been created as funding has allowed. In FYE09 several positions were reorganized or contracted to curtail rising labor costs in a downturned economy.

The City's business-type activities are funded via utility charges for the Wastewater Fund, licenses, and permit fees for the Building Codes Fund. The City Council authorized a 6.5% Wastewater sewer rate increase in May of 2011 pursuant to the June 2009 rate study plan.

FINANCIAL CONTACT

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



Susanne Baker
Finance Director
City of Coos Bay

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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, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Coos Bay Urban Renewal Agency
ASSETS				
Cash and Investments	\$ 10,915,844	\$ 2,400,871	\$ 13,316,715	\$ 5,702,253
Receivables (Net of Allowance For Uncollectibles)	1,800,974	642,125	2,443,099	167,352
Prepays	10,334	-	10,334	-
Supply Inventory	172	-	172	-
Investment in Joint Venture	23,083,811	-	23,083,811	-
Unamortized Debt Issuance Difference	235,452	-	235,452	-
Capital Assets:				
Capital Assets, Non-Depreciable	2,885,675	1,594,693	4,480,368	1,547,725
Capital Assets, Net of Depreciation	94,374,449	14,161,303	108,535,752	3,045,399
Noncurrent Assets:				
Note Receivable - Due Within One Year	253,431	-	253,431	-
Note Receivable - Due in More Than One Year	4,965,485	-	4,965,485	-
Total Assets	138,525,627	18,798,992	157,324,619	10,462,729
LIABILITIES				
Accounts Payable	155,902	385,380	541,282	237,697
Payroll and Payroll Taxes Payable	140,210	-	140,210	-
Interest Payable	39,303	-	39,303	20,388
Accrued Vacation	854,802	79,536	934,338	-
Noncurrent Liabilities:				
Due Within One Year:				
Revenue Secured Loans Payable	253,431	-	253,431	-
Bonds Payable	260,000	-	260,000	703,722
Note Payable	107,931	-	107,931	-
Due in More Than One Year:				
Revenue Secured Loans Payable	4,610,983	-	4,610,983	-
Bonds Payable	5,685,000	-	5,685,000	4,731,163
Note Payable	524,129	-	524,129	-
OPEB Obligation	239,498	-	239,498	-
Bond Premium	130,085	-	130,085	-
Total Liabilities	13,001,274	464,916	13,466,190	5,692,970
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	91,315,124	15,755,996	107,071,120	(841,761)
Restricted for:				
Capital Projects	510,884	527,763	1,038,647	906,465
Debt Services	106,513	-	106,513	-
Services and Contributions	712,795	-	712,795	-
Unrestricted	32,879,037	2,050,317	34,929,354	4,705,055
Total Net Assets	\$ 125,524,353	\$ 18,334,076	\$ 143,858,429	\$ 4,769,759

See accompanying notes to the basic financial statements

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

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Functions/Programs			
Primary Government			
Governmental Activities			
General Government	\$ 1,236,856	\$ 654,508	\$ 200,526
Public Safety	6,651,906	446,709	-
Public Works	6,134,863	162,654	-
Culture and Recreation	1,334,175	-	-
Interest on Long-term Debt	489,526	-	-
Total Governmental Activities	15,847,326	1,263,871	200,526
Business-Type Activities			
Wastewater	3,282,569	4,290,124	-
Building Codes	333,163	374,383	-
Total Business-Type Activities	3,615,732	4,664,507	-
Total Primary Government	\$ 19,463,058	\$ 5,928,378	\$ 200,526
Component Unit			
Coos Bay Urban Renewal Agency	\$ 1,087,100	\$ -	\$ -

General Revenues

Taxes:

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets - beginning of year

Net Assets - end of year

See accompanying notes to the basic financial statements

Net Revenue (Expenses) and Changes in Net Assets			Component Unit
Governmental Activities	Business-Type Activities	Total	Coos Bay Urban Renewal Agency
\$ (381,822)	\$ -	\$ (381,822)	\$ -
(6,205,197)	-	(6,205,197)	-
(5,972,209)	-	(5,972,209)	-
(1,334,175)	-	(1,334,175)	-
(489,526)	-	(489,526)	-
<u>(14,382,929)</u>	<u>-</u>	<u>(14,382,929)</u>	<u>-</u>
-	1,007,555	1,007,555	-
-	41,220	41,220	-
-	1,048,775	1,048,775	-
<u>(14,382,929)</u>	<u>1,048,775</u>	<u>(13,334,154)</u>	<u>-</u>
-	-	-	(1,087,100)
5,713,297	-	5,713,297	1,552,844
471,081	-	471,081	-
1,138,334	-	1,138,334	-
1,104,885	356,645	1,461,530	-
1,513,892	-	1,513,892	-
864,540	-	864,540	-
196,195	17,395	213,590	36,594
871,861	98,306	970,167	34,602
(28,054)	-	(28,054)	(496,651)
90,798	(90,798)	-	-
<u>11,936,829</u>	<u>381,548</u>	<u>12,318,377</u>	<u>1,127,389</u>
(2,446,100)	1,430,323	(1,015,777)	40,289
<u>127,970,453</u>	<u>16,903,753</u>	<u>144,874,206</u>	<u>4,729,470</u>
<u>\$ 125,524,353</u>	<u>\$ 18,334,076</u>	<u>\$ 143,858,429</u>	<u>\$ 4,769,759</u>

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011**

	GENERAL FUND	FIRE STATION FUND	JURISDICTIONAL EXCHANGE RESERVE	OTHER GOVERNMENTAL	TOTAL
ASSETS:					
Cash and Investments	\$ 3,901,878	\$ 212,741	\$ 4,858,592	\$ 1,942,633	\$ 10,915,844
Inventory	172	-	-	-	172
Receivables, Net					
Taxes	584,781	-	-	56,883	641,664
Accounts	286,056	4,389	-	526,303	816,748
Assessments	306,336	-	-	36,226	342,562
Due From	22,413	-	-	-	22,413
Prepaid Expenses	-	-	-	10,334	10,334
Total Assets	<u>\$ 5,101,636</u>	<u>\$ 217,130</u>	<u>\$ 4,858,592</u>	<u>\$ 2,572,379</u>	<u>\$ 12,749,737</u>
LIABILITIES AND FUND EQUITY:					
Liabilities:					
Accounts Payable	\$ 64,584	\$ -	\$ -	\$ 91,318	\$ 155,902
Payroll and Payroll Taxes Payable	140,210	-	-	-	140,210
Deferred Revenues	306,336	-	-	46,226	352,562
Deferred Taxes	483,424	-	-	46,464	529,888
Due To	-	-	-	22,413	22,413
Total Liabilities	<u>994,554</u>	<u>-</u>	<u>-</u>	<u>206,421</u>	<u>1,200,975</u>
Fund Equity:					
Fund Balances:					
Nonspendable	172	-	4,800,000	10,334	4,810,506
Restricted	8,540	217,130	50,439	1,054,083	1,330,192
Assigned	231,144	-	8,153	1,310,860	1,550,157
Unassigned	3,867,226	-	-	(9,319)	3,857,907
Total Fund Balance	<u>4,107,082</u>	<u>217,130</u>	<u>4,858,592</u>	<u>2,365,958</u>	<u>11,548,762</u>
Total Liabilities and Fund Balance	<u>\$ 5,101,636</u>	<u>\$ 217,130</u>	<u>\$ 4,858,592</u>	<u>\$ 2,572,379</u>	<u>\$ 12,749,737</u>

See accompanying notes to the basic financial statements

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

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS
June 30, 2011**

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

Fund Balances		\$	11,548,762
<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			97,260,124
<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	\$	(5,945,000)	
Revenue Bonds		(4,864,414)	
Bond Premium		(130,085)	
Notes and Contracts Payable		(632,060)	
Debt Issuance Difference		235,452	
Accrued Interest		(39,303)	
Net Adjustment			(11,375,410)
<p>Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.</p>			
Accrued Vacation			(854,802)
Net OPEB Obligation is not reported as a liability in the Governmental Funds Balance Sheet			(239,498)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>			
Deferred Revenue			882,450
Joint Venture Note Receivable			5,218,916
Joint Venture Equity Investment			23,083,811
Total Net Assets		\$	<u>125,524,353</u>

See accompanying notes to the 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, 2011**

	GENERAL FUND	FIRE STATION FUND	JURISDICTIONAL EXCHANGE RESERVE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property Taxes	\$ 5,202,018	\$ -	\$ -	\$ 530,720	\$ 5,732,738
Other Taxes	-	-	-	1,609,415	1,609,415
Franchise Fees	1,513,892	-	-	-	1,513,892
Licenses and Permits	106,014	-	-	-	106,014
Intergovernmental	340,811	-	-	1,588,300	1,929,111
Grants	200,526	-	-	2,021	202,547
Other-Timber Sales	-	-	-	585,958	585,958
Charges for Services	491,371	-	-	93,853	585,224
Charges for Use of Money and Property	103,512	2,770	62,659	27,254	196,195
Fines and Forfeitures	80,529	-	-	-	80,529
Miscellaneous	55,800	4,389	-	131,170	191,359
Total Revenues	8,094,473	7,159	62,659	4,568,691	12,732,982
EXPENDITURES					
Current:					
General Government	1,125,471	-	-	36,359	1,161,830
Public Safety	6,012,020	-	-	163,374	6,175,394
Public Works	929,930	-	-	1,550,102	2,480,032
Culture and Recreation	-	-	-	1,172,417	1,172,417
Capital Outlay	-	138,864	-	772,969	911,833
Debt Service:					
Principal Retirement	-	-	103,686	488,268	591,954
Interest and Fiscal Charges	-	-	14,408	463,337	477,745
Total Expenditures	8,067,421	138,864	118,094	4,646,826	12,971,205
Excess of Revenues Over (Under) Expenditures	27,052	(131,705)	(55,435)	(78,135)	(238,223)
Other Financing Sources, (Uses)					
Transfers In	307,362	-	-	619,131	926,493
Transfers Out	(539,679)	-	-	(296,016)	(835,695)
CBNBWB Water Project Loan	354,502	-	-	-	354,502
Insurance Recovery In	3,256	-	-	-	3,256
Insurance Recovery Out	(5,160)	-	-	-	(5,160)
Du Jour Financing - URA	2,295,000	-	-	-	2,295,000
Du Jour Financing - URA	(2,294,426)	-	-	-	(2,294,426)
Total Other Financing Sources, (Uses)	120,855	-	-	323,115	443,970
Net Change in Fund Balance	147,907	(131,705)	(55,435)	244,980	205,747
FUND BALANCE - BEGINNING OF YEAR	3,959,175	348,835	4,914,027	2,120,978	11,343,015
FUND BALANCE - END OF YEAR	\$ 4,107,082	\$ 217,130	\$ 4,858,592	\$ 2,365,958	\$ 11,548,762

See accompanying notes to the 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, 2011**

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 \$ 205,747

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	\$	800,893	
Disposal of Capital Assets, net		(28,054)	
Depreciation Expense		(4,425,739)	
Net Adjustment			(3,652,900)

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	
GO Bonds, Notes and Contracts Payable		591,951	
Accrued Vacation		(66,424)	
OPEB Obligation		(119,527)	
Net Adjustment			397,500

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

Accrued Interest			(3,278)
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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			(19,441)
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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			(238,268)
Gain (Loss) from Joint Venture		864,540	
Change in Net Assets			\$ (2,446,100)

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

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011**

	Business-type Activities				TOTAL PROPRIETARY FUNDS
	MAJOR WASTEWATER FUND	WASTEWATER EQUIPMENT RESERVE	WASTEWATER IMPROVEMENT FUND	NON-MAJOR ENTERPRISE FUNDS	
ASSETS					
Current Assets					
Cash and Investments	\$ 1,161,616	\$ -	\$ 882,608	\$ 356,647	\$ 2,400,871
Receivables					
Accounts Receivable, Net	642,125	-	-	-	642,125
Capital Assets, Non-Depreciable	1,594,693	-	-	-	1,594,693
Capital Assets, Net of Depreciation	14,161,303	-	-	-	14,161,303
Total Assets	17,559,737	-	882,608	356,647	18,798,992
LIABILITIES					
Current Liabilities					
Accounts Payable and Accrued Liabilities	19,454	-	354,845	11,081	385,380
Accrued Vacation	47,067	-	-	32,469	79,536
Total Liabilities	66,521	-	354,845	43,550	464,916
Net Assets					
Invested in Capital Assets	15,755,996	-	-	-	15,755,996
Restricted for					
Capital Projects	-	-	527,763	-	527,763
Unreserved	1,737,220	-	-	313,097	2,050,317
Total Net Assets	\$ 17,493,216	\$ -	\$ 527,763	\$ 313,097	\$ 18,334,076

See accompanying notes to the basic financial statements

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011**

	Business-type Activities				TOTAL PROPRIETARY FUNDS
	MAJOR WASTEWATER FUND	WASTEWATER EQUIPMENT RESERVE	WASTEWATER IMPROVEMENT FUNDS	NONMAJOR ENTERPRISE FUNDS	
OPERATING REVENUES					
Licenses and Permits	\$ -	\$ -	\$ -	\$ 374,383	\$ 374,383
Intergovernmental	356,645	-	-	-	356,645
Charge for Services	4,290,124	-	-	-	4,290,124
Total Operating Revenues	4,646,769	-	-	374,383	5,021,152
OPERATING EXPENSES					
Personal Services	549,650	-	-	300,523	850,173
Materials and Services	2,211,005	-	-	32,640	2,243,645
Depreciation Expense	521,914	-	-	-	521,914
Total Operating Expenses	3,282,569	-	-	333,163	3,615,732
Income, (Loss) From Operations	1,364,200	-	-	41,220	1,405,420
NON-OPERATING REVENUES (EXPENSES)					
Interest on Investments	11,584	-	3,909	1,902	17,395
Other Revenue (Expenses)	60,262	-	37,958	86	98,306
Total Non-Operating Revenues	71,846	-	41,867	1,988	115,701
Income, (Loss) Before Contributions and Transfers	1,436,046	-	41,867	43,208	1,521,121
CONTRIBUTIONS AND TRANSFERS					
Capital Contributions	2,463,485	-	(2,463,485)	-	-
Transfers In	-	-	2,949,381	-	2,949,381
Transfers Out	(2,026,500)	(949,381)	-	(64,298)	(3,040,179)
Total Contributions and Transfers	436,985	(949,381)	485,896	(64,298)	(90,798)
Change in Net Assets	1,873,031	(949,381)	527,763	(21,090)	1,430,323
Beginning Net Assets	15,620,185	949,381	-	334,187	16,903,753
Ending Net Assets	<u>\$ 17,493,216</u>	<u>\$ -</u>	<u>\$ 527,763</u>	<u>\$ 313,097</u>	<u>\$ 18,334,076</u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2011**

	Business-type Activities				TOTAL PROPRIETARY
	MAJOR WASTEWATER	WASTEWATER EQUIPMENT RESERVE	WASTEWATER IMPROVEMENT FUND	NONMAJOR ENTERPRISE	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 4,385,149	\$ -	\$ -	\$ 374,383	\$ 4,759,532
Payments to Suppliers	(2,418,525)	(21,666)	354,845	(24,328)	(2,109,674)
Payments to Employees	(548,237)	-	-	(290,961)	(839,198)
Net Cash Provided by Operating Activities	1,418,387	(21,666)	354,845	59,094	1,810,660
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds	-	-	2,949,381	-	2,949,381
Transfers to Other Funds	(2,026,500)	(949,381)	-	(64,298)	(3,040,179)
Net Cash Provided by Noncapital Financing Activities	(2,026,500)	(949,381)	2,949,381	(64,298)	(90,798)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of Capital Assets	(2,527,990)	-	-	-	(2,527,990)
Capital Contributions	2,463,485	-	(2,463,485)	-	-
Other Revenue (Expenses)	71,846	-	41,867	1,988	115,701
Net Cash Provided (Used) by Capital and Related Financing Activities	7,341	-	(2,421,618)	1,988	(2,412,289)
Net Increase, (Decrease) in Cash and Cash Equivalents	(600,772)	(971,047)	882,608	(3,216)	(692,427)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,762,388	971,047	-	359,863	3,093,298
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,161,616	\$ -	\$ 882,608	\$ 356,647	\$ 2,400,871
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income	\$ 1,364,200	\$ -	\$ -	\$ 41,220	\$ 1,405,420
Adjustments					
Depreciation/Amortization	521,914	-	-	-	521,914
(Increase), Decrease in Accounts Receivable	(261,620)	-	-	-	(261,620)
Increase (Decrease) in Accrued Vacation	1,413	-	-	9,562	10,975
Increase, (Decrease) in Accounts Payable/Accrued Liabilities	(207,520)	(21,666)	354,845	8,312	133,971
Net Cash From Operations	\$ 1,418,387	\$ (21,666)	\$ 354,845	\$ 59,094	\$ 1,810,660

See accompanying notes to the basic financial statements

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

**STATEMENT OF FIDUCIARY FUNDS - NET ASSETS
AGENCY FUND
June 30, 2011**

	<u>AGENCY FUND VISITORS CONVENTION BUREAU</u>
ASSETS:	
Cash and Investments	\$ 87,916
Total Assets	<u>87,916</u>
LIABILITIES:	
Due to Other Agency	<u>87,916</u>
NET ASSETS:	
Total Net Assets	
Unrestricted	<u>\$ -</u>

See accompanying notes to the basic financial statements

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**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.

Fire Station Fund – This fund accounts for the general obligation bond and the construction of the Fire Station.

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.

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 Equipment Reserve Fund – This fund is used to accumulate resources of major wastewater equipment purchases. The primary sources of revenue are earnings on investments and operating transfers.

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.

Additionally, there are the following *non-major proprietary funds*:

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

Building Codes Reserve Fund – This fund is used to accumulate resources to purchase capital outlay for building codes department. The primary source of revenue is operating transfers.

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.

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	13,725,643
Investments	<u>5,380,241</u>

Total Cash and Investments \$ 19,106,884

Reconciliation of Cash Reported in:

Governmental	\$ 10,915,844
Business Type	2,400,871
Component Unit	5,702,253
Visitors Convention Bureau	<u>87,916</u>

Total Cash and Investments \$ 19,106,884

Deposits

Deposits with financial institutions consist of bank demand deposits. The total bank balance per the bank statements for all pooled cash is \$13,929,124. 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, 2011, 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, 2011 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, 2011, 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	\$ 465,274	\$ 465,274	\$ -	\$ -
Certificate of Deposits	4,914,967	4,914,967	-	-
Total	\$ 5,380,241	\$ 5,380,241	\$ -	\$ -

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, 2011, 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, 2011 and 2010 are \$854,802, and \$788,378. The business type funds compensated absences balances at June 30, 2011 and 2010 are \$79,536, and \$68,561.

Compensated Absences	Beginning Balance	Additions	Deletions	Ending Balance
Governmental	\$ 788,378	\$ 66,424	\$ -	\$ 854,802
Business Type	68,561	10,975	-	79,536
	<u>\$ 856,939</u>			<u>\$ 934,338</u>

4. CAPITAL ASSETS

Capital asset activity for governmental activities of the primary government for the year ended June 30, 2011 was as follows:

Description	GOVERNMENTAL ACTIVITIES CAPITAL ASSETS			
	June 30, 2010	Additions	Disposals	June 30, 2011
Capital assets not being depreciated				
Land	\$ 996,285	\$ 1,072,878	\$ -	\$ 2,069,163
Museum art works collection	760,395	-	-	760,395
Construction In Progress	6,388,690	56,117	(6,388,690)	56,117
Total Capital Assets not being depreciated	<u>8,145,370</u>	<u>1,128,995</u>	<u>(6,388,690)</u>	<u>2,885,675</u>
Other Capital Assets				
Land and Improvements	1,991,916	-	-	1,991,916
Buildings and Improvements	6,840,276	5,437,858	(176,190)	12,101,944
Machinery and Equipment	1,981,132	115,273	(47,133)	2,049,272
Vehicles	3,456,641	130,683	(287,464)	3,299,860
Intangibles	18,862	-	-	18,862
Infrastructure - streets	151,327,094	376,774	-	151,703,868
Total other Capital Assets	<u>165,615,921</u>	<u>6,060,588</u>	<u>(510,787)</u>	<u>171,165,722</u>
Less Accumulated Depreciation				
Land Improvements	1,457,229	43,289	-	1,500,518
Buildings and Improvements	2,440,026	212,326	(152,132)	2,500,220
Machinery & Equipment	1,249,847	185,550	(47,133)	1,388,264
Vehicles	2,192,455	206,263	(283,469)	2,115,249
Intangibles	630	1,174	-	1,804
Infrastructure - streets	65,508,080	3,777,137	-	69,285,217
Total Accumulated Depreciation	<u>72,848,267</u>	<u>4,425,739</u>	<u>(482,734)</u>	<u>76,791,272</u>
Total Governmental Activities	<u>\$ 100,913,023</u>	<u>\$ 2,763,844</u>	<u>\$ (6,416,743)</u>	<u>\$ 97,260,124</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:

Function	Governmental Funds
General Government	\$ 80,980
Public Safety	316,953
Public Works	3,983,498
Culture and Recreation	44,308
Total	\$ 4,425,739

Capital asset activity for business type activities for the year ended June 30, 2011 was as follows:

Description	BUSINESS TYPE ACTIVITIES			
	June 30, 2010	Additions	Disposals	June 30, 2011
Capital assets not being depreciated				
Construction in Progress	\$ 1,210,551	\$ 1,007,455	\$ (623,313)	\$ 1,594,693
Total Capital Assets not being depreciated	<u>1,210,551</u>	<u>1,007,455</u>	<u>(623,313)</u>	<u>1,594,693</u>
Other Capital Assets - Wastewater				
Land and Improvements	1,982,091	-	-	1,982,091
Machinery & Equipment	3,898,500	-	-	3,898,500
Vehicles	1,065,901	-	(12,502)	1,053,399
Plant and System	17,916,831	2,143,848	-	20,060,679
Total other Capital Assets	<u>24,863,323</u>	<u>2,143,848</u>	<u>(12,502)</u>	<u>26,994,669</u>
Less Accumulated Depreciation				
Land and Improvements	1,886,413	370	-	1,886,783
Machinery & Equipment	2,603,394	103,535	-	2,706,929
Vehicles	499,551	50,358	(12,502)	537,407
Plant and System	7,334,596	367,651	-	7,702,247
Total Accumulated Depreciation	<u>12,323,954</u>	<u>521,914</u>	<u>(12,502)</u>	<u>12,833,366</u>
Total Business Type Activities	<u>\$ 13,749,920</u>	<u>\$ 2,629,389</u>	<u>\$ (623,313)</u>	<u>\$ 15,755,996</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>\$ 521,914</u>
Total	<u>\$ 521,914</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 10.18% of covered payroll for Tier One/Two employees and 7.14% for general OPSRP employees and 9.85% for public safety. The contribution to the plan for the years ending June 30, 2011, 2010, and 2009 were as follows:

For the Year Ended June 30, 2011	Annual Pension Cost (APC) (ARC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 934,284	100%	\$ -
2010	\$ 878,113	100%	\$ -
2009	\$ 993,295	100%	\$ -

Annual Pension Costs

For the year ended June 30, 2011, 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, 1999, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8.00% investment rate of return (net of administrative expenses), (b) projected salary increases was 4.25% per year, and (c) 2.00% per year post-retirement cost-of-living increases. The underlying long-term assumed rate of inflation is 3.50% per year. The actuarial value of PERS assets are valued on the Expected Value Method.

Schedule of Funding Progress

Dec. 31 Valuation Date	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial of Assets	Funded Percent	Covered Payroll	Excess as a Percent of Covered Liability
2009	\$ 33,985,858	\$ 38,913,223	\$ 4,927,365	87%	\$ 5,474,299	90%
2008	29,981,209	37,359,256	7,378,047	80%	5,072,888	145%
2007	38,665,975	35,658,154	(3,007,821)	108%	4,801,518	-63%

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, 2011, was approximately \$239,498.

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
Annual Required Contribution (ARC)	\$ 197,070	\$ 208,427
Interest on Net Pension Obligation	-	5,399
Adjustment to Annual Required Contribution	-	(8,468)
	197,070	205,358
Annual OPEB Cost	197,070	205,358
Contributions Made	(77,099)	(85,831)
	119,971	119,527
Increase in Net Pension Obligation	119,971	119,527
Net OPEB Obligation (Asset) at Beginning of the Year	-	119,971
Net OPEB Obligation (Asset) at End of the Year	\$ 119,971	\$ 239,498
Percentage of APC Contributed	39%	42%

**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, 2011, 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>
6/30/2009	n/a	n/a	n/a
6/30/2010	\$ 197,070	39.00%	\$ 119,971
6/30/2011	\$ 205,358	42.00%	\$ 239,498

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: 4.5% for unfunded liabilities.
- Health Cost Trend: 8% for the first year, 7% in the second year, 6.5% in the third year, 6.0% in the fourth year through the fourteenth year, 5.5% for the fifteenth through the twenty ninth year, and 5.0% thereafter.
- 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 PR-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: 70% of active members are assumed to elect coverage until age 65, and 50% of participants are estimated to elect spousal coverage until the spouse reaches age 65.
- 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

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

The following is required supplementary information regarding funding progress:

Actuarial Valuation Date	Actuarial Value of Assets	AAL Unit Credit	UAAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
8/1/2006	\$ -	\$ 1,364,923	\$ 1,364,923	0.00%	n/a	n/a
8/1/2008	\$ -	\$ 1,310,923	\$ 1,310,923	0.00%	n/a	n/a
8/1/2010	\$ -	\$ 732,571	\$ 732,571	0.00%	n/a	n/a

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
2011-2012	\$ 250,000	\$ 206,905	\$ 456,905
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
2016-2021	1,725,000	541,675	2,266,675
2021-2026	1,670,000	144,741	1,814,741
Total	\$ 4,760,000	\$ 1,591,816	\$ 6,351,816

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
2011-2012	\$ 3,431	\$ 5,189	\$ 8,620
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
2016-2021	24,145	18,955	43,100
2021-2026	30,771	12,329	43,100
2026-2031	30,553	3,886	34,439
Total	<u>\$ 104,414</u>	<u>\$ 59,325</u>	<u>\$ 163,739</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
2011-12	\$ 107,931	\$ 10,163	\$ 118,094
2012-13	112,333	5,761	118,094
2013-14	57,294	1,153	58,447
Total	<u>\$ 277,558</u>	<u>\$ 17,077</u>	<u>\$ 294,635</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
2011-12	\$ 260,000	\$ 231,100	\$ 491,100
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
2016-2021	1,645,000	808,150	2,453,150
2021-2026	2,005,000	450,831	2,455,831
2026-2031	920,000	60,250	980,250
Total	\$ 5,945,000	\$ 2,394,631	\$ 8,339,631

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, 2011 was \$354,502 from each city.

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

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities: During the year ended June 30, 2011, the following changes occurred in long-term liabilities:

	Balance 7/1/2010	Additions	Reductions	Balance 6/30/2011	Due in One Year
General Obligation:					
Revenue Bonds:					
Water Bonds					
June 14, 2005 (refunding)	\$ 107,682	\$ -	\$ (3,268)	\$ 104,414	\$ 3,431
GO Fire Station					
April 15, 2009	6,195,000	-	(250,000)	5,945,000	260,000
Revenue Secured Bond:					
April, 2006 (refunding)	4,995,000	-	(235,000)	4,760,000	250,000
Business Loan:					
August 17, 2005	381,241	-	(103,683)	277,558	107,931
Economic Development Loan					
June 30, 2011	-	354,502	-	354,502	-
OPEB Obligation	119,971	119,527	-	239,498	-
Bond Premium	138,403	-	(8,318)	130,085	-
Total	<u>\$ 11,937,297</u>	<u>\$ 474,029</u>	<u>\$ (600,269)</u>	<u>\$ 11,811,057</u>	<u>\$ 621,362</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, 2011:

Cash and investments	\$ 4,994,898
Other assets	<u>52,752,881</u>
Total assets	<u>\$ 57,747,779</u>
Total liabilities	\$ 11,580,155
Total equity	<u>46,167,624</u>
Total liabilities and equity	<u>\$ 57,747,779</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, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>
\$ 22,219,272	\$ 864,539	\$ -	\$ 23,083,811

An investment in joint venture in the amount of \$23,083,811 million was booked as an asset (Investment in Joint Venture) in Fiscal Year 2010-2011, 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, 2011, the Water Board remitted \$4,223,878 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 \$59,889.

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, 2011 is \$5,218,916. 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	\$ 307,362	\$ 539,679
Other Governmental	619,131	296,016
	<u>\$ 926,493</u>	<u>\$ 835,695</u>
Business Type Funds	<u>\$ 2,949,381</u>	<u>\$ 3,040,179</u>
Total Transfers	<u>\$ 3,875,874</u>	<u>\$ 3,875,874</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, 2011 are as follows:

Fund Balances:	General Fund	Fire Station Fund	Jurisdictional Exchange Reserve	Non Major Funds	Total
<u>Nonspendable:</u>					
Inventory	\$ 172	\$ -	\$ -	\$ -	\$ 172
Prepaid Expenses	-	-	-	10,334	10,334
Jurisdictional Exchange	-	-	4,800,000	-	4,800,000
Total	172	-	4,800,000	10,334	4,810,506
<u>Restricted</u>					
Memorial Bricks	3,540	-	-	-	3,540
Fire - BAH - Carseat	5,000	-	-	-	5,000
Jurisdictional Exchange	-	-	50,439	-	50,439
Legislation	-	-	-	285,771	285,771
Library Operations	-	-	-	368,045	368,045
Debt Service	-	-	-	106,513	106,513
Capital Projects	-	217,130	-	293,754	510,884
Total	8,540	217,130	50,439	1,054,083	1,330,192
<u>Assigned</u>					
Fire Federal - SAFER	332	-	-	-	332
DUII Impact Panel	15,000	-	-	-	15,000
Canine	15,000	-	-	-	15,000
Range	2,000	-	-	-	2,000
Building Codes Fund	53,698	-	-	-	53,698
Tech Fund	5,300	-	-	-	5,300
Unclaimed Property Liability	988	-	-	-	988
Rainy Day Reserve Fund	138,826	-	-	-	138,826
Jurisdictional Exchange	-	-	8,153	-	8,153
Capital Projects	-	-	-	1,310,860	1,310,860
Total	231,144	-	8,153	1,310,860	1,550,157
Unassigned:	3,867,226	-	-	(9,319)	3,857,907
Total Fund Balances	\$ 4,107,082	\$ 217,130	\$ 4,858,592	\$ 2,365,958	\$ 11,548,762

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 16 – SUBSEQUENT EVENT

A \$600,000 intergovernmental loan was issued in July of 2011 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 2012 at an interest rate of 1%. The future requirements for amortization of the debt service payments are as follows:

Financing	\$ 600,000	1.00%	
Year FYE	Principal	Interest	Total
2012	\$ -	\$ -	\$ -
2013	60,000	6,000	66,000
2014	60,000	5,400	65,400
2015	60,000	4,800	64,800
2016	60,000	4,200	64,200
2017-21	300,000	12,000	312,000
2022	<u>60,000</u>	<u>600</u>	<u>60,600</u>
Total	<u>\$ 600,000</u>	<u>\$ 33,000</u>	<u>\$ 633,000</u>

NOTE 17 – 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.

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

REQUIRED SUPPLEMENTARY DATA

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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, 2011**

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES				
Property Taxes	\$ 5,036,617	\$ 5,036,617	\$ 5,202,018	\$ 165,401
Franchise Fees	1,410,000	1,410,000	1,513,892	103,892
Licenses and Permits	132,800	132,800	106,014	(26,786)
Intergovernmental	348,200	348,200	340,811	(7,389)
Grants	47,500	115,500	161,101	45,601
Charges For Services	418,475	418,475	411,142	(7,333)
Charges for Use of Money and Property	92,500	92,500	102,580	10,080
Fines and Forfeitures	97,000	97,000	80,529	(16,471)
Miscellaneous	11,550	11,550	55,800	44,250
Total Revenue	<u>7,594,642</u>	<u>7,662,642</u>	<u>7,973,887</u>	<u>311,245</u>
EXPENDITURES				
General Government	1,139,769	1,246,059 (1)	1,125,471	120,588
Public Safety	6,256,550	6,256,550 (1)	5,889,021	367,529
Public Works	1,469,468	1,469,468 (1)	929,930	539,538
Special Payments	9,325	9,325 (1)	-	9,325
Capital Outlay	-	68,000 (1)	-	68,000
Contingency	2,433,215	2,326,925 (1)	-	2,326,925
Total Expenditures	<u>11,308,327</u>	<u>11,376,327</u>	<u>7,944,422</u>	<u>3,431,905</u>
Excess of Revenues Over (Under) Expenditures	(3,713,685)	(3,713,685)	29,465	3,743,150
OTHER FINANCING SOURCES (USES)				
Transfers In	43,662	47,786	164,576	116,790
Transfers Out	(429,977)	(434,101) (1)	(434,101)	-
CBNBWB Water Project Loan	900,000	900,000	354,502	(545,498)
Du Jour Financing - URA In	2,295,000	2,295,000	2,295,000	-
Du Jour Financing - URA Out	(2,295,000)	(2,295,000) (1)	(2,294,426)	574
Total Other Financing Sources (Uses)	<u>513,685</u>	<u>513,685</u>	<u>85,551</u>	<u>(428,134)</u>
Net Change in Fund Balance	(3,200,000)	(3,200,000)	115,016	3,315,016
FUND BALANCE - BEGINNING OF YEAR	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,853,241</u>	<u>653,241</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,968,257</u>	<u>\$ 3,968,257</u>

(1) Appropriation Level

Reconciliation of Governmental Fund Balance as Required by GASB #54

Ending Fund Balance:

Rainy Day Reserve Fund

138,825

GAAP General Fund Balance \$ 4,107,082

**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, 2011**

JURISDICTIONAL EXCHANGE RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 50,000	\$ 50,000	\$ 62,659	\$ 12,659
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>62,659</u>	<u>12,659</u>
EXPENDITURES				
Public Works				
Debt Service				
Principal Retirement	103,686	103,686	103,686	-
Interest and Fiscal Charges	14,409	14,409	14,408	1
Total Expenditures	<u>118,095</u>	<u>118,095 (1)</u>	<u>118,094</u>	<u>1</u>
Net Change in Fund Balance	(68,095)	(68,095)	(55,435)	12,660
FUND BALANCE - BEGINNING OF YEAR	<u>4,899,804</u>	<u>4,899,804</u>	<u>4,914,027</u>	<u>14,223</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,831,709</u>	<u>\$ 4,831,709</u>	<u>\$ 4,858,592</u>	<u>\$ 26,883</u>

(1) Appropriation Level

CITY OF COOS BAY
COOS COUNTY, OREGON

SUPPLEMENTARY DATA

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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, 2011

FIRE STATION 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	\$ 5,000	\$ 5,000	\$ 2,770	\$ (2,230)
Miscellaneous	-	-	4,389	4,389
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>7,159</u>	<u>2,159</u>
EXPENDITURES				
Capital Outlay				
Fire Station	575,000	348,835 (1)	138,864	209,971
Total Expenditures	<u>575,000</u>	<u>348,835</u>	<u>138,864</u>	<u>209,971</u>
Net Change in Fund Balance	(570,000)	(343,835)	(131,705)	212,130
FUND BALANCE - BEGINNING OF YEAR	<u>570,000</u>	<u>343,835</u>	<u>348,835</u>	<u>5,000</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,130</u>	<u>\$ 217,130</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, 2011**

	<u>WASTEWATER FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Intergovernmental				
Charleston	\$ 179,500	\$ 179,500	\$ 70,185	\$ (109,315)
Bunker Hill	105,800	105,800	35,567	(70,233)
Total Intergovernmental	<u>285,300</u>	<u>285,300</u>	<u>105,752</u>	<u>(179,548)</u>
Charges for Services				
Sewer Permits	8,000	8,000	4,150	(3,850)
Sewer Use Fees	4,370,744	4,370,744	4,210,039	(160,705)
Recreational Vehicle Dump Fees	2,500	2,500	2,265	(235)
Alum Sludge Disposal Fees	50,000	50,000	73,670	23,670
Total Charges for Services	<u>4,431,244</u>	<u>4,431,244</u>	<u>4,290,124</u>	<u>(141,120)</u>
Charges for Use of Money and Property				
Interest on Investments	15,000	15,000	11,584	(3,416)
Miscellaneous	-	-	60,262	60,262
Total Revenues	<u>4,731,544</u>	<u>4,731,544</u>	<u>4,467,722</u>	<u>(263,822)</u>
EXPENDITURES				
Wastewater Collection and Treatment				
Personal Services	627,419	627,419	502,583	124,836
Materials and Services	2,293,385	2,506,822	2,200,589	306,233
Total Wastewater Collection and Treatment	<u>2,920,804</u>	<u>3,134,241 (1)</u>	<u>2,703,172</u>	<u>431,069</u>
Capital Outlay	126,900	156,900 (1)	74,921	81,979
Contingency	771,662	528,225 (1)	-	528,225
Total Expenditures	<u>3,819,366</u>	<u>3,819,366</u>	<u>2,778,093</u>	<u>1,041,273</u>
Excess of Revenues Over (Under) Expenditures	912,178	912,178	1,689,629	777,451
Other Financing Sources (Uses)				
Transfers Out	(2,829,440)	(2,782,442)	(2,026,500)	(755,942)
Net Change in Fund Balance	(1,917,262)	(1,870,264)	(336,871)	1,533,393
FUND BALANCE - BEGINNING OF YEAR	<u>1,917,262</u>	<u>1,870,264</u>	<u>1,870,265</u>	<u>1</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,533,394</u>	<u>\$ 1,533,394</u>

Reconciliation to Net Assets:

Capital Assets, Net	15,755,996
Deferred Revenue	250,893
Accrued Vacation	(47,067)

Total Net Assets \$ 17,493,216

(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, 2011**

WASTEWATER EQUIPMENT RESERVE

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,200,000)	(949,381) (1)	(949,381)	-
Total Other Financing Sources (Uses)	(1,200,000)	(949,381)	(949,381)	-
Net Change in Fund Balance	(1,200,000)	(949,381)	(949,381)	-
FUND BALANCE - BEGINNING OF YEAR	1,200,000	949,381	949,381	-
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, 2011**

WASTEWATER IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 8,500	\$ 8,500	\$ 3,909	\$ (4,591)
Intergovernmental	1,500,000	1,500,000	-	(1,500,000)
Miscellaneous Income	-	-	37,958	37,958
Total Revenues	<u>1,508,500</u>	<u>1,508,500</u>	<u>41,867</u>	<u>(1,466,633)</u>
EXPENDITURES				
Capital Outlay	<u>9,043,740</u>	<u>8,746,123 (1)</u>	<u>2,463,485</u>	<u>6,282,638</u>
Total Expenditures	<u>9,043,740</u>	<u>8,746,123</u>	<u>2,463,485</u>	<u>6,282,638</u>
Excess of Revenues Over (Under) Expenditures	(7,535,240)	(7,237,623)	(2,421,618)	4,816,005
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	5,378,256	5,378,256	-	(5,378,256)
Transfers In	<u>3,302,940</u>	<u>3,005,323</u>	<u>2,949,381</u>	<u>(55,942)</u>
Total Other Financing Sources (Uses)	<u>8,681,196</u>	<u>8,383,579</u>	<u>2,949,381</u>	<u>(5,434,198)</u>
Net Change in Fund Balance	1,145,956	1,145,956	527,763	(618,193)
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,145,956</u>	<u>\$ 1,145,956</u>	<u>\$ 527,763</u>	<u>\$ (618,193)</u>

(1) Appropriation Level

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

**COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2011

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	COMBINED NONMAJOR DEBT SERVICE FUNDS	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 352,849	\$ 96,307	\$ 1,493,477	\$ 1,942,633
Receivables				
Taxes	-	56,883	-	56,883
Accounts	348,802	2,177	175,324	526,303
Assessments	-	-	36,226	36,226
Prepaid Expenses	749	-	9,585	10,334
Total Assets	\$ 702,400	\$ 155,367	\$ 1,714,612	\$ 2,572,379
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts Payable	\$ 34,422	\$ 2,390	\$ 54,506	\$ 91,318
Deferred Revenues	-	-	46,226	46,226
Deferred Taxes	-	46,464	-	46,464
Due To	13,413	-	9,000	22,413
Total Liabilities	47,835	48,854	109,732	206,421
FUND BALANCES				
Nonspendable	749	-	9,585	10,334
Restricted	653,816	106,513	293,754	1,054,083
Assigned	-	-	1,310,860	1,310,860
Unassigned	-	-	(9,319)	(9,319)
Total Fund Balances	654,565	106,513	1,604,880	2,365,958
Total Liabilities and Fund Balances	\$ 702,400	\$ 155,367	\$ 1,714,612	\$ 2,572,379

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

**COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS**

June 30, 2011

	STATE GAS TAX	HOTEL/ MOTEL TAX	LIBRARY	911 TAX	TOTAL
ASSETS					
Cash and Investments	\$ 31,134	\$ -	\$ 250,623	\$ 71,092	\$ 352,849
Receivables					
Accounts	75,637	121,828	126,317	25,020	348,802
Prepaid Expenses	-	-	749	-	749
Total Assets	\$ 106,771	\$ 121,828	\$ 377,689	\$ 96,112	\$ 702,400
LIABILITIES AND FUND BALANCES:					
LIABILITIES					
Accounts Payable	\$ 17,956	\$ 7,571	\$ 8,895	\$ -	\$ 34,422
Due To	-	13,413	-	-	13,413
Total Liabilities	17,956	20,984	8,895	-	47,835
FUND BALANCES					
Unreserved, reported in					
Nonspendable	-	-	749	-	749
Restricted	88,815	100,844	368,045	96,112	653,816
Total Fund Balances	88,815	100,844	368,794	96,112	654,565
Total Liabilities and Fund Balances	\$ 106,771	\$ 121,828	\$ 377,689	\$ 96,112	\$ 702,400

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

**COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2011**

	GO BOND REDEMPTION	REVENUE BOND	TOTAL
ASSETS			
Cash and Investments	\$ 95,710	\$ 597	\$ 96,307
Receivables			
Accounts	-	2,177	2,177
Taxes	56,883	-	56,883
Total Assets	\$ 152,593	\$ 2,774	\$ 155,367
LIABILITIES AND FUND BALANCES:			
LIABILITIES			
Deferred Taxes	\$ 46,464	\$ -	\$ 46,464
Accounts Payable	213	2,177	2,390
Total Liabilities	46,677	2,177	48,854
FUND BALANCES			
Restricted	105,916	597	106,513
Total Fund Balances	105,916	597	106,513
Total Liabilities and Fund Balances	\$ 152,593	\$ 2,774	\$ 155,367

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

**COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2011**

	STREET IMPROVEMENT	PARKS IMPROVEMENT	BIKE/ PEDESTRIAN IMPROVEMENT	SPECIAL IMPROVEMENT
ASSETS				
Cash and Investments	\$ -	\$ 151,950	\$ 6,352	\$ 141,444
Prepaid Expense	9,585	-	-	-
Receivables				
Accounts	64,187	-	-	-
Assessments	-	-	-	36,226
Total Assets	\$ 73,772	\$ 151,950	\$ 6,352	\$ 177,670
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts Payable	\$ 54,506	\$ -	\$ -	\$ -
Deferred Revenues	10,000	-	-	36,226
Due To	9,000	-	-	-
Total Liabilities	73,506	-	-	36,226
FUND BALANCES				
Nonspendable	9,585	-	-	-
Restricted	-	-	-	-
Assigned	-	151,950	6,352	141,444
Unassigned	(9,319)	-	-	-
Total Fund Balances	266	151,950	6,352	141,444
Total Liabilities and Fund Balances	\$ 73,772	\$ 151,950	\$ 6,352	\$ 177,670

INSURANCE RESERVE	TECHNOLOGY RESERVE	TRANSPORTATION SDC	WASTEWATER SDC	STORMWATER SDC
\$ 276,914	\$ 136,606	\$ 14,319	\$ 241,665	\$ 18,611
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 276,914</u>	<u>\$ 136,606</u>	<u>\$ 14,319</u>	<u>\$ 241,665</u>	<u>\$ 18,611</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
276,914	136,606	14,319	241,665	18,611
-	-	-	-	-
-	-	-	-	-
<u>276,914</u>	<u>136,606</u>	<u>14,319</u>	<u>241,665</u>	<u>18,611</u>
<u>\$ 276,914</u>	<u>\$ 136,606</u>	<u>\$ 14,319</u>	<u>\$ 241,665</u>	<u>\$ 18,611</u>

COUNTY-WIDE CAD RESERVE	MAJOR CAPITAL RESERVE	TOTAL
\$ 19,159	\$ 486,457	\$ 1,493,477
-	-	9,585
-	111,137	175,324
-	-	36,226
<u>\$ 19,159</u>	<u>\$ 597,594</u>	<u>\$ 1,714,612</u>
\$ -	\$ -	\$ 54,506
-	-	46,226
-	-	9,000
-	-	109,732
-	-	9,585
19,159	-	293,754
-	597,594	1,310,860
-	-	(9,319)
<u>19,159</u>	<u>597,594</u>	<u>1,604,880</u>
<u>\$ 19,159</u>	<u>\$ 597,594</u>	<u>\$ 1,714,612</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, 2011**

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	COMBINED MAJOR DEBT SERVICE FUNDS	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Property Taxes	\$ -	\$ 530,720	\$ -	\$ 530,720
Other Taxes	1,432,660	-	176,755	1,609,415
Intergovernmental Revenues	959,812	463,005	165,483	1,588,300
Grants	2,021	-	-	2,021
Other-Timber Sales	-	-	585,958	585,958
Charges for Services	93,853	-	-	93,853
Charge for Use of Money and Property	14,491	1,536	11,227	27,254
Miscellaneous	58,622	-	72,548	131,170
Total Revenues	<u>2,561,459</u>	<u>995,261</u>	<u>1,011,971</u>	<u>4,568,691</u>
EXPENDITURES				
Current				
General Government	-	-	36,359	36,359
Public Safety	156,294	-	7,080	163,374
Public Works	1,510,021	-	40,081	1,550,102
Culture and Recreation	1,172,417	-	-	1,172,417
Capital Outlay	4,832	-	768,137	772,969
Debt Service:				
Principal Retirement	-	488,268	-	488,268
Interest and Fiscal Charges	-	463,337	-	463,337
Total Expenditures	<u>2,843,564</u>	<u>951,605</u>	<u>851,657</u>	<u>4,646,826</u>
Excess of Revenues Over (Under) Expenditures	(282,105)	43,656	160,314	(78,135)
OTHER FINANCING SOURCES (USES)				
Transfers In	231,878	-	387,253	619,131
Transfers Out	(7,820)	-	(288,196)	(296,016)
Total Other Financing Sources, (Uses)	<u>224,058</u>	<u>-</u>	<u>99,057</u>	<u>323,115</u>
Net Change in Fund Balance	(58,047)	43,656	259,371	244,980
FUND BALANCES - BEGINNING OF YEAR	<u>712,612</u>	<u>62,857</u>	<u>1,345,509</u>	<u>2,120,978</u>
FUND BALANCES - END OF YEAR	<u>\$ 654,565</u>	<u>\$ 106,513</u>	<u>\$ 1,604,880</u>	<u>\$ 2,365,958</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, 2011**

	STATE GAS TAX	HOTEL/ MOTEL TAX	LIBRARY	911 TAX	TOTAL
REVENUES					
Other Taxes	\$ -	\$ 471,081	\$ 961,579	\$ -	\$ 1,432,660
Charges for Use of Money and Property	428	8,656	5,161	246	14,491
Intergovernmental Revenues	806,175	-	-	153,637	959,812
Grants	-	-	2,021	-	2,021
Charges for Services	-	-	93,853	-	93,853
Miscellaneous	11,638	8,586	38,398	-	58,622
Total Revenues	818,241	488,323	1,101,012	153,883	2,561,459
EXPENDITURES					
Current					
Public Safety	-	-	-	156,294	156,294
Public Works	903,045	606,976	-	-	1,510,021
Culture and Recreation	-	-	1,172,417	-	1,172,417
Capital Outlay	-	-	4,832	-	4,832
Total Expenditures	903,045	606,976	1,177,249	156,294	2,843,564
Excess of Revenues Over (Under) Expenditures	(84,804)	(118,653)	(76,237)	(2,411)	(282,105)
OTHER FINANCING SOURCES (USES)					
Transfer In	80,119	151,759	-	-	231,878
Transfer Out	(7,820)	-	-	-	(7,820)
Total Other Financing Sources (Uses)	72,299	151,759	-	-	224,058
Net Change in Fund Balance	(12,505)	33,106	(76,237)	(2,411)	(58,047)
FUND BALANCES - BEGINNING OF YEAR	101,320	67,738	445,031	98,523	712,612
FUND BALANCES - END OF YEAR	\$ 88,815	\$ 100,844	\$ 368,794	\$ 96,112	\$ 654,565

**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, 2011**

	GO BOND REDEMPTION	REVENUE BOND	TOTAL
REVENUES			
Property Taxes	\$ 530,720	\$ -	\$ 530,720
Intergovernmental	-	463,005	463,005
Charges for Use of Money and Property	1,536	-	1,536
Total Revenues	532,256	463,005	995,261
EXPENDITURES			
Debt Services			
Principal Retirement	250,000	238,268	488,268
Interest and Fiscal Charges	238,600	224,737	463,337
Total Expenditures	488,600	463,005	951,605
Net Change in Fund Balance	43,656	-	43,656
FUND BALANCES - BEGINNING OF YEAR	62,260	597	62,857
FUND BALANCES - END OF YEAR	\$ 105,916	\$ 597	\$ 106,513

**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, 2011**

	STREET IMPROVEMENT	PARKS IMPROVEMENT	BIKE/ PEDESTRIAN IMPROVEMENT	SPECIAL IMPROVEMENT
REVENUES				
Intergovernmental Revenues	\$ 150,742	\$ -	\$ -	\$ -
Grants	-	-	-	-
Charges for Use of Money and Property	266	593	155	876
Others-Timber Sales	-	-	-	-
Miscellaneous	-	2,495	1,194	22,551
Total Revenues	151,008	3,088	1,349	23,427
EXPENDITURES				
Current:				
Materials and Services	-	2,561	-	-
Capital Outlay	245,774	-	103,728	-
Total Expenditures	245,774	2,561	103,728	-
Excess of Revenues Over (Under) Expenditures	(94,766)	527	(102,379)	23,427
OTHER FINANCING SOURCES (USES)				
Transfer In	-	140,000	79,631	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	140,000	79,631	-
Net Changes in Fund Balance	(94,766)	140,527	(22,748)	23,427
FUND BALANCES - BEGINNING OF YEAR	95,032	11,423	29,100	118,017
FUND BALANCES - END OF YEAR	\$ 266	\$ 151,950	\$ 6,352	\$ 141,444

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,741
-	-	-	-	-	-
1,765	833	256	1,592	123	120
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,765</u>	<u>833</u>	<u>256</u>	<u>1,592</u>	<u>123</u>	<u>14,861</u>
-	36,358	-	-	-	7,080
-	72,216	-	-	-	15,339
-	<u>108,574</u>	-	-	-	<u>22,419</u>
1,765	(107,741)	256	1,592	123	(7,558)
20,000	143,937	-	-	-	3,685
-	(3,685)	(71,811)	-	-	-
<u>20,000</u>	<u>140,252</u>	<u>(71,811)</u>	<u>-</u>	<u>-</u>	<u>3,685</u>
21,765	32,511	(71,555)	1,592	123	(3,873)
255,149	104,095	85,874	240,073	18,488	23,032
<u>\$ 276,914</u>	<u>\$ 136,606</u>	<u>\$ 14,319</u>	<u>\$ 241,665</u>	<u>\$ 18,611</u>	<u>\$ 19,159</u>

MAJOR CAPITAL RESERVE FUND	TOTAL
\$ -	\$ 165,483
176,755	176,755
4,648	11,227
585,958	585,958
46,308	72,548
<u>813,669</u>	<u>1,011,971</u>
37,521	83,520
<u>331,080</u>	<u>768,137</u>
<u>368,601</u>	<u>851,657</u>
445,068	160,314
-	387,253
<u>(212,700)</u>	<u>(288,196)</u>
<u>(212,700)</u>	<u>99,057</u>
232,368	259,371
<u>365,226</u>	<u>1,345,509</u>
<u>\$ 597,594</u>	<u>\$ 1,604,880</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, 2011**

STATE GAS TAX FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Intergovernmental				
State Gas Tax	\$ 782,000	\$ 782,000	\$ 806,175	\$ 24,175
Interest on Investments	500	500	428	(72)
Miscellaneous	5,750	5,750	11,638	5,888
Total Revenues	<u>788,250</u>	<u>788,250</u>	<u>818,241</u>	<u>29,991</u>
EXPENDITURES				
Public Works				
Personal Services	459,399	459,399	402,716	56,683
Materials and Services	406,150	461,150	500,329	(39,179)
Total Public Works	865,549	920,549 (1)	903,045	17,504
Contingency	-	41,320 (1)	-	41,320
Total Expenditures	<u>865,549</u>	<u>961,869</u>	<u>903,045</u>	<u>58,824</u>
Excess of Revenues Over (Under) Expenditures	(77,299)	(173,619)	(84,804)	88,815
OTHER FINANCING SOURCES (USES)				
Transfers Out	(7,820)	(7,820) (1)	(7,820)	-
Transfers In	80,119	80,119	80,119	-
Total Transfers	<u>72,299</u>	<u>72,299</u>	<u>72,299</u>	<u>-</u>
Net Change in Fund Balance	(5,000)	(101,320)	(12,505)	88,815
FUND BALANCE - BEGINNING OF YEAR	<u>5,000</u>	<u>101,320</u>	<u>101,320</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,815</u>	<u>\$ 88,815</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, 2011**

<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	\$ 471,081	\$ 5,564
Charges for Use of Money and Property				
Interest on Investments	900	900	387	(513)
Visitors Center Revenue	-	-	7,549	7,549
Property Rentals	-	-	720	720
Total Charges for Use of Money and Property	900	900	8,656	7,756
Miscellaneous Income	-	-	8,586	8,586
Total Revenues	466,417	466,417	488,323	21,906
EXPENDITURES				
Public Works				
Personal Services	254,476	254,476	235,045	19,431
Materials and Services	363,700	363,700	371,931	(8,231)
Total Expenditures	618,176	618,176 (1)	606,976	11,200
Excess of Revenues Over (Under) Expenditures	(151,759)	(151,759)	(118,653)	10,706
OTHER FINANCING SOURCES (USES)				
Transfer In	151,759	151,759	151,759	-
Total Other Financing Sources, (Uses)	151,759	151,759	151,759	-
Net Change in Fund Balance	-	-	33,106	33,106
FUND BALANCE - BEGINNING OF YEAR	-	-	67,738	67,738
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,844</u>	<u>\$ 100,844</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, 2011**

LIBRARY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Taxes				
County Serial Levy	\$ 882,000	\$ 882,000	\$ 961,579	\$ 79,579
Intergovernmental				
State Library Grant	2,100	2,100	2,021	(79)
Total Intergovernmental	2,100	2,100	2,021	(79)
Charges for Services				
Copies	3,600	3,600	4,386	786
Database Specialist Fees	62,754	62,754	67,555	4,801
Library Fees	24,000	24,000	21,912	(2,088)
Total Charge for Services	90,354	90,354	93,853	3,499
Charges for Use of Money and Property				
Interest on Investments	4,500	4,500	2,826	(1,674)
Property Rentals	3,400	3,400	2,335	(1,065)
Total Charges for Use of Money and Property	7,900	7,900	5,161	(2,739)
Miscellaneous				
Donations	20,000	20,000	34,213	14,213
Other	-	-	4,185	4,185
Total Miscellaneous	20,000	20,000	38,398	18,398
Total Revenues	1,002,354	1,002,354	1,101,012	98,658
EXPENDITURES				
Cultural and Recreation				
Personal Services	844,013	921,941	920,167	1,774
Materials and Services	248,300	258,372	252,250	6,122
Total Library Operations	1,092,313	1,180,313 (1)	1,172,417	7,896
Capital Outlay	6,000	6,000 (1)	4,832	1,168
Contingency	373,041	285,041 (1)	-	285,041
Total Expenditures	1,471,354	1,471,354	1,177,249	294,105
Net Change in Fund Balance	(469,000)	(469,000)	(76,237)	392,763
FUND BALANCE - BEGINNING OF YEAR	469,000	469,000	445,031	(23,969)
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 368,794	\$ 368,794

(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, 2011

<u>911 TAX FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
911 Revenue	\$ 165,331	\$ 165,331	\$ 153,637	\$ (11,694)
Charges for Use of Money and Property				
Interest on Investments	500	500	246	(254)
Total Revenues	<u>165,831</u>	<u>165,831</u>	<u>153,883</u>	<u>(11,948)</u>
EXPENDITURES				
Public Safety				
Personal Services	179,497	179,497	141,711	37,786
Materials and Services	22,500	22,500	14,583	7,917
Total Operations	<u>201,997</u>	<u>201,997</u> (1)	156,294	45,703
Capital Outlay	<u>18,534</u>	<u>18,534</u> (1)	-	18,534
Total Expenditures	<u>220,531</u>	<u>220,531</u>	<u>156,294</u>	<u>64,237</u>
Net Change in Fund Balance	(54,700)	(54,700)	(2,411)	52,289
FUND BALANCE - BEGINNING OF YEAR	<u>54,700</u>	<u>54,700</u>	<u>98,523</u>	<u>43,823</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,112</u>	<u>\$ 96,112</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, 2011**

GENERAL OBLIGATION BOND REDEMPTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Taxes	\$ 488,600	\$ 488,600	\$ 530,720	\$ 42,120
Charges for Use of Money and Property				
Interest on Investments	-	-	1,536	1,536
Total Revenues	<u>488,600</u>	<u>488,600</u>	<u>532,256</u>	<u>43,656</u>
EXPENDITURES				
Debt Service				
Principal	250,000	250,000	250,000	-
Interest	238,600	238,600	238,600	-
Total Expenditures	<u>488,600</u>	<u>488,600 (1)</u>	<u>488,600</u>	<u>-</u>
Net Change in Fund Balance	-	-	43,656	43,656
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>62,260</u>	<u>62,260</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,916</u>	<u>\$ 105,916</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, 2011**

<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	\$ 960,831	\$ 960,831	\$ 463,005	\$ (497,826)
Total Revenues	<u>960,831</u>	<u>960,831</u>	<u>463,005</u>	<u>(497,826)</u>
EXPENDITURES				
Debt Service				
Principal	1,038,268	1,038,268	238,268	800,000
Interest	<u>622,563</u>	<u>622,563</u>	<u>224,737</u>	<u>397,826</u>
Total Expenditures	<u>1,660,831</u>	<u>1,660,831 (1)</u>	<u>463,005</u>	<u>1,197,826</u>
Excess of Revenues Over (Under) Expenditures	(700,000)	(700,000)	-	700,000
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>700,000</u>	<u>700,000</u>	<u>-</u>	<u>(700,000)</u>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>597</u>	<u>597</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597</u>	<u>\$ 597</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, 2011**

STREET IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Intergovernmental				
State	\$ 160,628	\$ 273,183	\$ 150,742	\$ (122,441)
Charges for Use of Money and Property				
Interest on Investments	-	-	266	266
Total Revenues	<u>160,628</u>	<u>273,183</u>	<u>151,008</u>	<u>(122,175)</u>
EXPENDITURES				
Public Works				
Capital Outlay	314,195	368,215 (1)	245,774	122,441
Total Expenditures	<u>314,195</u>	<u>368,215</u>	<u>245,774</u>	<u>122,441</u>
Net Change in Fund Balance	(153,567)	(95,032)	(94,766)	266
FUND BALANCE - BEGINNING OF YEAR	<u>153,567</u>	<u>95,032</u>	<u>95,032</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266</u>	<u>\$ 266</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, 2011**

PARKS IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 100	\$ 100	\$ 593	\$ 493
Grants	90,000	90,000	-	(90,000)
Donations	87,627	87,627	2,495	(85,132)
Total Revenues	<u>177,727</u>	<u>177,727</u>	<u>3,088</u>	<u>(174,639)</u>
EXPENDITURES				
Culture and Recreation				
Materials and Services	2,627	2,627 (1)	2,561	66
Capital Outlay	326,357	326,357 (1)	-	326,357
Total Expenditures	<u>328,984</u>	<u>328,984</u>	<u>2,561</u>	<u>326,423</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	140,000	140,000	140,000	-
Total Other Financing Sources (Uses)	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Net Change in Fund Balance	(11,257)	(11,257)	140,527	151,784
FUND BALANCE - BEGINNING OF YEAR	<u>11,257</u>	<u>11,257</u>	<u>11,423</u>	<u>166</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,950</u>	<u>\$ 151,950</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, 2011**

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	\$ 155	\$ 5
Miscellaneous		-	1,194	1,194
Total Revenues	<u>150</u>	<u>150</u>	<u>1,349</u>	<u>1,199</u>
EXPENDITURES				
Culture and Recreation				
Capital Outlay	214,525	214,525 (1)	103,728	110,797
Total Expenditures	<u>214,525</u>	<u>214,525</u>	<u>103,728</u>	<u>110,797</u>
Excess of Revenues Over (Under) Expenditures	(214,375)	(214,375)	(102,379)	111,996
OTHER FINANCING SOURCES (USES)				
Transfers In	111,195	111,195	79,631	(31,564)
Total Other Financing Sources (Uses)	<u>111,195</u>	<u>111,195</u>	<u>79,631</u>	<u>(31,564)</u>
Net Change in Fund Balance	(103,180)	(103,180)	(22,748)	80,432
FUND BALANCE - BEGINNING OF YEAR	<u>103,180</u>	<u>103,180</u>	<u>29,100</u>	<u>(74,080)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,352</u>	<u>\$ 6,352</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, 2011**

SPECIAL IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 600	\$ 600	\$ 876	\$ 276
Miscellaneous				
Principal	8,157	8,157	19,087	10,930
Interest	12,180	12,180	3,464	(8,716)
Total Miscellaneous	20,337	20,337	22,551	2,214
Total Revenues	20,937	20,937	23,427	2,490
EXPENDITURES				
Culture and Recreation				
Materials and Services	600	600 (1)	-	600
Capital Outlay	8,338	8,338 (1)	-	8,338
Contingency	11,999	11,999 (1)	-	11,999
Total Expenditures	20,937	20,937	-	20,937
Net Change in Fund Balance	-	-	23,427	23,427
FUND BALANCE - BEGINNING OF YEAR	-	-	118,017	118,017
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 141,444	\$ 141,444

(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, 2011**

INSURANCE 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	\$ 1,900	\$ 1,900	\$ 1,765	\$ (135)
Total Revenues	<u>1,900</u>	<u>1,900</u>	<u>1,765</u>	<u>(135)</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under)				
Expenditures	1,900	1,900	1,765	(135)
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net Change in Fund Balance	21,900	21,900	21,765	(135)
FUND BALANCE - BEGINNING OF YEAR	<u>254,445</u>	<u>254,445</u>	<u>255,149</u>	<u>704</u>
FUND BALANCE - END OF YEAR	<u>\$ 276,345</u>	<u>\$ 276,345</u>	<u>\$ 276,914</u>	<u>\$ 569</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, 2011**

TECHNOLOGY RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 600	\$ 600	\$ 833	\$ 233
Total Revenues	600	600	833	233
EXPENDITURES				
General Government				
Materials and Services	44,200	44,200 (1)	36,358	7,842
Capital Outlay	98,350	98,350 (1)	72,216	26,134
Total Expenditures	142,550	142,550	108,574	33,976
Excess of Revenues Over (Under) Expenditures	(141,950)	(141,950)	(107,741)	34,209
OTHER FINANCING SOURCES (USES)				
Transfers In	143,937	143,937	143,937	-
Transfers Out	(3,685)	(3,685) (1)	(3,685)	-
Total Other Financing Sources (Uses)	140,252	140,252	140,252	-
Net Change in Fund Balance	(1,698)	(1,698)	32,511	34,209
FUND BALANCE - BEGINNING OF YEAR	1,698	1,698	104,095	102,397
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,606</u>	<u>\$ 136,606</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, 2011

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	\$ 850	\$ 850	\$ 256	\$ (594)
Total Revenues	<u>850</u>	<u>850</u>	<u>256</u>	<u>(594)</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	850	850	256	(594)
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(103,375)</u>	<u>(86,724) (1)</u>	<u>(71,811)</u>	<u>14,913</u>
Total Other Financing Sources (Uses)	<u>(103,375)</u>	<u>(86,724)</u>	<u>(71,811)</u>	<u>14,913</u>
Net Change in Fund Balance	(102,525)	(85,874)	(71,555)	14,319
FUND BALANCE - BEGINNING OF YEAR	<u>102,525</u>	<u>85,874</u>	<u>85,874</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,319</u>	<u>\$ 14,319</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, 2011**

WASTEWATER SDC FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 1,935	\$ 1,935	\$ 1,592	\$ (343)
Total Revenues	<u>1,935</u>	<u>1,935</u>	<u>1,592</u>	<u>(343)</u>
EXPENDITURES				
Wastewater Collection and Treatment				
Capital Outlay	241,630	241,630 (1)	-	241,630
Total Expenditures	<u>241,630</u>	<u>241,630</u>	<u>-</u>	<u>241,630</u>
Net Change in Fund Balance	(239,695)	(239,695)	1,592	241,287
FUND BALANCE - BEGINNING OF YEAR	<u>239,695</u>	<u>239,695</u>	<u>240,073</u>	<u>378</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,665</u>	<u>\$ 241,665</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, 2011**

<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	\$ 130	\$ 130	\$ 123	\$ (7)
Total Revenues	<u>130</u>	<u>130</u>	<u>123</u>	<u>(7)</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	130	130	123	(7)
FUND BALANCE - BEGINNING OF YEAR	<u>18,416</u>	<u>18,416</u>	<u>18,488</u>	<u>72</u>
FUND BALANCE - END OF YEAR	<u>\$ 18,546</u>	<u>\$ 18,546</u>	<u>\$ 18,611</u>	<u>\$ 65</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, 2011**

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	\$ 120	\$ (30)
Intergovernmental				
Revenue from Other Agencies	14,741	14,741	14,741	-
Total Revenues	<u>14,891</u>	<u>14,891</u>	<u>14,861</u>	<u>(30)</u>
EXPENDITURES				
General Government				
Materials and Services	4,000	8,000 (1)	7,080	920
Capital Outlay	16,489	33,607 (1)	15,339	18,268
Total Expenditures	<u>20,489</u>	<u>41,607</u>	<u>22,419</u>	<u>19,188</u>
Excess of Revenues Over (Under)				
Expenditures	(5,598)	(26,716)	(7,558)	19,158
OTHER FINANCING SOURCES (USES)				
Transfers In	3,685	3,685	3,685	-
Net Change in Fund Balance	(1,913)	(23,031)	(3,873)	19,158
FUND BALANCE - BEGINNING OF YEAR	<u>1,913</u>	<u>23,031</u>	<u>23,032</u>	<u>1</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,159</u>	<u>\$ 19,159</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, 2011**

MAJOR CAPITAL RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 1,800	\$ 1,800	\$ 4,648	\$ 2,848
Grants	-	1,588,371	176,755	(1,411,616)
Other-Timber Sales	780,000	642,775	585,958	(56,817)
Others - Property Sales	5,000	5,000	-	(5,000)
Miscellaneous	-	-	46,308	46,308
Total Revenues	<u>786,800</u>	<u>2,237,946</u>	<u>813,669</u>	<u>(1,424,277)</u>
EXPENDITURES				
General Government				
Materials and Services	99,706	99,706 (1)	37,521	62,185
Capital Outlay	209,000	1,805,351 (1)	331,080	1,474,271
Total Expenditures	<u>308,706</u>	<u>1,905,057</u>	<u>368,601</u>	<u>1,536,456</u>
Excess of Revenues Over (Under)				
Expenditures	478,094	332,889	445,068	112,179
Other Financing Sources (Uses)				
Transfers Out	<u>(212,700)</u>	<u>(212,700) (1)</u>	<u>(212,700)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(212,700)</u>	<u>(212,700)</u>	<u>(212,700)</u>	<u>-</u>
Net Change in Fund Balance	265,394	120,189	232,368	112,179
FUND BALANCE - BEGINNING OF YEAR	<u>228,000</u>	<u>365,225</u>	<u>365,226</u>	<u>1</u>
FUND BALANCE - END OF YEAR	<u>\$ 493,394</u>	<u>\$ 485,414</u>	<u>\$ 597,594</u>	<u>\$ 112,180</u>

(1) Appropriation Level

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

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS**

June 30, 2011

	BUILDING CODES	BUILDING CODES RESERVE	TOTAL
ASSETS			
Current Assets			
Cash and Investments	\$ 356,647	\$ -	\$ 356,647
Total Assets	\$ 356,647	\$ -	\$ 356,647
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 10,850	\$ -	\$ 10,850
Deposits	231	-	231
Accrued Vacation	32,469	-	32,469
Total Liabilities	43,550	-	43,550
NET ASSETS			
Restricted for Other Uses	313,097	-	313,097
Total Net Assets	\$ 313,097	\$ -	\$ 313,097

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

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2011**

	BUILDING CODES	BUILDING CODES RESERVE	TOTAL
OPERATING REVENUES			
Licenses and Permits	\$ 374,383	\$ -	\$ 374,383
Total Operating Revenues	374,383	-	374,383
OPERATING EXPENSES			
Personal Services	300,523	-	300,523
Materials and Services	32,640	-	32,640
Total Operating Expenses	333,163	-	333,163
Income, (Loss) From Operations	41,220	-	41,220
NON-OPERATING REVENUES (EXPENSES)			
Interest on Investments	1,502	400	1,902
Other Revenue (Expenses)	86	-	86
Total Non-Operating Revenues (Expenses)	1,588	400	1,988
Net Income (Loss) before Operating Transfers	42,808	400	43,208
TRANSFERS			
Transfers Out	-	(64,298)	(64,298)
Net Transfers	-	(64,298)	(64,298)
Change in Net Assets	42,808	(63,898)	(21,090)
Total Net Assets - Beginning of Year	270,289	63,898	334,187
Total Net Assets - End of Year	\$ 313,097	\$ -	\$ 313,097

**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, 2011**

BUILDING CODES FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Licenses and Permits	\$ 146,330	\$ 146,330	\$ 374,383	\$ 228,053
Charges for Use of Money and Property				
Interest on Investments	3,500	3,500	1,502	(1,998)
Miscellaneous	100	100	86	(14)
Total Revenues	<u>149,930</u>	<u>149,930</u>	<u>375,971</u>	<u>226,041</u>
EXPENDITURES				
Public Works				
Personal Services	307,455	307,455	300,523	6,932
Materials and Services	52,638	52,638	32,640	19,998
Total Building Codes Operations	<u>360,093</u>	<u>360,093</u>	<u>333,163</u>	<u>26,930</u>
Contingency	14,837	14,837	(1) -	14,837
Total Expenditures	<u>374,930</u>	<u>374,930</u>	<u>333,163</u>	<u>41,767</u>
Net Change in Fund Balance	(225,000)	(225,000)	42,808	267,808
FUND BALANCE - BEGINNING OF YEAR	<u>225,000</u>	<u>225,000</u>	<u>270,289</u>	<u>45,289</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,097</u>	<u>\$ 313,097</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, 2011**

BUILDING CODES 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	\$ 500	\$ 500	\$ 400	\$ (100)
Total Revenues	<u>500</u>	<u>500</u>	<u>400</u>	<u>(100)</u>
Excess of Revenues Over (Under) Expenditures	500	500	400	(100)
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(5,300)</u>	<u>(5,300) (1)</u>	<u>(64,298) (2)</u>	<u>(58,998)</u>
Total Other Financing Sources (Uses)	<u>(5,300)</u>	<u>(5,300)</u>	<u>(64,298)</u>	<u>(58,998)</u>
Net Change in Fund Balance	(4,800)	(4,800)	(63,898)	(59,098)
FUND BALANCE - BEGINNING OF YEAR	<u>67,000</u>	<u>67,000</u>	<u>63,898</u>	<u>(3,102)</u>
FUND BALANCE - END OF YEAR	<u>\$ 62,200</u>	<u>\$ 62,200</u>	<u>\$ -</u>	<u>\$ (62,200)</u>

(1) Appropriation Level

(2) Fund closed by Council Resolution as of 6/30/11

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, 2011

	<u>SPECIAL POLICE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	\$ (43,662)	\$ (47,786) (1)	\$ (47,786) (2)	\$ -
FUND BALANCE - BEGINNING OF YEAR	<u>43,662</u>	<u>47,786</u>	<u>47,786</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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
(2) Fund closed by Council Resolution as of 6/30/11

**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, 2011**

RAINY DAY RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 300	\$ 300	\$ 677	\$ 377
Total Revenues	300	300	677	377
EXPENDITURES				
Contingency	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	300	300	677	377
OTHER FINANCING SOURCES (USES)				
Transfer In	80,000	80,000	80,000	-
Total Other Financing Sources, (Uses)	80,000	80,000	80,000	-
Net Change in Fund Balance	80,300	80,300	80,677	377
FUND BALANCE - BEGINNING OF YEAR	57,969	57,969	58,148	179
FUND BALANCE - END OF YEAR	<u>\$ 138,269</u>	<u>\$ 138,269</u>	<u>\$ 138,825</u>	<u>\$ 556</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, 2011**

POLICE PUBLIC SAFETY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Grants	\$ 121,500	\$ 121,500	\$ 17,925	\$ (103,575)
Charges for Services	115,300	115,300	48,191	(67,109)
Charges for Use of Money and Property				
Interest on Investments	300	300	230	(70)
Total Revenues	<u>237,100</u>	<u>237,100</u>	<u>66,346</u>	<u>(170,754)</u>
EXPENDITURES				
Public Safety				
Personal Services	212,898	199,116	55,568	143,548
Materials and Services	68,300	78,718	7,601	71,117
Total Expenditures	<u>281,198</u>	<u>277,834 (1)</u>	<u>63,169</u>	<u>214,665</u>
Excess of Revenues Over (Under) Expenditures	(44,098)	(40,734)	3,177	43,911
OTHER FINANCING SOURCES (USES)				
Insurance Recovery - in	15,000	15,000	3,256	(11,744)
Insurance Recovery - out	(15,000)	(15,000) (1)	(3,256)	11,744
Transfer In	44,098	40,734	40,734	-
Transfer Out	-	-	(43,911) (2)	(43,911)
Total Other Financing Sources, (Uses)	<u>44,098</u>	<u>40,734</u>	<u>(3,177)</u>	<u>(43,911)</u>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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
(2) Fund closed by Council Resolution as of 6/30/11

**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, 2011**

FIRE PUBLIC SAFETY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Grants	\$ 154,000	\$ 154,000	\$ 21,500	\$ (132,500)
Charges for Services	77,000	77,000	32,038	(44,962)
Charges for Use of Money and Property				
Interest on Investments	150	150	25	(125)
Total Revenues	231,150	231,150	53,563	(177,587)
EXPENDITURES				
Public Safety				
Personal Services	76,150	83,638	29,180	54,458
Materials and Services	119,564	119,564	30,650	88,914
Total Operations	195,714	203,202 (1)	59,830	143,372
Capital Outlay	50,000	50,000 (1)	-	50,000
Total Expenditures	245,714	253,202	59,830	193,372
Excess of Revenues Over (Under) Expenditures	(14,564)	(22,052)	(6,267)	15,785
OTHER FINANCING SOURCES (USES)				
Insurance Recovery - in	20,000	20,000	-	(20,000)
Insurance Recovery - out	(20,000)	(20,000) (1)	(1,904)	18,096
Transfer In	14,564	22,052	22,052	-
Transfer Out	-	-	(13,881) (2)	(13,881)
Total Other Financing Sources, (Uses)	14,564	22,052	6,267	(15,785)
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

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
(2) Fund closed by Council Resolution as of 6/30/11

CITY OF COOS BAY
COOS COUNTY, OREGON

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND

For the Year Ended June 30, 2011

	<u>BALANCE</u> <u>JUNE 30, 2010</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2011</u>
ASSETS				
Cash and Investments	\$ 81,007	\$ 208,882	\$ 201,973	\$ 87,916
LIABILITIES				
Due to Agency	\$ 81,007	\$ 208,882	\$ 201,973	\$ 87,916

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED**

For the Year Ended June 30, 2011

General Fund:						
<u>TAX YEAR</u>	<u>IMPOSED LEVY OR OR BALANCE UNCOLLECTED AT 7/1/10</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/11</u>
Current:						
2010-11	\$ 5,305,274	\$ 127,067	\$ (11,383)	\$ 4,198	\$ 4,869,288	\$ 301,734
Prior Years:						
2009-10	316,592	(89)	(19,426)	12,332	165,413	144,174
2008-09	160,428	(22)	(14,273)	13,012	73,167	86,022
2007-08	76,461	(11)	(14,077)	13,363	44,352	31,406
2006-07	27,612	(8)	(7,746)	7,121	20,161	6,834
2005-06 & Prior	17,058	-	(2,602)	2,137	1,982	14,611
Total Prior	598,151	(130)	(58,124)	47,965	305,075	283,047
Total All Funds	<u>\$ 5,903,425</u>	<u>\$ 126,937</u>	<u>\$ (69,507)</u>	<u>\$ 52,163</u>	<u>\$ 5,174,363</u>	<u>\$ 584,781</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 5,174,363
Accrual of Receivables:	
June 30, 2010	(94,077)
June 30, 2011	101,357
Taxes in Lieu of Property Taxes	20,375
Total Revenue	<u>\$ 5,202,018</u>

Debt Service Fund:

2010-11	\$ 541,798	12,977	(1,163)	429	497,273	30,814
Prior Years:						
2009-10	35,887	(10)	(2,185)	1,399	18,760	16,351
2008-09	11,923	(3)	4,587	1,470	8,265	9,718
2007-08	-	-	-	-	-	-
2006-07	-	-	-	-	-	-
2005-06 & Prior	-	-	-	-	-	-
Total Prior	47,810	(13)	2,402	2,869	27,025	26,069
Total All Funds	<u>\$ 589,608</u>	<u>\$ 12,964</u>	<u>\$ 1,239</u>	<u>\$ 3,298</u>	<u>\$ 524,298</u>	<u>\$ 56,883</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 524,298
Accrual of Receivables:	
June 30, 2010	(9,217)
June 30, 2011	10,419
Taxes in Lieu of Property Taxes	5,220
Total Revenue	<u>\$ 530,720</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

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

November 4, 2011

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, 2011, and have issued our report thereon dated November 4, 2011. 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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CITY OF COOS BAY

SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES
For the Year Ended June 30, 2011

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	TOTAL AWARDS EXPENDED
DEPARTMENT OF HOMELAND SECURITY		
Federal Emergency Management Agency - Public Infrastructure	97.036	\$ 61,054
Tsunami-Emergency Work Reimbursement	97.036	1,936
Safer Grant	97.083	28,841
DEPARTMENT OF THE INTERIOR		
Maintenance Assistance Program	15.616	11,500
OSMB - Pumpout/Dump Station	15.616	23,652
U.S. DEPARTMENT OF JUSTICE		
Bullet Proof Vest Partnership Grant Program	16.607	1,400
South Coast Interagency Narcotics Team	16.710	5,594
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION		
Costal Management Grant	11.419	16,000
DEPARTMENT OF TRANSPORTATION		
State & Community Highway	20.600	4,160
DEPARTMENT OF ENERGY		
City Shops Lighting Project	81.128	4,700
Street Re-Lamping - ARRA	81.128	81,224
ENVIRONMENTAL PROTECTION AGENCY		
Capitalization Grants for Drinking Water	66.468	354,502 (1)
Total Expenditures		<u>\$ 594,563</u>

(1) Major Program

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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November 4, 2011

**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, 2011, and have issued our report thereon dated November 4, 2011. 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

-
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November 4, 2011

**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, 2011. 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, 2011.

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, 2011

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) indentified 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) indentified 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, 2011

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.