I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Coos County (the County) operates under Oregon Revised Statutes (ORS) Title 20. Control of the County is vested in its Board of Commissioners, who are elected to office by voters within the County. Other elected officials of the County whose general duties and responsibilities are covered by various ORS chapters include the Assessor, Clerk, District Attorney, Sheriff, Surveyor, and Treasurer.

The basic financial statements include all financial activities, organizations and functions for which the Board is responsible for financial accountability, based on criteria established by the Governmental Accounting Standards Board. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Therefore, although legally separate entities, component units are, in substance, part of the primary government's operations and data from these units are included in the financial statements of the primary government. Additionally, if the governing body of the component unit is substantially the same as that of the primary government (the County) and the management of the primary government has operational responsibility for the component unit, the component unit's financial data is to be blended with the primary government's financial data.

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. Based on application of the aforementioned criteria established by the Governmental Accounting Standards Board (GASB), the County has three component units, Coos County Library Service District, the Coos County 4-H & Extension Service District and the Coos County Area Transit Service District.

Coos County Library Service District and the 4-H & Extension Service District - The Districts serve all citizens of the county and are governed by the County's Board of Commissioners. The Board approves the Districts' budgets, levies taxes, and approves contracts with all cities and universities receiving County support payments. The Districts are reported as special revenue funds within the County's financial statements using blended method of presentation. Financial statements for the Districts may be obtained from the Coos County Clerk.

Coos County Area Transit Service District - The District serves all citizens of the County and is governed by the County's Board of Commissioners. The Board approves the District's budgets and approves contracts. The District is reported as a business-type fund within the County's financial statements using blended method of presentation. Financial statements for the District may be obtained from the Coos County Clerk.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States 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.

Government-wide Statements: The government-wide statements are prepared using the economic resources measurement focus and are reported on the accrual basis. This is the same approach used in preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The government-wide statements are the Statement of Net Position and the Statement of Activities. They display information about the primary government (the County) and its component units.

These statements include the financial activities of the overall government, except for fiduciary activities. Inter-fund activity such as loans and transfers are eliminated to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County.

Governmental activities – The County's general government activities are reported in this category, including general government, public safety, public works, health and welfare, conservation, community development, culture and recreation and intergovernmental. Governmental activities generally are financed through taxes, intergovernmental revenue, and other nonexchange transactions.

Business-type activities – The County's business-type activities include operating a waste disposal, natural gas pipeline, County fair and transportation service district. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: Fund financial statements report detailed information about the County. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The various funds of the County are grouped into the categories governmental, proprietary and fiduciary.

Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary funds financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are used to account for the County's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, licenses, and interest are considered to be susceptible to accrual.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grant, categorical block grant, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grant, and then by general revenues.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

An accrual for deferred revenue arises in the Governmental Funds Balance Sheet when potential revenue does not meet the earned and available criteria for recognition in the current period. Unavailable deferred revenue consists of uncollected property taxes not deemed available to finance operation of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue is recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow created on the Governmental Fund Balance Sheet for unavailable deferred revenue is eliminated. Unearned revenues arise outside the scope of measurement focus and basis of accounting, such as when the City received resources before it has a legal claim to them. An example of this would be when grant monies are received prior to the incurrence of qualifying expenses.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activities of the funds. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investments earnings, result from nonexchange transaction or ancillary activities.

The County reports the following major governmental funds:

General Fund – This is the County's primary operating fund. It accounts for and reports the financial resources of the County that are not accounted for and reported in any other fund. Principal sources of revenue are Oregon and California land grant proceeds, state and federal revenues, property taxes, licenses and permits, charges for services, and interest. Primary expenditures are for general administration, public safety, community services and health services.

Public Works Fund – The fund accounts for and reports the general operations of the Road Department. Primary revenue resources include federal forest fees, motor vehicle fees and interest allocation. Expenditures are for the construction and maintenance of roads and bridges.

Mental Health Fund – This fund accounts for and reports the County's mental health operations. Primary revenue sources include State mental health grants and contracts.

County Forest Fund – This fund accounts for and reports the management of the County's forest. Primary source of revenue is from the sale of forest products. Expenditures consist of forestry management and transfers to the General Fund.

The County reports the following major enterprise funds:

Waste Disposal Fund – This fund accounts for and reports the operations, maintenance, development, and closure/post closure care of various disposal sites. The fund's primary revenue source is waste disposal fees.

Gas Pipeline Fund – This fund accounts for and reports the construction and operations of a natural gas pipeline from Roseburg to the Coos Bay-North Bend Area. Initially funded by bonds, the fund's primary revenue source is from operational fees.

The County reports the following fiduciary fund types:

Agency Funds – These funds account for and report monies held by the County in a fiduciary capacity or as an agent for other governments and other funds.

C. Assets, Liability, and Equity

1. *Cash and Cash Equivalents*

The cash and cash equivalents reported on the balance sheets include cash on hand, demand deposits, cash with fiscal agents and amounts in investment pools that have the general characteristics of demand deposit accounts with highly liquid debt instruments purchased with a maturity of three months or less. The State of Oregon authorizes municipalities to invest in general obligations of the United States and its agencies, certain debt of Oregon municipalities, savings accounts, certificates of deposit, bankers' acceptances, the Oregon State Treasurer's Investment Pool and certain highly rated commercial paper. Investments are recorded at fair value. All other investments are pooled in order to maximize interest rates. Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund.

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments (including restricted cash) with maturity of three months or less when purchased to be cash equivalents.

Investments are stated at amortized cost, which approximates fair value.

2. *Receivables and Payables*

All receivables are reported at their gross value. There is no provision for uncollectible amounts. The management of Coos County believes all receivables are collectible with no material uncollectible amounts.

Property taxes receivable for the governmental fund types which have been collected within 60 days subsequent to year end are considered measurable and available and are recognized as revenue. All other property taxes receivable are offset by deferred revenue and, accordingly, have not been recorded as revenue on the budgetary basis. Property taxes are levied and attached as an enforceable lien on property as of July 1. Taxes are payable in three installments on November 15, February 15, and May 15. All property tax receivables are due from property owners within the County and are billed and collected by Coos County, Oregon and turned over to the taxing districts within the County.

Assessments receivable are offset by deferred revenue and, accordingly, have not been recorded as revenue.

Receivables of the proprietary fund types are recorded as revenue earned, including services earned but not billed.

Receivables for federal and state grants, and state, county, and local shared revenue are recorded as revenue in all fund types as earned. The receivables for state, county, and local shared revenue are recorded in accounts receivable.

Investment earnings (e.g., accrued interest receivable) are recorded as revenue in all fund types as interest income.

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

3. *Inventories*

Materials and supplies inventories are used for road and equipment repairs and are carried in the Public Works Fund. Except for aggregate produced by the County, which is valued at a cost, which is different from the cost that would be derived using a method that is in accordance with generally accepted accounting principles, inventories are valued at actual cost and recorded with the Purchase Method. Inventories are shown on the balance sheet as an asset and a reservation of fund balance, which indicates that they do not constitute available expendable resources although they are a component of net current assets.

4. *Restricted Assets*

Certain resources are set aside for repayment of debt and are classified as restricted assets on the Statement of Net Position because their use is limited by outside parties. Restricted amounts may include resources set aside for specific purposes including making principal and interest payments on bonds and notes payable, and post-closure costs.

5. *Capital Assets*

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The County maintains a capitalization threshold of $5,000 and an initial estimated useful life extending beyond a single reporting period. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during construction is not capitalized.

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. For governmental activities these costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Capital assets are depreciated using straight-line method over the following estimated useful lives:

Asset Class	Years
Waste disposal plant	5-40
Buildings and improvements	20-60
Infrastructure	10-40
Machinery and equipment	5-15
Vehicles and other mobile equipment	2-20

6. *Compensated Absences*

The County's policy is for employees to accumulate up to twice their annual accrual rate of vacation leave. Sick leave may be accumulated and is payable upon termination at 25% of the accrued hours, up to a maximum of 240 hours paid. Compensatory time-off may be accrued in lieu of overtime pay, limited to 40 hours.

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual and sick leave balances. All unused vacation leave and twenty-five percent of unused sick leave vests with employees and is payable upon termination of employment.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as the result of employee resignations and retirements. The governmental funds typically used in prior years to liquidate the liability for compensated absences are any of the funds with payroll, which include: General Fund, Special Revenue Funds and the Enterprise Funds.

7. *Deferred Outflows/Inflows of Resources* - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently has no items that qualify for reporting in this category.

   In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has only one type of deferred inflows, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and local improvement district assessments.

8. *Long-term Obligations*

   In the government-wide financial statements and the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts as well as issuance costs are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

   In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as issuance costs during the current period. Debt proceeds, premiums and discounts are reported as other financing sources/uses, while issuance costs are reported as debt service expenditures.

9. *Interfund Transactions*

   Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

   All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

10. *Use of Estimates*

    The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. *Fund Equity*

    GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. As a result, in the fund financial statements, fund balances are classified as follows:

    Nonspendable—Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the local, state or federal laws, or externally imposed conditions by grantors or creditors or enabling legislation.

Committed—Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.

Assigned — Amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. Intent must be expressed by the Board of Commissioners, the budget committee or the Board's authorized designee.

Unassigned—All amounts not included in other classifications.

The amounts in the various categories of fund balance are included in the governmental funds balance sheet. As discussed in Note 1 B, restricted funds are used first as appropriate. Decreases to the remaining fund balance categories first reduce committed fund balance, followed by assigned fund balance, then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

12. *Net Position*

Government-wide and proprietary fund net position is divided into three components:

Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consists of assets that are restricted by the county's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – all other net position is reported in this category.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Except for its Trust and Agency Funds, the County is required by State law to budget all funds. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. The annual budget for proprietary funds is adopted on a basis not consistent with accounting principles generally accepted in the United States of America to comply with Oregon Local Budget Law. Proprietary Funds are budgeted on a working capital non-GAAP basis. The County defines working capital as current assets less current liabilities excluding current portions of noncurrent liabilities. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The Board of Commissioners, on or before June 30 of each year, authorizes appropriations for each fund, which sets the level by which expenditures cannot exceed appropriations. The level of control for the General Fund, Public Works and the Mental Health Special Revenue Fund is by department, while the level of control in all other Special Revenue Funds, Debt Service and Proprietary Funds is by total personnel services, materials and services, support of schools, capital outlay, debt service and other expenditures. The budget document contains more specific, detailed information for the aforementioned expenditure categories.

Original appropriations may be increased through resolutions by transferring amounts between appropriations categories or between funds. A supplemental budget is needed to increase appropriations when appropriations transfers are unauthorized. Unexpected resources and certain other changes may be made through use of a supplemental budget.

The County had numerous appropriation transfers between levels of control during the year ended June 30, 2014 and the budgets are reported as originally adopted or as amended by the Board of Commissioners. Management may reassign resources within functions without seeking approval of the Board.

B. Schedule of Accountability

The County is required by State law to disclose the financial transactions of elected officials. This includes a schedule of cash receipts and turnovers for all elected officials with cash transactions.

	Assessor	Clerk	Comm-issioners	District Attorney	Sheriff	Surveyor	Treasurer	Total
Cash on hand July 1, 2013	$ 50	$ 100	$ 125	$ -	$ 20,300	$ 50	$ 50,161,985	$ 50,182,610
Receipts	110,234	718,914	931,522	243,661	2,389,686	21,326	93,658,670	98,074,013
Turnovers and disbursements:								
To County Treasurer								
and to others	(110,234)	(718,914)	(931,522)	(243,661)	(2,389,686)	(21,326)	(92,957,925)	(97,373,268)
Cash on hand June 30, 2014	$ 50	$ 100	$ 125	$ -	$ 20,300	$ 50	$ 50,862,730	$ 50,883,355
Consists of:								
Change and revolving funds	$ 50	$ 100	$ 125	$ -	$ 20,300	$ 50	$ 2,345	$ 22,970
Deposits w/County Treasurer	-	-	-	-	-	-	50,860,385	50,860,385
Total	$ 50	$ 100	$ 125	$ -	$ 20,300	$ 50	$ 50,862,730	$ 50,883,355

C. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations for the fiscal year ended June 30, 2014 in the following amounts:

Nonmajor Funds:	
Library Fund	
Materials and services	$ 16,974

D. Investment Limitations

With the consent of the governing body, local governments may place in the aggregate up to $46,364,262 of its funds in the State of Oregon Local Government Investment Pool (Pool). The limitation is adjusted annually by the Consumer Price Index for All Urban Consumers of the Portland, Oregon Standard Metropolitan Statistical Area. The County complied with the limitations as set out in Oregon Revised Statues 294.810 during fiscal year 2013-14.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The County maintains a cash management pool for its cash and cash equivalents in which each fund participates. Interest earnings are distributed quarterly based on average daily balances.

Deposits - The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the County at June 30, 2014. If bank deposits at year end are not entirely insured or collateralized with securities held by the County or by its agent in the County's name, the County must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require the depository institution to participate in the Public Funds Collateralization Program. The Public Funds Collateralization Pool is a multiple financial institution collateral pool administered by the Oregon State Treasurer's Office.

For the fiscal year ended June 30, 2014, the carrying amounts of the County's deposits in various financial institutions were $3,540,897 and the bank balance was $4,115,035. All deposits are held in the name of the County. Of the bank balance, $614,833 was insured by the Federal Depository Insurance Corporation and $3,500,202 was covered under the Public Funds Collateralization Program.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The County's formal deposit policy for custodial credit risk is to deposit funds with qualified institutions. A qualified institution is defined by County policy as including approved security broker/dealers maintaining minimum net capital of $10,000,000 and having a history of at least 10 years of operation. These may include "primary" dealers or regional dealers that qualify under the Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

The Oregon State Treasurer is responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extend required by Oregon Revised Statutes (ORS) 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third party custodian bank securities having a value of 10 percent, 25 percent or 110 percent of public funds on deposit depending primarily on the capitalization level of the depository bank. Deposits in the Public Funds Collateralization Pool are not 100% guaranteed.

Investments - The purpose of the County's investment policy is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment related activities. The County has delegated investment responsibilities to the County Treasurer, who is primarily responsible for implementing the investment policy.

At June 30, 2014, the County had invested $42,061,848 with the Oregon Short-Term Fund (OSTF), which is a cash and investment pool available for use by all state funds and local governments and is maintained by the State Treasurer. The Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. Currently, there are more than 1,500 participants in the Pool. 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.

The State of Oregon Local Government Investment Pool (LGIP or Pool) is an unrated external investment pool and is not registered with the U.S. Securities and Exchange Commission as an investment company. Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2014 was unqualified.

Credit Risk. Credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company.

State statutes authorize the County to invest primarily 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. The County has no formal investment policy that further restricts its investment choices.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund Board manages this risk by limiting the maturity of the investments held by the fund. The County does not have a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Concentration of Credit Risk. The County is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent five percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The following schedule provides this information.

Investment Detail

Fair Value of Investments, June 30, 2014

Investment Type	Maturities	Concentration Percentage of Portfolio	Fair Value
Local Government Investment Pool	1 day	89.2%	$ 42,061,848
FHLB Discount Note	6 months	10.8%	5,098,711
		100.0%	$ 47,160,559

A reconciliation of cash and investments as shown on the Statement of Net Position and Balance Sheet is as follows:

Deposits and Investments:	
Carrying amount of deposits	$ 3,540,897
Carrying amount of investments	47,160,559
Cash on hand	24,224
Deposit in transit	148,740
Cash with fiscal agents (restricted)	8,935
Total deposits and investments	$ 50,883,355
Governmental Activities:	
General Fund	$ 8,494,782
Public Works Fund	4,673,232
Mental Health Fund	7,885,677
County Forest Fund	7,348,203
Governmental nonmajor funds in aggregate	6,958,162
	35,360,056
Business-Type Activities:	
Waste Disposal Fund	2,693,704
Gas Pipeline Fund	10,324,006
Business-type non-major funds in aggregate	189,016
	13,206,726
Agency Fund:	
Deposits and investments	2,316,573
Total cash and cash equivalents	$ 50,883,355

B. Restricted Cash

Restricted cash at year-end consisted of amounts held in an escrow account related to the purchase of property. The funds held by the escrow agent at June 30, 2014 were $ 8,935.

C. Property Taxes Receivable

Coos County makes all assessments of property value, and collects the taxes for all taxing districts within its boundaries. The certified tax roll for all taxing districts in Coos County totaled $61,590,775 for the fiscal year 2013-2014. For the 2013-2014 tax year, the County's permanent tax rate is $1.0799 per $1,000 of assessed value for all taxable property within the County's boundaries.

Following is a summary of property tax transactions for the year ended June 30, 2014:

	Balance 6/30/2013	2013-14 Net Levy	Collections and Adjustments	Balance 6/30/2014
2013-2014	$ -	$ 61,590,775	$ 58,610,257	$ 2,980,518
2012-2013	3,269,530	-	1,625,254	1,644,276
2011-2012	1,902,243	-	811,416	1,090,827
2010-2011	1,121,418	-	752,394	369,024
2009-2010	410,259	-	298,659	111,600
2008-2009	103,137	-	57,162	45,975
2007-2008	59,034	-	29,944	29,090
Prior years	133,101	-	15,554	117,547
Total	$ 6,998,722	$ 61,590,775	$ 62,200,640	$ 6,388,857

At June 30, 2014, property tax allocation for receivables between funds consisted of the following:

General Fund	$ 513,874
Bond Debt Fund	229,985
Library Service District	342,949
4-H & Extension Service District	41,761
Subtotal	1,128,569
Trust and Agency Fund	5,260,288
	$ 6,388,857

D. Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. In addition, governmental funds and proprietary funds report deferred inflows in connection with resources that have been received but not yet earned. At June 30, 2014, the various components of deferred outflows of revenue consisted of property taxes receivable in the General Fund and non-major funds of $446,297 and $534,283, respectively, and assessments receivable in the Public Works Fund of $80,659.

E. Fund Balance

The County has adopted GASB Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

	General Fund	Public Works Fund	Mental Health Fund	County Forest Fund	Nonmajor Funds	Total
Nonspendable:						
Inventory	$ -	$ 452,295	$ -	$ -	$ -	$ 452,295
Prepaid exp.	-	-	-	-	71,249	71,249
Restricted:						
Debt service	-	-	-	-	255,042	255,042
Public safety services	-	-	-	-	1,831,627	1,831,627
Health services	-	-	7,658,904	-	2,323,839	9,982,743
Economic dev.services	-	-	-	-	737,649	737,649
Roads, sidewalks, footpaths	-	4,938,525	-	-	301,819	5,240,344
Other					627,040	627,040
Committed:						
Public safety	-	-	-	-	196,412	196,412
Parks	-	-	-	-	146,432	146,432
Industrial development	-	-	-	-	67,741	67,741
Assigned:						
Forest management	-	-	-	7,297,243	-	7,297,243
Future construction	-	-	-	100,210	-	100,210
Planning services	-	-	-	-	83,049	83,049
Unassigned:	5,934,123	-	-	-	-	5,934,123
Total fund balance	$ 5,934,123	$ 5,390,820	$ 7,658,904	$ 7,397,453	$ 6,641,899	$ 33,023,199

F. Interfund transfers and balances due to/from other funds:

During the year, transfers were made between funds as shown below:

Fund:	Transfer In	Transfer Out
Governmental Activities:		
General Fund	$ 3,964,884	$ 797,110
Mental Health Fund	-	186,000
County Forest Fund	-	3,659,751
Non-major governmental funds	1,135,675	457,698
Total Governmental Activities Transfers	5,100,559	5,100,559
Non-budgetary transfers		
Gas Pipeline Fund	1,265,000	-
Non-major governmental funds	-	1,265,000
Total non-budgetary transfers	1,265,000	1,265,000
Total transfers	$ 6,365,559	$ 6,365,559

The transfers from the General Fund were routine transfers to support various activities of several nonmajor funds. The transfers into the General Fund consisted of routine transfers from the Law Library, Child Support Enforcement and Community Corrections Funds. Additionally, monies were transferred from the County Forest Fund to offset a reduction in the Secure Rural Schools and Community Self-Determination Program Act funding.

The General Obligation Series 2003B debt is held in the Gas Pipeline Fund, a business-type activity. Debt is serviced through collection of property taxes in the Bonded Debt Fund, a non-major governmental-type activity. A non-budgetary adjustment to transfers has been made to reduce the principal outstanding in the Gas Pipeline Fund.

At year-end, certain balances were remaining payable to and from other funds. These interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances were as follows:

Fund:	Due To	Due From
Governmental Activities:		
General Fund	$ 4,922	$ -
Public Works Fund	33,011	-
Mental Health Fund	-	4,293
County Forest Fund	-	590
Nonmajor governmental funds	-	31,985
Total Governmental Activities Transfers	37,933	36,868
Business-type Activities:		
Waste Disposal Fund	-	5,223
Nonmajor funds	4,158	-
Total Business-type Activities Transfers	4,158	5,223
	$ 42,091	$ 42,091

G. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

Governmental Activities:	Balance 06/30/2013	Additions	Deletions	Balance 06/30/2014
Non-depreciable capital assets:				
Land	$ 5,375,477	$ 71,239	$ (132,739)	$ 5,313,977
Construction in progress	8,244,949	310,415	(192,141)	8,363,223
Total non-depreciable capital assets	13,620,426	381,654	(324,880)	13,677,200
Depreciable capital assets:				
Buildings	20,975,812	151,004	(274,590)	20,852,226
Improvements	2,645,739	273,410	-	2,919,149
Equipment & vehicles	16,904,869	608,591	(407,222)	17,106,238
Infrastructure	107,161,207	561,777	-	107,722,984
Total depreciable capital assets	147,687,627	1,594,782	(681,812)	148,600,597
Less accumulated depreciation for:				
Buildings	(8,427,742)	(394,365)	55,897	(8,766,210)
Improvements	(922,786)	(68,773)	-	(991,559)
Equipment & vehicles	(10,157,595)	(881,377)	398,439	(10,640,533)
Infrastructure	(47,048,866)	(2,608,624)	-	(49,657,490)
Total accumulated depreciation	(66,556,989)	(3,953,139)	454,336	(70,055,792)
Total depreciable capital assets (net)	81,130,638	(2,358,357)	(227,476)	78,544,805
Governmental Activities capital assets (net)	$ 94,751,064	$ (1,976,703)	$ (552,356)	$ 92,222,005

Business-type activities:	Balance 06/30/13	Additions	Deletions	Balance 06/30/14
Non-depreciable capital assets:				
Land	$ 708,291	$ 1,111	$ -	$ 709,402
Construction in progress	329,461	2,761	-	332,222
Total Non-depreciable capital assets	1,037,752	3,872	-	1,041,624
Depreciable capital assets:				
Buildings	2,260,025	-	(1,015)	2,259,010
Improvements	2,528,684	-	(19,667)	2,509,017
Equipment & vehicles	2,090,241	37,106	(441,506)	1,685,841
Infrastructure	52,254,064	-	-	52,254,064
Total depreciable capital assets	59,133,014	37,106	(462,188)	58,707,932
Less accumulated depreciation for:				
Buildings	(1,156,337)	(51,783)	872	(1,207,248)
Improvements	(1,628,106)	(75,869)	19,667	(1,684,308)
Equipment & vehicles	(1,315,524)	(173,567)	247,454	(1,241,637)
Infrastructure	(8,713,040)	(1,045,299)	-	(9,758,339)
Total accumulated depreciation	(12,813,007)	(1,346,518)	267,993	(13,891,532)
Total depreciable capital assets (net)	46,320,007	(1,309,412)	(194,195)	44,816,400
Business-Type activities capital assets (net)	$ 47,357,759	$ (1,305,540)	$ (194,195)	$ 45,858,024

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 866,499
Public safety	308,388
Health & welfare	38,508
Public works	2,543,613
Culture and recreation	196,131
Total depreciation expense - governmental activities	$ 3,953,139
Business-type activities:	
Sanitation	$ 165,073
County fair	29,451
Gas pipeline	1,044,754
Transportation	107,240
Total depreciation expense - business-type activities	$ 1,346,518

H. Capital Leases

The County has entered into various lease agreements for financing the acquisition of copiers. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. During the 2013-14 fiscal year the remaining copier lease obligation of $1,136 was paid in full.

I. Bonds Payable

The full faith and credit of the County is pledged for all outstanding general obligation bonds, and the majority of funds necessary for the retirement of these bonds are provided by property taxes.

On July 1, 2003 the County issued $17,760,000 of Series 2003B taxable general obligation bonds. The proceeds are being used to finance a portion of the costs of designing, acquiring, constructing and equipping a natural gas pipeline from Roseburg, Oregon to Coos Bay/North Bend, Oregon. The interest rate on the bonds is 4.33% through 2017, then increases to 4.88% until paid in full. The Bonds are not subject to optional redemption prior to their stated maturities; however, the 2017 Term Bond and the 2023 Term Bond are subject to mandatory redemption. The payments are paid from the Bonded Debt Fund, from taxes levied for debt service.

Future general obligation bonded debt requirements as of June 30, 2014 are as follows:

Year	Principal	Interest	Total
2014-2015	$ 895,000	$ 456,524	$ 1,351,524
2015-2016	930,000	417,770	1,347,770
2016-2017	970,000	377,501	1,347,501
2017-2018	1,015,000	335,500	1,350,500
2018-2019	1,065,000	285,968	1,350,968
2019-2020	1,115,000	233,996	1,348,996
2020-2021	1,170,000	179,584	1,349,584
2021-2022	1,225,000	122,488	1,347,488
2022-2023	1,285,000	62,708	1,347,708
Total	$ 9,670,000	$ 2,472,039	$ 12,142,039

On April 12, 2005 the County issued $9,240,000 of Series 2005 taxable general obligation bonds. The proceeds are being used to finance the completion of the costs of designing, acquiring, constructing and equipping a natural gas pipeline from Roseburg, Oregon to Coos Bay/North Bend, Oregon. The interest rates on the remaining bonds ranges from 5.04% to 5.09% through 2015, then rises to 5.37% through 2020, then is 5.33% until paid in full. The Bonds are not subject to optional redemption prior to their stated maturities; however, the 2020 Term Bond and the 2025 Term Bond are subject to mandatory redemption. The payments are paid from the Bonded Debt Fund, from taxes levied for debt service.

Future general obligation bonded debt requirements as of June 30, 2014 are as follows:

Year	Principal	Interest	Total
2014-2015	$ 430,000	$ 337,782	$ 767,782
2015-2016	450,000	315,895	765,895
2016-2017	475,000	291,730	766,730
2017-2018	500,000	266,222	766,222
2018-2019	530,000	239,372	769,372
2019-2020	555,000	210,911	765,911
2020-2021	585,000	181,108	766,108
2021-2022	620,000	148,757	768,757
2022-2023	655,000	114,471	769,471
2023-2024	690,000	78,250	768,250
2024-2025	725,000	40,093	765,093
Total	$ 6,215,000	$ 2,224,591	$ 8,439,591

Changes in long-term debt are as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Amounts due Within one year
Business-Type Funds					
Obligations under capital lease	$ 1,136	$ -	$ 1,136	$ -	$ -
General obligation bonds	17,150,000	-	1,265,000	15,885,000	1,325,000
Total proprietary fund types	$ 17,151,136	$ -	$ 1,266,136	$ 15,885,000	$ 1,325,000

Changes in other long-term liabilities:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amounts due Within one year
Governmental Fund Types					
Compensated absences	$ 1,322,181	$ 1,532,138	$ 1,477,649	$ 1,376,670	$ 1,376,670
Other post employment benefits	1,372,982	153,442	-	1,526,424	-
Total governmental fund types	$ 2,695,163	$ 1,685,580	$ 1,477,649	$ 2,903,094	$ 1,376,670
Business-Type Funds					
Compensated absences	$ 78,001	$ 61,294	$ 61,523	$ 77,772	$ 77,772
Closure/post closure costs	4,877,900	-	1,432,600	3,445,300	436,600
Other post employment benefits	51,562	3,406	-	54,968	-
Total proprietary fund types	$ 5,007,463	$ 64,700	$ 1,494,123	$ 3,578,040	$ 514,372

IV. OTHER INFORMATION

A. Employee Retirement Systems and Plans

1. *Plan Description*

The County is a participating employer in the Oregon Public Employees Retirement System ("OPERS"), a cost sharing multiple-employer defined benefit pension plan administered by the State of Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Oregon Revised Statutes 238 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees.

During the 2003 legislative session, the Oregon Legislative Assembly created successor plans for PERS. The Oregon Public Service Retirement Plan (ORSRP) 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 the 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 account, but any future member contributions are deposited into the member's IAP, not into 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 by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700; by calling (503) 598-7377; or by accessing the PERS web site at http://www.oregon.gov/PERS.

All County employees are eligible to participate in the system after completing six months of service. PERS is a closed system; all new employees establish membership in the OPSRP system. The PERS retirement allowance, payable monthly for life, may be selected from twelve retirement benefit options. Options include survivorship benefits and lump sum refunds. The basic benefit formula is 1.67 percent of a member's final average salary multiplied by the member's number of years of service. Benefits may also be calculated under either a money match or an annuity-plus-pension computation at the employee's option. For most PERS members the money match computation will provide the greatest benefits. PERS also provides death and disability benefits.

The OPSRP pension allowance is generally 1.5 percent of an employee's final average salary times years of employment. The pension is fully paid by actuarially calculated contributions from employers; police and fire members are rated separately from general service members. Employees contribute 6.0 percent of their pay to a defined contribution account payable in full at retirement or the employee may choose to take the payment on one of four schedules; in all cases, the defined contribution portion of the benefit must be fully paid to the employee within twenty years of retirement.

2. *Funding Policy*

Covered employees are required by State statute to contribute 6.0 percent of their salary to both PERS and OPSRP. Employers are permitted to pay employee contributions to the Retirement Fund. The County contributes the employees' share of 6.0 percent on their behalf.

The County is required by statute to contribute actuarially computed amounts as determined by OPERS. Rates are subject to change as a result of subsequent actuarial valuations and the proportion of the system that is funded for each local government employer. Beginning in 2000, local government employers had the option of remaining individually rated or joining a local government employer's rate pool. Beginning January 1, 2002, local governments could elect to join the State and Local Government rating pool. The County made the election to join this pool effective January 1, 2002; thus becoming part of the cost-sharing multiple-employer segment of the pension plan. Beginning July 1, 2003, the County's contribution rate consisted of the group rate plus an amount required to pay the amortized unfunded liability. The current rate of annual covered payroll for Tier I and Tier II employees is 18.01 percent. The rate for OPSRP general service and police and fire employees is 13.79 percent and 16.52 percent, respectively.

3. *Annual pension cost*

The net pension obligation is determined in accordance with GASB Statement 27. PERS sets the rate for the County, based on the independent actuarial study that is performed every two years. This rate establishes the annual required contribution for the County. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age normal method. This actuarial valuation is the most recent available at the time of this report. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected salary increases due to inflation of 2.75 percent per year, (c) projected wage inflation, excluding seniority/merit raises, of 3.75 percent per year, and d) healthcare cost inflation graded from 8 percent in 2013 to 4.7 percent in 2083. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The County's unfunded actuarial liability is amortized as a level percentage of covered payroll from the period of valuation date to December 31, 2029.

	Employer Contributions		
Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	$ 2,906,366	100%	-
2013	$ 2,845,468	100%	-
2014	$ 2,946,189	100%	-

B. Other Postemployment Benefits

The County implemented GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions* for the fiscal year ended June 30, 2009. This implementation allows the County to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected benefits for retired and active employees on the financial statements.

The OPEB for Coos County combines two separate early retirement programs. The County provides an implicit rate subsidy for retiree health insurance continuation premiums and an explicitly negotiated amount of medical premiums for one named retiree until Medicare eligibility.

Negotiated Direct Health Insurance Payments

Plan Description

This program is administered by the County. The County contributes a specific negotiated amount toward the monthly premium for the participant.

Funding Policy. This plan is funded on the pay-as-you-go basis. Benefits paid by the County during the year totaled $6,675, for the one remaining employee covered under the plan.

Health Insurance Continuation

Plan Description

The County has a health insurance continuation option available for eligible retirees and their spouses and dependents until Medicare eligibility. The County is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. Thus GASB 45 is applicable to the County due to the implicit rate subsidy. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements. The plan is administered by the County.

Funding Policy. The County collects insurance premiums from retirees each month. The County then pays health, dental and vision insurance premiums for those retirees at the blended rate for each family classification. The required contributions to the plan consist of the amount paid by retirees.

For fiscal year 2013-2014, the County contributed $33,782 consisting of retiree payments. The County has elected not to prefund the actuarially determined future cost amount of the preceding two plans of $2,214,366.

Applicable to Both Other Post Employment Benefit Programs

In the July 1, 2012 actuarial valuation, which is the most recent actuarial valuation, the projected unit credit cost method was used. Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the value of benefits expected to accrue in the current year.

The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized as a level percentage of payroll, over a closed period of four years for explicit medical benefits and over an open period of 30 years for implicit medical benefits.

Actuarial valuations of an ongoing plan involve 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 cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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 of 30 years in the case of the health insurance continuation plan. For the negotiated direct health insurance payments, the amortization period is four years. The following table show the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's OPEB obligation to the plan.

	For the Fiscal Year Ending June 30, 2014
Annual required contribution	$ 282,049
Interest on prior year net OPEB obligation	56,982
Adjustment to ARC	(74,261)
Annual OPEB cost	264,770
Explicit benefit payments	(8,366)
Implicit benefit payments	(99,555)
Increase in net OPEB obligation	156,849
Net OPEB obligation - beginning of year	1,424,543
Net OPEB obligation - end of year	$ 1,581,392

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years was as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Contribution Made	Net OPEB Obligation
06/30/2011	$ 334,864	18%	$ 60,724	$ 274,140
06/30/2012	$ 343,842	29%	$ 99,056	$ 244,786
06/30/2013	$ 269,509	30%	$ 81,317	$ 188,192
06/30/2014	$ 264,770	41%	$ 107,921	$ 156,849

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits for the year ending June 30, 2012 was $2,214,366, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of $2,214,366.

Actuarial Valuation Date	Actuarial Value of Assets	AAL	UAAL	Funded Ratio	Covered Payroll	% of Covered Payroll
07/01/08	$ -	$ 3,970,499	$ 3,970,499	0.0%	$ 13,105,003	30.3%
07/01/10	$ -	$ 2,691,579	$ 2,691,579	0.0%	$ 12,861,136	20.9%
07/01/12	$ -	$ 2,214,366	$ 2,214,366	0.0%	$ 12,342,285	17.9%

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial method used is the Projected Unit Credit Actuarial Cost Method.

The actuarial assumptions included a 4 percent discount rate for unfunded liabilities, and annual cost increase rates for medical, prescription drugs, and vision premiums of: 8.0 percent in the fiscal year 2013-14, 7.5 percent in the second year, 7.0 percent in the third year, 6.5 percent in the fourth year, then grading down from 6.4 percent to 5.0 percent over the next 15 years. Health cost trends affect both the projected health care costs as well as the projected health care premiums.

The payroll growth assumption is 3.0 percent, compounded annually for purposes of amortizing the unfunded AAL.

C. Landfill Closure and Post-Closure Care Costs

The County has adopted Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs.* This statement requires municipalities to record the estimated closure and post-closure care costs of landfills over the useful life of the landfill.

State and federal laws and regulations require the County to place a final cover on its landfill sites when the landfills stop accepting waste and to perform certain maintenance and monitoring functions at these sites for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfills stop accepting waste, the County is required to report these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

During the 2012-13 year, the Beaver Hill disposal site became inactive and an interim cover was put in place on the trench. It continues to function as a transfer station for solid waste. The Joe Ney disposal site became inactive in summer 2013. The Bandon disposal is inactive, and has a soil cover.

The following schedule shows details of landfill closure and post-closure liability:

	Landfill Closure and Post-Closure Care Liability	% of Capacity Used	Cost to be Recognized at 6/30/14	Estimated Remaining Life (Years)
Bandon disposal site	$ 9,700	100%	$ 9,700	-
Beaver Hill disposal site (municipal solid waste)	2,025,300	100%	2,025,300	-
Joe Ney disposal site (construction demolition)	1,410,300	100%	1,410,300	-
	$ 3,445,300		$ 3,445,300	

The above dollar amounts are based on the estimated cost to perform all closure and post-closure in 2013-2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. During 2013-2014, actual landfill closure and post-closure costs were $350,701. The liability for special projects, closure and post closure costs was adjusted from $4,877,900 to $3,445,300, as a result of the 2014 engineering cost estimate.

The County is required by state and federal laws and regulations to meet certain financial assurance requirements for closure and post-closure care. The County demonstrates that it has met these financial assurance requirements through submission of a Local Government Financial Test to the Oregon Department of Environmental Quality in accordance with Oregon Administrative Rule 304-094-0140.

The County has established a reserve fund to account for their annual contributions to finance closure and post-closure care. As of June 30, 2014, the cash and investment balance in the reserve fund is $1,548,343. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

D. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the County has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years.

E. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

F. Jointly Governed Organizations

The following organizations have County Commissioners on their respective boards: South Coast Business Employment Corporation, Coos County Urban Renewal Agency, Southwest Advisory Committee on Transportation, Council on Forest Trust Lands, Oregon and California Counties, Enterprise Zone, CCD Business Development Corp., Western Oregon Advanced Health, South Slough Commission, Rural Development Initiatives, Energy Trust of Oregon, Small Business Development Center, Bay Area Chamber of Commerce, Coos Bay-North Bend Water Board, Oregon Land Conservation and Development Commission, United Way of Southwest Oregon, South Coast Development Corporation, Association of Oregon Counties, South Coast Community Foundation and Waterfront Development Partnership. The organizations have various purposes, including local economic development and social services. The Commissioners do not have a voting majority on the organizations' boards, nor are the organizations fiscally dependent on the County.

G. Commitments

At the end of the 2013-14 year, various departments within the County had several contracts and grants outstanding.

The significant contracts are shown below:

Contracts:

Fund	Description	Original Contract Amount	Outstanding Contract Amount
General Fund	Case management software	$ 61,500	$ 61,500

H. Other

Funding decrease - In December 2014, Congress failed to reauthorize the Secure Rural Schools and Community Self-Determination Program Act (SRS). This lack of reauthorization means that the County is back under the Oregon & California (O&C), Coos Bay Wagon Road (CBWR) and Federal Forest statutory payment regimes. This requires timber to be harvested in order for payments to be made to the county. Timber dependent counties continue to work with the Oregon delegation in Congress to secure some type of funding to keep southern Oregon counties from becoming insolvent.

I. Prior Period Adjustment

During the 2013-14 fiscal year management discovered a number of bridges and road improvements that in prior years had been donated to the County or were constructed on behalf of the County but were not recorded in the County's financial records. Accordingly, the District's beginning net position for the Governmental Activities has been restated to reflect the net amount of the additional capital assets of $12,833,772. The District's beginning net positions for the Business-Type Activities and the Pipeline Fund have also been restated to reflect the portion of improvements related to the Pipeline Fund of $329,461.

The overall effect of the adjustment was to increase beginning net position at June 30, 2013 by $12,833,772 for the Governmental Activities and to increase beginning net position for the Business-Type Activities and to increase beginning fund balance for the Pipeline Fund by $329,461.