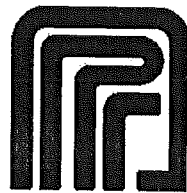


CITY OF COOS BAY
COOS COUNTY, OREGON

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008



Pauly, Rogers and Co., P.C.
12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF COOS BAY
COOS COUNTY, OREGON

For the Year Ended June 30, 2008

ANNUAL FINANCIAL REPORT

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CITY OF COOS BAY
COOS COUNTY, OREGON

CITY COUNCIL

TERM EXPIRES

Jeff McKeown, Mayor

November 2008

Jon Eck, President

November 2008

Gene Melton

November 2008

Mark Daily

November 2010

Dr. John Muenchrath

November 2008

Stephanie Kramer

November 2010

Michele Burnette

November 2008

All council members receive mail at the address listed below.

ADMINISTRATION

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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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

March 1, 2009

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

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and component unit of the City of Coos Bay, Oregon, as of and for the year ended June 30, 2008 which collectively comprise the Cities basic financial statements as listed in the table of contents. The basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 the standards applicable to financial audits contained in 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 examining, on a test basis, evidence supporting the amounts and disclosures in the Basic financial statements. 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 Committee's internal control over financial reporting. Accordingly, we express no such opinion. 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 opinion.

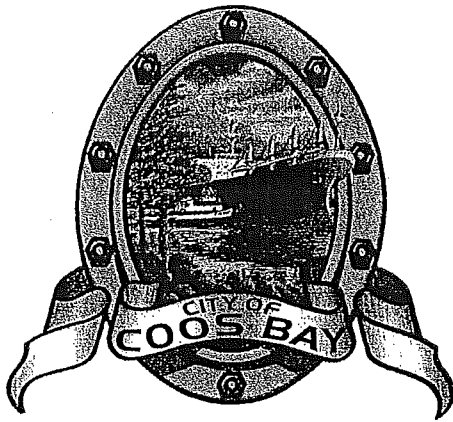
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of Coos Bay, Oregon, at June 30, 2008, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coos Bay's basic financial statement. The Supplementary Information, including budgetary comparison schedules as listed in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information has 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.

The Management Discussion and Analysis and the required supplementary information, as listed on the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Pauly, Rogers and Co., P.C.
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City of Coos Bay

Office of the City Manager

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2008

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 (beginning on page 9).

FINANCIAL HIGHLIGHTS

The City's net assets decreased approximately \$1.4 million (or 0.9%) from \$149.1 million to \$147.7 million primarily due to an overall \$2.5 million decrease in governmental activities offset by an overall net increase in business activities of \$1.1 million. Wastewater revenues increased due to a (net of final G.O. bond payment), recorded investment in the Coos Bay North Bend Water Board increased and capital assets decreased (net of additions, retirements and depreciation).

Governmental activities decreased approximately \$2.5 million (or 1.9%) from \$135.4 million to \$132.9 million.

General revenues decreased by approximately \$1.7 million (or 13.4 %) from \$12.9 million to \$11.3 million. Charges for services increased approximately \$29,000 while operating grants decreased approximately \$26,000. In explanation, \$950,000 of the following FYE07 general revenues did not occur again in FYE08: 1) pass-through FEMA/State Emergency grants (\$280,000), 2) Major Capital grant (\$120,000) and 3) final Sewer Bond G.O. tax collections (\$550,000). Additionally other revenues decreased approximately \$511,000 as follows: 1) net property and transient taxes declined \$450,000 (or 7.6%), 2) state gas tax declined \$50,000 (or 7%), 3) interest earnings declined \$11,000 (or 1.7 %), with other declines primarily offset by increases in franchise fees of \$141,000 (or 11.3%).

General expenditures increased by approximately \$2.6 million (or 23.4%) from \$11.1 million to \$13.7 million. This was primarily due to increases in depreciation expense resulting from the prior year GASB 34 retroactive infrastructure adjustment of \$93.4 million. Additionally there were general increases in personal services and operating costs.

Business-type activities increased approximately \$1.2 million (or 8.7%) from \$13.7 million to \$14.0 million.

Business-type activities revenue increased by \$0.3 million (or 7.5%) from \$4.0 million to \$4.3 million due to a 25% increase in wastewater revenue implemented in June 2008 and an approximately \$75,000 (or 24%) decrease in building revenue primarily due to a decline in permit activity and interest earnings of approximately \$3,000 (or 10%).

Business-type activities expenditures increased by \$0.1 million (or 3.4%) from \$2.9 million to \$3.0 million primarily due to general increases in personal services and operating costs.

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.
- Budgetary Comparisons. Budgetary information for all funds, except General, Jurisdictional Exchange Reserve, and Wastewater, which are presented in the Basic Financial Statements, are presented here.
- 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
	2008	2007	2008	2007	2008
Cash and investments	\$10.9	\$11.8	\$3.4	\$2.4	\$14.3
Other assets	22.7	22.1	0.5	0.4	23.2
Capital assets	101.0	103.8	11.6	11.0	112.6
Long term receivables	5.7	6.1	0.0	0.0	5.7
Total assets	140.3	143.9	15.5	13.8	155.8
Other liabilities	1.2	1.2	0.7	0.1	1.9
Long term debt outstanding	6.2	7.3	0.0	0.0	6.2
Total liabilities	7.4	8.5	0.7	0.1	8.1
Net assets:					
Invested in capital assets, net of debt	95.5	97.3	11.6	11.0	107.1
Invested in Joint Venture	21.0	20.5	0.0	0.0	21.0
Restricted	0.7	1.6	1.1	0.4	1.8
Unrestricted	15.7	16.0	2.1	2.3	17.8
Total net assets	\$132.9	\$135.4	\$14.8	\$13.7	\$147.7

Statement of Net Assets at June 30, 2008:

The City's net assets decreased approximately \$1.4 million (or 0.9%) from \$149.1 million to \$147.7 million primarily due to an overall \$2.5 million decrease in governmental activities offset by an overall net increase in business activities of \$1.1 million. Wastewater revenues increased due to a (net of final G.O. bond payment), recorded investment in the Coos Bay North Bend Water Board increased and capital assets decreased (net of additions, retirements and depreciation).

Joint Venture

In 2006-07 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. In 2006-07 when the City of Coos Bay's audit was issued, the Coos Bay North Bend Water Board's June 30, 2007 audit was not yet available, so the value reported in Coos Bay's FYE07 audit was as of June 30, 2007. In FYE08 the Coos Bay Water Board audit was available so the value reported is current.

Statement of Activities for the Year Ended June 30, 2008:

Table 2
Governmental and Proprietary Activities
For Fiscal Year Ending June 30, 2008
(in millions)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>Government</u>
REVENUES					
Program revenues					
Charges for services	\$0.8	\$0.7	\$4.0	\$3.4	\$4.8
Grants and contributions	0.6	0.6	0.0	0.0	0.6
Capital contributions	0.0	0.4	0.0	0.0	0.0
General revenues					
Taxes	6.2	6.6	0.0	0.0	6.2
Interest	0.6	0.6	0.1	0.10	0.7
Other	3.1	4.0	0.2	0.50	3.3
Total revenues	<u>11.3</u>	<u>12.9</u>	<u>4.3</u>	<u>4.0</u>	<u>15.6</u>
EXPENSES					
Governmental activities	13.7	11.1	0.0	0.0	13.7
Business-type activities	0.0	0.0	3.0	2.9	3.0
Total expenses	<u>13.7</u>	<u>11.1</u>	<u>3.0</u>	<u>2.9</u>	<u>16.7</u>
Transfers	<u>0.1</u>	<u>0.1</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>0.0</u>
Increase in net assets	(2.5)	1.9	1.2	1.0	(1.3)
Prior Period Adjustmnet	0.0	93.4	0.0	0.0	0.0
Beginning net assets	<u>135.4</u>	<u>40.0</u>	<u>13.7</u>	<u>12.7</u>	<u>149.1</u>
Ending net assets	<u>\$132.9</u>	<u>\$135.4</u>	<u>\$14.9</u>	<u>\$13.7</u>	<u>\$147.8</u>

Governmental Activities

Governmental activities decreased approximately \$2.5 million (or 1.9%) from \$135.4 million to \$132.9 million.

General revenues decreased by approximately \$1.7 million (or 13.4 %) from \$12.9 million to \$11.3 million. Charges for services increased approximately \$29,000 while operating grants decreased approximately \$26,000. In explanation, \$950,000 of the following FYE07 general revenues did not occur again in FYE08: 1) pass-through FEMA/State Emergency grants (\$280,000), 2) Major Capital grant (\$120,000) and 3) final Sewer Bond G.O. tax collections (\$550,000). Additionally other revenues decreased approximately \$511,000 as follows: 1) net property and transient taxes declined \$450,000 (or 7.6%), 2) state gas tax declined \$50,000 (or 7%), 3) interest earnings declined \$11,000 (or 1.7 %), with other declines primarily offset by increases in franchise fees of \$141,000 (or 11.3%).

General expenditures increased by approximately \$2.6 million (or 23.4%) from \$11.1 million to \$13.7 million. This was primarily due to increases in depreciation expense resulting from the prior year GASB 34 retroactive infrastructure adjustment of \$93.4 million. Additionally there were general increases in personal services and operating costs.

Business-type Activities

Business-type activities increased approximately \$1.2 million (or 8.7%) from \$13.7 million to \$14.0 million.

Business-type activities revenue increased by \$0.3 million (or 7.5%) from \$4.0 million to \$4.3 million of which combined 25% increase in wastewater revenue implemented in June 2008 and approximately \$75,000 (or 24%) decrease in building revenue primarily due to a decline in permit activity and interest earnings of approximately \$3,000 (or 10%).

Business-type activities expenditures increased by \$0.1 million (or 3.4%) from \$2.9 million to \$3.0 million primarily due to general increases in personal services and operating costs.

BUDGETARY HIGHLIGHTS

The City's General Fund Appropriations increased from \$6.8 million in FYE07 to \$7.4 million (or 9.6%) in FYE08. Actual operating costs within the General Fund were 89% of the final budget. This was primarily due governmental activities expenditures increasing by \$2.6 million (or 23.4%) due to overall increases personal services, utility and fuel costs; capital depreciation expense attributable to \$95.2 million of retroactive infrastructure booked FYE07; and purchases of various public works and public safety vehicles.

The City's Proprietary Appropriations increased from \$3.7 million in FYE07 to \$4.8 million (or 31.2%) in FYE08. Actual operating costs within Proprietary Funds were 68% of the final budget. This was primarily due to overall increases in personal services, utility and fuel costs; roughly \$1.0 million of Wastewater transfers for debt service, DEQ construction compliance and to the Wastewater Construction Fund for future projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2008 the City had invested \$112.5 million in capital assets as reflected in the following table. This represents a 2.3 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 Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land & assets not depreciated	\$0.49	\$0.6	\$0.0	\$0.0	\$0.49	\$0.6
Land improvements	1.5	1.6	0.2	0.3	1.7	1.9
Buildings & improvements	4.8	4.9	0.0	0.0	4.8	4.9
Machinery & equipment	0.7	0.6	1.4	1.6	2.1	2.2
Vehicles	1.0	0.9	0.4	0.1	1.4	1.0
Infrastructure - streets	92.4	95.2	0.0	0.0	92.4	95.2
Plant and systems	0	0.0	9.4	8.8	9.4	8.8
Work in progress	.01	0.0	0.2	0.2	0.21	0.2
Total	<u>\$100.9</u>	<u>\$103.8</u>	<u>\$11.6</u>	<u>\$11.0</u>	<u>\$112.5</u>	<u>\$114.8</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 Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning balance	\$103.8	\$11.0	\$114.8
Additions	1.8	1.2	3.0
Retirement	(0.5)	0.0	(0.5)
Retroactive adjustment	0.0	0.0	0.0
Depreciation	(4.1)	(0.6)	(4.7)
Ending balance	<u>\$101.0</u>	<u>\$11.6</u>	<u>\$112.6</u>

Capital Assets from governmental activities decreased \$2.8 million with the current year activity decreasing \$1.6 million (or 44.4%). Additionally there was a \$371,310 reclassification of Urban Renewal Agency Property, \$61,105 of vehicle disposals and increased depreciation resulting from the prior year's retroactive infrastructure adjustment.

Business-type activities' capital assets increased \$639,606 (or 5.8%). Offsetting any additions were depreciation and retirement of assets.

Debt Outstanding

As of year-end, the City had \$6.9 million in debt outstanding compared to \$7.9 million last year. \$1,388,303 of the debt outstanding at June 30, 2008 is due within one year.

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

	<u>Totals</u>	
	<u>2008</u>	<u>2007</u>
Governmental:		
Compensated absences	\$0.7	\$0.6
General obligations	0.0	0.5
Revenue bonds	5.5	6.0
Loan Payable	0.6	0.7
Revenue secured loans	0.1	0.1
Sub-total		<u>7.9</u>
Business-type	<u>0.0</u>	<u>0.0</u>
Total	<u>\$6.9</u>	<u>\$7.9</u>

The City's water bonds and loans are paid from water revenues passed through from the Coos Bay-North Bend Water Board, joint venture. Moody's Investors Service, Inc has rated the City's Sewer bonds as Aaa. The outstanding sewer bonds have bond insurance provided by MBIA. Standard & Poor's Rating Services has rated the City's 2006 Water Bonds as AAA. The outstanding 2006 water bonds have bond insurance provided by Capital Assurance. Other debt of the City has not been rated. For more detailed information on the City's debt and amortization terms refer to pages 30-33 of the notes.

FUND-BASED FINANCIAL ANALYSIS

Governmental funds. The **General Fund** is the chief operating fund of the City. At June 30, 2008, the fund balance, which is all unreserved, was \$3.4 million. The fund balance represents 46% of revenues for 2007-08, 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, 2008 was \$5.3 million. During 2007-08, this money earned \$245,841 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 and transfers from other funds. Fund balance at June 30, 2008 was \$593,913.

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 and a 5% increase in June 30, 2008, most of which is earmarked for capital projects including Oregon Dept. of Environmental Quality mandated upgrades to our wastewater treatment facilities.

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.

The City's business-type activities are funded via utility charges for the Wastewater Fund and license and permit fees for the Building Codes Fund. The City Council authorized a 5% rate increase.

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.



Rae Lea Cousens
City of Coos Bay
Finance Director

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

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET ASSETS
June 30, 2008**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Coos Bay Urban Renewal Agency
ASSETS				
Cash and Investments	\$ 10,968,589	\$ 3,378,447	\$ 14,347,036	\$ 6,820,778
Receivables (net of allowance for uncollectibles)	1,346,966	322,181	1,669,147	128,152
Investment in Joint Venture	21,070,203	-	21,070,203	-
Prepays	14,436	144,516	158,952	-
Unamortized Debt Issuance Difference	285,906	-	285,906	-
Capital Assets:				
Capital Assets (net of accumulated depreciation)	100,989,790	11,643,030	112,632,820	2,334,560
Noncurrent Assets:				
Note receivable - due within one year	334,781	-	334,781	-
Note receivable - due in more than one year	5,330,795	-	5,330,795	-
Total Assets	140,341,466	15,488,174	155,829,640	9,283,490
LIABILITIES				
Accounts Payable	352,708	654,690	1,007,398	53,263
Payroll and Payroll Taxes Payable	79,519	-	79,519	-
Interest Payable	32,788	-	32,788	21,189
Unearned Revenue	-	1,442	1,442	-
Accrued Vacation	686,582	4,467	691,049	-
Bond Discount/Premium	64,180	-	64,180	-
Noncurrent Liabilities:				
Due Within One Year:				
Revenue Secured Loans Payable	2,966	-	2,966	-
Bonds Payable	331,815	-	331,815	504,199
Note Payable	95,620	-	95,620	-
Due in More Than One Year:				
Revenue Secured Loans Payable	110,795	-	110,795	-
Bonds Payable	5,220,000	-	5,220,000	5,341,157
Note Payable	480,844	-	480,844	-
Total Liabilities	7,457,817	660,599	8,118,416	5,919,808
NET ASSETS				
Invested in Capital Assets, net of related debt	95,437,975	11,643,030	107,081,005	2,334,560
Restricted for:				
Capital Projects	593,913	1,080,598	1,674,511	-
Debt Service	74,866	-	74,866	-
Unrestricted	36,776,895	2,103,947	38,880,842	1,029,122
Total Net Assets	\$ 132,883,649	\$ 14,827,575	\$ 147,711,224	\$ 3,363,682

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008**

<u>Functions/Programs</u>	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
Governmental Activities			
General Government	\$ 1,998,006	60,293	609,709
Public Safety	7,535,305	320,348	-
Public Works	2,514,583	296,966	-
Culture and Recreation	1,447,163	75,216	-
Interest on Long-term Debt	300,933	-	-
Total Governmental Activities	13,795,990	752,823	609,709
Business- Type Activities			
Wastewater	2,993,318	3,773,608	-
Building Codes	259,267	229,524	-
Total Business-Type Activities	3,252,585	4,003,132	-
Total Primary Government	\$ 17,048,575	\$ 4,755,955	\$ 609,709
Component Unit			
Coos Bay Urban Renewal Agency	\$ -	\$ -	\$ -

General Revenues

Taxes:
Property
Transient Occupancy
Other Taxes
Intergovernmental
Franchise Fees
Gain (Loss) on Joint Venture
Gain (Loss) on Disposal of Assets
Rent Income
Investment Earnings
Miscellaneous
Contributed Capital
Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - beginning of year

Net Assets - end of year

The accompanying notes are an integral part of this statement.

Net Revenue (Expenses) and Changes in Net Assets			Component Unit
Governmental Activities	Business-Type Activities	Total	Coos Bay Urban Renewal Agency
\$ (1,328,004)	\$ -	\$ (1,328,004)	\$ -
(7,214,957)	-	(7,214,957)	-
(2,217,617)	-	(2,217,617)	(193,598)
(1,371,947)	-	(1,371,947)	-
(300,933)	-	(300,933)	(284,000)
<u>(12,433,458)</u>	<u>-</u>	<u>(12,433,458)</u>	<u>(477,598)</u>
-	780,290	780,290	-
-	(29,743)	(29,743)	-
-	750,547	750,547	-
<u>(12,433,458)</u>	<u>750,547</u>	<u>(11,682,911)</u>	<u>(477,598)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,695,736	-	4,695,736	1,246,561
561,260	-	561,260	-
848,654	-	848,654	-
1,444,351	269,887	1,714,238	-
1,391,274	-	1,391,274	-
619,363	-	619,363	-
(481,723)	-	(481,723)	-
-	-	-	2,400
627,793	175,256	803,049	319,925
146,239	(4,106)	142,133	-
-	-	-	100,000
<u>56,575</u>	<u>(56,575)</u>	<u>-</u>	<u>-</u>
<u>9,909,522</u>	<u>384,462</u>	<u>10,293,984</u>	<u>1,668,886</u>
(2,523,936)	1,135,009	(1,388,927)	1,191,288
<u>135,407,585</u>	<u>13,692,566</u>	<u>149,100,151</u>	<u>2,172,394</u>
<u>\$ 132,883,649</u>	<u>\$ 14,827,575</u>	<u>\$ 147,711,224</u>	<u>\$ 3,363,682</u>

The accompanying notes are an integral part of this statement.

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008**

	GENERAL FUND	MAJOR CAPITAL RESERVE	JURISDICTIONAL EXCHANGE RESERVE	PUBLIC WORKS EQUIPMENT RESERVE	OTHER GOVERNMENTAL	TOTAL
ASSETS:						
Cash and Investments	\$ 3,256,800	\$ 625,592	\$ 5,332,386	\$ 199,318	\$ 1,554,493	\$ 10,968,589
Receivables, net						
Taxes	468,685	-	-	-	20,614	489,299
Accounts	270,684	-	-	-	335,459	606,143
Assessments	22,201	-	-	-	2,914	25,115
Loans	226,409	-	-	-	-	226,409
Prepaid Expenses	12,270	-	-	-	2,166	14,436
Total Assets	\$ 4,257,049	\$ 625,592	\$ 5,332,386	\$ -	\$ 1,915,646	\$ 12,329,991
LIABILITIES AND FUND EQUITY:						
Liabilities:						
Accounts Payable	\$ 62,166	\$ 31,679	\$ 11,706	\$ 181,386	\$ 65,558	\$ 352,495
Payroll and payroll Taxes Payable	79,519	-	-	-	-	79,519
Deferred Revenues	658,324	-	-	-	21,153	679,477
Matured Interest Payable	-	-	-	-	213	213
Total Liabilities	800,009	31,679	11,706	181,386	86,924	1,111,704
Fund Equity:						
Fund Balances:						
Reserved for						
Debt Service	-	-	-	-	74,866	74,866
Capital Outlay	-	-	5,320,680	-	-	5,320,680
Unreserved, reported in						
General Fund	3,457,040	-	-	-	-	3,457,040
Special Revenue Funds	-	-	-	-	1,032,168	1,032,168
Capital Projects Funds	-	593,913	-	17,932	721,688	1,333,533
Total Fund Equity	3,457,040	593,913	5,320,680	17,932	1,828,722	11,218,287
Total Liabilities and Fund Equity	\$ 4,257,049	\$ 625,592	\$ 5,332,386	\$ 199,318	\$ 1,915,646	\$ 12,329,991

The accompanying notes are an integral part of this statement.

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

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

June 30, 2008

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

Fund Balances		\$	11,218,287
<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			100,989,790
<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	\$	(5,551,815)	
Revenue Bonds		(113,761)	
Bond Premium		(64,180)	
Notes and Contracts Payable		(576,464)	
Debt Issuance Difference		285,906	
Accrued Interest		(32,788)	
Net Adjustment			(6,053,102)
<p>Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.</p>			
Accrued Vacation			(686,582)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>			
Deferred Revenue			679,477
<p>Other long-term assets are not financial resources and, therefore, are not included in the funds.</p>			
Joint Venture Note Receivable			5,665,576
Joint Venture Equity Investment			21,070,203
Total Net Assets		\$	132,883,649

The accompanying notes are an integral part of this statement.

CITY OF COOS BAY
COOS COUNTY, OREGON

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	GENERAL FUND	MAJOR CAPITAL RESERVE	JURISDICTIONAL EXCHANGE RESERVE	PUBLIC WORKS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Property Taxes	\$ 4,577,780	\$ -	\$ -	\$ -	\$ 23,144	\$ 4,600,924
Other Taxes	-	-	-	-	1,409,914	1,409,914
Franchise Fees	1,391,274	-	-	-	-	1,391,274
Licenses and Permits	112,592	-	-	-	-	112,592
Intergovernmental	601,035	8,674	-	-	1,883,883	2,493,592
Charges for Services	307,705	-	-	1,613	247,653	556,971
Charges for use of money and property	242,745	43,224	245,841	-	94,370	626,180
Fines and Forfeitures	84,873	-	-	-	-	84,873
Miscellaneous	44,710	20,265	-	-	92,076	157,051
Total Revenues	<u>7,362,714</u>	<u>72,163</u>	<u>245,841</u>	<u>1,613</u>	<u>3,751,040</u>	<u>11,433,371</u>
EXPENDITURES						
Current:						
General Government	1,365,892	25,000	-	-	-	1,390,892
Public Safety	5,087,590	-	-	-	158,037	5,245,627
Public Works	517,339	-	1,438	-	1,231,725	1,750,502
Culture and Recreation	-	-	-	-	1,007,428	1,007,428
Capital Outlay	-	295,814	187,447	232,871	1,008,573	1,724,705
Debt Service:						
Principal Retirement	-	-	91,920	-	964,531	1,056,451
Interest and Fiscal Charges	-	-	26,174	-	275,533	301,707
Total Expenditures	<u>6,970,821</u>	<u>320,814</u>	<u>306,979</u>	<u>232,871</u>	<u>4,645,827</u>	<u>12,477,312</u>
Excess of Revenues Over (Under) Expenditures	391,893	(248,651)	(61,138)	(231,258)	(894,787)	(1,043,941)
Other Financing Sources, (Uses)						
Transfers In	75,000	-	-	244,000	324,665	643,665
Transfers Out	(14,600)	(254,810)	-	-	(317,680)	(587,090)
Total Other Financing Sources, (Uses)	<u>60,400</u>	<u>(254,810)</u>	<u>-</u>	<u>244,000</u>	<u>6,985</u>	<u>56,575</u>
Net Change in Fund Balance	452,293	(503,461)	(61,138)	12,742	(887,802)	(987,366)
FUND BALANCE - BEGINNING OF YEAR	<u>3,004,747</u>	<u>1,097,374</u>	<u>5,381,818</u>	<u>5,190</u>	<u>2,716,524</u>	<u>12,205,653</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,457,040</u>	<u>\$ 593,913</u>	<u>\$ 5,320,680</u>	<u>\$ 17,932</u>	<u>\$ 1,828,722</u>	<u>\$ 11,218,287</u>

The accompanying notes are an integral part of this statement.

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, 2008**

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 \$ (987,366)

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	\$	1,944,733	
Disposal of Capital Assets, Net		(481,723)	
Depreciation Expense		(4,259,141)	
Net Adjustment		(2,796,131)	(2,796,131)

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		3,775	
GO Bonds, Notes and Contracts Payable		1,056,452	
Accrued Vacation		(61,495)	
Net Adjustment		981,914	981,914

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

Accrued Interest			13,816
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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	\$	94,812	
Other Receivables		(10,812)	
Net Adjustment		84,000	84,000

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			(439,532)
Gain (Loss) from Joint Venture			619,363
Change in Net Assets			(2,523,936)

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008**

	Business-type Activities			TOTAL PROPRIETARY FUNDS
	WASTEWATER FUND	WASTEWATER EQUIPMENT RESERVE	NON-MAJOR ENTERPRISE FUNDS	
ASSETS				
Current Assets				
Cash and Investments	\$ 1,366,074	\$ 1,418,727	\$ 593,646	\$ 3,378,447
Prepaid Expenses	140,489	-	4,027	144,516
Receivables				
Accounts Receivable, net	320,850	-	-	320,850
Assessments	1,331	-	-	1,331
Capital Assets, net	11,643,030	-	-	11,643,030
Total Assets	<u>13,471,774</u>	<u>1,418,727</u>	<u>597,673</u>	<u>15,488,174</u>
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	308,152	338,129	8,409	654,690
Accrued Vacation	-	-	4,467	4,467
Unearned Revenue	1,442	-	-	1,442
Total Liabilities	<u>309,594</u>	<u>338,129</u>	<u>12,876</u>	<u>660,599</u>
Net Assets				
Invested in Capital Assets, net of related debt	11,643,030	-	-	11,643,030
Restricted for				
Capital Projects	-	1,080,598	-	1,080,598
Unrestricted	1,519,150	-	584,797	2,103,947
Total Net Assets	<u>\$ 13,162,180</u>	<u>\$ 1,080,598</u>	<u>\$ 584,797</u>	<u>\$ 14,827,575</u>

The accompanying notes are an integral part of this statement.

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 City's 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 present 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:

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, Urban Renewal Agency of the City of Coos Bay is reported as if it were part of the reporting entity. Separate financial statements for 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 columns in the financial statements.

The Coos Bay-North Bend Water Board (Note 9) was established by an intergovernmental agreement, authorized by State statutes, to operate a water board for the mutual advantage of the governments. The City has a 50% equity interest in the Water Board and appoints 2 of its Board members. 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 Visitor & 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 (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its 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. Eliminations have been made to eliminate the double counting of internal activities. Direct expenses are not eliminated from the various functional categories.

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 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to 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 and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be measurable to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The following major governmental funds are reported:

General Fund – This is the primary operating fund. It accounts for all the financial operations of the City 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.

Major Capital Reserve Fund – This fund recognizes the necessity to separately account for funds utilized for major capital purchases of a cost of \$5,000 or more.

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.

Public Works 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.

The following non-major governmental fund-types are used:

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.

Additionally, the City reports 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.

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 government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (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 City's 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.

When both restricted and unrestricted resources are available for use, it is the City's 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. For governmental fund types, the budgetary basis of accounting is the same as generally accepted accounting principles. The City 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.

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

LEVEL OF CONTROL

Personal Services	Interfund Transactions
Materials and Services	Debt Service
Capital Outlay	Operating Contingency

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 City 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. Expenses of the various funds were within authorized appropriations for the year ended June 30, 2008.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 City's 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 City-wide investment pool. Investments, including equity in pooled cash and investments, are stated at fair value.

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."

Recorded 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 combined balance sheet. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Property taxes collected within approximately sixty days of fiscal year- end are recognized as revenue. The remaining balance of taxes receivable is recorded as deferred revenue because it is not deemed available to finance operations of the current period.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 by the City 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 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.

Public domain (“infrastructure”) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems were not required to be capitalized by the City until the fiscal year ending June 30, 2008, at which time they retroactively reported all such major general infrastructure assets.

Capital assets acquired/constructed by the Urban Renewal Agency of the City of Coos Bay (Agency), a component unit of the City, and expensed in the Agency’s individual downtown and empire capital projects funds during the year ending June 30, 2008 were contributed/transferred to the City.

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

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

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). The City has elected to record inventory expenditures as received rather than as consumed. Supply balances on hand at year end are not considered material.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated absences

Accumulated vested vacation, compensatory, and sick pay is accrued as it is earned in the governmental and business type funds, along with the government wide funds, both the current and long-term liabilities are recorded. Upon retirement from the City of Coos Bay an employee, with ten or more years of service in a specific department within the City, 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.

It is the City's 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. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the 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 fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

Fund equity/Net assets

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

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

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

The City's cash management policies are governed by state statutes. Statutes authorize the City to invest 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.

The City maintains a cash pool 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.

Cash and Investments (recorded at cost) consisted of:

Deposits with Financial Institutions:

Petty Cash	\$	1,000
Demand Deposits		19,646,828
Investments		<u>1,581,793</u>
Total Cash and Investments	\$	<u><u>21,229,621</u></u>

Reconciliation of Cash

Governmental	\$	10,968,589
Business Type		3,378,447
Component Unit		6,820,778
Visitor & Convention Bureau		<u>61,807</u>
Total Cash and Investments	\$	<u><u>21,229,621</u></u>

Deposits

State statutes require that the City obtain from its depositories, a certificate of participation for the full amount of the City's deposits. The depositories are required to pledge, with an independent pool manager, securities in the City's name equal to twenty-five percent of the face value of the certificate of participation issued to the City. The City's deposits at year-end were covered, as required by law, by federal depository insurance or by certificates of participation held by the pool manager.

Deposits consist of bank demand deposits. The carrying amount of deposits is \$19,646,828. The total bank balance per the bank statements for all pooled cash is \$19,991,851. This balance includes cash belonging to the Urban Renewal Agency and the Coos Bay/North Bend Visitor & Convention Bureau that is all held in the City's name for collateral purposes. Of these deposits, \$100,000 was covered by Federal Depository Insurance, and \$6,250,000 is collateralized by securities held by financial institutions acting as agents. For deposits in excess of federal depository insurance, Oregon Revised Statutes require the depository institution to maintain on deposit with collateral pool managed securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager. All bank balances in excess of federal depository insurance are collateralized by securities held by an entity other than the financial institution as an agent of the bank. This collateral is held by a separate custodian bank and controlled by a pool manager. Potential uninsured deposits secured by a single institution collateral pool are the equivalent of securities held in the name of the City. At June 30, 2008, the collateral was sufficient to meet the requirements of Oregon Law.

Investments

State statutes authorize the City 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Investments are valued at fair value as required by GASB 31. There is no material difference between fair value of the City's position in the State Treasurer's Local Governmental Investment Pool and the value of the pool shares at June 30, 2008.

As of June 30, 2008, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurer's Investment Pool	1,581,793	1,581,793	-	-
Total	<u>\$ 1,581,793</u>	<u>\$ 1,581,793</u>	<u>\$ -</u>	<u>\$ -</u>

The State Treasurer's Local Government Investment Pool (LGIP), is a cash and investment pool available for use by all state funds and local governments and is maintained by the State Treasurer. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. 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 carrying value of this investment (cost) approximates the market value at June 30, 2008. In addition, the City utilizes the Coos County Treasury Pool under the warrant system as well as maintaining deposits from property tax collection proceeds and certain revenues distributed from the State of Oregon.

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. The City does not have any investments that have a maturity date.

Credit Risk

The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer of the Pool and it 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, 2008 was unqualified.

Concentration of Credit Risk

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the City's investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2008 the City was in compliance with all percentage restrictions.

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

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

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.

3. CAPITAL ASSETS

Capital asset activity for governmental activities of the primary government for the year ended June 30, 2008 was as follows:

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS				
Description	June 30, 2007	Additions	Disposals	June 30, 2008
Capital assets not being depreciated				
Land	\$ 188,742	\$ -	\$ -	\$ 188,742
Museum art works collection	295,000	-	-	295,000
Construction In Progress	139,388	13,521	(139,388)	13,521
Total Capital Assets not being depreciated	623,130	13,521	-	497,263
Other Capital Assets				
Land and Improvements	2,881,819	33,770	-	2,915,589
Buildings and Improvements	6,841,312	220,442	(371,310)	6,690,444
Machinery and Equipment	1,415,984	324,402	-	1,740,386
Vehicles	3,032,410	371,503	(61,105)	3,342,808
Infrastructure - streets	149,445,316	981,095	-	150,426,411
Total other Capital Assets	163,616,841	1,931,212	(432,415)	165,115,638
Less Accumulated Depreciation				
Land Improvements	1,310,949	51,505	-	1,362,454
Buildings and Improvements	1,976,746	160,033	(29,705)	2,107,074
Machinery & Equipment	805,117	141,267	-	946,384
Vehicles	2,163,482	147,109	(60,375)	2,250,216
Infrastructure - streets	54,197,756	3,759,227	-	57,956,983
Total Accumulated Depreciation	60,454,050	4,259,141	(90,080)	64,623,111
Total Governmental Activities	\$ 103,785,921	\$ (2,314,408)	\$ (342,335)	\$ 100,989,790

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

Function	Governmental Funds
General Government	\$ 630,586
Public Safety	2,378,199
Public Works	793,621
Culture and Recreation	456,735
Total	\$ 4,259,141

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

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS (CONTINUED)

Capital asset activity for business type activities for the year ended June 30, 2008 was as follows:

Description	June 30, 2007	Additions	Disposals	June 30, 2008
Capital assets not being depreciated				
Construction in Progress	\$ 173,468	\$ 26,360	\$ -	\$ 199,828
Total Capital Assets not being depreciated	173,468	26,360	-	199,828
Other Capital Assets - Wastewater				
Land and Improvements	1,982,091	-	-	1,982,091
Machinery & Equipment	3,725,483	33,912	-	3,759,395
Vehicles	604,695	352,745	(10,889)	946,551
Plant and System	15,217,755	791,381	-	16,009,136
Total other Capital Assets	21,530,024	1,178,038	(10,889)	22,697,173
Less Accumulated Depreciation				
Land and Improvements	1,651,116	94,045		1,745,161
Machinery & Equipment	2,145,786	160,017		2,305,803
Vehicles	532,534	7,964	(10,889)	529,609
Plant and System	6,370,632	302,766		6,673,398
Total Accumulated Depreciation	10,700,068	564,792	(10,889)	11,253,971
Total Governmental Activities	<u>\$ 11,003,424</u>	<u>\$ 639,606</u>	<u>\$ -</u>	<u>\$ 11,643,030</u>

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

Function	Business Type Funds
Wastewater	\$ 564,792
Total	<u>\$ 564,792</u>

4. EMPLOYEE RETIREMENT PLAN

Plan Description

The City participates in the State of Oregon Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system. The Public Employers Retirement System is a defined pension plan to which employee and employer contribute. 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

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

NOTES TO BASIC FINANCIAL STATEMENTS

4. EMPLOYEE RETIREMENT PLAN (CONTINUED)

payable in lump sum or monthly amounts using several payment options. PERS also provides death and disability benefits. Benefits are established by State statute.

The Oregon Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

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 effective is 13.34% of covered payroll for Tier One/Two employees and 12.19% for general OPSRP employees and 15.46% for public safety. The City's contribution to the plan for the years ending June 30, 2008, and 2007 was \$933,135 and \$949,998 respectively, and was equal to the required contributions for the year.

Annual Pension Costs

For the year ended June 30, 2008, the City's annual pension cost (APC) for PERS was equal to the City's required and actual contributions (ARC). The required contribution was determined as part of December 31, 2005, 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.

For the Year Ended June 30,	Three Year Trend Information		Net Pension Obligation
	Annual Pension Cost (APC) (ARC)	Percentage of APC Contributed	
2008	\$ 933,135	100%	\$ -
2007	\$ 949,998	100%	\$ -
2006	\$ 907,699	100%	\$ -

Schedule of Funding Progress

Dec. 31 Valuation Date	Value of Assets	Actuarial Liability	Unfunded Actuarial Liability	Funded Percent	Covered Payroll	Excess as a Percent of Covered Payroll
2007	\$38,665,975	\$35,658,154	\$(3,007,821)	108%	\$4,801,518	(63%)
2005	32,582,744	32,895,592	312,848	99%	4,097,249	8%
2003	26,751,801	29,996,797	3,244,996	89%	3,704,280	88%

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFERRED COMPENSATION

The City offers certain employees four deferred compensation trust plans created in accordance with Internal Revenue Code Section 457. The trust holds the assets for the exclusive benefits of plan participants and their beneficiaries.

6. LONG TERM DEBT

Water Bonds (General Obligation). On January 24, 2003, the City issued \$1,160,000 General Obligation Refunding Bonds, the proceeds of which were utilized to refund 1992 Water General Obligation Bond debt. 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 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 January 2003 debt are as follows:

Fiscal Year	Issue of January 24, 2003		
	Principal	Interest	Total
2008-09	\$ 116,815	\$ 2,389	\$ 119,204
Total	\$ 116,815	\$ 2,389	\$ 119,204

Interest rate: 4% fixed annual rate.

Sewer Bonds (General Obligation). On July 31, 2000, the City issued \$3,190,000 General Obligation Refunding Bonds, the proceeds of which were utilized to refund Sewer General Obligation debt. Sewer bonds are a general obligation of the City to be retired by tax revenues. The bond was paid off during the current fiscal year.

Revenue Secured Bond: In April 2006, the City issued \$5,645,000 in Refunding Bonds, 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.

	G.O. Water Bonds January 24, 2003	Revenue Bonds Water Bonds June 14, 2005	Revenue Secured Bond April 2006	Business Loan August 17, 2005	Total
Due Within					
One Year	\$ 116,815	\$ 2,966	\$ 215,000	\$ 95,620	\$ 430,401
Due in More than One Year	-	110,795	5,220,000	480,844	5,811,639
Total					
Outstanding	\$ 116,815	\$ 113,761	\$ 5,435,000	\$ 576,464	\$ 6,242,040

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM DEBT (CONTINUED)

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 debt are as follows:

Fiscal Year	Issue of April 2006		
	Principal	Interest	Total
2008-09	215,000	236,336	451,336
2009-10	225,000	226,986	451,986
2010-11	235,000	217,211	452,211
2011-12	250,000	206,905	456,905
2012-13	255,000	195,217	450,217
2013-2018	1,505,000	764,325	2,269,325
2018-2023	1,880,000	388,075	2,268,075
2023-2025	870,000	37,294	907,294
Total	\$ 5,435,000	\$ 2,272,349	\$ 7,707,349

Interest rate: 4.25%-5.0%

On June 14, 2005, the Water Board secured a revenue loan with O.E.C.D.D. in the amount of \$125,000 which 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 debt are as follows:

Fiscal Year	Issue of June 14, 2005		
	Principal	Interest	Total
2008-09	2,966	5,654	8,620
2009-10	3,113	5,507	8,620
2010-11	3,268	5,352	8,620
2011-2012	3,431	5,189	8,620
2012-2013	3,601	5,019	8,620
2013-2018	20,874	22,225	43,099
2018-2023	26,605	16,496	43,101
2023-2028	33,906	9,194	43,100
2028-2030	15,997	1,202	17,199
Total	\$ 113,761	\$ 75,838	\$ 189,599

Interest rate: 4.97% fixed annual rate.

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM DEBT (CONTINUED)

In August of 2005, the City executed a Business Loan Agreement 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 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
2008-09	95,620	22,474	118,094
2009-10	99,603	18,491	118,094
2010-11	103,683	14,411	118,094
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	\$ 576,464	\$ 72,453	\$ 648,917

Interest rate: 4% fixed annual rate.

Changes in Long-Term Liabilities: During the year ended June 30, 2008, the following changes occurred in long-term liabilities:

	Balance 7/1/2007	Additions	Reductions	Balance 6/30/2008
General Obligation:				
Sewer Bonds				
July 31, 2000 (refunding)	\$ 525,000		\$ (525,000)	\$ -
Water Bonds				
January 24, 2003 (refunding)	343,521	-	(226,706)	116,815
Revenue Bonds:				
Water Bonds				
June 14, 2005 (refunding)	116,587	-	(2,826)	113,761
Revenue Secured Bond:				
April, 2006 (refunding)	5,645,000	-	(210,000)	5,435,000
Business Loan:				
August 17, 2005	668,384	-	(91,920)	576,464
Total	\$ 7,298,492	\$ -	\$ (1,056,452)	\$ 6,242,040

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM DEBT (CONTINUED)

Interest Coupon Transactions: The following is a summary of interest coupon transactions for the year ended June 30, 2008:

	<u>Matured Outstanding 7/1/2007</u>	<u>Matured</u>	<u>Redeemed</u>	<u>Matured Outstanding 6/30/2008</u>
General Obligation:				
Sewer Bonds				
July 11, 1974 (Eastside)	\$ 63	\$ -	\$ -	\$ 63
July 31, 2000 (refunding)	-	12,863	12,863	-
Water Bonds				
July 11, 1974 (Eastside)	150	-	-	150
January 24, 2003 (refunding)	-	11,701	11,701	-
Revenue Bonds:				
Water Bonds				
June 14, 2005 (refunding)	-	5,794	5,794	-
Revenue Secured Bond:				
April 26, 2006	-	245,368	245,368	-
Business Loan:				
August 17, 2005	-	26,174	26,174	-
 Total	 <u>\$ 213</u>	 <u>\$ 301,900</u>	 <u>\$ 301,900</u>	 <u>\$ 213</u>

7. 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 to the City. 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.

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. INVESTMENT IN JOINT VENTURE

Pursuant to an intergovernmental agreement authorized by state statutes, the City joined the City of North Bend to establish and operate a water board for the mutual advantage of the governments. The City'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, 2008:

Cash and investments	\$ 4,371,296
Other assets	<u>49,857,642</u>
Total assets	<u><u>\$ 54,228,938</u></u>
Total liabilities	\$ 12,088,533
Total equity	<u>42,140,405</u>
Total liabilities and equity	<u><u>\$ 54,228,938</u></u>

An investment in joint venture in the amount of \$21,070,203 was booked in 2007-08 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.

10. 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, 2008, the Water Board remitted \$3,718,912 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 totaling \$51,735).

11. PREPAID EXPENSES

Prepaid expenses are items which have been paid for but have a benefit extending into the next fiscal year. This amount will be expensed during the 2008-09 fiscal year.

12. 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 to the City as of June 30, 2008 is \$5,665,576.

CITY OF COOS BAY
COOS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

13. TRANSFERS

Transfers made during the year are summarized as follows:

<u>Fund:</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General	\$ 75,000	\$ (14,600)
Major Capital Reserve		\$ (254,810)
Public Works	\$ 244,000	
Other Governmental	\$ 324,665	\$ (317,680)
Business-Type	-	(56,575)
	<u>\$ 643,665</u>	<u>\$ (643,665)</u>
Business Type Funds	<u>\$ 500,000</u>	<u>\$ 500,000</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

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, 2008**

	<u>GENERAL FUND</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Property Taxes	\$ 4,535,250	\$ 4,535,250	\$ 4,577,780	\$ 42,530
Other Taxes	-	-	-	-
Franchise Fees	1,113,000	1,113,000	1,391,274	278,274
Licenses and Permits	106,800	106,800	112,592	5,792
Intergovernmental		350,000	601,035	251,035
Charges For Services	246,866	246,866	307,705	60,839
Charges for use of money and property	154,500	165,900	242,745	76,845
Fines and Forfeitures	422,600	422,600	84,873	(337,727)
Miscellaneous	14,200	49,200	44,710	(4,490)
Total Revenue	<u>6,593,216</u>	<u>6,989,616</u>	<u>7,362,714</u>	<u>373,098</u>
EXPENDITURES				
General Government	1,139,269	1,694,664 (1)	1,365,892	328,772
Public Safety	5,407,307	5,419,809 (1)	5,087,590	332,219
Community Services	558,451	558,451 (1)	517,339	41,112
Contingency	300,000	145,106 (1)	-	145,106
Total Expenditures	<u>7,405,027</u>	<u>7,818,030</u>	<u>6,970,821</u>	<u>847,209</u>
Excess of Revenues Over (Under) Expenditures	(811,811)	(828,414)	391,893	1,220,307
OTHER FINANCING SOURCES (USES)				
Transfers In	149,565	149,565	75,000	(74,565)
Transfers Out	(14,600)	(32,141) (1)	(14,600)	17,541
Total Other Financing Sources (Uses)	<u>134,965</u>	<u>117,424</u>	<u>60,400</u>	<u>(57,024)</u>
Net Change in Fund Balance	(676,846)	(710,990)	452,293	1,163,283
FUND BALANCE - BEGINNING OF YEAR	<u>2,370,000</u>	<u>2,370,000</u>	<u>3,004,747</u>	<u>634,747</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,693,154</u>	<u>\$ 1,659,010</u>	<u>\$ 3,457,040</u>	<u>\$ 1,798,030</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, 2008**

MAJOR CAPITAL RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for use of money and property				
Interest on investments	\$ 40,000	\$ 40,000	\$ 43,224	\$ 3,224
Grants	-	-	8,674	8,674
Miscellaneous	-	-	20,265	20,265
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>72,163</u>	<u>32,163</u>
EXPENDITURES				
General Government				
Materials and Services	25,000	25,000 (1)	25,000	-
Capital Outlay	459,400	459,400 (1)	295,814	163,586
Others - Reserve for Future Expenditures	423,600	423,600	-	423,600
Total Expenditures	<u>908,000</u>	<u>908,000</u>	<u>320,814</u>	<u>587,186</u>
Excess of Revenues Over (Under) Expenditures	(868,000)	(868,000)	(248,651)	619,349
Other Financing Sources (Uses)				
Transfers Out	(187,000)	(254,810) (1)	(254,810)	-
Total Other Financing Sources (Uses)	<u>(187,000)</u>	<u>(254,810)</u>	<u>(254,810)</u>	<u>-</u>
Net Change in Fund Balance	(1,055,000)	(1,122,810)	(503,461)	619,349
FUND BALANCE - BEGINNING OF YEAR	<u>1,055,000</u>	<u>1,055,000</u>	<u>1,097,374</u>	<u>42,374</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ (67,810)</u>	<u>\$ 593,913</u>	<u>\$ 661,723</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, 2008**

<u>JURISDICTIONAL EXCHANGE RESERVE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for use of money and property				
Interest on investments	\$ 260,000	\$ 260,000	\$ 245,841	\$ (14,159)
Total Revenues	<u>260,000</u>	<u>260,000</u>	<u>245,841</u>	<u>(14,159)</u>
EXPENDITURES				
Public Works				
Materials and Services	50,000	50,000 (1)	1,438	48,562
Capital Outlay	541,905	541,905 (1)	187,447	354,458
Debt Service	118,095	118,095 (1)	118,094	1
Total Expenditures	<u>710,000</u>	<u>710,000</u>	<u>306,979</u>	<u>403,021</u>
Net Change in Fund Balance	(450,000)	(450,000)	(61,138)	388,862
FUND BALANCE - BEGINNING OF YEAR	<u>5,250,000</u>	<u>5,250,000</u>	<u>5,381,818</u>	<u>131,818</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,800,000</u>	<u>\$ 4,800,000</u>	<u>\$ 5,320,680</u>	<u>\$ 520,680</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, 2008

<u>PUBLIC WORKS EQUIPMENT RESERVE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for use of money and property				
Interest on Investments	\$	\$	\$ 1,613	\$ 1,613
Total Revenues	-	-	1,613	1,613
EXPENDITURES				
Public works				
Capital Outlay	209,000	244,000 (1)	232,871	11,129
Total Expenditures	209,000	244,000	232,871	11,129
Excess of Revenues Over (Under)				
Expenditures	(209,000)	(244,000)	(231,258)	12,742
OTHER FINANCING SOURCES (USES)				
Transfers In	209,000	244,000	244,000	-
Net Change in Fund Balance	-	-	12,742	12,742
FUND BALANCE - BEGINNING OF YEAR			5,190	5,190
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 17,932	\$ 17,932

(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, 2008**

	<u>WASTEWATER FUND</u>			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental				
Charleston	\$ 180,000	\$ 180,000	\$ 144,000	\$ (36,000)
Bunker Hill	90,000	90,000	125,887	35,887
Grants			-	-
Total Intergovernmental	<u>270,000</u>	<u>270,000</u>	<u>269,887</u>	<u>(113)</u>
Charges for Services				
Sewer Permits	20,000	20,000	13,599	(6,401)
Sewer Use Fees	3,820,000	3,820,000	3,640,464	(179,536)
Sewer Connection Fees	500	500	597	97
Recreational Vehicle Dump Fees	2,500	2,500	2,368	(132)
Alum Sludge Disposal Fees	79,000	79,000	116,580	37,580
Total Charges for Services	<u>3,922,000</u>	<u>3,922,000</u>	<u>3,773,608</u>	<u>(148,392)</u>
Charges for use of money and property				
Interest on Investments	<u>50,000</u>	<u>50,000</u>	<u>90,314</u>	<u>40,314</u>
Miscellaneous	<u>153,000</u>	<u>153,000</u>	<u>(4,467)</u>	<u>(157,467)</u>
Total Revenues	<u>4,395,000</u>	<u>4,395,000</u>	<u>4,129,342</u>	<u>(265,658)</u>
EXPENDITURES				
Wastewater Collection and Treatment				
Personal Services	418,976	418,976	315,828	103,148
Materials and Services	2,762,289	2,762,289	2,309,293	452,996
Capital Outlay	1,581,950	1,592,051	654,437	937,614
Total Wastewater Collection and Treatment	<u>4,763,215</u>	<u>4,773,316 (1)</u>	<u>3,279,558</u>	<u>1,493,758</u>
Contingency	<u>50,210</u>	<u>40,109 (1)</u>	<u>-</u>	<u>40,109</u>
Total Expenditures	<u>4,813,425</u>	<u>4,813,425</u>	<u>3,279,558</u>	<u>1,533,867</u>
Excess of Revenues Over (Under) Expenditures	(418,425)	(418,425)	849,784	1,268,209
Other Financing Sources (Uses)				
Transfers Out	<u>(1,023,575)</u>	<u>(1,023,575) (1)</u>	<u>(1,023,575)</u>	<u>-</u>
Net Change in Fund Balance	(1,442,000)	(1,442,000)	(173,791)	1,268,209
FUND BALANCE - BEGINNING OF YEAR	<u>1,742,000</u>	<u>1,742,000</u>	<u>1,692,941</u>	<u>(49,059)</u>
FUND BALANCE - END OF YEAR	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>1,519,150</u>	<u>\$ 1,219,150</u>
Reconciliation to Net Assets:				
Capital Assets, Net			<u>11,643,030</u>	
Total Net Assets			<u>\$ 13,162,180</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, 2008**

<u>WASTEWATER EQUIPMENT RESERVE</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for use of money and property				
Interest on Investments	\$ -	\$ -	\$ 57,450	\$ 57,450
Total Revenues	-	-	57,450	57,450
EXPENDITURES				
Materials and Services	50,000	50,000 (1)	621	49,379
Capital Outlay	925,000	1,326,500 (1)	352,745	973,755
Total Expenditures	975,000	1,376,500	353,366	1,023,134
Excess of Revenues Over (Under) Expenditures	(975,000)	(1,376,500)	(295,916)	1,080,584
OTHER FINANCING SOURCES (USES)				
Transfers In	967,000	967,000	967,000	-
Total Other Financing Sources (Uses)	967,000	967,000	967,000	-
Net Change in Fund Balance	(8,000)	(409,500)	671,084	1,080,584
FUND BALANCE - BEGINNING OF YEAR	8,000	409,500	409,514	14
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 1,080,598	\$ 1,080,598

(1) Appropriation Level

CITY OF COOS BAY
COOS COUNTY, OREGON

SUPPLEMENTARY DATA

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

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

June 30, 2008

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	COMBINED NONMAJOR DEBT SERVICE FUNDS	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 753,422	\$ 73,043	\$ 728,028	\$ 1,554,493
Receivables				
Taxes	-	20,614	-	20,614
Accounts	335,459	-	-	335,459
Assessments	-	-	2,914	2,914
Prepaid Expenses	2,166	-	-	2,166
Total Assets	<u>\$ 1,091,047</u>	<u>\$ 93,657</u>	<u>\$ 730,942</u>	<u>\$ 1,915,646</u>
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts Payable	\$ 58,879	\$ -	\$ 6,679	\$ 65,558
Deferred Revenue	-	18,578	2,575	21,153
Matured Interest Payable	-	213	-	213
Total Liabilities	<u>58,879</u>	<u>18,791</u>	<u>9,254</u>	<u>86,924</u>
FUND BALANCES				
Reserved for				
Debt Service	-	74,866	-	74,866
Unreserved, reported in				
Special Revenue Funds	1,032,168	-	-	1,032,168
Capital Projects Funds	-	-	721,688	721,688
Total Fund Balances	<u>1,032,168</u>	<u>74,866</u>	<u>721,688</u>	<u>1,828,722</u>
Total Liabilities and Fund Balances	<u>\$ 1,091,047</u>	<u>\$ 93,657</u>	<u>730,942</u>	<u>\$ 1,915,646</u>

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

**COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2008**

	STATE GAS TAX	SPECIAL POLICE	HOTEL/ MOTEL TAX	LIBRARY	911 Tax	TOTAL
ASSETS						
Cash and Investments	\$ 4,783	\$ 66,264	\$ 203,945	\$ 398,206	\$ 80,224	\$ 753,422
Receivables						
Accounts	64,735	640	137,342	69,374	63,368	335,459
Prepaid Expenses	-	-	-	2,166	-	2,166
Total Assets	<u>\$ 69,518</u>	<u>\$ 66,904</u>	<u>\$ 341,287</u>	<u>\$ 469,746</u>	<u>\$ 143,592</u>	<u>\$ 1,091,047</u>
LIABILITIES AND FUND BALANCES:						
LIABILITIES						
Accounts Payable	\$ 5,289	\$ 2,089	\$ 45,782	\$ 5,717	\$ 2	\$ 58,879
Total Liabilities	<u>5,289</u>	<u>2,089</u>	<u>45,782</u>	<u>5,717</u>	<u>2</u>	<u>58,879</u>
FUND BALANCES						
Unreserved, reported in Special Revenue Funds	<u>64,229</u>	<u>64,815</u>	<u>295,505</u>	<u>464,029</u>	<u>143,590</u>	<u>1,032,168</u>
Total Fund Balances	<u>64,229</u>	<u>64,815</u>	<u>295,505</u>	<u>464,029</u>	<u>143,590</u>	<u>1,032,168</u>
Total Liabilities and Fund Balances	<u>\$ 69,518</u>	<u>\$ 66,904</u>	<u>\$ 341,287</u>	<u>\$ 469,746</u>	<u>\$ 143,592</u>	<u>\$ 1,091,047</u>

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

**COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2008**

	GO BOND REDEMPTION	REVENUE BOND	TOTAL
ASSETS			
Cash and Investments	\$ 73,043	\$ -	\$ 73,043
Receivables			
Taxes	20,614	-	20,614
Total Assets	<u>\$ 93,657</u>	<u>\$ -</u>	<u>\$ 93,657</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES			
Deferred Revenue	\$ 18,578	\$ -	\$ 18,578
Matured Interest Payable	213	-	213
Total Liabilities	<u>18,791</u>	<u>-</u>	<u>18,791</u>
FUND BALANCES			
Reserved for Debt Service	<u>74,866</u>	<u>-</u>	<u>74,866</u>
Total Liabilities and Fund Balances	<u>\$ 93,657</u>	<u>\$ -</u>	<u>\$ 93,657</u>

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

**COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2008**

	STREET IMPROVEMENT	PARKS IMPROVEMENT	BIKE/ PEDESTRIAN IMPROVEMENT	SPECIAL IMPROVEMENT
ASSETS				
Cash and Investments	\$ 59,463	\$ 4,552	\$ 14,717	\$ 32,524
Receivables				
Assessments	-	-	-	2,914
Total Assets	\$ 59,463	\$ 4,552	\$ 14,717	\$ 35,438
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts Payable	\$ 3,136	\$ 205	\$ -	\$ -
Deferred Revenues	-	-	-	2,575
Total Liabilities	3,136	205	-	2,575
FUND BALANCES				
Unreserved, reported in:				
Capital Projects Funds	56,327	4,347	14,717	32,863
Total Fund Balances	56,327	4,347	14,717	32,863
Total Liabilities and Fund Balances	\$ 59,463	\$ 4,552	\$ 14,717	\$ 35,438

<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>	<u>TOTAL</u>
\$ 209,023	\$ 28,750	\$ 99,993	\$ 233,322	\$ 17,969	\$ 27,715	\$ 728,028
-	-	-	-	-	-	2,914
<u>\$ 209,023</u>	<u>\$ 28,750</u>	<u>\$ 99,993</u>	<u>\$ 233,322</u>	<u>\$ 17,969</u>	<u>\$ 27,715</u>	<u>\$ 730,942</u>
\$ -	\$ 2,858	\$ -	\$ -	\$ -	\$ 480	\$ 6,679
-	-	-	-	-	-	2,575
-	2,858	-	-	-	480	9,254
209,023	25,892	99,993	233,322	17,969	27,235	721,688
209,023	25,892	99,993	233,322	17,969	27,235	721,688
<u>\$ 209,023</u>	<u>\$ 28,750</u>	<u>\$ 99,993</u>	<u>\$ 233,322</u>	<u>\$ 17,969</u>	<u>\$ 27,715</u>	<u>\$ 730,942</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008**

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	COMBINED NONMAJOR DEBT SERVICE FUNDS	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Property Taxes	\$ -	\$ 23,144	\$ -	\$ 23,144
Other Taxes	1,409,914	-	-	1,409,914
Intergovernmental Revenues	895,391	702,201	286,291	1,883,883
Charges for Services	86,115	-	161,538	247,653
Charge for use of money and property	55,477	5,883	33,010	94,370
Miscellaneous	87,353	795	3,928	92,076
Total Revenues	<u>2,534,250</u>	<u>732,023</u>	<u>484,767</u>	<u>3,751,040</u>
EXPENDITURES				
Current				
Public Safety	158,037	-	-	158,037
Public Works	1,231,725	-	-	1,231,725
Culture and Recreation	969,110	-	38,318	1,007,428
Capital Outlay	139,894	-	868,679	1,008,573
Debt Service:				
Principal Retirement	-	964,531	-	964,531
Interest and Fiscal Charges	-	275,533	-	275,533
Total Expenditures	<u>2,498,766</u>	<u>1,240,064</u>	<u>906,997</u>	<u>4,645,827</u>
Excess of Revenues Over (Under) Expenditures	35,484	(508,041)	(422,230)	(894,787)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	36,575	288,090	324,665
Transfers Out	(313,995)	-	(3,685)	(317,680)
Total Other Financing Sources, (Uses)	<u>(313,995)</u>	<u>36,575</u>	<u>284,405</u>	<u>6,985</u>
Net Change in Fund Balance	(278,511)	(471,466)	(137,825)	(887,802)
FUND BALANCES - BEGINNING OF YEAR	<u>1,310,679</u>	<u>546,332</u>	<u>859,513</u>	<u>2,716,524</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,032,168</u>	<u>\$ 74,866</u>	<u>\$ 721,688</u>	<u>\$ 1,828,722</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2008**

	STATE GAS TAX	SPECIAL POLICE	HOTEL/ MOTEL TAX	LIBRARY	911 Tax	TOTAL
REVENUES						
Other Taxes	\$ -	\$ -	\$ 561,260	\$ 848,654	\$ -	\$ 1,409,914
Charges for use of money and property	13,445	2,936	13,963	22,439	2,694	55,477
Intergovernmental Revenues	699,510	5,690	-	2,341	187,850	895,391
Charges for Services	-	10,899	-	75,216	-	86,115
Miscellaneous	3,078	4,459	-	79,816	-	87,353
Total Revenues	716,033	23,984	575,223	1,028,466	190,544	2,534,250
EXPENDITURES						
Current						
Public Safety	-	20,891	-	-	137,146	158,037
Public Works	732,331	-	499,394	-	-	1,231,725
Culture and Recreation	-	-	-	969,110	-	969,110
Capital Outlay	46,610	-	-	51,341	41,943	139,894
Total Expenditures	778,941	20,891	499,394	1,020,451	179,089	2,498,766
Excess of Revenues Over (Under) Expenditures	(62,908)	3,093	75,829	8,015	11,455	35,484
OTHER FINANCING SOURCES (USES)						
Transfer In	-	-	-	-	-	-
Transfer Out	(238,995)	-	(75,000)	-	-	(313,995)
Total Other Financing Sources (Uses)	(238,995)	-	(75,000)	-	-	(313,995)
Net Change in Fund Balance	(301,903)	3,093	829	8,015	11,455	(278,511)
FUND BALANCES - BEGINNING OF YEAR	366,132	61,722	294,676	456,014	132,135	1,310,679
FUND BALANCES - END OF YEAR	\$ 64,229	\$ 64,815	\$ 295,505	\$ 464,029	\$ 143,590	1,032,168

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
For the Year Ended June 30, 2008**

	GO BOND REDEMPTION	REVENUE BOND	TOTAL
REVENUES			
Property Taxes	\$ 23,144	\$ -	\$ 23,144
Intergovernmental	-	702,201	702,201
Charges for use of money and property	5,883	-	5,883
Miscellaneous	795	-	795
Total Revenues	29,822	702,201	732,023
EXPENDITURES			
Debt Services			
Principal Retirement	525,000	439,531	964,531
Interest and Fiscal Charges	12,863	262,670	275,533
Total Expenditures	537,863	702,201	1,240,064
Excess of Revenues Over (Under) Expenditures	(508,041)	-	(508,041)
OTHER FINANCING SOURCES (USES)			
Transfer In	36,575	-	36,575
Total Other Financing Sources (Uses)	36,575	-	36,575
Net Change in Fund Balance	(471,466)	-	(471,466)
FUND BALANCES - BEGINNING OF YEAR	546,332	-	546,332
FUND BALANCES - END OF YEAR	\$ 74,866	\$ -	\$ 74,866

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2008**

	STREET IMPROVEMENT	PARKS IMPROVEMENT	BIKE/ PEDESTRIAN IMPROVEMENT	SPECIAL IMPROVEMENT
REVENUES				
Intergovernmental Revenues	\$ 271,550	\$ -	\$ -	\$ -
Charges for use of money and property	5,221	275	313	4,556
Charges for Services	-	-	-	-
Miscellaneous	-	3,060	-	868
Total Revenues	276,771	3,335	313	5,424
EXPENDITURES				
Current:				
Materials and Services	-	2,430	-	-
Capital Outlay	620,049	2,463	-	117,745
Total Expenditures	620,049	4,893	-	117,745
Excess of Revenues Over (Under) Expenditures	(343,278)	(1,558)	313	(112,321)
OTHER FINANCING SOURCES (USES)				
Transfer In	80,000	-	6,995	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	80,000	-	6,995	-
Net Changes in Fund Balance	(263,278)	(1,558)	7,308	(112,321)
FUND BALANCES - BEGINNING OF YEAR	319,605	5,905	7,409	145,184
FUND BALANCES - END OF YEAR	\$ 56,327	\$ 4,347	\$ 14,717	\$ 32,863

INSURANCE RESERVE	TECHNOLOGY RESERVE	TRANSPORTATION SDC	WASTEWATER SDC	STORMWATER SDC	COUNTY-WIDE CAD RESERVE	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,741	\$ 286,291
8,406	1,045	3,887	7,831	630	846	33,010
-	-	38,747	114,008	8,783	-	161,538
-	-	-	-	-	-	3,928
<u>8,406</u>	<u>1,045</u>	<u>42,634</u>	<u>121,839</u>	<u>9,413</u>	<u>15,587</u>	<u>484,767</u>
-	30,434	-	-	-	5,454	38,318
-	127,549	155	88	-	630	868,679
-	157,983	155	88	-	6,084	906,997
8,406	(156,938)	42,479	121,751	9,413	9,503	(422,230)
20,000	177,410	-	-	-	3,685	288,090
-	(3,685)	-	-	-	-	(3,685)
<u>20,000</u>	<u>173,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,685</u>	<u>284,405</u>
28,406	16,787	42,479	121,751	9,413	13,188	(137,825)
180,617	9,105	57,514	111,571	8,556	14,047	859,513
<u>\$ 209,023</u>	<u>\$ 25,892</u>	<u>\$ 99,993</u>	<u>\$ 233,322</u>	<u>\$ 17,969</u>	<u>\$ 27,235</u>	<u>\$ 721,688</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, 2008**

<u>STATE GAS TAX FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Intergovernmental				
State Gas Tax	\$ 740,000	\$ 775,000	\$ 699,510	\$ (75,490)
Charges for use of money and property				
Interest on Investments	10,000	10,000	13,445	3,445
Miscellaneous	300		3,078	3,078
	<u>750,300</u>	<u>750,300</u>	<u>716,033</u>	<u>(34,267)</u>
Total Revenues				
EXPENDITURES				
Public Works				
Personal Services	459,124	459,124	425,789	33,335
Materials and Services	321,830	328,651	306,542	22,109
Capital Outlay	1,200	1,200	46,610	45,410
Total Street Maintenance	782,154	788,975 (1)	778,941	10,034
	<u>17,846</u>	<u>11,025 (1)</u>	<u>-</u>	<u>11,025</u>
Contingency				
Total Expenditures	<u>800,000</u>	<u>800,000 (1)</u>	<u>778,941</u>	<u>21,059</u>
Excess of Revenues Over (Under) Expenditures	(49,700)	(49,700)	(62,908)	(13,208)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(205,000)	(240,000) (1)	(238,995)	1,005
Net Change in Fund Balance	(254,700)	(289,700)	(301,903)	(12,203)
FUND BALANCE - BEGINNING OF YEAR	<u>320,000</u>	<u>320,000</u>	<u>366,132</u>	<u>46,132</u>
FUND BALANCE - END OF YEAR	<u>\$ 65,300</u>	<u>\$ 30,300</u>	<u>\$ 64,229</u>	<u>\$ 33,929</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, 2008**

	<u>SPECIAL POLICE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Intergovernmental				
Other Grants	\$ 3,000	\$ 3,000	\$ 5,690	\$ 2,690
Total Intergovernmental	<u>3,000</u>	<u>3,000</u>	<u>5,690</u>	<u>2,690</u>
Charges for Services				
DUII Impact Panel Fees	7,000	7,000	8,000	1,000
Seat Belt Class Fees	0	0	1,600	(1,600)
Fire Fees	2,800	8,490	1,299	(7,191)
Total Charges for Services	<u>9,800</u>	<u>15,490</u>	<u>10,899</u>	<u>(4,591)</u>
Charges for use for money and property				
Interest on Investments	900	900	2,936	2,036
Miscellaneous	<u>2,200</u>	<u>2,200</u>	<u>4,459</u>	<u>2,259</u>
Total Revenues	<u>15,900</u>	<u>21,590</u>	<u>23,984</u>	<u>2,394</u>
EXPENDITURES				
Public Safety				
Personal Services	11,000	11,000	2,509	8,491
Materials and Services	27,312	33,002	12,714	20,288
Capital Outlay	6,788	6,788	5,668	1,120
Total Expenditures	<u>45,100</u>	<u>50,790</u> (1)	<u>20,891</u>	<u>29,899</u>
Excess of Revenues Over (Under) Expenditures	(29,200)	(29,200)	3,093	32,293
FUND BALANCE - BEGINNING OF YEAR	<u>31,200</u>	<u>31,200</u>	<u>61,722</u>	<u>30,522</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 64,815</u>	<u>\$ 62,815</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, 2008**

<u>HOTEL/MOTEL TAX FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Taxes				
Hotel/Motel Tax	\$ 753,000	\$ 753,000	\$ 561,260	\$ (191,740)
Charges for use of money and property				
Interest on Investments	10,000	10,000	13,243	3,243
Property Rentals	1,000	1,000	720	(280)
Total Charges for use of money and property	11,000	11,000	13,963	2,963
Total Revenues	764,000	764,000	575,223	(188,777)
EXPENDITURES				
Public Works				
Personal Services	275,742	275,742 (1)	194,915	80,827
Materials and Services	432,300	432,300 (1)	304,479	127,821
Contingency	9,393	9,393 (1)	-	9,393
Total Expenditures	717,435	717,435	499,394	218,041
Excess of Revenues Over (Under) Expenditures	46,565	46,565	75,829	(406,818)
OTHER FINANCING SOURCES (USES)				
Transfer Out	(149,565)	(149,565) (1)	(75,000)	74,565
Total Other Financing Sources, (Uses)	(149,565)	(149,565)	(75,000)	74,565
Net Change in Fund Balance	(103,000)	(103,000)	829	103,829
FUND BALANCE - BEGINNING OF YEAR	203,000	203,000	294,676	91,676
FUND BALANCE - END OF YEAR	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 295,505</u>	<u>\$ 195,505</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, 2008**

	<u>LIBRARY FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Taxes				
County Serial Levy	\$ 824,000	\$ 824,000	\$ 848,654	\$ 24,654
Intergovernmental				
State Library Grant	3,800	3,800	2,341	(1,459)
Memorial Grants	29,350	29,350	-	(29,350)
Total Intergovernmental	33,150	33,150	2,341	(30,809)
Charges for Services				
Copies	5,000	5,000	3,060	(1,940)
Database Specialist Fees	54,107	54,107	49,500	(4,607)
Library Fees	27,000	27,000	22,656	(4,344)
Total Charge for Services	86,107	86,107	75,216	(10,891)
Charges for use of money and property				
Interest on Investments	18,000	18,000	19,762	1,762
Property Rentals	2,800	2,800	2,677	(123)
Total Charges for use of money and property	20,800	20,800	22,439	1,639
Miscellaneous				
Donations	20,000	20,000	79,335	59,335
Other	-	-	481	481
Total Miscellaneous	20,000	20,000	79,816	59,816
Total Revenues	984,057	984,057	1,028,466	44,409
EXPENDITURES				
Cultural and Recreation				
Personal Services	738,225	738,225 (1)	720,186	18,039
Materials and Services	220,700	220,700 (1)	208,759	11,941
Capital Outlay	33,350	97,227 (1)	51,341	45,886
Contingency	289,782	289,782 (1)	-	289,782
Library Board Reserve	81,000	81,000 (1)	40,165	40,835
Total Expenditures	1,363,057	1,426,934	1,020,451	406,483
Net Change in Fund Balance	(379,000)	(442,877)	8,015	450,892
FUND BALANCE - BEGINNING OF YEAR	379,000	379,000	456,014	77,014
FUND BALANCE - END OF YEAR	\$ -	\$ (63,877)	\$ 464,029	\$ 527,906

(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, 2008**

	<u>911 TAX FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
911 Revenue	\$ 155,200	\$ 191,200	\$ 187,850	\$ (3,350)
Interest	3,000	3,000	2,694	(306)
Total Revenues	<u>158,200</u>	<u>194,200</u>	<u>190,544</u>	<u>(3,656)</u>
EXPENDITURES				
911 Communications Operations	146,099	221,049 (1)	137,146	83,903
Capital Outlay	-	42,000 (1)	41,943	57
Debt Service	9,603	9,603 (1)	-	9,603
Contingency	2,498	2,498 (1)	-	2,498
Total Expenditures	<u>158,200</u>	<u>275,150</u>	<u>179,089</u>	<u>12,101</u>
Net Change in Fund Balance	-	(80,950)	11,455	92,405
FUND BALANCE - BEGINNING OF YEAR	<u>61,000</u>	<u>141,950</u>	<u>132,135</u>	<u>(9,815)</u>
FUND BALANCE - END OF YEAR	<u>\$ 61,000</u>	<u>\$ 61,000</u>	<u>\$ 143,590</u>	<u>\$ 82,590</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, 2008**

<u>GENERAL OBLIGATION BOND REDEMPTION FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Taxes	\$ -	\$ -	\$ 23,144	\$ 23,144
Charges for use of money and property				
Interest on Investments	-	-	5,883	5,883
Miscellaneous Revenue	-	-	795	795
Total Revenues	-	-	29,822	29,822
EXPENDITURES				
Debt Service				
Principal	525,000	525,000	525,000	-
Interest	12,863	12,863	12,863	-
Total Expenditures	537,863	537,863 (1)	537,863	-
Excess of Revenues Over (Under) Expenditures	(537,863)	(537,863)	(508,041)	29,822
OTHER FINANCING SOURCES (USES)				
Transfers In	36,575	36,575	36,575	-
Net Change in Fund Balance	(501,288)	(501,288)	(471,466)	29,822
FUND BALANCE - BEGINNING OF YEAR	501,288	501,288	546,332	45,044
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 74,866	\$ 74,866

(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, 2008**

REVENUE BOND FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental				
CB-NB Water Board	\$ 702,395	\$ 702,395	\$ 702,201	\$ (194)
Total Revenues	<u>702,395</u>	<u>702,395</u>	<u>702,201</u>	<u>(194)</u>
EXPENDITURES				
Debt Service				
Principal	439,532	439,532	439,531	1
Interest	<u>262,863</u>	<u>262,863</u>	<u>262,670</u>	<u>193</u>
Total Expenditures	<u>702,395</u>	<u>702,395 (1)</u>	<u>702,201</u>	<u>194</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>

(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, 2008**

<u>STREET IMPROVEMENT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Intergovernmental				
State	\$ 271,599	\$ 271,599	\$ 271,550	\$ (49)
Charges for use of money and property				
Interest on Investments	2,000	2,000	5,221	3,221
Total Revenues	<u>273,599</u>	<u>273,599</u>	<u>276,771</u>	<u>3,172</u>
EXPENDITURES				
Public Works				
Capital Outlay	683,599	683,599 (1)	620,049	63,550
Total Expenditures	<u>683,599</u>	<u>683,599</u>	<u>620,049</u>	<u>63,550</u>
Excess of Revenues Over (Under) Expenditures	(410,000)	(410,000)	(343,278)	66,722
OTHER FINANCING SOURCES (USES)				
Transfers In	80,000	80,000	80,000	-
Net Change in Fund Balance	(330,000)	(330,000)	(263,278)	66,722
FUND BALANCE - BEGINNING OF YEAR	<u>330,000</u>	<u>330,000</u>	<u>319,605</u>	<u>(10,395)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,327</u>	<u>\$ 56,327</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, 2008**

PARKS IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for use of money and property				
Interest on Investments	\$ 100	\$ 100	\$ 275	\$ 175
Donations	2,600	2,600	3,060	460
Total Revenues	<u>2,700</u>	<u>2,700</u>	<u>3,335</u>	<u>635</u>
EXPENDITURES				
Culture and Recreation				
Materials and Services	2,700	2,700 (1)	2,430	270
Capital Outlay	3,826	4,442 (1)	2,463	1,979
Contingency	500	500 (1)	-	500
Total Expenditures	<u>7,026</u>	<u>7,026</u>	<u>4,893</u>	<u>2,749</u>
Excess of Revenues Over (Under)				
Expenditures	(4,326)	(4,326)	(1,558)	2,768
OTHER FINANCING SOURCES (USES)				
Transfers In		-	-	-
Net Change in Fund Balance	(4,326)	(4,326)	(1,558)	2,768
FUND BALANCE - BEGINNING OF YEAR	<u>4,326</u>	<u>4,326</u>	<u>5,905</u>	<u>1,579</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,347</u>	<u>\$ 4,347</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, 2008**

<u>BIKE/PEDESTRIAN PATH CONSTRUCTION FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for use of money and property				
Interest on Investments	\$ -	\$ -	\$ 313	\$ 313
Total Revenues	-	-	313	313
EXPENDITURES				
Culture and Recreation				
Capital Outlay	8,000	8,000 (1)	-	8,000
Total Expenditures	8,000	8,000	-	8,000
Excess of Revenues Over (Under)				
Expenditures	(8,000)	(8,000)	313	8,313
OTHER FINANCING SOURCES (USES)				
Transfers In	8,000	8,000	6,995	(1,005)
Total Other Financing Sources (Uses)	8,000	8,000	6,995	(1,005)
Net Change in Fund Balance	-	-	7,308	7,308
FUND BALANCE - BEGINNING OF YEAR	-	-	7,409	7,409
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,717</u>	<u>\$ 14,717</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, 2008**

SPECIAL IMPROVEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for use of money and property				
Interest on Investments	\$ 1,800	\$ 1,800	\$ 4,556	\$ 2,756
Miscellaneous				
Principal	10,800	10,800	339	(10,461)
Interest	8,400	8,400	529	(7,871)
Total Miscellaneous	19,200	19,200	868	(18,332)
Total Revenues	21,000	21,000	5,424	(15,576)
EXPENDITURES				
Culture and Recreation				
Materials and Services	15,000	15,000 (1)	-	15,000
Capital Outlay	150,000	150,000 (1)	117,745	32,255
Debt Services	17,600	17,600 (1)	-	17,600
Total Expenditures	182,600	182,600	117,745	64,855
Net Change in Fund Balance	(161,600)	(161,600)	(112,321)	49,279
FUND BALANCE - BEGINNING OF YEAR	36,600	36,600	145,184	108,584
FUND BALANCE - END OF YEAR	<u>\$ (125,000)</u>	<u>\$ (125,000)</u>	<u>\$ 32,863</u>	<u>\$ 157,863</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, 2008**

	<u>INSURANCE RESERVE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Charges for use of money and property				
Interest on Investments	\$ 8,900	\$ 8,900	\$ 8,406	\$ (494)
Total Revenues	<u>8,900</u>	<u>8,900</u>	<u>8,406</u>	<u>(494)</u>
EXPENDITURES				
Culture and Recreation				
Reserve for Future Expenditures	207,400	207,400 (1)	-	207,400
Total Expenditures	<u>207,400</u>	<u>207,400</u>	<u>-</u>	<u>207,400</u>
Excess of Revenues Over (Under)				
Expenditures	(198,500)	(198,500)	8,406	206,906
OTHER FINANCING SOURCES (USES)				
Transfers In	20,000	20,000	20,000	-
Net Change in Fund Balance	(178,500)	(178,500)	28,406	206,906
FUND BALANCE - BEGINNING OF YEAR	<u>178,500</u>	<u>178,500</u>	<u>180,617</u>	<u>2,117</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,023</u>	<u>\$ 209,023</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, 2008**

<u>TECHNOLOGY RESERVE FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for use of money and property				
Interest on Investments	\$ 1,500	\$ 1,500	\$ 1,045	\$ (455)
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>1,045</u>	<u>(455)</u>
EXPENDITURES				
General Government				
Materials and Services	24,000	35,000 (1)	30,434	4,566
Capital Outlay	88,415	145,225 (1)	127,549	17,676
Total Expenditures	<u>112,415</u>	<u>180,225</u>	<u>157,983</u>	<u>22,242</u>
Excess of Revenues Over (Under) Expenditures	(110,915)	(178,725)	(156,938)	21,787
OTHER FINANCING SOURCES (USES)				
Transfers In	109,600	177,410	177,410	-
Transfers Out	(3,685)	(3,685) (1)	(3,685)	-
Total Other Financing Sources (Uses)	105,915	173,725	173,725	-
Net Change in Fund Balance	(5,000)	(5,000)	16,787	21,787
FUND BALANCE - BEGINNING OF YEAR	<u>5,000</u>	<u>5,000</u>	<u>9,105</u>	<u>4,105</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,892</u>	<u>\$ 25,892</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, 2008**

<u>TRANSPORTATION SDC FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 2,500	\$ 2,500	\$ 3,887	\$ 1,387
Charges for Services				
SDC Improvement Fees	66,000	66,000	32,214	(33,786)
SDC Reimbursements Fees	-	-	4,688	4,688
SDC Compliance Fees	-	-	1,845	1,845
Total Revenues	<u>68,500</u>	<u>68,500</u>	<u>42,634</u>	<u>(25,866)</u>
EXPENDITURES				
Public Works				
Capital Outlay	119,200	119,200 (1)	155	119,045
Total Expenditures	<u>119,200</u>	<u>119,200</u>	<u>155</u>	<u>119,045</u>
Net Change in Fund Balance	(50,700)	(50,700)	42,479	93,179
FUND BALANCE - BEGINNING OF YEAR	<u>50,700</u>	<u>50,700</u>	<u>57,514</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,993</u>	<u>\$ 93,179</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, 2008**

<u>WASTEWATER SDC FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 4,450	\$ 4,450	\$ 7,831	\$ 3,381
Charges for Services				
SDC Improvement Fees	458,572	458,572	96,637	(361,935)
SDC Reimbursement Fees	61,449	61,449	13,703	(47,746)
SDC Compliance Fees	17,056	17,056	3,668	(13,388)
Total Charges for Services	<u>537,077</u>	<u>537,077</u>	<u>114,008</u>	<u>(423,069)</u>
Total Revenues	<u>541,527</u>	<u>541,527</u>	<u>121,839</u>	<u>(419,688)</u>
EXPENDITURES				
Wastewater Collection and Treatment				
Capital Outlay	632,927	632,927 (1)	88	632,839
Total Expenditures	<u>632,927</u>	<u>632,927</u>	<u>88</u>	<u>632,839</u>
Net Change in Fund Balance	(91,400)	(91,400)	121,751	213,151
FUND BALANCE - BEGINNING OF YEAR	<u>91,400</u>	<u>91,400</u>	<u>111,571</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,322</u>	<u>\$ 213,151</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, 2008**

	<u>STORMWATER SDC FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 400	\$ 400	\$ 630	\$ 230
Charges for Services				
SDC Improvement Fees	49,867	49,867	6,473	(43,394)
SDC Compliance Fees	11,236	11,236	2,310	(8,926)
Total Revenues	<u>61,503</u>	<u>61,503</u>	<u>9,413</u>	<u>(43,164)</u>
EXPENDITURES				
Public Works				
Capital Outlay	69,803	69,803 (1)	-	69,803
Total Expenditures	<u>69,803</u>	<u>69,803</u>	<u>-</u>	<u>69,803</u>
Net Change in Fund Balance	(8,300)	(8,300)	9,413	17,713
FUND BALANCE - BEGINNING OF YEAR	<u>8,300</u>	<u>8,300</u>	<u>8,556</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,969</u>	<u>\$ 17,713</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, 2008**

COUNTY-WIDE CAD CORE RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for use of money and property				
Interest on Investments	\$ 800	\$ 800	\$ 846	\$ 46
Intergovernmental				
Revenue from Other Agencies	14,741	14,741	14,741	-
Total Revenues	<u>15,541</u>	<u>15,541</u>	<u>15,587</u>	<u>46</u>
EXPENDITURES				
General Government				
Materials and Services	5,500	5,500	5,454	46
Capital Outlay	32,326	32,326	630	31,696
Total Expenditures	<u>37,826</u>	<u>37,826</u> (1)	<u>6,084</u>	<u>31,742</u>
Excess of Revenues Over (Under)				
Expenditures	(22,285)	(22,285)	9,503	31,788
OTHER FINANCING SOURCES (USES)				
Transfers In	3,685	3,685	3,685	-
Net Change in Fund Balance	(18,600)	(18,600)	13,188	31,788
FUND BALANCE - BEGINNING OF YEAR	<u>18,600</u>	<u>18,600</u>	<u>14,047</u>	<u>(4,553)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,235</u>	<u>\$ 27,235</u>

(1) Appropriation Level

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

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

June 30, 2008

	<u>BUILDING CODES</u>	<u>BUILDING CODES RESERVE</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Cash and Investments	\$ 515,454	\$ 78,192	\$ 593,646
Prepaid Expenses	4,027	-	4,027
Total Assets	<u>519,481</u>	<u>78,192</u>	<u>597,673</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	2,866	-	2,866
Deposits	5,543	-	5,543
Accrued Vacation	4,467	-	4,467
Total Liabilities	<u>12,876</u>	<u>-</u>	<u>12,876</u>
NET ASSETS			
Restricted for			
Capital Projects			-
Other Uses	506,605	78,192	584,797
Total Net Assets	<u>\$ 506,605</u>	<u>\$ 78,192</u>	<u>\$ 584,797</u>

**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, 2008**

	BUILDING CODES	BUILDING CODES RESERVE	TOTAL
OPERATING REVENUES			
Licenses and Permits	\$ 229,524	\$ -	\$ 229,524
Total Operating Revenues	229,524	-	229,524
OPERATING EXPENSES			
Building Codes Operations	259,267	-	259,267
Materials and Services	-	-	-
Capital Outlay	-	-	-
Total Operating Expenses	259,267	-	259,267
Operating Income (Loss)	(29,743)	-	(29,743)
NON-OPERATING REVENUES (EXPENSES)			
Interest on Investments	25,536	1,956	27,492
Other Revenue (Expenses)	361	-	361
Total Non-Operating Revenues (Expenses)	25,897	1,956	27,853
Net Income (Loss) before Operating Transfers	(3,846)	1,956	(1,890)
TRANSFERS			
Transfers In	-	35,000	35,000
Transfers Out	(35,000)	-	(35,000)
Net Transfers	(35,000)	35,000	-
Change in Net Assets	(38,846)	36,956	(1,890)
Total Net Assets - Beginning of Year	545,451	41,236	586,687
Total Net Assets - End of Year	\$ 506,605	\$ 78,192	\$ 584,797

**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, 2008**

	<u>BUILDING CODES FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Licenses and Permits	\$ 246,500	\$ 246,500	\$ 229,524	\$ (16,976)
Charges for use of money and property				
Interest on Investments	15,000	15,000	25,536	10,536
Miscellaneous	100	100	361	261
Total Revenues	<u>261,600</u>	<u>261,600</u>	<u>255,421</u>	<u>(6,179)</u>
EXPENDITURES				
Building Codes Operations	305,531	341,974 (1)	259,267	82,707
Contingency	31,069	6,026 (1)	-	6,026
Total Expenditures	<u>31,069</u>	<u>348,000</u>	<u>259,267</u>	<u>88,733</u>
Excess of Revenues Over (Under) Expenditures	230,531	(86,400)	(3,846)	82,554
OTHER FINANCING SOURCES (USES)				
Transfers Out	(35,000)	(35,000) (1)	(35,000)	-
Net Change in Fund Balance	195,531	(121,400)	(38,846)	82,554
FUND BALANCE - BEGINNING OF YEAR	<u>510,000</u>	<u>521,400</u>	<u>545,451</u>	<u>24,051</u>
FUND BALANCE - END OF YEAR	<u>\$ 705,531</u>	<u>\$ 400,000</u>	<u>\$ 506,605</u>	<u>\$ 106,605</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, 2008**

<u>BUILDING CODES RESERVE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for use of money and property				
Interest on Investments	\$ 900	\$ 900	\$ 1,956	\$ 1,056
Total Revenues	900	900	1,956	1,056
EXPENDITURES				
Public Works				
Capital Outlay	33,000	33,000 (1)	-	33,000
Reserve for Future Expenditures	17,700	17,700 (1)	-	17,700
Total Expenditures	50,700	50,700	-	50,700
Excess of Revenues Over (Under) Expenditures	(49,800)	(49,800)	1,956	51,756
OTHER FINANCING SOURCES (USES)				
Transfers In	35,000	35,000	35,000	-
Total Other Financing Sources (Uses)	35,000	35,000	35,000	-
Net Change in Fund Balance	(14,800)	(14,800)	36,956	51,756
FUND BALANCE - BEGINNING OF YEAR	14,800	14,800	41,236	26,436
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 78,192	\$ 78,192

(1) Appropriation Level

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

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

For the Year Ended June 30, 2008

General Fund:

TAX YEAR	IMPOSED LEVY OR OR BALANCE UNCOLLECTED AT 7/1/07	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/08
Current:						
2007-08	\$ 4,801,838	\$ 115,386	\$ (23,610)	\$ (6,454)	\$ 4,383,184	\$ 273,204
Prior Years:						
2006-07	220,335	(34)	(1,788)	6,881	115,128	110,334
2005-06	89,764	(20)	(171)	5,970	42,667	52,916
2004-05	49,901	(12)	(630)	7,647	38,010	18,920
2003-04	19,296	(8)	(1,933)	4,737	19,350	2,758
2002-2003 & Prior	11,832	(50)	(8,305)	604	(6,372)	10,553
Total Prior	<u>391,128</u>	<u>(124)</u>	<u>(12,827)</u>	<u>25,839</u>	<u>208,783</u>	<u>195,481</u>
Total All Funds	<u>\$ 5,192,966</u>	<u>\$ 115,262</u>	<u>\$ (36,437)</u>	<u>\$ 19,385</u>	<u>\$ 4,591,967</u>	<u>\$ 468,685</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 4,591,967
Accrual of Receivables:	
June 30, 2007	(71,587)
June 30, 2008	36,770
Taxes in Lieu of Property Taxes	<u>20,630</u>
Total Revenue	<u>\$ 4,577,780</u>

Debt Service Fund:

Current:						
2007-08	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Years:						
2006-07	21,995	(3)	(177)	687	11,493	11,015
2005-06	10,675	(2)	(1,256)	628	4,485	5,564
2004-05	6,246	(2)	(308)	922	4,581	2,281
2003-04	2,577	(1)	(377)	600	2,452	349
2002-2003 & Prior	2,173	(7)	(1,704)	80	(849)	1,405
Total Prior	<u>43,666</u>	<u>(15)</u>	<u>(3,822)</u>	<u>2,917</u>	<u>22,162</u>	<u>20,614</u>
Total All Funds	<u>\$ 43,666</u>	<u>\$ (15)</u>	<u>\$ (3,822)</u>	<u>\$ 2,917</u>	<u>\$ 22,162</u>	<u>\$ 20,614</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 22,162
Accrual of Receivables:	
June 30, 2007	(7,526)
June 30, 2008	2,036
Taxes in Lieu of Property Taxes	<u>6,472</u>
Total Revenue	<u>\$ 23,144</u>

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

2007-2008 AUDITORS' COMMENTS AND DISCLOSURES

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

March 1, 2009

2007-2008 AUDITORS' COMMENTS AND DISCLOSURES

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

REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the basic financial statements of the City of Coos Bay, Oregon, as of and for the year ended June 30, 2008, and have issued our report thereon dated March 1, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

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

In planning and performing our audit of the basic financial statements of the City of Coos Bay for the year ended June 30, 2008, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

CITY OF COOS BAY
2007-2008 AUDITORS' COMMENTS AND DISCLOSURES

INTERNAL CONTROL (CONTINUED)

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

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated March 1, 2009.

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

A material weakness is a significant deficiency in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the city council, management 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.

ACCOUNTING RECORDS

The records and systems were adequate to meet audit requirements.

BUDGET TRANSACTIONS

Expenditures of the various funds appeared to be within authorized appropriations.

2007-2008 and 2008-2009 BUDGETS

The budgets adopted for the current and ensuing fiscal year were examined during the audit. Based on our testing, it appeared that budget preparation and adoption procedures followed were in compliance with the Oregon Local Budget Law.

COLLATERAL SECURING BANK DEPOSITS

Based on our testing, we are not aware of any failure to comply with legal requirements related to the amount and adequacy of collateral pledged by depositories to secure funds of the District, except for the deposits held at Umpqua Bank, which were uncollateralized by \$13,641,851.

CITY OF COOS BAY
2007-2008 AUDITORS' COMMENTS AND DISCLOSURES

STATUTORY BONDED DEBT LIMITATION

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

INSURANCE AND FIDELITY BONDS

We are not aware of any failure to comply with legal requirements relating to insurance and fidelity bonds, however, we are not competent by training and experience to comment on the adequacy of insurance coverage. We recommend the City consult with appropriate advisers related to these issues.

PUBLIC CONTRACTS AND PURCHASING

The procedures for awarding public contracts were reviewed and, based on our testing, appeared to be in compliance with ORS Chapter 279 during 2007-2008.

INVESTMENTS

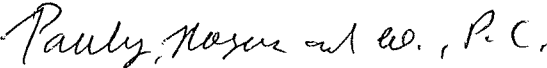
Based on our testing, we are not aware of any failure to comply with legal requirements relating to the investment of public funds.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs.

HIGHWAY FUNDS

Based on our testing, we are not aware of any failure to comply with programs funded from State Highway funds received during the year ended June 30, 2008.


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CERTIFIED PUBLIC ACCOUNTANTS

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March 1, 2009

To the Honorable Mayor and
Members of the City Council
City of 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, 2008, and have issued our report thereon dated March 1, 2009. 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 the City of Coos Bay's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Coos Bay's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

We noted certain matters that we reported to management of the City of Coos Bay in a separate letter dated March 1, 2009.

This report is intended solely for the information and use of management, the Council, and others within the City, 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.