

CITY OF COOS BAY
COOS COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2007



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, 2007

ANNUAL FINANCIAL REPORT

This Page Intentionally Left Blank

CITY OF COOS BAY
COOS COUNTY, OREGON

CITY COUNCIL

TERM EXPIRES

Jeff Mckeown, Mayor

November 2008

Roger Gould, President

November 2010

Jon Eck

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

This Page Intentionally Left Blank

CITY OF COOS BAY
COOS COUNTY, OREGON
TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
FINANCIAL STATEMENTS AND SCHEDULES:	
Basic Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Balance Sheet – Governmental Funds	11
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Assets	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	13
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – To Statement of Activities	14
Statement of Net Assets – Proprietary Funds	15
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17
Notes to Basic Financial Statements	18
Required Supplementary Data:	
General Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - Budgetary Basis	35
Major Capital Reserve Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - Budgetary Basis	36
Jurisdictional Exchange Reserve Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - Budgetary Basis	37
Wastewater Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - Budgetary Basis	38
Supplementary Data:	
Combining Balance Sheet – All Non-Major Governmental Funds	39
Combining Balance Sheet – Non-Major Special Revenue Funds	40
Combining Balance Sheet – Non-Major Debt Service Funds	41
Combining Balance Sheet – Non-Major Capital Projects Funds	42

CITY OF COOS BAY
COOS COUNTY, OREGON
TABLE OF CONTENTS, (CONTINUED)

	<u>PAGE NUMBER</u>
Combined Statement of Revenues, Expenditures and Changes in Fund Balances:	
All Non-Major Governmental Funds	43
Non-Major Special Revenue Funds	44
Non-Major Debt Service Funds	45
Non-Major Capital Projects Funds	46
Schedules of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget – Budgetary Basis:	
Non-Major Governmental Funds:	
State Gas Tax Fund	47
Special Police Fund	48
Hotel/Motel Tax Fund	49
Library Fund	50
911 Tax Fund	51
General Obligation Redemption Fund	52
Revenue Bond Fund	53
Street Improvement Fund	54
Parks Improvement Fund	55
Bike/Pedestrian Path Construction Fund	56
Special Improvement Fund	57
Insurance Reserve Fund	58
Public Works Equipment Reserve	59
Technology Reserve Fund	60
Transportation SDC Fund	61
Wastewater SDC Fund	62
Stormwater SDC Fund	63
Parks SDC Fund	64
County-Wide CAD Core Reserve Fund	65
Combining Statement of Net Assets – Non-Major Proprietary Funds	66
Combining Statement of Revenues, Expenses and Changes in Net Assets – Non-Major Proprietary Funds	67
Schedules of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget – Budgetary Basis:	
Non-Major Proprietary Funds:	
Wastewater Equipment Reserve Fund	68
Building Codes Fund	69
Building Codes Reserve Fund	70
Other Financial Schedules:	
Schedule of Property Tax Transactions and Balances of Taxes Uncollected	71
AUDITORS' COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS	72
GRANT COMPLIANCE REVIEW	
Schedule of Expenditures of Federal Awards	75

GRANT COMPLIANCE REVIEW (Continued)

Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit Performed in Accordance with <i>Government Auditing Standards</i>	76
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance with OMB Circular A-133	78
Schedule of Prior and Current Year Audit Findings, Questioned Costs, and Notes Relative to Federal Awards	80

This Page Intentionally Left Blank



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

December 27, 2007

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

INDEPENDENT AUDITORS' REPORT

We have audited the basic 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, 2007 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.

We have been unable to satisfy ourselves concerning the value or estimated value of the joint venture investment and receivable reported in the Statement of Net Assets. Because of the significance of the matter, we are unable to express, and we do not express, an opinion on the joint venture information reported in the Statement of Net Assets.

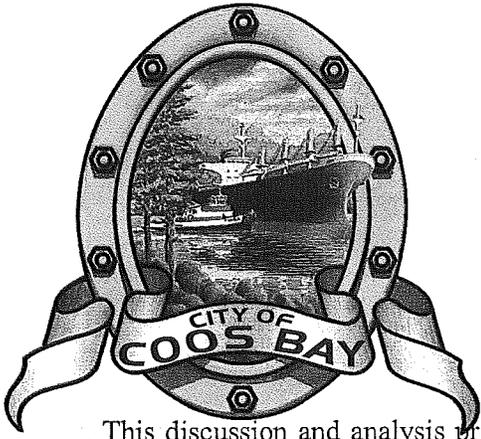
In our opinion, except for the effect on the financial statements resulting from the unaudited joint venture information presented in the financial statements, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of Coos Bay, Oregon, at June 30, 2007, 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.
PAULY, ROGERS AND CO., P.C.

This Page Intentionally Left Blank



City of Coos Bay

Finance Department

500 Central Avenue, Coos Bay, Oregon 97420 • Phone 541-269-8915

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2007

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 increased from regular City activity by \$2.9 million (or 5.6%) primarily due to decreased net capital expenditures compared to prior years and increased wastewater revenue. The retroactive adjustment for infrastructure was recognized in the Statement of Net Assets and the Statement of Activities for the year ended June 30, 2007. This presentation resulted in a prior period adjustment of \$93.4 million in order to recognize GASB 34's requirements to report retroactive infrastructure by June 30, 2007.

Governmental activities revenue increased by \$600,000 (or 5%) primarily due to a timber sale of \$596,000, and property sales of \$338,000 in the prior year, and \$583,000 in grant revenue in 2006-07.

Business-type activities revenue increased by \$700,000 (or 21%) primarily due to increased wastewater revenue of \$492,000 and an increase from the gain(loss) on sale of assets of \$133,000. A 17% wastewater increase was implemented in June 2006 and an increase of 25% was implemented in June 2007.

City governmental activities expenditures increased by \$1.6 million (or 17%), due to increased capital expenditures. Significant capital expenditures for 2006-07 were \$625,000 for property acquisitions through a FEMA grant, \$1.8 million in new streets constructed as part of new developments, and \$360,000 for the Firefighter Memorial. Business Type wastewater expenditures increased \$500,000 (or 21%), primarily due to an increase in operating expenditures and a decrease in capital expenditures.

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
	2007	2006	2007	2006	2007
Cash and investments	\$11.8	\$10.6	\$2.4	\$1.4	\$14.2
Other assets	22.1	21.9	0.4	0.4	22.5
Capital assets	103.8	10.7	11.0	11.1	114.8
Long term receivables	6.1	6.3	0.0	0.0	6.1
Total assets	143.9	49.6	13.8	12.9	157.7
Other liabilities	1.2	1.4	0.1	0.2	1.3
Long term debt outstanding	7.3	8.1	0.0	0.0	7.3
Total liabilities	8.5	9.5	0.1	0.2	8.6
Net assets:					
Invested in capital assets, net of debt	97.3	9.1	11.0	11.1	108.3
Invested in Joint Venture	20.5	19.6	0.0	0.0	20.5
Restricted	1.6	2.0	0.4	0.0	2.0
Unrestricted	16.0	9.3	2.3	1.6	18.3
Total net assets	\$135.4	\$40.0	\$13.7	\$12.7	\$149.1

Statement of Net Assets at June 30, 2007:

During fiscal year 2006-07 several events changed the balance of net assets. An explanation of each follows.

Governmental Activities

The growth in net assets for governmental activities is primarily due to the inclusion of the City's retroactive infrastructure. In addition net capital expenditures decreased compared to prior years.

Joint Venture

An investment in joint venture in the amount of \$20.5 million was booked in 2006-07 for the 50% equity interest that the City of Coos Bay has in the Coos Bay/North Bend Water Board. Upon review of the City's agreement and participation with the Water Board, it was determined that this relationship should be reflected in the Statement of Net Assets and Statement of Activities as a joint venture. At the time of the issuance of the City of Coos Bay's audit, the Coos Bay North Bend Water Board's June 30, 2007 audit was not yet available. The value reported in the City's financial statements is the unaudited financials as of June 30, 2007.

Business-type Activities

The increase in net assets for the business-type activities is due to an increase in user charges in the wastewater fund and decreased expenditures in the building codes fund.

A portion of the year-end net assets is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expended. Within the governmental activities category

are bond proceeds and taxes limited to repayment of debt, and the corpus of the jurisdictional exchange proceeds that are restricted from expenditure by City charter. Within the business-type activities are monies restricted for capital projects and building codes revenues are restricted to the building codes program by City Charter.

Statement of Activities for the Year Ended June 30, 2007:

Table 2
Governmental and Proprietary Activities
For Fiscal Year Ending June 30, 2007
(in millions)

	Governmental		Business-type		Total
	Activities		Activities		Government
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
REVENUES					
Program revenues					
Charges for services	\$0.7	\$0.5	\$3.4	\$3.0	\$4.1
Grants and contributions	0.6	0.1	0.0	0.3	0.6
Capital contributions	0.4	0.0	0.0	0.0	0.4
General revenues					
Taxes	6.6	6.9	0.0	0.0	6.6
Interest	0.6	0.6	0.10	0.1	0.7
Other	4.0	4.2	0.50	(0.1)	4.5
Total revenues	<u>12.9</u>	<u>12.3</u>	<u>4.0</u>	<u>3.3</u>	<u>16.9</u>
EXPENSES					
Governmental activities	11.1	9.5	0.0	0.0	11.1
Business-type activities	0.0	0.0	2.9	2.4	2.9
Total expenses	<u>11.1</u>	<u>9.5</u>	<u>2.9</u>	<u>2.4</u>	<u>14.0</u>
Transfers	0.1	0.1	(0.1)	(0.1)	0.0
Increase in net assets	1.9	2.9	1.0	0.8	2.9
Prior Period Adjustmnet	93.4	18.6	0.0	0.0	93.4
Beginning net assets	40.0	18.5	12.7	11.9	52.7
Ending net assets	<u>\$135.4</u>	<u>\$40.0</u>	<u>\$13.7</u>	<u>\$12.7</u>	<u>\$149.1</u>

Governmental Activities

Governmental activities revenue increased by \$600,000 (or 5%) primarily due to a timber sale of \$596,000, and property sales of \$338,000 in the prior year, and \$583,000 in grant revenue in 2006-07. General taxes remained stable. However, General Fund property taxes increased \$184,000, excluding the year-end deferred revenue adjustment. Interest revenues increased by \$45,000 and miscellaneous revenues decreased by \$880,000 primarily due to timber and property sales in the prior year.

Governmental activity expenses increased by \$1.6 million (or 17%). The increase is due primarily to an increase in capital expenditures.

Business-type Activities

Business-type activities revenue increased by \$700,000 (or 21%) primarily due to a increase of \$492,000 in wastewater revenue and an increase of \$133,000 from the gain(loss) on sale of assets. A 17% wastewater increase was implemented in June 2006 and an increase of 25% was implemented in June 2007.

Business Type wastewater expenditures increased \$500,000 (or 21%), primarily due to an increase in operating expenditures and a decrease in capital expenditures.

BUDGETARY HIGHLIGHTS

The City's General Fund Appropriations increased slightly to \$6.8 million. Actual operating costs within the General Fund were 90% of the final budget. This was primarily due to actual expenditures being less than anticipated for personal services from vacancies, unemployment, lump sum vacation, and property and liability insurance. The overall increase to the fund balance was \$414,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2007 the City had invested \$114.8 million in capital assets as reflected in the following table. This represents a retroactive adjustment for infrastructure of \$93.4 million and a net decrease for current year activity (additions, deductions and depreciation) of \$400,000.

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

	Governmental		Business-type		Totals	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Land & assets not depreciated	\$0.6	\$0.4	\$0.0	\$0.0	\$0.6	\$0.4
Land improvements	1.6	0.6	0.3	0.4	1.9	1.0
Buildings & improvements	4.9	4.7	0.0	0.0	4.9	4.7
Machinery & equipment	0.6	0.6	1.6	1.6	2.2	2.2
Vehicles	0.9	0.7	0.1	0.1	1.0	0.8
Infrastructure - streets	95.2	3.7	0.0	0.0	95.2	3.7
Plant and systems	0.0	0.0	8.8	9.0	8.8	9.0
Work in progress	0.0	0.0	0.2	0.0	0.2	0.0
Total	<u>\$103.8</u>	<u>\$10.7</u>	<u>\$11.0</u>	<u>\$11.1</u>	<u>\$114.8</u>	<u>\$21.8</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</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Beginning balance	\$10.7	\$11.1	\$21.8
Additions	3.8	0.4	4.2
Retirement	0.0	0.0	0.0
Retroactive adjustment	93.4	0.0	93.4
Depreciation	(4.1)	(0.5)	(4.6)
Ending balance	<u>\$103.8</u>	<u>\$11.0</u>	<u>\$114.8</u>

Capital Assets from governmental activities increased \$93.1 million. Of this 93.4 million is a retroactive adjustment for infrastructure. Current year activity decreased \$300,000 (or 3%). Offsetting these additions were depreciation and retirement of assets.

Business-type activities' capital assets decreased \$100,000 (or 1%). Offsetting any additions were depreciation and retirement of assets.

Debt Outstanding

As of year-end, the City had \$7.9 million in debt outstanding compared to \$8.7 million last year. \$1,056,000 of the debt outstanding at June 30, 2007 is due within one year.

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

	<u>Totals</u>	
	<u>2007</u>	<u>2006</u>
Governmental:		
Compensated absences	\$0.6	\$0.5
General obligations	0.5	1.0
Revenue bonds	6.0	6.2
Loan Payable	0.7	0.8
Revenue secured loans	0.1	0.2
Sub-total	<u>7.9</u>	<u>8.7</u>
Business-type	<u>0.0</u>	<u>0.0</u>
Total	<u>\$7.9</u>	<u>\$8.7</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, 2007, the fund balance, which is all unreserved, was \$3.0 million. The fund balance represents 42% of revenues for 2006-07, 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, 2007 was \$5.4 million. During 2006-07, this money earned \$278,000 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, 2007 was \$1.1 million.

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 and a 25% increase in June 2007. Fund Balance at June 30, 2007 was \$1.7 million of which most is earmarked for capital projects including Oregon Dept. of Environmental Quality mandated upgrades to our wastewater treatment facilities.

ECONOMIC FACTORS

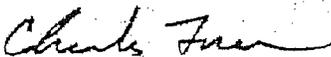
Like all cities in Oregon, the City is operating under Measure 50, the ad valorem tax limitation measure approved by voters on May 20, 1997. This measure rolled back assessed values to 1995-96 levels and effectively limited increased property tax revenues the City could anticipate in future years to 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 has not authorized a rate increase to the City's sewer rate charge since the increase implemented in June 2007.

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.


City of Coos Bay
City Manager


City of Coos Bay
Finance Director

This Page Intentionally Left Blank

CITY OF COOS BAY
COOS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

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

**STATEMENT OF NET ASSETS
June 30, 2007**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Coos Bay Urban Renewal Agency
ASSETS				
Cash and Investments	\$ 11,839,255	\$ 2,371,364	\$ 14,210,619	\$ 6,540,638
Receivables (net of allowance for uncollectibles)	1,420,004	271,005	1,691,009	111,556
Investment in Joint Venture	20,450,840	-	20,450,840	-
Prepays	24,834	140,489	165,323	-
Unamortized Debt Issuance Difference	302,724	-	302,724	-
Capital Assets:				
Capital Assets (net of accumulated depreciation)	103,785,921	11,003,424	114,789,345	1,883,807
Noncurrent Assets:				
Note receivable - due within one year	439,532	-	439,532	-
Note receivable - due in more than one year	5,665,576	-	5,665,576	-
Total Assets	\$ 143,928,686	\$ 13,786,282	\$ 157,714,968	\$ 8,536,001
LIABILITIES				
Accounts Payable	\$ 403,162	\$ 90,405	\$ 493,567	\$ 14,086
Payroll and Payroll Taxes Payable	79,801	-	79,801	-
Interest Payable	46,604	-	46,604	22,934
Deferred Revenue	-	2,040	2,040	-
Accrued Vacation	625,087	1,271	626,358	-
Bond Discount/Premium	67,955	-	67,955	-
Noncurrent Liabilities:				
Due Within One Year:				
Revenue Secured Loans Payable	2,826	-	2,826	-
Bonds Payable	961,706	-	961,706	481,231
Note Payable	91,920	-	91,920	-
Due in More Than One Year:				
Revenue Secured Loans Payable	113,761	-	113,761	-
Bonds Payable	5,551,815	-	5,551,815	5,845,356
Note Payable	576,464	-	576,464	-
Total Liabilities	8,521,101	93,716	8,614,817	6,363,607
NET ASSETS				
Invested in Capital Assets, net of related debt	97,272,400	11,003,424	108,275,824	-
Invested in Joint Venture	20,450,840	-	20,450,840	-
Restricted for:				
Capital Projects	1,097,374	409,514	1,506,888	-
Debt Service	546,332	-	546,332	-
Unrestricted	16,040,639	2,279,628	18,320,267	2,172,394
Total Net Assets	\$ 135,407,585	\$ 13,692,566	\$ 149,100,151	\$ 2,172,394

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, 2007**

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Functions/Programs			
Primary Government			
Governmental Activities			
General Government	\$ 1,153,196	222,839	556,102
Public Safety	3,884,647	222,576	-
Public Works	5,071,186	196,192	27,400
Culture and Recreation	740,161	81,808	-
Interest on Long-term Debt	186,460	-	-
Total Governmental Activities	11,035,650	723,415	583,502
Business-Type Activities			
Wastewater	2,759,209	3,134,714	-
Building Codes	224,780	300,721	-
Total Business-Type Activities	2,983,989	3,435,435	-
Total Primary Government	\$ 14,019,639	\$ 4,158,850	\$ 583,502
Component Unit			
Coos Bay Urban Renewal Agency	\$ 532,079	\$ -	\$ -

General Revenues

Taxes:

Property

Transient Occupancy

Other Taxes

Intergovernmental

Franchise Fees

Gain (Loss) on Joint Venture

Rent Income

Investment Earnings

Miscellaneous

Contributed Capital

Transfers

Total General Revenues and Transfers

Change in Net Assets

Prior Period Adjustment

Net Assets - beginning of year

Net Assets - end of year

Net Revenue (Expenses) and Changes in Net Assets			Component Unit
Governmental Activities	Business-Type Activities	Total	Coos Bay Urban Renewal Agency
\$ (374,255)	\$ -	\$ (374,255)	\$ -
(3,662,071)	-	(3,662,071)	-
(4,847,594)	-	(4,847,594)	-
(658,353)	-	(658,353)	-
(186,460)	-	(186,460)	-
<u>(9,728,733)</u>	<u>-</u>	<u>(9,728,733)</u>	<u>-</u>
-	375,505	375,505	-
-	75,941	75,941	-
-	451,446	451,446	-
<u>(9,728,733)</u>	<u>451,446</u>	<u>(9,277,287)</u>	<u>-</u>
-	-	-	(532,079)
4,979,094	-	4,979,094	1,310,907
554,664	-	554,664	-
1,029,622	-	1,029,622	-
1,549,168	393,227	1,942,395	-
1,250,515	-	1,250,515	-
873,972	-	873,972	-
8,240	-	8,240	2,400
638,946	112,973	751,919	346,704
415,530	61,317	476,847	569
360,000	-	360,000	(360,000)
56,931	(56,931)	-	-
<u>11,716,682</u>	<u>510,586</u>	<u>12,227,268</u>	<u>1,300,580</u>
1,987,949	962,032	2,949,981	768,501
93,421,695	-	93,421,695	-
<u>39,997,941</u>	<u>12,730,534</u>	<u>52,728,475</u>	<u>1,403,893</u>
<u>\$ 135,407,585</u>	<u>\$ 13,692,566</u>	<u>\$ 149,100,151</u>	<u>\$ 2,172,394</u>

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007**

	GENERAL FUND	MAJOR CAPITAL RESERVE	JURISDICTIONAL EXCHANGE RESERVE	OTHER GOVERNMENTAL	TOTAL
ASSETS:					
Cash and Investments	\$ 2,831,194	\$ 1,121,002	\$ 5,386,798	\$ 2,500,261	\$ 11,839,255
Receivables, net					
Taxes	391,128	-	-	43,666	434,794
Accounts	238,557	120,736	-	362,671	721,964
Assessments	23,450	-	-	2,914	26,364
Loans	236,882	-	-	-	236,882
Prepaid Expenses	22,668	-	-	2,166	24,834
Total Assets	\$ 3,743,879	\$ 1,241,738	\$ 5,386,798	\$ 2,911,678	\$ 13,284,093
LIABILITIES AND FUND EQUITY:					
Liabilities:					
Accounts Payable	\$ 102,908	\$ 144,364	\$ 4,980	\$ 150,697	\$ 402,949
Payroll and payroll Taxes Payable	79,801	-	-	-	79,801
Deferred Revenues	556,423	-	-	39,054	595,477
Matured Interest Payable	-	-	-	213	213
Total Liabilities	739,132	144,364	4,980	189,964	1,078,440
Fund Equity:					
Fund Balances:					
Reserved for					
Debt Service	-	-	-	546,332	546,332
Capital Outlay	-	-	5,381,818	-	5,381,818
Unreserved, reported in					
General Fund	3,004,747	-	-	-	3,004,747
Special Revenue Funds	-	-	-	1,310,679	1,310,679
Capital Projects Funds	-	1,097,374	-	864,703	1,962,077
Total Fund Equity	3,004,747	1,097,374	5,381,818	2,721,714	12,205,653
Total Liabilities and Fund Equity	\$ 3,743,879	\$ 1,241,738	\$ 5,386,798	\$ 2,911,678	\$ 13,284,093

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
For the Year Ended June 30, 2007

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

Fund Balances		\$ 12,205,653
<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		103,785,921
<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	\$ (6,513,521)	
Revenue Bonds	(116,587)	
Bond Premium	(67,955)	
Notes and Contracts Payable	(668,384)	
Debt Issuance Difference	302,724	
Accrued Interest	<u>(46,604)</u>	
Net Adjustment		(7,110,327)
<p>Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.</p>		
Accrued Vacation		(625,087)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>		
Deferred Revenue		595,477
Joint Venture Note Receivable		6,105,108
Joint Venture Equity Investment		<u>20,450,840</u>
Total Net Assets		<u>\$ 135,407,585</u>

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, 2007**

	GENERAL FUND	MAJOR CAPITAL RESERVE	JURISDICTIONAL EXCHANGE RESERVE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property Taxes	\$ 4,483,396	\$ -	\$ -	\$ 450,594	\$ 4,933,990
Other Taxes	197,615	-	-	1,386,649	1,584,264
Franchise Fees	1,250,515	-	-	-	1,250,515
Licenses and Permits	118,055	-	-	-	118,055
Intergovernmental	591,888	125,736	-	1,635,431	2,353,055
Charges for Services	255,084	-	-	263,958	519,042
Charges for use of money and property	171,834	64,067	278,134	124,911	638,946
Fines and Forfeitures	86,318	-	-	-	86,318
Miscellaneous	65,131	661	-	118,204	183,996
Total Revenues	<u>7,219,836</u>	<u>190,464</u>	<u>278,134</u>	<u>3,979,747</u>	<u>11,668,181</u>
EXPENDITURES					
Current:					
General Government	1,368,018	57,364	-	-	1,425,382
Public Safety	4,938,134	-	-	142,550	5,080,684
Public Works	481,601	-	9,140	1,111,115	1,601,856
Culture and Recreation	-	-	-	935,140	935,140
Capital Outlay	-	350,783	17,574	646,145	1,014,502
Debt Service:					
Principal Retirement	-	-	88,302	725,500	813,802
Interest and Fiscal Charges	-	-	29,792	334,624	364,416
Total Expenditures	<u>6,787,753</u>	<u>408,147</u>	<u>144,808</u>	<u>3,895,074</u>	<u>11,235,782</u>
Excess of Revenues Over (Under) Expenditures	432,083	(217,683)	133,326	84,673	432,399
Other Financing Sources, (Uses)					
Transfers In	-	-	-	419,713	419,713
Transfers Out	(18,988)	(92,700)	-	(251,094)	(362,782)
Total Other Financing Sources, (Uses)	<u>(18,988)</u>	<u>(92,700)</u>	<u>-</u>	<u>168,619</u>	<u>56,931</u>
Net Change in Fund Balance	413,095	(310,383)	133,326	253,292	489,330
Prior Period Adjustment	476,480	-	-	82,507	558,987
FUND BALANCE - BEGINNING OF YEAR	<u>2,115,172</u>	<u>1,407,757</u>	<u>5,248,492</u>	<u>2,385,915</u>	<u>11,157,336</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,004,747</u>	<u>\$ 1,097,374</u>	<u>\$ 5,381,818</u>	<u>\$ 2,721,714</u>	<u>\$ 12,205,653</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, 2007**

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 \$ 489,330

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	\$	3,780,851	
Depreciation Expense		(4,146,377)	
Net Adjustment			(365,526)

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		813,803	
Accrued Vacation		(66,100)	
Net Adjustment			734,660

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

Accrued Interest			190,998
------------------	--	--	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	\$	45,104	
Other Receivables		239,796	
Net Adjustment			284,900

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			(220,385)
Gain (Loss) from Joint Venture			873,972

Change in Net Assets	\$	1,987,949	
----------------------	----	-----------	--

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, 2007**

	Business-type Activities		
	MAJOR WASTEWATER FUND	NON-MAJOR ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS
ASSETS			
Current Assets			
Cash and Investments	\$ 1,366,119	\$ 1,005,245	\$ 2,371,364
Prepaid Expenses	140,489	-	140,489
Receivables			
Accounts Receivable, net	268,965	-	268,965
Assessments	2,040	-	2,040
Capital Assets, net	11,003,424	-	11,003,424
Total Assets	\$ 12,781,037	\$ 1,005,245	\$ 13,786,282
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 82,632	\$ 7,773	\$ 90,405
Accrued Vacation	-	1,271	1,271
Deferred Revenue	2,040	-	2,040
Total Liabilities	84,672	9,044	93,716
Net Assets			
Invested in Capital Assets, net of related debt	11,003,424	-	11,003,424
Reserved for			
Capital Projects	-	409,514	409,514
Unreserved	1,692,941	586,687	2,279,628
Total Net Assets	\$ 12,696,365	\$ 996,201	\$ 13,692,566

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2007**

	Business-type Activities		
	MAJOR WASTEWATER FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS
OPERATING REVENUES			
Licenses and Permits	\$ -	\$ 300,721	\$ 300,721
Intergovernmental	393,227	-	393,227
Charge for Services	3,134,714	-	3,134,714
Total Operating Revenues	3,527,941	300,721	3,828,662
OPERATING EXPENSES			
Personal Services	270,457	203,509	473,966
Materials and Services	1,698,537	18,271	1,716,808
Capital Outlay	239,342	3,000	242,342
Depreciation Expense	550,873	-	550,873
Total Operating Expenses	2,759,209	224,780	2,983,989
Income, (Loss) From Operations	768,732	75,941	844,673
NON-OPERATING REVENUES (EXPENSES)			
Interest on Investments	81,407	31,566	112,973
Other Revenue (Expenses)	60,889	428	61,317
Total non-operating Revenues	142,296	31,994	174,290
Income, (Loss) Before Transfers	911,028	107,935	1,018,963
TRANSFERS			
Transfers In	-	435,000	435,000
Transfers Out	(456,931)	(35,000)	(491,931)
Total Transfers	(456,931)	400,000	(56,931)
Change in Net Assets	454,097	507,935	962,032
Beginning Net Assets	12,242,268	488,266	12,730,534
Ending Net Assets	\$ 12,696,365	\$ 996,201	\$ 13,692,566

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2007**

	Business-type Activities		
	MAJOR WASTEWATER	NONMAJOR ENTERPRISE	TOTAL PROPRIETARY
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 3,492,191	\$ 297,139	\$ 3,789,330
Payments to Suppliers	(1,923,330)	(141,134)	(2,064,464)
Payments to Employees	(270,457)	(203,970)	(474,427)
Net Cash Provided by Operating Activities	<u>1,298,404</u>	<u>(47,965)</u>	<u>1,250,439</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(409,746)	-	(409,746)
Other Revenue (Expenses)	60,889	428	61,317
Transfers from Other Funds	-	435,000	435,000
Transfers to Other Funds	(456,931)	(35,000)	(491,931)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(805,788)</u>	<u>400,428</u>	<u>(405,360)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	81,407	31,566	112,973
Net Increase, (Decrease) in Cash and Cash Equivalents	574,023	384,029	958,052
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>792,096</u>	<u>621,216</u>	<u>1,413,312</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,366,119</u>	<u>\$ 1,005,245</u>	<u>\$ 2,371,364</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income	\$ 768,732	\$ 75,941	\$ 844,673
Adjustments			
Depreciation/Amortization	550,873	-	550,873
(Increase), Decrease in Accounts Receivable	(35,229)	-	(35,229)
Increase (Decrease) in Deferred Revenue	(521)	(3,582)	(4,103)
Increase, (Decrease) in Accounts Payable/Accrued Liabilities	23,890	(119,863)	(95,973)
Increase, (Decrease) in Prepaid Expenses	(9,341)	-	(9,341)
Increase, (Decrease) in Payroll Liabilities	-	(461)	(461)
Net Cash From Operations	<u>\$ 1,298,404</u>	<u>\$ (47,965)</u>	<u>\$ 1,250,439</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 council 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 Tourism and Promotions Committee 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 City reports the following major governmental funds:

General Fund – This is the City’s 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.

The City reports the following non-major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following non major proprietary funds:

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.

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, 2007.

**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, 2007, 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, 2007 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		18,137,475
Investments		<u>2,781,499</u>
Total Cash and Investments	\$	<u><u>20,919,974</u></u>

Reconciliation of Cash

Governmental	\$	11,839,255
Business Type		2,371,364
Component Unit		6,540,638
Tourism Committee		<u>168,717</u>
Total Cash and Investments	\$	<u><u>20,919,974</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 \$18,137,475. The total bank balance per the bank statements for all pooled cash is \$18,673,428. This balance includes cash belonging to the Urban Renewal Agency and the Coos Bay/North Bend Tourism Promotions Committee that is all held in the City's name for collateral purposes. Of these deposits, \$100,000 was covered by Federal Depository Insurance, and \$18,573,428 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, 2007, 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, 2007.

As of June 30, 2007, 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	2,836,529	2,836,529	-	-
Total	\$ 2,836,529	\$ 2,836,529	\$ -	\$ -

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, 2007. 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, 2007 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, 2007 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, 2007 was as follows:

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS					
Description	June 30, 2006	Additions	Disposals	Retroactive Adj.	June 30, 2007
Capital assets not being depreciated					
Land	\$ 188,742	\$ -	\$ -	\$ -	\$ 188,742
Museum art works collection	250,000	45,000	-	-	295,000
Construction In Progress	-	139,388	-	-	139,388
Total Capital Assets not being depreciated	438,742	184,388	-	-	623,130
Other Capital Assets					
Land and Improvements	1,845,250	1,036,569	-	-	2,881,819
Buildings and Improvements	6,582,891	258,421	-	-	6,841,312
Machinery and Equipment	1,268,437	147,547	-	-	1,415,984
Vehicles	2,796,204	281,206	(45,000)	-	3,032,410
Infrastructure - streets	3,826,999	1,872,720	-	143,745,597	149,445,316
Total other Capital Assets	16,319,781	3,596,463	(45,000)	143,745,597	163,616,841
Less Accumulated Depreciation					
Land Improvements	1,270,502	40,447	-	-	1,310,949
Buildings and Improvements	1,820,465	156,281	-	-	1,976,746
Machinery & Equipment	707,266	97,851	-	-	805,117
Vehicles	2,079,332	129,150	(45,000)	-	2,163,482
Infrastructure - streets	151,206	3,722,648	-	50,323,902	54,197,756
Total Accumulated Depreciation	6,028,771	4,146,377	(45,000)	50,323,902	60,454,050
Total Governmental Activities	\$ 10,729,752	\$ (365,526)	\$ -	\$ 93,421,695	\$ 103,785,921

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

Function	Governmental Funds
General Government	\$ 62,802
Public Safety	146,117
Public Works	3,888,167
Culture and Recreation	49,291
Total	\$ 4,146,377

**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, 2007 was as follows:

Description	June 30, 2006	Additions	Disposals	June 30, 2007
Capital assets not being depreciated				
Construction in Progress	\$ 25,254	\$ 148,214	\$ -	\$ 173,468
Total Capital Assets not being depreciated	<u>25,254</u>	<u>148,214</u>	<u>-</u>	<u>173,468</u>
Other Capital Assets - Wastewater				
Land and Improvements	1,982,091	-	-	1,982,091
Machinery & Equipment	3,632,358	93,125	-	3,725,483
Vehicles	604,695	-	-	604,695
Plant and System	15,049,348	168,407	-	15,217,755
Total other Capital Assets	<u>21,268,492</u>	<u>261,532</u>	<u>-</u>	<u>21,530,024</u>
Less Accumulated Depreciation				
Land and Improvements	1,557,071	94,045	-	1,651,116
Machinery & Equipment	1,989,382	156,404	-	2,145,786
Vehicles	525,226	7,308	-	532,534
Plant and System	6,077,516	293,116	-	6,370,632
Total Accumulated Depreciation	<u>10,149,195</u>	<u>550,873</u>	<u>-</u>	<u>10,700,068</u>
Total Governmental Activities	<u>\$ 11,144,551</u>	<u>\$ (141,127)</u>	<u>\$ -</u>	<u>\$ 11,003,424</u>

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

Function	Business Type Funds
Wastewater	\$ 550,873
Total	<u>\$ 550,873</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 16.68% of covered payroll for Tier One/Two employees and 8.04% for general OPSRP employees and 11.65% for public safety. The City's contribution to the plan for the years ending June 30, 2007, and 2006 was \$949,998 and \$907,699 respectively, and was equal to the required contributions for the year.

Annual Pension Costs

For the year ended June 30, 2007, 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, 1999, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8.00% investment rate of return (net of administrative expenses), (b) projected salary increases was 4.25% per year, and (c) 2.00% per year post-retirement cost-of-living increases. The underlying long-term assumed rate of inflation is 3.50% per year. The actuarial value of PERS assets are valued on the Expected Value Method.

For the Year Ended June 30,	Three Year Trend Information		Net Pension Obligation
	Annual Pension Cost (APC) (ARC)	Percentage of APC Contributed	
2007	\$ 949,998	100%	\$ -
2006	\$ 907,699	100%	\$ -
2005	\$ 622,375	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
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%
2001	27,940,747	24,160,854	(3,779,893)	116%	4,259,683	89%

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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
2007-08	\$ 226,706	\$ 11,701	\$ 238,407
2008-09	116,815	2,389	119,204
Total	\$ 343,521	\$ 14,090	\$ 357,611

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 future requirements for amortization of outstanding water bonds are as follows:

Fiscal Year	Issue of July 31, 2000		
	Principal	Interest	Total
2007-08	\$ 525,000	\$ 12,863	\$ 537,863
Total	\$ 525,000	\$ 12,863	\$ 537,863

Interest rate: 4.90% fixed annual rate.

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.

**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
2007-08	210,000	245,368	455,368
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
2013-2017	1,430,000	836,462	2,266,462
2018-2022	1,800,000	465,783	2,265,783
2023-2025	1,280,000	82,666	1,362,666
Total	\$ 5,645,000	\$ 2,517,717	\$ 8,162,717

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
2007-08	2,826	5,794	8,620
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
2013-2017	19,886	23,213	43,099
2018-2022	25,345	17,756	43,101
2023-2027	32,301	10,799	43,100
2028-2030	23,451	2,368	25,819
Total	\$ 116,587	\$ 81,632	\$ 198,219

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
2007-08	91,920	26,174	118,094
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	169,627	6,914	176,541
Total	\$ 668,384	\$ 98,627	\$ 767,011

Changes in Long-Term Liabilities: During the year ended June 30, 2007, the following changes occurred in long-term liabilities:

	Balance 7/1/2006	Additions	Reductions	Balance 6/30/2007
General Obligation:				
Sewer Bonds				
July 31, 2000 (refunding)	\$ 1,030,000	\$ -	\$ (505,000)	\$ 525,000
Water Bonds				
January 24, 2003 (refunding)	561,330	-	(217,809)	343,521
Revenue Bonds:				
Water Bonds				
June 14, 2005 (refunding)	119,279	-	(2,692)	116,587
Revenue Secured Bond:				
April, 2006 (refunding)	5,645,000	-	-	5,645,000
Business Loan:				
August 17, 2005	756,686	-	(88,302)	668,384
Total	\$ 8,112,295	\$ -	\$ (813,803)	\$ 7,298,492

**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, 2007:

	Matured Outstanding 7/1/2006	Matured	Redeemed	Matured Outstanding 6/30/2007
General Obligation:				
Sewer Bonds				
July 11, 1974 (Eastside)	\$ 63	\$ -	\$ -	\$ 63
July 31, 2000 (refunding)	-	38,098	38,098	-
Water Bonds				
July 11, 1974 (Eastside)	150	-	-	150
January 24, 2003 (refunding)	-	20,598	20,598	-
Revenue Bonds:				
Water Bonds				
June 14, 2005 (refunding)	-	5,928	5,928	-
Revenue Secured Loan:				
April 12, 2000	-	269,999	269,999	-
Business Loan:				
August 17, 2005	-	29,792	29,792	-
 Total	 \$ 213	 \$ 364,415	 \$ 364,415	 \$ 213

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 unaudited financial information as of, and for the year ended June 30, 2007:

Cash and investments	\$ 3,071,752
Other assets	<u>70,300,614</u>
Total assets	<u>\$ 73,372,366</u>
Total liabilities	\$ 32,470,686
Total equity	<u>40,901,680</u>
Total liabilities and equity	<u>\$ 73,372,366</u>

An investment in joint venture in the amount of \$20.5 million was booked in 2006-07 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, 2007, the Water Board remitted \$3,073,230 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 \$47,031).

11. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to the beginning net assets City in the amount of \$93,421,695 to account for the City's retroactive reporting of infrastructure assets.

A prior period adjustment was made to the City's beginning budgetary fund balances in the amount of \$558,987 to account for Accrued Vacation amounts reported as liabilities on the budgetary statements, resulting in an understatement of ending fund balance at 6/30/07.

This Page Intentionally Left Blank

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

REQUIRED SUPPLEMENTARY DATA

This Page Intentionally Left Blank

**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, 2007**

	<u>GENERAL FUND</u>			VARIANCE WITH FINAL BUDGET (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Property Taxes	\$ 4,307,244	\$ 4,307,244	\$ 4,483,396	\$ 176,152
Other Taxes	187,000	187,000	197,615	10,615
Franchise Fees	1,096,000	1,096,000	1,250,515	154,515
Licenses and Permits	93,600	93,600	118,055	24,455
Intergovernmental	128,600	931,600	591,888	(339,712)
Charges For Services	227,908	227,908	255,084	27,176
Charges for use of money and property	117,600	117,600	171,834	54,234
Fines and Forfeitures	75,000	75,000	86,318	11,318
Miscellaneous	13,700	50,149	65,131	14,982
Total Revenue	<u>6,246,652</u>	<u>7,086,101</u>	<u>7,219,836</u>	<u>133,735</u>
EXPENDITURES				
General Government	971,781	1,888,896 (1)	1,368,018	520,878
Public Safety	4,992,628	5,051,077 (1)	4,938,134	112,943
Public Works	489,294	486,294 (1)	481,601	4,693
Contingency	300,000	166,885 (1)	-	166,885
Total Expenditures	<u>6,753,703</u>	<u>7,593,152</u>	<u>6,787,753</u>	<u>805,399</u>
Excess of Revenues Over (Under) Expenditures	(507,051)	(507,051)	432,083	939,134
OTHER FINANCING SOURCES (USES)				
Transfers In	52,000	52,000	-	(52,000)
Transfers Out	(18,988)	(18,988) (1)	(18,988)	-
Total Other Financing Sources (Uses)	<u>33,012</u>	<u>33,012</u>	<u>(18,988)</u>	<u>(52,000)</u>
Net Change in Fund Balance	(474,039)	(474,039)	413,095	887,134
Prior Period Adjustment	-	-	476,480	476,480
FUND BALANCE - BEGINNING OF YEAR	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,115,172</u>	<u>15,172</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,625,961</u>	<u>\$ 1,625,961</u>	<u>\$ 3,004,747</u>	<u>\$ 1,378,786</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, 2007**

MAJOR CAPITAL RESERVE FUND				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for use of money and property				
Interest on investments	\$ 20,000	\$ 20,000	\$ 64,067	\$ 44,067
Grants	-	137,415	125,736	(11,679)
Others - Timber Sales	-	-	661	661
Total Revenues	20,000	157,415	190,464	33,049
EXPENDITURES				
General Government				
Materials and Services	25,000	60,000 (1)	57,364	2,636
Capital Outlay	271,500	373,915 (1)	350,783	23,132
Others - Reserve for Future Expenditures	935,800	935,800	-	935,800
Total Expenditures	1,232,300	1,369,715	408,147	961,568
Excess of Revenues Over (Under) Expenditures	(1,212,300)	(1,212,300)	(217,683)	994,617
Other Financing Sources (Uses)				
Transfers Out	(92,700)	(92,700) (1)	(92,700)	-
Total Other Financing Sources (Uses)	(92,700)	(92,700)	(92,700)	-
Net Change in Fund Balance	(1,305,000)	(1,305,000)	(310,383)	994,617
FUND BALANCE - BEGINNING OF YEAR	1,305,000	1,305,000	1,407,757	102,757
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 1,097,374	\$ 1,097,374

(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, 2007**

JURISDICTIONAL EXCHANGE RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for use of money and property				
Interest on investments	\$ 210,000	\$ 210,000	\$ 278,134	\$ 68,134
Total Revenues	<u>210,000</u>	<u>210,000</u>	<u>278,134</u>	<u>68,134</u>
EXPENDITURES				
Public Works				
Materials and Services	20,000	20,000 (1)	9,140	10,860
Capital Outlay	241,905	241,905 (1)	17,574	224,331
Debt Service	118,095	118,095 (1)	118,094	1
Total Expenditures	<u>380,000</u>	<u>380,000</u>	<u>144,808</u>	<u>235,192</u>
Net Change in Fund Balance	(170,000)	(170,000)	133,326	303,326
FUND BALANCE - BEGINNING OF YEAR	<u>4,970,000</u>	<u>4,970,000</u>	<u>5,248,492</u>	<u>278,492</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,800,000</u>	<u>\$ 4,800,000</u>	<u>\$ 5,381,818</u>	<u>\$ 581,818</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, 2007**

<u>WASTEWATER FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Intergovernmental				
Charleston	\$ 183,980	\$ 183,980	\$ 116,700	\$ (67,280)
Bunker Hill	91,105	91,105	74,948	(16,157)
Grants	-	210,357	201,579	(8,778)
Total Intergovernmental	<u>275,085</u>	<u>485,442</u>	<u>393,227</u>	<u>(92,215)</u>
Charges for Services				
Sewer Permits	8,000	8,000	22,260	14,260
Sewer Use Fees	2,928,342	2,928,342	3,001,297	72,955
Sewer Connection Fees	500	500	364	(136)
Recreational Vehicle Dump Fees	2,000	2,000	2,517	517
Alum Sludge Disposal Fees	70,000	70,000	108,276	38,276
Total Charges for Services	<u>3,008,842</u>	<u>3,008,842</u>	<u>3,134,714</u>	<u>125,872</u>
Charges for use of money and property				
Interest on Investments	12,000	12,000	81,407	69,407
Miscellaneous	140,000	140,000	60,889	(79,111)
Total Revenues	<u>3,435,927</u>	<u>3,646,284</u>	<u>3,670,237</u>	<u>23,953</u>
EXPENDITURES				
Wastewater Collection and Treatment				
Personal Services	274,977	274,977	270,457	4,520
Materials and Services	2,136,036	2,346,393	2,108,283	238,110
Capital Outlay	1,218,990	1,218,990	239,342	979,648
Total Wastewater Collection and Treatment	3,630,003	3,840,360 (1)	2,618,082	1,222,278
Contingency	37,993	37,993 (1)	-	37,993
Total Expenditures	<u>3,667,996</u>	<u>3,878,353</u>	<u>2,618,082</u>	<u>1,260,271</u>
Excess of Revenues Over (Under) Expenditures	(232,069)	(232,069)	1,052,155	1,284,224
Other Financing Sources (Uses)				
Transfers Out	(456,931)	(456,931) (1)	(456,931)	-
Net Change in Fund Balance	(689,000)	(689,000)	595,224	1,284,224
FUND BALANCE - BEGINNING OF YEAR	<u>929,000</u>	<u>929,000</u>	<u>1,097,717</u>	<u>168,717</u>
FUND BALANCE - END OF YEAR	<u>\$ 240,000</u>	<u>\$ 240,000</u>	<u>1,692,941</u>	<u>\$ 1,452,941</u>
Reconciliation to Net Assets:				
Capital Assets, Net			<u>11,003,424</u>	
Total Net Assets			<u>\$ 12,696,365</u>	

(1) Appropriation Level

CITY OF COOS BAY
COOS COUNTY, OREGON

SUPPLEMENTARY DATA

This Page Intentionally Left Blank

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

**COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2007**

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	COMBINED NONMAJOR DEBT SERVICE FUNDS	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 1,054,057	\$ 539,019	\$ 907,185	\$ 2,500,261
Receivables				
Taxes	-	43,666	-	43,666
Accounts	318,143	-	44,528	362,671
Assessments	-	-	2,914	2,914
Prepaid Expenses	2,166	-	-	2,166
Total Assets	<u>\$ 1,374,366</u>	<u>\$ 582,685</u>	<u>\$ 954,627</u>	<u>\$ 2,911,678</u>
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts Payable	\$ 63,687	\$ -	\$ 87,010	\$ 150,697
Deferred Revenue	-	36,140	2,914	39,054
Matured Interest Payable	-	213	-	213
Total Liabilities	<u>63,687</u>	<u>36,353</u>	<u>89,924</u>	<u>189,964</u>
FUND BALANCES				
Reserved for				
Debt Service	-	546,332	-	546,332
Unreserved, reported in				
Special Revenue Funds	1,310,679	-	-	1,310,679
Capital Projects Funds	-	-	864,703	864,703
Total Fund Balances	<u>1,310,679</u>	<u>546,332</u>	<u>864,703</u>	<u>2,721,714</u>
Total Liabilities and Fund Balances	<u>\$ 1,374,366</u>	<u>\$ 582,685</u>	<u>954,627</u>	<u>\$ 2,911,678</u>

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

**COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2007**

	STATE GAS TAX	SPECIAL POLICE	HOTEL/ MOTEL TAX	LIBRARY	911 Tax	TOTAL
ASSETS						
Cash and Investments	\$ 302,553	\$ 62,547	\$ 194,682	\$ 434,158	\$ 60,117	\$ 1,054,057
Receivables						
Accounts	70,945	-	140,672	23,426	83,100	318,143
Prepaid Expenses	-	-	-	2,166	-	2,166
Total Assets	<u>\$ 373,498</u>	<u>\$ 62,547</u>	<u>\$ 335,354</u>	<u>\$ 459,750</u>	<u>\$ 143,217</u>	<u>\$ 1,374,366</u>
LIABILITIES AND FUND BALANCES:						
LIABILITIES						
Accounts Payable	\$ 7,366	\$ 825	\$ 40,678	\$ 3,736	\$ 11,082	\$ 63,687
Total Liabilities	<u>7,366</u>	<u>825</u>	<u>40,678</u>	<u>3,736</u>	<u>11,082</u>	<u>63,687</u>
FUND BALANCES						
Unreserved, reported in Special Revenue Funds	<u>366,132</u>	<u>61,722</u>	<u>294,676</u>	<u>456,014</u>	<u>132,135</u>	<u>1,310,679</u>
Total Fund Balances	<u>366,132</u>	<u>61,722</u>	<u>294,676</u>	<u>456,014</u>	<u>132,135</u>	<u>1,310,679</u>
Total Liabilities and Fund Balances	<u>\$ 373,498</u>	<u>\$ 62,547</u>	<u>\$ 335,354</u>	<u>\$ 459,750</u>	<u>\$ 143,217</u>	<u>\$ 1,374,366</u>

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

**COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2007**

	<u>GO BOND REDEMPTION</u>	<u>REVENUE BOND</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 539,019	\$ -	\$ 539,019
Receivables			
Taxes	43,666	-	43,666
Total Assets	<u>\$ 582,685</u>	<u>\$ -</u>	<u>\$ 582,685</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES			
Deferred Revenue	\$ 36,140	\$ -	\$ 36,140
Matured Interest Payable	213	-	213
Total Liabilities	<u>36,353</u>	<u>-</u>	<u>36,353</u>
FUND BALANCES			
Reserved for Debt Service	546,332	-	546,332
Total Liabilities and Fund Balances	<u>\$ 582,685</u>	<u>\$ -</u>	<u>\$ 582,685</u>

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

**COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2007**

	STREET IMPROVEMENT	PARKS IMPROVEMENT	BIKE/ PEDESTRIAN IMPROVEMENT	SPECIAL IMPROVEMENT
ASSETS				
Cash and Investments	\$ 319,912	\$ 10,852	\$ 7,409	\$ 147,013
Receivables				
Accounts	-	44,528	-	-
Assessments	-	-	-	2,914
Total Assets	\$ 319,912	\$ 55,380	\$ 7,409	\$ 149,927
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts Payable	\$ 307	\$ 49,475	\$ -	\$ 1,829
Deferred Revenues	-	-	-	2,914
Total Liabilities	307	49,475	-	4,743
FUND BALANCES				
Unreserved, reported in:				
Capital Projects Funds	319,605	5,905	7,409	145,184
Total Fund Balances	319,605	5,905	7,409	145,184
Total Liabilities and Fund Balances	\$ 319,912	\$ 55,380	\$ 7,409	\$ 149,927

<u>INSURANCE RESERVE</u>	<u>PUBLIC WORKS EQUIPMENT RESERVE</u>	<u>TECHNOLOGY RESERVE</u>	<u>TRANSPORTATION SDC</u>	<u>WASTEWATER SDC</u>	<u>STORMWATER SDC</u>
\$ 180,617	\$ 14,056	\$ 15,209	\$ 63,179	\$ 123,342	\$ 11,549
-	-	-	-	-	-
<u>180,617</u>	<u>14,056</u>	<u>15,209</u>	<u>63,179</u>	<u>123,342</u>	<u>11,549</u>
\$ -	\$ 8,866	\$ 6,104	\$ 5,665	\$ 11,771	\$ 2,993
-	-	-	-	-	-
<u>-</u>	<u>8,866</u>	<u>6,104</u>	<u>5,665</u>	<u>11,771</u>	<u>2,993</u>
<u>180,617</u>	<u>5,190</u>	<u>9,105</u>	<u>57,514</u>	<u>111,571</u>	<u>8,556</u>
<u>180,617</u>	<u>5,190</u>	<u>9,105</u>	<u>57,514</u>	<u>111,571</u>	<u>8,556</u>
<u>\$ 180,617</u>	<u>\$ 14,056</u>	<u>\$ 15,209</u>	<u>\$ 63,179</u>	<u>\$ 123,342</u>	<u>\$ 11,549</u>

<u>PARKS</u> <u>SDC</u>	<u>COUNTY-WIDE</u> <u>CAD RESERVE</u>	<u>TOTAL</u>
\$ -	\$ 14,047	\$ 907,185
-	-	44,528
-	-	2,914
<u>\$ -</u>	<u>\$ 14,047</u>	<u>\$ 954,627</u>
\$ -	\$ -	\$ 87,010
-	-	2,914
-	-	89,924
-	14,047	864,703
-	14,047	864,703
<u>\$ -</u>	<u>\$ 14,047</u>	<u>\$ 954,627</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, 2007**

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	COMBINED NONMAJOR DEBT SERVICE FUNDS	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Property Taxes	\$ -	\$ 450,594	\$ -	\$ 450,594
Other Taxes	1,386,649	-	-	1,386,649
Intergovernmental Revenues	912,115	517,026	206,290	1,635,431
Charges for Services	89,998	-	173,960	263,958
Charge for use of money and property	65,033	22,639	37,239	124,911
Miscellaneous	35,183	-	83,021	118,204
Total Revenues	<u>2,488,978</u>	<u>990,259</u>	<u>500,510</u>	<u>3,979,747</u>
EXPENDITURES				
Current				
Public Safety	142,550	-	-	142,550
Public Works	1,111,115	-	-	1,111,115
Culture and Recreation	924,006	-	11,134	935,140
Capital Outlay	7,808	-	638,337	646,145
Debt Service:				
Principal Retirement	-	725,500	-	725,500
Interest and Fiscal Charges	-	334,624	-	334,624
Total Expenditures	<u>2,185,479</u>	<u>1,060,124</u>	<u>649,471</u>	<u>3,895,074</u>
Excess of Revenues Over (Under) Expenditures	303,499	(69,865)	(148,961)	84,673
OTHER FINANCING SOURCES (USES)				
Transfers In	6,788	36,931	375,994	419,713
Transfers Out	(247,409)	-	(3,685)	(251,094)
Total Other Financing Sources, (Uses)	<u>(240,621)</u>	<u>36,931</u>	<u>372,309</u>	<u>168,619</u>
Net Change in Fund Balance	62,878	(32,934)	223,348	253,292
Prior Period Adjustment	82,507	-	-	82,507
FUND BALANCES - BEGINNING OF YEAR	<u>1,165,294</u>	<u>579,266</u>	<u>641,355</u>	<u>2,385,915</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,310,679</u>	<u>\$ 546,332</u>	<u>\$ 864,703</u>	<u>\$ 2,721,714</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, 2007**

	STATE GAS TAX	SPECIAL POLICE	HOTEL/ MOTEL TAX	LIBRARY	911 Tax	TOTAL
REVENUES						
Other Taxes	\$ -	\$ -	\$ 554,664	\$ 831,985	\$ -	\$ 1,386,649
Charges for use of money and property	18,779	2,556	13,256	26,662	3,780	65,033
Intergovernmental Revenues	749,078	5,570	-	3,747	153,720	912,115
Charges for Services	-	8,190	-	81,808	-	89,998
Miscellaneous	6,981	7,883	-	20,319	-	35,183
Total Revenues	774,838	24,199	567,920	964,521	157,500	2,488,978
EXPENDITURES						
Current						
Public Safety	-	8,927	-	-	133,623	142,550
Public Works	641,501	-	469,614	-	-	1,111,115
Culture and Recreation	-	-	-	924,006	-	924,006
Capital Outlay	1,200	-	-	6,608	-	7,808
Total Expenditures	642,701	8,927	469,614	930,614	133,623	2,185,479
Excess of Revenues Over (Under) Expenditures	132,137	15,272	98,306	33,907	23,877	303,499
OTHER FINANCING SOURCES (USES)						
Transfer In	-	6,788	-	-	-	6,788
Transfer Out	(187,409)	-	(60,000)	-	-	(247,409)
Total Other Financing Sources (Uses)	(187,409)	6,788	(60,000)	-	-	(240,621)
Net Change in Fund Balance	(55,272)	22,060	38,306	33,907	23,877	62,878
Prior Period Adjustment	17,566	-	-	64,941	-	82,507
FUND BALANCES - BEGINNING OF YEAR	403,838	39,662	256,370	357,166	108,258	1,165,294
FUND BALANCES - END OF YEAR	\$ 366,132	\$ 61,722	\$ 294,676	456,014	\$ 132,135	1,310,679

**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, 2007**

	GO BOND REDEMPTION	REVENUE BOND	TOTAL
REVENUES			
Property Taxes	\$ 450,594	\$ -	\$ 450,594
Intergovernmental	-	517,026	517,026
Charges for use of money and property	22,639	-	22,639
 Total Revenues	 473,233	 517,026	 990,259
EXPENDITURES			
Debt Services			
Principal Retirement	505,000	220,500	725,500
Interest and Fiscal Charges	38,098	296,526	334,624
 Total Expenditures	 543,098	 517,026	 1,060,124
 Excess of Revenues Over (Under) Expenditures	 (69,865)	 -	 (69,865)
OTHER FINANCING SOURCES (USES)			
Transfer In	36,931	-	36,931
 Total Other Financing Sources (Uses)	 36,931	 -	 36,931
 Net Change in Fund Balance	 (32,934)	 -	 (32,934)
 FUND BALANCES - BEGINNING OF YEAR	 579,266	 -	 579,266
 FUND BALANCES - END OF YEAR	 \$ 546,332	 \$ -	 \$ 546,332

**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, 2007**

	STREET IMPROVEMENT	PARKS IMPROVEMENT	BIKE/ PEDESTRIAN IMPROVEMENT	SPECIAL IMPROVEMENT
REVENUES				
Intergovernmental Revenues	\$ -	\$ 141,550	\$ 50,000	\$ -
Charges for use of money and property	11,661	517	1,068	8,025
Charges for Services	-	-	-	-
Miscellaneous	40,000	42,091	-	930
Total Revenues	51,661	184,158	51,068	8,955
EXPENDITURES				
Current:				
Materials and Services	-	2,526	-	1,326
Capital Outlay	13,490	191,332	113,023	14,791
Total Expenditures	13,490	193,858	113,023	16,117
Excess of Revenues Over (Under) Expenditures	38,171	(9,700)	(61,955)	(7,162)
OTHER FINANCING SOURCES (USES)				
Transfer In	80,000	12,200	7,409	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	80,000	12,200	7,409	-
Net Changes in Fund Balance	118,171	2,500	(54,546)	(7,162)
FUND BALANCES - BEGINNING OF YEAR	201,434	3,405	61,955	152,346
FUND BALANCES - END OF YEAR	\$ 319,605	\$ 5,905	\$ 7,409	\$ 145,184

<u>INSURANCE RESERVE</u>	<u>PUBLIC WORKS EQUIPMENT RESERVE</u>	<u>TECHNOLOGY RESERVE</u>	<u>TRANSPORTATION SDC</u>	<u>WASTEWATER SDC</u>	<u>STORMWATER SDC</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,190	2,643	1,177	1,939	1,599	143
-	-	-	55,575	109,972	8,413
-	-	-	-	-	-
<u>8,190</u>	<u>2,643</u>	<u>1,177</u>	<u>57,514</u>	<u>111,571</u>	<u>8,556</u>
-	-	2,717	-	-	-
-	235,227	70,384	-	-	-
-	235,227	73,101	-	-	-
8,190	(232,584)	(71,924)	57,514	111,571	8,556
20,000	205,700	47,000	-	-	-
-	-	(3,685)	-	-	-
<u>20,000</u>	<u>205,700</u>	<u>43,315</u>	<u>-</u>	<u>-</u>	<u>-</u>
28,190	(26,884)	(28,609)	57,514	111,571	8,556
152,427	32,074	37,714	-	-	-
<u>\$ 180,617</u>	<u>\$ 5,190</u>	<u>\$ 9,105</u>	<u>\$ 57,514</u>	<u>\$ 111,571</u>	<u>\$ 8,556</u>

<u>PARKS SDC</u>	<u>COUNTY-WIDE CAD RESERVE</u>	<u>TOTAL</u>
\$ -	\$ 14,740	\$ 206,290
-	277	37,239
-	-	173,960
-	-	83,021
-	15,017	500,510
-	4,565	11,134
-	90	638,337
-	4,655	649,471
-	10,362	(148,961)
-	3,685	375,994
-	-	(3,685)
-	3,685	372,309
-	14,047	223,348
-	-	641,355
<u>\$ -</u>	<u>\$ 14,047</u>	<u>\$ 864,703</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, 2007**

	<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	\$ 740,000	\$ 740,300	\$ 300
Grant	31,500	31,500	8,778	(22,722)
Charges for use of money and property				
Interest on Investments	8,000	8,000	18,779	10,779
Miscellaneous	300	1,738	6,981	5,243
Total Revenues	<u>779,800</u>	<u>779,800</u>	<u>774,838</u>	<u>(4,962)</u>
EXPENDITURES				
Public Works				
Personal Services	344,914	361,914	344,835	17,079
Materials and Services	317,880	319,318	296,666	22,652
Capital Outlay	1,200	1,200	1,200	-
Total Street Maintenance	<u>663,994</u>	<u>682,432</u> (1)	<u>642,701</u>	<u>39,731</u>
Contingency	<u>17,806</u>	<u>806</u> (1)	<u>-</u>	<u>806</u>
Total Expenditures	<u>681,800</u>	<u>683,238</u> (1)	<u>642,701</u>	<u>40,537</u>
Excess of Revenues Over (Under) Expenditures	98,000	98,000	132,137	34,137
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(188,000)</u>	<u>(188,000)</u> (1)	<u>(187,409)</u>	<u>591</u>
Net Change in Fund Balance	(90,000)	(90,000)	(55,272)	34,728
Prior Period Adjustment	-	-	17,566	17,566
FUND BALANCE - BEGINNING OF YEAR	<u>155,000</u>	<u>155,000</u>	<u>403,838</u>	<u>248,838</u>
FUND BALANCE - END OF YEAR	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 366,132</u>	<u>\$ 301,132</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, 2007

<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	\$ 5,000	\$ 5,000	\$ 5,570	\$ 570
Total Intergovernmental	<u>5,000</u>	<u>5,000</u>	<u>5,570</u>	<u>570</u>
Charges for Services				
DUII Impact Panel Fees	7,000	7,000	7,690	690
DRE Reimbursement	500	500	-	500
Fire Fees	2,000	2,000	500	(1,500)
Total Charges for Services	<u>9,500</u>	<u>9,500</u>	<u>8,190</u>	<u>(1,310)</u>
Charges for use for money and property				
Interest on Investments	650	650	2,556	1,906
Miscellaneous	5,200	5,200	7,883	2,683
Total Revenues	<u>20,350</u>	<u>20,350</u>	<u>24,199</u>	<u>3,849</u>
EXPENDITURES				
Public Safety				
Personal Services	16,400	16,400	2,540	13,860
Materials and Services	25,450	25,450	6,387	19,063
Capital Outlay	6,788	6,788	-	6,788
Total Expenditures	<u>48,638</u>	<u>48,638 (1)</u>	<u>8,927</u>	<u>39,711</u>
Excess of Revenues Over (Under) Expenditures	(28,288)	(28,288)	15,272	43,560
OTHER FINANCING SOURCES (USES)				
Transfers In	6,788	6,788	6,788	-
Net Change in Fund Balance	(21,500)	(21,500)	22,060	43,560
FUND BALANCE - BEGINNING OF YEAR	<u>21,500</u>	<u>21,500</u>	<u>39,662</u>	<u>18,162</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,722</u>	<u>\$ 61,722</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, 2007**

<u>HOTEL/MOTEL TAX FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Taxes				
Hotel/Motel Tax	\$ 504,000	\$ 504,000	\$ 554,664	\$ 50,664
Charges for use of money and property				
Interest on Investments	6,000	6,000	12,536	6,536
Property Rentals	1,000	1,000	720	(280)
Total Charges for use of money and property	7,000	7,000	13,256	6,256
Total Revenues	511,000	511,000	567,920	56,920
EXPENDITURES				
Public Works				
Personal Services	175,274	175,274	149,942	25,332
Materials and Services	347,800	347,800	319,672	28,128
Contingency	7,926	7,926	-	7,926
Total Expenditures	531,000	531,000 (1)	469,614	61,386
Excess of Revenues Over (Under) Expenditures	(20,000)	(20,000)	98,306	(4,466)
OTHER FINANCING SOURCES (USES)				
Transfer Out	(112,000)	(112,000) (1)	(60,000)	52,000
Total Other Financing Sources, (Uses)	(112,000)	(112,000)	(60,000)	52,000
Net Change in Fund Balance	(132,000)	(132,000)	38,306	170,306
FUND BALANCE - BEGINNING OF YEAR	192,000	192,000	256,370	64,370
FUND BALANCE - END OF YEAR	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 294,676</u>	<u>\$ 234,676</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, 2007**

	<u>LIBRARY FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Taxes				
County Serial Levy	\$ 760,000	\$ 760,000	\$ 831,985	\$ 71,985
Intergovernmental				
State Library Grant	2,000	2,000	3,747	1,747
Memorial Grants	8,000	8,000	-	(8,000)
Total Intergovernmental	10,000	10,000	3,747	(6,253)
Charges for Services				
Copies	5,000	5,000	2,842	(2,158)
Database Specialist Fees	51,437	51,437	51,938	501
Library Fees	24,000	24,000	27,028	3,028
Total Charge for Services	80,437	80,437	81,808	1,371
Charges for use of money and property				
Interest on Investments	14,000	14,000	23,282	9,282
Property Rentals	3,000	3,000	3,380	380
Total Charges for use of money and property	17,000	17,000	26,662	9,662
Miscellaneous				
Donations	12,000	12,000	19,749	7,749
Other	1,900	1,900	570	(1,330)
Total Miscellaneous	13,900	13,900	20,319	6,419
Total Revenues	881,337	881,337	964,521	83,184
EXPENDITURES				
Cultural and Recreation				
Personal Services	703,998	703,998 (1)	694,983	9,015
Materials and Services	199,503	205,503 (1)	204,207	1,296
Capital Outlay	10,100	10,100 (1)	6,608	3,492
Contingency	239,736	233,736 (1)	-	233,736
Library Board Reserve	69,000	69,000 (1)	24,816	44,184
Total Expenditures	1,222,337	1,222,337	930,614	291,723
Net Change in Fund Balance	(341,000)	(341,000)	33,907	374,907
Prior Period Adjustment	-	-	64,941	64,941
FUND BALANCE - BEGINNING OF YEAR	341,000	341,000	357,166	16,166
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 456,014	\$ 456,014

(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, 2007**

	<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	\$ 139,000	\$ 139,000	\$ 153,720	\$ 14,720
Interest	2,500	2,500	3,780	1,280
Loan Proceeds	100,000	100,000	-	(100,000)
Total Revenues	<u>241,500</u>	<u>241,500</u>	<u>157,500</u>	<u>(84,000)</u>
EXPENDITURES				
Public Safety				
Personal Services	119,181	119,181 (1)	115,144	4,037
Materials and Services	15,000	15,000 (1)	10,422	4,578
Capital Outlay	100,000	100,000 (1)	8,057	91,943
Debt Service	50,000	50,000 (1)	-	50,000
Contingency	2,319	2,319 (1)	-	2,319
Total Expenditures	<u>286,500</u>	<u>286,500</u>	<u>133,623</u>	<u>152,877</u>
Net Change in Fund Balance	(45,000)	(45,000)	23,877	68,877
FUND BALANCE - BEGINNING OF YEAR	<u>115,000</u>	<u>115,000</u>	<u>108,258</u>	<u>(6,742)</u>
FUND BALANCE - END OF YEAR	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 132,135</u>	<u>\$ 62,135</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, 2007**

GENERAL OBLIGATION BOND REDEMPTION FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes	\$ 439,030	\$ 439,030	\$ 450,594	\$ 11,564
Charges for use of money and property				
Interest on Investments	25,000	25,000	22,639	(2,361)
Total Revenues	<u>464,030</u>	<u>464,030</u>	<u>473,233</u>	<u>9,203</u>
EXPENDITURES				
Debt Service				
Principal	505,000	505,000	505,000	-
Interest	38,098	38,098	38,098	-
Total Expenditures	<u>543,098</u>	<u>543,098 (1)</u>	<u>543,098</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(79,068)	(79,068)	(69,865)	9,203
OTHER FINANCING SOURCES (USES)				
Transfers In	36,931	36,931	36,931	-
Net Change in Fund Balance	(42,137)	(42,137)	(32,934)	9,203
FUND BALANCE - BEGINNING OF YEAR	<u>580,000</u>	<u>580,000</u>	<u>579,266</u>	<u>(734)</u>
FUND BALANCE - END OF YEAR	<u>\$ 537,863</u>	<u>\$ 537,863</u>	<u>\$ 546,332</u>	<u>\$ 8,469</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, 2007

<u>REVENUE BOND FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Intergovernmental				
CB-NB Water Board	\$ 712,617	\$ 712,617	\$ 517,026	\$ (195,591)
Total Revenues	<u>712,617</u>	<u>712,617</u>	<u>517,026</u>	<u>(195,591)</u>
EXPENDITURES				
Debt Service				
Principal	388,852	388,852	220,500	168,352
Interest	<u>323,765</u>	<u>323,765</u>	<u>296,526</u>	<u>27,239</u>
Total Expenditures	<u>712,617</u>	<u>712,617 (1)</u>	<u>517,026</u>	<u>195,591</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, 2007**

<u>STREET IMPROVEMENT FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Intergovernmental				
State	\$ 120,000	\$ 120,000	\$ -	\$ (120,000)
Charges for use of money and property				
Interest on Investments	2,500	2,500	11,661	9,161
Miscellaneous	-	-	40,000	40,000
Total Revenues	<u>122,500</u>	<u>122,500</u>	<u>51,661</u>	<u>(70,839)</u>
EXPENDITURES				
Public Works				
Capital Outlay	395,500	395,500 (1)	13,490	382,010
Total Expenditures	<u>395,500</u>	<u>395,500</u>	<u>13,490</u>	<u>382,010</u>
Excess of Revenues Over (Under) Expenditures	(273,000)	(273,000)	38,171	311,171
OTHER FINANCING SOURCES (USES)				
Transfers In	80,000	80,000	80,000	-
Net Change in Fund Balance	(193,000)	(193,000)	118,171	311,171
FUND BALANCE - BEGINNING OF YEAR	<u>193,000</u>	<u>193,000</u>	<u>201,434</u>	<u>8,434</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319,605</u>	<u>\$ 319,605</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, 2007**

PARKS 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	\$ 1,100	\$ 1,100	\$ 517	\$ (583)
Grants	166,800	166,800	141,550	(25,250)
Donations	102,900	102,900	42,091	(60,809)
	<u>270,800</u>	<u>270,800</u>	<u>184,158</u>	<u>(86,642)</u>
EXPENDITURES				
Culture and Recreation				
Materials and Services	3,000	3,000 (1)	2,526	474
Capital Outlay	307,245	307,245 (1)	191,332	115,913
	<u>310,245</u>	<u>310,245</u>	<u>193,858</u>	<u>116,387</u>
Excess of Revenues Over (Under)				
Expenditures	(39,445)	(39,445)	(9,700)	29,745
OTHER FINANCING SOURCES (USES)				
Transfers In	12,200	12,200	12,200	-
Net Change in Fund Balance	(27,245)	(27,245)	2,500	29,745
FUND BALANCE - BEGINNING OF YEAR	<u>29,245</u>	<u>29,245</u>	<u>3,405</u>	<u>(25,840)</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 5,905</u>	<u>\$ 3,905</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, 2007

BIKE/PEDESTRIAN PATH CONSTRUCTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Grants	\$ 75,000	\$ 75,000	\$ 50,000	\$ (25,000)
Charges for use of money and property				
Interest on Investments	-	-	1,068	1,068
Miscellaneous				
Donations	13,500	13,500	-	(13,500)
Total Revenues	88,500	88,500	51,068	(37,432)
EXPENDITURES				
Culture and Recreation				
Capital Outlay	145,000	145,000 (1)	113,023	31,977
Total Expenditures	145,000	145,000	113,023	31,977
Excess of Revenues Over (Under)				
Expenditures	(56,500)	(56,500)	(61,955)	(5,455)
OTHER FINANCING SOURCES (USES)				
Transfers In	8,000	8,000	7,409	(591)
Total Other Financing Sources (Uses)	8,000	8,000	7,409	(591)
Net Change in Fund Balance	(48,500)	(48,500)	(54,546)	(6,046)
FUND BALANCE - BEGINNING OF YEAR	48,500	48,500	61,955	13,455
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 7,409	\$ 7,409

(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, 2007**

<u>SPECIAL IMPROVEMENT 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	\$ 6,500	\$ 6,500	\$ 8,025	\$ 1,525
Miscellaneous				
Principal	1,500	1,500	761	(739)
Interest	500	500	169	(331)
Total Miscellaneous	2,000	2,000	930	(1,070)
Total Revenues	8,500	8,500	8,955	455
EXPENDITURES				
Culture and Recreation				
Materials and Services	20,000	20,000 (1)	1,326	18,674
Capital Outlay	139,500	139,500 (1)	14,791	124,709
Total Expenditures	159,500	159,500	16,117	143,383
Net Change in Fund Balance	(151,000)	(151,000)	(7,162)	143,838
FUND BALANCE - BEGINNING OF YEAR	151,000	151,000	152,346	1,346
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 145,184	\$ 145,184

(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, 2007**

<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	\$ 6,300	\$ 6,300	\$ 8,190	\$ 1,890
Total Revenues	<u>6,300</u>	<u>6,300</u>	<u>8,190</u>	<u>1,890</u>
EXPENDITURES				
Culture and Recreation				
Reserve for Future Expenditures	177,300	177,300 (1)	-	177,300
Total Expenditures	<u>177,300</u>	<u>177,300</u>	<u>-</u>	<u>177,300</u>
Excess of Revenues Over (Under)				
Expenditures	(171,000)	(171,000)	8,190	179,190
OTHER FINANCING SOURCES (USES)				
Transfers In	20,000	20,000	20,000	-
Net Change in Fund Balance	(151,000)	(151,000)	28,190	179,190
FUND BALANCE - BEGINNING OF YEAR	151,000	151,000	152,427	1,427
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,617</u>	<u>\$ 180,617</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, 2007**

<u>PUBLIC WORKS EQUIPMENT 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	\$ 1,300	\$ 1,300	\$ 2,643	\$ 1,343
Total Revenues	<u>1,300</u>	<u>1,300</u>	<u>2,643</u>	<u>1,343</u>
EXPENDITURES				
Public works				
Capital Outlay	236,000	236,000 (1)	235,227	773
Total Expenditures	<u>236,000</u>	<u>236,000</u>	<u>235,227</u>	<u>773</u>
Excess of Revenues Over (Under)				
Expenditures	(234,700)	(234,700)	(232,584)	2,116
OTHER FINANCING SOURCES (USES)				
Transfers In	205,700	205,700	205,700	-
Net Change in Fund Balance	(29,000)	(29,000)	(26,884)	2,116
FUND BALANCE - BEGINNING OF YEAR	<u>29,000</u>	<u>29,000</u>	<u>32,074</u>	<u>3,074</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,190</u>	<u>\$ 5,190</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, 2007

<u>TECHNOLOGY 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	\$ 1,400	\$ 1,400	\$ 1,177	\$ (223)
Total Revenues	<u>1,400</u>	<u>1,400</u>	<u>1,177</u>	<u>(223)</u>
EXPENDITURES				
General Government				
Materials and Services	5,000	3,000 (1)	2,717	283
Capital Outlay	<u>72,715</u>	<u>74,715 (1)</u>	<u>70,384</u>	<u>4,331</u>
Total Expenditures	<u>77,715</u>	<u>77,715</u>	<u>73,101</u>	<u>4,614</u>
Excess of Revenues Over (Under) Expenditures	(76,315)	(76,315)	(71,924)	4,391
OTHER FINANCING SOURCES (USES)				
Transfers In	47,000	47,000	47,000	-
Transfers Out	<u>(3,685)</u>	<u>(3,685)</u>	<u>(3,685)</u>	<u>-</u>
Total Other Financing Sources (Uses)	43,315	43,315	43,315	-
Net Change in Fund Balance	(33,000)	(33,000)	(28,609)	4,391
FUND BALANCE - BEGINNING OF YEAR	<u>33,000</u>	<u>33,000</u>	<u>37,714</u>	<u>4,714</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,105</u>	<u>\$ 9,105</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, 2007**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
TRANSPORTATION SDC FUND				
REVENUES				
Charges for Use of Money and Property				
Interest on Investments	\$ 600	\$ 600	\$ 1,939	\$ 1,339
Charges for Services				
SDC Improvement Fees	34,500	34,500	55,575	21,075
Total Revenues	<u>35,100</u>	<u>35,100</u>	<u>57,514</u>	<u>22,414</u>
EXPENDITURES				
Public Works				
Capital Outlay	35,100	35,100 (1)	-	35,100
Total Expenditures	<u>35,100</u>	<u>35,100</u>	<u>-</u>	<u>35,100</u>
Net Change in Fund Balance	-	-	57,514	57,514
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,514</u>	<u>\$ 57,514</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, 2007**

<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	\$ 7,000	\$ 7,000	\$ 1,599	\$ (5,401)
Charges for Services				
SDC Improvement Fees	314,520	314,520	99,016	(215,504)
SDC Reimbursement Fees	45,840	45,840	8,398	(37,442)
SDC Compliance Fees	-	-	2,558	2,558
Total Charges for Services	<u>360,360</u>	<u>360,360</u>	<u>109,972</u>	<u>(250,388)</u>
Total Revenues	<u>367,360</u>	<u>367,360</u>	<u>111,571</u>	<u>(255,789)</u>
EXPENDITURES				
Wastewater Collection and Treatment				
Capital Outlay	367,360	367,360 (1)	-	367,360
Total Expenditures	<u>367,360</u>	<u>367,360</u>	<u>-</u>	<u>367,360</u>
Net Change in Fund Balance	-	-	111,571	111,571
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,571</u>	<u>\$ 111,571</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, 2007**

<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	\$ 600	\$ 600	\$ 143	\$ (457)
Charges for Services				
SDC Improvement Fees	33,900	33,900	6,997	(26,903)
SDC Compliance Fees	-	-	1,416	1,416
Total Revenues	<u>34,500</u>	<u>34,500</u>	<u>8,556</u>	<u>(27,360)</u>
EXPENDITURES				
Public Works				
Capital Outlay	34,500	34,500 (1)	-	34,500
Total Expenditures	<u>34,500</u>	<u>34,500</u>	<u>-</u>	<u>34,500</u>
Net Change in Fund Balance	-	-	8,556	8,556
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,556</u>	<u>\$ 8,556</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, 2007**

	<u>PARKS 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	\$ 100	\$ 100	\$ -	\$ (100)
Charges for Services				
SDC Improvement Fees	20,000	20,000	-	(20,000)
Total Revenues	<u>20,100</u>	<u>20,100</u>	<u>-</u>	<u>(20,100)</u>
EXPENDITURES				
Culture and Recreation				
Capital Outlay	20,100	20,100	(1) -	20,100
Total Expenditures	<u>20,100</u>	<u>20,100</u>	<u>-</u>	<u>20,100</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, 2007**

<u>COUNTY-WIDE CAD CORE 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	\$ 200	\$ 200	\$ 277	\$ 77
Intergovernmental				
Revenue from Other Agencies	14,741	14,741	14,740	(1)
Total Revenues	<u>14,941</u>	<u>14,941</u>	<u>15,017</u>	<u>76</u>
EXPENDITURES				
General Government				
Materials and Services	4,752	5,252	4,565	687
Capital Outlay	13,874	13,374	90	13,284
Total Expenditures	<u>18,626</u>	<u>18,626</u> (1)	<u>4,655</u>	<u>13,971</u>
Excess of Revenues Over (Under)				
Expenditures	(3,685)	(3,685)	10,362	14,047
OTHER FINANCING SOURCES (USES)				
Transfers In	3,685	3,685	3,685	-
Net Change in Fund Balance	-	-	14,047	14,047
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,047</u>	<u>\$ 14,047</u>

(1) Appropriation Level

CITY OF COOS BAY
COOS COUNTY, OREGON

COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2007

	WASTEWATER EQUIPMENT RESERVE	BUILDING CODES	BUILDING CODES RESERVE	TOTAL
ASSETS				
Current Assets				
Cash and Investments	\$ 412,862	\$ 551,147	\$ 41,236	\$ 1,005,245
Total Assets	<u>\$ 412,862</u>	<u>\$ 551,147</u>	<u>\$ 41,236</u>	<u>\$ 1,005,245</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 3,348	\$ 251	\$ -	\$ 3,599
Deposits	-	4,174	-	4,174
Accrued Vacation	-	1,271	-	1,271
Total Liabilities	<u>3,348</u>	<u>5,696</u>	<u>-</u>	<u>9,044</u>
NET ASSETS				
Restricted for				
Capital Projects	409,514			409,514
Other Uses	-	545,451	41,236	586,687
Total Net Assets	<u>\$ 412,862</u>	<u>\$ 545,451</u>	<u>\$ 41,236</u>	<u>\$ 996,201</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, 2007

	WASTEWATER EQUIPMENT RESERVE	BUILDING CODES	BUILDING CODES RESERVE	TOTAL
OPERATING REVENUES				
Licenses and Permits	\$ -	\$ 300,721	\$ -	\$ 300,721
Total Operating Revenues	-	300,721	-	300,721
OPERATING EXPENSES				
Personal Services	-	203,509	-	203,509
Materials and Services	-	18,271	-	18,271
Capital Outlay	-	-	3,000	3,000
Total Operating Expenses	-	221,780	3,000	224,780
Operating Income (Loss)	-	78,941	(3,000)	75,941
NON-OPERATING REVENUES (EXPENSES)				
Interest on Investments	1,642	28,262	1,662	31,566
Other Revenue (Expenses)	-	428	-	428
Total Non-Operating Revenues (Expenses)	1,642	28,690	1,662	31,994
Net Income (Loss) before Operating Transfers	1,642	107,631	(1,338)	107,935
TRANSFERS				
Transfers In	400,000	-	35,000	435,000
Transfers Out	-	(35,000)	-	(35,000)
Net Transfers	400,000	(35,000)	35,000	400,000
Change in Net Assets	401,642	72,631	33,662	507,935
Total Net Assets - Beginning of Year	7,872	472,820	7,574	488,266
Total Net Assets - End of Year	\$ 409,514	\$ 545,451	\$ 41,236	\$ 996,201

**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, 2007**

<u>WASTEWATER EQUIPMENT RESERVE</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	\$ -	\$ -	\$ 1,642	\$ 1,642
Total Revenues	-	-	1,642	1,642
EXPENDITURES				
Public Works				
Capital Outlay	400,000	400,000 (1)	-	400,000
Total Expenditures	400,000	400,000	-	400,000
Excess of Revenues Over (Under) Expenditures	(400,000)	(400,000)	1,642	401,642
OTHER FINANCING SOURCES (USES)				
Transfers In	400,000	400,000	400,000	-
Total Other Financing Sources (Uses)	400,000	400,000	400,000	-
Net Change in Fund Balance	-	-	401,642	401,642
FUND BALANCE - BEGINNING OF YEAR	-	-	7,872	7,872
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,514</u>	<u>\$ 409,514</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, 2007**

<u>BUILDING CODES FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Licenses and Permits	\$ 226,250	\$ 226,250	\$ 300,721	\$ 74,471
Charges for use of money and property				
Interest on Investments	10,000	10,000	28,262	18,262
Miscellaneous	150	150	428	278
Total Revenues	<u>236,400</u>	<u>236,400</u>	<u>329,411</u>	<u>93,011</u>
EXPENDITURES				
Public Works				
Personal Services	292,889	292,889	203,509	89,380
Materials and Services	34,550	34,550	18,271	16,279
Contingency	23,961	23,961	-	23,961
Total Expenditures	<u>351,400</u>	<u>351,400</u>	<u>221,780</u>	<u>129,620</u>
Excess of Revenues Over (Under) Expenditures	(115,000)	(115,000)	107,631	222,631
OTHER FINANCING SOURCES (USES)				
Transfers Out	(35,000)	(35,000)	(35,000)	-
Net Change in Fund Balance	(150,000)	(150,000)	72,631	222,631
FUND BALANCE - BEGINNING OF YEAR	<u>320,000</u>	<u>320,000</u>	<u>472,820</u>	<u>152,820</u>
FUND BALANCE - END OF YEAR	<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>\$ 545,451</u>	<u>\$ 375,451</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, 2007**

<u>BUILDING CODES 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	\$ 300	\$ 300	\$ 1,662	\$ 1,362
Total Revenues	<u>300</u>	<u>300</u>	<u>1,662</u>	<u>1,362</u>
EXPENDITURES				
Public Works				
Capital Outlay	28,000	28,000 (1)	3,000	25,000
Reserve for Future Expenditures	<u>13,800</u>	<u>13,800</u>	<u>-</u>	<u>13,800</u>
Total Expenditures	<u>41,800</u>	<u>41,800</u>	<u>3,000</u>	<u>38,800</u>
Excess of Revenues Over (Under) Expenditures	(41,500)	(41,500)	(1,338)	40,162
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Net Change in Fund Balance	(6,500)	(6,500)	33,662	40,162
FUND BALANCE - BEGINNING OF YEAR	<u>6,500</u>	<u>6,500</u>	<u>7,574</u>	<u>1,074</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,236</u>	<u>\$ 41,236</u>

(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, 2007**

General Fund:	IMPOSED LEVY OR OR BALANCE UNCOLLECTED AT 7/1/06		DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/07
TAX YEAR							
Current:							
2006-07	\$ 4,591,810	\$ 111,386	\$ (16,236)	\$ 3,484	\$ 4,243,853	\$ 220,335	
Prior Years:							
2005-06	204,235	(35)	5,413	7,478	119,919	89,764	
2004-05	92,804	(10)	6,634	7,109	49,547	49,901	
2003-04	47,876	(14)	6,725	7,264	35,319	19,296	
2002-03	19,694	(8)	4,481	4,960	21,411	2,772	
2001-2002 & Prior	13,593	(5)	(996)	1,021	3,542	9,060	
Total Prior	378,202	(72)	22,257	27,832	229,738	170,793	
Total All Funds	\$ 4,970,012	\$ 111,314	\$ 6,021	\$ 31,316	\$ 4,473,591	\$ 391,128	

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 4,473,591
Accrual of Receivables:	
June 30, 2006	(100,183)
June 30, 2007	71,587
Taxes in Lieu of Property Taxes	38,401
Total Revenue	<u>\$ 4,483,396</u>

Debt Service Fund:

Current:							
2006-07	\$ 458,397	\$ 11,120	\$ (1,273)	\$ 348	\$ 424,009	\$ 21,995	
Prior Years:							
2005-06	24,288	(4)	1,533	889	15,150	10,675	
2004-05	11,615	(1)	831	889	6,201	6,246	
2003-04	6,395	(2)	898	970	4,718	2,577	
2002-03	840	(1)	3,639	919	3,967	513	
2001-2002 & Prior	613	(2)	1,694	188	649	1,660	
Total Prior	43,751	(10)	8,595	3,855	30,685	21,671	
Total All Funds	\$ 502,148	\$ 11,110	\$ 7,322	\$ 4,203	\$ 454,694	\$ 43,666	

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 454,694
Accrual of Receivables:	
June 30, 2006	(11,192)
June 30, 2007	7,526
Taxes in Lieu of Property Taxes	(434)
Total Revenue	<u>\$ 450,594</u>

This Page Intentionally Left Blank

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

2006-2007 AUDITORS' COMMENTS AND DISCLOSURES

This Page Intentionally Left Blank



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

December 27, 2007

2006-2007 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, 2007, and have issued our report thereon dated December 27, 2007.

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, 2007, 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
2006-2007 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 entity's 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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's 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 December 27, 2007.

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, audit committee, 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 City's records and systems were adequate to meet audit requirements.

BUDGET TRANSACTIONS

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

2006-2007 and 2007-2008 BUDGETS

The budgets adopted by the City 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 by the City 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 City.

CITY OF COOS BAY
2006-2007 AUDITORS' COMMENTS AND DISCLOSURES

STATUTORY BONDED DEBT LIMITATION

The City's 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.

OUTSTANDING WARRANTS

The City had no outstanding endorsed warrants at June 30, 2007.

PUBLIC CONTRACTS AND PURCHASING

The City's procedures for awarding public contracts were reviewed and, based on our testing, appeared to be in compliance with ORS Chapter 279 during 2006-2007.

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. Our reports concerning grant compliance and a schedule of federal assistance are contained in this report in the grant compliance review section.

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, 2007.


PAULY, ROGERS AND CO., P.C.

This Page Intentionally Left Blank

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

GRANT COMPLIANCE REVIEW

This Page Intentionally Left Blank

CITY OF COOS BAY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	TOTAL AWARDS EXPENDED
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Passed Through State of Oregon Office of Emergency Management		
Federal Emergency Management Agency - Hazard Mitigation Grant Program	(1) 83.548	\$ 449,715
Federal Emergency Management Agency - Public Infrastructure	97.036	210,357
U.S. DEPARTMENT OF HOMELAND SECURITY		
Assistance to Firefighters Grant Program	94.044	48,804
Passed Through State of Oregon Department of State Police		
Law Enforcement Terrorism Prevention Program	97.074	71,932
U.S. DEPARTMENT OF JUSTICE		
Bullet Proof Vest Partnership Grant Program	16.607	3,490
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION		
Passed Through State of Oregon Department of Land Conservation and Development		
Costal Management Grant	11.419	16,000
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION		
Passed Through State of Oregon Department of Transportation		
State & Community Highway	20.600	9,966
Total Expenditures		<u>\$ 810,264</u>

(1) Major Program

This Page Intentionally Left Blank



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

December 27, 2007

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, 2007, and have issued our report thereon dated December 27, 2007. 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 December 27, 2007.

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.

CERTIFIED PUBLIC ACCOUNTANTS

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

December 27, 2007

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

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

Compliance

We have audited the compliance of the City of Coos Bay with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City of Coos Bay's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Coos Bay's management. Our responsibility is to express an opinion on the City of Coos Bay's compliance based on our audit.

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

In our opinion, the City of Coos Bay complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal controls that might be significant deficiencies or material weaknesses as defined below.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by internal controls.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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


PAULY, ROGERS AND CO., P.C.

**CITY OF COOS BAY
SCHEDULE OF PRIOR AND CURRENT YEAR AUDIT FINDINGS,
QUESTIONED COSTS, AND NOTES RELATIVE TO FEDERAL AWARDS**

For the Year Ended June 30, 2007

CURRENT YEAR AUDIT FINDINGS AND QUESTIONED COSTS:

NONE

PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS:

NONE

CURRENT YEAR AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS:

UNQUALIFIED OPINION

CURRENT YEAR NONCOMPLIANCE, AUDIT FINDINGS AND QUESTIONED COSTS:

NONE

CURRENT YEAR AUDITORS' REPORT ON COMPLIANCE FOR MAJOR PROGRAMS:

UNQUALIFIED OPINION

PROGRAM TESTED AS MAJOR FOR THE YEAR ENDED JUNE 30, 2007:

FEMA – Hazard Mitigation Grant Program, CFDA #83.548

DOLLAR THRESHOLD FOR DISTINGUISHING BETWEEN TYPE A AND B PROGRAMS:

\$300,000

LOW-RISK AUDIT QUALIFICATION:

The City did not qualify as a low risk auditee under section .530. of OMB Circular A-133.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

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

This Page Intentionally Left Blank