




City of Bandon


555 Hwy 101, PO Box 67
Bandon, OR 97411
(541) 347-2437

Bandon by the Sea

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Torrey Contreras, City Manager 

INITIATED BY: Paula Burris, Finance Director 

DATE: January 9, 2024

SUBJECT: **Item Number: UR6.0 – URBAN RENEWAL AGENCY’S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2023**

BACKGROUND:

Oregon law requires local governments to file annual financial reports and other items with the Secretary of State Audits Division on or before December 31st. As such, the Director of the Urban Renewal Agency engaged the accounting firm of KDP Certified Public Accountants, LLP, (KDP), to perform an independent audit of the City financials for Fiscal Year (FY) 2022-23; and Summer Sears, CPA, to assist with financial statement preparation and guidance for implementing new accounting and financial reporting standards as required by the Governmental Accounting Standards Board (GASB).

ANALYSIS OF THE ISSUES:

KDP worked closely with City staff to conduct a thorough audit of the City’s internal controls and financial reporting for the period of July 1, 2022 through June 30, 2023. KDP’s objectives of the audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an (independent) auditor’s report that includes an opinion.

KDP submitted the attached Annual Financial Report and Independent Auditor’s Report to the Secretary of State Audit Division, on December 28, 2023. No deficiencies or material weaknesses in internal controls over financial reporting were reported.

RECOMMENDATION:

The following is recommended to the City Council:

1. Review and discuss the *Annual Financial Report and Independent Auditor’s Report for Year Ended June 30, 2023*

Attachment: *Annual Financial Report and Independent Auditor’s Report for Year Ended June 30, 2023*

| CITY OF BANDON
URBAN RENEWAL AGENCY
BANDON, OREGON

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2023



**CITY OF BANDON URBAN RENEWAL AGENCY
BANDON, OREGON
YEAR ENDED JUNE 30, 2023**

AGENCY OFFICIAL (City Council)	TERM EXPIRES
Mary Schamehorn - Mayor	December 31, 2024
Brian Vick	December 31, 2024
Geri Procetto	December 31, 2024
Vacant	December 31, 2024
Chris Powell	December 31, 2026
Joshua Adamson	December 31, 2026
Madeline Seymour – Council President	December 31, 2026

All agency officials and city personnel receive mail at the address listed below:

OFFICIALS
Dan Chandler, City Manager
&
Paula Burris, Finance Director
PO Box 67
Bandon, Oregon 97411



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| INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Agency Officials
City of Bandon Urban Renewal Agency
Bandon, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the City of Bandon Urban Renewal Agency (the Agency), a blended component unit of the City of Bandon as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Urban Renewal District No. 1 (*i.e.*, General Fund) budgetary comparison information, as listed in the Table of Contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Urban Renewal District No. 1 budgetary comparison information as listed in the Table of Contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with *Oregon State Regulations*, we have also issued our report dated December 19, 2023 on our consideration of the Agency's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Donald F. Ewalt, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 19, 2023

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| MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF BANDON URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

As management of the City of Bandon Urban Renewal Agency (the Agency), a component unit of the City of Bandon (the City), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal years' ended June 20, 2023, and June 30, 2022. The Agency is composed of two urban renewal districts, Urban Renewal District No. 1 and Urban Renewal District No. 2.

HIGHLIGHTS

- The assets of the Agency exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,085,497 (*net position*).
- The Agency's total liabilities decreased during the current fiscal year by \$127,046, primarily resulting from debt service payments.
- The Agency's total net position increased by \$12,415, primarily due to an increase in interest income.
- The Urban Renewal Agency No. 1 developed a parking lot at the north end of Old Town Bandon from vacant land purchase in FY 2021-22. The new parking lot features 43 parking spaces and 4 electric vehicle charging stations.
- The Urban Renewal Agency No. 1 revitalized Old Town Bandon lighting. The fiberglass bases were replaced with new, more durable cast-iron bases; the lighting fixtures were rewired and upgraded to LED light heads; and the fixtures were painted in the traditional cranberry color to preserve the character of the old town lights.
- The Urban Renewal Agency No. 2 replaced the roof and four dome skylights at the Community Center and Sprague Theater in the City Park.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements.

1. Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Bandon Urban Renewal Agency's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on Agency's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the government's financial position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period (e.g., uncollected property taxes).

The government-wide financial statements can be found on pages 1 and 2 of this report.

**CITY OF BANDON URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

2. Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.

However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the two funds.

The Agency adopts an annual appropriated budget for its one fund. A budgetary comparison statement has been provided for the Urban Renewal Fund to demonstrate compliance with this budget. The basic governmental fund financial statements and their reconciliations to the government-wide statements can be found on pages 3 through 6 of this report.

3. Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 through 18 of this report.

4. Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Agency's budget to actual statement. Required supplementary information can be found on pages 19 and 20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities and deferred inflows of resources by \$1,085,497 at the close of the most recent fiscal year. In fiscal 2022, the assets exceeded liabilities by \$1,073,082. The primary purpose of the Agency is to utilize tax increment financing to fund various improvement projects as identified in the revitalization plan of the City.

Analysis of Net Position

	Governmental Activities (in thousands)		Increase (Decrease) From
	June 30, 2023	June 30, 2022	June 30, 2022
Assets:			
Current and other assets	\$ 1,379	\$ 1,947	\$ (568)
Capital assets, net	1,391	941	450
Total assets	<u>2,770</u>	<u>2,888</u>	<u>(118)</u>
Liabilities:			
Current liabilities	60	38	22
Long-term liabilities	1,595	1,744	(149)
Total liabilities	<u>1,655</u>	<u>1,782</u>	<u>(127)</u>
Deferred inflows	30	33	(3)
Total liabilities and deferred inflows	<u>1,685</u>	<u>1,815</u>	<u>(130)</u>
Net position:			
Net investment in capital assets	1,390	941	449
Restricted	-	132	(132)
Unrestricted	<u>(305)</u>	<u>-</u>	<u>(305)</u>
Total net position	<u>\$ 1,085</u>	<u>\$ 1,073</u>	<u>\$ 12</u>

Current and other assets decreased in governmental activities by \$568 thousand from prior year. This decrease is primarily attributable to continuation of capital projects of the Agency.

Long-term liabilities in governmental activities decreased \$149 thousand as a result of principal payments on the Agency's bonds and notes payable of \$105 thousand and \$44 thousand, respectively.

The largest portion of the Agency's net position, \$1,390 thousand, reflects its investment in capital assets (e.g., land, construction in progress, land improvements and streets), net of accumulated depreciation. These assets are used to provide services to its residents and represent assets not available for future spending.

An additional portion of the Agency's net position, (\$305) thousand represents resources that are not subject to external limitations on how they may be used.

Analysis of Changes in Net Position

	Governmental Activities (in thousands)		Increase (Decrease) from
	June 30, 2023	June 30, 2022	June 30, 2022
Revenues:			
Tax revenues	\$ 587	\$ 565	\$ 22
Payment in lieu of taxes	7	1	6
Other revenues	44	12	32
Total revenues	638	578	60
Expenses:			
General government	547	225	322
Interest expense	55	58	(3)
Loss on disposal	24	-	24
Total expenses	626	283	319
Change in net position	\$ 12	\$ 295	\$ (259)

During the current fiscal year, net position for governmental activities increased by \$12 thousand or 1.2 percent. Property taxes revenue increased by \$22 thousand or 3.9 percent during the year as a result of improvement of property values within the Agency's tax districts.

General government expenses increased by \$322 thousand or 143.1 percent as a result of increases in administrative costs reimbursed to the Administrative Services Department of the City for their share of administrative, accounting and audit service-related activities.

FUND ANALYSIS

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

Governmental funds

The focus of the Agency's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Agency's financing requirements.

As of the end of the current fiscal year, the Agency's governmental funds reported an ending fund balance of \$1,301,604 a decrease of \$597,190 in comparison with the prior year. This decrease was primarily attributable to an increase in capital outlay of \$225 thousand or 36.5 percent which funded current Agency capital projects.

CAPITAL ASSETS

The Agency has limited capital assets due to the nature of an urban renewal agency. Assets currently held by the Agency include land and other property for which future urban renewal projects are planned.

DEBT ADMINISTRATION

At the end of the current fiscal year, the Agency had the following outstanding debt (in thousands).

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023
Bonds payable:				
2012 General obligation bonds	\$ 1,365	\$ -	\$ (105)	\$ 1,260
Loans payable:				
2012 Wedbus LoCap loan	14	-	(14)	-
2018 OECDD loan	365	-	(30)	335
Total loans payable	379	-	(44)	335
	<u>\$ 1,744</u>	<u>\$ -</u>	<u>\$ (149)</u>	<u>\$ 1,595</u>

The Agency's debt decreased by \$149 thousand due to principal payments of debt.

Additional information on the City of Bandon Urban Renewal Agency's debt can be found in *Notes* 1 and 7 on pages 10 and 15 to 17 of this report.

Budgetary Highlights

No changes were made to the adopted budget during the year. Actual revenues of the Urban Renewal District No. 1 were more than budgeted revenues by \$9 thousand due to the receipt of greater than anticipated property tax increment revenues. Similarly, actual revenues of the Urban Renewal District No. 2 were more than budgeted by \$6 thousand for the same reason.

Economic Factors and Next Year's Budget and Rates

The combined fiscal year 2023-24 Agency budget for District No. 1 and District No. 2 is \$1.9 million which is \$6 thousand less than the prior fiscal year. The budget includes materials and administrative services expenditures of \$242 thousand. The capital portion of the budget is \$1.3 million to address capital projects within both Districts and includes \$70 thousand for the façade/sign loan program. Included in the budget is an ending fund balance of \$0 thousand for future Agency use.

REQUEST FOR INFORMATION

The Agency's financial statements are designed to present users with a general overview of the Agency's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to City Hall 555 US-101, Bandon, OR 97411. The City's telephone number is 541-347-2437.



| BASIC FINANCIAL STATEMENTS

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| GOVERNMENT-WIDE FINANCIAL
STATEMENTS

**CITY OF BANDON URBAN RENEWAL AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS:	
Cash and investments	\$ 1,331,920
Property tax receivable	47,037
Capital assets, net	1,390,875
TOTAL ASSETS	2,769,832
LIABILITIES:	
Accounts payable	37,384
Accrued interest payable	22,435
Long-term debt, current	140,556
Long-term debt, noncurrent	1,454,112
TOTAL LIABILITIES	1,654,487
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow - deferred charge on refunding	29,848
NET POSITION:	
Net investment in capital assets	1,390,875
Unrestricted	(305,378)
TOTAL NET POSITION	\$ 1,085,497

**CITY OF BANDON URBAN RENEWAL AGENCY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 547,223	\$ -	\$ -	\$ -	\$ (547,223)
Interest expense	54,309	-	-	-	(54,309)
Total governmental activities	\$ 601,532	\$ -	\$ -	\$ -	(601,532)
General revenues:					
Property tax revenue:					
Urban Renewal District No 1					396,740
Urban Renewal District No 2					190,773
Payments in lieu of taxes					6,596
Investment earnings					42,243
Miscellaneous revenue					1,650
Loss on disposal of capital assets					(24,055)
Total general revenues:					613,947
CHANGE IN NET POSITION					12,415
Net position - June 30, 2022					1,073,082
Net position - June 30, 2023					\$ 1,085,497

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| FUND FINANCIAL STATEMENTS

**CITY OF BANDON URBAN RENEWAL AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Urban Renewal District No. 1	Urban Renewal District No. 2	Total
ASSETS:			
Cash and investments	\$ 527,961	\$ 803,959	\$ 1,331,920
Property tax receivable	31,941	15,096	47,037
TOTAL ASSETS	<u>\$ 559,902</u>	<u>\$ 819,055</u>	<u>\$ 1,378,957</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE:			
Liabilities:			
Accounts payable	\$ 33,717	\$ 3,667	\$ 37,384
TOTAL LIABILITIES	<u>33,717</u>	<u>3,667</u>	<u>37,384</u>
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	<u>27,166</u>	<u>12,803</u>	<u>39,969</u>
Fund balance:			
Restricted	<u>499,019</u>	<u>802,585</u>	<u>1,301,604</u>
TOTAL FUND BALANCE	<u>499,019</u>	<u>802,585</u>	<u>1,301,604</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	<u>\$ 559,902</u>	<u>\$ 819,055</u>	<u>\$ 1,378,957</u>

**CITY OF BANDON URBAN RENEWAL AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

TOTAL FUND BALANCE		\$ 1,301,604
<p>The cost of capital assets (land, CIP, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in the governmental fund. The Statement of Net Position includes those capital assets among the assets of the Agency as a whole.</p>		
Capital assts	\$ 1,418,849	
Accumulated depreciation	<u>(27,974)</u>	1,390,875
<p>Certain delinquent property taxes not collected for several months after year end are not considered available revenue and are deferred in the governmental funds.</p>		
		39,969
<p>Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. These liabilities consist of:</p>		
Loans payable	\$ (334,668)	
Bonds payable	(1,260,000)	
Accrued interest payable	<u>(22,435)</u>	(1,617,103)
<p>Governmental funds don't report deferred amounts on refunding, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Deferred gain on refunding		<u>(29,848)</u>
TOTAL NET POSITION		<u>\$ 1,085,497</u>

**CITY OF BANDON URBAN RENEWAL AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	Urban Renewal District No. 1	Urban Renewal District No. 2	Total
REVENUES:			
Taxes	\$ 394,456	\$ 189,401	\$ 583,857
Interest	18,165	24,078	42,243
Payments in lieu of taxes	5,741	855	6,596
Miscellaneous revenue	1,650	-	1,650
TOTAL REVENUES	420,012	214,334	634,346
EXPENDITURES:			
Current:			
Materials and services	124,238	55,747	179,985
Capital outlay	526,626	314,921	841,547
Debt service	195,593	14,411	210,004
TOTAL EXPENDITURES	846,457	385,079	1,231,536
NET CHANGE IN FUND BALANCE	(426,445)	(170,745)	(597,190)
FUND BALANCE, July 1, 2022	925,464	973,330	1,898,794
FUND BALANCE, June 30, 2023	\$ 499,019	\$ 802,585	\$ 1,301,604

**CITY OF BANDON URBAN RENEWAL AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

NET CHANGE IN FUND BALANCE		\$ (597,190)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Property Taxes		3,656
<p>Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimates useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>		
Capital asset additions	\$ 485,266	
Depreciation expense	<u>(10,957)</u>	
		474,309
<p>Repayment of long-term debt is an expenditure in the governmental funds, but repayment of long-term debt reduces associated liabilities in the Statement of Net Position.</p>		
Principal payment on loans	\$ 44,533	
Principal payment on bonds	<u>105,000</u>	
		149,533
<p>Some expenses reported on the Statement of Activities do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Amortization of deferred gain on refunding	\$ 3,316	
Change in interest payable	2,846	
Loss on disposal of capital assets	<u>(24,055)</u>	
		<u>(17,893)</u>
CHANGE IN NET POSITION		<u><u>\$ 12,415</u></u>

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**| NOTES TO THE BASIC FINANCIAL
STATEMENTS**

**CITY OF BANDON URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 – Summary of Significant Accounting Policies

The Financial Reporting Entity

A. Reporting Entity

The Urban Renewal Agency of the City of Bandon, Oregon (the Agency) was created by adoption of the ordinance 1911 by the City of Bandon, Oregon (the City), on August 5, 1986. The Agency is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The Agency was formed primarily to carry out the terms of the urban renewal plan, which designates the Woolen Mill, Old Town and South Jetty areas of the City to be blighted and deteriorated and in need of redevelopment and rehabilitation. During the year ended June 30, 1991, the urban renewal plan was amended to include a new area known as the Coquille Point Urban Renewal Area. The governing body is comprised of the Mayor and the City Council of the City of Bandon.

The City is not responsible for deficits nor entitled to surpluses of the Agency. The Agency Board designates management and determination of revenue sources and the City is not legally or morally obligated for the Agency's debts. In this situation, the preceding factors are conclusive in contrast with the following factor which may indicate inclusion: the Agency Board is appointed by and made up of all the same members as the Common Council of the City. However, legally the two boards are distinct and conduct all business as such. Based on standards set forth in GASB 61, the Agency is considered to be a "component unit" of the City because the City appoints the board members of the Agency. Accordingly, the financial statements of the Agency are included in the City's basic financial statements as capital project funds using the "blended" method of presentation.

Although a component unit of the City, the Agency exists and operates separately from the City. Accordingly, the Agency's financial statements will also be included in the financial statements of the City.

The Agency has no potential component units.

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

The financial statements of the Agency have been prepared in conformity with U.S. GAAP as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Agency's financial operations are presented at both the government-wide and fund financial levels. All activities of the Agency are categorized as governmental activities.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Agency as a whole. The focus is on its financial sustainability. As such, the reporting presents the change in the aggregate financial position of the Agency, resulting from the activities of the fiscal period. Interfund activity such as loans and transfers are eliminated to avoid "doubling up" revenues and expenses.

**CITY OF BANDON URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

The Government-wide financial statements are prepared using the economic resources measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows. This differs from the fund financial statements, which therefore include a reconciliation with brief explanations to better identify the relationship between the Agency-wide statements and the statements for the Agency funds.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Agency.

The Agency applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Governmental Fund Financial Statements

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

The accounts of the Agency are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Funds are classified and summarized as governmental, proprietary, and fiduciary activities. Currently, the Agency has only governmental fund types.

The Agency maintains two individual governmental funds:

Urban Renewal District No. 1 – This fund is reported as accounts for the acquisition and development of capital improvement projects within Urban Renewal Area 1 for the Agency. Revenues consist primarily of property tax revenues and interest. This fund functions as the Agency's "General Fund."

Urban Renewal District No. 2 – This fund accounts for the acquisition and development of capital improvement projects within Urban Renewal Area 2 for the Agency. Revenues consist primarily of property tax revenues and interest. This fund is a Capital Projects Fund.

All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for the governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Governmental funds are used to account for the Agency's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available").

**CITY OF BANDON URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and claims of judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, interest and charges for services are susceptible to accrual if collected within one (1) month of the fiscal year end. Other receipts become measurable and available when cash is received by the Agency and are recognized as revenue at that time.

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Agency; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and investments – The Agency's cash and investments include cash on hand, demand deposits, and investments in the Oregon State Treasury Local Government Investment Pool (LGIP).

The Agency maintains merged bank accounts and investments for its funds in a central pool of cash and investments that are commingled with the City of Bandon. The investment policy of the Agency is to invest in LGIP and interest-bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The Agency allocates earnings on investments to each fund based on average monthly cash balances throughout the year.

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

Receivables – Non-current property taxes and special assessments receivable are treated as deferred inflows of resources as unavailable revenue in the governmental funds. Property tax receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectible balances has been established for those accounts.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

Capital assets – Capital assets include land, construction in progress, land improvements, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the governmental activities column of the statement of net position in the government-wide financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Agency maintains a capitalization threshold of \$10,000 and a useful life of over one year.

**CITY OF BANDON URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

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

Furnishings and equipment	5-7 years
Infrastructure	10-60 years
Land improvements	5-100 years
Buildings	30-100 years

Deferred outflows/inflows of resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. There are no deferred outflows.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has property taxes and charge on refunding that fit into this classification.

Long-term obligations – The Agency reports long-term debt on the statement of net position. These obligations will be met using receipts from property tax and other special levies.

For governmental fund types, bond premiums and discounts are recognized during the current period. Bond proceeds and associated premiums or discounts are reported separately as another financing sources. Bonds payable are reported net of the applicable bond premiums or discounts, if any.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund balance – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: non-spendable, restricted, committed, assigned and unassigned.

Non-spendable fund balance represents amounts not immediately converted to cash, such as prepaid items and inventory.

Restricted fund balance includes amounts that are restricted by external creditors, granters or contributors, or restricted by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed fund balance represents amounts that have been committed by resolution by the City Council which is the Agency's "highest level of decision-making authority." Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the City Council adopts another ordinance to remove or revise the limitation.

**CITY OF BANDON URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

Assigned fund balance is also established by the Council through adoption or amendment of the budget as intended for specific purpose.

Unassigned fund balance represents the residual classification used for those balances not assigned to another category. Only the general fund may have an unassigned balance.

There are no non-spendable, committed, assigned, or unassigned balances as of June 30, 2023.

Use of restricted resources – When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources, as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use it is the Agency's policy to use committed resources first, then assigned, and then unassigned as they are needed.

Net position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of capital related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, granters or law or regulations of other governments. For specific details see the statement of net position.

Note 2 – Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with U.S. GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. For all funds, materials and services, capital outlay, debt service, transfers and contingency are the levels of control.

Original appropriations may be changed through resolutions by transferring amounts between appropriations in the same fund or by transferring from an appropriation in the general fund to an appropriation category in another fund. A supplemental budget is required if appropriations are expected to exceed authorized appropriation amounts. Budget amounts are as originally adopted, or as amended by the City Council. Expenditures were within authorized appropriations levels for the year ended June 30, 2023.

Management may reassign resources within functions without seeking approval of the City Council.

**CITY OF BANDON URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 3 – Cash and Investments

The cash management policies are governed by state statutes. Statutes authorize investing in bankers acceptances, commercial paper, 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 Agency's cash is pooled with the City of Bandon. Please refer to the City's basic financial statements, issued under separate cover, for additional information pertaining to the nature and collateralization of the City's cash and investments.

Deposits – The GASB has adopted U.S. GAAP, which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the Agency at June 30, 2023. If bank deposits at year end are not entirely insured or collateralized with securities held by the Agency or by its agent in the Agency's name, the Agency must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. Any deposits with financial institutions will be covered up to \$250,000 by federal depository insurance, and the remaining deposited at an approved depository as prescribed by the Oregon State Treasurer.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295 .001 to 295 .108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by Federal Deposit Insurance Corporation. For the Fiscal Year ended June 30, 2023, the total carrying amount of the City's deposits, as pooled with the Agency, in various financial institutions was \$152,448 and the bank balance was \$738,023. All deposits are held in the name of the City. Of the bank balance, the entire amount was covered by federal depository insurance or collateralized.

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. As of June 30, 2023, none of the Agency's bank balances were exposed to credit risk.

Investments – The Agency has invested funds in the State Treasurer's Oregon Short-Term Fund LGIP during fiscal year 2023. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294 .895). LGIP is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the State to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the City of Bandon's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximates fair value.

**CITY OF BANDON URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 3 – Cash and Investments (continued)

Credit risk – State statutes authorize the Agency to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The Agency has no formal investment policy that further restricts its investment choices.

Concentration of credit risk – The Agency is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5.00% or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The Agency has no such investments.

Interest rate risk – The Agency has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

At June 30, 2023, the Agency had the following investments:

Investment Type	Maturity	Percentage of Portfolio	Fair Value
Local Government Investment Pool	1 day	100%	<u>\$ 1,331,920</u>

Cash and cash equivalents are comprised of the following as of June 30, 2023:

Local Government Investment Pool	<u>\$ 1,331,920</u>
----------------------------------	---------------------

Cash and cash equivalents are shown on the balance sheet as follows:

Urban Renewal District No. 1	\$ 527,961
Urban Renewal District No. 2	<u>803,959</u>
Total	<u>\$ 1,331,920</u>

Note 4 – Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

**CITY OF BANDON URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 4 – Fair Value Measurements (continued)

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

LGIP balances are measured at amortized cost and are readily available to spend when needed. The balance in this pool is expected to stay fairly static as the interest rate in the pool is desirable. The risk associated with the LGIP is very low. The Agency only invests in the LGIP. The value of the Agency's investments as of June 30, 2023, was \$1,331,920.

Note 5 –Receivables

Property tax recievable – The Agency receives a tax increment under Section 1c, Article XI of the Oregon Constitution, and ORS Chapter 457. It states that the portion of the taxes representing the levy against the increase, if any, in true cash value of property located in the urban renewal area shall, after collection by the tax collector, be paid into a special fund of the Agency and shall be used to pay the principal and interest on indebtedness incurred by the Agency to finance or refinance the implementation of the urban renewal plan.

Note 6 – Interfund Receivables and Payables

Outstanding balances between funds may result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. There are no interfund receivable (payable) balances as of June 30, 2023.

**CITY OF BANDON URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 7 – Capital Assets

Capital asset activity for the Agency for the fiscal year ended June 30, 2023, was as follows:

Governmental Activities:

	Balance June 30, 2022	Additions	Transfers/ Disposals	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 718,227	\$ -	\$ -	\$ 718,227
Construction in progress	101,696	485,266	(525,898)	61,064
Total capital assets not being depreciated	819,923	485,266	(525,898)	779,291
Capital assets being depreciated:				
Land Improvements	21,564	-	501,843	523,407
Infrastructure	116,151	-	-	116,151
Total capital assets being depreciated	137,715	-	501,843	639,558
Less accumulated depreciation for:				
Land Improvements	(1,437)	(5,765)	-	(7,202)
Infrastructure	(15,580)	(5,192)	-	(20,772)
Total accumulated depreciation	(17,017)	(10,957)	-	(27,974)
Total capital assets being depreciated, net	120,698	(10,957)	501,843	611,584
Total capital assets governmental activities, net	\$ 940,621	\$ 474,309	\$ (24,055)	\$ 1,390,875

Note 8 – Long-term Debt

General obligation bonds – The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Loans payable – The City also issues loans where the City pledges income derived from acquired or constructed assets to pay debt service.

**CITY OF BANDON URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 8 – Long-term Debt (continued)

Summary of Long-term Debt

The following is a summary of changes in long-term debt during the fiscal year ended June 30, 2023:

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023	Due within one year
Bonds payable					
2012 General obligation bonds	\$ 1,365,000	\$ -	\$ (105,000)	\$ 1,260,000	\$ 110,000
Loans payable:					
2012 Wedbus LoCap loan	14,204	-	(14,204)	-	-
2018 OECD loan	364,997	-	(30,329)	334,668	30,556
Total loans payable	379,201	-	(44,533)	334,668	30,556
Total long-term liabilities	<u>\$ 1,744,201</u>	<u>\$ -</u>	<u>\$ (149,533)</u>	<u>\$ 1,594,668</u>	<u>\$ 140,556</u>

Bonds Payable

2012 General Obligation Bond – On August 15, 2012, the City entered into an agreement with Wedbush Securities Inc. for the issuance of general obligation bonds in the amount of \$2,200,000. Interest is computed bi-annually at 2.00% to 4.00%. This debt can be prepaid after August 1, 2022, without penalty. Scheduled payment dates are February 1 and August 1, each year through fiscal year 2033. Debt service payments are made by the Agency although the City retains responsibility. Annual debt requirements are shown below:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 110,000	\$ 38,681	\$ 148,681
2025	115,000	35,306	150,306
2026	115,000	31,856	146,856
2027	120,000	28,331	148,331
2028	125,000	24,656	149,656
2029-2033	675,000	58,745	733,745
Total	<u>\$ 1,260,000</u>	<u>\$ 217,575</u>	<u>\$ 1,477,575</u>

**CITY OF BANDON URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 8 – Long-term Debt (continued)

Loans Payable

2005 OECD Loans Payable (Refunded 2018) – On July 15, 2005, the City entered into an agreement with the Oregon Economic Development Department to borrow \$985,000 to finance improvements to Fillmore Avenue. In April 2018, the note was refunded in the amount of \$530,685 with a revised loan agreement to finance \$484,257 resulting in a gain of \$46,428 which is reported as deferred inflow and will be amortized over the remaining life of the loan. The Agency has agreed to make the annual debt service payments, but the City retains ultimate responsibility. There are no reserve requirements. This debt may be paid prior to maturity without penalty. Interest is computed semi-annually on the outstanding balance at 4.00% to 5.00%. Principal and interest payments are required in December of each year through December 2, 2031. Annual debt requirements are shown below:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 30,556	\$ 16,356	\$ 46,912
2025	30,795	14,867	45,662
2026	36,048	13,364	49,412
2027	36,313	11,599	47,912
2028	36,589	9,823	46,412
2029-2032	164,367	20,531	184,898
Total	<u>\$ 334,668</u>	<u>\$ 86,540</u>	<u>\$ 421,208</u>

2012 Wedbush Refinancing of LoCap Loan – On November 28, 2012, the City entered into an agreement for a \$248,000 loan with Wedbush Bank to refinance their loan from 2008 to finance improvements to the community building. The Agency has agreed to make the annual debt service payments, but the City retains ultimate responsibility. There are no reserve requirements. This debt may be paid prior to maturity without penalty. Interest is computed semi-annually on the outstanding balance at a rate of 2.95% until maturity on December 1, 2022. The loan was paid in full during the year ended June 30, 2023.

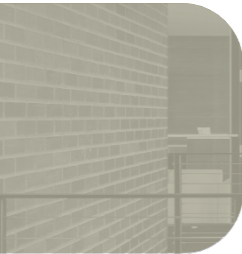
The Agency has no other significant default or termination clauses contained in the note payable loan agreements or for any of the above-mentioned bonds under GASB 88.

Note 9 – Risk Management

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

Note 10 – Tax Abatements

As of June 30, 2023, the Agency potentially had tax abatements through various State allowed programs that impacted levied taxes and would require disclosure under GASB 77. Based on the information available from the County as of the date of issuance of these basic financial statements, the amount of abatements for the year ended June 30, 2023, is deemed immaterial.



| REQUIRED SUPPLEMENTARY
INFORMATION

**CITY OF BANDON URBAN RENEWAL AGENCY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – URBAN RENEWAL DISTRICT NO. 1
YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property taxes - current year	\$ 365,140	\$ 365,140	\$ 383,604	\$ 18,464
Previously levied taxes	20,285	20,285	10,852	(9,433)
Interest	3,500	3,500	18,165	14,665
Payment in lieu of taxes	12,602	12,602	1,650	(10,952)
Miscellaneous revenue	-	-	5,741	5,741
TOTAL REVENUES	<u>401,527</u>	<u>401,527</u>	<u>420,012</u>	<u>18,485</u>
EXPENDITURES				
Current:				
Materials and services	126,338	126,338	124,238	2,100
Capital outlay	544,257	544,257	526,626	17,631
Debt service	395,593	395,593	195,593	200,000
TOTAL EXPENDITURES	<u>1,066,188</u>	<u>1,066,188</u>	<u>846,457</u>	<u>219,731</u>
NET CHANGE IN FUND BALANCE	(664,661)	(664,661)	(426,445)	238,216
FUND BALANCE, July 1, 2022	<u>857,183</u>	<u>857,183</u>	<u>925,464</u>	<u>68,281</u>
FUND BALANCE, June 30, 2023	<u>\$ 192,522</u>	<u>\$ 192,522</u>	<u>\$ 499,019</u>	<u>\$ 306,497</u>



| SUPPLEMENTARY INFORMATION

**CITY OF BANDON URBAN RENEWAL AGENCY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – URBAN RENEWAL DISTRICT NO. 2
YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property taxes - current year	\$ 173,844	\$ 173,844	\$ 184,271	\$ 10,427
Previously levied taxes	9,812	9,812	5,130	(4,682)
Interest	4,515	4,515	24,078	19,563
Payment in lieu of taxes	2,139	2,139	855	(1,284)
TOTAL REVENUES	<u>190,310</u>	<u>190,310</u>	<u>214,334</u>	<u>24,024</u>
EXPENDITURES				
Current:				
Materials and services	65,862	65,862	55,747	10,115
Capital outlay	1,009,403	1,009,403	314,921	694,482
Debt service	14,411	14,411	14,411	-
TOTAL EXPENDITURES	<u>1,089,676</u>	<u>1,089,676</u>	<u>385,079</u>	<u>704,597</u>
NET CHANGE IN FUND BALANCE	(899,366)	(899,366)	(170,745)	728,621
FUND BALANCE, July 1, 2022	<u>899,366</u>	<u>899,366</u>	<u>973,330</u>	<u>73,964</u>
FUND BALANCE, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 802,585</u>	<u>\$ 802,585</u>



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Agency Officials
City of Bandon Urban Renewal Agency
Bandon, Oregon

We have audited the basic financial statements of the City of Bandon Urban Renewal Agency (the Agency) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 19, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures but were not limited to the following:

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.

In connection with our audit, nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-000 through 162-010-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-010-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Agency Officials and management of the Agency and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Donald F. Ewalt". The signature is written in a cursive, slightly slanted style.

Donald F. Ewalt, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 19, 2023