



**CITY OF BANDON**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**CITY OF BANDON**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2013**

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## **INTRODUCTORY SECTION**

**CITY OF BANDON**

**CITY OFFICIALS**

**June 30, 2013**

Mayor and City Council

Mary Schamehorn, Mayor  
PO Box 521  
Bandon, Oregon 97411

Brian Vick  
PO Box 433  
Bandon, Oregon 97411

Mike Claassen  
1455 Pelican Place  
Bandon, Oregon 97411

Claudine Hundhausen  
3795 Beach Loop Drive  
Bandon, Oregon 97411

Geri Procetto  
PO Box 1956  
Bandon, Oregon 97411

Chris Powell  
PO Box 296  
Bandon, Oregon 97411

Nancy Drew  
PO Box 2133  
Bandon, Oregon 97411

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Matthew Winkel, City Manager

Juana Bell, Finance Director

Fred Carleton, City Attorney

City of Bandon  
555 Highway 101  
P.O. Box 67  
Bandon, Oregon 97411

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## **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Council  
City of Bandon, Oregon  
Bandon, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bandon, Oregon (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund,

and the aggregate remaining fund information of the City of Bandon, Oregon, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note IV to the financial statements, the City adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 required supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards* and Oregon Revised Statues**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 14, 2013, on our consideration of the City's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statues as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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.



Merina & Company, LLP  
West Linn, Oregon  
November 14, 2013

## **Management's Discussion and Analysis**

The management of the City of Bandon, Oregon (City) presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. This Management's Discussion and Analysis is intended to be an easily readable analysis of the City's financial activities based on currently known facts, decisions, and conditions. It focuses on current year activities and should be read in conjunction with the financial statements that follow. The report consists of government-wide statements, fund financial statements, notes to the basic financial statements, and supplementary information.

### **Financial Highlights**

Total assets of the City of Bandon exceeded its liabilities by \$42.4 million (reported as *net position*). Of this amount, \$6.6 million was reported as "unrestricted net position." Unrestricted net position represents the amount available to be used to meet the City's ongoing obligations to citizens and creditors. The City's governmental funds reported combined ending fund balances of \$5.5 million. The balance was comprised of a restricted balance of \$2.5 million, \$2.6 million committed, and the remaining balance of \$392 thousand was unassigned. During the current fiscal year, the City's Net Position decreased by \$1 million and total debt increased by \$1.5 million.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The focus is on both the City as a whole (government-wide) and the major individual funds. The dual perspectives allow the reader to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the City's accountability.

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

The *Statement of Net Position* presents information on all of the City's assets and liabilities with the difference between the two reported as net position (or deficit net position if liabilities exceed assets). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net 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 and earned but unused vacation time). The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type activities). This statement is intended to summarize and simplify the reader's analysis of the revenues and costs of various City activities and the degree to which activities are subsidized by general revenues.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include administrative and financial accounting services, library, recreation and cultural services, planning and development, police, and public works (streets and storm drain projects). The business-type activities of the City include water, electric and wastewater utilities.

## City of Bandon, Oregon

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Urban Renewal Agency (URA) for which the City is financially accountable. Although legally separate, the URA's governing body is identical to the City's, and because the services of the URA are exclusively for the benefit of the City, it is included as an integral part of the primary government. Complete financial statements for the URA may be obtained from the City of Bandon, Finance Department, PO Box 67, Bandon, OR 97411. The government-wide financial statements can be found in the basic financial statements.

**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 City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**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 the City'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 City'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*. These reconciliations can be found in the basic financial statements.

The City maintains twenty-five 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 Balances for the major funds and an aggregate total for all other non-major governmental funds. The City's major governmental funds are the General Fund, the Urban Renewal District No. 1 and 2 Funds, the 2004 Highway 101 Sewer LID Fund, Block Grant Fund, and the Local Improvement District Fund. Summary fund data by fund-type for the non-major governmental funds is provided in the form of combining statements. Individual fund data for each of these non-major governmental funds is provided as other supplementary information.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for General Fund as required supplementary information. Budgetary comparisons for all other governmental funds have been provided as other supplementary information. The governmental fund financial statements can be found in the basic financial statements.

**Proprietary funds.** The City maintains one type of proprietary fund, *enterprise funds*. Enterprise funds are used to report the same functions that are presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water and electric utility operations. The enterprise funds are reported separately as proprietary fund financial statements in the basic financial statements.

The City adopts an annual appropriated budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise funds as other supplementary information. The proprietary fund financial statements can be found in the basic financial statements.

**Notes to the basic 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 following the basic financial statements.

**Required supplementary information.** In addition to this discussion and analysis, this report also presents required supplementary information of budgetary comparison for the General Fund.

**Other supplementary information.** The combining statements and schedules for the Non-major Funds, Debt Service Funds, Capital Projects Funds, and the Enterprise funds follow the required supplementary information in 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. For the City of Bandon, total net position (total assets less total liabilities) were \$42.4 million as of June 30, 2013. A portion of the City’s net position (\$31.8 million or 75%) reflects its investment in capital assets (e.g., land and right-of-ways, buildings, improvements, equipment and infrastructure, net of accumulated depreciation less any related debt used to acquire those assets that are still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining net position, 1% is restricted for debt service, 8% is restricted for capital projects, 1% is restricted for street and library projects, and the rest (15%) is unrestricted.

The *Statement of Net Position* provides a focus on the assets and liabilities related to the City’s governmental activities.

**City of Bandon Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Current and other assets	\$ 5,669,583	\$ 6,819,469	\$ 5,115,360	\$ 4,768,353	\$ 10,784,943	\$ 11,587,822
Capital assets	21,986,789	21,157,742	17,724,695	18,454,691	39,711,484	39,612,433
<b>Total assets</b>	<b>27,656,372</b>	<b>27,977,211</b>	<b>22,840,055</b>	<b>23,223,044</b>	<b>50,496,427</b>	<b>51,200,255</b>
Long-term liabilities outstanding	5,387,734	7,095,866	480,254	-	5,867,988	7,095,866
Other liabilities	657,750	697,341	586,772	1,043,737	1,244,522	1,741,078
<b>Total liabilities</b>	<b>6,045,484</b>	<b>7,793,207</b>	<b>1,067,026</b>	<b>1,043,737</b>	<b>7,112,510</b>	<b>8,836,944</b>
Net position:						
Invested in capital assets, net of related debt	16,342,195	13,813,824	17,053,115	17,974,437	33,395,310	31,788,261
Restricted	2,581,808	2,478,058	1,531,449	1,497,410	4,113,257	3,975,468
Unrestricted	2,686,885	3,892,122	3,188,465	2,707,460	5,875,350	6,599,582
<b>Total net position</b>	<b>\$ 21,610,888</b>	<b>\$ 20,184,004</b>	<b>\$ 21,773,029</b>	<b>\$ 22,179,307</b>	<b>\$ 43,383,917</b>	<b>\$ 42,363,311</b>

The *Statement of Activities* focuses on the program costs and their matching resources. To the extent a program’s costs are not recovered by grants and direct charges, the costs are paid from general taxes and other resources.

City of Bandon, Oregon

**City of Bandon's Statement of Activities**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services and contracts	\$ 217,719	\$ 337,943	\$ 6,605,446	\$ 6,451,874	\$ 6,823,165	\$ 6,789,817
Operating grants and contributions	491,742	293,889	-	-	491,742	293,889
Capital grants and contributions	-	-	204,518	-	204,518	-
General revenues:						
Taxes	2,236,047	2,205,708	-	-	2,236,047	2,205,708
Contributions in lieu of taxes	391,960	392,628	-	-	391,960	392,628
Franchise fees	29,108	30,485	-	-	29,108	30,485
Miscellaneous revenue	5,777	20,364	-	-	5,777	20,364
Unrestricted investment earnings	53,093	66,440	50,093	48,836	103,186	115,276
<b>Total revenues</b>	<b>3,425,446</b>	<b>3,347,457</b>	<b>6,860,057</b>	<b>6,500,710</b>	<b>10,285,503</b>	<b>9,848,167</b>
Expenses:						
General government	623,631	789,032	-	-	623,631	789,032
Public safety	954,804	915,881	-	-	954,804	915,881
Highways and streets	2,208,169	2,577,056	-	-	2,208,169	2,577,056
Culture and recreation	501,671	515,367	-	-	501,671	515,367
Economic development	29,950	2,005	-	-	29,950	2,005
Water utility	-	-	926,015	957,779	926,015	957,779
Sewer utility	-	-	869,344	786,421	869,344	786,421
Electric utility	-	-	4,786,436	4,325,232	4,786,436	4,325,232
<b>Total expenses</b>	<b>4,318,225</b>	<b>4,799,341</b>	<b>6,581,795</b>	<b>6,069,432</b>	<b>10,900,020</b>	<b>10,868,773</b>
Net change in fund balance	(892,779)	(1,451,884)	278,262	431,278	(614,517)	(1,020,606)
Transfers	25,000	25,000	(25,000)	(25,000)	-	-
Donations	-	-	-	-	-	-
Net position, July, 1	22,478,667	21,610,888	21,519,767	21,773,029	43,998,434	43,383,917
<b>Net position, June 30</b>	<b>\$ 21,610,888</b>	<b>\$ 20,184,004</b>	<b>\$ 21,773,029</b>	<b>\$ 22,179,307</b>	<b>\$ 43,383,917</b>	<b>\$ 42,363,311</b>

As previously mentioned, the City's activities are divided between governmental and business-type activities. The majority of support for governmental activities comes from taxes, while the business-type activities are supported primarily through user charges.



City of Bandon, Oregon

**Governmental activities.** Governmental activities resulted in a net reduction in the City's net position of \$1.4 million. The main reason for this decrease is due to lower operating grants and contributions than in the prior year. The basic financial statements include a reconciliation of the governmental funds balance sheet to the Statement of Net Position.

**Business-type activities.** Business-type activities increased the City's net position by \$406 thousand due to lower expenditures than in 2012.

**Financial Analysis of the City's Funds**

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

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At June 30, 2013, total fund balance for the General Fund equaled \$392 thousand, which was all unassigned. Unassigned fund balance is the amount considered available to spend. At June 30, 2012, the fund balance of the City's General Fund was \$436 thousand. The reason for the decrease is due primarily to lower reimbursements.

**City of Bandon's General Fund**

	Fiscal Year		(Decrease)
	2012	2013	
Revenues:			
Taxes & In Lieu of Taxes	\$ 1,250,365	\$ 1,239,055	\$ 11,310
Licenses and permits	27,857	30,312	(2,455)
Intergovernmental	91,766	52,629	39,137
Fines and Police Income	24,543	24,208	335
Reimbursements	403,673	-	403,673
Interest	9,868	10,728	(860)
Other	64,607	342,019	(277,412)
Total revenues	\$ 1,872,679	\$ 1,698,951	\$ 173,728
Expenditures:			
General government	\$ 549,308	\$ 456,409	\$ 92,899
Public safety	914,607	916,375	(1,768)
Highways and streets	63,422	88,596	(25,174)
Economic Development	78,814	78,814	-
Culture and recreation	233,201	227,674	5,527
Total expenditures	1,839,352	1,767,868	71,484
Other financing sources (uses)	25,000	25,000	-
Net increase (decrease) in fund balance	58,327	(43,917)	102,244

The Urban Renewal District No. 1 & 2 Funds, 2004 Highway 101 Sewer Debt Service Fund, Block Grant Fund, and Local Improvement District Fund are the other major governmental funds. During the fiscal year 2013, the

City of Bandon, Oregon

Urban Renewal District No. 1 Fund had an increase in its fund balance of \$940 thousand. The fund balance of the Urban Renewal District No. 2 Fund was increased by \$80 thousand resulting in a positive ending fund balance of \$21 thousand. The Block Grant Fund increased by \$20 thousand. The 2004 Highway 101 Sewer Debt Service Fund balance decreased by \$14 thousand after having adequate resources to meet the year's debt service requirements. The Local Improvement District Fund balance increased by \$50 thousand during the year due to assessment reimbursements.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The Sewer Fund, Water Fund, and Electric Fund are the major proprietary funds. For fiscal year end 2013, the Sewer Fund reported total increase in net position of \$30 thousand and the electric fund reported \$749 thousand in total increase in net position. The Water Fund reported a decrease of \$372 thousand in net position, reflecting the fact that revenues were not sufficient to cover expenses in this fund for fiscal year ended June 30, 2013.

**General Fund Budget.** No changes were made to the General Fund budget during the year. Actual revenues and expenditures for the year were less than budgeted. Actual Revenues were \$1.7 million compared to the budgeted amount of \$2.1 million. The General Fund expenditures were budgeted at \$2.3 million and actual expenditures were only \$1.8 million, primarily because departments reduced expenditures so as not to exceed the General Fund revenues.

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to \$39.6 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, and infrastructure (streets, water, wastewater, storm drainage, and electric system). Additional information on the City's capital assets can be found in the Notes to the Basic Financial Statements.

**City of Bandon's Capital Assets**

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land	\$ 771,532	\$ 772,900	\$ 696,991	\$ 696,991	\$ 1,468,523	\$ 1,469,891
Construction in progress	31,109	33,355	114,787	197,721	145,896	231,076
Buildings	6,218,305	6,456,214	4,754,760	4,786,291	10,973,065	11,242,505
Land Improvements	63,536	1,212,648	-	-	63,536	1,212,648
Furnish & Equipment	1,164,586	1,258,035	1,833,424	1,885,050	2,998,010	3,143,085
Streets	61,758,991	61,758,992	-	-	61,758,991	61,758,992
Storm drains	2,564,072	2,564,072	-	-	2,564,072	2,564,072
Infrastructure	-	-	25,986,413	27,399,468	25,986,413	27,399,468
Other						
<b>Total</b>	<b>\$ 72,572,131</b>	<b>\$ 74,056,216</b>	<b>\$ 33,386,375</b>	<b>\$ 34,965,521</b>	<b>\$ 105,958,506</b>	<b>\$ 109,021,737</b>

**Bonded Debt.** As of June 30, 2013, the City had total long-term liabilities of \$7.8 million. Of this amount, \$6.5 million represents outstanding bonded indebtedness. Outstanding bonded debt includes \$3.3 million in general obligation bonds to be serviced by general property taxes, \$594 thousand in local improvement district bonds (special assessment debt), for which the City is liable in the event of default by the property owners subject to the assessment, and \$75 thousand in electric revenue bonds.

The City's total bonded debt increased by \$1.5 million during the current fiscal year, due to issuing Urban Renewal General Bonds for \$2.2 million. Under Oregon Revised Statutes, general obligation debt issues are limited to 3% of the real market value of all taxable property within the City's boundaries. The \$6.5 million in general obligation debt is well below this limit. Additional information on the City's bonded debt can be found in the Notes to the Basic Financial Statements.

### **Economic Factors and Next Year's Budgets and Rates**

The total budget for fiscal year 2013-2014 is \$23,367,377, which represents an increase of \$1,240,615 (5.6%) above the fiscal year 2012-2013 budget of \$22,126,762. The most significant differences include increases in the Local Option Street Tax, Sewer, and Capital Improvement Funds along with decreases in the Electric Fund and Debt Service Funds.

Unlike most other Cities whose budgets are based heavily on property taxes, Bandon's revenues are primarily generated by its electric, water, and sewer utilities. At only \$.46 per \$1,000 assessed valuation, the City of Bandon's permanent property tax rate is extremely low compared to other full-service cities in the County, whose rates range from \$6.10 to \$7.99. The most significant single long-term fiscal challenge facing the City is to ensure the continued financial viability of the municipal water, sewer, and electric utility systems, and, thereby provide a financial basis for all other public services. These utilities contribute to the City's operation through sales taxes, in-lieu taxes, and direct payments. The total proposed General Fund (100) budget is \$2,349,799 compared to last year's \$2,312,410, which is \$37,389 more than last year.

The largest individual sources of General Fund revenues continue to be the transient occupancy tax, utility sales taxes, utility in-lieu taxes, and utility reimbursements. Other resources include property taxes, franchise fees, intergovernmental reimbursements such as liquor, cigarette, and miscellaneous permits and fees. The budget also includes an allowance for receiving \$200 thousand for miscellaneous grants, which is offset by an identical expenditure line item for spending that money if it is received.

The main concern with the water, sewer, and electric utility systems revolves around the City Charter amendments which limit the ability of the City Council to increase utility rates. The problem is compounded in the near term by the overall downturn in the national economy, fuel price increases, and the housing market slowdown and decline in property values. In a local economy such as Bandon's, which is heavily dependent on utility revenue growth, tourism, and retirement in-migration, the revenue impacts can be significant for both local businesses and municipal government. In recent years, system development charges (SDC's), which depend on continued growth, have provided a significant portion of the City's capital improvement revenues for streets, drainage, and other City needs. The proposed fiscal year 2013-2014 budget projects relatively flat revenues for the electric, water, and sewer utilities with a drop in SDC revenues.

Another financial challenge facing the City is securing adequate funds for maintaining the streets and drainage systems and providing adequate pedestrian facilities. The Local Option Street Fund continues to receive funds for this purpose. It is a consistent, dependable source for street and pedestrian facility capital improvements but cannot be used for normal operations and maintenance. This is a voter approved Local Option Tax in the amount of \$0.8455 per \$1,000 assessed valuation for 10 years. The Urban Renewal Special Levy will not be imposed while there is a Local Option Street Tax.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Juana Bell, MBA  
Finance Director  
City of Bandon  
PO Box 67  
Bandon, OR 97411

## **BASIC FINANCIAL STATEMENTS**

**CITY OF BANDON**  
**STATEMENT OF NET POSITION**  
June 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,514,808	\$ 2,882,030	\$ 8,396,838
Receivables:			
Accounts	147,828	505,806	653,634
Property taxes	138,308	-	138,308
Notes	171,662	425,471	597,133
Special assessments	576,939	127,068	704,007
Other	269,925	-	269,925
Inventories	-	637,615	637,615
Restricted cash	-	190,363	190,363
Capital assets:			
Land	772,900	696,991	1,469,891
Construction in process	33,355	197,720	231,075
Capital assets	73,249,961	34,070,809	107,320,770
Less: accumulated depreciation	(52,898,474)	(16,510,829)	(69,409,303)
Total assets	<u>27,977,212</u>	<u>23,223,044</u>	<u>51,200,256</u>
<b>LIABILITIES</b>			
Accounts payable	130,153	328,852	459,005
Accrued payroll and benefits	20,782	14,441	35,223
Customer deposits	2,265	94,773	97,038
Accrued interest payable	135,794	11,877	147,671
Compensated absences payable	156,932	113,540	270,472
Non-current liabilities:			
Amount due within one year	251,246	95,590	346,836
Amount due after one year	7,092,672	384,664	7,477,336
Bond Premium amount amortized within one year	170	-	170
Bond Premium amount amortized after one year	3,194	-	3,194
Total liabilities	<u>7,793,208</u>	<u>1,043,737</u>	<u>8,836,945</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,813,824	17,974,437	31,788,261
Restricted for:			
Debt service	402,368	95,590	497,958
Capital projects	1,784,066	1,401,820	3,185,886
Streets	12,253	-	12,253
Library	279,371	-	279,371
Unrestricted	<u>3,892,122</u>	<u>2,707,460</u>	<u>6,599,582</u>
Total net position	<u>\$ 20,184,004</u>	<u>\$ 22,179,307</u>	<u>\$ 42,363,311</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BANDON**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		Total
		Charges for Services & Contracts	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
<b>Governmental activities:</b>							
General government	\$ 789,031	\$ 63,237	\$ 10,411	\$ -	\$ (715,383)	\$ -	\$ (715,383)
Public safety	915,881	55,907	-	-	(859,974)	-	(859,974)
Highways and streets	2,577,056	151,108	-	-	(2,425,948)	-	(2,425,948)
Economic development	2,005	-	-	-	(2,005)	-	(2,005)
Culture and recreation	515,367	67,691	283,478	-	(164,198)	-	(164,198)
<b>Total governmental activities</b>	<b>4,799,340</b>	<b>337,943</b>	<b>293,889</b>	<b>-</b>	<b>(4,167,508)</b>	<b>-</b>	<b>(4,167,508)</b>
<b>Business-type activities:</b>							
Sewer	786,421	812,002	-	-	-	25,581	25,581
Water	957,779	550,436	-	-	-	(407,343)	(407,343)
Electric	4,325,232	5,089,436	-	-	-	764,204	764,204
<b>Total business-type activities</b>	<b>6,069,432</b>	<b>6,451,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>382,442</b>	<b>382,442</b>
<b>Total government</b>	<b>\$ 10,868,772</b>	<b>\$ 6,789,817</b>	<b>\$ 293,889</b>	<b>\$ -</b>	<b>(4,167,508)</b>	<b>382,442</b>	<b>(3,785,066)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes					149,109	-	149,109
Property taxes, levied for debt service					528,514	-	528,514
Property taxes, levied for other purposes					413,951	-	413,951
Other taxes and assessments					1,114,134	-	1,114,134
Contributions in lieu of taxes					392,628	-	392,628
Franchise fees					30,485	-	30,485
Interest and investment earnings					66,439	48,836	115,275
Miscellaneous					20,364	-	20,364
<b>Total general revenues</b>					<b>2,715,624</b>	<b>48,836</b>	<b>2,764,460</b>
<b>Other revenues (expenditures):</b>							
Transfers					25,000	(25,000)	-
<b>Total other revenues</b>					<b>25,000</b>	<b>(25,000)</b>	<b>-</b>
<b>Change in net position</b>					<b>(1,426,884)</b>	<b>406,278</b>	<b>(1,020,606)</b>
Net position, beginning of year					21,610,888	21,773,029	43,383,917
Net position, end of year					<b>\$ 20,184,004</b>	<b>\$ 22,179,307</b>	<b>\$ 42,363,311</b>

The notes to the financial statements are an integral part of this statement.

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**CITY OF BANDON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013**

	Major Funds		
	General	Urban Renewal District No. 1	Urban Renewal District No. 2
<b>ASSETS</b>			
Cash and cash equivalents	\$ 412,840	\$ 1,318,055	\$ 260,170
Receivables			
Property taxes	17,522	34,884	17,853
Accounts	94,103	-	-
Special assessments	1,488	-	-
Loans	-	17,550	-
Interfund loans receivable	-	-	-
Real property in lieu of assessment	4,460	-	-
<b>Total assets</b>	<b>\$ 530,413</b>	<b>\$ 1,370,489</b>	<b>\$ 278,023</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 95,812	\$ 22,166	\$ -
Accrued payroll benefits	16,555	-	-
Customer deposits	2,265	-	-
Interfund loans payable	-	-	239,333
<b>Total liabilities</b>	<b>114,632</b>	<b>22,166</b>	<b>239,333</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	17,522	34,884	17,853
Unavailable revenues - assessments receivable	1,488	-	-
Unavailable revenues - loan receivable	-	17,550	-
Unavailable revenues - property in lieu of assessment	4,460	-	-
<b>Total deferred inflows of resources</b>	<b>23,470</b>	<b>52,434</b>	<b>17,853</b>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted for debt service	-	-	-
Restricted for capital projects	-	-	-
Restricted special projects - streets	-	-	-
Restricted special projects - library	-	-	-
Committed for debt service	-	-	-
Committed for capital projects	-	1,295,889	20,837
Committed for special projects	-	-	-
Unassigned	392,311	-	-
<b>Total fund balances (deficits)</b>	<b>392,311</b>	<b>1,295,889</b>	<b>20,837</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 530,413</b>	<b>\$ 1,370,489</b>	<b>\$ 278,023</b>

The notes to the financial statements are an integral part of this statement.



Block Grant	2004 Hwy 101 Sewer LID DS	Local Improvement District	Other Governmental Funds	Total
\$ 169,985	\$ 23,540	\$ 51,383	\$ 3,278,835	\$ 5,514,808
-	-	-	68,049	138,308
-	-	-	53,725	147,828
-	422,885	-	152,566	576,939
154,112	-	-	-	171,662
130,369	-	-	108,964	239,333
-	-	265,465	-	269,925
<u>\$ 454,466</u>	<u>\$ 446,425</u>	<u>\$ 316,848</u>	<u>\$ 3,662,139</u>	<u>\$ 7,058,803</u>
\$ -	\$ -	\$ -	\$ 12,175	\$ 130,153
-	-	-	4,227	20,782
-	-	-	-	2,265
-	-	-	-	239,333
-	-	-	16,402	392,533
-	-	-	68,049	138,308
-	422,885	-	152,566	576,939
154,112	-	-	-	171,662
-	-	265,465	-	269,925
<u>154,112</u>	<u>422,885</u>	<u>265,465</u>	<u>220,615</u>	<u>1,156,834</u>
-	23,540	-	378,828	402,368
-	-	-	1,784,066	1,784,066
-	-	-	12,253	12,253
-	-	-	279,371	279,371
-	-	51,383	-	51,383
-	-	-	935,608	2,252,334
300,354	-	-	34,996	335,350
-	-	-	-	392,311
<u>300,354</u>	<u>23,540</u>	<u>51,383</u>	<u>3,425,122</u>	<u>5,509,436</u>
<u>\$ 454,466</u>	<u>\$ 446,425</u>	<u>\$ 316,848</u>	<u>\$ 3,662,139</u>	<u>\$ 7,058,803</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BANDON**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2013**

**Total fund balances - governmental funds** \$ 5,509,436

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets are not current financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value:

Land	772,900	
Construction in process	33,355	
Depreciable assets	73,249,961	
Accumulated depreciation	<u>(52,898,474)</u>	
		21,157,742

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.

Property taxes	138,308	
Real property in lieu of assessments	269,925	
Loans receivable	171,662	
Special assessments	<u>576,939</u>	
		1,156,834

All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in the governmental funds:

Bonds payable	(5,894,813)	
Loans payable	(889,698)	
Special assessment debt payable	(562,771)	
Accrued interest payable on bonds and notes	(135,794)	
Compensated absences	<u>(156,932)</u>	
		<u>(7,640,008)</u>

**Net position - governmental activities** \$ 20,184,004

The notes to the financial statements are an integral part of this statement.

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**CITY OF BANDON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Major Funds		
	General	Urban Renewal District No. 1	Urban Renewal District No. 2
Revenues:			
Taxes	\$ 866,772	\$ 281,289	\$ 135,649
Licenses and permits	30,312	-	-
Intergovernmental	52,629	-	-
Charges for services	-	-	-
System development charges	-	-	-
Payments in lieu of taxes	372,283	1,959	3,315
Fines and police income	24,208	-	-
Special assessments	-	-	-
Grants	-	-	-
Interest	10,728	11,465	73
Reimbursements	289,090	-	-
Other	52,929	-	-
<b>Total revenues</b>	<b>1,698,951</b>	<b>294,713</b>	<b>139,037</b>
Expenditures:			
Current:			
General government	456,409	81,465	18,680
Public safety	904,845	-	-
Highways and streets	88,596	-	-
Economic development	78,814	-	-
Culture and recreation	227,674	-	-
Capital outlay	11,530	1,394,621	1,384
Debt service:			
Principal retirement	-	23,853	265,694
Interest	-	57,847	21,278
<b>Total expenditures</b>	<b>1,767,868</b>	<b>1,557,786</b>	<b>307,036</b>
Excess (deficiency) of revenues over (under) expenditures	(68,917)	(1,263,073)	(167,999)
Other financing sources (uses):			
Transfer in (out)	25,000	-	-
Sale of capital assets	-	-	-
Issuance of debt	-	2,200,000	248,000
Loan repayments	-	-	-
Loan Interest	-	-	-
Premium on bond issuance	-	3,532	-
<b>Total other financing sources (uses)</b>	<b>25,000</b>	<b>2,203,532</b>	<b>248,000</b>
Net change in fund balance	(43,917)	940,459	80,001
Fund balances at beginning of year	436,228	355,430	(59,164)
Fund balances at end of year	<b>\$ 392,311</b>	<b>\$ 1,295,889</b>	<b>\$ 20,837</b>

The notes to the financial statements are an integral part of this statement.

Block Grant	2004 Hwy 101 Sewer LID DS	Local Improvement District	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 851,512	\$ 2,135,222
-	-	-	-	30,312
-	-	-	310,559	363,188
-	-	-	-	-
-	-	-	28,959	28,959
-	-	-	15,071	392,628
-	-	-	-	24,208
-	21,422	182,221	28,312	231,955
-	-	-	-	-
803	177	-	19,789	43,035
-	-	-	-	289,090
-	-	122,121	117,778	292,828
<u>803</u>	<u>21,599</u>	<u>304,342</u>	<u>1,371,980</u>	<u>3,831,425</u>
-	-	-	20,031	576,585
-	-	-	25,025	929,870
-	-	-	174,856	263,452
2,005	-	-	-	80,819
-	-	-	369,235	596,909
-	-	-	86,317	1,493,852
-	11,355	245,848	201,924	748,674
-	24,076	8,220	180,123	291,544
<u>2,005</u>	<u>35,431</u>	<u>254,068</u>	<u>1,057,511</u>	<u>4,981,705</u>
<u>(1,202)</u>	<u>(13,832)</u>	<u>50,274</u>	<u>314,469</u>	<u>(1,150,280)</u>
-	-	-	-	25,000
-	-	-	-	-
-	-	-	-	2,448,000
21,112	-	-	-	21,112
-	-	-	4,287	4,287
-	-	-	-	3,532
<u>21,112</u>	<u>-</u>	<u>-</u>	<u>4,287</u>	<u>2,501,931</u>
19,910	(13,832)	50,274	318,756	1,351,651
<u>280,444</u>	<u>37,372</u>	<u>1,109</u>	<u>3,106,366</u>	<u>4,157,785</u>
<u>\$ 300,354</u>	<u>\$ 23,540</u>	<u>\$ 51,383</u>	<u>\$ 3,425,122</u>	<u>\$ 5,509,436</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BANDON**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**

**Total net change in fund balances - governmental funds** \$ 1,351,651

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds defer inflows of resources that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.

Property taxes	(7,882)	
Loans receivable	6,360	
Special assessments	<u>(227,873)</u>	
		(229,395)

Loan proceeds and receipt of long-term receivable payments provide current financial resources to governmental funds; however, these transactions create liabilities or offset receivable balances in the Statement of Net Position:

Reclassify loan proceeds to loans payable		(248,000)
Reclassify bond proceeds to bonds payable		(2,200,000)
Reclassify bond premium proceeds to bonds premium net of amortization		(3,364)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlay in the period.

Capital assets	1,484,085	
Depreciation	<u>(2,313,132)</u>	
		(829,047)

Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:

Change in interest payable	(11,723)	
Changes in compensated absences payable	(5,682)	
Principal payments on long-term debt	<u>748,676</u>	
		<u>731,271</u>

**Change in net position of governmental activities** **\$ (1,426,884)**

The notes to the financial statements are an integral part of this statement.

**CITY OF BANDON  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
June 30, 2013**

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Totals</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 273,501	\$ 1,265,265	\$ 1,343,264	\$ 2,882,030
Receivable				
Accounts	74,417	38,512	392,877	505,806
Special assessments	33,759	93,309	-	127,068
Restricted cash	11,598	6,181	76,994	94,773
Inventory	-	28,648	608,967	637,615
Total current assets	<u>393,275</u>	<u>1,431,915</u>	<u>2,422,102</u>	<u>4,247,292</u>
Noncurrent assets:				
Notes receivable	-	420,973	4,498	425,471
Restricted cash	-	20,590	75,000	95,590
Capital assets (net of accumulated depreciation)	<u>3,355,969</u>	<u>7,450,466</u>	<u>7,648,256</u>	<u>18,454,691</u>
Total noncurrent assets	<u>3,355,969</u>	<u>7,892,029</u>	<u>7,727,754</u>	<u>18,975,752</u>
Total assets	<u>3,749,244</u>	<u>9,323,944</u>	<u>10,149,856</u>	<u>23,223,044</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	36,072	15,022	277,758	328,852
Accrued payroll benefits	2,113	2,113	10,215	14,441
Compensated absences payable	20,667	19,369	73,504	113,540
Customer deposits	11,598	6,181	76,994	94,773
Accrued interest payable	-	11,028	849	11,877
Current portion of long-term debt	-	20,590	75,000	95,590
Total current liabilities	<u>70,450</u>	<u>74,303</u>	<u>514,320</u>	<u>659,073</u>
Long-term liabilities:				
Long-term debt (net of current portion)	-	384,664	-	384,664
Total liabilities	<u>70,450</u>	<u>458,967</u>	<u>514,320</u>	<u>1,043,737</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,355,969	7,045,212	7,573,256	17,974,437
Restricted for debt service	-	20,590	75,000	95,590
Restricted for capital projects	220,617	1,181,203	-	1,401,820
Unrestricted	<u>102,208</u>	<u>617,972</u>	<u>1,987,280</u>	<u>2,707,460</u>
Total net position	<u>\$ 3,678,794</u>	<u>\$ 8,864,977</u>	<u>\$ 9,635,536</u>	<u>\$ 22,179,307</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BANDON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**ENTERPRISE FUNDS**  
June 30, 2013

	Sewer	Water	Electric	Totals
Operating revenues:				
Charges for services:				
Sewer charges	\$ 777,652	\$ -	\$ -	\$ 777,652
Water sales	-	477,380	-	477,380
Electricity sales	-	-	4,924,965	4,924,965
BPA Conservation	-	-	36,907	36,907
Service charges, fees and permits	15,126	47,815	115,772	178,713
Other	16,842	18,695	11,792	47,329
Total operating revenues	<u>809,620</u>	<u>543,890</u>	<u>5,089,436</u>	<u>6,442,946</u>
Operating expenses:				
Administration	64,932	41,899	350,801	457,632
Cost of sales and services	568,016	599,159	3,538,025	4,705,200
Energy assistance payments	-	-	29,847	29,847
Depreciation and amortization	150,657	297,213	406,559	854,429
Total operating expenses	<u>783,605</u>	<u>938,271</u>	<u>4,325,232</u>	<u>6,047,108</u>
Operating income	<u>26,015</u>	<u>(394,381)</u>	<u>764,204</u>	<u>395,838</u>
Nonoperating revenues (expense)				
Interest income	4,232	35,267	9,337	48,836
Interest expense	(2,816)	(19,508)	-	(22,324)
Special assessment principal	2,382	6,546	-	8,928
Total nonoperating revenues (expenses)	<u>3,798</u>	<u>22,305</u>	<u>9,337</u>	<u>35,440</u>
Income before operating transfers	<u>29,813</u>	<u>(372,076)</u>	<u>773,541</u>	<u>431,278</u>
Other financing sources (uses):				
Transfer (to) from other funds	-	-	(25,000)	(25,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Change in net position	29,813	(372,076)	748,541	406,278
Net position at beginning of year	<u>3,648,981</u>	<u>9,237,053</u>	<u>8,886,995</u>	<u>21,773,029</u>
Net position at end of year	<u>\$ 3,678,794</u>	<u>\$ 8,864,977</u>	<u>\$ 9,635,536</u>	<u>\$ 22,179,307</u>

The notes to the financial statement are an integral part of this statement.



**CITY OF BANDON  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
June 30, 2013**

**Increase (Decrease) in Cash and Cash Equivalents**

	Sewer	Water	Electric	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 813,242	\$ 536,472	\$ 5,118,825	\$ 6,468,539
Cash paid to employees	(257,872)	(393,692)	(254,887)	(906,451)
Cash paid to suppliers	(360,768)	(257,531)	(3,431,147)	(4,049,446)
Net cash provided by operating activities	194,602	(114,751)	1,432,791	1,512,642
Cash flows from noncapital financing activities:				
Customer deposits	(872)	(472)	(376)	(1,720)
Interfund transfers (net)	-	-	(25,000)	(25,000)
Net cash flows provided (used) by noncapital financing activities	(872)	(472)	(25,376)	(26,720)
Cash flows from capital and related financing activities:				
Principal payments/transfers of long-term debt	(101,666)	(19,660)	(70,000)	(191,326)
Loans receivable	-	-	564	564
Interfund receivables/payables	13,414	-	-	13,414
Interest paid	(3,050)	(20,099)	(792)	(23,941)
Acquisition of capital assets/equity donations	(82,934)	-	(1,496,212)	(1,579,146)
Net cash used by capital and related financing activities	(174,236)	(39,759)	(1,566,440)	(1,780,435)
Cash flows from investing activities:				
Interest received	4,232	35,267	9,337	48,836
Principal payments on notes receivable	2,382	20,121	-	22,503
Net cash received from investing activities	6,614	55,388	9,337	71,339
Net increase (decrease) in cash and cash equivalents	26,108	(99,594)	(149,688)	(223,174)
Cash and cash equivalents at beginning of year, (including restricted cash of \$287,819)	258,991	1,391,630	1,644,946	3,295,567
Cash and cash equivalents at end of year, (including restricted cash of \$190,363)	285,099	1,292,036	1,495,258	3,072,393

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income (loss)	26,015	(394,381)	764,204	395,838
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	150,657	297,213	406,559	854,429
Change in assets and liabilities:				
Accounts receivable	1,297	(17,188)	29,389	13,498
Inventory	-	7,721	57,687	65,408
Special assessments receivable	2,325	9,770	-	12,095
Accounts payable	16,639	(5,382)	167,251	178,508
Accrued payroll and benefits	(141)	(141)	(680)	(962)
Compensated absences	(2,190)	(12,363)	8,381	(6,172)
Net cash provided by operating activities	\$ 194,602	\$ (114,751)	\$ 1,432,791	\$ 1,512,642

The notes to the financial statements are an integral part of this statement.

## CITY OF BANDON

### NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2013

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

The City of Bandon (City), Coos County, Oregon, is a municipal corporation governed by an elected mayor and six-member council. The City provides public safety (police), highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and all component units for which the City is considered to be financially accountable.

The basic financial statements include all financial activities, organizations and functions for which the City Council is responsible for financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Therefore, although legally separate entities, blended component units are, in substance, part of the City's operations and data from these units are combined with data of the primary government.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. Based on the application of the criteria established by GASB, the Urban Renewal Agency of the City of Bandon is a component unit of the City.

*Blended Component Unit.* The Urban Renewal Agency of the City of Bandon, (Agency) Oregon, was created by adoption of City Ordinance 1191 on August 5, 1986. The Agency is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The City is not responsible for deficits nor entitled to surpluses of the Agency, the Agency Board designates management, budgeting authority lies solely with the Agency Board, the Agency is responsible for fiscal 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 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 Governmental Auditing Standards Board (GASB) Statement 61 which the Agency early-implemented for the fiscal year ended June 30, 2012, 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.

A copy of the financial statement for the Urban Renewal Agency of the City of Bandon may be obtained by contacting City Hall.

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Government-wide Financial Statements** The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. Interfund activity such as loans and transfers are eliminated to avoid “doubling up” revenues and expenses.

Governmental activities – The City’s general government activities are reported in this category, including the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds. Funding sources vary and include property, utility and franchise taxes, special assessments, permits and licensing, and charges for services.

Business-type activities – The City provides sewer, water and electrical service to its customers and this category reports the activities of the enterprise funds.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’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 the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

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

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

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.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenditures and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the City’s finances and meets the cash flow needs of its proprietary activities.

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

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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, utility taxes, franchise taxes, special assessments, licenses, fees and permits, interest and charges for services are susceptible to accrual if collected within 30 days of fiscal year end. Other receipts become measurable and available when cash is received by the City 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 City; 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.

The City presents separate financial statements for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

Major governmental funds include:

**General Fund** - This is the City's primary operating fund. This fund is used to account for all financial resources and transactions not required to be accounted for in other funds.

**Urban Renewal, District No. 1 Fund** and the **Urban Renewal, District No. 2 Fund** - These funds are used to account for construction, administration, and certain debt service payments within the urban renewal areas. These funds are financed by property taxes (tax increments) levied in various taxing districts.

**Block Grant Fund** - This fund is used to account for the collection of principal and interest from rehabilitation loans.

**2004 Highway Sewer LID Fund** - This fund is used to account for the receipt of special assessments. Expenditures are restricted to the repayment of the debt incurred.

**Local Improvement District Fund** - This fund is used to account for the construction and assessment of water, sewer, and street improvements within organized special assessment districts of the City. This fund is comprised of a number of individual assessment districts.

Additionally, the City reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The *debt service funds* account for the servicing of general long-term debt not being financed by proprietary funds.

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

**Proprietary funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds include the following fund type:

*Enterprise funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Major enterprise funds include:

**Sewer Fund** - This fund is used to account for the activities of the sewer disposal system.

**Water Fund** - This fund is used to account for the activities of the water system.

**Electric Fund** - This fund is used to account for the activities of the electric utility.

## C. Assets, Liabilities and Equity

### 1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments in the Oregon State Treasury Local Government Investment Pool (LGIP).

The City maintains merged bank accounts and investments for its funds in a central pool of cash and investments. The investment policy of the City 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 City allocates earnings on investments to each fund based on average monthly cash balances throughout the year. For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) purchased with a maturity of three months or less to be cash equivalents.

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

### 2. Receivables and Payables

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."

Other receivables including property taxes, accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Paragraph B above. An allowance for bad debts is not carried in the enterprise funds as the City has strong enforcement procedures including shut off of services and any uncollectible amounts would be immaterial. An allowance for bad debt is not carried in the governmental funds because the City has determined that any uncollectible amount would be immaterial to the financial statements.

Real property in-lieu of assessment consists of real property received in foreclosures and is available for sale and booked at the value of the receivable.

3. *Inventories*

Physical inventories, with the exception of the proprietary funds, are taken for control purposes only. The cost value of such inventories has been recorded as expenditures when purchased. Accordingly, with the exception of the proprietary funds, a value is not included in the balance sheet.

Inventories in the proprietary funds are valued at cost using the first-in/first-out (FIFO) method. The costs of proprietary fund-type inventories are recorded as expenses when consumed rather than when purchased.

4. *Restricted Assets*

Certain resources are set aside for repayment of debt and are classified as restricted assets on the Statement of Net Position because their use is limited. Reserve accounts are used to report resources set aside for repairs and replacement to the water and sewer system and, when necessary, for the purpose of making principal and interest payments on the bonds and notes payable. Utility deposits of \$94,773 are also reported as restricted assets.

5. *Capital Assets*

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The City maintains a capitalization threshold of \$5,000 and a useful life of over one year. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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
Other	5 - 100 years

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

7. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay

benefits. Vacation leave can be accumulated up to 240 hours. No liability is reported for unpaid accumulated sick leave. In proprietary funds, vested vacation benefits are recognized as expenses when earned by the employee and unpaid benefits are liabilities of those funds. Governmental fund types recognize the expenditure when benefits are paid. 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. A liability for these amounts is reported in governmental funds only if they have matured, for example, as the result of employee resignations and retirements.

The funds typically used in prior years to liquidate the liability for compensated absences are any funds with payroll, which include: General Fund, Library, State Tax Street, Sewer, Water and Electrical funds. Employees have the option to accumulate overtime as compensatory pay, which accrues at overtime rates.

#### 8. *Long-term Obligations*

The City reports long-term debt on the Statement of Net Position. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

#### 9. *Operating Revenues and Expenses, Non-operating Revenues and Expenses*

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for sales of water, sewer and electrical services. Operating expenses are necessary costs incurred to provide the goods or services that is the primary activity of the fund.

Non-operating revenues and expenses of the City are those revenues and expenses not directly related to the service provided by the fund. Non-operating revenues and expenses include interest, grants, and gain or loss on disposition of capital assets.

#### 10. *Use of Estimates*

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

#### 11. *Fund 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 City 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** – Includes amounts not immediately converted to cash, such as prepaid items and inventory.

**Restricted** – Includes amounts that are restricted by external creditors, grantors or contributors, or restricted by enabling legislation.

**Committed** – Includes amounts that have been committed by resolution by the City Council which is the City's "highest level of decision-making authority." Committed amounts may not be used for any other purpose unless the City Council removes the constraint by similar council action. Commitments of fund balance must be made prior to the end of the fiscal year.

**Assigned** – Includes amounts assigned for specific purposes by council action who authorizes, by resolution, the City Manager to assign fund balance. Assigned fund balance is also established by the Council through adoption or amendment of the budget as intended for specific purpose.

**Unassigned** – This is the residual classification used for those balances not assigned to another category.

12. Use of Restricted Resources

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. When unrestricted resources (committed, assigned, and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

13. *Net Position*

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of 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 is limitations imposed on its use through external restrictions imposed by creditors, grantors or law or regulations of other governments. For specific details see the statement of net position.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds with the exception of interfund loan payments. The annual budget for the proprietary funds is adopted on a basis not consistent with accounting principles generally accepted in the United States of America to comply with Oregon Local Budget Law. 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. The level of control for the General Fund, Water Fund, Sewer Fund and Electric Fund is by department. Total personal services, materials and services, capital outlay, debt service, contingency and transfers are the levels of control for the remaining funds.

Original appropriations may be increased 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 needed to increase appropriations when appropriations transfers are unauthorized. Budget amounts are as originally adopted, or as amended by the City Council.

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

**B. Excess of Expenditures over Appropriations**

Expenditures exceeded appropriations in the following amounts:

None

**C. Deficit Fund Balance**

None



### III. DETAILED NOTE ON ALL FUNDS

#### A. Deposits and Investments

**Deposits.** The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2013. If bank deposits at year end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City 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 Depositary 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, 2013, the carrying amounts of the City's deposits in various financial institutions were \$130,261 and the bank balance was \$301,910. All deposits are held in the name of the City. Of the bank balance, the entire amount was covered by federal depository insurance.

*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, 2013, none of the City's bank balances were exposed to credit risk.

**Investments.** The City of Bandon has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during fiscal year 2013. 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). Local Government Investment Pool (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's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximates fair value.

*Credit Risk.* 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. The City has no formal investment policy that further restricts its investment choices.

*Concentration of Credit Risk.* The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

*Interest Rate Risk.* The City 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.

As of June 30, 2013, the City had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>
Local Government Investment Pool	1 day	100%	<u>\$ 8,406,266</u>

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

Cash on hand	\$ 770
Carrying amount of deposits	164,921
Cash with County Treasurer	15,244
Local Government Investment Pool	<u>8,406,266</u>
<b>Total</b>	<b><u>\$ 8,587,201</u></b>

Balance Sheet

Governmental Activities:

General Fund (includes customer deposits of \$2,265)	\$ 412,840
Urban Renewal District #1 Fund	1,318,055
Urban Renewal District #2 Fund	260,170
Block Grant Fund	169,985
2004 Highway 101 Sewer LID DS Fund	23,540
Local Improvement District Fund	51,383
Nonmajor funds	<u>3,278,835</u>
	<u>5,514,808</u>

Business-type Activities:

Sewer Fund (includes restricted cash of \$11,598)	285,099
Water Fund (includes restricted cash of \$26,771)	1,292,036
Electric Fund (includes restricted cash of \$151,994)	<u>1,495,258</u>
	<u>3,072,393</u>

<b>Total</b>	<b><u>\$ 8,587,201</u></b>
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**B. Receivables**

Receivables as of fiscal year end are as follows:

General Receivables:

Fund:	Property Taxes	Accounts	Interfund Loans	Other Loans	Special Assessments	Total Receivable
General	\$ 17,522	\$ 94,103	\$ -	\$ -	\$ 1,488	\$ 113,113
URA No. 1	34,884	-	-	17,550	-	52,434
URA No. 2	17,853	-	-	-	-	17,853
Block Grant	-	-	130,369	154,112	-	284,481
2004 Hwy 101 Sewer LID	-	-	-	-	422,885	422,885
Nonmajor funds	68,049	53,725	108,964	-	152,566	383,304
	<u>\$ 138,308</u>	<u>\$ 147,828</u>	<u>\$ 239,333</u>	<u>\$ 171,662</u>	<u>\$ 576,939</u>	<u>\$ 1,274,070</u>

Business-type receivables:

	Sewer	Water	Electric	Total
Accounts	74,417	38,512	392,877	505,806
Special assessments	33,759	93,309	-	127,068
Loans	-	420,973	4,498	425,471
Total receivables	<u>\$ 108,176</u>	<u>\$ 552,794</u>	<u>\$ 397,375</u>	<u>\$ 1,058,345</u>

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

**Property Taxes.** Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by the County of Coos and remittance to the City is made at periodic intervals. For fiscal year 2012-13, the City imposed a property tax rate of \$.4580, bond levies of \$.5007, and local option tax levy of \$.8455 per \$1,000 of assessed value which was expected to raise \$697,728. The County determined the actual taxable assessed valuation within the City to be \$366,554,322 (after subtracting the Urban Renewal Excess amount of \$43,039,654), which after net adjustments of \$98, resulted in a net levy of \$697,826.

Following is a summary of property tax transactions for the City for the fiscal year ended June 30, 2013:

Coos County	Receivable 07/01/12	2012-2013 Net Levy	Collections and Adjustments	Receivable 06/30/13
2012-13		\$ 697,826	\$ 660,197	\$ 37,629
2011-12	41,206	-	18,062	23,144
2010-11	22,878	-	7,996	14,882
2009-10	15,561	-	9,384	6,177
2008-09	7,592	-	6,300	1,292
2007-08	1,193	-	404	789
2006-07	338	-	19	319
Prior years	1,467	-	128	1,339
Total	<u>\$ 90,235</u>	<u>\$ 697,826</u>	<u>\$ 702,490</u>	<u>\$ 85,571</u>

The City of Bandon's Urban Renewal Agency, a component unit, 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.

Following is a summary of property tax transactions for the Urban Renewal Agency for the fiscal year ended June 30, 2013:

	Receivable 07/01/12	2012-2013 Net Levy	Collections and Adjustments	Receivable 06/30/13
2012-13	\$ -	\$ 426,183	\$ 403,201	\$ 22,982
2011-12	27,060	-	11,862	15,198
2010-11	13,851	-	4,841	9,010
2009-10	8,357	-	5,040	3,317
2008-09	4,982	-	4,134	848
2007-08	704	-	238	466
2006-07	180	-	11	169
Prior years	821	-	74	747
Total	<u>\$ 55,955</u>	<u>\$ 426,183</u>	<u>\$ 429,401</u>	<u>\$ 52,737</u>

All non-current property taxes receivable are treated as deferred inflows of resources as unavailable revenue. Other accounts and intergovernmental receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectibles has been established.

**12. Due to/from Other Funds**

Interfund receivables and payables at June 30, 2013 consisted of loans to the Urban Renewal Agency funds. Amounts reported in the individual funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Improvements Fund	Urban Renewal District No. 2 Fund	\$ 108,964
Block Grant Fund	Urban Renewal District No. 2 Fund	130,369
		<u>\$ 239,333</u>

The payments on the Capital Improvement loans are due June 30th and the Block Grant Community Center loan is due July 1st of each year, if funds are available. As required by the Governmental Accounting Standards Board, these amounts are reported in the fund financial statements.

### 13. Capital Assets

Capital asset activity for the City for the fiscal year ended June 30, 2013 was as follows:

Governmental Capital Assets:

	Balance 06/30/12	Additions	Deletions	Balance 06/30/13
<i>Nondepreciable capital assets</i>				
Land	\$ 771,532	\$ 1,368	\$ -	\$ 772,900
Construction in progress	31,109	2,246	-	33,355
Total nondepreciable capital assets	<u>802,641</u>	<u>3,614</u>	<u>-</u>	<u>806,255</u>
<i>Depreciable capital assets</i>				
Buildings	6,218,305	237,910	-	6,456,215
Land Improvements	63,536	1,149,112	-	1,212,648
Furnishing & Equipment	1,164,586	93,449	-	1,258,035
Streets	61,758,991	-	-	61,758,991
Storm drains	2,564,072	-	-	2,564,072
Total depreciable capital assets	<u>71,769,490</u>	<u>1,480,471</u>	<u>-</u>	<u>73,249,961</u>
<i>Accumulated depreciation for:</i>				
Buildings	(1,023,570)	(132,038)	-	(1,155,608)
Land Improvements	(13,261)	(22,676)	-	(35,937)
Furnishing & Equipment	(855,866)	(73,900)	-	(929,766)
Streets	(47,894,226)	(2,004,222)	-	(49,898,448)
Storm drains	(798,419)	(80,296)	-	(878,715)
Total accumulated depreciation	<u>(50,585,342)</u>	<u>(2,313,132)</u>	<u>-</u>	<u>(52,898,474)</u>
Total depreciable capital assets	<u>21,184,148</u>	<u>(832,661)</u>	<u>-</u>	<u>20,351,487</u>
Net Governmental capital assets	<u>\$ 21,986,789</u>	<u>\$ (829,047)</u>	<u>\$ -</u>	<u>\$ 21,157,742</u>

Depreciation is allocated as a direct expense to the governmental programs as follows:

General government	\$ 165,465
Public safety	15,794
Highways and streets	2,009,751
Culture and recreation	122,122
	<u>\$ 2,313,132</u>

Business-type activities:

	Balance 06/30/12	Additions	Deletions	Balance 06/30/13
<i><u>Nondepreciable capital assets</u></i>				
Land	\$ 696,991	\$ -	\$ -	\$ 696,991
Construction in progress	114,787	82,933	-	197,720
Total nondepreciable capital assets	<u>811,778</u>	<u>82,933</u>	<u>-</u>	<u>894,711</u>
<i><u>Depreciable capital assets</u></i>				
Buildings	4,754,760	31,530	-	4,786,290
Furnishing & Equipment	1,833,424	51,627	-	1,885,051
Infrastructure	25,986,413	1,413,055	-	27,399,468
Total depreciable capital assets	<u>32,574,597</u>	<u>1,496,212</u>	<u>-</u>	<u>34,070,809</u>
<i><u>Accumulated depreciation for:</u></i>				
Buildings	(1,419,475)	(119,689)	-	(1,539,164)
Furnishing & Equipment	(1,003,336)	(141,105)	-	(1,144,441)
Infrastructure	(13,238,869)	(588,355)	-	(13,827,224)
Total accumulated depreciation	<u>(15,661,680)</u>	<u>(849,149)</u>	<u>-</u>	<u>(16,510,829)</u>
Total depreciable capital assets	<u>16,912,917</u>	<u>647,063</u>	<u>-</u>	<u>17,559,980</u>
Net business-type capital assets	<u>\$ 17,724,695</u>	<u>\$ 729,996</u>	<u>\$ -</u>	<u>\$ 18,454,691</u>

Depreciation is allocated as a direct expense to the Business-type activities as follows:

Electric	\$ 401,280
Water	297,212
Sewer	150,657
	<u>\$ 849,149</u>

**F. 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 have been issued for both general government and proprietary funds. In prior years, these bonds were reported in the proprietary funds if they were expected to be repaid from proprietary fund revenues; otherwise, they were reported in the Governmental Activities. All General obligation bonds have been reclassified into one General obligation fund that is reported in Governmental Activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

**Revenue Bonds.** The City also issues bonds where the City pledges income derived from acquired or constructed assets to pay debt service.

**Business-Type Activities:**

**1994 Electric Utility System Revenue Bonds.** The original issue date was November 1, 1994 for \$860,000. The Bond Resolution established a reserve requirement of \$78,900 to secure payment of principal and interest. Interest is computed annually at a rate which varies from 5.8% to 7% on the outstanding balance. Scheduled payment dates are the first day of May and November each year through 2014. Those bonds maturing on and after May 1, 2005 are subject to early redemption at the option of the City. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2014	<u>75,000</u>	<u>5,250</u>	<u>80,250</u>
	75,000	\$ 5,250	\$ 80,250
Less current portion	<u>(75,000)</u>		
	<u>\$ -</u>		

**Loans.** The City also obtained a loan from the State of Oregon State Revolving Fund for use in construction of its sewer treatment plant. The City has pledged the net operating revenues of the sewer fund to pay amounts due under this loan. State revolving fund loans currently outstanding are as follows:

**2006 OECD Water Loan:** On November 30, 2006, the City entered into a loan agreement with the Oregon Economic & Community Development Department to borrow \$740,010 to finance the Airport Water and Sewer project. During 2006 and 2007 the City drew on the note and the note closed in October 2007. This debt is payable prior to maturity without penalty. Interest is to be computed annually on the outstanding balance at 4.73%. The grant portion of the loan was realized during the 2011-12 fiscal year resulting in a reduction in loan principal of \$204,518. Principal and interest payments are due in December of each year through 2030.

Fiscal Year	Principal	Interest	Total
2014	20,590	19,169	39,759
2015	21,564	18,195	39,759
2016	22,584	17,175	39,759
2017	23,653	16,106	39,759
2018	24,771	14,988	39,759
2019-2023	142,580	56,215	198,795
2024-2028	<u>149,512</u>	<u>19,150</u>	<u>168,662</u>
	405,254	\$ 160,998	\$ 566,252
Less current portion	<u>(20,590)</u>		
	<u>\$ 384,664</u>		



**Governmental Activities:**

**2009 OECD Water Clarifier Loan:** During 2007, the City entered into a loan agreement with the Oregon Economic & Community Development Department to borrow \$1,010,000 to finance the water clarifier project. The City intends to repay the loan from the Water Fund. As of June 30, 2008, the City had drawn down \$1,008,823 of the loan. During 2009, the City made a payment in the amount of \$99,354, (\$16,107 for interest and \$83,247 for a principal pay down). On May 27, 2009, the note closed with a revised loan agreement to finance a \$925,576 loan instead of the original \$1,010,000 amount. Interest is to be computed annually on the outstanding balance at a rate of 3% – 4.75%. Principal and interest payments are due on December 1st each year through 2034. There are no reserve requirements. After January 1, 2019, this debt may be paid in full without penalty.

Fiscal Year	Principal	Interest	Total
2014	24,345	38,255	62,600
2015	24,497	37,403	61,900
2016	24,677	36,423	61,100
2017	29,864	35,436	65,300
2018	30,059	34,242	64,301
2019-2023	163,694	151,679	315,373
2024-2028	206,064	109,774	315,838
2029-2033	265,802	53,513	319,315
2034-2038	60,501	2,874	63,375
	<u>829,503</u>	<u>\$ 499,599</u>	<u>\$ 1,329,102</u>
Less current portion	<u>(24,345)</u>		
	<u>\$ 805,158</u>		

**2000 General Obligation Water Bond.** The original issue date was November 9, 2000 for \$3,050,000. There are no reserve requirements. Interest is computed annually at 4.5% on the outstanding balance. All or part of the outstanding installments may be paid in inverse order on any date without penalty. Scheduled payment dates are the 9th day of November each year through 2040. Annual debt requires are shown below:

Fiscal Year	Principal	Interest	Total
2014	48,363	117,405	165,768
2015	50,539	115,229	165,768
2016	52,814	112,954	165,768
2017	55,190	110,578	165,768
2018	57,674	108,094	165,768
2019-2023	329,715	499,125	828,840
2024-2028	410,885	417,955	828,840
2029-2033	512,038	316,802	828,840
2034-2038	638,093	190,747	828,840
2039-2043	453,686	41,331	495,017
	<u>2,608,997</u>	<u>\$ 2,030,220</u>	<u>\$ 4,639,217</u>
Less current portion	<u>(48,363)</u>		
	<u>\$ 2,560,634</u>		

**2000 State Revolving Fund Loan Number S99001 (SDW).** The original issue date was February 25, 2000 for \$500,000. There is no reserve requirement. Interest is computed annually at the rate of 4.12% on the outstanding balance. The scheduled payment dates are December first of each year through 2020. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2014	28,029	9,154	37,183
2015	29,184	7,999	37,183
2016	30,386	6,797	37,183
2017	31,638	5,545	37,183
2018	32,941	4,242	37,183
2019-2020	70,010	4,356	74,366
	222,187	\$ 38,093	\$ 260,280
Less current portion	(28,029)		
	<u>\$ 194,158</u>		

**2000 Local Improvement City Bond:** The original issue date was June 28, 2000 for \$352,995. The Bond Resolution created a sinking fund for the installment payments. Interest is computed annually at 5.316% on the outstanding balance. The City paid an additional \$108,800 of principal during the fiscal year ending June 30, 2008 and renegotiated the term of the bond. This debt may be paid prior to maturity without penalty. Scheduled payment dates are the 28<sup>th</sup> day of June and December each year through 2023. During 2013, the City made additional principal pay down of \$20,890. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2014	2,645	1319	3,964
2015	2,714	1250	3,964
2016	2,781	1182	3,963
2017	2,857	1107	3,964
2018	2,931	1033	3,964
2019-2023	15,837	3,980	19,817
2024-2028	997	546	1,543
	30,762	\$ 10,417	\$ 41,179
Less current portion	(2,645)		
	<u>\$ 28,117</u>		

**2000 LID Bond Loan.** The original loan date was October 11, 2000 for \$165,635. There are no reserve requirements. Interest is computed annually at 6.26% on the outstanding balance. The City paid an additional \$13,900 of principal during the fiscal year ending June 30, 2007 and renegotiated the term of the loan. This debt may be paid prior to maturity without penalty. Scheduled payment dates are the 11th day of April and October each year through 2017. During 2013, the City made additional principal pay down of \$6,145. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2014	553	1,070	1,623
2015	588	1,034	1,622
2016	623	999	1,622
2017	666	956	1,622
2018	709	912	1,621
2019-2023	4,290	3,820	8,110
2024-2028	3,426	1,948	5,374
	10,855	\$ 10,739	\$ 21,594
Less current portion	(553)		
	<u>\$ 10,302</u>		

**2004 HWY 101 Sewer LID.** The original loan date was October 2004 for \$417,698. The City paid an additional \$10,000 of principal during the fiscal year ending June 30, 2008 and renegotiated the term of the loan. Interest is computed bi-annually at 4.93%. During 2013, the City made additional principal paydown of 7,541. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2014	11,819	23,612	35,431
2015	12,417	23,013	35,430
2016	12,985	22,446	35,431
2017	13,703	21,728	35,431
2018	14,396	21,034	35,430
2019-2023	83,616	93,539	177,155
2024-2028	107,003	70,150	177,153
2029-2033	137,030	40,124	177,154
2034-2036	74,753	6,277	81,030
	467,722	\$ 321,923	\$ 789,645
Less current portion	(11,819)		
	<u>\$ 455,903</u>		

**2005 OECD Loan:** 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. The Urban Renewal Agency of the City of Bandon 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%. Principal and interest payments are required in December of each year through December 1, 2031. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2014	24,008	27,736	51,744
2015	24,168	26,775	50,943
2016	24,335	25,809	50,144
2017	24,508	24,835	49,343
2018	24,688	23,855	48,543
2019-2023	156,465	101,995	258,460
2024-2028	192,612	65,758	258,370
2029-2032	181,608	20,374	201,982
	<u>652,392</u>	<u>\$ 317,137</u>	<u>\$ 969,529</u>
Less current portion	<u>(24,008)</u>		
	<u><u>\$ 628,384</u></u>		

**2008 League of Oregon Cities Loan:** On February 29, 2008, the City entered into an agreement with the League of Oregon Cities to borrow \$315,000 to finance improvements to the Community Building. The Urban Renewal Agency of the City of Bandon has agreed to make the annual debt service payments, but the City retains ultimate responsibility. To give a better picture of the debt commitment by the Urban Renewal Agency, the remaining debt has been added to the Urban Renewal long-term debt schedule. 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 rates that vary from 2.7% to 5.15%. This loan was paid in full through a refinance in 2012.

**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 Urban Renewal Agency of the City of Bandon 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.

Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2014	21,986	6,840	28,826
2015	22,640	6,186	28,826
2016	23,312	5,513	28,825
2017	24,005	4,821	28,826
2018	24,718	4,107	28,825
2019-2023	120,645	9,071	129,716
	<u>237,306</u>	<u>\$ 36,538</u>	<u>\$ 273,844</u>
Less current portion	<u>(21,986)</u>		
	<u><u>\$ 215,320</u></u>		

**2012 12<sup>th</sup> Court LID Loan:** The original loan date was April 11, 2012 for \$300,000. There are no reserve requirements. Interest is computed annually at 5.39% on the outstanding balance. The City paid an additional \$3,077 of interest during the fiscal year ending June 30, 2012. This debt may be paid prior to maturity without penalty. Scheduled payment dates are the 11th day of April and October each year through 2041. During 2013, the City made additional principal pay down of \$211,545. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2014	4,498	16,102	20,600
2015	4,747	15,853	20,600
2016	4,967	15,632	20,599
2017	5,285	15,315	20,600
2018	5,578	15,021	20,599
2019-2023	32,835	70,164	102,999
2024-2028	26,283	48,959	75,242
	84,193	\$ 197,046	\$ 281,239
Less current portion	(4,498)		
	<u>\$ 79,695</u>		

**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% to 4%. This debt can be prepaid after August 1, 2022 without penalty. Scheduled payment dates are the 1<sup>st</sup> day of February and August each year through 2033. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2014	85,000	62,381	147,381
2015	85,000	60,681	145,681
2016	90,000	58,931	148,931
2017	90,000	57,131	147,131
2018	95,000	55,281	150,281
2019-2023	495,000	243,255	738,255
2024-2028	585,000	158,830	743,830
2029-2033	675,000	58,745	733,745
	2,200,000	\$ 755,235	\$ 2,955,235
Less current portion	(85,000)		
	<u>\$ 2,115,000</u>		

The following is a summary of changes in long-term liabilities during the fiscal year ended June 30, 2013:

	Balance 07/01/2012	Additions	Deletions	Balance 06/30/2013	Due within one year
<b>Business-type activities:</b>					
Revenue bond	\$ 145,000	\$ -	\$ 70,000	\$ 75,000	\$ 75,000
Note payables - R12912	101,666	-	101,666	-	-
2006 OECDD loan	424,914	-	19,660	405,254	20,590
<b>Total Business-type activities</b>	<b>\$ 671,580</b>	<b>\$ -</b>	<b>\$191,326</b>	<b>\$ 480,254</b>	<b>\$ 95,590</b>
<b>Governmental activities:</b>					
Note payable - S99001	\$ 249,107	\$ -	\$ 26,920	\$ 222,187	\$ 28,029
2009 OECDD loan	853,701	-	24,198	829,503	24,345
2000 general obligation bonds	2,655,278	-	46,281	2,608,997	48,363
2000 LID bond	54,230	-	23,468	30,762	2,645
1993 general obligation bonds	97,000	-	97,000	-	-
12th court LID loan	300,000	-	215,807	84,193	4,498
Notes payable - 2000 LID loan	17,519	-	6,664	10,855	553
Notes payable - 2004 HWY 101 LID	486,513	-	18,791	467,722	11,819
2005 OECDD loan	676,245	-	23,853	652,392	24,008
2012 general obligation bonds	-	2,200,000	-	2,200,000	85,000
2008 league of oregon cities loan	255,000	-	255,000	-	-
2012 wedbush locap refi	-	248,000	10,694	237,306	21,986
<b>Total governmental activities</b>	<b>\$5,644,593</b>	<b>\$2,448,000</b>	<b>\$748,676</b>	<b>\$ 7,343,917</b>	<b>\$ 251,246</b>

**Changes in other liabilities.** The following is a summary of changes in other liabilities during the fiscal year ended June 30, 2013:

	Balance 06/30/12	Additions	Reductions	Balance 06/30/13	Amount due within one year
<b>Governmental Activities:</b>					
Vacation payable	\$ 151,250	\$ 113,027	\$ 107,345	\$ 156,932	\$ 156,932
<b>Busines-type Activities:</b>					
Vacation Payable	\$ 119,712	\$ 93,636	\$ 99,808	\$ 113,540	\$ 113,540

## G. Restricted Net Position

The City's bond covenants require certain reservations of certain funds' Net Position for repayment of general obligations. Property taxes levied for payment of debt are restricted as to their use. In addition, revenues derived from certain sources are restricted for special projects. Net Position in these funds as of June 30, 2013 are classified as follows:

### Governmental Activities

Fund:	Debt Service	Special Projects	Capital Projects	Total
2004 Hwy 101 Sewer LID	23,540	-	-	23,540
Nonmajor funds	378,828	291,624	1,784,066	2,454,518
Total restricted net position for Governmental Activities	<u>\$ 402,368</u>	<u>\$ 291,624</u>	<u>\$ 1,784,066</u>	<u>\$ 2,478,058</u>

### Business-type Activities

Fund:	Debt Service	Special Projects	Capital Projects	Total
Sewer	\$ -	\$ -	\$ 220,617	\$ 220,617
Water	20,590	-	1,181,203	1,201,793
Electric	75,000	-	-	75,000
Total restricted net position for Business-type Activities	<u>\$ 95,590</u>	<u>\$ -</u>	<u>\$ 1,401,820</u>	<u>\$ 1,497,410</u>

## H. Interfund Transfers

Fund	Transfer in	Transfer out
General Fund	\$ 25,000	\$ -
Electric fund	-	25,000

The above transfers are routine in nature and occur annually to support a summer recreation program.

## IV. OTHER INFORMATION

### A. Contingent Liabilities

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

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

### B. Construction in Progress

At June 30, 2013, the City is involved in the various phases of improvement projects. There were no significant contracts and remaining amounts at yearend.

### **C. Defined Benefit Pension Plan**

#### ***Public Employees Retirement System***

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

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at [www.oregon.gov/pers](http://www.oregon.gov/pers).

*Funding Policy.* Plan members are required to contribute 6% of their annual covered salary. The City "picks up" employee contributions at a rate of 6% as allowed under ORS 237.075. The City is required to contribute at an actuarially determined rate; the current rate of annual covered is 13.74%. Public employees hired after August 29, 2003, after a six month waiting period, become members of the Oregon Public Service Retirement Plan. The rate for OPSRP is set at 10.88% for general service and 13.59% for police payroll. The contribution requirements of plan members and the City are established and may be amended by the PERS Board of Trustees.

*Annual Pension Cost.* The City's annual pension cost for the years ending June 30, 2013, 2012, and 2011 were \$396,483, \$393,278, and \$310,731, respectively. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit cost method. The Unfunded Actuarial Liability is amortized as a level percentage of covered payroll from the period of valuation date to December 31, 2029. Because all PERS employers are required by law to submit the contributions adopted by the PERS Retirement Board, and employer contributions are calculated in conformance with the Standards of GASB Statement No. 27, there is no Net Pension Benefit Obligation. The contributions actually made are equivalent to the Annual Pension Cost.

### **D. Other Postemployment Benefits**

To accommodate for the GASB Statement No. 45 requirement that governmental employers account for and report the annual cost of OPEB, the City worked with City County Insurance Services, the City's insurance carrier, to have a valuation done. Milliman Consultants, an actuarial firm, performed the GASB 45 valuation for the City and concluded that the City has no OPEB liability under GASB 45. Their finding was based on the fact that all medical and dental coverages offered by the City to its employees



and retirees are community rated. This means that the medical and dental coverage premiums paid the City and its employees and retirees are not determined with regard to claims experience or demographic characteristics of the City' covered population. The City does not pay for any portion of the premiums for its retirees' medical, dental, or life insurance coverage.

**E. Risk Management**

The City 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 City carries commercial insurance. Workers' compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year, and the City has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years.

**F. New Accounting Pronouncement - GASB Statement No. 63 and 65**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The City implemented GASB Statement No. 63 and 65 in the year ending June 30, 2013.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

## MAJOR FUNDS

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**General Fund** – This fund is used to account for resources and activities directly associated with carrying out those operations related to the City's basic objectives. Included are all resources and activities, which are not required legally or by sound financial management to be accounted for in another fund. The primary sources of revenue are property taxes, franchise fees and intergovernmental revenue.

### **Capital Project Funds**

**Urban Renewal District No. 1 Fund** - This fund is used to account for construction, administration, and certain debt service payments within the urban renewal areas. These funds are financed by property taxes (tax increments) levied in various taxing districts.

**Urban Renewal District No. 2 Fund** - This fund is used to account for construction, administration, and certain debt service payments within the urban renewal areas. These funds are financed by property taxes (tax increments) levied in various taxing districts

### **Special Revenue Funds**

**Block Grant Fund** - This fund is used to account for the collection of principal and interest from rehabilitation loans.

### **Debt Service Funds**

**2004 Highway 101 Sewer LID Fund** - This fund is used to account for the receipt of special assessments. Expenditures are restricted to the repayment of the debt incurred.

**Local Improvement District Fund** - This fund is used to account for the construction and assessment of water, sewer, and street improvements within organized special assessment districts of the City. This fund is comprised of a number of individual assessment districts.

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**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**June 30, 2013**

	Original & Final Budget	Actual	Variance
Revenues:			
Taxes and assessments:			
Property taxes - current year (net)	\$ 136,024	\$ 141,842	\$ 5,818
Previously levied taxes	10,000	8,344	(1,656)
Franchise fees	34,057	30,485	(3,572)
Utility taxes	396,812	248,517	(148,295)
Transient tax	363,690	437,584	73,894
Total taxes	<u>940,583</u>	<u>866,772</u>	<u>(73,811)</u>
License and permits	<u>25,450</u>	<u>30,312</u>	<u>4,862</u>
Intergovernmental:			
Cigarette tax	4,257	4,393	136
Liquor tax	40,321	37,825	(2,496)
Grants-in-aid	204,500	10,411	(194,089)
Total Intergovernmental	<u>249,078</u>	<u>52,629</u>	<u>(196,449)</u>
Fines and police income	<u>24,600</u>	<u>24,208</u>	<u>(392)</u>
Payments in lieu of taxes:			
Hydro Electric Fund	282,540	295,433	12,893
Water Fund	29,485	28,643	(842)
Sewer Fund	48,420	46,659	(1,761)
Heritage Place	2,115	1,548	(567)
Total Payments in lieu of taxes	<u>362,560</u>	<u>372,283</u>	<u>9,723</u>
Reimbursements:			
Intergovernmental	18,750	18,750	-
Other external	28,200	460	(27,740)
Accounting and administration	363,662	267,415	(96,247)
Other internal	8,800	2,465	(6,335)
Total Reimbursements	<u>419,412</u>	<u>289,090</u>	<u>(130,322)</u>
Other:			
Interest	9,598	10,728	1,130
Community Center Rent	15,000	18,680	3,680
Rental	23,000	21,998	(1,002)
Donations	6,000	4,617	(1,383)
Miscellaneous	5,000	7,634	2,634
Total Other	<u>58,598</u>	<u>63,657</u>	<u>5,059</u>
Total revenues	<u>\$ 2,080,281</u>	<u>\$ 1,698,951</u>	<u>\$ (381,330)</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND (continued)**  
June 30, 2013

	Original & Final Budget	Actual	Variance
Expenditures:			
General government:			
Administration and general:			
Personal services	\$ 48,311	\$ 49,729	\$ (1,418)
Materials and services	249,042	182,437	66,605
Capital outlay	25,000	-	25,000
	<u>322,353</u>	<u>232,166</u>	<u>90,187</u>
Accounting and billing:			
Personal services	34,969	33,487	1,482
Materials and services	115,700	85,550	30,150
Capital outlay	35,000	-	35,000
	<u>185,669</u>	<u>119,037</u>	<u>66,632</u>
Municipal court:			
Materials and services	4,700	3,037	1,663
Mayor and council:			
Materials and services	31,500	31,129	371
Planning department:			
Personal services	95,577	94,018	1,559
Materials and services	36,850	5,628	31,222
Capital outlay	5,000	-	5,000
	<u>137,427</u>	<u>99,646</u>	<u>37,781</u>
Non-departmental:			
Materials and services	90,860	50,208	40,652
Capital outlay	200,000	-	200,000
	<u>290,860</u>	<u>50,208</u>	<u>240,652</u>
Total general government	<u>\$ 972,509</u>	<u>\$ 535,223</u>	<u>\$ 437,286</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND (continued)**  
June 30, 2013

	Original & Final Budget	Actual	Variance
Public safety:			
Police department:			
Personal services	\$ 665,502	\$ 667,136	\$ (1,634)
Materials and services	170,300	144,701	25,599
Capital outlay	16,000	11,530	4,470
Total police department	<u>851,802</u>	<u>823,367</u>	<u>28,435</u>
Fire department:			
Materials and services	97,008	93,008	4,000
Total fire department	<u>97,008</u>	<u>93,008</u>	<u>4,000</u>
Total public safety	<u>948,810</u>	<u>916,375</u>	<u>32,435</u>
Highway and streets:			
Personal services	-	14,224	(14,224)
Materials and services	79,000	74,372	4,628
Capital outlay	13,334	-	13,334
Total highway and streets	<u>92,334</u>	<u>88,596</u>	<u>3,738</u>
Culture and recreation:			
Parks and recreation:			
Personal services	100,201	99,407	794
Materials and services	62,000	55,856	6,144
Capital outlay	40,000	-	40,000
Total parks and recreation	<u>202,201</u>	<u>155,263</u>	<u>46,938</u>
Community center:			
Personal services	8,656	11,202	(2,546)
Materials and services	70,900	61,209	9,691
Capital outlay	-	-	-
Total community center	<u>79,556</u>	<u>72,411</u>	<u>7,145</u>
Total culture and recreation	<u>281,757</u>	<u>227,674</u>	<u>54,083</u>
Contingency	<u>17,000</u>	<u>-</u>	<u>17,000</u>
Total expenditures	<u>2,312,410</u>	<u>1,767,868</u>	<u>544,542</u>
Net revenues over/(under) expenditures	<u>(232,129)</u>	<u>(68,917)</u>	<u>163,212</u>
Other financing sources (uses)			
Transfer from other funds	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>

See auditor's report.



**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND (continued)**  
**June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Net change in fund balance	\$ (207,129)	\$ (43,917)	\$ 230,183
Fund balance at beginning of year	<u>207,129</u>	<u>436,228</u>	<u>229,099</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 392,311</u>	<u>\$ 459,282</u>

See auditor's report.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (Non-GAAP BUDGETARY BASIS)**  
**URBAN RENEWAL DISTRICT NO. 1 FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes:				
Property taxes - current year	\$ 282,212	\$ 282,212	\$ 263,332	\$ (18,880)
Previously levied taxes	20,000	20,000	17,957	(2,043)
Interest	4,000	4,000	11,465	7,465
Other	1,000	1,000	-	(1,000)
Payments in lieu of taxes	1,989	1,989	1,959	(30)
<b>Total revenues</b>	<b>309,201</b>	<b>309,201</b>	<b>294,713</b>	<b>(14,488)</b>
Expenditures:				
General government:				
Materials and services	33,500	103,500	81,465	22,035
Capital outlay	1,530,203	2,570,203	1,394,621	1,175,582
Debt service:				
Principal	23,853	23,853	23,853	-
Interest	28,690	28,690	57,847	(29,157)
Bond reserve	52,543	142,543	-	142,543
<b>Total expenditures</b>	<b>1,668,789</b>	<b>2,868,789</b>	<b>1,557,786</b>	<b>1,311,003</b>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,359,588)</u>	<u>(2,559,588)</u>	<u>(1,263,073)</u>	<u>1,296,515</u>
Other financing sources (uses):				
Loan proceeds	1,000,000	2,200,000	2,200,000	-
Premium on bond issuance	-	-	3,532	3,532
<b>Total other financing sources (uses)</b>	<u>1,000,000</u>	<u>2,200,000</u>	<u>2,203,532</u>	<u>3,532</u>
Net change in fund balance	(359,588)	(359,588)	940,459	1,300,047
Fund balance at beginning of year	359,588	359,588	355,430	(4,158)
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>1,295,889</u>	<u>\$ 1,295,889</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (Non-GAAP BUDGETARY BASIS)**  
**URBAN RENEWAL DISTRICT NO. 2 FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes:			
Property taxes - current year	\$ 146,805	\$ 126,704	\$ (20,101)
Previously levied taxes	10,000	8,945	(1,055)
Interest	2,000	73	(1,927)
Payments in lieu of taxes	<u>3,162</u>	<u>3,315</u>	<u>153</u>
Total revenues	<u>161,967</u>	<u>139,037</u>	<u>(22,930)</u>
Expenditures:			
General government:			
Materials and services	28,200	18,680	9,520
Capital outlay	135,402	1,384	134,018
Debt service:			
Principal	65,521	311,214	(245,693) *
Interest	23,350	21,278	2,072
Bond reserve	<u>88,871</u>	<u>-</u>	<u>88,871</u>
Total expenditures	<u>341,344</u>	<u>352,556</u>	<u>(11,212)</u>
Net change in fund balance	<u>(179,377)</u>	<u>(213,519)</u>	<u>(34,142)</u>
Other financing sources (uses):			
Loan proceeds	<u>-</u>	<u>248,000</u>	<u>248,000</u>
Net change in fund balance	(179,377)	34,481	213,858
Fund balance at beginning of year, budgetary basis	<u>179,377</u>	<u>225,690</u>	<u>46,313</u>
Fund balance at end of year, budgetary basis	<u>\$ -</u>	<u>260,171</u>	<u>\$ 260,171</u>
Interfund loan payable		<u>(239,334)</u>	
Fund balance at end of year, GAAP basis		<u>\$ 20,837</u>	

\* Exempt from Oregon budget law

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**BLOCK GRANT FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Interest	\$ 500	\$ 803	\$ 303
Other	500	-	(500)
	<u>1,000</u>	<u>803</u>	<u>(197)</u>
Total revenues			
Expenditures:			
Economic development:			
Materials and services	20,000	2,005	17,995
Capital outlay	59,293	-	59,293
	<u>79,293</u>	<u>2,005</u>	<u>77,288</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(78,293)</u>	<u>(1,202)</u>	<u>77,091</u>
Other financing sources (uses):			
Principal collections	28,575	29,766	1,191
Loan interest	10,205	9,919	(286)
	<u>38,780</u>	<u>39,685</u>	<u>905</u>
Total other financing sources (uses)			
Net change in fund balance	(39,513)	38,483	77,996
Fund balance at beginning of year, budgetary basis	<u>39,513</u>	<u>131,501</u>	<u>91,988</u>
Fund balance at end of year, budgetary basis	<u>\$ -</u>	<u>169,984</u>	<u>\$ 169,984</u>
Interfund loan receivable		<u>130,370</u>	
Fund balance at end of year, GAAP basis		<u>\$ 300,354</u>	

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**2004 HWY 101 SEWER LID DEBT SERVICE**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Special assessments:			
Principal	\$ 4,000	\$ 6,112	\$ 2,112
Interest	15,000	15,310	310
Interest	<u>200</u>	<u>177</u>	<u>(23)</u>
Total revenues	<u>19,200</u>	<u>21,599</u>	<u>2,399</u>
Expenditures			
Debt service:			
Principal	11,250	11,355	(105)
Additional Principal	12,197	-	12,197
Interest	<u>24,181</u>	<u>24,076</u>	<u>105</u>
Total expenditures	<u>47,628</u>	<u>35,431</u>	<u>12,197</u>
Net change in fund balance	(28,428)	(13,832)	14,596
Fund balance at beginning of year	<u>28,428</u>	<u>37,372</u>	<u>8,944</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 23,540</u>	<u>\$ 23,540</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LOCAL IMPROVEMENT DISTRICT FUND DEBT SERVICE**  
For the Fiscal Year Ended June 30, 2013

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Special assessments:			
Principal	\$ 14,555	\$ 182,221	\$ 167,666
Interest	67,577	-	(67,577)
Other	-	122,121	122,121
Total revenue:	<u>82,132</u>	<u>304,342</u>	<u>222,210</u>
Expenditures:			
General government:			
Materials and services	65,550	-	65,550
Capital outlay	1,060,091	-	1,060,091
Debt service:			
Principal	1,079,055	245,848	833,207
Interest	131,427	8,220	123,207
Total expenditures	<u>2,336,123</u>	<u>254,068</u>	<u>2,082,055</u>
Net change in fund balance	<u>(2,253,991)</u>	<u>50,274</u>	<u>2,304,265</u>
Issuance of debt	<u>2,193,900</u>	<u>-</u>	<u>(2,193,900)</u>
Net change in fund balance	(60,091)	50,274	110,365
Fund balance at beginning of year	<u>60,091</u>	<u>1,109</u>	<u>(58,982)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 51,383</u>	<u>\$ 51,383</u>

See auditor's report.

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## NONMAJOR GOVERNMENTAL FUNDS

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### **Special Revenue Funds**

Special revenue funds are used to account for resources and activities that are required legally or by sound financial management to be accounted for in separate funds.

**State Tax Street Fund** - This fund is used to account for the receipt of state gasoline taxes. Expenditures are legally restricted to the maintenance and improvements of streets, footpaths and bicycle trails.

**Library Memorial Fund** - This fund is used to account for private donations to the library.

**Library Fund** - This fund is used to account for the operations of the City's library. The primary source of revenue is taxes levied through the Coos County Library Services District.

**Community Beautification Fund** – This fund uses the receipts from the solid waste franchise fees for the purpose of community beautification projects.

**State Revenue Sharing Fund**- This fund is used to account for receipts from the State of Oregon through the revenue sharing program. Expenditures are legally restricted to certain areas.

**9-1-1 Fund** - This fund is used to account for telephone tax receipts from the State of Oregon. Expenditures are legally restricted to the funding of a centralized emergency telephone system reached by dialing 9-1-1.

### **Debt Service Funds**

Debt service funds are used to account for the accumulation of resources and payment of general long-term debt principal, interest, and related costs.

**General Obligation Bonds Fund** - This fund is used to account for all general obligation bonds. These bonds were previously accounted for individually in funds 343, 344, 360, and 375.

**2000 Street and Sewer LID Fund** – This fund is used to account for a bank loan that was used for making street and sewer improvements along Edison Avenue, Newport Avenue and Seabird Drive.

**2001 Bandon LID Bond Fund**- This fund is used to account for a bank loan that was used for making street and drainage improvements along Bandon Avenue.

**12<sup>th</sup> Court LID Debt Service** - This fund is used to account for a bank loan that was used for improvements in the City of Bandon.

### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and/or construction of major capital facilities.

**Capital Improvement Fund** - This fund is used to account for capital expenditures including debt incurred for such expenditures which are financed by a portion of the local utility tax.

**Equipment Reserve Fund** - This fund is used to account for transfers from other funds to be used for major equipment replacement.

**Parks and Recreation Development Fund** - This fund is used to account for funds paid to the City by subdivisions in lieu of dedicating land for public park and recreation uses. The City is required to use said funds to aid in securing suitable areas for park and recreation purposes to serve the area containing the subdivision.

**Street SDC Reimbursement Fund** - This fund is used to account for the proceeds from system development charges which are legally restricted to expenditures for certain capital improvements.

**Street SDC Improvement Fund** - This fund is used to account for the proceeds from system development charges which are legally restricted to expenditures for certain capital improvements.

**Storm Drain SDC Reimbursement Fund** - This fund is used to account for the proceeds from system development charges which are legally restricted to expenditures for certain capital improvements.

**Storm Drain SDC Improvement Fund** - This fund is used to account for the proceeds from system development charges which are legally restricted to expenditures for certain capital improvements.

**Local Option Street Fund** – This fund is used to account for loan proceeds, interest, capital expenditures and interfund transfers necessary for the street paving project.

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**CITY OF BANDON  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2013**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 289,862	\$ 377,870	\$ 2,611,103	\$ 3,278,835
Receivables				
Property taxes	-	32,199	35,850	68,049
Accounts	52,767	958	-	53,725
Special assessments	-	102,921	49,645	152,566
Loans	-	-	-	-
Interfund loans receivable	-	-	108,964	108,964
Total assets	<u>\$ 342,629</u>	<u>\$ 513,948</u>	<u>\$ 2,805,562</u>	<u>\$ 3,662,139</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 11,782	\$ -	\$ 393	\$ 12,175
Accrued payroll and benefits	4,227	-	-	4,227
Total liabilities	<u>16,009</u>	<u>-</u>	<u>393</u>	<u>16,402</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	32,199	35,850	68,049
Unavailable revenues - assessments receivable	-	102,921	49,645	152,566
Unavailable revenues - loan receivable	-	-	-	0
Total deferred inflows of resources	<u>-</u>	<u>135,120</u>	<u>85,495</u>	<u>220,615</u>
<b>FUND BALANCE</b>				
Restricted	291,624	378,828	1,784,066	2,454,518
Committed	34,996	-	935,608	970,604
Total fund balances	<u>326,620</u>	<u>378,828</u>	<u>2,719,674</u>	<u>3,425,122</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 342,629</u>	<u>\$ 513,948</u>	<u>\$ 2,805,562</u>	<u>\$ 3,662,139</u>

See auditor's report.

**CITY OF BANDON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 169,183	\$ 198,209	\$ 484,120	\$ 851,512
Grants	-	-	-	-
Intergovernmental	310,559	-	-	310,559
Charges for services	-	-	-	-
Payments in lieu of taxes	-	6,829	8,242	15,071
System development charges	-	-	28,959	28,959
Special assessments	-	12,117	16,195	28,312
Interest	1,813	4,505	13,471	19,789
Out of city bond charge	-	33,657	-	33,657
Other	58,531	-	25,590	84,121
Total revenues	<u>540,086</u>	<u>255,317</u>	<u>576,577</u>	<u>1,371,980</u>
Expenditures:				
General government	-	-	20,031	20,031
Public safety	25,025	-	-	25,025
Highways and streets	174,856	-	-	174,856
Economic development	-	-	-	-
Culture and recreation	369,235	-	-	369,235
Capital outlay	-	-	86,317	86,317
Debt service:				
Principal retirement	-	201,924	-	201,924
Interest	-	180,123	-	180,123
Total expenditures	<u>569,116</u>	<u>382,047</u>	<u>106,348</u>	<u>1,057,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,030)</u>	<u>(126,730)</u>	<u>470,229</u>	<u>314,469</u>
Other financing sources (uses):				
Loan principal	-	-	-	-
Loan interest	-	-	4,287	4,287
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,287</u>	<u>4,287</u>
Net change in fund balance	(29,030)	(126,730)	474,516	318,756
Fund balances at beginning of year	<u>355,650</u>	<u>505,558</u>	<u>2,245,158</u>	<u>3,106,366</u>
Fund balances at end of year	<u>\$ 326,620</u>	<u>\$ 378,828</u>	<u>\$ 2,719,674</u>	<u>\$ 3,425,122</u>

See auditor's report.

**CITY OF BANDON**  
**SUB-COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
June 30, 2013

	<u>State Tax Street</u>	<u>Library Memorial</u>	<u>Library</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,341	\$ 219,647	\$ 29,859
Accounts receivable	14,884	-	35,742
Loans receivable	-	-	-
Interfund loans receivable	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 18,225</u>	<u>\$ 219,647</u>	<u>\$ 65,601</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 4,563	\$ 341	\$ 2,718
Accrued payroll and benefits	1,409	-	2,818
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>5,972</u>	<u>341</u>	<u>5,536</u>
Fund balances:			
Restricted	12,253	219,306	60,065
Committed	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>12,253</u>	<u>219,306</u>	<u>60,065</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 18,225</u>	<u>\$ 219,647</u>	<u>\$ 65,601</u>

See auditor's report.

911	Community Beautification	State Revenue Sharing	Totals
\$ -	\$ 23,927	\$ 13,088	\$ 289,862
-	2,141	-	52,767
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ 26,068</u>	<u>\$ 13,088</u>	<u>\$ 342,629</u>
\$ -	\$ 3,635	\$ 525	\$ 11,782
-	-	-	4,227
-	3,635	525	16,009
-	-	-	291,624
-	22,433	12,563	34,996
-	22,433	12,563	326,620
<u>\$ -</u>	<u>\$ 26,068</u>	<u>\$ 13,088</u>	<u>\$ 342,629</u>

See auditor's report.

**CITY OF BANDON**  
**SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	<u>State Tax Street</u>	<u>Library Memorial</u>	<u>Library</u>
Revenues:			
Taxes	\$ 169,183	\$ -	\$ -
Intergovernmental	-	-	278,860
Interest	5	1,217	410
Other	28	25,483	46
	<u>169,216</u>	<u>26,700</u>	<u>279,316</u>
Total revenues			
Expenditures:			
Current:			
Public safety	-	-	-
Highways and streets	174,856	-	-
Economic development	-	-	-
Culture and recreation	-	20,257	311,300
	<u>174,856</u>	<u>20,257</u>	<u>311,300</u>
Total expenditures			
Net change in fund balance	(5,640)	6,443	(31,984)
Fund balances at beginning of year	17,893	212,863	92,049
Fund balances at end of year	<u>\$ 12,253</u>	<u>\$ 219,306</u>	<u>\$ 60,065</u>

See auditor's report.



911	Community Beautification	State Revenue Sharing	Totals
\$ -	\$ -	\$ -	\$ 169,183
-	-	31,699	310,559
-	153	28	1,813
-	32,974	-	58,531
-	33,127	31,727	540,086
-	-	25,025	25,025
-	-	-	174,856
-	-	-	-
-	37,678	-	369,235
-	37,678	25,025	569,116
-	(4,551)	6,702	(29,030)
-	26,984	5,861	355,650
\$ -	\$ 22,433	\$ 12,563	\$ 326,620

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STATE TAX STREET FUND**  
For the Fiscal Year Ended June 30, 2013

	Original & Final Budget	Actual	Variance
Revenues:			
State street tax	\$ 173,130	\$ 169,183	\$ (3,947)
Interest	200	5	(195)
Other	500	28	(472)
	<u>173,830</u>	<u>169,216</u>	<u>(4,614)</u>
Total revenues			
Expenditures:			
Highways and streets:			
Personal services	173,698	161,465	12,233
Materials and services	13,498	13,391	107
Capital outlay	5,000	-	5,000
	<u>192,196</u>	<u>174,856</u>	<u>17,340</u>
Total expenditures			
Net change in fund balance	<u>(18,366)</u>	<u>(5,640)</u>	<u>12,726</u>
Fund balance at beginning of year	<u>18,366</u>	<u>17,893</u>	<u>(473)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 12,253</u>	<u>\$ 12,253</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LIBRARY MEMORIAL FUND**  
For the Fiscal Year Ended June 30, 2013

	Original & Final Budget	Actual	Variance
Revenues:			
Interest	\$ 1,000	\$ 1,217	\$ 217
Other:			
Grants	1,000	1,000	-
Gifts & Memorials	12,500	15,906	3,406
Lisa Wampole Mem Donations	300	-	(300)
Miscellaneous	11,950	8,577	(3,373)
Total revenues	<u>26,750</u>	<u>26,700</u>	<u>(50)</u>
Expenditures:			
Culture and recreation:			
Materials and services	90,000	8,610	81,390
Capital outlay	76,000	11,647	64,353
Contingency	54,543	-	54,543
Total expenditures	<u>220,543</u>	<u>20,257</u>	<u>200,286</u>
Net change in fund balance	(193,793)	6,443	200,236
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(193,793)</u>	<u>6,443</u>	<u>200,236</u>
Fund balance at beginning of year	<u>193,793</u>	<u>212,863</u>	<u>19,070</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 219,306</u>	<u>\$ 219,306</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LIBRARY FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental:			
County library support	\$ 265,000	\$ 278,860	\$ 13,860
Interest	1,000	410	(590)
Grants	2,000	-	(2,000)
Other	500	46	(454)
	<u>268,500</u>	<u>279,316</u>	<u>10,816</u>
Total revenues			
Expenditures:			
Culture and recreation:			
Personal services	304,622	266,747	37,875
Materials and services	64,250	44,553	19,697
Capital outlay	10,000	-	10,000
Contingency	-	-	-
	<u>378,872</u>	<u>311,300</u>	<u>67,572</u>
Total expenditures			
Net change in fund balance	(110,372)	(31,984)	78,388
Fund balance at beginning of year	110,372	92,049	(18,323)
Fund balance at end of year	<u>\$ -</u>	<u>\$ 60,065</u>	<u>\$ 60,065</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COMMUNITY BEAUTIFICATION FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Garbage franchise fees	\$ 35,000	\$ 32,974	\$ (2,026)
Interest	200	153	(47)
Other	400	-	(400)
	<u>35,600</u>	<u>33,127</u>	<u>(2,473)</u>
Total revenues			
Expenditures:			
Culture and recreation:			
Materials and services	69,186	37,678	31,508
Contingency	-	-	-
	<u>69,186</u>	<u>37,678</u>	<u>31,508</u>
Total expenditures			
Net change in fund balance	(33,586)	(4,551)	29,035
Fund balance at beginning of year	<u>33,586</u>	<u>26,984</u>	<u>(6,602)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 22,433</u>	<u>\$ 22,433</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STATE REVENUE SHARING FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Original & Final Budget	Actual	Variance
Revenues:			
State revenue sharing	\$ 24,337	\$ 31,699	\$ 7,362
Interest	10	28	18
Other	10	-	(10)
	<u>24,357</u>	<u>31,727</u>	<u>7,370</u>
Total revenues			
Expenditures:			
Public safety:			
Materials and services	25,025	25,025	-
Contingency	977	-	977
	<u>26,002</u>	<u>25,025</u>	<u>977</u>
Total expenditures			
Net change in fund balance	(1,645)	6,702	8,347
Fund balance at beginning of year	<u>1,645</u>	<u>5,861</u>	<u>4,216</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 12,563</u>	<u>\$ 12,563</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**911 FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Original & Final Budget	Actual	Variance
Revenues:			
Receipts from State	\$ 25,000	\$ -	\$ (25,000)
Total revenues	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Expenditures:			
Public safety:			
Payments to other Governments	25,000	-	25,000
Total expenditures	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See auditor's report.

**CITY OF BANDON**  
**SUB-COMBINING BALANCE SHEET**  
**DEBT SERVICE FUNDS**  
June 30, 2013

	General Obligation Bonds Debt Service	2000 Street & Sewer LID Bond	2001 Bandon LID	12th Court LID Debt Service	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 351,556	\$ 18,519	\$ 5,890	\$ 1,905	\$ 377,870
Receivables:					
Accounts	958	-	-	-	958
Property taxes	32,199	-	-	-	32,199
Special assessments	-	11,315	4,688	86,918	102,921
Total assets	<u>\$ 384,713</u>	<u>\$ 29,834</u>	<u>\$ 10,578</u>	<u>\$ 88,823</u>	<u>\$ 513,948</u>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Deferred inflows of resources:					
Unavailable revenue - property taxes	\$ 32,199	\$ -	\$ -	\$ -	\$ 32,199
Unavailable revenue - assessments receivable	-	11,315	4,688	86,918	102,921
Total deferred inflows of resources	<u>32,199</u>	<u>11,315</u>	<u>4,688</u>	<u>86,918</u>	<u>135,120</u>
Fund balances:					
Restricted	<u>352,514</u>	<u>18,519</u>	<u>5,890</u>	<u>1,905</u>	<u>378,828</u>
Total deferred inflows of resources and fund balances	<u>\$ 384,713</u>	<u>\$ 29,834</u>	<u>\$ 10,578</u>	<u>\$ 88,823</u>	<u>\$ 513,948</u>

See auditor's report.



**CITY OF BANDON**  
**SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	General Obligation Bonds Debt Service	2000 Street & Sewer LID	2001 Bandon LID Bond	12th Court LID Debt Service	Totals
Revenues:					
Taxes	\$ 198,209	\$ -	\$ -	\$ -	\$ 198,209
Special assessments	-	799	318	11,000	12,117
Interest	2,514	441	345	1,205	4,505
Out of city bond charge	33,657	-	-	-	33,657
In Lieu of Tax	6,829	-	-	-	6,829
Total revenues	<u>241,209</u>	<u>1,240</u>	<u>663</u>	<u>12,205</u>	<u>255,317</u>
Expenditures:					
Debt service:					
Principal	194,399	2,824	613	4,088	201,924
Interest	171,763	1,139	1,009	6,212	180,123
Total expenditures	<u>366,162</u>	<u>3,963</u>	<u>1,622</u>	<u>10,300</u>	<u>382,047</u>
Net change in fund balance	(124,953)	(2,723)	(959)	1,905	(126,730)
Fund balances at beginning of year	<u>477,467</u>	<u>21,242</u>	<u>6,849</u>	<u>-</u>	<u>505,558</u>
Fund balances at end of year	<u>\$ 352,514</u>	<u>\$ 18,519</u>	<u>\$ 5,890</u>	<u>\$ 1,905</u>	<u>\$ 378,828</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL OBLIGATION BONDS DEBT SERVICE**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes:			
2000 RD GO BDS Prop taxes(343) - CY	\$ 61,794	\$ 66,419	\$ 4,625
2000 RD GO BDS Prop taxes(343) - PY	3,500	8,312	4,812
2000 SDWRLF BDS Prop taxes(344) - CY	33,165	35,445	2,280
2000 SDWRLF BDS Prop taxes(344) - PY	1,000	2,050	1,050
1991 SEWER GO BONDS Prop taxes (360) - CY	71,911	76,956	5,045
1991 SEWER GO BONDS Prop taxes (360) - PY	5,000	5,344	344
2006 WTPBONDS Prop taxes (375) - CY	-	-	-
2006 WTPBONDS Prop taxes (375) - PY	1,500	3,683	2,183
Interest	1,500	2,514	1,014
2000 RD GO BDS out of city (343)	12,453	21,012	8,559
2000 RD GO BDS - lieu of tax (343)	3,090	3,092	2
2000 SDWRLF GO BDS out of city (344)	4,982	4,935	(47)
2000 SDWRLF GO BDS - lieu of tax (344)	693	694	1
2006 Water Plant GO BDS - lieu of tax (375)	1,190	1,180	(10)
2006 WTP Out of city (375)	4,324	7,710	3,386
1991 Sewer out of city (360)	4,168	-	(4,168)
1991 Sewer In Lieu of Tax (360)	1,878	1,863	(15)
<b>Total revenues</b>	<u>212,148</u>	<u>241,209</u>	<u>29,061</u>
Expenditures:			
Debt service:			
Principal- 1991 Sewer GO Bonds (360)	97,000	97,000	-
Interest - 1991 Sewer GO Bonds (360)	2,910	2,910	-
Reserve- 1991 Sewer GO Bonds (360)	99,910	-	99,910
Principal- 2000 RD Bonds (343)	46,281	46,281	-
Interest - 2000 RD Bonds (343)	119,487	119,487	-
Reserve- 2000 RD Bonds (343)	82,884	-	82,884
Principal- 2000 SDWRLF Bonds (344)	26,920	26,920	-
Interest - 2000 SDWRLF Bonds (344)	10,264	10,263	1
Reserve- 2000 SDWRLF Bonds (344)	22,760	-	22,760
Principal- 2006 Water Plant Bonds (375)	24,198	24,198	-
Interest - 2006 Water Plant Bonds (375)	39,103	39,103	-
Reserve- 2006 Water Plant Bonds (375)	116,958	-	116,958
<b>Total expenditures</b>	<u>688,675</u>	<u>366,162</u>	<u>322,513</u>
<b>Net change in fund balance</b>	<u>(476,527)</u>	<u>(124,953)</u>	<u>351,574</u>
<b>Fund balance at beginning of year</b>	<u>476,527</u>	<u>477,467</u>	<u>940</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ 352,514</u>	<u>\$ 352,514</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**2000 STREET & SEWER LID FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Special assessments:			
Principal	\$ 1,000	\$ 799	\$ (201)
Interest	500	315	(185)
Interest	150	126	(24)
Other	100	-	(100)
	<u>1,750</u>	<u>1,240</u>	<u>(510)</u>
Total revenues			
Expenditures:			
Debt service:			
Principal	17,578	2,824	14,754
Interest	1,386	1,139	247
	<u>18,964</u>	<u>3,963</u>	<u>15,001</u>
Total expenditures			
Net change in fund balance	(17,214)	(2,723)	14,491
Fund balance at beginning of year	17,214	21,242	4,028
Fund balance at end of year	<u>\$ -</u>	<u>\$ 18,519</u>	<u>\$ 18,519</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**2001 BANDON LID BOND FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Special assessments:			
Principal	\$ 1,100	\$ 318	\$ (782)
Interest	500	308	(192)
Interest	50	37	(13)
Other	500	-	(500)
	<u>2,150</u>	<u>663</u>	<u>(1,487)</u>
Total revenues			
Expenditures:			
Debt service:			
Principal	7,248	613	6,635
Interest	1,104	1,009	95
	<u>8,352</u>	<u>1,622</u>	<u>6,730</u>
Total expenditures			
Net change in fund balance	(6,202)	(959)	5,243
Fund balance at beginning of year	<u>6,202</u>	<u>6,849</u>	<u>647</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 5,890</u>	<u>\$ 5,890</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**12TH COURT LID DEBT SERVICE**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Special assessments:			
Principal	\$ 15,000	\$ 11,000	\$ (4,000)
Interest	9,000	739	(8,261)
Interest	<u>200</u>	<u>466</u>	<u>266</u>
Total revenues	<u>24,200</u>	<u>12,205</u>	<u>(11,995)</u>
Expenditures			
Debt service:			
Principal	6,200	4,088	2,112
Interest	<u>18,000</u>	<u>6,212</u>	<u>11,788</u>
Total expenditures	<u>24,200</u>	<u>10,300</u>	<u>13,900</u>
Net change in fund balance	-	1,905	1,905
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,905</u>	<u>\$ 1,905</u>

See auditor's report.

**CITY OF BANDON  
SUB-COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
June 30, 2013**

	<u>Capital Improvement</u>	<u>Equipment Reserve</u>	<u>Parks and Recreation Development</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 597,376	\$ 56,938	\$ 172,551
Receivables (net, where applicable of allowance for uncollectible):			
Taxes	-	-	-
Special assessments	-	-	-
Due from other funds	<u>108,964</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 706,340</u></u>	<u><u>\$ 56,938</u></u>	<u><u>\$ 172,551</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - assessments receiveable	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits):			
Restricted			
Committed	<u>706,340</u>	<u>56,938</u>	<u>172,330</u>
Total fund balances (deficits)	<u>706,340</u>	<u>56,938</u>	<u>172,330</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 706,340</u></u>	<u><u>\$ 56,938</u></u>	<u><u>\$ 172,551</u></u>

See auditor's report.

<u>Street SDC Reimbursement</u>	<u>Street SDC Improvement</u>	<u>Storm Drain SDC Reimbursement</u>	<u>Storm Drain SDC Improvement</u>	<u>Local Option Street</u>	<u>Totals</u>
\$ 401,969	\$ 246,093	\$ 266,778	\$ 250,670	\$ 618,728	\$ 2,611,103
-	-	-	-	35,850	35,850
6,401	13,435	15,457	14,352	-	49,645
-	-	-	-	-	108,964
<u>\$ 408,370</u>	<u>\$ 259,528</u>	<u>\$ 282,235</u>	<u>\$ 265,022</u>	<u>\$ 654,578</u>	<u>\$ 2,805,562</u>
\$ -	\$ -	\$ 16	\$ -	\$ 156	\$ 393
-	-	-	-	35,850	35,850
6,401	13,435	15,457	14,352	-	49,645
6,401	13,435	15,457	14,352	35,850	85,495
401,969	246,093	266,762	250,670	618,572	1,784,066
-	-	-	-	-	935,608
401,969	246,093	266,762	250,670	618,572	2,719,674
<u>\$ 408,370</u>	<u>\$ 259,528</u>	<u>\$ 282,235</u>	<u>\$ 265,022</u>	<u>\$ 654,578</u>	<u>\$ 2,805,562</u>

See auditor's report.

**CITY OF BANDON**  
**SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Capital Improvement	Equipment Reserve	Parks and Recreation Development	Street SDC Reimbursement	Street SDC Improvement
Revenues:					
Taxes	\$ 100,000	\$ 50,000	\$ -	\$ -	\$ -
Special assessments	-	-	-	2,223	4,112
System development charges	-	-	-	3,636	6,816
Interest	2,771	391	1,009	2,302	1,379
Other	23,525	1,700	365	-	-
Payments in lieu of taxes	-	-	-	-	-
<b>Total revenues</b>	<b>126,296</b>	<b>52,091</b>	<b>1,374</b>	<b>8,161</b>	<b>12,307</b>
Expenditures:					
Current:					
General government	20,031	-	-	-	-
Capital outlay	-	63,948	6,835	354	354
<b>Total expenditures</b>	<b>20,031</b>	<b>63,948</b>	<b>6,835</b>	<b>354</b>	<b>354</b>
Excess (deficiency) of revenues over (under) expenditures	106,265	(11,857)	(5,461)	7,807	11,953
Other financing sources (uses):					
Loan principal	-	-	-	-	-
Loan interest	4,287	-	-	-	-
Proceeds from bonds and loans	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>4,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>110,552</b>	<b>(11,857)</b>	<b>(5,461)</b>	<b>7,807</b>	<b>11,953</b>
Fund balances at beginning of year	595,788	68,795	177,791	394,162	234,140
<b>Fund balances at end of year</b>	<b>\$ 706,340</b>	<b>\$ 56,938</b>	<b>\$ 172,330</b>	<b>\$ 401,969</b>	<b>\$ 246,093</b>

See auditor's report.



Storm Drain SDC Reimbursement	Storm Drain SDC Improvement	Local Option Street	Totals
\$ -	\$ -	\$ 334,120	\$ 484,120
5,205	4,655	-	16,195
9,846	8,661	-	28,959
1,499	1,428	2,692	13,471
-	-	-	25,590
-	-	8,242	8,242
<u>16,550</u>	<u>14,744</u>	<u>345,054</u>	<u>576,577</u>
-	-	-	20,031
<u>4,876</u>	<u>6,851</u>	<u>3,099</u>	<u>86,317</u>
<u>4,876</u>	<u>6,851</u>	<u>3,099</u>	<u>106,348</u>
<u>11,674</u>	<u>7,893</u>	<u>341,955</u>	<u>470,229</u>
-	-	-	-
-	-	-	4,287
-	-	-	-
-	-	-	4,287
<u>11,674</u>	<u>7,893</u>	<u>341,955</u>	<u>474,516</u>
<u>255,088</u>	<u>242,777</u>	<u>276,617</u>	<u>2,245,158</u>
<u>\$ 266,762</u>	<u>\$ 250,670</u>	<u>\$ 618,572</u>	<u>\$ 2,719,674</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENT FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Grants	\$ -	\$ -	\$ -	\$ -
Utility tax	-	-	100,000	100,000
Interest	1,000	1,000	2,771	1,771
Other	1,000	1,000	23,525	22,525
	<u>2,000</u>	<u>2,000</u>	<u>126,296</u>	<u>124,296</u>
Total revenues				
Expenditures:				
General government:				
Capital outlay	324,940	774,940	20,031	754,909
	<u>324,940</u>	<u>774,940</u>	<u>20,031</u>	<u>754,909</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(322,940)</u>	<u>(772,940)</u>	<u>106,265</u>	<u>429,205</u>
Other financing sources (uses)				
Issuance of debt	-	450,000	-	(450,000)
Loan repayment principal	13,534	13,534	13,533	(1)
Loan repayment interest	4,288	4,288	4,287	(1)
	<u>17,822</u>	<u>467,822</u>	<u>17,820</u>	<u>(450,002)</u>
Total other financing sources (uses)				
Net change in fund balance	(305,118)	(305,118)	124,085	(20,797)
Fund balance at beginning of year, budgetary basis	<u>305,118</u>	<u>305,118</u>	<u>473,291</u>	<u>168,173</u>
Fund balance at end of year, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,376</u>	<u>\$ 597,376</u>
Interfund loan receivable			<u>108,964</u>	
Fund balance at end of year, GAAP basis			<u>\$ 706,340</u>	

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**EQUIPMENT RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Utility tax	\$ 15,000	\$ 50,000	\$ 35,000
Other	100	1,700	\$ 1,600
Interest	500	391	(109)
	<u>15,600</u>	<u>52,091</u>	<u>36,491</u>
Total revenues			
Expenditures:			
General government:			
Capital outlay	78,829	63,948	14,881
	<u>78,829</u>	<u>63,948</u>	<u>14,881</u>
Total expenditures			
Net change in fund balance	(63,229)	(11,857)	51,372
Fund balance at beginning of year	63,229	68,795	5,566
Fund balance at end of year	<u>\$ -</u>	<u>\$ 56,938</u>	<u>\$ 56,938</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PARKS AND RECREATION DEVELOPMENT FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Interest	\$ 700	\$ 1,009	\$ 309
Grants	1,198,000		\$ (1,198,000)
Other	<u>52,000</u>	<u>365</u>	<u>(51,635)</u>
Total revenues	<u>1,250,700</u>	<u>1,374</u>	<u>(1,249,326)</u>
Expenditures:			
Culture and recreation:			
Capital outlay	<u>1,412,376</u>	<u>6,835</u>	<u>1,405,541</u>
Total expenditures	<u>1,412,376</u>	<u>6,835</u>	<u>1,405,541</u>
Net change in fund balance	(161,676)	(5,461)	156,215
Fund balance at beginning of year	<u>161,676</u>	<u>177,791</u>	<u>16,115</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 172,330</u>	<u>\$ 172,330</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STREET SDC REIMBURSEMENT FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
System development fees	\$ 3,000	\$ 3,636	\$ 636
Special assessments:			
Principal	3,000	1,681	(1,319)
Interest	1,000	542	(458)
Interest	<u>1,500</u>	<u>2,302</u>	<u>802</u>
Total revenues	<u>8,500</u>	<u>8,161</u>	<u>(339)</u>
Expenditures:			
Highways and streets:			
Capital outlay	<u>352,287</u>	<u>354</u>	<u>351,933</u>
Total expenditures	<u>352,287</u>	<u>354</u>	<u>351,933</u>
Net change in fund balance	(343,787)	7,807	351,594
Fund balance at beginning of year	<u>343,787</u>	<u>394,162</u>	<u>50,375</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 401,969</u>	<u>\$ 401,969</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STREET SDC IMPROVEMENT FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Original & Final Budget	Actual	Variance
Revenues:			
System development fees	\$ 5,000	\$ 6,816	\$ 1,816
Special assessments:			
Principal	3,000	3,102	102
Interest	500	1,010	510
Interest	1,000	1,379	379
Total revenues	<u>9,500</u>	<u>12,307</u>	<u>2,807</u>
Expenditures:			
Highways and streets:			
Capital outlay	227,953	354	227,599
Total expenditures	<u>227,953</u>	<u>354</u>	<u>227,599</u>
Net change in fund balance	(218,453)	11,953	230,406
Fund balance at beginning of year	<u>218,453</u>	<u>234,140</u>	<u>15,687</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 246,093</u>	<u>\$ 246,093</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STORM DRAIN SDC REIMBURSEMENT FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
System development fees	\$ 7,000	\$ 9,846	\$ 2,846
Special assessments:			
Principal	8,500	3,998	(4,502)
Interest	500	1,207	707
Interest	<u>1,000</u>	<u>1,499</u>	<u>499</u>
Total revenues	<u>17,000</u>	<u>16,550</u>	<u>(450)</u>
Expenditures:			
Highways and streets:			
Capital outlay	<u>260,000</u>	<u>4,876</u>	<u>255,124</u>
Total expenditures	<u>260,000</u>	<u>4,876</u>	<u>255,124</u>
Net change in fund balance	<u>(243,000)</u>	<u>11,674</u>	<u>254,674</u>
Fund balance at beginning of year	<u>243,000</u>	<u>255,088</u>	<u>12,088</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 266,762</u>	<u>\$ 266,762</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STORM DRAIN SDC IMPROVEMENT FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
System development fees	\$ 5,000	\$ 8,661	\$ 3,661
Special assessments:			
Principal	5,000	3,603	(1,397)
Interest	500	1,052	552
Interest	<u>1,000</u>	<u>1,428</u>	<u>428</u>
Total revenues	<u>11,500</u>	<u>14,744</u>	<u>3,244</u>
Expenditures:			
Highways and streets:			
Capital outlay	<u>244,054</u>	<u>6,851</u>	<u>237,203</u>
Total expenditures	<u>244,054</u>	<u>6,851</u>	<u>237,203</u>
Net change in fund balance	<u>(232,554)</u>	<u>7,893</u>	<u>240,447</u>
Fund balance at beginning of year	<u>232,554</u>	<u>242,777</u>	<u>10,223</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 250,670</u>	<u>\$ 250,670</u>

See auditor's report.



**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LOCAL OPTION STREET FUND**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes			
Property taxes - current year	\$ 311,780	\$ 317,979	\$ 6,199
Previously levied taxes	15,000	16,141	1,141
Interest	1,000	2,692	1,692
In-lieu of tax	8,242	8,242	-
Other	500	-	(500)
	<u>336,522</u>	<u>345,054</u>	<u>8,532</u>
Total revenues			
Expenditures:			
Highways and streets:			
Capital outlay	562,284	3,099	559,185
	<u>562,284</u>	<u>3,099</u>	<u>559,185</u>
Total expenditures			
Net change in fund balance	(225,762)	341,955	567,717
Fund balance at beginning of year	225,762	276,617	50,855
Fund balance at end of year	<u>\$ -</u>	<u>\$ 618,572</u>	<u>\$ 618,572</u>

See auditor's report.

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## **ENTERPRISE FUNDS**

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Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City's council has decided that periodic determination of net income is appropriate for accountability purposes.

**Sewer Fund** - This fund and its related sub-funds are used to account for the activities of the sewer disposal system.

**Sewer SDC Reimbursement Fund**  
**Sewer SDC Improvement Fund**

**Water Fund** - This fund and its related sub-funds are used to account for the activities of the water system.

**Water SDC Reimbursement Fund**  
**Water SDC Improvement Fund**

**Electric Fund** - This fund is used to account for the activities of the electric utility.

**CITY OF BANDON**  
**SUB-COMBINING SCHEDULE OF NET POSITION**  
**SEWER FUNDS**  
June 30, 2013

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Totals
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 81,549	\$ 102,330	\$ 89,622	\$ 273,501
Receivable				
Accounts	74,417	-	-	74,417
Special assessments	-	13,934	19,825	33,759
Restricted cash	11,598	-	-	11,598
Total current assets	167,564	116,264	109,447	393,275
Noncurrent assets:				
Capital assets				
(net of accumulated depreciation)	3,355,969	-	-	3,355,969
Total noncurrent assets	3,355,969	-	-	3,355,969
Total assets	<u>\$ 3,523,533</u>	<u>\$ 116,264</u>	<u>\$ 109,447</u>	<u>\$ 3,749,244</u>
<b>LIABILITIES AND NET POSITION</b>				
Current liabilities:				
Accounts payable	\$ 30,978	\$ 2,547	\$ 2,547	\$ 36,072
Accrued payroll benefits	2,113	-	-	2,113
Customer deposits	11,598	-	-	11,598
Compensated absences payable	20,667	-	-	20,667
Total current liabilities	65,356	2,547	2,547	70,450
Total liabilities	65,356	2,547	2,547	70,450
<b>NET POSITION</b>				
Net investment in capital assets	3,355,969	-	-	3,355,969
Restricted for capital projects	-	113,717	106,900	220,617
Unrestricted	102,208	-	-	102,208
Total net position	3,458,177	113,717	106,900	3,678,794
Total liabilities and net position	<u>\$ 3,523,533</u>	<u>\$ 116,264</u>	<u>\$ 109,447</u>	<u>\$ 3,749,244</u>

See auditor's report.

**CITY OF BANDON**  
**SUB-COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**SEWER FUNDS**  
For the Fiscal Year Ended June 30, 2013

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Totals
Operating revenues:				
Charges for services:				
Sewer charges	\$ 777,652	\$ -	\$ -	\$ 777,652
Service charges, fees and permits	-	6,118	9,008	15,126
Other	16,842	-	-	16,842
Total operating revenues	<u>794,494</u>	<u>6,118</u>	<u>9,008</u>	<u>809,620</u>
Operating expenses:				
Administration	64,577	-	355	64,932
Cost of sales and services	561,853	3,166	2,997	568,016
Depreciation and amortization	150,657	-	-	150,657
Total operating expenses	<u>777,087</u>	<u>3,166</u>	<u>3,352</u>	<u>783,605</u>
Operating income (loss)	<u>17,407</u>	<u>2,952</u>	<u>5,656</u>	<u>26,015</u>
Nonoperating revenues (expenses):				
Assessment principal	-	948	1,434	2,382
Assessment interest	403	946	1,455	2,804
Interest income	409	555	464	1,428
Interest expense	(2,816)	-	-	(2,816)
Total nonoperating revenues (expenses)	<u>(2,004)</u>	<u>2,449</u>	<u>3,353</u>	<u>3,798</u>
Income (loss) before operating transfers	<u>15,403</u>	<u>5,401</u>	<u>9,009</u>	<u>29,813</u>
Change in net position	15,403	5,401	9,009	29,813
Net position at beginning of year	<u>3,442,774</u>	<u>108,316</u>	<u>97,891</u>	<u>3,648,981</u>
Net position at end of year	<u>\$ 3,458,177</u>	<u>\$ 113,717</u>	<u>\$ 106,900</u>	<u>\$ 3,678,794</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**SEWER FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
Charges for services:					
Sewer charges	\$ 777,652	\$ -	\$ 777,652	\$ 807,000	\$ (29,348)
Other	16,842	-	16,842	1,000	15,842
Total operating revenues	<u>794,494</u>	<u>-</u>	<u>794,494</u>	<u>808,000</u>	<u>(13,506)</u>
Operating expenses:					
Administration	64,577	-	64,577	107,483	42,906
Accounting and billing	57,250	-	57,250	87,579	30,329
Distribution	30,544	-	30,544	155,637	125,093
Plant operations	427,400	(85,123)	512,523	2,354,975	1,842,452
Non-departmental:					
Materials and services	46,659	-	46,659	48,520	1,861
Depreciation	150,657	150,657	-	-	-
Total operating expenses	<u>777,087</u>	<u>65,534</u>	<u>711,553</u>	<u>2,754,194</u>	<u>2,042,641</u>
Operating income (loss)	<u>17,407</u>	<u>(65,534)</u>	<u>82,941</u>	<u>(1,946,194)</u>	<u>(2,056,147)</u>
Nonoperating revenues (expenses):					
Interfund debt service principal	-	(13,414)	13,414	13,414	-
Interfund debt service interest	403	-	403	403	-
Debt service principal	-	101,666	(101,666)	(146,666)	45,000
Debt service interest	(2,816)	234	(3,050)	(6,100)	3,050
Grants	-	-	-	500,000	(500,000)
Interest income	409	-	409	2,000	(1,591)
Total nonoperating revenues (expenses)	<u>(2,004)</u>	<u>88,486</u>	<u>(90,490)</u>	<u>363,051</u>	<u>(453,541)</u>
Income before transfers	15,403	22,952	(7,549)	(1,583,143)	(2,509,688)
Other financing sources and (uses):					
Loans	-	-	-	1,436,115	(1,436,115)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,436,115</u>	<u>(1,436,115)</u>
Change in net position	15,403	22,952	(7,549)	(147,028)	139,479
Net position at beginning of year	<u>3,442,774</u>	<u>3,312,349</u>	<u>130,425</u>	<u>147,028</u>	<u>(16,603)</u>
Net position at end of year	<u>\$ 3,458,177</u>	<u>\$ 3,335,301</u>	<u>\$ 122,876</u>	<u>\$ -</u>	<u>\$ 122,876</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**SEWER SDC REIMBURSEMENT FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
System development fees	\$ 6,118	\$ -	\$ 6,118	\$ 5,000	\$ 1,118
Other	-	-	-	100	(100)
	<u>6,118</u>	<u>-</u>	<u>6,118</u>	<u>5,100</u>	<u>1,018</u>
Operating expenses:					
Materials and services	354	-	354	6,000	5,646
Capital outlay	2,812	-	2,812	96,914	94,102
	<u>3,166</u>	<u>-</u>	<u>3,166</u>	<u>102,914</u>	<u>99,748</u>
Total operating expenses	<u>3,166</u>	<u>-</u>	<u>3,166</u>	<u>102,914</u>	<u>99,748</u>
Operating income (loss)	<u>2,952</u>	<u>-</u>	<u>2,952</u>	<u>(97,814)</u>	<u>100,766</u>
Nonoperating revenues (expenses):					
Assessment principal	948	-	948	5,000	(4,052)
Assessment interest	946	-	946	200	746
Interest income	555	-	555	500	55
	<u>2,449</u>	<u>-</u>	<u>2,449</u>	<u>5,700</u>	<u>(3,251)</u>
Total nonoperating revenues (expenses)	<u>2,449</u>	<u>-</u>	<u>2,449</u>	<u>5,700</u>	<u>(3,251)</u>
Change in net position	5,401	-	5,401	(92,114)	97,515
Net position at beginning of year	<u>108,316</u>	<u>-</u>	<u>108,316</u>	<u>92,114</u>	<u>16,202</u>
Net position at end of year	<u>\$ 113,717</u>	<u>\$ -</u>	<u>\$ 113,717</u>	<u>\$ -</u>	<u>\$ 113,717</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**SEWER SDC IMPROVEMENT FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
System development fees	\$ 9,008	\$ -	\$ 9,008	\$ 7,000	\$ 2,008
Operating expenses:					
Materials and services	355	-	355	5,500	5,145
Capital outlay	2,997		2,997	95,992	92,995
Total operating expenses	3,352	-	3,352	101,492	98,140
Operating income (loss)	5,656	-	5,656	(94,492)	100,148
Nonoperating revenues (expenses):					
Assessment principal	1,434	-	1,434	5,000	(3,566)
Assessment interest	1,455	-	1,455	500	955
Assets transfer to parent	-		-	-	-
Interest income	464	-	464	500	(36)
Total nonoperating revenues (expenses)	3,353	-	3,353	6,000	(2,647)
Change in net position	9,009	-	9,009	(88,492)	97,501
Net position at beginning of year	97,891	-	97,891	88,492	9,399
Net position at end of year	\$ 106,900	\$ -	\$ 106,900	\$ -	\$ 106,900

See auditor's report.



**CITY OF BANDON**  
**SUB-COMBINING SCHEDULE OF NET POSITION**  
**WATER FUNDS**  
June 30,2013

	Water	Water SDC Reimbursement	Water SDC Improvement	Totals
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 173,610	\$ 296,018	\$ 795,637	\$ 1,265,265
Receivable				
Accounts	38,512	-	-	38,512
Special assessments	-	18,994	74,315	93,309
Restricted cash	6,181	-	-	6,181
Inventory	28,648	-	-	28,648
Total current assets	246,951	315,012	869,952	1,431,915
Noncurrent assets:				
Restricted cash	20,590	-	-	20,590
Loans receivable	420,973	-	-	420,973
Capital assets (net of accumulated depreciation)	7,450,466	-	-	7,450,466
Total noncurrent assets	7,892,029	-	-	7,892,029
Total assets	<u>\$ 8,138,980</u>	<u>\$ 315,012</u>	<u>\$ 869,952</u>	<u>\$ 9,323,944</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 11,261	\$ 2,445	\$ 1,316	\$ 15,022
Accrued payroll benefits	2,113	-	-	2,113
Compensated absences payable	19,369	-	-	19,369
Customer deposits	6,181	-	-	6,181
Interest payable	11,028	-	-	11,028
Current portion of long term debt	20,590	-	-	20,590
Total current liabilities	70,542	2,445	1,316	74,303
Long-term liabilities				
Long term debt (net of current portion)	384,664	-	-	384,664
Total liabilities	455,206	2,445	1,316	458,967
<b>NET POSITION:</b>				
Net investment in capital assets	7,045,212	-	-	7,045,212
Restricted for debt service	20,590	-	-	20,590
Restricted for capital projects	-	312,567	868,636	1,181,203
Unrestricted	617,972	-	-	617,972
Total net position	7,683,774	312,567	868,636	8,864,977
Total liabilities and net position	<u>\$ 8,138,980</u>	<u>\$ 315,012</u>	<u>\$ 869,952</u>	<u>\$ 9,323,944</u>

See auditor's report.

**CITY OF BANDON**  
**SUB-COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**WATER FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Water	Water SDC Reimbursement	Water SDC Improvement	Totals
Operating revenues:				
Charges for services:				
Water sales	\$ 477,380	\$ -	\$ -	\$ 477,380
Service charges, fees and permits	8,539	8,173	31,103	47,815
Miscellaneous other	18,695	-	-	18,695
Total operating revenues	504,614	8,173	31,103	543,890
Operating expenses:				
Administration	41,545	-	354	41,899
Cost of sales and services	588,662	4,722	5,775	599,159
Depreciation	297,213	-	-	297,213
Total operating expenses	927,420	4,722	6,129	938,271
Operating income	(422,806)	3,451	24,974	(394,381)
Nonoperating revenues (expenses):				
Interest income	2,003	1,663	4,410	8,076
Debt service interest	(19,508)	-	-	(19,508)
Special assessment principal	-	1,362	5,184	6,546
Special assessment interest	20,948	1,318	4,925	27,191
Total nonoperating revenues (expenses)	3,443	4,343	14,519	22,305
Income (loss) before transfers	(419,363)	7,794	39,493	(372,076)
Change in net position	(419,363)	7,794	39,493	(372,076)
Net position at beginning of year	8,103,137	304,773	829,143	9,237,053
Net position at end of year	\$ 7,683,774	\$ 312,567	\$ 868,636	\$ 8,864,977

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**WATER FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
Charges for services:					
Water sales	\$ 477,380	\$ -	\$ 477,380	\$ 491,412	\$ (14,032)
Service charges, fees and permits	8,539	-	8,539	20,400	(11,861)
Other	18,695	-	18,695	18,511	184
Total operating revenues:	<u>504,614</u>	<u>-</u>	<u>504,614</u>	<u>530,323</u>	<u>(25,709)</u>
Operating expenses:					
Administration	41,545		41,545	41,860	315
Accounting and billing	58,348	-	58,348	58,451	103
Distribution	207,251	(4,641)	211,892	263,754	51,862
Plant operations	294,420	-	294,420	295,948	1,528
Non-departmental:					
Materials and services	28,643	-	28,643	29,585	942
Depreciation	297,213	297,213	-	-	-
Total operating expenses	<u>927,420</u>	<u>292,572</u>	<u>634,848</u>	<u>689,598</u>	<u>54,750</u>
Operating income (loss)	<u>(422,806)</u>	<u>(292,572)</u>	<u>(130,234)</u>	<u>(159,275)</u>	<u>29,041</u>
Nonoperating revenues (expense):					
Special assessments:					
Principal	-	(13,575)	13,575	13,339	236
Interest	20,948	-	20,948	22,360	(1,412)
Debt service:					
Principal	-	19,661	(19,661)	(71,903)	52,242
Interest	(19,508)	590	(20,098)	(29,708)	9,610
Interest income	2,003	-	2,003	2,000	3
Total nonoperating revenues (expenses)	<u>3,443</u>	<u>6,676</u>	<u>(3,233)</u>	<u>(63,912)</u>	<u>60,679</u>
Change in net position	<u>(419,363)</u>	<u>(285,896)</u>	<u>(133,467)</u>	<u>(223,187)</u>	<u>89,720</u>
Net position at beginning of year	<u>8,103,137</u>	<u>7,713,962</u>	<u>389,175</u>	<u>223,187</u>	<u>165,988</u>
Net position at end of year	<u>\$ 7,683,774</u>	<u>\$ 7,428,066</u>	<u>\$ 255,708</u>	<u>\$ -</u>	<u>\$ 255,708</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**WATER SDC REIMBURSEMENT FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
System development fees	\$ 8,173	\$ -	\$ 8,173	\$ 7,000	\$ 1,173
Other	-	-	-	500	(500)
Total operating revenues	<u>8,173</u>	<u>-</u>	<u>8,173</u>	<u>7,500</u>	<u>673</u>
Operating expenses:					
Materials and services	354	-	354	5,500	5,146
Capital outlay	4,368	-	4,368	269,979	265,611
Total operating expenses	<u>4,722</u>	<u>-</u>	<u>4,722</u>	<u>275,479</u>	<u>270,757</u>
Operating income (loss)	<u>3,451</u>	<u>-</u>	<u>3,451</u>	<u>(267,979)</u>	<u>271,430</u>
Nonoperating revenues (expenses):					
Assessment principal	1,362	-	1,362	5,000	(3,638)
Assessment interest	1,318	-	1,318	1,000	318
Interest income	1,663	-	1,663	1,000	663
Total nonoperating revenues (expenses)	<u>4,343</u>	<u>-</u>	<u>4,343</u>	<u>7,000</u>	<u>(2,657)</u>
Change in net position	7,794	-	7,794	(260,979)	268,773
Net position at beginning of year	<u>304,773</u>	<u>-</u>	<u>304,773</u>	<u>260,979</u>	<u>43,794</u>
Net position at end of year	<u>\$ 312,567</u>	<u>\$ -</u>	<u>\$ 312,567</u>	<u>\$ -</u>	<u>\$ 312,567</u>

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**WATER SDC IMPROVEMENT FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
System development fees	\$ 31,103	\$ -	\$ 31,103	\$ 30,000	\$ 1,103
Operating expenses:					
Materials and services	354	-	354	5,500	5,146
Capital outlay	5,775	-	5,775	850,312	844,537
Total operating expenses	6,129	-	6,129	855,812	849,683
Operating income (loss)	24,974	-	24,974	(825,812)	850,786
Nonoperating revenues (expenses):					
Assessment Principal	5,184	-	5,184	10,000	(4,816)
Assessment interest	4,925	-	4,925	2,000	2,925
Interest income	4,410	-	4,410	3,000	1,410
Total nonoperating revenues (expenses)	14,519	-	14,519	15,000	(481)
Change in net position	39,493	-	39,493	(810,812)	850,305
Net position at beginning of year	829,143		829,143	810,812	18,331
Net position at end of year	\$ 868,636	\$ -	\$ 868,636	\$ -	\$ 868,636

See auditor's report.

**CITY OF BANDON**  
**SUB-COMBINING SCHEDULE OF NET POSITION**  
**ELECTRIC FUNDS**  
June 30, 2013

<b>ASSETS</b>	<u>Electric</u>
Current assets:	
Cash and cash equivalents	\$ 1,343,264
Receivable	
Accounts	392,877
Restricted cash	76,994
Inventory	<u>608,967</u>
Total current assets	<u>2,422,102</u>
Noncurrent assets:	
Loans Receivable	4,498
Restricted cash	75,000
Capital assets (net of accumulated depreciation)	<u>7,648,256</u>
Total noncurrent assets	<u>7,727,754</u>
Total assets	<u><u>\$ 10,149,856</u></u>
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 277,758
Accrued payroll benefits	10,215
Compensated absences payable	73,504
Customer deposits	76,994
Accrued interest payable	849
Current portion of long-term debt	<u>75,000</u>
Total liabilities	<u>514,320</u>
<b>NET POSITION:</b>	
Net investment in capital assets	7,573,256
Restricted for debt service	75,000
Restricted for capital projects	-
Unrestricted	<u>1,987,280</u>
Total net position	<u>9,635,536</u>
Total liabilities and net position	<u><u>\$ 10,149,856</u></u>

See auditor's report.

**CITY OF BANDON**  
**SUB-COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**ELECTRIC FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Electric
Operating revenues:	
Charges for services:	
Electricity sales	\$ 4,924,965
BPA Conservation	36,907
Service charges, fees and permits	115,772
Other	11,792
Total operating revenues	5,089,436
Operating expenses:	
Administration	350,801
Cost of sales and services	3,538,025
Energy assistance payments	29,847
Depreciation	406,559
Total operating expenses	4,325,232
Operating income	764,204
Nonoperating revenues (expenses):	
Interest income	9,337
Total nonoperating revenues (expenses)	9,337
Income (loss) before operating transfers	773,541
Other financing sources and (uses):	
Transfers (to) from other funds	(25,000)
Total other financing sources and (uses)	(25,000)
Change in net position	748,541
Net position at beginning of year	8,886,995
Net position at end of year	\$ 9,635,536

See auditor's report.

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**ELECTRIC FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
Electricity sales	\$ 4,913,332	\$ -	\$ 4,913,332	\$ 4,749,783	\$ 163,549
Low Income Assistance	10,543	-	10,543	10,000	543
Vol Low Inc Roundup Donation	1,090	-	1,090	1,071	19
BPA Conservation	36,907	-	36,907	75,000	(38,093)
Services charges, fees and permits	115,772	-	115,772	96,400	19,372
Reimburse Private Development	-	-	-	72,100	(72,100)
Other	11,792	-	11,792	12,000	(208)
<b>Total operating revenues</b>	<b>5,089,436</b>	<b>-</b>	<b>5,089,436</b>	<b>5,016,354</b>	<b>73,082</b>
Operating expenses:					
Administration	350,801	-	350,801	356,069	5,268
Accounting and billing	347,960	-	347,960	390,839	42,879
Source of supply	2,494,635	-	2,494,635	2,745,901	251,266
Conservation	60,551	(28,153)	88,704	137,319	48,615
Distribution	351,837	(1,401,992)	1,753,829	2,813,016	1,059,187
Non-departmental:					
Materials and services	295,433	-	295,433	286,187	(9,246)
Capital Outlay	-	-	-	5,000	5,000
Debt service - principal	-	(70,000)	70,000	150,150	80,150
Debt service - interest	17,456	(792)	18,248	18,248	-
Depreciation and amortization	406,559	406,559	-	-	-
Contingency	-	-	-	275,000	275,000
<b>Total operating expenses</b>	<b>4,325,232</b>	<b>(1,094,378)</b>	<b>5,419,610</b>	<b>7,177,729</b>	<b>1,758,119</b>
<b>Operating income (loss)</b>	<b>764,204</b>	<b>(1,094,378)</b>	<b>(330,174)</b>	<b>(2,161,375)</b>	<b>1,831,201</b>
Nonoperating revenues (expense):					
Conservation Principal	-	-	-	100	(100)
Interest income	9,337	-	9,337	8,100	1,237
<b>Total nonoperating revenues</b>	<b>9,337</b>	<b>-</b>	<b>9,337</b>	<b>8,200</b>	<b>1,137</b>
<b>Income (loss) before transfers</b>	<b>773,541</b>	<b>(1,094,378)</b>	<b>(320,837)</b>	<b>(2,153,175)</b>	<b>1,832,338</b>
Other financing sources (uses):					
Bond Proceeds	-	-	-	210,000	(210,000)
Transfers to other funds	(25,000)	-	(25,000)	(25,000)	-
<b>Total other financing sources (uses)</b>	<b>(25,000)</b>	<b>-</b>	<b>(25,000)</b>	<b>185,000</b>	<b>(210,000)</b>
<b>Change in net position</b>	<b>748,541</b>	<b>(1,094,378)</b>	<b>(345,837)</b>	<b>(1,968,175)</b>	<b>1,622,338</b>
<b>Net position at beginning of year</b>	<b>8,886,995</b>	<b>6,977,124</b>	<b>1,909,871</b>	<b>1,968,175</b>	<b>(58,304)</b>
<b>Net position at end of year</b>	<b>\$ 9,635,536</b>	<b>\$ 5,882,746</b>	<b>\$ 1,564,034</b>	<b>\$ -</b>	<b>\$ 1,564,034</b>

See auditor's report.



## **ACCOMPANYING INFORMATION**

**INDEPENDENT AUDITOR'S 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***

Honorable Mayor and City Council  
City of Bandon, Oregon  
Bandon, Oregon

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bandon, Oregon (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 14, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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*.

### **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 on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Merina & Company, LLP  
West Linn, Oregon  
November 14, 2013

**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATION**

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bandon, Oregon (the City), as of and for the year ended June 30, 2013 and have issued our report thereon dated November 14, 2013. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial 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.

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

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*:

OAR 162-10-0230 Internal Control

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City'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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

We have communicated suggestions for improvements of the City's processes in a separate letter to management dated November 14, 2013.

This report is intended solely for the information and use of the City of Bandon, Oregon Secretary of State Audits Division, and management, and is not intended to be and should not be used by anyone other than these specified parties.



Merina & Company, LLP  
West Linn, Oregon  
November 14, 2013