

**CITY OF BANDON  
COOS COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**



**12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223**



**CITY OF BANDON**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**CITY OF BANDON**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2014**

**TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
City Officials	1
FINANCIAL SECTION:	
Independent Auditors' Report	2 – 4
Management's Discussion and Analysis	5 – 11
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14 -15
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17 -18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19
Statement of Net Position – Enterprise Funds	20
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Funds	21
Statement of Cash Flows – Enterprise Funds	22
Notes to the Basic Financial Statements	23 – 46
REQUIRED SUPPLEMENTARY INFORMATION	
Major Funds:	47
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	48 – 51

Block Grant Fund	52
------------------	----

OTHER SUPPLEMENTARY INFORMATION:

Major Funds:

Schedule of Revenues, Expenditures, and Changes in Fund  
Balance – Budget and Actual:

Urban Renewal District No. 1 Fund	53
Urban Renewal District No. 2 Fund	54
12th Court LID DS Fund	55

Nonmajor Governmental Funds:	56 – 57
------------------------------	---------

Combining Balance Sheet – Nonmajor Governmental Funds	58
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	59
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Special Revenue Funds:

Sub-Combining Balance Sheet	60 - 61
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	62 - 63

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
- Budget and Actual:

State Tax Street Fund	64
Library Memorial Fund	65
Library Fund	66
Community Beautification Fund	67
State Revenue Sharing Fund	68
911 Fund	69

Debt Service Funds:

Sub-Combining Balance Sheet	70
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	71

Schedule of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual:

General Obligation Bonds Debt Service	72
2000 Street & Sewer LID Fund	73
2001 Bandon LID Bond Fund	74
2004 Highway 101 Sewer LID DS Fund	75
Local Improvement District Fund	76

Capital Projects Funds:

Sub-Combining Balance Sheet	77 - 78
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	79 - 80

Schedule of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual:

Capital Improvement Fund	81
Equipment Reserve Fund	82
Parks and Recreation Development Fund	83
Street SDC Reimbursement Fund	84
Street SDC Improvement Fund	85
Storm Drain SDC Reimbursement Fund	86
Storm Drain SDC Improvement Fund	87
Local Option Street Fund	88

Enterprise Funds: 89

Sewer Funds:

Sub-Combining Schedule of Net Position	90
Sub-Combining Schedule of Revenues, Expenses, and Changes in Net Position	91
Schedule of Revenues, Expenses, and Changes in Net Position - Budget (Non-GAAP Budgetary Basis) and Actual:	
Sewer Fund	92
Sewer SDC Reimbursement Fund	93
Sewer SDC Improvement Fund	94

Water Funds:

Sub-Combining Schedule of Net Position	95
Sub-Combining Schedule of Revenues, Expenses and Changes in Net Position	96
Schedule of Revenues, Expenses, and Changes in Net Position - Budget (Non-GAAP Budgetary Basis) and Actual:	
Water Fund	97
Water SDC Reimbursement Fund	98
Water SDC Improvement Fund	99

Electric Funds:

Sub-Combining Schedule of Net Position	100
Sub-Combining Schedule of Revenues, Expenses and Changes in Net Position	101
Schedule of Revenues, Expenses, and Changes in Net Position - Budget (Non-GAAP Budgetary Basis) and Actual:	
Electric Fund	102

ACCOMPANYING INFORMATION:

Auditors' Comments and Reports:

Report on Internal Control and on Compliance and Other Matters	103 - 104
Independent Auditors' Comments	105- 106

**CITY OF BANDON**

**CITY  
OFFICIALS  
June 30, 2014**

<b>Mayor and City Council</b>	<b>Term Expirations</b>
Mary Schamehorn, Mayor PO Box 521 Bandon, Oregon 97411	December 31, 2014
Brian Vick PO Box 433 Bandon, Oregon 97411	December 31, 2016
Mike Claassen 1455 Pelican Place Bandon, Oregon 97411	December 31, 2014
Claudine Hundhausen 3795 Beach Loop Drive Bandon, Oregon 97411	December 31, 2016
Geri Procetto PO Box 1956 Bandon, Oregon 97411	December 31, 2016
Chris Powell PO Box 296 Bandon, Oregon 97411	December 31, 2014
Nancy Drew PO Box 2133 Bandon, Oregon 97411	December 31, 2014

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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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12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
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November 6, 2014

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
City of Bandon  
Coos County, Oregon

### **Report on the Financial Statements**

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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The financial statements as of June 30, 2013, were audited by other auditors whose report dated November 14, 2013, issued an unmodified opinion on those statements.

### **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.

### **Auditors' 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 auditors' 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 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 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, as of June 30, 2014, 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.

## **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 required supplementary information 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 management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary Information*

The 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. Such 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 supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

The listing of council members containing their term expiration dates, located before the table of contents have 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 them.

## Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014 on our consideration of the internal control over financial reporting and on our tests of 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 internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 6, 2014, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.

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## **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, 2014. 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 \$42.1 million (reported as *net position*). Of this amount, \$5.5 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 \$5.7 million. The balance was comprised of a restricted balance of \$3.0 million, \$2.2 million committed, and the remaining balance of \$421 thousand was unassigned. During the current fiscal year, the City's Net Position decreased by \$275 thousand and total debt decreased by \$353 thousand.

### **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-three 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 LID Debt Service Fund, and Block Grant 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 financials 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 \$42.1 million as of June 30, 2014. A portion of the City's net position (\$32.1 million or 76%) 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, less than 1% is restricted for street and library projects, and the rest (13%) 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**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 6,557,171	\$ 6,819,470	\$ 4,643,762	\$ 4,768,353	\$ 11,200,933	\$ 11,587,823
Capital assets	20,041,050	21,157,742	19,536,281	18,454,691	39,577,331	39,612,433
<b>Total assets</b>	<b>26,598,221</b>	<b>27,977,212</b>	<b>24,180,043</b>	<b>23,223,044</b>	<b>50,778,264</b>	<b>51,200,256</b>
Long-term liabilities outstanding	6,837,199	7,095,866	363,100	384,664	7,200,299	7,480,530
Other liabilities	665,780	697,342	824,335	659,073	1,490,115	1,356,415
<b>Total liabilities</b>	<b>7,502,979</b>	<b>7,793,208</b>	<b>1,187,435</b>	<b>1,043,737</b>	<b>8,690,414</b>	<b>8,836,945</b>
<b>Net position:</b>						
Invested in capital assets, net of related debt	12,953,888	13,813,824	19,151,617	17,974,437	32,105,505	31,788,261
Restricted	3,048,487	2,478,058	1,495,640	1,497,410	4,544,127	3,975,468
Unrestricted	3,092,867	3,892,122	2,345,351	2,707,460	5,438,218	6,599,582
<b>Total net position</b>	<b>\$ 19,095,242</b>	<b>\$ 20,184,004</b>	<b>\$ 22,992,608</b>	<b>\$ 22,179,307</b>	<b>\$ 42,087,850</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**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services and contracts	\$ 716,935	\$ 337,943	\$ 6,711,496	\$ 6,451,874	\$ 7,428,431	\$ 6,789,817
Operating grants and contributions	331,420	293,889	-	-	331,420	293,889
Capital grants and contributions	-	-	442,560	-	442,560	-
General revenues:						
Taxes	2,295,678	2,205,708	-	-	2,295,678	2,205,708
Contributions in lieu of taxes	293,405	392,628	-	-	293,405	392,628
Franchise fees	55,165	30,485	-	-	55,165	30,485
Miscellaneous revenue	1,550	20,364	-	-	1,550	20,364
Unrestricted investment earnings	121,343	66,439	41,060	48,836	162,403	115,275
<b>Total revenues</b>	<b>3,815,496</b>	<b>3,347,456</b>	<b>7,195,116</b>	<b>6,500,710</b>	<b>11,010,612</b>	<b>9,848,166</b>
Expenses:						
General government	712,926	789,031	-	-	712,926	789,031
Public safety	832,431	915,881	-	-	832,431	915,881
Highways and streets	2,741,757	2,577,056	-	-	2,741,757	2,577,056
Culture and recreation	532,441	515,367	-	-	532,441	515,367
Economic development	117,183	2,005	-	-	117,183	2,005
Water utility	-	-	1,046,384	957,779	1,046,384	957,779
Sewer utility	-	-	701,300	786,421	701,300	786,421
Electric utility	-	-	4,601,651	4,325,232	4,601,651	4,325,232
<b>Total expenses</b>	<b>4,936,738</b>	<b>4,799,340</b>	<b>6,349,335</b>	<b>6,069,432</b>	<b>11,286,073</b>	<b>10,868,772</b>
Net change in fund balance	(1,121,242)	(1,451,884)	845,781	431,278	(275,461)	(1,020,606)
Transfers/Equity Donations	32,480	25,000	(32,480)	(25,000)	-	-
Net position, July, 1	20,184,004	21,610,888	22,179,307	21,773,029	42,363,311	43,383,917
<b>Net position, June 30</b>	<b>\$ 19,095,242</b>	<b>\$ 20,184,004</b>	<b>\$ 22,992,608</b>	<b>\$ 22,179,307</b>	<b>\$ 42,087,850</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.

**Governmental activities.** Governmental activities resulted in a net reduction in the City's net position of \$1.1 million. The main reason for this decrease is due to expenses exceeding revenues during the 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 \$813 thousand due to higher sales and a capital grant in 2014.

**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.

City of Bandon, Oregon

**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, 2014, total fund balance for the General Fund equaled \$421 thousand, which was all unassigned. Unassigned fund balance is the amount considered available to spend. At June 30, 2013, the fund balance of the City's General Fund was \$392 thousand. The reason for the increase is due primarily to higher tax receipts.

**City of Bandon's General Fund**

	Fiscal Year		Increase (Decrease)
	2014	2013	
Revenues:			
Taxes & In Lieu of Taxes	\$ 1,312,578	\$ 1,239,055	\$ 73,523
Licenses and permits	29,368	30,312	(944)
Intergovernmental	61,721	52,629	9,092
Fines and Police Income	21,708	24,208	(2,500)
Reimbursements	258,327	289,090	(30,763)
Interest	10,481	10,728	(247)
Other	62,785	52,929	9,856
Total revenues	\$ 1,756,968	\$ 1,698,951	\$ 58,017
Expenditures:			
General government	\$ 491,641	\$ 456,409	\$ 35,232
Public safety	877,197	916,375	(39,178)
Highways and streets	59,898	88,596	(28,698)
Economic Development	77,857	78,814	(957)
Culture and recreation	196,565	227,674	(31,109)
Total expenditures	1,703,158	1,767,868	(64,710)
Other financing sources (uses)	(25,000)	25,000	50,000
Net increase (decrease) in fund balance	\$ 28,810	\$ (43,917)	\$ 72,727

The Urban Renewal District No. 1 & 2 Funds, Block Grant Fund, and Local Improvement Districts Debt Service Fund are the other major governmental funds. During the fiscal year 2014, the Urban Renewal District No. 1 Fund had a decrease in its fund balance of \$543 thousand. The fund balance of the Urban Renewal District No. 2 Fund was increased by \$90 thousand resulting in a positive ending fund balance of \$111 thousand. The Block Grant Fund increased by \$29 thousand. The Local Improvement Districts Debt Service Fund balance increased by \$246 thousand during the year due to closing out two of the LID funds into this fund.

**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 2014, the Sewer Fund reported \$573 thousand change in net position, and the Electric Fund reported \$471 thousand increase in net position. The Water Fund reported a decrease in net position of \$231 thousand, reflecting the fact that revenues were not sufficient to cover expenses in this fund for fiscal year ended June 30, 2014.

City of Bandon, Oregon

**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 \$1.8 million compared to the budgeted amount of \$1.9 million. The General Fund expenditures were budgeted at \$2.3 million and actual expenditures were only \$1.7 million, primarily because departments reduced expenditures so as not to exceed the General Fund revenues. Transfers in of \$25 thousand and transfers out of \$50 thousand were made as budgeted for the year.

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,536,383	\$ 772,900	\$ 696,991	\$ 696,991	\$ 2,233,374	\$ 1,469,891
Construction in progress	288,553	33,355	746,382	197,720	1,034,935	231,075
Buildings	6,469,567	6,456,215	4,786,291	4,786,290	11,255,858	11,242,505
Land Improvements	1,212,648	1,212,648	-	-	1,212,648	1,212,648
Furnish & Equipment	1,288,549	1,258,035	1,991,956	1,885,051	3,280,505	3,143,086
Streets	61,791,044	61,758,991	-	-	61,791,044	61,758,991
Storm drains	2,627,825	2,564,072	-	-	2,627,825	2,564,072
Infrastructure	-	-	28,730,586	27,399,468	28,730,586	27,399,468
<b>Total</b>	<b>\$ 75,214,569</b>	<b>\$ 74,056,216</b>	<b>\$ 36,952,206</b>	<b>\$ 34,965,520</b>	<b>\$ 112,166,775</b>	<b>\$ 109,021,736</b>

**Long-term Debt.** As of June 30, 2014, the City had total long-term debt of \$7.5 million. Outstanding debt includes \$3.6 million in general obligation bonds to be serviced by general property taxes and \$2.1 million Urban Renewal general obligation bonds that are serviced by tax increment financing. The City would be liable for this Urban Renewal debt in the event of default by the Urban Renewal Agency. In addition, there is \$569 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 the Water Enterprise Fund loan for \$385 thousand. Electric Revenue Bonds were paid off during the year.

The City's total debt decreased by \$353 thousand during the current fiscal year due to paying scheduled payments. The City of Bandon complies with Oregon Revised Statutes that limit general obligation bond debt to 3% of the real market value of all taxable property within the City's boundaries. 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 2014-2015 is \$23,489,584, which represents an increase of \$122 thousand (0.5%) above the fiscal year 2013-2014 budget of \$23,367,377. The most significant differences include increases in the Local Option Street Tax and Capital Improvement Funds along with decreases in the General Fund and Electric Fund.

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

## City of Bandon, Oregon

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 for last year was \$2,349,799 compared to this year's \$2,231,582, which is reduced by \$118 thousand.

The largest individual sources of General Fund revenues continue to be the transient occupancy tax, utility 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 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, 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 2014-2015 budget projects modest increases in revenues for the electric, water, and sewer utilities as well as SDC revenues.

The City continues to receive Local Option Street Tax Funds for streets, drainage systems, and pedestrian facilities. 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

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**CITY OF BANDON**  
**STATEMENT OF NET POSITION**  
June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,692,733	\$ 2,574,135	\$ 8,266,868
Receivables:			
Accounts	104,197	855,786	959,983
Property taxes	121,530	-	121,530
Notes	146,246	421,050	567,296
Special assessments	492,465	112,707	605,172
Inventories	-	549,758	549,758
Restricted cash	-	130,326	130,326
Capital assets:			
Land	1,536,383	696,991	2,233,374
Construction in process	288,553	746,382	1,034,935
Capital assets	73,389,633	35,508,833	108,898,466
Less: accumulated depreciation	(55,173,519)	(17,415,925)	(72,589,444)
<b>Total assets</b>	<b>26,598,221</b>	<b>24,180,043</b>	<b>50,778,264</b>
<b>LIABILITIES</b>			
Accounts payable	87,371	503,792	591,163
Accrued payroll and benefits	19,709	13,696	33,405
Customer deposits	3,015	108,762	111,777
Accrued interest payable	131,736	10,468	142,204
Compensated absences payable	170,793	166,053	336,846
Non-current liabilities:			
Amount due within one year	252,979	21,564	274,543
Amount due after one year	6,834,183	363,100	7,197,283
Bond Premium amount amortized within one year	177	-	177
Bond Premium amount amortized after one year	3,016	-	3,016
<b>Total liabilities</b>	<b>7,502,979</b>	<b>1,187,435</b>	<b>8,690,414</b>
<b>NET POSITION</b>			
Net investment in capital assets	12,953,888	19,151,617	32,105,505
Restricted for:			
Debt service	643,697	21,564	665,261
Capital projects	2,111,126	1,373,201	3,484,327
Streets	14,293	-	14,293
Library	279,371	-	279,371
Customer deposits	-	100,875	100,875
Unrestricted	3,092,867	2,345,351	5,438,218
<b>Total net position</b>	<b>\$ 19,095,242</b>	<b>\$ 22,992,608</b>	<b>\$ 42,087,850</b>

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

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**CITY OF BANDON  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services & Contracts	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 712,926	\$ 583,970	\$ 10,500	\$ -	\$ (118,456)	\$ -	\$ (118,456)
Public safety	832,431	21,708	1,200	-	(809,523)	-	(809,523)
Highways and streets	2,741,757	62,686	-	-	(2,679,071)	-	(2,679,071)
Economic development	117,183	-	-	-	(117,183)	-	(117,183)
Culture and recreation	532,441	48,571	319,720	-	(164,150)	-	(164,150)
<b>Total governmental activities</b>	<b>4,936,738</b>	<b>716,935</b>	<b>331,420</b>	<b>-</b>	<b>(3,888,383)</b>	<b>-</b>	<b>(3,888,383)</b>
<b>Business-type activities:</b>							
Sewer	701,300	828,440	-	442,560	-	569,700	569,700
Water	1,046,384	784,434	-	-	-	(261,950)	(261,950)
Electric	4,601,650	5,098,621	-	-	-	496,971	496,971
<b>Total business-type activities</b>	<b>6,349,334</b>	<b>6,711,495</b>	<b>-</b>	<b>442,560</b>	<b>-</b>	<b>804,721</b>	<b>804,721</b>
<b>Total government</b>	<b>\$ 11,286,072</b>	<b>\$ 7,428,430</b>	<b>\$ 331,420</b>	<b>\$ 442,560</b>	<b>(3,888,383)</b>	<b>804,721</b>	<b>(3,083,662)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes					161,082	-	161,082
Property taxes, levied for debt service					533,001	-	533,001
Property taxes, levied for other purposes					420,881	-	420,881
Other taxes and assessments					1,180,714	-	1,180,714
Contributions in lieu of taxes					293,405	-	293,405
Franchise fees					55,165	-	55,165
Interest and investment earnings					121,343	41,060	162,403
Miscellaneous					1,550	-	1,550
<b>Total general revenues</b>					<b>2,767,141</b>	<b>41,060</b>	<b>2,808,201</b>
<b>Other revenues (expenditures):</b>							
Transfers					25,000	(25,000)	-
Equity Donations					7,480	(7,480)	-
<b>Total other revenues</b>					<b>32,480</b>	<b>(32,480)</b>	<b>-</b>
<b>Change in net position</b>					<b>(1,088,762)</b>	<b>813,301</b>	<b>(275,461)</b>
Net position, beginning of year					20,184,004	22,179,307	42,363,311
Net position, end of year					<b>\$ 19,095,242</b>	<b>\$ 22,992,608</b>	<b>\$ 42,087,850</b>

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



**CITY OF BANDON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014**

	Major Funds		
	General	Urban Renewal District No. 1	Urban Renewal District No. 2
<b>ASSETS</b>			
Cash and cash equivalents	\$ 386,819	\$ 752,987	\$ 316,752
Receivables			
Property taxes	19,283	30,456	15,790
Accounts	85,944	-	-
Special assessments	-	-	-
Loans	-	23,250	-
Interfund loans receivable	-	-	-
<b>Total assets</b>	<b>\$ 492,046</b>	<b>\$ 806,693</b>	<b>\$ 332,542</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 32,926	\$ 15	\$ 232
Accrued payroll benefits	15,701	-	-
Customer deposits	3,015	-	-
Interfund loans payable	-	-	205,918
<b>Total liabilities</b>	<b>51,642</b>	<b>15</b>	<b>206,150</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	19,283	30,456	15,790
Unavailable revenues - assessments receivable	-	-	-
Unavailable revenues - loan receivable	-	23,250	-
<b>Total deferred inflows of resources</b>	<b>19,283</b>	<b>53,706</b>	<b>15,790</b>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted for debt service	-	-	-
Restricted for capital projects	-	-	-
Restricted special projects - streets	-	-	-
Restricted special projects - library	-	-	-
Committed for capital projects	-	752,972	110,602
Committed for special projects	-	-	-
Unassigned	421,121	-	-
<b>Total fund balances (deficits)</b>	<b>421,121</b>	<b>752,972</b>	<b>110,602</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 492,046</b>	<b>\$ 806,693</b>	<b>\$ 332,542</b>

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

Block Grant	LID Debt Service	Other Governmental Funds	Total
\$ 218,525	\$ 247,828	\$ 3,769,822	\$ 5,692,733
-	-	56,001	121,530
-	-	18,253	104,197
-	439,566	52,899	492,465
122,996	-	-	146,246
110,961	-	94,957	205,918
<u>\$ 452,482</u>	<u>\$ 687,394</u>	<u>\$ 3,991,932</u>	<u>\$ 6,763,089</u>
\$ -	\$ -	\$ 54,198	\$ 87,371
-	-	4,008	19,709
-	-	-	3,015
-	-	-	205,918
<u>-</u>	<u>-</u>	<u>58,206</u>	<u>316,013</u>
-	-	56,001	121,530
-	439,566	52,899	492,465
122,996	-	-	146,246
<u>122,996</u>	<u>439,566</u>	<u>108,900</u>	<u>760,241</u>
-	247,828	395,869	643,697
-	-	2,111,126	2,111,126
-	-	14,293	14,293
-	-	279,371	279,371
-	-	982,079	1,845,653
329,486	-	42,088	371,574
-	-	-	421,121
<u>329,486</u>	<u>247,828</u>	<u>3,824,826</u>	<u>5,686,835</u>
<u>\$ 452,482</u>	<u>\$ 687,394</u>	<u>\$ 3,991,932</u>	<u>\$ 6,763,089</u>

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

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**CITY OF BANDON**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2014

**Total fund balances - governmental funds** \$ 5,686,835

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	\$ 1,536,383	
Construction in process	288,553	
Depreciable assets	73,389,633	
Accumulated depreciation	<u>(55,173,519)</u>	
		20,041,050

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	121,530	
Loans receivable	146,246	
Special assessments	<u>492,465</u>	
		760,241

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	(5,678,143)	
Loans payable	(843,701)	
Special assessment debt payable	(568,511)	
Accrued interest payable on bonds and notes	(131,736)	
Compensated absences	<u>(170,793)</u>	
		<u>(7,392,884)</u>

**Net position - governmental activities** \$ 19,095,242

**CITY OF BANDON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2014

	Major Funds			
	General	Urban Renewal District No. 1	Urban Renewal District No. 2	Block Grant
<b>Revenues:</b>				
Taxes	\$ 1,027,506	\$ 280,660	\$ 146,554	\$ -
Licenses and permits	29,368	-	-	-
Intergovernmental	61,721	-	-	-
System development charges	-	-	-	-
Payments in lieu of taxes	285,072	1,349	2,282	-
Fines and police income	21,708	-	-	-
Special assessments	-	-	-	-
Grants	-	-	-	-
Interest	10,481	5,982	1,193	997
Reimbursements	258,327	-	-	-
Other	62,785	598	-	-
<b>Total revenues</b>	<b>1,756,968</b>	<b>288,589</b>	<b>150,029</b>	<b>997</b>
<b>Expenditures:</b>				
Current:				
General government	491,641	17,463	8,403	-
Public safety	854,110	-	-	-
Highways and streets	59,898	-	-	-
Economic development	77,857	-	-	12,157
Culture and recreation	196,565	-	-	-
Capital outlay	23,087	614,919	13,353	-
Debt service:				
Principal retirement	-	109,008	21,989	-
Interest	-	90,116	16,519	-
<b>Total expenditures</b>	<b>1,703,158</b>	<b>831,506</b>	<b>60,264</b>	<b>12,157</b>
Excess (deficiency) of revenues over (under) expenditures	53,810	(542,917)	89,765	(11,160)
<b>Other financing sources (uses):</b>				
Transfer in (out)	(25,000)	-	-	-
Loan repayments	-	-	-	31,116
Loan Interest	-	-	-	9,176
<b>Total other financing sources (uses)</b>	<b>(25,000)</b>	<b>-</b>	<b>-</b>	<b>40,292</b>
<b>Net change in fund balance</b>	<b>28,810</b>	<b>(542,917)</b>	<b>89,765</b>	<b>29,132</b>
Fund balances at beginning of year	392,311	1,295,889	20,837	300,354
<b>Fund balances at end of year</b>	<b>\$ 421,121</b>	<b>\$ 752,972</b>	<b>\$ 110,602</b>	<b>\$ 329,486</b>

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

LID Debt Service	Other Governmental Funds	Total
\$ -	\$ 763,483	\$ 2,218,203
-	-	29,368
-	330,596	392,317
-	62,686	62,686
-	4,702	293,405
-	-	21,708
188,277	21,351	209,628
-	2,431	2,431
75,569	19,662	113,884
-	-	258,327
-	564,152	627,535
<u>263,846</u>	<u>1,769,063</u>	<u>4,229,492</u>
-	414,275	931,782
-	25,025	879,135
-	223,244	283,142
-	-	90,014
-	363,711	560,276
-	170,993	822,352
21,833	103,926	256,756
25,520	165,588	297,743
<u>47,353</u>	<u>1,466,762</u>	<u>4,121,200</u>
<u>216,493</u>	<u>302,301</u>	<u>108,292</u>
29,430	20,570	25,000
-	-	31,116
-	3,815	12,991
<u>29,430</u>	<u>24,385</u>	<u>69,107</u>
245,923	326,686	177,399
1,905	3,498,140	5,509,436
<u>\$ 247,828</u>	<u>\$ 3,824,826</u>	<u>\$ 5,686,835</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, 2014**

**Total net change in fund balances - governmental funds** \$ 177,399

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	\$ (16,778)	
Loans receivable	(25,416)	
Real property in lieu of assessments	(269,925)	
Special assessments	<u>(84,474)</u>	(396,593)

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	1,158,353	
Depreciation	<u>(2,275,045)</u>	(1,116,692)

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	4,058	
Changes in compensated absences payable	(13,861)	
Principal payments on long-term debt	<u>256,927</u>	<u>247,124</u>

**Change in net position of governmental activities** \$ (1,088,762)

**CITY OF BANDON**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUNDS**  
June 30, 2014

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Totals</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 211,382	\$ 1,174,086	\$ 1,188,667	\$ 2,574,135
Receivable				
Accounts	507,429	41,490	306,867	855,786
Special assessments	25,445	87,262	-	112,707
Restricted cash	13,542	7,887	87,333	108,762
Inventory	-	28,755	521,003	549,758
Total current assets	<u>757,798</u>	<u>1,339,480</u>	<u>2,103,870</u>	<u>4,201,148</u>
Noncurrent assets:				
Notes receivable	-	406,362	14,688	421,050
Restricted cash	-	21,564	-	21,564
Capital assets (net of accumulated depreciation)	<u>3,775,577</u>	<u>7,323,265</u>	<u>8,437,439</u>	<u>19,536,281</u>
Total noncurrent assets	<u>3,775,577</u>	<u>7,751,191</u>	<u>8,452,127</u>	<u>19,978,895</u>
Total assets	<u>4,533,375</u>	<u>9,090,671</u>	<u>10,555,997</u>	<u>24,180,043</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	237,109	27,192	239,491	503,792
Accrued payroll benefits	2,004	2,004	9,688	13,696
Compensated absences payable	29,339	24,238	112,476	166,053
Customer deposits	13,542	7,887	87,333	108,762
Accrued interest payable	-	10,468	-	10,468
Current portion of long-term debt	-	21,564	-	21,564
Total current liabilities	<u>281,994</u>	<u>93,353</u>	<u>448,988</u>	<u>824,335</u>
Long-term liabilities:				
Long-term debt (net of current portion)	<u>-</u>	<u>363,100</u>	<u>-</u>	<u>363,100</u>
Total liabilities	<u>281,994</u>	<u>456,453</u>	<u>448,988</u>	<u>1,187,435</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,775,577	6,938,601	8,437,439	19,151,617
Restricted for debt service	-	21,564	-	21,564
Restricted for capital projects	247,255	1,125,946	-	1,373,201
Restricted for customer deposits	13,542	-	87,333	100,875
Unrestricted	<u>215,007</u>	<u>548,107</u>	<u>1,582,237</u>	<u>2,345,351</u>
Total net position	<u>\$ 4,251,381</u>	<u>\$ 8,634,218</u>	<u>\$ 10,107,009</u>	<u>\$ 22,992,608</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**  
**For the year ended June 30, 2014**

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Totals</u>
Operating revenues:				
Charges for services:				
Sewer charges	\$ 775,169	\$ -	\$ -	\$ 775,169
Water sales	-	483,486	-	483,486
Electricity sales	-	-	4,846,773	4,846,773
BPA Conservation	-	-	116,982	116,982
Service charges, fees and permits	23,820	122,565	99,116	245,501
Other	29,451	2,423	35,750	67,624
<b>Total operating revenues</b>	<b>828,440</b>	<b>608,474</b>	<b>5,098,621</b>	<b>6,535,535</b>
Operating expenses:				
Administration	47,146	29,166	238,919	315,231
Cost of sales and services	504,540	537,132	3,876,544	4,918,216
Energy assistance payments	-	-	29,847	29,847
Depreciation and amortization	149,614	297,672	457,810	905,096
<b>Total operating expenses</b>	<b>701,300</b>	<b>863,970</b>	<b>4,603,120</b>	<b>6,168,390</b>
<b>Operating income</b>	<b>127,140</b>	<b>(255,496)</b>	<b>495,501</b>	<b>367,145</b>
Nonoperating revenues (expense)				
Interest income	2,887	31,191	6,982	41,060
Interest expense	-	(18,608)	531	(18,077)
Grants and donations	442,560	-	-	442,560
Special assessment principal	-	13,092	-	13,092
<b>Total nonoperating revenues (expenses)</b>	<b>445,447</b>	<b>25,675</b>	<b>7,513</b>	<b>478,635</b>
<b>Income before operating transfers</b>	<b>572,587</b>	<b>(229,821)</b>	<b>503,014</b>	<b>845,780</b>
Other financing sources (uses):				
Assets/equity donations from (to) other funds	-	(938)	(6,541)	(7,479)
Transfer (to) from other funds	-	-	(25,000)	(25,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(938)</b>	<b>(31,541)</b>	<b>(32,479)</b>
<b>Change in net position</b>	<b>572,587</b>	<b>(230,759)</b>	<b>471,473</b>	<b>813,301</b>
<b>Net position at beginning of year</b>	<b>3,678,794</b>	<b>8,864,977</b>	<b>9,635,536</b>	<b>22,179,307</b>
<b>Net position at end of year</b>	<b>\$ 4,251,381</b>	<b>\$ 8,634,218</b>	<b>\$ 10,107,009</b>	<b>\$ 22,992,608</b>

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

**CITY OF BANDON  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
For the year ended June 30, 2014  
Increase (Decrease) in Cash and Cash Equivalents**

	Sewer	Water	Electric	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 403,742	\$ 611,543	\$ 5,184,632	\$ 6,199,917
Cash paid to employees	(272,009)	(330,869)	(1,252,978)	(1,855,856)
Cash paid to suppliers	(70,077)	(218,606)	(2,804,190)	(3,092,873)
Net cash provided by operating activities	61,656	62,068	1,127,464	1,251,188
Cash flows from noncapital financing activities:				
Customer deposits	1,944	1,706	10,339	13,989
Grants	442,560	-	-	442,560
Interfund transfers (net)	-	-	(25,000)	(25,000)
Net cash flows provided (used) by noncapital financing activities	444,504	1,706	(14,661)	431,549
Cash flows from capital and related financing activities:				
Principal payments/transfers of long-term debt	-	(20,590)	(75,000)	(95,590)
Loans receivable	-	-	(10,190)	(10,190)
Interest paid	-	(19,168)	(318)	(19,486)
Acquisition of capital assets/equity donations	(569,222)	(171,409)	(1,253,535)	(1,994,166)
Net cash used by capital and related financing activities	(569,222)	(211,167)	(1,339,043)	(2,119,432)
Cash flows from investing activities:				
Interest received	2,887	31,191	6,982	41,060
Principal payments on notes receivable	-	27,703	-	27,703
Net cash received from investing activities	2,887	58,894	6,982	68,763
Net increase (decrease) in cash and cash equivalents	(60,175)	(88,499)	(219,258)	(367,932)
Cash and cash equivalents at beginning of year, (including restricted cash of \$190,363)	285,099	1,292,036	1,495,258	3,072,393
Cash and cash equivalents at end of year, (including restricted cash of \$130,326)	\$ 224,924	\$ 1,203,537	\$ 1,276,000	\$ 2,704,461

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

Operating income (loss)	\$ 127,140	\$ (255,496)	\$ 495,502	\$ 367,146
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	149,614	297,672	457,810	905,096
Change in assets and liabilities:				
Accounts receivable	(433,012)	(2,978)	86,010	(349,980)
Inventory	-	(107)	87,964	87,857
Special assessments receivable	8,314	6,047	-	14,361
Accounts payable	201,037	12,170	(38,267)	174,940
Accrued payroll and benefits	(109)	(109)	(527)	(745)
Compensated absences	8,672	4,869	38,972	52,513
Net cash provided by operating activities	\$ 61,656	\$ 62,068	\$ 1,127,464	\$ 1,251,188

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

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## CITY OF BANDON

### NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2014

#### 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, Oregon (Agency), 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 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 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.

**Local Improvement Districts Debt Service Fund** - This fund is used to account for the receipt of special assessments. Expenditures are restricted to the repayment of the debt incurred.

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. A small allowance for bad debts is carried in the enterprise funds. The City has strong enforcement procedures including shut off of services and uncollectible amounts are relatively small. 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.

### 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 \$108,762 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. The City has property taxes, assessments, and loans receivable that fit into this classification.

#### 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 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 the reported amounts assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## 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. Only the General fund may have an unassigned balance.

## 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, 2014. 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 Depository Insurance, and the remaining deposited at an approved depository as prescribed by the Oregon State Treasurer.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by Federal Deposit Insurance Corporation. For the fiscal year ended June 30, 2014, the carrying amounts of the City's deposits in various financial institutions were \$176,050 and the bank balance was \$325,283. All deposits are held in the name of the City. Of the bank balance, the entire amount was covered by federal depository insurance or collateralized.

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. As of June 30, 2014, 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 2014. 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, 2014, 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>\$ 8,222,546</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		158,074
Cash with County Treasurer		15,804
Local Government Investment Pool		<u>8,222,546</u>
<b>Total</b>	<b>\$</b>	<b><u>8,397,194</u></b>
 <u>Balance Sheet</u>		
Governmental Activities:		
General Fund (includes customer deposits of \$3,015)	\$	386,819
Urban Renewal District #1 Fund		752,987
Urban Renewal District #2 Fund		316,752
Block Grant Fund		218,525
Local Improvement District Debt Service Fund		247,828
Nonmajor funds		<u>3,769,822</u>
		<u>5,692,733</u>
Business-type Activities:		
Sewer Fund (includes restricted cash of \$13,542)		224,924
Water Fund (includes restricted cash of \$29,451)		1,203,537
Electric Fund (includes restricted cash of \$87,333)		<u>1,276,000</u>
		<u>2,704,461</u>
<b>Total</b>	<b>\$</b>	<b><u>8,397,194</u></b>

**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	\$ 19,283	\$ 85,944	\$ -	\$ -	\$ -	\$ 105,227
URA No. 1	30,456	-	-	23,250	-	53,706
URA No. 2	15,790	-	-	-	-	15,790
Block Grant	-	-	110,961	122,996	-	233,957
LID Debt Service Fund	-	-	-	-	439,566	439,566
Nonmajor funds	56,001	18,253	94,957	-	52,899	222,110
	<u>\$ 121,530</u>	<u>\$ 104,197</u>	<u>\$ 205,918</u>	<u>\$ 146,246</u>	<u>\$ 492,465</u>	<u>\$ 1,070,356</u>

Business-type receivables:

	Sewer	Water	Electric	Total
Accounts	\$ 507,429	\$ 41,490	\$ 306,867	\$ 855,786
Special assessments	25,445	87,262	-	112,707
Loans	-	406,362	14,688	421,050
Total receivables	<u>\$ 532,874</u>	<u>\$ 535,114</u>	<u>\$ 321,555</u>	<u>\$ 1,389,543</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 2013-14, the City imposed a property tax rate of \$.4580, bond levies of \$.3669, and local option tax levy of \$.8455 per \$1,000 of assessed value. The County determined the actual taxable assessed valuation within the City to be \$417,709,626. After subtracting the Urban Renewal Excess amount of \$43,741,034 and after adjustments, the net levy result is \$704,554.

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

Coos County	Receivable 7/1/2013	2013-2014 Net Levy	Collections and Adjustments	Receivable 6/30/2014
2013-14		\$ 704,554	\$ 670,459	\$ 34,095
2012-13	\$ 37,629	-	18,705	18,924
2011-12	23,144	-	9,872	13,272
2010-11	14,882	-	9,985	4,897
2009-10	6,177	-	4,497	1,680
2008-09	1,292	-	716	576
2007-08	789	-	401	388
Prior years	1,658	-	206	1,452
<b>Total</b>	<b>\$ 85,571</b>	<b>\$ 704,554</b>	<b>\$ 714,841</b>	<b>\$ 75,284</b>

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, 2014:

Coos County	Receivable 7/1/2013	2013-2014 Net Levy	Collections and Adjustments	Receivable 6/30/2014
2013-14		\$ 427,608	\$ 406,915	\$ 20,693
2012-13	\$ 22,982	-	11,425	11,557
2011-12	15,198	-	6,483	8,715
2010-11	9,010	-	6,045	2,965
2009-10	3,317	-	2,415	902
2008-09	848	-	470	378
2007-08	466	-	237	229
Prior years	916	-	109	807
<b>Total</b>	<b>\$ 52,737</b>	<b>\$ 427,608</b>	<b>\$ 434,099</b>	<b>\$ 46,246</b>

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, 2014 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	\$ 94,957
Block Grant Fund	Urban Renewal District No. 2 Fund	110,961
		<u>\$ 205,918</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, 2014 was as follows:

#### Governmental Capital Assets:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
<i>Nondepreciable capital assets</i>				
Land	\$ 772,900	\$ 763,483	\$ -	\$ 1,536,383
Construction in progress	33,355	257,444	(2,246)	288,553
<b>Total nondepreciable capital assets</b>	<b>806,255</b>	<b>1,020,927</b>	<b>(2,246)</b>	<b>1,824,936</b>
<i>Depreciable capital assets</i>				
Buildings	6,456,215	13,352	-	6,469,567
Land Improvements	1,212,648	-	-	1,212,648
Furnishing & Equipment	1,258,035	70,817	(40,303)	1,288,549
Streets	61,758,991	32,053	-	61,791,044
Storm drains	2,564,072	63,753	-	2,627,825
<b>Total depreciable capital assets</b>	<b>73,249,961</b>	<b>179,975</b>	<b>(40,303)</b>	<b>73,389,633</b>
<i>Accumulated depreciation for:</i>				
Buildings	(1,155,608)	(137,528)	-	(1,293,136)
Land Improvements	(35,937)	(34,798)	-	(70,735)
Furnishing & Equipment	(929,766)	(68,832)	34,750	(963,848)
Streets	(49,898,448)	(1,987,537)	-	(51,885,985)
Storm drains	(878,715)	(81,100)	-	(959,815)
<b>Total accumulated depreciation</b>	<b>(52,898,474)</b>	<b>(2,309,795)</b>	<b>34,750</b>	<b>(55,173,519)</b>
<b>Total depreciable capital assets</b>	<b>20,351,487</b>	<b>(2,129,820)</b>	<b>(5,553)</b>	<b>18,216,114</b>
<b>Net Governmental capital assets</b>	<b>\$ 21,157,742</b>	<b>\$ (1,108,893)</b>	<b>\$ (7,799)</b>	<b>\$ 20,041,050</b>



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

General government	\$ 103,478
Public safety	14,762
Highways and streets	2,070,247
Culture and recreation	121,308
	<u>\$ 2,309,795</u>

Business-type activities:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
<i>Nondepreciable capital assets</i>				
Land	\$ 696,991	\$ -	\$ -	\$ 696,991
Construction in progress	197,720	562,722	(14,060)	746,382
Total nondepreciable capital assets	<u>894,711</u>	<u>562,722</u>	<u>(14,060)</u>	<u>1,443,373</u>
<i>Depreciable capital assets</i>				
Buildings	4,786,290	1	-	4,786,291
Furnishing & Equipment	1,885,051	106,905	-	1,991,956
Infrastructure	27,399,468	1,331,118	-	28,730,586
Total depreciable capital assets	<u>34,070,809</u>	<u>1,438,024</u>	<u>-</u>	<u>35,508,833</u>
<i>Accumulated depreciation for:</i>				
Buildings	(1,539,164)	(120,143)	-	(1,659,307)
Furnishing & Equipment	(1,144,441)	(139,569)	-	(1,284,010)
Infrastructure	(13,827,224)	(645,384)	-	(14,472,608)
Total accumulated depreciation	<u>(16,510,829)</u>	<u>(905,096)</u>	<u>-</u>	<u>(17,415,925)</u>
Total depreciable capital assets	<u>17,559,980</u>	<u>532,928</u>	<u>-</u>	<u>18,092,908</u>
Net business-type capital assets	<u>\$ 18,454,691</u>	<u>\$ 1,095,650</u>	<u>\$ (14,060)</u>	<u>\$ 19,536,281</u>

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

Electric	\$ 457,810
Water	297,672
Sewer	149,614
	<u>\$ 905,096</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:

**Loans.** The City 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 2028.

Fiscal Year	Principal	Interest	Total
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	25,943	13,816	39,759
2020-2024	149,324	49,471	198,795
2025-2029	<u>116,825</u>	<u>12,078</u>	<u>128,903</u>
	384,664	<u>\$ 141,829</u>	<u>\$ 526,493</u>
Less current portion	<u>(21,564)</u>		
	<u>\$ 363,100</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
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	30,261	33,039	63,300
2020-2024	170,004	144,181	314,185
2025-2029	217,840	99,612	317,452
2030-2034	277,956	41,008	318,964
	805,158	\$ 461,344	\$ 1,266,502
Less current portion	(24,497)		
	\$ 780,661		

**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
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	60,269	105,499	165,768
2020-2024	344,552	484,288	828,840
2025-2029	429,375	399,465	828,840
2030-2034	535,080	293,760	828,840
2035-2039	666,807	162,033	828,840
2040-2041	308,334	20,915	329,249
	2,560,634	\$ 1,912,815	\$ 4,473,449
Less current portion	(50,539)		
	\$ 2,510,095		

**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
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	34,298	2,884	37,183
2020	35,712	1,471	37,183
	194,159	\$ 28,939	\$ 223,097
Less current portion	(29,184)		
	<u>\$ 164,975</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
2015	\$ 2,714	\$ 1,250	\$ 3,964
2016	2,781	1,182	3,963
2017	2,857	1,107	3,964
2018	2,931	1,033	3,964
2019	3,007	956	3,963
2020-2024	13,283	3,570	16,853
	27,573	\$ 9,098	\$ 36,671
Less current portion	(2,714)		
	<u>\$ 24,859</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
2015	\$ 588	\$ 1,034	\$ 1,622
2016	623	999	1,622
2017	666	956	1,622
2018	709	912	1,621
2019	755	867	1,622
2020-2024	4,565	3,545	8,110
2025-2026	1,998	978	2,976
	<u>9,904</u>	<u>\$ 9,291</u>	<u>\$ 19,195</u>
Less current portion	(588)		
	<u>\$ 9,316</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
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	15,125	20,306	35,431
2020-2024	87,804	89,350	177,154
2025-2029	112,462	64,692	177,154
2030-2034	143,965	33,189	177,154
2034-2036	42,575	2,553	45,128
	<u>455,432</u>	<u>\$ 298,311</u>	<u>\$ 753,743</u>
Less current portion	(12,417)		
	<u>\$ 443,015</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
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	29,876	22,867	52,743
2020-2024	162,569	95,473	258,042
2025-2029	199,034	57,358	256,392
2030-2032	139,206	12,429	151,635
	628,384	\$ 289,401	\$ 917,785
Less current portion	(24,168)		
	<u>\$ 604,216</u>		

**2012 Wedbush Refinancing of LoCap Loan:** On November 28, 2012, the City entered into an agreement for a \$248,000 loan with Wedbush Bank to refinance their loan from 2008 to finance improvements to the Community Building. The 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
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	25,453	3,373	28,826
2020-2023	95,189	5,698	100,887
	215,317	\$ 29,698	\$ 245,015
Less current portion	(22,640)		
	<u>\$ 192,677</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
2015	\$ 1,232	\$ 4,115	\$ 5,347
2016	1,289	4,058	5,347
2017	1,372	3,975	5,347
2018	1,448	3,899	5,347
2019	1,528	3,819	5,347
2020-2024	8,987	17,751	26,738
2025-2029	11,781	14,957	26,738
2030-2034	15,427	11,310	26,737
2035-2039	20,202	6,535	26,737
2040-2042	12,335	1,032	13,367
	<u>75,601</u>	<u>\$ 71,451</u>	<u>\$ 147,052</u>
Less current portion	<u>(1,232)</u>		
	<u>\$ 74,369</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
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	95,000	53,281	148,281
2020-2024	510,000	228,655	738,655
2025-2029	600,000	140,821	740,821
2030-2033	550,000	38,073	588,073
	<u>2,115,000</u>	<u>\$ 692,854</u>	<u>\$ 2,807,854</u>
Less current portion	<u>(85,000)</u>		
	<u>\$ 2,030,000</u>		

The following is a summary of changes in long-term liabilities during the fiscal year ended June 30, 2014:

	Balance 6/30/2013	Additions	Reductions	Balance 6/30/2014	Due within one year
<b>Business-type activities:</b>					
Revenue bond	\$ 75,000	-	\$ 75,000	\$ -	\$ -
2006 OECD Loan	405,254	-	20,590	384,664	21,564
<b>Total business-type activities</b>	<b>\$ 480,254</b>	<b>-</b>	<b>\$ 95,590</b>	<b>\$ 384,664</b>	<b>\$ 21,564</b>
<b>Governmental activities:</b>					
Note Payable - S99001	\$ 222,187	-	\$ 28,028	\$ 194,159	\$ 29,184
2009 OECD Loan	829,503	-	24,345	805,158	24,497
2000 General obligation bonds	2,608,997	-	48,363	2,560,634	50,539
2000 LID Bond	30,762	-	3,189	27,573	2,714
12th Court LID Loan	84,193	-	8,592	75,601	1,232
Notes Payable - 2000 LID	10,855	-	951	9,904	588
Notes Payable - 2004 HWY 101 LID	467,722	-	12,290	455,432	12,417
2005 OECD Loan	652,392	-	24,008	628,384	24,168
2012 General obligation bonds	2,200,000	-	85,000	2,115,000	85,000
2012 Wedbush LoCap Refi	237,306	-	21,989	215,317	22,640
<b>Total governmental activities</b>	<b>\$7,343,917</b>	<b>-</b>	<b>\$ 256,755</b>	<b>\$7,087,162</b>	<b>\$ 252,979</b>

**Changes in other liabilities.** The following is a summary of changes in other liabilities during the fiscal year ended June 30, 2014:

	Balance 6/30/2013	Additions	Reductions	Balance 6/30/2014	Amount due within one year
<b>Governmental Activities:</b>					
Vacation payable	\$ 156,932	\$ 113,083	\$ 99,222	\$ 170,793	\$ 170,793
<b>Business-type Activities:</b>					
Vacation payable	\$ 113,540	\$ 151,316	\$ 98,803	\$ 166,053	\$ 166,053

### 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, 2014 are classified as follows:



## Governmental Activities

Fund:	Debt Service	Special Projects	Capital Projects	Customer Deposits	Total
LID Debt Service	\$ 247,828	\$ -	\$ -	\$ -	\$ 247,828
Nonmajor funds	395,869	293,664	2,111,126	-	2,800,659
Total restricted net position for Governmental Activities	\$ 643,697	\$ 293,664	\$ 2,111,126	\$ -	\$ 3,048,487

## Business-type Activities

Fund:	Debt Service	Special Projects	Capital Projects	Customer Deposits	Total
Sewer	\$ -	\$ -	\$ 247,255	\$ 13,542	\$ 260,797
Water	21,564	-	1,125,946	-	1,147,510
Electric	-	-	-	87,333	87,333
Total restricted net position for Business-type Activities	\$ 21,564	\$ -	\$ 1,373,201	\$ 100,875	\$ 1,495,640

## H. Interfund Transfers

Fund	Transfer in	Transfer out
General Fund	\$ 25,000	\$ 50,000
Electric Fund	-	25,000
State Tax Street Fund	50,000	-
LID Debt Service Fund	29,430	-
2001 Bandon LID Debt Svc	-	5,890
2004 Hwy 101 Sewer LID D/S	-	23,540
Total	\$ 104,430	\$ 104,430

The above transfers in the amount of \$75,000 are routine in nature and occur annually to support a summer recreation program and State Tax Street Fund personnel costs. The other transfers in the amount of \$29,430 among the Local Improvements Funds are to close two LID Funds into the LID Debt Service Fund.

## 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, 2014, the City is involved in the various phases of improvement projects. There were no significant contracts and remaining amounts at year end.

## **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 13.94%. 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 13.61% 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, 2014, 2013, and 2012 were \$387,144, \$396,483, and \$393,278, respectively. The required contribution was determined as part of the December 31, 2012 actuarial valuation. The cost method was changed from Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method. In combination with the change in cost method, the Board chose to re-amortize the Tier1/Tier 2 The Unfunded Actuarial Liability as of December 31, 2013 over a closed period of 20 years. 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.

## 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

**Local Improvement Districts Debt Service Fund**- This fund is used to account for loans and repayments of assessments that are associated with Local Improvement Districts in the City of Bandon.

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**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the year ended June 30, 2014

	Original & Final Budget	Actual	Variance
Revenues:			
Taxes and assessments:			
Property taxes - current year (net)	\$ 151,094	\$ 154,013	\$ 2,919
Previously levied taxes	10,000	9,493	(507)
Franchise fees	29,000	55,165	26,165
Utility taxes	355,414	347,125	(8,289)
Transient tax	405,100	461,710	56,610
<b>Total taxes</b>	<b>950,608</b>	<b>1,027,506</b>	<b>76,898</b>
License and permits	21,450	29,368	7,918
Intergovernmental:			
Cigarette tax	4,092	4,172	80
Liquor tax	41,292	46,849	5,557
Grants-in-aid	4,500	10,700	6,200
<b>Total Intergovernmental</b>	<b>49,884</b>	<b>61,721</b>	<b>11,837</b>
Fines and police income	24,600	21,708	(2,892)
Payments in lieu of taxes:			
Hydro Electric Fund	285,587	255,587	(30,000)
Water Fund	30,085	28,418	(1,667)
Sewer Fund	51,420	-	(51,420)
Heritage Place	1,550	1,067	(483)
<b>Total Payments in lieu of taxes</b>	<b>368,642</b>	<b>285,072</b>	<b>(83,570)</b>
Reimbursements:			
Intergovernmental	18,750	18,750	-
Other external	28,200	11,208	(16,992)
Accounting and administration	363,598	226,166	(137,432)
Other internal	8,800	2,203	(6,597)
<b>Total Reimbursements</b>	<b>419,348</b>	<b>258,327</b>	<b>(161,021)</b>
Other:			
Interest	9,598	10,481	883
Community Center Rent	15,000	21,595	6,595
Rental	23,000	31,028	8,028
Donations	6,000	5,003	(997)
Miscellaneous	5,000	5,159	159
<b>Total Other</b>	<b>58,598</b>	<b>73,266</b>	<b>14,668</b>
<b>Total revenues</b>	<b>\$ 1,893,130</b>	<b>\$ 1,756,968</b>	<b>\$ (136,162)</b>

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND (continued)**  
For the year ended June 30, 2014

	Original & Final Budget	Actual	Variance
Expenditures:			
General government:			
Administration and general:			
Personal services	\$ 51,513	\$ 74,001	\$ (22,488)
Materials and services	247,457	210,343	37,114
Capital outlay	25,000	197	24,803
Total administration and general	<u>323,970</u>	<u>284,541</u>	<u>39,429</u>
Accounting and billing:			
Personal services	57,502	36,343	21,159
Materials and services	115,700	94,159	21,541
Capital outlay	35,000	22,890	12,110
Total accounting and billing	<u>208,202</u>	<u>153,392</u>	<u>54,810</u>
Municipal court:			
Materials and services	4,700	3,028	1,672
Mayor and council:			
Materials and services	31,500	23,127	8,373
Planning department:			
Personal services	103,502	98,026	5,476
Materials and services	33,300	7,001	26,299
Total planning department	<u>136,802</u>	<u>105,027</u>	<u>31,775</u>
Non-departmental:			
Materials and services	124,625	23,470	101,155
Capital outlay	50,000	-	50,000
Total non-departmental	<u>174,625</u>	<u>23,470</u>	<u>151,155</u>
Total general government	<u>\$ 879,799</u>	<u>\$ 592,585</u>	<u>\$ 287,214</u>

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND (continued)**  
For the year ended June 30, 2014

	Original & Final Budget	Actual	Variance
Public safety:			
Police department:			
Personal services	\$ 712,532	\$ 609,690	\$ 102,842
Materials and services	169,100	151,442	17,658
Total police department	881,632	761,132	120,500
Fire department:			
Materials and services	96,978	92,978	4,000
Total fire department	96,978	92,978	4,000
Total public safety	978,610	854,110	124,500
Highway and streets:			
Materials and services	81,500	56,644	24,856
Capital outlay	8,334	3,254	5,080
Total highway and streets	89,834	59,898	29,936
Culture and recreation:			
Parks and recreation:			
Personal services	109,738	73,524	36,214
Materials and services	65,000	58,282	6,718
Capital outlay	61,500	2,700	58,800
Total parks and recreation	236,238	134,506	101,732
Community center:			
Personal services	9,213	3,664	5,549
Materials and services	83,900	58,395	25,505
Capital outlay	-	-	-
Total community center	93,113	62,059	31,054
Total culture and recreation	329,351	196,565	132,786
Other financing sources (uses):			
Contingency	22,205	-	22,205
Total expenditures	2,299,799	1,703,158	596,641
Net revenues over/(under) expenditures	(406,669)	53,810	460,479
Other financing sources (uses)			
Transfer from other funds	25,000	25,000	-
Transfer to other funds	(50,000)	(50,000)	-
Total other financing sources (uses)	\$ (25,000)	\$ (25,000)	\$ -



**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND (continued)**  
For the year ended June 30, 2014

	Original & Final Budget	Actual	Variance
Net change in fund balance	\$ (431,669)	\$ 28,810	\$ 460,479
Fund balance at beginning of year	431,669	392,311	(39,358)
Fund balance at end of year	\$ -	\$ 421,121	\$ 421,121

**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, 2014

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Interest	\$ 500	\$ 997	\$ 497
Other	500	-	(500)
	<u>1,000</u>	<u>997</u>	<u>(3)</u>
Total revenues			
Expenditures:			
Economic development:			
Materials and services	30,287	12,157	18,130
Capital outlay	160,000	-	160,000
	<u>190,287</u>	<u>12,157</u>	<u>178,130</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(189,287)</u>	<u>(11,160)</u>	<u>178,127</u>
Other financing sources (uses):			
Principal collections	29,410	50,525	21,115
Loan interest	9,370	9,176	(194)
	<u>38,780</u>	<u>59,701</u>	<u>20,921</u>
Total other financing sources (uses)			
Net change in fund balance	(150,507)	48,541	199,048
Fund balance at beginning of year, budgetary basis	<u>150,507</u>	<u>169,984</u>	<u>19,477</u>
Fund balance at end of year, budgetary basis	<u>\$ -</u>	<u>218,525</u>	<u>\$ 218,525</u>
Interfund loan receivable		<u>110,961</u>	
Fund balance at end of year, GAAP basis		<u>\$ 329,486</u>	

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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, 2014**

	Original & Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property taxes - current year	\$ 252,146	\$ 260,906	\$ 8,760
Previously levied taxes	20,000	19,754	(246)
Interest	4,000	5,982	1,982
Other	1,000	598	(402)
Payments in lieu of taxes	1,959	1,349	(610)
<b>Total revenues</b>	<b>279,105</b>	<b>288,589</b>	<b>9,484</b>
Expenditures:			
General government:			
Materials and services	33,500	17,463	16,037
Capital outlay	1,951,123	614,919	1,336,204
Debt service:			
Principal	109,008	109,008	-
Interest	90,118	90,116	2
Bond reserve	199,126	-	199,126
<b>Total expenditures</b>	<b>2,382,875</b>	<b>831,506</b>	<b>1,551,369</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,103,770)</b>	<b>(542,917)</b>	<b>1,560,853</b>
<b>Fund balance at beginning of year</b>	<b>2,103,770</b>	<b>1,295,889</b>	<b>(807,881)</b>
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>752,972</b>	<b>\$ 752,972</b>

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, 2014

	Original & Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property taxes - current year	\$ 131,915	\$ 136,514	\$ 4,599
Previously levied taxes	10,000	10,040	40
Interest	2,000	1,193	(807)
Payments in lieu of taxes	3,315	2,282	(1,033)
	<u>147,230</u>	<u>150,029</u>	<u>2,799</u>
Total revenues			
Expenditures:			
General government:			
Materials and services	28,200	8,403	19,797
Capital outlay	259,223	13,353	245,870
Debt service:			
Principal	55,405	55,405	-
Interest	16,525	16,519	6
Bond reserve	72,000	-	72,000
	<u>431,353</u>	<u>93,680</u>	<u>337,673</u>
Total expenditures			
Net change in fund balance	<u>(284,123)</u>	<u>56,349</u>	<u>340,472</u>
Fund balance at beginning of year, budgetary basis	<u>284,123</u>	<u>260,171</u>	<u>(23,952)</u>
Fund balance at end of year, budgetary basis	<u>\$ -</u>	<u>316,520</u>	<u>\$ 316,520</u>
Interfund loan payable		<u>(205,918)</u>	
Fund balance at end of year, GAAP basis		<u>\$ 110,602</u>	

\* Exempt from Oregon budget law

**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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
<b>Special assessments:</b>				
Principal (633)	\$ -	\$ -	\$ 94,817	\$ 94,817
Principal- 2001 Bandon LID (634)	1,100	1,100	338	(762)
Principal- 2004 Hwy 101 SW (635)	4,000	4,000	92,849	88,849
Principal- 12th Crt LID (636)	15,000	15,000	273	(14,727)
Interest (633)	-	-	53,757	53,757
Interest- 2001 Bandon LID (634)	500	500	147	(353)
Interest- 2004 Hwy 101 SW (635)	15,000	15,000	20,242	5,242
Interest- 12th Crt LID (636)	9,000	9,000	925	(8,075)
Interest	<u>1,867</u>	<u>1,867</u>	<u>498</u>	<u>(1,369)</u>
<b>Total revenues</b>	<u>46,467</u>	<u>46,467</u>	<u>263,846</u>	<u>217,379</u>
<b>Expenditures</b>				
<b>Debt service:</b>				
Principal- 2001 Bandon LID (634)	1,365	1,365	951	414
Principal- 2004 Hwy 101 SW (635)	21,820	21,820	12,290	9,530
Principal- 12th Crt LID (636)	9,498	9,498	8,592	906
Interest- 2001 Bandon LID (634)	1,070	1,070	671	399
Interest- 2004 Hwy 101 SW (635)	23,612	23,612	23,141	471
Interest- 12th Crt LID (636)	<u>16,102</u>	<u>16,102</u>	<u>1,708</u>	<u>14,394</u>
<b>Total expenditures</b>	<u>73,467</u>	<u>73,467</u>	<u>47,353</u>	<u>26,114</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(27,000)</u>	<u>(27,000)</u>	<u>216,493</u>	<u>243,493</u>
<b>Other financing sources (uses):</b>				
Transfer from other funds	<u>27,000</u>	<u>30,540</u>	<u>29,430</u>	<u>(1,110)</u>
<b>Total other financing sources (uses):</b>	<u>27,000</u>	<u>30,540</u>	<u>29,430</u>	<u>(1,110)</u>
<b>Net change in fund balance</b>	-	3,540	245,923	242,383
<b>Fund balance at beginning of year</b>	<u>-</u>	<u>(3,540)</u>	<u>1,905</u>	<u>5,445</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,828</u>	<u>\$ 247,828</u>



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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.

### **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.

**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.

**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.

### **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.

**CITY OF BANDON  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2014**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 326,878	\$ 395,165	\$ 3,047,779	\$ 3,769,822
Receivables				
Property taxes	-	21,838	34,163	56,001
Accounts	17,549	704	-	18,253
Special assessments	-	10,559	42,340	52,899
Interfund loans receivable	-	-	94,957	94,957
<b>Total assets</b>	<b>\$ 344,427</b>	<b>\$ 428,266</b>	<b>\$ 3,219,239</b>	<b>\$ 3,991,932</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,667	\$ -	\$ 49,531	\$ 54,198
Accrued payroll and benefits	4,008	-	-	4,008
<b>Total liabilities</b>	<b>8,675</b>	<b>-</b>	<b>49,531</b>	<b>58,206</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	21,838	34,163	56,001
Unavailable revenues - assessments receivable	-	10,559	42,340	52,899
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>32,397</b>	<b>76,503</b>	<b>108,900</b>
<b>FUND BALANCE</b>				
Restricted	293,664	395,869	2,111,126	2,800,659
Committed	42,088	-	982,079	1,024,167
<b>Total fund balances</b>	<b>335,752</b>	<b>395,869</b>	<b>3,093,205</b>	<b>3,824,826</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 344,427</b>	<b>\$ 428,266</b>	<b>\$ 3,219,239</b>	<b>\$ 3,991,932</b>

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**CITY OF BANDON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 177,134	\$ 203,594	\$ 382,755	\$ 763,483
Grants	2,431	-	-	2,431
Intergovernmental	330,596	-	-	330,596
Payments in lieu of taxes	-	4,702	-	4,702
System development charges	-	-	62,686	62,686
Special assessments	-	756	20,595	21,351
Interest	1,770	2,254	15,638	19,662
Out of city bond charge	-	33,684	-	33,684
Other	59,181	-	471,287	530,468
Total revenues	<u>571,112</u>	<u>244,990</u>	<u>952,961</u>	<u>1,769,063</u>
Expenditures:				
General government	-	2,023	412,252	414,275
Public safety	25,025	-	-	25,025
Highways and streets	223,244	-	-	223,244
Culture and recreation	363,711	-	-	363,711
Capital outlay	-	-	170,993	170,993
Debt service:				
Principal retirement	-	103,926	-	103,926
Interest	-	165,588	-	165,588
Total expenditures	<u>611,980</u>	<u>271,537</u>	<u>583,245</u>	<u>1,466,762</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,868)</u>	<u>(26,547)</u>	<u>369,716</u>	<u>302,301</u>
Other financing sources (uses):				
Transfer in (out)	50,000	(29,430)	-	20,570
Loan interest	-	-	3,815	3,815
Total other financing sources (uses)	<u>50,000</u>	<u>(29,430)</u>	<u>3,815</u>	<u>24,385</u>
Net change in fund balance	9,132	(55,977)	373,531	326,686
Fund balances at beginning of year	<u>326,620</u>	<u>451,846</u>	<u>2,719,674</u>	<u>3,498,140</u>
Fund balances at end of year	<u>\$ 335,752</u>	<u>\$ 395,869</u>	<u>\$ 3,093,205</u>	<u>\$ 3,824,826</u>

**CITY OF BANDON  
SUB-COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2014**

	State Tax Street	Library Memorial	Library
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,581	\$ 226,309	\$ 55,991
Accounts receivable	13,928	-	-
Loans receivable	-	-	-
Interfund loans receivable	-	-	-
<b>Total assets</b>	<b>\$ 17,509</b>	<b>\$ 226,309</b>	<b>\$ 55,991</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 261	\$ 1,876
Accrued payroll and benefits	1,336	-	2,672
<b>Total liabilities</b>	<b>1,336</b>	<b>261</b>	<b>4,548</b>
Fund balances:			
Restricted	16,173	226,048	51,443
Committed	-	-	-
<b>Total fund balances</b>	<b>16,173</b>	<b>226,048</b>	<b>51,443</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,509</b>	<b>\$ 226,309</b>	<b>\$ 55,991</b>

<u>Community Beautification</u>	<u>State Revenue Sharing</u>	<u>Totals</u>
\$ 21,004	\$ 19,993	\$ 326,878
3,621	-	17,549
-	-	-
-	-	-
<u>\$ 24,625</u>	<u>\$ 19,993</u>	<u>\$ 344,427</u>
\$ 2,530	\$ -	\$ 4,667
-	-	4,008
<u>2,530</u>	<u>-</u>	<u>8,675</u>
-	-	293,664
22,095	19,993	42,088
<u>22,095</u>	<u>19,993</u>	<u>335,752</u>
<u>\$ 24,625</u>	<u>\$ 19,993</u>	<u>\$ 344,427</u>



**CITY OF BANDON**  
**SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
For the Fiscal Year Ended June 30, 2014

	<u>State Tax Street</u>	<u>Library Memorial</u>	<u>Library</u>
Revenues:			
Taxes	\$ 177,134	\$ -	\$ -
Intergovernmental	-	-	298,192
Interest	30	1,216	352
Grants	-	-	1,000
Other	-	25,581	4
	<u>177,164</u>	<u>26,797</u>	<u>299,548</u>
Total revenues			
Expenditures:			
Current:			
Public safety	-	-	-
Highways and streets	223,244	-	-
Culture and recreation	-	20,055	308,170
	<u>223,244</u>	<u>20,055</u>	<u>308,170</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(46,080)</u>	<u>6,742</u>	<u>(8,622)</u>
Other financing sources (uses):			
Transfer in (out)	50,000	-	-
Total other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	3,920	6,742	(8,622)
Fund balances at beginning of year	<u>12,253</u>	<u>219,306</u>	<u>60,065</u>
Fund balances at end of year	<u>\$ 16,173</u>	<u>\$ 226,048</u>	<u>\$ 51,443</u>

<u>Community Beautification</u>	<u>State Revenue Sharing</u>	<u>Totals</u>
\$ -	\$ -	\$ 177,134
-	32,404	330,596
121	51	1,770
1,431	-	2,431
<u>33,596</u>	<u>-</u>	<u>59,181</u>
<u>35,148</u>	<u>32,455</u>	<u>571,112</u>
-	25,025	25,025
-	-	223,244
<u>35,486</u>	<u>-</u>	<u>363,711</u>
<u>35,486</u>	<u>25,025</u>	<u>611,980</u>
<u>(338)</u>	<u>7,430</u>	<u>(40,868)</u>
-	-	50,000
-	-	50,000
<u>(338)</u>	<u>7,430</u>	<u>9,132</u>
<u>22,433</u>	<u>12,563</u>	<u>326,620</u>
<u>\$ 22,095</u>	<u>\$ 19,993</u>	<u>\$ 335,752</u>

**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, 2014

	Original Budget	Final Budget	Actual	Variance
Revenues:				
State street tax	\$ 175,925	\$ 175,925	\$ 177,134	\$ 1,209
Interest	100	100	30	(70)
Other	500	500	-	(500)
Total revenues	<u>176,525</u>	<u>176,525</u>	<u>177,164</u>	<u>639</u>
Expenditures:				
Highways and streets:				
Personal services	184,857	204,857	219,674	(14,817)
Materials and services	21,500	21,500	3,570	17,930
Capital outlay	22,727	2,727	-	2,727
Total expenditures	<u>229,084</u>	<u>229,084</u>	<u>223,244</u>	<u>5,840</u>
Excess (deficiency) of revenues over (under) expenditures	(52,559)	(52,559)	(46,080)	6,479
Transfers from other funds	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	<u>(2,559)</u>	<u>(2,559)</u>	<u>3,920</u>	<u>6,479</u>
Fund balance at beginning of year	<u>2,559</u>	<u>2,559</u>	<u>12,253</u>	<u>9,694</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,173</u>	<u>\$ 16,173</u>

**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, 2014

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Interest	\$ 1,000	\$ 1,216	\$ 216
Other:			
Grants	1,000	-	(1,000)
Gifts & Memorials	12,500	15,094	2,594
Lisa Wampole Mem Donations	300	-	(300)
Miscellaneous	11,950	10,487	(1,463)
Total revenues	<u>26,750</u>	<u>26,797</u>	<u>47</u>
Expenditures:			
Culture and recreation:			
Materials and services	79,000	19,892	59,108
Capital outlay	143,194	163	143,031
Total expenditures	<u>222,194</u>	<u>20,055</u>	<u>202,139</u>
Net change in fund balance	(195,444)	6,742	202,186
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(195,444)</u>	<u>6,742</u>	<u>202,186</u>
Fund balance at beginning of year	<u>195,444</u>	<u>219,306</u>	<u>23,862</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 226,048</u>	<u>\$ 226,048</u>

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LIBRARY FUND**  
For the Fiscal Year Ended June 30, 2014

	Original & Final Budget	Actual	Variance
Revenues:			
Intergovernmental:			
County library support	\$ 284,376	\$ 298,192	\$ 13,816
Interest	500	352	(148)
Grants	2,000	1,000	(1,000)
Other	500	4	(496)
	<u>287,376</u>	<u>299,548</u>	<u>12,172</u>
Total revenues			
Expenditures:			
Culture and recreation:			
Personal services	287,039	276,081	10,958
Materials and services	44,000	32,089	11,911
	<u>331,039</u>	<u>308,170</u>	<u>22,869</u>
Total expenditures			
Net change in fund balance	(43,663)	(8,622)	35,041
Fund balance at beginning of year	43,663	60,065	16,402
Fund balance at end of year	<u>\$ -</u>	<u>\$ 51,443</u>	<u>\$ 51,443</u>

**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, 2014

	Original & Final Budget	Actual	Variance
Revenues:			
Garbage franchise fees	\$ 35,000	\$ 33,596	\$ (1,404)
Interest	200	121	(79)
Other	400	1,431	1,031
Total revenues	<u>35,600</u>	<u>35,148</u>	<u>(452)</u>
Expenditures:			
Culture and recreation:			
Materials and services	62,689	35,486	27,203
Total expenditures	<u>62,689</u>	<u>35,486</u>	<u>27,203</u>
Net change in fund balance	(27,089)	(338)	26,751
Fund balance at beginning of year	<u>27,089</u>	<u>22,433</u>	<u>(4,656)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 22,095</u>	<u>\$ 22,095</u>

**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, 2014**

	Original & Final Budget	Actual	Variance
Revenues:			
State revenue sharing	\$ 22,002	\$ 32,404	\$ 10,402
Interest	10	51	41
	<u>22,012</u>	<u>32,455</u>	<u>10,443</u>
Total revenues			
Expenditures:			
Public safety:			
Materials and services	26,520	25,025	1,495
	<u>26,520</u>	<u>25,025</u>	<u>1,495</u>
Total expenditures			
Net change in fund balance	(4,508)	7,430	11,938
Fund balance at beginning of year	4,508	12,563	8,055
Fund balance at end of year	<u>\$ -</u>	<u>\$ 19,993</u>	<u>\$ 19,993</u>

**CITY OF BANDON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**911 FUND**  
**For the Fiscal Year Ended June 30, 2014**

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



**CITY OF BANDON  
SUB-COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
June 30, 2014**

	General Obligation Bonds Debt Service	2000 Street & Sewer LID Bond	2001 Bandon LID	2004 HWY 101 Sewer LID Debt Svc	Local Improvement District Debt Service	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 329,899	\$ 15,685	\$ -	\$ -	\$ 49,581	\$ 395,165
Receivables:						
Accounts	704	-	-	-	-	704
Property taxes	21,838	-	-	-	-	21,838
Special assessments	-	10,559	-	-	-	10,559
<b>Total assets</b>	<b>\$ 352,441</b>	<b>\$ 26,244</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,581</b>	<b>\$ 428,266</b>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Deferred inflows of resources:						
Unavailable revenue - property taxes	\$ 21,838	\$ -	\$ -	\$ -	\$ -	\$ 21,838
Unavailable revenue - assessments receivable	-	10,559	-	-	-	10,559
<b>Total deferred inflows of resources</b>	<b>21,838</b>	<b>10,559</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,397</b>
Fund balances:						
Restricted	330,603	15,685	-	-	49,581	395,869
<b>Total deferred inflows of resources and fund balances</b>	<b>\$ 352,441</b>	<b>\$ 26,244</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,581</b>	<b>\$ 428,266</b>

CITY OF BANDON  
SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2014

	General Obligation Bonds Debt Service	2000 Street & Sewer LID	2001 Bandon LID Bond	2004 HWY 101 Sewer LID Debt Svc	Local Improvement District Debt Service	Totals
Revenues:						
Taxes	\$ 203,594	\$ -	\$ -	-	\$ -	\$ 203,594
Special assessments	-	756	-	-	-	756
Interest	1,660	373	-	-	221	2,254
Out of city bond charge	33,684	-	-	-	-	33,684
In Lieu of Tax	4,702	-	-	-	-	4,702
Other	-	-	-	-	-	-
Total revenues	243,640	1,129	-	-	221	244,990
Expenditures:						
General government:						
Materials and services	-	-	-	-	2,023	2,023
Capital Outlay	-	-	-	-	-	-
Debt service:						
Principal	100,737	3,189	-	-	-	103,926
Interest	164,814	774	-	-	-	165,588
Total expenditures	265,551	3,963	-	-	2,023	271,537
Excess (deficiency) of revenues over (under) expenditures	(21,911)	(2,834)	-	-	(1,802)	(26,547)
Other financing sources (uses):						
Transfer in (out)	-	-	(5,890)	(23,540)	-	(29,430)
Total other financing sources (uses)	-	-	(5,890)	(23,540)	-	(29,430)
Net change in fund balance	(21,911)	(2,834)	(5,890)	(23,540)	(1,802)	(55,977)
Fund balances at beginning of year	352,514	18,519	5,890	23,540	51,383	451,846
Fund balances at end of year	\$ 330,603	\$ 15,685	\$ -	\$ -	\$ 49,581	\$ 395,869

**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, 2014

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
<b>Taxes:</b>			
2000 RD GO BDS Prop taxes(343) - CY	\$ 102,014	\$ 116,166	\$ 14,152
2000 RD GO BDS Prop taxes(343) - PY	3,500	7,206	3,706
2000 SDWRLF BDS Prop taxes(344) - CY	22,723	26,957	4,234
2000 SDWRLF BDS Prop taxes(344) - PY	1,000	3,906	2,906
1991 SEWER GO BONDS Prop taxes (360) - PY	-	1,413	1,413
2006 WTPBONDS Prop taxes (375) - CY	38,454	43,483	5,029
2006 WTPBONDS Prop taxes (375) - PY	1,500	4,463	2,963
<b>Interest</b>	<b>1,100</b>	<b>1,660</b>	<b>560</b>
2000 RD GO BDS out of city (343)	21,563	21,040	(523)
2000 RD GO BDS - lieu of tax (343)	3,090	2,821	(269)
2000 SDWRLF GO BDS out of city (344)	5,058	4,935	(123)
2000 SDWRLF GO BDS - lieu of tax (344)	693	697	4
2006 Water Plant GO BDS - lieu of tax (375)	1,180	1,184	4
2006 WTP Out of city (375)	7,900	7,709	(191)
<b>Total revenues</b>	<b><u>209,775</u></b>	<b><u>243,640</u></b>	<b><u>33,865</u></b>
<b>Expenditures:</b>			
<b>Debt service:</b>			
Principal- 2000 RD Bonds (343)	48,363	48,363	-
Interest - 2000 RD Bonds (343)	117,405	117,405	-
Reserve- 2000 RD Bonds (343)	165,768	-	165,768
Principal- 2000 SDWRLF Bonds (344)	28,029	28,029	-
Interest - 2000 SDWRLF Bonds (344)	9,155	9,154	1
Reserve- 2000 SDWRLF Bonds (344)	37,184	-	37,184
Principal- 2006 Water Plant Bonds (375)	24,345	24,345	-
Interest - 2006 Water Plant Bonds (375)	38,256	38,255	1
Reserve- 2006 Water Plant Bonds (375)	62,601	-	62,601
<b>Total expenditures</b>	<b><u>531,106</u></b>	<b><u>265,551</u></b>	<b><u>265,555</u></b>
<b>Net change in fund balance</b>	<b>(321,331)</b>	<b>(21,911)</b>	<b>299,420</b>
<b>Fund balance at beginning of year</b>	<b><u>321,331</u></b>	<b><u>352,514</u></b>	<b><u>31,183</u></b>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 330,603</u></b>	<b><u>\$ 330,603</u></b>

**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, 2014

	Original & Final Budget	Actual	Variance
Revenues:			
Special assessments:			
Principal	\$      850	\$      756	\$      (94)
Interest	300	273	(27)
Interest	130	100	(30)
Total revenues	1,280	1,129	(151)
Expenditures:			
Debt service:			
Principal	17,722	3,189	14,533
Interest	1,319	774	545
Total expenditures	19,041	3,963	15,078
Net change in fund balance	(17,761)	(2,834)	14,927
Fund balance at beginning of year	17,761	18,519	758
Fund balance at end of year	\$          -	\$     15,685	\$     15,685

**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, 2014

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Special assessments:			
Principal	\$ -	\$ -	\$ -
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Transfer to other fund	<u>(7,000)</u>	<u>(5,890)</u>	<u>1,110</u>
Total other financing sources (uses):	<u>(7,000)</u>	<u>(5,890)</u>	<u>1,110</u>
Net change in fund balance	(7,000)	(5,890)	1,110
Fund balance at beginning of year	<u>5,562</u>	<u>5,890</u>	<u>328</u>
Fund balance at end of year	<u>\$ (1,438)</u>	<u>\$ -</u>	<u>\$ (1,438)</u>

**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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Special assessments:				
Interest	3,442	6,982	-	(6,982)
Total revenues	<u>3,442</u>	<u>6,982</u>	<u>-</u>	<u>(6,982)</u>
Expenditures				
Debt service:				
Principal	-	-	-	-
Additional Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,442</u>	<u>6,982</u>	<u>-</u>	<u>(6,982)</u>
Other financing sources (uses):				
Transfer to other fund	(20,000)	(23,540)	(23,540)	-
Total other financing sources (uses):	<u>(20,000)</u>	<u>(23,540)</u>	<u>(23,540)</u>	<u>-</u>
Net change in fund balance	(16,558)	(16,558)	(23,540)	(6,982)
Fund balance at beginning of year	<u>16,558</u>	<u>16,558</u>	<u>23,540</u>	<u>6,982</u>
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>

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**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, 2014

	Original & Final Budget	Actual	Variance
Revenues:			
Special assessments:			
Principal	\$ 14,555	\$ -	\$ (14,555)
Interest	67,577	-	(67,577)
Interest	10	221	211
Other	5,000	-	(5,000)
Total revenue:	<u>87,142</u>	<u>221</u>	<u>(86,921)</u>
Expenditures:			
General government:			
Materials and services	70,550	2,023	68,527
Capital outlay	1,060,091	-	1,060,091
Debt service:			
Principal	1,079,055	-	1,079,055
Interest	131,437	-	131,437
Total expenditures	<u>2,341,133</u>	<u>2,023</u>	<u>2,339,110</u>
Net change in fund balance	<u>(2,253,991)</u>	<u>(1,802)</u>	<u>2,252,189</u>
Issuance of debt	<u>2,193,900</u>	<u>-</u>	<u>(2,193,900)</u>
Net change in fund balance	(60,091)	(1,802)	58,289
Fund balance at beginning of year	<u>60,091</u>	<u>51,383</u>	<u>(8,708)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 49,581</u>	<u>\$ 49,581</u>



**CITY OF BANDON  
SUB-COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
June 30, 2014**

	<u>Capital Improvement</u>	<u>Equipment Reserve</u>	<u>Parks and Recreation Development</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 734,706	\$ 25,514	\$ 164,676
Receivables (net, where applicable of allowance for uncollectible):			
Taxes	-	-	-
Special assessments	-	-	-
Due from other funds	<u>94,957</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 829,663</u>	<u>\$ 25,514</u>	<u>\$ 164,676</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	<u>\$ 37,167</u>	<u>\$ -</u>	<u>\$ 607</u>
Total liabilities	<u>37,167</u>	<u>-</u>	<u>607</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>792,496</u>	<u>25,514</u>	<u>164,069</u>
Total fund balances (deficits)	<u>792,496</u>	<u>25,514</u>	<u>164,069</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 829,663</u>	<u>\$ 25,514</u>	<u>\$ 164,676</u>

<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>
\$ 413,116	\$ 267,179	\$ 295,356	\$ 219,139	\$ 928,093	\$ 3,047,779
-	-	-	-	34,163	34,163
5,435	11,644	13,036	12,225	-	42,340
-	-	-	-	-	94,957
<u>\$ 418,551</u>	<u>\$ 278,823</u>	<u>\$ 308,392</u>	<u>\$ 231,364</u>	<u>\$ 962,256</u>	<u>\$ 3,219,239</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,145</u>	<u>\$ 5,612</u>	<u>\$ 49,531</u>
-	-	-	6,145	5,612	49,531
-	-	-	-	34,163	34,163
5,435	11,644	13,036	12,225	-	42,340
5,435	11,644	13,036	12,225	34,163	76,503
413,116	267,179	295,356	212,994	922,481	2,111,126
-	-	-	-	-	982,079
413,116	267,179	295,356	212,994	922,481	3,093,205
<u>\$ 418,551</u>	<u>\$ 278,823</u>	<u>\$ 308,392</u>	<u>\$ 231,364</u>	<u>\$ 962,256</u>	<u>\$ 3,219,239</u>

**CITY OF BANDON**  
**SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

	Capital Improvement	Equipment Reserve	Parks and Recreation Development	Street SDC Reimbursement	Street SDC Improvement
<b>Revenues:</b>					
Taxes	\$ 40,795	\$ 4,533	\$ -	\$ -	\$ -
Special assessments	-	-	-	2,645	4,934
System development charges	-	-	-	7,879	14,767
Interest	3,798	292	906	2,219	1,385
Other	450,000	20,000	1,287	-	-
Payments in lieu of taxes	-	-	-	-	-
<b>Total revenues</b>	<b>494,593</b>	<b>24,825</b>	<b>2,193</b>	<b>12,743</b>	<b>21,086</b>
<b>Expenditures:</b>					
Current:					
General government	412,252	-	-	-	-
Capital outlay	-	56,249	10,454	1,596	-
<b>Total expenditures</b>	<b>412,252</b>	<b>56,249</b>	<b>10,454</b>	<b>1,596</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>82,341</b>	<b>(31,424)</b>	<b>(8,261)</b>	<b>11,147</b>	<b>21,086</b>
<b>Other financing sources (uses):</b>					
Loan interest	3,815	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>3,815</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>86,156</b>	<b>(31,424)</b>	<b>(8,261)</b>	<b>11,147</b>	<b>21,086</b>
<b>Fund balances at beginning of year</b>	<b>706,340</b>	<b>56,938</b>	<b>172,330</b>	<b>401,969</b>	<b>246,093</b>
<b>Fund balances at end of year</b>	<b>\$ 792,496</b>	<b>\$ 25,514</b>	<b>\$ 164,069</b>	<b>\$ 413,116</b>	<b>\$ 267,179</b>

Storm Drain SDC Reimbursement	Storm Drain SDC Improvement	Local Option Street	Totals
\$ -	\$ -	\$ 337,427	\$ 382,755
6,930	6,086	-	20,595
21,333	18,707	-	62,686
1,391	1,285	4,362	15,638
-	-	-	471,287
-	-	-	-
<u>29,654</u>	<u>26,078</u>	<u>341,789</u>	<u>952,961</u>
-	-	-	412,252
<u>1,060</u>	<u>63,754</u>	<u>37,880</u>	<u>170,993</u>
<u>1,060</u>	<u>63,754</u>	<u>37,880</u>	<u>583,245</u>
<u>28,594</u>	<u>(37,676)</u>	<u>303,909</u>	<u>369,716</u>
-	-	-	3,815
-	-	-	3,815
<u>28,594</u>	<u>(37,676)</u>	<u>303,909</u>	<u>373,531</u>
<u>266,762</u>	<u>250,670</u>	<u>618,572</u>	<u>2,719,674</u>
<u>\$ 295,356</u>	<u>\$ 212,994</u>	<u>\$ 922,481</u>	<u>\$ 3,093,205</u>

**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, 2014

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Grants	\$ 200,000	\$ -	\$ (200,000)
Utility tax	40,795	40,795	-
Interest	1,000	3,798	2,798
Urban Renewal Property Purchase	450,000	450,000	-
Other	1,000	-	(1,000)
	<u>692,795</u>	<u>494,593</u>	<u>(198,202)</u>
Total revenues			
Expenditures:			
General government:			
Capital outlay	1,222,700	412,252	810,448
	<u>1,222,700</u>	<u>412,252</u>	<u>810,448</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(529,905)</u>	<u>82,341</u>	<u>612,246</u>
Other financing sources (uses)			
Loan repayment principal	14,007	14,007	-
Loan repayment interest	3,815	3,815	-
	<u>17,822</u>	<u>17,822</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balance	(512,083)	100,163	612,246
Fund balance at beginning of year, budgetary basis	<u>512,083</u>	<u>597,376</u>	<u>85,293</u>
Fund balance at end of year, budgetary basis	<u>\$ -</u>	<u>\$ 697,539</u>	<u>\$ 697,539</u>
Interfund loan receivable		<u>94,957</u>	
Fund balance at end of year, GAAP basis		<u>\$ 792,496</u>	

**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, 2014

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Utility tax	\$ 4,533	\$ 4,533	\$ -
Other	100	20,000	19,900
Interest	500	292	(208)
	<u>5,133</u>	<u>24,825</u>	<u>19,692</u>
Total revenues			
Expenditures:			
General government:			
Capital outlay	<u>77,133</u>	<u>56,249</u>	<u>20,884</u>
Total expenditures	<u>77,133</u>	<u>56,249</u>	<u>20,884</u>
Net change in fund balance	(72,000)	(31,424)	40,576
Fund balance at beginning of year	<u>72,000</u>	<u>56,938</u>	<u>(15,062)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 25,514</u>	<u>\$ 25,514</u>

**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, 2014

	Original & Final Budget	Actual	Variance
Revenues:			
Interest	\$ 1,000	\$ 906	\$ (94)
Grants	1,228,000		(1,228,000)
Other	52,500	1,287	(51,213)
<b>Total revenues</b>	<u>1,281,500</u>	<u>2,193</u>	<u>(1,279,307)</u>
Expenditures:			
Culture and recreation:			
Capital outlay	1,450,734	10,454	1,440,280
<b>Total expenditures</b>	<u>1,450,734</u>	<u>10,454</u>	<u>1,440,280</u>
Net change in fund balance	(169,234)	(8,261)	160,973
Fund balance at beginning of year	169,234	172,330	3,096
Fund balance at end of year	<u>\$ -</u>	<u>\$ 164,069</u>	<u>\$ 164,069</u>

**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, 2014**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
System development fees	\$ 3,000	\$ 7,879	\$ 4,879
Special assessments:			
Principal	3,000	2,179	(821)
Interest	1,000	466	(534)
Interest	<u>1,500</u>	<u>2,219</u>	<u>719</u>
Total revenues	<u>8,500</u>	<u>12,743</u>	<u>4,243</u>
Expenditures:			
Highways and streets:			
Capital outlay	<u>406,311</u>	<u>1,596</u>	<u>404,715</u>
Total expenditures	<u>406,311</u>	<u>1,596</u>	<u>404,715</u>
Net change in fund balance	(397,811)	11,147	408,958
Fund balance at beginning of year	<u>397,811</u>	<u>401,969</u>	<u>4,158</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 413,116</u>	<u>\$ 413,116</u>



**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, 2014

	Original & Final Budget	Actual	Variance
Revenues:			
System development fees	\$ 3,000	\$ 14,767	\$ 11,767
Special assessments:			
Principal	3,000	4,064	1,064
Interest	500	870	370
Interest	1,000	1,385	385
Total revenues	<u>7,500</u>	<u>21,086</u>	<u>13,586</u>
Expenditures:			
Highways and streets:			
Capital outlay	245,427	-	245,427
Total expenditures	<u>245,427</u>	<u>-</u>	<u>245,427</u>
Net change in fund balance	(237,927)	21,086	259,013
Fund balance at beginning of year	<u>237,927</u>	<u>246,093</u>	<u>8,166</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 267,179</u>	<u>\$ 267,179</u>

**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, 2014**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
System development fees	\$ 5,000	\$ 21,333	\$ 16,333
Special assessments:			
Principal	4,000	5,703	1,703
Interest	1,000	1,227	227
Interest	<u>1,500</u>	<u>1,391</u>	<u>(109)</u>
Total revenues	<u>11,500</u>	<u>29,654</u>	<u>18,154</u>
Expenditures:			
Highways and streets:			
Capital outlay	<u>274,658</u>	<u>1,060</u>	<u>273,598</u>
Total expenditures	<u>274,658</u>	<u>1,060</u>	<u>273,598</u>
Net change in fund balance	<u>(263,158)</u>	<u>28,594</u>	<u>291,752</u>
Fund balance at beginning of year	<u>263,158</u>	<u>266,762</u>	<u>3,604</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 295,356</u>	<u>\$ 295,356</u>

**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, 2014**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
System development fees	\$ 5,000	\$ 18,707	\$ 13,707
Special assessments:			
Principal	3,000	5,005	2,005
Interest	500	1,081	581
Interest	<u>1,000</u>	<u>1,285</u>	<u>285</u>
Total revenues	<u>9,500</u>	<u>26,078</u>	<u>16,578</u>
Expenditures:			
Highways and streets:			
Capital outlay	<u>259,488</u>	<u>63,754</u>	<u>195,734</u>
Total expenditures	<u>259,488</u>	<u>63,754</u>	<u>195,734</u>
Net change in fund balance	<u>(249,988)</u>	<u>(37,676)</u>	<u>212,312</u>
Fund balance at beginning of year	<u>249,988</u>	<u>250,670</u>	<u>682</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 212,994</u>	<u>\$ 212,994</u>

**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, 2014**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes			
Property taxes - current year	\$ 311,680	\$ 317,782	\$ 6,102
Previously levied taxes	15,000	19,645	4,645
Interest	1,000	4,362	3,362
In-lieu of tax	8,242	-	(8,242)
Other	500	-	(500)
	<u>336,422</u>	<u>341,789</u>	<u>5,367</u>
Total revenues			
Expenditures:			
Highways and streets:			
Capital outlay	<u>948,312</u>	<u>37,880</u>	<u>910,432</u>
Total expenditures	<u>948,312</u>	<u>37,880</u>	<u>910,432</u>
Net change in fund balance	(611,890)	303,909	915,799
Fund balance at beginning of year	<u>611,890</u>	<u>618,572</u>	<u>6,682</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 922,481</u>	<u>\$ 922,481</u>

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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.

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**CITY OF BANDON**  
**SUB-COMBINING SCHEDULE OF NET POSITION**  
**SEWER FUNDS**  
June 30, 2014

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Totals
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 103,427	\$ 107,955	\$ 211,382
Receivable				
Interfund	(10,428)	10,428	-	-
Accounts	507,429	-	-	507,429
Special assessments	-	10,607	14,838	25,445
Restricted cash	13,542	-	-	13,542
<b>Total current assets</b>	<b>510,543</b>	<b>124,462</b>	<b>122,793</b>	<b>757,798</b>
Noncurrent assets:				
Capital assets				
(net of accumulated depreciation)	3,775,577	-	-	3,775,577
<b>Total noncurrent assets</b>	<b>3,775,577</b>	<b>-</b>	<b>-</b>	<b>3,775,577</b>
<b>Total assets</b>	<b>\$ 4,286,120</b>	<b>\$ 124,462</b>	<b>\$ 122,793</b>	<b>\$ 4,533,375</b>
<b>LIABILITIES AND NET POSITION</b>				
Current liabilities:				
Accounts payable	\$ 237,109	\$ -	\$ -	\$ 237,109
Accrued payroll benefits	2,004	-	-	2,004
Customer deposits	13,542	-	-	13,542
Compensated absences payable	29,339	-	-	29,339
<b>Total current liabilities</b>	<b>281,994</b>	<b>-</b>	<b>-</b>	<b>281,994</b>
<b>Total liabilities</b>	<b>281,994</b>	<b>-</b>	<b>-</b>	<b>281,994</b>
<b>NET POSITION</b>				
Net investment in capital assets	3,775,577	-	-	3,775,577
Restricted for customer deposits	13,542	-	-	13,542
Restricted for capital projects	-	124,462	122,793	247,255
Unrestricted	215,007	-	-	215,007
<b>Total net position</b>	<b>4,004,126</b>	<b>124,462</b>	<b>122,793</b>	<b>4,251,381</b>
<b>Total liabilities and net position</b>	<b>\$ 4,286,120</b>	<b>\$ 124,462</b>	<b>\$ 122,793</b>	<b>\$ 4,533,375</b>



**CITY OF BANDON**  
**SUB-COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**SEWER FUNDS**  
For the Fiscal Year Ended June 30, 2014

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Totals
Operating revenues:				
Charges for services:				
Sewer charges	\$ 775,169	\$ -	\$ -	\$ 775,169
Service charges, fees and permits	-	9,480	14,340	23,820
Other	29,451	-	-	29,451
Total operating revenues	<u>804,620</u>	<u>9,480</u>	<u>14,340</u>	<u>828,440</u>
Operating expenses:				
Administration	47,146	-	-	47,146
Cost of sales and services	504,540	-	-	504,540
Depreciation and amortization	149,614	-	-	149,614
Total operating expenses	<u>701,300</u>	<u>-</u>	<u>-</u>	<u>701,300</u>
Operating income (loss)	<u>103,320</u>	<u>9,480</u>	<u>14,340</u>	<u>127,140</u>
Nonoperating revenues (expenses):				
Grants	442,560	-	-	442,560
Assessment interest	-	697	1,045	1,742
Interest income	69	568	508	1,145
Total nonoperating revenues (expenses)	<u>442,629</u>	<u>1,265</u>	<u>1,553</u>	<u>445,447</u>
Income (loss) before operating transfers	<u>545,949</u>	<u>10,745</u>	<u>15,893</u>	<u>572,587</u>
Change in net position	545,949	10,745	15,893	572,587
Net position at beginning of year	<u>3,458,177</u>	<u>113,717</u>	<u>106,900</u>	<u>3,678,794</u>
Net position at end of year	<u>\$ 4,004,126</u>	<u>\$ 124,462</u>	<u>\$ 122,793</u>	<u>\$ 4,251,381</u>

**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, 2014**

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
Charges for services:					
Sewer charges	\$ 775,169	\$ -	\$ 775,169	\$ 827,000	\$ (51,831)
Other	29,451	-	29,451	10,000	28,451
Total operating revenues	804,620	-	804,620	837,000	(23,380)
Operating expenses:					
Administration	47,146	-	47,146	91,074	43,928
Accounting and billing	43,701	-	43,701	88,214	44,513
Distribution	52,106	8,673	43,433	278,804	235,371
Plant operations	408,733	(569,222)	977,955	2,469,418	1,491,463
Non-departmental:					
Materials and services	-	-	-	51,520	51,520
Depreciation	149,614	149,614	-	-	-
Total operating expenses	701,300	(410,935)	1,112,235	2,979,030	1,866,795
Operating income (loss)	103,320	410,935	(307,615)	(2,142,030)	(1,890,175)
Nonoperating revenues (expenses):					
Debt service principal	-	-	-	(40,214)	40,214
Debt service interest	-	-	-	(10,000)	10,000
Grants	442,560	-	442,560	750,000	(307,440)
Interest income	69	-	69	500	(431)
Total nonoperating revenues (expenses)	442,629	-	442,629	700,286	(257,657)
Income before transfers	545,949	410,935	135,014	(1,441,744)	(2,147,832)
Other financing sources and (uses):					
Loans	-	-	-	1,250,000	(1,436,115)
Total other financing sources and (uses)	-	-	-	1,250,000	(1,436,115)
Change in net position	545,949	410,935	135,014	(191,744)	149,643
Net position at beginning of year	3,458,177	3,335,301	122,876	191,744	(68,868)
Net position at end of year	\$ 4,004,126	\$ 3,746,236	\$ 257,890	\$ -	\$ 80,775

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, 2014

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
System development fees	\$ 9,480	\$ -	\$ 9,480	\$ 2,000	\$ 4,480
Other	-	-	-	100	(100)
	<u>9,480</u>	<u>-</u>	<u>9,480</u>	<u>2,100</u>	<u>4,380</u>
Operating expenses:					
Materials and services	-	-	-	5,000	6,000
Capital outlay	-	-	-	110,489	96,914
	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,489</u>	<u>102,914</u>
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,489</u>	<u>102,914</u>
Operating income (loss)	<u>9,480</u>	<u>-</u>	<u>9,480</u>	<u>(113,389)</u>	<u>107,294</u>
Nonoperating revenues (expenses):					
Assessment principal	-	-	-	2,000	(5,000)
Assessment interest	697	-	697	200	497
Interest income	568	-	568	500	68
	<u>1,265</u>	<u>-</u>	<u>1,265</u>	<u>2,700</u>	<u>(4,435)</u>
Total nonoperating revenues (expenses)	<u>1,265</u>	<u>-</u>	<u>1,265</u>	<u>2,700</u>	<u>(4,435)</u>
Change in net position	10,745	-	10,745	(110,689)	121,434
Net position at beginning of year	<u>113,717</u>	<u>-</u>	<u>113,717</u>	<u>110,689</u>	<u>3,028</u>
Net position at end of year	<u>\$ 124,462</u>	<u>\$ -</u>	<u>\$ 124,462</u>	<u>\$ -</u>	<u>\$ 124,462</u>

**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, 2014

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
System development fees	\$ 14,340	\$ -	\$ 14,340	\$ 3,000	\$ 11,340
Operating expenses:					
Materials and services	-	-	-	6,500	6,500
Capital outlay	-	-	-	104,521	104,521
Total operating expenses	-	-	-	111,021	111,021
Operating income (loss)	14,340	-	14,340	(108,021)	122,361
Nonoperating revenues (expenses):					
Assessment principal	-	-	-	3,000	(3,000)
Assessment interest	1,045	-	1,045	1,000	45
Interest income	508	-	508	500	8
Total nonoperating revenues (expenses)	1,553	-	1,553	4,500	(2,947)
Change in net position	15,893	-	15,893	(103,521)	119,414
Net position at beginning of year	106,900	-	106,900	103,521	3,379
Net position at end of year	\$ 122,793	\$ -	\$ 122,793	\$ -	\$ 122,793

**CITY OF BANDON**  
**SUB-COMBINING SCHEDULE OF NET POSITION**  
**WATER FUNDS**  
June 30, 2014

	Water	Water SDC Reimbursement	Water SDC Improvement	Totals
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 117,206	\$ 219,200	\$ 837,680	\$ 1,174,086
Receivable				
Accounts	41,490	-	-	41,490
Special assessments	-	17,670	69,592	87,262
Restricted cash	7,887	-	-	7,887
Inventory	28,755	-	-	28,755
<b>Total current assets</b>	<b>195,338</b>	<b>236,870</b>	<b>907,272</b>	<b>1,339,480</b>
Noncurrent assets:				
Restricted cash	21,564	-	-	21,564
Loans receivable	406,362	-	-	406,362
Capital assets (net of accumulated depreciation)	7,323,265	-	-	7,323,265
<b>Total noncurrent assets</b>	<b>7,751,191</b>	<b>-</b>	<b>-</b>	<b>7,751,191</b>
<b>Total assets</b>	<b>\$ 7,946,529</b>	<b>\$ 236,870</b>	<b>\$ 907,272</b>	<b>\$ 9,090,671</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 8,996	\$ -	\$ 18,196	\$ 27,192
Accrued payroll benefits	2,004	-	-	2,004
Compensated absences payable	24,238	-	-	24,238
Customer deposits	7,887	-	-	7,887
Interest payable	10,468	-	-	10,468
Current portion of long term debt	21,564	-	-	21,564
<b>Total current liabilities</b>	<b>75,157</b>	<b>-</b>	<b>18,196</b>	<b>93,353</b>
Long-term liabilities				
Long term debt (net of current portion)	363,100	-	-	363,100
<b>Total liabilities</b>	<b>438,257</b>	<b>-</b>	<b>18,196</b>	<b>456,453</b>
<b>NET POSITION:</b>				
Net investment in capital assets	6,938,601	-	-	6,938,601
Restricted for debt service	21,564	-	-	21,564
Restricted for capital projects	-	236,870	889,076	1,125,946
Unrestricted	548,107	-	-	548,107
<b>Total net position</b>	<b>7,508,272</b>	<b>236,870</b>	<b>889,076</b>	<b>8,634,218</b>
<b>Total liabilities and net position</b>	<b>\$ 7,946,529</b>	<b>\$ 236,870</b>	<b>\$ 907,272</b>	<b>\$ 9,090,671</b>

**CITY OF BANDON**  
**SUB-COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**WATER FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

	Water	Water SDC Reimbursement	Water SDC Improvement	Totals
Operating revenues:				
Charges for services:				
Water sales	\$ 483,486	\$ -	\$ -	\$ 483,486
Service charges, fees and permits	37,467	17,709	67,389	122,565
Miscellaneous other	2,423	-	-	2,423
<b>Total operating revenues</b>	<b>523,376</b>	<b>17,709</b>	<b>67,389</b>	<b>608,474</b>
Operating expenses:				
Administration	29,166	-	-	29,166
Cost of sales and services	537,132	-	-	537,132
Depreciation	297,672	-	-	297,672
<b>Total operating expenses</b>	<b>863,970</b>	<b>-</b>	<b>-</b>	<b>863,970</b>
<b>Operating income</b>	<b>(340,594)</b>	<b>17,709</b>	<b>67,389</b>	<b>(255,496)</b>
Nonoperating revenues (expenses):				
Interest income	920	1,358	4,378	6,656
Debt service interest	(18,608)	-	-	(18,608)
Special assessment principal	-	2,724	10,368	13,092
Special assessment interest	19,912	973	3,650	24,535
<b>Total nonoperating revenues (expenses)</b>	<b>2,224</b>	<b>5,055</b>	<b>18,396</b>	<b>25,675</b>
<b>Income (loss) before transfers</b>	<b>(338,370)</b>	<b>22,764</b>	<b>85,785</b>	<b>(229,821)</b>
Other financing sources and (uses):				
Assets/Equity donated (to) from other funds	162,868	(98,461)	(65,345)	(938)
<b>Total other financing sources and (uses):</b>	<b>162,868</b>	<b>(98,461)</b>	<b>(65,345)</b>	<b>(938)</b>
<b>Change in net position</b>	<b>(175,502)</b>	<b>(75,697)</b>	<b>20,440</b>	<b>(230,759)</b>
<b>Net position at beginning of year</b>	<b>7,683,774</b>	<b>312,567</b>	<b>868,636</b>	<b>8,864,977</b>
<b>Net position at end of year</b>	<b>\$ 7,508,272</b>	<b>\$ 236,870</b>	<b>\$ 889,076</b>	<b>\$ 8,634,218</b>

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, 2014

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
Charges for services:					
Water sales	\$ 483,486	\$ -	\$ 483,486	\$ 501,412	\$ (17,926)
Service charges, fees and permits	37,467	-	37,467	37,911	(444)
Other	2,423	-	2,423	1,000	1,423
Total operating revenues:	523,376	-	523,376	540,323	(16,947)
Operating expenses:					
Administration	29,166		29,166	30,358	1,192
Accounting and billing	28,254	-	28,254	37,407	9,153
Distribution	168,741	(2,840)	171,581	282,706	111,125
Plant operations	311,719	-	311,719	312,142	423
Non-departmental:					
Materials and services	28,418	-	28,418	30,185	1,767
Depreciation	297,672	297,672	-	-	-
Total operating expenses	863,970	294,832	569,138	692,798	123,660
Operating income (loss)	(340,594)	(294,832)	(45,762)	(152,475)	106,713
Nonoperating revenues (expense):					
Special assessments:					
Principal	-	(14,611)	14,611	13,339	1,272
Interest	19,912	-	19,912	22,360	(2,448)
Debt service:					
Principal	-	20,590	(20,590)	(19,169)	(1,421)
Interest	(18,608)	560	(19,169)	(20,591)	1,422
Interest income	920	-	920	2,000	(1,080)
Total nonoperating revenues (expenses)	2,224	6,539	(4,316)	(2,061)	(2,255)
Income before operating transfers	(338,370)	(288,293)	(50,078)	(154,536)	104,458
Other financing sources (uses):					
Equity Donations from (to) other funds	162,868	-	162,868	-	162,868
Change in net position	(175,502)	(288,293)	112,790	(154,536)	267,326
Net position at beginning of year	7,683,774	7,428,066	255,708	154,536	101,172
Net position at end of year	\$ 7,508,272	\$ 7,139,773	\$ 368,498	\$ -	\$ 368,498

**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, 2014**

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
System development fees	\$ 17,709	\$ -	\$ 17,709	\$ 4,000	\$ 13,709
Other	-	-	-	500	(500)
Total operating revenues	<u>17,709</u>	<u>-</u>	<u>17,709</u>	<u>4,500</u>	<u>13,209</u>
Operating expenses:					
Materials and services	-	-	-	25,500	25,500
Capital outlay	-	(98,461)	98,461	295,356	196,895
Total operating expenses	<u>-</u>	<u>(98,461)</u>	<u>98,461</u>	<u>320,856</u>	<u>222,395</u>
Operating income (loss)	<u>17,709</u>	<u>98,461</u>	<u>(80,752)</u>	<u>(316,356)</u>	<u>235,604</u>
Nonoperating revenues (expenses):					
Assessment principal	2,724	-	2,724	4,000	(1,276)
Assessment interest	973	-	973	1,000	(27)
Interest income	1,358	-	1,358	1,000	358
Total nonoperating revenues (expenses)	<u>5,055</u>	<u>-</u>	<u>5,055</u>	<u>6,000</u>	<u>(945)</u>
Income (loss) before transfers to other funds	22,764	98,461	(75,697)	(310,356)	234,659
Other financing sources (uses)					
Capital assets donated from ( to) other funds	(98,461)	(98,461)	-	-	-
Change in net position	(75,697)	-	(75,697)	(310,356)	234,659
Net position at beginning of year	<u>312,567</u>	<u>-</u>	<u>312,567</u>	<u>310,356</u>	<u>2,211</u>
Net position at end of year	<u>\$ 236,870</u>	<u>\$ -</u>	<u>\$ 236,870</u>	<u>\$ -</u>	<u>\$ 236,870</u>



**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, 2014

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
System development fees	\$ 67,389	\$ -	\$ 67,389	\$ 15,000	\$ 52,389
Operating expenses:					
Materials and services	-	-	-	25,000	25,000
Capital outlay	-	(65,345)	65,345	853,902	788,557
Total operating expenses	-	(65,345)	65,345	878,902	813,557
Operating income (loss)	67,389	65,345	2,044	(863,902)	865,946
Nonoperating revenues (expenses):					
Assessment Principal	10,368	-	10,368	11,000	(632)
Assessment interest	3,650	-	3,650	4,000	(350)
Interest income	4,378	-	4,378	4,000	378
Total nonoperating revenues (expenses)	18,396	-	18,396	19,000	(604)
Income (loss) before transfers to other funds	85,785	65,345	20,440	(844,902)	865,342
Other financing sources (uses)					
Capital assets donated from (to) other funds	(65,345)	(65,345)	-	-	-
Change in net position	20,440	-	20,440	(844,902)	865,342
Net position at beginning of year	868,636	-	868,636	844,902	23,734
Net position at end of year	\$ 889,076	\$ -	\$ 889,076	\$ -	\$ 889,076

CITY OF BANDON  
SUB-COMBINING SCHEDULE OF NET POSITION  
ELECTRIC FUNDS  
June 30, 2014

<b>ASSETS</b>	<u>Electric</u>
Current assets:	
Cash and cash equivalents	\$ 1,188,667
Receivable	
Accounts	306,867
Restricted cash	87,333
Inventory	521,003
	<hr/>
Total current assets	2,103,870
	<hr/>
Noncurrent assets:	
Loans Receivable	14,688
Capital assets (net of accumulated depreciation)	8,437,439
	<hr/>
Total noncurrent assets	8,452,127
	<hr/>
Total assets	\$ 10,555,997
	<hr/> <hr/>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 239,491
Accrued payroll benefits	9,688
Compensated absences payable	112,476
Customer deposits	87,333
	<hr/>
Total liabilities	448,988
	<hr/>
<b>NET POSITION:</b>	
Net investment in capital assets	8,437,439
Restricted for customer deposits	87,333
Unrestricted	1,582,237
	<hr/>
Total net position	10,107,009
	<hr/>
Total liabilities and net position	\$ 10,555,997
	<hr/> <hr/>

**CITY OF BANDON**  
**SUB-COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**ELECTRIC FUND**  
For the Fiscal Year Ended June 30, 2014

	Electric
Operating revenues:	
Charges for services:	
Electricity sales	\$ 4,846,773
BPA Conservation	116,982
Service charges, fees and permits	99,116
Other	35,750
	5,098,621
Total operating revenues	5,098,621
Operating expenses:	
Administration	238,919
Cost of sales and services	3,876,544
Energy assistance payments	29,847
Depreciation	457,810
	4,603,120
Total operating expenses	4,603,120
Operating income	495,501
Nonoperating revenues (expenses):	
Interest income	6,983
Interest expense	531
	7,514
Total nonoperating revenues (expenses)	7,514
Income (loss) before operating transfers	503,015
Other financing sources and (uses):	
Assets donated from (to) other funds	(6,542)
Transfers (to) from other funds	(25,000)
	(31,542)
Total other financing sources and (uses)	(31,542)
Change in net position	471,473
Net position at beginning of year	9,635,536
Net position at end of year	\$ 10,107,009

**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, 2014**

	Actual	Adjustment to GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues:					
Electricity sales	\$ 4,835,071	\$ -	\$ 4,835,071	\$ 4,749,783	\$ 85,288
Low Income Assistance	10,696	-	10,696	10,000	696
Vol Low Inc Roundup Donation	1,006	-	1,006	1,071	(65)
BPA Conservation	116,982	-	116,982	75,000	41,982
Services charges, fees and permits	99,116	-	99,116	88,400	10,716
Reimbursements	-	-	-	4,100	(4,100)
Other	35,750	-	35,750	10,000	25,750
<b>Total operating revenues</b>	<b>5,098,621</b>	<b>-</b>	<b>5,098,621</b>	<b>4,938,354</b>	<b>160,267</b>
Operating expenses:					
Administration	238,919	-	238,919	270,736	31,817
Accounting and billing	389,128	-	389,128	389,374	246
Source of supply	2,530,148	-	2,530,148	2,745,901	215,753
Conservation	125,068	-	125,068	138,532	13,464
Distribution	593,962	(1,126,599)	1,720,561	2,641,107	920,546
Non-departmental:					
Materials and services	255,587	-	255,587	286,187	30,600
Capital Outlay	-	-	-	25,000	25,000
Debt service - principal	-	(75,000)	75,000	81,000	6,000
Debt service - interest	12,498	(849)	13,347	13,348	1
Depreciation and amortization	457,810	457,810	-	-	-
Contingency	-	-	-	275,000	275,000
<b>Total operating expenses</b>	<b>4,603,120</b>	<b>(744,638)</b>	<b>5,347,758</b>	<b>6,866,185</b>	<b>1,518,427</b>
<b>Operating income (loss)</b>	<b>495,501</b>	<b>(744,638)</b>	<b>(249,137)</b>	<b>(1,927,831)</b>	<b>1,678,694</b>
Nonoperating revenues (expense):					
Conservation Interest	531	-	531	100	431
Conservation Principal	-	-	-	100	(100)
Interest income	6,983	-	6,983	8,000	(1,017)
<b>Total nonoperating revenues</b>	<b>7,514</b>	<b>-</b>	<b>7,514</b>	<b>8,200</b>	<b>(686)</b>
<b>Income (loss) before transfers</b>	<b>503,015</b>	<b>(744,638)</b>	<b>(241,623)</b>	<b>(1,919,631)</b>	<b>1,678,008</b>
Other financing sources (uses):					
Capital assets donated from (to) other funds	(6,542)	(6,542)	-	-	-
Transfers to other funds	(25,000)	-	(25,000)	(25,000)	-
<b>Total other financing sources (uses)</b>	<b>(31,542)</b>	<b>(6,542)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>-</b>
<b>Change in net position</b>	<b>471,473</b>	<b>(751,180)</b>	<b>(266,623)</b>	<b>(1,944,631)</b>	<b>1,678,008</b>
<b>Net position at beginning of year</b>	<b>9,635,536</b>	<b>8,071,502</b>	<b>1,564,034</b>	<b>1,944,631</b>	<b>(380,597)</b>
<b>Net position at end of year</b>	<b>\$ 10,107,009</b>	<b>\$ 7,320,322</b>	<b>\$ 1,297,411</b>	<b>\$ -</b>	<b>\$ 1,297,411</b>

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November 6, 2014

Honorable Mayor and City Council  
City of Bandon  
Bandon, Oregon

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the 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 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 6, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 financial statements are free from material misstatement, we performed tests of 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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.



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November 6, 2014

### Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Bandon as of and for the year ended June 30, 2014, and have issued our report thereon dated November 6, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

#### Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in 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 statements 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:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **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, 279C).**

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





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**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures 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 internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

ROY R. ROGERS, CPA  
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