

# City of Bandon

<b>CITY COUNCIL AGENDA DOCUMENTATION</b>	<b>DATE:</b> Feb 5, 2018
<b>SUBJECT:</b> Accepting the Financial Audit Report for FY2015-16	<b>ITEM #:</b> 5.1.2

## **BACKGROUND**

The Accounting Firm of Pauly, Rogers and Co., P.C. completed the FY2015-16 Financial Audit for the City of Bandon in January 2018, with the assistance of Moss Adams, LLP, who prepared the Financial Statements.

Copies of the Independent Auditor's Report and Annual Financial Report were made available to the Mayor and Council prior to the meeting.

A brief summary of the report will be provided.

## **FISCAL IMPACT**

Not Applicable


## **RECOMMENDATION**

Acknowledge and accept the report.

## **RECOMMENDED MOTION(S)**

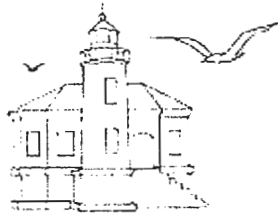
Motion to accept the City of Bandon's Annual Financial and Independent Auditor's Report for Fiscal Year 2015-16, as prepared by Pauly, Rogers and Co., P.C.

## **SUBMITTED BY**



---

Robert J Mawson, City Manager/Director of Utilities



ANNUAL FINANCIAL REPORT  
CITY OF BANDON  
COOS COUNTY, OREGON  
FOR THE YEAR ENDED JUNE 30, 2016

Department of Finance is Responsible  
For the Preparation of the  
Annual Financial Report

**City of Bandon  
Annual Financial Report  
For the Year Ended June 30, 2016  
Table of Contents**

---

**Introductory Section:**

City Officials	I
----------------	---

**Financial Section:**

Independent Auditors' Report	II-IV
Management's Discussion and Analysis	V-XIII

**Basic Financial Statements**

Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Government Funds	3
Reconciliation of Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances	5-6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	7
Statement of Net Position – Enterprise Funds	8
Statement of Revenues, Expenses, and Changes in Net Position – Enterprise Funds	9
Statement of Cash Flows – Enterprise Funds	10
Notes to the Basic Financials Statements	11-43

**Required Supplementary Information**

Major Funds:	44
Schedule of Revenues, Expenditures, and Changes in Fund Balance –Budget and Actual:	
General Fund	45-48
Block Grant Fund	49
Schedule of Proportionate Share of Net Pension Liability for OPERS	50
Schedule of Contributions to OPERS	51

**Other Supplementary Information**

Major Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-U.S. GAAP Budgetary Basis):	
Urban Renewal District No. 1 Fund	52
Urban Renewal District No. 2 Fund	53
12 <sup>th</sup> Court LID Debt Service Fund	54
Nonmajor Governmental Funds:	55-56
Combining Balance Sheet – Nonmajor Governmental Funds	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	58

**City of Bandon**  
**Annual Financial Report**  
**For the Year Ended June 30, 2016**  
**Table of Contents**

---

**Other Supplementary Information (Continued)**

Special Revenue Funds:

Sub-Combining Balance Sheet	59
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	60

Nonmajor Governmental Funds (Continued):

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
State Tax Street Fund	61
Library Memorial Fund	62
Library Fund	63
Community Beautification Fund	64
State Revenue Sharing Fund	65

Debt Service Funds:

Sub-Combining Balance Sheet	66
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Obligation Bonds Debt Service	68
2000 Street & Sewer LID Fund	69
Local Improvement District Fund	70

Capital Projects Funds:

Sub-Combining Balance Sheet	71
Sub-Combining Statements of Revenues, Expenditures, and Changes in Fund Balance	72
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Capital Improvement Fund	73
Equipment Reserve Fund	74
Parks and Recreation Development Fund	75
Street SDC Reimbursement Fund	76
Street SDC Improvement Fund	77
Storm Drain SDC Reimbursement Fund	78
Storm Drain SDC Improvement Fund	79
Local Option Street Fund	80

Enterprise Funds: 81

Sewer Funds:

Sub-Combining Schedule of Net Position	82
Sub-Combining Schedule of Revenues, Expenses, and Changes in Net Position	83

**City of Bandon**  
**Annual Financial Report**  
**For the Year Ended June 30, 2016**  
**Table of Contents**

---

**Other Supplementary Information (Continued)**

Enterprise Funds (Continued):

Schedule of Revenues, Expenses, and Changes in Net Position –

Budget (Non-U.S. GAAP Budgetary Basis) and Actual:

Sewer Fund 84

Sewer SDC Reimbursement Fund 85

Sewer SDC Improvement Fund 86

Water Funds:

Sub-Combining Schedule of Net Position 87

Sub-Combining Schedule of Revenues, Expenses, and Changes in Net Position 88

Schedule of Revenues, Expenses, and Changes in Net Position –

Budget (Non-U.S. GAAP Budgetary Basis) and Actual:

Water Fund 89

Water SDC Reimbursement Fund 90

Water SDC Improvement Fund 91

Electric Funds:

Schedule of Net Position 92

Schedule of Revenues, Expenses, and Changes in Net Position 93

Schedule of Revenues, Expenses, and Changes in Net Position –

Budget (Non-U.S. GAAP Budgetary Basis) and Actual – Electric Fund 94

**Accompanying Information:**

Auditors' Comments and Reports

Report on Internal Control and on Compliance and Other Matters 95-96

Independent Auditors' Comments 97-98

**This Page Intentionally Left Blank**

**CITY OF BANDON**

**CITY OFFICIALS**

**June 30, 2016**

<b>Mayor and City Council</b>	<b>Term Expirations</b>
Mary Schamehorn, Mayor	December 31, 2016
Brian Vick	December 31, 2016
Claudine Hundhausen	December 31, 2016
Geri Procetto	December 31, 2016
Chris Powell	December 31, 2018
Madeline Seymour	December 31, 2018
Peter Braun	December 31, 2018

---

Robert Mawson, City Manager

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

This Page Intentionally Left Blank





PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 29, 2017

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Bandon  
Coos County, Oregon

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

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the City of Bandon, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the blended component units, each major fund, and the aggregate remaining fund information of the City of Bandon as of June 30, 2016, and the respective changes in financial position and budgetary comparisons for the general fund and major special revenue funds, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

The City adopted the provisions of GASB 72 - *Fair Value Measurement and Application* and GASB 79 – *Certain External Investment Pools and Pool Participants*, for the year ended June 30, 2016. Our opinion is not modified with respect to these matters.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the 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 schedules of Net pension liability and contributions for PERS or management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

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 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, as listed in 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 it.

### **Report on Other Legal and Regulatory Requirements**

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2017 on our consideration of the internal control over financial reporting. 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 29, 2017, 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.

**This Page Intentionally Left Blank**

# City of Bandon, Oregon

June 30, 2016

## 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, 2016. 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 \$37.7 million (reported as net position). Of this amount, \$3.4 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 \$6.3 million. The balance was comprised of a restricted balance of \$3.3 million, \$2.4 million committed, and the remaining balance of \$659 thousand was unassigned. During the current fiscal year, the City's Net Position decreased by \$3.7 million and total debt decreased by \$340 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

June 30, 2016

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 and Block Grant funds 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.

# City of Bandon, Oregon

June 30, 2016

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

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

**Other supplementary information.** The combining statements and schedules for the non-major funds, debt service funds, capital projects funds, and the enterprise funds follow the required supplementary information in this report.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Bandon, total net position (total assets less total liabilities) were \$37.7 million as of June 30, 2016. A portion of the City's net position (\$29.6 million or 79%) 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, 2% is restricted for debt service, 10% is restricted for capital projects, less than 1% is restricted for street and library projects, and the rest (9%) 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, Oregon

June 30, 2016

## City of Bandon Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 7,279,592	\$ 7,357,294	\$ 4,143,228	\$ 4,573,526	\$ 11,422,820	\$ 11,930,820
Capital assets	\$ 16,681,734	\$ 18,286,072	\$ 20,994,379	\$ 21,759,858	\$ 37,676,113	\$ 40,045,930
Total assets	\$ 23,961,326	\$ 25,643,366	\$ 25,137,607	\$ 26,333,384	\$ 49,098,933	\$ 51,976,750
 Total deferred outflows of resources (restated)	\$ 158,273	\$ 104,683	\$ 233,440	\$ 145,607	\$ 391,713	\$ 250,290
 Long-term liabilities outstanding (restated)	\$ 7,242,276	\$ 6,565,127	\$ 2,645,746	\$ 1,535,886	\$ 9,888,022	\$ 8,101,013
Other liabilities	\$ 655,558	\$ 656,868	\$ 737,121	\$ 632,096	\$ 1,392,679	\$ 1,288,964
Total liabilities	\$ 7,897,834	\$ 7,221,995	\$ 3,382,867	\$ 2,167,982	\$ 11,280,701	\$ 9,389,977
 Total deferred inflows of resources	\$ 235,050	\$ 583,606	\$ 240,462	\$ 811,752	\$ 475,512	\$ 1,395,358
 <b>NET POSITION (restated)</b>						
Invested in capital assets, net of related debt	\$ 10,119,446	\$ 11,461,205	\$ 19,458,493	\$ 20,146,758	\$ 29,577,939	\$ 31,607,963
Restricted	\$ 3,269,458	\$ 3,248,183	\$ 1,500,289	\$ 1,605,570	\$ 4,769,747	\$ 4,853,753
Unrestricted	\$ 2,597,811	\$ 3,233,060	\$ 788,936	\$ 1,746,929	\$ 3,386,747	\$ 4,979,989
Total net position	\$ 15,986,715	\$ 17,942,448	\$ 21,747,718	\$ 23,499,257	\$ 37,734,433	\$ 41,441,705

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

June 30, 2016

## City of Bandon's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>REVENUES</b>						
Program revenues						
Charges for services and contracts	300,207	394,857	6,851,479	6,464,849	7,151,686	6,859,706
Operating grants and contributions	485,540	388,020	-	-	485,540	388,020
Capital grants and contributions	-	-	-	287,519	-	287,519
General revenues						
Taxes	2,318,004	2,229,514			2,318,004	2,229,514
Contributions in lieu of taxes	351,676	438,584			351,676	438,584
Franchise fees	70,815	72,953			70,815	72,953
Gain on sale		358,842			-	358,842
Miscellaneous revenue	2,320	-			2,320	-
Unrestricted investment earnings	56,873	55,344	39,219	39,002	96,092	94,346
Total Revenues	3,585,435	3,938,114	6,890,698	6,791,370	10,476,133	10,729,484
<b>EXPENSES (restated)</b>						
General government	2,716,464	2,284,158			2,716,464	2,284,158
Public safety	1,263,577	817,838			1,263,577	817,838
Highways and streets	362,459	210,024			362,459	210,024
Economic development	98,983	98,574			98,983	98,574
Culture and recreation	780,273	652,236			780,273	652,236
Interest on long-term debt	319,412	351,043			319,412	351,043
Water utility			1,203,130	772,944	1,203,130	772,944
Sewer utility			1,099,163	821,097	1,099,163	821,097
Electric utility			6,339,944	4,043,212	6,339,944	4,043,212
Total Expenses	5,541,168	4,413,873	8,642,237	5,637,253	14,183,405	10,051,126
Net change in fund balance	(1,955,733)	(475,759)	(1,751,539)	1,154,117	(3,707,272)	678,358
Transfers/equity donations		(123,064)		123,064	-	-
Net position, July 1 (restated)	17,942,448	18,541,271	23,499,257	22,222,076	41,441,705	40,763,347
Net position, June 30 (restated)	15,986,715	17,942,448	21,747,718	23,499,257	37,734,433	41,441,705

# City of Bandon, Oregon

June 30, 2016

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 \$1.95 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 decreased the City's net position by \$1.75 million due primarily to increased capital expenditures in all three utilities.

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

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

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

The general fund is the chief operating fund of the City. At June 30, 2016, total fund balance for the general fund equaled \$659 thousand, which was all unassigned. Unassigned fund balance is the amount considered available to spend. At June 30, 2015, the fund balance of the City's general fund was \$515 thousand. The reason for the increase is due primarily to higher tax receipts.

# City of Bandon, Oregon

June 30, 2016

## City of Bandon's General Fund

	Fiscal Year		Increase (decrease)
	2016	2015	
<b>REVENUES</b>			
Taxes & in-lieu of taxes	1,484,999	1,430,929	54,070
License and permits	38,503	29,582	8,921
Intergovernmental	54,807	52,924	1,883
Fines and police income	27,165	28,211	(1,046)
Reimbursements	375,180	326,435	48,745
Interest	7,056	8,975	(1,919)
Other	<u>107,057</u>	<u>76,647</u>	<u>30,410</u>
Total Revenues	<u>2,094,767</u>	<u>1,953,703</u>	<u>141,064</u>
<b>EXPENDITURES</b>			
General Government	577,252	500,275	76,977
Public Safety	969,379	1,003,337	(33,958)
Highways and streets	44,255	54,579	(10,324)
Economic development	95,574	90,580	4,994
Culture and recreation	<u>239,629</u>	<u>195,994</u>	<u>43,635</u>
Total Expenditures	<u>1,926,089</u>	<u>1,844,765</u>	<u>81,324</u>
Other financing sources (uses)	<u>(25,000)</u>	<u>(15,000)</u>	<u>(10,000)</u>
Net increase (decrease) in fund balance	<u>143,678</u>	<u>93,938</u>	<u>49,740</u>

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 2016 the urban renewal district No. 1 fund had an increase in its fund balance of \$17 thousand. The fund balance of the urban renewal district No. 2 fund was increased by \$87.5 thousand. The block grant fund increased by \$27.8 thousand. The local improvement districts debt service fund balance decreased by \$20 thousand during the year.

**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 2016 all enterprise funds saw a decrease in net position, due primarily to the increased cost of doing business. The sewer fund reported a \$255 thousand decrease in net position, the water fund reported a \$527 thousand decrease and the electric fund reported a decrease of \$969 thousand. These dramatic changes indicate that revenues were not sufficient to cover expenses in this fund for fiscal year ended June 30, 2016.

# City of Bandon, Oregon

June 30, 2016

**General Fund Budget.** Actual revenues for the year were greater than budgeted and expenditures for the year were less than budgeted. Actual revenues were \$2.1 million compared to the budgeted amount of \$1.9 million. The general fund expenditures were budgeted at \$2.2 million and actual expenditures were \$1.9 million.

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$37.7 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	
	2016	2015	2016	2015	2016	2015
Land	1,555,312	1,543,009	845,055	845,055	2,400,367	2,388,064
Construction in Progress	718,360	396,196	88,932		807,292	396,196
Buildings	6,609,876	6,530,540	4,887,018	4,887,018	11,496,894	11,417,558
Land Improvements	1,355,668	1,218,095			1,355,668	1,218,095
Furnishings and Equipment	1,410,781	1,354,410	2,169,053	2,138,984	3,579,834	3,493,394
Streets	61,995,142	61,995,142			61,995,142	61,995,142
Storm drains	2,675,402	2,675,402			2,675,402	2,675,402
Infrastructure		-	32,462,715	32,261,481	32,462,715	32,261,481
<b>Total</b>	<b>76,320,541</b>	<b>75,712,794</b>	<b>40,452,773</b>	<b>40,132,538</b>	<b>116,773,314</b>	<b>115,845,332</b>

**Long-term Debt.** As of June 30, 2016, the City had total long-term debt of \$8.09 million, including enterprise activity commitments. Outstanding debt includes \$2.45 million in general obligation bonds to be serviced by general property taxes and \$1.94 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 \$525 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.

The City's total debt decreased by \$340 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.

# City of Bandon, Oregon

June 30, 2016

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

The total budget for fiscal year 2016-17 is \$22,527,531, which represents a increase of \$1,396,585, or seven percent (7%) over the fiscal year 2015-2016 budget of \$21,130,946. The reason for the increase is primarily attributable to higher anticipated revenues and accompanying expenditures.

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 \$8.00. The most significant single long-term fiscal challenge facing the City is to ensure the continued financial viability of the municipal water, sewer, and electric utility systems, and, thereby provide a financial basis for all other public services. These utilities contribute to the City's operation through sales taxes, in-lieu taxes, and direct payments.

The 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 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:

Robert J Mawson  
City Manager/Director of Utilities  
City of Bandon  
PO Box 67  
Bandon, OR 97411

**This Page Intentionally Left Blank**

## BASIC FINANCIAL STATEMENTS

**This Page Intentionally Left Blank**



**City of Bandon**  
**Statement of Net Position**  
**June 30, 2016**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,582,974	\$ 2,632,995	\$ 9,215,969
Receivables			
Accounts	93,585	462,735	556,320
Property taxes	114,165	-	114,165
Notes	105,249	385,474	490,723
Special assessments	383,619	15,747	399,366
Inventories	-	520,407	520,407
Restricted cash	-	125,870	125,870
Capital assets			
Land	1,555,312	845,055	2,400,367
Construction in process	718,360	88,932	807,292
Capital assets	74,046,869	39,518,786	113,565,655
Less accumulated depreciation	<u>(59,638,807)</u>	<u>(19,458,394)</u>	<u>(79,097,201)</u>
Total assets	<u>23,961,326</u>	<u>25,137,607</u>	<u>49,098,933</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow - PERS	<u>158,273</u>	<u>233,440</u>	<u>391,713</u>
<b>LIABILITIES</b>			
Accounts payable	328,438	370,278	698,716
Accrued payroll and benefits	22,306	35,786	58,092
Customer deposits	5,565	101,974	107,539
Accrued interest payable	151,459	16,368	167,827
Compensated absences payable	142,738	155,044	297,782
Other liabilities	5,052	57,671	62,723
Non-current liabilities			
Amount due within one year	273,137	80,968	354,105
Amount due after one year	6,289,151	1,454,918	7,744,069
Bond premium amount amortized within one year	177	-	177
Bond premium amount amortized after one year	2,662	-	2,662
Net pension liability - PERS	<u>677,149</u>	<u>1,109,860</u>	<u>1,787,009</u>
Total liabilities	<u>7,897,834</u>	<u>3,382,867</u>	<u>11,280,701</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow - PERS	<u>235,050</u>	<u>240,462</u>	<u>475,512</u>
<b>NET POSITION</b>			
Net investment in capital assets	10,119,446	19,458,493	29,577,939
Restricted for			
Debt service	659,061	23,653	682,714
Capital projects	2,319,884	1,381,494	3,701,378
Streets	290,513	-	290,513
Customer deposits	-	95,142	95,142
Unrestricted	<u>2,597,811</u>	<u>788,936</u>	<u>3,386,747</u>
Total net position	<u>\$ 15,986,715</u>	<u>\$ 21,747,718</u>	<u>\$ 37,734,433</u>

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

**City of Bandon  
Statement of Activities  
For the Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>							
General government	\$ 2,716,464	\$ 78,614	\$ 50,978	\$ -	\$ (2,586,872)	\$ -	\$ (2,586,872)
Public safety	1,263,577	27,165	29,595	-	(1,206,817)	-	(1,206,817)
Highways and streets	362,459	108,648	-	-	(253,811)	-	(253,811)
Economic development	98,983	-	-	-	(98,983)	-	(98,983)
Culture and recreation	780,273	85,780	404,967	-	(289,526)	-	(289,526)
Interest on long-term debt	319,412	-	-	-	(319,412)	-	(319,412)
<b>Total governmental activities</b>	<b>5,541,168</b>	<b>300,207</b>	<b>485,540</b>	<b>-</b>	<b>(4,755,421)</b>	<b>-</b>	<b>(4,755,421)</b>
<b>Business-type activities</b>							
Sewer	1,099,163	838,754	-	-	-	(260,409)	(260,409)
Water	1,203,130	624,895	-	-	-	(578,235)	(578,235)
Electric	6,337,624	5,387,830	-	-	-	(949,794)	(949,794)
<b>Total business-type activities</b>	<b>8,639,917</b>	<b>6,851,479</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,788,438)</b>	<b>(1,788,438)</b>
<b>Total government</b>	<b>\$ 14,181,085</b>	<b>\$ 7,151,686</b>	<b>\$ 485,540</b>	<b>\$ -</b>	<b>(4,755,421)</b>	<b>(1,788,438)</b>	<b>(6,543,859)</b>
<b>General revenues</b>							
Taxes							
Property taxes					1,343,822	-	1,343,822
Other taxes and assessments					974,182	-	974,182
Contributions in lieu of taxes					351,676	-	351,676
Franchise fees					70,815	-	70,815
Interest and investment earnings					56,873	39,219	96,092
<b>Total general revenues</b>					<b>2,797,368</b>	<b>39,219</b>	<b>2,836,587</b>
<b>Other revenues (expenditures)</b>							
Transfers					2,320	(2,320)	-
<b>Change in net position</b>					<b>(1,955,733)</b>	<b>(1,751,539)</b>	<b>(3,707,272)</b>
Net position, beginning of year					17,942,448	23,499,257	41,441,705
Net position, end of year					<b>\$ 15,986,715</b>	<b>\$ 21,747,718</b>	<b>\$ 37,734,433</b>

**City of Bandon**  
**Balance Sheet - Government Funds**  
**June 30, 2016**

	Capital Projects Fund			Special Revenue Fund		Other Governmental Funds	Total
	General	Urban Renewal District No. 1	Urban Renewal District No. 2	Block Grant	12th Court LID Debt Service		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 676,460	\$ 822,207	\$ 352,016	\$ 310,782	\$ 270,748	\$ 4,150,761	\$ 6,582,974
Receivables							
Property taxes	16,615	27,951	14,374	-	-	55,225	114,165
Accounts	90,251	-	-	-	-	3,334	93,585
Special assessments	-	-	-	-	374,382	9,237	383,619
Loans	-	19,151	-	86,098	-	-	105,249
Interfund loans receivable	-	-	-	69,483	-	-	69,483
<b>Total assets</b>	<b>\$ 783,326</b>	<b>\$ 869,309</b>	<b>\$ 366,390</b>	<b>\$ 466,363</b>	<b>\$ 645,130</b>	<b>\$ 4,218,557</b>	<b>\$ 7,349,075</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 87,692	\$ -	\$ 372	\$ -	\$ -	\$ 240,374	\$ 328,438
Accrued payroll benefits	15,967	-	-	-	-	6,339	22,306
Customer deposits	4,315	1,250	-	-	-	-	5,565
Other liabilities	-	-	-	-	-	5,052	5,052
Interfund loans payable	-	-	69,483	-	-	-	69,483
<b>Total liabilities</b>	<b>107,974</b>	<b>1,250</b>	<b>69,855</b>	<b>-</b>	<b>-</b>	<b>251,765</b>	<b>430,844</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues							
Property taxes	16,615	27,951	14,374	-	-	55,225	114,165
Assessments	-	-	-	-	374,382	9,237	383,619
Loan	-	19,151	-	86,098	-	-	105,249
<b>Total deferred inflows of resources</b>	<b>16,615</b>	<b>47,102</b>	<b>14,374</b>	<b>86,098</b>	<b>374,382</b>	<b>64,462</b>	<b>603,033</b>
<b>FUND BALANCES</b>							
Restricted for debt service	-	-	-	-	270,748	388,313	659,061
Restricted for capital projects	-	-	-	-	-	2,319,884	2,319,884
Restricted special projects - streets	-	-	-	-	-	290,513	290,513
Committed for capital projects	-	820,957	282,161	-	-	834,117	1,937,235
Committed for special projects	-	-	-	380,265	-	69,503	449,768
Unassigned	658,737	-	-	-	-	-	658,737
<b>Total fund balances</b>	<b>658,737</b>	<b>820,957</b>	<b>282,161</b>	<b>380,265</b>	<b>270,748</b>	<b>3,902,330</b>	<b>6,315,198</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 783,326</b>	<b>\$ 869,309</b>	<b>\$ 366,390</b>	<b>\$ 466,363</b>	<b>\$ 645,130</b>	<b>\$ 4,218,557</b>	<b>\$ 7,349,075</b>

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

**City of Bandon**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**June 30, 2016**

---

**Total fund balances - governmental funds** \$ 6,315,198

Amounts reported for governmental activities in the statement of net position are different because:

The net pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries - PERS (677,149)

Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date: (76,777)

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	\$ 1,555,312	
Construction in process	718,360	
Depreciable assets	74,046,869	
Accumulated depreciation	<u>(59,638,807)</u>	
		16,681,734

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	114,165	
Loans receivable	105,249	
Special assessments	<u>383,619</u>	
		603,033

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	(5,290,693)	
Loans payable	(749,246)	
Special assessment debt payable	(525,188)	
Accrued interest payable on bonds and notes	(151,459)	
Compensated absences	<u>(142,738)</u>	
		<u>(6,859,324)</u>

**Net position - governmental activities** \$ 15,986,715

**City of Bandon**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2016**

	Capital Projects Fund			Special Revenue Fund		Other Governmental Funds	Total
	General	Urban Renewal District No. 1	Renewal District No. 2	Block Grant	LID Debt Service		
<b>Revenues</b>							
Taxes	\$ 1,152,180	\$ 288,091	\$ 145,614	\$ -	\$ -	\$ 725,076	\$ 2,310,961
Licenses and permits	38,503	-	-	-	-	-	38,503
Intergovernmental	54,807	-	-	-	-	377,834	432,641
System development charges	-	-	-	-	-	77,152	77,152
Payments in lieu of taxes	332,819	-	-	-	-	18,857	351,676
Fines and police income	27,165	-	-	-	-	-	27,165
Special assessments	-	-	-	-	10,304	21,192	31,496
Grants	-	-	-	-	-	20,104	20,104
Interest	7,056	5,078	1,619	1,751	13,098	28,271	56,873
Reimbursements	375,180	-	-	-	-	-	375,180
Other	107,057	-	-	-	-	105,776	212,833
<b>Total revenues</b>	<u>2,094,767</u>	<u>293,169</u>	<u>147,233</u>	<u>1,751</u>	<u>23,402</u>	<u>1,374,262</u>	<u>3,934,584</u>
<b>Expenditures</b>							
<b>Current</b>							
General government	577,252	737	397	-	-	333,676	912,062
Public safety	969,379	-	-	-	-	-	969,379
Highways and streets	44,255	-	-	-	-	237,986	282,241
Economic development	95,574	-	-	5,308	-	-	100,882
Culture and recreation	239,629	-	-	-	-	403,181	642,810
Capital outlay	-	76,386	26,417	-	-	435,508	538,311
Debt service							
Principal retirement	-	114,335	23,313	-	19,902	107,876	265,426
Interest	-	84,740	9,594	-	23,774	156,175	274,283
<b>Total expenditures</b>	<u>\$ 1,926,089</u>	<u>\$ 276,198</u>	<u>\$ 59,721</u>	<u>\$ 5,308</u>	<u>\$ 43,676</u>	<u>\$ 1,674,402</u>	<u>\$ 3,985,394</u>

**City of Bandon**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**For the Year Ended June 30, 2016**

	Capital Projects Fund			Special Revenue Fund	LID Debt Service	Other Governmental Funds	Total
	General	Urban Renewal District No. 1	Renewal District No. 2	Block Grant			
Excess (deficiency) of revenues over (under) expenditures	\$ 168,678	\$ 16,971	\$ 87,512	\$ (3,557)	\$ (20,274)	\$ (300,140)	\$ (50,810)
Other financing sources (uses)							
Transfer in (out)	(25,000)	-	-	-	-	27,320	2,320
Loan repayments	-	-	-	25,842	-	-	25,842
Loan Interest	-	-	-	5,557	-	-	5,557
Total other financing sources (uses)	(25,000)	-	-	31,399	-	27,320	33,719
Net change in fund balance	143,678	16,971	87,512	27,842	(20,274)	(272,820)	(17,091)
Fund balances, beginning of year	515,059	803,986	194,649	352,423	291,022	4,175,150	6,332,289
Fund balances, end of year	<u>\$ 658,737</u>	<u>\$ 820,957</u>	<u>\$ 282,161</u>	<u>\$ 380,265</u>	<u>\$ 270,748</u>	<u>\$ 3,902,330</u>	<u>\$ 6,315,198</u>

**City of Bandon**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances to the Statement of Activities**  
**For the Year Ended June 30, 2016**

---

**Total net change in fund balances - governmental funds** \$ (17,091)

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

The pension expense represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits. (571,791)

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	\$	(254)	
Loans receivable		(27,526)	
Special assessments		<u>(10,519)</u>	
			(38,299)

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		607,747	
Depreciation		<u>(2,212,085)</u>	
			(1,604,338)

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		4,217	
Changes in compensated absences payable		8,813	
Principal payments on long-term debt		<u>262,756</u>	
			<u>275,786</u>

**Change in net position of governmental activities** \$ (1,955,733)

**City of Bandon  
Statement of Net Position  
Enterprise Funds  
June 30, 2016**

	Sewer	Water	Electric	Totals
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 726,476	\$ 1,160,387	\$ 746,132	\$ 2,632,995
Receivable				
Accounts	68,899	41,036	352,800	462,735
Special assessments	3,207	12,540	-	15,747
Restricted cash	12,763	6,832	82,622	102,217
Inventory	-	32,865	487,542	520,407
Total current assets	<u>811,345</u>	<u>1,253,660</u>	<u>1,669,096</u>	<u>3,734,101</u>
Noncurrent assets				
Notes receivable	-	375,263	10,211	385,474
Restricted cash	-	23,653	-	23,653
Capital assets (net of accumulated depreciation)	<u>4,829,519</u>	<u>7,047,680</u>	<u>9,117,180</u>	<u>20,994,379</u>
Total noncurrent assets	<u>4,829,519</u>	<u>7,446,596</u>	<u>9,127,391</u>	<u>21,403,506</u>
Total assets	<u>5,640,864</u>	<u>8,700,256</u>	<u>10,796,487</u>	<u>25,137,607</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow - city pension	<u>30,546</u>	<u>38,541</u>	<u>164,353</u>	<u>233,440</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	13,442	98,371	258,465	370,278
Accrued payroll benefits	5,752	5,221	24,813	35,786
Compensated absences payable	34,443	22,847	97,754	155,044
Customer deposits	12,763	6,832	82,379	101,974
Accrued interest payable	6,973	9,395	-	16,368
Other liabilities	-	57,671	-	57,671
Current portion of long-term debt	<u>57,315</u>	<u>23,653</u>	<u>-</u>	<u>80,968</u>
Total current liabilities	<u>130,688</u>	<u>223,990</u>	<u>463,411</u>	<u>818,089</u>
Long-term liabilities				
Net pension liability	136,774	195,491	777,595	1,109,860
Long-term debt (net of current portion)	<u>1,138,055</u>	<u>316,863</u>	<u>-</u>	<u>1,454,918</u>
Total liabilities	<u>1,405,517</u>	<u>736,344</u>	<u>1,241,006</u>	<u>3,382,867</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow - city pension	<u>39,549</u>	<u>27,984</u>	<u>172,929</u>	<u>240,462</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,634,149	6,707,164	9,117,180	19,458,493
Restricted for debt service	-	23,653	-	23,653
Restricted for capital projects	298,501	1,082,993	-	1,381,494
Restricted for customer deposits	12,763	-	82,379	95,142
Unrestricted	<u>280,931</u>	<u>160,659</u>	<u>347,346</u>	<u>788,936</u>
Total net position	<u>\$ 4,226,344</u>	<u>\$ 7,974,469</u>	<u>\$ 9,546,905</u>	<u>\$ 21,747,718</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, 2016**

	Sewer	Water	Electric	Totals
Operating revenues				
Charges for services				
Sewer charges	\$ 803,643	\$ -	\$ -	\$ 803,643
Water sales	-	502,858	-	502,858
Electricity sales	-	-	5,229,733	5,229,733
BPA Conservation	-	-	17,074	17,074
Service charges, fees and permits	29,982	122,030	138,175	290,187
Other	5,129	7	2,848	7,984
Total operating revenues	<u>838,754</u>	<u>624,895</u>	<u>5,387,830</u>	<u>6,851,479</u>
Operating expenses				
Administration	101,455	66,831	460,036	628,322
Cost of sales and services	775,487	810,675	5,303,393	6,889,555
Energy assistance payments	-	-	5,217	5,217
Depreciation and amortization	207,801	308,935	568,978	1,085,714
Total operating expenses	<u>1,084,743</u>	<u>1,186,441</u>	<u>6,337,624</u>	<u>8,608,808</u>
Operating income (loss)	<u>(245,989)</u>	<u>(561,546)</u>	<u>(949,794)</u>	<u>(1,757,329)</u>
Nonoperating revenues (expense)				
Interest income	5,243	28,017	5,959	39,219
Interest expense	<u>(14,420)</u>	<u>(16,689)</u>	<u>-</u>	<u>(31,109)</u>
Total nonoperating revenues (expenses)	<u>(9,177)</u>	<u>11,328</u>	<u>5,959</u>	<u>8,110</u>
Income before operating transfers	(255,166)	(550,218)	(943,835)	(1,749,219)
Other financing sources (uses)				
Transfer (to) from other funds	<u>-</u>	<u>22,680</u>	<u>(25,000)</u>	<u>(2,320)</u>
Change in net position	(255,166)	(527,538)	(968,835)	(1,751,539)
Net position, beginning of year	<u>4,481,510</u>	<u>8,502,007</u>	<u>10,515,740</u>	<u>23,499,257</u>
Net position, end of year	<u>\$ 4,226,344</u>	<u>\$ 7,974,469</u>	<u>\$ 9,546,905</u>	<u>\$ 21,747,718</u>

**City of Bandon  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended June 30, 2016**

	Sewer	Water	Electric	Totals
Cash flows from operating activities				
Cash received from customers	\$ 846,371	\$ 655,202	\$ 5,325,128	\$ 6,826,701
Cash paid to employees	(343,528)	(335,354)	(1,413,207)	(2,092,089)
Cash paid to suppliers	(447,808)	(261,605)	(3,721,259)	(4,430,672)
Net cash provided by operating activities	55,035	58,243	190,662	303,940
Cash flows from noncapital financing activities				
Customer deposits	(1,363)	(492)	(4,982)	(6,837)
Interfund transfers (net)	-	22,680	(25,000)	(2,320)
Net cash flows provided (used) by noncapital financing activities	(1,363)	22,188	(29,982)	(9,157)
Cash flows from capital and related financing activities				
Principal payments	(54,630)	(22,584)	-	(77,214)
Interest paid	(14,639)	(17,175)	-	(31,814)
Acquisition of capital assets	(24,379)	(97,311)	(198,545)	(320,235)
Net cash used by capital and related financing activities	(93,648)	(137,070)	(198,545)	(429,263)
Cash flows from investing activities				
Interest received	5,243	28,017	5,959	39,219
Principal payments on notes receivable	-	16,113	2,297	18,410
Net cash received from investing activities	5,243	44,130	8,256	57,629
Net increase (decrease) in cash and cash equivalents	(34,733)	(12,509)	(29,609)	(76,851)
Cash and cash equivalents at beginning of year (including restricted cash of \$131,395)	773,972	1,203,381	858,363	2,835,716
Cash and cash equivalents at end of year (including restricted cash of \$125,870)	<u>\$ 739,239</u>	<u>\$ 1,190,872</u>	<u>\$ 828,754</u>	<u>\$ 2,758,865</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ (245,989)	\$ (561,546)	\$ (949,794)	\$ (1,757,329)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	207,801	308,935	568,978	1,085,714
Change in assets and liabilities				
Accounts receivable	(3,206)	(1,587)	(62,702)	(67,495)
Inventory	-	(10,228)	(42,766)	(52,994)
Special assessments receivable	10,823	31,894	-	42,717
Pension asset (liability)	192,689	260,895	1,069,085	1,522,669
Deferred outflow	(10,824)	(15,471)	(61,538)	(87,833)
Accounts payable	(35,772)	85,511	43,949	93,688
Accrued payroll and benefits	3,983	3,452	16,262	23,697
Compensated absences	5,933	(656)	9,448	14,725
Other liabilities	-	57,671	-	57,671
Deferred inflow	(70,403)	(100,627)	(400,260)	(571,290)
Net cash provided by operating activities	<u>\$ 55,035</u>	<u>\$ 58,243</u>	<u>\$ 190,662</u>	<u>\$ 303,940</u>

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

NOTES TO THE  
BASIC FINANCIAL STATEMENTS

**This Page Intentionally Left Blank**

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

---

**NOTE 1- 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 a 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 (U.S. GAAP), these basic 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 Governmental Auditing Standards Board (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 GASB Statement 61, the Agency is considered to be a "component unit" of the City because the City appoints the board members of the Agency. Accordingly, the financial statements of the Agency are included in the City's basic financial statements as capital project funds using the "blended" method of presentation.

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 U.S. GAAP as applied to government units. 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.

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

---

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Governmental activities*—The City's general government activities are reported in this category, including the general fund, special revenue funds, capital projects 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.

City of Bandon  
Notes to the Basic Financial Statements  
June 30, 2016

---

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, expenses 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, claims of judgments and pension costs 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 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.

City of Bandon  
Notes to the Basic Financial Statements  
June 30, 2016

---

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Major governmental funds (Continued):

**12<sup>th</sup> Court 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, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

*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.



**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

---

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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 basic financial statements.

*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 and is considered immaterial.

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.

*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 \$101,974 are also reported as restricted assets.

*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

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

---

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Deferred Outflows/Inflows of Resources*—In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. There is \$391,713 of deferred outflow relating to PERS.

In addition to liabilities, the basic financial statements 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 of \$603,033 that fit into this classification reported on the balance sheet and \$475,512 related to PERS Pension reported on the statement of net position.

*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.

*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 another 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.

*Operating Revenues and Expenses, Non-operating Revenues and Expense*—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.

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

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

---

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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, granters 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.

*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.

*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.

**NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS) for all governmental funds with the exception of interfund loan payments. The annual budget for the proprietary funds is adopted on the same basis 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.

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

---

**NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

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.

**Excess of Expenditures over Appropriations**

Expenditures exceeded appropriations in the following amounts:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
<b>General Fund</b>		
General government		
Administration and general	Personal services	\$ 21,415
Planning department	Materials and services	\$ 12,482
Non-department	Personal services	\$ 1,816
<b>State Tax Street Fund</b>		
Highways and streets	Personal services	\$ 43,191
<b>Library Fund</b>		
Culture and recreation	Materials and services	\$ 10,148
<b>Sewer Fund</b>		
Operating expenses	Administration	\$ 3,003
Operating expenses	Accounting and billing	\$ 20,140
Operating expenses	Plant operations	\$ 36,740
<b>Sewer SDC Reimbursement Fund</b>		
Operating expenses	Materials and services	\$ 6,584
<b>Water Fund</b>		
Operating expenses	Administration	\$ 21,599
<b>Water SDC Reimbursement Fund</b>		
Operating expenses	Materials and services	\$ 100,588
<b>Water SDC Improvement Fund</b>		
Operating expenses	Materials and services	\$ 8,627
<b>Electric Fund</b>		
Operating expenses	Administration	\$ 65,414
<b>Deficit Fund Balance</b>		
State Tax Street		(\$5,052)

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

---

**NOTE 3--DETAILED NOTE ON ALL FUNDS**

**Deposits and Investments**

**Deposits** The GASB has adopted U.S. GAAP, which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2016. If bank deposits at year end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. Any deposits with financial institutions will be covered up to \$250,000 by Federal Depositary Insurance, and the remaining deposited at an approved depository as prescribed by the Oregon State Treasurer.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295 .001 to 295 .108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by Federal Deposit Insurance Corporation. For the fiscal year ended June 30, 2016, the carrying amounts of the City's deposits in various financial institutions were \$362,753 and the bank balance was \$249,123. 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, 2016, none of the City's bank balances were exposed to credit risk.

**Investments** The City has invested funds in the State Treasurer's Oregon Short-Term Fund LGIP during fiscal year 2016. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294 .895). LGIP is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

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

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 3-DETAILED NOTE ON ALL FUNDS (Continued)**

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 5.00% or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The 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, 2016, the City had the following investment:

<u>Investment Type</u>	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>
Local Government Investment Pool	1 day	100%	<u>\$ 8,979,086</u>

A reconciliation of cash and cash equivalents as shown on the statement of net position and balance sheet follows:

Carrying amount of deposits	\$ 321,913
Cash with County Treasurer	40,840
Local Government Investment Pool	<u>8,979,086</u>
<b>Total</b>	<b><u>\$ 9,341,839</u></b>

**Balance Sheet**

**Governmental Activities**

General Fund (includes customer deposits of \$4,315)	\$ 676,460
Urban Renewal District #1 Fund (includes customer deposits of \$1,250)	822,207
Urban Renewal District #2 Fund	352,016
Block Grant Fund	310,782
Local Improvement District Debt Service Fund	270,748
Nonmajor Funds	<u>4,150,761</u>
	<u>6,582,974</u>

**Business-type Activities**

Sewer Fund (includes restricted cash of \$12,763)	739,239
Water Fund (includes restricted cash of \$30,485)	1,190,872
Electric Fund (includes restricted cash of \$82,622)	<u>828,754</u>
	<u>2,758,865</u>

<b>Total</b>	<b><u>\$ 9,341,839</u></b>
--------------	----------------------------

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 3–DETAILED NOTE ON ALL FUNDS (Continued)**

**Receivables**

Receivables as of fiscal year end June 30, 2016, are as follows:

**Governmental Activities**

	Property Taxes	Accounts	Other Loans	Special Assessments	Total Receivables
General	\$ 16,615	\$ 90,251	\$ -	\$ -	\$ 106,866
URA No. 1	27,951	-	19,151	-	47,102
URA No. 2	14,374	-	-	-	14,374
Block Grant	-	-	86,098	-	86,098
LID debt service fund	-	-	-	374,382	374,382
Nonmajor funds	55,225	3,334	-	9,237	67,796
	<u>\$ 114,165</u>	<u>\$ 93,585</u>	<u>\$ 105,249</u>	<u>\$ 383,619</u>	<u>\$ 696,618</u>

**Business-type Activities**

	Accounts	Special Assessments	Notes receivable	Total
Sewer	\$ 68,899	\$ 3,207	\$ -	\$ 72,106
Water	41,036	12,540	375,263	428,839
Electric	352,800	-	10,211	363,011
Total receivables	<u>\$ 462,735</u>	<u>\$ 15,747</u>	<u>\$ 385,474</u>	<u>\$ 863,956</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 2015-16, the City imposed a property tax rate of \$0.4580, bond levies of \$0.3669, and local option tax levy of \$0.8455 per \$1,000 of assessed value. The County determined the actual taxable assessed valuation within the City to be \$439,597,931. After subtracting the Urban Renewal excess amount of \$45,642,809 and after adjustments, the net levy result is \$738,249.

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 3-DETAILED NOTE ON ALL FUNDS (Continued)**

Following is a summary of property tax transactions for the City for the fiscal year ended June 30, 2016:

Coos County	Receivable July 1, 2015	2015-2016 Net Levy	Collections and Adjustments	Receivable June 30, 2016
2015-2016		\$ 738,249	\$ (704,323)	\$ 33,926
2014-2015	\$ 33,846	-	(14,850)	18,996
2013-2014	17,501	-	(6,385)	11,116
2012-2013	10,843	-	(6,517)	4,326
2011-2012	5,011	-	(3,915)	1,096
2010-2011	1,407	-	(666)	741
2009-2010	1,230	-	(602)	628
Prior years	2,092	-	(1,081)	1,011
Total	<u>\$ 71,930</u>	<u>\$ 738,249</u>	<u>\$ (738,339)</u>	<u>\$ 71,840</u>

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

Following is a summary of property tax transactions for the Urban Renewal Agency for the fiscal year ended June 30, 2016:

Coos County	Receivable July 1, 2015	2015-2016 Net Levy	Collections and Adjustments	Receivable June 30, 2016
2015-2016		\$ 435,726	\$ (415,703)	\$ 20,023
2014-2015	\$ 19,224	-	(8,435)	10,789
2013-2014	10,622	-	(3,875)	6,747
2012-2013	6,622	-	(3,980)	2,642
2011-2012	3,291	-	(2,571)	720
2010-2011	852	-	(403)	449
2009-2010	661	-	(324)	337
Prior years	1,217	-	(599)	618
Total	<u>\$ 42,489</u>	<u>\$ 435,726</u>	<u>\$ (435,890)</u>	<u>\$ 42,325</u>

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



**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 3-DETAILED NOTE ON ALL FUNDS (Continued)**

*Due To/From Other Funds*—Interfund receivables and payables at June 30, 2016 consisted of a loan to the Agency fund. The amount reported in the individual fund is as follows:

Receivable Fund	Payable Fund	Amount
Block Grant Fund	URA No. 2 Fund	\$ 69,483

The payments on the block grant Community Center loan is due July 1st of each year, if funds are available. As required by the GASB, this amount is reported in the fund financial statements.

**Capital Assets**

Capital asset activity for the City for the fiscal year ended June 30, 2016 was as follows:

**Governmental Activities**

	Balance <i>June 30, 2015</i>	Additions	Deletions	Balance <i>June 30, 2016</i>
<i>Nondepreciable capital assets</i>				
Land	\$ 1,543,009	\$12,303	\$ -	\$ 1,555,312
Construction in progress	396,196	322,164	-	718,360
Total nondepreciable capital assets	1,939,205	334,467	-	2,273,672
<i>Depreciable capital assets</i>				
Buildings	6,530,540	79,336	-	6,609,876
Land improvements	1,218,095	137,573	-	1,355,668
Furnishing & equipment	1,354,410	56,371	-	1,410,781
Streets	61,995,142	-	-	61,995,142
Storm drains	2,675,402	-	-	2,675,402
Total depreciable capital assets	73,773,589	273,280	-	74,046,869
<i>Accumulated depreciation</i>				
Buildings	(1,431,943)	(140,886)	-	(1,572,829)
Land improvements	(103,290)	(34,636)	-	(137,926)
Furnishing & equipment	(1,035,175)	(67,116)	-	(1,102,291)
Streets	(53,813,009)	(1,883,584)	-	(55,696,593)
Storm drains	(1,043,305)	(85,863)	-	(1,129,168)
Total accumulated depreciation	(57,426,722)	(2,212,085)	-	(59,638,807)
Total depreciable assets	16,346,867	(1,938,805)	-	14,408,062
Net governmental capital assets	\$ 18,286,072	\$ (1,604,338)	\$ -	\$ 16,681,734

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 3-DETAILED NOTE ON ALL FUNDS (Continued)**

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

General government	\$ 2,060,536
Public safety	28,860
Highways and streets	733
Culture and recreation	121,956
	<u>\$ 2,212,085</u>

**Business-type Activities**

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<i>Nondepreciable capital assets</i>				
Land	\$ 845,055	\$ -	\$ -	\$ 845,055
Construction in progress	-	88,932	-	88,932
Total nondepreciable capital assets	<u>845,055</u>	<u>88,932</u>	<u>-</u>	<u>933,987</u>
<i>Depreciable capital assets</i>				
Buildings	4,887,018	-	-	4,887,018
Furnishing & equipment	2,138,984	30,069	-	2,169,053
Infrastructure	32,261,481	201,234	-	32,462,715
Total depreciable capital assets	<u>39,287,483</u>	<u>231,303</u>	<u>-</u>	<u>39,518,786</u>
<i>Accumulated depreciation</i>				
Buildings	(1,779,459)	(123,497)	-	(1,902,956)
Furnishing & equipment	(1,406,978)	(118,690)	-	(1,525,668)
Infrastructure	(15,186,243)	(843,527)	-	(16,029,770)
Total accumulated depreciation	<u>(18,372,680)</u>	<u>(1,085,714)</u>	<u>-</u>	<u>(19,458,394)</u>
Total depreciable assets	<u>20,914,803</u>	<u>(854,411)</u>	<u>-</u>	<u>20,060,392</u>
Net governmental capital assets	<u>\$ 21,759,858</u>	<u>\$ (765,479)</u>	<u>\$ -</u>	<u>\$ 20,994,379</u>

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

Electric	\$ 568,978
Water	308,935
Sewer	207,801
	<u>\$ 1,085,714</u>

City of Bandon  
Notes to the Basic Financial Statements  
June 30, 2016

---

**NOTE 3—DETAILED NOTE ON ALL FUNDS (Continued)**

**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.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 23,653	\$ 16,106	\$ 39,759
2018	24,771	14,988	39,759
2019	25,943	13,816	39,759
2020	27,170	12,589	39,759
2021	28,455	11,304	39,759
2022-2026	163,785	35,010	198,795
2027-2028	46,739	2,646	49,385
	<u>340,516</u>	<u>\$ 106,459</u>	<u>\$ 446,975</u>
Less current portion	<u>(23,653)</u>		
Total	<u>\$ 316,863</u>		

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 3-DETAILED NOTE ON ALL FUNDS (Continued)**

**2015 Bandon Wastewater Improvements Loan** On July 1, 2015, the City entered into a loan agreement with Business Oregon to borrow \$1,250,000 to finance the sewer project. This debt is payable prior to maturity without penalty. Interest is to be computed annually on the outstanding balance at 1.00%. Principal and interest payments are due in December of each year through 2035.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 57,315	\$ 11,954	\$ 69,269
2018	57,889	11,381	69,270
2019	58,467	10,802	69,269
2020	59,052	10,217	69,269
2021	59,643	9,626	69,269
2022-2026	307,280	39,066	346,346
2027-2031	322,954	23,392	346,346
2032-2035	272,770	6,890	279,660
	<u>\$ 1,195,370</u>	<u>\$ 123,328</u>	<u>\$ 1,318,698</u>
Less current portion	<u>(57,315)</u>		
Total	<u>\$ 1,138,055</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 3.00% to 4.75%. Principal and interest payments are due on December 1 each year through 2034. There are no reserve requirements. After January 1, 2019, this debt may be paid in full without penalty.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 29,864	\$ 35,436	\$ 65,300
2018	30,059	34,242	64,301
2019	30,261	33,039	63,300
2020	30,484	31,753	62,237
2021	30,731	30,381	61,112
2022-2026	187,799	128,362	316,161
2027-2031	241,689	77,389	319,078
2032-2034	175,097	16,916	192,013
	<u>755,984</u>	<u>\$ 387,518</u>	<u>\$ 1,143,502</u>
Less current portion	<u>(29,864)</u>		
Total	<u>\$ 726,120</u>		

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 3–DETAILED NOTE ON ALL FUNDS (Continued)**

**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 4.50% 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 November 9 each year through 2040. Annual debt requires are shown below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 55,190	\$ 110,578	\$ 165,768
2018	57,674	108,094	165,768
2019	60,269	105,499	165,768
2020	62,981	102,787	165,768
2021	65,816	99,952	165,768
2022-2026	376,259	452,581	828,840
2027-2031	468,889	359,951	828,840
2032-2036	584,321	244,519	828,840
2037-2040	725,882	100,671	826,553
	<u>2,457,281</u>	<u>\$ 1,684,632</u>	<u>\$ 4,141,913</u>
Less current portion	<u>(55,190)</u>		
Total	<u>\$ 2,402,091</u>		

**2000 State Revolving Fund Loan Number 599001 (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 1 of each year through 2020. Annual debt requirements are shown below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 31,638	\$ 5,545	\$ 37,183
2018	32,941	4,242	37,183
2019	34,298	2,884	37,182
2020	35,712	1,471	37,183
	<u>134,589</u>	<u>\$ 14,142</u>	<u>\$ 148,731</u>
Less current portion	<u>(31,638)</u>		
Total	<u>\$ 102,951</u>		

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

---

**NOTE 3-DETAILED NOTE ON ALL FUNDS (Continued)**

**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 on June 28 and December 28 each year through 2023. During 2013, the City made additional principal pay down of \$20,890. Annual debt requirements are shown below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,857	\$ 1,107	\$ 3,964
2018	2,931	1,033	3,964
2019	3,007	956	3,963
2020	3,083	880	3,963
2021	3,166	798	3,964
2022-2024	<u>7,034</u>	<u>1,892</u>	<u>8,926</u>
	22,078	<u>\$ 6,666</u>	<u>\$ 28,744</u>
Less current portion	<u>(2,857)</u>		
Total	<u>\$ 19,221</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 pay down of \$7,541. Annual debt requirements are shown below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 13,703	\$ 21,728	\$ 35,431
2018	14,396	21,034	35,430
2019	15,125	20,306	35,431
2020	15,838	19,593	35,431
2021	16,692	18,739	35,431
2022-2026	96,971	80,183	177,154
2027-2031	124,134	53,020	177,154
2032-2036	<u>133,171</u>	<u>18,249</u>	<u>151,420</u>
	\$ 430,030	<u>\$ 252,852</u>	<u>\$ 682,882</u>
Less current portion	<u>(13,703)</u>		
Total	<u>\$ 416,327</u>		

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 3—DETAILED NOTE ON ALL FUNDS (Continued)**

**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 Agency has agreed to make the annual debt service payments, but the City retains ultimate responsibility. There are no reserve requirements. This debt may be paid prior to maturity without penalty. Interest is computed semi-annually on the outstanding balance at 4.00%. Principal and interest payments are required in December of each year through December 2, 2031. Annual debt requirements are shown below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 24,508	\$ 24,835	\$ 49,343
2018	24,688	23,855	48,543
2019	29,876	22,867	52,743
2020	30,071	21,672	51,743
2021	30,280	20,432	50,712
2022-2026	174,964	81,380	256,344
2027-2031	217,078	39,658	256,736
2032	48,416	2,118	50,534
	<u>579,881</u>	<u>\$ 236,817</u>	<u>\$ 816,698</u>
Less current portion	<u>(24,508)</u>		
Total	<u>\$ 555,373</u>		

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

Annual debt requirements are shown below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 24,005	\$ 4,821	\$ 28,826
2018	24,718	4,107	28,825
2019	25,453	3,373	28,826
2020	26,210	2,616	28,826
2021	26,988	1,837	28,825
2022-2023	<u>41,991</u>	<u>1,245</u>	<u>43,236</u>
	<u>\$ 169,365</u>	<u>\$ 17,999</u>	<u>\$ 187,364</u>
Less current portion	<u>(24,005)</u>		
Total	<u>\$ 145,360</u>		

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 3-DETAILED NOTE ON ALL FUNDS (Continued)**

**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 April 11 and October 11, 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
2017	\$ 1,372	\$ 3,975	\$ 5,347
2018	1,448	3,899	5,347
2019	1,528	3,819	5,347
2020	1,603	3,745	5,348
2021	1,702	3,646	5,348
2022-2026	10,021	16,717	26,738
2027-2031	13,121	13,615	26,736
2032-2036	17,180	9,558	26,738
2037-2041	22,504	4,232	26,736
2042	2,601	72	2,673
	<u>\$ 73,080</u>	<u>\$ 63,278</u>	<u>\$ 136,358</u>
Less current portion	<u>(1,372)</u>		
Total	<u>\$ 71,708</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 2.00% to 4.00%. This debt can be prepaid after August 1, 2022 without penalty. Scheduled payment dates are February 1 and August 1, each year through 2033. Annual debt requirements are shown below:

Fiscal Year	Principal	Interest	Total
2017	\$ 90,000	\$ 57,131	\$ 147,131
2018	95,000	55,281	150,281
2019	95,000	53,281	148,281
2020	95,000	51,481	146,481
2021	100,000	49,531	149,531
2022-2026	545,000	194,805	739,805
2027-2031	635,000	101,925	736,925
2032-2033	285,000	9,807	294,807
	<u>\$ 1,940,000</u>	<u>\$ 573,242</u>	<u>\$ 2,513,242</u>
Less current portion	<u>(90,000)</u>		
Total	<u>\$ 1,850,000</u>		



**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 3--DETAILED NOTE ON ALL FUNDS (Continued)**

The following is a summary of changes in long-term liabilities during the fiscal year ended June 30, 2016.

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due within one year
<b>Governmental activities</b>					
Note payable - S99001	\$ 164,975	\$ -	\$ (30,386)	\$ 134,589	\$ 31,638
2009 OECDD Water Clarification loan	780,661	-	(24,677)	755,984	29,864
2000 General obligation bonds	2,510,095	-	(52,814)	2,457,281	55,190
2000 LID bond	24,859	-	(2,781)	22,078	2,857
12th Court LID loan	74,369	-	(1,289)	73,080	1,372
Note payable - 2004 HWY 101 LID	443,015	-	(12,985)	430,030	13,703
2005 OECDD loan	604,216	-	(24,335)	579,881	24,508
2012 General obligation bonds	2,030,000	-	(90,000)	1,940,000	90,000
2012 Wedbush LoCap refinance	192,677	-	(23,312)	169,365	24,005
<b>Total governmental activities</b>	<b>\$ 6,824,867</b>	<b>\$ -</b>	<b>\$ (262,579)</b>	<b>\$ 6,562,288</b>	<b>\$ 273,137</b>
<b>Business-type activities</b>					
2006 OECDD loan	\$ 363,100	\$ -	\$ (22,584)	\$ 340,516	\$ 23,653
2015 Wastewater Improvement loan	1,250,000	-	(54,630)	1,195,370	57,315
<b>Total business-type activities</b>	<b>\$ 1,613,100</b>	<b>\$ -</b>	<b>\$ (77,214)</b>	<b>\$ 1,535,886</b>	<b>\$ 80,968</b>

**Changes in other liabilities** The following is a summary of changes in other liabilities during the fiscal year ended June 30, 2016:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due within one year
<b>Governmental activities</b>					
Vacation payable	\$ 151,551	\$ 105,386	\$ (114,199)	\$ 142,738	\$ 142,738
<b>Business-type activities</b>					
Vacation payable	\$ 140,319	\$ 134,106	\$ (119,381)	\$ 155,044	\$ 155,044

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 3-DETAILED NOTE ON ALL FUNDS (Continued)**

**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, 2016 are classified as follows:

	<u>Debt Service</u>	<u>Special Projects</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Governmental activities</b>				
LID debt service	\$ 270,748	\$ -	\$ -	\$ 270,748
Nonmajor funds	<u>388,313</u>	<u>290,513</u>	<u>2,319,884</u>	<u>2,998,710</u>
Total restricted net position for governmental activities	<u>\$ 659,061</u>	<u>\$ 290,513</u>	<u>\$ 2,319,884</u>	<u>\$ 3,269,458</u>

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Customer Deposits</u>	<u>Total</u>
<b>Business-type activities</b>				
Sewer	\$ -	\$ 298,501	\$ 12,763	\$ 311,264
Water	23,653	1,082,993	-	1,106,646
Electric	<u>-</u>	<u>-</u>	<u>82,379</u>	<u>82,379</u>
Total restricted net position for business-type activities	<u>\$ 23,653</u>	<u>\$ 1,381,494</u>	<u>\$ 95,142</u>	<u>\$ 1,500,289</u>

**Internal Transfers**

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ -	\$ 25,000
Electric fund	-	25,000
Water fund	22,680	-
Other Governmental	<u>27,320</u>	<u>-</u>
Total	<u>\$ 50,000</u>	<u>\$ 50,000</u>

The above transfers in the amount of \$50,000 are routine in nature and occur annually to support a summer recreation program and State Tax Street Fund personnel costs. The other transfer in the amount of \$22,680 was to move capital assets related to the water reservoir from Capital Improvements Fund to Water Fund.

**NOTE 4 – OTHER INFORMATION**

**Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by granter 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 granter 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.

**Construction in Progress**

At June 30, 2016, the City is involved in the various phases of improvement projects. There were no significant contracts and remaining amounts at year end.

**NOTE 5–DEFINED BENEFIT PENSION PLANS**

**DEFINED BENEFIT PENSION PLAN**

**Oregon Public Employees Retirement System (PERS)**

**Plan Description**

The City contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS or the System). The Oregon Public Employees Retirement Fund (OPERF) applies to the City's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying government employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. 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. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. 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.

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

**NOTE 5-DEFINED BENEFIT PENSION PLAN (Continued)**

*Benefits Provided.*

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

*PERS Pension (Chapter 238)*

- **Pension Benefits:** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.00% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled. Police and fire members may purchase increased benefits that are payable between the date of retirement and age 65. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. A judge member who has made contributions to PERS during each of five calendar years shall receive a retirement allowance, payable monthly, for life. Before reaching age 60, judge members must choose the calculation formula under which they will retire. The election is irrevocable after the member attains age 60. The two formulas, A and B, are described in the following paragraph. The Plan A retirement allowance for judge members is computed by multiplying 2.8125% by the final average salary for the first 16 years of service and 1.67% of the final average salary multiplied by the number of years of service as a judge in excess of 16. For most judge members the maximum amount is limited to 65.00% of final average salary. The Plan B retirement allowance for judge members is computed by multiplying 3.75% by the final average salary for the first 16 years of service and 2.00% of the final average salary multiplied by the number of years of service as a judge in excess of 16. For most judge members the maximum amount is limited to 75.00% of final average salary. Plan B requires a judge to serve up to 35 days per year for a period of five years as a pro-tem judge. There is no actuarial reduction for retirement before age 65.
- **Death Benefits:** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:
  - the member was employed by a PERS employer at the time of death,
  - the member died within 120 days after termination of PERS-covered employment,
  - the member died as a result of injury sustained while employed in a PERS-covered job, or
  - the member was on an official leave of absence from a PERS-covered job at the time of death.

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lump-sum and monthly payments, if eligible. The monthly payment must be a minimum of \$30 per month for deaths that occur July 30, 2003, and earlier; \$200 per month for deaths that occur after July 30, 2003.

**NOTE 5—DEFINED BENEFIT PENSION PLAN (Continued)**

- **Disability Benefits:** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a nonduty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a nonduty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
- **Benefit Changes:** After retirement members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA for fiscal year 2015 was capped at 1.50% for all benefit recipients. As a result of the Moro Decision (Everice Moro et al v. State of Oregon et al), the cap on the COLA will be restored to 2.00% for fiscal years 2016 and beyond.

*OPSRP Pension Program (OPSRP DB)*

- **Pension Benefits:** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: Police and fire: 1.80% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. General service: 1.50% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- **Death Benefits:** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50.00% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- **Disability Benefits:** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45.00% of the member's salary determined as of the last full month of employment before the disability occurred.

**Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 5-DEFINED BENEFIT PENSION PLAN (Continued)**

Employer contributions for the year ended June 30, 2016 were \$295,347, excluding amounts to fund employer specific liabilities.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the City reported a liability of \$1,787,009 for its proportionate share of the net pension liabilities. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 and rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the City's proportion was 0.0311%.

For the year ended June 30, 2016, the City recognized pension expense of \$1,735,049. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 96,365	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(374,598)
Changes in proportionate share	-	(3,098)
Differences between employer contributions and proportionate share of contributions	-	(97,816)
Subtotal - Amortized Deferrals (below)	<u>96,365</u>	<u>(475,512)</u>
Contributions subsequent to measurement date	<u>295,347</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 391,712</u>	<u>\$ (475,512)</u>

The City reported \$295,347 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Subtotal amounts related to pension as deferred outflow of resources, \$96,365, and deferred inflow of resources, (\$475,512), net to \$(379,146) and will be recongnized as a pension expense as follows:

<u>Year ended June 30,</u>	<u>Deferred Inflows of Resources</u>
2017	\$ (180,799)
2018	(180,799)
2019	(180,799)
2020	161,808
2021	1,443
	<u>\$ (379,146)</u>

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 5-DEFINED BENEFIT PENSION PLAN (Continued)**

**Actuarial Method and Assumptions**

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Valuation date	December 31, 2013 rolled forward to June 30, 2015
Experience study report	2014, published September, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Actuarial assumptions	
Inflation rate	2.75%
Investment rate of return	7.75%
Discount rate	7.75%
Projected salary increases	3.75% overall payroll growth; salaries for individuals are assumed to grow at 3.75% plus assumed rates of merit/longevity increases; based on service
Mortality	<p>Healthy retirees and beneficiaries  RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in valuation</p> <p>Active members  Mortality rates are a percentage of healthy retiree rates that vary by group, as described in valuation</p> <p>Disabled retirees  Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2013.

**NOTE 5—DEFINED BENEFIT PENSION PLAN (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Depletion Date Projection**

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment. The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.



**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

**NOTE 5-DEFINED BENEFIT PENSION PLAN (Continued)**

**Assumed Asset Allocation**

<u>Asset Class</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.00%	3.00%	0.00%
Debt securities	15.00%	25.00%	20.00%
Public equity	32.50%	42.50%	37.50%
Private equity	16.00%	24.00%	20.00%
Real estate	9.50%	15.50%	12.50%
Alternative equity	0.00%	10.00%	10.00%
Opportunity portfolio	0.00%	3.00%	0.00%
Total			<u>100.00%</u>

**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OICs description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compound Annual Return (Geometric)</u>
Core fixed income	7.20%	4.50%
Short-term bonds	8.00%	3.70%
Intermediate-term bonds	3.00%	4.10%
High yield bonds	1.80%	6.70%
Large capitalization domestic equities	11.70%	7.20%
Mid capitalization domestic equities	3.90%	7.30%
Small capitalization domestic equities	2.30%	7.50%
Developed foreign equities	14.20%	6.90%
Emerging foreign equities	5.50%	7.40%
Private equities	20.00%	8.30%
Opportunity funds/absolute return	5.00%	6.00%
Real estate (properties)	13.80%	6.50%
Real estate (REITS)	2.50%	6.80%
Commodities	1.10%	6.10%
Total	<u>100.00%</u>	
Assumed Inflation Mean		2.80%

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

---

**NOTE 5-DEFINED BENEFIT PENSION PLAN (Continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's net pension liability (asset)	\$ 4,312,879	\$ 1,787,009	\$ (341,636)

**Impact of Legislation and Litigation**

On April 30, 2015, the Oregon Supreme Court declared Senate Bills 822 and 861 unconstitutional in so far as they affect retirement benefits earned before May 6, 2013.

Senate Bill 822 was enacted during the 2013 Oregon regular legislative session to lower the cap on the cost-of-living adjustment (COLA) from 2.00% to 1.50%, and eliminate the tax remedy benefit for recipients who do not pay Oregon state income taxes because they do not reside in Oregon. The tax remedy benefit portion of Senate Bill 822 was upheld by the Oregon Supreme Court. Senate Bill 861 was enacted during a special legislative session in September 2013, and modified subsequent yearly COLAs for all PERS benefit recipients.

The decision reduced PERS' funded status and negated a large portion of the cost savings for PERS employers that were factored into 2015-17 contribution rates. The potential financial impact of this decision increases the present value of future benefits by \$5.1 billion. PERS has executed a project to restore COLA payments to benefit recipients and enhance its systems to implement the new COLA allocation going forward.

**Changes in Assumptions**

A summary of key changes implemented since the December 31, 2013 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at: [https://www.oregon.gov/pers/docs/2014\\_experience\\_study\\_9-23-15.pdf](https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.pdf)

**Changes in Actuarial Methods and Valuation Procedures**

*Allocation of Liability for Service Segments*—For allocating Tier One/Tier Two liability among multiple employers, the weighting between Money Match and Full Formula methodologies was updated to reflect expected future experience.

**Changes in Economic Assumptions**

*Investment Return and Interest Crediting*—The assumed investment return and interest crediting to both regular and variable account balances was reduced from 7.75% to 7.50%.

*Inflation*—The inflation assumption was reduced from 2.75% to 2.50%

*Payroll Growth*—The assumed payroll growth rate was reduced from 3.75% to 3.50%.

*Tier One/Tier Two Administrative Expenses*—Administrative expenses for the Tier One/Tier Two System are assumed to be \$33.0 million per year.

**NOTE 5-DEFINED BENEFIT PENSION PLAN (Continued)**

**Changes in Demographic Assumptions**

*Mortality*—The healthy mortality assumption is based on RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match system experience and the future projection of mortality has been changed to use mortality improvement Scale BB.

*Disability, Retirement and Termination*—Rates for the disability, retirement, and termination assumptions were adjusted.

**Changes in Plan Provisions**

The following change in plan provisions occurred since the December 31, 2013 actuarial valuation. A complete summary of the Tier One/Tier Two, OPSRP, RHIA, and RHIPA plan provisions valued is provided as part of the system-wide actuarial valuation report.

- The Oregon Supreme Court decision in *Moro v. State of Oregon* stated that the reduced COLA amounts provided by Senate Bills 822 and 861 (both passed in 2013) only apply to benefits earned after the effective date of the legislation. As a result, PERS members who performed service both before and after the effective date will receive a blended COLA rate reflecting the differing COLA provisions applicable to each service period.

**Defined Contribution Pension Plans**

The City of Bandon has multiple defined contribution pension plans covering substantially all employees. Police officers and certain community corrections employees are participants in the State of Oregon Public Employees Retirement System (PERS) OPSRP Individual Account Program. All City employees can choose to participate in various deferred compensation plans.

***OPSRP Individual Account Program (OPSRP IAP)***

*Benefits*

- **Pension Benefits:** An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.
- **Death Benefits:** Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

*Contributions*

Members of PERS are required to contribute 6.00% of their salary covered under the plan but the employer is allowed to pay any and all of the employee's contribution, which is invested in the OPSRP IAP. The City has elected to contribute the 6.00% "pickup" or \$138,318 for the year ended June 30, 2016.

*Recordkeeping*—OPERS contracts with VOYA Financial to maintain IAP participant records.

**NOTE 5-DEFINED BENEFIT PENSION PLAN (Continued)**

**Other Post-Employment Benefits (OPEB)**

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.

**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.

**NOTE 6-FAIR VALUE MEASUREMENTS**

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

- |         |                                                                                                                                                                                                                          |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Unadjusted quoted prices for identical instruments in active markets.                                                                                                                                                    |
| Level 2 | Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable. |
| Level 3 | Valuations derived from valuation techniques in which significant inputs are unobservable.                                                                                                                               |

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

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2016**

---

**NOTE 6-FAIR VALUE MEASUREMENTS (Continued)**

LGIP measured at the net asset value (NAV) are readily available to spend when needed. The balance in this pool is expected to stay fairly static as the interest rate in the pool is desirable. The risk associated with the LGIP is very low. The City only invests in the LGIP. The NAV of the City's investments as of June 30, 2016 was \$8,979,086.

**This Page Intentionally Left Blank**

REQUIRED  
SUPPLEMENTARY INFORMATION

**This Page Intentionally Left Blank**



**City of Bandon  
Major Funds  
June 30, 2016**

---

**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**

**12<sup>th</sup> Court Local Improvement District Fund**—This fund is used to account for loans and repayments of assessments that are associated with local improvement districts (LIDs) in the City of Bandon.

**City Of Bandon**  
**Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual**  
**General Fund**  
**For the Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
<b>Taxes and assessments</b>				
Property taxes - current year, net	\$ 157,651	\$ 157,651	\$ 159,218	\$ 1,567
Previously levied taxes	10,000	10,000	17,446	7,446
Franchise fees	30,485	30,485	36,401	5,916
Utility taxes	259,576	259,576	414,762	155,186
Transient tax	461,470	461,470	524,353	62,883
<b>Total taxes</b>	<u>919,182</u>	<u>919,182</u>	<u>1,152,180</u>	<u>232,998</u>
License and permits	<u>29,820</u>	<u>29,820</u>	<u>38,503</u>	<u>8,683</u>
<b>Intergovernmental</b>				
Cigarette tax	3,136	3,136	4,097	961
Liquor tax	43,253	43,253	44,631	1,378
Grants-in-aid	9,100	9,100	6,079	(3,021)
<b>Total intergovernmental</b>	<u>55,489</u>	<u>55,489</u>	<u>54,807</u>	<u>(682)</u>
Fines and police income	<u>23,600</u>	<u>23,600</u>	<u>27,165</u>	<u>3,565</u>
<b>Payments in lieu of taxes</b>				
Hydro Electric Fund	290,704	290,704	290,704	-
Water Fund	28,643	28,643	16,350	(12,293)
Sewer Fund	46,510	46,510	25,765	(20,745)
Heritage Place	209	209	-	(209)
<b>Total payments in lieu of taxes</b>	<u>366,066</u>	<u>366,066</u>	<u>332,819</u>	<u>(33,247)</u>
<b>Reimbursements</b>				
Intergovernmental	2,250	2,250	2,250	-
Other external	5,000	5,000	11,583	6,583
Other internal	400,458	400,458	359,846	(40,612)
Engineering & public works	650	650	1,501	851
<b>Total reimbursements</b>	<u>408,358</u>	<u>408,358</u>	<u>375,180</u>	<u>(33,178)</u>
<b>Other</b>				
Interest	10,398	10,398	7,056	(3,342)
Community center rent	22,000	22,000	22,259	259
Rental	22,000	22,000	28,855	6,855
Sprague theater rent	-	18,000	34,571	16,571
Donations	5,150	5,150	18,377	13,227
State revenue sharing	22,000	22,000	-	(22,000)
Miscellaneous	5,000	5,000	2,995	(2,005)
<b>Total other</b>	<u>86,548</u>	<u>104,548</u>	<u>114,113</u>	<u>9,565</u>
<b>Total revenues</b>	<u>\$ 1,889,063</u>	<u>\$ 1,907,063</u>	<u>\$ 2,094,767</u>	<u>\$ 187,704</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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Expenditures</b>				
General government				
Administration and general				
Personal services	\$ 59,075	\$ 59,075	\$ 80,490	\$ (21,415)
Materials and services	<u>301,604</u>	<u>301,604</u>	<u>269,421</u>	<u>32,183</u>
Total administration and general	<u>360,679</u>	<u>360,679</u>	<u>349,911</u>	<u>10,768</u>
Accounting and billing				
Personal services	52,202	52,202	49,569	2,633
Materials and services	<u>128,700</u>	<u>128,700</u>	<u>107,941</u>	<u>20,759</u>
Total accounting and billing	<u>180,902</u>	<u>180,902</u>	<u>157,510</u>	<u>23,392</u>
Municipal court				
Materials and services	<u>4,700</u>	<u>4,700</u>	<u>3,200</u>	<u>1,500</u>
Mayor and council				
Materials and services	<u>31,500</u>	<u>31,500</u>	<u>22,119</u>	<u>9,381</u>
Planning department				
Personal services	124,078	124,078	75,059	49,019
Materials and services	<u>17,500</u>	<u>17,500</u>	<u>29,982</u>	<u>(12,482)</u>
Total planning department	<u>141,578</u>	<u>141,578</u>	<u>105,041</u>	<u>36,537</u>
Non-departmental				
Personal services	-	-	1,816	(1,816)
Materials and services	40,199	40,199	33,229	6,970
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total non-departmental	<u>50,199</u>	<u>50,199</u>	<u>35,045</u>	<u>15,154</u>
Total general government	<u>769,558</u>	<u>769,558</u>	<u>672,826</u>	<u>96,732</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, 2016**

	Original Budget	Final Budget	Actual	Variance
Public safety				
Police department				
Personal services	\$ 691,743	\$ 707,343	\$ 695,554	\$ 11,789
Materials and services	198,450	198,450	176,971	21,479
Total police department	890,193	905,793	872,525	33,268
Fire department				
Materials and services	100,854	100,854	96,854	4,000
Total public safety	991,047	1,006,647	969,379	37,268
Highway and streets				
Materials and services	82,500	82,500	44,255	38,245
Culture and recreation				
Parks and recreation				
Personal services	105,918	105,918	79,089	26,829
Materials and services	73,000	73,000	71,943	1,057
Total parks and recreation	178,918	178,918	151,032	27,886
Community center				
Personal services	8,774	8,774	8,261	513
Materials and services	83,900	83,900	68,954	14,946
Total community center	92,674	92,674	77,215	15,459
Sprague theater				
Materials and services	-	13,150	11,382	1,768
Total culture and recreation	271,592	284,742	239,629	45,113
Other financing sources (uses)				
Contingency	75,000	75,000	-	75,000
Total expenditures	2,189,697	2,218,447	1,926,089	292,358
Net revenues over (under) expenditures	(300,634)	(311,384)	168,678	480,062
Other financing sources (uses)				
Transfer from other funds	48,098	48,098	25,000	(23,098)
Transfer to other funds	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	(1,902)	(1,902)	(25,000)	(23,098)

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund (Continued)**  
**For the Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variance
Net change in fund balance	\$(302,536)	\$(313,286)	\$ 143,678	\$ 456,964
Fund balance, beginning of year	302,536	302,536	515,059	212,523
Fund balance, end of year	\$ -	\$ (10,750)	\$ 658,737	\$ 669,487

Notes to schedule:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
<b>General Fund</b>		
General government		
Administration and general	Personal services	\$ 21,415
Planning department	Materials and services	\$ 12,482
Non-department	Personal services	\$ 1,816

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Block Grant Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
Interest	\$ 800	\$ 1,751	\$ 951
Other	500	-	(500)
Total revenues	<u>1,300</u>	<u>1,751</u>	<u>451</u>
Expenditures			
Economic development			
Materials and services	62,359	-	62,359
Capital outlay	219,261	5,308	213,953
Total expenditures	<u>281,620</u>	<u>5,308</u>	<u>276,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(280,320)</u>	<u>(3,557)</u>	<u>276,763</u>
Other financing sources (uses)			
Principal collections	120,961	47,037	(73,924)
Loan interest	3,300	5,557	2,257
Total other financing sources (uses)	<u>124,261</u>	<u>52,594</u>	<u>(71,667)</u>
Net change in fund balance	(156,059)	49,037	205,096
Fund balance, beginning of year, budgetary basis	<u>156,059</u>	<u>261,745</u>	<u>105,686</u>
Fund balance, end of year	<u>\$ -</u>	310,782	<u>\$ 310,782</u>
Interfund loan receivable		<u>69,483</u>	
Fund balance at end of year, U.S. GAAP basis		<u>\$ 380,265</u>	

**City of Bandon**  
**Schedule of Proportionate Share of Net Pension Liability for OPERS**  
**June 30, 2016**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.03%	0.03%
City's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,787,009	\$ (709,597)	\$ 1,597,545
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,210,369	\$ 2,091,533	\$ 1,940,273
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	80.85%	-33.93%	82.34%
Plan fiduciary net position as a percentage of the total pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	91.90%	103.59%	91.97%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date for each year presented.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**City of Bandon**  
**Schedule of Contributions to OPERS – Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,347	\$ 244,141	\$ 387,070
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	295,347	244,141	387,070
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,210,369	\$ 2,091,533	\$ 1,940,273
Contribution as a percentage of covered - employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	13.36%	11.67%	19.95%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date for each year presented.

This schedule is presented to illustrate the requirements to show information for 1- years. However, until a full 10-year trend has been compiled , information is presented only for the years for which the required supplementary information is available.



## OTHER SUPPLEMENTARY INFORMATION

**This Page Intentionally Left Blank**

City of Bandon  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (Non-U.S. GAAP Budgetary Basis) and Actual  
Urban Renewal District No. 1 Fund  
For the Year Ended June 30, 2016

	Original & Final Budget	Actual	Variance
Revenues			
Taxes			
Property taxes - current year	\$ 260,835	\$ 272,192	\$ 11,357
Previously levied taxes	20,000	15,899	(4,101)
Interest	5,000	5,078	78
Other	500	-	(500)
Payments in lieu of taxes	732	-	(732)
Total revenues	<u>287,067</u>	<u>293,169</u>	<u>6,102</u>
Expenditures			
General government			
Materials and services	33,500	737	32,763
Capital outlay	621,464	76,386	545,078
Debt service			
Principal	114,335	114,335	-
Interest	84,740	84,740	-
Bond reserve	200,000	-	200,000
Total expenditures	<u>1,054,039</u>	<u>276,198</u>	<u>777,841</u>
Excess (deficiency) of revenues over (under) expenditures	(766,972)	16,971	783,943
Fund balance, beginning of year	766,972	803,986	37,014
Fund balance, end of year	<u>\$ -</u>	<u>\$ 820,957</u>	<u>\$ 820,957</u>

\* Exempt from Oregon budget law

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget (Non-U.S. GAAP Budgetary Basis) and Actual**  
**Urban Renewal District No. 2 Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
<b>Revenues</b>			
<b>Taxes</b>			
Property taxes - current year	\$ 131,501	\$ 137,308	\$ 5,807
Previously levied taxes	10,000	8,306	(1,694)
Interest	-	1,619	1,619
Grants	500	-	(500)
Payments in lieu of taxes	340	-	(340)
<b>Total revenues</b>	<b>142,341</b>	<b>147,233</b>	<b>4,892</b>
<b>Expenditures</b>			
<b>General government</b>			
Materials and services	28,200	397	27,803
Capital outlay	240,061	26,417	213,644
<b>Debt service</b>			
Principal	115,000	44,508	70,492 *
Interest	6,000	9,594	(3,594) *
Bond reserve	25,000	-	25,000
<b>Total expenditures</b>	<b>414,261</b>	<b>80,916</b>	<b>333,345</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(271,920)</b>	<b>66,317</b>	<b>338,237</b>
<b>Other financing sources (uses):</b>			
Receipt of loan payment	-	94,957	94,957
<b>Net change in fund balance</b>	<b>(271,920)</b>	<b>161,274</b>	<b>433,194</b>
<b>Fund balance, beginning of year, budgetary basis</b>	<b>271,920</b>	<b>190,370</b>	<b>(81,550)</b>
<b>Fund balance, end of year, budgetary basis</b>	<b>\$ -</b>	<b>351,644</b>	<b>\$ 351,644</b>
<b>Interfund loan payable</b>		<b>(69,483)</b>	
<b>Fund balance, end of year, U.S. GAAP basis</b>		<b>\$ 282,161</b>	

\* Exempt from Oregon budget law

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget (Non-U.S. GAAP Budgetary Basis) and Actual**  
**12<sup>th</sup> Court LID Debt Service**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
<b>Revenues</b>			
Special assessments			
Principal (633)	\$ 850	\$ 1,037	\$ 187
Principal - 2001 Bandon LID (634)	300	3,990	3,690
Principal - 2004 Hwy 101 SW (635)	4,720	5,015	295
Principal - 12th Crt LID (636)	990	262	(728)
Interest (633)	300	1,137	837
Interest - 2001 Bandon LID (634)	295	4,373	4,078
Interest - 2004 Hwy 101 SW (635)	8,960	5,496	(3,464)
Interest - 12th Crt LID (636)	1,604	287	(1,317)
Interest	500	1,805	1,305
Total revenues	<u>18,519</u>	<u>23,402</u>	<u>4,883</u>
<b>Expenditures</b>			
Debt service			
Principal - 2000 St & Sewer LID	52,781	3,350	49,431
Principal - 2004 Hwy 101 SW (635)	62,985	15,276	47,709
Principal - 12th Crt LID (636)	51,289	1,276	50,013
Interest - 2000 St & Sewer LID	1,182	614	568
Interest - 2004 Hwy 101 SW (635)	22,447	19,089	3,358
Interest - 12th Crt LID (636)	4,058	4,071	(13) *
Total expenditures	<u>194,742</u>	<u>43,676</u>	<u>151,066</u>
Excess (deficiency) of revenues over (under) expenditures	(176,223)	(20,274)	155,949
Fund balance, beginning of year	<u>176,223</u>	<u>291,022</u>	<u>114,799</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 270,748</u>	<u>\$ 270,748</u>

\* Exempt from Oregon budget law

**City of Bandon  
Nonmajor Governmental Funds  
June 30, 2016**

---

**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.

**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.

City of Bandon  
Nonmajor Governmental Funds (Continued)  
June 30, 2016

---

**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, 2016**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 379,715	\$ 384,979	\$ 3,386,067	\$ 4,150,761
Receivables				
Property taxes	-	20,783	34,442	55,225
Accounts	-	3,334	-	3,334
Special assessments	-	-	9,237	9,237
Total assets	<u>379,715</u>	<u>409,096</u>	<u>3,429,746</u>	<u>4,218,557</u>
<b>LIABILITIES</b>				
Accounts payable	8,308	-	232,066	240,374
Accrued payroll and benefits	6,339	-	-	6,339
Other liabilities	5,052	-	-	5,052
Total liabilities	<u>19,699</u>	<u>-</u>	<u>232,066</u>	<u>251,765</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues				
Property taxes	-	20,783	34,442	55,225
Assessments receivable	-	-	9,237	9,237
Total deferred inflows of resources	<u>-</u>	<u>20,783</u>	<u>43,679</u>	<u>64,462</u>
<b>FUND BALANCE</b>				
Restricted	290,513	388,313	2,319,884	2,998,710
Committed	69,503	-	834,117	903,620
Total fund balances	<u>360,016</u>	<u>388,313</u>	<u>3,154,001</u>	<u>3,902,330</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 379,715</u>	<u>\$ 409,096</u>	<u>\$ 3,429,746</u>	<u>\$ 4,218,557</u>



**City of Bandon**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ 167,401	\$ 193,481	\$ 364,194	\$ 725,076
Grants	-	-	20,104	20,104
Intergovernmental	377,834	-	-	377,834
Payments in lieu of taxes	-	18,857	-	18,857
System development charges	-	-	77,152	77,152
Special assessments	-	-	21,192	21,192
Interest	2,308	2,296	23,667	28,271
Out of City bond charge	-	35,067	-	35,067
Other	70,709	-	-	70,709
<b>Total revenues</b>	<b>618,252</b>	<b>249,701</b>	<b>506,309</b>	<b>1,374,262</b>
<b>Expenditures</b>				
General government	-	-	333,676	333,676
Highways and streets	237,986	-	-	237,986
Culture and recreation	403,181	-	-	403,181
Capital outlay	-	-	435,508	435,508
Debt service				
Principal retirement	-	107,876	-	107,876
Interest	-	156,175	-	156,175
<b>Total expenditures</b>	<b>641,167</b>	<b>264,051</b>	<b>769,184</b>	<b>1,674,402</b>
Excess (deficiency) of revenues over (under) expenditures	(22,915)	(14,350)	(262,875)	(300,140)
Other financing sources (uses) Transfer in (out)	50,000	-	(22,680)	27,320
Net change in fund balance	27,085	(14,350)	(285,555)	(272,820)
Fund balances, beginning of year	332,931	402,663	3,439,556	4,175,150
Fund balances, end of year	<b>\$ 360,016</b>	<b>\$ 388,313</b>	<b>\$ 3,154,001</b>	<b>\$ 3,902,330</b>

**City of Bandon**  
**Sub-Combining Balance Sheet**  
**Special Revenue Funds**  
**June 30, 2016**

	State Tax Street	Library Memorial	Library	Community Beautification	State Revenue Sharing	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,495	\$ 229,316	\$ 75,876	\$ 17,199	\$ 54,829	\$ 379,715
Total assets	<u>2,495</u>	<u>229,316</u>	<u>75,876</u>	<u>17,199</u>	<u>54,829</u>	<u>379,715</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ -	\$ 2,743	\$ 3,040	\$ 2,525	\$ -	\$ 8,308
Accrued payroll and benefits	2,495	-	3,844	-	-	6,339
Other liabilities	5,052	-	-	-	-	5,052
Total liabilities	<u>7,547</u>	<u>2,743</u>	<u>6,884</u>	<u>2,525</u>	<u>-</u>	<u>19,699</u>
Fund balances						
Restricted	(5,052)	226,573	68,992	-	-	290,513
Committed	-	-	-	14,674	54,829	69,503
Total fund balances	<u>(5,052)</u>	<u>226,573</u>	<u>68,992</u>	<u>14,674</u>	<u>54,829</u>	<u>360,016</u>
Total liabilities and fund balances	<u>\$ 2,495</u>	<u>\$ 229,316</u>	<u>\$ 75,876</u>	<u>\$ 17,199</u>	<u>\$ 54,829</u>	<u>\$ 379,715</u>

**City of Bandon**  
**Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Special Revenue Funds**  
**For the Year Ended June 30, 2016**

	State Tax Street	Library Memorial	Library	Community Beautification	State Revenue Sharing	Totals
<b>Revenues</b>						
Taxes	\$ 167,401	\$ -	\$ -	\$ -	\$ -	\$ 167,401
Intergovernmental	-	-	352,068	-	25,766	377,834
Interest	17	1,459	500	141	191	2,308
Other	-	36,295	-	34,414	-	70,709
<b>Total revenues</b>	<b>167,418</b>	<b>37,754</b>	<b>352,568</b>	<b>34,555</b>	<b>25,957</b>	<b>618,252</b>
<b>Expenditures</b>						
<b>Current</b>						
Highways and streets	237,986	-	-	-	-	237,986
Culture and recreation	-	29,108	327,751	46,322	-	403,181
<b>Total expenditures</b>	<b>237,986</b>	<b>29,108</b>	<b>327,751</b>	<b>46,322</b>	<b>-</b>	<b>641,167</b>
Excess (deficiency) of revenues over (under) expenditures	(70,568)	8,646	24,817	(11,767)	25,957	(22,915)
<b>Other financing sources (uses)</b>						
Transfer in (out)	50,000	-	-	-	-	50,000
<b>Net change in fund balance</b>	<b>(20,568)</b>	<b>8,646</b>	<b>24,817</b>	<b>(11,767)</b>	<b>25,957</b>	<b>27,085</b>
Fund balances, beginning of year	15,516	217,927	44,175	26,441	28,872	332,931
<b>Fund balances, end of year</b>	<b>\$ (5,052)</b>	<b>\$ 226,573</b>	<b>\$ 68,992</b>	<b>\$ 14,674</b>	<b>\$ 54,829</b>	<b>\$ 360,016</b>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual**  
**State Tax Street Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
State street tax	\$ 160,715	\$ 167,401	\$ 6,686
Interest	500	17	(483)
Other	500	-	(500)
Total revenues	<u>161,715</u>	<u>167,418</u>	<u>5,703</u>
Expenditures			
Highways and streets			
Personal services	175,475	218,666	(43,191)
Materials and services	21,500	19,320	2,180
Capital outlay	35,450	-	35,450
Total expenditures	<u>232,425</u>	<u>237,986</u>	<u>(5,561)</u>
Excess (deficiency) of revenues over (under) expenditures	(70,710)	(70,568)	142
Other financing sources (uses)			
Transfers from other funds	50,000	50,000	-
Net change in fund balance	<u>(20,710)</u>	<u>(20,568)</u>	<u>142</u>
Fund balance, beginning of year	<u>20,710</u>	<u>15,516</u>	<u>(5,194)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ (5,052)</u>	<u>\$ (5,052)</u>

City of Bandon  
Schedule of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual  
Library Memorial Fund  
For the Year Ended June 30, 2016

	Original & Final Budget	Actual	Variance
Revenues			
Interest	\$ 1,500	\$ 1,459	\$ (41)
Other			
Grants	1,000	1,000	-
Gifts & memorials	15,100	12,735	(2,365)
Miscellaneous	9,700	22,560	12,860
Total revenues	<u>27,300</u>	<u>37,754</u>	<u>10,454</u>
Expenditures			
Culture and recreation			
Materials and services	82,500	27,212	55,288
Capital outlay	162,848	1,896	160,952
Total expenditures	<u>245,348</u>	<u>29,108</u>	<u>216,240</u>
Net change in fund balance	(218,048)	8,646	226,694
Fund balance, beginning of year	<u>218,048</u>	<u>217,927</u>	<u>(121)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 226,573</u>	<u>\$ 226,573</u>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual**  
**Library Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
Intergovernmental			
County library support	\$ 298,192	\$ 352,068	\$ 53,876
Interest	410	500	90
Other	1,050	-	(1,050)
Total revenues	<u>299,652</u>	<u>352,568</u>	<u>52,916</u>
Expenditures			
Culture and recreation			
Personal services	329,559	290,067	39,492
Materials and services	27,536	37,684	(10,148)
Total expenditures	<u>357,095</u>	<u>327,751</u>	<u>29,344</u>
Net change in fund balance	(57,443)	24,817	82,260
Fund balance, beginning of year	57,443	44,175	(13,268)
Fund balance, end of year	<u>\$ -</u>	<u>\$ 68,992</u>	<u>\$ 68,992</u>

City of Bandon  
Schedule of Revenues, Expenditures, and Changes in Fund Balance –Budget and Actual  
Community Beautification Fund  
For the Year Ended June 30, 2016

	Original & Final Budget	Actual	Variance
Revenues			
Garbage franchise fees	\$ 34,376	\$ 34,414	\$ 38
Contributions	1,250,000	-	(1,250,000)
Interest	500	141	(359)
Brick sales	500	-	(500)
Other	300	-	(300)
Total revenues	<u>1,285,676</u>	<u>34,555</u>	<u>(1,251,121)</u>
Transfer from other funds			
Transfer in from 550 fund	<u>135,000</u>	<u>-</u>	<u>(135,000)</u>
Expenditures			
Culture and recreation			
Materials and services	67,000	46,322	20,678
Capital outlay	<u>1,365,771</u>	<u>-</u>	<u>1,365,771</u>
Total expenditures	<u>1,432,771</u>	<u>46,322</u>	<u>1,386,449</u>
Net change in fund balance	(12,095)	(11,767)	328
Fund balance, beginning of year	<u>12,095</u>	<u>26,441</u>	<u>14,346</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 14,674</u>	<u>\$ 14,674</u>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual**  
**State Revenue Sharing Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
State revenue sharing	\$ -	\$ 25,766	\$ 25,766
Interest	-	191	191
Total revenues	-	25,957	25,957
Other financing sources (uses)			
Transfers out	(23,098)	-	23,098
Net change in fund balance	(23,098)	25,957	49,055
Fund balance, beginning of year	23,098	28,872	5,774
Fund balance, end of year	\$ -	\$ 54,829	\$ 54,829



City of Bandon  
Sub-Combining Balance Sheet  
Debt Service Funds  
June 30, 2016

	General Obligation Bonds Debt Service	2000 Street & Sewer LID Bond	Local Improvement District Debt Service	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 332,250	\$ 2,583	\$ 50,146	\$ 384,979
Receivables				
Accounts	3,334	-	-	3,334
Property taxes	20,783	-	-	20,783
Total assets	<u>\$ 356,367</u>	<u>\$ 2,583</u>	<u>\$ 50,146</u>	<u>\$ 409,096</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue				
Property taxes	\$ 20,783	\$ -	\$ -	\$ 20,783
 <b>FUND BALANCES</b>				
Restricted	335,584	2,583	50,146	388,313
Total deferred inflows of resources and fund balances	<u>\$ 356,367</u>	<u>\$ 2,583</u>	<u>\$ 50,146</u>	<u>\$ 409,096</u>

**City of Bandon**  
**Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Debt Service Funds**  
**For the Year Ended June 30, 2016**

	General Obligation Bonds Debt Service	2000 Street & Sewer LID	Local Improvement District Debt Service	Totals
Revenues				
Taxes	\$ 193,481	\$ -	\$ -	\$ 193,481
Interest	1,995	1	300	2,296
Out of City bond charge	35,067	-	-	35,067
In lieu of tax	18,857	-	-	18,857
Total revenues	<u>249,400</u>	<u>1</u>	<u>300</u>	<u>249,701</u>
Expenditures				
Debt service				
Principal	107,876	-	-	107,876
Interest	156,175	-	-	156,175
Total expenditures	<u>264,051</u>	<u>-</u>	<u>-</u>	<u>264,051</u>
Excess (deficiency) of revenues over (under) expenditures	(14,651)	1	300	(14,350)
Fund balances, beginning of year	<u>350,235</u>	<u>2,582</u>	<u>49,846</u>	<u>402,663</u>
Fund balances, end of year	<u>\$ 335,584</u>	<u>\$ 2,583</u>	<u>\$ 50,146</u>	<u>\$ 388,313</u>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Obligation Bonds Debt Service**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
<b>Revenues</b>			
<b>Taxes</b>			
2000 RD GO BDS Prop taxes(343) - CY	\$ 107,056	\$ 108,474	\$ 1,418
2000 RD GO BDS Prop taxes(343) - PY	3,500	13,079	9,579
2000 SDWRLF BDS Prop taxes(344) - CY	23,840	24,164	324
2000 SDWRLF BDS Prop taxes(344) - PY	1,000	4,573	3,573
2006 WTPBONDS Prop taxes (375) - CY	38,277	38,840	563
2006 WTPBONDS Prop taxes (375) - PY	1,500	4,351	2,851
<b>Interest</b>	1,100	1,995	895
2000 RD GO BDS - out of City (343)	22,050	27,042	4,992
2000 RD GO BDS - in lieu of tax (343)	310	-	(310)
2000 SDWRLF GO BDS - out of City (344)	5,172	-	(5,172)
2000 SDWRLF GO BDS - in lieu of tax (344)	69	-	(69)
2006 Water Plant GO BDS - in lieu of tax (375)	116	18,857	18,741
2006 WTP - out of City (375)	8,078	8,025	(53)
<b>Total revenues</b>	<u>212,068</u>	<u>249,400</u>	<u>37,332</u>
<b>Expenditures</b>			
<b>Debt service</b>			
Principal - 2000 RD Bonds (343)	52,815	52,813	2
Interest - 2000 RD Bonds (343)	112,955	112,955	-
Reserve - 2000 RD Bonds (343)	165,770	-	165,770
Principal - 2000 SDWRLF Bonds (344)	30,387	30,386	1
Interest - 2000 SDWRLF Bonds (344)	6,798	6,797	1
Reserve - 2000 SDWRLF Bonds (344)	37,185	-	37,185
Principal - 2006 Water Plant Bonds (375)	24,678	24,677	1
Interest - 2006 Water Plant Bonds (375)	36,424	36,423	1
Reserve - 2006 Water Plant Bonds (375)	61,102	-	61,102
<b>Total expenditures</b>	<u>528,114</u>	<u>264,051</u>	<u>264,063</u>
<b>Net change in fund balance</b>	(316,046)	(14,651)	301,395
<b>Fund balance, beginning of year</b>	<u>316,046</u>	<u>350,235</u>	<u>34,189</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ 335,584</u>	<u>\$ 335,584</u>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual**  
**2000 Street & Sewer LID Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
Interest	\$ -	\$ 1	\$ 1
Total revenues	-	1	1
Fund balance, beginning of year	-	2,582	2,582
Fund balance, end of year	\$ -	\$ 2,583	\$ 2,583

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Local Improvement District Fund Debt Service**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
Special assessments			
Principal	\$ 14,555	\$ -	\$ (14,555)
Interest	67,577	-	(67,577)
Interest	10	300	290
Other	5,000	-	(5,000)
Total revenue	87,142	300	(86,842)
Expenditures			
General government			
Capital outlay	2,330,861	-	2,330,861
Net change in fund balance	(2,243,719)	300	2,244,019
Other financing sources (uses)			
Issuance of debt	2,193,900	-	(2,193,900)
Net change in fund balance	(49,819)	300	50,119
Fund balance, beginning of year	49,819	49,846	27
Fund balance, end of year	\$ -	\$ 50,146	\$ 50,146

**City of Bandon  
Sub-Combining Balance Sheet  
Capital Projects Funds  
June 30, 2016**

	Capital Improvement	Equipment Reserve	Parks and Recreation Development	Street SDC Reimbursement	Street SDC Improvement	Storm Drain SDC Reimbursement	Storm Drain SDC Improvement	Local Option Street	Totals
<b>ASSETS</b>									
Cash and cash equivalents	\$ 628,602	\$ 86,123	\$ 124,287	\$ 439,328	\$ 297,235	\$ 364,398	\$ 231,992	\$ 1,214,102	\$ 3,386,067
Receivables (net, where applicable of allowance for uncollectible)									
Taxes	-	-	-	-	-	-	-	34,442	34,442
Special assessments	-	-	-	1,503	2,150	2,841	2,743	-	9,237
<b>Total assets</b>	<b>\$ 628,602</b>	<b>\$ 86,123</b>	<b>\$ 124,287</b>	<b>\$ 440,831</b>	<b>\$ 299,385</b>	<b>\$ 367,239</b>	<b>\$ 234,735</b>	<b>\$ 1,248,544</b>	<b>\$ 3,429,746</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts payable	\$ 4,895	\$ -	\$ -	\$ 100,000	\$ -	\$ 58,000	\$ -	\$ 69,171	\$ 232,066
<b>Deferred inflows of resources</b>									
Unavailable revenue									
Property taxes	-	-	-	-	-	-	-	34,442	34,442
Assessments receivable	-	-	-	1,503	2,150	2,841	2,743	-	9,237
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,503</b>	<b>2,150</b>	<b>2,841</b>	<b>2,743</b>	<b>34,442</b>	<b>43,679</b>
<b>Fund balances</b>									
Restricted	-	-	-	339,328	297,235	306,398	231,992	1,144,931	2,319,884
Committed	623,707	86,123	124,287	-	-	-	-	-	834,117
<b>Total fund balances</b>	<b>623,707</b>	<b>86,123</b>	<b>124,287</b>	<b>339,328</b>	<b>297,235</b>	<b>306,398</b>	<b>231,992</b>	<b>1,144,931</b>	<b>3,154,001</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 628,602</b>	<b>\$ 86,123</b>	<b>\$ 124,287</b>	<b>\$ 440,831</b>	<b>\$ 299,385</b>	<b>\$ 367,239</b>	<b>\$ 234,735</b>	<b>\$ 1,248,544</b>	<b>\$ 3,429,746</b>

**City of Bandon**  
**Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Capital Projects Funds**  
**For the Year Ended June 30, 2016**

	Capital Improvement	Equipment Reserve	Parks and Recreation Development	Street SDC Reimbursement	Street SDC Improvement	Storm Drain SDC Reimbursement	Storm Drain SDC Improvement	Local Option Street	Totals
<b>Revenues</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 364,194	\$ 364,194
Grants	20,104	-	-	-	-	-	-	-	20,104
Special assessments	-	-	-	2,702	5,038	7,125	6,327	-	21,192
System development charges	-	-	-	9,697	18,175	26,256	23,024	-	77,152
Interest	6,461	434	798	2,813	1,885	2,261	1,393	7,622	23,667
<b>Total revenues</b>	<b>26,565</b>	<b>434</b>	<b>798</b>	<b>15,212</b>	<b>25,098</b>	<b>35,642</b>	<b>30,744</b>	<b>371,816</b>	<b>506,309</b>
<b>Expenditures</b>									
Current:									
General government	333,676	-	-	-	-	-	-	-	333,676
Capital outlay	-	-	-	107,375	26,865	64,795	560	235,913	435,508
<b>Total expenditures</b>	<b>333,676</b>	<b>-</b>	<b>-</b>	<b>107,375</b>	<b>26,865</b>	<b>64,795</b>	<b>560</b>	<b>235,913</b>	<b>769,184</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(307,111)</b>	<b>434</b>	<b>798</b>	<b>(92,163)</b>	<b>(1,767)</b>	<b>(29,153)</b>	<b>30,184</b>	<b>135,903</b>	<b>(262,875)</b>
<b>Other financing sources (uses)</b>									
Transfer in (out)	(22,680)	-	-	-	-	-	-	-	(22,680)
<b>Net change in fund balance</b>	<b>(329,791)</b>	<b>434</b>	<b>798</b>	<b>(92,163)</b>	<b>(1,767)</b>	<b>(29,153)</b>	<b>30,184</b>	<b>135,903</b>	<b>(285,555)</b>
<b>Fund balances, beginning of year</b>	<b>953,498</b>	<b>85,689</b>	<b>123,489</b>	<b>431,491</b>	<b>299,002</b>	<b>335,551</b>	<b>201,808</b>	<b>1,009,028</b>	<b>3,439,556</b>
<b>Fund balance, end of year</b>	<b>\$ 623,707</b>	<b>\$ 86,123</b>	<b>\$ 124,287</b>	<b>\$ 339,328</b>	<b>\$ 297,235</b>	<b>\$ 306,398</b>	<b>\$ 231,992</b>	<b>\$ 1,144,931</b>	<b>\$ 3,154,001</b>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual**  
**Capital Improvement Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
Grants	\$ 200,000	\$ 20,104	\$ (179,896)
Utility tax	139,818	-	(139,818)
Interest	2,500	6,461	3,961
Total revenues	<u>342,318</u>	<u>26,565</u>	<u>(315,753)</u>
Expenditures			
General government			
Capital outlay	<u>773,302</u>	<u>333,676</u>	<u>439,626</u>
Total expenditures	<u>773,302</u>	<u>333,676</u>	<u>439,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(430,984)</u>	<u>(307,111)</u>	<u>123,873</u>
Other financing sources (uses)			
Transfer in (out)	50,585	(22,680)	(73,265)
Proceeds from sale of land	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Total other financing sources (uses)	<u>65,585</u>	<u>(22,680)</u>	<u>(88,265)</u>
Net change in fund balance	(365,399)	(329,791)	35,608
Fund balance, beginning of year, budgetary basis	<u>365,399</u>	<u>1,048,455</u>	<u>683,056</u>
Fund balance, end of year, budgetary basis	<u>\$ -</u>	718,664	<u>\$ 718,664</u>
Interfund loan payment		<u>(94,957)</u>	
Fund balance, end of year, U.S. GAAP basis		<u>\$ 623,707</u>	



**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual**  
**Equipment Reserve Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
Interest	\$ -	\$ 434	\$ 434
Other financing sources (uses)			
Transfer in from other funds	(50,585)	-	50,585
Net change in fund balance	(50,585)	434	51,019
Fund balance, beginning of year	50,585	85,689	35,104
Fund balance, end of year	\$ -	\$ 86,123	\$ 86,123

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual**  
**Parks and Recreation Development Fund**  
**For the Year Ended June 30, 2016**

---

	Original & Final Budget	Actual	Variance
Revenues			
Interest	\$ -	\$ 798	\$ 798
Other financing sources (uses)			
Transfer in	(135,000)	-	135,000
Net change in fund balance	(135,000)	798	135,798
Fund balance, beginning of year	135,000	123,489	(11,511)
Fund balance, end of year	\$ -	\$ 124,287	\$ 124,287

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balance–Budget and Actual**  
**Street SDC Reimbursement Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
System development fees	\$ 6,000	\$ 9,697	\$ 3,697
Special assessments			
Principal	1,000	2,543	1,543
Interest	500	159	(341)
Interest	500	2,813	2,313
Total revenues	<u>8,000</u>	<u>15,212</u>	<u>7,212</u>
Expenditures			
Highways and streets			
Capital outlay	<u>430,000</u>	<u>107,375</u>	<u>322,625</u>
Total expenditures	<u>430,000</u>	<u>107,375</u>	<u>322,625</u>
Net change in fund balance	(422,000)	(92,163)	329,837
Fund balance, beginning of year	<u>422,000</u>	<u>431,491</u>	<u>9,491</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 339,328</u>	<u>\$ 339,328</u>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual**  
**Street SDC Improvement Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
System development fees	\$ 12,000	\$ 18,175	\$ 6,175
Special assessments			
Principal	2,000	4,735	2,735
Interest	500	303	(197)
Interest	1,000	1,885	885
Total revenues	15,500	25,098	9,598
Expenditures			
Highways and streets			
Capital outlay	277,529	26,865	250,664
Total expenditures	277,529	26,865	250,664
Net change in fund balance	(262,029)	(1,767)	260,262
Fund balance, beginning of year	262,029	299,002	36,973
Fund balance, end of year	\$ -	\$ 297,235	\$ 297,235

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual**  
**Storm Drain SDC Reimbursement Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
System development fees	\$ 15,000	\$ 26,256	\$ 11,256
Special assessments			
Principal	3,000	6,693	3,693
Interest	1,300	432	(868)
Interest	<u>1,500</u>	<u>2,261</u>	<u>761</u>
Total revenues	<u>20,800</u>	<u>35,642</u>	<u>14,842</u>
Expenditures			
Highways and streets			
Capital outlay	<u>315,579</u>	<u>64,795</u>	<u>250,784</u>
Total expenditures	<u>315,579</u>	<u>64,795</u>	<u>250,784</u>
Net change in fund balance	(294,779)	(29,153)	265,626
Fund balance, beginning of year	<u>294,779</u>	<u>335,551</u>	<u>40,772</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 306,398</u>	<u>\$ 306,398</u>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual**  
**Storm Drain SDC Improvement Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
System development fees	\$ 15,000	\$ 23,024	\$ 8,024
Special assessments			
Principal	2,000	5,943	3,943
Interest	1,000	384	(616)
Interest	1,500	1,393	(107)
Total revenues	<u>19,500</u>	<u>30,744</u>	<u>11,244</u>
Expenditures			
Highways and streets			
Capital outlay	188,960	560	188,400
Total expenditures	<u>188,960</u>	<u>560</u>	<u>188,400</u>
Net change in fund balance	(169,460)	30,184	199,644
Fund balance, beginning of year	<u>169,460</u>	<u>201,808</u>	<u>32,348</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 231,992</u>	<u>\$ 231,992</u>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual**  
**Local Option Street Fund**  
**For the Year Ended June 30, 2016**

	Original & Final Budget	Actual	Variance
Revenues			
Taxes			
Property taxes - current year	\$ 324,670	\$ 327,847	\$ 3,177
Previously levied taxes	15,000	36,347	21,347
Interest	4,500	7,622	3,122
In lieu of tax	677	-	(677)
Other	500	-	(500)
Total revenues	<u>345,347</u>	<u>371,816</u>	<u>26,469</u>
Expenditures			
Highways and streets			
Capital outlay	<u>1,426,448</u>	<u>235,913</u>	<u>1,190,535</u>
Total expenditures	<u>1,426,448</u>	<u>235,913</u>	<u>1,190,535</u>
Net change in fund balance	(1,081,101)	135,903	1,217,004
Fund balance, beginning of year	<u>1,081,101</u>	<u>1,009,028</u>	<u>(72,073)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 1,144,931</u>	<u>\$ 1,144,931</u>

**City of Bandon**  
**Enterprise Funds**  
**June 30, 2016**

---

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

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

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

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

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

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



**City of Bandon**  
**Sub-Combining Schedule of Net Position**  
**Sewer Funds**  
**June 30, 2016**

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Totals
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 431,182	\$ 136,906	\$ 158,388	\$ 726,476
Receivable				
Accounts	68,899	-	-	68,899
Special assessments	-	1,379	1,828	3,207
Restricted cash	12,763	-	-	12,763
Total current assets	512,844	138,285	160,216	811,345
Noncurrent assets				
Capital assets				
(net of accumulated depreciation)	4,829,519	-	-	4,829,519
Total assets	5,342,363	138,285	160,216	5,640,864
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow - city pension	30,546	-	-	30,546
Total assets and deferred outflows of resources	<u>\$ 5,372,909</u>	<u>\$ 138,285</u>	<u>\$ 160,216</u>	<u>\$ 5,671,410</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 13,442	\$ -	\$ -	\$ 13,442
Accrued payroll benefits	5,752	-	-	5,752
Accrued interest payable	6,973	-	-	6,973
Customer deposits	12,763	-	-	12,763
Compensated absences payable	34,443	-	-	34,443
Current portion of long-term debt	57,315	-	-	57,315
Total current liabilities	130,688	-	-	130,688
Long-term liabilities				
Net pension liability	136,774	-	-	136,774
Long-term debt (net of current portion)	1,138,055	-	-	1,138,055
Total long-term liabilities	1,274,829	-	-	1,274,829
Total liabilities	1,405,517	-	-	1,405,517
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow - city pension	39,549	-	-	39,549
<b>NET POSITION</b>				
Net investment in capital assets	3,634,149	-	-	3,634,149
Restricted for customer deposits	12,763	-	-	12,763
Restricted for capital projects	-	138,285	160,216	298,501
Unrestricted	280,931	-	-	280,931
Total net position	3,927,843	138,285	160,216	4,226,344
Total liabilities, deferred inflows of resources, and net position	<u>\$ 5,372,909</u>	<u>\$ 138,285</u>	<u>\$ 160,216</u>	<u>\$ 5,671,410</u>

**City of Bandon**  
**Sub-Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Sewer Funds**  
**For the Year Ended June 30, 2016**

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Totals
Operating revenues				
Charges for services				
Sewer charges	\$ 803,643	\$ -	\$ -	\$ 803,643
Service charges, fees and permits	-	11,571	18,411	29,982
Other	5,129	-	-	5,129
Total operating revenues	808,772	11,571	18,411	838,754
Operating expenses				
Administration	101,455	-	-	101,455
Cost of sales and services	762,958	11,584	945	775,487
Depreciation and amortization	207,801	-	-	207,801
Total operating expenses	1,072,214	11,584	945	1,084,743
Operating income (loss)	(263,442)	(13)	17,466	(245,989)
Nonoperating revenues (expenses)				
Assessment interest	-	215	324	539
Interest income	2,888	884	932	4,704
Interest expense	(14,420)	-	-	(14,420)
Total nonoperating revenues (expenses)	(11,532)	1,099	1,256	(9,177)
Income (loss) before operating transfers	(274,974)	1,086	18,722	(255,166)
Change in net position	(274,974)	1,086	18,722	(255,166)
Net position, beginning of year	4,202,817	137,199	141,494	4,481,510
Net position, end of year	\$ 3,927,843	\$ 138,285	\$ 160,216	\$ 4,226,344

**City of Bandon**  
**Sub-Combining Schedule of Revenues, Expenses and Changes in Net Position–Budget (Non-U.S. GAAP Budgetary Basis) and Actual**  
**Sewer Fund**  
**For the Year Ended June 30, 2016**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues					
Charges for services					
Sewer charges	\$ 803,643	\$ -	\$ 803,643	\$ 775,169	\$ 28,474
Other	5,129	-	5,129	10,000	(4,871)
Total operating revenues	808,772	-	808,772	785,169	23,603
Operating expenses					
Administration	101,455	13,113	88,342	85,339	(3,003)
Accounting and billing	72,496	7,396	65,100	44,960	(20,140)
Collection	63,470	(10,500)	73,970	210,296	136,326
Plant operations	601,227	83,008	518,219	481,479	(36,740)
Nondepartmental	25,765	-	25,765	46,510	20,745
Depreciation	207,801	207,801	-	-	-
Total operating expenses	1,072,214	300,818	771,396	868,584	97,188
Operating income (loss)	(263,442)	(300,818)	37,376	(83,415)	(73,585)
Nonoperating revenues (expenses)					
Debt service principal	-	54,630	(54,630)	(40,000)	(14,630) *
Debt service interest	(14,420)	222	(14,642)	(30,000)	15,358
Interest income	2,888	-	2,888	100	2,788
Total nonoperating revenues (expenses)	(11,532)	54,852	(66,384)	(69,900)	3,516
Income before transfers	(274,974)	(245,966)	(29,008)	(153,315)	(70,069)
Net position, beginning of year	4,202,817	3,692,922	509,895	153,315	356,580
Net position, end of year	\$ 3,927,843	\$ 3,446,956	\$ 480,887	\$ -	\$ 480,887

\* Exempt from Oregon budget law

**City of Bandon**  
**Schedule of Revenues, Expenses, and Changes in Net Position-**  
**Budget (Non-U.S. GAAP Budgetary Basis) and Actual**  
**Sewer SDC Reimbursement Fund**  
**For the Year Ended June 30, 2016**

	<u>Actual</u>	<u>Adjustment to U.S. GAAP Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Original &amp; Final Budget</u>	<u>Variance</u>
Operating revenues					
System development fees	\$ 11,571	\$ -	\$ 11,571	\$ 8,000	\$ 3,571
Other	-	-	-	100	(100)
	<u>11,571</u>	<u>-</u>	<u>11,571</u>	<u>8,100</u>	<u>3,471</u>
Operating expenses					
Materials and services	11,584	-	11,584	5,000	(6,584)
Capital outlay	-	-	-	140,000	140,000
Total operating expenses	<u>11,584</u>	<u>-</u>	<u>11,584</u>	<u>145,000</u>	<u>133,416</u>
Operating income (loss)	<u>(13)</u>	<u>-</u>	<u>(13)</u>	<u>(136,900)</u>	<u>136,887</u>
Nonoperating revenues (expenses)					
Assessment principal	-	-	-	1,000	(1,000)
Assessment interest	215	-	215	1,000	(785)
Interest income	884	-	884	500	384
Total nonoperating revenues (expenses)	<u>1,099</u>	<u>-</u>	<u>1,099</u>	<u>2,500</u>	<u>(1,401)</u>
Change in net position	1,086	-	1,086	(134,400)	135,486
Net position, beginning of year	<u>137,199</u>	<u>-</u>	<u>137,199</u>	<u>134,400</u>	<u>2,799</u>
Net position, end of year	<u>\$ 138,285</u>	<u>\$ -</u>	<u>\$ 138,285</u>	<u>\$ -</u>	<u>\$ 138,285</u>

**City of Bandon**  
**Schedule of Revenues, Expenses, and Changes in Net Position-**  
**Budget (Non-U.S. GAAP Budgetary Basis) and Actual**  
**Sewer SDC Improvement Fund**  
**For the Year Ended June 30, 2016**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues					
System development fees	\$ 18,411	\$ -	\$ 18,411	\$ 12,000	\$ 6,411
Operating expenses					
Materials and services	-	-	-	6,500	6,500
Capital outlay	945	-	945	144,493	143,548
Total operating expenses	945	-	945	150,993	150,048
Operating income (loss)	17,466	-	17,466	(138,993)	156,459
Nonoperating revenues (expenses)					
Assessment principal	-	-	-	1,300	(1,300)
Assessment interest	324	-	324	1,400	(1,076)
Interest income	932	-	932	500	432
Total nonoperating revenues (expenses)	1,256	-	1,256	3,200	(1,944)
Change in net position	18,722	-	18,722	(135,793)	154,515
Net position, beginning of year	141,494	-	141,494	135,793	5,701
Net position, end of year	\$ 160,216	\$ -	\$ 160,216	\$ -	\$ 160,216

**City of Bandon**  
**Sub-Combining Schedule of Net Position**  
**Water Funds**  
**June 30, 2016**

	Water	Water SDC Reimbursement	Water SDC Improvement	Totals
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ -	\$ 201,132	\$ 959,255	\$ 1,160,387
Receivable				
Accounts	41,036	-	-	41,036
Special assessments	-	2,736	9,804	12,540
Restricted cash	6,832	-	-	6,832
Inventory	32,865	-	-	32,865
<b>Total current assets</b>	<b>80,733</b>	<b>203,868</b>	<b>969,059</b>	<b>1,253,660</b>
<b>Noncurrent assets</b>				
Restricted cash	23,653	-	-	23,653
Loans receivable	375,263	-	-	375,263
Capital assets (net of accumulated depreciation)	7,047,680	-	-	7,047,680
<b>Total noncurrent assets</b>	<b>7,446,596</b>	<b>-</b>	<b>-</b>	<b>7,446,596</b>
<b>Total assets</b>	<b>7,527,329</b>	<b>203,868</b>	<b>969,059</b>	<b>8,700,256</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow - city pension	38,541	-	-	38,541
<b>Total assets and deferred outflows of resources</b>	<b>\$ 7,565,870</b>	<b>\$ 203,868</b>	<b>\$ 969,059</b>	<b>\$ 8,738,797</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 8,437	\$ 89,934	-	\$ 98,371
Accrued payroll benefits	5,221	-	-	5,221
Compensated absences payable	22,847	-	-	22,847
Customer deposits	6,832	-	-	6,832
Interest payable	9,395	-	-	9,395
Other liabilities	57,671	-	-	57,671
Current portion of long term debt	23,653	-	-	23,653
<b>Total current liabilities</b>	<b>134,056</b>	<b>89,934</b>	<b>-</b>	<b>223,990</b>
<b>Long-term liabilities</b>				
Net pension liability	195,491	-	-	195,491
Long term debt (net of current portion)	316,863	-	-	316,863
<b>Total long-term liabilities</b>	<b>512,354</b>	<b>-</b>	<b>-</b>	<b>512,354</b>
<b>Total liabilities</b>	<b>646,410</b>	<b>89,934</b>	<b>-</b>	<b>736,344</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow - city pension	27,984	-	-	27,984
<b>NET POSITION</b>				
Net investment in capital assets	6,707,164	-	-	6,707,164
Restricted for debt service	23,653	-	-	23,653
Restricted for capital projects	-	113,934	969,059	1,082,993
Unrestricted	160,659	-	-	160,659
<b>Total net position</b>	<b>6,891,476</b>	<b>113,934</b>	<b>969,059</b>	<b>7,974,469</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 7,565,870</b>	<b>\$ 203,868</b>	<b>\$ 969,059</b>	<b>\$ 8,738,797</b>

**City of Bandon**  
**Sub-Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Water Funds**  
**For the Year Ended June 30, 2016**

	Water	Water SDC Reimbursement	Water SDC Improvement	Totals
Operating revenues				
Charges for services				
Water sales	\$ 502,858	\$ -	\$ -	\$ 502,858
Service charges, fees and permits	22,260	20,010	79,760	122,030
Miscellaneous, other	7	-	-	7
Total operating revenues	<u>525,125</u>	<u>20,010</u>	<u>79,760</u>	<u>624,895</u>
Operating expenses				
Administration	66,831	-	-	66,831
Cost of sales and services	651,460	125,588	33,627	810,675
Depreciation	308,935	-	-	308,935
Total operating expenses	<u>1,027,226</u>	<u>125,588</u>	<u>33,627</u>	<u>1,186,441</u>
Operating income	<u>(502,101)</u>	<u>(105,578)</u>	<u>46,133</u>	<u>(561,546)</u>
Nonoperating revenues (expenses)				
Interest income	61	1,659	6,149	7,869
Debt service interest	(16,689)	-	-	(16,689)
Special assessment interest	18,411	361	1,376	20,148
Total nonoperating revenues (expenses)	<u>1,783</u>	<u>2,020</u>	<u>7,525</u>	<u>11,328</u>
Income (loss) before transfers	<u>(500,318)</u>	<u>(103,558)</u>	<u>53,658</u>	<u>(550,218)</u>
Other financing sources (uses)				
Capital assets donated (to) from other funds	69,913	(42,136)	(27,777)	-
Transfer (to) from other funds	22,680	-	-	22,680
Total other financing sources (uses)	<u>92,593</u>	<u>(42,136)</u>	<u>(27,777)</u>	<u>22,680</u>
Change in net position	<u>(407,725)</u>	<u>(145,694)</u>	<u>25,881</u>	<u>(527,538)</u>
Net position, beginning of year	<u>7,299,201</u>	<u>259,628</u>	<u>943,178</u>	<u>8,502,007</u>
Net position, end of year	<u>\$ 6,891,476</u>	<u>\$ 113,934</u>	<u>\$ 969,059</u>	<u>\$ 7,974,469</u>

**City of Bandon**  
**Schedule of Revenues, Expenses, and Changes in Net Position--**  
**Budget (Non-U.S. GAAP Budgetary Basis) and Actual**  
**Water Fund**  
**For the Year Ended June 30, 2016**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues					
Charges for services					
Water sales	\$ 502,858	\$ -	\$502,858	\$477,380	\$ 25,478
Service charges, fees and permits	22,260	-	22,260	28,676	(6,416)
Other	7	-	7	2,423	(2,416)
Total operating revenues	<u>525,125</u>	<u>-</u>	<u>525,125</u>	<u>508,479</u>	<u>16,646</u>
Operating expenses					
Administration	66,831	11,264	55,567	33,968	(21,599)
Accounting and billing	30,293	6,351	23,942	35,422	11,480
Distribution	220,100	51,702	173,116	232,717	59,601
Plant operations	384,717	70,106	314,611	380,169	65,558
Non-departmental	16,350	-	16,350	28,643	12,293
Depreciation	308,935	308,935	-	-	-
Total operating expenses	<u>1,027,226</u>	<u>448,358</u>	<u>583,586</u>	<u>710,919</u>	<u>127,333</u>
Operating income (loss)	<u>(502,101)</u>	<u>(448,358)</u>	<u>(58,461)</u>	<u>(202,440)</u>	<u>143,979</u>
Nonoperating revenues (expense)					
Special assessments					
Principal	-	(16,113)	16,113	14,611	1,502
Interest	18,411	-	18,411	19,912	(1,501)
Debt service					
Principal	-	22,584	(22,584)	(27,584)	5,000
Interest	(16,689)	486	(17,175)	(17,175)	-
Interest income	61	-	61	920	(859)
Total nonoperating revenues (expenses)	<u>1,783</u>	<u>6,957</u>	<u>(5,174)</u>	<u>(9,316)</u>	<u>4,142</u>
Income before operating transfers	<u>(500,318)</u>	<u>(441,401)</u>	<u>(63,635)</u>	<u>(211,756)</u>	<u>148,121</u>
Other financing sources (uses)					
Transfer from other funds	22,680	22,680	-	-	-
Equity donations from (to) other fund	69,913	69,913	-	-	-
Total other financing sources and (uses)	<u>92,593</u>	<u>92,593</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(407,725)</u>	<u>(348,808)</u>	<u>(63,635)</u>	<u>(211,756)</u>	<u>148,121</u>
Net position, beginning of year	<u>7,299,201</u>	<u>7,058,562</u>	<u>240,639</u>	<u>211,756</u>	<u>28,883</u>
Net position, end of year	<u>\$6,891,476</u>	<u>\$6,709,754</u>	<u>\$177,004</u>	<u>\$ -</u>	<u>\$177,004</u>



**City of Bandon**  
**Schedule of Revenues, Expenses, and Changes in Net Position-**  
**Budget (Non-U.S. GAAP Budgetary Basis) and Actual**  
**Water SDC Reimbursement Fund**  
**For the Year Ended June 30, 2016**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues					
System development fees	\$ 20,010	\$ -	\$ 20,010	\$ 10,000	\$ 10,010
Other	-	-	-	500	(500)
Total operating revenues	<u>20,010</u>	<u>-</u>	<u>20,010</u>	<u>10,500</u>	<u>9,510</u>
Operating expenses					
Materials and services	125,588	-	125,588	25,000	(100,588)
Capital outlay	-	(42,136)	42,136	242,075	199,939
Total operating expenses	<u>125,588</u>	<u>(42,136)</u>	<u>167,724</u>	<u>267,075</u>	<u>99,351</u>
Operating income (loss)	<u>(105,578)</u>	<u>42,136</u>	<u>(147,714)</u>	<u>(256,575)</u>	<u>108,861</u>
Nonoperating revenues (expenses)					
Assessment principal	-	-	-	1,000	(1,000)
Assessment interest	361	-	361	1,000	(639)
Interest income	1,659	-	1,659	1,600	59
Total nonoperating revenues (expenses)	<u>2,020</u>	<u>-</u>	<u>2,020</u>	<u>3,600</u>	<u>(1,580)</u>
Income (loss) before transfers to other funds	(103,558)	42,136	(145,694)	(252,975)	107,281
Other financing sources (uses)					
Capital assets donated from (to) other funds	(42,136)	(42,136)	-	-	-
Change in net position	(145,694)	-	(145,694)	(252,975)	107,281
Net position, beginning of year	259,628	-	259,628	252,975	6,653
Net position, end of year	<u>\$ 113,934</u>	<u>\$ -</u>	<u>\$ 113,934</u>	<u>\$ -</u>	<u>\$ 113,934</u>

**City of Bandon**  
**Schedule of Revenues, Expenses, and Changes in Net Position-**  
**Budget (Non-U.S. GAAP Budgetary Basis) and Actual**  
**Water SDC Improvement Fund**  
**For the Year Ended June 30, 2016**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues					
System development fees	\$ 79,760	\$ -	\$ 79,760	\$ 50,000	\$ 29,760
Operating expenses					
Materials and services	33,627	-	33,627	25,000	(8,627)
Capital outlay	-	(27,777)	27,777	225,000	197,223
Debt service - principal	-	-	-	500,000	500,000
Debt service - interest	-	-	-	200,000	200,000
Total operating expenses	33,627	(27,777)	61,404	950,000	888,596
Operating income (loss)	46,133	27,777	18,356	(900,000)	918,356
Nonoperating revenues (expenses)					
Assessment principal	-	-	-	5,000	(5,000)
Assessment interest	1,376	-	1,376	2,000	(624)
Interest income	6,149	-	6,149	2,000	4,149
Total nonoperating revenues (expenses)	7,525	-	7,525	9,000	(1,475)
Income (loss) before transfers to other funds	53,658	27,777	25,881	(891,000)	916,881
Other financing sources (uses)					
Capital assets donated from (to) other funds	(27,777)	(27,777)	-	-	-
Change in net position	25,881	-	25,881	(891,000)	916,881
Net position, beginning of year	943,178	-	943,178	891,000	52,178
Net position, end of year	\$ 969,059	\$ -	\$ 969,059	\$ -	\$ 969,059

City of Bandon  
Schedule of Net Position  
Electric Fund  
June 30, 2016

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 746,132
Receivable	
Accounts	352,800
Restricted cash	82,622
Inventory	<u>487,542</u>
Total current assets	<u>1,669,096</u>
Noncurrent assets	
Loans receivable	10,211
Capital assets (net of accumulated depreciation)	<u>9,117,180</u>
Total noncurrent assets	<u>9,127,391</u>
Total assets	<u>10,796,487</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflow - city pension	<u>164,353</u>
Total assets and deferred outflows of resources	<u>\$ 10,960,840</u>

**LIABILITIES**

Current liabilities	
Accounts payable	\$ 258,465
Accrued payroll benefits	24,813
Compensated absences payable	97,754
Customer deposits	<u>82,379</u>
Total current liabilities	<u>463,411</u>
Long-term liabilities	
Net pension liability	<u>777,595</u>
Total liabilities	<u>1,241,006</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflow - city pension	<u>172,929</u>
--------------------------------	----------------

**NET POSITION**

Net investment in capital assets	9,117,180
Restricted for customer deposits	82,379
Unrestricted	<u>347,346</u>
Total net position	<u>9,546,905</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 10,960,840</u>

**City of Bandon**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Electric Fund**  
**For the Year Ended June 30, 2016**

---

Operating revenues	
Charges for services	
Electricity sales	\$ 5,229,733
BPA conservation	17,074
Service charges, fees, and permits	138,175
Other	<u>2,848</u>
Total operating revenues	<u>5,387,830</u>
Operating expenses	
Administration	460,036
Cost of sales and services	5,303,393
Energy assistance payments	5,217
Depreciation	<u>568,978</u>
Total operating expenses	<u>6,337,624</u>
Operating income (loss)	(949,794)
Nonoperating revenues (expenses)	
Interest income	<u>5,959</u>
Income (loss) before operating transfers	(943,835)
Other financing sources (uses)	
Transfers (to) from other funds	<u>(25,000)</u>
Change in net position	(968,835)
Net position, beginning of year	<u>10,515,740</u>
Net position, end of year	<u><u>\$ 9,546,905</u></u>

**City of Bandon**  
**Schedule of Revenues, Expenses, and Changes in Net Position-**  
**Budget (Non-U.S. GAAP Budgetary Basis) and Actual**  
**Electric Fund**  
**For the Year Ended June 30, 2016**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original & Final Budget	Variance
Operating revenues					
Electricity sales	\$ 5,218,077	\$ -	\$ 5,218,077	\$ 5,182,822	\$ 35,255
Low income assistance	10,766	-	10,766	10,000	766
Vol Low Inc Roundup Donation	890	-	890	1,090	(200)
BPA conservation	17,074	-	17,074	75,000	(57,926)
Services charges, fees and permits	138,175	-	138,175	112,607	25,568
Reimbursements	-	-	-	10,000	(10,000)
Other	2,848	-	2,848	10,000	(7,152)
<b>Total operating revenues</b>	<b>5,387,830</b>	<b>-</b>	<b>5,387,830</b>	<b>5,401,519</b>	<b>(13,689)</b>
Operating expenses					
Administration	460,036	54,577	405,459	340,045	(65,414)
Accounting and billing	449,806	102,500	347,306	375,141	27,835
Source of supply	2,533,892	-	2,533,892	2,735,203	201,311
Conservation	61,847	8,213	53,634	111,327	57,693
Distribution	1,968,312	252,901	1,913,956	2,574,924	660,968
Nondepartmental					
Materials and services	290,704	-	290,704	290,704	-
Debt service - interest	4,049	-	4,049	8,098	4,049
Depreciation and amortization	568,978	568,978	-	-	-
<b>Total operating expenses</b>	<b>6,337,624</b>	<b>987,169</b>	<b>5,549,000</b>	<b>6,435,442</b>	<b>886,442</b>
<b>Operating income (loss)</b>	<b>(949,794)</b>	<b>987,169</b>	<b>(161,170)</b>	<b>(1,033,923)</b>	<b>872,753</b>
Nonoperating revenues (expense)					
Conservation interest	564	-	564	500	64
Conservation principal	-	(2,297)	2,297	500	1,797
Interest income	5,395	-	5,395	9,000	(3,605)
<b>Total nonoperating revenues</b>	<b>5,959</b>	<b>(2,297)</b>	<b>8,256</b>	<b>10,000</b>	<b>(1,744)</b>
<b>Income (loss) before transfers</b>	<b>(943,835)</b>	<b>984,872</b>	<b>(152,914)</b>	<b>(1,023,923)</b>	<b>871,009</b>
Other financing sources (uses)					
Transfers to other funds	(25,000)	-	(25,000)	(25,000)	-
<b>Change in net position</b>	<b>(968,835)</b>	<b>984,872</b>	<b>(177,914)</b>	<b>(1,048,923)</b>	<b>871,009</b>
<b>Net position, at beginning of year</b>	<b>10,515,740</b>	<b>9,705,057</b>	<b>810,683</b>	<b>1,048,923</b>	<b>(238,240)</b>
<b>Net position, at end of year</b>	<b>\$ 9,546,905</b>	<b>\$ 10,689,929</b>	<b>\$ 632,769</b>	<b>\$ -</b>	<b>\$ 632,769</b>

**This Page Intentionally Left Blank**

## ACCOMPANYING INFORMATION

**This Page Intentionally Left Blank**





PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 29, 2017

To the City Council  
City of Bandon  
Coos County, 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 basic financial statements of the governmental activities, the business-type activities, the blended component units, each major fund, and the aggregate remaining fund information of the City of Bandon as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 29, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basic 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 basic 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 basic 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.

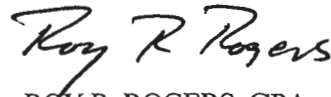
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



PAULY, ROGERS AND Co., P.C.  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 29, 2017

### 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, 2016, and have issued our report thereon dated November 29, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### Compliance

As part of obtaining reasonable assurance about whether the 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 basic 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, except as follows:

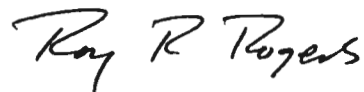
1. Expenditures of all the various funds were within authorized appropriations, except as noted on page 18.

## 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

We noted a matter involving the internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants, which is noted in our management letter dated November 29, 2017.

This report is intended solely for the information and use of the council members 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.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, prominent "R" at the beginning.

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