

City of Bandon

CITY COUNCIL AGENDA DOCUMENTATION	DATE: March 12, 2019
SUBJECT: Accepting the City's Financial Audit for FY16-17	ITEM #: 5.1.4

BACKGROUND

The Accounting Firm of Pauly, Rogers and Co., PC have completed the City of Bandon's Financial Audit for Fiscal Year 16-17, 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.

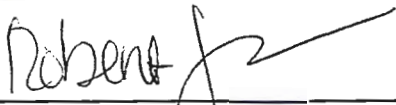
FISCAL IMPACT

Not Applicable

RECOMMENDATION

Motion to accept the City of Bandon's Annual Financial and Independent Auditor's Report for Fiscal Year 2016-17, as prepared by Pauly, Rogers and Co., PC

SUBMITTED BY



Robert J Mawson, City Manager



ANNUAL FINANCIAL REPORT

**CITY OF BANDON
COOS COUNTY, OREGON**

FOR THE YEAR ENDED JUNE 30, 2017

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, 2017
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CITY OF BANDON

CITY OFFICIALS

June 30, 2017

Mayor and City Council	Term Expirations
Mary Schamehorn, Mayor	December 31, 2018
Brian Vick	December 31, 2020
Claudine Hundhausen	December 31, 2020
Geri Procetto	December 31, 2020
Chris Powell	December 31, 2018
Madeline Seymour	December 31, 2018
Peter Braun	December 31, 2018

Robert Mawson, City Manager

City of Bandon
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October 4, 2018

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 (the City), as of and for the year ended June 30, 2017, 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 basic 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, 2017, 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 District adopted the provisions of No. 77 *Tax Abatement Disclosures* for the year ended June 30, 2017. Our opinion is not modified with respect to this matter.

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.

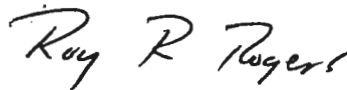
Other Information

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 October 4, 2018 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 October 4, 2018, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

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City of Bandon, Oregon

June 30, 2017

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, 2017. 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 \$37.3 million (reported as net position). Of this amount, \$2 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 \$4.96 million, of which \$1.54 million was unassigned. During the current fiscal year, the City's Net Position decreased by \$410 thousand and total debt decreased by \$354 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, 2017

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 LID debt service fund, and the Capital Improvement fund. Summary fund data by fund-type for the non-major governmental funds is provided in the form of combining statements. Individual fund data for each of these non-major governmental funds is provided as other supplementary information.

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

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

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

City of Bandon, Oregon

June 30, 2017

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) was \$37.3 million as of June 30, 2017. A portion of the City's net position (\$30.5 million or 82%) reflects its investment in capital assets (e.g., land and right-of-ways, buildings, improvements, equipment and infrastructure, net of accumulated depreciation less any related debt used to acquire those assets that are still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining net position, 1.7% is restricted for debt service, 8.9% is restricted for capital projects, 2% is restricted for streets, and the rest (5.5%) is unrestricted.

The statement of net position provides a focus on the assets and liabilities related to the City's governmental activities.

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City of Bandon, Oregon

June 30, 2017

City of Bandon Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 6,000,260	\$ 7,279,592	\$ 4,264,101	\$ 4,143,228	\$ 10,264,361	\$ 11,422,820
Capital assets	\$ 17,959,616	\$ 16,681,734	\$ 20,305,139	\$ 20,994,379	\$ 38,264,755	\$ 37,676,113
Total assets	\$ 23,959,876	\$ 23,961,326	\$ 24,569,240	\$ 25,137,607	\$ 48,529,116	\$ 49,098,933
Total deferred outflows of resources (restated)	\$ 821,148	\$ 158,273	\$ 1,225,781	\$ 233,440	\$ 2,046,929	\$ 391,713
Long-term liabilities outstanding (restated)	\$ 7,785,326	\$ 7,242,276	\$ 3,786,895	\$ 2,645,746	\$ 11,572,221	\$ 9,888,022
Other liabilities	\$ 709,076	\$ 655,558	\$ 589,692	\$ 737,121	\$ 1,298,768	\$ 1,392,679
Total liabilities	\$ 8,494,402	\$ 7,897,834	\$ 4,376,587	\$ 3,382,867	\$ 12,870,989	\$ 11,280,701
Total deferred inflows of resources	\$ 197,078	\$ 235,050	\$ 183,617	\$ 240,462	\$ 380,695	\$ 475,512
NET POSITION (restated)						
Invested in capital assets, net of related debt	\$ 11,670,465	\$ 10,119,446	\$ 18,850,222	\$ 19,458,493	\$ 30,520,687	\$ 29,577,939
Restricted	\$ 3,196,284	\$ 3,269,458	\$ 1,625,911	\$ 1,500,289	\$ 4,822,195	\$ 4,769,747
Unrestricted	\$ 1,222,795	\$ 2,597,811	\$ 758,684	\$ 788,936	\$ 1,981,479	\$ 3,386,747
Total net position	\$ 16,089,544	\$ 15,986,715	\$ 21,234,817	\$ 21,747,718	\$ 37,324,361	\$ 37,734,433

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, 2017

City of Bandon's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues						
Charges for services and contracts	324,757	300,207	7,425,851	6,851,479	7,750,608	7,151,686
Operating grants and contributions	456,138	485,540	-	-	456,138	485,540
General revenues						
Taxes	2,462,027	2,318,004	-	-	2,462,027	2,318,004
Contributions in lieu of taxes	429,178	351,676	-	-	429,178	351,676
Franchise fees	76,003	70,815	-	-	76,003	70,815
Loss on Disposal	(115,116)	-	-	-	(115,116)	-
Miscellaneous revenue	-	2,320	228,867	-	228,867	2,320
Unrestricted investment earnings	62,995	56,873	50,395	39,219	113,390	96,092
Total Revenues	3,695,982	3,585,435	7,705,113	6,890,698	11,401,095	10,476,133
EXPENSES (restated)						
General government	1,411,701	2,716,464	-	-	1,411,701	2,716,464
Public safety	965,608	1,263,577	-	-	965,608	1,263,577
Highways and streets	274,240	362,459	-	-	274,240	362,459
Economic development	88,443	98,983	-	-	88,443	98,983
Culture and recreation	651,156	780,273	-	-	651,156	780,273
Interest on long-term debt	227,005	319,412	-	-	227,005	319,412
Water utility	-	-	1,008,026	1,203,130	1,008,026	1,203,130
Sewer utility	-	-	959,333	1,099,163	959,333	1,099,163
Electric utility	-	-	6,225,655	6,339,944	6,225,655	6,339,944
Total Expenses	3,618,153	5,541,168	8,193,014	8,642,237	11,811,167	14,183,405
Change in Net Position	77,829	(1,955,733)	(487,901)	(1,751,539)	(410,072)	(3,707,272)
Transfers/equity donations	25,000	-	(25,000)	-	-	-
Net position, July 1	15,986,715	17,942,448	21,747,718	23,499,257	37,734,433	41,441,705
Net position, June 30	16,089,544	15,986,715	21,234,817	21,747,718	37,324,361	37,734,433

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 increase in the City's net position of \$103 thousand. The main reason for this increase is due to revenues exceeding expenses 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 \$513 thousand due primarily to increased capital expenditures in all three utilities.

City of Bandon, Oregon

June 30, 2017

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, 2017, total fund balance for the general fund equaled \$638 thousand, which was all unassigned. Unassigned fund balance is the amount considered available to spend. At June 30, 2016, the fund balance of the City's general fund was \$659 thousand. The reason for the decrease in fund balance is due primarily to higher personnel & material costs.

City of Bandon's General Fund

	Fiscal Year		Increase (decrease)
	2017	2016	
REVENUES			
Taxes & in-lieu of taxes	1,675,424	1,484,999	190,425
License and permits	32,557	38,503	(5,946)
Intergovernmental	51,523	54,807	(3,284)
Fines and police income	26,001	27,165	(1,164)
Reimbursements	327,740	375,180	(47,440)
Interest	2,713	7,056	(4,343)
Other	101,713	107,057	(5,344)
Total Revenues	<u>2,217,671</u>	<u>2,094,767</u>	<u>122,904</u>
EXPENDITURES			
General Government	648,076	577,252	70,824
Public Safety	1,051,184	969,379	81,805
Highways and streets	59,109	44,255	14,854
Economic development	108,737	95,574	13,163
Culture and recreation	246,349	239,629	6,720
Capital Outlay	24,735	-	24,735
Total Expenditures	<u>2,138,190</u>	<u>1,926,089</u>	<u>212,101</u>
Other financing sources (uses)	<u>(100,428)</u>	<u>(25,000)</u>	<u>(75,428)</u>
Net increase (decrease) in fund balance	<u>(20,947)</u>	<u>143,678</u>	<u>(164,625)</u>
Fund Balance, beginning of year	<u>658,737</u>	<u>515,059</u>	<u>143,678</u>
Fund Balance, end of year	<u>637,790</u>	<u>658,737</u>	<u>(20,947)</u>

City of Bandon, Oregon

June 30, 2017

The Capital Improvement Fund and 12th court LID Debt Service Fund are the other major governmental funds. During the fiscal year 2017 the Capital improvement Fund had a decrease in its fund balance of \$695 thousand. The fund balance of the 12th Court LID Debt Service Fund was decreased by \$24 thousand.

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 2017 the water fund saw a slight increase while the sewer and electrical enterprise funds saw a decrease in net position, due primarily to the increased cost of doing business. The sewer fund reported a \$122 thousand decrease in net position, the water fund reported a \$75 thousand increase and the electric fund reported a decrease of \$466 thousand. These dramatic changes indicate that revenues were not sufficient to cover expenses in this fund for fiscal year ended June 30, 2017.

General Fund Budget. Actual revenues for the year were greater than budgeted and expenditures for the year were less than budgeted. Actual revenues were \$2.22 million compared to the budgeted amount of \$1.94 million. The general fund expenditures were budgeted at \$2.33 million and actual expenditures were \$2.14 million.

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$38.3 million (net of accumulated depreciation). This investment in capital assets, which increased by \$589 thousand, 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	
	2017	2016	2017	2016	2017	2016
Land	1,455,218	1,555,312	1,073,922	845,055	2,529,140	2,400,367
Construction in Progress	2,314,127	718,360	150,210	88,932	2,464,337	807,292
Buildings	7,011,980	6,609,876	4,896,608	4,887,018	11,908,588	11,496,894
Land Improvements	1,360,668	1,355,668	-	-	1,360,668	1,355,668
Furnishings and Equipment	1,628,753	1,410,781	2,114,493	2,169,053	3,743,246	3,579,834
Streets	62,050,820	61,995,142	-	-	62,050,820	61,995,142
Storm drains	2,675,402	2,675,402	-	-	2,675,402	2,675,402
Infrastructure	-	-	32,524,908	32,462,715	32,524,908	32,462,715
Total	78,496,968	76,320,541	40,760,141	40,452,773	119,257,109	116,773,314

Long-term Debt. As of June 30, 2017, the City had total long-term debt of \$7.74 million, including enterprise activity commitments. Outstanding debt includes \$2.40 million in general obligation bonds to be serviced by general property taxes and \$1.85 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 \$507 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 \$354 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, 2017

Economic Factors and Next Year's Budgets and Rates

The Fiscal Year 2017-2018 budget total is \$21,977,094 which is \$550,437 (2.44%) less than the prior Fiscal Year 2016-2017 budget of \$22,527,531. This decrease is primarily due to the completion of three projects which significantly reduced fund balances in the associated funds. The construction of the new City Shop, the Old Town Paving Project (phase I) and the 11st Drainage Reroute Project.

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

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Basic Financial Statements

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City of Bandon
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,285,407	\$ 2,830,036	\$ 8,115,443
Receivables			
Accounts	124,720	525,503	650,223
Property taxes	121,948	-	121,948
Loans	95,618	365,999	461,617
Special assessments	372,567	8,014	380,581
Inventories	-	408,798	408,798
Restricted cash	-	125,751	125,751
Capital assets			
Land	1,455,218	1,073,922	2,529,140
Construction in process	2,314,127	150,210	2,464,337
Depreciable Capital assets	74,727,623	39,536,009	114,263,632
Less accumulated depreciation	<u>(60,537,352)</u>	<u>(20,455,002)</u>	<u>(80,992,354)</u>
Total assets	<u>23,959,876</u>	<u>24,569,240</u>	<u>48,529,116</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - city pension	<u>821,148</u>	<u>1,225,781</u>	<u>2,046,929</u>
Total assets and deferred outflows of resources	<u>24,781,024</u>	<u>25,795,021</u>	<u>50,576,045</u>
LIABILITIES			
Accounts payable	417,852	270,416	688,268
Accrued payroll and benefits	26,671	38,950	65,621
Customer deposits	5,894	100,980	106,874
Accrued interest payable	128,129	15,382	143,511
Compensated absences payable	130,530	163,964	294,494
Non-current liabilities			
Amount due within one year	283,855	82,660	366,515
Amount due after one year	6,005,296	1,372,257	7,377,553
Bond premium amount amortized within one year	177	-	177
Bond premium amount amortized after one year	2,485	-	2,485
Net pension liability	<u>1,493,513</u>	<u>2,331,978</u>	<u>3,825,491</u>
Total liabilities	<u>8,494,402</u>	<u>4,376,587</u>	<u>12,870,989</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow - city pension	<u>197,078</u>	<u>183,617</u>	<u>380,695</u>
NET POSITION			
Net investment in capital assets	11,670,465	18,850,222	30,520,687
Restricted for			
Debt service	606,392	24,771	631,163
Capital projects	1,818,833	1,500,160	3,318,993
Streets	771,059	-	771,059
Customer deposits	-	100,980	100,980
Unrestricted	<u>1,222,795</u>	<u>758,684</u>	<u>1,981,479</u>
TOTAL NET POSITION	<u>\$ 16,089,544</u>	<u>\$ 21,234,817</u>	<u>\$ 37,324,361</u>

City of Bandon
Statement of Activities
For the Year Ended June 30, 2017

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
GOVERNMENTAL ACTIVITIES							
General government	\$ 1,411,701	\$ 72,867	\$ 50,829	\$ -	\$ (1,288,005)	\$ -	\$ (1,288,005)
Public safety	965,608	26,001	51,296	-	(888,311)	-	(888,311)
Highways and streets	274,240	152,358	-	-	(121,882)	-	(121,882)
Economic development	88,443	-	-	-	(88,443)	-	(88,443)
Culture and recreation	651,156	73,531	354,013	-	(223,612)	-	(223,612)
Interest on long-term debt	227,005	-	-	-	(227,005)	-	(227,005)
Total governmental activities	3,618,153	324,757	456,138	-	(2,837,258)	-	(2,837,258)
BUSINESS-TYPE ACTIVITIES							
Sewer	1,008,026	877,566	-	-	-	(130,460)	(130,460)
Water	959,333	774,882	-	-	-	(184,451)	(184,451)
Electric	6,225,655	5,773,403	-	-	-	(452,252)	(452,252)
Total business-type activities	8,193,014	7,425,851	-	-	-	(767,163)	(767,163)
TOTAL GOVERNMENT	\$ 11,811,167	\$ 7,750,608	\$ 456,138	\$ -	(2,837,258)	(767,163)	(3,604,421)
GENERAL REVENUES							
Taxes							
Property taxes					1,446,310	-	1,446,310
Other taxes and assessments					1,015,717	-	1,015,717
Contributions in lieu of taxes					429,178	-	429,178
Franchise fees					76,003	-	76,003
Interest and investment earnings					62,995	50,395	113,390
Capital Grants and Contributions					-	228,867	228,867
Loss on disposal					(115,116)	-	(115,116)
Total general revenues					2,915,087	279,262	3,194,349
OTHER REVENUES (EXPENDITURES)							
Transfers					25,000	(25,000)	-
CHANGE IN NET POSITION					102,829	(512,901)	(410,072)
NET POSITION, beginning of year					15,986,715	21,747,718	37,734,433
NET POSITION, end of year					\$ 16,089,544	\$ 21,234,817	\$ 37,324,361

City of Bandon
Balance Sheet – Government Funds
June 30, 2017

	General	Capital projects Capital Improvement	12th Court LID Debt Service	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 653,751	\$ (29,202)	\$ 246,933	\$ 4,413,925	\$ 5,285,407
Receivables					
Property taxes	18,757	-	-	103,191	121,948
Accounts	94,257	-	-	30,463	124,720
Special assessments	-	-	367,632	4,935	372,567
Loans	-	-	-	95,618	95,618
Interfund loans receivable	-	-	-	47,333	47,333
Total assets	<u>\$ 766,765</u>	<u>\$ (29,202)</u>	<u>\$ 614,565</u>	<u>\$ 4,695,465</u>	<u>\$ 6,047,593</u>
LIABILITIES					
Accounts payable	\$ 88,236	\$ 42,511	\$ -	\$ 287,105	\$ 417,852
Accrued payroll benefits	17,338	-	-	9,333	26,671
Customer deposits	4,644	-	-	1,250	5,894
Interfund loans payable	-	-	-	47,333	47,333
Total liabilities	<u>110,218</u>	<u>42,511</u>	<u>-</u>	<u>345,021</u>	<u>497,750</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues					
Property taxes	18,757	-	-	103,191	121,948
Assessments	-	-	367,632	4,935	372,567
Loan	-	-	-	95,618	95,618
Total deferred inflows of resources	<u>18,757</u>	<u>-</u>	<u>367,632</u>	<u>203,744</u>	<u>590,133</u>
FUND BALANCES					
Restricted for debt service	-	-	246,933	359,459	606,392
Restricted for capital projects	-	-	-	1,818,833	1,818,833
Restricted special projects - streets	-	-	-	771,059	771,059
Committed for capital projects	-	-	-	125,772	125,772
Committed for special projects	-	-	-	93,611	93,611
Unassigned	637,790	(71,713)	-	977,966	1,544,043
Total fund balances	<u>637,790</u>	<u>(71,713)</u>	<u>246,933</u>	<u>4,146,700</u>	<u>4,959,710</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 766,765</u>	<u>\$ (29,202)</u>	<u>\$ 614,565</u>	<u>\$ 4,695,465</u>	<u>\$ 6,047,593</u>

City of Bandon

Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2017

TOTAL FUND BALANCES - governmental funds \$ 4,959,710

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 (1,493,513)

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 624,070

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	\$ 1,455,218	
Construction in process	2,314,127	
Depreciable assets	74,727,623	
Accumulated depreciation	<u>(60,537,352)</u>	
		17,959,616

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

Property taxes	121,948	
Loans receivable	95,618	
Special assessments	<u>372,567</u>	
		590,133

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	(5,083,825)	
Loans payable	(700,733)	
Special assessment debt payable	(507,255)	
Accrued interest payable on bonds and notes	(128,129)	
Compensated absences	<u>(130,530)</u>	
		<u>(6,550,472)</u>

NET POSITION - governmental activities \$ 16,089,544

City of Bandon
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	General	Capital projects Capital Improvement	12th Court LID Debt Service	Other Governmental Funds	Total
REVENUES					
Taxes	\$ 1,254,404	\$ -	\$ -	\$ 1,243,248	\$ 2,497,652
Licenses and permits	32,557	-	-	-	32,557
Intergovernmental	51,523	19,589	-	353,651	424,763
System development charges	-	-	-	140,751	140,751
Payments in lieu of taxes	421,020	-	-	8,158	429,178
Fines and police income	26,001	-	-	-	26,001
Special assessments	-	-	6,750	4,857	11,607
Grants	-	-	-	-	-
Interest	2,713	3,072	12,044	45,166	62,995
Reimbursements	327,740	-	-	-	327,740
Other	101,713	-	-	101,333	203,046
Total revenues	2,217,671	22,661	18,794	1,897,164	4,156,290
EXPENDITURES					
Current					
General government	648,076	805,081	-	14,856	1,468,013
Public safety	1,051,184	-	-	20,500	1,071,684
Highways and streets	59,109	-	-	205,546	264,655
Economic development	108,737	-	-	10,164	118,901
Culture and recreation	246,349	-	-	408,656	655,005
Capital outlay	24,735	-	-	1,401,632	1,426,367
Debt service					
Principal retirement	-	-	24,995	255,204	280,199
Interest	-	-	17,614	241,471	259,085
Total expenditures	\$ 2,138,190	\$ 805,081	\$ 42,609	\$ 2,558,029	\$ 5,543,909
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 79,481	\$ (782,420)	\$ (23,815)	\$ (660,865)	\$ (1,387,619)
OTHER FINANCING SOURCES (USES)					
Transfer in (out)	(100,428)	87,000	-	38,428	25,000
Loan repayments	-	-	-	3,083	3,083
Loan Interest	-	-	-	4,049	4,049
Total other financing sources (uses)	(100,428)	87,000	-	45,560	32,132
NET CHANGE IN FUND BALANCE	(20,947)	(695,420)	(23,815)	(615,305)	(1,355,487)
FUND BALANCES, beginning of year	658,737	623,707	270,748	4,762,005	6,315,197
FUND BALANCES, end of year	\$ 637,790	\$ (71,713)	\$ 246,933	\$ 4,146,700	\$ 4,959,710

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, 2017

TOTAL NET CHANGE IN FUND BALANCES - governmental funds \$ (1,355,487)

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. (115,517)

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

Property taxes	7,783	
Loans receivable	(9,631)	
Special assessments	<u>(11,052)</u>	(12,900)

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	2,176,427	
Depreciation	<u>(898,545)</u>	1,277,882

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	23,329	
Changes in compensated absences payable	12,208	
Principal payments on long-term debt	<u>273,314</u>	<u>308,851</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 102,829

City of Bandon
Statement of Net Position
Enterprise Funds
June 30, 2017

	Sewer	Water	Electric	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 777,459	\$ 1,068,452	\$ 984,125	\$ 2,830,036
Receivable				
Accounts	60,410	61,979	403,114	525,503
Special assessments	1,320	6,694	-	8,014
Restricted cash	12,460	7,510	81,010	100,980
Inventory	-	34,774	374,024	408,798
Total current assets	<u>851,649</u>	<u>1,179,409</u>	<u>1,842,273</u>	<u>3,873,331</u>
NONCURRENT ASSETS				
Notes receivable	-	358,393	7,606	365,999
Restricted cash	-	24,771	-	24,771
Capital assets (net of accumulated depreciation)	<u>4,663,487</u>	<u>7,088,355</u>	<u>8,553,297</u>	<u>20,305,139</u>
Total noncurrent assets	<u>4,663,487</u>	<u>7,471,519</u>	<u>8,560,903</u>	<u>20,695,909</u>
Total assets	<u>5,515,136</u>	<u>8,650,928</u>	<u>10,403,176</u>	<u>24,569,240</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - city pension	<u>174,354</u>	<u>224,058</u>	<u>827,369</u>	<u>1,225,781</u>
LIABILITIES				
Current liabilities				
Accounts payable	32,145	21,719	216,552	270,416
Accrued payroll benefits	6,665	6,089	26,196	38,950
Compensated absences payable	43,768	23,713	96,483	163,964
Customer deposits	12,460	7,510	81,010	100,980
Accrued interest payable	6,639	8,743	-	15,382
Other liabilities	-	-	-	-
Current portion of long-term debt	<u>57,889</u>	<u>24,771</u>	<u>-</u>	<u>82,660</u>
Total current liabilities	<u>159,566</u>	<u>92,545</u>	<u>420,241</u>	<u>672,352</u>
LONG-TERM LIABILITIES				
Net pension liability	313,881	423,965	1,594,132	2,331,978
Long-term debt (net of current portion)	<u>1,080,166</u>	<u>292,091</u>	<u>-</u>	<u>1,372,257</u>
Total liabilities	<u>1,553,613</u>	<u>808,601</u>	<u>2,014,373</u>	<u>4,376,587</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - city pension	<u>31,311</u>	<u>17,357</u>	<u>134,949</u>	<u>183,617</u>
NET POSITION				
Net investment in capital assets	3,525,432	6,771,493	8,553,297	18,850,222
Restricted for debt service	-	24,771	-	24,771
Restricted for capital projects	365,350	1,134,810	-	1,500,160
Restricted for customer deposits	12,460	7,510	81,010	100,980
Unrestricted	<u>201,324</u>	<u>110,444</u>	<u>446,916</u>	<u>758,684</u>
TOTAL NET POSITION	<u>\$ 4,104,566</u>	<u>\$ 8,049,028</u>	<u>\$ 9,081,223</u>	<u>\$ 21,234,817</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, 2017

	Sewer	Water	Electric	Totals
OPERATING REVENUES				
Charges for services				
Sewer charges	\$ 792,140	\$ -	\$ -	\$ 792,140
Water sales	-	592,924	-	592,924
Electricity sales	-	-	5,643,836	5,643,836
BPA Conservation	-	-	33,429	33,429
Service charges, fees and permits	64,552	181,641	88,912	335,105
Other	20,874	317	7,226	28,417
Total operating revenues	<u>877,566</u>	<u>774,882</u>	<u>5,773,403</u>	<u>7,425,851</u>
OPERATING EXPENSES				
Administration	74,127	61,316	437,346	572,789
Cost of sales and services	711,222	571,188	5,197,297	6,479,707
Energy assistance payments	-	-	19,939	19,939
Depreciation and amortization	211,057	311,375	571,073	1,093,505
Total operating expenses	<u>996,406</u>	<u>943,879</u>	<u>6,225,655</u>	<u>8,165,940</u>
OPERATING INCOME (LOSS)	<u>(118,840)</u>	<u>(168,997)</u>	<u>(452,252)</u>	<u>(740,089)</u>
NONOPERATING REVENUES (EXPENSE)				
Interest income	8,682	30,143	11,570	50,395
Interest expense	(11,620)	(15,454)	-	(27,074)
Total nonoperating revenues (expenses)	<u>(2,938)</u>	<u>14,689</u>	<u>11,570</u>	<u>23,321</u>
INCOME BEFORE OPERATING TRANSFERS	<u>(121,778)</u>	<u>(154,308)</u>	<u>(440,682)</u>	<u>(716,768)</u>
OTHER FINANCING SOURCES (USES)				
Assets/equity donations from (to) other funds	-	228,867	-	228,867
Transfer (to) from other funds	-	-	(25,000)	(25,000)
CHANGE IN NET POSITION	<u>(121,778)</u>	<u>74,559</u>	<u>(465,682)</u>	<u>(512,901)</u>
NET POSITION, beginning of year	<u>4,226,344</u>	<u>7,974,469</u>	<u>9,546,905</u>	<u>21,747,718</u>
NET POSITION, end of year	<u>\$ 4,104,566</u>	<u>\$ 8,049,028</u>	<u>\$ 9,081,223</u>	<u>\$21,234,817</u>

City of Bandon
Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2017

	Sewer	Water	Electric	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 887,942	\$ 759,785	\$ 5,723,089	\$ 7,370,816
Cash paid to employees	(395,567)	(357,017)	(1,433,792)	(2,186,376)
Cash paid to suppliers	(335,780)	(377,655)	(4,033,532)	(4,746,967)
Net cash provided by operating activities	156,595	25,113	255,765	437,473
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Customer deposits	(303)	677	(1,369)	(995)
Interfund transfers (net)	-	-	(25,000)	(25,000)
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(303)	677	(26,369)	(25,995)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments	(57,315)	(23,654)	-	(80,969)
Interest paid	(11,954)	(16,106)	-	(28,060)
Acquisition of capital assets	(45,025)	(123,182)	(7,190)	(175,397)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(114,294)	(162,942)	(7,190)	(284,426)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	8,682	30,143	11,570	50,395
Principal payments on notes receivable	-	16,870	2,605	19,475
Net cash received from investing activities	8,682	47,013	14,175	69,870
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,680	(90,139)	236,381	196,922
CASH AND CASH EQUIVALENTS, at beginning of year (including restricted cash of \$125,870)	739,239	1,190,872	828,754	2,758,865
CASH AND CASH EQUIVALENTS, at end of year (including restricted cash of \$125,751)	<u>\$ 789,919</u>	<u>\$ 1,100,733</u>	<u>\$ 1,065,135</u>	<u>\$ 2,955,787</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO				
Operating income (loss)	\$ (118,840)	\$ (168,997)	\$ (452,252)	\$ (740,089)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	211,057	311,375	571,073	1,093,505
Change in assets and liabilities				
Accounts receivable	8,489	(20,943)	(50,314)	(62,768)
Inventory	-	(1,909)	113,518	111,609
Special assessments receivable	1,887	5,846	-	7,733
Pension liability	177,107	228,474	816,537	1,222,118
Deferred outflow	(143,808)	(185,517)	(663,016)	(992,341)
Accounts payable	18,703	(76,652)	(41,913)	(99,862)
Accrued payroll and benefits	913	868	1,383	3,164
Compensated absences	9,325	866	(1,271)	8,920
Other liabilities	-	(57,671)	-	(57,671)
Deferred inflow	(8,238)	(10,627)	(37,980)	(56,845)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 156,595	\$ 25,113	\$ 255,765	\$ 437,473

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Notes to the Basic Financial Statements

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

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

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. Based on the application of the criteria established by 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.

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 1– Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. Interfund activity such as loans and transfers are eliminated to avoid "doubling up" revenues and expenses.

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

Note 1– Summary of Significant Accounting Policies (continued)

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

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

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

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

Property taxes, utility taxes, franchise taxes, special assessments, licenses, fees and permits, interest and charges for services are susceptible to accrual if collected within 30 days of fiscal year end. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

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

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

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 1– Summary of Significant Accounting Policies (continued)

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.

12th 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.

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

Additionally, the City reports the following fund types:

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.

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.

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.

Note 1– Summary of Significant Accounting Policies (continued)

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.

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 loans receivable/payable". 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.

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 \$100,980 are also reported as restricted assets.

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 1– Summary of Significant Accounting Policies (continued)

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

Deferred outflows/inflows of resources – In addition to assets, the basic financial statements 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. At June 30, 2017, there were deferred outflows of \$2,046,929 representing PERS pension related deferrals reported in the Statement of Net Position.

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 \$590,133 that fit into this classification reported on the balance sheet – Government Funds and \$380,695 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.

Note 1– Summary of Significant Accounting Policies (continued)

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

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

Non-spendable – Includes amounts not immediately converted to cash, such as prepaid items and inventory.

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

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

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 1– Summary of Significant Accounting Policies (continued)

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 U.S. GAAP for all governmental funds with the exception of interfund loan payments. The annual budget for the proprietary funds is adopted on a basis not consistent with U.S. GAAP to comply with Oregon Local Budget Law. All annual appropriations lapse at fiscal year-end.

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

Original appropriations may be increased through resolutions by transferring amounts between appropriations in the same fund or by transferring from an appropriation in the general fund to an appropriation category in another fund. A supplemental budget is needed to increase appropriations when appropriations transfers are unauthorized. Budget amounts are as originally adopted, or as amended by the City Council.

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

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 2—Stewardship, Compliance, and Accountability (continued)

Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the following amounts:

<u>Fund/ Budget Category</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
GENERAL FUND		
General government		
Administration and general		\$ 20,654
Accounting and billing		\$ 19,917
Mayor and council		\$ 6,972
Non-departmental		\$ 3,529
Public safety		
Police department		\$ 48,610
Culture and recreation		
Community center		\$ 5,192
LIBRARY FUND		
Culture and recreation	Materials and services	\$ 6,281
COMMUNITY BEAUTIFICATION FUND		
Culture and recreation	Materials and services	\$ 3,356
URBAN RENEWAL DISTRICT No. 1 FUND		
Debt Service		\$ 26,383
STATE REVENUE SHARING FUND		
Public safety	Materials and services	\$ 20,500
SEWER FUND		
Operating expenses	Plant operations	\$ 5,849
Operating expenses	Nondepartmental	\$ 1,018
ELECTRIC FUND		
Operating expenses	Administration	\$ 91,505
Operating expenses	Nondepartmental	\$ 43,917
DEFICIT FUND BALANCE		
Capital Improvement	\$71,713	
Equipment Reserve	\$877	

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

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, 2017. If bank deposits at year end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. Any deposits with financial institutions will be covered up to \$250,000 by Federal Depository Insurance, and the remaining deposited at an approved depository as prescribed by the Oregon State Treasurer.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295 .001 to 295 .108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by Federal Deposit Insurance Corporation. For the fiscal year ended June 30, 2017, the carrying amounts of the City's deposits in various financial institutions were \$362,466 and the bank balance was \$692,221. 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, 2017, 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 2017. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294 .895). LGIP is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

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

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the City's name and are not subject to collateralization requirements or ORS 295 .015. Investments are stated at cost, which approximates fair value.

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 3—Detailed Note on All Funds (continued)

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, 2017, the City had the following investment:

Investment Type	Maturity	Percentage of Portfolio	Fair Value
Local Government Investment Pool	1 day	100%	<u>\$ 7,878,728</u>

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

Carrying amount of deposits	\$ 345,307
Cash with County Treasurer	17,159
Local Government Investment Pool	<u>7,878,728</u>
Total	<u>\$ 8,241,194</u>
BALANCE SHEET	
Governmental activities	
General fund (includes customer deposits of \$4,644)	\$ 653,751
Capital improvement	(29,202)
Local improvement district debt service fund	246,933
Nonmajor funds	<u>4,413,925</u>
Total governmental activities	<u>5,285,407</u>
Business-type activities	
Sewer fund (includes restricted cash of \$12,460)	789,919
Water fund (includes restricted cash of \$32,281)	1,100,733
Electric fund (includes restricted cash of \$81,010)	<u>1,065,135</u>
Total business-type activities	<u>2,955,787</u>
TOTAL	<u>\$ 8,241,194</u>

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 3—Detailed Note on All Funds (continued)

Receivables

Receivables as of fiscal year end June 30, 2017, are as follows:

GOVERNMENTAL ACTIVITIES

	Property Taxes	Accounts	Other Loans	Special Assesments	Total Receivables
General	\$ 18,757	\$ 94,257	\$ -	\$ -	\$ 113,014
LID debt service fund	-	-	-	367,632	367,632
Nonmajor funds	103,191	30,463	95,618	4,935	234,207
	<u>\$ 121,948</u>	<u>\$ 124,720</u>	<u>\$ 95,618</u>	<u>\$ 372,567</u>	<u>\$ 714,853</u>

BUSINESS-TYPE ACTIVITIES

	Accounts	Special Assesments	Notes Receivable	Total
Sewer	\$ 60,410	\$ 1,320	\$ -	\$ 61,730
Water	61,979	6,694	358,393	427,066
Electric	403,114	-	7,606	410,720
Total receivables	<u>\$ 525,503</u>	<u>\$ 8,014</u>	<u>\$ 365,999</u>	<u>\$ 899,516</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 2016-17, 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 \$455,585,617. After subtracting the Urban Renewal excess amount of \$47,517,875 and after adjustments, the net levy result is \$840,411.

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

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, 2017:

Coos County	Receivable June 30, 2016	2016-2017 Net Levy	Collections and Adjustments	Receivable June 30, 2017
2016-2017		\$ 840,411	\$ (804,568)	\$ 35,843
2015-2016	\$ 33,926	-	(13,636)	20,290
2014-2015	18,996	-	(6,665)	12,331
2013-2014	11,116	-	(5,907)	5,209
2012-2013	4,326	-	(3,171)	1,155
2011-2012	1,096	-	(337)	759
2010-2011	741	-	(158)	583
Prior years	1,639	-	(45)	1,594
Total	\$ 71,840	\$ 840,411	\$ (834,487)	\$ 77,764

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, 2017:

Coos County	Receivable June 30, 2016	2016-2017 Net Levy	Collections and Adjustments	Receivable June 30, 2017
2016-2017		\$ 458,545	\$ (438,988)	\$ 19,557
2015-2016	\$ 20,023	-	(8,048)	11,975
2014-2015	10,789	-	(3,786)	7,003
2013-2014	6,747	-	(3,586)	3,161
2012-2013	2,642	-	(1,936)	706
2011-2012	720	-	(222)	498
2010-2011	449	-	(96)	353
Prior years	955	-	(26)	929
Total	\$ 42,325	\$ 458,545	\$ (456,688)	\$ 44,182

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, 2017

Note 3–Detailed Note on All Funds (continued)

Due to/from other funds–Interfund receivables and payables at June 30, 2017 consisted of a loan to the Agency fund. The amount reported in the individual fund is as follows:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds- Block Grant Fund	Other Governmental Funds- URA No. 2 Fund	\$ 47,333

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, 2017 was as follows:

GOVERNMENTAL ACTIVITIES

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 1,555,312	\$ -	\$ (100,094)	\$ 1,455,218
Construction in progress	718,360	1,596,800	(1,033)	2,314,127
Total nondepreciable capital assets	<u>2,273,672</u>	<u>1,596,800</u>	<u>(101,127)</u>	<u>3,769,345</u>
DEPRECIABLE CAPITAL ASSETS				
Buildings	6,609,876	402,104	-	7,011,980
Land improvements	1,355,668	5,000	-	1,360,668
Furnishing & equipment	1,410,781	266,964	(48,992)	1,628,753
Streets	61,995,142	55,678	-	62,050,820
Storm drains	2,675,402	-	-	2,675,402
Total depreciable capital assets	<u>74,046,869</u>	<u>729,746</u>	<u>(48,992)</u>	<u>74,727,623</u>
ACCUMULATED DEPRECIATION				
Buildings	(1,572,829)	(181,784)	-	(1,754,613)
Land improvements	(137,926)	(42,679)	-	(180,605)
Furnishing & equipment	(1,102,291)	(191,627)	35,003	(1,258,915)
Streets	(55,696,593)	(431,595)	-	(56,128,188)
Storm drains	(1,129,168)	(85,863)	-	(1,215,031)
Total accumulated depreciation	<u>(59,638,807)</u>	<u>(933,548)</u>	<u>35,003</u>	<u>(60,537,352)</u>
Total depreciable assets	<u>14,408,062</u>	<u>(203,802)</u>	<u>(13,989)</u>	<u>14,190,271</u>
NET GOVERNMENTAL CAPITAL ASSETS	<u>\$ 16,681,734</u>	<u>\$ 1,392,998</u>	<u>\$ (115,116)</u>	<u>\$ 17,959,616</u>

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 3—Detailed Note on All Funds (continued)

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

General government	\$ 692,512
Public safety	57,818
Highways and streets	57,132
Culture and recreation	126,086
	<u>\$ 933,548</u>

BUSINESS-TYPE ACTIVITIES

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 845,055	\$ 228,867	\$ -	\$ 1,073,922
Construction in progress	88,932	61,278	-	150,210
Total nondepreciable capital assets	<u>933,987</u>	<u>290,145</u>	<u>-</u>	<u>1,224,132</u>
DEPRECIABLE CAPITAL ASSETS				
Buildings	4,887,018	9,590	-	4,896,608
Furnishing & equipment	2,169,053	42,337	(96,897)	2,114,493
Infrastructure	32,462,715	62,193	-	32,524,908
Total depreciable capital assets	<u>39,518,786</u>	<u>114,120</u>	<u>(96,897)</u>	<u>39,536,009</u>
ACCUMULATED DEPRECIATION				
Buildings	(1,902,956)	(123,392)	-	(2,026,348)
Furnishing & equipment	(1,525,668)	(117,534)	96,897	(1,546,305)
Infrastructure	(16,029,770)	(852,579)	-	(16,882,349)
Total accumulated depreciation	<u>(19,458,394)</u>	<u>(1,093,505)</u>	<u>96,897</u>	<u>(20,455,002)</u>
Total depreciable assets	<u>20,060,392</u>	<u>(979,385)</u>	<u>-</u>	<u>19,081,007</u>
NET BUSINESS-TYPE CAPITAL ASSETS	<u>\$ 20,994,379</u>	<u>\$ (689,240)</u>	<u>\$ -</u>	<u>\$ 20,305,139</u>

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

Electric	\$ 571,073
Water	211,057
Sewer	311,375
	<u>\$ 1,093,505</u>

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

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>
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	29,801	9,958	39,759
2023-2027	171,533	27,263	198,796
2028	<u>9,189</u>	<u>435</u>	<u>9,624</u>
	316,862	\$ 90,353	\$ 407,215
Less current portion	<u>(24,771)</u>		
Total	<u>\$ 292,091</u>		

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

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>
2018	\$ 57,889	\$ 11,381	\$ 69,270
2019	58,468	10,802	69,270
2020	59,052	10,217	69,269
2021	59,643	9,626	69,269
2022	60,239	9,030	69,269
2023-2027	310,353	35,993	346,346
2028-2032	326,184	20,163	346,347
2033-2035	206,227	4,162	210,389
	<u>\$ 1,138,055</u>	<u>\$ 111,374</u>	<u>\$ 1,249,429</u>
Less current portion	<u>(57,889)</u>		
Total	<u>\$ 1,080,166</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>
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	35,960	29,152	65,112
2023-2027	194,392	119,233	313,625
2028-2032	253,707	65,683	319,390
2033-2034	120,526	8,599	129,125
	<u>726,120</u>	<u>\$ 352,082</u>	<u>\$ 1,078,202</u>
Less current portion	<u>(30,059)</u>		
Total	<u>\$ 696,061</u>		

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

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>
2018	\$ 57,674	\$ 108,094	\$ 165,768
2019	60,269	105,499	165,768
2020	62,982	102,787	165,769
2021	65,816	99,952	165,768
2022	68,777	96,991	165,768
2023-2027	393,191	435,649	828,840
2028-2032	489,989	338,851	828,840
2033-2037	610,615	218,225	828,840
2038-2040	592,779	68,006	660,785
	2,402,092	\$ 1,574,054	\$ 3,976,146
Less current portion	(57,674)		
Total	\$ 2,344,418		

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>
2018	\$ 32,941	\$ 4,242	\$ 37,183
2019	34,298	2,884	37,182
2020	35,712	1,471	37,183
	102,951	\$ 8,597	\$ 111,548
Less current portion	(32,941)		
Total	\$ 70,010		

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

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>
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	3,248	715	3,963
2023-2024	3,786	1,177	4,963
	19,221	\$ 5,559	\$ 24,780
Less current portion	(2,931)		
Total	\$ 16,290		

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>
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	17,537	17,894	35,431
2023-2027	101,878	75,275	177,153
2028-2032	130,399	46,755	177,154
2033-2036	104,461	11,528	115,989
	\$ 416,326	\$ 231,124	\$ 647,450
Less current portion	(14,396)		
Total	\$ 401,930		

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

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>
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	30,502	19,160	49,662
2023-2027	186,256	73,835	260,091
2028-2032	223,700	30,161	253,861
	555,373	\$ 211,982	\$ 767,355
Less current portion	(24,688)		
Total	\$ 530,685		

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>
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	27,790	1,035	28,825
2023	14,201	210	14,411
	\$ 145,360	\$ 13,178	\$ 158,538
Less current portion	(24,718)		
Total	\$ 120,642		

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 3—Detailed Note on All Funds (continued)

2012 12th 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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,796	3,552	5,348
2023-2027	10,576	16,162	26,738
2028-2032	13,842	12,894	26,736
2033-2037	18,137	8,600	26,737
2037-2042	21,076	2,986	24,062
	<u>\$ 71,708</u>	<u>\$ 59,303</u>	<u>\$ 131,011</u>
Less current portion	<u>(1,448)</u>		
Total	<u>\$ 70,260</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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	100,000	46,531	146,531
2023-2027	565,000	176,605	741,605
2028-2032	655,000	80,850	735,850
2033	145,000	2,551	147,551
	<u>\$ 1,850,000</u>	<u>\$ 516,111</u>	<u>\$ 2,366,111</u>
Less current portion	<u>(95,000)</u>		
Total	<u>\$ 1,755,000</u>		

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

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, 2017.

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Note payable - S99001	\$ 134,589	\$ -	\$ (31,638)	\$ 102,951	\$ 32,941
2009 OECDD Water Clarification loan	755,984	-	(29,864)	726,120	30,059
2000 General obligation bonds	2,457,282	-	(55,190)	2,402,092	57,674
2000 LID bond	22,078	-	(2,857)	19,221	2,931
12th Court LID loan	73,080	-	(1,372)	71,708	1,448
Note payable - 2004 HWY 101 LID	430,029	-	(13,703)	416,326	14,396
2005 OECDD loan	579,881	-	(24,508)	555,373	24,688
2012 General obligation bonds	1,940,000	-	(90,000)	1,850,000	95,000
2012 Wedbush LoCap refinance	169,365	-	(24,005)	145,360	24,718
Total governmental activities	\$ 6,562,288	\$ -	\$(273,137)	\$ 6,289,151	\$ 283,855
BUSINESS-TYPE ACTIVITIES					
2006 OECDD loan	\$ 340,515	\$ -	\$ (23,653)	\$ 316,862	\$ 24,771
2015 Wastewater Improvement loan	1,195,370	-	(57,315)	1,138,055	57,889
Total business-type activities	\$ 1,535,885	\$ -	\$(80,968)	\$ 1,454,917	\$ 82,660

Changes in other liabilities – The following is a summary of changes in other liabilities during the fiscal year ended June 30, 2017:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Compensated absences	\$ 142,738	\$ 130,530	\$ (142,738)	\$ 130,530	\$ 130,530
BUSINESS-TYPE ACTIVITIES					
Compensated absences	\$ 155,044	\$ 163,964	\$ (155,044)	\$ 163,964	\$ 163,964

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, 2017 are classified as follows:

	Debt Service	Streets	Capital Projects	Total
GOVERNMENTAL ACTIVITIES				
LID debt service	\$ 246,933	\$ -	\$ -	\$ 246,933
Nonmajor funds	359,459	771,059	1,818,833	2,949,351
Total restricted net position for governmental activities	\$ 606,392	\$ 771,059	\$ 1,818,833	\$ 3,196,284

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 3—Detailed Note on All Funds (continued)

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Customer Deposits</u>	<u>Total</u>
BUSINESS-TYPE ACTIVITIES				
Sewer	\$ -	\$ 365,350	\$ 12,460	\$ 377,810
Water	24,771	1,134,810	7,510	1,167,091
Electric	-	-	81,010	81,010
Total restricted net position for business-type activities	<u>\$ 24,771</u>	<u>\$ 1,500,160</u>	<u>\$ 100,980</u>	<u>\$ 1,625,911</u>

Internal Transfers

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Non major governmental funds	\$ 212,428	\$ 87,000
General fund	25,000	125,428
Electric fund	-	<u>25,000</u>
Total	<u>\$ 237,428</u>	<u>\$ 237,428</u>

The above transfers in the amount of \$125,428 are routine in nature and occur annually to support a summer recreation program and State Tax Street Fund personnel costs. The transfer of \$25,000 is the annual transfer for the summer recreation activities and the \$87,000 transfer was to close the reserve fund.

Note 4 – Other Information

Contingent Liabilities

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

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

Construction in Progress

At June 30, 2017, the City is involved in the various phases of improvement projects. There was one significant contract remaining at year end for the shop.

City of Bandon

Notes to the Basic Financial Statements

June 30, 2017

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.

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.

Note 5—Defined Benefit Pension Plans (continued)

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.

- 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.

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 5—Defined Benefit Pension Plans (continued)

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, 2014 actuarial valuation. 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.

Employer contributions for the year ended June 30, 2017 were \$307,903, excluding amounts to fund employer specific liabilities.

Note 5—Defined Benefit Pension Plans (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2017, the City reported a liability of \$3,825,491 for its proportionate share of the net pension liabilities. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 and rolled forward to June 30, 2016. 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, 2016, the City's proportion was 0.02548234%.

For the year ended June 30, 2017, the City recognized pension expense of \$288,449. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 126,564	
Change of assumptions	815,885	
Changes in proportion and employer contributions	40,821	74,552
Difference between actual and estimated earnings	755,756	-
Changes in employer proportion	-	306,143
Total prior to contributions made subsequent to measurement date	1,739,026	380,695
Contribution made subsequent to measurement period	307,903	-
Total	\$ 2,046,929	\$ 380,695

The City reported \$307,903 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Deferred Inflows of Resources
2018	\$ 220,510
2019	220,510
2020	501,422
2021	372,734
2022	43,155
	\$ 1,358,331

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 5—Defined Benefit Pension Plans (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, 2014 rolled forward to June 30, 2016
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	2.50%
Investment rate of return	7.50%
Discount rate	7.50%
Projected salary increases	3.50% overall payroll growth; salaries for individuals are assumed to grow at 3.50% plus assumed rates of merit/longevity increases based on service
Mortality	<p>Healthy retirees and beneficiaries RP-2000 Sex-distinct, generational per Scale BB, 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 (70% for males, 95% 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, 2014.

Note 5—Defined Benefit Pension Plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.50% 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, 2017

Note 5—Defined Benefit Pension Plans (continued)

Assumed asset allocation

Asset Class	Low Range	High Range	OIC Target
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%	17.50%
Real estate	9.50%	15.50%	12.50%
Alternative equity	0.00%	10.00%	12.50%
Opportunity portfolio	0.00%	3.00%	0.00%
Total			100.00%

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 2015 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 OIC's 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.

Asset Class	Target Allocation	Compound Annual Return (Geometric)
Core fixed income	8.00%	4.00%
Short-term bonds	8.00%	3.61%
Intermediate-term bonds	3.00%	5.42%
High yield bonds	1.00%	6.20%
Large capitalization domestic equities	15.75%	6.70%
Mid capitalization domestic equities	1.31%	6.99%
Small capitalization domestic equities	1.31%	7.01%
Developed foreign equities	13.13%	6.73%
Emerging foreign equities	4.12%	7.25%
Non-U.S. small cap equities	1.88%	7.22%
Private equity	17.50%	7.97%
Real estate (properties)	10.00%	5.84%
Real estate (REITS)	2.50%	6.69%
Hedge fund of funds - diversified	2.50%	4.64%
Hedge fund - event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.86%	4.58%
Total	100.00%	
Assumed Inflation Mean		2.50%

Note 5—Defined Benefit Pension Plans (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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's net pension liability (asset)	\$ 6,176,892	\$ 3,825,491	\$ 1,860,131

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

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.

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.

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.

City of Bandon
Notes to the Basic Financial Statements
June 30, 2017

Note 5–Defined Benefit Pension Plans (continued)

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% for the year ended June 30, 2017.

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

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's 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.

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, 2017 was \$7,878,728.

Note 7-Tax Abatements

The City has entered into no tax abatement programs. There are no tax abatement programs entered into by another government reducing the City's property tax revenues for the year ended June 30, 2017.

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Required Supplementary Information

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

Capital Project Funds

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.

Debt Service Funds

12th 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.

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City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes and assessments				
Property taxes - current year, net	\$ 179,576	\$ 179,576	\$ 199,019	\$ 19,443
Previously levied taxes	9,451	9,451	4,417	(5,034)
Franchise fees	34,000	34,000	35,251	1,251
Utility taxes	305,500	305,500	445,285	139,785
Transient tax	480,342	480,342	570,432	90,090
Total taxes	<u>1,008,869</u>	<u>1,008,869</u>	<u>1,254,404</u>	<u>245,535</u>
License and permits	<u>31,600</u>	<u>31,600</u>	<u>32,557</u>	<u>957</u>
Intergovernmental				
Cigarette tax	3,700	3,700	3,958	258
Liquor tax	46,000	46,000	46,871	871
Grants-in-aid	-	-	694	694
Total intergovernmental	<u>49,700</u>	<u>49,700</u>	<u>51,523</u>	<u>1,823</u>
Fines and police income	<u>28,250</u>	<u>28,250</u>	<u>26,001</u>	<u>(2,249)</u>
Payments in lieu of taxes				
Hydro electric fund	290,000	290,000	337,917	47,917
Water fund	30,000	30,000	35,575	5,575
Sewer fund	46,000	46,000	47,528	1,528
Heritage Place	1,200	1,200	-	(1,200)
Total payments in lieu of taxes	<u>367,200</u>	<u>367,200</u>	<u>421,020</u>	<u>53,820</u>
Reimbursements				
Intergovernmental	2,500	2,500	2,250	(250)
Other	30,500	30,500	6,321	(24,179)
Other internal	334,808	334,808	319,169	(15,639)
Total reimbursements	<u>367,808</u>	<u>367,808</u>	<u>327,740</u>	<u>(40,068)</u>
Other				
Interest	10,598	10,598	2,713	(7,885)
Community center rent	15,000	15,000	24,674	9,674
Rental	14,800	14,800	32,001	17,201
Sprague theater rent	25,500	25,500	24,567	(933)
Donations	3,300	3,300	9,135	5,835
State revenue sharing	11,000	11,000	-	(11,000)
Miscellaneous	5,000	5,000	11,336	6,336
Total other	<u>85,198</u>	<u>85,198</u>	<u>104,426</u>	<u>19,228</u>
TOTAL REVENUES	<u><u>\$ 1,938,625</u></u>	<u><u>\$ 1,938,625</u></u>	<u><u>\$ 2,217,671</u></u>	<u><u>\$ 279,046</u></u>

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
General government				
Administration and general				
Personal services	\$ 53,460	\$ 53,460	\$ 134,673	\$ (81,213)
Materials and services	317,045	317,045	285,426	31,619
Capital outlay	50,940	50,940	22,000	28,940
Total administration & general	<u>421,445</u>	<u>421,445</u>	<u>442,099</u>	<u>(20,654)</u>
Accounting and billing				
Personal services	48,114	48,114	46,470	1,644
Materials and services	109,885	109,885	137,711	(27,826)
Capital outlay	9,000	9,000	2,735	6,265
Total accounting and billing	<u>166,999</u>	<u>166,999</u>	<u>186,916</u>	<u>(19,917)</u>
Municipal court				
Materials and services	4,500	4,500	3,100	1,400
Mayor and council				
Materials and services	29,200	29,200	36,172	(6,972)
Planning department				
Personal services	178,361	178,361	81,626	96,735
Materials and services	27,000	27,000	23,106	3,894
Total planning department	<u>205,361</u>	<u>205,361</u>	<u>104,732</u>	<u>100,629</u>
Non-departmental				
Personal services	5,000	5,000	-	5,000
Materials and services	-	-	8,529	(8,529)
Capital outlay	-	-	-	-
Total non-departmental	<u>5,000</u>	<u>5,000</u>	<u>8,529</u>	<u>(3,529)</u>
Total general government	<u>832,505</u>	<u>832,505</u>	<u>781,548</u>	<u>50,957</u>

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance
Public safety				
Police department				
Personal services	\$ 679,885	\$ 679,885	\$ 745,399	\$ (65,514)
Materials and services	212,900	212,900	159,779	53,121
Capital outlay	10,000	10,000	46,217	(36,217)
Total police department	<u>902,785</u>	<u>902,785</u>	<u>951,395</u>	<u>(48,610)</u>
Fire department				
Materials and services	<u>99,789</u>	<u>99,789</u>	<u>99,789</u>	<u>-</u>
Total public safety	<u>1,002,574</u>	<u>1,002,574</u>	<u>1,051,184</u>	<u>(48,610)</u>
Highway and streets				
Materials and services	<u>79,361</u>	<u>79,361</u>	<u>59,109</u>	<u>20,252</u>
Culture and recreation				
Parks and recreation				
Personal services	97,907	97,907	98,217	(310)
Materials and services	<u>76,522</u>	<u>76,522</u>	<u>59,990</u>	<u>16,532</u>
Total parks and recreation	<u>174,429</u>	<u>174,429</u>	<u>158,207</u>	<u>16,222</u>
Community center				
Personal services	-	-	8,641	(8,641)
Materials and services	<u>64,283</u>	<u>64,283</u>	<u>60,834</u>	<u>3,449</u>
Total community center	<u>64,283</u>	<u>64,283</u>	<u>69,475</u>	<u>(5,192)</u>
Sprague theater				
Materials and services	<u>176,037</u>	<u>176,037</u>	<u>18,667</u>	<u>157,370</u>
Total culture and recreation	<u>414,749</u>	<u>414,749</u>	<u>246,349</u>	<u>168,400</u>
TOTAL EXPENDITURES	<u>2,329,189</u>	<u>2,329,189</u>	<u>2,138,190</u>	<u>190,999</u>
NET REVENUES OVER (UNDER) EXPENDITURES	<u>(390,564)</u>	<u>(390,564)</u>	<u>79,481</u>	<u>470,045</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	25,000	25,000	25,000	-
Transfer to other funds	<u>(125,428)</u>	<u>(125,428)</u>	<u>(125,428)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100,428)</u>	<u>(100,428)</u>	<u>(100,428)</u>	<u>-</u>

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance
NET CHANGE IN FUND BALANCE	\$ (490,992)	\$ (490,992)	\$ (20,947)	\$ 470,045
FUND BALANCE, beginning of year	490,992	490,992	658,737	167,745
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 637,790</u>	<u>\$ 637,790</u>

Notes to schedule:

GENERAL FUND	Amount of Over Expenditures
General government	
Administration and general	\$ 20,654
Accounting and billing	\$ 19,917
Mayor and council	\$ 6,972
Non-department	\$ 3,529
Public Safety	
Police Department	\$ 48,610
Culture and recreation	
Community center	\$ 5,192

City of Bandon
Schedule of Proportionate Share of Net Pension Liability for OPERS
June 30, 2017

	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%	0.03%	0.03%	0.03%	0.03%
City's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,825,491	\$ 1,787,009	\$ (709,597)	\$ 1,597,545
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,210,369	\$ 2,091,533	\$ 1,940,273	\$ 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%	173.07%	85.44%	-36.57%	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%	80.50%	91.90%	103.59%	91.97%

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 307,903	\$ 302,415	\$ 372,960	\$ 387,070
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	307,903	302,415	372,960	387,070
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,182,895	\$ 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%	13.68%	17.83%	19.95%

Other Supplementary Information

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City of Bandon

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-U.S. GAAP Budgetary Basis) and Actual 12th Court LID Debt Service For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance
REVENUES			
Special assessments			
Principal (633)	\$ 850	\$ 418	\$ (432)
Principal - 2001 Bandon LID (634)	300	-	(300)
Principal - 2004 Hwy 101 SW (635)	4,720	6,011	1,291
Principal - 12th Crt LID (636)	990	321	(669)
Interest (633)	300	569	269
Interest - 2001 Bandon LID (634)	295	-	(295)
Interest - 2004 Hwy 101 SW (635)	8,960	8,185	(775)
Interest - 12th Crt LID (636)	1,604	437	(1,167)
Interest	500	2,853	2,353
Total revenues	<u>18,519</u>	<u>18,794</u>	<u>275</u>
EXPENDITURES			
Debt service			
Principal - 2000 St & Sewer LID	9,035	3,453	5,582
Principal - 2004 Hwy 101 SW (635)	49,134	20,138	28,996
Principal - 12th Crt LID (636)	6,720	1,404	5,316
Interest - 2000 St & Sewer LID	1,107	510	597
Interest - 2004 Hwy 101 SW (635)	21,728	13,160	8,568
Interest - 12th Crt LID (636)	3,976	3,944	32 *
Total expenditures	<u>91,700</u>	<u>42,609</u>	<u>49,091</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(73,181)	(23,815)	49,366
FUND BALANCE, beginning of year,	<u>176,223</u>	<u>270,748</u>	<u>94,525</u>
FUND BALANCE, end of year	<u>\$ 103,042</u>	<u>\$ 246,933</u>	<u>\$ 143,891</u>

* Exempt from Oregon budget law

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Capital Improvement Fund
For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance
REVENUES			
Grants	\$ -	\$ 19,589	\$ 19,589
Utility tax	139,818	-	(139,818)
Interest	5,000	3,072	(1,928)
Total revenues	<u>144,818</u>	<u>22,661</u>	<u>(122,157)</u>
EXPENDITURES			
General government			
Capital outlay	<u>1,276,035</u>	<u>805,081</u>	<u>470,954</u>
Total expenditures	<u>1,276,035</u>	<u>805,081</u>	<u>470,954</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,131,217)</u>	<u>(782,420)</u>	<u>348,797</u>
OTHER FINANCING SOURCES (USES)			
Transfer in (out)	87,000	87,000	-
Proceeds from sale of land	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>87,000</u>	<u>87,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,044,217)	(695,420)	348,797
FUND BALANCE, beginning of year	<u>1,044,217</u>	<u>623,707</u>	<u>(420,510)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ (71,713)</u>	<u>\$ (71,713)</u>

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.

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

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.

Capital Projects Funds

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

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

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, 2017

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 812,579	\$ 356,319	\$ 3,245,027	\$ 4,413,925
Receivables				
Property taxes	-	21,169	82,022	103,191
Accounts	27,323	3,140	-	30,463
Special assessments	-	-	4,935	4,935
Loans	81,465	-	14,153	95,618
Interfund loans receivable	47,333	-	-	47,333
TOTAL ASSETS	\$ 968,700	\$ 380,628	\$ 3,346,137	\$ 4,695,465
LIABILITIES				
Accounts payable	\$ 13,232	\$ -	\$ 273,873	\$ 287,105
Accrued payroll and benefits	9,333	-	-	9,333
Customer deposits	-	-	1,250	1,250
Interfund loans payable	-	-	47,333	47,333
Total liabilities	22,565	-	322,456	345,021
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Property taxes	-	21,169	82,022	103,191
Assessments receivable	-	-	4,935	4,935
Loans	81,465	-	14,153	95,618
Total deferred inflows of resources	81,465	21,169	101,110	203,744
FUND BALANCE				
Restricted	771,059	359,459	1,818,833	2,949,351
Committed	93,611	-	125,772	219,383
Unassigned	-	-	977,956	977,966
Total fund balances	864,670	359,459	2,922,571	4,146,700
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 968,700	\$ 380,628	\$ 3,346,137	\$ 4,695,465

City of Bandon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 202,709	\$ 199,996	\$ 840,543	\$ 1,243,248
Grants	-	-	-	-
Intergovernmental	353,651	-	-	353,651
Payments in lieu of taxes	-	8,158	-	8,158
System development charges	-	-	140,751	140,751
Special assessments	-	-	4,857	4,857
Interest	6,561	3,806	34,799	45,166
Out of city bond charge	-	27,438	-	27,438
	<u>73,774</u>	<u>-</u>	<u>121</u>	<u>73,895</u>
Total revenues	<u>636,695</u>	<u>239,398</u>	<u>1,021,071</u>	<u>1,897,164</u>
EXPENDITURES				
General government	-	-	14,856	14,856
Public safety	20,500	-	-	20,500
Highways and streets	205,546	-	-	205,546
Economic development	10,164	-	-	10,164
Culture and recreation	408,656	-	-	408,656
Capital outlay	-	-	1,401,632	1,401,632
Debt service				
Principal retirement	-	116,692	138,512	255,204
Interest	-	151,559	89,912	241,471
	<u>-</u>	<u>268,251</u>	<u>1,644,912</u>	<u>2,558,029</u>
Total expenditures	<u>644,866</u>	<u>268,251</u>	<u>1,644,912</u>	<u>2,558,029</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,171)	(28,853)	(623,841)	(660,865)
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	125,428	-	(87,000)	38,428
Loan principal	3,083	-	-	3,083
Loan interest	4,049	-	-	4,049
	<u>132,560</u>	<u>-</u>	<u>(87,000)</u>	<u>45,560</u>
Total other financing sources (uses)	<u>132,560</u>	<u>-</u>	<u>(87,000)</u>	<u>45,560</u>
NET CHANGE IN FUND BALANCE	124,389	(28,853)	(710,841)	(615,305)
FUND BALANCES, beginning of year	<u>740,281</u>	<u>388,312</u>	<u>3,633,412</u>	<u>4,762,005</u>
FUND BALANCES, end of year	<u>\$ 864,670</u>	<u>\$ 359,459</u>	<u>\$ 2,922,571</u>	<u>\$ 4,146,700</u>

City of Bandon
Sub-Combining Balance Sheet
Special Revenue Funds
June 30, 2017

	State Tax Street	Library Memorial	Library	Community Beautification	State Revenue Sharing	Block Grant	Totals
ASSETS							
Cash and cash equivalents	\$ 105,574	\$ 224,641	\$ 57,274	\$ 7,720	\$ 79,345	\$ 338,025	\$ 812,579
Accounts receivable	16,077	-	-	2,437	8,809	-	27,323
Loans receivable	-	-	-	-	-	81,465	81,465
Interfund loans receivable	-	-	-	-	-	47,333	47,333
TOTAL ASSETS	\$ 121,651	\$ 224,641	\$ 57,274	\$ 10,157	\$ 88,154	\$ 466,823	\$ 968,700
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ 916	\$ 2,616	\$ 2,200	\$ 2,500	\$ 5,000	\$ 13,232
Accrued payroll and benefits	4,106	-	5,227	-	-	-	9,333
Total liabilities	4,106	916	7,843	2,200	2,500	5,000	22,565
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	-	81,465	81,465
Fund balances							
Restricted	117,545	223,725	49,431	-	-	380,358	771,059
Committed	-	-	-	7,957	85,654	-	93,611
Total fund balances	117,545	223,725	49,431	7,957	85,654	380,358	864,670
TOTAL LIABILITIES AND FUND BALANCES	\$ 121,651	\$ 224,641	\$ 57,274	\$ 10,157	\$ 88,154	\$ 466,823	\$ 968,700

City of Bandon
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds
For the Year Ended June 30, 2017

	State Tax Street	Library Memorial	Library	Community Beautification	State Revenue Sharing	Block Grant	Totals
REVENUES							
Taxes	\$ 202,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,709
Intergovernmental	-	-	303,049	-	50,602	-	353,651
Interest	6	2,408	871	151	-	3,125	6,561
Other	-	32,299	-	40,752	723	-	73,774
Total revenues	<u>202,715</u>	<u>34,707</u>	<u>303,920</u>	<u>40,903</u>	<u>51,325</u>	<u>3,125</u>	<u>636,695</u>
EXPENDITURES							
Current							
Public safety	-	-	-	-	20,500	-	20,500
Highways and streets	205,546	-	-	-	-	-	205,546
Economic development	-	-	-	-	-	10,164	10,164
Culture and recreation	-	37,555	323,481	47,620	-	-	408,656
Total expenditures	<u>205,546</u>	<u>37,555</u>	<u>323,481</u>	<u>47,620</u>	<u>20,500</u>	<u>10,164</u>	<u>644,866</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,831)	(2,848)	(19,561)	(6,717)	30,825	(7,039)	(8,171)
OTHER FINANCING SOURCES (USES)							
Transfer in (out)	125,428	-	-	-	-	-	125,428
Loan repayment	-	-	-	-	-	3,083	3,083
Loan interest	-	-	-	-	-	4,049	4,049
Total other financing sources (uses)	<u>125,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,132</u>	<u>132,560</u>
NET CHANGE IN FUND BALANCE	122,597	(2,848)	(19,561)	(6,717)	30,825	93	124,389
FUND BALANCES, beginning of year	<u>(5,052)</u>	<u>226,573</u>	<u>68,992</u>	<u>14,674</u>	<u>54,829</u>	<u>380,265</u>	<u>740,281</u>
FUND BALANCES, end of year	<u>\$ 117,545</u>	<u>\$ 223,725</u>	<u>\$ 49,431</u>	<u>\$ 7,957</u>	<u>\$ 85,654</u>	<u>\$ 380,358</u>	<u>\$ 864,670</u>

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, 2017

	Original and Final Budget	Actual	Variance
REVENUES			
State street tax	\$ 178,000	\$ 202,709	\$ 24,709
Interest	10	6	(4)
Other	500	-	(500)
	<u>178,510</u>	<u>202,715</u>	<u>24,205</u>
EXPENDITURES			
Highways and streets			
Personal services	282,438	199,143	83,295
Materials and services	21,500	6,403	15,097
	<u>303,938</u>	<u>205,546</u>	<u>98,392</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(125,428)	(2,831)	122,597
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	125,428	125,428	-
NET CHANGE IN FUND BALANCE	-	122,597	122,597
FUND BALANCES, beginning of year	-	(5,052)	(5,052)
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 117,545</u>	<u>\$ 117,545</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, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 1,500	\$ 2,408	\$ 908
Other			
Grants	1,000	1,050	50
Gifts and memorials	15,100	20,325	5,225
Miscellaneous	13,700	10,924	(2,776)
	<u>31,300</u>	<u>34,707</u>	<u>3,407</u>
Total revenues			
EXPENDITURES			
Culture and recreation			
Materials and services	53,000	16,872	36,128
Capital outlay	196,348	20,683	175,665
	<u>249,348</u>	<u>37,555</u>	<u>211,793</u>
Total expenditures			
NET CHANGE IN FUND BALANCE	(218,048)	(2,848)	215,200
FUND BALANCE, beginning of year	<u>218,048</u>	<u>226,573</u>	<u>8,525</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 223,725</u>	<u>\$ 223,725</u>

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual
Library Fund
For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance
REVENUES			
Intergovernmental			
County library support	\$ 314,078	\$ 303,049	\$ (11,029)
Interest	400	871	471
Other	5,000	-	(5,000)
	<u>319,478</u>	<u>303,920</u>	<u>(15,558)</u>
Total revenues			
EXPENDITURES			
Culture and recreation			
Personal services	332,032	272,311	59,721
Materials and services	44,889	51,170	(6,281)
	<u>376,921</u>	<u>323,481</u>	<u>53,440</u>
Total expenditures			
NET CHANGE IN FUND BALANCE	(57,443)	(19,561)	37,882
FUND BALANCE, beginning of year	<u>57,443</u>	<u>68,992</u>	<u>11,549</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 49,431</u>	<u>\$ 49,431</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, 2017

	Original and Final Budget	Actual	Variance
REVENUES			
Garbage franchise fees	\$ 30,000	\$ 40,752	\$ 10,752
Interest	150	151	1
Total revenues	30,150	40,903	10,753
EXPENDITURES			
Culture and recreation			
Materials and services	44,264	47,620	(3,356)
Capital outlay	10,000	-	10,000
Total expenditures	54,264	47,620	6,644
NET CHANGE IN FUND BALANCE	(24,114)	(6,717)	17,397
FUND BALANCE, beginning of year	24,114	14,674	(9,440)
FUND BALANCE, end of year	\$ -	\$ 7,957	\$ 7,957

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, 2017**

	Original and Final Budget	Actual	Variance
REVENUES			
State revenue sharing	\$ 25,000	\$ 50,602	\$ 25,602
Interest	35	723	688
Total revenues	<u>25,035</u>	<u>51,325</u>	<u>26,290</u>
EXPENDITURES			
Public safety			
Materials and services	-	20,500	(20,500)
Total expenditures	<u>-</u>	<u>20,500</u>	<u>(20,500)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	25,035	30,825	5,790
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(25,035)</u>	<u>-</u>	<u>(25,035)</u>
NET CHANGE IN FUND BALANCE	-	30,825	(19,245)
FUND BALANCE, beginning of year	<u>-</u>	<u>54,829</u>	<u>54,829</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 85,654</u>	<u>\$ 35,584</u>

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual
Block Grant Fund
For the Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance
REVENUES			
Interest	\$ 1,200	\$ 3,125	\$ 1,925
Other	20	-	(20)
Total revenues	<u>1,220</u>	<u>3,125</u>	<u>1,905</u>
EXPENDITURES			
Economic development			
Materials and services	25,000	-	25,000
Capital outlay	217,155	10,164	206,991
Total expenditures	<u>242,155</u>	<u>10,164</u>	<u>231,991</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(240,935)</u>	<u>(7,039)</u>	<u>233,896</u>
OTHER FINANCING SOURCES (USES)			
Principal collections	20,000	25,232	5,232
Loan interest	5,500	4,049	(1,451) *
Total other financing sources (uses)	<u>25,500</u>	<u>29,281</u>	<u>3,781</u>
NET CHANGE IN FUND BALANCE	(215,435)	22,242	237,677
FUND BALANCE, beginning of year, budgetary basis	<u>215,435</u>	<u>310,782</u>	<u>95,347</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>333,024</u>	<u>\$ 333,024</u>
INTERFUND LOAN RECEIVABLE		<u>47,334</u>	
FUND BALANCE, at end of year, U.S. GAAP basis		<u>\$ 380,358</u>	

* Exempt from Oregon budget law

City of Bandon
Sub-Combining Balance Sheet
Debt Service Funds
June 30, 2017

	General Obligation Bonds Debt Service	2000 Street & Sewer LID Bond	Local Improvement District Debt Service	Totals
ASSETS				
Cash and cash equivalents	\$ 303,041	\$ 2,582	\$ 50,696	\$ 356,319
Receivables				
Accounts	3,140	-	-	3,140
Property taxes	21,169	-	-	21,169
TOTAL ASSETS	<u>\$ 327,350</u>	<u>\$ 2,582</u>	<u>\$ 50,696</u>	<u>\$ 380,628</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Property taxes	\$ 21,169	\$ -	\$ -	\$ 21,169
FUND BALANCES				
Restricted	306,181	2,582	50,696	359,459
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 327,350</u>	<u>\$ 2,582</u>	<u>\$ 50,696</u>	<u>\$ 380,628</u>

City of Bandon
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Funds
For the Year Ended June 30, 2017

	General Obligation Bonds Debt Service	2000 Street & Sewer LID Bond	Local Improvement District Debt Service	Totals
REVENUES				
Taxes	\$ 199,996	\$ -	\$ -	\$ 199,996
Interest	3,256	-	550	3,806
Out of city bond charge	27,438	-	-	27,438
In lieu of tax	8,158	-	-	8,158
Total revenues	238,848	-	550	239,398
EXPENDITURES				
Debt service				
Principal	116,692	-	-	116,692
Interest	151,559	-	-	151,559
Total expenditures	268,251	-	-	268,251
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,403)	-	550	(28,853)
FUND BALANCE, beginning of year	335,584	2,582	50,146	388,312
FUND BALANCE, end of year	<u>\$ 306,181</u>	<u>\$ 2,582</u>	<u>\$ 50,696</u>	<u>\$ 359,459</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, 2017

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes			
2000 RD GO BDS Prop taxes(343) - CY	\$ 110,000	\$ 121,975	\$ 11,975
2000 RD GO BDS Prop taxes(343) - PY	8,000	3,501	(4,499)
2000 SDWRLF BDS Prop taxes(344) - CY	25,000	27,760	2,760
2000 SDWRLF BDS Prop taxes(344) - PY	3,600	1,492	(2,108)
2006 WTPBONDS Prop taxes (375) - CY	40,000	44,305	4,305
2006 WTPBONDS Prop taxes (375) - PY	3,500	963	(2,537)
Interest			
2000 RD GO BDS - out of City (343)	20,000	27,438	7,438
2000 SDWRLF GO BDS - out of City (344)	4,900	-	(4,900)
2006 Water Plant GO BDS - in lieu of tax (375)	1,600	8,158	6,558
Total revenues	<u>216,600</u>	<u>238,848</u>	<u>22,248</u>
EXPENDITURES			
Debt service			
Principal - 2000 RD Bonds (343)	55,190	55,190	-
Interest - 2000 RD Bonds (343)	110,578	110,578	-
Reserve - 2000 RD Bonds (343)	163,395	-	163,395
Principal - 2000 SDWRLF Bonds (344)	31,638	31,638	-
Interest - 2000 SDWRLF Bonds (344)	5,546	5,545	1
Reserve - 2000 SDWRLF Bonds (344)	36,751	-	36,751
Principal - 2006 Water Plant Bonds (375)	29,864	29,864	-
Interest - 2006 Water Plant Bonds (375)	35,437	35,436	1
Reserve - 2006 Water Plant Bonds (375)	64,247	-	64,247
Total expenditures	<u>532,646</u>	<u>268,251</u>	<u>264,395</u>
NET CHANGE IN FUND BALANCE	(316,046)	(29,403)	286,643
FUND BALANCE, beginning of year	<u>316,046</u>	<u>335,584</u>	<u>19,538</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 306,181</u>	<u>\$ 306,181</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, 2017

	Original and Final Budget	Actual	Variance
REVENUES			
Interest	\$ -	\$ -	\$ -
Total revenues	-	-	-
FUND BALANCE, beginning of year	-	2,582	2,582
FUND BALANCE, end of year	\$ -	\$ 2,582	\$ 2,582

City of Bandon

**Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual
Local Improvement District Debt Service
For the Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
REVENUES			
Special assessments			
Principal	\$ 14,555	\$ -	\$ (14,555)
Interest	67,577	-	(67,577)
Interest	50	550	500
Other	5,000	-	(5,000)
	<u>87,182</u>	<u>550</u>	<u>(86,632)</u>
EXPENDITURES			
General government			
Capital outlay	2,193,900	-	2,193,900
NET CHANGE IN FUND BALANCE	(2,106,718)	550	2,107,268
OTHER FINANCING SOURCES (USES)			
Issuance of debt	2,193,900	-	(2,193,900)
NET CHANGE IN FUND BALANCE	87,182	550	(86,632)
FUND BALANCE, beginning of year	49,819	50,146	327
FUND BALANCE, end of year	<u>\$ 137,001</u>	<u>\$ 50,696</u>	<u>\$ (86,305)</u>

City of Bandon
Sub-Combining Balance Sheet
Capital Projects Funds
June 30, 2017

	Urban Renewal District No. 1	Urban Renewal District No. 2	Equipment Reserve	Parks and Recreation Development	Street SDC Reimbursement	Street SDC Improvement	Storm Drain SDC Reimbursement	Storm Drain SDC Improvement	Local Option Street	Totals
ASSETS										
Cash and cash equivalents	\$ 657,335	\$ 370,091	\$ (877)	\$ 125,772	\$ 163,475	\$ 333,386	\$ 250,567	\$ 248,076	\$ 1,097,202	\$ 3,245,027
Receivables (net, where applicable of allowance for uncollectible)										
Taxes	29,048	15,134	-	-	-	-	-	-	37,840	82,022
Loans	14,153	-	-	-	-	-	-	-	-	14,153
Special assessments	-	-	-	-	967	1,132	1,385	1,451	-	4,935
TOTAL ASSETS	\$ 700,536	\$ 385,225	\$ (877)	\$ 125,772	\$ 164,442	\$ 334,518	\$ 251,952	\$ 249,527	\$ 1,135,042	\$ 3,346,137
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,707	\$ 90,714	\$ 452	\$ 273,873
Customer deposits	1,250	-	-	-	-	-	-	-	-	1,250
Interfund payable	-	47,333	-	-	-	-	-	-	-	47,333
	1,250	47,333	-	-	-	-	182,707	90,714	452	322,456
Deferred inflows of resources										
Unavailable revenue										
Property taxes	29,048	15,134	-	-	-	-	-	-	37,840	82,022
Assessments receivable	-	-	-	-	967	1,132	1,385	1,451	-	4,935
Loan	14,153	-	-	-	-	-	-	-	-	14,153
Total deferred inflows of resources	43,201	15,134	-	-	967	1,132	1,385	1,451	37,840	101,110
Fund balances										
Restricted	-	-	-	-	163,475	333,386	67,860	157,362	1,096,750	1,818,833
Committed	-	-	-	125,772	-	-	-	-	-	125,772
Unrestricted	656,085	322,758	(877)	-	-	-	-	-	-	977,966
Total fund balances	656,085	322,758	(877)	125,772	163,475	333,386	67,860	157,362	1,096,750	2,922,571
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 700,536	\$ 385,225	\$ (877)	\$ 125,772	\$ 164,442	\$ 334,518	\$ 251,952	\$ 249,527	\$ 1,135,042	\$ 3,346,137

City of Bandon
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Projects Funds
For the Year Ended June 30, 2017

	Urban Renewal District No. 1	Urban Renewal District No. 2	Equipment Reserve	Parks and Recreation Development	Street SDC Reimbursement	Street SDC Improvement	Storm Drain SDC Reimbursement	Storm Drain SDC Improvement	Local Option Street	Totals
REVENUES										
Taxes	\$ 287,490	\$ 152,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,535	\$ 840,543
Grants	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	605	1,150	1,643	1,459	-	4,857
System development charges	-	-	-	-	17,636	33,056	47,983	42,076	-	140,751
Interest	6,511	3,341	-	1,364	2,208	3,387	3,339	2,694	11,955	34,799
Other	-	-	-	121	-	-	-	-	-	121
Total revenues	294,001	155,859	-	1,485	20,449	37,593	52,965	46,229	412,490	1,021,071
EXPENDITURES										
Current										
General government	14,730	126	-	-	-	-	-	-	-	14,856
Highways and streets	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Capital outlay	247,671	83,184	-	-	196,302	1,442	291,503	120,859	460,671	1,401,632
Debt service										
Principal	114,508	24,004	-	-	-	-	-	-	-	138,512
Interest	81,964	7,948	-	-	-	-	-	-	-	89,912
Total expenditures	458,873	115,262	-	-	196,302	1,442	291,503	120,859	460,671	1,644,912
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(164,872)	40,597	-	1,485	(175,853)	36,151	(238,538)	(74,630)	(48,181)	(623,841)
OTHER FINANCING SOURCES (USES)										
Transfer in (out)	-	-	(87,000)	-	-	-	-	-	-	(87,000)
NET CHANGE IN FUND BALANCE	(164,872)	40,597	(87,000)	1,485	(175,853)	36,151	(238,538)	(74,630)	(48,181)	(710,841)
FUND BALANCE, beginning of year	820,957	282,161	86,123	124,287	339,328	297,235	306,398	231,992	1,144,931	3,633,412
FUND BALANCE, end of year	\$ 656,085	\$ 322,758	\$ (877)	\$ 125,772	\$ 163,475	\$ 333,386	\$ 67,660	\$ 157,362	\$ 1,096,750	\$ 2,922,571

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, 2017

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes			
Property taxes - current year	\$ 250,036	\$ 279,802	\$ 29,766
Previously levied taxes	27,646	7,688	(19,958)
Interest	2,500	6,511	4,011
Payments in lieu of taxes	732	-	(732)
	<u>280,914</u>	<u>294,001</u>	<u>13,087</u>
EXPENDITURES			
General government			
Materials and services	36,100	14,730	21,370
Capital outlay	879,904	247,671	632,233
Debt service	170,089	196,472	(26,383)
	<u>1,086,093</u>	<u>458,873</u>	<u>627,220</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(805,179)	(164,872)	640,307
FUND BALANCE, beginning of year	<u>805,149</u>	<u>820,957</u>	<u>15,808</u>
FUND BALANCE, end of year	<u>\$ (30)</u>	<u>\$ 656,085</u>	<u>\$ 656,115</u>

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, 2017**

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes			
Property taxes - current year	\$ 132,685	\$ 148,488	\$ 15,803
Previously levied taxes	14,480	4,030	(10,450)
Interest	500	3,341	2,841
Grants	250	-	(250)
	<u>147,915</u>	<u>155,859</u>	<u>7,944</u>
Total revenues			
EXPENDITURES			
General government			
Materials and services	8,200	126	8,074
Capital outlay	265,135	83,184	181,951
Debt service	146,000	54,102	91,898
	<u>419,335</u>	<u>137,412</u>	<u>281,923</u>
Total expenditures			
NET CHANGE IN FUND BALANCE	(271,420)	18,447	289,867
FUND BALANCE, beginning of year, budgetary basis	<u>271,920</u>	<u>351,644</u>	<u>79,724</u>
FUND BALANCE, end of year budgetary basis	<u>\$ 500</u>	370,091	<u>\$ 369,591</u>
INTERFUND LOAN PAYABLE		<u>(47,333)</u>	
FUND BALANCE, at end of year, U.S. GAAP basis		<u>\$ 322,758</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, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)			
Transfer to other funds	<u>(87,000)</u>	<u>(87,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(87,000)	(87,000)	-
FUND BALANCE, beginning of year	<u>87,000</u>	<u>86,123</u>	<u>(877)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ (877)</u>	<u>\$ (877)</u>

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, 2017

	Original and Final Budget	Actual	Variance
REVENUES			
Interest	\$ -	\$ 1,364	\$ 1,364
Grants	1,250,000	-	(1,250,000)
Other	-	121	121
Total revenues	<u>1,250,000</u>	<u>1,485</u>	<u>(1,248,515)</u>
EXPENDITURES			
Culture and recreation			
Capital outlay	<u>1,385,000</u>	<u>-</u>	<u>1,385,000</u>
Total expenditures	<u>1,385,000</u>	<u>-</u>	<u>1,385,000</u>
NET CHANGE IN FUND BALANCE	(135,000)	1,485	136,485
FUND BALANCE, beginning of year	<u>135,000</u>	<u>124,287</u>	<u>(10,713)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 125,772</u>	<u>\$ 125,772</u>

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, 2017**

	Original and Final Budget	Actual	Variance
REVENUES			
System development fees	\$ 6,000	\$ 17,636	\$ 11,636
Special assessments			
Principal	1,000	536	(464)
Interest	150	69	(81)
Interest	2,000	2,208	208
Total revenues	<u>9,150</u>	<u>20,449</u>	<u>11,299</u>
EXPENDITURES			
Highways and streets			
Capital outlay	459,150	196,302	262,848
Total expenditures	<u>459,150</u>	<u>196,302</u>	<u>262,848</u>
NET CHANGE IN FUND BALANCE	(450,000)	(175,853)	274,147
FUND BALANCE, beginning of year	<u>450,000</u>	<u>339,328</u>	<u>(110,672)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 163,475</u>	<u>\$ 163,475</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, 2017**

	Original and Final Budget	Actual	Variance
REVENUES			
System development fees	\$ 12,000	\$ 33,056	\$ 21,056
Special assessments			
Principal	2,000	1,018	(982)
Interest	300	132	(168)
Interest	1,000	3,387	2,387
	<u>15,300</u>	<u>37,593</u>	<u>22,293</u>
Total revenues			
EXPENDITURES			
Highways and streets			
Capital outlay	279,475	1,442	278,033
	<u>279,475</u>	<u>1,442</u>	<u>278,033</u>
Total expenditures			
NET CHANGE IN FUND BALANCE	(264,175)	36,151	300,326
FUND BALANCE, beginning of year	264,175	297,235	33,060
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 333,386</u>	<u>\$ 333,386</u>

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, 2017

	Original and Final Budget	Actual	Variance
REVENUES			
System development fees	\$ 28,500	\$ 47,983	\$ 19,483
Special assessments			
Principal	3,000	1,456	(1,544)
Interest	1,000	187	(813)
Interest	1,500	3,339	1,839
Total revenues	34,000	52,965	18,965
EXPENDITURES			
Highways and streets			
Capital outlay	394,000	291,503	102,497
Total expenditures	394,000	291,503	102,497
NET CHANGE IN FUND BALANCE	(360,000)	(238,538)	121,462
FUND BALANCE, beginning of year	360,000	306,398	(53,602)
FUND BALANCE, end of year	\$ -	\$ 67,860	\$ 67,860

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, 2017

	Original and Final Budget	Actual	Variance
REVENUES			
System development fees	\$ 15,000	\$ 42,076	\$ 27,076
Special assessments			
Principal	2,000	1,291	(709)
Interest	400	168	(232)
Interest	750	2,694	1,944
Total revenues	18,150	46,229	28,079
EXPENDITURES			
Highways and streets			
Capital outlay	224,048	120,859	103,189
Total expenditures	224,048	120,859	103,189
NET CHANGE IN FUND BALANCE	(205,898)	(74,630)	131,268
FUND BALANCE, beginning of year	205,898	231,992	26,094
FUND BALANCE, end of year	\$ -	\$ 157,362	\$ 157,362

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, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes			
Property taxes - current year	\$ 352,887	\$ 391,138	\$ 38,251
Previously levied taxes	18,573	9,397	(9,176)
Interest	3,000	11,955	8,955
In lieu of tax	650	-	(650)
Other	500	-	(500)
	<u>375,610</u>	<u>412,490</u>	<u>36,880</u>
EXPENDITURES			
Highways and streets			
Capital outlay	1,613,272	460,671	1,152,601
	<u>1,613,272</u>	<u>460,671</u>	<u>1,152,601</u>
NET CHANGE IN FUND BALANCE	(1,237,662)	(48,181)	1,189,481
FUND BALANCE, beginning of year	<u>1,294,122</u>	<u>1,144,931</u>	<u>(149,191)</u>
FUND BALANCE, end of year	<u>\$ 56,460</u>	<u>\$ 1,096,750</u>	<u>\$ 1,040,290</u>

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

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

Sewer SDC Reimbursement Fund
Sewer SDC Improvement Fund

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

Water SDC Reimbursement Fund
Water SDC Improvement Fund

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

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City of Bandon
Sub-Combining Schedule of Net Position
Sewer Funds
June 30, 2017

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 413,429	\$ 163,644	\$ 200,386	\$ 777,459
Receivable				
Accounts	60,410	-	-	60,410
Special assessments	-	626	694	1,320
Restricted cash	12,460	-	-	12,460
Total current assets	486,299	164,270	201,080	851,649
Noncurrent assets				
Capital assets (net of accumulated depreciation)	4,663,487	-	-	4,663,487
Total assets	5,149,786	164,270	201,080	5,515,136
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - city pension	174,354	-	-	174,354
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,324,140	\$ 164,270	\$ 201,080	\$ 5,689,490
LIABILITIES				
Current liabilities				
Accounts payable	\$ 32,145	\$ -	\$ -	\$ 32,145
Accrued payroll benefits	6,665	-	-	6,665
Accrued interest payable	6,639	-	-	6,639
Customer deposits	12,460	-	-	12,460
Compensated absences payable	43,768	-	-	43,768
Current portion of long-term debt	57,889	-	-	57,889
Total current liabilities	159,566	-	-	159,566
Long-term liabilities				
Net pension liability	313,881	-	-	313,881
Long-term debt (net of current portion)	1,080,166	-	-	1,080,166
Total long-term liabilities	1,394,047	-	-	1,394,047
Total liabilities	1,553,613	-	-	1,553,613
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - city pension	31,311	-	-	31,311
NET POSITION				
Net investment in capital assets	3,525,432	-	-	3,525,432
Restricted for customer deposits	12,460	-	-	12,460
Restricted for capital projects	-	164,270	201,080	365,350
Unrestricted	201,324	-	-	201,324
Total net position	3,739,216	164,270	201,080	4,104,566
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 5,324,140	\$ 164,270	\$ 201,080	\$ 5,689,490

City of Bandon
Sub-Combining Schedule of Revenues, Expenses, and Changes in Net Position
Sewer Funds
For the Year Ended June 30, 2017

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Totals
OPERATING REVENUES				
Charges for services				
Sewer charges	\$ 792,140	\$ -	\$ -	\$ 792,140
Service charges, fees and permits	-	25,692	38,860	64,552
Other	20,874	-	-	20,874
	<u>813,014</u>	<u>25,692</u>	<u>38,860</u>	<u>877,566</u>
Total operating revenues				
OPERATING EXPENSES				
Administration	74,127	-	-	74,127
Cost of sales and services	709,842	1,380	-	711,222
Depreciation and amortization	211,057	-	-	211,057
	<u>995,026</u>	<u>1,380</u>	<u>-</u>	<u>996,406</u>
Total operating expenses				
OPERATING INCOME (LOSS)	<u>(182,012)</u>	<u>24,312</u>	<u>38,860</u>	<u>(118,840)</u>
NONOPERATING REVENUES (EXPENSES)				
Assessment interest	-	76	115	191
Interest income	5,005	1,597	1,889	8,491
Interest expense	(11,620)	-	-	(11,620)
	<u>(6,615)</u>	<u>1,673</u>	<u>2,004</u>	<u>(2,938)</u>
Total nonoperating revenues (expenses)				
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(188,627)</u>	<u>25,985</u>	<u>40,864</u>	<u>(121,778)</u>
CHANGE IN NET POSITION	(188,627)	25,985	40,864	(121,778)
NET POSITION, beginning of year	<u>3,927,843</u>	<u>138,285</u>	<u>160,216</u>	<u>4,226,344</u>
NET POSITION, end of year	<u>\$ 3,739,216</u>	<u>\$ 164,270</u>	<u>\$ 201,080</u>	<u>\$ 4,104,566</u>

City of Bandon
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, 2017

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
Charges for services					
Sewer charges	\$ 792,140	\$ -	\$ 792,140	\$ 783,000	\$ 9,140
Other	20,874	-	20,874	10,000	10,874
Total operating revenues	<u>813,014</u>	<u>-</u>	<u>813,014</u>	<u>793,000</u>	<u>20,014</u>
OPERATING EXPENSES					
Administration	74,127	3,558	70,569	81,634	11,065
Accounting and billing	18,241	1,252	16,989	54,052	37,063
Collection	53,640	(33,319)	86,959	212,350	125,391
Plant operations	590,433	17,871	572,562	566,713	(5,849)
Nondepartmental					
Materials and services	47,528	-	47,528	46,510	(1,018)
Depreciation	211,057	211,057	-	-	-
Total operating expenses	<u>995,026</u>	<u>200,419</u>	<u>794,607</u>	<u>961,259</u>	<u>166,652</u>
OPERATING INCOME (LOSS)	<u>(182,012)</u>	<u>(200,419)</u>	<u>18,407</u>	<u>(168,259)</u>	<u>(146,638)</u>
NONOPERATING REVENUES (EXPENSES)					
Debt service principal	-	57,315	(57,315)	(23,653)	(33,662) *
Debt service interest	(11,620)	334	(11,954)	(16,107)	4,153
Interest income	5,005	-	5,005	3,000	2,005
Total nonoperating revenues (expenses)	<u>(6,615)</u>	<u>57,649</u>	<u>(64,264)</u>	<u>(36,760)</u>	<u>(27,504)</u>
CHANGE IN NET POSITION	(188,627)	(142,770)	(45,857)	(205,019)	159,162
NET POSITION, beginning of year	<u>3,927,843</u>	<u>3,446,956</u>	<u>480,887</u>	<u>205,019</u>	<u>275,868</u>
NET POSITION, end of year	<u>\$ 3,739,216</u>	<u>\$ 3,304,186</u>	<u>\$ 435,030</u>	<u>\$ -</u>	<u>\$ 435,030</u>

* 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, 2017

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
System development fees	\$ 25,692	\$ -	\$ 25,692	\$ 7,000	\$ 18,692
Other	-	-	-	800	(800)
Total operating revenues	<u>25,692</u>	<u>-</u>	<u>25,692</u>	<u>7,800</u>	<u>17,892</u>
OPERATING EXPENSES					
Materials and services	1,380	-	1,380	15,000	13,620
Capital outlay	-	-	-	141,249	141,249
Total nonoperating revenues (expenses)	<u>1,380</u>	<u>-</u>	<u>1,380</u>	<u>156,249</u>	<u>154,869</u>
OPERATING INCOME (LOSS)	<u>24,312</u>	<u>-</u>	<u>24,312</u>	<u>(148,449)</u>	<u>172,761</u>
NONOPERATING REVENUES (EXPENSES)					
Assessment principal	-	-	-	2,000	(2,000)
Assessment interest	76	-	76	250	(174)
Interest income	1,597	-	1,597	500	1,097
Total nonoperating revenues (expenses)	<u>1,673</u>	<u>-</u>	<u>1,673</u>	<u>2,750</u>	<u>(1,077)</u>
CHANGE IN NET POSITION	25,985	-	25,985	(145,699)	171,684
NET POSITION, beginning of year	<u>138,285</u>	<u>-</u>	<u>138,285</u>	<u>145,699</u>	<u>(7,414)</u>
NET POSITION, end of year	<u>\$ 164,270</u>	<u>\$ -</u>	<u>\$ 164,270</u>	<u>\$ -</u>	<u>\$ 164,270</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, 2017

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
System development fees	\$ 38,860	\$ -	\$ 38,860	\$ 10,000	\$ 28,860
OPERATING EXPENSES					
Materials and services	-	-	-	15,000	15,000
Capital outlay	-	-	945	132,943	131,998
Total operating expenses	-	-	945	147,943	146,998
OPERATING INCOME (LOSS)	38,860	-	37,915	(137,943)	175,858
NONOPERATING REVENUES (EXPENSES)					
Assessment principal	-	-	1,889	1,300	589
Assessment interest	115	-	115	350	(235)
Interest income	1,889	-	932	500	432
Total nonoperating revenues (expenses)	2,004	-	2,936	2,150	786
CHANGE IN NET POSITION	40,864	-	40,851	(135,793)	176,644
NET POSITION, beginning of year	160,216	-	160,216	135,793	24,423
NET POSITION, end of year	\$ 201,080	\$ -	\$ 201,067	\$ -	\$ 201,067

City of Bandon
Sub-Combining Schedule of Net Position
Water Funds
June 30, 2017

	Water	Water SDC Reimbursement	Water SDC Improvement	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ (59,664)	\$ 91,082	\$ 1,037,034	\$ 1,068,452
Receivable				
Accounts	61,979	-	-	61,979
Special assessments	-	1,521	5,173	6,694
Restricted cash	7,510	-	-	7,510
Inventory	34,774	-	-	34,774
Total current assets	<u>44,599</u>	<u>92,603</u>	<u>1,042,207</u>	<u>1,179,409</u>
Noncurrent assets				
Restricted cash	24,771	-	-	24,771
Loans receivable	358,393	-	-	358,393
Capital assets (net of accumulated depreciation)	7,088,355	-	-	7,088,355
Total noncurrent assets	<u>7,471,519</u>	<u>-</u>	<u>-</u>	<u>7,471,519</u>
Total assets	<u>7,516,118</u>	<u>92,603</u>	<u>1,042,207</u>	<u>8,650,928</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - city pension	224,058	-	-	224,058
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 7,740,176</u>	<u>\$ 92,603</u>	<u>\$ 1,042,207</u>	<u>\$ 8,874,986</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 21,719	\$ -	-	\$ 21,719
Accrued payroll benefits	6,089	-	-	6,089
Compensated absences payable	23,713	-	-	23,713
Customer deposits	7,510	-	-	7,510
Interest payable	8,743	-	-	8,743
Current portion of long term debt	24,771	-	-	24,771
Total current liabilities	<u>92,545</u>	<u>-</u>	<u>-</u>	<u>92,545</u>
Long-term liabilities				
Net pension liability	423,965	-	-	423,965
Long term debt (net of current portion)	292,091	-	-	292,091
Total long-term liabilities	<u>716,056</u>	<u>-</u>	<u>-</u>	<u>716,056</u>
Total liabilities	<u>808,601</u>	<u>-</u>	<u>-</u>	<u>808,601</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - city pension	17,357	-	-	17,357
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES	<u>825,958</u>	<u>-</u>	<u>-</u>	<u>825,958</u>
NET POSITION				
Contributed capital	-	-	-	-
Net investment in capital assets	6,771,493	-	-	6,771,493
Restricted for debt service	24,771	-	-	24,771
Restricted for customer deposits	7,510	-	-	7,510
Restricted for capital projects	-	92,603	1,042,207	1,134,810
Unrestricted	110,444	-	-	110,444
Total net position	<u>6,914,218</u>	<u>92,603</u>	<u>1,042,207</u>	<u>8,049,028</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 7,740,176</u>	<u>\$ 92,603</u>	<u>\$ 1,042,207</u>	<u>\$ 8,874,986</u>

City of Bandon
Sub-Combining Schedule of Revenues, Expenses, and Changes in Net Position
Water Funds
For the Year Ended June 30, 2017

	Water	Water SDC Reimbursement	Water SDC Improvement	Totals
OPERATING REVENUES				
Charges for services				
Water sales	\$ 592,924	\$ -	\$ -	\$ 592,924
Service charges, fees, and permits	29,120	31,739	120,782	181,641
Miscellaneous, other	317	-	-	317
Total operating revenues	<u>622,361</u>	<u>31,739</u>	<u>120,782</u>	<u>774,882</u>
OPERATING EXPENSES				
Administration	61,316	-	-	61,316
Cost of sales and services	569,628	1,560	-	571,188
Depreciation	311,375	-	-	311,375
Total operating expenses	<u>942,319</u>	<u>1,560</u>	<u>-</u>	<u>943,879</u>
OPERATING INCOME (LOSS)	<u>(319,958)</u>	<u>30,179</u>	<u>120,782</u>	<u>(168,997)</u>
Nonoperating revenues (expenses)				
Interest income	59	973	10,701	11,733
Interest expense	(15,454)	-	-	(15,454)
Special assessment interest	17,653	157	600	18,410
Total nonoperating revenues (expenses)	<u>2,258</u>	<u>1,130</u>	<u>11,301</u>	<u>14,689</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(317,700)</u>	<u>31,309</u>	<u>132,083</u>	<u>(154,308)</u>
OTHER FINANCING SOURCES (USES)				
Capital assets donated (to) from other funds	228,867	-	-	228,867
Transfer (to) from other funds	111,575	(52,640)	(58,935)	-
Total other financing sources (uses)	<u>340,442</u>	<u>(52,640)</u>	<u>(58,935)</u>	<u>228,867</u>
CHANGE IN NET POSITION	22,742	(21,331)	73,148	74,559
NET POSITION, beginning of year	<u>6,891,476</u>	<u>113,934</u>	<u>969,059</u>	<u>7,974,469</u>
NET POSITION, end of year	<u>\$ 6,914,218</u>	<u>\$ 92,603</u>	<u>\$ 1,042,207</u>	<u>\$ 8,049,028</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, 2017

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
Charges for services					
Water sales	\$ 592,924	\$ -	\$ 592,924	\$ 768,520	\$ (175,596)
Service charges, fees and permits	29,120	-	29,120	9,000	20,120
Other	317	-	317	14,250	(13,933)
Total operating revenues	<u>622,361</u>	<u>-</u>	<u>622,361</u>	<u>791,770</u>	<u>(169,409)</u>
OPERATING EXPENSES					
Administration	61,316	3,558	57,758	51,239	(6,519)
Accounting and billing	18,676	2,026	16,650	41,790	25,140
Distribution	208,225	6,637	201,588	199,768	(1,820)
Plant operations	307,152	9,366	297,786	595,682	297,896
Non-departmental					
Materials and services	35,575	-	35,575	28,643	(6,932)
Depreciation	311,375	311,375	-	-	-
Total operating expenses	<u>942,319</u>	<u>332,962</u>	<u>609,357</u>	<u>917,122</u>	<u>307,765</u>
OPERATING INCOME (LOSS)	<u>(319,958)</u>	<u>(332,962)</u>	<u>13,004</u>	<u>(125,352)</u>	<u>138,356</u>
NONOPERATING REVENUES (EXPENSES)					
Special assessments					
Principal	-	(16,880)	16,880	14,600	2,280
Interest	17,653	-	17,653	18,400	(747)
Debt service:					
Principal	-	23,653	(23,653)	(22,584)	(1,069)
Interest	(15,454)	652	(16,106)	(17,175)	1,069
Interest income	59	-	59	250	(191)
Total nonoperating revenues (expenses)	<u>2,258</u>	<u>7,425</u>	<u>(5,167)</u>	<u>(6,509)</u>	<u>1,342</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(317,700)</u>	<u>(325,537)</u>	<u>7,837</u>	<u>(131,861)</u>	<u>139,698</u>
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	111,575	111,575	-	-	-
Equity donations from other funds	228,867	228,867	-	-	-
Total other financing sources and (uses)	<u>340,442</u>	<u>340,442</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>22,742</u>	<u>14,905</u>	<u>7,837</u>	<u>(131,861)</u>	<u>139,698</u>
NET POSITION, beginning of year	<u>6,891,476</u>	<u>6,709,754</u>	<u>177,004</u>	<u>131,861</u>	<u>45,143</u>
NET POSITION, end of year	<u>\$ 6,914,218</u>	<u>\$ 6,724,659</u>	<u>\$ 184,841</u>	<u>\$ -</u>	<u>\$ 184,841</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, 2017

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
System development fees	\$ 31,739	\$ -	\$ 31,739	\$ 10,000	\$ 21,739
Other	-	-	-	-	-
Total operating revenues	<u>31,739</u>	<u>-</u>	<u>31,739</u>	<u>10,000</u>	<u>21,739</u>
OPERATING EXPENSES					
Materials and services	1,560	-	1,560	15,000	13,440
Capital outlay	-	(52,640)	52,640	250,275	197,635
Total operating expenses	<u>1,560</u>	<u>(52,640)</u>	<u>54,200</u>	<u>265,275</u>	<u>211,075</u>
OPERATING INCOME (LOSS)	<u>30,179</u>	<u>52,640</u>	<u>(22,461)</u>	<u>(255,275)</u>	<u>232,814</u>
NONOPERATING REVENUES (EXPENSES)					
Assessment principal	-	-	-	300	(300)
Assessment interest	157	-	157	1,000	(843)
Interest income	973	-	973	1,000	(27)
Total nonoperating revenues (expenses)	<u>1,130</u>	<u>-</u>	<u>1,130</u>	<u>2,300</u>	<u>(1,170)</u>
INCOME (LOSS) BEFORE TRANSFERS TO OTHER FUNDS	<u>31,309</u>	<u>52,640</u>	<u>(21,331)</u>	<u>(252,975)</u>	<u>231,644</u>
OTHER FINANCING SOURCES (USES)					
Capital assets donated from (to) other funds	<u>(52,640)</u>	<u>(52,640)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(21,331)</u>	<u>-</u>	<u>(21,331)</u>	<u>(252,975)</u>	<u>231,644</u>
NET POSITION, beginning of year	<u>113,934</u>	<u>-</u>	<u>113,934</u>	<u>252,975</u>	<u>(139,041)</u>
NET POSITION, end of year	<u>\$ 92,603</u>	<u>\$ -</u>	<u>\$ 92,603</u>	<u>\$ -</u>	<u>\$ 92,603</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, 2017**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
System development fees	\$ 120,782	\$ -	\$ 120,782	\$ 50,000	\$ 70,782
OPERATING EXPENSES					
Materials and services	-	-	-	15,000	15,000
Capital outlay	-	(58,935)	58,935	254,200	195,265
Debt service - principal	-	-	-	500,000	500,000
Debt service - interest	-	-	-	200,000	200,000
Total operating expenses	-	(58,935)	58,935	969,200	910,265
OPERATING INCOME (LOSS)	120,782	58,935	61,847	(919,200)	981,047
NONOPERATING REVENUES (EXPENSES)					
Assessment principal	-	-	-	5,000	(5,000)
Assessment interest	600	-	600	2,000	(1,400)
Interest income	10,701	-	10,701	1,200	9,501
Total nonoperating revenues (expenses)	11,301	-	11,301	8,200	3,101
INCOME (LOSS) BEFORE TRANSFERS TO OTHER FUNDS	132,083	58,935	73,148	(911,000)	984,148
OTHER FINANCING SOURCES (USES)					
Capital assets donated from (to) other funds	(58,935)	(58,935)	-	-	-
CHANGE IN NET POSITION	73,148	-	73,148	(911,000)	984,148
FUND BALANCE, beginning of year	969,059	-	969,059	911,000	58,059
NET POSITION, end of year	<u>\$ 1,042,207</u>	<u>\$ -</u>	<u>\$ 1,042,207</u>	<u>\$ -</u>	<u>\$ 1,042,207</u>

City of Bandon
Schedule of Net Position
Electric Funds
June 30, 2017

ASSETS	
Current assets	
Cash and cash equivalents	\$ 984,125
Receivable	
Accounts	403,114
Restricted cash	81,010
Inventory	<u>374,024</u>
Total current assets	<u>1,842,273</u>
Noncurrent assets	
Loans receivable	7,606
Capital assets (net of accumulated depreciation)	<u>8,553,297</u>
Total noncurrent assets	<u>8,560,903</u>
Total assets	<u>10,403,176</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow - city pension	<u>827,369</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 11,230,545</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 216,552
Accrued payroll benefits	26,196
Compensated absences payable	96,483
Customer deposits	<u>81,010</u>
Total current liabilities	<u>420,241</u>
Long-term liabilities	
Net pension liability	<u>1,594,132</u>
Total liabilities	<u>2,014,373</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow - city pension	<u>134,949</u>
NET POSITION	
Net investment in capital assets	8,553,297
Restricted for customer deposits	81,010
Unrestricted	<u>446,916</u>
TOTAL NET POSITION	<u>9,081,223</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 11,230,545</u></u>

City of Bandon
Schedule of Revenues, Expenses, and Changes in Net Position
Electric Fund
For the Year Ended June 30, 2017

OPERATING REVENUES	
Charges for services	
Electricity sales	\$ 5,643,836
BPA conservation	33,429
Service charges, fees, and permits	88,912
Other	7,226
	<hr/>
Total operating revenues	5,773,403
	<hr/>
OPERATING EXPENSES	
Administration	437,346
Cost of sales and services	5,197,297
Energy assistance payments	19,939
Depreciation	571,073
	<hr/>
Total operating expenses	6,225,655
	<hr/>
OPERATING INCOME (LOSS)	(452,252)
NONOPERATING REVENUES (EXPENSES)	
Interest income	11,570
	<hr/>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(440,682)
OTHER FINANCING SOURCES (USES)	
Transfers (to) from other funds	(25,000)
	<hr/>
CHANGE IN NET POSITION	(465,682)
NET POSITION, beginning of year	9,546,905
	<hr/>
NET POSITION, end of year	\$ 9,081,223
	<hr/> <hr/>

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, 2017

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
Electricity sales	\$ 5,631,948	\$ -	\$ 5,631,948	\$ 5,145,000	\$ 486,948
Low income assistance	11,030	-	11,030	10,000	1,030
Vol Low Inc Roundup Donation	858	-	858	1,100	(242)
BPA conservation	33,429	-	33,429	75,000	(41,571)
Services charges, fees, and permits	88,912	-	88,912	115,350	(26,438)
Reimbursements	250	-	250	10,000	(9,750)
Other	6,976	-	6,976	5,000	1,976
Total operating revenues	<u>5,773,403</u>	<u>-</u>	<u>5,773,403</u>	<u>5,361,450</u>	<u>411,953</u>
OPERATING EXPENSES					
Administration	437,346	17,002	420,344	328,839	(91,505)
Accounting and billing	364,802	17,466	347,336	371,047	23,711
Source of supply	2,809,376	113,518	2,695,858	2,734,427	38,569
Conservation	51,940	1,442	50,498	117,425	66,927
Distribution	1,653,201	71,169	1,582,032	2,613,121	1,031,089
Nondepartmental					
Materials and services	337,917	-	337,917	294,000	(43,917)
Debt service - interest	-	-	-	8,098	8,098
Depreciation and amortization	571,073	571,073	-	-	-
Total operating expenses	<u>6,225,655</u>	<u>791,670</u>	<u>5,433,985</u>	<u>6,466,957</u>	<u>1,032,972</u>
OPERATING INCOME (LOSS)	<u>(452,252)</u>	<u>791,670</u>	<u>339,418</u>	<u>(1,105,507)</u>	<u>1,444,925</u>
NONOPERATING REVENUES (EXPENSES)					
Conservation interest	440	-	440	-	440
Conservation principal	-	(2,605)	2,605	-	2,605
Interest income	11,130	-	11,130	-	11,130
Total nonoperating resources (expenses)	<u>11,570</u>	<u>(2,605)</u>	<u>14,175</u>	<u>-</u>	<u>14,175</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(440,682)</u>	<u>789,065</u>	<u>353,593</u>	<u>(1,105,507)</u>	<u>1,459,100</u>
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(25,000)	-	(25,000)	(25,000)	-
CHANGE IN NET POSITION	<u>(465,682)</u>	<u>789,065</u>	<u>328,593</u>	<u>(1,130,507)</u>	<u>1,459,100</u>
NET POSITION, beginning of year	<u>9,546,905</u>	<u>10,689,929</u>	<u>632,769</u>	<u>1,130,507</u>	<u>(497,738)</u>
NET POSITION, end of year	<u>\$ 9,081,223</u>	<u>\$ 11,478,994</u>	<u>\$ 961,362</u>	<u>\$ -</u>	<u>\$ 961,362</u>

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Accompanying Information

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October 4, 2018

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Bandon (the City) as of and for the year ended June 30, 2017, and have issued our report thereon dated October 4, 2018. 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:

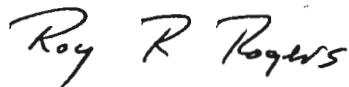
1. Expenditures of all the various funds were within authorized appropriations, except as noted on page 18.

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 October 4, 2018.

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.



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



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October 4, 2018

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 (the City) as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 4, 2018.

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.

CITY OF BANDON

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2017

FINANCIAL STATEMENT FINDINGS

2017-FS-1

CONDITION: We found during our testing of bank reconciliations that there was no indication of when bank reconciliations were prepared or reviewed, while adjusting journal entries showed no evidence of being reviewed and approved by someone other than the preparer.

CRITERIA: Proper controls should be in place and monitored to ensure bank reconciliations are being prepared and reviewed in a timely manner and to ensure adjusting journal entries are reviewed and approved by someone other than the preparer.

EFFECT: Without controls or procedures in place to ensure bank reconciliations are prepared and reviewed in a timely manner and adjusting journal entries are reviewed and approved by a secondary individual, there exists the likelihood of material misstatement in the financial statements or misappropriation of assets.

CAUSE: There were no adequate resources allocated to ensure that a secondary individual reviews and approves all adjusting journal entries.

RECOMMENDATION: We recommend that a timely and independent review take place for both Adjusting Journal entries and Bank Reconciliations, and that this review be documented with a signature and date of review to increase internal control.

RESPONSE: Going forward, and in response to the identified finding, the City of Bandon will follow the procedures listed below:

Bank reconciliations shall be completed monthly by a member of the City finance staff and reviewed, approved & signed-off by the Administrative Services Manager, Recorder/Assistant Administrative Services Manager or the City Manager. In all cases, review, approval and sign off must be completed by a secondary individual who is independent of the preparation process.

All adjusting journal entries shall be reviewed, approved and signed-off by the Administrative Services Manager, Recorder/Assistant Administrative Services Manager or the City Manager. In all cases, review, approval and sign off must be completed by a secondary individual who is independent of the preparation process.

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