

City of Bandon

CITY COUNCIL AGENDA DOCUMENTATION	DATE: December 2, 2019
SUBJECT: Accepting the City's Financial Audie for FY 2017-18	ITEM NO: 5.1.6

BACKGROUND:

The Accounting Firm of Pauly, Rogers and Co., P.C have completed the City of Bandon's Financial Audit for Fiscal Year 2017-18, 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.

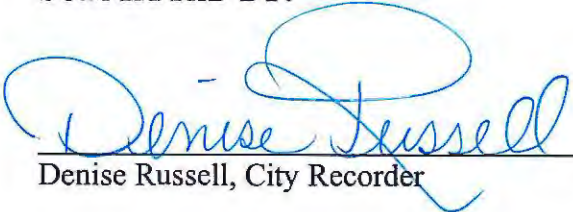
FISCAL IMPACT:

Not Applicable

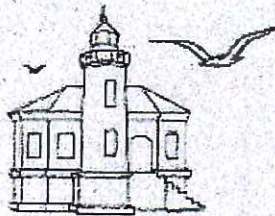
RECOMMENDATION:

Motion to accept the City of Bandon's Annual Financial and Independent Auditor's Reprot for Fiscal Year 2017-18, as prepared by Pauly, Rogers and Co., P.C.

SUBMITTED BY:



Denise Russell, City Recorder



ANNUAL FINANCIAL REPORT

**CITY OF BANDON
COOS COUNTY, OREGON**

FOR THE YEAR ENDED JUNE 30, 2018

DEPARTMENT OF FINANCE
IS RESPONSIBLE FOR THE PREPARATION
OF THE ANNUAL FINANCIAL REPORT

CORRECTED

City of Bandon
Annual Financial Report
For the Year Ended June 30, 2018
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CITY OF BANDON

CITY OFFICIALS

June 30, 2018

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

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Basic Financial Statements

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City of Bandon
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,811,862	\$ 2,775,823	\$ 8,587,685
Receivables			
Accounts	168,932	505,766	674,698
Property taxes	124,114	-	124,114
Loans	56,154	340,961	397,115
Special assessments	373,461	16,932	390,393
Inventories	-	511,165	511,165
Restricted cash	-	116,907	116,907
Capital assets			
Land	1,455,218	1,073,922	2,529,140
Construction in process	233,793	72,839	306,632
Depreciable capital assets	77,381,885	40,152,768	117,534,653
Less accumulated depreciation	(61,362,934)	(21,565,397)	(82,928,331)
Total assets	<u>24,242,485</u>	<u>24,001,686</u>	<u>48,244,171</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - city pension	473,596	748,796	1,222,392
Total assets and deferred outflows of resources	<u>24,716,081</u>	<u>24,750,482</u>	<u>49,466,563</u>
LIABILITIES			
Accounts payable	222,700	324,816	547,516
Accrued payroll and benefits	30,904	32,111	63,015
Customer deposits	7,694	90,964	98,658
Accrued interest payable	119,499	14,360	133,859
Compensated absences payable	136,984	143,378	280,362
Non-current liabilities			
Amount due within one year	303,877	84,410	388,287
Amount due after one year	5,586,331	1,287,847	6,874,178
Bond premium amount amortized within one year	177	-	177
Bond premium amount amortized after one year	2,308	-	2,308
Net pension liability	1,244,258	1,989,896	3,234,154
Total liabilities	<u>7,654,732</u>	<u>3,967,782</u>	<u>11,622,514</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow - deferred charge on refunding	115,088	-	115,088
Deferred inflow - city pension	199,743	187,272	387,015
Total deferred inflows	<u>314,831</u>	<u>187,272</u>	<u>502,103</u>
NET POSITION			
Net investment in capital assets	11,810,060	18,361,875	30,171,935
Restricted for			
Debt service	579,955	25,943	605,898
Capital projects	2,210,874	1,739,566	3,950,440
Streets	783,849	-	783,849
Customer deposits	-	84,581	84,581
Unrestricted	1,361,780	383,463	1,745,243
TOTAL NET POSITION	<u>\$ 16,746,518</u>	<u>\$ 20,595,428</u>	<u>\$ 37,341,946</u>

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

**City of Bandon
Statement of Activities
For the Year Ended June 30, 2018**

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	\$ 1,159,975	\$ 432,388	\$ 302,400	\$ -	\$ (425,187)	\$ -	\$ (425,187)
Public safety	1,092,464	32,229	24,314	-	(1,035,921)	-	(1,035,921)
Highways and streets	371,527	121,324	-	-	(250,203)	-	(250,203)
Economic development	132,790	-	-	-	(132,790)	-	(132,790)
Culture and recreation	844,410	92,254	361,016	-	(391,140)	-	(391,140)
Interest on long-term debt	299,189	-	-	-	(299,189)	-	(299,189)
Total governmental activities	3,900,355	678,195	687,730	-	(2,534,430)	-	(2,534,430)
BUSINESS-TYPE ACTIVITIES							
Sewer	1,187,376	850,722	-	-	-	(336,654)	(336,654)
Water	1,029,763	972,872	-	-	-	(56,891)	(56,891)
Electric	6,367,958	6,052,812	-	-	-	(315,146)	(315,146)
Total business-type activities	8,585,097	7,876,406	-	-	-	(708,691)	(708,691)
TOTAL GOVERNMENT	\$ 12,485,452	\$ 8,554,601	\$ 687,730	\$ -	(2,534,430)	(708,691)	(3,243,121)
GENERAL REVENUES							
Taxes							
Property taxes					1,317,963	-	1,317,963
Other taxes and assessments					1,183,155	-	1,183,155
Contributions in lieu of taxes					494,312	-	494,312
Franchise fees					80,664	-	80,664
Interest and investment earnings					90,310	94,302	184,612
Total general revenues					3,166,404	94,302	3,260,706
OTHER REVENUES (EXPENDITURES)							
Transfers					25,000	(25,000)	-
CHANGE IN NET POSITION					656,974	(639,389)	17,585
NET POSITION, beginning of year					16,089,544	21,234,817	37,324,361
NET POSITION, end of year					\$ 16,746,518	\$ 20,595,428	\$ 37,341,946

City of Bandon
Balance Sheet – Government Funds
June 30, 2018

	General	Capital projects	Debt service		Other	Total
		Urban Renewal District No. 1	General Obligation Bond	12th Court LID	Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 622,831	\$ 791,822	\$ 306,733	\$ 215,928	\$ 3,874,548	\$ 5,811,862
Receivables						
Property taxes	19,626	29,696	21,012	-	53,780	124,114
Accounts	146,510	-	3,157	-	19,265	168,932
Special assessments	-	-	-	365,663	7,798	373,461
Loans	-	8,906	-	-	47,248	56,154
Interfund loans receivable	-	-	-	-	24,188	24,188
Total assets	<u>\$ 788,967</u>	<u>\$ 830,424</u>	<u>\$ 330,902</u>	<u>\$ 581,591</u>	<u>\$ 4,026,827</u>	<u>\$ 6,558,711</u>
LIABILITIES						
Accounts payable	\$ 79,095	\$ 28,700	\$ -	\$ -	\$ 114,905	\$ 222,700
Accrued payroll benefits	20,897	-	-	-	10,007	30,904
Customer deposits	6,444	1,250	-	-	-	7,694
Interfund loans payable	-	-	-	-	24,188	24,188
Total liabilities	<u>106,436</u>	<u>29,950</u>	<u>-</u>	<u>-</u>	<u>149,100</u>	<u>285,486</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues						
Property taxes	19,626	29,696	21,012	-	53,780	124,114
Assessments	-	-	-	365,663	7,797	373,460
Loan	-	8,906	-	-	47,248	56,154
Total deferred inflows of resources	<u>19,626</u>	<u>38,602</u>	<u>21,012</u>	<u>365,663</u>	<u>108,825</u>	<u>553,728</u>
FUND BALANCES						
Restricted for debt service	-	-	309,890	215,928	54,137	579,955
Restricted for capital projects	-	-	-	-	2,210,874	2,210,874
Restricted special projects - streets	-	-	-	-	783,849	783,849
Committed for capital projects	-	761,872	-	-	669,434	1,431,306
Committed for special projects	-	-	-	-	85,232	85,232
Unassigned	662,905	-	-	-	(34,624)	628,281
Total fund balances	<u>662,905</u>	<u>761,872</u>	<u>309,890</u>	<u>215,928</u>	<u>3,768,902</u>	<u>5,719,497</u>
TOTAL LIABILITIES, DEFERRED INFLOWS						
INFLOWS OF RESOURCES AND						
FUND BALANCE	<u>\$ 788,967</u>	<u>\$ 830,424</u>	<u>\$ 330,902</u>	<u>\$ 581,591</u>	<u>\$ 4,026,827</u>	<u>\$ 6,558,711</u>

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

City of Bandon
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2018

TOTAL FUND BALANCES – governmental funds \$ 5,719,497

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 (1,244,258)

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 273,853

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	233,793	
Depreciable assets	77,381,885	
Accumulated depreciation	<u>(61,362,934)</u>	
		17,707,962

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	124,114	
Loans receivable	56,154	
Special assessments	<u>373,460</u>	
		553,728

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	(4,799,314)	
Loans payable	(604,899)	
Special assessment debt payable	(488,480)	
Deferred gain on refunding	(115,088)	
Accrued interest payable on bonds and notes	(119,499)	
Compensated absences	<u>(136,984)</u>	
		<u>(6,264,264)</u>

NET POSITION - governmental activities \$ 16,746,518

City of Bandon
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

	General	Capital projects Urban Renewal District No. 1	General Obligation Bond Debt Service	12th Court LID Debt Service	Other Governmental Funds	Total
REVENUES						
Taxes	\$ 1,403,566	\$ 315,283	\$ 217,485	\$ -	\$ 769,061	\$ 2,705,395
Licenses and permits	47,889	-	-	-	-	47,889
Intergovernmental	102,813	-	-	-	350,840	453,653
System development charges	-	-	-	-	110,908	110,908
Payments in lieu of taxes	437,770	18,433	12,486	-	25,620	494,309
Fines and police income	32,229	-	-	-	-	32,229
Special assessments	-	-	-	3,163	7,255	10,418
Interest	6,823	11,782	4,914	8,441	58,351	90,311
Reimbursements	364,539	-	-	-	-	364,539
Other	109,310	-	36,076	-	74,231	219,617
Total revenues	2,504,939	345,498	270,961	11,604	1,396,266	4,529,268
EXPENDITURES						
Current						
General government	682,568	8,519	-	-	1,685	692,772
Public safety	1,072,203	-	-	-	31,198	1,103,401
Highways and streets	121,413	-	-	-	213,525	334,938
Economic development	108,737	-	-	-	32,983	141,720
Culture and recreation	268,605	-	-	-	467,621	736,226
Capital outlay	-	5,209	-	-	264,570	269,779
Debt service						
Principal retirement	-	603,945	745,275	25,819	12,685	1,387,724
Interest	-	106,295	149,378	16,790	3,859	276,322
Total expenditures	\$ 2,253,526	\$ 723,968	\$ 894,653	\$ 42,609	\$ 1,028,126	\$ 4,942,882

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

City of Bandon
Statement of Revenues, Expenditures, and Changes in Fund Balances Continued
For the Year Ended June 30, 2018

	General	Capital projects Urban Renewal District No. 1	General Obligation Bond Debt Service	12th Court LID Debt Service	Other Governmental Funds	Total
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 251,413	\$ (378,470)	\$ (623,692)	\$ (31,005)	\$ 368,140	\$ (413,614)
OTHER FINANCING SOURCES (USES)						
Transfer in (out)	(226,298)	-	-	-	251,298	25,000
Issuance of debt refunding	-	484,257	627,401	-	-	1,111,658
Loan repayments	-	-	-	-	34,217	34,217
Loan Interest	-	-	-	-	2,525	2,525
Total other financing sources (uses)	(226,298)	484,257	627,401	-	288,040	1,173,400
NET CHANGE IN FUND BALANCE	25,115	105,787	3,709	(31,005)	656,180	759,786
FUND BALANCES, beginning of year	637,790	656,085	306,181	246,933	3,112,722	4,959,711
FUND BALANCES, end of year	\$ 662,905	\$ 761,872	\$ 309,890	\$ 215,928	\$ 3,768,902	\$ 5,719,497

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, 2018

TOTAL NET CHANGE IN FUND BALANCES - governmental funds \$ 759,786

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. (100,962)

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	893	
Loans receivable	(39,464)	
Special assessments	2,166	
		(36,405)

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 and capital contributions	573,928	
Depreciation	(825,582)	
		(251,654)

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

Bond proceeds	(1,111,658)	
Change in interest payable	8,634	
Changes in compensated absences payable	(6,454)	
Principal payments on long-term debt	1,395,687	
		286,209

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 656,974

City of Bandon
Statement of Net Position
Enterprise Funds
June 30, 2018

	Sewer	Water	Electric	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 560,622	\$ 1,096,794	\$ 1,118,407	\$ 2,775,823
Receivable				
Accounts	61,713	63,635	380,418	505,766
Special assessments	2,832	14,100	-	16,932
Restricted cash	11,407	6,383	73,174	90,964
Inventory	-	41,314	469,851	511,165
Total current assets	636,574	1,222,226	2,041,850	3,900,650
NONCURRENT ASSETS				
Notes receivable	-	340,961	-	340,961
Restricted cash	-	25,943	-	25,943
Capital assets (net of accumulated depreciation)	4,512,821	7,081,691	8,139,619	19,734,131
Total noncurrent assets	4,512,821	7,448,595	8,139,619	20,101,035
Total assets	5,149,395	8,670,821	10,181,469	24,001,685
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - city pension	96,419	150,464	501,913	748,796
LIABILITIES				
Current liabilities				
Accounts payable	21,800	51,209	251,806	324,815
Accrued payroll benefits	6,312	5,273	20,526	32,111
Compensated absences payable	45,971	21,345	76,062	143,378
Customer deposits	11,407	6,383	73,174	90,964
Accrued interest payable	6,301	8,059	-	14,360
Current portion of long-term debt	58,467	25,943	-	84,410
Total current liabilities	150,258	118,212	421,568	690,038
LONG-TERM LIABILITIES				
Net pension liability	257,989	371,184	1,360,723	1,989,896
Long-term debt (net of current portion)	1,021,699	266,148	-	1,287,847
Total liabilities	1,429,946	755,544	1,782,291	3,967,781
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - city pension	31,909	17,919	137,444	187,272
NET POSITION				
Net investment in capital assets	3,432,655	6,789,600	8,139,619	18,361,874
Restricted for debt service	-	25,943	-	25,943
Restricted for capital projects	424,351	1,315,215	-	1,739,566
Restricted for customer deposits	11,407	-	73,174	84,581
Unrestricted	(84,454)	(82,936)	550,854	383,464
TOTAL NET POSITION	\$ 3,783,959	\$ 8,047,822	\$ 8,763,647	\$ 20,595,428

City of Bandon
Statement of Revenues, Expenses, and Changes in Net Position
Enterprise Funds
For the Year Ended June 30, 2018

	Sewer	Water	Electric	Total
OPERATING REVENUES				
Charges for services				
Sewer charges	\$ 798,511	\$ -	\$ -	\$ 798,511
Water sales	-	791,010	-	791,010
Electricity sales	-	-	5,630,919	5,630,919
BPA Conservation	-	-	207,175	207,175
Service charges, fees and permits	49,283	179,914	191,354	420,551
Other	2,928	1,948	23,364	28,240
Total operating revenues	<u>850,722</u>	<u>972,872</u>	<u>6,052,812</u>	<u>7,876,406</u>
OPERATING EXPENSES				
Administration	97,111	77,905	372,779	547,795
Cost of sales and services	746,050	617,721	5,400,261	6,764,032
Repairs and maintenance	116,263	-	-	116,263
Energy assistance payments	-	-	21,265	21,265
Depreciation and amortization	216,910	319,833	573,653	1,110,396
Total operating expenses	<u>1,176,334</u>	<u>1,015,459</u>	<u>6,367,958</u>	<u>8,559,751</u>
OPERATING INCOME (LOSS)	<u>(325,612)</u>	<u>(42,587)</u>	<u>(315,146)</u>	<u>(683,345)</u>
NONOPERATING REVENUES (EXPENSE)				
Interest income	16,047	55,685	22,570	94,302
Interest expense	(11,042)	(14,304)	-	(25,346)
Total nonoperating revenues (expenses)	<u>5,005</u>	<u>41,381</u>	<u>22,570</u>	<u>68,956</u>
INCOME BEFORE OPERATING TRANSFERS	<u>(320,607)</u>	<u>(1,206)</u>	<u>(292,576)</u>	<u>(614,389)</u>
OTHER FINANCING SOURCES (USES)				
Transfer (to) from other funds	-	-	(25,000)	(25,000)
CHANGE IN NET POSITION	<u>(320,607)</u>	<u>(1,206)</u>	<u>(317,576)</u>	<u>(639,389)</u>
NET POSITION, beginning of year	<u>4,104,566</u>	<u>8,049,028</u>	<u>9,081,223</u>	<u>21,234,817</u>
NET POSITION, end of year	<u>\$ 3,783,959</u>	<u>\$ 8,047,822</u>	<u>\$ 8,763,647</u>	<u>\$ 20,595,428</u>

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

City of Bandon
Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2018

	Sewer	Water	Electric	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 847,907	\$ 963,810	\$ 6,075,508	\$ 7,887,225
Cash paid to employees	(387,255)	(362,682)	(1,433,792)	(2,183,729)
Cash paid to suppliers	(602,109)	(291,803)	(4,352,635)	(5,246,547)
Net cash provided by operating activities	<u>(141,457)</u>	<u>309,325</u>	<u>289,081</u>	<u>456,949</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Customer deposits	(1,053)	(1,128)	(7,834)	(10,015)
Interfund transfers (net)	-	-	(25,000)	(25,000)
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,053)</u>	<u>(1,128)</u>	<u>(32,834)</u>	<u>(35,015)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments	(13,803)	(24,771)	-	(38,574)
Interest paid	(11,380)	(14,988)	-	(26,368)
Acquisition of capital assets	(66,244)	(313,168)	(159,977)	(539,389)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(91,427)</u>	<u>(352,927)</u>	<u>(159,977)</u>	<u>(604,331)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	13,470	55,685	22,570	91,725
Principal payments on notes receivable	2,577	17,432	7,606	27,615
Net cash received from investing activities	<u>16,047</u>	<u>73,117</u>	<u>30,176</u>	<u>119,340</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(217,890)</u>	<u>28,387</u>	<u>126,446</u>	<u>(63,057)</u>
CASH AND CASH EQUIVALENTS, at beginning 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>
CASH AND CASH EQUIVALENTS, at end of year (including restricted cash of \$116,907)	<u>\$ 572,029</u>	<u>\$ 1,129,120</u>	<u>\$ 1,191,581</u>	<u>\$ 2,892,730</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO				
Operating income (loss)	\$ (325,612)	\$ (42,587)	\$ (315,146)	\$ (683,345)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	216,910	319,833	573,653	1,110,396
Change in assets and liabilities				
Accounts receivable	1,303	(1,656)	22,696	22,343
Inventory	-	(6,540)	(95,827)	(102,367)
Special assessments receivable	1,512	(7,406)	-	(5,894)
Pension liability	55,892	(52,781)	(233,409)	(230,298)
Deferred outflow	(77,935)	73,594	325,456	321,115
Accounts payable	(10,345)	29,490	35,254	54,399
Accrued payroll and benefits	(353)	(816)	(5,670)	(6,839)
Compensated absences	(2,203)	(2,368)	(20,421)	(24,992)
Customer deposits	(1,224)	-	-	(1,224)
Deferred inflow	598	562	2,495	3,655
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (141,457)</u>	<u>\$ 309,325</u>	<u>\$ 289,081</u>	<u>\$ 456,949</u>

Notes to the Basic Financial Statements

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

July 23, 2019

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, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the blended component units, each major fund, and the aggregate remaining fund information of the City of Bandon as of June 30, 2018, 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.

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

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated July 23, 2019 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 July 23, 2019, 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, 2018

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, 2018. 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, \$1.74 million was reported as "unrestricted net position." Unrestricted net position represents the amount available to be used to meet the City's ongoing obligations to citizens and creditors. The City's governmental funds reported combined ending fund balances of \$5.72 million, of which \$628 thousand was unassigned. During the current fiscal year, the City's Net Position increased by \$18 thousand and total debt decreased by \$482 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, 2018

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City maintains twenty-three individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the major funds and an aggregate total for all other non-major governmental funds. The City's major governmental funds are the general fund, the urban renewal district No. 1, the 12th Court LID debt service fund, and general obligation 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, 2018

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Bandon, total net position (total assets less total liabilities) were \$37.3 million as of June 30, 2018. A portion of the City's net position (\$30.2 million or 81%) 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, 1.6% is restricted for debt service, 10.6% is restricted for capital projects, 2% is restricted for streets, and the rest 4.9% is unrestricted.

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

City of Bandon, Oregon

June 30, 2018

City of Bandon Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 6,534,523	\$ 6,000,260	\$ 4,267,554	\$ 4,264,101	\$ 10,802,077	\$ 10,264,361
Capital assets	\$ 17,707,962	\$ 17,959,616	\$ 19,734,132	\$ 20,305,139	\$ 37,442,094	\$ 38,264,755
Total assets	\$ 24,242,485	\$ 23,959,876	\$ 24,001,686	\$ 24,569,240	\$ 48,244,171	\$ 48,529,116
Total deferred outflows of resources	\$ 473,596	\$ 821,148	\$ 748,796	\$ 1,225,781	\$ 1,222,392	\$ 2,046,929
Long-term liabilities outstanding	\$ 7,136,951	\$ 7,785,326	\$ 3,362,153	\$ 3,786,895	\$ 10,499,104	\$ 11,572,221
Other liabilities	\$ 517,781	\$ 709,076	\$ 605,629	\$ 589,692	\$ 1,123,410	\$ 1,298,768
Total liabilities	\$ 7,654,732	\$ 8,494,402	\$ 3,967,782	\$ 4,376,587	\$ 11,622,514	\$ 12,870,989
Total deferred inflows of resources	\$ 314,831	\$ 197,078	\$ 187,272	\$ 183,617	\$ 502,103	\$ 380,695
NET POSITION						
Net investment in capital assets	\$ 11,810,060	\$ 11,670,465	\$ 18,361,875	\$ 18,850,222	\$ 30,171,935	\$ 30,520,687
Restricted	\$ 3,574,678	\$ 3,196,284	\$ 1,850,090	\$ 1,618,401	\$ 5,424,768	\$ 4,814,685
Unrestricted	\$ 1,361,780	\$ 1,222,795	\$ 383,463	\$ 766,194	\$ 1,745,243	\$ 1,988,989
Total net position	\$ 16,746,518	\$ 16,089,544	\$ 20,595,428	\$ 21,234,817	\$ 37,341,946	\$ 37,324,361

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, 2018

City of Bandon's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program revenues						
Charges for services and contracts	678,195	324,757	7,876,406	7,425,851	8,554,601	7,750,608
Operating grants and contributions	687,730	456,138	-	-	687,730	456,138
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Taxes	2,501,118	2,462,027	-	-	2,501,118	2,462,027
Contributions in lieu of taxes	494,312	429,178	-	-	494,312	429,178
Franchise fees	80,664	76,003	-	-	80,664	76,003
Loss on Disposal	-	(115,116)	-	-	-	(115,116)
Miscellaneous revenue	-	-	-	228,867	-	228,867
Unrestricted investment earnings	90,310	62,995	94,302	50,395	184,612	113,390
Total Revenues	4,532,329	3,695,982	7,970,708	7,705,113	12,503,037	11,401,095
EXPENSES						
General government	1,159,975	1,411,701	-	-	1,159,975	1,411,701
Public safety	1,092,464	965,608	-	-	1,092,464	965,608
Highways and streets	371,527	274,240	-	-	371,527	274,240
Economic development	132,790	88,443	-	-	132,790	88,443
Culture and recreation	844,410	651,156	-	-	844,410	651,156
Interest on long-term debt	299,189	227,005	-	-	299,189	227,005
Water utility	-	-	1,187,376	1,008,026	1,187,376	1,008,026
Sewer utility	-	-	1,029,763	959,333	1,029,763	959,333
Electric utility	-	-	6,367,958	6,225,655	6,367,958	6,225,655
Total Expenses	3,900,355	3,618,153	8,585,097	8,193,014	12,485,452	11,811,167
Transfers/equity donations	25,000	25,000	(25,000)	(25,000)	-	-
Net change in fund balance	656,974	102,829	(639,389)	(512,901)	17,585	(410,072)
Net position, July 1	16,089,544	15,986,715	21,234,817	21,747,718	37,324,361	37,734,433
Net position, June 30	16,746,518	16,089,544	20,595,428	21,234,817	37,341,946	37,324,361

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 \$657 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 \$639 thousand due primarily to increasing operating expenditures in all three utilities.

City of Bandon, Oregon

June 30, 2018

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, 2018, total fund balance for the general fund equaled \$663 thousand, which was all unassigned. Unassigned fund balance is the amount considered available to spend. At June 30, 2017, the fund balance of the City's general fund was \$638 thousand. The reason for the increase is due primarily to lower material expenses.

City of Bandon, Oregon

June 30, 2018

City of Bandon's General Fund

	Fiscal Year		Increase
	2018	2017	(decrease)
REVENUES			
Taxes & in-lieu of taxes	1,841,336	1,675,424	165,912
License and permits	47,889	32,557	15,332
Intergovernmental	102,813	51,523	51,290
Fines and police income	32,229	26,001	6,228
Reimbursements	364,539	327,740	36,799
Interest	6,823	2,713	4,110
Other	109,310	101,713	7,597
Total Revenues	<u>2,504,939</u>	<u>2,217,671</u>	<u>287,268</u>
EXPENDITURES			
General Government	791,305	648,076	143,229
Public Safety	1,072,203	1,051,184	21,019
Highways and streets	121,413	59,109	62,304
Economic development	-	108,737	(108,737)
Culture and recreation	268,605	246,349	22,256
Capital Outlay	-	24,735	(24,735)
Total Expenditures	<u>2,253,526</u>	<u>2,138,190</u>	<u>115,336</u>
Other financing sources (uses)	(226,298)	(100,428)	(125,870)
Net increase (decrease) in fund balance	<u>25,115</u>	<u>(20,947)</u>	<u>46,062</u>
Fund Balance, beginning of year	<u>637,790</u>		
Fund Balance, end of year	<u>662,905</u>		

The urban renewal district No. 1, general obligation bond debt service fund, and 12th court local improvement districts debt service fund are the other major governmental funds. During the fiscal year 2018 the urban renewal district No. 1 fund had a increase in its fund balance of \$106 thousand. The fund balance of the general obligation bond debt service fund was increased by \$4 thousand. The 12th court local improvement district debt service fund balance decreased by \$31 thousand during the year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The sewer fund, water fund, and electric fund are the major proprietary funds. For fiscal year end 2018 the water, sewer and electric enterprises saw a decrease in net position, due primarily to the increased cost of doing business. The sewer fund reported a \$320 thousand decrease, the water fund reported a \$1 thousand decrease and the electric fund reported a \$318 thousand decrease. These changes indicate that revenues were not sufficient to cover expenses in this fund for fiscal year ended June 30, 2018, which has become a reoccurring problem for the City's three utility enterprises.

General Fund Budget. Actual revenues for the year were greater than budgeted and expenditures for the year were less than budgeted. Actual revenues were \$2.50 million compared to the budgeted amount of \$2.30 million. The general fund expenditures were budgeted at \$2.53 million and actual expenditures were \$2.25 million.

City of Bandon, Oregon

June 30, 2018

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$37.4 million (net of accumulated depreciation). This investment in capital assets, which increased by \$822 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	
	2018	2017	2018	2017	2018	2017
Land	1,455,218	1,455,218	1,073,922	1,073,922	2,529,140	2,529,140
Construction in Progress	233,793	2,314,127	72,839	150,210	306,632	2,464,337
Buildings	8,887,638	7,011,980	4,985,541	4,896,608	13,873,179	11,908,588
Land Improvements	1,360,668	1,360,668			1,360,668	1,360,668
Furnishings and Equipment	1,807,574	1,628,753	2,283,340	2,114,493	4,090,914	3,743,246
Streets	62,050,820	62,050,820			62,050,820	62,050,820
Storm drains	3,275,185	2,675,402			3,275,185	2,675,402
Infrastructure	-	-	32,883,887	32,524,908	32,883,887	32,524,908
Total	79,070,896	78,496,968	41,299,529	40,760,141	120,370,425	119,257,109

Long-term Debt. As of June 30, 2018, the City had total long-term debt of \$7.26 million, including enterprise activity commitments. Outstanding debt includes \$2.34 million in general obligation bonds to be serviced by general property taxes and \$1.75 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 \$488 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 \$482 thousand during the current fiscal year due to paying scheduled payments and a refunding of a portion of the debt. The City of Bandon complies with Oregon Revised Statutes that limit general obligation bond debt to 3% of the real market value of all taxable property within the City's boundaries. Additional information on the City's bonded debt can be found in the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The Fiscal Year 2018-2019 budget total is \$22,285,035 which is \$307,941 (1.4%) more than the prior Fiscal Year 2017-2018 budget of \$21,977,094. This increase is primarily due to an increase in transient occupancy tax revenue.

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

City of Bandon, Oregon

June 30, 2018

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 low property tax rate the City is able to levy and the upturn in the national economy, which has led to increases in personnel expenses and material costs. 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. However, this tax will be up for renewal by the voters at the November 2020 election. 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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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, 2018

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, 2018

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.

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.

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.

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.

Additionally, the City reports the following fund types:

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

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

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

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

Proprietary funds include the following fund type:

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

Major enterprise funds include:

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

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

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

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 receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

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

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 \$116,907 are also reported as restricted assets.

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

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 statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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, library, state tax street, sewer, water, and electrical funds. Employees have the option to accumulate overtime as compensatory pay, which accrues at overtime rates.

Long-term obligations – The City reports long-term debt on the statement of net position. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

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

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

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

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

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

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

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

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

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

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 are 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, 2018

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

Excess of Expenditures over Appropriations and Deficit Fund Balances

Expenditures exceeded appropriations in the following amounts:

Fund	Budget Category	Amount of Over Expenditure
GENERAL FUND		
General government		
Administration and general	Personal services	\$ 135,353
Mayor and council	Materials and services	\$ 2,778
Public safety		
Police department	Materials and services	\$ 22,751
Culture and recreation		
Parks and recreation	Personal services	\$ 12,592
Community center	Personal services	\$ 4,646
STATE TAX STREET FUND		
Highways and streets	Personal services	\$ 24,617
PARKS AND RECREATION FUND		
Culture and recreation	Materials and services	\$ 3,813
LIBRARY FUND		
Culture and recreation	Personal services	\$ 13,489
ELECTRIC FUND		
Conservation	N/A	\$ 76,622
Materials and services	N/A	\$ 37,145
WATER FUND		
Accounting and billing	N/A	\$ 2,723
DEFICIT FUND BALANCE		
Equipment Reserve	\$876	
Library Fund	\$33,748	

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

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, 2018. If bank deposits at year end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. Any deposits with financial institutions will be covered up to \$250,000 by Federal Depositary Insurance, and the remaining deposited at an approved depository as prescribed by the Oregon State Treasurer.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295 .001 to 295 .108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by Federal Deposit Insurance Corporation. For the fiscal year ended June 30, 2018, the carrying amounts of the City's deposits in various financial institutions were \$13,090 and the bank balance was \$650,531. 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, 2018, 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 2018. 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, 2018

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, 2018, the City had the following investment:

Investment Type	Maturity	Percentage of Portfolio	Fair Value
Local Government Investment Pool	1 day	100%	\$ 8,691,495

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

Carrying amount of deposits	\$ 13,097
Local Government Investment Pool	8,691,495
Total	<u>\$ 8,704,592</u>
Governmental Activities	
General Fund (includes customer deposits of \$6,444)	\$ 622,831
General Obligation Bond	306,733
12th Court Local Improvement District Debt Service Fund	215,928
Urban Renewal District No. 1	791,822
Nonmajor Funds	3,874,548
Total governmental activities	<u>5,811,862</u>
Business-type Activities	
Sewer Fund (includes restricted cash of \$11,407)	572,029
Water Fund (includes restricted cash of \$32,326)	1,129,120
Electric Fund (includes restricted cash of \$73,174)	1,191,581
Total business-type activities	<u>2,892,730</u>
 TOTAL	 <u><u>\$ 8,704,592</u></u>

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

Note 3—Detailed Note on All Funds (continued)

Receivables

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 2017-18, the City imposed a property tax rate of \$0.4580, bond levies of \$0.5000, and local option tax levy of \$0.8455 per \$1,000 of assessed value. Coos County determined the actual taxable assessed valuation within the City to be \$474,471,376. After subtracting the Urban Renewal excess amount of \$49,650,390 and after adjustments, the net levy result is \$855,597.

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

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, 2018:

<u>Coos County</u>	<u>Receivable June 30, 2017</u>	<u>2017-2018 Net Levy</u>	<u>and Adjustments</u>	<u>Receivable June 30, 2018</u>
2017-2018		\$ 855,597	\$ (819,419)	\$ 36,178
2016-2017	\$ 35,843	-	(15,422)	20,421
2015-2016	20,290	-	(6,442)	13,848
2014-2015	12,331	-	(7,620)	4,711
2013-2014	5,209	-	(4,048)	1,161
2012-2013	1,155	-	(433)	722
2011-2012	759	-	(242)	517
Prior years	2,177	-	(252)	1,925
Total	\$ 77,764	\$ 855,597	\$ (853,878)	\$ 79,483

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

Following is a summary of property tax transactions for the Agency for the fiscal year ended June 30, 2018:

<u>Coos County</u>	<u>Receivable June 30, 2017</u>	<u>2017-2018 Net Levy</u>	<u>Collections and Adjustments</u>	<u>Receivable June 30, 2018</u>
2017-2018		\$ 474,275	\$ (454,250)	\$ 20,025
2016-2017	\$ 19,557	-	(8,415)	11,142
2015-2016	11,975	-	(3,802)	8,173
2014-2015	7,003	-	(4,328)	2,675
2013-2014	3,161	-	(2,456)	705
2012-2013	706	-	(265)	441
2011-2012	498	-	(159)	339
Prior years	1,282	-	(151)	1,131
Total	\$ 44,182	\$ 474,275	\$ (473,826)	\$ 44,631

All non-current property taxes receivable is 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, 2018

Note 3—Detailed Note on All Funds (continued)

Due to/from other funds—Interfund receivables and payables at June 30, 2018 consisted of a loan to the Agency fund. The amount reported in the individual fund is as follows:

Receivable Fund	Payable Fund	Amount
Block Grant Fund	URA No. 2 Fund	\$ 24,188

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, 2018 was as follows:

GOVERNMENTAL ACTIVITIES

	Balance		Balance
	June 30, 2017	Additions	Deletions and Transfers June 30, 2018
NONDEPRECIABLE CAPITAL ASSETS			
Land	\$ 1,455,218	\$ -	\$ 1,455,218
Construction in progress	2,314,127	46,591	(2,126,925) 233,793
Total nondepreciable capital assets	<u>3,769,345</u>	<u>46,591</u>	<u>(2,126,925)</u> <u>1,689,011</u>
DEPRECIABLE CAPITAL ASSETS			
Buildings	7,011,980	154,803	1,720,855 8,887,638
Land improvements	1,360,668	-	-
Furnishing & equipment	1,628,753	178,821	-
Streets	62,050,820	-	-
Storm drains	2,675,402	193,713	406,070 3,275,185
Total depreciable capital assets	<u>74,727,623</u>	<u>527,337</u>	<u>2,126,925</u> <u>77,381,885</u>
ACCUMULATED DEPRECIATION			
Buildings	(1,754,613)	(182,417)	-
Land improvements	(180,605)	(42,735)	-
Furnishing & equipment	(1,258,915)	(81,420)	-
Streets	(56,128,188)	(433,148)	-
Storm drains	(1,215,031)	(85,862)	-
Total accumulated depreciation	<u>(60,537,352)</u>	<u>(825,582)</u>	<u>-</u> <u>(61,362,934)</u>
Total depreciable assets	<u>14,190,271</u>	<u>(298,245)</u>	<u>2,126,925</u> <u>16,018,951</u>
NET GOVERNMENTAL CAPITAL ASSETS	<u>\$ 17,959,616</u>	<u>\$ (251,654)</u>	<u>\$ -</u> <u>\$ 17,707,962</u>

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

Note 3—Detailed Note on All Funds (continued)

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

General government	\$ 612,857
Public safety	43,277
Highways and streets	40,632
Culture and recreation	128,816
	<u>\$ 825,582</u>

BUSINESS-TYPE ACTIVITIES

	Balance June 30, 2017	Additions	Deletions and Transfers	Balance June 30, 2018
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 1,073,922	\$ -	\$ -	\$ 1,073,922
Construction in progress	150,210	11,561	(88,932)	72,839
Total nondepreciable capital assets	<u>1,224,132</u>	<u>11,561</u>	<u>(88,932)</u>	<u>1,146,761</u>
DEPRECIABLE CAPITAL ASSETS				
Buildings	4,896,609	-	88,932	4,985,541
Furnishing & equipment	2,114,493	168,847	-	2,283,340
Infrastructure	32,524,907	358,980	-	32,883,887
Total depreciable capital assets	<u>39,536,009</u>	<u>527,827</u>	<u>88,932</u>	<u>40,152,768</u>
ACCUMULATED DEPRECIATION				
Buildings	(2,026,348)	(123,596)	-	(2,149,944)
Furnishing & equipment	(1,546,305)	(125,713)	-	(1,672,018)
Infrastructure	(16,882,349)	(861,086)	-	(17,743,435)
Total accumulated depreciation	<u>(20,455,002)</u>	<u>(1,110,395)</u>	<u>-</u>	<u>(21,565,397)</u>
Total depreciable assets	<u>19,081,007</u>	<u>(582,568)</u>	<u>88,932</u>	<u>18,587,371</u>
NET GOVERNMENTAL CAPITAL ASSETS	<u>\$ 20,305,139</u>	<u>\$ (571,007)</u>	<u>\$ -</u>	<u>\$ 19,734,132</u>

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

Electric	\$ 573,653
Water	319,832
Sewer	216,910
	<u>\$ 1,110,395</u>

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

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>
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	31,211	8,548	39,759
2024-2028	<u>149,511</u>	<u>19,150</u>	<u>168,661</u>
	292,091	<u>\$ 75,365</u>	<u>\$ 367,456</u>
Less current portion	<u>(25,943)</u>		
Total	<u>\$ 266,148</u>		

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

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>
2019	\$ 58,467	\$ 10,802	\$ 69,269
2020	59,052	10,217	69,269
2021	59,643	9,626	69,269
2022	60,239	9,030	69,269
2023	60,842	8,428	69,270
2024-2028	313,456	32,889	346,345
2029-2033	329,445	16,901	346,346
2034-2035	<u>139,022</u>	<u>2,101</u>	<u>141,123</u>
	\$ 1,080,166	\$ 99,994	\$ 1,180,160
Less current portion	<u>(58,467)</u>		
Total	<u>\$ 1,021,699</u>		

Governmental Activities

2009 OECD Water Clarifier Loan (Refunded 2018) – During 2007, the City entered into a loan agreement with the Oregon Economic & Community Development Department to borrow up to \$1,010,000 to finance the water clarifier project. The City intends to repay the loan from the water fund. 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. In April 2018, the note was refunded in the amount of \$696,061 with a revised loan agreement to finance \$627,401 resulting in a gain of \$68,660 which is reported as deferred inflow and will be amortized over the remaining life of the loan. 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 2033. 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>
2019	\$ 34,667	\$ 29,143	\$ 63,810
2020	29,865	27,924	57,789
2021	30,084	26,471	56,555
2022	35,288	24,707	59,995
2023	30,552	23,179	53,731
2024-2028	176,995	90,975	267,970
2029-2034	<u>289,950</u>	<u>52,604</u>	<u>342,554</u>
	627,401	\$ 275,003	\$ 902,404
Less current portion	<u>(34,667)</u>		
Total	<u>\$ 592,734</u>		

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

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 2041. Annual debt requires are shown below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 60,269	\$ 105,499	\$ 165,768
2020	62,981	102,787	165,768
2021	65,816	99,952	165,768
2022	68,777	96,991	165,768
2023	71,872	93,896	165,768
2024-2028	410,885	417,955	828,840
2029-2033	512,038	316,802	828,840
2034-2038	638,093	190,747	828,840
2039-2041	453,687	41,331	495,018
	2,344,418	\$ 1,465,960	\$ 3,810,378
Less current portion	(60,269)		
Total	\$ 2,284,149		

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>
2019	\$ 34,298	\$ 2,884	\$ 37,182
2020	35,712	1,471	37,183
	70,010	\$ 4,355	\$ 74,365
Less current portion	(34,298)		
Total	\$ 35,712		

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

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 2024. 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>
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	3,333	631	3,964
2024	453	546	999
	16,290	<u>\$ 4,526</u>	<u>\$ 20,816</u>
Less current portion	<u>(3,007)</u>		
Total	<u>\$ 13,283</u>		

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	18,424	17,007	35,431
2024-2028	107,003	70,150	177,153
2029-2033	137,030	40,124	177,154
2034-2036	74,281	6,277	80,558
	\$ 401,930	<u>\$ 210,090</u>	<u>\$ 612,020</u>
Less current portion	<u>(15,125)</u>		
Total	<u>\$ 386,805</u>		

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

Note 3—Detailed Note on All Funds (continued)

2005 OECDD Loan (Refunded 2018) – On July 15, 2005, the City entered into an agreement with the Oregon Economic Development Department to borrow \$985,000 to finance improvements to Fillmore Avenue. In April 2018, the note was refunded in the amount of \$530,685 with a revised loan agreement to finance \$484,257 resulting in a gain \$46,428 which is reported as deferred inflow and will be amortized over the remaining life of the loan. The Agency has agreed to make the annual debt service payments, but the City retains ultimate responsibility. There are no reserve requirements. This debt may be paid prior to maturity without penalty. Interest is computed semi-annually on the outstanding balance at 4.00%. Principal and interest payments are required in December of each year through December 2, 2032. Annual debt requirements are shown below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 34,530	\$ 17,733	\$ 52,263
2020	29,712	21,701	51,413
2021	24,906	20,506	45,412
2022	30,112	19,300	49,412
2023	30,329	17,833	48,162
2024-2028	170,301	66,010	236,311
2029-2032	164,367	20,531	184,898
	484,257	\$ 183,614	\$ 667,871
Less current portion	(34,530)		
Total	\$ 449,727		

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, 2023.

Annual debt requirements are shown below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
	\$ 120,642	\$ 9,071	\$ 129,713
Less current portion	(25,453)		
Total	\$ 95,189		

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

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 2043. 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>
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
	<u>\$ 120,642</u>	<u>\$ 9,071</u>	<u>\$ 129,713</u>
Less current portion	(25,453)		
Total	<u>\$ 95,189</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>
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	105,000	42,431	147,431
2024-2028	585,000	158,830	743,830
2029-2033	675,000	58,745	733,745
	<u>\$ 1,755,000</u>	<u>\$ 460,830</u>	<u>\$ 2,215,830</u>
Less current portion	(95,000)		
Total	<u>\$ 1,660,000</u>		

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

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, 2018.

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Note payable - S99001	\$ 102,951	\$ -	\$ (32,941)	\$ 70,010	\$ 34,298
2009 OECCD Water Clarification loan	726,120	-	(726,120)	-	-
2018 OECCD Water Clarification loan	-	627,401	-	627,401	34,667
2000 General obligation bonds	2,402,092	-	(57,674)	2,344,418	60,269
2000 LID bond	19,221	-	(2,931)	16,290	3,007
12th Court LID loan	71,708	-	(1,448)	70,260	1,528
Note payable - 2004 HWY 101 LID	416,326	-	(14,396)	401,930	15,125
2005 OECCD loan	555,373	-	(555,373)	-	-
2018 OECCD loan	-	484,257	-	484,257	34,530
2012 General obligation bonds	1,850,000	-	(95,000)	1,755,000	95,000
2012 Wedbush LoCap refinance	145,360	-	(24,718)	120,642	25,453
Total governmental activities	\$ 6,289,151	\$ 1,111,658	\$ (1,510,601)	\$ 5,890,208	\$ 303,877
BUSINESS-TYPE ACTIVITIES					
2005 OECCD loan	\$ 316,862	\$ -	\$ (24,771)	\$ 292,091	\$ 25,943
2016 Wastewater Improvement loan	1,188,055	-	(57,889)	1,080,166	58,467
Total business-type activities	\$ 1,454,917	\$ -	\$ (82,660)	\$ 1,372,257	\$ 84,410

Changes in other liabilities – The following is a summary of changes in other liabilities during the fiscal year ended June 30, 2018:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Vacation payable	\$ 130,530	\$ 136,984	\$ (130,530)	\$ 136,984	\$ 136,984
BUSINESS-TYPE ACTIVITIES					
Vacation payable	\$ 163,964	\$ 143,378	\$ (163,964)	\$ 143,378	\$ 143,378

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, 2018 are classified as follows:

	Debt Service	Special Projects	Capital Projects	Total
GOVERNMENTAL ACTIVITIES				
12th Court LID debt service	\$ 215,928	\$ -	\$ -	\$ 215,928
General obligation bond	309,890	-	-	309,890
Nonmajor funds	54,137	783,849	2,210,874	3,048,860
Total restricted net position for governmental activities	\$ 579,955	\$ 783,849	\$ 2,210,874	\$ 3,574,678

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

Note 3—Detailed Note on All Funds (continued)

BUSINESS-TYPE ACTIVITIES	Debt Service	Projects	Projects	Total
Sewer	\$ -	\$ 424,351	\$ 11,407	\$ 435,758
Water	25,943	1,315,215	-	1,341,158
Electric	-	-	73,174	73,174
Total restricted net position for business-type activities	<u>\$ 25,943</u>	<u>\$ 1,739,566</u>	<u>\$ 84,581</u>	<u>\$ 1,850,090</u>

Internal Transfers

Fund	Transfer In	Transfer Out
General fund	\$ 25,000	\$ 251,298
Non-major funds	266,298	15,000
Electric fund	-	25,000
Total	<u>\$ 291,298</u>	<u>\$ 291,298</u>

The above transfers in the amount of \$51,550 are routine in nature and occur annually to support a summer recreation program and State Tax Street Fund personnel costs. The above transfers in the amount of \$214,748 were to restore a positive fund balance to the Capital improvement fund and for the purchase of capital additions. The above transfer in the amount of \$25,000 was for the purpose of capital additions.

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, 2018, the City is involved in the various phases of improvement projects. There were no significant contracts and remaining amounts at year end.

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

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, 2018

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, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. 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, 2018 were \$356,422, excluding amounts to fund employer specific liabilities.

At June 30, 2018, the City reported a liability of \$3,234,154 for its proportionate share of the net pension liabilities. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 and rolled forward to June 30, 2017. 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, 2017 and 2016, the City's proportion was 0.023992% and 0.025482%, respectively.

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

Note 5—Defined Benefit Pension Plans (continued)

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

The rates in effect for the year ended June 30, 2018 were (1) 20.65% for Tier 1/Tier 2 (2) 13.74% for OPSRP general services and (3) 18.51% for OPSRP police and fire.

For the year ended June 30, 2018, the City recognized pension expense of \$591,337. At June 30, 2018, 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	\$ 156,405	\$ -
Change of assumptions	589,529	-
Changes in proportion and employer contributions	-	335,728
Changes in investment	33,319	
Difference between employer contributions and employer's proportionate share of system contributions	86,717	51,287
Subtotal - amortized deferrals	865,970	387,015
Contribution made subsequent to measurement period	356,422	-
Total	\$ 1,222,392	\$ 387,015

The City reported \$356,422 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Subtotal amounts reported as deferred outflows of resources, \$865,970 and deferred inflows of resources, (\$387,015), net to \$478,955 and will be recognized in pension expense as follows:

Year ended June 30,	Net Deferred Outflows (Inflows) of Resources
2019	\$ 57,879
2020	322,497
2021	202,175
2022	(105,200)
2023	1,604
	\$ 478,955

City of Bandon
Notes to the Basic Financial Statements
June 30, 2018

Note 5—Defined Benefit Pension Plans (continued)

Actuarial method and assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019, 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, 2015
Measurement date	June 30, 2017
Experience study report	2014, published September 23, 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>
Cost of living adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro Decision, blend based on service.

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, 2015.

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, 2018

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	14.00%	21.00%	17.50%
Real estate	9.50%	15.50%	12.50%
Alternative equity	0.00%	12.50%	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 OICs description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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-US 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)	\$ 5,511,588	\$ 3,234,154	\$ 1,329,796

Changes in assumptions

A summary of key changes implemented since the December 31, 2014 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, 2018

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, 2018.

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

Other Post-Employment Benefits (OPEB)

To accommodate for the GASB Statement No. 75 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 75 valuation for the City and concluded that the City has no OPEB liability under GASB 75. 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, 2018 was \$8,691,495.

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, 2018.

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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.

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.

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.

Capital Project Funds

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

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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, 2018

	Original & Final Budget	Actual	Variance
REVENUES			
Taxes and assessments			
Property taxes - current year, net	\$ 183,441	\$ 207,854	\$ 24,413
Previously levied taxes	15,451	5,579	(9,872)
Franchise fees	30,663	43,054	12,391
Utility taxes	432,858	462,108	29,250
Transient tax	600,250	684,971	84,721
Total taxes	<u>1,262,663</u>	<u>1,403,566</u>	<u>140,903</u>
License and permits	<u>37,775</u>	<u>47,889</u>	<u>10,114</u>
Intergovernmental			
Cigarette tax	3,500	1,694	(1,806)
Marijuana tax	-	15,505	15,505
Liquor tax	43,000	53,771	10,771
Grants-in-aid	8,500	31,843	23,343
Total intergovernmental	<u>55,000</u>	<u>102,813</u>	<u>47,813</u>
Fines and police income	<u>27,250</u>	<u>32,229</u>	<u>4,979</u>
Payments in lieu of taxes			
Electric fund	300,000	337,145	37,145
Water fund	48,500	47,461	(1,039)
Sewer fund	48,000	47,911	(89)
Heritage Place	1,200	5,253	4,053
Total payments in lieu of taxes	<u>397,700</u>	<u>437,770</u>	<u>40,070</u>
Reimbursements			
Intergovernmental	2,250	2,250	-
Other internal	364,850	362,289	(2,561)
Total reimbursements	<u>367,100</u>	<u>364,539</u>	<u>(2,561)</u>
Other			
Interest	8,500	6,823	(1,677)
Community center rent	30,000	28,531	(1,469)
Rental	27,000	27,570	570
Sprague theater rent	71,300	22,597	(48,703)
Donations	7,700	15,279	7,579
Miscellaneous	5,000	15,333	10,333
Total other	<u>149,500</u>	<u>116,133</u>	<u>(33,367)</u>
TOTAL REVENUES	<u>\$ 2,296,988</u>	<u>\$ 2,504,939</u>	<u>\$ 207,951</u>

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget
and Actual
General Fund
For the Year Ended June 30, 2018

	Original & Final Budget	Actual	Variance
EXPENDITURES			
General government			
Administration and general			
Personal services	\$ 52,383	\$ 187,736	\$ (135,353)
Materials and services	361,075	282,441	78,634
Capital outlay	40,000	-	40,000
Total administration & general	<u>453,458</u>	<u>470,177</u>	<u>(16,719)</u>
Accounting and billing			
Personal services	60,317	45,791	14,526
Materials and services	127,225	119,304	7,921
Total accounting and billing	<u>187,542</u>	<u>165,095</u>	<u>22,447</u>
Municipal court			
Materials and services	4,500	3,100	1,400
Mayor and council			
Materials and services	32,300	35,078	(2,778)
Planning department			
Personal services	136,332	80,122	56,210
Materials and services	39,250	32,747	6,503
Total planning department	<u>175,582</u>	<u>112,869</u>	<u>62,713</u>
Non-departmental			
Materials and services	16,000	4,986	11,014
Total non-departmental	<u>16,000</u>	<u>4,986</u>	<u>11,014</u>
Total general government	<u>869,382</u>	<u>791,305</u>	<u>78,077</u>

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget
and Actual
General Fund
For the Year Ended June 30, 2018

	Original & Final Budget	Actual	Variance
Public safety			
Police department			
Personal services	\$ 742,598	\$ 680,794	\$ 61,804
Materials and services	221,900	244,651	(22,751)
Capital outlay	50,000	40,807	9,193
Total police department	<u>1,014,498</u>	<u>966,252</u>	<u>48,246</u>
Fire department			
Materials and services	105,951	105,951	-
Total public safety	<u>1,120,449</u>	<u>1,072,203</u>	<u>48,246</u>
Highway and streets			
Materials and services	127,585	121,413	6,172
Culture and recreation			
Parks and recreation			
Personal services	94,458	107,050	(12,592)
Materials and services	105,200	65,167	40,033
Total parks and recreation	<u>199,658</u>	<u>172,217</u>	<u>27,441</u>
Community center			
Personal services	9,023	13,669	(4,646)
Materials and services	71,500	62,048	9,452
Total community center	<u>80,523</u>	<u>75,717</u>	<u>4,806</u>
Sprague theater			
Materials and services	37,750	20,671	17,079
Capital outlay	90,000	-	90,000
Total Sprague theatre	<u>127,750</u>	<u>20,671</u>	<u>107,079</u>
Total culture and recreation	<u>407,931</u>	<u>268,605</u>	<u>139,326</u>
TOTAL EXPENDITURES	<u>2,525,347</u>	<u>2,253,526</u>	<u>271,821</u>
NET REVENUES OVER (UNDER) EXPENDITURES	<u>(228,359)</u>	<u>251,413</u>	<u>479,772</u>
OTHER FINANCING SOURCES (USES)			
Transfer from other funds	25,000	25,000	-
Transfer to other funds	(251,298)	(251,298)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(226,298)</u>	<u>(226,298)</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, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
NET CHANGE IN FUND BALANCE	\$ (454,657)	\$ 25,115	\$ 479,772
FUND BALANCE, beginning of year	<u>454,657</u>	<u>637,790</u>	<u>183,133</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 662,905</u>	<u>\$ 662,905</u>

Notes to schedule:

	<u>Amount of Over Expenditures</u>	
General government		
Administration and general	Personal services	\$ 135,353
Mayor and council	Materials and services	\$ 2,778
Public safety		
Police department	Materials and services	\$ 22,751
Culture and recreation		
Parks and recreation	Personal services	\$ 12,592
Community center	Personal services	\$ 4,646

City of Bandon
Schedule of Proportionate Share of Net Pension Liability for OPERS
June 30, 2018

	2023	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
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%
Plan fiduciary net position as a percentage of the total pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%

	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.02%	0.03%	0.03%	0.03%	0.03%
City's proportionate share of the net pension liability (asset)	\$ 3,234,154	\$ 3,825,491	\$ 1,787,009	\$ (709,597)	\$ 1,597,545
City's covered-employee payroll	\$ 2,182,895	\$ 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	148.16%	173.07%	85.44%	-36.57%	82.34%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.10%	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
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered - employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 356,422	\$ 307,903	\$ 302,415	\$ 372,960	\$ 387,070
Contributions in relation to the contractually required contribution	356,422	307,903	302,415	372,960	387,070
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,170,659	\$ 2,182,895	\$ 2,210,369	\$ 2,091,533	\$ 1,940,273
Contribution as a percentage of covered - employee payroll	16.42%	14.11%	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, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
Special assessments			
Principal (633)	\$ 900	\$ 1,626	\$ 726
Principal - 2001 Bandon LID (634)	300	-	(300)
Principal - 2004 Hwy 101 SW (635)	5,000	1,149	(3,851)
Principal - 12th Crt LID (636)	500	388	(112)
Interest (633)	500	2,329	1,829
Interest - 2001 Bandon LID (634)	300	-	(300)
Interest - 2004 Hwy 101 SW (635)	3,000	1,646	(1,354)
Interest - 12th Crt LID (636)	500	555	55
Interest	1,200	3,911	2,711
Total revenues	12,200	11,604	(596)
EXPENDITURES			
Debt service			
Principal - 2000 St & Sewer LID	8,500	3,500	5,000
Principal - 2004 Hwy 101 SW (635)	43,500	20,867	22,633
Principal - 12th Crt LID (636)	6,400	1,452	4,948
Interest - 2000 St & Sewer LID	1,000	463	537
Interest - 2004 Hwy 101 SW (635)	21,000	12,431	8,569
Interest - 12th Crt LID (636)	4,000	3,896	104
Total expenditures	84,400	42,609	41,791
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(72,200)	(31,005)	41,195
FUND BALANCE, beginning of year,	190,279	246,933	56,654
FUND BALANCE, end of year	\$ 118,079	\$ 215,928	\$ 97,849

* Exempt from Oregon budget law

City of Bandon

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-U.S. GAAP Budgetary Basis) and Actual General Obligation Bonds Debt Service For the Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes			
2000 RD GO BDS Prop taxes(343) - CY	\$ 112,500	\$ 127,519	\$ 15,019
2000 RD GO BDS Prop taxes(343) - PY	10,000	6,277	(3,723)
2000 SDWRLF BDS Prop taxes(344) - CY	28,000	31,756	3,756
2000 SDWRLF BDS Prop taxes(344) - PY	4,000	(630)	(4,630)
2006 WTPBONDS Prop taxes (375) - CY	45,000	50,958	5,958
2006 WTPBONDS Prop taxes (375) - PY	4,000	1,605	(2,395)
Interest	3,000	4,914	1,914
Payments in lieu of taxes	-	12,486	12,486
2000 RD GO BDS - out of City (343)	22,000	27,820	5,820
2000 SDWRLF GO BDS - out of City (344)	5,000	-	(5,000)
2006 Water Plant GO BDS - in lieu of tax (375)	8,000	8,256	256
Total revenues	241,500	270,961	29,461
EXPENDITURES			
Debt service			
Principal - 2000 RD Bonds (343)	57,674	54,874	2,800
Interest - 2000 RD Bonds (343)	110,894	110,894	-
Principal - 2000 SDWRLF Bonds (344)	32,941	32,941	-
Interest - 2000 SDWRLF Bonds (344)	4,242	4,242	-
Principal - 2006 Water Plant Bonds (375)	30,059	657,460	(627,401)
Interest - 2006 Water Plant Bonds (375)	34,242	34,242	-
Total expenditures	270,052	894,653	(624,601)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(28,552)	(623,692)	654,062
OTHER FINANCING SOURCES (USES):			
Bond refunding	-	627,401	(627,401)
NET CHANGE IN FUND BALANCE	(28,552)	3,709	26,661
FUND BALANCE, beginning of year	241,342	306,181	64,839
FUND BALANCE, end of year	\$ 212,790	\$ 309,890	\$ 91,500

* Exempt from Oregon budget law

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget
and Actual
Urban Renewal District No. 1 Fund
For the Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes			
Property taxes - current year	\$ 257,167	\$ 305,988	\$ 48,821
Previously levied taxes	28,288	9,295	(18,993)
Interest	4,000	11,782	7,782
Payments in lieu of taxes	-	18,433	18,433
Total revenues	289,455	345,498	56,043
EXPENDITURES			
General government			
Materials and services	34,500	8,519	25,981
Capital outlay	866,476	5,209	861,267
Debt service			
Principal	115,000	603,945	(488,945) *
Interest	85,000	106,295	(21,295) *
Bond reserve	60,000	-	60,000
Total expenditures	1,160,976	723,968	437,008
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(871,521)	(378,470)	493,051
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	-	484,257	(484,257)
NET CHANGE IN FUND BALANCE	(871,521)	105,787	977,308
FUND BALANCE, beginning of year	871,521	656,085	(215,436)
FUND BALANCE, end of year	\$ -	\$ 761,872	\$ 761,872

* Exempt from Oregon budget law

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City of Bandon
Nonmajor Governmental Funds
June 30, 2018

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.

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.

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

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, 2018**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 813,818	\$ 54,137	\$ 3,006,593	\$ 3,874,548
Receivables				
Property taxes	-	-	53,780	53,780
Accounts	19,265	-	-	19,265
Special assessments	-	-	7,798	7,798
Loans	47,248	-	-	47,248
Interfund loans receivable	24,188	-	-	24,188
TOTAL ASSETS	\$ 904,519	\$ 54,137	\$ 3,068,171	\$ 4,026,827
LIABILITIES				
Accounts payable	\$ 11,931	\$ -	\$ 102,974	\$ 114,905
Accrued payroll and benefits	10,007	-	-	10,007
Customer deposits	-	-	-	-
Interfund loans payable	-	-	24,188	24,188
Total liabilities	21,938	-	127,162	149,100
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Property taxes	-	-	53,780	53,780
Assessments receivable	-	-	7,797	7,797
Loans	47,248	-	-	47,248
Total deferred inflows of resources	47,248	-	61,577	108,825
FUND BALANCE				
Restricted	783,849	54,137	2,210,874	3,048,860
Committed	85,232	-	669,434	754,666
Unassigned	(33,748)	-	(876)	(34,624)
Total fund balances	835,333	54,137	2,879,432	3,768,902
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 904,519	\$ 54,137	\$ 3,068,171	\$ 4,026,827

City of Bandon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 201,534	\$ -	\$ 567,527	\$ 769,061
Intergovernmental	350,840	-	-	350,840
Payments in lieu of taxes	-	-	25,620	25,620
System development charges	-	-	110,908	110,908
Special assessments	-	-	7,255	7,255
Interest	11,315	859	46,177	58,351
Out of city bond charge	-	-	-	-
	<u>74,231</u>	<u>-</u>	<u>-</u>	<u>74,231</u>
Total revenues	<u>637,920</u>	<u>859</u>	<u>757,487</u>	<u>1,396,266</u>
EXPENDITURES				
General government	-	-	1,685	1,685
Public safety	31,198	-	-	31,198
Highways and streets	212,560	-	965	213,525
Economic development	32,983	-	-	32,983
Culture and recreation	463,808	-	3,813	467,621
Capital outlay	-	-	264,570	264,570
Debt service				
Principal retirement	-	-	12,685	12,685
Interest	-	-	3,859	3,859
	<u>740,549</u>	<u>-</u>	<u>287,577</u>	<u>1,028,126</u>
Total expenditures	<u>740,549</u>	<u>-</u>	<u>287,577</u>	<u>1,028,126</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(102,629)	859	469,910	368,140
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	36,550	-	214,748	251,298
Loan principal	34,217	-	-	34,217
Loan interest	2,525	-	-	2,525
	<u>73,292</u>	<u>-</u>	<u>214,748</u>	<u>288,040</u>
Total other financing sources (uses)	<u>73,292</u>	<u>-</u>	<u>214,748</u>	<u>288,040</u>
NET CHANGE IN FUND BALANCE	(29,337)	859	684,658	656,180
FUND BALANCES, beginning of year	864,670	53,278	2,194,774	3,112,722
FUND BALANCES, end of year	\$ 835,333	\$ 54,137	\$ 2,879,432	\$ 3,768,902

City of Bandon
Sub-Combining Balance Sheet
Special Revenue Funds
June 30, 2018

	State Tax Street	Library Memorial	Library	Community Beautification	Revenue Sharing	Block Grant	Total
ASSETS							
Cash and cash equivalents	\$ 128,321	\$ 250,669	\$ (21,011)	\$ 27,429	\$ 63,003	\$ 365,407	\$ 813,818
Accounts receivable	19,265	-	-	-	-	-	19,265
Loans receivable	-	-	-	-	-	47,248	47,248
Interfund loans receivable	-	-	-	-	-	24,188	24,188
TOTAL ASSETS	<u>\$ 147,586</u>	<u>\$ 250,669</u>	<u>\$ (21,011)</u>	<u>\$ 27,429</u>	<u>\$ 63,003</u>	<u>\$ 436,843</u>	<u>\$ 904,519</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ 94	\$ 6,637	\$ 5,200	\$ -	\$ -	\$ 11,931
Accrued payroll and benefits	3,907	-	6,100	-	-	-	10,007
Total liabilities	<u>3,907</u>	<u>94</u>	<u>12,737</u>	<u>5,200</u>	<u>-</u>	<u>-</u>	<u>21,938</u>
Deferred Inflows of Resources:							
Unavailable revenue	-	-	-	-	-	47,248	47,248
Fund balances							
Restricted	143,679	250,575	-	-	-	389,595	783,849
Committed	-	-	-	22,229	63,003	-	85,232
Unassigned	-	-	(33,748)	-	-	-	(33,748)
Total fund balances	<u>143,679</u>	<u>250,575</u>	<u>(33,748)</u>	<u>22,229</u>	<u>63,003</u>	<u>389,595</u>	<u>835,333</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 147,586</u>	<u>\$ 250,669</u>	<u>\$ (21,011)</u>	<u>\$ 27,429</u>	<u>\$ 63,003</u>	<u>\$ 436,843</u>	<u>\$ 904,519</u>

City of Bandon
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds
For the Year Ended June 30, 2018

	State Tax Street	Library Memorial	Library	Community Beautification	State Revenue Sharing	Block Grant	Total
REVENUES							
Taxes	\$ 201,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,534
Intergovernmental	-	-	328,474	-	22,366	-	350,840
Interest	902	4,015	739	181	-	5,478	11,315
Other	-	33,226	-	39,824	1,181	-	74,231
Total revenues	202,436	37,241	329,213	40,005	23,547	5,478	637,920
EXPENDITURES							
Current							
Public safety	-	-	-	-	31,198	-	31,198
Highways and streets	212,560	-	-	-	-	-	212,560
Economic development	-	-	-	-	-	32,983	32,983
Culture and recreation	-	10,391	412,392	41,025	-	-	463,808
Total expenditures	212,560	10,391	412,392	41,025	31,198	32,983	740,549
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,124)	26,850	(83,179)	(1,020)	(7,651)	(27,505)	(102,629)
OTHER FINANCING SOURCES (USES)							
Transfer in (out)	36,258	-	-	15,292	(15,000)	-	36,550
Loan repayment	-	-	-	-	-	34,217	34,217
Loan interest	-	-	-	-	-	2,525	2,525
Total other financing sources (uses)	36,258	-	-	15,292	(15,000)	36,742	73,292
NET CHANGE IN FUND BALANCE	26,134	26,850	(83,179)	14,272	(22,651)	9,237	(29,337)
FUND BALANCES, beginning of year	117,545	223,725	49,431	7,957	85,654	380,358	864,670
FUND BALANCES, end of year	\$ 143,679	\$ 250,575	\$ (33,748)	\$ 22,229	\$ 63,003	\$ 389,595	\$ 835,333

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, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
State street tax	\$ 185,000	\$ 201,534	\$ 16,534
Interest	10	902	892
Total revenues	<u>185,010</u>	<u>202,436</u>	<u>17,426</u>
EXPENDITURES			
Highways and streets			
Personal services	183,993	208,610	(24,617)
Materials and services	15,000	3,950	11,050
Capital outlay	30,000	-	30,000
Total expenditures	<u>228,993</u>	<u>212,560</u>	<u>16,433</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(43,983)	(10,124)	33,859
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	<u>36,258</u>	<u>36,258</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(7,725)	26,134	33,859
FUND BALANCES, beginning of year	<u>7,725</u>	<u>117,545</u>	<u>109,820</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 143,679</u>	<u>\$ 143,679</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, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
Interest	\$ 1,500	\$ 4,015	\$ 2,515
Grants	1,000	1,000	-
Gifts & memorials	15,000	21,540	6,540
Miscellaneous	13,800	10,686	(3,114)
Total revenues	<u>31,300</u>	<u>37,241</u>	<u>5,941</u>
EXPENDITURES			
Culture and recreation			
Materials and services	51,000	2,295	48,705
Capital outlay	176,187	8,096	168,091
Total expenditures	<u>227,187</u>	<u>10,391</u>	<u>216,796</u>
NET CHANGE IN FUND BALANCE	(195,887)	26,850	222,737
FUND BALANCE, beginning of year	<u>195,887</u>	<u>223,725</u>	<u>27,838</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 250,575</u>	<u>\$ 250,575</u>

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget
and Actual
Library Fund
For the Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
Intergovernmental			
County library support	\$ 324,541	\$ 328,474	\$ 3,933
Interest	400	739	339
Other	500	-	(500)
	<u>325,441</u>	<u>329,213</u>	<u>3,772</u>
Total revenues			
EXPENDITURES			
Culture and recreation			
Personal services	304,711	318,200	(13,489)
Materials and services	117,032	94,192	22,840
	<u>421,743</u>	<u>412,392</u>	<u>9,351</u>
Total expenditures			
NET CHANGE IN FUND BALANCE	(96,302)	(83,179)	13,123
FUND BALANCE, beginning of year	96,302	49,431	(46,871)
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ (33,748)</u>	<u>\$ (33,748)</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, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
Garbage franchise fees	\$ 36,000	\$ 37,609	\$ 1,609
Interest	100	181	81
Other	-	2,215	2,215
Total revenues	<u>36,100</u>	<u>40,005</u>	<u>3,905</u>
EXPENDITURES			
Culture and recreation			
Materials and services	54,000	41,025	12,975
Capital outlay	-	-	-
Total expenditures	<u>54,000</u>	<u>41,025</u>	<u>12,975</u>
Total expenditures	<u>54,000</u>	<u>41,025</u>	<u>12,975</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,900)	(1,020)	16,880
OTHER FINANCING SOURCES (USES)			
Transfers in	15,292	15,292	-
NET CHANGE IN FUND BALANCE	(2,608)	14,272	16,880
FUND BALANCE, beginning of year	<u>2,608</u>	<u>7,957</u>	<u>5,349</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 22,229</u>	<u>\$ 22,229</u>

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget
and Actual
State Revenue Sharing Fund
For the Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
State revenue sharing	\$ 50,000	\$ 22,366	\$ (27,634)
Interest	100	1,181	1,081
Total revenues	<u>50,100</u>	<u>23,547</u>	<u>(26,553)</u>
EXPENDITURES			
Public safety			
Materials and services	<u>99,496</u>	<u>31,198</u>	<u>68,298</u>
Total expenditures	<u>99,496</u>	<u>31,198</u>	<u>68,298</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(49,396)	(7,651)	41,745
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(64,396)	(22,651)	41,745
FUND BALANCE, beginning of year	<u>64,396</u>	<u>85,654</u>	<u>21,258</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 63,003</u>	<u>\$ 63,003</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, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
Interest	\$ 1,200	\$ 5,478	\$ 4,278
Other	20	-	(20)
Total revenues	<u>1,220</u>	<u>5,478</u>	<u>4,258</u>
EXPENDITURES			
Economic development			
Materials and services	60,000	-	60,000
Capital outlay	<u>345,227</u>	<u>32,983</u>	<u>312,244</u>
Total expenditures	<u>405,227</u>	<u>32,983</u>	<u>372,244</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(404,007)</u>	<u>(27,505)</u>	<u>376,502</u>
OTHER FINANCING SOURCES (USES)			
Principal collections	25,000	57,363	32,363
Loan interest	<u>5,500</u>	<u>2,525</u>	<u>(2,975) *</u>
Total other financing sources (uses)	<u>30,500</u>	<u>59,888</u>	<u>29,388</u>
NET CHANGE IN FUND BALANCE	(373,507)	32,383	405,890
FUND BALANCE, beginning of year, budgetary basis	<u>373,507</u>	<u>333,024</u>	<u>(40,483)</u>
FUND BALANCE, end of year	<u>\$ -</u>	365,407	<u>\$ 365,407</u>
INTERFUND LOAN RECEIVABLE (FROM UR DISTRICT NO. 2)		<u>24,188</u>	
FUND BALANCE, at end of year, U.S. GAAP basis		<u>\$ 389,595</u>	

* Exempt from Oregon budget law

City of Bandon
Sub-Combining Balance Sheet
Debt Service Funds
June 30, 2018

	2000 Street & Sewer LID Bond	Local Improvement District Debt Service	Totals
ASSETS			
Cash and cash equivalents	\$ 2,582	\$ 51,555	\$ 54,137
Receivables			
Accounts	-	-	-
Property taxes	-	-	-
TOTAL ASSETS	<u>\$ 2,582</u>	<u>\$ 51,555</u>	<u>\$ 54,137</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Property taxes	\$ -	\$ -	\$ -
FUND BALANCES			
Restricted	<u>2,582</u>	<u>51,555</u>	<u>54,137</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,582</u>	<u>\$ 51,555</u>	<u>\$ 54,137</u>

City of Bandon
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund
Balances
Debt Service Funds
For the Year Ended June 30, 2018

	2000 Street & Sewer LID Bond	Local Improvement District Debt Service	Total
REVENUES			
Taxes	\$ -	\$ -	\$ -
Interest	-	859	859
Payment in lieu of taxes	-	-	-
Out of city bond charge	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	859	859
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Debt service			
Principal	-	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	859	859
FUND BALANCE, beginning of year	<u>2,582</u>	<u>50,696</u>	<u>53,278</u>
FUND BALANCE, end of year	<u>\$ 2,582</u>	<u>\$ 51,555</u>	<u>\$ 54,137</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, 2018

	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, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
Special assessments			
Principal	\$ 14,555	\$ -	\$ (14,555)
Interest	67,577	-	(67,577)
Interest	150	859	709
Other	5,000	-	(5,000)
	<u>87,282</u>	<u>859</u>	<u>(86,423)</u>
EXPENDITURES			
General government			
Capital outlay	2,193,900	-	2,193,900
NET CHANGE IN FUND BALANCE	(2,106,618)	859	2,107,477
OTHER FINANCING SOURCES (USES)			
Issuance of debt	2,193,900	-	(2,193,900)
NET CHANGE IN FUND BALANCE	87,282	859	(86,423)
FUND BALANCE, beginning of year	50,446	50,696	250
FUND BALANCE, end of year	<u>\$ 137,728</u>	<u>\$ 51,555</u>	<u>\$ (86,173)</u>

City of Bandon
Sub-Combining Balance Sheet
Capital Projects Funds
June 30, 2018

	Capital Improvement	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	Total
ASSETS										
Cash and cash equivalents	\$ 71,316	\$ 498,215	\$ (876)	\$ 127,904	\$ 181,206	\$ 367,100	\$ 98,577	\$ 172,207	\$ 1,490,944	\$ 3,006,593
Receivables (net, where applicable of allowance for uncollectible)										
Taxes	-	14,936	-	-	-	-	-	-	38,844	53,780
Loans	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	951	1,800	2,688	2,359	-	7,798
TOTAL ASSETS	\$ 71,316	\$ 513,151	\$ (876)	\$ 127,904	\$ 182,157	\$ 368,900	\$ 101,265	\$ 174,566	\$ 1,529,788	\$ 3,068,171
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ 3,813	\$ -	\$ -	\$ 3	\$ -	\$ 99,158	\$ 102,974
Customer deposits	-	-	-	-	-	-	-	-	-	-
Interfund payable	-	24,188	-	-	-	-	-	-	-	24,188
	-	24,188	-	3,813	-	-	3	-	99,158	127,162
Deferred inflows of resources										
Unavailable revenue										
Property taxes	-	14,936	-	-	-	-	-	-	38,844	53,780
Assessments receive	-	-	-	-	951	1,800	2,688	2,358	-	7,797
Loan	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	14,936	-	-	951	1,800	2,688	2,358	38,844	61,577
Fund balances										
Restricted	-	-	-	-	181,206	367,100	98,574	172,208	1,391,786	2,210,874
Committed	71,316	474,027	-	124,091	-	-	-	-	-	669,434
Unrestricted	-	-	(876)	-	-	-	-	-	-	(876)
Total fund balances	71,316	474,027	(876)	124,091	181,206	367,100	98,574	172,208	1,391,786	2,879,432
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 71,316	\$ 513,151	\$ (876)	\$ 127,904	\$ 182,157	\$ 368,900	\$ 101,265	\$ 174,566	\$ 1,529,788	\$ 3,068,171

City of Bandon
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Projects Funds
For the Year Ended June 30, 2018

	Capital Improvement	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	Total
REVENUES										
Taxes	\$ -	\$ 152,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,537	\$ 567,527
Special assessments	-	-	-	-	905	1,717	2,455	2,178	-	7,255
System development charges	-	-	-	-	13,939	26,129	37,744	33,096	-	110,908
Interest	47	7,931	-	2,132	2,887	5,868	1,477	2,802	23,033	46,177
Payments in lieu of taxes	-	8,577	-	-	-	-	-	-	17,043	25,620
Total revenues	47	169,498	-	2,132	17,731	33,714	41,676	38,076	454,613	757,487
EXPENDITURES										
Current:										
General government	-	1,685	-	-	-	-	-	-	-	1,685
Highways and streets	-	-	-	-	-	-	-	965	-	965
Culture and recreation	-	-	-	3,813	-	-	-	-	-	3,813
Capital outlay	71,766	-	-	-	-	-	10,962	22,265	159,577	264,570
Debt service:										
Principal	-	12,685	-	-	-	-	-	-	-	12,685
Interest	-	3,859	-	-	-	-	-	-	-	3,859
Total expenditures	71,766	18,229	-	3,813	-	-	10,962	23,230	159,577	287,577
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(71,719)	151,269	-	(1,681)	17,731	33,714	30,714	14,846	295,036	469,910
OTHER FINANCING SOURCES (USES)										
Transfer in (out)	214,748	-	-	-	-	-	-	-	-	214,748
NET CHANGE IN FUND BALANCE	143,029	151,269	-	(1,681)	17,731	33,714	30,714	14,846	295,036	684,658
FUND BALANCE, beginning of year	(71,713)	322,758	(876)	125,772	163,475	333,386	67,860	157,362	1,096,750	2,194,774
FUND BALANCE, end of year	\$ 71,316	\$ 474,027	\$ (876)	\$ 124,091	\$ 181,206	\$ 367,100	\$ 98,574	\$ 172,208	\$ 1,391,786	\$ 2,879,432

City of Bandon**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget
(Non-U.S. GAAP Budgetary Basis) and Actual
Capital Improvement Fund
For the Year Ended June 30, 2018**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	<u>\$ 5,000</u>	<u>\$ 47</u>	<u>\$ (4,953)</u>
Total revenues	<u>5,000</u>	<u>47</u>	<u>(4,953)</u>
EXPENDITURES			
General government			
Capital outlay	<u>219,748</u>	<u>71,766</u>	<u>147,982</u>
Total expenditures	<u>219,748</u>	<u>71,766</u>	<u>147,982</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(214,748)</u>	<u>(71,719)</u>	<u>143,029</u>
OTHER FINANCING SOURCES (USES)			
Transfer in (out)	<u>214,748</u>	<u>214,748</u>	<u>-</u>
Total other financing sources (uses)	<u>214,748</u>	<u>214,748</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>143,029</u>	<u>143,029</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>(71,713)</u>	<u>(71,713)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 71,316</u>	<u>\$ 71,316</u>

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget
and Actual
Urban Renewal District No.2 Fund
For the Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes			
Property taxes - current year	\$ 124,487	\$ 148,136	\$ 23,649
Previously levied taxes	13,694	4,854	(8,840)
Payments in lieu of taxes	250	8,577	
Interest	1,000	7,931	6,931
Total revenues	<u>139,431</u>	<u>169,498</u>	<u>21,740</u>
EXPENDITURES			
General government			
Materials and services	23,500	1,685	21,815
Capital outlay	449,173	-	449,173
Debt service			
Principal	24,000	35,830	(11,830) *
Interest	6,000	3,859	2,141
Bond reserve	25,000	-	25,000
Total expenditures	<u>527,673</u>	<u>41,374</u>	<u>486,299</u>
NET CHANGE IN FUND BALANCE	(388,242)	128,124	508,039
FUND BALANCE, beginning of year, budgetary basis	<u>388,242</u>	<u>370,091</u>	<u>(18,151)</u>
FUND BALANCE, end of year budgetary basis	<u>\$ -</u>	<u>498,215</u>	<u>\$ 489,888</u>
INTERFUND LOAN PAYABLE (TO BLOCK GRANT FUND)		<u>(24,188)</u>	
FUND BALANCE, at end of year, U.S. GAAP basis		<u>\$ 474,027</u>	

* Exempt from Oregon budget law

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget
and Actual
Equipment Reserve Fund
For the Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
Interest	\$ -	\$ -	\$ -
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, beginning of year	-	(876)	(876)
FUND BALANCE, end of year	\$ -	\$ (876)	\$ (876)

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, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
Interest	\$ 800	\$ 2,132	\$ 1,332
Grants	1,500,000	-	(1,500,000)
Total revenues	<u>1,500,800</u>	<u>2,132</u>	<u>(1,498,668)</u>
EXPENDITURES			
Materials and services	-	3,813	(3,813)
Capital outlay	1,625,885	-	1,625,885
Total expenditures	<u>1,625,885</u>	<u>3,813</u>	<u>1,622,072</u>
NET CHANGE IN FUND BALANCE	(125,085)	(1,681)	123,404
FUND BALANCE, beginning of year	<u>125,085</u>	<u>125,772</u>	<u>687</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 124,091</u>	<u>\$ 124,091</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, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
System development fees	\$ 9,000	\$ 13,939	\$ 4,939
Special assessments			
Principal	1,000	749	(251)
Interest	150	156	6
Interest	2,000	2,887	887
Total revenues	12,150	17,731	5,581
EXPENDITURES			
Highways and streets	12,500	-	12,500
Capital outlay	33,647	-	33,647
Total expenditures	46,147	-	46,147
NET CHANGE IN FUND BALANCE	(33,997)	17,731	51,728
FUND BALANCE, beginning of year	33,997	163,475	129,478
FUND BALANCE, end of year	\$ -	\$ 181,206	\$ 181,206

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, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
System development fees	\$ 17,500	\$ 26,129	\$ 8,629
Special assessments			
Principal	2,000	1,420	(580)
Interest	300	297	(3)
Interest	1,000	5,868	4,868
Total revenues	20,800	33,714	12,914
EXPENDITURES			
Highways and streets	15,000	-	15,000
Capital outlay	293,399	-	293,399
Total expenditures	308,399	-	308,399
NET CHANGE IN FUND BALANCE	(287,599)	33,714	321,313
FUND BALANCE, beginning of year	287,599	333,386	45,787
FUND BALANCE, end of year	\$ -	\$ 367,100	\$ 367,100

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, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
System development fees	\$ 26,000	\$ 37,744	\$ 11,744
Special assessments			
Principal	3,000	2,031	(969)
Interest	1,000	424	(576)
Interest	1,500	1,477	(23)
Total revenues	<u>31,500</u>	<u>41,676</u>	<u>10,176</u>
EXPENDITURES			
Highways and streets	15,000	-	15,000
Capital outlay	58,587	10,962	47,625
Total expenditures	<u>73,587</u>	<u>10,962</u>	<u>47,625</u>
NET CHANGE IN FUND BALANCE	(42,087)	30,714	57,801
FUND BALANCE, beginning of year	<u>42,087</u>	<u>67,860</u>	<u>25,773</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 98,574</u>	<u>\$ 83,574</u>

City of Bandon
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget
and Actual
Storm Drain SDC Improvement Fund
For the Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
System development fees	\$ 22,000	\$ 33,096	\$ 11,096
Special assessments			
Principal	2,000	1,801	(199)
Interest	300	377	77
Interest	800	2,802	2,002
	<u>25,100</u>	<u>38,076</u>	<u>12,976</u>
EXPENDITURES			
Highways and streets	15,000	965	14,035
Capital outlay	67,307	22,265	45,042
	<u>82,307</u>	<u>23,230</u>	<u>59,077</u>
NET CHANGE IN FUND BALANCE	(57,207)	14,846	72,053
FUND BALANCE, beginning of year	57,207	157,362	100,155
FUND BALANCE, end of year	\$ -	\$ 172,208	\$ 172,208

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, 2018

	Original and Final Budget	Actual	Variance
REVENUES			
Taxes			
Property taxes - current year	\$ 355,168	\$ 402,498	\$ 47,330
Previously levied taxes	19,732	12,039	(7,693)
Interest	3,500	23,033	19,533
Payments in lieu of tax	650	17,043	16,393
Total revenues	<u>379,050</u>	<u>454,613</u>	<u>75,563</u>
EXPENDITURES			
Highways and streets			
Capital outlay	<u>1,431,835</u>	<u>159,577</u>	<u>1,272,258</u>
Total expenditures	<u>1,431,835</u>	<u>159,577</u>	<u>1,272,258</u>
NET CHANGE IN FUND BALANCE	(1,052,785)	295,036	1,347,821
FUND BALANCE, beginning of year	<u>1,052,785</u>	<u>1,096,750</u>	<u>43,965</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 1,391,786</u>	<u>\$ 1,391,786</u>

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City of Bandon
Enterprise Funds
June 30, 2018

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, 2018

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 139,103	\$ 186,845	\$ 234,674	\$ 560,622
Receivable				
Accounts	61,713	-	-	61,713
Special assessments	-	1,190	1,642	2,832
Restricted cash	11,407	-	-	11,407
Total current assets	212,223	188,035	236,316	636,574
Noncurrent assets				
Capital assets (net of accumulated depreciation)	4,512,821	-	-	4,512,821
Total assets	4,725,044	188,035	236,316	5,149,395
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - city pension	96,419	-	-	96,419
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,821,463	\$ 188,035	\$ 236,316	\$ 5,245,814
LIABILITIES				
Current liabilities				
Accounts payable	\$ 21,800	\$ -	\$ -	\$ 21,800
Accrued payroll benefits	6,312	-	-	6,312
Accrued interest payable	6,301	-	-	6,301
Customer deposits	11,407	-	-	11,407
Compensated absences payable	45,971	-	-	45,971
Current portion of long-term debt	58,467	-	-	58,467
Total current liabilities	150,258	-	-	150,258
Long-term liabilities				
Net pension liability	257,989	-	-	257,989
Long-term debt (net of current portion)	1,021,699	-	-	1,021,699
Total long-term liabilities	1,279,688	-	-	1,279,688
Total liabilities	1,429,946	-	-	1,429,946
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - city pension	31,909	-	-	31,909
NET POSITION				
Net investment in capital assets	3,432,655	-	-	3,432,655
Restricted for customer deposits	11,407	-	-	11,407
Restricted for capital projects	-	188,035	236,316	424,351
Unrestricted	(84,454)	-	-	(84,454)
Total net position	3,359,608	188,035	236,316	3,783,959
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 4,821,463	\$ 188,035	\$ 236,316	\$ 5,245,814

City of Bandon
Sub-Combining Schedule of Revenues, Expenses, and Changes in Net Position
Sewer Funds
For the Year Ended June 30, 2018

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Total
OPERATING REVENUES				
Charges for services				
Sewer charges	\$ 798,511	\$ -	\$ -	\$ 798,511
Service charges, fees and permits	-	20,605	28,678	49,283
Other	2,928	-	-	2,928
Total operating revenues	<u>801,439</u>	<u>20,605</u>	<u>28,678</u>	<u>850,722</u>
OPERATING EXPENSES				
Administration	97,111	-	-	97,111
Cost of sales and services	746,050	-	-	746,050
Capital outlay	116,263	-	-	116,263
Depreciation and amortization	216,910	-	-	216,910
Total operating expenses	<u>1,176,334</u>	<u>-</u>	<u>-</u>	<u>1,176,334</u>
OPERATING INCOME (LOSS)	<u>(374,895)</u>	<u>20,605</u>	<u>28,678</u>	<u>(325,612)</u>
NONOPERATING REVENUES (EXPENSES)				
Assessment principal	-	-	2,577	2,577
Assessment interest	-	219	331	550
Interest income	6,329	2,941	3,650	12,920
Interest expense	(11,042)	-	-	(11,042)
Total nonoperating revenues (expenses)	<u>(4,713)</u>	<u>3,160</u>	<u>6,558</u>	<u>5,005</u>
CHANGE IN NET POSITION	<u>(379,608)</u>	<u>23,765</u>	<u>35,236</u>	<u>(320,607)</u>
NET POSITION, beginning of year	<u>3,739,216</u>	<u>164,270</u>	<u>201,080</u>	<u>4,104,566</u>
NET POSITION, end of year	<u>\$ 3,359,608</u>	<u>\$ 188,035</u>	<u>\$ 236,316</u>	<u>\$ 3,783,959</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, 2018

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
Charges for services					
Sewer charges	\$ 798,511	\$ -	\$ 798,511	\$ 800,000	\$ (1,489)
Other	2,928	-	2,928	2,500	428
Total operating revenues	<u>801,439</u>	<u>-</u>	<u>801,439</u>	<u>802,500</u>	<u>(1,061)</u>
OPERATING EXPENSES					
Administration	97,111	2,949	94,162	95,531	1,369
Accounting and billing	29,927	931	28,996	32,522	3,526
Collection	93,400	2,710	90,690	135,187	44,497
Plant operations	574,812	16,050	558,762	611,450	52,688
Capital outlay	116,263	(64,041)	180,304	362,281	181,977
Nondepartmental					
Materials and services	47,911	-	47,911	48,000	89
Depreciation	216,910	216,910	-	-	-
Total operating expenses	<u>1,176,334</u>	<u>175,509</u>	<u>1,000,825</u>	<u>1,284,971</u>	<u>284,146</u>
OPERATING INCOME (LOSS)	<u>(374,895)</u>	<u>(175,509)</u>	<u>(199,386)</u>	<u>(482,471)</u>	<u>(285,207)</u>
NONOPERATING REVENUES (EXPENSES)					
Debt service principal	-	(57,889)	(57,889)	(58,000)	111
Debt service interest	(11,042)	338	(11,380)	(12,000)	620
Interest income	6,329	-	6,329	3,000	3,329
Total nonoperating revenues (expenses)	<u>(4,713)</u>	<u>(57,551)</u>	<u>(62,940)</u>	<u>(67,000)</u>	<u>4,060</u>
CHANGE IN NET POSITION	<u>(379,608)</u>	<u>(233,060)</u>	<u>(262,326)</u>	<u>(549,471)</u>	<u>287,145</u>
NET POSITION, beginning of year	<u>3,739,216</u>	<u>3,304,186</u>	<u>435,030</u>	<u>549,471</u>	<u>(114,441)</u>
NET POSITION, end of year	<u>\$ 3,359,608</u>	<u>\$ 3,071,126</u>	<u>\$ 172,704</u>	<u>\$ -</u>	<u>\$ 172,704</u>
			4,512,821	Capital Assets	
			(257,989)	Net pension asset (liability)	
			96,419	Deferred outflow	
			(6,301)	Interest payable	
			(45,971)	Compensated absences payable	
			(58,467)	CP of LT debt	
			(1,021,699)	Long term debt	
			(31,909)	Deferred inflow	
			<u>\$3,359,608</u>	GAAP net position	

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, 2018

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
System development fees	\$ 20,605	\$ -	\$ 20,605	\$ 14,000	\$ 6,605
Other	-	-	-	500	(500)
Total operating revenues	20,605	-	20,605	14,500	6,105
OPERATING EXPENSES					
Materials and services	-	-	-	15,000	15,000
Capital outlay	-	-	-	61,959	61,959
Total nonoperating revenues (expenses)	-	-	-	76,959	76,959
OPERATING INCOME (LOSS)	20,605	-	20,605	(62,459)	83,064
NONOPERATING REVENUES (EXPENSES)					
Assessment interest	219	-	219	250	(31)
Interest income	2,941	-	2,941	500	2,441
Total nonoperating revenues (expenses)	3,160	-	3,160	750	2,410
CHANGE IN NET POSITION	23,765	-	23,765	(61,709)	85,474
NET POSITION, beginning of year	164,270	-	164,270	61,709	102,561
NET POSITION, end of year	\$ 188,035	\$ -	\$ 188,035	\$ -	\$ 188,035

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, 2018

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
System development fees	\$ 28,678	\$ -	\$ 28,678	\$ 19,200	\$ 9,478
OPERATING EXPENSES					
Materials and services	-	-	-	25,000	25,000
Capital outlay	-	-	-	175,262	175,262
Total operating expenses	-	-	-	200,262	200,262
OPERATING INCOME (LOSS)	28,678	-	28,678	(181,062)	209,740
NONOPERATING REVENUES (EXPENSES)					
Assessment principal	2,577	-	2,577	-	2,577
Assessment interest	331	-	331	350	(19)
Interest income	3,650	-	3,650	600	3,050
Total nonoperating revenues (expenses)	6,558	-	6,558	950	5,608
CHANGE IN NET POSITION	35,236	-	35,236	(180,112)	215,348
NET POSITION, beginning of year	201,080	-	201,080	180,112	20,968
NET POSITION, end of year	\$ 236,316	\$ -	\$ 236,316	\$ -	\$ 236,316

City of Bandon
Sub-Combining Schedule of Net Position
Water Funds
June 30, 2018

	Water	Water SDC Reimbursement	Water SDC Improvement	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ (204,321)	\$ 124,902	\$ 1,176,213	\$ 1,096,794
Receivable				
Accounts	63,635	-	-	63,635
Special assessments	-	2,902	11,198	14,100
Restricted cash	6,383	-	-	6,383
Inventory	41,314	-	-	41,314
Total current assets	<u>(92,989)</u>	<u>127,804</u>	<u>1,187,411</u>	<u>1,222,226</u>
Noncurrent assets				
Restricted cash	25,943	-	-	25,943
Loans receivable	340,961	-	-	340,961
Capital assets (net of accumulated depreciation)	7,081,691	-	-	7,081,691
Total noncurrent assets	<u>7,448,595</u>	<u>-</u>	<u>-</u>	<u>7,448,595</u>
Total assets	<u>7,355,606</u>	<u>127,804</u>	<u>1,187,411</u>	<u>8,670,821</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - city pension	150,464	-	-	150,464
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 7,506,070</u>	<u>\$ 127,804</u>	<u>\$ 1,187,411</u>	<u>\$ 8,821,285</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 51,209	\$ -	\$ -	\$ 51,209
Accrued payroll benefits	5,273	-	-	5,273
Compensated absences payable	21,345	-	-	21,345
Customer deposits	6,383	-	-	6,383
Interest payable	8,059	-	-	8,059
Current portion of long term debt	25,943	-	-	25,943
Total current liabilities	<u>118,212</u>	<u>-</u>	<u>-</u>	<u>118,212</u>
Long-term liabilities				
Net pension liability	371,184	-	-	371,184
Long term debt (net of current portion)	266,148	-	-	266,148
Total long-term liabilities	<u>637,332</u>	<u>-</u>	<u>-</u>	<u>637,332</u>
Total liabilities	<u>755,544</u>	<u>-</u>	<u>-</u>	<u>755,544</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - city pension	17,919	-	-	17,919
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES	<u>773,463</u>	<u>-</u>	<u>-</u>	<u>773,463</u>
NET POSITION				
Net investment in capital assets	6,815,543	-	-	6,815,543
Restricted for debt service	25,943	-	-	25,943
Restricted for capital projects	-	127,804	1,187,411	1,315,215
Unrestricted	(108,879)	-	-	(108,879)
Total net position	<u>6,732,607</u>	<u>127,804</u>	<u>1,187,411</u>	<u>8,047,822</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 7,506,070</u>	<u>\$ 127,804</u>	<u>\$ 1,187,411</u>	<u>\$ 8,821,285</u>

City of Bandon
Sub-Combining Schedule of Revenues, Expenses, and Changes in Net Position
Water Funds
For the Year Ended June 30, 2018

	<u>Water</u>	<u>Water SDC Reimbursement</u>	<u>Water SDC Improvement</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services				
Water sales	\$ 791,010	\$ -	\$ -	\$ 791,010
Service charges, fees, and permits	35,902	29,969	114,043	179,914
Miscellaneous, other	1,948	-	-	1,948
Total operating revenues	<u>828,860</u>	<u>29,969</u>	<u>114,043</u>	<u>972,872</u>
OPERATING EXPENSES				
Administration	77,905	-	-	77,905
Cost of sales and services	616,508	-	1,213	617,721
Depreciation	319,833	-	-	319,833
Total operating expenses	<u>1,014,246</u>	<u>-</u>	<u>1,213</u>	<u>1,015,459</u>
OPERATING INCOME (LOSS)	<u>(185,386)</u>	<u>29,969</u>	<u>112,830</u>	<u>(42,587)</u>
Nonoperating revenues (expenses)				
Interest income	988	1,802	18,543	21,333
Interest expense	(14,304)	-	-	(14,304)
Special assessment interest	17,091	3,430	13,831	34,352
Total nonoperating revenues (expenses)	<u>3,775</u>	<u>5,232</u>	<u>32,374</u>	<u>41,381</u>
CHANGE IN NET POSITION	<u>(181,611)</u>	<u>35,201</u>	<u>145,204</u>	<u>(1,206)</u>
NET POSITION, beginning of year	<u>6,914,218</u>	<u>92,603</u>	<u>1,042,207</u>	<u>8,049,028</u>
NET POSITION, end of year	<u>\$ 6,732,607</u>	<u>\$ 127,804</u>	<u>\$ 1,187,411</u>	<u>\$ 8,047,822</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, 2018

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
Charges for services					
Water sales	\$ 791,010	\$ -	\$ 791,010	\$ 808,520	\$ (17,510)
Service charges, fees and permits	35,902	-	35,902	7,000	28,902
Other	1,948	-	1,948	16,300	(14,352)
Total operating revenues	<u>828,860</u>	<u>-</u>	<u>828,860</u>	<u>831,820</u>	<u>(2,960)</u>
OPERATING EXPENSES					
Administration	77,905	2,949	74,956	79,306	4,350
Accounting and billing	36,800	930	35,870	33,147	(2,723)
Distribution	219,753	27,490	192,263	231,893	39,630
Plant operations	311,791	8,137	303,654	319,397	15,743
Capital outlay	703	(509,228)	509,931	570,181	60,250
Non-departmental					
Materials and services	47,461	-	47,461	48,500	1,039
Depreciation	319,833	319,833	-	-	-
Total operating expenses	<u>1,014,246</u>	<u>(149,889)</u>	<u>1,164,135</u>	<u>1,282,424</u>	<u>118,289</u>
OPERATING INCOME (LOSS)	<u>(185,386)</u>	<u>149,889</u>	<u>(335,275)</u>	<u>(450,604)</u>	<u>115,329</u>
NONOPERATING REVENUES (EXPENSES)					
Special assessments					
Principal	-	(17,432)	17,432	-	17,432
Interest	17,091	-	17,091	16,500	591
Debt service:					
Principal	-	-	-	(24,771)	24,771
Interest	(14,304)	684	(14,988)	(14,988)	-
Interest income	988	-	988	250	738
Total nonoperating revenues (expenses)	<u>3,775</u>	<u>(16,748)</u>	<u>20,523</u>	<u>(23,009)</u>	<u>43,532</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(181,611)</u>	<u>133,141</u>	<u>(314,752)</u>	<u>(473,613)</u>	<u>158,861</u>
CHANGE IN NET POSITION	<u>(181,611)</u>	<u>133,141</u>	<u>(314,752)</u>	<u>(473,613)</u>	<u>158,861</u>
NET POSITION, beginning of year	<u>6,914,218</u>	<u>6,724,659</u>	<u>184,841</u>	<u>473,613</u>	<u>(288,772)</u>
NET POSITION, end of year	<u>\$ 6,732,607</u>	<u>\$ 6,857,800</u>	<u>\$ (129,911)</u>	<u>\$ -</u>	<u>\$ (129,911)</u>
			(371,184)	Net pension asset (liability)	
			340,961	Loans Receivable	
			7,081,691	Capital assets	
			150,464	Deferred outflow	
			(21,345)	Compensated absences payable	
			(8,059)	Interest payable	
			(25,943)	CP of LT debt	
			(266,148)	Long term debt	
			(17,919)	Deferred inflow	
			<u>\$6,732,607</u>	GAAP net position	

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, 2018**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
System development fees	\$ 29,969	\$ -	\$ 29,969	\$ 20,000	\$ 9,969
Other	-	-	-	-	-
Total operating revenues	<u>29,969</u>	<u>-</u>	<u>29,969</u>	<u>20,000</u>	<u>9,969</u>
OPERATING EXPENSES					
Materials and services	-	-	-	15,000	15,000
Capital outlay	-	-	-	180,379	180,379
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,379</u>	<u>195,379</u>
OPERATING INCOME (LOSS)	<u>29,969</u>	<u>-</u>	<u>29,969</u>	<u>(175,379)</u>	<u>205,348</u>
NONOPERATING REVENUES (EXPENSES)					
Assessment principal	-	-	-	300	(300)
Assessment interest	3,430	-	3,430	1,000	2,430
Interest income	1,802	-	1,802	1,000	802
Total nonoperating revenues (expenses)	<u>5,232</u>	<u>-</u>	<u>5,232</u>	<u>2,300</u>	<u>2,932</u>
CHANGE IN NET POSITION	<u>35,201</u>	<u>-</u>	<u>35,201</u>	<u>(173,079)</u>	<u>208,280</u>
NET POSITION, beginning of year	<u>92,603</u>	<u>-</u>	<u>92,603</u>	<u>173,079</u>	<u>(80,476)</u>
NET POSITION, end of year	<u>\$ 127,804</u>	<u>\$ -</u>	<u>\$ 127,804</u>	<u>\$ -</u>	<u>\$ 127,804</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, 2018

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
System development fees	\$ 114,043	\$ -	\$ 114,043	\$ 80,000	\$ 34,043
OPERATING EXPENSES					
Materials and services	1213	-	1213	15,000	13,787
Capital outlay	-	-	-	812,039	812,039
Debt service - principal	-	-	-	200,000	200,000
Debt service - interest	-	-	-	50,000	50,000
Total operating expenses	1213	-	1213	1077,039	1075,826
OPERATING INCOME (LOSS)	112,830	-	112,830	(997,039)	1109,869
NONOPERATING REVENUES (EXPENSES)					
Assessment interest	13,831	-	13,831	1200	12,631
Interest income	18,543	-	18,543	3,200	15,343
Total nonoperating revenues (expenses)	32,374	-	32,374	4,400	27,974
CHANGE IN NET POSITION	145,204	-	145,204	(992,639)	1137,843
FUND BALANCE, beginning of year	1042,207	-	1042,207	992,639	49,568
NET POSITION, end of year	\$ 1187,411	\$ -	\$ 1187,411	\$ -	\$ 1187,411

City of Bandon
Schedule of Net Position
Electric Funds
June 30, 2018

ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,118,407
Receivable	
Accounts	380,418
Restricted cash	73,174
Inventory	469,851
	2,041,850
Total current assets	2,041,850
Noncurrent assets	
Loans receivable	-
Capital assets (net of accumulated depreciation)	8,139,619
	8,139,619
Total noncurrent assets	8,139,619
Total assets	10,181,469
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow - city pension	501,913
	501,913
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 10,683,382
LIABILITIES	
Current liabilities	
Accounts payable	\$ 251,806
Accrued payroll benefits	20,526
Compensated absences payable	76,062
Customer deposits	73,174
	421,568
Total current liabilities	421,568
Long-term liabilities	
Net pension liability	1,360,723
	1,360,723
Total liabilities	1,782,291
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow - city pension	137,444
	137,444
NET POSITION	
Net investment in capital assets	8,139,619
Restricted for customer deposits	73,174
Unrestricted	550,854
	8,763,647
TOTAL NET POSITION	8,763,647
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 10,683,382

City of Bandon
Schedule of Revenues, Expenses, and Changes in Net Position
Electric Fund
For the Year Ended June 30, 2018

	<u>Electric</u>
OPERATING REVENUES	
Charges for services	
Electricity sales	\$ 5,630,919
BPA conservation	207,175
Service charges, fees, and permits	191,354
Other	<u>23,364</u>
Total operating revenues	<u>6,052,812</u>
OPERATING EXPENSES	
Administration	372,779
Cost of sales and services	5,400,261
Energy assistance payments	21,265
Depreciation	<u>573,653</u>
Total operating expenses	<u>6,367,958</u>
OPERATING INCOME (LOSS)	(315,146)
NONOPERATING REVENUES (EXPENSES)	
Interest income	<u>22,570</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(292,576)
OTHER FINANCING SOURCES (USES)	
Transfers (to) from other funds	<u>(25,000)</u>
CHANGE IN NET POSITION	(317,576)
NET POSITION, beginning of year	<u>9,081,223</u>
NET POSITION, end of year	<u>\$ 8,763,647</u>

City of Bandon
Schedule of Revenues, Expenses, and Changes in Net Position – Budget
(Non-U.S. GAAP Budgetary Basis) and Actual
Electric Fund
For the Year Ended June 30, 2018

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
OPERATING REVENUES					
Electricity sales	\$ 5,619,091	\$ -	\$ 5,619,091	\$ 5,000,000	\$ 619,091
Low income assistance	11,034	-	11,034	10,000	1,034
Vol Low Inc Roundup Donation	794	-	794	-	794
BPA conservation	207,175	-	207,175	185,000	22,175
Services charges, fees, and permits	191,354	-	191,354	115,050	76,304
Reimbursements	-	-	-	5,000	(5,000)
Other	23,364	-	23,364	14,900	8,464
Total operating revenues	6,052,812	-	6,052,812	5,329,950	722,862
OPERATING EXPENSES					
Administration	372,779	10,653	362,126	419,157	57,031
Accounting and billing	336,846	13,958	322,888	360,983	38,095
Source of supply	2,842,329	-	2,842,329	2,850,000	7,671
Conservation	195,534	1,231	194,303	117,681	(76,622)
Capital outlay	39,914	39,914	-	920,872	920,872
Distribution	1,669,758	(64,307)	1,734,065	1,715,460	(18,605)
Nondepartmental					
Materials and services	337,145	-	337,145	300,000	(37,145)
Debt service - interest	-	-	-	8,000	8,000
Depreciation and amortization	573,653	573,653	-	-	-
Total operating expenses	6,367,958	575,102	5,792,856	6,692,153	899,297
OPERATING INCOME (LOSS)	(315,146)	575,102	259,956	(1,362,203)	1,622,159
NONOPERATING REVENUES (EXPENSES)					
Conservation interest	92	-	92	-	92
Conservation principal	-	(7,605)	7,605	-	7,605
Interest income	22,478	-	22,478	-	22,478
Total nonoperating revenues	22,570	(7,605)	30,175	-	30,175
INCOME (LOSS) BEFORE TRANSFERS	(292,576)	(582,707)	290,131	(1,362,203)	1,652,334
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(25,000)	-	(25,000)	(25,000)	-
Total other financing sources (uses)	(25,000)	-	(25,000)	(25,000)	-
CHANGE IN NET POSITION	(317,576)	(582,707)	265,131	(1,387,203)	1,652,334
NET POSITION, beginning of year	9,081,223	8,119,861	961,362	1,387,203	(425,841)
NET POSITION, end of year	\$ 8,763,647	\$ 7,537,154	\$ 1,226,493	\$ -	\$ 1,226,493

469,851	Inventory
(1,360,723)	Net pension asset (liability)
-	Loans receivable
8,139,619	Capital assets
501,913	Deferred outflow
-	Interest payable
(76,062)	Compensated absences payable
-	CP of LT debt
(137,444)	Deferred inflow
<u>\$8,763,647</u>	<u>GAAP net position</u>

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

July 23, 2019

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, 2018, and have issued our report thereon dated July 23, 2019. 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:

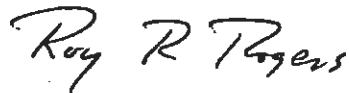
1. Expenditures of all the various funds were within authorized appropriations, except as noted on page 19.

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 the accompanying Schedule of Findings and Responses.

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.



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

July 23, 2019

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, 2018 and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated July 23, 2019.

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*.

City of Bandon's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Bandon's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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, 2018

FINANCIAL STATEMENT FINDINGS

2018-FS-1

This is a repeat finding from 2017

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.

Prior Year 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.

RESULTS: The City implemented their response during the audit process (in 2019) so this finding is expected to reoccur in the June 30, 2019 period.

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