

ANNUAL FINANCIAL REPORT

**CITY OF BANDON  
COOS COUNTY, OREGON**

FOR THE YEAR ENDED JUNE 30, 2019

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



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**Annual Financial Report**  
**For the Year Ended June 30, 2019**  
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**CITY OF BANDON**

**CITY OFFICIALS**

**June 30, 2019**

<b>Mayor and City Council</b>	<b>Term Expirations</b>
Mary Schamehorn, Mayor	December 31, 2020
Brian Vick	December 31, 2020
Claudine Hundhausen	December 31, 2020
Geri Procetto	December 31, 2020
Chris Powell	December 31, 2022
Madeline Seymour	December 31, 2022
Peter Braun	December 31, 2022

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Dan Chandler, City Manager

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

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PAULY, ROGERS, AND CO., P.C.  
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(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

April 13, 2020

## 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, 2019, 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.

## **Basis for Qualified Opinion**

Management has not obtained an actuarial valuation of the post-employment benefit obligation related to the implicit healthcare subsidy in accordance with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require that actuarially determined annual required contributions related to postemployment benefits, other than retirement benefits, attributable to employee services already rendered be recorded as expenses as employees earn the benefits, which, if not funded, would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect net position, liabilities and expenses of the governmental activities is not reasonably determinable.

## **Qualified Opinion**

In our opinion, except for the effects of not providing an actuarially determined liability for other postemployment benefits as described in the preceding paragraph, 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, 2019, and the respective changes in financial position and budgetary comparisons for the general fund and major special revenue funds and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The City adopted the provisions of GASB Statement No. 83 *Certain Asset Retirement Obligations* and GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the schedules of Net pension liability and contributions for PERS or management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

The budgetary comparison schedule presented as Required Supplementary Information, as listed in the table of contents, 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 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 is 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.

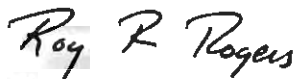
### *Other Information*

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 April 13, 2020 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 April 13, 2020, 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, 2019

## 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, 2019. 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, \$1.7 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 \$5.6 million, of which \$82 thousand was unassigned. During the current fiscal year, the City's Net Position decreased by \$61 thousand and total debt increased by \$26 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, 2019

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-two 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 fund, the 12<sup>th</sup> Court LID debt service fund, Local Option Street fund and General Obligation Bond 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, 2019

**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, 2019. A portion of the City's net position (\$29.4 million or 79%) reflects its investment in capital assets (e.g., land and right-of-ways, buildings, improvements, equipment and infrastructure, net of accumulated depreciation less any related debt used to acquire those assets that are still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining net position, 1.8% is restricted for debt service, 9.0% is restricted for capital projects, 5.5% is restricted for streets, .23% is restricted for customer deposits and the rest 4.4% 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, 2019

## City of Bandon Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 6,499,293	\$ 6,534,523	\$ 5,248,051	\$ 4,267,554	\$11,747,344	\$10,802,077
Capital assets	\$17,944,879	\$17,707,962	\$18,777,964	\$19,734,132	\$36,722,843	\$37,442,094
<b>Total Assets</b>	<b>\$24,444,172</b>	<b>\$24,242,485</b>	<b>\$24,026,015</b>	<b>\$24,001,686</b>	<b>\$48,470,187</b>	<b>\$48,244,171</b>
Total deferred outflows of resources	\$ 578,754	\$ 473,596	\$ 849,529	\$ 748,796	\$ 1,428,283	\$ 1,222,392
Long-term liabilities outstanding	\$ 7,443,385	\$ 7,136,951	\$ 3,381,395	\$ 3,362,153	\$10,824,780	\$10,499,104
Other liabilities	\$ 660,606	\$ 517,781	\$ 588,707	\$ 605,629	\$ 1,249,313	\$ 1,123,410
<b>Total Liabilities</b>	<b>\$ 8,103,991</b>	<b>\$ 7,654,732</b>	<b>\$ 3,970,102</b>	<b>\$ 3,967,782</b>	<b>\$12,074,093</b>	<b>\$11,622,514</b>
Total deferred outflows of resources	\$ 331,869	\$ 314,831	\$ 211,471	\$ 187,272	\$ 543,340	\$ 502,103
<b>Net Position</b>						
Net Investment in Capital Assets	\$11,943,967	\$11,810,060	\$17,490,114	\$18,361,875	\$29,434,081	\$30,171,935
Restricted	\$ 3,708,532	\$ 3,574,678	\$ 2,486,416	\$ 1,850,090	\$ 6,194,948	\$ 5,424,768
Unrestricted	\$ 934,567	\$ 1,361,780	\$ 717,441	\$ 383,463	\$ 1,652,008	\$ 1,745,243
<b>Total Net Position</b>	<b>\$16,587,066</b>	<b>\$16,746,518</b>	<b>\$20,693,971</b>	<b>\$20,595,428</b>	<b>\$37,281,037</b>	<b>\$37,341,946</b>

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



# City of Bandon, Oregon

June 30, 2019

## City of Bandon's Statement of Activities

REVENUES	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenue						
Charges for Services and Contracts	\$ 859,939	\$ 678,195	\$ 7,898,974	\$ 7,876,406	\$ 8,758,913	\$ 8,554,601
Operating Grants and Contributions	656,237	687,730	-	-	656,237	687,730
General Revenues						
Taxes	2,495,783	2,501,118	-	-	2,495,783	2,501,118
Contributions in Lieu of Taxes	460,599	494,312	-	-	460,599	494,312
Franchise Fees	-	80,664	-	-	-	80,664
Miscellaneous Revenue	-	-	-	-	-	-
Unrestricted Investment Earnings	141,071	90,310	101,699	94,302	242,770	184,612
Total Revenues	<u>4,613,629</u>	<u>4,532,329</u>	<u>8,000,673</u>	<u>7,970,708</u>	<u>12,614,302</u>	<u>12,503,037</u>
EXPENSES						
General Government	1,682,038	1,159,975	-	-	1,682,038	1,159,975
Public Safety	1,333,411	1,092,464	-	-	1,333,411	1,092,464
Highways and Streets	481,201	371,527	-	-	481,201	371,527
Economic Development	26,941	132,790	-	-	26,941	132,790
Culture and Recreation	978,451	844,410	-	-	978,451	844,410
Interest on Long-term Obligations	191,778	299,189	-	-	191,778	299,189
Water Utility	-	-	1,052,614	1,187,376	1,052,614	1,187,376
Sewer Utility	-	-	1,151,192	1,029,763	1,151,192	1,029,763
Electric Utility	-	-	5,777,585	6,367,958	5,777,585	6,367,958
Total Expenses	<u>4,693,820</u>	<u>3,900,355</u>	<u>7,981,391</u>	<u>8,585,097</u>	<u>12,675,211</u>	<u>12,485,452</u>
Transfers/equity donations	(79,261)	25,000	79,261	(25,000)	-	-
Change in Net Position	(159,452)	656,974	98,543	(639,389)	(60,909)	17,585
Net position, July 1	16,746,518	16,089,544	20,595,428	21,234,817	37,341,946	37,324,361
Net position, June 30	<u>\$ 16,587,066</u>	<u>\$ 16,746,518</u>	<u>\$ 20,693,971</u>	<u>\$ 20,595,428</u>	<u>\$ 37,281,037</u>	<u>\$ 37,341,946</u>

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 decrease in the City's net position of \$159 thousand. The main reason for this decrease is due to expenses exceeding revenues during the year. The basic financial statements include a reconciliation of the governmental funds balance sheet to the statement of net position.

**Business-type activities.** Business-type activities increased the City's net position by \$98 thousand due primarily to increasing charges for service revenues in utilities.

# City of Bandon, Oregon

June 30, 2019

## 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, 2019, total fund balance for the general fund equaled \$238 thousand, which was all unassigned. Unassigned fund balance is the amount considered available to spend. At June 30, 2018, the fund balance of the City's general fund was \$663 thousand. The reason for the decrease is due primarily to higher expenses and lower revenues.

## City of Bandon's General Fund

	Fiscal Year		Increase (decrease)
	2019	2018	
<b>REVENUES</b>			
Taxes & in-lieu of taxes	\$ 1,748,892	\$ 1,841,336	\$ (92,444)
Licences and permits	24,832	47,889	(23,057)
Intergovernmental	58,091	102,813	(44,722)
Fines and police income	30,963	32,229	(1,266)
Reimbursements	435,803	364,539	71,264
Interest	7,874	6,823	1,051
Other	120,605	109,310	11,295
Total revenues	<u>2,427,060</u>	<u>2,504,939</u>	<u>(77,879)</u>
<b>EXPENDITURES</b>			
General government	904,827	791,305	113,522
Public Safety	1,148,298	1,072,203	76,095
Highways and streets	165,563	121,413	44,150
Economic development	-	-	-
Culture and recreation	285,446	268,605	16,841
Capital outlay	-	-	-
Total Expenditures	<u>\$ 2,504,134</u>	<u>\$ 2,253,526</u>	<u>\$ 250,608</u>
Other financing sources (uses)	<u>(347,645)</u>	<u>(226,298)</u>	<u>(121,347)</u>
Net increase (decrease) in fund balance	<u>(424,719)</u>	<u>25,115</u>	<u>(449,834)</u>
Fund balance, beginning of year	<u>662,905</u>		
Fund balance, end of year	<u>238,186</u>		

## City of Bandon, Oregon

June 30, 2019

The urban renewal district No. 1 fund, local option street fund, general obligation bond fund, and 12<sup>th</sup> court local improvement district debt service fund are the other major governmental funds. During the fiscal year 2019 the urban renewal district No. 1 fund had an increase in its fund balance of \$129 thousand, local option street fund decreased by \$137 thousand, general obligation bond fund increased by \$13 thousand, and the 12<sup>th</sup> court local improvement district fund increased by \$54 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 2019 the water, sewer and electric enterprises saw an increase in net position, due primarily to the increased cost of doing business. The sewer fund reported a \$234 thousand decrease, the water fund reported a \$168 thousand increase and the electric fund reported a \$164 thousand increase. The change in sewer fund indicates that revenues were not sufficient to cover expenses in the sewer fund for fiscal year ended June 30, 2019, which has become a reoccurring problem for the City's sewer fund. The changes in the water and electric fund indicate that revenues were sufficient to cover expenses for the fiscal year ended June 30, 2019.

**General Fund Budget.** Actual revenues for the year were greater than budgeted and expenditures for the year were less than budgeted. Actual revenues were \$2.43 million compared to the budgeted amount of \$2.39 million. The general fund expenditures were budgeted at \$2.6 million and actual expenditures were \$2.5 million.

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$36.7 million (net of accumulated depreciation). This investment in capital assets, which decreased by \$700 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,859,581	\$ 1,455,218	\$ 845,055	\$ 1,073,922	\$ 2,704,636	\$ 2,529,140
Construction in Progress	368,523	233,793	151,963	72,839	520,486	306,632
Buildings	8,969,253	8,887,638	5,003,212	4,985,541	13,972,465	13,873,179
Land improvements	1,376,850	1,360,668	-	-	1,376,850	1,360,668
Furnishings and Equipment	2,100,459	1,807,574	2,325,425	2,283,340	4,425,884	4,090,914
Streets	62,238,064	62,050,820	-	-	62,238,064	62,050,820
Storm Drains	3,275,185	3,275,185	-	-	3,275,185	3,275,185
Infrastructure	-	-	33,133,071	32,883,887	33,133,071	32,883,887
<b>Total</b>	<b>\$ 80,187,915</b>	<b>\$ 79,070,896</b>	<b>\$ 41,458,726</b>	<b>\$ 41,299,529</b>	<b>\$ 121,646,641</b>	<b>\$ 120,370,425</b>

**Long-term Debt.** As of June 30, 2019, the City had total long-term debt of \$7.29 million, including enterprise activity commitments. Outstanding debt includes \$2.28 million in general obligation bonds to be serviced by general property taxes and \$1.66 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 \$461 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.

# City of Bandon, Oregon

June 30, 2019

The City's total debt increased by \$26 thousand during the current fiscal year due to paying scheduled payments and two new loans. 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 2019-2020 budget total is \$27,197,479 which is \$4,912,444 (22%) more than the prior Fiscal Year 2018-2019 budget of \$22,285,035. This increase is primarily due to the proposed issuance of general obligation bonds for water and sewer facility improvements.

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

The 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 May 2021 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:

Dan Chandler  
City Manager/Director of Utilities  
City of Bandon  
PO Box 67  
Bandon, OR 97411

## **Basic Financial Statements**

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**City of Bandon**  
**Statement of Net Position**  
**June 30, 2019**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 5,774,833	\$ 3,757,869	\$ 9,532,702
Receivables			
Accounts	37,454	540,840	578,294
Property taxes	118,710	-	118,710
Due from other funds	141,223	-	141,223
Special assessments	313,569	16,222	329,791
Notes receivable	113,504	322,522	436,026
Inventories	-	499,141	499,141
Restricted cash	-	111,460	111,460
Capital assets			
Land	1,859,581	845,055	2,704,636
Construction in process	368,523	151,962	520,485
Depreciable capital assets	77,959,811	40,461,709	118,421,520
Less accumulated depreciation	(62,243,036)	(22,680,765)	(84,923,801)
<b>Total assets</b>	<b>24,444,172</b>	<b>24,026,015</b>	<b>48,470,187</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow - PERS pension	578,754	849,529	1,428,283
<b>Total assets and deferred outflows of resources</b>	<b>25,022,926</b>	<b>24,875,544</b>	<b>49,898,470</b>
<b>LIABILITIES</b>			
Accounts payable	362,271	81,193	443,464
Accrued payroll and benefits	23,664	33,767	57,431
Customer deposits	8,094	84,290	92,384
Due to other funds	-	141,223	141,223
Accrued interest payable	122,730	13,304	136,034
Compensated absences payable	141,541	148,708	290,249
Non-current liabilities			
Amount due within one year	355,031	86,222	441,253
Amount due after one year	5,645,881	1,201,625	6,847,506
Bond premium amount amortized within one year	177	-	177
Bond premium amount amortized after one year	2,129	-	2,129
Net PERS pension liability	1,442,473	2,179,770	3,622,243
<b>Total liabilities</b>	<b>8,103,991</b>	<b>3,970,102</b>	<b>12,074,093</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow - deferred charge on refunding	106,867	-	106,867
Deferred inflow - PERS pension	225,002	211,471	436,473
<b>Total deferred inflows</b>	<b>331,869</b>	<b>211,471</b>	<b>543,340</b>
<b>NET POSITION</b>			
Net investment in capital assets	11,943,967	17,490,114	29,434,081
Restricted for			
Debt service	648,847	27,170	676,017
Capital projects	984,739	2,380,643	3,365,382
Streets	2,066,852	-	2,066,852
Customer deposits	8,094	78,603	86,697
Unrestricted	934,567	717,441	1,652,008
<b>TOTAL NET POSITION</b>	<b>\$ 16,587,066</b>	<b>\$ 20,693,971</b>	<b>\$ 37,281,037</b>

**City of Bandon**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 1,682,038	\$ 531,346	\$ 252,311	\$ -	\$ (898,381)	\$ -	\$ (898,381)
Public safety	1,333,411	30,963	32,763	-	(1,269,685)	-	(1,269,685)
Highways and streets	481,201	233,479	-	-	(247,722)	-	(247,722)
Economic development	26,941	-	-	-	(26,941)	-	(26,941)
Culture and recreation	978,451	64,151	371,163	-	(543,137)	-	(543,137)
Interest on long-term debt	191,778	-	-	-	(191,778)	-	(191,778)
Total governmental activities	4,693,820	859,939	656,237	-	(3,177,644)	-	(3,177,644)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Sewer	1,151,192	904,893	-	-	-	(246,299)	(246,299)
Water	1,052,614	1,063,018	-	-	-	10,404	10,404
Electric	5,777,585	5,931,063	-	-	-	153,478	153,478
Total business-type activities	7,981,391	7,898,974	-	-	-	(82,417)	(82,417)
<b>TOTAL GOVERNMENT</b>	<b>\$ 12,675,211</b>	<b>\$ 8,758,913</b>	<b>\$ 656,237</b>	<b>\$ -</b>	<b>\$ (3,177,644)</b>	<b>\$ (82,417)</b>	<b>\$ (3,260,061)</b>
<b>GENERAL REVENUES</b>							
Taxes							
Property taxes					1,400,323	-	1,400,323
Other taxes and assessments					1,095,460	-	1,095,460
Contributions in lieu of taxes					460,599	-	460,599
Interest and investment earnings					141,071	101,699	242,770
Transfers					(79,261)	79,261	-
Total general revenues and transfers					3,018,192	180,960	3,199,152
<b>CHANGE IN NET POSITION</b>					<b>(159,452)</b>	<b>98,543</b>	<b>(60,909)</b>
<b>NET POSITION, beginning of year</b>					<b>16,746,518</b>	<b>20,595,428</b>	<b>37,341,946</b>
<b>NET POSITION, end of year</b>					<b>\$ 16,587,066</b>	<b>\$ 20,693,971</b>	<b>\$ 37,281,037</b>



**City of Bandon**  
**Balance Sheet – Government Funds**  
**June 30, 2019**

	Capital Projects			Debt Service		Other	Total
	General	Urban Renewal	Local Option	General		Governmental	
		District No. 1	Street	Obligation Bond	12th Court LID	Funds	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 144,506	\$ 897,508	\$ 1,488,553	\$ 319,830	\$ 270,245	\$ 2,654,191	\$ 5,774,833
Receivables							
Property taxes	18,651	28,362	37,332	20,121	-	14,244	118,710
Accounts	34,095	-	-	3,359	-	-	37,454
Special assessments	-	-	-	-	306,395	7,174	313,569
Loans	-	10,780	-	-	-	102,724	113,504
Due from other funds	142,099	-	-	-	-	139,986	282,085
Total assets	<u>\$ 339,351</u>	<u>\$ 936,650</u>	<u>\$ 1,525,885</u>	<u>\$ 343,310</u>	<u>\$ 576,640</u>	<u>\$ 2,918,319</u>	<u>\$ 6,640,155</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 61,943	\$ 4,987	\$ 233,526	\$ -	\$ -	\$ 61,815	\$ 362,271
Accrued payroll benefits	13,727	-	-	-	-	9,937	23,664
Due to other funds	-	-	-	-	-	140,862	140,862
Customer deposits	6,844	1,250	-	-	-	-	8,094
Total liabilities	<u>82,514</u>	<u>6,237</u>	<u>233,526</u>	<u>-</u>	<u>-</u>	<u>212,614</u>	<u>534,891</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues							
Property taxes	18,651	28,288	37,332	20,121	-	14,244	118,636
Assessments	-	-	-	-	306,398	6,788	313,186
Loan	-	10,780	-	-	-	42,724	53,504
Total deferred inflows of resources	<u>18,651</u>	<u>39,068</u>	<u>37,332</u>	<u>20,121</u>	<u>306,398</u>	<u>63,756</u>	<u>485,326</u>
<b>FUND BALANCES</b>							
Restricted for debt service	-	-	-	323,189	270,242	55,416	648,847
Restricted for customer deposits	6,844	1,250	-	-	-	-	8,094
Restricted for capital projects	-	-	-	-	-	984,739	984,739
Restricted special projects - streets	-	-	1,255,027	-	-	811,825	2,066,852
Committed for capital projects	-	890,095	-	-	-	871,286	1,761,381
Committed for special projects	-	-	-	-	-	68,522	68,522
Unassigned	231,342	-	-	-	-	(149,839)	81,503
Total fund balances	<u>238,186</u>	<u>891,345</u>	<u>1,255,027</u>	<u>323,189</u>	<u>270,242</u>	<u>2,641,949</u>	<u>5,619,938</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 339,351</u>	<u>\$ 936,650</u>	<u>\$ 1,525,885</u>	<u>\$ 343,310</u>	<u>\$ 576,640</u>	<u>\$ 2,918,319</u>	<u>\$ 6,640,155</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, 2019**

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TOTAL FUND BALANCES – governmental funds \$ 5,619,938

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 (1,442,473)

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 353,752

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	\$ 1,859,581	
Construction in process	368,523	
Depreciable assets	77,959,811	
Accumulated depreciation	<u>(62,243,036)</u>	
		17,944,879

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	118,636	
Loans receivable	53,504	
Special assessments	<u>313,186</u>	
		485,326

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	(4,572,592)	
Deferred charge on refunding	(106,867)	
Loans payable	(966,511)	
Bond premium	(2,306)	
Special assessment debt payable	(461,809)	
Accrued interest payable on bonds and notes	(122,730)	
Compensated absences	<u>(141,541)</u>	
		<u>(6,374,356)</u>

NET POSITION - governmental activities \$ 16,587,066

**City of Bandon**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2019**

	Capital Projects			Debt Service		Other Governmental Funds	Total
	General	Urban Renewal District No. 1	Local Option Street	General			
				Obligation Bond Debt Service	12th Court LID Debt Service		
<b>REVENUES</b>							
Taxes	\$ 1,304,639	\$ 321,313	\$ 424,433	\$ 230,402	\$ -	\$ 374,811	\$ 2,655,598
Licenses and permits	24,832	-	-	-	-	-	24,832
Intergovernmental	58,091	-	-	-	-	375,207	433,298
System development charges	-	-	-	-	-	142,122	142,122
Payments in lieu of taxes	444,253	5,329	4,927	3,610	-	2,480	460,599
Fines and police income	30,963	-	-	-	-	-	30,963
Special assessments	-	-	-	-	89,726	1,631	91,357
Grants	-	-	-	-	-	9,256	9,256
Interest	7,874	19,877	39,722	7,278	7,198	59,122	141,071
Reimbursements	435,803	-	-	-	-	-	435,803
Other	120,605	-	-	36,360	-	97,517	254,482
<b>Total revenues</b>	<b>2,427,060</b>	<b>346,519</b>	<b>469,082</b>	<b>277,650</b>	<b>96,924</b>	<b>1,062,146</b>	<b>4,679,381</b>
<b>EXPENDITURES</b>							
Current							
General government	904,827	3,603	-	-	-	1,907	910,337
Public safety	1,148,298	-	-	-	-	38,500	1,186,798
Highways and streets	165,563	-	-	-	-	246,067	411,630
Economic development	-	-	-	-	-	18,430	18,430
Culture and recreation	285,446	-	-	-	-	518,568	804,014
Capital outlay	-	43,968	851,138	-	-	214,771	1,109,877
Debt service							
Principal retirement	-	129,530	-	129,234	26,783	28,104	313,651
Interest	-	39,945	-	135,117	15,827	5,211	196,100
<b>Total expenditures</b>	<b>\$ 2,504,134</b>	<b>\$ 217,046</b>	<b>\$ 851,138</b>	<b>\$ 264,351</b>	<b>\$ 42,610</b>	<b>\$ 1,071,558</b>	<b>\$ 4,950,837</b>

**City of Bandon**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**For the Year Ended June 30, 2019**

	Capital Projects			Debt Service		Other Governmental Funds	Total
	General	Urban Renewal District No. 1	Local Option Street	General Obligation Bond Debt Service	12th Court LID Debt Service		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (77,074)	\$ 129,473	\$ (382,056)	\$ 13,299	\$ 54,314	\$ (9,412)	\$ (271,456)
OTHER FINANCING SOURCES (USES)							
Transfer in (out)	(347,645)	-	-	-	-	268,384	(79,261)
Loan proceeds	-	-	245,297	-	-	-	245,297
Loan repayments	-	-	-	-	-	4,524	4,524
Loan Interest	-	-	-	-	-	1,337	1,337
Total other financing sources (uses)	(347,645)	-	245,297	-	-	274,245	171,897
NET CHANGE IN FUND BALANCE	(424,719)	129,473	(136,759)	13,299	54,314	264,833	(99,559)
FUND BALANCES, beginning of year	662,905	761,872	1,391,786	309,890	215,928	2,377,116	5,719,497
FUND BALANCES, end of year	\$ 238,186	\$ 891,345	\$ 1,255,027	\$ 323,189	\$ 270,242	\$ 2,641,949	\$ 5,619,938

**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, 2019**

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TOTAL NET CHANGE IN FUND BALANCES - governmental funds	\$	(99,559)
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.		(118,317)
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	(5,478)	
Loans receivable	(2,650)	
Special assessments	<u>(60,274)</u>	
		(68,402)
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	1,117,019	
Depreciation	<u>(880,102)</u>	
		236,917
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		
Loan proceeds	(425,405)	
Change in interest payable	5,170	
Changes in compensated absences payable	(4,557)	
Principal payments on long-term debt	<u>314,701</u>	
		<u>(110,091)</u>
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	 \$	 <u>(159,452)</u>

**City of Bandon**  
**Statement of Net Position**  
**Enterprise Funds**  
**June 30, 2019**

	Sewer	Water	Electric	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 516,257	\$ 1,805,119	\$ 1,436,493	\$ 3,757,869
Receivable				
Accounts	58,352	64,583	417,905	540,840
Special assessments	2,804	13,418	-	16,222
Restricted Cash	10,188	5,687	68,415	84,290
Inventory	-	20,735	478,406	499,141
Total current assets	<u>587,601</u>	<u>1,909,542</u>	<u>2,401,219</u>	<u>4,898,362</u>
NONCURRENT ASSETS				
Notes receivable	-	322,522	-	322,522
Restricted cash	-	27,170	-	27,170
Capital assets (net of accumulated depreciation)	4,404,891	6,590,569	7,782,501	18,777,961
Total noncurrent assets	<u>4,404,891</u>	<u>6,940,261</u>	<u>7,782,501</u>	<u>19,127,653</u>
Total assets	<u>4,992,492</u>	<u>8,849,803</u>	<u>10,183,720</u>	<u>24,026,015</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - PERS pension	112,992	166,436	570,101	849,529
Total assets and deferred outflows of resources	<u>5,105,484</u>	<u>9,016,239</u>	<u>10,753,821</u>	<u>24,875,544</u>
LIABILITIES				
Current liabilities				
Accounts payable	40,561	25,771	14,861	81,193
Accrued payroll benefits	6,169	5,362	22,236	33,767
Compensated absences payable	50,199	20,676	77,833	148,708
Due to other funds	95,191	46,032	-	141,223
Customer deposits	10,188	5,687	68,415	84,290
Accrued interest payable	5,960	7,344	-	13,304
Current portion of long-term debt	59,052	27,170	-	86,222
Total current liabilities	<u>267,320</u>	<u>138,042</u>	<u>183,345</u>	<u>588,707</u>
LONG-TERM LIABILITIES				
Net PERS pension liability	289,227	401,290	1,489,253	2,179,770
Long-term obligations (net of current portion)	962,647	238,978	-	1,201,625
Total liabilities	<u>1,519,194</u>	<u>778,310</u>	<u>1,672,598</u>	<u>3,970,102</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - PERS pension	35,890	21,757	153,824	211,471
NET POSITION				
Net investment in capital assets	3,383,192	6,324,421	7,782,501	17,490,114
Restricted for debt service	-	27,170	-	27,170
Restricted for capital projects	529,249	1,851,394	-	2,380,643
Restricted for customer deposits	10,188	-	68,415	78,603
Unrestricted	(372,229)	13,187	1,076,483	717,441
TOTAL NET POSITION	<u>\$ 3,550,400</u>	<u>\$ 8,216,172</u>	<u>\$ 8,927,399</u>	<u>\$ 20,693,971</u>

**City of Bandon**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Enterprise Funds**  
**For the Year Ended June 30, 2019**

	Sewer	Water	Electric	Total
<b>OPERATING REVENUES</b>				
Charges for services				
Sewer charges	\$ 811,527	\$ -	\$ -	\$ 811,527
Water sales	-	824,284	-	824,284
Electricity sales	-	-	5,755,469	5,755,469
BPA Conservation	-	-	42,826	42,826
Reimbursements	-	5,982	-	5,982
Service charges, fees and permits	93,366	213,216	127,438	434,020
Other	-	19,536	5,330	24,866
Total operating revenues	<u>904,893</u>	<u>1,063,018</u>	<u>5,931,063</u>	<u>7,898,974</u>
<b>OPERATING EXPENSES</b>				
Administration	91,444	73,443	397,985	562,872
Cost of sales and services	823,098	618,185	4,808,064	6,249,347
Repairs and maintenance	-	-	-	-
Energy assistance payments	-	-	13,857	13,857
Capital Outlay	-	15,673	-	15,673
Depreciation and amortization	226,189	331,497	557,679	1,115,365
Total operating expenses	<u>1,140,731</u>	<u>1,038,798</u>	<u>5,777,585</u>	<u>7,957,114</u>
OPERATING INCOME (LOSS)	<u>(235,838)</u>	<u>24,220</u>	<u>153,478</u>	<u>(58,140)</u>
<b>NONOPERATING REVENUES (EXPENSE)</b>				
Interest income	12,740	51,185	37,774	101,699
Interest expense	(10,461)	(13,816)	-	(24,277)
Total nonoperating revenues (expenses)	<u>2,279</u>	<u>37,369</u>	<u>37,774</u>	<u>77,422</u>
INCOME BEFORE OPERATING TRANSFERS	(233,559)	61,589	191,252	19,282
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (to) from other funds	-	106,761	(27,500)	79,261
CHANGE IN NET POSITION	(233,559)	168,350	163,752	98,543
NET POSITION, beginning of year	<u>3,783,959</u>	<u>8,047,822</u>	<u>8,763,647</u>	<u>20,595,428</u>
NET POSITION, end of year	<u>\$ 3,550,400</u>	<u>\$ 8,216,172</u>	<u>\$ 8,927,399</u>	<u>\$ 20,693,971</u>

**City of Bandon**  
**Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2019**

	Sewer	Water	Electric	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 908,282	\$ 1,062,074	\$ 5,893,576	\$ 7,863,932
Cash paid to employees	(394,926)	(328,184)	(1,433,792)	(2,156,902)
Cash paid to suppliers	(478,152)	(366,588)	(3,951,411)	(4,796,151)
Net cash provided by operating activities	35,204	367,302	508,373	910,879
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Due from other funds	95,191	46,032	-	141,223
Customer deposits	(1,219)	(697)	(4,757)	(6,673)
Interfund transfers (net)	-	335,629	(27,500)	308,129
<b>NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	93,972	380,964	(32,257)	442,679
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal payments	(58,467)	(25,943)	-	(84,410)
Interest paid	(10,802)	(14,531)	-	(25,333)
Acquisition of capital assets	(118,259)	(69,242)	(200,563)	(388,064)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(187,528)	(109,716)	(200,563)	(497,807)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	12,565	51,185	37,774	101,524
Principal payments on notes receivable	203	19,121	-	19,324
Net cash received from investing activities	12,768	70,306	37,774	120,848
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(45,584)	708,856	313,327	976,599
<b>CASH AND CASH EQUIVALENTS, at beginning of year (including restricted cash of \$116,907)</b>	572,029	1,129,120	1,191,581	2,892,730
<b>CASH AND CASH EQUIVALENTS, at end of year (including restricted cash of \$111,460)</b>	\$ 526,445	\$ 1,837,976	\$ 1,504,908	\$ 3,869,329
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO</b>				
Operating income (loss)	\$ (235,838)	\$ 24,224	\$ 153,478	\$ (58,136)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	226,189	331,497	557,679	1,115,365
Change in assets and liabilities				
Accounts receivable	3,361	(948)	(37,487)	(35,074)
Inventory	-	20,579	(8,555)	12,024
Pension liability	31,238	30,106	128,530	189,874
Deferred outflow	(16,573)	(15,972)	(68,188)	(100,733)
Accounts payable	18,761	(25,442)	(236,945)	(243,626)
Accrued payroll and benefits	(143)	89	1,710	1,656
Compensated absences	4,228	(669)	1,771	5,330
Deferred inflow	3,981	3,838	16,380	24,199
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 35,204	\$ 367,302	\$ 508,373	\$ 910,879



## **Notes to the Basic Financial Statements**

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**Note 1– Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

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

**Blended component unit** – The Urban Renewal Agency of the City of Bandon, Oregon (Agency), was created by adoption of City Ordinance 1191 on August 5, 1986. The Agency is organized under general laws pertaining to urban renewal agencies in the state of Oregon. The City is not responsible for deficits nor entitled to surpluses of the Agency, the Agency Board designates management, budgeting authority lies solely with the Agency Board, the Agency is responsible for fiscal management and determination of revenue sources and the City is not legally or morally obligated for the Agency's debts. In this situation, the preceding factors are conclusive in contrast with the following factor which may indicate inclusion: the Agency Board is appointed by and made up of the same members as the Common Council of the City. However, legally the two boards are distinct and conduct all business as such. Based on standards set forth in GASB Statement 61, the Agency is considered to be a "component unit" of the City because the City appoints the board members of the Agency. Accordingly, the financial statements of the Agency are included in the City's basic financial statements as capital project funds using the "blended" method of presentation.

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

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

The financial statements of the City have been prepared in conformity with U.S. GAAP as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**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, 2019**

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**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.

**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.

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 \$111,460 are also reported as restricted assets.

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**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 acquisition 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, 2019**

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**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, 2019**

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

***Excess of Expenditures over Appropriations and Deficit Fund Balances***

Expenditures exceeded appropriations in the following amounts:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount of Over Expenditure</u>
<b>GENERAL FUND</b>		
General government		
Administration and general	Personal services	\$ 85,989
Accounting and billing		
Capital outlay		\$ 12,658
Materials and services		\$ 28,595
Planning	Personal services	\$ 24,644
Non-departmental	Materials and services	\$ 7,292
Public safety	Capital outlay	\$ 16,505
Community Center	Personal services	\$ 14,612
<b>STATE TAX STREET FUND</b>		
Highways and streets	Personal services	\$ 43,593
<b>LIBRARY FUND</b>		
Materials and services		\$ 21,945
Personal services		\$ 38,343
<b>CAPITAL IMPROVEMENT FUND</b>		
Debt service	Nondepartmental	\$ 4,544
<b>ELECTRIC FUND</b>		
Materials and services	Nondepartmental	\$ 14,586
Administration		\$ 4,182
<b>WATER FUND</b>		
Materials and services	Nondepartmental	\$ 1,957
Plant Operations	Operating Expenses	\$ 43,822
<b>SEWER FUND</b>		
Materials and services	Nondepartmental	\$ 692
Capital outlay	Distribution/Collection	\$ 98,851
<b>DEFICIT FUND BALANCE</b>		
Equipment Reserve	\$876	
Library Fund	\$148,963	

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**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, 2019. If bank deposits at year end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. Any deposits with financial institutions will be covered up to \$250,000 by Federal Depository Insurance, and the remaining deposited at an approved depository as prescribed by the Oregon State Treasurer.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295 .001 to 295 .108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by Federal Deposit Insurance Corporation. For the fiscal year ended June 30, 2019, the carrying amounts of the City's deposits in various financial institutions were \$357,809 and the bank balance was \$586,317. 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, 2019, 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 2019. 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, 2019**

**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, 2019, the City had the following investment:

Investment Type	Maturity	Percentage of Portfolio	Fair Value
Local Government Investment Pool	1 day	100%	<u>\$ 9,286,353</u>

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

Carrying amount of deposits	\$ 357,809
Local Government Investment Pool	<u>9,286,353</u>
Total	<u>\$ 9,644,162</u>

**BALANCE SHEET**

<b>Governmental Activities</b>	
General Fund	\$ 144,506
Local Option Street	1,488,553
General Obligation Bond	319,830
12th Court Local Improvement District Debt Service Fund	270,245
Urban Renewal District No. 1	897,508
Nonmajor Funds	<u>2,654,191</u>
Total governmental activities	<u>5,774,833</u>
<b>Business-type Activities</b>	
Sewer Fund (includes restricted cash of \$10,188)	526,445
Water Fund (includes restricted cash of \$5,687)	1,837,976
Electric Fund (includes restricted cash of \$68,415)	<u>1,504,908</u>
Total business-type activities	<u>3,869,329</u>
<b>TOTAL</b>	<u>\$ 9,644,162</u>

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**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 2018-19, 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 \$490,372,860. After subtracting the Urban Renewal excess amount of \$50,950,110 and after adjustments, the net levy result is \$877,072.

Following is a summary of property tax transactions for the City for the fiscal year ended June 30, 2019:

Coos County	Receivable June 30, 2018	2018-2019 Net Levy	Collections and Adjustments	Receivable June 30, 2019
2018-2019		\$ 877,072	\$ (843,236)	\$ 33,836
2017-2018	\$ 36,178	-	(16,845)	19,333
2016-2017	20,421	-	(7,952)	12,469
2015-2016	13,848	-	(6,914)	6,934
2014-2015	4,711	-	(3,651)	1,060
2013-2014	1,161	-	(615)	546
2013-2012	722	-	(415)	307
Prior years	2,442	-	(822)	1,620
Total	<u>\$ 79,483</u>	<u>\$ 877,072</u>	<u>\$ (880,450)</u>	<u>\$ 76,105</u>

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**Note 3—Detailed Note on All Funds (continued)**

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, 2019:

<b>Urban Renewal Agency</b>				
<u>Coos County</u>	<u>Receivable June 30, 2018</u>	<u>2018-2019 Net Levy</u>	<u>Collections and Adjustments</u>	<u>Receivable June 30, 2019</u>
2018-2019		\$ 489,978	\$ (471,077)	\$ 18,901
2017-2018	\$ 20,025	-	(9,324)	10,701
2016-2017	11,142	-	(4,339)	6,803
2015-2016	8,173	-	(4,080)	4,093
2014-2015	2,675	-	(2,073)	602
2013-2014	705	-	(374)	331
2013-2012	441	-	(253)	188
Prior years	1,470	-	(484)	986
<b>Total</b>	<u>\$ 44,631</u>	<u>\$ 489,978</u>	<u>\$ (492,004)</u>	<u>\$ 42,605</u>

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.

**Interfund receivables and payables**

The composition of interfund receivable (payable) balances as of June 30, 2019 are as follows:

General fund	\$ 142,099
Nonmajor other governmental funds	\$ 139,986
Nonmajor other governmental funds	\$ (140,862)
Sewer fund	\$ (95,191)
Water fund	\$ (46,032)

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**Note 3—Detailed Note on All Funds (continued)**

**Capital Assets**

Capital asset activity for the City for the fiscal year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Deletions and Transfers	Balance June 30, 2019
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
Land	\$ 1,455,218	\$ 175,496	\$ 228,867	\$ 1,859,581
Construction in progress	233,793	332,301	(197,571)	368,523
	<u>1,689,011</u>	<u>507,797</u>	<u>31,296</u>	<u>2,228,104</u>
<b>DEPRECIABLE CAPITAL ASSETS</b>				
Buildings	8,887,638	81,615	-	8,969,253
Land improvements	1,360,668	16,182	-	1,376,850
Furnishing & equipment	1,807,574	270,820	22,065	2,100,459
Streets	62,050,820	11,738	175,506	62,238,064
Storm drains	3,275,185	-	-	3,275,185
	<u>77,381,885</u>	<u>380,355</u>	<u>197,571</u>	<u>77,959,811</u>
<b>ACCUMULATED DEPRECIATION</b>				
Buildings	(1,937,030)	(233,182)	-	(2,170,212)
Land improvements	(223,340)	(42,982)	-	(266,322)
Furnishing & equipment	(1,340,335)	(84,531)	-	(1,424,866)
Streets	(56,561,336)	(433,308)	-	(56,994,644)
Storm drains	(1,300,893)	(86,099)	-	(1,386,992)
	<u>(61,362,934)</u>	<u>(880,102)</u>	<u>-</u>	<u>(62,243,036)</u>
Total depreciable assets	<u>16,018,951</u>	<u>(499,747)</u>	<u>197,571</u>	<u>15,716,775</u>
<b>NET GOVERNMENTAL CAPITAL ASSETS</b>	<u>\$ 17,707,962</u>	<u>\$ 8,050</u>	<u>\$ 228,867</u>	<u>\$ 17,944,879</u>

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

General government	\$ 662,973
Public safety	45,278
Highways and streets	42,232
Culture and recreation	129,619
	<u>\$ 880,102</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.



**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**Note 3—Detailed Note on All Funds (continued)**

	Balance June 30, 2018	Additions	Deletions and Transfers	Balance June 30, 2019
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>NONDEPRECIABLE CAPITAL ASSETS</b>				
Land	\$ 1,073,922	\$ -	\$ (228,867)	\$ 845,055
Construction in progress	72,839	79,124	-	151,963
Total nondepreciable capital assets	<u>1,146,761</u>	<u>79,124</u>	<u>(228,867)</u>	<u>997,018</u>
<b>DEPRECIABLE CAPITAL ASSETS</b>				
Buildings	4,985,541	17,671	-	5,003,212
Furnishing & equipment	2,283,340	42,085	-	2,325,425
Infrastructure	32,883,887	249,184	-	33,133,071
Total depreciable capital assets	<u>40,152,768</u>	<u>308,940</u>	<u>-</u>	<u>40,461,708</u>
<b>ACCUMULATED DEPRECIATION</b>				
Buildings	(2,149,944)	(126,470)	-	(2,276,414)
Furnishing & equipment	(1,672,018)	(97,030)	-	(1,769,048)
Infrastructure	(17,743,435)	(891,865)	-	(18,635,300)
Total accumulated depreciation	<u>(21,565,397)</u>	<u>(1,115,365)</u>	<u>-</u>	<u>(22,680,762)</u>
Total depreciable assets	<u>18,587,371</u>	<u>(806,425)</u>	<u>-</u>	<u>17,780,946</u>
<b>NET BUSINESS-TYPE CAPITAL ASSETS</b>	<u>\$ 19,734,132</u>	<u>\$ (727,301)</u>	<u>\$ (228,867)</u>	<u>\$ 18,777,964</u>

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

Electric	\$ 557,679
Water	331,497
Sewer	<u>226,189</u>
	<u>\$ 1,115,365</u>

**Long-term Obligations**

*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.

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**Note 3—Detailed Note on All Funds (continued)**

***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. In the event of Default, the State shall have the right to declare all payments immediately due and payable.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	32,687	7,072	39,759
2025-2028	116,824	12,078	128,902
	266,148	\$ 61,549	\$ 327,697
Less current portion	(27,170)		
<b>Total</b>	<b>\$ 238,978</b>		

*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>
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	61,450	7,819	69,269
2025-2029	316,590	29,755	346,345
2030-2034	332,740	13,606	346,346
2035	71,143	711	71,854
	1,021,699	\$ 89,192	\$ 1,110,891
Less current portion	(59,052)		
<b>Total</b>	<b>\$ 962,647</b>		

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**Note 3—Detailed Note on All Funds (continued)**

**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 2032. There are no reserve requirements. After January 1, 2019, this debt may be paid in full without penalty. Upon default, the Department may declare all amounts immediately due and payable.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 29,865	\$ 29,143	\$ 59,008
2021	30,084	27,924	58,008
2022	35,288	26,471	61,759
2023	30,552	24,707	55,259
2024	30,830	23,179	54,009
2025-2029	188,570	90,975	279,545
2030-2034	<u>247,542</u>	<u>38,250</u>	<u>285,792</u>
	592,731	<u>\$ 260,649</u>	<u>\$ 853,380</u>
Less current portion	<u>(29,865)</u>		
Total	<u>\$ 562,866</u>		

*2000 General Obligation Water Bond* – The original issue date was November 9, 2000 for \$3,050,000. There are no reserve requirements. Interest is computed annually at 4.50% 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>
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	75,106	90,662	165,768
2025-2029	429,375	399,465	828,840
2030-2034	535,080	293,760	828,840
2035-2039	666,807	162,033	828,840
2040-2041	<u>308,335</u>	<u>20,915</u>	<u>329,250</u>
	2,284,149	<u>\$ 1,360,461</u>	<u>\$ 3,644,610</u>
Less current portion	<u>(62,981)</u>		
Total	<u>\$ 2,221,168</u>		

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**Note 3—Detailed Note on All Funds (continued)**

*2000 State Revolving Fund Loan Number S99001 (SDW)* – The original issue date was February 25, 2000 for \$500,000. There is no reserve requirement. Interest is computed annually at the rate of 4.12% on the outstanding balance. The scheduled payment dates are December 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>
2020	\$ 35,712	\$ 1,471	\$ 37,183
	35,712	\$ 1,471	\$ 37,183
Less current portion	<u>(35,712)</u>		
Total	<u>\$ -</u>		

*2019 Sweeper Loan* – The original issue date was May 21, 2019 for \$250,405. This loan was for the purchase of a 2018 Street Sweeper. Interest is computed at 3.65% for the life of the loan computed on the basis of the actual number of days elapsed over a year of 360 days. The City may prepay all or any portion of the Outstanding balance at any time, without penalty, upon written notice given to the lender thirty days in advance of the prepayment date. Any payment over 10 days late shall be charged 5% interest. The scheduled payment dates are June 1 of each year through 2024. Annual debt requirements are shown below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 46,640	\$ 8,226	\$ 54,866
2021	48,371	6,494	54,865
2022	50,167	4,699	54,866
2023	52,029	2,837	54,866
2024	<u>49,388</u>	<u>906</u>	<u>50,294</u>
	246,595	\$ 23,162	\$ 269,757
Less current portion	<u>(46,640)</u>		
Total	<u>\$ 199,955</u>		

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**Note 3--Detailed Note on All Funds (continued)**

*2018 Golf Course Loan* – The original issue date was November 14, 2018 for \$175,000. This loan was for the purchase of a golf course and land. The City has a parcel of land pledged as security located next to Beach Loop Road. Interest is computed at 5.50% per year. Annual payments are required beginning November, 2018 through 2032. A late charge of 5% of the overdue payment amount applies when not received within 15 days of the payment due date. Annual debt requirements are shown below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 7,809	\$ 9,625	\$ 17,434
2021	8,239	9,195	17,434
2022	8,692	8,742	17,434
2023	9,170	8,264	17,434
2024	9,675	7,760	17,435
2025-2029	56,964	30,208	87,172
2030-2032	74,451	12,722	87,173
	175,000	<u>\$ 86,516</u>	<u>\$ 261,516</u>
Less current portion	<u>(7,809)</u>		
<b>Total</b>	<u>\$ 167,191</u>		

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,662	\$ 301	\$ 3,963
2021	3,756	207	3,963
2022	3,853	111	3,964
2023	1,447	18	1,465
	12,718	<u>\$ 637</u>	<u>\$ 13,355</u>
Less current portion	<u>(3,662)</u>		
<b>Total</b>	<u>\$ 9,056</u>		

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**Note 3–Detailed Note on All Funds (continued)**

*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. During 2013, the City made additional principal pay down of \$7,541. In 2019, Banner Bank took over the loan from Sterling Bank, and the City paid an additional \$6,446 of principal. Interest is computed bi-annually at 4.93%. Annual debt requirements are shown below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	19,313	16,117	35,430
2025-2029	112,462	64,692	177,154
2030-2034	143,965	33,189	177,154
2035-2036	36,128	2,553	38,681
	380,359	\$ 189,784	\$ 570,143
Less current portion	(15,838)		
Total	\$ 364,521		

*2005 OECD 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>
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	30,556	16,356	46,912
2025-2029	176,622	57,689	234,311
2030-2032	127,490	12,496	139,986
	449,727	\$ 165,881	\$ 615,608
Less current portion	(29,712)		
Total	\$ 420,015		

**Note 3—Detailed Note on All Funds (continued)**

*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. Under Default, the Bank may exercise any remedy available except acceleration. 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>
2020	\$ 26,209	\$ 2,616	\$ 28,825
2021	26,988	1,837	28,825
2022	27,790	1,035	28,825
2023	<u>14,202</u>	<u>210</u>	<u>14,412</u>
	95,189	<u>\$ 5,698</u>	<u>\$ 100,887</u>
Less current portion	<u>(26,209)</u>		
Total	<u>\$ 68,980</u>		

*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. Any payment over 10 days late shall be charged 5% interest. 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>
2020	\$ 1,603	\$ 3,745	\$ 5,348
2021	1,702	3,646	5,348
2022	1,796	3,552	5,348
2023	1,895	3,452	5,347
2024	1,991	3,356	5,347
2025-2029	11,781	14,957	26,738
2030-2034	15,427	11,310	26,737
2035-2039	20,202	6,535	26,737
2040-2042	<u>12,335</u>	<u>1,032</u>	<u>13,367</u>
	68,732	<u>\$ 51,585</u>	<u>\$ 120,317</u>
Less current portion	<u>(1,603)</u>		
Total	<u>\$ 67,129</u>		

**City of Bandon**  
**Notes to the Basic Financial Statements**  
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**Note 3—Detailed Note on All Funds (continued)**

*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%. The Owners of the Obligations do not have a lien or security interest on the property financed with the proceeds of the Financing Agreement. 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>
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	110,000	38,681	148,681
2025-2029	600,000	140,821	740,821
2030-2033	550,000	38,073	588,073
	1,660,000	<u>\$ 407,549</u>	<u>\$ 2,067,549</u>
Less current portion	<u>(95,000)</u>		
Total	<u>\$ 1,565,000</u>		



**City of Bandon**  
**Notes to the Basic Financial Statements**  
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**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, 2019.

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds Payable					
2012 General obligation bonds	\$ 1,755,000	\$ -	\$ (95,000)	\$ 1,660,000	\$ 95,000
2000 SDWRLF Bonds S99001	70,010	-	(34,298)	35,712	35,712
2018 OECCD Water Clarification loan	627,401	-	(34,670)	592,731	29,885
2000 General obligation bonds	2,344,418	-	(60,269)	2,284,149	62,981
2000 LID bond	16,290	-	(3,572)	12,718	3,662
Direct Borrowing					
12th Court LID loan	70,260	-	(1,528)	68,732	1,603
2004 HWY 101 LID	401,930	-	(21,571)	380,359	15,838
2018 OECCD loan	484,257	-	(34,530)	449,727	29,712
2012 Wedbush LoCap refinance	120,642	-	(25,453)	95,189	26,209
2019 Sweeper loan	-	250,405	(3,810)	246,595	46,640
2019 Golf Course loan	-	175,000	-	175,000	7,809
<b>Total governmental activities</b>	<b>\$ 5,890,208</b>	<b>\$ 425,405</b>	<b>\$ (314,701)</b>	<b>\$ 6,000,912</b>	<b>\$ 355,031</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Direct Borrowing					
2006 OECCD loan	\$ 292,091	\$ -	\$ (25,943)	\$ 266,148	\$ 27,170
2015 Wastewater Improvement loan	1,080,166	-	(58,467)	1,021,699	59,052
<b>Total business-type activities</b>	<b>\$ 1,372,257</b>	<b>\$ -</b>	<b>\$ (84,410)</b>	<b>\$ 1,287,847</b>	<b>\$ 86,222</b>

*Changes in other liabilities* – The following is a summary of changes in other liabilities during the fiscal year ended June 30, 2019:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Vacation payable	\$ 136,984	\$ 141,541	\$ (136,984)	\$ 141,541	\$ 141,541
<b>BUSINESS-TYPE ACTIVITIES</b>					
Vacation payable	\$ 143,378	\$ 148,708	\$ (143,378)	\$ 148,708	\$ 148,708

**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, 2019 are classified as follows:

	Customer Deposits	Debt Service	Special Projects	Capital Projects	Total
<b>GOVERNMENTAL ACTIVITIES</b>					
General fund	\$ 6,844	\$ -	\$ -	\$ -	\$ 6,844
Urban Renewal District No. 1	1,250	-	-	-	1,250
12th Court LID debt service	-	270,242	-	-	270,242
General obligation bond	-	323,189	-	-	323,189
Local option street	-	-	1,255,027	-	1,255,027
Nonmajor funds	-	55,416	811,825	984,739	1,851,980
<b>Total restricted net position for governmental activities</b>	<b>\$ 8,094</b>	<b>\$ 648,847</b>	<b>\$2,066,852</b>	<b>\$ 984,739</b>	<b>\$ 3,708,532</b>

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**Note 3—Detailed Note on All Funds (continued)**

	Customer Deposits	Debt Service	Special Projects	Capital Projects	Total
<b>BUSINESS-TYPE ACTIVITIES</b>					
Sewer	\$ 10,188	\$ -	\$ 529,249	\$ -	\$ 539,437
Water	-	27,170	1,851,394	-	1,878,564
Electric	68,415	-	-	-	68,415
Total restricted net position for business-type activities	<u>\$ 78,603</u>	<u>\$ 27,170</u>	<u>\$2,380,643</u>	<u>\$ -</u>	<u>\$ 2,486,416</u>

**Internal Transfers**

Fund	Transfer In	Transfer Out
General fund	\$ 27,500	\$ 375,145
Non-Major funds	278,384	10,000
Electric fund	-	27,500
Water plant improvement fund	106,761	-
Total	<u>\$ 412,645</u>	<u>\$ 412,645</u>

The above transfers in for the Community Beautification Fund, Capital Improvements Fund and Water Plant Improvements Fund are routine in nature and are for the purchase of capital additions.

**Note 4 – Other Information**

**Contingent Liabilities**

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

**Construction in Progress**

At June 30, 2019, the City is involved in the various phases of improvement projects. There were no significant contracts at year end. The remaining ongoing projects included the City Shop improvements and the 11<sup>th</sup> street overlay project.

**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, Financial and Administrative Services Division Administrator, PO Box 23700, Tigard, OR, 97281-3700.

**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 25 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.

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**Note 5—Defined Benefit Pension Plans (continued)**

- **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.

**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, 2019 were \$380,444, excluding amounts to fund employer specific liabilities.

At June 30, 2019, the City reported a liability of \$3,622,243 for its proportionate share of the net pension liabilities. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 and rolled forward to June 30, 2018. 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, 2019 and 2018, the City's proportion was 0.02391127% and 0.02399217%, respectively.

**City of Bandon**  
**Notes to the Basic Financial Statements**  
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**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, 2019 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, 2019, the City recognized pension expense of \$388,088. At June 30, 2019, 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
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 123,218	\$ -
Change of assumptions	842,164	-
Changes in proportion and employer contributions	-	247,599
Changes in investment	-	160,848
Difference between employer contributions and employer's proportionate share of system contributions	<u>82,457</u>	<u>28,026</u>
Subtotal - amortized deferrals	1,047,839	436,473
Contribution made subsequent to measurement period	<u>380,444</u>	<u>-</u>
Total	<u>\$ 1,428,283</u>	<u>\$ 436,473</u>

The City reported \$380,444 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, 2020. Subtotal amounts reported as deferred outflows of resources, \$1,047,839 and deferred inflows of resources, (\$436,473), net to \$611,366 and will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ 363,734
2021	243,868
2022	(62,301)
2023	44,230
2024	<u>21,835</u>
	<u>\$ 611,366</u>

**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, 2016
Measurement date	June 30, 2018
Experience study report	2016, published July 26, 2017
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	7.20%
Discount rate	7.20%
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-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members  RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees  RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>
Cost of living adjustment	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro Decision, blend based on service.

**City of Bandon**  
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**Note 5—Defined Benefit Pension Plans (continued)**

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 2016 Experience Study, which reviewed experience for the four-year period ending on December 31, 2016.

**Discount rate**

The discount rate used to measure the total pension liability, as of the measurement dates June 30, 2018 and 2017 was 7.20% and 7.50%, respectively, 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.



**Note 5—Defined Benefit Pension Plans (continued)**

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.

**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			<u>100.00%</u>

**City of Bandon**  
**Notes to the Basic Financial Statements**  
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**Note 5—Defined Benefit Pension Plans (continued)**

**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, revised as of June 7, 2017 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%	3.49%
Short-term bonds	8.00%	3.38%
Intermediate-term bonds	3.00%	5.09%
High yield bonds	1.00%	6.45%
Large capitalization domestic equities	15.75%	6.30%
Mid capitalization domestic equities	1.31%	6.69%
Small capitalization domestic equities	1.31%	6.80%
Developed foreign equities	13.13%	6.71%
Emerging foreign equities	4.13%	7.45%
Non-US small cap equities	1.88%	7.01%
Private equity	17.50%	7.82%
Real estate (properties)	10.00%	5.51%
Real estate (REITS)	2.50%	6.37%
Hedge fund of funds - diversified	2.50%	4.09%
Hedge fund - event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.85%	3.84%
	100.00%	
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 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's net pension liability (asset)	\$ 6,053,451	\$ 3,622,243	\$ 1,615,478

**Changes in assumptions**

A summary of key changes implemented since the December 31, 2016 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study for the System, which was published on July 26, 2017, and can be found at: <https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>.

**Changes in actuarial methods and valuation procedures**

*Liability allocation for actives with several employers* – The allocation was changed to 15.00% (0.00% for police and fire) based on account balance and 85% (100% for police and fire) based on service with each employer.

**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 7.50% to 7.20%.

*Tier one/tier two administrative expenses* – Administrative expenses for the Tier One/Tier Two System are assumed to be \$37.50 million per year.

*OPSRP administrative expenses* – Administrative expenses for the OPSRP system are assumed to be \$6.50 million per year.

**Changes in Demographic Assumptions**

*Mortality* – The healthy mortality assumption is based on RP2014 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 the Annuitant, Sex Distinct, Generational Projection with Unisex Social Security Data Scale.

*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**  
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**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. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.
- **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, 2019.

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

**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, 2019 was \$9,286,353.

**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, 2019.

**City of Bandon**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**Note 8 – Subsequent Events**

The City was involved in litigation which concluded in January 2020 and invalidated certain water and sewer rate increases. The effect on the financial statements was material, but the City made adjustments in the 2019-20 budget to compensate for the projected lost revenue. The amount of the impact is not yet determined as of the issuance of the basic financial statements.

In March 2020 the State issued shelter-in-place orders as well as the closure of all nonessential businesses due to the spread of COVID-19. The financial impact on the City is not determinable as of the issuance of the basic financial statements.

## **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 Debt Service 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 Debt Service 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.

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

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**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget**  
**and Actual**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Original & Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes and assessments			
Property taxes - current year, net	\$ 194,000	\$ 198,506	\$ 4,506
Previously levied taxes	18,344	10,152	(8,192)
Franchise fees	46,000	36,881	(9,119)
Utility taxes	457,512	468,486	10,974
Transient tax	653,408	590,614	(62,794)
Total taxes	<u>1,369,264</u>	<u>1,304,639</u>	<u>(64,625)</u>
License and permits	<u>53,125</u>	<u>24,832</u>	<u>(28,293)</u>
Intergovernmental			
Cigarette tax	3,781	3,283	(498)
Marijuana tax	7,800	6,902	(898)
Liquor tax	57,406	47,906	(9,500)
Total intergovernmental	<u>68,987</u>	<u>58,091</u>	<u>(10,896)</u>
Fines and police income	<u>30,000</u>	<u>30,963</u>	<u>963</u>
Payments in lieu of taxes			
Electric fund	330,000	344,586	14,586
Water fund	47,500	49,457	1,957
Sewer fund	48,000	48,692	692
Heritage Place	1,800	1,518	(282)
Total payments in lieu of taxes	<u>427,300</u>	<u>444,253</u>	<u>16,953</u>
Reimbursements	<u>296,850</u>	<u>435,803</u>	<u>138,953</u>
Other			
Interest	8,500	7,874	(626)
Community center rent	35,000	25,861	(9,139)
Rental	30,000	33,094	3,094
Sprague theater rent	23,500	10,085	(13,415)
Donations	15,200	13,779	(1,421)
Miscellaneous	28,400	37,786	9,386
Total other	<u>140,600</u>	<u>128,479</u>	<u>(12,121)</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 2,386,126</u></u>	<u><u>\$ 2,427,060</u></u>	<u><u>\$ 40,934</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, 2019**

	Original & Final Budget	Actual	Variance
<b>EXPENDITURES</b>			
General government			
Administration and general			
Personal services	\$ 105,425	\$ 191,414	\$ (85,989)
Materials and services	342,293	279,108	63,185
Total administration & general	447,718	470,522	(22,804)
Accounting and billing			
Personal services	63,574	61,081	2,493
Materials and services	126,700	155,295	(28,595)
Capital outlay	6,000	18,658	(12,658)
Total accounting and billing	196,274	235,034	(38,760)
Municipal court			
Materials and services	3,950	3,125	825
Mayor and council			
Materials and services	39,850	38,159	1,691
Planning department			
Personal services	84,419	109,063	(24,644)
Materials and services	40,250	25,632	14,618
Total planning department	124,669	134,695	(10,026)
Non-departmental			
Materials and services	16,000	23,292	(7,292)
Total non-departmental	16,000	23,292	(7,292)
Total general government	828,461	904,827	(76,366)

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget**  
**and Actual**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Original & Final Budget	Actual	Variance
Public safety			
Police department			
Personal services	\$ 833,323	\$ 829,853	\$ 3,470
Materials and services	238,100	82,030	156,070
Capital outlay	4,500	21,005	(16,505)
Total police department	<u>1,075,923</u>	<u>932,888</u>	<u>143,035</u>
Fire department			
Materials and services	<u>107,705</u>	<u>107,705</u>	<u>-</u>
Total public safety	<u>1,183,628</u>	<u>1,148,298</u>	<u>35,330</u>
Highway and streets			
Materials and services	<u>241,200</u>	<u>165,563</u>	<u>75,637</u>
Culture and recreation			
Parks and recreation			
Personal services	95,982	77,015	18,967
Materials and services	<u>118,000</u>	<u>108,094</u>	<u>9,906</u>
Total parks and recreation	<u>213,982</u>	<u>185,109</u>	<u>28,873</u>
Community center			
Personal services	9,747	24,359	(14,612)
Materials and services	<u>67,500</u>	<u>49,395</u>	<u>18,105</u>
Total community center	<u>77,247</u>	<u>73,754</u>	<u>3,493</u>
Sprague theater			
Materials and services	<u>48,100</u>	<u>26,583</u>	<u>21,517</u>
Total culture and recreation	<u>339,329</u>	<u>285,446</u>	<u>53,883</u>
TOTAL EXPENDITURES	<u>2,592,618</u>	<u>2,504,134</u>	<u>88,484</u>
NET REVENUES OVER (UNDER) EXPENDITURES	<u>(206,492)</u>	<u>(77,074)</u>	<u>129,418</u>
OTHER FINANCING SOURCES (USES)			
Transfer from other funds	27,500	27,500	-
Transfer to other funds	<u>(375,145)</u>	<u>(375,145)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(347,645)</u>	<u>(347,645)</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, 2019**

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	Original & Final Budget	Actual	Variance
NET CHANGE IN FUND BALANCE	\$ (554,137)	\$ (424,719)	\$ 129,418
FUND BALANCE, beginning of year	565,638	662,905	97,267
FUND BALANCE, end of year	<u>\$ 11,501</u>	<u>\$ 238,186</u>	<u>\$ 226,685</u>

Notes to schedule:

Amount of Over Expenditures

General government			
Administration and general	Personal services	\$	85,989
Accounting and billing			
Capital outlay		\$	12,658
Materials and services		\$	28,595
Planning	Personal services	\$	24,644
Non-departmental	Materials and services	\$	7,292
Public safety	Capital outlay	\$	16,505
Community Center	Personal services	\$	14,612

**City of Bandon**  
**Schedule of Proportionate Share of Net Pension Liability for OPERS**  
**June 30, 2019**

	2023	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.02%
City's proportionate share of the net pension liability (asset) \$	-	-	-	-	\$ 3,622,243
City's covered payroll \$	-	-	-	-	\$ 2,170,659
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	166.87%
Plan fiduciary net position as a percentage of the total pension liability (asset)	0.00%	0.00%	0.00%	0.00%	82.10%
	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 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 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%

Note: Measurement date is one year prior to the fiscal year.

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

	2023	2022	2021	2020	2019
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ 380,444
Contributions in relation to the contractually required contribution	-	-	-	-	380,444
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 2,291,800
Contribution as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	16.60%
	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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,170,659	\$ 2,182,895	\$ 2,210,369	\$ 2,091,533	\$ 1,940,273
Contribution as a percentage of covered 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**  
**12<sup>th</sup> Court LID Debt Service Fund**  
**For the Year Ended June 30, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Special assessments			
Principal (633)	\$ 900	\$ 89,266	\$ 88,366
Principal - 2001 Bandon LID (634)	300	-	(300)
Principal - 2004 Hwy 101 SW (635)	5,000	-	(5,000)
Principal - 12th Crt LID (636)	500	460	(40)
Interest (633)	500	1,557	1,057
Interest - 2001 Bandon LID (634)	300	-	(300)
Interest - 2004 Hwy 101 SW (635)	3,000	-	(3,000)
Interest - 12th Crt LID (636)	500	-	(500)
Interest	<u>2,853</u>	<u>5,641</u>	<u>2,788</u>
Total revenues	<u>13,853</u>	<u>96,924</u>	<u>83,071</u>
<b>EXPENDITURES</b>			
Debt service			
Principal - 2000 St & Sewer LID	3,500	3,592	92 *
Principal - 2004 Hwy 101 SW (635)	20,000	21,571	1,571 *
Principal - 12th Crt LID (636)	4,000	1,620	(2,380) *
Interest - 2000 St & Sewer LID	500	371	(129) *
Interest - 2004 Hwy 101 SW (635)	21,000	11,728	(9,272) *
Interest - 12th Crt LID (636)	<u>1,500</u>	<u>3,728</u>	<u>2,228 *</u>
Total expenditures	<u>50,500</u>	<u>42,610</u>	<u>(7,890)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(36,647)	54,314	75,181
FUND BALANCE, beginning of year,	<u>170,451</u>	<u>215,928</u>	<u>45,477</u>
FUND BALANCE, end of year	<u>\$ 133,804</u>	<u>\$ 270,242</u>	<u>\$ 45,477</u>

\* Exempt from Oregon budget law

## City of Bandon

### Schedule of Revenues, Expenditures, and Changes in Fund Balance.– Budget (Non-U.S. GAAP Budgetary Basis) and Actual General Obligation Bonds Debt Service Fund For the Year Ended June 30, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes			
2000 RD GO BD Prop taxes(343) - CY	\$ 125,000	\$ 127,899	\$ 2,899
2000 RD GO BD Prop taxes(343) - PY	7,500	6,843	(657)
2000 SDWRLF BD Prop taxes(344) - CY	28,000	28,687	687
2000 SDWRLF BD Prop taxes(344) - PY	4,000	1,766	(2,234)
2006 WTP BD Prop taxes (375) - CY	61,192	62,634	1,442
2006 WTP BD Prop taxes (375) - PY	4,000	2,573	(1,427)
Interest	2,000	7,278	5,278
Payments in lieu of taxes	3,000	3,610	610
2000 RD GO BDS - out of City (343)	22,000	28,039	6,039
2000 SDWRLF GO BDS - out of City (344)	5,000	-	(5,000)
2006 Water Plant GO BDS - in lieu of tax (375)	8,000	8,321	321
	<u>269,692</u>	<u>277,650</u>	<u>7,958</u>
<b>EXPENDITURES</b>			
Debt service			
Principal - 2000 RD Bonds (343)	60,269	60,269	- *
Interest - 2000 RD Bonds (343)	105,499	105,499	- *
Principal - 2000 SDWRLF Bonds (344)	34,299	34,298	1 *
Interest - 2000 SDWRLF Bonds (344)	2,885	2,884	1 *
Principal - 2006 Water Plant Bonds (375)	34,667	34,667	- *
Interest - 2006 Water Plant Bonds (375)	23,543	26,734	(3,191) *
	<u>261,162</u>	<u>264,351</u>	<u>(3,189)</u>
NET CHANGE IN FUND BALANCE	8,530	13,299	11,147
FUND BALANCE, beginning of year	<u>226,120</u>	<u>309,890</u>	<u>83,770</u>
FUND BALANCE, end of year	<u>\$ 234,650</u>	<u>\$ 323,189</u>	<u>\$ 94,917</u>

\* 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, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes			
Property taxes - current year	\$ 295,000	\$ 305,778	\$ 10,778
Previously levied taxes	15,000	15,535	535
Interest	3,000	19,877	16,877
Payments in lieu of taxes	-	5,329	5,329
	<u>313,000</u>	<u>346,519</u>	<u>33,519</u>
<b>EXPENDITURES</b>			
General government			
Materials and services	38,718	3,603	35,115
Capital outlay	1,143,175	43,968	1,099,207
Debt service			
Principal	120,000	129,530	(9,530) *
Interest	80,000	39,945	40,055 *
Bond reserve	200,000	-	200,000
	<u>1,581,893</u>	<u>217,046</u>	<u>1,364,847</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,268,893)	129,473	1,398,366
<b>FUND BALANCE, beginning of year</b>	<u>1,268,893</u>	<u>761,872</u>	<u>(507,021)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 891,345</u>	<u>\$ 891,345</u>

\* Exempt from Oregon budget law

**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, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes			
Property taxes - current year	\$ 395,000	\$ 404,245	\$ 9,245
Previously levied taxes	25,000	20,188	(4,812)
Interest	6,000	39,722	33,722
Payments in lieu of tax	17,000	4,927	(12,073)
<b>Total revenues</b>	<b>443,000</b>	<b>469,082</b>	<b>26,082</b>
<b>EXPENDITURES</b>			
Capital outlay	1,850,397	851,138	999,259
<b>Total expenditures</b>	<b>1,850,397</b>	<b>851,138</b>	<b>999,259</b>
Excess (deficiency) of revenues over (under) expenditures	(1,407,397)	(382,056)	1,025,341
Other financing sources (uses):			
Loan proceeds	-	245,297	245,297
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>245,297</b>	<b>245,297</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,407,397)</b>	<b>(136,759)</b>	<b>1,270,638</b>
FUND BALANCE, beginning of year	1,407,397	1,391,786	(15,611)
FUND BALANCE, end of year	\$ -	\$ 1,255,027	\$ 1,255,027

**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.

**City of Bandon**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

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**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.



**City of Bandon**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 688,574	\$ 55,416	\$ 1,910,201	\$ 2,654,191
Receivables				
Property taxes	-	-	14,244	14,244
Accounts	-	-	-	-
Special assessments	-	-	7,174	7,174
Loans	102,724	-	-	102,724
Interfund loans receivable	139,986	-	-	139,986
<b>TOTAL ASSETS</b>	<b>\$ 931,284</b>	<b>\$ 55,416</b>	<b>\$ 1,931,619</b>	<b>\$ 2,918,319</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,253	\$ -	\$ 54,562	\$ 61,815
Accrued payroll and benefits	9,937	-	-	9,937
Interfund loans payable	139,986	-	876	140,862
<b>Total liabilities</b>	<b>157,176</b>	<b>-</b>	<b>55,438</b>	<b>212,614</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues				
Property taxes	-	-	14,244	14,244
Assessments receivable	-	-	6,788	6,788
Loans	42,724	-	-	42,724
<b>Total deferred inflows of resources</b>	<b>42,724</b>	<b>-</b>	<b>21,032</b>	<b>63,756</b>
<b>FUND BALANCE</b>				
Restricted	811,825	55,416	984,739	1,851,980
Committed	68,522	-	871,286	939,808
Unassigned	(148,963)	-	(876)	(149,839)
<b>Total fund balances</b>	<b>731,384</b>	<b>55,416</b>	<b>1,855,149</b>	<b>2,641,949</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 931,284</b>	<b>\$ 55,416</b>	<b>\$ 1,931,619</b>	<b>\$ 2,918,319</b>

**City of Bandon**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 213,566	\$ -	\$ 161,245	\$ 374,811
Intergovernmental	375,207	-	-	375,207
Payments in lieu of taxes	-	-	2,480	2,480
System development charges	-	-	142,122	142,122
Special assessments	-	-	1,631	1,631
Interest	17,689	1,279	40,154	59,122
Grants	9,256	-	-	9,256
Contributions & donations	42,005	-	-	42,005
Other	55,512	-	-	55,512
<b>Total revenues</b>	<b>713,235</b>	<b>1,279</b>	<b>347,632</b>	<b>1,062,146</b>
<b>EXPENDITURES</b>				
General government	-	-	1,907	1,907
Public safety	38,500	-	-	38,500
Highways and streets	246,067	-	-	246,067
Economic development	18,430	-	-	18,430
Culture and recreation	518,568	-	-	518,568
Capital outlay	1,480	-	213,291	214,771
Debt service				
Principal retirement	-	-	28,104	28,104
Interest	-	-	5,211	5,211
<b>Total expenditures</b>	<b>823,045</b>	<b>-</b>	<b>248,513</b>	<b>1,071,558</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(109,810)</b>	<b>1,279</b>	<b>99,119</b>	<b>(9,412)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in (out)	-	-	268,384	268,384
Loan proceeds	-	-	-	-
Loan principal	4,524	-	-	4,524
Loan interest	1,337	-	-	1,337
<b>Total other financing sources (uses)</b>	<b>5,861</b>	<b>-</b>	<b>268,384</b>	<b>274,245</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(103,949)</b>	<b>1,279</b>	<b>367,503</b>	<b>264,833</b>
<b>FUND BALANCES, beginning of year</b>	<b>835,333</b>	<b>54,137</b>	<b>1,487,646</b>	<b>2,377,116</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 731,384</b>	<b>\$ 55,416</b>	<b>\$ 1,855,149</b>	<b>\$ 2,641,949</b>

City of Bandon  
Sub-Combining Balance Sheet  
Special Revenue Funds  
June 30, 2019

	State Tax Street	Library Memorial	Library	Community Beautification	Revenue Sharing	Block Grant	Police Reserve	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 117,189	\$ 152,174	\$ -	\$ 30,485	\$ 42,797	\$ 324,945	\$ 20,984	\$ 688,574
Loans receivable	-	-	-	-	-	102,724	-	102,724
Interfund loans receivable	-	139,986	-	-	-	-	-	139,986
<b>TOTAL ASSETS</b>	<b>\$ 117,189</b>	<b>\$ 292,160</b>	<b>\$ -</b>	<b>\$ 30,485</b>	<b>\$ 42,797</b>	<b>\$ 427,669</b>	<b>\$ 20,984</b>	<b>\$ 931,284</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Due to other funds	\$ -	\$ -	\$ 139,986	\$ -	\$ -	\$ -	\$ -	\$ 139,986
Accounts payable	-	(105)	2,312	4,760	-	286	-	7,253
Accrued payroll and benefits	3,272	-	6,665	-	-	-	-	9,937
<b>Total liabilities</b>	<b>3,272</b>	<b>(105)</b>	<b>148,963</b>	<b>4,760</b>	<b>-</b>	<b>286</b>	<b>-</b>	<b>157,176</b>
<b>Deferred Inflows of Resources:</b>								
Unavailable revenue	-	-	-	-	-	42,724	-	42,724
<b>Fund balances</b>								
Restricted	113,917	292,265	-	-	-	384,659	20,984	811,825
Committed	-	-	-	25,725	42,797	-	-	68,522
Unassigned	-	-	(148,963)	-	-	-	-	(148,963)
<b>Total fund balances</b>	<b>113,917</b>	<b>292,265</b>	<b>(148,963)</b>	<b>25,725</b>	<b>42,797</b>	<b>384,659</b>	<b>20,984</b>	<b>731,384</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 117,189</b>	<b>\$ 292,160</b>	<b>\$ -</b>	<b>\$ 30,485</b>	<b>\$ 42,797</b>	<b>\$ 427,669</b>	<b>\$ 20,984</b>	<b>\$ 931,284</b>

**City of Bandon**  
**Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Special Revenue Funds**  
**For the Year Ended June 30, 2019**

	State Tax Street	Library Memorial	Library	Community Beautification	State Revenue Sharing	Block Grant	Police Reserve	Total
<b>REVENUES</b>								
Taxes	\$ 213,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213,566
Intergovernmental	-	-	345,318	-	29,889	-	-	375,207
Interest	2,739	6,700	55	539	-	7,633	23	17,689
Grants	-	1,000	-	-	-	-	8,256	9,256
Contributions & donations	-	27,820	-	-	-	-	12,260	40,080
Holiday with heroes reserve	-	-	-	-	-	-	1,925	1,925
Other	-	14,257	-	40,264	991	-	-	55,512
<b>Total revenues</b>	<b>216,305</b>	<b>49,777</b>	<b>345,373</b>	<b>40,803</b>	<b>30,880</b>	<b>7,633</b>	<b>22,464</b>	<b>713,235</b>
<b>EXPENDITURES</b>								
<b>Current</b>								
Public safety	-	-	-	-	38,500	-	-	38,500
Highways and streets	246,067	-	-	-	-	-	-	246,067
Economic development	-	-	-	-	-	18,430	-	18,430
Culture and recreation	-	8,087	460,588	47,307	2,586	-	-	518,568
Capital outlay	-	-	-	-	-	-	1,480	1,480
<b>Total expenditures</b>	<b>246,067</b>	<b>8,087</b>	<b>460,588</b>	<b>47,307</b>	<b>41,086</b>	<b>18,430</b>	<b>1,480</b>	<b>823,045</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(29,762)</b>	<b>41,690</b>	<b>(115,215)</b>	<b>(6,504)</b>	<b>(10,206)</b>	<b>(10,797)</b>	<b>20,984</b>	<b>(109,810)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfer in (out)	-	-	-	10,000	(10,000)	-	-	-
Loan repayment	-	-	-	-	-	4,524	-	4,524
Loan interest	-	-	-	-	-	1,337	-	1,337
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>(10,000)</b>	<b>5,861</b>	<b>-</b>	<b>5,861</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(29,762)</b>	<b>41,690</b>	<b>(115,215)</b>	<b>3,496</b>	<b>(20,206)</b>	<b>(4,936)</b>	<b>20,984</b>	<b>(103,949)</b>
<b>FUND BALANCES, beginning of year</b>	<b>143,679</b>	<b>250,575</b>	<b>(33,748)</b>	<b>22,229</b>	<b>63,003</b>	<b>389,595</b>	<b>-</b>	<b>835,333</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 113,917</b>	<b>\$ 292,265</b>	<b>\$ (148,963)</b>	<b>\$ 25,725</b>	<b>\$ 42,797</b>	<b>\$ 384,659</b>	<b>\$ 20,984</b>	<b>\$ 731,384</b>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget**  
**and Actual**  
**State Tax Street Fund**  
**For the Year Ended June 30, 2019**

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	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
State street tax	\$ 188,000	\$ 213,566	\$ 25,566
Interest	10	2,739	2,729
Total revenues	<u>188,010</u>	<u>216,305</u>	<u>28,295</u>
<b>EXPENDITURES</b>			
Highways and streets			
Personal services	202,474	246,067	(43,593)
Materials and services	<u>11,459</u>	<u>-</u>	<u>11,459</u>
Total expenditures	<u>213,933</u>	<u>246,067</u>	<u>(32,134)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(25,923)	(29,762)	(3,839)
FUND BALANCES, beginning of year	<u>25,923</u>	<u>143,679</u>	<u>117,756</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 113,917</u>	<u>\$ 113,917</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, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 2,200	\$ 6,700	\$ 4,500
Grants	1,000	1,000	-
Contributions and Donations	17,200	27,820	10,620
Miscellaneous	8,050	14,257	6,207
Total revenues	<u>28,450</u>	<u>49,777</u>	<u>21,327</u>
<b>EXPENDITURES</b>			
Culture and recreation			
Materials and services	51,000	1,227	49,773
Capital outlay	202,114	6,860	195,254
Total expenditures	<u>253,114</u>	<u>8,087</u>	<u>245,027</u>
<b>NET CHANGE IN FUND BALANCE</b>	(224,664)	41,690	266,354
<b>FUND BALANCE, beginning of year</b>	<u>224,664</u>	<u>250,575</u>	<u>25,911</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 292,265</u>	<u>\$ 292,265</u>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget**  
**and Actual**  
**Library Fund**  
**For the Year Ended June 30, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental			
County library support	\$ 342,218	\$ 345,318	\$ 3,100
Interest	400	55	(345)
Other	500	-	(500)
	<u>343,118</u>	<u>345,373</u>	<u>2,255</u>
Total revenues			
<b>EXPENDITURES</b>			
Culture and recreation			
Personal services	344,337	382,680	(38,343)
Capital outlay	5,000	4,663	337
Materials and services	51,300	73,245	(21,945)
	<u>400,637</u>	<u>460,588</u>	<u>(59,951)</u>
Total expenditures			
NET CHANGE IN FUND BALANCE	(57,519)	(115,215)	(57,696)
FUND BALANCE, beginning of year	<u>57,519</u>	<u>(33,748)</u>	<u>(91,267)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ (148,963)</u>	<u>\$ (148,963)</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, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Garbage franchise fees	\$ 42,000	\$ 40,264	\$ (1,736)
Interest	100	539	439
Other	-	-	-
Total revenues	<u>42,100</u>	<u>40,803</u>	<u>(1,297)</u>
<b>EXPENDITURES</b>			
Culture and recreation			
Materials and services	66,839	46,934	19,905
Capital outlay	<u>10,000</u>	<u>373</u>	<u>9,627</u>
Total expenditures	<u>76,839</u>	<u>47,307</u>	<u>29,532</u>
Total expenditures	<u>76,839</u>	<u>47,307</u>	<u>29,532</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(34,739)	(6,504)	28,235
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(24,739)	3,496	28,235
<b>FUND BALANCE, beginning of year</b>	<u>24,739</u>	<u>22,229</u>	<u>(2,510)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 25,725</u>	<u>\$ 25,725</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, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
State revenue sharing	\$ 55,000	\$ 29,889	\$ (25,111)
Interest	100	991	891
Total revenues	<u>55,100</u>	<u>30,880</u>	<u>(24,220)</u>
<b>EXPENDITURES</b>			
Public safety			
Materials and services	68,500	38,500	30,000
Culture and recreation			
Materials and services	<u>39,786</u>	<u>2,586</u>	<u>37,200</u>
Total expenditures	<u>108,286</u>	<u>41,086</u>	<u>67,200</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(53,186)	(10,206)	42,980
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(63,186)	(20,206)	42,980
<b>FUND BALANCE, beginning of year</b>	<u>63,186</u>	<u>63,003</u>	<u>(183)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 42,797</u>	<u>\$ 42,797</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, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 32,100	\$ 7,633	\$ (24,467)
Other	50	-	(50)
Total revenues	<u>32,150</u>	<u>7,633</u>	<u>(24,517)</u>
<b>EXPENDITURES</b>			
Economic development			
Materials and services	60,000	-	60,000
Capital outlay	<u>373,067</u>	<u>18,430</u>	<u>354,637</u>
Total expenditures	<u>433,067</u>	<u>18,430</u>	<u>414,637</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(400,917)</u>	<u>(10,797)</u>	<u>390,120</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Principal collections	-	4,524	4,524 *
Loan interest	-	<u>1,337</u>	<u>1,337</u> *
Total other financing sources (uses)	<u>-</u>	<u>5,861</u>	<u>5,861</u>
<b>NET CHANGE IN FUND BALANCE</b>	(400,917)	(4,936)	395,981
<b>FUND BALANCE, beginning of year, budgetary basis</b>	<u>400,917</u>	<u>389,595</u>	<u>(11,322)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 384,659</u>	<u>\$ 384,659</u>

\* Exempt from Oregon budget law

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget**  
**and Actual**  
**Police Reserve Fund**  
**For the Year Ended June 30, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Grants	\$ -	\$ 8,256	\$ 8,256
Contributions & Donations	-	12,260	12,260
Holiday with heroes reserve	-	1,925	1,925
Interest	11,500	23	(11,477)
	<u>11,500</u>	<u>22,464</u>	<u>10,964</u>
<b>EXPENDITURES</b>			
Police Reserve Program			
Materials and services	6,500	-	6,500
Capital outlay	5,000	1,480	3,520
	<u>11,500</u>	<u>1,480</u>	<u>10,020</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>20,984</u>	<u>(17,977)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	20,984	20,984
<b>FUND BALANCE, beginning of year, budgetary basis</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 20,984</u>	<u>\$ 20,984</u>

**City of Bandon**  
**Sub-Combining Balance Sheet**  
**Debt Service Funds**  
**June 30, 2019**

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	2000 Street & Sewer LID Bond	Local Improvement District Debt Service	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,582	\$ 52,834	\$ 55,416
Receivables			
Accounts	-	-	-
Property taxes	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,582</b>	<b>\$ 52,834</b>	<b>\$ 55,416</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue			
Property taxes	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>			
Restricted	2,582	52,834	55,416
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,582</b>	<b>\$ 52,834</b>	<b>\$ 55,416</b>

**City of Bandon**  
**Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances**  
**Debt Service Funds**  
**For the Year Ended June 30, 2019**

	2000 Street & Sewer LID Bond	Local Improvement District Debt Service	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Interest	-	1,279	1,279
Payment in lieu of taxes	-	-	-
Out of city bond charge	-	-	-
Total revenues	<u>-</u>	<u>1,279</u>	<u>1,279</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	1,279	1,279
FUND BALANCE, beginning of year	<u>2,582</u>	<u>51,555</u>	<u>54,137</u>
FUND BALANCE, end of year	<u>\$ 2,582</u>	<u>\$ 52,834</u>	<u>\$ 55,416</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, 2019**

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

**City of Bandon**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget  
and Actual**

**Local Improvement District Debt Service Fund**

**For the Year Ended June 30, 2019**

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	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Special assessments			
Principal	\$ 14,555	\$ -	\$ (14,555)
Interest	67,577	-	(67,577)
Loan proceeds	2,193,900	-	(2,193,900)
Interest	400	1,279	879
Other	5,000	-	(5,000)
	<u>2,281,432</u>	<u>1,279</u>	<u>(2,280,153)</u>
<b>EXPENDITURES</b>			
General government			
Capital outlay	2,193,900	-	2,193,900
<b>NET CHANGE IN FUND BALANCE</b>	87,532	1,279	(86,253)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	87,532	1,279	(86,253)
<b>FUND BALANCE, beginning of year</b>	50,846	51,555	709
<b>FUND BALANCE, end of year</b>	<u>\$ 138,378</u>	<u>\$ 52,834</u>	<u>\$ (85,544)</u>

**City of Bandon**  
**Sub-Combining Balance Sheet**  
**Capital Projects Funds**  
**June 30, 2019**

	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	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 181,989	\$ 601,268	\$ -	\$ 142,591	\$ 203,870	\$ 410,626	\$ 150,225	\$ 219,632	\$ 1,910,201
Receivables (net, where applicable of allowance for uncollectible)									
Taxes	-	14,244	-	-	-	-	-	-	14,244
Loans	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	879	1,650	2,477	2,168	7,174
<b>TOTAL ASSETS</b>	<b>\$ 181,989</b>	<b>\$ 615,512</b>	<b>\$ -</b>	<b>\$ 142,591</b>	<b>\$ 204,749</b>	<b>\$ 412,276</b>	<b>\$ 152,702</b>	<b>\$ 221,800</b>	<b>\$ 1,931,619</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts payable	\$ 24,361	\$ -	\$ -	\$ 30,201	\$ -	\$ -	\$ -	\$ -	\$ 54,562
Due to other funds	-	-	876	-	-	-	-	-	876
Customer deposits	-	-	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-	-	-
	24,361	-	876	30,201	-	-	-	-	55,438
<b>Deferred inflows of resources</b>									
<b>Unavailable revenue</b>									
Property taxes	-	14,244	-	-	-	-	-	-	14,244
Assessments receivable	-	-	-	-	826	1,561	2,347	2,054	6,788
Loan	-	-	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>14,244</b>	<b>-</b>	<b>-</b>	<b>826</b>	<b>1,561</b>	<b>2,347</b>	<b>2,054</b>	<b>21,032</b>
<b>Fund balances</b>									
Restricted	-	-	-	-	203,923	410,715	150,355	219,746	984,739
Committed	157,628	601,268	-	112,390	-	-	-	-	871,286
Unrestricted	-	-	(876)	-	-	-	-	-	(876)
<b>Total fund balances</b>	<b>157,628</b>	<b>601,268</b>	<b>(876)</b>	<b>112,390</b>	<b>203,923</b>	<b>410,715</b>	<b>150,355</b>	<b>219,746</b>	<b>1,855,149</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 181,989</b>	<b>\$ 615,512</b>	<b>\$ -</b>	<b>\$ 142,591</b>	<b>\$ 204,749</b>	<b>\$ 412,276</b>	<b>\$ 152,702</b>	<b>\$ 221,800</b>	<b>\$ 1,931,619</b>



**City of Bandon**  
**Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Capital Projects Funds**  
**For the Year Ended June 30, 2019**

	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	Total
<b>REVENUES</b>									
Taxes	\$ -	\$ 161,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,245
Special assessments	-	-	-	-	207	383	552	489	1,631
System development charges	-	-	-	-	17,818	33,752	48,246	42,306	142,122
Interest	742	15,031	-	2,483	4,692	9,480	2,983	4,743	40,154
Payments in lieu of taxes	-	2,480	-	-	-	-	-	-	2,480
<b>Total revenues</b>	<b>742</b>	<b>178,756</b>	<b>-</b>	<b>2,483</b>	<b>22,717</b>	<b>43,615</b>	<b>51,781</b>	<b>47,538</b>	<b>347,632</b>
<b>EXPENDITURES</b>									
Current:									
General government	-	1,907	-	-	-	-	-	-	1,907
Capital outlay	178,270	20,837	-	14,184	-	-	-	-	213,291
Debt service:									
Principal	3,969	24,135	-	-	-	-	-	-	28,104
Interest	575	4,636	-	-	-	-	-	-	5,211
<b>Total expenditures</b>	<b>182,814</b>	<b>51,515</b>	<b>-</b>	<b>14,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>248,513</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(182,072)</b>	<b>127,241</b>	<b>-</b>	<b>(11,701)</b>	<b>22,717</b>	<b>43,615</b>	<b>51,781</b>	<b>47,538</b>	<b>99,119</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfer in (out)	268,384	-	-	-	-	-	-	-	268,384
<b>Total other financing sources (uses)</b>	<b>268,384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>268,384</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>86,312</b>	<b>127,241</b>	<b>-</b>	<b>(11,701)</b>	<b>22,717</b>	<b>43,615</b>	<b>51,781</b>	<b>47,538</b>	<b>367,503</b>
<b>FUND BALANCE, beginning of year</b>	<b>71,316</b>	<b>474,027</b>	<b>(876)</b>	<b>124,091</b>	<b>181,206</b>	<b>367,100</b>	<b>98,574</b>	<b>172,208</b>	<b>1,487,646</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 157,628</b>	<b>\$ 601,268</b>	<b>\$ (876)</b>	<b>\$ 112,390</b>	<b>\$ 203,923</b>	<b>\$ 410,715</b>	<b>\$ 150,355</b>	<b>\$ 219,746</b>	<b>\$ 1,855,149</b>

## 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, 2019

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Grants	\$ 20,000	\$ -	\$ (20,000)
Interest	2,500	742	(1,758)
Total revenues	<u>22,500</u>	<u>742</u>	<u>(21,758)</u>
<b>EXPENDITURES</b>			
General government			
Capital outlay	290,884	178,270	112,614
Debt service:			
Principal	-	3,969	(3,969)
Interest	-	575	(575)
Total expenditures	<u>290,884</u>	<u>182,814</u>	<u>108,070</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(268,384)</u>	<u>(182,072)</u>	<u>86,312</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in (out)	268,384	268,384	-
Total other financing sources (uses)	<u>268,384</u>	<u>268,384</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	86,312	86,312
FUND BALANCE, beginning of year	-	71,316	71,316
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 157,628</u>	<u>\$ 157,628</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, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes			
Property taxes - current year	\$ 148,000	\$ 153,417	\$ 5,417
Previously levied taxes	8,000	7,828	(172)
Payments in lieu of taxes	8,000	2,480	
Interest	3,000	15,031	12,031
	<u>167,000</u>	<u>178,756</u>	<u>17,276</u>
<b>EXPENDITURES</b>			
General government			
Materials and services	24,382	1,907	22,475
Capital outlay	750,176	20,837	729,339
Debt service			
Principal	24,000	24,135	(135) *
Interest	3,500	4,636	(1,136) *
Bond reserve	27,500	-	27,500
	<u>829,558</u>	<u>51,515</u>	<u>778,043</u>
NET CHANGE IN FUND BALANCE	(662,558)	127,241	795,319
FUND BALANCE, beginning of year, budgetary basis	<u>662,558</u>	<u>474,027</u>	<u>(188,531)</u>
FUND BALANCE, end of year budgetary basis	<u>\$ -</u>	<u>\$ 601,268</u>	<u>\$ 606,788</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, 2019**

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	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	<u>\$ -</u>	<u>\$ (876)</u>	<u>\$ (876)</u>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget**  
**and Actual**  
**Parks and Recreation Development Fund**  
**For the Year Ended June 30, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 1,200	\$ 2,483	\$ 1,283
Grants	250,000	-	(250,000)
Total revenues	<u>251,200</u>	<u>2,483</u>	<u>(248,717)</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>367,260</u>	<u>14,184</u>	<u>353,076</u>
Total expenditures	<u>367,260</u>	<u>14,184</u>	<u>353,076</u>
<b>NET CHANGE IN FUND BALANCE</b>	(116,060)	(11,701)	104,359
<b>FUND BALANCE, beginning of year</b>	<u>116,060</u>	<u>124,091</u>	<u>8,031</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 112,390</u>	<u>\$ 112,390</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, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
System development fees	\$ 12,500	\$ 17,818	\$ 5,318
Special assessments			
Principal	1,000	178	(822)
Interest	150	29	(121)
Interest	2,000	4,692	2,692
Total revenues	<u>15,650</u>	<u>22,717</u>	<u>7,067</u>
<b>EXPENDITURES</b>			
Highways and streets	10,000	-	10,000
Capital outlay	56,415	-	56,415
Total expenditures	<u>66,415</u>	<u>-</u>	<u>66,415</u>
<b>NET CHANGE IN FUND BALANCE</b>	(50,765)	22,717	73,482
<b>FUND BALANCE, beginning of year</b>	<u>50,765</u>	<u>181,206</u>	<u>130,441</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 203,923</u>	<u>\$ 203,923</u>

**City of Bandon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and**  
**Actual**  
**Street SDC Improvement Fund**  
**For the Year Ended June 30, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
System development fees	\$ 20,000	\$ 33,752	\$ 13,752
Special assessments			
Principal	5,000	328	(4,672)
Interest	325	55	(270)
Interest	1,500	9,480	7,980
Total revenues	<u>26,825</u>	<u>43,615</u>	<u>16,790</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>342,442</u>	<u>-</u>	<u>342,442</u>
Total expenditures	<u>342,442</u>	<u>-</u>	<u>342,442</u>
<b>NET CHANGE IN FUND BALANCE</b>	(315,617)	43,615	359,232
<b>FUND BALANCE, beginning of year</b>	<u>315,617</u>	<u>367,100</u>	<u>51,483</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 410,715</u>	<u>\$ 410,715</u>

**City of Bandon****Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual****Storm Drain SDC Reimbursement Fund****For the Year Ended June 30, 2019**

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	Original and Final Budget	Actual	Variance
REVENUES			
System development fees	\$ 32,000	\$ 48,246	\$ 16,246
Special assessments			
Principal	5,000	473	(4,527)
Interest	500	79	(421)
Interest	2,000	2,983	983
	<u>39,500</u>	<u>51,781</u>	<u>12,281</u>
Total revenues			
EXPENDITURES			
Capital outlay	<u>120,243</u>	<u>-</u>	<u>120,243</u>
Total expenditures	<u>120,243</u>	<u>-</u>	<u>120,243</u>
NET CHANGE IN FUND BALANCE	(80,743)	51,781	132,524
FUND BALANCE, beginning of year	<u>80,743</u>	<u>98,574</u>	<u>17,831</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ 150,355</u>	<u>\$ 150,355</u>

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**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, 2019**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
System development fees	\$ 25,000	\$ 42,306	\$ 17,306
Special assessments			
Principal	5,000	418	(4,582)
Interest	500	71	(429)
Interest	1,500	4,743	3,243
Total revenues	<u>32,000</u>	<u>47,538</u>	<u>15,538</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>99,629</u>	-	<u>99,629</u>
Total expenditures	<u>99,629</u>	-	<u>99,629</u>
<b>NET CHANGE IN FUND BALANCE</b>	(67,629)	47,538	115,167
<b>FUND BALANCE, beginning of year</b>	<u>67,629</u>	<u>172,208</u>	<u>104,579</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 219,746</u>	<u>\$ 219,746</u>

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**City of Bandon**  
**Enterprise Funds**  
**June 30, 2019**

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

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

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

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

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

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

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**City of Bandon**  
**Sub-Combining Schedule of Net Position**  
**Sewer Funds**  
**June 30, 2019**

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Totals
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ (10,188)	\$ 228,564	\$ 297,881	\$ 516,257
Receivable				
Accounts	58,352	-	-	58,352
Special assessments	-	1,180	1,624	2,804
Restricted cash	10,188	-	-	10,188
<b>Total current assets</b>	<b>58,352</b>	<b>229,744</b>	<b>299,505</b>	<b>587,601</b>
Noncurrent assets				
Capital assets (net of accumulated depreciation)	4,404,891	-	-	4,404,891
<b>Total assets</b>	<b>4,463,243</b>	<b>229,744</b>	<b>299,505</b>	<b>4,992,492</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow - PERS pension	112,992	-	-	112,992
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,576,235</b>	<b>\$ 229,744</b>	<b>\$ 299,505</b>	<b>\$ 5,105,484</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 40,561	\$ -	\$ -	\$ 40,561
Accrued payroll benefits	6,169	-	-	6,169
Accrued interest payable	5,960	-	-	5,960
Due to other funds	95,191	-	-	95,191
Customer deposits	10,188	-	-	10,188
Compensated absences payable	50,199	-	-	50,199
Current portion of long-term debt	59,052	-	-	59,052
<b>Total current liabilities</b>	<b>267,320</b>	<b>-</b>	<b>-</b>	<b>267,320</b>
Long-term liabilities				
Net PERS pension liability	289,227	-	-	289,227
Long-term obligations (net of current portion)	962,647	-	-	962,647
<b>Total long-term liabilities</b>	<b>1,251,874</b>	<b>-</b>	<b>-</b>	<b>1,251,874</b>
<b>Total liabilities</b>	<b>1,519,194</b>	<b>-</b>	<b>-</b>	<b>1,519,194</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow - PERS pension	35,890	-	-	35,890
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>1,555,084</b>	<b>-</b>	<b>-</b>	<b>1,555,084</b>
<b>NET POSITION</b>				
Net investment in capital assets	3,383,192	-	-	3,383,192
Restricted for customer deposits	10,188	-	-	10,188
Restricted for capital projects	-	229,744	299,505	529,249
Unrestricted	(372,229)	-	-	(372,229)
<b>Total net position</b>	<b>3,021,151</b>	<b>229,744</b>	<b>299,505</b>	<b>3,550,400</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 4,576,235</b>	<b>\$ 229,744</b>	<b>\$ 299,505</b>	<b>\$ 5,105,484</b>

**City of Bandon**  
**Sub-Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Sewer Funds**  
**For the Year Ended June 30, 2019**

	Sewer	Sewer SDC Reimbursement	Sewer SDC Improvement	Total
<b>OPERATING REVENUES</b>				
Charges for services				
Sewer charges	\$ 811,527	\$ -	\$ -	\$ 811,527
Service charges, fees and permits	-	36,733	56,633	93,366
Other	-	-	-	-
Total operating revenues	<u>811,527</u>	<u>36,733</u>	<u>56,633</u>	<u>904,893</u>
<b>OPERATING EXPENSES</b>				
Administration	91,444	-	-	91,444
Cost of sales and services	823,098	-	-	823,098
Capital outlay	-	-	-	-
Depreciation and amortization	226,189	-	-	226,189
Total operating expenses	<u>1,140,731</u>	<u>-</u>	<u>-</u>	<u>1,140,731</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(329,204)</u>	<u>36,733</u>	<u>56,633</u>	<u>(235,838)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Assessment principal	-	-	203	203
Assessment interest	-	35	52	87
Interest income	1,208	4,941	6,301	12,450
Interest expense	(10,461)	-	-	(10,461)
Total nonoperating revenues (expenses)	<u>(9,253)</u>	<u>4,976</u>	<u>6,556</u>	<u>2,279</u>
<b>CHANGE IN NET POSITION</b>	<u>(338,457)</u>	<u>41,709</u>	<u>63,189</u>	<u>(233,559)</u>
<b>NET POSITION, beginning of year</b>	<u>3,359,608</u>	<u>188,035</u>	<u>236,316</u>	<u>3,783,959</u>
<b>NET POSITION, end of year</b>	<u>\$ 3,021,151</u>	<u>\$ 229,744</u>	<u>\$ 299,505</u>	<u>\$ 3,550,400</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, 2019**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
<b>OPERATING REVENUES</b>					
Charges for services					
Sewer charges	\$ 811,527	\$ -	\$ 811,527	\$ 800,000	\$ (11,527)
Other	-	-	-	5,000	\$ 5,000
Total operating revenues	<u>811,527</u>	<u>-</u>	<u>811,527</u>	<u>805,000</u>	<u>(6,527)</u>
<b>OPERATING EXPENSES</b>					
Administration	91,444	1,141	90,303	106,620	16,317
Accounting and billing	30,132	738	29,394	33,679	4,285
Collection	80,753	6,730	74,023	168,041	94,018
Plant operations	663,521	14,266	649,255	699,379	50,124
Capital outlay	-	(118,260)	118,260	19,409	(98,851)
Nondepartmental					
Materials and services	48,692	-	48,692	48,000	(692)
Depreciation	226,189	226,189	-	-	-
Total operating expenses	<u>1,140,731</u>	<u>130,804</u>	<u>1,009,927</u>	<u>1,075,128</u>	<u>65,201</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(329,204)</u>	<u>(130,804)</u>	<u>(198,400)</u>	<u>(270,128)</u>	<u>(71,728)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Debt service principal	-	(58,467)	(58,467)	(58,467)	-
Debt service interest	(10,461)	(341)	(10,802)	(10,802)	-
Interest income	1,208	-	1,208	3,000	(1,792)
Total nonoperating revenues (expenses)	<u>(9,253)</u>	<u>(58,808)</u>	<u>(68,061)</u>	<u>(66,269)</u>	<u>(1,792)</u>
<b>CHANGE IN NET POSITION</b>	<u>(338,457)</u>	<u>(71,996)</u>	<u>(266,461)</u>	<u>(336,397)</u>	<u>69,936</u>
<b>NET POSITION, beginning of year</b>	<u>3,359,608</u>	<u>3,186,904</u>	<u>172,704</u>	<u>336,397</u>	<u>(163,693)</u>
<b>NET POSITION, end of year</b>	<u>\$ 3,021,151</u>	<u>\$ 3,114,908</u>	<u>\$ (93,757)</u>	<u>\$ -</u>	<u>\$ (93,757)</u>
			4,404,891	Capital assets	
			(289,227)	Net pension asset (liability)	
			112,992	Deferred outflow	
			(5,960)	Interest payable	
			(50,199)	Compensated absences payable	
			(59,052)	Current portion of long term debt	
			(962,647)	Long term debt	
			(35,890)	Deferred inflow	
			<u>\$ 3,021,151</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, 2019**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
<b>OPERATING REVENUES</b>					
System development fees	36,733	\$ -	\$ 36,733	\$ 17,000	\$ 19,733
Total operating revenues	36,733	-	36,733	17,000	19,733
<b>OPERATING EXPENSES</b>					
Materials and services	-	-	-	15,000	15,000
Capital outlay	-	-	-	82,271	82,271
Total nonoperating revenues (expenses)	-	-	-	97,271	97,271
OPERATING INCOME (LOSS)	36,733	-	36,733	(80,271)	117,004
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Assessment interest	35	-	35	250	(215)
Interest income	4,941	-	4,941	800	4,141
Total nonoperating revenues (expenses)	4,976	-	4,976	1,050	3,926
CHANGE IN NET POSITION	41,709	-	41,709	(79,221)	120,930
NET POSITION, beginning of year	188,035	-	188,035	79,221	108,814
NET POSITION, end of year	<u>\$ 229,744</u>	<u>\$ -</u>	<u>\$ 229,744</u>	<u>\$ -</u>	<u>\$ 229,744</u>



**City of Bandon**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget**  
**(Non-U.S. GAAP Budgetary Basis) and Actual**  
**Sewer SDC Improvement Fund**  
**For the Year Ended June 30, 2019**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
<b>OPERATING REVENUES</b>					
System development fees	\$ 56,633	\$ -	\$ 56,633	\$ 25,200	\$ 31,433
<b>OPERATING EXPENSES</b>					
Materials and services	-	-	-	25,000	25,000
Capital outlay	-	-	-	207,718	207,718
Total operating expenses	-	-	-	232,718	232,718
<b>OPERATING INCOME (LOSS)</b>	<b>56,633</b>	<b>-</b>	<b>56,633</b>	<b>(207,518)</b>	<b>264,151</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Assessment principal	203	-	203	-	203
Assessment interest	52	-	52	350	(298)
Interest income	6,301	-	6,301	800	5,501
Total nonoperating revenues (expenses)	6,556	-	6,556	1,150	5,406
<b>CHANGE IN NET POSITION</b>	<b>63,189</b>	<b>-</b>	<b>63,189</b>	<b>(206,368)</b>	<b>269,557</b>
<b>NET POSITION, beginning of year</b>	<b>236,316</b>	<b>-</b>	<b>236,316</b>	<b>206,368</b>	<b>29,948</b>
<b>NET POSITION, end of year</b>	<b>\$ 299,505</b>	<b>\$ -</b>	<b>\$ 299,505</b>	<b>\$ -</b>	<b>\$ 299,505</b>

**City of Bandon**  
**Sub-Combining Schedule of Net Position**  
**Water Funds**  
**June 30, 2019**

	Water	Water SDC Reimbursement	Water SDC Improvement	Water Plant Improvement	Total
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ (32,857)	\$ 168,851	\$ 1,360,839	\$ 308,286	\$ 1,805,119
Receivable					
Accounts	64,583	-	-	-	64,583
Special assessments	-	2,761	10,657	-	13,418
Restricted cash	5,687	-	-	-	5,687
Inventory	20,735	-	-	-	20,735
Total current assets	58,148	171,612	1,371,496	308,286	1,909,542
Noncurrent assets					
Restricted cash	27,170	-	-	-	27,170
Loans receivable	322,522	-	-	-	322,522
Capital assets (net of accumulated depreciation)	6,590,569	-	-	-	6,590,569
Total noncurrent assets	6,940,261	-	-	-	6,940,261
Total assets	6,998,409	171,612	1,371,496	308,286	8,849,803
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflow - city pension	166,436	-	-	-	166,436
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
	<b>\$ 7,164,845</b>	<b>\$ 171,612</b>	<b>\$ 1,371,496</b>	<b>\$ 308,286</b>	<b>\$ 9,016,239</b>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	\$ 25,771	\$ -	\$ -	\$ -	\$ 25,771
Accrued payroll benefits	5,362	-	-	-	5,362
Compensated absences payable	20,676	-	-	-	20,676
Due to other funds	46,032	-	-	-	46,032
Customer deposits	5,687	-	-	-	5,687
Interest payable	7,344	-	-	-	7,344
Current portion of long term debt	27,170	-	-	-	27,170
Total current liabilities	138,042	-	-	-	138,042
Long-term liabilities					
Net pension liability	401,290	-	-	-	401,290
Long term debt (net of current portion)	238,978	-	-	-	238,978
Total long-term liabilities	640,268	-	-	-	640,268
Total liabilities	778,310	-	-	-	778,310
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow - city pension	21,757	-	-	-	21,757
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES</b>					
	<b>800,067</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>800,067</b>
<b>NET POSITION</b>					
Net investment in capital assets	6,324,421	-	-	-	6,324,421
Restricted for debt service	27,170	-	-	-	27,170
Restricted for capital projects	-	171,612	1,371,496	308,286	1,851,394
Unrestricted	13,187	-	-	-	13,187
Total net position	6,364,778	171,612	1,371,496	308,286	8,216,172
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>					
	<b>\$ 7,164,845</b>	<b>\$ 171,612</b>	<b>\$ 1,371,496</b>	<b>\$ 308,286</b>	<b>\$ 9,016,239</b>

**City of Bandon**  
**Sub-Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Water Funds**  
**For the Year Ended June 30, 2019**

	Water	Water SDC Reimbursement	Water SDC Improvement	Water Plant Improvement	Total
<b>OPERATING REVENUES</b>					
Charges for services					
Water sales	\$ 607,413	\$ -	\$ -	\$ 216,871	\$ 824,284
Service charges, fees, and permits	20,071	40,194	152,951	-	213,216
Reimbursements	5,982	-	-	-	5,982
Property rental	18,676	-	-	-	18,676
Miscellaneous, other	860	-	-	-	860
<b>Total operating revenues</b>	<b>653,002</b>	<b>40,194</b>	<b>152,951</b>	<b>216,871</b>	<b>1,063,018</b>
<b>OPERATING EXPENSES</b>					
Administration	73,443	-	-	-	73,443
Cost of sales and services	618,185	-	-	-	618,185
Capital outlay	-	-	-	15,673	15,673
Depreciation	331,497	-	-	-	331,497
<b>Total operating expenses</b>	<b>1,023,125</b>	<b>-</b>	<b>-</b>	<b>15,673</b>	<b>1,038,798</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(370,123)</b>	<b>40,194</b>	<b>152,951</b>	<b>201,198</b>	<b>24,220</b>
<b>Nonoperating revenues (expenses)</b>					
Interest income	27	3,548	30,881	327	34,783
Interest expense	(13,816)	-	-	-	(13,816)
Special assessment interest	16,083	66	253	-	16,402
<b>Total nonoperating revenues (expenses)</b>	<b>2,294</b>	<b>3,614</b>	<b>31,134</b>	<b>327</b>	<b>37,369</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(367,829)</b>	<b>43,808</b>	<b>184,085</b>	<b>201,525</b>	<b>61,589</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer (to) from other funds	-	-	-	106,761	106,761
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,761</b>	<b>106,761</b>
<b>CHANGE IN NET POSITION</b>	<b>(367,829)</b>	<b>43,808</b>	<b>184,085</b>	<b>308,286</b>	<b>168,350</b>
<b>NET POSITION, beginning of year</b>	<b>6,732,607</b>	<b>127,804</b>	<b>1,187,411</b>	<b>-</b>	<b>8,047,822</b>
<b>NET POSITION, end of year</b>	<b>\$ 6,364,778</b>	<b>\$ 171,612</b>	<b>\$ 1,371,496</b>	<b>\$ 308,286</b>	<b>\$ 8,216,172</b>

**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, 2019**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
<b>OPERATING REVENUES</b>					
Charges for services					
Water sales	\$ 607,413	\$ -	\$ 607,413	\$ 500,000	\$ 107,413
Service charges, fees and permits	20,071	-	20,071	7,575	12,496
Reimbursements	5,982	-	5,982	6,000	(18)
Property rental	18,676	-	18,676	15,000	3,676
Other	860	-	860	1,000	(140)
Total operating revenues	<u>653,002</u>	<u>-</u>	<u>653,002</u>	<u>529,575</u>	<u>123,427</u>
<b>OPERATING EXPENSES</b>					
Administration	73,443	1,141	72,302	88,812	16,510
Accounting and billing	30,221	738	29,483	35,125	5,642
Distribution	198,918	(14,566)	213,484	250,535	37,051
Plant operations	339,589	9,256	330,333	286,511	(43,822)
Capital outlay	-	(69,243)	69,243	90,000	20,757
Non-departmental					
Materials and services	49,457	-	49,457	47,500	(1,957)
Depreciation	331,497	331,497	-	-	-
Total operating expenses	<u>1,023,125</u>	<u>258,823</u>	<u>764,302</u>	<u>798,483</u>	<u>34,181</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(370,123)</u>	<u>(258,823)</u>	<u>(111,300)</u>	<u>(268,908)</u>	<u>157,608</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Special assessments					
Principal	-	(18,439)	18,439	-	18,439
Interest	16,083	-	16,083	17,000	(917)
Debt service:					
Principal	-	25,944	(25,944)	(25,944)	-
Interest	(13,816)	715	(14,531)	(13,816)	(715)
Interest income	27	-	27	100	(73)
Total nonoperating revenues (expenses)	<u>2,294</u>	<u>8,220</u>	<u>(5,926)</u>	<u>(22,860)</u>	<u>16,734</u>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<u>(367,829)</u>	<u>(250,603)</u>	<u>(117,226)</u>	<u>(291,568)</u>	<u>174,342</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds for transfer of land	-	(228,868)	228,868	-	228,868
Transfer from other funds	(410,990)	-	(410,990)	(410,990)	-
Transfer to other funds	410,990	-	410,990	410,990	-
Total other financing sources and (uses)	<u>-</u>	<u>(228,868)</u>	<u>228,868</u>	<u>-</u>	<u>228,868</u>
<b>CHANGE IN NET POSITION</b>	<u>(367,829)</u>	<u>(479,471)</u>	<u>111,642</u>	<u>(291,568)</u>	<u>403,210</u>
<b>NET POSITION, beginning of year</b>	<u>6,732,607</u>	<u>6,857,800</u>	<u>(129,911)</u>	<u>291,568</u>	<u>(421,479)</u>
<b>NET POSITION, end of year</b>	<u>\$ 6,364,778</u>	<u>\$ 6,378,329</u>	<u>\$ (18,269)</u>	<u>\$ -</u>	<u>\$ (18,269)</u>
			20,735	Inventory	
			(401,290)	Net pension asset (liability)	
			322,522	Loans Receivable	
			6,590,569	Capital assets	
			166,436	Deferred outflow	
			(20,676)	Compensated absences payable	
			(7,344)	Accrued interest	
			(27,170)	CP of LT debt	
			(238,978)	Long term debt	
			(21,757)	Deferred inflow	
			<u>\$ 6,364,778</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, 2019**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
<b>OPERATING REVENUES</b>					
System development fees	\$ 40,194	\$ -	\$ 40,194	\$ 26,000	\$ 14,194
Other	-	-	-	-	-
Total operating revenues	<u>40,194</u>	<u>-</u>	<u>40,194</u>	<u>26,000</u>	<u>14,194</u>
<b>OPERATING EXPENSES</b>					
Materials and services	-	-	-	15,000	15,000
Capital outlay	-	-	-	212,155	212,155
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,155</u>	<u>227,155</u>
<b>OPERATING INCOME (LOSS)</b>	<u>40,194</u>	<u>-</u>	<u>40,194</u>	<u>(201,155)</u>	<u>241,349</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Assessment principal	-	-	-	-	-
Assessment interest	66	-	66	300	(234)
Interest income	3,548	-	3,548	1,000	2,548
Total nonoperating revenues (expenses)	<u>3,614</u>	<u>-</u>	<u>3,614</u>	<u>1,300</u>	<u>2,314</u>
<b>CHANGE IN NET POSITION</b>	<u>43,808</u>	<u>-</u>	<u>43,808</u>	<u>(199,855)</u>	<u>243,663</u>
<b>NET POSITION, beginning of year</b>	<u>127,804</u>	<u>-</u>	<u>127,804</u>	<u>199,855</u>	<u>(72,051)</u>
<b>NET POSITION, end of year</b>	<u>\$ 171,612</u>	<u>\$ -</u>	<u>\$ 171,612</u>	<u>\$ -</u>	<u>\$ 171,612</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, 2019**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
<b>OPERATING REVENUES</b>					
System development fees	\$ 152,951	\$ -	\$ 152,951	\$ 100,000	\$ 52,951
<b>OPERATING EXPENSES</b>					
Materials and services	-	-	-	15,000	15,000
Capital outlay	-	-	-	687,940	687,940
Debt service - principal	-	-	-	200,000	200,000
Debt service - interest	-	-	-	50,000	50,000
Total operating expenses	-	-	-	952,940	952,940
<b>OPERATING INCOME (LOSS)</b>	152,951	-	152,951	(852,940)	1,005,891
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Assessment interest	253	-	253	1,500	(1,247)
Interest income	30,881	-	30,881	6,000	24,881
Total nonoperating revenues (expenses)	31,134	-	31,134	7,500	23,634
<b>CHANGE IN NET POSITION</b>	184,085	-	184,085	(845,440)	1,029,525
<b>FUND BALANCE, beginning of year</b>	1,187,411	-	1,187,411	845,440	341,971
<b>NET POSITION, end of year</b>	<u>\$ 1,371,496</u>	<u>\$ -</u>	<u>\$ 1,371,496</u>	<u>\$ -</u>	<u>\$ 1,371,496</u>

**City of Bandon**

**Schedule of Revenues, Expenses, and Changes in Net Position – Budget  
(Non-U.S. GAAP Budgetary Basis) and Actual  
Water Plant Improvement Fund  
For the Year Ended June 30, 2019**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
<b>OPERATING REVENUES</b>					
Utility sales	\$ 216,871	\$ -	\$ 216,871	\$ 290,111	\$ (73,240)
<b>OPERATING EXPENSES</b>					
Capital outlay	15,673	-	15,673	396,872	381,199
Total operating expenses	15,673	-	15,673	396,872	381,199
<b>OPERATING INCOME (LOSS)</b>	201,198	-	201,198	(106,761)	307,959
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	327	-	327	-	327
Total nonoperating revenues (expenses)	327	-	327	-	327
<b>INCOME (LOSS) BEFORE TRANSFERS TO OTHER FUNDS</b>	201,525	-	201,525	(106,761)	308,286
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(304,229)	-	(304,229)	(304,229)	-
Transfers from other funds	410,990	-	410,990	410,990	-
Total other financing sources (uses)	106,761	-	106,761	106,761	-
<b>CHANGE IN NET POSITION</b>	308,286	-	308,286	-	308,286
<b>FUND BALANCE, beginning of year</b>	-	-	-	-	-
<b>NET POSITION, end of year</b>	<u>\$ 308,286</u>	<u>\$ -</u>	<u>\$ 308,286</u>	<u>\$ -</u>	<u>\$ 308,286</u>

**City of Bandon**  
**Schedule of Net Position**  
**Electric Fund**  
**June 30, 2019**

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<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 1,436,493
Receivable	
Accounts	417,905
Restricted cash	68,415
Inventory	478,406
	<hr/>
Total current assets	2,401,219
	<hr/>
Noncurrent assets	
Capital assets (net of accumulated depreciation)	7,782,501
	<hr/>
Total noncurrent assets	7,782,501
	<hr/>
Total assets	10,183,720
	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflow - city pension	570,101
	<hr/>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 10,753,821</b>
	<hr/>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 14,861
Accrued payroll benefits	22,236
Compensated absences payable	77,833
Customer deposits	68,415
	<hr/>
Total current liabilities	183,345
	<hr/>
Long-term liabilities	
Net pension liability	1,489,253
	<hr/>
Total liabilities	1,672,598
	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflow - city pension	153,824
	<hr/>
<b>NET POSITION</b>	
Net investment in capital assets	7,782,501
Restricted for customer deposits	68,415
Unrestricted	1,076,483
	<hr/>
<b>TOTAL NET POSITION</b>	<b>8,927,399</b>
	<hr/>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 10,753,821</b>
	<hr/>



**City of Bandon**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Electric Fund**  
**For the Year Ended June 30, 2019**

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	Electric
<b>OPERATING REVENUES</b>	
Charges for services	
Electricity sales	\$ 5,755,469
BPA conservation	42,826
Service charges, fees, and permits	127,438
Other	5,330
Total operating revenues	5,931,063
<b>OPERATING EXPENSES</b>	
Administration	397,985
Cost of sales and services	4,808,064
Energy assistance payments	13,857
Depreciation	557,679
Total operating expenses	5,777,585
<b>OPERATING INCOME (LOSS)</b>	153,478
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	37,774
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	191,252
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers (to) from other funds	(27,500)
<b>CHANGE IN NET POSITION</b>	163,752
<b>NET POSITION, beginning of year</b>	8,763,647
<b>NET POSITION, end of year</b>	\$ 8,927,399

**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, 2019**

	Actual	Adjustment to U.S. GAAP Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
<b>OPERATING REVENUES</b>					
Electricity sales	\$ 5,743,103	\$ -	\$ 5,743,103	\$ 5,500,000	\$ 243,103
Low income assistance	11,630	-	11,630	10,500	1,130
Vol Low Inc Roundup Donation	736	-	736	1,000	(264)
BPA conservation	42,826	-	42,826	85,000	(42,174)
Services charges, fees, and permits	127,438	-	127,438	145,550	(18,112)
Reimbursements	-	-	-	5,000	(5,000)
Other	5,330	-	5,330	7,500	(2,170)
<b>Total operating revenues</b>	<b>5,931,063</b>	<b>-</b>	<b>5,931,063</b>	<b>5,754,550</b>	<b>176,513</b>
<b>OPERATING EXPENSES</b>					
Administration	397,985	6,392	391,593	387,411	(4,182)
Accounting and billing	349,257	2,517	346,740	396,800	50,060
Source of supply	2,722,586	-	2,722,586	2,850,000	127,414
Conservation	60,432	1,108	59,324	118,524	59,200
Capital outlay	-	(200,561)	200,561	1,120,000	919,439
Distribution	1,345,060	59,921	1,285,139	1,819,681	534,542
Nondepartmental					
Materials and services	344,586	-	344,586	330,000	(14,586)
Debt service - interest	-	-	-	8,000	8,000
Depreciation and amortization	557,679	557,679	-	-	-
<b>Total operating expenses</b>	<b>5,777,585</b>	<b>427,056</b>	<b>5,350,529</b>	<b>7,030,416</b>	<b>1,679,887</b>
<b>OPERATING INCOME (LOSS)</b>	<b>153,478</b>	<b>427,056</b>	<b>580,534</b>	<b>(1,275,866)</b>	<b>1,856,400</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	37,774	-	37,774	15,600	22,174
<b>Total nonoperating revenues</b>	<b>37,774</b>	<b>-</b>	<b>37,774</b>	<b>15,600</b>	<b>22,174</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>191,252</b>	<b>(427,056)</b>	<b>618,308</b>	<b>(1,260,266)</b>	<b>1,878,574</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(27,500)	-	(27,500)	(27,500)	-
<b>Total other financing sources (uses)</b>	<b>(27,500)</b>	<b>-</b>	<b>(27,500)</b>	<b>(27,500)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>163,752</b>	<b>(427,056)</b>	<b>590,808</b>	<b>(1,287,766)</b>	<b>1,878,574</b>
<b>NET POSITION, beginning of year</b>	<b>8,763,647</b>	<b>7,537,154</b>	<b>1,226,493</b>	<b>1,285,266</b>	<b>(58,773)</b>
<b>NET POSITION, end of year</b>	<b>\$ 8,927,399</b>	<b>\$ 7,110,098</b>	<b>\$ 1,817,301</b>	<b>\$ (2,500)</b>	<b>\$ 1,819,801</b>
			478,406	Inventory	
			(1,489,253)	Net pension asset (liability)	
			7,782,501	Capital assets	
			570,101	Deferred outflow	
			(77,833)	Compensated absences payable	
			(153,824)	Deferred inflow	
			<b>\$ 8,927,399</b>	<b>GAAP net position</b>	



PAULY, ROGERS AND Co., P.C.  
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April 13, 2020

### **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, 2019, and have issued our report thereon dated April 13, 2020. 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.



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April 13, 2020

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, 2019 and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated April 13, 2020.

**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**

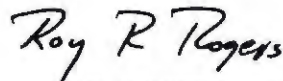
As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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, 2019*

**FINANCIAL STATEMENT FINDINGS**

**2019-FS-1**

*This is a repeat finding from 2018*

**CONDITION:** We found during our testing of bank reconciliations and journal entries 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. The responsibility has begun to be shared, but there is no indication to support they are reviewing each other's work.

**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.

CITY OF BANDON

SCHEDULE OF FINDINGS AND RESPONSES  
*For the Year Ended June 30, 2019*

**Prior Year 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.

**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.